

# COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDING  
JUNE 30, 2020

# Village of Whispering Pines North Carolina

## Comprehensive Annual Financial Report

For The Year Ended June 30, 2020

Prepared by Village of Whispering Pines Finance Department  
Cindy Graham, Finance Officer

Village of Whispering Pines, North Carolina

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Village of Whispering Pines, North Carolina

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# Introductory Section

# VILLAGE OF WHISPERING PINES

10 PINE RIDGE DRIVE  
WHISPERING PINES, NORTH CAROLINA 28327  
TELEPHONE: (910) 949-3141  
FAX: (910) 949-3907

September 10, 2020

The Honorable Mayor Alexa Roberts  
Members of the Village Council and Residents  
Village of Whispering Pines  
10 Pine Ridge Drive  
Whispering Pines, NC 28327

Dear Mayor Roberts, Members of the Village Council and Residents:

The Comprehensive Annual Financial Report (CAFR) of the Village of Whispering Pines, North Carolina is submitted for your review and use. This report has been prepared by the Village's Finance Department. It is the comprehensive publication of the Village's financial position and results of operations as of and for the fiscal year that ended June 30, 2020. The Village, like all other local governments in North Carolina, is required by state law to publish a complete set of financial statements within four months of the close of each fiscal year. The financial statements must be 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. This report is published to fulfill that requirement for the fiscal year that ended June 30, 2020, and to provide further accountability to residents and other interested parties by providing a more comprehensive report in lieu of the minimum basic financial statement requirements.

As a CAFR, this document provides financial detail and historical trends beyond the basic financial statements in the Financial Section. Supplementary Information includes details on capital project activity, the Village's Law Enforcement Special Separation Allowance, and information on other legally budgeted funds (i.e. Transportation Fund) that are consolidated with the General Fund for reporting purposes. A Statistical Section provides trend information on financial performance, debt capacity, demographic factors, and economic indicators as well as operating information. The Compliance Section includes a report on compliance and on internal control over financial reporting.

Village management is responsible for both the accuracy of the data and the completeness and fairness of the report. To ensure reliability of the information, Village management has established a comprehensive framework of internal controls. Internal controls protect the Village's assets from loss, theft and misuse and provide reliable information for the preparation of this report. Because the cost of internal controls should not outweigh their benefits, the Village's controls have been designed to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. As management, to the best of our knowledge and belief, this financial report is complete, accurate and reliable in all material respects.

As noted, the Village is required by state law to have an annual independent financial audit. The financial statements and supplemental schedules contained herein have been audited by the independent certified public accounting firm of Jyoti Singh, CPA, P.A. and that firm's unmodified ("clean") opinion is presented as the first component of the financial section of this report.

Management's discussion and analysis (MD&A) of the basic financial statements immediately follows the independent auditors' report and provides an introduction, overview, and expert analysis of the basic financial statements. The MD&A is designed to complement this letter of transmittal and should be read with that understanding.

Responsibility for the accuracy, completeness and fairness of the presentations, including all disclosures, rests with Village management. As management, we believe this financial report, as presented, is complete, accurate and reliable in all material respects.

### **Profile of the Village**

The Village of Whispering Pines, North Carolina was founded in 1959 and incorporated in 1969 and has the distinction of being the first municipality in North Carolina to be designated as a Village. The Village is located in Moore County, an area known as the Sandhills region of North Carolina with a population of approximately 3512. Whispering Pines has a land area of 4.2 square miles including eight lakes comprising approximately 438 acres. The Village is a residential community with significant recreational amenities that have attracted retirees for many years. Moreover, excellent schools in the Whispering Pines area and the close proximity to Fort Bragg military base has attracted younger families in the last decade, which has resulted in significant residential growth.

Whispering Pines is the fourth largest municipality in Moore County. The Village's population has increased by 584 or 20% since the 2010 census. Whispering Pines is empowered by state statute, on a limited basis, to extend its corporate limits through the annexation process. The Village has historically annexed property as a result of voluntary application by property owners.

The Village has operated under the council-manager form of government since 2008. Policy making and legislative authority are vested in the Village Council consisting of a Mayor and four other members. The council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring both the Village's manager and attorney. The council is elected at large and in turn selects a Mayor and Mayor Pro-Tempore from within the council membership. Members of the Village Council serve four-year staggered terms. The Village Manager is responsible for carrying out the policies and ordinances of the council, for overseeing the day-to-day operations of the Village, and for appointing the heads of the various departments.

The Village provides its residents with a full range of municipal services; including police protection and fire rescue services; solid waste services including household recycling service, maintenance of streets, lakes, dams and other infrastructure; zoning, including code enforcement and erosion and sedimentation control; and general administrative services.

The Village Council is required to adopt a budget by July 1 of each year. The Village is empowered to levy a property tax on both real and personal property located within its boundaries. The Village's budget ordinance creates a legal limit on spending authorizations, and serves as the foundation for the Village's financial planning and control. Legal budgetary control for the operating budget is exercised at the fund and department level. The Village Manager is authorized to transfer appropriations within departments and is also authorized to transfer appropriations up to \$10,000 between departments provided that an official report is given to council. All other transfers of appropriations require the approval of the council.

### **Local Economy**

The Village is a residential community with continued growth in the housing market. The Village issued a total of 47 residential permits in FY2019-20, a 6% decrease from FY2018-19. Residential

construction has been concentrated in subdivision phases approved in years 2013 and 2014. These subdivisions, along with an increase in construction activity on “in-fill” lots, have a positive impact on the Village tax base.

The Village continues to experience demand for housing as a result of the close proximity to Fort Bragg military base, located approximately 20 miles east of Whispering Pines. Data indicates a strong correlation between the increase in new residents and the increase in personnel employed at Fort Bragg. It is clear that a significant portion of the growth of Whispering Pines is due to the growth of Fort Bragg in both military and civilian employees.

The Village saw an increase in property tax revenue of approximately \$252,771 (12.6% increase) in the fiscal year ending June 30, 2020. This can be attributed to county-wide revaluations of assessed property values in January 2019 as well as residential home growth in the Village, as stated earlier. A strong Village tax base has enabled the Village to keep property tax rates at a moderate level while providing a high level of services to our residents.

As of June 30, 2020, the Moore County unadjusted unemployment rate was 7.5%, an increase of 70% from the prior year. Whispering Pines traditionally does not feel the effects of unemployment due to the demographic makeup of Village residents. However, it should be noted that the Covid-19 pandemic of 2020 created an abnormal unemployment environment.

The tourism industry contributes significantly to the economic well-being of Moore County. In normal years, this, along with a general improvement of the economy, has increased the Village's share of local option sales tax revenue. The first two quarters of FY2019-20 showed strong growth in local option sales tax revenue – an 11% increase year over year. However, during Quarter 3, sales tax growth fell to 8.8% with the onset of the Covid-19 pandemic, and Quarter 4 sales tax growth fell to a 4.7% increase year over year. Nevertheless, despite the pandemic, the Village realized \$68,605 (7.6%) more sales tax revenue than anticipated at fiscal year end June 30, 2020.

### **Financial Planning**

The Village is committed to maintaining a strong financial position. The Village maintains unassigned fund balance sufficient to maintain consistent cash flow, generate interest income, eliminate the need for short term borrowings, and provides flexibility for unanticipated opportunities and needs. At June 30, 2020, the General Fund's unassigned (available) fund balance of \$1,351,569 represents 29.9% of total General Fund expenditures of \$4,519,101. In addition, fiscally responsible budgeting has been a key factor in maintaining a fund balance within the average range for municipalities of similar size and well above the State requirements.

With the adoption of the 2020-21 budget ordinance, the Village Council approved a property tax rate increase of \$0.05 cents for a total property tax rate of \$0.42 cent per \$100 of assessed value (\$0.32 cents for general operations of the Village and \$0.10 cents for the Capital Reserve Major Repair Fund (CRMRF)). The CRMRF sets aside funds for repairs and improvements of major infrastructure, such as dams, bridges, roads, and buildings.

### **Major Initiatives**

The Village Council has several ongoing and completed initiatives to meet the needs of residents and improve the overall quality of life in the Village.

In prioritizing recommendations of a comprehensive Village Recreation and Open Space Master Plan, the Village Council continues to implement the goals set forth in the Plan and efforts continue to enhance recreational amenities for all residents. For this purpose, in August, 2019, the

Council acquired a 20-acre parcel (hereinafter referred to as "10 Hardee Lane") and appointed a committee to solicit input from residents on potential uses for the property. The Village Council accepted the recommendation from the committee which lists a variety of amenities to be considered for the property. The Village has retained a design professional to assist with a process to develop a conceptual master plan for 10 Hardee Lane.

The Village conducted a comprehensive assessment of the condition of all Village dams a few years back. Based on recommendations set forth in this study, the Village established a capital project fund July 2013 to begin the reconstruction of Spring Valley Dam spillway. The reconstruction plans were completed and submitted for approval to the NC State Dam Safety Office in April 2015. The Village received project approval from the State in February 2018.

Subsequently, the Spring Valley Dam Spillway project was awarded to Haren Construction Co., Inc. The project began July 2019 with a projected completion date of January 2020. Because the Local Government Commission, the state agency that oversees municipal debt, doesn't permit "horizontal" projects like the spillway project to be financed independently, the Village Council made a decision to combine it with a Fire Station Renovation project that was already designed and engineered. The renovation project was awarded to O'Conner Company of NC, Inc. Construction began April 2019 with a projected completion date of February 2020.

As of fiscal year-end, June 30, 2020, both the Spring Valley Dam Spillway project and the Fire Station Renovation project were successfully completed. The Spring Valley Dam Spillway total project cost was \$1,569,766, and the Fire Station Renovation total project cost was \$1,088,613.

Although the timing of other Capital Improvement Plan (CIP) projects is subject to change based on available funding, the Village Council has identified these additional high priority projects to be completed during FY2020-21: a) minor repairs of Cardinal & Pine Lake Dams and b) an investigation and repair/maintenance of the Thagard Lake Dam leak identified by NC Dam Safety. The CIP allocates \$100,000 from the Capital Reserve Major Repair Fund (CRMRF) for these projects.

The Village conducted an update to the Village Comprehensive Roadway Assessment. The master plan serves, during the budget process, as a systematic guide for prioritizing the maintenance and improvements to Village streets. The Village will continue with the "pay as you go" plan for street improvements that can be undertaken with Powell Bill funds (received from the State) as well as additional General Fund monies that are budgeted for in the next fiscal year. This method of infrastructure maintenance and improvement will continue annually.

## **AWARDS AND ACKNOWLEDGEMENTS**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Village of Whispering Pines for its comprehensive annual financial report for the fiscal year ended June 30, 2019. This was the eleventh consecutive year that the Village has received this prestigious award. In order to be awarded a Certificate of Achievement, a government 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. We believe that 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 its eligibility for another certificate.

The preparation of this report would not have been possible without the dedicated efforts of the Finance Department, as well as the cooperation of the other departments of the Village that assisted and contributed to the preparation of this report. I would like to thank Jyoti Singh, CPA, PA, the Village's independent auditor, for her assistance and guidance during this report's preparation, as well as Lloyd B. (Mac) McConnell, CPA, PA, for providing professional services in the preparation of the financial statements found in this financial report. Credit, also, must be given to the Mayor and the Village Council for their continued support, leadership, and professionalism in management of the Village's finances.

Respectfully submitted,

A handwritten signature in black ink that reads "Cindy Graham". The signature is written in a cursive, flowing style.

Cindy Graham  
Finance Officer

**Village of Whispering Pines, North Carolina**  
**Principal Officials**  
**June 30, 2020**

Village Council

Alexa Roberts	Mayor
Glenn Bernhard	Mayor Pro-tempore
Bob Zschoche	Council Member
Andy Conway	Council Member
Pam Harris	Council Member

Village Officials

Richard Lambdin	Fire Rescue Chief/Village Manager
Cindy Graham	Finance Officer
Linda Christopher	Village Clerk/Zoning Administrator/ Assistant Village Manager
Jason Graham	Police Chief
Bob Kissinger	Public Works Director



Government Finance Officers Association

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

Presented to

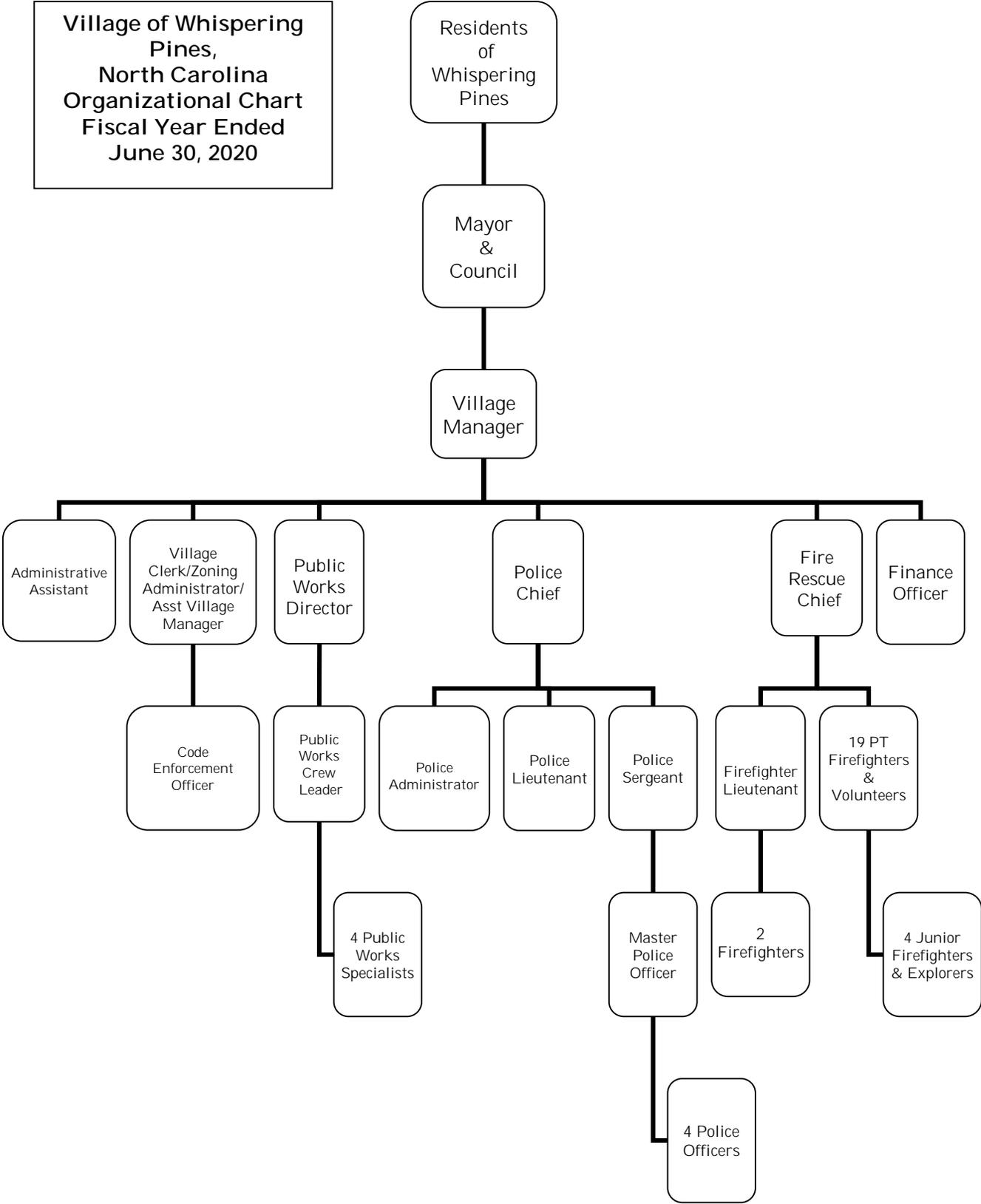
**Village of Whispering Pines  
North Carolina**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2019**

Executive Director/CEQ

Village of Whispering Pines,  
North Carolina  
Organizational Chart  
Fiscal Year Ended  
June 30, 2020



## Financial Section

J. Singh, CPA, P.A.  
Certified Public Accountant  
1101 Woodland Avenue  
Post Office Box 1663  
Sanford, North Carolina 27330-1663  
(919) 774-3284

### **Independent Auditors Report**

To the Honorable Mayor and  
Village Council  
Village of Whispering Pines, North Carolina

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

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Whispering Pines, North Carolina as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Village'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.

