

Village of Pinehurst, North Carolina  
Annual Comprehensive Financial Report



For the Fiscal Year Ended  
June 30, 2022

Prepared by  
Financial Services Department

Brooke Hunter  
Financial Services Director



**Village of Pinehurst, North Carolina**

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HISTORY, CHARM, AND SOUTHERN HOSPITALITY

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## LETTER OF TRANSMITTAL

October 31, 2022

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

The Annual Comprehensive Financial Report of the Village of Pinehurst, North Carolina (Village) is submitted for your review and use. This report was prepared by the Village's Financial Services Department, and it is the comprehensive publication of the Village's financial position and results of operations for the fiscal year ended June 30, 2022. The Village, like all other local governments in the State, is required by State law to publish a complete set of financial statements within four months of the close of each fiscal year. The financial statements must be presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. This report is published to fulfill that requirement for the fiscal year ended June 30, 2022, 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 an annual comprehensive financial report, this document provides financial detail and historical trends beyond the basic financial statements in the Financial Section. The Supplementary Information provides details on the Village's pension plans. The Statistical Section provides trend information on financial performance, revenue capacity, debt capacity, demographic and economic indicators, and operating information. A Compliance Section includes documentation on federal and state grants and awards compliance.

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

As noted earlier, the Village is required by state law to have an annual independent financial audit. Forvis, LLP, Certified Public Accountants, conducted the audit and concluded that there was a reasonable basis for rendering an unmodified ("clean") opinion that the Village's financial statements for the fiscal year ended June 30, 2022 are fairly presented in conformity with GAAP. The independent auditor's report on the basic financial statements is located at the beginning of the financial section of this report.

In addition to the independent audit of the financial statements, a compliance audit on federal and state financial assistance is also required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200: Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and the State Single Audit Implementation Act. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements involving the administration of federal awards. These reports are located in the Compliance Section of this Annual Comprehensive Financial Report.

Management's discussion and analysis of the basic financial statements (MD&A) immediately follows the independent auditor's 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 in conjunction with it.

## **Profile of the Village**

“The Village of Pinehurst is a charming, vibrant community which reflects our rich history and traditions.” This vision statement adopted by the Village Council is reflective of what we aspire to be as a community. Our mission is to “promote, enhance, and sustain the quality of life for residents, businesses, and visitors.” The Village was incorporated in 1980 and is located in the Sandhills Region of North Carolina. The Village has a land area of approximately 17 square miles, and an estimated population of 17,700. Pinehurst is the largest of eleven municipalities in Moore County. The Village is empowered to levy a property tax on both real estate and personal properties located within its boundaries. It also is empowered, by state statute, to extend its corporate limits by annexation on a limited basis.

The Village has operated under the Council-Manager form of government since its incorporation in 1980. Policy making and legislative authority are vested in the Village Council consisting of the mayor and four other members. The Village Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring the Village’s manager and attorney. The Village Manager is responsible for carrying out the policies and ordinances of the Village Council, overseeing the day-to-day operations of the Village, and appointing the heads of the various departments. Four members of the Village Council and the Mayor are elected to four-year staggered terms. The Council then selects the Mayor Pro-tem and Treasurer from within the Council membership.

The Village provides a full range of services, including police and fire protection, maintenance of streets and infrastructure, planning and building inspections, solid waste services, and recreational activities.

The Pinehurst Village Council is required to adopt a budget by July 1 of each year. The Village’s budget ordinance creates a legal limit on spending authorizations and serves as the foundation for Pinehurst’s financial planning and control. The budget is prepared by fund and department. The budget ordinance authorizes the Village Manager to make all budget transfers within a department and transfers up to \$25,000 between departments in a single budget amendment within the same fund. This authority is granted to facilitate budget execution consistent with Council intent.

## **Local Economy**

The Village is primarily a residential community with a historically strong growth rate in residential development. Over the past year, the Village saw a steady local housing market. In fiscal year (FY) 2022, 97 new homes were constructed in the Village, which is a decrease from the 136 homes constructed in the previous year.

The tourism industry contributes significantly to the economic well-being of the Village. Moore County ranks tenth out of one-hundred North Carolina counties in tourism, with an estimated \$673 million in annual tourism generated revenues. This is due primarily to the world-renowned reputation of Pinehurst Resort, which is owned by the privately held company Pinehurst, LLC. The resort’s golf, hotel, and spa amenities draw tourists from all over the world as a result of its exceptional quality. Pinehurst Resort is the Village’s largest taxpayer and employs approximately 1,200 people. Pinehurst Resort hosted the 1999, 2005, and 2014 U.S. Open Golf Championships. In 2014, the back-to-back U.S. Open and U.S. Women’s Open Championships generated over \$169 million dollars in economic impact on the local and state economy. In 2020, the United States Golf Association (USGA) announced that it will build a second headquarters in Pinehurst as part of a multi-million dollar incentive package. Pinehurst No. 2 was also announced as the first anchor site for future U.S. Open championships with five men’s championship events scheduled over the next 25 years. The USGA’s commitment to sponsoring the men’s championship events at Pinehurst, in addition to various other championship events in Moore County and across the state, will bring significant economic benefits to North Carolina.

The Village also claims a top-notch regional health facility, FirstHealth of the Carolinas. FirstHealth is a private, not-for-profit health care system based in Pinehurst which serves 15 counties. FirstHealth is the County’s largest private employer, employing approximately 3,700 health care professionals and staff. Their commitment to quality is evidenced by FirstHealth’s flagship hospital, Moore Regional, being consistently named among the Top 100 Hospitals in the country.

## **Long-Term Financial Planning and Major Initiatives**

The Village is committed to maintaining a strong financial condition. The Village Council’s adopted fund balance policy requires the Village to maintain a minimum unassigned General Fund balance of 15% of actual expenditures as reported in the Village’s annual comprehensive financial report. In addition, when preparing the annual General Fund budget, the total appropriated fund balance should result in anticipated ending total fund balance of at least

30%. The policy also states that when total fund balance at June 30 is in excess of 40% of actual General Fund expenditures, Council may commit excess fund balance for future capital needs. At June 30, 2022, the General Fund's unassigned fund balance of \$4,676,778 represented 23% of General Fund actual expenditures and total fund balance was 61% of budgeted expenditures. In FY 2022, Council approved a resolution to commit excess funds for future capital needs totaling \$6,942,557.

In FY 2023, the Village adopted its tenth Strategic Operating Plan (SOP). This strategic planning process was adopted as a part of implementing the Malcolm Baldrige Performance Excellence Framework and is designed to provide an integrated approach to organizational performance management. The SOP includes a one-year budget and a five-year financial forecast that incorporates a five-year capital improvement plan (CIP). The SOP is a strategic, results-driven approach to resource allocation that is closely aligned with the Village Council's strategy and achieving the results articulated in the Village's balanced scorecard.

The Village Council maintains nine organizational goals for the 2022 Strategic Operating Plan to achieve that mission. These overarching community goals are as follows: (1) safeguard the community, (2) promote high quality development and appearance, (3) promote a thriving business community, (4) promote transportation mobility and connectivity, (5) preserve the environment, (6) promote active living and cultural opportunities, (7) professionally manage a high performing organization, (8) attract and retain an engaged workforce, and (9) maintain a healthy financial condition.

Major initiatives of the FY 2023 Strategic Operating Plan to address these goals include:

- Relocation of the Public Services Complex to allow for redevelopment of Village Place
- Update the Pinehurst Development Ordinance
- Small area plan for the Village Place/Rattlesnake Trail corridor and Pinehurst South/Highway 5 commercial area
- Retrofit current athletic fields with synthetic turf
- Expand and renovate Given Memorial Library and Tufts Archives

### **Awards and Acknowledgements**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Village for its annual comprehensive financial report for the fiscal year ended June 30, 2021. This was the 29th consecutive year the Village has received this prestigious award. In order to be awarded a Certificate of Achievement, the Village published an easily readable and efficiently organized annual comprehensive financial report. This report satisfied both GAAP and applicable legal requirements.

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

In addition, the Village received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year ended June 30, 2022. This was our 15th consecutive year receiving this award. We were awarded the Special Performance Measures Recognition in four of those years. In order to qualify for the Distinguished Budget Presentation Award, the Village's budget document was judged to be proficient as a policy document, a financial plan, an operations guide, and a communications device.

The preparation of this report would not have been possible without the dedicated efforts of the entire staff of the Financial Services Department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the mayor and the Village Council for their unflinching support for maintaining the highest standards of professionalism in the management of the Village's finances.

Respectfully submitted,



Jeffrey M. Sanborn  
Village Manager



Brooke Hunter  
Financial Services Director



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Village of Pinehurst  
North Carolina**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2021

