

# COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDING  
JUNE 30, 2016

# Village of Whispering Pines North Carolina

## Comprehensive Annual Financial Report

For The Year Ended June 30, 2016

Prepared by Village of Whispering Pines Finance Department  
Susan Shuster, Village Manager/Finance Director

Village of Whispering Pines, North Carolina

**TABLE OF CONTENTS**

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<b>INTRODUCTORY SECTION</b>	<b>PAGE</b>
Letter of Transmittal	1-5
List of Principal Officials	6
Certificate of Achievement for Excellence in Financial Reporting	7
Organizational Chart	8
 <b>FINANCIAL SECTION</b>	
<b>INDEPENDENT AUDITOR'S REPORT</b>	9-11
<b>MANAGEMENT DISCUSSION AND ANALYSIS</b>	12-20
 <b>BASIC FINANCIAL STATEMENTS</b>	
Government-wide Financial Statements:	
Statement of Net Position	21
Statement of Activities	22
Fund Financial Statements:	
Balance Sheet – Governmental Funds	23
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	24
Reconciliation of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	25
Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – General Fund	26
Notes to the financial statements	27-47
 <b>REQUIRED SUPPLEMENTAL FINANCIAL DATA</b>	
Law Enforcement Officers' Special Separation Allowance – Schedule of Funding Progress, Schedule of Employer Contributions and Notes to the Required Schedule	48
Schedule of the Proportionate Share of the Net Pension Asset – Local Government Employees' Retirement System	49
Schedule of Contributions – Local Government Employees' Retirement System	50
Schedule of the Proportionate Share of the Net Pension Asset – Firefighters' and Rescue Squad Workers' Pension	51
 <b>COMBINING AND INDIVIDUAL FUND SCHEDULES</b>	
 <b>MAJOR GOVERNMENTAL FUND</b>	
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – General Fund	52-54
Balance Sheet – Capital Project Fund – Thunder Bridge	55
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – Thunder Bridge Project	56

Village of Whispering Pines, North Carolina

**TABLE OF CONTENTS**

---

**NON-MAJOR GOVERNMENTAL FUNDS**

Combining Balance Sheets – Capital Project Funds	57
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – Capital Projects Funds	58
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – Spring Valley Dam Spillway Project	59
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – Building Renovations – Public Safety	60

**OTHER LEGALLY BUDGETED FUND**

Balance Sheet – Other Legally Budgeted Governmental Fund	61
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – Transportation – Major Repairs	62

**OTHER SUPPLEMENTAL SCHEDULES**

Schedule of Ad Valorem Taxes Receivable	63
Analysis of Current Tax Levy	64

**STATISTICAL SECTION (UNAUDITED)**

Schedule 1 – Net Position by Component (Unaudited)	65
Schedule 2 – Changes in Net Position (Unaudited)	66
Schedule 3 – Fund Balances, Governmental Funds (Unaudited)	67
Schedule 4 – Changes in Fund Balances, Governmental Funds (Unaudited)	68
Schedule 5 – Assessed Value and Estimated Actual Value of Taxable Property	69
Schedule 6 – Direct and Overlapping Property Tax Rates	70
Schedule 7 – Principal Property Tax Payers	71
Schedule 8 – Property Tax Levies and Collections	72
Schedule 9 – Ratios of Outstanding Debt by Type	73
Schedule 10 – Legal Debt Margin Information	74
Schedule 11 – Direct and Overlapping Governmental Activities Debt	75
Schedule 12 – Demographic and Economic Statistics	76
Schedule 13 – Principal Employers	77
Schedule 14 – Full-time Equivalent County Government Employees by Function	78
Schedule 15 – Operating Indicators by Function/Program	79
Schedule 16 – Capital Asset Statistics by Function	80

**COMPLIANCE SECTION**

Report on compliance and on internal control over financial reporting based on an audit of the basic financial statements performed in accordance with Governmental Auditing standards	81-82
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# Introductory Section

# VILLAGE OF WHISPERING PINES

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

September 15, 2016

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

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

The Comprehensive Annual Financial Report (CAFR) of the Village of Whispering Pines, North Carolina is submitted for your review and use. This report has been prepared by the Village's Finance Department. It is the comprehensive publication of the Village's financial position and results of operations as of and for the fiscal year that ended June 30, 2016. The Village, like all other local governments in North Carolina, is required by state law to publish a complete set of financial statements within four months of the close of each fiscal year. The financial statements must be presented in conformity with generally accepted auditing principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. This report is published to fulfill that requirement for the fiscal year that ended June 30, 2016, and to provide further accountability to residents and other interested parties by providing a more comprehensive report in lieu of the minimum basic financial statement requirements.

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

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

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

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

### **Profile of the Village**

The Village of Whispering Pines, North Carolina was founded in 1959 and incorporated in 1969 and has the distinction of being the first municipality in North Carolina to be designated as a Village. The Village is located in Moore County, an area known as the Sandhills region of North Carolina with a population of approximately 3270. Whispering Pines has a land area of 4.1 square miles including eight lakes comprising approximately 438 acres. The Village is primarily a residential community with significant recreational amenities that have attracted retirees for many years. Excellent schools in the Whispering Pines area and the close proximity to Fort Bragg military base have attracted younger families in the last decade, which have resulted in significant residential growth.

Whispering Pines is the fourth largest municipality in Moore County. The Village's population has increased by 728 or 23% since the 2010 census. Whispering Pines is empowered by state statute, on a limited basis, to extend its corporate limits through the annexation process. The Village has historically annexed property as a result of voluntary application by property owners.

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

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

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

### **Local Economy**

The Village is primarily a residential community with continued growth in its housing market. The Village issued a total of 74 residential permits in FY 2016, a 34% increase over FY 2015. Construction has been concentrated in three new subdivisions that commenced construction in 2015 and will add a total of 228 homes in the Village when built out. These subdivisions will

have a significant positive impact on the Village tax base. There was also a significant increase in construction activity on "in-fill" lots this past year.

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

The Village saw an increase in property tax revenue of approximately \$116,700 (6.6% increase) in the fiscal year ending June 30, 2016. This steady growth of the Village tax base has enabled the Village to keep property tax rates at a moderate level while providing the high level of services to our residents.

As of June 30, 2016, the Moore County unadjusted unemployment rate was 5.1% compared to 6.1% the prior year. Whispering Pines traditionally does not feel the effects of unemployment due to the nature of Village residents.

The tourism industry contributes significantly to the economic well-being of Moore County. This, along with a general improvement of the economy, has increased the Village's share of local option sales tax revenue \$49,086 (6.45% increase) in fiscal year ending June 30, 2016.

### **Financial Planning**

The Village is committed to maintaining a strong financial position. The Village maintains unassigned fund balance sufficient to maintain consistent cash flow, generate interest income, eliminate the need for short term borrowings, and provides flexibility for unanticipated opportunities and needs. At June 30, 2016 the General Fund's unassigned fund balance of \$1,048,533 represents 38.24% of total General Fund expenditures of \$2,742,190. In addition, fiscally responsible budgeting has been a key factor in maintaining a fund balance within the average range for municipalities of similar size and well above the State requirements.

With adoption of the 2010-2011 budget ordinance, Council approved a .05 tax increase, with all revenue from this tax to be used for the establishment of the Capital Reserve Major Repair Fund (CRMRF) for repairs and improvements of major infrastructure, such as dams, bridges and roads. This tax generates approximately \$230,000 each fiscal year and has been budgeted again for the same purpose in the 2016-2017 General Fund Budget.

### **Major Initiatives**

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

In prioritizing recommendations of a comprehensive Village Recreation and Open Space Master Plan, the Council approved funds to:

- Develop a fourth pocket park in the Village.
- Purchased three undeveloped parcels to preserve open space in the Village.
- Develop Hardee Lane to Blue Lake Trail – approximately 1 ½ miles or 3-mile loop.



In 2011, the North Carolina Department of Transportation determined that Thunder Bridge is in need of replacement. In July, 2012 the development and design phase of this multiyear project got underway. Federal funding has been approved at an "80-20" ratio for this project, with an estimated cost of \$ 1,087,982. With the completion of the engineering design phase and the right of way acquisition phase of the project in FY 2014-15, the construction phase commenced in April 2016. The Village has expended \$417,474 of which \$83,495 is local funds since the project commenced in 2012. Estimated completion of this project is October 2016.

The Village established a Capital Projects Fund in FY 2014-15 for renovations/additions to the Fire Rescue and Police Department buildings. The design phase of the multi building project was completed in FY 2015-16 with an estimated cost of the project at \$650,000. Upon receipt of bids for the construction in the \$1M range, the Village Council made a decision to not move forward with the project at this time. The Village is now developing a Facilities Improvement Plan to determine the needs and priorities of all Village owned buildings.

The Village has conducted a comprehensive assessment of the condition of all Village dams. Based on recommendations set forth in this study, the Village established a capital project fund in July, 2013 to begin the reconstruction of Spring Valley Dam spillway. The reconstruction plans were completed and submitted for approval from the NC State Dam Safety Office in April 2015. The Village anticipated receiving approval in FY 2015-16 and commencing with the project in late 2016. As to date, the State has not approved the plans. Monies in the CRMRF will be the funding source for this project, with an estimated cost of \$500,000.

The Village conducted an update to the Village Comprehensive Roadway Assessment this fiscal year. The master plan serves during the budget process as a systematic guide for prioritizing the maintenance and improvements to Village streets.

The Village will continue with the "pay as you go" plan for street improvements and storm water management programs that can be undertaken with Powell Bill funds as well as additional general fund monies that are budgeted for in the next fiscal year. This method of infrastructure maintenance and improvement will continue annually.

## **AWARDS AND ACKNOWLEDGEMENTS**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Village of Whispering Pines for its comprehensive annual financial report for the fiscal year ended June 30, 2015. This was the seventh consecutive year that the Village has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

The preparation of this report would not have been possible without the dedicated efforts of the Finance Department, as well as the cooperation of the other departments of the Village that assisted and contributed to the preparation of this report. I would like to thank Lloyd B McConnell, CPA, PA, the Village's independent auditor, for his assistance and guidance during this report's preparation. Credit also must be given to the Mayor and the Village Council for

their continued support, leadership, and professionalism in management of the Village's finances.

Respectfully submitted,



Susan Shuster

Village Manager/Director of Finance

Village of Whispering Pines, North Carolina  
Principal Officials  
June 30, 2016

Village Council

Michelle Lexo	Mayor
Robert C. Zschoche	Mayor Pro-tempore
Abbe Debolt	Council Member
Colin Webster	Council Member
Cheryl Burris	Council Member

Village Officials

Susan Shuster	Village Manager/Finance Director
Linda Christopher	Village Clerk/Zoning Administrator
Domonic Campbell	Police Chief
Richard Lambdin	Fire Rescue Chief
Bob Kissinger	Public Works Director
T.C. Morphis	Village Attorney



Government Finance Officers Association

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

Presented to

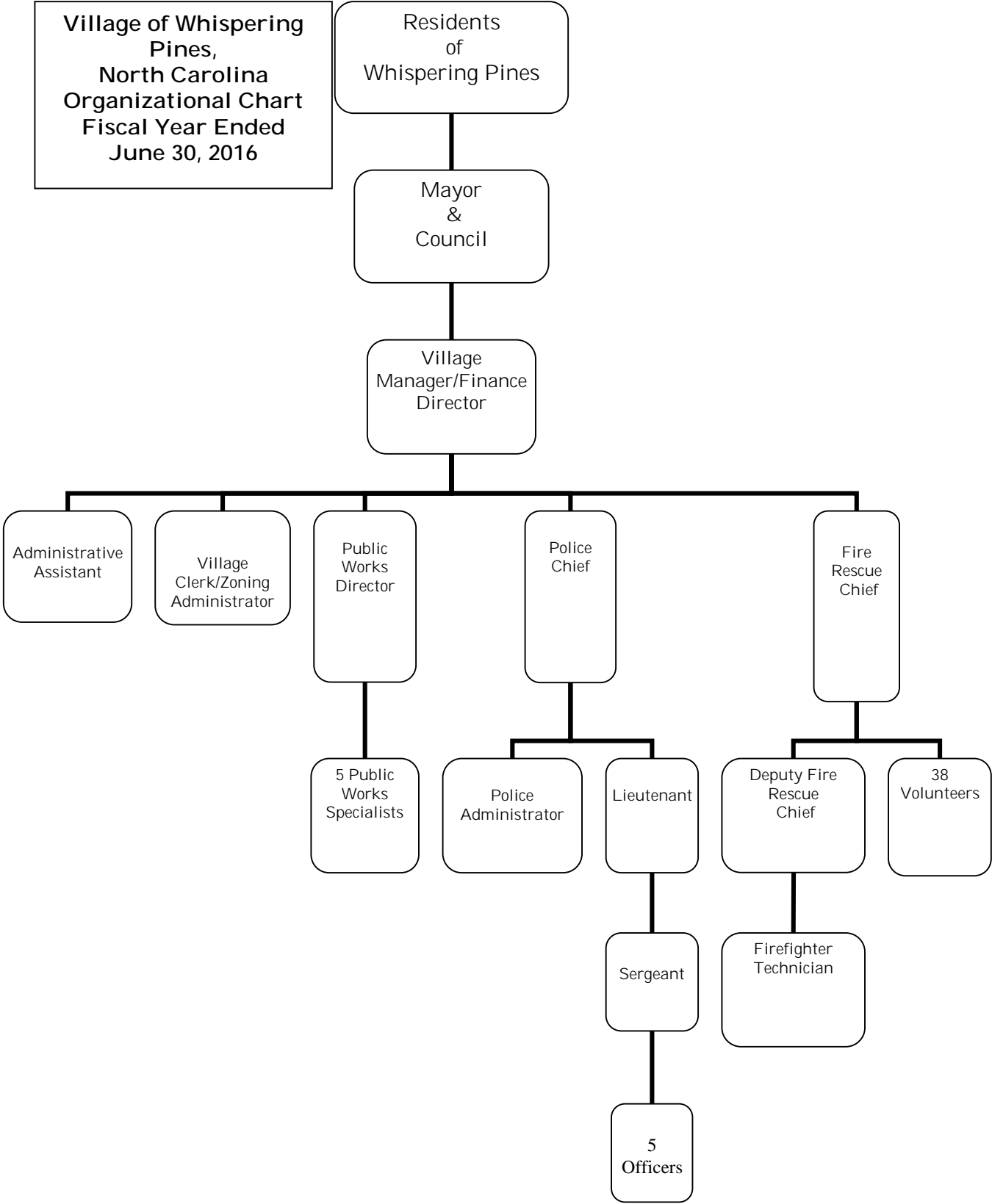
**Village of Whispering Pines  
North Carolina**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2015**

Executive Director/CEQ

Village of Whispering Pines,  
North Carolina  
Organizational Chart  
Fiscal Year Ended  
June 30, 2016



## Financial Section

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

### **Independent Auditors Report**

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

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

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Whispering Pines, North Carolina as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

#### **Management's Responsibility for the Financial Statements**

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

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

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

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

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

## **Opinion**

In my opinion, based on my audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Village of Whispering Pines, North Carolina as of June 30, 2016, and the respective changes in financial position, where appropriate, thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other matters**

### Required Supplementary Information

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

### Supplementary and Other Information

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statement of the Village of Whispering Pines, North Carolina. The introductory section, statistical schedule, combining and individual fund statements, budgetary schedules and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

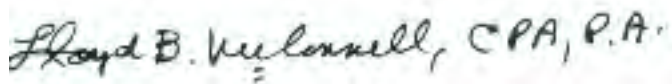
The combining and individual fund statements, budgetary schedules, and other schedules, are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to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



schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, I have also issued my report dated September 15, 2016 on my consideration of Village of Whispering Pines' internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of the report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Village of Whispering Pines' internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Lloyd B. Melonell, CPA, P.A.". The signature is written in a cursive style with some capital letters.