#### **Auditor's Responsibility**

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I 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 risks assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order 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, I express no such opinion. An audit also includes evaluation 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

## Opinion

In my opinion, based on my audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Village of Whispering Pines, North Carolina as of June 30, 2020, and the respective changes in financial position, 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's Schedules of the Proportionate Share of the Net Pension Asset and Contributions and the Firefighters' and Rescue Squad Workers' Pension Fund's Schedule of the Proportionate Share of Net Pension Liability, and the Law Enforcement Officers' Special Separation Allowance schedule 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 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. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

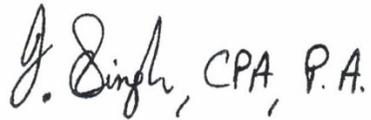
### Supplementary and Other Information

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statement of the Village of Whispering Pines, North Carolina. The introductory section, statistical schedule, 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 my opinion, based on my audit, the procedures performed as described above, the combining and individual fund financial statements, budgetary schedules and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report dated September 10, 2020 on my consideration of Village of Whispering Pines' internal control over financial reporting and on my 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 my 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 Village of Whispering Pines' internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "J. Singh, CPA, P.A." The signature is written in a cursive style.

Sanford, North Carolina 27330  
September 10, 2020

# Management Discussion and Analysis

## Management's Discussion and Analysis

As management of the Village of Whispering Pines, we offer readers of the Village of Whispering Pines' basic financial statements this narrative overview and analysis of the financial activities of the Village of Whispering Pines for the fiscal year ended June 30, 2020. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Village's basic financial statements, which follow this narrative.

### Financial Highlights

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- The assets and deferred outflows of resources of the Village of Whispering Pines exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$7,121,688 (net position).
- The government's total net position increased by \$328,186.
- As of the close of the current fiscal year, the Village of Whispering Pines' governmental funds reported combined ending fund balances of \$2,853,440 a decrease of \$2,293,140 in comparison with the prior year. Approximately 9.37 percent of this total amount or \$269,434 is nonspendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,351,569, or 29.90 percent of total general fund expenditures for the fiscal year.

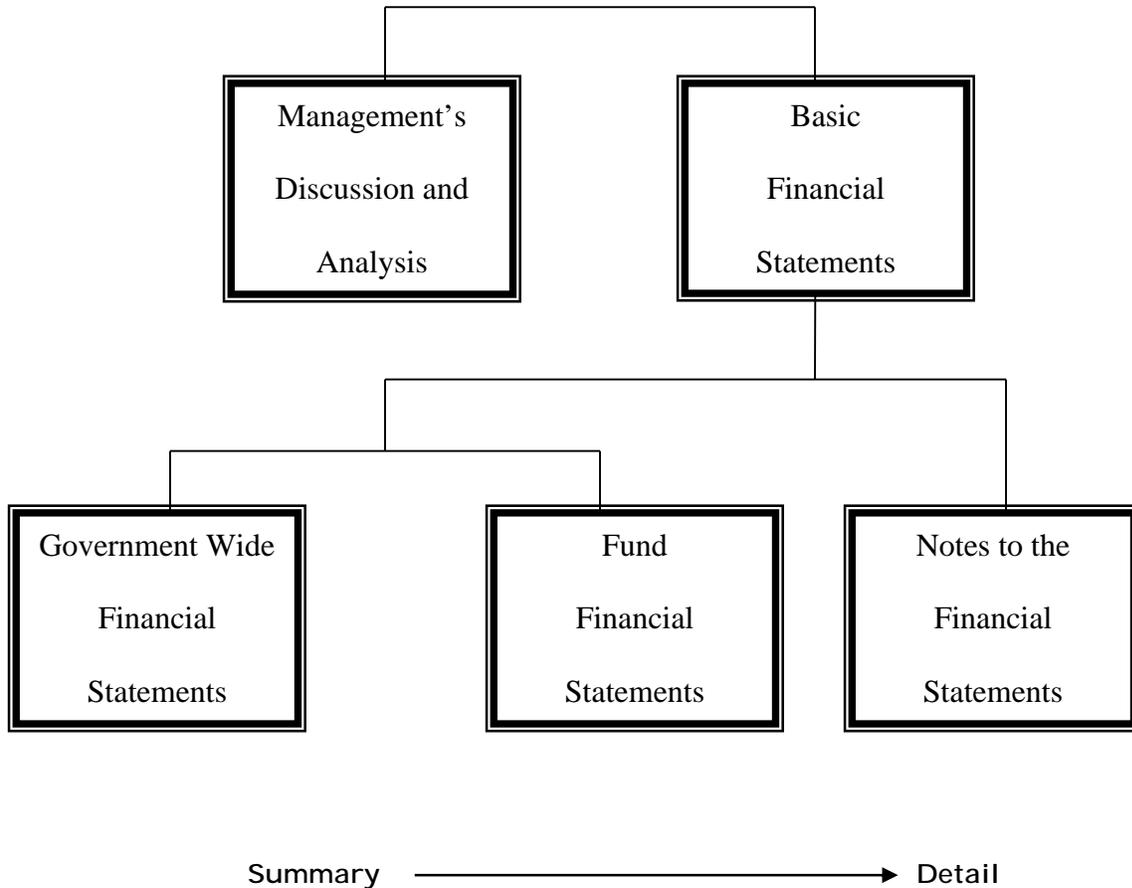
### Overview of the Financial Statements

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This discussion and analysis are intended to serve as an introduction to the Village of Whispering Pines' basic financial statements. The Village's 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 Village 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 Village of Whispering Pines.

## Required Components of Annual Financial Report

Figure 1



### Basic Financial Statements

The first two statements (Pages 22 – 23) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the Village's financial status.

The next statements (Pages 24 – 28) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Village's government. These statements provide more detail than the government-wide statements. There are two parts to the Fund Financial Statements, the governmental funds statements and the budgetary comparison statements.

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

## **Government-wide Financial Statements**

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The government-wide financial statements are designed to provide the reader with a broad overview of the Village'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 Village's financial status as a whole.

The two government-wide statements report the Village's net position and how they have changed. Net position is the difference between the Village'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 Village's financial condition.

The government-wide statements describe governmental activities and include most of the Village's basic services such as public safety, parks and recreation, and general administration. Property taxes, sales and other taxes, and state and federal grant funds finance most of these activities.

The government-wide financial statements are on pages 22 through 23 of this report.

## **Fund Financial Statements**

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The fund financial statements provide a more detailed look at the Village'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 Village of Whispering Pines, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Village's budget ordinance. The Village of Whispering Pines has one fund category, the governmental 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 Village'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 Village'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 Village of Whispering Pines 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 Village, the management of the Village, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Village to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Village complied with the budget ordinance and whether or not the Village 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 board; 2) the final budget as amended by the board; 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.

**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 basic financial statements are on pages 29 through 53 of this report.

**Interdependence with Other Entities** – The Village depends on financial resources flowing from, or associated with, both the Federal Government and the State of North Carolina. Because of this dependency, the Village 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.

**Other information** – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Village of Whispering Pines progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 54 of this report.

### **Government-Wide Financial Analysis**

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As year-to-year financial information is accumulated on a consistent basis changes in net position may be observed and used to discuss the changing financial position of the Village as a whole.

**Net Position**

The following (Figure 2) reflects condensed information of the Villages net position.

**Village of Whispering Pines  
 Net Position**

**Figure 2**

	2020	2019
Current and other assets	\$ 2,927,554	\$ 5,259,249
Capital assets (net of depreciation)	7,868,725	4,703,625
Total assets	10,796,279	9,962,874
Deferred outflows of resources	291,372	278,739
Long-term debt obligations	3,111,021	2,640,871
Other liabilities	836,902	779,441
Total Liabilities	3,947,923	3,420,312
Deferred inflows of resources	18,040	27,799
Net position:		
Net investment in capital assets	4,757,704	4,562,754
Restricted	1,477,122	1,290,113
Unrestricted	886,862	940,635
Total net position	\$ 7,121,688	\$ 6,793,502

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 Village of Whispering Pines exceeded liabilities and deferred inflows by \$7,121,688 as of June 30, 2020. The Village's net position increased by \$328,186 for the fiscal year ended June 30, 2020. However, the largest portion (66.80%) reflects the Village's net investment in capital assets (e.g. land, buildings, machinery, and equipment); less any related debt still outstanding that was issued to acquire those items. The Village of Whispering Pines uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village of Whispering Pines' net investment in 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 Village of Whispering Pines' net position, \$1,477,122, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$886,862 is unrestricted.

Several particular aspects of the Village's financial operations positively influenced the total unrestricted governmental net position including continued diligence in the collection of property taxes by maintaining a tax collection percentage of 99.65%, which compares favorably to the statewide average, increased property tax revenue of approximately \$252,771 and an increase in local option sales tax of \$43,564.

### Changes in Net Position

The Village's total revenues and expenses are reflected in Figure 3.

### Village of Whispering Pines Changes in Net Position

Figure 3

	<u>2020</u>	<u>2019</u>
Revenues:		
Program revenues:		
Charges for services	\$ 39,530	\$ 46,458
Operating grants and contributions	207,634	132,733
Capital grants and contributions	624	1,236
General revenues:		
Property taxes	2,271,244	2,010,968
Grants and contributions not restricted to specific programs	1,402,028	1,344,086
Unrestricted investment earnings	45,332	45,343
Other	54,951	12,822
Total revenues	<u>4,021,343</u>	<u>3,593,646</u>
Expenses:		
General Government	465,778	437,106
Public Safety	1,572,142	1,421,513
Transportation	649,422	544,814
Environmental protection	548,586	508,906
Economic and physical development	105,042	52,201
Cultural and recreational	262,774	233,247
Interest on long-term debt	89,415	4,019
Total expenses	<u>3,693,159</u>	<u>3,201,806</u>
Increase (decrease) in net position	<u>328,184</u>	<u>391,840</u>
Net position, beginning	<u>6,793,504</u>	<u>6,401,664</u>
Net position, June 30	<u><u>7,121,688</u></u>	<u><u>6,793,504</u></u>

**Governmental activities.** The Village's net position increased by \$328,184. While expenses for major functional activities varied significantly compared to the prior year due primarily to capital spending, totals for both revenues and expenses for the year compared favorably with prior year amounts.

## **Financial Analysis of the Village's Funds**

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

**Governmental Funds.** The focus of the Village of Whispering Pines' governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Village of Whispering Pines' financing requirements. Specifically, unreserved 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 Village of Whispering Pines. At the end of the current fiscal year, Village of Whispering Pines' fund balance available of the General Fund was \$2,561,461, while total fund balance reached \$2,828,691. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 29.96 percent of total General Fund expenditures, while total fund balance represents 62.59 percent of that same amount. At June 30, 2020, the governmental funds of the Village of Whispering Pines reported a combined fund balance of \$2,853,441, a decrease of \$2,293,139 compared to last year. Included in this change in fund balance is an increase in fund balance in certain Capital Project Funds. Major activities affecting fund balance during the year include the following:

### **General Fund:**

- An increase of \$252,771 in ad valorem tax revenue, primarily due to a property revaluation as well as new home developments in the Village.
- Land, building and equipment acquisitions of \$2,545,662.
- Increase in local option sales tax revenue of \$43,564 due to increased economic activity in the County and population growth within the Village.

### **Capital Projects Fund:**

- Fire Station Renovation – Current year fire station building renovation construction activity costs resulted in a decrease in fund balance of \$995,227.
- Spring Valley Dam Spillway – Fund balance decreased by \$1,516,660 primarily due to construction activity.
- Lake View Bridge Construction – Fund balance decreased by \$16,204 due to construction activities.

**General Fund Budgetary Highlights:** During the fiscal year, the Village 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.

## Capital Assets and Debt Administration

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**Capital assets.** The Village of Whispering Pines' investment in capital assets as of June 30, 2020, totals \$7,868,725 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year include:

- Capital projects construction activities (\$2,566,406).
- General government – multimedia system (\$5,542).
- Public safety, Police – motor vehicle acquisition and watchguard (\$45,282).
- Public safety, Fire –equipment acquisitions and pumper (\$505,321).
- Culture and Recreation – Land (\$370,283).
- Transportation – Ford F-250 truck, big Jon boat and land (\$48,105).

### Village of Whispering Pines' Capital Assets (net of depreciation)

Figure 4

Land	\$ 1,141,013
Construction in progress	36,707
Buildings	2,372,575
Improvements	3,272,703
Vehicles and motorized equipment	829,080
Other equipment	<u>216,647</u>
Total	<u>\$ 7,868,725</u>

Additional information on the Village's capital assets can be found on page 37 of the notes to the Basic Financial Statements.

## Long term debt

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As of June 30, 2020 the Village of Whispering Pines had the following long-term debt:

- On June 30, 2009, the Village entered into a \$425,000 installment purchase contract with a financial institution to finance the construction of a public works maintenance building. On September 17, 2013, the Village refinanced the outstanding balance of this debt, \$311,926, for seven years at an interest rate of 1.75%. This promissory note matures September 17, 2020 and is secured by a deed of trust on the construction site land and all improvements.
- On September 11, 2019, the Village executed a \$480,095 Financing Agreement with a financial institution for the purchase of one (1) new fire apparatus Spartan Metro Star MFD. The Transaction requires seven annual payments of \$74,723 including interest at the rate of 2.19 percent per annum. This debt is secured by the equipment purchased with the proceeds.
- On April 11, 2019, the Village executed a \$2,500,000 financing contract with a financial institution to finance the construction of the Spring Valley Dam Spillway (\$1,492,000) and the Village Fire Station Renovation Project (\$1,008,000). The transaction requires fifteen annual payments of \$167,000 plus interest at the rate of 3.26 percent per annum. All remaining principal and interest is due and payable on April 2, 2034. This debt is secured by

Management Discussion and Analysis  
 Village of Whispering Pines, North Carolina

a Deed of Trust in the fire station building located at 16 Hardee Lane, Whispering Pines, North Carolina.

- d. On August 20, 2019, the Village executed a \$300,000 promissory note with a financial institution to finance the purchase of 19.4 acres of land (Bibey Property). The transaction requires eighteen quarterly payments of \$15,789 each plus interest at 2.75% percent per annum. The note is collateralized by a first lien on the property purchased.

Village of Whispering Pines outstanding debt:

	2020	2019
Financing agreement	\$ 480,095	\$ -
Financing agreement	2,331,415	2,500,000
Promissory note	46,879	93,006
Promissory note	-	47,865
Promissory note	252,632	-
Total	<u>\$ 3,111,021</u>	<u>\$ 2,640,871</u>

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 legal debt margin of the Village of Whispering Pines is \$48,325,934.

Additional information regarding the Village of Whispering Pines long-term debt can be found beginning on page 37 of the Notes to the Financial Statements.

## **Economic Factors and Next Year's Budgets and Rates**

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The Village of Whispering Pines is located in an area of the State known for attractive retirement communities and golf resorts. Many Village residents are retirees attracted to the area because of the availability of golf, excellent health care and relatively low taxes, and middle and upper income families are attracted by the area's school system and low crime rate. While the Village is located in Moore County whose unemployment rate as a whole is comparable to the State rate, it is generally less affected by increases in unemployment and economic downturns because of the composition of its population. In addition, the Village is in close proximity to a major military base, Fort Bragg, and is benefiting economically from significant growth at the base in recent years.

### **Budget Highlights for the Fiscal Year Ending June 30, 2020**

**Governmental Activities:** The Village has approved a \$4,286,011 general fund budget for fiscal year 2021 with no general fund balance being appropriated. The property tax rate is \$0.42 per \$100 of assessed valuation, an increase of 5 cents from the prior year rate.

Overall, revenues are expected to show little change. Property tax revenues are projected to increase 3% as the Village experiences increased growth in home construction. General operating expenditures were held at a minimum level. Village employees will receive no cost of living adjustments but pay adjustments based on merit have been included in the budget and longevity pay remains as part of the budget.

### **Requests for Information**

This report is designed to provide an overview of the Village'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, Village of Whispering Pines, 10 Pine Ridge Drive, Whispering Pines, North Carolina 28327. You can also call (910) 949-3141, visit our website [www.whisperingpinesnc.net](http://www.whisperingpinesnc.net) or send an email to [cgraham@whisperingpinesnc.net](mailto:cgraham@whisperingpinesnc.net).

