

Town of Southern Pines, North Carolina

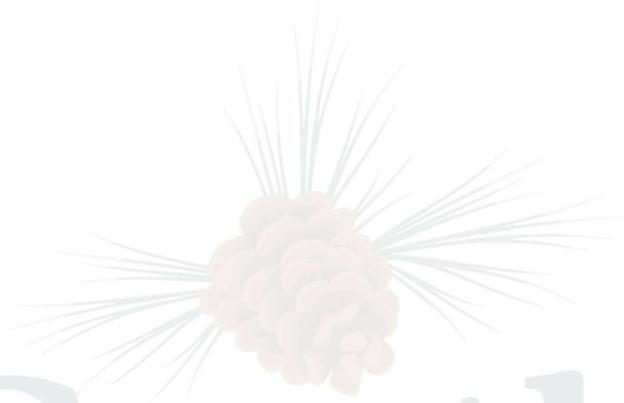
Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2024

Prepared by the Department of Finance

Tess Brubaker-Speis, Director of Finance





Southern Pines

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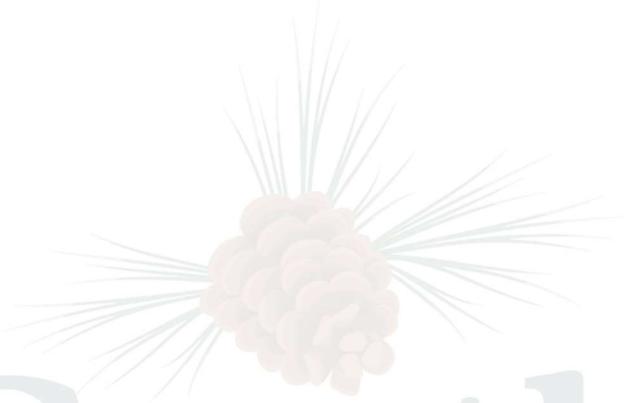
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Introductory Section



Southern Pines

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

November 26, 2024

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, 2024 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 Mazars, 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, 2024, 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, 2024, 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 2024 population of approximately 16,896 and encompasses 18.49 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. Recent location of a second United States Golf Association (USGA) Headquarters in Pinehurst and a resulting commitment to future, and more often, U.S. Open Championships to be held locally has been but one positive impact on the continued growth of visitor dollars being spent in the Moore County economy. Hotels continue to run very high occupancy rates, and additional properties are being considered for the area.

The Morganton Park North mixed-use development is nearly built-out, with phase one of a multi-phase plan involving a Pinehurst Surgical and FirstHealth partnership for a surgery center underway, as well as D.R. Horton's construction of apartments and a small commercial center. In addition, fundraising toward the construction of a YMCA facility on former Town-owned land on the north side of Morganton is underway.

The Target shopping center has been recently completed and a vast majority of the shops located in it have opened to substantial success. The 260+/- unit apartment complex being developed by Zimmer continues to move forward while a BJ's Wholesale Club with a separate Starbucks out lot and gas station is under construction with a planned January 2025 opening. Midland Atlantic continues to refine plans for additional properties located within Morganton Park South, further supporting the Municipal Service District (MSD) created around the Carolina Green Parkway.

Additional construction projects can be found around the jurisdiction, including the completion of BHAWK Distillery off of Yadkin, plans for a distribution center locating in the long dormant Southern Pines Corporate Park, completion of an enlarged ACE Hardware with future out lots consisting of restaurants and a new ABC storefront and warehousing facility.

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 2024, 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.

Town staff continue to work toward implementing aspects of the adopted Comprehensive Long-range Plan (CLRP) that will help guide development, and specifically the codes enabling it, for the foreseeable future. Changes in code resulting in fewer quasi-judicial hearings by the Council have been made, and efforts around tree preservation and the creation of individual character districts will be heard by the elected body before the end of calendar year.

From a facilities standpoint, a new skatepark is nearly complete and scheduled for use before the end of calendar year 2024. Upgrades to the Carriage House at Whitehall are also underway, anticipated in 2024 with funding from the Town, a local 501(c)(3) and the Convention and Visitor's Bureau. Plans to upfit the Old Library building downtown in addition to the Administration building have been placed on hold. Town Council will need to revisit the subject of future space, in addition to the level of maintenance and effort that will be necessary to continue any operations out of our older structures. Additional Bennett Street sidewalks were installed in 2024, and a project currently underway will provide a full connection between Morganton Road and Pennsylvania Avenue.

Sewer and water line replacements and improvements continued during 2024, as well as storm water replacements and capital work at the Water Treatment Plant. The water line project serving our eventual north pressure zone was completed and engineering toward the eventual water tank supporting the project is underway. The main transmission line through Aberdeen is in the process of being relocated by NCDOT contractors, and projects involving distribution along that line will be forthcoming as part of the NCDOT US1 project getting underway. The Town continues to seek additional funding toward the necessary projects at our old reservoir.

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, 2023. This was the thirty-third 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 Masars, 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

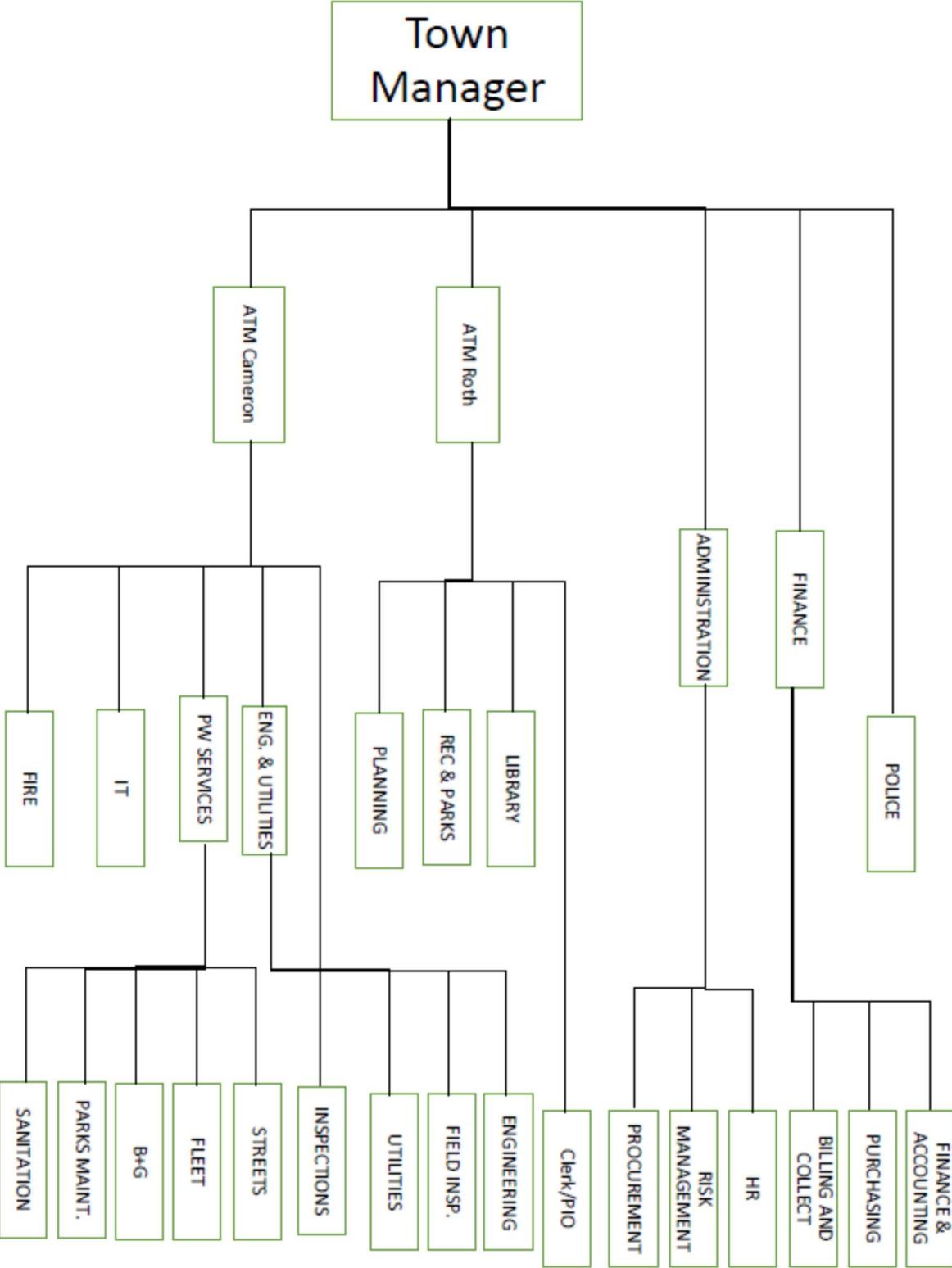
June 30, 2023

Christopher P. Morill

Executive Director/CEO

TOWN OF SOUTHERN PINES

ORGANIZATIONAL CHART June 30, 2024



TOWN OF SOUTHERN PINES

LIST OF PRINCIPAL OFFICIALS

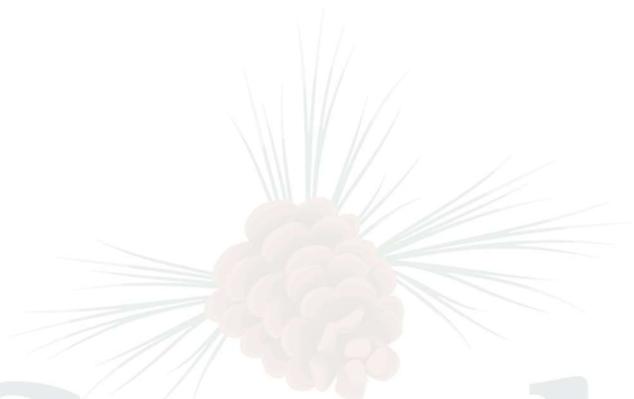
June 30, 2024

TOWN COUNCIL

Taylor Clement	Mayor
Bill Pate	Mayor Pro-tem
Ann Petersen	Treasurer
Debra Gray	Council Member
Brandon Goodman	Council Member

TOWN OFFICIALS

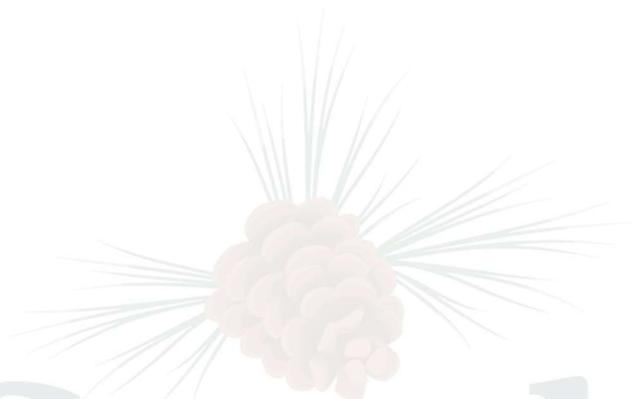
Reagan D. Parsons	Town Manager
Mac McCarley	Town Attorney
Jessica Roth	Assistant Town Manager
Mike Cameron	Assistant Town Manager & Fire Chief
Tess Brubaker-Speis	Director of Finance
Greg Thompson	Director of Parks & Recreation
Bruce Rosenberger	Director of Administrative Services
Nicholas Polidori	Chief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

A detailed illustration of a pine cone with its needles, rendered in a light, muted green and brown color palette. The pine cone is positioned at the top center of the page, above the main title.

Southern Pines

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Financial Section

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Southern Pines

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

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, 2024, 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, 2024, 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 Opinion

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 Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, 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 inquires 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 Schedule of Expenditures of Federal and State Awards is presented for purposes of additional analysis as required by the State Single Audit Implementation Act, and is also not a required part of the basic financial statements. Such information is 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 Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2024, 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 Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the Town's internal control over financial reporting and compliance.

Forvis Mazars, LLP

**Winston-Salem, North Carolina
November 26, 2024**

**Town of Southern Pines
Management's Discussion and Analysis
June 30, 2024**

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, 2024. 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.

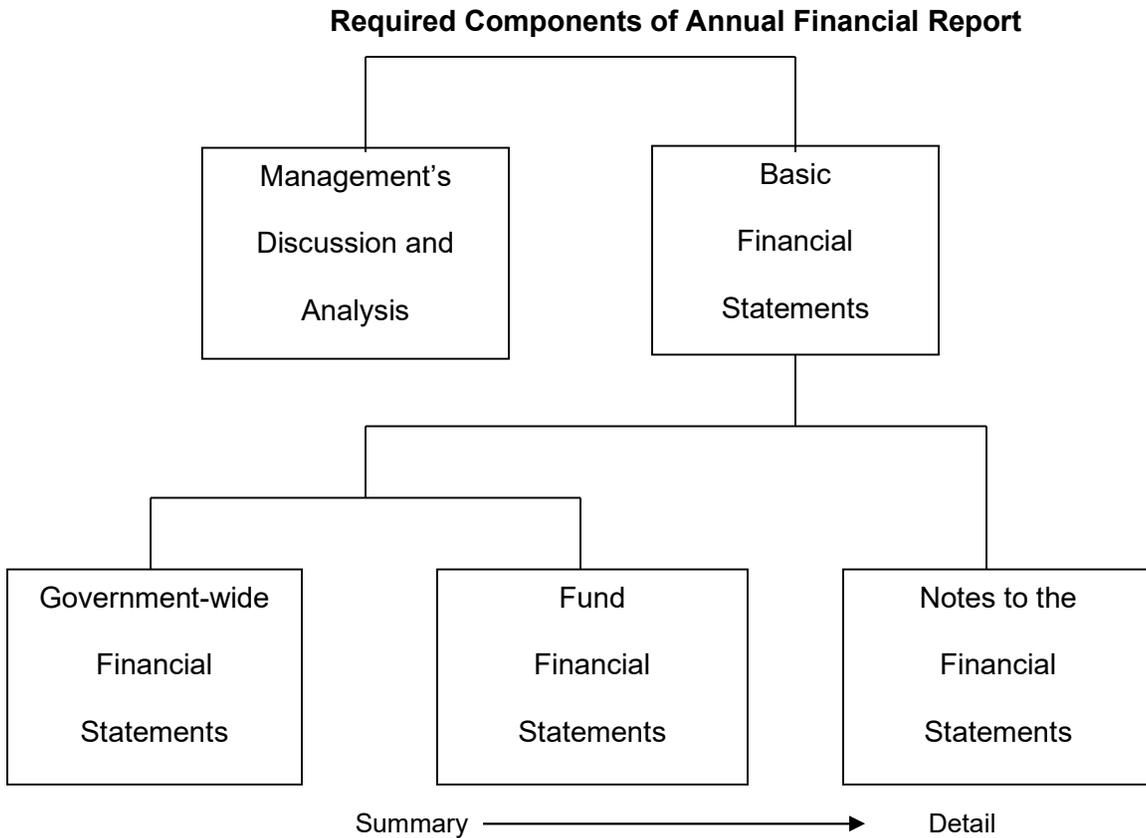
Financial Highlights

- 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 \$133,397,158 (net position).
- The government's total net position increased by \$8,682,967, due to an increase in both the governmental activities and the business type activities net position. This was the result of an increase in capital grants and contributions largely due to donated easements and infrastructure, higher investment earnings, lower debt service expenses after paying off two financing agreements, and 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 \$29,085,597, an increase of \$5,954,270 in comparison with the prior year. Approximately 11.68 percent of the total ending fund balance amount, or \$3,397,183, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$11,239,894 or 45.43 percent of total General Fund expenditures for the fiscal year.
- The Town of Southern Pines' total debt increased by \$5,952,535 or 105.15 percent during the current fiscal year. The increase was due to new debt obtained in the amount of \$6,960,000 for the municipal service district, offset by scheduled principal payments on existing debt obligations.
- The Town maintained its A2 bond rating from Moody's Investors Services for the 26th consecutive year, as well as its AA- from Standard and Poor's for the 16th 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.

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.

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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 65 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.

**Town of Southern Pines
Management's Discussion and Analysis
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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	
	2024	2023	2024	2023	2024	2023
Assets						
Current and other assets	\$ 33,450,635	\$ 27,688,739	\$ 24,281,724	\$ 21,143,028	\$ 57,732,359	\$ 48,831,767
Capital assets	51,136,930	47,325,422	49,622,054	44,940,860	100,758,984	92,266,282
Total assets	84,587,565	75,014,161	73,903,778	66,083,888	158,491,343	141,098,049
Deferred outflows of resources						
Pension	5,333,594	4,951,706	493,084	471,661	5,826,678	5,423,367
Total deferred outflows of resources	5,333,594	4,951,706	493,084	471,661	5,826,678	5,423,367
Liabilities						
Long term liabilities outstanding	22,074,051	14,636,739	1,207,038	1,147,038	23,281,089	15,783,777
Other liabilities	1,912,029	1,925,497	2,745,492	802,959	4,657,521	2,728,456
Total liabilities	23,986,080	16,562,236	3,952,530	1,949,997	27,938,610	18,512,233
Deferred inflows of resources						
Pensions	741,173	781,864	24,387	13,560	765,560	795,424
Deferred lease revenue	2,216,693	2,499,568	-	-	2,216,693	2,499,568
Total deferred inflows of resources	2,957,866	3,281,432	24,387	13,560	2,982,253	3,294,992
Net position:						
Net investment in capital assets	39,722,447	41,411,965	47,070,921	44,583,360	86,793,368	85,995,325
Restricted	3,156,730	2,735,025	-	-	3,156,730	2,735,025
Unrestricted	20,098,036	15,975,209	23,349,024	20,008,632	43,447,060	35,983,841
Total net position	\$ 62,977,213	\$ 60,122,199	\$ 70,419,945	\$ 64,591,992	\$ 133,397,158	\$ 124,714,191

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 \$133,397,158 as of June 30, 2024. The Town's net position increased by \$8,682,967 for the fiscal year ended June 30, 2024, in total for governmental and business-type activities.

By far, the largest portion of the Town's net position, \$86,793,368 or 65.06%, 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, \$3,156,730 or 2.37%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$43,447,060 is unrestricted and may be used to meet the Town's ongoing obligations to citizens and creditors.

**Town of Southern Pines
Management’s Discussion and Analysis
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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 99.87%, which is greater than the last reported statewide average of 98.96%.
- Increased ad valorem tax revenues of approximately \$749,270 due to economic growth in the Town, a county-wide property revaluation effective January 1, 2023 which significantly increased appraised property value, partially offset by the decrease in property tax rates.
- 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	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges for services	\$ 3,760,599	\$ 3,403,080	\$ 11,976,527	\$ 10,685,587	\$ 15,737,126	\$ 14,088,667
Operating grants and contributions	935,500	5,258,699	-	-	935,500	5,258,699
Capital grants and contributions	225,913	2,290,708	1,677,612	1,201,201	1,903,525	3,491,909
General revenues:						
Property taxes	13,050,996	12,298,043	-	-	13,050,996	12,298,043
Other taxes	8,495,717	7,962,673	-	-	8,495,717	7,962,673
Other	1,739,832	1,410,523	2,486,812	2,035,645	4,226,644	3,446,168
Total revenues	<u>28,208,557</u>	<u>32,623,726</u>	<u>16,140,951</u>	<u>13,922,433</u>	<u>44,349,508</u>	<u>46,546,159</u>
Expenses:						
General government	7,679,057	6,694,377	-	-	7,679,057	6,694,377
Public safety	11,202,870	9,850,481	-	-	11,202,870	9,850,481
Cultural and recreation	2,951,938	2,781,535	-	-	2,951,938	2,781,535
Transportation	2,075,371	2,021,819	-	-	2,075,371	2,021,819
Economic & physical development	1,238,237	1,400,220	-	-	1,238,237	1,400,220
Interest on long-term debt	128,535	116,490	-	-	128,535	116,490
Water and sewer	-	-	10,390,533	9,682,153	10,390,533	9,682,153
Total expenses	<u>25,276,008</u>	<u>22,864,922</u>	<u>10,390,533</u>	<u>9,682,153</u>	<u>35,666,541</u>	<u>32,547,075</u>
Transfers	(77,535)	(743,022)	77,535	743,022	-	-
Change in net position	<u>2,855,014</u>	<u>9,015,782</u>	<u>5,827,953</u>	<u>4,983,302</u>	<u>8,682,967</u>	<u>13,999,084</u>
Net position, beginning	<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>
Net position, June 30	<u>\$ 62,977,213</u>	<u>\$ 60,122,199</u>	<u>\$ 70,419,945</u>	<u>\$ 64,591,992</u>	<u>\$ 133,397,158</u>	<u>\$ 124,714,191</u>

Governmental activities - Governmental activities increased the Town’s net position by \$2,855,014, thereby accounting for 32.88% 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**

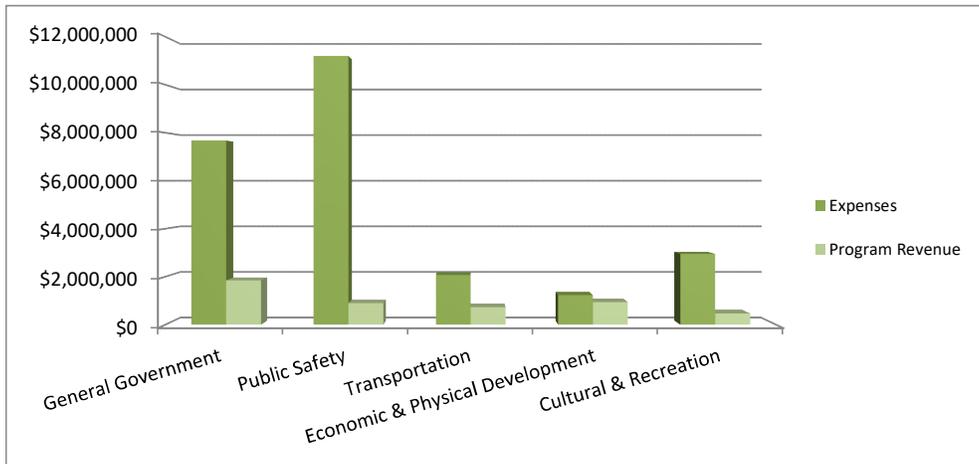
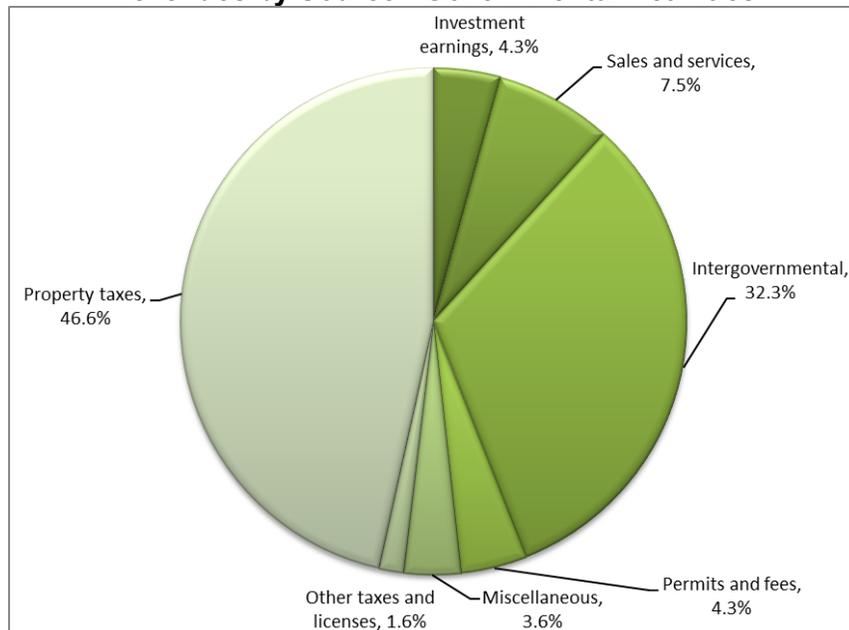


Figure 5:

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

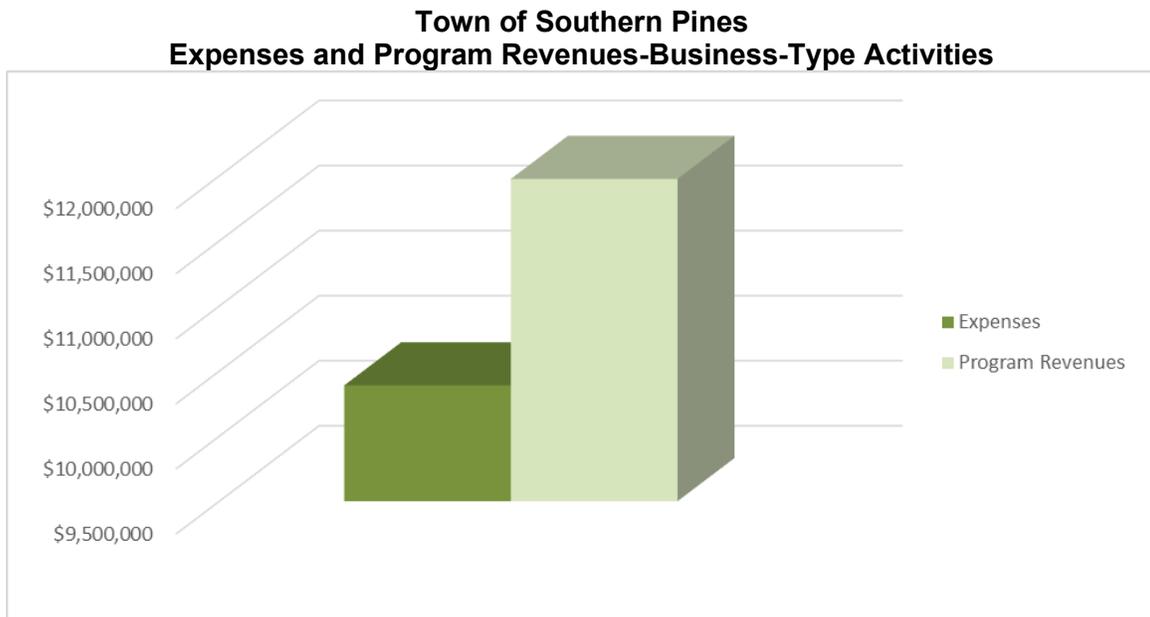


Business-type activities - Business-type activities increased the Town’s net position by \$5,827,953, accounting for 67.12% of the total increase in the net position of the Town.

