

**TOWN OF SOUTHERN PINES, NORTH CAROLINA**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2025**



**Prepared by:**  
**Finance Department**

**Submitted by:**  
**Tess Brubaker-Speis, Director of Finance**

# TOWN OF SOUTHERN PINES, NORTH CAROLINA

## ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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

December 11, 2025

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, 2025 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.

Mauldin & Jenkins, 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, 2025, 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, 2025, 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 projected 2025 population of approximately 17,401 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 final parcels available within the Morganton Park North mixed-use development are under construction. As of January 1, 2025, total County assessed value for the parcels located within this development stood at \$173,309,370 in addition to a new (non-taxable) public elementary school valued at \$30,018,690. A singular multi-family development (of an eventual three in this area) represents \$60,000 of the aggregate value.

The Target shopping center continues to experience overwhelming success. Furthermore, the BJ's Wholesale project with adjacent gas services and Starbucks continues to develop, with the wholesaler opened and operating successfully. The BJ's portion of this site sold for significantly more than its assessed value, providing reason for optimism regarding values in this area with County assessment occurring for 2026. A 260+/- unit apartment complex being developed by Zimmer is now vertical and should be opening in the coming months. Various parcels throughout the Morganton South area are under consideration for either zoning entitlement or site plan review. It is expected that a number of these will be under construction in calendar year 2026.

Additional construction projects can be found around the jurisdiction, including a new ABC storefront and warehousing facility, multiple restaurant parcels in the Tyler's Ridge development, housing units downtown, and a proposed Hyundai dealership on US1 South.

## **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 2025, 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. Unfortunately, planned changes in code to address citizen interests around tree preservation and the creation of individual character districts have been delayed due to State legislation that has preempted a significant amount of local zoning authority and our ability to plan and react to community desires.

From a facilities standpoint, a new skatepark has been completed through a public/private partnership and with help from grant monies generated through the County-wide occupancy tax which were awarded to Skaters for Moore. Upgrades to the Carriage House at Whitehall are completed though site work and access plans are still underway. The Town is in the midst of purchasing the local First Bank headquarters building downtown for conversion into a Town Hall facility. This will allow Council to discuss the longer term disposition of Administrative and Finance offices that represent historic structures in need of renovation dollars and long-term care. Discussion has also begun regarding the upgrading of our insufficient fleet maintenance facilities to serve the Town in coming years.

Sewer and water line replacements and improvements continued during 2025, as well as storm water replacements and capital work at the Water Treatment Plant. Progress toward an eventual water tank supporting the northern reaches of our system is underway. The main transmission line through Aberdeen was 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, 2024. This was the thirty-fourth 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 Mauldin & Jenkins, 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

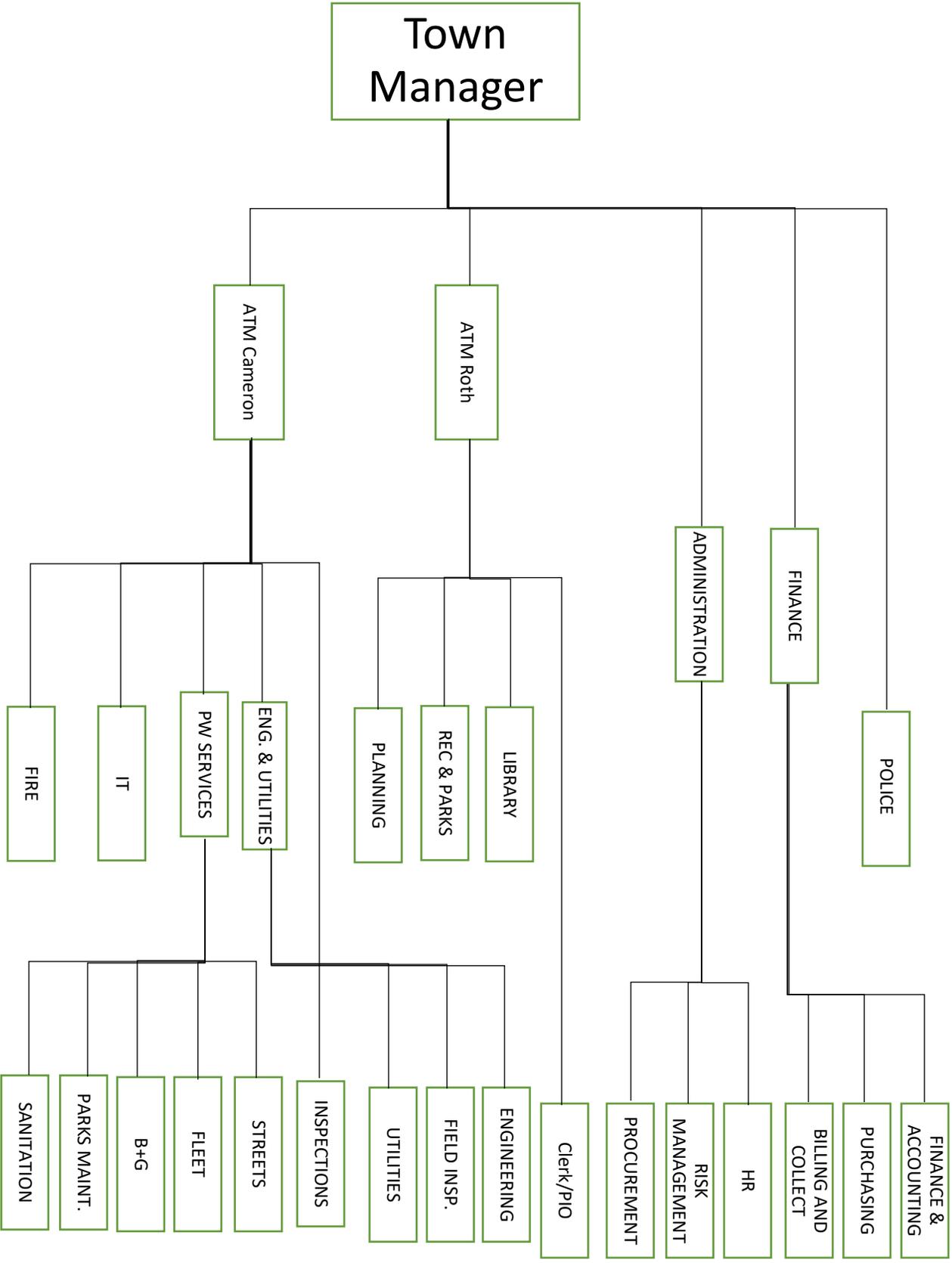
**Town of Southern Pines  
North Carolina**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2024

*Christopher P. Morill*

Executive Director/CEO



## **TOWN OF SOUTHERN PINES EXECUTIVE MANAGERS**

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

## FINANCIAL SECTION

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## Independent Auditor's Report

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

### **Report on the Audit of the Financial Statements**

#### **Opinions**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **Town of Southern Pines, North Carolina** (the "Town"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those 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 twelve 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 Analysis, the Schedule of Employer Contributions for the Local Governmental Employees' Retirement System (LGERs), the Schedule of Proportionate Share of Net Pension Liability - Local Governmental Employees' Retirement System, the Schedule of Changes in Total Pension Liability - Law Enforcement Officers' Special Separation Allowance (LEOSSA), and the Schedule of Total Pension Liability as a Percentage of Covered Payroll - LEOSSA, on pages 5 - 17 and 72 - 79, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

Our audit for the fiscal year ended June 30, 2025, was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual fund statements and schedules, as listed in the table of contents, and the schedule of expenditures of federal and state awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and State of North Carolina Single Audit Implementation Act (collectively, "the supplementary information") is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2025, 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 GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2025.

The Town's basic financial statements for the year ended June 30, 2024 (not presented herein), were audited by other auditors whose report thereon dated November 26, 2024, expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. The report of the other auditors dated November 26, 2024, stated that the supplementary information included combining and individual fund statements, budgetary schedules and other schedules for the year ended June 30, 2024, was subjected to the auditing procedures applied in the audit of the June 30, 2024, basic financial statements and certain additional auditing procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those basic financial statements or the basic financial statements themselves, and other additional procedures in accordance with GAAS and, in their opinion, was fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2024.

**Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the title pages, introductory section, and 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 by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2025, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.



Raleigh, North Carolina  
December 11, 2025

**Town of Southern Pines  
Management's Discussion and Analysis  
June 30, 2025**

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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 (the "Town") for the fiscal year ended June 30, 2025. 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.

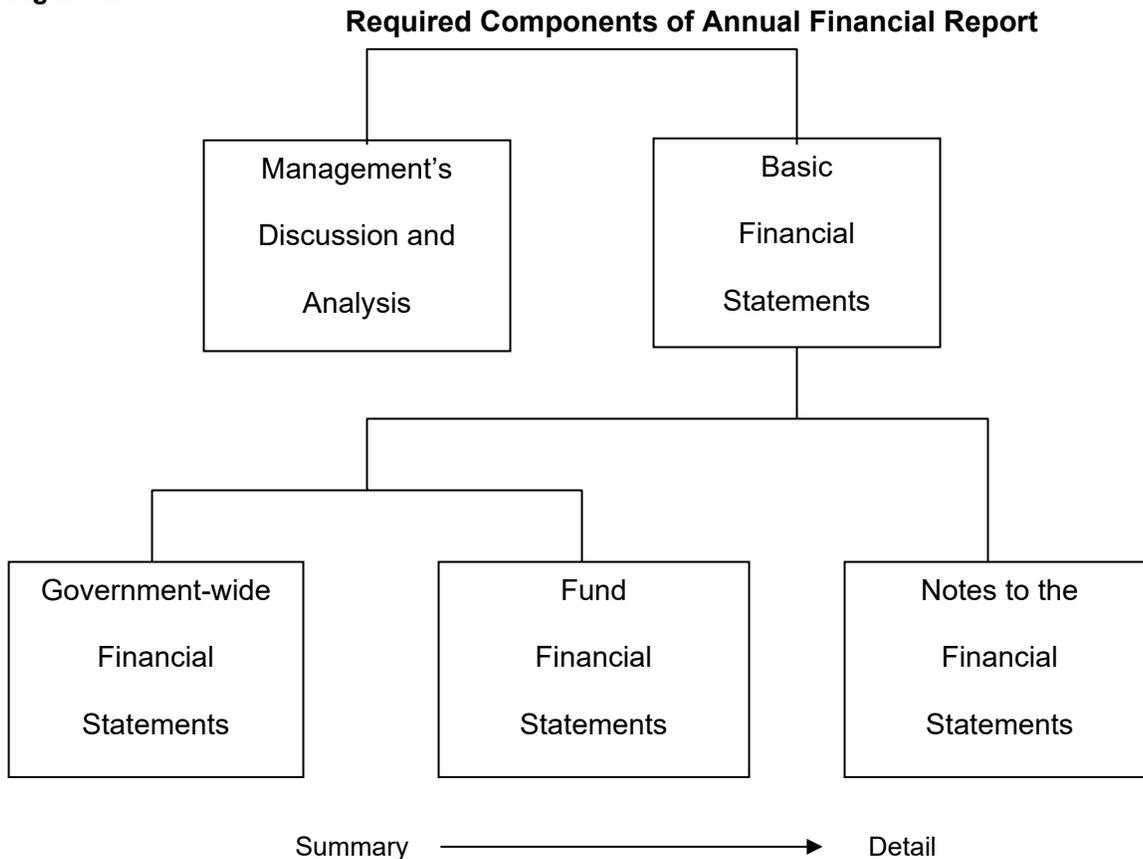
**Financial Highlights**

- 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 \$149,627,072 (net position).
- The government's total net position increased by \$16,229,914, 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 a financing agreement, and lower than expected expenditures/expenses and higher than expected revenues.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$24,648,556, a decrease of \$4,437,041 in comparison with the prior year. Approximately 14.59 percent of the total ending fund balance amount, or \$3,595,522, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$11,166,401 or 42.57 percent of total General Fund expenditures for the fiscal year.
- The Town's total debt increased by \$1,099,469 or 9.79 percent during the current fiscal year. The increase was due to new debt obtained in the amount of \$1,666,334 for the Warrior Woods lift station relocation, offset by scheduled principal payments on existing debt obligations.
- The Town maintained its A2 bond rating from Moody's Investors Services for the 27<sup>th</sup> consecutive year, as well as its AA- from Standard and Poor's for the 17<sup>th</sup> 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.

Figure 1:



### Basic Financial Statements

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

The next statements (Exhibits 3 through 10) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: (1) the governmental funds statements; (2) the budgetary comparison statements; (3) the proprietary fund statements; and (4) the fiduciary fund statements.

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

## **Government-wide Financial Statements**

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

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

The government-wide statements are divided into two categories: (1) governmental activities and (2) business-type activities. The governmental activities include most of the Town's basic services such as public safety, public works, parks and recreation, library, planning and inspections, transportation, and general administration. Property taxes and intergovernmental revenues finance most of these activities. The business-type activities are those that the Town charges customers to provide. These include the water and sewer services offered by the Town.

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

## **Fund Financial Statements**

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

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

The Town adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the Town Council about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: (1) the original budget as adopted by the Town Council; (2) the final budget as amended by the Town 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 32 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 72 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.

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Management's Discussion and Analysis  
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**Government-wide Financial Analysis of the Town of Southern Pines**

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	
	2025	2024	2025	2024	2025	2024
<b>Assets</b>						
Current and other assets	\$ 28,344,095	\$ 33,450,635	\$ 27,051,429	\$ 24,281,724	\$ 55,395,524	\$ 57,732,359
Capital assets	58,761,459	51,136,930	60,610,914	49,622,054	119,372,373	100,758,984
Total assets	87,105,554	84,587,565	87,662,343	73,903,778	174,767,897	158,491,343
<b>Deferred outflows of resources</b>						
Pension	4,735,742	5,333,594	422,225	493,084	5,157,967	5,826,678
Total deferred outflows of resources	4,735,742	5,333,594	422,225	493,084	5,157,967	5,826,678
<b>Liabilities</b>						
Long term liabilities outstanding	20,674,505	20,860,065	2,782,276	1,143,105	23,456,781	22,003,170
Other liabilities	3,194,285	3,126,015	1,179,705	2,809,425	4,373,990	5,935,440
Total liabilities	23,868,790	23,986,080	3,961,981	3,952,530	27,830,771	27,938,610
<b>Deferred inflows of resources</b>						
Pensions	566,902	741,173	16,200	24,387	583,102	765,560
Deferred lease revenue	1,884,919	2,216,693	-	-	1,884,919	2,216,693
Total deferred inflows of resources	2,451,821	2,957,866	16,200	24,387	2,468,021	2,982,253
<b>Net position:</b>						
Net investment in capital assets	47,858,194	39,722,447	58,134,068	47,070,921	105,992,262	86,793,368
Restricted	3,399,850	3,156,730	-	-	3,399,850	3,156,730
Unrestricted	14,262,641	20,098,036	25,972,319	23,349,024	40,234,960	43,447,060
Total net position	\$ 65,520,685	\$ 62,977,213	\$ 84,106,387	\$ 70,419,945	\$ 149,627,072	\$ 133,397,158

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 \$149,627,072 as of June 30, 2025. The Town's net position increased by \$16,229,914 for the fiscal year ended June 30, 2025, in total for governmental and business-type activities.

By far, the largest portion of the Town's net position, \$105,992,262 or 70.84%, 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, \$3,399,850 or 2.27%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$40,234,960 is unrestricted and may be used to meet the Town's ongoing obligations to citizens and creditors.

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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 \$921,099 due to economic growth in the Town.
- Continued low cost of debt due to the Town's good bond ratings.

**Changes in Net Position**

Figure 3 reflects the Town's total revenues and expenses for governmental and business-type activities.

**Figure 3:**

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 4,735,922	\$ 3,760,599	\$ 12,374,497	\$ 11,976,527	\$ 17,110,419	\$ 15,737,126
Operating grants and contributions	1,186,780	951,750	139,227	-	1,326,007	951,750
Capital grants and contributions	1,636,127	225,913	10,787,762	1,677,612	12,423,889	1,903,525
General revenues:						
Property taxes	13,972,095	13,050,996	-	-	13,972,095	13,050,996
Other taxes	8,845,318	8,495,726	-	-	8,845,318	8,495,726
Other	1,649,321	1,739,690	1,000,052	2,486,812	2,649,373	4,226,502
Total revenues	<u>32,025,563</u>	<u>28,224,674</u>	<u>24,301,538</u>	<u>16,140,951</u>	<u>56,327,101</u>	<u>44,365,625</u>
<b>Expenses:</b>						
General government	7,525,870	7,679,057	-	-	7,525,870	7,679,057
Public safety	12,488,608	11,202,879	-	-	12,488,608	11,202,879
Cultural and recreation	3,127,848	2,951,885	-	-	3,127,848	2,951,885
Transportation	3,176,208	2,075,282	-	-	3,176,208	2,075,282
Economic & physical development	1,650,229	1,254,487	-	-	1,650,229	1,254,487
Interest on long-term debt	427,099	128,535	-	-	427,099	128,535
Water and sewer	-	-	11,701,325	10,390,533	11,701,325	10,390,533
Total expenses	<u>28,395,862</u>	<u>25,292,125</u>	<u>11,701,325</u>	<u>10,390,533</u>	<u>40,097,187</u>	<u>35,682,658</u>
Increase in net position before transfers	3,629,701	2,932,549	12,600,213	5,750,418	16,229,914	8,682,967
Transfers	(1,086,229)	(77,535)	1,086,229	77,535	-	-
Change in net position	<u>2,543,472</u>	<u>2,855,014</u>	<u>13,686,442</u>	<u>5,827,953</u>	<u>16,229,914</u>	<u>8,682,967</u>
Net position, beginning	<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>
Net position, June 30	<u>\$ 65,520,685</u>	<u>\$ 62,977,213</u>	<u>\$ 84,106,387</u>	<u>\$ 70,419,945</u>	<u>\$ 149,627,072</u>	<u>\$ 133,397,158</u>

**Governmental activities** - Governmental activities increased the Town's net position by \$2,543,472, thereby accounting for 15.67% of the total increase in the net position of the Town.

Key elements of this change are as follows:

- Current property 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.
- Planning and inspection fees increased due to strong economic development.

Figure 4:

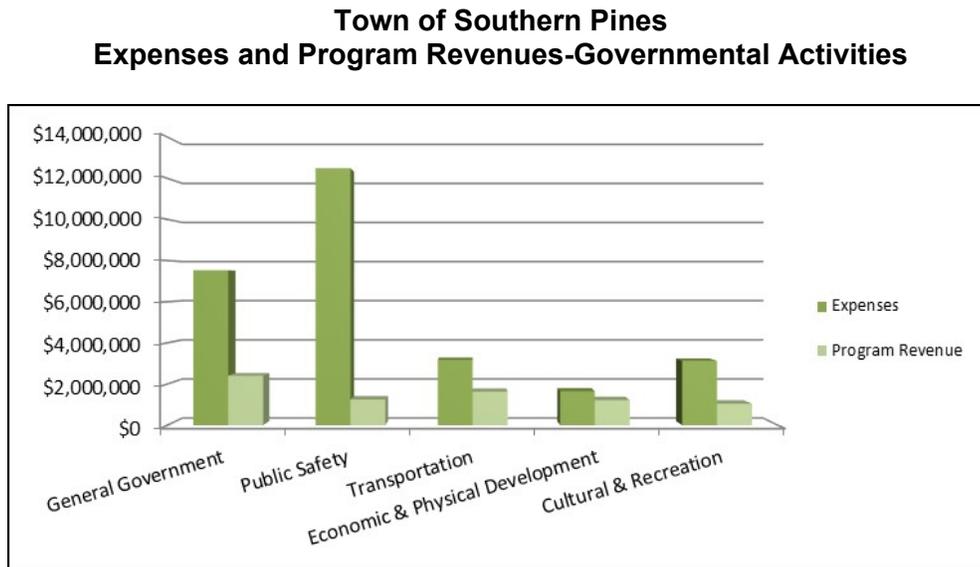
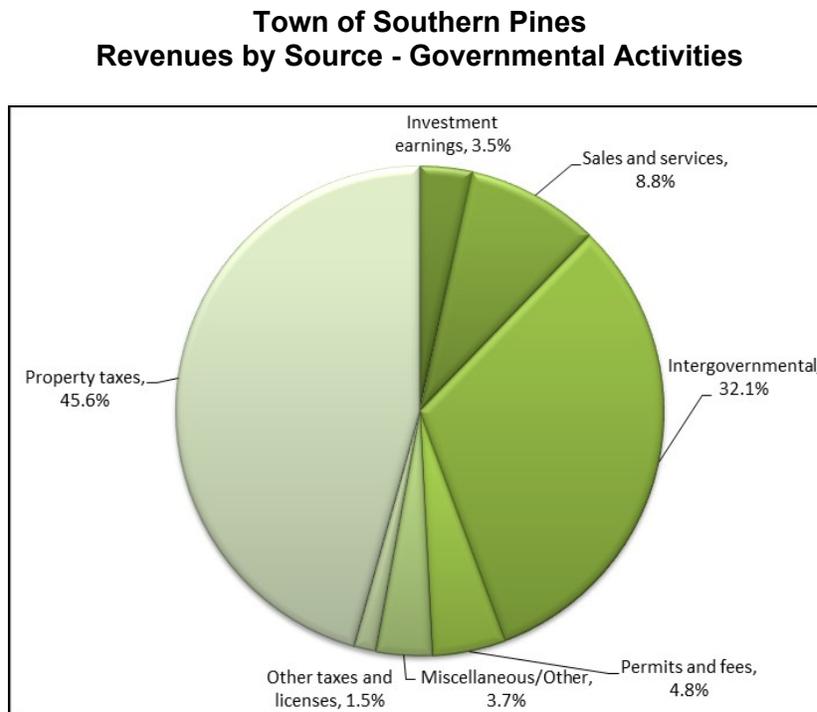


Figure 5:



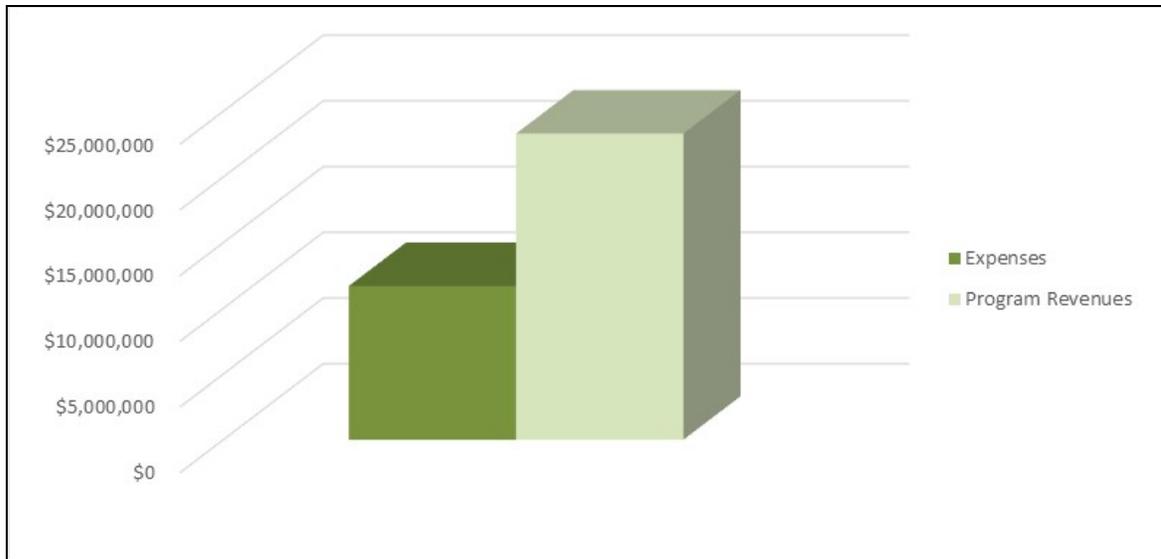
**Business-type activities** - Business-type activities increased the Town's net position by \$13,686,442, accounting for 84.33% of the total increase in the net position of the Town.

The Key elements of the increase are as follows:

- Capital grants and contributions in the amount of \$10,787,762. The largest components of which related to an NCDOT waterline, Carolina Parkway infrastructure, and a sewer rehabilitation grant.
- Charges for services increased due to an increase in water sales and sewer revenue.

Figure 6:

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



**Financial Analysis of the Town’s Funds**

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

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

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, the Town of Southern Pines’ unassigned fund balance in the General Fund, which is available for spending at the government’s discretion, was \$11,166,401, while total fund balance increased to \$19,628,798 primarily due to increases in revenues in ad valorem tax collections, strong sales tax collections and increased permit fee revenue, in addition to decreased debt service payments. The Governing Body of the Town of Southern Pines has determined that the Town should maintain a minimum unassigned fund balance of 25 percent of general fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the Town. The Town currently has unassigned fund balance of 42.57 percent of General Fund expenditures, while total fund balance represents 74.83 percent of that same amount.

The Municipal Service District Special Revenue Fund accounts for funds raised for improvements within the Morganton Park South Planned Development District. At June 30, 2025, fund balance in this fund decreased by \$6,631,690, or 92.73% from prior year. This is due to utilizing loan proceeds received last fiscal year to pay for the construction of the Carolina Parkway and related infrastructure.

At June 30, 2025, the governmental funds of the Town reported a combined fund balance of \$24,648,556 with a net decrease in fund balance of \$4,437,041. Included in this change in fund balance is an increase to the General Fund and nonmajor governmental funds fund balances and a decrease to the Municipal Service District #1 Special Revenue Fund.

