



**Town of Southern Pines
Monday January 25, 2016, 3:00 PM,
C. Michael Haney Community Room, Southern Pines Police Department
450 West Pennsylvania Avenue**

Worksession Agenda

- 1. Request to Discuss the Potential for a Conditional Use Permit for a Major Subdivision Application for Single Family Homes; Petitioner, Pete Mace**
- 2. Annual Audit Memo Fiscal Year 2014-2015 – Finance Director Crystal Gabric**
- 3. 2015 Comprehensive Annual Financial Report – Finance Director Crystal Gabric**

Work Session Agenda Item

To: Reagan Parsons, Town Manager
Via: Bart Nuckols, Planning Director
From: Chris Kennedy, Senior Planner
Subject: Request to Discuss the Potential for a Conditional Use Permit for a Major Subdivision Application for Single Family Homes; Petitioner, Pete Mace
Date: January 25, 2016

The petitioner, Mr. Pete Mace, is requesting to be heard in front of the Town Council to discuss a Conditional Use Permit application for a Major Subdivision for four (4) single-family homes along Clark Street. Per Section 2.20 *Major Subdivisions* of the Unified Development Ordinance any subdivision of land creating greater than five (5) lots requires a Conditional Use Permit; the proposed development will require a CUP as the subject property was subdivided into five (5) lots in late 2015 under a Minor Subdivision and the current request is to further subdivide one of the parcels into an additional four (4) parcels; creating a total of eight (8) parcels to be built upon and one (1) parcel designated as open space. The application for a Conditional Use Permit application for a Major Subdivision would only be for the four (4) additional single-family home lots. The subject property is comprised of 5.98 acres. The property is identified by the following: PIN: 858200711051.

Analysis:

The subject property is identified as Residential in the CLRP. Per the *Comprehensive Long Range Plan 2010*: this designation encompasses the majority of Southern Pines' residential land, providing for single-family and attached housing at development densities ranging from one (1) dwelling unit per acre in areas that are less intensively developed up to twelve (12) dwelling units per acre in places that are clearly more urban.

Staff Comments:

- The subject property is comprised of 5.98 acres with portions of the property located in the town limits and portions of the property located in the ETJ (Extraterritorial Jurisdiction) of the Town of Southern Pines.
- The petitioner is seeking to subdivide the property to build four (4) single-family residences. The subject property was subdivided into five (5) lots in late 2015 under a Minor Subdivision and the current request is to further subdivide one of the parcels into an additional four (4) parcels.
- The adjoining properties are zoned RS-1 to the west; RS-1, RM-2, GB to the north; RS-1 to the east, and the CSX Railroad to the South.

- Per UDO Section 3.5.3, the RS-1 zoning classification has a minimum lot size of 10,000 square feet and permits a density of approximately 4.3 dwelling units per acre.
 - The RS-1 zoning classification is established as a district in which to allow a primarily medium density single-family residential land uses. The regulations of the RS-1 district are intended to:
 - Preserve the existing single-family residential neighborhoods that have developed at a medium-density; and,
 - Encourage new residential development that is compatible with that in the existing neighborhoods.
- Per Section 2.20.5 a Preliminary Plat must satisfy the following criteria: A Sketch Plat shall be required when an Applicant is applying for the subdivision of less than the entire, contiguous land area held in common ownership.*

2.20.5 (G) *Criteria for a Preliminary Plat*

The application is consistent with the approved Sketch Plat, if applicable. *Not applicable in this request

- (1) *The application is consistent with the approved Sketch Plat, if applicable.*
 - (2) *The application is consistent with the Comprehensive Plan, as well as any other adopted plans for streets, alleys, parks, playgrounds, and public utility facilities;*
 - (3) *The proposed subdivision complies with the UDO and applicable state and federal regulations;*
 - (4) *The proposed subdivision, including its Lot sizes, density, access, and circulation, is compatible with the existing and/or permissible zoning and future land use of adjacent property;*
 - (5) *The proposed subdivision will not have detrimental impacts on the safety or viability of permitted uses on adjacent properties; and*
 - (6) *The proposed public facilities are adequate to serve the normal and emergency demands of the proposed Development, and to provide for the efficient and timely extension to serve future Development.*
- Per Section 2.21.7 an Application for a Conditional Use Permit must satisfy the following criteria:

2.21.7 *Criteria for a Conditional Use Permit*

A Conditional Use is permitted only if the Applicant demonstrates that:

- (A) *The proposed conditional use shall comply with all regulations of the applicable zoning district and any applicable supplemental use regulations;*
- (B) *The proposed conditional use shall conform to the character of the neighborhood in which it is located and not injure the use and enjoyment of property in the immediate vicinity for the purposes already permitted;*
- (C) *Adequate public facilities shall be provided as set forth herein;*
- (D) *The proposed use shall not impede the orderly Development and improvement of surrounding property for uses permitted within the zoning district or substantially diminish or impair the property values within the neighborhood;*
- (E) *The establishment, maintenance, or operation of the proposed use shall not be detrimental to or endanger the public health, safety, comfort or general welfare; and,*
- (F) *The public interest and welfare supporting the proposed use shall be sufficient to outweigh individual interests that are adversely affected by the establishment of the proposed use.*

- The setbacks for the property in the RS-1 zoning classification would be:
 - Front: 30.0'; Side: 10.0'; Exterior Side: 15.0'; Rear: 30.0'
- The entirety of the property is within the Little River #2 Intake (LR#2) Watershed.
- This project may be required to obtain a Watershed Protection Permit from the Town Council due to its location within the high quality watershed. The Watershed Protection Permit if approved will provide the project with the 5/70 exemption allowing the project to develop up to the 70% impervious surface level.

Attachments:

- GIS Location
- Site Plan Submitted by Petitioner
- Future Land Use Map

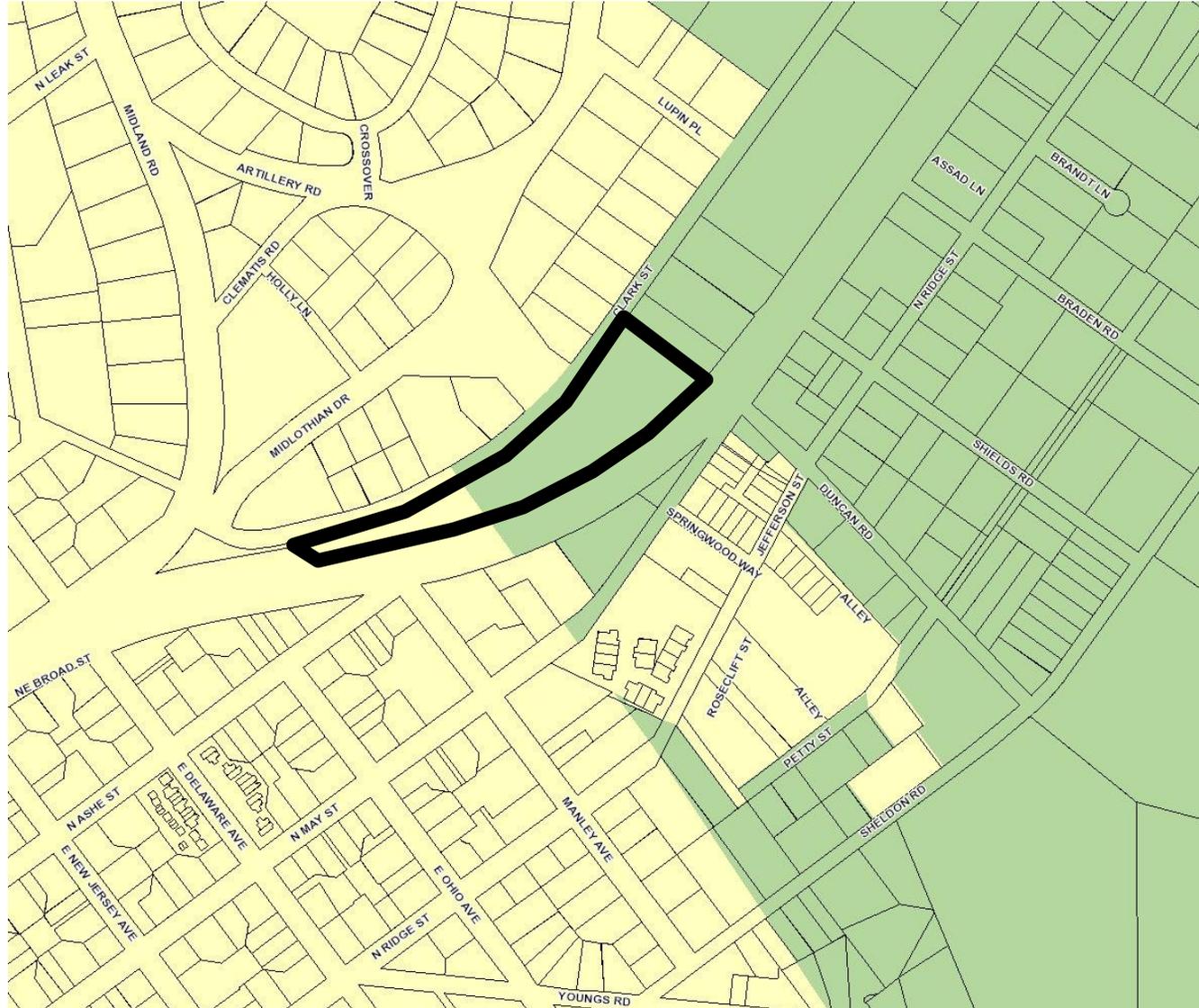
The Town Council may wish to take one of the following actions:

1. No action;
2. Allow the petitioner to pursue this development project through the required Conditional Use Permit Major Subdivision application processes as outlined in the Town of Southern Pines Unified Development Ordinance;
3. An action listed above with the following conditions...
4. Action not listed above...

Proposed Major Subdivision CUP: Clark Street

PIN: 858200711051

This map was created by the Town of Southern Pines Planning Department. The Town of Southern Pines, its agents and employees make NO warranty as to the correctness or accuracy of the information set forth on this media whether expressed or implied, in fact or in law, including without limitation the implied warranties of merchantability and fitness for a particular use. Any resale of this data is strictly prohibited in accordance with North Carolina General Statute 132-10. Grid is based on North Carolina State Plane Coordinate System NAD83 (feet).



Proposed Major Subdivision CUP: Clark Street

PIN: 858200711051

This map was created by the Town of Southern Pines Planning Department. The Town of Southern Pines, its agents and employees make NO warranty as to the correctness or accuracy of the information set forth on this media whether expressed or implied, in fact or in law, including without limitation the implied warranties of merchantability and fitness for a particular use. Any resale of this data is strictly prohibited in accordance with North Carolina General Statute 132-10. Grid is based on North Carolina State Plane Coordinate System NAD83 (feet).



Proposed Major Subdivision CUP: Clark Street

PIN: 858200711051

This map was created by the Town of Southern Pines Planning Department. The Town of Southern Pines, its agents and employees make NO warranty as to the correctness or accuracy of the information set forth on this media whether expressed or implied, in fact or in law, including without limitation the implied warranties of merchantability and fitness for a particular use. Any resale of this data is strictly prohibited in accordance with North Carolina General Statute 132-10. Grid is based on North Carolina State Plane Coordinate System NAD83 (feet).

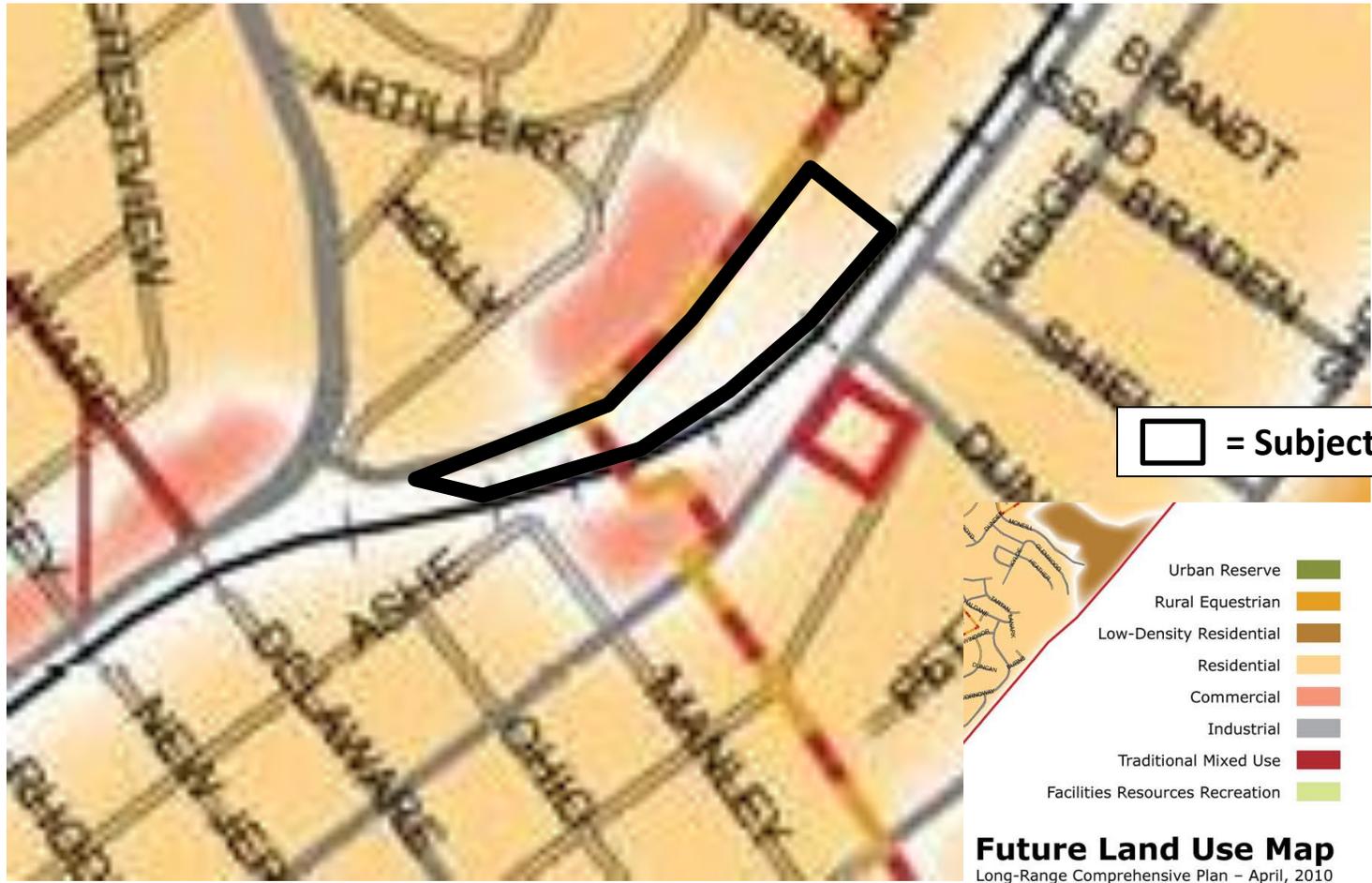


PROPOSED MAJOR SUBDIVISION FOR LOTS 5-8 AND OPEN SPACE LOT



This map was created by the Town of Southern Pines Planning Department. The Town of Southern Pines, its agents and employees make NO warranty as to the correctness or accuracy of the information set forth on this media whether expressed or implied, in fact or in law, including without limitation the implied warranties of merchantability and fitness for a particular use. Any resale of this data is strictly prohibited in accordance with North Carolina General Statute 132-10. Grid is based on North Carolina State Plane Coordinate System NAD83 (feet).

Future Land Use Map: Major Subdivision – Clark Street

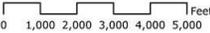


 = Subject Property

Legend

Urban Reserve		Southern Pines ETJ	
Rural Equestrian		Town Limits	
Low-Density Residential		Downtown Overlay	
Residential		WSP Overlay	
Commercial			
Industrial			
Traditional Mixed Use			
Facilities Resources Recreation			





Future Land Use Map
 Long-Range Comprehensive Plan – April, 2010
 Map Updated - September, 2010
 * Approved City Limits Additions (12/31/09)
 ** Area off Airport Road changed from Residential Use to Traditional Mixed Use



MEMORANDUM

TO: Town Council
Reagan Parsons, Town Manager

FROM: Crystal Gabric, Finance Director

DATE: January 21, 2016

SUBJECT: Annual Audit

The annual audit for fiscal year 2014-2015 will be presented at the January 25th work session meeting. A representative from the audit firm of Dixon Hughes Goodman, will discuss the audit as well as answer any questions you may have.

Please approve the annual audit at the February 9th regular Council meeting.

If I can be of any assistance, please do not hesitate to call me.

COMPREHENSIVE
ANNUAL FINANCIAL REPORT
OF THE
TOWN OF SOUTHERN PINES,
NORTH CAROLINA
FOR THE
Fiscal Year Ended June 30, 2015

Prepared by the Department of Finance

Crystal J. Gabric,
Director of Finance

**THE TOWN OF SOUTHERN PINES, NORTH CAROLINA
ANNUAL FINANCIAL REPORT
Year ended June 30, 2015**

Sheet #1

TABLE OF CONTENTS

	<u>Page No.</u>
INTRODUCTORY SECTION	
Director of Finances' Letter of Transmittal	i - iv
Certificate of Achievement	v
Organizational Chart	vi
List of Principal Officials	vii
FINANCIAL SECTION	
Independent Auditors' Report.....	1-3
Management's Discussion and Analysis	4-16
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	17
Statement of Activities.....	18
Fund Financial Statements:	
Balance Sheet - Governmental Funds	19
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	20-21
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	22
Statement of Fund Net Position - Proprietary Fund	23
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Fund	24
Statement of Cash Flows - Proprietary Fund	25-26
Statement of Fiduciary Net Position - Fiduciary Fund	27
Statement of Changes in Fiduciary Net Position - Fiduciary Fund.....	28
Notes to Financial Statements.....	29-55
Required Supplemental Financial Data:	
Law Enforcement Officers' Special Separation Allowance Required Supplementary Information - Schedule of Funding Progress.....	56
Law Enforcement Officers' Special Separation Allowance Required Supplementary Information - Schedule of Employer Contributions	57
Law Enforcement Officers' Special Separation Allowance Required Supplementary Information - Notes to the Required Schedules.....	58

TABLE OF CONTENTS
(Continued)

FINANCIAL SECTION (Continued)

Local Government Employees' Retirement System Required Supplementary Information – Schedule of Employer Contributions	59
Local Government Employees' Retirement System Required Supplementary Information – Schedule of Proportionate Share of Net Pension Liability (Asset)	60
Combining, Individual Fund, and Account Groups/Financial Statements and Schedules:	
The General Fund:	
Comparative Balance Sheets	61
Schedule of Revenues, Expenditures, and Changes In Fund Balance - Budget and Actual	62-66
Non Major Governmental Funds:	
Combining Balance Sheet	67-68
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	69-70
Non Major Capital Project Funds:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Nicks Creek Parkway)	71
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Open Space and Greenways)	72
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Sidewalk Construction)	73
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Fiber Optics)	74
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Storm Water Improvements)	75
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Road Construction)	76
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Enterprise Information and Document Management System)	77
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Patrick Road)	78

TABLE OF CONTENTS
(Continued)

FINANCIAL SECTION (Continued)

Combining, Individual Fund, and Account Groups/Financial
Statements and Schedules: (Continued)

Non Major Capital Project Funds: (Continued)

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Bike Transport).....	79
--	----

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Fire Department Substation)	80
---	----

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Public Safety)	81
--	----

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Pool Park).....	82
---	----

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Downtown Park)	83
--	----

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Library HVAC)	84
---	----

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Unpaved Street)	85
---	----

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (CDBG TYR Tactical)	86
--	----

Permanent Fund:

Schedule of Revenues, Expenses and Changes in Fund Balance (Cemetery Perpetual Care Fund).....	87
---	----

Enterprise Fund:

Water and Sewer Fund:

Schedule of Revenue and Expenditures - Budget and Actual (Non-GAAP)	88-90
--	-------

Water and Sewer Capital Projects Fund:

Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	91
---	----

Agency Fund:

Statement of Changes in Assets and Liabilities	92
--	----

Capital Assets used in the Operation of Governmental Funds:

Schedule by Function and Activity.....	93
--	----

Schedule of Changes by Function and Activity	94
--	----

TABLE OF CONTENTS
(Continued)

Sheet #4

Page No

FINANCIAL SECTION (Continued)

Combining, Individual Fund, and Account Groups/Financial Statements and Schedules: (Continued)	
Non Major Capital Project Funds: (Continued)	
Supplemental Financial Data:	
Schedule of Ad Valorem Taxes Receivable.....	95
Analysis of Current Tax Levy	96
Schedule of Interfund Transfers.....	97

STATISTICAL SECTION

Financial Trends Information	
Net Position by Component	98-99
Changes in Net Position	100-101
Fund Balances, Governmental Funds	102-103
Changes in Fund Balances, Governmental Funds	104-105
Revenue Capacity Information	
Assessed Value of Taxable Property.....	106
Property Tax Rates – Direct and Overlapping Government	107
Principal Property Taxpayers.....	108
Property Tax Levies and Collections	109
Debt Capacity Information	
Ratios of Outstanding Debt by Type	110
Computation of Legal Debt Margin	111
Direct and Overlapping Governmental Activities Debt.....	112
Demographic and Economic Information	
Demographic Statistics	113
Principal Employers	114
Commercial Activity	115

TABLE OF CONTENTS
(Continued)

Sheet #5

Page No

STATISTICAL SECTION (Continued)

Operating Information

Employee Position Authorization by Function.....	116
Operating Indicators by Function/Program	117-118
Capital Assets by Function/Program	119-120
Insurance in Force	121-122
Utility Rate Information	123

COMPLIANCE SECTION

Report On Internal Control Over Financial Reporting and On Compliance and Other Matters Based On An Audit of Financial Statements Performed In Accordance With <u>Government Auditing Standards</u>	124-125
Schedule of Expenditures of Federal and State Awards.....	126



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

October 29, 2015

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

State law requires that all general-purpose local governments publish, within six months of the close of each fiscal year, a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, the Comprehensive Annual Financial Report (CAFR) of the Town of Southern Pines, North Carolina (Town) for the fiscal year ended June 30, 2015 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, 2015, 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, 2015, 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 2015 population of approximately 13,310 and encompasses 16.71 square miles. The Town provides a full range of services including police and fire protection, streets, planning and zoning, parks and recreation, library, fleet maintenance, and general administrative services. The Town also operates water and sewer utility services.

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

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

LOCAL ECONOMY

The economic profile of the Town is a mixture of tourism, retirement, professional services and retail. Direct spending by visitors continues to be high, placing Moore County eleventh in the one hundred counties in North Carolina, while its population places it thirty. Tourism represented a tax savings to each County resident in excess of \$409 annually.

Like the national and state economy, the local economy continued to improve in 2015. The residential building permits increased 27.85% over the prior year. The overall property tax value for 2015 reflected a growth rate of 1.2% over the 2014 fiscal year.

Phase I of construction of the Tyler's Ridge planned development has been completed and phase II construction began in 2014. Tyler's Ridge is to contain over 144 apartments as well as commercial establishments. The projection date of completion of the project is 2016.

Construction has begun on the Legends at Morganton Park which will contain 288 apartment units with some units completed and occupied. Final completion of the project is anticipated to occur in 2016.

Construction has begun on the Morganton Road Development area for large retail and office establishments. The Town anticipates that a portion of the establishments will be completed and open for business in 2016.

In addition, there are several re-development projects occurring in the Town during 2015 and 2016. These projects include residential, retail and restaurant uses.

The Town enjoys a vibrant downtown area with retail, restaurants and offices that are complemented with a diversity of housing types. The Town has seen an influx of townhome developments in the downtown area in 2015 that are scheduled for completion in 2016.

According to the Livability website, the Town of Southern Pines ranks number 30 in the top 100 best small towns in the United States. The top 100 towns are based upon good schools, hospitals, climate and infrastructure to name a few of the guiding principles of the ranking process.

LONG-TERM FINANCIAL PLANNING AND MAJOR INITIATIVES

The Town of Southern Pines maintains unassigned fund balance sufficient to maintain consistent cash flow, generate interest income, eliminate the need for short term borrowings, and provides 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 2015 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.

Installation was completed and the capital project closed during 2015 for the automatic meter reading project. The project, which was established in 2013, included mobile reading devices, water meters and registers and training and installation of the system. The revenue source of the project was a \$1,600,000 installment financing that was incurred in 2013.

Implementation and conversion continued on the Enterprise Information and Document Management System project. Once completed, the project will allow the Town to have an

integrated electronic solution for all departments and systems to include accounting and customer service.

Street resurfacing also continued to keep our streets among the best maintained in the State. Sewer and water line replacements and improvements also continued during 2015 as well as continued construction and improvements of various sidewalks in the Town.