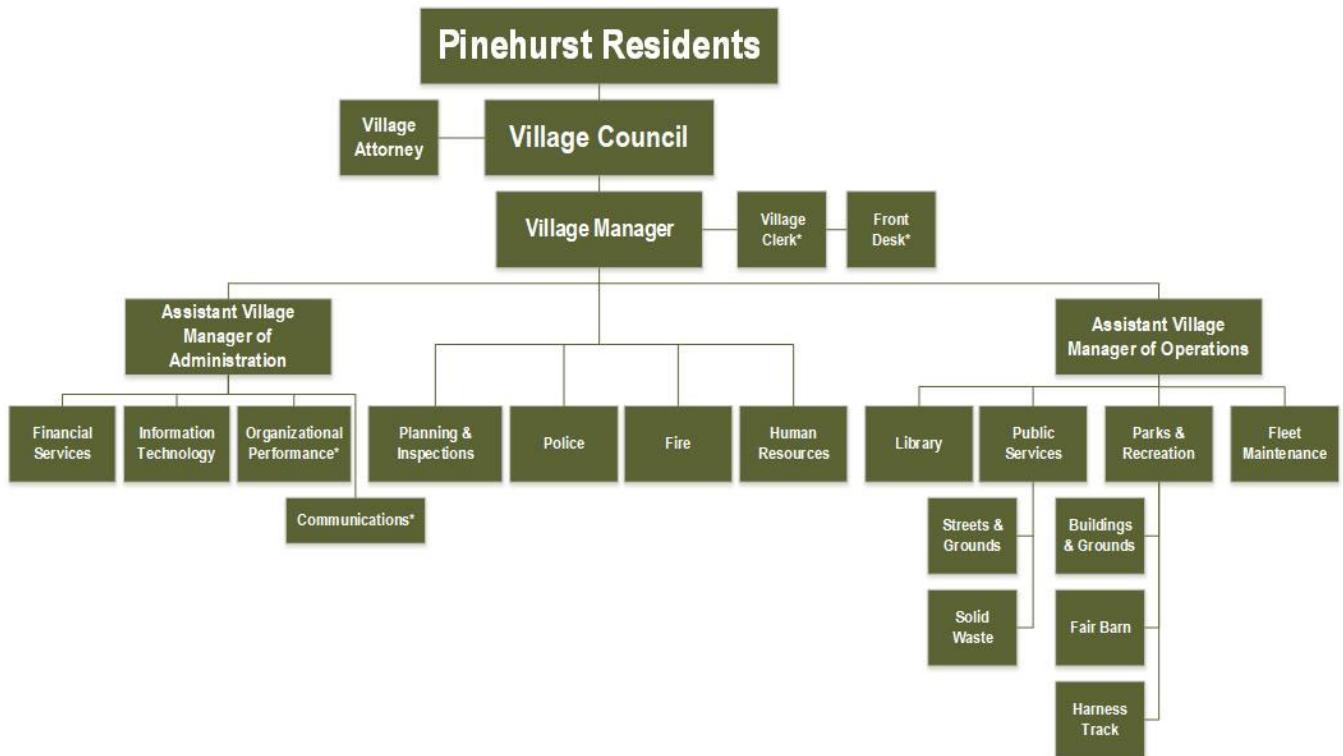
*Christopher P. Morill*

Executive Director/CEO



# Village of Pinehurst, North Carolina

## Organizational Chart June 30, 2022



\* This function is included in the Administration Department.

**Village of Pinehurst, North Carolina  
List of Principal Officials  
June 30, 2022**

**Elected Officials**

John C. Strickland	Mayor
Patrick Pizzella	Mayor Pro-Tem
Lydia Boesch	Treasurer
Jane Hogeman	Council Member
Jeff Morgan	Council Member

**Appointed Officials**

Jeffrey M. Sanborn	Village Manager
Jeff Batton	Assistant Village Manager
Doug Willardson	Assistant Village Manager
Michael J. Newman	Village Attorney
Kelly Chance	Village Clerk
Brooke Hunter	Financial Services Director
Matthew McKirahan	Organizational Performance Director
Angela Kantor	Human Resources Director
Jason Whitaker	Chief Information Officer
Glen Webb	Police Chief
Carlton Cole	Fire Chief
Darryn Burich	Planning & Inspections Director
Mike Apke	Public Services & Engineering Director
Mark Wagner	Parks & Recreation Director
Audrey Moriarty	Library & Archives Director

## Independent Auditor's Report

The Honorable Mayor and  
Members of the Village Council  
Village of Pinehurst  
Pinehurst, NC

### Report on the Audit of the Financial Statements

#### **Opinion**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Pinehurst, North Carolina ("the Village") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise of the Village's basic financial statements listed in the table of contents.

In our opinion, 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 as of June 30, 2022, and the respective changes in financial position 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.

#### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the Village and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Emphasis of Matter**

As discussed in Note 1 to the financial statements, in 2022 the Village adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

#### **Responsibilities of Management for the Audit of 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; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5 through 16, Local Government Employees' Retirement System Schedule of the Proportionate Share of the Net Pension Liability (Asset) on page 48, Local Government Employees' Retirement System Schedule of Contributions on page 49, and the Law Enforcement Officers' Special Separation Allowance schedules of the Changes in Total Pension Liability and the Total Pension Liability as a Percentage of Covered Payroll on pages 50 and 51 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a required part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of the Village. The individual fund statements, budgetary schedules, and other schedules, as well as the accompanying schedule of expenditures of federal and state awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This information has been subjected to auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund statements, budgetary schedules, other schedules, and schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory information and the statistical sections, but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

# FORVIS

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statement, other the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2022, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

**FORVIS,LLP**

**High Point, NC  
October 31, 2022**

## Management's Discussion and Analysis

As management of the Village of Pinehurst (the Village), we offer readers of the Village's financial statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended June 30, 2022. We encourage readers to read the information presented here in conjunction with additional information we have furnished in the Village's financial statements, which follow this narrative.

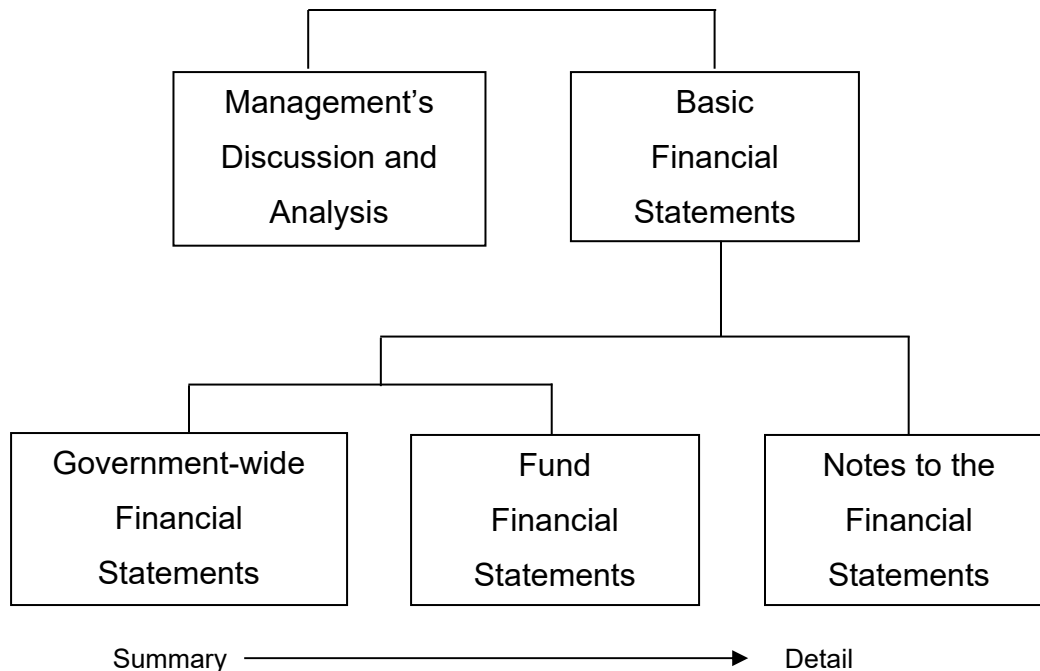
### *Financial Highlights*

- The assets and deferred outflows of resources of the Village exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$41,016,505 (*net position*).
- The Village's total net position increased by \$3,817,060 primarily due to lower than expected expenditures and an increase in capital assets.
- At the end of the current fiscal year, the Village's governmental funds, consisting of the General Fund, American Rescue Plan Act Special Revenue Fund, and Library Expansion Capital Project Fund, reported combined ending fund balances of \$15,644,494, an increase of \$2,355,626 in comparison with the prior year.
- The American Rescue Plan Act Special Revenue Fund was established last year to account for the use of federal grant funds received as part of the American Rescue Plan Act. These COVID-19 relief and economic recovery grant funds are allowed to be expended over multiple years. The first tranche was received this year, but no funds were expended.
- At the close of the current fiscal year, unassigned fund balance for the General Fund was \$4,676,778, or 23% of total general fund expenditures for the fiscal year. This amount is available for spending at the Village's discretion. Committed fund balance totaled \$7,487,334, which includes \$544,777 for improvements to the existing Given Memorial Library and Tufts Archives building and other operational improvements and \$6,942,557 for future capital needs per the Village's fund balance policy.
- In April 2022, operations of the Given Memorial Library and Tufts Archives, as well as the facility and collections, transferred to the Village.
- The Village had no installment purchase debt and no general obligation bonded debt as of June 30, 2022.
- Throughout the year, the Village's deposits were insured or collateralized as required by State law. Total investment earnings were approximately \$29,105, which is equivalent to a return of approximately 0.15% on the average amount of cash and cash equivalents during the year due to historic low interest rates. At fiscal year's end, 96% of the Village's cash and investments were invested with the North Carolina Capital Management Trust (NCCMT) Government Portfolio.
- The Village has received the Certificate of Achievement for Excellence in Financial Reporting for 29 consecutive years. The Certificate of Achievement is the highest form of recognition awarded in the field of governmental financial reporting.
- For the 2022 fiscal year, the Village received the Distinguished Budget Presentation Award for the 15<sup>th</sup> consecutive year from the Government Finance Officers Association for its annual budget. We have also been awarded the Special Performance Measures Recognition in four of those years.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Village's 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.

**Required Components of Annual Financial Report  
Figure 1**



**Basic Financial Statements**

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

The next statements (Exhibits 3 through 7) 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: (1) the governmental funds statements; and (2) the budgetary comparison statements.

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

**Government-Wide Financial Statements**

The government-wide financial statements are designed to provide the reader with a broad overview of the 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.



**Village of Pinehurst, North Carolina  
Management's Discussion and Analysis  
June 30, 2022**

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The two government-wide statements report the Village's net position and how it has 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 are divided into three categories: (1) governmental activities; (2) business-type activities; and (3) component units. The governmental activities include all of the Village's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the Village charges customers to provide. The Village does not engage in any business-type activities as of June 30, 2022. The final category is the component unit. The Village does not have any component units as of June 30, 2022.

The government-wide financial statements are on Exhibits 1 and 2 of the basic financial statements.

***Fund Financial Statements***

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, 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 North Carolina General Statutes or the Village's budget ordinance. The Village currently has three funds, the General Fund, the American Rescue Plan Act Special Revenue Fund, and the Library Expansion Capital Project Fund, which are all governmental funds.

