

COMPREHENSIVE  
ANNUAL FINANCIAL REPORT  
OF THE  
TOWN OF SOUTHERN PINES,  
NORTH CAROLINA  
FOR THE  
Fiscal Year Ended June 30, 2013

Prepared by the Department of Finance

Crystal J. Gabric,  
Director of Finance

**THE TOWN OF SOUTHERN PINES, NORTH CAROLINA  
ANNUAL FINANCIAL REPORT  
Year ended June 30, 2013**

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

November 14, 2013

To the Honorable Mayor, Members of the Town Council, and the 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 Comprehensive Annual Financial Report (CAFR) of the Town of Southern Pines, North Carolina (Town) for the fiscal year ended June 30, 2013 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.

Dixon Hughes Goodman LLP, 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, 2013, 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, 2013, 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 2013 population of approximately 12,587 and encompasses 16.68 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 tourism, retirement, professional services and retail. Direct spending by visitors continues to be high, placing Moore County eleventh in the one hundred counties in North Carolina, while its population places it thirty first. Tourism represented a tax savings to each County resident in excess of \$345 annually.

Like the national and state economy, the local economy continued to slowly improve in 2013. The number of total building permits increased 67.85% over the prior year, with a total value of \$31,658,798. The overall property tax value for 2013 reflected a growth rate of 2.6% over the 2012 fiscal year.

Construction was completed on all phases of the Southern Pines Village retail area. The site includes an anchor store in addition to other retail and restaurant establishments.

Phase I of construction of the Tyler's Ridge planned development has been completed. Phase II construction will begin in 2014. Tyler's Ridge is to contain over 200 apartments as well as commercial establishments.

Land clearing has begun on the Morganton Crossing Development which will contain in excess of 250 apartment units. Completion of the project is anticipated to occur in 2014.

There are several re-development projects occurring in the Town during 2013 and 2014. These projects include both retail and restaurant uses.

### **LONG-TERM FINANCIAL PLANNING AND MAJOR INITIATIVES**

The Town of Southern Pines maintains unassigned fund balance sufficient to maintain consistent cash flow, generate interest income, eliminate the need for short term borrowings, and provide 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 2013 the Town achieved a number of improvements in municipal operations and services provided to the citizens of the Town. Some of the more significant accomplishments for the year and major program initiatives for the future are discussed below.

The majority of the construction was completed during 2013 on a raw water storage reservoir project. The project has a 140 million gallon capacity to include, fill piping from the existing Southern Pines Water Treatment Plant's raw water pump station on Drowning Creek and a reservoir pump station and piping which then would transport the stored water to the Water Treatment Plant. The revenue source for the project was a \$3,500,000 installment financing that was incurred in 2010 as well as impact fees and enterprise fund retained earnings.

Implementation and conversion continued on the Enterprise Information and Document Management System project. Once completed, the project will allow the Town to have an integrated electronic solution for all departments and systems to include accounting and customer service.

Street resurfacing also continued to keep our streets among the best maintained in the State. Sewer and water line replacements and improvements also continued during 2013 as well as continued construction and improvements of various sidewalks in the Town.

A capital project fund was established in 2011 for the planning process of the construction of a fire sub-station. The station will be built in the northern portion of the Town and will

allow the same level of service in response time to all Town citizens to include areas in the fire district.

A capital project fund was established in 2013 for the automatic meter reading project. The project includes mobile reading devices, water meters and registers and installation and training of the system. Once installed, the system will improve the speed of meter reading and increase billing efficiency and customer service. Timely information provided by the system will allow the Town to better manage and identify water usage. The revenue source of the project is a \$1,600,000 installment financing that was incurred in 2013.

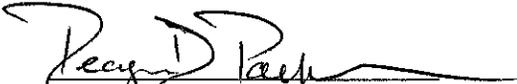
## **AWARDS AND ACKNOWLEDGEMENTS**

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 comprehensive annual financial report for the fiscal year ended June 30, 2012. This was the twenty second consecutive year that the Town has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual 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 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 Dixon Hughes Goodman LLP 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

  
Crystal D. Gabric  
Director of Finance



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Town of Southern Pines  
North Carolina**

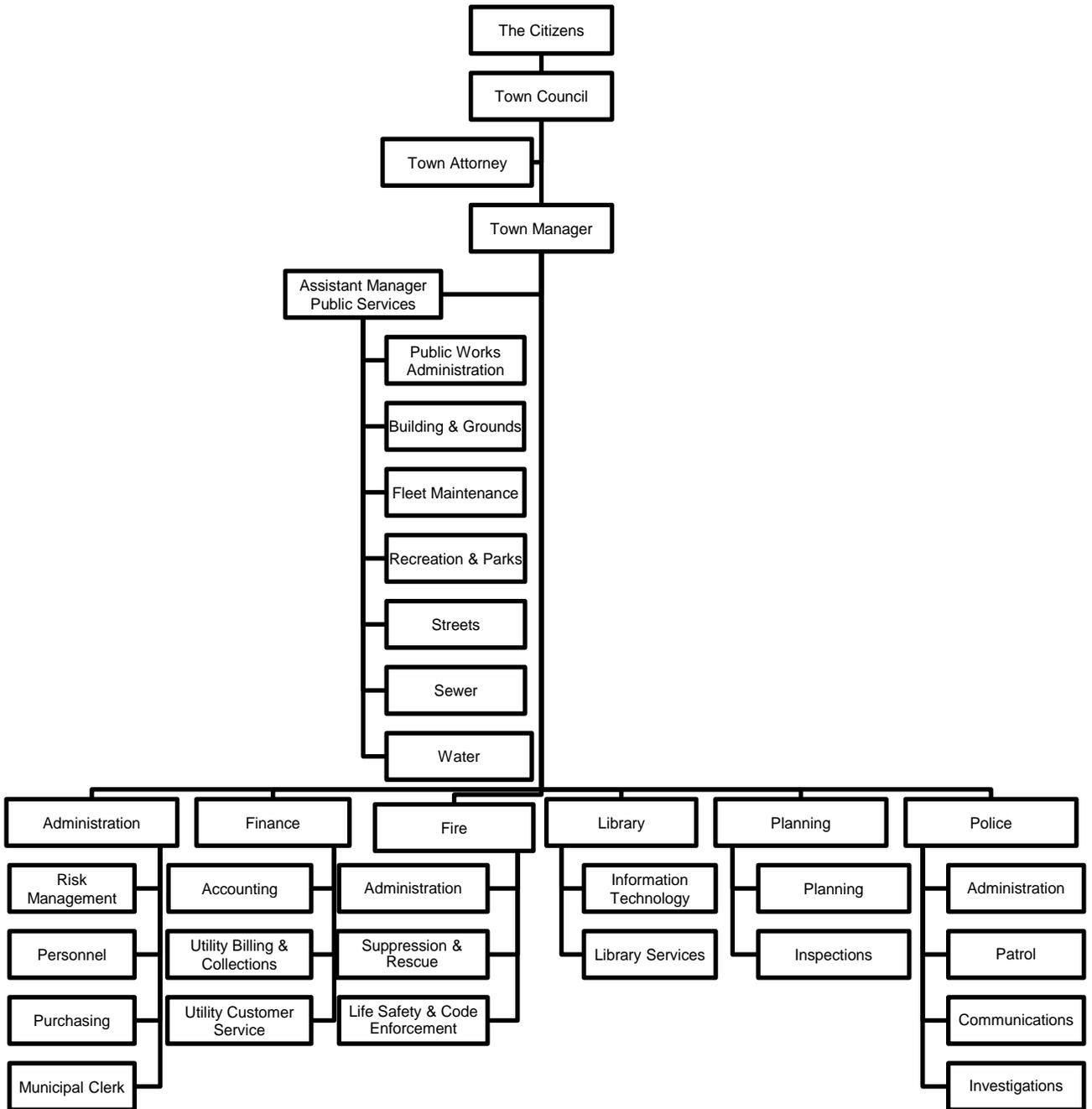
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2012**

Executive Director/CEO

# TOWN OF SOUTHERN PINES

## Organizational Chart



**TOWN OF SOUTHERN PINES**  
**LIST OF PRINCIPAL OFFICIALS**  
**June 30, 2013**

**TOWN COUNCIL**

W. David McNeill	Mayor
Michael D. Fields	Mayor Pro-tem
Fred C. Walden	Treasurer
James R. Simeon	Council Member
Christopher A. Smithson	Council Member

**TOWN OFFICIALS**

Reagan D. Parsons	Town Manager
Douglas R. Gill	Town Attorney
David White	Assistant Town Manager – Director of Public Services
Crystal J. Gabric	Director of Finance
Bart Nuckols	Director of Planning
Robert Reeve	Director of Recreation & Parks
Bruce Rosenberger	Director of Administrative Services
Robert Temme	Chief of Police
Lynn Thompson	Director of Library Services & Information Technology
Hampton Williams	Fire Chief



**DIXON HUGHES GOODMAN** LLP  
Certified Public Accountants and Advisors

## ***INDEPENDENT AUDITORS' REPORT***

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

### **Report on the Financial Statements**

We have audited the accompanying 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 as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements listed in the table of contents.

### ***Management's Responsibility 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; this includes 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.

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position 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 as of June 30, 2013, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United State of America require that the Management's Discussion and Analysis, the Law Enforcement Officers' Special Separation Allowance Schedules of Funding Progress and Schedules of Employer Contributions be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic finical statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to 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 and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Town of Southern Pines, North Carolina. The combining and individual fund statements, budgetary schedules, and Schedule of Expenditures of Federal and State Awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2013 on our consideration of Town of Southern Pines' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of the report is 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 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 Town of Southern Pines' internal control over financial reporting and compliance.

*Dixon Hughes Goodman LLP*

November 14, 2013

**Town of Southern Pines  
Management's Discussion and Analysis  
June 30, 2013**

As management of the Town of Southern Pines, we offer readers of the Town of Southern Pines' financial statements this narrative overview and analysis of the financial activities of the Town of Southern Pines (Town) for the fiscal year ended June 30, 2013. We encourage readers to review the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative and the transmittal letter found in the Introductory Section.

**Financial Highlights**

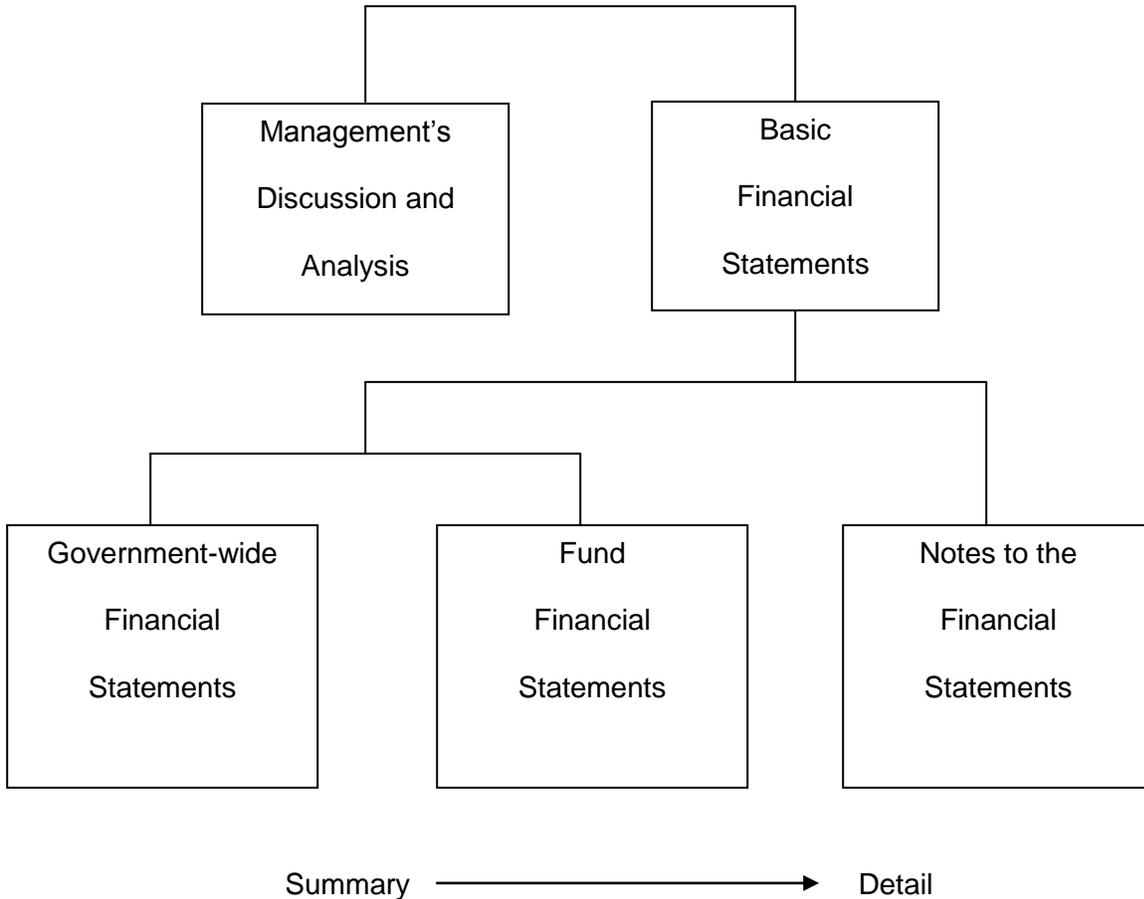
- The assets of the Town of Southern Pines exceeded its liabilities at the close of the fiscal year by \$80,332,441 (net position).
- The government's total net position decreased by \$96,903, due to a decrease in both the governmental activities and the business type activities net position.
- As of the close of the current fiscal year, the Town of Southern Pines governmental funds reported combined ending fund balances of \$10,342,124, a decrease of \$85,113 in comparison with the prior year. Approximately 12.55 percent of this total amount, or \$1,297,923, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$4,974,592 or 34.97 percent of total General Fund expenditures for the fiscal year.
- The Town of Southern Pines' total debt increased by \$702,918 or 8.36 percent during the current fiscal year. The net increase was the reduction of long term debt in addition to an issuance of installment financing for an automatic meter reading project in the amount of \$1,600,000.
- The Town maintained its A2 bond rating from Moody's Investors Services for the 15<sup>th</sup> consecutive year as well as its AA- from Standard and Poor's for the 5<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 of Southern Pines.

**Figure 1:**

**Required Components of Annual Financial Report**



**Basic Financial Statements**

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

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

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

## **Government-Wide Financial Statements**

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

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

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

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

## **Fund Financial Statements**

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

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

The Town adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the Town Council about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as

planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the Council; 2) the final budget as amended by the Council; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

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

**Trust and Agency Funds** – Trust and agency funds are used to account for resources held for the benefit of parties outside the government. Agency 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. The accounting used for agency funds is much like that used for proprietary funds.

**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 29 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 52 of this report.

**Interdependence with Other Entities:** The Town depends on financial resources flowing from, or associated with, both the Federal Government and the State of North Carolina. Because of this dependency, the Town is subject to changes in specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State appropriations. It is also subject to changes in investment earnings and asset values associated with U.S. Treasury Securities because of actions by foreign government and other holders of publicly held U.S. Treasury Securities.

## **Government-Wide Financial Analysis of the Town of Southern Pines**

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of the Town exceeded liabilities by \$80,332,441 as of June 30, 2013. The Town's net position decreased by \$96,903 for the fiscal year ended June 30, 2013. However, 77.10% 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, \$3,404,237, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$14,995,158 is unrestricted.

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

**Figure 2:**

**The Town of Southern Pines Net Position**

	Governmental		Business-Type		Total	
	Activities	Activities	Activities	Activities	2013	2012
	2013	2012	2013	2012		
Current and other assets	\$ 11,142,865	\$ 11,171,377	\$ 9,736,212	\$ 7,636,495	\$ 20,879,077	\$ 18,807,872
Capital assets	34,410,956	34,982,808	36,631,891	37,140,098	71,042,847	72,122,906
Total assets	<u>45,553,821</u>	<u>46,154,185</u>	<u>46,368,103</u>	<u>44,776,593</u>	<u>91,921,924</u>	<u>90,930,778</u>
Long-term liabilities	4,523,965	5,184,346	3,869,464	2,754,037	8,393,429	7,938,383
Other liabilities	1,474,736	1,357,546	1,721,318	1,205,505	3,196,054	2,563,051
Total liabilities	<u>5,998,701</u>	<u>6,541,892</u>	<u>5,590,782</u>	<u>3,959,542</u>	<u>11,589,483</u>	<u>10,501,434</u>
Net position:						
Net investment in						
capital assets	29,633,485	29,623,108	32,299,561	34,092,915	61,933,046	63,716,023
Restricted	3,404,237	3,267,412	-	-	3,404,237	3,267,412
Unrestricted	6,517,398	6,721,773	8,477,760	6,724,136	14,995,158	13,445,909
Total net position	<u>\$ 39,555,120</u>	<u>\$ 39,612,293</u>	<u>\$ 40,777,321</u>	<u>\$ 40,817,051</u>	<u>\$ 80,332,441</u>	<u>\$ 80,429,344</u>

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 99.43%, which is greater than the last reported statewide average of 97.63%.
- Increased building permits and inspection fees of approximately \$103,300 due to increased construction in the Town.
- Increased sales tax revenues of approximately \$104,800 due to economic growth in the Town.
- Continued low cost of debt due to the Town's good bond ratings.

**Changes in Net Position**

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

**Figure 3:**

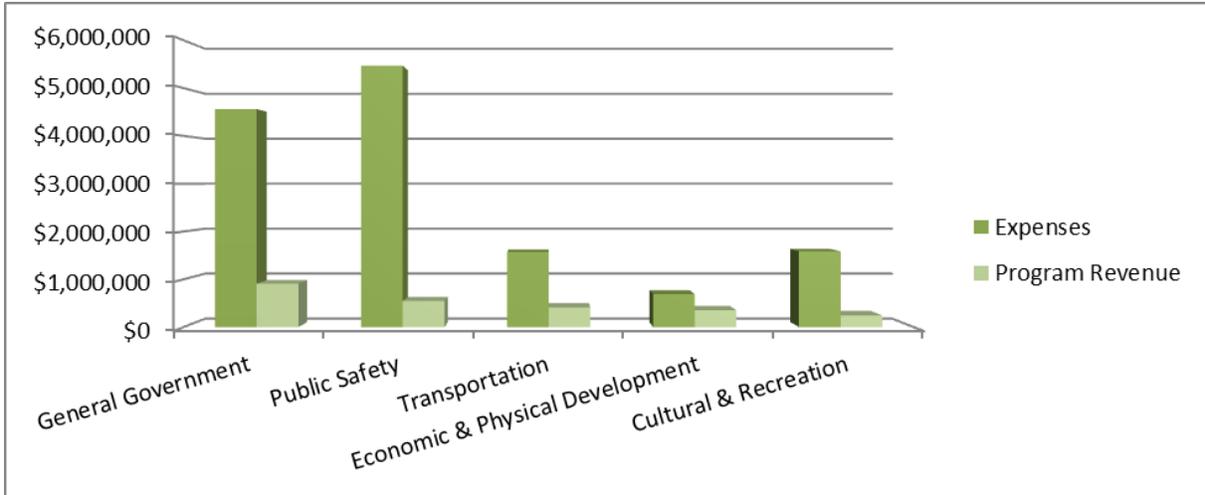
**Town of Southern Pines  
Changes in Net Position**

	Governmental Activities	Governmental Activities	Business-Type Activities	Business-Type Activities	Total	Total
	2013	2012	2013	2012	2013	2012
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 1,999,284	\$ 1,928,071	\$ 6,334,083	\$ 6,132,490	\$ 8,333,367	\$ 8,060,561
Operating grants and contributions	458,876	769,233	-	-	458,876	769,233
Capital grants and contributions	-	367,474	114,981	524,399	114,981	891,873
General revenues:						
Property taxes	7,686,625	7,492,189	-	-	7,686,625	7,492,189
Other taxes	3,441,886	3,325,622	-	-	3,441,886	3,325,622
Other	417,262	494,309	(27,505)	93,264	389,757	587,573
Total revenues	<u>14,003,933</u>	<u>14,376,898</u>	<u>6,421,559</u>	<u>6,750,153</u>	<u>20,425,492</u>	<u>21,127,051</u>
<b>Expenses:</b>						
General government	4,561,092	4,473,362	-	-	4,561,092	4,473,362
Public safety	5,468,061	5,478,090	-	-	5,468,061	5,478,090
Cultural and recreation	1,583,940	1,542,961	-	-	1,583,940	1,542,961
Transportation	1,574,115	1,441,791	-	-	1,574,115	1,441,791
Economic & physical development	690,132	722,591	-	-	690,132	722,591
Interest on long-term debt	183,766	199,536	-	-	183,766	199,536
Water and sewer	-	-	6,461,289	6,390,539	6,461,289	6,390,539
Total expenses	<u>14,061,106</u>	<u>13,858,331</u>	<u>6,461,289</u>	<u>6,390,539</u>	<u>20,522,395</u>	<u>20,248,870</u>
Increase (decrease) in net position before transfers	(57,173)	518,567	(39,730)	359,614	(96,903)	878,181
Transfers	-	-	-	-	-	-
Increase (decrease) in net position Net position, July 1	(57,173)	518,567	(39,730)	359,614	(96,903)	878,181
Net position, July 1	<u>39,612,293</u>	<u>39,093,726</u>	<u>40,817,051</u>	<u>40,457,437</u>	<u>80,429,344</u>	<u>79,551,163</u>
Net position, June 30	<u>\$ 39,555,120</u>	<u>\$ 39,612,293</u>	<u>\$ 40,777,321</u>	<u>\$ 40,817,051</u>	<u>\$ 80,332,441</u>	<u>\$ 80,429,344</u>

**Governmental activities** – Governmental activities decreased the Town’s net position by \$57,173, thereby accounting for 59% of the total decrease in the net position of the Town. The loss can be directly related to the increase in the Town’s capital asset threshold from \$5,000 to \$10,000 and the subsequent removal of the assets under the revised threshold. The net value removed from Governmental activities was \$68,656.

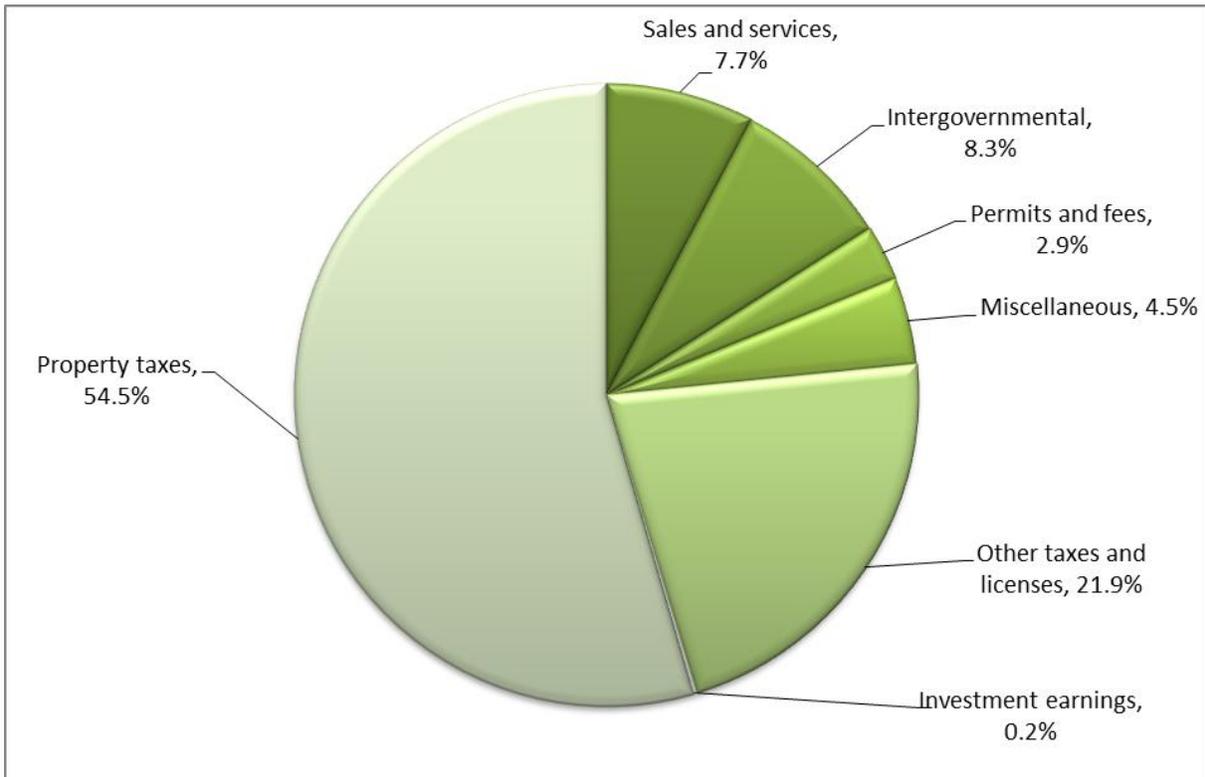
**Figure 4:**

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



**Figure 5:**

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

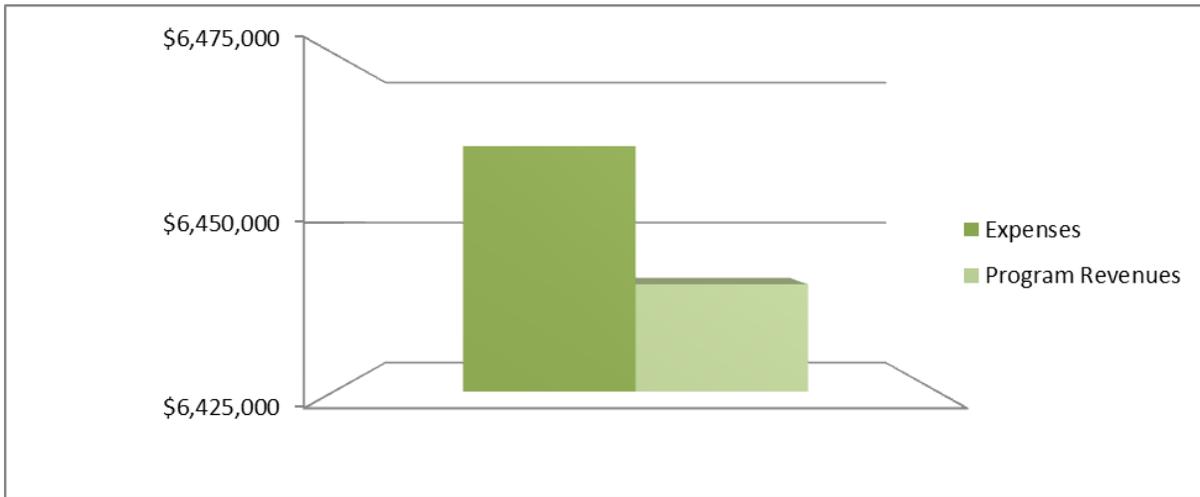


**Business-type activities** – Business type activities decreased the Town’s net position by \$39,730, accounting for 41% of the total decrease in the net position of the Town. Contributing to the decrease is a loss on disposal of capital assets in the amount of \$77,742.

