
Town of Southern Pines, North Carolina

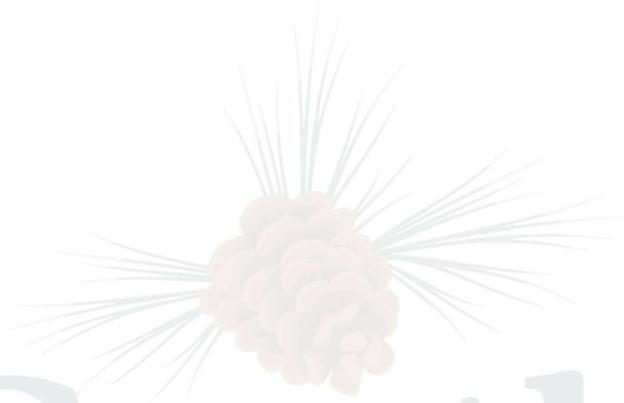
Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2023

Prepared by the Department of Finance

Tess Brubaker-Speis, Director of Finance





Southern Pines

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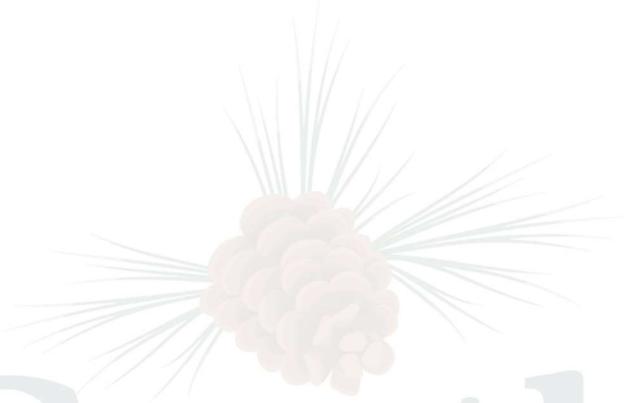
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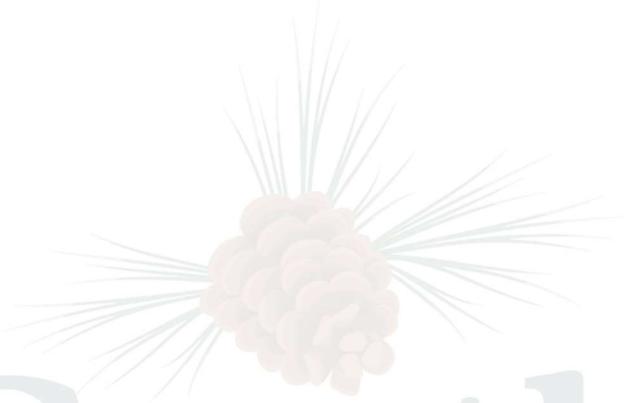
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Southern Pines

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Introductory Section



Southern Pines

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Post Office Box 870, Southern Pines, NC 28388
Phone: (910) 692-2971 Fax: (910) 692-1649

November 30, 2023

The Honorable Mayor, Members of Town Council, and Citizens of the Town of Southern Pines:

State law requires that all general-purpose local governments publish, within six months of the close of each fiscal year, a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, the Annual Comprehensive Financial Report (ACFR) of the Town of Southern Pines, North Carolina (Town) for the fiscal year ended June 30, 2023 is hereby submitted.

This report was prepared by the Town's Finance Department and consists of management's representations concerning the finances of the Town of Southern Pines. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the Town has established a comprehensive internal control framework that is designed to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Town's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Town's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. We assert that to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

FORVIS, a firm of licensed certified public accountants, has audited the Town's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town for the fiscal year ended June 30, 2023, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Town's financial statements for the fiscal year ended June 30, 2023, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The Town of Southern Pines is required by State law to have an annual independent financial audit. A compliance audit in accordance with Government Auditing Standards is

also required. The auditor's report required by Government Auditing Standards is found in the Compliance Section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Town's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE TOWN

The Town of Southern Pines, North Carolina, which has been recognized as an "All-American City" by the National Civic League, was incorporated in 1887, and is located on the fringe of the Piedmont section of the State in an area known as the Sandhills. The Town, which is located in Moore County (County), has a 2023 population of approximately 15,961 and encompasses 18.44 square miles. The Town provides a full range of services including police and fire protection, streets, planning and zoning, parks and recreation, library, fleet maintenance, and general administrative services. The Town also operates water and sewer utility services.

The Town operates under the Council-Manager form of government. The legislative body of the government of the Town is comprised of a Mayor and a four-member Town Council. The Town Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees and hiring the Town Manager. The Mayor and Council are elected at-large by the Citizens, with the Mayor being elected separately. The Mayor serves a four-year term, and is the presiding officer of the Council. Members of the Town Council serve four-year terms as well. Town Council elections are held every two years in order that the terms of office are staggered. The Town Manager is responsible for the administration of the policies and ordinances of the Town Council, for overseeing the day-to-day operations of the Town, and for appointing the heads of the various departments.

The annual budget serves as the foundation for the Town's financial planning and control. The Town has a formal operating budget process, which begins in January of each year. The Town Council receives the recommended budget in April. The Council is required to hold a public hearing on the proposed budget and to adopt a final budget by no later than June 30, the close of the Town's fiscal year. Legal budgetary control for operating budgets is exercised at the fund and department level. Transfers of appropriations between departments and funds require the approval of the Town Council. Formal budgetary integration and encumbrance accounting are employed as management control devices during the year. Budget to actual comparisons are provided in this report for each individual governmental fund and the proprietary fund for which an appropriated annual budget has been adopted.

LOCAL ECONOMY

The economic profile of the Town is a mixture of small businesses, tourism, retirement, professional services and retail. Direct spending by visitors continues to be high, with hotel rooms regularly booked up even in an environment where short term rentals have increased significantly throughout the region.

The Morganton Park North mixed-use development continues to experience in-fill, with Pinehurst Medical and Pinehurst Surgical now operating, a second Pinehurst Surgical

facility and Sandhills Pediatrics construction nearing completion, and another medical facility believed to be a surgical center in the early stages of entitlement. In addition, The Luxe, an expansion of Legends at Morganton Park apartments, is nearing completion while Site plans for the market rate multi-family community proposed by DH Horton are under review.

Downtown, Ascot Developers are nearing completion of their townhome/brownstone project and also recently received zoning entitlement for a large mixed-use structure containing ground floor retail and upper level residencies at the corner of New York and Bennett. An architectural permit has been approved for the conversion of the former Spectrum/Time Warner building on Pennsylvania into a two-story office structure housing the headquarters of LKC Engineering. Feasibility inquiries continue to be received for locating some form of hotel in or immediately around the downtown area.

The Target shopping center continues construction, with the associated Parkway nearly completed and Dick's Sporting Goods and Golf Galaxy scheduled for a March 2024 opening ahead of the U.S. Open golf event. The 260+/- unit Apartment Complex being developed by Zimmer continues to move forward while preliminary zoning plans have also been approved for a BJ's Wholesale Club with a separate Starbucks out lot and gas station. These projects will involve the continuance of Short Street to its eventual connection with the new Parkway.

In 2023, construction continued on several residential developments. These developments include the Ravensbrook subdivision, the Longleaf Golf and Family Club, Talamore Cottages at Midland, the Traywick subdivision, and a number of smaller townhome style developments. Ravensbrook subdivision consist of 97 single-family homes, the Longleaf Golf and Family Club, Area F, consist of 24 single-family homes and 10 townhomes, the Talamore Cottages at Midland consist of 36 units, and the Traywick subdivision consist of 35 single-family homes. Construction also continued on Phase 2(a) and 9 of the Caropines planned development with additional phases currently under Site Plan review.

LONG-TERM FINANCIAL PLANNING AND MAJOR INITIATIVES

The Town of Southern Pines maintains an unassigned fund balance sufficient to maintain consistent cash flow, generate interest income, and eliminate the need for short-term borrowings for all but sizable expenses, while providing flexibility for unanticipated opportunities and needs during emergencies or disasters. In addition, fiscally responsible budgeting has contributed to the Town's ability to maintain and improve the Town's bond rating from two agencies.

The Town has several ongoing capital projects to meet the needs of the citizens. During fiscal year 2023, the Town achieved a number of improvements in municipal operations and services provided to the citizens of the Town. Some of the more significant accomplishments for the year and major program initiatives for the future are discussed below.

The Town completed and adopted a new Comprehensive Long-range Plan (CLRP) that will help guide development, and specifically the codes enabling it, for the foreseeable future. A master plan for the future conservation-based development of the recently purchased Whitehall tract was also completed. Initial improvements around restoration of those lands have taken place, and the Town recently received some grant funding from the local CVB

toward upfitting the carriage house on the property as a Welcome Center/event space. Design and specifications are underway on this project that will hopefully break ground in FY 24-25.

Plans are also being developed for upfit and conversion of the Old Library building downtown. Upon project funding, and completion, a relocation of a number of Town departments will take place.

While the streambank stabilization project to protect the Police and Fire Stations was suspended for a period around contractor disputes, as of this writing the project is finally nearing reinstatement and completion is anticipated in the Spring of 2024. Additional Bennett Street sidewalk was installed in 2023, along with a small section of sidewalk and key pedestrian crossing at the Morganton and Broad Street intersection.

From a facilities standpoint, upgrades were achieved at Pool Park, the Campbell House grounds, the E.S Douglass Center (including parking), and a number of other facilities. A little used tennis court at Memorial Park was improved and converted to a pickleball court. The construction of a new skatepark is anticipated in 2024 with funding from the Town, a local 501-C3 and the Convention and Visitor's Bureau.

Sewer and water line replacements and improvements continued during 2023 as well as storm water replacements and capital work at the Water Treatment Plant. A water line improving pressures and setting the stage for a second pressure zone in the northern portions of the Town is nearing completion as of this writing. The next phase of this longer term project will likely be the design of a water storage tank to serve the proposed pressure zone. A number of grants have been obtained by the Town relative to water and sewer assessments, and no doubt this work will lead to a number of future capital projects to improve and insure the longevity of those systems.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Southern Pines, North Carolina for its annual comprehensive financial report for the fiscal year ended June 30, 2022. This was the thirty-second consecutive year that the Town has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

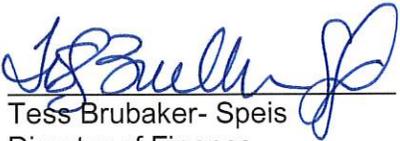
A Certificate of Achievement is valid for a period of one year only. We believe our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine eligibility for another certificate.

The preparation of this report would not have been possible without the dedicated efforts of the entire staff of the Finance Department, as well as the cooperation of the other departments of the Town of Southern Pines. We would like to thank FORVIS the Town's independent auditors, for their assistance and dedication in preparing this report. In addition, we wish to express our appreciation to the Mayor, and the Town Council for their continued support, leadership, and professionalism in conducting the financial affairs of the Town.

Respectfully submitted,



Reagan D. Parsons
Town Manager



Tess Brubaker- Speis
Director of Finance



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Town of Southern Pines
North Carolina**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

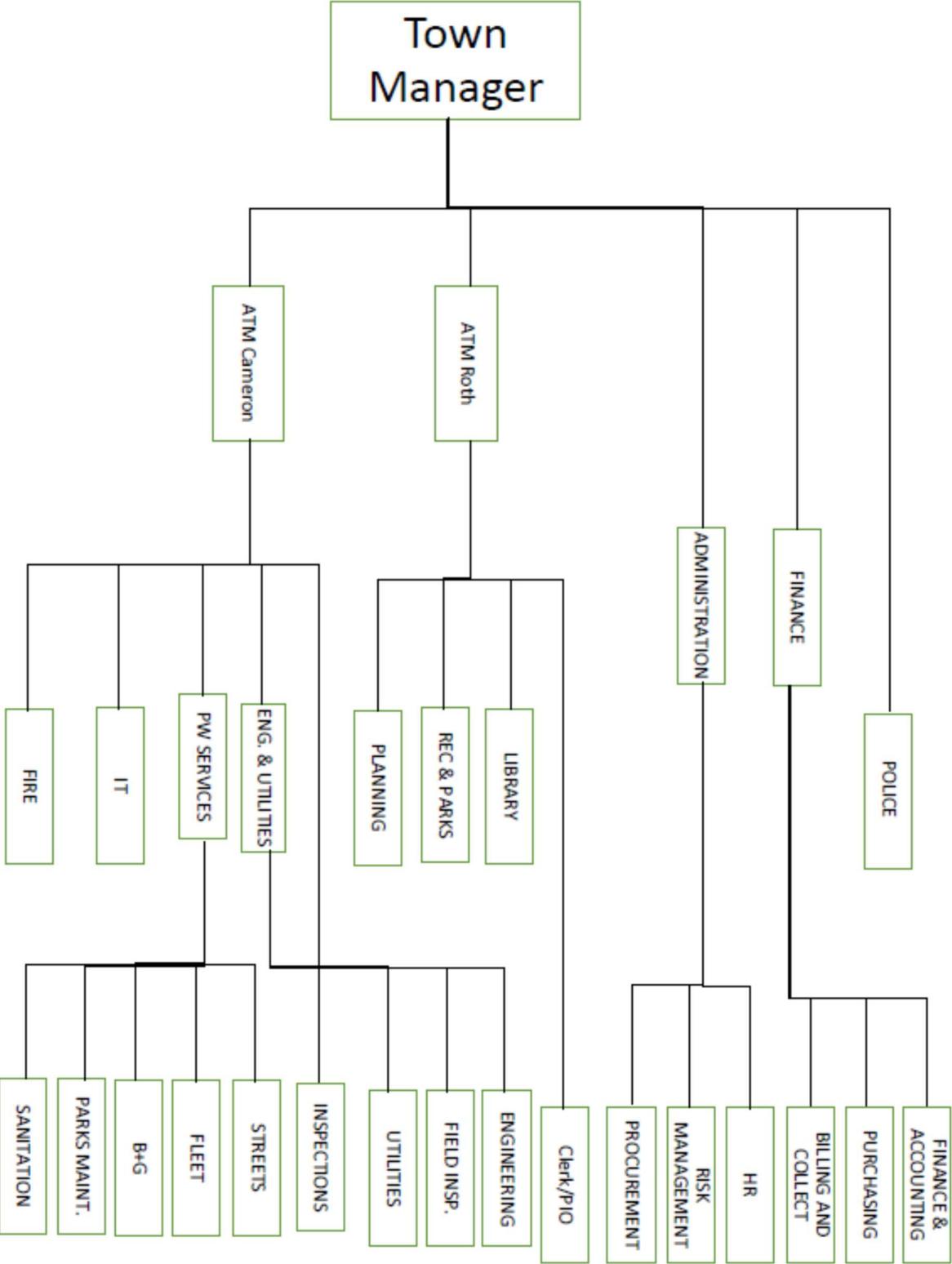
June 30, 2022

Christopher P. Morill

Executive Director/CEO

TOWN OF SOUTHERN PINES

ORGANIZATIONAL CHART June 30, 2023



TOWN OF SOUTHERN PINES

LIST OF PRINCIPAL OFFICIALS

June 30, 2023

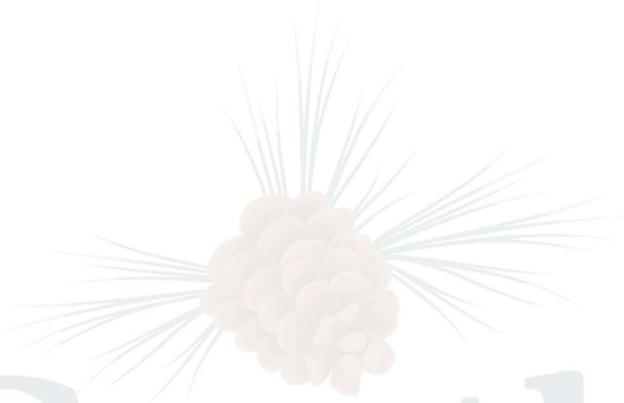
TOWN COUNCIL

Carol R. Haney	Mayor
Paul Murphy	Mayor Pro-tem
Bill Pate	Treasurer
Taylor Clement	Council Member
Ann Petersen	Council Member

TOWN OFFICIALS

Reagan D. Parsons	Town Manager
Mac McCarley	Town Attorney
Jessica Roth	Assistant Town Manager
Mike Cameron	Assistant Town Manager & Fire Chief
Tess Brubaker-Speis	Director of Finance
Cindi King	Director of Recreation & Parks
Bruce Rosenberger	Director of Administrative Services
Nicholas Polidori	Chief of Police
Amanda Brown	Director of Library Services
Nedra Norton	Director of Information Technology
BJ Grieve	Director of Planning

Financial Section



Southern Pines

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Independent Auditor's Report

The Honorable Mayor and Members of the Town Council
Town of Southern Pines
Southern Pines, North Carolina

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Southern Pines, North Carolina ("Town") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information of the Town, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under these standards are further described in the "Auditor's 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 these 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 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's 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 auditor's 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 GAAS 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 GAAS 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 Authority'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 Authority'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, the Local Government Employees' Retirement System Schedules of the Proportionate Share of the Total Pension Liability and Schedules of Employer Contributions, and the Law Enforcement Officers' Special Separation Allowance schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Employee Payroll be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Town. The combining and individual fund statements, budgetary schedules and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements, budgetary schedules, and other schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit, the procedures performed as described above, the combining and individual fund statements, budgetary schedules, and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual financial report. The other information comprises the introductory section and the statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.



Other Reporting Required under *Governmental Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2023, on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Authority'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* and should be read in conjunction with this report in considering the Town's internal control over financial reporting and compliance.

FORVIS,LLP

**High Point, North Carolina
November 30, 2023**

**Town of Southern Pines
Management's Discussion and Analysis
June 30, 2023**

As management of the Town of Southern Pines, we offer readers of the Town of Southern Pines' financial statements this narrative overview and analysis of the financial activities of the Town of Southern Pines (Town) for the fiscal year ended June 30, 2023. We encourage readers to review the information presented here in conjunction with the Town's financial statements, which follow this narrative and the transmittal letter found in the Introductory Section.

Financial Highlights

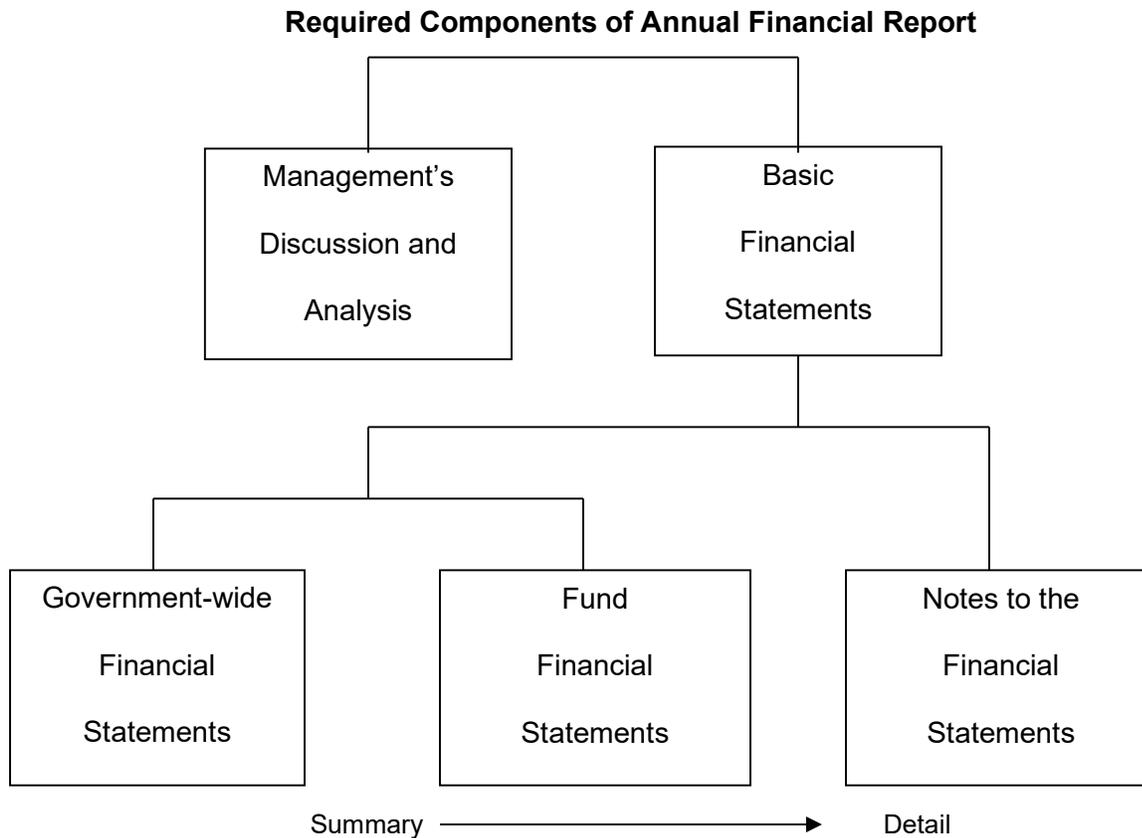
- The assets and deferred outflows of resources of the Town of Southern Pines exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$124,714,191 (net position).
- The government's total net position increased by \$13,999,084, due to an increase in both the governmental activities and the business type activities net position, due to ARPA funds, increase in capital grants and contributions, lower than expected expenditures/expenses and higher than expected revenues.
- As of the close of the current fiscal year, the Town of Southern Pines governmental funds reported combined ending fund balances of \$23,131,327, an increase of \$6,260,603 in comparison with the prior year. Approximately 12.95 percent of the total ending fund balance amount, or \$2,995,227, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$11,689,345 or 53.37 percent of total General Fund expenditures for the fiscal year.
- The Town of Southern Pines' total debt decreased by \$1,233,511 or 17.94 percent during the current fiscal year. The decrease was due to scheduled principal payments on existing debt obligations.
- The Town maintained its A2 bond rating from Moody's Investors Services for the 25th consecutive year as well as its AA- from Standard and Poor's for the 15th consecutive year. During fiscal year 2013, the Town received an increase in its North Carolina Municipal Council rating from 85 to 86, which is comparable to a rating of A1/A+ by the national rating agencies.

Overview of the Financial Statements

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

The 2023 financial information contained herein has not been restated for the adoption of GASB 96, SBITA, disclosed in Note 1 to the financial statements, because of the single-year presentation of the basic financial statements.

Figure 1:



Basic Financial Statements

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

The next statements (Exhibits 3 through 10) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: (1) the governmental funds statements; (2) the budgetary comparison statements; (3) the proprietary fund statements; and (4) the fiduciary 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 therein. After the notes, **supplemental information** is provided to show details about the Town's individual funds. Budgetary information required by the General Statutes also can be found in this part of the statements.

Government-Wide Financial Statements

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

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

The government-wide statements are divided into two categories: (1) governmental activities and (2) business-type activities. The governmental activities include most of the Town's basic services such as public safety, public works, parks and recreation, library, planning and inspections, transportation, 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 services offered by the Town.

The government-wide financial statements are contained in Exhibits 1 and 2 of this report.

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 with finance-related legal requirements, such as the General Statutes and the Town's budget ordinance. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

The Town adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the Town Council about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows 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 in the General Fund; and (4) the difference or variance between the final budget and the actual resources and charges.

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

Fiduciary Trust Funds - Trust funds are used to account for resources held for the benefit of parties outside the government. These funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 34 of this report.

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. Required supplementary information can be found beginning on page 67 of this report.

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 government and other holders of publicly held U.S. Treasury Securities.

Government-Wide Financial Analysis of the Town of Southern Pines

The following (Figure 2) reflects condensed information on the Town's net position.

Figure 2:

The Town of Southern Pines Net Position

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Assets						
Current and other assets	\$ 27,688,739	\$ 24,145,894	\$ 21,143,028	\$ 19,885,379	\$ 48,831,767	\$ 44,031,273
Capital assets	47,325,422	44,739,487	44,940,860	41,757,785	92,266,282	86,497,272
Total assets	75,014,161	68,885,381	66,083,888	61,643,164	141,098,049	130,528,545
Deferred outflows of resources						
Pension	4,951,706	3,398,782	471,661	281,030	5,423,367	3,679,812
Total deferred outflows of resources	4,951,706	3,398,782	471,661	281,030	5,423,367	3,679,812
Liabilities						
Long term liabilities outstanding	14,636,739	10,836,562	1,147,038	795,617	15,783,777	11,632,179
Other liabilities	1,925,497	4,247,123	802,959	1,239,990	2,728,456	5,487,113
Total liabilities	16,562,236	15,083,685	1,949,997	2,035,607	18,512,233	17,119,292
Deferred inflows of resources						
Pensions	781,864	3,183,717	13,560	279,897	795,424	3,463,614
Deferred lease revenue	2,499,568	2,910,344	-	-	2,499,568	2,910,344
Total deferred inflows of resources	3,281,432	6,094,061	13,560	279,897	3,294,992	6,373,958
Net position:						
Net investment in capital assets	41,411,965	38,421,771	44,583,360	41,199,204	85,995,325	79,620,975
Restricted	2,735,025	2,520,513	-	-	2,735,025	2,520,513
Unrestricted	15,975,209	10,164,133	20,008,632	18,409,486	35,983,841	28,573,619
Total net position	\$ 60,122,199	\$ 51,106,417	\$ 64,591,992	\$ 59,608,690	\$ 124,714,191	\$ 110,715,107

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 \$124,714,191 as of June 30, 2023. The Town's net position increased by \$13,999,084 for the fiscal year ended June 30, 2023, in total for governmental and business-type activities.

By far, the largest portion of the Town's net position, \$85,995,325 or 68.95%, reflects the Town's net investment in capital assets (e.g., land, buildings, 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 its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

An additional portion of the Town's net position, \$2,735,025 or 2.19%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$35,983,841 is unrestricted and may be used to meet the Town's ongoing obligations to citizens and creditors.

Several particular aspects of the Town’s financial operations positively influenced the total unrestricted governmental net position:

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 99.86%, which is greater than the last reported statewide average of 98.96%.
- Increased ad valorem tax revenues of approximately \$653,452 due to economic growth in the Town.
- Continued low cost of debt due to the Town’s good bond ratings.

Changes in Net Position

The Town’s total revenues and expenses for governmental and business-type activities are reflected in Figure 3.

Figure 3:

Town of Southern Pines Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 3,403,080	\$ 2,608,860	\$ 10,685,587	\$ 10,337,646	\$ 14,088,667	\$ 12,946,506
Operating grants and contributions	5,258,699	727,120	-	-	5,258,699	727,120
Capital grants and contributions	2,290,708	39,960	1,201,201	1,950,879	3,491,909	1,990,839
General revenues:						
Property taxes	12,298,043	11,568,250	-	-	12,298,043	11,568,250
Other taxes	7,962,673	7,309,725	-	-	7,962,673	7,309,725
Other	1,410,523	379,121	2,035,645	1,214,110	3,446,168	1,593,231
Total revenues	<u>32,623,726</u>	<u>22,633,036</u>	<u>13,922,433</u>	<u>13,502,635</u>	<u>46,546,159</u>	<u>36,135,671</u>
Expenses:						
General government	6,694,377	5,619,882	-	-	6,694,377	5,619,882
Public safety	9,850,481	8,701,575	-	-	9,850,481	8,701,575
Cultural and recreation	2,781,535	2,447,994	-	-	2,781,535	2,447,994
Transportation	2,021,819	2,332,580	-	-	2,021,819	2,332,580
Economic & physical development	1,400,220	923,165	-	-	1,400,220	923,165
Interest on long-term debt	116,490	159,016	-	-	116,490	159,016
Water and sewer	-	-	9,682,153	9,012,368	9,682,153	9,012,368
Total expenses	<u>22,864,922</u>	<u>20,184,212</u>	<u>9,682,153</u>	<u>9,012,368</u>	<u>32,547,075</u>	<u>29,196,580</u>
Transfers	(743,022)	52,937	743,022	(52,937)	-	-
Change in net position	<u>9,015,782</u>	<u>2,501,761</u>	<u>4,983,302</u>	<u>4,437,330</u>	<u>13,999,084</u>	<u>6,939,091</u>
Net position, beginning	<u>51,106,417</u>	<u>48,604,656</u>	<u>59,608,690</u>	<u>55,171,360</u>	<u>110,715,107</u>	<u>103,776,016</u>
Net position, June 30	<u>\$ 60,122,199</u>	<u>\$ 51,106,417</u>	<u>\$ 64,591,992</u>	<u>\$ 59,608,690</u>	<u>\$ 124,714,191</u>	<u>\$ 110,715,107</u>

Governmental activities - Governmental activities increased the Town’s net position by \$9,015,782, thereby accounting for 64.40% of the total increase in the net position of the Town.

Key elements of this change are as follows:

- Current tax collections increased over the prior year due to growth.
- Unrestricted intergovernmental revenue increased due to an increase in the local option sales tax revenue category.
- Investment earnings increased due to market changes and favorable rates.