Land was purchased during 2015 for the fire sub-station capital project fund that was established in 2011. The station will be built in the northern portion of the Town and will allow the same level of service in response time to all Town citizens to include areas in the fire district.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Southern Pines, North Carolina for its comprehensive annual financial report for the fiscal year ended June 30, 2014. This was the twenty fourth consecutive year that the Town has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,


Reagan D. Parsons
Town Manager


Crystal J. Gabric
Director of Finance



Government Finance Officers Association

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

Presented to

**Town of Southern Pines
North Carolina**

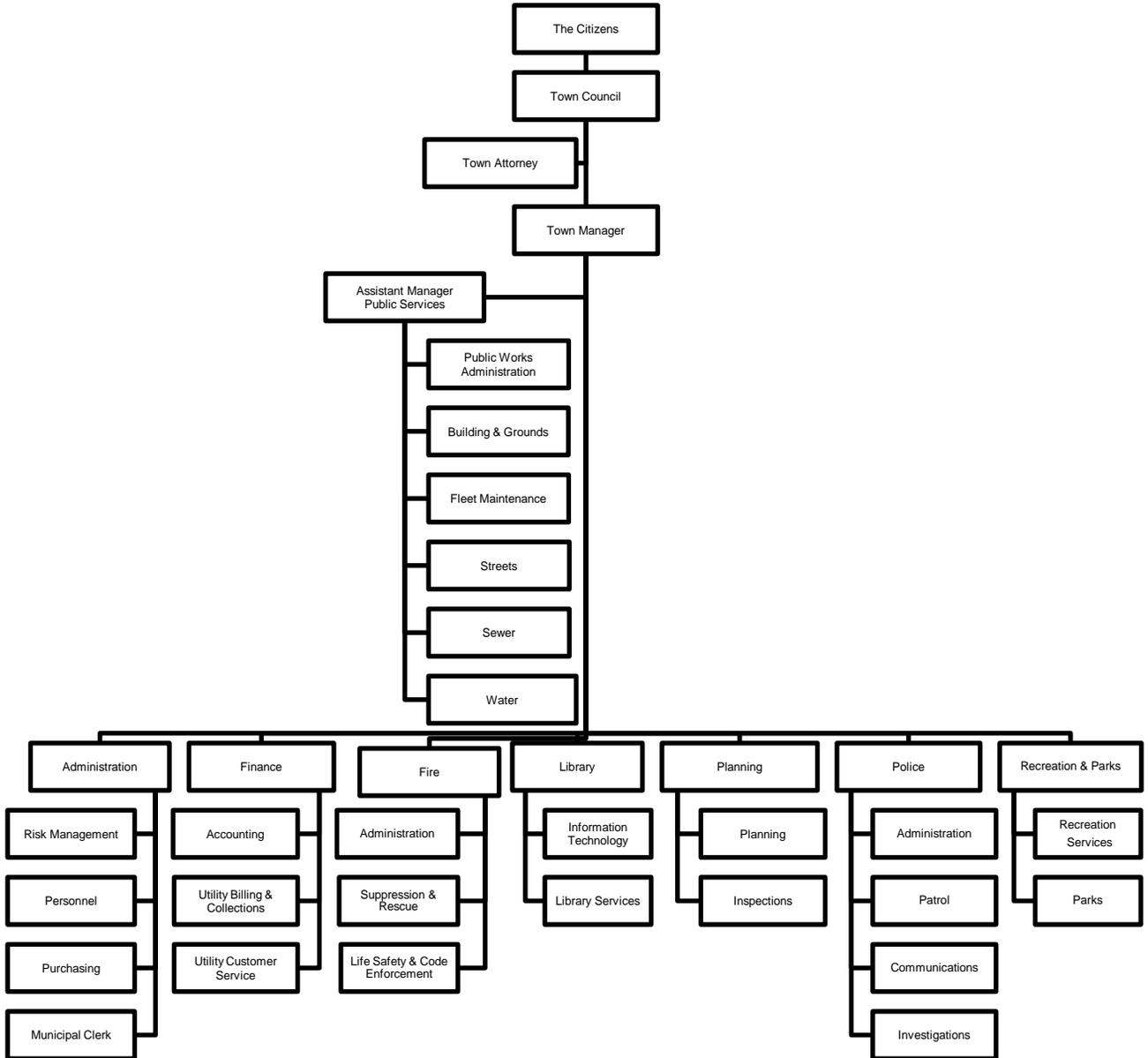
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

TOWN OF SOUTHERN PINES

Organizational Chart



TOWN OF SOUTHERN PINES
LIST OF PRINCIPAL OFFICIALS
June 30, 2015

TOWN COUNCIL

W. David McNeill	Mayor
Michael D. Fields	Mayor Pro-tem
Fred C. Walden	Treasurer
James R. Simeon	Council Member
Teresa M. VanCamp	Council Member

TOWN OFFICIALS

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

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Southern Pines, North Carolina ("Town") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of June 30, 2015, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Change in Accounting Principle

As discussed in Note 18 to the financial statements, the financial statements as of and for the year ended June 30, 2014 were restated due to the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, in 2015. Our opinion is not modified with respect to these changes.

Required Supplementary Information

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

The combining and individual fund statements, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to 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 combing and individual fund statements, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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 October 28, 2015 on our consideration of Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town's internal control over financial reporting and compliance.

Dixon Hughes Goodman LLP

October 28, 2015
High Point, North Carolina

**Town of Southern Pines
Management's Discussion and Analysis
June 30, 2015**

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, 2015. We encourage readers to review the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative and the transmittal letter found in the Introductory Section.

Financial Highlights

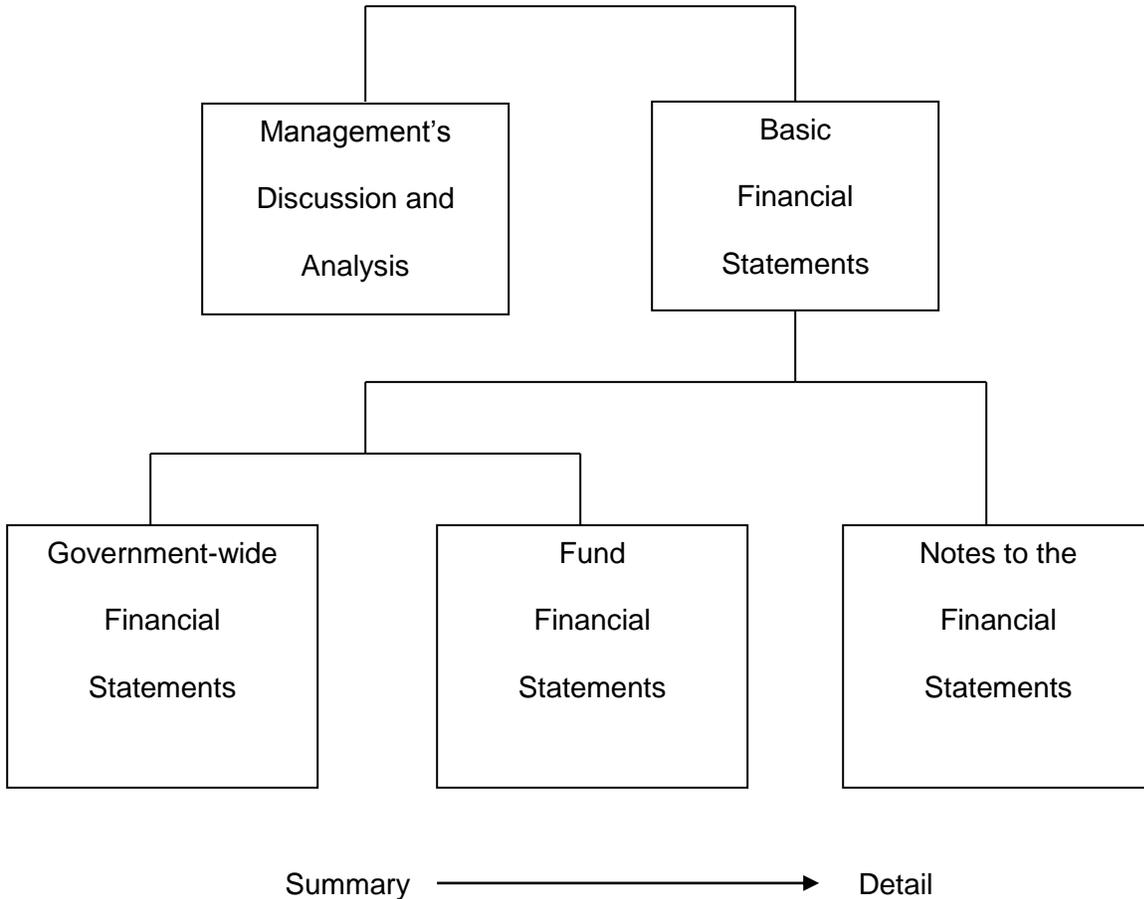
- The assets and deferred outflows of resources of the Town of Southern Pines exceeded its liabilities at the close of the fiscal year by \$82,696,633 (net position).
- The government's total net position increased by \$2,288,695, due to an increase in both the governmental activities and the business type activities net position.
- As of the close of the current fiscal year, the Town of Southern Pines governmental funds reported combined ending fund balances of \$10,862,641, an increase of \$201,570 in comparison with the prior year. Approximately 13.21 percent of this total amount, or \$1,434,948, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$5,552,329 or 37.3 percent of total General Fund expenditures for the fiscal year.
- The Town of Southern Pines' total debt decreased by \$408,479 or 5.07 percent during the current fiscal year. The net decrease was the reduction of long term debt in both the governmental and business type activities.
- The Town maintained its A2 bond rating from Moody's Investors Services for the 17th consecutive year as well as its AA- from Standard and Poor's for the 7th consecutive year. During fiscal year 2013, the Town received an increase in its North Carolina Municipal Council rating from 85 to 86, which is comparable to a rating of A1/A+ by the national rating agencies.

Overview of the Financial Statements

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

Figure 1:

Required Components of Annual Financial Report



Basic Financial Statements

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

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

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

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

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

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

Trust and Agency Funds – Trust and agency funds are used to account for resources held for the benefit of parties outside the government. Agency funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs. The accounting used for agency funds is much like that used for proprietary funds.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 29 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 56 of this report.

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

Government-Wide Financial Analysis of the Town of Southern Pines

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Town exceeded liabilities by \$82,696,633 as of June 30, 2015. The Town's net position increased by \$2,288,695 for the fiscal year ended June 30, 2015. However, 77.25% reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's net investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town's net position, \$1,347,662, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$17,467,272 is unrestricted. Also, the Town of Southern Pines implemented GASB

Statement 68 this year. With the new reporting change, the Town is allocated its proportionate share of the Local Government Employee's Retirement System's net pension asset, deferred outflows of resources, deferred inflows of resources, and pension expense. A restatement to record the effects of the new reporting guidance decreased beginning net position by \$1,095,449. Decisions regarding the allocations are made by the administrators of the pension plan, not by the Town of Southern Pines' management.

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

Figure 2:

The Town of Southern Pines Net Position

	Governmental		Business-Type		Total	
	Activities	Governmental Activities, restated	Activities	Business-Type Activities, restated	Total	Total, restated
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 13,134,607	\$ 11,854,904	\$ 9,617,211	\$ 9,143,643	\$ 22,751,818	\$ 20,998,547
Capital assets	35,236,693	33,975,082	36,289,191	36,829,952	71,525,884	70,805,034
Deferred outflows of resources	515,177	451,100	55,017	48,174	570,194	499,274
Total assets and deferred outflows of resources	48,886,477	46,281,086	45,961,419	46,021,769	94,847,896	92,302,855
Long-term liabilities outstanding	4,954,502	5,462,548	3,411,798	3,550,012	8,366,300	9,012,560
Other liabilities	1,375,705	1,764,379	368,212	1,117,978	1,743,917	2,882,357
Deferred inflows of resources	1,844,110	-	196,936	-	2,041,046	-
Total liabilities and deferred inflows of resources	8,174,317	7,226,927	3,976,946	4,667,990	12,151,263	11,894,917
Net position:						
Net investment in capital assets	30,965,507	29,782,035	32,916,198	32,970,341	63,881,705	62,752,376
Restricted	1,347,656	3,907,594	-	-	1,347,656	3,907,594
Unrestricted	8,398,997	5,364,530	9,068,275	8,383,438	17,467,272	13,747,968
Total net position	\$ 40,712,160	\$ 39,054,159	\$ 41,984,473	\$ 41,353,779	\$ 82,696,633	\$ 80,407,938

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 99.77%, which is greater than the last reported statewide average of 98.34%.
- Increased ad valorem taxes of approximately \$541,755 due to increased construction in the Town as well as a two cent tax rate increase.
- 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 2015	Governmental Activities, restated 2014	Business-Type Activities 2015	Business-Type Activities, restated 2014	Total 2015	Total, restated 2014
Revenues:						
Program revenues:						
Charges for services	\$ 2,056,558	\$ 1,904,521	\$ 7,091,574	\$ 7,032,234	\$ 9,148,132	\$ 8,936,755
Operating grants and contributions	573,583	463,950	-	-	573,583	463,950
Capital grants and contributions	33,749	82,049	261,567	325,909	295,316	407,958
General revenues:						
Property taxes	8,415,626	7,867,525	-	-	8,415,626	7,867,525
Other taxes	1,109,630	878,763	-	-	1,109,630	878,763
Other	3,420,543	3,095,883	247,359	71,879	3,667,902	3,167,762
Total revenues	15,609,689	14,292,691	7,600,500	7,430,022	23,210,189	21,722,713
Expenses:						
General government	4,365,033	4,436,854	-	-	4,365,033	4,436,854
Public safety	5,782,880	5,670,709	-	-	5,782,880	5,670,709
Cultural and recreation	1,533,579	1,543,440	-	-	1,533,579	1,543,440
Transportation	1,463,609	1,338,289	-	-	1,463,609	1,338,289
Economic & physical development	653,371	649,207	-	-	653,371	649,207
Interest on long-term debt	153,216	165,401	-	-	153,216	165,401
Water and sewer	-	-	6,969,806	6,747,867	6,969,806	6,747,867
Total expenses	13,951,688	13,803,900	6,969,806	6,747,867	20,921,494	20,551,767
Increase in net position before transfers	1,658,001	488,791	630,694	682,155	2,288,695	1,170,946
Transfers	-	-	-	-	-	-
Increase in net position	1,658,001	488,791	630,694	682,155	2,288,695	1,170,946
Net position, July 1, restated	39,054,159	39,555,120	41,353,779	40,777,321	80,407,938	80,332,441
Net position, June 30	40,712,160	40,043,911	41,984,473	41,459,476	82,696,633	81,503,387
Restatement	-	(989,752)	-	(105,697)	-	(1,095,449)
Net position, June 30	\$ 40,712,160	\$ 39,054,159	\$ 41,984,473	\$ 41,353,779	\$ 82,696,633	\$ 80,407,938

Governmental activities – Governmental activities increased the Town’s net position by \$1,658,001, thereby accounting for 72.4% of the total increase in the net position of the Town. The implementation of GASB 68 and the associated restatement reduced beginning net position by \$989,752. The net effect of these two items resulted in a \$668,249 increase in net position. Key elements of this increase are as follows:

- Current tax collections increased over the prior year due to growth and an increase in the tax rate.
- Unrestricted intergovernmental revenue increased due to an increase in the local option sales tax revenue category.
- Net pension liability of \$1,440,852 in the prior year became an asset of \$756,636 in the current year, resulting in a reduction of expenses of \$2,197,488.

Figure 4:

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

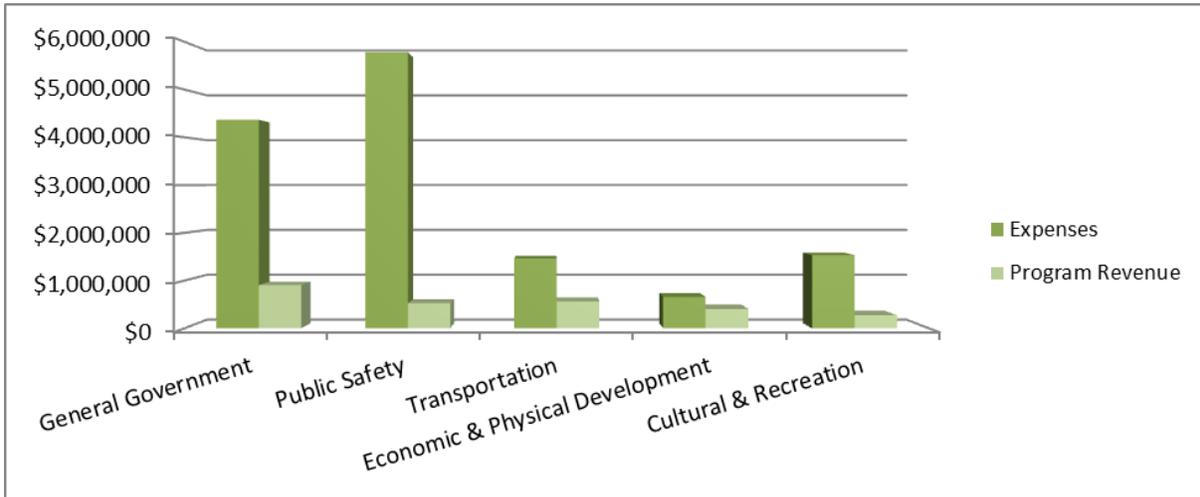
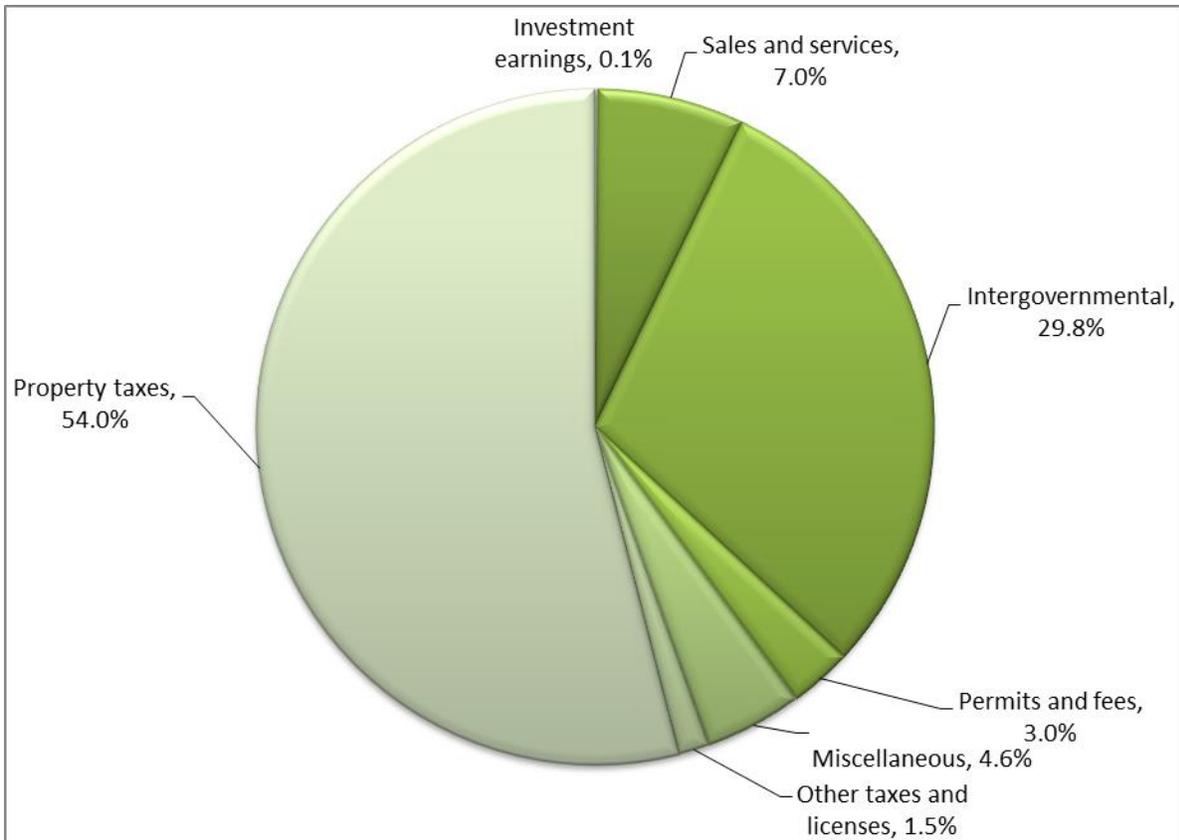


Figure 5:

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

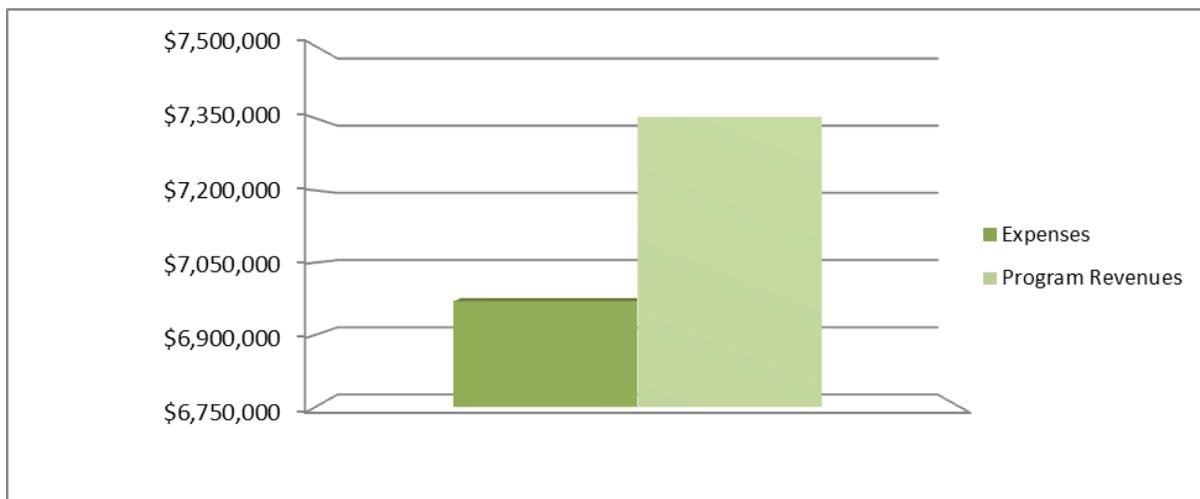


Business-type activities – Business type activities increased the Town’s net position by \$630,694, accounting for 27.6% of the total increase in the net position of the Town. The implementation of GASB 68 and the associated restatement reduced beginning net position by \$105,697. The net effect of these two items resulted in a \$524,997 increase in net position. The Key elements of the increase are as follows:

- Capital grants and contributions in the amount of \$261,567.
- Charges for services increased due to an increase in water sales.
- Net pension liability of \$153,871 in the prior year became an asset of \$80,803 in the current year, resulting in a reduction of expenses of \$234,674.

Figure 6:

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



Financial Analysis of the Town’s Funds

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

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

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, the Town of Southern Pines’ unassigned fund balance in the General Fund, which is available for spending at the government’s discretion, was \$5,552,329, while total fund balance reached \$8,281,699. 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 37.25 percent of General Fund expenditures, while total fund balance represents 55.56 percent of that same amount.

At June 30, 2015, the governmental funds of the Town reported a combined fund balance of \$10,862,641 with a net increase in fund balance of \$201,570. Included in this change in fund balance is an increase in fund balance in the General Fund and a decrease in the Capital Project Funds.

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

During the year there was a \$400,197 net increase in appropriations between the original and final amended budget. Following are the main components of the increase:

- \$258,300 net appropriation for the transfer to the Fire Sub-Station Capital Project Fund for the purchase of land for the construction of the station.
- \$75,000 appropriation for the transfer to the Unpaved Streets Capital Project Fund.
- \$50,621 appropriation in the Police Department, Public Safety, for items that were ordered in the prior fiscal year, but not received until fiscal year 2015.
- \$15,000 appropriation to record the donation of funds to be applied to the purchase of equipment for the heavy duty rescue truck in the Fire Department, Public Safety.

The actual operating revenues for the General Fund were greater than the final budgeted amount by \$1,328,862. Ad valorem taxes were \$237,827 greater than the budgeted amount due to an actual higher than budgeted tax collection rate. Unrestricted intergovernmental revenues were \$831,755 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 \$151,275 greater than budgeted due to conservative budgeting in the building inspections area. The sales and services category was \$67,953 greater than budgeted due primarily to conservative budgeting in the county disposal fee revenue and recreational fees.

The actual operating expenses for the General Fund were less than the final budgeted amount by \$972,837. General government, public safety, transportation, economic and physical development and cultural and recreational realized a savings of \$454,716, \$310,954, \$29,315, \$13,380 and \$157,754 respectively due primarily to personnel vacancies and the actual cost of capital items were less than the amount budgeted. Also contributing to the savings were capital items and equipment ordered, but not received by the end of the fiscal year.

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 \$9,068,275. The total change in net position was an increase of \$630,694. The change in net position is primarily due to the increase in water sales.

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, 2015, totals \$71,525,884 (net of accumulated depreciation).

These assets include buildings, streets, storm drainage, sidewalks, land, machinery and equipment, park facilities, and vehicles.

