

Town of Southern Pines North Carolina

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2020

Prepared by the Department of Finance

Tess Brubaker-Speis, Director of Finance



Town of
S
outhern Pines
North Carolina



Table of Contents

Introductory Section

Director of Finance’s Letter of Transmittal	i
Certificate of Achievement.....	v
Organizational Chart.....	vi
List of Principal Officials	vii

Financial Section

Independent Auditors' Report	1
Management’s Discussion and Analysis.....	4

Basic Financial Statements

<u>Exhibit</u>	Government-Wide Financial Statements	
1	Statement of Net Position.....	17
2	Statement of Activities	19
	Fund Financial Statements	
3	Balance Sheet - Governmental Funds	21
4	Statement of Revenues, Expenditures, and Changes in Fund Balance Governmental Funds	23
5	Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund.....	25
6	Statement of Fund Net Position - Proprietary Fund	26
7	Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Fund	28
8	Statement of Cash Flows - Proprietary Fund	29
9	Statement of Fiduciary Net Position - Fiduciary Fund.....	31
10	Statement of Changes in Fiduciary Net Position - Fiduciary Fund.....	32
	Notes to the Financial Statements	33

Required Supplementary Financial Data

<u>Schedule</u>		
1	Local Government Employees’ Retirement System Required Supplementary Information - Schedule of Employer Contributions.....	60
2	Local Government Employees’ Retirement System Required Supplementary Information - Schedule of Proportionate Share of Net Pension Liability (Asset)	61
3	Law Enforcement Officers’ Special Separation Allowance Required Supplementary Information - Schedule of Changes in Total Pension Liability.....	62
4	Law Enforcement Officers’ Special Separation Allowance Required Supplementary Information - Schedule of Total Pension Liability as a Percentage of Covered Payroll.....	63

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

<u>Schedule</u>	The General Fund	
5	Comparative Balance Sheets.....	67
6	Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	68

Town of Southern Pines, North Carolina

<u>Schedule</u>	Major Capital Project Fund	
7	Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Capital Projects Fund (Unpaved Street).....	74
8	Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Capital Projects Fund (Sidewalks II)	75
	Nonmajor Governmental Funds	
9	Combining Balance Sheet.....	77
10	Combining Statement of Revenues, Expenditures and Changes in Fund Balance.....	81
	Nonmajor Capital Project Funds	
11	Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Nicks Creek Parkway)	85
12	Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Open Space and Greenways).....	86
13	Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Storm Water Improvements)	87
14	Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Road Construction).....	88
15	Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Enterprise Information and Document Management System).....	89
16	Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Bike Transport)	90
17	Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Pool Park).....	91
18	Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Downtown Park)	92
19	Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Recreational Improvement).....	93
20	Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Building Renovation)	94
21	Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Parking Lot Project).....	95
22	Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Facility Modernization).....	96
23	Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Fire Department Substation)	97
24	Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (General Capital Reserve).....	98
	Permanent Fund	
25	Schedule of Revenues, Expenses and Changes in Fund Balance (Cemetery Perpetual Care Fund)	100
	Enterprise Fund	
	Water and Sewer Fund:	
26	Schedule of Revenue and Expenditures - Budget and Actual (Non-GAAP)	102
	Water and Sewer Capital Projects Fund:	
27	Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	106
	Water System Development Fees Capital Reserve Fund:	
28	Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	107
	Wastewater System Development Fees Capital Reserve Fund:	
29	Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	108

Town of Southern Pines, North Carolina

<u>Schedule</u>	Agency Fund	
30	Statement of Changes in Assets and Liabilities	110
	Capital Assets of Governmental Funds	
31	Schedule by Function and Activity	112
32	Schedule of Changes by Function and Activity	114

Supplemental Financial Data

33	Schedule of Ad Valorem Taxes Receivable.....	116
34	Analysis of Current Tax Levy	117
35	Schedule of Interfund Transfers.....	118

Statistical Section

<u>Table</u>	Financial Trends Information	
1	Net Position by Component.....	122
2	Changes in Net Position	124
3	Fund Balances, Governmental Funds	126
4	Changes in Fund Balances, Governmental Funds	128
	Revenue Capacity Information	
5	Assessed Value of Taxable Property	131
6	Property Tax Rates - Direct and Overlapping Government	132
7	Principal Property Taxpayers	133
8	Property Tax Levies and Collections	134
	Debt Capacity Information	
9	Ratios of Outstanding Debt by Type	136
10	Computation of Legal Debt Margin.....	137
11	Direct and Overlapping Governmental Activities Debt	138
	Demographic and Economic Information	
12	Demographic Statistics	140
13	Principal Employers	141
14	Commercial Activity	142
	Operating Information	
15	Employee Position Authorization by Function	145
16	Operating Indicators by Function/Program.....	146
17	Capital Assets by Function/Program	148
18	Insurance in Force	150
19	Utility Rate Information	152

Compliance Section

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>.....	155
---	------------

This page intentionally blank.

Introductory Section



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

December 1, 2020

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

State law requires that all general-purpose local governments publish, within six months of the close of each fiscal year, a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, the Comprehensive Annual Financial Report (CAFR) of the Town of Southern Pines, North Carolina (Town) for the fiscal year ended June 30, 2020 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, 2020, 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, 2020, 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 2020 population of approximately 14,657 and encompasses 17.40 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 twenty-seventh. Tourism revenues generated \$563.02 million dollars. Southern Pines continues to attract significant new retail and residential development.

The commercial portion of the Tyler's Ridge planned development completed the construction of a multi-tenant commercial structure that now houses a dental office and sit-down restaurant. Phase 1(a) of the Knollwood Tract planned development, which is a 558-

acre mixed-use development, saw the completion of a 800-student elementary school known as McDeeds Creek Elementary. Phase 1(b), which is 100 single-family homes, has not yet begun construction.

Redevelopment and infill development projects continued to occur in the Town during 2020, with more anticipated in the near future. Redevelopments along US Highway 15-501 included the opening of a new commercial center, Sandhill Commons, that houses a dental office, a personal finance office, and multiple restaurants. The Pinehurst Toyota dealership expansion was also completed. Site planning has commenced on a new and expanded Leith Honda dealership that will sit in both Southern Pines and Aberdeen jurisdictions.

In 2020, construction continued on several residential developments. These developments include the Ravensbrook subdivision, the Longleaf Golf and Family Club, Talamore Cottages at Midland, and the Traywick subdivision. Ravensbrook subdivision consist of 97 single-family homes, the Longleaf Golf and Family Club, Area F, consist of 24 single-family homes and 10 townhomes, the Talamore Cottages at Midland consist of 36 units, and the Traywick subdivision consist of 35 single-family homes.

During 2020, construction also continued on Phase 2(a) and 9 of the Caropines planned development. The construction consist of 36 single family homes. A new elementary school was completed as part of the Morganton Road North development, and site planning is underway for a new Sandhills Pediatrics Office building and clinic in addition to Offices and Clinics for both Pinehurst Medical and Pinehurst Surgical. The 288 unit apartment complex known as Eagle Landing located between Morganton Road and 15-501 is also under construction.

The Town enjoys a vibrant downtown area with retail, restaurants and offices that are complemented with a diversity of housing types. The Town has seen new businesses and an influx of townhome and single-family developments in the downtown area during 2020 commercial upfit now housing a local microbrewery, a three-story structure housing a growler shop and the Chamber of Commerce, and a rehabilitation on Pennsylvania Avenue that will be a tasting room for the Southern Pines Brewing Company. Work on a new three-story yoga studio on the site of an old structure on Camelia Way also began, with an opening anticipated prior to 2021.

LONG-TERM FINANCIAL PLANNING AND MAJOR INITIATIVES

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

The Town has several ongoing capital projects to meet the needs of the citizens. During fiscal year 2020, 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.

Construction was completed in 2020 of an additional Fire Station. The station consists of approximately 15,030 square feet and includes 3 ½ bays, as well as office and living space

for Fire Department personnel. In addition, Moore County will lease space for EMS operations. The additional station will reduce response times to the northern portion of Southern Pines. A recent review by the Office of the State Fire Marshall (OSFM) resulted in a Town-reduction in our insurance rating (ISO) from a four to a three. This reduction should save owners of commercial and institutional structures money on their insurance.

Progress continued on the renovation of Town parks. Completed renovations included the opening of an outdoor splash pad, the replacement of playground equipment at the Douglass Center, and improvements to areas of our Greenway system that have historically been subject to washout and flooding problems.

Downtown parking lots were reconstructed in addition to additional parking spaces being created through conversion from parallel to angled parking in select blocks. The Planning and Building Departments implemented software that allowed for electronic submission of plans and applications. This proved invaluable with the challenges presented by the Covid-19 pandemic.

Sewer and water line replacements and improvements continued during 2020 as well as storm water replacements and capital work at the Water Treatment Plant. A new System Development Fee Report was commissioned and fees updated for 2021 as a result.

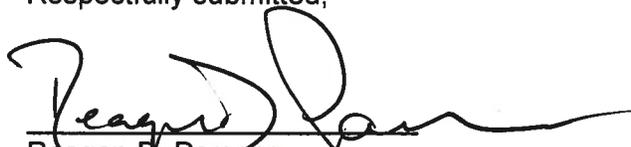
AWARDS AND ACKNOWLEDGEMENTS

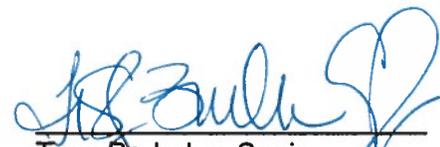
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Southern Pines, North Carolina for its comprehensive annual financial report for the fiscal year ended June 30, 2019. This was the twenty-ninth 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 comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine eligibility for another certificate.

The preparation of this report would not have been possible without the dedicated efforts of the entire staff of the Finance Department, as well as the cooperation of the other departments of the Town of Southern Pines. We would like to thank 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


Tess Brubaker-Speis
Director of Finance



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Town of Southern Pines
North Carolina**

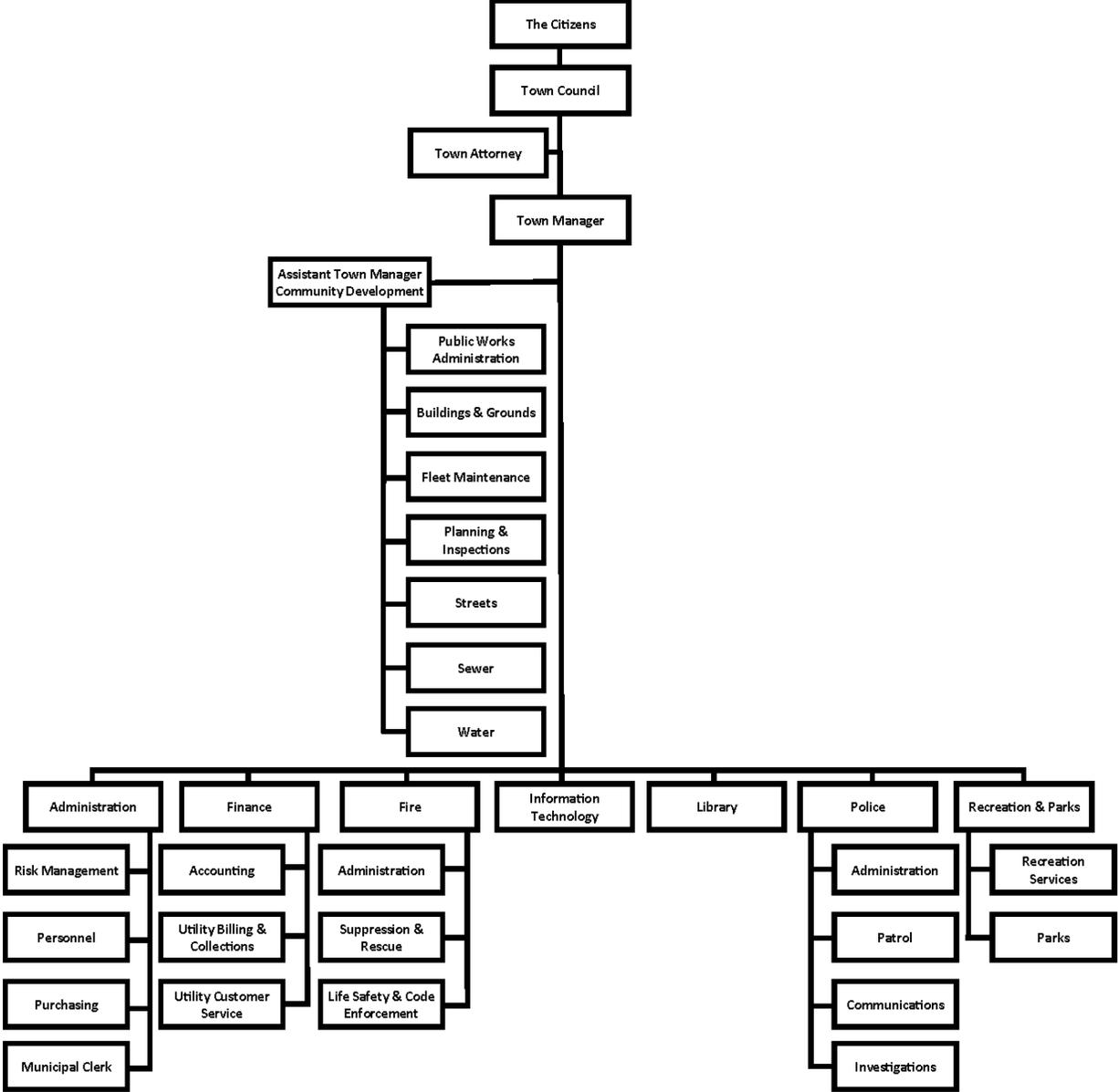
For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO

TOWN OF SOUTHERN PINES ORGANIZATIONAL CHART



TOWN OF SOUTHERN PINES

LIST OF PRINCIPAL OFFICIALS

June 30, 2020

TOWN COUNCIL

Carol R. Haney	Mayor
Paul Murphy	Mayor Pro-tem
Bill Pate	Council Member
Mitchell Lancaster	Council Member
Mike Saulnier	Council Member

TOWN OFFICIALS

Reagan D. Parsons	Town Manager
Douglas R. Gill	Town Attorney
Christopher F. Kennedy	Assistant Town Manager - Director of Community Development
Tess Brubaker-Speis	Director of Finance
Mike Cameron	Fire Chief
Robert Reeve	Director of Recreation & Parks
Bruce Rosenberger	Director of Administrative Services
Robert Temme	Chief of Police
Amanda Brown	Director of Library Services
BJ Greive	Director of Planning
Nedra Norton	Director of Information Technology

This page intentionally blank.

Financial Section

This page intentionally blank.



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, the fiduciary funds, each major fund, and the aggregate remaining fund information of the Town of Southern Pines, North Carolina ("Town") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as 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, the fiduciary funds, each major fund, and the aggregate remaining fund information of the Town as of June 30, 2020, 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 States of America require that the Management's Discussion and Analysis, the Local Government Employees' Retirement System Schedules of the Proportionate Share of the Net Pension Liability and Schedules of Employer Contributions, and the Law Enforcement Officers' Special Separation Allowance schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary 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. The combining and individual fund statements, budgetary schedules and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements, budgetary schedules, and other schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit, the procedures performed as described above, the combining and individual fund statements, budgetary schedules, and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole. The introductory information and the statistical sections have not been subjected to the auditing procedures applied in the audit of basic financial statements, and accordingly, we do not express an opinion or provide assurance on them.



Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2020, on our consideration of Town's 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's internal control over financial reporting and compliance.

Dixon Hughes Goodman LLP

High Point, North Carolina

December 1, 2020

**Town of Southern Pines
Management's Discussion and Analysis
June 30, 2020**

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, 2020. We encourage readers to review the information presented here in conjunction with the Town's financial statements, which follow this narrative and the transmittal letter found in the Introductory Section.

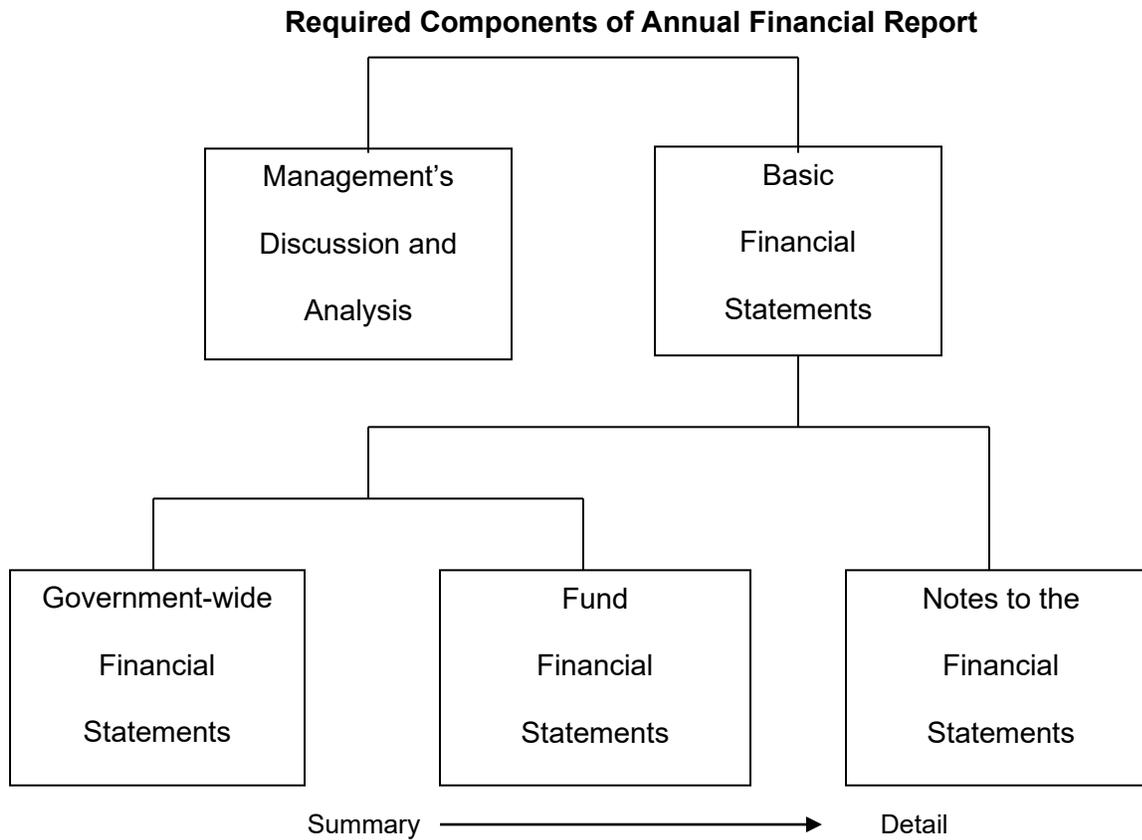
Financial Highlights

- The assets and deferred outflows of resources of the Town of Southern Pines exceeded its liabilities at the close of the fiscal year by \$98,183,966 (net position).
- The government's total net position increased by \$3,400,946, due to an increase in both the governmental activities and the business type activities net position, due to lower than expected expenditures/expenses and higher than expected revenues.
- As of the close of the current fiscal year, the Town of Southern Pines governmental funds reported combined ending fund balances of \$13,773,642, a decrease of \$33,153 in comparison with the prior year. Approximately 15.68 percent of the total ending fund balance amount, or \$2,160,115, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$7,791,203 or 40.28 percent of total General Fund expenditures for the fiscal year.
- The Town of Southern Pines' total debt decreased by \$694,787 or 8.57 percent during the current fiscal year. The decrease was due to scheduled principal payments on existing debt obligations, offset by debt issuance of \$650,000 for the purchase of a fire tanker.
- The Town maintained its A2 bond rating from Moody's Investors Services for the 22nd consecutive year as well as its AA- from Standard and Poor's for the 12th consecutive year. During fiscal year 2013, the Town received an increase in its North Carolina Municipal Council rating from 85 to 86, which is comparable to a rating of A1/A+ by the national rating agencies.

Overview of the Financial Statements

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

Figure 1:



Basic Financial Statements

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

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

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

Government-Wide Financial Statements

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

The two government-wide statements report the Town's net position and how it has changed. Net position is the difference between the Town's total assets and deferred outflows of

resources and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the Town's financial condition.

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

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

Fund Financial Statements

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

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

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 33 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 59 of this report.

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

Government-Wide Financial Analysis of the Town of Southern Pines

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

Figure 2:

The Town of Southern Pines Net Position

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Assets						
Current and other assets	\$ 15,722,111	\$ 15,689,578	\$ 16,443,701	\$ 16,249,327	\$ 32,165,812	\$ 31,938,905
Capital assets	42,549,562	41,075,184	37,114,475	35,171,380	79,664,037	76,246,564
Total assets	58,271,673	56,764,762	53,558,176	51,420,707	111,829,849	108,185,469
Deferred outflows of resources						
Pension	2,022,735	2,271,984	196,388	226,716	2,219,123	2,498,700
Total deferred outflows of resources	2,022,735	2,271,984	196,388	226,716	2,219,123	2,498,700
Liabilities						
Long term liabilities outstanding	12,211,353	11,794,699	1,089,134	1,602,834	13,300,487	13,397,533
Other liabilities	1,865,957	1,809,655	574,458	551,983	2,440,415	2,361,638
Total liabilities	14,077,310	13,604,354	1,663,592	2,154,817	15,740,902	15,759,171
Deferred inflows of resources						
Pension	114,327	129,941	9,777	12,037	124,104	141,978
Total deferred inflows of resources	114,327	129,941	9,777	12,037	124,104	141,978
Net position:						
Net investment in capital assets	35,851,831	34,568,937	36,398,750	33,892,745	72,250,581	68,461,682
Restricted	1,946,432	1,900,876	-	-	1,946,432	1,900,876
Unrestricted	8,304,508	8,832,638	15,682,445	15,587,824	23,986,953	24,420,462
Total net position	\$ 46,102,771	\$ 45,302,451	\$ 52,081,195	\$ 49,480,569	\$ 98,183,966	\$ 94,783,020

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Town exceeded liabilities by \$98,183,966 as of June 30, 2020. The Town's net position increased by \$3,400,946 for the fiscal year ended June 30, 2020 in total for governmental and business-type activities.

By far, the largest portion of the Town's net position, \$72,250,581 or 73.59%, 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, \$1,946,432 or 1.98%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$23,986,953 is unrestricted and may be used to meet the Town's ongoing obligations to citizens and creditors.

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

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 99.82%, which is greater than the last reported statewide average of 99.21%.
- Increased ad valorem tax revenues of approximately \$790,792 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.

(continued on next page)

Figure 3:

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

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 2,409,875	\$ 2,367,292	\$ 8,564,595	\$ 8,221,653	\$ 10,974,470	\$ 10,588,945
Operating grants and contributions	818,736	745,716	-	-	818,736	745,716
Capital grants and contributions	675,854	-	1,895,667	332,569	2,571,521	332,569
General revenues:						
Property taxes	10,782,975	9,982,178	-	-	10,782,975	9,982,178
Other taxes	5,460,866	1,307,079	-	-	5,460,866	1,307,079
Other	705,577	4,445,028	571,419	1,068,231	1,276,996	5,513,259
Total revenues	<u>20,853,883</u>	<u>18,847,293</u>	<u>11,031,681</u>	<u>9,622,453</u>	<u>31,885,564</u>	<u>28,469,746</u>
Expenses:						
General government	5,900,817	5,753,113	-	-	5,900,817	5,753,113
Public safety	8,659,291	7,637,434	-	-	8,659,291	7,637,434
Cultural and recreation	2,521,679	1,887,163	-	-	2,521,679	1,887,163
Transportation	1,903,528	1,761,568	-	-	1,903,528	1,761,568
Economic & physical development	834,642	657,709	-	-	834,642	657,709
Interest on long-term debt	233,606	261,591	-	-	233,606	261,591
Water and sewer	-	-	8,431,055	8,246,671	8,431,055	8,246,671
Total expenses	<u>20,053,563</u>	<u>17,958,578</u>	<u>8,431,055</u>	<u>8,246,671</u>	<u>28,484,618</u>	<u>26,205,249</u>
Increase in net position	800,320	888,715	2,600,626	1,375,782	3,400,946	2,264,497
Net position, beginning	<u>45,302,451</u>	<u>44,413,736</u>	<u>49,480,569</u>	<u>48,104,787</u>	<u>94,783,020</u>	<u>94,783,020</u>
Net position, June 30	<u>\$ 46,102,771</u>	<u>\$ 45,302,451</u>	<u>\$ 52,081,195</u>	<u>\$ 49,480,569</u>	<u>\$ 98,183,966</u>	<u>\$ 97,047,517</u>

Governmental activities - Governmental activities increased the Town's net position by \$800,320, thereby accounting for 23.53% of the total increase in the net position of the Town.

Key elements of this change are as follows:

- Current tax collections increased over the prior year due to growth.
- Unrestricted intergovernmental revenue increased due to an increase in the local option sales tax revenue category.