Figure 4:

**Town of Southern Pines
Expenses and Program Revenues-Governmental Activities**

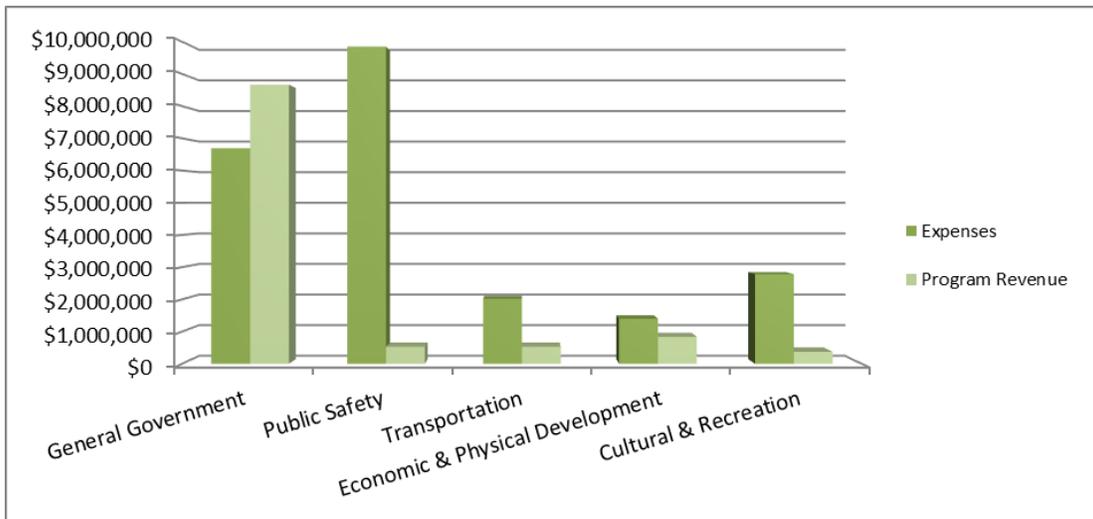
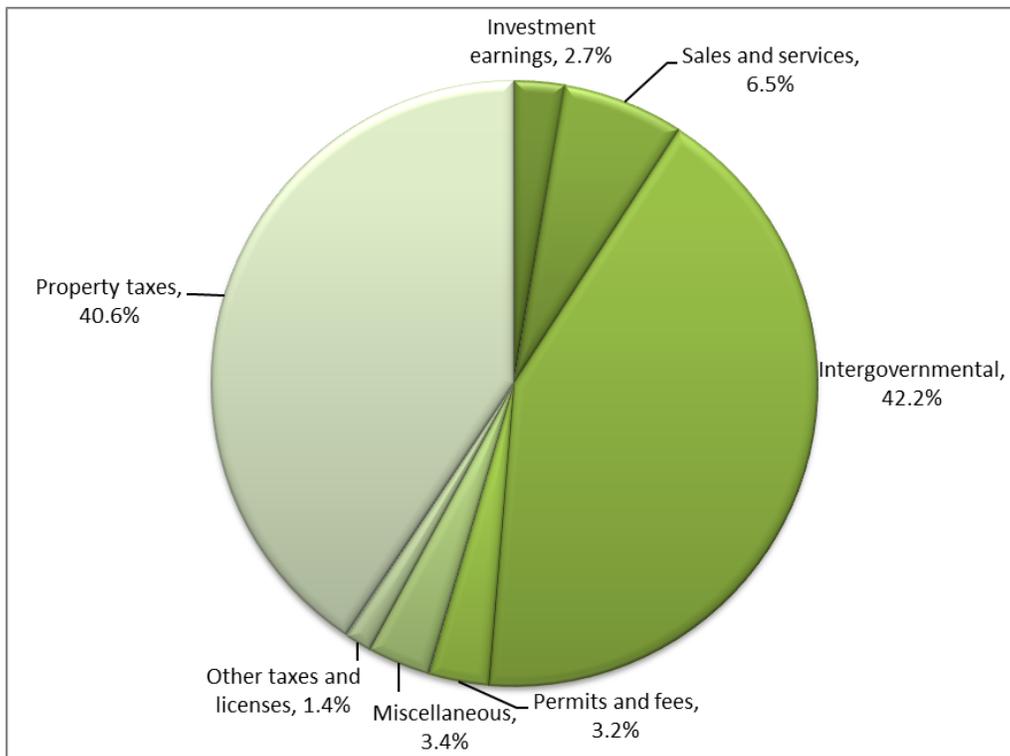


Figure 5:

**Town of Southern Pines
Revenues by Source - Governmental Activities**



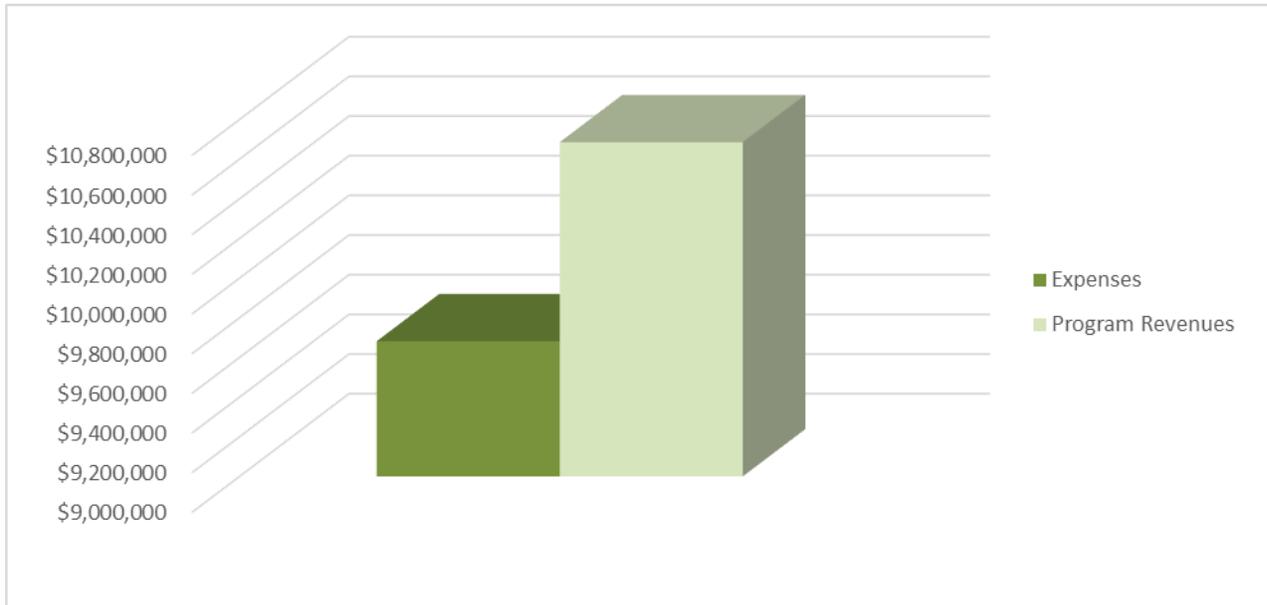
Business-type activities - Business-type activities increased the Town's net position by \$4,983,302, accounting for 35.60% of the total increase in the net position of the Town.

The Key elements of the increase are as follows:

- Capital grants and contributions in the amount of \$1,201,201.
- Charges for services increased due to an increase in water sales and sewer revenue.

Figure 6:

**Town of Southern Pines
Expenses and Program Revenues-Business-Type Activities**



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. Specifically, unassigned fund balance can be a useful measure of a government’s net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, the Town of Southern Pines’ unassigned fund balance in the General Fund, which is available for spending at the government’s discretion, was \$11,689,345, while total fund balance reached \$20,466,787. The Governing Body of the Town of Southern Pines has determined that the Town should maintain a minimum unassigned fund balance of 25 percent 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 unassigned fund balance of 53.37 percent of General Fund expenditures, while total fund balance represents 93.44 percent of that same amount.

At June 30, 2023, the governmental funds of the Town reported a combined fund balance of \$23,131,327 with a net increase in fund balance of \$6,260,603. Included in this change in fund balance is a decrease to ARPA Special Revenue fund balances and an increase to the General Fund and capital project fund balance.

General Fund Budgetary Highlights: During the fiscal year, the Town revised the budget on several occasions. Generally, budget amendments fall into one of three categories: (1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; (2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and (3) increases in appropriations that become necessary to maintain services.

During the year, there was a \$2,121,182 net increase in appropriations between the original and final amended budget. Key components of the amendments are as follows:

- an appropriation in the Library Department in the amount of \$42,452 for a new front circulation desk,
- an appropriation in the Inspections Department in the amount of \$9,850 for an increase to demolition expenditures,
- an appropriation in the Legislation Department in the amount of \$72,000 for expenses to obtain a new Town attorney,
- an appropriation in the Public Works Department in the amount of \$726,000 to purchase yard debris trucks and equipment,
- an appropriation in the Buildings & Grounds Department in the amount of \$77,713 for West New Hampshire pavers and plantings,
- an appropriation in the Fire Department in the amount of \$197,000 to purchase a previous year's budgeted brush truck,
- an appropriation in the Fire Department in the amount of \$55,000 to increase auto operating and auto repair expense due to rising fuel and repair costs,
- an appropriation in the Information Technology Department in the amount of \$346,379 to implement GASB96,
- transfer to a capital project fund in the amount of \$68,500 to the Facility Modernization Fund to renovate the bathrooms at the ES Douglass Community Center and Library bathroom doors,
- transfer to a capital project fund in the amount of \$110,000 to the Sidewalk II Fund for additional work along Bennett Street and ADA ramp work,
- transfer to a capital project fund in the amount of \$364,460 to the Recreation Improvement Fund for numerous projects at multiple park locations.

The actual operating revenues for the General Fund were greater than the final budgeted amount by \$4,540,182. Unrestricted intergovernmental revenues were \$2,222,176 greater than budgeted due primarily to the conservative amount budgeted for local option sales tax, utility franchise taxes and investment earnings. The permits and fees revenue category was \$390,914 greater than budgeted due to conservative budgeting in the building inspections area. Ad valorem taxes also were \$464,704 greater than the amount budgeted due to a conservative collection rate and valuation.

The actual operating expenses for the General Fund were less than the final budgeted amount by \$2,947,082. General government, public safety, transportation, economic and physical development and cultural and recreational realized a savings of \$1,611,735, \$910,698, \$123,992, \$105,110 and \$195,544, respectively due primarily to personnel vacancies and the inability to procure items during the budget year due to ongoing supply chain shortages.

Proprietary Funds. The Town's proprietary fund provides the same type of information found in the government-wide statements but in more detail. Unrestricted net position at the end of the fiscal year amounted to \$20,008,632. The total change in net position was an increase of \$4,983,302. The change in net position is due to the increase in operating revenues and an increase in capital assets due to the donation of easements and water and sewer lines by developers and individuals. A five percent rate increase contributed to the increase in water and sewer revenue as well as continued growth and development in the community.

Capital Asset and Debt Administration

Capital assets. The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2023 totals \$92,266,282 (net of accumulated depreciation and amortization). These assets include buildings, streets, storm drainage, sidewalks, land, machinery and equipment, park facilities, vehicles, and right-to-use lease and subscription assets.

Major capital asset transactions during the year include the following items:

Governmental Funds:

Additions:

- Parking lot upgrades at Camilia Way and the Annex in the amount of \$63,953.
- West Wisconsin sink hole repairs in the amount of \$54,954.
- Building improvements in the amount of \$360,280 Town wide including bathroom renovations at the ES Douglass Community Center, HVAC repairs at the Campbell House, the Police Station and Annex, Whitehall roof replacement, generator installation at the Annex, electrical work at the Finance and Administration buildings and installation of automatic restroom doors at the Library.
- Office machinery and equipment in the amount of \$94,059 for a circulation desk at the Library, a floor saw, water fountain installation at Martin Park and Hurst combi tool for the fire department.
- Various recreation improvements in the amount of \$446,361 for Memorial Park B field lighting, deck replacement at the Pool Park, pickleball court conversion, fencing projects at the Campbell House and Elizabeth Rounds playground equipment replacement.
- Various purchases of vehicles and motorized equipment totaling \$421,719.
- Intangible assets in the amount of \$97,765 for the Springbrook Software Upgrade and mobile data software was transferred from Intangible assets in progress.
- Construction in progress of \$1,160,617 in governmental-type activities for the design and stabilization of the streambank behind the police and fire stations, improvements to reservoir park dam, recreation improvements and facility modernization projects.
- Intangible assets in progress in the amount of \$196,853 for the Enterprise Information and Document Management System.
- Lease assets extension for dark fiber in the amount of \$18,104.
- SBITA right to use asset additions in the amount of \$362,002.

Retirements:

- Disposals and surplused assets in the amount of \$246,158.
- The transfer of construction in progress to capital assets in the amount of \$1,098,383.

Proprietary Funds:

Additions:

- Construction in progress of \$5,093,124 for water and sewer improvements.
- The addition of intangible assets consisting of water and sewer easements in the amount of \$148,406.

- Equipment purchases in the amount of \$650,691 which consist of a jet vac truck, hydromatic pump, radar cart, generator and a vehicle.
- Annual sewer lining program \$426,338 to protect the infrastructure.
- Annual manhole rehabilitation program 2023 project costs \$195,674.
- Lift station upgrades to 18 locations \$301,363.
- Plant and distribution system increase in the amount of \$980,016, which consist of water and sewer lines donated by developers, lift station and force main upgrade from a capital project fund.

Retirements:

- Disposals and surplus equipment in the amount of \$355,636.
- The transfer of construction in progress to capital assets in the amount of \$1,237,656.

Figure 7:

**Town of Southern Pines
Capital Assets**

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 13,431,777	\$ 13,431,777	\$ 540,533	\$ 540,533	\$ 13,972,310	\$ 13,972,310
Buildings and improvements	16,065,880	16,219,636	1,344,162	1,387,848	17,410,042	17,607,484
Other improvements	4,063,518	3,916,197	7,224	7,224	4,070,742	3,923,421
Machinery and equipment	181,864	240,778	1,943,059	1,857,103	2,124,923	2,097,881
Infrastructure	7,690,836	5,668,791	-	-	7,690,836	5,668,791
Plant and distribution systems	-	-	32,391,674	31,664,982	32,391,674	31,664,982
Vehicles and motorized equipment	2,772,595	2,825,100	-	-	2,772,595	2,825,100
Furniture, fixtures, and other equipment	1,091,645	1,157,862	-	-	1,091,645	1,157,862
Intangibles	173,402	180,746	3,621,065	3,428,095	3,794,467	3,608,841
Intangibles in progress	196,853	283,071	-	-	196,853	283,071
Construction in progress	1,160,272	587,663	5,093,143	2,872,000	6,253,415	3,459,663
Lease assets	218,028	-	-	-	218,028	-
Subscription assets	278,752	-	-	-	278,752	-
Total Capital Assets (net of accumulated depreciation)	\$ 47,325,422	\$ 44,511,621	\$ 44,940,860	\$ 41,757,785	\$ 92,266,282	\$ 86,269,406

Additional information on the Town's capital assets can be found in Note 6 of the Basic Financial Statements.

Long-Term Debt. As of June 30, 2023, the Town did not have any outstanding bonded debt. Previous bonded debt was related to the Proprietary Fund operations and was retired in fiscal year 2010.

During the current fiscal year, the Town of Southern Pines' installment purchase debt decreased by a net amount of \$1,468,745 or 21.53 percent.

Included in the long-term debt category is the installment financing of the Police Facility that was obtained during fiscal year 2009, the Raw Water Reservoir installment financing issued in fiscal year 2011, the Meter Reading Project in 2013, and the Fire Sub-station installment financing that was issued in 2018, the Fire Tanker Truck installment financing that was issued in 2020, the Annex Remodel installment financing that was issued in 2021, and the Whitehall Land Tract installment financing that was issued in 2021. The total outstanding balance of debt as of June 30, 2023 is \$5,352,869.

Figure 8:

**Town of Southern Pines
Outstanding Debt
General Obligation Bonds and Installment Purchases**

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
General Obligation Bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Installment Debt	4,995,369	6,263,033	357,500	558,581	5,352,869	6,821,614
Total	\$ 4,995,369	\$ 6,263,033	\$ 357,500	\$ 558,581	\$ 5,352,869	\$ 6,821,614

As mentioned in the financial highlights section of this document, the Town maintained its A2 bond rating from Moody’s Investors Services for the 25th consecutive year, as well as its AA- from Standard and Poor’s for the 15th consecutive year. These bond ratings are clear indications of the sound financial condition and management of the Town. These achievements are primary factors in keeping interest costs low on the Town’s outstanding debt.

North Carolina General Statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government’s boundaries. The current legal debt margin for the Town is \$241,122,743, which is significantly in excess of the Town’s outstanding general obligation debt.

Additional information regarding the Town’s long-term debt can be found in Note 14 of this report.

Economic Factors and Next Year’s Budget and Rates

The following key economic indicators reflect the growth and prosperity of the Town.

The unemployment rate for the county in which the Town is located was 3.7% as of June 30, 2023. The unemployment rate is slightly higher than the State average.

Commercial activity is steady throughout the Town. The value of commercial building permits increased 286.5% over the previous fiscal year while residential permit values decreased 63.15%.

The fiscal year ending June 30, 2024 budget is balanced and represents an increase of 16.2% in the governmental activities operational budget while revenue growth remains consistent. Included in governmental activities budget is a transfer of \$2,062,059 to capital project funds.

The fiscal year ending June 30, 2024 business-type operational budget reflects an increase of 23.54%. Included in the budget are transfers to capital project funds for funding of long-term capital planning in the amount of \$3,261,281.

Governmental Activities: The 2024 budget set a revenue neutral tax rate. Unrestricted intergovernmental revenue is budgeted to increase in the local option sales tax revenue category as well as investment earnings. Additionally, the Town will continue to offer its citizens a high level of service and will not reduce services in the upcoming year.

Business-Type Activities: Business-type revenues represent a conservative fiscal approach in the 2023-2024 fiscal year. The Town has budgeted an increase of 4.0% in water and sewer rates to offset the increase in treatment costs.

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 Director of Finance, Town of Southern Pines, PO Box 870, Southern Pines, NC 28388. You may also call (910) 692-2971 or visit our website www.southernpines.net for more information.

Town of Southern Pines, North Carolina
Statement of Net Position
June 30, 2023

Exhibit 1
(2 pages)

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 21,355,069	\$ 17,381,082	\$ 38,736,151
Receivables - net:			
Property taxes	22,622	-	22,622
Accrued interest receivable on taxes	4,177	-	4,177
Due from other governments	1,978,903	68,779	2,047,682
Accounts receivable	526,156	-	526,156
Accrued interest	100,250	87,545	187,795
Sales tax	167,787	100,354	268,141
Assessments	2,305	49,983	52,288
Customers	-	1,683,783	1,683,783
Lease receivable	296,933	-	296,933
Other	-	1,348	1,348
Inventories	36,226	-	36,226
Prepays	172,988	-	172,988
Restricted cash and investments	771,700	1,770,154	2,541,854
Total current assets	25,435,116	21,143,028	46,578,144
Noncurrent assets:			
Lease receivable, noncurrent	2,253,623	-	2,253,623
Capital assets			
Lease assets, net of amortization	218,028	-	218,028
Subscription assets, net of amortization	278,752	-	278,752
Land, non-depreciable improvements, and construction in progress	14,788,902	5,633,676	20,422,578
Intangibles - easements	-	3,621,065	3,621,065
Other capital assets, net of depreciation	32,039,740	35,686,119	67,725,859
Total capital assets	47,325,422	44,940,860	92,266,282
Total noncurrent assets	49,579,045	44,940,860	94,519,905
Total assets	75,014,161	66,083,888	141,098,049
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	4,951,706	471,661	5,423,367
Total deferred outflows of resources	4,951,706	471,661	5,423,367

Town of Southern Pines, North Carolina
Statement of Net Position
June 30, 2023

Exhibit 1
(2 pages)

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 1,071,716	\$ 719,194	\$ 1,790,910
Payable from restricted assets - customer deposits	771,700	83,765	855,465
Unearned revenue	82,081	-	82,081
Current portion of pension liability - LEO	44,743	-	44,743
Current maturities of long-term debt	1,575,754	67,004	1,642,758
Total current liabilities	3,545,994	869,963	4,415,957
Noncurrent liabilities:			
Pension liability - LGERS	6,917,908	731,868	7,649,776
Pension liability - LEO, net of current	1,760,631	-	1,760,631
Due in more than one year	4,337,703	348,166	4,685,869
Total noncurrent liabilities	13,016,242	1,080,034	14,096,276
Total liabilities	16,562,236	1,949,997	18,512,233
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	781,864	13,560	795,424
Deferred lease revenue	2,499,568	-	2,499,568
Total deferred inflows	3,281,432	13,560	3,294,992
NET POSITION			
Net investment in capital assets	42,040,136	44,583,360	86,623,496
Restricted for:			
Stabilization by State Statute	2,626,584	-	2,626,584
Cemetery perpetual care:			
Expendable	108,441	-	108,441
Unrestricted	15,347,038	20,008,632	35,355,670
Total net position	\$ 60,122,199	\$ 64,591,992	\$ 124,714,191

Town of Southern Pines, North Carolina
Statement of Activities
Year Ended June 30, 2023

Exhibit 2

Function/Programs	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
Primary government:							
Government activities:							
General government	\$ 6,694,377	\$ 1,703,058	\$ 4,672,822	\$ 2,290,708	\$ 1,972,211	\$ -	\$ 1,972,211
Public safety	9,850,481	513,275	17,801	-	(9,319,405)	-	(9,319,405)
Transportation	2,021,819	46,776	484,069	-	(1,490,974)	-	(1,490,974)
Economic and physical development	1,400,220	840,628	-	-	(559,592)	-	(559,592)
Cultural and recreation	2,781,535	290,068	84,007	-	(2,407,460)	-	(2,407,460)
Cemetery	-	9,275	-	-	9,275	-	9,275
Interest on long-term debt	116,490	-	-	-	(116,490)	-	(116,490)
Total governmental activities	22,864,922	3,403,080	5,258,699	2,290,708	(11,912,435)	-	(11,912,435)
Business-type activities:							
Water and sewer	9,682,153	10,685,587	-	1,201,201	-	2,204,635	2,204,635
Total business-type activities	9,682,153	10,685,587	-	1,201,201	-	2,204,635	2,204,635
Total primary government	\$ 32,547,075	\$ 14,088,667	\$ 5,258,699	\$ 3,491,909	(11,912,435)	2,204,635	(9,707,800)
General revenues:							
Ad valorem taxes					12,298,043	-	12,298,043
Unrestricted intergovernmental					6,538,770	-	6,538,770
Alcoholic Beverage Tax					286,565	-	286,565
Franchise taxes					1,137,338	-	1,137,338
Investment earnings					814,277	621,215	1,435,492
Miscellaneous					508,454	1,329,134	1,837,588
Gain on disposal					87,792	85,296	173,088
Total general revenues excluding transfers					21,671,239	2,035,645	23,706,884
Transfers					(743,022)	743,022	-
Total general revenues and transfers					20,928,217	2,778,667	23,706,884
Change in net position					9,015,782	4,983,302	13,999,084
Net position, beginning					51,106,417	59,608,690	110,715,107
Net position, end of year					\$ 60,122,199	\$ 64,591,992	\$ 124,714,191

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

Fund Financial Statements

Town of Southern Pines, North Carolina
Balance Sheet - Governmental Funds
June 30, 2023

Exhibit 3
(2 pages)

	Major Funds			Total Governmental Funds
	General	ARPA Special Revenue Grant Fund	Nonmajor Governmental Funds	
ASSETS				
Cash and investments	\$ 18,643,191	\$ -	\$ 2,711,878	\$ 21,355,069
Receivables - net:				
Property taxes	22,622	-	-	22,622
Due from other governments	1,978,903	-	-	1,978,903
Accounts receivable	526,156	-	-	526,156
Accrued interest receivable	87,891	-	12,359	100,250
Sales tax receivable	149,681	-	18,106	167,787
Parking lot assessments	2,305	-	-	2,305
Lease receivable	2,550,556	-	-	2,550,556
Inventories	36,226	-	-	36,226
Prepays	172,988	-	-	172,988
Restricted assets:				
Cash and investments	771,700	-	-	771,700
Total assets	<u>\$ 24,942,219</u>	<u>\$ -</u>	<u>\$ 2,742,343</u>	<u>\$ 27,684,562</u>
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 448,505	\$ -	\$ 77,803	\$ 526,308
Accrued liabilities:				
Other	613,875	-	-	613,875
Security deposits	771,700	-	-	771,700
Total liabilities	<u>1,834,080</u>	<u>-</u>	<u>77,803</u>	<u>1,911,883</u>
DEFERRED INFLOWS OF RESOURCES				
Taxes receivable	22,622	-	-	22,622
Parking lot assessments	2,305	-	-	2,305
Deferred lease revenue	2,499,568	-	-	2,499,568
Other	116,857	-	-	116,857
Total deferred inflows of resources	<u>2,641,352</u>	<u>-</u>	<u>-</u>	<u>2,641,352</u>
FUND BALANCES				
Nonspendable:				
Inventories	36,226	-	-	36,226
Prepays	172,988	-	-	172,988
Leases	50,988	-	-	50,988
Perpetual maintenance	-	-	108,441	108,441
Restricted:				
Stabilization by State Statute	2,625,774	-	810	2,626,584
Committed:				
General government	-	-	970,231	970,231
Transportation	-	-	1,249,920	1,249,920
Cultural and recreational	-	-	335,138	335,138
Assigned:				
Subsequent year's expenditures	5,891,466	-	-	5,891,466
Unassigned	11,689,345	-	-	11,689,345
Total fund balances	<u>20,466,787</u>	<u>-</u>	<u>2,664,540</u>	<u>23,131,327</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 24,942,219</u>	<u>\$ -</u>	<u>\$ 2,742,343</u>	<u>\$ 27,684,562</u>

Town of Southern Pines, North Carolina
Balance Sheet - Governmental Funds
June 30, 2023

Exhibit 3
(2 pages)

Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:

Total fund balance, governmental funds	\$ 23,131,327
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	47,325,422
Deferred outflows of resources related to pensions are not reported in the funds	4,951,706
Other long-term assets (accrued interest receivable from property taxes) are not available to pay for current-period expenditures and therefore are inflows of resources in the funds	4,177
Earned revenues considered deferred inflows of resources in fund statements	141,784
Deferred inflows of resources related to pensions are not reported in the funds	(781,864)
Some liabilities are not due and payable in the current period and are therefore not reported in the funds:	
Accrued interest payable	(13,614)
Long-term debt included as net position below	(5,913,457)
Pension liability - LGERS	(6,917,908)
Pension liability - LEO	<u>(1,805,374)</u>
Net position of governmental activities	<u>\$ 60,122,199</u>

Town of Southern Pines, North Carolina
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
Year Ended June 30, 2023

Exhibit 4
(2 pages)

	Major Funds			Totals Governmental Funds
	General	ARPA Special Revenue Grant Fund	Nonmajor Governmental Funds	
Revenues				
Ad valorem taxes	\$ 12,224,926	\$ -	\$ 68,848	\$ 12,293,774
Other taxes and licenses	435,894	-	-	435,894
Unrestricted intergovernmental	7,530,176	-	-	7,530,176
Restricted intergovernmental	562,693	4,671,148	-	5,233,841
Permits and fees	978,914	-	-	978,914
Sales and services	1,943,545	-	9,275	1,952,820
Investment earnings	696,618	24,413	93,246	814,277
Other	1,005,876	-	-	1,005,876
	<u>25,378,642</u>	<u>4,695,561</u>	<u>171,369</u>	<u>30,245,572</u>
Expenditures				
Current:				
General government	6,255,669	-	813,578	7,069,247
Public safety	9,043,370	-	-	9,043,370
Transportation	1,322,343	-	271,101	1,593,444
Economic and physical development	1,330,932	-	-	1,330,932
Cultural and recreational	2,410,553	-	501,180	2,911,733
Debt service:				
Principal	1,409,984	-	-	1,409,984
Interest	131,133	-	-	131,133
	<u>21,903,984</u>	<u>-</u>	<u>1,585,859</u>	<u>23,489,843</u>
Revenues over (under) expenditures	<u>3,474,658</u>	<u>4,695,561</u>	<u>(1,414,490)</u>	<u>6,755,729</u>
Other financing sources (uses)				
Lease liabilities issued	18,184	-	-	18,184
Subscription liabilities issued	149,915	-	-	149,915
Loss on termination of lease receivable	(7,995)	-	-	(7,995)
Transfers to other funds	(2,034,935)	(4,699,741)	-	(6,734,676)
Transfers from other funds	3,922,210	-	2,069,444	5,991,654
Sale of capital assets	87,792	-	-	87,792
Total other financing sources (uses)	<u>2,135,171</u>	<u>(4,699,741)</u>	<u>2,069,444</u>	<u>(495,126)</u>
Net change in fund balance	5,609,829	(4,180)	654,954	6,260,603
Fund balance, beginning of year, July 1	<u>14,856,958</u>	<u>4,180</u>	<u>2,009,586</u>	<u>16,870,724</u>
Fund balance, end of year, June 30	<u>\$ 20,466,787</u>	<u>\$ -</u>	<u>\$ 2,664,540</u>	<u>\$ 23,131,327</u>

Town of Southern Pines, North Carolina
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
Year Ended June 30, 2023

Exhibit 4
(2 pages)

Net changes in fund balances - total governmental funds	\$ 6,260,603
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays were exceeded by depreciation and amortization expense in the current period</p>	
Capital outlay expenditures which were capitalized	\$ 2,299,130
Depreciation expense for governmental assets	(2,124,935)
Amortization expense for governmental assets	<u>(111,272)</u>
	62,923
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	1,270,592
Benefit payments paid and administrative expense for the LEOSSA are not included on the Statement of Activities	37,650
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:	
Amount of donated assets	2,290,708
Change in unavailable revenues	1
Proceeds from disposal/transfer of capital assets	(87,792)
Net gain on disposal/transfer of capital assets	87,792
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>	
Issuance of lease liabilities	(18,184)
Issuance of subscription liabilities	(149,915)
Principal payments on long-term debt	1,409,984
Decrease in accrued interest payable	14,643
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>	
Compensated absences	(38,051)
Pension expense	<u>(2,125,172)</u>
Total changes in net position of governmental activities	<u><u>\$ 9,015,782</u></u>

Town of Southern Pines, North Carolina
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
Year Ended June 30, 2023

Exhibit 5

	Budget		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Ad valorem taxes	\$ 11,760,222	\$ 11,760,222	\$ 12,224,926	\$ 464,704
Other taxes and licenses	256,150	308,550	435,894	127,344
Unrestricted intergovernmental revenues	5,360,400	5,308,000	7,530,176	2,222,176
Restricted intergovernmental revenues	490,223	490,223	562,693	72,470
Permits and fees	549,000	588,000	978,914	390,914
Sales and services	1,880,315	1,480,640	1,943,545	462,905
Investment earnings	15,000	15,000	696,618	681,618
Other	527,150	887,825	1,005,876	118,051
	<u>20,838,460</u>	<u>20,838,460</u>	<u>25,378,642</u>	<u>4,540,182</u>
Expenditures				
Current:				
General government	7,237,308	7,867,404	6,255,669	1,611,735
Public safety	9,712,068	9,954,068	9,043,370	910,698
Transportation	2,346,335	1,446,335	1,322,343	123,992
Economic and physical development	908,627	1,436,042	1,330,932	105,110
Cultural and recreational	2,571,645	2,606,097	2,410,553	195,544
Debt service	1,396,861	1,541,120	1,541,117	3
	<u>24,172,844</u>	<u>24,851,066</u>	<u>21,903,984</u>	<u>2,947,082</u>
Revenues over (under) expenditures	<u>(3,334,384)</u>	<u>(4,012,606)</u>	<u>3,474,658</u>	<u>7,487,264</u>
Other financing sources (uses)				
Lease liabilities issued	-	18,184	18,184	-
Subscription liabilities issued	-	325,565	149,915	(175,650)
Loss on termination of lease receivable	-	-	(7,995)	(7,995)
Transfers to Capital Project Funds	(591,975)	(2,034,935)	(2,034,935)	-
Transfers from Special Revenue Funds	-	3,922,210	3,922,210	-
Sale of capital assets	70,000	70,000	87,792	17,792
	<u>(521,975)</u>	<u>2,301,024</u>	<u>2,135,171</u>	<u>(165,853)</u>
Revenues over (under) expenditures and other financing uses	<u>(3,856,359)</u>	<u>(1,711,582)</u>	<u>5,609,829</u>	<u>7,321,411</u>
Appropriated fund balance	<u>3,856,359</u>	<u>1,711,582</u>	<u>-</u>	<u>(1,711,582)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>5,609,829</u>	<u>\$ 5,609,829</u>
Fund balance, beginning of year, July 1			<u>14,856,958</u>	
Fund balance, end of year, June 30			<u>\$ 20,466,787</u>	

	Business-Type Activities - Enterprise
	Major Fund
	Water and Sewer
ASSETS	
Current assets:	
Cash and cash equivalents/investments	\$ 17,381,082
Receivables - net:	
Sewer assessments	49,983
Customers	1,683,783
Accrued interest	87,545
Due from other governments	68,779
Sales taxes	100,354
Other	1,348
	<hr/>
Total current assets	19,372,874
	<hr/>
Temporarily restricted assets:	
Cash and cash equivalents/investments	1,770,154
	<hr/>
Capital assets	
Land, improvements, and construction in progress	5,633,676
Intangibles - easements	3,621,065
Other capital assets, net of depreciation	35,686,119
	<hr/>
Total capital assets, net	44,940,860
	<hr/>
Total unrestricted noncurrent assets	44,940,860
	<hr/>
Total noncurrent assets	46,711,014
	<hr/>
Total assets	66,083,888
	<hr/>
DEFERRED OUTFLOWS OF RESOURCES	
Pension deferrals	471,661
	<hr/>
Total deferred outflows of resources	471,661
	<hr/>

	<u>Business-Type Activities - Enterprise Major Fund Water and Sewer</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 662,821
Compensated absences - current	39,504
Installment purchases - current	27,500
Accrued liabilities	56,373
Security deposits	<u>83,765</u>
Total current liabilities	<u>869,963</u>
Noncurrent liabilities	
Compensated absences	18,166
Installment purchases	330,000
Net pension liability	<u>731,868</u>
	<u>1,080,034</u>
Total liabilities	<u>1,949,997</u>
DEFERRED INFLOWS OF RESOURCES	
Pension deferrals	<u>13,560</u>
NET POSITION	
Net investment in capital assets	44,583,360
Unrestricted	<u>20,008,632</u>
Total net position	<u>\$ 64,591,992</u>

Town of Southern Pines, North Carolina
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund
Year Ended June 30, 2023

Exhibit 7

	<u>Major Fund</u> <u>Water and</u> <u>Sewer</u>
Operating revenues	
Charges for sales and services	\$ 10,685,587
Operating expenses	
Billings and collection	555,496
Water treatment	1,599,096
Sewage treatment	1,968,774
Water extensions and maintenance	1,143,299
Sewer extensions and maintenance	1,169,973
Chargeout for administrative expenses	1,200,526
Depreciation and amortization	2,036,063
Total operating expenses	<u>9,673,227</u>
Operating income	<u>1,012,360</u>
Nonoperating revenues (expenses)	
System development fees	1,329,134
Grant contributions	68,779
Interest on investments	621,215
Gain on disposal of capital assets	85,296
Interest expense	(8,926)
Total nonoperating revenues (expenses)	<u>2,095,498</u>
Income before capital contributions and transfers	3,107,858
Capital contributions	1,132,422
Transfers from other funds	753,522
Transfers to other funds	(10,500)
Change in net position	4,983,302
Total net position, beginning of year	<u>59,608,690</u>
Net position, end of year	<u><u>\$ 64,591,992</u></u>

Town of Southern Pines, North Carolina
Statement of Cash Flows - Proprietary Fund
Year Ended June 30, 2023

Exhibit 8
(2 pages)

	<u>Major Fund</u> <u>Water and</u> <u>Sewer</u>
Cash flows from operating activities	
Cash received from customers and users	\$ 10,613,112
Cash paid for goods and services	(5,880,268)
Cash paid to or on behalf of employees for services	(1,731,365)
Customer deposit refunded	(35,670)
Customer deposits received	37,895
	<u>3,003,704</u>
Cash flows from noncapital financing activities	
Transfers from other funds	753,522
Transfers out to other funds	(10,500)
	<u>743,022</u>
Cash flows from capital and related financing activities	
Acquisition and construction of capital assets	(4,454,553)
Proceeds from sale of capital assets	85,296
System development fees	1,329,134
Principal paid on installment purchase obligation	(201,081)
Interest paid on installment purchase obligation	(10,342)
	<u>(3,251,546)</u>
Cash flows from investing activities	
Interest on investments	537,612
	<u>537,612</u>
Net cash provided by investing activities	<u>537,612</u>
Net increase in cash and cash equivalents	1,032,792
Cash and cash equivalents at beginning of year	<u>18,118,444</u>
Cash and cash equivalents at end of year	<u>\$ 19,151,236</u>

	<u>Major Fund</u> <u>Water and</u> <u>Sewer</u>
Cash and investments per Exhibit 6	
Unrestricted	\$ 17,381,082
Restricted	1,770,154
	<hr/>
Total	\$ 19,151,236
	<hr/> <hr/>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 1,012,360
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	2,036,063
Change in assets, deferred outflows of resources, deferred inflows of resources and liabilities:	
(Increase) decrease in:	
Accounts receivable	(72,475)
Deferred outflows of resources for pensions	(190,631)
Increase (decrease) in:	
Accounts payable and accrued liabilities	(70,003)
Customer deposits	2,225
Accrued vacation pay	5,334
Net pension liability	547,168
Deferred inflows of resources for pensions	(266,337)
	<hr/>
Total adjustments	1,991,344
	<hr/>
Net cash provided by operating activities	\$ 3,003,704
	<hr/> <hr/>

Noncash investing, capital and financing activities:
During fiscal year ended June 30, 2023, the Town received \$984,016 in water and sewer line improvements and \$148,406 of easements from various land developers and individuals. These improvements are recorded as capital contributions.