Sanford, North Carolina 27330  
September 15, 2016

# Management Discussion and Analysis

## Management's Discussion and Analysis

As management of the Village of Whispering Pines, we offer readers of the Village of Whispering Pines' basic financial statements this narrative overview and analysis of the financial activities of the Village of Whispering Pines for the fiscal year ended June 30, 2016. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Village's basic financial statements, which follow this narrative.

### Financial Highlights

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- The assets and deferred outflows of resources of the Village of Whispering Pines exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$5,342,565 (net position).
- The government's total net position increased by \$504,077.
- As of the close of the current fiscal year, the Village of Whispering Pines' governmental funds reported combined ending fund balances of \$2,280,364 an increase of \$278,892 in comparison with the prior year. Approximately 7.60 percent of this total amount or \$173,293 is nonspendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,048,533, or 38.24 percent of total general fund expenditures for the fiscal year.

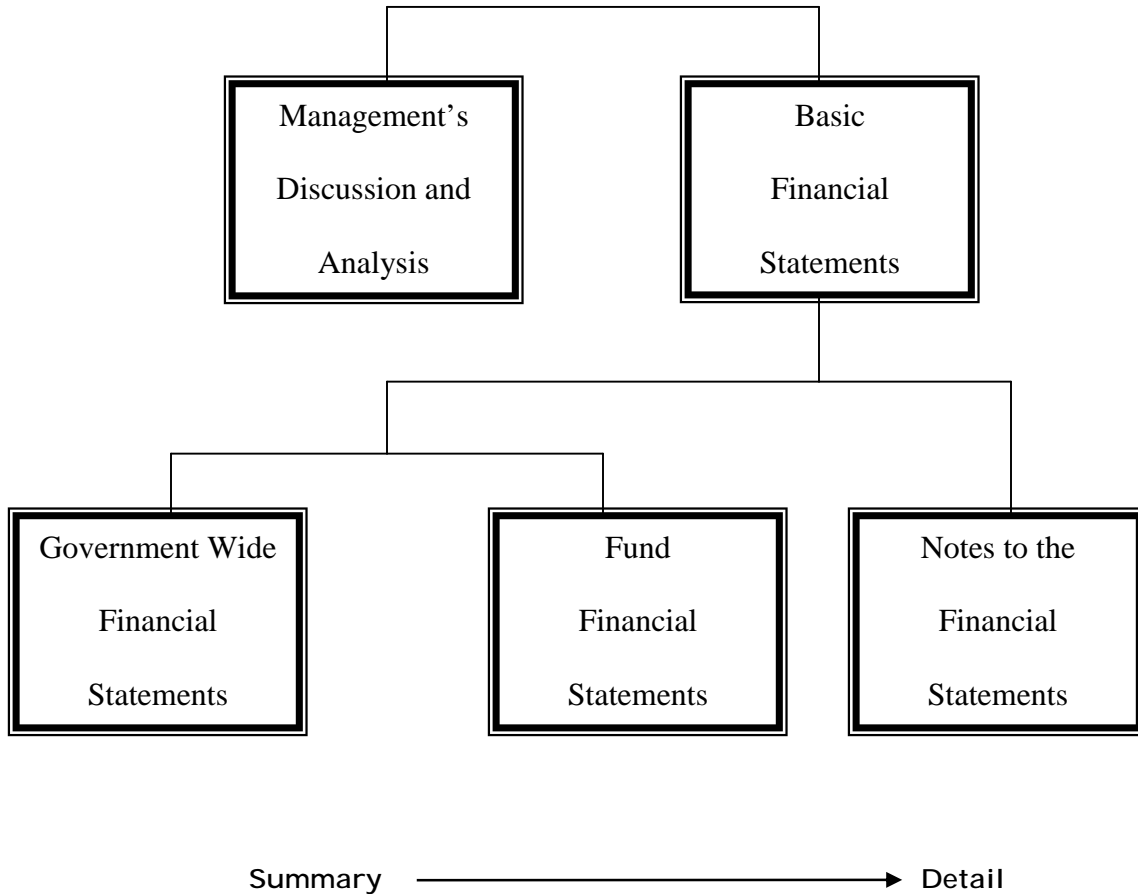
### Overview of the Financial Statements

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

## Required Components of Annual Financial Report

Figure 1



### Basic Financial Statements

The first two statements (Pages 21 – 22) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the Village's financial status.

The next statements (Pages 23 – 26) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Village's government. These statements provide more detail than the government-wide statements. There are two parts to the Fund Financial Statements, the governmental funds statements and the budgetary comparison statements.

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

## **Government-wide Financial Statements**

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

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

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

The government-wide financial statements are on pages 21 through 22 of this report.

## **Fund Financial Statements**

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The fund financial statements provide a more detailed look at the Village's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village of Whispering Pines, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Village's budget ordinance. The Village of Whispering Pines has one fund category, the governmental funds.

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

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

appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements are on pages 27 through 47 of this report.

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

**Other information** – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Village of Whispering Pines progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 48 of this report.

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

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

**Net Position**

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

**Village of Whispering Pines  
Net Position**

**Figure 2**

	2016	2015
Current and other assets	\$ 2,553,143	\$ 2,372,650
Capital assets	3,741,372	3,613,235
Deferred outflows of resources	68,025	68,685
Total assets and deferred outflows	6,362,540	6,054,570
Long-term debt obligations	413,751	501,709
Other liabilities	564,688	476,921
Deferred inflows of resources	41,536	237,451
Total liabilities and deferred inflows	1,019,975	1,216,081
Net position:		
Net investment in capital assets	3,327,621	3,111,526
Restricted	1,077,357	1,040,182
Unrestricted	937,587	686,781
Total net position	\$ 5,342,565	\$ 4,838,489

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Village of Whispering Pines exceeded liabilities and deferred inflows by \$5,342,565 as of June 30, 2016. The Village's net position increased by \$504,077 for the fiscal year ended June 30, 2016. However, the largest portion (62.29%) reflects the Village's net investment in capital assets (e.g. land, buildings, machinery, and equipment); less any related debt still outstanding that was issued to acquire those items. The Village of Whispering Pines uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village of Whispering Pines' net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Village of Whispering Pines' net position, \$1,077,357, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$937,587 is unrestricted.

Several particular aspects of the Village's financial operations positively influenced the total unrestricted governmental net position including continued diligence in the collection of property taxes by maintaining a tax collection percentage of 99.99%, which compares favorably to the statewide average, increased property tax revenue of approximately \$131,006 due primarily to steady growth, and an increase in local option sales tax of \$49,086.

**Changes in Net Position**

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

**Village of Whispering Pines  
Changes in Net Position**

**Figure 3**

	2016	2015
Revenues:		
Program revenues:		
Charges for services	\$ 70,169	\$ 71,373
Operating grants and contributions	153,588	152,637
Capital grants and contributions	179,733	20,297
General revenues:		
Property taxes	1,756,272	1,623,859
Other taxes	-	266
Grants and contributions not restricted to specific programs	1,084,402	1,012,737
Unrestricted investment earnings	3,999	693
Other	8,313	14,747
Total revenues	<u>3,256,476</u>	<u>2,896,609</u>
Expenses:		
General Government	404,253	417,293
Public Safety	1,155,547	1,139,931
Transportation	477,432	474,987
Environmental protection	413,852	360,602
Economic and physical development	41,413	65,407
Cultural and recreational	251,380	196,807
Interest on long-term debt	8,522	9,802
Total expenses	<u>2,752,399</u>	<u>2,664,829</u>
Increase (decrease) in net position	<u>504,077</u>	<u>231,780</u>
Net position, beginning	<u>4,838,488</u>	<u>4,606,708</u>
Net position, June 30	<u><u>5,342,565</u></u>	<u><u>4,838,488</u></u>

**Governmental activities.** The Village's net position increased by \$504,077. While expenses for major functional activities varied significantly compared to the prior year due primarily to capital spending, totals for both revenues and expenses for the year compared favorably with prior year amounts.



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

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

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

The general fund is the chief operating fund of the Village of Whispering Pines. At the end of the current fiscal year, Village of Whispering Pines' fund balance available of the General Fund was \$1,952,597, while total fund balance reached \$2,125,890. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 38.24 percent of total General Fund expenditures, while total fund balance represents 77.52 percent of that same amount. At June 30, 2016, the governmental funds of the Village of Whispering Pines reported a combined fund balance of \$2,280,364, an increase of \$278,892 compared to last year. Major activities affecting fund balance during the year include the following:

- An increase of \$131,006 in ad valorem tax revenue.
- Capital projects – construction in progress costs of \$235,541.
- Land, building and equipment acquisitions of \$87,606.
- Increase in local option sales tax revenue of \$49,086.

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

## **Capital Assets and Debt Administration**

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**Capital assets.** The Village of Whispering Pines' investment in capital assets as of June 30, 2016, totals \$3,741,372 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year include:

- Transportation – acquisition of mini excavator (\$43,635).
- Capital projects construction activities (\$235,541).
- General government – land acquisitions (\$26,734).

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

**Figure 4**

Land	\$ 664,678
Construction in progress	489,639
Buildings	1,107,613
Improvements	920,715
Vehicles and motorized equipment	496,441
Other equipment	<u>62,286</u>
 Total	 <u><u>\$ 3,741,372</u></u>

Additional information on the Village's capital assets can be found on page 35 of the notes to the Basic Financial Statements.

**Long term debt**

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As of June 30, 2016 the Village of Whispering Pines had the following long-term debt:

- a. On June 30, 2009, the Village entered into a \$425,000 installment purchase contract with a financial institution to finance the construction of a public works maintenance building. On September 17, 2013, the Village refinanced the outstanding balance of this debt, \$311,926, for seven years at an interest rate of 1.75%. This promissory note matures September 17, 2020 and is secured by a deed of trust on the construction site land and all improvements.
- b. Promissory note executed on August 24, 2012 in the amount of \$320,000 to finance the purchase of a 2012 Toyne Rescue Pumper Truck for use by the Village Fire Department. This debt is collateralized by a 2012 Toyne Rescue Pumper including all attachments and accessories with a total cost of \$363,240.

Village of Whispering Pines outstanding debt:

	<u>2016</u>	<u>2015</u>
Promissory note	\$ 226,684	\$ 269,680
Promissory note	<u>187,067</u>	<u>232,029</u>
Total	<u><u>\$ 413,751</u></u>	<u><u>\$ 501,709</u></u>

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin of the Village of Whispering Pines is \$37,758,032.

Additional information regarding the Village of Whispering Pines long-term debt can be found beginning on page 36 of the Notes to the Financial Statements.

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

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

### **Budget Highlights for the Fiscal Year Ending June 30, 2017**

**Governmental Activities:** The Village has approved a \$3,098,990 general fund budget for fiscal year 2017 with no general fund balance being appropriated. The property tax rate remains at \$0.37 per \$100 of assessed valuation, the same as the prior year rate.

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

### **Requests for Information**

This report is designed to provide an overview of the Village's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Director of Finance, Village of Whispering Pines, 10 Pine Ridge Drive, Whispering Pines, North Carolina 28327. You can also call (910) 949-3141, visit our website [whisperingpines.net](http://whisperingpines.net) or send an email to [sshuster@whisperingpinesnc.net](mailto:sshuster@whisperingpinesnc.net).

