

REVIEWED

By SLGFD at 12:37 pm, Dec 20, 2021

Town of Southern Pines, North Carolina

Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2021

Prepared by the Department of Finance

Tess Brubaker-Speis, Director of Finance





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Introductory Section

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

November 19, 2021

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

State law requires that all general-purpose local governments publish, within six months of the close of each fiscal year, a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, the Annual Comprehensive Financial Report (ACFR) of the Town of Southern Pines, North Carolina (Town) for the fiscal year ended June 30, 2021 is hereby submitted.

This report was prepared by the Town's Finance Department and consists of management's representations concerning the finances of the Town of Southern Pines. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the Town has established a comprehensive internal control framework that is designed to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Town's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Town's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. We assert that to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Dixon Hughes Goodman LLP, a firm of licensed certified public accountants, has audited the Town's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town for the fiscal year ended June 30, 2021, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Town's financial statements for the fiscal year ended June 30, 2021, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The Town of Southern Pines is required by State law to have an annual independent financial audit. A compliance audit in accordance with Government Auditing Standards is also required. The auditor's report required by Government Auditing Standards is found in the Compliance Section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Town's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE TOWN

The Town of Southern Pines, North Carolina, which has been recognized as an "All-American City" by the National Civic League, was incorporated in 1887, and is located on the fringe of the Piedmont section of the State in an area known as the Sandhills. The Town, which is located in Moore County (County), has a 2021 population of approximately 15,545 and encompasses 17.679 square miles. The Town provides a full range of services including police and fire protection, streets, planning and zoning, parks and recreation, library, fleet maintenance, and general administrative services. The Town also operates water and sewer utility services.

The Town operates under the Council-Manager form of government. The legislative body of the government of the Town is comprised of a Mayor and a four-member Town Council. The Town Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees and hiring the Town Manager. The Mayor and Council are elected at-large by the Citizens, with the Mayor being elected separately. The Mayor serves a four-year term, and is the presiding officer of the Council. Members of the Town Council serve four-year terms as well. Town Council elections are held every two years in order that the terms of office are staggered. The Town Manager is responsible for the administration of the policies and ordinances of the Town Council, for overseeing the day-to-day operations of the Town, and for appointing the heads of the various departments.

The annual budget serves as the foundation for the Town's financial planning and control. The Town has a formal operating budget process, which begins in January of each year. The Town Council receives the recommended budget in April. The Council is required to hold a public hearing on the proposed budget and to adopt a final budget by no later than June 30, the close of the Town's fiscal year. Legal budgetary control for operating budgets is exercised at the fund and department level. Transfers of appropriations between departments and funds require the approval of the Town Council. Formal budgetary integration and encumbrance accounting are employed as management control devices during the year. Budget to actual comparisons are provided in this report for each individual governmental fund and the proprietary fund for which an appropriated annual budget has been adopted.

LOCAL ECONOMY

The economic profile of the Town is a mixture of tourism, retirement, professional services and retail. Direct spending by visitors continues to be high, placing Moore County eleventh in the one hundred counties in North Carolina, while its population places it twenty-seventh. Tourism revenues generated \$396 million dollars, representing a better than 30% decrease from the previous year but consistent with decreases experienced across the State as a result of the Covid-19 pandemic. Southern Pines continues to attract significant new retail and residential development.

The Morganton Park North mixed-use development continues to experience in-fill, with medical offices for both Pinehurst Medical and Pinehurst Surgical well underway and

scheduled to be occupied in early calendar year 2022. A medical office for Sandhills Pediatricians has also been approved, and plans for an additional medical office potentially housing clinical trials for First Health of the Carolinas are in development. Additionally, a second Phase of the existing Legends at Morganton Park apartment complex will add 72 units to that development.

Redevelopment and infill development projects continued to occur in the Town during 2021, with more anticipated in the near future. Construction has commenced on a new and expanded Leith Honda dealership that will sit in both Southern Pines and Aberdeen jurisdictions. Plans have also been submitted for a redevelopment of an antiquated Urgent Care site along this corridor. Closer to downtown, in the area south of Broad Street, a new Fidelity Bank and an adjacent Food truck corral with bar will open shortly, while construction will begin on a new cross-fit gym, a large indoor climate-controlled storage facility, and an upfit of the former Bo's/IGA building into an adult themed bar and gaming business.

A 100-acre development was recently approved in the Morganton Park South area, with the first Phase of 40+/- acres scheduled to go under construction in early 2022. Businesses planned for the area to date include a Target shopping center, large grocer, and a 270+/- unit Apartment Complex.

In 2021, construction continued on several residential developments. These developments include the Ravensbrook subdivision, the Longleaf Golf and Family Club, Talamore Cottages at Midland, the Traywick subdivision, and a number of smaller townhome style developments. Ravensbrook subdivision consist of 97 single-family homes, the Longleaf Golf and Family Club, Area F, consist of 24 single-family homes and 10 townhomes, the Talamore Cottages at Midland consist of 36 units, and the Traywick subdivision consist of 35 single-family homes.

During 2021, construction also continued on Phase 2(a) and 9 of the Caropines planned development with additional phases currently under Site Plan review. The 288-unit apartment complex known as Eagle Landing located between Morganton Road and 15-501 has opened its initial buildings and should be fully completed in early 2022.

Immediately downtown, the former Growler building on Pennsylvania Avenue has been upfit by Southern Pines Brewing, the second floor of the new Growler and Chamber building has been occupied by mortgage and real estate companies, while a new three-story yoga studio on the site of an old structure on Camelia Way also opened during the year. Work is currently underway on the old theatre building on Broad Street and an upfit of a former restaurant at the corner of Pennsylvania and Bennett, though eventual tenants have not been named to date.

LONG-TERM FINANCIAL PLANNING AND MAJOR INITIATIVES

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

The Town has several ongoing capital projects to meet the needs of the citizens. During fiscal year 2021, the Town achieved a number of improvements in municipal operations and services provided to the citizens of the Town. Some of the more significant accomplishments for the year and major program initiatives for the future are discussed below.

Construction is nearly completed on an upfit of the former Public Works Annex that will allow for the housing of a Community Development office consisting of personnel across the Public Works, Planning, and Inspections divisions. The offices should open the first of the year in 2022, and will allow for planning to begin for the backfill of space vacated by Planning and Inspections in the Old Library building downtown.

The Town was able to purchase 157 +/- acres in addition to an 8,000 sq. ft. home, barn, and garage building known as the Whitehall Tract. This purchase will allow for future Recreational planning in addition to protecting acres of endangered species habitat and minimizing the traffic and services impact that may have occurred with large scale residential development on our outskirts.

Sewer and water line replacements and improvements continued during 2021 as well as storm water replacements and capital work at the Water Treatment Plant.

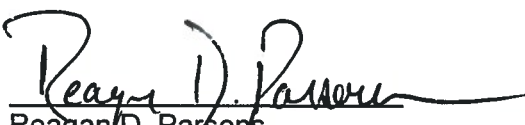
AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Southern Pines, North Carolina for its annual comprehensive financial report for the fiscal year ended June 30, 2020. This was the thirtieth consecutive year that the Town has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine eligibility for another certificate.

The preparation of this report would not have been possible without the dedicated efforts of the entire staff of the Finance Department, as well as the cooperation of the other departments of the Town of Southern Pines. We would like to thank Dixon Hughes Goodman LLP the Town's independent auditors, for their assistance and dedication in preparing this report. In addition, we wish to express our appreciation to the Mayor, and the Town Council for their continued support, leadership, and professionalism in conducting the financial affairs of the Town.

Respectfully submitted,


Reagan D. Parsons
Town Manager


Tess Brubaker-Speis
Director of Finance



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Town of Southern Pines
North Carolina**

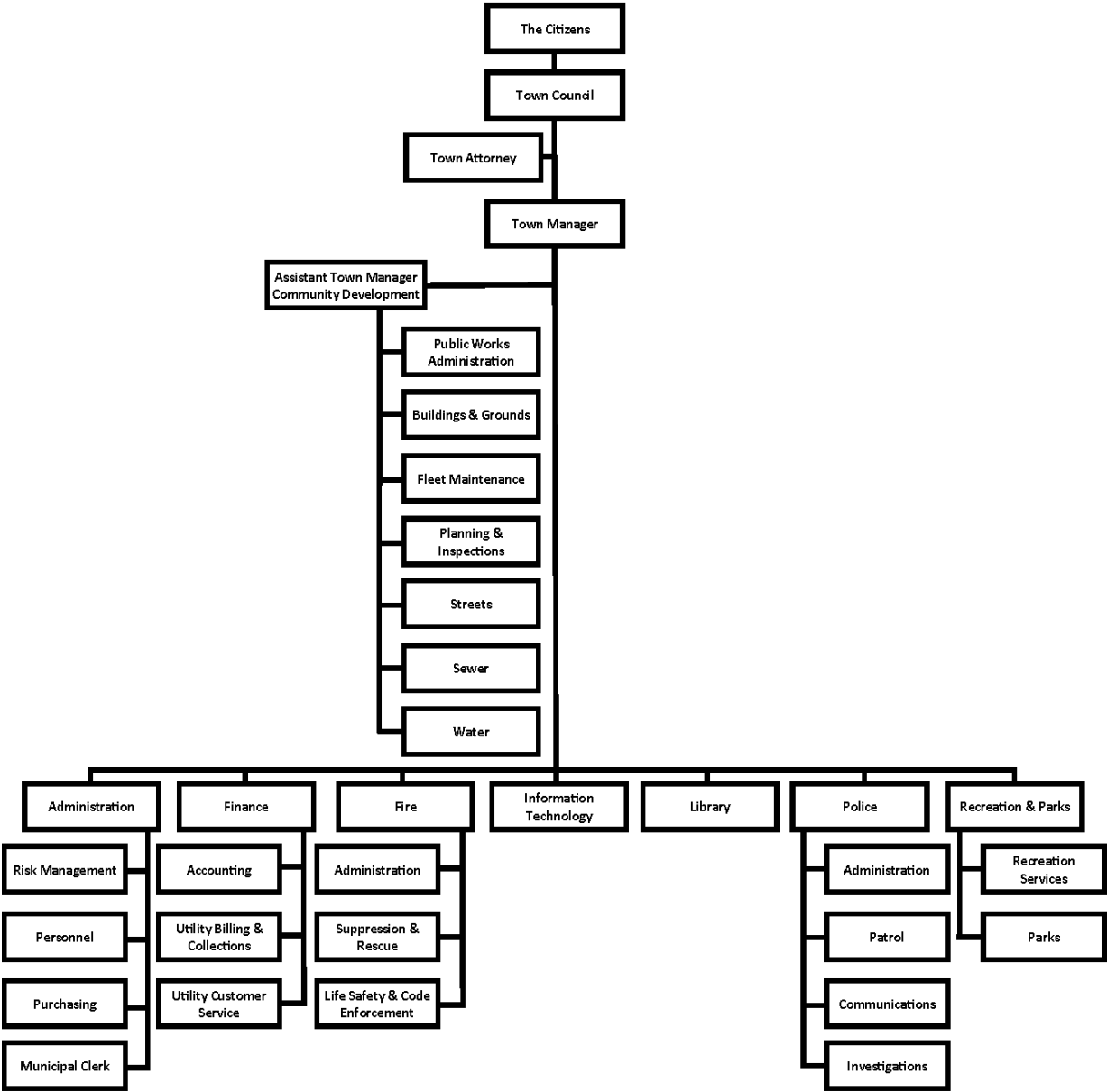
For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

TOWN OF SOUTHERN PINES
ORGANIZATIONAL CHART



TOWN OF SOUTHERN PINES

LIST OF PRINCIPAL OFFICIALS

June 30, 2021

TOWN COUNCIL

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

TOWN OFFICIALS

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

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Financial Section

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Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the fiduciary fund, each major fund, and the aggregate remaining fund information of the Town of Southern Pines, North Carolina ("Town") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation of the financial statements.

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



Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the fiduciary fund, each major fund, and the aggregate remaining fund information of the Town as of June 30, 2021, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, effective July 1, 2020, the entity adopted a new accounting guidance promulgated in GASB Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Town. The combining and individual fund statements, budgetary schedules and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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



as a whole. The introductory information and the statistical sections have not been subjected to the auditing procedures applied in the audit of basic financial statements, and accordingly, we do not express an opinion or provide assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2021, on our consideration of Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of the report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town's internal control over financial reporting and compliance.

Dixon Hughes Goodman LLP

High Point, NC
November 19, 2021

**Town of Southern Pines
Management's Discussion and Analysis
June 30, 2021**

As management of the Town of Southern Pines, we offer readers of the Town of Southern Pines' financial statements this narrative overview and analysis of the financial activities of the Town of Southern Pines (Town) for the fiscal year ended June 30, 2021. We encourage readers to review the information presented here in conjunction with the Town's financial statements, which follow this narrative and the transmittal letter found in the Introductory Section.

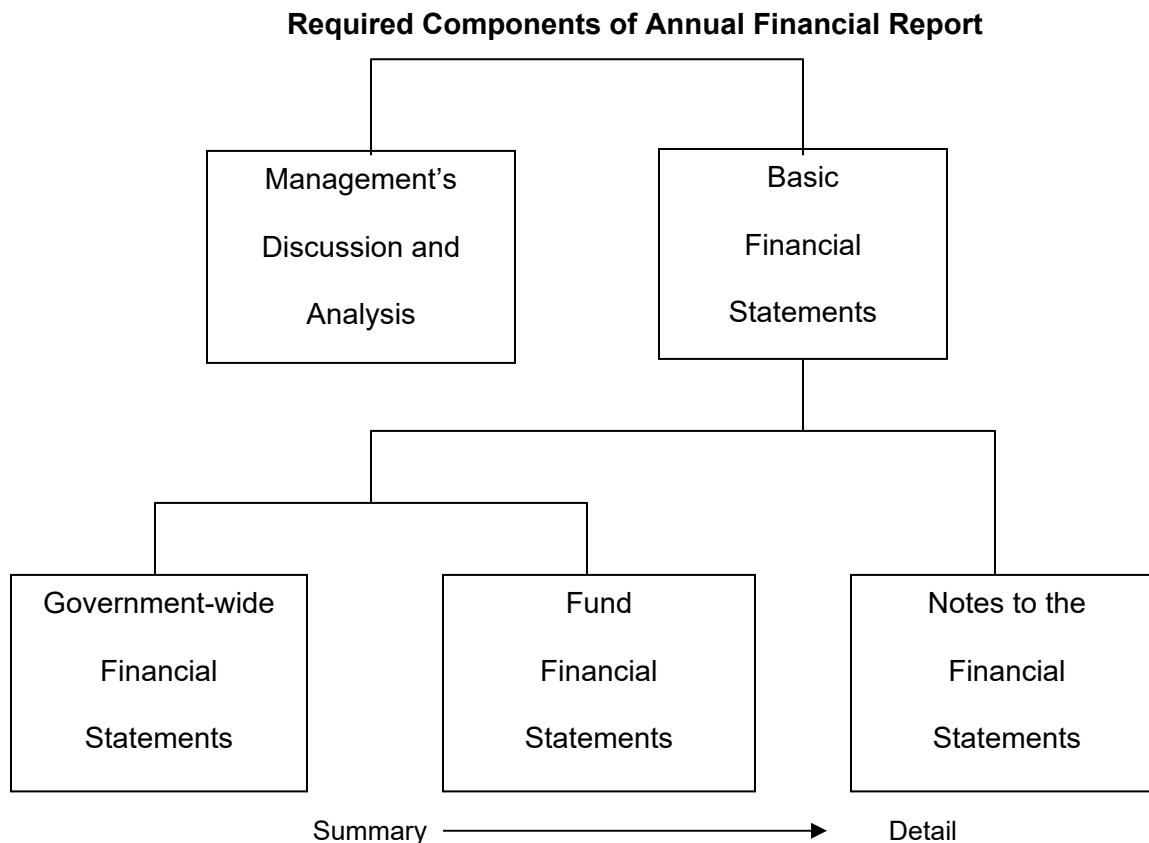
Financial Highlights

- The assets and deferred outflows of resources of the Town of Southern Pines exceeded its liabilities at the close of the fiscal year by \$106,061,007 (net position).
- The government's total net position increased by \$7,877,041, due to an increase in both the governmental activities and the business type activities net position, due to lower than expected expenditures/expenses and higher than expected revenues.
- As of the close of the current fiscal year, the Town of Southern Pines governmental funds reported combined ending fund balances of \$15,855,592, an increase of \$2,081,950 in comparison with the prior year. Approximately 14.54 percent of the total ending fund balance amount, or \$2,305,502, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$8,420,430 or 44.95 percent of total General Fund expenditures for the fiscal year.
- The Town of Southern Pines' total debt increased by \$871,286 or 11.75 percent during the current fiscal year. The increase was due to scheduled principal payments on existing debt obligations, offset by debt issuance of \$1,250,000 for the Annex Remodel and \$900,000 for the purchase of the Whitehall Land Tract.
- The Town maintained its A2 bond rating from Moody's Investors Services for the 23rd consecutive year as well as its AA- from Standard and Poor's for the 13th consecutive year. During fiscal year 2013, the Town received an increase in its North Carolina Municipal Council rating from 85 to 86, which is comparable to a rating of A1/A+ by the national rating agencies.

Overview of the Financial Statements

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

Figure 1:



Basic Financial Statements

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

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

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

The Town adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the Town Council about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: (1) the original budget as adopted by the Council; (2) the final budget as amended by the Council; (3) the actual resources, charges to appropriations, and ending balances in the General Fund; and (4) the difference or variance between the final budget and the actual resources and charges.

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

Fiduciary Trust Funds - Trust funds are used to account for resources held for the benefit of parties outside the government. These funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 33 of this report.

Other Information - In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 61 of this report.

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

Government-Wide Financial Analysis of the Town of Southern Pines

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

Figure 2:

The Town of Southern Pines Net Position

	Activities		Activities		Total	
	2021	2020	2021	2020	2021	2020
Assets						
Current and other assets	\$ 17,072,893	\$ 15,722,111	\$ 17,074,968	\$ 16,443,701	\$ 34,147,861	\$ 32,165,812
Capital assets	45,016,654	42,549,562	41,473,756	37,114,475	86,490,410	79,664,037
Total assets	62,089,547	58,271,673	58,548,724	53,558,176	120,638,271	111,829,849
Deferred outflows of resources						
Pension	3,216,767	2,022,735	257,178	196,388	3,473,945	2,219,123
Total deferred outflows of resources	3,216,767	2,022,735	257,178	196,388	3,473,945	2,219,123
Liabilities						
Long term liabilities outstanding	15,476,253	12,211,353	860,593	1,089,134	16,336,846	13,300,487
Other liabilities	1,111,943	1,865,957	483,434	574,458	1,595,377	2,440,415
Total liabilities	16,588,196	14,077,310	1,344,027	1,663,592	17,932,223	15,740,902
Deferred inflows of resources						
Pension	113,462	114,327	5,524	9,777	118,986	124,104
Total deferred inflows of resources	113,462	114,327	5,524	9,777	118,986	124,104
Net position:						
Net investment in capital assets	37,075,906	35,851,831	41,129,762	36,398,750	78,205,668	72,250,581
Restricted	2,145,753	1,946,432	-	-	2,145,753	1,946,432
Unrestricted	9,382,997	8,304,508	16,326,589	15,682,445	25,709,586	23,986,953
Total net position	\$ 48,604,656	\$ 46,102,771	\$ 57,456,351	\$ 52,081,195	\$ 106,061,007	\$ 98,183,966

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Town exceeded liabilities and deferred inflows by \$106,061,007 as of June 30, 2021. The Town's net position increased by \$7,877,041 for the fiscal year ended June 30, 2021 in total for governmental and business-type activities.

By far, the largest portion of the Town's net position, \$78,205,668 or 73.74%, reflects the Town's net investment in capital assets (e.g., land, buildings, machinery, and equipment). The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's net investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

An additional portion of the Town's net position, \$2,145,753 or 2.02%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$25,709,586 is unrestricted and may be used to meet the Town's ongoing obligations to citizens and creditors.

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

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 99.75%, which is greater than the last reported statewide average of 98.96%.
- Increased ad valorem tax revenues of approximately \$428,824 due to economic growth in the Town.
- Continued low cost of debt due to the Town's good bond ratings.

Changes in Net Position

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

Figure 3:

Town of Southern Pines Changes in Net Position						
	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 2,953,943	\$ 2,409,875	\$ 9,174,008	\$ 8,564,595	\$ 12,127,951	\$ 10,974,470
Operating grants and contributions	775,770	818,736	-	-	775,770	818,736
Capital grants and contributions	888,156	675,854	3,665,740	1,895,667	4,553,896	2,571,521
General revenues:						
Property taxes	11,218,204	10,782,975	-	-	11,218,204	10,782,975
Other taxes	6,263,750	5,460,866	-	-	6,263,750	5,460,866
Other	309,198	705,577	1,189,500	571,419	1,498,698	1,276,996
Total revenues	<u>22,409,021</u>	<u>20,853,883</u>	<u>14,029,248</u>	<u>11,031,681</u>	<u>36,438,269</u>	<u>31,885,564</u>
Expenses:						
General government	5,696,319	5,900,817	-	-	5,696,319	5,900,817
Public safety	8,672,459	8,659,291	-	-	8,672,459	8,659,291
Cultural and recreation	2,985,385	2,521,679	-	-	2,985,385	2,521,679
Transportation	1,390,519	1,903,528	-	-	1,390,519	1,903,528
Economic & physical development	953,077	834,642	-	-	953,077	834,642
Interest on long-term debt	209,377	233,606	-	-	209,377	233,606
Water and sewer	-	-	8,654,092	8,431,055	8,654,092	8,431,055
Total expenses	<u>19,907,136</u>	<u>20,053,563</u>	<u>8,654,092</u>	<u>8,431,055</u>	<u>28,561,228</u>	<u>28,484,618</u>
Change in net position	2,501,885	800,320	5,375,156	2,600,626	7,877,041	3,400,946
Net position, beginning	<u>46,102,771</u>	<u>45,302,451</u>	<u>52,081,195</u>	<u>49,480,569</u>	<u>98,183,966</u>	<u>94,783,020</u>
Net position, June 30	<u>\$ 48,604,656</u>	<u>\$ 46,102,771</u>	<u>\$ 57,456,351</u>	<u>\$ 52,081,195</u>	<u>\$ 106,061,007</u>	<u>\$ 98,183,966</u>

Governmental activities - Governmental activities increased the Town's net position by \$2,501,885, thereby accounting for 31.76% of the total increase in the net position of the Town.