*Governmental Funds* - Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. All 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 moneys 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 adopts an annual budget for its General Fund, as required by the North Carolina General Statutes. The budget is a legally adopted document that incorporates input from the residents of the Village, the management of the Village, and the Village Council 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 Village Council; (2) the final budget as amended by the Council; (3) the actual resources, charges to appropriations, and ending balances in the General Fund; and (4) the difference or variance between the final budget and the actual resources and charges.

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A multi-year grant project ordinance was adopted for the American Rescue Plan Act Special Revenue Fund, as the COVID-19 relief and economic recovery grant funds are allowed to be expended over multiple years. The first tranche of funding was received but not expended by year end. A multi-year project ordinance was adopted for the Library Expansion Capital Project Fund, as the expansion will take more than one fiscal year to design and build.

*Notes to the Financial Statements* - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 24 of this report.

*Other Information* - In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Village's 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.

*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.

**Government-Wide Financial Analysis**

**Net Position**

The following (Figure 2) reflects condensed information on the Village's net position:

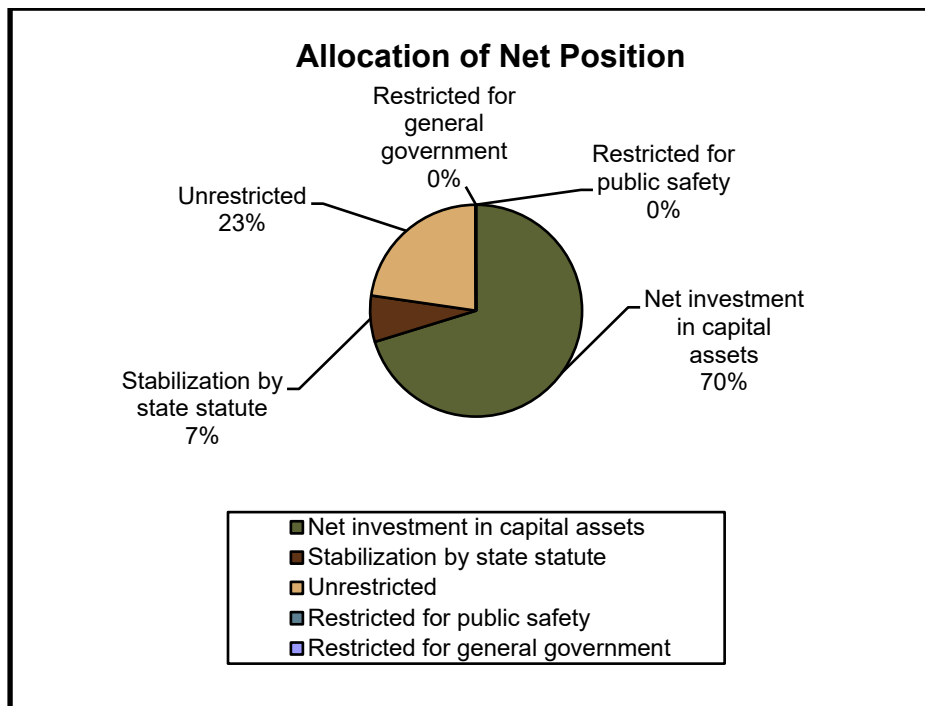
**Village of Pinehurst's Net Position  
Figure 2**

	<b>Governmental Activities 2022</b>	<b>Governmental Activities 2021</b>
Current and other assets	\$ 20,335,263	\$ 14,631,698
Right to use assets	25,151	-
Capital assets	28,803,183	27,420,053
Total assets	<u>49,163,597</u>	<u>42,051,751</u>
Deferred outflows of resources	<u>2,998,814</u>	<u>2,747,028</u>
Long-term liabilities outstanding	4,114,408	6,236,705
Unearned revenues	2,648,376	-
Other liabilities	2,022,877	1,314,991
Total liabilities	<u>8,785,661</u>	<u>7,551,696</u>
Deferred inflows of resources	<u>2,360,245</u>	<u>47,638</u>
Net position:		
Net investment in capital assets	28,803,183	27,420,053
Restricted for:		
Stabilization by state statute	2,893,797	2,624,890
General government	4,216	-
Public safety	36,297	39,674
Unrestricted	9,279,012	7,114,828
Total net position, ending	<u>\$ 41,016,505</u>	<u>\$ 37,199,445</u>

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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 exceeded liabilities and deferred inflows by \$41,016,505 as of June 30, 2022. The Village's net position increased by \$3,817,060 for the fiscal year ended June 30, 2022. The largest portion of net position, \$28,803,183 or 70%, reflects the Village's net investment in capital assets (e.g., land, right of ways, buildings, machinery and equipment). The Village uses these capital assets to provide services to residents; consequently, these assets are not available for future spending. Although the Village's 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's net position, \$2,934,310, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$9,279,012 is unrestricted.



**Governmental Activities**

Governmental activities increased the Village's net position by \$3,817,060. Several aspects of the Village's financial operations influenced the positive change in total governmental net position:

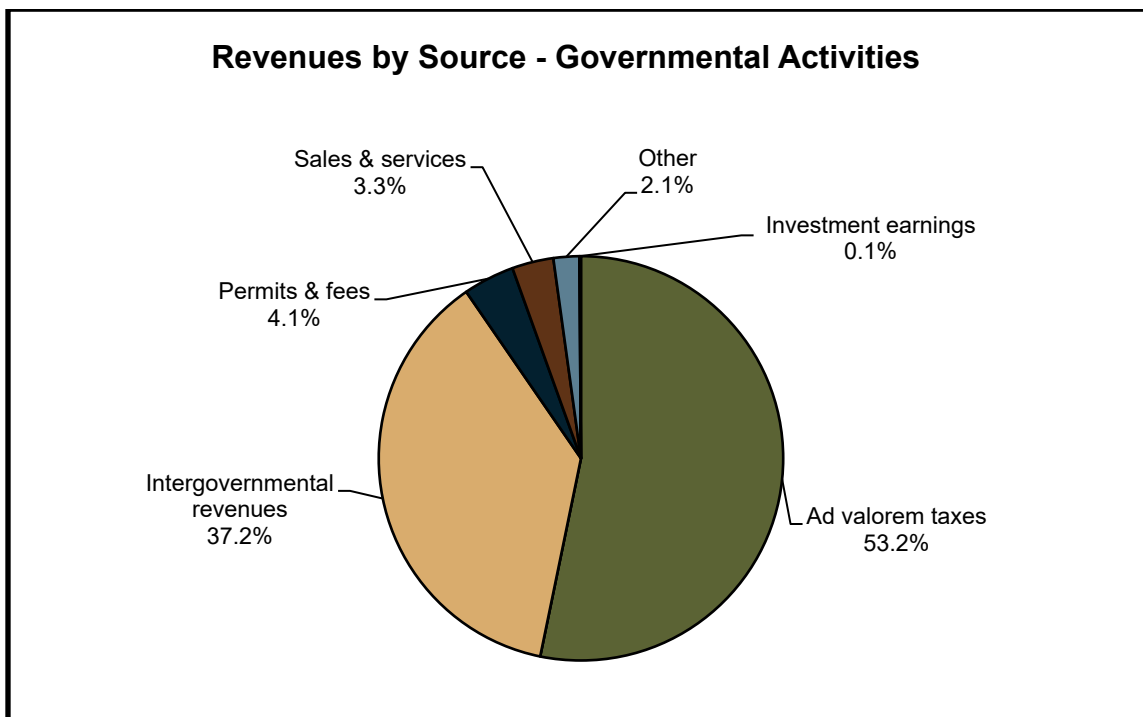
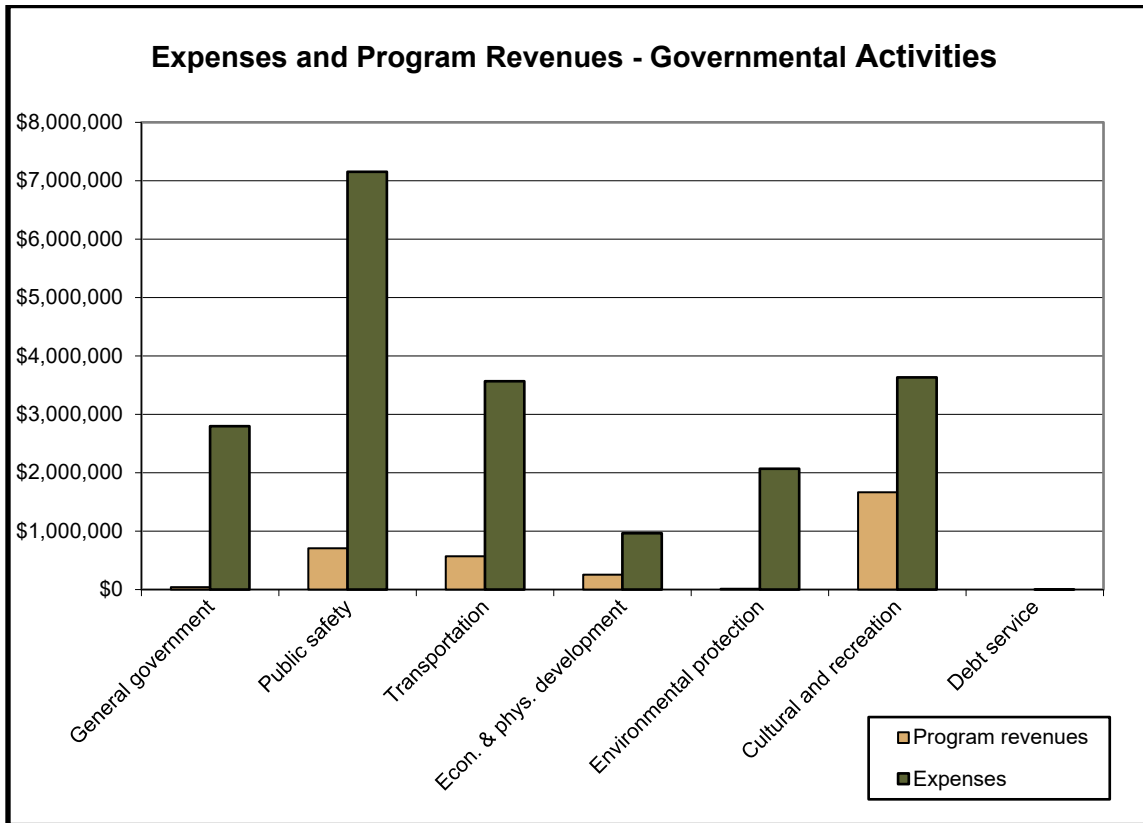
- Continued diligence in the collection of property taxes by maintaining a tax collection percentage in the General Fund of 99.93%, which is higher than the statewide average in the Village's population peer group of 98.97%.
- Unrestricted intergovernmental revenues increased by \$1,022,000, or 15%, due to increased collections of local option sales taxes.
- Expenses net of program revenues decreased by \$349,000, or 2%. This result was influenced by the following factors:
  - Program expenses were \$510,000, or 3%, higher than in the previous fiscal year. This was primarily due to operating expenses increasing by \$727,000, or 8%, compared to the previous fiscal year. This year included a partial year of operations for the Given Memorial Library and Tufts Archives beginning in April 2022.

