Town of Southern Pines
Monday January 23, 2017, 3:00 PM,
C. Michael Haney Community Room, Southern Pines Police Department
450 West Pennsylvania Avenue

Worksession Agenda

1. **Review of Annual Audit Fiscal Year 2015-2016 – Finance Director Crystal Gabric**

2. **Discussion of Midland Road Corridor Study and Presentation by Gene Maples**

M E M O R A N D U M

TO: Town Council
Reagan Parsons, Town Manager

FROM: Crystal Gabric, Finance Director

DATE: January 18, 2017

SUBJECT: Annual Audit

The annual audit for fiscal year 2015-2016 will be presented at the January 23rd work session meeting. John Franks 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 14th regular Council meeting.

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

Town of Southern Pines
North Carolina

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2016

Prepared by the Department of Finance

Crystal J. Gabric, Director of Finance

Town of Southern Pines
Chartered 1887
North Carolina
The Mid South Resort
Internationally Recognized for Program Excellence

Town of

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Southern Pines

North Carolina

Table of Contents

Introductory Section

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

Financial Section

Independent Auditors' Report 1
Management's Discussion and Analysis 5

Basic Financial Statements

Exhibit		
	Government-Wide Financial Statements	
1	Statement of Net Position	22
2	Statement of Activities	24
	Fund Financial Statements	
3	Balance Sheet - Governmental Funds	26
4	Statement of Revenues, Expenditures, and Changes in Fund Balance Governmental Funds	28
5	Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	31
6	Statement of Fund Net Position - Proprietary Fund	32
7	Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Fund	34
8	Statement of Cash Flows - Proprietary Fund	35
9	Statement of Fiduciary Net Position - Fiduciary Fund	36
10	Statement of Changes in Fiduciary Net Position - Fiduciary Fund	38
	Notes to the Financial Statements	39

Required Supplementary Financial Data

Schedule		
1	Law Enforcement Officers' Special Separation Allowance Required Supplementary Information - Schedule of Funding Progress	65
2	Law Enforcement Officers' Special Separation Allowance Required Supplementary Information - Notes to the Required Schedules	66
3	Local Government Employees' Retirement System Required Supplementary Information - Schedule of Employer Contributions	67
4	Local Government Employees' Retirement System Required Supplementary Information - Schedule of Proportionate Share of Net Pension Liability (Asset)	68

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

Schedule		
	The General Fund	
5	Comparative Balance Sheets	71
6	Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	72

Schedule		
	Nonmajor Governmental Funds	
7	Combining Balance Sheet	78
8	Combining Statement of Revenues, Expenditures and Changes in Fund Balance	82
	Nonmajor Capital Project Funds	
9	Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Nicks Creek Parkway)	86
10	Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Open Space and Greenways)	87
11	Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Sidewalk Construction)	88
12	Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Fiber Optics)	89
13	Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Storm Water Improvements)	90
14	Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Road Construction)	91
15	Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Enterprise Information and Document Management System)	92
16	Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Patrick Road)	93
17	Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Bike Transport)	94
18	Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Fire Department Substation)	95
19	Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Public Safety)	96
20	Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Pool Park)	97
21	Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Downtown Park)	98
22	Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Library HVAC)	99
23	Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Unpaved Street)	100
24	Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (CDBG TYR Tactical)	101
25	Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (General Capital Reserve)	102
	Permanent Fund	
26	Schedule of Revenues, Expenses and Changes in Fund Balance (Cemetery Perpetual Care Fund)	104
	Enterprise Fund	
	Water and Sewer Fund:	
27	Schedule of Revenue and Expenditures - Budget and Actual (Non-GAAP)	106
	Water and Sewer Capital Projects Fund	
28	Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	110
	Agency Fund	
29	Statement of Changes in Assets and Liabilities	112
	Capital Assets used in the Operation of Governmental Funds	
30	Schedule by Function and Activity	114
31	Schedule of Changes by Function and Activity	116

Supplemental Financial Data

32	Schedule of Ad Valorem Taxes Receivable	118
33	Analysis of Current Tax Levy	119
34	Schedule of Interfund Transfers	120

Statistical Section

Table		
	Financial Trends Information	
1	Net Position by Component	124
2	Changes in Net Position	126
3	Fund Balances, Governmental Funds	128
4	Changes in Fund Balances, Governmental Funds	130
	Revenue Capacity Information	
5	Assessed Value of Taxable Property	133
6	Property Tax Rates - Direct and Overlapping Government	134
7	Principal Property Taxpayers	135
8	Property Tax Levies and Collections	136
	Debt Capacity Information	
9	Ratios of Outstanding Debt by Type	138
10	Computation of Legal Debt Margin	139
11	Direct and Overlapping Governmental Activities Debt	140
	Demographic and Economic Information	
12	Demographic Statistics	142
13	Principal Employers	143
14	Commercial Activity	144
	Operating Information	
15	Employee Position Authorization by Function	146
16	Operating Indicators by Function/Program	147
17	Capital Assets by Function/Program	149
18	Insurance in Force	151
19	Utility Rate Information	153

Compliance Section

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* 157

Schedule

35	Schedule of Expenditures of Federal and State Awards	159

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Introductory Section

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

October 28, 2016

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, 2016 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, 2016, 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, 2016, 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 2016 population of approximately 13,461 and encompasses 16.77 square miles. The Town provides a full range of services including police and fire protection, streets, planning and zoning, parks and recreation, library, fleet maintenance, and general administrative services. The Town also operates water and sewer utility services.

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

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

LOCAL ECONOMY

The economic profile of the Town is a mixture of tourism, retirement, professional services and retail. Direct spending by visitors continues to be high, placing Moore County eleventh in the one hundred counties in North Carolina, while its population places it twenty ninth. Tourism represented a tax savings to each County resident in excess of $378 annually.

The Town continues to experience economic growth in the wake of the national economic slowdown. Southern Pines continues to attract significant new retail and residential development.

Phase I of construction of the Tyler's Ridge planned residential development has been completed which includes 144 apartments. Phase II should be completed in 2017, which includes an additional 72 apartments. In addition, the Tyler's Ridge commercial development was partially completed as of June 30, 2016.

Construction has begun on the Legends at Morganton Park which will contain 288 apartment units with some units currently completed and occupied. Final completion of the project is anticipated to occur in 2017.

Construction has begun on the Morganton Road Development area for large-scale retail and office establishments. The Town anticipates that a portion of the establishments will be completed and open for business in 2017.

In addition, there are several re-development projects occurring in the Town during 2016 and 2017. These projects include residential, retail and restaurant uses.

The Town enjoys a vibrate downtown area with retail, restaurants and offices that are complemented with a diversity of housing types. The Town has seen an influx of townhome and single family detached developments in the downtown area in 2016 that are scheduled for completion in 2017.

According to the Livability website, the Town of Southern Pines continues to rank 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. In addition, Southern Pines was recently recognized as number 25 of the top 50 best small town's in America by Newsmax.

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 2016 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.

Progress continued on the renovation of two of the Town parks. The renovation includes playground equipment replacement, the construction of a performance stage and the installation of trails.

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 2016 as well as continued construction and improvements of various sidewalks in the Town.

A general capital reserve fund was established in 2016. The fund will be used to accumulate resources for ongoing and future capital projects.

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, 2015. This was the twenty fifth 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

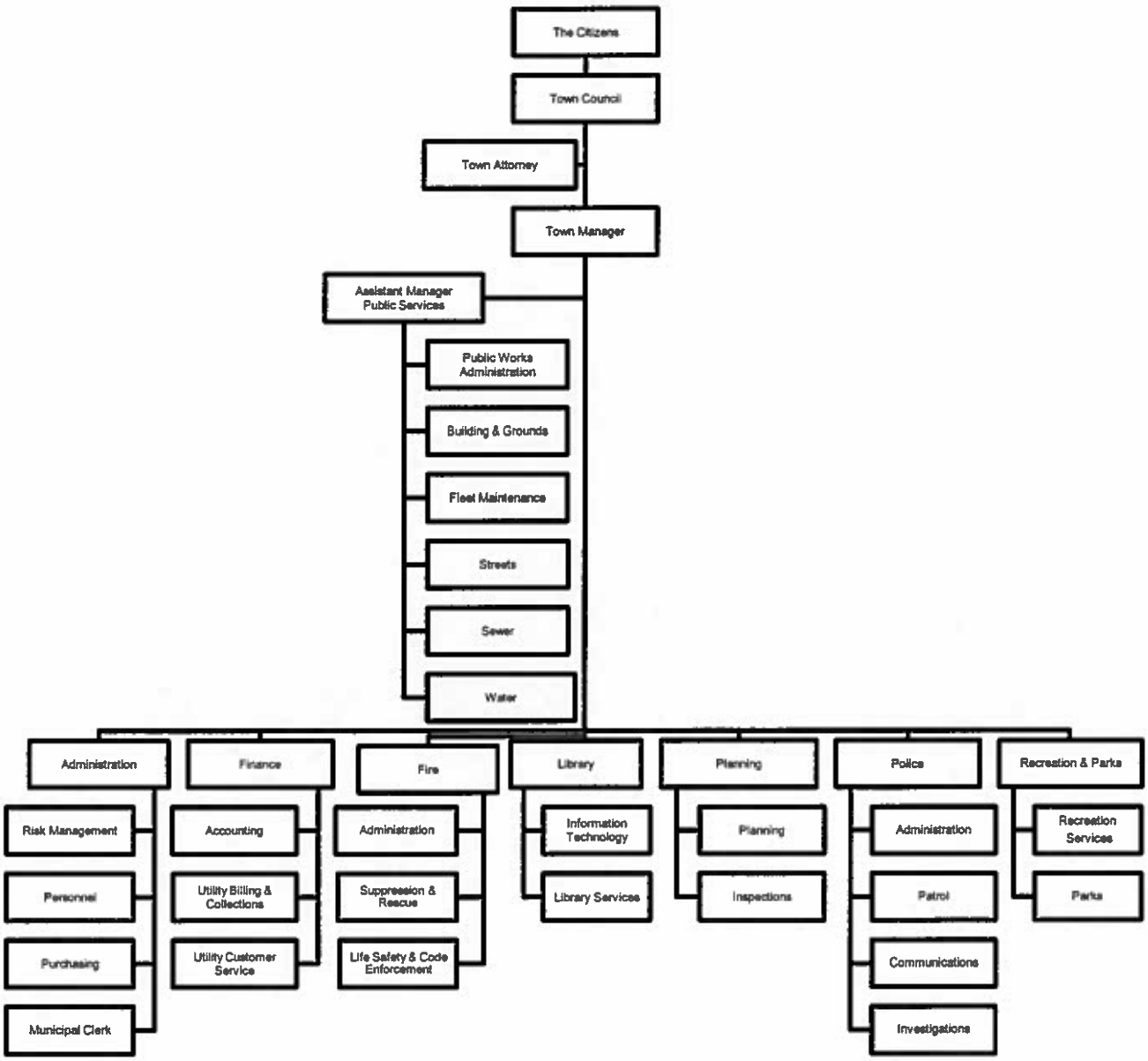
North Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

TOWN OF SOUTHERN PINES
Organizational Chart



TOWN OF SOUTHERN PINES

LIST OF PRINCIPAL OFFICIALS
June 30, 2016

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

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Financial Section

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DIXON HUGHES GOODMAN LLP

Independent Auditors' Report

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, 2016, 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 auditors' 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.

DIXON HUGHES GOODMAN LLP

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, 2016, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United State of America require that the Management's Discussion and Analysis, the Law Enforcement Officers' Special Separation Allowance Schedules of Funding Progress and Schedules of Employer Contributions, 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, 2016 on our consideration of Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town's internal control over financial reporting and compliance.

Dixon Hughes Goodman LLP

High Point, North Carolina
October 28, 2016

Town of

Chartered 1887

Southern Pines

North Carolina

Town of Southern Pines
Management's Discussion and Analysis
June 30, 2016

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, 2016. 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

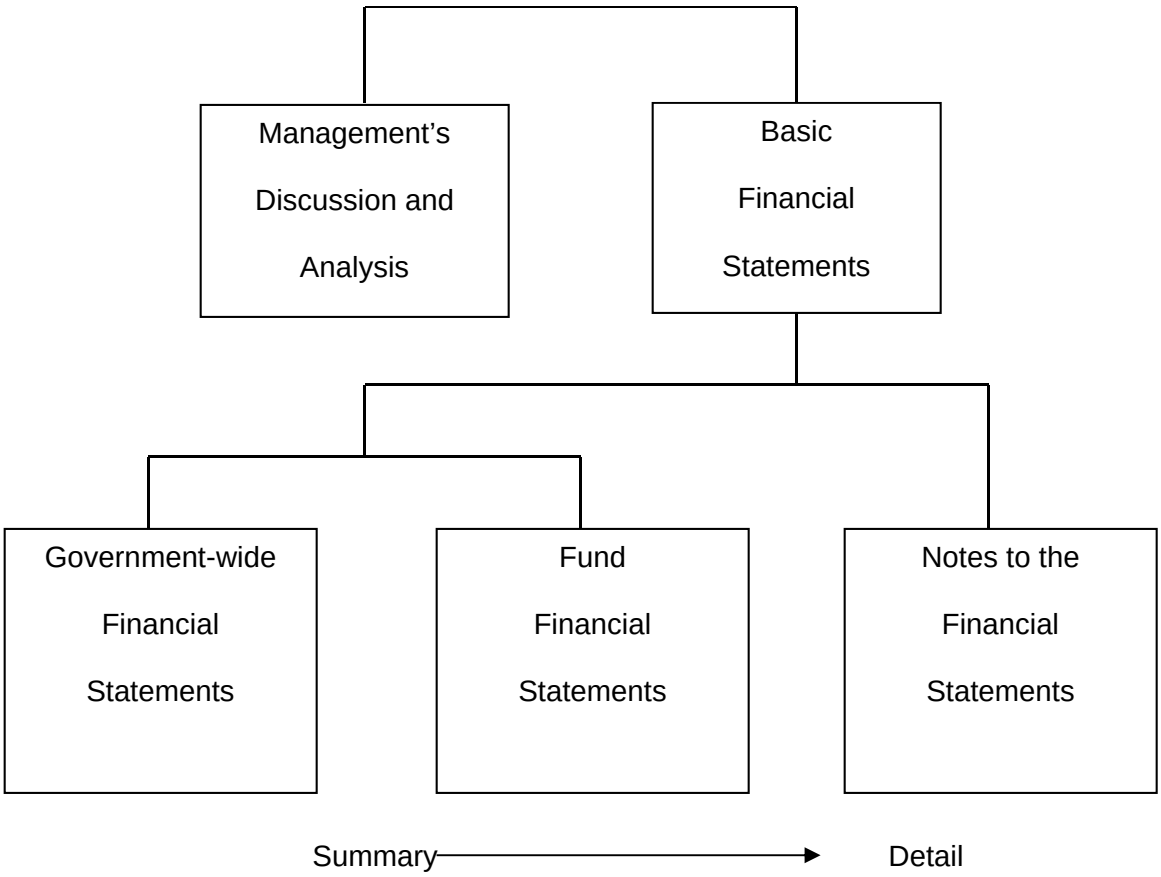
- The assets and deferred outflows of resources of the Town of Southern Pines exceeded its liabilities at the close of the fiscal year by $87,430,933 (net position).
- The government's total net position increased by $4,734,300, due to an increase in both the governmental activities and the business 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 $11,626,817, an increase of $764,176 in comparison with the prior year. Approximately 12.82 percent of this total amount, or $1,490,928, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was $5,863,955 or 39.6 percent of total General Fund expenditures for the fiscal year.
- The Town of Southern Pines' total debt decreased by $1,167,492 or 15.27 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 18th consecutive year as well as its AA- from Standard and Poor's for the 8th 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 39 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 63 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 $87,430,933 as of June 30, 2016. The Town's net position increased by $4,734,300 for the fiscal year ended June 30, 2016. However, 76.02% 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, $1,411,213, represents resources that are subject to external restrictions on how they may be used. The remaining balance of $19,548,362 is unrestricted.

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

Figure 2:

The Town of Southern Pines Net Position

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	$ 13,043,798	$ 13,134,607	$ 11,159,740	$ 9,617,211	$ 24,203,538	$ 22,751,818
Capital assets	36,042,035	35,236,693	36,906,010	36,289,191	72,948,045	71,525,884
Deferred outflows of resources	501,887	515,177	51,767	55,017	553,654	570,194
Total assets and deferred outflows of resources	49,587,720	48,886,477	48,117,517	45,961,419	97,705,237	94,847,896
Long term liabilities outstanding	4,964,015	4,954,502	2,976,879	3,411,798	7,940,894	8,366,300
Other liabilities	1,279,482	1,375,705	681,917	368,212	1,961,399	1,743,917
Deferred inflows of resources	337,228	1,844,110	34,783	196,936	372,011	2,041,046
Total liabilities and deferred inflows of resources	6,580,725	8,174,317	3,693,579	3,976,946	10,274,304	12,151,263
Net position:						
Net investment in capital assets	32,437,390	30,965,507	34,033,968	32,916,198	66,471,358	63,881,705
Restricted	1,411,213	1,347,656	-	-	1,411,213	1,347,656
Unrestricted	9,158,392	8,398,997	10,389,970	9,068,275	19,548,362	17,467,272
Total net position	$ 43,006,995	$ 40,712,160	$ 44,423,938	$ 41,984,473	$ 87,430,933	$ 82,696,633

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 99.78%, which is greater than the last reported statewide average of 98.60%.
- Increased ad valorem taxes of approximately $134,804 due to increased construction in the Town as well as additional revenues generated through a rounded up revenue neutral tax rate increase on one penny.
- 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 2016	Governmental Activities 2015	Business-Type Activities 2016	Business-Type Activities 2015	Total 2016	Total 2015
Revenues:						
Program revenues:						
Charges for services	$ 2,227,344	$ 2,056,558	$ 7,504,763	$ 7,091,574	$ 9,732,107	$ 9,148,132
Operating grants and contributions	495,849	573,583	-	-	495,849	573,583
Capital grants and contributions	1,145,824	33,749	1,524,481	261,567	2,670,305	295,316
General revenues:						
Property taxes	8,572,570	8,415,626	-	-	8,572,570	8,415,626
Other taxes	1,255,408	1,109,630	-	-	1,255,408	1,109,630
Other	3,595,552	3,420,543	494,201	247,359	4,089,753	3,667,902
Total revenues	17,292,547	15,609,689	9,523,445	7,600,500	26,815,992	23,210,189
Expenses:						
General government	4,766,172	4,365,033	-	-	4,766,172	4,365,033
Public safety	6,235,300	5,782,880	-	-	6,235,300	5,782,880
Cultural and recreation	1,583,781	1,533,579	-	-	1,583,781	1,533,579
Transportation	1,575,645	1,463,609	-	-	1,575,645	1,463,609
Economic & physical development	701,189	653,371	-	-	701,189	653,371
Interest on long-term debt	135,625	153,216	-	-	135,625	153,216
Water and sewer	-	-	7,083,980	6,969,806	7,083,980	6,969,806
Total expenses	14,997,712	13,951,688	7,083,980	6,969,806	22,081,692	20,921,494
Increase in net position	2,294,835	1,658,001	2,439,465	630,694	4,734,300	2,288,695
Net position, beginning	40,712,160	39,054,159	41,984,473	41,353,779	82,696,633	80,407,938
Net position, June 30	$ 43,006,995	$ 40,712,160	$ 44,423,938	$ 41,984,473	$ 87,430,933	$ 82,696,633

Governmental activities - Governmental activities increased the Town's net position by $2,294,835, thereby accounting for 48.47% of the total increase in the net position of the Town. 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 and franchise tax revenue.
- Capital grants and contributions in the amount of $1,145,824. The increase is due primarily to a donated renovation to a Town facility by the Boys and Girls Club in the amount of $925,061.