During fiscal year ended June 30, 2023, liabilities related to capital asset additions of \$366,327 remained in accounts payable and accrued liabilities at year-end.

Town of Southern Pines, North Carolina
Statement of Fiduciary Net Position
Fiduciary Fund
June 30, 2023

Exhibit 9

	Private-Purpose Trust Fund
	Virginia Kelly Trust
ASSETS	
Cash and investments	\$ 27,343
Accrued interest	125
	27,468
NET POSITION	
Restricted for:	
Payment of death benefits - police	27,468
	\$ 27,468

Town of Southern Pines, North Carolina
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
Year Ended June 30, 2023

Exhibit 10

	<u>Private-Purpose Trust Fund Virginia Kelly Trust</u>
Revenues	
Investment earnings	\$ 890
Net increase	890
Net position, beginning of year, July 1	<u>26,578</u>
Net position, end of year, June 30	<u>\$ 27,468</u>

Notes to Financial Statements

1. Summary of Significant Accounting Policies

The accounting policies of the Town of Southern Pines conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting entity

The Town of Southern Pines is a municipal corporation that is governed by an elected mayor and a four-member council. As required by generally accepted accounting principles, these financial statements present the Town as well as any separate entity for which the Town is financially accountable. For the year ended June 30, 2023, no other entity is included in the Town's financial statements.

B. Basis of presentation

Government-wide statements: The statement of net position and the statement of activities display information on all of the nonfiduciary activities of the Town. These statements include the financial activities of the overall government and distinguish between the governmental and business-type activities of the Town. Eliminations have been made to minimize the double counting of internal activities. Interfund services provided and used are not eliminated in the process of consolidation. 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 business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund financial statements: The fund financial statements provide information about the Town's funds, including the fiduciary fund. Separate statements for each fund category - *governmental, proprietary, and fiduciary* - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor 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. Nonoperating revenues, such as investment earnings, result from non-exchange transactions or ancillary activities.

Town of Southern Pines, North Carolina
Notes to Financial Statements

The Town reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the Town. It is used to account for all financial resources 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 public safety, streets and highways, sanitation, parks and recreation, libraries and general government services.

ARPA Special Revenue Fund - The American Rescue Plan Act ("ARPA") special revenue fund is used to account for amounts received from the Coronavirus State and Local Fiscal Recover Funds related to the American Rescue Plan Act of 2021. The use of income from the fund is restricted to supporting economic recovery from the COVID-19 pandemic.

The Town reports the following non-major governmental funds:

Nicks Creek Parkway - This fund is used to account for the future construction of a road extending along Nicks Creek from NC 22 to US 15-501.

Open Space and Greenways - This fund is used to account for the purchase of open space and greenways.

Storm Water Improvements - This fund is used to account for the design and installation of storm water infrastructure.

Enterprise Information and Document Management (EIDMS) - This fund is used to account for the purchase and implementation of Enterprise Resource Planning software, an integrated information system that will serve all departments within the Town.

Bike Transport - This fund is used to account for the construction and improvements of bike lanes throughout the town.

Paving Projects - This fund is used for the purpose of paving existing Town streets that are currently unpaved.

Recreational Improvements - This fund is used for the purpose of various recreational park improvements and renovations

Sidewalk Construction II - This fund is used for the construction and improvement of various sidewalks in the Town.

Parking Lot Project - This fund accounts for funds used for the purpose of construction and renovation of parking lots owned by the Town.

Facility Modernization - This fund accounts for funds used for addressing immediate needs of Town owned buildings as designated by the 2019 Facility Condition Assessment.

Reservoir Dam Improvements - This fund accounts for funds used for improvements to the dam at Reservoir Park.

General Capital Reserve Fund - This fund is used to accumulate financial resources for ongoing or future capital projects.

Streambank Stabilization Project - This fund is used for the purpose of stabilizing the erosion of the streambank behind the Fire and Police stations.

Town of Southern Pines, North Carolina
Notes to Financial Statements

Cemetery Perpetual Care Permanent Fund - This fund is used to account for the perpetual care of the municipal cemetery.

Municipal Service District Special Revenue Fund - This fund is used to account for funds raised for improvements within the Morganton Park South Planned Development District.

The Town reports the following major enterprise fund:

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

Additionally, the Town reports the following fund type:

Virginia Kelly Trust Private-Purpose Trust Fund - This fund is used to account for proceeds available as death benefits for police officers killed in the line of duty. The Trust Fund was established during the year ended June 30, 1987, through the contribution of \$15,000 by a Southern Pines citizen. The trust principle is restricted for the purpose stated above.

C. Measurement focus and basis of accounting

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

Government-wide, proprietary and fiduciary fund financial statements. The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide, proprietary and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, property tax revenue is recognized in the fiscal year for which the taxes are levied. Revenue from grants, donations and similar items 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 nonoperating 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. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

Town of Southern Pines, North Carolina
Notes to Financial Statements

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 law, the state of North Carolina is responsible for billing and collecting the property taxes on registered vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered a shared revenue for the Town of Southern Pines because the tax is levied by Moore County and then remitted to and distributed by the State. Intergovernmental revenues, and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. 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 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 North Carolina General Statutes. An annual budget ordinance is adopted for the General, Permanent, and Enterprise funds. All annual appropriations lapse at fiscal year-end. Project ordinances are adopted for the Special Revenue Fund, Governmental Capital Project Funds and the Enterprise Capital Projects Funds, which are consolidated with the operating funds for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds and at the project level for the multi-year funds. During the year, several amendments to the original budget became necessary, the effects of which were not material. 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 are made in board-designated official depositories and are secured as required by State law [G.S. 159-31]. The Town may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the Town 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 to invest in obligations of the United States; or obligations fully guaranteed, both as to principal and interest, by the United States; obligations of the state of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT).

The Town's investments are reported at fair value. Non-participating interest earning contracts are accounted for at cost. The NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value. Because the NCCMT Government Portfolios has a maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months. In accordance with State law, the Town has invested in securities which are callable and which provide for periodic interest rate increases in specific increments until maturity. These investments are reported at fair value as determined by quoted market prices.

Town of Southern Pines, North Carolina
Notes to Financial Statements

(2) Cash and cash equivalents

The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

(3) Restricted assets

Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected. Impact fees are held by the Town for the purpose of expanding water and sewer infrastructure. Water and wastewater system development fees are held by the Town for specific future water and wastewater capital projects to be funded with system development fees levied by the Town. Unexpended debt proceeds are held by the Town for the purpose of constructing a new fire department substation.

Town of Southern Pines Restricted Cash

Governmental activities:

General Fund:

Customer deposits \$ 771,700

Total governmental activities 771,700

Business-type activities:

Water and Sewer Fund:

Customer deposits 83,765

Water system development fees capital reserve 1,214,137

Wastewater system development fees capital reserve 472,252

Total business-type activities 1,770,154

Total restricted cash \$ 2,541,854

(4) Ad valorem taxes receivable

In accordance with State law (G.S. 105-347 and 159-13(a)), the Town levies *ad valorem* taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, no interest or penalties are assessed until the following January 6. The taxes are based on the assessed values as of January 1, 2022.

(5) Allowances for doubtful accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years.

(6) Inventory and prepaid items

Inventory is valued at cost which approximates market, using the first in, first out method. The inventory of the General Fund consists of expendable supplies and is recorded as an expenditure as it is 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.

Town of Southern Pines, North Carolina
Notes to Financial Statements

(7) Capital assets

Capital assets are defined by the Town as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of one year. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. General infrastructure assets acquired prior to July 1, 2003, consist of the road network and water and sewer system assets that were acquired or that received substantial improvements subsequent to July 1, 1980, and 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.

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings and improvements	10 to 50 years
Other improvements	10 to 50 years
Infrastructure	15 to 30 years
Machinery and equipment	5 to 15 years
Vehicles	3 to 25 years
Furniture and office equipment	5 years
Computer software	5 years
Plant and distribution systems	10 to 40 years
Intangible assets - software	5 to 15 years

(8) Right-to-use assets

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 an Information Technology (IT) Subscription, in accordance with the requirements of GASB 87 and GASB 96, respectively

The right-to-use lease assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made at or prior to the start of the lease term, less lease incentives received from the lessor at or prior to the start of the lease term, and plus ancillary charges necessary to place the lease asset into service. The right-to-use lease assets are amortized on a straight-line basis over the lives of the related leases.

The right-to-use IT subscription assets are initially measured at an amount equal to the initial measurement of the subscription liability plus any subscription payments made at the start of the subscription term, if applicable, plus capitalizable initial implementation costs at the start of the subscription term, less any incentives received from the IT subscription vendor at the start of the subscription term. Subscription payments, as well as payments for capitalizable implementation costs made before the start of the subscription term should be reported as a prepayment (asset). Such prepayments should be reduced by any incentives received from the same vendor before the start of the subscription term if a right of offset exists. The net amount of the prepayments and incentives should be reported as an asset or liability, as appropriate, before the start of the subscription term, at which time the amount should be included in the initial measurement of the subscription asset. The right-to-use subscription assets are amortized on a straight-line basis over the subscription terms.

Town of Southern Pines, North Carolina
Notes to Financial Statements

(9) Deferred outflows/inflows of resources

In addition to assets, the Statement of Net Position will sometimes report a separate section of deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net assets that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has two items that meet this criterion, contributions made to the pension plans in the 2023 fiscal year and other pension related deferrals. In addition to liabilities, the Statement of Net Position will sometimes report a separate section of deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net assets that applies to a future period and so will not be recognized as revenue until then. The Town has five items that meet the criterion for this category - property taxes receivable, parking lot assessments, other receivables, pension deferrals, and deferred lease revenue.

(10) 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 or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

(11) Compensated absences

Vacation leave may accumulate to a maximum of 30 working days. Each December 31st, accumulated vacation leave in excess of 30 working days will be rolled into sick leave. 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 Town's sick leave policy provides for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the Town has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

(12) Net position/fund balances

Net position

Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets; restricted; and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

Town of Southern Pines, North Carolina
Notes to Financial Statements

Fund balances

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

The governmental fund types classify fund balances as follows:

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

Inventories - portion of fund balance that is not an available resource because it represents the year-end balance of ending inventories, which are not spendable resources.

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

Leases - portion of fund balance that is not an available resource because it represents the year-end balance of the lease receivable in excess of the deferred inflow of resources for the lease receivable, which is not a spendable resource.

Perpetual maintenance - Cemetery resources that are required to be retained in perpetuity for maintenance of the Town of Southern Pines Cemetery.

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 - portion of fund balance that is restricted by State Statute (G.S. 159-8(a)). This statute 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 and prepaids as they are classified as nonspendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted Net position and Restricted fund balance on the face of the statement of net position and the balance sheet.

Committed fund balance - This classification includes the portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of Town's governing body (highest level of decision-making authority) by ordinance. The governing body can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation. Any changes or removal of specific purpose requires majority action by the governing body.

Committed for general government - portion of fund balance that can only be used for fiber connections between Town buildings and the purchase and implementation of Enterprise Resource Planning software.

Town of Southern Pines, North Carolina
Notes to Financial Statements

Committed for transportation - portion of fund balance that can only be used for construction and improvement of Town roads, sidewalks, and the design and installation of storm water infrastructure.

Committed for cultural and recreation - portion of fund balance that can only be used for the renovations of existing parks, construction of bike lanes and the purchase of open space and greenways.

Assigned fund balance - This classification includes the portion of fund balance that Town of Southern Pines' governing body has budgeted and intends to use for specific purposes. Any changes or removal of specific purpose requires majority action by the governing body.

Subsequent year's expenditures - portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation and all amendments made to the original ordinance.

Unassigned fund balance - This classification includes the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds. The general fund is the only fund that reports a positive unassigned fund balance.

For projects that include multiple revenue sources, the Town's standard practice is that resources will be used in the following hierarchy: bond proceeds, federal funds, State funds, local non-town funds, town funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed, assigned and lastly unassigned fund balance. The Finance Director has the authority to deviate from this practice in order to comply with grant agreements, bond orders or if it is in the best interest of the Town.

The Town of Southern Pines has an informal fund balance policy for the general fund which instructs management to conduct the business of the Town in such a manner that available fund balance is at least equal to or greater than 25% of budgeted expenditures. Any portion of the general fund balance in excess of 25% of budgeted expenditures may be appropriated.

(13) Defined benefit cost-sharing plan

For purposes of measuring the total 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.

(14) Reconciliation of government-wide and fund financial statements

- a. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net position - governmental activities* as reported in the government-wide statement of net position. The net adjustment consists of several elements as follows:

Town of Southern Pines, North Carolina
Notes to Financial Statements

Description

Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$ 76,770,645
Less accumulated depreciation and amortization	<u>(29,445,223)</u>
Net capital assets	<u>47,325,422</u>
Contributions to the pension plans in the current fiscal year, following the measurement date of the related pension liabilities, are deferred outflows of resources on the Statement of Net Position	<u>1,308,242</u>
Net pension-related deferrals (deferred outflows and deferred inflows), excluding contributions to pension plans	<u>2,861,600</u>
Accrued interest receivable for property taxes is not available to pay for current-period expenditures and therefore are inflows of resources in the funds	<u>4,177</u>
Liabilities for earned revenues considered deferred inflows of resources in fund statements:	
Taxes receivable	22,622
Parking lot assessments	2,305
Other receivables	<u>116,857</u>
Net deferred revenues	<u>141,784</u>
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not recorded in the fund financial statements:	
Notes payable	(4,995,369)
Lease liabilities	(61,058)
Subscription liabilities	(228,859)
Compensated absences	(628,171)
Pension obligations	(8,723,282)
Accrued interest	<u>(13,614)</u>
Liabilities	<u>(14,650,353)</u>
Total adjustment	<u>\$ 36,990,872</u>

b. Explanation of certain differences between the government fund statement of revenues, expenditures, and changes in fund balance and the government-wide financial statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net position - governmental activities as reported in the government-wide statement of net position. The net adjustment consists of several elements as follows:

Town of Southern Pines, North Carolina
Notes to Financial Statements

Description

Capital outlay expenditures recorded in the fund financial statements but capitalized as assets in the statement of activities	\$ 2,299,130
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements	(2,124,935)
Amortization expense, the allocation of those lease and subscription assets over their estimated lives, that is recorded on the statement of activities but not in the fund statements	(111,272)
Contributions to the pension plan in the current fiscal year are not included on the statement of activities	1,270,592
Benefit payments paid and administrative expense for the LEOSSA are not included in the statement of activities	37,650
Revenues and other financing sources in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:	
Amount of donated assets	2,290,708
Other	1
Proceeds from the disposal/transfer of capital assets	(87,792)
Gain on disposal/transfer of capital assets	87,792
Issuance of lease liabilities	(18,184)
Issuance of subscription liabilities	(149,915)
Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements:	
Principal payments	1,409,984
Decrease in accrued interest	14,643
Compensated absences	(38,051)
Pension expense	<u>(2,125,172)</u>
Total adjustment	<u>\$ 2,755,179</u>

F. Change in accounting principle

Effective July 1, 2022, the Town implemented Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements (Subscriptions)*. GASB Statement No. 96 enhances the relevance and consistency of information of the government's subscription-based IT agreements (SBITAs). The Statement establishes a single model for subscription-based information technology arrangement accounting, by establishing uniform accounting and financial reporting requirements for SBITAs, improving comparability of financial statements among governments that have entered into SBITAs, and enhancing the understandability, reliability, relevance and consistency of information about SBITAs. This adjustment had no effect on beginning net position at July 1, 2022.

2. Deposits

All of the deposits of the Town are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's agents in the unit's name. 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, these deposits are considered to be held by the Town's agents in their names. The amount of the pledged collateral is based on an approved averaging method for noninterest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town under the Pooling Method, the potential exists for under-collateralization, and 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 has no policy regarding custodial credit risk for deposits.

At June 30, 2023, the Town's deposits had a carrying amount of \$11,562,340 and a bank balance of \$11,985,817. Of the bank balance, \$1,000,000 was covered by federal depository insurance and \$10,985,817 was covered by collateral held under the Pooling Method. At June 30, 2023, the Town's petty cash fund totaled \$1,050.

3. Investments

At June 30, 2023, the Town's investment balances were as follows:

<u>Investments by Type</u>	<u>Valuation Measurement Method</u>	<u>Book Value at 6/30/2023</u>	<u>Maturity</u>	<u>Rating</u>
NC Capital Management Trust - Government Portfolio	Fair Value Level 1	\$ 29,714,615	N/A	AAAm
Total		\$ 29,714,615		

All investments are measured using the market approach using prices and other relevant information generated by market transactions involving identical or comparable assets of a group of assets.

Level of fair value hierarchy:

Level 1 - Debt securities valued using directly observable, quoted prices (unadjusted) in active markets for identical assets.

The Town does not have a formal investment policy.

Town of Southern Pines, North Carolina
Notes to Financial Statements

Credit Risk. The Town has no formal policy regarding credit risk, but has internal management procedures that limits the Town's investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The Town's investment in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2023.

4. Receivables - Allowance for Doubtful Accounts

The amounts presented in the Balance Sheet and the Statement of Net Position are net of the following allowances for doubtful accounts:

<u>Fund</u>	<u>June 30, 2023</u>
General Fund:	
Taxes receivable	\$ 31,896
Enterprise Fund	<u>20,000</u>
	<u>\$ 51,896</u>

5. Lease Receivables

The Town has entered into four lease agreements whereby the Town leases space on several of its water towers to unrelated parties for cellular antennas. The initial non-cancelable terms of the leases are 5 years, and additional 5-year extension(s) are offered on each of the leases. Additional 5-year extension terms remain on three of the leases and two additional 5-year extension terms remain on one of the leases. Management believes that it is reasonably certain that the lessees will exercise all extension options. The leases call for monthly payments ranging from \$4,235 per month to \$5,781 per month during the year ended June 30, 2023, and generally increase by 3% per year thereafter, including during the extension periods. There are no variable components in the leases. The lease receivables are measured at the present value of the future minimum rent payments expected to be received during the lease term, at discount rates ranging from 0.514% to 3.51%, which are based on the Town's incremental borrowing rate.

The Town leases space in two of its fire stations to the County of Moore. These leases were entered into on July 1, 2019 and 2020, respectively. The lessees occupy bay space for one EMS transport unit, and office and day room space in each of the respective fire stations. The first lease, for space at the 500 W. Pennsylvania Ave. station, has a noncancellable term through June 30, 2022, and automatically renews for additional one-year terms each July 1, unless either party gives the other a 30-day written notice that the lease shall not be renewed. In any event, the lease shall not exceed eight years, through June 20, 2028, without both parties entering into a new lease agreement. The lease calls for monthly payments in the amount of \$750, including during any extension periods. The second lease, for space at the NC Highway 22 station, has a noncancellable lease term that extends through June 30, 2044. The lease calls for monthly payments in the amount of \$2,692 for a period of 20 years through June 30, 2039, and \$1,200 per month for a period of five years beginning July 1, 2039 and ending June 30, 2044. There are no variable components in the leases. The lease receivables are measured as the present value of the future minimum rent payments expected to be received during the lease terms, at discount rates of 0.316% and 2.440%, which is based on the Town's incremental borrowing rate.

Town of Southern Pines, North Carolina
Notes to Financial Statements

The Town has entered into a lease agreement that conveys the right to use a 0.92-acre parcel of land to Charter Communications. The original lease was executed on January 24, 2011. Effective January 24, 2021, the lessee exercised its option to extend the term of the lease for ten years through January 23, 2031. The lease calls for monthly payments in the amount of \$1,803 through January 23, 2026, and \$1,983 for the period from January 24, 2026 through January 23, 2031. There are no variable components in the lease. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term, at a discount rate of 1.604%, which is based on the Town's incremental borrowing rate.

The Town has entered into various other agreements to lease office space, soccer and baseball fields, and water pumps to unrelated parties. The leases call for monthly payments ranging from \$500 to \$1,000, and have noncancellable lease terms that expire from August 2023 through June 2026. There are no variable components in the leases. The lease receivables are measured as the present value of the future minimum rent payments expected to be received during the lease terms, at discount rates of 0.387% and 1.390%, which is based on the Town's incremental borrowing rate.

Future minimum lessee payments due to the Town under non-cancelable lease agreements, as of June 30, 2023, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 296,933	\$ 34,442	\$ 331,375
2025	303,416	30,401	333,817
2026	316,636	26,175	342,811
2027	323,340	21,711	345,051
2028	336,343	17,107	353,450
Thereafter	<u>973,888</u>	<u>76,109</u>	<u>1,049,997</u>
	<u>\$ 2,550,556</u>	<u>\$ 205,945</u>	<u>\$ 2,756,501</u>

The Town reported lease revenue of \$393,712 and interest revenue of \$29,489 during the year ended June 30, 2023. Deferred inflows of resources related to the leases receivable amounted to \$2,499,568 as of June 30, 2023.

6. Capital Assets

Capital assets activity for the year ended June 30, 2023 was as follows:

<u>Governmental Activities by Type</u>	<u>July 1, 2022 (As Restated)</u>	<u>Transfers In/ Additions</u>	<u>Transfers Out/ Disposals</u>	<u>June 30, 2023</u>
Capital assets not being amortized or depreciated:				
Land	\$ 13,431,777	\$ -	\$ -	\$ 13,431,777
Intangible assets in progress	283,071	11,548	(97,766)	196,853
Construction in progress	<u>587,663</u>	<u>1,573,225</u>	<u>(1,000,618)</u>	<u>1,160,272</u>
	<u>14,302,511</u>	<u>1,584,773</u>	<u>(1,098,384)</u>	<u>14,788,902</u>

Town of Southern Pines, North Carolina
Notes to Financial Statements

<u>Governmental Activities by Type</u>	July 1, 2022 (As Restated)	Transfers In/ Additions	Transfers Out/ Disposals	June 30, 2023
Capital assets being amortized or depreciated:				
Buildings and improvements	\$ 22,756,236	\$ 387,453	\$ -	\$ 23,143,689
Other improvements	6,444,180	390,408	-	6,834,588
Infrastructure	17,227,567	2,549,489	-	19,777,056
Machinery and equipment	838,165	-	-	838,165
Intangible assets - software	347,000	97,766	-	444,766
Vehicles and motorized equipment	6,986,825	421,719	(181,996)	7,226,548
Furniture, fixtures and other equipment	2,992,019	108,730	(15,925)	3,084,824
Right-to-use lease assets	251,921	18,184	-	270,105
Right-to-use subscription assets	209,457	152,545	-	362,002
	<u>58,053,370</u>	<u>4,126,294</u>	<u>(197,921)</u>	<u>61,981,743</u>
Less accumulated depreciation and amortization for:				
Buildings and improvements	6,536,600	541,209	-	7,077,809
Other improvements	2,527,983	243,087	-	2,771,070
Infrastructure	11,558,776	527,444	-	12,086,220
Machinery and equipment	597,387	58,914	-	656,301
Intangible assets - software	166,254	105,110	-	271,364
Vehicles and motorized equipment	4,161,725	474,224	(181,996)	4,453,953
Furniture, fixtures and other equipment	1,834,157	174,947	(15,925)	1,993,179
Right-to-use lease assets	24,055	28,022	-	52,077
Right-to-use subscription assets	-	83,250	-	83,250
	<u>27,406,937</u>	<u>2,236,207</u>	<u>(197,921)</u>	<u>29,445,223</u>
Depreciable assets - net	<u>30,646,433</u>			<u>32,536,520</u>
Governmental activities capital assets - net	<u>\$ 44,948,944</u>			<u>\$ 47,325,422</u>
General government	\$ 19,223,660	\$ 1,071,722	\$ (22,966)	\$ 20,272,416
Public safety	22,419,663	420,194	(92,528)	22,747,329
Transportation	18,896,391	2,591,632	(82,427)	21,405,596
Economic and physical development	266,156	-	-	266,156
Cultural and recreational	11,550,011	529,137	-	12,079,148
	<u>72,355,881</u>	<u>4,612,685</u>	<u>(197,921)</u>	<u>76,770,645</u>
Less accumulated depreciation and amortization for:				
General government	3,719,713	510,818	(22,966)	4,207,565
Public safety	6,546,336	695,855	(92,528)	7,149,663
Transportation	12,440,588	670,420	(82,427)	13,028,581
Economic and physical development	214,250	5,888	-	220,138
Cultural and recreational	4,486,050	353,226	-	4,839,276
	<u>27,406,937</u>	<u>2,236,207</u>	<u>(197,921)</u>	<u>29,445,223</u>
Total governmental activities capital assets - net	<u>\$ 44,948,944</u>			<u>\$ 47,325,422</u>

Town of Southern Pines, North Carolina
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<u>Business Activities by Type</u>	<u>July 1, 2022</u>	<u>Transfers In/ Additions</u>	<u>Transfers Out/ Disposals</u>	<u>June 30, 2023</u>
Nondepreciable assets:				
Land	\$ 540,533	\$ -	\$ -	\$ 540,533
Intangibles - easements	3,428,095	192,970	-	3,621,065
Construction in progress	<u>2,872,000</u>	<u>3,458,799</u>	<u>(1,237,656)</u>	<u>5,093,143</u>
	<u>6,840,628</u>	<u>3,651,769</u>	<u>(1,237,656)</u>	<u>9,254,741</u>
Depreciable assets:				
Plant and distribution system	62,535,537	\$ 2,154,334	\$ -	\$ 64,689,871
Buildings	1,875,684	-	-	1,875,684
Improvements other than buildings	7,224	-	-	7,224
Equipment	<u>4,907,080</u>	<u>650,691</u>	<u>(355,636)</u>	<u>5,202,135</u>
	<u>69,325,525</u>	<u>2,805,025</u>	<u>(355,636)</u>	<u>71,774,914</u>
Less accumulated depreciation and amortization for:				
Plant and distribution system	30,870,555	1,427,642	-	32,298,197
Building	487,836	43,686	-	531,522
Equipment	<u>3,049,977</u>	<u>564,735</u>	<u>(355,636)</u>	<u>3,259,076</u>
	<u>34,408,368</u>	<u>2,036,063</u>	<u>(355,636)</u>	<u>36,088,795</u>
Depreciable assets - net	<u>34,917,157</u>			<u>35,686,119</u>
Total business activities capital assets - net	<u>\$ 41,757,785</u>			<u>\$ 44,940,860</u>

Intangible assets

Intangible assets consist of enterprise resource planning software that is being developed for the Town and recorded in the Enterprise Information and Document Management (EIDMS) capital project fund, as well as other software packages. As of June 30, 2023, \$444,766 of this software has been completed and is being used by the Town, net of accumulated amortization of \$271,364. This cost is being amortized over 5 to 15 years using the straight-line method.