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- Charges for services increased by \$196,000, or 13%, due to recreational programming and Fair Barn event rentals returning to pre-COVID levels.
- Operating grants and contributions decreased \$182,000, or 23%, due to significant Coronavirus Relief Fund grant distributions for COVID-19 pandemic response efforts in the prior year. Minimal operating grant funding was received in the current year.
- Capital grants and contributions increased by \$845,000, or 889%, due to the transfer of ownership of the Given Memorial Library and Tufts Archives building and land in the current fiscal year, while fewer capital donations were received in the prior year.
- The Village's net pension expense for the Local Government Employees Retirement System (LGERS) and Law Enforcement Officers Special Separation Allowance (LEOSSA) pension plans was \$931,000.

**Village of Pinehurst's Change in Net Position  
Figure 3**

	<u>Governmental Activities</u> <u>2022</u>	<u>Governmental Activities</u> <u>2021</u>
Revenues:		
Program revenues:		
Charges for services	\$ 1,701,376	\$ 1,505,250
Operating grants and contributions	608,559	790,509
Capital grants and contributions	940,150	95,100
General revenues:		
Property taxes	12,260,171	11,492,559
Grants and contributions not restricted to specific programs	7,955,501	6,933,901
Other	528,652	377,122
Total revenues	<u>23,994,409</u>	<u>21,194,441</u>
Expenses:		
General government	2,795,809	2,849,519
Public safety	7,152,920	7,035,668
Transportation	3,565,665	3,720,950
Economic and physical development	963,250	1,075,931
Environmental protection	2,066,834	1,860,471
Cultural and recreation	3,632,670	3,123,431
Interest on long-term debt	201	1,467
Total expenses	<u>20,177,349</u>	<u>19,667,437</u>
Increase in net position	3,817,060	1,527,004
Net position, July 1	37,199,445	35,672,441
Net position, June 30	<u>\$ 41,016,505</u>	<u>\$ 37,199,445</u>



### ***Business-Type Activities***

The Village does not currently engage in business-type activities.

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

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

### ***Governmental Funds***

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

At June 30, 2022, the governmental funds of the Village reported a combined fund balance of \$15,644,494, an increase of \$2,355,626, or 18%, over last year. Included in this change in fund balance is an increase in fund balance in the Library Expansion Capital Project Fund. Library expansion design costs were funded by transfers from the General Fund.

The General Fund is the chief operating fund of the Village. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$4,676,778, while total fund balance reached \$15,239,959. The Village Council has established by policy that the Village should maintain a minimum unassigned fund balance of 15% of actual general fund expenditures at year end and total fund balance of at least 30% of budgeted general fund expenditures when adopting the annual budget. Fund balance at these levels is maintained to meet the cash flow needs of the Village and to be prepared for unforeseen emergencies and opportunities.

The fund balance policy also states that when total fund balance at June 30 is in excess of 40% of actual General Fund expenditures, Council may commit excess fund balance for future capital needs. However, the amount of fund balance committed for future capital needs shall never cause unassigned General Fund fund balance to fall below the 15% unassigned fund balance minimum. In fiscal year 2022, Council approved a resolution to commit excess funds for future capital needs totaling \$6,942,557. Council also approved a resolution in the previous fiscal year to commit \$1,000,000 for improvements to the existing Given Memorial Library and Tufts Archives building and other operational improvements, of which only \$544,777 in commitments remain. The Village currently has unassigned fund balance of 23% of actual general fund expenditures, while total fund balance represents 61% of budgeted expenditures. The statewide average for total fund balance in the Village's population peer group is 54%.

Fund balance in the Village's General Fund increased by \$1,951,091 during the 2022 fiscal year. Key components of this change are as follows:

- Property tax revenue increased approximately \$767,000 from the prior year due to a 1.5 cent tax rate increase and normal additions to the tax base.
- Sales tax revenues increased \$781,000, or 17%, due to an increase in tourism, overall economic activity, and an increase in online sales tax collected statewide.
- Recreation programming revenue and Fair Barn event rental revenue together increased \$229,000, or 166%, as the Village returned to pre-pandemic levels with the elimination of restrictions on gathering sizes.
- Actual operating and capital expenditures were lower than expected.

### ***Proprietary Funds***

The Village does not have any proprietary funds.

### ***General Fund Budgetary Highlights***

The Village employs conservative budgetary practices. Revenue estimates are based on conservative assumptions and projections. Village departments are encouraged to provide a high level of service to the residents of the Village while working to conserve financial resources.

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.

Comparing budget to actual amounts, the Village exceeded the originally budgeted operating revenue estimates by \$1,588,000, or 7.4%. The primary revenues that came in above estimated budget amounts were unrestricted and restricted intergovernmental revenues. Unrestricted intergovernmental revenues were \$1,177,000 above original budget, due to higher local option sales taxes than anticipated. Restricted intergovernmental revenues were \$120,000 above budget, due to increased Powell Bill funding received this year.

Total expenditures were \$2,694,000, or 11.5%, less than originally budgeted amounts. Expenditures were less than budgeted amounts for the following significant items: (1) contracted and professional services of \$605,000 were lower than expected, (2) salaries and benefits were \$1,153,000 lower due to employee vacancies related to turnover, and (3) capital expenditures were \$1,539,000 below budget due primarily to three replacement vehicles that were on order, sidewalk projects that were being designed but not yet constructed, and the fire station storage building that was under contract at year-end. Other smaller projects and capital items were delayed for various reasons. Several of these items have been reappropriated in fiscal year 2023.

As a result of the variances in revenues and expenditures outlined above, fund balance in the General Fund increased by \$1,951,091 at June 30, 2022. This resulted in the General Fund reporting fund balance of \$15,239,959, a 14.7% increase from the previous year. The two primary reasons for the increase in fund balance were higher local option sales tax revenues and unfinished capital and operating items that were reappropriated in FY 2023. The amount reappropriated to complete these items was \$1,437,000, which included \$277,000 for three vehicle replacements that were on order at year end, as well as the construction of a storage building and sidewalks totaling \$528,000 that were planned but not completed by year end.

### ***Capital Asset and Debt Administration***

#### ***Capital Assets***

The Village's investment in capital assets for its governmental activities as of June 30, 2022, totals \$28,803,183 (net of accumulated depreciation). These assets include land, right of ways, buildings and improvements, furniture and equipment, vehicles, infrastructure such as streets and drainage systems, and construction in progress.

Major capital asset transactions during the year include the following additions. There were no significant demolitions or disposals:

- Fire engine replacement costing \$617,000
- Magnolia Road streetscape enhancements totaling \$418,000
- Village Hall second floor office expansion costing \$243,000

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Management's Discussion and Analysis  
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- Rattlesnake Trail and Woods Road sidewalk installation costing \$210,000
- Wicker Park soccer field lighting of \$204,000
- Cannon Park parking lot improvements costing \$186,000
- Routine replacement of three police vehicles costing \$133,000
- Donated Given Memorial Library and Tufts Archives building and land totaling \$940,000

**Village of Pinehurst's Capital Assets  
(net of depreciation)  
Figure 4**

	<u>Governmental Activities</u> <u>2022</u>	<u>Governmental Activities</u> <u>2021</u>
Land	\$ 7,071,836	\$ 6,710,966
Right of Ways	491,187	505,243
Buildings and Improvements	11,378,831	10,537,875
Furniture and Equipment	1,003,967	1,092,224
Vehicles	3,305,077	3,064,266
Infrastructure	5,543,553	5,313,774
Construction in Progress	<u>8,732</u>	<u>195,705</u>
Total	<u>\$ 28,803,183</u>	<u>\$ 27,420,053</u>

Additional information on the Village's capital assets can be found in Note 4 of the Basic Financial Statements.

***Long-Term Debt***

As of June 30, 2022, the Village had no outstanding debt in direct borrowing installment purchase agreements.

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 for Village is \$311,352,032.

Additional information regarding the Village's long-term debt can be found in Note 10 of this report.

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

The following economic indicators and conditions reflect the current operating environment of the Village:

- *COVID-19 pandemic:* Our local economy continues to see recovery from the COVID-19 coronavirus pandemic. Despite the pandemic, the Village experienced local option sales tax revenue growth over the past two years and expects continued growth in this revenue source. Other revenues, including facility rentals and recreation programming, have returned to pre-pandemic levels with the elimination of gathering size restrictions. Investment income is also expected to increase as the Federal Reserve raises interest rates to slow the economy and reduce inflation.