# Basic Financial Statements

# Government Wide Financial Statements

VILLAGE OF WHISPERING PINES, NORTH CAROLINA  
STATEMENT OF NET POSITION  
JUNE 30, 2020

	Governmental Activities	Total
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 1,436,172	\$ 1,436,172
Taxes receivables (net):	9,007	9,007
Due from other governments	267,230	267,230
Restricted cash and cash equivalents	1,215,145	1,215,145
Total current assets	<u>2,927,554</u>	<u>2,927,554</u>
Capital assets:		
Land and construction in progress	1,177,720	1,177,720
Other capital assets, net of depreciation	6,691,005	6,691,005
Total capital assets	<u>7,868,725</u>	<u>7,868,725</u>
Total assets	<u>\$ 10,796,279</u>	<u>\$ 10,796,279</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Pension deferrals (LGERS)	256,030	256,030
Pension deferrals (LEOSSA)	35,342	35,342
Total deferred outflows of resources	<u>291,372</u>	<u>291,372</u>
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 61,107	\$ 61,107
Deposits - restricted	4,000	4,000
Compensated absences-current	45,000	45,000
Debt obligations-current	341,244	341,244
Total current liabilities	<u>451,351</u>	<u>451,351</u>
Non-current liabilities:		
Net pension liability (LGERS)	412,369	412,369
Total pension liability (LEOSSA)	291,006	291,006
Compensated absences - noncurrent	23,420	23,420
Debt obligations - noncurrent	2,769,777	2,769,777
Total non-current liabilities	<u>3,496,572</u>	<u>3,496,572</u>
Total liabilities	<u>\$ 3,947,923</u>	<u>\$ 3,947,923</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Pension deferrals - LGERS	10,278	10,278
Pension deferrals - LEOSSA	7,762	7,762
Total deferred inflows of resources	<u>18,040</u>	<u>18,040</u>
<u>NET POSITION</u>		
Net investment in capital assets	4,757,704	4,757,704
Restricted for:		
Stabilization by State Statute	269,434	269,434
Transportation	1,207,688	1,207,688
Unrestricted	886,862	886,862
Total net position	<u>\$ 7,121,688</u>	<u>\$ 7,121,688</u>

VILLAGE OF WHISPERING PINES, NORTH CAROLINA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
Governmental activities						
General government	\$ 465,778	\$ 6,475	\$ -	\$ -	\$ (459,303)	\$ (459,303)
Public Safety	1,572,142	1,386	82,621	624	(1,487,511)	(1,487,511)
Transportation	649,420	-	122,352	-	(527,068)	(527,068)
Environmental protection	548,586	-	2,661	-	(545,925)	(545,925)
Economic and physical development	105,042	28,725	-	-	(76,317)	(76,317)
Cultural and recreational	262,774	2,944	-	-	(259,830)	(259,830)
Interest on long-term debt	89,415	-	-	-	(89,415)	(89,415)
Total governmental activities	<u>\$ 3,693,157</u>	<u>\$ 39,530</u>	<u>\$ 207,634</u>	<u>\$ 624</u>	<u>(3,445,369)</u>	<u>(3,445,369)</u>
General revenues:						
Taxes:						
Property taxes, levied for general purposes					2,271,244	2,271,244
Grants and contributions not restricted to specific programs					1,402,028	1,402,028
Unrestricted investment earnings					45,332	45,332
Donations					38,919	38,919
Miscellaneous					16,032	16,032
					<u>3,773,555</u>	<u>3,773,555</u>
					<u>328,186</u>	<u>328,186</u>
					<u>6,793,502</u>	<u>6,793,502</u>
					<u>\$ 7,121,688</u>	<u>\$ 7,121,688</u>

# Fund Financial Statements

VILLAGE OF WHISPERING PINES, NORTH CAROLINA  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2020

	Major Funds			Non-Major Funds		Total Governmental Funds
	General Fund	Capital Project Fire Station Renovation	Capital Project Spring Valley Dam Spillway	Capital Project Fund Lakeview Bridge	Special Revenue Fund - Coronavirus	
<b>ASSETS</b>						
Cash and cash equivalents	\$ 1,436,172	\$ -	\$ -	\$ -	\$ -	\$ 1,436,172
Restricted cash	1,188,197	-	19,090	7,858	-	1,215,145
Taxes receivable, net	9,007	-	-	-	-	9,007
Due from other funds	90,516	-	-	-	-	90,516
Due from other governments	178,913	7,114	9,777	-	71,426	267,230
<b>Total assets</b>	<b>\$ 2,902,805</b>	<b>\$ 7,114</b>	<b>\$ 28,867</b>	<b>\$ 7,858</b>	<b>\$ 71,426</b>	<b>\$ 3,018,070</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Accounts payable and accrued liabilities	\$ 61,107	\$ -	\$ -	\$ -	\$ -	\$ 61,107
Due to other funds	-	-	19,090	-	71,426	90,516
Deposits - restricted	4,000	-	-	-	-	4,000
<b>Total liabilities</b>	<b>65,107</b>	<b>-</b>	<b>19,090</b>	<b>-</b>	<b>71,426</b>	<b>155,623</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Property taxes receivable	9,007	-	-	-	-	9,007
<b>Total deferred inflows of resources</b>	<b>9,007</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,007</b>
<b>Fund balances:</b>						
Restricted						
Stabilization by State Statute	269,434	-	-	-	-	269,434
Committed:						
Transportation	1,207,688	-	-	-	-	1,207,688
Assigned						
Subsequent year's expenditures	-	7,114	9,777	7,858	-	24,749
Unassigned	1,351,569	-	-	-	-	1,351,569
<b>Total fund balances</b>	<b>2,828,691</b>	<b>7,114</b>	<b>9,777</b>	<b>7,858</b>	<b>-</b>	<b>2,853,440</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 2,902,805</b>	<b>\$ 7,114</b>	<b>\$ 28,867</b>	<b>\$ 7,858</b>	<b>\$ 71,426</b>	<b>\$ 3,018,070</b>

VILLAGE OF WHISPERING PINES, NORTH CAROLINA  
 BALANCE SHEET - GOVERNMENTAL FUNDS (CON'T)  
 JUNE 30, 2020

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Reconciliation of fund balance as reported in the balance sheet - governmental funds with net assets governmental activities:

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

Total Fund Balance, Governmental Funds		\$ 2,853,441
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		
Gross capital assets at historical cost	10,237,340	
Accumulated depreciation	<u>(2,368,615)</u>	7,868,725
Deferred outflows of resources related to pensions are not reported in the funds		291,372
Earned revenues considered deferred inflows of resources in fund statements.		9,006
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds		
Long-term debt	(3,111,021)	
Net Pension liability (LGERS)	(412,369)	
Total pension liability (LEOSSA)	<u>(291,006)</u>	(3,814,396)
Deferred inflows of resources related to pensions are not reported in the funds		(18,040)
Other long-term liabilities (compensated absences) are not due and payable in the current period and therefore are not reported in the funds.		<u>(68,420)</u>
Net position of governmental activities		<u>\$ 7,121,688</u>

VILLAGE OF WHISPERING PINES, NORTH CAROLINA  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANACE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020

	Major Funds			Non-Major Funds		Total
	General Fund	Capital Project Fire Station Renovation	Capital Project Spring Valley Spillway	Capital Project Lakeview Bridge	Special Revenue Coronavirus Relief Fund	
Revenues:						
Ad valorem taxes	\$ 2,264,866	-	-	-	-	\$ 2,264,866
Unrestricted intergovernmental	1,402,028	-	-	-	-	1,402,028
Restricted intergovernmental	137,032	-	-	-	71,426	208,458
Permits and fees	31,481	-	-	-	-	31,481
Investment earnings	28,414	6,336	10,582	-	-	45,332
Sales and service	24,855	-	-	-	-	24,855
Other general revenues	68,362	-	-	-	-	68,362
Total revenues	<u>3,957,038</u>	<u>6,336</u>	<u>10,582</u>	<u>-</u>	<u>71,426</u>	<u>4,045,382</u>
Expenditures:						
Current:						
General government	442,512	-	-	-	-	442,512
Public safety	1,834,054	995,227	-	-	71,426	2,900,707
Transportation	625,500	-	-	16,204	-	641,704
Environmental protection	548,586	-	-	-	-	548,586
Economic and physical development	100,902	-	-	-	-	100,902
Cultural and recreational	568,187	-	1,516,658	-	-	2,084,845
Debt service	399,360	-	-	-	-	399,360
Total expenditures	<u>4,519,101</u>	<u>995,227</u>	<u>1,516,658</u>	<u>16,204</u>	<u>71,426</u>	<u>7,118,616</u>
Revenues over (under) expenditures	<u>(562,063)</u>	<u>(988,891)</u>	<u>(1,506,076)</u>	<u>(16,204)</u>	<u>-</u>	<u>(3,073,234)</u>
Other financing sources (uses):						
Long-term debt proceeds	780,095	-	-	-	-	780,095
Transfer from other funds	-	28,564	-	-	-	28,564
Transfer to other funds	(9,472)	-	(19,092)	-	-	(28,564)
Total other financing sources (uses)	<u>770,623</u>	<u>28,564</u>	<u>(19,092)</u>	<u>-</u>	<u>-</u>	<u>780,095</u>
Net Change in fund balances	208,560	(960,327)	(1,525,168)	(16,204)	-	(2,293,139)
Fund balance, beginning of year	<u>2,620,131</u>	<u>967,441</u>	<u>1,534,946</u>	<u>24,062</u>	<u>-</u>	<u>5,146,580</u>
Fund balance, end of year	<u>\$ 2,828,691</u>	<u>\$ 7,114</u>	<u>\$ 9,778</u>	<u>\$ 7,858</u>	<u>\$ -</u>	<u>\$ 2,853,441</u>

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

**VILLAGE OF WHISPERING PINES, NORTH CAROLINA  
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT  
OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2020**

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

Net change in fund balances - total governmental funds \$ (2,293,139)

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.

Capital outlay expenditures which were capitalized	3,471,655
Current year depreciation	(306,555)

Contributions to the pension plans in the current fiscal year are not included on the Statement of Activities	112,504
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The issuance of long-term debt provides current financial resources to governmental funds while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any affect on net position. This amount is the net effect of these differences in the treatment of long-term debt

Promissory notes proceeds	(780,095)	
Principal payments on long-term debt	<u>309,945</u>	(470,150)

Some expenses reported in the statement of activities do not require the use current financial resources and therefore, are not reported as expenditures in governmental funds (net):

Compensated absences	16,048
Pension expense	(208,555)

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

Changes in unavailable revenues for tax revenues	<u>6,378</u>
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Total changes in net position of governmental activities.	<u>\$ 328,186</u>
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VILLAGE OF WHISPERING PINES, NORTH CAROLINA  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET TO ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2020

	General Fund			Variance with final Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
Ad valorem taxes	\$ 2,232,003	\$ 2,232,003	\$ 2,264,866	\$ 32,863
Unrestricted intergovernmental	1,293,898	1,323,823	1,402,028	78,205
Restricted intergovernmental	118,361	131,583	137,032	5,449
Permits and fees	33,800	32,039	31,481	(558)
Investment earnings	32,000	32,000	24,177	(7,823)
Sales and Services	23,517	37,600	24,855	(12,745)
Other general revenues	31,000	76,632	68,362	(8,270)
Total revenues	<u>3,764,579</u>	<u>3,865,680</u>	<u>3,952,801</u>	<u>87,121</u>
<b>EXPENDITURES</b>				
Current:				
General government	474,578	452,884	442,512	10,372
Public safety	1,369,174	1,938,731	1,834,054	104,677
Transportation	598,414	743,428	625,500	117,928
Environmental protection	541,258	549,258	548,586	672
Economic and physical development	104,289	104,667	100,902	3,765
Cultural and recreational	207,993	578,032	568,187	9,845
Debt service	346,922	400,242	399,360	882
Contingency	9,799	-	-	-
Total expenditures	<u>3,652,427</u>	<u>4,767,242</u>	<u>4,519,101</u>	<u>248,141</u>
Revenues over (under) expenditures	<u>112,152</u>	<u>(901,562)</u>	<u>(566,300)</u>	<u>335,262</u>
Other financing sources (uses)				
Long-term debt proceeds	-	780,140	780,095	(45)
Transfer to other funds	(112,152)	(119,619)	(119,619)	-
Total other financing sources (uses)	<u>(112,152)</u>	<u>660,521</u>	<u>660,476</u>	<u>(45)</u>
Fund balance appropriated	-	241,041	-	241,041
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>94,176</u>	<u>\$ 94,176</u>
Fund balance, beginning of year			<u>1,526,827</u>	
Fund balance, end of year			<u>\$ 1,621,003</u>	
Certain other legally budgeted funds are consolidated into the General Fund for reporting purposes. Details are as follows:				
	<u>Transportation</u>			
Interest Income	4,237			
Expenditures	-			
Transfer from General Fund	119,619			
Transfer from capital project funds	44,425			
Transfer to capital project fund	(53,897)			
Fund balance, beginning of year	<u>1,093,304</u>			
Fund balance, end of year	<u>2,828,691</u>			

## Notes to the Financial Statements

These notes are intended to communicate information necessary for a fair presentation of financial position and results of operations that are not readily apparent from, or cannot be included in, the financial statements themselves. The notes supplement the financial statements, are an integral part thereof, and are intended to be read in conjunction with the financial statements.

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Village of Whispering 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 Village of Whispering Pines is a municipal corporation, which is governed by a five member Village council including a mayor appointed by the council. The Village operates under a Council-Manager form of government. As required by generally accepted accounting principles the Village would include any component unit for which it is financially accountable. For the year ended June 30, 2020, no component units were included in the basic financial statements.

**B. Basis of Presentation**

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government. These statements include the financial activities of the overall government. 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 Village. 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. For the year ended June 30, 2020, the Village had no business type activities.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Village'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, if any, 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 Village's funds. Separate statements for each fund category are presented. The emphasis of fund financial statements is on major government funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

The Village reports the following major governmental funds:

**General Fund** - The General Fund is the general operating fund of the Village. The General Fund accounts 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, street maintenance and construction, and sanitation services. Additionally, the Village has legally adopted a Cultural and Recreation Fund for major equipment and replacement activities and a Transportation Fund for major repairs. Under GASB 54 guidance these are consolidated in the General Fund. Budgetary comparisons for the other legally budgeted funds (Cultural and Recreational, and Transportation) have been included in the supplemental information.

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**Capital Projects Fund (Fire Station Renovation)** – accounts for costs incurred in connection with the renovation of the Village Fire Station.

**Capital Projects Fund (Spring Valley Dam Spillway)** – accounts for costs incurred in connection with the Spring Valley Dam Spillway Project.

**C. Measurement Focus and Basis of Accounting**

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

**Government-wide Financial Statements.** The government-wide financial statements are reported using the economic resources measurement focus. The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Village gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

**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 in 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 Village 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 the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor 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 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the Village of Whispering Pines are recognized as revenue. Sales taxes are considered a shared revenue for the Village of Whispering Pines because the tax is levied by Moore County and then remitted to and distributed by the State. Most 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 Village of Whispering Pines 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

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the program. It is the Village'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 Village's budgets are adopted as required by the North Carolina General Statutes. Project ordinances are adopted for Capital Projects. All annual appropriations lapse at the fiscal-year end. 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 object level for multiyear funds. Amendments are required for any revisions that alter total expenditures of any fund. All amendments must be approved by the governing board. During the year, several amendments to the original budget were necessary. 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 Village are made in council-designated official depositories and are secured as required by State law [G.S. 159-31]. The Village may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the Village 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 Village to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain nonguaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT). The Villages 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) external investment pool, is measured at fair value. The NCCMT- Term Portfolio is a bond fund, has no rating and is measured at fair value. As of June 30, 2020, the Term portfolio has a duration of .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.

**2. Cash and Cash Equivalents**

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

**3. Restricted Assets**

Money in the Transportation Fund is classified as restricted assets in the general fund because its use is restricted for these activities per NC G.S. Chapter 159, Article 3, Part 2. Contractor deposits held by the Village to cover any costs incurred by the Village related to the work of the contractor and which are returned to the contractor upon issuing a certificate of occupancy are also restricted assets. Cash balances in Capital Project funds are restricted and are only available for designated projects as approved by council. The Village had no unspent Powell Bill funds. Powell Bill funds are classified as restricted cash because they can be expended only for the purposes of maintaining,

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repairing, constructing, reconstructing or widening of local streets per G.S. 136-41.1 through 136-41.4.

Village of Whispering Pines Restricted Cash

Contractor deposits	\$ 4,000
Capital Projects funds	26,948
Other legally budgeted funds - Transportation	<u>1,184,197</u>
Total Restricted Cash	<u>\$ 1,215,145</u>

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Village levies ad valorem taxes on property other than motor vehicles on July 1<sup>st</sup>, the beginning of the fiscal year. The taxes are due on September 1<sup>st</sup> (lien date); however, interest does not accrue until the following January 6<sup>th</sup>. These 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 and is determined primarily by the age of the receivable and managements opinion of its collectibility.

6. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: Buildings, improvements, furniture and equipment, and vehicles, \$5,000. Donated capital assets received prior to June 15, 2019 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2019 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. General infrastructure capitalization cost is \$100,000. The cost of normal maintenance and repairs that do not add to the value of the asset or materially expend assets' lives are not capitalized.

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	50
Buildings	20 - 50
Improvements	10 - 50
Vehicles	5 - 12
Furniture and equipment	5 - 10
Computer equipment	3

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7. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for 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 Village has contributions made to the pension plan in the 2020 fiscal year that meet this criterion. In addition to liabilities, the statement of financial position will sometimes report a separate section for 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 Village has only two items that meet the criterion for this category – prepaid taxes, property taxes receivable, and pension deferrals.

8. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position.

9. Compensated Absences

The vacation policy of the Village provides for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. Effective with the last payroll in the calendar year, any employee with more than 30 days of accumulated vacation leave shall have the excess accumulation removed so that only 30 days are carried forward to January 1 of the next calendar year. The excess amount removed is converted to sick leave and added to the employee's sick leave balance. Employees are required to take a minimum of 5 days of vacation during each calendar year. For the Village's government-wide fund, an expense and a liability for compensated absences and the salary related payments are recorded as the leave is earned. The Village has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

The Village'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 the length of service for retirement benefit purposes. Since the Village has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

10. Net Position/Fund Balances

Net Position

Net Position in government-wide financial statements are classified as net investment in capital assets, net of related debt; restricted; and unrestricted. Restricted net position represent constraints on resources that are either externally imposed by creditors, grantors, contributors, or law 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.

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The government 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.

Due from other funds – portion of fund balance that is not an available resource because it represents the year-end balance of long-term amounts due from other funds, which are not spendable resources.

**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 – North Carolina G.S. 159-8 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 balance sheet.

**Committed for Transportation** – portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of Village of Whispering Pines' governing body (highest level of decision-making authority). The governing body can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

**Assigned fund balance** – portion of fund balance that Village of Whispering Pines intends to use for specific purposes.

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 in the budget ordinance.

The Village Council has the sole authority to assign fund balance, and any such assignments must be approved in a formal meeting of the Village Council.

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

The Village of Whispering Pines has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following

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hierarchy: bond proceeds, federal funds, State funds, local non-city funds, city funds. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Finance officer has the authority to deviate from this policy if it is in the best interest of the Village.

The Village of Whispering Pines has not adopted a minimum fund balance policy for the general fund.

11. Defined Benefit Cost-Sharing Plans

For purposes of measuring the net position asset, 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 Village of Whispering Pine's employer contributions are recognized when due and the Village of Whispering Pine 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.

For purposes of measuring the net pension expense, information about the fiduciary net position of the Firefighters' and Rescue Squad Workers' Pension Fund (FRSWPF) and additions to/deductions from FRSWPF's fiduciary net position have been determined on the same basis as they are reported by FRSWPF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**II. DETAIL NOTES ON ALL FUNDS**

**A. Assets**

1. Deposits

All the deposits of the Village 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 Village's agents in these units' names. 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 Village, these deposits are considered to be held by the Village'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 Village or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Village 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 Village has no policy regarding custodial credit risk for deposits.

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At June 30, 2020, the Village's deposits had a carrying amount of \$1,555,318 and a bank balance of \$1,634,378. Of the bank balance, \$500,000 was covered by federal depository insurance; \$1,134,378 was covered by collateral held under the pooling method.

2. Investments

North Carolina general Statute 159-30 (a) authorizes the Village 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, an SEC registered mutual fund. At year-end, the Village's investments with the North Carolina Capital Management Trust had a carrying amount of \$1,095,999, and a fair value of \$1,095,999. At June 30, 2020, the North Carolina Capital Management Trust's Government Portfolio carried a credit rating of AAAM by Standard and Poors. The Village has no policy regarding credit risk.

3. Receivables

a. Due from other governmental agencies

At June 30, 2020 amounts due from other governmental agencies by source consist of the following:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
State:			
Local option sales tax	\$ 145,601	\$ -	\$ 145,601
Sales tax refunds	19,020	16,892	35,912
Moore County	<u>85,718</u>	<u>7,114</u>	<u>92,832</u>
Total	<u>\$ 250,339</u>	<u>\$ 24,006</u>	<u>\$ 274,345</u>

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4. Capital Assets

Primary Government

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

	Beginning Balance	Additions	Disposals	Ending Balances
<b>Governmental activities:</b>				
Capital assets not being depreciated				
Land	\$ 773,158	\$ 367,855	\$ -	\$ 1,141,013
Construction in progress	166,995	16,204	146,492	36,707
Total capital assets not being depreciated	<u>940,153</u>	<u>384,059</u>	<u>146,492</u>	<u>1,177,720</u>
Capital assets being depreciated:				
Building	1,882,364	1,088,613	-	2,970,977
Improvements	2,194,768	1,569,766	-	3,764,534
Vehicles and motorized equipment	1,314,659	571,996	145,521	1,741,134
Other equipment	548,342	34,633	-	582,975
Total capital assets being depreciated	<u>5,940,133</u>	<u>3,265,008</u>	<u>145,521</u>	<u>9,059,620</u>
<b>Less accumulated depreciated for:</b>				
Buildings	552,903	45,499	-	598,402
Improvements	429,190	62,641	-	491,831
Vehicles and motorized equipment	885,494	141,161	114,601	912,054
Other equipment	309,074	57,254	-	366,328
Total accumulated depreciation	<u>2,176,661</u>	<u>306,555</u>	<u>114,601</u>	<u>2,368,615</u>
Total capital assets being depreciated, net	<u>3,763,472</u>	<u>2,958,453</u>	<u>30,920</u>	<u>6,691,005</u>
<b>Governmental activity capital assets, net</b>	<u>\$ 4,703,625</u>	<u>\$ 3,342,512</u>	<u>\$ 177,412</u>	<u>\$ 7,868,725</u>

Depreciation expense was charges to functions/programs as follows:

General government	\$ 11,482
Public safety	170,240
Culture and Recreation	60,660
Public Building	2,312
Transportation	61,861
Total	<u>\$ 306,555</u>

Construction Commitments

The Village of Whispering Pines has active the following active construction project commitment as of June 30, 2020:

Project	Spent-to-date	Remaining Commitment
Lakeview Bridge Construction Project	\$ 36,707	\$ 7,843

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B. Liabilities

1. Deposits

The Village requires all developers who apply for subdivision or site plan approval to make a deposit based on the permits & fees schedule to cover any costs incurred by the Village related to the work of the developer. Unused deposits are returned upon completion of the project. At June 30, 2020 the Village held deposits totaling \$4,000 reported as restricted assets.

2. Long-Term Debt

- a. On June 30, 2009 the Village entered into a \$425,000 installment purchase contract with a financial institution to finance the construction of a public works maintenance building. On September 17, 2013, the village refinanced the outstanding balance of this debt, \$311,926, for seven years at an interest rate of 1.75%. This promissory note matures September 17, 2020 and is secured by a deed of trust on the construction site land and all improvements.

Debt Service requirements on the promissory note are as follows:

Year Ending June 30	Principal	Interest	Total
2021	\$ 46,879	\$ 820	\$ 47,699
Total	<u>\$ 46,879</u>	<u>\$ 820</u>	<u>\$ 47,699</u>

- b. On August 20, 2019, the Village executed a \$300,000 promissory note with a financial institution to finance the purchase of a 19.4 acres of land (Bibey Property). The transaction requires eighteen quarterly payments of \$15,789 each plus interest at 2.75%, beginning on November 20, 2019. The final payment will be due on May 20, 2024 and will be for all principal and all interest not yet paid. The note is collateralized by a first lien on the property purchased.

Debt service requirements on this note are as follows:

Year Ending June 30	Principal	Interest	Total
2021	\$ 63,158	\$ 7,044	\$ 70,202
2022	63,158	6,263	69,421
2023	63,158	4,175	67,333
2024	<u>63,158</u>	<u>2,088</u>	<u>65,246</u>
Total	<u>\$ 252,632</u>	<u>\$ 19,569</u>	<u>\$ 272,201</u>

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- c. On April 11, 2019, the Village executed a \$2,500,000 financial contract with a financial institution to finance the construction of the Spring Valley Dam Spillway (\$1,492,000) and the Village Fire Station Renovation Project (\$1,008,000). The transaction requires fifteen annual payments of \$167,000 plus interest at the rate of 3.26 percent per annum. All remaining principal and interest are due and payable on April 2, 2034. This debt is secured by a Deed of Trust on the fire station building located at 16 Hardee Lane, Whispering Pines, North Carolina.

Debt service requirements on this note are as follows:

Year Ending June 30	Principal	Interest	Total
2021	\$ 167,000	\$ 77,060	\$ 244,060
2022	167,000	71,540	238,540
2023	167,000	66,020	233,020
2024	167,000	60,500	227,500
2025	167,000	54,981	221,981
2026 - 2030	835,000	192,105	1,027,105
2031 - 2034	661,415	54,328	715,743
Total	<u>\$ 2,331,415</u>	<u>\$ 576,534</u>	<u>\$ 2,907,949</u>

- d. On September 11, 2019, the Village executed a \$480,095 financial agreement with a financial institution to finance the purchase of one (1) new fire apparatus Spartan Metro Star MFD. The transaction requires seven annual payments of \$74,723 including interest at the rate of 2.19 percent per annum. This debt is secured by the equipment purchased with the proceeds.

Debt service requirements on this note are as follows:

Year Ending June 30	Principal	Interest	Total
2021	\$ 64,209	\$ 10,514	\$ 74,723
2022	65,615	9,108	74,723
2023	67,052	7,671	74,723
2024	68,521	6,202	74,723
2025	70,021	4,702	74,723
2026 - 2027	144,677	4,770	149,447
Total	<u>\$ 480,095</u>	<u>\$ 42,967</u>	<u>\$ 523,062</u>

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3. Changes in long-term debt

During the year ended June 30, 2020. The following changes occurred in liabilities reported in long-term debt.

	<u>July 1, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2020</u>	<u>Current Portion</u>
Governmental activities:					
Promissory Note	\$ -	\$ 300,000	\$ 47,368	\$ 252,632	\$ 63,158
Financing agreement	-	480,095	-	480,095	64,209
Promissory Note	47,865	-	47,865	-	-
Financing contract	2,500,000	-	168,585	2,331,415	167,000
Installment purchase contract	93,006	-	46,127	46,879	46,879
Compensated absences	84,468	49,758	65,806	68,420	45,000
Net pension liability (LGERS)	336,873	75,496	-	412,369	-
Total pension liability (LEO)	<u>248,060</u>	<u>42,946</u>	<u>-</u>	<u>291,006</u>	<u>-</u>
Totals	<u>\$ 3,310,272</u>	<u>\$ 948,295</u>	<u>\$ 375,751</u>	<u>\$ 3,882,816</u>	<u>\$ 386,246</u>

Compensated absences have typically been liquidated by the general fund.

At June 30, 2020 the Village's legal debt margin is \$48,325,934.

4. Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System

**Plan Description.** The Village of Whispering 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 government 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 State 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 27600-1410, or by calling (919) 981-5454 or at [www.osc.nc.gov](http://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

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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 also 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 return of the member's contributions.

Contributions. Contributions provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Village of Whispering Pines employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Village of Whispering Pines' contractually required contribution rate for the year ended June 30, 2020, was 9.70% of compensation for law enforcement officers and 9.03% 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 Village of Whispering Pines were \$100,912 for the year ended June 30, 2020.

Contributions made after the measurement date of the net pension liability/collective net pension liability but before the end of the employer's or governmental nonemployer contributing entity's reporting period will be recognized as a reduction of the net pension liability/collective net pension liability in the subsequent fiscal period rather than in the current fiscal year.

Refunds of Contributions – Village 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 Village reported as a liability of \$412,369 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 Village's proportion of the net pension asset was based on a projection of the Village'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, the Village's proportion was .01510%, which was an increase of 0.0009% from its proportion measured as of June 30, 2018.

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For the year ended June 30, 2020, the Village recognized pension expense of \$180,696. At June 30, 2020, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 70,608	\$ -
Changes in assumptions	67,209	-
Net difference between projected and actual earnings on pension plan investments	10,058	-
Changes in proportion and difference between Village contributions and proportionate share of contributions Village contributions subsequent to the measurement date	7,242	-
	<u>100,913</u>	<u>10,278</u>
Total	<u>\$ 256,030</u>	<u>\$ 10,278</u>

\$100,913 reported as deferred outflows of resources related to pensions resulting from Village contribution subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2020	\$ -
2021	70,436
2022	20,783
2023	40,385
2024	13,234
Thereafter	-

The general fund is used to liquidate pension liabilities.

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 rates also contain a provision to reflect future mortality improvements.

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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 estimate of arithmetic real rates of return for each major asset class as of June 30, 2019 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	6.0%	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.

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 Village's proportionate share of the net pension asset to changes in the discount rate. The following presents the Village's proportionate share of the net pension asset calculated using the discount rate of 7.00 percent, as well as what the Village'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:

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	1% Decrease <u>(6.00%)</u>	Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
Village's proportionate share of the net pension liability (asset)	\$ 943,164	\$ 412,369	\$ (28,829)

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

i. Plan Description.

The Village of Whispering Pines administers a public employee retirement system (the Separation Allowance), a single-employer defined benefit pension plan that provides retirement benefits to the Village'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 .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time law enforcement officers of the Village are covered by the Separation Allowance. At December 31, 2019, the Separation Allowance's membership consisted of:

Retirees receiving benefits	1
Terminated plan members entitled to but not yet receiving benefits	0
Active plan members	<u>8</u>
Total	<u><u>9</u></u>

ii. Summary of Significant Accounting Policies:

Basis of Accounting. The Village 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 following criteria which are outlined in GASB Statements 73.

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iii. 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 yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2019.

Mortality rates are based on the RP-2000 Mortality tables with adjustments for mortality improvements based on Scale AA.

iv. Contributions.

The Village 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 Village'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. No 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 Village reported a total pension liability of \$291,006. 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 incorporation the actuarial assumptions. For the year ended June 30, 2020, the Village recognized pension expense of \$27,860.

	Deferred Outflows of	Deferred Inflows of
Differences between expected and actual experience	\$ 22,149	\$ 268
Changes of assumptions	13,193	7,494
Village benefit payments and plan administrative expense made subsequent to the measurement date	-	-
<b>Total</b>	<b>\$ 35,342</b>	<b>\$ 7,762</b>

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

Year ended June 30:	Deferred Outflows of Resources (a)	Deferred Inflows of Resources (b)	Pension Expense as an increase or (decrease) to Pension Expense (a) - (b)
2021	\$ 7,919	\$ 2,221	\$ 5,698
2022	7,919	2,221	5,698
2023	7,919	1,876	6,043
2024	6,270	1,418	4,852
2025	5,315	26	5,289
Thereafter	-	-	-

Sensitivity of the Village's total pension liability to changes in the discount rate. The following presents the Village's total pension liability calculated using the discount rate of 3.26 percent, as well as what the Village'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:

	1% Decrease (2.26%)	Discount Rate (3.26%)	1% Increase (4.26%)
Total pension liability	\$ 313,009	\$ 291,006	\$ 271,123

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

	2020
Beginning balance	\$ 248,060
Service Cost	13,344
Interest on the total pension liability	8,818
Changes of benefit terms	-
Difference between expected and actual experience in the measurement of the total pension liability	24,583
Changes of assumptions or other inputs	7,793
Benefits payments	(11,592)
Other changes	-
Ending balance of the total pension liability	<u>\$ 291,006</u>

The plan currently uses mortality tables that vary by age, and health status (i.e. disabled and health). 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 period January 1, 2010 through December 31, 2014.

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**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	\$ 180,696	\$ 27,860	\$ 208,556
Pension Liability	412,369	291,006	703,375
Proportionate share of the net pension liability	0.15100%	n/a	
Deferred of Outflows of Resources			
Differences between expected and actual experience	70,608	22,149	92,757
Changes of assumptions	67,209	13,193	80,402
Net difference between projected and actual earnings on plan investments	10,058	-	10,058
Changes in proportion and differences between contributions and proportionate share of contributions	7,242	-	7,242
Village contributions subsequent to the measurement date	100,913	-	100,913
Benefit payments and administrative costs paid subsequent to the measurement date	-	-	-
Deferred of Inflows of Resources			
Differences between expected and actual experience	-	268	268
Changes of assumptions	-	7,494	7,494
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	10,278	-	10,278

c. Supplemental Retirement Income Plan for Law Enforcement Officers

**Plan Description.** The Village 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 Village. 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 Village 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.