Figure 4:

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

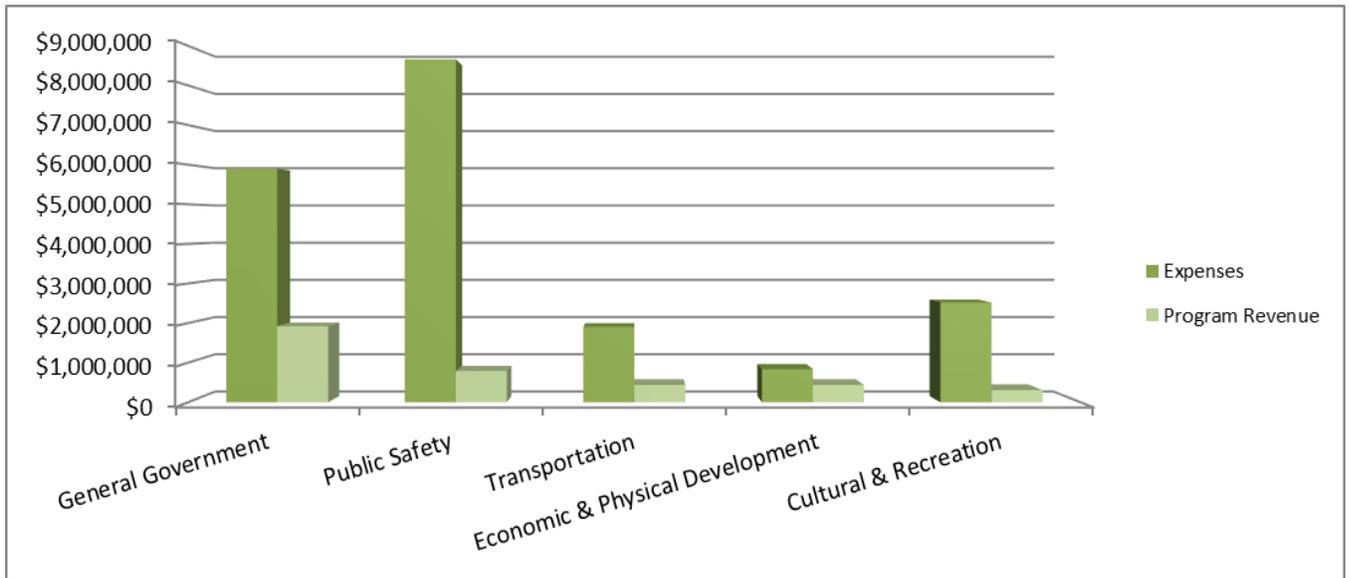
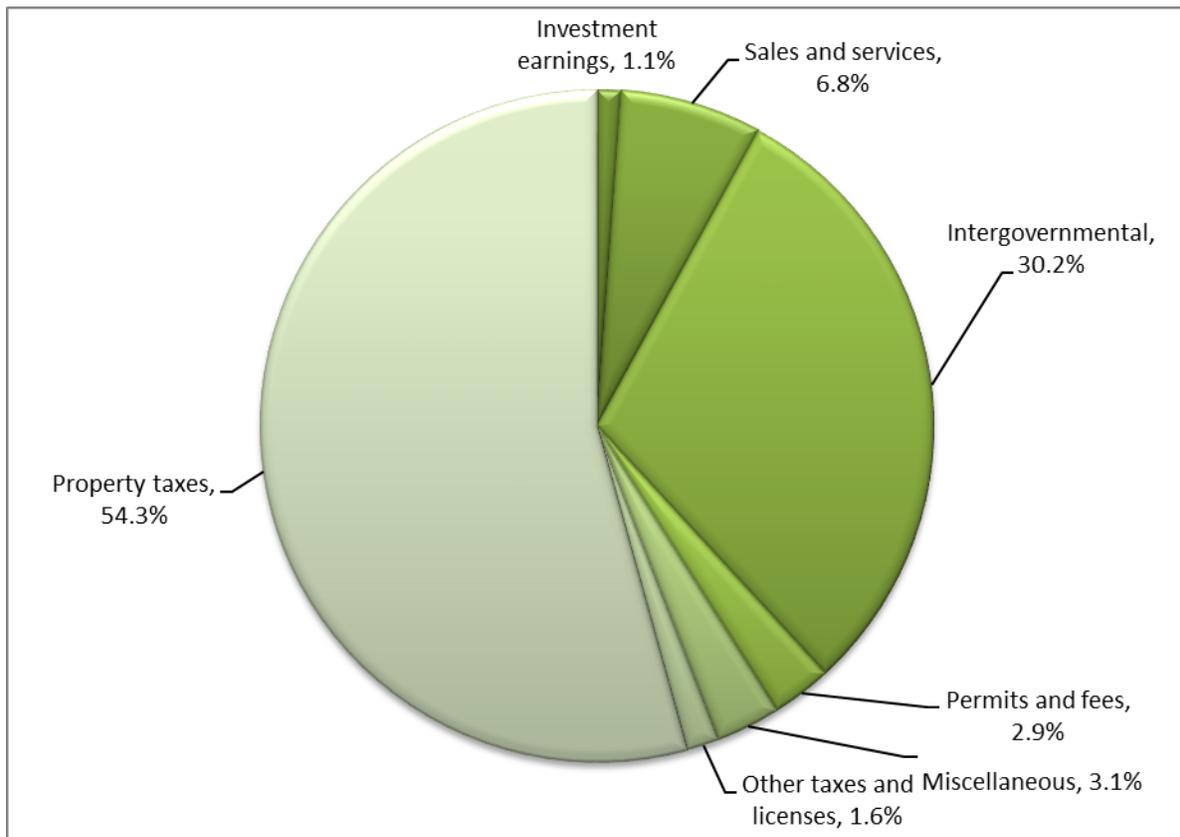


Figure 5:

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



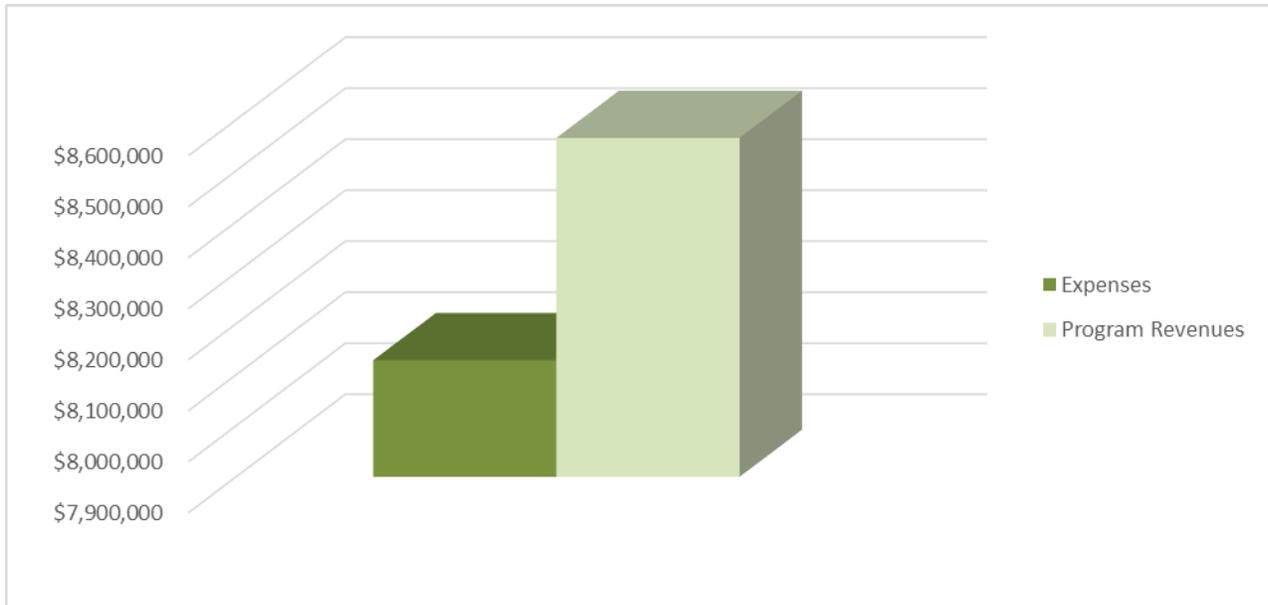
Business-type activities - Business-type activities increased the Town's net position by \$2,600,626, accounting for 76.47% of the total increase in the net position of the Town.

The Key elements of the increase are as follows:

- Capital grants and contributions in the amount of \$1,895,667.
- Charges for services increased due to an increase in water sales and sewer revenue.

Figure 6:

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



Financial Analysis of the Town's Funds

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

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

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, the Town of Southern Pines' unassigned fund balance in the General Fund, which is available for spending at the government's discretion, was \$7,791,203, while total fund balance reached \$11,587,090. The Governing Body of the Town of Southern Pines has determined that the Town should maintain a minimum unassigned fund balance of 25 percent of general fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the Town. The Town currently has unassigned fund balance of 40.28 percent of General Fund expenditures, while total fund balance represents 59.90 percent of that same amount.

At June 30, 2020, the governmental funds of the Town reported a combined fund balance of \$13,773,642 with a net decrease in fund balance of \$33,153. Included in this change in fund

balance is an increase to capital project fund balances and a minor decrease to the General Fund fund balance.

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

During the year, there was a \$811,375 net increase in appropriations between the original and final amended budget. Key components of the amendments are as follows:

- an appropriation in the Library department in the amount of \$50,000 for a 24/7 kiosk project at the new Fire Substation,
- an appropriation in the Fire department in the amount of \$650,000 to purchase a new fire truck,
- an appropriation in the Planning department in the amount of \$35,000 for contract services related to the Development Finance Initiative,
- an appropriation in the Recreation department for the camera installment at various locations and basketball court resurfacing in the amount of \$63,375,
- transfers to a capital project fund in the amount of \$13,000 for the funding of Public Works Annex Up-fit.

The actual operating revenues for the General Fund were greater than the final budgeted amount by \$1,125,324. Unrestricted intergovernmental revenues were \$795,808 greater than budgeted due primarily to the conservative amount budgeted for local option sales tax and utility franchise taxes. The permits and fees revenue category was \$145,818 greater than budgeted due to conservative budgeting in the building inspections area. Ad valorem taxes also were \$127,157 greater than the amount budgeted due to a conservative collection rate and valuation.

The actual operating expenses for the General Fund were less than the final budgeted amount by \$1,887,801. General government, public safety, transportation, economic and physical development and cultural and recreational realized a savings of \$703,882, \$551,327, \$158,709, \$67,681 and \$406,200 respectively due primarily to personnel vacancies and the actual cost of items 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 \$15,682,445. The total change in net position was an increase of \$2,600,626. The change in net position is due to the increase in operating revenues and an increase in capital assets due to the donation of easements and water and sewer lines by developers and individuals. A six percent rate increase contributed to the increase in sewer revenue and a three percent rate increase contributed to the increase in water revenue.

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, 2020, totals \$72,250,581 (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 items:

Governmental Funds:

Additions

- Various purchases of vehicles and motorized equipment totaling \$806,488.
- Various purchases of furniture, fixtures and other equipment equaling \$469,167.
- Construction in progress of \$253,896 in governmental-type activities for the design and installation of storm water infrastructure, continued improvements to the bike plan, building renovations and facility modernization
- Infrastructure in the amount of \$645,085 for storm water improvements transferred from construction in progress.
- Infrastructure in the amount of \$627,371 was donated by developers.
- Intangible assets in progress in the amount of \$246,269 for the Enterprise Information and Document Management System.
- Other Improvements in the amount of \$391,717 for the parking lot paving for the Pool Park, Library and walking trail, installation of a kayak dock at Reservoir Park, basketball court replacement at the Pool Park, replacement of the playground for Douglass Community Center, land improvements and HVAC unit installations at Fire Substation.
- Machinery and equipment in the amount of \$149,667 for SAN server and switches, Eyewitness Data Vault at Police Station and Station Alert System at Fire Substation.
- Building and building improvements in the amount of \$5,051,840 for window replacements, roof replacement and gas furnace replacements at Campbell House and construction of Fire Substation completed.

Retirements

- Disposals and surplused assets in the amount of \$350,871.
- The transfer of construction in progress to capital assets in the amount of \$6,187,698.

Proprietary Funds:

Additions

- Construction in progress of \$1,079,526 for water and sewer improvements.
- The addition of intangible assets consisting of water and sewer easements in the amount of \$891,388.
- Equipment purchases in the amount of \$565,324, which consist of vehicles and a HVAC unit.
- Plant and distribution system increase in the amount of \$1,004,279, which consist of water and sewer lines donated by developers, and water and sewer lines transferred from a capital project fund.

Retirements

- Disposals and surplused equipment in the amount of \$396,401.
- The disposal and transfer of Boom Mower to General Fund in the amount of \$75,000.

(continued on next page)

Figure 7:

Town of Southern Pines

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 12,305,522	\$ 12,305,522	\$ 540,533	\$ 540,533	\$ 12,846,055	\$ 12,846,055
Buildings and improvements	15,681,622	10,973,719	994,852	1,023,344	16,676,474	11,997,063
Other improvements	4,265,313	4,084,351	-	-	4,265,313	4,084,351
Machinery and equipment	314,034	260,536	1,700,754	1,461,559	2,014,788	1,722,095
Infrastructure	5,307,790	4,548,927	-	-	5,307,790	4,548,927
					-	
Plant and distribution systems	-	-	27,381,771	27,620,293	27,381,771	27,620,293
					-	
Vehicles and motorized equipment	2,969,750	2,614,759	-	-	2,969,750	2,614,759
					-	
Furniture, fixtures, and other equipment	979,088	689,929	-	-	979,088	689,929
Intangibles	226,278	111,523	2,701,458	1,810,070	2,927,736	1,921,593
Intangibles in progress	246,269	163,609	-	-	246,269	163,609
Construction in progress	253,896	5,322,309	3,795,107	2,715,581	4,049,003	8,037,890
Total Capital Assets (net of accumulated depreciation)	\$ 42,549,562	\$ 41,075,184	\$ 37,114,475	\$ 35,171,380	\$ 79,664,037	\$ 76,246,564

Additional information on the Town's capital assets can be found in Note 5 of the Basic Financial Statements.

Long-term Debt. As of June 30, 2020, the Town did not have any outstanding bonded debt. Previous bonded debt was related to the Proprietary Fund operations and was retired in fiscal year 2010.

During the current fiscal year, the Town of Southern Pines' installment purchase debt decreased by a net amount of \$694,787 or 8.57 percent.

Included in the long-term debt category is the installment financing of the Police Facility that was obtained during fiscal year 2009, the Raw Water Reservoir installment financing issued in fiscal year 2011, the Meter Reading Project in 2013, and the Fire Sub-station installment financing that was issued in 2018, and the Fire Tanker Truck installment financing that was issued in 2020. The total outstanding balance of debt as of June 30, 2020 is \$7,413,456.

(continued on next page)

Figure 8:

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

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
General Obligation Bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Installment Debt	6,697,731	6,829,607	715,725	1,278,636	7,413,456	8,108,243
Total	\$ 6,697,731	\$ 6,829,607	\$ 715,725	\$ 1,278,636	\$ 7,413,456	\$ 8,108,243

As mentioned in the financial highlights section of this document, the Town maintained its A2 bond rating from Moody's Investors Services for the 22nd consecutive year, as well as its AA- from Standard and Poor's for the 12th consecutive year. These bond ratings are clear indications of the sound financial condition and management of the Town. These achievements are primary factors in keeping interest costs low on the Town's outstanding debt.

North Carolina General Statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The current legal debt margin for the Town is \$210,070,748, 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 12 of this report.

Economic Factors and Next Year's Budget and Rates

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

The unemployment rate for the county in which the Town is located was 6.0% as of June 30, 2020. The unemployment rate is lower than the State average.

Commercial activity remains strong throughout the Town. The value of commercial building permits increased 100.7% over the previous fiscal year while residential permit values remained constant.

The fiscal year ending June 30, 2021 budget is balanced and represents a slight decrease 2.4% in the governmental activities operational budget while revenue growth remains consistent. Included in governmental activities budget is a transfer of \$220,000 to capital project funds.

The fiscal year ending June 30, 2021 business type operational budget reflects a slight decrease of 1.0%. Included in the budget are transfers to capital project funds for funding of long-term capital planning in the amount of \$1,835,900.

Governmental Activities: The 2021 budget does not include a tax rate increase. Unrestricted intergovernmental revenue is budgeted to remain constant in the local option sales tax revenue category as well as franchise tax revenue. 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 2020-2021 fiscal year. The Town has budgeted an increase of 3% in water rates. Also budgeted is a 6.0% increase in sewer rates in the upcoming fiscal year to offset the increase in sewage treatment cost.

Requests for Information

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Director of Finance, Town of Southern Pines, PO Box 870, Southern Pines, NC 28388. You may also call (910) 692-2971 or visit our website www.southernpines.net for more information.

Town of Southern Pines, North Carolina
Statement of Net Position
June 30, 2020

Exhibit 1
(2 pages)

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 13,000,415	\$ 13,762,026	\$ 26,762,441
Receivables - net:			
Property taxes	14,919	-	14,919
Accrued interest receivable on taxes	2,137	-	2,137
Due from other governments	1,429,952	-	1,429,952
Accounts receivable	298,862	-	298,862
Accrued interest	42,792	47,650	90,442
Sales tax	190,484	39,531	230,015
Assessments	2,305	49,983	52,288
Customers	-	1,344,067	1,344,067
Other	-	1,566	1,566
Inventories	30,798	-	30,798
Prepays	182,885	-	182,885
Restricted cash and investments	526,562	1,198,878	1,725,440
	<u>15,722,111</u>	<u>16,443,701</u>	<u>32,165,812</u>
Total current assets			
Noncurrent assets:			
Capital assets			
Land, non-depreciable improvements, and construction in progress	12,805,687	4,335,640	17,141,327
Intangibles - easements	-	2,701,458	2,701,458
Other capital assets, net of depreciation	29,743,875	30,077,377	59,821,252
	<u>42,549,562</u>	<u>37,114,475</u>	<u>79,664,037</u>
Total capital assets			
	<u>42,549,562</u>	<u>37,114,475</u>	<u>79,664,037</u>
Total noncurrent assets			
	<u>58,271,673</u>	<u>53,558,176</u>	<u>111,829,849</u>
Total assets			
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	2,022,735	196,388	2,219,123
	<u>2,022,735</u>	<u>196,388</u>	<u>2,219,123</u>
Total deferred outflows of resources			

Town of Southern Pines, North Carolina
Statement of Net Position
June 30, 2020

Exhibit 1
(2 pages)

	Primary Government		
	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 1,339,395	\$ 493,503	\$ 1,832,898
Payable from restricted assets - customer deposits	526,562	80,955	607,517
Total pension liability, current	34,574	-	34,574
Current maturities of long-term debt	1,222,617	403,961	1,626,578
Total current liabilities	3,123,148	978,419	4,101,567
Noncurrent liabilities:			
Net pension liability	3,251,122	329,663	3,580,785
Total pension liability, net of current	1,570,694	-	1,570,694
Noncurrent portion of long-term debt	6,132,346	355,510	6,487,856
Total noncurrent liabilities	10,954,162	685,173	11,639,335
Total liabilities	14,077,310	1,663,592	15,740,902
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	114,327	9,777	124,104
	114,327	9,777	124,104
NET POSITION			
Net investment in capital assets	35,851,831	36,398,750	72,250,581
Restricted for:			
Stabilization by State Statute	1,862,370	-	1,862,370
Cemetery perpetual care:			
Expendable	84,062	-	84,062
Unrestricted	8,304,508	15,682,445	23,986,953
Total net position	\$ 46,102,771	\$ 52,081,195	\$ 98,183,966

Town of Southern Pines, North Carolina
Statement of Activities
Year Ended June 30, 2020

Exhibit 2

Function/Programs	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
Primary government:							
Government activities:							
General government	\$ 5,900,817	\$ 1,220,196	\$ 26,234	\$ 675,854	\$ (3,978,533)	\$ -	\$ (3,978,533)
Public safety	8,659,291	516,051	273,973	-	(7,869,267)	-	(7,869,267)
Transportation	1,903,528	36,920	404,177	-	(1,462,431)	-	(1,462,431)
Economic and physical development	834,642	438,650	-	-	(395,992)	-	(395,992)
Cultural and recreation	2,521,679	192,808	114,352	-	(2,214,519)	-	(2,214,519)
Cemetery	-	5,250	-	-	5,250	-	5,250
Interest on long-term debt	233,606	-	-	-	(233,606)	-	(233,606)
Total governmental activities	<u>20,053,563</u>	<u>2,409,875</u>	<u>818,736</u>	<u>675,854</u>	<u>(16,149,098)</u>	<u>-</u>	<u>(16,149,098)</u>
Business-type activities:							
Water and sewer	8,128,721	8,564,595	-	1,895,667	-	2,331,541	2,331,541
Total business-type activities	<u>8,128,721</u>	<u>8,564,595</u>	<u>-</u>	<u>1,895,667</u>	<u>-</u>	<u>2,331,541</u>	<u>2,331,541</u>
Total primary government	<u>\$ 28,182,284</u>	<u>\$ 10,974,470</u>	<u>\$ 818,736</u>	<u>\$ 2,571,521</u>	<u>(16,149,098)</u>	<u>2,331,541</u>	<u>(13,817,557)</u>
General revenues:							
Ad valorem taxes					10,782,975	-	10,782,975
Unrestricted intergovernmental					4,201,137	-	4,201,137
Alcoholic Beverage Tax					198,273	-	198,273
Franchise taxes					1,061,456	-	1,061,456
Investment earnings					227,148	208,816	435,964
Miscellaneous					149,534	340,683	490,217
Transfers					302,334	(302,334)	-
Gain on disposal					26,561	21,920	48,481
Total general revenues					<u>16,949,418</u>	<u>269,085</u>	<u>17,218,503</u>
Change in net position					800,320	2,600,626	3,400,946
Net position, beginning					<u>45,302,451</u>	<u>49,480,569</u>	<u>94,783,020</u>
Net position, end of year					<u>\$ 46,102,771</u>	<u>\$ 52,081,195</u>	<u>\$ 98,183,966</u>

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

Fund Financial Statements

Town of Southern Pines, North Carolina
Balance Sheet - Governmental Funds
June 30, 2020

Exhibit 3
(2 pages)

	Major Funds			Nonmajor Governmental Funds	Total Governmental Funds
	General	Unpaved Street	Sidewalk Construction II		
ASSETS					
Cash and investments	\$ 10,213,587	\$ 258,231	\$ 412,723	\$ 2,115,874	\$ 13,000,415
Receivables - net:					
Property taxes	14,919	-	-	-	14,919
Due from other governments	1,429,952	-	-	-	1,429,952
Accounts receivable	298,862	-	-	-	298,862
Accrued interest receivable	33,918	822	1,315	6,737	42,792
Sales tax receivable	179,787	1,716	-	8,981	190,484
Parking lot assessments	2,305	-	-	-	2,305
Inventories	30,798	-	-	-	30,798
Prepays	182,885	-	-	-	182,885
Restricted assets:					
Cash and investments	526,562	-	-	-	526,562
Total assets	<u>\$ 12,913,575</u>	<u>\$ 260,769</u>	<u>\$ 414,038</u>	<u>\$ 2,131,592</u>	<u>\$ 15,719,974</u>
LIABILITIES					
Current liabilities:					
Accounts payable	\$ 373,249	\$ 238,011	\$ 242,971	\$ 138,865	\$ 993,096
Accrued liabilities:					
Other	309,730	-	-	-	309,730
Security deposits	526,562	-	-	-	526,562
Total liabilities	<u>1,209,541</u>	<u>238,011</u>	<u>242,971</u>	<u>138,865</u>	<u>1,829,388</u>
DEFERRED INFLOWS OF RESOURCES					
Taxes receivable	14,919	-	-	-	14,919
Parking lot assessments	2,305	-	-	-	2,305
Other	99,720	-	-	-	99,720
Total deferred inflows of resources	<u>116,944</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>116,944</u>
FUND BALANCES					
Nonspendable:					
Inventories	30,798	-	-	-	30,798
Prepays	182,885	-	-	-	182,885
Perpetual maintenance	-	-	-	84,062	84,062
Restricted:					
Stabilization by State Statute	1,842,799	2,538	1,315	15,718	1,862,370
Committed:					
General Government	-	-	-	1,286,691	1,286,691
Transportation	-	20,220	169,752	302,090	492,062
Cultural and Recreational	-	-	-	304,166	304,166
Assigned:					
Subsequent year's expenditures	1,739,405	-	-	-	1,739,405
Unassigned	7,791,203	-	-	-	7,791,203
Total fund balances	<u>11,587,090</u>	<u>22,758</u>	<u>171,067</u>	<u>1,992,727</u>	<u>13,773,642</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 12,913,575</u>	<u>\$ 260,769</u>	<u>\$ 414,038</u>	<u>\$ 2,131,592</u>	<u>\$ 15,719,974</u>

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

Town of Southern Pines, North Carolina
Balance Sheet - Governmental Funds
June 30, 2020

Exhibit 3
(2 pages)

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

Total fund balance, governmental funds	\$ 13,773,642
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	42,549,562
Deferred outflows of resources related to pensions are not reported in the funds	2,022,735
Other long-term assets (accrued interest receivable from property taxes) are not available to pay for current-period expenditures and therefore are inflows of resources in the funds	2,137
Earned revenues considered deferred inflows of resources in fund statements	116,944
Deferred inflows of resources related to pensions are not reported in the funds	(114,327)
Some liabilities are not due and payable in the current period and are therefore not reported in the funds:	
Long-term debt included as net position below	(7,391,532)
Net pension liability	(3,251,122)
Total pension liability	<u>(1,605,268)</u>
Net position of governmental activities	<u><u>\$ 46,102,771</u></u>