**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 \$1,115,616 net increase in appropriations between the original and final amended budget. Key components of the amendments are as follows:

- transfer to the Bike Transportation Capital Project Fund in the amount of \$290,000 for the Town's additional financial obligation to NC Department of Transportation for the amended Knoll Road path agreement,
- appropriations in the Inspections Department totaling \$266,300 to demolish and remove asbestos from two properties deemed unsafe by the Town Fire Marshal,
- appropriations and adjustments to various departments totaling \$313,394 to record GASB 96 agreements,
- an appropriation in the Recreation Department in the amount of \$90,000 for the remaining Whitehall property master plan contract, and
- an appropriation in the Police Department in the amount of \$45,000 to replace a wrecked police vehicle using insurance proceeds.

The actual operating revenues for the General Fund were greater than the final budgeted amount by \$3,727,177. Unrestricted intergovernmental revenues were \$1,344,117 greater than budgeted due primarily to the conservative amount budgeted for local option sales tax and utility franchise taxes. The permit and fees revenue category was \$873,971 greater than budgeted due to conservative budgeting in the building inspections area. Ad valorem taxes also were \$454,547 greater than the amount budgeted due to a conservative budgeted collection rate and valuation.

The actual operating expenses for the General Fund were less than the final budgeted amount by \$2,586,430. General government, public safety, transportation, economic and physical development and cultural and recreational realized a savings of \$1,232,276, \$693,964, \$209,005, \$200,348 and \$243,244, respectively, due primarily to personnel vacancies, supply chain delays, and projects that were in process but not complete by year-end. The remaining savings of \$7,593 in debt services related mainly to estimates regarding SBITA financing agreements.

**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 \$25,972,319. The total change in net position was an increase of \$13,686,442. 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 the NCDOT, developers and individuals. 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, 2025, totals \$119,372,373 (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*

- Construction of the Carolina Green Parkway, including paving, sidewalks, stormwater drainage, turning lanes, and landscaping, totaling \$6,681,582 (includes \$686,240 of contributed capital).
- Paving projects including annual resurfacing and Southeast Broad Street totaling \$772,039.
- Various storm drainage improvements totaling \$79,108.
- Infrastructure contributed by developers totaling \$217,172.
- Recreation improvements in the amount of \$660,125 for the Robbie Callaway Dream Court at Pool Park construction, the Elaine T. Baillie Skatepark at Memorial Park construction, and installation of irrigation at the soccer complex (includes \$346,687 of donated capital).
- Purchase of five police vehicles totaling \$312,605.
- Street sweeper purchase for \$375,221.
- Various additional purchases of vehicles and motorized equipment totaling \$236,803.
- Information Technology Department server replacement of \$85,962.
- Construction in progress of \$1,093,430 in governmental-type activities for engineering and design of the Knoll Road pedestrian and bicycle path, sidewalk improvements on South Bennett Street, design for a pedestrian crossing installation at Illinois Avenue, improvements to reservoir park dam, and design and construction of the Carriage House at Whitehall.
- Lease assets for vendor garbage truck cameras and police cameras in the amount of \$92,514.
- SBITA right-to-use asset additions, including the Town-wide Microsoft enterprise licensing and anti-virus subscription renewals, as well as other various subscriptions totaling \$383,316.

#### *Retirements*

- Disposals and surplused assets in the amount of \$279,200.
- Disposal of construction in progress and intangibles in progress in the amount of \$280,139.

### **Proprietary Funds**

#### *Additions*

- Construction in progress of \$4,865,213 for water and sewer improvements.
- Completion of North Carolina Department of Transportation project to relocate and upgrade waterline on Poplar Street totaling \$5,693,111 (includes contributed capital of \$3,860,809).

**Town of Southern Pines  
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- Construction of water and sewer lines along Carolina Green Parkway, totaling \$1,047,247 (includes \$102,554 of contributed capital).
- The addition of intangible assets consisting of water and sewer easements in the amount of \$1,614,299.
- Equipment purchases in the amount of \$694,335 which consist of a van equipped with a new sewer camera system, a utility terrain vehicle, an HVAC replacement at the water treatment plant, and various improvements to pumps at the water treatment plant.
- Annual sewer lining program of \$301,701 to protect the infrastructure.
- Annual manhole rehabilitation program project costs of \$52,152.
- Additional plant and distribution system increase in the amount of \$1,076,265, which consist of water and sewer lines donated by developers.

*Retirements*

- Transfers, disposals and surplus equipment in the amount of \$158,164.
- The transfer of construction in progress to capital assets in the amount of \$2,080,936.

**Figure 7:**

**Town of Southern Pines  
Capital Assets**

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	\$ 13,467,177	\$ 13,431,777	\$ 599,444	\$ 599,444	\$ 14,066,621	\$ 14,031,221
Buildings and improvements	15,260,039	15,756,608	1,295,271	1,300,634	16,555,310	17,057,242
Other improvements	5,962,111	5,193,194	4,997	5,719	5,967,108	5,198,913
Machinery and equipment	165,574	127,302	2,305,604	2,063,590	2,471,178	2,190,892
Infrastructure	14,410,077	8,090,779	-	-	14,410,077	8,090,779
Plant and distribution systems	-	-	44,208,943	37,854,588	44,208,943	37,854,588
Vehicles and motorized equipment	3,040,432	3,334,447	-	-	3,040,432	3,334,447
Furniture, fixtures, and other equipment	1,419,180	1,084,674	-	-	1,419,180	1,084,674
Intangibles	68,242	106,753	5,550,140	3,935,841	5,618,382	4,042,594
Intangibles in progress	-	196,853	-	-	-	196,853
Construction in progress	4,139,319	3,129,176	6,646,515	3,862,238	10,785,834	6,991,414
Lease assets	315,553	265,864	-	-	315,553	265,864
Subscription assets	513,755	419,503	-	-	513,755	419,503
<b>Total Capital Assets (net of accumulated depreciation)</b>	<b>\$ 58,761,459</b>	<b>\$ 51,136,930</b>	<b>\$ 60,610,914</b>	<b>\$ 49,622,054</b>	<b>\$ 119,372,373</b>	<b>\$ 100,758,984</b>

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

**Town of Southern Pines  
Management’s Discussion and Analysis  
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**Long-term Debt.** As of June 30, 2025, 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’s installment purchase debt increased by a net amount of \$1,099,469 or 9.8 percent, due to the issuance of the ASADRA loan for the Warrior Woods lift station relocation offset by scheduled principal payments on existing debt obligations. Also, during the fiscal year, the Town made the final payment on the fire tanker truck installment financing.

Included in the long-term debt category is the installment financing of the Fire Sub-station that was issued in 2018, the Annex Remodel that was issued in 2021, the Municipal Service District Parkway that was issued in 2024, and the Warrior Woods pump station relocation that was issued in 2025. The total outstanding balance of debt as of June 30, 2025, is \$12,331,348.

**Figure 8:**

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

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
General Obligation Bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Installment Debt	<b>10,362,514</b>	10,901,879	<b>1,968,834</b>	330,000	<b>12,331,348</b>	11,231,879
Total	<b>\$ 10,362,514</b>	\$ 10,901,879	<b>\$ 1,968,834</b>	\$ 330,000	<b>\$ 12,331,348</b>	\$ 11,231,879

As mentioned in the financial highlights section of this document, the Town maintained its A2 bond rating from Moody’s Investors Services for the 27<sup>th</sup> consecutive year, as well as its AA- from Standard and Poor’s for the 17<sup>th</sup> 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 \$360,169,052, 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 10 of this report.

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

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

The unemployment rate for the county in which the Town is located was 3.7% as of June 30, 2025. The unemployment rate is the same as the State average.

Commercial and residential activity remain strong throughout the Town. The value of commercial building permits increased 305.8% over the previous fiscal year, while residential permit values increased 5.6%.

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The fiscal year ending June 30, 2026 budget is balanced and represents an increase of 3.6% in the governmental activities operational budget while revenue growth remains consistent. Included in governmental activities budget is a transfer of \$2,480,630 to capital project funds.

The fiscal year ending June 30, 2026 business-type operational budget reflects a decrease of 8.8%. Included in the budget are transfers to capital project funds for funding of long-term capital planning in the amount of \$1,275,200.

**Governmental Activities:** The 2026 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 due to a full year of recycling program revenue since the program began January 2025, and inspection revenue is also budgeted to increase with continued development. 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 2025-2026 fiscal year. The Town has budgeted an increase of 2.0% 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](http://www.southernpines.net) for more information.

# TOWN OF SOUTHERN PINES, NORTH CAROLINA

## STATEMENT OF NET POSITION

JUNE 30, 2025

	Primary Government		Total
	Governmental Activities	Business-type Activities	
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 22,514,875	\$ 22,234,171	\$ 44,749,046
Receivables - net			
Property taxes	26,073	-	26,073
Due from other governments	2,528,966	1,129,840	3,658,806
Accounts receivable	624,897	-	624,897
Accrued interest	102,613	108,418	211,031
Sales tax	208,769	69,300	278,069
Assessments	2,305	-	2,305
Customers	-	1,785,675	1,785,675
Lease receivable	327,153	-	327,153
Other	-	26,532	26,532
Inventories	50,234	-	50,234
Prepays	63,714	-	63,714
Restricted cash and cash equivalents	255,006	1,697,493	1,952,499
Total current assets	26,704,605	27,051,429	53,756,034
Noncurrent assets:			
Lease receivable, noncurrent	1,639,490	-	1,639,490
Capital assets:			
Land, nondepreciable improvements, and construction in progress	17,606,496	12,796,099	30,402,595
Other capital assets, net of depreciation/amortization	41,154,963	47,814,815	88,969,778
Total capital assets	58,761,459	60,610,914	119,372,373
Total noncurrent assets	60,400,949	60,610,914	121,011,863
Total assets	87,105,554	87,662,343	174,767,897
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension deferrals	4,735,742	422,225	5,157,967
Total deferred outflows of resources	4,735,742	422,225	5,157,967

The accompanying notes are an integral part of these financial statements.

# TOWN OF SOUTHERN PINES, NORTH CAROLINA

## STATEMENT OF NET POSITION

JUNE 30, 2025

	Primary Government		Total
	Governmental Activities	Business-type Activities	
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 1,454,295	\$ 950,119	\$ 2,404,414
Payable from restricted assets - customer deposits	255,006	158,477	413,483
Current portion of total pension liability - LEO	79,602	-	79,602
Current maturities of long-term debt	1,405,382	71,109	1,476,491
Total current liabilities	3,194,285	1,179,705	4,373,990
Noncurrent liabilities:			
Net pension liability - LGERS	8,184,232	809,430	8,993,662
Total pension liability - LEO, net of current	2,194,554	-	2,194,554
Due in more than one year	10,295,719	1,972,846	12,268,565
Total non-current liabilities	20,674,505	2,782,276	23,456,781
Total liabilities	23,868,790	3,961,981	27,830,771
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension deferrals	566,902	16,200	583,102
Deferred lease revenue	1,884,919	-	1,884,919
Total deferred inflows of resources	2,451,821	16,200	2,468,021
<b>NET POSITION</b>			
Net investment in capital assets	47,858,194	58,134,068	105,992,262
Restricted for:			
Stabilization by State Statute	3,260,450	-	3,260,450
Cemetery perpetual care			
Expendable	139,400	-	139,400
Unrestricted	14,262,641	25,972,319	40,234,960
Total net position	\$ 65,520,685	\$ 84,106,387	\$ 149,627,072

**TOWN OF SOUTHERN PINES, NORTH CAROLINA**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2025**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:				
Governmental activities:				
General government	\$ 7,525,870	\$ 2,402,024	\$ -	\$ -
Public safety	12,488,608	715,287	534,221	-
Transportation	3,176,208	66,202	606,431	958,508
Economic and physical development	1,650,229	1,188,079	32,250	-
Cultural and recreation	3,127,848	355,020	13,878	677,619
Cemetery	-	9,310	-	-
Interest and fees	427,099	-	-	-
Total governmental activities	<u>28,395,862</u>	<u>4,735,922</u>	<u>1,186,780</u>	<u>1,636,127</u>
Business-type activities:				
Water and sewer	<u>11,701,325</u>	<u>12,374,497</u>	<u>139,227</u>	<u>10,787,762</u>
Total business-type activities	<u>11,701,325</u>	<u>12,374,497</u>	<u>139,227</u>	<u>10,787,762</u>
Total primary government	<u>\$ 40,097,187</u>	<u>\$ 17,110,419</u>	<u>\$ 1,326,007</u>	<u>\$ 12,423,889</u>

The accompanying notes are an integral part of these financial statements.

**TOWN OF SOUTHERN PINES, NORTH CAROLINA**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2025**

<b>Functions/Programs</b>	<b>Net (Expenses) Revenues and Changes in Net Position</b>		
	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Primary government:			
Governmental activities:			
General government	\$ (5,123,846)	\$ -	\$ (5,123,846)
Public safety	(11,239,100)	-	(11,239,100)
Transportation	(1,545,067)	-	(1,545,067)
Economic and physical development	(429,900)	-	(429,900)
Cultural and recreation	(2,081,331)	-	(2,081,331)
Cemetery	9,310	-	9,310
Interest and fees	(427,099)	-	(427,099)
Total governmental activities	<u>(20,837,033)</u>	<u>-</u>	<u>(20,837,033)</u>
Business-type activities:			
Water and sewer	-	11,600,161	11,600,161
Total business-type activities	<u>-</u>	<u>11,600,161</u>	<u>11,600,161</u>
Total primary government	<u>(20,837,033)</u>	<u>11,600,161</u>	<u>(9,236,872)</u>
<b>General Revenues</b>			
Ad valorem taxes	13,972,095	-	13,972,095
Other taxes	8,845,318	-	8,845,318
Investment earnings	1,089,675	962,056	2,051,731
Miscellaneous	559,646	-	559,646
Gain on disposal	-	37,996	37,996
Total general revenues excluding transfers	<u>24,466,734</u>	<u>1,000,052</u>	<u>25,466,786</u>
Transfers	(1,086,229)	1,086,229	-
Total general revenues and transfers	<u>23,380,505</u>	<u>2,086,281</u>	<u>25,466,786</u>
<b>Change in net position</b>	2,543,472	13,686,442	16,229,914
<b>Net position, beginning</b>	62,977,213	70,419,945	133,397,158
<b>Net position, end of year</b>	<u>\$ 65,520,685</u>	<u>\$ 84,106,387</u>	<u>\$ 149,627,072</u>

## **FUND FINANCIAL STATEMENTS**

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**TOWN OF SOUTHERN PINES, NORTH CAROLINA**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2025**

	Major Funds			Total Governmental Funds
	General	Municipal Service District #1 Special Revenue Fund	Nonmajor Governmental Funds	
<b>ASSETS</b>				
Cash and investments	\$ 17,510,462	\$ 517,824	\$ 4,486,589	\$ 22,514,875
Receivables - net:				
Property taxes	26,073	-	-	26,073
Due from other governments	2,528,966	-	-	2,528,966
Accounts receivables	584,145	-	40,752	624,897
Accrued interest receivable	79,896	2,351	20,366	102,613
Sales tax receivable	198,279	-	10,490	208,769
Parking lot assessments	2,305	-	-	2,305
Lease receivable	1,966,643	-	-	1,966,643
Inventories	50,234	-	-	50,234
Prepays	63,714	-	-	63,714
Restricted assets:				
Cash and investments	255,006	-	-	255,006
Total assets	<u>\$ 23,265,723</u>	<u>\$ 520,175</u>	<u>\$ 4,558,197</u>	<u>\$ 28,344,095</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 533,720	\$ -	\$ 58,614	\$ 592,334
Accrued liabilities				
Other	703,042	-	-	703,042
Security deposits	255,006	-	-	255,006
Total liabilities	<u>1,491,768</u>	<u>-</u>	<u>58,614</u>	<u>1,550,382</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Taxes receivable	26,073	-	-	26,073
Parking lot assessments	2,305	-	-	2,305
Deferred lease revenue	1,884,919	-	-	1,884,919
Other	231,860	-	-	231,860
Total deferred inflows of resources	<u>2,145,157</u>	<u>-</u>	<u>-</u>	<u>2,145,157</u>
<b>FUND BALANCES</b>				
Nonspendable:				
Inventories	50,234	-	-	50,234
Prepays	63,714	-	-	63,714
Leases	81,724	-	-	81,724
Perpetual maintenance	-	-	139,400	139,400
Restricted:				
Stabilization by State Statute	3,259,818	-	632	3,260,450
Committed:				
General government	-	520,175	900,648	1,420,823
Public safety	-	-	6,492	6,492
Transportation	-	-	2,486,798	2,486,798
Cultural and recreational	-	-	965,613	965,613
Assigned:				
Subsequent year's expenditures	5,006,907	-	-	5,006,907
Unassigned	11,166,401	-	-	11,166,401
Total fund balances	<u>19,628,798</u>	<u>520,175</u>	<u>4,499,583</u>	<u>24,648,556</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 23,265,723</u>	<u>\$ 520,175</u>	<u>\$ 4,558,197</u>	<u>\$ 28,344,095</u>

The accompanying notes are an integral part of these financial statements.

**TOWN OF SOUTHERN PINES, NORTH CAROLINA**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2025**

Total governmental fund balances:	\$	24,648,556
Amounts reported for governmental activities in the Statement of Net Position are different because of the following:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the government funds		58,761,459
Deferred outflows of resources related to pensions are not reported in the funds.		4,735,742
Earned revenues are considered deferred inflows of resources in fund statements.		260,238
Deferred inflows of resources related to pensions are not reported in the funds.		(566,902)
Some liabilities are not due and payable in the current period and are, therefore, not reported in the funds:		
Accrued interest payable	\$	(158,919)
Installment purchases		(10,362,514)
Lease and subscription liabilities		(482,137)
Compensated absences		(856,450)
Net pension liability - LGERS		(8,184,232)
Total pension liability - LEO		(2,274,156)
		(22,318,408)
Net position of governmental activities	\$	65,520,685

The accompanying notes are an integral part of these financial statements.

**TOWN OF SOUTHERN PINES, NORTH CAROLINA**

**STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2025**

	Major Funds			Total Governmental Funds
	General	Municipal Service District #1 Special Revenue Fund	Nonmajor Governmental Funds	
<b>REVENUES</b>				
Ad valorem taxes	\$ 13,530,043	\$ 442,052	\$ -	\$ 13,972,095
Other taxes and licenses	454,990	-	-	454,990
Unrestricted intergovernmental	8,393,140	-	-	8,393,140
Restricted intergovernmental	1,086,388	-	344,949	1,431,337
Permits and fees	1,483,971	-	-	1,483,971
Sales and services	2,682,834	-	9,310	2,692,144
Investment earnings	854,622	15,741	219,312	1,089,675
Other	1,110,722	-	-	1,110,722
Total revenues	<u>29,596,710</u>	<u>457,793</u>	<u>573,571</u>	<u>30,628,074</u>
<b>EXPENDITURES</b>				
Current:				
General government	7,875,606	-	118,590	7,994,196
Public safety	11,415,170	-	-	11,415,170
Transportation	1,772,444	6,869,131	1,026,539	9,668,114
Economic and physical development	1,636,306	-	-	1,636,306
Cultural and recreational	2,634,087	-	784,111	3,418,198
Debt service:				
Principal	810,200	-	-	810,200
Interest	86,406	220,352	-	306,758
Total expenditures	<u>26,230,219</u>	<u>7,089,483</u>	<u>1,929,240</u>	<u>35,248,942</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,366,491</u>	<u>(6,631,690)</u>	<u>(1,355,669)</u>	<u>(4,620,868)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Lease liabilities issued	87,666	-	-	87,666
Subscription liabilities issued	283,864	-	-	283,864
Transfers to other funds	(2,754,702)	-	(883,554)	(3,638,256)
Transfers from other funds	-	-	3,419,186	3,419,186
Sale of capital assets	31,367	-	-	31,367
Total other financing sources (uses)	<u>(2,351,805)</u>	<u>-</u>	<u>2,535,632</u>	<u>183,827</u>
<b>Net change in fund balances</b>	1,014,686	(6,631,690)	1,179,963	(4,437,041)
<b>Fund balances, beginning of year</b>	18,614,112	7,151,865	3,319,620	29,085,597
<b>Fund balances, end of year</b>	<u>\$ 19,628,798</u>	<u>\$ 520,175</u>	<u>\$ 4,499,583</u>	<u>\$ 24,648,556</u>

The accompanying notes are an integral part of these financial statements.

**TOWN OF SOUTHERN PINES, NORTH CAROLINA**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2025**

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Net change in fund balances - total governmental funds	\$	(4,437,041)
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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 as depreciation expense. This is the amount by which capital outlay was exceeded by depreciation and amortization expense in the current period.

Capital outlay expenditures which were capitalized	\$	11,548,173	
Transfers of capital assets to water and sewer fund		(867,158)	
Depreciation expense for governmental assets		(2,752,725)	
Amortization expense for governmental assets		(303,761)	
		7,624,529	7,624,529

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds:

Property Taxes	\$	(2,812)	
Grants		(20,574)	
Other		14,596	
		(8,790)	(8,790)

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 lease and subscription liabilities	\$	(371,530)	
Principal payments on long-term debt		810,200	
Increase in accrued interest payable		(120,341)	
		318,329	318,329

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	\$	(143,573)	
Pension expense - LGERS		(675,536)	
Pension expense - LEO		(134,446)	
		(953,555)	(953,555)

Change in net position of governmental activities	\$	2,543,472
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**TOWN OF SOUTHERN PINES, NORTH CAROLINA**

**GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2025**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Ad valorem taxes	\$ 13,075,496	\$ 13,075,496	\$ 13,530,043	\$ 454,547
Other taxes and licenses	367,050	367,050	454,990	87,940
Unrestricted intergovernmental revenues	7,049,023	7,049,023	8,393,140	1,344,117
Restricted intergovernmental revenues	990,457	1,020,457	1,086,388	65,931
Permits and fees	610,000	610,000	1,483,971	873,971
Sales and services	2,350,400	2,350,400	2,682,834	332,434
Investment earnings	400,000	400,000	854,622	454,622
Other	942,107	997,107	1,110,722	113,615
Total revenues	<u>25,784,533</u>	<u>25,869,533</u>	<u>29,596,710</u>	<u>3,727,177</u>
<b>Expenditures</b>				
Current:				
General government	8,926,539	9,107,882	7,875,606	1,232,276
Public safety	11,923,149	12,109,134	11,415,170	693,964
Transportation	1,981,449	1,981,449	1,772,444	209,005
Economic and physical development	1,570,354	1,836,654	1,636,306	200,348
Cultural and recreational	2,787,331	2,877,331	2,634,087	243,244
Debt services	923,178	904,199	896,606	7,593
Total expenditures	<u>28,112,000</u>	<u>28,816,649</u>	<u>26,230,219</u>	<u>2,586,430</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,327,467)</u>	<u>(2,947,116)</u>	<u>3,366,491</u>	<u>6,313,607</u>
<b>Other financing sources (uses):</b>				
Lease liabilities issued	87,666	87,666	87,666	-
Subscription liabilities issued	104,454	326,487	283,864	(42,623)
Transfers to Capital Project Funds	(2,436,702)	(2,754,702)	(2,754,702)	-
Financing proceeds- Heavy Equipment	400,000	-	-	-
Sale of capital assets	70,000	70,000	31,367	(38,633)
Total other financing uses	<u>(1,774,582)</u>	<u>(2,270,549)</u>	<u>(2,351,805)</u>	<u>(81,256)</u>
Excess (deficiency) of revenues and other financing sources under expenditures and other financing uses	<u>(4,102,049)</u>	<u>(5,217,665)</u>	<u>1,014,686</u>	<u>6,232,351</u>
Fund balance appropriated	<u>4,102,049</u>	<u>5,217,665</u>	<u>-</u>	<u>(5,217,665)</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>1,014,686</u>	<u>\$ 1,014,686</u>
<b>Fund balance, beginning of year</b>			<u>18,614,112</u>	
<b>Fund balance, end of year</b>			<u>\$ 19,628,798</u>	

The accompanying notes are an integral part of these financial statements.

**TOWN OF SOUTHERN PINES, NORTH CAROLINA**

**STATEMENT OF NET POSITION  
PROPRIETARY FUND  
JUNE 30, 2025**

	<b>Business-type Activities - Enterprise</b>
	<b>Major Fund</b>
	<b>Water and Sewer</b>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents/investments	\$ 22,234,171
Receivables - net:	
Customers	1,785,675
Accrued interest	108,418
Due from other governments	1,129,840
Sales taxes	69,300
Other	26,532
Total current assets	25,353,936
Noncurrent assets:	
Restricted assets	
Cash and cash equivalents/investments	1,697,493
Capital assets:	
Land, improvements, and construction in progress	7,245,959
Intangibles - easements	5,550,140
Other capital assets, net of depreciation	47,814,815
Total noncurrent assets	62,308,407
Total assets	87,662,343
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension deferrals	422,225
Total deferred outflows of resources	422,225
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	785,743
Compensated absences - current	43,609
Installment purchases - current	27,500
Accrued liabilities	164,376
Security deposits	158,477
Total current liabilities	1,179,705
Noncurrent liabilities:	
Compensated absences	31,512
Installment purchases	1,941,334
Net pension liability	809,430
Total noncurrent liabilities	2,782,276
Total liabilities	3,961,981
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension deferrals	16,200
Total deferred inflows of resources	16,200
<b>NET POSITION</b>	
Net investment in capital assets	58,134,068
Unrestricted	25,972,319
Total net position	\$ 84,106,387

The accompanying notes are an integral part of these financial statements.