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The Village made contributions of \$20,556 for the reporting year. No amounts were forfeited. The Village has also elected for all permanent, full-time employees not engaged in law enforcement to be covered under the Supplemental Retirement Income Plan. The Village contributes 5% of employees' monthly compensation to the plan, and the employees may make voluntary contributions. The Village made contributions of \$33,796 for the reporting year.

d. Firefighter's and Rescue Squad Workers' Pension Fund

**Plan Description.** The State of North Carolina contributes, on behalf of the Village of Whispering Pines, to the Firefighter's and Rescue Squad Workers' Pension Fund (FRSWPF), a cost-sharing multiple-employer defined pension plan with a special funding situation administered by the State of North Carolina. FRSWPF provides pension benefits for eligible fire and rescue squad workers who have elected to become members of the fund. Article 86 of G.S. Chapter 58 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. 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 state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Firefighter's and Rescue Squad Workers' Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Firefighter's and Rescue Squad Workers' Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27649-1410, or by calling (919) 981-5454, or at [www.osc.nc.gov](http://www.osc.nc.gov).

**Benefits Provided.** FRSWPF provides retirement and survivor benefits. The present retirement benefit is \$170 per month. Plan members are eligible to receive the monthly benefits at age 55 with 20 years of creditable service as a firefighter or rescue squad worker, and have terminated duties as a firefighter or rescue squad worker. Eligible beneficiaries of members who die before beginning to receive the benefit will receive the amount paid by the member and contributions paid on the member's behalf into the plan. Eligible beneficiaries of members who die after beginning to receive benefits will be paid the amount the member contributed minus the benefits collected.

**Contributions.** Plan members are required to contribute \$10 per month to the plan. The State, a non-employer contributor, funds the plan through appropriations. The Village does not contribute to the plan. Contribution provisions are established by General Statute 58-86 and may be amended only by the North Carolina General Assembly.

**Refunds of Contributions –** Plan members who are no longer eligible or choose not to participate in the plan may file an application for a refund of their contributions. Refunds include the member's contributions and contributions paid by others on the member's behalf. No interest will be paid on the amount of the refund. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefits provided by FRSWPF.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources**

At June 30, 2020, The Village reported no liability for its proportionate share of the net pension liability, as the State provided 100% pension support to the Village through its appropriations to the FRSWPF. The total portion of the net pension liability that was associated with the Village and supported by the State was \$21,264. 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

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to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions. The Village's proportion of the net pension liability was based on a projection of the Village's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers. As the Village is not projected to make any future contributions to the plan, its proportionate share at June 30, 2019 and at June 30, 2018 was 0%.

For the year ended June 30, 2020, the Village recognized pension expense of \$11,195 and revenue of \$11,195 for support provided by the State. At June 30, 2020, the Village reported no deferred outflows of resources and no deferred inflows of resources related to this pension.

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	Not applicable
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

For more information regarding actuarial assumptions, including mortality tables, the actuarial experience study, the consideration of future ad hoc COLA amounts, the development of the projected long-term investment returns, and the asset allocation policy, refer to the discussion of actuarial assumptions for the LGERS plan in Section a. of this note.

Discount rate. The discount rate used to measure the total pension liability was 7.00%. The projections 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 benefits 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.

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.

e. Deferred Compensation Plan

The Village offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, which is available to all 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.

The Village has complied with changes in laws which govern the Village's Deferred Compensation Plan, requiring all assets of the plan to be held in trust for the exclusive benefit of the participants and their beneficiaries. In accordance with GASB Statement 32, "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans," the Village's Deferred Compensation Plan is not reported within a Village Agency Fund.

Employees may make voluntary contributions to the plan. No contributions for the year ended June 30, 2020.

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f. Other Employment Benefits

The Village has also 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, but the benefit may not exceed \$50,000 and may not be less than \$25,000. All death benefit payments are made from the Death Benefit Plan. The Village has no liability beyond the payment of monthly contributions. The contribution to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separated rates are set for employees not engaged in law enforcement and for law enforcement officers. The Village considers these contributions to be immaterial.

5. Deferred Outflows and Inflows of Resources

The Village has several deferred outflows of resources. Deferred outflows of resources is comprised of the following:

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
Contributions to pension plan in current fiscal year	\$ 100,913	\$ -	\$ 100,913
Benefit payments made and administrative expenses for LEOSSA	-	-	-
Differences between expected and actual experience	70,608	22,149	92,757
Changes of assumptions	67,209	13,193	80,402
Net difference between projected and actual earnings on plan investments	10,058	-	10,058
Changes in proportion and differences between employer contributions and proportionated share of contributions	<u>7,242</u>	<u>-</u>	<u>7,242</u>
Total	<u>\$ 256,030</u>	<u>\$ 35,342</u>	<u>\$ 291,372</u>

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

	<u>Statement of Net Position</u>	<u>General Fund Balance Sheet</u>
Taxes Receivable, less penalties (General Fund)	\$ -	\$ 9,007
Changes in assumptions	7,494	-
Differences between expected and actual experience	268	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>10,278</u>	<u>-</u>
Total	<u>\$ 18,040</u>	<u>\$ 9,007</u>

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6. Risk Management

The Village 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 Village participates in three self-funded risk financing pools administered by the North Carolina League of Municipalities. Through these pools, the Village obtains general liability and auto coverage of \$5 million per occurrence, property coverage up to the total insured values of the property policy, workers' compensation coverage up to statutory limits, and employee health coverage. The liability and property exposures are reinsured through commercial carriers for claims in excess of retentions as selected by the Board of Trustees each year. Stop loss insurance is purchased by the Board of Trustees to protect against large medical claims that exceed certain dollar cost levels. Specific information on the limits of the reinsurance, excess and stop loss policies purchased by the Board of Trustees can be obtained by contacting the Risk Management Services Department of the NC League of Municipalities. The pools are audited annually by certified public accountants, and the audited financial statements are available to the Village upon request.

Flood insurance is not held by the Village since no village property is in a flood plain. The Village carries commercial coverage for all other risks of loss. 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. In accordance with G.S. 159-29, the Village's employees that have access to \$100 or more at any given time of the Village's funds are performance bonded through a commercial surety bond. The finance officer and tax collector are each individually bonded for \$50,000 and \$10,000 each respectively. The remaining employees that have access to funds are bonded under a blanket bond for \$250,000.

7. Interfund Balances and Activity

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

From the General Fund to the Capital Reserve Fund	\$ 119,169
To Capital Reserve Fund from the Capital Projects Fund (Spring Valley Dam Spillway)	19,090
To Capital Reserve Fund from the Capital Projects Fund (Fire Station Renovation)	28,564

Transfers to the capital projects fund are for funding capital needs.

8. On-Behalf Payments for Fringe Benefits and Salaries

For the fiscal year ended June 30, 2020, the Village of Whispering Pines has recognized on-behalf payments for pension contributions made by the State as revenue and an expenditure of \$11,195 for the 27 volunteer firefighters and the 3 employed firefighters who perform firefighting duties for the Village's fire department. The volunteers and employees elected to be members of the Firefighter's and Rescue Squad Worker's Pension Fund, a cost sharing, multiple employer public employee retirement system established and administered by the State of North Carolina. The plan is funded by a \$10 monthly contribution for each member, investment income, and a State appropriation.

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9. Net Investment in Capital Assets

Capital assets, net of depreciation	\$ 7,868,725
Less: Long-term debt associated with acquisition and construction of capital assets	<u>3,111,021</u>
Net investment in capital assets	<u><u>\$ 4,757,704</u></u>

**III. 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	\$ 2,853,440
Less:	
Stabilization by State Statute	269,434
Transportation	<u>1,207,688</u>
Remaining Fund Balance	<u><u>\$ 1,376,318</u></u>

The Village of Whispering Pines has adopted the following fund balance policy for the General Fund:

"When preparing the next fiscal year's General Fund budget, the amount of any appropriated Fund Balance should result in an anticipated ending Fund Balance available of no less than 35% of the current fiscal year's budgeted expenditures;" and,

"If, after the annual audit is completed, should the Unassigned Fund Balance amount fall below 35% of the audited actual expenditures, the Council will adopt a plan to restore the Unassigned Fund Balance within 24 months. If restoration of the Unassigned Fund Balance cannot be accomplished within such period without severe hardship to the Village, then the Council will establish a different time period;" and,

"If, after the annual audit is completed, should the Unassigned Fund Balance exceed 40% of the current fiscal year's budgeted expenditures, the funds exceeding 40% of the current fiscal year's budgeted expenditures shall be transferred to a Capital Reserve Major Repair Fund to fund future general capital needs;" and,

"If, after the annual audit is completed, should the Fund Balance available as a percentage of actual expenditures fall below the 35<sup>th</sup> percentile of the average of the peer group as defined by the NCLGC in an annually released memorandum, the Council will adopt a plan to align the Fund Balance available as a percentage of actual expenditures to be not less than the 35<sup>th</sup> percentile of the average of the peer group within 24 months. If restoration cannot be accomplished within such period without severe hardship to the Village, then the Council will establish a different time period."

**IV. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES**

**A. Federal and State Assisted Programs**

The Village 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 moneys to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying basic financial statements for the refund of grant moneys.

**V. DATE OF MANAGEMENT'S REVIEW**

The Village has evaluated subsequent events through September 10, 2020, the date the financial statements were available to be issued.

## Required Supplementary Financial Data

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

- Schedule of Proportionate Share of Net Pension Liability for Local Government Employees' Retirement System
- Schedule of Contributions to Local Government Employees' Retirement System
- Schedule of Proportionate Share of Net Pension Liability for Firefighters' and Rescue Squad Workers' Pension Plan
- Schedule of Changes in Total Pension Liability
- Schedule of Total Pension Liability as a Percentage of Covered Payroll

VILLAGE OF WHISPERING PINES, NORTH CAROLINA  
VILLAGE OF WHISPERING PINES' PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST SEVEN FISCAL YEARS\*

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LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Whispering Pines' proportion of the net pension liability (asset) (%)	0.01510%	0.01420%	0.01525%	0.01636%	0.01670%	0.01650%	0.01570%
Whispering Pines' proportion of the net pension liability (asset) (\$)	\$ 412,369	\$ 336,873	\$ 232,978	\$ 347,214	\$ 75,218	\$ (97,426)	\$ 189,245
Whispering Pines' covered payroll	\$ 1,087,024	\$ 991,096	\$ 927,701	\$ 925,579	\$ 877,801	\$ 867,273	\$ 772,260
Whispering Pines' proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	37.94%	33.99%	25.11%	37.51%	8.57%	11.23%	24.50%
Plan fiduciary net position as a percentage of the total pension liability**	91.63%	92.00%	94.18%	91.47%	98.05%	102.64%	94.35%

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

\*\* This will be the same percentage for all participant employers in the LGERS plan.

This schedule will not present 10 years of information until fiscal year 2023.

VILLAGE OF WHISPERING PINES, NORTH CAROLINA  
VILLAGE OF WHISPERING PINES' CONTRIBUTIONS  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST SEVEN FISCAL YEARS

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LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 100,913	\$ 80,248	\$ 72,888	\$ 68,360	\$ 63,996	\$ 63,308	\$ 62,052
Contributions in relation to the contractually required contribution	100,913	80,248	72,888	68,360	63,996	63,308	62,052
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Whispering Pines' covered payroll	\$ 1,087,024	\$ 991,096	\$ 927,700	\$ 897,771	\$ 925,580	\$ 877,802	\$ 867,273
Contributions as a percentage of covered-employee payroll	9.28%	8.10%	7.86%	7.61%	6.91%	7.21%	7.15%

This schedule will not present 10 years of information until 2023.

VILLAGE OF WHISPERING PINES, NORTH CAROLINA  
VILLAGE OF WHISPERING PINES' PROPORTIONATE SHARE OF NET PENSION LIABILITY  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST SIX FISCAL YEARS\*

FIREFIGHTERS' AND RESCUE SQUAD WORKERS' PENSION

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Whispering Pines' proportionate share of the net pension liability (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Whispering Pines' proportionate share of the net pension liability (\$)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with Village of Whispering Pines	<u>21,264</u>	<u>38,354</u>	<u>30,859</u>	<u>22,926</u>	<u>32,031</u>	<u>17,523</u>
Total	<u>\$ 21,264</u>	<u>\$ 38,354</u>	<u>\$ 30,859</u>	<u>\$ 22,926</u>	<u>\$ 32,031</u>	<u>\$ 17,523</u>
Whispering Pines' covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A
Whispering Pines' proportionate share of the net pension liability as a percentage of its covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	89.69%	89.35%	84.94%	91.40%	93.42%	92.76%

\* The amounts presented are for the prior fiscal year.

This schedule will not present 10 years of information until 2024.

VILLAGE OF WHISPERING PINES, NORTH CAROLINA  
 SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY  
 LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
 JUNE 30, 2020

---

	<u>2020</u>
Beginning balance	\$ 248,060
Service Cost	13,344
Interest on the total pension liability	8,818
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	24,583
Changes of assumptions or other inputs	7,793
Benefit payments	(11,592)
Other changes	<u>-</u>
Ending balance of the total pension liability	<u>\$ 291,006</u>

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

VILLAGE OF WHISPERING PINES, NORTH CAROLINA  
SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED  
PAYROLL  
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
JUNE 30, 2020

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	<u>2020</u>
Total pension liability	\$ 291,006
Covered payroll	414,641
Total pension liability as a percentage of covered payroll	70.18%

Notes to the schedules:

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

# Combining and Individual Fund Schedules

# Major Governmental Funds

# Major Governmental Funds

## **General Fund**

The general fund accounts for resources traditionally associated with government that are not required to be accounted for in other funds.

## **Fire Station Renovation Project**

Fire Station Renovation Project – accounts for the funds received and costs incurred in connection with the renovation of the Village Fire Station.

## **Spring Valley Dam Spillway Project**

Spring Valley Dam Spillway Project – accounts for the funds received and costs incurred in connection with the reconstruction of the spring valley dam spillway.

VILLAGE OF WHISPERING PINES, NORTH CAROLINA  
GENERAL FUND  
SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Positive (Negative)</u>
Revenues:			
Ad valorem taxes:			
Current year		\$ 2,262,752	
Prior year		707	
Penalties, interest, and discounts (net)		1,407	
Total	<u>\$ 2,232,003</u>	<u>2,264,866</u>	<u>\$ 32,863</u>
Unrestricted intergovernmental:			
Local option sales tax		962,044	
Telecommunications sales tax		11,181	
Utility franchise tax		177,509	
Video programming tax		37,214	
Beer and wine tax		15,144	
Mixed beverage		248	
Moore county fire protection		198,688	
Total	<u>1,323,823</u>	<u>1,402,028</u>	<u>78,205</u>
Restricted intergovernmental:			
Powell Bill allocation		122,352	
Controlled substance tax		200	
Public safety grants		624	
On-behalf of payments - fire		11,195	
Solid waste disposal tax		2,661	
Total	<u>131,583</u>	<u>137,032</u>	<u>5,449</u>
Permits and fees:			
Garage sale permits		450	
Inspection fees - zoning		28,725	
Other		2,306	
Total	<u>32,039</u>	<u>31,481</u>	<u>(558)</u>
Investment earnings	<u>32,000</u>	<u>24,177</u>	<u>(7,823)</u>
Sales and services:			
Building rentals		6,025	
Police officers fees		1,386	
Boat stickers		2,944	
Surplus property		14,500	
Total	<u>37,600</u>	<u>24,855</u>	<u>(12,745)</u>
Other general revenue:			
Insurance settlements		27,655	
Donations		38,916	
Other		1,791	
Total	<u>76,632</u>	<u>68,362</u>	<u>(8,270)</u>
Total revenues	<u>3,865,680</u>	<u>3,952,801</u>	<u>87,121</u>

(Continued)

VILLAGE OF WHISPERING PINES, NORTH CAROLINA  
GENERAL FUND  
SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES – BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2020

	2020		Variance Positive (Negative)
	Budget	Actual	
Expenditures:			
General government:			
Governing body:			
Salaries and employee benefits		12,487	
Other operating expenses		5,568	
Total	19,508	18,055	1,453
Administration:			
Salaries and employee benefits		203,711	
Other operating expenditures		147,746	
Capital outlay		5,542	
Total	358,985	356,999	1,986
Public buildings:			
Salaries and employee benefits		33,308	
Other operating expenditures		27,004	
Total	67,245	60,312	6,933
Elections:			
Other operating expenditures		7,146	
Total	7,146	7,146	-
Total general government	452,884	442,512	10,372
Public safety:			
Police:			
Salaries and employee benefits		611,810	
Other operating expenditures		119,082	
Capital outlay		45,232	
Total	851,439	776,124	75,315
Fire department:			
Salaries and employee benefits		367,226	
Other operating expenditures		185,383	
Capital outlay		505,321	
Total	1,087,292	1,057,930	29,362
Total public safety	1,938,731	1,834,054	104,677
Transportation:			
Streets repair and construction:			
Salaries and employee benefits		199,808	
Other operating expenditures		377,587	
Capital outlay		48,105	
Total	743,428	625,500	117,928
Total transportation	743,428	625,500	117,928