The loss is directly related to the increase in the Town’s capital asset threshold from \$5,000 to \$10,000 and the subsequent removal of the assets under the revised threshold as well as amounts not capitalized that were previously recorded as construction in progress.

**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 \$4,974,592, while total fund balance reached \$8,090,261. The Governing Body of the Town of Southern Pines has determined that the Town should maintain an 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 35.94 percent of General Fund expenditures, while total fund balance represents 58.44 percent of that same amount.

At June 30, 2013, the governmental funds of the Town reported a combined fund balance of \$10,342,124 with a net decrease in fund balance of \$85,113. Included in this change in fund balance is a decrease in fund balance in the General Fund and a slight increase in the Capital Project Funds.

**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 \$198,555 net increase in appropriations between the original and final amended budget. Following are the main components of the increase:

- \$160,651 appropriation in the area of Transportation for street light enhancements that were performed the previous fiscal year, but were not invoiced until 2013.
- \$12,300 appropriation in the area of Cultural and Recreation for a downtown park mater plan.
- \$6,000 appropriation in the area of General Government for the Town Council's sponsorship of area events.
- \$4,875 appropriation in the area of Economic and Physical Development for a demolition of a structure that was in violation of the minimum housing code.

The actual operating revenues for the General Fund were greater than the final budgeted amount by \$900,551. Ad valorem taxes were \$227,885 greater than the budgeted amount due to an actual higher than budgeted tax collection rate. Other taxes and licenses were \$334,665 greater than the conservative amount budgeted for local option sales tax. Unrestricted intergovernmental revenues were \$59,503 greater than budgeted due to the increased amount of utility franchise tax. The permits and fees revenue category was \$186,521 greater than budgeted due to conservative budgeting in the building inspections area. The sales and services category was \$10,256 greater than budgeted due primarily to conservative budgeting in the county disposal fee revenue.

The actual operating expenses for the General Fund were less than the final budgeted amount by \$904,052. General government, public safety, transportation, economic and physical development and cultural and recreational realized a savings of \$379,217, \$251,176, \$85,585, \$19,324 and \$168,749 respectively due primarily to personnel vacancies and the actual cost of capital items were less than the amount budgeted.

**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 \$8,477,760. The total change in net position was a decrease of \$39,730. The change in net position is primarily due to the loss on disposal of capital assets.

### **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, 2013, totals \$71,042,847 (net of accumulated depreciation). These assets include buildings, streets, storm drainage, sidewalks, land, machinery and equipment, park facilities, and vehicles.

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

**Governmental Funds:**

**Additions**

- Various purchases of vehicles and motorized equipment totaling \$142,894.
- Various purchases of furniture, fixtures and other equipment equaling \$89,584.
- Various purchases of machinery and equipment of \$74,167.
- Construction in progress of \$318,411 in governmental-type activities for the construction of sidewalks, the construction of a fire sub-station, the design and installation of storm water infrastructure, the construction of a parkway, the construction of bike lanes, and the construction of fiber connections between Town buildings.
- Other improvements in the amount of \$125,441 for replacement of playground equipment in one of the Town parks.
- Intangible assets in progress in the amount of \$34,710 for the Enterprise Information and Document Management System.

**Retirements**

- Disposals and surplused assets in the amount of \$701,307.

**Proprietary Funds:**

**Additions**

- Construction in progress of \$588,838 for water and sewer improvements, a raw water reservoir and the automatic meter reading project.
- The addition of intangible assets consisting of water and sewer easements in the amount of \$108,361.
- Various equipment purchases of \$71,596.
- Plant and distribution system increase in the amount of \$1,952,229 for the transfer of the closed water and sewer improvements capital project fund.

**Retirements**

- Disposals and surplused assets in the amount of \$294,044.
- Construction in progress reduction in the amount of \$2,087,941 for the closing of the water and sewer improvements capital project fund.

**Figure 7:**

**Town of Southern Pines  
Capital Assets**

	Governmental Activities	Governmental Activities	Business-type Activities	Business-type Activities	Total	Total
	2013	2012	2013	2012	2013	2012
Land	\$ 11,846,651	\$ 11,850,841	\$ 351,446	\$ 351,446	\$ 12,198,097	\$ 12,202,287
Buildings and improvements	11,558,095	11,833,430	1,194,298	1,222,790	12,752,393	13,056,220
Other improvements	3,352,707	3,339,793	-	-	3,352,707	3,339,793
Machinery and equipment	197,486	230,416	728,498	786,883	925,984	1,017,299
Infrastructure	3,398,096	3,742,187	-	-	3,398,096	3,742,187
Plant and distribution systems	-	-	26,352,274	25,382,862	26,352,274	25,382,862
Vehicles and motorized equipment	1,691,253	1,832,892	-	-	1,691,253	1,832,892
Furniture, Fixtures, and other equipment	635,400	775,102	-	-	635,400	775,102
Intangibles-easements	-	-	632,902	524,541	632,902	524,541
Intangibles in progress	277,199	242,489	-	-	277,199	242,489
Construction in progress	1,454,069	1,135,658	7,372,473	8,871,576	8,826,542	10,007,234
<b>Total Capital Assets (net of accumulated depreciation)</b>	<b>\$ 34,410,956</b>	<b>\$ 34,982,808</b>	<b>\$ 36,631,891</b>	<b>\$ 37,140,098</b>	<b>\$ 71,042,847</b>	<b>\$ 72,122,906</b>

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

**Long-term Debt.** As of June 30, 2013, the Town did not have any outstanding bonded debt. Previous bonded debt was related to the Proprietary Fund operations and was retired in fiscal year 2010.

During the current fiscal year, the Town of Southern Pines' total debt increased by a net amount of \$702,918 or 8.36%. The increase is due to the issuance of installment financing for the implementation of the automatic meter reading project in the Proprietary Fund in the amount of \$1,600,000.

Included in the long-term debt category is the installment financing of the Police Facility that was obtained during fiscal year 2009, the Raw Water Reservoir installment financing issued in fiscal year 2011, the Fire Pumper in 2012, and the previously mentioned Meter Reading Project. The total outstanding balance of debt as of June 30, 2013 is \$9,109,801.

**Figure 8:**

**Town of Southern Pines  
Outstanding Debt  
General Obligation Bonds and Other Debt**

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
General Obligation Bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Debt	4,777,471	5,359,700	4,332,330	3,047,183	9,109,801	8,406,883
Total	<u>\$ 4,777,471</u>	<u>\$ 5,359,700</u>	<u>\$ 4,332,330</u>	<u>\$ 3,047,183</u>	<u>\$ 9,109,801</u>	<u>\$ 8,406,883</u>

As mentioned in the financial highlights section of this document, the Town maintained its A2 bond rating from Moody's Investors Services for the 15<sup>th</sup> consecutive year, as well as its AA- from Standard and Poor's for the 5<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. 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 \$165,906,489, which is significantly in excess of the Town's outstanding general obligation debt.

Additional information regarding the Town's long-term debt can be found in note 13 of this report.

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

The Town, like all municipalities both local and national, continues to face the challenges of the economy. The fiscal year ending June 30, 2014 budget is balanced and represents an overall decrease of 1.5% in the governmental activities operational budget and an increase of 7.6% in the business type activities operational budget. The decrease in governmental activities can be attributed to capital equipment replacement purchases in fiscal year 2013, while the increase in business type activities can be attributed to increased installment financing payments.

The unemployment rate for the county in which the Town is located was 8.8% as of June 30, 2013. The unemployment rate, which is a decrease of 1.2% from a year ago, is below the State average of 9.3%.

The Town continues to see some business growth despite the economy. Phase I of a planned development has been completed and Phase II is scheduled to begin in 2014. The planned development will contain in excess of 200 apartment units.

Land clearing has begun on another development which will contain in excess of 250 apartment units. In addition, several re-development projects are occurring for retail and restaurant uses.

**Governmental Activities:** Governmental revenues will continue to be subjected to additional strain this year as the local and national economy recovers. The tax base for the Town reflects a modest increase, however, the Town has not budgeted to increase taxes or fees in the 2013-2014 fiscal year. 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 2013-2014 fiscal year. The Town has budgeted a six percent increase in both water and sewer rates in the 2013-2014 fiscal year.

Installation began in late fiscal year 2013 and is targeted for completion mid-year 2014 for the automatic meter reading project. Once completed, the system will improve the speed of meter reading and increase billing efficiency and customer service. Timely information provided by the system will allow the Town to better manage and identify water usage.

#### **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  
STATEMENT OF NET POSITION  
June 30, 2013**

**Exhibit 1**

	2013		
	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 9,705,286	\$ 5,915,781	\$ 15,621,067
Receivables - net:			
Property taxes	94,540	-	94,540
Due from other governments	846,770	-	846,770
Accounts receivable	301,236	-	301,236
Accrued interest	11,368	10,101	21,469
Sales tax	97,393	53,885	151,278
Assessments	2,305	49,983	52,288
Customers	-	1,020,151	1,020,151
Other	-	533	533
Inventories	47,457	-	47,457
Prepays	36,510	800	37,310
Restricted cash and investments	-	2,684,978	2,684,978
Total current assets	<u>11,142,865</u>	<u>9,736,212</u>	<u>20,879,077</u>
Noncurrent assets:			
Capital assets			
Land, non-depreciable improvements, and construction in progress	13,577,919	7,723,919	21,301,838
Intangibles - easements	-	632,902	632,902
Other capital assets, net of depreciation	<u>20,833,037</u>	<u>28,275,070</u>	<u>49,108,107</u>
Total capital assets	<u>34,410,956</u>	<u>36,631,891</u>	<u>71,042,847</u>
Total noncurrent assets	<u>34,410,956</u>	<u>36,631,891</u>	<u>71,042,847</u>
Total assets	<u>\$ 45,553,821</u>	<u>\$ 46,368,103</u>	<u>\$ 91,921,924</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued expenses	\$ 622,194	\$ 1,146,743	\$ 1,768,937
Deposits	13,539	75,620	89,159
Current maturities of long-term debt	<u>839,003</u>	<u>498,955</u>	<u>1,337,958</u>
Total current liabilities	1,474,736	1,721,318	3,196,054
Noncurrent liabilities:			
Noncurrent portion of long-term debt	<u>4,523,965</u>	<u>3,869,464</u>	<u>8,393,429</u>
Total liabilities	<u>5,998,701</u>	<u>5,590,782</u>	<u>11,589,483</u>
<b>NET POSITION</b>			
Net investment in capital assets	29,633,485	32,299,561	61,933,046
Restricted for:			
Stabilization by State Statute	1,159,767	-	1,159,767
General Governments	747,930	-	747,930
Public Safety	460,010	-	460,010
Transportation	841,081	-	841,081
Cultural and Recreational Cemetery Perpetual Care	141,260	-	141,260
Expendable	10,249	-	10,249
Nonexpendable	43,940	-	43,940
Unrestricted	<u>6,517,398</u>	<u>8,477,760</u>	<u>14,995,158</u>
Total net position	<u>\$ 39,555,120</u>	<u>\$ 40,777,321</u>	<u>\$ 80,332,441</u>

**TOWN OF SOUTHERN PINES**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2013**

**Exhibit 2**

Function/Programs	2013						
	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
				Governmental Activities	Business-type Activities	Total	
Primary government:							
Government activities:							
General government	\$ 4,561,092	\$ 865,514	\$ 42,953	\$ -	\$ (3,652,625)	\$ -	\$ (3,652,625)
Public safety	5,468,061	522,653	20,382	-	(4,925,026)	-	(4,925,026)
Transportation	1,574,115	27,628	384,761	-	(1,161,726)	-	(1,161,726)
Economic and physical development	690,132	351,236	-	-	(338,896)	-	(338,896)
Cultural and recreation	1,583,940	230,503	10,780	-	(1,342,657)	-	(1,342,657)
Cemetery	-	1,750	-	-	1,750	-	1,750
Interest on long-term debt	183,766	-	-	-	(183,766)	-	(183,766)
Total governmental activities	<u>14,061,106</u>	<u>1,999,284</u>	<u>458,876</u>	<u>-</u>	<u>(11,602,946)</u>	<u>-</u>	<u>(11,602,946)</u>
Business-type activities:							
Water and sewer	<u>6,461,289</u>	<u>6,334,083</u>	<u>-</u>	<u>114,981</u>	<u>-</u>	<u>(12,225)</u>	<u>(12,225)</u>
Total business-type activities	<u>6,461,289</u>	<u>6,334,083</u>	<u>-</u>	<u>114,981</u>	<u>-</u>	<u>(12,225)</u>	<u>(12,225)</u>
Total primary government	<u>\$ 20,522,395</u>	<u>\$ 8,333,367</u>	<u>\$ 458,876</u>	<u>\$ 114,981</u>	<u>(11,602,946)</u>	<u>(12,225)</u>	<u>(11,615,171)</u>
General revenues:							
Ad valorem taxes					7,686,625	-	7,686,625
Local option taxes					2,610,194	-	2,610,194
Alcoholic Beverage Tax					126,165	-	126,165
Franchise taxes					705,527	-	705,527
Unrestricted intergovernmental					334,751	-	334,751
Investment earnings					27,625	50,237	77,862
Miscellaneous					90,090	-	90,090
Loss on disposal					(35,204)	(77,742)	(112,946)
Total general revenues					<u>11,545,773</u>	<u>(27,505)</u>	<u>11,518,268</u>
Change in net position					(57,173)	(39,730)	(96,903)
Net position, beginning of year					<u>39,612,293</u>	<u>40,817,051</u>	<u>80,429,344</u>
Net position, end of year					<u>\$ 39,555,120</u>	<u>\$ 40,777,321</u>	<u>\$ 80,332,441</u>

**TOWN OF SOUTHERN PINES**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**June 30, 2013**

**Exhibit 3**

	2013		
	Major Funds		
	General	Non Major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and investments	\$ 7,444,303	\$ 2,260,983	\$ 9,705,286
Receivables - net:			
Property taxes	94,540	-	94,540
Due from other governments	846,770	-	846,770
Accounts receivable	301,236	-	301,236
Accrued interest receivable	8,711	2,657	11,368
Sales tax receivable	92,657	4,736	97,393
Parking lot assessments	2,305	-	2,305
Inventory	47,457	-	47,457
Prepays	36,510	-	36,510
	<u>\$ 8,874,489</u>	<u>\$ 2,268,376</u>	<u>\$ 11,142,865</u>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	\$ 305,137	\$ 16,513	\$ 321,650
Accrued liabilities			
Other	271,707	-	271,707
Security deposits	13,539	-	13,539
Total liabilities	<u>590,383</u>	<u>16,513</u>	<u>606,896</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Taxes receivable	94,540	-	94,540
Parking lot assessments	2,305	-	2,305
Other	97,000	-	97,000
Total deferred inflows of resources	<u>193,845</u>	<u>-</u>	<u>193,845</u>
<b>FUND BALANCES</b>			
Nonspendable:			
Inventory	47,457	-	47,457
Prepays	36,510	-	36,510
Perpetual maintenance	-	54,189	54,189
Restricted:			
Stabilization by State Statute	1,152,374	7,393	1,159,767
Committed:			
General Government	-	747,930	747,930
Public Safety	-	460,010	460,010
Transportation	-	841,081	841,081
Cultural and Recreational	-	141,260	141,260
Assigned:			
Subsequent year's expenditures	1,879,328	-	1,879,328
Unassigned	4,974,592	-	4,974,592
Total fund balances	<u>8,090,261</u>	<u>2,251,863</u>	<u>10,342,124</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 8,874,489</u>	<u>\$ 2,268,376</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	34,410,956
Liabilities for earned revenues considered deferred inflows of resources in fund statements	193,845
Some liabilities are not due and payable in the current period and are therefore not reported in the funds.	(5,391,805)
Net position of governmental activities	<u>\$ 39,555,120</u>

**TOWN OF SOUTHERN PINES**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2013**

**Exhibit 4**

	2013		
	<u>Major Funds</u>		<u>Totals</u>
	<u>General</u>	<u>Non Major Governmental Funds</u>	<u>Governmental Funds</u>
<b>REVENUES</b>			
Ad valorem taxes	\$ 7,691,550	\$ -	\$ 7,691,550
Other taxes and licenses	3,085,933	-	3,085,933
Unrestricted intergovernmental	756,003	-	756,003
Restricted intergovernmental	413,121	-	413,121
Permits and fees	411,271	-	411,271
Sales and services	1,089,956	1,750	1,091,706
Investment earnings	21,373	6,252	27,625
Other	633,914	-	633,914
	<u>14,103,121</u>	<u>8,002</u>	<u>14,111,123</u>
<b>EXPENDITURES</b>			
Current:			
General government	4,463,554	82,384	4,545,938
Public safety	5,104,503	84,724	5,189,227
Transportation	1,244,614	166,148	1,410,762
Economic and physical development	692,954	-	692,954
Cultural and recreational	1,568,439	19,863	1,588,302
Debt service:			
Principal	582,228	-	582,228
Interest	186,825	-	186,825
	<u>13,843,117</u>	<u>353,119</u>	<u>14,196,236</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>260,004</u>	<u>(345,117)</u>	<u>(85,113)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers to other funds	(382,500)	-	(382,500)
Transfers from other funds	-	382,500	382,500
Total other financing sources (uses)	<u>(382,500)</u>	<u>382,500</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	(122,496)	37,383	(85,113)
<b>FUND BALANCE, BEGINNING OF YEAR, JULY 1</b>	<u>8,212,757</u>	<u>2,214,480</u>	<u>10,427,237</u>
<b>FUND BALANCE, END OF YEAR, JUNE 30</b>	<u>\$ 8,090,261</u>	<u>\$ 2,251,863</u>	<u>\$ 10,342,124</u>

**TOWN OF SOUTHERN PINES**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - GOVERNMENTAL FUNDS (CONTINUED)**  
**For the Year Ended June 30, 2013**

**Exhibit 4**  
**(con't)**

	<u>2013</u>
Amounts reported for governmental activities in the statement of activities are different because:	
Net changes in fund balances - total governmental funds	\$ (85,113)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays were exceeded by depreciation expense in the current period	(484,934)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	
Other	(20,272)
Proceeds received from disposal/transfer of capital assets	(51,714)
Loss on disposal/transfer of capital assets	(35,204)
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.	
Principal payments	582,228
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	17,773
Net pension obligation	17,004
Interest expense	<u>3,059</u>
Total changes in net position of governmental activities	<u>\$ (57,173)</u>

**TOWN OF SOUTHERN PINES**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**For the Year Ended June 30, 2013**

**Exhibit 5**

	Budget		Actual	Variance with final budget favorable (unfavorable)
	Original	Final		
<b>REVENUES</b>				
Ad valorem taxes	\$ 7,463,665	\$ 7,463,665	\$ 7,691,550	\$ 227,885
Other taxes and licenses	2,586,268	2,751,268	3,085,933	334,665
Unrestricted intergovernmental revenues	861,500	696,500	756,003	59,503
Restricted intergovernmental revenues	378,600	380,600	413,121	32,521
Permits and fees	225,500	224,750	411,271	186,521
Sales and services	1,079,700	1,079,700	1,089,956	10,256
Investment earnings	30,000	30,000	21,373	(8,627)
Other	569,400	576,087	633,914	57,827
	<u>13,194,633</u>	<u>13,202,570</u>	<u>14,103,121</u>	<u>900,551</u>
<b>EXPENDITURES</b>				
Current				
General government	4,828,434	4,842,771	4,463,554	379,217
Public safety	5,353,679	5,355,679	5,104,503	251,176
Transportation	1,169,548	1,330,199	1,244,614	85,585
Economic and physical development	707,403	712,278	692,954	19,324
Cultural and recreational	1,720,496	1,737,188	1,568,439	168,749
Debt service	769,054	769,054	769,053	1
	<u>14,548,614</u>	<u>14,747,169</u>	<u>13,843,117</u>	<u>904,052</u>
REVENUES OVER (UNDER) EXPENDITURES	(1,353,981)	(1,544,599)	260,004	1,804,603
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer out to Capital Project Funds	<u>(382,500)</u>	<u>(382,500)</u>	<u>(382,500)</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)	(1,736,481)	(1,927,099)	(122,496)	1,804,603
APPROPRIATED FUND BALANCE	<u>1,736,481</u>	<u>1,927,099</u>	<u>-</u>	<u>(1,927,099)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	(122,496)	<u>\$ (122,496)</u>
FUND BALANCES, BEGINNING OF YEAR, JULY 1			<u>8,212,757</u>	
FUND BALANCE, END OF YEAR, JUNE 30			<u>\$ 8,090,261</u>	

**TOWN OF SOUTHERN PINES**  
**STATEMENT OF FUND NET POSITION - PROPRIETARY FUND**  
**June 30, 2013**

**Exhibit 6**

	2013
	Business-type
	Activities - Enterprise
	Major Fund
	Water and
	Sewer
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents/investments	\$ 5,915,781
Receivables - net:	
Sewer assessments	49,983
Customers	1,020,151
Accrued interest	10,101
Sales taxes	53,885
Other	533
Total receivables	<u>1,134,653</u>
Prepaid expense	<u>800</u>
Total current assets	<u>7,051,234</u>
Noncurrent assets:	
Temporarily restricted assets:	
Cash and investments	<u>2,684,978</u>
Capital assets	
Land, improvements, and construction in progress	7,723,919
Intangibles - easements	632,902
Other capital assets, net of depreciation	<u>28,275,070</u>
Total capital assets, net	<u>36,631,891</u>
Total unrestricted noncurrent assets	<u>36,631,891</u>
Total noncurrent assets	<u>39,316,869</u>
Total assets	<u>\$ 46,368,103</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 1,116,946
Compensated absences - current	26,236
Installment purchases - current	472,719
Accrued liabilities	29,797
Security deposits	<u>75,620</u>
Total current liabilities	<u>1,721,318</u>
Noncurrent liabilities	
Compensated absences	9,853
Installment purchases	<u>3,859,611</u>
Total liabilities	<u>3,869,464</u>
Total liabilities	<u>5,590,782</u>
<b>NET POSITION</b>	
Net investment in capital assets	32,299,561
Unrestricted	<u>8,477,760</u>
Total net position	<u>\$ 40,777,321</u>

## TOWN OF SOUTHERN PINES

Exhibit 7

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

For the Year Ended June 30, 2013

	2013
	<u>Major Fund</u>
	<u>Water and Sewer</u>
OPERATING REVENUES	
Charges for sales and services	\$ 6,132,428
OPERATING EXPENSES	
Billings and collection	370,936
Water treatment	1,249,091
Sewage treatment	1,429,627
Water extensions and maintenance	612,252
Sewer extensions and maintenance	678,215
Chargeout for administrative expenses	865,246
Depreciation and amortization	1,133,090
Other expenses	21,881
Total operating expenses	<u>6,360,338</u>
LOSS FROM OPERATIONS	<u>(227,910)</u>
NONOPERATING REVENUES (EXPENSES)	
Impact fees	201,655
Interest on investments	16,401
BAB interest rebate	33,836
Loss on disposal of fixed assets	(77,742)
Interest expense	<u>(100,951)</u>
Total nonoperating revenues (expenses)	<u>73,199</u>
LOSS BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>(154,711)</u>
CAPITAL CONTRIBUTIONS	<u>114,981</u>
CHANGE IN NET POSITION	<u>(39,730)</u>
NET POSITION, BEGINNING OF YEAR	<u>40,817,051</u>
NET POSITION, END OF YEAR	<u>\$ 40,777,321</u>

**TOWN OF SOUTHERN PINES**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUND**  
**For the Year Ended June 30, 2013**

**Exhibit 8**

	<u>2013</u>
	<u>Major Fund</u>
	<u>Water and</u>
	<u>Sewer</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from customers and users	\$ 6,265,078
Cash paid for goods and services	(3,968,342)
Cash paid to employees	(921,298)
Customer deposit refunded	(31,855)
Customer deposits received	<u>39,540</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>1,383,123</u>
 <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Acquisition and construction of capital assets	(640,939)
Impact fees	201,655
Principal paid on installment purchase obligation	(314,853)
Interest paid on installment purchase obligation	(100,951)
Loan proceeds	1,600,000
Proceeds from sale of capital assets	<u>53,295</u>
<b>NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>798,207</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest on investments	50,237
Decrease in accrued interest on investments	<u>102</u>
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<u>50,339</u>
 <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	 2,231,669
 <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	 <u>6,369,090</u>
 <b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	 <u>\$ 8,600,759</u>

Continued on next page

**TOWN OF SOUTHERN PINES**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUND**  
**For the Year Ended June 30, 2013**

**Exhibit 8**  
**(con't)**

	<u>2013</u>
	<u>Major Fund</u>
	<u>Water and</u>
	<u>Sewer</u>
**Cash and Investments per Exhibit 6	
Unrestricted	\$ 5,915,781
Restricted	<u>2,684,978</u>
 TOTAL	 <u>\$ 8,600,759</u>
 RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Loss from operations	\$ (227,910)
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation and amortization	1,133,090
Change in assets and liabilities:	
(Increase) decrease in:	
Accounts receivable	132,650
Prepaid expenses	(800)
Increase (decrease) in	
Accounts payable and accrued liabilities	338,408
Customer deposits	<u>7,685</u>
Total adjustments	<u>1,611,033</u>
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 <u>\$ 1,383,123</u>

Noncash investing, capital, and financing activities:

During fiscal year ended June 30, 2013, the Town received \$8,089 in water and sewer line improvements and \$106,892 of easements from various land developers and individuals. These improvements are recorded as capital contributions.