**TOWN OF SOUTHERN PINES, NORTH CAROLINA**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
 PROPRIETARY FUND  
 FOR THE YEAR ENDED JUNE 30, 2025**

	<b>Business-type Activities - Enterprise Fund Water and Sewer</b>
<b>OPERATING REVENUES</b>	
Charges for sales and services	\$ 12,374,497
<b>OPERATING EXPENSES</b>	
Billings and collection	726,211
Water treatment	1,726,178
Sewage treatment	2,250,000
Water extensions and maintenance	1,612,874
Sewer extensions and maintenance	1,537,770
Chargeout for administrative expenses	1,520,804
Depreciation and amortization	2,321,496
Total operating expenses	11,695,333
Operating income	679,164
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Interest on investments	962,056
Gain on disposal of capital assets	37,996
Interest expense	(5,992)
Total non-operating revenues	994,060
Income before capital contributions and transfers	1,673,224
Capital contributions	10,926,989
Transfers from other funds	1,086,229
Change in net position	13,686,442
<b>Net position, beginning of year</b>	70,419,945
<b>Net position, end of year</b>	\$ 84,106,387

# TOWN OF SOUTHERN PINES, NORTH CAROLINA

## STATEMENT OF CASH FLOWS PROPRIETARY FUND FOR THE YEAR ENDED JUNE 30, 2025

	<b>Major Fund</b>
	<b>Water and Sewer</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from customers and users	\$ 12,691,689
Cash paid for goods and services	(9,989,531)
Cash paid to or on behalf of employees for services	(1,102,899)
Net cash provided by operating activities	1,599,259
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfers from other funds	219,072
Net cash provided by noncapital financing activities	219,072
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Debt Issued	1,666,334
Cash capital contributions	2,179,021
Acquisition and construction of capital assets	(4,934,611)
Principal paid on installment purchase obligation	(27,500)
Interest paid on installment purchase obligation	(5,995)
System development fees received	1,226,883
Proceeds from sale of capital assets	50,496
Net cash provided by capital and related financing activities	154,628
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest on investments	962,056
Net cash provided by investing activities	962,056
Net increase in cash and cash equivalents	2,935,015
Cash and cash equivalents, beginning of year	20,996,649
<b>Cash and cash equivalents, end of year</b>	<b>\$ 23,931,664</b>
<b>CLASSIFIED AS:</b>	
Unrestricted	\$ 22,234,171
Restricted	1,697,493
	<b>\$ 23,931,664</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Operating income	\$ 679,164
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	2,321,496
Change in assets, deferred outflows of resources, liabilities, and deferred inflows of resources and liabilities:	
Decrease in accounts receivable	165,310
Decrease in deferred inflows of resources for pensions	(8,187)
Decrease in deferred outflows of resources for pensions	70,859
decrease in accounts payable and accrued liabilities	(1,673,313)
Increase in customer deposits	36,417
Increase in accrued vacation pay	15,937
Decrease in net pension liability	(8,424)
Net cash provided by operating activities	<b>\$ 1,599,259</b>

**NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES**

During fiscal year ended June 30, 2025, the Town received \$5,039,628 in water and sewer line improvements and \$1,614,299 of easements from various land developers and individuals. These improvements are recorded as capital contributions.

During fiscal year ended June 30, 2025, plant and distribution systems totaling \$867,158 were transferred to the Water and Sewer Fund from Governmental Activities.

During fiscal year ended June 30, 2025, liabilities related to capital asset additions of \$508,012 remained in accounts payable and accrued liabilities at year end.

The accompanying notes are an integral part of these financial statements.

**TOWN OF SOUTHERN PINES, NORTH CAROLINA**

**STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUND  
JUNE 30, 2025**

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	<u>Private-purpose Trust Fund Virginia Kelly Trust</u>
<b>ASSETS</b>	
Cash and investments	\$ 30,004
Accrued interest	136
Total current assets	<u>30,140</u>
<b>NET POSITION</b>	
Restricted for:	
Payment of death benefits - police	30,140
Total fiduciary net position	<u>\$ 30,140</u>

The accompanying notes are an integral part of these financial statements.

**TOWN OF SOUTHERN PINES, NORTH CAROLINA**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUND  
FOR THE YEAR ENDED JUNE 30, 2025**

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	<u>Private-purpose Trust Fund Virginia Kelly Trust</u>
<b>ADDITIONS</b>	
Investment earnings	\$ 1,292
Change in net position	1,292
<b>Net position, beginning of year</b>	<u>28,848</u>
<b>Net position, end of year</b>	<u>\$ 30,140</u>

# TOWN OF SOUTHERN PINES

## NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Southern Pines conform to generally accepted accounting principles in the United States of America (GAAP) as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. 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, 2025, 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.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### B. Basis of Presentation (Continued)

**Fund financial statements (Continued):** 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, library and general government services.

**Municipal Service District #1 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 System (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.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### B. Basis of Presentation (Continued)

##### Fund financial statements (Continued):

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

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

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

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

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

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

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

**General Fund Facility Modernization** - This fund was established for the purpose of addressing immediate needs of General Fund-related Town-owned building as designated by the 2019 Facility Condition Assessment.

**Capital Software Upgrades** - This fund is used to accumulate financial resources for upcoming software upgrades the Town needs.

**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.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### B. Basis of Presentation (Continued)

##### Fund financial statements (Continued):

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 and 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.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### C. Measurement Focus and Basis of Accounting (Continued)

**Governmental fund financial statements:** Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under leasing and subscription-based information technology agreements (SBITAs) 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 which use a 60-day period. 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 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.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### D. Use of Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### E. 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.

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

##### 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).

## NOTES TO FINANCIAL STATEMENTS

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (Continued)

##### Deposits and Investments (Continued)

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.

##### 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.

##### Restricted Assets

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

##### Governmental activities

###### General Fund

Customer deposits	\$ 255,006
Total governmental activities	<u>255,006</u>

##### Business-type activities

###### Water and Sewer Fund

Customer deposits	158,477
Water system development fees capital reserve	1,025,085
Wastewater system development fees capital reserve	<u>513,931</u>
Total business-type activities	<u>1,697,493</u>
Total restricted cash	<u>\$ 1,952,499</u>

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (Continued)

##### **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, of the levy year and assessed values of as of the same date.

##### **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.

##### **Leases Receivable**

The Town's leases receivable are measured at the present value of lease payments expected to be received during the lease term. Under the lease agreements, the Town may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received.

Deferred inflows of resources are recorded at the initiation of each lease in an amount equal to the initial recording of the lease receivable. The deferred inflows of resources are amortized on a straight-line basis over the term of each lease.

##### **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.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (Continued)

##### Capital Assets

Capital assets are defined by the Town as assets with an initial, individual cost of more than \$20,000 and an estimated useful life in excess of one year. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to June 15, 2015, are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015, are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. General infrastructure assets acquired prior to July 1, 2003, consist of the road network and water and sewer system assets that were acquired or that received substantial improvements subsequent to July 1, 1980, and are reported at estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

	<u>Years</u>
Buildings and improvements	10 to 50
Other improvements	10 to 50
Infrastructure	15 to 30
Machinery and equipment	5 to 15
Vehicles	3 to 25
Furniture and office equipment	5
Computer software	5
Plant and distribution systems	10 to 40
Intangible assets – software	5 to 15
Right-to-Use assets	Agreement term

##### 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.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (Continued)

##### Right-to-Use Assets (Continued)

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 or the useful lives of the underlying assets, whichever is shorter.

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 are reported as a prepayment (asset). Such prepayments are 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 are reported as an asset or liability, as appropriate, before the start of the subscription term, at which time the amount is 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.

##### 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 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.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (Continued)

##### 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.

##### 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. Any unused sick leave accumulated at the time of retirement may be used in the determination of the length of service for retirement benefit purposes. Any unused sick leave accumulated for employees that leave the Town before retirement is forfeited. The Town determined based on a four-year look-back period that the Town does not have sick leave that is more likely than not to be paid out through a cash settlement at year end. As such, no compensated absence liability is recorded related to sick leave.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (Continued)

##### 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.

*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.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (Continued)

##### Net Position/Fund Balances (Continued)

##### *Fund Balances (Continued)*

**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 improvements to Town buildings and capital software upgrades.

*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.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (Continued)

##### Net Position/Fund Balances (Continued)

##### *Fund Balances (Continued)*

##### **Committed fund balance (Continued) –**

*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, and construction of bike lanes.

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

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

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

**Flow assumptions** - When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the Town's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the Town's policy to use fund balance in the following order: (1) Committed, (2) Assigned, and (3) Unassigned.

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.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (Continued)

##### Net Position/Fund Balances (Continued)

**Flow assumptions (Continued)** -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.

##### 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.

### 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.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 2. DEPOSITS (CONTINUED)

At June 30, 2025, the Town's deposits had a carrying amount of \$12,425,507 and a bank balance of \$13,389,531. Of the bank balance, \$750,000 was covered by federal depository insurance and \$12,639,531 was covered by collateral held under the Pooling Method. At June 30, 2025, the Town's petty cash fund totaled \$1,100.

### NOTE 3. INVESTMENTS

At June 30, 2025, the Town's investment balances were as follows:

<u>Investments by Type</u>	<u>Valuation Measurement Method</u>	<u>Book Value at 6/30/2025</u>	<u>Maturity</u>	<u>Rating</u>
NC Capital Management Trust - Government Portfolio	Fair Value Level 1	<u>\$ 34,304,942</u>	N/A	AAAm

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, 2025.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 4. RECEIVABLES - ALLOWANCE FOR DOUBTFUL ACCOUNTS

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

Fund	June 30, 2025
General Fund	
Taxes receivable	\$ 31,316
Enterprise Fund	25,000
	\$ 56,316

### NOTE 5. LEASE RECEIVABLES

As of June 30, 2025, Town had 10 active leases as lessor. The leases have annual receipts that range from \$7,000 to \$73,591 and interest rates that range from 0.3160% to 3.7740%. As of June 30, 2025, the total combined value of the lease receivable is \$1,966,643, the total combined value of the short-term lease receivable is \$327,153, and the combined value of the deferred inflow of resources is \$1,884,919.

Future minimum lessee payments due to the Town under non-cancelable lease agreements, as of June 30, 2025, are as follows:

	Principal	Interest	Total
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
2030	120,710	10,218	130,928
2031-2035	379,181	34,438	413,619
2036-2040	128,307	15,309	143,616
2041-2044	54,250	3,349	57,599
	\$ 1,966,643	\$ 141,665	\$ 2,108,308

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. CAPITAL ASSETS

Capital assets activity for the Town's Governmental Activities for the year ended June 30, 2025, was as follows:

	<u>July 1, 2024</u>	<u>Transfers In/ Additions</u>	<u>Transfers Out/ Disposals</u>	<u>June 30, 2025</u>
<b>Governmental Activities:</b>				
Capital assets, not being depreciated/amortized:				
Land	\$ 13,431,777	\$ 35,400	\$ -	\$ 13,467,177
Intangible assets in progress	196,853	-	(196,853)	-
Construction in progress	3,129,176	2,140,676	(1,130,533)	4,139,319
Total	<u>16,757,806</u>	<u>2,176,076</u>	<u>(1,327,386)</u>	<u>17,606,496</u>
Capital assets, being depreciated/amortized:				
Buildings and improvements	23,353,005	38,595	-	23,391,600
Other improvements	8,225,276	1,137,354	-	9,362,630
Infrastructure	20,787,741	7,227,033	-	28,014,774
Machinery and equipment	458,721	85,962	-	544,683
Intangible assets - software	444,766	-	-	444,766
Vehicles and motorize equipment	8,197,153	357,405	(193,156)	8,361,402
Furniture, fixtures and other equipmen	2,760,738	567,223	(34,448)	3,293,513
Right-to-use lease assets	339,102	92,514	-	431,616
Right-to-use subscription assets	696,800	383,316	(51,596)	1,028,520
Total	<u>65,263,302</u>	<u>9,889,402</u>	<u>(279,200)</u>	<u>74,873,504</u>
Less accumulated depreciation/amortization for:				
Buildings and improvements	7,596,397	535,164	-	8,131,561
Other improvements	3,032,082	368,437	-	3,400,519
Infrastructure	12,696,962	907,735	-	13,604,697
Machinery and equipment	331,419	47,690	-	379,109
Intangible assets - software	338,013	38,511	-	376,524
Vehicles and motorize equipment	4,862,706	635,323	(177,059)	5,320,970
Furniture, fixtures and other equipmen	1,676,064	219,865	(21,596)	1,874,333
Right-to-use lease assets	73,238	42,825	-	116,063
Right-to-use subscription assets	277,297	260,936	(23,468)	514,765
Total	<u>30,884,178</u>	<u>3,056,486</u>	<u>(222,123)</u>	<u>33,718,541</u>
Total capital assets, being depreciated/amortized, net	<u>34,379,124</u>	<u>6,832,916</u>	<u>(57,077)</u>	<u>41,154,963</u>
Governmental activities capital assets, net	<u>\$ 51,136,930</u>	<u>\$ 9,008,992</u>	<u>\$ (1,384,463)</u>	<u>\$ 58,761,459</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. CAPITAL ASSETS (CONTINUED)

Depreciation and amortization expense was charged to functions/programs of the Town as follows:

<b>Governmental Activities</b>	
General government	\$ 670,979
Public safety	872,223
Transportation	1,054,093
Environmental protection	6,825
Culture and recreation	452,366
	<u>452,366</u>
Total depreciation and amortization expense - governmental activities	<u><u>\$ 3,056,486</u></u>

Capital asset activity for the Town's Business-type Activities for the year ended June 30, 2025 are as follows:

	<b>July 1, 2024</b>	<b>Transfers In/ Additions</b>	<b>Transfers Out/ Disposals</b>	<b>June 30, 2025</b>
<b>Business-type Activities:</b>				
Nondepreciable assets				
Land	\$ 599,444	\$ -	\$ -	\$ 599,444
Intangible - easements	3,935,841	1,614,299	-	5,550,140
Construction in progress	3,862,238	4,865,213	(2,080,936)	6,646,515
Total	<u>8,397,523</u>	<u>6,479,512</u>	<u>(2,080,936)</u>	<u>12,796,099</u>
Depreciable assets				
Plant and distribution system	71,689,854	8,191,347	(30,000)	79,851,201
Buildings	1,875,684	38,594	-	1,914,278
Improvements other than buildings	7,224	-	-	7,224
Equipment	5,721,326	694,335	(128,164)	6,287,497
Total	<u>79,294,088</u>	<u>8,924,276</u>	<u>(158,164)</u>	<u>88,060,200</u>
Less accumulated depreciation and amortization for:				
Plant and distribution system	33,835,266	1,824,496	(17,504)	35,642,258
Buildings	575,050	43,957	-	619,007
Improvements other than buildings	1,505	722	-	2,227
Equipment	3,657,736	452,321	(128,164)	3,981,893
Total	<u>38,069,557</u>	<u>2,321,496</u>	<u>(145,668)</u>	<u>40,245,385</u>
Depreciable assets - net	<u>41,224,531</u>	<u>6,602,780</u>	<u>(12,496)</u>	<u>47,814,815</u>
Total business activities capital assets - net	<u>\$ 49,622,054</u>	<u>\$ 13,082,292</u>	<u>\$ (2,093,432)</u>	<u>\$ 60,610,914</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. CAPITAL ASSETS (CONTINUED)

#### Intangible Assets

Intangible assets consist of enterprise resource planning software that has been developed for the Town and was recorded in the Enterprise Information and Document Management System (EIDMS) capital project fund, as well as other software packages. As of June 30, 2025, \$68,242 of this software has been completed and is being used by the Town, net of accumulated amortization of \$376,524. 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:

2026	\$	23,482
2027		22,455
2028		11,152
2029		11,153
	\$	<u>68,242</u>

#### Construction Commitments

The government has active construction projects as of June 30, 2025. At year end, the government's commitments with contractors are as follows:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Asset Inventory and Assessment - Water	\$ 174,100	\$ 25,900
Asset Inventory and Assessment - Sewer	180,200	19,800
Knoll Road Pedestrian Lane Conversion	298,150	56,347
Reservoir Dam Design	95,672	11,429
Sidewalks	225,565	26,727
Carriage House at Whitehall	570,588	33,986
Warrior Woods Pump Station Relocation	1,864,158	492,292
North Pressure Zone	302,515	27,486
Longleaf Golf Club Dam Sewer Relocation	45,087	52,044
Sewer Rehab - GRANT Project	1,001,747	209,653
Sewer Rehab Construction - GRANT project	2,721,330	1,267,347
WTP Filter Conversion Project	432,300	87,500
Waterline for Sidewalk Project	87,275	8,777
Sewer Main Replacement at Skye and Inverness	-	84,755
Total	<u>\$ 7,998,687</u>	<u>\$ 2,404,043</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. CAPITAL ASSETS (CONTINUED)

#### Right-to-use Lease Assets

As of June 30, 2025, the Town had seven active leases. The combined value of the right to use assets is \$431,616 with accumulated amortization of \$116,063. Lease asset activity for the year ended June 30, 2025, was as follows:

	<b>July 1, 2024</b>	<b>Increases</b>	<b>Decreases</b>	<b>June 30, 2025</b>
Governmental activities				
Lease assets				
Playground	\$ 160,000	\$ -	\$ -	\$ 160,000
Fiber optic	55,976	-	-	55,976
Turf Tank robot	54,129	-	-	54,129
Cameras	68,997	92,514	-	161,511
Total	339,102	92,514	-	431,616
Less accumulated amortization for				
Playground	4,134	1,617	-	5,751
Fiber optic	42,403	4,544	-	46,947
Turf Tank robot	20,723	9,023	-	29,746
Cameras	5,978	27,641	-	33,619
Total	73,238	\$ 42,825	\$ -	116,063
Governmental activities lease assets, net	\$ 265,864			\$ 315,553

#### Right-to-use Subscription Assets

As of June 30, 2025, the Town had 12 active subscriptions. As of June 30, 2025, the total combined value of the right to use asset is \$1,028,520 with accumulated amortization of \$514,765. Lease asset activity for the year ended June 30, 2025 was as follows:

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. CAPITAL ASSETS (CONTINUED)

#### Right-to-use Subscription Assets (Continued)

	<u>July 1, 2024</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2025</u>
Governmental activities				
Subscription assets				
Advance AV Next Gen AV	\$ 48,388	\$ 53,207	\$ -	\$ 101,595
CivicClerk Media	23,468	-	(23,468)	-
ClearCo	-	41,657	-	41,657
DebtBook	24,390	21,907	-	46,297
Dell SHI Microsoft Subscription	130,645	164,640	(28,128)	267,157
Essential Personnel Technology	51,395	-	-	51,395
Security Awareness Training Subscription	19,271	-	-	19,271
Network Infrastructure Licensing and Support	-	53,263	-	53,263
Onsolve Code Red	-	28,132	-	28,132
Open Gov .	225,917	-	-	225,917
Rubicon Hauler Software	-	20,510	-	20,510
Rubicon Software	45,801	-	-	45,801
Backup and Disaster Recovery Licensing and Support	127,525	-	-	127,525
Total	<u>696,800</u>	<u>383,316</u>	<u>(51,596)</u>	<u>1,028,520</u>
Less accumulated amortization for				
Advance AV Next Gen AV	34,156	17,190	-	51,346
CivicClerk Media	21,612	1,856	(23,468)	-
ClearCo	-	10,356	-	10,356
DebtBook	14,803	11,136	-	25,939
Dell SHI Microsoft Subscription	76,209	62,921	-	139,130
Essential Personnel Technology	17,132	17,131	-	34,263
Security Awareness Training Subscription	11,281	5,640	-	16,921
Network Infrastructure Licensing and Support	-	4,044	-	4,044
Onsolve Code Red	-	6,060	-	6,060
Open Gov .	31,523	63,047	-	94,570
Rubicon Hauler Software	-	3,779	-	3,779
Rubicon Software	12,723	15,266	-	27,989
Backup and Disaster Recovery Licensing and Support	57,858	42,510	-	100,368
Total	<u>277,297</u>	<u>\$ 260,936</u>	<u>\$ (23,468)</u>	<u>514,765</u>
Governmental activities subscription assets, net	<u>\$ 419,503</u>			<u>\$ 513,755</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Payables and accrued liabilities at the government-wide level at June 30, 2025, were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Security Deposits</u>	<u>Accrued Interest</u>	<u>Total</u>
Governmental activities					
General	\$ 533,720	\$ 703,042	\$ 255,006	\$ 158,919	\$ 1,650,687
Other governmental	58,614	-	-	-	58,614
Total governmental activities:	<u>\$ 592,334</u>	<u>\$ 703,042</u>	<u>\$ 255,006</u>	<u>\$ 158,919</u>	<u>\$ 1,709,301</u>
Business-type activities					
Water and sewer	<u>\$ 879,938</u>	<u>\$ 68,202</u>	<u>\$ 158,477</u>	<u>\$ 1,979</u>	<u>\$ 1,108,596</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](http://www.osc.nc.gov).

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 8. PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS (CONTINUED)

#### A. Local Governmental Employees' Retirement System (Continued)

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

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who 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, 2025, was 15.04% of compensation for law enforcement officers and 13.64% 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 \$1,865,563 for the year ended June 30, 2025.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 8. PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS

#### A. Local Governmental Employees' Retirement System (Continued)

*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, 2025, the Town reported a liability of \$8,993,662 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023. The total pension liability was then rolled forward to the measurement date of June 30, 2024, utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2024 (measurement date), the Town's proportion was 0.13341%, which was an increase of 0.00049% from its proportion measured at June 30, 2023.

For the year ended June 30, 2025, the Town recognized pension expense of \$2,589,480. At June 30, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 1,576,030	\$ 10,597
Net difference between projected and actual earnings on pension plan investments	1,222,683	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	27,109	169,399
Town contributions subsequent to the measurement date	1,865,563	-
Total	\$ 4,691,385	\$ 179,996

\$1,865,563 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, 2026.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 8. PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS

#### A. Local Governmental Employees' Retirement System (Continued)

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

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:

**Year ending June 30:**

2026	\$	805,107
2027		1,704,993
2028		273,977
2029		(138,251)
	\$	<u>2,645,826</u>

*Actuarial assumptions* - The total pension liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
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 contains a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2023 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.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 8. PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS

#### A. Local Governmental Employees' Retirement System (Continued)

*Actuarial assumptions (Continued)* - 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, 2024 (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%	2.4%
Global Equity	38.0%	6.9%
Real Estate	8.0%	6.0%
Alternatives	8.0%	8.6%
Credit	7.0%	5.3%
Inflation Protection	6.0%	4.3%
Total	<u>100%</u>	

The information above is based on 30-year expectations developed with an investment consulting firm. The long-term nominal rates of return underlying the real rates of return are arithmetic annual figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 2.38%. Return projections do not include any excess return expectations over benchmark averages for public markets. All rates of return and inflation are annual amounts. The long-term expected real rate of return for the Bond Index Investment Pool as of June 30, 2024, is 2.76%.

*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.

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 8. PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS**

**A. Local Governmental Employees' Retirement System (Continued)**

*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:

	<b>1% Decrease (5.50%)</b>	<b>Current Discount Rate (6.50%)</b>	<b>1% Increase (7.50%)</b>
Proportionate share of the net pension liability (asset)	\$ 15,937,032	\$ 8,993,662	\$ 3,281,785

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

**B. Law Enforcement Officers Special Separation Allowance**

*Plan description* - The Town administers a public employee retirement system (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, 2023 valuation date, the Separation Allowance's membership consisted of:

Retirees and beneficiaries receiving benefits	4
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	45
Total	49

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 8. PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS

#### B. Law Enforcement Officers Special Separation Allowance (Continued)

*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.

*Actuarial assumptions* - The entry age actuarial cost method was used in the December 31, 2023 valuation. The total pension liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.25% to 7.75%, including a 2.50% inflation and productivity factor
Discount rate	4.28%

The discount rate is based on the S&P Municipal Bond 20-Year High Grade Rate Index as of December 31, 2024.

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

*Change in actuarial assumptions* - On the prior measurement date (December 31, 2023), the S&P Municipal Bond 20-Year High Grade Rate Index, on which the discount rate is based, was 4.00%. Since the Prior Measurement Date, the S&P Municipal Bond 20-Year High Grade Rate Index has increased to 4.28% as of the Measurement Date (December 31, 2024).

*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 \$72,523 as benefits came due for the reporting period.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 8. PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS

#### B. Law Enforcement Officers Special Separation Allowance (Continued)

*Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions* - At June 30, 2025, the Town reported a total pension liability of \$2,274,156. The total pension liability was measured as of December 31, 2024, based on a December 31, 2023 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2024, utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2025, the Town recognized pension expense of \$211,846.

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 232,878	\$ 164,398
Changes of assumptions and other inputs	201,037	238,708
Town benefit payments and plan administrative expense made subsequent to the measurement date	32,667	-
Total	\$ 466,582	\$ 403,106

\$32,667 was paid as benefits came due subsequent to the measurement date and 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, 2026.

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:

**Year ending June 30:**

2026	\$	27,544
2027		(19,569)
2028		(33,439)
2029		38,130
2030		14,807
Thereafter		3,336
	\$	30,809

## NOTES TO FINANCIAL STATEMENTS

### NOTE 8. PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS

#### B. Law Enforcement Officers Special Separation Allowance (Continued)

*Sensitivity of the Town's total pension liability to changes in the discount rate* - The following presents the Town's total pension liability calculated using the discount rate of 4.28 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 (3.28 percent) or 1 percentage point higher (5.28 percent) than the current rate:

	<b>1% Decrease (3.28%)</b>	<b>Discount Rate (4.28%)</b>	<b>1% Increase (5.28%)</b>
Total pension liability	\$ 2,462,575	\$ 2,274,156	\$ 2,102,663

*Schedule of changes in total pension liability Law Enforcement Officers' Special Separation Allowance*

Beginning balance	\$ 2,092,234
Service cost	99,075
Interest on the total pension liability	82,097
Differences between expected and actual experience in the measurement of the total pension liability	131,349
Changes of assumptions or other inputs	(50,997)
Benefit payments	(79,602)
Ending balance of the total pension liability	\$ 2,274,156

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, 2023 valuation were based on the results of an actuarial experience study for the five-year period ended December 31, 2019.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 8. PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS

#### B. Law Enforcement Officers Special Separation Allowance (Continued)

*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	\$ 2,589,480	\$ 211,846	\$ 2,801,326
Pension liability	8,993,662	2,274,156	11,267,818
Proportionate share of the net pension liability	0.1334%	n/a	
Deferred of outflows of resources			
Differences between expected and actual experience	1,576,030	232,878	1,808,908
Changes of assumptions	-	201,037	201,037
Net difference between projected and actual earnings on plan investments	1,222,683	-	1,222,683
Changes in proportion and differences between employer contributions and proportionate share of contributions	27,109	-	27,109
Benefit payments and administrative costs paid subsequent to the measurement date	1,865,563	32,667	1,898,230
Deferred of inflows of resources			
Differences between expected and actual experience	10,597	164,398	174,995
Changes of assumptions	-	238,708	238,708
Changes in proportion and differences between contributions and proportionate share of contributions	169,399	-	169,399

#### 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.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 8. PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS

#### C. Supplemental Retirement Income Plan for Law Enforcement Officers

*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 \$230,289 for the reporting year, which consisted of \$172,191 from the Town and \$58,098 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, 2025, contributions to the Plan consisted of \$624,445 from the Town and \$287,334 in voluntary contributions from employees.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 10. LONG-TERM DEBT

The Town executed a promissory note to NCDEQ in April 2024 for the costs of relocating the Warrior Woods Pump Station, and 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.