The Key elements of the increase are as follows:

- Capital grants and contributions in the amount of \$1,677,612.
- Charges for services increased due to an increase in water sales and sewer revenue.

Figure 6:



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 \$11,239,894, while total fund balance decreased to \$18,614,112 primarily due to a capital project fund transfer to pay cash for two large fire trucks and without the reoccurrence of the one-time ARPA funds received in the 2022-2023 fiscal year. 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

**Town of Southern Pines
Management's Discussion and Analysis
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balance of 45.43 percent of General Fund expenditures, while total fund balance represents 75.24 percent of that same amount.

At June 30, 2024, the governmental funds of the Town reported a combined fund balance of \$29,085,597 with a net increase in fund balance of \$5,954,270. Included in this change in fund balance is a decrease to the General Fund and increases to the Municipal Service District #1 Special Revenue Fund and capital project fund balances.

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 \$3,227,686 net increase in appropriations between the original and final amended budget. Key components of the amendments are as follows:

- transfers to the Fire Trucks Capital Project Fund totaling \$2,577,365 to purchase a ladder truck and fire engine,
- transfer to the Sidewalks-Phase II Capital Project Fund in the amount of \$70,000 for the Bennett Street sidewalk project,
- an appropriation in the Buildings & Grounds Department in the amount of \$77,895 to purchase a 60-foot lift,
- appropriations and adjustments to various departments totaling \$279,030 to record GASB 96 agreements,
- an appropriation in the Fire Department in the amount of \$170,477 to purchase a brush truck,
- transfer to the Bike Transportation Capital Project Fund in the amount of \$181,675 for the remainder of the Town's financial obligation to NC Department of Transportation for the Knoll Road path,
- transfer to the Streambank Stabilization Capital Project Fund in the amount of \$60,000 to fund the stabilization of erosion of the streambank behind the Fire and Police Stations,
- transfer to a capital project fund in the amount of \$33,488 to the Recreation Improvements Fund for additional work required to the base levels of both playground resurfacing projects, and
- an appropriation in the Legislation Department in the amount of \$22,500 for municipal primary election expenditures and solid waste consulting fees.

The actual operating revenues for the General Fund were greater than the final budgeted amount by \$4,716,683. Unrestricted intergovernmental revenues were \$2,340,778 greater than budgeted due primarily to the conservative amount budgeted for local option sales tax and utility franchise taxes. The permits and fees revenue category was \$570,895 greater than budgeted due to conservative budgeting in the building inspections area. Ad valorem taxes also were \$374,399 greater than the amount budgeted due to a conservative budgeted collection rate and valuation.

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The actual operating expenses for the General Fund were less than the final budgeted amount by \$2,558,890. General government, public safety, transportation, economic and physical development and cultural and recreational realized a savings of \$928,534, \$713,317, \$143,140, \$352,364 and \$420,380, respectively, due primarily to personnel vacancies and projects that were in process but not complete by year-end.

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 \$23,349,024. The total change in net position was an increase of \$5,827,953. The change in net position is due to an increase in operating revenues, an increase in capital assets due to the donation of easements and water and sewer lines by developers and individuals, and a decrease in debt payments since an installment purchasing agreement was paid off in the prior year. A four 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, 2024 totals \$100,758,984 (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

- Paving projects including annual resurfacing, reconstruction of New York Avenue, and Douglass Community Center parking lot totaling \$866,134.
- Sidewalk installation along South Bennett Street in the amount of \$312,777.
- Various storm drainage improvements totaling \$54,525.
- Building improvements in the amount of \$209,317 including exterior paint at the train station and electrical equipment replacements at the Library and the Campbell House.
- Recreation improvements in the amount of \$356,885 for play surface replacement at Downtown Park and Pool Park as well as pool resurfacing and repairs.
- Purchase of two yard debris trucks and one leaf collection truck totaling \$691,831.
- Fire Department brush truck purchase for \$172,483.
- Various additional purchases of vehicles and motorized equipment totaling \$380,843.
- Land improvements of \$740,489 for the design and stabilization of the streambank behind the police and fire stations was transferred from construction in progress.
- Police Department digital recording system replacements of \$71,836.

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- Construction in progress of \$4,631,531 in governmental-type activities for engineering and design of the Knoll Road pedestrian and bicycle path, purchase of a pumper truck and ladder truck for the Fire Department currently under construction, improvements to reservoir park dam, and design and construction documents for the Carriage House at Whitehall.
- Lease assets for yard waste truck cameras and police cameras in the amount of \$68,997.
- SBITA right to use asset additions, including a Public Works work order system, a Town-wide performance measurement system, and other various subscriptions totaling \$334,798.

Retirements

- Disposals and surplused assets in the amount of \$1,097,274.
- The transfer of construction in progress to capital assets in the amount of \$2,662,627.

Proprietary Funds

Additions

- Construction in progress of \$5,663,056 for water and sewer improvements.
- The addition of intangible assets consisting of water and sewer easements in the amount of \$314,776.
- Equipment purchases in the amount of \$558,031 which consist of a mini excavator, sewer easement machine, trailer, trench shield, and two generators for the raw water and reservoir pump stations from a capital project fund.
- Annual sewer lining program of \$276,090 to protect the infrastructure.
- Annual manhole rehabilitation program 2024 project costs of \$66,042.
- Plant and distribution system increase in the amount of \$6,657,851, which consist of water and sewer lines donated by developers and a lift station replacement, waterline upgrade, sewer upgrades, two lift station rehabilitations, and significant water treatment plant equipment modernizations from multiple capital project funds.
- Land acquisition in the amount of \$58,911 for the Warrior Woods lift station project.

Retirements

- Transfers, disposals and surplus equipment in the amount of \$38,840.
- The transfer of construction in progress to capital assets in the amount of \$6,893,961.

**Town of Southern Pines
Management's Discussion and Analysis
June 30, 2024**

Figure 7:

Town of Southern Pines Capital Assets						
	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 13,431,777	\$ 13,431,777	\$ 599,444	\$ 540,533	\$ 14,031,221	\$ 13,972,310
Buildings and improvements	15,756,608	16,065,880	1,300,634	1,344,162	17,057,242	17,410,042
Other improvements	5,193,194	4,063,518	5,719	7,224	5,198,913	4,070,742
Machinery and equipment	127,302	181,864	2,063,590	1,943,059	2,190,892	2,124,923
Infrastructure	8,090,779	7,690,836	-	-	8,090,779	7,690,836
Plant and distribution systems	-	-	37,854,588	32,391,674	37,854,588	32,391,674
Vehicles and motorized equipment	3,334,447	2,772,595	-	-	3,334,447	2,772,595
Furniture, fixtures, and other equipment	1,084,674	1,091,645	-	-	1,084,674	1,091,645
Intangibles	106,753	173,402	3,935,841	3,621,065	4,042,594	3,794,467
Intangibles in progress	196,853	196,853	-	-	196,853	196,853
Construction in progress	3,129,176	1,160,272	3,862,238	5,093,143	6,991,414	6,253,415
Lease assets	265,864	218,028	-	-	265,864	218,028
Subscription assets	419,503	278,752	-	-	419,503	278,752
Total Capital Assets (net of accumulated depreciation)	\$ 51,136,930	\$ 47,325,422	\$ 49,622,054	\$ 44,940,860	\$ 100,758,984	\$ 92,266,282

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, 2024, 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 increased by a net amount of \$5,879,010 or 109.83 percent.

Included in the long-term debt category is the installment financing of 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 Municipal Service District Parkway that was issued in 2024. The total outstanding balance of debt as of June 30, 2024 is \$11,231,879.

Figure 8:

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

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
General Obligation Bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Installment Debt	10,901,879	4,995,369	330,000	357,500	11,231,879	5,352,869
Total	\$ 10,901,879	\$ 4,995,369	\$ 330,000	\$ 357,500	\$ 11,231,879	\$ 5,352,869

As mentioned in the financial highlights section of this document, the Town maintained its A2 bond rating from Moody’s Investors Services for the 26th consecutive year, as well as its AA- from Standard and Poor’s for the 16th 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 \$345,942,249, 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 13 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 4.0% as of June 30, 2024. The unemployment rate is slightly lower than the State average.

Commercial and residential activity remain strong throughout the Town. While the value of commercial building permits decreased 30.1% over the previous fiscal year, it was still the third highest year of commercial permits in the past ten years. Residential permit values increased 190.0%.

The fiscal year ending June 30, 2025 budget is balanced and represents a decrease of 5.38% in the governmental activities operational budget while revenue growth remains consistent. Included in governmental activities budget is a transfer of \$2,436,702 to capital project funds.

The fiscal year ending June 30, 2025 business-type operational budget reflects an increase of 5.8%. Included in the budget are transfers to capital project funds for funding of long-term capital planning in the amount of \$2,955,000.

**Town of Southern Pines
Management's Discussion and Analysis
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Governmental Activities: The 2025 budget does not include a tax rate increase. Unrestricted intergovernmental revenue is budgeted to increase in the local option sales tax revenue category, sales and services revenue is budgeted to increase with the implementation of a new recycling program fee, and investment earnings are also budgeted to increase. 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 2024-2025 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, 2024

Exhibit 1
(2 pages)

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 20,213,016	\$ 18,970,740	\$ 39,183,756
Receivables - net:			
Property taxes	28,885	-	28,885
Accrued interest receivable on taxes	5,866	-	5,866
Due from other governments	2,295,937	1,014,375	3,310,312
Accounts receivable	669,402	-	669,402
Accrued interest	144,541	110,773	255,314
Sales tax	193,772	96,369	290,141
Assessments	2,305	49,983	52,288
Customers	-	2,007,379	2,007,379
Lease receivable	346,923	-	346,923
Other	-	6,196	6,196
Inventories	56,977	-	56,977
Prepays	97,825	-	97,825
Restricted cash and investments	7,439,765	2,025,909	9,465,674
Total current assets	31,495,214	24,281,724	55,776,938
Noncurrent Assets			
Lease receivable, noncurrent	1,955,421	-	1,955,421
Capital assets			
Lease assets, net of amortization	265,864	-	265,864
Subscription assets, net of amortization	419,115	-	419,115
Land, non-depreciable improvements, and construction in progress	16,757,806	4,461,682	21,219,488
Intangibles - easements	-	3,935,841	3,935,841
Other capital assets, net of depreciation	33,694,145	41,224,531	74,918,676
Total capital assets	51,136,930	49,622,054	100,758,984
Total noncurrent assets	53,092,351	49,622,054	102,714,405
Total assets	84,587,565	73,903,778	158,491,343
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	5,333,594	493,084	5,826,678
Total deferred outflows of resources	5,333,594	493,084	5,826,678

Town of Southern Pines, North Carolina
Statement of Net Position
June 30, 2024

Exhibit 1
(2 pages)

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	\$ 1,317,382	\$ 2,623,432	\$ 3,940,814
Payable from restricted assets - customer deposits	488,218	122,060	610,278
Unearned revenue	106,429	-	106,429
Current portion of pension liability - LEO	70,695	-	70,695
Current maturities of long-term debt	1,143,291	63,933	1,207,224
Total current liabilities	3,126,015	2,809,425	5,935,440
Noncurrent Liabilities			
Pension liability - LGERS	7,985,619	817,854	8,803,473
Pension liability - LEO, net of current	2,021,539	-	2,021,539
Due in more than one year	10,852,907	325,251	11,178,158
Total noncurrent liabilities	20,860,065	1,143,105	22,003,170
Total liabilities	23,986,080	3,952,530	27,938,610
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	741,173	24,387	765,560
Deferred lease revenue	2,216,693	-	2,216,693
Total deferred inflows	2,957,866	24,387	2,982,253
NET POSITION			
Net investment in capital assets	39,722,447	47,070,921	86,793,368
Restricted for			
Stabilization by State Statute	3,032,371	-	3,032,371
Cemetery perpetual care			
Expendable	124,359	-	124,359
Unrestricted	20,098,036	23,349,024	43,447,060
Total net position	\$ 62,977,213	\$ 70,419,945	\$ 133,397,158

Town of Southern Pines, North Carolina
Statement of Activities
Year Ended June 30, 2024

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		
					Governmental Activities	Business-Type Activities	Total
Primary Government							
Governmental activities							
General government	\$ 7,679,057	\$ 1,814,868	\$ 26,787	\$ 26,376	\$ (5,811,026)	\$ -	\$ (5,811,026)
Public safety	11,202,879	554,782	349,196	-	(10,298,901)	-	(10,298,901)
Transportation	2,075,282	68,630	546,561	120,966	(1,339,125)	-	(1,339,125)
Economic and physical development	1,254,487	945,764	-	-	(308,723)	-	(308,723)
Cultural and recreation	2,951,885	366,105	29,206	78,571	(2,478,003)	-	(2,478,003)
Cemetery	-	10,450	-	-	10,450	-	10,450
Interest on long-term debt	128,535	-	-	-	(128,535)	-	(128,535)
Total governmental activities	<u>25,292,125</u>	<u>3,760,599</u>	<u>951,750</u>	<u>225,913</u>	<u>(20,353,863)</u>	<u>-</u>	<u>(20,353,863)</u>
Business-type activities							
Water and sewer	10,390,533	11,976,527	-	1,677,612	-	3,263,606	3,263,606
Total business-type activities	<u>10,390,533</u>	<u>11,976,527</u>	<u>-</u>	<u>1,677,612</u>	<u>-</u>	<u>3,263,606</u>	<u>3,263,606</u>
Total Primary Government	<u>\$ 35,682,658</u>	<u>\$ 15,737,126</u>	<u>\$ 951,750</u>	<u>\$ 1,903,525</u>	<u>(20,353,863)</u>	<u>3,263,606</u>	<u>(17,090,257)</u>
General Revenues							
Ad valorem taxes					13,050,996	-	13,050,996
Unrestricted intergovernmental					6,959,596	-	6,959,596
Alcoholic Beverage Tax					282,779	-	282,779
Franchise taxes					1,253,351	-	1,253,351
Investment earnings					1,199,187	957,966	2,157,153
Miscellaneous					502,452	1,528,846	2,031,298
Gain on disposal					38,051	-	38,051
Total general revenues excluding transfers					<u>23,286,412</u>	<u>2,486,812</u>	<u>25,773,224</u>
Transfers					<u>(77,535)</u>	<u>77,535</u>	<u>-</u>
Total general revenues and transfers					<u>23,208,877</u>	<u>2,564,347</u>	<u>25,773,224</u>
Change in Net Position					<u>2,855,014</u>	<u>5,827,953</u>	<u>8,682,967</u>
Net Position, Beginning					<u>60,122,199</u>	<u>64,591,992</u>	<u>124,714,191</u>
Net Position, End of Year					<u>\$ 62,977,213</u>	<u>\$ 70,419,945</u>	<u>\$ 133,397,158</u>

Fund Financial Statements

Town of Southern Pines, North Carolina
Balance Sheet - Governmental Funds
June 30, 2024

Exhibit 3
(2 pages)

	Major Funds			Total Governmental Funds
	General	Municipal Service District #1 Special Revenue Fund	Nonmajor Governmental Funds	
ASSETS				
Cash and investments	\$ 16,489,585	\$ 266,387	\$ 3,457,044	\$ 20,213,016
Receivables - net:				
Property taxes	28,885	-	-	28,885
Due from other governments	2,295,937	-	-	2,295,937
Accounts receivable	548,436	-	120,966	669,402
Accrued interest receivable	124,174	1,716	18,651	144,541
Sales tax receivable	180,041	-	13,731	193,772
Parking lot assessments	2,305	-	-	2,305
Lease receivable	2,302,344	-	-	2,302,344
Inventories	56,977	-	-	56,977
Prepays	97,825	-	-	97,825
Restricted assets:				
Cash and investments	488,218	6,951,547	-	7,439,765
Total assets	\$ 22,614,727	\$ 7,219,650	\$ 3,610,392	\$ 33,444,769
LIABILITIES				
Current liabilities				
Accounts payable	\$ 513,018	\$ 67,785	\$ 63,377	\$ 644,180
Accrued liabilities				
Other	634,624	-	-	634,624
Security deposits	488,218	-	-	488,218
Unearned revenue	-	-	106,429	106,429
Total liabilities	1,635,860	67,785	169,806	1,873,451
DEFERRED INFLOWS OF RESOURCES				
Taxes receivable	28,885	-	-	28,885
Parking lot assessments	2,305	-	-	2,305
Deferred lease revenue	2,216,693	-	-	2,216,693
Other	116,872	-	120,966	237,838
Total deferred inflows of resources	2,364,755	-	120,966	2,485,721
FUND BALANCES				
Nonspendable				
Inventories	56,977	-	-	56,977
Prepays	97,825	-	-	97,825
Leases	85,651	-	-	85,651
Perpetual maintenance	-	-	124,359	124,359
Restricted				
Stabilization by State Statute	3,031,716	-	655	3,032,371
Committed				
General government	-	7,151,865	842,168	7,994,033
Public Safety	-	-	6,214	6,214
Transportation	-	-	1,870,935	1,870,935
Cultural and recreational	-	-	475,289	475,289
Assigned				
Subsequent year's expenditures	4,102,049	-	-	4,102,049
Unassigned	11,239,894	-	-	11,239,894
Total fund balances	18,614,112	7,151,865	3,319,620	29,085,597
Total liabilities, deferred inflows of resources, and fund balances	\$ 22,614,727	\$ 7,219,650	\$ 3,610,392	\$ 33,444,769

Amounts Reported for Governmental Activities in the Statement of Net Position (Exhibit 1) Are Different Because

Total fund balance, governmental funds	\$ 29,085,597
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	51,136,930
Deferred outflows of resources related to pensions are not reported in the funds	5,333,594
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	5,866
Earned revenues considered deferred inflows of resources in fund statements	269,028
Deferred inflows of resources related to pensions are not reported in the funds	(741,173)
Some liabilities are not due and payable in the current period and are therefore not reported in the funds:	
Accrued interest payable	(38,578)
Long-term debt included as net position below	(11,996,198)
Pension liability - LGERS	(7,985,619)
Pension liability - LEO	<u>(2,092,234)</u>
Net position of governmental activities	<u>\$ 62,977,213</u>

Town of Southern Pines, North Carolina
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
Year Ended June 30, 2024

Exhibit 4
(2 pages)

	Major Funds			Totals Governmental Funds
	General	Municipal Service District #1 Special Revenue Fund	Nonmajor Governmental Funds	
Revenues				
Ad valorem taxes	\$ 12,847,195	\$ 195,849	\$ -	\$ 13,043,044
Other taxes and licenses	446,893	-	-	446,893
Unrestricted intergovernmental	8,051,843	-	-	8,051,843
Restricted intergovernmental	932,628	-	78,571	1,011,199
Permits and fees	1,190,895	-	-	1,190,895
Sales and services	2,089,697	-	10,450	2,100,147
Investment earnings	985,901	7,150	204,756	1,197,807
Other	988,106	-	-	988,106
	<u>27,533,158</u>	<u>202,999</u>	<u>293,777</u>	<u>28,029,934</u>
Expenditures				
Current				
General government	8,153,277	80,472	416,780	8,650,529
Public safety	10,221,390	-	2,577,365	12,798,755
Transportation	1,346,874	-	967,680	2,314,554
Economic and physical development	1,198,902	-	-	1,198,902
Cultural and recreational	2,464,747	-	592,121	3,056,868
Debt service				
Principal	1,252,419	-	-	1,252,419
Interest	103,571	-	-	103,571
	<u>24,741,180</u>	<u>80,472</u>	<u>4,553,946</u>	<u>29,375,598</u>
Revenues Over (Under) Expenditures	<u>2,791,978</u>	<u>122,527</u>	<u>(4,260,169)</u>	<u>(1,345,664)</u>
Other Financing Sources (Uses)				
Installment purchase obligations issued	-	6,960,000	-	6,960,000
Lease liabilities issued	66,397	-	-	66,397
Subscription liabilities issued	224,057	-	-	224,057
Transfers to other funds	(4,984,587)	-	-	(4,984,587)
Transfers from other funds	-	-	4,984,587	4,984,587
Sale of capital assets	49,480	-	-	49,480
Total Other Financing Sources (Uses)	<u>(4,644,653)</u>	<u>6,960,000</u>	<u>4,984,587</u>	<u>7,299,934</u>
Net Change in Fund Balance	(1,852,675)	7,082,527	724,418	5,954,270
Fund Balance, Beginning of Year, July 1	<u>20,466,787</u>	<u>69,338</u>	<u>2,595,202</u>	<u>23,131,327</u>
Fund Balance, End of Year, June 30	<u><u>\$ 18,614,112</u></u>	<u><u>\$ 7,151,865</u></u>	<u><u>\$ 3,319,620</u></u>	<u><u>\$ 29,085,597</u></u>

Town of Southern Pines, North Carolina
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
Year Ended June 30, 2024

Exhibit 4
(2 pages)

Net Changes in Fund Balances - Total Governmental Funds \$ 5,954,270

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

Capital outlay expenditures which were capitalized	\$ 6,377,820	
Transfers of capital assets to water and sewer fund	(77,535)	
Depreciation expense for governmental assets	(2,288,128)	
Amortization expense for governmental assets	(215,596)	
		3,796,561

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities 1,398,876

Benefit payments paid and administrative expense for the LEOSSA are not included on the Statement of Activities 70,695

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		26,376
Change in unavailable revenues		128,933
Proceeds from disposal/transfer of capital assets		(49,480)
Net gain on disposal/transfer of capital assets		38,051

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.

Issuance of installment purchase obligations		(6,960,000)
Issuance of lease liabilities		(66,397)
Issuance of subscription liabilities		(224,057)
Principal payments on long-term debt		1,252,419
Increase in accrued interest payable		(24,964)

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.