**TOWN OF SOUTHERN PINES**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUND**  
**June 30, 2013**

**Exhibit 9**

	Private-Purpose Trust Fund <u>Virginia Kelly Trust</u>	<u>Agency Funds</u> <u>Cafeteria Plan</u>
<b>ASSETS</b>		
Cash and investments	\$ 35,031	\$ 27,451
Accrued interest	<u>41</u>	<u>30</u>
	<u>\$ 35,072</u>	<u>\$ 27,481</u>
<b>LIABILITIES</b>		
Miscellaneous liabilities	<u>\$ -</u>	<u>\$ 27,481</u>
<b>NET POSITION</b>		
Reserved for payment of death benefits - police	<u>\$ 35,072</u>	<u>\$ -</u>

**TOWN OF SOUTHERN PINES**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUND**  
**For the Year Ended June 30, 2013**

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**Exhibit 10**

	<u>Private-Purpose Trust Fund</u> <u>Virginia Kelly Trust</u>
Additions:	
Investment earnings	\$ <u>87</u>
Net Increase	87
Net position, beginning of year, July 1	<u>34,985</u>
Net position, end of year, June 30	<u>\$ 35,072</u>

**TOWN OF SOUTHERN PINES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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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 as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The Town of Southern Pines is a municipal corporation that is governed by an elected mayor and a four-member council. As required by generally accepted accounting principles, these financial statements present the Town as well as any separate entity for which the Town is financially accountable. For the year ended June 30, 2013, 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. 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. 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 even though the fiduciary fund is excluded from the government-wide financial statements. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as investment earnings, result from non-exchange transactions or ancillary activities.

The Town reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, State grants, and various other taxes and licenses. The primary expenditures are for public safety, streets and highways, sanitation, parks and recreation, libraries and general government services.

**TOWN OF SOUTHERN PINES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

B. Basis of Presentation (Continued)

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.

Sidewalk Construction– This fund is used to account for the construction and improvement of various sidewalks in the Town.

Fiber Optics – This fund is used to account for the building of fiber connections between Town buildings.

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

Road Construction – This fund is used to account for the construction and improvement of various roads in the Town.

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

Patrick Road – This fund is used to account for the construction and improvements of Patrick Road.

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

Fire Department Substation – This fund is used to account for the construction of a fire department substation.

Public Safety Fund – This fund is used to account for the implementation of communication equipment and infrastructure for the police and fire departments.

Pool Park Fund - This fund is used to account for the renovation of the existing pool park.

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

**TOWN OF SOUTHERN PINES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

B. Basis of Presentation (Continued)

The Town reports the following major enterprise fund:

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

Additionally, the Town reports the following fund types:

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

Cafeteria Plan Agency Fund - This fund is used to account for the Town's Code Section 125 Cafeteria Plan.

C. Measurement Focus and Basis of Accounting

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

*Government-wide, Proprietary and Fiduciary Fund Financial Statements.* The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide, proprietary and fiduciary fund financial statements are reported using the accrual basis of accounting. Agency fund financial statements have no measurement focus. 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.

**TOWN OF SOUTHERN PINES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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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 capital leases are reported as other financing sources.

The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, Moore County is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts in the County, including the Town of Southern Pines. For motor vehicles registered under the staggered system, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, the Town's vehicle taxes for vehicles registered in Moore County from March 2012 through February 2013 apply to the fiscal year ended June 30, 2013. Uncollected taxes that were billed during this period are shown as a receivable in these financial statements and are offset by deferred revenues.

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. Intergovernmental revenues, and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then general revenues.

D. Budgetary Data

The Town's budgets are adopted as required by North Carolina General Statutes. An annual budget ordinance is adopted for the General, Permanent, and Enterprise funds. All annual appropriations lapse at fiscal year-end. Project ordinances are adopted for 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.

**TOWN OF SOUTHERN PINES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

1. Deposits and Investments

All deposits of the Town are made in board-designated official depositories and are secured as required by State law [G.S. 159-31]. The Town may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the Town may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts and certificates of deposit.

State law (G.S. 159-30(c)) authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the state of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain nonguaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT).

The Town's investments with a maturity of more than one year at acquisition and non-money market investments are reported at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, a SEC-registered (2a7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost. Non-participating interest earnings and investment contracts are reported at cost.

In accordance with State law, the Town has invested in securities which are callable and which provide for periodic interest rate increases in specific increments until maturity. These investments are reported at fair value as determined by quoted market prices.

2. Cash and Cash Equivalents

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

3. Restricted Assets

Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected. Impact fees are held by the Town for the purpose of expanding water and sewer infrastructure. The unexpended loan proceeds of the Automatic Meter Reading water and sewer capital project fund are classified as restricted assets for the enterprise fund because their use is completely restricted to the purpose for which the loan was originally obtained.

4. Ad Valorem Taxes Receivable and Deferred Revenues

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, 2012.

**TOWN OF SOUTHERN PINES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

E. Assets, Liabilities, and Fund Equity (Continued)

5. Allowances for Doubtful Accounts

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

6. Inventory and Prepaid Items

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements and expensed as the items are used.

7. Capital Assets

Capital assets are defined by the Town as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of one year. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. 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 depreciated using the straight-line method over the following estimated useful lives:

Buildings and improvements	10-50 years
Other improvements	10-50 years
Infrastructure	15-30 years
Machinery and equipment	5-15 years
Vehicles	3-25 years
Furniture and office equipment	5 years
Computer software	5 years
Plant and distribution systems	10-40 years

**TOWN OF SOUTHERN PINES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

E. Assets, Liabilities, and Fund Equity (Continued)

8. Deferred outflows/inflows of resources

In addition to assets, the statement of financial 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 position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has no deferred outflows of resources at June 30, 2013. In addition to liabilities, the statement of financial 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 position that applies to a future period and so will not be recognized as revenue until then. The Town has three items that meet the criterion for this category – property taxes receivable, parking lot assessments, and other receivables.

9. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt.

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

10. Compensated Absences

Vacation leave may accumulate to a maximum of 30 working days. Each December 31<sup>st</sup>, accumulated vacation leave in excess of 30 working days will be rolled into sick leave. For the Town's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The Town has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

The Town's sick leave policy provides for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the Town has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

**TOWN OF SOUTHERN PINES  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2013**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

E. Assets, Liabilities, and Fund Equity (Continued)

11. Net Position/Fund Balances

Net Position

Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets; restricted; and unrestricted. Restricted net position represents constraints on resources that are 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.

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

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

Restricted for Stabilization by State statute – portion of fund balance that is restricted by State Statute (G.S. 159-8(a)). This statute restricts appropriation of fund balance to an amount not to exceed the sum of cash and investments minus the sum of liabilities, encumbrances and deferred revenues arising from cash receipts as these amounts stand at the close of the fiscal year preceding the budget year. This restriction is only applied to annually budgeted governmental funds.

**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 of Southern Pines' governing body (highest level of decision-making authority) by ordinance. 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 general government.

Committed for Transportation – portion of fund balance that can only be used for transportation.

**TOWN OF SOUTHERN PINES  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2013**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

E. Assets, Liabilities, and Fund Equity (Continued)

11. Net Position/Fund Balances (Continued)

Committed for Cultural and Recreation – portion of fund balance that can only be used for cultural and recreation.

Committed for Public Safety – portion of fund balance that can only be used for public safety.

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.

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

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

12. Reconciliation of Government-wide and Fund Financial Statements

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

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

Description

Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$ 50,712,628
Less accumulated depreciation	<u>(16,301,672)</u>
Net capital assets	<u>34,410,956</u>

**TOWN OF SOUTHERN PINES  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2013**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

E. Assets, Liabilities, and Fund Equity (Continued)

12. Reconciliation of Government-wide and Fund Financial Statements (Continued)

Liabilities for earned revenues considered deferred inflows of resources in fund statements:

Taxes receivable	\$ 94,540
Parking lot assessments	2,305
Other receivables	<u>97,000</u>
Net deferred revenues	<u>193,845</u>

Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not recorded in the fund financial statements:

Notes payable	(4,777,471)
Compensated absences	(499,432)
Net pension obligation	(86,065)
Accrued interest	<u>(28,837)</u>
Liabilities	<u>(5,391,805)</u>

Total adjustment \$ 29,212,996

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

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

Description

Capital outlay expenditures recorded in the fund financial statements but capitalized as assets in the statement of activities	\$ 742,304
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements	(1,227,238)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:	
Other	(20,272)
Proceeds received from disposal/transfer of capital assets	(51,714)
Loss on disposal/transfer of capital assets	(35,204)

**TOWN OF SOUTHERN PINES  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2013**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

E. Assets, Liabilities, and Fund Equity (Continued)

12. Reconciliation of Government-wide and Fund Financial Statements (Continued)

Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements:

Principal payments	\$ 582,228
Compensated absences	17,773
Net pension obligation	17,004
Interest expense	<u>3,059</u>

Total adjustment	<u>\$ 27,940</u>
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**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

Expenditures of on-behalf of payments are not considered to be violations of State statute budget requirements. (See Note 15).

**NOTE 3 - 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 non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no policy regarding custodial credit risk for deposits.

At June 30, 2013, the Town's deposits had a carrying amount of \$11,989,323 and a bank balance of \$12,784,703. Of the bank balance \$750,000 was covered by federal depository insurance and \$12,034,703 was covered by collateral held under the Pooling Method. At June 30, 2013, the Town's petty cash fund totaled \$1,023.

**NOTE 4 - INVESTMENTS**

At June 30, 2013, the Town had \$6,378,181 invested with the North Carolina Capital Management Trust's Cash Portfolio which carried a credit rating of AAAM by Standard and Poor's. The Town has no policy regarding credit risk.

**TOWN OF SOUTHERN PINES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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**NOTE 5 - RECEIVABLES - ALLOWANCE FOR DOUBTFUL ACCOUNTS**

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

<u>Fund</u>	<u>June 30, 2013</u>
General Fund:	
Taxes receivable	\$23,456
Accounts receivable	<u>500</u>
Total general fund	23,956
Enterprise Fund	<u>9,400</u>
	<u>\$33,356</u>

**NOTE 6 - CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2013, was as follows:

Governmental Activities by Type:

	<u>June 30,</u> <u>2012</u>	<u>Transfers in/ Additions</u>	<u>Transfers out/ Disposals</u>	<u>June 30,</u> <u>2013</u>
Nondepreciable assets:				
Land	\$ 11,850,841	\$ -	\$ (4,190)	\$ 11,846,651
Intangible assets in progress	242,489	34,710	-	277,199
Construction in progress	<u>1,135,658</u>	<u>318,411</u>	<u>-</u>	<u>1,454,069</u>
	<u>13,228,988</u>	<u>353,121</u>	<u>(4,190)</u>	<u>13,577,919</u>
Depreciable assets:				
Buildings and improvements	15,063,782	-	-	15,063,782
Other improvements	4,349,931	125,441	(8,597)	4,466,775
Infrastructure	11,450,182	-	-	11,450,182
Machinery and equipment	586,998	74,167	(208,596)	452,569
Vehicles and motorized equipment	4,152,212	142,894	(88,049)	4,207,057
Furniture, fixtures and other equipment	<u>1,796,635</u>	<u>89,584</u>	<u>(391,875)</u>	<u>1,494,344</u>
	<u>37,399,740</u>	<u>432,086</u>	<u>(697,117)</u>	<u>37,134,709</u>
Less accumulated depreciation and amortization for:				
Buildings and improvements	3,230,352	275,335	-	3,505,687
Other improvements	1,010,138	107,713	(3,783)	1,114,068
Infrastructure	7,707,995	344,091	-	8,052,086
Machinery and equipment	356,582	81,558	(183,057)	255,083
Vehicles and motorized equipment	2,319,320	241,629	(45,145)	2,515,804
Furniture, fixtures and other equipment	<u>1,021,533</u>	<u>176,912</u>	<u>(339,501)</u>	<u>858,944</u>
	<u>15,645,920</u>	<u>1,227,238</u>	<u>(571,486)</u>	<u>16,301,672</u>
Depreciable assets - net	<u>21,753,820</u>	<u>(795,152)</u>	<u>(125,631)</u>	<u>20,833,037</u>
Total Governmental Activities Capital Assets - net	<u>\$ 34,982,808</u>	<u>\$ (442,031)</u>	<u>\$ (129,821)</u>	<u>\$ 34,410,956</u>

**TOWN OF SOUTHERN PINES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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**NOTE 6 - CAPITAL ASSETS (Continued)**

Governmental Activities by Function: (Continued)

	<u>June 30,</u> <u>2012</u>	<u>Transfers in/ Additions</u>	<u>Transfers out/ Disposals</u>	<u>June 30,</u> <u>2013</u>
Governmental Activities by Function:				
General government	\$ 16,873,473	\$ 175,730	\$ (294,001)	\$ 16,755,202
Public safety	14,144,621	195,309	(315,188)	14,024,742
Transportation	13,013,396	245,138	(31,551)	13,226,983
Economic and physical development	194,802	23,724	-	218,526
Cultural and recreational	<u>6,402,436</u>	<u>145,306</u>	<u>(60,567)</u>	<u>6,487,175</u>
	<u>50,628,728</u>	<u>785,207</u>	<u>(701,307)</u>	<u>50,712,628</u>
Less accumulated depreciation and amortization for:				
General government	2,411,166	191,214	(236,278)	2,366,102
Public safety	2,552,115	486,529	(256,169)	2,782,475
Transportation	8,291,019	410,041	(27,865)	8,673,195
Economic and physical development	147,632	105	-	147,737
Cultural and recreational	<u>2,243,988</u>	<u>139,349</u>	<u>(51,174)</u>	<u>2,332,163</u>
	<u>15,645,920</u>	<u>1,227,238</u>	<u>(571,486)</u>	<u>16,301,672</u>
Total Governmental Activities				
Capital Assets - net	<u>\$ 34,982,808</u>	<u>\$ (442,031)</u>	<u>\$ (129,821)</u>	<u>\$ 34,410,956</u>
Business Activities:				
Nondepreciable assets:				
Land	\$ 351,446	\$ -	\$ -	\$ 351,446
Intangibles – easements	524,541	108,361	-	632,902
Construction in progress	<u>8,871,576</u>	<u>588,838</u>	<u>(2,087,941)</u>	<u>7,372,473</u>
	<u>9,747,563</u>	<u>697,199</u>	<u>(2,087,941)</u>	<u>8,356,821</u>
Depreciable assets:				
Plant and distribution system	44,442,822	1,952,229	-	46,395,051
Buildings	1,424,609	-	-	1,424,609
Equipment	<u>2,059,555</u>	<u>71,596</u>	<u>(294,044)</u>	<u>1,837,107</u>
	<u>47,926,986</u>	<u>2,023,825</u>	<u>(294,044)</u>	<u>49,656,767</u>

**TOWN OF SOUTHERN PINES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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**NOTE 6 - CAPITAL ASSETS (Continued)**

Governmental Activities by Function: (Continued)

	<u>June 30, 2012</u>	<u>Transfers in/ Additions</u>	<u>Transfers out/ Disposals</u>	<u>June 30, 2013</u>
Less accumulated depreciation and amortization for:				
Plant and distribution system	\$ 19,059,960	\$ 982,817	\$ -	\$ 20,042,777
Building	201,819	28,492	-	230,311
Equipment	<u>1,272,672</u>	<u>121,781</u>	<u>(285,844)</u>	<u>1,108,609</u>
	<u>20,534,451</u>	<u>1,133,090</u>	<u>(285,844)</u>	<u>21,381,697</u>
Depreciable assets - net	<u>27,392,535</u>	<u>890,735</u>	<u>(8,200)</u>	<u>28,275,070</u>
Total Business Activities Capital Assets - net	<u>\$ 37,140,098</u>	<u>\$ 1,587,934</u>	<u>\$ (2,096,141)</u>	<u>\$ 36,631,891</u>

Construction commitments

The government has active construction projects as of June 30, 2013. At year-end, the government's commitments with contractors are as follows:

Project	<u>Spent-to-date</u>	<u>Remaining Commitment</u>
Automatic Meter Readers	\$ 600,711	\$ 1,443,823
Fire Substation	<u>29,820</u>	<u>6,680</u>
Total	<u>\$ 630,531</u>	<u>\$ 1,450,503</u>

**NOTE 7 - PAYABLES**

Payables at the government-wide level at June 30, 2013, were as follows:

	<u>Vendors</u>	<u>Salaries and benefits</u>	<u>Accrued interest</u>	<u>Total</u>
Governmental activities:				
General	<u>\$ 321,833</u>	<u>\$ 271,524</u>	<u>\$ 28,837</u>	<u>\$ 622,194</u>
Business-type activities:				
Water and Sewer	<u>\$ 1,116,946</u>	<u>\$ 29,797</u>	<u>\$ -</u>	<u>\$ 1,146,743</u>

**TOWN OF SOUTHERN PINES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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

A. Local Governmental Employees' Retirement System

Plan Description - The Town of Southern Pines contributes to 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 provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR 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.

Funding Policy - Plan members are required to contribute six percent of their annual covered salary. The Town is required to contribute at an actuarially determined rate. For the Town, the current rate for employees not engaged in law enforcement and for law enforcement officers is 6.74% and 6.77%, respectively, of annual covered payroll. The contribution requirements of members and the Town of Southern Pines is established and may be amended by the North Carolina General Assembly. The Town's contributions to LGERS for years ended June 30, 2013, 2012, and 2011 were \$445,852, \$459,501, and \$413,650, respectively. The contributions made by the Town equaled the required contributions for each year.

B. Law Enforcement Officers Special Separation Allowance

Plan Description - The Town of Southern Pines administers a public employee retirement system (the "Separation Allowance"), a single-employer retirement defined benefit pension plan that provides retirement benefits to the Town's qualified sworn law enforcement officers. The Separation Allowance is equal to .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 law enforcement officers of the Town are covered by the Separation allowance. At December 31, 2012, the Separation Allowance's membership consisted of:

Retirees receiving benefits	6
Terminated plan members entitled to but no yet receiving benefits	-
Active plan members	<u>29</u>
Total	<u>35</u>

A separate report was not issued for the plan.

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.

**TOWN OF SOUTHERN PINES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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**NOTE 8 - PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS (Continued)**

B. Law Enforcement Officers Special Separation Allowance (Continued)

Method Used to Value Investments - No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

Contributions

The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay as you go basis through appropriations made in the General Fund operating budget. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees.

The annual required contribution for the current year was determined as part of the December 31, 2012, actuarial valuation using the projected unit credit actuarial assumptions included (a) 5.00% investment rate of return (net of administrative expenses) and (b) projected salary increases of 4.25% to 7.85% per year. Both (a) and (b) included an inflation component of 3%. The amortization method is level percent of pay closed with a remaining amortization period of 18 years. The assumptions did not include post-employment benefit increases.

Annual Pension Cost and Net Pension Obligation - The Town's annual pension cost and net pension obligation to the Separation Allowance for the current year were as follows:

Annual required contribution	\$ 77,291
Interest on net pension obligation	5,153
Adjustment to annual required contribution	<u>(6,414)</u>
Annual pension cost	76,030
Contributions made	<u>93,034</u>
Increase (decrease) in net pension obligation	(17,004)
Net pension obligation beginning of fiscal year	<u>103,069</u>
 Net pension obligation end of fiscal year	 <u>\$ 86,065</u>

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6-30-11	\$70,912	125.49%	\$ 119,921
6-30-12	72,134	123.36%	103,069
6-30-13	76,030	122.36%	86,065

Funded Status and Funding Progress - As of December 31, 2012, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was \$663,284. The covered payroll (annual payroll of active employees covered by the plan) was \$1,396,857, and the ratio of the UAAL to the covered payroll was 47.48 percent.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**TOWN OF SOUTHERN PINES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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**NOTE 8 - PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS (Continued)**

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

Funding Policy - Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2013, were \$136,948, which consisted of \$78,808 from the Town and \$58,140 from the law enforcement officers.

D. Firemen's and Rescue Squad Workers' Pension Fund

Plan Description - The State of North Carolina contributes, on behalf of the Town of Southern Pines, to the Firemen's and Rescue Squad Workers' Pension Fund (Fund), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation administered by the State of North Carolina. The Fund provides pension benefits for eligible fire and rescue squad workers that have elected to become members of the fund. Article 86 of G.S. Chapter 58 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Firemen's and Rescue Squad Workers' Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy - Plan members are required to contribute \$10 per month to the Fund. The State, a nonemployer contributor, funds the plan through appropriations. The Town does not contribute to the Fund. Contribution requirements of plan members and the State of North Carolina are established and may be amended by North Carolina General Assembly. The Town has recognized as a revenue and an expenditure \$6,642 in payments made to the Fund by the State on-behalf of the Town for the year ended June 30, 2013.