Town of Southern Pines, North Carolina
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
Year Ended June 30, 2020

Exhibit 4
(2 pages)

	Major Funds			Nonmajor Governmental Funds	Totals Governmental Funds
	General	Unpaved Street	Sidewalk Construction II		
Revenues					
Ad valorem taxes	\$ 10,780,683	\$ -	\$ -	\$ -	\$ 10,780,683
Other taxes and licenses	309,616	-	-	-	309,616
Unrestricted intergovernmental	5,214,808	-	-	-	5,214,808
Restricted intergovernmental	780,125	-	-	-	780,125
Permits and fees	575,118	-	-	-	575,118
Sales and services	1,346,718	-	-	5,250	1,351,968
Investment earnings	180,190	3,898	5,727	37,333	227,148
Other	604,546	-	-	-	604,546
	<u>19,791,804</u>	<u>3,898</u>	<u>5,727</u>	<u>42,583</u>	<u>19,844,012</u>
Expenditures					
Current:					
General government	5,682,753	-	-	427,320	6,110,073
Public safety	8,060,061	-	-	346,800	8,406,861
Transportation	1,574,317	258,975	255,471	194,174	2,282,937
Economic and physical development	776,948	-	-	-	776,948
Cultural and recreational	2,229,207	-	-	80,730	2,309,937
Debt service:					
Principal	781,876	-	-	-	781,876
Interest	237,868	-	-	-	237,868
	<u>19,343,030</u>	<u>258,975</u>	<u>255,471</u>	<u>1,049,024</u>	<u>20,906,500</u>
Revenues over (under) expenditures	<u>448,774</u>	<u>(255,077)</u>	<u>(249,744)</u>	<u>(1,006,441)</u>	<u>(1,062,488)</u>
Other financing sources (uses)					
Installment purchase obligations issued	650,000	-	-	-	650,000
Transfers to other funds	(710,967)	-	-	(320,720)	(1,031,687)
Transfers from other funds	-	-	261,150	1,072,871	1,334,021
Sale of capital assets	77,001	-	-	-	77,001
Total other financing sources (uses)	<u>16,034</u>	<u>-</u>	<u>261,150</u>	<u>752,151</u>	<u>1,029,335</u>
Net change in fund balance	464,808	(255,077)	11,406	(254,290)	(33,153)
Fund balance, beginning of year, July 1	<u>11,122,282</u>	<u>277,835</u>	<u>159,661</u>	<u>2,247,017</u>	<u>13,806,795</u>
Fund balance, end of year, June 30	<u>\$ 11,587,090</u>	<u>\$ 22,758</u>	<u>\$ 171,067</u>	<u>\$ 1,992,727</u>	<u>\$ 13,773,642</u>

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

Town of Southern Pines, North Carolina
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
Year Ended June 30, 2020

Exhibit 4
(2 pages)

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balances - total governmental funds	\$	(33,153)
---	----	----------

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

Capital outlay expenditures which were capitalized	2,876,540	
Depreciation expense for governmental assets	<u>(1,658,100)</u>	
		1,218,440

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	770,920
--	---------

Benefit payments paid and administrative expense for the LEOSSA are not included on the Statement of Activities	42,234
---	--------

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

Amount of donated assets	675,854
Change in unavailable revenue for tax revenues	5,122
Proceeds from disposal/transfer of capital assets	(77,001)
Net loss on disposal/transfer of capital assets	(342,915)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Issuance of installment purchase obligations	(650,000)
Principal payments on long-term debt	781,876
Decrease in accrued interest payable	4,262

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	(56,225)
Pension expense	<u>(1,539,094)</u>

Total changes in net position of governmental activities	<u>\$</u>	<u>800,320</u>
--	-----------	----------------

Town of Southern Pines, North Carolina
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
Year Ended June 30, 2020

Exhibit 5

	Budget		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Ad valorem taxes	\$ 10,653,526	\$ 10,653,526	\$ 10,780,683	\$ 127,157
Other taxes and licenses	280,150	280,150	309,616	29,466
Unrestricted intergovernmental revenues	4,419,000	4,419,000	5,214,808	795,808
Restricted intergovernmental revenues	664,630	764,630	780,125	15,495
Permits and fees	370,000	430,000	575,118	145,118
Sales and services	1,405,068	1,344,068	1,346,718	2,650
Investment earnings	175,000	175,000	180,190	5,190
Other	559,853	600,106	604,546	4,440
	<u>18,527,227</u>	<u>18,666,480</u>	<u>19,791,804</u>	<u>1,125,324</u>
Expenditures				
Current:				
General government	6,810,325	6,386,635	5,682,753	703,882
Public safety	7,952,135	8,611,388	8,060,061	551,327
Transportation	1,733,026	1,733,026	1,574,317	158,709
Economic and physical development	385,939	844,629	776,948	67,681
Cultural and recreational	2,392,032	2,635,407	2,229,207	406,200
Debt service	1,019,746	1,019,746	1,019,744	2
	<u>20,293,203</u>	<u>21,230,831</u>	<u>19,343,030</u>	<u>1,887,801</u>
Revenues over (under) expenditures	<u>(1,765,976)</u>	<u>(2,564,351)</u>	<u>448,774</u>	<u>3,013,125</u>
Other financing sources (uses)				
Installment purchase obligations issued	-	650,000	650,000	-
Transfer out to Capital Project Funds	(697,967)	(710,967)	(710,967)	-
Sale of capital assets	15,000	15,000	77,001	62,001
Total other financing sources (uses)	<u>(682,967)</u>	<u>(45,967)</u>	<u>16,034</u>	<u>62,001</u>
Revenues over (under) expenditures and other financing sources (uses)	<u>(2,448,943)</u>	<u>(2,610,318)</u>	<u>464,808</u>	<u>3,075,126</u>
Appropriated fund balance	<u>2,448,943</u>	<u>(2,610,318)</u>	<u>-</u>	<u>(2,610,318)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (5,220,636)</u>	<u>464,808</u>	<u>\$ 464,808</u>
Fund balance, beginning of year, July 1			<u>11,122,282</u>	
Fund balance, end of year, June 30			<u>\$ 11,587,090</u>	

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

	Business-Type Activities - Enterprise Major Fund Water and Sewer
ASSETS	
Current assets:	
Cash and cash equivalents/investments	\$ 13,762,026
Receivables - net:	
Sewer assessments	49,983
Customers	1,344,067
Accrued interest	47,650
Sales taxes	39,531
Other	1,566
Prepays	-
Total current assets	<u>15,244,823</u>
Temporarily restricted assets:	
Cash and investments	<u>1,198,878</u>
Capital assets	
Land, improvements, and construction in progress	4,335,640
Intangibles - easements	2,701,458
Other capital assets, net of depreciation	<u>30,077,377</u>
Total capital assets, net	<u>37,114,475</u>
Total unrestricted noncurrent assets	<u>37,114,475</u>
Total noncurrent assets	<u>38,313,353</u>
Total assets	<u>53,558,176</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension deferrals	<u>196,388</u>
Total deferred outflows of resources	<u>196,388</u>

Town of Southern Pines, North Carolina
Statement of Fund Net Position - Proprietary Fund
June 30, 2020

Exhibit 6
(2 pages)

	Business-Type Activities - Enterprise Major Fund Water and Sewer
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 459,428
Compensated absences - current	32,232
Installment purchases - current	371,729
Accrued liabilities	34,075
Security deposits	80,955
	<hr/>
Total current liabilities	978,419
	<hr/>
Noncurrent liabilities	
Compensated absences	11,514
Installment purchases	343,996
Net pension liability	329,663
	<hr/>
	685,173
	<hr/>
Total liabilities	1,663,592
	<hr/>
DEFERRED INFLOWS OF RESOURCES	
Pension deferrals	9,777
	<hr/>
NET POSITION	
Net investment in capital assets	36,398,750
Unrestricted	15,682,445
	<hr/>
Total net position	<u>\$ 52,081,195</u>

Town of Southern Pines, North Carolina
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund
Year Ended June 30, 2020

Exhibit 7

	<u>Major Fund</u> <u>Water and</u> <u>Sewer</u>
Operating revenues	
Charges for sales and services	\$ 8,564,595
Operating expenses	
Billings and collection	451,289
Water treatment	1,380,243
Sewage treatment	1,919,704
Water extensions and maintenance	894,155
Sewer extensions and maintenance	807,580
Chargeout for administrative expenses	1,050,334
Depreciation and amortization	1,597,422
	<u>8,100,727</u>
Total operating expenses	<u>8,100,727</u>
Operating income	<u>463,868</u>
Nonoperating revenues (expenses)	
System development fees	340,683
Interest on investments	205,439
BAB interest rebate	3,377
Gain on disposal of capital assets	21,920
Interest expense	(27,994)
	<u>543,425</u>
Total nonoperating revenues (expenses)	<u>543,425</u>
Income before capital contributions and transfers	1,007,293
Capital contributions	1,895,667
Transfers to other funds	(302,334)
	<u>2,600,626</u>
Change in net position	<u>2,600,626</u>
Total net position, beginning of year	<u>49,480,569</u>
Net position, end of year	<u><u>\$ 52,081,195</u></u>

Town of Southern Pines, North Carolina
Statement of Cash Flows - Proprietary Fund
Year Ended June 30, 2020

Exhibit 8
(2 pages)

	<u>Major Fund</u> <u>Water and</u> <u>Sewer</u>
Cash flows from operating activities	
Cash received from customers and users	\$ 8,752,948
Cash paid for goods and services	(5,195,102)
Cash paid to or on behalf of employees for services	(1,228,359)
Customer deposit refunded	(19,440)
Customer deposits received	<u>20,815</u>
Net cash provided by operating activities	<u>2,330,862</u>
Cash flows from noncapital financing activities	
Transfers out to other funds	<u>(302,334)</u>
Net cash used by noncapital financing activities	<u>(302,334)</u>
Cash flows from capital and related financing activities	
Acquisition and construction of capital assets	(1,644,850)
Proceeds from sale of capital assets	21,920
System development fees	340,683
Principal paid on installment purchase obligation	(562,910)
Interest paid on installment purchase obligation	(25,510)
Capital contributions - state grants	<u>150,000</u>
Net cash used by capital and related financing activities	<u>(1,720,667)</u>
Cash flows from investing activities	
Interest on investments	<u>219,858</u>
Net cash provided by investing activities	<u>219,858</u>
Net increase in cash and cash equivalents	527,719
Cash and cash equivalents at beginning of year	<u>14,433,185</u>
Cash and cash equivalents at end of year	<u>\$ 14,960,904</u>

Town of Southern Pines, North Carolina
Statement of Cash Flows - Proprietary Fund
Year Ended June 30, 2020

Exhibit 8
(2 pages)

	<u>Major Fund</u> <u>Water and</u> <u>Sewer</u>
Cash and investments per Exhibit 6	
Unrestricted	\$ 13,762,026
Restricted	1,198,878
	<hr/>
Total	\$ 14,960,904
	<hr/> <hr/>
Reconciliation of operating income to net cash provided	
by operating activities:	
Operating income	\$ 463,868
Adjustments to reconcile operating income	
to net cash provided by operating activities:	
Depreciation and amortization	1,597,422
Change in assets, deferred outflows of resources,	
deferred inflows of resources and liabilities:	
(Increase) decrease in:	
Accounts receivable	168,353
Deferred outflows of resources for pensions	30,328
Prepaid expenses	573
Increase (decrease) in:	
Accounts payable and accrued liabilities	21,993
Customer deposits	1,375
Accrued vacation pay	14,274
Net pension liability	34,936
Deferred inflows of resources for pensions	(2,260)
	<hr/>
Total adjustments	1,866,994
	<hr/>
Net cash provided by operating activities	\$ 2,330,862
	<hr/> <hr/>

Noncash investing, capital and financing activities:

During fiscal year ended June 30, 2020, the Town received \$1,004,279 in water and sewer line improvements and \$891,388 of easements from various land developers and individuals. These improvements are recorded as capital contributions.

Town of Southern Pines, North Carolina
Statement of Fiduciary Net Position
Fiduciary Fund
June 30, 2020

Exhibit 9

	<u>Private-Purpose Trust Fund</u>		<u>Agency Funds</u>
	<u>Virginia Kelly Trust</u>		<u>Cafeteria Plan</u>
ASSETS			
Cash and investments	\$ 26,386	\$	55,789
Accrued interest	<u>84</u>		<u>177</u>
	26,470	\$	<u><u>55,966</u></u>
LIABILITIES			
Miscellaneous liabilities	<u>-</u>	\$	<u><u>55,966</u></u>
NET POSITION			
Reserved for payment of death benefits - police	<u><u>\$ 26,470</u></u>		

Town of Southern Pines, North Carolina
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
Year Ended June 30, 2020

Exhibit 10

	<u>Private-Purpose</u> <u>Trust Fund</u> <u>Virginia</u> <u>Kelly Trust</u>
Revenues	
Investment earnings	\$ 372
Deductions	
Death benefits	-
Net increase	372
Net position, beginning of year, July 1	<u>26,098</u>
Net position, end of year, June 30	<u><u>\$ 26,470</u></u>

Notes to Financial Statements

1. Summary of Significant Accounting Policies

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

A. Reporting entity

The Town of Southern Pines is a municipal corporation that is governed by an elected mayor and a four-member council. As required by generally accepted accounting principles, these financial statements present the Town as well as any separate entity for which the Town is financially accountable. For the year ended June 30, 2020, no other entity is included in the Town's financial statements.

B. Basis of presentation

Government-wide statements: The statement of net position and the statement of activities display information on all of the nonfiduciary activities of the Town. These statements include the financial activities of the overall government and distinguish between the governmental and business-type activities of the Town. Eliminations have been made to minimize the double counting of internal activities. Interfund services provided and used are not eliminated in the process of consolidation. These statements distinguish between the *governmental* and *business-type activities* of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund financial statements: The fund financial statements provide information about the Town's funds, including the fiduciary fund. Separate statements for each fund category - *governmental, proprietary, and fiduciary* - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

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

The Town reports the following major governmental funds:

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

Town of Southern Pines, North Carolina
Notes to Financial Statements

Unpaved Street Fund - This fund is used for the purpose of paving existing Town streets that are currently unpaved.

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

The Town reports the following non-major governmental funds:

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

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

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

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.

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

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

Downtown Park - This fund is used to account for the renovation of the existing downtown park.

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

Building Renovation - This fund is used to account for the renovation of the Public Works Annex and the Garage Facility.

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

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

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

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

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

The Town reports the following major enterprise fund:

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

Town of Southern Pines, North Carolina
Notes to Financial Statements

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.

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 for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in law, the State of North Carolina is responsible for billing and collecting the property taxes on registered vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Town of Southern Pines, North Carolina
Notes to Financial Statements

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered a shared revenue for the Town of Southern Pines because the tax is levied by Moore County and then remitted to and distributed by the State. Intergovernmental revenues, and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then general revenues.

D. Budgetary data

The Town's budgets are adopted as required by North Carolina General Statutes. An annual budget ordinance is adopted for the General, Permanent, and Enterprise funds. All annual appropriations lapse at fiscal year-end. Project ordinances are adopted for Governmental Capital Project Funds and the Enterprise Capital Projects Funds, which are consolidated with the operating funds for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds and at the project level for the multi-year funds. During the year, several amendments to the original budget became necessary, the effects of which were not material. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

E. Assets, liabilities, deferred outflows/inflows of resources, and fund equity

(1) Deposits and investments

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

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

The Town's investments are reported at fair value. Non-participating interest earning contracts are accounted for at cost. The NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value. The NCCMT- Term Portfolio is bond fund, has no rating and is measured at fair value. As of June 30, 2020, the Term portfolio has a duration of 0.15 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months. In accordance with State law, the Town has invested in securities which are callable and which provide for periodic interest rate increases in specific increments until maturity. These investments are reported at fair value as determined by quoted market prices.

(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.

Town of Southern Pines, North Carolina
Notes to Financial Statements

(3) Restricted assets

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

Town of Southern Pines Restricted Cash

Governmental activities:	
General Fund:	
Customer deposits	\$ <u>526,562</u>
Total governmental activities	<u>526,562</u>
Business-type activities:	
Water and Sewer Fund:	
Customer deposits	80,955
Water impact fees	34,468
Sewer impact fees	472,469
Water system development fees capital reserve	341,502
Wastewater system development fees capital reserve	<u>269,484</u>
Total business-type activities	<u>1,198,878</u>
Total restricted cash	<u>\$ 1,725,440</u>

(4) Ad valorem taxes receivable

In accordance with State law (G.S. 105-347 and 159-13(a)), the Town levies *ad valorem* taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, no interest or penalties are assessed until the following January 6. The taxes are based on the assessed values as of January 1, 2019.

(5) Allowances for doubtful accounts

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

(6) Inventory and prepaid items

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

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

(7) Capital assets

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

Town of Southern Pines, North Carolina
Notes to Financial Statements

assets that were acquired or that received substantial improvements subsequent to July 1, 1980, and are reported at estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

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

(8) Deferred outflows/inflows of resources

In addition to assets, the Statement of Net Position will sometimes report a separate section of deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has two items that meet this criterion, contributions made to the pension plans in the 2020 fiscal year and other pension related deferrals. In addition to liabilities, the Statement of Net Position will sometimes report a separate section of deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has four items that meet the criterion for this category - property taxes receivable, parking lot assessments, other receivables, and pension deferrals.

(9) Long-term obligations

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

In fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether 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 31st, accumulated vacation leave in excess of 30 working days will be rolled into sick leave. For the Town's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The Town has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

Town of Southern Pines, North Carolina
Notes to 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.

(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 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State statute ("RSS"), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State statute". Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget. Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted Net position and Restricted fund balance on the face of the statement of net position and the balance sheet.

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

Town of Southern Pines, North Carolina
Notes to Financial Statements

action is taken (the adoption of another ordinance) to remove or revise the limitation. Any changes or removal of specific purpose requires majority action by the governing body.

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

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

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

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

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

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

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

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

(12) Defined benefit cost-sharing plan

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System (LGERS) and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Town's employer contributions are recognized when due and the Town has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

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

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

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

Town of Southern Pines, North Carolina
Notes to Financial Statements

Description

Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$ 66,868,146
Less accumulated depreciation	<u>(24,318,584)</u>
Net capital assets	<u>42,549,562</u>
Contributions to the pension plans in the current fiscal year, following the measurement date of the related pension liabilities, are deferred outflows of resources on the Statement of Net Position	<u>813,154</u>
Net pension-related deferrals (deferred outflows and deferred inflows), excluding contributions to pension plans	<u>1,095,254</u>
Accrued interest receivable for property taxes is not available to pay for current-period expenditures and therefore are inflows of resources in the funds	<u>2,137</u>
Liabilities for earned revenues considered deferred inflows of resources in fund statements:	
Taxes receivable	14,919
Parking lot assessments	2,305
Other receivables	<u>99,720</u>
Net deferred revenues	<u>116,944</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	(6,697,731)
Compensated absences	(657,232)
Pension obligations	(4,856,390)
Accrued interest	<u>(36,569)</u>
Liabilities	<u>(12,247,922)</u>
Total adjustment	<u>\$ 32,329,129</u>

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

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

Town of Southern Pines, North Carolina
Notes to Financial Statements

Description

Capital outlay expenditures recorded in the fund financial statements but capitalized as assets in the statement of activities	\$ 2,876,540
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	(1,658,100)
Contributions to the pension plan in the current fiscal year are not included on the statement of activities	770,920
Benefit payments paid and administrative expense for the LEOSSA are not included in the statement of activities	42,234
Revenues and other financing sources in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:	
Amount of donated assets	675,854
Other	5,122
Proceeds from the disposal/transfer of capital assets	(77,001)
Loss on disposal/transfer of capital assets	(342,915)
New long-term debt issued	(650,000)
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	781,876
Decrease in accrued interest	4,262
Compensated absences	(56,225)
Pension expense	<u>(1,539,094)</u>
Total adjustment	<u>\$ 833,473</u>

2. Deposits

All of the deposits of the Town are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's agents in the unit's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agents in their names. The amount of the pledged collateral is based on an approved averaging method for 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.

Town of Southern Pines, North Carolina
Notes to Financial Statements

At June 30, 2020, the Town's deposits had a carrying amount of \$11,035,673 and a bank balance of \$11,484,790. Of the bank balance \$1,000,000 was covered by federal depository insurance and \$10,484,790 was covered by collateral held under the Pooling Method. At June 30, 2020, the Town's petty cash fund totaled \$1,050.

3. Investments

At June 30, 2020, the Town's investment balances were as follows:

<u>Investments by Type</u>	<u>Valuation Measurement Method</u>	<u>Book Value at 6/30/2020</u>	<u>Maturity</u>	<u>Rating</u>
NC Capital Management Trust - Government Portfolio	Fair Value Level 1	\$ 16,859,206	N/A	AAAm
NC Capital Management Trust - Term Portfolio	Fair Value Level 1	<u>591,952</u>	0.15 years	Unrated
Total		<u>\$ 17,451,158</u>		

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

Level of fair value hierarchy:

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

The Town does not have a formal investment policy.

Credit Risk. The Town has no formal policy regarding credit risk, but has internal management procedures that limits the Town's investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The Town's investment in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAm by Standard & Poor's as of June 30, 2020. The Town's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the U.S. government and agencies, and in high grade money market instruments permitted under G.S. 159-30 as amended.

4. Receivables - Allowance for Doubtful Accounts

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

<u>Fund</u>	<u>June 30, 2020</u>
General Fund:	
Taxes receivable	\$ 30,690
Enterprise Fund	<u>9,400</u>
	<u>\$ 40,090</u>

Town of Southern Pines, North Carolina
Notes to Financial Statements

5. Capital Assets

Capital assets activity for the year ended June 30, 2020, was as follows:

<u>Governmental Activities by Type</u>	<u>July 1, 2019</u>	<u>Transfers In/ Additions</u>	<u>Transfers Out/ Disposals</u>	<u>June 30, 2020</u>
Capital assets not being amortized or depreciated:				
Land	\$ 12,305,522	\$ -	\$ -	\$ 12,305,522
Intangible assets in progress	163,609	227,200	(144,540)	246,269
Construction in progress	<u>5,322,309</u>	<u>1,336,269</u>	<u>(6,404,682)</u>	<u>253,896</u>
	<u>17,791,440</u>	<u>1,563,469</u>	<u>(6,549,222)</u>	<u>12,805,687</u>
Capital assets being amortized or depreciated:				
Buildings and improvements	16,296,912	5,051,840	(22,156)	21,326,596
Other improvements	5,970,061	391,718	(6,288)	6,355,491
Infrastructure	14,733,916	1,163,203	-	15,897,119
Machinery and equipment	661,742	149,667	(51,273)	760,136
Intangible assets - software	167,285	144,540	-	311,825
Vehicles and motorized equipment	6,208,919	806,488	(162,997)	6,852,410
Furniture, fixtures and other equipment	<u>2,122,873</u>	<u>544,167</u>	<u>(108,158)</u>	<u>2,558,882</u>
	<u>46,161,708</u>	<u>8,251,623</u>	<u>(350,872)</u>	<u>54,062,459</u>
Less accumulated depreciation and amortization for:				
Buildings and improvements	5,323,193	343,937	(22,156)	5,644,974
Other improvements	1,885,710	210,756	(6,288)	2,090,178
Infrastructure	10,184,989	404,340	-	10,589,329
Machinery and equipment	401,206	82,496	(37,600)	446,102
Intangible assets - software	55,762	29,785	-	85,547
Vehicles and motorized equipment	3,594,160	415,035	(126,535)	3,882,660
Furniture, fixtures and other equipment	<u>1,432,944</u>	<u>246,751</u>	<u>(99,901)</u>	<u>1,579,794</u>
	<u>22,877,964</u>	<u>1,733,100</u>	<u>(292,480)</u>	<u>24,318,584</u>
Depreciable assets - net	<u>23,283,744</u>	<u>6,518,523</u>	<u>(58,392)</u>	<u>29,743,875</u>
Governmental activities capital assets - net	<u>\$ 41,075,184</u>	<u>\$ 8,081,992</u>	<u>\$ (6,607,614)</u>	<u>\$ 42,549,562</u>

Town of Southern Pines, North Carolina
Notes to Financial Statements

Governmental Activities by Function	July 1, 2019	Transfers In/ Additions	Transfers Out/ Disposals	June 30, 2020
General government	\$ 17,521,236	\$ 668,476	\$ (503,187)	\$ 17,686,525
Public safety	21,461,263	1,111,576	(430,659)	22,142,180
Transportation	15,625,467	1,662,947	(78,508)	17,209,906
Economic and physical development	245,196	27,326	(23,724)	248,798
Cultural and recreational	<u>9,099,986</u>	<u>602,756</u>	<u>(122,005)</u>	<u>9,580,737</u>
	<u>63,953,148</u>	<u>4,073,081</u>	<u>(1,158,083)</u>	<u>66,868,146</u>
Less accumulated depreciation and amortization for:				
General government	3,372,109	226,645	(62,199)	3,536,555
Public safety	5,164,494	587,397	(80,174)	5,671,717
Transportation	10,842,827	578,360	(78,507)	11,342,680
Economic and physical development	160,958	10,902	(23,724)	148,136
Cultural and recreational	<u>3,337,576</u>	<u>329,796</u>	<u>(47,876)</u>	<u>3,619,496</u>
	<u>22,877,964</u>	<u>1,733,100</u>	<u>(292,480)</u>	<u>24,318,584</u>
Total governmental activities capital assets - net	<u>\$ 41,075,184</u>	<u>\$ 2,339,981</u>	<u>\$ (865,603)</u>	<u>\$ 42,549,562</u>
Business Activities				
Nondepreciable assets:				
Land	\$ 540,533	\$ -	\$ -	\$ 540,533
Intangibles - easements	1,810,070	891,388	-	2,701,458
Construction in progress	<u>2,715,581</u>	<u>1,079,526</u>	<u>-</u>	<u>3,795,107</u>
	<u>5,066,184</u>	<u>1,970,914</u>	<u>-</u>	<u>7,037,098</u>
Depreciable assets:				
Plant and distribution system	54,394,670	1,004,279	-	55,398,949
Buildings	1,424,609	-	-	1,424,609
Equipment	<u>4,076,260</u>	<u>565,324</u>	<u>(471,401)</u>	<u>4,170,183</u>
	<u>59,895,539</u>	<u>1,569,603</u>	<u>(471,401)</u>	<u>60,993,741</u>
Less accumulated depreciation and amortization for:				
Plant and distribution system	26,774,377	1,242,801	-	28,017,178
Building	401,265	28,492	-	429,757
Equipment	<u>2,614,701</u>	<u>326,129</u>	<u>(471,401)</u>	<u>2,469,429</u>
	<u>29,790,343</u>	<u>1,597,422</u>	<u>(471,401)</u>	<u>30,916,364</u>
Depreciable assets - net	<u>30,105,196</u>	<u>(27,819)</u>	<u>-</u>	<u>30,077,377</u>
Total business activities capital assets - net	<u>\$ 35,171,380</u>	<u>\$ 1,943,095</u>	<u>\$ -</u>	<u>\$ 37,114,475</u>

Intangible assets

Intangible assets consist of enterprise resource planning software that is being developed for the town and recorded in the Enterprise Information and Document Management (EIDMS) capital project fund, as well as other software packages. As of June 30, 2020, \$311,825 of this software has been completed and is being used by the Town. This cost is being amortized over 5 to 15 years using the straight-line method.