Key elements of this change are as follows:

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

Figure 4:

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

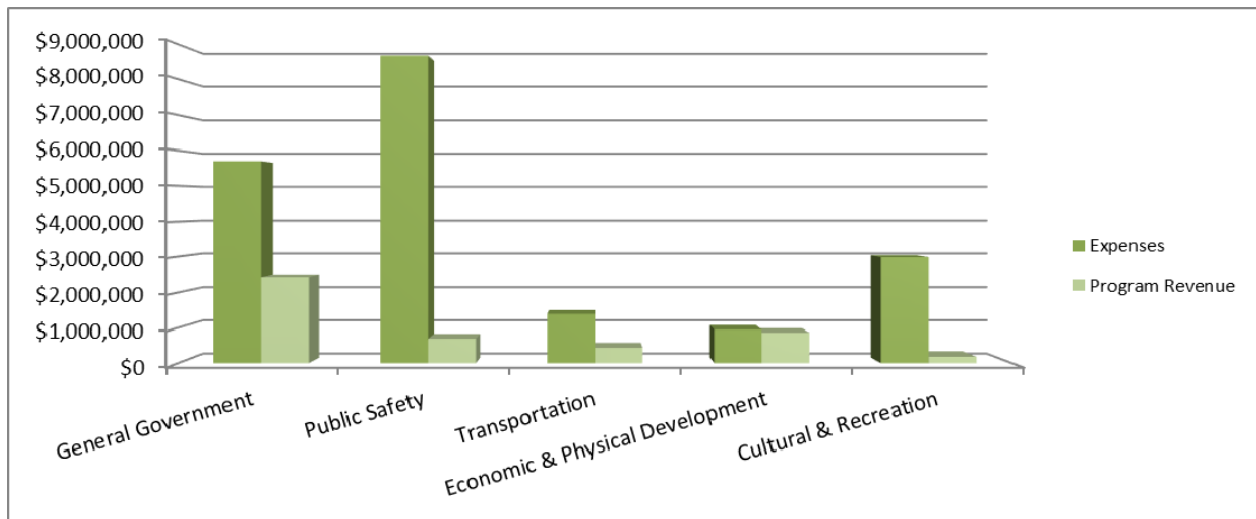
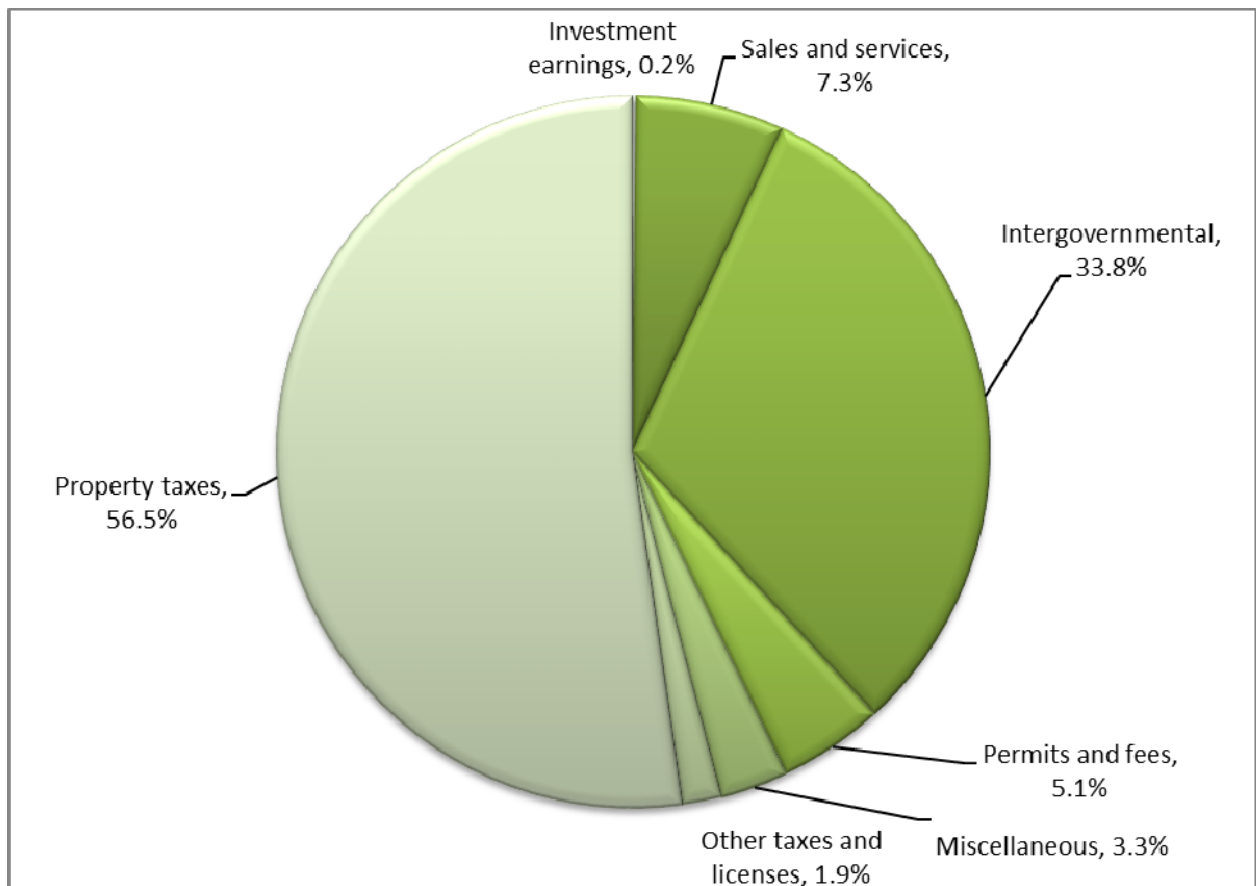


Figure 5:

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

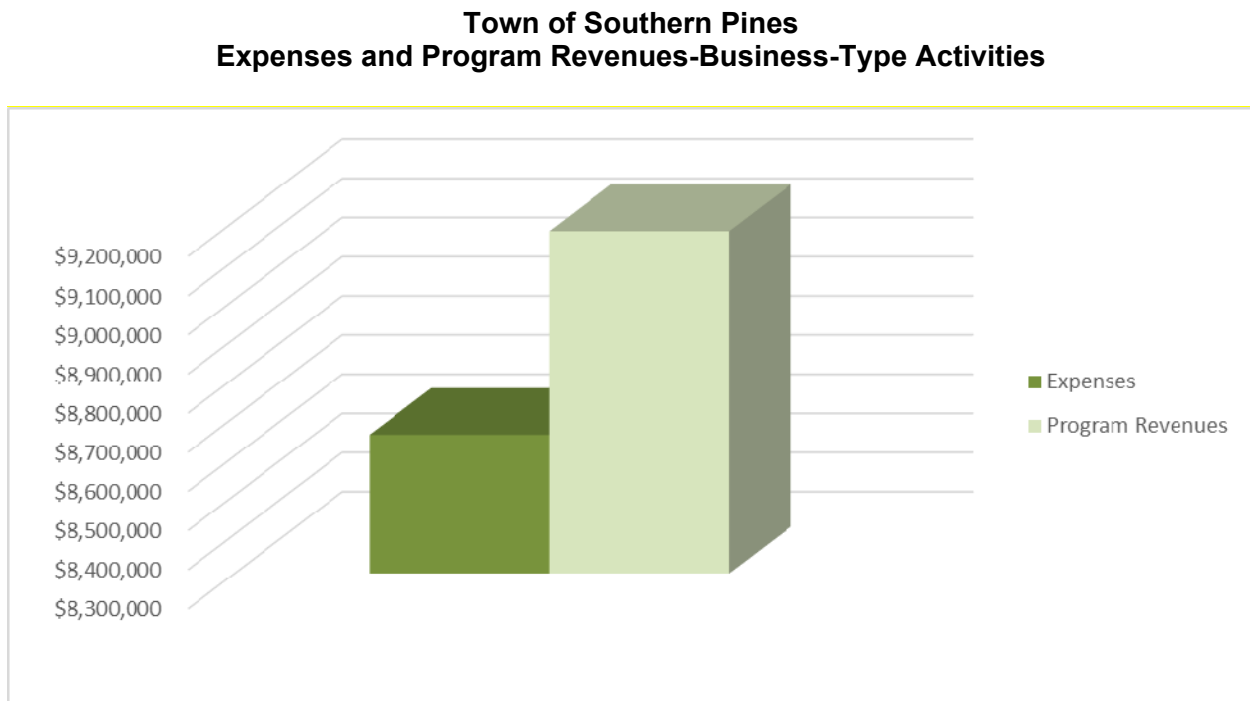


Business-type activities - Business-type activities increased the Town's net position by \$5,375,156, accounting for 68.24% of the total increase in the net position of the Town.

The Key elements of the increase are as follows:

- Capital grants and contributions in the amount of \$3,665,740.
- Charges for services increased due to an increase in water sales and sewer revenue.

Figure 6:



Financial Analysis of the Town's Funds

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

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

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, the Town of Southern Pines' unassigned fund balance in the General Fund, which is available for spending at the government's discretion, was \$8,420,430, while total fund balance reached \$13,460,136. The Governing Body of the Town of Southern Pines has determined that the Town should maintain a minimum unassigned fund balance of 25 percent of general fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the Town. The Town currently has unassigned fund balance of 44.95 percent of General Fund expenditures, while total fund balance represents 71.86 percent of that same amount.

At June 30, 2021, the governmental funds of the Town reported a combined fund balance of \$15,855,592 with a net increase in fund balance of \$2,081,950. Included in this change in fund balance is an increase to capital project fund balances and an increase to the General Fund fund balance.

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

During the year, there was a \$850,912 net increase in appropriations between the original and final amended budget. Key components of the amendments are as follows:

- an appropriation in the Planning Department in the amount of \$73,100 for a DFI contract for support services and for other operational expenditures,
- an appropriation in the Inspections Department in the amount of \$33,060 for an increase to operational expenditures,
- an appropriation in the amount of \$41,931 for operational expenditures in various departments
- an appropriation in the Building and Grounds Department in the amount of \$10,000 to replace trees on Pennsylvania Avenue,
- an appropriation in the Legislation Department in the amount of \$27,685 for BB&T prepayment premium and legal fees for Fire Station II refinance,
- transfers to a capital project fund in the amount of \$100,000 for the funding of Public Works Annex Up-fit,
- transfers to a capital project fund in the amount of \$519,262 for Whitehall purchase,
- transfers to a capital project fund in the amount of \$45,874 for IT equipment purchases.

The actual operating revenues for the General Fund were greater than the final budgeted amount by \$2,316,516. Unrestricted intergovernmental revenues were \$1,526,474 greater than budgeted due primarily to the conservative amount budgeted for local option sales tax and utility franchise taxes. The permits and fees revenue category was \$540,653 greater than budgeted due to conservative budgeting in the building inspections area. Ad valorem taxes also were \$331,942 greater than the amount budgeted due to a conservative collection rate and valuation.

The actual operating expenses for the General Fund were less than the final budgeted amount by \$2,033,468. General government, public safety, transportation, economic and physical development and cultural and recreational realized a savings of \$608,022, \$674,746, \$206,952, \$53,741 and \$409,487 respectively due primarily to personnel vacancies and the inability to procure items during the budget year due to the pandemic.

Proprietary Funds. The Town's proprietary fund provides the same type of information found in the government-wide statements but in more detail. Unrestricted net position at the end of the fiscal year amounted to \$16,326,589. The total change in net position was an increase of \$5,375,156. The change in net position is due to the increase in operating revenues and an increase in capital assets due to the donation of easements and water and sewer lines by developers and individuals. A six percent rate increase contributed to the increase in sewer revenue and a three percent rate increase contributed to the increase in water revenue.

Capital Asset and Debt Administration

Capital assets. The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2021, totals \$78,205,668 (net of accumulated depreciation). These assets include buildings, streets, storm drainage, sidewalks, land, machinery and equipment, park facilities, and vehicles.

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

Governmental Funds:

Additions

- Land in the amount of \$1,126,255 for the White Hall Tract.
- Various purchases of vehicles and motorized equipment totaling \$488,602.
- Various purchases of furniture, fixtures and other equipment equaling \$36,391.
- Construction in progress of \$1,251,767 in governmental-type activities for the design and installation of storm water infrastructure, continued improvements to the bike plan, building renovations, open space, parking lots, unpaved streets, and facility modernization
- Infrastructure in the amount of \$68,040 for storm water improvements transferred from construction in progress.
- Infrastructure in the amount of \$888,156 was donated by developers.
- Intangible assets in progress in the amount of \$285,103 for the Enterprise Information and Document Management System.
- Other Improvements in the amount of \$88,071 for paving and dumpster pad at Camelia Way.
- Machinery and equipment in the amount of \$45,111 for Cisco Business Systems servers at Police Department and Fire Station II.
- Building and building improvements in the amount of \$521,045 for purchase of White Hall buildings including the main house, garage and barn.

Retirements

- Disposals and surplused assets in the amount of \$235,102.
- The transfer of construction in progress to capital assets in the amount of \$1,803,411.

Proprietary Funds:

Additions

- Construction in progress of \$1,844,478 for water and sewer improvements.
- The addition of intangible assets consisting of water and sewer easements in the amount of \$470,768.
- Equipment purchases in the amount of \$437,972, which consist of vehicles, generators and an air compressor.
- Plant and distribution system increase in the amount of \$3,833,342, which consist of water and sewer lines donated by developers, lift station and force main upgrade from a capital project fund.

Retirements

- Disposals and surplused equipment in the amount of \$89,515.

Figure 7:

Town of Southern Pines						
	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 13,431,777	\$ 12,305,522	\$ 540,533	\$ 540,533	\$ 13,972,310	\$ 12,846,055
Buildings and improvements	15,762,873	15,681,622	966,360	994,852	16,729,233	16,676,474
Other improvements	4,127,392	4,265,313	-	-	4,127,392	4,265,313
Machinery and equipment	281,809	314,034	1,795,610	1,700,754	2,077,419	2,014,788
Infrastructure	5,797,933	5,307,790	-	-	5,797,933	5,307,790
Plant and distribution systems	-	-	29,943,124	27,381,771	29,943,124	27,381,771
Vehicles and motorized equipment	3,061,363	2,969,750	-	-	3,061,363	2,969,750
Furniture, fixtures, and other equipment	830,419	979,088	-	-	830,419	979,088
Intangibles	186,218	226,278	3,172,226	2,701,458	3,358,444	2,927,736
Intangibles in progress	285,103	246,269	-	-	285,103	246,269
Construction in progress	1,251,767	253,896	5,055,903	3,795,107	6,307,670	4,049,003
Total Capital Assets (net of accumulated depreciation)	\$ 45,016,654	\$ 42,549,562	\$ 41,473,756	\$ 37,114,475	\$ 86,490,410	\$ 79,664,037

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

Long-term Debt. As of June 30, 2021, the Town did not have any outstanding bonded debt. Previous bonded debt was related to the Proprietary Fund operations and was retired in fiscal year 2010.

During the current fiscal year, the Town of Southern Pines' installment purchase debt increased by a net amount of \$871,286 or 11.75 percent.

Included in the long-term debt category is the installment financing of the Police Facility that was obtained during fiscal year 2009, the Raw Water Reservoir installment financing issued in fiscal year 2011, the Meter Reading Project in 2013, and the Fire Sub-station installment financing that was issued in 2018, the Fire Tanker Truck installment financing that was issued in 2020, the Annex Remodel installment financing that was issued in 2021, and the Whitehall Land Tract installment financing that was issued in 2021. The total outstanding balance of debt as of June 30, 2021 is \$8,284,742.

(continued on next page)

Figure 8:

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

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
General Obligation Bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Installment Debt	7,940,748	6,697,731	343,994	715,725	8,284,742	7,413,456
Total	\$ 7,940,748	\$ 6,697,731	\$ 343,994	\$ 715,725	\$ 8,284,742	\$ 7,413,456

As mentioned in the financial highlights section of this document, the Town maintained its A2 bond rating from Moody's Investors Services for the 23rd consecutive year, as well as its AA- from Standard and Poor's for the 13th consecutive year. These bond ratings are clear indications of the sound financial condition and management of the Town. These achievements are primary factors in keeping interest costs low on the Town's outstanding debt.

North Carolina General Statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The current legal debt margin for the Town is \$216,032,742, which is significantly in excess of the Town's outstanding general obligation debt.

Additional information regarding the Town's long-term debt can be found in Note 12 of this report.

Economic Factors and Next Year's Budget and Rates

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

The unemployment rate for the county in which the Town is located was 5.6% as of June 30, 2021. The unemployment rate is lower than the State average.

Commercial activity remains strong throughout the Town. The value of commercial building permits increased 181.3% over the previous fiscal year while residential permit values grew by 162.2%.

The fiscal year ending June 30, 2022 budget is balanced and represents an increase of 8.5% in the governmental activities operational budget while revenue growth remains consistent. Included in governmental activities budget is a transfer of \$477,000 to capital project funds.

The fiscal year ending June 30, 2022 business type operational budget reflects a decrease of 4.0%. Included in the budget are transfers to capital project funds for funding of long-term capital planning in the amount of \$1,036,200.

Governmental Activities: The 2022 budget does not include a tax rate increase. Unrestricted intergovernmental revenue is budgeted to increase in the local option sales tax revenue category as well as franchise tax revenue. Additionally, the Town will continue to offer its citizens a high level of service and will not reduce services in the upcoming year.

Business-type Activities: Business-type revenues represent a conservative fiscal approach in the 2021-2022 fiscal year. The Town has budgeted an increase of 4.0% in water and sewer rates, to offset the increase in treatment costs.

Requests for Information

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

Town of Southern Pines, North Carolina
Statement of Net Position
June 30, 2021

Exhibit 1
(2 pages)

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 14,530,421	\$ 14,148,154	\$ 28,678,575
Receivables - net:			
Property taxes	22,744	-	22,744
Accrued interest receivable on taxes	3,010	-	3,010
Due from other governments	1,662,165	-	1,662,165
Accounts receivable	367,227	-	367,227
Accrued interest	6,126	6,416	12,542
Sales tax	125,346	55,538	180,884
Assessments	2,305	49,983	52,288
Customers	-	1,562,332	1,562,332
Other	-	781	781
Inventories	37,820	-	37,820
Prepays	121,930	-	121,930
Restricted cash and investments	193,799	1,251,764	1,445,563
Total current assets	17,072,893	17,074,968	34,147,861
Noncurrent assets:			
Capital assets			
Land, non-depreciable improvements, and construction in progress	14,968,647	5,596,436	20,565,083
Intangibles - easements	-	3,172,226	3,172,226
Other capital assets, net of depreciation	30,048,007	32,705,094	62,753,101
Total capital assets	45,016,654	41,473,756	86,490,410
Total noncurrent assets	45,016,654	41,473,756	86,490,410
Total assets	62,089,547	58,548,724	120,638,271
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	3,216,767	257,178	3,473,945
Total deferred outflows of resources	3,216,767	257,178	3,473,945

Town of Southern Pines, North Carolina
Statement of Net Position
June 30, 2021

Exhibit 1
(2 pages)

	Primary Government		
	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 918,144	\$ 397,799	\$ 1,315,943
Payable from restricted assets - customer deposits	193,799	85,635	279,434
Current portion of pension liability - LEO	34,825	-	34,825
Current maturities of long-term debt	1,647,986	201,192	1,849,178
Total current liabilities	2,794,754	684,626	3,479,380
Noncurrent liabilities:			
Pension liability - LGERS	4,465,551	469,350	4,934,901
Pension liability - LEO, net of current	2,432,780	-	2,432,780
Due in more than one year	6,895,111	190,051	7,085,162
Total noncurrent liabilities	13,793,442	659,401	14,452,843
Total liabilities	16,588,196	1,344,027	17,932,223
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	113,462	5,524	118,986
	113,462	5,524	118,986
NET POSITION			
Net investment in capital assets	37,075,906	41,129,762	78,205,668
Restricted for:			
Stabilization by State Statute	2,052,843	-	2,052,843
Cemetery perpetual care:			
Expendable	92,910	-	92,910
Unrestricted	9,382,997	16,326,589	25,709,586
Total net position	\$ 48,604,656	\$ 57,456,351	\$ 106,061,007

Town of Southern Pines, North Carolina
Statement of Activities
Year Ended June 30, 2021

Exhibit 2

Function/Programs	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
Primary government:							
Government activities:							
General government	\$ 5,696,319	\$ 1,341,719	\$ 206,458	\$ 888,156	\$ (3,259,986)	\$ -	\$ (3,259,986)
Public safety	8,672,459	521,553	170,752	-	(7,980,154)	-	(7,980,154)
Transportation	1,979,859	48,486	386,118	-	(1,545,255)	-	(1,545,255)
Economic and physical development	953,077	863,109	-	-	(89,968)	-	(89,968)
Cultural and recreation	2,396,045	170,651	12,442	-	(2,212,952)	-	(2,212,952)
Cemetery	-	8,425	-	-	8,425	-	8,425
Interest on long-term debt	209,377	-	-	-	(209,377)	-	(209,377)
Total governmental activities	19,907,136	2,953,943	775,770	888,156	(15,289,267)	-	(15,289,267)
Business-type activities:							
Water and sewer	8,654,092	9,174,008	-	3,665,740	-	4,185,656	4,185,656
Total business-type activities	8,654,092	9,174,008	-	3,665,740	-	4,185,656	4,185,656
Total primary government	<u>\$ 28,561,228</u>	<u>\$ 12,127,951</u>	<u>\$ 775,770</u>	<u>\$ 4,553,896</u>	<u>(15,289,267)</u>	<u>4,185,656</u>	<u>(11,103,611)</u>
General revenues:							
Ad valorem taxes					11,218,204	-	11,218,204
Unrestricted intergovernmental					4,936,349	-	4,936,349
Alcoholic Beverage Tax					253,772	-	253,772
Franchise taxes					1,073,629	-	1,073,629
Investment earnings					35,024	36,077	71,101
Miscellaneous					221,669	1,075,233	1,296,902
Gain on disposal					52,505	78,190	130,695
Total general revenues					<u>17,791,152</u>	<u>1,189,500</u>	<u>18,980,652</u>
Change in net position					2,501,885	5,375,156	7,877,041
Net position, beginning					46,102,771	52,081,195	98,183,966
Net position, end of year					<u>\$ 48,604,656</u>	<u>\$ 57,456,351</u>	<u>\$ 106,061,007</u>

Fund Financial Statements

Town of Southern Pines, North Carolina
Balance Sheet - Governmental Funds
June 30, 2021

Exhibit 3
(2 pages)

	Major Fund	Nonmajor	Total
	General	Governmental	Governmental
		Funds	Funds
ASSETS			
Cash and investments	\$ 12,093,408	\$ 2,437,013	\$ 14,530,421
Receivables - net:			
Property taxes	22,744	-	22,744
Due from other governments	1,662,165	-	1,662,165
Accounts receivable	367,227	-	367,227
Accrued interest receivable	5,113	1,013	6,126
Sales tax receivable	119,425	5,921	125,346
Parking lot assessments	2,305	-	2,305
Inventories	37,820	-	37,820
Prepays	121,930	-	121,930
Restricted assets:			
Cash and investments	193,799	-	193,799
Total assets	<u>\$ 14,625,936</u>	<u>\$ 2,443,947</u>	<u>\$ 17,069,883</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 409,541	\$ 48,491	\$ 458,032
Accrued liabilities:			
Other	429,415	-	429,415
Security deposits	193,799	-	193,799
Total liabilities	<u>1,032,755</u>	<u>48,491</u>	<u>1,081,246</u>
DEFERRED INFLOWS OF RESOURCES			
Taxes receivable	22,744	-	22,744
Parking lot assessments	2,305	-	2,305
Other	107,996	-	107,996
Total deferred inflows of resources	<u>133,045</u>	<u>-</u>	<u>133,045</u>
FUND BALANCES			
Nonspendable:			
Inventories	37,820	-	37,820
Prepays	121,930	-	121,930
Perpetual maintenance	-	92,910	92,910
Restricted:			
Stabilization by State Statute	2,045,909	6,934	2,052,843
Committed:			
General Government	-	1,705,140	1,705,140
Transportation	-	284,055	284,055
Cultural and Recreational	-	306,417	306,417
Assigned:			
Subsequent year's expenditures	2,834,047	-	2,834,047
Unassigned	8,420,430	-	8,420,430
Total fund balances	<u>13,460,136</u>	<u>2,395,456</u>	<u>15,855,592</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 14,625,936</u>	<u>\$ 2,443,947</u>	<u>\$ 17,069,883</u>

Town of Southern Pines, North Carolina
Balance Sheet - Governmental Funds
June 30, 2021

Exhibit 3
(2 pages)

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

Total fund balance, governmental funds	\$ 15,855,592
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	45,016,654
Deferred outflows of resources related to pensions are not reported in the funds	3,216,767
Other long-term assets (accrued interest receivable from property taxes) are not available to pay for current-period expenditures and therefore are inflows of resources in the funds	3,010
Earned revenues considered deferred inflows of resources in fund statements	133,045
Deferred inflows of resources related to pensions are not reported in the funds	(113,462)
Some liabilities are not due and payable in the current period and are therefore not reported in the funds:	
Long-term debt included as net position below	(8,573,794)
Pension liability - LGERS	(4,465,551)
Pension liability - LEO	<u>(2,467,605)</u>
Net position of governmental activities	<u>\$ 48,604,656</u>

Town of Southern Pines, North Carolina
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
Year Ended June 30, 2021

Exhibit 4
(2 pages)

	Major Fund	Nonmajor	Totals
	General	Governmental	Governmental
		Funds	Funds
Revenues			
Ad valorem taxes	\$ 11,209,507	\$ -	\$ 11,209,507
Other taxes and licenses	381,598	-	381,598
Unrestricted intergovernmental	5,945,474	-	5,945,474
Restricted intergovernmental	760,591	-	760,591
Permits and fees	1,018,653	-	1,018,653
Sales and services	1,437,834	8,425	1,446,259
Investment earnings	29,564	5,460	35,024
Other	654,268	-	654,268
	<u>21,437,489</u>	<u>13,885</u>	<u>21,451,374</u>
Expenditures			
Current:			
General government	5,392,366	809,955	6,202,321
Public safety	7,779,371	-	7,779,371
Transportation	1,470,702	360,921	1,831,623
Economic and physical development	899,557	-	899,557
Cultural and recreational	2,067,594	1,669,241	3,736,835
Debt service:			
Principal	906,983	-	906,983
Interest	215,239	-	215,239
	<u>18,731,812</u>	<u>2,840,117</u>	<u>21,571,929</u>
Revenues over (under) expenditures	<u>2,705,677</u>	<u>(2,826,232)</u>	<u>(120,555)</u>
Other financing sources (uses)			
Installment purchase obligations issued	-	2,150,000	2,150,000
Transfers to other funds	(885,136)	332,500	(552,636)
Transfers from other funds	-	552,636	552,636
Sale of capital assets	52,505	-	52,505
Total other financing sources (uses)	<u>(832,631)</u>	<u>3,035,136</u>	<u>2,202,505</u>
Net change in fund balance	1,873,046	208,904	2,081,950
Fund balance, beginning of year, July 1	<u>11,587,090</u>	<u>2,186,552</u>	<u>13,773,642</u>
Fund balance, end of year, June 30	<u>\$ 13,460,136</u>	<u>\$ 2,395,456</u>	<u>\$ 15,855,592</u>