Compensated absences		(84,706)
Pension expense		(2,401,563)

Total Changes in Net Position of Governmental Activities **\$ 2,855,014**

Town of Southern Pines, North Carolina
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
Year Ended June 30, 2024

Exhibit 5

	Budget		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Ad valorem taxes	\$ 12,472,796	\$ 12,472,796	\$ 12,847,195	\$ 374,399
Other taxes and licenses	318,550	318,550	446,893	128,343
Unrestricted intergovernmental revenues	5,711,065	5,711,065	8,051,843	2,340,778
Restricted intergovernmental revenues	919,745	919,745	932,628	12,883
Permits and fees	620,000	620,000	1,190,895	570,895
Sales and services	1,736,894	1,736,894	2,089,697	352,803
Investment earnings	150,000	150,000	985,901	835,901
Other	887,425	887,425	988,106	100,681
	<u>22,816,475</u>	<u>22,816,475</u>	<u>27,533,158</u>	<u>4,716,683</u>
Expenditures				
Current:				
General government	8,915,415	9,081,811	8,153,277	928,534
Public safety	10,714,084	10,934,707	10,221,390	713,317
Transportation	1,490,014	1,490,014	1,346,874	143,140
Economic and physical development	1,551,266	1,551,266	1,198,902	352,364
Cultural and recreational	2,885,127	2,885,127	2,464,747	420,380
Debt service	1,159,976	1,357,145	1,355,990	1,155
	<u>26,715,882</u>	<u>27,300,070</u>	<u>24,741,180</u>	<u>2,558,890</u>
Revenues Over (Under) Expenditures	<u>(3,899,407)</u>	<u>(4,483,595)</u>	<u>2,791,978</u>	<u>7,275,573</u>
Other Financing Sources (Uses)				
Lease liabilities issued	-	54,973	66,397	11,424
Subscription liabilities issued	-	224,057	224,057	-
Transfers to Capital Project Funds	(2,062,059)	(4,984,587)	(4,984,587)	-
Transfers from Special Revenue Funds	-	-	-	-
Sale of capital assets	70,000	70,000	49,480	(20,520)
Total Other Financing Sources (Uses)	<u>(1,992,059)</u>	<u>(4,635,557)</u>	<u>(4,644,653)</u>	<u>(9,096)</u>
Revenues Under Expenditures and Other Financing Uses	<u>(5,891,466)</u>	<u>(9,119,152)</u>	<u>(1,852,675)</u>	<u>7,266,477</u>
Appropriated fund balance	<u>5,891,466</u>	<u>9,119,152</u>	<u>-</u>	<u>(9,119,152)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>(1,852,675)</u>	<u>\$ (1,852,675)</u>
Fund Balance, Beginning of Year, July 1			<u>20,466,787</u>	
Fund Balance, End of Year, June 30			<u>\$ 18,614,112</u>	

Town of Southern Pines, North Carolina
Statement of Fund Net Position - Proprietary Fund
June 30, 2024

Exhibit 6
(2 pages)

	<u>Business-Type Activities - Enterprise Major Fund Water and Sewer</u>
ASSETS	
Current Assets	
Cash and cash equivalents/investments	\$ 18,970,740
Receivables - net:	
Sewer assessments	49,983
Customers	2,007,379
Accrued interest	110,773
Due from other governments	1,014,375
Sales taxes	96,369
Other	6,196
	<u>22,255,815</u>
Total current assets	
Temporarily Restricted Assets	
Cash and cash equivalents/investments	<u>2,025,909</u>
Capital Assets	
Land, improvements, and construction in progress	4,461,682
Intangibles - easements	3,935,841
Other capital assets, net of depreciation	<u>41,224,531</u>
Total capital assets, net	<u>49,622,054</u>
Total unrestricted noncurrent assets	<u>49,622,054</u>
Total noncurrent assets	<u>51,647,963</u>
Total assets	<u>73,903,778</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension deferrals	<u>493,084</u>
Total deferred outflows of resources	<u>493,084</u>

Town of Southern Pines, North Carolina
Statement of Fund Net Position - Proprietary Fund
June 30, 2024

Exhibit 6
(2 pages)

	<u>Business-Type Activities - Enterprise Major Fund Water and Sewer</u>
LIABILITIES	
Current Liabilities	
Accounts payable	\$ 2,572,509
Compensated absences - current	36,433
Installment purchases - current	27,500
Accrued liabilities	50,923
Security deposits	<u>122,060</u>
Total current liabilities	<u>2,809,425</u>
Noncurrent Liabilities	
Compensated absences	22,751
Installment purchases	302,500
Net pension liability	<u>817,854</u>
Total liabilities	<u>1,143,105</u>
Total liabilities	<u>3,952,530</u>
DEFERRED INFLOWS OF RESOURCES	
Pension deferrals	<u>24,387</u>
NET POSITION	
Net investment in capital assets	47,070,921
Unrestricted	<u>23,349,024</u>
Total net position	<u>\$ 70,419,945</u>

Town of Southern Pines, North Carolina
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund
Year Ended June 30, 2024

Exhibit 7

	<u>Major Fund</u> <u>Water and</u> <u>Sewer</u>
Operating Revenues	
Charges for sales and services	\$ 11,976,527
Operating Expenses	
Billings and collection	606,307
Water treatment	1,629,450
Sewage treatment	2,015,782
Water extensions and maintenance	1,515,021
Sewer extensions and maintenance	1,228,370
Chargeout for administrative expenses	1,369,487
Depreciation and amortization	2,019,599
Total operating expenses	<u>10,384,016</u>
Operating Income	<u>1,592,511</u>
Nonoperating Revenues (Expenses)	
System development fees	1,528,846
Interest on investments	957,966
Interest expense	<u>(6,517)</u>
Total Nonoperating Revenues (Expenses)	<u>2,480,295</u>
Income Before Capital Contributions and Transfers	4,072,806
Capital contributions	1,677,612
Transfers from other funds	<u>77,535</u>
Change in Net Position	5,827,953
Total Net Position, Beginning of Year	<u>64,591,992</u>
Net Position, End of Year	<u><u>\$ 70,419,945</u></u>

**Town of Southern Pines, North Carolina
Statement of Cash Flows - Proprietary Fund
Year Ended June 30, 2024**

**Exhibit 8
(2 pages)**

	<u>Major Fund Water and Sewer</u>
Cash Flows From Operating Activities	
Cash received from customers and users	\$ 11,652,068
Cash paid for goods and services	(6,732,211)
Cash paid to or on behalf of employees for services	(1,550,673)
Customer deposit refunded	77,745
Customer deposits received	<u>(39,450)</u>
Net cash provided by operating activities	<u>3,407,479</u>
Cash Flows From Capital and Related Financing Activities	
Acquisition and construction of capital assets	(4,008,277)
System development fees	1,528,846
Principal paid on installment purchase obligation	(27,500)
Interest paid on installment purchase obligation	(6,696)
Capital contributions - state grants	<u>16,823</u>
Net cash used by capital and related financing activities	<u>(2,496,804)</u>
Cash Flows From Investing Activities	
Interest on investments	<u>934,738</u>
Net cash provided by investing activities	<u>934,738</u>
Net Increase in Cash and Cash Equivalents	1,845,413
Cash and Cash Equivalents at Beginning of Year	<u>19,151,236</u>
Cash and Cash Equivalents at End of Year	<u>\$ 20,996,649</u>

**Town of Southern Pines, North Carolina
Statement of Cash Flows - Proprietary Fund
Year Ended June 30, 2024**

**Exhibit 8
(2 pages)**

	<u>Major Fund</u> <u>Water and</u> <u>Sewer</u>
Cash and Investments per Exhibit 6	
Unrestricted	\$ 18,970,740
Restricted	2,025,909
	<hr/>
Total	\$ 20,996,649
	<hr/> <hr/>
Reconciliation of Operating Income to Net Cash	
Provided by Operating Activities	
Operating income	\$ 1,592,511
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation and amortization	2,019,599
Change in assets, deferred outflows of resources, deferred inflows of resources and liabilities:	
(Increase) decrease in:	
Accounts receivable	(324,459)
Deferred outflows of resources for pensions	(21,423)
Increase (decrease) in:	
Accounts payable and accrued liabilities	4,629
Customer deposits	38,295
Accrued vacation pay	1,514
Net pension liability	85,986
Deferred inflows of resources for pensions	10,827
	<hr/>
Total adjustments	1,814,968
	<hr/>
Net cash provided by operating activities	\$ 3,407,479
	<hr/> <hr/>

Noncash Investing, Capital, and Financing Activities

During fiscal year ended June 30, 2024, the Town received \$400,417 in water and sewer line improvements and \$314,776 of easements from various land developers and individuals. These improvements are recorded as capital contributions.

During fiscal year ended June 30, 2024, liabilities related to capital asset additions of \$2,266,115 remained in accounts payable and accrued liabilities at year end.

During fiscal year ended June 30, 2024, construction in process totaling \$77,535 was transferred to the Water and Sewer Fund from Governmental Activities.

Town of Southern Pines, North Carolina
Statement of Fiduciary Net Position
Fiduciary Fund
June 30, 2024

Exhibit 9

	Private-Purpose Trust Fund
	<u>Virginia Kelly Trust</u>
ASSETS	
Cash and investments	\$ 28,696
Accrued interest	<u>152</u>
	<u>28,848</u>
NET POSITION	
Restricted for:	
Payment of death benefits - police	<u>28,848</u>
Total fiduciary net position	<u><u>\$ 28,848</u></u>

Town of Southern Pines, North Carolina
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
Year Ended June 30, 2024

Exhibit 10

	<u>Private-Purpose Trust Fund Virginia Kelly Trust</u>
Revenues	
Investment earnings	\$ 1,380
Net Increase	1,380
Net Position, Beginning of Year, July 1	<u>27,468</u>
Net Position, End of Year, June 30	<u>\$ 28,848</u>

Note 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, 2024, 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.

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.

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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 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.

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

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 improving Town roadways.

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.

Fire Trucks Purchase - This fund accounts for funds to be used for the purchase of two fire trucks.

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

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

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 principal 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.

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)(8)] 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 six 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.

(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.

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(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	\$ 488,218
Municipal Service District #1 Special Revenue Fund	
Unspent debt proceeds	<u>6,951,547</u>
Total governmental activities	<u>7,439,765</u>
Business-type activities	
Water and Sewer Fund	
Customer deposits	122,060
Water system development fees capital reserve	1,383,729
Wastewater system development fees capital reserve	<u>520,120</u>
Total business-type activities	<u>2,025,909</u>
Total restricted cash	<u>\$ 9,465,674</u>

(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, 2023.

(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.

(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

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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:

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.

(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 2024 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.

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.

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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.

Committed for public safety - portion of fund balance that can only be used for purchases and construction of capital assets for the police and fire departments.

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.

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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:

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)	\$ 82,021,108
Less accumulated depreciation and amortization	<u>(30,884,178)</u>
Net capital assets	<u>51,136,930</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>1,434,224</u>
Net pension-related deferrals (deferred outflows and deferred inflows), excluding contributions to pension plans	<u>3,158,197</u>

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Accrued interest receivable for property taxes is not available to pay for current-period expenditures and therefore are inflows of resources in the funds	\$ 5,866
Liabilities for earned revenues considered deferred inflows of resources in fund statements:	
Taxes receivable	28,885
Parking lot assessments	2,305
Other receivables	<u>237,838</u>
Net deferred revenues	<u>269,028</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	(10,901,879)
Lease liabilities	(94,883)
Subscription liabilities	(286,559)
Compensated absences	(712,877)
Pension obligations	(10,077,853)
Accrued interest	<u>(38,578)</u>
Liabilities	<u>(22,112,629)</u>
Total adjustment	<u>\$ 33,891,616</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:

Description

Capital outlay expenditures recorded in the fund financial statements but capitalized as assets in the statement of activities	\$ 6,377,820
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	(2,288,128)
Transfers of capital assets to business-type activities are recorded on the statement of activities but not in the fund statements	(77,535)
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	(215,596)
Contributions to the pension plan in the current fiscal year are not included on the statement of activities	1,398,876
Benefit payments paid and administrative expense for the LEOSSA are not included in the statement of activities	70,695

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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	\$ 26,376
Change in unavailable revenues	128,933
Proceeds from the disposal/transfer of capital assets	(49,480)
Gain on disposal/transfer of capital assets	38,051
Issuance of installment purchase obligations	(6,960,000)
Issuance of lease liabilities	(66,397)
Issuance of subscription liabilities	(224,057)

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	1,252,419
Increase in accrued interest	(24,964)
Compensated absences	(84,706)
Pension expense	<u>(2,401,563)</u>

Total adjustment	<u>\$ (3,099,256)</u>
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Note 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, 2024, the Town's deposits had a carrying amount of \$18,575,366 and a bank balance of \$19,148,881. Of the bank balance, \$1,250,000 was covered by federal depository insurance and \$17,898,881 was covered by collateral held under the Pooling Method. At June 30, 2024, the Town's petty cash fund totaled \$1,100.

Note 3. Investments

At June 30, 2024, the Town’s investment balances were as follows:

<u>Investments by Type</u>	<u>Valuation Measurement Method</u>	<u>Book Value at 6/30/2024</u>	<u>Maturity</u>	<u>Rating</u>
NC Capital Management Trust - Government Portfolio	Fair Value Level 1	\$ 30,072,964	N/A	AAAm
Total		<u>\$ 30,072,964</u>		

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.

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, 2024.

Note 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, 2024</u>
General Fund	
Taxes receivable	\$ 29,854
Enterprise Fund	<u>20,000</u>
	<u>\$ 49,854</u>

Note 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 five years, and additional five-year extension(s) are offered on each of the leases. Additional five-year extension terms remain on three of the leases and two additional five-year extension terms remain on one of the leases. Management

Town of Southern Pines, North Carolina
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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.

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 May 2027. 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 1.797%, 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, 2024, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 346,923	\$ 31,339	\$ 378,262
2026	327,153	26,657	353,810
2027	329,260	21,792	351,052
2028	336,343	17,107	353,450
2029	291,439	12,795	304,234
Thereafter	<u>671,226</u>	<u>63,314</u>	<u>734,540</u>
	<u>\$ 2,302,344</u>	<u>\$ 173,004</u>	<u>\$ 2,475,348</u>

The Town reported lease revenue of \$337,676 and interest revenue of \$35,141 during the year ended June 30, 2024. Deferred inflows of resources related to the leases receivable amounted to \$2,216,693 as of June 30, 2024.

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Note 6. Capital Assets

Capital assets activity for the year ended June 30, 2024 was as follows:

<u>Governmental Activities by Type</u>	<u>July 1, 2023</u>	<u>Transfers In/ Additions</u>	<u>Transfers Out/ Disposals</u>	<u>June 30, 2024</u>
Capital assets not being amortized or depreciated				
Land	\$ 13,431,777	\$ -	\$ -	\$ 13,431,777
Intangible assets in progress	196,853	-	-	196,853
Construction in progress	<u>1,160,272</u>	<u>4,631,531</u>	<u>(2,662,627)</u>	<u>3,129,176</u>
	<u>14,788,902</u>	<u>4,631,531</u>	<u>(2,662,627)</u>	<u>16,757,806</u>
Capital assets being amortized or depreciated				
Buildings and improvements	23,143,689	209,316	-	23,353,005
Other improvements	6,834,588	1,416,965	(26,277)	8,225,276
Infrastructure	19,777,056	1,010,685	-	20,787,741
Machinery and equipment	838,165	-	(379,444)	458,721
Intangible assets - software	444,766	-	-	444,766
Vehicles and motorized equipment	7,226,548	1,158,765	(188,160)	8,197,153
Furniture, fixtures and other equipment	3,084,824	179,306	(503,392)	2,760,738
Right-to-use lease assets	270,105	68,997	-	339,102
Right-to-use subscription assets	<u>362,002</u>	<u>334,798</u>	<u>-</u>	<u>696,800</u>
	<u>61,981,743</u>	<u>4,378,832</u>	<u>(1,097,273)</u>	<u>65,263,302</u>
Less accumulated depreciation and amortization for				
Buildings and improvements	7,077,809	518,588	-	7,596,397
Other improvements	2,771,070	275,860	(14,848)	3,032,082
Infrastructure	12,086,220	610,742	-	12,696,962
Machinery and equipment	656,301	54,562	(379,444)	331,419
Intangible assets - software	271,364	66,649	-	338,013
Vehicles and motorized equipment	4,453,953	596,913	(188,160)	4,862,706
Furniture, fixtures and other equipment	1,993,179	186,277	(503,392)	1,676,064
Right-to-use lease assets	52,077	21,161	-	73,238
Right-to-use subscription assets	<u>83,250</u>	<u>194,047</u>	<u>-</u>	<u>277,297</u>
	<u>29,445,223</u>	<u>2,524,799</u>	<u>(1,085,844)</u>	<u>30,884,178</u>
Depreciable assets - net	<u>32,536,520</u>			<u>34,379,124</u>
Governmental activities capital assets - net	<u>\$ 47,325,422</u>			<u>\$ 51,136,930</u>
General government	\$ 20,272,416	\$ 1,757,230	\$ (475,637)	\$ 21,554,009
Public safety	22,747,329	3,052,296	(699,171)	25,100,454
Transportation	21,405,596	1,023,626	-	22,429,222
Economic and physical development	266,156	-	(27,326)	238,830
Cultural and recreational	<u>12,079,148</u>	<u>619,445</u>	<u>-</u>	<u>12,698,593</u>
	<u>76,770,645</u>	<u>6,452,597</u>	<u>(1,202,134)</u>	<u>82,021,108</u>
Less accumulated depreciation and amortization for:				
General government	4,207,565	608,933	(386,673)	4,429,825
Public safety	7,149,663	818,057	(734,970)	7,232,750
Transportation	13,028,581	721,895	-	13,750,476
Economic and physical development	220,138	105	(27,326)	192,917
Cultural and recreational	<u>4,839,276</u>	<u>438,934</u>	<u>-</u>	<u>5,278,210</u>
	<u>29,445,223</u>	<u>2,587,924</u>	<u>(1,148,969)</u>	<u>30,884,178</u>
Total governmental activities capital assets - net	<u>\$ 47,325,422</u>			<u>\$ 51,136,930</u>

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<u>Business-Type Activities by Type</u>	<u>July 1, 2023</u>	<u>Transfers In/ Additions</u>	<u>Transfers Out/ Disposals</u>	<u>June 30, 2024</u>
Nondepreciable assets				
Land	\$ 540,533	\$ 58,911	\$ -	\$ 599,444
Intangibles - easements	3,621,065	314,776	-	3,935,841
Construction in progress	<u>5,093,143</u>	<u>5,663,056</u>	<u>(6,893,961)</u>	<u>3,862,238</u>
	<u>9,254,741</u>	<u>6,036,743</u>	<u>(6,893,961)</u>	<u>8,397,523</u>
Depreciable assets				
Plant and distribution system	64,689,871	6,999,983	-	71,689,854
Buildings	1,875,684	-	-	1,875,684
Improvements other than buildings	7,224	-	-	7,224
Equipment	<u>5,202,135</u>	<u>558,031</u>	<u>(38,840)</u>	<u>5,721,326</u>
	<u>71,774,914</u>	<u>7,558,014</u>	<u>(38,840)</u>	<u>79,294,088</u>
Less accumulated depreciation and amortization for				
Plant and distribution system	32,298,197	1,537,069	-	33,835,266
Building	531,522	43,528	-	575,050
Improvements other than buildings	783	722	-	1,505
Equipment	<u>3,258,296</u>	<u>438,280</u>	<u>(38,840)</u>	<u>3,657,736</u>
	<u>36,088,795</u>	<u>2,019,599</u>	<u>(38,840)</u>	<u>38,069,557</u>
Depreciable assets - net	<u>35,686,119</u>			<u>41,224,531</u>
Total business activities capital assets - net	<u>\$ 44,940,860</u>			<u>\$ 49,622,054</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, 2024, \$106,753 of this software has been completed and is being used by the Town, net of accumulated amortization of \$338,013. This cost is being amortized over 5 to 15 years using the straight-line method.

Future amortization is as follows at years ending June 30:

2025	\$ 38,513
2026	23,482
2027	22,455
2028	11,152
2029	11,151
Thereafter	<u>-</u>
	<u>\$ 106,753</u>

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Construction Commitments

The government has active construction projects as of June 30, 2024. At year end, the government's commitments with contractors are as follows:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Reservoir Dam Design	\$ 40,549	\$ 58,351
Street Resurfacing	-	1,024,893
Carriage House at Whitehall Design	78,571	13,979
North Pressure Zone Engineering	60,424	269,576
Asset Inventory and Assessment - Water	93,973	106,027
Asset Inventory and Assessment - Sewer	121,100	78,900
Warrior Woods Lift Station Relocation	321,918	2,004,532
Sewer Rehabilitation	816,126	333,774
Long Leaf Golf Club Dam Sewer Relocation	45,087	52,044
Knoll Road Pedestrian Lane	151,207	74,511
Sidewalks	-	348,344
WTP Filter Conversion Project	<u>395,000</u>	<u>124,800</u>
 Total	 <u>\$ 2,123,955</u>	 <u>\$ 4,489,731</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, 2024 was as follows:

	<u>July 1, 2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>June 30, 2024</u>
Governmental activities					
Lease assets					
Playground	\$ 160,000	\$ -	\$ -	\$ -	\$ 160,000
Fiber optic	55,976	-	-	-	55,976
Turf Tank robot	54,129	-	-	-	54,129
Cameras	<u>-</u>	<u>68,997</u>	<u>-</u>	<u>-</u>	<u>68,997</u>
	<u>270,105</u>	<u>68,997</u>	<u>-</u>	<u>-</u>	<u>339,102</u>
Less accumulated amortization for					
Playground	2,518	1,616	-	-	4,134
Fiber optic	37,857	4,546	-	-	42,403
Turf Tank robot	11,702	9,021	-	-	20,723
Cameras	<u>-</u>	<u>5,978</u>	<u>-</u>	<u>-</u>	<u>5,978</u>
	<u>52,077</u>	<u>21,161</u>	<u>-</u>	<u>-</u>	<u>73,238</u>
Governmental activity lease assets, net	<u>\$ 218,028</u>				<u>\$ 265,864</u>

Note 7. Accounts Payable and Accrued Liabilities

Payables and accrued liabilities at the government-wide level at June 30, 2024, were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Accrued Interest</u>	<u>Total</u>
Governmental activities				
General	\$ 575,502	\$ 572,140	\$ 38,578	\$ 1,186,220
Other governmental	<u>131,162</u>	<u>-</u>	<u>-</u>	<u>131,162</u>
Total governmental activities	<u>\$ 706,664</u>	<u>\$ 572,140</u>	<u>\$ 38,578</u>	<u>\$ 1,317,382</u>
Business-type activities				
Water and sewer	<u>\$ 2,572,509</u>	<u>\$ 48,764</u>	<u>\$ 2,159</u>	<u>\$ 2,623,432</u>

Note 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.

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

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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, 2024 was 14.04% of compensation for law enforcement officers and 12.89% 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 \$1,542,143 for the year ended June 30, 2024.

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

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

At June 30, 2024, the Town reported a liability of \$8,803,473 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022. The total pension liability was then rolled forward to the measurement date of June 30, 2023, 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, 2023 (measurement date), the Town's proportion was 0.1329%, which was a decrease of 0.0027% from its proportion measured at June 30, 2022.

For the year ended June 30, 2024, the Town recognized pension expense of \$2,438,978. At June 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 980,968	\$ 21,118
Changes of assumption	374,097	-
Net difference between projected and actual earnings on pension plan investments	2,356,195	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	54,217	241,384
Town contributions subsequent to the measurement date	<u>1,542,143</u>	<u>-</u>
Total	<u>\$ 5,307,620</u>	<u>\$ 262,502</u>

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\$1,542,143 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, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows at years ending June 30:

2025	\$ 1,249,433
2026	628,663
2027	1,525,245
2028	99,634
2029	-
Thereafter	-
	<u>\$ 3,502,975</u>

Actuarial assumptions - The total pension liability in the December 31, 2022 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, 2022 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, 2023 (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>	

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The information above is based on 30-year expectations developed with the consulting actuary for the 2022 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)	\$ 15,251,672	\$ 8,803,473	\$ 3,494,712

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, 2022 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>40</u>
Total	<u><u>45</u></u>

(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, 2022 valuation. The total pension liability in the December 31, 2022 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	4.00%

The discount rate is based on the S&P Municipal Bond 20-Year High Grade Rate Index as of December 31, 2023.

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, 2022), the S&P Municipal Bond 20-Year High Grade Rate Index, on which the discount rate is based, was 4.31%. Since the Prior Measurement Date, the S&P Municipal Bond 20-Year High Grade Rate Index has decreased to 4.00% as of the Measurement Date (December 31, 2023). This resulted in a \$49,141 increase 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 \$67,909 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, 2024, the Town reported a total pension liability of \$2,092,234. The total pension liability was measured as of December 31, 2023, based on a December 31, 2022 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2023, utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2024, the Town recognized pension expense of \$178,941.

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	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 163,101	\$ 238,565
Changes of assumptions and other inputs	320,609	264,493
Town benefit payments and plan administrative expense made subsequent to the measurement date	<u>35,348</u>	<u>-</u>
Total	<u>\$ 519,058</u>	<u>\$ 503,058</u>

\$35,106 paid as benefits came due and \$242 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, 2025.

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows at years ending June 30:

2025	\$ 17,359
2026	14,708
2027	(32,405)
2028	(46,275)
2029	25,294
Thereafter	<u>1,971</u>
	<u>\$ (19,348)</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 4.00 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 (3.00 percent) or 1 percentage point higher (5.00 percent) than the current rate:

	<u>1% Decrease (3.00%)</u>	<u>Discount Rate (4.00%)</u>	<u>1% Increase (5.00%)</u>
Total pension liability	<u>\$ 2,272,544</u>	<u>\$ 2,092,234</u>	<u>\$ 1,928,469</u>

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

Beginning balance	\$ 1,805,374
Service cost	81,665
Interest on the total pension liability	76,299
Changes in benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	149,966
Changes of assumptions or other inputs	49,141
Benefit payments	(70,211)
Other changes	<u>-</u>
Ending balance of the total pension liability	<u>\$ 2,092,234</u>

Town of Southern Pines, North Carolina
Notes to Financial Statements
June 30, 2024

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, 2022 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 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	\$ 2,438,978	\$ 178,941	\$ 2,617,919
Pension liability	8,803,473	2,092,234	10,895,707
Proportionate share of the net pension liability	0.1329%	n/a	
 Deferred of outflows of resources			
Differences between expected and actual experience	\$ 980,968	\$ 163,101	\$ 1,144,069
Changes of assumptions	374,097	320,609	694,706
Net difference between projected and actual earnings on plan investments	2,356,195	-	2,356,195
Changes in proportion and differences between employer contributions and proportionate share of contributions	54,217	-	54,217
Benefit payments and administrative costs paid subsequent to the measurement date	1,542,143	35,348	1,577,491
 Deferred of inflows of resources			
Differences between expected and actual experience	21,118	238,565	259,683
Changes of assumptions	-	264,493	264,493
Changes in proportion and differences between contributions and proportionate share of contributions	241,384	-	241,384

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.

The Town made contributions of \$200,709 for the reporting year, which consisted of \$153,055 from the Town and \$47,654 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.

Note 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, 2024, contributions to the Plan consisted of \$416,915 from the Town and \$189,408 in voluntary contributions from employees.

Note 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 Balance Sheet</u>
Taxes receivable, less penalties	\$ 28,885
Other receivables	2,305
Deferred lease revenue	2,216,693
Special assessments receivable	<u>116,872</u>
Total	<u>\$ 2,364,755</u>

**Nonmajor
Governmental
Funds
Balance Sheet**

Unavailable revenues \$ 120,966

Note 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 \$1,000,000. 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.

Note 12. Claims and Judgments

At June 30, 2024, 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.