Town of Southern Pines, North Carolina
Notes to Financial Statements

Future amortization is as follows:

Year Ending June 30

2021	\$	40,060
2022		40,060
2023		40,060
2024		40,060
2025		21,428
Thereafter		<u>44,610</u>
	\$	<u>226,278</u>

Construction commitments

The government has active construction projects as of June 30, 2020. At year end, the government's commitments with contractors are as follows:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Public Works Annex	\$ 12,863	\$ 75,407
East Morganton Rd	42,474	15,090
West Pennsylvania Avenue	77,958	73,042
System Development Fee	9,101	899
Weymouth Woods Generator	8,226	17,074
Water and Wastewater Study	<u>5,512</u>	<u>24,488</u>
Total	\$ <u>156,134</u>	\$ <u>206,000</u>

6. Payables

Payables at the government-wide level at June 30, 2020, were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Accrued Interest</u>	<u>Total</u>
Governmental activities:				
General	\$ 374,348	\$ 308,631	\$ 36,569	\$ 719,548
Other governmental	<u>619,847</u>	<u>-</u>	<u>-</u>	<u>619,847</u>
Total governmental activities	\$ <u>994,195</u>	\$ <u>308,631</u>	\$ <u>36,569</u>	\$ <u>1,339,395</u>
Business-type activities:				
Water and sewer	\$ <u>459,428</u>	\$ <u>32,280</u>	\$ <u>1,795</u>	\$ <u>493,503</u>

7. Pension Plan and Postemployment Obligations

A. Local Governmental Employees' Retirement System

Plan description - The Town of Southern Pines is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members - nine appointed by the Governor, one appointed by the State Senate, one appointed by the House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the 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, or at www.osc.nc.gov.

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

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions - Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town employees are required to contribute 6 percent of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town's contractually required contribution rate for the year ended June 30, 2020, was 9.7% of compensation for law enforcement officers and 9.0% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town were \$849,091 for the year ended June 30, 2020.

Town of Southern Pines, North Carolina
Notes to Financial Statements

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

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

At June 30, 2020, the Town reported a liability of \$3,580,785 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019, utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2019 (measurement date), the Town's proportion was 0.131%, which was an decrease of 0.002% from its proportion measured at June 30, 2018.

For the year ended June 30, 2020, the Town recognized pension expense of \$1,544,132. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 613,121	\$ -
Changes of assumption	583,609	-
Net difference between projected and actual earnings on pension plan investments	87,340	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	106,196
Town contributions subsequent to the measurement date	<u>849,091</u>	<u>-</u>
Total	<u>\$ 2,133,161</u>	<u>\$ 106,196</u>

\$849,091 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30

2021	\$ 591,765
2022	165,180
2023	332,095
2024	88,834
2025	-
Thereafter	-

Town of Southern Pines, North Carolina
Notes to Financial Statements

Actuarial assumptions - The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2019 (measurement date) are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	29.0%	1.4%
Global equity	42.0%	5.3%
Real estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation protection	<u>6.0%</u>	4.0%
Total	<u>100.0%</u>	

The information above is based on 30-year expectations developed with the consulting actuary for the 2018 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Town of Southern Pines, North Carolina
Notes to Financial Statements

Discount rate - The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Town's proportionate share of the net pension liability to changes in the discount rate - The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the Town's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate:

	<u>1% Decrease (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Town's proportionate share of the net pension liability (asset)	\$ 8,189,910	\$ 3,580,785	\$ (250,332)

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

B. Law Enforcement Officers Special Separation Allowance

(1) Plan description

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

All full-time Town law enforcement officers are covered by the Separation Allowance. At the December 31, 2018 valuation date, the Separation Allowance's membership consisted of:

Retirees receiving benefits	3
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>40</u>
Total	<u><u>43</u></u>

(2) Summary of significant accounting policies

Basis of accounting - The Town has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits are recognized when due and payable in accordance with the terms of the plan.

The Separation Allowance has no assets accumulated in a trust that meets the criteria which are outlined in GASB Statement 73.

Town of Southern Pines, North Carolina
Notes to Financial Statements

(3) Actuarial assumptions

The entry age actuarial cost method was used in the December 31, 2018 valuation. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.26 percent

The discount rate is based on the S&P Municipal Bond 20-Year High Grade Rate Index as of December 31, 2019.

Mortality rates are based on the RP-2014 Mortality tables with adjustments for mortality improvements based on Scale AA.

(4) Change in actuarial assumptions

On the prior measurement date (December 31, 2018), the S&P Municipal Bond 20-Year High Grade Rate Index, on which the discount rate is based, was 3.64%. Since the Prior Measurement Date, the S&P Municipal Bond 20-Year High Grade Rate Index has decreased to 3.26% as of the Measurement Date (December 31, 2019). This resulted in a \$55,558 increase in the Total Pension Liability.

(5) Contributions

The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid \$42,124 as benefits came due for the reporting period.

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

At June 30, 2020, the Town reported a total pension liability of \$1,605,268. The total pension liability was measured as of December 31, 2019, based on a December 31, 2018 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2019, utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2020, the Town recognized pension expense of \$136,124.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 33,408	\$ 17,908
Changes of assumption	35,267	-
Town benefit payments and plan administrative expense made subsequent to the measurement date	<u>17,287</u>	<u>-</u>
Total	<u>\$ 85,962</u>	<u>\$ 17,908</u>

\$17,177 paid as benefits came due and \$110 of administrative expenses subsequent to the measurement date have been reported as deferred outflows of resources and will be recognized as a decrease of the total pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Town of Southern Pines, North Carolina
Notes to Financial Statements

Year Ending June 30

2021	\$	11,980
2022		11,980
2023		13,168
2024		7,520
2025		4,385
Thereafter		1,734

Sensitivity of the Town's total pension liability to changes in the discount rate - The following presents the Town's total pension liability calculated using the discount rate of 3.26 percent, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.26 percent) or 1 percentage-point higher (4.26 percent) than the current rate:

	<u>1% Decrease (2.26%)</u>	<u>Discount Rate (3.26%)</u>	<u>1% Increase (4.26%)</u>
Total pension liability	\$ 1,761,063	\$ 1,605,268	\$ 1,463,219

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

Beginning balance	\$ 1,496,954
Service cost	70,343
Interest on the total pension liability	53,581
Changes in benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	(21,274)
Changes of assumptions or other inputs	55,558
Benefit payments	(49,894)
Other changes	-
Ending balance of the total pension liability	<u>\$ 1,605,268</u>

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

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the five-year period ended December 31, 2014.

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

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

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
Pension expense	\$ 1,544,132	\$ 136,124	\$ 1,680,256
Pension liability	3,580,785	1,605,268	5,186,053
Proportionate share of the net pension liability	0.13112%	n/a	

Town of Southern Pines, North Carolina
Notes to Financial Statements

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
Deferred of outflows of resources			
Differences between expected and actual experience	\$ 613,121	\$ 33,408	\$ 646,529
Changes of assumptions	583,609	35,267	618,876
Net difference between projected and actual earnings on plan investments	87,340	-	87,340
Benefit payments and administrative costs paid subsequent to the measurement date	849,091	17,287	866,378
Deferred of inflows of resources			
Differences between expected and actual experience	-	17,908	17,908
Changes of assumptions	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	106,196	-	106,196

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.

The Town made contributions of \$165,087 for the reporting year, which consisted of \$121,092 from the Town and \$43,995 from the law enforcement officers. No amounts were forfeited.

D. Other Employment Benefits

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

8. 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, 2020, contributions to the Plan consisted of \$306,894 from the Town and \$166,954 in voluntary contributions from employees.

9. Deferred Outflows and Inflows of Resources

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

	<u>General Fund Balance Sheet</u>
Taxes receivable, less penalties	\$ 14,919
Other receivables	99,720
Special assessments receivable	<u>2,305</u>
Total	<u>\$ 116,944</u>

10. Risk Management

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

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

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

Town of Southern Pines, North Carolina
Notes to Financial Statements

11. Claims and Judgments

At June 30, 2020, the Town was a defendant to various lawsuits; however, no provision was made in the financial statements for any contingent liabilities. In the opinion of management and the Town attorney, the ultimate outcome of these legal matters will not have a material adverse effect on the Town's financial position.

12. Long-Term Debt

The Town entered into direct placement installment purchase agreements October 2008, December 2010, May 2013, April 2018, and June 2020 for the construction of a police station and raw water reservoir, implementation of an automatic meter reading system, construction of a fire station, and for the purchase of a fire tanker truck. These assets are pledged as collateral for the debt. Liquidations of compensated absences and net pension obligations for governmental activities occur within the General Fund.

Long-term debt obligations of the Town at June 30, 2020, consisted of the following:

	Serviced by	
	Governmental Activities	Business-Type Activities
Police station; \$6,500,000; issued 2008; due semiannually to 2024; interest at 3.73%; collateralized by police station	\$ 1,516,667	\$ -
Fire substation; issued 2018; due semiannually to 2033; interest at 3.53%; collateralized by fire substation	4,531,064	-
Raw water reservoir; \$3,500,000; issued 2010; due semiannually to 2021; interest at 3.40%; collateralized by real estate	-	204,425
Automatic meter readers; \$1,600,000; issued 2013; due semiannually to 2023; interest at 1.85%; collateralized by equipment	-	511,300
Fire tanker; issued 2020; due semiannually to 2025; interest at 1.91%; collateralized by fire tanker truck	650,000	-
Net pension obligation (LGERS)	3,251,122	329,663
Total pension liability (LEO)	1,605,268	-
Compensated absences	<u>657,232</u>	<u>43,746</u>
Total long-term debt	<u>12,211,353</u>	<u>1,089,134</u>
Total outstanding	12,211,353	1,089,134
Less current portion	<u>(1,257,191)</u>	<u>(403,961)</u>
	<u>\$ 10,954,162</u>	<u>\$ 685,173</u>

At June 30, 2020, the Town of Southern Pines had a legal debt margin of \$210,070,748.

Town of Southern Pines, North Carolina
Notes to Financial Statements

The following is a summary of changes in the Town's long-term obligations for the fiscal year ended June 30, 2020:

	<u>Balance July 1, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2020</u>	<u>Current Portion of Balance</u>
Governmental activities:					
Direct placement					
installment purchases:					
Police station	\$ 1,950,000	\$ -	\$ 433,333	\$ 1,516,667	\$ 433,333
Fire substation	4,879,607	-	348,543	4,531,064	348,543
Fire engine	-	650,000	-	650,000	125,105
Compensated absences	601,007	344,859	288,634	657,232	315,636
Net pension liability (LGERS)	2,867,131	383,991	-	3,251,122	-
Total pension liability (LEO)	<u>1,496,954</u>	<u>108,314</u>	<u>-</u>	<u>1,605,268</u>	<u>34,574</u>
	<u>\$ 11,794,699</u>	<u>\$ 1,487,164</u>	<u>\$ 1,070,510</u>	<u>\$ 12,211,353</u>	<u>\$ 1,257,191</u>
Business-type activities:					
Direct placement					
installment purchases:					
Raw water reservoir	\$ 603,085	\$ -	\$ 398,660	\$ 204,425	\$ 204,425
Automatic meter readers	675,551	-	164,251	511,300	167,304
Compensated absences	29,471	35,990	21,715	43,746	32,232
Net pension liability (LGERS)	<u>294,727</u>	<u>34,936</u>	<u>-</u>	<u>329,663</u>	<u>-</u>
	<u>\$ 1,602,834</u>	<u>\$ 70,926</u>	<u>\$ 584,626</u>	<u>\$ 1,089,134</u>	<u>\$ 403,961</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.

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

	<u>Installment Purchases</u>	
	<u>Principal</u>	<u>Interest</u>
Governmental activities:		
2021	\$ 906,981	221,222
2022	909,383	190,354
2023	911,830	159,440
2024	697,657	128,479
2025	483,532	109,593
2026 to 2033	<u>2,788,348</u>	<u>418,322</u>
	<u>\$ 6,697,731</u>	<u>\$ 1,227,410</u>
Business-type activities:		
2021	\$ 371,729	12,164
2022	170,413	5,579
2023	<u>173,583</u>	<u>2,412</u>
	<u>\$ 715,725</u>	<u>\$ 20,155</u>

Town of Southern Pines, North Carolina
Notes to Financial Statements

Interfund balances and activity

Transfers to/from other funds at June 30, 2020, consist of the following:

Governmental:

From the General Fund to the Parking Lot Capital Project Fund for capital project expenditures	\$ 43,000
From the General Fund to the Sidewalk Construction II Capital Project Fund for capital project expenditures	261,150
From the General Fund to the Recreation Improvements Capital Project Fund for capital project expenditures	80,000
From the General Fund to the Facility Modernization Capital Project Fund for capital project expenditures	313,817
From the General Fund to the Building Renovation Capital Project Fund for capital project expenditures	<u>13,000</u>
Total governmental	<u>710,967</u>

Business-type:

From the Water and Sewer Fund to the Water Treatment Plant Modernization Capital Projects Fund for capital project expenditures	1,333,000
From the Water and Sewer Fund to the Facilities Modernization Capital Projects Fund for capital project expenditures	302,334
From the Water and Sewer Fund to the Water and Sewer Capital Projects Fund for capital project expenditures	<u>600,000</u>
Total business-type	<u>2,235,334</u>
Total transfers	<u>\$ 2,946,301</u>

13. Fund Balance

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

Total fund balance - General Fund	\$ 11,587,090
Less:	
Inventories	30,798
Prepaid items	182,885
Stabilization by State Statute	1,842,799
Appropriated fund balance in 2021 budget	1,739,405
Fund balance policy	<u>5,118,229</u>
Remaining fund balance	<u>\$ 2,672,974</u>

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

14. 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.

15. Summary Disclosure of Significant Contingencies and Uncertainties

Federal and state-assisted programs

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

COVID-19

In March 2020, the World Health Organization declared the outbreak of a novel strain of the coronavirus ("COVID-19") to be a pandemic. The COVID-19 pandemic is having widespread, rapidly evolving, and unpredictable impacts on global society, economies, and business practices. Federal and state governments have implemented measures in an effort to contain the virus, including social distancing, travel restrictions, border closures, limitations on public gatherings, work from home, supply chain logistical changes, and closure of non-essential businesses. The COVID-19 pandemic has impacted and may continue to impact the Town, including employees, partners, and communities, and there is substantial uncertainty in the nature and degree of its continued effects over time. The financial statements do not reflect any adjustments as a result of the subsequent increase in economic uncertainty.

Required Supplemental Financial Data

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

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

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

Schedule 1

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 849,091	\$ 671,376	\$ 616,826	\$ 603,339	\$ 520,306	\$ 525,694	\$ 499,274
Contributions in relation to the contractually required contribution	<u>849,091</u>	<u>671,376</u>	<u>616,826</u>	<u>603,339</u>	<u>520,306</u>	<u>525,694</u>	<u>499,274</u>
Contribution deficiency (excess)	<u>\$ -</u>						
The Town's covered payroll	\$ 9,129,740	\$ 8,377,732	\$ 7,959,271	\$ 8,052,947	\$ 7,568,729	\$ 7,347,598	\$ 7,012,498
Contributions as a percentage of covered payroll	9.30%	8.01%	7.75%	7.49%	6.87%	7.15%	7.12%

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

Schedule 2

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
The Town's proportion of the net pension liability (asset) (%)	0.1311%	0.1333%	0.1311%	0.1408%	0.1438%	-0.1420%	0.1323%
The Town's proportion of the net pension liability (asset) (\$)	\$ 3,580,785	\$ 3,161,858	\$ 2,003,303	\$ 2,988,884	\$ 645,500	\$ (837,439)	\$ 1,594,723
The Town's covered payroll	8,377,732	7,959,271	8,052,947	7,568,729	7,347,598	7,012,498	6,605,219
The Town's proportionate share of the net pension (asset) as a percentage of its covered-payroll	42.74%	39.73%	24.88%	39.49%	8.79%	-11.94%	24.14%
Plan fiduciary net position as a percentage of the total pension liability**	90.86%	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

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

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

Schedule 3

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

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

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

Schedule 4

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

Notes to the Schedules:

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

This page intentionally blank.

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

The General Fund

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

Town of Southern Pines, North Carolina
General Fund
Comparative Balance Sheets
June 30, 2020 and June 30, 2019

Schedule 5

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and investments	\$ 10,213,587	\$ 9,898,185
Receivables, net		
Property taxes	14,919	11,582
Due from other governments	1,429,952	1,333,536
Accounts receivable	298,862	340,348
Accrued interest receivable	33,918	44,048
Sales tax receivable	179,787	117,763
Parking lot assessments receivable	2,305	2,305
Inventory	30,798	34,399
Prepays	182,885	93,253
Restricted assets:		
Cash and investments	526,562	462,542
 Total assets	 <u>\$ 12,913,575</u>	 <u>\$ 12,337,961</u>
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 373,249	\$ 332,949
Accrued liabilities:		
Other	309,730	309,411
Security deposits	526,562	462,542
 Total liabilities	 <u>1,209,541</u>	 <u>1,104,902</u>
DEFERRED INFLOWS OF RESOURCES		
Taxes receivable	14,919	11,582
Parking lot assessments	2,305	2,305
Other	99,720	96,890
 Total deferred inflows of resources	 <u>116,944</u>	 <u>110,777</u>
FUND BALANCE		
Nonspendable:		
Inventory	30,798	34,399
Prepays	182,885	93,253
Restricted:		
Stabilization by State Statute	1,842,799	1,738,805
Assigned:		
Subsequent year's expenditures	1,739,405	2,448,943
Unassigned	7,791,203	6,806,882
 Total fund balances	 <u>11,587,090</u>	 <u>11,122,282</u>
	<u>\$ 12,913,575</u>	<u>\$ 12,337,961</u>

Town of Southern Pines, North Carolina
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Year Ended June 30, 2020
With Comparative Actual Amounts for the Year Ended June 30, 2019

Schedule 6
(5 pages)

	2020		Variance Favorable (Unfavorable)	2019
	Budget	Actual		Actual
Revenues				
Ad valorem taxes:				
Current year		\$ 10,836,428		\$ 9,954,525
Prior years		(67,691)		17,767
Penalties and interest		11,946		17,599
	<u>\$ 10,653,526</u>	<u>10,780,683</u>	<u>\$ 127,157</u>	<u>9,989,891</u>
Other taxes and licenses:				
ABC mixed beverage		198,273		196,226
Solid waste disposal tax		10,781		9,754
Privilege licenses		2,380		2,870
Municipal vehicle tax		43,400		-
Lease vehicles		54,782		49,983
	<u>280,150</u>	<u>309,616</u>	<u>29,466</u>	<u>258,833</u>
Unrestricted intergovernmental revenues:				
Local option sales tax		3,944,553		3,776,312
Video programming tax		147,621		151,120
Franchise tax		1,061,456		1,110,853
Beer and wine		61,178		60,397
	<u>4,419,000</u>	<u>5,214,808</u>	<u>795,808</u>	<u>5,098,682</u>
Restricted intergovernmental revenues:				
State Aid - Library Grant		84,703		6,138
Powell Bill allocation		404,177		403,744
Recreation grants		-		1,350
FEMA grants		24,772		174,887
Fire safer		248,208		102,839
Police grants		5,107		8,135
Fire on-behalf payments		13,158		9,123
	<u>764,630</u>	<u>780,125</u>	<u>15,495</u>	<u>706,216</u>
Permits and fees:				
Building permits		95,590		49,902
Inspection fees		338,600		329,608
Fire and Police Dept. fees		39,972		127,078
Public works fees		64,036		32,982
Street department fees		36,920		43,690
	<u>430,000</u>	<u>575,118</u>	<u>145,118</u>	<u>583,260</u>

Town of Southern Pines, North Carolina
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Year Ended June 30, 2020
With Comparative Actual Amounts for the Year Ended June 30, 2019

Schedule 6
(5 pages)

	2020		Variance Favorable (Unfavorable)	2019
	Budget	Actual		Actual
Revenues				
Sales and services:				
Rents		\$ 346,751		\$ 318,647
Court facilities fees		-		515
County disposal fee		807,159		701,310
Recreation department fees		152,966		209,450
Library fees		33,842		46,157
Reservoir park usage fees		6,000		6,000
	<u>\$ 1,344,068</u>	<u>1,346,718</u>	<u>\$ 2,650</u>	<u>1,282,079</u>
Investment earnings	<u>175,000</u>	<u>180,190</u>	<u>5,190</u>	<u>211,233</u>
Other:				
Cemetery		2,250		1,750
Fire department donations		-		25,958
Fire district revenue		473,398		488,155
Court costs		2,681		2,768
Library donations		29,649		525
Miscellaneous		96,568		90,663
	<u>600,106</u>	<u>604,546</u>	<u>4,440</u>	<u>609,819</u>
Total revenues	<u>18,666,480</u>	<u>19,791,804</u>	<u>1,125,324</u>	<u>18,740,013</u>
Expenditures				
General government:				
Governing body:				
Salaries and employee benefits		28,268		27,238
Operating expenditures		88,367		72,864
Professional services		66,000		66,000
Membership dues		23,315		22,633
	<u>228,823</u>	<u>205,950</u>	<u>22,873</u>	<u>188,735</u>
Administration:				
Salaries and employee benefits		550,296		519,196
Operating expenditures		99,729		97,521
	<u>681,782</u>	<u>650,025</u>	<u>31,757</u>	<u>616,717</u>
Finance:				
Salaries and employee benefits		478,404		490,692
Operating expenditures		255,440		235,755
	<u>783,262</u>	<u>733,844</u>	<u>49,418</u>	<u>726,447</u>

Town of Southern Pines, North Carolina
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Year Ended June 30, 2020
With Comparative Actual Amounts for the Year Ended June 30, 2019

Schedule 6
(5 pages)

	2020		Variance Favorable (Unfavorable)	2019
	Budget	Actual		Actual
Information technology:				
Salaries and employee benefits		\$ 319,078		\$ 226,520
Contract Services		472,615		357,592
Operating expenditures		252,235		145,193
Capital outlay		67,590		-
	<u>\$ 1,290,303</u>	<u>1,111,518</u>	<u>\$ 178,785</u>	<u>729,305</u>
Administrative chargeback	<u>(1,050,334)</u>	<u>(1,050,334)</u>	<u>-</u>	<u>(1,021,577)</u>
Public works:				
Salaries and employee benefits		411,079		190,513
Operating expenditures		48,748		43,143
Contract services		1,884,315		1,826,155
Capital outlay		-		32,478
	<u>2,435,176</u>	<u>2,344,142</u>	<u>91,034</u>	<u>2,092,289</u>
Building and grounds:				
Salaries and employee benefits		558,266		1,035,973
Vehicle maintenance		4,913		5,917
Contract Services		52,268		66,148
Operating expenditures		610,952		559,950
Capital outlay		163,527		52,714
	<u>1,670,273</u>	<u>1,389,926</u>	<u>280,347</u>	<u>1,720,702</u>
Garage:				
Salaries and employee benefits		239,754		254,047
Operating expenditures		47,888		57,741
Capital outlay		10,040		-
	<u>347,350</u>	<u>297,682</u>	<u>49,668</u>	<u>311,788</u>
Total general government	<u>6,386,635</u>	<u>5,682,753</u>	<u>703,882</u>	<u>5,364,406</u>
Public safety:				
Police				
Salaries and employee benefits		3,936,458		3,739,187
Operating expenditures		610,290		755,898
Capital outlay		93,673		42,883
	<u>5,147,565</u>	<u>4,640,421</u>	<u>507,144</u>	<u>4,537,968</u>
Fire:				
Salaries and employee benefits		2,293,817		1,959,341
Operating expenditures		454,720		336,948
Capital outlay		671,103		90,803
	<u>3,463,823</u>	<u>3,419,640</u>	<u>44,183</u>	<u>2,387,092</u>
Total public safety	<u>8,611,388</u>	<u>8,060,061</u>	<u>551,327</u>	<u>6,925,060</u>