Town of Southern Pines, North Carolina
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
Year Ended June 30, 2021

Exhibit 4
(2 pages)

Net changes in fund balances - total governmental funds		\$ 2,081,950
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays were exceeded by depreciation expense in the current period</p>		
Capital outlay expenditures which were capitalized	3,410,221	
Depreciation expense for governmental assets	<u>(1,831,284)</u>	1,578,937
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		860,761
Benefit payments paid and administrative expense for the LEOSA are not included on the Statement of Activities		37,294
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:</p>		
Amount of donated assets		888,156
Change in unavailable revenue for tax revenues		22,307
Proceeds from disposal/transfer of capital assets		(52,505)
Net gain on disposal/transfer of capital assets		52,505
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
Issuance of installment purchase obligations		(2,150,000)
Principal payments on long-term debt		906,983
Decrease in accrued interest payable		5,864
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Compensated absences		54,883
Pension expense		<u>(1,785,250)</u>
Total changes in net position of governmental activities		<u>\$ 2,501,885</u>

Town of Southern Pines, North Carolina
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
Year Ended June 30, 2021

Exhibit 5

	Budget		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Ad valorem taxes	\$ 10,877,565	\$ 10,877,565	\$ 11,209,507	\$ 331,942
Other taxes and licenses	285,150	285,150	381,598	96,448
Unrestricted intergovernmental revenues	4,419,000	4,419,000	5,945,474	1,526,474
Restricted intergovernmental revenues	585,381	788,419	760,591	(27,828)
Permits and fees	478,000	478,000	1,018,653	540,653
Sales and services	1,446,658	1,446,658	1,437,834	(8,824)
Investment earnings	110,250	110,250	29,564	(80,686)
Other	666,507	715,931	654,268	(61,663)
	<u>18,868,511</u>	<u>19,120,973</u>	<u>21,437,489</u>	<u>2,316,516</u>
Expenditures				
Current:				
General government	6,019,968	6,000,388	5,392,366	608,022
Public safety	8,306,513	8,454,117	7,779,371	674,746
Transportation	1,662,230	1,677,654	1,470,702	206,952
Economic and physical development	829,703	953,298	899,557	53,741
Cultural and recreational	2,451,760	2,477,081	2,067,594	409,487
Debt service	1,202,742	1,202,742	1,122,222	80,520
	<u>20,472,916</u>	<u>20,765,280</u>	<u>18,731,812</u>	<u>2,033,468</u>
Revenues over (under) expenditures	<u>(1,604,405)</u>	<u>(1,644,307)</u>	<u>2,705,677</u>	<u>4,349,984</u>
Other financing sources (uses)				
Transfer out to Capital Project Funds	(220,000)	(885,136)	(885,136)	-
Sale of capital assets	85,000	85,000	52,505	(32,495)
Total other financing sources (uses)	<u>(135,000)</u>	<u>(800,136)</u>	<u>(832,631)</u>	<u>(32,495)</u>
Revenues over (under) expenditures and other financing uses	<u>(1,739,405)</u>	<u>(2,444,443)</u>	<u>1,873,046</u>	<u>4,317,489</u>
Appropriated fund balance	<u>1,739,405</u>	<u>2,444,443</u>	<u>-</u>	<u>(2,444,443)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>1,873,046</u>	<u>\$ 1,873,046</u>
Fund balance, beginning of year, July 1			<u>11,587,090</u>	
Fund balance, end of year, June 30			<u>\$ 13,460,136</u>	

	<u>Business-Type Activities - Enterprise Major Fund Water and Sewer</u>
ASSETS	
Current assets:	
Cash and cash equivalents/investments	\$ 14,148,154
Receivables - net:	
Sewer assessments	49,983
Customers	1,562,332
Accrued interest	6,416
Sales taxes	55,538
Other	781
Total current assets	<u>15,823,204</u>
Temporarily restricted assets:	
Cash and cash equivalents/investments	<u>1,251,764</u>
Capital assets	
Land, improvements, and construction in progress	5,596,436
Intangibles - easements	3,172,226
Other capital assets, net of depreciation	<u>32,705,094</u>
Total capital assets, net	<u>41,473,756</u>
Total unrestricted noncurrent assets	<u>41,473,756</u>
Total noncurrent assets	<u>42,725,520</u>
Total assets	<u>58,548,724</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension deferrals	<u>257,178</u>
Total deferred outflows of resources	<u>257,178</u>

	Business-Type Activities - Enterprise Major Fund Water and Sewer
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 357,044
Compensated absences - current	30,779
Installment purchases - current	170,413
Accrued liabilities	40,755
Security deposits	85,635
	<hr/>
Total current liabilities	684,626
	<hr/>
Noncurrent liabilities	
Compensated absences	16,470
Installment purchases	173,581
Net pension liability	469,350
	<hr/>
	659,401
	<hr/>
Total liabilities	1,344,027
	<hr/>
DEFERRED INFLOWS OF RESOURCES	
Pension deferrals	5,524
	<hr/>
NET POSITION	
Net investment in capital assets	41,129,762
Unrestricted	16,326,589
	<hr/>
Total net position	\$ 57,456,351
	<hr/>

Town of Southern Pines, North Carolina
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund
Year Ended June 30, 2021

Exhibit 7

	<u>Major Fund</u> <u>Water and</u> <u>Sewer</u>
Operating revenues	
Charges for sales and services	\$ 9,174,008
Operating expenses	
Billings and collection	476,958
Water treatment	1,328,979
Sewage treatment	2,146,071
Water extensions and maintenance	992,864
Sewer extensions and maintenance	910,084
Chargeout for administrative expenses	1,141,360
Depreciation and amortization	1,643,597
Total operating expenses	8,639,913
Operating income	534,095
Nonoperating revenues (expenses)	
System development fees	1,075,233
Interest on investments	32,653
BAB interest rebate	3,424
Gain on disposal of capital assets	78,190
Interest expense	(14,179)
Total nonoperating revenues (expenses)	1,175,321
Income before capital contributions and transfers	1,709,416
Capital contributions	3,665,740
Change in net position	5,375,156
Total net position, beginning of year	52,081,195
Net position, end of year	\$ 57,456,351

	Major Fund Water and Sewer
Cash flows from operating activities	
Cash received from customers and users	\$ 8,940,521
Cash paid for goods and services	(5,748,041)
Cash paid to or on behalf of employees for services	(1,267,849)
Customer deposit refunded	(37,910)
Customer deposits received	42,590
	<u>1,929,311</u>
Cash flows from capital and related financing activities	
Acquisition and construction of capital assets	(2,337,138)
Proceeds from sale of capital assets	78,190
System development fees	1,075,233
Principal paid on installment purchase obligation	(371,731)
Interest paid on installment purchase obligation	(8,738)
	<u>(1,564,184)</u>
Cash flows from investing activities	
Interest on investments	<u>73,887</u>
	<u>73,887</u>
Net cash provided by investing activities	<u>73,887</u>
Net increase in cash and cash equivalents	439,014
Cash and cash equivalents at beginning of year	<u>14,960,904</u>
Cash and cash equivalents at end of year	<u><u>\$ 15,399,918</u></u>

	<u>Major Fund</u> <u>Water and</u> <u>Sewer</u>
Cash and investments per Exhibit 6	
Unrestricted	\$ 14,148,154
Restricted	1,251,764
Total	<u>\$ 15,399,918</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 534,095
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	1,643,597
Change in assets, deferred outflows of resources, deferred inflows of resources and liabilities:	
(Increase) decrease in:	
Accounts receivable	(233,487)
Deferred outflows of resources for pensions	(60,790)
Increase (decrease) in:	
Accounts payable and accrued liabilities	(97,721)
Customer deposits	4,680
Accrued vacation pay	3,503
Net pension liability	139,687
Deferred inflows of resources for pensions	(4,253)
Total adjustments	<u>1,395,216</u>
Net cash provided by operating activities	<u>\$ 1,929,311</u>

Noncash investing, capital and financing activities:

During fiscal year ended June 30, 2021, the Town received \$3,194,972 in water and sewer line improvements and \$470,768 of easements from various land developers and individuals. These improvements are recorded as capital contributions.

Town of Southern Pines, North Carolina
Statement of Fiduciary Net Position
Fiduciary Fund
June 30, 2021

Exhibit 9

	<div>Private-Purpose Trust Fund</div> <div>Virginia Kelly Trust</div>
ASSETS	
Cash and investments	\$ 26,518
Accrued interest	11
	<u>26,529</u>
NET POSITION	
Restricted for:	
Payment of death benefits - police	<u>26,529</u>
Total fiduciary net position	<u><u>\$ 26,529</u></u>

Town of Southern Pines, North Carolina
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
Year Ended June 30, 2021

Exhibit 10

	<u>Private-Purpose Trust Fund Virginia Kelly Trust</u>
Revenues	
Investment earnings	<u>\$ 59</u>
Net increase	59
Net position, beginning of year, July 1	<u>26,470</u>
Net position, end of year, June 30	<u><u>\$ 26,529</u></u>

Notes to Financial Statements

1. Summary of Significant Accounting Policies

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

A. Reporting entity

The Town of Southern Pines is a municipal corporation that is governed by an elected mayor and a four-member council. As required by generally accepted accounting principles, these financial statements present the Town as well as any separate entity for which the Town is financially accountable. For the year ended June 30, 2021, no other entity is included in the Town's financial statements.

B. Basis of presentation

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

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

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

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

The Town reports the following major governmental fund:

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

The Town reports the following non-major governmental funds:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Town of Southern Pines, North Carolina
Notes to Financial Statements

The Town reports the following major enterprise fund:

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

Additionally, the Town reports the following fund types:

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

C. Measurement focus and basis of accounting

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

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

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Governmental fund financial statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The Town considers all revenues available if they are collected within 90 days after year end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, state law

altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in law, the state of North Carolina is responsible for billing and collecting the property taxes on registered vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

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

D. Budgetary data

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

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

(1) Deposits and investments

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

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

The Town's investments are reported at fair value. Non-participating interest earning contracts are accounted for at cost. The NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value. Because the NCCMT Government Portfolios has a maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months. In accordance with State law, the Town has invested in securities which are callable and which provide for periodic interest rate increases in specific increments until maturity. These investments are reported at fair value as determined by quoted market prices.

Town of Southern Pines, North Carolina
Notes to Financial Statements

(2) Cash and cash equivalents

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

(3) Restricted assets

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

Town of Southern Pines Restricted Cash

Governmental activities:	
General Fund:	
Customer deposits	\$ 193,799
Total governmental activities	<u>193,799</u>
Business-type activities:	
Water and Sewer Fund:	
Customer deposits	85,635
Water system development fees capital reserve	817,598
Wastewater system development fees capital reserve	<u>348,531</u>
Total business-type activities	<u>1,251,764</u>
Total restricted cash	<u>\$ 1,445,563</u>

(4) Ad valorem taxes receivable

In accordance with State law (G.S. 105-347 and 159-13(a)), the Town levies *ad valorem* taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, no interest or penalties are assessed until the following January 6. The taxes are based on the assessed values as of January 1, 2020.

(5) Allowances for doubtful accounts

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

(6) Inventory and prepaid items

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

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

(7) Capital assets

Capital assets are defined by the Town as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of one year. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. General infrastructure assets acquired prior to July 1, 2003, consist of the road network and water and sewer system assets that were acquired or that received substantial improvements subsequent to July 1, 1980, and are reported at estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

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

(8) Deferred outflows/inflows of resources

In addition to assets, the Statement of Net Position will sometimes report a separate section of deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has two items that meet this criterion, contributions made to the pension plans in the 2021 fiscal year and other pension related deferrals. In addition to liabilities, the Statement of Net Position will sometimes report a separate section of deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has four items that meet the criterion for this category - property taxes receivable, parking lot assessments, other receivables, and pension deferrals.

(9) Long-term obligations

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

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

(10) Compensated absences

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

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

(11) Net position/fund balances

Net position

Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets; restricted; and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

Fund balances

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

Nonspendable fund balance - This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Inventories - portion of fund balance that is not an available resource because it represents the year-end balance of ending inventories, which are not spendable resources.

Prepays - portion of fund balance that is not an available resource because it represents the year-end balance of ending prepaid expenses, which are not spendable resources.

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

Restricted fund balance - This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

Restricted for stabilization by state statute - portion of fund balance that is restricted by State Statute (G.S. 159-8(a)). This statute prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State statute ("RSS"), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for

appropriation is what is known as “restricted by State statute”. Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget. Per GASB guidance, RSS is considered a resource upon which a restriction is “imposed by law through constitutional provisions or enabling legislation.” RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted Net position and Restricted fund balance on the face of the statement of net position and the balance sheet.

Committed fund balance - This classification includes the portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of Town’s governing body (highest level of decision-making authority) by ordinance. The governing body can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation. Any changes or removal of specific purpose requires majority action by the governing body.

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

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

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

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

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

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

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

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

Town of Southern Pines, North Carolina
Notes to Financial Statements

(12) Defined benefit cost-sharing plan

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

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

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

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

Description

Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$ 70,931,420
Less accumulated depreciation	<u>(25,914,766)</u>
Net capital assets	<u>45,016,654</u>
Contributions to the pension plans in the current fiscal year, following the measurement date of the related pension liabilities, are deferred outflows of resources on the Statement of Net Position	<u>898,055</u>
Net pension-related deferrals (deferred outflows and deferred inflows), excluding contributions to pension plans	<u>2,205,250</u>
Accrued interest receivable for property taxes is not available to pay for current-period expenditures and therefore are inflows of resources in the funds	<u>3,010</u>
Liabilities for earned revenues considered deferred inflows of resources in fund statements:	
Taxes receivable	22,744
Parking lot assessments	2,305
Other receivables	<u>107,996</u>
Net deferred revenues	<u>133,045</u>

Town of Southern Pines, North Carolina
Notes to Financial Statements

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

Notes payable	\$ (7,940,748)
Compensated absences	(602,349)
Pension obligations	(6,933,156)
Accrued interest	<u>(30,697)</u>
Liabilities	<u>(15,506,958)</u>
Total adjustment	<u>\$ 32,749,064</u>

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

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

Description

Capital outlay expenditures recorded in the fund financial statements but capitalized as assets in the statement of activities	\$ 3,410,221
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements	(1,831,284)
Contributions to the pension plan in the current fiscal year are not included on the statement of activities	860,761
Benefit payments paid and administrative expense for the LEOSSA are not included in the statement of activities	37,294
Revenues and other financing sources in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:	
Amount of donated assets	888,156
Other	22,307
Proceeds from the disposal/transfer of capital assets	(52,505)
Gain on disposal/transfer of capital assets	52,505
New long-term debt issued	(2,150,000)

Town of Southern Pines, North Carolina
Notes to Financial Statements

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

Principal payments	906,983
Decrease in accrued interest	5,864
Compensated absences	54,883
Pension expense	<u>(1,785,250)</u>
Total adjustment	<u>\$ 419,935</u>

F. Reclassifications

Certain items in the 2020 financial statements have been reclassified to conform to 2021 presentation.

G. Change in Accounting Principle

The Town implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, effective July 1, 2020. The statement establishes criteria for identifying fiduciary activities of all state and local governments and provides guidance on how to report fiduciary activities within the financial statements. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The statement also describes four fiduciary funds that should be reported if criteria outlined in the statement are met: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. The use of agency funds was eliminated. The statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources.

As part of implementing the statement, the Town performed a comprehensive review of its fiduciary relationships and applied the criteria within the guidance. As a result, management determined that the Cafeteria Plan Agency Fund, presented as a fiduciary fund by the Town in its Annual Comprehensive Financial Report for the year ended June 30, 2020, should no longer be presented as a fiduciary fund, as the activities of the fund do not meet the definition of a fiduciary activity under the statement. Accordingly, the assets and liabilities of the prior Cafeteria Plan Agency Fund are consolidated with the General Fund as of June 30, 2021. As the prior Cafeteria Plan Agency Fund had no fund balance as of June 30, 2020, there is no impact on the beginning fund balance presented for the General Fund, nor beginning net position for Governmental Activities as of July 1, 2020.

2. Deposits

All of the deposits of the Town are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's agents in the unit's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agents in their names. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows.

Town of Southern Pines, North Carolina
Notes to Financial Statements

However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no policy regarding custodial credit risk for deposits.

At June 30, 2021, the Town's deposits had a carrying amount of \$11,442,382 and a bank balance of \$11,719,006. Of the bank balance \$750,000 was covered by federal depository insurance and \$10,969,006 was covered by collateral held under the Pooling Method. At June 30, 2021, the Town's petty cash fund totaled \$1,075.

3. Investments

At June 30, 2021, the Town's investment balances were as follows:

<u>Investments by Type</u>	<u>Valuation Measurement Method</u>	<u>Book Value at 6/30/2021</u>	<u>Maturity</u>	<u>Rating</u>
NC Capital Management Trust - Government Portfolio	Fair Value Level 1	\$ 18,707,199	N/A	AAAm
Total		\$ 18,707,199		

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

Level of fair value hierarchy:

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

The Town does not have a formal investment policy.

Credit Risk. The Town has no formal policy regarding credit risk, but has internal management procedures that limits the Town's investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The Town's investment in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAm by Standard & Poor's as of June 30, 2021.

4. Receivables - Allowance for Doubtful Accounts

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

<u>Fund</u>	<u>June 30, 2021</u>
General Fund:	
Taxes receivable	\$ 35,735
Enterprise Fund	12,000
	<u>\$ 47,735</u>

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5. Capital Assets

Capital assets activity for the year ended June 30, 2021, was as follows:

<u>Governmental Activities by Type</u>	<u>July 1, 2020</u>	<u>Transfers In/ Additions</u>	<u>Transfers Out/ Disposals</u>	<u>June 30, 2021</u>
Capital assets not being amortized or depreciated:				
Land	\$ 12,305,522	\$ 1,126,255	\$ -	\$ 13,431,777
Intangible assets in progress	246,269	38,834	-	285,103
Construction in progress	<u>253,896</u>	<u>1,153,982</u>	<u>(156,111)</u>	<u>1,251,767</u>
	<u>12,805,687</u>	<u>2,319,071</u>	<u>(156,111)</u>	<u>14,968,647</u>
Capital assets being amortized or depreciated:				
Buildings and improvements	21,326,596	521,045	-	21,847,641
Other improvements	6,355,491	88,071	-	6,443,562
Infrastructure	15,897,119	956,196	-	16,853,315
Machinery and equipment	760,136	45,111	-	805,247
Intangible assets - software	311,825	-	-	311,825
Vehicles and motorized equipment	6,852,410	488,602	(235,102)	7,105,910
Furniture, fixtures and other equipment	<u>2,558,882</u>	<u>36,391</u>	<u>-</u>	<u>2,595,273</u>
	<u>54,062,459</u>	<u>2,135,416</u>	<u>(235,102)</u>	<u>55,962,773</u>
Less accumulated depreciation and amortization for:				
Buildings and improvements	5,644,974	439,794	-	6,084,768
Other improvements	2,089,948	226,222	-	2,316,170
Infrastructure	10,589,329	466,053	-	11,055,382
Machinery and equipment	446,102	77,336	-	523,438
Intangible assets - software	85,547	40,060	-	125,607
Vehicles and motorized equipment	3,882,660	396,989	(235,102)	4,044,547
Furniture, fixtures and other equipment	<u>1,580,024</u>	<u>184,830</u>	<u>-</u>	<u>1,764,854</u>
	<u>24,318,584</u>	<u>1,831,284</u>	<u>(235,102)</u>	<u>25,914,766</u>
Depreciable assets - net	<u>29,743,875</u>			<u>30,048,007</u>
Governmental activities capital assets - net	<u>\$ 42,549,562</u>			<u>\$ 45,016,654</u>
General government	\$ 17,686,525	\$ 886,551	\$ (17,358)	\$ 18,555,718
Public safety	22,142,180	323,759	(120,661)	22,345,278
Transportation	17,209,906	1,512,844	(225,628)	18,497,122
Economic and physical development	248,798	17,358	-	266,156
Cultural and recreational	<u>9,580,737</u>	<u>3,378,634</u>	<u>(1,692,225)</u>	<u>11,267,146</u>
	<u>66,868,146</u>	<u>6,119,146</u>	<u>(2,055,872)</u>	<u>70,931,420</u>
Less accumulated depreciation and amortization for:				
General government	3,249,347	234,633	-	3,483,980
Public safety	5,646,764	674,702	(120,661)	6,200,805
Transportation	11,369,572	575,495	(69,517)	11,875,550
Economic and physical development	192,820	10,902	-	203,722
Cultural and recreational	<u>3,860,081</u>	<u>335,552</u>	<u>(44,924)</u>	<u>4,150,709</u>
	<u>24,318,584</u>	<u>1,831,284</u>	<u>(235,102)</u>	<u>25,914,766</u>
Total governmental activities capital assets - net	<u>\$ 42,549,562</u>			<u>\$ 45,016,654</u>

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<u>Governmental Activities by Type</u>	<u>July 1, 2020</u>	<u>Transfers In/ Additions</u>	<u>Transfers Out/ Disposals</u>	<u>June 30, 2021</u>
<u>Business Activities</u>				
Nondepreciable assets:				
Land	\$ 540,533	\$ -	\$ -	\$ 540,533
Intangibles - easements	2,701,458	470,768	-	3,172,226
Construction in progress	3,795,107	1,997,957	(737,161)	5,055,903
	<u>7,037,098</u>	<u>2,468,725</u>	<u>(737,161)</u>	<u>8,768,662</u>
Depreciable assets:				
Plant and distribution system	55,398,949	3,833,342	-	59,232,291
Buildings	1,424,609	-	-	1,424,609
Equipment	4,170,183	437,972	(89,516)	4,518,639
	<u>60,993,741</u>	<u>4,271,314</u>	<u>(89,516)</u>	<u>65,175,539</u>
Less accumulated depreciation and amortization for:				
Plant and distribution system	28,017,178	1,271,989	-	29,289,167
Building	429,757	28,492	-	458,249
Equipment	2,469,429	343,116	(89,516)	2,723,029
	<u>30,916,364</u>	<u>1,643,597</u>	<u>(89,516)</u>	<u>32,470,445</u>
Depreciable assets - net	<u>30,077,377</u>			<u>32,705,094</u>
Total business activities capital assets - net	<u>\$ 37,114,475</u>			<u>\$ 41,473,756</u>

Intangible assets

Intangible assets consist of enterprise resource planning software that is being developed for the town and recorded in the Enterprise Information and Document Management (EIDMS) capital project fund, as well as other software packages. As of June 30, 2021, \$186,218 of this software has been completed and is being used by the Town, net of accumulated amortization of \$125,607. This cost is being amortized over 5 to 15 years using the straight-line method.

Future amortization is as follows:

Year Ending June 30

2022	\$ 40,060
2023	40,060
2024	40,060
2025	21,430
2026	11,152
2027 - 2029	33,456
	<u>\$ 186,218</u>

Construction commitments

The government has active construction projects as of June 30, 2021. At year end, the government's commitments with contractors are as follows:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Public Works Annex Renovation	\$ 267,125	\$ 799,834
Streambank Stabilization Design	75,108	4,639
Warrior Woods Lift Station Relocation	18,000	12,000
ARO Lift Station	69,382	488,308
East Morganton Rd	520,095	60,261
West Pennsylvania Avenue	145,804	98,296
Total	<u>\$ 1,095,514</u>	<u>\$ 1,463,338</u>

6. Payables

Payables at the government-wide level at June 30, 2021, were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Accrued Interest</u>	<u>Total</u>
Governmental activities:				
General	\$ 409,778	\$ 429,170	\$ 30,705	\$ 869,653
Other governmental	48,491	-	-	48,491
Total governmental activities	<u>\$ 458,269</u>	<u>\$ 429,170</u>	<u>\$ 30,705</u>	<u>\$ 918,144</u>
Business-type activities:				
Water and sewer	<u>\$ 357,043</u>	<u>\$ 36,943</u>	<u>\$ 3,813</u>	<u>\$ 397,799</u>

7. Pension Plan and Postemployment Obligations

A. Local Governmental Employees' Retirement System

Plan description - The Town of Southern Pines is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members - nine appointed by the Governor, one appointed by the State Senate, one appointed by the House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Annual Comprehensive Financial Report (ACFR) for the State of North Carolina. The State's ACFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454, or at www.osc.nc.gov.

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

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of

Town of Southern Pines, North Carolina
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creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions - Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town employees are required to contribute 6 percent of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town's contractually required contribution rate for the year ended June 30, 2021, was 10.84% of compensation for law enforcement officers and 10.20% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town were \$951,231 for the year ended June 30, 2021.

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

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

At June 30, 2021, the Town reported a liability of \$4,934,901 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020, utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2020 (measurement date), the Town's proportion was 0.138%, which was an increase of 0.007% from its proportion measured at June 30, 2019.