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

Governmental Funds:

Additions

- Various purchases of vehicles and motorized equipment totaling \$893,833, to include a heavy duty rescue truck and a street sweeper.
- Various purchases of furniture, fixtures and other equipment equaling \$264,479.
- Construction in progress of \$1,159,043 in governmental-type activities for the construction of sidewalks, the construction of a fire sub-station, the design and installation of storm water infrastructure, the paving of unpaved streets within the Town, the installation of a HVAC system at one of the Town's buildings, the construction of a parkway, the construction of bike lanes, the renovation of the pool park and the construction of fiber connections between Town buildings.
- Intangible assets in progress in the amount of \$48,984 for the Enterprise Information and Document Management System.
- Other Improvements in the amount of \$13,796 for the installation of a security gate at the public works complex.
- Donated infrastructure in the amount of \$33,750 consisting of sidewalks, storm drainage and streets.

Retirements

- Disposals and surplused assets in the amount of \$365,349.

Proprietary Funds:

Additions

- Construction in progress of \$344,005 for water and sewer improvements and the Morganton Road bridge project.
- The addition of intangible assets consisting of water and sewer easements in the amount of \$38,105.
- Various equipment purchases of \$1,901,827, the majority are a result of the closing of the automatic meter reading project.
- Plant and distribution system increase in the amount of \$235,556, which includes water and sewer lines donated by developers.

Retirements

- Disposals and surplused assets in the amount of \$69,310.
- Construction in progress reduction in the amount of \$1,675,651 for the closing of the automatic meter reading project capital project fund.

Figure 7:

**Town of Southern Pines
Capital Assets**

	Governmental Activities	Governmental Activities	Business-type Activities	Business-type Activities	Total	Total
	2015	2014	2015	2014	2015	2014
Land	\$ 11,846,651	\$ 11,846,651	\$ 540,533	\$ 540,533	\$ 12,387,184	\$ 12,387,184
Buildings and improvements	11,007,427	11,282,761	1,137,314	1,165,806	12,144,741	12,448,567
Other improvements	3,128,063	3,233,660	-	-	3,128,063	3,233,660
Machinery and equipment	72,371	133,830	2,501,347	770,941	2,573,718	904,771
Infrastructure	2,923,870	3,184,193	-	-	2,923,870	3,184,193
Plant and distribution systems	-	-	29,961,448	30,910,582	29,961,448	30,910,582
Vehicles and motorized equipment	2,406,287	1,779,170	-	-	2,406,287	1,779,170
Furniture, Fixtures, and other equipment	664,922	535,742	-	-	664,922	535,742
Intangibles-easements	-	-	799,249	761,144	799,249	761,144
Intangibles in progress	343,596	294,612	-	-	343,596	294,612
Construction in progress	2,843,506	1,684,463	1,349,300	2,680,946	4,192,806	4,365,409
Total Capital Assets (net of accumulated depreciation)	\$ 35,236,693	\$ 33,975,082	\$ 36,289,191	\$ 36,829,952	\$ 71,525,884	\$ 70,805,034

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, 2015, the Town did not have any outstanding bonded debt. Previous bonded debt was related to the Proprietary Fund operations and was retired in fiscal year 2010.

During the current fiscal year, the Town of Southern Pines' total debt decreased by a net amount of \$408,479 or 5.07%.

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 installment financing of a heavy duty rescue truck and street sweeper in 2014. The total outstanding balance of debt as of June 30, 2015 is \$7,644,179.

Figure 8:

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

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
General Obligation Bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Debt	4,271,186	4,193,047	3,372,993	3,859,611	7,644,179	8,052,658
Total	\$ 4,271,186	\$ 4,193,047	\$ 3,372,993	\$ 3,859,611	\$ 7,644,179	\$ 8,052,658

As mentioned in the financial highlights section of this document, the Town maintained its A2 bond rating from Moody's Investors Services for the 17th consecutive year, as well as its AA- from Standard and Poor's for the 7th 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 \$174,057,899, 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 Town, like all municipalities both local and national, continues to face the challenges of the economy, although management has seen some improvement in areas that were affected by the recession. The fiscal year ending June 30, 2016 budget is balanced and represents an overall decrease of 5.2% in the governmental activities operational budget and an increase of 7.36% in the business type activities operational budget.

The decrease in governmental activities can be attributed to the replacement of a heavy duty fire rescue truck and a street sweeper that occurred in fiscal year 2015.

The increase in business type activities is due to a transfer to capital project funds for funding of long term capital planning in the amount of \$600,000.

The unemployment rate for the county in which the Town is located was 6.1% as of June 30, 2015. The unemployment rate is consistent with the rate a year ago and the State average.

Governmental Activities: The 2016 budget includes a tax rate increase of \$.01 from \$.37 to \$.38 per \$100 of property valuations. The increase is the result of the property tax revaluation revenue neutral tax rate of \$.3745. Property tax revenue is budgeted to increase \$353,650 at the budgeted value and tax rate. 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 2015-2016 fiscal year. The Town has not budgeted an increase in water rates, but has budgeted a 2.0% increase in sewer rates in the upcoming fiscal year to offset the increase in sewer treatment cost.

Requests for Information

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

**TOWN OF SOUTHERN PINES
STATEMENT OF NET POSITION
June 30, 2015**

Exhibit 1

	2015		
	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 10,838,581	\$ 6,712,877	\$ 17,551,458
Receivables - net:			
Property taxes	61,873	-	61,873
Due from other governments	975,020	-	975,020
Accounts receivable	290,579	-	290,579
Accrued interest	8,646	6,511	15,157
Sales tax	113,675	34,128	147,803
Assessments	2,305	49,983	52,288
Customers	-	1,289,195	1,289,195
Other	-	1,911	1,911
Inventories	30,643	-	30,643
Prepays	56,649	-	56,649
Restricted cash and investments	-	1,441,803	1,441,803
Total current assets	<u>12,377,971</u>	<u>9,536,408</u>	<u>21,914,379</u>
Noncurrent assets:			
Net pension asset	756,636	80,803	837,439
Capital assets			
Land, non-depreciable improvements, and construction in progress	15,033,753	1,889,833	16,923,586
Intangibles - easements	-	799,249	799,249
Other capital assets, net of depreciation	20,202,940	33,600,109	53,803,049
Total capital assets	<u>35,236,693</u>	<u>36,289,191</u>	<u>71,525,884</u>
Total noncurrent assets	<u>35,993,329</u>	<u>36,369,994</u>	<u>72,363,323</u>
Total assets	<u>48,371,300</u>	<u>45,906,402</u>	<u>94,277,702</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pensions - changes in proportion and differences in employer contributions and proportionate share of contributions	40,206	4,294	44,500
Pensions - contributions to pension plan in current fiscal year	474,971	50,723	525,694
Total deferred outflows of resources	<u>515,177</u>	<u>55,017</u>	<u>570,194</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	1,251,559	291,552	1,543,111
Deposits	124,146	76,660	200,806
Current maturities of long-term debt	910,626	524,947	1,435,573
Total current liabilities	<u>2,286,331</u>	<u>893,159</u>	<u>3,179,490</u>
Noncurrent liabilities:			
Noncurrent portion of long-term debt	4,043,876	2,886,851	6,930,727
Total liabilities	<u>6,330,207</u>	<u>3,780,010</u>	<u>10,110,217</u>
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	1,844,110	196,936	2,041,046
NET POSITION			
Net investment in capital assets	30,965,507	32,916,198	63,881,705
Restricted for:			
Stabilization by State Statute	1,287,419	-	1,287,419
Cemetery Perpetual Care			
Expendable	16,297	-	16,297
Nonexpendable	43,940	-	43,940
Unrestricted	8,398,997	9,068,275	17,467,272
Total net position	<u>\$ 40,712,160</u>	<u>\$ 41,984,473</u>	<u>\$ 82,696,633</u>

**TOWN OF SOUTHERN PINES
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2015**

Exhibit 2

Function/Programs	2015						
	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Government activities:							
General government	\$ 4,365,033	\$ 853,155	\$ 50,577	\$ -	\$ (3,461,301)	\$ -	\$ (3,461,301)
Public safety	5,782,880	501,768	20,331	-	(5,260,781)	-	(5,260,781)
Transportation	1,463,609	36,146	490,905	33,749	(902,809)	-	(902,809)
Economic and physical development	653,371	403,127	-	-	(250,244)	-	(250,244)
Cultural and recreation	1,533,579	259,213	11,770	-	(1,262,596)	-	(1,262,596)
Cemetery	-	3,149	-	-	3,149	-	3,149
Interest on long-term debt	153,216	-	-	-	(153,216)	-	(153,216)
Total governmental activities	<u>13,951,688</u>	<u>2,056,558</u>	<u>573,583</u>	<u>33,749</u>	<u>(11,287,798)</u>	<u>-</u>	<u>(11,287,798)</u>
Business-type activities:							
Water and sewer	6,969,806	7,091,574	-	261,567	-	383,335	383,335
Total business-type activities	<u>6,969,806</u>	<u>7,091,574</u>	<u>-</u>	<u>261,567</u>	<u>-</u>	<u>383,335</u>	<u>383,335</u>
Total primary government	<u>\$ 20,921,494</u>	<u>\$ 9,148,132</u>	<u>\$ 573,583</u>	<u>\$ 295,316</u>	<u>(11,287,798)</u>	<u>383,335</u>	<u>(10,904,463)</u>
General revenues:							
Ad valorem taxes					8,415,626	-	8,415,626
Unrestricted intergovernmental					3,257,298	-	3,257,298
Alcoholic Beverage Tax					120,790	-	120,790
Franchise taxes					988,840	-	988,840
Investment earnings					20,661	26,254	46,915
Miscellaneous					94,977	172,376	267,353
Gain on disposal					47,607	48,729	96,336
Total general revenues					<u>12,945,799</u>	<u>247,359</u>	<u>13,193,158</u>
Change in net position					<u>1,658,001</u>	<u>630,694</u>	<u>2,288,695</u>
Net position, beginning, previously report					40,043,911	41,459,476	81,503,387
Restatement					(989,752)	(105,697)	(1,095,449)
Net position, beginning, restated					<u>39,054,159</u>	<u>41,353,779</u>	<u>80,407,938</u>
Net position, end of year					<u>\$ 40,712,160</u>	<u>\$ 41,984,473</u>	<u>\$ 82,696,633</u>

TOWN OF SOUTHERN PINES
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2015

Exhibit 3

	2015		
	Major Fund		Total
	General	Non Major Governmental Funds	Governmental Funds
ASSETS			
Cash and investments	\$ 7,988,121	\$ 2,850,460	\$ 10,838,581
Receivables - net:			
Property taxes	61,873	-	61,873
Due from other governments	975,020	-	975,020
Accounts receivable	290,579	-	290,579
Accrued interest receivable	6,369	2,277	8,646
Sales tax receivable	95,678	17,997	113,675
Parking lot assessments	2,305	-	2,305
Inventories	30,643	-	30,643
Prepays	56,649	-	56,649
	<u>\$ 9,507,237</u>	<u>\$ 2,870,734</u>	<u>\$ 12,377,971</u>
LIABILITIES			
Current liabilities			
Accounts payable	\$ 573,461	\$ 289,792	\$ 863,253
Accrued liabilities			
Other	363,252	-	363,252
Security deposits	124,146	-	124,146
Total liabilities	<u>1,060,859</u>	<u>289,792</u>	<u>1,350,651</u>
DEFERRED INFLOWS OF RESOURCES			
Taxes receivable	61,873	-	61,873
Parking lot assessments	2,305	-	2,305
Other	100,501	-	100,501
Total deferred inflows of resources	<u>164,679</u>	<u>-</u>	<u>164,679</u>
FUND BALANCES			
Nonspendable:			
Inventories	30,643	-	30,643
Prepays	56,649	-	56,649
Perpetual maintenance	-	60,237	60,237
Restricted:			
Stabilization by State Statute	1,267,145	20,274	1,287,419
Committed:			
General Government	-	419,559	419,559
Public Safety	-	372,517	372,517
Transportation	-	1,146,181	1,146,181
Cultural and Recreational	-	562,174	562,174
Assigned:			
Subsequent year's expenditures	1,374,933	-	1,374,933
Unassigned	<u>5,552,329</u>	<u>-</u>	<u>5,552,329</u>
Total fund balances	<u>8,281,699</u>	<u>2,580,942</u>	<u>10,862,641</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 9,507,237</u>	<u>\$ 2,870,734</u>	<u>\$ 12,377,971</u>

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	\$ 35,236,693
Net pension asset	756,636
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position	474,971
Changes in proportion and differences in employer contributions and proportionate share of contributions are deferred outflows of resources on the Statement of Net Position	40,206
Liabilities for earned revenues considered deferred inflows of resources in fund statements	164,679
Pension related deferrals	(1,844,110)
Some liabilities are not due and payable in the current period and are therefore not reported in the funds.	<u>(4,979,556)</u>
Net position of governmental activities	<u>\$ 40,712,160</u>

TOWN OF SOUTHERN PINES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2015

Exhibit 4

	2015		
	Major Fund		Totals
	General	Non Major Governmental Funds	Governmental Funds
REVENUES			
Ad valorem taxes	\$ 8,428,787	\$ -	\$ 8,428,787
Other taxes and licenses	230,577	-	230,577
Unrestricted intergovernmental	4,228,255	-	4,228,255
Restricted intergovernmental	417,431	-	417,431
Permits and fees	469,075	-	469,075
Sales and services	1,090,953	3,149	1,094,102
Investment earnings	15,664	4,997	20,661
Developer's contributions	-	90,000	90,000
Other	632,340	-	632,340
	<u>15,513,082</u>	<u>98,146</u>	<u>15,611,228</u>
EXPENDITURES			
Current:			
General government	4,325,517	281,451	4,606,968
Public safety	6,256,950	504,196	6,761,146
Transportation	1,403,694	173,009	1,576,703
Economic and physical development	663,143	-	663,143
Cultural and recreational	1,476,523	249,373	1,725,896
Debt service:			
Principal	625,361	-	625,361
Interest	153,941	-	153,941
	<u>14,905,129</u>	<u>1,208,029</u>	<u>16,113,158</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>607,953</u>	<u>(1,109,883)</u>	<u>(501,930)</u>
OTHER FINANCING SOURCES (USES)			
Transfers to other funds	(908,300)	-	(908,300)
Transfers from other funds	-	908,300	908,300
Installment purchase obligations issued	703,500	-	703,500
Total other financing sources (uses)	<u>(204,800)</u>	<u>908,300</u>	<u>703,500</u>
NET CHANGE IN FUND BALANCE	403,153	(201,583)	201,570
FUND BALANCE, BEGINNING OF YEAR, JULY 1	<u>7,878,546</u>	<u>2,782,525</u>	<u>10,661,071</u>
FUND BALANCE, END OF YEAR, JUNE 30	<u>\$ 8,281,699</u>	<u>\$ 2,580,942</u>	<u>\$ 10,862,641</u>

TOWN OF SOUTHERN PINES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - GOVERNMENTAL FUNDS (CONTINUED)
For the Year Ended June 30, 2015

Exhibit 4
(con't)

	<u>2015</u>
Amounts reported for governmental activities in the statement of activities are different because:	
Net changes in fund balances - total governmental funds	\$ 201,570
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	1,227,862
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	474,971
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	
Other	(35,289)
Proceeds received from disposal/transfer of capital assets	(47,607)
Gain on disposal/transfer of capital assets	47,607
Donated capital assets	33,749
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	
Principal payments	625,361
New long-term debt issued	(703,500)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Compensated absences	(58,962)
Pension expense	(57,514)
Net pension obligation	(50,972)
Interest expense	725
	<hr/>
Total changes in net position of governmental activities	<u>\$ 1,658,001</u>

TOWN OF SOUTHERN PINES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2015

Exhibit 5

	Budget		Actual	Variance with final budget favorable (unfavorable)
	Original	Final		
REVENUES				
Ad valorem taxes	\$ 8,190,960	\$ 8,190,960	\$ 8,428,787	\$ 237,827
Other taxes and licenses	221,000	221,000	230,577	9,577
Unrestricted intergovernmental revenues	3,396,500	3,396,500	4,228,255	831,755
Restricted intergovernmental revenues	395,500	401,760	417,431	15,671
Permits and fees	318,800	317,800	469,075	151,275
Sales and services	1,023,000	1,023,000	1,090,953	67,953
Investment earnings	16,000	16,000	15,664	(336)
Other	600,000	617,200	632,340	15,140
	<u>14,161,760</u>	<u>14,184,220</u>	<u>15,513,082</u>	<u>1,328,862</u>
EXPENDITURES				
Current:				
General government	4,758,457	4,780,233	4,325,517	454,716
Public safety	6,685,533	6,567,904	6,256,950	310,954
Transportation	1,433,009	1,433,009	1,403,694	29,315
Economic and physical development	670,823	676,523	663,143	13,380
Cultural and recreational	1,629,767	1,634,277	1,476,523	157,754
Debt service	786,020	786,020	779,302	6,718
	<u>15,963,609</u>	<u>15,877,966</u>	<u>14,905,129</u>	<u>972,837</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(1,801,849)</u>	<u>(1,693,746)</u>	<u>607,953</u>	<u>2,301,699</u>
OTHER FINANCING SOURCES (USES)				
Transfer out to Capital Project Funds	(400,000)	(908,300)	(908,300)	-
Installment purchase obligations issued	705,000	705,000	703,500	1,500
Total other financing sources (uses)	<u>305,000</u>	<u>(203,300)</u>	<u>(204,800)</u>	<u>1,500</u>
REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)	<u>(1,496,849)</u>	<u>(1,897,046)</u>	<u>403,153</u>	<u>2,300,199</u>
APPROPRIATED FUND BALANCE	<u>1,496,849</u>	<u>1,897,046</u>	<u>-</u>	<u>(1,897,046)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>403,153</u>	<u>\$ 403,153</u>
FUND BALANCE, BEGINNING OF YEAR, JULY 1			<u>7,878,546</u>	
FUND BALANCE, END OF YEAR, JUNE 30			<u>\$ 8,281,699</u>	

TOWN OF SOUTHERN PINES
STATEMENT OF FUND NET POSITION - PROPRIETARY FUND
June 30, 2015

Exhibit 6

	2015
	Business-type
	Activities - Enterprise
	Major Fund
	Water and
	Sewer
ASSETS	
Current assets:	
Cash and cash equivalents/investments	\$ 6,712,877
Receivables - net:	
Sewer assessments	49,983
Customers	1,289,195
Accrued interest	6,511
Sales taxes	34,128
Other	1,911
Total receivables	<u>1,381,728</u>
Total current assets	<u>8,094,605</u>
Noncurrent assets:	
Net pension asset	<u>80,803</u>
Temporarily restricted assets:	
Cash and investments	<u>1,441,803</u>
Capital assets	
Land, improvements, and construction in progress	1,889,833
Intangibles - easements	799,249
Other capital assets, net of depreciation	33,600,109
Total capital assets, net	<u>36,289,191</u>
Total unrestricted noncurrent assets	<u>36,289,191</u>
Total noncurrent assets	<u>37,730,994</u>
Total assets	<u>45,906,402</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pensions - changes in proportion and differences in employer contributions and proportionate share of contributions	4,294
Pensions - contributions to pension plan in current fiscal year	<u>50,723</u>
Total deferred outflows of resources	<u>55,017</u>
LIABILITIES	
Current liabilities:	
Accounts payable	249,925
Compensated absences - current	23,996
Installment purchases - current	500,951
Accrued liabilities	41,627
Security deposits	76,660
Total current liabilities	<u>893,159</u>
Noncurrent liabilities	
Compensated absences	14,809
Installment purchases	<u>2,872,042</u>
Total liabilities	<u>2,886,851</u>
Total liabilities	<u>3,780,010</u>
DEFERRED INFLOWS OF RESOURCES	
Pension deferrals	<u>196,936</u>
NET POSITION	
Net investment in capital assets	32,916,198
Unrestricted	<u>9,068,275</u>
Total net position	<u>\$ 41,984,473</u>

TOWN OF SOUTHERN PINES
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION -
PROPRIETARY FUND
For the Year Ended June 30, 2015

Exhibit 7

	2015
	<u>Major Fund</u>
	<u>Water and Sewer</u>
OPERATING REVENUES	
Charges for sales and services	<u>\$ 7,091,574</u>
OPERATING EXPENSES	
Billings and collection	424,082
Water treatment	1,291,789
Sewage treatment	1,525,627
Water extensions and maintenance	565,360
Sewer extensions and maintenance	650,258
Chargeout for administrative expenses	1,016,869
Depreciation and amortization	<u>1,384,603</u>
Total operating expenses	<u>6,858,588</u>
OPERATING INCOME	<u>232,986</u>
NONOPERATING REVENUES (EXPENSES)	
Impact fees	172,376
Interest on investments	12,980
BAB interest rebate	13,274
Gain on disposal of capital assets	48,729
Interest expense	<u>(111,218)</u>
Total nonoperating revenues (expenses)	<u>136,141</u>
GAIN BEFORE CAPITAL CONTRIBUTIONS	369,127
CAPITAL CONTRIBUTIONS	<u>261,567</u>
CHANGE IN NET POSITION	<u>630,694</u>
TOTAL NET POSITION, PREVIOUSLY REPORTED	41,459,476
RESTATEMENT	<u>(105,697)</u>
TOTAL NET POSITION, RESTATED	<u>41,353,779</u>
NET POSITION, END OF YEAR	<u>\$ 41,984,473</u>

TOWN OF SOUTHERN PINES
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
For the Year Ended June 30, 2015

Exhibit 8

	<u>2015</u>
	<u>Major Fund</u>
	<u>Water and</u>
	<u>Sewer</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers and users	\$ 7,218,720
Cash paid for goods and services	(4,787,247)
Cash paid to employees	(978,435)
Customer deposit refunded	(34,785)
Customer deposits received	35,210
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,453,463</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(582,274)
Impact fees	172,376
Principal paid on installment purchase obligation	(486,618)
Interest paid on installment purchase obligation	(111,218)
Proceeds from sale of capital assets	48,728
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(959,006)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	28,497
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>28,497</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	522,954
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>7,631,726</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 8,154,680</u></u>

Continued on next page

TOWN OF SOUTHERN PINES
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
For the Year Ended June 30, 2015

Exhibit 8
(con't)

	<u>2015</u>
	<u>Major Fund</u>
	<u>Water and</u>
	<u>Sewer</u>
**Cash and Investments per Exhibit 6	
Unrestricted	\$ 6,712,877
Restricted	1,441,803
	<u> </u>
TOTAL	<u>\$ 8,154,680</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Income	\$ 232,986
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation and amortization	1,384,603
Pension expense	6,142
Change in assets, deferred outflows of resources and liabilities:	
(Increase) decrease in:	
Accounts receivable	127,146
Prepaid expense	800
Deferred outflows of resources for pensions	(50,723)
Increase (decrease) in	
Accounts payable and accrued liabilities	(247,916)
Customer deposits	425
	<u> </u>
Total adjustments	<u>1,220,477</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 1,453,463</u>

Noncash investing, capital, and financing activities:

During fiscal year ended June 30, 2015, the Town received \$223,462 in water and sewer line improvements and \$38,105 of easements from various land developers and individuals. These improvements are recorded as capital contributions.

TOWN OF SOUTHERN PINES
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
June 30, 2015

Exhibit 9

	Private-Purpose Trust Fund <u>Virginia Kelly Trust</u>	Agency Funds <u>Cafeteria Plan</u>
ASSETS		
Cash and investments	\$ 25,170	\$ 32,444
Accrued interest	20	26
	<u>\$ 25,190</u>	<u>\$ 32,470</u>
LIABILITIES		
Miscellaneous liabilities	\$ -	<u>\$ 32,470</u>
NET POSITION		
Reserved for payment of death benefits - police	<u>\$ 25,190</u>	

TOWN OF SOUTHERN PINES
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
For the Year Ended June 30, 2015

Exhibit 10

	<u>Private-Purpose Trust Fund Virginia Kelly Trust</u>
Revenues:	
Investment earnings	<u>\$ 49</u>
Deductions:	
Death benefits	<u>\$ 10,000</u>
Net Increase	(9,951)
Net position, beginning of year, July 1	<u>35,141</u>
Net position, end of year, June 30	<u><u>\$ 25,190</u></u>

TOWN OF SOUTHERN PINES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The Town of Southern Pines is a municipal corporation that is governed by an elected mayor and a four-member council. As required by generally accepted accounting principles, these financial statements present the Town as well as any separate entity for which the Town is financially accountable. For the year ended June 30, 2015, 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. These statements distinguish between the *governmental* and *business-type activities* of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

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

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

The Town reports the following major governmental funds:

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

TOWN OF SOUTHERN PINES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

The Town reports the following non-major governmental funds:

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

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

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

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

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

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

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

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

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

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

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

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

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

Library HVAC – This fund is used to account for the design and replacement of the HVAC system at the Southern Pines Public Library.

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

CDBG TYR Tactical Fund – This fund is used to account for public roadway improvements to service TYR Tactical facility located in the Town.

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

TOWN OF SOUTHERN PINES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

The Town reports the following major enterprise fund:

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

Additionally, the Town reports the following fund types:

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

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

C. Measurement Focus and Basis of Accounting

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

Government-wide, Proprietary and Fiduciary Fund Financial Statements. The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide, proprietary and fiduciary fund financial statements are reported using the accrual basis of accounting. Agency fund financial statements have no measurement focus. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, property tax revenue is recognized in the fiscal year for which the taxes are levied. Revenue from grants, donations and similar items is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

TOWN OF SOUTHERN PINES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

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

The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable 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.