Future amortization is as follows:

<u>Year Ending June 30</u>	
2024	\$ 66,648
2025	38,513
2026	23,482
2027	22,455
2028	11,152
Thereafter	<u>11,152</u>
	<u>\$ 173,402</u>

Construction commitments

The government has active construction projects as of June 30, 2023. At year end, the government's commitments with contractors are as follows:

Town of Southern Pines, North Carolina
Notes to Financial Statements

Project	Spent to Date	Remaining Commitment
Water Treatment Modernization	\$ 2,053,027	\$ 306,523
Streambank Stabilization Design	163,740	7,464
Streambank Stabilization Construction	631,253	130,826
Sewer Rehabilitation	-	1,170,900
Warrior Woods Lift Station Relocation	222,211	244,789
ARO Lift Station Replacement	238,365	210,220
Long Leaf Golf Club Dam Sewer Relocation	45,087	52,044
Knoll Road Pedestrian Lane	-	418,000
Sidewalks	230,909	66,695
ADA Ramp Modifications	-	21,116
DCC Parking Lot Engineering	9,500	2,000
Recreation Improvements	57,638	5,712
WTP Filter Conversion Project	39,120	161,680
Library & Rec Center Electric Distribution Equipment	-	152,414
West Pennsylvania Avenue Waterline Design	329,466	64,634
West Pennsylvania Avenue Waterline Construction	<u>1,471,949</u>	<u>1,685,060</u>
Total	<u>\$ 5,492,265</u>	<u>\$ 4,700,077</u>

Lease assets

The Town has recorded three lease assets, which are included in capital assets. The assets are for the right to use a playground, a fiber optic communication system, and a turf tank robotic field painter. The related leases are discussed in the Lease Liabilities note. The lease assets are amortized on a straight-line basis over the terms of the leases. Lease asset activity for the year ended June 30, 2023 was as follows:

	<u>July 1, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>June 30, 2023</u>
Governmental activities:					
Lease assets:					
Playground	\$ 160,000	\$ -	\$ -	\$ -	\$ 160,000
Fiber optic	37,792	18,184	-	-	55,976
Turf Tank robot	<u>54,129</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>54,129</u>
	<u>251,921</u>	<u>18,184</u>	<u>-</u>	<u>-</u>	<u>270,105</u>
Less accumulated amortization for:					
Playground	902	1,616	-	-	2,518
Fiber optic	20,472	17,385	-	-	37,857
Turf Tank robot	<u>2,681</u>	<u>9,021</u>	<u>-</u>	<u>-</u>	<u>11,702</u>
	<u>24,055</u>	<u>28,022</u>	<u>-</u>	<u>-</u>	<u>52,077</u>
Governmental activity lease assets, net	<u>\$ 227,866</u>				<u>\$ 218,028</u>

7. Accounts Payable and Accrued Liabilities

Payables and accrued liabilities at the government-wide level at June 30, 2023, were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Accrued Interest</u>	<u>Total</u>
Governmental activities:				
General	\$ 471,532	\$ 508,767	\$ 13,614	\$ 993,913
Other governmental	<u>77,803</u>	<u>-</u>	<u>-</u>	<u>77,803</u>
Total governmental activities	<u>\$ 549,335</u>	<u>\$ 508,767</u>	<u>\$ 13,614</u>	<u>\$ 1,071,716</u>
Business-type activities:				
Water and sewer	<u>\$ 662,821</u>	<u>\$ 54,035</u>	<u>\$ 2,338</u>	<u>\$ 719,194</u>

8. Pension Plan and Postemployment Obligations

A. Local Governmental Employees' Retirement System

Plan description - The Town of Southern Pines 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 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 (ACFR) for the State of North Carolina. The State's ACFR 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, or by calling (919) 981-5454, or at www.osc.nc.gov.

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

Town of Southern Pines, North Carolina
Notes to Financial Statements

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 have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions - Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town employees are required to contribute 6 percent of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town's contractually required contribution rate for the year ended June 30, 2023 was 13.04% of compensation for law enforcement officers and 12.14% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town were \$1,270,592 for the year ended June 30, 2023.

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

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions

At June 30, 2023, the Town reported a liability of \$7,649,776 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2022, utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2022 (measurement date), the Town's proportion was 0.1356%, which was an increase of 0.005% from its proportion measured at June 30, 2021.

For the year ended June 30, 2023, the Town recognized pension expense of \$2,138,029. At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 329,622	\$ 32,318
Changes of assumption	763,276	-
Net difference between projected and actual earnings on pension plan investments	2,528,331	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	38,169	109,417
Town contributions subsequent to the measurement date	<u>1,270,592</u>	<u>-</u>
Total	<u>\$ 4,929,990</u>	<u>\$ 141,735</u>

Town of Southern Pines, North Carolina
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\$1,270,592 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 ending June 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30

2024	\$ 1,099,265
2025	924,067
2026	289,787
2027	1,204,544
2028	-
Thereafter	-

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

Inflation	2.5%
Salary increases	3.25% to 8.25%, including a 3.25% inflation and productivity factor
Investment rate of return	6.50%, net of pension plan investment expense

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 rate also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2022 (measurement date) are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	33.0%	0.9%
Global equity	38.0%	6.5%
Real estate	8.0%	5.9%
Alternatives	8.0%	8.2%
Credit	7.0%	5.0%
Inflation protection	6.0%	2.7%
Total	<u>100.0%</u>	

Town of Southern Pines, North Carolina
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The information above is based on 30-year expectations developed with the consulting actuary for the 2021 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

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

Sensitivity of the Town’s proportionate share of the net pension liability to changes in the discount rate - The following presents the Town’s proportionate share of the net pension liability calculated using the discount rate of 6.50 percent, as well as what the Town’s proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.50 percent) or one percentage point higher (7.50 percent) than the current rate:

	<u>1% Decrease (5.50%)</u>	<u>Discount Rate (6.50%)</u>	<u>1% Increase (7.50%)</u>
Proportionate share of the net pension liability (asset)	\$ 13,806,861	\$ 7,649,776	\$ 2,575,981

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

(1) Plan description

The Town of Southern Pines administers a public employee retirement system (the Separation Allowance), a single-employer defined benefit pension plan that provides retirement benefits to the Town’s qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to 0.85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time Town law enforcement officers are covered by the Separation Allowance. At the December 31, 2021 valuation date, the Separation Allowance’s membership consisted of:

Retirees receiving benefits	5
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>41</u>
Total	<u><u>46</u></u>

Town of Southern Pines, North Carolina
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(2) Summary of significant accounting policies

Basis of accounting - The Town has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits 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 criteria which are outlined in GASB Statement 73.

(3) Actuarial assumptions

The entry age actuarial cost method was used in the December 31, 2021 valuation. The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary increases	3.25% to 7.75%, including a 2.5% inflation and productivity factor
Discount rate	4.31%

The discount rate is based on the S&P Municipal Bond 20-Year High Grade Rate Index as of December 31, 2022.

Mortality rates are based on Pub-2010 amount-weighted tables with adjustments for mortality improvements based on Scale MP-2019.

(4) Change in actuarial assumptions

On the prior measurement date (December 31, 2021), the S&P Municipal Bond 20-Year High Grade Rate Index, on which the discount rate is based, was 2.25%. Since the Prior Measurement Date, the S&P Municipal Bond 20-Year High Grade Rate Index has increased to 4.31% as of the Measurement Date (December 31, 2022). This resulted in a \$343,941 decrease in the Total Pension Liability.

(5) 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 this plan 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 \$74,832 as benefits came due for the reporting period.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions

At June 30, 2023, the Town reported a total pension liability of \$1,805,374. The total pension liability was measured as of December 31, 2022, based on a December 31, 2021 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2022, utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2023, the Town recognized pension expense of \$152,619.

Town of Southern Pines, North Carolina
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	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 59,165	\$ 312,732
Changes of assumptions and other inputs	396,563	340,957
Town benefit payments and plan administrative expense made subsequent to the measurement date	<u>37,650</u>	<u>-</u>
Total	<u>\$ 493,378</u>	<u>\$ 653,689</u>

\$37,416 paid as benefits came due and \$234 of administrative expenses subsequent to the measurement date have been reported as deferred outflows of resources and will be recognized as a decrease of the total pension liability in the year ended June 30, 2024.

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30

2024	\$ (12,362)
2025	(15,497)
2026	(18,148)
2027	(65,261)
2028	(79,131)
Thereafter	<u>(7,562)</u>
	<u>\$ (197,961)</u>

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

	<u>1% Decrease (3.31%)</u>	<u>Discount Rate (4.31%)</u>	<u>1% Increase (5.31%)</u>
Total pension liability	\$ 1,963,939	\$ 1,805,374	\$ 1,661,518

Schedule of Changes in Total Pension Liability Law Enforcement Officers' Special Separation Allowance

Beginning balance	\$ 2,107,023
Service cost	112,299
Interest on the total pension liability	46,566
Changes in benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	(41,741)
Changes of assumptions or other inputs	(343,941)
Benefit payments	(74,832)
Other changes	<u>-</u>
Ending balance of the total pension liability	<u>\$ 1,805,374</u>

Town of Southern Pines, North Carolina
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The plan currently uses mortality tables that vary by age, and health status (i.e., disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study for the five-year period ended December 31, 2019.

Total expense, liabilities, and deferred outflows and inflows of resources of related to pensions

Following is information related to the proportionate share and pension expense for all pension plans:

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
Pension expense	\$ 2,138,029	\$ 152,619	\$ 2,290,648
Pension liability	7,649,776	1,805,374	9,455,150
Proportionate share of the net pension liability	0.13560%	n/a	
Deferred of outflows of resources			
Differences between expected and actual experience	\$ 329,622	\$ 59,165	\$ 388,787
Changes of assumptions	763,276	396,563	1,159,839
Net difference between projected and actual earnings on plan investments	2,528,331	-	2,528,331
Changes in proportion and differences between employer contributions and proportionate share of contributions	38,169	-	38,169
Benefit payments and administrative costs paid subsequent to the measurement date	1,270,592	37,650	1,308,242
Deferred of inflows of resources			
Differences between expected and actual experience	32,318	312,732	345,050
Changes of assumptions	-	340,957	340,957
Changes in proportion and differences between contributions and proportionate share of contributions	109,417	-	109,417

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 (ACFR) for the State of North Carolina. The State's ACFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding policy. Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan.

Town of Southern Pines, North Carolina
Notes to Financial Statements

The Town made contributions of \$169,519 for the reporting year, which consisted of \$125,579 from the Town and \$43,940 from the law enforcement officers. No amounts were forfeited.

D. Other Employment Benefits

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

9. Deferred Compensation Plan

The Town offers its employees a deferred compensation plan (Plan) created in accordance with Internal Revenue Code Section 401K. The plan, available to all Town employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the plan and all income attributable to those amounts are immediately 100% vested to the participant. The Town contributes 5% of eligible compensation to the Plan. For the year ended June 30, 2023, contributions to the Plan consisted of \$353,431 from the Town and \$160,312 in voluntary contributions from employees.

10. Deferred Outflows and Inflows of Resources

Deferred inflows of resources at year end reported on the governmental funds balance sheet is comprised of the following:

	<u>General Fund</u> <u>Balance Sheet</u>
Taxes receivable, less penalties	\$ 22,622
Other receivables	116,857
Deferred lease revenue	2,499,568
Special assessments receivable	<u>2,305</u>
Total	<u>\$ 2,641,352</u>

11. 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 participates in two self-funded risk-financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability and auto liability coverage of \$5 million per occurrence, property coverage up to the total insurance value of the property policy, and workers' compensation coverage up to statutory limits. The pools are reinsured through commercial companies for single occurrence claims against general liability, auto liability and property in excess of \$500,000 and \$300,000 up to statutory limits for workers' compensation. The property liability pool has an aggregate limit for the total property losses in a single year, with the reinsurance limit based upon a percentage of the total insurance values. Due to a study by the Town of Southern Pines' management, flood insurance was obtained on appropriate property as so designated in those areas by our insurance carrier.

In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The finance officer is individually bonded for \$250,000. The remaining employees that have access to funds are bonded under a blanket bond for \$50,000.

The Town carries commercial coverage for all other risks of loss as well as employee health coverage. 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.

12. Claims and Judgments

At June 30, 2023, the Town was a defendant to various lawsuits; however, no provision was made in the financial statements for any contingent liabilities. In the opinion of management and the Town attorney, the ultimate outcome of these legal matters will not have a material adverse effect on the Town's financial position.

13. Long-Term Debt

The Town entered into direct placement installment purchase agreements October 2008, May 2013, April 2018, June 2020, February 2021, and June 2021 for the construction of a police station, implementation of an automatic meter reading system, construction of a fire station, the purchase of a fire tanker truck, the Annex remodel and the purchase of the Whitehall land tract. These assets are pledged as collateral for the debt. Liquidations of compensated absences and total pension liabilities for governmental activities occur within the General Fund.

Town of Southern Pines, North Carolina
Notes to Financial Statements

Long-term debt obligations of the Town at June 30, 2023, consisted of the following:

	<u>Serviced by</u>	
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Police station; \$6,500,000; issued 2008; due semiannually to 2024; interest at 3.73%; collateralized by police station	\$ 216,667	\$ -
Fire substation; issued 2018; due semiannually to 2033; interest at 2.06%; collateralized by fire substation	3,485,433	-
Fire tanker; issued 2020; due semiannually to 2025; interest at 1.91%; collateralized by fire tanker truck	267,436	-
Annex remodel; \$1,250,000; issued 2021; due semiannually to 2036; interest at 1.91%; collateralized by the Annex	725,833	357,500
Whitehall land track; \$900,000; issued 2021; due semiannually to 2024; interest at 1.91%; collateralized by land track	300,000	-
Lease liabilities	61,058	-
Subscription liabilities	228,859	-
Net pension liability (LGERS)	6,917,908	731,868
Total pension liability (LEO)	1,805,374	-
Compensated absences	<u>628,171</u>	<u>57,670</u>
Total long-term debt	14,636,739	1,147,038
Less current portion	<u>(1,620,497)</u>	<u>(67,004)</u>
	<u>\$ 13,016,242</u>	<u>\$ 1,080,034</u>

At June 30, 2023, the Town of Southern Pines had a legal debt margin of \$241,134,553.

The following is a summary of changes in the Town's long-term obligations for the fiscal year ended June 30, 2023:

	<u>Balance July 1, 2022, as Restated</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2023</u>	<u>Current Portion of Balance</u>
Governmental activities:					
Direct placement					
installment purchases:					
Police station	\$ 650,000	\$ -	\$ 433,333	\$ 216,667	\$ 216,667
Fire substation	3,833,977	-	348,544	3,485,433	348,543
Fire engine	397,389	-	129,953	267,436	132,447
Annex Remodel	781,667	-	55,834	725,833	55,833
Whitehall Land Tract	600,000	-	300,000	300,000	300,000
Lease liabilities	54,683	18,184	11,809	61,058	13,573
Subscription liabilities	209,457	149,915	130,513	228,859	118,289
Compensated absences	590,120	404,804	366,753	628,171	390,402
Net pension liability (LGERS)	1,821,703	5,096,205	-	6,917,908	-
Total pension liability (LEO)	<u>2,107,023</u>	<u>-</u>	<u>301,649</u>	<u>1,805,374</u>	<u>44,743</u>
	<u>\$ 11,046,019</u>	<u>\$ 5,669,108</u>	<u>\$ 2,078,388</u>	<u>\$ 14,636,739</u>	<u>\$ 1,620,497</u>

Town of Southern Pines, North Carolina
Notes to Financial Statements

	<u>Balance</u> <u>July 1, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2023</u>	<u>Current</u> <u>Portion of</u> <u>Balance</u>
Business-type activities:					
Direct placement					
installment purchases:					
Automatic meter					
readers	\$ 173,581	\$ -	\$ 173,581	\$ -	\$ -
Annex remodel	385,000	-	27,500	357,500	27,500
Compensated absences	52,336	41,185	35,851	57,670	39,504
Net pension liability					
(LGERS)	<u>184,700</u>	<u>547,168</u>	<u>-</u>	<u>731,868</u>	<u>-</u>
	<u>\$ 795,617</u>	<u>\$ 588,353</u>	<u>\$ 236,932</u>	<u>\$ 1,147,038</u>	<u>\$ 67,044</u>

Compensated absences typically have been liquidated in the general fund. The net pension liability for governmental activities is expected to be liquidated in the general fund.

The following table summarizes the annual requirements to amortize all long-term debt outstanding excluding lease and subscription liabilities, accrued vacation pay, the net pension liability (LGERS) the total pension liability (LEO).

	<u>Installment Purchases</u>	
	<u>Principal</u>	<u>Interest</u>
Governmental activities:		
2024	\$ 1,053,490	\$ 96,482
2025	539,366	77,292
2026	404,377	67,109
2027	404,377	58,863
2028	404,377	50,616
Thereafter	<u>2,189,382</u>	<u>134,996</u>
	<u>\$ 4,995,369</u>	<u>\$ 485,358</u>
Business-type activities:		
2024	\$ 27,500	\$ 6,697
2025	27,500	6,172
2026	27,500	5,646
2027	27,500	5,121
2028	27,500	4,596
Thereafter	<u>220,000</u>	<u>17,845</u>
	<u>\$ 357,500</u>	<u>\$ 46,077</u>

Interfund balances and activity

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

Governmental:

From the General Fund to the Facility Modernization Fund for capital project expenditures	\$ 260,475
From the General Fund to the Parking Lot Capital Project Fund for capital project expenditures	100,000
From the General Fund to the Sidewalk Construction II Capital Project Fund for capital project expenditures	310,000

Town of Southern Pines, North Carolina
Notes to Financial Statements

From the General Fund to the Recreational Improvements Capital Project Fund for capital project expenditures	\$ 364,460
From the General Fund to the Reservoir Dam Improvements Capital Project Fund for capital project expenditures	100,000
From the General Fund to the Paving Projects Capital Project Fund for capital project expenditures	900,000
From the ARPA Special Revenue Fund to the General Fund as reimbursement for salaries and benefits paid	3,922,210
From the ARPA Special Revenue Fund to the Water and Sewer Fund as reimbursement for salaries and benefits paid	748,938
From the ARPA Special Revenue Fund to the General Capital Reserve Fund for future capital needs	24,009
From the ARPA Special Revenue Fund to the Water and Sewer Capital Projects for capital project expenditures	<u>4,584</u>
Total governmental	<u>6,734,676</u>
Business-type:	
From the Water and Sewer Fund to the Sanitary Sewer Modernization Capital Projects Fund for capital project expenditures	874,360
From the Water and Sewer Fund to the Water and Sewer Capital Projects Fund for capital project expenditures	205,000
From the Water and Sewer Fund to the Facility Modernization Capital Project Fund for capital project expenditures	<u>10,500</u>
Total business-type	<u>1,089,860</u>
Total transfers	<u>\$ 7,824,536</u>

14. Lease Liabilities

The Town has entered into lease agreements to lease certain property and equipment. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, liabilities have been recorded at the present value of the future minimum lease payments at the date of inception of each lease, or upon a required remeasurement event.

The first lease was executed on December 15, 2021, to lease the Blanchie Carter Playground. The lease required a payment of \$160,000 at execution of the lease. The lease term is for a period of 99 years, through December 2120. The lease requires no additional monthly or annual payments. As such, no lease liability exists related to this lease as of June 30, 2023. As of June 30, 2023, the remaining net book value of the related lease asset was \$157,481, net of accumulated amortization of \$2,519.

The second lease agreement was executed on January 6, 2022, to lease a Turf Tank Robot that paints fields for sporting events, and requires four quarterly payments of \$1,500, followed by 20 quarterly payments of \$2,500. There are no variable payments components of the lease. At the time of the initial measurement, there was no interest rate specified in the original lease agreement. The Town has used its incremental borrowing rate at the date of adoption, 2.058%. As of June 30, 2023, the remaining net book value of the related lease asset was \$42,427, net of accumulated amortization of \$11,702.

Town of Southern Pines, North Carolina
Notes to Financial Statements

The third lease agreement was executed in June 2020, to lease dark fiber infrastructure, and requires monthly payments of \$2,756 through June 2022, followed by monthly payments of \$400 through June 2023. In June 2023, the lease was modified to extend the term through June 2026, following by automatic one-year renewals until terminated. The modification maintained the monthly payments of \$400. There are no variable payments components of the lease. At the time of the initial measurement, there was no interest rate specified in the original lease agreement. The Town has used its incremental borrowing rate at the date of remeasurement of the lease upon modification in June 2023, 2.786%. As of June 30, 2023, the remaining net book value of the related lease asset was \$18,119, net of accumulated amortization of \$37,857.

Future minimum lease obligations and the net present value of these minimum lease payments, as of June 30, 2023, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 13,573	\$ 1,227	\$ 14,800
2025	13,851	949	14,800
2026	14,172	628	14,800
2027	14,500	300	14,800
2028	4,962	38	5,000
Thereafter	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 61,058</u>	<u>\$ 3,142</u>	<u>\$ 64,200</u>

15. Subscription-Based Information Technology Arrangements

The Town is committed to make future payments under various subscription-based information technology arrangements (SBITAs). As of June 30, 2023, the Town has six qualifying SBITAs under GASB 96. These SBITAs have been recorded as a right-to-use asset and corresponding subscription liability at the present value of the future minimum subscription payments as of July 1, 2022, the effective date of the Town's adoption of GASB 96. Of the six SBITAs, one was paid in full during the year ended June 30, 2023, therefore there is no liability associated with the right-to-use subscription asset for this SBITA. The assets represent the Town's right to use the software.

Future minimum lease obligations and the net present value of these minimum subscription payments, as of June 30, 2023, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 118,289	\$ 6,404	\$ 124,693
2025	105,689	2,993	108,682
2026	4,881	116	4,997
2027	-	-	-
2028	-	-	-
Thereafter	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 228,859</u>	<u>\$ 9,513</u>	<u>\$ 238,372</u>

16. Coronavirus Local Fiscal Recovery Funds

In accordance with funding provided by the American Rescue Plan Act of 2021, effective August 4, 2021, the Town agreed to its terms for receiving an allocation of funds from the U.S. Department of Treasury, through the Coronavirus State Fiscal Recovery Fund and the Coronavirus Local Fiscal Recovery Fund. The Town's total grant award is \$4,671,148, which was provided in two equal disbursements of \$2,335,574. The first disbursement was received in July 2021, while the second disbursement was received in August 2022. The Town expended the full allocation during the year ended June 30, 2023 on the provision of government services using the standard allowance for revenue loss. The salaries and benefits expended for the provision of government services were expenditures of the General Fund and the Water and Sewer Fund. The ARPA funds were transferred to the General Fund and Water and Sewer Fund during the year ended June 30, 2023 to reimburse these expenditures.

17. Fund Balance

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

Total fund balance - General Fund	\$ 20,466,787
Less:	
Inventories	36,226
Prepaid items	172,988
Leases	50,988
Stabilization by State Statute	2,625,774
Appropriated fund balance in 2024 budget	5,891,466
Fund balance policy	<u>6,678,970</u>
Remaining fund balance	<u>\$ 5,010,375</u>

The Town has an informal fund balance policy for the general fund which instructs management to conduct the business of the Town in such a manner that available fund balance is at least equal to or greater than 25% of budgeted expenditures. Any portion of the general fund balance in excess of 25% of budgeted expenditures may be appropriated.

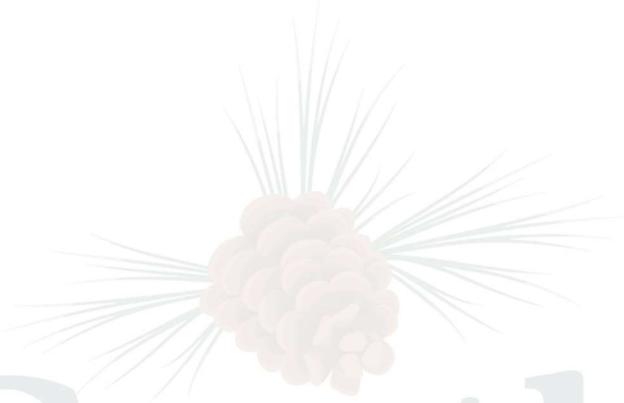
18. Related Organization

The five-member board of the Town of Southern Pines Housing Authority is appointed by the mayor of the Town of Southern Pines. The Town is accountable for the Housing Authority because it appoints the governing board; however, the Town is not financially accountable for the Housing Authority. The Town of Southern Pines is also disclosed as a related organization in the notes to the financial statements for the Town of Southern Pines Housing Authority.

19. Summary Disclosure of Significant Contingencies and Uncertainties

Federal and state-assisted programs

The Town has received proceeds from several federal and state grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant moneys.



Southern Pines

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Required Supplemental Financial Data

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

- Schedule of Employer Contributions for the Local Government Employees' Retirement System
- Schedule of Proportionate Share of Net Pension Liability (Asset) for the Local Government Employees' Retirement System
- Schedule of Changes in Total Pension Liability for the Law Enforcement Officers' Special Separation Allowance
- Schedule of Total Pension Liability as a Percentage of Covered Payroll for the Law Enforcement Officers' Special Separation Allowance

**Town of Southern Pines, North Carolina
Local Government Employees' Retirement System
Required Supplementary Information
Schedule of Employer Contributions
Last Ten Fiscal Years**

Schedule 1

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,270,592	\$ 1,108,711	\$ 951,231	\$ 849,091	\$ 671,376	\$ 616,826	\$ 603,339	\$ 520,306	\$ 525,694	\$ 499,274
Contributions in relation to the contractually required contribution	<u>1,270,592</u>	<u>1,108,711</u>	<u>951,231</u>	<u>849,091</u>	<u>671,376</u>	<u>616,826</u>	<u>603,339</u>	<u>520,306</u>	<u>525,694</u>	<u>499,274</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
The Town's covered payroll	\$ 10,279,956	\$ 9,579,387	\$ 9,178,016	\$ 9,129,740	\$ 8,377,732	\$ 7,959,271	\$ 8,052,947	\$ 7,568,729	\$ 7,347,598	\$ 7,012,498
Contributions as a percentage of covered payroll	12.36%	11.57%	10.36%	9.30%	8.01%	7.75%	7.49%	6.87%	7.15%	7.12%

**Town of Southern Pines, North Carolina
Local Government Employees' Retirement System
Required Supplementary Information
Schedule of Proportionate Share of Net Pension Liability (Asset)
Last Ten Fiscal Years***

Schedule 2

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
The Town's proportion of the net pension liability (asset) (%)	0.1356%	0.1308%	0.1381%	0.1311%	0.1333%	0.1311%	0.1408%	0.1438%	-0.1420%	0.1323%
The Town's proportion of the net pension liability (asset) (\$)	\$ 7,649,776	\$ 2,006,403	\$ 4,934,901	\$ 3,580,785	\$ 3,161,858	\$ 2,003,303	\$ 2,988,884	\$ 645,500	\$ (837,439)	\$ 1,594,723
The Town's covered-payroll	\$ 9,579,387	\$ 9,178,016	\$ 9,129,740	\$ 8,377,732	\$ 7,959,271	\$ 8,052,947	\$ 7,568,729	\$ 7,347,598	\$ 7,012,498	\$ 6,605,219
The Town's proportionate share of the net pension (asset) as a percentage of its covered-payroll	79.86%	21.86%	54.05%	42.74%	39.73%	24.88%	39.49%	8.79%	-11.94%	24.14%
Plan fiduciary net position as a percentage of the total pension liability**	84.14%	95.51%	88.61%	90.86%	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

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

Town of Southern Pines, North Carolina
 Law Enforcement Officers' Special Separation Allowance
 Required Supplementary Information
 Schedule of Changes in Total Pension Liability
 Last Seven Fiscal Years*

Schedule 3

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 2,107,023	\$ 2,467,605	\$ 1,605,268	\$ 1,496,954	\$ 1,462,694	\$ 1,300,931	\$ 1,270,092
Service cost	112,299	104,505	78,766	70,343	71,978	60,240	64,204
Interest on the total pension liability	46,566	47,077	51,724	53,581	45,267	49,285	44,634
Differences between expected and actual experience in the measurement of the total pension liability	(41,741)	(397,963)	90,479	(21,274)	46,723	2,915	-
Changes of assumptions or other inputs	(343,941)	(57,480)	678,662	55,558	(69,333)	97,533	(38,313)
Benefit payments	(74,832)	(56,721)	(37,294)	(49,894)	(60,375)	(48,210)	(39,686)
Ending balance of the total pension liability	<u>\$ 1,805,374</u>	<u>\$ 2,107,023</u>	<u>\$ 2,467,605</u>	<u>\$ 1,605,268</u>	<u>\$ 1,496,954</u>	<u>\$ 1,462,694</u>	<u>\$ 1,300,931</u>

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

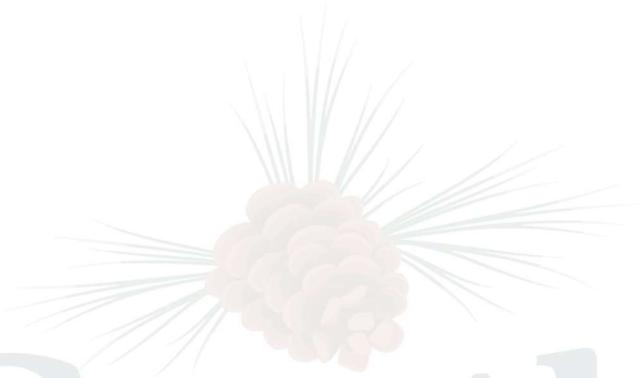
Town of Southern Pines, North Carolina
Law Enforcement Officers' Special Separation Allowance
Required Supplementary Information
Schedule of Total Pension Liability as a Percentage of Covered Employee Payroll
Last Seven Fiscal Years

Schedule 4

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 1,805,374	\$ 2,107,023	\$ 2,467,605	\$ 1,605,268	\$ 1,496,954	\$ 1,462,694	\$ 1,300,931
Covered employee payroll	2,456,891	2,201,985	2,475,156	2,351,666	2,197,919	2,120,993	2,119,195
Total pension liability as a percentage of covered payroll	73.48%	95.69%	99.69%	68.26%	68.11%	68.96%	61.39%

Notes to the Schedules:

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



Southern Pines

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***Combining, Individual Fund and Account Groups
Financial Statements and Schedules***

The General Fund

The General Fund accounts for resources traditionally associated with government that are not required legally or by sound financial management to be accounted for in other funds.