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- *American Rescue Plan Act funds:* As part of the American Rescue Plan Act, the Village will receive approximately \$5.3 million in grant funding by next year to address community recovery needs related to the COVID-19 pandemic.
- *Inflation:* The consumer price index experienced a steep climb from 1.4% in January 2021 to 9.1% in June 2022. This high rate of inflation places operating pressures on the Village's budget.
- *New home construction:* The Village added 97 new homes in FY 2022 compared to 136 and 188 in fiscal years 2021 and 2020, respectively. We project approximately 150 homes to be built in FY 2023 based on housing market activity over the last several years. The steady growth experienced over the past three years has added to our tax base and resulted in additional revenue available to provide and expand high quality municipal services. The Village has also seen significant commercial development over the past three years.
- *Growth and development:* With population increasing and development continuing, the Village is focusing more resources to address the regulatory and infrastructure needs of the community, including investing in pedestrian facilities and stormwater maintenance projects. Also, the 2019 Comprehensive Plan recommended strategies to address current and projected growth in the Village. These strategies were integrated into the Village's strategic planning process.

## ***Budget Highlights for the Fiscal Year Ending June 30, 2023***

### ***Governmental Activities***

Revenues of the Village are expected to increase by 6.3% overall for FY 2023. This is primarily due to increases in sales taxes, Powell Bill funding, and investment income. Property tax revenues are expected to remain stable with a minor decrease of 0.3% due to a one-half cent property tax rate decrease paired with normal tax base growth. For FY 2023, the Village adopted an ad valorem tax rate of \$0.31 per \$100 valuation compared to \$0.315 the previous year.

Budgeted expenditures in the General Fund are estimated to be \$27,099,100, an increase of 6.4%. This includes \$1.2 million for the installation of synthetic turf at Cannon Park and \$1 million for Given Memorial Library and Tufts Archives initial building improvements.

In fiscal year 2023, the Village adopted its tenth Strategic Operating Plan (SOP). This strategic planning process was adopted as a part of implementing the Malcolm Baldrige Performance Excellence Framework and is designed to provide an integrated approach to organizational performance management. The SOP includes a one-year budget and a five-year financial forecast that is inclusive of a five-year capital improvement plan (CIP). The SOP is a strategic, results-driven approach to resource allocation that is closely aligned with the Village Council's strategy and achieving the results articulated in the Village's balanced scorecard.

The Village's mission is "to promote, enhance, and sustain the quality of life for residents, businesses, and visitors." The Village Council maintains nine organizational goals for the 2023 Strategic Operating Plan to achieve that mission. The goals are as follows: (1) safeguard the community, (2) promote high quality development and appearance, (3) promote a thriving business community, (4) promote transportation mobility and connectivity, (5) preserve the environment, (6) promote active living and cultural opportunities, (7) professionally manage a high performing organization, (8) attract and retain an engaged workforce, and (9) maintain a healthy financial condition.

Major initiatives of the FY 2023 Strategic Operating Plan to address these goals include:

- Relocation of the Public Services Complex to allow for redevelopment of Village Place
- Update the Pinehurst Development Ordinance

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- Small area plan for Village Place/Rattlesnake Trail corridor and Pinehurst South/Highway 5 commercial area
- Retrofit current athletic fields with synthetic turf
- Expand and renovate Given Memorial Library and Tufts Archives

Total capital outlays of \$5,260,900 are up 88% compared to the previous fiscal year. The significant capital items included for FY 2023 are as follows:

- Synthetic turf installation at Cannon Park (\$1,237,000)
- Given Memorial Library and Tufts Archives initial building improvements (\$1,000,000)
- Construction of pedestrian facilities (\$400,000)
- Stormwater drainage projects (\$355,000)
- Six police vehicles (\$336,000)
- Potential land acquisition for Public Services Complex relocation (\$350,000)
- Garbage truck replacement (\$245,000)
- Streetscape improvements (\$200,000)

***Business-Type Activities***

The Village does not engage in any business-type activities.

***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 Brooke Hunter, Financial Services Director at 910-295-8646, or Village of Pinehurst, 395 Magnolia Road, Pinehurst, North Carolina 28374.

**Village of Pinehurst, North Carolina**  
**Statement of Net Position**  
**June 30, 2022**

**Exhibit 1**

	<b>Governmental Activities</b>
<b>Assets</b>	
Current assets:	
Cash and cash equivalents	\$ 15,202,924
Restricted cash and cash equivalents	2,652,592
Taxes receivables (net)	17,378
Other receivables	11,662
Due from other governments	2,304,954
Inventories	74,697
Prepaid items	71,056
Total unrestricted current assets	<u>20,335,263</u>
Non-current assets:	
Right to use leased assets (net of amortization)	25,151
Capital assets (net of accumulated depreciation):	
Land and non-depreciable improvements	7,071,836
Construction in progress	8,732
Right of ways	491,187
Buildings and improvements	11,378,831
Furniture and equipment	1,003,967
Vehicles	3,305,077
Infrastructure	5,543,553
Total capital assets	<u>28,803,183</u>
Total non-current assets	<u>28,828,334</u>
Total assets	<u>49,163,597</u>
<b>Deferred Outflows of Resources</b>	
Pension deferrals	2,998,814
Total deferred outflows of resources	<u>2,998,814</u>
<b>Liabilities</b>	
Current liabilities:	
Accounts payable and accrued liabilities	2,022,818
Accrued interest payable	59
Unearned revenues	2,648,376
Long-term liabilities due within one year	492,117
Total current liabilities	<u>5,163,370</u>
Long-term liabilities:	
Long-term liabilities due in more than one year	3,622,291
Total liabilities	<u>8,785,661</u>
<b>Deferred Inflows of Resources</b>	
Prepaid taxes	486
Pension deferrals	2,359,759
Total deferred inflows of resources	<u>2,360,245</u>
<b>Net Position</b>	
Net investment in capital assets	28,803,183
Restricted for:	
Stabilization by state statute	2,893,797
General government	4,216
Public safety	36,297
Unrestricted	9,279,012
Total net position	<u>\$ 41,016,505</u>

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

Village of Pinehurst, North Carolina  
Statement of Activities  
Fiscal Year Ended June 30, 2022

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Governmental Activities
Governmental activities:					
General government	\$ 2,795,809	\$ 37,442	\$ 4,216	\$ -	\$ (2,754,151)
Public safety	7,152,920	686,579	20,737	-	(6,445,604)
Transportation	3,565,665	-	569,055	-	(2,996,610)
Economic and physical development	963,250	253,421	-	-	(709,829)
Environmental protection	2,066,834	-	13,308	-	(2,053,526)
Cultural and recreation	3,632,670	723,934	1,243	940,150	(1,967,343)
Interest on long-term debt	201	-	-	-	(201)
<b>Total governmental activities</b>	<b>\$ 20,177,349</b>	<b>\$ 1,701,376</b>	<b>\$ 608,559</b>	<b>\$ 940,150</b>	<b>(16,927,264)</b>
General revenues:					
Ad valorem taxes					12,260,171
Unrestricted intergovernmental					7,955,501
Investment earnings					24,651
Miscellaneous					504,001
<b>Total general revenues</b>					<b>20,744,324</b>
<b>Change in net position</b>					<b>3,817,060</b>
<b>Net position, beginning</b>					<b>37,199,445</b>
<b>Net position, ending</b>					<b>\$ 41,016,505</b>

Village of Pinehurst, North Carolina  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2022**

**Exhibit 3**

	<b>Major Funds</b>			<b>Total Governmental Funds</b>
	<b>General Fund</b>	<b>American Rescue Plan Act Special Revenue Fund</b>	<b>Library Expansion Capital Project Fund</b>	
<b>Assets</b>				
Cash and cash equivalents	\$ 14,802,605	\$ -	\$ 400,319	\$ 15,202,924
Restricted cash and cash equivalents	-	2,652,592	-	2,652,592
Receivables, net:				
Taxes	17,378	-	-	17,378
Other	11,662	-	-	11,662
Due from other governments	2,304,954	-	-	2,304,954
Inventories	74,697	-	-	74,697
Prepaid items	71,056	-	-	71,056
	<u>17,282,352</u>	<u>2,652,592</u>	<u>400,319</u>	<u>20,335,263</u>
Total assets	<u>\$ 17,282,352</u>	<u>\$ 2,652,592</u>	<u>\$ 400,319</u>	<u>\$ 20,335,263</u>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 1,078,526	\$ -	\$ -	\$ 1,078,526
Withholdings and accrued expenditures	630,777	-	-	630,777
Deposits	313,515	-	-	313,515
Unearned revenues	-	2,648,376	-	2,648,376
	<u>2,022,818</u>	<u>2,648,376</u>	<u>-</u>	<u>4,671,194</u>
Total liabilities	<u>2,022,818</u>	<u>2,648,376</u>	<u>-</u>	<u>4,671,194</u>
Deferred inflows of resources:				
Prepaid taxes	486	-	-	486
Unavailable revenues	19,089	-	-	19,089
	<u>19,575</u>	<u>-</u>	<u>-</u>	<u>19,575</u>
Total deferred inflows of resources	<u>19,575</u>	<u>-</u>	<u>-</u>	<u>19,575</u>
Fund balances:				
Nonspendable:				
Inventory	74,697	-	-	74,697
Prepaid items	71,056	-	-	71,056
Restricted:				
General government	-	4,216	-	4,216
Stabilization by state statute	2,893,797	-	-	2,893,797
Public safety	36,297	-	-	36,297
Committed:				
Cultural and recreation	-	-	400,319	400,319
Library and archives	544,777	-	-	544,777
Future capital	6,942,557	-	-	6,942,557
Unassigned	4,676,778	-	-	4,676,778
	<u>15,239,959</u>	<u>4,216</u>	<u>400,319</u>	<u>15,644,494</u>
Total fund balances	<u>15,239,959</u>	<u>4,216</u>	<u>400,319</u>	<u>15,644,494</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 17,282,352</u>	<u>\$ 2,652,592</u>	<u>\$ 400,319</u>	<u>\$ 20,335,263</u>

**Village of Pinehurst, North Carolina**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Statement of Net Position**  
**June 30, 2022**