Figure 4:

Town of Southern Pines
Expenses and Program Revenues-Governmental Activities

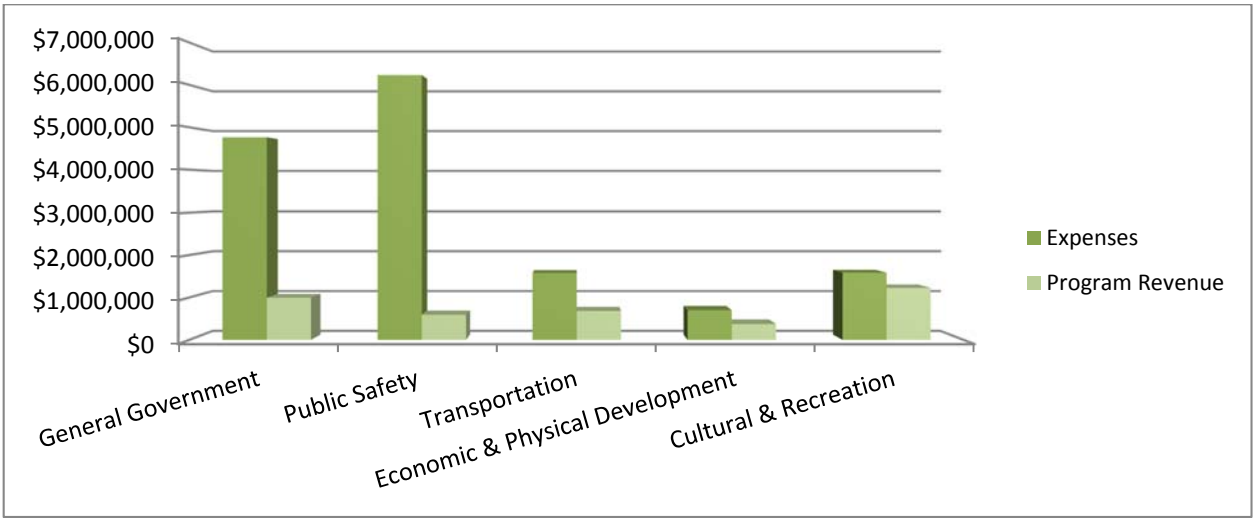
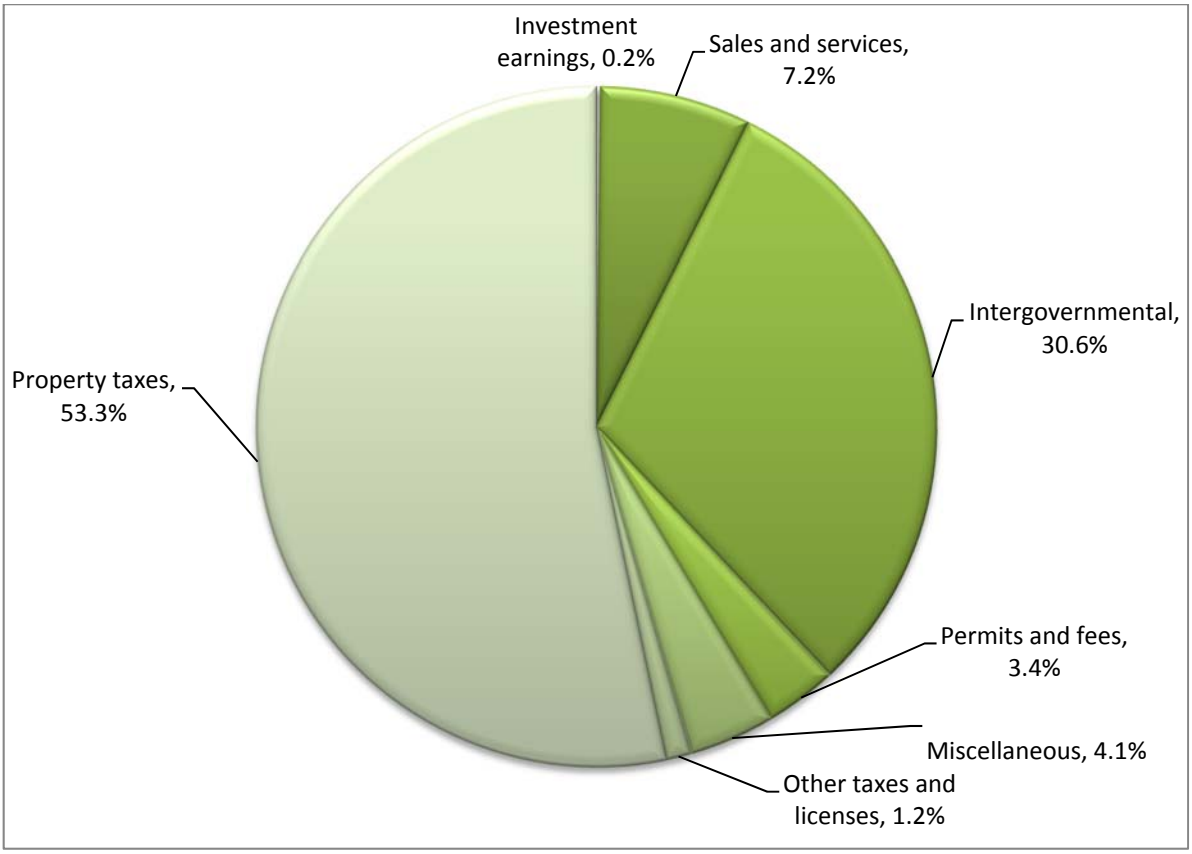


Figure 5:

Town of Southern Pines
Revenues by Source – Governmental Activities

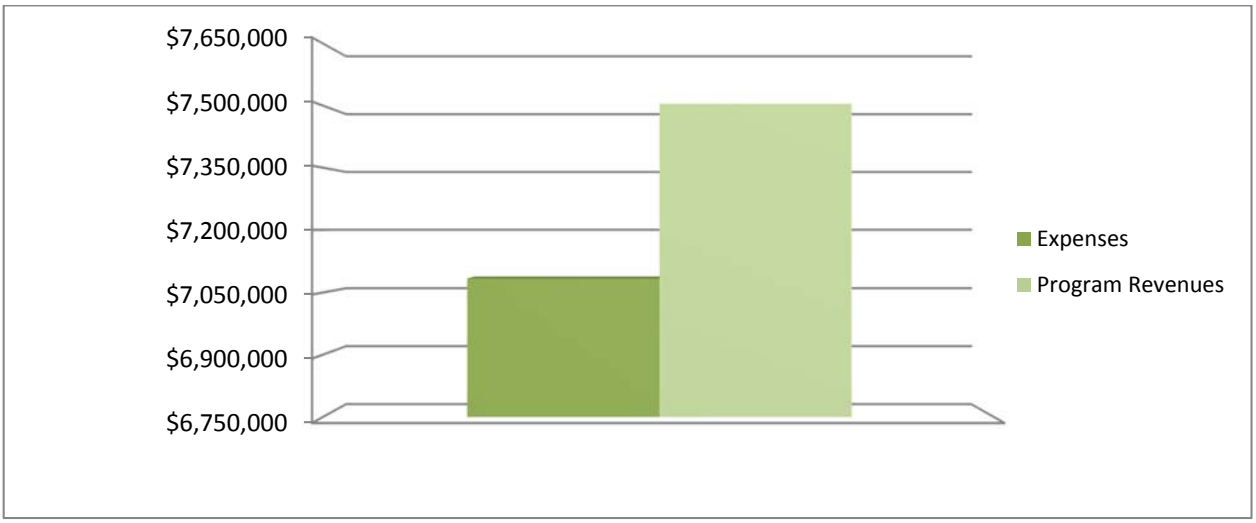


Business-type activities – Business type activities increased the Town's net position by $2,439,465, accounting for 51.53% of the total increase in the net position of the Town. The net The Key elements of the increase are as follows:

- Capital grants and contributions in the amount of $1,524,481.
- Charges for services increased due to an increase in water sales.
- Increase in impact fees in the amount of $241,928

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 $5,863,955, while total fund balance reached $9,405,623. 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 39.59 percent of General Fund expenditures, while total fund balance represents 63.50 percent of that same amount.

At June 30, 2016, the governmental funds of the Town reported a combined fund balance of $11,626,817 with a net increase in fund balance of $764,176. 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 $49,915 net increase in appropriations between the original and final amended budget due primarily to an appropriation for the demolition of structures that did not meet the building code specifications and an appropriation for an economic incentive for the relocation of a financial institution corporate headquarters in Southern Pines.

The actual operating revenues for the General Fund were greater than the final budgeted amount by $1,473,692. Unrestricted intergovernmental revenues were $1,018,876 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 $212,713 greater than budgeted due to conservative budgeting in the building inspections area. The sales and services category was $82,236 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 $1,068,090. General government, public safety, transportation, economic and physical development and cultural and recreational realized a savings of $490,141, $345,399, $72,937, $7,212 and $152,399 respectively due primarily to personnel vacancies and the actual cost of capital items were less than the amount budgeted.

Proprietary Funds. The Town's proprietary fund provides the same type of information found in the government-wide statements but in more detail. Unrestricted net position at the end of the fiscal year amounted to $10,389,970. The total change in net position was an increase of $2,439,465. The change in net position is due to the increase in water sales and an increase in capital assets due to the donation of easements and water and sewer lines by developers and individuals.

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, 2016, totals $72,948,045 (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 $412,006.
- Various purchases of furniture, fixtures and other equipment equaling $163,200.
- Construction in progress of $871,441 in governmental-type activities for the construction of a fire sub-station, the design and installation of storm water infrastructure, 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 the amount of $167,285 for software that has been placed in service that was previously reported as intangible assets in progress for the Enterprise Information and Document Management System.
- Infrastructure in the amount of $1,332,172 sidewalks, street paving transferred from construction in progress as well as donated storm drainage by developers.
- Land in the amount of $475,469 for the construction of an additional fire station, which was previously reported as construction in progress.
- Intangible assets in progress in the amount of $30,743 for the Enterprise Information and Document Management System.
- Other Improvements in the amount of $15,238 for the Police department evidence yard enlargement.
- Donated building improvements in the amount of $925,061 by the Boys and Girls Club for improvements/renovations of a Town owned facility in which the Boys and Girls Club utilizes.

Retirements

- Disposals and surplused assets in the amount of $266,832.
- The sale of two lots of Town owned property in the amount of $15,250.
- The transfer of construction in progress and intangible assets in progress to capital assets in the amount of $2,182,988.

Proprietary Funds:

Additions

- Construction in progress of $549,444 for water and sewer improvements.
- The addition of intangible assets consisting of water and sewer easements in the amount of $585,301.
- Various equipment purchases in the amount of $97,891.
- Plant and distribution system increase in the amount of $1,344,899, which includes water and sewer lines donated by developers as well as the closing of the Morganton Road Bridge capital project fund for the relocation of water and sewer lines, and the closing of the Southern Pines Village capital project fund.

Retirements

- Disposals and surplused assets in the amount of $93,645.
- Construction in progress reduction in the amount of $409,518 for the closing of the Morganton Road Bridge and Southern Pines Village capital project fund.

Figure 7:

Town of Southern Pines
Capital Assets

	Governmental Activities 2016	Governmental Activities 2015	Business-type Activities 2016	Business-type Activities 2015	Total 2016	Total 2015
Land	$12,306,870	$11,846,651	$ 540,533	$ 540,533	$ 12,847,403	$ 12,387,184
Buildings and improvements	11,653,300	11,007,427	1,108,822	1,137,314	12,762,122	12,144,741
Other improvements	3,025,522	3,128,063	-	-	3,025,522	3,128,063
Machinery and equipment	145,637	72,371	2,267,531	2,501,347	2,413,168	2,573,718
Infrastructure	3,828,846	2,923,870		-	3,828,846	2,923,870
Plant and distribution systems	-	-	30,115,348	29,961,448	30,115,348	29,961,448
Vehicles and motorized equipment	2,342,773	2,406,287	-	-	2,342,773	2,406,287
Furniture, Fixtures, and other equipment	687,809	664,922	-	-	687,809	664,922
Intangibles	144,980	-	1,384,550	799,249	1,529,530	799,249
Intangibles in progress	177,036	343,596	-	-	177,036	343,596
Construction in progress	1,729,262	2,843,506	1,489,226	1,349,300	3,218,488	4,192,806
Total Capital Assets (net of accumulated depreciation)	$36,042,035	$35,236,693	$36,906,010	$36,289,191	$ 72,948,045	$ 71,525,884

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, 2016, 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 $1,167,492 or 15.27%.

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, 2016 is $6,476,687.

Figure 8:

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

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
General Obligation Bonds	$ -	$ -	$ -	$ -	$ -	$ -
Other Debt	3,604,645	4,271,186	2,872,042	3,372,993	6,476,687	7,644,179
Total	$ 3,604,645	$ 4,271,186	$ 2,872,042	$ 3,372,993	$ 6,476,687	$ 7,644,179

As mentioned in the financial highlights section of this document, the Town maintained its A2 bond rating from Moody's Investors Services for the 18th consecutive year, as well as its AA- from Standard and Poor's for the 8th 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 $173,761,456, which is significantly in excess of the Town's outstanding general obligation debt.

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

Economic Factors and Next Year's Budget and Rates

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

The unemployment rate for the county in which the Town is located was 5.0% as of June 30, 2016. The unemployment rate is consistent with the State average and is down from 6.1% a year ago.

The value of commercial building permits increased 4.8% over the previous fiscal year and residential permit values remained consistent.

The fiscal year ending June 30, 2017 budget is balanced and represents an overall increase of 6.4% in the governmental activities operational budget while revenue growth remains consistent. The increase in governmental activities can be partially attributed to the transfer of $572,500 to capital project funds.

The fiscal year ending June 30, 2017 business type budget reflects an increase of 5.6%. 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 $900,000 as well as an increase in sewage treatment.

Governmental Activities: The 2017 budget does not include a tax increase. Unrestricted intergovernmental revenue is budgeted to increase in the local option sales tax revenue category and franchise tax revenue. Additionally, the Town will continue to offer its citizens a high level of service and will not reduce services in the upcoming year.

Business - type Activities: Business type revenues represent a conservative fiscal approach in the 2016-2017 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

Chartered 1887

Southern Pines

North Carolina

Basic Financial Statements

Town of

Chartered 1887

Southern Pines

North Carolina

Government-Wide Financial Statements

	Primary Government		
	Governmental Activities	**Business-type Activities**	**Total**
ASSETS			
Current assets:			
Cash and cash equivalents	$ 11,080,951	$ 7,968,187	$ 19,049,138
Receivables - net:			
Property taxes	51,846	-	51,846
Accrued interest receivable on taxes	19,008	-	19,008
Due from other governments	992,924	-	992,924
Accounts receivable	321,932	-	321,932
Accrued interest	14,377	12,469	26,846
Sales tax	115,072	23,086	138,158
Assessments	2,305	49,983	52,288
Customers	-	1,194,879	1,194,879
Other	-	24,898	24,898
Inventories	25,840	-	25,840
Prepaids	53,875	-	53,875
Restricted cash and investments	365,668	1,886,238	2,251,906
Total current assets	13,043,798	11,159,740	24,203,538
Noncurrent assets:			
Capital assets			
Land, non-depreciable improvements, and construction in progress	14,213,168	2,029,759	16,242,927
Intangibles - easements	-	1,384,550	1,384,550
Other capital assets, net of depreciation	21,828,867	33,491,701	55,320,568
Total capital assets	36,042,035	36,906,010	72,948,045
Total noncurrent assets	36,042,035	36,906,010	72,948,045
Total assets	49,085,833	48,065,750	97,151,583
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	501,887	51,767	553,654
Total deferred outflows of resources	501,887	51,767	553,654

	Primary Government		
	Governmental Activities	**Business-type Activities**	**Total**
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	$ 913,814	$ 602,762	$ 1,516,576
Payable from restricted assets - customer deposits	365,668	79,155	444,823
Current maturities of long-term debt	931,456	541,129	1,472,585
Total current liabilities	2,210,938	1,223,046	3,433,984
Noncurrent liabilities:			
Net pension liability	585,145	60,355	645,500
Noncurrent portion of long-term debt	3,447,414	2,375,395	5,822,809
Total noncurrent liabilities	4,032,559	2,435,750	6,468,309
Total liabilities	6,243,497	3,658,796	9,902,293
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	337,228	34,783	372,011
	337,228	34,783	372,011
NET POSITION			
Net investment in capital assets	32,437,390	34,033,968	66,471,358
Restricted for:			
Stabilization by State Statute	1,345,434	-	1,345,434
Cemetery perpetual care:			
Expendable	21,839	-	21,839
Nonexpendable	43,940	-	43,940
Unrestricted	9,158,392	10,389,970	19,548,362
Total net position	$ 43,006,995	$ 44,423,938	$ 87,430,933

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

Town of Southern Pines, North Carolina
Statement of Activities
Year Ended June 30, 2016

Exhibit 2

Function/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net Revenue (Expense) and Changes in Net Position – Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total
Primary government:							
Government activities:							
General government	$ 4,766,172	$ 947,169	$ 48,093	$ -	$ (3,770,910)	$ -	$ (3,770,910)
Public safety	6,235,300	581,747	8,147	-	(5,645,406)	-	(5,645,406)
Transportation	1,575,645	53,711	404,887	220,763	(896,284)	-	(896,284)
Economic and physical development	701,189	372,607	-	-	(328,582)	-	(328,582)
Cultural and recreation	1,583,781	266,735	34,722	925,061	(357,263)	-	(357,263)
Cemetery	-	5,375	-	-	5,375	-	5,375
Interest on long-term debt	135,625	-	-	-	(135,625)	-	(135,625)
Total governmental activities	14,997,712	2,227,344	495,849	1,145,824	(11,128,695)	-	(11,128,695)
Business-type activities:							
Water and sewer	7,083,980	7,504,763	-	1,524,481	-	1,945,264	1,945,264
Total business-type activities	7,083,980	7,504,763	-	1,524,481	-	1,945,264	1,945,264
Total primary government	$ 22,081,692	$ 9,732,107	$ 495,849	$ 2,670,305	(11,128,695)	1,945,264	(9,183,431)
General revenues:							
Ad valorem taxes					8,572,570	-	8,572,570
Unrestricted intergovernmental					3,386,423	-	3,386,423
Alcoholic Beverage Tax					143,195	-	143,195
Franchise taxes					1,112,213	-	1,112,213
Investment earnings					38,091	62,699	100,790
Miscellaneous					106,949	414,304	521,253
Gain on disposal					64,089	17,198	81,287
Total general revenues					13,423,530	494,201	13,917,731
Change in net position					2,294,835	2,439,465	4,734,300
Net position, beginning					40,712,160	41,984,473	82,696,633
Net position, end of year					$ 43,006,995	$ 44,423,938	$ 87,430,933

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

Fund Financial Statements

Town of Southern Pines, North Carolina
Balance Sheet - Governmental Funds
June 30, 2016

Exhibit 3
(2 pages)

	Major Fund General	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and investments	$ 8,745,449	$ 2,335,501	$ 11,080,950
Receivables - net:			
Property taxes	51,846	-	51,846
Due from other governments	992,924	-	992,924
Accounts receivable	308,905	13,027	321,932
Accrued interest receivable	11,568	2,810	14,378
Sales tax receivable	97,884	17,188	115,072
Parking lot assessments	2,305	-	2,305
Inventories	25,840	-	25,840
Prepaids	53,875	-	53,875
Restricted assets:			
Cash and investments	365,668	-	365,668
	$ 10,656,264	$ 2,368,526	$ 13,024,790
LIABILITIES			
Current liabilities:			
Accounts payable	$ 331,073	$ 147,332	$ 478,405
Accrued liabilities:			
Other	413,904	-	413,904
Security deposits	365,668	-	365,668
Total liabilities	1,110,645	147,332	1,257,977
DEFERRED INFLOWS OF RESOURCES			
Taxes receivable	51,846	-	51,846
Parking lot assessments	2,305	-	2,305
Other	85,845	-	85,845
Total deferred inflows of resources	139,996	-	139,996
FUND BALANCES			
Nonspendable:			
Inventories	25,840	-	25,840
Prepaids	53,875	-	53,875
Perpetual maintenance	-	65,779	65,779
Restricted:			
Stabilization by State Statute	1,325,436	19,998	1,345,434
Committed:			
General Government	-	499,247	499,247
Public Safety	-	356,190	356,190
Transportation	-	974,590	974,590
Cultural and Recreational	-	305,390	305,390
Assigned:			
Subsequent year's expenditures	2,136,517	-	2,136,517
Unassigned	5,863,955	-	5,863,955
Total fund balances	9,405,623	2,221,194	11,626,817
Total liabilities, deferred inflows of resources and fund balances	$ 10,656,264	$ 2,368,526	$ 13,024,790

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

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

Total fund balance, governmental funds	$ 11,626,817
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	36,042,035
Deferred outlfows of resources related to pensions are not reported in the funds	501,887
Other long-term assets (accrued interest receivable from property taxes) are not available to pay for current-period expenditures and therefore are inflows of resources in the funds	19,008
Liabilities for earned revenues considered deferred inflows of resources in fund statements	139,996
Deferred inflows of resources related to pensions are not reported in the funds	(337,228)
Some liabilities are not due and payable in the current period and are therefore not reported in the funds:	
Long-term debt included as net position below	(4,400,375)
Pension liability	(585,145)
Net position of governmental activities	$ 43,006,995

Town of Southern Pines, North Carolina
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
Year Ended June 30, 2016

Exhibit 4
(2 pages)

	Major Fund	Nonmajor Governmental Funds	Totals Governmental Funds
	General		
Revenues			
Ad valorem taxes	$ 8,563,591	$ -	$ 8,563,591
Other taxes and licenses	191,005	-	191,005
Unrestricted intergovernmental	4,509,376	219,243	4,728,619
Restricted intergovernmental	415,756	-	415,756
Permits and fees	549,713	-	549,713
Sales and services	1,159,436	5,375	1,164,811
Investment earnings	30,273	7,818	38,091
Other	655,970	-	655,970
	16,075,120	232,436	16,307,556
Expenditures			
Current:			
General government	4,746,168	36,931	4,783,099
Public safety	5,959,833	13,600	5,973,433
Transportation	1,114,923	545,610	1,660,533
Economic and physical development	697,899	-	697,899
Cultural and recreational	1,487,857	306,043	1,793,900
Debt service:			
Principal	666,541	-	666,541
Interest	139,174	-	139,174
	14,812,395	902,184	15,714,579
Revenues over (under) expenditures	1,262,725	(669,748)	592,977
Other financing sources (uses)			
Transfers to other funds	(310,000)	-	(310,000)
Transfers from other funds	-	310,000	310,000
Sale of capital assets	171,199	-	171,199
Total other financing sources (uses)	(138,801)	310,000	171,199
Net change in fund balance	1,123,924	(359,748)	764,176
Fund balance, beginning of year, July 1	8,281,699	2,580,942	10,862,641
Fund balance, end of year, June 30	$ 9,405,623	$ 2,221,194	$ 11,626,817

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

Amounts reported for governmental activities in the statement of activities are different because:		
Net changes in fund balances - total governmental funds	$	764,176
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		(14,128)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		471,657
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
Change in unavailable revenue for tax revenues		(5,679)
Proceeds received from disposal/transfer of capital assets		(171,199)
Gain on disposal/transfer of capital assets		64,089
Donated capital assets		926,581
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 on long-term debt		666,541
Decrease in accrued interest payable		3,549
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		(25,582)
Pension expense		(319,847)
Net pension obligation		(65,323)
Total changes in net position of governmental activities	$	2,294,835

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

Town of

Chartered 1887

Southern Pines

North Carolina

Town of Southern Pines, North Carolina
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
Year Ended June 30, 2016

Exhibit 5

	Budget			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Revenues				
Ad valorem taxes	$ 8,544,610	$ 8,544,610	$ 8,563,591	$ 18,981
Other taxes and licenses	147,500	147,500	191,005	43,505
Unrestricted intergovernmental revenues	3,490,500	3,490,500	4,509,376	1,018,876
Restricted intergovernmental revenues	403,000	403,000	415,756	12,756
Permits and fees	311,000	337,000	549,713	212,713
Sales and services	1,077,200	1,077,200	1,159,436	82,236
Investment earnings	16,500	16,500	30,273	13,773
Other	551,000	585,118	655,970	70,852
	14,541,310	14,601,428	16,075,120	1,473,692
Expenditures				
Current:				
General government	5,202,249	5,236,309	4,746,168	490,141
Public safety	6,244,776	6,305,232	5,959,833	345,399
Transportation	1,187,860	1,187,860	1,114,923	72,937
Economic and physical development	678,911	705,111	697,899	7,212
Cultural and recreational	1,636,730	1,640,256	1,487,857	152,399
Debt service	805,717	805,717	805,715	2
	15,756,243	15,880,485	14,812,395	1,068,090
Revenues over (under) expenditures	(1,214,933)	(1,279,057)	1,262,725	2,541,782
Other financing sources (uses)				
Transfer out to Capital Project Funds	(200,000)	(310,000)	(310,000)	-
Sale of capital assets	40,000	164,209	171,199	6,990
Total other financing sources (uses)	(160,000)	(145,791)	(138,801)	6,990
Revenues over (under) expenditures and other financing sources (uses)	(1,374,933)	(1,424,848)	1,123,924	2,548,772
Appropriated fund balance	1,374,933	1,424,848	-	(1,424,848)
Net change in fund balance	$ -	$ -	1,123,924	$ 1,123,924
Fund balance, beginning of year, July 1			8,281,699	
Fund balance, end of year, June 30			$ 9,405,623	

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

	Business-Type Activities - Enterprise Major Fund Water and Sewer
ASSETS	
Current assets:	
Cash and cash equivalents/investments	$ 7,968,187
Receivables - net:	
Sewer assessments	49,983
Customers	1,194,879
Accrued interest	12,469
Sales taxes	23,086
Other	24,898
Total receivables	1,305,315
Total current assets	9,273,502
Temporarily restricted assets:	
Cash and investments	1,886,238
Capital assets	
Land, improvements, and construction in progress	2,029,759
Intangibles - easements	1,384,550
Other capital assets, net of depreciation	33,491,701
Total capital assets, net	36,906,010
Total unrestricted noncurrent assets	36,906,010
Total noncurrent assets	38,792,248
Total assets	48,065,750
DEFERRED OUTFLOWS OF RESOURCES	
Pension deferrals	51,767
Total deferred outflows of resources	51,767