TOWN OF SOUTHERN PINES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 nonguaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT).

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

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

2. Cash and Cash Equivalents

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

3. Restricted Assets

Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected. Impact fees are held by the Town for the purpose of expanding water and sewer infrastructure.

Town of Southern Pines Restricted Cash:

Water and Sewer Fund	
Customer Deposits	\$ 76,660
Water Impact Fees	904,678
Sewer Impact Fees	<u>460,465</u>
Total Business-type Activities	<u>\$ 1,441,803</u>
Total Restricted Cash	<u>\$ 1,441,803</u>

TOWN OF SOUTHERN PINES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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, 2014.

5. Allowances for Doubtful Accounts

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

6. Inventory and Prepaid Items

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

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

7. Capital Assets

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

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

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

TOWN OF SOUTHERN PINES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 plan in the 2015 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 deferrals of pension expense that result from the implementation of GASB statement 68.

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.

TOWN OF SOUTHERN PINES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

11. Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

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

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

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

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

Committed Fund Balance – This classification includes the portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of Town'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.

TOWN OF SOUTHERN PINES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

11. Net Position/Fund Balances (Continued)

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

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

Committed for Public Safety – portion of fund balance that can only be used for the construction of a fire substation and for communication equipment and infrastructure for the police and fire departments.

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

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

Unassigned fund balance – This classification includes the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

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

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

12. Pensions

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System (LGERS) and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The 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.

TOWN OF SOUTHERN PINES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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)	\$ 53,191,626
Less accumulated depreciation	<u>(17,954,933)</u>
Net capital assets	<u>35,236,693</u>
 Net pension asset	 <u>756,636</u>
 Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position	 <u>474,971</u>
 Changes in proportion and differences in employer contributions and proportionate share of contributions are deferred outflows of resources on the Statement of Net Position	 <u>40,206</u>
 Liabilities for earned revenues considered deferred inflows of resources in fund statements:	
Taxes receivable	61,873
Parking lot assessments	2,305
Other receivables	<u>100,501</u>
Net deferred revenues	<u>164,679</u>
 Net pension related deferrals	 <u>(1,844,110)</u>
 Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not recorded in the fund financial statements:	
Notes payable	(4,271,186)
Compensated absences	(544,229)
Net pension obligation	(139,087)
Accrued interest	<u>(25,054)</u>
Liabilities	<u>(4,979,556)</u>
 Total adjustment	 <u>\$ 29,849,519</u>

TOWN OF SOUTHERN PINES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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	\$ 2,380,137
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	(1,152,275)
Contributions to the pension plan in the current fiscal year are not included on the statement of activities	474,971
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:	
Other	(35,289)
Proceeds received from disposal/transfer of capital assets	(47,607)
Gain on disposal/transfer of capital assets	47,607
Donated capital assets	33,749
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	625,361
New long-term debt issues	(703,500)
Compensated absences	(58,962)
Pension expense	(57,514)
Net pension obligation	(50,972)
Interest expense	<u>725</u>
Total adjustment	<u>\$ 1,456,431</u>

TOWN OF SOUTHERN PINES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 2 - DEPOSITS

All of the deposits of the Town are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's agents in the unit's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agents in their names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no policy regarding custodial credit risk for deposits.

At June 30, 2015, the Town's deposits had a carrying amount of \$10,418,117 and a bank balance of \$10,659,850. Of the bank balance \$978,554 was covered by federal depository insurance and \$9,681,296 was covered by collateral held under the Pooling Method. At June 30, 2015, the Town's petty cash fund totaled \$1,050.

NOTE 3 - INVESTMENTS

At June 30, 2015, the Town had \$8,631,708 invested with the North Carolina Capital Management Trust's Cash Portfolio which carried a credit rating of AAAM by Standard and Poor's. The Town has no policy regarding credit risk.

NOTE 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, 2015</u>
General Fund:	
Taxes receivable	\$27,581
Enterprise Fund	<u>9,400</u>
	<u>\$36,981</u>

TOWN OF SOUTHERN PINES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 5 - CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2015, was as follows:

Governmental Activities by Type:

	July 1, 2014	Transfers in/ Additions	Transfers out/ Disposals	June 30, 2015
Nondepreciable assets:				
Land	\$ 11,846,651	\$ -	\$ -	\$ 11,846,651
Intangible assets in progress	294,612	48,984	-	343,596
Construction in progress	<u>1,684,463</u>	<u>1,159,043</u>	-	<u>2,843,506</u>
	<u>13,825,726</u>	<u>1,208,027</u>	<u>-</u>	<u>15,033,753</u>
Depreciable assets:				
Buildings and improvements	15,063,782	1	-	15,063,783
Other improvements	4,452,490	13,796	-	4,466,286
Infrastructure	11,532,231	33,750	-	11,565,981
Machinery and equipment	452,569	-	(45,285)	407,284
Vehicles and motorized equipment	4,290,381	893,833	(164,453)	5,019,761
Furniture, fixtures and other equipment	<u>1,525,910</u>	<u>264,479</u>	<u>(155,611)</u>	<u>1,634,778</u>
	<u>37,317,363</u>	<u>1,205,859</u>	<u>(365,349)</u>	<u>38,157,873</u>
Less accumulated depreciation and amortization for:				
Buildings and improvements	3,781,021	275,335	-	4,056,356
Other improvements	1,218,830	119,393	-	1,338,223
Infrastructure	8,348,038	294,073	-	8,642,111
Machinery and equipment	318,739	61,459	(45,285)	334,913
Vehicles and motorized equipment	2,511,211	266,716	(164,453)	2,613,474
Furniture, fixtures and other equipment	<u>990,168</u>	<u>135,299</u>	<u>(155,611)</u>	<u>969,856</u>
	<u>17,168,007</u>	<u>1,152,275</u>	<u>(365,349)</u>	<u>17,954,933</u>
Depreciable assets - net	<u>20,149,356</u>	<u>53,584</u>	<u>-</u>	<u>20,202,940</u>
Total Governmental Activities Capital Assets - net	<u>\$ 33,975,082</u>	<u>\$ 1,261,611</u>	<u>\$ -</u>	<u>\$ 35,236,693</u>

TOWN OF SOUTHERN PINES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 5 - CAPITAL ASSETS (Continued)

Governmental Activities by Function:

	<u>July 1, 2014</u>	<u>Transfers in/ Additions</u>	<u>Transfers out/ Disposals</u>	<u>June 30, 2015</u>
Governmental Activities by Function:				
General government	\$ 16,899,244	\$ 346,157	\$ -	\$ 17,245,401
Public safety	14,073,100	1,298,657	(220,107)	15,151,650
Transportation	13,370,595	496,453	(145,206)	13,721,842
Economic and physical development	235,775	-	-	235,775
Cultural and recreational	<u>6,564,375</u>	<u>295,583</u>	<u>(23,000)</u>	<u>6,836,958</u>
	<u>51,143,089</u>	<u>2,436,850</u>	<u>(388,313)</u>	<u>53,191,626</u>
Less accumulated depreciation and amortization for:				
General government	2,554,352	210,661	-	2,765,013
Public safety	3,029,523	447,930	(220,107)	3,257,346
Transportation	8,981,628	362,670	(145,206)	9,199,092
Economic and physical development	138,366	10,453	-	148,819
Cultural and recreational	<u>2,464,138</u>	<u>143,525</u>	<u>(23,000)</u>	<u>2,584,663</u>
	<u>17,168,007</u>	<u>1,175,239</u>	<u>(388,313)</u>	<u>17,954,933</u>
Total Governmental Activities Capital Assets - net	<u>\$ 33,975,082</u>	<u>\$ 1,261,611</u>	<u>\$ -</u>	<u>\$ 35,236,693</u>
Business Activities:				
Nondepreciable assets:				
Land	\$ 540,533	\$ -	\$ -	\$ 540,533
Intangibles – easements	761,144	38,105	-	799,249
Construction in progress	<u>2,680,946</u>	<u>344,005</u>	<u>(1,675,651)</u>	<u>1,349,300</u>
	<u>3,982,623</u>	<u>382,110</u>	<u>(1,675,651)</u>	<u>2,689,082</u>
Depreciable assets:				
Plant and distribution system	52,007,212	235,556	-	52,242,768
Buildings	1,424,609	-	-	1,424,609
Equipment	<u>1,998,503</u>	<u>1,901,827</u>	<u>(69,310)</u>	<u>3,831,020</u>
	<u>55,430,324</u>	<u>2,137,383</u>	<u>(69,310)</u>	<u>57,498,397</u>

**TOWN OF SOUTHERN PINES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

NOTE 5 - CAPITAL ASSETS (Continued)

Business Activities: (Continued)

	July 1, 2014	Transfers in/ Additions	Transfers out/ Disposals	June 30, 2015
Less accumulated depreciation and amortization for:				
Plant and distribution system	\$ 21,096,630	\$ 1,184,690	\$ -	\$ 22,281,320
Building	258,803	28,492	-	287,295
Equipment	<u>1,227,562</u>	<u>171,421</u>	<u>(69,310)</u>	<u>1,329,673</u>
	<u>22,582,995</u>	<u>1,384,603</u>	<u>(69,310)</u>	<u>23,898,288</u>
Depreciable assets - net	<u>32,847,329</u>	<u>752,780</u>	<u>-</u>	<u>33,600,109</u>
Total Business Activities Capital Assets - net	<u>\$ 36,829,952</u>	<u>\$ 1,134,890</u>	<u>\$ (1,675,651)</u>	<u>\$ 36,289,191</u>

Construction commitments

The government has active construction projects as of June 30, 2015. At year-end, the government's commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to-date</u>	<u>Remaining Commitment</u>
Library HVAC	\$ 203,287	\$ 23,379
CDBG	-	48,700
Water Model	<u>4,250</u>	<u>85,750</u>
Total	<u>\$ 207,537</u>	<u>\$ 157,829</u>

NOTE 6 - PAYABLES

Payables at the government-wide level at June 30, 2015, were as follows:

	<u>Vendors</u>	<u>Salaries and benefits</u>	<u>Accrued interest</u>	<u>Total</u>
Governmental activities:				
General	\$ 573,461	\$ 363,252	\$ 25,054	\$ 961,767
Other governmental	<u>289,792</u>	<u>-</u>	<u>-</u>	<u>289,792</u>
Total governmental activities	<u>\$ 863,253</u>	<u>\$ 362,252</u>	<u>\$ 25,054</u>	<u>\$ 1,251,559</u>
Business-type activities:				
Water and Sewer	<u>\$ 249,925</u>	<u>\$ 41,627</u>	<u>\$ -</u>	<u>\$ 291,552</u>

TOWN OF SOUTHERN PINES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 7 - PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS

A. Local Governmental Employees' Retirement System

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

Benefits Provided – LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with 5 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 5 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 5 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 5 years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions – Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town employees are required to contribute 6 percent of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town's contractually required contribution rate for the year ended June 30, 2015, was 7.41% of compensation for law enforcement officers and 7.07% 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 \$525,694 for the year ended June 30, 2015.

TOWN OF SOUTHERN PINES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 7 - PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS (Continued)

A. Local Governmental Employees' Retirement System (Continued)

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, 2015, the City reported an asset of \$837,439 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension asset 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, 2014, the Town's proportion was 0.142% which was an increase of 0.010% from its proportion measured at June 30, 2013.

For the year ended June 30, 2015, the Town recognized pension expense of \$63,656. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 91,505
Net difference between projected and actual earnings on pension plan investments	-	1,949,541
Changes in proportion and differences between Town contributions and proportionate share of contributions	44,500	-
Town contributions subsequent to the measurement date	<u>525,694</u>	<u>-</u>
Total	<u>\$ 570,194</u>	<u>\$ 2,041,046</u>

\$525,694 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$ 499,166
2017	499,166
2018	499,166
2019	499,048
2020	-
Thereafter	-

TOWN OF SOUTHERN PINES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 7 - PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS (Continued)

A. Local Governmental Employees' Retirement System (Continued)

Actuarial Assumptions – The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary Increases	4.25 to 8.55 percent, including inflation and productivity factor
Investment rate of return	7.25 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, 2013 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

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, 2014 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	36.0%	2.5%
Global Equity	40.5%	6.1%
Real Estate	8.0%	5.7%
Alternatives	6.5%	10.5%
Credit	4.5%	6.8%
Inflation Protection	4.5%	3.7%
Total	<u>100%</u>	

TOWN OF SOUTHERN PINES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 7 - PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS (Continued)

A. Local Governmental Employees' Retirement System (Continued)

The information above is based on 30 year expectations developed with the consulting actuary for the 2013 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.19%. All rates of return and inflation are annualized. A new asset allocation policy was finalized during the fiscal year ended June 30, 2014 to be effective July 1, 2014. The new asset allocation policy utilizes different asset classes, changes in the structure of certain asset classes, and adopts new benchmarks. Using the asset class categories in the preceding table, the new long-term expected arithmetic real rates of return are: Fixed Income 2.2%, Global Equity 5.8%, Real Estate 5.2%, Alternatives 9.8%, Credit 6.8% and Inflation Protection 3.4%.

Discount rate. The discount rate used to measure the total pension liability was 7.25%. 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 City's proportionate share of the net pension asset to changes in the discount rate. The following presents the City's proportionate share of the net pension asset calculated using the discount rate of 7.25 percent, as well as what the City'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 (6.25 percent) or one percentage point higher (8.25 percent) than the current rate:

	1% Decrease <u>(6.25%)</u>	Discount Rate <u>(7.25%)</u>	1% Increase <u>(8.25%)</u>
City's proportionate share of the net pension liability (asset)	\$ 2,842,632	\$ (837,439)	\$(3,935,941)

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

B. Law Enforcement Officers Special Separation Allowance

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

TOWN OF SOUTHERN PINES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 7 - PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS (Continued)

B. Law Enforcement Officers Special Separation Allowance (Continued)

All full-time law enforcement officers of the Town are covered by the Separation allowance. At December 31, 2014, the Separation Allowance's membership consisted of:

Retirees receiving benefits	2
Terminated plan members entitled to but no yet receiving benefits	-
Active plan members	<u>38</u>
Total	<u>40</u>

A separate report was not issued for the plan.

Summary of Significant Accounting Policies:

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

The Separation Allowance has no assets accumulated in a trust that meets the following criteria which are outlined in GASB Statements 67 and 68:

- contributions to the pension plan and earnings on those contributions are irrevocable
- pension plan assets are dedicated to providing benefits to plan members
- pension plan assets are legally protected from the creditors or employers, nonemployer contributing entities, the plan administrator, and plan members.

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

Contributions

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

The annual required contribution for the current year was determined as part of the December 31, 2014, actuarial valuation using the projected unit credit actuarial assumptions included (a) 5.00% investment rate of return (net of administrative expenses) and (b) projected salary increases of 4.25% to 7.85% per year. Both (a) and (b) included an inflation component of 3%. The amortization method is level dollar closed with a remaining amortization period of 16 years. The assumptions did not include post-employment benefit increases.

TOWN OF SOUTHERN PINES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 7 - PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS (Continued)

B. Law Enforcement Officers Special Separation Allowance (Continued)

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

Annual required contribution	\$ 87,815
Interest on net pension obligation	4,406
Adjustment to annual required contribution	<u>(7,444)</u>
Annual pension cost	84,777
Contributions made	<u>33,805</u>
Increase in net pension obligation	50,972
Net pension obligation beginning of fiscal year	<u>88,115</u>
 Net pension obligation end of fiscal year	 <u>\$139,087</u>

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6-30-13	76,030	122.36%	86,065
6-30-14	69,731	97.06%	88,115
6-30-15	84,777	39.88%	139,087

Funded Status and Funding Progress - As of December 31, 2013, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was \$679,999. The covered payroll (annual payroll of active employees covered by the plan) was \$1,912,922, and the ratio of the UAAL to the covered payroll was 35.55 percent.

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

C. Supplemental Retirement Income Plan for Law Enforcement Officers

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

Funding Policy - Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2015, were \$128,535, which consisted of \$37,775 from the Town and \$90,760 from the law enforcement officers.

**TOWN OF SOUTHERN PINES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

NOTE 7 - PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS (Continued)

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.

For the fiscal year ended June 30, 2015, the Town made contributions to the State for death benefits of \$-0-. The Town's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.00% and 0.00% of covered payroll, respectively.

Due to a surplus in the death benefit, a decision was made by the State to temporarily stop employer contributions to the LGERS Death Benefit Plan beginning July 1, 2012. A temporary relief period based on the number of years the employer has contributed as of December 31, 2010 was established as follows:

<u>Number years contributing</u>	<u>Years relief</u>	<u>Fiscal year contributions resume</u>
10-20	2	2015
20 or more	3	2016

The period of reprieve is determined separately for law enforcement officers. The Town of Southern Pines will have a three year reprieve because it has been contributing for more than 20 years. Contributions will resume in the fiscal year beginning July 1, 2015.

NOTE 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, 2015, contributions to the Plan consisted of \$326,187 from the Town and \$162,687 in voluntary contributions from employees.

TOWN OF SOUTHERN PINES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 9 - DEFERRED INFLOWS OF RESOURCES

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

	<u>Unavailable Revenue</u>
Taxes receivable, net	\$ 61,873
Parking lot assessments receivable, net	2,305
Other receivable, net	<u>100,501</u>
	<u>\$ 164,679</u>

NOTE 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 \$1 million per occurrence, property coverage up to the total insurance value of the property policy, and workers' compensation coverage up to statutory limits. The pools are reinsured through commercial companies for single occurrence claims against general liability, auto liability and property in excess of \$500,000 and \$300,000 up to statutory limits for workers' compensation. The property liability pool has an aggregate limit for the total property losses in a single year, with the reinsurance limit based upon a percentage of the total insurance values. Due to a study by the Town of Southern Pines' management, flood insurance was obtained on appropriate property as so designated in those areas by our insurance carrier.

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

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

NOTE 11 - CLAIMS AND JUDGMENTS

At June 30, 2015, the Town was a defendant to several lawsuits; however, no provision was made in the financial statements for any contingent liabilities. In the opinion of management and the Town attorney, the ultimate outcome of these legal matters will not have a material adverse effect on the Town's financial position.

NOTE 12 - LONG-TERM DEBT

The Town entered into installment purchase agreements October 2008, December 2010, May 2013, and September 2014 for the construction of a police station and raw water reservoir, implementation of an automatic meter reading system and the purchase of a heavy duty rescue truck and street sweeper. Liquidations of compensated absences and net pension obligation for governmental activities occur within the General Fund.

TOWN OF SOUTHERN PINES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 12 - LONG-TERM DEBT (Continued)

Long-term debt obligations of the Town at June 30, 2015, consisted of the following:

	Serviced by	
	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Police station; \$6,500,000; issued 2008; due semiannually to 2024; interest at 3.73%; collateralized by police station	\$ 3,683,334	\$ -
Heavy duty rescue truck; issued 2014; due semiannually to 2018; interest at 1.10%; collateralized by heavy duty rescue truck	396,915	-
Street sweeper; issued 2014; due semiannually to 2018; interest at 1.10%; collateralized by street sweeper	190,937	-
Raw water reservoir; \$3,500,000; issued 2010; due semiannually to 2021; interest at 3.40%; collateralized by real estate	-	2,069,866
Automatic meter readers; \$1,600,000; issued 2013; due semiannually to 2023; interest at 1.85%; collateralized by equipment	-	1,303,127
Net pension obligation	139,087	-
Compensated absences	<u>544,229</u>	<u>38,804</u>
Total long-term debt	<u>4,954,502</u>	<u>3,411,797</u>
Total outstanding	4,954,502	3,411,797
Less current portion	<u>(910,626)</u>	<u>(524,947)</u>
	<u>\$ 4,043,876</u>	<u>\$ 2,886,850</u>

At June 30, 2015, the Town of Southern Pines had a legal debt margin of \$174,057,899.

**TOWN OF SOUTHERN PINES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

NOTE 12 - LONG-TERM DEBT (Continued)

The following is a summary of changes in the Town's long-term obligations for the fiscal year ended June 30, 2015:

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015	Current portion of balance
Governmental activities:					
Police station	\$ 4,116,667	\$ -	\$ 433,333	\$ 3,683,334	\$ 433,333
Fire pumper	76,380	-	76,380	-	-
Heavy duty rescue truck	-	475,000	78,085	396,915	157,461
Street sweeper	-	228,500	37,563	190,937	75,747
Compensated absences	485,267	276,603	217,641	544,229	244,085
Net pension obligation	88,115	50,972	-	139,087	-
	<u>\$ 4,766,429</u>	<u>\$ 1,031,075</u>	<u>\$ 843,002</u>	<u>\$ 4,954,502</u>	<u>\$ 910,626</u>
Business-type activities:					
Raw water reservoir	\$ 2,406,681	\$ -	\$ 336,815	\$ 2,069,866	\$ 348,364
Automatic meter readers	1,452,930	-	149,803	1,303,127	152,587
Compensated absences	45,592	21,405	28,192	38,805	23,996
	<u>\$ 3,905,203</u>	<u>\$ 21,405</u>	<u>\$ 514,810</u>	<u>\$ 3,411,798</u>	<u>\$ 524,947</u>

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

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

	<u>Installment Purchases</u>	
	<u>Principal</u>	<u>Interest</u>
Governmental Activities		
2016	\$ 666,541	\$ 139,174
2017	669,114	120,439
2018	552,197	101,675
2019	433,333	84,858
2020	433,333	68,694
2021-2024	<u>1,516,668</u>	<u>113,143</u>
	<u>\$ 4,271,186</u>	<u>\$ 627,983</u>
Business Type Activities		
2016	\$ 500,951	\$ 90,845
2017	515,733	76,064
2018	530,976	60,820
2019	546,697	45,100
2020	562,911	28,886
2021-2023	<u>715,725</u>	<u>20,156</u>
	<u>\$ 3,372,993</u>	<u>\$ 321,871</u>

TOWN OF SOUTHERN PINES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 13 - INTERFUND BALANCES AND ACTIVITY

Transfers to/from other funds at June 30, 2015, consist of the following:

Governmental:

From the General Fund to the Sidewalk Construction Capital Project Fund for capital project expenditures	\$ 150,000
From the General Fund to the Bike Transport Capital Project Fund for capital project expenditures	75,000
From the General Fund to the Storm Water Capital Project Fund for capital project expenditures	50,000
From the General Fund to the Downtown Park Capital Project Fund for capital project expenditures	50,000
From the General Fund to the Fire Department Substation Capital Project Fund for capital project expenditures	433,300
From the General Fund to the Unpaved Streets Capital Project Fund for capital project expenditures	150,000
From the Enterprise Information and Document Management System Capital Project Fund to the Library HVAC Capital Project Fund for capital project expenditures	<u>225,000</u>
Total Governmental	<u>1,133,300</u>
Business-Type	
From the Water & Sewer Improvements II Capital Project Fund to the Morganton Road Capital Project Fund for capital project expenditures	57,568
From the Auto Meter Reading Capital Project Fund to the Water & Sewer Improvements II Capital Project Fund for close out of Auto Meter Reading Capital Project Fund	<u>257,812</u>
Total Business-Type	<u>315,380</u>
Total Transfers	<u>\$ 1,448,680</u>

TOWN OF SOUTHERN PINES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 15 - FUND BALANCE

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

<i>Total fund balance-General Fund</i>	\$ 8,281,669
Less:	
Inventories	30,643
Prepaid Items	56,649
Stabilization by State Statute	1,267,145
Appropriated Fund Balance in 2016 Budget	1,374,933
Fund Balance Policy	3,989,061
Remaining Fund Balance	1,563,238

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.

NOTE 16 - RELATED ORGANIZATION

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

NOTE 17 - SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Federal and State Assisted Programs

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

NOTE 18 – CHANGE IN ACCOUNTING PRINCIPLES/RESTATEMENT

The Town implemented Governmental Accounting Standards Board (GASB) Statement 68, Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27), in the fiscal year ending June 30, 2015. The implementation of the statement required the Town to record beginning net pension liability and the effects on net position of contributions made by the Town during the measurement period (fiscal year ending June 30, 2014). As a result, net position as of June 30, 2014, for the governmental activities and business-type activities decreased by \$989,752 and \$105,697, respectively.