# Basic Financial Statements

# Government Wide Financial Statements

VILLAGE OF WHISPERING PINES, NORTH CAROLINA  
STATEMENT OF NET POSITION  
JUNE 30, 2016

	Governmental Activities	Total
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 1,116,794	\$ 1,116,794
Taxes receivables (net):	2,851	2,851
Due from other governments	258,490	258,490
Other receivables	600	600
Equipment deposits	11,751	11,751
Restricted cash and cash equivalents	1,162,657	1,162,657
Total current assets	<u>2,553,143</u>	<u>2,553,143</u>
Capital assets:		
Land and construction in progress	1,154,317	1,154,317
Other capital assets, net of depreciation	2,587,055	2,587,055
Total capital assets	<u>3,741,372</u>	<u>3,741,372</u>
Total assets	<u>\$ 6,294,515</u>	<u>\$ 6,294,515</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
	68,025	68,025
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 189,928	\$ 189,928
Deposits - restricted	80,000	80,000
Compensated absences-current	51,000	51,000
Debt obligations-current	89,432	89,432
Total current liabilities	<u>410,360</u>	<u>410,360</u>
Non-current liabilities:		
Net pension liability	75,218	75,218
Compensated absences - noncurrent	24,831	24,831
Debt obligations - noncurrent	324,319	324,319
Net pension obligation	143,711	143,711
Total non-current liabilities	<u>568,079</u>	<u>568,079</u>
Total liabilities	<u>\$ 978,439</u>	<u>\$ 978,439</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Pension deferrals	41,536	41,536
Total deferred inflows of resources	<u>41,536</u>	<u>41,536</u>
<u>NET POSITION</u>		
Net investment in capital assets	3,327,621	3,327,621
Restricted for:		
Stabilization by State Statute	173,293	173,293
Transportation	904,064	904,064
Unrestricted	937,587	937,587
Total net position	<u>\$ 5,342,565</u>	<u>\$ 5,342,565</u>

VILLAGE OF WHISPERING PINES, NORTH CAROLINA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
Governmental activities						
General government	\$ 404,253	\$ 8,690	\$ -	\$ -	\$ (395,563)	\$ (395,563)
Public Safety	1,155,547	3,017	32,563	17,901	(1,102,066)	(1,102,066)
Transportation	477,432	-	119,005	161,832	(196,595)	(196,595)
Environmental protection	413,852	9,177	2,020	-	(402,655)	(402,655)
Economic and physical development	41,413	44,850	-	-	3,437	3,437
Cultural and recreational	251,380	4,435	-	-	(246,945)	(246,945)
Interest on long-term debt	8,522	-	-	-	(8,522)	(8,522)
Total governmental activities	<u>\$ 2,752,399</u>	<u>\$ 70,169</u>	<u>\$ 153,588</u>	<u>\$ 179,733</u>	<u>(2,348,909)</u>	<u>(2,348,909)</u>
General revenues:						
Taxes:						
Property taxes, levied for general purposes					1,756,272	1,756,272
Grants and contributions not restricted to specific programs					1,084,402	1,084,402
Unrestricted investment earnings					3,999	3,999
Miscellaneous					8,313	8,313
Total general revenues					<u>2,852,986</u>	<u>2,852,986</u>
Change in net position					<u>504,077</u>	<u>504,077</u>
Net position, beginning					<u>4,838,488</u>	<u>4,838,488</u>
Net position, ending					<u>\$ 5,342,565</u>	<u>\$ 5,342,565</u>

# Fund Financial Statements



**VILLAGE OF WHISPERING PINES, NORTH CAROLINA  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2016**

	Major Funds			Total Governmental Funds
	General Fund	Capital Project Thunder Bridge	Total Non- major Funds	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,116,794	\$ -	\$ -	\$ 1,116,794
Restricted cash	984,064	178,421	172	1,162,657
Taxes receivable, net	2,851	-	-	2,851
Due from other governments	160,942	97,548	-	258,490
Other receivables	600	-	-	600
Equipment deposit	11,751	-	-	11,751
Total assets	<u>\$ 2,277,002</u>	<u>\$ 275,969</u>	<u>\$ 172</u>	<u>\$ 2,553,143</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 68,261	\$ 121,667	\$ -	\$ 189,928
Deposits - restricted	80,000	-	-	80,000
Total liabilities	<u>148,261</u>	<u>121,667</u>	<u>-</u>	<u>269,928</u>
DEFERRED INFLOWS OF RESOURCES				
Property taxes receivable	2,851	-	-	2,851
Total deferred inflows of resources	<u>2,851</u>	<u>-</u>	<u>-</u>	<u>2,851</u>
Fund balances:				
Restricted				
Stabilization by State Statute	173,293	-	-	173,293
Committed:				
Transportation	904,064	-	-	904,064
Assigned				
Subsequent year's expenditures	-	154,302	172	154,474
Unassigned	1,048,533	-	-	1,048,533
Total fund balances	<u>2,125,890</u>	<u>154,302</u>	<u>172</u>	<u>2,280,364</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,277,002</u>	<u>\$ 275,969</u>	<u>\$ 172</u>	<u>\$ 2,553,143</u>
Reconciliation of fund balance as reported in the balance sheet - governmental funds with net assets governmental activities:				
Fund balance as reported in the balance sheet - governmental funds				\$ 2,280,364
Amounts reported for governmental activities in the statement of net position are different because:				
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds				3,741,372
Net pension liability				(75,218)
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position				63,996
Other pension related deferred outflows of resources on the Statement of Net Position				4,029
The net pension obligation is not due and payable in the current period and therefore is not reported in the funds.				(143,711)
Compensated absences not expected to be materially liquidated with expendable available resources				(75,831)
Pension related deferrals				(41,536)
Long-term debt obligations are not due and payable in the current period, and therefore are not reported in the funds.				(413,751)
Liabilities for earned revenues considered deferred inflows of resources in fund statements				2,851
Net position of governmental activities				<u>\$ 5,342,565</u>

VILLAGE OF WHISPERING PINES, NORTH CAROLINA  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016

	Major Funds			Total
	General Fund	Capital Project Thunder Bridge	Total Non- major Funds	
Revenues:				
Ad valorem taxes	\$ 1,756,419	-	-	\$ 1,756,419
Unrestricted intergovernmental	1,084,402	-	-	1,084,402
Restricted intergovernmental	171,489	161,832	-	333,321
Permits and fees	45,640	-	-	45,640
Investment earnings	3,999	-	-	3,999
Sales and service	26,114	-	-	26,114
Other general revenues	6,728	-	-	6,728
Total revenues	<u>3,094,791</u>	<u>161,832</u>	<u>-</u>	<u>3,256,623</u>
Expenditures:				
Current:				
General government	429,319	-	-	429,319
Public safety	1,060,327	-	24,499	1,084,826
Transportation	491,780	211,042	-	702,822
Environmental protection	413,852	-	-	413,852
Economic and physical development	36,021	-	-	36,021
Cultural and recreational	214,410	-	-	214,410
Debt service	96,481	-	-	96,481
Total expenditures	<u>2,742,190</u>	<u>211,042</u>	<u>24,499</u>	<u>2,977,731</u>
Revenues over (under) expenditures	<u>352,601</u>	<u>(49,210)</u>	<u>(24,499)</u>	<u>278,892</u>
Other financing sources (uses):				
Transfer from other funds	3,163	203,510	-	206,673
Transfer to other funds	(203,510)	-	(3,163)	(206,673)
Total other financing sources (uses)	<u>(200,347)</u>	<u>203,510</u>	<u>(3,163)</u>	<u>-</u>
Net Change in fund balances	152,254	154,300	(27,662)	278,892
Fund balance, beginning of year	<u>1,973,636</u>	<u>2</u>	<u>27,834</u>	<u>2,001,472</u>
Fund balance, end of year	<u>\$ 2,125,890</u>	<u>\$ 154,302</u>	<u>\$ 172</u>	<u>\$ 2,280,364</u>

**VILLAGE OF WHISPERING PINES, NORTH CAROLINA  
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT  
OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016**

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

Net change in fund balances - total governmental funds	\$ 278,892
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay expenditures which were capitalized	323,148
Current year depreciation	(195,010)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	63,996
The issuance of long-term debt provides current financial resources to governmental funds while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any affect on net position. This amount is the net effect of these differences in the treatment of long-term debt	
Principal payments on long-term debt	87,959
Some expenses reported in the statement of activities do not require the use current financial resources and therefore, are not reported as expenditures in governmental funds (net):	
Compensated absences	(189)
Pension expense	(41,386)
Increase in net pension obligation	(13,186)
Revenues in the statement of activities that do not provide current financial resources and are not reported as revenues in the funds	
Changes in unavailable revenues for tax revenues	<u>(147)</u>
Total changes in net position of governmental activities.	<u><u>\$ 504,077</u></u>

VILLAGE OF WHISPERING PINES, NORTH CAROLINA  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET TO ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2016

	General Fund			Variance with final Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
Ad valorem taxes	\$ 1,719,930	\$ 1,719,547	\$ 1,756,419	\$ 36,872
Unrestricted intergovernmental	983,978	1,004,378	1,084,402	80,024
Restricted intergovernmental	170,135	180,850	171,489	(9,361)
Permits and fees	39,650	35,650	45,640	9,990
Investment earnings	500	500	3,148	2,648
Sales and Services	26,350	26,350	26,114	(236)
Other general revenues	18,400	5,000	6,728	1,728
Total revenues	<u>2,958,943</u>	<u>2,972,275</u>	<u>3,093,940</u>	<u>121,665</u>
<b>EXPENDITURES</b>				
Current:				
General government	418,664	434,199	429,319	4,880
Public safety	1,039,718	1,071,455	1,060,327	11,128
Transportation	473,098	492,653	491,780	873
Environmental protection	409,750	414,750	413,852	898
Economic and physical development	39,541	36,111	36,021	90
Cultural and recreational	214,757	230,102	214,410	15,692
Debt service	96,515	96,515	96,481	34
Contingency	35,100	-	-	-
Total expenditures	<u>2,727,143</u>	<u>2,775,785</u>	<u>2,742,190</u>	<u>33,595</u>
Revenues over (under) expenditures	<u>231,800</u>	<u>196,490</u>	<u>351,750</u>	<u>155,260</u>
Other financing sources (uses)				
Transfer to other funds	(231,800)	(238,800)	(238,604)	196
Transfer from other funds	-	-	3,163	3,163
Total other financing sources (uses)	<u>(231,800)</u>	<u>(238,800)</u>	<u>(235,441)</u>	<u>3,359</u>
Fund balance appropriated	-	(42,310)	-	(42,310)
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>116,309</u>	<u>\$ 116,309</u>
Fund balance, beginning of year			<u>1,102,102</u>	
Fund balance, end of year			<u>\$ 1,218,411</u>	
Certain other legally budgeted funds are consolidated into the General Fund for reporting purposes. Details are as follows:				
	<u>Transportation</u>			
Interest Income	851			
Expenditures	-			
Transfer from General Fund	238,604			
Transfer to Capital Projects Fund	(203,510)			
Fund balance, beginning of year	<u>871,534</u>			
Fund balance, end of year	<u>2,125,890</u>			

## Notes to the Financial Statements

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

VILLAGE OF WHISPERING PINES, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

The Village of Whispering Pines is a municipal corporation, which is governed by a five member Village council including a mayor appointed by the council. The Village operates under a Council-Manager form of government. As required by generally accepted accounting principles the Village would include any component unit for which it is financially accountable. For the year ended June 30, 2016, no component units were included in the basic financial statements.

**B. Basis of Presentation**

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. Interfund services provided and used are not eliminated in the process of consolidation. These statements distinguish between the governmental and business-type activities of the Village. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. For the year ended June 30, 2016, the Village had no business type activities.

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

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

The Village reports the following major governmental fund:

**General Fund** - The General Fund is the general operating fund of the Village. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, State grants, and various other taxes and licenses. The primary expenditures are for public safety, street maintenance and construction, and sanitation services. Additionally, the Village has legally adopted a Cultural and Recreation Fund for major equipment and replacement activities and a Transportation Fund for major repairs. Under GASB 54 guidance these are consolidated in the General Fund. Budgetary comparisons for the other legally budgeted funds (Cultural and Recreational, and Transportation) have been included in the supplemental information.

**VILLAGE OF WHISPERING PINES, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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**Capital Projects Fund (Thunder Bridge)** – accounts for costs incurred in connection with the replacement of Thunder Bridge.

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

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

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

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

The Village considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

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

**VILLAGE OF WHISPERING PINES, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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**D. Budgetary Data**

The Village's budgets are adopted as required by the North Carolina General Statutes. Project ordinances are adopted for Capital Projects. All annual appropriations lapse at the fiscal-year end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds and at the object level for multiyear funds. Amendments are required for any revisions that alter total expenditures of any fund. All amendments must be approved by the governing board. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity**

**1. Deposits and Investments**

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

State law [G.S. 159-30(c)] authorizes the Village to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain nonguaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT). The Villages investments are reported at fair value. Non-participating interest earning contracts are accounted for at cost. The NCCMT – Cash Portfolio, a SEC-registered (2a-7) external investment pool, is measured at amortized cost, which is the NCCMT's share price. The NCCMT – Term Portfolio's securities are valued at fair value.

**2. Cash and Cash Equivalents**

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

**3. Restricted Assets**

Money in the Transportation Fund is classified as restricted assets in the general fund because its use is restricted for these activities per NC G.S. Chapter 159, Article 3, Part 2. Contractor deposits held by the Village to cover any costs incurred by the Village related to the work of the contractor and which are returned to the contractor upon issuing a certificate of occupancy are also restricted assets. Cash balances in Capital Project funds are restricted and are only available for designated projects as approved by council. The Village had no unspent Powell Bill funds. Powell Bill funds are classified as restricted cash because they can be expended only for the purposes of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S. 136-41.1 through 136-41.4.



VILLAGE OF WHISPERING PINES, NORTH CAROLINA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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Village of Whispering Pines Restricted Cash

Contractor deposits	\$ 80,000
Capital Projects funds	178,592
Other legally budgeted funds - Transportation	<u>904,065</u>
Total Restricted Cash	<u>\$ 1,162,657</u>

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Village levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2015. As allowed by state law, the Village has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the Villages General Fund, ad valorem tax revenues are reported net of such discounts.

5. Allowances for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated and is determined primarily by the age of the receivable and managements opinion of its collectibility.

6. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: Buildings, improvements, furniture and equipment, and vehicles, \$5,000. Donated capital assets received prior to June 15, 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 capitalization cost is \$100,000. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	50
Buildings	50
Improvements	20
Vehicles	4
Furniture and equipment	10
Computer equipment	3

**VILLAGE OF WHISPERING PINES, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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7. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Village has contributions made to the pension plan in the 2016 fiscal year that meet this criterion. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Village has only two items that meet the criterion for this category – property taxes receivable and deferrals of pension expense that result from the implementation of GASB Statement 68.

8. Long-Term Obligations

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

9. Compensated Absences

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

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

10. Net Position/Fund Balances

Net Position

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

Fund Balances

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

**VILLAGE OF WHISPERING PINES, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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The government fund types classify fund balances as follows:

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

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

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

Restricted for Stabilization by State Statute – portion of fund balance that is restricted by State Statute G.S. 159-8(a).

Restricted for Streets – Powell Bill portion of fund balance that is restricted by revenue source for street construction and maintenance expenditures. This amount represents the balance of the total unexpended Powell Bill Funds.

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

Committed for Transportation – portion of fund balance that can only be used for major repairs to Village transportation infrastructure.

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

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

**Unassigned fund balance** – 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.

The Village of Whispering Pines has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-city funds, city funds. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Finance officer has the authority to deviate from this policy if it is in the best interest of the Village.

The Village of Whispering Pines has also adopted a minimum fund balance policy for the general fund that instructs management to conduct the business of the Village in such a manner that available fund balance is at least equal to or greater than 35% to 40% of budgeted expenditures. After completion of the annual audit should available fund balance fall below the targeted level, the

**VILLAGE OF WHISPERING PINES, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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Governing Body will adopt a plan to restore the balance to the targeted level within twenty-four months.

11. Pensions

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

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

**II. DETAIL NOTES ON ALL FUNDS**

**A. Assets**

1. Deposits

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

At June 30, 2016, the Village's deposits had a carrying amount of \$1,752,702 and a bank balance of \$1,741,163. Of the bank balance, \$250,000 was covered by federal depository insurance; \$1,491,163 was covered by collateral held under the pooling method.

**VILLAGE OF WHISPERING PINES, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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2. Investments

North Carolina general Statute 159-30 (a) authorizes the Village to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies certain high quality issues of commercial paper and bankers acceptances; and the North Carolina Capital Management Trust, an SEC registered mutual fund. At year-end, the Village's investments with the North Carolina Capital Management Trust had a carrying amount of \$526,749, and a fair value of \$526,749. At June 30, 2016, the North Carolina Capital Management Trust's Cash Portfolio carried a credit rating of AAAM by Standard and Poors. The Village has no policy regarding credit risk.

3. Receivables

a. Due from other governmental agencies

At June 30, 2016 amounts due from other governmental agencies by source consist of the following:

	<u>General Fund</u>	<u>Capital Projects Fund</u>
Federal:		
Thunder Bridge grant	\$ -	\$ 97,548
State:		
Local option sales tax	128,445	-
Sales and gas tax refunds	19,923	-
Moore County	12,574	-
Total	<u>\$ 160,942</u>	<u>\$ 97,548</u>

VILLAGE OF WHISPERING PINES, NORTH CAROLINA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

4. Capital Assets

Primary Government

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

	Beginning Balances	Additions	Disposals	Ending Balances
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 637,944	\$ 26,734	\$ -	\$ 664,678
Construction in progress	254,098	235,541	-	489,639
Total capital assets not being depreciated	<u>892,042</u>	<u>262,275</u>	<u>-</u>	<u>1,154,317</u>
Capital assets being depreciated:				
Buildings	1,565,333	-	-	1,565,333
Improvements	1,189,894	-	-	1,189,894
Vehicles and motorized equipment	1,154,296	50,834	-	1,205,130
Other equipment	401,287	10,038	-	411,325
Total capital assets being depreciated	<u>4,310,810</u>	<u>60,872</u>	<u>-</u>	<u>4,371,682</u>
<b>Less accumulated depreciated for:</b>				
Buildings	419,566	38,154	-	457,720
Improvements	229,626	39,553	-	269,179
Vehicles and motorized equipment	616,090	92,599	-	708,689
Other equipment	324,335	24,704	-	349,039
Total accumulated depreciation	<u>1,589,617</u>	<u>195,010</u>	<u>-</u>	<u>1,784,627</u>
Total capital assets being depreciated, net	<u>2,721,193</u>	<u>(134,138)</u>	<u>-</u>	<u>2,587,055</u>
<b>Governmental activity capital assets, net</b>	<u>\$ 3,613,235</u>	<u>\$ 128,137</u>	<u>\$ -</u>	<u>\$ 3,741,372</u>

Depreciation expense was charged to functions/programs as follows:

General government	\$ 6,148
Public safety	101,424
Economic and Physical Development	2,590
Culture and Recreation	53,208
Transportation	31,640
Total	<u>\$ 195,010</u>

Construction Commitments

The Village of Whispering Pines has active the following active construction project commitment as of June 30, 2016:

Project	Spent-to-date	Remaining Commitment
Thunder Bridge Replacement	\$ 202,290	\$ 521,330

VILLAGE OF WHISPERING PINES, NORTH CAROLINA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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B. Liabilities

1. Deposits

The Village requires all contractors and developers who apply for permits to deposit \$2,000 to cover any costs incurred by the Village related to the work of the contractor. Unused deposits are returned upon issuing a certificate of occupancy. At June 30, 2016 the Village held deposits totaling \$80,000 reported as restricted assets.

2. Long-Term Debt

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

Debt Service requirements on the promissory note are as follows:

Year Ending June 30	Principal	Interest	Total
2017	43,748	4,033	47,781
2018	44,535	3,246	47,781
2019	45,325	2,456	47,781
2020	46,130	1,651	47,781
2021	46,946	835	47,781
Total	<u>\$ 226,684</u>	<u>\$ 12,221</u>	<u>\$ 238,905</u>

- b. On August 24, 2012, the Village executed a \$320,000 promissory note with a financial institution to finance the purchase of a 2012 Toyne Rescue Pumper Truck for use by the Village Fire Department. The transaction requires seven annual payments of \$48,730 each, beginning on August 10, 2013. The final payment will be due of August 10, 2019 and will be for all principal and all interest not yet paid. The interest rate is 1.60 percent until paid in full and is computed on a 365/360 days basis. The note is collateralized by a 2012 Toyne Rescue Pumper including all attachments and accessories, with a total cost of \$363,240.

Debt service requirements on this note are as follows:

Year ending 30-June	Principal	Interest	Total
2017	45,684	3,046	48,730
2018	46,433	2,297	48,730
2019	47,186	1,544	48,730
2020	47,764	965	48,729
Total	<u>\$ 187,067</u>	<u>\$ 7,852</u>	<u>\$ 194,919</u>

**VILLAGE OF WHISPERING PINES, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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3. Changes in long-term debt

During the year ended June 30, 2016. The following changes occurred in liabilities reported in long-term debt.

	<u>July 1, 2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2016</u>	<u>Current Portion</u>
Governmental activities:					
Promissory Note	\$ 232,029	\$ -	\$ 44,962	\$ 187,067	\$ 45,684
Installment purchase contract	269,680	-	42,996	226,684	43,748
Compensated absences	75,642	54,342	54,153	75,831	51,000
Net pension liability (LGERS)	-	75,218	-	75,218	-
Totals	<u>\$ 577,351</u>	<u>\$ 129,560</u>	<u>\$ 142,111</u>	<u>\$ 564,800</u>	<u>\$ 140,432</u>

Compensated absences have typically been liquidated by the general fund.

At June 30, 2016 the Village's legal debt margin is \$37,758,032.

4. Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System

**Plan Description.** The Village of Whispering Pines is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local government entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27600-1410, or by calling (919) 981-5454 or at [www.osc.nc.gov](http://www.osc.nc.gov).

**Benefits Provided.** LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 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.



**VILLAGE OF WHISPERING PINES, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

Contributions. Contributions provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Village of Whispering Pines employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Village of Whispering Pines' contractually required contribution rate for the year ended June 30, 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 Village of Whispering Pines were \$63,996 for the year ended June 30, 2016.

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

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2016, the Village reported as a liability of \$75,218 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 asset 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 Village's proportion of the net pension asset was based on a projection of the Village's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2015, the Village's proportion was .0167%, which was a decrease of 0.00024% from its proportion measured as of June 30, 2014.

**VILLAGE OF WHISPERING PINES, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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For the year ended June 30, 2016, the Village recognized pension expense of \$41,386. At June 30, 2016, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 17,680
Net difference between projected and actual earnings on pension plan investments	-	21,414
Changes in proportion and differences between Town contributions and proportionate share of contributions	4,029	2,442
Town contributions subsequent to the measurement date	<u>63,996</u>	<u>-</u>
Total	<u>\$ 68,025</u>	<u>\$ 41,536</u>

\$63,996 reported as deferred outflows of resources related to pensions resulting from Village contribution 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 ended June 30:	
2017	\$ (24,243)
2018	(24,243)
2019	(24,230)
2020	35,208
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 rates 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.

**VILLAGE OF WHISPERING PINES, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimate of arithmetic real rates of return for each major asset class as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term expected Real Rate of Return</u>
Fixed Income	29.0%	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	<u>100%</u>	

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

	<u>1% Decrease (6.25%)</u>	<u>Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
Village's proportionate share of the net pension liability (asset)	\$ 524,506	\$ 75,218	\$ (303,297)

**VILLAGE OF WHISPERING PINES, NORTH CAROLINA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

b. Law Enforcement Officers Special Separation Allowance

i. Plan Description.

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

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

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

A separate report was not issued for the plan.

ii. Summary of Significant Accounting Policies:

**Basis of Accounting.** The Village has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures will be 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 Village 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 Village's obligation to contribute to this plan is

**VILLAGE OF WHISPERING PINES, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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 cost method. The actuarial assumptions included (a) 3.57% investment rate of return and (b) projected salary increases ranging from 3.50% to 7.35% per year. The inflation component was 3.00%. The assumptions do not include post-employment benefit increases. The actuarial value of assets was market value. The unfunded actuarial accrued liability is being amortized as a level percentage of pay on a closed basis. The remaining amortization period at December 31, 2015 was 15 years.

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

Annual required contribution	\$ 18,130
Interest on net pension obligation	6,526
Adjustment to annual required contribution	<u>(11,470)</u>
Annual pension cost	13,186
Contributions made	<u>-</u>
Increase (decrease) in net pension obligation	13,186
Net pension obligation beginning of year	<u>130,525</u>
Net pension obligation end of year	<u><u>\$ 143,711</u></u>

3 year trend information

For the year ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2014	9,890	0.00%	118,839
2015	11,686	0.00%	130,525
2016	13,186	0.00%	143,711

iv. Funded Status and Funding Progress.

As of December 31, 2015, the most recent actuarial valuation date, the plan was not funded. The actuarial liability for benefits and the unfunded actuarial accrued liability (UAAL) was \$194,595. The covered payroll (annual payroll of active employees covered by the plan) was \$407,491, and the ratio of the UAAL to the covered payroll was 47.75 percent.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents 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 Village contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the Village. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement

**VILLAGE OF WHISPERING PINES, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Article 12E of G.S. Chapter 143 requires the Village to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2016 were \$30,789, which consisted of \$18,450 from the Village and \$12,339 from the law enforcement officers.

The Village has also elected for all permanent, full-time employees not engaged in law enforcement to be covered under the Supplemental Retirement Income Plan. The Village contributes 5% of employees' monthly compensation to the plan, and the employees may make voluntary contributions. Total contributions for the year ended June 30, 2016 were \$49,389, which consisted of \$28,088 from the Village and \$21,301 from employees.

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

Plan Description. The State of North Carolina contributes, on behalf of the Village of Whispering Pines, to the Firefighter's and Rescue Squad Workers' Pension Fund (FRSWPF), a cost-sharing multiple-employer defined pension plan with a special funding situation administered by the State of North Carolina. FRSWPF provides pension benefits for eligible fire and rescue squad workers who have elected to become members of the fund. Article 86 of G.S. Chapter 58 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Firefighter's and Rescue Squad Workers' Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Firefighter's and Rescue Squad Workers' Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 276499-1410, or by calling (919) 981-5454, or at [www.osc.nc.gov](http://www.osc.nc.gov).

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

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

Refunds of Contributions – Plan members who are no longer eligible or choose not to participate in the plan may file an application for a refund of their contributions. Refunds include the

**VILLAGE OF WHISPERING PINES, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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member's contributions and contributions paid by others on the member's behalf. No interest will be paid on the amount of the refund. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefits provided by FRSWPF.

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

At June 30, 2016, The Village reported no liability for its proportionate share of the net pension liability, as the State provided 100% pension support to the Village through its appropriations to the FRSWPF. The total portion of the net pension liability that was associated with the Village and supported by the State was \$32,031. 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 Village's proportion of the net pension liability was based on a projection of the Village's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers. As the Village is not projected to make any future contributions to the plan, its proportionate share at June 30, 2015 and at June 30, 2014 was 0%.

For the year ended June 30, 2016, the Village recognized pension expense of \$2,563 and revenue of \$2,563 for support provided by the State. At June 30, 2016, the Village reported no deferred outflows of resources and no deferred inflows of resources related to this pension.

Actuarial Assumptions. The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	Not applicable
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

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

Discount rate. The discount rate used to measure the total pension liability was 7.25%. The projections of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

**VILLAGE OF WHISPERING PINES, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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e. Deferred Compensation Plan

The Village offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, which is available to all employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

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

Employees may make voluntary contributions to the plan. Contributions for the year ended June 30, 2016 were \$10,345 from employees.

f. Other Employment Benefits

The Village has also elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 and may not be less than \$25,000. All death benefit payments are made from the Death Benefit Plan. The Village has no liability beyond the payment of monthly contributions. The contribution to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. The Village considers these benefits to be immaterial.