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

	Business-Type Activities - Enterprise Major Fund Water and Sewer
LIABILITIES	
Current liabilities:	
Accounts payable	$ 555,647
Compensated absences - current	25,397
Installment purchases - current	515,732
Accrued liabilities	47,115
Security deposits	79,155
Total current liabilities	1,223,046
Noncurrent liabilities	
Compensated absences	19,085
Installment purchases	2,356,310
Net pension liability	60,355
	2,435,750
Total liabilities	3,658,796
DEFERRED INFLOWS OF RESOURCES	
Pension deferrals	34,783
NET POSITION	
Net investment in capital assets	34,033,968
Unrestricted	10,389,970
Total net position	$ 44,423,938

Town of Southern Pines, North Carolina **Exhibit 7**
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund
Year Ended June 30, 2016

	Major Fund Water and Sewer
Operating revenues	
Charges for sales and services	$ 7,504,763
Operating expenses	
Billings and collection	438,210
Water treatment	1,213,173
Sewage treatment	1,596,626
Water extensions and maintenance	661,646
Sewer extensions and maintenance	629,813
Chargeout for administrative expenses	903,277
Depreciation and amortization	1,551,198
Total operating expenses	6,993,943
Operating income	510,820
Nonoperating revenues (expenses)	
Impact fees	414,304
Interest on investments	28,276
BAB interest rebate	34,423
Gain on disposal of capital assets	17,198
Interest expense	(90,037)
Total nonoperating revenues (expenses)	404,164
Income before capital contributions	914,984
Capital contributions	1,524,481
Change in net position	2,439,465
Total net position, beginning of year	41,984,473
Net position, end of year	$ 44,423,938

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

Town of Southern Pines, North Carolina
Statement of Cash Flows - Proprietary Fund
Year Ended June 30, 2016

Exhibit 8
(2 pages)

	Major Fund Water and Sewer
Cash flows from operating activities	
Cash received from customers and users	$ 7,587,134
Cash paid for goods and services	(4,180,383)
Cash paid to or on behalf of employees for services	(962,413)
Customer deposit refunded	(36,265)
Customer deposits received	38,760
Net cash provided by operating activities	2,446,833
Cash flows from capital and related financing activities	
Acquisition and construction of capital assets	(647,335)
Impact fees	414,304
Principal paid on installment purchase obligation	(500,951)
Interest paid on installment purchase obligation	(56,422)
Proceeds from sale of capital assets	20,998
Net cash used by capital and related financing activities	(769,406)
Cash flows from investing activities	
Interest on investments	22,318
Net cash provided by investing activities	22,318
Net increase in cash and cash equivalents	1,699,745
Cash and cash equivalents at beginning of year	8,154,680
Cash and cash equivalents at end of year	$ 9,854,425

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

	Major Fund Water and Sewer
**Cash and Investments per Exhibit 6	
Unrestricted	$ 7,968,187
Restricted	1,886,238
Total	$ 9,854,425
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	$ 510,820
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	1,551,198
Change in assets, deferred outflows of resources, deferred inflows of resources and liabilities:	
(Increase) decrease in:	
Accounts receivable	82,371
Net pension asset	80,803
Deferred outflows of resources for pensions	3,250
Increase (decrease) in:	
Accounts payable and accrued liabilities	312,017
Customer deposits	2,495
Accrued vacation pay	5,677
Net pension liability	60,355
Deferred inflows of resources for pensions	(162,153)
Total adjustments	1,936,013
Net cash provided by operating activities	$ 2,446,833

Noncash investing, capital, and financing activities:
During fiscal year ended June 30, 2016, the Town received $939,181 in water and sewer line improvements and $585,301 of easements from various land developers and individuals. These improvements are recorded as capital contributions.

Town of Southern Pines, North Carolina
Statement of Fiduciary Net Position
Fiduciary Fund
June 30, 2016

Exhibit 9

	Private-Purpose Trust Fund	Agency Funds
	Virginia Kelly Trust	Cafeteria Plan
ASSETS		
Cash and investments	$ 25,237	$ 40,186
Accrued interest	32	51
	$ 25,269	$ 40,237
LIABILITIES		
Miscellaneous liabilities	$ -	$ 40,237
NET POSITION		
Reserved for payment of death benefits - police	$ 25,269	

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

Town of Southern Pines, North Carolina
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
Year Ended June 30, 2016

Exhibit 10

	Private-Purpose Trust Fund
	Virginia Kelly Trust
Revenues	
Investment earnings	$ 79
Deductions	
Death benefits	$ -
Net Increase	79
Net position, beginning of year, July 1	25,190
Net position, end of year, June 30	$ 25,269

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

Notes to Financial Statements

1. Summary of Significant Accounting Policies

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

A. Reporting entity

The Town of Southern Pines is a municipal corporation that is governed by an elected mayor and a four-member council. As required by generally accepted accounting principles, these financial statements present the Town as well as any separate entity for which the Town is financially accountable. For the year ended June 30, 2016, no other entity is included in the Town's financial statements.

B. Basis of presentation

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

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

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

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

The Town reports the following major governmental funds:

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

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.

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

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.

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

The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in law, the State of North Carolina is responsible for billing

and collecting the property taxes on registered vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

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

D. Budgetary data

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

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

(1) Deposits and investments

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

State law (G.S. 159-30(c)) authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the state of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain 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 are reported at fair value. Non-participating interest earning contracts are accounted for at cost. The NCCMT - Cash Portfolio, a SEC-registered (2a-7) external investment pool, is measured at amortized cost, which I the NCCMT's share price. The NCCMT - Term Portfolio's securities are valued at fair value.

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

Governmental activities:	
General Fund:	
Customer deposits	$ 365,668
Total governmental activities	365,668
Business-type activities:	
Water and Sewer Fund:	
Customer deposits	79,155
Water impact fees	1,290,837
Sewer impact fees	516,246
Total business-type activities	1,886,238
Total restricted cash	$ 2,251,906

(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, 2015.

(5) Allowances for doubtful accounts

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

(6) Inventory and prepaid items

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

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

(7) Capital assets

Capital assets are defined by the Town as assets with an initial, individual cost of more than $10,000 and an estimated useful life in excess of one year. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition

value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. General infrastructure assets acquired prior to July 1, 2003, consist of the road network and water and sewer system assets that were acquired or that received substantial improvements subsequent to July 1, 1980, and are reported at estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

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

(8) Deferred outflows/inflows of resources

In addition to assets, the Statement of Net Position will sometimes report a separate section of deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources,* represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has two items that meet this criterion, contributions made to the pension plan in the 2016 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.

(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.

Prepaids - 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.

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. The general fund is the only fund that reports a positive unassigned fund balance.

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

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

(12) 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.

(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)	$ 55,119,171
Less accumulated depreciation	(19,077,136)
Net capital assets	36,042,035
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position	471,657
Changes in proportion and differences in employer contributions and proportionate share of contributions are deferred outflows of resources on the Statement of Net Position	30,230
Accrued interest receivable for property taxes is not available to pay for current-period expenditures and therefore are inflows of resources in the funds	19,008
Liabilities for earned revenues considered deferred inflows of resources in fund statements:	
Taxes receivable	51,846
Parking lot assessments	2,305
Other receivables	85,845
Net deferred revenues	139,996
Net pension-related deferrals	(337,228)
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	(3,604,645)
Compensated absences	(569,815)
Net pension obligations	(789,555)
Accrued interest	(21,505)
Liabilities	(4,985,520)
Total adjustment	$ 31,380,178

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	$ 1,374,908
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	(1,389,036)
Contributions to the pension plan in the current fiscal year are not included on the statement of activities	471,657
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:	
Other	(5,679)
Proceeds received from disposal/transfer of capital assets	(171,199)
Gain on disposal/transfer of capital assets	64,089
Donated capital assets	926,581
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	666,541
Compensated absences	(25,582)
Pension expense	(319,847)
Net pension obligation	(65,323)
Interest expense	3,549
Total adjustment	$ 1,530,659

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, 2016, the Town's deposits had a carrying amount of $10,773,266 and a bank balance of $11,026,078. Of the bank balance $750,000 was covered by federal depository insurance and $10,276,078 was covered by collateral held under the Pooling Method. At June 30, 2016, the Town’s petty cash fund totaled $1,050.

3. Investments

At June 30, 2016, the Town's investment balances were as follows:

Investments by Type	Valuation Measurement Method	Book Value at 6/30/2016	Maturity	Rating
NC Capital Management Trust - Cash Portfolio	Amortized Cost	$ 10,035,368	N/A	AAAm
NC Capital Management Trust - Term Portfolio	Fair Value Level 1	556,783	0.14 years	Unrated
Total		$ 10,592,151		

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

Level of fair value hierarchy:

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

The Town does not have a formal investment policy.

Credit Risk. The Town has no formal policy regarding credit risk, but has internal management procedures that limits the Town's investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The Town's investment in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAm by Standard & Poor's as of June 30, 2016. The Town's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the U.S. government and agencies, and in high grade money market instruments permitted under G.S. 159-30 as amended.

4. Receivables - Allowance for Doubtful Accounts

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

Fund	June 30, 2016
General Fund:	
Taxes receivable	$ 30,531
Enterprise Fund	9,400
	$ 39,931

5. Capital Assets

Capital assets activity for the year ended June 30, 2016, was as follows:

Governmental Activities by Type	July 1, 2015	Transfers in/ Additions	Transfers out/ Disposals	June 30, 2016
Capital assets not being amortized or depreciated:				
Land	$ 11,846,651	$ 475,469	$ (15,250)	$ 12,306,870
Intangible assets in progress	343,596	30,743	(197,303)	177,036
Construction in progress	2,843,506	871,441	(1,985,685)	1,729,262
	15,033,753	1,377,653	(2,198,238)	14,213,168
Capital assets being amortized or depreciated:				
Buildings and improvements	15,063,783	925,061	-	15,988,844
Other improvements	4,466,286	15,238	(40,093)	4,441,431
Infrastructure	11,565,981	1,332,172	-	12,898,153
Machinery and equipment	407,284	121,561	-	528,845
Intangible assets - software	-	167,285	-	167,285
Vehicles and motorized equipment	5,019,761	290,445	(201,342)	5,108,864
Furniture, fixtures and other equipment	1,634,778	163,200	(25,397)	1,772,581
	38,157,873	3,014,962	(266,832)	40,906,003
Less accumulated depreciation and amortization for:				
Buildings and improvements	4,056,356	279,188	-	4,335,544
Other improvements	1,338,223	117,779	(40,093)	1,415,909
Infrastructure	8,642,111	427,196	-	9,069,307
Machinery and equipment	334,913	48,295	-	383,208
Intangible assets - software	-	22,305	-	22,305
Vehicles and motorized equipment	2,613,474	353,959	(201,342)	2,766,091
Furniture, fixtures and other equipment	969,856	140,313	(25,397)	1,084,772
	17,954,933	1,389,035	(266,832)	19,077,136
Depreciable assets - net	20,202,940	1,625,927	-	21,828,867
Governmental activities capital assets - net	$ 35,236,693	$ 3,003,580	$ (2,198,238)	$ 36,042,035
Governmental Activities by Function				
General government	$ 17,245,401	$ 232,408	$ (58,356)	$ 17,419,453
Public safety	15,151,650	341,610	(300,989)	15,192,271
Transportation	13,721,842	580,292	(62,208)	14,239,926
Economic and physical development	235,775	-	-	235,775
Cultural and recreational	6,836,958	1,257,847	(63,059)	8,031,746
	53,191,626	2,412,157	(484,612)	55,119,171

Governmental Activities by Function (Continued)	July 1, 2015	Transfers in/ Additions	Transfers out/ Disposals	June 30, 2016
Less accumulated depreciation and amortization for:				
General government	$ 2,765,013	$ 227,555	$ (43,106)	$ 2,949,462
Public safety	3,257,346	515,637	(121,425)	3,651,558
Transportation	9,199,092	501,449	(62,208)	9,638,333
Economic and physical development	148,819	10,453	-	159,272
Cultural and recreational	2,584,663	156,907	(63,059)	2,678,511
	17,954,933	1,412,001	(289,798)	19,077,136
Total governmental activities capital assets - net	$ 35,236,693	$ 1,000,156	$ (194,814)	$ 36,042,035
Business Activities				
Nondepreciable assets:				
Land	$ 540,533	$ -	$ -	$ 540,533
Intangibles - easements	799,249	585,301	-	1,384,550
Construction in progress	1,349,300	549,444	(409,518)	1,489,226
	2,689,082	1,134,745	(409,518)	3,414,309
Depreciable assets:				
Plant and distribution system	52,242,768	1,344,899	-	53,587,667
Buildings	1,424,609	-	-	1,424,609
Equipment	3,831,020	97,891	(93,645)	3,835,266
	57,498,397	1,442,790	(93,645)	58,847,542
Less accumulated depreciation and amortization for:				
Plant and distribution system	22,281,320	1,190,999	-	23,472,319
Building	287,295	28,492	-	315,787
Equipment	1,329,673	331,707	(93,645)	1,567,735
	23,898,288	1,551,198	(93,645)	25,335,841
Depreciable assets - net	33,600,109	(108,408)	-	33,511,701
Total business activities capital assets - net	$ 36,289,191	$ 1,026,337	$ (409,518)	$ 36,906,010

Intangible assets

Intangible assets consist of enterprise resource planning software that is being developed for the town and recorded in the Enterprise Information and Document Management (EIDMS) capital project fund. As of June 30, 2016 $167,285 of this software has been completed and is being used by the Town. This cost is being amortized over 15 years using the straight-line method.

Future amortization is as follows:

Year Ending June 30	
2017	$ 11,152
2018	11,152
2019	11,152
2020	11,152
2021	11,152
Thereafter	89,220
	$ 144,980

Construction commitments

The government has active construction projects as of June 30, 2016. At year-end, the government's commitments with contractors are as follows:

Project	Spent to Date	Remaining Commitment
Weymouth Woods Pressure Zone Improvements	$ 22,553	$ 15,947
Sanitary Sewer Aerial Supports	62,375	182,127
Pee Dee Pump Station Replacement	29,450	10,050
Total	$ 114,378	$ 208,124

6. Payables

Payables at the government-wide level at June 30, 2016, were as follows:

	Vendors	Salaries and Benefits	Accrued Interest	Total
Governmental activities:				
General	$ 331,073	$ 413,904	$ 21,505	$ 766,482
Other governmental	147,332	-	-	147,332
Total governmental activities	$ 478,405	$ 413,904	$ 21,505	$ 913,814
Business-type activities:				
Water and sewer	$ 555,647	$ 41,883	$ 5,232	$ 602,762

7. Pension Plan and Postemployment Obligations

A. Local Governmental Employees' Retirement System

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

Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454, or at www.osc.nc.gov.

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

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of 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, 2016, was 7.15% of compensation for law enforcement officers and 6.75% 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 $520,306 for the year ended June 30, 2016.

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, 2016, the Town reported a liability of $645,500 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. The total pension liability was then rolled forward to the measurement date of June 30, 2015 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by

the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2015, the Town's proportion was 0.144% which was an increase of 0.002% from its proportion measured at June 30, 2014.

For the year ended June 30, 2016, the Town recognized pension expense of $354,535. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 151,729
Net difference between projected and actual earnings on pension plan investments	-	183,772
Changes in proportion and differences between Town contributions and proportionate share of contributions	33,348	36,510
Town contributions subsequent to the measurement date	520,306	-
Total	$ 553,654	$ 372,011

$520,306 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, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	
2017	$ (212,531)
2018	(212,531)
2019	(212,410)
2020	298,808
2021	-
Thereafter	-

Actuarial assumptions - The total pension liability in the December 31, 2014 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, 2014 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, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	29.0%	2.2%
Global equity	42.0%	5.8%
Real estate	8.0%	5.2%
Alternatives	8.0%	9.8%
Credit	7.0%	6.8%
Inflation protection	6.0%	3.4%
Total	100.0%	

The information above is based on 30-year expectations developed with the consulting actuary for the 2014 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount rate - The discount rate used to measure the total pension liability was 7.25%. 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 town's proportionate share of the net pension asset to changes in the discount rate - The following presents the Town's proportionate share of the net pension asset calculated using the discount rate of 7.25 percent, as well as what the Town's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
Town's proportionate share of the net pension liability (asset)	$ 4,501,162	$ 645,500	$ (2,602,809)

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

B. Law Enforcement Officers Special Separation Allowance

(i) Plan description

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

All full-time law enforcement officers of the Town are covered by the Separation allowance. At December 31, 2015, the Separation Allowance's membership consisted of:

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

A separate report was not issued for the plan.

(ii) 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.

(iii) 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, 2015, actuarial valuation using the projected unit credit actuarial assumptions included (a) 3.57% investment rate of return (net of

administrative expenses) and (b) projected salary increases of 3.50% to 7.35% 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 15 years. The assumptions did not include post-employment benefit increases.

Annual pension cost and net pension obligation. The Town's annual pension cost and net pension obligation to the Separation Allowance for the current year were as follows:

Annual required contribution	$ 101,128
Interest on net pension obligation	6,954
Adjustment to annual required contribution	(12,222)
Annual pension cost	95,860
Contributions made	(30,537)
Increase in net pension obligation	65,323
Net pension obligation beginning of fiscal year	139,087
Net pension obligation end of fiscal year	$ 204,410

Three-Year Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-2014	$ 69,731	97.06%	$ 88,115
6-30-2015	84,777	39.88%	139,087
6-30-2016	95,860	31.86%	204,410

(iv) 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 $1,270,092. The covered payroll (annual payroll of active employees covered by the plan) was $2,119,195, and the ratio of the UAAL to the covered payroll was 59.93 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, 2016, were $134,766, which consisted of $96,346 from the Town and $38,420 from the law enforcement officers.

D. Other employment benefits

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

8. Deferred Compensation Plan

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

All amounts of compensation deferred under the plan and all income attributable to those amounts are immediately 100% vested to the participant. The Town contributes 5% of eligible compensation to the Plan. For the year ended June 30, 2016, contributions to the Plan consisted of $267,870 from the Town and $124,228 in voluntary contributions from employees.

9. Deferred Inflows of Resources

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

	Unavailable Revenue
Taxes receivable, net	$ 51,846
Parking lot assessments receivable, net	2,305
Other receivable, net	85,845
	$ 139,996

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.

11. Claims and Judgments

At June 30, 2016, 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.

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.

Long-term debt obligations of the Town at June 30, 2016, consisted of the following:

	Serviced by	
	Governmental Activities	**Business-Type Activities**
Police station; $6,500,000; issued 2008; due semiannually to 2024; interest at 3.73%; collateralized by police station	$ 3,250,001	$ -
Heavy duty rescue truck; issued 2014; due semiannually to 2018; interest at 1.10%; collateralized by heavy duty rescue truck	239,454	-
Street sweeper; issued 2014; due semiannually to 2018; interest at 1.10%; collateralized by street sweeper	115,190	-

	Serviced by	
	Governmental Activities	Business-Type Activities
Raw water reservoir; $3,500,000; issued 2010; due semiannually to 2021; interest at 3.40%; collateralized by real estate	$ -	$ 1,721,502
Automatic meter readers; $1,600,000; issued 2013; due semiannually to 2023; interest at 1.85%; collateralized by equipment	-	1,150,540
Net pension obligation	789,555	60,355
Compensated absences	569,815	44,482
Total long-term debt	4,964,015	2,976,879
Total outstanding	4,964,015	2,976,879
Less current portion	(931,456)	(541,129)
	$ 4,032,559	$ 2,435,750

At June 30, 2016, the Town of Southern Pines had a legal debt margin of $173,761,456.

The following is a summary of changes in the Town's long-term obligations for the fiscal year ended June 30, 2016:

	Balance July 1, 2015	Increases	Decreases	Balance June 30, 2016	Current Portion of Balance
Governmental activities:					
Police station	$ 3,683,334	$ -	$ 433,333	$ 3,250,001	$ 433,333
Heavy duty rescue truck	396,915	-	157,461	239,454	159,198
Street sweeper	190,937	-	75,747	115,190	76,583
Compensated absences	544,229	276,149	250,563	569,815	262,342
Net pension liability (LGERS)	-	585,145	-	585,145	-
Net pension obligation	139,087	65,323	-	204,410	-
	$ 4,954,502	$ 926,617	$ 917,104	$ 4,964,015	$ 931,456

	Balance July 1, 2015	Increases	Decreases	Balance June 30, 2016	Current Portion of Balance
Business-type activities:					
Raw water reservoir	$ 2,069,866	$ -	$ 348,364	$ 1,721,502	$ 360,309
Automatic meter readers	1,303,127	-	152,587	1,150,540	155,423
Compensated absences	38,805	27,832	22,155	44,482	25,397
Net pension liability (LGERS)	-	60,355	-	60,355	-
	$ 3,411,798	$ 88,187	$ 523,106	$ 2,976,879	$ 541,129

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

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

	Installment Purchases	
	Principal	Interest
Governmental activities:		
2017	$ 669,114	$ 120,439
2018	552,197	101,675
2019	433,333	84,858
2020	433,333	68,694
2021	433,333	52,531
2022 - 2024	1,083,335	60,611
	$ 3,604,645	$ 488,808
Business-type activities:		
2017	$ 515,732	$ 76,064
2018	530,976	60,820
2019	546,697	45,100
2020	562,910	28,886
2021	371,731	12,164
2022 - 2023	343,996	7,992
	$ 2,872,042	$ 231,026

13. Interfund Balances and Activity

Transfers to/from other funds at June 30, 2016, 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 Downtown Park Capital Project Fund for capital project expenditures	50,000
From the General Fund to the General Capital Reserve Capital Project Fund	110,000
From the Public Safety Capital Project Fund to the General Capital Reserve Capital Project Fund for capital project expenditures	3,696
Total governmental	313,696
Business-type:	
From the Morganton Road Capital Project Fund to the Water & Sewer Improvements II Capital Project Fund for capital project expenditures	1,195
Total business-type	1,195
Total transfers	$ 314,891

14. Fund Balance

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

Total fund balance - General Fund	$	9,405,623
Less:		
Inventories		25,840
Prepaid items		53,875
Stabilization by State Statute		1,325,436
Appropriated fund balance in 2017 budget		2,136,517
Fund balance policy		4,258,339
Remaining fund balance	$	1,605,616

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

15. Related Organization

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

16. Summary Disclosure of Significant Contingencies

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.