Town of Southern Pines, North Carolina
General Fund
Comparative Balance Sheets
June 30, 2023 and 2022

Schedule 5

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and investments	\$ 18,643,191	\$13,245,019
Receivables, net		
Property taxes	22,622	19,577
Due from other governments	1,978,903	1,909,859
Accounts receivable	526,156	457,461
Accrued interest receivable	87,891	3,070
Sales tax receivable	149,681	172,056
Parking lot assessments receivable	2,305	2,305
Lease receivable	2,550,556	2,929,565
Inventory	36,226	49,839
Prepays	172,988	98,942
Restricted assets:		
Cash and investments	771,700	879,051
Total assets	<u>\$ 24,942,219</u>	<u>\$19,766,744</u>
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 448,505	\$472,749
Accrued liabilities:		
Other	613,875	504,635
Security deposits	771,700	879,051
Total liabilities	<u>1,834,080</u>	<u>1,856,435</u>
DEFERRED INFLOWS OF RESOURCES		
Taxes receivable	22,622	19,577
Parking lot assessments	2,305	2,305
Leases	2,499,568	2,910,344
Other	116,857	121,125
Total deferred inflows of resources	<u>2,641,352</u>	<u>3,053,351</u>
FUND BALANCE		
Nonspendable:		
Inventory	36,226	49,839
Prepays	172,988	98,942
Leases	50,988	19,221
Restricted:		
Stabilization by State Statute	2,625,774	2,421,321
Assigned:		
Subsequent year's expenditures	5,891,466	3,856,359
Unassigned	11,689,345	8,411,276
Total fund balances	<u>20,466,787</u>	<u>14,856,958</u>
	<u>\$ 24,942,219</u>	<u>\$19,766,744</u>

Town of Southern Pines, North Carolina
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Year Ended June 30, 2023
with Comparative Actual Amounts for the Year Ended June 30, 2022

Schedule 6
(5 pages)

	2023		Variance Favorable (Unfavorable)	2022
	Budget	Actual		Actual
Revenues				
Ad valorem taxes:				
Current year		\$ 12,195,939		\$11,531,201
Prior years		12,115		23,234
Penalties and interest		16,872		17,039
	<u>\$ 11,760,222</u>	<u>12,224,926</u>	<u>\$ 464,704</u>	<u>11,571,474</u>
Other taxes and licenses:				
ABC mixed beverage		286,565		284,148
Solid waste disposal tax		12,389		11,716
Privilege licenses		3,050		2,715
Municipal vehicle tax		66,060		62,785
Lease vehicles		67,830		66,444
	<u>308,550</u>	<u>435,894</u>	<u>127,344</u>	<u>427,808</u>
Unrestricted intergovernmental revenues:				
Local option sales tax		6,173,640		5,645,948
Video programming tax		146,857		117,054
Franchise tax		1,137,338		1,121,630
Beer and wine		72,341		61,941
	<u>5,308,000</u>	<u>7,530,176</u>	<u>2,222,176</u>	<u>6,946,573</u>
Restricted intergovernmental revenues:				
State Aid - Library grant		8,314		7,241
LSTA - Library grant		47,604		-
Powell Bill allocation		484,069		481,723
Recreation grants		6,750		-
Fire safer		-		44,655
Police grants		2,500		10,060
Fire on-behalf payments		13,456		13,401
	<u>490,223</u>	<u>562,693</u>	<u>72,470</u>	<u>557,080</u>
Permits and fees:				
Building permits		100,285		108,408
Inspection fees		740,151		468,957
Fire and Police Dept. fees		42,886		106,718
Public works fees		48,816		71,417
Street department fees		46,776		50,321
	<u>588,000</u>	<u>978,914</u>	<u>390,914</u>	<u>805,821</u>

Town of Southern Pines, North Carolina
 General Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 Year Ended June 30, 2023
 with Comparative Actual Amounts for the Year Ended June 30, 2022

Schedule 6
 (5 pages)

	2023		Variance Favorable (Unfavorable)	2022
	Budget	Actual		Actual
Revenues				
Sales and services:				
Rents		\$ 57,300		\$ 34,058
Homeowners recovery fund		2,860		2,800
County disposal fee		1,593,317		1,075,124
Recreation department fees		241,308		170,234
Library fees		48,760		42,230
	<u>\$ 1,480,640</u>	<u>1,943,545</u>	<u>\$ 462,905</u>	<u>1,324,446</u>
Investment earnings	<u>15,000</u>	<u>696,618</u>	<u>681,618</u>	<u>27,348</u>
Other:				
Cemetery		3,625		1,250
Fire department donations		245		2,500
Fire district revenue		468,150		449,158
Court costs		2,239		6,011
Library donations		5,241		10,180
Lease revenue		393,712		365,285
Miscellaneous		132,664		252,874
	<u>887,825</u>	<u>1,005,876</u>	<u>118,051</u>	<u>1,087,258</u>
Total revenues	<u>20,838,460</u>	<u>25,378,642</u>	<u>4,540,182</u>	<u>22,747,808</u>
Expenditures				
General government:				
Governing body:				
Salaries and employee benefits		112,729		26,885
Operating expenditures		67,998		106,987
Professional services		77,437		49,585
Membership dues		27,596		9,155
	<u>300,451</u>	<u>285,760</u>	<u>14,691</u>	<u>192,612</u>
Administration:				
Salaries and employee benefits		741,665		700,336
Operating expenditures		109,258		123,151
	<u>954,365</u>	<u>850,923</u>	<u>103,442</u>	<u>823,487</u>
Finance:				
Salaries and employee benefits		530,046		495,425
Operating expenditures		283,450		262,597
	<u>847,815</u>	<u>813,496</u>	<u>34,319</u>	<u>758,022</u>

Town of Southern Pines, North Carolina
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Year Ended June 30, 2023
with Comparative Actual Amounts for the Year Ended June 30, 2022

Schedule 6
(5 pages)

	2023		Variance	2022
	Budget	Actual	Favorable	Actual
			(Unfavorable)	
Information technology:				
Salaries and employee benefits		\$ 425,222		\$ 390,519
Contract Services		303,517		337,436
Operating expenditures		193,959		181,760
Capital outlay		219,676		18,957
	\$ 1,595,180	1,142,374	\$ 452,806	928,672
Administrative chargeback	(1,200,526)	(1,200,526)	-	(1,184,485)
Public works:				
Salaries and employee benefits		376,150		317,490
Operating expenditures		74,407		33,152
Contract services		2,260,156		2,167,900
	3,529,798	2,710,713	819,085	2,518,542
Building and grounds:				
Salaries and employee benefits		626,519		570,147
Vehicle maintenance		1,207		4,110
Contract Services		169,132		79,232
Operating expenditures		495,334		451,452
Capital outlay		34,377		-
	1,473,871	1,326,569	147,302	1,104,941
Garage:				
Salaries and employee benefits		268,503		249,274
Operating expenditures		57,857		51,437
	366,450	326,360	40,090	300,711
Total general government	7,867,404	6,255,669	1,611,735	5,442,502
Public safety:				
Police				
Salaries and employee benefits		4,467,623		4,258,448
Operating expenditures		933,673		765,136
Capital outlay		302,429		333,559
	6,345,776	5,703,725	642,051	5,357,143
Fire:				
Salaries and employee benefits		2,682,701		2,504,171
Operating expenditures		553,854		497,407
Capital outlay		103,090		115,047
	3,608,292	3,339,645	268,647	3,116,625
Total public safety	9,954,068	9,043,370	910,698	8,473,768

Town of Southern Pines, North Carolina
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Year Ended June 30, 2023
with Comparative Actual Amounts for the Year Ended June 30, 2022

Schedule 6
(5 pages)

	2023		Variance Favorable (Unfavorable)	2022
	Budget	Actual		Actual
Transportation:				
Street maintenance:				
Salaries and employee benefits		\$ 837,107		\$ 763,576
Operating expenditures		439,490		419,138
Paving		-		480,833
Contract services		27,321		42,089
Capital outlay		18,425		245,008
	<u>\$ 1,446,335</u>	<u>1,322,343</u>	<u>\$ 123,992</u>	<u>1,950,644</u>
Total transportation	<u>1,446,335</u>	<u>1,322,343</u>	<u>123,992</u>	<u>1,950,644</u>
Economic and physical development:				
Planning and development:				
Salaries and employee benefits		975,429		754,776
Contract services		26,405		32,137
Operating expenditures		329,098		139,794
	<u>1,436,042</u>	<u>1,330,932</u>	<u>105,110</u>	<u>926,707</u>
Total economic and physical development	<u>1,436,042</u>	<u>1,330,932</u>	<u>105,110</u>	<u>926,707</u>
Cultural and recreational:				
Recreation:				
Salaries and employee benefits		890,755		827,633
Contract services		115,075		98,629
Operating expenditures		355,621		272,851
Capital outlay		12,978		249,313
	<u>1,536,905</u>	<u>1,374,429</u>	<u>162,476</u>	<u>1,448,426</u>
Libraries:				
Salaries and employee benefits		733,248		686,343
Contract services		43,442		41,754
Operating expenditures		97,592		89,299
Books and periodicals		117,364		113,425
Capital outlay		44,478		-
	<u>1,069,192</u>	<u>1,036,124</u>	<u>33,068</u>	<u>930,821</u>
Total cultural and recreational	<u>2,606,097</u>	<u>2,410,553</u>	<u>195,544</u>	<u>2,379,247</u>

Town of Southern Pines, North Carolina
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Year Ended June 30, 2023
with Comparative Actual Amounts for the Year Ended June 30, 2022

Schedule 6
(5 pages)

	2023		Variance Favorable (Unfavorable)	2022
	Budget	Actual		Actual
Debt service:				
Principal retirement		\$ 1,409,984		\$ 1,300,953
Interest		131,133		161,338
	<u>\$ 1,541,120</u>	<u>1,541,117</u>	<u>\$ 3</u>	<u>1,462,291</u>
Total debt service	<u>1,541,120</u>	<u>1,541,117</u>	<u>3</u>	<u>1,462,291</u>
Total expenditures	<u>24,851,066</u>	<u>21,903,984</u>	<u>2,947,082</u>	<u>20,635,159</u>
Revenues over (under) expenditures	<u>(4,012,606)</u>	<u>3,474,658</u>	<u>7,487,264</u>	<u>2,112,649</u>
Other financing sources (uses)				
Lease liabilities issued	18,184	18,184	-	52,629
Subscription liabilities issued	325,565	149,915	(175,650)	-
Loss on termination of lease receivable	-	(7,995)	(7,995)	-
Transfers to other funds:				
Capital Projects Funds	(2,034,935)	(2,034,935)	-	(801,484)
Transfers from other funds:				
Special Revenue Funds	3,922,210	3,922,210	-	-
Sale of capital assets	70,000	87,792	17,792	33,028
Total other financing sources (uses)	<u>2,301,024</u>	<u>2,135,171</u>	<u>(165,853)</u>	<u>(715,827)</u>
Revenues over (under) expenditures and other financing uses	<u>(1,711,582)</u>	<u>5,609,829</u>	<u>7,321,411</u>	<u>1,396,822</u>
Fund balance appropriated	<u>1,711,582</u>	<u>-</u>	<u>(1,711,582)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>5,609,829</u>	<u>\$ 5,609,829</u>	<u>1,396,822</u>
Fund balance, beginning of year, July 1		<u>14,856,958</u>		<u>13,460,136</u>
Fund balance, end of year, June 30		<u>\$ 20,466,787</u>		<u>\$ 14,856,958</u>

Special Revenue Funds

Special Revenue Funds are used to account for resources that must be used for specific projects.

Individual fund description:

- *ARPA* - Accounts for amounts received from the Coronavirus State and Local Fiscal Recover Funds related to the American Rescue Plan Act of 2021. The use of income from the fund is restricted to supporting economic recovery from the COVID-19 pandemic.

Town of Southern Pines, North Carolina
 Schedule of Revenues, Expenses and Changes in Fund Balance
 Budget and Actual
 Special Revenue Fund (American Rescue Plan Act Grant)
 From Inception and for the Year Ended June 30, 2023

Schedule 7

	Project Authorization	Actual		Total to Date	Variance Favorable (Unfavorable)
		Prior Years	Current Year		
Revenues					
ARPA Funds	\$ 4,671,148	\$ -	\$ 4,671,148	\$ 4,671,148	\$ -
Investment earnings	28,593	4,180	24,413	28,593	-
	<u>4,699,741</u>	<u>4,180</u>	<u>4,695,561</u>	<u>4,699,741</u>	<u>-</u>
Revenues over expenditures	<u>4,699,741</u>	<u>4,180</u>	<u>4,695,561</u>	<u>4,699,741</u>	<u>-</u>
Other financing uses					
Transfers to other funds:					
General Fund	(3,922,210)	-	(3,922,210)	(3,922,210)	-
Water and Sewer Fund	(748,938)	-	(748,938)	(748,938)	-
General Capital Reserve Fund	(24,009)	-	(24,009)	(24,009)	-
Water and Sewer Capital Projects Fund	(4,584)	-	(4,584)	(4,584)	-
Total other financing uses	<u>(4,699,741)</u>	<u>-</u>	<u>(4,699,741)</u>	<u>(4,699,741)</u>	<u>-</u>
Revenues over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 4,180</u>	<u>(4,180)</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning of year, July 1			<u>4,180</u>		
Fund balance, end of year, June 30			<u>\$ -</u>		

Nonmajor Governmental Funds

Capital Projects Funds are used to account for the acquisition of construction of major capital facilities other than those financed by Enterprise Funds and Fiduciary Funds.

Individual capital project fund descriptions:

- *Nicks Creek Parkway* - accounts for funds restricted for the future construction of a road extending along Nicks Creek from NC 22 to US 15-501.
- *Open Space and Greenways* - accounts for funds used for the purchase of open space and greenways.
- *Storm Water Improvements* - accounts for funds used for the design and installation of storm water infrastructure.
- *Streambank Stabilization* - accounts for funds used for the purpose of stabilizing the erosion of the streambank behind the Fire and Police stations.
- *Enterprise Information and Document Management System (EIDMS)* - accounts for funds used for the purchase and implementation of Enterprise Resource Planning software.
- *Bike Transport* - accounts for funds used for the construction of bike lanes.
- *Paving Project* - accounts for funds used for paving existing Town streets that are currently unpaved.
- *Sidewalk Construction II* - accounts for funds used for the construction and improvement of various sidewalks in the Town.
- *Recreational Improvements* – accounts for funds used for the purpose of various recreational park improvements and renovations
- *Parking Lot Project* – accounts for funds to be used for construction and renovation of parking lots owned by the Town.
- *Facility Modernization* – accounts for funds to be used for addressing immediate needs of Town owned buildings as designated by the 2019 Facility Condition Assessment
- *Reservoir Dam Improvements* - accounts for funds to be used for improvements to the dam at Reservoir Park
- *General Capital Reserve* - used to account for resources accumulated for ongoing or future capital projects

Special Revenue Funds are used to account for resources that must be used for specific projects.

Individual special revenue fund descriptions:

- *Municipal Service District #1* - accounts for funds raised for improvements within the Morganton Park South Planned Development District.

Permanent Funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs.

Individual permanent fund descriptions:

- *Cemetery Perpetual Care Fund* - accounts for the perpetual care of the municipal cemetery. The income from the fund is restricted for the purpose of beautifying and maintaining the cemetery.

Town of Southern Pines, North Carolina
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

Schedule 8
(4 pages)

	Capital Projects Funds			
	Nicks Creek Parkway	Open Space and Greenways	Storm Water Improvements	Streambank Stabilization
ASSETS				
Cash and investments	\$ 3,491	\$ 50,394	\$ 55,941	\$ 146,739
Sales tax receivable	-	-	639	347
Accrued Interest	16	230	256	660
	<u>\$ 3,507</u>	<u>\$ 50,624</u>	<u>\$ 56,836</u>	<u>\$ 147,746</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Payables	\$ -	\$ -	\$ -	\$ 33,249
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,249</u>
Fund balance:				
Nonspendable:				
Perpetual maintenance	-	-	-	-
Restricted:				
Stabilization by State Statute	-	-	-	-
Committed:				
Capital Projects	<u>3,507</u>	<u>50,624</u>	<u>56,836</u>	<u>114,497</u>
Total fund balance	<u>3,507</u>	<u>50,624</u>	<u>56,836</u>	<u>114,497</u>
	<u>\$ 3,507</u>	<u>\$ 50,624</u>	<u>\$ 56,836</u>	<u>\$ 147,746</u>

	Capital Projects Funds			
	EIDMS	Bike Transport	Paving Project	Sidewalk Construction II
ASSETS				
Cash and investments	\$ 190,886	\$ 253,118	\$ 822,053	\$ 100,544
Sales tax receivable	-	-	-	2,569
Accrued Interest	872	1,157	3,757	460
	<u>\$ 191,758</u>	<u>\$ 254,275</u>	<u>\$ 825,810</u>	<u>\$ 103,573</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Payables	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance:				
Nonspendable:				
Perpetual maintenance	-	-	-	-
Restricted:				
Stabilization by State Statute	-	-	-	-
Committed:				
Capital Projects	<u>191,758</u>	<u>254,275</u>	<u>825,810</u>	<u>103,573</u>
Total fund balance	<u>191,758</u>	<u>254,275</u>	<u>825,810</u>	<u>103,573</u>
	<u>\$ 191,758</u>	<u>\$ 254,275</u>	<u>\$ 825,810</u>	<u>\$ 103,573</u>

Town of Southern Pines, North Carolina
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

Schedule 8
(4 pages)

	Capital Projects Funds			
	Recreational Improvements	Parking Lot Project	Facility Modernization	Reservoir Dam Improvements
ASSETS				
Cash and investments	\$ 47,384	\$ 259,010	\$ 555,404	\$ 6,542
Sales tax receivable	11,261	-	3,277	13
Accrued Interest	217	1,184	2,514	30
	<u>\$ 58,862</u>	<u>\$ 260,194</u>	<u>\$ 561,195</u>	<u>\$ 6,585</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Payables	\$ 35,208	\$ -	\$ 9,346	\$ -
Total liabilities	<u>35,208</u>	<u>-</u>	<u>9,346</u>	<u>-</u>
Fund balance				
Nonspendable:				
Perpetual maintenance	-	-	-	-
Restricted:				
Stabilization by State Statute	-	-	-	-
Committed:				
Capital Projects	<u>23,654</u>	<u>260,194</u>	<u>551,849</u>	<u>6,585</u>
Total fund balance	<u>23,654</u>	<u>260,194</u>	<u>551,849</u>	<u>6,585</u>
	<u>\$ 58,862</u>	<u>\$ 260,194</u>	<u>\$ 561,195</u>	<u>\$ 6,585</u>

Town of Southern Pines, North Carolina
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2023

Schedule 8
 (4 pages)

	<u>Capital Projects Fund General Capital Reserve</u>	<u>Special Revenue Fund Municipal Service District #1</u>	<u>Permanent Fund Cemetery Perpetual Care</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS				
Cash and investments	\$ 42,908	\$ 69,023	\$ 108,441	\$ 2,711,878
Sales tax receivable	-	-	-	18,106
Accrued Interest	196	315	495	12,359
	<u>\$ 43,104</u>	<u>\$ 69,338</u>	<u>\$ 108,936</u>	<u>\$ 2,742,343</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Payables	\$ -	\$ -	\$ -	\$ 77,803
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>77,803</u>
Fund balance				
Nonspendable:				
Perpetual maintenance	-	-	108,441	108,441
Restricted:				
Stabilization by State Statute	-	315	495	810
Committed:				
Capital Projects	<u>43,104</u>	<u>69,023</u>	<u>-</u>	<u>2,555,289</u>
Total fund balance	<u>43,104</u>	<u>69,338</u>	<u>108,936</u>	<u>2,664,540</u>
	<u>\$ 43,104</u>	<u>\$ 69,338</u>	<u>\$ 108,936</u>	<u>\$ 2,742,343</u>

Town of Southern Pines, North Carolina
 Combining Statement of Revenues, Expenditures
 and Changes in Fund Balance
 Nonmajor Governmental Funds
 Year Ended June 30, 2023

Schedule 9
 (4 pages)

	Capital Projects Funds			
	<u>Nicks Creek Parkway</u>	<u>Open Space and Greenways</u>	<u>Storm Water Improvements</u>	<u>Streambank Stabilization</u>
Revenues				
Ad Valorem Taxes	\$ -	\$ -	\$ -	\$ -
Investment earnings	114	1,640	2,120	14,148
Sale of plots	-	-	-	-
	<u>114</u>	<u>1,640</u>	<u>2,120</u>	<u>14,148</u>
Expenditures				
General government	-	-	-	559,472
Transportation	-	-	9,128	-
	<u>-</u>	<u>-</u>	<u>9,128</u>	<u>559,472</u>
Revenues over (under) expenditures	<u>114</u>	<u>1,640</u>	<u>(7,008)</u>	<u>(545,324)</u>
Other financing sources (uses)				
Transfers (to) from:				
General Fund	-	-	-	-
ARPA Fund	-	-	-	-
Unpaved Street Fund	-	-	-	-
Parking Lot Fund	-	-	-	-
Water and Sewer Fund	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	114	1,640	(7,008)	(545,324)
Fund balance, beginning of year, July 1	<u>3,393</u>	<u>48,984</u>	<u>63,844</u>	<u>659,821</u>
Fund balance, end of year, June 30	<u>\$ 3,507</u>	<u>\$ 50,624</u>	<u>\$ 56,836</u>	<u>\$ 114,497</u>

Town of Southern Pines, North Carolina
 Combining Statement of Revenues, Expenditures
 and Changes in Fund Balance
 Nonmajor Governmental Funds
 Year Ended June 30, 2023

Schedule 9
 (4 pages)

	Capital Projects Funds			
	EIDMS	Bike Transport	Paving Project	Sidewalk Construction II
Revenues				
Ad Valorem Taxes	\$ -	\$ -	\$ -	\$ -
Investment earnings	6,409	8,241	8,967	9,959
Sale of plots	-	-	-	-
	<u>6,409</u>	<u>8,241</u>	<u>8,967</u>	<u>9,959</u>
Expenditures				
General government	11,548	-	-	-
Transportation	-	-	-	252,473
	<u>11,548</u>	<u>-</u>	<u>-</u>	<u>252,473</u>
Revenues over (under) expenditures	<u>(5,139)</u>	<u>8,241</u>	<u>8,967</u>	<u>(242,514)</u>
Other financing sources (uses)				
Transfers (to) from:				
General Fund	-	-	900,000	310,000
ARPA Fund	-	-	-	-
Unpaved Street Fund	-	-	-	-
Parking Lot Fund	-	-	(106,057)	-
Water and Sewer Fund	-	-	-	-
	<u>-</u>	<u>-</u>	<u>793,943</u>	<u>310,000</u>
Net change in fund balance	(5,139)	8,241	802,910	67,486
Fund balance, beginning of year, July 1	<u>196,897</u>	<u>246,034</u>	<u>22,900</u>	<u>36,087</u>
Fund balance, end of year, June 30	<u>\$ 191,758</u>	<u>\$ 254,275</u>	<u>\$ 825,810</u>	<u>\$ 103,573</u>

Town of Southern Pines, North Carolina
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance
Nonmajor Governmental Funds
Year Ended June 30, 2023

Schedule 9
(4 pages)

	<u>Capital Projects Funds</u>			
	<u>Recreational Improvements</u>	<u>Parking Lot Project</u>	<u>Facility Modernization</u>	<u>Reservoir Dam Improvements</u>
Revenues				
Ad Valorem Taxes	\$ -	\$ -	\$ -	\$ -
Investment earnings	6,054	5,285	19,263	3,637
Sale of plots	-	-	-	-
	<u>6,054</u>	<u>5,285</u>	<u>19,263</u>	<u>3,637</u>
Expenditures				
General government	-	-	123,231	118,294
Cultural and recreational	501,180	-	-	-
Transportation	-	9,500	-	-
	<u>501,180</u>	<u>9,500</u>	<u>123,231</u>	<u>118,294</u>
Revenues over (under) expenditures	<u>(495,126)</u>	<u>(4,215)</u>	<u>(103,968)</u>	<u>(114,657)</u>
Other financing sources (uses)				
Transfers (to)/from:				
General Fund	364,460	100,000	260,475	100,000
ARPA Fund	-	-	-	-
Unpaved Street Fund	-	106,057	-	-
Parking Lot Fund	-	-	-	-
Water and Sewer Fund	-	-	10,500	-
	<u>364,460</u>	<u>206,057</u>	<u>270,975</u>	<u>100,000</u>
Net change in fund balance	(130,666)	201,842	167,007	(14,657)
Fund balance, beginning of year, July 1	<u>154,320</u>	<u>58,352</u>	<u>384,842</u>	<u>21,242</u>
Fund balance, end of year, June 30	<u>\$ 23,654</u>	<u>\$ 260,194</u>	<u>\$ 551,849</u>	<u>\$ 6,585</u>

Town of Southern Pines, North Carolina
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance
Nonmajor Governmental Funds
Year Ended June 30, 2023

Schedule 9
(4 pages)

	Capital Projects Fund <u>General Capital Reserve</u>	Special Revenue Fund <u>Municipal Service District #1</u>	Permanent Fund <u>Cemetery Perpetual Care</u>	Total Nonmajor Governmental Funds
Revenues				
Ad Valorem Taxes	\$ -	\$ 68,848	\$ -	\$ 68,848
Investment earnings	2,497	1,523	3,389	93,246
Sale of plots	-	-	9,275	9,275
	<u>2,497</u>	<u>70,371</u>	<u>12,664</u>	<u>171,369</u>
Expenditures				
General government	-	1,033	-	813,578
Cultural and recreational	-	-	-	501,180
Transportation	-	-	-	271,101
	<u>-</u>	<u>1,033</u>	<u>-</u>	<u>1,585,859</u>
Revenues over (under) expenditures	<u>2,497</u>	<u>69,338</u>	<u>12,664</u>	<u>(1,414,490)</u>
Other financing sources (uses)				
Transfers (to)/from:				
General Fund	-	-	-	2,034,935
ARPA Fund	24,009	-	-	24,009
Unpaved Street Fund	-	-	-	106,057
Parking Lot Fund	-	-	-	(106,057)
Water and Sewer Fund	-	-	-	10,500
	<u>24,009</u>	<u>-</u>	<u>-</u>	<u>2,069,444</u>
Net change in fund balance	26,506	69,338	12,664	654,954
Fund balance, beginning of year, July 1	<u>16,598</u>	<u>-</u>	<u>96,272</u>	<u>2,009,586</u>
Fund balance, end of year, June 30	<u>\$ 43,104</u>	<u>\$ 69,338</u>	<u>\$ 108,936</u>	<u>\$ 2,664,540</u>

Town of Southern Pines, North Carolina
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 Capital Projects Fund (Nicks Creek Parkway)
 From Inception and for the Year Ended June 30, 2023

Schedule 10

	Project Authorization	Actual		Total to Date	Variance Favorable (Unfavorable)
		Prior Years	Current Year		
Revenues					
Investment earnings	\$ 15,000	\$ 18,393	\$ 114	\$ 18,507	\$ 3,507
	<u>15,000</u>	<u>18,393</u>	<u>114</u>	<u>18,507</u>	<u>3,507</u>
Other financing sources (uses)					
Land exchange proceeds	57,000	57,000	-	57,000	-
Transfers to:					
Streambank Stabilization	<u>(72,000)</u>	<u>(72,000)</u>	<u>-</u>	<u>(72,000)</u>	<u>-</u>
	<u>(15,000)</u>	<u>(15,000)</u>	<u>-</u>	<u>(15,000)</u>	<u>-</u>
Revenues and other financing sources over (under) other financing uses	<u>\$ -</u>	<u>\$ 3,393</u>	114	<u>\$ 3,507</u>	<u>\$ 3,507</u>
Fund balance, beginning of year, July 1			<u>3,393</u>		
Fund balance end of year, June 30			<u>\$ 3,507</u>		

Town of Southern Pines, North Carolina
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 Capital Projects Fund (Open Space and Greenways)
 From Inception and for the Year Ended June 30, 2023

Schedule 11

	Project Authorization	Actual		Total to Date	Variance Favorable (Unfavorable)
		Prior Years	Current Year		
Revenues					
Investment earnings	\$ 9,700	\$ 12,218	\$ 1,640	\$ 13,858	\$ 4,158
	<u>9,700</u>	<u>12,218</u>	<u>1,640</u>	<u>13,858</u>	<u>4,158</u>
Expenditures					
Cultural and recreational:					
Construction	1,799,962	1,753,496	-	1,753,496	46,466
	<u>1,799,962</u>	<u>1,753,496</u>	<u>-</u>	<u>1,753,496</u>	<u>46,466</u>
Revenues over (under) expenditures	<u>(1,790,262)</u>	<u>(1,741,278)</u>	<u>1,640</u>	<u>(1,739,638)</u>	<u>50,624</u>
Other financing sources					
Installment purchase obligations issued	900,000	900,000	-	900,000	-
Transfers from:					
General Fund	519,262	519,262	-	519,262	-
General Capital Reserve Fund	245,000	245,000	-	245,000	-
Capital Project Fund - Road Construction	126,000	126,000	-	126,000	-
	<u>1,790,262</u>	<u>1,790,262</u>	<u>-</u>	<u>1,790,262</u>	<u>-</u>
Revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ 48,984</u>	<u>1,640</u>	<u>\$ 50,624</u>	<u>\$ 50,624</u>
Fund balance, beginning of year, July 1			<u>48,984</u>		
Fund balance, end of year, June 30			<u>\$ 50,624</u>		

Town of Southern Pines, North Carolina
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 Capital Projects Fund (Storm Water Improvements)
 From Inception and for the Year Ended June 30, 2023

Schedule 12

	Project Authorization	Actual		Total to Date	Variance Favorable (Unfavorable)
		Prior Years	Current Year		
Revenues					
Investment earnings	\$ 22,500	\$ 35,668	\$ 2,120	\$ 37,788	\$ 15,288
	<u>22,500</u>	<u>35,668</u>	<u>2,120</u>	<u>37,788</u>	<u>15,288</u>
Expenditures					
Transportation:					
Construction	571,500	520,824	9,128	529,952	41,548
	<u>571,500</u>	<u>520,824</u>	<u>9,128</u>	<u>529,952</u>	<u>41,548</u>
Revenues under expenditures	<u>(549,000)</u>	<u>(485,156)</u>	<u>(7,008)</u>	<u>(492,164)</u>	<u>56,836</u>
Other financing sources					
Transfers from:					
Capital Project Fund - Patrick Road	50,000	50,000	-	50,000	-
General Fund	499,000	499,000	-	499,000	-
	<u>549,000</u>	<u>549,000</u>	<u>-</u>	<u>549,000</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 63,844</u>	<u>(7,008)</u>	<u>\$ 56,836</u>	<u>\$ 56,836</u>
Fund balance, beginning of year, July 1			<u>63,844</u>		
Fund balance, end of year, June 30			<u>\$ 56,836</u>		

Town of Southern Pines, North Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Capital Projects Fund (Streambank Stabilization)
From Inception and for the Year Ended June 30, 2023

Schedule 13

	Project Authorization	Actual		Total to Date	Variance Favorable (Unfavorable)
		Prior Years	Current Year		
Revenues					
Investment earnings	\$ -	\$ 1,101	\$ 14,148	\$ 15,249	\$ 15,249
	-	1,101	14,148	15,249	15,249
Expenditures					
General government:					
Construction	711,484	52,764	559,472	612,236	99,248
	711,484	52,764	559,472	612,236	99,248
Revenues under expenditures	(711,484)	(51,663)	(545,324)	(596,987)	114,497
Other financing sources					
Transfers from:					
General Fund	459,484	459,484	-	459,484	-
Capital Project Fund - Nicks Creek Parkway	72,000	72,000	-	72,000	-
General Capital Reserve	180,000	180,000	-	180,000	-
	711,484	711,484	-	711,484	-
Revenues and other financing sources over (under) expenditures	\$ -	\$ 659,821	(545,324)	\$ 114,497	\$ 114,497
Fund balance, beginning of year, July 1			659,821		
Fund balance, end of year, June 30			\$ 114,497		

Town of Southern Pines, North Carolina
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual

Schedule 14

Capital Projects Fund (Enterprise Information and Document Management System)
 From Inception and for the Year Ended June 30, 2023

	Project Authorization	Actual		Total to Date	Variance Favorable (Unfavorable)
		Prior Years	Current Year		
Revenues					
Investment earnings	\$ 14,200	\$ 30,492	\$ 6,409	\$ 36,901	\$ 22,701
	<u>14,200</u>	<u>30,492</u>	<u>6,409</u>	<u>36,901</u>	<u>22,701</u>
Expenditures					
General government Enterprise Resource Planning	907,059	726,454	11,548	738,002	169,057
	<u>907,059</u>	<u>726,454</u>	<u>11,548</u>	<u>738,002</u>	<u>169,057</u>
Revenues under expenditures	<u>(892,859)</u>	<u>(695,962)</u>	<u>(5,139)</u>	<u>(701,101)</u>	<u>191,758</u>
Other financing sources (uses)					
Transfers from:					
General Fund	570,874	570,874	-	570,874	-
Water and Sewer Fund	256,500	256,500	-	256,500	-
Capital Project Fund - Police Station	240,500	240,500	-	240,500	-
Capital Project Fund - Patrick Road	49,985	49,985	-	49,985	-
Transfers to:					
Capital Project Fund - Library HVAC	<u>(225,000)</u>	<u>(225,000)</u>	<u>-</u>	<u>(225,000)</u>	<u>-</u>
	<u>892,859</u>	<u>892,859</u>	<u>-</u>	<u>892,859</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 196,897</u>	<u>(5,139)</u>	<u>\$ 191,758</u>	<u>\$ 191,758</u>
Fund balance, beginning of year, July 1			<u>196,897</u>		
Fund balance, end of year, June 30			<u>\$ 191,758</u>		