**TOWN OF SOUTHERN PINES  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2013**

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**NOTE 8 - PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS (Continued)**

E. 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, 2013, the Town contributed \$245,576 to the Plan.

**NOTE 10 - DEFERRED INFLOWS OF RESOURCES**

Deferred inflows of resources at year-end is comprised of the following:

	<u>Unavailable Revenue</u>
Taxes receivable, net	\$ 94,540
Parking lot assessments receivable, net	2,305
Other receivable, net	<u>97,000</u>
	<u>\$ 193,845</u>

**TOWN OF SOUTHERN PINES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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**NOTE 11 - RISK MANAGEMENT**

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in two self-funded risk-financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability and auto liability coverage of \$1 million per occurrence, property coverage up to the total insurance value of the property policy, and workers' compensation coverage up to statutory limits. The pools are reinsured through commercial companies for single occurrence claims against general liability, auto liability and property in excess of \$500,000 and \$300,000 up to statutory limits for workers' compensation. The property liability pool has an aggregate limit for the total property losses in a single year, with the reinsurance limit based upon a percentage of the total insurance values. Due to a study by the Town of Southern Pines' management, flood insurance was obtained on appropriate property as so designated in those areas by our insurance carrier.

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

The Town carries commercial coverage for all other risks of loss as well as employee health coverage. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years.

**NOTE 12 - CLAIMS AND JUDGMENTS**

At June 30, 2013, the Town was a defendant to several lawsuits; however, no provision was made in the financial statements for any contingent liabilities. In the opinion of management and the Town attorney, the ultimate outcome of these legal matters will not have a material adverse effect on the Town's financial position.

**NOTE 13 - LONG-TERM DEBT**

The Town entered into installment purchase agreements October 2008, December 2010, October 2011, and May 2013 for the construction of a police station, a raw water reservoir, purchase of a fire pumper, and implementation of an automatic meter reading system. Liquidations of compensated absences and net pension obligation for governmental activities occur within the General Fund.

Long-term debt obligations of the Town at June 30, 2013, consisted of the following:

	<u>Serviced by</u>	
	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>
Police Station; \$6,500,000; issued 2008; due Semiannually to 2024; interest at 3.73%; Collateralized by police station	\$ 4,550,000	\$ -
Fire Pumper; \$450,000; issued 2011; due Semiannually to 2014; interest at 1.47%; Collateralized by fire pumper	227,471	-
Raw Water Reservoir; \$3,500,000; issued 2010; due Semiannually to 2021; interest at 3.40%; Collateralized by real estate	-	2,732,330

**TOWN OF SOUTHERN PINES  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2013**

**NOTE 13 - LONG-TERM DEBT (Continued)**

	Serviced by	
	Governmental Activities	Business-type Activities
Automatic Meter Readers; \$1,600,000; issued 2013; due Semiannually to 2023; interest at 1.85%; Collateralized by equipment	\$ -	\$ 1,600,000
Net Pension Obligation	86,065	-
Compensated absences	<u>499,432</u>	<u>36,089</u>
Total long-term debt	<u>5,362,968</u>	<u>4,368,419</u>
Total outstanding	5,362,968	4,368,419
Less current portion	<u>(839,003)</u>	<u>(498,955)</u>
	<u>\$ 4,523,965</u>	<u>\$ 3,869,464</u>

At June 30, 2013, the Town of Southern Pines had a legal debt margin of \$165,906,489.

The following is a summary of changes in the Town's long-term obligations for the fiscal year ended June 30, 2013:

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013	Current portion of balance
Governmental activities:					
Police station	\$ 4,983,334	\$ -	\$ 433,334	\$ 4,550,000	\$ 433,333
Fire Pumper	376,366	-	148,895	227,471	151,092
Compensated absences	517,204	245,865	263,637	499,432	254,578
Net pension obligation	<u>103,069</u>	<u>-</u>	<u>17,004</u>	<u>86,065</u>	<u>-</u>
	<u>\$ 5,979,973</u>	<u>\$ 245,865</u>	<u>\$ 862,870</u>	<u>\$ 5,362,968</u>	<u>\$ 839,003</u>
Business-type activities:					
Raw Water Reservoir	\$ 3,047,183	\$ -	\$ 314,853	\$ 2,732,330	\$ 325,649
Automatic Meter Readers	-	1,600,000	-	1,600,000	147,070
Compensated absences	<u>46,085</u>	<u>23,507</u>	<u>33,503</u>	<u>36,089</u>	<u>26,236</u>
	<u>\$ 3,093,268</u>	<u>\$ 1,623,507</u>	<u>\$ 348,356</u>	<u>\$ 4,368,419</u>	<u>\$ 498,955</u>

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

**TOWN OF SOUTHERN PINES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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**NOTE 13 - LONG-TERM DEBT (Continued)**

The following table summarizes the annual requirements to amortize all long-term debt outstanding excluding vacation pay and the net pension benefit obligation.

	<u>Installment Purchases</u>	
	<u>Principal</u>	<u>Interest</u>
Governmental Activities		
2014	\$ 584,425	\$ 168,465
2015	509,713	150,072
2016	433,333	133,348
2017	433,333	117,184
2018	433,333	84,858
2019-2023	2,166,666	246,491
2024	<u>216,668</u>	<u>4,041</u>
	<u>\$ 4,777,471</u>	<u>\$ 904,459</u>
Business Type Activities		
2014	\$ 472,719	\$ 119,077
2015	486,619	105,178
2016	500,952	90,845
2017	515,733	76,064
2018	530,976	60,820
2019-2021	<u>1,825,331</u>	<u>94,142</u>
	<u>\$ 4,332,330</u>	<u>\$ 546,126</u>

**NOTE 14 - INTERFUND BALANCES AND ACTIVITY**

Transfers to/from other funds at June 30, 2013, consist of the following:

Governmental:

From the General Fund to the Sidewalk Construction Capital Project Fund for capital project expenditures	\$ 150,000
From the General Fund to the Public Safety Communications Project Fund for capital project expenditures	182,500
From the General Fund to the Pool Park Plan Capital Project Fund for capital project expenditures	<u>50,000</u>

Total Governmental 382,500

Business-Type

From the Water & Sewer fund to the Water & Sewer Improvements I fund for capital project expenditures	300,000
From the Water & Sewer fund to the Morganton Road Bridge Project fund for capital project expenditures	200,000

**TOWN OF SOUTHERN PINES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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**NOTE 14 - INTERFUND BALANCES AND ACTIVITY (Continued)**

From the Water & Sewer Improvements I capital project fund to the Automatic Meter Reading fund for close out of Water & Sewer Improvements I fund	\$ 500,000
From the Water & Sewer Improvements I capital project fund to the Water & Sewer Improvements II capital project fund for close out of the Water & Sewer Improvements I fund	<u>900,576</u>
Total Business-Type	<u>1,900,576</u>
Total Transfers	<u>\$ 2,283,076</u>

**NOTE 15 - REVENUES, EXPENDITURES AND EXPENSES**

On-behalf of Payments for Fringe Benefits and Salaries

For the fiscal year ended June 30, 2013, the Town of Southern Pines has recognized on-behalf of payments for pension contributions made by the State as a revenue and an expenditure of \$6,642 for the 5 volunteer firemen and 13 employed firemen (18 total in 2013) who perform firefighting duties for the town's fire department. The volunteers and employees elected to be members of the Firemen and Rescue Squad Worker's Pension Fund, a cost-sharing, multiple-employer public employee retirement system established and administered by the State of North Carolina. The plan is funded by a \$10 monthly contribution paid by each member, investment income, and a State appropriation.

**NOTE 16 - FUND BALANCE**

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

<i>Total fund balance-General Fund</i>	<i>\$ 8,090,261</i>
Less:	
Inventories	<b>47,457</b>
Prepaid Items	<b>36,510</b>
Stabilization by State Statute	<b>1,152,374</b>
Appropriated Fund Balance in 2013 budget	<b>1,879,328</b>
Fund balance policy	<b>3,816,232</b>
Remaining Fund Balance	<b>1,158,360</b>

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.

**TOWN OF SOUTHERN PINES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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**NOTE 17 - RELATED ORGANIZATION**

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

**NOTE 18 - SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES**

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.

**NOTE 19 - CHANGE IN ACCOUNTING PRINCIPLES / RESTATEMENT**

The Town implemented Governmental Accounting Standard Board (GASB) Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and Statement 65, *Items Previously reported as Assets and Liabilities*, in the fiscal year ending June 30, 2013. In accordance with GASB Statement 63, the Statement of Net Assets has been replaced with the Statement of Net Position. Items on the Statement of Net Position are now classified into Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position. Additionally, GASB Statement 65 requires that deferred costs from the refunding of debt, which were previously deferred and amortized, be presented as deferred outflows of resources.

## **REQUIRED SUPPLEMENTAL FINANCIAL DATA**

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This section contains additional information required by generally accepted accounting principals.

Schedule of Funding Progress for the Law Enforcement Officers' Special Separation Allowance

Schedule of Employer Contributions for the Law Enforcement Officers' Special Separation Allowance

Notes to the Required Schedules for the Law Enforcement Officers' Special Separation Allowance

**TOWN OF SOUTHERN PINES  
 LAW ENFORCEMENT OFFICERS' SPECIAL  
 SEPARATION ALLOWANCE  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS**

**Schedule 1**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL)- Proj Unit Credit (b)</u>	<u>Unfunded AAL (UAAL) (a-b)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll for Year Ending on Val Date (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
12-31-02*	-	\$ 334,162	\$ 334,162	0.00%	\$ 964,259	34.65%
12-31-03	-	474,192	474,192	0.00%	1,002,688	47.29%
12-31-04	-	523,014	523,014	0.00%	1,176,866	44.44%
12-31-05	-	534,827	534,827	0.00%	1,134,118	47.16%
12-31-06	-	553,846	553,846	0.00%	1,227,927	45.10%
12-31-07	-	656,739	656,739	0.00%	1,270,758	51.68%
12-31-08	-	648,104	648,104	0.00%	1,308,188	49.54%
12-31-09	-	768,278	768,278	0.00%	1,223,890	62.77%
12-31-10	-	745,366	745,366	0.00%	1,443,453	51.64%
12-31-11	-	731,883	731,883	0.00%	1,546,111	47.34%
12-31-12	-	663,284	663,284	0.00%	1,396,857	47.48%

\*Reflects changes in actuarial assumptions

**TOWN OF SOUTHERN PINES  
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

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**Schedule 2**

<u>Year ended June 30</u>	<u>Annual required contribution</u>	<u>Percentage contributed</u>
2003	\$33,499	60.2%
2004	37,328	77.0%
2005	48,622	65.0%
2006	56,110	90.3%
2007	52,911	71.8%
2008	55,862	104.8%
2009	59,379	118.8%
2010	61,162	143.6%
2011	71,400	124.6%
2012	73,292	121.4%
2013	77,291	120.4%

**TOWN OF SOUTHERN PINES  
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
REQUIRED SUPPLEMENTARY INFORMATION  
NOTES TO THE REQUIRED SCHEDULES**

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**Schedule 3**

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	12-31-12
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	18 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	5.00%
Projected salary increases*	4.25 – 7.85%
*Includes inflation at	3.00%
Cost-of-living adjustments	N/A

## **THE 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  
GENERAL FUND  
COMPARATIVE BALANCE SHEETS  
June 30, 2013 and June 30, 2012**

<b>ASSETS</b>	<u>2013</u>	<u>2012</u>
Cash and investments	\$ 7,444,303	\$ 7,627,831
Receivables, net		
Property taxes	94,540	99,464
Due from other governments	846,770	770,470
Accounts receivable	301,236	293,929
Accrued interest receivable	8,711	12,168
Sales tax receivable	92,657	88,711
Parking lot assessments receivable	2,305	2,305
Inventory	47,457	45,130
Prepays	36,510	16,889
	<u>                    </u>	<u>                    </u>
<b>TOTAL ASSETS</b>	<u><u>\$ 8,874,489</u></u>	<u><u>\$ 8,956,897</u></u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	\$ 305,137	\$ 309,371
Accrued liabilities		
Other	271,707	207,115
Security deposits	13,539	13,539
	<u>                    </u>	<u>                    </u>
<b>TOTAL LIABILITIES</b>	<u>590,383</u>	<u>530,025</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Taxes receivable	94,540	99,464
Parking lot assessments	2,305	2,305
Other	97,000	112,346
	<u>                    </u>	<u>                    </u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>193,845</u>	<u>214,115</u>
<b>FUND BALANCE</b>		
Nonspendable:		
Inventory	47,457	45,130
Prepays	36,510	16,889
Restricted:		
Stabilization by State Statute	1,152,374	1,052,932
Assigned:		
Subsequent year's expenditures	1,879,328	1,736,481
Unassigned	4,974,592	5,361,325
	<u>                    </u>	<u>                    </u>
<b>TOTAL FUND BALANCES</b>	<u>8,090,261</u>	<u>8,212,757</u>
	<u><u>\$ 8,874,489</u></u>	<u><u>\$ 8,956,897</u></u>

## TOWN OF SOUTHERN PINES

## GENERAL FUND

Page 1 of 5

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

For the Year Ended June 30, 2013

With Comparative Actual Amounts for Year Ended June 30, 2012

	2013		Variance favorable (unfavorable)	2012
	Budget	Actual		Actual
REVENUES				
Ad valorem taxes				
Current year		\$ 7,620,110		\$ 7,416,156
Prior years		39,971		43,971
Penalties and interest		31,469		32,508
	<u>\$ 7,463,665</u>	<u>7,691,550</u>	<u>\$ 227,885</u>	<u>7,492,635</u>
Other taxes and licenses				
ABC mixed beverage		126,165		102,767
Local option sales tax		2,670,163		2,565,268
Solid waste disposal tax		7,844		8,529
Video programming tax		167,215		161,777
Privilege licenses		46,487		46,869
Cablevision franchise fee		38,865		35,702
Lease vehicles		29,194		26,512
	<u>2,751,268</u>	<u>3,085,933</u>	<u>334,665</u>	<u>2,947,424</u>
Unrestricted intergovernmental revenues				
Franchise tax		705,527		724,017
Beer and wine		50,476		53,656
	<u>696,500</u>	<u>756,003</u>	<u>59,503</u>	<u>777,673</u>
Restricted intergovernmental revenues				
State Aid - Library Grant		6,728		7,362
Powell Bill allocation		384,761		373,770
Fire grant		-		264,758
Recreation Grants		1,350		962
On-behalf of payments - Fire		6,642		6,497
Police grants		13,640		32,830
	<u>380,600</u>	<u>413,121</u>	<u>32,521</u>	<u>686,179</u>
Permits and fees				
Building permits and inspection fees		347,546		244,221
Fire and Police Dept. fees		27,063		28,688
Public works fees		9,034		5,808
Street department fees		27,628		24,493
	<u>224,750</u>	<u>411,271</u>	<u>186,521</u>	<u>303,210</u>

## TOWN OF SOUTHERN PINES

## GENERAL FUND

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

For the Year Ended June 30, 2013

With Comparative Actual Amounts for Year Ended June 30, 2012

Page 2 of 5

	2013		Variance favorable (unfavorable)	2012
	Budget	Actual		Actual
REVENUES (Continued)				
Sales and services				
Rents		\$ 295,925		\$ 286,571
Court facilities fees		3,723		6,274
County disposal fee		559,805		559,588
Recreation department fees		185,031		201,906
Library fees		39,972		39,325
Reservoir park usage fees		5,500		5,500
	<u>\$ 1,079,700</u>	<u>1,089,956</u>	<u>\$ 10,256</u>	<u>1,099,164</u>
Investment earnings	<u>30,000</u>	<u>21,373</u>	<u>(8,627)</u>	<u>32,104</u>
Other				
Cemetery		750		1,425
Fire department donations		25		27,106
Fire district revenue		477,923		472,669
Court costs		7,338		5,486
Demolition liens		10,630		929
County contribution - fire		40,000		42,000
Miscellaneous		97,248		103,235
	<u>576,087</u>	<u>633,914</u>	<u>57,827</u>	<u>652,850</u>
TOTAL REVENUES	<u>13,202,570</u>	<u>14,103,121</u>	<u>900,551</u>	<u>13,991,239</u>
EXPENDITURES				
General government				
Governing body				
Salaries and employee benefits		28,271		28,271
Operating expenditures		70,657		86,873
Professional services		66,300		109,143
Membership dues		14,312		13,458
	<u>202,270</u>	<u>179,540</u>	<u>22,730</u>	<u>237,745</u>
Administration				
Salaries and employee benefits		753,771		748,989
Operating expenditures		319,451		301,058
	<u>1,106,023</u>	<u>1,073,222</u>	<u>32,801</u>	<u>1,050,047</u>
Information Technology				
Salaries and employee benefits		132,337		134,998
Contract Services		204,727		210,435
Operating expenditures		137,480		125,738
Capital outlay		74,167		35,671
	<u>713,877</u>	<u>548,711</u>	<u>165,166</u>	<u>506,842</u>

TOWN OF SOUTHERN PINES

GENERAL FUND

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

For the Year Ended June 30, 2013

With Comparative Actual Amounts for Year Ended June 30, 2012

	2013		Variance favorable (unfavorable)	2012
	Budget	Actual		Actual
EXPENDITURES (Continued)				
General government (Continued)				
Water and Sewer Fund				
Administrative chargeback	\$ (865,246)	\$ (865,246)	\$ -	\$ (895,197)
Public works				
Salaries and employee benefits		268,815		294,504
Operating expenditures		21,314		28,318
Contract services		1,695,740		1,642,004
	<u>2,067,235</u>	<u>1,985,869</u>	<u>81,366</u>	<u>1,964,826</u>
Building and grounds				
Salaries and employee benefits		827,026		840,029
Vehicle maintenance		17,240		4,163
Contract Services		101,191		92,761
Operating expenditures		319,225		266,185
	<u>1,333,883</u>	<u>1,264,682</u>	<u>69,201</u>	<u>1,203,138</u>
Garage				
Salaries and employee benefits		217,656		192,431
Operating expenditures		59,120		48,385
	<u>284,729</u>	<u>276,776</u>	<u>7,953</u>	<u>240,816</u>
Total general government	<u>4,842,771</u>	<u>4,463,554</u>	<u>379,217</u>	<u>4,308,217</u>
Public safety				
Police				
Salaries and employee benefits		2,569,734		2,562,658
Operating expenditures		569,773		662,138
Capital outlay		34,608		108,545
	<u>3,396,017</u>	<u>3,174,115</u>	<u>221,902</u>	<u>3,333,341</u>
Fire				
Salaries and employee benefits		1,546,124		1,522,200
Operating expenditures		301,645		272,119
Capital outlay		75,977		662,939
	<u>1,959,662</u>	<u>1,923,746</u>	<u>35,916</u>	<u>2,457,258</u>

TOWN OF SOUTHERN PINES

GENERAL FUND

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

For the Year Ended June 30, 2013

With Comparative Actual Amounts for Year Ended June 30, 2012

	2013		Variance favorable (unfavorable)	2012
	Budget	Actual		Actual
EXPENDITURES (Continued)				
Public safety (Continued)				
Fire and rescue workers pension fund	\$ -	\$ 6,642	\$ (6,642)	\$ 6,497
Total public safety	<u>5,355,679</u>	<u>5,104,503</u>	<u>251,176</u>	<u>5,797,096</u>
Transportation				
Street maintenance				
Salaries and employee benefits		424,897		395,323
Operating expenditures		355,825		348,904
Construction		160,650		243
Paving		193,000		179,551
Contract services		31,252		44,723
Capital outlay		78,990		-
Total transportation	<u>1,330,199</u>	<u>1,244,614</u>	<u>85,585</u>	<u>968,744</u>
Economic and physical development				
Planning and development				
Salaries and employee benefits		552,637		543,414
Contract services		8,379		49,131
Operating expenditures		131,938		125,666
Total economic and physical development	<u>712,278</u>	<u>692,954</u>	<u>19,324</u>	<u>718,211</u>
Cultural and recreational				
Recreation				
Salaries and employee benefits		473,076		459,232
Contract services		43,476		51,922
Operating expenditures		146,370		150,774
Capital outlay		125,442		5,544
Total cultural and recreational	<u>889,580</u>	<u>788,364</u>	<u>101,216</u>	<u>667,472</u>

## TOWN OF SOUTHERN PINES

## GENERAL FUND

Page 5 of 5

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

For the Year Ended June 30, 2013

With Comparative Actual Amounts for Year Ended June 30, 2012

	2013		Variance favorable (unfavorable)	2012
	Budget	Actual		Actual
EXPENDITURES (Continued)				
Cultural and recreational (Continued)				
Libraries				
Salaries and employee benefits		\$ 567,124		\$ 533,512
Contract services		23,554		31,342
Operating expenditures		75,129		69,304
Books and periodicals		114,268		105,621
	\$ 847,608	780,075	\$ 67,533	739,779
Total cultural and recreational	1,737,188	1,568,439	168,749	1,407,251
Debt Service				
Principal retirement		582,228		506,967
Interest		186,825		201,308
	769,054	769,053	1	708,275
Total debt service	769,054	769,053	1	708,275
TOTAL EXPENDITURES	14,747,169	13,843,117	904,052	13,907,794
REVENUES OVER (UNDER) EXPENDITURES	(1,544,599)	260,004	1,804,603	83,445
OTHER FINANCING SOURCES (USES):				
Transfers to other funds:				
Capital Projects Funds	(382,500)	(382,500)	-	(200,000)
Loan proceeds	-	-	-	450,000
Total other financing sources (uses)	(382,500)	(382,500)	-	250,000
REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(1,927,099)	(122,496)	1,804,603	333,445
FUND BALANCE APPROPRIATED	1,927,099	-	(1,927,099)	-
NET CHANGE IN FUND BALANCE	\$ -	(122,496)	\$ (122,496)	333,445
FUND BALANCE, BEGINNING OF YEAR, JULY 1		8,212,757		7,879,312
FUND BALANCE, END OF YEAR, JUNE 30		\$ 8,090,261		\$ 8,212,757

TOWN OF SOUTHERN PINES  
 COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS  
 June 30, 2013

	Capital Projects Funds											Permanent Fund	Total Non-Major Governmental Funds	
	Nicks Creek Parkway	Open Space and Greenways	Sidewalk Construction	Fiber Optics	Storm Water Improvements	Road Construction	EIDMS	Patrick Road	Bike Transport	Fire Department Substation	Public Safety	Pool Park		Cemetery Perpetual Care
<b>ASSETS</b>														
Cash and investments	\$ 71,205	\$ 50,857	\$ 15,477	\$ 133,096	\$ 270,499	\$ 26,141	\$ 631,347	\$ 457,759	\$ 48,995	\$ 329,200	\$ 130,810	\$ 41,408	\$ 54,189	\$ 2,260,983
Sales tax receivable	-	-	2,396	2,249	-	-	-	-	91	-	-	-	-	4,736
Accrued Interest	84	60	18	156	317	31	742	538	58	387	154	49	63	2,657
	<u>\$ 71,289</u>	<u>\$ 50,917</u>	<u>\$ 17,891</u>	<u>\$ 135,501</u>	<u>\$ 270,816</u>	<u>\$ 26,172</u>	<u>\$ 632,089</u>	<u>\$ 458,297</u>	<u>\$ 49,144</u>	<u>\$ 329,587</u>	<u>\$ 130,964</u>	<u>\$ 41,457</u>	<u>\$ 54,252</u>	<u>\$ 2,268,376</u>
<b>LIABILITIES AND FUND BALANCE</b>														
Liabilities														
Payables	\$ -	\$ -	\$ -	\$ 16,513	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,513
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,513</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,513</u>
FUND BALANCE														
Nonspendable:														
Perpetual maintenance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 54,189	\$ 54,189
Restricted:														
Stabilization by State Statute	84	60	2,414	2,405	317	31	742	538	149	387	154	49	63	7,393
Committed:														
Capital Projects	71,205	50,857	15,477	116,583	270,499	26,141	631,347	457,759	48,995	329,200	130,810	41,408	-	2,190,281
Total fund balance	<u>71,289</u>	<u>50,917</u>	<u>17,891</u>	<u>118,988</u>	<u>270,816</u>	<u>26,172</u>	<u>632,089</u>	<u>458,297</u>	<u>49,144</u>	<u>329,587</u>	<u>130,964</u>	<u>41,457</u>	<u>54,252</u>	<u>2,251,863</u>
	<u>\$ 71,289</u>	<u>\$ 50,917</u>	<u>\$ 17,891</u>	<u>\$ 135,501</u>	<u>\$ 270,816</u>	<u>\$ 26,172</u>	<u>\$ 632,089</u>	<u>\$ 458,297</u>	<u>\$ 49,144</u>	<u>\$ 329,587</u>	<u>\$ 130,964</u>	<u>\$ 41,457</u>	<u>\$ 54,252</u>	<u>\$ 2,268,376</u>

**TOWN OF SOUTHERN PINES**  
**NON MAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - NON MAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2013**

	Capital Projects Funds											Permanent Fund	Total Non-Major Governmental Funds	
	Nicks Creek Parkway	Open Space and Greenways	Sidewalk Construction	Fiber Optics	Storm Water Improvements	Road Construction	EIDMS	Patrick Road	Bike Transport	Fire Department Substation	Public Safety	Pool Park		Cemetery Perpetual Care
<b>REVENUES</b>														
Investment Earnings	\$ 177	\$ 126	\$ 375	\$ 394	\$ 673	\$ 65	\$ 1,629	\$ 1,139	\$ 144	\$ 893	\$ 391	\$ 114	\$ 132	\$ 6,252
Sale of Plots	-	-	-	-	-	-	-	-	-	-	-	-	1,750	1,750
	177	126	375	394	673	65	1,629	1,139	144	893	391	114	1,882	8,002
<b>EXPENDITURES</b>														
General Government	-	-	-	47,675	-	-	34,709	-	-	-	-	-	-	82,384
Cultural and Recreational	-	-	-	-	-	-	-	-	11,206	-	-	8,657	-	19,863
Public Safety	-	-	-	-	-	-	-	-	-	32,797	51,927	-	-	84,724
Transportation	-	-	166,148	-	-	-	-	-	-	-	-	-	-	166,148
	-	-	166,148	47,675	-	-	34,709	-	11,206	32,797	51,927	8,657	-	353,119
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	177	126	(165,773)	(47,281)	673	65	(33,080)	1,139	(11,062)	(31,904)	(51,536)	(8,543)	1,882	(345,117)
<b>OTHER FINANCING SOURCES (USES)</b>														
Transfers (to)/from: General Fund	-	-	150,000	-	-	-	-	-	-	-	182,500	50,000	-	382,500
	-	-	150,000	-	-	-	-	-	-	-	182,500	50,000	-	382,500
<b>NET CHANGE IN FUND BALANCE</b>	177	126	(15,773)	(47,281)	673	65	(33,080)	1,139	(11,062)	(31,904)	130,964	41,457	1,882	37,383
<b>FUND BALANCE, BEGINNING OF YEAR, JULY 1</b>	71,112	50,791	33,664	166,269	270,143	26,107	665,169	457,158	60,206	361,491	-	-	52,370	2,214,480
<b>FUND BALANCE, END OF YEAR, JUNE 30</b>	\$ 71,289	\$ 50,917	\$ 17,891	\$ 118,988	\$ 270,816	\$ 26,172	\$ 632,089	\$ 458,297	\$ 49,144	\$ 329,587	\$ 130,964	\$ 41,457	\$ 54,252	\$ 2,251,863

## NON-MAJOR GOVERNMENTAL FUNDS

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

### **Individual 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.

**Sidewalk Construction** – accounts for funds used for the construction and improvement of various sidewalks in the Town.