REQUIRED SUPPLEMENTAL FINANCIAL DATA

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

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

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

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

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

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

Schedule 1

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL)- Proj Unit Credit (b)</u>	<u>Unfunded AAL (UAAL) (a-b)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll for Year Ending on Val Date (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
12-31-05	-	534,827	534,827	0.00%	1,134,118	47.16%
12-31-06	-	553,846	553,846	0.00%	1,227,927	45.10%
12-31-07	-	656,739	656,739	0.00%	1,270,758	51.68%
12-31-08	-	648,104	648,104	0.00%	1,308,188	49.54%
12-31-09	-	768,278	768,278	0.00%	1,223,890	62.77%
12-31-10	-	745,366	745,366	0.00%	1,443,453	51.64%
12-31-11	-	731,883	731,883	0.00%	1,546,111	47.34%
12-31-12	-	663,284	663,284	0.00%	1,396,857	47.48%
12-31-13	-	625,522	625,522	0.00%	1,672,239	37.41%
12-31-14	-	679,999	679,999	0.00%	1,912,922	35.55%

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

Schedule 2

<u>Year ended June 30</u>	<u>Annual required contribution</u>	<u>Percentage contributed</u>
2005	\$48,622	65.0%
2006	56,110	90.3%
2007	52,911	71.8%
2008	55,862	104.8%
2009	59,379	118.8%
2010	61,162	143.6%
2011	71,400	124.6%
2012	73,292	121.4%
2013	77,291	120.4%
2014	72,440	93.4%
2015	87,815	38.5%

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

Schedule 3

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

Valuation date	12-31-14
Actuarial cost method	Projected unit credit
Amortization method	Level dollar closed
Remaining amortization period	16 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	5.00%
Projected salary increases*	4.25 – 7.85%
*Includes inflation at	3.00%
Cost-of-living adjustments	N/A

**TOWN OF SOUTHERN PINES
LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM –
LAST TWO FISCAL YEARS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Schedule 4

	<u>2015</u>	<u>2014</u>
Southern Pines's proportion of the net pension liability (asset) (%)	0.1420%	0.1323%
Southern Pines's proportion of the net pension liability (asset) (\$)	\$ (837,439)	\$ 1,594,723
Southern Pines's covered-employee payroll	\$7,347,598	\$7,012,498
Southern Pines's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	11.40%	22.74%
Plan fiduciary net position as a percentage of the total pension liability	102.64%	94.35%

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

** This will be the same percentage for all participants in the LGERS plan.

**TOWN OF SOUTHERN PINES
 LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM –
 LAST TWO FISCAL YEARS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)**

Schedule 5

	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 525,694	\$ 499,274
Contributions in relation to the contractually required contribution	<u>525,694</u>	<u>499,274</u>
Contribution deficiency (excess)	\$ -	\$ -
Southern Pines's covered-employee payroll	\$ 7,347,598	\$ 7,012,498
Contributions as a percentage of covered-employee payroll	7.09%	7.21%

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
GENERAL FUND
COMPARATIVE BALANCE SHEETS
June 30, 2015 and June 30, 2014**

ASSETS	<u>2015</u>	<u>2014</u>
Cash and investments	\$ 7,988,121	\$ 7,540,704
Receivables, net		
Property taxes	61,873	75,030
Due from other governments	975,020	858,465
Accounts receivable	290,579	303,727
Accrued interest receivable	6,369	8,613
Sales tax receivable	95,678	76,892
Parking lot assessments receivable	2,305	2,305
Inventory	30,643	36,676
Prepays	56,649	51,520
	<u> </u>	<u> </u>
TOTAL ASSETS	<u><u>\$ 9,507,237</u></u>	<u><u>\$ 8,953,932</u></u>
LIABILITIES		
Current liabilities		
Accounts payable	\$ 573,461	\$ 467,501
Accrued liabilities		
Other	363,252	324,558
Security deposits	124,146	83,364
	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u>1,060,859</u>	<u>875,423</u>
DEFERRED INFLOWS OF RESOURCES		
Taxes receivable	61,873	75,030
Parking lot assessments	2,305	2,305
Other	100,501	122,628
	<u> </u>	<u> </u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>164,679</u>	<u>199,963</u>
FUND BALANCE		
Nonspendable:		
Inventory	30,643	36,676
Prepays	56,649	51,520
Restricted:		
Stabilization by State Statute	1,267,145	1,125,069
Assigned:		
Subsequent year's expenditures	1,374,933	1,496,849
Unassigned	5,552,329	5,168,432
	<u> </u>	<u> </u>
TOTAL FUND BALANCES	<u>8,281,699</u>	<u>7,878,546</u>
	<u><u>\$ 9,507,237</u></u>	<u><u>\$ 8,953,932</u></u>

TOWN OF SOUTHERN PINES

GENERAL FUND

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

For the Year Ended June 30, 2015

With Comparative Actual Amounts for Year Ended June 30, 2014

	2015		Variance favorable (unfavorable)	2014
	Budget	Actual		Actual
REVENUES				
Ad valorem taxes				
Current year		\$ 8,380,021		\$ 7,833,116
Prior years		26,521		28,422
Penalties and interest		22,245		25,494
	<u>\$ 8,190,960</u>	<u>8,428,787</u>	<u>\$ 237,827</u>	<u>7,887,032</u>
Other taxes and licenses				
ABC mixed beverage		120,790		130,144
Solid waste disposal tax		8,273		7,069
Privilege licenses		28,150		14,488
Cablevision franchise fee		39,713		38,761
Lease vehicles		33,651		27,889
	<u>221,000</u>	<u>230,577</u>	<u>9,577</u>	<u>218,351</u>
Unrestricted intergovernmental revenues				
Local option sales tax		3,012,619		2,687,916
Video programming tax		164,370		162,917
Franchise tax		988,840		748,619
Beer and wine		62,426		55,059
	<u>3,396,500</u>	<u>4,228,255</u>	<u>831,755</u>	<u>3,654,511</u>
Restricted intergovernmental revenues				
State Aid - Library Grant		6,395		6,896
Powell Bill allocation		400,905		390,633
Recreation Grants		715		1,219
On-behalf of payments - Fire		-		6,797
Library grants		4,510		3,465
Fire grants		1,750		-
Police grants		3,156		3,567
	<u>401,760</u>	<u>417,431</u>	<u>15,671</u>	<u>412,577</u>
Permits and fees				
Building permits and inspection fees		390,607		317,802
Fire and Police Dept. fees		20,755		16,412
Public works fees		21,567		5,530
Street department fees		36,146		31,815
	<u>317,800</u>	<u>469,075</u>	<u>151,275</u>	<u>371,559</u>

TOWN OF SOUTHERN PINES

GENERAL FUND

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

For the Year Ended June 30, 2015

With Comparative Actual Amounts for Year Ended June 30, 2014

	2015		Variance favorable (unfavorable)	2014
	Budget	Actual		Actual
REVENUES (Continued)				
Sales and services				
Rents		\$ 316,867		\$ 313,558
Court facilities fees		1,402		2,990
County disposal fee		513,471		477,680
Recreation department fees		211,742		199,375
Library fees		41,971		40,633
Reservoir park usage fees		5,500		5,500
	<u>\$ 1,023,000</u>	<u>1,090,953</u>	<u>\$ 67,953</u>	<u>1,039,736</u>
Investment earnings	<u>16,000</u>	<u>15,664</u>	<u>(336)</u>	<u>16,445</u>
Other				
Cemetery		1,250		1,125
Fire department donations		15,100		45
Fire district revenue		475,277		475,392
Court costs		1,466		3,876
Demolition liens		3,627		3,511
County contribution - fire		47,000		47,000
Miscellaneous		88,620		64,897
	<u>617,200</u>	<u>632,340</u>	<u>15,140</u>	<u>595,846</u>
TOTAL REVENUES	<u>14,184,220</u>	<u>15,513,082</u>	<u>1,328,862</u>	<u>14,196,057</u>
EXPENDITURES				
General government				
Governing body				
Salaries and employee benefits		28,271		28,271
Operating expenditures		74,432		90,608
Professional services		66,026		60,744
Membership dues		14,252		15,274
	<u>210,146</u>	<u>182,981</u>	<u>27,165</u>	<u>194,897</u>
Administration				
Salaries and employee benefits		448,414		791,513
Operating expenditures		92,855		308,394
	<u>593,511</u>	<u>541,269</u>	<u>52,242</u>	<u>1,099,907</u>
Finance				
Salaries and employee benefits		346,386		-
Operating expenditures		212,898		-
	<u>610,165</u>	<u>559,284</u>	<u>50,881</u>	<u>-</u>

**TOWN OF SOUTHERN PINES
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For the Year Ended June 30, 2015
With Comparative Actual Amounts for Year Ended June 30, 2014**

	2015		Variance	2014
	Budget	Actual	favorable (unfavorable)	Actual
EXPENDITURES (Continued)				
General government (Continued)				
Information Technology				
Salaries and employee benefits		\$ 142,816		\$ 137,087
Contract Services		278,352		332,040
Operating expenditures		169,275		164,037
	<u>\$ 685,066</u>	<u>590,443</u>	<u>\$ 94,623</u>	<u>633,164</u>
Administrative chargeback	<u>(1,016,869)</u>	<u>(1,016,869)</u>	<u>-</u>	<u>(974,858)</u>
Public works				
Salaries and employee benefits		347,709		308,665
Operating expenditures		34,171		29,693
Contract services		1,379,490		1,358,424
	<u>1,861,903</u>	<u>1,761,370</u>	<u>100,533</u>	<u>1,696,782</u>
Building and grounds				
Salaries and employee benefits		930,206		880,967
Vehicle maintenance		11,715		11,955
Contract Services		146,305		125,263
Operating expenditures		286,887		309,151
Capital outlay		27,949		123,649
	<u>1,519,938</u>	<u>1,403,062</u>	<u>116,876</u>	<u>1,450,985</u>
Garage				
Salaries and employee benefits		235,887		226,907
Operating expenditures		68,090		55,710
	<u>316,373</u>	<u>303,977</u>	<u>12,396</u>	<u>282,617</u>
Total general government	<u>4,780,233</u>	<u>4,325,517</u>	<u>454,716</u>	<u>4,383,494</u>
Public safety				
Police				
Salaries and employee benefits		2,925,973		2,734,066
Operating expenditures		613,968		608,007
Capital outlay		304,460		120,297
	<u>4,109,227</u>	<u>3,844,401</u>	<u>264,826</u>	<u>3,462,370</u>
Fire				
Salaries and employee benefits		1,646,458		1,630,413
Operating expenditures		276,091		266,628
Capital outlay		490,000		46,930
	<u>2,458,677</u>	<u>2,412,549</u>	<u>46,128</u>	<u>1,943,971</u>

TOWN OF SOUTHERN PINES

GENERAL FUND

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

For the Year Ended June 30, 2015

With Comparative Actual Amounts for Year Ended June 30, 2014

	2015		Variance favorable (unfavorable)	2014
	Budget	Actual		Actual
EXPENDITURES (Continued)				
Public safety (Continued)				
Fire and rescue workers pension fund	\$ -	\$ -	\$ -	\$ 6,797
Total public safety	6,567,904	6,256,950	310,954	5,413,138
Transportation				
Street maintenance				
Salaries and employee benefits		441,794		404,296
Operating expenditures		385,421		382,407
Construction		53,181		-
Paving		206,859		166,361
Contract services		26,749		26,028
Capital outlay		289,690		-
	1,433,009	1,403,694	29,315	979,092
Total transportation	1,433,009	1,403,694	29,315	979,092
Economic and physical development				
Planning and development				
Salaries and employee benefits		596,387		569,284
Contract services		12,839		1,831
Operating expenditures		53,917		72,755
Capital outlay		-		51,742
	676,523	663,143	13,380	695,612
Total economic and physical development	676,523	663,143	13,380	695,612
Cultural and recreational				
Recreation				
Salaries and employee benefits		421,600		418,485
Contract services		44,576		40,083
Operating expenditures		147,671		164,775
Capital outlay		46,213		-
	745,171	660,060	85,111	623,343

TOWN OF SOUTHERN PINES

GENERAL FUND

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

For the Year Ended June 30, 2015

With Comparative Actual Amounts for Year Ended June 30, 2014

	2015		Variance favorable (unfavorable)	2014
	Budget	Actual		Actual
EXPENDITURES (Continued)				
Cultural and recreational (Continued)				
Libraries				
Salaries and employee benefits		\$ 586,997		\$ 574,350
Contract services		37,294		21,034
Operating expenditures		75,141		79,306
Books and periodicals		117,031		115,513
	<u>\$ 889,106</u>	<u>816,463</u>	<u>\$ 72,643</u>	<u>790,203</u>
Total cultural and recreational	<u>1,634,277</u>	<u>1,476,523</u>	<u>157,754</u>	<u>1,413,546</u>
Debt Service				
Principal retirement		625,361		584,425
Interest		153,941		168,465
	<u>786,020</u>	<u>779,302</u>	<u>6,718</u>	<u>752,890</u>
Total debt service	<u>786,020</u>	<u>779,302</u>	<u>6,718</u>	<u>752,890</u>
TOTAL EXPENDITURES	<u>15,877,966</u>	<u>14,905,129</u>	<u>972,837</u>	<u>13,637,772</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(1,693,746)</u>	<u>607,953</u>	<u>2,301,699</u>	<u>558,285</u>
OTHER FINANCING SOURCES (USES):				
Transfers to other funds:				
Capital Projects Funds	(908,300)	(908,300)	-	(770,000)
Installment purchase obligations issued	705,000	703,500	(1,500)	-
Total other financing uses	<u>(203,300)</u>	<u>(204,800)</u>	<u>(1,500)</u>	<u>(770,000)</u>
REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>(1,897,046)</u>	<u>403,153</u>	<u>2,300,199</u>	<u>(211,715)</u>
FUND BALANCE APPROPRIATED	<u>1,897,046</u>	<u>-</u>	<u>(1,897,046)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>403,153</u>	<u>\$ 403,153</u>	<u>(211,715)</u>
FUND BALANCE, BEGINNING OF YEAR, JULY 1		<u>7,878,546</u>		<u>8,090,261</u>
FUND BALANCE, END OF YEAR, JUNE 30		<u>\$ 8,281,699</u>		<u>\$ 7,878,546</u>

NON-MAJOR GOVERNMENTAL FUNDS

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

Individual Fund Descriptions:

Nicks Creek Parkway -- accounts for funds restricted for the future construction of a road extending along Nicks Creek from NC 22 to US 15-501.

Open Space and Greenways – accounts for funds used for the purchase of open space and greenways.

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

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

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

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

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

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

Bike Transport – accounts for funds used for the construction of bike lanes

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

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

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

Downtown Park – accounts for funds used for the renovation of the existing downtown park.

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

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

**TOWN OF SOUTHERN PINES
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2015**

	Capital Projects Funds								
	Nicks Creek Parkway	Open Space and Greenways	Sidewalk Construction	Fiber Optics	Storm Water Improvements	Road Construction	EIDMS	Patrick Road	Bike Transport
ASSETS									
Cash and investments	\$ 71,493	\$ 51,063	\$ 120,857	\$ 79,938	\$ 321,633	\$ 26,247	\$ 347,490	\$ 459,611	\$ 125,395
Sales tax receivable	-	-	2,598	1,095	-	-	2,964	-	-
Accrued Interest	57	41	97	64	257	21	277	367	100
	<u>\$ 71,550</u>	<u>\$ 51,104</u>	<u>\$ 123,552</u>	<u>\$ 81,097</u>	<u>\$ 321,890</u>	<u>\$ 26,268</u>	<u>\$ 350,731</u>	<u>\$ 459,978</u>	<u>\$ 125,495</u>
LIABILITIES AND FUND BALANCE									
LIABILITIES									
Payables	\$ -	\$ -	\$ 93,636	\$ -	\$ -	\$ -	\$ 7,869	\$ -	\$ -
Total Liabilities	<u>-</u>	<u>-</u>	<u>93,636</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,869</u>	<u>-</u>	<u>-</u>
FUND BALANCE									
Nonspendable:									
Perpetual maintenance	-	-	-	-	-	-	-	-	-
Restricted:									
Stabilization by State Statute	57	41	2,695	1,159	257	21	3,241	367	100
Committed:									
Capital Projects	71,493	51,063	27,221	79,938	321,633	26,247	339,621	459,611	125,395
Total fund balance	<u>71,550</u>	<u>51,104</u>	<u>29,916</u>	<u>81,097</u>	<u>321,890</u>	<u>26,268</u>	<u>342,862</u>	<u>459,978</u>	<u>125,495</u>
	<u>\$ 71,550</u>	<u>\$ 51,104</u>	<u>\$ 123,552</u>	<u>\$ 81,097</u>	<u>\$ 321,890</u>	<u>\$ 26,268</u>	<u>\$ 350,731</u>	<u>\$ 459,978</u>	<u>\$ 125,495</u>

**TOWN OF SOUTHERN PINES
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2015**

(cont)

	Capital Projects Funds							Permanent Fund	Total Non-Major Governmental Funds
	Fire Department Substation	Public Safety	Pool Park	Downtown Park	Library HVAC	Unpaved Street	CDBG TYR Tactical	Cemetery Perpetual Care	
ASSETS									
Cash and investments	\$ 368,832	\$ 3,685	\$ 313,603	\$ 50,488	209,912	150,028	89,948	\$ 60,237	\$ 2,850,460
Sales tax receivable	-	-	-	7,074	4,266	-	-	-	17,997
Accrued Interest	295	3	250	40	168	120	72	48	2,277
	<u>\$ 369,127</u>	<u>\$ 3,688</u>	<u>\$ 313,853</u>	<u>\$ 57,602</u>	<u>\$ 214,346</u>	<u>\$ 150,148</u>	<u>\$ 90,020</u>	<u>\$ 60,285</u>	<u>\$ 2,870,734</u>
LIABILITIES AND FUND BALANCE									
LIABILITIES									
Payables	\$ -	\$ -	\$ -	\$ -	\$ 188,287	\$ -	\$ -	\$ -	\$ 289,792
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>188,287</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>289,792</u>
FUND BALANCE									
Nonspendable:									
Perpetual maintenance	-	-	-	-	-	-	-	60,237	60,237
Restricted:									
Stabilization by State Statute	295	3	250	7,114	4,434	120	72	48	20,274
Committed:									
Capital Projects	368,832	3,685	313,603	50,488	21,625	150,028	89,948	-	2,500,431
Total fund balance	<u>369,127</u>	<u>3,688</u>	<u>313,853</u>	<u>57,602</u>	<u>26,059</u>	<u>150,148</u>	<u>90,020</u>	<u>60,285</u>	<u>2,580,942</u>
	<u>\$ 369,127</u>	<u>\$ 3,688</u>	<u>\$ 313,853</u>	<u>\$ 57,602</u>	<u>\$ 214,346</u>	<u>\$ 150,148</u>	<u>\$ 90,020</u>	<u>\$ 60,285</u>	<u>\$ 2,870,734</u>

**TOWN OF SOUTHERN PINES
NON MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - NON MAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2015**

Capital Projects Funds									
	Nicks Creek Parkway	Open Space and Greenways	Sidewalk Construction	Fiber Optics	Storm Water Improvements	Road Construction	EIDMS	Patrick Road	Bike Transport
REVENUES									
Investment earnings	\$ 121	\$ 87	\$ 309	\$ 176	\$ 540	\$ 44	\$ 927	\$ 778	\$ 206
Developer's contributions	-	-	-	-	-	-	-	-	-
Sale of plots	-	-	-	-	-	-	-	-	-
	<u>121</u>	<u>87</u>	<u>309</u>	<u>176</u>	<u>540</u>	<u>44</u>	<u>927</u>	<u>778</u>	<u>206</u>
EXPENDITURES									
General government	-	-	-	33,445	-	-	48,985	-	-
Cultural and recreational	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Transportation	-	-	173,009	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>173,009</u>	<u>33,445</u>	<u>-</u>	<u>-</u>	<u>48,985</u>	<u>-</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>121</u>	<u>87</u>	<u>(172,700)</u>	<u>(33,269)</u>	<u>540</u>	<u>44</u>	<u>(48,058)</u>	<u>778</u>	<u>206</u>
OTHER FINANCING SOURCES (USES)									
Transfers (to)/from:									
EIDMS fund	-	-	-	-	-	-	-	-	-
General fund	-	-	150,000	-	50,000	-	-	-	75,000
Library HVAC	-	-	-	-	-	-	(225,000)	-	-
	<u>-</u>	<u>-</u>	<u>150,000</u>	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>(225,000)</u>	<u>-</u>	<u>75,000</u>
NET CHANGE IN FUND BALANCE	<u>121</u>	<u>87</u>	<u>(22,700)</u>	<u>(33,269)</u>	<u>50,540</u>	<u>44</u>	<u>(273,058)</u>	<u>778</u>	<u>75,206</u>
FUND BALANCE, BEGINNING OF YEAR, JULY 1	<u>71,429</u>	<u>51,017</u>	<u>52,616</u>	<u>114,366</u>	<u>271,350</u>	<u>26,224</u>	<u>615,920</u>	<u>459,200</u>	<u>50,289</u>
FUND BALANCE, END OF YEAR, JUNE 30	<u>\$ 71,550</u>	<u>\$ 51,104</u>	<u>\$ 29,916</u>	<u>\$ 81,097</u>	<u>\$ 321,890</u>	<u>\$ 26,268</u>	<u>\$ 342,862</u>	<u>\$ 459,978</u>	<u>\$ 125,495</u>

**TOWN OF SOUTHERN PINES
NON MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - NON MAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2015**

(con't)

	Capital Projects Funds						Permanent Fund		Total Non-Major Governmental Funds
	Fire Department Substation	Public Safety	Pool Park	Downtown Park	Library HVAC	Unpaved Street	CDBG TYR Tactical	Cemetery Perpetual Care	
REVENUES									
Investment earnings	\$ 622	\$ 106	\$ 533	\$ 200	\$ 80	\$ 148	\$ 20	\$ 100	\$ 4,997
Developer's contributions	-	-	-	-	-	-	90,000	-	90,000
Sale of plots	-	-	-	-	-	-	-	3,149	3,149
	<u>622</u>	<u>106</u>	<u>533</u>	<u>200</u>	<u>80</u>	<u>148</u>	<u>90,020</u>	<u>3,249</u>	<u>98,146</u>
EXPENDITURES									
General government	-	-	-	-	199,021	-	-	-	281,451
Cultural and recreational	-	-	4,153	245,220	-	-	-	-	249,373
Public safety	391,215	112,981	-	-	-	-	-	-	504,196
Transportation	-	-	-	-	-	-	-	-	173,009
	<u>391,215</u>	<u>112,981</u>	<u>4,153</u>	<u>245,220</u>	<u>199,021</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,208,029</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(390,593)</u>	<u>(112,875)</u>	<u>(3,620)</u>	<u>(245,020)</u>	<u>(198,941)</u>	<u>148</u>	<u>90,020</u>	<u>3,249</u>	<u>(1,109,883)</u>
OTHER FINANCING SOURCES (USES)									
Transfers (to)/from:									
EIDMS fund	-	-	-	-	225,000	-	-	-	225,000
General fund	433,300	-	-	50,000	-	150,000	-	-	908,300
Library HVAC	-	-	-	-	-	-	-	-	(225,000)
	<u>433,300</u>	<u>-</u>	<u>-</u>	<u>50,000</u>	<u>225,000</u>	<u>150,000</u>	<u>-</u>	<u>-</u>	<u>908,300</u>
NET CHANGE IN FUND BALANCE	<u>42,707</u>	<u>(112,875)</u>	<u>(3,620)</u>	<u>(195,020)</u>	<u>26,059</u>	<u>150,148</u>	<u>90,020</u>	<u>3,249</u>	<u>(201,583)</u>
FUND BALANCE, BEGINNING OF YEAR, JULY 1	<u>326,420</u>	<u>116,563</u>	<u>317,473</u>	<u>252,622</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>57,036</u>	<u>2,782,525</u>
FUND BALANCE, END OF YEAR, JUNE 30	<u>\$ 369,127</u>	<u>\$ 3,688</u>	<u>\$313,853</u>	<u>\$ 57,602</u>	<u>\$ 26,059</u>	<u>\$ 150,148</u>	<u>\$ 90,020</u>	<u>\$ 60,285</u>	<u>\$ 2,580,942</u>

TOWN OF SOUTHERN PINES
CAPITAL PROJECTS FUND (NICKS CREEK PARKWAY)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
From Inception and for the Year Ended June 30, 2015

	Project Authorization	Actual		Total to date	Variance favorable (unfavorable)
		Prior years	Current year		
REVENUES					
Investment earnings	\$ 14,750	\$ 14,429	\$ 121	\$ 14,550	\$ (200)
	<u>14,750</u>	<u>14,429</u>	<u>121</u>	<u>14,550</u>	<u>(200)</u>
EXPENDITURES					
Transportation Construction	<u>71,750</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>71,750</u>
	<u>71,750</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>71,750</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(57,000)</u>	<u>14,429</u>	<u>121</u>	<u>14,550</u>	<u>71,550</u>
OTHER FINANCING SOURCES					
Land exchange proceeds	<u>57,000</u>	<u>57,000</u>	<u>-</u>	<u>57,000</u>	<u>-</u>
	<u>57,000</u>	<u>57,000</u>	<u>-</u>	<u>57,000</u>	<u>-</u>
REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ 71,429</u>	<u>121</u>	<u>\$ 71,550</u>	<u>\$ 71,550</u>
FUND BALANCE, BEGINNING OF YEAR, JULY 1			<u>71,429</u>		
FUND BALANCE, END OF YEAR, JUNE 30			<u>\$ 71,550</u>		

TOWN OF SOUTHERN PINES
CAPITAL PROJECTS FUND (OPEN SPACE AND GREENWAYS)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
From Inception and for the Year Ended June 30, 2015