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

• 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

Chartered 1887

Southern Pines

North Carolina

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b - a)/c)
12/31/06	$ -	$ 553,846	$ 553,846	0.0%	$ 1,227,927	45.10%
12/31/07	-	656,739	656,739	0.0%	1,270,758	51.68%
12/31/08	-	648,104	648,104	0.0%	1,308,188	49.54%
12/31/09	-	768,278	768,278	0.0%	1,223,890	62.77%
12/31/10	-	745,366	745,366	0.0%	1,443,453	51.64%
12/31/11	-	731,883	731,883	0.0%	1,546,111	47.34%
12/31/12	-	663,284	663,284	0.0%	1,396,857	47.48%
12/31/13	-	625,522	625,522	0.0%	1,672,239	37.41%
12/31/14	-	679,999	679,999	0.0%	1,912,922	35.55%
12/31/15	-	1,270,092	1,270,092	0.0%	2,119,195	59.93%

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	12/31/2015
Actuarial cost method	Entry age normal
Amortization method	Level dollar closed
Remaining amortization period	15 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	3.57%
Projected salary increases*	3.50 - 7.35%
*Includes inflation at	3.00%
Cost-of-living adjustments	N/A

Town of Southern Pines, North Carolina **Schedule 3**
Local Government Employees' Retirement System
Required Supplementary Information
Schedule of Proportionate Share of Net Pension Liability (Asset)
Last Three Fiscal Years

	2016	2015	2014
The Town's proportion of the net pension liability (asset) (%)	**0.1438%**	0.1420%	0.1323%
The Town's proportion of the net pension liability (asset) ($)	**$ 645,500**	$ (837,439)	$ 1,594,723
The Town's covered-employee payroll	**7,347,598**	7,012,498	6,605,219
The Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	**8.79%**	-11.94%	24.14%
Plan fiduciary net position as a percentage of the total pension liability**	**98.09%**	102.64%	94.35%

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

Town of Southern Pines, North Carolina **Schedule 4**

Local Government Employees' Retirement System

Required Supplementary Information

Schedule of Employer Contributions

Last Three Fiscal Years

	2016	2015	2014
Contractually required contribution	**$ 520,306**	$ 525,694	$ 499,274
Contributions in relation to the contractually required contribution	**520,306**	525,694	499,274
Contribution deficiency (excess)	**$ -**	$ -	$ -
The Town's covered-employee payroll	**$ 7,568,729**	$ 7,347,598	$ 7,012,498
Contributions as a percentage of covered-employee payroll	**6.87%**	**7.15%**	**7.12%**

Combining, Individual Fund and Account Groups
Financial Statements and Schedules

The General Fund

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

Town of Southern Pines, North Carolina **Schedule 5**
General Fund
Comparative Balance Sheets
June 30, 2016 and June 30, 2015

	2016	2015
ASSETS		
Cash and investments	**$ 8,745,449**	$ 7,863,975
Receivables, net		
Property taxes	**51,846**	61,873
Due from other governments	**992,924**	975,020
Accounts receivable	**308,905**	290,579
Accrued interest receivable	**11,568**	6,369
Sales tax receivable	**97,884**	95,678
Parking lot assessments receivable	**2,305**	2,305
Inventory	**25,840**	30,643
Prepaids	**53,875**	56,649
Restricted assets:		
Cash and investments	**365,668**	124,146
Total assets	**$ 10,656,264**	$ 9,507,237
LIABILITIES		
Current liabilities:		
Accounts payable	**$ 331,073**	$ 573,461
Accrued liabilities:		
Other	**413,904**	363,252
Security deposits	**365,668**	124,146
Total liabilities	**1,110,645**	1,060,859
DEFERRED INFLOWS OF RESOURCES		
Taxes receivable	**51,846**	61,873
Parking lot assessments	**2,305**	2,305
Other	**85,845**	100,501
Total deferred inflows of resources	**139,996**	164,679
FUND BALANCE		
Nonspendable:		
Inventory	**25,840**	30,643
Prepaids	**53,875**	56,649
Restricted:		
Stabilization by State Statute	**1,325,436**	1,267,145
Assigned:		
Subsequent year's expenditures	**2,136,517**	1,374,933
Unassigned	**5,863,955**	5,552,329
Total fund balances	**9,405,623**	8,281,699
	$ 10,656,264	$ 9,507,237

Town of Southern Pines, North Carolina **Schedule 6**
General Fund **(5 pages)**
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Year Ended June 30, 2016
With Comparative Actual Amounts for the Year Ended June 30, 2015

	2016			2015
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
Ad valorem taxes:				
Current year		$ 8,526,671		$ 8,380,021
Prior years		16,862		26,521
Penalties and interest		20,058		22,245
	$ 8,544,610	8,563,591	$ 18,981	8,428,787
Other taxes and licenses:				
ABC mixed beverage		143,195		120,790
Solid waste disposal tax		8,428		8,273
Privilege licenses		-		28,150
Cablevision franchise fee		-		39,713
Lease vehicles		39,382		33,651
	147,500	191,005	43,505	230,577
Unrestricted intergovernmental revenues:				
Local option sales tax		3,177,570		3,012,619
Video programming tax		161,043		164,370
Franchise tax		1,112,213		988,840
Beer and wine		58,550		62,426
	3,490,500	4,509,376	1,018,876	4,228,255
Restricted intergovernmental revenues:				
State Aid - Library Grant		6,382		6,395
Powell Bill allocation		404,887		400,905
Recreation Grants		921		715
Library grants		-		4,510
Fire grants		-		1,750
Police grants		3,566		3,156
	403,000	415,756	12,756	417,431
Permits and fees:				
Building permits and inspection fees		344,142		390,607
Fire and Police Dept. fees		97,598		20,755
Public works fees		54,262		21,567
Street department fees		53,711		36,146
	337,000	549,713	212,713	469,075

Town of Southern Pines, North Carolina **Schedule 6**
General Fund **(5 pages)**
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Year Ended June 30, 2016
With Comparative Actual Amounts for the Year Ended June 30, 2015

	2016			2015
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
Sales and services:				
Rents		$ 347,106		$ 316,867
Court facilities fees		1,919		1,402
County disposal fee		543,676		513,471
Recreation department fees		216,554		211,742
Library fees		44,681		41,971
Reservoir park usage fees		5,500		5,500
	$ 1,077,200	1,159,436	$ 82,236	1,090,953
Investment earnings	16,500	30,273	13,773	15,664
Other:				
Cemetery		2,125		1,250
Fire department donations		4,431		15,100
Fire district revenue		493,585		475,277
Court costs		2,596		1,466
Demolition liens		25,622		3,627
County contribution - fire		46,000		47,000
Miscellaneous		81,611		41,013
	585,118	655,970	70,852	584,733
Total revenues	14,601,428	16,075,120	1,473,692	15,465,475
Expenditures				
General government:				
Governing body:				
Salaries and employee benefits		28,271		28,271
Operating expenditures		112,051		74,432
Professional services		66,000		66,026
Membership dues		17,958		14,252
	238,906	224,280	14,626	182,981
Administration:				
Salaries and employee benefits		469,391		448,414
Operating expenditures		86,575		92,855
	613,370	555,966	57,404	541,269
Finance:				
Salaries and employee benefits		367,628		346,386
Operating expenditures		226,715		212,898
	606,697	594,343	12,354	559,284

Town of Southern Pines, North Carolina **Schedule 6**
General Fund **(5 pages)**
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Year Ended June 30, 2016
With Comparative Actual Amounts for the Year Ended June 30, 2015

	2016			2015
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Information technology:				
Salaries and employee benefits		$ 144,790		$ 142,816
Contract Services		314,463		278,352
Operating expenditures		175,033		169,275
Capital outlay		91,543		-
	$ 758,692	725,829	$ 32,863	590,443
Administrative chargeback	(903,277)	(903,277)	-	(1,016,869)
Public works:				
Salaries and employee benefits		352,752		347,709
Operating expenditures		37,991		34,171
Contract services		1,399,223		1,379,490
	1,912,890	1,789,966	122,924	1,761,370
Building and grounds:				
Salaries and employee benefits		935,538		930,189
Vehicle maintenance		12,861		11,715
Contract Services		102,104		146,305
Operating expenditures		348,930		286,904
Capital outlay		21,876		27,949
	1,663,567	1,421,309	242,258	1,403,062
Garage:				
Salaries and employee benefits		239,251		235,887
Operating expenditures		58,918		68,090
Capital outlay		39,583		
	345,464	337,752	7,712	303,977
Total general government	5,236,309	4,746,168	490,141	4,325,517
Public safety:				
Police				
Salaries and employee benefits		3,081,275		2,925,973
Operating expenditures		656,358		613,968
Capital outlay		240,307		304,460
	4,282,681	3,977,940	304,741	3,844,401
Fire:				
Salaries and employee benefits		1,665,874		1,646,458
Operating expenditures		316,019		276,091
Capital outlay		-		490,000
	2,022,551	1,981,893	40,658	2,412,549
Total public safety	6,305,232	5,959,833	345,399	6,256,950

Town of Southern Pines, North Carolina
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Year Ended June 30, 2016
With Comparative Actual Amounts for the Year Ended June 30, 2015

Schedule 6
(5 pages)

	2016			2015
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Transportation:				
Street maintenance:				
Salaries and employee benefits		$ 469,929		$ 441,794
Operating expenditures		385,585		385,421
Construction		-		53,181
Paving		196,058		206,859
Contract services		30,189		26,749
Capital outlay		33,162		289,690
	$ 1,187,860	1,114,923	$ 72,937	1,403,694
Total transportation	1,187,860	1,114,923	72,937	1,403,694
Economic and physical development:				
Planning and development:				
Salaries and employee benefits		614,940		596,387
Contract services		28,399		12,839
Operating expenditures		54,560		53,917
Capital outlay		-		-
	705,111	697,899	7,212	663,143
Total economic and physical development	705,111	697,899	7,212	663,143
Cultural and recreational:				
Recreation:				
Salaries and employee benefits		427,272		421,600
Contract services		53,318		44,576
Operating expenditures		144,691		147,671
Capital outlay		46,253		46,213
	762,973	671,534	91,439	660,060
Libraries:				
Salaries and employee benefits		592,869		586,997
Contract services		35,435		37,294
Operating expenditures		68,502		75,141
Books and periodicals		119,517		117,031
	877,283	816,323	60,960	816,463
Total cultural and recreational	1,640,256	1,487,857	152,399	1,476,523

Town of Southern Pines, North Carolina
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Year Ended June 30, 2016
With Comparative Actual Amounts for the Year Ended June 30, 2015

Schedule 6
(5 pages)

	2016			2015
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Debt service:				
Principal retirement		$ 666,541		$ 625,361
Interest		139,174		153,941
	$ 805,717	805,715	$ 2	779,302
Total debt service	805,717	805,715	2	779,302
Total expenditures	15,880,485	14,812,395	1,068,090	14,905,129
Revenues over (under) expenditures	(1,279,057)	1,262,725	2,541,782	560,346
Other financing sources (uses)				
Transfers to other funds:				
Capital Projects Funds	(310,000)	(310,000)	-	(908,300)
Installment purchase obligations issued	-	-	-	703,500
Sale of capital assets	164,209	171,199	6,990	47,607
Total other financing uses	(145,791)	(138,801)	6,990	(157,193)
Revenues over (under) expenditures and other financing uses	(1,424,848)	1,123,924	2,548,772	403,153
Fund balance appropriated	1,424,848	-	(1,424,848)	-
Net change in fund balance	$ -	1,123,924	$ 1,123,924	403,153
Fund balance, beginning of year, July 1		8,281,699		7,878,546
Fund balance, end of year, June 30		$ 9,405,623		$ 8,281,699

Nonmajor Governmental Funds

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

Individual fund descriptions:

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

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

• 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

• 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.

• Library HVAC - accounts for funds used for the design and replacement of the HVAC system at the Southern Pines Public Library

• Unpaved Street - accounts for funds used for paving existing Town streets that are currently unpaved.

• CDBG TYR Tactical - accounts for funds used for construction of roadway improvements to service the TYR Tactical facility.

• General Capital Reserve - used to account for resources accumulated for ongoing or future capital projects

Town of Southern Pines, North Carolina
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016

	Capital Projects Funds			
	Nicks Creek Parkway	Open Space and Greenways	Sidewalk Construction	Fiber Optics
ASSETS				
Cash and investments	$ 71,683	$ 51,199	$ 180,238	$ 75,061
Accounts Receivable	-	-	-	-
Sales tax receivable	-	-	500	-
Accrued Interest	90	65	228	96
	$ 71,773	$ 51,264	$ 180,966	$ 75,157
LIABILITIES AND FUND BALANCE				
Liabilities:				
Payables	$ -	$ -	$ 134,305	$ -
Total liabilities	-	-	134,305	-
Fund balance:				
Nonspendable:				
Perpetual maintenance	-	-	-	-
Restricted:				
Stabilization by State Statute	90	65	728	96
Committed:				
Capital Projects	71,683	51,199	45,933	75,061
Total fund balance	71,773	51,264	46,661	75,157
	$ 71,773	$ 51,264	$ 180,966	$ 75,157

Capital Projects Funds					
Storm Water Improvements	Road Construction	EIDMS	Patrick Road	Bike Transport	Fire Department Substation
$ 322,487	$ 26,317	$ 310,493	$ 460,831	$ 125,727	$ 356,190
-	-	-	-	-	-
-	-	2,210	-	-	-
407	33	392	581	159	449
$ 322,894	$ 26,350	$ 313,095	$ 461,412	$ 125,886	$ 356,639
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
-	-	-	-	-	-
407	33	2,602	581	159	449
322,487	26,317	310,493	460,831	125,727	356,190
322,894	26,350	313,095	461,412	125,886	356,639
$ 322,894	$ 26,350	$ 313,095	$ 461,412	$ 125,886	$ 356,639

Town of Southern Pines, North Carolina
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016

	Capital Projects Funds			
	Public Safety	**Pool Park**	**Downtown Park**	**Library HVAC**
ASSETS				
Cash and investments	$ -	$ 113,992	$ 7,881	$ 6,591
Accounts Receivable	-	-	-	-
Sales tax receivable	-	7,989	5,924	-
Accrued Interest	-	144	10	8
	$ -	$ 122,125	$ 13,815	$ 6,599
LIABILITIES AND FUND BALANCE				
Liabilities:				
Payables	$ -	$ -	$ -	$ -
Total liabilities	-	-	-	-
Fund balance				
Nonspendable:				
Perpetual maintenance	-	-	-	-
Restricted:				
Stabilization by State Statute	-	8,133	5,934	8
Committed:				
Capital Projects	-	113,992	7,881	6,591
Total fund balance	-	122,125	13,815	6,599
	$ -	$ 122,125	$ 13,815	$ 6,599

Capital Projects Funds			Permanent Fund	
Unpaved Street	CDBG TYR Tactical	General Capital Reserve	Cemetery Perpetual Care	Total Non-Major Governmental Funds
$ 47,154	$ 185	$ 113,693	$ 65,779	$ 2,335,501
-	13,027	-	-	13,027
565	-	-	-	17,188
60	-	5	83	2,810
$ 47,779	$ 13,212	$ 113,698	$ 65,862	$ 2,368,526
$ -	$ 13,027	$ -	$ -	$ 147,332
-	13,027	-	-	147,332
-	-	-	65,779	65,779
625	-	5	83	19,998
47,154	185	113,693	-	2,135,417
47,779	185	113,698	65,862	2,221,194
$ 47,779	$ 13,212	$ 113,698	$ 65,862	$ 2,368,526

Town of Southern Pines, North Carolina
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
Year Ended June 30, 2016

	Capital Projects Funds			
	Nicks Creek Parkway	Open Space and Greenways	Sidewalk Construction	Fiber Optics
Revenues				
Investment earnings	$ 223	$ 160	$ 550	$ 248
Grant Proceeds	-	-	-	-
Sale of plots	-	-	-	-
	223	160	550	248
Expenditures				
General government	-	-	-	6,188
Cultural and recreational	-	-	-	-
Public safety	-	-	-	-
Transportation	-	-	133,805	-
	-	-	133,805	6,188
Revenues over (under) expenditures	223	160	(133,255)	(5,940)
Other financing sources (uses)				
Transfers (to)/from:				
Public safety fund	-	-	-	-
General fund	-	-	150,000	-
General capital reserve fund	-	-	-	-
	-	-	150,000	-
Net change in fund balance	223	160	16,745	(5,940)
Fund balance, beginning of year, July 1	71,550	51,104	29,916	81,097
Fund balance, end of year, June 30	$ 71,773	$ 51,264	$ 46,661	$ 75,157

Capital Projects Funds					
Storm Water Improvements	Road Construction	EIDMS	Patrick Road	Bike Transport	Fire Department Substation
$ 1,004	$ 82	$ 976	$ 1,434	$ 391	$ 1,112
-	-	-	-	-	-
-	-	-	-	-	-
1,004	82	976	1,434	391	1,112
-	-	30,743	-	-	-
-	-	-	-	-	-
-	-	-	-	-	13,600
-	-	-	-	-	-
-	-	30,743	-	-	13,600
1,004	82	(29,767)	1,434	391	(12,488)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,004	82	(29,767)	1,434	391	(12,488)
321,890	26,268	342,862	459,978	125,495	369,127
$ 322,894	$ 26,350	$ 313,095	$ 461,412	$ 125,886	$ 356,639

Town of Southern Pines, North Carolina
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
Year Ended June 30, 2016

	Capital Projects Funds			
	Public Safety	**Pool Park**	**Downtown Park**	**Library HVAC**
Revenues				
Investment earnings	$ 8	$ 784	$ 234	$ 50
Grant Proceeds	-	-	-	-
Sale of plots	-	-	-	-
	8	784	234	50
Expenditures				
General government	-	-	-	-
Cultural and recreational	-	192,512	94,021	19,510
Public safety	-	-	-	-
Transportation	-	-	-	-
	-	192,512	94,021	19,510
Revenues over (under) expenditures	8	(191,728)	(93,787)	(19,460)
Other financing sources (uses)				
Transfers (to)/from:				
Public safety fund	-	-	-	-
General fund	-	-	50,000	-
General capital reserve fund	(3,696)	-	-	-
	(3,696)	-	50,000	-
Net change in fund balance	(3,688)	(191,728)	(43,787)	(19,460)
Fund balance, beginning of year, July 1	3,688	313,853	57,602	26,059
Fund balance, end of year, June 30	$ -	$ 122,125	$ 13,815	$ 6,599

Capital Projects Funds			Permanent Fund	
Unpaved Street	CDBG TYR Tactical	General Capital Reserve	Cemetery Perpetual Care	Total Nonmajor Governmental Funds
$ 193	$ 165	$ 2	$ 202	$ 7,818
-	219,243	-	-	219,243
-	-	-	5,375	5,375
193	219,408	2	5,577	232,436
-	-	-	-	36,931
-	-	-	-	306,043
-	-	-	-	13,600
102,562	309,243	-	-	545,610
102,562	309,243	-	-	902,184
(102,369)	(89,835)	2	5,577	(669,748)
-	-	3,696	-	3,696
-	-	110,000	-	310,000
-	-	-	-	(3,696)
-	-	113,696	-	310,000
(102,369)	(89,835)	113,698	5,577	(359,748)
150,148	90,020	-	60,285	2,580,942
$ 47,779	$ 185	$ 113,698	$ 65,862	$ 2,221,194

Town of Southern Pines, North Carolina **Schedule 9**

Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Capital Projects Fund (Nicks Creek Parkway)
From Inception and for the Year Ended June 30, 2016

	Project Authorization	Actual Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
Revenues					
Investment earnings	$ 14,750	$ 14,550	$ 223	$ 14,773	$ 23
	14,750	14,550	223	14,773	23
Expenditures					
Transportation:					
Construction	71,750	-	-	-	71,750
	71,750	-	-	-	71,750
Revenues over over (under) expenditures	(57,000)	14,550	223	14,773	71,773
Other financing sources					
Land exchange proceeds	57,000	57,000	-	57,000	-
	57,000	57,000	-	57,000	-
Revenues and other financing sources over expenditures	$ -	$ 71,550	223	$ 71,773	$ 71,773
Fund balance, beginning of year, July 1			71,550		
Fund balance end of year, June 30			$ 71,773		

Town of Southern Pines, North Carolina **Schedule 10**

Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Capital Projects Fund (Open Space and Greenways)
From Inception and for the Year Ended June 30, 2016

	Project Authorization	Actual Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
Revenues					
Investment earnings	$ 9,700	$ 9,359	$ 160	$ 9,519	$ (181)
	9,700	9,359	160	9,519	(181)
Expenditures					
Cultural and recreational					
Construction	135,700	84,255	-	84,255	51,445
	135,700	84,255	-	84,255	51,445
Revenues over (under) expenditures	(126,000)	(74,896)	160	(74,736)	51,264
Other financing sources					
Transfers from:					
Capital Projects Fund - road construction	126,000	126,000	-	126,000	-
	126,000	126,000	-	126,000	-
Revenues and other financing sources over expenditures	$ -	$ 51,104	160	$ 51,264	$ 51,264
Fund balance, beginning of year, July 1			51,104		
Fund balance, end of year, June 30			$ 51,264		

Town of Southern Pines, North Carolina **Schedule 11**

Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Capital Projects Fund (Sidewalk Construction)
From Inception and for the Year Ended June 30, 2016

	Project Authorization	Actual Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
Revenues					
Investment earnings	$ 7,325	$ 7,689	$ 550	$ 8,239	$ 914
	7,325	7,689	550	8,239	914
Expenditures					
Transportation:					
Construction	1,273,837	1,094,285	133,805	1,228,090	45,747
	1,273,837	1,094,285	133,805	1,228,090	45,747
Revenues under expenditures	(1,266,512)	(1,086,596)	(133,255)	(1,219,851)	46,661
Other financing sources					
Transfers from:					
General Fund	1,266,512	1,116,512	150,000	1,266,512	-
Revenues and other financing sources over expenditures	$ -	$ 29,916	16,745	$ 46,661	$ 46,661
Fund balance, beginning of year, July 1			29,916		
Fund balance, end of year, June 30			$ 46,661		

Town of Southern Pines, North Carolina **Schedule 12**

Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Capital Projects Fund (Fiber Optics)
From Inception and for the Year Ended June 30, 2016

	Project Authorization	Actual Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
Revenues					
Investment earnings	$ 17,700	$ 18,111	$ 248	$ 18,359	$ 659
	17,700	18,111	248	18,359	659
Expenditures					
General Government:					
Construction	543,523	462,837	6,188	469,025	74,498
	543,523	462,837	6,188	469,025	74,498
Revenues under expenditures	(525,823)	(444,726)	(5,940)	(450,666)	75,157
Other financing sources					
Transfers from:					
General Fund	152,823	152,823	-	152,823	-
Capital Projects Fund - Police Station	373,000	373,000	-	373,000	-
	525,823	525,823	-	525,823	-
Revenues and other financing sources over (under) expenditures	$ -	$ 81,097	(5,940)	$ 75,157	$ 75,157
Fund balance, beginning of year, July 1			81,097		
Fund balance, end of year, June 30			$ 75,157		

Town of Southern Pines, North Carolina **Schedule 13**

Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Capital Projects Fund (Storm Water Improvements)
From Inception and for the Year Ended June 30, 2016