5. Deferred Outflows and Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u>                    </u>	<u>                    </u>
Pensions - difference between expected and actual experience - LGERS	\$ -	\$ 17,681
Pensions - difference between projected and actual investment earnings	-	21,414
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions	4,029	2,442
Contributions to pension plan in 2015-2016 fiscal year	63,996	-
Taxes receivable, net, less penalties (General)	-	2,851
Total	<u>\$ 68,025</u>	<u>\$ 44,388</u>



**VILLAGE OF WHISPERING PINES, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

	<u>Unavailable Revenue</u>	<u>Pension Deferrals</u>
General Fund		
Current		
Taxes receivable (net)	2,851	-
Pension deferrals	<u>-</u>	<u>41,537</u>
Totals	<u>\$ 2,851</u>	<u>\$ 41,537</u>

6. Risk Management

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

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

7. Interfund Balances and Activity

The interfund balances resulted from council approval of a temporary advance of funds from the general fund to the Thunder Bridge Capital Project Fund to be repaid upon receipt of the grant funding that has been approved for the project.

a. Transfers to/from other funds at June 30, 2016 consist of the following:

From the General Fund to the Capital Reserve Fund	\$ 238,604
From the Capital Reserve Fund to the Capital Projects (Thunder Bridge) Fund	203,510
From the Capital Projects Fund (Building Renovations) to the General Fund	3,163

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

**VILLAGE OF WHISPERING PINES, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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8. On-Behalf Payments for Fringe Benefits and Salaries

For the fiscal year ended June 30, 2016, the Village of Whispering Pines has recognized on-behalf payments for pension contributions made by the State as revenue and an expenditure of \$2,563 for the 34 volunteer firefighters and the 4 employed firefighters who perform firefighting duties for the Village's fire department. The volunteers and employees elected to be members of the Firefighter's and Rescue Squad Worker's Pension Fund, a cost sharing, multiple employer public employee retirement system established and administered by the State of North Carolina. The plan is funded by a \$10 monthly contribution for each member, investment income, and a State appropriation.

9. Net Investment in Capital Assets

Capital assets, net of depreciation	\$ 3,741,372
Less: Long-term debt	<u>413,751</u>
Net investment in capital assets	<u>\$ 3,327,621</u>

**III. FUND BALANCE**

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

Total fund balance - General Fund	\$ 2,125,890
Less:	
Stabilization by State Statute	173,293
Transportation	<u>904,064</u>
Remaining Fund Balance	<u>\$ 1,048,533</u>

**IV. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES**

**A. Federal and State Assisted Programs**

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

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

The Village has evaluated subsequent events through September 15, 2016, the date the financial statements were available to be issued.

## Required Supplemental Financial Data

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

- Schedule of Funding Progress for the Law Enforcement Officer's Special Separation Allowance
- Schedule of Employer Contributions for the Law Enforcement Officer's Special Separation Allowance
- Notes to the Required Schedules for the Law Enforcement Officer's Special Separation Allowance
- Schedule of Proportionate Share of Net Pension Asset for Local Government Employees' Retirement System
- Schedule of Contributions to Local Government Employees' Retirement System
- Schedule of Proportionate Share of Net Pension Liability for Firefighters' and Rescue Squad Workers' Pension Plan

VILLAGE OF WHISPERING PINES, NORTH CAROLINA  
 LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
 REQUIRED SUPPLEMENTARY INFORMATION  
 FOR THE YEAR ENDED JUNE 30, 2016

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll for Year Ending On Valuation Date (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2015	\$ -	\$ 194,595	\$ 194,595	0.00%	\$ 407,491	47.75%
12/31/2014	-	118,587	118,587	0.00%	362,081	32.75%
12/31/2013	-	103,579	103,579	0.00%	343,893	30.12%
12/31/2012	-	94,987	94,987	0.00%	351,680	27.01%
12/31/2011	-	81,896	81,896	0.00%	345,085	23.73%
12/31/2010	-	72,329	72,329	0.00%	366,640	19.73%
12/31/2009	-	82,874	82,874	0.00%	341,318	24.28%

Notes to the Required Schedules:

The information presented in the required supplementary schedules was determined as part actuarial valuation follows:

Valuation Date:	December 31, 2015
Actuarial Cost Method:	Projected Unit Credit
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% to 7.35%
Includes Inflation at	3.00%
Cost of Living Adjustments	N/A

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

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LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Whispering Pine's proportion of the net pension liability (asset) (%)	0.01670%	0.01650%	0.01570%
Whispering Pine's proportion of the net pension liability (asset) (\$)	\$ 75,218	\$ (97,426)	\$ 189,245
Whispering Pine's covered-employee payroll	\$ 925,580	\$ 867,273	\$ 772,260
Whispering Pine's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	8.13%	11.23%	24.50%
Plan fiduciary net position as a percentage of the total pension liability*	98.05%	102.64%	94.35%

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

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

VILLAGE OF WHISPERING PINES, NORTH CAROLINA  
VILLAGE OF WHISPERING PINES'S CONTRIBUTION  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST THREE FISCAL YEARS

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LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 63,996	\$ 63,308	\$ 62,052
Contributions in relation to the contractually required contribution	63,996	63,308	62,052
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Whispering Pine's covered-employee payroll	\$ 925,580	\$ 877,802	\$ 867,273
Contributions as a percentage of covered-employee payroll	6.91%	7.21%	7.15%

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

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FIREFIGHTERS' AND RESCUE SQUAD WORKERS' PENSION

	<u>2016</u>	<u>2015</u>
Whispering Pine's proportionate share of the net pension liability (%)	0.00%	0.00%
Whispering Pine's proportionate share of the net pension liability (\$)	\$ -	\$ -
State's proportionate share of the net pension liability associated with Village of Whispering Pines	<u>32,031</u>	<u>17,523</u>
Total	<u>\$ 32,031</u>	<u>\$ 17,523</u>
Whispering Pine's covered-employee payroll	N/A	N/A
Whispering Pine's proportionate share of the net pension liability as a percentage of its covered-employee payroll	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	91.40%	93.42%

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

# Combining and Individual Fund Schedules



# Major Governmental Fund

**General Fund**

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

**Capital Projects Fund**

Thunder Bridge Project – accounts for costs incurred in connection with the replacement of Thunder Bridge.

VILLAGE OF WHISPERING PINES, NORTH CAROLINA  
GENERAL FUND  
SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES – BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2016

	2016		Variance Positive (Negative)
	Budget	Actual	
Revenues:			
Ad valorem taxes:			
Current year		\$ 1,765,181	
Prior year		115	
Penalties, interest, and discounts (net)		(8,877)	
Total	\$ 1,719,547	1,756,419	\$ 36,872
Unrestricted intergovernmental:			
Local option sales tax		761,222	
Telecommunications sales tax		14,697	
Utility franchise tax		173,852	
Video programming tax		39,400	
Beer and wine tax		14,046	
Tax refunds		4,239	
Mixed beverage		231	
Moore county fire protection		76,715	
Total	1,004,378	1,084,402	80,024
Restricted intergovernmental:			
County Rescue Grant		30,000	
Powell Bill allocation		119,005	
Public safety grants		17,901	
On-behalf of payments - fire		2,563	
Solid waste disposal tax		2,020	
Total	180,850	171,489	(9,361)
Permits and fees:			
Garage sale permits		790	
Inspection fees - zoning		44,850	
Total	35,650	45,640	9,990
Investment earnings	500	3,148	2,648
Sales and services:			
Building rentals		7,900	
Police officers fees		3,017	
Boat stickers		4,435	
Recycling		9,177	
Surplus property		1,585	
Total	26,350	26,114	(236)
Other general revenue:			
Insurance settlements		1,447	
Reimbursements for infrastructure damages		3,726	
Other		1,555	
Total	16,690	6,728	(9,962)
Total revenues	2,972,275	3,093,940	(121,665)

(Continued)

VILLAGE OF WHISPERING PINES, NORTH CAROLINA  
GENERAL FUND  
SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES – BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2016

	2016		Variance Positive (Negative)
	Budget	Actual	
Expenditures:			
General government:			
Governing body:			
Salaries and employee benefits		13,349	
Other operating expenses		5,414	
Total	19,289	18,763	526
Administration:			
Salaries and employee benefits		190,635	
Other operating expenditures		114,309	
Total	305,279	304,944	335
Elections:			
Other operating expenses		5,848	
Total	5,850	5,848	2
Public buildings:			
Salaries and employee benefits		31,031	
Other operating expenditures		41,999	
Capital outlay		26,734	
Total	103,781	99,764	4,017
Total general government	434,199	429,319	4,880
Public safety:			
Police:			
Salaries and employee benefits		564,357	
Other operating expenditures		106,450	
Capital outlay		3,600	
Total	674,695	674,407	288
Fire department:			
Salaries and employee benefits		282,584	
Other operating expenditures		99,737	
Capital outlay		3,599	
Total	396,760	385,920	10,840
Total public safety	1,071,455	1,060,327	11,128
Transportation:			
Streets repair and construction:			
Salaries and employee benefits		173,601	
Other operating expenditures		274,544	
Capital outlay		43,635	
Total	492,653	491,780	873
Total transportation	492,653	491,780	873

(Continued)

VILLAGE OF WHISPERING PINES, NORTH CAROLINA  
GENERAL FUND  
SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES – BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2016

	2016		Variance Positive (Negative)
	Budget	Actual	
Environmental protection:			
Sanitation:			
Other operating expenditures	414,750	413,852	898
Total environmental protection	414,750	413,852	898
Economic and physical development:			
Planning and zoning:			
Salaries and employee benefits		28,965	
Other operating expenditures		7,056	
Total	36,111	36,021	90
Total economic and physical development	36,111	36,021	90
Culture and recreation:			
Parks and recreation:			
Salaries and employee benefits		86,908	
Other operating expenditures		117,464	
Capital outlay		10,038	
Total	230,102	214,410	15,692
Total culture and recreation	230,102	214,410	15,692
Debt Service			
Principal		87,959	
Interest		8,522	
Total debt service	96,515	96,481	34
Total expenditures	2,775,785	2,742,190	33,595
Revenues over (under) expenditures	196,490	351,750	(155,260)
Other financing sources (uses)			
Transfer to other funds	(238,800)	(238,604)	196
Transfer from other funds	-	3,163	3,163
Total other financing sources (uses)	(238,800)	(235,441)	3,359
Fund balance appropriated	42,310	-	(42,310)
Net change in fund balance	\$ -	116,309	\$ (116,309)
Fund balances:			
Beginning of year, July 1		1,102,102	
End of year, June 30		\$ 1,218,411	

VILLAGE OF WHISPERING PINES, NORTH CAROLINA  
 CAPITAL PROJECT FUND - THUNDER BRIDGE  
 BALANCE SHEET  
 FOR THE YEAR ENDED JUNE 30, 2016

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	<u>Capital Project</u>
	<u>Thunder Bridge</u>
Assets:	
Cash and cash equivalents	\$ 178,421
Due from other governments	97,548
Total assets	<u>\$ 275,969</u>
Liabilities and fund balances:	
Accounts payable	121,667
Total liabilities	<u>121,667</u>
Fund balances:	
Assigned	
Subsequent years expenditures	154,302
Total liabilities and fund balances	<u>\$ 275,969</u>

VILLAGE OF WHISPERING PINES, NORTH CAROLINA  
 THUNDER BRIDGE PROJECT  
 SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2016

	Project Authorization	Prior Years	Current Year	Total to Date	variance Positive (negative)
Revenues:					
Restricted Intergovernmental:					
Grant funds	\$ 843,186	\$ 165,146	\$ 161,832	\$ 326,978	\$ (516,208)
Investment earnings	-	2	-	2	2
Total revenues	<u>843,186</u>	<u>165,148</u>	<u>161,832</u>	<u>326,980</u>	<u>(516,206)</u>
Expenditures:					
Cultural and recreational					
Capital outlay - engineering	206,432	201,432	3,752	205,184	1,248
Construction	761,000	-	202,290	202,290	558,710
Project administration	110,550	-	-	-	110,550
Right of way acquisition	10,000	5,000	5,000	10,000	-
Total expenditures	<u>1,087,982</u>	<u>206,432</u>	<u>211,042</u>	<u>417,474</u>	<u>670,508</u>
Revenues over (under) expenditures	<u>(244,796)</u>	<u>(41,284)</u>	<u>(49,210)</u>	<u>(90,494)</u>	<u>154,302</u>
Other financing sources (uses)					
Transfer from (to) other funds:					
General fund (capital reserve)	<u>244,796</u>	<u>41,286</u>	<u>203,510</u>	<u>244,796</u>	<u>-</u>
Total other financing sources (uses)	<u>244,796</u>	<u>41,286</u>	<u>203,510</u>	<u>244,796</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 2</u>	154,300	<u>\$ 154,302</u>	<u>\$ (154,302)</u>
Fund balance, beginning of year, July 1			<u>2</u>		
Fund balance, end of year, June 30			<u>\$ 154,302</u>		

## Non-Major Governmental Funds



## **Non-Major Capital Project Funds**

**Spring Valley Dam Spillway Project** – Accounts for the financial activities related to the reconstruction of the Spring Valley Dam Spillway.

**Building Renovations – Public Safety** – Accounts for the financial activities related to the renovation of the public safety building.