**Exhibit 4**

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Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:		
Total fund balance, governmental funds		\$ 15,644,494
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:		
Gross capital assets at historical cost	\$ 56,131,279	
Accumulated depreciation	<u>(27,328,096)</u>	28,803,183
Right-to-use leased assets used in governmental activities are not financial resources and therefore are not reported in the funds:		
Right-to-use assets at historical cost	36,123	
Accumulated amortization	<u>(10,972)</u>	25,151
Deferred outflows of resources related to pensions are not reported in the funds		2,998,814
Liabilities for earned revenues considered deferred inflows of resources in the fund statements:		
Taxes receivable	17,378	
Other receivables	<u>1,711</u>	19,089
Some liabilities, including notes payable and accrued interest are not due and payable in the current period and therefore are not reported in the funds:		
Accrued interest payable	(59)	
Compensated absences payable	(846,421)	
Lease liabilities	(24,922)	
Net pension liability	(1,607,209)	
Total pension liability	<u>(1,635,856)</u>	(4,114,467)
Deferred inflows of resources related to pensions are not reported in the funds		<u>(2,359,759)</u>
Net position of governmental activities		<u><u>\$ 41,016,505</u></u>

Village of Pinehurst, North Carolina  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
Fiscal Year Ended June 30, 2022

Exhibit 5

	Major Funds			Total Governmental Funds
	General Fund	American Rescue Plan Act Special Revenue Fund	Library Expansion Capital Project Fund	
<b>Revenues</b>				
Ad valorem taxes	\$ 12,257,753	\$ -	\$ -	\$ 12,257,753
Golf cart licenses	4,755	-	-	4,755
Unrestricted intergovernmental	7,955,501	-	-	7,955,501
Restricted intergovernmental	604,104	-	-	604,104
Permits and fees	944,902	-	-	944,902
Sales and services	762,888	-	-	762,888
Investment earnings	24,570	4,216	319	29,105
Miscellaneous	469,548	-	-	469,548
Total revenues	23,024,021	4,216	319	23,028,556
<b>Expenditures</b>				
Current:				
General government	3,005,708	-	-	3,005,708
Public safety	7,552,785	-	-	7,552,785
Transportation	3,794,494	-	-	3,794,494
Economic and physical development	967,626	-	-	967,626
Environmental protection	1,901,761	-	-	1,901,761
Cultural and recreation	3,509,789	-	-	3,509,789
Debt service:				
Principal	11,201	-	-	11,201
Interest and other charges	142	-	-	142
Total expenditures	20,743,506	-	-	20,743,506
Excess (deficiency) of revenues over (under) expenditures	2,280,515	4,216	319	2,285,050
<b>Other Financing Sources (Uses)</b>				
Transfers to other funds	(400,000)	-	-	(400,000)
Transfers from other funds	-	-	400,000	400,000
Lease liabilities issued	36,123	-	-	36,123
Sales of capital assets	34,453	-	-	34,453
Total other financing sources	(329,424)	-	400,000	70,576
Net change in fund balance	1,951,091	4,216	400,319	2,355,626
Fund balances, beginning	13,288,868	-	-	13,288,868
Fund balances, ending	\$ 15,239,959	\$ 4,216	\$ 400,319	\$ 15,644,494

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

**Village of Pinehurst, North Carolina**  
**Reconciliation of the Governmental Funds Statement of Revenues,**  
**Expenditures, and Changes in Fund Balances to the Statement of Activities**  
**For the Fiscal Year Ended June 30, 2022**

**Exhibit 6**

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

Net changes in fund balances - total governmental funds \$ 2,355,626

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

Capital outlay expenditures which were capitalized	\$ 2,398,746	
Depreciation expense	<u>(1,955,766)</u>	442,980

Right to use leased asset capital outlay expenditures which were capitalized	36,123	
Amortization expense for intangible assets	<u>(10,972)</u>	25,151

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities 906,031

Benefit payments paid and administrative expenses for the LEOSSA are not included on the Statement of Activities 145,581

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) in the current period:

Donated assets received	940,150	
Gain on disposal of assets	34,453	
Proceeds from disposal of assets	<u>(34,453)</u>	940,150

Revenues in the Statement of Activities that are not reported as revenues in the fund statements:

Change in other deferred inflows	(11,168)	
Change in deferred tax inflows	<u>2,418</u>	(8,750)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt:

New long-term debt issued	(36,123)	
Principal payments	11,201	
Increase in accrued interest payable	<u>(59)</u>	(24,981)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Compensated absences	(33,812)	
Pension expense	<u>(930,916)</u>	<u>(964,728)</u>

Total changes in net position of governmental activities		<u>\$ 3,817,060</u>
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## General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balances -  
Annual Budget and Actual  
Year Ended June 30, 2022

	General Fund			Variance with Final Budget- Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
<b>Revenues</b>				
Ad valorem taxes	\$ 12,210,000	\$ 12,241,000	\$ 12,257,753	\$ 16,753
Golf cart licenses	3,000	3,000	4,755	1,755
Unrestricted intergovernmental	6,778,700	7,548,700	7,955,501	406,801
Restricted intergovernmental	484,250	587,250	604,104	16,854
Permits and fees	894,000	894,000	944,902	50,902
Sales and services	689,950	676,150	762,888	86,738
Investment earnings	1,400	1,400	24,570	23,170
Miscellaneous	374,980	371,180	469,548	98,368
Total revenues	<u>21,436,280</u>	<u>22,322,680</u>	<u>23,024,021</u>	<u>701,341</u>
<b>Expenditures</b>				
Current:				
General government	3,399,032	3,402,767	3,005,708	397,059
Public safety	7,786,118	8,588,757	7,552,785	1,035,972
Transportation	4,619,001	4,832,436	3,794,494	1,037,942
Economic and physical development	1,371,490	1,419,223	967,626	451,597
Environmental protection	2,118,230	2,221,400	1,901,761	319,639
Cultural and recreation	4,143,359	4,316,824	3,509,789	807,035
Debt service:				
Principal retirement	-	17,000	11,201	5,799
Interest and fees	-	1,000	142	858
Total expenditures	<u>23,437,230</u>	<u>24,799,407</u>	<u>20,743,506</u>	<u>4,055,901</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,000,950)</u>	<u>(2,476,727)</u>	<u>2,280,515</u>	<u>4,757,242</u>
<b>Other Financing Sources (Uses):</b>				
Transfers to other funds	(550,000)	(550,000)	(400,000)	150,000
Lease liabilities issued	-	42,000	36,123	(5,877)
Sales of capital assets	20,000	20,000	34,453	14,453
Total other financing sources	<u>(530,000)</u>	<u>(488,000)</u>	<u>(329,424)</u>	<u>158,576</u>
Fund balance appropriated	<u>2,530,950</u>	<u>2,964,727</u>	<u>-</u>	<u>(2,964,727)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>1,951,091</u>	<u>\$ 1,951,091</u>
Fund balances, beginning			<u>13,288,868</u>	
Fund balances, ending			<u>\$ 15,239,959</u>	

## Notes to Financial Statements

### 1. Summary of Significant Accounting Policies

The accounting policies of the Village conform to generally accepted accounting principles (GAAP) as applicable to governments. The following is a summary of the more significant accounting policies:

#### A. Reporting Entity

The Village of Pinehurst is a municipal corporation that is governed by a five-member council. The mayor is directly elected along with the other four council members. For financial reporting purposes, in accordance with generally accepted accounting principles, the Village includes any separate entity for which the Village is financially accountable. For the year ended June 30, 2022, no other entity is included in the Village 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. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Eliminations of these charges are performed to avoid distortion of the direct costs and program revenues reported for the various functions concerned. These statements report the *governmental activities* of the Village. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

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. 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 Village has no fiduciary funds to report. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

The Village reports the following major governmental funds:

The **General Fund** is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund. The primary sources of revenue are ad valorem taxes and intergovernmental revenues. The primary expenditures are for public safety, transportation, cultural and recreation, and general government services.

The **American Rescue Plan Act Special Revenue Fund** is used to account for federal grant funds received as part of the American Rescue Plan Act for COVID-19 relief and economic recovery.

The **Library Expansion Capital Project Fund** is used to account for the design and construction of an addition to the Given Memorial Library and Tufts Archives building. To enhance consistency and for ease of readability, we have elected to report this fund as a major fund in this initial period, as it will be classified as a major fund in the future.

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

In accordance with North Carolina General Statutes, all governmental funds of the Village are accounted for during the year on 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 in which all eligibility requirements have been satisfied.

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

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

The Village considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes 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 utilities sales tax, collected and held by the State at year-end on behalf of the Village are recognized as revenue. Sales taxes are considered a shared revenue for the Village 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. Grant revenues which are unearned at year-end are recorded as unearned revenues. Under the terms of grant agreements, the Village 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. As it is the Village's

**Village of Pinehurst, North Carolina**  
**Notes to Financial Statements**  
**June 30, 2022**

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policy to use restricted revenue sources before unrestricted, we first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

***D. Budgetary Data***

The Village's budgets are adopted as required by North Carolina General Statutes. An annual budget ordinance is adopted for the General Fund. All annual appropriations lapse at fiscal year-end. A project ordinance is adopted for the Library Expansion Capital Project Fund, and a grant project ordinance is adopted for the American Rescue Plan Act Special Revenue Fund. All budgets are prepared using the modified accrual basis of accounting.

Expenditures may not legally exceed appropriations at the department level for the General Fund, the department level for the special revenue fund, and the object level for the capital project fund. A function is a group of related activities aimed at accomplishing a major service, such as public safety; a department is a component of a function, such as police. The Village manager may authorize all budget transfers within a department and transfers that do not exceed \$25,000 between departments in a single budget amendment. In the event a State of Emergency is declared by the Mayor or designee, unlimited budget amendment authority within the same fund is granted to the Village manager for expenditures directly related to the emergency. Transfers between funds require council approval. During the year, several amendments to the original budget became necessary, the effects of which were not material. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

As required by North Carolina General Statutes, Chapter 159, Section 26(d) [hereinafter references to the North Carolina General Statutes will be cited as G.S.], the Village maintains encumbrance accounts, which are considered to be "budgetary accounts." Encumbrances outstanding at year end represent the estimated amounts of the expenditures ultimately to result if unperformed contracts in process at year end are completed.