	Project Authorization	Actual Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
Revenues					
Investment earnings	$ 22,500	$ 22,890	$ 1,004	$ 23,894	$ 1,394
	22,500	22,890	1,004	23,894	1,394
Expenditures					
Transportation:					
Construction	321,500	-	-	-	321,500
	321,500	-	-	-	321,500
Revenues over (under) expenditures	(299,000)	22,890	1,004	23,894	322,894
Other financing sources					
Transfers from:					
General Fund	299,000	299,000	-	299,000	-
	299,000	299,000	-	299,000	-
Revenues and other financing sources over expenditures	$ -	$ 321,890	1,004	$ 322,894	$ 322,894
Fund balance, beginning of year, July 1			321,890		
Fund balance, end of year, June 30			$ 322,894		

Town of Southern Pines, North Carolina **Schedule 14**

Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Capital Projects Fund (Road Construction)
From Inception and for the Year Ended June 30, 2016

	Project Authorization	Actual Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
Revenues					
Investment earnings	$ -	$ 394	$ 82	$ 476	$ 476
	-	394	82	476	476
Expenditures					
Transportation:					
Construction	25,874	-	-	-	25,874
	25,874	-	-	-	25,874
Revenues over (under) expenditures	(25,874)	394	82	476	26,350
Other financing sources					
Transfers from:					
Special Revenue Fund - Community Development Block Grant	25,874	25,874	-	25,874	-
	25,874	25,874	-	25,874	-
Revenues and other financing sources over expenditures	$ -	$ 26,268	82	$ 26,350	$ 26,350
Fund balance, beginning of year, July 1			26,268		
Fund balance, end of year, June 30			$ 26,350		

Town of Southern Pines, North Carolina **Schedule 15**

Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Capital Projects Fund (Enterprise Information and Document Management System)
From Inception and for the Year Ended June 30, 2016

	Project Authorization	Actual Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
Revenues					
Investment earnings	$ 14,200	$ 14,458	$ 976	$ 15,434	$ 1,234
	14,200	14,458	976	15,434	1,234
Expenditures					
General government					
Enterprise Resource Planning	686,200	343,596	30,743	374,339	311,861
	686,200	343,596	30,743	374,339	311,861
Revenues over (under) expenditures	(672,000)	(329,138)	(29,767)	(358,905)	313,095
Other financing sources (uses)					
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)	-
	672,000	672,000	-	672,000	-
Revenues and other financing sources (uses) over (under) expenditures	$ -	$ 342,862	(29,767)	$ 313,095	$ 313,095
Fund balance, beginning of year, July 1			342,862		
Fund balance, end of year, June 30			$ 313,095		

Town of Southern Pines, North Carolina **Schedule 16**

Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Capital Projects Fund (Patrick Road)
From Inception and for the Year Ended June 30, 2016

	Project Authorization	Actual Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
Revenues					
Investment earnings	$ 38,850	$ 38,987	$ 1,434	$ 40,421	$ 1,571
	38,850	38,987	1,434	40,421	1,571
Expenditures					
Transportation:					
Construction	494,841	35,000	-	35,000	459,841
	494,841	35,000	-	35,000	459,841
Revenues over (under) expenditures	(455,991)	3,987	1,434	5,421	461,412
Other financing sources					
Transfers from:					
Capital Projects Fund-Road Construction	455,991	455,991	-	455,991	-
	455,991	455,991	-	455,991	-
Revenues and other financing sources over expenditures	$ -	$ 459,978	1,434	$ 461,412	$ 461,412
Fund balance, beginning of year, July 1			459,978		
Fund balance, end of year, June 30			$ 461,412		

Town of Southern Pines, North Carolina **Schedule 17**

Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Capital Projects Fund (Bike Transport)
From Inception and for the Year Ended June 30, 2016

	Project Authorization	Actual Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
Revenues					
Investment earnings	$ -	$ 656	$ 391	$ 1,047	$ 1,047
	-	656	391	1,047	1,047
Expenditures					
Cultural and recreational:					
Construction	140,000	15,161	-	15,161	124,839
	140,000	15,161	-	15,161	124,839
Revenues over (under) expenditures	(140,000)	(14,505)	391	(14,114)	125,886
Other financing sources					
Transfers from:					
General fund	140,000	140,000	-	140,000	-
	140,000	140,000	-	140,000	-
Revenues and other financing sources over expenditures	$ -	$ 125,495	391	$ 125,886	$ 125,886
Fund balance, beginning of year, July 1			125,495		
Fund balance, end of year, June 30			$ 125,886		

Town of Southern Pines, North Carolina **Schedule 18**

Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Capital Projects Fund (Fire Department Substation)
From Inception and for the Year Ended June 30, 2016

	Project Authorization	Actual Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
Revenues					
Investment earnings	$ 2,886	$ 3,535	$ 1,112	$ 4,647	$ 1,761
	2,886	3,535	1,112	4,647	1,761
Expenditures					
Public safety:					
Construction	796,300	427,821	13,600	441,421	354,879
	796,300	427,821	13,600	441,421	354,879
Revenues over (under) expenditures	(793,414)	(424,286)	(12,488)	(436,774)	356,640
Other financing sources					
Transfers from:					
General Fund	433,300	433,300	-	433,300	-
Capital Projects Fund-Police Expansion Fund	360,114	360,113	-	360,113	(1)
	793,414	793,413	-	793,413	(1)
Revenues and other financing sources over (under) expenditures	$ -	$ 369,127	(12,488)	$ 356,639	$ 356,639
Fund balance, beginning of year, July 1			369,127		
Fund balance, end of year, June 30			$ 356,639		

Town of Southern Pines, North Carolina **Schedule 19**

Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Capital Projects Fund (Public Safety)
From Inception and for the Year Ended June 30, 2016

	Project Authorization	Actual Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
Revenues					
Investment earnings	$ 760	$ 751	$ 8	$ 759	$ (1)
	760	751	8	759	(1)
Expenditures					
Public safety:					
Construction	179,563	179,563	-	179,563	-
	179,563	179,563	-	179,563	-
Revenues over (under) expenditures	(178,803)	(178,812)	8	(178,804)	(1)
Other financing sources (uses)					
Transfers from:					
General Fund	182,500	182,500	-	182,500	-
Transfers to:					
Capital Projects Fund-General Capital Reserve	(3,697)	-	(3,696)	(3,696)	1
	178,803	182,500	(3,696)	178,804	1
Revenues and other financing sources (uses) over (under) expenditures	$ -	$ 3,688	(3,688)	$ -	$ -
Fund balance, beginning of year, July 1			3,688		
Fund balance, end of year, June 30			$ -		

Town of Southern Pines, North Carolina **Schedule 20**

Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Capital Projects Fund (Pool Park)
From Inception and for the Year Ended June 30, 2016

	Project Authorization	Actual Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
Revenues					
Investment earnings	$ -	$ 1,263	$ 784	$ 2,047	$ 2,047
	-	1,263	784	2,047	2,047
Expenditures					
Cultural and recreational:					
Construction	350,000	37,410	192,512	229,922	120,078
	350,000	37,410	192,512	229,922	120,078
Revenues under expenditures	(350,000)	(36,147)	(191,728)	(227,875)	122,125
Other financing sources					
Transfers from:					
General Fund	350,000	350,000	-	350,000	-
	350,000	350,000	-	350,000	-
Revenues and other financing sources over (under) expenditures	$ -	$ 313,853	(191,728)	$ 122,125	$ 122,125
Fund balance, beginning of year, July 1			313,853		
Fund balance, end of year, June 30			$ 122,125		

Town of Southern Pines, North Carolina **Schedule 21**

Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Capital Projects Fund (Downtown Park)
From Inception and for the Year Ended June 30, 2016

	Project Authorization	Actual Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
Revenues					
Investment earnings	$ -	$ 753	$ 234	$ 987	$ 987
	-	753	234	987	987
Expenditures					
Cultural and recreational:					
Construction	415,000	308,151	94,021	402,172	12,828
	415,000	308,151	94,021	402,172	12,828
Revenues under expenditures	(415,000)	(307,398)	(93,787)	(401,185)	13,815
Other financing sources					
Transfers from:					
General Fund	415,000	365,000	50,000	415,000	-
	415,000	365,000	50,000	415,000	-
Revenues and other financing sources over (under) expenditures	$ -	$ 57,602	(43,787)	$ 13,815	$ 13,815
Fund balance, beginning of year, July 1			57,602		
Fund balance, end of year, June 30			$ 13,815		

Town of Southern Pines, North Carolina **Schedule 22**

Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Capital Projects Fund (Library HVAC)
From Inception and for the Year Ended June 30, 2016

	Project Authorization	Actual Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
Revenues					
Investment earnings	$ -	$ 80	$ 50	$ 130	$ 130
	-	80	50	130	130
Expenditures					
Cultural and recreational:					
Construction	225,000	199,021	19,510	218,531	6,469
	225,000	199,021	19,510	218,531	6,469
Revenues under expenditures	(225,000)	(198,941)	(19,460)	(218,401)	6,599
Other financing sources					
Transfers from:					
Capital Projects Fund-EIDMS Software	225,000	225,000	-	225,000	-
	225,000	225,000	-	225,000	-
Revenues and other financing sources over (under) expenditures	$ -	$ 26,059	(19,460)	$ 6,599	$ 6,599
Fund balance, beginning of year, July 1			26,059		
Fund balance, end of year, June 30			$ 6,599		

Town of Southern Pines, North Carolina **Schedule 23**

Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Capital Projects Fund (Unpaved Street)
From Inception and for the Year Ended June 30, 2016

	Project Authorization	Actual Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
Revenues					
Investment earnings	$ -	$ 148	$ 193	$ 341	$ 341
	-	148	193	341	341
Expenditures					
Transportation:			-		
Construction	150,000	-	102,562	102,562	47,438
	150,000	-	102,562	102,562	47,438
Revenues over (under) expenditures	(150,000)	148	(102,369)	(102,221)	47,779
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 (under) expenditures	$ -	$ 150,148	(102,369)	$ 47,779	$ 47,779
Fund balance, beginning of year, July 1			150,148		
Fund balance, end of year, June 30			$ 47,779		

Town of Southern Pines, North Carolina **Schedule 24**

Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Capital Projects Fund (CDBG TYR Tactical)
From Inception and for the Year Ended June 30, 2016

	Project Authorization	Actual Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
Revenues					
Grant proceeds	$ 270,000	$ -	$ 219,243	$ 219,243	$ (50,757)
Developer's contributions	90,000	90,000	-	90,000	-
Investment earnings	-	20	165	185	185
	360,000	90,020	219,408	309,428	(50,572)
Expenditures					
Transportation:					
Grant administration	15,000	-	15,000	15,000	-
Construction	345,000	-	294,243	294,243	50,757
	360,000	-	309,243	309,243	50,757
Revenues over (under) expenditures	$ -	$ 90,020	(89,835)	$ 185	$ 185
Fund balance, beginning of year, July 1			90,020		
Fund balance, end of year, June 30			$ 185		

Town of Southern Pines, North Carolina **Schedule 25**

Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Capital Projects Fund (General Capital Reserve)
From Inception and for the Year Ended June 30, 2016

	Project Authorization	Actual Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
Revenues					
Investment earnings	$ -	$ -	$ 2	$ 2	$ 2
	-	-	2	2	2
Revenues over (under) expenditures	-	-	2	2	2
Other financing sources (uses)					
Transfers from:					
General Fund	110,000	-	110,000	110,000	-
Capital Projects Fund - public safety	3,697	-	3,696	3,696	(1)
Transfers to:					
Capital Project Funds	(113,697)	-	-	-	113,697
	-	-	113,696	113,696	113,696
Revenues and other financing sources (uses) over over expenditures	$ -	$ -	113,698	$ 113,698	$ 113,698
Fund balance, beginning of year, July 1			-		
Fund balance, end of year, June 30			$ 113,698		

Permanent Fund

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

Individual fund description:

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

Town of Southern Pines, North Carolina **Schedule 26**
Schedule of Revenues, Expenses and Changes in Fund Balance
Permanent Fund (Cemetery Perpetual Care Fund)
Year Ended June 30, 2016
With Comparative Actual Amounts for Year Ended June 30, 2016

	2016			2015
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
Investment earnings	$ 10,750	$ 202	$ (10,548)	$ 100
Sale of plots	50,000	5,375	(44,625)	3,149
Total revenues	60,750	5,577	(55,173)	3,249
Expenditures				
Reserved for future expense	60,750	-	60,750	-
Revenues over expenditures	$ -	5,577	$ 5,577	3,249
Fund balance, beginning of year, July 1		60,285		57,036
Fund balance, end of year, June 30		$ 65,862		$ 60,285

Enterprise Fund

Town of Southern Pines, North Carolina
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
Water and Sewer Fund
Year Ended June 30, 2016
With Comparative Actual Amounts for Year Ended June 30, 2016

Schedule 27
(3 pages)

	2016			2015
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
Operating revenues:				
Charges for services:				
Water sales		$ 4,753,027		$ 4,479,401
Sewer sales		2,369,986		2,263,372
Service charges		132,946		134,228
Miscellaneous operating revenue		248,804		214,573
Total operating revenues	$ 6,624,200	7,504,763	$ 880,563	7,091,574
Nonoperating revenues :				
Impact fees		414,304		172,376
Investment earnings		21,452		9,511
BAB interest rebate		34,423		13,274
	30,404	470,179	439,775	195,161
Total revenues	6,654,604	7,974,942	1,320,338	7,286,735
Expenditures				
Billings and collections:				
Salaries and employee benefits		290,494		281,622
Contracted services		29,928		41,152
Other departmental expenditures		123,098		104,534
	459,340	443,520	15,820	427,308
Water treatment:				
Contractual services		835,933		605,473
Utilities		343,031		320,674
Other departmental expenditures		34,209		369,258
	1,307,958	1,213,173	94,785	1,295,405
Sewage treatment:				
Contractual services	1,600,000	1,596,626	3,374	1,529,221
Water extensions and maintenance:				
Salaries and employee benefits		354,395		331,758
Contractual services		8,655		9,805
Supplies		211,275		151,976
Other departmental expenditures		93,784		71,821
	710,021	668,109	41,912	565,360

Town of Southern Pines, North Carolina **Schedule 27**
Schedule of Revenues and Expenditures **(3 pages)**
Budget and Actual (Non-GAAP)
Water and Sewer Fund
Year Ended June 30, 2016
With Comparative Actual Amounts for Year Ended June 30, 2015

	2016			2015
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Sewer extensions and maintenance:				
Salaries and employee benefits		$ 329,497		$ 320,474
Contractual services		65,245		72,297
Supplies		58,710		93,340
Other departmental expenditures		182,333		164,147
	$ 875,868	635,785	$ 240,083	650,258
Chargeout for administrative expenses	903,277	903,277	-	1,016,869
Total	5,856,464	5,460,490	395,974	5,484,421
Budgetary appropriations:				
Interest	90,844	90,037	807	111,218
Debt principal	500,953	500,951	2	486,619
Capital outlay	98,000	97,891	109	69,341
	689,797	688,879	918	667,178
Total expenditures	6,546,261	6,149,369	396,892	6,151,599
Revenues over expenditures	108,343	1,825,573	1,717,230	1,135,136
Other financing sources (uses)				
Transfers to:				
Water and sewer improvements	(600,000)	(600,000)	-	-
Sale of capital assets	-	21,178	21,178	48,729
	(600,000)	(578,822)	21,178	48,729
Revenues over expenditures and other financing sources (uses)	(491,657)	1,246,751	1,738,408	1,183,865
Appropriated retained earnings	491,657	-	(491,657)	-
Revenues and appropriated retained earnings over expenditures and other financing uses	$ -	$ 1,246,751	$ 1,246,751	$ 1,183,865

Town of Southern Pines, North Carolina
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
Water and Sewer Fund
For the Year Ended June 30, 2016
With Comparative Actual Amounts for Year Ended June 30, 2015

	2016	2015
Revenues over expenditures	**$ 1,246,751**	$ 1,183,865
Reconciling items:		
Principal retirement	**500,951**	486,619
Capital outlay	**97,891**	69,341
Gain on disposal of capital assets	**17,198**	48,729
Proceeds from the sale of capital assets	**(21,178)**	(48,729)
Depreciation and amortization	**(1,551,198)**	(1,384,603)
Decrease in net pension asset	**(80,803)**	-
Decrease in deferred outflows of resources - pensions	**(3,250)**	-
Increase in net pension liability	**(60,355)**	-
Decrease in deferred inflows of resources - pensions	**162,153**	-
Net pension adjustments	**-**	10,436
Interest earnings on water and sewer:		
Capital Projects Fund	**6,824**	3,469
Developer's contributions	**939,181**	223,462
Intangible contributions	**585,300**	38,105
Transfers to water and sewer:		
Water and sewer improvements	**600,000**	-
	1,192,714	(553,171)
Change in net position	**$ 2,439,465**	$ 630,694

Water and Sewer Capital Projects Fund

Town of Southern Pines, North Carolina **Schedule 28**
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
Water and Sewer Capital Projects Fund
From Inception and for the Year Ended June 30, 2016

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Favorable (Unfavorable)
Revenues					
Grant proceeds	$ 500,000	$ 485,357	$ -	$ 485,357	$ (14,643)
Investment earnings	11,195	5,808	6,824	12,632	1,437
Developer's contributions	311,666	322,057	-	322,057	10,391
Total revenues	822,861	813,222	6,824	820,046	(2,815)
Expenditures					
Commercial park project	811,666	791,960	-	791,960	19,706
Morganton road	257,568	257,568	-	257,568	-
Water/sewer improvements II	2,500,595	147,823	549,444	697,267	1,803,328
Total expenditures	3,569,829	1,197,351	549,444	1,746,795	1,823,034
Revenues under expenditures	(2,746,968)	(384,129)	(542,620)	(926,749)	1,820,219
Other financing sources (uses)					
Transfer to:					
Water/sewer improvements II	(1,195)	-	(1,195)	(1,195)	-
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	900,576	900,576	-	900,576	-
Water/sewer improvements II	57,568	57,568	-	57,568	-
Morganton road	1,195	-	1,195	1,195	-
Water & Sewer Fund	800,000	200,000	600,000	800,000	-
Total other financing sources	2,746,968	2,146,968	600,000	2,746,968	-
Revenues and other financing sources over expenditures	$ -	$ 1,762,839	$ 57,380	$ 1,820,219	$ 1,820,219

Agency Fund

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

Individual fund description:

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

Town of Southern Pines, North Carolina **Schedule 29**
Statement of Changes in Assets and Liabilities
Agency Fund
Cafeteria Plan
Year Ended June 30, 2016

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
ASSETS				
Cash and investments	$ 32,444	$ 365,451	$ 357,709	$ 40,186
Accrued interest	26	50	25	51
	$ 32,470	$ 365,501	$ 357,734	$ 40,237
LIABILITIES				
Miscellaneous liabilities	$ 32,470	$ 365,501	$ 357,734	$ 40,237

Capital Assets of Governmental Funds

Town of Southern Pines, North Carolina
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
June 30, 2016

	Land	Buildings and Improvements	Other Improvements	Machinery and Equipment
General government	$ 10,680,896	$ 2,330,498	$ 2,066,519	$ 434,232
Public safety	1,461,767	8,015,770	857,600	94,613
Transportation	-	32,385	8,265	-
Economic and physical development	43,850	71,896	-	-
Cultural and recreational	120,357	5,538,295	1,509,047	-
Total governmental funds capital assets	$ 12,306,870	$ 15,988,844	$ 4,441,431	$ 528,845

Note: Amounts presented above exclude accumulated depreciation.

Vehicles and Motorized Equipment	Furniture, Fixtures, and Other Equipment	Infrastructure	Intangible Assets	Construction and Intangibles in Progress	Total
$ 455,404	$ 420,026	$ -	$ 167,285	$ 864,593	$ 17,419,453
3,863,107	849,207	-	-	50,207	15,192,271
513,114	443,766	12,898,153	-	344,243	14,239,926
120,029	-	-	-	-	235,775
157,210	59,582	-	-	647,255	8,031,746
$ 5,108,864	$ 1,772,581	$ 12,898,153	$ 167,285	$ 1,906,298	$ 55,119,171

Town of Southern Pines, North Carolina **Schedule 31**
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes by Function and Activity
Year Ended June 30, 2016

	Balance July 1, 2015	Additions and Transfers In	Disposals and Transfers Out	Balance June 30, 2016
General government	$ 17,245,401	$ 232,408	$ (58,356)	$ 17,419,453
Public safety	15,151,650	341,610	(300,989)	15,192,271
Transportation	13,721,842	580,292	(62,208)	14,239,926
Economic and physical development	235,775	-	-	235,775
Cultural and recreational	6,836,958	1,257,847	(63,059)	8,031,746
Total governmental funds capital assets	$ 53,191,626	$ 2,412,157	$ (484,612)	$ 55,119,171

Supplemental Financial Data

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

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

Fiscal Year	Uncollected Balance July 1, 2015	Additions	Collections and Credits	Uncollected Balance June 30, 2016
2015-2016	$ -	$ 8,545,250	$ 8,526,671	$ 18,579
2014-2015	19,328	-	9,674	9,654
2013-2014	10,877	-	2,432	8,445
2012-2013	9,146	-	2,294	6,852
2011-2012	7,071	-	1,181	5,890
2010-2011	5,656	-	903	4,753
2009-2010	5,834	-	438	5,396
2008-2009	5,119	-	470	4,649
2007-2008	4,678	-	388	4,290
2006-2007	14,006	-	137	13,869
2005-2006	7,739	-	7,739	-
	$ 89,454	$ 8,545,250	$ 8,552,327	82,377
	Less: allowance for uncollected taxes receivable General Fund			(30,531)
	Ad valorem taxes receivable - net			$ 51,846

Reconciliation to revenues

Reconciling items:	
Taxes	$ 8,563,591
Penalties and interest	(20,058)
Refunds	14,406
Taxes written off	7,605
Other adjustments	(13,217)
Total collections and credits	$ 8,552,327

Town of Southern Pines, North Carolina **Schedule 33**
Analysis of Current Tax Levy
Town-Wide Levy
June 30, 2016

	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:	$ 2,105,289,263	$ 0.38	$ 8,000,099	$ 8,000,099	$ -
Penalties	-		3,381	3,381	-
Total	2,105,289,263		8,003,480	8,003,480	-
Discoveries:					
Adjustments at current year's rate	155,776,231	0.38	587,794	103,940	483,854
Adjustments at prior year's rate	1,365,114	0.38	3,810	3,810	-
Total	2,262,430,608		8,595,084	8,111,230	483,854
Abatements:					
Current year's rate	(9,453,826)	0.38	(49,833)	(49,833)	-
Total property valuation	$ 2,252,976,782				
Net levy			8,545,250	8,061,397	483,854
Uncollected taxes at June 30, 2016			(18,579)	(18,579)	-
Current year's taxes collected			$ 8,526,671	$ 8,042,818	$ 483,854
Current levy collection percentage			99.78%	99.77%	100.00%

Town of Southern Pines, North Carolina
Schedule of Interfund Transfers
Year Ended June 30, 2016

Schedule 34

Transfers to Fund	Transfer from Fund: Major Governmental: General Fund	Total
Governmental:		
Non-major funds	$ 310,000	$ 310,000
Business-type:		
Major funds	-	-
	$ 310,000	$ 310,000

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 goverhment'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.