Note 13. Long-Term Debt

The Town entered into direct placement installment purchase agreements April 2018, June 2020, February 2021, and June 2024 for the construction of a fire station, the purchase of a fire tanker truck, the Annex remodel and the purchase of the Municipal Service District Parkway infrastructure assets. 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
June 30, 2024

Long-term debt obligations of the Town at June 30, 2024, consisted of the following:

	<u>Serviced by</u>	
	<u>Governmental Activities</u>	<u>Business- Type Activities</u>
Fire substation; issued 2018; due semiannually to 2033; interest at 2.06%; collateralized by fire substation	\$ 3,136,890	\$ -
Fire tanker; issued 2020; due semiannually to 2025; interest at 1.91%; collateralized by fire tanker truck	134,989	-
Annex remodel; \$1,250,000; issued 2021; due semiannually to 2036; interest at 1.91%; collateralized by the Annex	670,000	330,000
Municipal service district parkway; \$6,960,000; issued 2024; due semiannually to 2044; interest at 4.85%; collateralized by the parkway infrastructure	6,960,000	-
Lease liabilities	94,883	-
Subscription liabilities	286,559	-
Net pension liability (LGERS)	7,985,619	817,854
Total pension liability (LEO)	2,092,234	-
Compensated absences	<u>712,877</u>	<u>59,184</u>
Total long-term debt	22,074,051	1,207,038
Less current portion	<u>(1,213,986)</u>	<u>(63,933)</u>
	<u>\$ 20,860,065</u>	<u>\$ 1,143,105</u>

At June 30, 2024, the Town of Southern Pines had a legal debt margin of \$345,942,249.

The following is a summary of changes in the Town's long-term obligations for the fiscal year ended June 30, 2024:

	<u>Balance July 1, 2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2024</u>	<u>Current Portion of Balance</u>
Governmental activities					
Direct placement					
installment purchases					
Police station	\$ 216,667	\$ -	\$ (216,667)	\$ -	\$ -
Fire substation	3,485,433	-	(348,543)	3,136,890	348,543
Fire engine	267,436	-	(132,447)	134,989	134,989
Annex Remodel	725,833	-	(55,833)	670,000	55,833
Whitehall Land Tract	300,000	-	(300,000)	-	-
MSD Parkway	-	6,960,000	-	6,960,000	-
Lease liabilities	61,058	66,397	(32,572)	94,883	31,465
Subscription liabilities	228,859	224,057	(166,357)	286,559	161,347
Compensated absences	628,171	446,970	(362,264)	712,877	411,114
Net pension liability (LGERS)	6,917,908	1,067,711	-	7,985,619	-
Total pension liability (LEO)	<u>1,805,374</u>	<u>286,860</u>	<u>-</u>	<u>2,092,234</u>	<u>70,695</u>
	<u>\$ 14,636,739</u>	<u>\$ 9,051,995</u>	<u>\$ (1,614,683)</u>	<u>\$ 22,074,051</u>	<u>\$ 1,213,986</u>

Town of Southern Pines, North Carolina
Notes to Financial Statements
June 30, 2024

	<u>Balance</u> <u>July 1, 2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2024</u>	<u>Current</u> <u>Portion of</u> <u>Balance</u>
Business-type activities					
Direct placement					
installment purchases					
Annex remodel	\$ 357,500	\$ -	\$ (27,500)	\$ 330,000	\$ 27,500
Compensated absences	57,670	37,015	(35,501)	59,184	36,433
Net pension liability (LGERS)	<u>731,868</u>	<u>85,986</u>	<u>-</u>	<u>817,854</u>	<u>-</u>
	<u>\$ 1,147,038</u>	<u>\$ 123,001</u>	<u>\$ (63,001)</u>	<u>\$ 1,207,038</u>	<u>\$ 63,933</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), and the total pension liability (LEO).

	<u>Installment Purchases</u>	
	<u>Principal</u>	<u>Interest</u>
Governmental activities		
2025	\$ 539,365	\$ 297,644
2026	752,377	396,230
2027	752,377	371,106
2028	752,377	345,981
2029	752,377	320,857
Thereafter	<u>7,353,006</u>	<u>2,253,011</u>
	<u>\$ 10,901,879</u>	<u>\$ 3,984,829</u>
Business-type activities		
2025	\$ 27,500	\$ 6,172
2026	27,500	5,646
2027	27,500	5,121
2028	27,500	4,596
2029	27,500	4,071
Thereafter	<u>192,500</u>	<u>13,775</u>
	<u>\$ 330,000</u>	<u>\$ 39,381</u>

Interfund Balances and Activity

Transfers to/from other funds at June 30, 2024, consist of the following:

Governmental

From the General Fund to the Bike Transport Capital Project Fund for capital project expenditures	\$ 181,675
From the General Fund to the Fire Trucks Purchase Capital Project Fund for capital project expenditures	2,577,365
From the General Fund to the Sidewalk Construction II Capital Project Fund for capital project expenditures	270,000
From the General Fund to the Recreational Improvements Capital Project Fund for capital project expenditures	377,839
From the General Fund to the Streambank Improvements Capital Project Fund for capital project expenditures	60,000
From the General Fund to the Paving Projects Capital Project Fund for capital project expenditures	1,214,208
From the General Fund to the Reservoir Dam Improvements Capital Project Fund for capital project expenditures	100,000
From the General Fund to the Facility Modernization Capital Project Fund for capital project expenditures	203,500
From the Municipal Service District #1 Special Revenue Fund to the Water and Sewer Fund for construction in process transferred	<u>77,535</u>
Total governmental	<u>5,062,122</u>

Business-Type

From the Water System Development Fees Capital Reserve Fund Sewer Fund to the Water and Sewer Capital Projects Fund for capital project expenditures	1,022,175
From the Wastewater System Development Fees Capital Reserve Fund Sewer Fund to the Water and Sewer Capital Projects Fund for capital project expenditures	345,614
From the Water and Sewer Fund to the Water and Sewer Capital Projects Fund for capital project expenditures	<u>3,261,281</u>
Total business-type	<u>4,629,070</u>
Total transfers	<u>\$ 9,691,192</u>

Note 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.

On December 15, 2021, the Town entered into an agreement 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

Town of Southern Pines, North Carolina
Notes to Financial Statements
June 30, 2024

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, 2024. As of June 30, 2024, the remaining net book value of the related lease asset was \$155,865, net of accumulated amortization of \$4,135.

On January 6, 2022, the Town entered into an agreement 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, 2024, the remaining net book value of the related lease asset was \$33,404, net of accumulated amortization of \$20,725.

In June 2020, the Town entered into an agreement 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, 2024, the remaining net book value of the related lease asset was \$13,575, net of accumulated amortization of \$42,401.

During the year ended June 30, 2024, the Town entered into lease agreements with two separate vendors for camera equipment for the police department. The first lease was executed on July 10, 2023, and calls for annual lease payments in the amount of \$7,200, commencing in July 2023 and continuing through July 2025. 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 lease inception, 2.901%. As of June 30, 2024, the remaining net book value of the related lease asset was \$15,019, net of accumulated amortization of \$5,777. The second lease was executed on December 8, 2023, and calls for annual payments in the amount of \$12,000, commencing in December 2023 and continuing through December 2026. 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 lease inception, 3.529%. As of June 30, 2024, the remaining net book value of the related lease asset was \$48,001, net of accumulated amortization of \$200.

Future minimum lease obligations and the net present value of these minimum lease payments, as of June 30, 2024, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 31,465	\$ 2,535	\$ 34,000
2026	32,365	1,635	34,000
2027	26,091	709	26,800
2028	4,962	38	5,000
2029	-	-	-
Thereafter	-	-	-
	<u>\$ 94,883</u>	<u>\$ 4,917</u>	<u>\$ 99,800</u>

Note 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, 2024, the Town has eight 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 the inception of the subscription agreements. Of the eight 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, 2024, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 161,347	\$ 6,780	\$ 168,127
2026	61,642	4,322	65,964
2027	31,206	2,360	33,566
2028	32,364	1,201	33,565
2029	-	-	-
Thereafter	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 286,559</u>	<u>\$ 14,663</u>	<u>\$ 301,222</u>

Note 16. 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	\$ 18,614,112
Less:	
Inventories	(56,977)
Prepaid items	(97,825)
Leases	(85,651)
Stabilization by State Statute	(3,031,716)
Appropriated fund balance in 2025 budget	(4,102,049)
Fund balance policy	<u>(4,414,876)</u>
Remaining fund balance	<u>\$ 6,825,018</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.

Note 17. 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.

Note 18. 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.

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>2024</u>	<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>
Contractually required contribution	\$ 1,542,143	\$ 1,270,592	\$ 1,108,711	\$ 951,231	\$ 849,091	\$ 671,376	\$ 616,826	\$ 603,339	\$ 520,306	\$ 525,694
Contributions in relation to the contractually required contribution	<u>1,542,143</u>	<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>
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	\$ 11,690,758	\$ 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
Contributions as a percentage of covered payroll	13.19%	12.36%	11.57%	10.36%	9.30%	8.01%	7.75%	7.49%	6.87%	7.15%

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

	<u>2024</u>	<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>
The Town's proportion of the net pension liability (asset) (%)	0.1329%	0.1356%	0.1308%	0.1381%	0.1311%	0.1333%	0.1311%	0.1408%	0.1438%	-0.1420%
The Town's proportion of the net pension liability (asset) (\$)	\$ 8,803,473	\$ 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)
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
The Town's proportionate share of the net pension (asset) as a percentage of its covered payroll	85.64%	79.86%	21.86%	54.05%	42.74%	39.73%	24.88%	39.49%	8.79%	-11.94%
Plan fiduciary net position as a percentage of the total pension liability**	82.49%	84.14%	95.51%	88.61%	90.86%	91.63%	94.18%	91.47%	98.09%	102.64%

*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 Eight Fiscal Years***

Schedule 3

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning Balance	\$ 1,805,374	\$ 2,107,023	\$ 2,467,605	\$ 1,605,268	\$ 1,496,954	\$ 1,462,694	\$ 1,300,931	\$ 1,270,092
Service cost	81,665	112,299	104,505	78,766	70,343	71,978	60,240	64,204
Interest on the total pension liability	76,299	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	149,966	(41,741)	(397,963)	90,479	(21,274)	46,723	2,915	-
Changes of assumptions or other inputs	49,141	(343,941)	(57,480)	678,662	55,558	(69,333)	97,533	(38,313)
Benefit payments	<u>(70,211)</u>	<u>(74,832)</u>	<u>(56,721)</u>	<u>(37,294)</u>	<u>(49,894)</u>	<u>(60,375)</u>	<u>(48,210)</u>	<u>(39,686)</u>
Ending Balance of the Total Pension Liability	<u>\$ 2,092,234</u>	<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.*

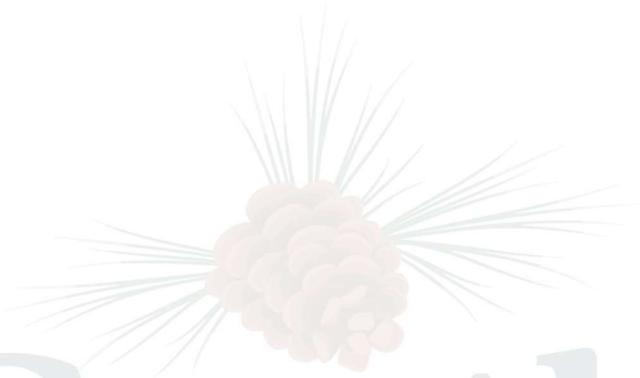
Town of Southern Pines, North Carolina
Law Enforcement Officers' Special Separation Allowance
Required Supplementary Information
Schedule of Total Pension Liability as a Percentage of Covered Employee Payroll
Last Eight Fiscal Years

Schedule 4

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 2,092,234	\$ 1,805,374	\$ 2,107,023	\$ 2,467,605	\$ 1,605,268	\$ 1,496,954	\$ 1,462,694	\$ 1,300,931
Covered-employee payroll	2,679,612	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-employee payroll	78.08%	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, 2024 and 2023

Schedule 5

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash and investments	\$ 16,489,585	\$ 18,643,191
Receivables, net		
Property taxes	28,885	22,622
Due from other governments	2,295,937	1,978,903
Accounts receivable	548,436	526,156
Accrued interest receivable	124,174	87,891
Sales tax receivable	180,041	149,681
Parking lot assessments receivable	2,305	2,305
Lease receivable	2,302,344	2,550,556
Inventory	56,977	36,226
Prepays	97,825	172,988
Restricted assets		
Cash and investments	488,218	771,700
Total assets	<u>\$ 22,614,727</u>	<u>\$ 24,942,219</u>
LIABILITIES		
Current Liabilities		
Accounts payable	\$ 513,018	\$ 448,505
Accrued liabilities:		
Other	634,624	613,875
Security deposits	488,218	771,700
Total liabilities	<u>1,635,860</u>	<u>1,834,080</u>
DEFERRED INFLOWS OF RESOURCES		
Taxes receivable	28,885	22,622
Parking lot assessments	2,305	2,305
Leases	2,216,693	2,499,568
Other	116,872	116,857
Total deferred inflows of resources	<u>2,364,755</u>	<u>2,641,352</u>
FUND BALANCE		
Nonspendable		
Inventory	56,977	36,226
Prepays	97,825	172,988
Leases	85,651	50,988
Restricted		
Stabilization by State Statute	3,031,716	2,625,774
Assigned		
Subsequent year's expenditures	4,102,049	5,891,466
Unassigned	11,239,894	11,689,345
Total fund balances	<u>18,614,112</u>	<u>20,466,787</u>
	<u>\$ 22,614,727</u>	<u>\$ 24,942,219</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, 2024
with Comparative Actual Amounts for the Year Ended June 30, 2023

Schedule 6
(5 pages)

	2024		Variance Favorable (Unfavorable)	2023
	Budget	Actual		Actual
Revenues				
Ad valorem taxes				
Current year		\$ 12,826,110		\$ 12,195,939
Prior years		5,994		12,115
Penalties and interest		15,091		16,872
	<u>\$ 12,472,796</u>	<u>12,847,195</u>	<u>\$ 374,399</u>	<u>12,224,926</u>
Other taxes and licenses				
ABC mixed beverage		282,779		286,565
Solid waste disposal tax		12,952		12,389
Privilege licenses		3,010		3,050
Municipal vehicle tax		66,565		66,060
Lease vehicles		81,587		67,830
	<u>318,550</u>	<u>446,893</u>	<u>128,343</u>	<u>435,894</u>
Unrestricted intergovernmental revenues				
Local option sales tax		6,581,470		6,173,640
Video programming tax		136,851		146,857
Franchise tax		1,253,351		1,137,338
Beer and wine		80,171		72,341
	<u>5,711,065</u>	<u>8,051,843</u>	<u>2,340,778</u>	<u>7,530,176</u>
Restricted intergovernmental revenues				
State Aid - Library grant		9,729		8,314
LSTA - Library grant		-		47,604
Powell Bill allocation		546,561		484,069
Recreation grants		3,750		6,750
FEMA grants		8,892		-
Fire safer		326,317		-
Police grants		7,469		2,500
Planning grants		16,250		-
Fire on-behalf payments		13,660		13,456
	<u>919,745</u>	<u>932,628</u>	<u>12,883</u>	<u>562,693</u>
Permits and fees				
Building permits		94,290		100,285
Inspection fees		848,694		740,151
Fire and Police Dept. fees		89,900		42,886
Public works fees		89,381		48,816
Street department fees		68,630		46,776
	<u>620,000</u>	<u>1,190,895</u>	<u>570,895</u>	<u>978,914</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, 2024
with Comparative Actual Amounts for the Year Ended June 30, 2023

Schedule 6
(5 pages)

	2024		Variance Favorable (Unfavorable)	2023
	Budget	Actual		Actual
Revenues				
Sales and services				
Rents		\$ 58,358		\$ 57,300
Homeowners recovery fund		2,780		2,860
County disposal fee		1,662,454		1,593,317
Recreation department fees		311,935		241,308
Library fees		54,170		48,760
	<u>\$ 1,736,894</u>	<u>2,089,697</u>	<u>\$ 352,803</u>	<u>1,943,545</u>
Investment earnings	150,000	985,901	835,901	696,618
Other				
Cemetery		4,675		3,625
Fire department donations		275		245
Fire district revenue		463,145		468,150
Court costs		1,737		2,239
Library donations		1,302		5,241
Lease revenue		337,676		393,712
Miscellaneous		179,296		132,664
	<u>887,425</u>	<u>988,106</u>	<u>100,681</u>	<u>1,005,876</u>
Total Revenues	<u>22,816,475</u>	<u>27,533,158</u>	<u>4,716,683</u>	<u>25,378,642</u>
Expenditures				
General Government				
Governing body				
Salaries and employee benefits		160,283		112,729
Operating expenditures		123,765		67,998
Professional services		8,326		77,437
Membership dues		26,332		27,596
	<u>347,997</u>	<u>318,706</u>	<u>29,291</u>	<u>285,760</u>
Administration				
Salaries and employee benefits		894,815		741,665
Operating expenditures		116,850		109,258
	<u>1,051,781</u>	<u>1,011,665</u>	<u>40,116</u>	<u>850,923</u>
Finance				
Salaries and employee benefits		526,505		530,046
Operating expenditures		299,939		283,450
	<u>924,214</u>	<u>826,444</u>	<u>97,770</u>	<u>813,496</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, 2024
With Comparative Actual Amounts for the Year Ended June 30, 2023

Schedule 6
(5 pages)

	2024		Variance Favorable (Unfavorable)	2023
	Budget	Actual		Actual
Information technology				
Salaries and employee benefits		\$ 419,855		\$ 425,222
Contract Services		341,341		303,517
Operating expenditures		247,779		193,959
Capital outlay		403,795		219,676
	<u>\$ 1,866,880</u>	<u>1,412,770</u>	<u>\$ 454,110</u>	<u>1,142,374</u>
Administrative chargeback	<u>(1,369,487)</u>	<u>(1,369,487)</u>	<u>-</u>	<u>(1,200,526)</u>
Public works				
Salaries and employee benefits		695,394		376,150
Operating expenditures		147,103		74,407
Contract services		2,216,396		2,260,156
Capital outlay		691,831		-
	<u>3,945,753</u>	<u>3,750,724</u>	<u>195,029</u>	<u>2,710,713</u>
Building and grounds				
Salaries and employee benefits		632,301		626,519
Vehicle maintenance		7,331		1,207
Contract Services		241,465		169,132
Operating expenditures		811,741		495,334
Capital outlay		158,559		34,377
	<u>1,936,359</u>	<u>1,851,397</u>	<u>84,962</u>	<u>1,326,569</u>
Garage				
Salaries and employee benefits		282,073		268,503
Operating expenditures		68,985		57,857
	<u>378,314</u>	<u>351,058</u>	<u>27,256</u>	<u>326,360</u>
Total General Government	<u>9,081,811</u>	<u>8,153,277</u>	<u>928,534</u>	<u>6,255,669</u>
Public Safety				
Police				
Salaries and employee benefits		4,946,062		4,467,623
Operating expenditures		997,787		933,673
Capital outlay		290,047		302,429
	<u>6,812,910</u>	<u>6,233,896</u>	<u>579,014</u>	<u>5,703,725</u>
Fire				
Salaries and employee benefits		3,194,181		2,682,701
Operating expenditures		620,830		553,854
Capital outlay		172,483		103,090
	<u>4,121,797</u>	<u>3,987,494</u>	<u>134,303</u>	<u>3,339,645</u>
Total Public Safety	<u>10,934,707</u>	<u>10,221,390</u>	<u>713,317</u>	<u>9,043,370</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, 2024
With Comparative Actual Amounts for the Year Ended June 30, 2023

Schedule 6
(5 pages)

	2024		Variance Favorable (Unfavorable)	2023
	Budget	Actual		Actual
Transportation				
Street maintenance				
Salaries and employee benefits		\$ 773,951		\$ 837,107
Operating expenditures		515,331		439,490
Contract services		28,019		27,321
Capital outlay		29,573		18,425
	<u>\$ 1,490,014</u>	<u>1,346,874</u>	<u>\$ 143,140</u>	<u>1,322,343</u>
Total Transportation	<u>1,490,014</u>	<u>1,346,874</u>	<u>143,140</u>	<u>1,322,343</u>
Economic and Physical Development				
Planning and development				
Salaries and employee benefits		1,001,525		975,429
Contract services		35,569		26,405
Operating expenditures		161,808		329,098
	<u>1,551,266</u>	<u>1,198,902</u>	<u>352,364</u>	<u>1,330,932</u>
Total Economic and Physical Development	<u>1,551,266</u>	<u>1,198,902</u>	<u>352,364</u>	<u>1,330,932</u>
Cultural and Recreational				
Recreation				
Salaries and employee benefits		925,605		890,755
Contract services		225,975		115,075
Operating expenditures		289,512		355,621
Capital outlay		-		12,978
	<u>1,781,893</u>	<u>1,441,092</u>	<u>340,801</u>	<u>1,374,429</u>
Libraries				
Salaries and employee benefits		738,055		733,248
Contract services		89,262		43,442
Operating expenditures		77,200		97,592
Books and periodicals		119,138		117,364
Capital outlay		-		44,478
	<u>1,103,234</u>	<u>1,023,655</u>	<u>79,579</u>	<u>1,036,124</u>
Total Cultural and Recreational	<u>2,885,127</u>	<u>2,464,747</u>	<u>420,380</u>	<u>2,410,553</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, 2024
 With Comparative Actual Amounts for the Year Ended June 30, 2023

Schedule 6
 (5 pages)

	2024		Variance Favorable (Unfavorable)	2023
	Budget	Actual		Actual
Debt Service				
Principal retirement		\$ 1,252,419		\$ 1,409,984
Interest		103,571		131,133
	<u>\$ 1,357,145</u>	<u>1,355,990</u>	<u>\$ 1,155</u>	<u>1,541,117</u>
Total Debt Service	<u>1,357,145</u>	<u>1,355,990</u>	<u>1,155</u>	<u>1,541,117</u>
Total Expenditures	<u>27,300,070</u>	<u>24,741,180</u>	<u>2,558,890</u>	<u>21,903,984</u>
Revenues Over (Under) Expenditures	<u>(4,483,595)</u>	<u>2,791,978</u>	<u>7,275,573</u>	<u>3,474,658</u>
Other Financing Sources (Uses)				
Lease liabilities issued	54,973	66,397	11,424	18,184
Subscription liabilities issued	224,057	224,057	-	149,915
Loss on termination of lease receivable	-	-	-	(7,995)
Transfers to other funds:				
Capital Projects Funds	(4,984,587)	(4,984,587)	-	(2,034,935)
Transfers from other funds:				
Special Revenue Funds	-	-	-	3,922,210
Sale of capital assets	70,000	49,480	(20,520)	87,792
	<u>(4,635,557)</u>	<u>(4,644,653)</u>	<u>(9,096)</u>	<u>2,135,171</u>
Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	<u>(9,119,152)</u>	<u>(1,852,675)</u>	<u>7,266,477</u>	<u>5,609,829</u>
Fund balance appropriated	<u>9,119,152</u>	<u>-</u>	<u>(9,119,152)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>(1,852,675)</u>	<u>\$ (1,852,675)</u>	<u>5,609,829</u>
Fund Balance, Beginning of Year, July 1		<u>20,466,787</u>		<u>14,856,958</u>
Fund Balance, End of Year, June 30		<u>\$ 18,614,112</u>		<u>\$ 20,466,787</u>

Special Revenue Funds

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

Individual Fund Description

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

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, 2024

Schedule 7

	Project Authorization	Actual		Total to Date	Variance Favorable (Unfavorable)
		Prior Years	Current Year		
Revenues					
Ad valorem taxes	\$ 264,698	\$ 68,848	\$ 195,849	\$ 264,697	\$ (1)
Investment earnings	-	1,523	7,150	8,673	8,673
	<u>264,698</u>	<u>70,371</u>	<u>202,999</u>	<u>273,370</u>	<u>8,672</u>
Expenditures					
General government					
Parkway acquisition	7,100,000	-	77,535	77,535	7,022,465
Collection fees	3,971	-	2,937	2,937	1,034
Reserve for parkway expenditures	<u>260,727</u>	<u>1,033</u>	<u>-</u>	<u>1,033</u>	<u>259,694</u>
	<u>7,364,698</u>	<u>1,033</u>	<u>80,472</u>	<u>81,505</u>	<u>7,283,193</u>
Revenues Over (Under) Expenditures	<u>(7,100,000)</u>	<u>69,338</u>	<u>122,527</u>	<u>191,865</u>	<u>7,291,865</u>
Other Financing Sources					
Installment purchase obligations issued	<u>7,100,000</u>	<u>-</u>	<u>6,960,000</u>	<u>6,960,000</u>	<u>(140,000)</u>
Revenues and Other Financing Sources Over Expenditures	<u>\$ -</u>	<u>\$ 69,338</u>	<u>7,082,527</u>	<u>\$ 7,151,865</u>	<u>\$ 7,151,865</u>
Fund Balance, Beginning of Year, July 1			<u>69,338</u>		
Fund Balance, End of Year, June 30			<u>\$ 7,151,865</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 improving Town roadways.
- *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.
- *Fire Trucks Purchase* - accounts for funds to be used for the purchase of two fire trucks.
- *General Capital Reserve* - used to account for resources accumulated for ongoing or future capital projects

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, 2024

Schedule 8
 (4 pages)