**Fiber Optics** – accounts for funds to be used in building fiber connections between Town buildings.

**Storm Water Improvements** – accounts for funds used for the design and installation of storm water infrastructure.

**Road Construction** – accounts for funds used for construction and improvement of roads

**Enterprise Information and Document Management System (EIDMS)** - accounts for funds used for the purchase and implementation of Enterprise Resource Planning software

**Patrick Road** – accounts for funds used for construction and improvements of Patrick Road

**Bike Transportation** – accounts for funds used for the construction of bike lanes

**Fire Department Substation** – accounts for funds used for the construction of fire department substation.

**Public Safety** – accounts for funds used for the communication equipment and infrastructure for the police and fire departments.

**Pool Park** – accounts for funds used for the renovation and of the existing pool park.

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.

**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**  
**CAPITAL PROJECTS FUND (NICKS CREEK PARKWAY)**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**From Inception and for the Year Ended June 30, 2013**

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to date</u>	<u>Variance favorable (unfavorable)</u>
		<u>Prior years</u>	<u>Current year</u>		
<b>REVENUES</b>					
Investment earnings	\$ 14,250	\$ 14,112	\$ 177	\$ 14,289	\$ 39
	<u>14,250</u>	<u>14,112</u>	<u>177</u>	<u>14,289</u>	<u>39</u>
<b>EXPENDITURES</b>					
Transportation Construction	71,250	-	-	-	71,250
	<u>71,250</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>71,250</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(57,000)</u>	<u>14,112</u>	<u>177</u>	<u>14,289</u>	<u>71,289</u>
<b>OTHER FINANCING SOURCES</b>					
Land exchange proceeds	57,000	57,000	-	57,000	-
	<u>57,000</u>	<u>57,000</u>	<u>-</u>	<u>57,000</u>	<u>-</u>
<b>REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES</b>	<u>\$ -</u>	<u>\$ 71,112</u>	177	<u>\$ 71,289</u>	<u>\$ 71,289</u>
<b>FUND BALANCE, BEGINNING OF YEAR, JULY 1</b>			<u>71,112</u>		
<b>FUND BALANCE, END OF YEAR, JUNE 30</b>			<u>\$ 71,289</u>		

**TOWN OF SOUTHERN PINES**  
**CAPITAL PROJECTS FUND (OPEN SPACE AND GREENWAYS)**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**From Inception and for the Year Ended June 30, 2013**

	Project Authorization	Actual		Total to date	Variance favorable (unfavorable)
		Prior years	Current year		
<b>REVENUES</b>					
Investment earnings	\$ 9,700	\$ 9,046	\$ 126	\$ 9,172	\$ (528)
	<u>9,700</u>	<u>9,046</u>	<u>126</u>	<u>9,172</u>	<u>(528)</u>
<b>EXPENDITURES</b>					
Cultural and Recreational Construction	135,700	84,255	-	84,255	51,445
	<u>135,700</u>	<u>84,255</u>	<u>-</u>	<u>84,255</u>	<u>51,445</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(126,000)</u>	<u>(75,209)</u>	<u>126</u>	<u>(75,083)</u>	<u>50,917</u>
<b>OTHER FINANCING SOURCES</b>					
Transfers from: Capital Projects Fund - Road Construction	126,000	126,000	-	126,000	-
	<u>126,000</u>	<u>126,000</u>	<u>-</u>	<u>126,000</u>	<u>-</u>
REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ 50,791</u>	<u>126</u>	<u>\$ 50,917</u>	<u>\$ 50,917</u>
FUND BALANCE, BEGINNING OF YEAR, JULY 1			<u>50,791</u>		
FUND BALANCE, END OF YEAR, JUNE 30			<u>\$ 50,917</u>		

**TOWN OF SOUTHERN PINES**  
**CAPITAL PROJECTS FUND (SIDEWALK CONSTRUCTION)**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**From Inception and for the Year Ended June 30, 2013**

	Project Authorization	Actual		Total to date	Variance favorable (unfavorable)
		Prior years	Current year		
<b>REVENUES</b>					
Investment earnings	\$ 5,800	\$ 6,690	\$ 375	\$ 7,065	\$ 1,265
	<u>5,800</u>	<u>6,690</u>	<u>375</u>	<u>7,065</u>	<u>1,265</u>
<b>EXPENDITURES</b>					
Transportation Construction	822,312	639,538	166,148	805,686	16,626
	<u>822,312</u>	<u>639,538</u>	<u>166,148</u>	<u>805,686</u>	<u>16,626</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(816,512)</u>	<u>(632,848)</u>	<u>(165,773)</u>	<u>(798,621)</u>	<u>17,891</u>
<b>OTHER FINANCING SOURCES</b>					
Transfers from: General Fund	816,512	666,512	150,000	816,512	-
REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ 33,664</u>	<u>(15,773)</u>	<u>\$ 17,891</u>	<u>\$ 17,891</u>
FUND BALANCE, BEGINNING OF YEAR, JULY 1			<u>33,664</u>		
FUND BALANCE, END OF YEAR, JUNE 30			<u>\$ 17,891</u>		

**TOWN OF SOUTHERN PINES**  
**CAPITAL PROJECTS FUND (FIBER OPTICS)**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**From Inception and for the Year Ended June 30, 2013**

	Project Authorization	Actual		Total to date	Variance favorable (unfavorable)
		Prior years	Current year		
<b>REVENUES</b>					
Investment earnings	\$ 17,200	\$ 17,309	\$ 394	\$ 17,703	\$ 503
	<u>17,200</u>	<u>17,309</u>	<u>394</u>	<u>17,703</u>	<u>503</u>
<b>EXPENDITURES</b>					
General Government Construction	543,023	376,863	47,675	424,538	118,485
	<u>543,023</u>	<u>376,863</u>	<u>47,675</u>	<u>424,538</u>	<u>118,485</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(525,823)</u>	<u>(359,554)</u>	<u>(47,281)</u>	<u>(406,835)</u>	<u>118,988</u>
<b>OTHER FINANCING SOURCES</b>					
Transfers from:					
General Fund	152,823	152,823	-	152,823	-
Capital Projects Fund - Police Station	373,000	373,000	-	373,000	-
	<u>525,823</u>	<u>525,823</u>	<u>-</u>	<u>525,823</u>	<u>-</u>
REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ 166,269</u>	<u>(47,281)</u>	<u>\$ 118,988</u>	<u>\$ 118,988</u>
FUND BALANCE, BEGINNING OF YEAR, JULY 1			<u>166,269</u>		
FUND BALANCE, END OF YEAR, JUNE 30			<u>\$ 118,988</u>		

**TOWN OF SOUTHERN PINES  
CAPITAL PROJECTS FUND (STORM WATER IMPROVEMENTS)  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
From Inception and for the Year Ended June 30, 2013**

	Project Authorization	Actual		Total to date	Variance favorable (unfavorable)
		Prior years	Current year		
<b>REVENUES</b>					
Investment earnings	\$ 21,000	\$ 21,143	\$ 673	\$ 21,816	\$ 816
	<u>21,000</u>	<u>21,143</u>	<u>673</u>	<u>21,816</u>	<u>816</u>
<b>EXPENDITURES</b>					
Transportation Construction	270,000	-	-	-	270,000
	<u>270,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>270,000</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(249,000)</u>	<u>21,143</u>	<u>673</u>	<u>21,816</u>	<u>270,816</u>
<b>OTHER FINANCING SOURCES</b>					
Transfers from: General Fund	249,000	249,000	-	249,000	-
	<u>249,000</u>	<u>249,000</u>	<u>-</u>	<u>249,000</u>	<u>-</u>
<b>REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES</b>	<u>\$ -</u>	<u>\$ 270,143</u>	<u>673</u>	<u>\$ 270,816</u>	<u>\$ 270,816</u>
<b>FUND BALANCE, BEGINNING OF YEAR, JULY 1</b>			<u>270,143</u>		
<b>FUND BALANCE, END OF YEAR, JUNE 30</b>			<u>\$ 270,816</u>		

**TOWN OF SOUTHERN PINES  
CAPITAL PROJECTS FUND (ROAD CONSTRUCTION)  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
From Inception and for the Year Ended June 30, 2013**

	Authorization	Actual		Total to date	Variance favorable (unfavorable)
		Prior years	Current year		
<b>REVENUES</b>					
Investment earnings	\$ -	\$ 233	\$ 65	\$ 298	\$ 298
	<u>-</u>	<u>233</u>	<u>65</u>	<u>298</u>	<u>298</u>
<b>EXPENDITURES</b>					
Transportation Construction	25,874	-	-	-	25,874
	<u>25,874</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,874</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(25,874)</u>	<u>233</u>	<u>65</u>	<u>298</u>	<u>26,172</u>
<b>OTHER FINANCING SOURCES</b>					
Transfers from:					
Special Revenue Fund -					
Community Development Block Grant	25,874	25,874	-	25,874	-
	<u>25,874</u>	<u>25,874</u>	<u>-</u>	<u>25,874</u>	<u>-</u>
<b>REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES</b>	<u>\$ -</u>	<u>\$ 26,107</u>	<u>65</u>	<u>\$ 26,172</u>	<u>\$ 26,172</u>
<b>FUND BALANCE, BEGINNING OF YEAR, JULY 1</b>			<u>26,107</u>		
<b>FUND BALANCE, END OF YEAR, JUNE 30</b>			<u>\$ 26,172</u>		

**TOWN OF SOUTHERN PINES**  
**CAPITAL PROJECTS FUND (ENTERPRISE INFORMATION AND DOCUMENT MANAGEMENT SYSTEM)**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**From Inception and for the Year Ended June 30, 2013**

	Project Authorization	Actual		Total to date	Variance favorable (unfavorable)
		Prior years	Current year		
<b>REVENUES</b>					
Investment earnings	\$ 3,000	\$ 10,658	\$ 1,629	\$ 12,287	\$ 9,287
	<u>3,000</u>	<u>10,658</u>	<u>1,629</u>	<u>12,287</u>	<u>9,287</u>
<b>EXPENDITURES</b>					
General government					
Enterprise Resource Planning	900,000	242,489	34,709	277,198	622,802
	<u>900,000</u>	<u>242,489</u>	<u>34,709</u>	<u>277,198</u>	<u>622,802</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(897,000)</u>	<u>(231,831)</u>	<u>(33,080)</u>	<u>(264,911)</u>	<u>632,089</u>
<b>OTHER FINANCING SOURCES</b>					
Transfers from:					
General Fund	400,000	400,000	-	400,000	-
Capital Projects Fund- Police Station	240,500	240,500	-	240,500	-
Capital Projects Fund- Water and Sewer Fund	256,500	256,500	-	256,500	-
	<u>897,000</u>	<u>897,000</u>	<u>-</u>	<u>897,000</u>	<u>-</u>
REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ 665,169</u>	<u>(33,080)</u>	<u>\$ 632,089</u>	<u>\$ 632,089</u>
FUND BALANCE, BEGINNING OF YEAR, JULY 1			<u>665,169</u>		
FUND BALANCE, END OF YEAR, JUNE 30			<u>\$ 632,089</u>		

**TOWN OF SOUTHERN PINES**  
**CAPITAL PROJECTS FUND (PATRICK ROAD)**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**From Inception and for the Year Ended June 30, 2013**

	Project Authorization	Actual		Total to date	Variance favorable (unfavorable)
		Prior years	Current year		
<b>REVENUES</b>					
Investment earnings	\$ 36,000	\$ 36,167	\$ 1,139	\$ 37,306	\$ 1,306
	<u>36,000</u>	<u>36,167</u>	<u>1,139</u>	<u>37,306</u>	<u>1,306</u>
<b>EXPENDITURES</b>					
Transportation Construction	491,991	35,000	-	35,000	456,991
	<u>491,991</u>	<u>35,000</u>	<u>-</u>	<u>35,000</u>	<u>456,991</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(455,991)</u>	<u>1,167</u>	<u>1,139</u>	<u>2,306</u>	<u>458,297</u>
<b>OTHER FINANCING SOURCES</b>					
Transfers from: Capital Projects Fund- Road Construction	455,991	455,991	-	455,991	-
	<u>455,991</u>	<u>455,991</u>	<u>-</u>	<u>455,991</u>	<u>-</u>
REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ 457,158</u>	<u>1,139</u>	<u>\$ 458,297</u>	<u>\$ 458,297</u>
FUND BALANCE, BEGINNING OF YEAR, JULY 1			<u>457,158</u>		
FUND BALANCE, END OF YEAR, JUNE 30			<u>\$ 458,297</u>		

**TOWN OF SOUTHERN PINES  
CAPITAL PROJECTS FUND (BIKE TRANSPORT)  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
From Inception and for the Year Ended June 30, 2013**

	Project Authorization	Actual		Total to date	Variance favorable (unfavorable)
		Prior years	Current year		
<b>REVENUES</b>					
Investment earnings	\$ -	\$ 206	\$ 144	\$ 350	\$ 350
	<u>-</u>	<u>206</u>	<u>144</u>	<u>350</u>	<u>350</u>
<b>EXPENDITURES</b>					
Cultural and recreational Construction	60,000	-	11,206	11,206	48,794
	<u>60,000</u>	<u>-</u>	<u>11,206</u>	<u>11,206</u>	<u>48,794</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(60,000)</u>	<u>206</u>	<u>(11,062)</u>	<u>(10,856)</u>	<u>49,144</u>
<b>OTHER FINANCING SOURCES</b>					
Transfers from:					
General fund	60,000	60,000	-	60,000	-
	<u>60,000</u>	<u>60,000</u>	<u>-</u>	<u>60,000</u>	<u>-</u>
REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ 60,206</u>	<u>(11,062)</u>	<u>\$ 49,144</u>	<u>\$ 49,144</u>
FUND BALANCE, BEGINNING OF YEAR, JULY 1			<u>60,206</u>		
FUND BALANCE, END OF YEAR, JUNE 30			<u>\$ 49,144</u>		

**TOWN OF SOUTHERN PINES  
CAPITAL PROJECTS FUND (FIRE DEPARTMENT SUBSTATION)  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
From Inception and for the Year Ended June 30, 2013**

	Project Authorization	Actual		Total to date	Variance favorable (unfavorable)
		Prior years	Current year		
<b>REVENUES</b>					
Investment earnings	\$ 586	\$ 1,378	\$ 893	\$ 2,271	\$ 1,685
	<u>586</u>	<u>1,378</u>	<u>893</u>	<u>2,271</u>	<u>1,685</u>
<b>EXPENDITURES</b>					
Public Safety Construction	360,700	-	32,797	32,797	327,903
	<u>360,700</u>	<u>-</u>	<u>32,797</u>	<u>32,797</u>	<u>327,903</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(360,114)</u>	<u>1,378</u>	<u>(31,904)</u>	<u>(30,526)</u>	<u>329,588</u>
<b>OTHER FINANCING SOURCES</b>					
Transfers from: Capital Projects Fund- Police Expansion Fund	360,114	360,113	-	360,113	(1)
	<u>360,114</u>	<u>360,113</u>	<u>-</u>	<u>360,113</u>	<u>(1)</u>
REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ 361,491</u>	<u>(31,904)</u>	<u>\$ 329,587</u>	<u>\$ 329,587</u>
FUND BALANCE, BEGINNING OF YEAR, JULY 1			<u>361,491</u>		
FUND BALANCE, END OF YEAR, JUNE 30			<u>\$ 329,587</u>		

**TOWN OF SOUTHERN PINES**  
**CAPITAL PROJECTS FUND (PUBLIC SAFETY)**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**From Inception and for the Year Ended June 30, 2013**

	Project Authorization	Actual		Total to date	Variance favorable (unfavorable)
		Prior years	Current year		
<b>REVENUES</b>					
Investment earnings	\$ -	\$ -	\$ 391	\$ 391	\$ 391
	-	-	391	391	391
<b>EXPENDITURES</b>					
Public Safety Construction	182,500	-	51,927	51,927	130,573
	182,500	-	51,927	51,927	130,573
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(182,500)</b>	<b>-</b>	<b>(51,536)</b>	<b>(51,536)</b>	<b>130,964</b>
<b>OTHER FINANCING SOURCES</b>					
Transfers from: General Fund	182,500	-	182,500	182,500	-
	182,500	-	182,500	182,500	-
<b>REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>130,964</b>	<b>\$ 130,964</b>	<b>\$ 130,964</b>
<b>FUND BALANCE, BEGINNING OF YEAR, JULY 1</b>			<b>-</b>		
<b>FUND BALANCE, END OF YEAR, JUNE 30</b>			<b>\$ 130,964</b>		

**TOWN OF SOUTHERN PINES  
CAPITAL PROJECTS FUND (POOL PARK)  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
From Inception and for the Year Ended June 30, 2013**

	Project Authorization	Actual		Total to date	Variance favorable (unfavorable)
		Prior years	Current year		
<b>REVENUES</b>					
Investment earnings	\$ -	\$ -	\$ 114	\$ 114	\$ 114
	-	-	114	114	114
<b>EXPENDITURES</b>					
Cultural and Recreational Construction	50,000	-	8,657	8,657	41,343
	50,000	-	8,657	8,657	41,343
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(50,000)</b>	<b>-</b>	<b>(8,543)</b>	<b>(8,543)</b>	<b>41,457</b>
<b>OTHER FINANCING SOURCES</b>					
Transfers from: General Fund	50,000	-	50,000	50,000	-
	50,000	-	50,000	50,000	-
<b>REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>41,457</b>	<b>\$ 41,457</b>	<b>\$ 41,457</b>
<b>FUND BALANCE, BEGINNING OF YEAR, JULY 1</b>			<b>-</b>		
<b>FUND BALANCE, END OF YEAR, JUNE 30</b>			<b>\$ 41,457</b>		

**TOWN OF SOUTHERN PINES**  
**PERMANENT FUND (CEMETERY PERPETUAL CARE FUND)**  
**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE**  
**For the Year Ended June 30, 2013**  
**With Comparative Actual Amounts for Year Ended June 30, 2012**

	2013		Variance favorable (unfavorable)	2012
	Budget	Actual		Actual
REVENUES				
Investment earnings	\$ 10,400	\$ 132	\$ (10,268)	\$ 182
Sale of plots	43,000	1,750	(41,250)	3,475
Total revenues	<u>53,400</u>	<u>1,882</u>	<u>(51,518)</u>	<u>3,657</u>
EXPENDITURES				
Reserved for future expense	<u>53,400</u>	<u>-</u>	<u>53,400</u>	<u>-</u>
REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>1,882</u>	<u>\$ 1,882</u>	<u>3,657</u>
FUND BALANCE, BEGINNING OF YEAR, JULY 1		<u>52,370</u>		<u>48,713</u>
FUND BALANCE, END OF YEAR, JUNE 30		<u>\$ 54,252</u>		<u>\$ 52,370</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.