For the year ended June 30, 2021, the Town recognized pension expense of \$1,691,063. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 623,191	\$ -
Changes of assumption	367,253	-
Net difference between projected and actual earnings on pension plan investments	694,455	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	67,931	58,082
Town contributions subsequent to the measurement date	<u>951,231</u>	<u>-</u>
Total	<u>\$ 2,704,061</u>	<u>\$ 58,082</u>

\$951,231 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year

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ending June 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30

2022	\$	465,322
2022		640,184
2024		383,721
2025		205,521
2026		-
Thereafter		-

Actuarial assumptions - The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2020 (measurement date) are summarized in the following table:

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

The information above is based on 30-year expectations developed with the consulting actuary for the 2019 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The

Town of Southern Pines, North Carolina
Notes to Financial Statements

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

	<u>1% Decrease (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Town's proportionate share of the net pension liability	\$ 10,012,377	\$ 4,934,901	\$ 715,162

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

B. Law Enforcement Officers Special Separation Allowance

(1) Plan description

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

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

Retirees receiving benefits	2
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>40</u>
Total	<u><u>42</u></u>

(2) Summary of significant accounting policies

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

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

(3) Actuarial assumptions

The entry age actuarial cost method was used in the December 31, 2019 valuation. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.25 to 7.75 percent, including inflation and productivity factor
Discount rate	1.93 percent

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

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

(4) Change in actuarial assumptions

On the prior measurement date (December 31, 2019), the S&P Municipal Bond 20-Year High Grade Rate Index, on which the discount rate is based, was 3.26%. Since the Prior Measurement Date, the S&P Municipal Bond 20-Year High Grade Rate Index has decreased to 1.93% as of the Measurement Date (December 31, 2020). This resulted in a \$678,662 increase in the Total Pension Liability.

(5) Contributions

The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid \$37,294 as benefits came due for the reporting period.

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

At June 30, 2021, the Town reported a total pension liability of \$2,467,605. The total pension liability was measured as of December 31, 2020, based on a December 31, 2019 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2020, utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2021, the Town recognized pension expense of \$259,302.

Town of Southern Pines, North Carolina
Notes to Financial Statements

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 102,313	\$ 14,542
Changes of assumption	650,158	46,362
Town benefit payments and plan administrative expense made subsequent to the measurement date	<u>17,413</u>	<u>-</u>
Total	<u>\$ 769,884</u>	<u>\$ 60,904</u>

\$17,177 paid as benefits came due and \$236 of administrative expenses subsequent to the measurement date have been reported as deferred outflows of resources and will be recognized as a decrease of the total pension liability in the year ended June 30, 2022.

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

Year Ending June 30

2022	\$ 128,340
2023	129,528
2024	123,880
2025	120,745
2026	118,094
Thereafter	70,980

Sensitivity of the Town's total pension liability to changes in the discount rate - The following presents the Town's total pension liability calculated using the discount rate of 1.93 percent, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (0.93 percent) or 1 percentage-point higher (2.93 percent) than the current rate:

	<u>1% Decrease (0.93%)</u>	<u>Discount Rate (1.93%)</u>	<u>1% Increase (2.93%)</u>
Total pension liability	\$ 2,701,883	\$ 2,467,605	\$ 2,252,819

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

Beginning balance	\$ 1,605,268
Service cost	78,766
Interest on the total pension liability	51,724
Changes in benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	90,479
Changes of assumptions or other inputs	678,662
Benefit payments	(37,294)
Other changes	<u>-</u>
Ending balance of the total pension liability	<u>\$ 2,467,605</u>

Town of Southern Pines, North Carolina
Notes to Financial Statements

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

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

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

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

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
Pension expense	\$ 1,691,063	\$ 259,302	\$ 1,950,365
Pension liability	4,934,901	2,467,605	7,402,506
Proportionate share of the net pension liability	0.13810%	n/a	
Deferred of outflows of resources			
Differences between expected and actual experience	\$ 623,191	\$ 102,313	\$ 725,504
Changes of assumptions	367,253	650,158	1,017,411
Net difference between projected and actual earnings on plan investments	694,455	-	694,455
Changes in proportion and differences between employer contributions and proportionate share of contributions	67,931	-	67,931
Benefit payments and administrative costs paid subsequent to the measurement date	951,231	17,413	968,644
Deferred of inflows of resources			
Differences between expected and actual experience	-	14,542	14,542
Changes of assumptions	-	46,362	46,362
Changes in proportion and differences between contributions and proportionate share of contributions	58,082	-	58,082

C. Supplemental Retirement Income Plan for Law Enforcement Officers

Plan description. The Town contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the Town. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Annual Comprehensive Financial Report (ACFR) for the State of North Carolina. The State's ACFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding policy. Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan.

The Town made contributions of \$168,130 for the reporting year, which consisted of \$117,765 from the Town and \$50,365 from the law enforcement officers. No amounts were forfeited.

D. Other Employment Benefits

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

8. Deferred Compensation Plan

The Town offers its employees a deferred compensation plan (Plan) created in accordance with Internal Revenue Code Section 401K. The plan, available to all Town employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the plan and all income attributable to those amounts are immediately 100% vested to the participant. The Town contributes 5% of eligible compensation to the Plan. For the year ended June 30, 2021, contributions to the Plan consisted of \$315,523 from the Town and \$164,522 in voluntary contributions from employees.

9. Deferred Outflows and Inflows of Resources

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

	General Fund Balance Sheet
Taxes receivable, less penalties	\$ 22,744
Other receivables	107,996
Special assessments receivable	<u>2,305</u>
Total	<u>\$ 133,045</u>

10. Risk Management

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

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

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

11. Claims and Judgments

At June 30, 2021, the Town was a defendant to various lawsuits; however, no provision was made in the financial statements for any contingent liabilities. In the opinion of management and the Town attorney, the ultimate outcome of these legal matters will not have a material adverse effect on the Town's financial position.

12. Long-Term Debt

The Town entered into direct placement installment purchase agreements October 2008, May 2013, April 2018, June 2020, February 2021, and June 2021 for the construction of a police station, implementation of an automatic meter reading system, construction of a fire station, the purchase of a fire tanker truck, the Annex remodel and the purchase of the Whitehall land tract. These assets are pledged as collateral for the debt. Liquidations of compensated absences and total pension liabilities for governmental activities occur within the General Fund.

Long-term debt obligations of the Town at June 30, 2021, consisted of the following:

	Serviced by	
	Governmental Activities	Business-Type Activities
Police station; \$6,500,000; issued 2008; due semiannually to 2024; interest at 3.73%; collateralized by police station	\$ 1,083,333	\$ -
Fire substation; issued 2018; due semiannually to 2033; interest at 2.06%; collateralized by fire substation	4,182,520	-

Town of Southern Pines, North Carolina
Notes to Financial Statements

	Serviced by	
	Governmental Activities	Business-Type Activities
Automatic meter readers; \$1,600,000; issued 2013; due semiannually to 2023; interest at 1.85%; collateralized by equipment	\$ -	\$ 343,994
Fire tanker; issued 2020; due semiannually to 2025; interest at 1.91%; collateralized by fire tanker truck	524,895	-
Annex remodel; \$1,250,000; issued 2021; due semiannually to 2036; interest at 1.91%; collateralized by the Annex	1,250,000	-
Whitehall land track; \$900,000; issued 2021; due semiannually to 2024; interest at 1.91%; collateralized by land track	900,000	-
Net pension liability (LGERS)	4,465,551	469,350
Total pension liability (LEO)	2,467,605	-
Compensated absences	602,349	47,249
Total long-term debt	15,476,253	860,593
Less current portion	(1,682,811)	(201,192)
	<u>\$ 13,793,442</u>	<u>\$ 659,401</u>

At June 30, 2021, the Town of Southern Pines had a legal debt margin of \$216,032,742.

The following is a summary of changes in the Town's long-term obligations for the fiscal year ended June 30, 2021:

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021	Current Portion of Balance
Governmental activities:					
Direct placement					
installment purchases:					
Police station	\$ 1,516,667	\$ -	\$ 433,334	\$ 1,083,333	\$ 433,333
Fire substation	4,531,064	-	348,544	4,182,520	348,543
Fire engine	650,000	-	125,105	524,895	127,506
Annex Remodel	-	1,250,000	-	1,250,000	83,333
Whitehall Land Tract	-	900,000	-	900,000	300,000
Compensated absences	657,232	332,759	387,642	602,349	355,271
Net pension liability (LGERS)	3,251,122	1,214,429	-	4,465,551	-
Total pension liability (LEO)	1,605,268	862,337	-	2,467,605	34,825
	<u>\$ 12,211,353</u>	<u>\$ 4,559,525</u>	<u>\$ 1,294,625</u>	<u>\$ 15,476,253</u>	<u>\$ 1,682,811</u>
Business-type activities:					
Direct placement					
installment purchases:					
Raw water reservoir	\$ 204,425	\$ -	\$ 204,425	\$ -	\$ -
Automatic meter readers	511,300	-	167,306	343,994	170,413
Compensated absences	43,746	31,670	28,167	47,249	30,779
Net pension liability (LGERS)	329,663	139,687	-	469,350	-
	<u>\$ 1,089,134</u>	<u>\$ 171,357</u>	<u>\$ 399,898</u>	<u>\$ 860,593</u>	<u>\$ 201,192</u>

Town of Southern Pines, North Carolina
Notes to Financial Statements

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

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

	Installment Purchases	
	Principal	Interest
Governmental activities:		
2022	\$ 1,292,716	\$ 229,812
2023	1,295,163	191,496
2024	1,080,990	153,134
2025	566,866	128,295
2026	431,877	112,463
2027 to 2036	<u>3,273,136</u>	<u>406,531</u>
	<u>\$ 7,940,748</u>	<u>\$ 1,221,732</u>
Business-type activities:		
2022	\$ 170,413	\$ 5,579
2023	<u>173,581</u>	<u>2,412</u>
	<u>\$ 343,994</u>	<u>\$ 7,991</u>

Interfund balances and activity

Transfers to/from other funds at June 30, 2021, consist of the following:

Governmental:

From the General Fund to the Parking Lot Capital Project Fund for capital project expenditures	\$ 45,000
From the General Fund to the Sidewalk Construction II Capital Project Fund for capital project expenditures	100,000
From the General Fund to the Open Space Capital Project Fund for capital project expenditures	519,262
From the General Fund to the EIDMS Capital Project Fund for capital project expenditures	45,874
From the General Fund to the Streambank Stabilization Capital Project Fund for capital project expenditures	75,000
From the General Fund to the Building Renovation Capital Project Fund for capital project expenditures	<u>100,000</u>
Total governmental	<u>885,136</u>

Business-type:

From the Water and Sewer Fund to the Water Treatment Plant Modernization Capital Projects Fund for capital project expenditures	305,900
From the Water and Sewer Fund to the Sanitary Sewer Modernization Capital Projects Fund for capital project expenditures	750,000

Town of Southern Pines, North Carolina
Notes to Financial Statements

From the Water and Sewer Fund to the Lift Station Upgrades Capital Projects Fund for capital project expenditures	\$ 530,000
From the Water and Sewer Fund to the Water and Sewer Capital Projects Fund for capital project expenditures	<u>250,000</u>
Total business-type	<u>1,835,900</u>
Total transfers	<u>\$ 2,721,036</u>

13. Leasing Activities

The Town leases space on several of its water towers unrelated parties for cellular antennas, under operating lease agreements. These leases were initially entered into on August 22, 1999, October 12, 2017 and January 24, 2011, respectively. The leases initiated on August 22, 1999 have been extended until October 1, 2024, with the option to renew until October 1, 2029. The October 12, 2017 lease automatically renews for an additional 5 years on October 13, 2022. The January 24, 2011 lease was amended on January 24, 2021 and now expires on January 23, 2031.

The Town leases space in two of its fire stations to the County of Moore under operating lease agreements. These leases were entered into on July 1, 2019 and 2020, respectively. The leases extend through July 30, 2044, and June 30, 2028, respectively. The buildings are recorded as capital assets and have a cost of \$6,874,561, accumulated depreciation of \$747,476, and a carrying value of \$6,127,085. The lessees occupy bay space for one EMS transport unit, and office and day room space in each of the respective fire stations.

Minimum guaranteed income on all Town non-cancelable operating leases is as follows:

Year Ending June 30,

2022	\$ 222,565
2023	227,372
2024	231,971
2025	143,529
2026	114,841
2027 - 2031	385,835
2032 - 2036	161,520
2037 - 2041	125,712
2042 - 2044	<u>43,200</u>
	<u>\$ 1,656,545</u>

14. 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	\$ 13,460,136
Less:	
Inventories	37,820
Prepaid items	121,930
Stabilization by State Statute	2,045,909
Appropriated fund balance in 2021 budget	2,834,047
Fund balance policy	<u>5,493,951</u>
Remaining fund balance	<u>\$ 2,926,479</u>

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

15. Related Organization

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

16. Summary Disclosure of Significant Contingencies and Uncertainties

Federal and state-assisted programs

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

COVID-19

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

Required Supplemental Financial Data

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

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

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

Schedule 1

	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 951,231	\$ 849,091	\$ 671,376	\$ 616,826	\$ 603,339	\$ 520,306	\$ 525,694	\$ 499,274
Contributions in relation to the contractually required contribution	951,231	849,091	671,376	616,826	603,339	520,306	525,694	499,274
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
The Town's covered payroll	\$ 9,178,016	\$ 9,129,740	\$ 8,377,732	\$ 7,959,271	\$ 8,052,947	\$ 7,568,729	\$ 7,347,598	\$ 7,012,498
Contributions as a percentage of covered payroll	10.36%	9.30%	8.01%	7.75%	7.49%	6.87%	7.15%	7.12%

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

Schedule 2

	2021	2020	2019	2018	2017	2016	2015	2014
The Town's proportion of the net pension liability (asset) (%)	0.1381%	0.1311%	0.1333%	0.1311%	0.1408%	0.1438%	-0.1420%	0.1323%
The Town's proportion of the net pension liability (asset) (\$)	\$ 4,934,901	\$ 3,580,785	\$ 3,161,858	\$ 2,003,303	\$ 2,988,884	\$ 645,500	\$ (837,439)	\$ 1,594,723
The Town's covered-employee payroll	9,129,740	8,377,732	7,959,271	8,052,947	7,568,729	7,347,598	7,012,498	6,605,219
The Town's proportionate share of the net pension (asset) as a percentage of its covered-payroll	54.05%	42.74%	39.73%	24.88%	39.49%	8.79%	-11.94%	24.14%
Plan fiduciary net position as a percentage of the total pension liability**	88.61%	90.86%	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

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

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

Schedule 3

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 1,605,268	\$ 1,496,954	\$ 1,462,694	\$ 1,300,931	\$ 1,270,092
Service cost	78,766	70,343	71,978	60,240	64,204
Interest on the total pension liability	51,724	53,581	45,267	49,285	44,634
Differences between expected and actual experience in the measurement of the total pension liability	90,479	(21,274)	46,723	2,915	-
Changes of assumptions or other inputs	678,662	55,558	(69,333)	97,533	(38,313)
Benefit payments	<u>(37,294)</u>	<u>(49,894)</u>	<u>(60,375)</u>	<u>(48,210)</u>	<u>(39,686)</u>
Ending balance of the total pension liability	<u>\$ 2,467,605</u>	<u>\$ 1,605,268</u>	<u>\$ 1,496,954</u>	<u>\$ 1,462,694</u>	<u>\$ 1,300,931</u>

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

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

Schedule 4

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 2,467,605	\$ 1,605,268	\$ 1,496,954	\$ 1,462,694	\$ 1,300,931
Covered employee payroll	2,475,156	2,351,666	2,197,919	2,120,993	2,119,195
Total pension liability as a percentage of covered employee payroll	99.69%	68.26%	68.11%	68.96%	61.39%

Notes to the Schedules:

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

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

The General Fund

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

Town of Southern Pines, North Carolina
General Fund
Comparative Balance Sheets
June 30, 2021 and June 30, 2020

Schedule 5

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and investments	\$ 12,093,408	\$ 10,213,587
Receivables, net		
Property taxes	22,744	14,919
Due from other governments	1,662,165	1,429,952
Accounts receivable	367,227	298,862
Accrued interest receivable	5,113	33,918
Sales tax receivable	119,425	179,787
Parking lot assessments receivable	2,305	2,305
Inventory	37,820	30,798
Prepays	121,930	182,885
Restricted assets:		
Cash and investments	193,799	526,562
Total assets	<u>\$ 14,625,936</u>	<u>\$ 12,913,575</u>
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 409,541	\$ 373,249
Accrued liabilities:		
Other	429,415	309,730
Security deposits	193,799	526,562
Total liabilities	<u>1,032,755</u>	<u>1,209,541</u>
DEFERRED INFLOWS OF RESOURCES		
Taxes receivable	22,744	14,919
Parking lot assessments	2,305	2,305
Other	107,996	99,720
Total deferred inflows of resources	<u>133,045</u>	<u>116,944</u>
FUND BALANCE		
Nonspendable:		
Inventory	37,820	30,798
Prepays	121,930	182,885
Restricted:		
Stabilization by State Statute	2,045,909	1,842,799
Assigned:		
Subsequent year's expenditures	2,834,047	1,739,405
Unassigned	8,420,430	7,791,203
Total fund balances	<u>13,460,136</u>	<u>11,587,090</u>
	<u>\$ 14,625,936</u>	<u>\$ 12,913,575</u>

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual

Year Ended June 30, 2021

With Comparative Actual Amounts for the Year Ended June 30, 2020

	2021		2020
	Budget	Actual	Variance Favorable (Unfavorable)
			Actual
Revenues			
Ad valorem taxes:			
Current year		\$ 11,201,195	\$ 10,836,428
Prior years		(6,883)	(67,691)
Penalties and interest		15,195	11,946
	<u>\$ 10,877,565</u>	<u>11,209,507</u>	<u>\$ 331,942</u>
Other taxes and licenses:			
ABC mixed beverage		253,772	198,273
Solid waste disposal tax		10,677	10,781
Privilege licenses		3,180	2,380
Municipal vehicle tax		61,895	43,400
Lease vehicles		52,074	54,782
	<u>285,150</u>	<u>381,598</u>	<u>96,448</u>
Unrestricted intergovernmental revenues:			
Local option sales tax		4,665,458	3,944,553
Video programming tax		146,245	147,621
Franchise tax		1,073,629	1,061,456
Beer and wine		60,142	61,178
	<u>4,419,000</u>	<u>5,945,474</u>	<u>1,526,474</u>
Restricted intergovernmental revenues:			
State Aid - Library grant		6,159	84,703
LSTA - Library grant		1,500	
Powell Bill allocation		386,118	404,177
Recreation grants		500	-
FEMA grants		203,037	24,772
Fire safer		146,410	248,208
Police grants		2,954	5,107
Fire on-behalf payments		13,913	13,158
	<u>788,419</u>	<u>760,591</u>	<u>(27,828)</u>
Permits and fees:			
Building permits		123,225	95,590
Inspection fees		729,205	338,600
Fire and Police Dept. fees		43,336	39,972
Public works fees		74,401	64,036
Street department fees		48,486	36,920
	<u>478,000</u>	<u>1,018,653</u>	<u>540,653</u>

General Fund

(5 pages)

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual

Year Ended June 30, 2021

With Comparative Actual Amounts for the Year Ended June 30, 2020

	2021		2020
	Budget	Actual	Variance Favorable (Unfavorable)
			Actual
Revenues			
Sales and services:			
Rents		\$ 352,308	\$ 346,751
Homeowners recovery fund		3,240	-
County disposal fee		911,635	807,159
Recreation department fees		138,651	152,966
Library fees		26,000	33,842
Reservoir park usage fees		6,000	6,000
	<u>\$ 1,446,658</u>	<u>1,437,834</u>	<u>\$ (8,824)</u>
Investment earnings	<u>110,250</u>	<u>29,564</u>	<u>(80,686)</u>
Other:			
Cemetery		3,375	2,250
Fire department donations		2,500	-
Fire district revenue		475,122	473,398
Court costs		3,095	2,681
Library donations		4,283	29,649
Miscellaneous		165,893	96,568
	<u>715,931</u>	<u>654,268</u>	<u>(61,663)</u>
Total revenues	<u>19,120,973</u>	<u>21,437,489</u>	<u>2,316,516</u>
Expenditures			
General government:			
Governing body:			
Salaries and employee benefits		28,265	28,268
Operating expenditures		90,719	88,367
Professional services		66,000	66,000
Membership dues		23,611	23,315
	<u>234,291</u>	<u>208,595</u>	<u>25,696</u>
Administration:			
Salaries and employee benefits		611,250	550,296
Operating expenditures		93,502	99,729
	<u>731,012</u>	<u>704,752</u>	<u>26,260</u>
Finance:			
Salaries and employee benefits		469,688	478,404
Operating expenditures		250,530	255,440
	<u>765,535</u>	<u>720,218</u>	<u>45,317</u>

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual

Year Ended June 30, 2021

With Comparative Actual Amounts for the Year Ended June 30, 2020

	2021			2020
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Information technology:				
Salaries and employee benefits		\$ 373,612		\$ 319,078
Contract Services		359,870		472,615
Operating expenditures		236,970		252,235
Capital outlay		45,111		67,590
	<u>\$ 1,195,279</u>	<u>1,015,563</u>	<u>\$ 179,716</u>	<u>1,111,518</u>
Administrative chargeback	<u>(1,141,360)</u>	<u>(1,141,360)</u>	<u>-</u>	<u>(1,050,334)</u>
Public works:				
Salaries and employee benefits		329,458		411,079
Operating expenditures		31,726		48,748
Contract services		2,047,670		1,884,315
	<u>2,515,200</u>	<u>2,408,854</u>	<u>106,346</u>	<u>2,344,142</u>
Building and grounds:				
Salaries and employee benefits		561,375		558,266
Vehicle maintenance		6,969		4,913
Contract Services		51,772		52,268
Operating expenditures		514,612		610,952
Capital outlay		31,485		163,527
	<u>1,369,275</u>	<u>1,166,213</u>	<u>203,062</u>	<u>1,389,926</u>
Garage:				
Salaries and employee benefits		259,409		239,754
Operating expenditures		50,122		47,888
Capital outlay		-		10,040
	<u>331,156</u>	<u>309,531</u>	<u>21,625</u>	<u>297,682</u>
Total general government	<u>6,000,388</u>	<u>5,392,366</u>	<u>608,022</u>	<u>5,682,753</u>
Public safety:				
Police				
Salaries and employee benefits		3,933,498		3,936,458
Operating expenditures		671,120		610,290
Capital outlay		323,758		93,673
	<u>5,550,870</u>	<u>4,928,376</u>	<u>622,494</u>	<u>4,640,421</u>
Fire:				
Salaries and employee benefits		2,393,392		2,293,817
Operating expenditures		457,603		454,720
Capital outlay		-		671,103
	<u>2,903,247</u>	<u>2,850,995</u>	<u>52,252</u>	<u>3,419,640</u>
Total public safety	<u>8,454,117</u>	<u>7,779,371</u>	<u>674,746</u>	<u>8,060,061</u>

General Fund

(5 pages)

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual

Year Ended June 30, 2021

With Comparative Actual Amounts for the Year Ended June 30, 2020

	2021			2020
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Transportation:				
Street maintenance:				
Salaries and employee benefits		\$ 749,087		\$ 708,217
Operating expenditures		365,052		444,561
Paving		217,884		274,745
Contract services		31,023		32,870
Capital outlay		107,656		113,924
	<u>\$ 1,677,654</u>	<u>1,470,702</u>	<u>\$ 206,952</u>	<u>1,574,317</u>
Total transportation	<u>1,677,654</u>	<u>1,470,702</u>	<u>206,952</u>	<u>1,574,317</u>
Economic and physical development:				
Planning and development:				
Salaries and employee benefits		757,527		670,841
Contract services		30,626		5,092
Operating expenditures		111,404		101,015
	<u>953,298</u>	<u>899,557</u>	<u>53,741</u>	<u>776,948</u>
Total economic and physical development	<u>953,298</u>	<u>899,557</u>	<u>53,741</u>	<u>776,948</u>
Cultural and recreational:				
Recreation:				
Salaries and employee benefits		837,852		830,389
Contract services		30,573		68,936
Operating expenditures		280,476		233,728
Capital outlay		62,094		94,811
	<u>1,493,767</u>	<u>1,210,995</u>	<u>282,772</u>	<u>1,227,864</u>
Libraries:				
Salaries and employee benefits		619,043		668,408
Contract services		41,103		35,726
Operating expenditures		74,145		83,574
Books and periodicals		122,308		115,233
Capital outlay		-		98,402
	<u>983,314</u>	<u>856,599</u>	<u>126,715</u>	<u>1,001,343</u>
Total cultural and recreational	<u>2,477,081</u>	<u>2,067,594</u>	<u>409,487</u>	<u>2,229,207</u>

General Fund

(5 pages)