	Capital Projects Funds			
	Nicks Creek Parkway	Open Space and Greenways	Storm Water Improvements	Streambank Stabilization
ASSETS				
Cash and investments	\$ 3,664	\$ 52,888	\$ 30,363	\$ 112,668
Accounts receivable	-	-	-	-
Sales tax receivable	-	-	-	9
Accrued Interest	19	279	160	594
	<u>\$ 3,683</u>	<u>\$ 53,167</u>	<u>\$ 30,523</u>	<u>\$ 113,271</u>
LIABILITIES				
Payables	\$ -	\$ -	\$ -	\$ 59,616
Unearned revenue	-	-	-	-
Total liabilities	-	-	-	59,616
DEFERRED INFLOWS OF OF RESOURCES				
	-	-	-	-
FUND BALANCE				
Nonspendable				
Perpetual maintenance	-	-	-	-
Restricted				
Stabilization by State Statute	-	-	-	-
Committed				
Capital projects	3,683	53,167	30,523	53,655
Total fund balance	3,683	53,167	30,523	53,655
	<u>\$ 3,683</u>	<u>\$ 53,167</u>	<u>\$ 30,523</u>	<u>\$ 113,271</u>

Town of Southern Pines, North Carolina
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2024

Schedule 8
 (4 pages)

	Capital Projects Funds			
	EIDMS	Bike Transport	Paving Project	Sidewalk Construction II
ASSETS				
Cash and investments	\$ 200,328	\$ 305,860	\$ 1,497,648	\$ 299,634
Accounts receivable	-	120,966	-	-
Sales tax receivable	-	-	-	1,887
Accrued Interest	1,057	1,614	7,901	1,581
	<u>\$ 201,385</u>	<u>\$ 428,440</u>	<u>\$ 1,505,549</u>	<u>\$ 303,102</u>
LIABILITIES				
Payables	\$ -	\$ 3,761	\$ -	\$ -
Unearned revenue	-	-	-	-
Total liabilities	<u>-</u>	<u>3,761</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF OF RESOURCES				
	<u>-</u>	<u>120,966</u>	<u>-</u>	<u>-</u>
FUND BALANCE				
Nonspendable				
Perpetual maintenance	-	-	-	-
Restricted				
Stabilization by State Statute	-	-	-	-
Committed				
Capital projects	<u>201,385</u>	<u>303,713</u>	<u>1,505,549</u>	<u>303,102</u>
Total fund balance	<u>201,385</u>	<u>303,713</u>	<u>1,505,549</u>	<u>303,102</u>
	<u>\$ 201,385</u>	<u>\$ 428,440</u>	<u>\$ 1,505,549</u>	<u>\$ 303,102</u>

Town of Southern Pines, North Carolina
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2024

Schedule 8
 (4 pages)

	Capital Projects Funds			
	Recreational Improvements	Parking Lot Project	Facility Modernization	Reservoir Dam Improvements
ASSETS				
Cash and investments	\$ 144,883	\$ 27,931	\$ 536,676	\$ 68,929
Accounts receivable	-	-	-	-
Sales tax receivable	9,483	-	2,352	-
Accrued Interest	1,179	147	2,831	364
	<u>\$ 155,545</u>	<u>\$ 28,078</u>	<u>\$ 541,859</u>	<u>\$ 69,293</u>
LIABILITIES				
Payables	\$ -	\$ -	\$ -	\$ -
Unearned revenue	106,429	-	-	-
Total liabilities	<u>106,429</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE				
Nonspendable				
Perpetual maintenance	-	-	-	-
Restricted				
Stabilization by State Statute	-	-	-	-
Committed				
Capital projects	49,116	28,078	541,859	69,293
Total fund balance	<u>49,116</u>	<u>28,078</u>	<u>541,859</u>	<u>69,293</u>
	<u>\$ 155,545</u>	<u>\$ 28,078</u>	<u>\$ 541,859</u>	<u>\$ 69,293</u>

Town of Southern Pines, North Carolina
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2024

Schedule 8
 (4 pages)

	Capital Projects Funds		Permanent Fund	Total Nonmajor Governmental Funds
	General Capital Reserve	Fire Trucks Purchase	Cemetery Perpetual Care	
ASSETS				
Cash and investments	\$ 45,032	\$ 6,181	\$ 124,359	\$ 3,457,044
Accounts receivable	-	-	-	120,966
Sales tax receivable	-	-	-	13,731
Accrued Interest	237	33	655	18,651
	<u>\$ 45,269</u>	<u>\$ 6,214</u>	<u>\$ 125,014</u>	<u>\$ 3,610,392</u>
LIABILITIES				
Payables	\$ -	\$ -	\$ -	\$ 63,377
Unearned revenue	-	-	-	106,429
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>169,806</u>
DEFERRED INFLOWS OF RESOURCES				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>120,966</u>
FUND BALANCE				
Nonspendable				
Perpetual maintenance	-	-	124,359	124,359
Restricted				
Stabilization by State Statute	-	-	655	655
Committed				
Capital projects	<u>45,269</u>	<u>6,214</u>	<u>-</u>	<u>3,194,606</u>
Total fund balance	<u>45,269</u>	<u>6,214</u>	<u>125,014</u>	<u>3,319,620</u>
	<u>\$ 45,269</u>	<u>\$ 6,214</u>	<u>\$ 125,014</u>	<u>\$ 3,610,392</u>

Town of Southern Pines, North Carolina
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Governmental Funds
Year Ended June 30, 2024

Schedule 9
(4 pages)

	Capital Projects Funds			
	Nicks Creek Parkway	Open Space and Greenways	Storm Water Improvements	Streambank Stabilization
Revenues				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Grant proceeds	-	-	-	-
Investment earnings	176	2,543	1,838	7,411
Sale of plots	-	-	-	-
	<u>176</u>	<u>2,543</u>	<u>1,838</u>	<u>7,411</u>
Expenditures				
General government	-	-	-	128,253
Cultural and recreational	-	-	-	-
Public safety	-	-	-	-
Transportation	-	-	28,151	-
	<u>-</u>	<u>-</u>	<u>28,151</u>	<u>128,253</u>
Revenues Over (Under)				
Expenditures	<u>176</u>	<u>2,543</u>	<u>(26,313)</u>	<u>(120,842)</u>
Other Financing Sources (Uses)				
Transfers (to) from General Fund	-	-	-	60,000
	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,000</u>
Net Change in Fund Balance	176	2,543	(26,313)	(60,842)
Fund Balance, Beginning of Year, July 1	<u>3,507</u>	<u>50,624</u>	<u>56,836</u>	<u>114,497</u>
Fund Balance, End of Year, June 30	<u>\$ 3,683</u>	<u>\$ 53,167</u>	<u>\$ 30,523</u>	<u>\$ 53,655</u>

Town of Southern Pines, North Carolina
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Governmental Funds
Year Ended June 30, 2024

Schedule 9
(4 pages)

	Capital Projects Funds			
	EIDMS	Bike Transport	Paving Project	Sidewalk Construction II
Revenues				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Grant proceeds	-	-	-	-
Investment earnings	9,627	18,971	83,414	12,423
Sale of plots	-	-	-	-
	<u>9,627</u>	<u>18,971</u>	<u>83,414</u>	<u>12,423</u>
Expenditures				
General government	-	-	-	-
Cultural and recreational	-	151,208	-	-
Public safety	-	-	-	-
Transportation	-	-	617,883	82,894
	<u>-</u>	<u>151,208</u>	<u>617,883</u>	<u>82,894</u>
Revenues Over (Under)				
Expenditures	<u>9,627</u>	<u>(132,237)</u>	<u>(534,469)</u>	<u>(70,471)</u>
Other Financing Sources (Uses)				
Transfers (to) from General Fund	-	181,675	1,214,208	270,000
	<u>-</u>	<u>181,675</u>	<u>1,214,208</u>	<u>270,000</u>
Net Change in Fund Balance	9,627	49,438	679,739	199,529
Fund Balance, Beginning of Year, July 1	<u>191,758</u>	<u>254,275</u>	<u>825,810</u>	<u>103,573</u>
Fund Balance, End of Year, June 30	<u>\$ 201,385</u>	<u>\$ 303,713</u>	<u>\$ 1,505,549</u>	<u>\$ 303,102</u>

Town of Southern Pines, North Carolina
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance
Nonmajor Governmental Funds
Year Ended June 30, 2024

Schedule 9
(4 pages)

	Capital Projects Funds			
	Recreational Improvements	Parking Lot Project	Facility Modernization	Reservoir Dam Improvements
Revenues				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Grant proceeds	78,571	-	-	-
Investment earnings	9,965	6,636	32,694	5,051
Sale of plots	-	-	-	-
	<u>88,536</u>	<u>6,636</u>	<u>32,694</u>	<u>5,051</u>
Expenditures				
General government	-	-	246,184	42,343
Cultural and recreational	440,913	-	-	-
Public safety	-	-	-	-
Transportation	-	238,752	-	-
	<u>440,913</u>	<u>238,752</u>	<u>246,184</u>	<u>42,343</u>
Revenues Over (Under)				
Expenditures	<u>(352,377)</u>	<u>(232,116)</u>	<u>(213,490)</u>	<u>(37,292)</u>
Other Financing Sources (Uses)				
Transfers (to) from General Fund	<u>377,839</u>	<u>-</u>	<u>203,500</u>	<u>100,000</u>
	<u>377,839</u>	<u>-</u>	<u>203,500</u>	<u>100,000</u>
Net Change in Fund Balance	25,462	(232,116)	(9,990)	62,708
Fund Balance, Beginning of Year, July 1	<u>23,654</u>	<u>260,194</u>	<u>551,849</u>	<u>6,585</u>
Fund Balance, End of Year, June 30	<u>\$ 49,116</u>	<u>\$ 28,078</u>	<u>\$ 541,859</u>	<u>\$ 69,293</u>

Town of Southern Pines, North Carolina
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance
Nonmajor Governmental Funds
Year Ended June 30, 2024

Schedule 9
(4 pages)

	<u>Capital Projects Funds</u>		<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>General Capital Reserve</u>	<u>Fire Trucks Purchase</u>	<u>Cemetery Perpetual Care</u>	
Revenues				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Grant proceeds	-	-	-	78,571
Investment earnings	2,165	6,214	5,628	204,756
Sale of plots	-	-	10,450	10,450
	<u>2,165</u>	<u>6,214</u>	<u>16,078</u>	<u>293,777</u>
Expenditures				
General government	-	-	-	416,780
Cultural and recreational	-	-	-	592,121
Public safety	-	2,577,365	-	2,577,365
Transportation	-	-	-	967,680
	<u>-</u>	<u>2,577,365</u>	<u>-</u>	<u>4,553,946</u>
Revenues Over (Under) Expenditures	<u>2,165</u>	<u>(2,571,151)</u>	<u>16,078</u>	<u>(4,260,169)</u>
Other Financing Sources (Uses)				
Transfers (to) from General Fund	-	2,577,365	-	4,984,587
	<u>-</u>	<u>2,577,365</u>	<u>-</u>	<u>4,984,587</u>
Net Change in Fund Balance	2,165	6,214	16,078	724,418
Fund Balance, Beginning of Year, July 1	<u>43,104</u>	<u>-</u>	<u>108,936</u>	<u>2,595,202</u>
Fund Balance, End of Year, June 30	<u>\$ 45,269</u>	<u>\$ 6,214</u>	<u>\$ 125,014</u>	<u>\$ 3,319,620</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, 2024

Schedule 10

	Project Authorization	Actual		Total to Date	Variance Favorable (Unfavorable)
		Prior Years	Current Year		
Revenues					
Investment earnings	\$ 15,000	\$ 18,507	\$ 176	\$ 18,683	\$ 3,683
	<u>15,000</u>	<u>18,507</u>	<u>176</u>	<u>18,683</u>	<u>3,683</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 Other Financing Uses					
	<u>\$ -</u>	<u>\$ 3,507</u>	176	<u>\$ 3,683</u>	<u>\$ 3,683</u>
Fund Balance, Beginning of Year, July 1			<u>3,507</u>		
Fund Balance End of Year, June 30			<u>\$ 3,683</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, 2024

Schedule 11

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>	<u>Variance Favorable (Unfavorable)</u>
		<u>Prior Years</u>	<u>Current Year</u>		
Revenues					
Investment earnings	\$ 9,700	\$ 13,858	\$ 2,543	\$ 16,401	\$ 6,701
	<u>9,700</u>	<u>13,858</u>	<u>2,543</u>	<u>16,401</u>	<u>6,701</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>(1,739,638)</u>	<u>2,543</u>	<u>(1,737,095)</u>	<u>53,167</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	<u>126,000</u>	<u>126,000</u>	<u>-</u>	<u>126,000</u>	<u>-</u>
	<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>\$ 50,624</u>	<u>2,543</u>	<u>\$ 53,167</u>	<u>\$ 53,167</u>
Fund Balance, Beginning of year, July 1			<u>50,624</u>		
Fund Balance, End of Year, June 30			<u>\$ 53,167</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, 2024

Schedule 12

	Project Authorization	Actual		Total to Date	Variance Favorable (Unfavorable)
		Prior Years	Current Year		
Revenues					
Investment earnings	\$ 22,500	\$ 37,788	\$ 1,838	\$ 39,626	\$ 17,126
	<u>22,500</u>	<u>37,788</u>	<u>1,838</u>	<u>39,626</u>	<u>17,126</u>
Expenditures					
Transportation Construction	571,500	529,952	28,151	558,103	13,397
	<u>571,500</u>	<u>529,952</u>	<u>28,151</u>	<u>558,103</u>	<u>13,397</u>
Revenues Under Expenditures	<u>(549,000)</u>	<u>(492,164)</u>	<u>(26,313)</u>	<u>(518,477)</u>	<u>30,523</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>\$ 56,836</u>	<u>(26,313)</u>	<u>\$ 30,523</u>	<u>\$ 30,523</u>
Fund Balance, Beginning of Year, July 1			<u>56,836</u>		
Fund Balance, End of Year, June 30			<u>\$ 30,523</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, 2024

Schedule 13

	Project Authorization	Actual		Total to Date	Variance Favorable (Unfavorable)
		Prior Years	Current Year		
Revenues					
Investment earnings	\$ -	\$ 15,249	\$ 7,411	\$ 22,660	\$ 22,660
	-	15,249	7,411	22,660	22,660
Expenditures					
General government: Construction	771,484	612,236	128,253	740,489	30,995
	771,484	612,236	128,253	740,489	30,995
Revenues Under Expenditures	<u>(771,484)</u>	<u>(596,987)</u>	<u>(120,842)</u>	<u>(717,829)</u>	<u>53,655</u>
Other Financing Sources					
Transfers from					
General Fund	519,484	459,484	60,000	519,484	-
Capital Project Fund - Nicks Creek Parkway	72,000	72,000	-	72,000	-
General Capital Reserve	180,000	180,000	-	180,000	-
	771,484	711,484	60,000	771,484	-
Revenues and Other Financing Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 114,497</u>	<u>(60,842)</u>	<u>\$ 53,655</u>	<u>\$ 53,655</u>
Fund Balance, Beginning of Year, July 1			<u>114,497</u>		
Fund Balance, End of Year, June 30			<u>\$ 53,655</u>		

Town of Southern Pines, North Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Capital Projects Fund (Enterprise Information and Document Management System)
From Inception and for the Year Ended June 30, 2024

Schedule 14

	Project Authorization	Actual		Total to Date	Variance Favorable (Unfavorable)
		Prior Years	Current Year		
Revenues					
Investment earnings	\$ 14,200	\$ 36,901	\$ 9,627	\$ 46,528	\$ 32,328
	14,200	36,901	9,627	46,528	32,328
Expenditures					
General government Enterprise Resource Planning	907,059	738,002	-	738,002	169,057
	907,059	738,002	-	738,002	169,057
Revenues Over (Under) Expenditures	<u>(892,859)</u>	<u>(701,101)</u>	<u>9,627</u>	<u>(691,474)</u>	<u>201,385</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	(225,000)	(225,000)	-	(225,000)	-
	892,859	892,859	-	892,859	-
Revenues and Other Financing Sources Over Expenditures	<u>\$ -</u>	<u>\$ 191,758</u>	<u>9,627</u>	<u>\$ 201,385</u>	<u>\$ 201,385</u>
Fund Balance, Beginning of Year, July 1			<u>191,758</u>		
Fund Balance, End of Year, June 30			<u>\$ 201,385</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, 2024

Schedule 15

	Project Authorization	Actual		Total to Date	Variance Favorable (Unfavorable)
		Prior Years	Current Year		
Revenues					
Investment earnings	\$ -	\$ 17,949	\$ 18,971	\$ 36,920	\$ 36,920
	-	17,949	18,971	36,920	36,920
Expenditures					
Cultural and recreational Construction	459,675	41,674	151,208	192,882	266,793
	459,675	41,674	151,208	192,882	266,793
Revenues Under Expenditures	(459,675)	(23,725)	(132,237)	(155,962)	303,713
Other Financing Sources					
Transfers from General fund	321,675	140,000	181,675	321,675	-
Capital Project Fund - Patrick Road	138,000	138,000	-	138,000	-
	459,675	278,000	181,675	459,675	-
Revenues and Other Financing Sources Over Expenditures	\$ -	\$ 254,275	49,438	\$ 303,713	\$ 303,713
Fund Balance, Beginning of Year, July 1			254,275		
Fund Balance, End of Year, June 30			\$ 303,713		

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, 2024

Schedule 16

	Project Authorization	Actual		Total to Date	Variance Favorable (Unfavorable)
		Prior Years	Current Year		
Revenues					
Investment earnings	\$ -	\$ 20,158	\$ 83,414	\$ 103,572	\$ 103,572
	-	20,158	83,414	103,572	103,572
Expenditures					
Transportation Construction	2,665,651	645,791	617,883	1,263,674	1,401,977
	2,665,651	645,791	617,883	1,263,674	1,401,977
Revenues Under Expenditures	<u>(2,665,651)</u>	<u>(625,633)</u>	<u>(534,469)</u>	<u>(1,160,102)</u>	<u>1,505,549</u>
Other Financing Sources (Uses)					
Transfers from General Fund	2,771,708	1,557,500	1,214,208	2,771,708	-
Transfers to Capital Project Fund - Parking Lot	(106,057)	(106,057)	-	(106,057)	-
	2,665,651	1,451,443	1,214,208	2,665,651	-
Revenues and Other Financing Sources Over Expenditures	<u>\$ -</u>	<u>\$ 825,810</u>	679,739	<u>\$ 1,505,549</u>	<u>\$ 1,505,549</u>
Fund Balance, Beginning of Year, July 1			<u>825,810</u>		
Fund Balance, End of Year, June 30			<u>\$ 1,505,549</u>		

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, 2024

Schedule 17

	Project Authorization	Actual		Total to Date	Variance Favorable (Unfavorable)
		Prior Years	Current Year		
Revenues					
Investment earnings	\$ 30,000	\$ 21,100	\$ 12,423	\$ 33,523	\$ 3,523
	<u>30,000</u>	<u>21,100</u>	<u>12,423</u>	<u>33,523</u>	<u>3,523</u>
Expenditures					
Transportation Construction	1,667,877	1,285,404	82,894	1,368,298	299,579
	<u>1,667,877</u>	<u>1,285,404</u>	<u>82,894</u>	<u>1,368,298</u>	<u>299,579</u>
Revenues Under Expenditures	<u>(1,637,877)</u>	<u>(1,264,304)</u>	<u>(70,471)</u>	<u>(1,334,775)</u>	<u>303,102</u>
Other Financing Sources					
Transfers from General Fund	1,591,150	1,321,150	270,000	1,591,150	-
Capital Project Fund - Sidewalks	46,727	46,727	-	46,727	-
	<u>1,637,877</u>	<u>1,367,877</u>	<u>270,000</u>	<u>1,637,877</u>	<u>-</u>
Revenues and Other Financing Sources Over Expenditures	<u>\$ -</u>	<u>\$ 103,573</u>	199,529	<u>\$ 303,102</u>	<u>\$ 303,102</u>
Fund Balance, Beginning of Year, July 1			<u>103,573</u>		
Fund Balance, End of Year, June 30			<u>\$ 303,102</u>		

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, 2024

Schedule 18

	Project Authorization	Actual		Total to Date	Variance Favorable (Unfavorable)
		Prior Years	Current Year		
Revenues					
Grant proceeds	\$ 185,000	\$ -	\$ 78,571	\$ 78,571	\$ (106,429)
Investment earnings	18,500	10,304	9,965	20,269	1,769
	<u>203,500</u>	<u>10,304</u>	<u>88,536</u>	<u>98,840</u>	<u>(104,660)</u>
Expenditures					
Cultural and recreational Construction	<u>1,445,299</u>	<u>850,610</u>	<u>440,913</u>	<u>1,291,523</u>	<u>153,776</u>
	<u>1,445,299</u>	<u>850,610</u>	<u>440,913</u>	<u>1,291,523</u>	<u>153,776</u>
Revenues Under Expenditures	<u>(1,241,799)</u>	<u>(840,306)</u>	<u>(352,377)</u>	<u>(1,192,683)</u>	<u>49,116</u>
Other Financing Sources					
Transfers from General Fund	<u>1,241,799</u>	<u>863,960</u>	<u>377,839</u>	<u>1,241,799</u>	<u>-</u>
	<u>1,241,799</u>	<u>863,960</u>	<u>377,839</u>	<u>1,241,799</u>	<u>-</u>
Revenues and Other Financing Sources Over Expenditures	<u>\$ -</u>	<u>\$ 23,654</u>	<u>25,462</u>	<u>\$ 49,116</u>	<u>\$ 49,116</u>
Fund Balance, Beginning of Year, July 1			<u>23,654</u>		
Fund Balance, End of Year, June 30			<u>\$ 49,116</u>		

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, 2024

Schedule 19

	Project Authorization	Actual		Total to Date	Variance Favorable (Unfavorable)
		Prior Years	Current Year		
Revenues					
Investment earnings	\$ -	\$ 12,581	\$ 6,636	\$ 19,217	\$ 19,217
	-	12,581	6,636	19,217	19,217
Expenditures					
Transportation Construction	494,057	246,444	238,752	485,196	8,861
	494,057	246,444	238,752	485,196	8,861
Revenues Under Expenditures	<u>(494,057)</u>	<u>(233,863)</u>	<u>(232,116)</u>	<u>(465,979)</u>	<u>28,078</u>
Other Financing Sources					
Transfers from General Fund	388,000	388,000	-	388,000	-
Capital Project Fund - Unpaved Street	106,057	106,057	-	106,057	-
	494,057	494,057	-	494,057	-
Revenues and Other Financing Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 260,194</u>	<u>(232,116)</u>	<u>\$ 28,078</u>	<u>\$ 28,078</u>
Fund Balance, Beginning of Year, July 1			<u>260,194</u>		
Fund Balance, End of Year, June 30			<u>\$ 28,078</u>		

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, 2024

Schedule 20

	Project Authorization	Actual		Total to Date	Variance Favorable (Unfavorable)
		Prior Years	Current Year		
Revenues					
Investment earnings	\$ -	\$ 30,747	\$ 32,694	\$ 63,441	\$ 63,441
	-	30,747	32,694	63,441	63,441
Expenditures					
General government Construction	1,193,376	468,774	246,184	714,958	478,418
	1,193,376	468,774	246,184	714,958	478,418
Revenues Under Expenditures	<u>(1,193,376)</u>	<u>(438,027)</u>	<u>(213,490)</u>	<u>(651,517)</u>	<u>541,859</u>
Other Financing Sources					
Transfers from					
General Fund	880,542	677,042	203,500	880,542	-
Water Sewer Fund	312,834	312,834	-	312,834	-
	1,193,376	989,876	203,500	1,193,376	-
Revenues and Other Financing Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 551,849</u>	<u>(9,990)</u>	<u>\$ 541,859</u>	<u>\$ 541,859</u>
Fund Balance, Beginning of Year, July 1			<u>551,849</u>		
Fund Balance, End of Year, June 30			<u>\$ 541,859</u>		

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, 2024

Schedule 21

	Project Authorization	Actual		Total to Date	Variance Favorable (Unfavorable)
		Prior Years	Current Year		
Revenues					
Investment earnings	\$ -	\$ 3,699	\$ 5,051	\$ 8,750	\$ 8,750
	<u>-</u>	<u>3,699</u>	<u>5,051</u>	<u>8,750</u>	<u>8,750</u>
Expenditures					
General government Construction	275,000	172,114	42,343	214,457	60,543
	<u>275,000</u>	<u>172,114</u>	<u>42,343</u>	<u>214,457</u>	<u>60,543</u>
Revenues Under Expenditures	<u>(275,000)</u>	<u>(168,415)</u>	<u>(37,292)</u>	<u>(205,707)</u>	<u>69,293</u>
Other Financing Sources					
Transfers from General Fund	275,000	175,000	100,000	275,000	-
	<u>275,000</u>	<u>175,000</u>	<u>100,000</u>	<u>275,000</u>	<u>-</u>
Revenues and Other Financing Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 6,585</u>	<u>62,708</u>	<u>\$ 69,293</u>	<u>\$ 69,293</u>
Fund Balance, Beginning of Year, July 1			<u>6,585</u>		
Fund Balance, End of Year, June 30			<u>\$ 69,293</u>		

Town of Southern Pines, North Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Capital Projects Fund (Fire Trucks Purchase)
From Inception and for the Year Ended June 30, 2024