Town of Southern Pines, North Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Capital Projects Fund (Bike Transport)
From Inception and for the Year Ended June 30, 2023

Schedule 15

	Project Authorization	Actual		Total to Date	Variance Favorable (Unfavorable)
		Prior Years	Current Year		
Revenues					
Investment earnings	\$ -	\$ 9,708	\$ 8,241	\$ 17,949	\$ 17,949
	-	9,708	8,241	17,949	17,949
Expenditures					
Cultural and recreational:					
Construction	278,000	41,674	-	41,674	236,326
	278,000	41,674	-	41,674	236,326
Revenues over (under) expenditures	(278,000)	(31,966)	8,241	(23,725)	254,275
Other financing sources					
Transfers from:					
General fund	140,000	140,000	-	140,000	-
Capital Project Fund - Patrick Road	138,000	138,000	-	138,000	-
	278,000	278,000	-	278,000	-
Revenues and other financing sources over expenditures	\$ -	\$ 246,034	8,241	\$ 254,275	\$ 254,275
Fund balance, beginning of year, July 1			246,034		
Fund balance, end of year, June 30			\$ 254,275		

Town of Southern Pines, North Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Capital Projects Fund (Paving Project)
From Inception and for the Year Ended June 30, 2023

Schedule 16

	Project Authorization	Actual		Total to Date	Variance Favorable (Unfavorable)
		Prior Years	Current Year		
Revenues					
Investment earnings	\$ -	\$ 11,191	\$ 8,967	\$ 20,158	\$ 20,158
	-	11,191	8,967	20,158	20,158
Expenditures					
Transportation: Construction	1,451,443	645,791	-	645,791	805,652
	1,451,443	645,791	-	645,791	805,652
Revenues over (under) expenditures	(1,451,443)	(634,600)	8,967	(625,633)	825,810
Other financing sources					
Transfers from: General Fund	1,557,500	657,500	900,000	1,557,500	-
Transfers to: Capital Project Fund - Parking Lot	(106,057)	-	(106,057)	(106,057)	-
	1,451,443	657,500	793,943	1,451,443	-
Revenues and other financing sources over expenditures	\$ -	\$ 22,900	802,910	\$ 825,810	\$ 825,810
Fund balance, beginning of year, July 1			22,900		
Fund balance, end of year, June 30			\$ 825,810		

Town of Southern Pines, North Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Capital Projects Fund (Sidewalks II)
From Inception and for the Year Ended June 30, 2023

Schedule 17

	Project Authorization	Actual		Total to Date	Variance Favorable (Unfavorable)
		Prior Years	Current Year		
Revenues					
Investment earnings	\$ -	\$ 11,141	\$ 9,959	\$ 21,100	\$ 21,100
	-	11,141	9,959	21,100	21,100
Expenditures					
Transportation:					
Construction	1,367,877	1,032,931	252,473	1,285,404	82,473
	1,367,877	1,032,931	252,473	1,285,404	82,473
Revenues under expenditures	(1,367,877)	(1,021,790)	(242,514)	(1,264,304)	103,573
Other financing sources					
Transfers from:					
General Fund	1,321,150	1,011,150	310,000	1,321,150	-
Capital Project Fund - Sidewalks	46,727	46,727	-	46,727	-
	1,367,877	1,057,877	310,000	1,367,877	-
Revenues and other financing sources over expenditures	\$ -	\$ 36,087	67,486	\$ 103,573	\$ 103,573
Fund balance, beginning of year, July 1			36,087		
Fund balance, end of year, June 30			\$ 103,573		

Town of Southern Pines, North Carolina
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 Capital Projects Fund (Recreational Improvement)
 From Inception and for the Year Ended June 30, 2023

Schedule 18

	Project Authorization	Actual		Total to Date	Variance Favorable (Unfavorable)
		Prior Years	Current Year		
Revenues					
Investment earnings	\$ -	\$ 4,250	\$ 6,054	\$ 10,304	\$ 10,304
	-	4,250	6,054	10,304	10,304
Expenditures					
Cultural and recreational: Construction	863,960	349,430	501,180	850,610	13,350
	863,960	349,430	501,180	850,610	13,350
Revenues under expenditures	(863,960)	(345,180)	(495,126)	(840,306)	23,654
Other financing sources					
Transfers from: General Fund	863,960	499,500	364,460	863,960	-
	863,960	499,500	364,460	863,960	-
Revenues and other financing sources over (under) expenditures	\$ -	\$ 154,320	(130,666)	\$ 23,654	\$ 23,654
Fund balance, beginning of year, July 1			154,320		
Fund balance, end of year, June 30			\$ 23,654		

Town of Southern Pines, North Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Capital Projects Fund (Parking Lot Project)
From Inception and for the Year Ended June 30, 2023

Schedule 19

	Project Authorization	Actual		Total to Date	Variance Favorable (Unfavorable)
		Prior Years	Current Year		
Revenues					
Investment earnings	\$ -	\$ 7,296	\$ 5,285	\$ 12,581	\$ 12,581
	-	7,296	5,285	12,581	12,581
Expenditures					
Transportation: Construction	494,057	236,944	9,500	246,444	247,613
	494,057	236,944	9,500	246,444	247,613
Revenues under expenditures	(494,057)	(229,648)	(4,215)	(233,863)	260,194
Other financing sources					
Transfers from:					
General Fund	388,000	288,000	100,000	388,000	-
Capital Project Fund - Unpaved Street	106,057	-	106,057	106,057	-
	494,057	288,000	206,057	494,057	-
Revenues and other financing sources over expenditures	\$ -	\$ 58,352	201,842	\$ 260,194	\$ 260,194
Fund balance, beginning of year, July 1			58,352		
Fund balance, end of year, June 30			\$ 260,194		

Town of Southern Pines, North Carolina
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 Capital Projects Fund (Facility Modernization)
 From Inception and for the Year Ended June 30, 2023

Schedule 20

	Project Authorization	Actual		Total to Date	Variance Favorable (Unfavorable)
		Prior Years	Current Year		
Revenues					
Investment earnings	\$ -	\$ 11,484	\$ 19,263	\$ 30,747	\$ 30,747
	-	11,484	19,263	30,747	30,747
Expenditures					
General government: Construction	989,876	345,543	123,231	468,774	521,102
	989,876	345,543	123,231	468,774	521,102
Revenues under expenditures	(989,876)	(334,059)	(103,968)	(438,027)	551,849
Other financing sources					
Transfers from:					
General Fund	677,042	416,567	260,475	677,042	-
Water Sewer Fund	312,834	302,334	10,500	312,834	-
	989,876	718,901	270,975	989,876	-
Revenues and other financing sources over expenditures	\$ -	\$ 384,842	167,007	\$ 551,849	\$ 551,849
Fund balance, beginning of year, July 1			384,842		
Fund balance, end of year, June 30			\$ 551,849		

Town of Southern Pines, North Carolina
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 Capital Projects Fund (Reservoir Dam Improvements)
 From Inception and for the Year Ended June 30, 2023

Schedule 21

	Project Authorization	Actual		Total to Date	Variance Favorable (Unfavorable)
		Prior Years	Current Year		
Revenues					
Investment earnings	\$ -	\$ 62	\$ 3,637	\$ 3,699	\$ 3,699
	-	62	3,637	3,699	3,699
Expenditures					
General government: Construction	175,000	53,820	118,294	172,114	2,886
	175,000	53,820	118,294	172,114	2,886
Revenues under expenditures	(175,000)	(53,758)	(114,657)	(168,415)	6,585
Other financing sources					
Transfers from: General Fund	175,000	75,000	100,000	175,000	-
	175,000	75,000	100,000	175,000	-
Revenues and other financing sources over (under) expenditures	\$ -	\$ 21,242	(14,657)	\$ 6,585	\$ 6,585
Fund balance, beginning of year, July 1			21,242		
Fund balance, end of year, June 30			\$ 6,585		

Town of Southern Pines, North Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Capital Projects Fund (General Capital Reserve)
From Inception and for the Year Ended June 30, 2023

Schedule 22

	Project Authorization	Actual		Total to Date	Variance Favorable (Unfavorable)
		Prior Years	Current Year		
Revenues					
Investment earnings	\$ -	\$ 8,403	\$ 2,497	\$ 10,900	\$ 10,900
	-	8,403	2,497	10,900	10,900
Revenues over expenditures	-	8,403	2,497	10,900	10,900
Other financing sources (uses)					
Transfers from:					
General Fund	112,500	112,500	-	112,500	-
Capital Project Fund - Public Safety	3,697	3,696	-	3,696	(1)
Library HVAC	161	161	-	161	-
CDBG TYR Tactical	620	620	-	620	-
Fiber Optics	2,120	2,120	-	2,120	-
Patrick Road	80,773	80,773	-	80,773	-
Capital Project Fund - Road Construction	27,590	27,589	-	27,589	(1)
Capital Project Fund - Fire Department Substation	273,642	273,642	-	273,642	-
Capital Project Fund - Pool Park	12,740	12,740	-	12,740	-
Capital Project Fund - Downtown Park	6,748	6,749	-	6,749	1
Capital Project Fund - Building Renovation	105	105	-	105	-
Special Revenue Fund - ARPA	24,009	-	24,009	24,009	-
Transfers to:					
Capital Project Funds	(544,705)	(512,500)	-	(512,500)	32,205
	-	8,195	24,009	32,204	32,204
Revenues and other financing sources over expenditures	\$ -	\$ 16,598	26,506	\$ 43,104	\$ 43,104
Fund balance, beginning of year, July 1			16,598		
Fund balance, end of year, June 30			\$ 43,104		

Town of Southern Pines, North Carolina
 Schedule of Revenues, Expenses and Changes in Fund Balance
 Budget and Actual
 Municipal Service District #1
 From Inception and for for Year Ended June 30, 2023

Schedule 23

	Project Authorization	Actual		Total to Date	Variance Favorable (Unfavorable)
		Prior Years	Current Year		
Revenues					
Ad Valorem Taxes	\$ 68,849	\$ -	\$ 68,848	\$ 68,848	\$ (1)
Investment earnings	-	-	1,523	1,523	1,523
	<u>68,849</u>	<u>-</u>	<u>70,371</u>	<u>70,371</u>	<u>1,522</u>
Expenditures					
General government: Reserve for parkway expenditures	<u>68,849</u>	<u>-</u>	<u>1,033</u>	<u>1,033</u>	<u>67,816</u>
	<u>68,849</u>	<u>-</u>	<u>1,033</u>	<u>1,033</u>	<u>67,816</u>
Revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	69,338	<u>\$ 69,338</u>	<u>\$ 69,338</u>
Fund balance, beginning of year, July 1			<u>-</u>		
Fund balance, end of year, June 30			<u>\$ 69,338</u>		

Town of Southern Pines, North Carolina
 Schedule of Revenues, Expenses and Changes in Fund Balance
 Permanent Fund (Cemetery Perpetual Care Fund)
 Year Ended June 30, 2023
 with Comparative Actual Amounts for the Year Ended June 30, 2022

Schedule 24

	2023			2022
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
Investment earnings	\$ 14,500	\$ 3,389	\$ (11,111)	\$ 174
Sale of plots	80,000	9,275	(70,725)	3,150
Total revenues	94,500	12,664	(81,836)	3,324
Expenditures				
Reserved for future expense	94,500	-	94,500	-
Revenues over expenditures	\$ -	12,664	\$ 12,664	3,324
Fund balance, beginning of year, July 1		96,272		92,948
Fund balance, end of year, June 30		\$ 108,936		\$ 96,272

Enterprise Fund

Enterprise funds account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of net income is appropriate for accountability purposes.

Individual fund descriptions:

- *Water and Sewer Fund* - accounts for the Town's water and sewer operations.

Town of Southern Pines, North Carolina
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
Water and Sewer Fund
Year Ended June 30, 2023
with Comparative Actual Amounts for Year Ended June 30, 2022

Schedule 25
(3 pages)

	2023			2022
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
Operating revenues:				
Charges for services:				
Water sales	\$ 5,732,124	\$ 6,667,652	\$ 935,528	\$ 6,377,210
Sewer sales	3,113,577	3,610,080	496,503	3,464,366
Service charges	120,000	143,778	23,778	154,104
Miscellaneous operating revenue	230,000	264,077	34,077	341,966
Total operating revenues	<u>9,195,701</u>	<u>10,685,587</u>	<u>1,489,886</u>	<u>10,337,646</u>
Nonoperating revenues :				
Investment earnings	5,000	247,606	242,606	11,764
	<u>5,000</u>	<u>247,606</u>	<u>242,606</u>	<u>11,764</u>
Total revenues	<u>9,200,701</u>	<u>10,933,193</u>	<u>1,732,492</u>	<u>10,349,410</u>
Expenditures				
Billings and collections:				
Salaries and employee benefits	336,500	342,949	(6,449)	317,405
Contracted services	38,000	26,437	11,563	20,786
Other departmental expenditures	188,125	164,946	23,179	144,921
	<u>562,625</u>	<u>534,332</u>	<u>28,293</u>	<u>483,112</u>
Water treatment:				
Contractual services	1,019,669	1,017,847	1,822	932,485
Utilities	440,000	411,046	28,954	419,671
Other departmental expenditures	176,743	166,840	9,903	70,562
	<u>1,636,412</u>	<u>1,595,733</u>	<u>40,679</u>	<u>1,422,718</u>
Sewage treatment:				
Contractual services	2,200,000	1,965,671	234,329	1,964,500
Water extensions and maintenance:				
Salaries and employee benefits	635,705	595,029	40,676	543,575
Contractual services	52,600	29,099	23,501	60,584
Supplies	372,500	345,953	26,547	258,271
Other departmental expenditures	176,560	136,692	39,868	134,854
Capital outlay	-	36,624	(36,624)	119,568
	<u>1,237,365</u>	<u>1,143,397</u>	<u>93,968</u>	<u>1,116,852</u>

Town of Southern Pines, North Carolina
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
Water and Sewer Fund
Year Ended June 30, 2023
with Comparative Actual Amounts for Year Ended June 30, 2022

Schedule 25
(3 pages)

	2023		Variance Favorable (Unfavorable)	2022
	Budget	Actual		Actual
Sewer extensions and maintenance:				
Salaries and employee benefits	\$ 577,270	\$ 506,677	\$ 70,593	\$ 420,768
Contractual services	152,100	117,912	34,188	102,965
Supplies	165,500	95,199	70,301	112,022
Other departmental expenditures	367,660	418,807	(51,147)	313,039
Capital outlay	552,000	591,291	(39,291)	-
	<u>1,814,530</u>	<u>1,729,886</u>	<u>84,644</u>	<u>948,794</u>
Chargeout for administrative expenses	<u>1,200,526</u>	<u>1,200,526</u>	-	1,184,485
Total	<u>8,651,458</u>	<u>8,169,545</u>	<u>481,913</u>	7,120,461
Budgetary appropriations:				
Interest	9,634	9,634	-	13,327
Debt principal	201,081	201,081	-	197,913
	<u>210,715</u>	<u>210,715</u>	-	<u>211,240</u>
Total expenditures	<u>8,862,173</u>	<u>8,380,260</u>	<u>481,913</u>	7,331,701
Revenues over expenditures	<u>338,528</u>	<u>2,552,933</u>	<u>2,214,405</u>	3,017,709
Other financing sources (uses)				
Transfers from:				
ARPA Fund	748,938	748,938	-	-
Transfers to:				
Water and sewer improvements	(1,079,360)	(1,079,360)	-	(2,036,200)
Facility modernization fund	(10,500)	(10,500)	-	-
Building renovation fund	-	-	-	(98,736)
Sale of capital assets	20,000	85,296	65,296	5,650
	<u>(320,922)</u>	<u>(255,626)</u>	<u>65,296</u>	<u>(2,129,286)</u>
Revenues over (under) expenditures and other financing sources (uses)	<u>17,606</u>	<u>2,297,307</u>	<u>2,279,701</u>	888,423
Appropriated retained earnings	<u>(17,606)</u>	-	<u>17,606</u>	-
Revenues and appropriated retained earnings under expenditures and other financing sources (uses)	<u>\$ -</u>	<u>\$ 2,297,307</u>	<u>\$ 2,297,307</u>	<u>\$ 888,423</u>

Town of Southern Pines, North Carolina
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
Water and Sewer Fund
Year Ended June 30, 2023
with Comparative Actual Amounts for Year Ended June 30, 2022

Schedule 25
(3 pages)

	<u>2023</u>	<u>2022</u>
Revenues and other sources over expenditures and other uses	<u>\$ 2,297,307</u>	<u>\$ 888,423</u>
Reconciling items:		
Principal retirement	201,081	197,913
Capital outlay	627,915	119,568
Gain on disposal of capital assets	85,296	5,650
Proceeds from the sale of capital assets	(85,296)	(5,650)
Depreciation and amortization	(2,036,063)	(1,965,810)
Non-capital expenses recorded in Water and Sewer Capital Projects Fund	-	(62,148)
(Increase) decrease in accrued interest payable	708	767
Increase in accrued compensated absences	(5,334)	(5,087)
Transfers of capital assets from other funds	-	458,299
Transfers of debt from other funds	-	(412,500)
Contributions to the pension plan	121,560	102,063
Pension expense	(211,760)	(67,933)
Interest earnings on water and sewer:		
Capital Projects Fund	337,046	17,237
Capital Reserve Funds	36,563	2,640
Water and wastewater system development fees	1,329,134	1,176,819
Grant proceeds:		
Capital Projects Fund	68,779	-
Developer's contributions	984,016	1,719,616
Intangible contributions	148,406	231,263
Water and sewer capital projects fund		
Transfers from other funds	4,584	-
Transfers to water and sewer:		
Water and sewer improvements	<u>1,079,360</u>	<u>2,036,200</u>
	<u>2,685,995</u>	<u>3,548,907</u>
Change in net position	<u>\$ 4,983,302</u>	<u>\$ 4,437,330</u>

Water and Sewer Capital Projects Fund

Town of Southern Pines, North Carolina
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
Water and Sewer Capital Projects Fund
From Inception and for the Year Ended June 30, 2022

Schedule 26

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues					
Grant proceeds	\$ 4,999,950	\$ -	\$ 68,779	\$ 68,779	\$ (4,931,171)
Investment earnings	31,600	118,609	337,046	455,655	424,055
Total revenues	<u>5,031,550</u>	<u>118,609</u>	<u>405,825</u>	<u>524,434</u>	<u>(4,507,116)</u>
Expenditures					
Warrior Woods Lift Station	1,717,038	662,907	228,211	891,118	825,920
East Morganton Road Water Line Replacement	-	-	-	-	-
North Pressure Water Zone	760,000	-	-	-	760,000
Sanitary Sewer Modernization	7,240,482	770,203	758,181	1,528,384	5,712,098
Water/sewer Improvements II	-	-	-	-	-
Water Treatment Process Modernization	3,954,098	1,609,182	628,515	2,237,697	1,716,401
Pennsylvania/Peedee Road Waterline Replacement	3,859,470	133,565	1,592,760	1,726,325	2,133,145
Lift Station Upgrades	1,007,000	324,412	251,132	575,544	431,456
Water & Sewer Upgrades	1,180,000	76,775	-	76,775	1,103,225
Midland Road Water Line Replacement	160,438	-	-	-	160,438
Total expenditures	<u>19,878,526</u>	<u>3,577,044</u>	<u>3,458,799</u>	<u>7,035,843</u>	<u>12,842,683</u>
Revenues under expenditures	<u>(14,846,976)</u>	<u>(3,458,435)</u>	<u>(3,052,974)</u>	<u>(6,511,409)</u>	<u>8,335,567</u>
Other financing sources (uses)					
ARPA Fund	4,584	-	4,584	4,584	-
Water/sewer Improvements II	2,659,416	2,659,416	-	2,659,416	-
Morganton Road	109,452	109,452	-	109,452	-
Water System Fees Fund	1,603,099	570,723	1,032,376	1,603,099	-
Wastewater System Development Fees Fund	760,910	449,490	311,420	760,910	-
Water & Sewer Fund	9,709,515	8,630,155	1,079,360	9,709,515	-
Total other financing sources	<u>14,846,976</u>	<u>12,419,236</u>	<u>2,427,740</u>	<u>14,846,976</u>	<u>-</u>
Revenues and financing sources over expenditures	<u>\$ -</u>	<u>\$ 8,960,801</u>	<u>\$ (625,234)</u>	<u>\$ 8,335,567</u>	<u>\$ 8,335,567</u>

Town of Southern Pines, North Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP)
Water and Sewer Capital Projects Fund (Water System Development Fees
Capital Reserve Fund)
From Inception and for the Year Ended June 30, 2023

Schedule 27

	Project Authorization	Actual		Total to Date	Variance Favorable (Unfavorable)
		Prior Years	Current Year		
Revenues					
Investment earnings	\$ -	\$ 6,328	\$ 26,194	\$ 32,522	\$ 32,522
Water system development fees	1,779,027	2,006,938	959,253	2,966,191	1,187,164
	<u>1,779,027</u>	<u>2,013,266</u>	<u>985,447</u>	<u>2,998,713</u>	<u>1,219,686</u>
Revenues over expenditures	<u>1,779,027</u>	<u>2,013,266</u>	<u>985,447</u>	<u>2,998,713</u>	<u>1,219,686</u>
Other financing uses					
Transfers to:					
Capital Project Funds	<u>(1,779,027)</u>	<u>(746,651)</u>	<u>(1,032,376)</u>	<u>(1,779,027)</u>	<u>-</u>
	<u>(1,779,027)</u>	<u>(746,651)</u>	<u>(1,032,376)</u>	<u>(1,779,027)</u>	<u>-</u>
Revenues and other financing uses over (under) expenditures	<u>\$ -</u>	<u>\$ 1,266,615</u>	<u>(46,929)</u>	<u>\$ 1,219,686</u>	<u>\$ 1,219,686</u>
Fund balance, beginning of year, July 1			<u>1,266,615</u>		
Fund balance, end of year, June 30			<u>\$ 1,219,686</u>		

Town of Southern Pines, North Carolina
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP)
 Water and Sewer Capital Projects Fund (Wastewater System Development Fees
 Capital Reserve Fund)
 From Inception and for the Year Ended June 30, 2023

Schedule 28

	Project Authorization	Actual		Total to Date	Variance Favorable (Unfavorable)
		Prior Years	Current Year		
Revenues					
Investment earnings	\$ -	\$ 3,993	\$ 10,369	\$ 14,362	\$ 14,362
Water system development fees	760,910	851,077	369,881	1,220,958	460,048
	<u>760,910</u>	<u>855,070</u>	<u>380,250</u>	<u>1,235,320</u>	<u>474,410</u>
Revenues over expenditures	<u>760,910</u>	<u>855,070</u>	<u>380,250</u>	<u>1,235,320</u>	<u>474,410</u>
Other financing uses					
Transfers to:					
Capital Project Funds	<u>(760,910)</u>	<u>(449,490)</u>	<u>(311,420)</u>	<u>(760,910)</u>	<u>-</u>
	<u>(760,910)</u>	<u>(449,490)</u>	<u>(311,420)</u>	<u>(760,910)</u>	<u>-</u>
Revenues and other financing uses over expenditures	<u>\$ -</u>	<u>\$ 405,580</u>	68,830	<u>\$ 474,410</u>	<u>\$ 474,410</u>
Fund balance, beginning of year, July 1			<u>405,580</u>		
Fund balance, end of year, June 30			<u>\$ 474,410</u>		

Capital Assets of Governmental Funds

Capital assets of governmental funds all properties of the Town which are not accounted for in the Enterprise Fund.

Town of Southern Pines, North Carolina
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
June 30, 2023

Schedule 29
(2 pages)

	<u>Land</u>	<u>Buildings and Improvements</u>	<u>Other Improvements</u>	<u>Machinery and Equipment</u>	<u>Vehicles and Motorized Equipment</u>	<u>Furniture, Fixtures, and Other Equipment</u>
General government	\$ 10,679,548	\$ 3,679,549	\$ 2,316,104	\$ 671,525	\$ 364,845	\$ 358,594
Public safety	1,461,767	12,983,925	985,420	166,640	5,930,176	1,219,401
Transportation	-	32,385	245,209	-	455,516	1,136,456
Economic and physical development	43,850	71,895	-	-	150,411	-
Cultural and recreational	<u>1,246,612</u>	<u>6,375,935</u>	<u>3,287,855</u>	<u>-</u>	<u>325,600</u>	<u>370,373</u>
Total governmental funds capital assets	<u>\$ 13,431,777</u>	<u>\$ 23,143,689</u>	<u>\$ 6,834,588</u>	<u>\$ 838,165</u>	<u>\$ 7,226,548</u>	<u>\$ 3,084,824</u>

Note: Amounts presented above exclude accumulated depreciation.

Town of Southern Pines, North Carolina
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
June 30, 2023

Schedule 29
(2 pages)

	<u>Infrastructure</u>	<u>Intangible Assets</u>	<u>Construction and Intangibles in Progress</u>	<u>Right-to-Use Assets</u>	<u>Total</u>
General government	\$ 322,813	\$ 444,766	\$ 1,016,693	\$ 417,979	\$ 20,272,416
Public safety	-	-	-	-	22,747,329
Transportation	19,287,519	-	248,511	-	21,405,596
Economic and physical development	-	-	-	-	266,156
Cultural and recreational	<u>166,724</u>	<u>-</u>	<u>91,921</u>	<u>214,128</u>	<u>12,079,148</u>
Total governmental funds capital assets	<u>\$ 19,777,056</u>	<u>\$ 444,766</u>	<u>\$ 1,357,125</u>	<u>\$ 632,107</u>	<u>\$ 76,770,645</u>

Note: Amounts presented above exclude accumulated depreciation.

Town of Southern Pines, North Carolina
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes by Function and Activity
Year Ended June 30, 2023

Schedule 30

	Balance July 1, 2022	Additions and Transfers In	Disposals and Transfers Out	Balance June 30, 2023
General government	\$ 19,223,660	\$ 1,071,722	\$ (22,966)	\$ 20,272,416
Public safety	22,419,663	420,194	(92,528)	22,747,329
Transportation	18,896,391	2,591,632	(82,427)	21,405,596
Economic and physical development	266,156	-	-	266,156
Cultural and recreational	11,550,011	529,137	-	12,079,148
Total governmental funds capital assets	<u>\$ 72,355,881</u>	<u>\$ 4,612,685</u>	<u>\$ (197,921)</u>	<u>\$ 76,770,645</u>

Supplemental Financial Data

This section contains additional information on property taxes and U.S.D.A.-requested data.

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

Town of Southern Pines, North Carolina
 Schedule of Ad Valorem Taxes Receivable
 June 30, 2023

Schedule 31

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2022</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2023</u>
2022 - 2023	\$ -	\$ 12,232,953	\$ 12,215,200	\$ 17,753
2021 - 2022	18,272	-	7,935	10,337
2020 - 2021	9,614	-	3,160	6,454
2019 - 2020	5,461	-	693	4,768
2018 - 2019	4,785	-	274	4,511
2017 - 2018	2,634	-	-	2,634
2016 - 2017	2,259	-	-	2,259
2015 - 2016	1,919	-	49	1,870
2014 - 2015	2,322	-	4	2,318
2013 - 2014	1,614	-	-	1,614
2011 - 2012	1,287	-	1,287	-
	<u>\$ 50,167</u>	<u>\$ 12,232,953</u>	<u>\$ 12,228,602</u>	54,518
Less: allowance for uncollected taxes receivable General Fund				<u>(31,896)</u>
Ad valorem taxes receivable - net				<u>\$ 22,622</u>
Reconciliation to revenues				
Reconciling items:				
Taxes			\$ 12,224,926	
Penalties and interest			(16,872)	
Refunds			15,718	
Taxes written off			1,287	
Other adjustments			<u>3,543</u>	
Total collections and credits			<u>\$ 12,228,602</u>	

Town of Southern Pines, North Carolina
 Schedule of Ad Valorem Taxes Receivable
 Municipal Service District #1
 June 30, 2023

Schedule 32

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2022</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2023</u>
2022 - 2023	\$ -	\$ 68,848	\$ 68,848	\$ -
2021 - 2022	-	-	-	-
2020 - 2021	-	-	-	-
2019 - 2020	-	-	-	-
2018 - 2019	-	-	-	-
2017 - 2018	-	-	-	-
2016 - 2017	-	-	-	-
2015 - 2016	-	-	-	-
2014 - 2015	-	-	-	-
2013 - 2014	-	-	-	-
2011 - 2012	-	-	-	-
	<u>\$ -</u>	<u>\$ 68,848</u>	<u>\$ 68,848</u>	<u>-</u>

Less: allowance for uncollected taxes receivable
 Municipal Service District #1

-

Ad valorem taxes receivable - net

\$ -

Reconciliation to revenues

Reconciling items:

Taxes	\$ 68,848
Penalties and interest	-
Refunds	-
Taxes written off	-
Other adjustments	-
	<u>-</u>

Total collections and credits

\$ 68,848

Town of Southern Pines, North Carolina
 Analysis of Current Tax Levy
 Town-Wide Levy
 June 30, 2023

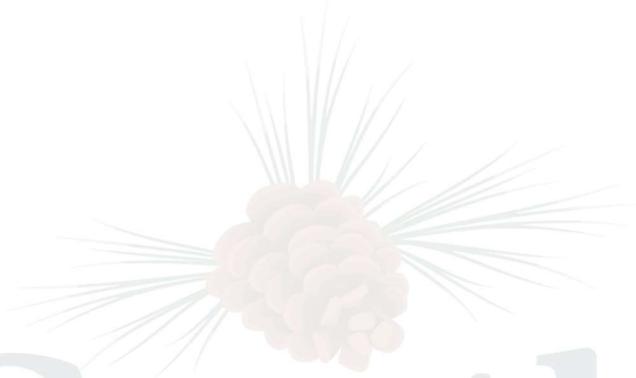
Schedule 33

	Town-Wide		Total Levy		
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate:	\$ 3,081,560,346	\$ 0.40	\$ 12,297,444	\$ 11,425,974	\$ 871,470
Penalties	-		8,836	8,836	-
Total	3,081,560,346		12,306,280	11,434,810	871,470
Discoveries:					
Adjustments at current year's rate	3,311,211	0.40	12,225	12,225	-
Adjustments at prior year's rate	(46,948)	0.40	2,551	2,551	-
Total	3,084,824,609		12,321,056	11,449,586	871,470
Releases:					
Current year's rate	(107,875)	0.40	(19,255)	(19,255)	-
Total property valuation	<u>\$ 3,084,716,734</u>				
Net levy			12,301,801	11,430,331	871,470
Uncollected taxes at June 30, 2023			(17,753)	(17,753)	-
Current year's taxes collected			<u>\$ 12,284,048</u>	<u>\$ 11,412,578</u>	<u>\$ 871,470</u>
Current levy collection percentage			<u>99.86%</u>	<u>99.84%</u>	<u>100.00%</u>

Town of Southern Pines, North Carolina
 Schedule of Interfund Transfers
 Year Ended June 30, 2023

Schedule 34

<u>Transfers to Fund</u>	<u>Transfer from Fund</u>			<u>Total</u>
	<u>Major Governmental</u>		<u>Major Enterprise</u>	
	<u>General Fund</u>	<u>ARPA Special Revenue Fund</u>	<u>Water and Sewer Fund</u>	
Governmental:				
General fund	\$ -	\$ 3,922,210	\$ -	\$ 3,922,210
Nonmajor funds	2,034,935	24,009	10,500	2,069,444
Business-type:				
Major funds	-	753,522	-	753,522
	<u>\$ 2,034,935</u>	<u>\$ 4,699,741</u>	<u>\$ 10,500</u>	<u>\$ 6,745,176</u>



Southern Pines

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Statistical Section

This part of the Town of Southern Pines' comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial information, note disclosures, and required supplementary information says about the government's overall financial health.