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual

Year Ended June 30, 2021

With Comparative Actual Amounts for the Year Ended June 30, 2020

	2021			2020
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Debt service:				
Principal retirement		\$ 906,983		\$ 781,876
Interest		215,239		237,868
	<u>\$ 1,202,742</u>	<u>1,122,222</u>	<u>\$ 80,520</u>	<u>1,019,744</u>
Total debt service	<u>1,202,742</u>	<u>1,122,222</u>	<u>80,520</u>	<u>1,019,744</u>
Total expenditures	<u>20,765,280</u>	<u>18,731,812</u>	<u>2,033,468</u>	<u>19,343,030</u>
Revenues over (under) expenditures	<u>(1,644,307)</u>	<u>2,705,677</u>	<u>4,349,984</u>	<u>448,774</u>
Other financing sources (uses)				
Installment purchase obligations issued	-	-	-	650,000
Transfers to other funds:				
Capital Projects Funds	(885,136)	(885,136)	-	(710,967)
Sale of capital assets	<u>85,000</u>	<u>52,505</u>	<u>(32,495)</u>	<u>77,001</u>
Total other financing sources (uses)	<u>(800,136)</u>	<u>(832,631)</u>	<u>(32,495)</u>	<u>16,034</u>
Revenues over (under) expenditures and other financing uses	<u>(2,444,443)</u>	<u>1,873,046</u>	<u>4,317,489</u>	<u>464,808</u>
Fund balance appropriated	<u>2,444,443</u>	<u>-</u>	<u>(2,444,443)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>1,873,046</u>	<u>\$ 1,873,046</u>	<u>464,808</u>
Fund balance, beginning of year, July 1		<u>11,587,090</u>		<u>11,122,282</u>
Fund balance, end of year, June 30		<u>\$ 13,460,136</u>		<u>\$ 11,587,090</u>

Nonmajor Governmental Funds

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

Individual fund descriptions:

- *Nicks Creek Parkway* - accounts for funds restricted for the future construction of a road extending along Nicks Creek from NC 22 to US 15-501.
- *Open Space and Greenways* - accounts for funds used for the purchase of open space and greenways.
- *Storm Water Improvements* - accounts for funds used for the design and installation of storm water infrastructure.
- *Streambank Stabilization* - accounts for funds used for the purpose of stabilizing the erosion of the streambank behind the Fire and Police stations.
- *Enterprise Information and Document Management System (EIDMS)* - accounts for funds used for the purchase and implementation of Enterprise Resource Planning software.
- *Bike Transport* - accounts for funds used for the construction of bike lanes.
- *Unpaved Street* - accounts for funds used for paving existing Town streets that are currently unpaved.
- *Sidewalk Construction II* - accounts for funds used for the construction and improvement of various sidewalks in the Town.
- *Recreational Improvements* – accounts for funds used for the purpose of various recreational park improvements and renovations
- *Building Renovation* – accounts for funds to be used for renovation of the Public Works Annex and the Garage Facility
- *Parking Lot Project* – accounts for funds to be used for construction and renovation of parking lots owned by the Town.
- *Facility Modernization* – accounts for funds to be used for addressing immediate needs of Town owned buildings as designated by the 2019 Facility Condition Assessment
- *General Capital Reserve* - used to account for resources accumulated for ongoing or future capital projects

Town of Southern Pines, North Carolina
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2021

Schedule 7
(4 pages)

	Capital Projects Funds			
	Nicks Creek Parkway	Open Space and Greenways	Storm Water Improvements	Streambank Stabilization
ASSETS				
Cash and investments	\$ 75,321	\$ 48,874	\$ 63,701	\$ 37,593
Sales tax receivable	-	-	-	-
Accrued Interest	31	20	27	16
	<u>\$ 75,352</u>	<u>\$ 48,894</u>	<u>\$ 63,728</u>	<u>\$ 37,609</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Payables	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance:				
Nonspendable:				
Perpetual maintenance	-	-	-	-
Restricted:				
Stabilization by State Statute	31	20	27	16
Committed:				
Capital Projects	<u>75,321</u>	<u>48,874</u>	<u>63,701</u>	<u>37,593</u>
Total fund balance	<u>75,352</u>	<u>48,894</u>	<u>63,728</u>	<u>37,609</u>
	<u>\$ 75,352</u>	<u>\$ 48,894</u>	<u>\$ 63,728</u>	<u>\$ 37,609</u>

Town of Southern Pines, North Carolina
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2021

Schedule 7
(4 pages)

	Capital Projects Funds			
	<u>EIDMS</u>	<u>Bike Transport</u>	<u>Unpaved Street</u>	<u>Sidewalk Construction II</u>
ASSETS				
Cash and investments	\$ 238,153	\$ 245,483	\$ 22,849	\$ 39,998
Sales tax receivable	-	-	-	325
Accrued Interest	99	103	10	17
	<u>\$ 238,252</u>	<u>\$ 245,586</u>	<u>\$ 22,859</u>	<u>\$ 40,340</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Payables	\$ 8,583	\$ -	\$ -	\$ 2,179
Total liabilities	<u>8,583</u>	<u>-</u>	<u>-</u>	<u>2,179</u>
Fund balance:				
Nonspendable:				
Perpetual maintenance	-	-	-	-
Restricted:				
Stabilization by State Statute	99	103	10	342
Committed:				
Capital Projects	<u>229,570</u>	<u>245,483</u>	<u>22,849</u>	<u>37,819</u>
Total fund balance	<u>229,669</u>	<u>245,586</u>	<u>22,859</u>	<u>38,161</u>
	<u>\$ 238,252</u>	<u>\$ 245,586</u>	<u>\$ 22,859</u>	<u>\$ 40,340</u>

Town of Southern Pines, North Carolina
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2021

Schedule 7
(4 pages)

	Capital Projects Funds			
	Recreational Improvements	Building Renovation	Parking Lot Project	Facility Modernization
ASSETS				
Cash and investments	\$ 12,060	\$ 870,499	\$ 84,365	\$ 408,912
Sales tax receivable	-	3,011	654	1,931
Accrued Interest	5	362	35	170
	<u>\$ 12,065</u>	<u>\$ 873,872</u>	<u>\$ 85,054</u>	<u>\$ 411,013</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Payables	\$ -	\$ 24,894	\$ -	\$ 12,835
Total liabilities	<u>-</u>	<u>24,894</u>	<u>-</u>	<u>12,835</u>
Fund balance				
Nonspendable:				
Perpetual maintenance	-	-	-	-
Restricted:				
Stabilization by State Statute	5	3,373	689	2,101
Committed:				
Capital Projects	<u>12,060</u>	<u>845,605</u>	<u>84,365</u>	<u>396,077</u>
Total fund balance	<u>12,065</u>	<u>848,978</u>	<u>85,054</u>	<u>398,178</u>
	<u>\$ 12,065</u>	<u>\$ 873,872</u>	<u>\$ 85,054</u>	<u>\$ 411,013</u>

Town of Southern Pines, North Carolina
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2021

Schedule 7
(4 pages)

	Capital Projects Funds General Capital Reserve	Permanent Fund Cemetery Perpetual Care	Non-Major Governmental Funds
ASSETS			
Cash and investments	\$ 196,295	\$ 92,910	\$ 2,437,013
Sales tax receivable	-	-	5,921
Accrued Interest	80	38	1,013
	<u>\$ 196,375</u>	<u>\$ 92,948</u>	<u>\$ 2,443,947</u>
LIABILITIES AND FUND BALANCE			
Liabilities:			
Payables	\$ -	\$ -	\$ 48,491
Total liabilities	<u>-</u>	<u>-</u>	<u>48,491</u>
Fund balance			
Nonspendable:			
Perpetual maintenance	-	92,910	92,910
Restricted:			
Stabilization by State Statute	80	38	6,934
Committed:			
Capital Projects	<u>196,295</u>	<u>-</u>	<u>2,295,612</u>
Total fund balance	<u>196,375</u>	<u>92,948</u>	<u>2,395,456</u>
	<u>\$ 196,375</u>	<u>\$ 92,948</u>	<u>\$ 2,443,947</u>

Town of Southern Pines, North Carolina
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Governmental Funds
Year Ended June 30, 2021

Schedule 8
(4 pages)

	Capital Projects Funds			
	Nicks Creek Parkway	Open Space and Greenways	Storm Water Improvements	Streambank Stabilization
Revenues				
Investment earnings	\$ 167	\$ 174	\$ 155	\$ 143
Sale of plots	-	-	-	-
	167	174	155	143
Expenditures				
General government	-	-	-	37,534
Cultural and recreational	-	1,669,241	-	-
Public safety	-	-	-	-
Transportation	-	-	2,267	-
	-	1,669,241	2,267	37,534
Revenues over (under) expenditures	167	(1,669,067)	(2,112)	(37,391)
Other financing sources (uses)				
Installment Purchase obligations issued	-	900,000	-	-
Transfers (to) from:				
General Fund	-	519,262	-	75,000
General Capital Reserve fund	-	245,000	-	-
	-	1,664,262	-	75,000
Net change in fund balance	167	(4,805)	(2,112)	37,609
Fund balance, beginning of year, July 1	75,185	53,699	65,840	-
Fund balance, end of year, June 30	\$ 75,352	\$ 48,894	\$ 63,728	\$ 37,609

Town of Southern Pines, North Carolina
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Governmental Funds
Year Ended June 30, 2021

Schedule 8
(4 pages)

	Capital Projects Funds			
	EIDMS	Bike Transport	Unpaved Street	Sidewalk Construction II
Revenues				
Investment earnings	\$ 480	\$ 547	\$ 101	\$ 582
Sale of plots	-	-	-	-
	480	547	101	582
Expenditures				
General government	38,834	-	-	-
Cultural and recreational	-	-	-	-
Public safety	-	-	-	-
Transportation	-	-	-	233,488
	38,834	-	-	233,488
Revenues over (under) expenditures	(38,354)	547	101	(232,906)
Other financing sources (uses)				
Installment Purchase obligations issued	-	-	-	-
Transfers (to) from:				
General Fund	45,874	-	-	100,000
General Capital Reserve fund	-	-	-	-
	45,874	-	-	100,000
Net change in fund balance	7,520	547	101	(132,906)
Fund balance, beginning of year, July 1	222,149	245,039	22,758	171,067
Fund balance, end of year, June 30	\$ 229,669	\$ 245,586	\$ 22,859	\$ 38,161

Town of Southern Pines, North Carolina
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance
Nonmajor Governmental Funds
Year Ended June 30, 2021

Schedule 8
(4 pages)

	Capital Projects Funds			
	Recreational Improvements	Building Renovation	Parking Lot Project	Facility Modernization
Revenues				
Investment earnings	\$ 18	\$ 657	\$ 301	\$ 1,074
Sale of plots	-	-	-	-
	18	657	301	1,074
Expenditures				
General government	-	589,340	-	144,247
Cultural and recreational	-	-	-	-
Public safety	-	-	-	-
Transportation	-	-	125,166	-
	-	589,340	125,166	144,247
Revenues over (under) expenditures	18	(588,683)	(124,865)	(143,173)
Other financing sources (uses)				
Installment Purchase obligations issued	-	1,250,000	-	-
Transfers (to)/from:				
General fund	-	100,000	45,000	-
General Capital Reserve fund	-	87,500	-	-
	-	1,437,500	45,000	-
Net change in fund balance	18	848,817	(79,865)	(143,173)
Fund balance, beginning of year, July 1	12,047	161	164,919	541,351
Fund balance, end of year, June 30	\$ 12,065	\$ 848,978	\$ 85,054	\$ 398,178

Town of Southern Pines, North Carolina
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance
Nonmajor Governmental Funds
Year Ended June 30, 2021

Schedule 8
(4 pages)

	Capital Projects Funds General Capital Reserve	Permanent Fund Cemetery Perpetual Care	Total Nonmajor Governmental Funds
Revenues			
Investment earnings	\$ 868	\$ 193	\$ 5,460
Sale of plots	-	8,425	8,425
	<u>868</u>	<u>8,618</u>	<u>13,885</u>
Expenditures			
General government	-	-	809,955
Cultural and recreational	-	-	1,669,241
Public safety	-	-	-
Transportation	-	-	360,921
	<u>-</u>	<u>-</u>	<u>2,840,117</u>
Revenues over (under) expenditures	<u>868</u>	<u>8,618</u>	<u>(2,826,232)</u>
Other financing sources (uses)			
Installment Purchase obligations issued	-	-	2,150,000
Transfers (to)/from:			
General fund	(332,500)	-	552,636
General Capital Reserve fund	-	-	332,500
	<u>(332,500)</u>	<u>-</u>	<u>3,035,136</u>
Net change in fund balance	(331,632)	8,618	208,904
Fund balance, beginning of year, July 1	<u>528,007</u>	<u>84,330</u>	<u>2,186,552</u>
Fund balance, end of year, June 30	<u>\$ 196,375</u>	<u>\$ 92,948</u>	<u>\$ 2,395,456</u>

Town of Southern Pines, North Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Capital Projects Fund (Nicks Creek Parkway)
From Inception and for the Year Ended June 30, 2021

Schedule 9

	Project Authorization	Actual		Total to Date	Variance Favorable (Unfavorable)
		Prior Years	Current Year		
Revenues					
Investment earnings	\$ 15,000	\$ 18,185	\$ 167	\$ 18,352	\$ 3,352
	15,000	18,185	167	18,352	3,352
Expenditures					
Transportation:					
Construction	72,000	-	-	-	72,000
	72,000	-	-	-	72,000
Revenues over over (under) expenditures	(57,000)	18,185	167	18,352	75,352
Other financing sources					
Land exchange proceeds	57,000	57,000	-	57,000	-
	57,000	57,000	-	57,000	-
Revenues and other financing sources over expenditures	\$ -	\$ 75,185	167	\$ 75,352	\$ 75,352
Fund balance, beginning of year, July 1			75,185		
Fund balance end of year, June 30			\$ 75,352		

Town of Southern Pines, North Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Capital Projects Fund (Open Space and Greenways)
From Inception and for the Year Ended June 30, 2021

Schedule 10

	Project Authorization	Actual Prior Years	Current Year	Total to Date	Variance Favorable (Unfavorable)
Revenues					
Investment earnings	\$ 9,700	\$ 11,954	\$ 174	\$ 12,128	\$ 2,428
	<u>9,700</u>	<u>11,954</u>	<u>174</u>	<u>12,128</u>	<u>2,428</u>
Expenditures					
Cultural and recreational Construction	1,799,962	84,255	1,669,241	1,753,496	46,466
	<u>1,799,962</u>	<u>84,255</u>	<u>1,669,241</u>	<u>1,753,496</u>	<u>46,466</u>
Revenues (under) expenditures	<u>(1,790,262)</u>	<u>(72,301)</u>	<u>(1,669,067)</u>	<u>(1,741,368)</u>	<u>48,894</u>
Other financing sources					
Installment purchase obligations issued	900,000	-	900,000	900,000	-
Transfers from:					
General Fund	519,262	-	519,262	519,262	-
General Capital Reserve Fund	245,000	-	245,000	245,000	-
Capital Projects Fund - road construction	<u>126,000</u>	<u>126,000</u>	<u>-</u>	<u>126,000</u>	<u>-</u>
	<u>1,790,262</u>	<u>126,000</u>	<u>1,664,262</u>	<u>1,790,262</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 53,699</u>	<u>(4,805)</u>	<u>\$ 48,894</u>	<u>\$ 48,894</u>
Fund balance, beginning of year, July 1			<u>53,699</u>		
Fund balance, end of year, June 30			<u>\$ 48,894</u>		

Town of Southern Pines, North Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Capital Projects Fund (Storm Water Improvements)
From Inception and for the Year Ended June 30, 2021

Schedule 11

	Project Authorization	Actual Prior Years	Current Year	Total to Date	Variance Favorable (Unfavorable)
Revenues					
Investment earnings	\$ 22,500	\$ 35,397	\$ 155	\$ 35,552	\$ 13,052
	22,500	35,397	155	35,552	13,052
Expenditures					
Transportation:					
Construction	571,500	518,557	2,267	520,824	50,676
	571,500	518,557	2,267	520,824	50,676
Revenues under expenditures	(549,000)	(483,160)	(2,112)	(485,272)	63,728
Other financing sources					
Transfers from:					
Capital Projects Fund -					
Patrick Road	50,000	50,000	-	50,000	-
General Fund	499,000	499,000	-	499,000	-
	549,000	549,000	-	549,000	-
Revenues and other financing sources over (under) expenditures	\$ -	\$ 65,840	(2,112)	\$ 63,728	\$ 63,728
Fund balance, beginning of year, July 1			65,840		
Fund balance, end of year, June 30			\$ 63,728		

Town of Southern Pines, North Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Capital Projects Fund (Streambank Stabilization)
From Inception and for the Year Ended June 30, 2021

Schedule 12

	Project Authorization	Actual		Total to Date	Variance Favorable (Unfavorable)
		Prior Years	Current Year		
Revenues					
Investment earnings	\$ -	\$ -	\$ 143	\$ 143	\$ 143
	-	-	143	143	143
Expenditures					
General government:					
Construction	75,000	-	37,534	37,534	37,466
	75,000	-	37,534	37,534	37,466
Revenues (under) expenditures	(75,000)	-	(37,391)	(37,391)	37,609
Other financing sources					
Transfers from:					
General Fund	75,000	-	75,000	75,000	-
	75,000	-	75,000	75,000	-
Revenues and other financing sources over expenditures	\$ -	\$ -	37,609	\$ 37,609	\$ 37,609
Fund balance, beginning of year, July 1			-		
Fund balance, end of year, June 30			\$ 37,609		

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual

Capital Projects Fund (Enterprise Information and Document Management System)

From Inception and for the Year Ended June 30, 2021

	Project Authorization	Actual		Total to Date	Variance Favorable (Unfavorable)
		Prior Years	Current Year		
Revenues					
Investment earnings	\$ 14,200	\$ 29,641	\$ 480	\$ 30,121	\$ 15,921
	<u>14,200</u>	<u>29,641</u>	<u>480</u>	<u>30,121</u>	<u>15,921</u>
Expenditures					
General government					
Enterprise Resource					
Planning	907,059	654,477	38,834	693,311	213,748
	<u>907,059</u>	<u>654,477</u>	<u>38,834</u>	<u>693,311</u>	<u>213,748</u>
Revenues under expenditures	(892,859)	(624,836)	(38,354)	(663,190)	229,669
Other financing sources (uses)					
Transfers from:					
General Fund	570,874	525,000	45,874	570,874	-
Capital Projects Fund- Police Station	240,500	240,500	-	240,500	-
Capital Projects Fund- Water and Sewer Fund	256,500	256,500	-	256,500	-
Capital Projects Fund- Patrick Road	49,985	49,985	-	49,985	-
Transfers to:					
Capital Projects Fund- Library HVAC Fund	(225,000)	(225,000)	-	(225,000)	-
	<u>892,859</u>	<u>846,985</u>	<u>45,874</u>	<u>892,859</u>	<u>-</u>
Revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ 222,149</u>	7,520	<u>\$ 229,669</u>	<u>\$ 229,669</u>
Fund balance, beginning of year, July 1			<u>222,149</u>		
Fund balance, end of year, June 30			<u>\$ 229,669</u>		

Town of Southern Pines, North Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Capital Projects Fund (Bike Transport)
From Inception and for the Year Ended June 30, 2021

Schedule 14

	Project Authorization	Actual		Total to Date	Variance Favorable (Unfavorable)
		Prior Years	Current Year		
Revenues					
Investment earnings	\$ -	\$ 8,713	\$ 547	\$ 9,260	\$ 9,260
	-	8,713	547	9,260	9,260
Expenditures					
Cultural and recreational: Construction	278,000	41,674	-	41,674	236,326
	278,000	41,674	-	41,674	236,326
Revenues over (under) expenditures	(278,000)	(32,961)	547	(32,414)	245,586
Other financing sources					
Transfers from:					
General fund	140,000	140,000	-	140,000	-
Capital Projects Fund- Patrick Road	138,000	138,000	-	138,000	-
	278,000	278,000	-	278,000	-
Revenues and other financing sources over expenditures	\$ -	\$ 245,039	547	\$ 245,586	\$ 245,586
Fund balance, beginning of year, July 1			245,039		
Fund balance, end of year, June 30			\$ 245,586		

Town of Southern Pines, North Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Capital Projects Fund (Unpaved Street)
From Inception and for the Year Ended June 30, 2021

Schedule 15

	Project Authorization	Actual Prior Years	Current Year	Total to Date	Variance Favorable (Unfavorable)
Revenues					
Investment earnings	\$ -	\$ 11,049	\$ 101	\$ 11,150	\$ 11,150
	-	11,049	101	11,150	11,150
Expenditures					
Transportation:					
Construction	657,500	645,791	-	645,791	11,709
	657,500	645,791	-	645,791	11,709
Revenues over (under) expenditures	(657,500)	(634,742)	101	(634,641)	22,859
Other financing sources					
Transfers from:					
General Fund	657,500	657,500	-	657,500	-
	657,500	657,500	-	657,500	-
Revenues and other financing sources over expenditures	\$ -	\$ 22,758	101	\$ 22,859	\$ 22,859
Fund balance, beginning of year, July 1			22,758		
Fund balance, end of year, June 30			\$ 22,859		

Town of Southern Pines, North Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Capital Projects Fund (Sidewalks II)
From Inception and for the Year Ended June 30, 2021

Schedule 16

	Project Authorization	Actual		Total to Date	Variance Favorable (Unfavorable)
		Prior Years	Current Year		
Revenues					
Investment earnings	\$ -	\$ 10,229	\$ 582	\$ 10,811	\$ 10,811
	-	10,229	582	10,811	10,811
Expenditures					
Transportation:					
Construction	857,877	597,039	233,488	830,527	27,350
	857,877	597,039	233,488	830,527	27,350
Revenues under expenditures	(857,877)	(586,810)	(232,906)	(819,716)	38,161
Other financing sources					
Transfers from:					
General Fund	811,150	711,150	100,000	811,150	-
Capital Projects Fund - sidewalks	46,727	46,727	-	46,727	-
	857,877	757,877	100,000	857,877	-
Revenues and other financing sources over (under) expenditures	\$ -	\$ 171,067	(132,906)	\$ 38,161	\$ 38,161
Fund balance, beginning of year, July 1			171,067		
Fund balance, end of year, June 30			\$ 38,161		

Town of Southern Pines, North Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Capital Projects Fund (Recreational Improvement)
From Inception and for the Year Ended June 30, 2021

Schedule 17

	Project Authorization	Actual Prior Years	Current Year	Total to Date	Variance Favorable (Unfavorable)
Revenues					
Investment earnings	\$ -	\$ 3,977	\$ 18	\$ 3,995	\$ 3,995
	-	3,977	18	3,995	3,995
Expenditures					
Cultural and recreational: Construction	357,500	349,430	-	349,430	8,070
	357,500	349,430	-	349,430	8,070
Revenues under (over) expenditures	(357,500)	(345,453)	18	(345,435)	12,065
Other financing sources					
Transfers from: General Fund	357,500	357,500	-	357,500	-
	357,500	357,500	-	357,500	-
Revenues and other financing sources over expenditures	\$ -	\$ 12,047	18	\$ 12,065	\$ 12,065
Fund balance, beginning of year, July 1			12,047		
Fund balance, end of year, June 30			\$ 12,065		

Town of Southern Pines, North Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Capital Projects Fund (Building Renovation)
From Inception and for the Year Ended June 30, 2021

Schedule 18

	Project Authorization	Actual		Total to Date	Variance Favorable (Unfavorable)
		Prior Years	Current Year		
Revenues					
Investment earnings	\$ 1,100	\$ 24	\$ 657	\$ 681	\$ (419)
	<u>1,100</u>	<u>24</u>	<u>657</u>	<u>681</u>	<u>(419)</u>
Expenditures					
General government:					
Construction	1,451,600	12,863	589,340	602,203	849,397
	<u>1,451,600</u>	<u>12,863</u>	<u>589,340</u>	<u>602,203</u>	<u>849,397</u>
Revenues under expenditures	<u>(1,450,500)</u>	<u>(12,839)</u>	<u>(588,683)</u>	<u>(601,522)</u>	<u>848,978</u>
Other financing sources					
Installment purchase obligations issued	1,250,000	-	1,250,000	1,250,000	-
Transfers from:					
General Fund	113,000	13,000	100,000	113,000	-
Capital Reserver Fund	<u>87,500</u>	<u>-</u>	<u>87,500</u>	<u>87,500</u>	<u>-</u>
	<u>1,450,500</u>	<u>13,000</u>	<u>1,437,500</u>	<u>1,450,500</u>	<u>-</u>
Revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ 161</u>	848,817	<u>\$ 848,978</u>	<u>\$ 848,978</u>
Fund balance, beginning of year, July 1			<u>161</u>		
Fund balance, end of year, June 30			<u>\$ 848,978</u>		

Town of Southern Pines, North Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Capital Projects Fund (Parking Lot Project)
From Inception and for the Year Ended June 30, 2021