Schedule 22

	Project Authorization	Actual		Total to Date	Variance Favorable (Unfavorable)
		Prior Years	Current Year		
Revenues					
Investment earnings	\$ -	\$ -	\$ 6,214	\$ 6,214	\$ 6,214
	-	-	6,214	6,214	6,214
Expenditures					
Public Safety Equipment/Trucks	2,577,365	-	2,577,365	2,577,365	-
	2,577,365	-	2,577,365	2,577,365	-
Revenues Under Expenditures	<u>(2,577,365)</u>	<u>-</u>	<u>(2,571,151)</u>	<u>(2,571,151)</u>	<u>6,214</u>
Other Financing Sources					
Transfers from General Fund	2,577,365	-	2,577,365	2,577,365	-
	2,577,365	-	2,577,365	2,577,365	-
Revenues and Other Financing Sources Over Expenditures	<u>\$ -</u>	<u>\$ -</u>	6,214	<u>\$ 6,214</u>	<u>\$ 6,214</u>
Fund Balance, Beginning of Year, July 1			-		
Fund Balance, End of Year, June 30			<u>\$ 6,214</u>		

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, 2024

Schedule 23

	Project Authorization	Actual		Total to Date	Variance Favorable (Unfavorable)
		Prior Years	Current Year		
Revenues					
Investment earnings	\$ -	\$ 10,900	\$ 2,165	\$ 13,065	\$ 13,065
	-	10,900	2,165	13,065	13,065
Revenues Over Expenditures	-	10,900	2,165	13,065	13,065
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
	-	32,204	-	32,204	32,204
Revenues and Other Financing Sources (Uses) Over Expenditures	\$ -	\$ 43,104	2,165	\$ 45,269	\$ 45,269
Fund Balance, Beginning of Year, July 1			43,104		
Fund Balance, End of Year, June 30			\$ 45,269		

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, 2024

Schedule 24

With Comparative Actual Amounts for the Year Ended June 30, 2023

	2024			2023
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
Investment earnings	\$ 20,000	\$ 5,628	\$ (14,372)	\$ 3,389
Sale of plots	95,000	10,450	(84,550)	9,275
Total revenues	115,000	16,078	(98,922)	12,664
Expenditures				
Reserved for future expense	115,000	-	115,000	-
Revenues Over Expenditures	<u>\$ -</u>	16,078	<u>\$ 16,078</u>	12,664
Fund Balance, Beginning of Year, July 1		<u>108,936</u>		<u>96,272</u>
Fund Balance, End of Year, June 30		<u>\$ 125,014</u>		<u>\$ 108,936</u>

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, 2024
with Comparative Actual Amounts for Year Ended June 30, 2023

Schedule 25
(3 pages)

	2024		Variance Favorable (Unfavorable)	2023
	Budget	Actual		Actual
Revenues				
Operating revenues				
Charges for services				
Water sales	\$ 6,033,409	\$ 7,565,565	\$ 1,532,156	\$ 6,667,652
Sewer sales	3,238,120	3,905,116	666,996	3,610,080
Service charges	120,000	128,546	8,546	143,778
Miscellaneous operating revenue	300,000	377,300	77,300	264,077
Total operating revenues	9,691,529	11,976,527	2,284,998	10,685,587
Nonoperating revenues				
Investment earnings	50,000	387,920	337,920	247,606
	50,000	387,920	337,920	247,606
Total Revenues	9,741,529	12,364,447	2,622,918	10,933,193
Expenditures				
Billings and collections				
Salaries and employee benefits		348,128		342,949
Contracted services		39,214		26,437
Other departmental expenditures		202,214		164,946
	661,958	589,556	72,402	534,332
Water treatment				
Contractual services		1,068,329		1,017,847
Utilities		541,433		411,046
Other departmental expenditures		21,812		166,840
	1,671,495	1,631,574	39,921	1,595,733
Sewage treatment				
Contractual services	2,250,000	2,014,842	235,158	1,965,671
Water extensions and maintenance				
Salaries and employee benefits		682,225		595,029
Contractual services		35,964		29,099
Supplies		382,830		345,953
Other departmental expenditures		162,559		136,692
Capital outlay		214,993		36,624
	1,581,717	1,478,571	103,146	1,143,397

Town of Southern Pines, North Carolina
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
Water and Sewer Fund
Year Ended June 30, 2024
With Comparative Actual Amounts for Year Ended June 30, 2023

Schedule 25
(3 pages)

	2024		Variance Favorable (Unfavorable)	2023
	Budget	Actual		Actual
Sewer extensions and maintenance				
Salaries and employee benefits		\$ 513,535		\$ 506,677
Contractual services		90,339		117,912
Supplies		173,589		95,199
Other departmental expenditures		425,941		418,807
Capital outlay		107,554		591,291
	<u>\$ 1,514,852</u>	<u>1,310,958</u>	<u>\$ 203,894</u>	<u>1,729,886</u>
Chargeout for administrative expenses	<u>1,369,487</u>	<u>1,369,487</u>	<u>-</u>	<u>1,200,526</u>
Subtotal Expenditures	<u>9,049,509</u>	<u>8,394,988</u>	<u>654,521</u>	<u>8,169,545</u>
Budgetary appropriations:				
Interest		6,517		9,634
Debt principal		27,500		201,081
	<u>34,197</u>	<u>34,017</u>	<u>180</u>	<u>210,715</u>
Total Expenditures	<u>9,083,706</u>	<u>8,429,005</u>	<u>654,701</u>	<u>8,380,260</u>
Revenues Over Expenditures	<u>657,823</u>	<u>3,935,442</u>	<u>3,277,619</u>	<u>2,552,933</u>
Other Financing Sources (Uses)				
Transfers from				
ARPA Fund	-	-	-	748,938
Transfers to				
Water and sewer improvements	(3,261,281)	(3,261,281)	-	(1,079,360)
Facility modernization fund	-	-	-	(10,500)
Sale of capital assets	15,000	-	(15,000)	85,296
	<u>(3,246,281)</u>	<u>(3,261,281)</u>	<u>(15,000)</u>	<u>(255,626)</u>
Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	<u>(2,588,458)</u>	<u>674,161</u>	<u>3,262,619</u>	<u>2,297,307</u>
Appropriated retained earnings	<u>2,588,458</u>	<u>-</u>	<u>(2,588,458)</u>	<u>-</u>
Revenues and Appropriated Retained Earnings Over Expenditures and Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ 674,161</u>	<u>\$ 674,161</u>	<u>\$ 2,297,307</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, 2024
With Comparative Actual Amounts for Year Ended June 30, 2023

Schedule 25
(3 pages)

	<u>2024</u>	<u>2023</u>
Revenues and Other Sources Over Expenditures and Other Uses	<u>\$ 674,161</u>	<u>\$ 2,297,307</u>
Reconciling Items		
Principal retirement	27,500	201,081
Capital outlay	322,547	627,915
Gain on disposal of capital assets	-	85,296
Proceeds from the sale of capital assets	-	(85,296)
Depreciation and amortization	(2,019,599)	(2,036,063)
Non-capital expenses recorded in Water and Sewer Capital Projects Fund	(215,073)	-
(Increase) decrease in accrued interest payable	-	708
Increase in accrued compensated absences	(1,514)	(5,334)
Transfers of capital assets from other funds	77,535	-
Contributions to the pension plan	143,267	121,560
Pension expense	(218,656)	(211,760)
Interest earnings on water and sewer Capital Projects Fund	511,306	337,046
Capital Reserve Funds	58,740	36,563
Water and wastewater system development fees	1,528,846	1,329,134
Grant proceeds		
Capital Projects Fund	962,419	68,779
Developer's contributions	400,417	984,016
Intangible contributions	314,776	148,406
Water and sewer capital projects fund		
Transfers from other funds	-	4,584
Transfers to water and sewer Water and sewer improvements	3,261,281	1,079,360
	<u>5,153,792</u>	<u>2,685,995</u>
Change in Net Position	<u>\$ 5,827,953</u>	<u>\$ 4,983,302</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, 2024

Schedule 26

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
Revenues					
Grant proceeds	\$ 5,399,950	\$ 68,779	\$ 962,419	\$ 1,031,198	\$ (4,368,752)
Investment earnings	205,974	455,655	511,306	966,961	760,987
Total Revenues	5,605,924	524,434	1,473,725	1,998,159	(3,607,765)
Expenditures					
Warrior Woods Lift Station	1,881,316	721,818	-	721,818	1,159,498
Warrior Woods Pump Station Relocation	2,998,000	169,300	128,618	297,918	2,700,082
North Pressure Water Zone	1,954,642	-	60,424	60,424	1,894,218
Sanitary Sewer Modernization	7,361,858	1,528,384	1,005,508	2,533,892	4,827,966
Water Treatment Process Modernization	5,536,186	2,237,697	674,206	2,911,903	2,624,283
Pennsylvania/Peedee Road Water Line Replacement	3,320,570	1,726,325	1,594,244	3,320,569	1
Lift Station Upgrades	1,227,000	575,544	197,085	772,629	454,371
Water & Sewer Upgrades	1,180,000	76,775	93,134	169,909	1,010,091
Midland Road Water Line Replacement	160,438	-	-	-	160,438
US 1 and 15-501 Water Transmission Main Upgrade	2,000,000	-	1,832,302	1,832,302	167,698
Asset Inventory & Assessment Water	200,000	-	93,973	93,973	106,027
Wastewater	200,000	-	121,100	121,100	78,900
Loan closing costs	59,960	-	-	-	59,960
Total Expenditures	28,079,970	7,035,843	5,800,594	12,836,437	15,243,533
Revenues Under Expenditures	(22,474,046)	(6,511,409)	(4,326,869)	(10,838,278)	11,635,768
Other Financing Sources					
Installment purchase obligations issued	2,998,000	-	-	-	(2,998,000)
Transfers from					
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	2,625,274	1,603,099	1,022,175	2,625,274	-
Wastewater System Development Fees Fund	1,106,524	760,910	345,614	1,106,524	-
Water & Sewer Fund	12,970,796	9,709,515	3,261,281	12,970,796	-
Total Other Financing Sources	22,474,046	14,846,976	4,629,070	19,476,046	(2,998,000)
Revenues and Other Financing Sources Over Expenditures	\$ -	\$ 8,335,567	\$ 302,201	\$ 8,637,768	\$ 8,637,768

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, 2024

Schedule 27

	Project Authorization	Actual		Total to Date	Variance Favorable (Unfavorable)
		Prior Years	Current Year		
Revenues					
Investment earnings	\$ -	\$ 32,522	\$ 43,772	\$ 76,294	\$ 76,294
Water system development fees	2,801,202	2,966,191	1,149,746	4,115,937	1,314,735
	<u>2,801,202</u>	<u>2,998,713</u>	<u>1,193,518</u>	<u>4,192,231</u>	<u>1,391,029</u>
Revenues Over Expenditures	<u>2,801,202</u>	<u>2,998,713</u>	<u>1,193,518</u>	<u>4,192,231</u>	<u>1,391,029</u>
Other Financing Uses					
Transfers to Capital Project Funds	(2,801,202)	(1,779,027)	(1,022,175)	(2,801,202)	-
	<u>(2,801,202)</u>	<u>(1,779,027)</u>	<u>(1,022,175)</u>	<u>(2,801,202)</u>	<u>-</u>
Revenues and Other Financing Uses Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 1,219,686</u>	171,343	<u>\$ 1,391,029</u>	<u>\$ 1,391,029</u>
Fund Balance, Beginning of Year, July 1			<u>1,219,686</u>		
Fund Balance, End of Year, June 30			<u>\$ 1,391,029</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, 2024

Schedule 28

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>	<u>Variance Favorable (Unfavorable)</u>
		<u>Prior Years</u>	<u>Current Year</u>		
Revenues					
Investment earnings	\$ -	\$ 14,362	\$ 14,968	\$ 29,330	\$ 29,330
Water system development fees	1,106,524	1,220,958	379,100	1,600,058	493,534
	<u>1,106,524</u>	<u>1,235,320</u>	<u>394,068</u>	<u>1,629,388</u>	<u>522,864</u>
Revenues Over Expenditures	<u>1,106,524</u>	<u>1,235,320</u>	<u>394,068</u>	<u>1,629,388</u>	<u>522,864</u>
Other Financing Uses					
Transfers to Capital Project Funds	(1,106,524)	(760,910)	(345,614)	(1,106,524)	-
	<u>(1,106,524)</u>	<u>(760,910)</u>	<u>(345,614)</u>	<u>(1,106,524)</u>	<u>-</u>
Revenues and Other Financing Uses Over Expenditures	<u>\$ -</u>	<u>\$ 474,410</u>	48,454	<u>\$ 522,864</u>	<u>\$ 522,864</u>
Fund Balance, Beginning of Year, July 1			<u>474,410</u>		
Fund Balance, End of Year, June 30			<u>\$ 522,864</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, 2024

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	\$ 3,888,865	\$ 3,041,379	\$ 362,681	\$ 1,105,736	\$ 436,491
Public safety	1,461,767	12,983,925	985,420	96,040	6,159,891	787,845
Transportation	-	32,385	493,461	-	455,516	1,166,029
Economic and physical development	43,850	71,895	-	-	123,085	-
Cultural and recreational	<u>1,246,612</u>	<u>6,375,935</u>	<u>3,705,016</u>	<u>-</u>	<u>352,925</u>	<u>370,373</u>
Total Governmental Funds Capital Assets	<u><u>\$ 13,431,777</u></u>	<u><u>\$ 23,353,005</u></u>	<u><u>\$ 8,225,276</u></u>	<u><u>\$ 458,721</u></u>	<u><u>\$ 8,197,153</u></u>	<u><u>\$ 2,760,738</u></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, 2024

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	\$ 348,314	\$ 444,766	\$ 472,656	\$ 773,573	\$ 21,554,009
Public safety	-	-	2,577,365	48,201	25,100,454
Transportation	20,272,703	-	9,128	-	22,429,222
Economic and physical development	-	-	-	-	238,830
Cultural and recreational	<u>166,724</u>	<u>-</u>	<u>266,880</u>	<u>214,128</u>	<u>12,698,593</u>
Total Governmental Funds Capital Assets	<u><u>\$ 20,787,741</u></u>	<u><u>\$ 444,766</u></u>	<u><u>\$ 3,326,029</u></u>	<u><u>\$ 1,035,902</u></u>	<u><u>\$ 82,021,108</u></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, 2024

Schedule 30

	<u>Balance July 1, 2023</u>	<u>Additions and Transfers In</u>	<u>Disposals and Transfers Out</u>	<u>Balance June 30, 2024</u>
General government	\$ 20,272,416	\$ 1,757,230	\$ (475,637)	\$ 21,554,009
Public safety	22,747,329	3,052,296	(699,171)	25,100,454
Transportation	21,405,596	1,023,626	-	22,429,222
Economic and physical development	266,156	-	(27,326)	238,830
Cultural and recreational	<u>12,079,148</u>	<u>619,445</u>	<u>-</u>	<u>12,698,593</u>
Total Governmental Funds Capital Assets	<u>\$ 76,770,645</u>	<u>\$ 6,452,597</u>	<u>\$ (1,202,134)</u>	<u>\$ 82,021,108</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, 2024

Schedule 31

Fiscal Year	Uncollected Balance July 1, 2023	Additions	Collections and Credits	Uncollected Balance June 30, 2024
2023 - 2024	\$ -	\$ 12,912,486	\$ 12,894,836	\$ 17,650
2022 - 2023	17,753	-	7,435	10,318
2021 - 2022	10,337	-	2,619	7,718
2020 - 2021	6,454	-	1,196	5,258
2019 - 2020	4,768	-	229	4,539
2018 - 2019	4,511	-	111	4,400
2017 - 2018	2,634	-	114	2,520
2016 - 2017	2,259	-	111	2,148
2015 - 2016	1,870	-	-	1,870
2014 - 2015	2,318	-	-	2,318
2013 - 2014	1,614	-	1,614	-
	<u>\$ 54,518</u>	<u>\$ 12,912,486</u>	<u>\$ 12,908,265</u>	58,739
				Less: allowance for uncollected taxes receivable General Fund
				(29,854)
				Ad Valorem Taxes Receivable - Net
				<u>\$ 28,885</u>
				Reconciliation to Revenues
				Reconciling items
				Taxes
			\$ 12,847,195	
				Penalties and interest
			(15,091)	
				Refunds
			26,929	
				Taxes written off
			2,650	
				Other adjustments
			46,582	
				Total Collections and Credits
			<u>\$ 12,908,265</u>	

Town of Southern Pines, North Carolina
 Schedule of Ad Valorem Taxes Receivable
 Municipal Service District #1
 June 30, 2024

Schedule 32

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2023</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2024</u>
2023 - 2024	\$ -	\$ 195,849	\$ 195,849	\$ -
2022 - 2023	-	-	-	-
2021 - 2022	-	-	-	-
2020 - 2021	-	-	-	-
2019 - 2020	-	-	-	-
2018 - 2019	-	-	-	-
2017 - 2018	-	-	-	-
2016 - 2017	-	-	-	-
2015 - 2016	-	-	-	-
2014 - 2015	-	-	-	-
2013 - 2014	-	-	-	-
	<u>\$ -</u>	<u>\$ 195,849</u>	<u>\$ 195,849</u>	-
Less: allowance for uncollected taxes receivable Municipal Service District #1				<u>-</u>
Ad Valorem Taxes Receivable - Net				<u><u>\$ -</u></u>
Reconciliation to Revenues				
Reconciling items				
Taxes				\$ 195,849
Penalties and interest				-
Refunds				-
Taxes written off				-
Other adjustments				<u>-</u>
Total Collections and Credits				<u><u>\$ 195,849</u></u>

Town of Southern Pines, North Carolina
 Analysis of Current Tax Levy
 Town-Wide Levy
 June 30, 2024

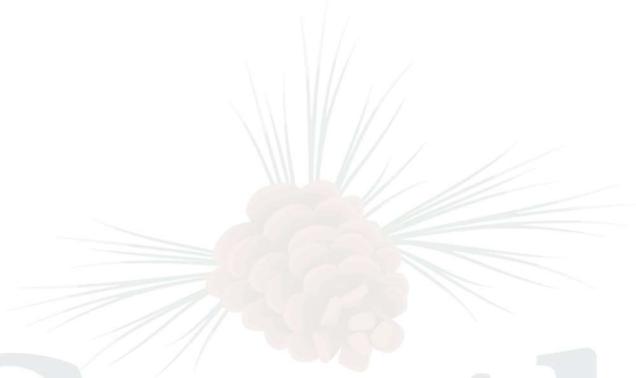
Schedule 33

	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	\$ 4,449,898,302	\$ 0.29	\$ 12,941,388	\$ 12,216,383	\$ 725,005
Property taxed at current year's rate - MSD	32,641,456	0.60	195,849	195,849	-
Penalties	-		5,027	5,027	-
Total Original Levy	4,482,539,758		13,142,264	12,417,259	725,005
Discoveries					
Adjustments at current year's rate	7,211,379	0.29	20,913	20,913	-
Adjustments at prior year's rate	3,679,000	0.40	14,716	14,716	-
Total Discoveries	4,493,430,137		13,177,893	12,452,888	725,005
Releases					
Current year's rate	(23,985,517)	0.29	(69,558)	(69,558)	-
Total Property Valuation	<u>\$ 4,469,444,620</u>				
Net Levy			13,108,335	12,383,330	725,005
Uncollected taxes at June 30, 2024			(17,650)	(17,650)	-
Current Year's Taxes Collected			<u>\$ 13,090,685</u>	<u>\$ 12,365,680</u>	<u>\$ 725,005</u>
Current Levy Collection Percentage			<u>99.87%</u>	<u>99.86%</u>	<u>100.00%</u>

Town of Southern Pines, North Carolina
 Schedule of Interfund Transfers
 Year Ended June 30, 2024

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>Municipal Service District #1</u>	<u>Water and Sewer Fund</u>	
Governmental				
General fund	\$ -	\$ -	\$ -	\$ -
Nonmajor funds	4,984,587	-	-	4,984,587
Business-type				
Major funds	<u>77,535</u>	<u>-</u>	<u>-</u>	<u>77,535</u>
	<u>\$ 5,062,122</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,062,122</u>



Southern Pines

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Statistical Section

This part of the Town of Southern Pines' annual comprehensive 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.

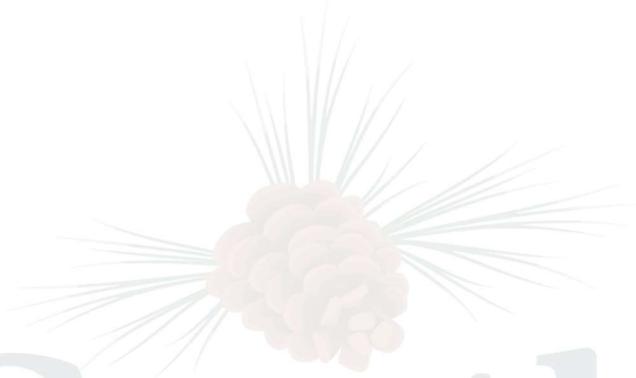
Revenue Capacity - These tables contain information to help the reader assess the government's most significant local revenue source, the property tax.

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 annual comprehensive financial reports for the relevant year.



Southern Pines

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Financial Trends Information

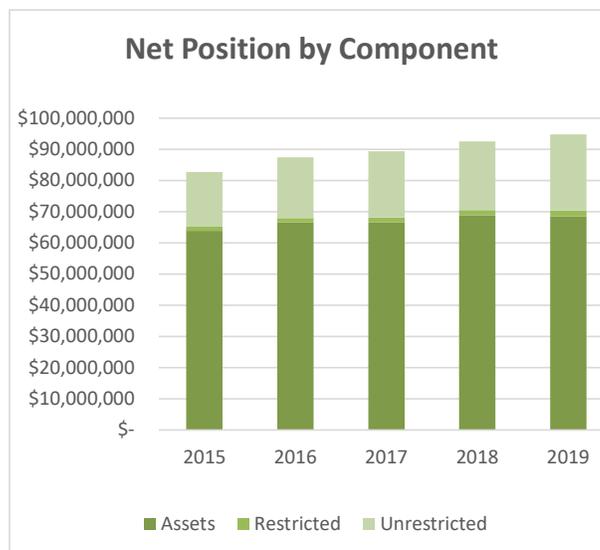
Town of Southern Pines, North Carolina
Net Position by Component
Last Ten Fiscal Years

Table 1
(2 pages)

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Governmental Activities					
Net Investment in Capital					
Assets	\$ 30,965,507	\$ 32,437,390	\$ 32,711,835	\$ 34,673,136	\$ 34,528,937
Restricted	1,347,656	1,411,213	1,519,740	1,698,798	1,900,876
Unrestricted	8,398,997	9,158,392	9,024,025	8,041,802	8,872,638
Total Governmental Activities Net Position	<u>40,712,160</u>	<u>43,006,995</u>	<u>43,255,600</u>	<u>44,413,736</u>	<u>45,302,451</u>
Business-Type Activities					
Net Investment in Capital					
Assets	32,916,198	34,033,968	33,991,050	34,193,906	33,892,745
Unrestricted	9,068,275	10,389,970	12,130,776	13,910,881	15,587,824
Total Business-Type Activities Net Position	<u>41,984,473</u>	<u>44,423,938</u>	<u>46,121,826</u>	<u>48,104,787</u>	<u>49,480,569</u>
Primary Government					
Net Investment in Capital					
Assets	63,881,705	66,471,358	66,702,885	68,867,042	68,421,682
Restricted	1,347,656	1,411,213	1,519,740	1,698,798	1,900,876
Unrestricted	17,467,272	19,548,362	21,154,801	21,952,683	24,460,462
Total Primary Government Net Position	<u>\$ 82,696,633</u>	<u>\$ 87,430,933</u>	<u>\$ 89,377,426</u>	<u>\$ 92,518,523</u>	<u>\$ 94,783,020</u>

Notes:

This table was prepared using the accrual basis of accounting.