Financial Trends - These tables contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

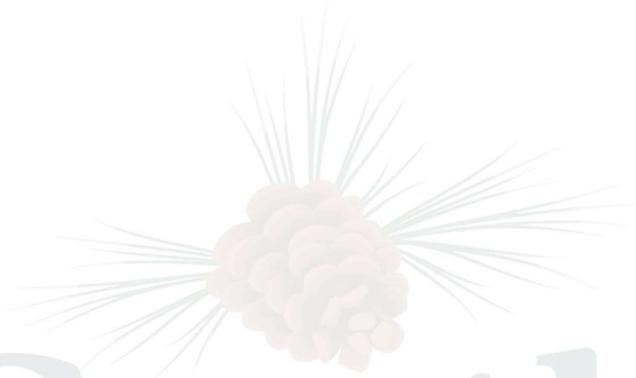
Revenue Capacity - These tables contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity - These tables present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic - These tables offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information - These tables contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

Sources: Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year.



Southern Pines

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Financial Trends Information

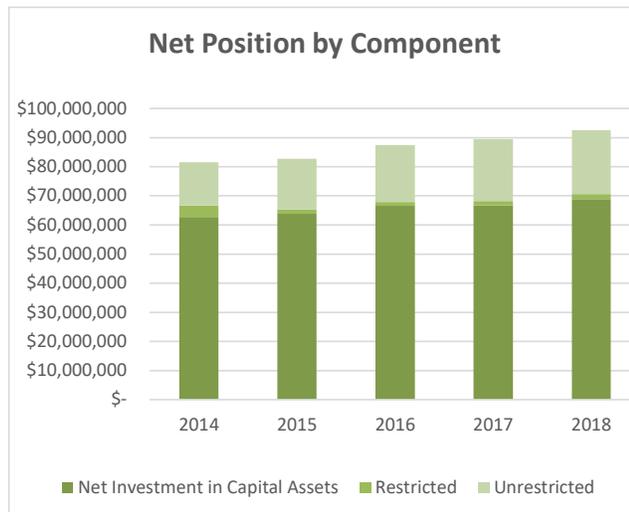
**Town of Southern Pines, North Carolina
Net Position by Component
Last Ten Fiscal Years**

**Table 1
(2 pages)**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Governmental Activities:					
Net Investment in Capital Assets	\$ 29,782,035	\$ 30,965,507	\$ 32,437,390	\$ 32,711,835	\$ 34,673,136
Restricted	3,907,594	1,347,656	1,411,213	1,519,740	1,698,798
Unrestricted	6,354,282	8,398,997	9,158,392	9,024,025	8,041,802
Total Governmental Activities Net Position	<u>40,043,911</u>	<u>40,712,160</u>	<u>43,006,995</u>	<u>43,255,600</u>	<u>44,413,736</u>
Business-Type Activities:					
Net Investment in Capital Assets	32,970,341	32,916,198	34,033,968	33,991,050	34,193,906
Unrestricted	8,489,135	9,068,275	10,389,970	12,130,776	13,910,881
Total Business-Type Activities Net Position	<u>41,459,476</u>	<u>41,984,473</u>	<u>44,423,938</u>	<u>46,121,826</u>	<u>48,104,787</u>
Primary Government:					
Net Investment in Capital Assets	62,752,376	63,881,705	66,471,358	66,702,885	68,867,042
Restricted	3,907,594	1,347,656	1,411,213	1,519,740	1,698,798
Unrestricted	14,843,417	17,467,272	19,548,362	21,154,801	21,952,683
Total Primary Government Net Position	<u>\$ 81,503,387</u>	<u>\$ 82,696,633</u>	<u>\$ 87,430,933</u>	<u>\$ 89,377,426</u>	<u>\$ 92,518,523</u>

Notes:

This table was prepared using the accrual basis of accounting.



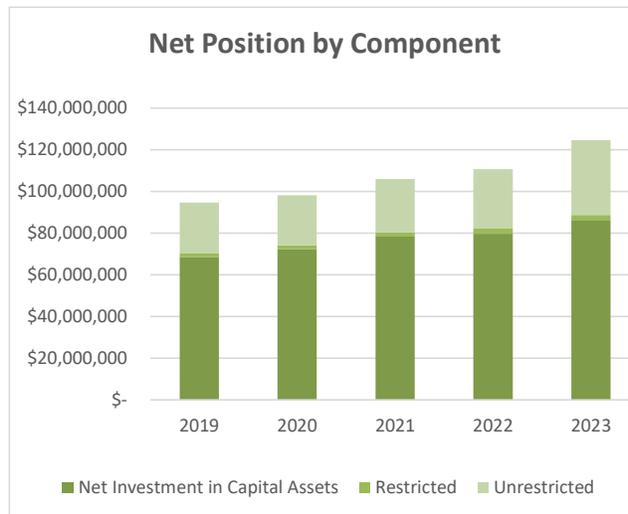
**Town of Southern Pines, North Carolina
Net Position by Component
Last Ten Fiscal Years**

**Table 1
(2 pages)**

	2019	2020	2021	2022	2023
Governmental Activities:					
Net Investment in Capital Assets	\$ 34,528,937	\$ 35,851,831	\$ 37,075,906	\$ 38,421,771	\$ 41,411,965
Restricted	1,900,876	1,946,432	2,145,753	2,520,513	2,735,025
Unrestricted	8,872,638	8,304,508	9,382,997	10,164,133	15,975,209
Total Governmental Activities Net Position	45,302,451	46,102,771	48,604,656	51,106,417	60,122,199
Business-Type Activities:					
Net Investment in Capital Assets	33,892,745	36,398,750	41,129,762	41,199,204	44,583,360
Unrestricted	15,587,824	15,682,445	16,326,589	18,409,486	20,008,632
Total Business-Type Activities Net Position	49,480,569	52,081,195	57,456,351	59,608,690	64,591,992
Primary Government:					
Net Investment in Capital Assets	68,421,682	72,250,581	78,205,668	79,620,975	85,995,325
Restricted	1,900,876	1,946,432	2,145,753	2,520,513	2,735,025
Unrestricted	24,460,462	23,986,953	25,709,586	28,573,619	35,983,841
Total Primary Government Net Position	\$ 94,783,020	\$ 98,183,966	\$ 106,061,007	\$ 110,715,107	\$ 124,714,191

Notes:

This table was prepared using the accrual basis of accounting.



Town of Southern Pines, North Carolina
Changes in Net Position
Last Ten Fiscal Years

Table 2
(2 pages)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Expenses:										
Governmental activities:										
General Government	\$ 4,436,854	\$ 4,365,033	\$ 4,766,172	\$ 4,980,274	\$ 5,221,318	\$ 5,753,113	\$ 5,900,817	\$ 5,696,200	\$ 5,619,882	\$ 6,694,377
Public Safety	5,670,709	5,782,880	6,235,300	6,824,645	6,995,686	7,637,434	8,659,291	8,672,459	8,701,575	9,850,481
Transportation	1,338,289	1,463,609	1,575,645	1,266,454	1,694,884	1,761,568	1,903,528	1,390,519	2,332,580	2,021,819
Economic and Physical Development	649,207	653,371	701,189	563,367	604,385	657,709	834,642	953,077	923,165	1,400,220
Cultural and Recreation	1,543,440	1,533,579	1,583,781	1,754,646	1,824,003	1,887,163	2,521,679	2,985,385	2,447,994	2,781,535
Interest on Long-Term Debt	165,401	153,216	135,625	116,880	129,304	261,591	233,606	209,377	159,016	116,490
Total Governmental Activities Expense	13,803,900	13,951,688	14,997,712	15,506,266	16,469,580	17,958,578	20,053,563	19,907,017	20,184,212	22,864,922
Total Business-Type Activity - Water and Sewer	6,747,867	6,969,806	7,083,980	7,340,631	7,483,404	8,246,671	8,128,721	8,654,093	9,012,368	9,682,153
Total primary government expenses	\$ 20,551,767	\$ 20,921,494	\$ 22,081,692	\$ 22,846,897	\$ 23,952,984	\$ 26,205,249	\$ 28,182,284	\$ 28,561,110	\$ 29,196,580	\$ 32,547,075
Program revenues:										
Governmental activities:										
Charges for Services:										
General Governmental	\$ 797,893	\$ 853,155	\$ 947,169	\$ 918,206	\$ 947,971	\$ 1,055,204	\$ 1,220,196	\$ 1,341,719	\$ 1,181,849	\$ 1,703,058
Public Safety	502,252	501,768	581,747	596,230	576,534	618,001	516,051	521,553	561,887	513,275
Transportation	31,815	36,146	53,711	35,677	45,234	43,690	36,920	48,486	50,321	46,776
Economic and Physical Development	324,378	403,127	372,607	412,257	409,385	384,840	438,650	863,109	599,189	840,628
Cultural and Recreation	245,508	259,213	266,735	242,589	258,979	261,607	192,808	170,651	212,464	290,068
Cemetery	2,675	3,149	5,375	3,025	2,750	3,950	5,250	8,425	3,150	9,275
Operating Grants and Contributions:										
General Governmental	50,933	50,577	48,093	89,744	1,927	176,379	26,234	206,458	133,545	4,672,822
Public Safety	10,759	20,331	8,147	11,518	18,801	157,580	273,973	170,752	80,831	17,801
Transportation	390,633	490,905	404,887	402,027	405,234	403,744	404,177	386,118	481,723	484,069
Cultural and Recreation	11,625	11,770	34,722	8,499	17,848	8,013	114,352	12,442	31,021	84,007
Capital Grants and Contributions:										
General Governmental	-	-	-	870	-	-	675,854	888,156	39,960	2,290,708
Transportation	82,049	33,749	220,763	107,158	50,757	-	-	-	-	-
Cultural and Recreation	-	-	925,061	-	-	-	-	-	-	-
Total Governmental Activities Program Revenues	2,450,520	2,663,890	3,869,017	2,827,800	2,735,420	3,113,008	3,904,465	4,617,869	3,375,940	10,952,487
Business-Type Activity - Water and Sewer:										
Charges for Services	7,032,234	7,091,574	7,504,763	7,769,844	8,091,669	8,221,653	8,564,595	9,174,008	10,337,646	10,685,587
Capital Grants and Contributions	325,909	261,567	1,524,481	282,380	534,515	332,569	1,895,667	3,665,740	1,950,879	1,201,201
Total Business-Type Activity Program Revenues	7,358,143	7,353,141	9,029,244	8,052,224	8,626,184	8,554,222	10,460,262	12,839,748	12,288,525	11,886,788
Total primary government program revenues	\$ 9,808,663	\$ 10,017,031	\$ 12,898,261	\$ 10,880,024	\$ 11,361,604	\$ 11,667,230	\$ 14,364,727	\$ 17,457,617	\$ 15,664,465	\$ 22,839,275
Net Revenue (Expense):										
Governmental activities	\$ (11,353,380)	\$ (11,287,798)	\$ (11,128,695)	\$ (12,678,466)	\$ (13,734,160)	\$ (14,845,570)	\$ (16,149,098)	\$ (15,289,148)	\$ (16,808,272)	\$ (11,912,435)
Business-type activity	610,276	383,335	1,945,264	711,593	1,142,780	307,551	2,331,541	4,185,655	3,276,157	2,204,635
Total primary government net expense	\$ (10,743,104)	\$ (10,904,463)	\$ (9,183,431)	\$ (11,966,873)	\$ (12,591,380)	\$ (14,538,019)	\$ (13,817,557)	\$ (11,103,493)	\$ (13,532,115)	\$ (9,707,800)

Town of Southern Pines, North Carolina
Changes in Net Position
Last Ten Fiscal Years

Table 2
(2 pages)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
General Revenues and Other Changes in Net Position:										
Governmental activities:										
Ad Valorem Taxes	\$ 7,867,525	\$ 8,415,626	\$ 8,572,570	\$ 8,852,999	\$ 9,656,725	\$ 9,982,178	\$ 10,782,975	\$ 11,218,204	\$ 11,568,250	\$ 12,298,043
Alcoholic Beverage Tax	130,144	120,790	143,195	156,789	178,188	196,226	198,273	253,772	284,148	286,565
Franchise Taxes	748,619	988,840	1,112,213	1,086,585	1,055,286	1,110,853	1,061,456	1,073,629	1,121,630	1,137,338
Unrestricted Intergovernmental	2,956,816	3,257,298	3,386,423	3,640,353	3,729,381	3,987,169	4,201,137	4,936,349	5,903,947	6,538,770
Investment Earnings	22,239	20,661	38,091	65,948	159,478	312,484	227,148	35,024	35,569	814,277
Miscellaneous Revenue	99,493	94,977	106,949	133,359	155,103	138,493	149,534	221,669	519,560	508,454
Gain (Loss) on Disposal/Transfer of Capital Assets	17,335	47,607	64,089	16,814	(41,865)	5,133	26,561	52,505	(176,008)	87,792
Transfers	-	-	-	-	-	1,749	302,334	-	52,937	(743,022)
Total Governmental Activities	11,842,171	12,945,799	13,423,530	13,952,847	14,892,296	15,734,285	16,949,418	17,791,152	19,310,033	20,928,217
Business-Type Activity:										
Investment Earnings	43,666	26,254	62,699	68,242	138,711	245,011	208,816	36,077	31,641	621,215
Miscellaneous Revenue	-	172,376	414,304	904,086	701,470	419,695	340,683	1,075,223	1,176,819	1,329,134
Gain (Loss) on Disposal/Transfer of Capital Assets	-	-	17,198	13,967	-	405,274	21,920	78,190	5,650	85,296
Transfers	-	-	-	-	-	(1,749)	(302,334)	-	(52,937)	743,022
Total Business-Type Activity	43,666	198,630	494,201	986,295	840,181	1,068,231	269,085	1,189,490	1,161,173	2,778,667
Total primary government general revenues and other changes in net position	\$ 11,885,837	\$ 13,144,429	\$ 13,917,731	\$ 14,939,142	\$ 15,732,477	\$ 16,802,516	\$ 17,218,503	\$ 18,980,642	\$ 20,471,206	\$ 23,706,884
Change in Net Position:										
Governmental Activities	\$ 488,791	\$ 1,658,001	\$ 2,294,835	\$ 1,274,381	\$ 1,158,136	\$ 888,715	\$ 800,320	\$ 2,502,004	\$ 2,501,761	\$ 9,015,782
Business-Type Activity	653,942	581,965	2,439,465	1,697,888	1,982,961	1,375,782	2,600,626	5,375,145	4,437,330	4,983,302
Total primary government change in net position	\$ 1,142,733	\$ 2,239,966	\$ 4,734,300	\$ 2,972,269	\$ 3,141,097	\$ 2,264,497	\$ 3,400,946	\$ 7,877,149	\$ 6,939,091	\$ 13,999,084

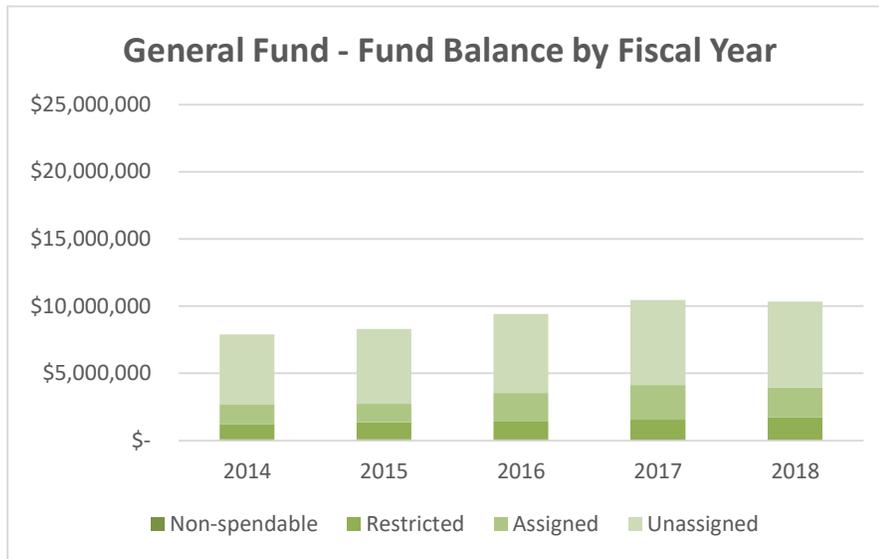
Note:
This table was prepared using the accrual basis of accounting.

**Town of Southern Pines, North Carolina
Fund Balances, Governmental Funds (1)
Last Ten Fiscal Years**

**Table 3
(2 pages)**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General Fund:					
Non-spendable	\$ 88,196	\$ 87,292	\$ 79,715	\$ 112,223	\$ 123,013
Restricted	1,125,069	1,267,145	1,325,436	1,435,608	1,591,977
Assigned	1,496,849	1,374,933	2,136,517	2,567,470	2,214,994
Unassigned	5,168,432	5,552,329	5,863,955	6,330,949	6,398,820
Total General Fund	<u>\$ 7,878,546</u>	<u>\$ 8,281,699</u>	<u>\$ 9,405,623</u>	<u>\$ 10,446,250</u>	<u>\$ 10,328,804</u>
All Other Governmental Funds:					
Non-spendable	\$ 56,971	\$ 60,237	\$ 65,779	\$ 69,115	\$ 72,534
Restricted	6,008	20,274	19,998	15,017	34,287
Committed	2,719,546	2,500,431	2,135,417	2,366,822	6,621,772
Unassigned	-	-	-	-	-
Total All Other Governmental Funds	<u>\$ 2,782,525</u>	<u>\$ 2,580,942</u>	<u>\$ 2,221,194</u>	<u>\$ 2,450,954</u>	<u>\$ 6,728,593</u>

⁽¹⁾ This table was prepared using the modified accrual basis of accounting.

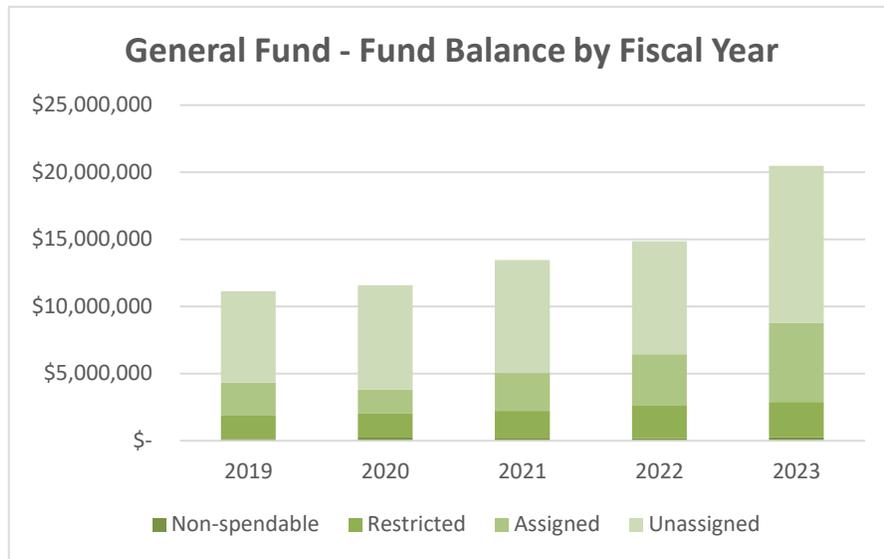


**Town of Southern Pines, North Carolina
Fund Balances, Governmental Funds (1)
Last Ten Fiscal Years**

**Table 3
(2 pages)**

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
General Fund:					
Non-spendable	\$ 127,652	\$ 213,683	\$ 159,750	\$ 168,002	\$ 260,202
Restricted	1,738,805	1,842,799	2,045,909	2,421,321	2,625,774
Assigned	2,448,943	1,739,405	2,834,047	3,856,359	5,891,466
Unassigned	6,806,882	7,791,203	8,420,430	8,411,276	11,689,345
Total General Fund	<u>\$ 11,122,282</u>	<u>\$ 11,587,090</u>	<u>\$ 13,460,136</u>	<u>\$ 14,856,958</u>	<u>\$ 20,466,787</u>
All Other Governmental Funds:					
Non-spendable	\$ 77,603	\$ 84,062	\$ 92,910	\$ 96,252	\$ 108,441
Restricted	84,468	19,571	6,934	2,940	810
Committed	2,522,442	2,082,919	2,295,612	1,910,903	2,555,289
Unassigned	-	-	-	3,671	-
Total All Other Governmental Funds	<u>\$ 2,684,513</u>	<u>\$ 2,186,552</u>	<u>\$ 2,395,456</u>	<u>\$ 2,013,766</u>	<u>\$ 2,664,540</u>

⁽¹⁾ This table was prepared using the modified accrual basis of accounting.



**Town of Southern Pines, North Carolina
Changes in Fund Balances,
Governmental Funds
Last Ten Fiscal Years**

**Table 4
(2 pages)**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Revenues:					
Ad Valorem Taxes	\$ 7,887,032	\$ 8,428,787	\$ 8,563,591	\$ 8,887,612	\$ 9,670,483
Other Taxes and Licenses	218,351	230,577	191,005	215,047	245,365
Unrestricted					
Intergovernmental	3,654,511	4,228,255	4,728,619	4,731,922	4,779,476
Restricted Intergovernmental	412,577	417,431	415,756	411,130	424,748
Permits and Fees	371,559	469,075	549,713	548,475	535,647
Sales and Services	1,042,411	1,094,102	1,164,811	1,138,137	1,194,230
Investment Earnings	22,239	20,661	38,091	65,948	159,478
Grant Proceeds	-	-	-	-	50,757
Developers Contributions	-	90,000	-	107,158	-
Other	595,846	632,340	655,970	683,542	618,641
Total revenues	14,204,526	15,611,228	16,307,556	16,788,971	17,678,825
Expenditures:					
Current:					
General Government	4,405,761	4,606,968	4,783,099	4,812,892	5,357,663
Public Safety	5,431,602	6,761,146	5,973,433	6,233,795	8,075,128
Transportation	1,094,682	1,576,703	1,660,533	1,378,677	1,883,429
Economic and Physical Development	695,612	663,143	697,899	596,360	614,067
Cultural and Recreational	1,505,032	1,725,896	1,793,900	1,726,338	2,167,615
Debt Service:					
Principal	584,425	625,361	666,541	669,113	552,196
Interest	168,465	153,941	139,174	120,439	101,675
Total expenditures	13,885,579	16,113,158	15,714,579	15,537,614	18,751,773
Revenues over (under) expenditures	318,947	(501,930)	592,977	1,251,357	(1,072,948)
Other financing sources (uses):					
Issuance of Debt	-	703,500	-	-	5,228,150
Loss on lease termination	-	-	-	-	-
Sale of Capital Assets	-	-	171,199	19,030	4,991
Transfers From Other Funds	770,000	908,300	310,000	575,000	816,954
Transfers to Other funds	(770,000)	(908,300)	(310,000)	(575,000)	(816,954)
Total other financing sources (uses)	-	703,500	171,199	19,030	5,233,141
Net change in fund balance	318,947	201,570	764,176	1,270,387	4,160,193
Fund balance - beginning of year	10,342,124	10,661,071	10,862,641	11,626,817	12,897,204
Fund balance - end of year	<u>\$ 10,661,071</u>	<u>\$ 10,862,641</u>	<u>\$ 11,626,817</u>	<u>\$ 12,897,204</u>	<u>\$ 17,057,397</u>
Debt Service as a percentage of non-capital expenditures	5.7%	5.7%	5.6%	5.5%	4.3%

This schedule was prepared using the modified accrual basis of accounting.

**Town of Southern Pines, North Carolina
Changes in Fund Balances,
Governmental Funds
Last Ten Fiscal Years**

**Table 4
(2 pages)**

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Revenues:					
Ad Valorem Taxes	\$ 9,989,891	\$ 10,780,683	\$ 11,209,507	\$ 11,571,474	\$ 12,293,774
Other Taxes and Licenses	258,833	309,616	381,598	427,808	435,894
Unrestricted					
Intergovernmental	5,098,682	5,214,808	5,945,474	6,946,573	7,530,176
Restricted Intergovernmental	706,216	780,125	760,591	557,080	5,233,841
Permits and Fees	583,260	575,118	1,018,653	805,821	978,914
Sales and Services	1,286,029	1,351,968	1,446,259	1,327,596	1,952,820
Investment Earnings	312,484	227,148	35,024	35,569	814,277
Grant Proceeds	-	-	-	-	-
Developers Contributions	-	-	-	-	-
Other	609,819	604,546	654,268	1,087,258	1,005,876
Total revenues	18,845,214	19,844,012	21,451,374	22,759,179	30,245,572
Expenditures:					
Current:					
General Government	5,401,328	6,110,073	6,202,321	6,506,522	7,069,247
Public Safety	11,417,437	8,406,861	7,779,371	8,473,768	9,043,370
Transportation	1,741,098	2,282,937	1,831,623	2,179,905	1,593,444
Economic and Physical Development	621,021	776,948	899,557	926,707	1,330,932
Cultural and Recreational	1,931,550	2,309,937	3,736,835	2,379,247	2,911,733
Debt Service:					
Principal	781,876	781,876	906,981	1,300,953	1,409,984
Interest	266,335	237,868	215,241	161,338	131,133
Total expenditures	22,160,645	20,906,500	21,571,929	21,928,440	23,489,843
Revenues over (under) expenditures	(3,315,431)	(1,062,488)	(120,555)	830,739	6,755,729
Other financing sources (uses):					
Issuance of Debt	-	650,000	2,150,000	52,629	168,099
Loss on lease termination	-	-	-	-	(7,995)
Sale of Capital Assets	64,829	77,001	52,505	33,028	87,792
Transfers From Other Funds	1,114,750	1,334,021	885,136	(801,484)	(6,734,676)
Transfers to Other funds	(1,114,750)	(1,031,687)	(885,136)	900,220	5,991,654
Total other financing sources (uses)	64,829	1,029,335	2,202,505	184,393	(495,126)
Net change in fund balance	(3,250,602)	(33,153)	2,081,950	1,015,132	6,260,603
Fund balance - beginning of year	12,897,204	9,646,602	9,613,449	15,855,592	16,870,724
Fund balance - end of year	<u>\$ 9,646,602</u>	<u>\$ 9,613,449</u>	<u>\$ 11,695,399</u>	<u>\$ 16,870,724</u>	<u>\$ 23,131,327</u>
Debt Service as a percentage of non-capital expenditures	6.3%	5.7%	6.2%	7.4%	7.3%

This schedule was prepared using the modified accrual basis of accounting.

Revenue Capacity Information

**Town of Southern Pines, North Carolina
Assessed Value of Taxable Property
Last Ten Fiscal Years**

Table 5

Fiscal Year	Assessed Value ⁽¹⁾				Property Tax Rate ⁽³⁾	Percent Increase in Value ⁽⁴⁾
	Real Property	Personal Property ⁽²⁾	Public Service Companies	Total		
2014	\$ 2,003,125,666	\$ 218,312,023	\$ 23,571,943	\$ 2,245,009,632	0.35	2.6%
2015	2,052,966,995	196,446,739	21,862,247	2,271,275,981	0.37	1.2%
2016	2,025,854,870	203,462,410	23,659,502	2,252,976,782	0.38	-0.8%
2017	2,096,689,403	214,258,835	23,339,069	2,334,287,307	0.38	3.6%
2018	2,162,154,416	225,286,648	24,146,744	2,411,587,808	0.40	3.3%
2019	2,227,576,840	239,984,833	24,255,332	2,491,817,005	0.40	3.3%
2020	2,457,838,541	235,337,662	25,376,343	2,718,552,546	0.40	9.1%
2021	2,506,666,887	272,957,278	24,344,390	2,803,968,555	0.40	3.1%
2022	2,565,029,793	294,128,254	27,005,716	2,886,163,763	0.40	2.9%
2023	2,740,819,605	316,101,630	27,795,500	3,084,716,735	0.40	6.9%

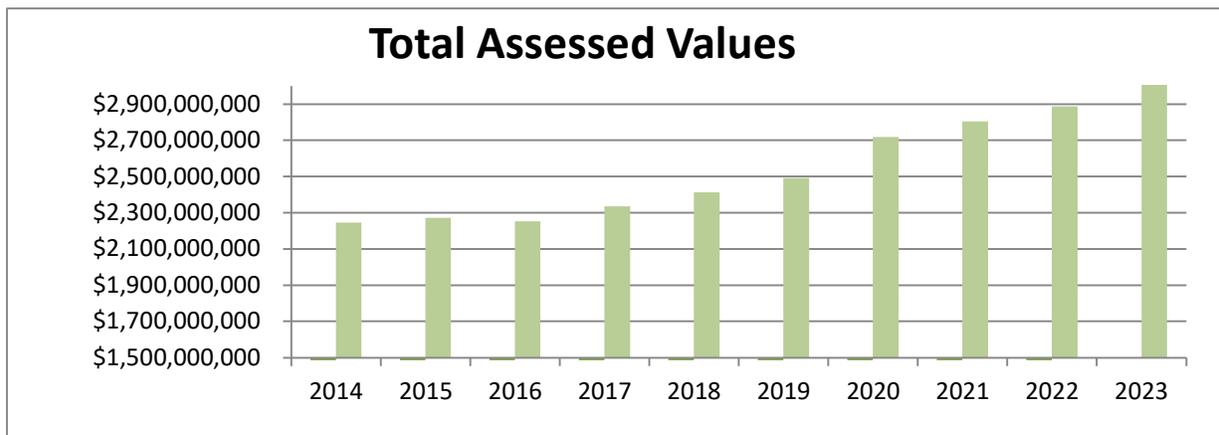
NOTES:

⁽¹⁾ Assessed Value is established by Moore County Assessor's office. Property is assessed at actual value.

⁽²⁾ Includes vehicles.

⁽³⁾ All tax rates are expressed in dollars of tax per \$100 of assessed valuation.

⁽⁴⁾ A revaluation of all property is required at least every eight years by North Carolina General Statutes. The revenue neutral tax rate following revaluation, adjusted for growth, calculates to be \$0.3809. The tax rate during fiscal year end June 30, 2020 was held at \$0.40.



Town of Southern Pines, North Carolina
Property Tax Rates - Direct and Overlapping Government
Last Ten Fiscal Years

Table 6

Fiscal Year	Tax Year	Town of Southern Pines			Overlapping Rate
		Operating Millage	Debt Service Millage	Total Town Millage	County of Moore ⁽¹⁾
2014	2013	0.35	-	0.35	0.485
2015	2014	0.37	-	0.37	0.485
2016	2015	0.38	-	0.38	0.485
2017	2016	0.38	-	0.38	0.495
2018	2017	0.40	-	0.40	0.495
2019	2018	0.40	-	0.40	0.505
2020	2019	0.40	-	0.40	0.550
2021	2020	0.40	-	0.40	0.550
2022	2021	0.40	-	0.40	0.550
2023	2022	0.40	-	0.40	0.525

NOTES:

All tax rates are expressed in dollars of tax per \$100 of assessed valuation.

A revaluation of all property is required every eight years by state statute. A revaluation occurred in tax year 2019.