Long-term debt obligations of the Town at June 30, 2025, consisted of the following:

	Serviced by	
	Governmental Activities	Business-type Activities
Fire substation; issued 2018; due semiannually to 2033; interest at 2.06%; collateralized by the fire substation	\$ 2,788,347	\$ -
Annex remodel; \$1,250,000; issued 2021; due semiannually to 2036; interest at 1.91%; collateralized by the Annex	614,167	302,500
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	-
ASADRA; issued 2025; due semiannually to 2045; interest at 1.10%;	-	1,666,334
Lease liabilities	121,542	-
Subscription liabilities	360,595	-
Net pension liability (LGERS)	8,184,232	809,430
Total pension liability (LEO)	2,274,156	-
Compensated absences	856,450	75,121
Total long-term debt	22,159,489	2,853,385
Less current portion	(1,484,984)	(71,109)
	\$ 20,674,505	\$ 2,782,276

At June 30, 2025, the Town had a legal debt margin of \$360,169,052.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 10. LONG-TERM DEBT (CONTINUED)

The following is a summary of changes in the Town's long-term obligations for the fiscal year ended June 30, 2025:

	<u>Balance July 1, 2024</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2025</u>	<u>Current Portion of Balance</u>
<b>Governmental activities</b>					
Direct placement installment purchases					
Fire substation	\$ 3,136,890	\$ -	\$ (348,543)	\$ 2,788,347	\$ 348,543
Fire engine	134,989	-	(134,989)	-	-
Annex remodel	670,000	-	(55,833)	614,167	55,833
MSD Parkway	6,960,000	-	-	6,960,000	348,000
Lease liabilities	94,883	87,666	(61,007)	121,542	60,989
Subscription liabilities	286,559	283,864	(209,828)	360,595	163,228
Compensated absences *	712,877	143,573	-	856,450	428,789
Net pension liability (LGERS)	7,985,619	2,940,239	(2,741,626)	8,184,232	-
Total pension liability (LEO)	2,092,234	312,521	(130,599)	2,274,156	79,602
	<u>\$ 22,074,051</u>	<u>\$ 3,767,863</u>	<u>\$ (3,682,425)</u>	<u>\$ 22,159,489</u>	<u>\$ 1,484,984</u>
<b>Business-type activities</b>					
Direct placement installment purchases					
Annex remodel	\$ 330,000	\$ -	\$ (27,500)	\$ 302,500	\$ 27,500
ASADRA	-	1,666,334	-	1,666,334	-
Compensated absences *	59,184	15,937	-	75,121	43,609
Net pension liability (LGERS)	817,854	290,792	(299,216)	809,430	-
	<u>\$ 1,207,038</u>	<u>\$ 1,973,063</u>	<u>\$ (326,716)</u>	<u>\$ 2,853,385</u>	<u>\$ 71,109</u>

The net pension liability and total pension liability for governmental activities is expected to be liquidated in the general fund.

On April 2, 2024, the Town executed a promissory note to NCDEQ to borrow up to \$3,927,000 from the Clean Water State Revolving Fund to finance the costs of relocating the Warrior Woods Pump Station. The unpaid principal balance of the note will bear interest at 1.10% annually and will be payable monthly until the project is completed or May 5, 2045, (whichever is earlier). At that time, the note will be finalized and will enter its repayment phase whereby principal, and interest will be due in twenty (20) equal annual installments until the note is fully repaid. As of June 30, 2025, the Town had made draws totaling \$1,666,334 on this note payable to NCDEQ.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 10. LONG-TERM DEBT (CONTINUED)

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

	Installment Purchases	
	Principal	Interest
Governmental activities		
2026	\$ 752,376	\$ 395,704
2027	752,376	370,581
2028	752,376	345,456
2029	752,376	320,331
2030	752,376	295,207
2031-2035	3,064,801	1,112,466
2036-2040	1,795,833	633,720
2041-2045	1,740,000	210,975
	\$ 10,362,514	\$ 3,684,440
Business-type activities		
2026	\$ 27,500	\$ 6,172
2027	27,500	5,646
2028	27,500	5,121
2029	27,500	4,596
2030	27,500	4,071
2031-2035	27,500	9,948
2036	137,500	398
	\$ 302,500	\$ 35,952

### NOTE 11. 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.

As of June 30, 2025, the Town had seven active leases. The leases have payments that range from \$3,060 to \$27,000 and interest rates that range from 2.0580% to 3.5290%. As of June 30, 2025, the total combined value of the lease liability is \$121,542, the total combined value of the short-term lease liability is \$60,989. Future minimum lease obligations and the net present value of these minimum lease payments, as of June 30, 2025, are as follows:

	Principal	Interest	Total
2026	\$ 60,989	\$ 3,254	\$ 64,243
2027	55,589	1,530	57,119
2028	4,964	38	5,002
	\$ 121,542	\$ 4,822	\$ 126,364

## NOTES TO FINANCIAL STATEMENTS

### NOTE 12. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS LIABILITIES

For the year ended June 30, 2025, the financial statements include GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs). The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. Under this Statement, an organization is required to recognize a subscription liability and an intangible right-to-use subscription asset.

As of June 30, 2025, Town had thirteen active subscriptions. The subscriptions have payments that range from \$4,997 to \$56,652 and interest rates that range from 2.3540% to 3.7120%. As of June 30, 2025, the total combined value of the subscription liability is \$360,595, and the total combined value of the short-term subscription liability is \$163,228. Future minimum lease obligations and the net present value of these minimum subscription payments, as of June 30, 2025, are as follows:

	Principal	Interest	Total
2026	\$ 163,228	\$ 11,197	\$ 174,425
2027	138,069	6,101	144,170
2028	59,298	1,667	60,965
	\$ 360,595	\$ 18,965	\$ 379,560

### NOTE 13. INTERFUND BALANCES AND ACTIVITY

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

From the General Fund to Nonmajor Capital Project Funds for capital project expenditures	\$	2,754,702
From the governmental nonmajor funds to the Water and Sewer Fund for capital project expenditures		219,072
Transfer of capital assets from governmental activities to the Water and Sewer Fund		867,158
From Nonmajor Capital Project Funds to the governmental capital project funds for capital project expenditures		664,482
	\$	4,505,414

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 14. DEFERRED INFLOWS OF RESOURCES

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

	<b>General Fund Balance Sheet</b>
Taxes receivable, less penalties	\$ 26,073
Parking lot assessments	2,305
Deferred lease revenue	1,884,919
Other receivable	231,860
Total	\$ 2,145,157

### NOTE 15. 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	\$ 19,628,798
Less:	
Inventories	(50,234)
Prepaid items	(63,714)
Leases	(81,724)
Stabilization by State Statute	(3,259,818)
Appropriated fund balance in subsequent year	(5,006,907)
Fund balance policy	(7,204,162)
Remaining fund balance	\$ 3,962,239

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.

## NOTES TO FINANCIAL STATEMENTS

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### **NOTE 16. 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 17. CLAIMS AND JUDGMENTS**

At June 30, 2025, 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 18. RELATED ORGANIZATION**

The five-member board of the Town of Southern Pines Housing Authority is appointed by the mayor of the Town. 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 is also disclosed as a related organization in the notes to the financial statements for the Town of Southern Pines Housing Authority.

## NOTES TO FINANCIAL STATEMENTS

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### **NOTE 19. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES AND UNCERTAINTIES**

#### **Federal and State-assisted Programs**

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

## REQUIRED SUPPLEMENTARY INFORMATION

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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**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
LAST TEN FISCAL YEARS**

**LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Contractually required contribution	\$ 1,865,563	\$ 1,542,143	\$ 1,270,592	\$ 1,108,711	\$ 951,231
Contributions in relation to the contractually required contribution	<u>1,865,563</u>	<u>1,542,143</u>	<u>1,270,592</u>	<u>1,108,711</u>	<u>951,231</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	\$ 13,326,371	\$ 11,690,758	\$ 10,279,956	\$ 9,579,387	\$ 9,178,016
Contributions as a percentage of covered payroll	14.00%	13.19%	12.36%	11.57%	10.36%

**TOWN OF SOUTHERN PINES, NORTH CAROLINA**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
LAST TEN FISCAL YEARS**

**LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 849,091	\$ 671,376	\$ 616,826	\$ 603,339	\$ 520,306
Contributions in relation to the contractually required contribution	<u>849,091</u>	<u>671,376</u>	<u>616,826</u>	<u>603,339</u>	<u>520,306</u>
Contribution deficiency (excess)	<u>\$ -</u>				
Town's covered payroll	\$ 9,129,740	\$ 8,377,732	\$ 7,959,271	\$ 8,052,947	\$ 7,568,729
Contributions as a percentage of covered payroll	9.30%	8.01%	7.75%	7.49%	6.87%

**TOWN OF SOUTHERN PINES, NORTH CAROLINA**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)  
LAST TEN FISCAL YEARS**

**LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Town's proportion of the net pension liability (asset) (%)	0.1334%	0.1329%	0.1356%	0.1308%	0.1381%
Town's proportion of the net pension liability (asset) (\$)	\$ 8,993,662	\$ 8,803,473	\$ 7,649,776	\$ 2,006,403	\$ 4,934,901
Town's covered payroll (1)	\$ 11,690,758	\$ 10,279,956	\$ 9,579,387	\$ 9,178,016	\$ 9,129,740
Town's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	76.93%	85.64%	79.86%	21.86%	54.05%
Plan fiduciary net position as a percentage of the total pension liability (2)	83.30%	82.49%	84.14%	95.51%	88.61%

**Notes to the Schedule:**

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

(2) This will be the same percentage for all participants employers in the LGERS plan.

**TOWN OF SOUTHERN PINES, NORTH CAROLINA**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)  
LAST TEN FISCAL YEARS**

**LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM**

	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Town's proportion of the net pension liability (asset) (%)	0.1311%	13.3300%	0.1311%	0.1408%	0.1438%
Town's proportion of the net pension liability (asset) (\$)	\$ 3,580,785	\$ 3,161,858	\$ 2,003,303	\$ 2,988,884	\$ 645,500
Town's covered payroll (1)	\$ 8,377,732	\$ 7,959,271	\$ 8,052,947	\$ 7,568,729	\$ 7,347,598
Town's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	42.74%	39.73%	24.88%	39.49%	8.79%
Plan fiduciary net position as a percentage of the total pension liability (2)	90.86%	91.63%	94.18%	91.47%	98.09%

**Notes to the Schedule:**

- (1) The amounts presented for each fiscal year were determined as of the prior fiscal year ended June 30.  
 (2) This will be the same percentage for all participants employers in the LGERS plan.

**TOWN OF SOUTHERN PINES, NORTH CAROLINA**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY  
LAST NINE FISCAL YEARS\***

**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Total pension liability, beginning balance	\$ 2,092,234	\$ 1,805,374	\$ 2,107,023	\$ 2,467,605	\$ 1,605,268
Service cost	99,075	81,665	112,299	104,505	78,766
Interest on the total pension liability	82,097	76,299	46,566	47,077	51,724
Difference between expected and actual experience	131,349	149,966	(41,741)	(397,963)	90,479
Changes of assumptions or other inputs	(50,997)	49,141	(343,941)	(57,480)	678,662
Benefit payments	(79,602)	(70,211)	(74,832)	(56,721)	(37,294)
Total pension liability, ending balance	<u>\$ 2,274,156</u>	<u>\$ 2,092,234</u>	<u>\$ 1,805,374</u>	<u>\$ 2,107,023</u>	<u>\$ 2,467,605</u>

Notes:

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

\*Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

**TOWN OF SOUTHERN PINES, NORTH CAROLINA**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY  
LAST NINE FISCAL YEARS\***

**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE**

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	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Total pension liability, beginning balance	\$ 1,496,954	\$ 1,462,694	\$ 1,300,931	\$ 1,270,092
Service cost	70,343	71,978	60,240	64,204
Interest on the total pension liability	53,581	45,267	49,285	44,634
Difference between expected and actual experience	(21,274)	46,723	2,915	-
Changes of assumptions or other inputs	55,558	(69,333)	97,533	(38,313)
Benefit payments	(49,894)	(60,375)	(48,210)	(39,686)
Total pension liability, ending balance	\$ 1,605,268	\$ 1,496,954	\$ 1,462,694	\$ 1,300,931

Notes:

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

\*Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

**TOWN OF SOUTHERN PINES, NORTH CAROLINA**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL  
LAST NINE FISCAL YEARS\***

**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Total pension liability	\$ 2,274,156	\$ 2,092,234	\$ 1,805,374	\$ 2,107,023	\$ 2,467,605
Covered-employee payroll	\$ 3,096,029	\$ 2,679,612	\$ 2,456,891	\$ 2,201,985	\$ 2,475,156
Total pension liability as a percentage of covered-employee payroll	73.45%	78.08%	73.48%	95.69%	99.69%

Notes:

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

\*Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

**TOWN OF SOUTHERN PINES, NORTH CAROLINA**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL  
LAST NINE FISCAL YEARS\***

**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE**

---

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 1,605,268	\$ 1,496,954	\$ 1,462,694	\$ 1,300,931
Covered-employee payroll	\$ 2,351,666	\$ 2,197,919	\$ 2,120,993	\$ 2,119,195
Total pension liability as a percentage of covered-employee payroll	68.26%	68.11%	68.96%	61.39%

Notes:

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

\*Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

**COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

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## **GENERAL FUND**

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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, 2025 AND 2024

	2025	2024
<b>ASSETS</b>		
Cash and investments	\$ 17,510,462	\$ 16,489,585
Receivables, net		
Property taxes	26,073	28,885
Due from other governments	2,528,966	2,295,937
Accounts receivable	584,145	548,436
Accrued interest receivable	79,896	124,174
Sales tax receivable	198,279	180,041
Parking lot assessments receivable	2,305	2,305
Lease receivable	1,966,643	2,302,344
Inventory	50,234	56,977
Prepays	63,714	97,825
Restricted assets		
Cash and investments	255,006	488,218
Total assets	<b>\$ 23,265,723</b>	<b>\$ 22,614,727</b>
<b>LIABILITIES</b>		
Current Liabilities		
Accounts payable	\$ 533,720	\$ 513,018
Accrued liabilities:		
Other	703,042	634,624
Security deposits	255,006	488,218
Total liabilities	<b>1,491,768</b>	<b>1,635,860</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Taxes receivable	26,073	28,885
Parking lot assessments	2,305	2,305
Leases	1,884,919	2,216,693
Other	231,860	116,872
Total deferred inflows of resources	<b>2,145,157</b>	<b>2,364,755</b>
<b>FUND BALANCE</b>		
Nonspendable		
Inventory	50,234	56,977
Prepays	63,714	97,825
Leases	81,724	85,651
Restricted		
Stabilization by State Statute	3,259,818	3,031,716
Assigned		
Subsequent year's expenditures	5,006,907	4,102,049
Unassigned	11,166,401	11,239,894
Total fund balances	<b>19,628,798</b>	<b>18,614,112</b>
Total liabilities, deferred inflows of resources and fund balance	<b>\$ 23,265,723</b>	<b>\$ 22,614,727</b>

**TOWN OF SOUTHERN PINES, NORTH CAROLINA**

**GENERAL FUND**

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

**YEAR ENDED JUNE 30, 2025**

**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2024**

	2025		Variance Positive (Negative)	2024
	Budget	Actual		Actual
<b>Revenues</b>				
Ad valorem taxes				
Current year		\$ 13,499,445		\$ 12,826,110
Prior years		12,798		5,994
Penalties and interest		17,800		15,091
	<u>\$ 13,075,496</u>	<u>13,530,043</u>	<u>\$ 454,547</u>	<u>12,847,195</u>
Other taxes and licenses				
ABC mixed beverage		283,944		282,779
Solid waste disposal tax		12,997		12,952
Privilege licenses		3,735		3,010
Municipal vehicle tax		68,625		66,565
Lease vehicles		85,689		81,587
	<u>367,050</u>	<u>454,990</u>	<u>87,940</u>	<u>446,893</u>
Unrestricted intergovernmental revenues				
Local option sales tax		6,781,581		6,581,470
Video programming tax		131,607		136,851
Franchise tax		1,412,565		1,253,351
Beer and wine		67,387		80,171
	<u>7,049,023</u>	<u>8,393,140</u>	<u>1,344,117</u>	<u>8,051,843</u>
Restricted intergovernmental revenues				
State Aid - Library grant		10,022		9,729
LSTA - Library grant		1,856		-
Powell Bill allocation		606,431		546,561
Recreation grants		2,000		3,750
FEMA		71,293		8,892
Fire SAFER grant		322,019		326,317
Police grants		25,361		7,469
Planning grants		32,250		16,250
Fire on-behalf payments		15,156		13,660
	<u>1,020,457</u>	<u>1,086,388</u>	<u>65,931</u>	<u>932,628</u>
Permits and fees				
Planning and zoning fees		114,944		94,290
Inspection fees		1,073,135		848,694
County Fire and Rescue fees		86,383		-
Fire and Police Dept. fees		69,097		89,900
Public works fees		77,490		89,381
Street department fees		62,922		68,630
	<u>610,000</u>	<u>1,483,971</u>	<u>873,971</u>	<u>1,190,895</u>
Sales and services				
Rents		90,134		58,358
Homeowners recovery fund		3,280		2,780
Waste collection fees		2,233,837		1,662,454
Recreation department fees		266,772		311,935
Library fees		88,811		54,170
	<u>2,350,400</u>	<u>2,682,834</u>	<u>332,434</u>	<u>2,089,697</u>
Investment earnings	<u>400,000</u>	<u>854,622</u>	<u>454,622</u>	<u>985,901</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, 2025**

**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2024**

	2025		Variance Positive (Negative)	2024
	Budget	Actual		Actual
<b>Revenues (Continued)</b>				
Other				
Cemetery		\$ 4,140		\$ 4,675
Fire department donations		20		275
Fire district revenue		545,761		463,145
Court costs		2,286		1,737
Library donations		2,600		1,302
Lease revenue		331,773		337,676
Miscellaneous		224,142		179,296
	<u>\$ 997,107</u>	<u>1,110,722</u>	<u>\$ 113,615</u>	<u>988,106</u>
Total revenues	<u>25,869,533</u>	<u>29,596,710</u>	<u>3,727,177</u>	<u>27,533,158</u>
<b>Expenditures</b>				
<b>General Government</b>				
Governing body				
Salaries and employee benefits		166,438		160,283
Operating expenditures		87,078		123,765
Professional services		16,517		8,326
Membership dues		28,552		26,332
	<u>325,863</u>	<u>298,585</u>	<u>27,278</u>	<u>318,706</u>
Administration				
Salaries and employee benefits		1,002,134		894,815
Operating expenditures		136,828		116,850
	<u>1,335,868</u>	<u>1,138,962</u>	<u>196,906</u>	<u>1,011,665</u>
Finance				
Salaries and employee benefits		640,717		526,505
Operating expenditures		313,998		299,939
	<u>1,019,932</u>	<u>954,715</u>	<u>65,217</u>	<u>826,444</u>
Information technology				
Salaries and employee benefits		499,053		419,855
Contract services		340,530		341,341
Operating expenditures		273,252		247,779
Capital outlay		450,548		403,795
	<u>2,081,391</u>	<u>1,563,383</u>	<u>518,008</u>	<u>1,412,770</u>
Administrative chargeback	<u>(1,520,805)</u>	<u>(1,520,805)</u>	<u>-</u>	<u>(1,369,487)</u>
Public works				
Salaries and employee benefits		964,567		695,394
Operating expenditures		202,366		147,103
Contract services		1,964,268		2,216,396
Capital outlay		38,594		691,831
	<u>3,212,366</u>	<u>3,169,795</u>	<u>42,571</u>	<u>3,750,724</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, 2025  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2024**

	2025		Variance Positive (Negative)	2024
	Budget	Actual		Actual
<b>Expenditures (Continued)</b>				
<b>General Government (Continued)</b>				
Building and grounds				
Salaries and employee benefits		\$ 643,441		\$ 632,301
Vehicle maintenance		20,632		7,331
Contract services		156,739		241,465
Operating expenditures		737,256		811,741
Capital outlay		218,634		158,559
	<u>\$ 2,127,235</u>	<u>1,776,702</u>	<u>\$ 350,533</u>	<u>1,851,397</u>
Garage				
Salaries and employee benefits		372,093		282,073
Operating expenditures		122,176		68,985
	<u>526,032</u>	<u>494,269</u>	<u>31,763</u>	<u>351,058</u>
Total general government	<u>9,107,882</u>	<u>7,875,606</u>	<u>1,232,276</u>	<u>8,153,277</u>
<b>Public Safety</b>				
Police				
Salaries and employee benefits		5,614,450		4,946,062
Operating expenditures		967,950		997,787
Capital outlay		459,504		290,047
	<u>7,733,515</u>	<u>7,041,904</u>	<u>691,611</u>	<u>6,233,896</u>
Fire				
Salaries and employee benefits		3,715,177		3,194,181
Operating expenditures		658,089		620,830
Capital outlay		-		172,483
	<u>4,375,619</u>	<u>4,373,266</u>	<u>2,353</u>	<u>3,987,494</u>
Total public safety	<u>12,109,134</u>	<u>11,415,170</u>	<u>693,964</u>	<u>10,221,390</u>
<b>Transportation</b>				
Street maintenance				
Salaries and employee benefits		788,650		773,951
Operating expenditures		532,223		515,331
Contract services		32,436		28,019
Capital outlay		419,135		29,573
	<u>1,981,449</u>	<u>1,772,444</u>	<u>209,005</u>	<u>1,346,874</u>
Total transportation	<u>1,981,449</u>	<u>1,772,444</u>	<u>209,005</u>	<u>1,346,874</u>
<b>Economic and Physical Development</b>				
Planning and development				
Salaries and employee benefits		1,155,783		1,001,525
Contract services		317,924		35,569
Operating expenditures		117,799		161,808
Capital outlay		44,800		-
	<u>1,836,654</u>	<u>1,636,306</u>	<u>200,348</u>	<u>1,198,902</u>
Total economic and physical development	<u>1,836,654</u>	<u>1,636,306</u>	<u>200,348</u>	<u>1,198,902</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, 2025**

**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2024**

	<u>2025</u>		Variance Positive (Negative)	<u>2024</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
<b>Expenditures (Continued)</b>				
<b>Cultural and Recreational</b>				
Recreation				
Salaries and employee benefits		\$ 1,086,002		\$ 925,605
Contract services		210,056		225,975
Operating expenditures		290,668		289,512
Capital outlay		19,500		-
	<u>\$ 1,760,602</u>	<u>1,606,226</u>	<u>\$ 154,376</u>	<u>1,441,092</u>
Library				
Salaries and employee benefits		765,368		738,055
Contract services		60,092		89,262
Operating expenditures		72,206		77,200
Books and periodicals		130,195		119,138
	<u>1,116,729</u>	<u>1,027,861</u>	<u>88,868</u>	<u>1,023,655</u>
Total cultural and recreational	<u>2,877,331</u>	<u>2,634,087</u>	<u>243,244</u>	<u>2,464,747</u>
<b>Debt Service</b>				
Principal retirement		810,200		1,252,807
Interest		86,406		103,183
	<u>904,199</u>	<u>896,606</u>	<u>7,593</u>	<u>1,355,990</u>
Total debt service	<u>904,199</u>	<u>896,606</u>	<u>7,593</u>	<u>1,355,990</u>
Total expenditures	<u>28,816,649</u>	<u>26,230,219</u>	<u>2,586,430</u>	<u>24,741,180</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,947,116)</u>	<u>3,366,491</u>	<u>6,313,607</u>	<u>2,791,978</u>
<b>Other Financing Sources (Uses)</b>				
Lease liabilities issued	87,666	87,666	-	66,397
Subscription liabilities issued	326,487	283,864	(42,623)	224,057
Transfers to capital projects funds	(2,754,702)	(2,754,702)	-	(4,984,587)
Sale of capital assets	70,000	31,367	(38,633)	49,480
Total other financing uses	<u>(2,270,549)</u>	<u>(2,351,805)</u>	<u>(81,256)</u>	<u>(4,644,653)</u>
Excess (deficiency) of revenues over (under) expenditures and other financing (uses)	<u>(5,217,665)</u>	<u>1,014,686</u>	<u>6,232,351</u>	<u>(1,852,675)</u>
Fund balance appropriated	<u>5,217,665</u>	<u>-</u>	<u>(5,217,665)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>1,014,686</u>	<u>\$ 1,014,686</u>	<u>(1,852,675)</u>
Fund balance, beginning of year		<u>18,614,112</u>		<u>20,466,787</u>
Fund balance, end of year		<u>\$ 19,628,798</u>		<u>\$ 18,614,112</u>

## **SPECIAL REVENUE FUNDS**

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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**

**MUNICIPAL SERVICE DISTRICT #1  
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025**

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues</b>					
Ad valorem taxes	\$ 706,738	\$ 264,697	\$ 442,052	\$ 706,749	\$ 11
Investment earnings	-	8,673	15,741	24,414	24,414
Total revenues	<u>706,738</u>	<u>273,370</u>	<u>457,793</u>	<u>731,163</u>	<u>24,425</u>
<b>Expenditures</b>					
Transportation					
Parkway acquisition	7,100,000	77,535	6,862,500	6,940,035	159,965
Collection fees	10,602	3,970	6,631	10,601	1
Reserve for parkway expenditures	456,128	-	-	-	456,128
Total general government	<u>7,566,730</u>	<u>81,505</u>	<u>6,869,131</u>	<u>6,950,636</u>	<u>616,094</u>
<b>Debt Service</b>					
Interest	240,008	-	220,352	220,352	19,656
	<u>240,008</u>	<u>-</u>	<u>220,352</u>	<u>220,352</u>	<u>19,656</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,100,000)</u>	<u>191,865</u>	<u>(6,631,690)</u>	<u>(6,439,825)</u>	<u>660,175</u>
<b>Other Financing Sources</b>					
Installment purchase obligations issued	7,100,000	6,960,000	-	6,960,000	(140,000)
Excess (deficiency) of revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ 7,151,865</u>	<u>(6,631,690)</u>	<u>\$ 520,175</u>	<u>\$ 520,175</u>
Fund balance, beginning of year			<u>7,151,865</u>		
Fund balance, end of year			<u>\$ 520,175</u>		

# Nonmajor Governmental Funds

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**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.
- *General Capital Reserve* - used to account for resources accumulated for ongoing or future capital projects.
- *Fire Trucks Purchase* - accounts for funds to be used for the purchase of two fire trucks.
- *General Fund Facility Modernization* - This fund was established for the purpose of addressing immediate needs of General Fund-related Town-owned buildings as designated by the 2019 Facility Condition Assessment.
- *Capital Software Upgrades* – to account for resources accumulated for future capital software upgrades.