VILLAGE OF WHISPERING PINES, NORTH CAROLINA  
 CAPITAL PROJECTS FUND  
 COMBINING BALANCE SHEETS  
 JUNE 30, 2016

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	Spring Valley Dam Spillway	Building Renovations Public Safety	Total
Assets:			
Cash and cash equivalents	\$ 172	\$ -	\$ 172
Federal grant receivable	-	-	-
Total assets	<u>\$ 172</u>	<u>\$ -</u>	<u>\$ 172</u>
Liabilities and fund balances:			
Accounts payable	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:			
Committed	<u>172</u>	<u>-</u>	<u>172</u>
Total liabilities and fund balances	<u>\$ 172</u>	<u>\$ -</u>	<u>\$ 172</u>

VILLAGE OF WHISPERING PINES, NORTH CAROLINA  
 CAPITAL PROJECTS FUND  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
 BALANCES  
 FOR THE YEAR ENDED JUNE 30, 2016

	Spring Valley Dam Spillway	Building Renovations Public Safety	Total
Revenues:			
Grant Funds - federal	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures			
Public safety			
Capital outlay		24,499	24,499
Total expenditures	<u>-</u>	<u>24,499</u>	<u>24,499</u>
Revenues over expenditures	<u>-</u>	<u>(24,499)</u>	<u>(24,499)</u>
Other financing sources (uses)			
Transfer to other funds	-	(3,163)	(3,163)
Total other financing sources (uses)	<u>-</u>	<u>(3,163)</u>	<u>(3,163)</u>
Net change in fund balances	<u>-</u>	<u>(27,662)</u>	<u>(27,662)</u>
Fund balances			
Beginning of year	172	27,662	27,834
End of year	<u>\$ 172</u>	<u>\$ -</u>	<u>\$ 172</u>

VILLAGE OF WHISPERING PINES, NORTH CAROLINA  
 SPRING VALLEY DAM SPILLWAY PROJECT  
 SCHEDULE OF REVENUE EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2016

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	Project Authorization	Prior Years	Current Year	Total to Date	Variance Positive (negative)
Revenues:					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures:					
Cultural and recreational					
Capital outlay - construction	30,000	29,828	-	29,828	172
Total expenditures	30,000	29,828	-	29,828	172
Revenues over (under) expenditures	(30,000)	(29,828)	-	(29,828)	172
Other financing sources (uses)					
Transfer from (to) other funds:					
General fund (capital reserve)	30,000	30,000	-	30,000	-
Total other financing sources (uses)	30,000	30,000	-	30,000	-
Net change in fund balance	\$ -	\$ 172	-	\$ 172	\$ (172)
Fund balance, beginning of year, July 1			-		
Fund balance, end of year, June 30			\$ -		

VILLAGE OF WHISPERING PINES, NORTH CAROLINA  
 BUILDING RENOVATIONS - PUBLIC SAFETY  
 SCHEDULE OF REVENUE EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2016

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	Project Authorization	Prior Years	Current Year	Total to Date	Variance Positive (negative)
Revenues:					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures:					
Cultural and recreational					
Capital outlay - architectural	45,500	17,838	24,499	42,337	3,163
Total expenditures	45,500	17,838	24,499	42,337	3,163
Revenues over (under) expenditures	(45,500)	(17,838)	(24,499)	(42,337)	3,163
Other financing sources (uses)					
Transfer from (to) other funds:					
General fund	45,500	45,500	-	45,500	-
General fund	-	-	(3,163)	(3,163)	(3,163)
Total other financing sources (uses)	45,500	45,500	(3,163)	42,337	(3,163)
Net change in fund balance	\$ -	\$ 27,662	(27,662)	\$ -	\$ -
Fund balance, beginning of year, July 1			27,662		
Fund balance, end of year, June 30			\$ -		

## Other Legally Budgeted Fund

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

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

VILLAGE OF WHISPERING PINES, NORTH CAROLINA  
 OTHER LEGALLY BUDGETED GOVERNMENTAL FUNDS  
 TRANSPORTATION - MAJOR REPAIRS  
 BALANCE SHEET  
 FOR THE YEAR ENDED JUNE 30, 2016

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	<u>Transportation</u>
Assets:	
Cash and cash equivalents	\$ 904,064
Due from other funds	3,415
Total assets	<u>\$ 907,479</u>
Liabilities and fund balances:	
Total liabilities	<u>-</u>
Fund balances:	
Committed	<u>907,479</u>
Total liabilities and fund balances	<u>\$ 907,479</u>



VILLAGE OF WHISPERING PINES, NORTH CAROLINA  
TRANSPORTATION - MAJOR REPAIRS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2016

	2016		Variance Positive (Negative)
	Final Budget	Actual	
Revenues:			
Investment earnings	\$ 200	\$ 851	\$ 651
Total revenues	200	851	651
Expenditures:			
Transportation	203,510	-	(203,510)
Total expenditures	203,510	-	(203,510)
Revenues over (under) expenditures	(203,310)	851	(204,161)
Other financing sources (uses)			
Transfer from other funds	231,800	238,604	6,804
Transfer to other funds	(203,510)	(203,510)	-
Total other financing sources (uses)	28,290	35,094	6,804
Fund balance appropriated	175,020	-	175,020
Net change in fund balance	\$ -	35,945	\$ (35,945)
Fund balances			
Beginning of year		871,534	
End of year		\$ 907,479	

## Other Supplemental Schedules

VILLAGE OF WHISPERING PINES, NORTH CAROLINA  
GENERAL FUND  
SCHEDULE OF AD VALOREM TAXES RECEIVABLE  
JUNE 30, 2016

Fiscal Year	Uncollected Balance 6/30/2015	Additions	Collections And Credits	Uncollected Balance 6/30/2016
2015 - 2016	\$ -	\$ 1,765,445	\$ 1,765,181	\$ 264
2014 - 2015	309	-	207	102
2013 - 2014	609	-	60	549
2012 - 2013	454	-	70	384
2011 - 2012	289	-	1	288
2010 - 2011	262	-	-	262
2009 - 2010	133	-	5	128
2008 - 2009	338	-	-	338
2007 - 2008	250	-	-	250
2006 - 2007	303	-	17	286
2005 - 2006	51	-	51	-
	\$ 2,998	\$ 1,765,445	\$ 1,765,592	\$ 2,851

Reconciliation to revenues:

Ad valorem taxes - General Fund	\$ 1,756,419
Reconciling items:	
Interest collected	(1,525)
Discounts allowed	10,647
Taxes written off	51
Subtotal	9,173
Total collections and credits	\$ 1,765,592

VILLAGE OF WHISPERING PINES, NORTH CAROLINA  
ANALYSIS OF CURRENT TAX LEVY AND TAX REVENUES  
FOR THE YEAR ENDED JUNE 30, 2016

	Village-Wide		Total Levy		
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate	\$ 477,147,297	\$ 0.37	\$ 1,765,445	\$ 1,628,785	\$ 136,660
Penalties and adjustments	-		-	-	-
Total property valuations	<u>477,147,297</u>				
Net levy			\$ 1,765,445	\$ 1,628,785	\$ 136,660
Uncollected taxes at June 30, 2015			<u>264</u>	<u>264</u>	<u>-</u>
Current year tax collections			<u>\$ 1,765,181</u>	<u>\$ 1,628,521</u>	<u>\$ 136,660</u>
Ratio of taxes collected to net levy			<u>99.99%</u>	<u>99.98%</u>	<u>100.00%</u>

# Statistical Schedules

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

	Page
Financial Trends:	
These schedules contain trend information to help the reader understand how the Village's financial performance and well-being have changed over time.	65-68
Revenue Capacity:	
These schedules contain information to help the reader assess the Village's most significant local revenue source, the property tax.	69-72
Debt Capacity:	
These schedules present information to help the reader assess the affordability of the Village's ability to issue debt in the future.	73-75
Demographic and Economic Information:	
These schedules offer demographics and economic indicators to help the reader understand the environment within which the Village's financial activities take place.	76-77
Operating Information:	
These schedules contain service and infrastructure data to help the reader understand how the Village's financial report relates to the services the Village provides and the activities it performs	78-80

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Primary government:										
Governmental activities:										
Net invested in capital assets	\$ 1,522,005	\$ 1,843,852	\$ 1,815,735	\$ 1,766,926	\$ 2,769,071	\$ 2,841,200	\$ 2,821,339	\$ 3,040,866	\$ 3,111,526	\$ 3,327,621
Restricted	-	-	-	-	395,569	530,131	749,695	810,828	1,040,182	1,077,357
Unrestricted	1,669,491	1,670,316	1,359,324	1,408,906	851,951	906,279	978,182	882,207	686,781	937,587
Total primary government net position	<u>\$ 3,191,496</u>	<u>\$ 3,514,168</u>	<u>\$ 3,175,059</u>	<u>\$ 3,175,832</u>	<u>\$ 4,016,591</u>	<u>\$ 4,277,610</u>	<u>\$ 4,549,216</u>	<u>\$ 4,733,901</u>	<u>\$ 4,838,489</u>	<u>\$ 5,342,565</u>

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Expenses</b>										
Primary government:										
Governmental activities:										
General government	\$ 324,418	\$ 363,788	\$ 510,578	\$ 484,923	\$ 433,707	\$ 459,702	\$ 362,304	\$ 393,571	\$ 417,293	\$ 404,253
Public safety	727,461	793,077	881,850	927,700	958,200	978,424	1,142,023	1,193,954	1,139,931	1,155,547
Transportation	327,564	326,547	423,415	239,919	230,679	278,115	364,373	374,067	474,987	477,432
Environmental protection	243,570	262,986	280,087	288,122	303,417	318,301	331,932	343,617	360,602	413,852
Economic and physical development	96,648	111,426	156,254	108,702	100,410	129,152	38,920	95,439	65,407	41,413
Cultural and recreation	128,667	195,703	208,660	144,314	155,571	163,468	221,588	221,228	196,807	251,380
Interest on long term debt	-	-	-	9,483	16,018	18,029	13,483	9,070	9,802	8,522
Total governmental activities expenses	<u>1,848,328</u>	<u>2,053,527</u>	<u>2,460,844</u>	<u>2,203,163</u>	<u>2,198,002</u>	<u>2,345,191</u>	<u>2,474,623</u>	<u>2,630,946</u>	<u>2,664,829</u>	<u>2,752,399</u>
Total primary government expenses	<u>\$ 1,848,328</u>	<u>\$ 2,053,527</u>	<u>\$ 2,460,844</u>	<u>\$ 2,203,163</u>	<u>\$ 2,198,002</u>	<u>\$ 2,345,191</u>	<u>\$ 2,474,623</u>	<u>\$ 2,630,946</u>	<u>\$ 2,664,829</u>	<u>\$ 2,752,399</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 1,383	\$ 3,563	\$ 11,035	\$ 6,411	\$ 3,045	\$ 4,201	\$ 6,060	\$ 8,770	\$ 8,265	\$ 8,690
Public safety	1,165	1,235	1,740	1,458	-	1,805	1,645	1,536	1,937	3,017
Transportation	-	-	-	-	1,022	-	-	-	-	-
Environmental protection	-	-	-	-	10,452	11,687	11,402	11,126	11,581	9,177
Economic and physical development	7,169	-	-	18,320	20,865	25,790	42,375	47,475	38,525	44,850
Cultural and recreation	-	-	-	-	1,055	9,200	3,255	1,375	11,065	4,435
Operating grants and contributions:										
General government	-	-	-	-	-	8,243	23,409	4,000	2,500	-
Public safety	-	-	-	-	7,916	26,329	31,000	31,000	34,088	32,563
Transportation	98,342	114,229	104,770	94,666	96,121	106,223	109,540	112,347	114,067	119,005
Environmental protection	-	-	-	-	5,549	4,649	1,874	1,708	1,982	2,020
Capital grants and contributions:										
Public safety	11,833	75,010	42,062	78,061	546,441	33,160	52,403	27,885	8,000	17,901
Transportation	-	-	-	-	-	-	-	72,054	-	161,832
Environmental protection	-	-	-	-	-	-	85,092	-	-	-
Cultural and recreation	-	273,517	-	-	140,884	-	-	-	-	-
Total governmental activities program revenues	<u>119,892</u>	<u>467,554</u>	<u>159,607</u>	<u>198,916</u>	<u>833,350</u>	<u>231,287</u>	<u>368,055</u>	<u>319,276</u>	<u>244,307</u>	<u>403,490</u>
Total primary government program revenues	<u>\$ 119,892</u>	<u>\$ 467,554</u>	<u>\$ 159,607</u>	<u>\$ 198,916</u>	<u>\$ 833,350</u>	<u>\$ 231,287</u>	<u>\$ 368,055</u>	<u>\$ 319,276</u>	<u>\$ 244,307</u>	<u>\$ 403,490</u>
<b>Net (Expense)/Revenue</b>										
Governmental activities	<u>(1,728,436)</u>	<u>(1,585,973)</u>	<u>(2,301,237)</u>	<u>(2,004,247)</u>	<u>(1,364,652)</u>	<u>(2,113,904)</u>	<u>(2,106,568)</u>	<u>(2,311,670)</u>	<u>(2,420,522)</u>	<u>(2,348,909)</u>
Total primary government net (expense)/revenue	<u>(1,728,436)</u>	<u>(1,585,973)</u>	<u>(2,301,237)</u>	<u>(2,004,247)</u>	<u>(1,364,652)</u>	<u>(2,113,904)</u>	<u>(2,106,568)</u>	<u>(2,311,670)</u>	<u>(2,420,522)</u>	<u>(2,348,909)</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes:										
Property taxes levied for general purpose	\$ 1,009,353	\$ 1,107,837	\$ 1,176,558	\$ 1,220,401	\$ 1,438,045	\$ 1,488,196	\$ 1,514,448	\$ 1,592,495	\$ 1,623,859	\$ 1,756,272
Other taxes and licenses	547,007	548,098	497,869	477,817	5,121	5,496	2,950	748	266	-
Grants and contributions not restricted to specific programs	99,770	196,058	214,018	243,310	723,262	815,774	856,403	889,759	1,012,737	1,084,402
Unrestricted investment earnings	87,746	84,854	42,776	13,021	6,938	4,742	2,574	1,712	693	3,999
Miscellaneous	65,722	31,110	30,907	21,983	20,664	57,497	1,799	3,176	14,747	8,313
Total governmental activities	<u>1,809,598</u>	<u>1,967,957</u>	<u>1,962,128</u>	<u>1,976,532</u>	<u>2,194,030</u>	<u>2,371,705</u>	<u>2,378,174</u>	<u>2,487,890</u>	<u>2,652,302</u>	<u>2,852,986</u>
Total general revenues	<u>\$ 1,809,598</u>	<u>\$ 1,967,957</u>	<u>\$ 1,962,128</u>	<u>\$ 1,976,532</u>	<u>\$ 2,194,030</u>	<u>\$ 2,371,705</u>	<u>\$ 2,378,174</u>	<u>\$ 2,487,890</u>	<u>\$ 2,652,302</u>	<u>\$ 2,852,986</u>
Extraordinary item - gain on insurance recovery	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,488</u>	<u>11,381</u>	<u>3,218</u>	<u>-</u>	<u>8,465</u>	<u>-</u>	<u>-</u>
<b>Change in Net Position</b>										
Governmental activities	<u>(1,728,436)</u>	<u>223,625</u>	<u>(333,280)</u>	<u>(42,119)</u>	<u>623,261</u>	<u>261,019</u>	<u>271,606</u>	<u>184,685</u>	<u>231,780</u>	<u>504,077</u>
Total primary government	<u>\$ (1,728,436)</u>	<u>\$ 223,625</u>	<u>\$ (333,280)</u>	<u>\$ (42,119)</u>	<u>\$ 623,261</u>	<u>\$ 261,019</u>	<u>\$ 271,606</u>	<u>\$ 184,685</u>	<u>\$ 231,780</u>	<u>\$ 504,077</u>