Schedule 19

	Project Authorization	Actual		Total to Date	Variance Favorable (Unfavorable)
		Prior Years	Current Year		
Revenues					
Investment earnings	\$ -	\$ 6,840	\$ 301	\$ 7,141	\$ 7,141
	-	6,840	301	7,141	7,141
Expenditures					
Transportation:					
Construction	288,000	84,921	125,166	210,087	77,913
	288,000	84,921	125,166	210,087	77,913
Revenues under expenditures	(288,000)	(78,081)	(124,865)	(202,946)	85,054
Other financing sources					
Transfers from:					
General Fund	288,000	243,000	45,000	288,000	-
	288,000	243,000	45,000	288,000	-
Revenues and other financing sources over (under) expenditures	\$ -	\$ 164,919	(79,865)	\$ 85,054	\$ 85,054
Fund balance, beginning of year, July 1			164,919		
Fund balance, end of year, June 30			\$ 85,054		

Town of Southern Pines, North Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Capital Projects Fund (Facility Modernization)
From Inception and for the Year Ended June 30, 2021

Schedule 20

	Project Authorization	Actual		Total to Date	Variance Favorable (Unfavorable)
		Prior Years	Current Year		
Revenues					
Investment earnings	\$ -	\$ 9,707	\$ 1,074	\$ 10,781	\$ 10,781
	-	9,707	1,074	10,781	10,781
Expenditures					
General government:					
Construction	718,901	187,257	144,247	331,504	387,397
	718,901	187,257	144,247	331,504	387,397
Revenues under expenditures	(718,901)	(177,550)	(143,173)	(320,723)	398,178
Other financing sources					
Transfers from:					
General Fund	416,567	416,567	-	416,567	-
Water Sewer Fund	302,334	302,334	-	302,334	-
	718,901	718,901	-	718,901	-
Revenues and other financing sources over (under) expenditures	\$ -	\$ 541,351	(143,173)	\$ 398,178	\$ 398,178
Fund balance, beginning of year, July 1			541,351		
Fund balance, end of year, June 30			\$ 398,178		

Town of Southern Pines, North Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Capital Projects Fund (General Capital Reserve)
From Inception and for the Year Ended June 30, 2021

Schedule 21

	Project Authorization	Actual		Total to Date	Variance Favorable (Unfavorable)
		Prior Years	Current Year		
Revenues					
Investment earnings	\$ -	\$ 7,417	\$ 868	\$ 8,285	\$ 8,285
	-	7,417	868	8,285	8,285
Revenues over expenditures	-	7,417	868	8,285	8,285
Other financing sources (uses)					
Transfers from:					
General Fund	112,500	112,500	-	112,500	-
Capital Projects Fund - Public Safety	3,697	3,696	-	3,696	(1)
Library HVAC	161	161	-	161	-
CDBG TYR Tactical	620	620	-	620	-
Fiber Optics	2,120	2,120	-	2,120	-
Patrick Road	80,773	80,773	-	80,773	-
Capital Projects Fund - Road Construction	27,590	27,589	-	27,589	(1)
Capital Projects Fund - Fire Department Substation	273,642	273,642	-	273,642	-
Capital Projects Fund - Pool Park	12,740	12,740	-	12,740	-
Capital Projects Fund - Downtown Park	6,748	6,749	-	6,749	1
Transfers to:					
Capital Project Funds	(520,591)	-	(332,500)	(332,500)	188,091
	-	520,590	(332,500)	188,090	188,090
Revenues and other financing sources over (under) expenditures	\$ -	\$ 528,007	(331,632)	\$ 196,375	\$ 196,375
Fund balance, beginning of year, July 1			528,007		
Fund balance, end of year, June 30			\$ 196,375		

Permanent Fund

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

Individual fund description:

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

Town of Southern Pines, North Carolina
Schedule of Revenues, Expenses and Changes in Fund Balance
Permanent Fund (Cemetery Perpetual Care Fund)
Year Ended June 30, 2021
With Comparative Actual Amounts for Year Ended June 30, 2020

Schedule 22

	2021			2020
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
Investment earnings	\$ 14,500	\$ 193	\$ (14,307)	\$ 1,144
Sale of plots	<u>70,000</u>	<u>8,425</u>	<u>(61,575)</u>	<u>5,250</u>
Total revenues	84,500	8,618	(75,882)	6,394
Expenditures				
Reserved for future expense	<u>84,500</u>	<u>-</u>	<u>84,500</u>	<u>-</u>
Revenues over expenditures	<u>\$ -</u>	8,618	<u>\$ 8,618</u>	6,394
Fund balance, beginning of year, July 1		<u>84,330</u>		<u>77,936</u>
Fund balance, end of year, June 30		<u>\$ 92,948</u>		<u>\$ 84,330</u>

Enterprise Fund

Enterprise funds account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of net income is appropriate for accountability purposes.

Individual fund descriptions:

- *Water and Sewer Fund* - accounts for the Town's water and sewer operations.

Town of Southern Pines, North Carolina
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
Water and Sewer Fund

Schedule 23
(3 pages)

Year Ended June 30, 2021

With Comparative Actual Amounts for Year Ended June 30, 2020

	2021			2020
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
Operating revenues:				
Charges for services:				
Water sales		\$ 5,604,266		\$ 5,288,024
Sewer sales		3,048,271		2,855,435
Service charges		148,897		94,807
Miscellaneous operating revenue		372,574		326,329
Total operating revenues	\$ 7,987,382	9,174,008	\$ 1,186,626	8,564,595
Nonoperating revenues :				
Investment earnings		10,496		117,470
BAB interest rebate		3,424		3,377
	109,569	13,920	(95,649)	120,847
Total revenues	8,096,951	9,187,928	1,090,977	8,685,442
Expenditures				
Billings and collections:				
Salaries and employee benefits		305,363		290,443
Contracted services		21,324		22,426
Other departmental expenditures		132,630		122,622
	529,443	459,317	70,126	435,491
Water treatment:				
Contractual services		918,770		902,939
Utilities		348,712		344,474
Other departmental expenditures		59,847		128,321
	1,500,427	1,327,329	173,098	1,375,734
Sewage treatment:				
Contractual services	2,250,000	2,143,791	106,209	1,914,060
Water extensions and maintenance:				
Salaries and employee benefits		509,544		472,656
Contractual services		62,507		44,235
Supplies		281,994		249,799
Other departmental expenditures		109,328		100,808
Capital outlay		205,950		86,728
	1,166,340	1,169,323	(2,983)	954,226

Town of Southern Pines, North Carolina
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
Water and Sewer Fund

Schedule 23
(3 pages)

Year Ended June 30, 2021

With Comparative Actual Amounts for Year Ended June 30, 2020

	2021			2020
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Sewer extensions and maintenance:				
Salaries and employee benefits		\$ 457,605		\$ 459,840
Contractual services		93,967		75,501
Supplies		90,756		56,499
Other departmental expenditures		240,670		191,082
Capital outlay		232,022		478,596
	<u>\$ 1,360,259</u>	<u>1,115,020</u>	<u>\$ 245,239</u>	<u>1,261,518</u>
Chargeout for administrative expenses	<u>1,141,360</u>	<u>1,141,360</u>	<u>-</u>	<u>1,050,334</u>
Total	<u>7,947,829</u>	<u>7,356,140</u>	<u>591,689</u>	<u>6,991,363</u>
Budgetary appropriations:				
Interest	12,164	12,161	3	28,886
Debt principal	409,025	371,731	37,294	562,911
	<u>421,189</u>	<u>383,892</u>	<u>37,297</u>	<u>591,797</u>
Total expenditures	<u>8,369,018</u>	<u>7,740,032</u>	<u>628,986</u>	<u>7,583,160</u>
Revenues over (under) expenditures	(272,067)	1,447,896	1,719,963	1,102,282
Other financing sources (uses)				
Transfers to:				
Water and sewer improvements	(2,344,628)	(2,344,628)	-	(3,932,755)
Facilities Assessment	-	-	-	(302,334)
Sale of capital assets	26,000	78,190	52,190	21,920
	<u>(2,318,628)</u>	<u>(2,266,438)</u>	<u>52,190</u>	<u>(4,213,169)</u>
Revenues over (under) expenditures and other financing sources (uses)	(2,590,695)	(818,542)	1,772,153	(3,110,887)
Appropriated retained earnings	<u>2,590,695</u>	<u>-</u>	<u>(2,590,695)</u>	<u>-</u>
Revenues and appropriated retained earnings under expenditures and other financing sources (uses)	<u>\$ -</u>	<u>(818,542)</u>	<u>(818,542)</u>	<u>\$ (3,110,887)</u>

Town of Southern Pines, North Carolina
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
Water and Sewer Fund
For the Year Ended June 30, 2021
With Comparative Actual Amounts for Year Ended June 30, 2020

Schedule 23
(3 pages)

	2021	2020
Revenues and other sources over expenditures and other uses	\$ (818,542)	\$ (3,110,887)
Reconciling items:		
Principal retirement	371,731	562,911
Capital outlay	437,972	565,324
Gain on disposal of capital assets	78,190	21,920
Proceeds from the sale of capital assets	(78,190)	(21,920)
Depreciation and amortization	(1,643,597)	(1,597,422)
(Increase) decrease in accrued interest payable	(2,018)	892
Increase in accrued compensated absences	(3,503)	(14,275)
Contributions to the pension plan	90,470	78,171
Pension expense	(165,115)	(141,162)
Interest earnings on water and sewer:		
Capital Projects Fund	21,445	82,596
Capital Reserve Funds	712	5,373
Water and wastewater system development fees	1,075,233	340,683
Developer's contributions	3,194,972	1,004,279
Intangible contributions	470,768	891,388
Transfers to water and sewer:		
Water and sewer improvements	2,344,628	3,932,755
	6,193,698	5,711,513
Change in net position	\$ 5,375,156	\$ 2,600,626

Water and Sewer Capital Projects Fund

Town of Southern Pines, North Carolina
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
Water and Sewer Capital Projects Fund
From Inception and for the Year Ended June 30, 2021

Schedule 24

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
Revenues					
Grant proceeds	\$ 150,000	\$ 150,000	\$ -	\$ 150,000	\$ -
Investment earnings	41,600	203,049	21,445	224,494	182,894
Total revenues	191,600	353,049	21,445	374,494	182,894
Expenditures					
Warrior Woods Lift Station	1,338,151	583,681	73,226	656,907	681,244
East Morganton Road					
Water Line Replacement	658,268	42,474	468,279	510,753	147,515
North Pressure Water Zone	1,510,000	-	236,168	236,168	1,273,832
Water/sewer					
improvements II	4,884,728	3,168,951	516,307	3,685,258	1,199,470
Water Treatment Process					
Modernization	2,872,500	-	372,400	372,400	2,500,100
Pennsylvania/Peedee Road					
Waterline Replacement	1,957,800	-	37,341	37,341	1,920,459
Lift Station Upgrades	530,000	-	294,236	294,236	235,764
Midland Road Water Line					
Replacement	160,438	-	-	-	160,438
Total expenditures	13,911,885	3,795,106	1,997,957	5,793,063	8,118,822
Revenues under expenditures	(13,720,285)	(3,442,057)	(1,976,512)	(5,418,569)	8,301,716
Other financing sources (uses)					
Transfer to:					
Morganton road	(197,568)	(57,568)	(140,000)	(197,568)	-
Water/sewer					
improvements II	(36,000)		(36,000)	(36,000)	-
Water Treatment Process					
Modernization	(1,212,000)	(1,000,000)	(212,000)	(1,212,000)	-
Transfers from:					
Raw water reservoir	788,580	788,580	-	788,580	-
Auto meter reading	257,812	257,812	-	257,812	-
Water/sewer					
improvements II	1,352,000	1,000,000	352,000	1,352,000	-
Water/sewer					
improvements I	900,576	900,576	-	900,576	-
Morganton road	37,195	1,195	36,000	37,195	-
Economic Development	15,455	15,454	-	15,454	(1)
Wastewater system					
development Fees Fund	522,262	-	522,262	522,262	-
Water & Sewer Fund	11,291,973	8,947,345	2,344,628	11,291,973	-
Total other financing sources	13,720,285	10,853,394	2,866,890	13,720,284	(1)
Revenues and other financing sources over expenditures	\$ -	\$ 7,411,337	\$ 890,378	\$ 8,301,715	\$ 8,301,715

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual (Non-GAAP)

Water and Sewer Capital Projects Fund (Water System Development Fees

Capital Reserve Fund)

From Inception and for the Year Ended June 30, 2021

	Project Authorization	Actual Prior Years	Current Year	Total to Date	Variance Favorable (Unfavorable)
Revenues					
Investment earnings	\$ -	\$ 3,949	\$ 429	\$ 4,378	\$ 4,378
Water system development fees	502,231	338,641	769,331	1,107,972	605,741
	502,231	342,590	769,760	1,112,350	610,119
Revenues over expenditures	502,231	342,590	769,760	1,112,350	610,119
Other financing uses					
Transfers to:					
Capital Project Funds	(502,231)	-	(294,411)	(294,411)	207,820
	(502,231)	-	(294,411)	(294,411)	207,820
Revenues and other financing uses over expenditures	\$ -	\$ 342,590	475,349	\$ 817,939	\$ 817,939
Fund balance, beginning of year, July 1			342,590		
Fund balance, end of year, June 30			\$ 817,939		

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual (Non-GAAP)

Water and Sewer Capital Projects Fund (Wastewater System Development Fees

Capital Reserve Fund)

From Inception and for the Year Ended June 30, 2021

	Project Authorization	Actual		Total to Date	Variance Favorable (Unfavorable)
		Prior Years	Current Year		
Revenues					
Investment earnings	\$ -	\$ 3,020	\$ 283	\$ 3,303	\$ 3,303
Water system development fees	388,692	267,322	305,902	573,224	184,532
	<u>388,692</u>	<u>270,342</u>	<u>306,185</u>	<u>576,527</u>	<u>187,835</u>
Revenues over expenditures	<u>388,692</u>	<u>270,342</u>	<u>306,185</u>	<u>576,527</u>	<u>187,835</u>
Other financing uses					
Transfers to:					
Capital Project Funds	(388,692)	-	(227,851)	(227,851)	160,841
	<u>(388,692)</u>	<u>-</u>	<u>(227,851)</u>	<u>(227,851)</u>	<u>160,841</u>
Revenues and other financing uses over expenditures	<u>\$ -</u>	<u>\$ 270,342</u>	78,334	<u>\$ 348,676</u>	<u>\$ 348,676</u>
Fund balance, beginning of year, July 1			<u>270,342</u>		
Fund balance, end of year, June 30			<u>\$ 348,676</u>		

Capital Assets of Governmental Funds

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

Town of Southern Pines, North Carolina
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
June 30, 2021

Schedule 27
(2 pages)

	<u>Land</u>	<u>Buildings and Improvements</u>	<u>Other Improvements</u>	<u>Machinery and Equipment</u>	<u>Vehicles and Motorized Equipment</u>
General government	\$ 10,679,548	\$ 2,403,450	\$ 2,322,710	\$ 652,569	\$ 320,815
Public safety	1,461,767	12,983,925	985,420	152,678	5,787,066
Transportation	-	32,385	181,257	-	522,018
Economic and physical development	43,850	71,895	-	-	150,411
Cultural and recreational	<u>1,246,612</u>	<u>6,355,986</u>	<u>2,954,175</u>	<u>-</u>	<u>325,600</u>
Total governmental funds capital assets	<u>\$ 13,431,777</u>	<u>\$ 21,847,641</u>	<u>\$ 6,443,562</u>	<u>\$ 805,247</u>	<u>\$ 7,105,910</u>

Note: Amounts presented above exclude accumulated depreciation.

Town of Southern Pines, North Carolina
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
June 30, 2021

Schedule 27
(2 pages)

	Furniture, Fixtures, and Other Equipment	Infrastructure	Intangible Assets	Construction and Intangibles in Progress	Total
General government	\$ 358,596	\$ 322,814	\$ 311,825	\$ 1,183,391	\$ 18,555,718
Public safety	974,422	-	-	-	22,345,278
Transportation	963,948	16,481,137	-	316,377	18,497,122
Economic and physical development	-	-	-	-	266,156
Cultural and recreational	<u>298,307</u>	<u>49,364</u>	<u>-</u>	<u>37,102</u>	<u>11,267,146</u>
Total governmental funds capital assets	<u>\$ 2,595,273</u>	<u>\$ 16,853,315</u>	<u>\$ 311,825</u>	<u>\$ 1,536,870</u>	<u>\$ 70,931,420</u>

Note: Amounts presented above exclude accumulated depreciation.

Town of Southern Pines, North Carolina
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes by Function and Activity
Year Ended June 30, 2021

Schedule 28

	Balance July 1, 2020	Additions and Transfers In	Disposals and Transfers Out	Balance June 30, 2021
General government	\$ 17,686,525	\$ 886,551	\$ (17,358)	\$ 18,555,718
Public safety	22,142,180	323,759	(120,661)	22,345,278
Transportation	17,209,906	1,512,844	(225,628)	18,497,122
Economic and physical development	248,798	17,358	-	266,156
Cultural and recreational	9,580,737	3,378,634	(1,692,225)	11,267,146
Total governmental funds capital assets	<u>\$ 66,868,146</u>	<u>\$ 6,119,146</u>	<u>\$ (2,055,872)</u>	<u>\$ 70,931,420</u>

Supplemental Financial Data

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

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

Town of Southern Pines, North Carolina
Schedule of Ad Valorem Taxes Receivable
June 30, 2021

Schedule 29

Fiscal Year	Uncollected Balance July 1, 2020	Additions	Collections and Credits	Uncollected Balance June 30, 2021
2020 - 2021	\$ -	\$ 11,214,970	\$ 11,187,429	\$ 27,541
2019 - 2020	19,919	-	10,330	9,589
2018 - 2019	7,156	-	1,583	5,573
2017 - 2018	3,979	-	780	3,199
2016 - 2017	3,250	-	468	2,782
2015 - 2016	2,480	-	168	2,312
2014 - 2015	2,392	-	45	2,347
2013 - 2014	1,673	-	41	1,632
2012 - 2013	1,317	-	17	1,300
2011 - 2012	2,220	-	16	2,204
2010 - 2011	1,223	-	1,223	-
	<u>\$ 45,609</u>	<u>\$ 11,214,970</u>	<u>\$ 11,202,100</u>	58,479
Less: allowance for uncollected taxes receivable General Fund				<u>(35,735)</u>
Ad valorem taxes receivable - net				<u>\$ 22,744</u>
Reconciliation to revenues				
Reconciling items:				
Taxes			\$ 11,209,507	
Penalties and interest			(15,195)	
Refunds			8,764	
Taxes written off			1,206	
Other adjustments			(2,182)	
Total collections and credits			<u>\$ 11,202,100</u>	

Town of Southern Pines, North Carolina
Analysis of Current Tax Levy
Town-Wide Levy
June 30, 2021

Schedule 30

	Town-Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate:	\$ 2,801,741,002	\$ 0.40	\$ 11,199,979	\$ 10,480,607	\$ 719,372
Penalties	-		6,412	6,412	-
Total	2,801,741,002		11,206,391	10,487,019	719,372
Discoveries:					
Adjustments at current year's rate	5,799,460	0.40	23,136	23,136	-
Adjustments at prior year's rate	1,786,033	0.40	7,144	7,144	-
Total	2,809,326,495		11,236,671	10,517,299	719,372
Releases:					
Current year's rate	(5,357,940)	0.40	(21,701)	(21,432)	(269)
Total property valuation	<u>\$ 2,803,968,555</u>				
Net levy			11,214,970	10,495,867	719,103
Uncollected taxes at June 30, 2021			(27,541)	(27,541)	-
Current year's taxes collected			<u>\$ 11,187,429</u>	<u>\$ 10,468,326</u>	<u>\$ 719,103</u>
Current levy collection percentage			<u>99.75%</u>	<u>99.74%</u>	<u>100.00%</u>

Town of Southern Pines, North Carolina
Schedule of Interfund Transfers
Year Ended June 30, 2021

Schedule 31

	Transfer from Fund		Total
	Major Governmental	Major Enterprise	
	General Fund	Water and Sewer Fund	
Transfers to Fund			
Governmental:			
General fund	\$ -	\$ -	\$ -
Non-major funds	885,136	-	885,136
Business-type:			
Major funds	-	-	-
	<u>\$ 885,136</u>	<u>\$ -</u>	<u>\$ 885,136</u>

Statistical Section

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

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

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

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

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

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

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

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Financial Trends Information

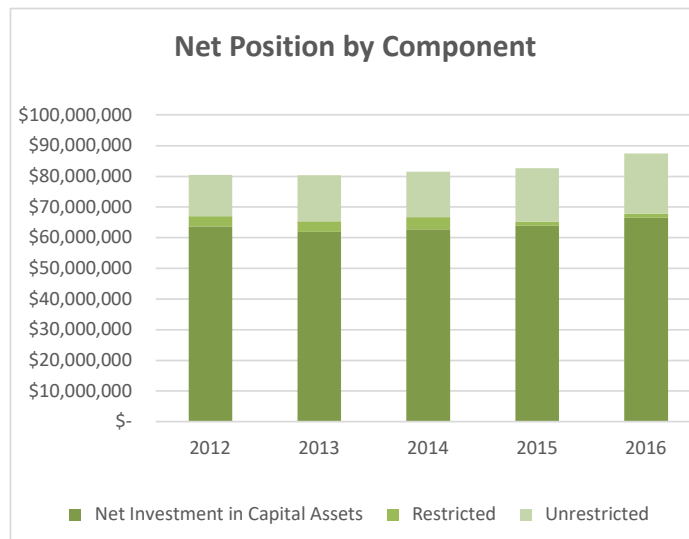
Town of Southern Pines, North Carolina
Net Position by Component
Last Ten Fiscal Years

Table 1
(2 pages)

	2012	2013	2014	2015	2016
Governmental Activities					
Net Investment in Capital Assets	\$ 29,623,108	\$ 29,633,485	\$ 29,782,035	\$ 30,965,507	\$ 32,437,390
Restricted	3,267,412	3,404,237	3,907,594	1,347,656	1,411,213
Unrestricted	6,721,773	6,517,398	6,354,282	8,398,997	9,158,392
Total Governmental Activities Net Position	39,612,293	39,555,120	40,043,911	40,712,160	43,006,995
Business-type Activities					
Net Investment in Capital Assets	34,092,915	32,299,561	32,970,341	32,916,198	34,033,968
Restricted	-	-	-	-	-
Unrestricted	6,724,136	8,477,760	8,489,135	9,068,275	10,389,970
Total Business-type Activities Net Position	40,817,051	40,777,321	41,459,476	41,984,473	44,423,938
Primary Government					
Net Investment in Capital Assets	63,716,023	61,933,046	62,752,376	63,881,705	66,471,358
Restricted	3,267,412	3,404,237	3,907,594	1,347,656	1,411,213
Unrestricted	13,445,909	14,995,158	14,843,417	17,467,272	19,548,362
Total primary Government Net Position	\$ 80,429,344	\$ 80,332,441	\$ 81,503,387	\$ 82,696,633	\$ 87,430,933

Notes:

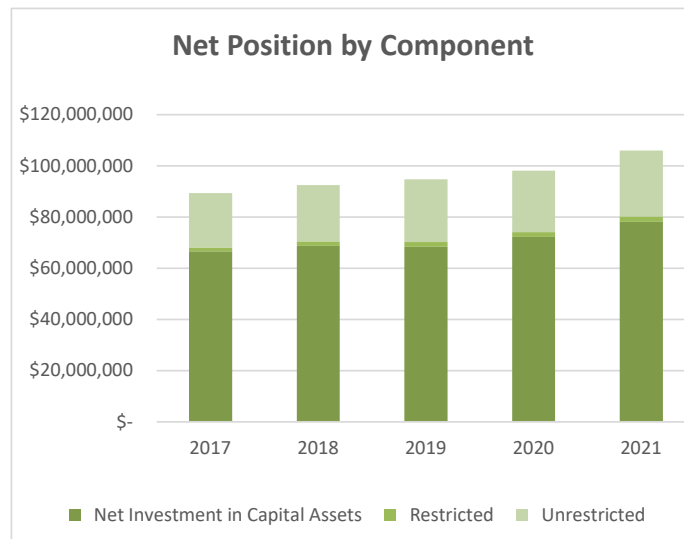
This table was prepared using the accrual basis of accounting.