	Project Authorization	Actual		Total to date	Variance favorable (unfavorable)
		Prior years	Current year		
REVENUES					
Investment earnings	\$ 9,700	\$ 9,272	\$ 87	\$ 9,359	\$ (341)
	<u>9,700</u>	<u>9,272</u>	<u>87</u>	<u>9,359</u>	<u>(341)</u>
EXPENDITURES					
Cultural and Recreational Construction	135,700	84,255	-	84,255	51,445
	<u>135,700</u>	<u>84,255</u>	<u>-</u>	<u>84,255</u>	<u>51,445</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(126,000)</u>	<u>(74,983)</u>	<u>87</u>	<u>(74,896)</u>	<u>51,104</u>
OTHER FINANCING SOURCES					
Transfers from:					
Capital Projects Fund - Road Construction	126,000	126,000	-	126,000	-
	<u>126,000</u>	<u>126,000</u>	<u>-</u>	<u>126,000</u>	<u>-</u>
REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ 51,017</u>	<u>87</u>	<u>\$ 51,104</u>	<u>\$ 51,104</u>
FUND BALANCE, BEGINNING OF YEAR, JULY 1			<u>51,017</u>		
FUND BALANCE, END OF YEAR, JUNE 30			<u>\$ 51,104</u>		

**TOWN OF SOUTHERN PINES
CAPITAL PROJECTS FUND (SIDEWALK CONSTRUCTION)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
From Inception and for the Year Ended June 30, 2015**

	Project Authorization	Actual		Total to date	Variance favorable (unfavorable)
		Prior years	Current year		
REVENUES					
Investment earnings	\$ 7,325	\$ 7,380	\$ 309	\$ 7,689	\$ 364
	<u>7,325</u>	<u>7,380</u>	<u>309</u>	<u>7,689</u>	<u>364</u>
EXPENDITURES					
Transportation Construction	<u>1,123,837</u>	<u>921,276</u>	<u>173,009</u>	<u>1,094,285</u>	<u>29,552</u>
	<u>1,123,837</u>	<u>921,276</u>	<u>173,009</u>	<u>1,094,285</u>	<u>29,552</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(1,116,512)</u>	<u>(913,896)</u>	<u>(172,700)</u>	<u>(1,086,596)</u>	<u>29,916</u>
OTHER FINANCING SOURCES					
Transfers from: General Fund	<u>1,116,512</u>	<u>966,512</u>	<u>150,000</u>	<u>1,116,512</u>	<u>-</u>
REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ 52,616</u>	<u>(22,700)</u>	<u>\$ 29,916</u>	<u>\$ 29,916</u>
FUND BALANCE, BEGINNING OF YEAR, JULY 1			<u>52,616</u>		
FUND BALANCE, END OF YEAR, JUNE 30			<u>\$ 29,916</u>		

TOWN OF SOUTHERN PINES
CAPITAL PROJECTS FUND (FIBER OPTICS)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
From Inception and for the Year Ended June 30, 2015

	Project Authorization	Actual		Total to date	Variance favorable (unfavorable)
		Prior years	Current year		
REVENUES					
Investment earnings	\$ 17,700	\$ 17,935	\$ 176	\$ 18,111	\$ 411
	<u>17,700</u>	<u>17,935</u>	<u>176</u>	<u>18,111</u>	<u>411</u>
EXPENDITURES					
General Government Construction	543,523	429,392	33,445	462,837	80,686
	<u>543,523</u>	<u>429,392</u>	<u>33,445</u>	<u>462,837</u>	<u>80,686</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(525,823)</u>	<u>(411,457)</u>	<u>(33,269)</u>	<u>(444,726)</u>	<u>81,097</u>
OTHER FINANCING SOURCES					
Transfers from:					
General Fund	152,823	152,823	-	152,823	-
Capital Projects Fund - Police Station	373,000	373,000	-	373,000	-
	<u>525,823</u>	<u>525,823</u>	<u>-</u>	<u>525,823</u>	<u>-</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	<u>\$ -</u>	<u>\$ 114,366</u>	<u>(33,269)</u>	<u>\$ 81,097</u>	<u>\$ 81,097</u>
FUND BALANCE, BEGINNING OF YEAR, JULY 1			<u>114,366</u>		
FUND BALANCE, END OF YEAR, JUNE 30			<u>\$ 81,097</u>		

TOWN OF SOUTHERN PINES
CAPITAL PROJECTS FUND (STORM WATER IMPROVEMENTS)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
From Inception and for the Year Ended June 30, 2015

	Project Authorization	Actual		Total to date	Variance favorable (unfavorable)
		Prior years	Current year		
REVENUES					
Investment earnings	\$ 22,500	\$ 22,350	\$ 540	\$ 22,890	\$ 390
	<u>22,500</u>	<u>22,350</u>	<u>540</u>	<u>22,890</u>	<u>390</u>
EXPENDITURES					
Transportation Construction	321,500	-	-	-	321,500
	<u>321,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>321,500</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(299,000)</u>	<u>22,350</u>	<u>540</u>	<u>22,890</u>	<u>321,890</u>
OTHER FINANCING SOURCES					
Transfers from: General Fund	299,000	249,000	50,000	299,000	-
	<u>299,000</u>	<u>249,000</u>	<u>50,000</u>	<u>299,000</u>	<u>-</u>
REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ 271,350</u>	<u>50,540</u>	<u>\$ 321,890</u>	<u>\$ 321,890</u>
FUND BALANCE, BEGINNING OF YEAR, JULY 1			<u>271,350</u>		
FUND BALANCE, END OF YEAR, JUNE 30			<u>\$ 321,890</u>		

**TOWN OF SOUTHERN PINES
CAPITAL PROJECTS FUND (ROAD CONSTRUCTION)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
From Inception and for the Year Ended June 30, 2015**

	Authorization	Actual		Total to date	Variance favorable (unfavorable)
		Prior years	Current year		
REVENUES					
Investment earnings	\$ -	\$ 350	\$ 44	\$ 394	\$ 394
	<u>-</u>	<u>350</u>	<u>44</u>	<u>394</u>	<u>394</u>
EXPENDITURES					
Transportation					
Construction	25,874	-	-	-	25,874
	<u>25,874</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,874</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(25,874)</u>	<u>350</u>	<u>44</u>	<u>394</u>	<u>26,268</u>
OTHER FINANCING SOURCES					
Transfers from:					
Special Revenue Fund -					
Community Development Block Grant	25,874	25,874	-	25,874	-
	<u>25,874</u>	<u>25,874</u>	<u>-</u>	<u>25,874</u>	<u>-</u>
REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ 26,224</u>	<u>44</u>	<u>\$ 26,268</u>	<u>\$ 26,268</u>
FUND BALANCE, BEGINNING OF YEAR, JULY 1			<u>26,224</u>		
FUND BALANCE, END OF YEAR, JUNE 30			<u>\$ 26,268</u>		

TOWN OF SOUTHERN PINES
CAPITAL PROJECTS FUND (ENTERPRISE INFORMATION AND DOCUMENT MANAGEMENT SYSTEM)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
From Inception and for the Year Ended June 30, 2015

	Project Authorization	Actual		Total to date	Variance favorable (unfavorable)
		Prior years	Current year		
REVENUES					
Investment earnings	\$ 14,200	\$ 13,531	\$ 927	\$ 14,458	\$ 258
	<u>14,200</u>	<u>13,531</u>	<u>927</u>	<u>14,458</u>	<u>258</u>
EXPENDITURES					
General government					
Enterprise Resource Planning	686,200	294,611	48,985	343,596	342,604
	<u>686,200</u>	<u>294,611</u>	<u>48,985</u>	<u>343,596</u>	<u>342,604</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(672,000)</u>	<u>(281,080)</u>	<u>(48,058)</u>	<u>(329,138)</u>	<u>342,862</u>
OTHER FINANCING SOURCES					
Transfers from:					
General Fund	400,000	400,000	-	400,000	-
Capital Projects Fund- Police Station	240,500	240,500	-	240,500	-
Capital Projects Fund- Water and Sewer Fund	256,500	256,500	-	256,500	-
Transfers to:					
Capital Projects Fund- Library HVAC Fund	(225,000)	-	(225,000)	(225,000)	-
	<u>672,000</u>	<u>897,000</u>	<u>(225,000)</u>	<u>672,000</u>	<u>-</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	<u>\$ -</u>	<u>\$ 615,920</u>	<u>(273,058)</u>	<u>\$ 342,862</u>	<u>\$ 342,862</u>
FUND BALANCE, BEGINNING OF YEAR, JULY 1			<u>615,920</u>		
FUND BALANCE, END OF YEAR, JUNE 30			<u>\$ 342,862</u>		

TOWN OF SOUTHERN PINES
CAPITAL PROJECTS FUND (PATRICK ROAD)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
From Inception and for the Year Ended June 30, 2015

	Project Authorization	Actual		Total to date	Variance favorable (unfavorable)
		Prior years	Current year		
REVENUES					
Investment earnings	\$ 38,250	\$ 38,209	\$ 778	\$ 38,987	\$ 737
	<u>38,250</u>	<u>38,209</u>	<u>778</u>	<u>38,987</u>	<u>737</u>
EXPENDITURES					
Transportation Construction	494,241	35,000	-	35,000	459,241
	<u>494,241</u>	<u>35,000</u>	<u>-</u>	<u>35,000</u>	<u>459,241</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(455,991)</u>	<u>3,209</u>	<u>778</u>	<u>3,987</u>	<u>459,978</u>
OTHER FINANCING SOURCES					
Transfers from: Capital Projects Fund- Road Construction	455,991	455,991	-	455,991	-
	<u>455,991</u>	<u>455,991</u>	<u>-</u>	<u>455,991</u>	<u>-</u>
REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ 459,200</u>	<u>778</u>	<u>\$ 459,978</u>	<u>\$ 459,978</u>
FUND BALANCE, BEGINNING OF YEAR, JULY 1			<u>459,200</u>		
FUND BALANCE, END OF YEAR, JUNE 30			<u>\$ 459,978</u>		

TOWN OF SOUTHERN PINES
CAPITAL PROJECTS FUND (BIKE TRANSPORT)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
From Inception and for the Year Ended June 30, 2015

	Project Authorization	Actual		Total to date	Variance favorable (unfavorable)
		Prior years	Current year		
REVENUES					
Investment earnings	\$ -	\$ 450	\$ 206	\$ 656	\$ 656
	<u>-</u>	<u>450</u>	<u>206</u>	<u>656</u>	<u>656</u>
EXPENDITURES					
Cultural and recreational Construction	140,000	15,161	-	15,161	124,839
	<u>140,000</u>	<u>15,161</u>	<u>-</u>	<u>15,161</u>	<u>124,839</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(140,000)</u>	<u>(14,711)</u>	<u>206</u>	<u>(14,505)</u>	<u>125,495</u>
OTHER FINANCING SOURCES					
Transfers from:					
General fund	140,000	65,000	75,000	140,000	-
	<u>140,000</u>	<u>65,000</u>	<u>75,000</u>	<u>140,000</u>	<u>-</u>
REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ 50,289</u>	<u>75,206</u>	<u>\$ 125,495</u>	<u>\$ 125,495</u>
FUND BALANCE, BEGINNING OF YEAR, JULY 1			<u>50,289</u>		
FUND BALANCE, END OF YEAR, JUNE 30			<u>\$ 125,495</u>		

TOWN OF SOUTHERN PINES
CAPITAL PROJECTS FUND (FIRE DEPARTMENT SUBSTATION)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
From Inception and for the Year Ended June 30, 2015

	Project Authorization	Actual		Total to date	Variance favorable (unfavorable)
		Prior years	Current year		
REVENUES					
Investment earnings	\$ 2,886	\$ 2,913	\$ 622	\$ 3,535	\$ 649
	<u>2,886</u>	<u>2,913</u>	<u>622</u>	<u>3,535</u>	<u>649</u>
EXPENDITURES					
Public Safety Construction	<u>796,300</u>	<u>36,606</u>	<u>391,215</u>	<u>427,821</u>	<u>368,479</u>
	<u>796,300</u>	<u>36,606</u>	<u>391,215</u>	<u>427,821</u>	<u>368,479</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(793,414)</u>	<u>(33,693)</u>	<u>(390,593)</u>	<u>(424,286)</u>	<u>369,128</u>
OTHER FINANCING SOURCES					
Transfers from:					
General Fund	433,300	-	433,300	433,300	-
Capital Projects Fund- Police Expansion Fund	<u>360,114</u>	<u>360,113</u>	<u>-</u>	<u>360,113</u>	<u>(1)</u>
	<u>793,414</u>	<u>360,113</u>	<u>433,300</u>	<u>793,413</u>	<u>(1)</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	<u>\$ -</u>	<u>\$ 326,420</u>	42,707	<u>\$ 369,127</u>	<u>\$ 369,127</u>
FUND BALANCE, BEGINNING OF YEAR, JULY 1			<u>326,420</u>		
FUND BALANCE, END OF YEAR, JUNE 30			<u>\$ 369,127</u>		

TOWN OF SOUTHERN PINES
CAPITAL PROJECTS FUND (PUBLIC SAFETY)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
From Inception and for the Year Ended June 30, 2015

	Project Authorization	Actual		Total to date	Variance favorable (unfavorable)
		Prior years	Current year		
REVENUES					
Investment earnings	\$ -	\$ 645	\$ 106	\$ 751	\$ 751
	-	645	106	751	751
EXPENDITURES					
Public Safety Construction	182,500	66,582	112,981	179,563	2,937
	182,500	66,582	112,981	179,563	2,937
REVENUES OVER (UNDER) EXPENDITURES	(182,500)	(65,937)	(112,875)	(178,812)	3,688
OTHER FINANCING SOURCES					
Transfers from: General Fund	182,500	182,500	-	182,500	-
	182,500	182,500	-	182,500	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	\$ -	\$ 116,563	(112,875)	\$ 3,688	\$ 3,688
FUND BALANCE, BEGINNING OF YEAR, JULY 1			116,563		
FUND BALANCE, END OF YEAR, JUNE 30			\$ 3,688		

**TOWN OF SOUTHERN PINES
CAPITAL PROJECTS FUND (POOL PARK)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
From Inception and for the Year Ended June 30, 2015**

	Project Authorization	Actual		Total to date	Variance favorable (unfavorable)
		Prior years	Current year		
REVENUES					
Investment earnings	\$ -	\$ 730	\$ 533	\$ 1,263	\$ 1,263
	<u>-</u>	<u>730</u>	<u>533</u>	<u>1,263</u>	<u>1,263</u>
EXPENDITURES					
Cultural and Recreational Construction	350,000	33,257	4,153	37,410	312,590
	<u>350,000</u>	<u>33,257</u>	<u>4,153</u>	<u>37,410</u>	<u>312,590</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(350,000)</u>	<u>(32,527)</u>	<u>(3,620)</u>	<u>(36,147)</u>	<u>313,853</u>
OTHER FINANCING SOURCES					
Transfers from:					
General Fund	350,000	350,000	-	350,000	-
	<u>350,000</u>	<u>350,000</u>	<u>-</u>	<u>350,000</u>	<u>-</u>
REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ 317,473</u>	<u>(3,620)</u>	<u>\$ 313,853</u>	<u>\$ 313,853</u>
FUND BALANCE, BEGINNING OF YEAR, JULY 1			<u>317,473</u>		
FUND BALANCE, END OF YEAR, JUNE 30			<u>\$ 313,853</u>		

TOWN OF SOUTHERN PINES
CAPITAL PROJECTS FUND (DOWNTOWN PARK)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
From Inception and for the Year Ended June 30, 2015

	Project Authorization	Actual		Total to date	Variance favorable (unfavorable)
		Prior years	Current year		
REVENUES					
Investment earnings	\$ -	\$ 553	\$ 200	\$ 753	\$ 753
	-	553	200	753	753
EXPENDITURES					
Cultural and Recreational Construction	365,000	62,931	245,220	308,151	56,849
	365,000	62,931	245,220	308,151	56,849
REVENUES OVER (UNDER) EXPENDITURES	(365,000)	(62,378)	(245,020)	(307,398)	57,602
OTHER FINANCING SOURCES					
Transfers from:					
General Fund	365,000	315,000	50,000	365,000	-
	365,000	315,000	50,000	365,000	-
REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	\$ -	\$ 252,622	(195,020)	\$ 57,602	\$ 57,602
FUND BALANCE, BEGINNING OF YEAR, JULY 1			252,622		
FUND BALANCE, END OF YEAR, JUNE 30			\$ 57,602		

**TOWN OF SOUTHERN PINES
CAPITAL PROJECTS FUND (LIBRARY HVAC)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
From Inception and for the Year Ended June 30, 2015**

	Project Authorization	Actual		Total to date	Variance favorable (unfavorable)
		Prior years	Current year		
REVENUES					
Investment earnings	\$ -	\$ -	\$ 80	\$ 80	\$ 80
	-	-	80	80	80
EXPENDITURES					
General Government Construction	225,000	-	199,021	199,021	25,979
	225,000	-	199,021	199,021	25,979
REVENUES OVER (UNDER) EXPENDITURES	(225,000)	-	(198,941)	(198,941)	26,059
OTHER FINANCING SOURCES					
Transfers from: EIDMS Software Fund	225,000	-	225,000	225,000	-
	225,000	-	225,000	225,000	-
REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	\$ -	\$ -	26,059	\$ 26,059	\$ 26,059
FUND BALANCE, BEGINNING OF YEAR, JULY 1			-		
FUND BALANCE, END OF YEAR, JUNE 30			\$ 26,059		

TOWN OF SOUTHERN PINES
CAPITAL PROJECTS FUND (UNPAVED STREET)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
From Inception and for the Year Ended June 30, 2015

	Project Authorization	Actual		Total to date	Variance favorable (unfavorable)
		Prior years	Current year		
REVENUES					
Investment earnings	\$ -	\$ -	\$ 148	\$ 148	\$ 148
	-	-	148	148	148
EXPENDITURES					
General Government			-		
Construction	150,000	-	-	-	150,000
	150,000	-	-	-	150,000
REVENUES OVER (UNDER) EXPENDITURES	(150,000)	-	148	148	150,148
OTHER FINANCING SOURCES					
Transfers from:					
General Fund	150,000	-	150,000	150,000	-
	150,000	-	150,000	150,000	-
REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	\$ -	\$ -	150,148	\$ 150,148	\$ 150,148
FUND BALANCE, BEGINNING OF YEAR, JULY 1			-		
FUND BALANCE, END OF YEAR, JUNE 30			\$ 150,148		

TOWN OF SOUTHERN PINES
CAPITAL PROJECTS FUND (CDBG TYR TACTICAL)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
From Inception and for the Year Ended June 30, 2015

	Project Authorization	Actual		Total to date	Variance favorable (unfavorable)
		Prior years	Current year		
REVENUES					
Grant Proceeds	\$ 270,000	\$ -	\$ -	\$ -	\$ (270,000)
Developer's Contributions	90,000	-	90,000	90,000	-
Investment earnings	-	-	20	20	20
	<u>360,000</u>	<u>-</u>	<u>90,020</u>	<u>90,020</u>	<u>(269,980)</u>
EXPENDITURES					
General Government					
Grant Administration	15,000	-	-	-	15,000
Construction	<u>345,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>345,000</u>
	<u>360,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>360,000</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>90,020</u>	<u>90,020</u>	<u>90,020</u>
FUND BALANCE, BEGINNING OF YEAR, JULY 1			<u>-</u>		
FUND BALANCE, END OF YEAR, JUNE 30			<u>\$ 90,020</u>		

TOWN OF SOUTHERN PINES
PERMANENT FUND (CEMETERY PERPETUAL CARE FUND)
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
For the Year Ended June 30, 2015
With Comparative Actual Amounts for Year Ended June 30, 2014

	2015		Variance favorable (unfavorable)	2014
	Budget	Actual		Actual
REVENUES				
Investment earnings	\$ 10,750	\$ 100	\$ (10,650)	\$ 109
Sale of plots	47,750	3,149	(44,601)	2,675
Total revenues	58,500	3,249	(55,251)	2,784
EXPENDITURES				
Reserved for future expense	58,500	-	58,500	-
REVENUES OVER EXPENDITURES	\$ -	3,249	\$ 3,249	2,784
FUND BALANCE, BEGINNING OF YEAR, JULY 1		57,036		54,252
FUND BALANCE, END OF YEAR, JUNE 30		\$ 60,285		\$ 57,036

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

WATER AND SEWER FUND

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

For the Year Ended June 30, 2015

With Comparative Actual Amounts for Year Ended June 30, 2014

	2015		Variance favorable (unfavorable)	2014
	Budget	Actual		Actual
REVENUES				
Operating revenues				
Charges for services				
Water sales		\$ 4,479,401		\$ 4,353,088
Sewer sales		2,263,372		2,201,173
Service charges		134,228		104,988
Miscellaneous operating revenue		214,573		193,923
Total operating revenues	\$ 6,249,400	7,091,574	\$ 842,174	6,853,172
Nonoperating revenues				
Impact fees		172,376		179,062
Investment earnings		9,511		9,515
BAB interest rebate		13,274		29,282
Gain on disposal of capital assets		48,729		28,213
	34,646	243,890	209,244	246,072
Total revenues	6,284,046	7,335,464	1,051,418	7,099,244
EXPENDITURES				
Billings and collections				
Salaries and employee benefits		281,622		281,897
Contracted services		41,152		18,233
Other departmental expenditures		104,534		113,140
	449,665	427,308	22,357	413,270
Water treatment				
Contractual services		605,473		942,307
Utilities		320,674		343,062
Other departmental expenditures		369,258		49,100
	1,338,450	1,295,405	43,045	1,334,469
Sewage treatment				
Contractual services	1,560,000	1,529,221	30,779	1,452,231
Water extensions and maintenance				
Salaries and employee benefits		331,758		300,575
Contractual services		9,805		22,276
Supplies		151,976		147,560
Other departmental expenditures		71,821		74,257
	767,154	565,360	201,794	544,668

**TOWN OF SOUTHERN PINES
WATER AND SEWER FUND
SCHEDULE OF REVENUE AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
For the Year Ended June 30, 2015
With Comparative Actual Amounts for Year Ended June 30, 2014**

	2015		Variance favorable (unfavorable)	2014
	Budget	Actual		Actual
EXPENDITURES (Continued)				
Sewer extensions and maintenance				
Salaries and employee benefits		\$ 320,474		\$ 389,270
Contractual services		72,297		97,410
Supplies		93,340		57,870
Other departmental expenditures		164,147		155,266
	<u>\$ 855,701</u>	<u>650,258</u>	<u>\$ 205,443</u>	<u>699,816</u>
Chargeout for administrative expenses	<u>1,016,869</u>	<u>1,016,869</u>	<u>-</u>	<u>974,858</u>
Total	<u>5,987,839</u>	<u>5,484,421</u>	<u>503,418</u>	<u>5,419,312</u>
Budgetary appropriations				
Interest	105,178	111,218	(6,040)	119,078
Debt principal	486,619	486,619	-	472,719
Capital outlay	60,000	69,341	(9,341)	169,575
	<u>651,797</u>	<u>667,178</u>	<u>(15,381)</u>	<u>761,372</u>
Total expenditures	<u>6,639,636</u>	<u>6,151,599</u>	<u>488,037</u>	<u>6,180,684</u>
REVENUES OVER (UNDER) EXPENDITURES	(355,590)	1,183,865	1,539,455	918,560
APPROPRIATED RETAINED EARNINGS	<u>355,590</u>	<u>-</u>	<u>(355,590)</u>	<u>-</u>
REVENUES AND APPROPRIATED RETAINED EARNINGS OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>\$ -</u>	<u>\$ 1,183,865</u>	<u>\$ 1,183,865</u>	<u>\$ 918,560</u>

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

Page 3 of 3

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

For the Year Ended June 30, 2015

With Comparative Actual Amounts for Year Ended June 30, 2014

	<u>2015</u>	<u>2014</u>
REVENUES OVER EXPENDITURES	\$ 1,183,865	\$ 918,560
RECONCILING ITEMS:		
Principal retirement	486,619	472,719
Capital outlay	69,341	169,575
Depreciation and amortization	(1,384,603)	(1,209,477)
Deferred outflows of resources for change in proportion and differences in employer contributions and proportionate share of contributions	4,294	-
Deferred outflows of resources for contributions made to pension plan in current fiscal year	50,723	-
Pension expense	(44,581)	-
Interest earnings on Water and Sewer Capital Projects Fund	3,469	4,869
Developer's contributions	223,462	207,567
Intangible contributions	38,105	118,342
	<u>(553,171)</u>	<u>(236,405)</u>
CHANGE IN NET POSITION	<u>\$ 630,694</u>	<u>\$ 682,155</u>

**TOWN OF SOUTHERN PINES
WATER AND SEWER CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
From Inception and for the Year Ended June 30, 2015**

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance favorable (unfavorable)
REVENUES					
Grant proceeds	\$ 582,950	\$ 561,332	\$ -	\$ 561,332	\$ (21,618)
Investment earnings	12,391	4,867	3,469	8,336	(4,055)
Developer's contributions	394,616	398,032	-	398,032	3,416
TOTAL REVENUES	989,957	964,231	3,469	967,700	(22,257)
EXPENDITURES					
Commercial park project	811,666	791,960	-	791,960	19,706
Morganton road	257,568	150	257,418	257,568	-
Automatic meter reading	1,844,579	1,675,651	168,928	1,844,579	-
Village project	165,900	151,950	-	151,950	13,950
Water/sewer improvements II	1,899,400	61,236	86,587	147,823	1,751,577
TOTAL EXPENDITURES	4,979,113	2,680,947	512,933	3,193,880	1,785,233
REVENUES OVER (UNDER) EXPENDITURES	(3,989,156)	(1,716,716)	(509,464)	(2,226,180)	1,762,976
OTHER FINANCING SOURCES (USES)					
Issuance of debt	1,600,000	1,600,000	-	1,600,000	-
Transfer to:					
Water/sewer improvements II	(257,812)	-	(257,812)	(257,812)	-
Morganton road	(57,568)	-	(57,568)	(57,568)	-
Transfers from:					
Raw water reservoir	788,580	788,580	-	788,580	-
Auto meter reading	257,812	-	257,812	257,812	-
Water/sewer improvements I	1,400,576	1,400,576	-	1,400,576	-
Water/sewer improvements II	57,568	-	57,568	57,568	-
Water & Sewer Fund	200,000	200,000	-	200,000	-
Total other financing sources	3,989,156	3,989,156	-	3,989,156	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	\$ -	\$ 2,272,440	\$ (509,464)	\$ 1,762,976	\$ 1,762,976

AGENCY FUND

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

Individual Fund Descriptions:

Agency Fund:

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

TOWN OF SOUTHERN PINES
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
For the Year Ended June 30, 2015

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2015</u>
Cafeteria Plan				
ASSETS				
Cash and investments	\$ 22,319	\$ 307,646	\$ 297,521	\$ 32,444
Accrued interest	40	26	40	26
	<u>\$ 22,359</u>	<u>\$ 307,672</u>	<u>\$ 297,561</u>	<u>\$ 32,470</u>
LIABILITIES				
Miscellaneous liabilities	<u>\$ 22,359</u>	<u>\$ 307,672</u>	<u>\$ 297,561</u>	<u>\$ 32,470</u>

CAPITAL ASSETS OF GOVERNMENTAL FUNDS

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

TOWN OF SOUTHERN PINES
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
June 30, 2015

	Land	Buildings and Improvements	Other Improvements	Machinery and equipment	Vehicles and motorized equipment	Furniture, fixtures, and other equipment	Infrastructure	Construction and Intangibles In Progress	Total
General government	\$ 10,696,146	\$ 2,330,498	\$ 2,066,519	\$ 312,671	\$ 475,545	\$ 358,567	\$ -	\$ 1,005,455	\$ 17,245,401
Public safety	1,070,553	8,015,770	842,362	94,613	3,748,104	772,863	-	607,385	15,151,650
Transportation	-	32,385	8,265	-	542,160	443,766	11,565,981	1,129,285	13,721,842
Economic and physical development	43,850	71,896	-	-	120,029	-	-	-	235,775
Cultural and recreational	36,102	4,613,234	1,549,140	-	133,923	59,582	-	444,977	6,836,958
Total governmental funds capital assets	<u>\$ 11,846,651</u>	<u>\$ 15,063,783</u>	<u>\$ 4,466,286</u>	<u>\$ 407,284</u>	<u>\$ 5,019,761</u>	<u>\$ 1,634,778</u>	<u>\$ 11,565,981</u>	<u>\$ 3,187,102</u>	<u>\$ 53,191,626</u>

Note: Amounts presented above exclude accumulated depreciation.