Town of Southern Pines, North Carolina
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Year Ended June 30, 2020
With Comparative Actual Amounts for the Year Ended June 30, 2019

Schedule 6
(5 pages)

	2020		Variance	2019
	Budget	Actual	Favorable	Actual
			(Unfavorable)	
Transportation:				
Street maintenance:				
Salaries and employee benefits		\$ 708,217		\$ 511,951
Operating expenditures		444,561		339,577
Paving		274,745		365,027
Contract services		32,870		33,716
Capital outlay		113,924		73,018
	\$ 1,733,026	1,574,317	\$ 158,709	1,323,289
Total transportation	1,733,026	1,574,317	158,709	1,323,289
Economic and physical development:				
Planning and development:				
Salaries and employee benefits		670,841		563,418
Contract services		5,092		5,886
Operating expenditures		101,015		51,717
	844,629	776,948	67,681	621,021
Total economic and physical development	844,629	776,948	67,681	621,021
Cultural and recreational:				
Recreation:				
Salaries and employee benefits		830,389		444,961
Contract services		68,936		94,384
Operating expenditures		233,728		156,481
Capital outlay		94,811		110,990
	1,471,468	1,227,864	243,604	806,816
Libraries:				
Salaries and employee benefits		668,408		639,993
Contract services		35,726		33,289
Operating expenditures		83,574		83,198
Books and periodicals		115,233		123,331
Capital outlay		98,402		-
	1,163,939	1,001,343	162,596	879,811
Total cultural and recreational	2,635,407	2,229,207	406,200	1,686,627

Town of Southern Pines, North Carolina
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Year Ended June 30, 2020
With Comparative Actual Amounts for the Year Ended June 30, 2019

Schedule 6
(5 pages)

	2020		Variance Favorable (Unfavorable)	2019
	Budget	Actual		Actual
Debt service:				
Principal retirement		\$ 781,876		\$ 781,876
Interest		237,868		266,335
	<u>\$ 1,019,746</u>	<u>1,019,744</u>	<u>\$ 2</u>	<u>1,048,211</u>
Total debt service	<u>1,019,746</u>	<u>1,019,744</u>	<u>2</u>	<u>1,048,211</u>
Total expenditures	<u>21,230,831</u>	<u>19,343,030</u>	<u>1,887,801</u>	<u>16,968,614</u>
Revenues over (under) expenditures	<u>(2,564,351)</u>	<u>448,774</u>	<u>3,013,125</u>	<u>1,771,399</u>
Other financing sources (uses)				
Installment purchase obligations issued	650,000	650,000	-	-
Transfers to other funds: Capital Projects Funds	(710,967)	(710,967)	-	(1,042,750)
Sale of capital assets	15,000	77,001	62,001	64,829
Total other financing sources (uses)	<u>(45,967)</u>	<u>16,034</u>	<u>62,001</u>	<u>(977,921)</u>
Revenues over (under) expenditures and other financing sources (uses)	<u>(2,610,318)</u>	<u>464,808</u>	<u>3,075,126</u>	<u>793,478</u>
Fund balance appropriated	<u>2,610,318</u>	<u>-</u>	<u>(2,610,318)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>464,808</u>	<u>\$ 464,808</u>	<u>793,478</u>
Fund balance, beginning of year, July 1		<u>11,122,282</u>		<u>10,328,804</u>
Fund balance, end of year, June 30		<u>\$ 11,587,090</u>		<u>\$ 11,122,282</u>

Major Capital Project Funds

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

Individual fund descriptions:

- *Unpaved Street* - accounts for funds used for paving existing Town streets that are currently unpaved.
- *Sidewalk Construction II* - accounts for funds used for the construction and improvement of various sidewalks in the Town.

Town of Southern Pines, North Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Capital Projects Fund (Unpaved Street)
From Inception and for the Year Ended June 30, 2020

Schedule 7

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>	<u>Variance Favorable (Unfavorable)</u>
		<u>Prior Years</u>	<u>Current Year</u>		
Revenues					
Investment earnings	\$ -	\$ 7,151	\$ 3,898	\$ 11,049	\$ 11,049
	-	7,151	3,898	11,049	11,049
Expenditures					
Transportation:					
Construction	657,500	386,816	258,975	645,791	11,709
	657,500	386,816	258,975	645,791	11,709
Revenues over (under) expenditures	(657,500)	(379,665)	(255,077)	(634,742)	22,758
Other financing sources					
Transfers from:					
General Fund	657,500	657,500	-	657,500	-
	657,500	657,500	-	657,500	-
Revenues and other financing sources over (under) expenditures	\$ -	\$ 277,835	(255,077)	\$ 22,758	\$ 22,758
Fund balance, beginning of year, July 1			277,835		
Fund balance, end of year, June 30			\$ 22,758		

Town of Southern Pines, North Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Capital Projects Fund (Sidewalks II)
From Inception and for the Year Ended June 30, 2020

Schedule 8

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>	<u>Variance Favorable (Unfavorable)</u>
		<u>Prior Years</u>	<u>Current Year</u>		
Revenues					
Investment earnings	\$ -	\$ 4,502	\$ 5,727	\$ 10,229	\$ 10,229
	-	4,502	5,727	10,229	10,229
Expenditures					
Transportation:					
Construction	757,877	341,568	255,471	597,039	160,838
	757,877	341,568	255,471	597,039	160,838
Revenues under expenditures	(757,877)	(337,066)	(249,744)	(586,810)	171,067
Other financing sources					
Transfers from:					
General Fund	711,150	450,000	261,150	711,150	-
Capital Projects Fund - sidewalks	46,727	46,727	-	46,727	-
	757,877	496,727	261,150	757,877	-
Revenues and other financing sources over expenditures	\$ -	\$ 159,661	11,406	\$ 171,067	\$ 171,067
Fund balance, beginning of year, July 1			159,661		
Fund balance, end of year, June 30			\$ 171,067		

Nonmajor Governmental Funds

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

Individual 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
- *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.
- *Bike Transport* - accounts for funds used for the construction of bike lanes.
- *Pool Park* - accounts for funds used for the renovation of the existing pool park.
- *Downtown Park* - accounts for funds used for the renovation of the existing downtown park.
- *Recreational Improvements* – accounts for funds used for the purpose of various recreational park improvements and renovations
- *Building Renovation* – accounts for funds to be used for renovation of the Public Works Annex and the Garage Facility
- *Parking Lot Project* – accounts for funds to be used for construction and renovation of parking lots owned by the Town.
- *Facility Modernization* – accounts for funds to be used for addressing immediate needs of Town owned buildings as designated by the 2019 Facility Condition Assessmen
- *General Capital Reserve* - used to account for resources accumulated for ongoing or future capital projects
- *Fire Department Substation* - accounts for funds used for the construction of the fire department

Town of Southern Pines, North Carolina
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

Schedule 9
(4 pages)

	Capital Projects Funds			
	Nicks Creek Parkway	Open Space and Greenways	Storm Water Improvements	Road Construction
ASSETS				
Cash and investments	\$ 74,946	\$ 53,529	\$ 116,057	\$ -
Sales tax receivable	-	-	1,780	-
Accrued Interest	239	170	369	-
	<u>\$ 75,185</u>	<u>\$ 53,699</u>	<u>\$ 118,206</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Payables	\$ -	\$ -	\$ 52,366	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>52,366</u>	<u>-</u>
Fund balance:				
Nonspendable:				
Perpetual maintenance	-	-	-	-
Restricted:				
Stabilization by State Statute	239	170	2,149	-
Committed:				
Capital Projects	<u>74,946</u>	<u>53,529</u>	<u>63,691</u>	<u>-</u>
Total fund balance	<u>75,185</u>	<u>53,699</u>	<u>65,840</u>	<u>-</u>
	<u>\$ 75,185</u>	<u>\$ 53,699</u>	<u>\$ 118,206</u>	<u>\$ -</u>

Town of Southern Pines, North Carolina
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

Schedule 9
(4 pages)

	Capital Projects Funds			
	EIDMS	Bike Transport	Pool Park	Downtown Park
ASSETS				
Cash and investments	\$ 221,363	\$ 244,261	\$ -	\$ -
Sales tax receivable	81	-	-	-
Accrued Interest	705	778	-	-
	<u>\$ 222,149</u>	<u>\$ 245,039</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Payables	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance:				
Nonspendable:				
Perpetual maintenance	-	-	-	-
Restricted:				
Stabilization by State Statute	786	778	-	-
Committed:				
Capital Projects	<u>221,363</u>	<u>244,261</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>222,149</u>	<u>245,039</u>	<u>-</u>	<u>-</u>
	<u>\$ 222,149</u>	<u>\$ 245,039</u>	<u>\$ -</u>	<u>\$ -</u>

Town of Southern Pines, North Carolina
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

Schedule 9
(4 pages)

	Capital Projects Funds			
	Recreational Improvements	Building Renovation	Parking Lot Project	Facility Modernization
ASSETS				
Cash and investments	\$ 6,376	\$ 161	\$ 249,047	\$ 539,741
Sales tax receivable	5,651	-	673	796
Accrued Interest	20	-	793	1,719
	<u>\$ 12,047</u>	<u>\$ 161</u>	<u>\$ 250,513</u>	<u>\$ 542,256</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Payables	\$ -	\$ -	\$ 85,594	\$ 905
Total liabilities	<u>-</u>	<u>-</u>	<u>85,594</u>	<u>905</u>
Fund balance				
Nonspendable:				
Perpetual maintenance	-	-	-	-
Restricted:				
Stabilization by State Statute	5,671	-	1,466	2,515
Committed:				
Capital Projects	<u>6,376</u>	<u>161</u>	<u>163,453</u>	<u>538,836</u>
Total fund balance	<u>12,047</u>	<u>161</u>	<u>164,919</u>	<u>541,351</u>
	<u>\$ 12,047</u>	<u>\$ 161</u>	<u>\$ 250,513</u>	<u>\$ 542,256</u>

Town of Southern Pines, North Carolina
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

Schedule 9
(4 pages)

	Capital Projects Funds		Permanent Fund	Non-Major Governmental Funds
	Fire Department Substation	General Capital Reserve	Cemetery Perpetual Care	
ASSETS				
Cash and investments	\$ -	\$ 526,331	\$ 84,062	\$ 2,115,874
Sales tax receivable	-	-	-	8,981
Accrued Interest	-	1,676	268	6,737
	<u>\$ -</u>	<u>\$ 528,007</u>	<u>\$ 84,330</u>	<u>\$ 2,131,592</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Payables	\$ -	\$ -	\$ -	\$ 138,865
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>138,865</u>
Fund balance				
Nonspendable:				
Perpetual maintenance	-	-	84,062	84,062
Restricted:				
Stabilization by State Statute	-	1,676	268	15,718
Committed:				
Capital Projects	-	526,331	-	1,892,947
Total fund balance	<u>-</u>	<u>528,007</u>	<u>84,330</u>	<u>1,992,727</u>
	<u>\$ -</u>	<u>\$ 528,007</u>	<u>\$ 84,330</u>	<u>\$ 2,131,592</u>

Town of Southern Pines, North Carolina
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Governmental Funds
Year Ended June 30, 2020

Schedule 10
(4 pages)

	Capital Projects Funds			
	Nicks Creek Parkway	Open Space and Greenways	Storm Water Improvements	Road Construction
Revenues				
Investment earnings	\$ 1,059	\$ 755	\$ 2,055	\$ 375
Sale of plots	-	-	-	-
	<u>1,059</u>	<u>755</u>	<u>2,055</u>	<u>375</u>
Expenditures				
General government	-	-	-	-
Cultural and recreational	-	-	-	-
Public safety	-	-	-	-
Transportation	-	-	109,253	-
	<u>-</u>	<u>-</u>	<u>109,253</u>	<u>-</u>
Revenues over (under) expenditures	<u>1,059</u>	<u>755</u>	<u>(107,198)</u>	<u>375</u>
Other financing sources (uses)				
Transfers (to) from:				
General Fund	-	-	-	-
General Capital Reserve fund	-	-	-	(27,589)
Fire Department Substation fund	-	-	-	-
Road Construction fund	-	-	-	-
Pool Park fund	-	-	-	-
Downtown Park fund	-	-	-	-
Water Sewer fund	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(27,589)</u>
Net change in fund balance	1,059	755	(107,198)	(27,214)
Fund balance, beginning of year, July 1	<u>74,126</u>	<u>52,944</u>	<u>173,038</u>	<u>27,214</u>
Fund balance, end of year, June 30	<u><u>\$ 75,185</u></u>	<u><u>\$ 53,699</u></u>	<u><u>\$ 65,840</u></u>	<u><u>\$ -</u></u>

Town of Southern Pines, North Carolina
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Governmental Funds
Year Ended June 30, 2020

Schedule 10
(4 pages)

	Capital Projects Funds			
	EIDMS	Bike Transport	Pool Park	Downtown Park
Revenues				
Investment earnings	\$ 4,178	\$ 3,450	\$ 166	\$ 86
Sale of plots	-	-	-	-
	<u>4,178</u>	<u>3,450</u>	<u>166</u>	<u>86</u>
Expenditures				
General government	227,200	-	-	-
Cultural and recreational	-	-	-	-
Public safety	-	-	-	-
Transportation	-	-	-	-
	<u>227,200</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	<u>(223,022)</u>	<u>3,450</u>	<u>166</u>	<u>86</u>
Other financing sources (uses)				
Transfers (to) from:				
General Fund	-	-	-	-
General Capital Reserve fund	-	-	(12,740)	(6,749)
Fire Department Substation fund	-	-	-	-
Road Construction fund	-	-	-	-
Pool Park fund	-	-	-	-
Downtown Park fund	-	-	-	-
Water Sewer fund	-	-	-	-
	<u>-</u>	<u>-</u>	<u>(12,740)</u>	<u>(6,749)</u>
Net change in fund balance	(223,022)	3,450	(12,574)	(6,663)
Fund balance, beginning of year, July 1	<u>445,171</u>	<u>241,589</u>	<u>12,574</u>	<u>6,663</u>
Fund balance, end of year, June 30	<u>\$ 222,149</u>	<u>\$ 245,039</u>	<u>\$ -</u>	<u>\$ -</u>

Town of Southern Pines, North Carolina
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance
Nonmajor Governmental Funds
Year Ended June 30, 2020

Schedule 10
(4 pages)

	Capital Projects Funds			
	Recreational Improvements	Building Renovation	Parking Lot Project	Facility Modernization
Revenues				
Investment earnings	\$ 1,115	\$ 24	\$ 3,481	\$ 9,280
Sale of plots	-	-	-	-
	<u>1,115</u>	<u>24</u>	<u>3,481</u>	<u>9,280</u>
Expenditures				
General government	-	12,863	-	187,257
Cultural and recreational	80,730	-	-	-
Public safety	-	-	-	-
Transportation	-	-	84,921	-
	<u>80,730</u>	<u>12,863</u>	<u>84,921</u>	<u>187,257</u>
Revenues over (under) expenditures	<u>(79,615)</u>	<u>(12,839)</u>	<u>(81,440)</u>	<u>(177,977)</u>
Other financing sources (uses)				
Transfers (to)/from:				
General fund	80,000	13,000	43,000	313,817
General Capital Reserve fund	-	-	-	-
Fire Department Substation fund	-	-	-	-
Road Construction fund	-	-	-	-
Pool Park fund	-	-	-	-
Downtown Park fund	-	-	-	-
Water Sewer fund	-	-	-	302,334
	<u>80,000</u>	<u>13,000</u>	<u>43,000</u>	<u>616,151</u>
Net change in fund balance	385	161	(38,440)	438,174
Fund balance, beginning of year, July 1	<u>11,662</u>	<u>-</u>	<u>203,359</u>	<u>103,177</u>
Fund balance, end of year, June 30	<u>\$ 12,047</u>	<u>\$ 161</u>	<u>\$ 164,919</u>	<u>\$ 541,351</u>

Town of Southern Pines, North Carolina
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance
Nonmajor Governmental Funds
Year Ended June 30, 2020

Schedule 10
(4 pages)

	<u>Capital Projects Funds</u>		<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Fire Department Substation</u>	<u>General Capital Reserve</u>	<u>Cemetery Perpetual Care</u>	
Revenues				
Investment earnings	\$ 7,107	\$ 3,058	\$ 1,144	\$ 37,333
Sale of plots	-	-	5,250	5,250
	<u>7,107</u>	<u>3,058</u>	<u>6,394</u>	<u>42,583</u>
Expenditures				
General government	-	-	-	427,320
Cultural and recreational	-	-	-	80,730
Public safety	346,800	-	-	346,800
Transportation	-	-	-	194,174
	<u>346,800</u>	<u>-</u>	<u>-</u>	<u>1,049,024</u>
Revenues over (under) expenditures	<u>(339,693)</u>	<u>3,058</u>	<u>6,394</u>	<u>(1,006,441)</u>
Other financing sources (uses)				
Transfers (to)/from:				
General fund	-	-	-	449,817
General Capital Reserve fund	(273,642)	-	-	(320,720)
Fire Department Substation fund	-	273,642	-	273,642
Road Construction fund	-	27,589	-	27,589
Pool Park fund	-	12,740	-	12,740
Downtown Park fund	-	6,749	-	6,749
Water Sewer fund	-	-	-	302,334
	<u>(273,642)</u>	<u>320,720</u>	<u>-</u>	<u>752,151</u>
Net change in fund balance	(613,335)	323,778	6,394	(254,290)
Fund balance, beginning of year, July 1	<u>613,335</u>	<u>204,229</u>	<u>77,936</u>	<u>2,247,017</u>
Fund balance, end of year, June 30	<u>\$ -</u>	<u>\$ 528,007</u>	<u>\$ 84,330</u>	<u>\$ 1,992,727</u>

Town of Southern Pines, North Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Capital Projects Fund (Nicks Creek Parkway)
From Inception and for the Year Ended June 30, 2020

Schedule 11

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>	<u>Variance Favorable (Unfavorable)</u>
		<u>Prior Years</u>	<u>Current Year</u>		
Revenues					
Investment earnings	\$ 15,000	\$ 17,126	\$ 1,059	\$ 18,185	\$ 3,185
	<u>15,000</u>	<u>17,126</u>	<u>1,059</u>	<u>18,185</u>	<u>3,185</u>
Expenditures					
Transportation: Construction	72,000	-	-	-	72,000
	<u>72,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>72,000</u>
Revenues over over (under) expenditures	<u>(57,000)</u>	<u>17,126</u>	<u>1,059</u>	<u>18,185</u>	<u>75,185</u>
Other financing sources					
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>
Revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ 74,126</u>	<u>1,059</u>	<u>\$ 75,185</u>	<u>\$ 75,185</u>
Fund balance, beginning of year, July 1			<u>74,126</u>		
Fund balance end of year, June 30			<u>\$ 75,185</u>		

Town of Southern Pines, North Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Capital Projects Fund (Open Space and Greenways)
From Inception and for the Year Ended June 30, 2020

Schedule 12

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>	<u>Variance Favorable (Unfavorable)</u>
		<u>Prior Years</u>	<u>Current Year</u>		
Revenues					
Investment earnings	\$ 9,700	\$ 11,199	\$ 755	\$ 11,954	\$ 2,254
	<u>9,700</u>	<u>11,199</u>	<u>755</u>	<u>11,954</u>	<u>2,254</u>
Expenditures					
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>(73,056)</u>	<u>755</u>	<u>(72,301)</u>	<u>53,699</u>
Other financing sources					
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>\$ 52,944</u>	<u>755</u>	<u>\$ 53,699</u>	<u>\$ 53,699</u>
Fund balance, beginning of year, July 1			<u>52,944</u>		
Fund balance, end of year, June 30			<u>\$ 53,699</u>		

Town of Southern Pines, North Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Capital Projects Fund (Storm Water Improvements)
From Inception and for the Year Ended June 30, 2020

Schedule 13

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>	<u>Variance Favorable (Unfavorable)</u>
		<u>Prior Years</u>	<u>Current Year</u>		
Revenues					
Investment earnings	\$ 22,500	\$ 33,342	\$ 2,055	\$ 35,397	\$ 12,897
	<u>22,500</u>	<u>33,342</u>	<u>2,055</u>	<u>35,397</u>	<u>12,897</u>
Expenditures					
Transportation:					
Construction	571,500	409,304	109,253	518,557	52,943
	<u>571,500</u>	<u>409,304</u>	<u>109,253</u>	<u>518,557</u>	<u>52,943</u>
Revenues under expenditures	<u>(549,000)</u>	<u>(375,962)</u>	<u>(107,198)</u>	<u>(483,160)</u>	<u>65,840</u>
Other financing sources					
Transfers from:					
Capital Projects Fund - Patrick Road	50,000	50,000	-	50,000	-
General Fund	499,000	499,000	-	499,000	-
	<u>549,000</u>	<u>549,000</u>	<u>-</u>	<u>549,000</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 173,038</u>	<u>(107,198)</u>	<u>\$ 65,840</u>	<u>\$ 65,840</u>
Fund balance, beginning of year, July 1			<u>173,038</u>		
Fund balance, end of year, June 30			<u>\$ 65,840</u>		

Town of Southern Pines, North Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Capital Projects Fund (Road Construction)
From Inception and for the Year Ended June 30, 2020

Schedule 14

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>	<u>Variance Favorable (Unfavorable)</u>
		<u>Prior Years</u>	<u>Current Year</u>		
Revenues					
Investment earnings	\$ 1,716	\$ 1,340	\$ 375	\$ 1,715	\$ (1)
	<u>1,716</u>	<u>1,340</u>	<u>375</u>	<u>1,715</u>	<u>(1)</u>
Expenditures					
Transportation: Construction	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	<u>1,716</u>	<u>1,340</u>	<u>375</u>	<u>1,715</u>	<u>(1)</u>
Other financing sources					
Transfers from: Special Revenue Fund - Community Development Block Grant	25,874	25,874	-	25,874	-
Transfer to: Capital Project Fund - General Capital Reserve	(27,590)	-	(27,589)	(27,589)	1
	<u>(1,716)</u>	<u>25,874</u>	<u>(27,589)</u>	<u>(1,715)</u>	<u>1</u>
Revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ 27,214</u>	<u>(27,214)</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning of year, July 1			<u>27,214</u>		
Fund balance, end of year, June 30			<u>\$ -</u>		

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

Schedule 15

Capital Projects Fund (Enterprise Information and Document Management System)
From Inception and for the Year Ended June 30, 2020

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>	<u>Variance Favorable (Unfavorable)</u>
		<u>Prior Years</u>	<u>Current Year</u>		
Revenues					
Investment earnings	\$ 14,200	\$ 25,463	\$ 4,178	\$ 29,641	\$ 15,441
	<u>14,200</u>	<u>25,463</u>	<u>4,178</u>	<u>29,641</u>	<u>15,441</u>
Expenditures					
General government					
Enterprise Resource Planning	861,185	427,277	227,200	654,477	206,708
	<u>861,185</u>	<u>427,277</u>	<u>227,200</u>	<u>654,477</u>	<u>206,708</u>
Revenues under expenditures	<u>(846,985)</u>	<u>(401,814)</u>	<u>(223,022)</u>	<u>(624,836)</u>	<u>222,149</u>
Other financing sources (uses)					
Transfers from:					
General Fund	525,000	525,000	-	525,000	-
Capital Projects Fund- Police Station	240,500	240,500	-	240,500	-
Capital Projects Fund- Water and Sewer Fund	256,500	256,500	-	256,500	-
Capital Projects Fund- Patrick Road	49,985	49,985	-	49,985	-
Transfers to:					
Capital Projects Fund- Library HVAC Fund	<u>(225,000)</u>	<u>(225,000)</u>	<u>-</u>	<u>(225,000)</u>	<u>-</u>
	<u>846,985</u>	<u>846,985</u>	<u>-</u>	<u>846,985</u>	<u>-</u>
Revenues and other financing sources (uses) over expenditures	<u>\$ -</u>	<u>\$ 445,171</u>	<u>(223,022)</u>	<u>\$ 222,149</u>	<u>\$ 222,149</u>
Fund balance, beginning of year, July 1			<u>445,171</u>		
Fund balance, end of year, June 30			<u>\$ 222,149</u>		

Town of Southern Pines, North Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Capital Projects Fund (Bike Transport)
From Inception and for the Year Ended June 30, 2020