**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, 2025**

	<b>Capital Projects Funds</b>					
	<b>Nicks Creek Parkway</b>	<b>Open Space and Greenways</b>	<b>Storm Water Improvements</b>	<b>Streambank Stabilization</b>	<b>EIDMS</b>	<b>Bike Transport</b>
<b>ASSETS</b>						
Cash and investments	\$ -	\$ -	\$ 61,946	\$ -	\$ -	\$ 678,162
Accounts receivable	-	-	-	-	-	40,752
Sales tax receivable	-	-	-	-	-	-
Accrued Interest	-	-	280	-	-	3,078
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 62,226</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 721,992</u>
<b>LIABILITIES</b>						
Payables	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,875
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,875</u>
<b>FUND BALANCE</b>						
Nonspendable						
Perpetual maintenance	-	-	-	-	-	-
Restricted						
Stabilization by State Statute	-	-	-	-	-	-
Committed						
Capital projects	-	-	62,226	-	-	703,117
Total fund balance	<u>-</u>	<u>-</u>	<u>62,226</u>	<u>-</u>	<u>-</u>	<u>703,117</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 62,226</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 721,992</u>

**TOWN OF SOUTHERN PINES, NORTH CAROLINA**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2025**

	<b>Capital Projects Funds</b>					
	<b>Paving Projects</b>	<b>Sidewalk Construction II</b>	<b>Recreational Improvements</b>	<b>Parking Lot Project</b>	<b>Facility Modernization</b>	<b>Reservoir Dam Improvements</b>
<b>ASSETS</b>						
Cash and investments	\$ 2,095,143	\$ 323,065	\$ 285,340	\$ -	\$ -	\$ 215,032
Accounts receivable	-	-	-	-	-	-
Sales tax receivable	1,461	5,187	3,842	-	-	-
Accrued Interest	9,511	1,467	1,296	-	-	977
Total assets	<u>\$ 2,106,115</u>	<u>\$ 329,719</u>	<u>\$ 290,478</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 216,009</u>
<b>LIABILITIES</b>						
Payables	\$ -	\$ 11,262	\$ 27,982	\$ -	\$ -	\$ 495
Total liabilities	<u>-</u>	<u>11,262</u>	<u>27,982</u>	<u>-</u>	<u>-</u>	<u>495</u>
<b>FUND BALANCE</b>						
Nonspendable						
Perpetual maintenance	-	-	-	-	-	-
Restricted						
Stabilization by State Statute	-	-	-	-	-	-
Committed						
Capital projects	2,106,115	318,457	262,496	-	-	215,514
Total fund balance	<u>2,106,115</u>	<u>318,457</u>	<u>262,496</u>	<u>-</u>	<u>-</u>	<u>215,514</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 2,106,115</u>	<u>\$ 329,719</u>	<u>\$ 290,478</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 216,009</u>

**TOWN OF SOUTHERN PINES, NORTH CAROLINA**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2025**

	Capital Projects Funds				Permanent Fund	Total Nonmajor Governmental Funds
	General Capital Reserve	Fire Trucks Purchase	General Fund Facility Modernization	Capital Software Upgrades	Cemetery Perpetual Care	
<b>ASSETS</b>						
Cash and investments	\$ 279,861	\$ 6,462	\$ 228,237	\$ 173,941	\$ 139,400	\$ 4,486,589
Accounts receivable	-	-	-	-	-	40,752
Sales tax receivable	-	-	-	-	-	10,490
Accrued Interest	1,270	30	1,036	789	632	20,366
Total assets	<u>\$ 281,131</u>	<u>\$ 6,492</u>	<u>\$ 229,273</u>	<u>\$ 174,730</u>	<u>\$ 140,032</u>	<u>\$ 4,558,197</u>
<b>LIABILITIES</b>						
Payables	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 58,614
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>58,614</u>
<b>FUND BALANCE</b>						
Nonspendable						
Perpetual maintenance	-	-	-	-	139,400	139,400
Restricted						
Stabilization by State Statute	-	-	-	-	632	632
Committed						
Capital projects	281,131	6,492	229,273	174,730	-	4,359,551
Total fund balance	<u>281,131</u>	<u>6,492</u>	<u>229,273</u>	<u>174,730</u>	<u>140,032</u>	<u>4,499,583</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 281,131</u>	<u>\$ 6,492</u>	<u>\$ 229,273</u>	<u>\$ 174,730</u>	<u>\$ 140,032</u>	<u>\$ 4,558,197</u>

**TOWN OF SOUTHERN PINES, NORTH CAROLINA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2025**

	<b>Capital Projects Funds</b>					
	<b>Nicks Creek Parkway</b>	<b>Open Space and Greenways</b>	<b>Storm Water Improvements</b>	<b>Streambank Stabilization</b>	<b>EIDMS</b>	<b>Bike Transport</b>
<b>REVENUES</b>						
Grant proceeds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 238,520
Investment earnings	75	1,081	2,603	-	-	17,826
Sale of plots	-	-	-	-	-	-
Total revenues	<u>\$ 75</u>	<u>\$ 1,081</u>	<u>\$ 2,603</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 256,346</u>
<b>EXPENDITURES</b>						
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cultural and recreational	-	-	-	-	-	146,942
Transportation	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>146,942</u>
Excess (deficiency) of revenues over (under) expenditures	<u>75</u>	<u>1,081</u>	<u>2,603</u>	<u>-</u>	<u>-</u>	<u>109,404</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers (to) from						
General fund	-	-	29,100	-	-	290,000
Capital Project - General Capital Reserve Fund	(3,758)	(54,248)	-	(53,655)	(32,328)	-
Capital Project - Nicks Creek Parkway	-	-	-	-	-	-
Capital Project - Open Space and Greenways	-	-	-	-	-	-
Capital Project - Streambank Stabilization	-	-	-	-	-	-
Capital Project - EIDMS	-	-	-	-	-	-
Capital Project - Parking Lot Project	-	-	-	-	-	-
Capital Project - Facility Modernization	-	-	-	-	-	-
Capital Project - Capital Software Upgrade	-	-	-	-	(169,057)	-
Capital Project - General Fund Facility Modernization	-	-	-	-	-	-
Capital Project - Facility Modernization	-	-	-	-	-	-
Capital Project - Water Upgrade	-	-	-	-	-	-
Total other financing sources (uses)	<u>(3,758)</u>	<u>(54,248)</u>	<u>29,100</u>	<u>(53,655)</u>	<u>(201,385)</u>	<u>290,000</u>
Net change in fund balance	(3,683)	(53,167)	31,703	(53,655)	(201,385)	399,404
Fund balance, beginning of year	<u>3,683</u>	<u>53,167</u>	<u>30,523</u>	<u>53,655</u>	<u>201,385</u>	<u>303,713</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 62,226</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 703,117</u>

**TOWN OF SOUTHERN PINES, NORTH CAROLINA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2025**

	<b>Capital Projects Funds</b>					
	<b>Paving Projects</b>	<b>Sidewalk Construction II</b>	<b>Recreational Improvements</b>	<b>Parking Lot Project</b>	<b>Facility Modernization</b>	<b>Reservoir Dam Improvements</b>
<b>REVENUES</b>						
Grant proceeds	\$ -	\$ -	\$ 106,429	\$ -	\$ -	\$ -
Investment earnings	105,003	19,855	26,120	571	-	10,611
Sale of plots	-	-	-	-	-	-
Total revenues	<u>\$ 105,003</u>	<u>\$ 19,855</u>	<u>\$ 132,549</u>	<u>\$ 571</u>	<u>\$ -</u>	<u>\$ 10,611</u>
<b>EXPENDITURES</b>						
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 64,390
Cultural and recreational	-	-	637,169	-	-	-
Transportation	772,039	254,500	-	-	-	-
Total expenditures	<u>772,039</u>	<u>254,500</u>	<u>637,169</u>	<u>-</u>	<u>-</u>	<u>64,390</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(667,036)</u>	<u>(234,645)</u>	<u>(504,620)</u>	<u>571</u>	<u>-</u>	<u>(53,779)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers (to) from						
General fund	1,267,602	250,000	718,000	-	-	200,000
Capital Project - General Capital Reserve Fund	-	-	-	(28,649)	(46,810)	-
Capital Project - Nicks Creek Parkway	-	-	-	-	-	-
Capital Project - Open Space and Greenways	-	-	-	-	-	-
Capital Project - Streambank Stabilization	-	-	-	-	-	-
Capital Project - EIDMS	-	-	-	-	-	-
Capital Project - Parking Lot Project	-	-	-	-	-	-
Capital Project - Facility Modernization	-	-	-	-	-	-
Capital Project - Capital Software Upgrade	-	-	-	-	-	-
Capital Project - General Fund Facility Modernization	-	-	-	-	(275,977)	-
Capital Project - Facility Modernization	-	-	-	-	-	-
Capital Project - Water Upgrade	-	-	-	-	(219,072)	-
Total other financing sources (uses)	<u>1,267,602</u>	<u>250,000</u>	<u>718,000</u>	<u>(28,649)</u>	<u>(541,859)</u>	<u>200,000</u>
Net change in fund balance	600,566	15,355	213,380	(28,078)	(541,859)	146,221
Fund balance, beginning of year	<u>1,505,549</u>	<u>303,102</u>	<u>49,116</u>	<u>28,078</u>	<u>541,859</u>	<u>69,293</u>
Fund balance, end of year	<u>\$ 2,106,115</u>	<u>\$ 318,457</u>	<u>\$ 262,496</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 215,514</u>

**TOWN OF SOUTHERN PINES, NORTH CAROLINA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2025**

	<b>Capital Projects Funds</b>				<b>Permanent Fund</b>	<b>Total Nonmajor Governmental Funds</b>
	<b>General Capital Reserve</b>	<b>Fire Trucks Purchase</b>	<b>General Fund Facility Modernization</b>	<b>Capital Software Upgrades</b>	<b>Cemetery Perpetual Care</b>	
<b>REVENUES</b>						
Grant proceeds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 344,949
Investment earnings	16,412	278	7,496	5,673	5,708	219,312
Sale of plots	-	-	-	-	9,310	9,310
Total revenues	<u>\$ 16,412</u>	<u>\$ 278</u>	<u>\$ 7,496</u>	<u>\$ 5,673</u>	<u>\$ 15,018</u>	<u>\$ 573,571</u>
<b>EXPENDITURES</b>						
General government	\$ -	\$ -	\$ 54,200	\$ -	\$ -	\$ 118,590
Cultural and recreational	-	-	-	-	-	784,111
Transportation	-	-	-	-	-	1,026,539
Total expenditures	<u>-</u>	<u>-</u>	<u>54,200</u>	<u>-</u>	<u>-</u>	<u>1,929,240</u>
Excess (deficiency) of revenues over (under) expenditures	<u>16,412</u>	<u>278</u>	<u>(46,704)</u>	<u>5,673</u>	<u>15,018</u>	<u>(1,355,669)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers (to) from						
General fund	-	-	-	-	-	2,754,702
Capital Project - General Capital Reserve Fund	-	-	-	-	-	(219,448)
Capital Project - Nicks Creek Parkway	3,758	-	-	-	-	3,758
Capital Project - Open Space and Greenways	54,248	-	-	-	-	54,248
Capital Project - Streambank Stabilization	53,656	-	-	-	-	53,656
Capital Project - EIDMS	32,328	-	-	169,057	-	201,385
Capital Project - Parking Lot Project	28,649	-	-	-	-	28,649
Capital Project - Facility Modernization	46,811	-	-	-	-	46,811
Capital Project - Capital Software Upgrade	-	-	-	-	-	(169,057)
Capital Project - General Fund Facility Modernization	-	-	-	-	-	(275,977)
Capital Project - Facility Modernization	-	-	275,977	-	-	275,977
Capital Project - Water Upgrade	-	-	-	-	-	(219,072)
Total other financing sources (uses)	<u>219,450</u>	<u>-</u>	<u>275,977</u>	<u>169,057</u>	<u>-</u>	<u>2,535,632</u>
Net change in fund balance	235,862	278	229,273	174,730	15,018	1,179,963
Fund balance, beginning of year	<u>45,269</u>	<u>6,214</u>	<u>-</u>	<u>-</u>	<u>125,014</u>	<u>3,319,620</u>
Fund balance, end of year	<u>\$ 281,131</u>	<u>\$ 6,492</u>	<u>\$ 229,273</u>	<u>\$ 174,730</u>	<u>\$ 140,032</u>	<u>\$ 4,499,583</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, 2025**

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues</b>					
Investment earnings	\$ 18,758	\$ 18,683	\$ 75	\$ 18,758	\$ -
Total revenues	<u>18,758</u>	<u>18,683</u>	<u>75</u>	<u>18,758</u>	<u>-</u>
Excess of revenues over expenditures	18,758	18,683	75	18,758	-
<b>Other Financing Sources (Uses)</b>					
Land exchange proceeds	57,000	57,000	-	57,000	-
Transfers to					
General Capital Reserve Fund	(3,758)	-	(3,758)	(3,758)	-
Streambank Stabilization	(72,000)	(72,000)	-	(72,000)	-
Total other financing (uses)	<u>(18,758)</u>	<u>(15,000)</u>	<u>(3,758)</u>	<u>(18,758)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 3,683</u>	<u>(3,683)</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning of year			3,683		
Fund balance, end of year			<u>\$ -</u>		

**TOWN OF SOUTHERN PINES, NORTH CAROLINA**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
CAPITAL PROJECTS FUND - OPEN SPACE GREENWAYS  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025**

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues</b>					
Investment earnings	\$ 17,482	\$ 16,401	\$ 1,081	\$ 17,482	\$ -
Total revenues	17,482	16,401	1,081	17,482	-
<b>Expenditures</b>					
Cultural and recreational					
Construction	1,753,496	1,753,496	-	1,753,496	-
Total expenditures	1,753,496	1,753,496	-	1,753,496	-
Excess (deficiency) of revenues over (under) expenditures	(1,736,014)	(1,737,095)	1,081	(1,736,014)	-
<b>Other Financing Sources (Uses)</b>					
Installment purchase obligations issued	900,000	900,000	-	900,000	-
Transfers to General Capital Reserve Fund	(54,248)	-	(54,248)	(54,248)	-
Transfers from					
General fund	519,262	519,262	-	519,262	-
General capital reserve fund	245,000	245,000	-	245,000	-
Capital project fund - road construction	126,000	126,000	-	126,000	-
Total other financing sources (uses)	1,736,014	1,790,262	(54,248)	1,736,014	-
Net change in fund balance	\$ -	\$ 53,167	(53,167)	\$ -	\$ -
Fund balance, beginning of year			53,167		
Fund balance, end of year			\$ -		

**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, 2025**

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues</b>					
Investment earnings	\$ 40,000	\$ 39,626	\$ 2,603	\$ 42,229	\$ 2,229
Total revenues	40,000	39,626	2,603	42,229	2,229
<b>Expenditures</b>					
Transportation					
Construction	618,100	558,103	-	558,103	59,997
Total expenditures	618,100	558,103	-	558,103	59,997
Excess (deficiency) of revenues over (under) expenditures	(578,100)	(518,477)	2,603	(515,874)	62,226
<b>Other Financing Sources (Uses)</b>					
Transfers from					
Capital project fund -Patrick Road	50,000	50,000	-	50,000	-
General fund	528,100	499,000	29,100	528,100	-
Total other financing sources	578,100	549,000	29,100	578,100	-
Net change in fund balance	\$ -	\$ 30,523	31,703	\$ 62,226	\$ 62,226
Fund balance, beginning of year			30,523		
Fund balance, end of year			\$ 62,226		

**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, 2025**

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues</b>					
Investment earnings	\$ 22,661	\$ 22,661	\$ -	\$ 22,661	\$ -
Total revenues	<u>22,661</u>	<u>22,661</u>	<u>-</u>	<u>22,661</u>	<u>-</u>
<b>Expenditures</b>					
General government					
Construction	740,489	740,489	-	740,489	-
Total expenditures	<u>740,489</u>	<u>740,489</u>	<u>-</u>	<u>740,489</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(717,828)</u>	<u>(717,828)</u>	<u>-</u>	<u>(717,828)</u>	<u>-</u>
<b>Other Financing Sources (Uses)</b>					
Transfers to the General Capital Reserve Fund	(53,656)	-	(53,656)	(53,656)	-
Transfers from					
General fund	519,484	519,484	-	519,484	-
Capital project fund - Nicks Creek Parkway	72,000	72,000	-	72,000	-
General capital reserve	180,000	180,000	-	180,000	-
Total other financing sources (uses)	<u>717,828</u>	<u>771,484</u>	<u>(53,656)</u>	<u>717,828</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 53,656</u>	<u>(53,656)</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning of year			53,656		
Fund balance, end of year			<u>\$ -</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, 2025**

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues</b>					
Investment earnings	\$ 46,528	\$ 46,528	\$ -	\$ 46,528	\$ -
Total revenues	46,528	46,528	-	46,528	-
<b>Expenditures</b>					
General government					
Enterprise resource planning	738,002	738,002	-	738,002	-
Total expenditures	738,002	738,002	-	738,002	-
Excess (deficiency) of revenues over (under) expenditures	(691,474)	(691,474)	-	(691,474)	-
<b>Other Financing Sources (Uses)</b>					
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					
General Capital Reserve Fund	(32,328)	-	(32,328)	(32,328)	-
Capital project fund - Software upgrade	(169,057)	-	(169,057)	(169,057)	-
Capital project fund - Library HVAC	(225,000)	(225,000)	-	(225,000)	-
Total other financing sources (uses)	691,474	892,859	(201,385)	691,474	-
Net change in fund balance	\$ -	\$ 201,385	(201,385)	\$ -	\$ -
Fund balance, beginning of year			201,385		
Fund balance, end of year			\$ -		

**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, 2025**

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues</b>					
Investment earnings	\$ 50,000	\$ 36,920	\$ 17,826	\$ 54,746	\$ 4,746
Grant proceeds	3,032,000	-	238,520	238,520	(2,793,480)
Total revenues	<u>3,082,000</u>	<u>36,920</u>	<u>256,346</u>	<u>293,266</u>	<u>(2,788,734)</u>
<b>Expenditures</b>					
Cultural and recreational					
Construction	3,831,675	192,882	146,942	339,824	3,491,851
Total expenditures	<u>3,831,675</u>	<u>192,882</u>	<u>146,942</u>	<u>339,824</u>	<u>3,491,851</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(749,675)</u>	<u>(155,962)</u>	<u>109,404</u>	<u>(46,558)</u>	<u>703,117</u>
<b>Other Financing Sources (Uses)</b>					
Transfers from					
General fund	611,675	321,675	290,000	611,675	-
Capital project fund - Patrick Road	138,000	138,000	-	138,000	-
Total other financing sources	<u>749,675</u>	<u>459,675</u>	<u>290,000</u>	<u>749,675</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 303,713</u>	<u>399,404</u>	<u>\$ 703,117</u>	<u>\$ 703,117</u>
Fund balance, beginning of year			<u>303,713</u>		
Fund balance, end of year			<u>\$ 703,117</u>		

**TOWN OF SOUTHERN PINES, NORTH CAROLINA**

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

**CAPITAL PROJECTS FUND - PAVING PROJECTS  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025**

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues</b>					
Investment earnings	\$ -	\$ 103,572	\$ 105,003	\$ 208,575	\$ 208,575
Total revenues	-	103,572	105,003	208,575	208,575
<b>Expenditures</b>					
Transportation					
Construction	3,933,253	1,263,674	772,039	2,035,713	1,897,540
Total expenditures	3,933,253	1,263,674	772,039	2,035,713	1,897,540
Deficiency of revenues under expenditures	(3,933,253)	(1,160,102)	(667,036)	(1,827,138)	2,106,115
<b>Other Financing Sources (Uses)</b>					
Transfers from					
General fund	4,039,310	2,771,708	1,267,602	4,039,310	-
Transfers to					
Capital project fund - parking lot	(106,057)	(106,057)	-	(106,057)	-
Total other financing sources	3,933,253	2,665,651	1,267,602	3,933,253	-
Net change in fund balance	\$ -	\$ 1,505,549	600,566	\$ 2,106,115	\$ 2,106,115
Fund balance, beginning of year			1,505,549		
Fund balance, end of year			\$ 2,106,115		

**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, 2025**

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues</b>					
Investment earnings	\$ 30,000	\$ 33,523	\$ 19,855	\$ 53,378	\$ 23,378
Total revenues	<u>30,000</u>	<u>33,523</u>	<u>19,855</u>	<u>53,378</u>	<u>23,378</u>
<b>Expenditures</b>					
Transportation					
Construction	1,917,877	1,368,298	254,500	1,622,798	295,079
Total expenditures	<u>1,917,877</u>	<u>1,368,298</u>	<u>254,500</u>	<u>1,622,798</u>	<u>295,079</u>
Deficiency of revenues under expenditures	<u>(1,887,877)</u>	<u>(1,334,775)</u>	<u>(234,645)</u>	<u>(1,569,420)</u>	<u>318,457</u>
<b>Other Financing Sources (Uses)</b>					
Transfers from					
General fund	1,841,150	1,591,150	250,000	1,841,150	-
Capital project fund - sidewalks	46,727	46,727	-	46,727	-
Total other financing sources	<u>1,887,877</u>	<u>1,637,877</u>	<u>250,000</u>	<u>1,887,877</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 303,102</u>	<u>15,355</u>	<u>\$ 318,457</u>	<u>\$ 318,457</u>
Fund balance, beginning of year			<u>303,102</u>		
Fund balance, end of year			<u>\$ 318,457</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, 2025**

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues</b>					
Grant proceeds	\$ 185,000	\$ 78,571	\$ 106,429	\$ 185,000	\$ -
Investment earnings	18,500	20,269	26,120	46,389	27,889
Total revenues	<u>203,500</u>	<u>98,840</u>	<u>132,549</u>	<u>231,389</u>	<u>27,889</u>
<b>Expenditures</b>					
Cultural and recreational					
Construction	1,978,299	1,212,952	530,740	1,743,692	234,607
Design	185,000	78,571	106,429	185,000	-
Total expenditures	<u>2,163,299</u>	<u>1,291,523</u>	<u>637,169</u>	<u>1,928,692</u>	<u>234,607</u>
Deficiency of revenues under expenditures	<u>(1,959,799)</u>	<u>(1,192,683)</u>	<u>(504,620)</u>	<u>(1,697,303)</u>	<u>262,496</u>
<b>Other Financing Sources (Uses)</b>					
Transfers from					
General fund	1,959,799	1,241,799	718,000	1,959,799	-
Total other financing sources	<u>1,959,799</u>	<u>1,241,799</u>	<u>718,000</u>	<u>1,959,799</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 49,116</u>	<u>213,380</u>	<u>\$ 262,496</u>	<u>\$ 262,496</u>
Fund balance, beginning of year			<u>49,116</u>		
Fund balance, end of year			<u>\$ 262,496</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, 2025**

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues</b>					
Investment earnings	\$ 19,788	\$ 19,217	\$ 571	\$ 19,788	\$ -
Total revenues	19,788	19,217	571	19,788	-
<b>Expenditures</b>					
Transportation					
Construction	485,196	485,196	-	485,196	-
Total expenditures	485,196	485,196	-	485,196	-
Excess (deficiency) of revenues over (under) expenditures	(465,408)	(465,979)	571	(465,408)	-
<b>Other Financing Sources (Uses)</b>					
Transfers to General Capital Reserve Fund	(28,649)	-	(28,649)	(28,649)	-
Transfers from					
General fund	388,000	388,000	-	388,000	-
Capital project fund - unpaved street	106,057	106,057	-	106,057	-
Total other financing sources (uses)	465,408	494,057	(28,649)	465,408	-
Net change in fund balance	\$ -	\$ 28,078	(28,078)	\$ -	\$ -
Fund balance, beginning of year			28,078		
Fund balance, end of year			\$ -		