**TOWN OF SOUTHERN PINES**  
**WATER AND SEWER FUND**  
**SCHEDULE OF REVENUE AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)**  
**For the Year Ended June 30, 2013**  
**With Comparative Actual Amounts for Year Ended June 30, 2012**

	2013		Variance favorable (unfavorable)	2012
	Budget	Actual		Actual
<b>REVENUES</b>				
Operating revenues				
Charges for services				
Water sales		\$ 3,813,241		\$ 3,789,527
Sewer sales		1,976,842		1,979,892
Service charges		140,025		109,364
Miscellaneous operating revenue		202,320		118,275
Total operating revenues	\$ 5,676,190	6,132,428	\$ 456,238	5,997,058
Nonoperating revenues (expenses)				
Impact fees		201,655		141,333
Investment earnings		10,198		13,715
BAB interest rebate		33,836		59,811
Gain on disposal of capital assets		45,095		(8,129)
	46,333	290,784	244,451	206,730
Total revenues	5,722,523	6,423,212	700,689	6,203,788
<b>EXPENDITURES</b>				
Billings and collections				
Salaries and employee benefits		243,731		249,753
Contracted services		18,387		19,210
Other departmental expenditures		108,818		120,066
	411,803	370,936	40,867	389,029
Water treatment				
Contractual services		899,961		878,157
Utilities		283,125		267,973
Other departmental expenditures		66,005		97,632
	1,391,175	1,249,091	142,084	1,243,762
Sewage treatment				
Contractual services	1,514,656	1,429,627	85,029	1,181,654
Water extensions and maintenance				
Salaries and employee benefits		318,015		360,162
Contractual services		36,153		21,071
Supplies		131,632		187,442
Other departmental expenditures		126,452		130,111
	747,444	612,252	135,192	698,786

**TOWN OF SOUTHERN PINES  
WATER AND SEWER FUND  
SCHEDULE OF REVENUE AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)  
For the Year Ended June 30, 2013  
With Comparative Actual Amounts for Year Ended June 30, 2012**

	2013		Variance favorable (unfavorable)	2012
	Budget	Actual		Actual
EXPENDITURES (Continued)				
Sewer extensions and maintenance				
Salaries and employee benefits		\$ 359,552		\$ 374,782
Contractual services		95,258		100,065
Supplies		77,852		92,270
Other departmental expenditures		145,553		177,337
	<u>\$ 842,205</u>	<u>678,215</u>	<u>\$ 163,990</u>	<u>744,454</u>
Chargeout for administrative expenses	<u>865,246</u>	<u>865,246</u>	<u>-</u>	<u>895,197</u>
Total	<u>5,772,529</u>	<u>5,205,367</u>	<u>567,162</u>	<u>5,152,882</u>
Budgetary appropriations				
Interest	100,951	100,951	-	111,389
Debt principal	314,853	314,853	-	304,415
Capital outlay	89,000	52,101	36,899	292,286
	<u>504,804</u>	<u>467,905</u>	<u>36,899</u>	<u>708,090</u>
Total expenditures	<u>6,277,333</u>	<u>5,673,272</u>	<u>604,061</u>	<u>5,860,972</u>
REVENUES OVER (UNDER) EXPENDITURES	(554,810)	749,940	1,304,750	342,816
OTHER FINANCING USES				
Transfers to:				
Morganton Road	(200,000)	(200,000)	-	-
Water and Sewer Improvements	(300,000)	(300,000)	-	(300,000)
	<u>(500,000)</u>	<u>(500,000)</u>	<u>-</u>	<u>(300,000)</u>
REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(1,054,810)	249,940	1,304,750	42,816
APPROPRIATED RETAINED EARNINGS	<u>1,054,810</u>	<u>-</u>	<u>(1,054,810)</u>	<u>-</u>
REVENUES AND APPROPRIATED RETAINED EARNINGS OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>\$ -</u>	<u>\$ 249,940</u>	<u>\$ 249,940</u>	<u>\$ 42,816</u>

**TOWN OF SOUTHERN PINES  
WATER AND SEWER FUND**

Page 3 of 3

**SCHEDULE OF REVENUE AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)**

**For the Year Ended June 30, 2013**

**With Comparative Actual Amounts for Year Ended June 30, 2012**

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	<u>2013</u>	<u>2012</u>
REVENUES OVER EXPENDITURES	\$ 249,940	\$ 42,816
RECONCILING ITEMS:		
Principal retirement	314,853	304,415
Capital outlay	52,101	292,286
Capital project expenditures not capitalized	(21,881)	-
Loss on disposal of construction in process	(122,837)	-
Depreciation and amortization	(1,133,090)	(1,118,139)
Interest earnings on Water and Sewer		
Capital Projects Fund	6,203	13,837
Developer's contributions	8,089	168,665
Intangible contributions	106,892	279,759
Capital contributions	-	75,975
Transfers to Water and Sewer		
Morganton Road	200,000	
Water and sewer improvements	300,000	300,000
	<u>(289,670)</u>	<u>316,798</u>
CHANGE IN NET POSITION	<u>\$ (39,730)</u>	<u>\$ 359,614</u>

**TOWN OF SOUTHERN PINES  
WATER AND SEWER CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (NON-GAAP)  
From Inception and for the Year Ended June 30, 2013**

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance favorable (unfavorable)
<b>REVENUES</b>					
Grant proceeds	\$ 582,950	\$ 561,332	\$ -	\$ 561,332	\$ (21,618)
Investment earnings	292,687	301,372	6,203	307,575	14,888
Developers contributions	394,616	398,032	-	398,032	3,416
<b>TOTAL REVENUES</b>	<b>1,270,253</b>	<b>1,260,736</b>	<b>6,203</b>	<b>1,266,939</b>	<b>(3,314)</b>
<b>EXPENDITURES</b>					
Water/sewer improvements I	2,109,823	2,062,920	46,902	2,109,822	1
Commercial park project	811,666	791,960	-	791,960	19,706
Morganton road	200,000	-	150	150	199,850
Automatic meter reading	2,100,000	-	545,677	545,677	1,554,323
Village project	165,900	151,950	-	151,950	13,950
Raw water reservoir	6,367,270	5,864,748	-	5,864,748	502,522
Water/sewer improvements II	910,576	-	17,990	17,990	892,586
<b>TOTAL EXPENDITURES</b>	<b>12,665,235</b>	<b>8,871,578</b>	<b>610,719</b>	<b>9,482,297</b>	<b>3,182,938</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(11,394,982)</b>	<b>(7,610,842)</b>	<b>(604,516)</b>	<b>(8,215,358)</b>	<b>3,179,624</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of debt	5,100,000	3,500,000	1,600,000	5,100,000	-
Transfer to:					
Waynor road project	(250,000)	(250,000)	-	(250,000)	-
Automatic meter reading	(500,000)	-	(500,000)	(500,000)	-
Water/sewer improvements II	(900,576)	-	(900,576)	(900,576)	-
Transfers from:					
Impact fees	841,146	841,146	-	841,146	-
Water treatment	460,500	460,500	-	460,500	-
Water/sewer improvements I	1,400,576	-	1,400,576	1,400,576	-
Water & Sewer Fund	5,243,336	4,743,336	500,000	5,243,336	-
<b>Total other financing sources</b>	<b>11,394,982</b>	<b>9,294,982</b>	<b>2,100,000</b>	<b>11,394,982</b>	<b>-</b>
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES</b>	<b>\$ -</b>	<b>\$ 1,684,140</b>	<b>\$ 1,495,484</b>	<b>\$ 3,179,624</b>	<b>\$ 3,179,624</b>

## AGENCY FUND

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Agency Funds are used to account for assets held by the Town as an agent for individuals, private organizations, other governments, and/or other funds.

### **Individual Fund Descriptions:**

#### **Agency Fund:**

**Cafeteria Plan Fund** -- an Agency Fund used to account for the Town's IRC Section 125 plan for various employee benefits.

**TOWN OF SOUTHERN PINES**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUND**  
**For the Year Ended June 30, 2013**

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	<u>Balance</u> <u>June 30, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2013</u>
Cafeteria Plan				
<b>ASSETS</b>				
Cash and investments	\$ 20,255	\$ 295,370	\$ 288,174	\$ 27,451
Accrued interest	34	30	34	30
	<u>\$ 20,289</u>	<u>\$ 295,400</u>	<u>\$ 288,208</u>	<u>\$ 27,481</u>
<b>LIABILITIES</b>				
Miscellaneous liabilities	<u>\$ 20,289</u>	<u>\$ 295,400</u>	<u>\$ 288,208</u>	<u>\$ 27,481</u>

## **CAPITAL ASSETS OF GOVERNMENTAL FUNDS**

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

**TOWN OF SOUTHERN PINES**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE BY FUNCTION AND ACTIVITY**  
**June 30, 2013**

	Land	Buildings and Improvements	Other Improvements	Machinery and equipment	Vehicles and motorized equipment	Furniture, fixtures, and other equipment	Infrastructure	Construction and Intangibles In Progress	Total
General government	\$ 10,696,146	\$ 2,330,498	\$ 2,052,723	\$ 246,321	\$ 389,784	\$ 337,991	\$ -	\$ 701,739	\$ 16,755,202
Public safety	1,070,553	8,015,770	842,362	183,248	3,075,202	752,883	-	84,724	14,024,742
Transportation	-	32,384	8,265	-	551,582	343,884	11,450,182	840,686	13,226,983
Economic and physical development	43,850	71,896	-	-	102,780	-	-	-	218,526
Cultural and recreational	36,102	4,613,234	1,563,425	23,000	87,709	59,586	-	104,119	6,487,175
Total governmental funds capital assets	<u>\$ 11,846,651</u>	<u>\$ 15,063,782</u>	<u>\$ 4,466,775</u>	<u>\$ 452,569</u>	<u>\$ 4,207,057</u>	<u>\$ 1,494,344</u>	<u>\$ 11,450,182</u>	<u>\$ 1,731,268</u>	<u>\$ 50,712,628</u>

Note: Amounts presented above exclude accumulated depreciation.

**TOWN OF SOUTHERN PINES**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY**  
**For the Year Ended June 30, 2013**

	Balance June 30, 2012	Additions and Transfers in	Disposals and Transfers out	Balance June 30, 2013
General government	\$ 16,873,473	\$ 175,730	\$ (294,001)	\$ 16,755,202
Public safety	14,144,621	195,309	(315,188)	14,024,742
Transportation	13,013,396	245,138	(31,551)	13,226,983
Economic and physical development	194,802	23,724	-	218,526
Cultural and recreational	6,402,436	145,306	(60,567)	6,487,175
Total governmental funds capital assets	<u>\$ 50,628,728</u>	<u>\$ 785,207</u>	<u>\$ (701,307)</u>	<u>\$ 50,712,628</u>

Note: Amounts presented above exclude accumulated depreciation.

**TOWN OF SOUTHERN PINES**  
**SCHEDULE OF AD VALOREM TAXES RECEIVABLE**  
**For the Year Ended June 30, 2013**

	Uncollected Balance June 30, 2012	Additions	Collections and Credits	Uncollected Balance June 30, 2013
2012-2013	\$ -	\$ 7,663,758	\$ 7,620,110	\$ 43,648
2011-2012	49,804	-	33,380	16,424
2010-2011	16,002	-	5,810	10,192
2009-2010	8,228	-	1,377	6,851
2008-2009	6,079	-	381	5,698
2007-2008	5,600	-	531	5,069
2006-2007	14,808	-	290	14,518
2005-2006	8,241	-	45	8,196
2004-2005	4,568	-	97	4,471
2003-2004	2,967	-	39	2,928
2002-2003	1,827	-	1,827	-
	<u>\$ 118,124</u>	<u>\$ 7,663,758</u>	<u>\$ 7,663,887</u>	117,995
Less allowance for uncollected taxes receivable General fund				<u>(23,456)</u>
Ad valorem taxes receivable, net				<u>\$ 94,539</u>
Reconciliation with revenue:				
Taxes				\$ 7,691,550
Penalties and interest				(31,469)
Refunds				1,873
Taxes written off				1,812
Other adjustments				<u>121</u>
Total collections and credits				<u>\$ 7,663,887</u>

**TOWN OF SOUTHERN PINES  
ANALYSIS OF CURRENT TAX LEVY  
For the Year Ended June 30, 2013**

	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:	\$ 2,047,247,133	\$ 0.35	\$ 7,165,381	\$ 7,165,381	\$ -
Penalties	-		3,960	3,960	-
	<u>2,047,247,133</u>		<u>7,169,341</u>	<u>7,169,341</u>	<u>-</u>
Discoveries:					
Adjustments at current year's rate	135,856,091	0.35	481,787	112,528	369,259
Adjustments at prior year's rate	<u>10,254,311</u>	<u>0.35</u>	<u>34,292</u>	<u>1,763</u>	<u>32,529</u>
Total	2,193,357,535		7,685,420	7,283,632	401,788
Abatements:					
Current year's rate	<u>(5,653,911)</u>	0.35	<u>(21,662)</u>	<u>9,303</u>	<u>(30,965)</u>
TOTAL PROPERTY VALUATION	<u>\$ 2,187,703,624</u>				
Net levy			7,663,758	7,292,935	370,823
Uncollected taxes at June 30, 2013			<u>43,648</u>	<u>16,714</u>	<u>26,934</u>
Current year's taxes collected			<u>\$ 7,620,110</u>	<u>\$ 7,276,221</u>	<u>\$ 343,889</u>
Percent of current year taxes collected			<u>99.43%</u>	<u>99.77%</u>	<u>92.74%</u>

**TOWN OF SOUTHERN PINES**  
**SCHEDULE OF INTERFUND TRANSFERS**  
**Year Ended June 30, 2013**

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	Transfer from Fund			Total
	Major Governmental	Non-major Governmental	Major Business-Type	
	General Fund		Water and Sewer	
Transfers to Fund				
Governmental: Non-Major Funds	\$ 382,500	\$ -	\$ -	\$ 382,500
Business-Type: Major Funds	-	-	1,900,576	1,900,576
Total	<u>\$ 382,500</u>	<u>\$ -</u>	<u>\$ 1,900,576</u>	<u>\$ 2,283,076</u>

## STATISTICAL SECTION

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

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

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

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

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

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

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

## **FINANCIAL TRENDS INFORMATION**

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**TOWN OF SOUTHERN PINES  
NET POSITION BY COMPONENT  
Last Ten Fiscal Years**

**Table 1**

	2004	2005	2006	2007	2008
<b>Governmental Activities</b>					
Invested in Capital Assets, net of related debt	\$ 23,784,086	\$ 24,767,860	\$ 24,905,903	\$ 26,203,921	\$ 27,637,028
Restricted	5,584,120	4,816,663	5,742,934	4,480,356	5,800,666
Unrestricted	2,609,329	4,254,350	4,187,841	5,556,822	4,839,735
<b>Total Governmental Activities Net Position</b>	<b>31,977,535</b>	<b>33,838,873</b>	<b>34,836,678</b>	<b>36,241,099</b>	<b>38,277,429</b>
<b>Business-type Activities</b>					
Invested in Capital Assets, net of related debt	25,675,118	26,899,892	27,293,907	28,224,160	29,842,062
Restricted	-	-	-	-	-
Unrestricted	4,789,928	4,538,012	5,082,649	5,758,921	6,975,786
<b>Total Business-type Activities Net Position</b>	<b>30,465,046</b>	<b>31,437,904</b>	<b>32,376,556</b>	<b>33,983,081</b>	<b>36,817,848</b>
<b>Primary Government</b>					
Invested in Capital Assets, net of related debt	49,459,204	51,667,752	52,199,810	54,428,081	57,479,090
Restricted	5,584,120	4,816,663	5,742,934	4,480,356	5,800,666
Unrestricted	7,399,257	8,792,362	9,270,490	11,315,743	11,815,521
<b>Total primary Government Net Position</b>	<b>\$ 62,442,581</b>	<b>\$ 65,276,777</b>	<b>\$ 67,213,234</b>	<b>\$ 70,224,180</b>	<b>\$ 75,095,277</b>

Notes:

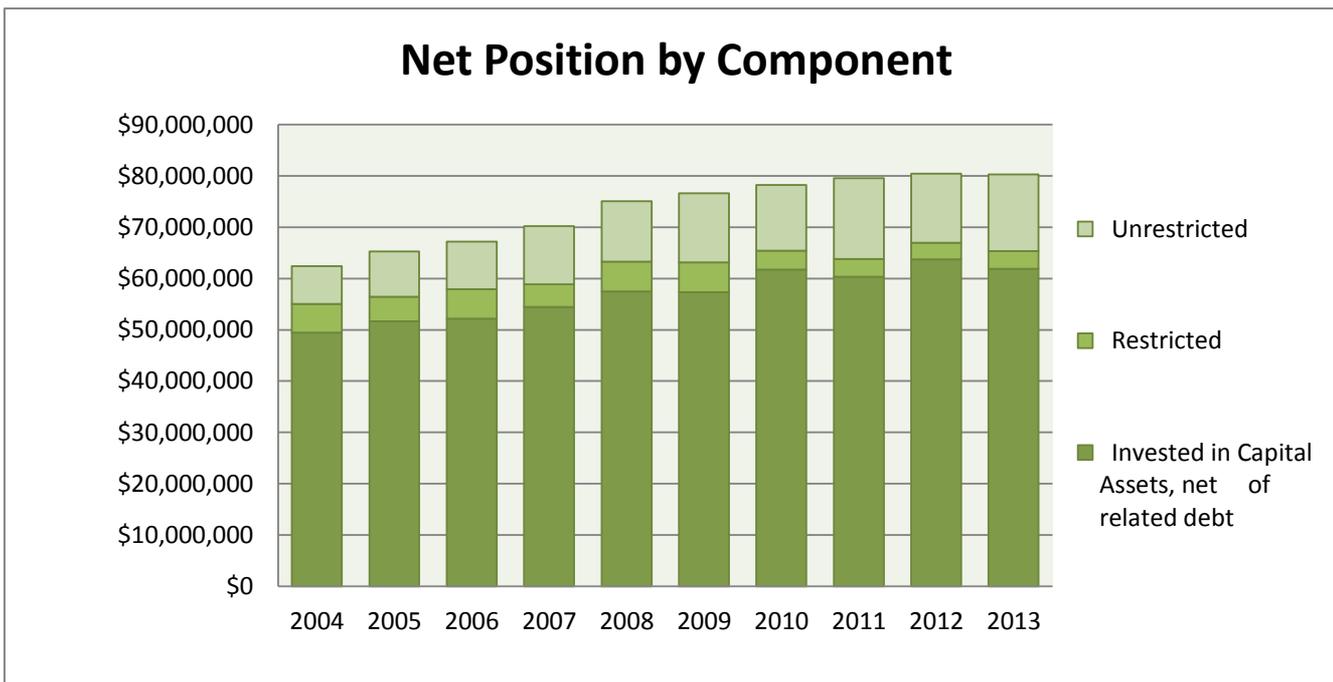
This table was prepared using the accrual basis of accounting.

Restricted and unrestricted categories have been restated to retroactively implement GASB 54.

**TOWN OF SOUTHERN PINES  
NET POSITION BY COMPONENT  
Last Ten Fiscal Years**

**Table 1  
(con't)**

	2009	2010	2011	2012	2013
<b>Governmental Activities</b>					
Invested in Capital Assets, net of related debt	\$ 26,349,353	\$ 29,678,651	\$ 29,411,511	\$ 29,623,108	\$ 29,633,485
Restricted	5,844,156	3,723,300	3,473,801	3,267,412	3,404,237
Unrestricted	6,350,644	5,465,135	6,208,414	6,721,773	6,517,398
<b>Total Governmental Activities Net Position</b>	<b>38,544,153</b>	<b>38,867,086</b>	<b>39,093,726</b>	<b>39,612,293</b>	<b>39,555,120</b>
<b>Business-type Activities</b>					
Invested in Capital Assets, net of related debt	30,955,704	32,039,888	30,930,532	34,092,915	32,299,561
Restricted	-	-	-	-	-
Unrestricted	7,152,347	7,333,724	9,526,905	6,724,136	8,477,760
<b>Total Business-type Activities Net Position</b>	<b>38,108,051</b>	<b>39,373,612</b>	<b>40,457,437</b>	<b>40,817,051</b>	<b>40,777,321</b>
<b>Primary Government</b>					
Invested in Capital Assets, net of related debt	57,305,057	61,718,539	60,342,043	63,716,023	61,933,046
Restricted	5,844,156	3,723,300	3,473,801	3,267,412	3,404,237
Unrestricted	13,502,991	12,798,859	15,735,319	13,445,909	14,995,158
<b>Total primary Government Net Position</b>	<b>\$ 76,652,204</b>	<b>\$ 78,240,698</b>	<b>\$ 79,551,163</b>	<b>\$ 80,429,344</b>	<b>\$ 80,332,441</b>



**TOWN OF SOUTHERN PINES  
CHANGES IN NET POSITION  
Last Ten Fiscal Years**

**Table 2**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Expenses</b>										
Governmental activities:										
General Government	\$ 2,814,897	\$ 2,907,623	\$ 3,234,465	\$ 3,409,836	\$ 3,616,005	\$ 4,023,204	\$ 4,539,958	\$ 4,630,400	\$ 4,473,362	\$ 4,561,092
Public Safety	3,453,172	3,517,083	3,872,906	4,190,726	4,451,595	4,676,145	4,751,887	5,118,600	5,478,090	5,468,061
Transportation	1,100,969	1,136,916	1,301,081	1,305,999	1,365,948	1,821,185	1,593,589	1,436,648	1,441,791	1,574,115
Economic and Physical Development	343,350	362,863	409,535	521,189	616,011	791,424	667,356	956,340	722,591	690,132
Cultural and Recreation	1,344,829	1,390,433	1,555,104	1,586,789	1,733,563	1,820,968	1,587,332	1,549,640	1,542,961	1,583,940
Interest on Long Term Debt	698	-	11,952	24,183	14,989	177,670	225,648	212,328	199,536	183,766
<b>Total Governmental Activities Expense</b>	<b>9,057,915</b>	<b>9,314,918</b>	<b>10,385,043</b>	<b>11,038,722</b>	<b>11,798,111</b>	<b>13,310,596</b>	<b>13,365,770</b>	<b>13,903,956</b>	<b>13,858,331</b>	<b>14,061,106</b>
<b>Total Business-Type Activity - Water and Sewer</b>	<b>3,897,969</b>	<b>3,949,406</b>	<b>4,089,521</b>	<b>4,435,308</b>	<b>4,649,136</b>	<b>5,214,994</b>	<b>5,783,760</b>	<b>6,056,432</b>	<b>6,390,539</b>	<b>6,461,289</b>
<b>TOTAL PRIMARY GOVERNMENT EXPENSES</b>	<b>\$ 12,955,884</b>	<b>\$ 13,264,324</b>	<b>\$ 14,474,564</b>	<b>\$ 15,474,030</b>	<b>\$ 16,447,247</b>	<b>\$ 18,525,590</b>	<b>\$ 19,149,530</b>	<b>\$ 19,960,388</b>	<b>\$ 20,248,870</b>	<b>\$ 20,522,395</b>
<b>Program revenues</b>										
Governmental activities:										
Charges for Services										
General Governmental	\$ 308,830	\$ 369,577	\$ 354,292	\$ 396,096	\$ 452,649	\$ 673,830	\$ 830,364	\$ 840,476	\$ 853,392	\$ 865,514
Public Safety	338,923	345,798	390,331	390,343	500,431	509,706	493,485	501,715	507,750	522,653
Transportation	23,193	21,478	9,779	7,948	7,261	8,775	14,531	14,138	24,493	27,628
Economic and Physical Development	217,677	282,048	342,140	315,976	302,147	221,168	263,420	258,908	292,230	351,236
Cultural and Recreation	154,032	181,982	195,230	203,448	205,893	204,524	219,856	252,066	246,731	230,503
Cemetery	4,150	4,750	2,500	3,775	2,700	3,425	2,525	1,476	3,475	1,750
Operating Grants and Contributions										
General Governmental	21,398	161,498	17,142	159,492	42,514	90,726	67,145	55,392	49,114	42,953
Public Safety	31,038	40,027	72,249	42,826	29,578	9,611	65,701	180,566	335,492	20,382
Transportation	402,203	401,565	416,972	400,518	452,161	408,346	365,427	372,100	373,770	384,761
Cultural and Recreation	26,717	19,587	19,310	12,298	11,801	12,954	50,656	63,951	10,857	10,780
Capital Grants and Contributions										
General Governmental	368,500	519,220	239,701	564,979	799,568	385,574	22,960	36,130	367,474	-
Public Safety	-	-	-	-	-	-	35,700	46,626	-	-
Economic and Physical Development	-	-	-	-	-	-	-	340,000	-	-
Cultural and Recreation	-	-	-	-	-	-	-	-	-	-
<b>Total Governmental Activities Program Revenues</b>	<b>1,896,661</b>	<b>2,347,530</b>	<b>2,059,646</b>	<b>2,497,699</b>	<b>2,806,703</b>	<b>2,528,639</b>	<b>2,431,770</b>	<b>2,963,544</b>	<b>3,064,778</b>	<b>2,458,160</b>
Business-type Activity - Water and Sewer										
Charges for Services	4,310,009	4,416,409	4,481,797	4,880,712	5,481,535	5,440,474	6,093,301	6,468,773	6,132,490	6,334,083
Capital Grants and Contributions	520,938	549,868	379,848	899,119	1,727,424	878,600	1,114,990	605,535	524,399	114,981
<b>Total Business Activity Program Revenues</b>	<b>4,830,947</b>	<b>4,966,277</b>	<b>4,861,645</b>	<b>5,779,831</b>	<b>7,208,959</b>	<b>6,319,074</b>	<b>7,208,291</b>	<b>7,074,308</b>	<b>6,656,889</b>	<b>6,449,064</b>
<b>TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES</b>	<b>\$ 6,727,608</b>	<b>\$ 7,313,807</b>	<b>\$ 6,921,291</b>	<b>\$ 8,277,530</b>	<b>\$ 10,015,662</b>	<b>\$ 8,847,713</b>	<b>\$ 9,640,061</b>	<b>\$ 10,037,852</b>	<b>\$ 9,721,667</b>	<b>\$ 8,907,224</b>
<b>Net Revenue (Expense)</b>										
Governmental activities	\$ (7,161,254)	\$ (6,967,388)	\$ (8,325,397)	\$ (8,541,023)	\$ (8,991,408)	\$ (10,781,957)	\$ (10,934,000)	\$ (10,940,412)	\$ (10,793,553)	\$ (11,602,946)
Business-type activity	932,978	1,016,871	772,124	1,344,523	2,559,823	1,104,080	1,424,531	1,017,876	266,350	(12,225)
<b>TOTAL PRIMARY GOVERNMENT NET EXPENSE</b>	<b>\$ (6,228,276)</b>	<b>\$ (5,950,517)</b>	<b>\$ (7,553,273)</b>	<b>\$ (7,196,500)</b>	<b>\$ (6,431,585)</b>	<b>\$ (9,677,877)</b>	<b>\$ (9,509,469)</b>	<b>\$ (9,922,536)</b>	<b>\$ (10,527,203)</b>	<b>\$ (11,615,171)</b>

**TOWN OF SOUTHERN PINES  
CHANGES IN NET POSITION  
Last Ten Fiscal Years**

**Table 2  
(con't)**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Ad Valorem Taxes	\$ 5,008,621	\$ 5,115,657	\$ 5,357,867	\$ 5,739,695	\$ 6,640,605	\$ 7,065,786	\$ 7,236,466	\$ 7,334,480	\$ 7,492,189	\$ 7,686,625
Local Option Taxes	1,680,738	1,896,008	2,058,488	2,203,070	2,736,344	2,470,727	2,388,153	2,440,388	2,498,838	2,610,194
Alcoholic Beverage Tax	100,267	106,703	108,525	107,746	102,028	103,214	94,236	100,423	102,767	126,165
Franchise Taxes	-	-	-	-	652,800	739,237	737,932	741,169	724,017	705,527
Unrestricted Intergovernmental	1,219,022	1,289,866	1,318,816	1,310,450	281,559	287,413	361,794	377,506	339,415	334,751
Investment Earnings	88,086	185,066	411,382	555,046	495,007	249,154	109,546	51,884	40,750	27,625
Miscellaneous Revenue	86,144	109,746	68,124	28,187	119,395	133,350	47,231	91,648	102,699	90,090
Gain (Loss) on Disposal/Transfer of Capital Assets	-	-	-	-	-	-	24,875	29,554	11,445	(35,204)
Transfers	(740,400)	125,680	-	1,250	-	-	256,500	-	-	-
<b>Total Governmental Activities</b>	<b>7,442,478</b>	<b>8,828,726</b>	<b>9,323,202</b>	<b>9,945,444</b>	<b>11,027,738</b>	<b>11,048,881</b>	<b>11,256,733</b>	<b>11,167,052</b>	<b>11,312,120</b>	<b>11,545,773</b>
Business Type Activity										
Investment Earnings	45,530	82,998	174,593	245,894	250,211	139,023	65,120	43,368	87,363	50,237
Gain (Loss) on Disposal/Transfer of Capital Assets	-	-	-	13,274	-	5,205	13,829	-	-	(77,742)
Miscellaneous Revenue	12,843	(1,331)	(8,065)	4,084	24,733	41,895	18,581	22,581	5,901	-
Transfers	740,400	(125,680)	-	(1,250)	-	-	(256,500)	-	-	-
<b>Total Business Type Activity</b>	<b>798,773</b>	<b>(44,013)</b>	<b>166,528</b>	<b>262,002</b>	<b>274,944</b>	<b>186,123</b>	<b>(158,970)</b>	<b>65,949</b>	<b>93,264</b>	<b>(27,505)</b>
<b>TOTAL PRIMARY GOVERNMENT GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS</b>	<b>\$ 8,241,251</b>	<b>\$ 8,784,713</b>	<b>\$ 9,489,730</b>	<b>\$ 10,207,446</b>	<b>\$ 11,302,682</b>	<b>\$ 11,235,004</b>	<b>\$ 11,097,763</b>	<b>\$ 11,233,001</b>	<b>\$ 11,405,384</b>	<b>\$ 11,518,268</b>
Change in Net Assets										
Governmental Activities	\$ 281,224	\$ 1,861,338	\$ 997,805	\$ 1,404,421	\$ 2,036,330	\$ 266,924	\$ 322,733	\$ 226,640	\$ 518,567	\$ (57,173)
Business-type Activity	1,731,751	972,858	938,652	1,606,525	2,834,767	1,290,203	1,265,561	1,083,825	359,614	(39,730)
<b>TOTAL PRIMARY GOVERNMENT CHANGE IN NET ASSETS</b>	<b>\$ 2,012,975</b>	<b>\$ 2,834,196</b>	<b>\$ 1,936,457</b>	<b>\$ 3,010,946</b>	<b>\$ 4,871,097</b>	<b>\$ 1,557,127</b>	<b>\$ 1,588,294</b>	<b>\$ 1,310,465</b>	<b>\$ 878,181</b>	<b>\$ (96,903)</b>

Note:

This table was prepared using the accrual basis of accounting.