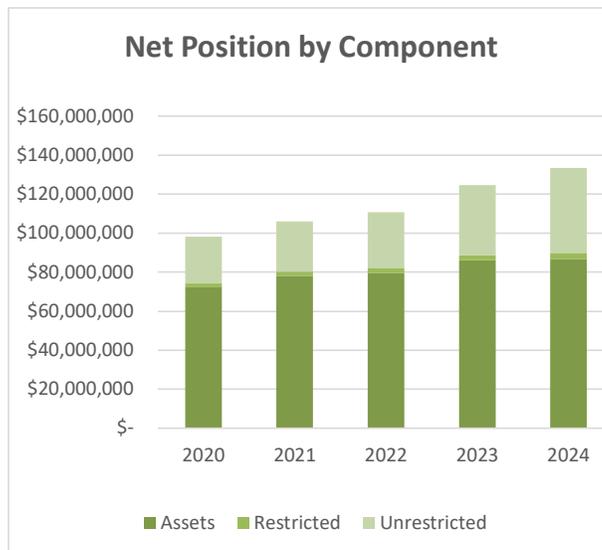
Town of Southern Pines, North Carolina
Net Position by Component
Last Ten Fiscal Years

Table 1
(2 pages)

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Governmental Activities					
Net Investment in Capital					
Assets	\$ 35,851,831	\$ 37,075,906	\$ 38,421,771	\$ 41,411,965	\$ 39,722,447
Restricted	1,946,432	2,145,753	2,520,513	2,735,025	3,156,730
Unrestricted	8,304,508	9,382,997	10,164,133	15,975,209	20,098,036
Total Governmental Activities Net Position	<u>46,102,771</u>	<u>48,604,656</u>	<u>51,106,417</u>	<u>60,122,199</u>	<u>62,977,213</u>
Business-Type Activities					
Net Investment in Capital					
Assets	36,398,750	41,129,762	41,199,204	44,583,360	47,070,921
Unrestricted	15,682,445	16,326,589	18,409,486	20,008,632	23,349,024
Total Business-Type Activities Net Position	<u>52,081,195</u>	<u>57,456,351</u>	<u>59,608,690</u>	<u>64,591,992</u>	<u>70,419,945</u>
Primary Government					
Net Investment in Capital					
Assets	72,250,581	78,205,668	79,620,975	85,995,325	86,793,368
Restricted	1,946,432	2,145,753	2,520,513	2,735,025	3,156,730
Unrestricted	23,986,953	25,709,586	28,573,619	35,983,841	43,447,060
Total Primary Government Net Position	<u>\$ 98,183,966</u>	<u>\$ 106,061,007</u>	<u>\$ 110,715,107</u>	<u>\$ 124,714,191</u>	<u>\$ 133,397,158</u>

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>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>	<u>2024</u>
Expenses										
Governmental activities										
General Government	\$ 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	\$ 7,679,057
Public Safety	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	11,202,879
Transportation	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	2,075,282
Economic & Physical Development	653,371	701,189	563,367	604,385	657,709	834,642	953,077	923,165	1,400,220	1,254,487
Cultural and Recreation	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	2,951,885
Interest on Long-Term Debt	153,216	135,625	116,880	129,304	261,591	233,606	209,377	159,016	116,490	128,535
Total Governmental Activities Expense	<u>13,951,688</u>	<u>14,997,712</u>	<u>15,506,266</u>	<u>16,469,580</u>	<u>17,958,578</u>	<u>20,053,563</u>	<u>19,907,017</u>	<u>20,184,212</u>	<u>22,864,922</u>	<u>25,292,125</u>
Total Business-Type Activity - Water and Sewer	<u>6,969,806</u>	<u>7,083,980</u>	<u>7,340,631</u>	<u>7,483,404</u>	<u>8,246,671</u>	<u>8,128,721</u>	<u>8,654,093</u>	<u>9,012,368</u>	<u>9,682,153</u>	<u>10,390,533</u>
Total Primary Government Expenses	<u>\$ 20,921,494</u>	<u>\$ 22,081,692</u>	<u>\$ 22,846,897</u>	<u>\$ 23,952,984</u>	<u>\$ 26,205,249</u>	<u>\$ 28,182,284</u>	<u>\$ 28,561,110</u>	<u>\$ 29,196,580</u>	<u>\$ 32,547,075</u>	<u>\$ 35,682,658</u>
Program Revenues										
Governmental activities										
Charges for Services										
General Governmental	\$ 853,155	\$ 947,169	\$ 918,206	\$ 947,971	\$ 1,055,204	\$ 1,220,196	\$ 1,341,719	\$ 1,181,849	\$ 1,703,058	\$ 1,814,868
Public Safety	501,768	581,747	596,230	576,534	618,001	516,051	521,553	561,887	513,275	554,782
Transportation	36,146	53,711	35,677	45,234	43,690	36,920	48,486	50,321	46,776	68,630
Economic and Physical Development	403,127	372,607	412,257	409,385	384,840	438,650	863,109	599,189	840,628	945,764
Cultural and Recreation	259,213	266,735	242,589	258,979	261,607	192,808	170,651	212,464	290,068	366,105
Cemetery	3,149	5,375	3,025	2,750	3,950	5,250	8,425	3,150	9,275	10,450
Operating Grants & Contributions										
General Governmental	50,577	48,093	89,744	1,927	176,379	26,234	206,458	133,545	4,672,822	26,787
Public Safety	20,331	8,147	11,518	18,801	157,580	273,973	170,752	80,831	17,801	349,196
Transportation	490,905	404,887	402,027	405,234	403,744	404,177	386,118	481,723	484,069	546,561
Cultural and Recreation	11,770	34,722	8,499	17,848	8,013	114,352	12,442	31,021	84,007	29,206
Capital Grants & Contributions										
General Governmental	-	-	870	-	-	675,854	888,156	39,960	2,290,708	26,376
Transportation	33,749	220,763	107,158	50,757	-	-	-	-	-	120,966
Cultural and Recreation	-	925,061	-	-	-	-	-	-	-	78,571
Total Governmental Activities Program Revenues	<u>2,663,890</u>	<u>3,869,017</u>	<u>2,827,800</u>	<u>2,735,420</u>	<u>3,113,008</u>	<u>3,904,465</u>	<u>4,617,869</u>	<u>3,375,940</u>	<u>10,952,487</u>	<u>4,938,262</u>
Business-Type Activity - Water and Sewer										
Charges for Services	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	11,976,527
Capital Grants & Contributions	261,567	1,524,481	282,380	534,515	332,569	1,895,667	3,665,740	1,950,879	1,201,201	1,677,612
Total Business-Type Activity Program Revenues	<u>7,353,141</u>	<u>9,029,244</u>	<u>8,052,224</u>	<u>8,626,184</u>	<u>8,554,222</u>	<u>10,460,262</u>	<u>12,839,748</u>	<u>12,288,525</u>	<u>11,886,788</u>	<u>13,654,139</u>
Total Primary Government Program Revenues	<u>\$ 10,017,031</u>	<u>\$ 12,898,261</u>	<u>\$ 10,880,024</u>	<u>\$ 11,361,604</u>	<u>\$ 11,667,230</u>	<u>\$ 14,364,727</u>	<u>\$ 17,457,617</u>	<u>\$ 15,664,465</u>	<u>\$ 22,839,275</u>	<u>\$ 18,592,401</u>

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

Table 2
(2 pages)

	<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>	<u>2024</u>
Net Revenue (Expense)										
Governmental activities	\$ (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)	\$ (20,353,863)
Business-type activity	383,335	1,945,264	711,593	1,142,780	307,551	2,331,541	4,185,655	3,276,157	2,204,635	3,263,606
Total Primary Government Net Expense	<u>\$ (10,904,463)</u>	<u>\$ (9,183,431)</u>	<u>\$ (11,966,873)</u>	<u>\$ (12,591,380)</u>	<u>\$ (14,538,019)</u>	<u>\$ (13,817,557)</u>	<u>\$ (11,103,493)</u>	<u>\$ (13,532,115)</u>	<u>\$ (9,707,800)</u>	<u>\$ (17,090,257)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Ad Valorem Taxes	\$ 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	\$ 13,050,996
Alcoholic Beverage Tax	120,790	143,195	156,789	178,188	196,226	198,273	253,772	284,148	286,565	282,779
Franchise Taxes	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	1,253,351
Unrestricted										
Intergovernmental	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	6,959,596
Investment Earnings	20,661	38,091	65,948	159,478	312,484	227,148	35,024	35,569	814,277	1,199,187
Miscellaneous Revenue	94,977	106,949	133,359	155,103	138,493	149,534	221,669	519,560	508,454	502,452
Gain (Loss) on Disposal/										
Transfer of Capital Assets	47,607	64,089	16,814	(41,865)	5,133	26,561	52,505	(176,008)	87,792	38,051
Transfers	-	-	-	-	1,749	302,334	-	52,937	(743,022)	(77,535)
Total Governmental Activities	<u>12,945,799</u>	<u>13,423,530</u>	<u>13,952,847</u>	<u>14,892,296</u>	<u>15,734,285</u>	<u>16,949,418</u>	<u>17,791,152</u>	<u>19,310,033</u>	<u>20,928,217</u>	<u>23,208,877</u>
Business-type activity:										
Investment Earnings	26,254	62,699	68,242	138,711	245,011	208,816	36,077	31,641	621,215	957,966
Miscellaneous Revenue	172,376	414,304	904,086	701,470	419,695	340,683	1,075,223	1,176,819	1,329,134	1,528,846
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	77,535
Total Business-Type Activity	<u>198,630</u>	<u>494,201</u>	<u>986,295</u>	<u>840,181</u>	<u>1,068,231</u>	<u>269,085</u>	<u>1,189,490</u>	<u>1,161,173</u>	<u>2,778,667</u>	<u>2,564,347</u>
Total Primary Government General Revenues and Other Changes in Net Position	<u>\$ 13,144,429</u>	<u>\$ 13,917,731</u>	<u>\$ 14,939,142</u>	<u>\$ 15,732,477</u>	<u>\$ 16,802,516</u>	<u>\$ 17,218,503</u>	<u>\$ 18,980,642</u>	<u>\$ 20,471,206</u>	<u>\$ 23,706,884</u>	<u>\$ 25,773,224</u>
Change in Net Position										
Governmental Activities	\$ 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	\$ 2,855,014
Business-Type Activity	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	5,827,953
Total Primary Government Change in Net Position	<u>\$ 2,239,966</u>	<u>\$ 4,734,300</u>	<u>\$ 2,972,269</u>	<u>\$ 3,141,097</u>	<u>\$ 2,264,497</u>	<u>\$ 3,400,946</u>	<u>\$ 7,877,149</u>	<u>\$ 6,939,091</u>	<u>\$ 13,999,084</u>	<u>\$ 8,682,967</u>

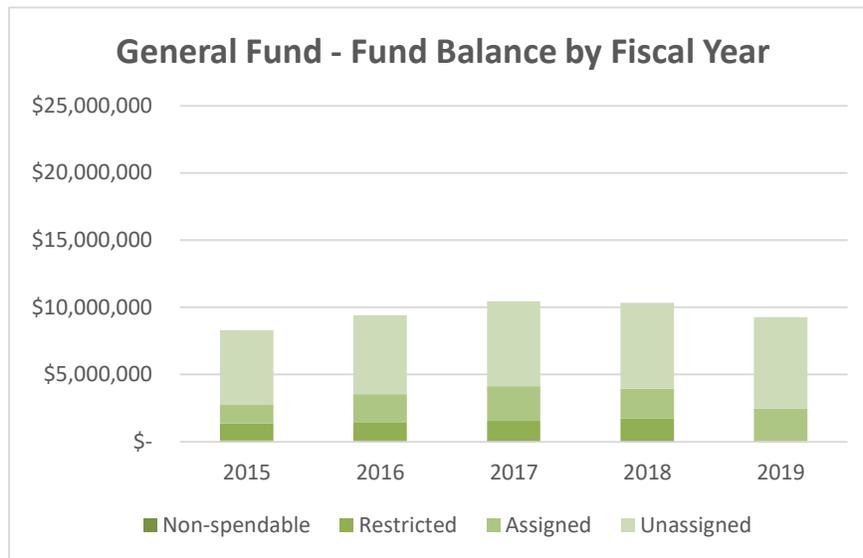
Note:
This table was prepared using the accrual basis of accounting.

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

**Table 3
(2 pages)**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
General Fund					
Non-spendable	\$ 87,292	\$ 79,715	\$ 112,223	\$ 123,013	\$ 127,652
Restricted	1,267,145	1,325,436	1,435,608	1,591,977	1,738,805
Assigned	1,374,933	2,136,517	2,567,470	2,214,994	2,448,943
Unassigned	5,552,329	5,863,955	6,330,949	6,398,820	6,806,882
Total General Fund	<u>\$ 8,281,699</u>	<u>\$ 9,405,623</u>	<u>\$ 10,446,250</u>	<u>\$ 10,328,804</u>	<u>\$ 11,122,282</u>
All Other Governmental Funds					
Non-spendable	\$ 60,237	\$ 65,779	\$ 69,115	\$ 72,534	\$ 77,603
Restricted	20,274	19,998	15,017	34,287	84,468
Committed	2,500,431	2,135,417	2,366,822	6,621,772	2,522,442
Unassigned	-	-	-	-	-
Total All Other Governmental Funds	<u>\$ 2,580,942</u>	<u>\$ 2,221,194</u>	<u>\$ 2,450,954</u>	<u>\$ 6,728,593</u>	<u>\$ 2,684,513</u>

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

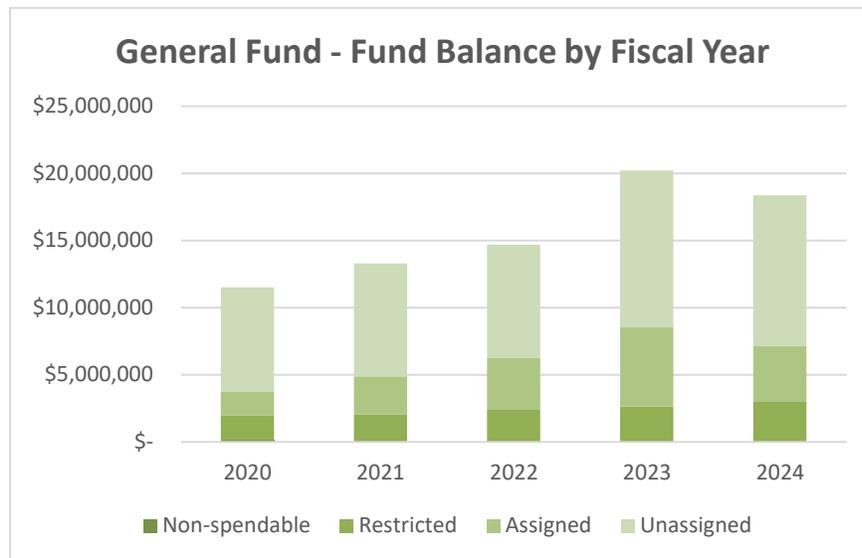


Town of Southern Pines, North Carolina
Fund Balances, Governmental Funds ⁽¹⁾
Last Ten Fiscal Years

Table 3
(2 pages)

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
General Fund					
Non-spendable	\$ 213,683	\$ 159,750	\$ 168,002	\$ 260,202	\$ 240,453
Restricted	1,842,799	2,045,909	2,421,321	2,625,774	3,031,716
Assigned	1,739,405	2,834,047	3,856,359	5,891,466	4,102,049
Unassigned	<u>7,791,203</u>	<u>8,420,430</u>	<u>8,411,276</u>	<u>11,689,345</u>	<u>11,239,894</u>
Total General Fund	<u>\$ 11,587,090</u>	<u>\$ 13,460,136</u>	<u>\$ 14,856,958</u>	<u>\$ 20,466,787</u>	<u>\$ 18,614,112</u>
All Other Governmental Funds					
Non-spendable	\$ 84,062	\$ 92,910	\$ 96,252	\$ 108,441	\$ 124,359
Restricted	19,571	6,934	2,940	810	655
Committed	2,082,919	2,295,612	1,910,903	2,555,289	10,346,471
Unassigned	<u>-</u>	<u>-</u>	<u>3,671</u>	<u>-</u>	<u>-</u>
Total All Other Governmental Funds	<u>\$ 2,186,552</u>	<u>\$ 2,395,456</u>	<u>\$ 2,013,766</u>	<u>\$ 2,664,540</u>	<u>\$ 10,471,485</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>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Revenues					
Ad valorem taxes	\$ 8,428,787	\$ 8,563,591	\$ 8,887,612	\$ 9,670,483	\$ 9,989,891
Other taxes and licenses	230,577	191,005	215,047	245,365	258,833
Unrestricted					
Intergovernmental	4,228,255	4,728,619	4,731,922	4,779,476	5,098,682
Restricted Intergovernmental	417,431	415,756	411,130	424,748	706,216
Permits and fees	469,075	549,713	548,475	535,647	583,260
Sales and services	1,094,102	1,164,811	1,138,137	1,194,230	1,286,029
Investment earnings	20,661	38,091	65,948	159,478	312,484
Grant proceeds	-	-	-	50,757	-
Developers contributions	90,000	-	107,158	-	-
Other	632,340	655,970	683,542	618,641	609,819
Total Revenues	<u>15,611,228</u>	<u>16,307,556</u>	<u>16,788,971</u>	<u>17,678,825</u>	<u>18,845,214</u>
Expenditures					
Current					
General government	4,606,968	4,783,099	4,812,892	5,357,663	5,401,328
Public safety	6,761,146	5,973,433	6,233,795	8,075,128	11,417,437
Transportation	1,576,703	1,660,533	1,378,677	1,883,429	1,741,098
Economic and physical development	663,143	697,899	596,360	614,067	621,021
Cultural and recreational	1,725,896	1,793,900	1,726,338	2,167,615	1,931,550
Debt service					
Principal	625,361	666,541	669,113	552,196	781,876
Interest	153,941	139,174	120,439	101,675	266,335
Total Expenditures	<u>16,113,158</u>	<u>15,714,579</u>	<u>15,537,614</u>	<u>18,751,773</u>	<u>22,160,645</u>
Revenues Over (Under) Expenditures	(501,930)	592,977	1,251,357	(1,072,948)	(3,315,431)
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	64,829
Transfers from other funds	908,300	310,000	575,000	816,954	1,114,750
Transfers to other funds	(908,300)	(310,000)	(575,000)	(816,954)	(1,114,750)
Total Other Financing Sources (Uses)	<u>703,500</u>	<u>171,199</u>	<u>19,030</u>	<u>5,233,141</u>	<u>64,829</u>
Net Change in Fund Balance	201,570	764,176	1,270,387	4,160,193	(3,250,602)
Fund Balance - Beginning 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>
Fund Balance - End of Year	<u>\$ 10,862,641</u>	<u>\$ 11,626,817</u>	<u>\$ 12,897,204</u>	<u>\$ 17,057,397</u>	<u>\$ 13,806,795</u>
Debt Service as a Percentage of Non-Capital Expenditures	5.7%	5.6%	5.5%	4.3%	6.3%

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>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Revenues					
Ad valorem taxes	\$ 10,780,683	\$ 11,209,507	\$ 11,571,474	\$ 12,293,774	\$ 13,043,044
Other taxes and licenses	309,616	381,598	427,808	435,894	446,893
Unrestricted					
Intergovernmental	5,214,808	5,945,474	6,946,573	7,530,176	8,051,843
Restricted Intergovernmental	780,125	760,591	557,080	5,233,841	1,011,199
Permits and fees	575,118	1,018,653	805,821	978,914	1,190,895
Sales and services	1,351,968	1,446,259	1,327,596	1,952,820	2,100,147
Investment earnings	227,148	35,024	35,569	814,277	1,197,807
Grant proceeds	-	-	-	-	-
Developers contributions	-	-	-	-	-
Other	604,546	654,268	1,087,258	1,005,876	988,106
Total Revenues	<u>19,844,012</u>	<u>21,451,374</u>	<u>22,759,179</u>	<u>30,245,572</u>	<u>28,029,934</u>
Expenditures					
Current					
General government	6,110,073	6,202,321	6,506,522	7,069,247	8,650,529
Public safety	8,406,861	7,779,371	8,473,768	9,043,370	12,798,755
Transportation	2,282,937	1,831,623	2,179,905	1,593,444	2,314,554
Economic and physical development	776,948	899,557	926,707	1,330,932	1,198,902
Cultural and recreational	2,309,937	3,736,835	2,379,247	2,911,733	3,056,868
Debt service					
Principal	781,876	906,981	1,300,953	1,409,984	1,252,419
Interest	237,868	215,241	161,338	131,133	103,571
Total Expenditures	<u>20,906,500</u>	<u>21,571,929</u>	<u>21,928,440</u>	<u>23,489,843</u>	<u>29,375,598</u>
Revenues Over (Under) Expenditures	(1,062,488)	(120,555)	830,739	6,755,729	(1,345,664)
Other Financing Sources (Uses)					
Issuance of debt	650,000	2,150,000	52,629	168,099	7,250,454
Loss on lease termination	-	-	-	(7,995)	-
Sale of capital assets	77,001	52,505	33,028	87,792	49,480
Transfers from other funds	1,334,021	885,136	(801,484)	(6,734,676)	4,984,587
Transfers to other funds	(1,031,687)	(885,136)	900,220	5,991,654	(4,984,587)
Total Other Financing Sources (Uses)	<u>1,029,335</u>	<u>2,202,505</u>	<u>184,393</u>	<u>(495,126)</u>	<u>7,299,934</u>
Net Change in Fund Balance	(33,153)	2,081,950	1,015,132	6,260,603	5,954,270
Fund Balance - Beginning of Year	<u>13,806,795</u>	<u>13,773,642</u>	<u>15,855,592</u>	<u>16,870,724</u>	<u>23,131,327</u>
Fund Balance - End of Year	<u>\$ 13,773,642</u>	<u>\$ 15,855,592</u>	<u>\$ 16,870,724</u>	<u>\$ 23,131,327</u>	<u>\$ 29,085,597</u>
Debt Service as a Percentage of Non-Capital Expenditures	5.7%	6.2%	7.4%	7.3%	5.9%

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

Revenue Capacity Information

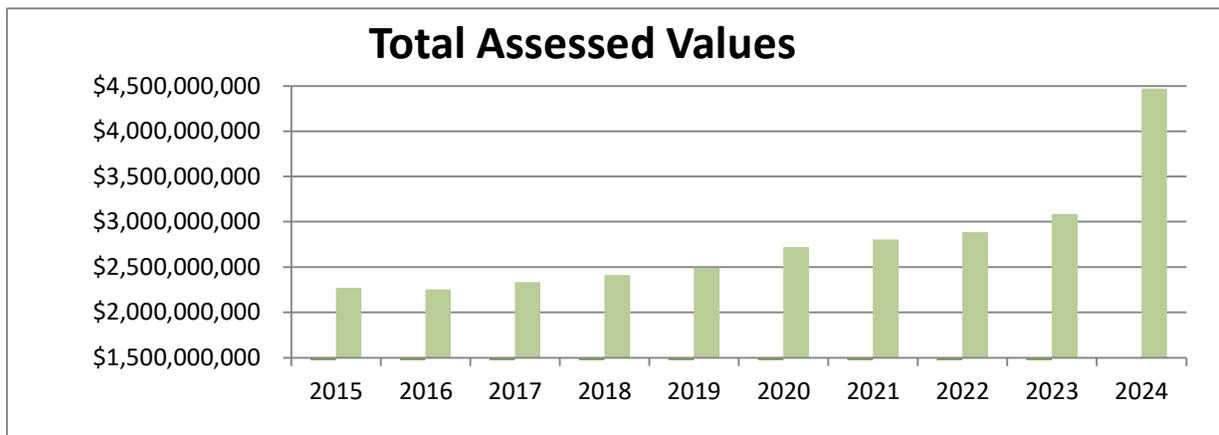
**Town of Southern Pines, North Carolina
Assessed Value of Taxable Property
Last Ten Fiscal Years**

Table 5

Fiscal Year	Assessed Value ⁽¹⁾			Total	Property Tax Rate ⁽³⁾	Percent Increase in Value ⁽⁴⁾
	Real Property	Personal Property ⁽²⁾	Public Service Companies			
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%
2024	4,093,970,804	348,417,493	27,056,323	4,469,444,620	0.29	44.9%

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. Property was last revalued as of January 1, 2023 in fiscal year 2024. The revenue neutral tax rate following the most recent revaluation, adjusted for growth, calculates to be \$0.2815. The tax rate during fiscal year-end June 30, 2024 was \$0.29.



**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 Rates	
		Operating Millage	Debt Service Millage	Total Town Millage	Municipal Service District ⁽¹⁾	County of Moore ⁽²⁾
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	0.40	0.525
2024	2023	0.29	-	0.29	0.60	0.368

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 2023.

⁽¹⁾ *Municipal Service District was established in tax year 2022.*

⁽²⁾ *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	2024			2015		
		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	\$ 66,732,380	1	1.49%	(2)	-	0.00%
Morganton Park LLC	Residential	60,000,000	2	1.34%	(2)	-	0.00%
Tyler's Ridge Apartment LLC & PH II	Residential	40,064,460	3	0.90%	9,506,570	8	0.42%
SBV Southern Pines LLC	Retail	30,473,870	4	0.68%	(2)	-	0.00%
Hawthorne Pinecrest LLC	Retail	25,469,350	5	0.57%	(2)	-	0.00%
Colony 9 LLC	Golf Course	25,310,627	6	0.57%	(2)	-	0.00%
Ingersoll-Rand Company & Industrial	Manufacturing	25,157,268	7	0.56%	7,963,707	10	0.35%
Berne Square LLC	Retail	21,256,510	8	0.48%	(2)	-	0.00%
Southern Pines Retirement	Retirement Community	21,411,040	9	0.48%	11,884,780	6	0.52%
Landpoint Tanglewood, LLC	Residential	16,432,010	10	0.37%	(2)	-	0.00%
Forest Creek	Golf Course	(2)	-	0.00%	48,476,430	1	2.13%
Pinecrest Plaza	Retail	(2)	-	0.00%	24,344,970	2	1.07%
Mid Pines	Golf Course/Hotel	(2)	-	0.00%	19,982,050	3	0.88%
Hendricks Southern Pines	Retail	(2)	-	0.00%	19,723,230	4	0.87%
Claude Smith Enterprises	Retail	(2)	-	0.00%	12,939,650	5	0.57%
Progress Energy	Utility	(2)	-	0.00%	10,672,270	7	0.47%
Tri-City	Residential/Retail	(2)	-	0.00%	8,249,000	9	0.36%
		<u>\$ 332,307,515</u>		<u>7.44%</u>	<u>\$ 173,742,657</u>		<u>7.64%</u>

SOURCE: Moore County Tax Department

NOTES:

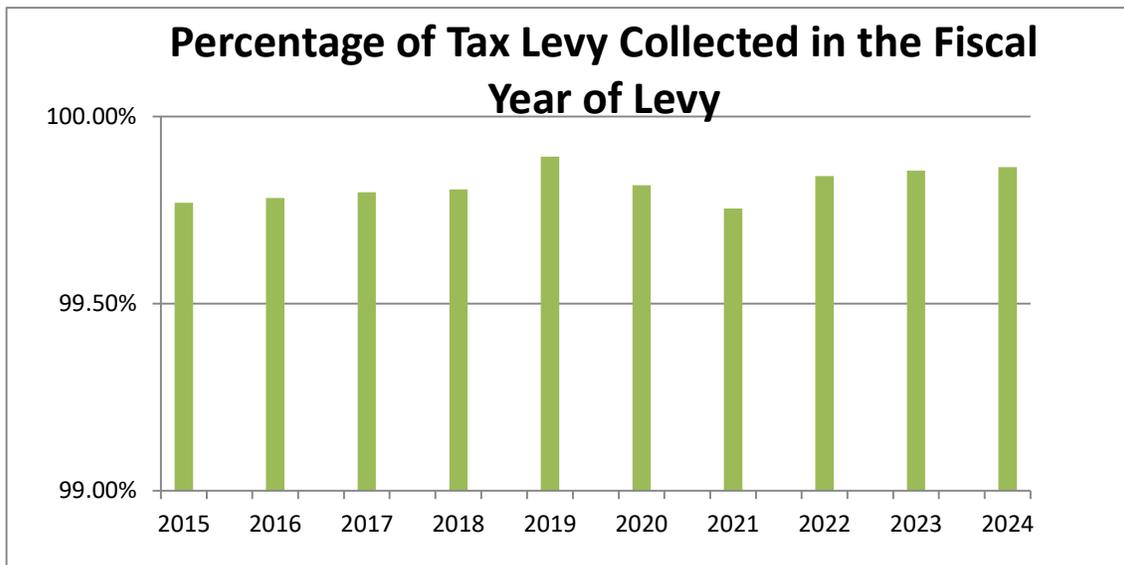
⁽¹⁾ FY 2024 and FY 2015 assessed value represents tax years 2023 and 2014 respectively.