**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, 2025**

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues</b>					
Investment earnings	\$ 63,441	\$ 63,441	\$ -	\$ 63,441	\$ -
Total revenues	<u>63,441</u>	<u>63,441</u>	<u>-</u>	<u>63,441</u>	<u>-</u>
<b>Expenditures</b>					
General government					
Construction	714,957	714,957	-	714,957	-
Total expenditures	<u>714,957</u>	<u>714,957</u>	<u>-</u>	<u>714,957</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(651,516)</u>	<u>(651,516)</u>	<u>-</u>	<u>(651,516)</u>	<u>-</u>
<b>Other Financing Sources (Uses)</b>					
Transfers to					
Capital Project - General Capital Reserve Fund	(46,811)	-	(46,811)	(46,811)	-
Capital Project - Facility Modernization	(275,977)	-	(275,977)	(275,977)	-
Capital Project - Water Upgrade	(219,072)	-	(219,072)	(219,072)	-
Transfers from					
General fund	880,542	880,542	-	880,542	-
Water sewer fund	312,834	312,834	-	312,834	-
Total other financing sources (uses)	<u>651,516</u>	<u>1,193,376</u>	<u>(541,860)</u>	<u>651,516</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 541,860</u>	<u>(541,860)</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning of year			541,860		
Fund balance, end of year			<u>\$ -</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, 2025**

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues</b>					
Investment earnings	\$ -	\$ 8,750	\$ 10,611	\$ 19,361	\$ 19,361
Total revenues	-	8,750	10,611	19,361	19,361
<b>Expenditures</b>					
General government					
Construction	475,000	214,457	64,390	278,847	196,153
Total expenditures	475,000	214,457	64,390	278,847	196,153
Deficiency of revenues under expenditures	(475,000)	(205,707)	(53,779)	(259,486)	215,514
<b>Other Financing Sources (Uses)</b>					
Transfers from					
General fund	475,000	275,000	200,000	475,000	-
Total other financing sources	475,000	275,000	200,000	475,000	-
Net change in fund balance	\$ -	\$ 69,293	146,221	\$ 215,514	\$ 215,514
Fund balance, beginning of year			69,293		
Fund balance, end of year			\$ 215,514		

**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, 2025**

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues</b>					
Investment earnings	\$ -	\$ 6,214	\$ 278	\$ 6,492	\$ 6,492
Total revenues	<u>-</u>	<u>6,214</u>	<u>278</u>	<u>6,492</u>	<u>6,492</u>
<b>Expenditures</b>					
Public safety					
Equipment/trucks	2,577,365	2,577,365	-	2,577,365	-
Total expenditures	<u>2,577,365</u>	<u>2,577,365</u>	<u>-</u>	<u>2,577,365</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,577,365)</u>	<u>(2,571,151)</u>	<u>278</u>	<u>(2,570,873)</u>	<u>6,492</u>
<b>Other Financing Sources (Uses)</b>					
Transfers from					
General fund	2,577,365	2,577,365	-	2,577,365	-
Total other financing sources	<u>2,577,365</u>	<u>2,577,365</u>	<u>-</u>	<u>2,577,365</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 6,214</u>	<u>278</u>	<u>\$ 6,492</u>	<u>\$ 6,492</u>
Fund balance, beginning of year			<u>6,214</u>		
Fund balance, end of year			<u>\$ 6,492</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, 2025**

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues</b>					
Investment earnings	\$ -	\$ 13,065	\$ 16,412	\$ 29,477	\$ 29,477
Total revenues	-	13,065	16,412	29,477	29,477
Revenues over (under) expenditures	-	13,065	16,412	29,477	29,477
<b>Other Financing Sources (Uses)</b>					
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	-
Capital Project Fund - Streambank	53,656	-	53,656	53,656	-
Capital Project Fund - Facility Mod	46,811	-	46,811	46,811	-
Capital Project Fund - Open Space	54,248	-	54,248	54,248	-
Capital Project Fund - Nicks Creek	3,758	-	3,758	3,758	-
Capital Project Fund - EIDMS	32,328	-	32,328	32,328	-
Capital Project Fund - Parking Lot	28,649	-	28,649	28,649	-
Transfers to					
Capital Project Funds	(764,155)	(512,500)	-	(512,500)	251,655
Total other financing sources	-	32,204	219,450	251,654	251,654
Net change in fund balance	\$ -	\$ 45,269	235,862	\$ 281,131	\$ 281,131
Fund balance, beginning of year			45,269		
Fund balance, end of year			\$ 281,131		

**TOWN OF SOUTHERN PINES, NORTH CAROLINA**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
CAPITAL PROJECTS FUND - GENERAL FUND FACILITY MODERNIZATION FROM  
INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025**

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues</b>					
Investment earnings	\$ -	\$ -	\$ 7,496	\$ 7,496	\$ 7,496
Total revenues	<u>-</u>	<u>-</u>	<u>7,496</u>	<u>7,496</u>	<u>7,496</u>
<b>Expenditures</b>					
General government					
Construction	275,977	-	54,200	54,200	221,777
Total expenditures	<u>275,977</u>	<u>-</u>	<u>54,200</u>	<u>54,200</u>	<u>221,777</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(275,977)</u>	<u>-</u>	<u>(46,704)</u>	<u>(46,704)</u>	<u>229,273</u>
<b>Other Financing Sources (Uses)</b>					
Transfers from					
Capital Project Fund - Facility Modernization	275,977	-	275,977	275,977	-
Total other financing sources	<u>275,977</u>	<u>-</u>	<u>275,977</u>	<u>275,977</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>229,273</u>	<u>\$ 229,273</u>	<u>\$ 229,273</u>
Fund balance, beginning of year			<u>-</u>		
Fund balance, end of year			<u>\$ 229,273</u>		

**TOWN OF SOUTHERN PINES, NORTH CAROLINA**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
CAPITAL PROJECTS FUND - CAPITAL SOFTWARE UPGRADES  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025**

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues</b>					
Investment earnings	\$ -	\$ -	\$ 5,673	\$ 5,673	\$ 5,673
Total revenues	<u>-</u>	<u>-</u>	<u>5,673</u>	<u>5,673</u>	<u>5,673</u>
<b>Expenditures</b>					
General government					
Software upgrade	169,057	-	-	-	169,057
Total expenditures	<u>169,057</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>169,057</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(169,057)</u>	<u>-</u>	<u>5,673</u>	<u>5,673</u>	<u>174,730</u>
<b>Other Financing Sources (Uses)</b>					
Transfers from					
Capital Project Fund - EIDMS	169,057	-	169,057	169,057	-
Total other financing sources	<u>169,057</u>	<u>-</u>	<u>169,057</u>	<u>169,057</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>174,730</u>	<u>\$ 174,730</u>	<u>\$ 174,730</u>
Fund balance, beginning of year			<u>-</u>		
Fund balance, end of year			<u>\$ 174,730</u>		

**TOWN OF SOUTHERN PINES, NORTH CAROLINA**

**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE -  
PERMANENT FUND - CEMETERY PERPETUAL CARE FUND**

**YEAR ENDED JUNE 30, 2025**

**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2024**

	<u>2025</u>			<u>2024</u>
	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)	<u>Actual</u>
<b>Revenues</b>				
Investment earnings	\$ 35,000	\$ 5,708	\$ (29,292)	\$ 5,628
Sale of plots	95,000	9,310	(85,690)	10,450
Total revenues	<u>130,000</u>	<u>15,018</u>	<u>(114,982)</u>	<u>16,078</u>
<b>Expenditures</b>				
Reserved for future expense	<u>130,000</u>	-	<u>130,000</u>	-
Total expenditures	<u>130,000</u>	-	<u>130,000</u>	-
Net change in fund balance	<u>\$ -</u>	15,018	<u>\$ 15,018</u>	16,078
Fund balance, beginning of year		<u>125,014</u>		<u>108,936</u>
Fund balance, end of year		<u>\$ 140,032</u>		<u>\$ 125,014</u>

## **ENTERPRISE FUND**

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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.

**WATER AND SEWER CAPITAL PROJECTS FUND**

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**TOWN OF SOUTHERN PINES, NORTH CAROLINA**

**WATER AND SEWER FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL (NON-GAAP)  
YEAR ENDED JUNE 30, 2025  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2024**

	2025		Variance Positive (Negative)	2024
	Budget	Actual		Actual
<b>Revenues</b>				
Operating revenues				
Charges for services				
Water sales	\$ 6,321,407	\$ 7,821,864	\$ 1,500,457	\$ 7,565,565
Sewer sales	3,675,168	4,037,875	362,707	3,905,116
Service charges	120,000	137,594	17,594	128,546
Miscellaneous operating revenues	300,000	377,164	77,164	377,300
Total operating revenues	<u>10,416,575</u>	<u>12,374,497</u>	<u>1,957,922</u>	<u>11,976,527</u>
Nonoperating revenues				
Investment earnings	150,000	336,531	186,531	387,920
Total nonoperating revenues	<u>150,000</u>	<u>336,531</u>	<u>186,531</u>	<u>387,920</u>
Total revenues	<u>10,566,575</u>	<u>12,711,028</u>	<u>2,144,453</u>	<u>12,364,447</u>
<b>Expenditures</b>				
Billings and collections				
Salaries and employee benefits		377,625		348,128
Contracted services		43,333		39,214
Other departmental expenditures		289,320		202,214
	<u>754,384</u>	<u>710,278</u>	<u>44,106</u>	<u>589,556</u>
Water treatment				
Contractual services		1,077,921		1,068,329
Utilities		501,741		541,433
Other departmental expenditures		146,516		21,812
Capital outlay		20,873		-
	<u>1,953,474</u>	<u>1,747,051</u>	<u>206,423</u>	<u>1,631,574</u>
Sewage treatment				
Contractual services		2,250,000		2,014,842
	<u>2,250,000</u>	<u>2,250,000</u>	<u>-</u>	<u>2,014,842</u>
Water extensions and maintenance				
Salaries and employee benefits		807,027		682,225
Contractual services		45,656		35,964
Supplies		461,665		382,830
Other departmental expenditures		182,772		162,559
Capital outlay		38,594		214,993
	<u>1,679,826</u>	<u>1,535,714</u>	<u>144,112</u>	<u>1,478,571</u>
Sewer extension and maintenance				
Salaries and employee benefits		462,133		513,535
Contractual services		522,882		90,339
Supplies		134,515		173,589
Other departmental expenditures		340,515		425,941
Capital outlay		415,887		107,554
	<u>2,141,845</u>	<u>1,875,932</u>	<u>265,913</u>	<u>1,310,958</u>
Chargeout for administrative expenses	<u>1,520,805</u>	<u>1,520,805</u>	<u>-</u>	<u>1,369,487</u>

**TOWN OF SOUTHERN PINES, NORTH CAROLINA**

**WATER AND SEWER FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL (NON-GAAP)  
YEAR ENDED JUNE 30, 2025  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2024**

	2025		Variance Positive (Negative)	2024
	Budget	Actual		Actual
<b>Expenditures (Continued)</b>				
Budgetary appropriations				
Interest		\$ 5,992		\$ 6,517
Debt principal		27,500		27,500
	<u>\$ 33,672</u>	<u>33,492</u>	<u>\$ 180</u>	<u>34,017</u>
Total expenditures	<u>10,334,006</u>	<u>9,673,272</u>	<u>660,734</u>	<u>8,429,005</u>
Excess of revenues over expenditures	<u>232,569</u>	<u>3,037,756</u>	<u>2,805,187</u>	<u>3,935,442</u>
<b>Other Financing Sources (Uses)</b>				
Transfers to				
Water and sewer improvements	(2,955,000)	(2,955,000)	-	(3,261,281)
Sale of capital assets	15,000	37,996	22,996	-
Total other financing sources (uses)	<u>(2,940,000)</u>	<u>(2,917,004)</u>	<u>22,996</u>	<u>(3,261,281)</u>
Excess of revenues over expenditures and other financing sources (uses)	<u>(2,707,431)</u>	<u>120,752</u>	<u>2,828,183</u>	<u>674,161</u>
Appropriated retained earnings	<u>2,707,431</u>	<u>-</u>	<u>(2,707,431)</u>	<u>-</u>
Excess of revenues and appropriate retained earnings over expenditures and other financing sources (uses)	<u>\$ -</u>	<u>\$ 120,752</u>	<u>\$ 120,752</u>	<u>\$ 674,161</u>

**TOWN OF SOUTHERN PINES, NORTH CAROLINA**

**WATER AND SEWER FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL (NON-GAAP)  
YEAR ENDED JUNE 30, 2025  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2024**

	<u>2025</u>	<u>2024</u>
<b>Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>\$ 120,752</b>	<b>\$ 674,161</b>
<b>Reconciling Items</b>		
Principal retirement	27,500	27,500
Capital outlay	475,354	322,547
Gain on disposal of capital assets	37,996	-
Proceeds from the sale of capital assets	(37,996)	-
Depreciation and amortization	(2,321,496)	(2,019,599)
Non-capital expenses recorded in Water and Sewer Capital Projects Fund	(139,227)	(215,073)
Increase in accrued compensated absences	(15,937)	(1,514)
Transfers of capital assets from other funds	867,158	77,535
Contributions to the pension plan	178,895	143,267
Pension expense	(233,143)	(218,656)
Interest earnings on water and sewer Capital projects fund	578,538	511,306
Capital reserve funds	46,987	58,740
Water and wastewater system development fees	1,226,883	1,528,846
Grant proceeds Capital projects fund	3,046,179	962,419
Developer's contributions	5,039,628	400,417
Intangible contributions	1,614,299	314,776
Water and sewer capital projects fund Transfers to other funds	(1,041,778)	-
Transfers to water and sewer Water and sewer improvements	4,215,850	3,261,281
Total reconciling items	<u>13,565,690</u>	<u>5,153,792</u>
<b>Change in net position</b>	<b>\$ 13,686,442</b>	<b>\$ 5,827,953</b>

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

	Project Authorization	Actual			Total to Date	Variance Positive (Negative)
		Prior Years	Closed Project	Current Year		
<b>Revenues</b>						
Grant proceeds	\$ 5,399,950	\$ 1,031,198	\$ -	\$ 3,046,179	\$ 4,077,377	\$ (1,322,573)
Investment earnings	176,464	966,961	(174,373)	578,538	1,371,126	1,194,662
Total revenues	<u>5,576,414</u>	<u>1,998,159</u>	<u>(174,373)</u>	<u>3,624,717</u>	<u>5,448,503</u>	<u>(127,911)</u>
<b>Expenditures</b>						
Warrior Woods Lift Station	2,008,200	721,818	-	-	721,818	1,286,382
Warrior Woods Pump Station Relocation	3,057,960	297,918	-	1,593,285	1,891,203	1,166,757
North Pressure Water Zone	4,476,407	60,424	-	242,091	302,515	4,173,892
Sanitary Sewer Modernization	7,951,969	2,533,892	-	3,260,805	5,794,697	2,157,272
Water Treatment Process Modernization	6,294,341	2,911,903	-	100,060	3,011,963	3,282,378
Pennsylvania/Peedee Road Water Line Replacement	-	3,320,569	(3,320,569)	-	-	-
Lift Station Upgrades	772,629	772,629	-	-	772,629	-
Water and Sewer Upgrades	2,765,850	169,909	-	130,175	300,084	2,465,766
Midland Road Water Line Replacement	160,438	-	-	-	-	160,438
US 1 and 15-501 Water Transmission Main Upgrade	1,832,302	1,832,302	-	-	1,832,302	-
Asset Inventory and Assessment Water	200,000	93,973	-	80,127	174,100	25,900
Wastewater	200,000	121,100	-	59,100	180,200	19,800
Total expenditures	<u>29,720,096</u>	<u>12,836,437</u>	<u>(3,320,569)</u>	<u>5,465,643</u>	<u>14,981,511</u>	<u>14,738,585</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(24,143,682)</u>	<u>(10,838,278)</u>	<u>3,146,196</u>	<u>(1,840,926)</u>	<u>(9,533,008)</u>	<u>14,610,674</u>
<b>Other Financing Sources (Uses)</b>						
Installment purchase obligations issued	2,998,000	-	-	1,666,334	1,666,334	(1,331,666)
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)	-	-	-
Water System Fees Fund	2,677,170	2,625,274	(1,252,869)	1,304,765	2,677,170	-
Wastewater System Development Fees Fund	1,443,519	1,106,524	-	336,995	1,443,519	-
Water and Sewer Fund	15,402,771	12,970,796	(1,783,875)	4,215,850	15,402,771	-
Transfers to Capital Project	(1,041,778)	-	-	(1,041,778)	(1,041,778)	-
Total other financing sources (uses)	<u>24,143,682</u>	<u>19,476,046</u>	<u>(3,146,196)</u>	<u>6,482,166</u>	<u>22,812,016</u>	<u>(1,331,666)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)	<u>\$ -</u>	<u>\$ 8,637,768</u>	<u>\$ -</u>	<u>\$ 4,641,240</u>	<u>\$ 13,279,008</u>	<u>\$ 13,279,008</u>

**TOWN OF SOUTHERN PINES, NORTH CAROLINA**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL (NON-GAAP)  
WATER AND SEWER CAPITAL PROJECTS FUND -  
WATER SYSTEM DEVELOPMENT FEES CAPITAL RESERVE FUND  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025**

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues</b>					
Investment earnings	\$ -	\$ 76,294	\$ 31,054	\$ 107,348	\$ 107,348
Water system development fees	4,105,967	4,115,937	912,421	5,028,358	922,391
Total revenues	<u>4,105,967</u>	<u>4,192,231</u>	<u>943,475</u>	<u>5,135,706</u>	<u>1,029,739</u>
Excess of revenues over expenditures	<u>4,105,967</u>	<u>4,192,231</u>	<u>943,475</u>	<u>5,135,706</u>	<u>1,029,739</u>
<b>Other Financing Sources (Uses)</b>					
Transfers from/(to)					
Capital project funds	<u>(4,105,967)</u>	<u>(2,801,202)</u>	<u>(1,304,765)</u>	<u>(4,105,967)</u>	<u>-</u>
Total other financing uses	<u>(4,105,967)</u>	<u>(2,801,202)</u>	<u>(1,304,765)</u>	<u>(4,105,967)</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 1,391,029</u>	<u>(361,290)</u>	<u>\$ 1,029,739</u>	<u>\$ 1,029,739</u>
Fund balance, beginning of year			<u>1,391,029</u>		
Fund balance, end of year			<u>\$ 1,029,739</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, 2025**

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues</b>					
Investment earnings	\$ -	\$ 29,330	\$ 15,933	\$ 45,263	\$ 45,263
Water system development fees	1,443,519	1,600,058	314,462	1,914,520	471,001
Total revenues	<u>1,443,519</u>	<u>1,629,388</u>	<u>330,395</u>	<u>1,959,783</u>	<u>516,264</u>
Excess of revenues over expenditures	<u>1,443,519</u>	<u>1,629,388</u>	<u>330,395</u>	<u>1,959,783</u>	<u>516,264</u>
<b>Other Financing Sources (Uses)</b>					
Transfers from/(to)					-
Capital project funds	<u>(1,443,519)</u>	<u>(1,106,524)</u>	<u>(336,995)</u>	<u>(1,443,519)</u>	<u>-</u>
Total other financing uses	<u>(1,443,519)</u>	<u>(1,106,524)</u>	<u>(336,995)</u>	<u>(1,443,519)</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 522,864</u>	<u>(6,600)</u>	<u>\$ 516,264</u>	<u>\$ 516,264</u>
Fund balance, beginning of year			<u>522,864</u>		
Fund balance, end of year			<u>\$ 516,264</u>		

## **CAPITAL ASSETS OF GOVERNMENTAL FUNDS**

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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, 2025**

	<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	\$ 3,927,460	\$ 3,175,705	\$ 448,643	\$ 1,155,997	\$ 520,798
Public safety	1,461,767	12,983,925	985,420	96,040	6,249,126	851,626
Transportation	35,400	32,385	970,691	-	455,516	1,573,007
Economic and physical development	43,850	71,895	-	-	150,527	-
Cultural and recreational	1,246,612	6,375,935	4,230,814	-	350,236	348,082
Total governmental funds capital assets	<u>\$ 13,467,177</u>	<u>\$ 23,391,600</u>	<u>\$ 9,362,630</u>	<u>\$ 544,683</u>	<u>\$ 8,361,402</u>	<u>\$ 3,293,513</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, 2025**

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	<b>Infrastructure</b>	<b>Intangible Assets</b>	<b>Construction and Intangibles in Progress</b>	<b>Right-to-Use Assets</b>	<b>Total</b>
General government	\$ 348,314	\$ 444,766	\$ 333,047	\$ 1,114,689	\$ 22,148,967
Public safety	-	-	2,577,364	131,319	25,336,587
Transportation	27,499,736	-	249,855	-	30,816,590
Economic and physical development	-	-	-	-	266,272
Cultural and recreational	166,724	-	979,053	214,128	13,911,584
Total governmental funds capital assets	\$ 28,014,774	\$ 444,766	\$ 4,139,319	\$ 1,460,136	\$ 92,480,000

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  
JUNE 30, 2025**

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	<b>Balance July 1, 2024</b>	<b>Additions and Transfers In</b>	<b>Disposals and Transfers Out</b>	<b>Balance June 30, 2025</b>
General government	\$ 21,554,009	\$ 1,952,000	\$ (1,357,042)	\$ 22,148,967
Public safety	25,100,454	459,503	(223,370)	25,336,587
Transportation	22,429,222	8,399,524	(12,156)	30,816,590
Economic and physical development	238,830	44,800	(17,358)	266,272
Cultural and recreational	12,698,593	1,277,269	(64,278)	13,911,584
Total governmental funds capital assets	\$ 82,021,108	\$ 12,133,096	\$ (1,674,204)	\$ 92,480,000

## **SUPPLEMENTAL FINANCIAL DATA**

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This section contains additional information on property taxes and USDA-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, 2025**

<u>Fiscal Year</u>	Uncollected Balance June 30, 2024	Additions	Collections and Credits	Uncollected Balance June 30, 2025
2024-2025	\$ -	\$ 13,528,475	\$ 13,510,774	\$ 17,701
2023-2024	17,650	-	10,011	7,639
2022-2023	10,318	-	2,636	7,682
2021-2022	7,718	-	1,731	5,987
2020-2021	5,258	-	783	4,475
2019-2020	4,539	-	802	3,737
2018-2019	4,400	-	690	3,710
2017-2018	2,520	-	28	2,492
2016-2017	2,148	-	26	2,122
2015-2016	1,870	-	26	1,844
	<u>\$ 56,421</u>	<u>\$ 13,528,475</u>	<u>\$ 13,527,507</u>	<u>57,389</u>
				<u>(31,316)</u>
				<u>\$ 26,073</u>
<u>Reconciliation to revenues:</u>				
				\$ 13,530,043
				Reconciling items:
				Penalties and interest (17,800)
				Refunds 5,200
				Taxes written off 2,299
				Other adjustments 7,765
				<u>\$ 13,527,507</u>

**TOWN OF SOUTHERN PINES, NORTH CAROLINA**

**SCHEDULE OF AD VALOREM TAXES RECEIVABLE**

**MUNICIPAL SERVICE DISTRICT #1**

**JUNE 30, 2025**

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2024</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2025</u>
2024-2025	\$ -	\$ 442,052	\$ 442,052	\$ -
2023-2024	-	-	-	-
2022-2023	-	-	-	-
2021-2022	-	-	-	-
2020-2021	-	-	-	-
2019-2020	-	-	-	-
2018-2019	-	-	-	-
2017-2018	-	-	-	-
2016-2017	-	-	-	-
2015-2016	-	-	-	-
	<u>\$ -</u>	<u>\$ 442,052</u>	<u>\$ 442,052</u>	-
Less: Allowance for uncollected taxes receivable - Municipal Service District #1				-
Ad valorem taxes receivable, net				<u>\$ -</u>
<u>Reconciliation to revenues:</u>				
Ad valorem taxes - - Municipal Service District #1				\$ 442,052
Reconciling items:				
Penalties and interest				-
Refunds				-
Taxes written off				-
Other adjustments				-
Total collections and credits				<u>\$ 442,052</u>

# TOWN OF SOUTHERN PINES, NORTH CAROLINA

## ANALYSIS OF CURRENT TAX LEVY TOWN-WIDE LEVY JUNE 30, 2025

	Town-wide		Total Levy		
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
	Original levy:				
Property taxed at current year's rate	\$ 4,655,315,792	0.29	\$ 13,501,802	\$ 12,718,382	\$ 783,420
Property taxed at current year's rate - MSD	-	(1) 0.60	442,052	442,052	-
Penalties	-		5,936	5,936	-
Total	4,655,315,792		13,949,790	13,166,370	783,420
Discoveries:					
Adjustments at current year's rate	4,106,331	0.29	11,909	11,909	-
Adjustments at prior year's rate	5,256,770	Various	14,465	14,465	-
Penalties at current and prior year's rate	-		1,315	1,315	-
Total	9,363,101		27,689	27,689	-
Releases					
Current year's rate	(2,397,179)	0.29	(6,952)	(6,952)	-
Total property valuation	\$ 4,662,281,714				
Net levy			13,970,527	13,187,107	783,420
Current year levy uncollected taxes at June 30, 2025			(17,701)	(17,701)	-
Current year's taxes collected			\$ 13,952,826	\$ 13,169,406	\$ 783,420
Current levy collection percentage			99.87%	99.87%	100.00%

(1) Municipal Service District is part of the Town's total property valuation and is included in the original levy. The Municipal Service District pays an additional levy of \$0.60 to the current rate of \$0.29. Valuation of the Municipal Service District was \$73,675,279 in fiscal year 2025.