Town of

Chartered 1887

Southern Pines

North Carolina

Financial Trends Information

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

Table 1

	2007	2008	2009	2010	2011
Governmental Activities					
Net Investment in Capital Assets	$ 26,203,921	$ 27,637,028	$ 26,349,353	$ 29,678,651	$ 29,411,511
Restricted	4,480,356	5,800,666	5,844,156	3,723,300	3,473,801
Unrestricted	5,556,822	4,839,735	6,350,644	5,465,135	6,208,414
Total Governmental Activities Net Position	36,241,099	38,277,429	38,544,153	38,867,086	39,093,726
Business-type Activities					
Net Investment in Capital Assets	28,224,160	29,842,062	30,955,704	32,039,888	30,930,532
Restricted	-	-	-	-	-
Unrestricted	5,758,921	6,975,786	7,152,347	7,333,724	9,526,905
Total Business-type Activities Net Position	33,983,081	36,817,848	38,108,051	39,373,612	40,457,437
Primary Government					
Net Investment in Capital Assets	54,428,081	57,479,090	57,305,057	61,718,539	60,342,043
Restricted	4,480,356	5,800,666	5,844,156	3,723,300	3,473,801
Unrestricted	11,315,743	11,815,521	13,502,991	12,798,859	15,735,319
Total primary Government Net Position	$ 70,224,180	$ 75,095,277	$ 76,652,204	$ 78,240,698	$ 79,551,163

Notes:

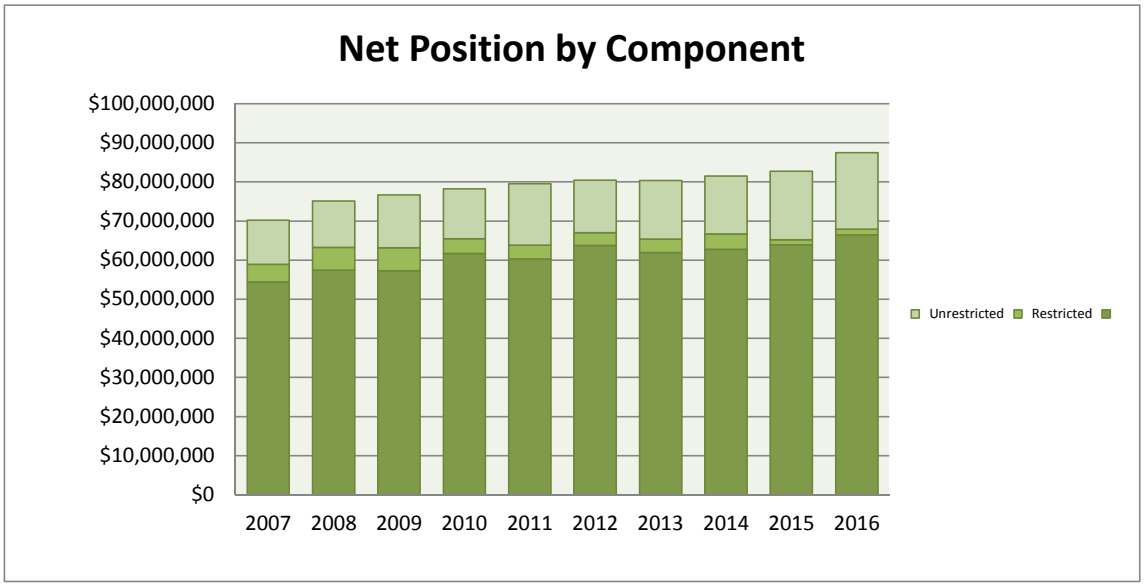
This table was prepared using the accrual basis of accounting.

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
(Continued)

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



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

Table 2

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental activities:										
General Government	$ 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	$ 4,766,172
Public Safety	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	6,235,300
Transportation	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	1,575,645
Economic and Physical Development	521,189	616,011	791,424	667,356	956,340	722,591	690,132	649,207	653,371	701,189
Cultural and Recreation	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	1,583,781
Interest on Long Term Debt	24,183	14,989	177,670	225,648	212,328	199,536	183,766	165,401	153,216	135,625
Total Governmental Activities Expense	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	14,997,712
Total Business-Type Activity - Water and Sewer	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	7,083,980
Total primary government expenses	$ 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	$ 22,081,692
Program revenues										
Governmental activities:										
Charges for Services										
General Governmental	$ 396,096	$ 452,649	$ 673,830	$ 830,364	$ 840,476	$ 853,392	$ 865,514	$ 797,893	$ 853,155	$ 947,169
Public Safety	390,343	500,431	509,706	493,485	501,715	507,750	522,653	502,252	501,768	581,747
Transportation	7,948	7,261	8,775	14,531	14,138	24,493	27,628	31,815	36,146	53,711
Economic and Physical Development	315,976	302,147	221,168	263,420	258,908	292,230	351,236	324,378	403,127	372,607
Cultural and Recreation	203,448	205,893	204,524	219,856	252,066	246,731	230,503	245,508	259,213	266,735
Cemetery	3,775	2,700	3,425	2,525	1,476	3,475	1,750	2,675	3,149	5,375
Operating Grants and Contributions										
General Governmental	159,492	42,514	90,726	67,145	55,392	49,114	42,953	50,933	50,577	48,093
Public Safety	42,826	29,578	9,611	65,701	180,566	335,492	20,382	10,759	20,331	8,147
Transportation	400,518	452,161	408,346	365,427	372,100	373,770	384,761	390,633	490,905	404,887
Cultural and Recreation	12,298	11,801	12,954	50,656	63,951	10,857	10,780	11,625	11,770	34,722
Capital Grants and Contributions										
General Governmental	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	220,763
Cultural and Recreation	-	-	-	-	-	-	-	-	-	925,061
Total Governmental Activities Program Revenues	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	3,869,017
Business-type Activity - Water and Sewer										
Charges for Services	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	7,504,763
Capital Grants and Contributions	899,119	1,727,424	878,600	1,114,990	605,535	524,399	114,981	325,909	261,567	1,524,481
Total Business Activity Program Revenues	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	9,029,244
Total primary government program revenues	$ 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	$ 12,898,261
Net Revenue (Expense)										
Governmental activities	$ (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)	$ (11,128,695)
Business-type activity	1,344,523	2,559,823	1,104,080	1,424,531	1,017,876	266,350	(12,225)	610,276	383,335	1,945,264
Total primary government net expense	$ (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)	$ (9,183,431)

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

Table 2
(Continued)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Ad Valorem Taxes	$ 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	$ 8,572,570
Alcoholic Beverage Tax	107,746	102,028	103,214	94,236	100,423	102,767	126,165	130,144	120,790	143,195
Franchise Taxes	-	652,800	739,237	737,932	741,169	724,017	705,527	748,619	988,840	1,112,213
Unrestricted Intergovernmental	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	3,386,423
Investment Earnings	555,046	495,007	249,154	109,546	51,884	40,750	27,625	22,239	20,661	38,091
Miscellaneous Revenue	28,187	119,395	133,350	47,231	91,648	102,699	90,090	99,493	94,977	106,949
Gain (Loss) on Disposal/Transfer of Capital Assets	-	-	-	24,875	29,554	11,445	(35,204)	17,335	47,607	64,089
Transfers	1,250	-	-	256,500	-	-	-	-	-	
Total Governmental Activities	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	13,423,530
Business Type Activity										
Investment Earnings	245,894	250,211	139,023	65,120	43,368	87,363	50,237	43,666	26,254	62,699
Miscellaneous Revenue	4,084	24,733	41,895	18,581	22,581	5,901	8,216	-	172,376	414,304
Gain (Loss) on Disposal/Transfer of Capital Assets	-	-	-	-	-	-	-	-	-	17198
Transfers	(1,250)	-	-	(256,500)	-	-	-	-	-	-
Total Business Type Activity	248,728	274,944	180,918	(172,799)	65,949	93,264	58,453	43,666	198,630	494,201
Total primary government general revenues and other changes in net position	$ 10,194,172	$ 11,302,682	$ 11,229,799	$ 11,083,934	$ 11,233,001	$ 11,405,384	$ 11,604,226	$ 11,885,837	$ 13,144,429	$ 13,917,731
Change in Net Position										
Governmental Activities	$ 1,404,421	$ 2,036,330	$ 266,924	$ 322,733	$ 226,640	$ 518,567	$ (57,173)	$ 488,791	$ 1,658,001	$ 2,294,835
Business-type Activity	1,593,251	2,834,767	1,284,998	1,251,732	1,083,825	359,614	46,228	653,942	581,965	2,439,465
Total primary government change in net position	$ 2,997,672	$ 4,871,097	$ 1,551,922	$ 1,574,465	$ 1,310,465	$ 878,181	$ (10,945)	$ 1,142,733	$ 2,239,966	$ 4,734,300

Note:

This table was prepared using the accrual basis of accounting.

Town of Southern Pines **Table 3**

Fund Balances, Governmental Funds [(1), (2)]

Last Ten Fiscal Years

	2007	2008	2009	2010	2011
General Fund					
Non spendable	$ 55,840	$ 50,916	$ 48,431	$ 49,665	$ 56,829
Restricted	1,167,583	1,130,360	1,108,514	1,165,344	1,213,725
Assigned	1,477,239	2,312,493	1,880,398	1,413,349	1,416,048
Unassigned	4,492,831	4,978,986	4,941,658	4,800,914	5,192,710
Total General Fund	$ 7,193,493	$ 8,472,755	$ 7,979,001	$ 7,429,272	$ 7,879,312
All Other Governmental Funds					
Non spendable	$ 35,366	$ 39,681	$ 44,009	$ 46,999	$ 48,605
Restricted	146,406	18,492	79,500	135,679	5,112
Committed	3,131,001	2,603,637	4,612,133	2,377,272	2,206,359
Total All Other Governmental Funds	$ 3,312,773	$ 2,661,810	$ 4,735,642	$ 2,559,950	$ 2,260,076

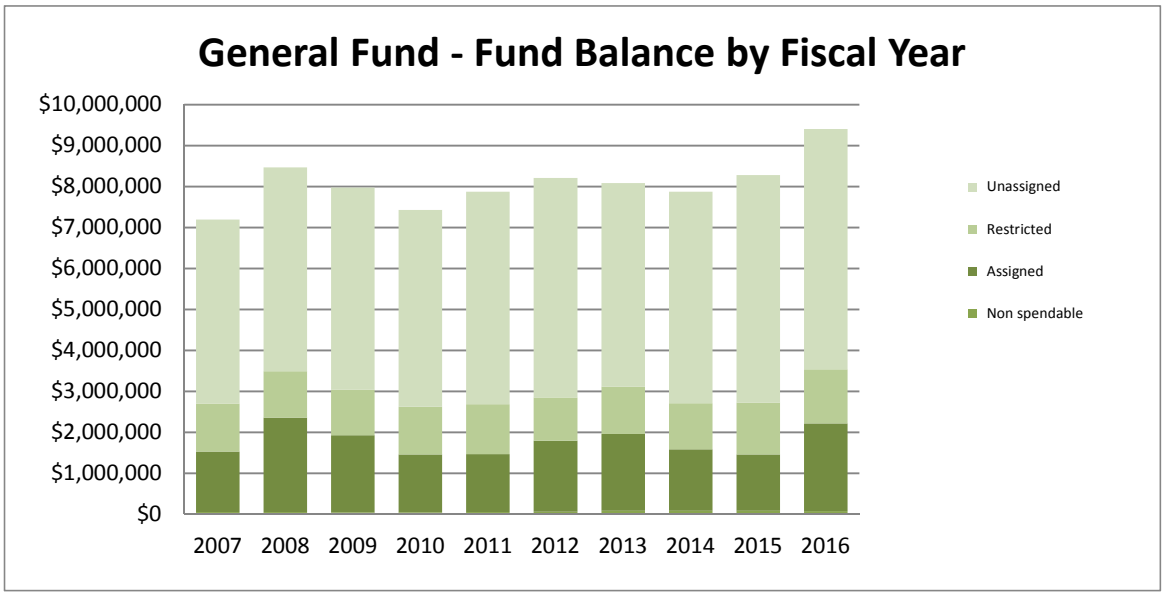
[(1)] This table was prepared using the modified accrual basis of accounting.

[(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
(Continued)

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



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

Table 4

	2007	2008	2009	2010	2011
Revenues					
Ad Valorem Taxes	$ 5,723,821	$ 6,647,580	$ 7,061,426	$ 7,235,515	$ 7,313,650
Other Taxes and Licenses	284,209	354,155	359,724	369,932	353,827
Unrestricted Intergovernmental	3,386,298	3,470,473	3,290,432	3,236,089	3,344,825
Restricted Intergovernmental	432,483	474,260	457,268	500,288	646,318
Permits and Fees	360,075	353,271	241,842	309,678	297,073
Sales and Services	553,902	638,939	869,899	1,036,689	1,084,292
Investment Earnings	555,046	495,009	249,154	109,546	51,884
Grant Proceeds	117,000	-	-	-	340,000
Developers Contributions	381,620	783,034	377,699	(10,391)	-
Other	493,691	612,556	639,165	622,814	616,458
Total revenues	12,288,145	13,829,277	13,546,609	13,410,160	14,048,327
Expenditures					
Current:					
General Government	3,299,983	3,499,763	3,846,334	4,603,940	4,324,429
Public Safety	3,907,353	4,197,139	4,403,315	4,800,342	5,345,304
Transportation	920,422	977,346	1,398,167	1,351,346	1,029,229
Economic and Physical Development	511,156	609,260	785,403	665,165	959,010
Cultural and Recreational	1,437,678	1,566,740	1,659,736	1,456,068	1,514,954
Debt Service:					
Principal	134,913	139,494	360,897	582,459	509,784
Interest	20,562	15,983	132,472	236,677	215,451
Capital Outlay	1,926,463	2,195,253	5,880,207	2,696,084	-
Total expenditures	12,158,530	13,200,978	18,466,531	16,392,081	13,898,161
Revenues over (under) expenditures	129,615	628,299	(4,919,922)	(2,981,921)	150,166
Other financing sources (uses)					
Issuance of Debt	-	-	6,500,000	-	-
Sale of Capital Assets	-	-	-	-	-
Transfers From Other Funds	1,250	1,356,066	194,045	1,122,944	235,220
Transfers to Other funds	-	(1,356,066)	(194,045)	(866,444)	(235,220)
Total other financing sources (uses)	1,250	-	6,500,000	256,500	-
Net change in fund balance	130,865	628,299	1,580,078	(2,725,421)	150,166
Fund balance - beginning of year	10,375,401	10,506,266	11,134,565	12,714,643	9,989,222
Fund balance - end of year	$ 10,506,266	$ 11,134,565	$ 12,714,643	$ 9,989,222	$ 10,139,388
Debt Service as a percentage of non-capital expenditures	1.5%	1.4%	3.9%	6.4%	5.5%

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
(Continued)

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

Revenue Capacity Information

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

Table 5

Fiscal Year	Assessed Value[1] Real Property	Personal Property[2]	Public Service Companies	Total	Property Tax Rate[3]	Percent Increase in Value[4]
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%
2016	2,025,854,870	203,462,410	23,659,502	2,252,976,782	0.38	-0.8%

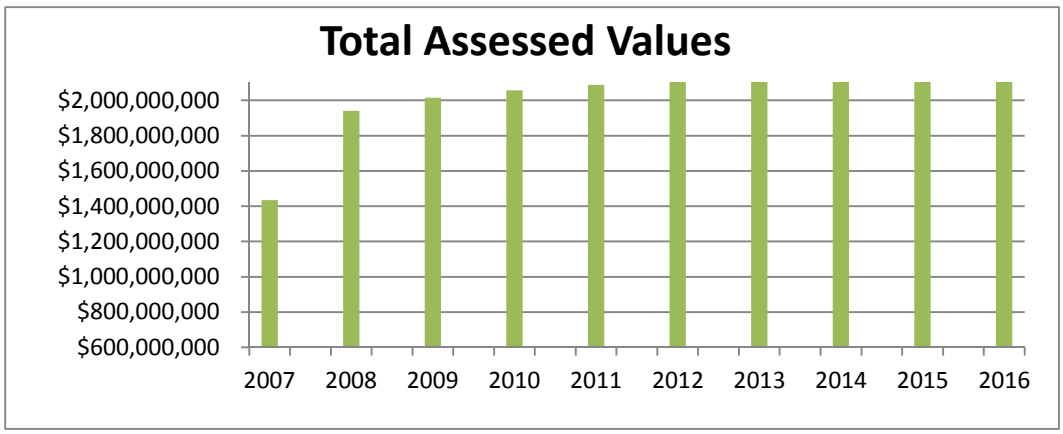
NOTES: .

(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 and 2016 to reflect the revaluationof taxable property.



Town of Southern Pines **Table 6**
Property Tax Rates - Direct and Overlapping Government
Last Ten Fiscal Years

		Town of Southern Pines			Overlapping Rate
Fiscal Year	Tax Year	Operating Millage	Debt Service Millage	Total Town Millage	County of Moore [1]
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
2016	2015	0.38	-	0.38	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 and 2015.

[1] Overlapping rates are those of local and county governments that apply to property oweners 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

		2015 [1]			2006 [1]		
Taxpayer	**Type of Enterprise**	**Total Assessed Value [(1)]**	**Rank**	**Percent of Town's Assessed Valuation**	**Total Assessed Value**	**Rank**	**Percent of Town's Assessed Valuation**
Hendricks Southern Pines	Retail	$ 24,560,570	1	1.09%	[(2)]	-	-
Pinecrest Plaza	Retail	24,401,660	2	1.08%	14,226,820	4	0.99%
Forest Creek	Golf Course	17,298,300	3	0.77%	29,334,192	1	2.05%
Tyler's Ridge Apartment LLC	Residential	14,945,240	4	0.66%	[(2)]	-	-
Claude Smith Enterprises	Retail	14,318,140	5	0.64%	16,396,970	3	1.14%
Ingersoll Rand	Manufacturing	12,868,283	6	0.57%	7,795,310	9	0.54%
Duke Energy Progress	Utility	11,486,018	7	0.51%	10,120,205	6	0.71%
Southern Pines Retirement	Retirement Community	10,655,160	8	0.47%	[(2)]	-	-
Southern Pines Realty Holdings	Retirement Community	8,628,760	9	0.38%	[(2)]	-	-
ARO Corporation	Manufacturing	8,534,970	10	0.38%	[(2)]	-	-
Mid Pines	Golf Course/Hotel	[(2)]	-	-	16,880,295	2	1.18%
National Golf Club, Inc.	Golf Course	[(2)]	-	-	13,896,897	5	0.97%
Carolina Telephone & Telegraph	Utility	[(2)]	-	-	8,190,295	7	0.57%
Talamore Golf Partners	Golf Course	[(2)]	-	-	7,899,080	8	0.55%
Elmcroft of Southern Pines	Retirement Community	[(2)]	-	-	6,182,380	10	0.43%
		$ 147,697,101		6.55%	$ 130,922,444		9.13%

SOURCE: Moore County Tax Department

NOTES:

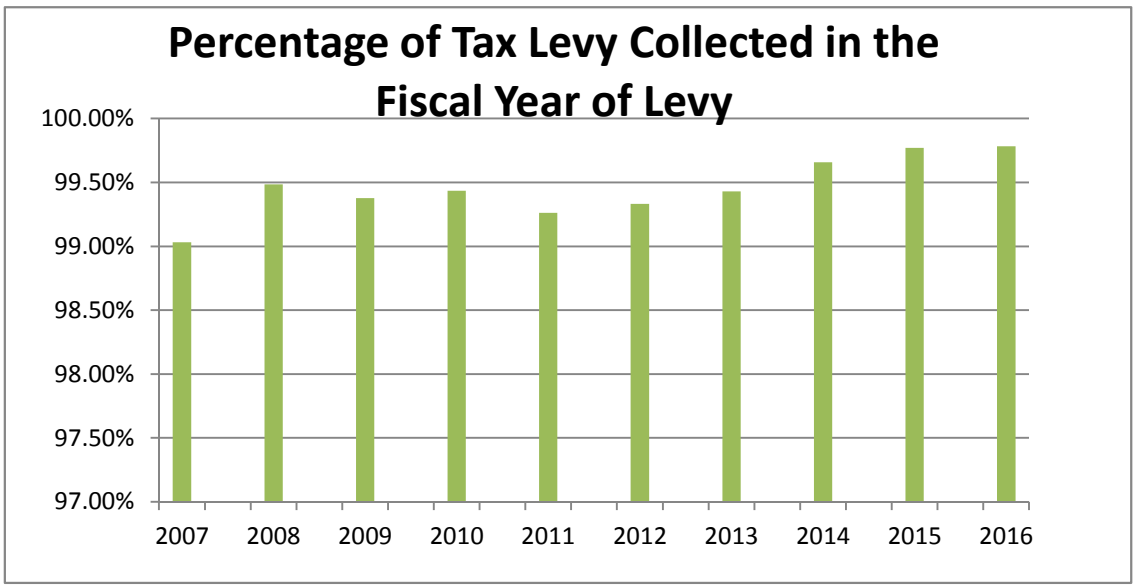
[(1)] 2015 Assessed value represents taxes assessed and due in the fiscal year ended June 30, 2016, and 2006 represents taxes assessed and due in the fiscal year ended June 30, 2007.