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

Table 1
(2 pages)

	2017	2018	2019	2020	2021
Governmental Activities					
Net Investment in Capital Assets	\$ 32,711,835	\$ 34,673,136	\$ 34,528,937	\$ 35,851,831	\$ 37,075,906
Restricted	1,519,740	1,698,798	1,900,876	1,946,432	2,145,753
Unrestricted	9,024,025	8,041,802	8,872,638	8,304,508	9,382,997
Total Governmental Activities Net Position	43,255,600	44,413,736	45,302,451	46,102,771	48,604,656
Business-type Activities					
Net Investment in Capital Assets	33,991,050	34,193,906	33,892,745	36,398,750	41,129,762
Restricted	-	-	-	-	-
Unrestricted	12,130,776	13,910,881	15,587,824	15,682,445	16,326,589
Total Business-type Activities Net Position	46,121,826	48,104,787	49,480,569	52,081,195	57,456,351
Primary Government					
Net Investment in Capital Assets	66,702,885	68,867,042	68,421,682	72,250,581	78,205,668
Restricted	1,519,740	1,698,798	1,900,876	1,946,432	2,145,753
Unrestricted	21,154,801	21,952,683	24,460,462	23,986,953	25,709,586
Total primary Government Net Position	\$ 89,377,426	\$ 92,518,523	\$ 94,783,020	\$ 98,183,966	\$ 106,061,007



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

Table 2
(2 pages)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental activities:										
General Government	\$ 4,473,362	\$ 4,561,092	\$ 4,436,854	\$ 4,365,033	\$ 4,766,172	\$ 4,980,274	\$ 5,221,318	\$ 5,753,113	\$ 5,900,817	\$ 5,696,200
Public Safety	5,478,090	5,468,061	5,670,709	5,782,880	6,235,300	6,824,645	6,995,686	7,637,434	8,659,291	8,672,459
Transportation	1,441,791	1,574,115	1,338,289	1,463,609	1,575,645	1,266,454	1,694,884	1,761,568	1,903,528	1,390,519
Economic and Physical Development	722,591	690,132	649,207	653,371	701,189	563,367	604,385	657,709	834,642	953,077
Cultural and Recreation	1,542,961	1,583,940	1,543,440	1,533,579	1,583,781	1,754,646	1,824,003	1,887,163	2,521,679	2,985,385
Interest on Long Term Debt	199,536	183,766	165,401	153,216	135,625	116,880	129,304	261,591	233,606	209,377
Total Governmental Activities Expense	13,858,331	14,061,106	13,803,900	13,951,688	14,997,712	15,506,266	16,469,580	17,958,578	20,053,563	19,907,017
Total Business-Type Activity - Water and Sewer	6,390,539	6,461,289	6,747,867	6,969,806	7,083,980	7,340,631	7,483,404	8,246,671	8,128,721	8,654,093
Total primary government expenses	\$ 20,248,870	\$ 20,522,395	\$ 20,551,767	\$ 20,921,494	\$ 22,081,692	\$ 22,846,897	\$ 23,952,984	\$ 26,205,249	\$ 28,182,284	\$ 28,561,110
Program revenues										
Governmental activities:										
Charges for Services										
General Governmental	\$ 853,392	\$ 865,514	\$ 797,893	\$ 853,155	\$ 947,169	\$ 918,206	\$ 947,971	\$ 1,055,204	\$ 1,220,196	\$ 1,341,719
Public Safety	507,750	522,653	502,252	501,768	581,747	596,230	576,534	618,001	516,051	521,553
Transportation	24,493	27,628	31,815	36,146	53,711	35,677	45,234	43,690	36,920	48,486
Economic and Physical Development	292,230	351,236	324,378	403,127	372,607	412,257	409,385	384,840	438,650	863,109
Cultural and Recreation	246,731	230,503	245,508	259,213	266,735	242,589	258,979	261,607	192,808	170,651
Cemetery	3,475	1,750	2,675	3,149	5,375	3,025	2,750	3,950	5,250	8,425
Operating Grants and Contributions										
General Governmental	49,114	42,953	50,933	50,577	48,093	89,744	1,927	176,379	26,234	206,458
Public Safety	335,492	20,382	10,759	20,331	8,147	11,518	18,801	157,580	273,973	170,752
Transportation	373,770	384,761	390,633	490,905	404,887	402,027	405,234	403,744	404,177	386,118
Cultural and Recreation	10,857	10,780	11,625	11,770	34,722	8,499	17,848	8,013	114,352	12,442
Capital Grants and Contributions										
General Governmental	367,474	-	-	-	-	870	-	-	675,854	888,156
Public Safety	-	-	-	-	-	-	-	-	-	-
Economic and Physical Development	-	-	-	-	-	-	-	-	-	-
Transportation	-	-	82,049	33,749	220,763	107,158	50,757	-	-	-
Cultural and Recreation	-	-	-	-	925,061	-	-	-	-	-
Total Governmental Activities Program Revenues	3,064,778	2,458,160	2,450,520	2,663,890	3,869,017	2,827,800	2,735,420	3,113,008	3,904,465	4,617,869
Business-type Activity - Water and Sewer										
Charges for Services	6,132,490	6,334,083	7,032,234	7,091,574	7,504,763	7,769,844	8,091,669	8,221,653	8,564,595	9,174,008
Capital Grants and Contributions	524,399	114,981	325,909	261,567	1,524,481	282,380	534,515	332,569	1,895,667	3,665,740
Total Business Activity Program Revenues	6,656,889	6,449,064	7,358,143	7,353,141	9,029,244	8,052,224	8,626,184	8,554,222	10,460,262	12,839,748
Total primary government program revenues	\$ 9,721,667	\$ 8,907,224	\$ 9,808,663	\$ 10,017,031	\$ 12,898,261	\$ 10,880,024	\$ 11,361,604	\$ 11,667,230	\$ 14,364,727	\$ 17,457,617
Net Revenue (Expense)										
Governmental activities	\$ (10,793,553)	\$ (11,602,946)	\$ (11,353,380)	\$ (11,287,798)	\$ (11,128,695)	\$ (12,678,466)	\$ (13,734,160)	\$ (14,845,570)	\$ (16,149,098)	\$ (15,289,148)
Business-type activity	266,350	(12,225)	610,276	383,335	1,945,264	711,593	1,142,780	307,551	2,331,541	4,185,655
Total primary government net expense	\$ (10,527,203)	\$ (11,615,171)	\$ (10,743,104)	\$ (10,904,463)	\$ (9,183,431)	\$ (11,966,873)	\$ (12,591,380)	\$ (14,538,019)	\$ (13,817,557)	\$ (11,103,493)

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

Table 2
(2 pages)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Revenues and Other Changes in Net Position										
Governmental activities:										
Ad Valorem Taxes	\$ 7,492,189	\$ 7,686,625	\$ 7,867,525	\$ 8,415,626	\$ 8,572,570	\$ 8,852,999	\$ 9,656,725	\$ 9,982,178	\$ 10,782,975	\$ 11,218,204
Alcoholic Beverage Tax	102,767	126,165	130,144	120,790	143,195	156,789	178,188	196,226	198,273	253,772
Franchise Taxes	724,017	705,527	748,619	988,840	1,112,213	1,086,585	1,055,286	1,110,853	1,061,456	1,073,629
Unrestricted Intergovernmental	2,838,253	2,944,945	2,956,816	3,257,298	3,386,423	3,640,353	3,729,381	3,987,169	4,201,137	4,936,349
Investment Earnings	40,750	27,625	22,239	20,661	38,091	65,948	159,478	312,484	227,148	35,024
Miscellaneous Revenue	102,699	90,090	99,493	94,977	106,949	133,359	155,103	138,493	149,534	221,669
Gain (Loss) on Disposal/Transfer of Capital Assets	11,445	(35,204)	17,335	47,607	64,089	16,814	(41,865)	5,133	26,561	52,505
Transfers	-	-	-	-	-	-	-	1,749	302,334	-
Total Governmental Activities	11,312,120	11,545,773	11,842,171	12,945,799	13,423,530	13,952,847	14,892,296	15,734,285	16,949,418	17,791,152
Business Type Activity										
Investment Earnings	87,363	50,237	43,666	26,254	62,699	68,242	138,711	245,011	208,816	36,077
Miscellaneous Revenue	5,901	8,216	-	172,376	414,304	904,086	701,470	419,695	340,683	1,075,223
Gain (Loss) on Disposal/Transfer of Capital Assets	-	-	-	-	17,198	13,967	-	405,274	21,920	78,190
Transfers	-	-	-	-	-	-	-	(1,749)	(302,334)	-
Total Business Type Activity	93,264	58,453	43,666	198,630	494,201	986,295	840,181	1,068,231	269,085	1,189,490
Total primary government general revenues and other changes in net position	<u>\$ 11,405,384</u>	<u>\$ 11,604,226</u>	<u>\$ 11,885,837</u>	<u>\$ 13,144,429</u>	<u>\$ 13,917,731</u>	<u>\$ 14,939,142</u>	<u>\$ 15,732,477</u>	<u>\$ 16,802,516</u>	<u>\$ 17,218,503</u>	<u>\$ 18,980,642</u>
Change in Net Position										
Governmental Activities	\$ (290,826)	\$ 192,393	\$ 554,373	\$ 1,817,104	\$ 745,064	\$ 218,687	\$ 46,726	\$ (414,813)	\$ 800,320	\$ 2,501,885
Business-type Activity	81,039	668,729	427,001	2,143,894	1,205,794	2,129,075	1,147,732	3,399,772	2,600,626	5,375,156
Total primary government change in net position	<u>\$ (209,787)</u>	<u>\$ 861,122</u>	<u>\$ 981,374</u>	<u>\$ 3,960,998</u>	<u>\$ 1,950,858</u>	<u>\$ 2,347,762</u>	<u>\$ 1,194,458</u>	<u>\$ 2,984,959</u>	<u>\$ 3,400,946</u>	<u>\$ 7,877,041</u>

Note:

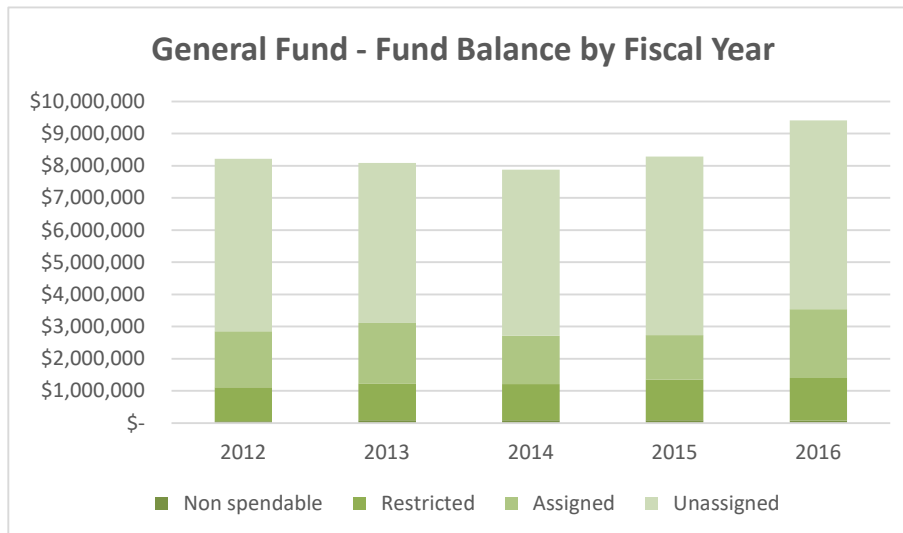
This table was prepared using the accrual basis of accounting.

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

Table 3
(2 pages)

	2012	2013	2014	2015	2016
General Fund					
Non spendable	\$ 62,019	\$ 83,967	\$ 88,196	\$ 87,292	\$ 79,715
Restricted	1,052,932	1,152,374	1,125,069	1,267,145	1,325,436
Assigned	1,736,481	1,879,328	1,496,849	1,374,933	2,136,517
Unassigned	5,361,325	4,974,592	5,168,432	5,552,329	5,863,955
Total General Fund	\$ 8,212,757	\$ 8,090,261	\$ 7,878,546	\$ 8,281,699	\$ 9,405,623
All Other Governmental Funds					
Non spendable	\$ 52,286	\$ 54,189	\$ 56,971	\$ 60,237	\$ 65,779
Restricted	7,274	7,393	6,008	20,274	19,998
Committed	2,154,920	2,190,281	2,719,546	2,500,431	2,135,417
Total All Other Governmental Funds	\$ 2,214,480	\$ 2,251,863	\$ 2,782,525	\$ 2,580,942	\$ 2,221,194

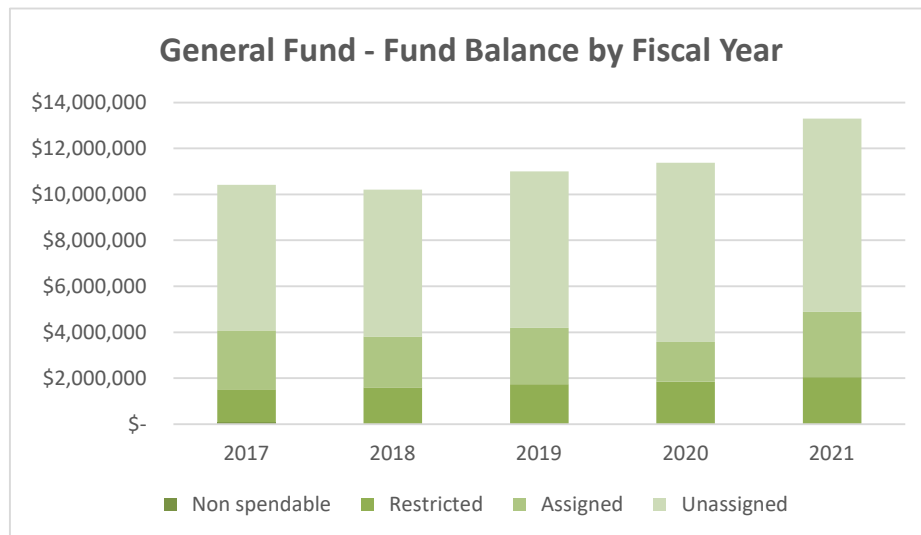
⁽¹⁾ This table was prepared using the modified accrual basis of accounting.



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

Table 3
(2 pages)

	2017	2018	2019	2020	2021
General Fund					
Non spendable	\$ 112,223	\$ 123,013	\$ 127,652	\$ 213,683	\$ 159,750
Restricted	1,435,608	1,591,977	1,738,805	1,842,799	2,045,909
Assigned	2,567,470	2,214,994	2,448,943	1,739,405	2,834,047
Unassigned	6,330,949	6,398,820	6,806,882	7,791,203	8,420,430
Total General Fund	\$ 10,446,250	\$ 10,328,804	\$ 11,122,282	\$ 11,587,090	\$ 13,460,136
All Other Governmental Funds					
Non spendable	\$ 69,115	\$ 72,534	\$ 77,603	\$ 84,062	\$ 92,910
Restricted	15,017	34,287	84,468	19,571	6,934
Committed	2,366,822	6,621,772	2,522,442	2,082,919	2,295,612
Total All Other Governmental Funds	\$ 2,450,954	\$ 6,728,593	\$ 2,684,513	\$ 2,186,552	\$ 2,395,456



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

Table 4
(2 pages)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Revenues					
Ad Valorem Taxes	\$ 7,492,635	\$ 7,691,550	\$ 7,887,032	\$ 8,428,787	\$ 8,563,591
Other Taxes and Licenses	382,156	248,555	218,351	230,577	191,005
Unrestricted Intergovernmental	3,342,941	3,593,381	3,654,511	4,228,255	4,728,619
Restricted Intergovernmental	686,179	413,121	412,577	417,431	415,756
Permits and Fees	303,210	411,271	371,559	469,075	549,713
Sales and Services	1,102,639	1,091,706	1,042,411	1,094,102	1,164,811
Investment Earnings	40,750	27,625	22,239	20,661	38,091
Grant Proceeds	-	-	-	-	-
Developers Contributions	-	-	-	90,000	-
Other	652,850	633,914	595,846	632,340	655,970
Total revenues	<u>14,003,360</u>	<u>14,111,123</u>	<u>14,204,526</u>	<u>15,611,228</u>	<u>16,307,556</u>
Expenditures					
Current:					
General Government	4,318,764	4,545,938	4,405,761	4,606,968	4,783,099
Public Safety	5,797,096	5,189,227	5,431,602	6,761,146	5,973,433
Transportation	1,215,914	1,410,762	1,094,682	1,576,703	1,660,533
Economic and Physical Development	718,211	692,954	695,612	663,143	697,899
Cultural and Recreational	1,407,251	1,588,302	1,505,032	1,725,896	1,793,900
Debt Service:					
Principal	506,967	582,228	584,425	625,361	666,541
Interest	201,308	186,825	168,465	153,941	139,174
Capital Outlay	-	-	-	-	-
Total expenditures	<u>14,165,511</u>	<u>14,196,236</u>	<u>13,885,579</u>	<u>16,113,158</u>	<u>15,714,579</u>
Revenues over (under) expenditures	(162,151)	(85,113)	318,947	(501,930)	592,977
Other financing sources (uses)					
Issuance of Debt	450,000	-	-	703,500	-
Sale of Capital Assets	-	-	-	-	171,199
Transfers From Other Funds	200,000	382,500	770,000	908,300	310,000
Transfers to Other funds	(200,000)	(382,500)	(770,000)	(908,300)	(310,000)
Total other financing sources (uses)	<u>450,000</u>	<u>-</u>	<u>-</u>	<u>703,500</u>	<u>171,199</u>
Net change in fund balance	287,849	(85,113)	318,947	201,570	764,176
Fund balance - beginning of year	<u>10,139,388</u>	<u>10,427,237</u>	<u>10,342,124</u>	<u>10,661,071</u>	<u>10,862,641</u>
Fund balance - end of year	<u>\$ 10,427,237</u>	<u>\$ 10,342,124</u>	<u>\$ 10,661,071</u>	<u>\$ 10,862,641</u>	<u>\$ 11,626,817</u>
Debt Service as a percentage of non-capital expenditures	5.4%	5.7%	5.7%	5.7%	5.6%

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

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

Table 4
(2 pages)

	2017	2018	2019	2020	2021
Revenues					
Ad Valorem Taxes	\$ 8,887,612	\$ 9,670,483	\$ 9,989,891	\$ 10,780,683	\$ 11,209,507
Other Taxes and Licenses	215,047	245,365	258,833	309,616	381,598
Unrestricted Intergovernmental	4,731,922	4,779,476	5,098,682	5,214,808	5,945,474
Restricted Intergovernmental	411,130	424,748	706,216	780,125	760,591
Permits and Fees	548,475	535,647	583,260	575,118	1,018,653
Sales and Services	1,138,137	1,194,230	1,286,029	1,351,968	1,446,259
Investment Earnings	65,948	159,478	312,484	227,148	35,024
Grant Proceeds	-	50,757	-	-	-
Developers Contributions	107,158	-	-	-	-
Other	683,542	618,641	609,819	604,546	654,268
Total revenues	16,788,971	17,678,825	18,845,214	19,844,012	21,451,374
Expenditures					
Current:					
General Government	4,812,892	5,357,663	5,401,328	6,110,073	6,202,321
Public Safety	6,233,795	8,075,128	11,417,437	8,406,861	7,779,371
Transportation	1,378,677	1,883,429	1,741,098	2,282,937	1,831,623
Economic and Physical Development	596,360	614,067	621,021	776,948	899,557
Cultural and Recreational	1,726,338	2,167,615	1,931,550	2,309,937	3,736,835
Debt Service:					
Principal	669,113	552,196	781,876	781,876	906,981
Interest	120,439	101,675	266,335	237,868	215,241
Capital Outlay	-	-	-	-	-
Total expenditures	15,537,614	18,751,773	22,160,645	20,906,500	21,571,929
Revenues over (under) expenditures	1,251,357	(1,072,948)	(3,315,431)	(1,062,488)	(120,555)
Other financing sources (uses)					
Issuance of Debt	-	5,228,150	-	650,000	2,150,000
Sale of Capital Assets	19,030	4,991	64,829	77,001	52,505
Transfers From Other Funds	575,000	816,954	1,114,750	1,334,021	885,136
Transfers to Other funds	(575,000)	(816,954)	(1,114,750)	(1,031,687)	(885,136)
Total other financing sources (uses)	19,030	5,233,141	64,829	1,029,335	2,202,505
Net change in fund balance	1,270,387	4,160,193	(3,250,602)	(33,153)	2,081,950
Fund balance - beginning of year	11,626,817	12,897,204	17,057,397	13,806,795	13,773,642
Fund balance - end of year	\$ 12,897,204	\$ 17,057,397	\$ 13,806,795	\$ 13,773,642	\$ 15,855,592
Debt Service as a percentage of non-capital expenditures	5.5%	4.3%	6.3%	5.7%	6.2%

Revenue Capacity Information

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

Table 5

Fiscal Year	Assessed Value ⁽¹⁾				Property Tax Rate ⁽³⁾	Percent Increase in Value ⁽⁴⁾
	Real Property	Personal Property ⁽²⁾	Public Service Companies	Total		
2012	\$ 1,941,070,117	\$ 167,236,934	\$ 24,850,996	\$ 2,133,158,047	0.35	2.2%
2013	1,986,569,105	175,936,820	25,197,699	2,187,703,624	0.35	2.6%
2014	2,003,125,666	218,312,023	23,571,943	2,245,009,632	0.35	2.6%
2015	2,052,966,995	196,446,739	21,862,247	2,271,275,981	0.37	1.2%
2016	2,025,854,870	203,462,410	23,659,502	2,252,976,782	0.38	-0.8%
2017	2,096,689,403	214,258,835	23,339,069	2,334,287,307	0.38	3.6%
2018	2,162,154,416	225,286,648	24,146,744	2,411,587,808	0.40	3.3%
2019	2,227,576,840	239,984,833	24,255,332	2,491,817,005	0.40	3.3%
2020	2,457,838,541	235,337,662	25,376,343	2,718,552,546	0.40	9.1%
2021	2,506,666,887	272,957,278	24,344,390	2,803,968,555	0.40	3.1%

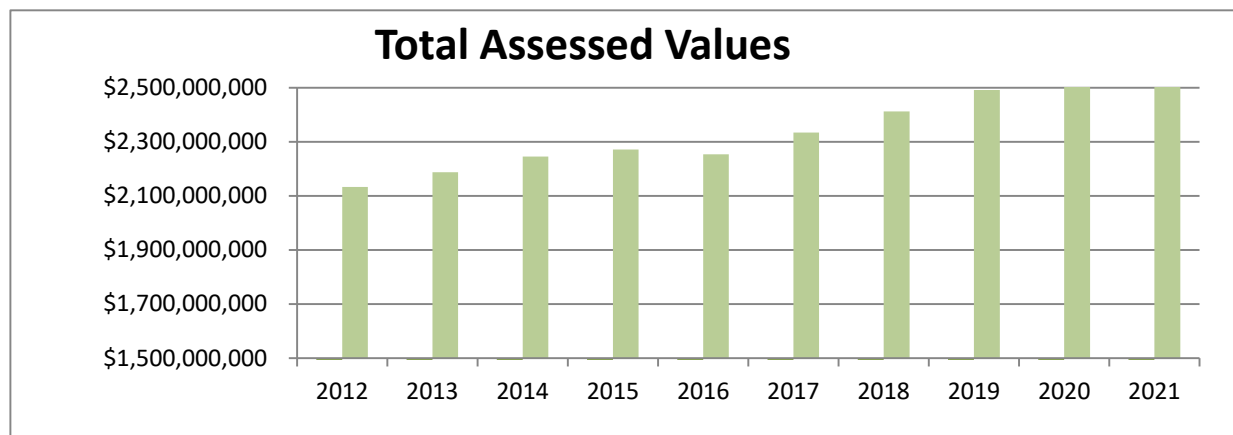
NOTES:

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

⁽²⁾ Includes vehicles.

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

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



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

Table 6

Fiscal Year	Tax Year	Town of Southern Pines			Overlapping Rate
		Operating Millage	Debt Service Millage	Total Town Millage	County of Moore ⁽¹⁾
2012	2011	0.35	\$ -	0.35	0.485
2013	2012	0.35	-	0.35	0.485
2014	2013	0.35	-	0.35	0.485
2015	2014	0.37	-	0.37	0.485
2016	2015	0.38	-	0.38	0.485
2017	2016	0.38	-	0.38	0.495
2018	2017	0.40	-	0.40	0.495
2019	2018	0.40	-	0.40	0.505
2020	2019	0.40	-	0.40	0.550
2021	2020	0.40	-	0.40	0.550

NOTES:

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

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

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

Source: Moore County Tax Office.