***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 non-guaranteed federal agencies, certain high quality issues of commercial paper and bankers' acceptances, and the North Carolina Capital Management Trust (NCCMT).

The Village's investments are reported at fair value. The NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value. Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, it is presented as an investment with a maturity of less than 6 months.

2. Cash and Cash Equivalents

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

**Village of Pinehurst, North Carolina**  
**Notes to Financial Statements**  
**June 30, 2022**

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3. Restricted Assets

American Rescue Plan Act (ARPA) funds are classified as restricted cash because they can be expended only for the purposes outlined in the grant agreement. The ARPA funds are the Village's only restricted cash, totaling \$2,652,592. These funds are part of the Village's governmental activities.

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, 2021.

5. Allowances for Doubtful Accounts

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

6. Inventory and Prepaid Items

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

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

7. Capital Assets

Capital assets are defined by the government as tangible or intangible assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Donated capital assets received prior to July 1, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after July 1, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Right of ways	40 years
Infrastructure	20 to 40 years
Buildings and improvements	20 years
Furniture and equipment	3 to 10 years
Vehicles	4 to 20 years

8. Right-to-Use Assets

The Village has recorded right-to-use lease assets as a result of implementing GASB 87, *Leases*. The right-to-use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right-to-use assets are amortized on a straight-line basis over the life of the related lease.

9. 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 assets that applies to future periods and so will not be recognized as an expense or expenditure until then. The Village has one item that meets this criterion: pension deferrals for the 2022 fiscal year.

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 assets that applies to future periods and so will not be recognized as revenue until then. The Village has several items that meet the criterion for this category - prepaid taxes, taxes receivable, other receivables, and pension deferrals.

10. Long-Term Obligations

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

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

11. Compensated Absences

The vacation policy of the Village provides for the accumulation without any applicable maximum until December 31 of each year. At December 31, employees may carryover two times the employee's annual accrual rate for the current year. This rate varies according to years of employment and position. Any excess hours removed from vacation shall be added to the employee's sick leave balance. The Village has assumed a first-in, first-out method of using accumulated compensated time. Compensated vacation absences are reported in the government-wide financial statements as an expense and a liability as the leave is earned. 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 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.

12. Reimbursements for Pandemic-Related Expenditures

In fiscal year 2021, the American Rescue Plan Act (ARPA) established the Coronavirus State and Local Fiscal Recovery Funds to support urgent COVID-19 response efforts and replace lost revenue for eligible state, local, territorial, and tribal governments. The Village was allocated \$5,296,752 of fiscal recovery funds to be paid in two equal installments. The first installment of \$2,648,376 was received in August 2021. The second installment will be received in August 2022. The Village did not expend any of the funds in fiscal year 2022 but plans to use the funds for revenue replacement in fiscal year 2023. Revenue replacement funds will be transferred to the General Fund once the intended use of the funds has been finalized.

**Village of Pinehurst, North Carolina**  
**Notes to Financial Statements**  
**June 30, 2022**

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13. Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

*Prepaid items* - The portion of fund balance that is not an available resource because it represents expenditures that were paid in the current fiscal year, but are attributed to the next fiscal year.

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

*Restricted for General Government* - The portion of fund balance that is restricted by revenue source for general government expenditures.

*Restricted for Stabilization by State Statute* - North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State Statute (RSS) is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State statute." Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget. Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding encumbrances are included within RSS. RSS is included as a component of restricted net position and restricted fund balance on the face of the balance sheet.

*Restricted for Public Safety* - The portion of fund balance that is restricted through an equitable sharing agreement entered into between the Federal government, the Village's police department, and the governing body.

*Committed Fund Balance.* The portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of the Village's governing body (highest level of decision-making authority). The governing body can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the

limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

*Committed for cultural and recreation* - The portion of fund balance that can only be used for the design of the Given Memorial Library and Tufts Archives building expansion.

*Committed for library and archives* - The portion of fund balance that can only be used for improvements to the existing Given Memorial Library and Tufts Archives building and other operational improvements.

*Committed for future capital* - The portion of fund balance that can only be used for future capital needs.

*Assigned Fund Balance.* The portion of fund balance that the Village's governing body has budgeted and intends to use for specific purposes. Any changes or removal of specific purpose requires majority action by the Village Council.

*Subsequent year's expenditures* - The portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The Village Council approves the appropriation; however, the budget ordinance authorizes the manager to modify the appropriations by resource or appropriation within funds up to \$25,000. In FY 2022, no fund balance was appropriated in the next year's budget, as funds will be transferred from the American Rescue Plan Act Special Revenue Fund once eligibility requirements have been met.

*Unassigned Fund Balance.* The portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds. In the general fund, this amount may be negative or positive. However, the general fund is the only governmental fund that reports a positive unassigned fund balance amount.

For the purpose 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 Village has also adopted a minimum fund balance policy for the general fund which instructs management to conduct the business of the Village in such a manner that available fund balance is at least 15% of actual expenditures and total fund balance is at least 30% of budgeted expenditures. Any portion of the general fund balance in excess of 30% of budgeted expenditures may be appropriated for expenditure by the Village Council. The policy also states that when total fund balance at June 30 is in excess of 40% of actual General Fund expenditures, Council may commit excess fund balance for future capital needs.

#### 14. Defined Benefit Cost-Sharing Plans

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



## 2. Deposits and Investments

### A. Deposits

All of the Village's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the Village's agents in the unit's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer.

Since the State Treasurer is acting in a fiduciary capacity for the Village, these deposits are considered to be held by the Village's agent in the Village's name. 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 amount 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 enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Village has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Village complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2022, the Village's deposits had a carrying amount of \$659,984. The cash balance in the bank at June 30, 2022 totaled \$235,999. All of the bank balance was covered by federal depository insurance, thus none was covered by collateral held under the Pooling Method. At June 30, 2022, the Village's petty cash fund totaled \$950.

### B. Investments

At June 30, 2022, the Village's investment balances were as follows:

	<u>Investment Type</u>	<u>Valuation Measurement Method</u>	<u>Book Value at June 30, 2022</u>	<u>Maturity</u>	<u>Rating</u>
NC Capital Management Trust	Government Portfolio	Fair Value Level 1	\$ <u>17,194,582</u>	N/A	AAAm
Total			\$ <u>17,194,582</u>		

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

*Level of Fair Value Hierarchy.* Level 1 debt securities are valued using directly observable, quoted prices (unadjusted) in active markets for identical assets.

*Interest Rate Risk.* As a means of limiting its exposure to fair value losses arising from rising interest rates, the Village's investment policy will structure the investment portfolio so that securities mature to meet cash requirements for ongoing operations. Also, the Village's investment policy requires the investment of operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools.

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*Credit Risk.* Credit risk is the risk of loss due to the failure of the security issuer or backer. The Village will minimize this risk by limiting investments to the safest types of securities, pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which the Village will do business, and diversifying the investment portfolio so that potential losses on individual securities will be minimized. The Village's investment in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAM by Standard & Poor's and AAA-mf by Moody's Investors Service as of June 30, 2022.

**3. Receivables**

The amounts presented in the Balance Sheet and the Statement of Net Position for the year ended June 30, 2022 are net of the following allowances for doubtful accounts:

	<u>General</u>
Other receivables:	
Planning and Inspections fines	\$ 12,118
Other accounts receivable	2,336
Harness Track stall rent	<u>146</u>
Total	<u>\$ 14,600</u>

**4. Capital Assets**

Capital asset activity for the Primary Government for the year ended June 30, 2022, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 6,710,966	\$ 360,870	\$ -	\$ 7,071,836
Construction in progress	<u>195,705</u>	<u>8,732</u>	<u>(195,705)</u>	<u>8,732</u>
Total capital assets not being depreciated	<u>6,906,671</u>	<u>369,602</u>	<u>(195,705)</u>	<u>7,080,568</u>
Capital assets being depreciated:				
Right of ways	562,255	-	-	562,255
Buildings and improvements	27,148,304	1,796,653	-	28,944,957
Furniture and equipment	4,201,573	210,153	(25,756)	4,385,970
Vehicles	7,233,824	749,997	(183,049)	7,800,772
Infrastructure	<u>6,948,561</u>	<u>408,196</u>	<u>-</u>	<u>7,356,757</u>
Total capital assets being depreciated	<u>46,094,517</u>	<u>3,164,999</u>	<u>(208,805)</u>	<u>49,050,711</u>

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	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Less accumulated depreciation for:				
Right of ways	\$ 57,012	\$ 14,056	\$ -	\$ 71,068
Buildings and improvements	16,610,429	955,697	-	17,566,126
Furniture and equipment	3,109,349	298,410	(25,756)	3,382,003
Vehicles	4,169,558	509,186	(183,049)	4,495,695
Infrastructure	<u>1,634,787</u>	<u>178,417</u>	<u>-</u>	<u>1,813,204</u>
Total accumulated depreciation	<u>25,581,135</u>	<u>1,955,766</u>	<u>(208,805)</u>	<u>27,328,096</u>
Total capital assets being depreciated, net	<u>20,513,382</u>	<u>1,209,233</u>	<u>-</u>	<u>21,722,615</u>
Governmental activity capital assets, net	<u>\$ 27,420,053</u>	<u>\$ 1,578,835</u>	<u>\$ (195,705)</u>	<u>\$ 28,803,183</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

General government	\$ 166,284
Public safety	470,776
Transportation	450,931
Environmental protection	166,925
Cultural and recreation	<u>700,850</u>
Total depreciation expense	<u>\$ 1,955,766</u>

*Construction and Other Capital-Related Commitments.* The Village has active construction projects and other capital related commitments as of June 30, 2022. The projects include the purchase of a replacement garbage truck, Inspections truck, and Streets & Grounds truck, construction of the Fire Station storage building, and the design of sidewalks on Pine Vista Drive and McKenzie Road. At June 30, 2022, the Village's commitments with contractors and vendors are as follows:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Solid Waste garbage truck	\$ -	\$ 210,253
Inspections truck	-	23,937
Streets & Grounds truck	-	29,400
Fire Station storage building	-	274,202
Pine Vista and McKenzie Road sidewalks design	<u>1,982</u>	<u>44,763</u>
Total	<u>\$ 1,982</u>	<u>\$ 582,555</u>

*Historical Artifacts and Collections.* On April 18, 2022, ownership and operations of the Given Memorial Library and Tufts Archives was transferred to the Village of Pinehurst. As part of that transaction, the Village acquired various works of art, historical artifacts, and documents related to Pinehurst history, including the Donald Ross golf course design collection. According to GASB 34, paragraph 27, institutions are not required to capitalize a collection and all additions to that collection if they meet the following conditions:

1. Held for public exhibition, education, or research in furtherance of public service, rather than financial gain
2. Protected, kept unencumbered, cared for, and preserved

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3. Subject to organizational policy that requires the proceeds from all sales of collection items to be used to acquire other items for collections

The Village considers these collections to be inexhaustible and all of the required criteria above have been met, thus the collections are not capitalized in the financial statements.