**TOWN OF SOUTHERN PINES**  
**FUND BALANCES, GOVERNMENTAL FUNDS <sup>(1), (2)</sup>**  
**Last Ten Fiscal Years**

**Table 3**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General Fund					
Non spendable	\$ 69,459	\$ 86,689	\$ 51,371	\$ 55,840	\$ 50,916
Restricted	950,927	922,713	1,061,610	1,167,583	1,130,360
Assigned	<sup>(3)</sup> 3,427,140	722,806	999,466	1,477,239	2,312,493
Unassigned	3,297,963	3,851,812	4,322,040	4,492,831	4,978,986
Total General Fund	<u>\$ 7,745,489</u>	<u>\$ 5,584,020</u>	<u>\$ 6,434,487</u>	<u>\$ 7,193,493</u>	<u>\$ 8,472,755</u>
All Other Governmental Funds					
Non spendable	\$ 21,060	\$ 26,322	\$ 29,916	\$ 35,366	\$ 39,681
Restricted	-	23,150	39,275	146,406	18,492
Committed	769,698	3,844,478	3,871,723	3,131,001	2,603,637
Total All Other Governmental Funds	<u>\$ 790,758</u>	<u>\$ 3,893,950</u>	<u>\$ 3,940,914</u>	<u>\$ 3,312,773</u>	<u>\$ 2,661,810</u>

<sup>(1)</sup> This table was prepared using the modified accrual basis of accounting.

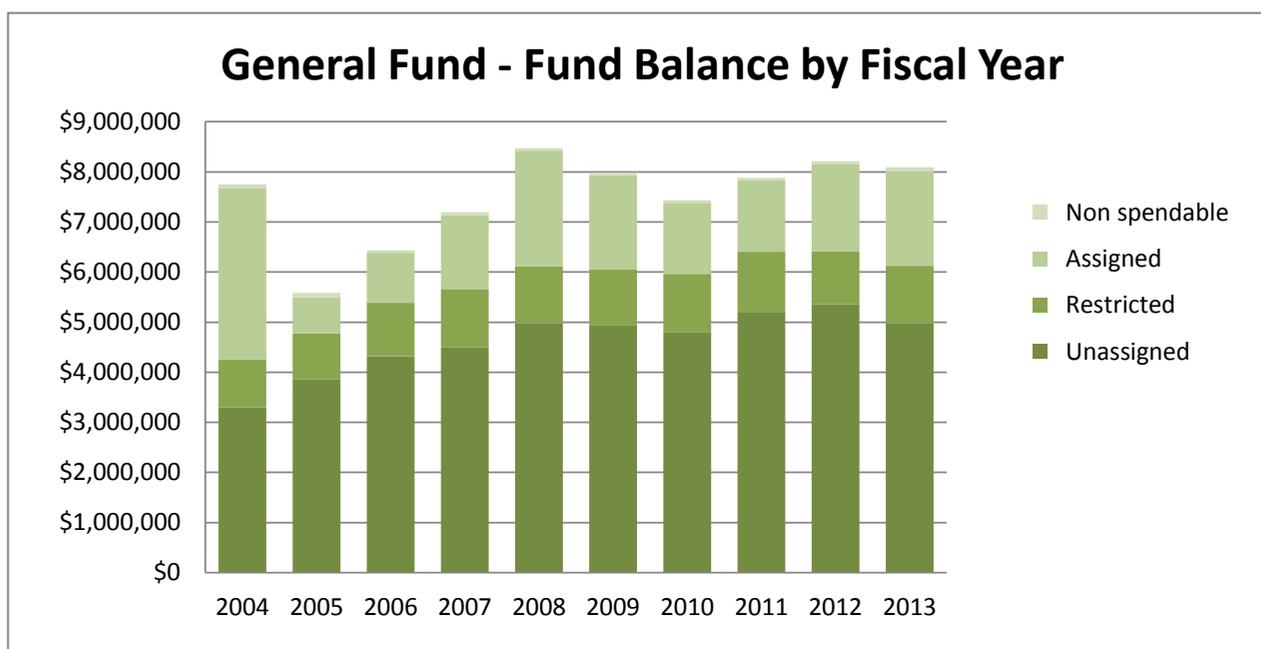
<sup>(2)</sup> Fund balance categories have been restated to retroactively implement GASB 54.

<sup>(3)</sup> \$3,272,250 of fund balance was appropriated for various capital project funds during FY 2004.

**TOWN OF SOUTHERN PINES**  
**FUND BALANCES, GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years**

**Table 3**  
**(con't)**

	2009	2010	2011	2012	2013
General Fund					
Non spendable	\$ 48,431	\$ 49,665	\$ 56,829	\$ 62,019	\$ 83,967
Restricted	1,108,514	1,165,344	1,213,725	1,052,932	1,152,374
Assigned	1,880,398	1,413,349	1,416,048	1,736,481	1,879,328
Unassigned	4,941,658	4,800,914	5,192,710	5,361,325	4,974,592
<b>Total General Fund</b>	<b><u>\$ 7,979,001</u></b>	<b><u>\$ 7,429,272</u></b>	<b><u>\$ 7,879,312</u></b>	<b><u>\$ 8,212,757</u></b>	<b><u>\$ 8,090,261</u></b>
All Other Governmental Funds					
Non spendable	\$ 44,009	\$ 46,999	\$ 48,605	\$ 52,286	\$ 54,189
Restricted	79,500	135,679	5,112	7,274	7,393
Committed	4,612,133	2,377,272	2,206,359	2,154,920	2,190,281
<b>Total All Other Governmental Funds</b>	<b><u>\$ 4,735,642</u></b>	<b><u>\$ 2,559,950</u></b>	<b><u>\$ 2,260,076</u></b>	<b><u>\$ 2,214,480</u></b>	<b><u>\$ 2,251,863</u></b>



**TOWN OF SOUTHERN PINES  
CHANGES IN FUND BALANCES,  
GOVERNMENTAL FUNDS  
Last Ten Fiscal Years**

**Table 4**

	2004	2005	2006	2007	2008
<b>REVENUES</b>					
Ad Valorem Taxes	\$ 5,011,174	\$ 5,124,600	\$ 5,368,600	\$ 5,723,821	\$ 6,647,580
Other Taxes and Licenses	2,509,392	2,745,066	2,922,783	3,017,398	3,116,597
Unrestricted Intergovernmental	580,508	593,938	622,714	653,109	708,031
Restricted Intergovernmental	399,665	583,124	438,358	432,483	474,260
Permits and Fees	265,911	351,384	376,835	360,075	353,271
Sales and Services	448,339	516,880	531,997	553,902	638,939
Investment Earnings	88,048	185,065	411,384	555,046	495,009
Grant Proceeds	-	250,000	3,000	117,000	-
Developers Contributions	-	2,000	234,083	381,620	783,034
Other	457,646	438,185	502,579	493,691	612,556
<b>TOTAL REVENUES</b>	<b>9,760,683</b>	<b>10,790,242</b>	<b>11,412,333</b>	<b>12,288,145</b>	<b>13,829,277</b>
<b>EXPENDITURES</b>					
Current:					
General Government	2,745,513	2,816,484	3,130,199	3,299,983	3,499,763
Public Safety	3,204,184	3,294,457	3,658,260	3,907,353	4,197,139
Transportation	703,024	733,431	909,276	920,422	977,346
Economic and Physical Development	330,552	352,796	399,600	511,156	609,260
Cultural and Recreational	1,212,121	1,238,137	1,400,245	1,437,678	1,566,740
Debt Service:					
Principal	47,777	-	65,786	134,913	139,494
Interest	698	-	11,952	20,562	15,983
Capital Outlay	526,636	1,538,894	1,649,584	1,926,463	2,195,253
<b>TOTAL EXPENDITURES</b>	<b>8,770,505</b>	<b>9,974,199</b>	<b>11,224,902</b>	<b>12,158,530</b>	<b>13,200,978</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>990,178</b>	<b>816,043</b>	<b>187,431</b>	<b>129,615</b>	<b>628,299</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of Debt	-	-	710,000	-	-
Transfers From Other Funds	288,585	3,397,930	118,360	1,250	1,356,066
Transfers to Other funds	(1,028,985)	(3,272,250)	(118,360)	-	(1,356,066)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(740,400)</b>	<b>125,680</b>	<b>710,000</b>	<b>1,250</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>249,778</b>	<b>941,723</b>	<b>897,431</b>	<b>130,865</b>	<b>628,299</b>
FUND BALANCE - Beginning of Year	8,047,198	8,536,247	9,477,970	10,375,401	-
Prior Period Adjustment	239,271	-	-	-	10,506,266
<b>FUND BALANCE - End of Year</b>	<b>\$ 8,536,247</b>	<b>\$ 9,477,970</b>	<b>\$ 10,375,401</b>	<b>\$ 10,506,266</b>	<b>\$ 11,134,565</b>
Debt Service as a percentage of non-capital expenditures	0.6%	0.0%	0.8%	1.5%	1.4%

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

**TOWN OF SOUTHERN PINES  
CHANGES IN FUND BALANCES,  
GOVERNMENTAL FUNDS  
Last Ten Fiscal Years**

**Table 4  
(con't)**

	2009	2010	2011	2012	2013
<b>REVENUES</b>					
Ad Valorem Taxes	\$ 7,061,426	\$ 7,235,515	\$ 7,313,650	\$ 7,492,635	\$ 7,691,550
Other Taxes and Licenses	2,856,053	2,850,332	2,901,434	2,947,424	3,085,933
Unrestricted Intergovernmental	794,103	755,689	797,218	777,673	756,003
Restricted Intergovernmental	457,268	500,288	646,318	686,179	413,121
Permits and Fees	241,842	309,678	297,073	303,210	411,271
Sales and Services	869,899	1,036,689	1,084,292	1,102,639	1,091,706
Investment Earnings	249,154	109,546	51,884	40,750	27,625
Grant Proceeds	-	-	340,000	-	-
Developers Contributions	377,699	(10,391)	-	-	-
Other	639,165	622,814	616,458	652,850	633,914
<b>TOTAL REVENUES</b>	<b>13,546,609</b>	<b>13,410,160</b>	<b>14,048,327</b>	<b>14,003,360</b>	<b>14,111,123</b>
<b>EXPENDITURES</b>					
Current:					
General Government	3,846,334	4,603,940	4,324,429	4,318,764	4,545,938
Public Safety	4,403,315	4,800,342	5,345,304	5,797,096	5,189,227
Transportation	1,398,167	1,351,346	1,029,229	1,215,914	1,410,762
Economic and Physical Development	785,403	665,165	959,010	718,211	692,954
Cultural and Recreational	1,659,736	1,456,068	1,514,954	1,407,251	1,588,302
Debt Service:					
Principal	360,897	582,459	509,784	506,967	582,228
Interest	132,472	236,677	215,451	201,308	186,825
Capital Outlay	5,880,207	2,696,084	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>18,466,531</b>	<b>16,392,081</b>	<b>13,898,161</b>	<b>14,165,511</b>	<b>14,196,236</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(4,919,922)</b>	<b>(2,981,921)</b>	<b>150,166</b>	<b>(162,151)</b>	<b>(85,113)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of Debt	6,500,000	-	-	450,000	-
Transfers From Other Funds	194,045	1,122,944	235,220	200,000	382,500
Transfers to Other funds	(194,045)	(866,444)	(235,220)	(200,000)	(382,500)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>6,500,000</b>	<b>256,500</b>	<b>-</b>	<b>450,000</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>1,580,078</b>	<b>(2,725,421)</b>	<b>150,166</b>	<b>287,849</b>	<b>(85,113)</b>
FUND BALANCE - Beginning of Year		12,714,643	9,989,222	10,139,388	10,427,237
Prior Period Adjustment	11,134,565	-	-	-	-
<b>FUND BALANCE - End of Year</b>	<b>\$ 12,714,643</b>	<b>\$ 9,989,222</b>	<b>\$ 10,139,388</b>	<b>\$ 10,427,237</b>	<b>\$ 10,342,124</b>
Debt Service as a percentage of non-capital expenditures	3.9%	6.4%	5.5%	5.4%	5.7%

## REVENUE CAPACITY INFORMATION

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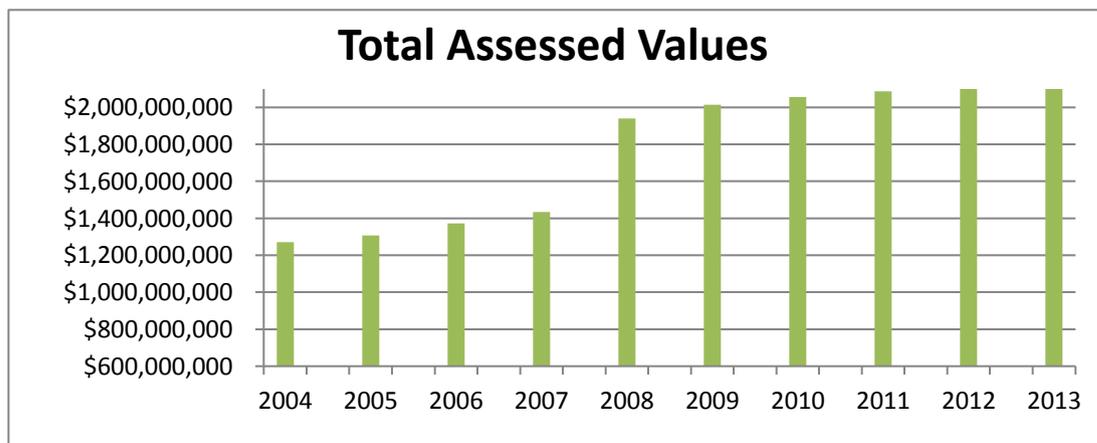
**TOWN OF SOUTHERN PINES  
 ASSESSED VALUE OF TAXABLE PROPERTY  
 Last Ten Fiscal Years**

**Table 5**

Fiscal Year	Assessed Value <sup>(1)</sup>				Property Tax Rate <sup>(3)</sup>	Percent Increase in Value <sup>(4)</sup>
	Real Property	Personal Property <sup>(2)</sup>	Public Service Companies	Total		
2004	\$ 1,111,870,026	\$ 138,302,578	\$ 20,709,556	\$ 1,270,882,160	0.39	30.9%
2005	1,151,563,256	134,752,668	21,451,089	1,307,767,013	0.39	2.9%
2006	1,207,031,563	145,100,747	21,080,938	1,373,213,248	0.39	5.0%
2007	1,258,181,148	153,950,160	22,449,260	1,434,580,568	0.40	4.5%
2008	1,761,987,966	154,483,911	23,390,717	1,939,862,594	0.34	35.2%
2009	1,831,337,986	159,269,793	24,169,961	2,014,777,740	0.35	3.9%
2010	1,883,982,630	147,983,302	24,036,664	2,056,002,596	0.35	2.0%
2011	1,909,804,272	153,239,430	23,811,841	2,086,855,543	0.35	1.5%
2012	1,941,070,117	167,236,934	24,850,996	2,133,158,047	0.35	2.2%
2013	1,986,569,105	175,936,820	25,197,699	2,187,703,624	0.35	2.6%

NOTES:

- (1) Assessed Value is established by Moore County Assessor's office. Property is assessed at actual value.
- (2) Includes vehicles.
- (3) All tax rates are expressed in dollars of tax per \$100 of assessed valuation.
- (4) A revaluation of all property is required at least every eight years by North Carolina General Statutes. The tax rate was adjusted during the fiscal years ended June 30, 2004 and June 30, 2008 to reflect the revaluation of taxable property.



**TOWN OF SOUTHERN PINES**  
**PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENT**  
**Last Ten Fiscal Years**

**Table 6**

Fiscal Year	Tax Year	Town of southern Pines			Overlapping Rate
		Operating Millage	Debt Service Millage	Total Town Millage	County of Moore <sup>(1)</sup>
2004	2003	0.39	-	0.39	0.515
2005	2004	0.39	-	0.39	0.515
2006	2005	0.39	-	0.39	0.495
2007	2006	0.40	-	0.40	0.495
2008	2007	0.34	-	0.34	0.475
2009	2008	0.35	-	0.35	0.504
2010	2009	0.35	-	0.35	0.485
2011	2010	0.35	-	0.35	0.485
2012	2011	0.35	-	0.35	0.485
2013	2012	0.35	-	0.35	0.485

**NOTES:**

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

A revaluation of all property is required every eight years by state statute. A revaluation occurred in tax year 2007.

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

Source: Moore County Tax Office.

**TOWN OF SOUTHERN PINES  
PRINCIPAL PROPERTY TAXPAYERS  
Current Year and Nine Years Ago**

**Table 7**

Taxpayer	Type of Enterprise	2012			2003		
		Total Assessed Value <sup>(1)</sup>	Rank	Percent of Town's Assessed Valuation	Total Assessed Value	Rank	Percent of Town's Assessed Valuation
Forest Creek	Golf Course	\$ 49,552,650	1	2.27%	\$ 25,758,591	1	2.03%
Pinecrest Plaza	Retail	24,344,970	2	1.11%	13,870,160	3	1.09%
Mid Pines	Golf Course/Hotel	20,456,120	3	0.94%	16,930,608	2	1.33%
Claude Smith Enterprises	Retail	12,939,650	4	0.59%	7,177,690	10	0.56%
Southern Pines Retirement	Retirement Community	11,884,780	5	0.54%	<sup>(2)</sup>	-	-
Progress Energy	Utility	10,732,937	6	0.49%	9,038,574	7	0.71%
Ingersoll Rand	Manufacturing	8,368,943	7	0.38%	8,632,628	8	0.68%
SAM Southern Pines LLC	Retail	8,101,000	8	0.37%	<sup>(2)</sup>	-	-
Hendricks Southern Pines	Retail	7,732,190	9	0.35%	<sup>(2)</sup>	-	-
National Golf Club, Inc.	Golf Course	7,680,170	10	0.35%	9,728,700	6	0.76%
Plantation Investors	Golf Course	<sup>(2)</sup>	-	-	11,862,390	4	0.93%
IR First of North Carolina	Retail	<sup>(2)</sup>	-	-	10,174,760	5	0.80%
Carolina Telephone & Telegraph	Utility	<sup>(2)</sup>	-	-	7,391,972	9	0.58%
		<u>\$ 161,793,410</u>		<u>7.39%</u>	<u>\$ 120,566,073</u>		<u>9.47%</u>

SOURCE: Moore County Tax Department

NOTES:

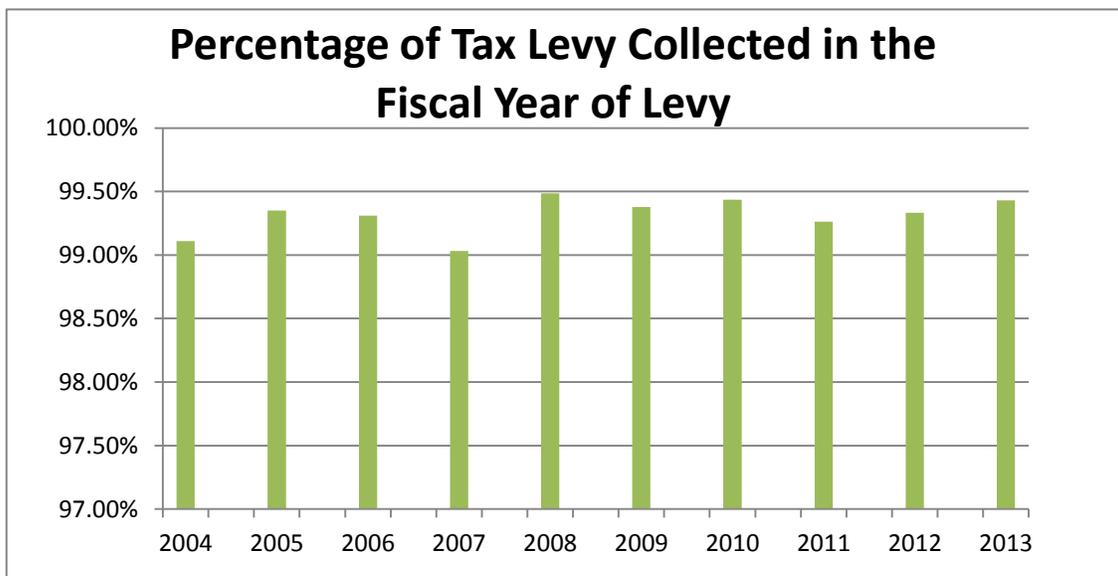
<sup>(1)</sup> 2012 Assessed value represents taxes assessed and due in the fiscal year ended June 30, 2013, and 2003 represents taxes assessed and due in the fiscal year ended June 30, 2004.

<sup>(2)</sup> Not within top ten ranking.