(Continued)

VILLAGE OF WHISPERING PINES, NORTH CAROLINA  
GENERAL FUND  
SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES – BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2020

	2020		Variance Positive (Negative)
	Budget	Actual	
Environmental protection:			
Sanitation:			
Other operating expenditures	549,258	548,586	672
Total environmental protection	549,258	548,586	672
Economic and physical development:			
Planning and zoning:			
Salaries and employee benefits		75,437	
Other operating expenditures		25,465	
Total	104,667	100,902	3,765
Total economic and physical development	104,667	100,902	3,765
Culture and recreation:			
Parks and recreation:			
Salaries and employee benefits		99,902	
Other operating expenditures		98,002	
Capital outlay		370,283	
Total	578,032	568,187	9,845
Total culture and recreation	578,032	568,187	9,845
Debt Service			
Principal		309,945	
Interest		89,415	
Total debt service	400,242	399,360	882
Total expenditures	4,767,242	4,519,101	248,141
Revenues over (under) expenditures	(901,562)	(566,300)	335,262
Other financing sources (uses)			
Long-term debt proceeds	780,140	780,095	(45)
Transfer to other funds	(119,619)	(119,619)	-
Total other financing sources (uses)	660,521	660,476	(45)
Fund balance appropriated	241,041	-	(241,041)
Net change in fund balance	\$ -	94,176	\$ 94,176
Fund balances:			
Beginning of year, July 1		1,526,827	
End of year, June 30		\$ 1,621,003	

VILLAGE OF WHISPERING PINES, NORTH CAROLINA  
 FIRE STATION RENOVATION  
 SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

	Project Authorization	Prior Year	Current Year	Total to Date	Variance Positive (negative)
Revenues:					
Investment earnings	\$ 9,471	\$ 3,135	\$ 6,336	\$ 9,471	\$ -
Total revenues	9,471	3,135	6,336	9,471	-
Expenditures:					
Cultural and recreational					
Engineering	21,250	14,520	7,000	21,520	(270)
Construction	1,051,503	63,521	969,328	1,032,849	18,654
Contingency	10,215	-	-	-	10,215
Professional services	26,783	8,043	15,163	23,206	3,577
Other	11,310	7,302	3,736	11,038	272
Total expenditures	1,121,061	93,386	995,227	1,088,613	32,448
Revenues over (under) expenditures	(1,111,590)	(90,251)	(988,891)	(1,079,142)	32,448
Other financing sources (uses)					
Financing contract obligation proceeds	1,008,000	1,008,000	-	1,008,000	-
Transfer from (to) other funds:					
General fund (capital reserve)	103,590	49,692	28,564	78,256	25,334
Total other financing sources (uses)	1,111,590	1,057,692	28,564	1,086,256	25,334
Net change in fund balance	\$ -	967,441	(960,327)	\$ 7,114	\$ 7,114
Fund balance, beginning of year, July 1			967,441		
Fund balance, end of year, June 30			\$ 7,114		

VILLAGE OF WHISPERING PINES, NORTH CAROLINA  
 SPRING VALLEY DAM SPILLWAY PROJECT  
 SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

	Project Authorization	Prior Years	Current Year	Total to Date	Variance Positive (negative)
Revenues:					
Interest Income	\$ -	\$ 4,993	\$ 10,582	\$ 15,575	\$ 15,575
Total revenues	-	4,993	10,582	15,575	15,575
Expenditures:					
Cultural and recreational					
Capital Outlay - construction	1,583,059	53,106	1,516,660	1,569,766	13,293
Total expenditures	1,583,059	53,106	1,516,660	1,569,766	13,293
Revenues over (under) expenditures	(1,583,059)	(48,113)	(1,506,078)	(1,554,191)	28,868
Other financing sources (uses)					
Financing contract obligation proceeds	1,492,000	1,492,000	-	1,492,000	-
Transfer from (to) other funds:					
General fund (capital reserve)	91,059	91,059	(19,090)	71,969	(19,090)
Total other financing sources (uses)	1,583,059	1,583,059	(19,090)	1,563,969	(19,090)
Net change in fund balance	\$ -	1,534,946	(1,525,168)	\$ 9,778	\$ 9,778
Fund balance, beginning of year, July 1			1,534,946		
Fund balance, end of year, June 30			\$ 9,778		

## Non-Major Governmental Funds

## **Non-Major Capital Project Fund**

**Lakeview Bridge Construction Project** – Accounts for the revenue received and costs incurred in connection with replacement of the Lakeview Bridge.

VILLAGE OF WHISPERING PINES, NORTH CAROLINA  
 LAKEVIEW BRIDGE CONSTRUCTION  
 SCHEDULE OF REVENUE EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

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	Project Authorization	Prior Year	Current Year	Total to Date	Variance Positive (negative)
Revenues:					
Interest Income	\$ -	\$ 15	\$ -	\$ 15	\$ 15
Total revenues	-	15	-	15	15
Expenditures:					
Transportation					
Engineering	44,550	20,503	16,204	36,707	7,843
Total expenditures	44,550	20,503	16,204	36,707	7,843
Revenues over (under) expenditures	(44,550)	(20,488)	(16,204)	(36,692)	7,858
Other financing sources (uses)					
Transfer from (to) other funds:					
General fund (capital reserve)	44,550	44,550	-	44,550	-
Total other financing sources (uses)	44,550	44,550	-	44,550	-
Net change in fund balance	\$ -	\$ 24,062	(16,204)	\$ 7,858	\$ 7,858
Fund balance, beginning of year, July 1			24,062		
Fund balance, end of year, June 30			\$ 7,858		

## **Non-Major Special Revenue Fund**

**Coronavirus Relief Fund** – Accounts for the revenues and costs related to the coronavirus pandemic.

VILLAGE OF WHISPERING PINES, NORTH CAROLINA  
CORONAVIRUS RELIEF FUND  
BALANCE SHEET  
JUNE 30, 2020

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ASSETS

Due from Moore County, NC	\$	71,426
Total assets		<u>71,426</u>

LIABILITIES AND FUND BALANCE

Liabilities:

Due to General Fund		<u>71,426</u>
Total liabilities		<u>71,426</u>

Fund balances:

-

Total liabilities and fund balances	\$	<u>71,426</u>
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VILLAGE OF WHISPERING PINES, NORTH CAROLINA  
CORONAVIRUS RELIEF FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2020

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Restricted intergovernmental:			
Moore County, NC Coronavirus Funding	\$ 71,426	\$ 71,426	\$ -
Total revenues	<u>71,426</u>	<u>71,426</u>	<u>-</u>
Expenditures:			
Public Safety			
Salaries and Wages	71,426	71,426	
Total expenditures	<u>71,426</u>	<u>71,426</u>	<u>-</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances			
Beginning of year		<u>-</u>	
End of year		<u>\$ -</u>	

## Other Legally Budgeted Fund

**Other Legally Budgeted Fund** – Under GASB 54 guidance these are consolidated in the general fund. Budgetary comparisons are included in this section.

Transportation – Major Repairs: This fund accounts for amounts set aside for major repairs to Village infrastructure and is generally funded by transfers from the general fund and investment income.

VILLAGE OF WHISPERING PINES, NORTH CAROLINA  
 OTHER LEGALLY BUDGETED GOVERNMENTAL FUNDS  
 TRANSPORTATION - MAJOR REPAIRS  
 BALANCE SHEET  
 JUNE 30, 2020

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	<u>Transportation</u>
Assets:	
Cash and cash equivalents - Restricted	\$ 1,184,197
Due from other funds	<u>23,491</u>
Total assets	<u><u>\$ 1,207,688</u></u>
Liabilities and fund balances:	
Total liabilities	<u>-</u>
Fund balances:	
Committed	<u>1,207,688</u>
Total liabilities and fund balances	<u><u>\$ 1,207,688</u></u>

VILLAGE OF WHISPERING PINES, NORTH CAROLINA  
TRANSPORTATION - MAJOR REPAIRS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2020

	2020		Variance Positive (Negative)
	Final Budget	Actual	
Revenues:			
Investment earnings	\$ 3,500	\$ 4,237	\$ 737
Total revenues	<u>3,500</u>	<u>4,237</u>	<u>737</u>
Expenditures:			
Cultural & recreational	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	<u>3,500</u>	<u>4,237</u>	<u>737</u>
Other financing sources (uses)			
Transfer from other funds	274,888	164,044	(110,844)
Transfer to other funds	<u>(367,391)</u>	<u>(53,897)</u>	<u>313,494</u>
Total other financing sources (uses)	<u>(92,503)</u>	<u>110,147</u>	<u>202,650</u>
Fund balance appropriated	<u>89,003</u>	<u>-</u>	<u>89,003</u>
Net change in fund balance	<u>\$ -</u>	<u>114,384</u>	<u>\$ 114,384</u>
Fund balances			
Beginning of year		<u>1,093,304</u>	
End of year		<u>\$ 1,207,688</u>	

## Other Supplemental Schedules

VILLAGE OF WHISPERING PINES, NORTH CAROLINA  
GENERAL FUND  
SCHEDULE OF AD VALOREM TAXES RECEIVABLE  
JUNE 30, 2020

Fiscal Year	Uncollected Balance 6/30/2019	Additions	Collections And Credits	Uncollected Balance 6/30/2020
2019 - 2020	\$ -	\$ 2,270,936	\$ 2,262,921	\$ 8,015
2018 - 2019	900	-	709	191
2017 - 2018	181	-	-	181
2016 - 2017	153	-	-	153
2015 - 2016	153	-	-	153
2014 - 2015	102	-	-	102
2013 - 2014	504	-	411	93
2012 - 2013	152	-	63	89
2011 - 2012	182	-	152	30
2010 - 2011	236	-	236	-
2009 - 2010	66	-	66	-
	\$ 2,629	\$ 2,270,936	\$ 2,264,558	\$ 9,007

Reconciliation to revenues:

Ad valorem taxes - General Fund	\$ 2,264,866
Reconciling items:	
Penalties, interest and discounts	(1,407)
Taxes written off	1,099
Subtotal	(308)
Total collections and credits	\$ 2,264,558

VILLAGE OF WHISPERING PINES, NORTH CAROLINA  
ANALYSIS OF CURRENT TAX LEVY AND TAX REVENUES  
FOR THE YEAR ENDED JUNE 30, 2020

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	Village-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	\$ 613,721,622	\$ 0.37	\$ 2,270,770	\$ 2,111,020	\$ 159,750
Penalties and adjustments	-		-	-	-
Total property valuations	<u>613,721,622</u>				
Net levy			\$ 2,270,770	\$ 2,111,020	\$ 159,750
Uncollected taxes at June 30, 2020			<u>8,015</u>	<u>8,015</u>	<u>-</u>
Current year tax collections			<u>\$ 2,262,755</u>	<u>\$ 2,103,005</u>	<u>\$ 159,750</u>
Ratio of taxes collected to net levy			<u>99.65%</u>	<u>99.62%</u>	<u>100.00%</u>

# Statistical Schedules

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

	Page
Financial Trends:	
These schedules contain trend information to help the reader understand how the Village's financial performance and well-being have changed over time.	71-74
Revenue Capacity:	
These schedules contain information to help the reader assess the Village's most significant local revenue source, the property tax.	75-78
Debt Capacity:	
These schedules present information to help the reader assess the affordability of the Village's ability to issue debt in the future.	79-81
Demographic and Economic Information:	
These schedules offer demographics and economic indicators to help the reader understand the environment within which the Village's financial activities take place.	82-83
Operating Information:	
These schedules contain service and infrastructure data to help the reader understand how the Village's financial report relates to the services the Village provides and the activities it performs	84-86

**SCHEDULE 1  
VILLAGE OF WHISPERING PINES, NORTH CAROLINA  
NET POSITION BY COMPONENT,  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)**

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	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Primary government:										
Governmental activities:										
Net invested in capital assets	\$ 2,769,071	\$ 2,841,200	\$ 2,821,339	\$ 3,040,866	\$ 3,111,526	\$ 3,327,621	\$ 3,946,263	\$ 4,339,674	\$ 4,562,754	\$ 4,757,704
Restricted	395,569	530,131	749,695	810,828	1,040,182	1,077,357	903,383	1,145,227	1,290,113	1,474,918
Unrestricted	851,951	906,279	978,182	882,207	686,781	937,587	1,088,547	916,763	940,635	889,066
Total primary government net position	<u>\$ 4,016,591</u>	<u>\$ 4,277,610</u>	<u>\$ 4,549,216</u>	<u>\$ 4,733,901</u>	<u>\$ 4,838,489</u>	<u>\$ 5,342,565</u>	<u>\$ 5,938,193</u>	<u>\$ 6,401,664</u>	<u>\$ 6,793,502</u>	<u>\$ 7,121,688</u>

**SCHEDULE 2  
VILLAGE OF WHISPERING PINES  
CHANGES IN NET POSITION,  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Expenses</b>										
Primary government:										
Governmental activities:										
General government	\$ 433,707	\$ 459,702	\$ 362,304	\$ 393,571	\$ 417,293	\$ 404,253	\$ 409,839	\$ 415,665	\$ 437,106	\$ 465,778
Public safety	958,200	978,424	1,142,023	1,193,954	1,139,931	1,155,547	1,343,849	1,314,334	1,412,513	1,572,142
Transportation	230,679	278,115	364,373	374,067	474,987	477,432	462,868	464,941	544,814	649,420
Environmental protection	303,417	318,301	331,932	343,617	360,602	413,852	439,367	458,194	508,906	548,586
Economic and physical development	100,410	129,152	38,920	95,439	65,407	41,413	38,438	51,600	52,201	105,042
Cultural and recreation	155,571	163,468	221,588	221,228	196,807	251,380	253,931	217,338	233,247	262,774
Interest on long term debt	16,018	18,029	13,483	9,070	9,802	8,522	7,048	5,495	4,019	89,415
Total governmental activities expenses	<u>2,198,002</u>	<u>2,345,191</u>	<u>2,474,623</u>	<u>2,630,946</u>	<u>2,664,829</u>	<u>2,752,399</u>	<u>2,955,340</u>	<u>2,927,567</u>	<u>3,192,806</u>	<u>3,693,157</u>
Total primary government expenses	<u>\$ 2,198,002</u>	<u>\$ 2,345,191</u>	<u>\$ 2,474,623</u>	<u>\$ 2,630,946</u>	<u>\$ 2,664,829</u>	<u>\$ 2,752,399</u>	<u>\$ 2,955,340</u>	<u>\$ 2,927,567</u>	<u>\$ 3,192,806</u>	<u>\$ 3,693,157</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 3,045	\$ 4,201	\$ 6,060	\$ 8,770	\$ 8,265	\$ 8,690	\$ 8,925	\$ 7,405	\$ 7,050	\$ 6,475
Public safety	-	1,805	1,645	1,536	1,937	3,017	1,454	868	690	1,386
Transportation	1,022	-	-	-	-	-	-	-	-	-
Environmental protection	10,452	11,687	11,402	11,126	11,581	9,177	-	-	-	-
Economic and physical development	20,865	25,790	42,375	47,475	38,525	44,850	55,425	37,900	34,973	28,725
Cultural and recreation	1,055	9,200	3,255	1,375	11,065	4,435	2,255	13,170	3,745	2,944
Operating grants and contributions:										
General government	-	8,243	23,409	4,000	2,500	-	-	-	-	-
Public safety	7,916	26,329	31,000	31,000	34,088	32,563	6,477	6,752	9,816	82,621
Transportation	96,121	106,223	109,540	112,347	114,067	119,005	118,776	120,889	120,534	122,352
Environmental protection	5,549	4,649	1,874	1,708	1,982	2,020	22,180	2,273	2,383	2,661
Capital grants and contributions:										
Public safety	546,441	33,160	52,403	27,885	12,297	17,901	965	1,862	1,236	624
Transportation	-	-	-	72,054	8,000	161,832	357,389	-	-	-
Environmental protection	-	-	85,092	-	-	-	-	-	-	-
Cultural and recreation	140,884	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	<u>833,350</u>	<u>231,287</u>	<u>368,055</u>	<u>319,276</u>	<u>244,307</u>	<u>403,490</u>	<u>573,846</u>	<u>191,119</u>	<u>180,427</u>	<u>247,788</u>
Total primary government program revenues	<u>\$ 833,350</u>	<u>\$ 231,287</u>	<u>\$ 368,055</u>	<u>\$ 319,276</u>	<u>\$ 244,307</u>	<u>\$ 403,490</u>	<u>\$ 573,846</u>	<u>\$ 191,119</u>	<u>\$ 180,427</u>	<u>\$ 247,788</u>
<b>Net (Expense)/Revenue</b>										
Governmental activities	(1,364,652)	(2,113,904)	(2,106,568)	(2,311,670)	(2,420,522)	(2,348,909)	(2,381,494)	(2,736,448)	(3,012,379)	(3,445,369)
Total primary government net (expense)/revenue	<u>(1,364,652)</u>	<u>(2,113,904)</u>	<u>(2,106,568)</u>	<u>(2,311,670)</u>	<u>(2,420,522)</u>	<u>(2,348,909)</u>	<u>(2,381,494)</u>	<u>(2,736,448)</u>	<u>(3,012,379)</u>	<u>(3,445,369)</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes:										
Property taxes levied for general purpose	\$ 1,438,045	\$ 1,488,196	\$ 1,514,448	\$ 1,592,495	\$ 1,623,859	\$ 1,756,272	\$ 1,822,916	\$ 1,906,210	\$ 2,010,968	\$ 2,271,244
Other taxes and licenses	5,121	5,496	2,950	748	266	-	-	-	-	-
Donations	-	-	-	-	-	-	-	-	-	38,919
Grants and contributions not restricted to specific programs	723,262	815,774	856,403	889,759	1,012,737	1,084,402	1,153,294	1,220,060	1,344,086	1,402,028
Unrestricted investment earnings	6,938	4,742	2,574	1,712	693	3,999	11,526	23,213	45,343	45,332
Miscellaneous	20,664	57,497	1,799	3,176	14,747	8,313	40,270	50,436	12,822	16,032
Total governmental activities	<u>2,194,030</u>	<u>2,371,705</u>	<u>2,378,174</u>	<u>2,487,890</u>	<u>2,652,302</u>	<u>2,852,986</u>	<u>3,028,006</u>	<u>3,199,919</u>	<u>3,413,219</u>	<u>3,773,555</u>
Total general revenues	<u>\$ 2,194,030</u>	<u>\$ 2,371,705</u>	<u>\$ 2,378,174</u>	<u>\$ 2,487,890</u>	<u>\$ 2,652,302</u>	<u>\$ 2,852,986</u>	<u>\$ 3,028,006</u>	<u>\$ 3,199,919</u>	<u>\$ 3,413,219</u>	<u>\$ 3,773,555</u>
Extraordinary item - gain on insurance recovery	\$ 11,381	\$ 3,218	\$ -	\$ 8,465	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Change in Net Position</b>										
Governmental activities	(1,353,271)	261,019	271,606	184,685	231,780	504,077	646,512	463,471	391,840	328,186
Total primary government	<u>\$ (1,353,271)</u>	<u>\$ 261,019</u>	<u>\$ 271,606</u>	<u>\$ 184,685</u>	<u>\$ 231,780</u>	<u>\$ 504,077</u>	<u>\$ 646,512</u>	<u>\$ 463,471</u>	<u>\$ 391,840</u>	<u>\$ 328,186</u>