**TOWN OF SOUTHERN PINES, NORTH CAROLINA**

**SCHEDULE OF INTERFUND TRANSFERS  
YEAR ENDED JUNE 30, 2025**

Transfers to Fund	Transfer from Fund			Total
	Major Governmental		Governmental Nonmajor Funds	
	General Fund	Municipal Service District #1		
Governmental				
General fund	\$ -	\$ -	\$ -	\$ -
Nonmajor funds	2,754,702	-	664,482	3,419,184
Business-type				
Major funds	-	-	219,072	219,072
	\$ 2,754,702	\$ -	\$ 883,554	\$ 3,638,256

## STATISTICAL SECTION

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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.*

## FINANCIAL TRENDS INFORMATION

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## TOWN OF SOUTHERN PINES, NORTH CAROLINA

**NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS  
(accrual basis of accounting)**

	2016	2017	2018	2019	2020
Governmental activities:					
Net investment in capital assets	\$ 32,437,390	\$ 32,711,835	\$ 34,673,136	\$ 34,528,937	\$ 35,851,831
Restricted	1,411,213	1,519,740	1,698,798	1,900,876	1,946,432
Unrestricted	<u>9,158,392</u>	<u>9,024,025</u>	<u>8,041,802</u>	<u>8,872,638</u>	<u>8,304,508</u>
Total governmental activities net position	<u>\$ 43,006,995</u>	<u>\$ 43,255,600</u>	<u>\$ 44,413,736</u>	<u>\$ 45,302,451</u>	<u>\$ 46,102,771</u>
Business-type activities					
Net investment in capital assets	\$ 34,033,968	\$ 33,991,050	\$ 34,193,906	\$ 33,892,745	\$ 36,398,750
Unrestricted	<u>10,389,970</u>	<u>12,130,776</u>	<u>13,910,881</u>	<u>15,587,824</u>	<u>15,682,445</u>
Total business-type activities net position	<u>\$ 44,423,938</u>	<u>\$ 46,121,826</u>	<u>\$ 48,104,787</u>	<u>\$ 49,480,569</u>	<u>\$ 52,081,195</u>
Primary government					
Net investment in capital assets	\$ 66,471,358	\$ 66,702,885	\$ 68,867,042	\$ 68,421,682	\$ 72,250,581
Restricted	1,411,213	1,519,740	1,698,798	1,900,876	1,946,432
Unrestricted	<u>19,548,362</u>	<u>21,154,801</u>	<u>21,952,683</u>	<u>24,460,462</u>	<u>23,986,953</u>
Total primary government net position	<u>\$ 87,430,933</u>	<u>\$ 89,377,426</u>	<u>\$ 92,518,523</u>	<u>\$ 94,783,020</u>	<u>\$ 98,183,966</u>

**Source:** Statement of Net Position

## TOWN OF SOUTHERN PINES, NORTH CAROLINA

**NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS  
(accrual basis of accounting)**

	2021	2022	2023	2024	2025
Governmental activities:					
Net investment in capital assets	\$ 37,075,906	\$ 38,421,771	\$ 41,411,965	\$ 39,722,447	\$ 47,858,194
Restricted	2,145,753	2,520,513	2,735,025	3,156,730	3,399,850
Unrestricted	9,382,997	10,164,133	15,975,209	20,098,036	14,262,641
Total governmental activities net position	<u>\$ 48,604,656</u>	<u>\$ 51,106,417</u>	<u>\$ 60,122,199</u>	<u>\$ 62,977,213</u>	<u>\$ 65,520,685</u>
Business-type activities					
Net investment in capital assets	\$ 41,129,762	\$ 41,199,204	\$ 44,583,360	\$ 47,070,921	\$ 58,134,068
Unrestricted	16,326,589	18,409,486	20,008,632	23,349,024	25,972,319
Total business-type activities net position	<u>\$ 57,456,351</u>	<u>\$ 59,608,690</u>	<u>\$ 64,591,992</u>	<u>\$ 70,419,945</u>	<u>\$ 84,106,387</u>
Primary government					
Net investment in capital assets	\$ 78,205,668	\$ 79,620,975	\$ 85,995,325	\$ 86,793,368	\$ 105,992,262
Restricted	2,145,753	2,520,513	2,735,025	3,156,730	3,399,850
Unrestricted	25,709,586	28,573,619	35,983,841	43,447,060	40,234,960
Total primary government net position	<u>\$ 106,061,007</u>	<u>\$ 110,715,107</u>	<u>\$ 124,714,191</u>	<u>\$ 133,397,158</u>	<u>\$ 149,627,072</u>

**Source:** Statement of Net Position

TOWN OF SOUTHERN PINES, NORTH CAROLINA

CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
(accrual basis of accounting)

	2016	2017	2018	2019	2020
<b>Expenses</b>					
Governmental activities:					
General government	\$ 4,766,172	\$ 4,980,274	\$ 5,221,318	\$ 5,753,113	\$ 5,900,817
Public safety	6,235,300	6,824,645	6,995,686	7,637,434	8,659,291
Transportation	1,575,645	1,266,454	1,694,884	1,761,568	1,903,528
Economic and physical development	701,189	563,367	604,385	657,709	834,642
Cultural and recreation	1,583,781	1,754,646	1,824,003	1,887,163	2,521,679
Interest on long-term debt	135,625	116,880	129,304	261,591	233,606
Total governmental activities expenses	14,997,712	15,506,266	16,469,580	17,958,578	20,053,563
Business-type activities:					
Water and sewer	7,083,980	7,340,631	7,483,404	8,246,671	8,128,721
Total primary government expenses	\$ 22,081,692	\$ 22,846,897	\$ 23,952,984	\$ 26,205,249	\$ 28,182,284
<b>Program Revenues</b>					
Governmental activities:					
Charges for services:					
General government	\$ 947,169	\$ 918,206	\$ 947,971	\$ 1,055,204	\$ 1,220,196
Public safety	581,747	596,230	576,534	618,001	516,051
Transportation	53,711	35,677	45,234	43,690	36,920
Economic and physical development	372,607	412,257	409,385	384,840	438,650
Cultural and recreation	266,735	242,589	258,979	261,607	192,808
Cemetery	5,375	3,025	2,750	3,950	5,250
Operating grants and contributions:					
General government	48,093	89,744	1,927	176,379	26,234
Public safety	8,147	11,518	18,801	157,580	273,973
Transportation	404,887	402,027	405,234	403,744	404,177
Economic and physical development	-	-	-	-	-
Cultural and recreation	34,722	8,499	17,848	8,013	114,352
Capital grants and contributions:					
General government	-	870	-	-	675,854
Transportation	220,763	107,158	50,757	-	-
Economic and physical development	-	-	-	-	-
Cultural and recreation	925,061	-	-	-	-
Total governmental activities program revenues	3,869,017	2,827,800	2,735,420	3,113,008	3,904,465
Business-type activities - water and sewer:					
Charges for services	7,504,763	7,769,844	8,091,669	8,221,653	8,564,595
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	1,524,481	282,380	534,515	332,569	1,895,667
Total business-type activities program revenues	9,029,244	8,052,224	8,626,184	8,554,222	10,460,262
Total primary government program revenues	\$ 12,898,261	\$ 10,880,024	\$ 11,361,604	\$ 11,667,230	\$ 14,364,727

## TOWN OF SOUTHERN PINES, NORTH CAROLINA

**CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
(accrual basis of accounting)**

	2016	2017	2018	2019	2020
<b>Net (Expense) Revenue</b>					
Governmental activities	\$ (11,128,695)	\$ (12,678,466)	\$ (13,734,160)	\$ (14,845,570)	\$ (16,149,098)
Business-type activities	1,945,264	711,593	1,142,780	307,551	2,331,541
 Total primary government net expense	 <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>
<b>General Revenues and Other Changes in Net Position</b>					
Governmental activities:					
Ad valorem taxes	\$ 8,572,570	\$ 8,852,999	\$ 9,656,725	\$ 9,982,178	\$ 10,782,975
Alcoholic beverage tax	143,195	156,789	178,188	196,226	198,273
Franchise taxes	1,112,213	1,086,585	1,055,286	1,110,853	1,061,456
Unrestricted governmental	3,386,423	3,640,353	3,729,381	3,987,169	4,201,137
Investment earnings	38,091	65,948	159,478	312,484	227,148
Miscellaneous revenue	106,949	133,359	155,103	138,493	149,534
Gain (loss) on disposal/transfer of capital assets	64,089	16,814	(41,865)	5,133	26,561
Transfers	-	-	-	1,749	302,334
 Total governmental activities	 <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>
Business-type activities:					
Investment earnings	62,699	68,242	138,711	245,011	208,816
Miscellaneous revenue	414,304	904,086	701,470	419,695	340,683
Gain (loss) on disposal/transfer of capital assets	17,198	13,967	-	405,274	21,920
Transfers	-	-	-	(1,749)	(302,334)
 Total business-type activities	 <u>494,201</u>	 <u>986,295</u>	 <u>840,181</u>	 <u>1,068,231</u>	 <u>269,085</u>
 Total primary government	 <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>
<b>Change in Net Position</b>					
Governmental activities	\$ 2,294,835	\$ 1,274,381	\$ 1,158,136	\$ 888,715	\$ 800,320
Business-type activities	2,439,465	1,697,888	1,982,961	1,375,782	2,600,626
 Total primary government	 <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>

Source: Statement of Activities

## TOWN OF SOUTHERN PINES, NORTH CAROLINA

**CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
(accrual basis of accounting)**

	2021	2022	2023	2024	2025
<b>Expenses</b>					
Governmental activities:					
General government	\$ 5,696,200	\$ 5,619,882	\$ 6,694,377	\$ 7,679,057	\$ 7,525,870
Public safety	8,672,459	8,701,575	9,850,481	11,202,879	12,488,608
Transportation	1,390,519	2,332,580	2,021,819	2,075,282	3,176,208
Economic and physical development	953,077	923,165	1,400,220	1,254,487	1,650,229
Cultural and recreation	2,985,385	2,447,994	2,781,535	2,951,885	3,127,848
Interest on long-term debt	209,377	159,016	116,490	128,535	427,099
Total governmental activities expenses	<u>19,907,017</u>	<u>20,184,212</u>	<u>22,864,922</u>	<u>25,292,125</u>	<u>28,395,862</u>
Business-type activities:					
Water and sewer	<u>8,654,093</u>	<u>9,012,368</u>	<u>9,682,153</u>	<u>10,390,533</u>	<u>11,701,325</u>
Total primary government expenses	<u>\$ 28,561,110</u>	<u>\$ 29,196,580</u>	<u>\$ 32,547,075</u>	<u>\$ 35,682,658</u>	<u>\$ 40,097,187</u>
<b>Program Revenues</b>					
Governmental activities:					
Charges for services:					
General government	\$ 1,341,719	\$ 1,181,849	\$ 1,703,058	\$ 1,814,868	\$ 2,402,024
Public safety	521,553	561,887	513,275	554,782	715,287
Transportation	48,486	50,321	46,776	68,630	66,202
Economic and physical development	863,109	599,189	840,628	945,764	1,188,079
Cultural and recreation	170,651	212,464	290,068	366,105	355,020
Cemetery	8,425	3,150	9,275	10,450	9,310
Operating grants and contributions:					
General government	206,458	133,545	4,672,822	26,787	-
Public safety	170,752	80,831	17,801	349,196	534,221
Transportation	386,118	481,723	484,069	546,561	606,431
Economic and physical development	-	-	-	-	32,250
Cultural and recreation	12,442	31,021	84,007	29,206	13,878
Capital grants and contributions:					
General government	888,156	39,960	2,290,708	26,376	-
Transportation	-	-	-	120,966	958,508
Economic and physical development	-	-	-	-	-
Cultural and recreation	-	-	-	78,571	677,619
Total governmental activities program revenues	<u>4,617,869</u>	<u>3,375,940</u>	<u>10,952,487</u>	<u>4,938,262</u>	<u>7,558,829</u>
Business-type activities - water and sewer:					
Charges for services	9,174,008	10,337,646	10,685,587	11,976,527	12,374,497
Operating grants and contributions	-	-	-	-	139,227
Capital grants and contributions	<u>3,665,740</u>	<u>1,950,879</u>	<u>1,201,201</u>	<u>1,677,612</u>	<u>10,787,762</u>
Total business-type activities program revenues	<u>12,839,748</u>	<u>12,288,525</u>	<u>11,886,788</u>	<u>13,654,139</u>	<u>23,301,486</u>
Total primary government program revenues	<u>\$ 17,457,617</u>	<u>\$ 15,664,465</u>	<u>\$ 22,839,275</u>	<u>\$ 18,592,401</u>	<u>\$ 30,860,315</u>

## TOWN OF SOUTHERN PINES, NORTH CAROLINA

**CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
(accrual basis of accounting)**

	2021	2022	2023	2024	2025
<b>Net (Expense) Revenue</b>					
Governmental activities	\$ (15,289,148)	\$ (16,808,272)	\$ (11,912,435)	\$ (20,353,863)	\$ (20,837,033)
Business-type activities	4,185,655	3,276,157	2,204,635	3,263,606	11,600,161
Total primary government net expense	<u>\$ (11,103,493)</u>	<u>\$ (13,532,115)</u>	<u>\$ (9,707,800)</u>	<u>\$ (17,090,257)</u>	<u>\$ (9,236,872)</u>
<b>General Revenues and Other Changes in Net Position</b>					
Governmental activities:					
Ad valorem taxes	\$ 11,218,204	\$ 11,568,250	\$ 12,298,043	\$ 13,050,996	\$ 13,972,095
Alcoholic beverage tax	253,772	284,148	286,565	282,779	283,944
Franchise taxes	1,073,629	1,121,630	1,137,338	1,253,351	168,234
Unrestricted governmental	4,936,349	5,903,947	6,538,770	6,959,596	8,393,140
Investment earnings	35,024	35,569	814,277	1,199,187	1,089,675
Miscellaneous revenue	221,669	519,560	508,454	502,452	559,646
Gain (loss) on disposal/transfer of capital assets	52,505	(176,008)	87,792	38,051	-
Transfers	-	52,937	(743,022)	(77,535)	(1,086,229)
Total governmental activities	<u>17,791,152</u>	<u>19,310,033</u>	<u>20,928,217</u>	<u>23,208,877</u>	<u>23,380,505</u>
Business-type activities:					
Investment earnings	36,077	31,641	621,215	957,966	962,056
Miscellaneous revenue	1,075,223	1,176,819	1,329,134	1,528,846	-
Gain (loss) on disposal/transfer of capital assets	78,190	5,650	85,296	-	37,996
Transfers	-	(52,937)	743,022	77,565	1,086,229
Total business-type activities	<u>1,189,490</u>	<u>1,161,173</u>	<u>2,778,667</u>	<u>2,564,377</u>	<u>2,086,281</u>
Total primary government	<u>\$ 18,980,642</u>	<u>\$ 20,471,206</u>	<u>\$ 23,706,884</u>	<u>\$ 25,773,254</u>	<u>\$ 25,466,786</u>
<b>Change in Net Position</b>					
Governmental activities	\$ 2,502,004	\$ 2,501,761	\$ 9,015,782	\$ 2,855,014	\$ 2,543,472
Business-type activities	5,375,145	4,437,330	4,983,302	5,827,983	13,686,442
Total primary government	<u>\$ 7,877,149</u>	<u>\$ 6,939,091</u>	<u>\$ 13,999,084</u>	<u>\$ 8,682,997</u>	<u>\$ 16,229,914</u>

Source: Statement of Activities

## TOWN OF SOUTHERN PINES, NORTH CAROLINA

**FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(modified accrual basis of accounting)**

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
General Fund:					
Nonspendable	\$ 79,715	\$ 112,223	\$ 123,013	\$ 127,652	\$ 213,683
Restricted	1,325,436	1,435,608	1,591,977	1,738,805	1,842,799
Assigned	2,136,517	2,567,470	2,214,994	2,448,943	1,739,405
Unassigned	<u>5,863,955</u>	<u>6,330,949</u>	<u>6,398,820</u>	<u>6,806,882</u>	<u>7,791,203</u>
Total general fund	<u>9,405,623</u>	<u>10,446,250</u>	<u>10,328,804</u>	<u>11,122,282</u>	<u>11,587,090</u>
All Other Governmental Funds:					
Nonspendable	65,779	69,115	72,534	77,603	84,062
Restricted	19,998	15,017	34,287	84,468	19,571
Committed	2,135,417	2,366,822	6,621,772	2,522,442	2,082,919
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>2,221,194</u>	<u>2,450,954</u>	<u>6,728,593</u>	<u>2,684,513</u>	<u>2,186,552</u>
Total fund balances	<u>\$ 11,626,817</u>	<u>\$ 12,897,204</u>	<u>\$ 17,057,397</u>	<u>\$ 13,806,795</u>	<u>\$ 13,773,642</u>

**Source:** Balance Sheet - Governmental Funds

## TOWN OF SOUTHERN PINES, NORTH CAROLINA

**FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(modified accrual basis of accounting)**

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
General Fund:					
Nonspendable	\$ 159,750	\$ 168,022	\$ 260,202	\$ 240,453	\$ 195,672
Restricted	2,045,909	2,421,321	2,625,774	3,031,716	3,259,818
Assigned	2,834,047	3,856,359	5,891,466	4,102,049	5,006,907
Unassigned	8,420,430	8,411,276	11,689,345	11,239,894	11,166,401
Total general fund	<u>13,460,136</u>	<u>14,856,978</u>	<u>20,466,787</u>	<u>18,614,112</u>	<u>19,628,798</u>
All Other Governmental Funds:					
Nonspendable	92,910	96,252	108,441	124,359	139,400
Restricted	6,934	2,940	810	655	632
Committed	2,295,612	1,910,903	2,555,289	10,346,471	4,879,726
Unassigned	-	3,671	-	-	-
Total all other governmental funds	<u>2,395,456</u>	<u>2,013,766</u>	<u>2,664,540</u>	<u>10,471,485</u>	<u>5,019,758</u>
Total fund balances	<u>\$ 15,855,592</u>	<u>\$ 16,870,744</u>	<u>\$ 23,131,327</u>	<u>\$ 29,085,597</u>	<u>\$ 24,648,556</u>

**Source:** Balance Sheet - Governmental Funds

## TOWN OF SOUTHERN PINES, NORTH CAROLINA

**CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(modified accrual basis of accounting)**

	2016	2017	2018	2019	2020
<b>Revenues</b>					
Ad valorem taxes	\$ 8,563,591	\$ 8,887,612	\$ 9,670,483	\$ 9,989,891	\$ 10,780,683
Other taxes and licenses	191,005	215,047	245,365	258,833	309,616
Unrestricted intergovernmental	4,728,619	4,731,922	4,779,476	5,098,682	5,214,808
Restricted intergovernmental	415,756	411,130	424,748	706,216	780,125
Permits and fees	549,713	548,475	535,647	583,260	575,118
Sales and services	1,164,811	1,138,137	1,194,230	1,286,029	1,351,968
Investment earnings	38,091	65,948	159,478	312,484	227,148
Grant proceeds	-	-	50,757	-	-
Developers contributions	-	107,158	-	-	-
Other	655,970	683,542	618,641	609,819	604,546
Total revenues	<u>16,307,556</u>	<u>16,788,971</u>	<u>17,678,825</u>	<u>18,845,214</u>	<u>19,844,012</u>
<b>Expenditures</b>					
Current:					
General government	4,783,099	4,812,892	5,357,663	5,401,328	6,110,073
Public safety	5,973,433	6,233,795	8,075,128	11,417,437	8,406,861
Transportation	1,660,533	1,378,677	1,883,429	1,741,098	2,282,937
Economic and physical development	697,899	596,360	614,067	621,021	776,948
Cultural and recreational	1,793,900	1,726,338	2,167,615	1,931,550	2,309,937
Debt service:					
Principal	666,541	669,113	552,196	781,876	781,876
Interest	139,174	120,439	101,675	266,335	237,868
Total expenditures	<u>15,714,579</u>	<u>15,537,614</u>	<u>18,751,773</u>	<u>22,160,645</u>	<u>20,906,500</u>
Excess (deficiency) of revenues over (under) expenditures	<u>592,977</u>	<u>1,251,357</u>	<u>(1,072,948)</u>	<u>(3,315,431)</u>	<u>(1,062,488)</u>
<b>Other financing sources (uses)</b>					
Issuance of debt	-	-	5,228,150	-	650,000
Loss on lease termination	-	-	-	-	-
Sale of capital assets	171,199	19,030	4,991	64,829	77,001
Transfers from other funds	310,000	575,000	816,954	1,114,750	1,334,021
Transfers to other funds	(310,000)	(575,000)	(816,954)	(1,114,750)	(1,031,687)
Total other financing sources (uses)	<u>171,199</u>	<u>19,030</u>	<u>5,233,141</u>	<u>64,829</u>	<u>1,029,335</u>
Net change in fund balances	764,176	1,270,387	4,160,193	(3,250,602)	(33,153)
Fund balance, beginning 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>
Fund balance, end of year	<u>\$ 11,626,817</u>	<u>\$ 12,897,204</u>	<u>\$ 17,057,397</u>	<u>\$ 13,806,795</u>	<u>\$ 13,773,642</u>
Debt service as a percentage of noncapital expenditures	<u>5.60%</u>	<u>5.50%</u>	<u>4.30%</u>	<u>6.30%</u>	<u>5.70%</u>

**Source:** Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds

## TOWN OF SOUTHERN PINES, NORTH CAROLINA

**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(modified accrual basis of accounting)**

	2021	2022	2023	2024	2025
<b>Revenues</b>					
Ad valorem taxes	\$ 11,209,507	\$ 11,571,474	\$ 12,293,774	\$ 13,043,044	\$ 13,972,095
Other taxes and licenses	381,598	427,808	435,894	446,893	454,990
Unrestricted intergovernmental	5,945,474	6,946,573	7,530,176	8,051,843	8,393,140
Restricted intergovernmental	760,591	557,080	5,233,841	1,011,199	1,431,337
Permits and fees	1,018,653	805,821	978,914	1,190,895	1,483,971
Sales and services	1,446,259	1,327,596	1,952,820	2,100,147	2,692,144
Investment earnings	35,024	35,569	814,277	1,197,807	1,089,675
Grant proceeds	-	-	-	-	-
Developers contributions	-	-	-	-	-
Other	654,268	1,087,258	1,005,876	988,106	1,110,722
Total revenues	<u>21,451,374</u>	<u>22,759,179</u>	<u>30,245,572</u>	<u>28,029,934</u>	<u>30,628,074</u>
<b>Expenditures</b>					
Current:					
General government	6,202,321	6,506,522	7,069,247	8,650,529	7,994,196
Public safety	7,779,371	8,473,768	9,043,370	12,798,755	11,415,170
Transportation	1,831,623	2,179,905	1,593,444	2,314,554	9,668,114
Economic and physical development	899,557	926,707	1,330,932	1,198,902	1,636,306
Cultural and recreational	3,736,835	2,379,247	2,911,733	3,056,868	3,418,198
Debt service:					
Principal	906,981	1,300,953	1,409,984	1,252,419	810,200
Interest	215,241	161,338	131,133	103,571	306,758
Total expenditures	<u>21,571,929</u>	<u>21,928,440</u>	<u>23,489,843</u>	<u>29,375,598</u>	<u>35,248,942</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(120,555)</u>	<u>830,739</u>	<u>6,755,729</u>	<u>(1,345,664)</u>	<u>(4,620,868)</u>
<b>Other financing sources (uses)</b>					
Issuance of debt	2,150,000	52,629	168,099	7,250,454	371,530
Loss on lease termination	-	-	(7,995)	-	-
Sale of capital assets	52,505	33,028	87,792	49,480	31,367
Transfers from other funds	885,136	(801,484)	(6,734,676)	4,984,587	(3,638,256)
Transfers to other funds	(885,136)	900,220	5,991,654	(4,984,587)	3,419,186
Total other financing sources (uses)	<u>2,202,505</u>	<u>184,393</u>	<u>(495,126)</u>	<u>7,299,934</u>	<u>183,827</u>
Net change in fund balances	2,081,950	1,015,132	6,260,603	5,954,270	(4,437,041)
Fund balance, beginning 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>
Fund balance, end of year	<u>\$ 15,855,592</u>	<u>\$ 16,870,724</u>	<u>\$ 23,131,327</u>	<u>\$ 29,085,597</u>	<u>\$ 24,648,556</u>
Debt service as a percentage of noncapital expenditures	<u>6.20%</u>	<u>7.40%</u>	<u>7.30%</u>	<u>5.90%</u>	<u>3.17%</u>

**Source:** Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds

## REVENUE CAPACITY INFORMATION

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## TOWN OF SOUTHERN PINES, NORTH CAROLINA

ASSESSED VALUE OF TAXABLE PROPERTY  
LAST TEN FISCAL YEARS

Fiscal Year	Assessed Value (1)				Property Tax Rate (3)	Percent Increase in Value (4)
	Real Property	Personal Property (2)	Public Service Companies (1)	Total Assessed Values		
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 (4)	44.9%
2025	4,242,644,415	390,107,724	29,529,575	4,662,281,714	0.29	4.3%

**Notes to this table:**

(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

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)
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	-	0.00	-	0.550
2023	2022	0.40	-	0.00	0.40	0.525
2024	2023	0.29	-	0.29	0.60	0.368
2025	2024	0.29	-	0.29	0.60	0.348

**Notes to this table:**

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.