⁽¹⁾ Overlapping rates are those of local and county governments that apply to property owners within the Town of Southern Pines.

Source: Moore County Tax Office.

**Town of Southern Pines, North Carolina
Principal Property Taxpayers
Current Year and Nine Years Ago**

Table 7

Taxpayer	Type of Enterprise	2023			2014		
		Total Assessed Value ⁽¹⁾	Rank	Percent of Town's Assessed Valuation	Total Assessed Value	Rank	Percent of Town's Assessed Valuation
ZP NO 340 LLC	Residential	\$ 36,713,120	1	1.19%	(2)	-	0.00%
Morganton Park LLC	Residential	36,665,150	2	1.19%	(2)	-	0.00%
Tyler's Ridge Apartment LLC & PH II	Residential	25,454,180	3	0.83%	9,506,570	8	0.42%
Hawthorne Pinecrest LLC	Retail	25,209,160	4	0.82%	(2)	-	0.00%
SBV Southern Pines LLC	Retail	23,912,180	5	0.78%	(2)	-	0.00%
Ingersoll-Rand Company & Industrial	Manufacturing	22,725,493	6	0.74%	7,963,707	10	0.35%
Duke Energy Progress, Inc.	Utility	16,772,276	7	0.54%	10,672,270	7	0.48%
Colony 9 LLC	Golf Course	16,697,026	8	0.54%	(2)	-	0.00%
Pinehurst Surgical	Medical	14,196,570	9	0.46%	(2)	5	0.00%
Berne Square LLC	Retail	13,176,460	10	0.43%	(2)	-	0.00%
Forest Creek	Golf Course	(2)	-	0.00%	48,476,430	1	2.16%
Pinecrest Plaza	Retail	(2)	-	0.00%	24,344,970	2	1.08%
Mid Pines	Golf Course/Hotel	(2)	-	0.00%	19,982,050	3	0.89%
Claude Smith Enterprises	Retail	(2)	-	0.00%	12,939,650	5	0.58%
Tri-City	Residential/Retail	(2)	-	0.00%	8,249,000	9	0.37%
Hendricks Southern Pines	Retail	(2)	-	0.00%	19,723,230	4	0.88%
Southern Pines Retirement	Retirement Community	(2)	-	0.00%	11,884,780	6	0.53%
		<u>\$ 231,521,615</u>		<u>7.51%</u>	<u>\$ 173,742,657</u>		<u>7.74%</u>

SOURCE: Moore County Tax Department

NOTES:

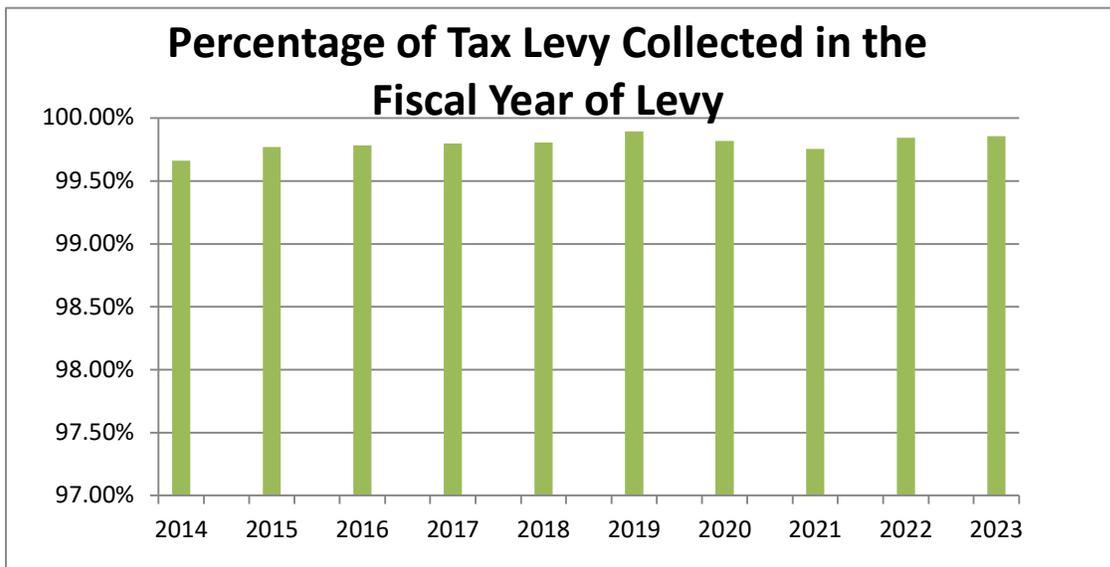
⁽¹⁾ 2021 Assessed value represents taxes assessed and due in the fiscal year ended June 30, 2022, and 2012 represents taxes assessed and due in the fiscal year ended June 30, 2013.

⁽²⁾ Not within top ten ranking.

**Town of Southern Pines, North Carolina
Property Tax Levies and Collections
Last Ten Fiscal Years**

Table 8

Fiscal Year	Tax Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Total Collections to Date		
			Amount	Percentage of Levy	Collections and Adjustments in Subsequent Years	Amount	Percentage of Levy
2014	2013	\$ 7,859,930	\$ 7,833,116	99.66%	\$ 25,200	\$ 7,858,316	99.98%
2015	2014	8,399,348	8,380,020	99.77%	17,010	8,397,030	99.97%
2016	2015	8,545,250	8,526,671	99.78%	16,709	8,543,380	99.98%
2017	2016	8,872,587	8,854,601	99.80%	15,727	8,870,328	99.97%
2018	2017	9,642,138	9,623,389	99.81%	16,115	9,639,504	99.97%
2019	2018	9,965,189	9,954,525	99.89%	6,153	9,960,678	99.95%
2020	2019	10,856,347	10,836,428	99.82%	15,151	10,851,579	99.96%
2021	2020	11,214,970	11,187,429	99.75%	21,087	11,208,516	99.94%
2022	2021	11,551,152	11,532,880	99.84%	7,935	11,540,815	99.91%
2023	2022	12,308,086	12,290,333	99.86%	-	12,290,333	99.86%



Debt Capacity Information

**Town of Southern Pines, North Carolina
Ratios of Outstanding Debt by Type (1)
Last Ten Fiscal Years**

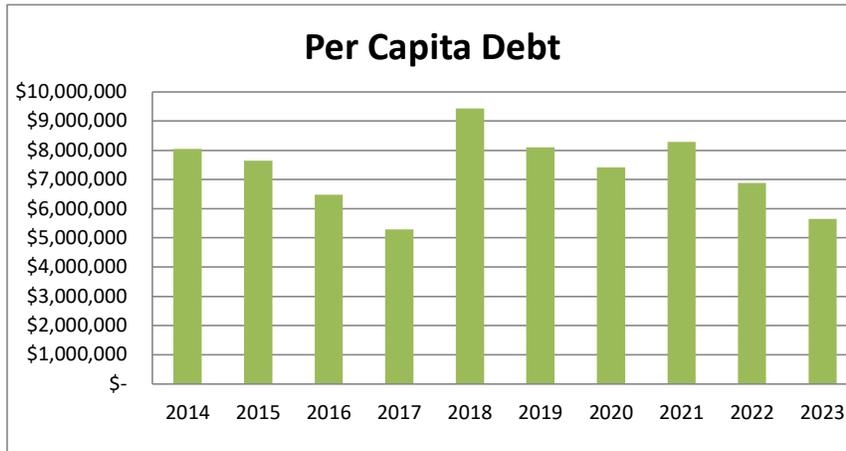
Table 9

Fiscal Year	Governmental Activities				Business-Type Activities		Total Primary Government	Percentage of Personal Income	Per Capita ⁽²⁾
	General Obligation Bonds	Installment Financing	Subscriptions	Leases	General Obligation Bonds	Installment Financing			
2014	\$ -	\$ 4,193,047	\$ -	\$ -	\$ -	\$ 3,859,611	\$ 8,052,658	1.43%	\$ 615
2015	-	4,271,186	-	-	-	3,372,993	7,644,179	1.28%	574
2016	-	3,604,645	-	-	-	2,872,042	6,476,687	1.06%	481
2017	-	2,935,530	-	-	-	2,356,310	5,291,840	0.78%	385
2018	-	7,611,483	-	-	-	1,825,332	9,436,815	1.32%	675
2019	-	6,829,607	-	-	-	1,278,636	8,108,243	1.11%	570
2020	-	6,697,731	-	-	-	715,725	7,413,456	0.93%	506
2021	-	7,940,748	-	-	-	343,994	8,284,742	0.88%	565
2022	-	6,263,033	-	54,683	-	558,581	6,876,297	⁽³⁾	441
2023	-	4,995,369	228,859	61,058	-	357,500	5,642,786	⁽³⁾	354

⁽¹⁾ The Town does not have any long-term debt that is backed by pledged revenues.

⁽²⁾ See Table 12 for personal income and population data.

⁽³⁾ Information not yet available.



Town of Southern Pines, North Carolina
 Computation of Legal Debt Margin
 Last Ten Fiscal Years

Table 10

Fiscal Year	Assessed Value	Debt Limit 8% of Total Assessed Value	Less: Amount of Debt Applicable to Debt Limit - Net Bonded Debt ⁽¹⁾	Less: General Obligation Bonds Authorized, Not Issued	Legal Debt Margin
2014	\$ 2,245,009,632	\$ 179,600,771	\$ 8,052,658	\$ -	\$ 171,548,113
2015	2,271,275,981	181,702,078	7,644,179	-	174,057,899
2016	2,252,976,782	180,238,143	6,476,687	-	173,761,456
2017	2,334,287,307	186,742,985	5,291,840	-	181,451,145
2018	2,411,587,808	192,927,025	9,436,815	-	183,490,210
2019	2,718,552,546	217,484,204	8,108,243	-	209,375,961
2020	2,718,552,546	217,484,204	7,413,456	-	210,070,748
2021	2,803,968,555	224,317,484	8,284,742	-	216,032,742
2022	2,886,163,763	230,893,101	6,876,297	-	224,016,804
2023	3,084,716,735	246,777,339	5,642,786	-	241,134,553

⁽¹⁾ Net Bonded Debt Calculation for FY 2019

Utility General Obligation Bonds	\$ -
Installment financing	<u>5,352,869</u>
	5,352,869
Statutory Deductions:	
Bonded debt included in gross debt incurred for water	<u>-</u>
	<u>\$ 5,352,869</u>

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ⁽¹⁾</u>	<u>Estimated Share of Overlapping Debt</u>
Governmental Unit:			
Debt repaid with property taxes: Moore County ⁽²⁾	\$ 5,297,095	20.10%	\$ 1,064,716
Subtotal, overlapping debt			1,064,716
Town of Southern Pines direct debt			5,285,286
Total direct and overlapping debt			<u>\$ 6,350,002</u>

Note:

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the Town. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the Town of Southern Pines. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident and therefore responsible for repaying the debt, of each overlapping government.

⁽¹⁾ *The percentage of overlapping debt applicable is calculated using taxable assessed property values. Applicable percentages were calculated by determining the portion of Moore County's taxable assessed value that is within the Town's boundaries and dividing it by the County's total taxable assessed value.*

⁽²⁾ *Information provided by Moore County Finance Department.*

Demographic and Economic Information

**Town of Southern Pines, North Carolina
Demographic Statistics
Last Ten Fiscal Years**

Table 12

Fiscal Year	Population ⁽¹⁾	Moore County Personal Income (in millions) ⁽²⁾	Moore County Per Capita Personal Income ⁽³⁾	Median Age ⁽⁴⁾	Moore County Unemployment Rate ⁽⁵⁾
2014	13,089	4,020	43,172	45.3	6.0%
2015	13,310	4,221	44,701	45.1	6.1%
2016	13,461	4,327	45,181	46.0	5.1%
2017	13,756	4,793	49,286	46.2	4.1%
2018	13,978	5,063	51,307	46.5	4.1%
2019	14,224	5,237	51,193	44.0	4.4%
2020	14,657	5,634	54,514	44.0	6.0%
2021	15,545	6,245	60,775	43.1	5.6%
2022	15,607	⁽⁶⁾	⁽⁶⁾	⁽⁶⁾	3.3%
2023	15,961	⁽⁶⁾	⁽⁶⁾	⁽⁶⁾	3.7%

⁽¹⁾ N.C. Office of State Budget and Management.

⁽²⁾ Information is not available for the Town of Southern Pines. County data is from the U.S. Department of Commerce, Bureau of Economic Analysis.

⁽³⁾ Information is not available for the Town of Southern Pines. County data is from the U.S. Department of Commerce, Bureau of Economic Analysis.

⁽⁴⁾ Information is not available for the Town of Southern Pines. County data is from the U.S. Department of Commerce, Bureau of Economic Analysis.

⁽⁵⁾ Information is not available for the Town of Southern Pines. County data is from the U.S. Department of Commerce, Bureau of Economic Analysis.

⁽⁶⁾ Information not yet available.

**Town of Southern Pines, North Carolina
Principal Employers
Current Year and Nine Years Ago**

Table 13

<u>Employer</u>	2023			2014		
	<u>Employees</u> ⁽¹⁾	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u> ⁽¹⁾	<u>Rank</u>	<u>Percentage of Total County Employment</u>
First Health Of the Carolinas	1,000 & over	1	N/A	1,000 & over	1	N/A
Moore County Schools	1,000 & over	2	N/A	1,000 & over	2	N/A
Pinehurst LLC	1,000 & over	3	N/A	1,000 & over	3	N/A
County of Moore	500 - 999	4	N/A	500 - 999	4	N/A
Sandhills Community College	500 - 999	5	N/A	500 - 999	5	N/A
Pinehurst Medical Clinic, Inc.	250 - 499	6	N/A	250 - 499	8	N/A
Pinehurst Surgical Clinic PA	500 - 499	7	N/A	⁽²⁾	-	N/A
Harris Teeter	250 - 499	8	N/A	⁽²⁾	-	N/A
Food Lion LLC	250 - 499	9	N/A	250 - 499	9	N/A
Wal-Mart Associates Inc	250 - 499	10	N/A	250 - 499	7	N/A
St. Joseph of the Pines	⁽²⁾	-	N/A	500 - 999	6	N/A
Bufords Tree LLC	⁽²⁾	-	N/A	250 - 499	10	N/A
Total	<u>N/A</u>		<u>N/A</u>	<u>N/A</u>		<u>N/A</u>

Source: Department of Commerce, Labor and Economic Analysis Division, QCEW Unit

Note: Data cannot be segregated for Southern Pines, data above is for Moore County.

⁽¹⁾ Per the NC Employment Security Commission, Labor Market Division Employee figures were compiled for statistical purposes on a range basis only.

⁽²⁾ Not within top ten ranking.

N/A - Not Available

Town of Southern Pines, North Carolina
Commercial Activity
Last Ten Fiscal Years

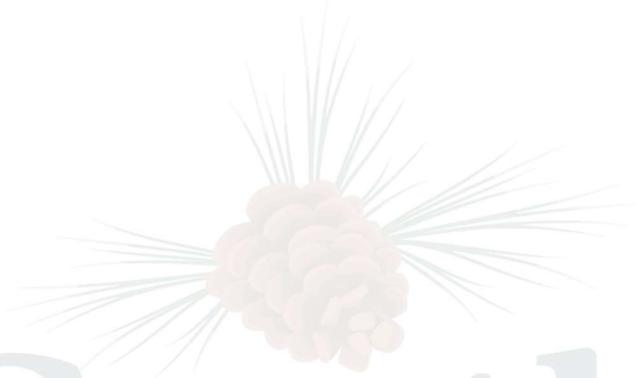
Table 14

Fiscal Year	Building Permits ⁽¹⁾						Bank Deposits ⁽²⁾
	Residential		Commercial		Total		
	Number	Value	Number	Value	Number	Value	
2014	115	\$ 26,339,766	12	\$ 27,396,373	127	\$ 53,736,139	\$ 1,849,016,000
2015	148	36,511,428	15	9,690,000	163	46,201,428	1,863,054,000
2016	156	33,509,123	13	10,155,861	169	43,664,984	2,022,965,000
2017	165	39,646,481	10	14,506,245	175	54,152,726	2,106,486,000
2018	100	26,668,459	7	30,700,000	107	57,368,459	2,255,126,000
2019	133	34,666,663	11	7,343,756	144	42,010,419	2,183,257,000
2020	146	34,849,892	13	15,221,576	159	50,071,468	2,384,558,000
2021	406	91,369,397	76	42,817,250	482	134,186,647	3,165,400,000
2022	366	84,994,265	73	15,491,521	439	100,485,786	3,160,067,000
2023	222	31,319,766	81	59,873,147	303	91,192,913	3,026,876,000

⁽¹⁾ Compiled by Town of Southern Pines Planning and Inspections Department.

⁽²⁾ Federal Deposit Insurance Corporation Summary of Deposits data.

Operating Information



Southern Pines

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**Town of Southern Pines, North Carolina
Employee Position Authorization by Function
Last Ten Fiscal Years**

Table 15

Function/Program	Full-Time Equivalent Employees as of June 30									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General government:										
Administration	11.0	6.0	6.0	6.0	6.0	6.0	6.0	7.0	7.0	7.0
Information Technology	2.0	2.0	2.0	3.0	3.0	3.0	4.0	4.0	4.0	5.0
Financial Services ⁽¹⁾	-	5.0	5.0	5.0	6.0	6.0	6.0	6.0	6.0	6.0
Public works administration	3.5	4.0	4.0	4.0	4.0	4.0	4.0	3.0	4.0	4.0
Garage	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Building and Grounds	21.0	22.0	22.0	22.0	22.0	22.0	10.0	10.0	10.0	10.0
Public safety:										
Police ⁽³⁾	42.5	46.5	46.5	46.5	50.5	50.5	50.5	50.5	52.0	53.0
Fire ⁽²⁾⁽³⁾	27.5	27.5	27.5	27.5	27.5	33.0	33.0	33.0	33.0	33.0
Transportation	10.0	10.0	10.0	10.0	10.0	10.0	15.0	15.0	15.0	15.0
Economic and physical development	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	11.0	12.0
Cultural and recreation:										
Recreation ⁽³⁾	5.5	5.0	5.0	5.0	5.0	5.0	12.0	12.0	13.0	13.0
Library ⁽³⁾	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0
Water/Sewer (Business activity)	22.0	21.0	21.0	21.0	23.0	23.0	24.0	24.0	23.0	23.0
Total	166.0	170.0	170.0	171.0	178.0	183.5	185.5	185.5	191.0	194.0

Source: Town of Southern Pines Finance Department

⁽¹⁾ Department was created in FY 2015, was previously included in Administration

⁽²⁾ Does not include volunteer personnel

⁽³⁾ Does not include seasonal temporary part-time employees

**Town of Southern Pines, North Carolina
Operating Indicators by Function/Program
Last Ten Fiscal Years**

**Table 16
(2 pages)**

Function/Program	2014	2015	2016	2017	2018
Public Safety:					
Police:					
Number of Part 1 Crimes	668	500	494	466	513
Number of Part A Crimes	(2)	(2)	(2)	(2)	(2)
Number of Part B Crimes	(2)	(2)	(2)	(2)	(2)
Number of Arrests	531	684	664	655	581
Number of Citations	1,223	1,466	1,235	1,236	1,149
Fire:					
Number of Fire Calls Answered	107	125	133	123	91
Number of EMS Calls Answered	640	653	656	671	699
Number of Hazard Condition Calls Answered	76	66	83	77	95
Number of Service Calls Answered	307	209	236	346	405
Number of Good Intent Calls Answered	252	224	249	254	267
Number of False Alarm Calls Answered	332	280	350	392	371
Number of Weather-Related Calls Answered	9	18	17	126	45
Number of Fire Inspections	2,470	2,273	2,458	2,611	2,141
Planning and Inspections:					
Planning:					
Conditional use Permits Issued	6	3	3	5	9
Final Plats	15	2	44	77	76
Rezoning Applications/Ordinance Amendments	5	4	4	-	7
Annexations	-	2	3	-	6
Inspections:					
Building Permits Issued	127	163	167	175	163
Alteration or Addition Permits	189	178	185	214	402
Electrical Permits	107	90	95	162	128
Mechanical Permits	477	420	501	48	485
Plumbing Permits	76	148	165	176	96
Cultural and Recreational:					
Recreation and Parks:					
Recreational Program Hours	7,736	8,834	8,265	6,865	6,389
Recreation programs	(2)	(2)	(2)	(2)	(2)
Enrolled Participants	22,613	23,863	21,234	19,463	17,592
Reservoir Park Visitors ⁽¹⁾	215,007	242,110	215,517	238,779	237,382
Library:					
Total Circulation	122,813	120,196	127,015	128,171	126,308
Library Attendance	84,993	85,830	86,180	86,804	89,814
Library Users Registered	6,275	6,217	6,283	7,530	7,632
Total Programs Held	466	590	585	688	716
Total Attendance at Programs	12,029	14,675	16,401	15,835	16,839
Water:					
Water Plant Capacity (millions of gallons per day)	11	11	11	11	11
Number of Utility Customers	8,690	8,839	9,063	9,443	9,716

Source: Town of Southern Pines Department Directors

⁽¹⁾ Amounts are estimated.

⁽²⁾ Information is not available.

Town of Southern Pines, North Carolina
Operating Indicators by Function/Program
Last Ten Fiscal Years

Table 16
(2 pages)

Function/Program	2019	2020	2021	2022	2023
Public Safety:					
Police:					
Number of Part 1 Crimes	371	98	(2)	(2)	(2)
Number of Part A Crimes	(2)	587	1,205	1,404	1,261
Number of Part B Crimes	(2)	195	580	583	561
Number of Arrests	537	463	513	651	596
Number of Citations	1,282	958	1,447	1,049	681
Fire:					
Number of Fire Calls Answered	155	159	203	225	189
Number of EMS Calls Answered	753	646	927	1,506	1,393
Number of Hazard Condition Calls Answered	81	79	85	120	89
Number of Service Calls Answered	323	396	322	119	166
Number of Good Intent Calls Answered	262	222	270	279	258
Number of False Alarm Calls Answered	357	387	364	380	311
Number of Weather-Related Calls Answered	139	36	24	98	43
Number of Fire Inspections	2,070	2,060	1,955	1,996	2,374
Planning and Inspections:					
Planning:					
Conditional use Permits Issued	12	5	1	4	1
Final Plats	38	50	57	60	34
Rezoning Applications/Ordinance Amendments	6	5	2	4	9
Annexations	9	4	1	9	6
Inspections:					
Building Permits Issued	144	156	329	204	207
Alteration or Addition Permits	166	326	162	232	186
Electrical Permits	169	149	162	570	332
Mechanical Permits	516	383	605	550	600
Plumbing Permits	81	79	111	234	281
Cultural and Recreational:					
Recreation and Parks:					
Recreational Program Hours	5,993	4,289	4,306	6,161	(2)
Recreation programs	(2)	(2)	(2)	(2)	1,420
Enrolled Participants	21,113	16,908	12,831	13,528	8,060
Reservoir Park Visitors ⁽¹⁾	226,967	252,522	247,236	257,748	250,423
Library:					
Total Circulation	130,953	109,932	118,390	159,478	19,341
Library Attendance	85,125	61,704	38,071	70,183	74,109
Library Users Registered	7,571	7,650	7,255	7,120	6,078
Total Programs Held	742	563	201	400	488
Total Attendance at Programs	18,173	13,746	1,977	7,661	10,756
Water:					
Water Plant Capacity (millions of gallons per day)	11	11	11	11	11
Number of Utility Customers	9,948	9,977	10,251	10,573	10,871

Source: Town of Southern Pines Department Directors

⁽¹⁾ Amounts are estimated.

⁽²⁾ Information is not available.

**Town of Southern Pines, North Carolina
Capital Assets by Function/Program
Last Ten Fiscal Years**

**Table 17
(2 pages)**

Function/Program	2014	2015	2016	2017	2018
Public Safety:					
Police:					
Police Stations	1	1	1	1	1
Patrol Units	27	30	29	34	35
Fire:					
Stations	1	1	1	1	1
Fire Suppression Vehicles	6	6	6	6	6
Rescue Vehicles	2	2	2	2	2
Cultural and Recreational:					
Recreation and Parks:					
Number of Parks	14	14	14	14	14
Number of Tennis Courts	8	8	8	8	8
Number of Pickleball Courts	-	-	-	-	-
Number of Athletic Fields Maintained	10	10	10	10	10
Number of Swimming Pools	1	1	1	1	1
Number of Lakes	1	1	1	1	1
Number of Picnic Shelters	7	7	7	7	7
Number of Performance Stages	-	-	1	1	1
Public Works and Utilities:					
Streets:					
Miles of Paved Streets	78.96	80.30	80.43	80.56	80.73
Miles of Unpaved Streets	1.30	1.24	1.11	0.98	0.74
Water:					
Number of Hydrants ⁽¹⁾	1,311	1,433	1,473	1,485	1,519
Water Mains (miles)	223.0	228.0	233.6	235.3	235.6
Number of Utility Customers (accounts)	8,690	8,839	9,063	9,443	9,716

Source: Town of Southern Pines Department Directors

⁽¹⁾ *Amounts are estimated.*

**Town of Southern Pines, North Carolina
Capital Assets by Function/Program
Last Ten Fiscal Years**

**Table 17
(2 pages)**

Function/Program	2019	2020	2021	2022	2023
Public Safety:					
Police:					
Police Stations	1	1	1	1	1
Patrol Units	33	33	33	33	35
Fire:					
Stations	1	2	2	2	2
Fire Suppression Vehicles	7	7	7	7	8
Rescue Vehicles	2	2	2	3	2
Cultural and Recreational:					
Recreation and Parks:					
Number of Parks	14	14	15	15	15
Number of Tennis Courts	8	8	8	8	6
Number of Pickleball Courts	-	-	-	-	6
Number of Athletic Fields Maintained	10	10	10	10	10
Number of Swimming Pools	1	1	1	1	1
Number of Lakes	1	1	1	3	3
Number of Picnic Shelters	7	7	7	7	7
Number of Performance Stages	1	1	1	1	1
Public Works and Utilities:					
Streets:					
Miles of Paved Streets	80.44	81.22	91.90	81.90	83.11
Miles of Unpaved Streets	0.60	0.42	0.42	-	0.42
Water:					
Number of Hydrants ⁽¹⁾	1,535	1,515	1,603	1,617	1,625
Water Mains (miles)	238.7	240.0	245.78	247	252
Number of Utility Customers (accounts)	9,948	9,977	10,251	10,573	10,871

Source: Town of Southern Pines Department Directors

⁽¹⁾ *Amounts are estimated.*

Type of Coverage	Details of Coverage	
Workman's Compensation	\$ 1,000,000 1,000,000 1,000,000	Bodily Injury by Accident-Each Accident Bodily Injury by Disease-Each Employee Bodily Injury by Disease-Coverage Limit
General Liability	5,000,000 2,500	Each Occurrence Deductible
Police Professional Liability	5,000,000 5,000,000 2,500	Each Occurrence and Annual Annual Aggregate Deductible
Public Officials Liability	5,000,000 5,000,000 10,000	Each Claim and Annual Annual Aggregate Deductible
Government Crime Coverage	50,000 250	Indemnification Deductible
Public Officials Bond Finance Officer	250,000 -	Liability Deductible
Automobile Liability	5,000,000 2,500	Per Occurrence Deductible
Auto Comprehensive	10,644,696 2,500	Actual Cash Value Valuation Deductible
Auto Collision	10,644,696 2,500	Actual Cash Value Valuation Deductible
Real & Personal Property	81,437,087 2,500	Cause of Loss Deductible per Occurrence Includes Boiler & Machinery
Municipal Equipment	1,955,387 2,500	Limits of Coverage Deductible per Occurrence
Fine Arts	1,062,400 1,000	Limits of Coverage Deductible per Occurrence

Source: Town of Southern Pines Risk Management Department

⁽¹⁾ Represents insurance in force on July 1, 2022. Insurance was renewed on July 1, 2023 for the fiscal year ended June 30, 2024.

Type of Coverage	Details of Coverage	
Computer Equipment/Media	\$ 1,330,557	Limits of Coverage
	500	Deductible
Impounded Auto/Comp	100,000	Limits of Coverage
	1,000	Deductible
Impounded Auto/Collision	100,000	Limits of Coverage
	1,000	Deductible

Source: Town of Southern Pines Risk Management Department

⁽¹⁾ Represents insurance in force on July 1, 2022. Insurance was renewed on July 1, 2023 for the fiscal year ended June 30, 2024.

WATER RATES

Minimum Charge:

<u>Meter Size</u>	<u>Inside Town</u>	<u>Outside Town</u>
3/4"	\$ 13.65	\$ 27.30
1"	22.40	44.80
1 1/2"	47.34	94.68
2"	82.29	164.58
3"	182.22	364.44
4"	322.01	644.02
6"	721.63	1,443.26
8"	1,281.07	2,562.12

Volume Charge per 1,000 Gallons:

<u>Inside Town</u>	<u>Outside Town</u>
\$ 3.70	\$ 7.40

SEWER RATES

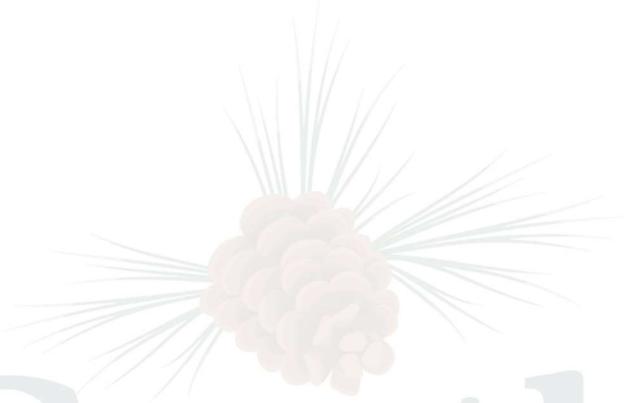
Minimum Charge:

<u>Meter Size</u>	<u>Inside Town</u>	<u>Outside Town</u>
3/4"	\$ 7.10	\$ 14.20
1"	9.24	18.48
1 1/2"	15.24	30.48
2"	23.72	47.44
3"	47.84	95.68
4"	81.60	163.20
6"	178.16	356.32
8"	313.34	626.68

Volume Charge per 1,000 Gallons:

<u>Inside Town</u>	<u>Outside Town</u>
\$ 6.68	\$ 13.36

Compliance Section



Southern Pines

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Independent Auditor's 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*

Honorable Mayor and Members of the Town Council
Town of Southern Pines
Southern Pines, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Southern Pines, North Carolina ("Town"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprises the Town's basic financial statements, and have issued our report thereon dated November 30, 2023.

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 audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

FORVIS

Report on Compliance and Other Matters

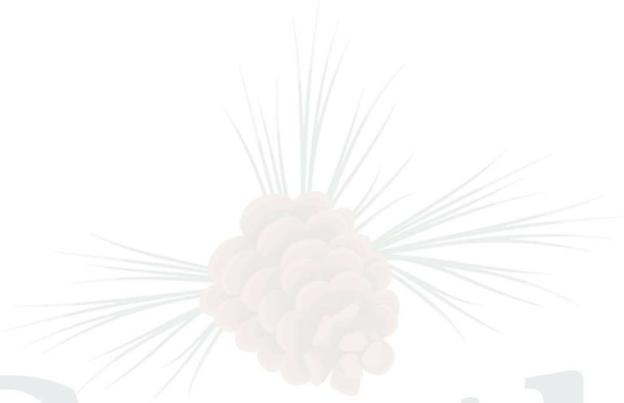
As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

FORVIS, LLP

**High Point, North Carolina
November 30, 2023**



Southern Pines

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