[(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
2007	2006	$ 5,745,118	$ 5,689,467	99.03%	$ 38,016	$ 5,727,483	99.69%
2008	2007	6,624,019	6,589,903	99.48%	27,162	6,617,065	99.90%
2009	2008	7,050,041	7,006,217	99.38%	37,180	7,043,397	99.91%
2010	2009	7,211,587	7,170,862	99.44%	33,714	7,204,576	99.90%
2011	2010	7,311,009	7,257,129	99.26%	46,120	7,303,249	99.89%
2012	2011	7,465,959	7,416,155	99.33%	41,066	7,457,221	99.88%
2013	2012	7,663,758	7,620,110	99.43%	26,681	7,646,791	99.78%
2014	2013	7,859,930	7,833,116	99.66%	16,879	7,849,995	99.87%
2015	2014	8,399,348	8,380,020	99.77%	9,512	8,389,532	99.88%
2016	2015	8,545,250	8,526,671	99.78%	-	8,526,671	99.78%



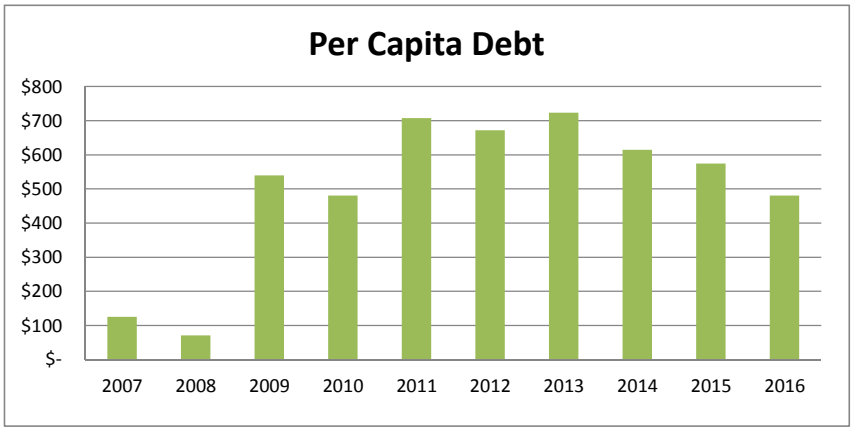
Debt Capacity Information

Town of Southern Pines **Table 9**

Ratios of Outstanding Debt by Type [1]
Last Ten Fiscal Years

	Governmental Activities			Business-Type Activities					
Fiscal Year	General Obligation Bonds	Installment Financing	Capital Leases	General Obligation Bonds	Installment Financing	Capital Leases	Total Primary Government	Percentage of Personal Income	Per Capita[2]
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	1.39%	540
2010	-	5,926,451	-	-	-	-	5,926,451	1.24%	480
2011	-	5,416,667	-	-	3,351,598	-	8,768,265	1.78%	708
2012	-	5,359,700	-	-	3,047,183	-	8,406,883	1.60%	672
2013	-	4,777,471	-	-	4,332,330	-	9,109,801	1.78%	724
2014	-	4,193,047	-	-	3,859,611	-	8,052,658	1.48%	615
2015	-	4,271,186	-	-	3,372,993	-	7,644,179	[3]	574
2016	-	3,604,645	-	-	2,872,042	-	6,476,687	[3]	481

[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
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
2016	2,252,976,782	180,238,143	6,476,687	-	173,761,456

[1] Net Bonded Debt Calculation for FY 2016

Utility General Obligation Bonds	$ -
Installment financing	6,476,687
	6,476,687
Statutory Deductions:	
Bonded debt included in gross debt incurred for water	-
	$ 6,476,687

Town of Southern Pines **Table 11**
Direct and Overlapping Governmental Activities Debt
June 30, 2016

	Debt Outstanding	Estimated Percentage Applicable [1]	Estimated Share of Overlapping Debt
Governmental Unit:			
Debt repaid with property taxes: Moore County [2]	$ 71,664,012	18.83%	$ 13,494,333
Subtotal, overlapping debt			13,494,333
Town of Southern Pines direct debt			3,604,645
Total direct and overlapping debt			$ 17,098,978

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

Fiscal Year	Population [1]	Moore County Personal Income (in millions)[2]	Moore County Per Capita Personal Income [3]	Median Age [4]	Moore County Unemployment Rate [5]
2007	11,990	$ 3,357	$ 39,594	43.8	4.7%
2008	12,217	3,453	40,098	41.9	6.2%
2009	12,450	3,377	38,710	41.9	10.7%
2010	12,334	3,429	38,716	44.6	9.9%
2011	12,384	3,557	39,805	45.0	9.5%
2012	12,502	3,787	41,932	47.0	8.9%
2013	12,587	3,713	40,547	47.0	8.8%
2014	13,089	3,873	41,613	45.3	6.0%
2015	13,310	[6]	[6]	45.1	6.1%
2016	13,461	[6]	[6]	45.1	5.0%

[1] N.C. Office of State Budget and Management.
[2] Information is not available for the Town of Southern Pines. County data is from the U.S. Department of Commerce, Bureau of Economic Analysis.
[3] Information is not available for the Town of Southern Pines. County data is from the U.S. Department of Commerce, Bureau of Economic Analysis.
[4] Information is not available for the Town of Southern Pines. County data is from the 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

	2016			2007		
Employer	**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	250 - 499	7	N/A
St. Joseph of the Pines	500 - 999	6	N/A	250 - 499	9	N/A
Pinehurst Medical Clinic, Inc.	250 - 499	7	N/A	(2)	-	N/A
Harris Teeter	250 - 499	8	N/A	(2)	-	N/A
Wal-Mart Associates, Inc.	250 - 499	9	N/A	500 - 999	5	N/A
Food Lion, LLC	250 - 499	10	N/A	(2)	-	N/A
Gulistan Carpet	(2)	-	N/A	250 - 499	6	N/A
Pinehurst Surgical Clinic, PA	(2)	-	N/A	250 - 499	8	N/A
Lee Electrical Construction, Inc.	(2)	-	N/A	100 - 249	10	N/A
Total	N/A		N/A	N/A		N/A

`

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

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

(1) Per the NC Employment Security Commission, Labor Market Division Employee figures were compiled for statistical purposes on a 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	Building Permits[1] Residential Number	Residential Value	Commercial Number	Commercial Value	Total Number	Total Value	Bank Deposits[2]
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	1,863,054,000
2016	156	33,509,123	13	10,155,861	169	43,664,984	[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

	Full-time Equivalent Employees as of June 30									
Function/Program	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
General government										
Administration	9.5	9.5	10.5	10.5	10.5	10.5	10.5	11.0	6.0	6.0
Information Technology [1]	-	-	-	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Financial Services [2]	-	-	-	-	-	-	-	-	5.0	5.0
Public works administration	2.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	4.0	4.0
Garage	3.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Building & Grounds	18.0	18.0	19.0	19.0	19.0	19.0	19.0	21.0	22.0	22.0
Public safety										
Police [4]	39.5	39.5	39.5	40.5	40.5	41.5	41.5	42.5	46.5	46.5
Fire [3] [4]	22.5	24.5	24.5	24.5	27.5	27.5	27.5	27.5	27.5	27.5
Transportation	8.0	9.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Economic and physical development	6.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
Cultural and recreation										
Recreation [4]	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.0	5.0
Library [4]	11.0	11.0	11.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0
Water/Sewer (Business activity)	19.5	20.5	20.5	20.5	21.5	21.5	21.5	22.0	22.0	22.0
Total	145.0	153.0	156.0	157.0	161.0	162.0	162.0	166.0	171.0	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	2007	2008	2009	2010	2011
Public Safety					
Police					
Number of Part 1 Crimes	857	935	805	747	856
Number of Arrests	960	871	833	651	943
Number of Citations	2,241	2,009	2,165	1,541	2,509
Fire					
Number of Fire Calls Answered	832	1,197	1,393	1,235	1,059
Number of EMS Calls Answered	101	235	183	211	615
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	1,029	1,409	1,642	1,575	1,876
Planning & Inspections					
Planning					
Conditional use Permits Issued	2	-	1	2	3
Final Plats	40	20	34	28	15
Rezoning Applications/Ordinance Amendments	20	9	15	32	14
Annexations	6	4	-	2	-
Inspections					
Building Permits Issued	216	163	75	72	102
Alteration or Addition Permits	238	153	139	137	162
Electrical Permits	112	88	62	69	102
Mechanical Permits	348	301	323	315	323
Plumbing Permits	66	66	62	94	68
Cultural and Recreational					
Recreation and Parks					
Recreational Program Hours	5,797	5,517	6,126	7,221	7,872
Enrolled Participants	18,087	21,300	18,230	19,840	23,469
Reservoir Park Visitors[1]	170,423	155,382	143,492	175,629	173,021
Library					
Total Circulation	123,813	134,119	122,510	122,033	117,667
Library Attendance	92,887	101,083	100,655	107,530	97,969
Library Users Registered	6,414	6,383	6,507	6,468	6,254
Total Programs Held	376	484	435	502	498
Total Attendance at Programs	8,350	9,529	8,016	9,739	8,737
Water					
Water Plant Capacity (millions of gallons per day)	11	11	11	11	11
Number of Utility Customers	7,760	7,942	8,042	8,192	8,139

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
(Continued)

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

Town of Southern Pines **Table 17**
Capital Assets by Function/Program
Last Ten Fiscal Years

	2007	2008	2009	2010	2011
Function/Program					
Public Safety					
Police					
Police Stations	1	1	1	1	1
Patrol Units	22	24	27	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	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	6	7	7	7	7
	-	-	-	-	-
Public Works and Utilities					
Streets					
Miles of Paved Streets	78.62	78.62	78.65	78.65	78.76
Miles of Unpaved Streets	1.41	1.41	1.41	1.41	1.34
Water					
Number of Hydrants [(1)]	1,233	1,285	1,290	1,302	1,345
Water Mains (miles)	235	239	241	245	248
Number of Utility Customers (accounts)	7,760	7,942	8,042	8,192	8,139

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
(Continued)

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

Town of Southern Pines **Table 18**
Insurance in Force [1]
July 1, 2015 - June 30, 2016

Type of Coverage	Details of Coverage	
Workman's Compensation	$ 1,000,000	Bodily Injury by Accident-Each Accident
	1,000,000	Bodily Injury by Disease-Each Employee
	1,000,000	Bodily Injury by Disease-Coverage Limit
General Liability	1,000,000	Each Occurrence
	2,500	Deductible
Police Professional Liability	1,000,000	Each Occurrence and Annual
	3,000,000	Annual Aggregate
	2,500	Deductible
Public Officials Liability	1,000,000	Each Claim and Annual
	3,000,000	Annual Aggregate
	10,000	Deductible
Government Crime Coverage	50,000	Indemnification
	250	Deductible
Public Officials Bond	250,000	Liability
Finance Officer	0	Deductible
Automobile Liability	1,000,000	Per Occurrence
	2,500	Deductible
Auto Comprehensive	7,414,269	Actual Cash Value Valuation
	1,000	Deductible
Auto Collision	7,414,269	Actual Cash Value Valuation
	1,000	Deductible
Real & Personal Property	61,695,500	Cause of Loss
	2,500	Deductible per Occurrence Includes Boiler & Machinery
Municipal Equipment	1,403,909	Limits of Coverage
	2,500	Deductible per Occurrence
Fine Arts	684,075	Limits of Coverage
	1,000	Deductible per Occurrence

Source: Town of Southern Pines Risk Management Department

Town of Southern Pines
Insurance in Force [1]
July 1, 2015 - June 30, 2016

Table 18
(Continued)

Type of Coverage	Details of Coverage	
Computer Equipment/Media	$ 1,395,889	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, 2015. Insurance was renewed on July 1, 2016 for the fiscal year ended June 30, 2017.

WATER RATES

Minimum Charge

Meter Size	Inside Town	Outside Town
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

Inside Town	Outside Town
$ 3.18	$ 6.36

SEWER RATES

Minimum Charge

Meter Size	Inside Town	Outside Town
3/4"	$ 4.39	$ 8.78
1"	5.73	11.46
1 1/2"	9.45	18.90
2"	14.71	29.42
3"	29.67	59.34
4"	50.59	101.18
6"	110.47	220.94
8"	194.27	388.54

Volume Charge per 1,000 Gallons

Inside Town	Outside Town
$ 5.14	$ 10.28

Town of

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Southern Pines

North Carolina

Compliance Section

Town of Southern Pines North Carolina

Chartered 1887

DIXON HUGHES GOODMAN LLP

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Southern Pines, North Carolina ("Town"), as of and for the year ended June 30, 2016, 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, 2016.

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.

DIXON HUGHES GOODMAN LLP

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

High Point, North Carolina
October 28, 2016

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal Expenditures	State Expenditures	Local Expenditures
Federal grants:				
Cash programs:				
U.S. Department of Housing and Urban Development				
Community Development Block Grant, Small Cities Program N.C. Department of Commerce 13-E-2641	14.228	$ 219,243	$ -	$ 90,000
U.S. Department of Justice				
Office of Justice Programs, BVP Partnership Grant 2014BUBX14073717	16.607	3,565	-	3,565
Total assistance - federal programs		222,808	-	93,565
State grants:				
Cash programs:				
N.C. Department of Cultural Resources				
State Aid to Libraries		-	6,382	-
Grassroots Arts Program		-	921	-
N.C. Department of Transportation				
Powell Bill		-	405,714	-
Total assistance - state programs		-	413,017	-
Total assistance		$ 222,808	$ 413,017	$ 93,565

Town of

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Southern Pines

North Carolina

Work Session Agenda Item

To:	**Reagan Parsons, Town Manager**
From:	**Chris Kennedy, Assistant Town Manager**
Subject:	**Midland Road Corridor Study: Review of the Final Report**
Date:	**January 23, 2017**

Kimley-Horn and Associates, Inc. and NCDOT presented the Final Report of the Midland Road Corridor Study at the November 9, 2016 Regular Business Meeting of the Town Council. The Town Council and citizens present at the meeting queried a number of issues related to the findings and proposed recommendations of the study. The Town Council reviewed the study again at the November 2016 Town Council Work Session. The purpose of this agenda item is to analyze further the findings and recommendations of the study. Feedback from this session will be delivered to the consulting engineers, Kimley-Horn and Associates, Inc., and NCDOT.

Staff Comments:

- As of January 2017, no new alternatives or proposals have been delivered to Town staff to address any other concerns and questions provided by the Town Council.
- The Midland Road Corridor Study represents a collaborative effort to determine the safety, mobility, and access issues that contribute to the need for improvements along one of the most iconic and historic roadways in North Carolina.
- The corridor serves many purposes for the communities in the area, including a vibrant residential neighborhood access, a commuter throughway, a primary east-west spine route, and access to local businesses.
- The North Carolina Department of Transportation (NCDOT), in partnership with Moore County, the Village of Pinehurst, and the Town of Southern Pines, conducted this study in an effort to create a guiding document for future development and roadway improvements along Midland Road.
- The attached document ties together all the efforts from this study into one unified plan—the Midland Road Corridor Study.
- Midland Road is a significant local corridor. The need for a coordinated, long-term approach to the corridor is heightened by recent development along the corridor and increased safety issues.
- The Midland Road Corridor Study has created the framework for visioning the future of Midland Road, and this report catalogs these visioning efforts, outlines the issues, and presents recommendations to achieve a long-term vision for this historic corridor.
- The study area for this project extends along a 4.5-mile stretch of Midland Road (NC 2) from the US 15/501 traffic circle in Pinehurst to Clark Street in Southern Pines.
- The project team worked in partnership with a Project Steering Committee (made up of representatives from NCDOT, the Village of Pinehurst, the Town of Southern Pines, and Moore County) to develop specific transportation recommendations along the corridor.

Detailed analysis of traffic and crash conditions focused on Midland Road and key cross streets along the corridor, such as Airport Road, Knoll Road, Pee Dee Road/Pennsylvania Avenue, Central Drive (NC 22) and the US 1 interchange.

- This presentation is for Town Council information purposes only at this point. The Town Council will have the opportunity to provide any comments, concerns, and suggestions to the consultants and NCDOT. The Town Council will ultimately approve and accept the findings and recommendations of the Midland Road Corridor Study via a resolution at a later meeting of the Town of Southern Pines Town Council.

Attachments:

- Staff Selected Excerpts from the Midland Road Corridor Study: Final Report

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

1. No action required, information use only.

Figure 3.1
(page 6 in Midland Road Corridor Study: Final Report)

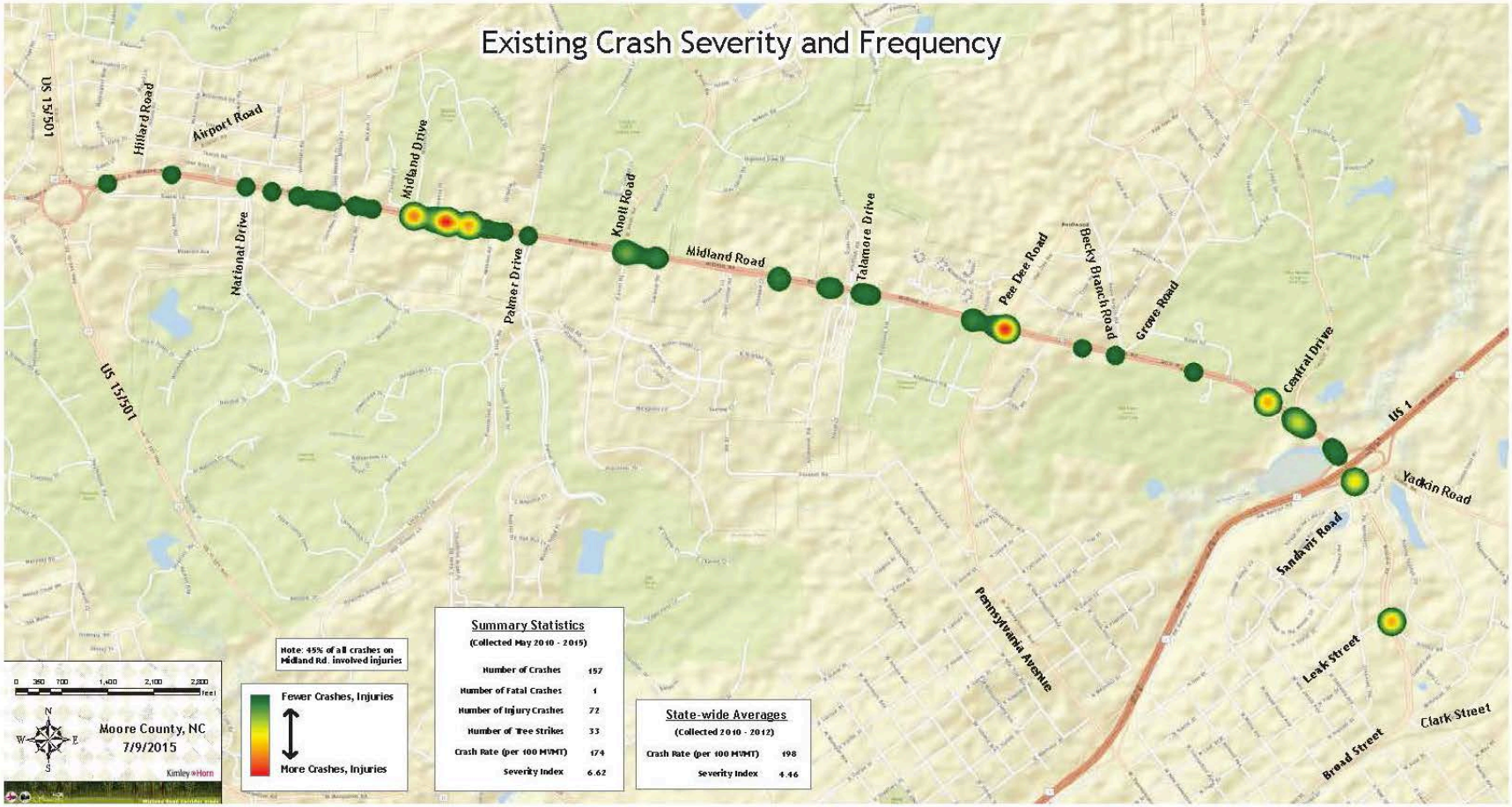


Figure 3.2
(page 8 in Midland Road Corridor Study: Final Report)