**SCHEDULE 3  
VILLAGE OF WHISPERING PINES  
FUND BALANCES, GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

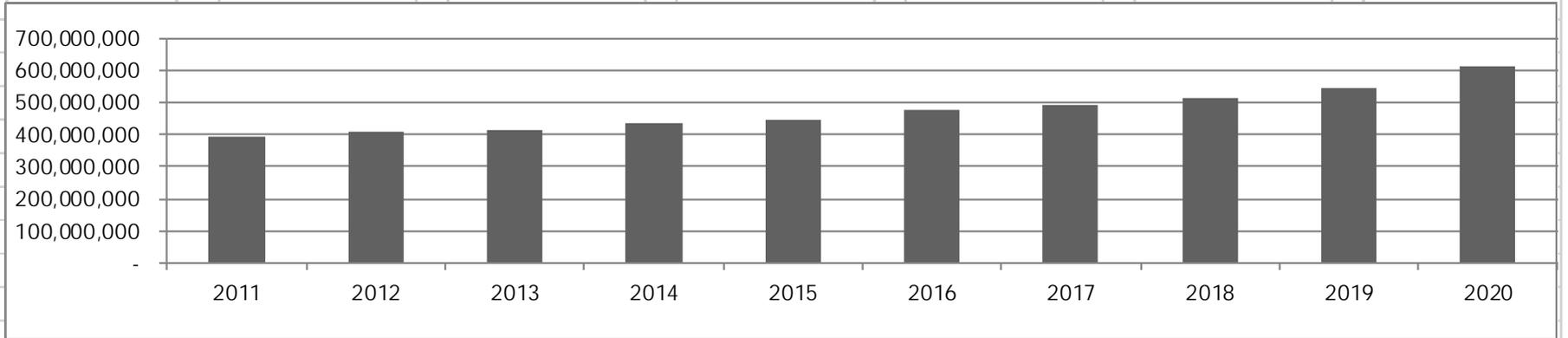
	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Reserved:										
State statute	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total reserved	<u>-</u>	<u>\$ -</u>	<u>-</u>							
Unreserved:										
Designated for subsequent year's expenditures	-	-	-	-	-	-	-	-	-	-
Undesignated	-	-	-	-	-	-	-	-	-	-
Total General Fund	<u>\$ -</u>									
General Fund (GASB 54)										
Restricted										
Stabilization by State Statute	\$ 104,931	\$ 115,869	\$ 179,691	\$ 140,590	\$ 168,648	\$ 173,293	\$ 221,624	\$ 230,069	\$ 196,809	\$ 269,434
Committed										
Cultural and Recreational	196,067	401,100	570,004	-	-	-	-	-	-	-
Transportation	32,279	13,162	-	670,238	871,534	904,064	681,759	915,158	1,093,304	1,207,688
Assigned										
Subsequent year's expenditures	4,553	20,920	144,709	105,692	-	-	-	-	-	-
Unassigned	985,977	1,027,406	974,396	951,708	933,454	1,048,533	1,090,476	1,223,008	1,330,018	1,351,569
Total General Fund	<u>\$ 1,323,807</u>	<u>\$ 1,578,457</u>	<u>\$ 1,868,800</u>	<u>\$ 1,868,228</u>	<u>\$ 1,973,636</u>	<u>\$ 2,125,890</u>	<u>\$ 1,993,859</u>	<u>\$ 2,368,235</u>	<u>\$ 2,620,131</u>	<u>\$ 2,828,691</u>
All Other Governmental Funds (before GASB 54)										
Unreserved:										
Undesignated										
Capital Projects fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special revenue funds	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ -</u>									
All Other Governmental Funds (GASB 54)										
Restricted										
Capital Projects fund	\$ 62,992	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,749
Assigned										
Subsequent year's expenditures	-	-	17,929	12,947	27,836	154,474	342,912	67,409	2,526,449	-
Total all other governmental funds	<u>\$ 62,992</u>	<u>\$ -</u>	<u>\$ 17,929</u>	<u>\$ 12,947</u>	<u>\$ 27,836</u>	<u>\$ 154,474</u>	<u>\$ 342,912</u>	<u>\$ 67,409</u>	<u>\$ 2,526,449</u>	<u>\$ 24,749</u>

**SCHEDULE 4**  
**VILLAGE OF WHISPERING PINES, NORTH CAROLINA**  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Revenues</b>										
Ad Valorem Taxes	\$ 1,466,255	\$ 1,488,309	\$ 1,513,389	\$ 1,594,816	\$ 1,625,413	\$ 1,756,419	\$ 1,822,002	\$ 1,906,216	\$ 2,012,095	\$ 2,264,866
Other Taxes	5,121	5,496	2,950	748	266	-	-	-	-	-
Unrestricted Intergovernmental	723,262	815,774	856,403	889,759	1,012,737	1,084,402	1,153,294	1,220,060	1,344,086	1,402,028
Restricted Intergovernmental	274,151	167,661	279,909	244,994	170,434	333,321	485,787	132,043	135,680	208,458
Licenses and permits	26,420	30,031	43,882	48,195	39,165	45,640	56,400	38,580	35,823	31,481
Sales and Services	13,869	25,352	20,855	22,087	34,034	26,114	20,669	30,078	21,910	24,855
Interest	6,938	3,699	2,575	1,712	693	3,999	11,526	23,213	45,343	45,332
Other General Revenues	19,614	20,734	25,208	15,641	15,421	6,728	51,260	40,854	3,667	68,362
<b>Total Revenues</b>	<b>2,535,630</b>	<b>2,557,056</b>	<b>2,745,171</b>	<b>2,817,952</b>	<b>2,898,163</b>	<b>3,256,623</b>	<b>3,600,938</b>	<b>3,391,044</b>	<b>3,598,604</b>	<b>4,045,382</b>
<b>Expenditures</b>										
General Government	426,408	432,785	351,186	406,367	411,284	402,585	413,826	400,224	421,019	436,970
Public Safety	804,990	865,530	1,012,412	1,068,927	1,055,625	1,053,128	1,148,802	1,170,855	1,270,287	1,354,927
Transportation	239,305	258,701	341,976	348,725	455,842	448,145	428,503	424,518	482,105	577,395
Environmental Protection	303,417	318,301	329,342	343,617	360,602	413,852	439,367	458,194	508,906	548,586
Economic and Physical Development	99,079	128,402	38,151	91,407	67,468	36,021	39,457	50,028	51,564	100,902
Culture and Recreation	127,085	132,724	175,688	171,089	149,963	204,372	193,670	164,920	173,059	197,904
Capital Outlay	600,252	88,394	593,233	372,241	180,601	323,147	784,426	526,951	384,247	3,502,574
Debt Service:										
Principal Retirement	42,296	43,259	28,333	355,205	86,679	87,959	89,433	90,986	92,462	309,945
Interest and fees	16,018	18,029	13,483	9,070	9,802	8,522	7,048	5,495	4,019	89,415
<b>Total Expenditures</b>	<b>2,658,850</b>	<b>2,286,125</b>	<b>2,883,804</b>	<b>3,166,648</b>	<b>2,777,866</b>	<b>2,977,731</b>	<b>3,544,532</b>	<b>3,292,171</b>	<b>3,387,668</b>	<b>7,118,618</b>
Excess of revenues Over (Under) Expenditures	(123,220)	270,931	(138,633)	(348,696)	120,297	278,892	56,406	98,873	210,936	(3,073,236)
<b>Other financing sources (uses)</b>										
Collection of note receivable	-	45,000	-	-	-	-	-	-	-	-
Transfer from other funds	-	19,180	-	-	-	-	-	-	-	-
Transfer to other funds	-	(272,295)	-	-	-	-	-	-	-	-
Sale of Surplus property	1,050	2,700	126,905	31,216	-	-	-	-	-	-
Capital lease obligations issued	-	-	-	-	-	-	-	-	-	-
Proceeds from borrowings	-	-	320,000	311,926	-	-	-	-	2,500,000	780,095
Insurance recovery	11,381	3,218	-	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>12,431</b>	<b>(202,197)</b>	<b>446,905</b>	<b>343,142</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,500,000</b>	<b>780,095</b>
<b>Net change in fund balances</b>	<b>\$ (110,789)</b>	<b>\$ 68,734</b>	<b>\$ 308,272</b>	<b>\$ (5,554)</b>	<b>\$ 120,297</b>	<b>\$ 278,892</b>	<b>\$ 56,406</b>	<b>\$ 98,873</b>	<b>\$ 2,710,936</b>	<b>\$ (2,293,141)</b>
Debt service as a percentage of noncapital expenditures	2.83%	2.79%	1.83%	13.04%	3.71%	3.63%	3.40%	3.49%	3.21%	11.04%

**SCHEDULE 5  
 VILLAGE OF WHISPERING PINES, NORTH CAROLINA  
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
 LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>Real Property</b>	<b>Personal Property</b>	<b>Utilities</b>	<b>Total Taxable Assessed Value</b>	<b>Direct Tax Rate (1)</b>	<b>Actual Taxable Value (2)</b>
2011	361,917,586	28,850,981	1,959,811	392,728,378	0.3700	386,051,995
2012	376,167,048	30,067,271	1,991,627	408,225,946	0.3700	409,001,575
2013	377,253,424	36,391,841	1,971,491	415,616,756	0.3700	440,553,761
2014	389,943,475	44,782,304	2,014,140	436,739,919	0.3700	450,277,825
2015	412,993,970	30,724,697	1,919,711	445,638,378	0.3700	444,568,845
2016	435,868,111	39,406,976	1,872,210	477,147,297	0.3700	475,715,855
2017	448,687,200	41,669,334	1,795,898	492,152,432	0.3700	481,964,877
2018	471,080,305	41,920,406	1,799,830	514,800,541	0.3700	504,144,170
2019	499,605,188	41,732,236	1,735,289	543,072,713	0.3700	546,168,227
2020	565,771,108	46,180,132	1,770,381	613,721,621	0.3700	617,219,834



Source: Moore County Tax Assessor. Appraised by Moore County Board of Equalization at 100% of estimated sound value.

Notes:

(1) Per \$100 of value.

(2) The estimated market value is calculated by dividing the assessed value by an assessment-to-sales ratio determined by the State Department of Revenue. The ratio is based on actual property sales which took place during the fiscal year.

**SCHEDULE 6  
VILLAGE OF WHISPERING PINES, NORTH CAROLINA  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN FISCAL YEARS  
(RATE PER \$100 OF ASSESSED VALUATION)**

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<u>Fiscal Year</u>	<u>Total Direct Rate *</u>	<u>Overlapping Rates Moore County</u>
2011	0.370	0.465
2012	0.370	0.465
2013	0.370	0.465
2014	0.370	0.465
2015	0.370	0.465
2016	0.370	0.465
2017	0.370	0.465
2018	0.370	0.465
2019	0.370	0.510
2020	0.370	0.510

Source: Moore County Tax Assessor

\* The total direct rate sole component is the Village of Whispering Pines.

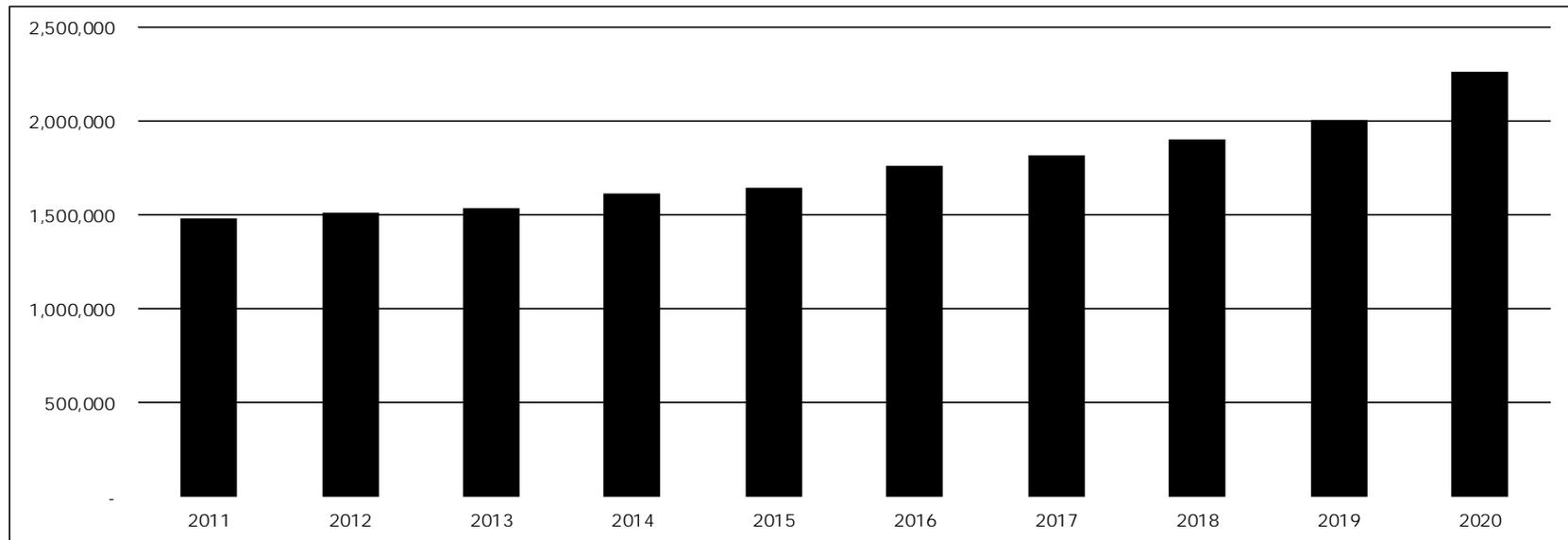
**SCHEDULE 7  
VILLAGE OF WHISPERING PINES, NORTH CAROLINA  
PRINCIPAL PROPERTY TAX PAYERS  
CURRENT YEAR AND TEN YEARS AGO**