Schedule 16

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>	<u>Variance Favorable (Unfavorable)</u>
		<u>Prior Years</u>	<u>Current Year</u>		
Revenues					
Investment earnings	\$ -	\$ 5,263	\$ 3,450	\$ 8,713	\$ 8,713
	-	5,263	3,450	8,713	8,713
Expenditures					
Cultural and recreational: Construction	278,000	41,674	-	41,674	236,326
	278,000	41,674	-	41,674	236,326
Revenues over (under) expenditures	(278,000)	(36,411)	3,450	(32,961)	245,039
Other financing sources					
Transfers from:					
General fund	140,000	140,000	-	140,000	-
Capital Projects Fund- Patrick Road	138,000	138,000	-	138,000	-
	278,000	278,000	-	278,000	-
Revenues and other financing sources over expenditures	\$ -	\$ 241,589	3,450	\$ 245,039	\$ 245,039
Fund balance, beginning of year, July 1			241,589		
Fund balance, end of year, June 30			\$ 245,039		

Town of Southern Pines, North Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Capital Projects Fund (Pool Park)
From Inception and for the Year Ended June 30, 2020

Schedule 17

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>	<u>Variance Favorable (Unfavorable)</u>
		<u>Prior Years</u>	<u>Current Year</u>		
Revenues					
Investment earnings	\$ 4,967	\$ 4,801	\$ 166	\$ 4,967	\$ -
	<u>4,967</u>	<u>4,801</u>	<u>166</u>	<u>4,967</u>	<u>-</u>
Expenditures					
Cultural and recreational: Construction	430,088	430,088	-	430,088	-
	<u>430,088</u>	<u>430,088</u>	<u>-</u>	<u>430,088</u>	<u>-</u>
Revenues over (under) expenditures	<u>(425,121)</u>	<u>(425,287)</u>	<u>166</u>	<u>(425,121)</u>	<u>-</u>
Other financing sources					
Transfers from: General Fund	437,861	437,861	-	437,861	-
Transfer to: Capital Project Fund - General Capital Reserve	<u>(12,740)</u>	<u>-</u>	<u>(12,740)</u>	<u>(12,740)</u>	<u>-</u>
	<u>425,121</u>	<u>437,861</u>	<u>(12,740)</u>	<u>425,121</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 12,574</u>	<u>(12,574)</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning of year, July 1			<u>12,574</u>		
Fund balance, end of year, June 30			<u>\$ -</u>		

Town of Southern Pines, North Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Capital Projects Fund (Downtown Park)
From Inception and for the Year Ended June 30, 2020

Schedule 18

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>	<u>Variance Favorable (Unfavorable)</u>
		<u>Prior Years</u>	<u>Current Year</u>		
Revenues					
Investment earnings	\$ 3,799	\$ 3,714	\$ 86	\$ 3,800	\$ 1
	<u>3,799</u>	<u>3,714</u>	<u>86</u>	<u>3,800</u>	<u>1</u>
Expenditures					
Cultural and recreational: Construction	782,051	782,051	-	782,051	-
	<u>782,051</u>	<u>782,051</u>	<u>-</u>	<u>782,051</u>	<u>-</u>
Revenues under expenditures	<u>(778,252)</u>	<u>(778,337)</u>	<u>86</u>	<u>(778,251)</u>	<u>1</u>
Other financing sources					
Transfers from: General Fund	785,000	785,000	-	785,000	-
Transfer to: Capital Project Fund - General Capital Reserve	<u>(6,748)</u>	<u>-</u>	<u>(6,749)</u>	<u>(6,749)</u>	<u>(1)</u>
	<u>778,252</u>	<u>785,000</u>	<u>(6,749)</u>	<u>778,251</u>	<u>(1)</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 6,663</u>	<u>(6,663)</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning of year, July 1			<u>6,663</u>		
Fund balance, end of year, June 30			<u>\$ -</u>		

Town of Southern Pines, North Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Capital Projects Fund (Recreational Improvement)
From Inception and for the Year Ended June 30, 2020

Schedule 19

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>	<u>Variance Favorable (Unfavorable)</u>
		<u>Prior Years</u>	<u>Current Year</u>		
Revenues					
Investment earnings	\$ -	\$ 2,862	\$ 1,115	\$ 3,977	\$ 3,977
	<u>-</u>	<u>2,862</u>	<u>1,115</u>	<u>3,977</u>	<u>3,977</u>
Expenditures					
Cultural and recreational: Construction	357,500	268,700	80,730	349,430	8,070
	<u>357,500</u>	<u>268,700</u>	<u>80,730</u>	<u>349,430</u>	<u>8,070</u>
Revenues under expenditures	<u>(357,500)</u>	<u>(265,838)</u>	<u>(79,615)</u>	<u>(345,453)</u>	<u>12,047</u>
Other financing sources					
Transfers from: General Fund	357,500	277,500	80,000	357,500	-
	<u>357,500</u>	<u>277,500</u>	<u>80,000</u>	<u>357,500</u>	<u>-</u>
Revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ 11,662</u>	385	<u>\$ 12,047</u>	<u>\$ 12,047</u>
Fund balance, beginning of year, July 1			<u>11,662</u>		
Fund balance, end of year, June 30			<u>\$ 12,047</u>		

Town of Southern Pines, North Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Capital Projects Fund (Building Renovation)
From Inception and for the Year Ended June 30, 2020

Schedule 20

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>	<u>Variance Favorable (Unfavorable)</u>
		<u>Prior Years</u>	<u>Current Year</u>		
Revenues					
Investment earnings	\$ 1,100	\$ -	\$ 24	\$ 24	\$ (1,076)
	<u>1,100</u>	<u>-</u>	<u>24</u>	<u>24</u>	<u>(1,076)</u>
Expenditures					
General government:					
Construction	554,100	-	12,863	12,863	541,237
	<u>554,100</u>	<u>-</u>	<u>12,863</u>	<u>12,863</u>	<u>541,237</u>
Revenues over (under) expenditures	<u>(553,000)</u>	<u>-</u>	<u>(12,839)</u>	<u>(12,839)</u>	<u>540,161</u>
Other financing sources					
Installment purchase obligations issued	540,000	-	-	-	(540,000)
Transfers from: General Fund	<u>13,000</u>	<u>-</u>	<u>13,000</u>	<u>13,000</u>	<u>-</u>
	<u>553,000</u>	<u>-</u>	<u>13,000</u>	<u>13,000</u>	<u>(540,000)</u>
Revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>161</u>	<u>\$ 161</u>	<u>\$ 161</u>
Fund balance, beginning of year, July 1			<u>-</u>		
Fund balance, end of year, June 30			<u>\$ 161</u>		

Town of Southern Pines, North Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Capital Projects Fund (Parking Lot Project)
From Inception and for the Year Ended June 30, 2020

Schedule 21

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>	<u>Variance Favorable (Unfavorable)</u>
		<u>Prior Years</u>	<u>Current Year</u>		
Revenues					
Investment earnings	\$ -	\$ 3,359	\$ 3,481	\$ 6,840	\$ 6,840
	<u>-</u>	<u>3,359</u>	<u>3,481</u>	<u>6,840</u>	<u>6,840</u>
Expenditures					
Transportation:					
Construction	243,000	-	84,921	84,921	158,079
	<u>243,000</u>	<u>-</u>	<u>84,921</u>	<u>84,921</u>	<u>158,079</u>
Revenues over (under) expenditures	<u>(243,000)</u>	<u>3,359</u>	<u>(81,440)</u>	<u>(78,081)</u>	<u>164,919</u>
Other financing sources					
Transfers from:					
General Fund	243,000	200,000	43,000	243,000	-
	<u>243,000</u>	<u>200,000</u>	<u>43,000</u>	<u>243,000</u>	<u>-</u>
Revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ 203,359</u>	<u>(38,440)</u>	<u>\$ 164,919</u>	<u>\$ 164,919</u>
Fund balance, beginning of year, July 1			<u>203,359</u>		
Fund balance, end of year, June 30			<u>\$ 164,919</u>		

Town of Southern Pines, North Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Capital Projects Fund (Facility Modernization)
From Inception and for the Year Ended June 30, 2020

Schedule 22

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>	<u>Variance Favorable (Unfavorable)</u>
		<u>Prior Years</u>	<u>Current Year</u>		
Revenues					
Investment earnings	\$ -	\$ 427	\$ 9,280	\$ 9,707	\$ 9,707
	-	427	9,280	9,707	9,707
Expenditures					
General government:					
Construction	718,901	-	187,257	187,257	531,644
	718,901	-	187,257	187,257	531,644
Revenues over (under) expenditures	(718,901)	427	(177,977)	(177,550)	541,351
Other financing sources					
Transfers from:					
General Fund	416,567	102,750	313,817	416,567	-
Water Sewer Fund	302,334	-	302,334	302,334	-
	718,901	102,750	616,151	718,901	-
Revenues and other financing sources over expenditures	\$ -	\$ 103,177	438,174	\$ 541,351	\$ 541,351
Fund balance, beginning of year, July 1			103,177		
Fund balance, end of year, June 30			\$ 541,351		

Town of Southern Pines, North Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Capital Projects Fund (Fire Department Substation)
From Inception and for the Year Ended June 30, 2020

Schedule 23

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>	<u>Variance Favorable (Unfavorable)</u>
		<u>Prior Years</u>	<u>Current Year</u>		
Revenues					
Investment earnings	\$ 92,409	\$ 85,303	\$ 7,107	\$ 92,410	\$ 1
	<u>92,409</u>	<u>85,303</u>	<u>7,107</u>	<u>92,410</u>	<u>1</u>
Expenditures					
Public safety:					
Construction	5,947,331	5,600,531	346,800	5,947,331	-
	<u>5,947,331</u>	<u>5,600,531</u>	<u>346,800</u>	<u>5,947,331</u>	<u>-</u>
Revenues under expenditures	<u>(5,854,922)</u>	<u>(5,515,228)</u>	<u>(339,693)</u>	<u>(5,854,921)</u>	<u>1</u>
Other financing sources					
Installment purchase obligations issued	5,228,150	5,228,150	-	5,228,150	-
Transfers from:					
General Fund	468,300	468,300	-	468,300	-
Capital Projects Fund- Police Expansion Fund	360,114	360,113	-	360,113	(1)
Capital Projects Fund- Patrick Road	72,000	72,000	-	72,000	-
Transfers to:					
Capital Projects Fund- General Capital Reserve	<u>(273,642)</u>	<u>-</u>	<u>(273,642)</u>	<u>(273,642)</u>	<u>-</u>
	<u>5,854,922</u>	<u>6,128,563</u>	<u>(273,642)</u>	<u>5,854,921</u>	<u>(1)</u>
Revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ 613,335</u>	<u>(613,335)</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning of year, July 1			<u>613,335</u>		
Fund balance, end of year, June 30			<u>\$ -</u>		

Town of Southern Pines, North Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Capital Projects Fund (General Capital Reserve)
From Inception and for the Year Ended June 30, 2020

Schedule 24

	Project Authorization	Actual		Total to Date	Variance Favorable (Unfavorable)
		Prior Years	Current Year		
Revenues					
Investment earnings	\$ -	\$ 4,359	\$ 3,058	\$ 7,417	\$ 7,417
	-	4,359	3,058	7,417	7,417
Revenues over expenditures	-	4,359	3,058	7,417	7,417
Other financing sources (uses)					
Transfers from:					
General Fund	112,500	112,500	-	112,500	-
Capital Projects Fund - Public Safety	3,697	3,696	-	3,696	(1)
Library HVAC	161	161	-	161	-
CDBG TYR Tactical	620	620	-	620	-
Fiber Optics	2,120	2,120	-	2,120	-
Patrick Road	80,773	80,773	-	80,773	-
Capital Projects Fund - Road Construction	27,590	-	27,589	27,589	(1)
Capital Projects Fund - Fire Department Substation	273,642	-	273,642	273,642	-
Capital Projects Fund - Pool Park	12,740	-	12,740	12,740	-
Capital Projects Fund - Downtown Park	6,748	-	6,749	6,749	1
Transfers to:					
Capital Project Funds	(520,591)	-	-	-	520,591
	-	199,870	320,720	520,590	520,590
Revenues and other financing sources over expenditures	\$ -	\$ 204,229	323,778	\$ 528,007	\$ 528,007
Fund balance, beginning of year, July 1			204,229		
Fund balance, end of year, June 30			\$ 528,007		

Permanent Fund

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

Individual fund description:

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

Town of Southern Pines, North Carolina
Schedule of Revenues, Expenses and Changes in Fund Balance
Permanent Fund (Cemetery Perpetual Care Fund)
Year Ended June 30, 2020
With Comparative Actual Amounts for Year Ended June 30, 2020

Schedule 25

	<u>2020</u>			<u>2019</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Actual</u>
Revenues				
Investment earnings	\$ 14,000	\$ 1,144	\$ (12,856)	\$ 1,295
Sale of plots	66,000	5,250	(60,750)	3,950
Total revenues	80,000	6,394	(73,606)	5,245
Expenditures				
Reserved for future expense	80,000	-	80,000	-
Revenues over expenditures	<u>\$ -</u>	<u>6,394</u>	<u>\$ 6,394</u>	5,245
Fund balance, beginning of year, July 1		<u>77,936</u>		<u>72,691</u>
Fund balance, end of year, June 30		<u>\$ 84,330</u>		<u>\$ 77,936</u>

Enterprise Fund

Town of Southern Pines, North Carolina
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
Water and Sewer Fund
Year Ended June 30, 2020
With Comparative Actual Amounts for Year Ended June 30, 2019

Schedule 26
(3 pages)

	2020		Variance Favorable (Unfavorable)	2019
	Budget	Actual		Actual
Revenues				
Operating revenues:				
Charges for services:				
Water sales		\$ 5,288,024		\$ 5,040,009
Sewer sales		2,855,435		2,774,161
Service charges		94,807		127,324
Miscellaneous operating revenue		326,329		280,159
Total operating revenues	\$ 7,837,122	8,564,595	\$ 727,473	8,221,653
Nonoperating revenues :				
Impact fees		-		154,415
Investment earnings		117,470		168,938
BAB interest rebate		3,377		9,968
	198,000	120,847	(77,153)	333,321
Total revenues	8,035,122	8,685,442	650,320	8,554,974
Expenditures				
Billings and collections:				
Salaries and employee benefits		290,443		276,461
Contracted services		22,426		19,993
Other departmental expenditures		122,622		129,485
	524,015	435,491	88,524	425,939
Water treatment:				
Contractual services		902,939		873,035
Utilities		344,474		404,842
Other departmental expenditures		128,321		88,867
	1,462,979	1,375,734	87,245	1,366,744
Sewage treatment:				
Contractual services	2,000,000	1,914,060	85,940	1,993,421
Water extensions and maintenance:				
Salaries and employee benefits		472,656		393,048
Contractual services		44,235		26,750
Supplies		249,799		245,347
Other departmental expenditures		100,808		86,228
Capital outlay		86,728		167,025
	1,102,321	954,226	148,095	918,398

Town of Southern Pines, North Carolina
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
Water and Sewer Fund
Year Ended June 30, 2020
With Comparative Actual Amounts for Year Ended June 30, 2019

Schedule 26
(3 pages)

	2020		Variance Favorable (Unfavorable)	2019
	Budget	Actual		Actual
Sewer extensions and maintenance:				
Salaries and employee benefits		\$ 459,840		\$ 429,561
Contractual services		75,501		27,941
Supplies		56,499		67,573
Other departmental expenditures		191,082		231,950
Capital outlay		478,596		6,189
	<u>\$ 1,547,843</u>	<u>1,261,518</u>	<u>\$ 286,325</u>	<u>763,214</u>
Chargeout for administrative expenses	<u>1,050,334</u>	<u>1,050,334</u>	<u>-</u>	<u>1,021,577</u>
Total	<u>7,687,492</u>	<u>6,991,363</u>	<u>696,129</u>	<u>6,489,293</u>
Budgetary appropriations:				
Interest	28,887	28,886	1	44,230
Debt principal	562,910	562,911	(1)	546,696
	<u>591,797</u>	<u>591,797</u>	<u>-</u>	<u>590,926</u>
Total expenditures	<u>8,279,289</u>	<u>7,583,160</u>	<u>696,129</u>	<u>7,080,219</u>
Revenues over (under) expenditures	(244,167)	1,102,282	1,346,449	1,474,755
Other financing sources (uses)				
Transfers to:				
Water and sewer improvements	(2,129,772)	(3,932,755)	(1,802,983)	(2,069,590)
Facilities Assessment	(302,334)	(302,334)	-	-
Sale of capital assets	-	21,920	21,920	419,674
	<u>(2,432,106)</u>	<u>(4,213,169)</u>	<u>(1,781,063)</u>	<u>(1,649,916)</u>
Revenues over (under) expenditures and other financing sources (uses)	(2,676,273)	(3,110,887)	(434,614)	(175,161)
Appropriated retained earnings	<u>2,676,273</u>	<u>-</u>	<u>(2,676,273)</u>	<u>-</u>
Revenues and appropriated retained earnings over (under) expenditures and other financing sources (uses)	<u>\$ -</u>	<u>(3,110,887)</u>	<u>(3,110,887)</u>	<u>\$ (175,161)</u>

Town of Southern Pines, North Carolina
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
Water and Sewer Fund
For the Year Ended June 30, 2020
With Comparative Actual Amounts for Year Ended June 30, 2019

Schedule 26
(3 pages)

	<u>2020</u>	<u>2019</u>
Revenues and other sources over expenditures and other uses	<u>\$ (3,110,887)</u>	<u>\$ (175,161)</u>
Reconciling items:		
Principal retirement	562,911	546,696
Capital outlay	565,324	173,214
Gain on disposal of capital assets	21,920	405,274
Proceeds from the sale of capital assets	(21,920)	(419,674)
Depreciation and amortization	(1,597,422)	(1,871,348)
Decrease in accrued interest payable	892	-
Increase in accrued compensated absences	(14,275)	-
Transfers of capital assets to other funds	-	(1,749)
Contributions to the pension plan	78,171	62,581
Pension expense	(141,162)	(77,595)
Interest earnings on water and sewer:		
Capital Projects Fund	82,596	64,509
Capital Reserve Funds	5,373	1,596
Water and wastewater system development fees	340,683	265,280
Grant proceeds:		
Capital Projects Fund	-	150,000
Developer's contributions	1,004,279	161,778
Intangible contributions	891,388	20,791
Transfers to water and sewer:		
Water and sewer improvements	<u>3,932,755</u>	<u>2,069,590</u>
	<u>5,711,513</u>	<u>1,550,943</u>
Change in net position	<u><u>\$ 2,600,626</u></u>	<u><u>\$ 1,375,782</u></u>

Water and Sewer Capital Projects Fund

Town of Southern Pines, North Carolina
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
Water and Sewer Capital Projects Fund
From Inception and for the Year Ended June 30, 2020

Schedule 27

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues					
Grant proceeds	\$ 150,000	\$ 150,000	\$ -	\$ 150,000	\$ -
Investment earnings	41,600	120,453	82,596	203,049	161,449
Total revenues	191,600	270,453	82,596	353,049	161,449
Expenditures					
Warrior Woods Lift Station	1,055,000	-	583,681	583,681	471,319
East Morganton Road					
Water Line Replacement	378,340	-	42,474	42,474	335,866
North Pressure Water Zone	760,000	-	-	-	760,000
Water/sewer					
improvements II	4,497,300	2,715,580	453,371	3,168,951	1,328,349
Water Treatment Process					
Modernization	2,354,600	-	-	-	2,354,600
Pennsylvania/Peedee Road					
Waterline Replacement	1,839,317	-	-	-	1,839,317
Midland Road Water Line					
Replacement	160,438	-	-	-	160,438
Total expenditures	11,044,995	2,715,580	1,079,526	3,795,106	7,249,889
Revenues under					
expenditures	(10,853,395)	(2,445,127)	(996,930)	(3,442,057)	7,411,338
Other financing sources					
(uses)					
Transfer to:					
Morganton road	(57,568)	(57,568)	-	(57,568)	-
Water Treatment Process					
Modernization	(1,000,000)	-	(1,000,000)	(1,000,000)	-
Transfers from:					
Raw water reservoir	788,580	788,580	-	788,580	-
Auto meter reading	257,812	257,812	-	257,812	-
Water/sewer					
improvements II	1,000,000	-	1,000,000	1,000,000	-
Water/sewer					
improvements I	900,576	900,576	-	900,576	-
Morganton road	1,195	1,195	-	1,195	-
Economic Development	15,455	15,454	-	15,454	(1)
Water & Sewer Fund	8,947,345	5,014,590	3,932,755	8,947,345	-
Total other					
financing sources					
(uses)	10,853,395	6,920,639	3,932,755	10,853,394	(1)
Revenues and					
other financing					
sources (uses) over					
expenditures	\$ -	\$ 4,475,512	\$ 2,935,825	\$ 7,411,337	\$ 7,411,337

Town of Southern Pines, North Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP)
Water and Sewer Capital Projects Fund (Water System Development Fees
Capital Reserve Fund)
From Inception and for the Year Ended June 30, 2020

Schedule 28

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>	<u>Variance Favorable (Unfavorable)</u>
		<u>Prior Years</u>	<u>Current Year</u>		
Revenues					
Investment earnings	\$ -	\$ 919	\$ 3,030	\$ 3,949	\$ 3,949
Water system development fees	330,000	147,132	191,509	338,641	8,641
	<u>330,000</u>	<u>148,051</u>	<u>194,539</u>	<u>342,590</u>	<u>12,590</u>
Revenues over expenditures	<u>330,000</u>	<u>148,051</u>	<u>194,539</u>	<u>342,590</u>	<u>12,590</u>
Other financing uses					
Transfers to:					
Capital Project Funds	<u>(330,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>330,000</u>
	<u>(330,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>330,000</u>
Revenues and other financing uses over expenditures	<u>\$ -</u>	<u>\$ 148,051</u>	<u>194,539</u>	<u>\$ 342,590</u>	<u>\$ 342,590</u>
Fund balance, beginning of year, July 1			<u>148,051</u>		
Fund balance, end of year, June 30			<u>\$ 342,590</u>		

Town of Southern Pines, North Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP)

Schedule 29

Water and Sewer Capital Projects Fund (Wastewater System Development Fees
Capital Reserve Fund)
From Inception and for the Year Ended June 30, 2020

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>	<u>Variance Favorable (Unfavorable)</u>
		<u>Prior Years</u>	<u>Current Year</u>		
Revenues					
Investment earnings	\$ -	\$ 677	\$ 2,343	\$ 3,020	\$ 3,020
Water system development fees	213,827	118,148	149,174	267,322	53,495
	<u>213,827</u>	<u>118,825</u>	<u>151,517</u>	<u>270,342</u>	<u>56,515</u>
Revenues over expenditures	<u>213,827</u>	<u>118,825</u>	<u>151,517</u>	<u>270,342</u>	<u>56,515</u>
Other financing uses					
Transfers to:					
Capital Project Funds	<u>(213,827)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>213,827</u>
	<u>(213,827)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>213,827</u>
Revenues and other financing uses over expenditures	<u>\$ -</u>	<u>\$ 118,825</u>	<u>151,517</u>	<u>\$ 270,342</u>	<u>\$ 270,342</u>
Fund balance, beginning of year, July 1			<u>118,825</u>		
Fund balance, end of year, June 30			<u>\$ 270,342</u>		

Agency Fund

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 description:

- *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, North Carolina
Statement of Changes in Assets and Liabilities
Agency Fund
Cafeteria Plan
Year Ended June 30, 2020

Schedule 30

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2020</u>
ASSETS				
Cash and investments	\$ 54,374	\$ 497,532	\$ 496,117	\$ 55,789
Accrued interest	234	177	234	177
	<u>\$ 54,608</u>	<u>\$ 497,709</u>	<u>\$ 496,351</u>	<u>\$ 55,966</u>
LIABILITIES				
Miscellaneous liabilities	<u>\$ 54,608</u>	<u>\$ 497,709</u>	<u>\$ 496,351</u>	<u>\$ 55,966</u>

Capital Assets of Governmental Funds

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

Town of Southern Pines, North Carolina
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
June 30, 2020

Schedule 31
(2 pages)

	<u>Land</u>	<u>Buildings and Improvements</u>	<u>Other Improvements</u>	<u>Machinery and Equipment</u>	<u>Vehicles and Motorized Equipment</u>
General government	\$ 10,679,548	\$ 2,403,450	\$ 2,322,710	\$ 607,459	\$ 306,689
Public safety	1,461,767	12,983,925	985,420	152,677	5,599,538
Transportation	-	32,385	93,186	-	504,699
Economic and physical development	43,850	71,895	-	-	133,053
Cultural and recreational	<u>120,357</u>	<u>5,834,941</u>	<u>2,954,175</u>	<u>-</u>	<u>308,431</u>
Total governmental funds capital assets	<u>\$ 12,305,522</u>	<u>\$ 21,326,596</u>	<u>\$ 6,355,491</u>	<u>\$ 760,136</u>	<u>\$ 6,852,410</u>

Note: Amounts presented above exclude accumulated depreciation.

Town of Southern Pines, North Carolina
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
June 30, 2020

Schedule 31
(2 pages)

	Furniture, Fixtures, and Other Equipment	Infrastructure	Intangible Assets	Construction and Intangibles in Progress	Total
General government	\$ 358,596	\$ 322,811	\$ 311,825	\$ 373,437	\$ 17,686,525
Public safety	958,853	-	-	-	22,142,180
Transportation	943,127	15,524,941	-	111,568	17,209,906
Economic and physical development	-	-	-	-	248,798
Cultural and recreational	<u>298,306</u>	<u>49,367</u>	<u>-</u>	<u>15,160</u>	<u>9,580,737</u>
Total governmental funds capital assets	<u>\$ 2,558,882</u>	<u>\$ 15,897,119</u>	<u>\$ 311,825</u>	<u>\$ 500,165</u>	<u>\$ 66,868,146</u>

Note: Amounts presented above exclude accumulated depreciation.