TOWN OF SOUTHERN PINES
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
For the Year Ended June 30, 2015

	Balance July 1, 2014	Additions and Transfers in	Disposals and Transfers out	Balance June 30, 2015
General government	\$ 16,899,244	\$ 346,157	\$ -	\$ 17,245,401
Public safety	14,073,100	1,298,657	(220,107)	15,151,650
Transportation	13,370,595	496,453	(145,206)	13,721,842
Economic and physical development	235,775	-	-	235,775
Cultural and recreational	<u>6,564,375</u>	<u>295,583</u>	<u>(23,000)</u>	<u>6,836,958</u>
Total governmental funds capital assets	<u>\$ 51,143,089</u>	<u>\$ 2,436,850</u>	<u>\$ (388,313)</u>	<u>\$ 53,191,626</u>

Note: Amounts presented above exclude accumulated depreciation.

TOWN OF SOUTHERN PINES
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
For the Year Ended June 30, 2015

	Uncollected Balance July 1, 2014	Additions	Collections and Credits	Uncollected Balance June 30, 2015
2014-2015	\$ -	\$ 8,399,348	\$ 8,380,020	\$ 19,328
2013-2014	26,815	-	15,938	10,877
2012-2013	15,184	-	6,038	9,146
2011-2012	10,589	-	3,518	7,071
2010-2011	7,267	-	1,611	5,656
2009-2010	6,358	-	524	5,834
2008-2009	5,493	-	374	5,119
2007-2008	4,770	-	92	4,678
2006-2007	14,368	-	362	14,006
2005-2006	8,085	-	346	7,739
2004-2005	4,325	-	4,325	-
	<u>\$ 103,254</u>	<u>\$ 8,399,348</u>	<u>\$ 8,413,148</u>	89,454
Less allowance for uncollected taxes receivable General fund				<u>(27,581)</u>
Ad valorem taxes receivable, net				<u>\$ 61,873</u>
Reconcilement with revenue:				
Taxes				\$ 8,428,787
Penalties and interest				(22,245)
Refunds				727
Taxes written off				4,163
Other adjustments				<u>1,716</u>
Total collections and credits				<u>\$ 8,413,148</u>

**TOWN OF SOUTHERN PINES
ANALYSIS OF CURRENT TAX LEVY
For the Year Ended June 30, 2015**

	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:	\$ 2,125,439,107	\$ 0.37	\$ 7,864,128	\$ 7,864,128	\$ -
Penalties	-		2,892	2,892	-
	<u>2,125,439,107</u>		<u>7,867,020</u>	<u>7,867,020</u>	<u>-</u>
Discoveries:					
Adjustments at current year's rate	147,617,550	0.37	541,232	93,155	448,077
Adjustments at prior year's rate	<u>574,840</u>	<u>0.37</u>	<u>225</u>	<u>178</u>	<u>47</u>
Total	2,273,631,497		8,408,477	7,960,353	448,124
Abatements:					
Current year's rate	<u>(2,355,516)</u>	0.37	<u>(9,129)</u>	<u>(8,868)</u>	<u>(261)</u>
TOTAL PROPERTY VALUATION	<u>\$ 2,271,275,981</u>				
Net levy			8,399,348	7,951,485	447,863
Uncollected taxes at June 30, 2015			<u>19,328</u>	<u>19,160</u>	<u>168</u>
Current year's taxes collected			<u>\$ 8,380,020</u>	<u>\$ 7,932,325</u>	<u>\$ 447,695</u>
Percent of current year taxes collected			<u>99.77%</u>	<u>99.76%</u>	<u>99.96%</u>

TOWN OF SOUTHERN PINES
SCHEDULE OF INTERFUND TRANSFERS
Year Ended June 30, 2015

	<u>Transfer from Fund</u>	
	<u>Major Governmental</u>	
<u>Transfers to Fund</u>	<u>General Fund</u>	<u>Total</u>
Governmental: Non-Major Funds	\$ 908,300	\$ 908,300
Business-Type: Major Funds	-	-
Total	<u>\$ 908,300</u>	<u>\$ 908,300</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.

FINANCIAL TRENDS INFORMATION

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

Table 1

	2006	2007	2008	2009	2010
Governmental Activities					
Net Investment in Capital Assets	\$ 24,905,903	\$ 26,203,921	\$ 27,637,028	\$ 26,349,353	\$ 29,678,651
Restricted	5,742,934	4,480,356	5,800,666	5,844,156	3,723,300
Unrestricted	4,187,841	5,556,822	4,839,735	6,350,644	5,465,135
Total Governmental Activities Net Position	34,836,678	36,241,099	38,277,429	38,544,153	38,867,086
Business-type Activities					
Net Investment in Capital Assets	27,293,907	28,224,160	29,842,062	30,955,704	32,039,888
Restricted	-	-	-	-	-
Unrestricted	5,082,649	5,758,921	6,975,786	7,152,347	7,333,724
Total Business-type Activities Net Position	32,376,556	33,983,081	36,817,848	38,108,051	39,373,612
Primary Government					
Net Investment in Capital Assets	52,199,810	54,428,081	57,479,090	57,305,057	61,718,539
Restricted	5,742,934	4,480,356	5,800,666	5,844,156	3,723,300
Unrestricted	9,270,490	11,315,743	11,815,521	13,502,991	12,798,859
Total primary Government Net Position	\$ 67,213,234	\$ 70,224,180	\$ 75,095,277	\$ 76,652,204	\$ 78,240,698

Notes:

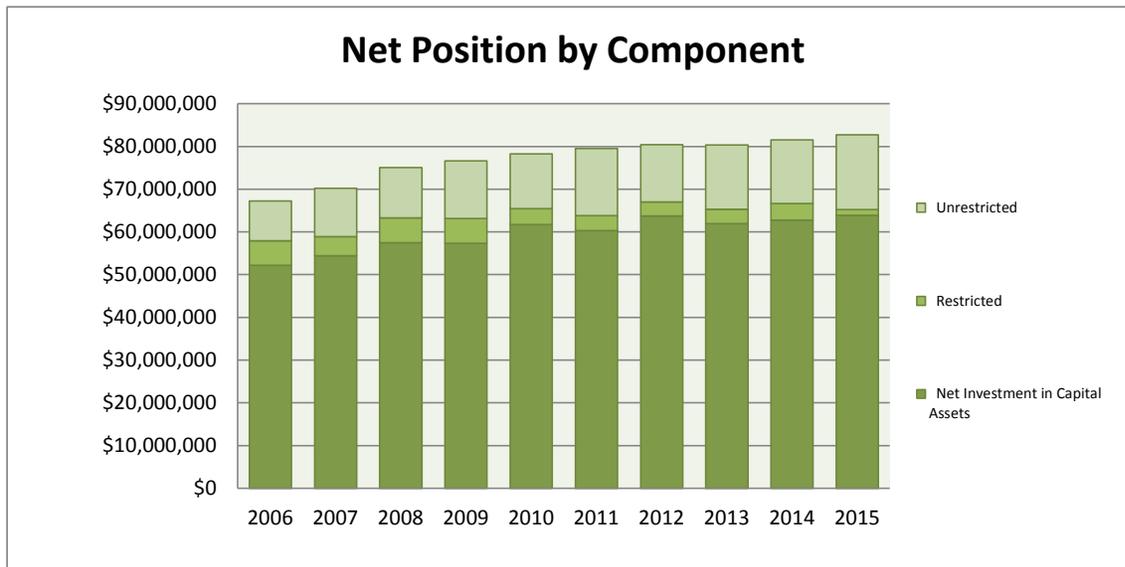
This table was prepared using the accrual basis of accounting.

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

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

**Table 1
(con't)**

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



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

Table 2

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental activities:										
General Government	\$ 3,234,465	\$ 3,409,836	\$ 3,616,005	\$ 4,023,204	\$ 4,539,958	\$ 4,630,400	\$ 4,473,362	\$ 4,561,092	\$ 4,436,854	\$ 4,365,033
Public Safety	3,872,906	4,190,726	4,451,595	4,676,145	4,751,887	5,118,600	5,478,090	5,468,061	5,670,709	5,782,880
Transportation	1,301,081	1,305,999	1,365,948	1,821,185	1,593,589	1,436,648	1,441,791	1,574,115	1,338,289	1,463,609
Economic and Physical Development	409,535	521,189	616,011	791,424	667,356	956,340	722,591	690,132	649,207	653,371
Cultural and Recreation	1,555,104	1,586,789	1,733,563	1,820,968	1,587,332	1,549,640	1,542,961	1,583,940	1,543,440	1,533,579
Interest on Long Term Debt	11,952	24,183	14,989	177,670	225,648	212,328	199,536	183,766	165,401	153,216
Total Governmental Activities Expense	10,385,043	11,038,722	11,798,111	13,310,596	13,365,770	13,903,956	13,858,331	14,061,106	13,803,900	13,951,688
Total Business-Type Activity - Water and Sewer	4,089,521	4,435,308	4,649,136	5,214,994	5,783,760	6,056,432	6,390,539	6,461,289	6,747,867	6,969,806
TOTAL PRIMARY GOVERNMENT EXPENSES	\$ 14,474,564	\$ 15,474,030	\$ 16,447,247	\$ 18,525,590	\$ 19,149,530	\$ 19,960,388	\$ 20,248,870	\$ 20,522,395	\$ 20,551,767	\$ 20,921,494
Program revenues										
Governmental activities:										
Charges for Services										
General Governmental	\$ 354,292	\$ 396,096	\$ 452,649	\$ 673,830	\$ 830,364	\$ 840,476	\$ 853,392	\$ 865,514	\$ 797,893	\$ 853,155
Public Safety	390,331	390,343	500,431	509,706	493,485	501,715	507,750	522,653	502,252	501,768
Transportation	9,779	7,948	7,261	8,775	14,531	14,138	24,493	27,628	31,815	36,146
Economic and Physical Development	342,140	315,976	302,147	221,168	263,420	258,908	292,230	351,236	324,378	403,127
Cultural and Recreation	195,230	203,448	205,893	204,524	219,856	252,066	246,731	230,503	245,508	259,213
Cemetery	2,500	3,775	2,700	3,425	2,525	1,476	3,475	1,750	2,675	3,149
Operating Grants and Contributions										
General Governmental	17,142	159,492	42,514	90,726	67,145	55,392	49,114	42,953	50,933	50,577
Public Safety	72,249	42,826	29,578	9,611	65,701	180,566	335,492	20,382	10,759	20,331
Transportation	416,972	400,518	452,161	408,346	365,427	372,100	373,770	384,761	390,633	490,905
Cultural and Recreation	19,310	12,298	11,801	12,954	50,656	63,951	10,857	10,780	11,625	11,770
Capital Grants and Contributions										
General Governmental	239,701	564,979	799,568	385,574	22,960	36,130	367,474	-	-	-
Public Safety	-	-	-	-	35,700	46,626	-	-	-	-
Economic and Physical Development	-	-	-	-	-	340,000	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	82,049	33,749
Total Governmental Activities Program Revenues	2,059,646	2,497,699	2,806,703	2,528,639	2,431,770	2,963,544	3,064,778	2,458,160	2,450,520	2,663,890
Business-type Activity - Water and Sewer										
Charges for Services	4,481,797	4,880,712	5,481,535	5,440,474	6,093,301	6,468,773	6,132,490	6,334,083	7,032,234	7,091,574
Capital Grants and Contributions	379,848	899,119	1,727,424	878,600	1,114,990	605,535	524,399	114,981	325,909	261,567
Total Business Activity Program Revenues	4,861,645	5,779,831	7,208,959	6,319,074	7,208,291	7,074,308	6,656,889	6,449,064	7,358,143	7,353,141
TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES	\$ 6,921,291	\$ 8,277,530	\$ 10,015,662	\$ 8,847,713	\$ 9,640,061	\$ 10,037,852	\$ 9,721,667	\$ 8,907,224	\$ 9,808,663	\$ 10,017,031
Net Revenue (Expense)										
Governmental activities	\$ (8,325,397)	\$ (8,541,023)	\$ (8,991,408)	\$ (10,781,957)	\$ (10,934,000)	\$ (10,940,412)	\$ (10,793,553)	\$ (11,602,946)	\$ (11,353,380)	\$ (11,287,798)
Business-type activity	772,124	1,344,523	2,559,823	1,104,080	1,424,531	1,017,876	266,350	(12,225)	610,276	383,335
TOTAL PRIMARY GOVERNMENT NET EXPENSE	\$ (7,553,273)	\$ (7,196,500)	\$ (6,431,585)	\$ (9,677,877)	\$ (9,509,469)	\$ (9,922,536)	\$ (10,527,203)	\$ (11,615,171)	\$ (10,743,104)	\$ (10,904,463)

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

**Table 2
(con't)**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Ad Valorem Taxes	\$ 5,357,867	\$ 5,739,695	\$ 6,640,605	\$ 7,065,786	\$ 7,236,466	\$ 7,334,480	\$ 7,492,189	\$ 7,686,625	\$ 7,867,525	\$ 8,415,626
Alcoholic Beverage Tax	108,525	107,746	102,028	103,214	94,236	100,423	102,767	126,165	130,144	120,790
Franchise Taxes	-	-	652,800	739,237	737,932	741,169	724,017	705,527	748,619	988,840
Unrestricted Intergovernmental	3,377,304	3,513,520	3,017,903	2,758,140	2,749,947	2,817,894	2,838,253	2,944,945	2,956,816	3,257,298
Investment Earnings	411,382	555,046	495,007	249,154	109,546	51,884	40,750	27,625	22,239	20,661
Miscellaneous Revenue	68,124	28,187	119,395	133,350	47,231	91,648	102,699	90,090	99,493	94,977
Gain (Loss) on Disposal/Transfer of Capital Assets	-	-	-	-	24,875	29,554	11,445	(35,204)	17,335	47,607
Transfers	-	1,250	-	-	256,500	-	-	-	-	-
Total Governmental Activities	9,323,202	9,945,444	11,027,738	11,048,881	11,256,733	11,167,052	11,312,120	11,545,773	11,842,171	12,945,799
Business Type Activity										
Investment Earnings	174,593	245,894	250,211	139,023	65,120	43,368	87,363	50,237	43,666	26,254
Gain (Loss) on Disposal/Transfer of Capital Assets	-	13,274	-	5,205	13,829	-	-	(77,742)	28,213	48,729
Miscellaneous Revenue	(8,065)	4,084	24,733	41,895	18,581	22,581	5,901	8,216	-	172,376
Transfers	-	(1,250)	-	-	(256,500)	-	-	-	-	-
Total Business Type Activity	166,528	262,002	274,944	186,123	(158,970)	65,949	93,264	(19,289)	71,879	247,359
TOTAL PRIMARY GOVERNMENT GENERAL REVENUES AND OTHER CHANGES IN NET POSITION	\$ 9,489,730	\$ 10,207,446	\$ 11,302,682	\$ 11,235,004	\$ 11,097,763	\$ 11,233,001	\$ 11,405,384	\$ 11,526,484	\$ 11,914,050	\$ 13,193,158
Change in Net Position										
Governmental Activities	\$ 997,805	\$ 1,404,421	\$ 2,036,330	\$ 266,924	\$ 322,733	\$ 226,640	\$ 518,567	\$ (57,173)	\$ 488,791	\$ 1,658,001
Business-type Activity	938,652	1,606,525	2,834,767	1,290,203	1,265,561	1,083,825	359,614	(31,514)	682,155	630,694
TOTAL PRIMARY GOVERNMENT CHANGE IN NET POSITION	\$ 1,936,457	\$ 3,010,946	\$ 4,871,097	\$ 1,557,127	\$ 1,588,294	\$ 1,310,465	\$ 878,181	\$ (88,687)	\$ 1,170,946	\$ 2,288,695

Note:

This table was prepared using the accrual basis of accounting.

TOWN OF SOUTHERN PINES
FUND BALANCES, GOVERNMENTAL FUNDS ^{(1), (2)}
Last Ten Fiscal Years

Table 3

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Fund					
Non spendable	\$ 51,371	\$ 55,840	\$ 50,916	\$ 48,431	\$ 49,665
Restricted	1,061,610	1,167,583	1,130,360	1,108,514	1,165,344
Assigned	999,466	1,477,239	2,312,493	1,880,398	1,413,349
Unassigned	<u>4,322,040</u>	<u>4,492,831</u>	<u>4,978,986</u>	<u>4,941,658</u>	<u>4,800,914</u>
Total General Fund	<u>\$ 6,434,487</u>	<u>\$ 7,193,493</u>	<u>\$ 8,472,755</u>	<u>\$ 7,979,001</u>	<u>\$ 7,429,272</u>
All Other Governmental Funds					
Non spendable	\$ 29,916	\$ 35,366	\$ 39,681	\$ 44,009	\$ 46,999
Restricted	39,275	146,406	18,492	79,500	135,679
Committed	<u>3,871,723</u>	<u>3,131,001</u>	<u>2,603,637</u>	<u>4,612,133</u>	<u>2,377,272</u>
Total All Other Governmental Funds	<u>\$ 3,940,914</u>	<u>\$ 3,312,773</u>	<u>\$ 2,661,810</u>	<u>\$ 4,735,642</u>	<u>\$ 2,559,950</u>

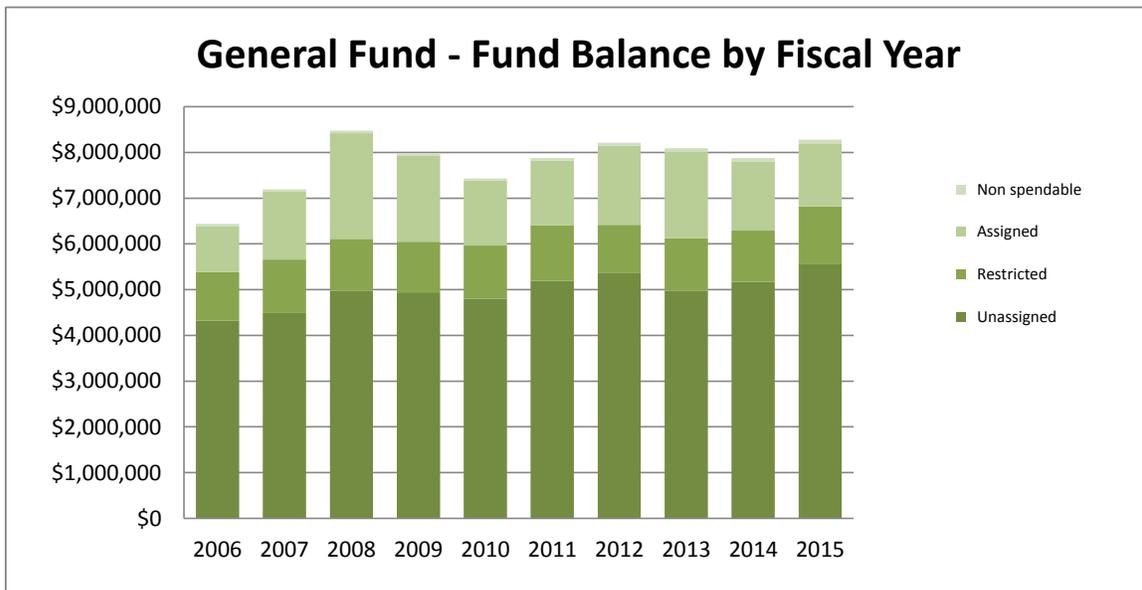
⁽¹⁾ This table was prepared using the modified accrual basis of accounting.

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

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

Table 3
(con't)

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



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

Table 4

	2006	2007	2008	2009	2010
REVENUES					
Ad Valorem Taxes	\$ 5,368,600	\$ 5,723,821	\$ 6,647,580	\$ 7,061,426	\$ 7,235,515
Other Taxes and Licenses	313,068	284,209	354,155	359,724	369,932
Unrestricted Intergovernmental	3,232,429	3,386,298	3,470,473	3,290,432	3,236,089
Restricted Intergovernmental	438,358	432,483	474,260	457,268	500,288
Permits and Fees	376,835	360,075	353,271	241,842	309,678
Sales and Services	531,997	553,902	638,939	869,899	1,036,689
Investment Earnings	411,384	555,046	495,009	249,154	109,546
Grant Proceeds	3,000	117,000	-	-	-
Developers Contributions	234,083	381,620	783,034	377,699	(10,391)
Other	502,579	493,691	612,556	639,165	622,814
TOTAL REVENUES	11,412,333	12,288,145	13,829,277	13,546,609	13,410,160
EXPENDITURES					
Current:					
General Government	3,130,199	3,299,983	3,499,763	3,846,334	4,603,940
Public Safety	3,658,260	3,907,353	4,197,139	4,403,315	4,800,342
Transportation	909,276	920,422	977,346	1,398,167	1,351,346
Economic and Physical Development	399,600	511,156	609,260	785,403	665,165
Cultural and Recreational	1,400,245	1,437,678	1,566,740	1,659,736	1,456,068
Debt Service:					
Principal	65,786	134,913	139,494	360,897	582,459
Interest	11,952	20,562	15,983	132,472	236,677
Capital Outlay	1,649,584	1,926,463	2,195,253	5,880,207	2,696,084
TOTAL EXPENDITURES	11,224,902	12,158,530	13,200,978	18,466,531	16,392,081
REVENUES OVER (UNDER) EXPENDITURES	187,431	129,615	628,299	(4,919,922)	(2,981,921)
OTHER FINANCING SOURCES (USES)					
Issuance of Debt	710,000	-	-	6,500,000	-
Transfers From Other Funds	118,360	1,250	1,356,066	194,045	1,122,944
Transfers to Other funds	(118,360)	-	(1,356,066)	(194,045)	(866,444)
TOTAL OTHER FINANCING SOURCES (USES)	710,000	1,250	-	6,500,000	256,500
NET CHANGE IN FUND BALANCE	897,431	130,865	628,299	1,580,078	(2,725,421)
FUND BALANCE - Beginning of Year	9,477,970	10,375,401	10,506,266	11,134,565	12,714,643
FUND BALANCE - End of Year	\$ 10,375,401	\$ 10,506,266	\$ 11,134,565	\$ 12,714,643	\$ 9,989,222
Debt Service as a percentage of non-capital expenditures	0.8%	1.5%	1.4%	3.9%	6.4%

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

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

**Table 4
(con't)**

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

REVENUE CAPACITY INFORMATION

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

Table 5

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

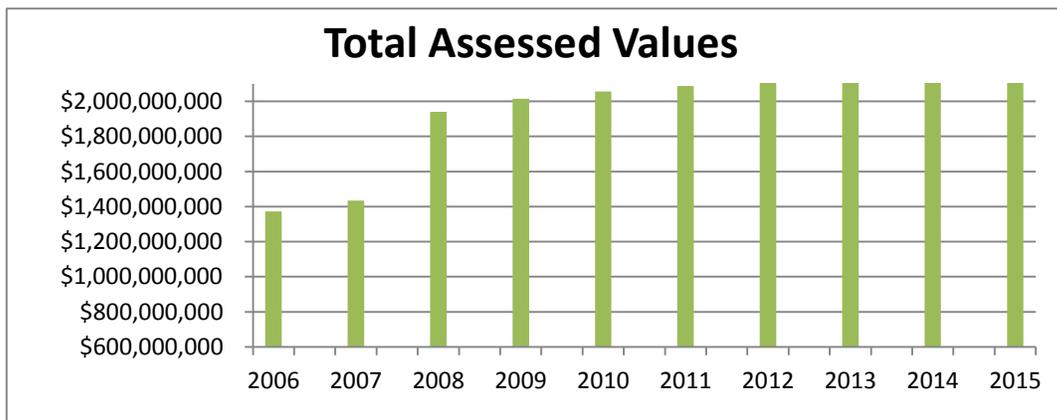
NOTES:

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

⁽²⁾ Includes vehicles.