Taxpayer	Type of Business	Fiscal Year 2020			Fiscal Year 2011			Total Valuations: <u>2020</u> <u>2011</u>
		Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation	
Food Lion, LLC #2181	Grocery/Retail	\$5,788,393	1	0.94%	\$ -		-	
BGWP, LLC	Leisure & Hospitality	2,093,370	2	0.34%	-		-	
Warrior Golf Equities, LLC	Leisure & Hospitality	1,624,383	3	0.26%	-		-	
Lexo, James & Michelle	Residential	1,208,282	4	0.20%				
Duke Energy Progress	Utilities	1,075,670	5	0.18%			-	
BCMP, LLC	Construction Residential	1,046,280	6	0.17%				
Webster, Colin S & Emiliane M	Construction Residential	825,555	7	0.13%				
Matthews, Donald	Residential	797,540	8	0.13%				
Dant, Robert J	Residential	698,900	9	0.11%				
Talcott, Samuel Cody	Residential	695,420	10	0.11%				
CCWP, LLC	Leisure & Hospitality				9,384,354	1	2.39%	
Wolf Ram Inc.	Construction Residential				1,996,540	2	0.51%	
Whispering Lakes, LLC	Leisure & Hospitality				1,825,390	3	0.46%	
Kirby Holding Group LLC	Construction Residential				1,221,630	4	0.31%	
Carolina Telephone & Telegraph	Public Service				1,158,247	5	0.29%	
Womack Construction	Construction Residential				955,690	6	0.24%	
Crawford, Nellie & Lynn	Residential				922,150	7	0.23%	
Rhodes, J Edward and Jayne	Residential				906,440	8	0.23%	
Moore, Stephen P & Jeanette	Residential				898,710	9	0.23%	
Meares, William & Teresa	Residential				821,410	10	0.21%	
Totals		<u>\$15,853,793</u>		<u>2.58%</u>	<u>\$ 20,090,561</u>		<u>5.12%</u>	
							613,721,621      392,728,371	

Source: Moore County Tax Assessor

**SCHEDULE 8  
 VILLAGE OF WHISPERING PINES, NORTH CAROLINA  
 PROPERTY TAX LEVIES AND COLLECTIONS  
 LAST TEN FISCAL YEARS**

Fiscal Year	Taxes Levied for the Fiscal Year (1)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Original Levy		Amount	Percentage of Levy (1)
2011	1,485,161	1,449,239	97.58%	32,066	1,481,305	99.74%
2012	1,514,373	1,506,612	99.49%	3,937	1,510,549	99.75%
2013	1,541,163	1,533,424	99.50%	3,340	1,536,764	99.71%
2014	1,620,147	1,614,284	99.64%	4,092	1,618,376	99.89%
2015	1,650,654	1,648,482	99.87%	1,863	1,650,345	99.98%
2016	1,765,856	1,765,181	99.96%	411	1,765,592	99.99%
2017	1,820,964	1,819,785	99.94%	-	1,819,785	99.94%
2018	1,904,762	1,903,753	99.95%	-	1,903,753	99.94%
2019	2,009,369	2,008,469	99.96%	-	2,008,469	99.96%
2020	2,270,770	2,262,755	99.65%	-	2,262,755	99.65%



Source: Moore County Tax Department

Notes:

(1) Taxes Levied for the Fiscal Year have been adjusted for Collections in Subsequent Years

**SCHEDULE 9  
VILLAGE OF WHISPERING PINES, NORTH CAROLINA  
RATIOS OF OUTSTANDING DEBT BY TYPE,  
LAST TEN FISCAL YEARS**

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<b>Fiscal Year</b>	<b>Installment Loans</b>	<b>Capital Leases</b>	<b>Financing Contracts and Promissory Note</b>	<b>Total Primary Government</b>	<b>Per Capita (1)</b>	<b>Percentage of Taxable property Valuations (2)</b>
2011	368,333	14,296	-	382,629	131	0.00097%
2012	340,000	-	-	340,000	116	0.00083%
2013	311,667	-	320,000	631,667	207	0.00151%
2014	311,926	-	276,462	588,388	188	0.00134%
2015	269,680	-	232,029	501,709	157	0.00112%
2016	226,684	-	187,067	413,751	126	0.00087%
2017	182,906	-	141,412	324,318	97	0.00066%
2018	138,326	-	95,006	233,332	70	0.00450%
2019	93,006	-	2,547,865	2,640,871	773	0.48600%
2020	46,879	-	3,064,142	3,111,021	884	0.50700%

(1) See Schedule 12 for population data.

(2) Personal Income information is not available for the Village of Whispering Pines. Whispering Pines Taxable Assessed Value, Schedule 5 is used for the comparison.

**SCHEDULE 10  
VILLAGE OF WHISPERING PINES, NORTH CAROLINA  
LEGAL DEBT MARGIN INFORMATION,  
LAST TEN FISCAL YEARS  
(DOLLARS IN THOUSANDS)**

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Assessed Value of Property	\$ 392,728	\$ 408,226	\$ 415,617	\$ 436,739	\$ 445,638	\$ 477,147	\$ 492,152	\$ 514,801	\$ 543,073	\$ 613,722
Debt Limit, 8% of Assessed Value (Statutory Limitation)	31,418	32,658	32,249	34,939	35,651	38,172	36,240	41,184	43,446	49,097
Total net debt applicable to limit	383	340	632	588	502	414	324	233	2,642	771
Legal Debt Margin	\$ 31,036	\$ 32,318	\$ 32,617	\$ 34,351	\$ 35,149	\$ 37,758	\$ 35,916	\$ 40,951	\$ 40,804	\$ 48,326
Total net debt applicable to the limit as a percentage of debt limit	0.0122	0.0104	0.0196	0.0168	0.0141	0.0108	0.0089	0.0057	0.0608	0.0157

Note: NC Statute GS159-55 limits the Village's outstanding debt to 8% of the appraised value of property subject to taxation. The following deductions are made from gross debt to arrive at net debt applicable to the limit: money held for payment of principal; debt incurred for water, sewer, gas, or electric power purposes; uncollected special assessments, funding and refunding bonds not yet issued; and rever

The legal debt margin is the difference between the debt limit and the Village's net debt outstanding applicable to the limit, and represents the Village's legal borrowing authority.

**SCHEDULE 11  
VILLAGE OF WHISPERING PINES, NORTH CAROLINA  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF JUNE 30, 2020**

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<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (2)</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
<b>Other Debt:</b>			
Moore County (1)	\$ 233,934,406	4.44%	\$ 10,396,953
<b>Direct Debt:</b>			
Village of Whispering Pines	\$ 3,111,021	100.00%	\$ 3,111,021
<b>Total Direct and Overlapping Debt</b>			<b>\$ 13,507,974</b>

Notes:

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the Village. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the Village. This process recognizes that, when considering the village's ability to issue 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-therefore responsible for repaying the debt-of each overlapping government.

(1) Source: Moore County's Financial Services Department

(2) For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the Village of Whispering Pines boundaries and dividing it by each unit's total taxable assessed value. Taxable assessed values as of June 30, 2019 were used to determine the overlapping debt percentage.

**SCHEDULE 12  
VILLAGE OF WHISPERING PINES, NORTH CAROLINA  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS**

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<u>Year</u>	<u>Population (A)</u>	<u>Moore County Personal Income (B) (in thousands)</u>	<u>Moore County Per Capita Personal Income (B)</u>	<u>Moore County Public School Enrollment(C)</u>	<u>Moore County Unemployment Rate(D)</u>
2011	2,928 <sup>¶</sup>	3,513,618	39,320	12,491	9.00%
2012	2,940	3,669,496	40,636	12,707	8.90%
2013	3,047	3,732,881	40,758	12,943	8.70%
2014	3,126	3,893,395	41,818	13,009	6.00%
2015	3,193	4,125,534	40,759	13,130	6.10%
2016	3,270	4,327,275	45,181	12,991	5.10%
2017	3,262	4,793,730	49,286	12,792	4.00%
2018	3,351	5,063,095	51,307	12,856	4.10%
2019	3,418	*	*	12,835	4.40%
2020	3,521	*	*	13,842	7.50%

\* Information not yet available.

Notes:

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

(B) Information is not available for the Village of Whispering Pines. County data is from the US Department of Commerce Bureau of Economic Analysis

(C) Moore County Board of Education

(D) Information is not available for the Village of Whispering Pines. County data is from the N.C. Employment Security Commission

**SCHEDULE 13  
VILLAGE OF WHISPERING PINES, NORTH CAROLINA  
PRINCIPAL EMPLOYERS  
CURRENT YEAR AND 10 YEARS AGO**

Employer	2020			2011		
	Estimated # Employees	Rank	Percentage of Total County Employment	Estimated # Employees	Rank	Percentage of Total County Employment
First Health of the Carolinas Inc.	3,000	1	7.84%	3,450	1	10.17%
Moore County Schools	1,800	2	4.71%	1,794	2	5.29%
Pinehurst, LLC	1,000	3	2.61%	1,100	4	3.24%
County of Moore	999	4	2.61%	1,290	3	3.80%
Sandhills Community College	999	5	2.61%	653	5	1.93%
Pinehurst Medical Clinic	999	6	2.61%	492	7	1.45%
St. Joseph of the Pines	999	7	2.61%	393	8	1.16%
Pinehurst Surgical Clinic, P.A.	499	8	1.30%	357	9	1.05%
Lee Electrical Construction	499	9	1.30%	248	10	0.73%
Harris Teeter	499	10	1.30%	-	-	-
Walmart	-	-	0.00%	499	6	1.36%
<b>Total</b>	<b>11,293</b>		<b>29.52%</b>	<b>10,276</b>		<b>30.18%</b>

Note: Data cannot be segregated for Whispering Pines, data is for Moore County  
Source: Moore County data is from Moore County Economic Development Commission &  
NCDOC Labor & Economic Analysis Division, D4 System - Employment & Wages

**SCHEDULE 14  
VILLAGE OF WHISPERING PINES, NORTH CAROLINA  
FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION,  
LAST TEN FISCAL YEARS**

Function/Program	Full-time Equivalent Employees as of June 30									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Government	3.0	1.5	2.5	2.5	2.5	3	2.5	2.6	2.6	2.6
Public Safety	11.5	10.5	15.25	15.25	15.25	15.5	15	11.9	10.9	11.9
Economic and Physical Development	1.8	0.5	1	1	0	0	0	0.5	0.5	1.5
Transportation	2.9	2.7	3.7	4	4	3	3	3.6	3.6	3.6
Cultural and Recreation	1.3	1.3	1.8	2	2	2	2	2.4	2.4	2.4
<b>Total</b>	<b>20.5</b>	<b>16.5</b>	<b>24.25</b>	<b>24.75</b>	<b>23.75</b>	<b>23.5</b>	<b>22.5</b>	<b>21.00</b>	<b>20</b>	<b>22</b>

Source: Village of Whispering Pines Finance Department

Vacant positions are not included in the above numbers; full time personnel work 2,080 hours per year (less vacation and sick leave).

Note: This schedule represents number of persons employed as of June 30 of each year.

**SCHEDULE 15  
VILLAGE OF WHISPERING PINES, NORTH CAROLINA  
OPERATING INDICATORS BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS**

<b>Function/Program</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Public Safety										
Incidents	111	110	104	176	234	224	201	240	283	270
Arrests	39	74	85	118	93	78	61	93	130	91
Arrest Charges	79	126	188	267	204	175	118	207	236	166
Accidents	28	19	22	17	29	22	28	38	34	35
Warning Charges	1,029	1,285	1,253	1,257	1,956	1,672	1,046	1,140	1,365	795
Citation Charges	848	905	1,055	1,231	1,880	1,679	1,191	1,260	1,537	1,022
Fire Protection										
Fire Calls	48	25	36	43	34	40	35	104	108	100
Rescue Calls	13	322	355	290	336	327	377	496	523	367
Other Incidents	175	145	178	138	175	199	278	207	243	187
Economic and Physical Development										
Zoning permits issued:										
Residential	39	35	56	45	50	74	94	46	50	47
Soil & Erosion Control (Grading)	57	56	70	48	50	74	94	48	50	47
Minor permits	178	174	165	186	105	125	138	161	129	173
Total number of permits issued	274	265	291	279	205	273	326	255	229	267
Cultural and Recreation										
Number of lakes	8	8	8	8	8	8	8	8	8	8
Number of parks	7	7	7	7	5	6	6	8	8	8
Boat permits issued	105	552	223	157	699	328	252	831	302	236
Environmental Protection										
Households receiving service	1,307	1,330	1,356	1,382	1,398	1,428	1,484	1,522	1,549	1,566
Recyclables collected (tons annually)	337	373	381	372	388	383	368	409	384	275
Refuse collected (tons annually)	730	797	787	835	849	974	1,010	1,097	1,213	1,401
Yard debris (tons annually)	480	438	453	449	503	554	587	490	683	567

Source: Various Village departments

**SCHEDULE 16  
 VILLAGE OF WHISPERING PINES, NORTH CAROLINA  
 CAPITAL ASSET STATISTICS BY FUNCTION  
 LAST TEN FISCAL YEARS**

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Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Public Safety										
Police Protection										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Vehicles	5	5	5	5	5	6	6	8	8	8
Fire Protection										
Stations	2	2	1	1	1	1	1	1	1	1
Fire Trucks	6	6	4	4	4	4	4	4	4	4
Fire Rescue Vehicles	4	4	3	3	3	3	3	3	3	3
Economic and Physical Development										
Planning & Zoning Vehicle	0	1	1	1	1	1	1	1	1	1
Transportation										
Miles of streets	30.15	30.15	30.32	30.32	32.92	32.92	33.55	33.55	34.08	34.08
Maintenance Vehicles	5	5	5	5	6	6	6	7	7	7
Cultural and Recreation										
Lake acreage	438	438	438	438	440	440	438	438	438	438
Lake maintenance/patrol vehicles	2	2	2	2	2	2	2	1	1	3

Source: Various Village departments

## Compliance Section

**J. Singh, CPA, P.A.**  
**Certified Public Accountant**  
1101 Woodland Avenue  
Post Office Box 1663  
Sanford, North Carolina  
(919) 774-3284

**Report on internal control over financial reporting And on Compliance and Other Matters Based on An Audit of Financial Statements Performed in Accordance With Government Auditing Standards**

Independent Auditor's Report

To the Honorable Mayor and Village Council  
Village of Whispering Pines, North Carolina

I have audited, 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, the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Whispering Pines, North Carolina, as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprises the Village of Whispering Pines' basic financial statements, and have issued my report thereon dated September 10, 2020.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Village of Whispering Pines' internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village of Whispering Pines' internal control. Accordingly, I do not express an opinion on the effectiveness of the Village's internal control.

My consideration of the internal control was for limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed in the accompanying schedule of findings and responses, I identified certain deficiencies in internal control over financial reporting that I consider to be a material weakness.

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. I consider the deficiency 2020-1, described in the accompanying schedule of findings and responses to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Whispering Pines' financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However,

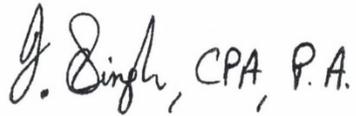
providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Village of Whispering Pines' Response to Findings

The Village of Whispering Pines' response to the findings identified in my audit are described in the accompanying schedule of findings and responses. The Village's response was not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, I express no opinion on it.

Purpose of this Report

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

A handwritten signature in black ink that reads "J. Singh, CPA, P.A." The signature is written in a cursive style.

Sanford, North Carolina 27330  
September 10, 2020

VILLAGE OF WHISPERING PINES, NORTH CAROLINA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2020

Findings related to the audit of the Basic Financial Statements

Finding 2020-1 – Material Weakness

**Criteria:** Management should have a system in place to reduce the likelihood of errors in financial reporting.

**Condition:** Due to the limited number of personnel in the Village office, there are inherent limitations to the segregation of duties among Village personnel.

**Recommendation:** Access to books and records of the Village should be separated from access to the assets of the Village as much as possible. Alternative controls should be used to compensate for any lack of segregation of duties. The Village Council should provide some of these controls.

**Contact person:** Cindy Graham

**Corrective action:** Management is aware of the weakness but, due to the cost benefit analysis, hiring additional personnel does not appear feasible.