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

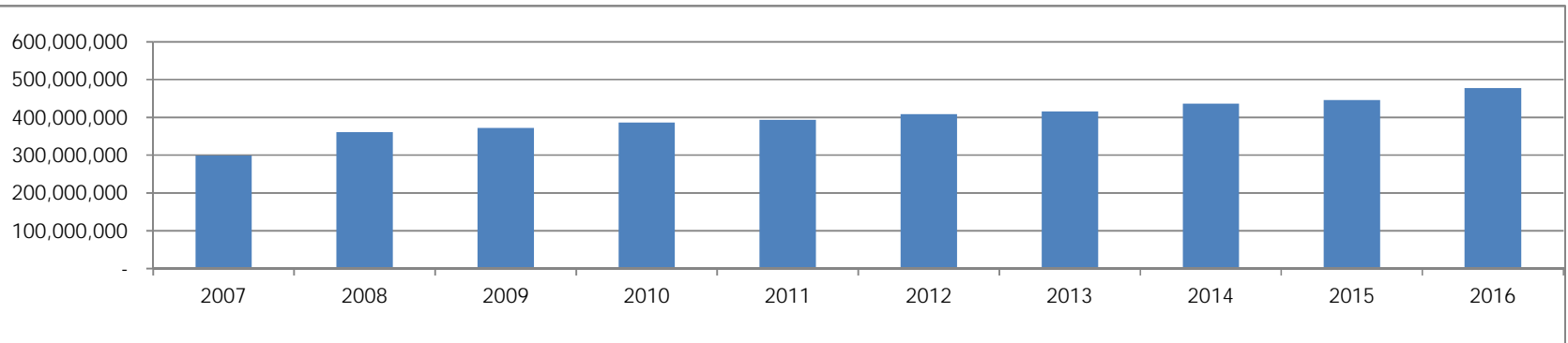
	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved:										
State statute	\$ 113,858	\$ 120,670	\$ 96,813	\$ 100,698						
Total reserved	<u>113,858</u>	<u>120,670</u>	<u>96,813</u>	<u>100,698</u>						
Unreserved:										
Designated for subsequent year's expenditures	106,632	-	164,871	-						
Undesignated	943,711	1,036,568	831,890	917,120						
Total General Fund	<u>\$ 1,164,201</u>	<u>\$ 1,157,238</u>	<u>\$ 1,093,574</u>	<u>\$ 1,017,818</u>						
General Fund (GASB 54)										
Restricted										
Stabilization by State Statute					\$ 104,931	\$ 115,869	\$ 179,691	\$ 140,590	\$ 168,648	\$ 173,293
Committed										
Cultural and Recreational					196,067	401,100	570,004	-	-	-
Transportation					32,279	13,162	-	670,238	871,534	904,064
Assigned										
Subsequent year's expenditures					4,553	20,920	144,709	105,692	-	-
Unassigned					985,977	1,027,406	974,396	951,708	933,454	1,048,533
Total General Fund					<u>\$ 1,323,807</u>	<u>\$ 1,578,457</u>	<u>\$ 1,868,800</u>	<u>\$ 1,868,228</u>	<u>\$ 1,973,636</u>	<u>\$ 2,125,890</u>
All Other Governmental Funds (before GASB 54)										
Unreserved:										
Undesignated										
Capital Projects fund	\$ -	\$ 127,639	\$ 85,627	\$ 393,012						
Special revenue funds	552,044	527,274	364,771	32,182						
Total all other governmental funds	<u>\$ 552,044</u>	<u>\$ 654,913</u>	<u>\$ 450,398</u>	<u>\$ 425,194</u>						
All Other Governmental Funds (GASB 54)										
Restricted										
Capital Projects fund					\$ 62,992	\$ -	\$ -	\$ -	\$ -	\$ -
Assigned										
Subsequent year's expenditures					-	-	17,929	12,947	27,836	154,474
Total all other governmental funds					<u>\$ 62,992</u>	<u>\$ -</u>	<u>\$ 17,929</u>	<u>\$ 12,947</u>	<u>\$ 27,836</u>	<u>\$ 154,474</u>

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Revenues</b>										
Ad Valorem Taxes	\$ 1,009,660	\$ 1,106,218	\$ 1,177,130	\$ 1,190,909	\$ 1,466,255	\$ 1,488,309	\$ 1,513,389	\$ 1,594,816	\$ 1,625,413	\$ 1,756,419
Other Taxes	29,327	5,226	5,187	4,864	5,121	5,496	2,950	748	266	-
Unrestricted Intergovernmental	617,450	738,930	706,700	716,263	723,262	815,774	856,403	889,759	1,012,737	1,084,402
Restricted Intergovernmental	110,175	161,239	146,832	172,727	274,151	167,661	279,909	244,994	170,434	333,321
Licenses and permits	7,595	19,018	11,920	19,310	26,420	30,031	43,882	48,195	39,165	45,640
Sales and Services	-	4,798	12,775	13,021	13,869	25,352	20,855	22,087	34,034	26,114
Interest	87,746	84,854	42,776	7,869	6,938	3,699	2,575	1,712	693	3,999
Other General Revenues	67,844	40,092	13,387	20,993	19,614	20,734	25,208	15,641	15,421	6,728
<b>Total Revenues</b>	<b>1,929,797</b>	<b>2,160,375</b>	<b>2,116,707</b>	<b>2,145,956</b>	<b>2,535,630</b>	<b>2,557,056</b>	<b>2,745,171</b>	<b>2,817,952</b>	<b>2,898,163</b>	<b>3,256,623</b>
<b>Expenditures</b>										
General Government	319,378	352,962	507,626	474,898	426,408	432,785	351,186	406,367	411,284	402,585
Public Safety	644,055	695,807	777,500	783,400	804,990	865,530	1,012,412	1,068,927	1,055,625	1,053,128
Transportation	317,574	315,607	401,308	223,298	239,305	258,701	341,976	348,725	455,842	448,145
Environmental Protection	243,570	262,986	280,087	288,122	303,417	318,301	329,342	343,617	360,602	413,852
Economic and Physical Development	91,879	108,848	54,107	107,281	99,079	128,402	38,151	91,407	67,468	36,021
Culture and Recreation	125,638	191,059	297,645	124,866	127,085	132,724	175,688	171,089	149,963	204,372
Capital Outlay	43,099	163,232	140,775	526,667	600,252	88,394	593,233	372,241	180,601	323,147
Debt Service:										
Principal Retirement	-	-	-	44,290	42,296	43,259	28,333	355,205	86,679	87,959
Interest and fees	-	-	-	9,483	16,018	18,029	13,483	9,070	9,802	8,522
<b>Total Expenditures</b>	<b>1,785,193</b>	<b>2,090,501</b>	<b>2,459,048</b>	<b>2,582,305</b>	<b>2,658,850</b>	<b>2,286,125</b>	<b>2,883,804</b>	<b>3,166,648</b>	<b>2,777,866</b>	<b>2,977,731</b>
Excess of revenues Over (Under) Expenditures	144,604	69,874	(342,341)	(436,349)	(123,220)	270,931	(138,633)	(348,696)	120,297	278,892
<b>Other financing sources (uses)</b>										
Collection of note receivable	-	-	-	-	-	45,000	-	-	-	-
Transfer from other funds	-	-	-	-	-	19,180	-	-	-	-
Transfer to other funds	-	-	-	-	-	(272,295)	-	-	-	-
Sale of Surplus property	-	-	-	-	1,050	2,700	126,905	31,216	-	-
Capital lease obligations issued	-	-	-	44,846	-	-	-	-	-	-
Proceeds from borrowings	-	-	28,728	396,272	-	-	320,000	311,926	-	-
Insurance recovery	-	-	5,600	28,488	11,381	3,218	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>34,328</b>	<b>469,606</b>	<b>12,431</b>	<b>(202,197)</b>	<b>446,905</b>	<b>343,142</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ 144,604</b>	<b>\$ 69,874</b>	<b>\$ (308,013)</b>	<b>\$ 33,257</b>	<b>\$ (110,789)</b>	<b>\$ 68,734</b>	<b>\$ 308,272</b>	<b>\$ (5,554)</b>	<b>\$ 120,297</b>	<b>\$ 278,892</b>
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	2.62%	2.83%	2.79%	1.83%	13.04%	3.71%	3.63%

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

<b>Fiscal Year</b>	<b>Real Property</b>	<b>Personal Property</b>	<b>Utilities</b>	<b>Total Taxable Assessed Value</b>	<b>Direct Tax Rate (1)</b>	<b>Actual Taxable Value (2)</b>
2007	271,126,541	26,411,187	1,771,684	299,309,412	0.3400	299,309,412
2008	331,182,228	27,293,438	1,827,238	360,302,904	0.3100	339,117,093
2009	341,423,449	28,681,204	1,964,826	372,069,479	0.3200	348,889,550
2010	355,805,338	28,876,246	1,988,416	386,670,000	0.3200	373,213,884
2011	361,917,586	28,850,981	1,959,811	392,728,378	0.3700	386,051,995
2012	376,167,048	30,067,271	1,991,627	408,225,946	0.3700	409,001,575
2013	377,253,424	36,391,841	1,971,491	415,616,756	0.3700	440,553,761
2014	389,943,475	44,782,304	2,014,140	436,738,919	0.3700	450,277,825
2015	412,993,970	30,724,697	1,919,711	445,638,378	0.3700	444,568,845
2016	472,803,246	2,471,841	1,872,210	477,147,297	0.3700	475,715,855



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

Notes:

- (1) Per \$100 of value.
- (2) The estimated market value is calculated by dividing the assessed value by an assessment-to-sales ratio determined by the State Department of Revenue. The ratio is based on actual property sales which took place during the fiscal year.

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

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<u>Fiscal Year</u>	<u>Total Direct Rate *</u>	<u>Overlapping Rates Moore County</u>
2007	0.340	0.445
2008	0.310	0.479
2009	0.320	0.465
2010	0.320	0.465
2011	0.370	0.465
2012	0.370	0.465
2013	0.370	0.465
2014	0.370	0.465
2015	0.370	0.465
2016	0.370	0.465

Source: Moore County Tax Assessor

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

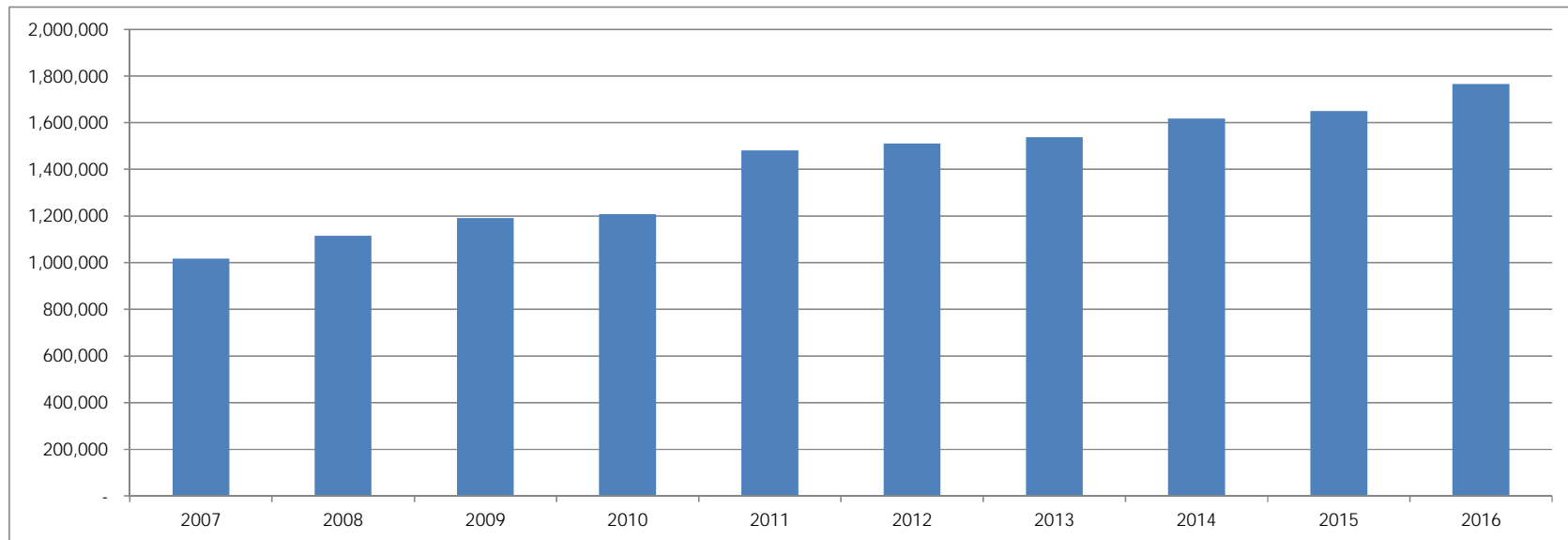
**SCHEDULE 7  
VILLAGE OF WHISPERING PINES, NORTH CAROLINA  
PRINCIPAL PROPERTY TAX PAYERS  
CURRENT YEAR AND TEN YEARS AGO**