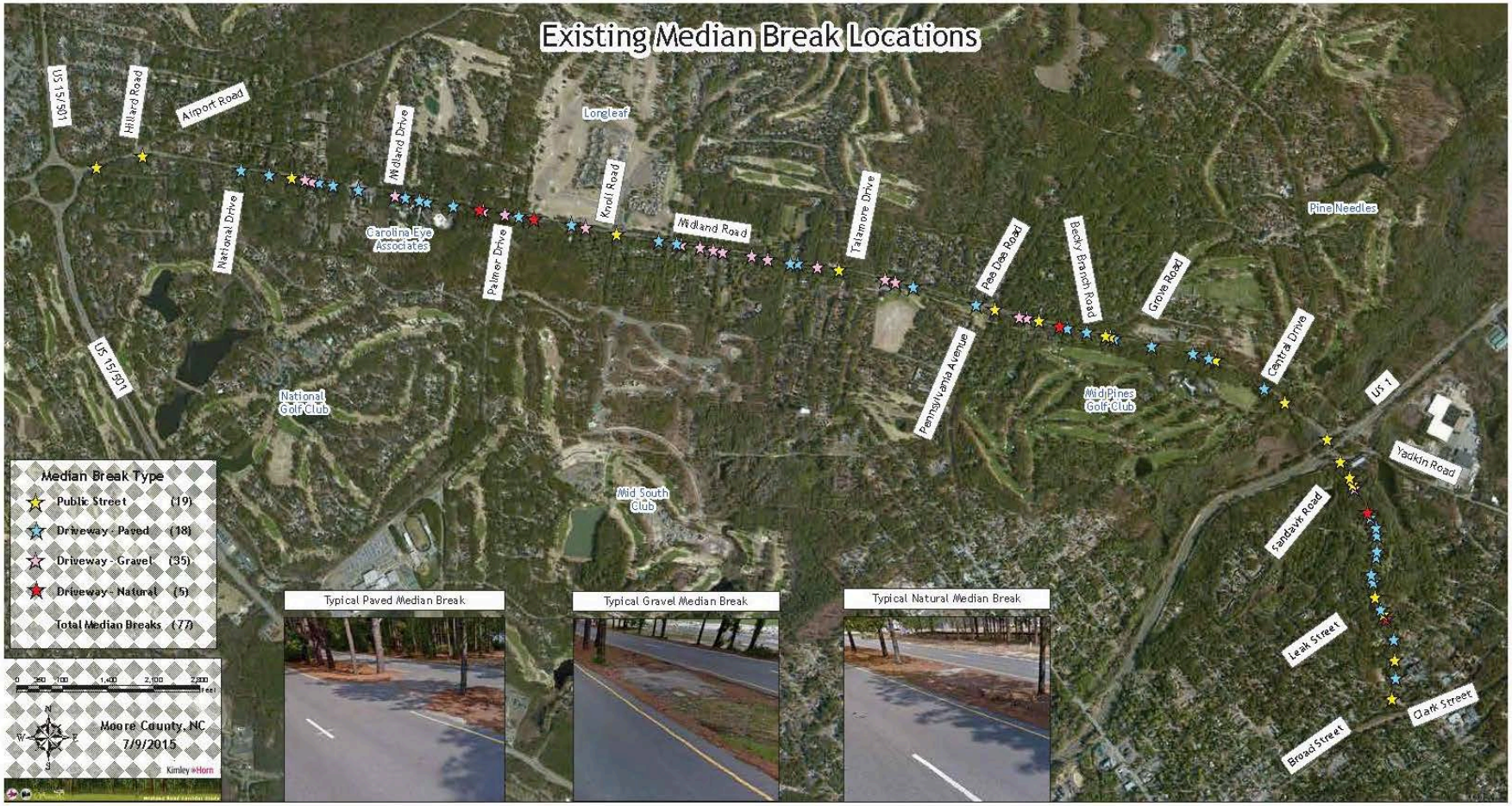
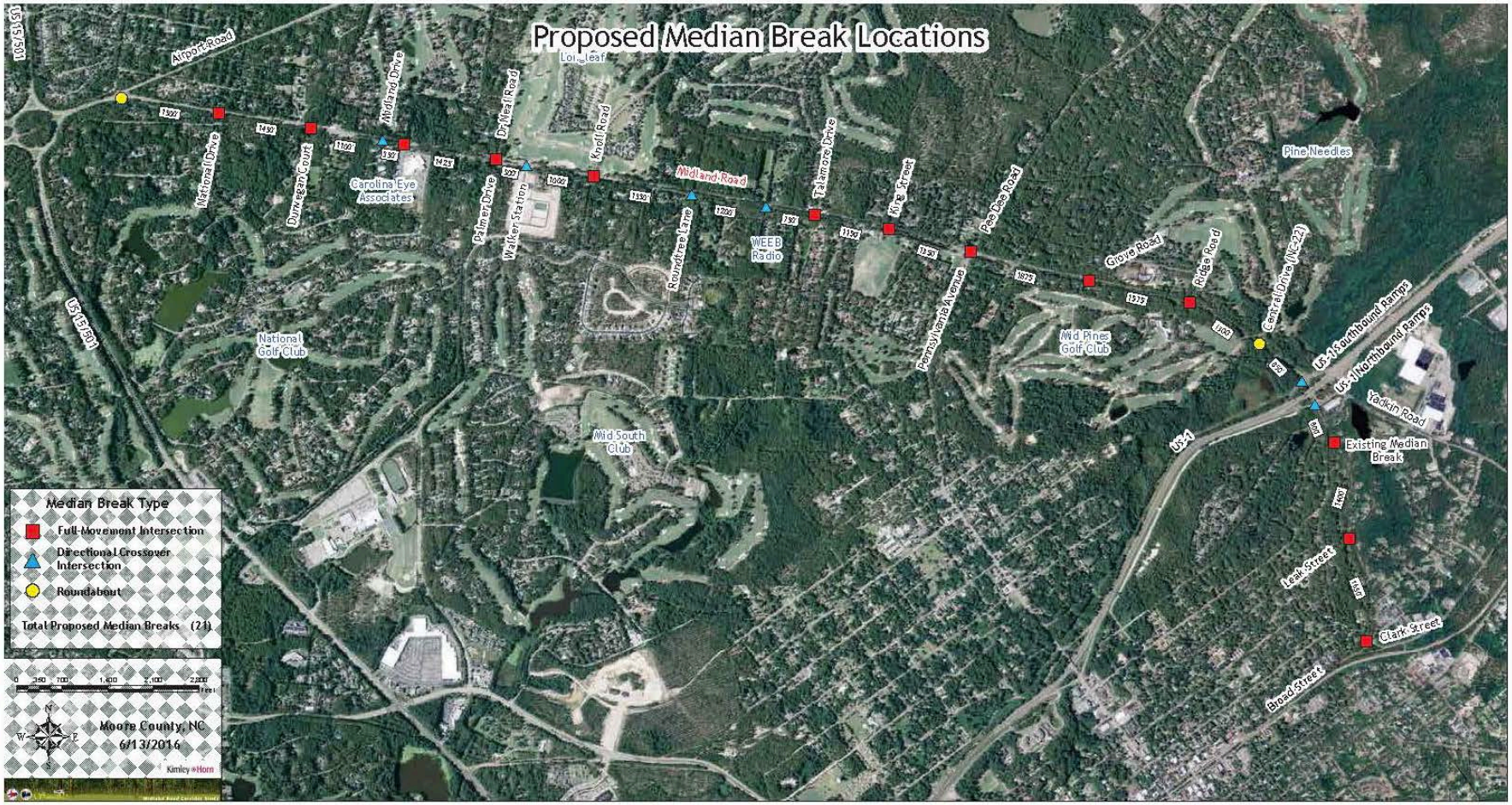
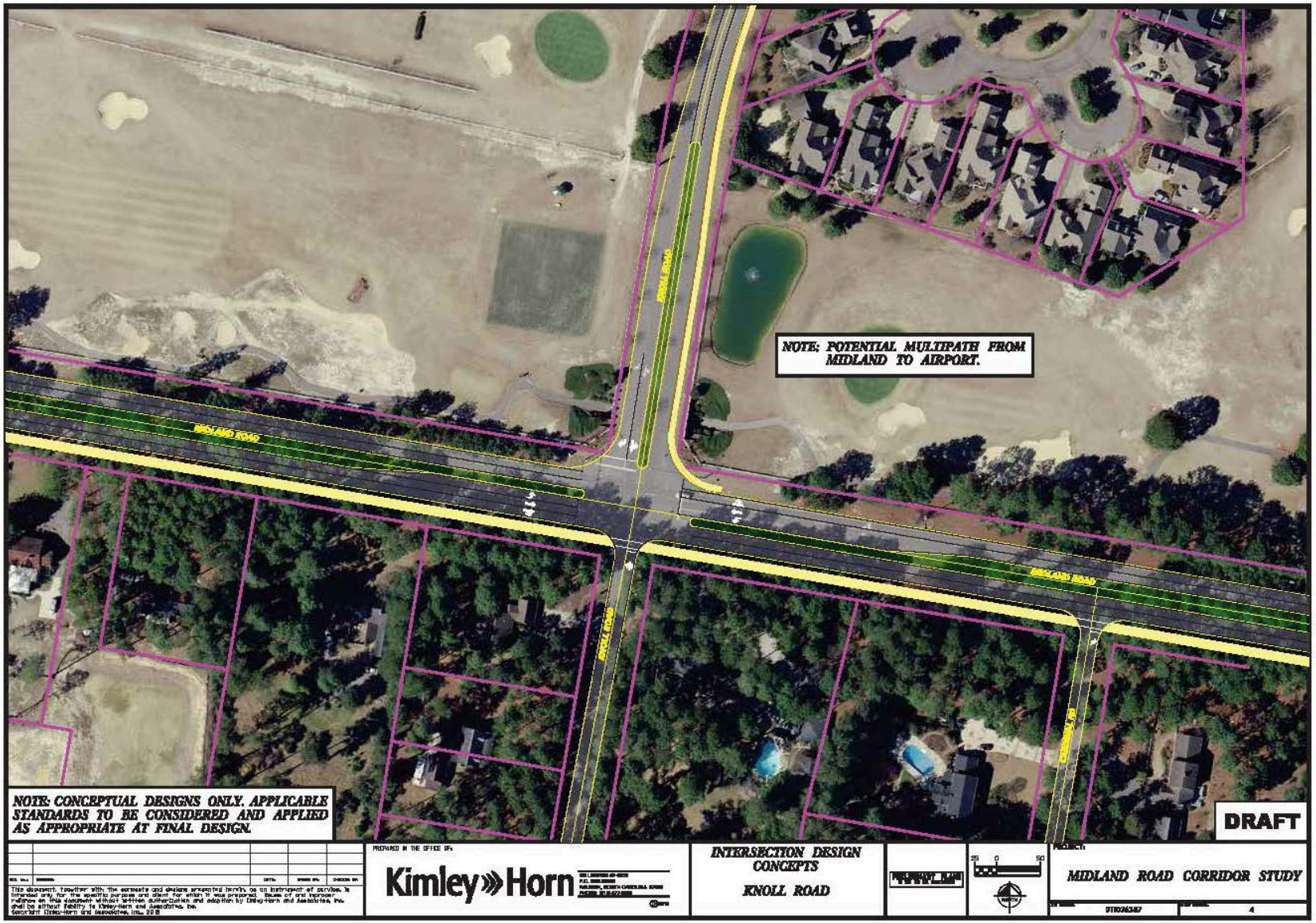


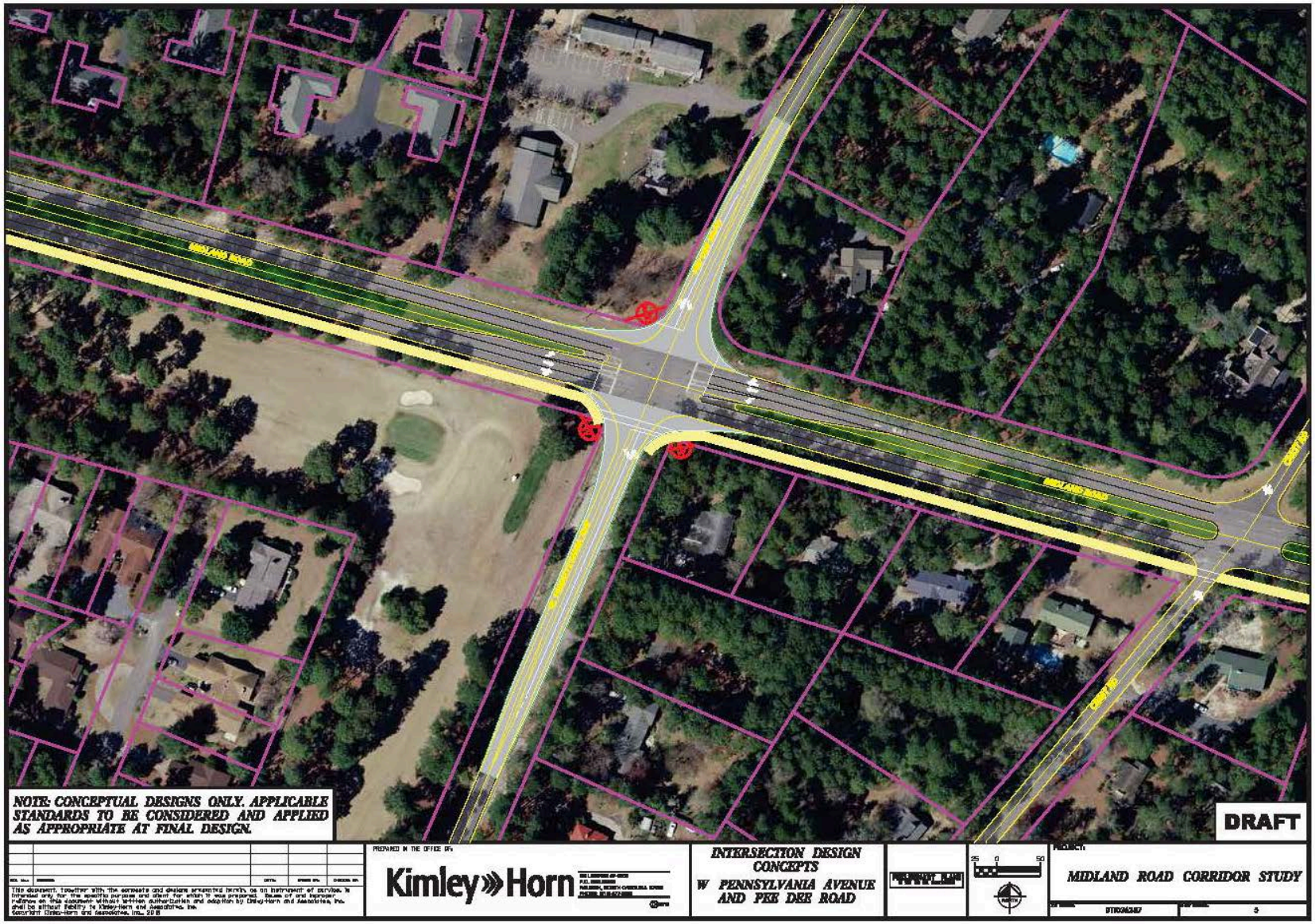
Figure 4.1
(page 13 in Midland Road Corridor Study: Final Report)



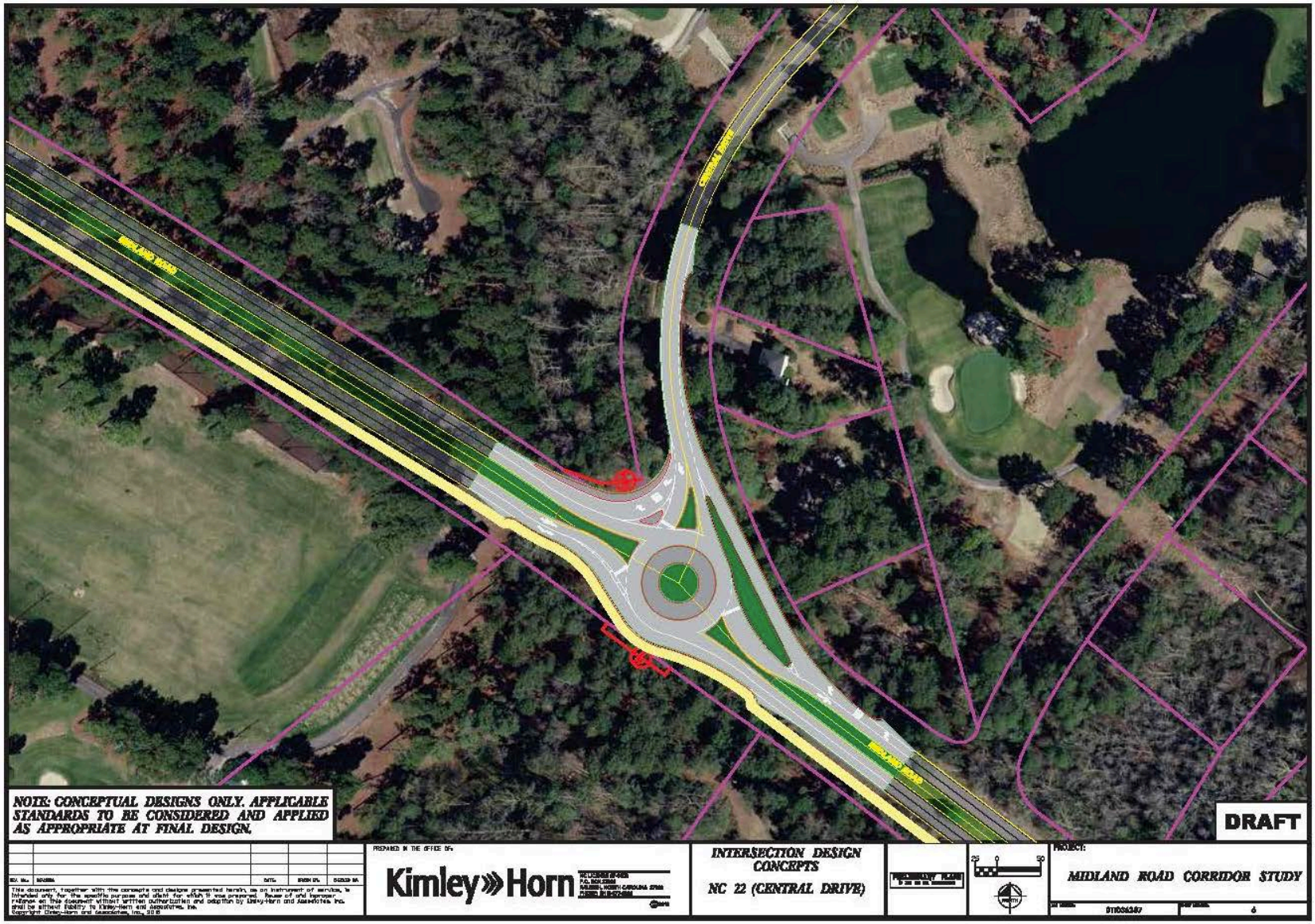
Knoll Road & Midland Intersection Concept
(page 21 in Midland Road Corridor Study: Final Report)



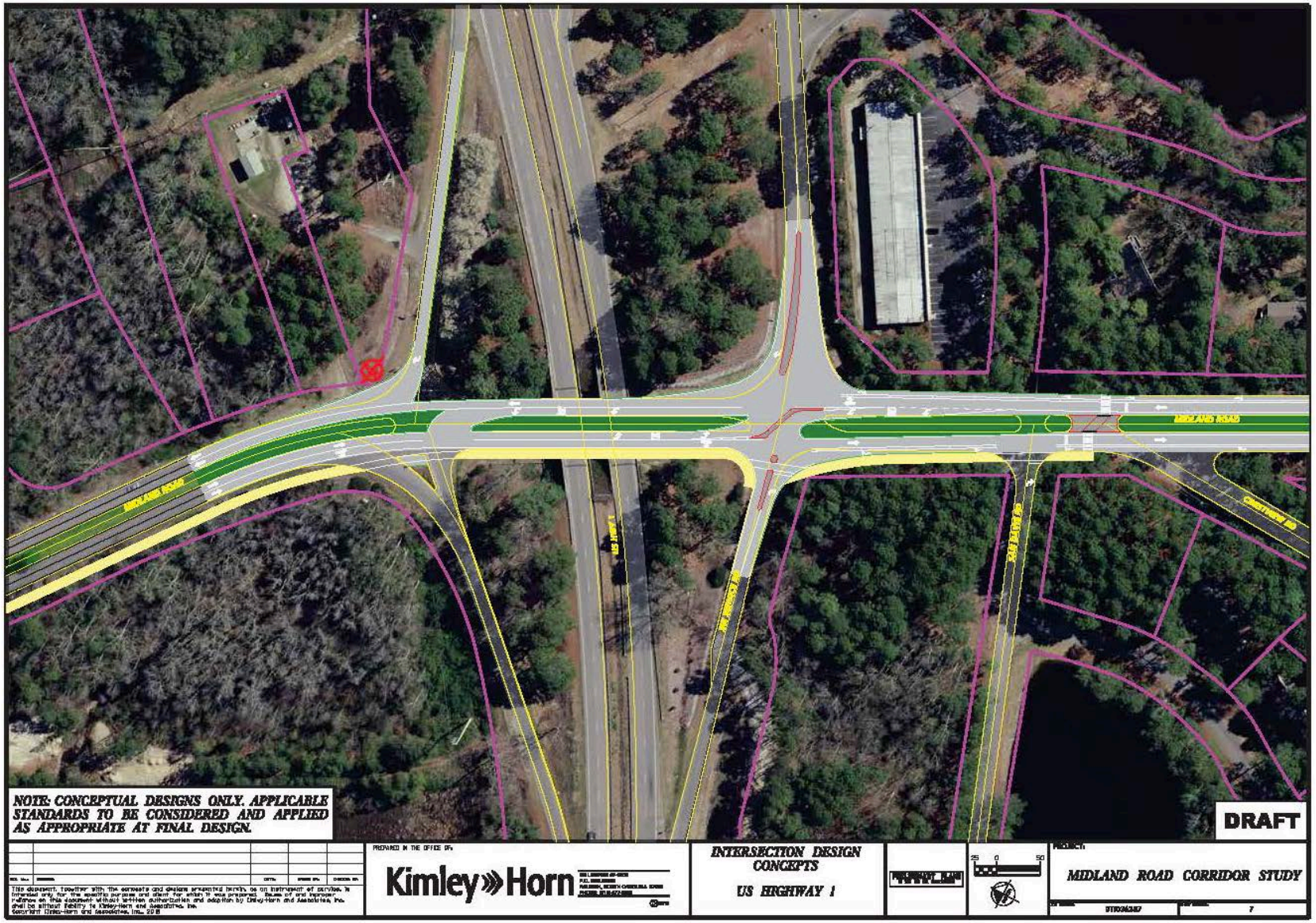
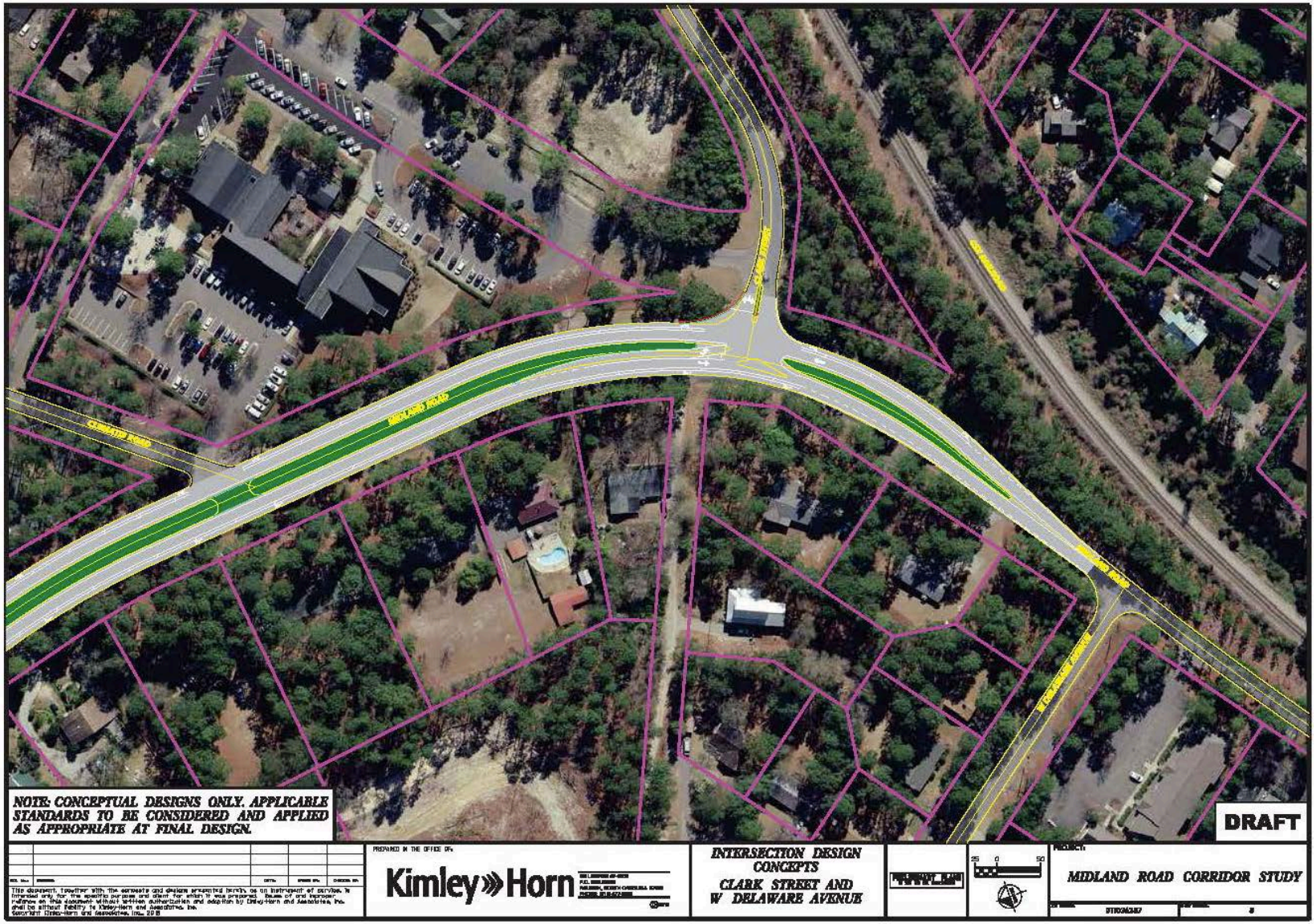
W. Pennsylvania Avenue/Pee Dee Road & Midland Road Intersection Concept
(page 22 in Midland Road Corridor Study: Final Report)



NC Highway 22 (Central Drive) & Midland Road Intersection Concept
(page 23 in Midland Road Corridor Study: Final Report)



US Highway 1 & Midland Road Intersection Concept
(page 24 in Midland Road Corridor Study: Final Report)



Clark Street & Midland Road Intersection Concept
(page 25 in Midland Road Corridor Study: Final Report)