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

Table 7

Taxpayer	Type of Enterprise	2020			2011		
		Total Assessed Value ⁽¹⁾	Rank	Percent of Town's Assessed Valuation	Total Assessed Value	Rank	Percent of Town's Assessed Valuation
Morganton Park LLC	Residential	\$ 36,665,150	1	1.31%	(2)	-	-
SBV Southern Pines LLC	Retail	26,505,280	2	0.95%	(2)	-	-
Hawthorne Pinecrest LLC	Retail	25,209,160	3	0.90%	(2)	-	-
Ingersoll-Rand Company & (Industrial)	Manufacturing	20,509,503	4	0.73%	\$ 13,376,846	6	0.63%
Tyler Ridge Apartment LLC	Residential	17,325,100	5	0.62%	(2)	-	-
Colony 9 LLC	Golf Course	15,651,650	6	0.56%	(2)	-	-
Duke Energy Progress, Inc.	Utility	14,274,949	7	0.51%	10,431,146	8	0.49%
Southern Pines Retirement	Retirement Community	12,754,200	8	0.45%	9,560,220	9	0.45%
Berne Square LLC	Retail	12,703,630	9	0.45%	(2)	-	-
PS Southern Pines Real Estate II LLC	Automotive	11,914,400	10	0.42%	(2)	-	-
Forest Creek	Golf Course	(2)	-	-	49,921,420	1	2.34%
Mid Pines	Golf Course/Hotel	(2)	-	-	24,462,216	2	1.15%
Pinecrest Plaza	Retail	(2)	-	-	24,344,970	3	1.14%
Claude Smith Enterprises	Retail	(2)	-	-	18,044,680	4	0.85%
National Golf Club Inc	Golf Course	(2)	-	-	17,259,744	5	0.81%
Talamore Golf Partners	Golf Course	(2)	-	-	10,844,170	7	0.51%
SAM Southern Pines	Retail	(2)	-	-	8,101,000	10	0.38%
		<u>\$ 193,513,022</u>		<u>6.90%</u>	<u>\$ 186,346,412</u>		<u>8.74%</u>

SOURCE: Moore County Tax Department

NOTES:

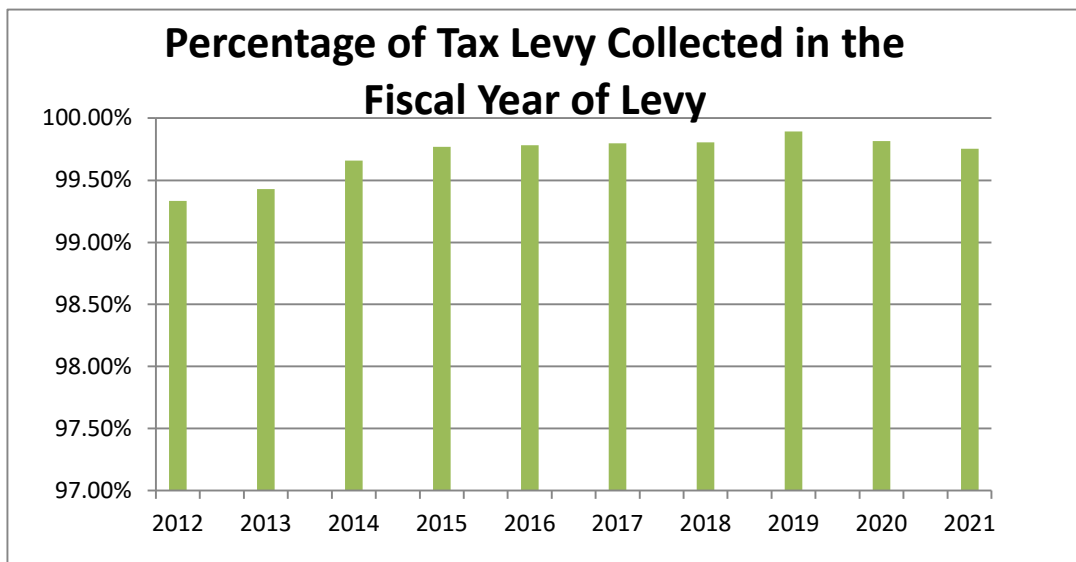
⁽¹⁾ 2020 Assessed value represents taxes assessed and due in the fiscal year ended June 30, 2021, and 2011 represents taxes assessed and due in the fiscal year ended June 30, 2012.

⁽²⁾ Not within top ten ranking.

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

Table 8

Fiscal Year	Tax Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Total Collections to Date		
			Amount	Percentage of Levy	Collections in Subsequent Years	Amount	Percentage of Levy
2012	2011	\$ 7,465,959	\$ 7,416,155	99.33%	\$ 47,600	7,463,755	99.97%
2013	2012	7,663,758	7,620,110	99.43%	42,348	7,662,458	99.98%
2014	2013	7,859,930	7,833,116	99.66%	25,182	7,858,298	99.98%
2015	2014	8,399,348	8,380,020	99.77%	16,981	8,397,001	99.97%
2016	2015	8,545,250	8,526,671	99.78%	16,267	8,542,938	99.97%
2017	2016	8,872,587	8,854,601	99.80%	15,204	8,869,805	99.97%
2018	2017	9,642,138	9,623,389	99.81%	15,550	9,638,939	99.97%
2019	2018	9,965,189	9,954,525	99.89%	5,091	9,959,616	99.94%
2020	2019	10,856,347	10,836,428	99.82%	10,330	10,846,758	99.91%
2021	2020	11,214,970	11,187,429	99.75%	-	11,187,429	99.75%



Debt Capacity Information

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

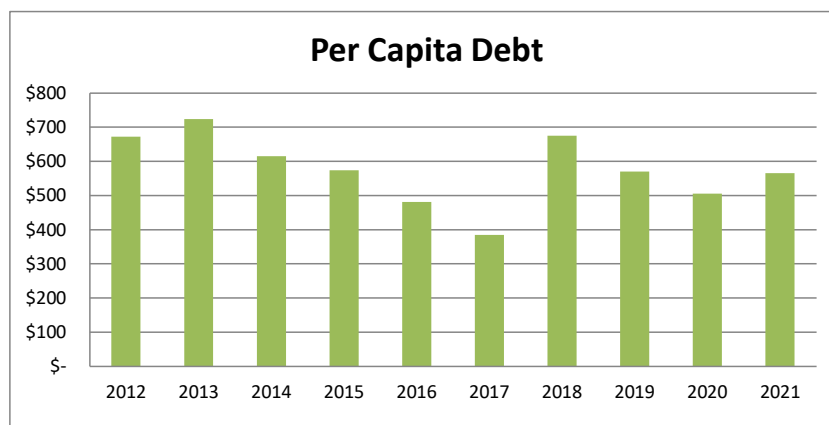
Table 9

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	Percentage of Personal Income	Per Capita ⁽²⁾
	General Obligation Bonds	Installment Financing	Capital Leases	General Obligation Bonds	Installment Financing	Capital Leases			
2012	\$ -	\$ 5,359,700	\$ -	\$ -	\$ 3,047,183	\$ -	\$ 8,406,883	1.61%	\$ 672
2013	-	4,777,471	-	-	4,332,330	-	9,109,801	1.77%	724
2014	-	4,193,047	-	-	3,859,611	-	8,052,658	1.43%	615
2015	-	4,271,186	-	-	3,372,993	-	7,644,179	1.28%	574
2016	-	3,604,645	-	-	2,872,042	-	6,476,687	1.06%	481
2017	-	2,935,530	-	-	2,356,310	-	5,291,840	0.78%	385
2018	-	7,611,483	-	-	1,825,332	-	9,436,815	1.32%	675
2019	-	6,829,607	-	-	1,278,636	-	8,108,243	1.11%	570
2020	-	6,697,731	-	-	715,725	-	7,413,456	⁽³⁾	506
2021	-	7,940,748	-	-	343,994	-	8,284,742	⁽³⁾	565

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

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

⁽³⁾ Information not yet available.



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

Table 10

Fiscal Year	Assessed Value	Debt Limit 8% of Total Assessed Value	Less: Amount of Debt Applicable to Debt Limit - Net Bonded Debt ⁽¹⁾	Less: General Obligation Bonds Authorized, Not Issued	Legal Debt Margin
2012	\$ 2,133,158,047	\$ 170,652,644	\$ 8,406,883	\$ -	\$ 162,245,761
2013	2,187,703,624	175,016,290	9,109,801	-	165,906,489
2014	2,245,009,632	179,600,771	8,052,658	-	171,548,113
2015	2,271,275,981	181,702,078	7,644,179	-	174,057,899
2016	2,252,976,782	180,238,143	6,476,687	-	173,761,456
2017	2,334,287,307	186,742,985	5,291,840	-	181,451,145
2018	2,411,587,808	192,927,025	9,436,815	-	183,490,210
2019	2,718,552,546	217,484,204	8,108,243	-	209,375,961
2020	2,718,552,546	217,484,204	7,413,456	-	210,070,748
2021	2,803,968,555	224,317,484	8,284,742	-	216,032,742

⁽¹⁾ Net Bonded Debt Calculation for FY 2019

Utility General Obligation Bonds	\$ -
Installment financing	<u>8,284,742</u>
	8,284,742
Statutory Deductions:	
Bonded debt included in gross debt incurred for water	<u>-</u>
	<u><u>\$ 8,284,742</u></u>

Town of Southern Pines, North Carolina
Direct and Overlapping Governmental Activities Debt
June 30, 2021

Table 11

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ⁽¹⁾</u>	<u>Estimated Share of Overlapping Debt</u>
Governmental Unit:			
Debt repaid with property taxes: Moore County ⁽²⁾	\$ 246,769,878	19.54%	<u>\$ 48,218,834</u>
Subtotal, overlapping debt			48,218,834
Town of Southern Pines direct debt			<u>7,940,748</u>
Total direct and overlapping debt			<u><u>\$ 56,159,582</u></u>

Note:

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

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

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

Demographic and Economic Information

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

Table 12

Fiscal Year	Population ⁽¹⁾	Moore County Personal Income (in millions) ⁽²⁾	Moore County Per Capita Personal Income ⁽³⁾	Median Age ⁽⁴⁾	Moore County Unemployment Rate ⁽⁵⁾
2012	12,502	3,777	41,787	47.0	8.9%
2013	12,587	3,757	40,997	47.0	8.8%
2014	13,089	4,020	43,172	45.3	6.0%
2015	13,310	4,221	44,701	45.1	6.1%
2016	13,461	4,327	45,181	46.0	5.1%
2017	13,756	4,793	49,286	46.2	4.1%
2018	13,978	5,063	51,307	46.5	4.1%
2019	14,224	5,237	51,193	44.0	4.4%
2020	14,657	(6)	(6)	(6)	6.0%
2021	15,545	(6)	(6)	(6)	5.6%

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

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

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

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

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

⁽⁶⁾ Information not yet available.

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

Table 13

Employer	2021			2012		
	Employees	⁽¹⁾ Rank	Percentage of Total County Employment	Employees	⁽¹⁾ Rank	Percentage of Total County Employment
First Health Moore Regional	1,000 & over	1	N/A	1,000 & over	1	N/A
Moore County Schools	1,000 & over	2	N/A	1,000 & over	2	N/A
Pinehurst LLC	1,000 & over	3	N/A	1,000 & over	3	N/A
County of Moore	500 - 999	4	N/A	500 - 999	4	N/A
Sandhills Community College	500 - 999	5	N/A	500 - 999	5	N/A
Pinehurst Medical Clinic, Inc.	250 - 499	6	N/A	250 - 499	7	N/A
Pinehurst Surgical Clinic PA	250 - 499	7	N/A	250 - 499	9	N/A
Harris Teeter	250 - 499	8	N/A	⁽²⁾	-	N/A
Food Lion	250 - 499	9	N/A	⁽²⁾	-	N/A
Lee Electrical Construction	250 - 499	10	N/A	⁽²⁾	-	N/A
Trident Management Inc	⁽²⁾	-	N/A	500 - 999	6	N/A
St. Joseph of the Pines	⁽²⁾	-	N/A	250 - 499	8	N/A
Wal-Mart Associates, Inc.	⁽²⁾	-	N/A	100 - 249	10	N/A
Total	N/A		N/A	N/A		N/A

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

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

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

⁽²⁾ Not within top ten ranking.

N/A - Not Available

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

Table 14

Fiscal Year	Residential		Building Permits ⁽¹⁾ Commercial		Total		Bank Deposits ⁽²⁾
	Number	Value	Number	Value	Number	Value	
2012	75	18,861,231	9	7,249,000	84	26,110,231	1,699,000,000
2013	122	25,551,818	19	6,106,980	141	31,658,798	1,669,601,000
2014	115	26,339,766	12	27,396,373	127	53,736,139	1,849,016,000
2015	148	36,511,428	15	9,690,000	163	46,201,428	1,863,054,000
2016	156	33,509,123	13	10,155,861	169	43,664,984	2,022,965,000
2017	165	39,646,481	10	14,506,245	175	54,152,726	2,106,486,000
2018	100	26,668,459	7	30,700,000	107	57,368,459	2,255,126,000
2019	133	34,666,663	11	7,343,756	144	42,010,419	2,183,257,000
2020	146	34,849,892	13	15,221,576	159	50,071,468	2,384,558,000
2021	406	91,369,397	76	42,817,250	482	134,186,647	3,165,400,000

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

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

Operating Information

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

Table 15

Function/Program	Full-Time Equivalent Employees as of June 30									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General government										
Administration	10.5	10.5	11.0	6.0	6.0	6.0	6.0	6.0	6.0	7.0
Information Technology ⁽¹⁾	2.0	2.0	2.0	2.0	2.0	3.0	3.0	3.0	4.0	4.0
Financial Services ⁽²⁾	-	-	-	5.0	5.0	5.0	6.0	6.0	6.0	6.0
Public works administration	3.5	3.5	3.5	4.0	4.0	4.0	4.0	4.0	4.0	3.0
Garage	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Building & Grounds	19.0	19.0	21.0	22.0	22.0	22.0	22.0	22.0	10.0	10.0
Public safety										
Police ⁽⁴⁾	41.5	41.5	42.5	46.5	46.5	46.5	50.5	50.5	50.5	50.5
Fire ^{(3) (4)}	27.5	27.5	27.5	27.5	27.5	27.5	27.5	33.0	33.0	33.0
Transportation	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	15.0	15.0
Economic and physical development	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
Cultural and recreation										
Recreation ⁽⁴⁾	5.5	5.5	5.5	5.0	5.0	5.0	5.0	5.0	12.0	12.0
Library ⁽⁴⁾	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0
Water/Sewer (Business activity)	21.5	21.5	22.0	21.0	21.0	21.0	23.0	23.0	24.0	24.0
Total	162.0	162.0	166.0	170.0	170.0	171.0	178.0	183.5	185.5	185.5

Source: Town of Southern Pines Finance Department

⁽¹⁾ Department was created in FY 2010

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

⁽³⁾ Does not include volunteer personnel

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

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

Table 16
(2 pages)

Function/Program	2012	2013	2014	2015	2016
Public Safety					
Police					
Number of Part 1 Crimes	618	630	668	500	494
Number of Part A Crimes	(2)	(2)	(2)	(2)	(2)
Number of Part B Crimes	(2)	(2)	(2)	(2)	(2)
Number of Arrests	581	522	531	684	664
Number of Citations	1,792	1,693	1,223	1,466	1,235
Fire					
Number of Fire Calls Answered	942	89	107	125	133
Number of EMS Calls Answered	649	849	640	653	656
Number of Hazard Condition Calls Answered	(2)	86	76	66	83
Number of Service Calls Answered	(2)	96	307	209	236
Number of Good Intent Calls Answered	(2)	141	252	224	249
Number of False Alarm Calls Answered	(2)	297	332	280	350
Number of Weather Related Calls Answered	(2)	47	9	18	17
Number of Fire Inspections	1,811	1,956	2,470	2,273	2,458
Planning & Inspections					
Planning					
Conditional use Permits Issued	8	2	6	3	3
Final Plats	8	5	15	2	44
Rezoning Applications/Ordinance Amendments	5	5	5	4	4
Annexations	2	-	-	2	3
Inspections					
Building Permits Issued	85	144	127	163	167
Alteration or Addition Permits	180	198	189	178	185
Electrical Permits	88	105	107	90	95
Mechanical Permits	300	396	477	420	501
Plumbing Permits	73	74	76	148	165
Cultural and Recreational					
Recreation and Parks					
Recreational Program Hours	8,630	8,540	7,736	8,834	8,265
Enrolled Participants	25,378	24,090	22,613	23,863	21,234
Reservoir Park Visitors ⁽¹⁾	200,143	190,444	215,007	242,110	215,517
Library					
Total Circulation	118,496	119,559	122,813	120,196	127,015
Library Attendance	93,863	88,137	84,993	85,830	86,180
Library Users Registered	6,212	6,233	6,275	6,217	6,283
Total Programs Held	462	465	466	590	585
Total Attendance at Programs	9,677	11,556	12,029	14,675	16,401
Water					
Water Plant Capacity (millions of gallons per day)	11	11	11	11	11
Number of Utility Customers	8,158	8,342	8,690	8,839	9,063

Source: Town of Southern Pines Department Directors

⁽¹⁾ Amounts are estimated.

⁽²⁾ Information is not available.

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

Table 16
(2 pages)

Function/Program	2017	2018	2019	2020	2021
Public Safety					
Police					
Number of Part 1 Crimes	466	513	371	98	(2)
Number of Part A Crimes	(2)	(2)	(2)	587	1,205
Number of Part B Crimes	(2)	(2)	(2)	195	580
Number of Arrests	655	581	537	463	513
Number of Citations	1,236	1,149	1,282	958	1,447
Fire					
Number of Fire Calls Answered	123	91	155	159	203
Number of EMS Calls Answered	671	699	753	646	927
Number of Hazard Condition Calls Answered	77	95	81	79	85
Number of Service Calls Answered	346	405	323	396	322
Number of Motor Vehicle Accidents	254	267	262	222	270
Number of Fire Alarm Calls Answered	392	371	357	387	364
Number of Weather Related Calls Answered	126	45	139	36	24
Number of Fire Inspections	2,611	2,141	2,070	2,060	1,955
Planning & Inspections					
Planning					
Conditional use Permits Issued	5	9	12	5	1
Final Plats	77	76	38	50	57
Rezoning Applications/Ordinance Amendments	-	7	6	5	2
Annexations	-	6	9	4	1
Inspections					
Building Permits Issued	175	163	144	156	329
Alteration or Addition Permits	214	402	166	326	162
Electrical Permits	162	128	169	149	162
Mechanical Permits	48	485	516	383	605
Plumbing Permits	176	96	81	79	111
Cultural and Recreational					
Recreation and Parks					
Recreational Program Hours	6,865	6,389	5,993	4,289	4,306
Enrolled Participants	19,463	17,592	21,113	16,908	12,831
Reservoir Park Visitors ⁽¹⁾	238,779	237,382	226,967	252,522	247,236
Library					
Total Circulation	128,171	126,308	130,953	109,932	118,390
Library Attendance	86,804	89,814	85,125	61,704	38,071
Library Users Registered	7,530	7,632	7,571	7,650	7,255
Total Programs Held	688	716	742	563	201
Total Attendance at Programs	15,835	16,839	18,173	13,746	1,977
Water					
Water Plant Capacity (millions of gallons per day)	11	11	11	11	11
Number of Utility Customers	9,443	9,716	9,948	9,977	10,251

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

Table 17
(2 pages)

	2012	2013	2014	2015	2016
Function/Program					
Public Safety					
Police					
Police Stations	1	1	1	1	1
Patrol Units	27	23	27	30	29
Fire					
Stations	1	1	1	1	1
Fire Suppression Vehicles	6	6	6	6	6
Rescue Vehicles	2	2	2	2	2
Cultural and Recreational					
Recreation and Parks					
Number of Parks	14	14	14	14	14
Number of Tennis Courts	8	8	8	8	8
Number of Athletic Fields Maintained	10	10	10	10	10
Number of Swimming Pools	1	1	1	1	1
Number of Lakes	1	1	1	1	1
Number of Picnic Shelters	7	7	7	7	7
Number of Performance Stages	-	-	-	-	1
Public Works and Utilities					
Streets					
Miles of Paved Streets	78.92	78.92	78.96	80.30	80.43
Miles of Unpaved Streets	1.34	1.34	1.30	1.24	1.11
Water					
Number of Hydrants ⁽¹⁾	1,352	1,420	1,311	1,433	1,473
Water Mains (miles)	249.0	223.0	223.0	228.0	233.6
Number of Utility Customers (accounts)	8,158	8,342	8,690	8,839	9,063

Source: Town of Southern Pines Department Directors

⁽¹⁾ Amounts are estimated.

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

Table 17
(2 pages)

	2017	2018	2019	2020	2021
Function/Program					
Public Safety					
Police					
Police Stations	1	1	1	1	1
Patrol Units	34	35	33	33	33
Fire					
Stations	1	1	1	2	2
Fire Suppression Vehicles	6	6	7	7	7
Rescue Vehicles	2	2	2	2	2
Cultural and Recreational					
Recreation and Parks					
Number of Parks	14	14	14	14	15
Number of Tennis Courts	8	8	8	8	8
Number of Athletic Fields Maintained	10	10	10	10	10
Number of Swimming Pools	1	1	1	1	1
Number of Lakes	1	1	1	1	1
Number of Picnic Shelters	7	7	7	7	7
Number of Performance Stages	1	1	1	1	1
Public Works and Utilities					
Streets					
Miles of Paved Streets	80.56	80.73	80.44	81.22	91.90
Miles of Unpaved Streets	0.98	0.74	0.60	0.42	0.42
Water					
Number of Hydrants ⁽¹⁾	1,485	1,519	1,535	1,515	1,603
Water Mains (miles)	235.3	235.6	238.7	240.0	245.78
Number of Utility Customers (accounts)	9,443	9,716	9,948	9,977	10,251

Type of Coverage	Details of Coverage	
Workman's Compensation	\$ 1,000,000	Bodily Injury by Accident-Each Accident
	1,000,000	Bodily Injury by Disease-Each Employee
	1,000,000	Bodily Injury by Disease-Coverage Limit
General Liability	5,000,000	Each Occurrence
	2,500	Deductible
Police Professional Liability	5,000,000	Each Occurrence and Annual
	5,000,000	Annual Aggregate
	2,500	Deductible
Public Officials Liability	5,000,000	Each Claim and Annual
	5,000,000	Annual Aggregate
	10,000	Deductible
Government Crime Coverage	50,000	Indemnification
	250	Deductible
Public Officials Bond	250,000	Liability
Finance Officer	-	Deductible
Automobile Liability	5,000,000	Per Occurrence
	2,500	Deductible
Auto Comprehensive	7,414,269	Actual Cash Value Valuation
	500	Deductible
Auto Collision	7,414,269	Actual Cash Value Valuation
	500	Deductible
Real & Personal Property	78,588,206	Cause of Loss
	2,500	Deductible per Occurrence Includes Boiler & Machinery
Municipal Equipment	1,955,387	Limits of Coverage
	2,500	Deductible per Occurrence
Fine Arts	634,075	Limits of Coverage
	1,000	Deductible per Occurrence

Source: Town of Southern Pines Risk Management Department

Town of Southern Pines, North Carolina
Insurance in Force ⁽¹⁾
July 1, 2020 - June 30, 2021

Table 18
(2 pages)

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

⁽¹⁾ Represents insurance in force on July 1, 2020. Insurance was renewed on July 1, 2021 for the fiscal year ended June 30, 2022.

WATER RATES

Minimum Charge

Meter Size	July - Dec 2020 Inside Town	July - Dec 2020 Outside Town	Jan - June 2021 Inside Town	Jan - June 2021 Outside Town
3/4"	\$ 11.26	\$ 22.52	\$ 12.50	\$ 25.00
1"	18.48	36.96	20.51	41.00
1 1/2"	39.06	78.12	43.36	86.71
2"	67.89	135.78	75.36	150.72
3"	150.33	300.66	166.87	333.73
4"	265.66	531.32	294.88	589.77
6"	595.35	1,190.70	660.84	1,321.68
8"	1,056.88	2,113.76	1,173.14	2,346.27

Volume Charge per 1,000 Gallons

	July - Dec 2020 Inside Town	July - Dec 2020 Outside Town	Jan - June 2021 Inside Town	Jan - June 2021 Outside Town
	\$ 3.28	\$ 6.56	\$ 3.38	\$ 6.76

SEWER RATES

Minimum Charge

Meter Size	July - Dec 2020 Inside Town	July - Dec 2020 Outside Town	Jan - June 2021 Inside Town	Jan - June 2021 Outside Town
3/4"	\$ 4.99	\$ 9.98	\$ 6.50	\$ 13.00
1"	6.51	13.02	8.46	16.93
1 1/2"	10.73	21.46	13.95	27.90
2"	16.71	33.42	21.72	43.45
3"	33.70	67.40	43.81	87.62
4"	57.48	114.96	74.72	149.45
6"	125.50	251.00	163.15	326.30
8"	220.72	441.44	286.94	573.87

Volume Charge per 1,000 Gallons

	July - Dec 2020 Inside Town	July - Dec 2020 Outside Town	Jan - June 2021 Inside Town	Jan - June 2021 Outside Town
	\$ 5.83	\$ 11.66	\$ 6.12	\$ 12.24

Compliance Section

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

Honorable Mayor and Members of the Town Council
Town of Southern Pines
Southern Pines, NC

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Southern Pines, North Carolina ("Town"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprises the Town's basic financial statements, and have issued our report thereon dated November 19, 2021.

Internal Control over Financial Reporting

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

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

Our consideration of the internal control over financial reporting was for limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



Compliance and Other Matters

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

Purpose of this Report

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

Dixon Hughes Goodman LLP

High Point, NC
November 19, 2021