**TOWN OF SOUTHERN PINES  
PROPERTY TAX LEVIES AND COLLECTIONS  
Last Ten Fiscal Years**

**Table 8**

Fiscal Year	Tax Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Total Collections to Date		
			Amount	Percentage of Levy	Collections in Subsequent Years	Amount	Percentage of Levy
2004	2003	\$ 4,997,778	\$ 4,953,545	99.11%	\$ 33,188	\$ 4,986,733	99.78%
2005	2004	5,103,210	5,070,274	99.35%	12,526	5,082,800	99.60%
2006	2005	5,356,356	5,319,159	99.31%	19,393	5,338,552	99.67%
2007	2006	5,745,118	5,689,467	99.03%	37,396	5,726,863	99.68%
2008	2007	6,624,019	6,589,903	99.48%	26,442	6,616,345	99.88%
2009	2008	7,050,041	7,006,217	99.38%	36,227	7,042,444	99.89%
2010	2009	7,211,587	7,170,862	99.44%	32,294	7,203,156	99.88%
2011	2010	7,311,009	7,257,129	99.26%	41,031	7,298,160	99.82%
2012	2011	7,465,959	7,416,155	99.33%	31,531	7,447,686	99.76%
2013	2012	7,663,758	7,620,110	99.43%	-	7,620,110	99.43%



## DEBT CAPACITY INFORMATION

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**TOWN OF SOUTHERN PINES**  
**RATIOS OF OUTSTANDING DEBT BY TYPE <sup>(1)</sup>**  
**Last Ten Fiscal Years**

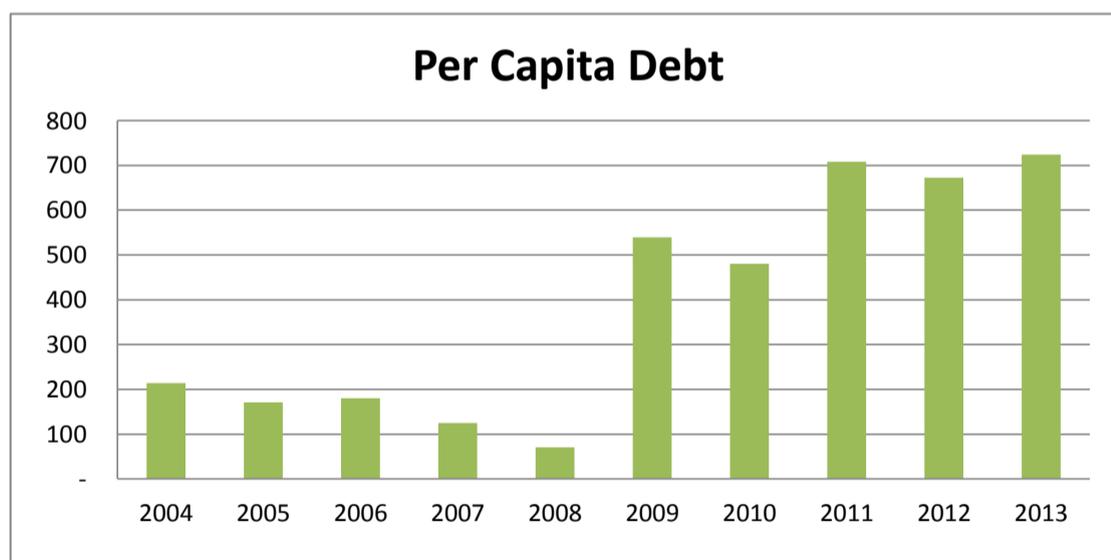
**Table 9**

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	Percentage of Personal Income	Per Capita <sup>(2)</sup>
	General Obligation Bonds	Installment Financing	Capital Leases	General Obligation Bonds	Installment Financing	Capital Leases			
2004	\$ -	\$ -	\$ -	\$ 2,475,000	\$ -	\$ -	\$ 2,475,000	0.62%	214
2005	-	-	-	1,980,000	-	-	1,980,000	0.47%	171
2006	-	644,215	-	1,485,000	-	-	2,129,215	0.49%	181
2007	-	509,307	-	990,000	-	-	1,499,307	0.32%	125
2008	-	369,807	-	495,000	-	-	864,807	0.18%	71
2009	-	6,508,910	-	210,000	-	-	6,718,910	1.46%	540
2010	-	5,926,451	-	-	-	-	5,926,451	1.30%	480
2011	-	5,416,667	-	-	3,351,598	-	8,768,265	1.84%	708
2012	-	5,359,700	-	-	3,047,183	-	8,406,883	<sup>(3)</sup>	672
2013	-	4,777,471	-	-	4,332,330	-	9,109,801	<sup>(3)</sup>	724

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

<sup>(2)</sup> See Table 12 for personal income and population data.

<sup>(3)</sup> Information not yet available.



**TOWN OF SOUTHERN PINES**  
**COMPUTATION OF LEGAL DEBT MARGIN**  
**Last Ten Fiscal Years**

**Table 10**

Fiscal Year	Assessed Value	Debt Limit 8% of Total Assessed Value	Less: Amount of debt applicable to debt limit - net bonded debt <sup>(1)</sup>	Less: General Obligation Bonds authorized, not issued	Legal Debt Margin
2004	\$ 1,270,882,160	\$ 101,670,573	\$ -	\$ -	101,670,573
2005	1,307,767,013	104,621,361	-	-	104,621,361
2006	1,373,213,248	109,857,060	644,214	-	109,212,846
2007	1,434,580,568	114,766,445	509,307	-	114,257,138
2008	1,939,862,594	155,189,008	369,807	-	154,819,201
2009	2,014,777,740	161,182,219	6,508,910	-	154,673,309
2010	2,056,002,596	164,480,208	5,926,451	-	158,553,757
2011	2,086,855,543	166,948,443	8,768,265	-	158,180,178
2012	2,133,158,047	170,652,644	8,406,883	-	162,245,761
2013	2,187,703,624	175,016,290	9,109,801	-	165,906,489

<sup>(1)</sup> Net Bonded Debt Calculation for FY 2013

Utility General Obligation Bonds	\$ -
Installment financing	9,109,801
	<u>9,109,801</u>
Statutory Deductions:	
Bonded debt included in gross debt incurred for water	-
	<u>\$ 9,109,801</u>

**TOWN OF SOUTHERN PINES  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
June 30, 2013**

**Table 11**

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>(1)</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Governmental Unit:			
Debt repaid with property taxes: Moore County <sup>(2)</sup>	\$ 96,054,408	18.14%	<u>\$ 17,424,270</u>
Subtotal, overlapping debt			17,424,270
Town of Southern Pines direct debt			<u>4,777,471</u>
Total direct and overlapping debt			<u><u>\$ 22,201,741</u></u>

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

<sup>(1)</sup> 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.

<sup>(2)</sup> Information provided by Moore County Finance Department.

## DEMOGRAPHIC AND ECONOMIC INFORMATION

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**TOWN OF SOUTHERN PINES  
DEMOGRAPHIC STATISTICS  
Last Ten Fiscal Years**

**Table 12**

<u>Fiscal Year</u>	<u>Population <sup>(1)</sup></u>	<u>Moore County Personal Income (in millions) <sup>(2)</sup></u>	<u>Moore County Per Capita Personal Income <sup>(3)</sup></u>	<u>Median Age <sup>(4)</sup></u>	<u>Moore County Unemployment Rate <sup>(5)</sup></u>
2004	11,573	\$ 2,737	\$ 34,439	43.7	5.8%
2005	11,586	2,935	36,303	43.3	5.4%
2006	11,794	3,071	37,078	43.5	4.8%
2007	11,990	3,275	38,620	43.8	4.7%
2008	12,217	3,414	39,644	41.9	6.2%
2009	12,450	3,216	36,857	41.9	10.7%
2010	12,334	3,271	36,930	44.6	9.9%
2011	12,384	3,438	38,477	45.0	9.5%
2012	12,502	<sup>(6)</sup>	<sup>(6)</sup>	47.0	8.9%
2013	12,587	<sup>(6)</sup>	<sup>(6)</sup>	47.0	8.8%

<sup>(1)</sup> N.C. Office of State Budget and Management.

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

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

<sup>(4)</sup> Information is not available for the Town of Southern Pines. County data is from the N.C. Office of State Budget and Management.

<sup>(5)</sup> Information is not available for the Town of Southern Pines. County data is from the N.C. Employment Security Commission.

<sup>(6)</sup> Information not yet available.

**TOWN OF SOUTHERN PINES  
PRINCIPAL EMPLOYERS  
Current Year**

**Table 13**

<u>Employer</u>	2013		Percentage of Total County Employment
	Employees <sup>(1)</sup>	Rank	
First Health of the Carolinas, Inc.	1,000 & over	1	N/A
Moore County Schools	1,000 & over	2	N/A
Pinehurst, Inc.	1,000 & over	3	N/A
County of Moore	500 - 999	4	N/A
Sandhills Community College	500 - 999	5	N/A
St. Joseph of the Pines	500 - 999	6	N/A
Wal-Mart Associates, Inc.	250 - 499	7	N/A
Pinehurst Medical Clinic, Inc.	250 - 499	8	N/A
Food Lion, LLC	250 - 499	9	N/A
Pinehurst Surgical Clinic, P.A.	250 - 499	10	N/A
Total	N/A		N/A

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

Note: Data is not available for nine years ago and cannot be segregated for Southern Pines, data above is for Moore County.

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

**TOWN OF SOUTHERN PINES  
COMMERCIAL ACTIVITY  
Last Ten Fiscal Years**

**Table 14**

Fiscal Year	Residential		Building Permits <sup>(1)</sup> Commercial		Total		Bank Deposits <sup>(2)</sup>
	Number	Value	Number	Value	Number	Value	
2004	83	\$25,838,765	16	\$12,500,200	99	\$38,338,965	\$ 1,227,842,000
2005	113	34,334,349	14	11,512,000	127	45,846,349	1,300,391,000
2006	170	45,097,921	17	3,231,000	187	48,328,921	1,375,021,000
2007	217	45,944,857	14	3,151,000	231	49,095,857	1,472,821,000
2008	195	37,791,920	15	9,574,000	210	47,365,920	1,500,608,000
2009	148	21,165,964	22	16,737,937	170	37,903,901	1,700,781,000
2010	53	21,244,898	17	39,392,067	70	60,636,965	1,689,796,000
2011	85	16,452,298	17	6,094,153	102	22,546,451	1,626,100,000
2012	75	18,861,231	9	7,249,000	84	26,110,231	1,699,000,000
2013	122	25,551,818	19	6,106,980	141	31,658,798	<sup>(3)</sup>

<sup>(1)</sup> Compiled by Town of Southern Pines Planning and Inspections Department.

<sup>(2)</sup> Federal Deposit Insurance Corporation Summary of Deposits data.

<sup>(3)</sup> Information is unavailable.

## **OPERATING INFORMATION**

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**TOWN OF SOUTHERN PINES  
EMPLOYEE POSITION AUTHORIZATION BY FUNCTION  
Last Ten Fiscal Years**

**Table 15**

Function/Program	Full-time Equivalent Employees as of June 30									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General government										
Administration	8.5	8.5	9.5	9.5	9.5	10.5	10.5	10.5	10.5	10.5
Information Technology <sup>(1)</sup>	-	-	-	-	-	-	2.0	2.0	2.0	2.0
Public works administration	2.0	2.0	2.5	2.5	3.5	3.5	3.5	3.5	3.5	3.5
Garage	3.0	3.0	3.0	3.0	4.0	4.0	4.0	4.0	4.0	4.0
Building & Grounds	16.0	16.0	18.0	18.0	18.0	19.0	19.0	19.0	19.0	19.0
Public safety										
Police <sup>(3)</sup>	38.0	38.0	38.5	39.5	39.5	39.5	40.5	40.5	41.5	41.5
Fire <sup>(2) (3)</sup>	19.0	19.0	22.5	22.5	24.5	24.5	24.5	27.5	27.5	27.5
Transportation	8.0	8.0	8.0	8.0	9.0	10.0	10.0	10.0	10.0	10.0
Economic and physical development	5.0	5.0	6.0	6.0	8.0	8.0	8.0	8.0	8.0	8.0
Cultural and recreation										
Recreation <sup>(3)</sup>	5.0	5.0	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5
Library <sup>(3)</sup>	10.0	10.0	11.0	11.0	11.0	11.0	9.0	9.0	9.0	9.0
Water/Sewer (Business activity)	16.5	16.5	16.5	19.5	20.5	20.5	20.5	21.5	21.5	21.5
<b>Total</b>	<b>131.0</b>	<b>131.0</b>	<b>141.0</b>	<b>145.0</b>	<b>153.0</b>	<b>156.0</b>	<b>157.0</b>	<b>161.0</b>	<b>162.0</b>	<b>162.0</b>

Source: Town of Southern Pines Finance Department

<sup>(1)</sup> Department was created in FY 2010

<sup>(2)</sup> Does not include volunteer personnel

<sup>(3)</sup> Does not include seasonal temporary part-time employees

**TOWN OF SOUTHERN PINES**  
**OPERATING INDICATORS BY FUNCTION/PROGRAM**  
**Last Ten Fiscal Years**

**Table 16**

Function/Program	2004	2005	2006	2007	2008
<b>Public Safety</b>					
<b>Police</b>					
Number of Part 1 Crimes	777	739	744	857	935
Number of Arrests	895	806	1,011	960	871
Number of Citations	3,129	2,901	2,901	2,241	2,009
<b>Fire</b>					
Number of Fire Calls Answered	992	998	1,211	832	1,197
Number of EMS Calls Answered	94	108	100	101	235
Number of Hazard Condition Calls Answered	(2)	(2)	(2)	(2)	(2)
Number of Service Calls Answered	(2)	(2)	(2)	(2)	(2)
Number of Good Intent Calls Answered	(2)	(2)	(2)	(2)	(2)
Number of False Alarm Calls Answered	(2)	(2)	(2)	(2)	(2)
Number of Weather Related Calls Answered	(2)	(2)	(2)	(2)	(2)
Number of Fire Inspections	718	1,009	1,132	1,029	1,409
<b>Planning &amp; Inspections</b>					
<b>Planning</b>					
Conditional use Permits Issued	2	4	4	2	-
Final Plats	7	11	30	40	20
Rezoning Applications/Ordinance Amendments	8	9	9	20	9
Annexations	6	5	6	6	4
<b>Inspections</b>					
Building Permits Issued	160	184	234	216	163
Alteration or Addition Permits	185	175	407	238	153
Electrical Permits	87	106	96	112	88
Mechanical Permits	277	207	253	348	301
Plumbing Permits	91	73	69	66	66
<b>Cultural and Recreational</b>					
<b>Recreation and Parks</b>					
Recreational Program Hours	(2)	5,890	5,840	5,797	5,517
Enrolled Participants	(2)	17,441	16,890	18,087	21,300
Reservoir Park Visitors <sup>(1)</sup>	(2)	157,457	171,243	170,423	155,382
<b>Library</b>					
Total Circulation	116,291	118,756	116,970	123,813	134,119
Library Attendance	99,594	96,916	92,261	92,887	101,083
Library Users Registered	6,368	6,287	6,370	6,414	6,383
Total Programs Held	382	414	384	376	484
Total Attendance at Programs	8,210	8,387	7,878	8,350	9,529
<b>Water</b>					
Water Plant Capacity (millions of gallons per day)	11	11	11	11	11
Number of Utility Customers	7,168	7,350	7,536	7,760	7,942

Source: Town of Southern Pines Department Heads

<sup>(1)</sup> Amounts are estimated.

<sup>(2)</sup> Information is not available.

<sup>(3)</sup> Information is no longer compiled.

**TOWN OF SOUTHERN PINES**  
**OPERATING INDICATORS BY FUNCTION/PROGRAM**  
**Last Ten Fiscal Years**

**Table 16**  
**(cont.)**

Function/Program	2009	2010	2011	2012	2013
<b>Public Safety</b>					
<b>Police</b>					
Number of Part 1 Crimes	805	747	856	618	630
Number of Arrests	833	651	943	581	522
Number of Citations	2,165	1,541	2,509	1,792	1,693
<b>Fire</b>					
Number of Fire Calls Answered	1,393	1,235	1,059	942	89
Number of EMS Calls Answered	183	211	615	649	849
Number of Hazard Condition Calls Answered	(2)	(2)	(2)	(2)	86
Number of Service Calls Answered	(2)	(2)	(2)	(2)	96
Number of Good Intent Calls Answered	(2)	(2)	(2)	(2)	141
Number of False Alarm Calls Answered	(2)	(2)	(2)	(2)	297
Number of Weather Related Calls Answered	(2)	(2)	(2)	(2)	47
Number of Fire Inspections	1,642	1,575	1,876	1,811	1,956
<b>Planning &amp; Inspections</b>					
<b>Planning</b>					
Conditional use Permits Issued	1	2	3	8	2
Final Plats	34	28	15	8	5
Rezoning Applications/Ordinance Amendments	15	32	14	5	5
Annexations	-	2	-	2	-
<b>Inspections</b>					
Building Permits Issued	75	72	102	85	144
Alteration or Addition Permits	139	137	162	180	198
Electrical Permits	62	69	102	88	105
Mechanical Permits	323	315	323	300	396
Plumbing Permits	62	94	68	73	74
<b>Cultural and Recreational</b>					
<b>Recreation and Parks</b>					
Recreational Program Hours	6,126	7,221	7,872	8,630	8,540
Enrolled Participants	18,230	19,840	23,469	25,378	24,090
Reservoir Park Visitors <sup>(1)</sup>	143,492	175,629	173,021	200,143	190,444
<b>Library</b>					
Total Circulation	122,510	122,033	117,667	118,496	119,559
Library Attendance	100,655	107,530	97,969	93,863	88,137
Library Users Registered	6,507	6,468	6,254	6,212	6,233
Total Programs Held	435	502	498	462	465
Total Attendance at Programs	8,016	9,739	8,737	9,677	11,556
<b>Water</b>					
Water Plant Capacity (millions of gallons per day)	11	11	11	11	11
Number of Utility Customers	8,042	8,192	8,139	8,158	8,342

**TOWN OF SOUTHERN PINES**  
**CAPITAL ASSETS BY FUNCTION/PROGRAM**  
**Last Ten Fiscal Years**

**Table 17**

	2004	2005	2006	2007	2008
Function/Program					
Public Safety					
Police					
Police Stations	1	1	1	1	1
Patrol Units	19	20	21	22	24
Fire					
Stations	1	1	1	1	1
Fire Suppression Vehicles	6	6	6	6	6
Rescue Vehicles	2	2	2	2	2
Cultural and Recreational					
Recreation and Parks					
Number of Parks	13	13	13	14	14
Number of Tennis Courts	8	8	8	8	8
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	5	5	5	6	7
Public Works and Utilities					
Streets					
Miles of Paved Streets	76.30	77.69	77.73	78.62	78.62
Miles of Unpaved Streets	1.60	1.53	1.53	1.41	1.41
Water					
Number of Hydrants <sup>(1)</sup>	1,166	1,175	1,195	1,233	1,285
Water Mains (miles)	225	226	228	235	239
Number of Utility Customers (accounts)	7,168	7,350	7,536	7,760	7,942

Source: Town of Southern Pines Department Heads

<sup>(1)</sup> Amounts are estimated.

**TOWN OF SOUTHERN PINES**  
**CAPITAL ASSETS BY FUNCTION/PROGRAM**  
**Last Ten Fiscal Years**

**Table 17**  
**(cont.)**

	2009	2010	2011	2012	2013
Function/Program					
Public Safety					
Police					
Police Stations	1	1	1	1	1
Patrol Units	27	27	27	27	23
Fire					
Stations	1	1	1	1	1
Fire Suppression Vehicles	6	6	6	6	6
Rescue Vehicles	2	2	2	2	2
Cultural and Recreational					
Recreation and Parks					
Number of Parks	14	14	14	14	14
Number of Tennis Courts	8	8	8	8	8
Number of 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
Public Works and Utilities					
Streets					
Miles of Paved Streets	78.65	78.65	78.76	78.92	78.92
Miles of Unpaved Streets	1.41	1.41	1.34	1.34	1.34
Water					
Number of Hydrants <sup>(1)</sup>	1,290	1,302	1,345	1,352	1,420
Water Mains (miles)	241	245	248	249	223
Number of Utility Customers (accounts)	8,042	8,192	8,139	8,158	8,342

**TOWN OF SOUTHERN PINES  
INSURANCE IN FORCE <sup>(1)</sup>  
July 1, 2012- June 30, 2013**

**Table 18**

Type of Coverage	Details of Coverage	
Workman's Compensation	\$ 1,000,000 1,000,000 1,000,000	Bodily Injury by Accident-Each Accident Bodily Injury by Disease-Each Employee Bodily Injury by Disease-Coverage Limit
General Liability	1,000,000 2,500	Each Occurrence Deductible
Police Professional Liability	1,000,000 3,000,000 2,500	Each Occurrence and Annual Annual Aggregate Deductible
Public Officials Liability	1,000,000 3,000,000 5,000	Each Claim and Annual Annual Aggregate Deductible
Government Crime Coverage	50,000 250	Indemnification Deductible
Public Officials Bond Finance Officer	250,000 0	Liability Deductible
Automobile Liability	1,000,000 2,500	Per Occurrence Deductible
Auto Comprehensive	5,821,440 1,000	Actual Cash Value Valuation Deductible
Auto Collision	5,821,440 1,000	Actual Cash Value Valuation Deductible
Real & Personal Property	58,386,092 2,500	Cause of Loss Deductible per Occurrence Includes Boiler & Machinery
Municipal Equipment	1,389,559 2,500	Limits of Coverage Deductible per Occurrence
Fine Arts	684,075 1,000	Limits of Coverage Deductible per Occurrence

Source: Town of Southern Pines Risk Management Department

**TOWN OF SOUTHERN PINES  
INSURANCE IN FORCE <sup>(1)</sup>  
July 1, 2012- June 30, 2013**

**Table 18  
(cont.)**

Type of Coverage	Details of Coverage	
Computer Equipment/Media	\$ 1,330,577	Limits of Coverage
	500	Deductible
Impounded Auto/Comp	100,000	Limits of Coverage
	500/1,000	Deductible
Impounded Auto/Collision	100,000	Limits of Coverage
	500/1,000	Deductible

<sup>(1)</sup> Represents insurance in force on July 1, 2012. Insurance was renewed on July 1, 2013 for the fiscal year ended June 30, 2014.

**TOWN OF SOUTHERN PINES  
 UTILITY RATE INFORMATION  
 Fiscal Year 2013 Approved Operating Budget Ordinance**

**Table 19**

WATER RATES

Minimum Charge

<u>Meter Size</u>	<u>Inside Town</u>	<u>Outside Town</u>
3/4"	\$ 10.31	\$ 20.62
1"	16.92	33.84
1 1/2"	35.77	71.54
2"	62.18	124.36
3"	137.69	275.38
4"	243.32	486.64
6"	545.29	1,090.58
8"	968.02	1,936.04

Volume Charge per 1,000 Gallons

<u>Inside Town</u>	<u>Outside Town</u>
\$ 3.00	\$ 6.00

SEWER RATES

Minimum Charge

<u>Meter Size</u>	<u>Inside Town</u>	<u>Outside Town</u>
3/4"	\$ 4.06	\$ 8.12
1"	5.30	10.60
1 1/2"	8.74	17.48
2"	13.60	27.20
3"	27.44	54.88
4"	46.79	93.58
6"	102.17	204.34
8"	179.68	359.36

Volume Charge per 1,000 Gallons

<u>Inside Town</u>	<u>Outside Town</u>
\$ 4.75	\$ 9.50



**DIXON HUGHES GOODMAN** LLP  
Certified Public Accountants and Advisors

**Report On Internal Control Over Financial Reporting and on Compliance and Other Matters Based On  
An Audit of Financial Statements Performed  
In Accordance With Government Auditing Standards**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Southern Pines, North Carolina, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprises the Town of Southern Pines' basic financial statements, and have issued our report thereon dated November 14, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Southern Pines' internal control over financial reporting (internal control) to determine the 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 of Southern Pines' internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Southern Pines' 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 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 the internal control over financial reporting was for limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### Compliance and Other Matters

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

### 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.

*Dixon Hughes Goodman LLP*

November 14, 2013

**TOWN OF SOUTHERN PINES**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**For the Year Ended June 30, 2013**

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<u>Grantor/pass through grantor/program title</u>	<u>Federal CFDA number</u>	<u>Federal expenditures</u>	<u>State expenditures</u>	<u>Local expenditures</u>
<u>U.S. Department of Justice</u> Bureau of Justice Assistance Edward Byrne Memorial Justice Grant Program 2012-DJ-BX-0355	16.738	\$ 10,140	\$ -	\$ 10,140
<u>U.S. Department of Justice</u> Office of Justice Programs, BVP Partnership Grant 2012BUBX12060428	16.607	<u>3,500</u>	<u>-</u>	<u>3,500</u>
Total assistance - federal programs		<u>13,640</u>	<u>-</u>	<u>13,640</u>
State Grants: Cash Programs:				
<u>N.C. Department of Cultural Resources:</u> State Aid to Libraries		-	6,728	-
Grassroots Arts Program		-	1,350	-
<u>N.C. Department of Transportation:</u> Powell Bill		<u>-</u>	<u>384,761</u>	<u>-</u>
Total assistance - state programs		<u>-</u>	<u>392,839</u>	<u>-</u>
<b>TOTAL ASSISTANCE</b>		<u><u>\$ 13,640</u></u>	<u><u>\$ 392,839</u></u>	<u><u>\$ 13,640</u></u>