Table 7

## TOWN OF SOUTHERN PINES, NORTH CAROLINA

PRINCIPAL PROPERTY TAXPAYERS  
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	Type of Enterprise	2025			2016		
		(1) Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value	(1) Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value
Morganton Park LLC & II	Residential	\$ 80,681,890	1	1.73%	(2)	-	0.00%
ZP NO 340 LLC & Borrower	Residential	66,736,400	2	1.43%	(2)	-	0.00%
Midland Southern Pines Retail LLC	Retail	50,378,600	3	1.08%	(2)	-	0.00%
Tyler's Ridge Apartment LLC & PH II	Residential	40,064,460	4	0.86%	\$ 14,945,240	4	0.66%
SBV Southern Pines LLC	Retail	30,473,870	5	0.65%	(2)	-	0.00%
Ingersoll-Rand Company & Industrial	Manufacturing	25,802,796	6	0.55%	12,868,283	6	0.57%
Hawthorne Pinecrest LLC	Retail	25,469,350	7	0.55%	(2)	-	0.00%
Colony 9 LLC	Golf Course	24,141,576	8	0.52%	(2)	-	0.00%
Southern Pines Retirement	Retirement Community	21,411,040	9	0.46%	10,655,160	8	0.47%
Berne Square LLC	Retail	21,256,510	10	0.46%	(2)	-	0.00%
Hendricks Southern Pines	Retail	(2)	-	0.00%	24,560,570	1	1.09%
Pinecrest Plaza	Retail	(2)	-	0.00%	24,401,660	2	1.08%
Forest Creek	Golf Course	(2)	-	0.00%	17,298,300	3	0.77%
Claude Smith Enterprises	Retail	(2)	-	0.00%	14,318,140	5	0.64%
Duke Energy Progress	Utility	(2)	-	0.00%	11,486,018	7	0.51%
Southern Pines Realty Holdings	Retirement Community	(2)	-	0.00%	8,628,760	9	0.38%
ARO Corporation	Manufacturing	(2)	-	0.00%	8,534,970	10	0.38%
Total		<u>\$ 386,416,492</u>		<u>8.29%</u>	<u>\$ 147,697,101</u>		<u>6.55%</u>

**Notes to this table:**

Source: Moore County Tax Department

<sup>(1)</sup> FY 2025 and FY 2016 assessed value represents tax years 2024 and 2015, respectively.<sup>(2)</sup> Not within top ten ranking.

**TOWN OF SOUTHERN PINES, NORTH CAROLINA**

**PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS**

Fiscal Year	Tax Year	Total Tax Levy	Collected within the Fiscal Year of the Levy		Total Collections to Date		
			Amount	Percentage of Levy	Collections in Subsequent Years	Amount	Percentage of Levy
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%	10,010	13,100,695	99.94%
2025	2024	13,970,527	13,952,826	99.87%	-	13,952,826	99.87%

## DEBT CAPACITY INFORMATION

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## TOWN OF SOUTHERN PINES, NORTH CAROLINA

RATIOS OF OUTSTANDING DEBT BY TYPE (1)  
LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities				Business-Type Activities		Total Primary Government	Percentage of Personal Income	Debt Per Capita (2)
	General Obligation Bonds	Installment Financing	Subscriptions	Leases	General Obligation Bonds	Installment Financing			
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%	515
2021	-	7,940,748	-	-	-	343,994	8,284,742	0.88%	528
2022	-	6,263,033	-	54,683	-	558,581	6,876,297	0.68%	428
2023	-	4,995,369	228,859	61,058	-	357,500	5,642,786	0.50%	342
2024	-	10,901,879	286,559	94,883	-	330,000	11,613,321	(3)	687
2025	-	10,362,514	360,595	121,542	-	1,968,834	12,813,485	(3)	736

**Notes to this table:**

(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**

<b>Fiscal Year</b>	<b>Assessed Value</b>	<b>Debt Limit 8% of Total Assessed Value</b>	<b>Less Amount of Debt Applicable to Debt Limit - Net Bonded Debt (1)</b>	<b>Less General Obligation Bonds Authorized, Not Issued</b>	<b>Legal Debt Margin</b>
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
2025	4,662,281,714	372,982,537	12,813,485	-	360,169,052

(1) - Net Bonded Debt Calculation for FY

Installment financing	\$ 12,331,348
Leases and SBITA	482,137
	<u>\$ 12,813,485</u>

## TOWN OF SOUTHERN PINES, NORTH CAROLINA

### DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT JUNE 30, 2025

Governmental Unit	General Obligation Debt Outstanding	Estimated Applicable Percentage (1)	Town's Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
Moore County (2)	\$ 178,788,800	20.23%	\$ 36,168,974
Direct:			
Town of Southern Pines			<u>10,844,651</u>
Total direct and overlapping debt			<u><u>\$ 47,013,625</u></u>

**Notes to this table:**

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. 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. 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

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## TOWN OF SOUTHERN PINES, NORTH CAROLINA

DEMOGRAPHIC STATISTICS  
LAST TEN FISCAL YEARS

<b>Fiscal Year</b>	<b>Population (1)</b>	<b>Moore County Personal Income (in millions) (2)</b>	<b>Moore County Per Capita Personal Income (3)</b>	<b>Median Age (4)</b>	<b>Unemployment Rate (5)</b>
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	7,288	68,180	44.0	3.7%
2024	16,896	(6)	(6)	43.3	4.0%
2025	17,401	(6)	(6)	(6)	3.7%

**Notes to this table:**

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

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

(3) - Information is not available for the Town. 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. 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

Employer	2025			2016		
	(1) Employees	Rank	Percentage of Total Town Population	(1) Employees	Rank	Percentage of Total Town Population
First Health of the Carolinas	1,000 & Over	1	N/A	1,000 & Over	1	N/A
Moore County Schools	1,000 & Over	2	N/A	1,000 & Over	2	N/A
Pinehurst LLC	1,000 & Over	3	N/A	1,000 & Over	3	N/A
County of Moore	500-999	4	N/A	500-999	4	N/A
Pinehurst Medical Clinic, Inc.	500-999	5	N/A	250-499	8	N/A
Sandhills Community College	500-999	6	N/A	500-999	5	N/A
Harris Teeter	250-499	7	N/A	(2)	-	N/A
Pinehurst Surgical Clinic PA	250-499	8	N/A	250-499	10	N/A
Lee Electrical Construction, Inc.	250-499	9	N/A	(2)	-	N/A
Burfords Tree LLC	250-499	10	N/A	(2)	-	N/A
St. Joseph of the Pines, Inc.	(2)	-	N/A	500-999	6	N/A
Wal-Mart Associates Inc.	(2)	-	N/A	250-499	7	N/A
Food Lion	(2)	-	N/A	250-499	9	N/A
Total	N/A		N/A	N/A		N/A

**Notes to this table:**

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

Fiscal Year	Building Permits (1)						Bank Deposits (2)
	Residential		Commercial		Total		
	Number	Value	Number	Value	Number	Value	
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
2025	321	95,907,197	107	169,846,254	428	265,753,451	2,827,975,000

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

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

## **OPERATING INFORMATION**

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## TOWN OF SOUTHERN PINES, NORTH CAROLINA

**EMPLOYEE POSITION AUTHORIZATION BY FUNCTION  
FULL-TIME EQUIVALENT TOWN GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS**

Function/Program	2016	2017	2018	2019	2020
General government:					
Administration	6.0	6.0	6.0	6.0	6.0
IT	2.0	3.0	3.0	3.0	4.0
Financial Services (1)	5.0	5.0	6.0	6.0	6.0
Public Works Administration	4.0	4.0	4.0	4.0	4.0
Garage	4.0	4.0	4.0	4.0	4.0
Building and Grounds	22.0	22.0	22.0	22.0	10.0
Police:					
Police (1)	46.5	46.5	50.5	50.5	50.5
Fire (1) (2)	27.5	27.5	27.5	33.0	33.0
Transportation	10.0	10.0	10.0	10.0	15.0
Economic and physical development	8.0	8.0	8.0	8.0	8.0
Cultural and recreation:					
Recreation (1)	5.0	5.0	5.0	5.0	12.0
Library	9.0	9.0	9.0	9.0	9.0
Water/Sewer (business activity)	21.0	21.0	23.0	23.0	24.0
<b>Total</b>	<u>170.0</u>	<u>171.0</u>	<u>178.0</u>	<u>183.5</u>	<u>185.5</u>

Source: Town of Southern Pines Finance Department

**Notes to this table:**

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

(2) - Does not include volunteer personnel

## TOWN OF SOUTHERN PINES, NORTH CAROLINA

**EMPLOYEE POSITION AUTHORIZATION BY FUNCTION  
FULL-TIME EQUIVALENT TOWN GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS**

Function/Program	2021	2022	2023	2024	2025
General government:					
Administration	7.0	7.0	7.0	8.0	9.0
IT	4.0	4.0	5.0	5.0	5.0
Financial Services (1)	6.0	6.0	6.0	7.0	7.0
Public Works Administration	3.0	4.0	4.0	12.0	12.0
Garage	4.0	4.0	4.0	4.0	5.0
Building and Grounds	10.0	10.0	10.0	11.0	11.0
Police:					
Police (1)	50.5	52.0	53.0	54.0	54.0
Fire (1) (2)	33.0	33.0	33.0	39.0	39.0
Transportation	15.0	15.0	15.0	15.0	15.0
Economic and physical development	8.0	11.0	12.0	12.0	12.0
Cultural and recreation:					
Recreation (1)	12.0	13.0	13.0	13.0	14.0
Library	9.0	9.0	9.0	9.0	9.0
Water/Sewer (business activity)	24.0	23.0	23.0	24.0	24.0
<b>Total</b>	<u>185.5</u>	<u>191.0</u>	<u>194.0</u>	<u>213.0</u>	<u>216.0</u>

Source: Town of Southern Pines Finance Department

**Notes to this table:**

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

(2) - Does not include volunteer personnel

Table 16

## TOWN OF SOUTHERN PINES, NORTH CAROLINA

OPERATING INDICATORS BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS

Function/Program	2016	2017	2018	2019	2020
<b>Public Safety:</b>					
<b>Police:</b>					
Number of Part 1 Crimes	494	466	513	371	98
Number of Part A Crimes	(2)	(2)	(2)	(2)	587
Number of Part B Crimes	(2)	(2)	(2)	(2)	195
Number of Arrests	664	655	581	537	463
Number of Citations	1,235	1,236	1,149	1,282	958
<b>Fire:</b>					
Number of Fire Calls Answered	133	123	91	155	159
Number of EMS Calls Answered	656	671	699	753	646
Number of Hazard Condition Calls Answered	83	77	95	81	79
Number of Service Calls Answered	236	346	405	323	396
Number of Good Intent Calls Answered	249	254	267	262	222
Number of False Alarm Calls Answered	350	392	371	357	387
Number of Weather-Related Calls Answered	17	126	45	139	36
Number of Fire Inspections	2,458	2,611	2,141	2,070	2,060
<b>Planning and Inspections:</b>					
<b>Planning:</b>					
Special Use Permits Issued	3	5	9	12	5
Final Plats	44	77	76	38	50
Rezoning Applications/Ordinance Amendments	4	-	7	6	5
Annexations	3	-	6	9	4
<b>Inspections:</b>					
Building Permits Issued	167	175	163	144	156
Alteration or Addition Permits	185	214	402	166	326
Electrical Permits	95	162	128	169	149
Mechanical Permits	501	48	485	516	383
Plumbing Permits	165	176	96	81	79
<b>Cultural and Recreational:</b>					
<b>Recreation and Parks:</b>					
Recreational Program Hours	8,265	6,865	6,389	5,993	4,289
Recreation programs	(2)	(2)	(2)	(2)	(2)
Enrolled Participants	21,234	19,463	17,592	21,113	16,908
Reservoir Park Visitors <sup>(1)</sup>	215,517	238,779	237,382	226,967	252,522
<b>Library:</b>					
Total Circulation	127,015	128,171	126,308	130,953	109,932
Library Attendance	86,180	86,804	89,814	85,125	61,704
Library Users Registered	6,283	7,530	7,632	7,571	7,650
Total Programs Held	585	688	716	742	563
Total Attendance at Programs	16,401	15,835	16,839	18,173	13,746
<b>Water:</b>					
Water Plant Capacity (millions of gallons per day)	11	11	11	11	11
Number of Utility Customers	9,063	9,443	9,716	9,948	9,977

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

Function/Program	2021	2022	2023	2024	2025
Public Safety:					
Police:					
Number of Part 1 Crimes	(2)	(2)	(2)	(2)	(2)
Number of Part A Crimes	1,205	1,404	1,261	1,294	1,113
Number of Part B Crimes	580	583	561	598	499
Number of Arrests	513	651	596	755	746
Number of Citations	1,447	1,049	681	967	1,111
Fire:					
Number of Fire Calls Answered	203	225	189	175	152
Number of EMS Calls Answered	927	1,506	1,393	1,432	1,500
Number of Hazard Condition Calls Answered	85	120	89	99	138
Number of Service Calls Answered	322	119	166	153	290
Number of Good Intent Calls Answered	270	279	258	380	439
Number of False Alarm Calls Answered	364	380	311	399	440
Number of Weather-Related Calls Answered	24	98	43	37	37
Number of Fire Inspections	1,955	1,996	2,374	2,102	2,561
Planning and Inspections:					
Planning:					
Special Use Permits Issued	1	4	1	3	1
Final Plats	57	60	34	34	53
Rezoning Applications/Ordinance Amendments	2	4	9	8	9
Annexations	1	9	6	4	3
Inspections:					
Building Permits Issued	329	204	207	232	355
Alteration or Addition Permits	162	232	186	212	220
Electrical Permits	162	570	332	333	255
Mechanical Permits	605	550	600	635	565
Plumbing Permits	111	234	281	88	70
Cultural and Recreational:					
Recreation and Parks:					
Recreational Program Hours	4,306	6,161	(2)	(2)	(2)
Recreation programs	(2)	(2)	1,420	517	592
Enrolled Participants	12,831	13,528	8,060	5,413	5,369
Reservoir Park Visitors <sup>(1)</sup>	247,236	257,748	250,423	228,577	246,179
Library:					
Total Circulation	118,390	159,478	170,871	178,789	214,094
Library Attendance	38,071	70,183	74,109	70,754	73,310
Library Users Registered	7,255	7,120	6,078	7,550	6,419
Total Programs Held	201	400	488	563	611
Total Attendance at Programs	1,977	7,661	10,756	12,381	13,893
Water:					
Water Plant Capacity (millions of gallons per day)	11	11	11	11	11
Number of Utility Customers	10,251	10,573	10,871	11,245	11,587

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

Function/Program	2016	2017	2018	2019	2020
Public Safety:					
Police:					
Police station	1	1	1	1	1
Patrol units	29	34	35	33	33
Fire:					
Stations	1	1	1	1	2
Fire suppression vehicles	6	6	6	7	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	1
Public Works and Utilities:					
Streets					
Miles of paved streets	80.43	80.56	80.73	80.44	81.22
Miles of unpaved streets	1.11	0.98	0.74	0.60	0.42
Water:					
Number of hydrants (1)	1,473	1,485	1,519	1,535	1,515
Water mains (miles)	233.60	235.30	235.60	238.70	240.00
Number of utility customers (accounts)	9,063	9,443	9,716	9,948	9,977

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

Function/Program	2021	2022	2023	2024	2025
Public Safety:					
Police:					
Police station	1	1	1	1	1
Patrol units	33	33	35	35	36
Fire:					
Stations	2	2	2	2	2
Fire suppression vehicles	7	7	8	8	8
Rescue vehicles	2	3	2	2	2
Cultural and Recreational:					
Recreation and Parks:					
Number of parks	15	15	15	15	15
Number of tennis courts	8	8	6	6	6
Number of pickleball courts	-	-	6	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	3	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	81.90	81.90	83.11	83.12	84.08
Miles of unpaved streets	0.42	0.42	0.42	0.42	0.42
Water:					
Number of hydrants (1)	1,603	1,617	1,625	1,728	1,773
Water mains (miles)	245.78	247.00	252.00	256.00	259.00
Number of utility customers (accounts)	10,251	10,573	10,871	11,245	11,587

Source: Town of Southern Pines Department Directors

(1) - Amounts are estimated.

## TOWN OF SOUTHERN PINES, NORTH CAROLINA

INSURANCE IN FORCE (1)  
JULY 1, 2024 - JUNE 30, 2025

Type of Coverage	Details of Coverage	
Worker'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	12,110,303 2,500	Actual Cash Value Valuation Deductible
Auto Collision	12,110,303 2,500	Actual Cash Value Valuation Deductible
Real & Personal Property	102,004,978 2,500	Cause of Loss Deductible per Occurrence Includes Boiler & Machinery
Municipal Equipment	2,639,843 2,500	Limits of Coverage Deductible per Occurrence
Fine Arts	1,062,400 1,000	Limits of Coverage Deductible per Occurrence
Computer Equipment/Media	1,330,557 500	Limits of Coverage Deductible
Impounded Auto/Comp	100,000 1,000	Limits of Coverage Deductible
Impounded Auto/Collision	100,000 1,000	Limits of Coverage Deductible

Source: Town of Southern Pines Risk Management Department

(1) - Represents insurance in force on July 1, 2024. Insurance was renewed on July 1, 2025, for the fiscal year ended June 30, 2026.

TOWN OF SOUTHERN PINES, NORTH CAROLINA

UTILITY RATE INFORMATION
FISCAL YEAR 2025 APPROVED OPERATING BUDGET ORDINANCE

WATER RATES

Minimum Charge

Table with 3 columns: Meter Size, Inside Town, and Outside Town. Rows include meter sizes from 3/4 inch to 8 inches with corresponding rates.

Volume Charge per 1,000 Gallons:

Table with 2 columns: Inside Town and Outside Town. Shows volume charges of \$4.00 and \$8.00 respectively.

SEWER RATES

Minimum Charge

Table with 3 columns: Meter Size, Inside Town, and Outside Town. Rows include meter sizes from 3/4 inch to 8 inches with corresponding rates.

Volume Charge per 1,000 Gallons:

Table with 2 columns: Inside Town and Outside Town. Shows volume charges of \$7.23 and \$14.46 respectively.

## COMPLIANCE SECTION

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# Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

## **Honorable Mayor and Members of 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), 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** (the "Town") as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated December 11, 2025.

### **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.

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

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

*Mauldin & Jenkins, PLLC*

Raleigh, North Carolina  
December 11, 2025



# Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with Applicable Sections of the OMB Uniform Guidance and the State Single Audit Implementation Act

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

## **Report on Compliance for Each Major Federal Program**

### **Opinion on Each Major Federal Program**

We have audited the **Town of Southern Pines, North Carolina's** (the "Town") compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Audit Manual of Governmental Auditors in North Carolina* issued by the Local Government Commission that could have a direct and material effect on each of the Town's major federal programs for the year ended June 30, 2025. The Town's major federal programs are 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 each of its major federal programs for the year ended June 30, 2025.

### **Basis for Opinion on Each Major Federal Program**

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

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

## **Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Town's federal 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*, 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 each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, 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, and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over compliance. Accordingly, no such opinion is expressed.

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

## Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies 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.

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

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



Raleigh, North Carolina  
December 11, 2025



## Independent Auditor's Report on Compliance for the Major State Program and Report on Internal Control over Compliance in Accordance with Applicable Sections of the Uniform Guidance and State Single Audit Implementation Act

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

### **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 OMB *Compliance Supplement* and 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, 2025. 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 types of compliance requirements referred to above that could have a direct and material effect on its major state program for the year ended June 30, 2025.

### **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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Our responsibilities under those standards and the Uniform Guidance are further described in the 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 ethical and other 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 federal program. Our audit does not provide a legal determination of the Town's compliance with the compliance requirements referred to above.

## Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, 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*, 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*, 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, and the State Single Audit Implementation Act, 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 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 Auditor's Responsibilities for the Audit of Compliance section and above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies or material weaknesses 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. However, material weaknesses or significant deficiencies may exist that were not identified.

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

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

*Mauldin & Jenkins, PLLC*

Raleigh, North Carolina  
December 11, 2025

**TOWN OF SOUTHERN PINES, NORTH CAROLINA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2025**

Grantor/Pass-through Grantor/Program Title	Assistance Listing Number	Pass-through Grantor's Number	Federal (Direct and Pass-through) Expenditures	State Expenditures
<b>FEDERAL AWARDS</b>				
<b>U.S. Department of the Interior</b>				
Direct:				
Historic Preservation Fund Grants-In-Aid	15.904	P23AP00368-01	\$ 32,250	\$ -
<b>Total U.S. Department of the Interior</b>			<u>32,250</u>	<u>-</u>
<b>U.S. Department of Justice</b>				
Passed through NC Department of Public Safety				
Bullet Proof Vest Partnership Program:				
FY23 - FY24	16.607	2022BUBX22031441	5,648	-
FY24 - FY25	16.607	2023BUBX23036279	2,703	-
Equitable Sharing Program	16.922		34,801	-
<b>Total U.S. Department of Justice</b>			<u>43,152</u>	<u>-</u>
<b>U.S. Department of Transportation</b>				
Passed through NC Department of Transportation:				
Highway Planning and Construction ("HPC")				
Knoll Road Multi-Use Trail	20.205	EB-5864	117,554	-
Passed through NC Department of Transportation:				
Highway Safety				
Governor's Highway Safety Program 2025	20.616	PT-25-06-60	17,011	-
<b>Total U.S. Department of Transportation</b>			<u>134,565</u>	<u>-</u>
<b>U.S. Department of the Treasury</b>				
Passed through NC Department of Environmental Quality				
State and Local Fiscal Recovery Funds:				
State Reserve Program	21.027	SRP-W-ARP-0248	2,906,952	-
Asset Inventory & Assessment Grant (AIA) - Wastewater	21.027	AIA-W-ARP-0063	59,100	-
Asset Inventory & Assessment Grant (AIA) - Drinking Water	21.027	AIA-D-ARP-0062	80,127	-
			<u>3,046,179</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	411	-
<b>Total U.S. Department of Treasury</b>			<u>3,046,590</u>	<u>-</u>
<b>U.S. Department of Environmental Protection Agency</b>				
Passed through NC Department of Environmental Quality				
Clean Water State Revolving Fund	66.458	CS370893-01	1,542,240	-
<b>Total U.S. Department of Environmental Protection Agency</b>			<u>1,542,240</u>	<u>-</u>
<b>Institute of Museum and Library Services</b>				
Passed through N.C. Department of Natural and Cultural Resources				
Library Services and Technology Act Grants to States	45.310	NC-LSTA-24-070	1,500	-
<b>Total Institute of Museum and Library Services</b>			<u>1,500</u>	<u>-</u>
<b>U.S. Department of Homeland Security</b>				
Direct:				
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	EMW-2021-FF-01266	422,411	-
<b>Total U.S. Department of Homeland Security</b>			<u>422,411</u>	<u>-</u>

**TOWN OF SOUTHERN PINES, NORTH CAROLINA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2025**

Grantor/Pass-through Grantor/Program Title	Assistance Listing Number	Pass-through Grantor's Number	Federal (Direct and Pass-through) Expenditures	State Expenditures
<b>STATE AWARDS</b>				
<b>N.C. Department of Natural and Cultural Resources</b>				
State Aid to Libraries	N/A	DNCR-4	\$ -	\$ 10,022
<b>Total N.C. Department of Natural and Cultural Resources</b>			<u>-</u>	<u>10,022</u>
<b>N.C. Department of Public Safety-Emergency Management:</b>				
Disaster Grant - Hurricane Helene - Police - Asheville	N/A	311692	-	17,113
Disaster Grant - Hurricane Helene - Police - Black Mountain	N/A	314881	-	20,121
Disaster Grant - Hurricane Helene - Fire	N/A	31116-3	-	34,059
<b>Total N.C. Department of Public Safety-Emergency Management</b>			<u>-</u>	<u>71,293</u>
<b>N.C. Department of Transportation</b>				
Street Aid to Municipalities - Powell Bill	N/A	DOT-4	-	621,132
<b>Total N.C. Department of Transportation</b>			<u>-</u>	<u>621,132</u>
<b>Total Expenditures of Federal and State Awards</b>			<u>\$ 5,222,708</u>	<u>\$ 702,447</u>

# TOWN OF SOUTHERN PINES, NORTH CAROLINA

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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### **NOTE 1. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal and state awards (the "Schedule") includes the federal and state award activity of the Town of Southern Pines, North Carolina (the "Town") under programs of the federal government and the State of North Carolina for the year ended June 30, 2025. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Because the 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.

### **NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule 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.

### **NOTE 3. INDIRECT COST RATE**

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

### **NOTE 4. SUB-RECIPIENTS**

The Town did not pass through any federal or State funds to sub-recipients during the year ended June 30, 2025.

### **NOTE 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.

# TOWN OF SOUTHERN PINES, NORTH CAROLINA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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### SECTION I SUMMARY OF AUDITOR'S RESULTS

#### **Financial Statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?  Yes  No

Significant deficiency(ies) identified?  Yes  None reported

Noncompliance material to financial statements noted?  Yes  No

#### **Federal Awards**

Internal control over major federal programs:

Material weaknesses identified?  Yes  No

Significant deficiencies identified?  Yes  None reported

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

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

Identification of major program:

Program Name \_\_\_\_\_  
21.027 Coronavirus State and Local Fiscal Recovery Funds (ARPA)  
66.458 Clean Water State Revolving Fund

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? No

# TOWN OF SOUTHERN PINES, NORTH CAROLINA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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### SECTION I SUMMARY OF AUDITOR'S RESULTS (CONTINUED)

#### State Awards

Internal control over major state programs:

Material weaknesses identified? \_\_\_\_\_ Yes  X  No

Significant deficiencies identified? \_\_\_\_\_ Yes  X  None reported

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

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act? \_\_\_\_\_ Yes  X  No

Auditee qualified as low-risk auditee? No

Identification of major state program:

Program Name \_\_\_\_\_  
DOT-4 Powell Bill

### SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES

None reported.

### SECTION III FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None reported.

### SECTION IV STATE AWARDS FINDINGS AND QUESTIONED COSTS

None reported.

# TOWN OF SOUTHERN PINES, NORTH CAROLINA

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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### **2024-001 Significant Deficiency in Accounts Payable Transactions**

**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 at June 30, 2024, were not reflected in accounts payable.

**Current Status:** Corrected.