⁽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
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%	15,838	8,870,439	99.98%
2018	2017	9,642,138	9,623,389	99.81%	16,229	9,639,618	99.97%
2019	2018	9,965,189	9,954,525	99.89%	6,264	9,960,789	99.96%
2020	2019	10,856,347	10,836,428	99.82%	15,380	10,851,808	99.96%
2021	2020	11,214,970	11,187,429	99.75%	22,283	11,209,712	99.95%
2022	2021	11,551,152	11,532,880	99.84%	10,554	11,543,434	99.93%
2023	2022	12,308,086	12,290,333	99.86%	7,435	12,297,768	99.92%
2024	2023	13,108,335	13,090,685	99.87%	-	13,090,685	99.87%



Debt Capacity Information

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

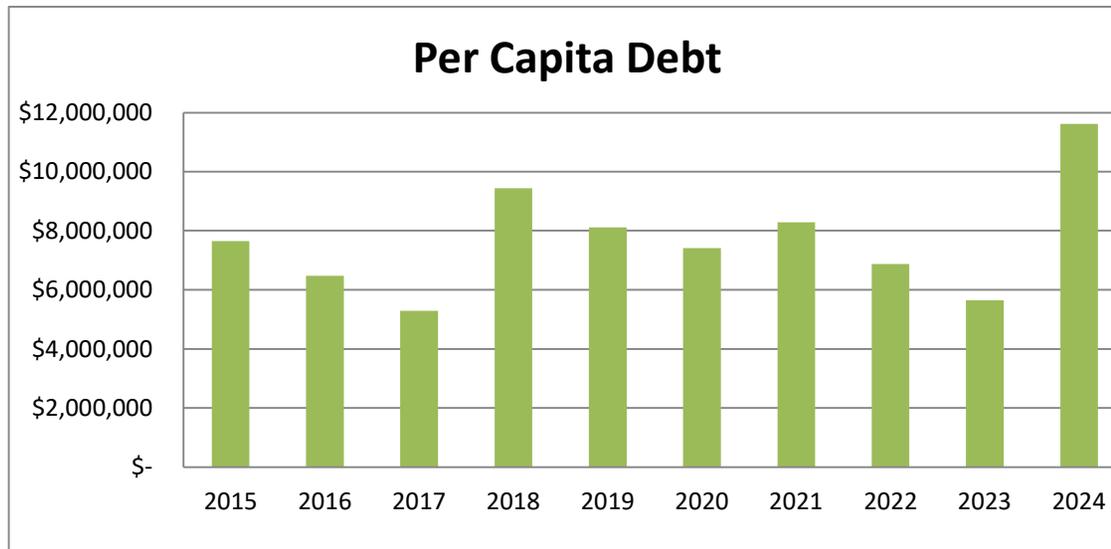
Table 9

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			
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	0.68%	441
2023	-	4,995,369	228,859	61,058	-	357,500	5,642,786	⁽³⁾	354
2024	-	10,901,879	286,559	94,883	-	330,000	11,613,321	⁽³⁾	687

⁽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
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	2,491,817,005	199,345,360	8,108,243	-	191,237,117
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
2024	4,469,444,620	357,555,570	11,613,321	-	345,942,249

⁽¹⁾ Net Bonded Debt Calculation for FY 2019

Utility general obligation bonds	\$ -
Installment financing	<u>11,231,879</u>
	11,231,879
Statutory Deductions	
Bonded debt included in gross debt incurred for water	<u>-</u>
	<u><u>\$ 11,231,879</u></u>

**Town of Southern Pines, North Carolina
Direct and Overlapping Governmental Activities Debt
June 30, 2024**

Table 11

	<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⁾	\$ 195,548,456	19.10%	<u>\$ 37,349,755</u>
Subtotal, Overlapping Debt			37,349,755
Town of Southern Pines direct debt			<u>11,283,321</u>
Total Direct and Overlapping Debt			<u><u>\$ 48,633,076</u></u>

Notes

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⁾
2015	13,310	\$ 4,221	\$ 44,701	45.1	6.1%
2016	13,466	4,327	45,181	46.0	5.1%
2017	13,754	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	14,400	5,634	54,514	44.0	6.0%
2021	15,690	6,245	60,775	43.1	5.6%
2022	16,060	6,636	62,886	42.3	3.3%
2023	16,487	⁽⁶⁾	⁽⁶⁾	44.0	3.7%
2024	16,896	⁽⁶⁾	⁽⁶⁾	⁽⁶⁾	4.0%

⁽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. Census Bureau.

⁽⁵⁾ Information is not available for the Town of Southern Pines. County data is from the U.S. Bureau of Labor Statistics.

⁽⁶⁾ Information not yet available.

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

Table 13

<u>Employer</u>	<u>2024</u>			<u>2015</u>		
	<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 Resort & Country Club	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
Pinehurst Medical Clinic, Inc.	500 - 999	5	N/A	500 - 999	8	N/A
Sandhills Community College	500 - 999	6	N/A	500 - 999	5	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	250 - 499	9	N/A	250 - 499	9	N/A
Lee Electrical Construction, Inc.	250 - 499	10	N/A	⁽²⁾	-	N/A
St. Joseph of the Pines	⁽²⁾	-	N/A	500 - 999	6	N/A
Wal-Mart Associates, Inc.	⁽²⁾	-	N/A	250 - 499	7	N/A
Burfords Tree Surgeons, Inc.	⁽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**

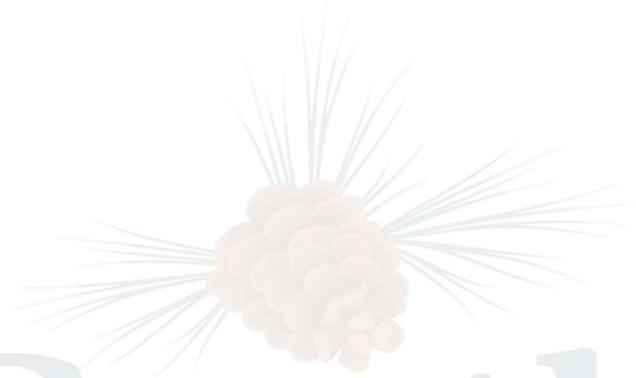
Table 14

Fiscal Year	Building Permits ⁽¹⁾						Bank Deposits ⁽²⁾
	Residential		Commercial		Total		
	Number	Value	Number	Value	Number	Value	
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
2024	396	90,820,672	91	41,851,993	487	132,672,665	2,960,995,000

⁽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									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General government:										
Administration	6.0	6.0	6.0	6.0	6.0	6.0	7.0	7.0	7.0	8.0
Information Technology	2.0	2.0	3.0	3.0	3.0	4.0	4.0	4.0	5.0	5.0
Financial Services ⁽¹⁾	5.0	5.0	5.0	6.0	6.0	6.0	6.0	6.0	6.0	7.0
Public works administration	4.0	4.0	4.0	4.0	4.0	4.0	3.0	4.0	4.0	12.0
Garage	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Building and Grounds	22.0	22.0	22.0	22.0	22.0	10.0	10.0	10.0	10.0	11.0
Public safety:										
Police ⁽¹⁾	46.5	46.5	46.5	50.5	50.5	50.5	50.5	52.0	53.0	54.0
Fire ⁽¹⁾⁽²⁾	27.5	27.5	27.5	27.5	33.0	33.0	33.0	33.0	33.0	39.0
Transportation	10.0	10.0	10.0	10.0	10.0	15.0	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	11.0	12.0	12.0
Cultural and recreation:										
Recreation ⁽¹⁾	5.0	5.0	5.0	5.0	5.0	12.0	12.0	13.0	13.0	13.0
Library ⁽¹⁾	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0
Water/Sewer (Business activity)	21.0	21.0	21.0	23.0	23.0	24.0	24.0	23.0	23.0	24.0
Total	<u>170.0</u>	<u>170.0</u>	<u>171.0</u>	<u>178.0</u>	<u>183.5</u>	<u>185.5</u>	<u>185.5</u>	<u>191.0</u>	<u>194.0</u>	<u>213.0</u>

Source: Town of Southern Pines Finance Department

⁽¹⁾ Does not include seasonal temporary part-time employees

⁽²⁾ Does not include volunteer personnel

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

**Table 16
(2 pages)**

Function/Program	2015	2016	2017	2018	2019
Public Safety:					
Police:					
Number of Part 1 Crimes	500	494	466	513	371
Number of Part A Crimes	(2)	(2)	(2)	(2)	(2)
Number of Part B Crimes	(2)	(2)	(2)	(2)	(2)
Number of Arrests	684	664	655	581	537
Number of Citations	1,466	1,235	1,236	1,149	1,282
Fire:					
Number of Fire Calls Answered	125	133	123	91	155
Number of EMS Calls Answered	653	656	671	699	753
Number of Hazard Condition Calls Answered	66	83	77	95	81
Number of Service Calls Answered	209	236	346	405	323
Number of Good Intent Calls Answered	224	249	254	267	262
Number of False Alarm Calls Answered	280	350	392	371	357
Number of Weather-Related Calls Answered	18	17	126	45	139
Number of Fire Inspections	2,273	2,458	2,611	2,141	2,070
Planning and Inspections:					
Planning:					
Special Use Permits Issued	3	3	5	9	12
Final Plats	2	44	77	76	38
Rezoning Applications/Ordinance Amendments	4	4	-	7	6
Annexations	2	3	-	6	9
Inspections:					
Building Permits Issued	163	167	175	163	144
Alteration or Addition Permits	178	185	214	402	166
Electrical Permits	90	95	162	128	169
Mechanical Permits	420	501	48	485	516
Plumbing Permits	148	165	176	96	81
Cultural and Recreational:					
Recreation and Parks:					
Recreational Program Hours	8,834	8,265	6,865	6,389	5,993
Recreation programs	(2)	(2)	(2)	(2)	(2)
Enrolled Participants	23,863	21,234	19,463	17,592	21,113
Reservoir Park Visitors ⁽¹⁾	242,110	215,517	238,779	237,382	226,967
Library:					
Total Circulation	120,196	127,015	128,171	126,308	130,953
Library Attendance	85,830	86,180	86,804	89,814	85,125
Library Users Registered	6,217	6,283	7,530	7,632	7,571
Total Programs Held	590	585	688	716	742
Total Attendance at Programs	14,675	16,401	15,835	16,839	18,173
Water:					
Water Plant Capacity (millions of gallons per day)	11	11	11	11	11
Number of Utility Customers	8,839	9,063	9,443	9,716	9,948

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	2020	2021	2022	2023	2024
Public Safety:					
Police:					
Number of Part 1 Crimes	98	(2)	(2)	(2)	(2)
Number of Part A Crimes	587	1,205	1,404	1,261	1,294
Number of Part B Crimes	195	580	583	561	598
Number of Arrests	463	513	651	596	755
Number of Citations	958	1,447	1,049	681	967
Fire:					
Number of Fire Calls Answered	159	203	225	189	175
Number of EMS Calls Answered	646	927	1,506	1,393	1,432
Number of Hazard Condition Calls Answered	79	85	120	89	99
Number of Service Calls Answered	396	322	119	166	153
Number of Good Intent Calls Answered	222	270	279	258	380
Number of False Alarm Calls Answered	387	364	380	311	399
Number of Weather-Related Calls Answered	36	24	98	43	37
Number of Fire Inspections	2,060	1,955	1,996	2,374	2,102
Planning and Inspections:					
Planning:					
Special Use Permits Issued	5	1	4	1	3
Final Plats	50	57	60	34	34
Rezoning Applications/Ordinance Amendments	5	2	4	9	8
Annexations	4	1	9	6	4
Inspections:					
Building Permits Issued	156	329	204	207	232
Alteration or Addition Permits	326	162	232	186	212
Electrical Permits	149	162	570	332	333
Mechanical Permits	383	605	550	600	635
Plumbing Permits	79	111	234	281	88
Cultural and Recreational:					
Recreation and Parks:					
Recreational Program Hours	4,289	4,306	6,161	(2)	(2)
Recreation programs	(2)	(2)	(2)	1,420	517
Enrolled Participants	16,908	12,831	13,528	8,060	5,413
Reservoir Park Visitors ⁽¹⁾	252,522	247,236	257,748	250,423	228,577
Library:					
Total Circulation	109,932	118,390	159,478	170,871	178,789
Library Attendance	61,704	38,071	70,183	74,109	70,754
Library Users Registered	7,650	7,255	7,120	6,078	7,550
Total Programs Held	563	201	400	488	563
Total Attendance at Programs	13,746	1,977	7,661	10,756	12,381
Water:					
Water Plant Capacity (millions of gallons per day)	11	11	11	11	11
Number of Utility Customers	9,977	10,251	10,573	10,871	11,245

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	2015	2016	2017	2018	2019
Public Safety:					
Police:					
Police Stations	1	1	1	1	1
Patrol Units	30	29	34	35	33
Fire:					
Stations	1	1	1	1	1
Fire Suppression Vehicles	6	6	6	6	7
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	1
Public Works and Utilities:					
Streets:					
Miles of Paved Streets	80.30	80.43	80.56	80.73	80.44
Miles of Unpaved Streets	1.24	1.11	0.98	0.74	0.60
Water:					
Number of Hydrants ⁽¹⁾	1,433	1,473	1,485	1,519	1,535
Water Mains (miles)	228.0	233.6	235.3	235.6	238.7
Number of Utility Customers (accounts)	8,839	9,063	9,443	9,716	9,948

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	2020	2021	2022	2023	2024
Public Safety:					
Police:					
Police Stations	1	1	1	1	1
Patrol Units	33	33	33	35	35
Fire:					
Stations	2	2	2	2	2
Fire Suppression Vehicles	7	7	7	8	8
Rescue Vehicles	2	2	3	2	2
Cultural and Recreational:					
Recreation and Parks:					
Number of Parks	14	15	15	15	15
Number of Tennis Courts	8	8	8	6	6
Number of Pickleball Courts	-	-	-	6	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	3	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	81.22	81.90	81.90	83.11	83.12
Miles of Unpaved Streets	0.42	0.42	0.42	0.42	0.42
Water:					
Number of Hydrants ⁽¹⁾	1,515	1,603	1,617	1,625	1,728
Water Mains (miles)	240.0	245.78	247	252	256
Number of Utility Customers (accounts)	9,977	10,251	10,573	10,871	11,245

Source: Town of Southern Pines Department Directors

⁽¹⁾ Amounts are estimated.

Town of Southern Pines, North Carolina
Insurance in Force ⁽¹⁾
July 1, 2023 - June 30, 2024

Table 18
(2 pages)

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	1,000,000 -	Liability Deductible
Automobile Liability	5,000,000 2,500	Per Occurrence Deductible
Auto Comprehensive	11,521,794 2,500	Actual Cash Value Valuation Deductible
Auto Collision	11,521,794 2,500	Actual Cash Value Valuation Deductible
Real & Personal Property	96,391,895 2,500	Cause of Loss Deductible per Occurrence Includes Boiler & Machinery
Municipal Equipment	2,436,136 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, 2023. Insurance was renewed on July 1, 2024 for the fiscal year ended June 30, 2025.

Town of Southern Pines, North Carolina
Insurance in Force ⁽¹⁾
July 1, 2023 - June 30, 2024

Table 18
(2 pages)

<u>Type of Coverage</u>	<u>Details of Coverage</u>	
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, 2023. Insurance was renewed on July 1, 2024 for the fiscal year ended June 30, 2025.

WATER RATES

Minimum Charge

<u>Meter Size</u>	<u>Inside Town</u>	<u>Outside Town</u>
3/4"	\$ 14.20	\$ 28.40
1"	23.30	46.60
1 1/2"	49.23	98.46
2"	85.58	171.16
3"	189.51	379.02
4"	334.89	669.78
6"	750.50	1,501.00
8"	1,332.31	2,664.62

Volume Charge per 1,000 Gallons:

<u>Inside Town</u>	<u>Outside Town</u>
\$ 3.85	\$ 7.70

SEWER RATES

Minimum Charge

<u>Meter Size</u>	<u>Inside Town</u>	<u>Outside Town</u>
3/4"	\$ 7.38	\$ 14.76
1"	9.61	19.22
1 1/2"	15.85	31.70
2"	24.67	49.34
3"	49.75	99.50
4"	84.86	169.72
6"	185.29	370.58
8"	325.87	651.74

Volume Charge per 1,000 Gallons:

<u>Inside Town</u>	<u>Outside Town</u>
\$ 6.95	\$ 13.90

Compliance Section



Southern Pines

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

Independent Auditor's Report

Honorable Mayor and Members of the Town Council
Town of 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, 2024, 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 26, 2024.

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, and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free 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*.

The Town's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Town's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Town's response was not subjected to the other auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on the response.

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 Mazars, LLP

**Winston-Salem, North Carolina
November 26, 2024**

Report on Compliance for Major State Program and Report on Internal Control over Compliance

Independent Auditor's Report

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

Report on Compliance for Major State Program

Opinion on Major State Program

We have audited the Town of Southern Pines, North Carolina's (the "Town") compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on the Town's major state program for the year ended June 30, 2024. The Town's major state program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major state program for the year ended June 30, 2024.

Basis for Opinion on Major State Program

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

We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major state program. Our audit does not provide a legal determination of the Town's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, applicable sections of the Uniform Guidance, and the State Single Audit Implementation Act, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Town's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Town's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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

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

Forvis Mazars, LLP

**Winston-Salem, North Carolina
November 26, 2024**

Schedule of Findings and Questioned Costs

I. Summary of Auditor's Results

Financial Statements

Type of Auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

- Material weaknesses identified? Yes No
- Significant deficiencies identified that are not considered to be material weaknesses? Yes None reported

Noncompliance material to financial statements noted?

Yes No

State Awards

Internal control over major state programs:

- Material weaknesses identified? Yes No
- Significant deficiencies identified that are not considered to be material weaknesses? Yes None reported
- Noncompliance material to state awards? Yes No

Type of Auditor's report issued on compliance for major state programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act?

Yes No

Identification of major state programs:

Program Name

DOT-4 Powell Bill

II. Financial Statement Findings

Finding 2024-001

Significant Deficiency

Criteria: Internal controls over financial reporting should be designed to include an emphasis on cutoff, to ensure that transactions are recorded, at their proper amounts, in the proper accounting period.

Condition: During the audit of the Town for fiscal year 2024, it was noted that certain transactions related to construction contracts for the Utility Fund for which services were received as June 30, 2024, were not reflected in accounts payable.

Cause: Delays in receipt of construction billings.

Effect: The failure to record construction billings in the correct period leads to inaccurate financial statements, which can mislead stakeholders about the Town's financial position and performance.

Recommendation: The Town should implement a more rigorous process at year-end to ensure all invoices for goods and services received before the year-end are recorded in the correct period.

View of Responsible Officials and Planned Corrective Actions:

The Significant Deficiency noted in these financials is the result of invoices that were received after the closing of the 2024 books for work completed by others in FY24 and never formally billed to the Town prior to July 1. It is important to note that the net outcome relative to current Town "bottom line" is not only negligible but "\$0" and this simply represents an arguable misstatement at a particular moment in time (June 30, 2024) and not lost or missing dollars. An example was a NCDOT reimbursement of 25% of the total costs associated with a water transmission line relocation. As this was a project bid, awarded, and overseen by a third entity the Town had very limited involvement in the project construction and no involvement in the financial transactions related to it up until the point the State ultimately sent us a bill for our statutorily required 25 percent. The Town experienced similar challenges of late invoice receipt with 3rd party projects related to our contract Water Plant operations.

While we cannot control NCDOT nor third party billing practices, we have included in recent policy and procedure manuals a directive to start pushing for relevant invoices earlier in May in hopes of avoiding some of these issues in the future. There will remain the possibility that invoices of this nature get delayed by outside entities while they rightfully attempt to have contractors complete punch list items, but our intent is to significantly minimize the number of these in the future. Further, Finance staff is requiring all invoices come directly to Finance from vendors. This will allow Finance at year end to accrue back invoices to the proper fiscal year. If an invoice cannot be obtained Finance will work with the project lead to estimate the status of the project and accrue accordingly.

III. State Awards Findings and Questioned Costs

There were no findings related to state awards for the fiscal year ended June 30, 2024.

**Town of Southern Pines
Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2024**

Grantor/Pass-through Grantor/Program Title	Assistance Listing Number	Pass-through Grantor's Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures
FEDERAL AWARDS				
Cash Programs				
U.S. Department of the Interior				
Direct:				
Historic Preservation Fund Grants-In-Aid	15.904	N/A	\$ 16,250	\$ -
Total U.S. Department of the Interior			<u>16,250</u>	<u>-</u>
U.S. Department of Justice ("DOJ")				
Passed through NC Department of Public Safety				
Bullet Proof Vest Partnership Program:				
FY22 - FY23	16.607	2021BUBX21026395	3,514	-
FY23 - FY24	16.607	2022BUBX22031441	3,955	-
Total DOJ			<u>7,469</u>	<u>-</u>
U.S. Department of Transportation ("DOT")				
Passed through NC Department of Transportation:				
Highway Planning and Construction ("HPC") Cluster				
Knoll Road Multi-Use Trail	20.205	EB-5864	120,966	-
Total DOT			<u>120,966</u>	<u>-</u>
U.S. Department of the Treasury ("Treasury")				
Passed through NC Department of Environmental Quality				
State and Local Fiscal Recovery Funds:				
State Reserve Program	21.027	SRP-W-ARP-0248	747,347	-
Asset Inventory & Assessment Grant (AIA) - Wastewater	21.027	AIA-W-ARP-0063	121,100	-
Asset Inventory & Assessment Grant (AIA) - Drinking Water	21.027	AIA-D-ARP-0062	93,973	-
			<u>962,420</u>	<u>-</u>
Passed through State Library of North Carolina				
State and Local Fiscal Recovery Funds:				
Non-recurring SFRF Aid to Public Libraries	21.027	2000057929	40,525	-
Total State and Local Fiscal Recovery Funds			<u>1,002,945</u>	<u>-</u>
Total Treasury			<u>1,002,945</u>	<u>-</u>
U.S. Department of Homeland Security ("Homeland Security")				
Direct:				
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	N/A	326,317	-
Total Homeland Security			<u>326,317</u>	<u>-</u>
STATE AWARDS				
Cash Programs				
N.C. Department of Natural and Cultural Resources ("DNCR")				
State Aid to Libraries	DNCR-4	N/A	-	9,729
Total DNCR			<u>-</u>	<u>9,729</u>
N.C. Department of Transportation ("NCDOT")				
Powell Bill	N/A	DOT-4	-	562,082
Total NCDOT			<u>-</u>	<u>562,082</u>
Total Expenditures of Federal and State Awards			<u>\$ 1,473,947</u>	<u>\$ 571,811</u>

Town of Southern Pines
Notes to Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2024

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal and State Awards (“SEFSA”) includes the federal and state grant activity of the Town of Southern Pines (the “Town”) under the programs of the federal government and the State of North Carolina (the “State”) for the year ended June 30, 2024. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the “Uniform Guidance”) and the State Single Audit Implementation Act. Because this schedule presents only a selected portion of the operations of the Town, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Town.

2. Summary of Significant Accounting Policies

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

3. Indirect Costs

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

4. Sub-Recipients

The Town did not pass through any federal or State funds to sub-recipients during the year ended June 30, 2024.

5. Contingencies

Grant moneys received and disbursed by the Town are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requires for reimbursement due to disallowed expenditures. Based upon experience, the Town does not believe that such disallowance, if any, would have a material effect on the SEFSA.