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

⁽⁴⁾ A revaluation of all property is required at least every eight years by North Carolina General Statutes. The tax rate was adjusted during the fiscal year ended June 30, 2008 to reflect the revaluation of taxable property.



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

Table 6

Fiscal Year	Tax Year	Town of Southern Pines			Overlapping Rate
		Operating Millage	Debt Service Millage	Total Town Millage	County of Moore ⁽¹⁾
2006	2005	0.39	-	0.39	0.495
2007	2006	0.40	-	0.40	0.495
2008	2007	0.34	-	0.34	0.475
2009	2008	0.35	-	0.35	0.504
2010	2009	0.35	-	0.35	0.485
2011	2010	0.35	-	0.35	0.485
2012	2011	0.35	-	0.35	0.485
2013	2012	0.35	-	0.35	0.485
2014	2013	0.35	-	0.35	0.485
2015	2014	0.37	-	0.37	0.485

NOTES:

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

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

⁽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
PRINCIPAL PROPERTY TAXPAYERS
Current Year and Nine Years Ago**

Table 7

Taxpayer	Type of Enterprise	2014			2005		
		Total Assessed Value ⁽¹⁾	Rank	Percent of Town's Assessed Valuation	Total Assessed Value	Rank	Percent of Town's Assessed Valuation
Forest Creek	Golf Course	\$ 48,476,430	1	2.13%	\$ 23,330,507	1	1.70%
Pinecrest Plaza	Retail	24,344,970	2	1.07%	14,156,530	5	1.03%
Mid Pines	Golf Course/Hotel	19,982,050	3	0.88%	17,405,496	2	1.27%
Hendricks Southern Pines	Retail	19,723,230	4	0.87%	⁽²⁾	-	-
Claude Smith Enterprises	Retail	12,939,650	5	0.57%	16,481,240	3	1.20%
Southern Pines Retirement	Retirement Community	11,884,780	6	0.52%	⁽²⁾	-	-
Progress Energy	Utility	10,672,270	7	0.47%	8,677,580	6	0.63%
Tyler's Ridge Apartment LLC	Residential	9,506,570	8	0.42%	⁽²⁾	-	-
Tri-City	Residential/Retail	8,249,000	9	0.36%	⁽²⁾	-	-
Ingersoll Rand	Manufacturing	7,963,707	10	0.35%	7,949,590	9	0.58%
National Golf Club, Inc.	Golf Course	⁽²⁾	-	-	15,285,475	4	1.11%
Carolina Telephone & Telegraph	Utility	⁽²⁾	-	-	8,411,202	7	0.61%
Talamore Golf Partners	Golf Course	⁽²⁾	-	-	8,387,240	8	0.61%
Inland Southeast of Southern Pines	Retail	⁽²⁾	-	-	6,846,919	10	0.50%
		<u>\$ 173,742,657</u>		<u>7.64%</u>	<u>\$ 126,931,779</u>		<u>9.24%</u>

SOURCE: Moore County Tax Department

NOTES:

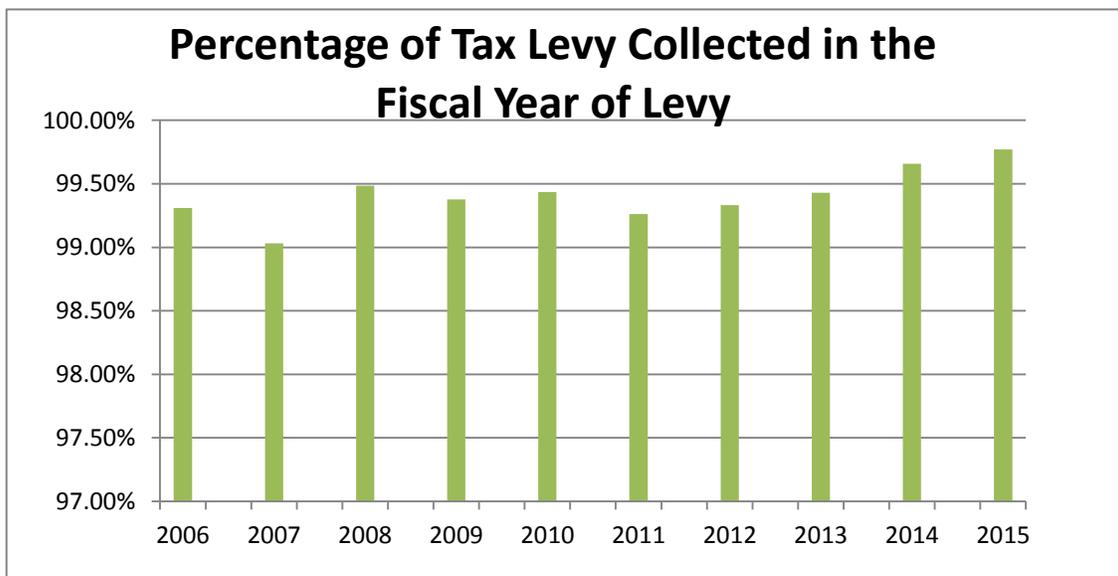
⁽¹⁾ 2014 Assessed value represents taxes assessed and due in the fiscal year ended June 30, 2015, and 2005 represents taxes assessed and due in the fiscal year ended June 30, 2006.

⁽²⁾ Not within top ten ranking.

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

Table 8

Fiscal Year	Tax Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Total Collections to Date		
			Amount	Percentage of Levy	Collections in Subsequent Years	Amount	Percentage of Levy
2006	2005	\$ 5,356,356	\$ 5,319,159	99.31%	\$ 19,807	\$ 5,338,966	99.68%
2007	2006	5,745,118	5,689,467	99.03%	37,880	5,727,347	99.69%
2008	2007	6,624,019	6,589,903	99.48%	26,795	6,616,698	99.89%
2009	2008	7,050,041	7,006,217	99.38%	36,746	7,042,963	99.90%
2010	2009	7,211,587	7,170,862	99.44%	33,313	7,204,175	99.90%
2011	2010	7,311,009	7,257,129	99.26%	45,343	7,302,472	99.88%
2012	2011	7,465,959	7,416,155	99.33%	40,221	7,456,376	99.87%
2013	2012	7,663,758	7,620,110	99.43%	24,502	7,644,612	99.75%
2014	2013	7,859,930	7,833,116	99.66%	14,801	7,847,917	99.85%
2015	2014	8,399,348	8,380,020	99.77%	-	8,380,020	99.77%



DEBT CAPACITY INFORMATION

TOWN OF SOUTHERN PINES
RATIOS OF OUTSTANDING DEBT BY TYPE ⁽¹⁾
Last Ten Fiscal Years

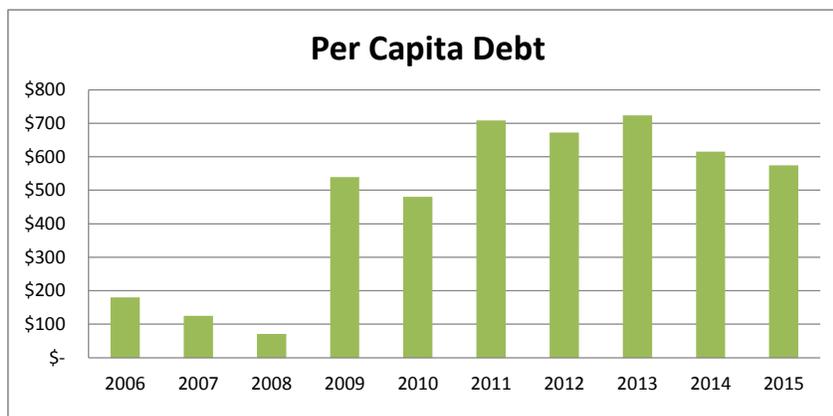
Table 9

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			
2006	\$ -	\$ 644,215	\$ -	\$ 1,485,000	\$ -	\$ -	\$ 2,129,215	0.49%	\$ 181
2007	-	509,307	-	990,000	-	-	1,499,307	0.32%	125
2008	-	369,807	-	495,000	-	-	864,807	0.18%	71
2009	-	6,508,910	-	210,000	-	-	6,718,910	1.41%	540
2010	-	5,926,451	-	-	-	-	5,926,451	1.27%	480
2011	-	5,416,667	-	-	3,351,598	-	8,768,265	1.80%	708
2012	-	5,359,700	-	-	3,047,183	-	8,406,883	1.65%	672
2013	-	4,777,471	-	-	4,332,330	-	9,109,801	1.78%	724
2014	-	4,193,047	-	-	3,859,611	-	8,052,658	⁽³⁾	615
2015	-	4,271,186	-	-	3,372,993	-	7,644,179	⁽³⁾	574

⁽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
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
2006	\$ 1,373,213,248	\$ 109,857,060	\$ 644,214	-	\$ 109,212,846
2007	1,434,580,568	114,766,445	509,307	-	114,257,138
2008	1,939,862,594	155,189,008	369,807	-	154,819,201
2009	2,014,777,740	161,182,219	6,508,910	-	154,673,309
2010	2,056,002,596	164,480,208	5,926,451	-	158,553,757
2011	2,086,855,543	166,948,443	8,768,265	-	158,180,178
2012	2,133,158,047	170,652,644	8,406,883	-	162,245,761
2013	2,187,703,624	175,016,290	9,109,801	-	165,906,489
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

⁽¹⁾ Net Bonded Debt Calculation for FY 2015

Utility General Obligation Bonds	\$ -
Installment financing	7,644,179
	<u>7,644,179</u>
Statutory Deductions:	
Bonded debt included in gross debt incurred for water	-
	<u>\$ 7,644,179</u>

TOWN OF SOUTHERN PINES
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
June 30, 2015

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⁾	\$ 82,555,861	18.37%	<u>\$ 15,165,512</u>
Subtotal, overlapping debt			15,165,512
Town of Southern Pines direct debt			<u>4,271,186</u>
Total direct and overlapping debt			<u><u>\$ 19,436,698</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
DEMOGRAPHIC STATISTICS
Last Ten Fiscal Years**

Table 12

<u>Fiscal Year</u>	<u>Population ⁽¹⁾</u>	<u>Moore County Personal Income (in millions) ⁽²⁾</u>	<u>Moore County Per Capita Personal Income ⁽³⁾</u>	<u>Median Age ⁽⁴⁾</u>	<u>Moore County Unemployment Rate ⁽⁵⁾</u>
2006	11,794	\$ 3,071	\$ 37,078	43.5	4.8%
2007	11,990	3,275	38,620	43.8	4.7%
2008	12,217	3,414	39,562	41.9	6.2%
2009	12,450	3,216	38,198	41.9	10.7%
2010	12,334	3,271	37,882	44.6	9.9%
2011	12,384	3,438	39,291	45.0	9.5%
2012	12,502	3,669	40,829	47.0	8.9%
2013	12,587	3,733	40,758	47.0	8.8%
2014	13,089	⁽⁶⁾	⁽⁶⁾	45.3	6.0%
2015	13,310	⁽⁶⁾	⁽⁶⁾	45.1	6.1%

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

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

⁽⁶⁾ Information not yet available.

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

Table 13

Employer	2015			2006		
	Employees	⁽¹⁾ Rank	Percentage of Total County Employment	Employees	⁽¹⁾ Rank	Percentage of Total County Employment
First Health of the Carolinas, Inc.	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	8	N/A
St. Joseph of the Pines	500 - 999	6	N/A	500 - 999	7	N/A
Wal-Mart Associates, Inc.	250 - 499	7	N/A	250 - 499	5	N/A
Pinehurst Medical Clinic, Inc.	250 - 499	8	N/A	250 - 499	10	N/A
Burford's Tree Surgeons, Inc.	250 - 499	9	N/A	⁽²⁾		N/A
Food Lion, LLC	250 - 499	10	N/A	250 - 499		N/A
Gulistan Carpet	⁽²⁾		N/A	500 - 999	6	N/A
Pinehurst Surgical Clinic, PA	⁽²⁾		N/A	500 - 999	9	N/A
Total	<u>N/A</u>		<u>N/A</u>	<u>N/A</u>		<u>N/A</u>

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

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

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

⁽²⁾ Not within top ten ranking.

N/A - Not Available

**TOWN OF SOUTHERN PINES
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	
2006	170	\$45,097,921	17	\$ 3,231,000	187	\$48,328,921	\$ 1,375,021,000
2007	217	45,944,857	14	3,151,000	231	49,095,857	1,472,821,000
2008	195	37,791,920	15	9,574,000	210	47,365,920	1,500,608,000
2009	148	21,165,964	22	16,737,937	170	37,903,901	1,700,781,000
2010	53	21,244,898	17	39,392,067	70	60,636,965	1,689,796,000
2011	85	16,452,298	17	6,094,153	102	22,546,451	1,626,100,000
2012	75	18,861,231	9	7,249,000	84	26,110,231	1,699,000,000
2013	122	25,551,818	19	6,106,980	141	31,658,798	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	⁽³⁾

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

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

⁽³⁾ Information is unavailable.

OPERATING INFORMATION

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

Table 15

Function/Program	Full-time Equivalent Employees as of June 30									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General government										
Administration	9.5	9.5	9.5	10.5	10.5	10.5	10.5	10.5	11.0	6.0
Information Technology ⁽¹⁾	-	-	-	-	2.0	2.0	2.0	2.0	2.0	2.0
Financial Services ⁽²⁾	-	-	-	-	-	-	-	-	-	5.0
Public works administration	2.5	2.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	4.0
Garage	3.0	3.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Building & Grounds	18.0	18.0	18.0	19.0	19.0	19.0	19.0	19.0	21.0	22.0
Public safety										
Police ⁽⁴⁾	38.5	39.5	39.5	39.5	40.5	40.5	41.5	41.5	42.5	46.5
Fire ^{(3) (4)}	22.5	22.5	24.5	24.5	24.5	27.5	27.5	27.5	27.5	27.5
Transportation	8.0	8.0	9.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Economic and physical development	6.0	6.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
Cultural and recreation										
Recreation ⁽⁴⁾	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.0
Library ⁽⁴⁾	11.0	11.0	11.0	11.0	9.0	9.0	9.0	9.0	9.0	9.0
Water/Sewer (Business activity)	16.5	19.5	20.5	20.5	20.5	21.5	21.5	21.5	22.0	22.0
Total	141.0	145.0	153.0	156.0	157.0	161.0	162.0	162.0	166.0	171.0

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
OPERATING INDICATORS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

Table 16

Function/Program	2006	2007	2008	2009	2010
Public Safety					
Police					
Number of Part 1 Crimes	744	857	935	805	747
Number of Arrests	1,011	960	871	833	651
Number of Citations	2,901	2,241	2,009	2,165	1,541
Fire					
Number of Fire Calls Answered	1,211	832	1,197	1,393	1,235
Number of EMS Calls Answered	100	101	235	183	211
Number of Hazard Condition Calls Answered	(2)	(2)	(2)	(2)	(2)
Number of Service Calls Answered	(2)	(2)	(2)	(2)	(2)
Number of Good Intent Calls Answered	(2)	(2)	(2)	(2)	(2)
Number of False Alarm Calls Answered	(2)	(2)	(2)	(2)	(2)
Number of Weather Related Calls Answered	(2)	(2)	(2)	(2)	(2)
Number of Fire Inspections	1,132	1,029	1,409	1,642	1,575
Planning & Inspections					
Planning					
Conditional use Permits Issued	4	2	-	1	2
Final Plats	30	40	20	34	28
Rezoning Applications/Ordinance Amendments	9	20	9	15	32
Annexations	6	6	4	-	2
Inspections					
Building Permits Issued	234	216	163	75	72
Alteration or Addition Permits	407	238	153	139	137
Electrical Permits	96	112	88	62	69
Mechanical Permits	253	348	301	323	315
Plumbing Permits	69	66	66	62	94
Cultural and Recreational					
Recreation and Parks					
Recreational Program Hours	5,840	5,797	5,517	6,126	7,221
Enrolled Participants	16,890	18,087	21,300	18,230	19,840
Reservoir Park Visitors ⁽¹⁾	171,243	170,423	155,382	143,492	175,629
Library					
Total Circulation	116,970	123,813	134,119	122,510	122,033
Library Attendance	92,261	92,887	101,083	100,655	107,530
Library Users Registered	6,370	6,414	6,383	6,507	6,468
Total Programs Held	384	376	484	435	502
Total Attendance at Programs	7,878	8,350	9,529	8,016	9,739
Water					
Water Plant Capacity (millions of gallons per day)	11	11	11	11	11
Number of Utility Customers	7,536	7,760	7,942	8,042	8,192

Source: Town of Southern Pines Department Directors

⁽¹⁾ Amounts are estimated.

⁽²⁾ Information is not available.

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

Table 16
(cont.)

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

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

Table 17

	2006	2007	2008	2009	2010
Function/Program					
Public Safety					
Police					
Police Stations	1	1	1	1	1
Patrol Units	21	22	24	27	27
Fire					
Stations	1	1	1	1	1
Fire Suppression Vehicles	6	6	6	6	6
Rescue Vehicles	2	2	2	2	2
Cultural and Recreational					
Recreation and Parks					
Number of Parks	13	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	5	6	7	7	7
Public Works and Utilities					
Streets					
Miles of Paved Streets	77.73	78.62	78.62	78.65	78.65
Miles of Unpaved Streets	1.53	1.41	1.41	1.41	1.41
Water					
Number of Hydrants ⁽¹⁾	1,195	1,233	1,285	1,290	1,302
Water Mains (miles)	228	235	239	241	245
Number of Utility Customers (accounts)	7,536	7,760	7,942	8,042	8,192

Source: Town of Southern Pines Department Directors

⁽¹⁾ Amounts are estimated.

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

Table 17
(cont.)

	2011	2012	2013	2014	2015
Function/Program					
Public Safety					
Police					
Police Stations	1	1	1	1	1
Patrol Units	27	27	23	27	30
Fire					
Stations	1	1	1	1	1
Fire Suppression Vehicles	6	6	6	6	6
Rescue Vehicles	2	2	2	2	2
Cultural and Recreational					
Recreation and Parks					
Number of Parks	14	14	14	14	14
Number of Tennis Courts	8	8	8	8	8
Number of Athletic Fields Maintained	10	10	10	10	10
Number of Swimming Pools	1	1	1	1	1
Number of Lakes	1	1	1	1	1
Number of Picnic Shelters	7	7	7	7	7
Public Works and Utilities					
Streets					
Miles of Paved Streets	78.76	78.92	78.92	78.96	80.30
Miles of Unpaved Streets	1.34	1.34	1.34	1.30	1.24
Water					
Number of Hydrants ⁽¹⁾	1,345	1,352	1,420	1,311	1,433
Water Mains (miles)	248	249	223	223	228
Number of Utility Customers (accounts)	8,139	8,158	8,342	8,690	8,839

**TOWN OF SOUTHERN PINES
INSURANCE IN FORCE ⁽¹⁾
July 1, 2014 - June 30, 2015**

Table 18

Type of Coverage	Details of Coverage	
Workman's Compensation	\$ 1,000,000 1,000,000 1,000,000	Bodily Injury by Accident-Each Accident Bodily Injury by Disease-Each Employee Bodily Injury by Disease-Coverage Limit
General Liability	1,000,000 2,500	Each Occurrence Deductible
Police Professional Liability	1,000,000 3,000,000 2,500	Each Occurrence and Annual Annual Aggregate Deductible
Public Officials Liability	1,000,000 3,000,000 10,000	Each Claim and Annual Annual Aggregate Deductible
Government Crime Coverage	50,000 250	Indemnification Deductible
Public Officials Bond Finance Officer	250,000 0	Liability Deductible
Automobile Liability	1,000,000 2,500	Per Occurrence Deductible
Auto Comprehensive	6,264,547 1,000	Actual Cash Value Valuation Deductible
Auto Collision	6,264,547 1,000	Actual Cash Value Valuation Deductible
Real & Personal Property	60,048,945 2,500	Cause of Loss Deductible per Occurrence Includes Boiler & Machinery
Municipal Equipment	1,403,909 2,500	Limits of Coverage Deductible per Occurrence
Fine Arts	684,075 1,000	Limits of Coverage Deductible per Occurrence

Source: Town of Southern Pines Risk Management Department

**TOWN OF SOUTHERN PINES
INSURANCE IN FORCE ⁽¹⁾
July 1, 2014 - June 30, 2015**

**Table 18
(cont.)**

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

⁽¹⁾ Represents insurance in force on July 1, 2014. Insurance was renewed on July 1, 2015 for the fiscal year ended June 30, 2016.

**TOWN OF SOUTHERN PINES
 UTILITY RATE INFORMATION
 Fiscal Year 2015 Approved Operating Budget Ordinance**

Table 19

WATER RATES

Minimum Charge

<u>Meter Size</u>	<u>Inside Town</u>	<u>Outside Town</u>
3/4"	\$ 10.93	\$ 21.86
1"	17.94	35.88
1 1/2"	37.92	75.84
2"	65.91	131.82
3"	145.95	291.90
4"	257.92	515.84
6"	578.01	1,156.02
8"	1,026.10	2,052.20

Volume Charge per 1,000 Gallons

<u>Inside Town</u>	<u>Outside Town</u>
\$ 3.18	\$ 6.36

SEWER RATES

Minimum Charge

<u>Meter Size</u>	<u>Inside Town</u>	<u>Outside Town</u>
3/4"	\$ 4.30	\$ 8.60
1"	5.62	11.24
1 1/2"	9.26	18.52
2"	14.42	28.84
3"	29.09	58.18
4"	49.60	99.20
6"	108.30	216.60
8"	190.46	380.92

Volume Charge per 1,000 Gallons

<u>Inside Town</u>	<u>Outside Town</u>
\$ 5.04	\$ 10.08

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *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, 2015, and the related notes to the financial statements, which collectively comprises the Town's basic financial statements, and have issued our report thereon dated October 28, 2015.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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

October 28, 2015

High Point, North Carolina

TOWN OF SOUTHERN PINES
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2015

Grantor/pass through grantor/program title	Federal CFDA number	Federal expenditures	State expenditures	Local expenditures
Federal Grants:				
Cash Programs:				
<u>Federal Institute of Museum and Library Services</u>				
Library Services and Technology Act (LSTA)				
Passed through North Carolina Department of Cultural Services				
State Library of North Carolina				
EZ Edge Technology Grant	45.310	\$ 4,510	\$ -	\$ -
 <u>U.S. Department of Justice</u>				
Office of Justice Programs, BVP Partnership Grant				
2013BUBX13067668	16.607	3,047	-	3,047
 <u>U.S. Department of Justice</u>				
Office of Justice Programs, BVP Partnership Grant				
2014BUBX14073717	16.607	109	-	109
Total assistance - federal programs		7,666	-	3,156
State Grants:				
Cash Programs:				
<u>N.C. Department of Cultural Resources:</u>				
State Aid to Libraries		-	6,395	-
Grassroots Arts Program		-	715	-
 <u>N.C. Department of Transportation:</u>				
Powell Bill		-	400,905	-
Total assistance - state programs		-	408,015	-
TOTAL ASSISTANCE		\$ 7,666	\$ 408,015	\$ 3,156