Town of Southern Pines, North Carolina
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes by Function and Activity
Year Ended June 30, 2020

Schedule 32

	Balance July 1, 2019	Additions and Transfers In	Disposals and Transfers Out	Balance June 30, 2020
General government	\$ 17,521,236	\$ 668,476	\$ (503,187)	\$ 17,686,525
Public safety	21,461,263	1,111,576	(430,659)	22,142,180
Transportation	15,625,467	1,662,947	(78,508)	17,209,906
Economic and physical development	245,196	27,326	(23,724)	248,798
Cultural and recreational	9,099,986	602,756	(122,005)	9,580,737
Total governmental funds capital assets	<u>\$ 63,953,148</u>	<u>\$ 4,073,081</u>	<u>\$ (1,158,083)</u>	<u>\$ 66,868,146</u>

Supplemental Financial Data

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

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

Town of Southern Pines, North Carolina
Schedule of Ad Valorem Taxes Receivable
June 30, 2020

Schedule 33

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2019</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2020</u>
2019 - 2020	\$ -	\$ 10,856,347	\$ 10,836,428	\$ 19,919
2018 - 2019	10,664	-	3,508	7,156
2017 - 2018	6,140	-	2,161	3,979
2016 - 2017	3,310	-	60	3,250
2015 - 2016	2,712	-	232	2,480
2014 - 2015	2,521	-	129	2,392
2013 - 2014	3,597	-	1,924	1,673
2012 - 2013	3,679	-	2,362	1,317
2011 - 2012	4,517	-	2,297	2,220
2010 - 2011	3,214	-	1,991	1,223
2009 - 2010	4,658	-	4,658	-
	<u>\$ 45,012</u>	<u>\$ 10,856,347</u>	<u>\$ 10,855,750</u>	45,609
Less: allowance for uncollected taxes receivable General Fund				<u>(30,690)</u>
Ad valorem taxes receivable - net				<u>\$ 14,919</u>
Reconciliation to revenues				
Reconciling items:				
Taxes			\$ 10,780,683	
Penalties and interest			(11,946)	
Refunds			17,208	
Taxes written off			247	
Other adjustments			69,558	
Total collections and credits			<u>\$ 10,855,750</u>	

Town of Southern Pines, North Carolina
Analysis of Current Tax Levy
Town-Wide Levy
June 30, 2020

Schedule 34

	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:	\$ 2,719,606,584	\$ 0.40	\$ 10,854,053	\$ 10,257,966	\$ 596,087
Penalties	-		4,494	4,494	-
Total	2,719,606,584		10,858,547	10,262,460	596,087
Discoveries:					
Adjustments at current year's rate	2,012,220	0.40	10,290	10,290	-
Adjustments at prior year's rate	3,796,730	0.40	15,187	15,187	-
Total	2,725,415,534		10,884,024	10,287,937	596,087
Releases:					
Current year's rate	(6,862,988)	0.40	(27,677)	(27,452)	(225)
Total property valuation	<u>\$ 2,718,552,546</u>				
Net levy			10,856,347	10,260,485	595,862
Uncollected taxes at June 30, 2020			(19,919)	(19,919)	-
Current year's taxes collected			<u>\$ 10,836,428</u>	<u>\$ 10,240,566</u>	<u>\$ 595,862</u>
Current levy collection percentage			<u>99.82%</u>	<u>99.81%</u>	<u>100.00%</u>

Town of Southern Pines, North Carolina
Schedule of Interfund Transfers
Year Ended June 30, 2020

Schedule 35

	<u>Transfer from Fund</u>		
	<u>Major Governmental</u>	<u>Major Enterprise</u>	
<u>Transfers to Fund</u>	<u>General Fund</u>	<u>Water and Sewer Fund</u>	<u>Total</u>
Governmental:			
General fund	\$ -	\$ -	\$ -
Sidewalk Construction II	261,150	-	261,150
Non-major funds	449,817	302,334	752,151
Business-type:			
Major funds	-	-	-
	<u>\$ 710,967</u>	<u>\$ 302,334</u>	<u>\$ 1,013,301</u>

Statistical Section

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

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

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

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

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

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

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

This page intentionally blank.

Financial Trends Information

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

Table 1
(2 pages)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental Activities					
Net Investment in Capital Assets	\$ 29,411,511	\$ 29,623,108	\$ 29,633,485	\$ 29,782,035	\$ 30,965,507
Restricted	3,473,801	3,267,412	3,404,237	3,907,594	1,347,656
Unrestricted	6,208,414	6,721,773	6,517,398	6,354,282	8,398,997
Total Governmental Activities Net Position	<u>39,093,726</u>	<u>39,612,293</u>	<u>39,555,120</u>	<u>40,043,911</u>	<u>40,712,160</u>
Business-type Activities					
Net Investment in Capital Assets	30,930,532	34,092,915	32,299,561	32,970,341	32,916,198
Restricted	-	-	-	-	-
Unrestricted	9,526,905	6,724,136	8,477,760	8,489,135	9,068,275
Total Business-type Activities Net Position	<u>40,457,437</u>	<u>40,817,051</u>	<u>40,777,321</u>	<u>41,459,476</u>	<u>41,984,473</u>
Primary Government					
Net Investment in Capital Assets	60,342,043	63,716,023	61,933,046	62,752,376	63,881,705
Restricted	3,473,801	3,267,412	3,404,237	3,907,594	1,347,656
Unrestricted	15,735,319	13,445,909	14,995,158	14,843,417	17,467,272
Total primary Government Net Position	<u>\$ 79,551,163</u>	<u>\$ 80,429,344</u>	<u>\$ 80,332,441</u>	<u>\$ 81,503,387</u>	<u>\$ 82,696,633</u>

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, North Carolina
Net Position by Component
Last Ten Fiscal Years

Table 1
(2 pages)

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

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

Table 2
(2 pages)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental activities:										
General Government	\$ 4,630,400	\$ 4,473,362	\$ 4,561,092	\$ 4,436,854	\$ 4,365,033	\$ 4,766,172	\$ 4,980,274	\$ 5,221,318	\$ 5,753,113	\$ 5,900,817
Public Safety	5,118,600	5,478,090	5,468,061	5,670,709	5,782,880	6,235,300	6,824,645	6,995,686	7,637,434	8,659,291
Transportation	1,436,648	1,441,791	1,574,115	1,338,289	1,463,609	1,575,645	1,266,454	1,694,884	1,761,568	1,903,528
Economic and Physical Development	956,340	722,591	690,132	649,207	653,371	701,189	563,367	604,385	657,709	834,642
Cultural and Recreation	1,549,640	1,542,961	1,583,940	1,543,440	1,533,579	1,583,781	1,754,646	1,824,003	1,887,163	2,521,679
Interest on Long Term Debt	212,328	199,536	183,766	165,401	153,216	135,625	116,880	129,304	261,591	233,606
Total Governmental Activities Expense	13,903,956	13,858,331	14,061,106	13,803,900	13,951,688	14,997,712	15,506,266	16,469,580	17,958,578	20,053,563
Total Business-Type Activity - Water and Sewer	6,056,432	6,390,539	6,461,289	6,747,867	6,969,806	7,083,980	7,340,631	7,483,404	8,246,671	8,128,721
Total primary government expenses	\$ 19,960,388	\$ 20,248,870	\$ 20,522,395	\$ 20,551,767	\$ 20,921,494	\$ 22,081,692	\$ 22,846,897	\$ 23,952,984	\$ 26,205,249	\$ 28,182,284
Program revenues										
Governmental activities:										
Charges for Services										
General Governmental	\$ 840,476	\$ 853,392	\$ 865,514	\$ 797,893	\$ 853,155	\$ 947,169	\$ 918,206	\$ 947,971	\$ 1,055,204	\$ 1,220,196
Public Safety	501,715	507,750	522,653	502,252	501,768	581,747	596,230	576,534	618,001	516,051
Transportation	14,138	24,493	27,628	31,815	36,146	53,711	35,677	45,234	43,690	36,920
Economic and Physical Development	258,908	292,230	351,236	324,378	403,127	372,607	412,257	409,385	384,840	438,650
Cultural and Recreation	252,066	246,731	230,503	245,508	259,213	266,735	242,589	258,979	261,607	192,808
Cemetery	1,476	3,475	1,750	2,675	3,149	5,375	3,025	2,750	3,950	5,250
Operating Grants and Contributions										
General Governmental	55,392	49,114	42,953	50,933	50,577	48,093	89,744	1,927	176,379	26,234
Public Safety	180,566	335,492	20,382	10,759	20,331	8,147	11,518	18,801	157,580	273,973
Transportation	372,100	373,770	384,761	390,633	490,905	404,887	402,027	405,234	403,744	404,177
Cultural and Recreation	63,951	10,857	10,780	11,625	11,770	34,722	8,499	17,848	8,013	114,352
Capital Grants and Contributions										
General Governmental	36,130	367,474	-	-	-	-	870	-	-	675,854
Public Safety	46,626	-	-	-	-	-	-	-	-	-
Economic and Physical Development	340,000	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	82,049	33,749	220,763	107,158	50,757	-	-
Cultural and Recreation	-	-	-	-	-	925,061	-	-	-	-
Total Governmental Activities Program Revenues	2,963,544	3,064,778	2,458,160	2,450,520	2,663,890	3,869,017	2,827,800	2,735,420	3,113,008	3,904,465
Business-type Activity - Water and Sewer										
Charges for Services	6,468,773	6,132,490	6,334,083	7,032,234	7,091,574	7,504,763	7,769,844	8,091,669	8,221,653	8,564,595
Capital Grants and Contributions	605,535	524,399	114,981	325,909	261,567	1,524,481	282,380	534,515	332,569	1,895,667
Total Business Activity Program Revenues	7,074,308	6,656,889	6,449,064	7,358,143	7,353,141	9,029,244	8,052,224	8,626,184	8,554,222	10,460,262
Total primary government program revenues	\$ 10,037,852	\$ 9,721,667	\$ 8,907,224	\$ 9,808,663	\$ 10,017,031	\$ 12,898,261	\$ 10,880,024	\$ 11,361,604	\$ 11,667,230	\$ 14,364,727
Net Revenue (Expense)										
Governmental activities	\$ (10,940,412)	\$ (10,793,553)	\$ (11,602,946)	\$ (11,353,380)	\$ (11,287,798)	\$ (11,128,695)	\$ (12,678,466)	\$ (13,734,160)	\$ (14,845,570)	\$ (16,149,098)
Business-type activity	1,017,876	266,350	(12,225)	610,276	383,335	1,945,264	711,593	1,142,780	307,551	2,331,541
Total primary government net expense	\$ (9,922,536)	\$ (10,527,203)	\$ (11,615,171)	\$ (10,743,104)	\$ (10,904,463)	\$ (9,183,431)	\$ (11,966,873)	\$ (12,591,380)	\$ (14,538,019)	\$ (13,817,557)

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

Table 2
(2 pages)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Revenues and Other Changes in Net Position										
Governmental activities:										
Ad Valorem Taxes	\$ 7,334,480	\$ 7,492,189	\$ 7,686,625	\$ 7,867,525	\$ 8,415,626	\$ 8,572,570	\$ 8,852,999	\$ 9,656,725	\$ 9,982,178	\$ 10,782,975
Alcoholic Beverage Tax	100,423	102,767	126,165	130,144	120,790	143,195	156,789	178,188	196,226	198,273
Franchise Taxes	741,169	724,017	705,527	748,619	988,840	1,112,213	1,086,585	1,055,286	1,110,853	1,061,456
Unrestricted Intergovernmental	2,817,894	2,838,253	2,944,945	2,956,816	3,257,298	3,386,423	3,640,353	3,729,381	3,987,169	4,201,137
Investment Earnings	51,884	40,750	27,625	22,239	20,661	38,091	65,948	159,478	312,484	227,148
Miscellaneous Revenue	91,648	102,699	90,090	99,493	94,977	106,949	133,359	155,103	138,493	149,534
Gain (Loss) on Disposal/Transfer of Capital Assets	29,554	11,445	(35,204)	17,335	47,607	64,089	16,814	(41,865)	5,133	26,561
Transfers	-	-	-	-	-	-	-	-	1,749	302,334
Total Governmental Activities	11,167,052	11,312,120	11,545,773	11,842,171	12,945,799	13,423,530	13,952,847	14,892,296	15,734,285	16,949,418
Business Type Activity										
Investment Earnings	43,368	87,363	50,237	43,666	26,254	62,699	68,242	138,711	245,011	208,816
Miscellaneous Revenue	22,581	5,901	8,216	-	172,376	414,304	904,086	701,470	419,695	340,683
Gain (Loss) on Disposal/Transfer of Capital Assets	-	-	-	-	-	17,198	13,967	-	405,274	21,920
Transfers	-	-	-	-	-	-	-	-	(1,749)	(302,334)
Total Business Type Activity	65,949	93,264	58,453	43,666	198,630	494,201	986,295	840,181	1,068,231	269,085
Total primary government general revenues and other changes in net position	\$ 11,233,001	\$ 11,405,384	\$ 11,604,226	\$ 11,885,837	\$ 13,144,429	\$ 13,917,731	\$ 14,939,142	\$ 15,732,477	\$ 16,802,516	\$ 17,218,503
Change in Net Position										
Governmental Activities	\$ 226,640	\$ 518,567	\$ (57,173)	\$ 488,791	\$ 1,658,001	\$ 2,294,835	\$ 1,274,381	\$ 1,158,136	\$ 888,715	\$ 800,320
Business-type Activity	1,083,825	359,614	46,228	653,942	581,965	2,439,465	1,697,888	1,982,961	1,375,782	2,600,626
Total primary government change in net position	\$ 1,310,465	\$ 878,181	\$ (10,945)	\$ 1,142,733	\$ 2,239,966	\$ 4,734,300	\$ 2,972,269	\$ 3,141,097	\$ 2,264,497	\$ 3,400,946

Note:

This table was prepared using the accrual basis of accounting.

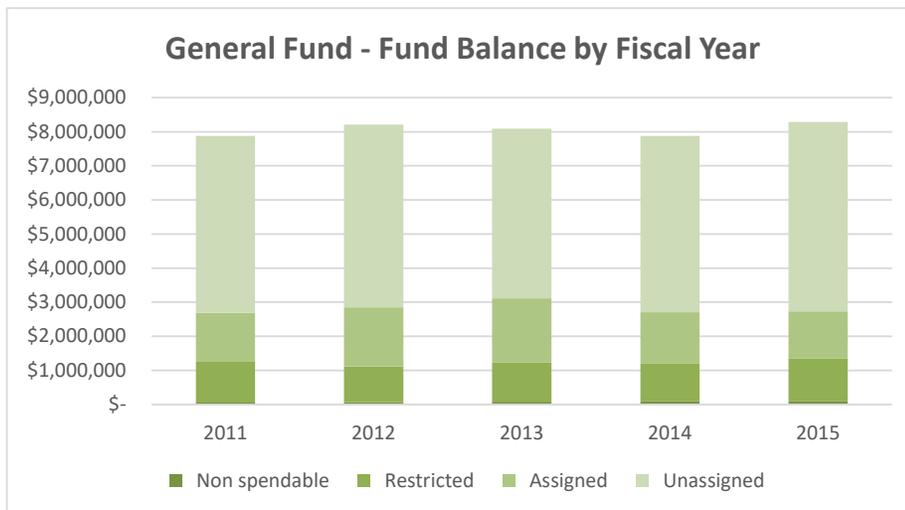
Town of Southern Pines, North Carolina
Fund Balances, Governmental Funds ^{(1), (2)}
Last Ten Fiscal Years

Table 3
(2 pages)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Fund					
Non spendable	\$ 56,829	\$ 62,019	\$ 83,967	\$ 88,196	\$ 87,292
Restricted	1,213,725	1,052,932	1,152,374	1,125,069	1,267,145
Assigned	1,416,048	1,736,481	1,879,328	1,496,849	1,374,933
Unassigned	<u>5,192,710</u>	<u>5,361,325</u>	<u>4,974,592</u>	<u>5,168,432</u>	<u>5,552,329</u>
Total General Fund	<u>\$ 7,879,312</u>	<u>\$ 8,212,757</u>	<u>\$ 8,090,261</u>	<u>\$ 7,878,546</u>	<u>\$ 8,281,699</u>
All Other Governmental Funds					
Non spendable	\$ 48,605	\$ 52,286	\$ 54,189	\$ 56,971	\$ 60,237
Restricted	5,112	7,274	7,393	6,008	20,274
Committed	<u>2,206,359</u>	<u>2,154,920</u>	<u>2,190,281</u>	<u>2,719,546</u>	<u>2,500,431</u>
Total All Other Governmental Funds	<u>\$ 2,260,076</u>	<u>\$ 2,214,480</u>	<u>\$ 2,251,863</u>	<u>\$ 2,782,525</u>	<u>\$ 2,580,942</u>

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

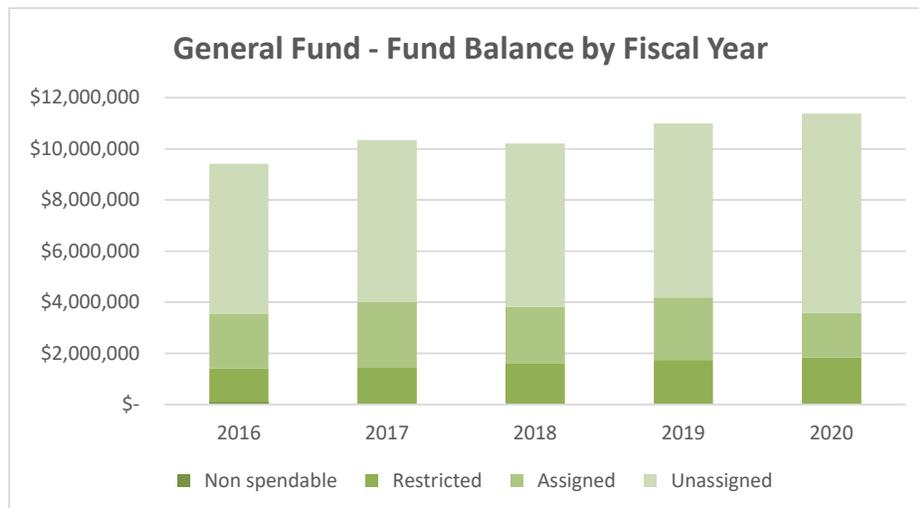
⁽²⁾ Fund balance categories have been restated to retroactively implement GASB 54.



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

Table 3
(2 pages)

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



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

**Table 4
(2 pages)**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Revenues					
Ad Valorem Taxes	\$ 7,313,650	\$ 7,492,635	\$ 7,691,550	\$ 7,887,032	\$ 8,428,787
Other Taxes and Licenses	353,827	382,156	248,555	218,351	230,577
Unrestricted Intergovernmental	3,344,825	3,342,941	3,593,381	3,654,511	4,228,255
Restricted Intergovernmental	646,318	686,179	413,121	412,577	417,431
Permits and Fees	297,073	303,210	411,271	371,559	469,075
Sales and Services	1,084,292	1,102,639	1,091,706	1,042,411	1,094,102
Investment Earnings	51,884	40,750	27,625	22,239	20,661
Grant Proceeds	340,000	-	-	-	-
Developers Contributions	-	-	-	-	90,000
Other	616,458	652,850	633,914	595,846	632,340
Total revenues	<u>14,048,327</u>	<u>14,003,360</u>	<u>14,111,123</u>	<u>14,204,526</u>	<u>15,611,228</u>
Expenditures					
Current:					
General Government	4,324,429	4,318,764	4,545,938	4,405,761	4,606,968
Public Safety	5,345,304	5,797,096	5,189,227	5,431,602	6,761,146
Transportation	1,029,229	1,215,914	1,410,762	1,094,682	1,576,703
Economic and Physical Development	959,010	718,211	692,954	695,612	663,143
Cultural and Recreational	1,514,954	1,407,251	1,588,302	1,505,032	1,725,896
Debt Service:					
Principal	509,784	506,967	582,228	584,425	625,361
Interest	215,451	201,308	186,825	168,465	153,941
Capital Outlay	-	-	-	-	-
Total expenditures	<u>13,898,161</u>	<u>14,165,511</u>	<u>14,196,236</u>	<u>13,885,579</u>	<u>16,113,158</u>
Revenues over (under) expenditures	150,166	(162,151)	(85,113)	318,947	(501,930)
Other financing sources (uses)					
Issuance of Debt	-	450,000	-	-	703,500
Sale of Capital Assets	-	-	-	-	-
Transfers From Other Funds	235,220	200,000	382,500	770,000	908,300
Transfers to Other funds	(235,220)	(200,000)	(382,500)	(770,000)	(908,300)
Total other financing sources (uses)	<u>-</u>	<u>450,000</u>	<u>-</u>	<u>-</u>	<u>703,500</u>
Net change in fund balance	150,166	287,849	(85,113)	318,947	201,570
Fund balance - beginning of year	<u>9,989,222</u>	<u>10,139,388</u>	<u>10,427,237</u>	<u>10,342,124</u>	<u>10,661,071</u>
Fund balance - end of year	<u>\$ 10,139,388</u>	<u>\$ 10,427,237</u>	<u>\$ 10,342,124</u>	<u>\$ 10,661,071</u>	<u>\$ 10,862,641</u>
Debt Service as a percentage of non-capital expenditures	5.5%	5.4%	5.7%	5.7%	5.7%

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

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

Table 4
(2 pages)

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Revenues					
Ad Valorem Taxes	\$ 8,563,591	\$ 8,887,612	\$ 9,670,483	\$ 9,989,891	\$ 10,780,683
Other Taxes and Licenses	191,005	215,047	245,365	258,833	309,616
Unrestricted Intergovernmental	4,728,619	4,731,922	4,779,476	5,098,682	5,214,808
Restricted Intergovernmental	415,756	411,130	424,748	706,216	780,125
Permits and Fees	549,713	548,475	535,647	583,260	575,118
Sales and Services	1,164,811	1,138,137	1,194,230	1,286,029	1,351,968
Investment Earnings	38,091	65,948	159,478	312,484	227,148
Grant Proceeds	-	-	50,757	-	-
Developers Contributions	-	107,158	-	-	-
Other	655,970	683,542	618,641	609,819	604,546
Total revenues	<u>16,307,556</u>	<u>16,788,971</u>	<u>17,678,825</u>	<u>18,845,214</u>	<u>19,844,012</u>
Expenditures					
Current:					
General Government	4,783,099	4,812,892	5,357,663	5,401,328	6,110,073
Public Safety	5,973,433	6,233,795	8,075,128	11,417,437	8,406,861
Transportation	1,660,533	1,378,677	1,883,429	1,741,098	2,282,937
Economic and Physical Development	697,899	596,360	614,067	621,021	776,948
Cultural and Recreational	1,793,900	1,726,338	2,167,615	1,931,550	2,309,937
Debt Service:					
Principal	666,541	669,113	552,196	781,876	781,876
Interest	139,174	120,439	101,675	266,335	237,868
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>15,714,579</u>	<u>15,537,614</u>	<u>18,751,773</u>	<u>22,160,645</u>	<u>20,906,500</u>
Revenues over (under) expenditures	592,977	1,251,357	(1,072,948)	(3,315,431)	(1,062,488)
Other financing sources (uses)					
Issuance of Debt	-	-	5,228,150	-	650,000
Sale of Capital Assets	171,199	19,030	4,991	64,829	77,001
Transfers From Other Funds	310,000	575,000	816,954	1,114,750	1,334,021
Transfers to Other funds	(310,000)	(575,000)	(816,954)	(1,114,750)	(1,031,687)
Total other financing sources (uses)	<u>171,199</u>	<u>19,030</u>	<u>5,233,141</u>	<u>64,829</u>	<u>1,029,335</u>
Net change in fund balance	764,176	1,270,387	4,160,193	(3,250,602)	(33,153)
Fund balance - beginning of year	<u>10,862,641</u>	<u>11,626,817</u>	<u>12,897,204</u>	<u>17,057,397</u>	<u>13,806,795</u>
Fund balance - end of year	<u>\$ 11,626,817</u>	<u>\$ 12,897,204</u>	<u>\$ 17,057,397</u>	<u>\$ 13,806,795</u>	<u>\$ 13,773,642</u>
Debt Service as a percentage of non-capital expenditures	5.6%	5.5%	4.3%	6.3%	6.6%

Revenue Capacity Information

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

Table 5

Fiscal Year	Assessed Value ⁽¹⁾			Total	Property Tax Rate ⁽³⁾	Percent Increase in Value ⁽⁴⁾
	Real Property	Personal Property ⁽²⁾	Public Service Companies			
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%
2014	2,003,125,666	218,312,023	23,571,943	2,245,009,632	0.35	2.6%
2015	2,052,966,995	196,446,739	21,862,247	2,271,275,981	0.37	1.2%
2016	2,025,854,870	203,462,410	23,659,502	2,252,976,782	0.38	-0.8%
2017	2,096,689,403	214,258,835	23,339,069	2,334,287,307	0.38	3.6%
2018	2,162,154,416	225,286,648	24,146,744	2,411,587,808	0.40	3.3%
2019	2,227,576,840	239,984,833	24,255,332	2,491,817,005	0.40	3.3%
2020	2,457,838,541	235,337,662	25,376,343	2,718,552,546	0.40	9.1%

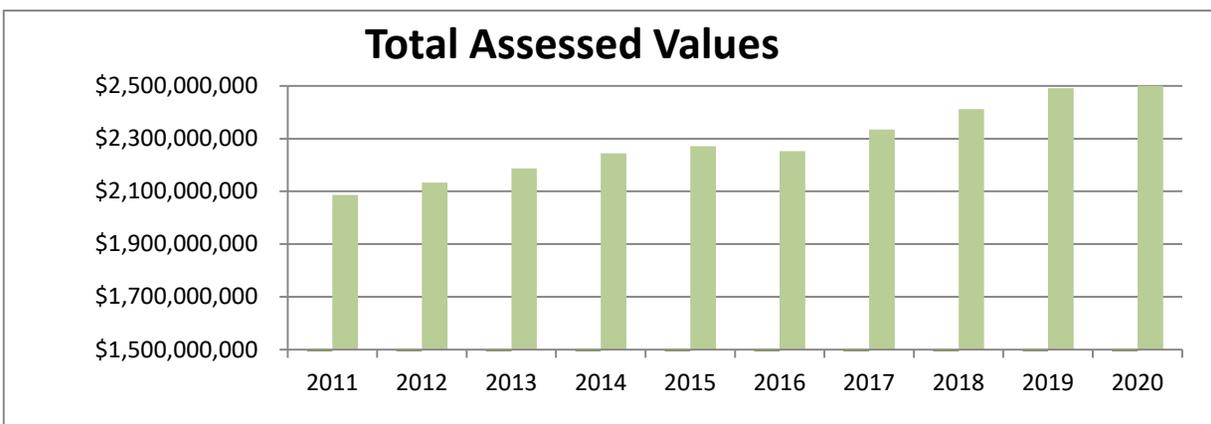
NOTES:

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

⁽²⁾ Includes vehicles.