Taxpayer	Type of Business	Fiscal Year 2016			Fiscal Year 2007			Total Valuations: 2016      2007
		Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation	
Food Lion, LLC #2181	Grocery/Retail	\$ 5,809,103	1	1.22%	\$ -	-	-	
Heronbrook, LLC	Construction Residential	2,901,450	2	0.61%	-	-	-	
BGWP, LLC	Leisure & Hospitality	2,098,750	3	0.44%	-	-	-	
Caviness & Cates Building & Development	Construction Residential	2,059,390	4	0.43%	-	-	-	
Warrior Golf Equities, LLC	Leisure & Hospitality	1,584,110	5	0.33%	-	-	-	
Cates Building, Inc	Construction Residential	1,211,180	6	0.25%	-	-	-	
Lexo, James & Michelle	Residential	1,090,320	7	0.23%	-	-	-	
Rhodes, J Edward & Jayne B	Residential	1,071,520	8	0.22%	-	-	-	
Savvy Homes, LLC	Construction Residential	849,550	9	0.18%	-	-	-	
Wiss Properties, LLC	Construction Residential	830,455	10	0.17%	-	-	-	
Country Club of Whispering Pines	Leisure & Hospitality	-	-	-	8,740,260	1	3.04%	477,147,297      287,547,648
Whispering Lakes, LLC	Leisure & Hospitality	-	-	-	1,880,000	2	0.65%	
Campbell & Welly Construction Co, Inc.	Construction Residential	-	-	-	1,328,430	3	0.46%	
Goldberg, Ronald L & R Eleanor	Residential	-	-	-	804,390	4	0.28%	
Crawford, Nellie M	Residential	-	-	-	775,680	5	0.27%	
Webster, Colin S & Emiliane M	Residential	-	-	-	579,590	6	0.20%	
Ellis, George H & Jean S	Residential	-	-	-	514,230	7	0.18%	
Adams, Daniel E & Traci W	Residential	-	-	-	499,880	8	0.17%	
Bowden, Joan	Residential	-	-	-	462,160	9	0.16%	
Cothran, James W Jr	Residential	-	-	0.00%	444,360	10	0.15%	
Totals		<u>\$ 19,505,828</u>		<u>4.09%</u>	<u>\$ 16,028,980</u>		<u>5.57%</u>	

Source: Moore County Tax Assessor

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

Fiscal Year	Taxes Levied for the Fiscal Year (1)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Original Levy		Amount	Percentage of Levy (1)
2007	1,019,623	1,015,988	99.64%	1,971	1,017,959	99.84%
2008	1,118,573	1,113,686	99.56%	1,634	1,115,320	99.71%
2009	1,193,984	1,187,832	99.48%	3,362	1,191,194	99.77%
2010	1,240,026	1,205,170	97.19%	2,682	1,207,852	97.41%
2011	1,485,161	1,449,239	97.58%	32,066	1,481,305	99.74%
2012	1,514,373	1,506,612	99.49%	3,937	1,510,549	99.75%
2013	1,541,163	1,533,424	99.50%	3,340	1,536,764	99.71%
2014	1,620,147	1,614,284	99.64%	4,092	1,618,376	99.89%
2015	1,650,654	1,648,482	99.86%	1,863	1,650,345	99.98%
2016	1,765,445	1,765,181	99.99%	411	1,765,592	99.99%



Source: Moore County Tax Department

Notes:

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

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

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<b>Fiscal Year</b>	<b>Installment Loans</b>	<b>Capital Leases</b>	<b>Promissory Note</b>	<b>Total Primary Government</b>	<b>Per Capita (1)</b>	<b>Percentage of Taxable property Valuations (2)</b>
2007	-	-	-	-	-	0.000%
2008	-	-	-	-	-	0.000%
2009	28,728	-	-	28,728	11	0.00008%
2010	396,667	28,889	-	425,556	167	0.00110%
2011	368,333	14,296	-	382,629	131	0.00097%
2012	340,000	-	-	340,000	116	0.00083%
2013	311,667	-	320,000	631,667	207	0.00151%
2014	311,926	-	276,462	588,388	188	0.00134%
2015	269,680	-	232,029	501,709	157	0.00112%
2016	226,684	-	187,067	413,751	125	0.00087%

(1) See Schedule 12 for population data.

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

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Assessed Value of Property	\$ 299,309	\$ 360,303	\$ 372,069	\$ 386,670	\$ 392,728	\$ 408,226	\$ 415,617	\$ 436,739	\$ 445,638	\$ 477,147
Debt Limit, 8% of Assessed Value (Statutory Limitation)	23,945	28,824	29,766	30,934	31,418	32,658	32,249	34,939	35,651	38,172
Total net debt applicable to limit	-	-	29	426	383	340	632	588	502	414
Legal Debt Margin	<u>\$ 23,945</u>	<u>\$ 28,824</u>	<u>\$ 29,737</u>	<u>\$ 30,508</u>	<u>\$ 31,036</u>	<u>\$ 32,318</u>	<u>\$ 32,617</u>	<u>\$ 34,351</u>	<u>\$ 35,149</u>	<u>\$ 37,758</u>
Total net debt applicable to the limit as a percentage of debt limit	-	-	0.0010	0.0138	0.0122	0.0104	0.0196	0.0168	0.0141	0.0185

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



**SCHEDULE 11  
VILLAGE OF WHISPERING PINES, NORTH CAROLINA  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF JUNE 30, 2016**

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<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (2)</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
<b>Other Debt:</b>			
Moore County (1)	\$ 110,889,055	3.98%	\$ 4,413,384
<b>Direct Debt:</b>			
Village of Whispering Pines	\$ 413,751	100.00%	\$ 413,751
<b>Total Direct and Overlapping Debt</b>			<b>\$ 4,827,135</b>

Notes:

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

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

(2) For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the Village of Whispering Pines boundaries and dividing it by each unit's total taxable assessed value. Taxable assessed values as of June 30, 2016 were used to determine the overlapping debt percentage.

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

<u>Year</u>	<u>Population (A)</u>	<u>Moore County Personal Income (B) (in thousands)</u>	<u>Moore County Per Capita Personal Income (B)</u>	<u>Moore County Public School Enrollment(C)</u>	<u>Moore County Unemployment Rate(D)</u>
2007	2,401	3,333,390	39,311	12,274	4.60%
2008	2,459	3,407,144	39,562	12,334	6.00%
2009	2,507	3,328,545	38,152	12,270	10.10%
2010	2,542	3,353,415	37,873	12,280	9.10%
2011	2,928	3,513,618	39,320	12,491	9.00%
2012	2,940	3,669,496	40,636	12,707	8.90%
2013	3,047	3,732,881	40,758	12,943	8.70%
2014	3,126	3,893,395	41,818	13,009	6.00%
2015	3,193	*	*	13,130	6.10%
2016	3,270	*	*	12,991	5.10%

\* Information not yet available.

Notes:

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

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

(C) Moore County Board of Education

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

**SCHEDULE 13  
VILLAGE OF WHISPERING PINES, NORTH CAROLINA  
PRINCIPAL EMPLOYERS**

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Employer	2016		
	Employees	Rank	Percentage of Total County Employment
First Health of the Carolinas Inc.	4,512	1	12.67%
Moore County Schools	1,723	2	4.82%
Pinehurst, LLC	1,445	3	3.85%
St. Joseph of the Pines	677	4	1.99%
County of Moore	639	5	1.74%
Pinehurst Medical Clinic	615	6	1.69%
Sandhills Community College	603	7	1.46%
Harris Teeter	434	8	1.14%
Wal-Mart	403	9	1.08%
Food Lion, LLC	394	10	0.78%
Total	<u>11,445</u>		<u>31.22%</u>

Note: Data is not available for nine years ago

Data can not be segregated for Whispering Pines, data is for Moore County

Source: Principal Employers of Moore County data is from Moore County Economic Development Commission  
Employees data is from the various Human Resource Departments.

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

Function/Program	Full-time Equivalent Employees as of June 30									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government	3.0	3.0	3.5	3.0	3.0	1.5	2.5	2.5	2.5	3
Public Safety	11.0	12.0	12.0	10.5	11.5	10.5	15.3	15.25	15.25	15.5
Economic and Physical Development	1.0	1.5	1.7	1.8	1.8	0.5	1.0	1	0	0
Transportation	3	3.0	2.0	2.9	2.9	2.7	3.7	4	4	3
Cultural and Recreation	1.5	2.0	1.8	1.3	1.3	1.3	1.8	2	2	2
<b>Total</b>	<b>19.5</b>	<b>21.5</b>	<b>21.0</b>	<b>19.5</b>	<b>20.5</b>	<b>16.5</b>	<b>24.3</b>	<b>24.75</b>	<b>23.75</b>	<b>23.50</b>

Source: Village of Whispering Pines Finance Department

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

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

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

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Public Safety										
Incidents	82	88	103	107	111	110	104	176	234	224
Arrests	30	31	31	27	39	74	85	118	93	78
Arrest Charges	59	65	64	46	79	126	188	267	204	175
Accidents	14	19	14	8	28	19	22	17	29	22
Warning Charges	1477	1,151	1,394	903	1,029	1,285	1,253	1,257	1,956	1672
Citation Charges	600	575	944	731	848	905	1055	1231	1,880	1679
Fire Protection										
Fire Calls	N/A	N/A	N/A	38	48	25	36	43	34	40
Rescue Calls	N/A	N/A	N/A	N/A	13	322	355	290	336	327
Other Incidents	N/A	N/A	N/A	225	175	145	178	138	175	199
Economic and Physical Development										
Zoning permits issued:										
Residential	N/A	N/A	N/A	33	39	35	56	45	50	74
Soil & Erosion Control (Grading)	N/A	N/A	N/A	37	57	56	70	48	50	74
Minor permits	N/A	N/A	N/A	101	178	174	165	186	105	125
Total number of permits issued	109	161	168	171	274	265	291	279	205	273
Cultural and Recreation										
Number of lakes	6	8	8	8	8	8	8	8	8	8
Number of parks	7	7	7	7	7	7	7	7	5	6
Boat permits issued	530	111	89	201	105	552	223	157	699	328
Environmental Protection										
Households receiving service	1,207	1,230	1,257	1,285	1,307	1,330	1,356	1,382	1398	1428
Recyclables collected (tons annually)	N/A	N/A	N/A	227	337	373	381	372	388	383
Refuse collected (tons annually)	937	974	1034	768	730	797	787	835	849	974
Yard debris (tons annually)	N/A	N/A	N/A	261	480	438	453	449	503	554

Source: Various Village departments

Note: N/A indicates "not available"

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

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<u>Function/Program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Public Safety										
Police Protection										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Vehicles	5	4	5	5	5	5	5	5	5	6
Fire Protection										
Stations	1	1	1	1	2	2	1	1	1	1
Fire Trucks	5	5	6	6	6	6	4	4	4	4
Fire Rescue Vehicles	0	0	0	0	4	4	3	3	3	3
Transportation										
Miles of streets	29.15	30.15	30.15	30.15	30.15	30.15	30.32	30.32	32.92	32.92
Maintenance Vehicles	5	5	5	5	5	5	5	5	6	6
Cultural and Recreation										
Lake acreage	387	438	438	438	438	438	438	438	440	440
Lake maintenance/patrol vehicles	2	2	2	2	2	2	2	2	2	2

Source: Various Village departments

# Compliance Section

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

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

Independent Auditor's Report

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

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Whispering Pines, North Carolina, as of and for the year ended June 30, 2016 and the related notes to the financial statements, which collectively comprises the Village of Whispering Pines' basic financial statements, and have issued my report thereon dated September 15, 2016.

**Internal Control over Financial Reporting**

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. I consider the deficiency 2016-1, described in the accompanying schedule of findings and responses to be a material weakness.

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. I consider the deficiency 2016-2, described in the accompanying schedule of findings and responses to be a significant deficiency.



#### Compliance and Other Matters

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

#### Village of Whispering Pines' Response to Findings

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

#### Purpose of this Report

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

*Lloyd B. McInnell, CPA, P.A.*

Sanford, North Carolina 27330  
September 15, 2016

VILLAGE OF WHISPERING PINES, NORTH CAROLINA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2016

Findings related to the audit of the Basic Financial Statements

Finding 2016-1 – Material Weakness

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

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

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

**Contact person:** Susan Shuster

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

Finding 2016-2 – Significant deficiency

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

**Condition:** Financial reporting under the accounting standards promulgated by the Financial Accounting Standards Board and Governmental Accounting Standards Board requires a level of technical expertise not possessed by Village personnel with regards to drafting full accrual, full disclosure financial statements.

**Recommendation:** The cost of acquiring the technical expertise to comply with the financial reporting requirements discussed above appears cost prohibitive. Therefore, the Village should exercise due care in reviewing the financial statements drafted by the external auditor as the Village is responsible for the accuracy of the audited financial statements.

**Contact person:** Susan Shuster

**Corrective action:** Management is aware of the weakness but, due to the cost benefit analysis, they will continue to rely on the external auditor to draft the year-end financial statements.