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

⁽⁴⁾ A revaluation of all property is required at least every eight years by North Carolina General Statutes. The revenue neutral tax rate following revaluation, adjusted for growth, calculates to be \$.3809. The tax rate during fiscal year end June 30, 2020 was held at \$0.40.



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

Table 6

Fiscal Year	Tax Year	Town of Southern Pines			Overlapping Rate
		Operating Millage	Debt Service Millage	Total Town Millage	County of Moore ⁽¹⁾
2011	2010	0.35	\$ -	0.35	0.485
2012	2011	0.35	-	0.35	0.485
2013	2012	0.35	-	0.35	0.485
2014	2013	0.35	-	0.35	0.485
2015	2014	0.37	-	0.37	0.485
2016	2015	0.38	-	0.38	0.485
2017	2016	0.38	-	0.38	0.495
2018	2017	0.40	-	0.40	0.495
2019	2018	0.40	-	0.40	0.505
2020	2019	0.40	-	0.40	0.550

NOTES:

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

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

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

Source: Moore County Tax Office.

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

Table 7

Taxpayer	Type of Enterprise	2019			2010		
		Total Assessed Value ⁽¹⁾	Rank	Percent of Town's Assessed Valuation	Total Assessed Value	Rank	Percent of Town's Assessed Valuation
Morganton Park LLC	Residential	\$ 36,665,150	1	1.47%	⁽²⁾	-	-
SBV Southern Pines LLC	Retail	26,491,130	2	1.06%	⁽²⁾	-	-
Hawthorne Pinecrest LLC	Retail	25,209,160	3	1.01%	⁽²⁾	-	-
Tyler's Ridge Apartment LLC	Residential	17,325,100	4	0.70%	⁽²⁾	-	-
Colony 9 LLC	Golf Course	15,891,650	5	0.64%	⁽²⁾	-	-
Duke Energy Pogress	Utility	14,032,447	6	0.56%	9,543,466	7	0.46%
CPGKRE Pinehurst Lowes LLC	Retail	13,735,450	7	0.55%	⁽²⁾	-	-
Southern Pines Retirement	Retirement Community	12,754,200	8	0.51%	⁽²⁾	-	-
Crossroads Holdings LLC	Automotive	11,099,800	9	0.45%	⁽²⁾	-	-
Ccrisp Holding LLC	Hotel	11,067,676	10	0.44%	⁽²⁾	-	-
Forest Creek	Golf Course	⁽²⁾	-	-	48,453,376	1	2.32%
Mid Pines	Golf Course/Hotel	⁽²⁾	-	-	24,469,134	2	1.17%
Pinecrest Plaza	Retail	⁽²⁾	-	-	24,344,970	3	1.17%
National Golf Club, Inc.	Golf Course	⁽²⁾	-	-	18,974,121	4	0.91%
Claude Smith Enterprises	Retail	⁽²⁾	-	-	18,298,650	5	0.88%
Talamore Golf Partners	Golf Gource	⁽²⁾	-	-	10,889,069	6	0.52%
Ingersoll Rand	Manufacturing	⁽²⁾	-	-	8,587,327	8	0.41%
Carolina Telephone & Telegraph	Utility	⁽²⁾	-	-	8,284,918	9	0.40%
DDTRC Southern Pines Market Place	Retail	⁽²⁾	-	-	8,030,360	10	0.38%
		<u>\$ 184,271,763</u>		<u>6.70%</u>	<u>\$ 179,875,391</u>		<u>8.62%</u>

SOURCE: Moore County Tax Department

NOTES:

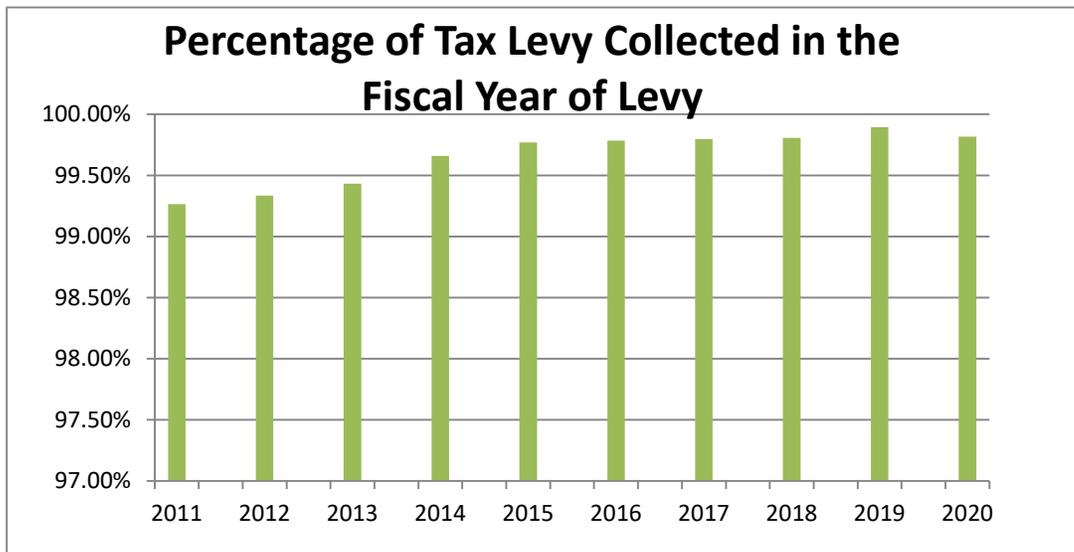
⁽¹⁾ 2019 Assessed value represents taxes assessed and due in the fiscal year ended June 30, 2020, and 2010 represents taxes assessed and due in the fiscal year ended June 30, 2011.

⁽²⁾ Not within top ten ranking.

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

Table 8

Fiscal Year	Tax Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Total Collections to Date		
			Amount	Percentage of Levy	Collections in Subsequent Years	Amount	Percentage of Levy
2011	2010	\$ 7,311,009	\$ 7,257,129	99.26%	\$ 49,469	\$ 7,306,598	99.94%
2012	2011	7,465,959	7,416,155	99.33%	47,584	7,463,739	99.97%
2013	2012	7,663,758	7,620,110	99.43%	42,331	7,662,441	99.98%
2014	2013	7,859,930	7,833,116	99.66%	25,141	7,858,257	99.98%
2015	2014	8,399,348	8,380,020	99.77%	16,936	8,396,956	99.97%
2016	2015	8,545,250	8,526,671	99.78%	16,099	8,542,770	99.97%
2017	2016	8,872,587	8,854,601	99.80%	14,736	8,869,337	99.96%
2018	2017	9,642,138	9,623,389	99.81%	14,770	9,638,159	99.96%
2019	2018	9,965,189	9,954,525	99.89%	3,508	9,958,033	99.93%
2020	2019	10,856,347	10,836,428	99.82%	-	10,836,428	99.82%



Debt Capacity Information

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

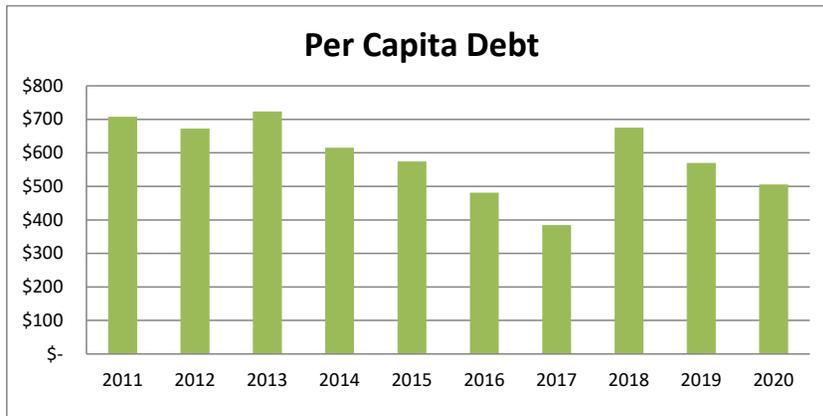
Table 9

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	Percentage of Personal Income	Per Capita ⁽²⁾
	General Obligation Bonds	Installment Financing	Capital Leases	General Obligation Bonds	Installment Financing	Capital Leases			
2011	\$ -	\$ 5,416,667	\$ -	\$ -	\$ 3,351,598	\$ -	\$ 8,768,265	1.77%	708
2012	-	5,359,700	-	-	3,047,183	-	8,406,883	1.61%	672
2013	-	4,777,471	-	-	4,332,330	-	9,109,801	1.77%	724
2014	-	4,193,047	-	-	3,859,611	-	8,052,658	1.43%	615
2015	-	4,271,186	-	-	3,372,993	-	7,644,179	1.28%	574
2016	-	3,604,645	-	-	2,872,042	-	6,476,687	1.06%	481
2017	-	2,935,530	-	-	2,356,310	-	5,291,840	0.78%	385
2018	-	7,611,483	-	-	1,825,332	-	9,436,815	1.32%	675
2019	-	6,829,607	-	-	1,278,636	-	8,108,243	⁽³⁾	570
2020	-	6,697,731	-	-	715,725	-	7,413,456	⁽³⁾	506

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

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

⁽³⁾ Information not yet available.



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

Table 10

Fiscal Year	Assessed Value	Debt Limit 8% of Total Assessed Value	Less: Amount of Debt Applicable to Debt Limit - Net Bonded Debt ⁽¹⁾	Less: General Obligation Bonds Authorized, Not Issued	Legal Debt Margin
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
2014	2,245,009,632	179,600,771	8,052,658	-	171,548,113
2015	2,271,275,981	181,702,078	7,644,179	-	174,057,899
2016	2,252,976,782	180,238,143	6,476,687	-	173,761,456
2017	2,334,287,307	186,742,985	5,291,840	-	181,451,145
2018	2,411,587,808	192,927,025	9,436,815	-	183,490,210
2019	2,491,817,005	199,345,360	8,108,243	-	191,237,117
2020	2,718,552,546	217,484,204	7,413,456	-	210,070,748

⁽¹⁾ Net Bonded Debt Calculation for FY 2019

Utility General Obligation Bonds	\$ -
Installment financing	7,413,456
	<u>7,413,456</u>
Statutory Deductions:	
Bonded debt included in gross debt incurred for water	-
	<u>\$ 7,413,456</u>

Town of Southern Pines, North Carolina
Direct and Overlapping Governmental Activities Debt
June 30, 2020

Table 11

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ⁽¹⁾</u>	<u>Estimated Share of Overlapping Debt</u>
Governmental Unit:			
Debt repaid with property taxes: Moore County ⁽²⁾	\$ 213,655,767	19.50%	<u>\$ 41,662,875</u>
Subtotal, overlapping debt			41,662,875
Town of Southern Pines direct debt			<u>6,697,731</u>
Total direct and overlapping debt			<u><u>\$ 48,360,606</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.

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

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

Demographic and Economic Information

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

Table 12

Fiscal Year	Population ⁽¹⁾	Moore County Personal Income (in millions)⁽²⁾	Moore County Per Capita Personal Income ⁽³⁾	Median Age ⁽⁴⁾	Moore County Unemployment Rate ⁽⁵⁾
2011	12,384	\$ 3,581	\$ 40,063	45.0	9.5%
2012	12,502	3,777	41,787	47.0	8.9%
2013	12,587	3,757	40,997	47.0	8.8%
2014	13,089	4,020	43,172	45.3	6.0%
2015	13,310	4,221	44,701	45.1	6.1%
2016	13,461	4,327	45,181	46.0	5.1%
2017	13,756	4,793	49,286	46.2	4.1%
2018	13,978	5,063	51,307	46.5	4.1%
2019	14,224	⁽⁶⁾	⁽⁶⁾	44.7	4.4%
2020	14,657	⁽⁶⁾	⁽⁶⁾	45.0	6.0%

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

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

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

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

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

⁽⁶⁾ Information not yet available.

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

Table 13

<u>Employer</u>	<u>2020</u>			<u>2011</u>		
	<u>Employees</u>	⁽¹⁾ <u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	⁽¹⁾ <u>Rank</u>	<u>Percentage of Total County Employment</u>
First Health Moore Regional	1,000 & over	1	N/A	1,000 & over	1	N/A
Moore County Schools	1,000 & over	2	N/A	1,000 & over	2	N/A
Pinehurst, LLC	1,000 & over	3	N/A	500 - 999	3	N/A
County of Moore	500 - 999	4	N/A	500 - 999	4	N/A
Sandhills Community College	500 - 999	5	N/A	500 - 999	5	N/A
Pinehurst Medical Clinic, Inc.	500 - 999	6	N/A	250 - 499	8	N/A
Trinity Health Senior Communities	250 - 499	7	N/A	250 - 499	-	N/A
Pinehurst Surgical Clinic, PA	250 - 499	8	N/A	⁽²⁾	-	N/A
Lee Electrical Construction, Inc.	250 - 499	9	N/A	⁽²⁾	-	N/A
Harris Teeter	250 - 499	10	N/A	250 - 499	9	N/A
St. Joseph of the Pines	⁽²⁾	-	N/A	500 - 999	6	N/A
Trident Management, Inc.	⁽²⁾	-	N/A	100 - 249	7	N/A
Wal-Mart Associates, Inc.	⁽²⁾	-	N/A	100 - 249	10	N/A
Total	<u>N/A</u>		<u>N/A</u>	<u>N/A</u>		<u>N/A</u>

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

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

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

⁽²⁾ Not within top ten ranking.

N/A - Not Available

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

Table 14

Fiscal Year	Residential		Building Permits ⁽¹⁾ Commercial		Total		Bank Deposits ⁽²⁾
	Number	Value	Number	Value	Number	Value	
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	1,669,601,000
2014	115	26,339,766	12	27,396,373	127	53,736,139	1,849,016,000
2015	148	36,511,428	15	9,690,000	163	46,201,428	1,863,054,000
2016	156	33,509,123	13	10,155,861	169	43,664,984	2,022,965,000
2017	165	39,646,481	10	14,506,245	175	54,152,726	2,106,486,000
2018	100	26,668,459	7	30,700,000	107	57,368,459	2,255,126,000
2019	133	34,666,663	11	7,343,756	144	42,010,419	2,183,257,000
2020	146	34,849,892	13	15,221,576	159	50,071,468	2,384,558,000

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

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

Operating Information

This page intentionally blank.

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

Table 15

Function/Program	Full-Time Equivalent Employees as of June 30									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General government										
Administration	10.5	10.5	10.5	11.0	6.0	6.0	6.0	6.0	6.0	6.0
Information Technology ⁽¹⁾	2.0	2.0	2.0	2.0	2.0	2.0	3.0	3.0	3.0	4.0
Financial Services ⁽²⁾	-	-	-	-	5.0	5.0	5.0	6.0	6.0	6.0
Public works administration	3.5	3.5	3.5	3.5	4.0	4.0	4.0	4.0	4.0	4.0
Garage	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Building & Grounds	19.0	19.0	19.0	21.0	22.0	22.0	22.0	22.0	22.0	10.0
Public safety										
Police ⁽⁴⁾	40.5	41.5	41.5	42.5	46.5	46.5	46.5	50.5	50.5	50.5
Fire ⁽³⁾⁽⁴⁾	27.5	27.5	27.5	27.5	27.5	27.5	27.5	27.5	33.0	33.0
Transportation	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	15.0
Economic and physical development	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
Cultural and recreation										
Recreation ⁽⁴⁾	5.5	5.5	5.5	5.5	5.0	5.0	5.0	5.0	5.0	12.0
Library ⁽⁴⁾	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0
Water/Sewer (Business activity)	21.5	21.5	21.5	22.0	21.0	21.0	21.0	23.0	23.0	24.0
Total	161.0	162.0	162.0	166.0	170.0	170.0	171.0	178.0	183.5	185.5

Source: Town of Southern Pines Finance Department

⁽¹⁾ Department was created in FY 2010

⁽²⁾ Department was created in FY 2015, was previously included in Administration

⁽³⁾ Does not include volunteer personnel

⁽⁴⁾ Does not include seasonal temporary part-time employees

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

**Table 16
(2 pages)**

Function/Program	2011	2012	2013	2014	2015
Public Safety					
Police					
Number of Part 1 Crimes	856	618	630	668	500
Number of Part A Crimes	(2)	(2)	(2)	(2)	(2)
Number of Part B Crimes	(2)	(2)	(2)	(2)	(2)
Number of Arrests	943	581	522	531	684
Number of Citations	2,509	1,792	1,693	1,223	1,466
Fire					
Number of Fire Calls Answered	1,059	942	89	107	125
Number of EMS Calls Answered	615	649	849	640	653
Number of Hazard Condition Calls Answered	(2)	(2)	86	76	66
Number of Service Calls Answered	(2)	(2)	96	307	209
Number of Good Intent Calls Answered	(2)	(2)	141	252	224
Number of False Alarm Calls Answered	(2)	(2)	297	332	280
Number of Weather Related Calls Answered	(2)	(2)	47	9	18
Number of Fire Inspections	1,876	1,811	1,956	2,470	2,273
Planning & Inspections					
Planning					
Conditional use Permits Issued	3	8	2	6	3
Final Plats	15	8	5	15	2
Rezoning Applications/Ordinance Amendments	14	5	5	5	4
Annexations	-	2	-	-	2
Inspections					
Building Permits Issued	102	85	144	127	163
Alteration or Addition Permits	162	180	198	189	178
Electrical Permits	102	88	105	107	90
Mechanical Permits	323	300	396	477	420
Plumbing Permits	68	73	74	76	148
Cultural and Recreational					
Recreation and Parks					
Recreational Program Hours	7,872	8,630	8,540	7,736	8,834
Enrolled Participants	23,469	25,378	24,090	22,613	23,863
Reservoir Park Visitors ⁽¹⁾	173,021	200,143	190,444	215,007	242,110
Library					
Total Circulation	117,667	118,496	119,559	122,813	120,196
Library Attendance	97,969	93,863	88,137	84,993	85,830
Library Users Registered	6,254	6,212	6,233	6,275	6,217
Total Programs Held	498	462	465	466	590
Total Attendance at Programs	8,737	9,677	11,556	12,029	14,675
Water					
Water Plant Capacity (millions of gallons per day)	11	11	11	11	11
Number of Utility Customers	8,139	8,158	8,342	8,690	8,839

Source: Town of Southern Pines Department Directors

⁽¹⁾ Amounts are estimated.

⁽²⁾ Information is not available.

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

Table 16
(2 pages)

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

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

Table 17
(2 pages)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Function/Program					
Public Safety					
Police					
Police Stations	1	1	1	1	1
Patrol Units	27	27	23	27	30
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
Number of Swimming Pools	1	1	1	1	1
Number of Lakes	1	1	1	1	1
Number of Picnic Shelters	7	7	7	7	7
Number of Performance Stages	-	-	-	-	-
Public Works and Utilities					
Streets					
Miles of Paved Streets	78.76	78.92	78.92	78.96	80.30
Miles of Unpaved Streets	1.34	1.34	1.34	1.30	1.24
Water					
Number of Hydrants ⁽¹⁾	1,345	1,352	1,420	1,311	1,433
Water Mains (miles)	248	249.0	223.0	223.0	228.0
Number of Utility Customers (accounts)	8,139	8,158	8,342	8,690	8,839

Source: Town of Southern Pines Department Directors

⁽¹⁾ Amounts are estimated.

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

Table 17
(2 pages)

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Function/Program					
Public Safety					
Police					
Police Stations	1	1	1	1	1
Patrol Units	29	34	35	33	33
Fire					
Stations	1	1	1	1	2
Fire Suppression Vehicles	6	6	6	7	7
Rescue Vehicles	2	2	2	2	2
Cultural and Recreational					
Recreation and Parks					
Number of Parks	14	14	14	14	14
Number of Tennis Courts	8	8	8	8	8
Number of Athletic Fields Maintained	10	10	10	10	10
Number of Swimming Pools	1	1	1	1	1
Number of Lakes	1	1	1	1	1
Number of Picnic Shelters	7	7	7	7	7
Number of Performance Stages	1	1	1	1	1
Public Works and Utilities					
Streets					
Miles of Paved Streets	80.43	80.56	80.73	80.44	81.22
Miles of Unpaved Streets	1.11	0.98	0.74	0.60	0.42
Water					
Number of Hydrants ⁽¹⁾	1,473	1,485	1,519	1,535	1,515
Water Mains (miles)	233.6	235.3	235.6	238.7	240.0
Number of Utility Customers (accounts)	9,063	9,443	9,716	9,948	9,977

<u>Type of Coverage</u>	<u>Details of Coverage</u>	
Workman's Compensation	\$ 1,000,000 1,000,000 1,000,000	Bodily Injury by Accident-Each Accident Bodily Injury by Disease-Each Employee Bodily Injury by Disease-Coverage Limit
General Liability	5,000,000 2,500	Each Occurrence Deductible
Police Professional Liability	5,000,000 5,000,000 2,500	Each Occurrence and Annual Annual Aggregate Deductible
Public Officials Liability	5,000,000 5,000,000 10,000	Each Claim and Annual Annual Aggregate Deductible
Government Crime Coverage	50,000 250	Indemnification Deductible
Public Officials Bond Finance Officer	250,000 -	Liability Deductible
Automobile Liability	5,000,000 2,500	Per Occurrence Deductible
Auto Comprehensive	7,414,269 500	Actual Cash Value Valuation Deductible
Auto Collision	7,414,269 500	Actual Cash Value Valuation Deductible
Real & Personal Property	68,386,898 2,500	Cause of Loss Deductible per Occurrence Includes Boiler & Machinery
Municipal Equipment	1,753,634 2,500	Limits of Coverage Deductible per Occurrence
Fine Arts	634,075 1,000	Limits of Coverage Deductible per Occurrence

Source: Town of Southern Pines Risk Management Department

Town of Southern Pines, North Carolina
Insurance in Force ⁽¹⁾
July 1, 2019 - June 30, 2020

Table 18
(2 pages)

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

⁽¹⁾ Represents insurance in force on July 1, 2019. Insurance was renewed on July 1, 2020 for the fiscal year ended June 30, 2021.

WATER RATES

Minimum Charge

<u>Meter Size</u>	<u>Inside Town</u>	<u>Outside Town</u>
3/4"	\$ 11.26	\$ 22.52
1"	18.48	36.96
1 1/2"	39.06	78.12
2"	67.89	135.78
3"	150.33	300.66
4"	265.66	531.32
6"	595.35	1,190.70
8"	1,056.88	2,113.76

Volume Charge per 1,000 Gallons

<u>Inside Town</u>	<u>Outside Town</u>
\$ 3.28	\$ 6.56

SEWER RATES

Minimum Charge

<u>Meter Size</u>	<u>Inside Town</u>	<u>Outside Town</u>
3/4"	\$ 4.99	\$ 9.98
1"	6.51	13.02
1 1/2"	10.73	21.46
2"	16.71	33.42
3"	33.70	67.40
4"	57.48	114.96
6"	125.50	251.00
8"	220.72	441.44

Volume Charge per 1,000 Gallons

<u>Inside Town</u>	<u>Outside Town</u>
\$ 5.83	\$ 11.66

Compliance Section

This page intentionally blank.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Southern Pines, North Carolina ("Town"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprises the Town's basic financial statements, and have issued our report thereon dated December 1, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or 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's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Dixon Hughes Goodman LLP

**High Point, North Carolina
December 1, 2020**

Town of
S
outhern Pines
North Carolina