## 5. Right-to-Use Leased Assets

The Village has recorded seven right-to-use leased assets. The assets are right-to-use assets for leased equipment. The related leases are discussed in the Leases subsection of the liabilities section. The right-to-use lease assets are amortized on a straight-line basis over the terms of the related leases.

Right-to-use asset activity for the Village for the year ended June 30, 2022 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Right-to-use assets:				
Leased equipment	\$ -	\$ 36,123	\$ -	\$ 36,123
Total right-to-use assets	-	36,123	-	36,123
Less accumulated amortization for:				
Leased equipment	-	10,972	-	10,972
Total accumulated amortization	-	10,972	-	10,972
Right-to-use assets, net	<u>\$ -</u>	<u>\$ 25,151</u>	<u>\$ -</u>	<u>\$ 25,151</u>

## 6. Pension Plan and Postemployment Obligations

### A. Local Governmental Employees' Retirement System

*Plan Description.* The Village is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the state of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members - nine appointed by the Governor, one appointed by the State Senate, one appointed by the 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 Annual Comprehensive Financial Report for the state of North Carolina. The state's Annual Comprehensive Financial Report includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, 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.

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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.

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 a return of the member's contributions.

*Contributions.* Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Village 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's contractually required contribution rate for the year ended June 30, 2022, was 12.04% of compensation for law enforcement officers and 11.41% 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 were \$906,031 for the year ended June 30, 2022.

*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, 2022, the Village reported a liability of \$1,607,209 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021 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 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, 2021, the Village's proportion was 0.105%, which was the same as its proportion measured as of June 30, 2020.

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For the year ended June 30, 2022, the Village recognized pension expense of \$708,869. At June 30, 2022, 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	\$ 511,311	\$ -
Changes in assumptions	1,009,738	-
Net difference between projected and actual earnings on pension plan investments	-	2,296,218
Changes in proportion and differences between Village contributions and proportionate share of contributions	32,597	20,343
Village contributions subsequent to the measurement date	<u>906,031</u>	<u>-</u>
Total	<u>\$ 2,459,677</u>	<u>\$ 2,316,561</u>

The \$906,031 reported as deferred outflows of resources related to pensions resulting from Village contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

**Year Ended June 30:**

2022	\$ 154,826
2023	(39,381)
2024	(175,705)
2025	(702,655)
2026	-
Thereafter	<u>-</u>
Total	<u>\$ (762,915)</u>

*Actuarial Assumptions.* The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.25 to 8.25 percent, including inflation and productivity factor
Investment rate of return	6.50 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, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014. Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance

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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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2021 are summarized in the following table:

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

The information above is based on 30-year expectations developed with the consulting actuary for the 2020 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 2.50%. All rates of return and inflation are annualized.

*Discount Rate.* The discount rate used to measure the total pension liability was 6.50%. 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 Liability to Changes in the Discount Rate.* The following presents the Village's proportionate share of the net pension liability calculated using the discount rate of 6.50 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 (5.50 percent) or one percentage point higher (7.50 percent) than the current rate:

	<u>1% Decrease (5.50%)</u>	<u>Discount Rate (6.50%)</u>	<u>1% Increase (7.50%)</u>
Village's proportionate share of the net pension liability (asset)	\$ 6,239,050	\$ 1,607,209	\$ (2,204,528)

*Pension Plan Fiduciary Net Position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued Annual Comprehensive Financial Report for the state of North Carolina.

**B. Law Enforcement Officers Special Separation Allowance**

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

All full-time Village law enforcement officers are covered by the Separation Allowance.

At the December 31, 2020 Valuation Date, the Separation Allowance’s membership consisted of:

Retirees receiving benefits	8
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>23</u>
Total	<u><u>31</u></u>

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

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

*Actuarial Assumptions.* The entry age actuarial cost method was used in the December 31, 2020 valuation. The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.25 to 7.75 percent, including inflation
Discount rate	2.25 percent

The discount rate is based on the yield of the S&P Municipal Bond 20-Year High Grade Rate Index as of December 31, 2020.

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

*Change in Actuarial Assumptions.* On the Prior Measurement Date (December 31, 2020), the Municipal Bond Index Rate, on which the discount rate is based, was 1.93%. Since the Prior Measurement Date, the Municipal Bond Index Rate has increased to 2.25% as of the Measurement Date (December 31, 2021). These changes resulted in a \$39,156 decrease in the Total Pension Liability.

*Contributions.* The Village is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay-as-you-go basis through



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appropriations made in the General Fund operating budget. There were no contributions made by employees. The Village's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The Village paid \$143,714 as benefits came due for the reporting period.

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.*** At June 30, 2022, the Village reported a total pension liability of \$1,635,856. The total pension liability was measured as of December 31, 2021 based on a December 31, 2020 actuarial valuation. The total pension liability was rolled forward to December 31, 2021 utilizing updated procedures incorporating the actuarial assumptions. For the year ended June 30, 2022, the Village recognized pension expense of \$222,047.

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 221,500	\$ 510
Changes in assumptions	244,766	42,688
Benefit payments and plan administrative expense made subsequent to the measurement date	<u>72,871</u>	<u>-</u>
Total	<u>\$ 539,137</u>	<u>\$ 43,198</u>

The \$72,871 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

**Year Ended June 30:**

2023	\$ 133,607
2024	124,138
2025	117,656
2026	47,460
2027	207
Thereafter	<u>-</u>
Total	<u>\$ 423,068</u>

***Sensitivity of the Village's Total Pension Liability to Changes in the Discount Rate.*** The following presents the Village's total pension liability calculated using the discount rate of 2.25 percent, as well as what the Village's total pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.25 percent) or 1 percentage point higher (3.25 percent) than the current rate:

	<b>1% Decrease (1.25%)</b>	<b>Decrease Rate (2.25%)</b>	<b>1% Increase (3.25%)</b>
Total pension liability	\$ 1,762,077	\$ 1,635,856	\$ 1,520,668

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

	<b>2022</b>
Beginning balance	\$ 1,687,722
Service cost	57,850
Interest on the total pension liability	31,186
Differences between expected and actual experience in the measurement of the total pension liability	41,968
Changes of assumptions or other inputs	(39,156)
Benefit payments	(143,714)
Ending balance of the total pension liability	\$ 1,635,856

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

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an experience study completed by the Actuary for the Local Governmental Employees' Retirement System for the five-year period ending December 31, 2020.

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

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

	<b>LGERS</b>	<b>LEOSSA</b>	<b>Total</b>
Pension expense	\$ 708,869	\$ 222,047	\$ 930,916
Pension liability	1,607,209	1,635,856	3,243,065
Proportionate share of the net pension liability	0.105%	n/a	
Deferred outflows of resources:			
Differences between expected and actual experience	511,311	221,500	732,811
Changes in assumptions	1,009,738	244,766	1,254,504
Changes in proportion and differences between contributions and proportionate share of contributions	32,597	-	32,597
Benefit payments and administrative costs paid subsequent to the measurement date	906,031	72,871	978,902
Deferred inflows of resources:			
Differences between expected and actual experience	-	510	510
Changes in assumptions	-	42,688	42,688
Net difference between projected and actual earnings on plan investments	2,296,218	-	2,296,218
Changes in proportion and differences between contributions and proportionate share of contributions	20,343	-	20,343

**C. Supplemental Retirement Income Plan for Law Enforcement Officers**

*Plan Description.* The Village contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the Village. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Annual Comprehensive Financial Report for the state of North Carolina. The State's Annual Comprehensive Financial Report 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, 2022 were \$114,294, which consisted of \$69,035 from the Village and \$45,259 from the law enforcement officers. Since the funds vest immediately, no amounts were forfeited.

**D. Deferred Compensation Plan**

The Village offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 401(k). The plan, available to all Village employees, permits them to defer a portion of their salary until future years. The Village established the plan and may amend it at its discretion. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. All amounts of compensation deferred under the plan and all income attributable to those amounts are immediately 100% vested to the participant. The Village currently contributes five percent for all regular employees to the plan. Contributions for the year ended June 30, 2022 were \$668,489, which consisted of \$320,633 from the Village and \$347,856 in voluntary contributions from employees. Since the funds vest immediately, no amounts were forfeited.

The Village also offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Village employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. All amounts of compensation deferred under the plan and all income attributable to those amounts are immediately 100% vested to the participant. The Village does not make contributions to the 457 plan.

**E. 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 or be less than \$25,000. Because all death benefit payments are made from the Death Benefit Plan and not by the Village, the Village does not determine the number of eligible participants. The Village has no liability beyond the payment of monthly contributions.

The contributions to Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payrolls, based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The Village considers these contributions to be immaterial.

**Village of Pinehurst, North Carolina**  
**Notes to Financial Statements**  
**June 30, 2022**

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The Village also provides group life insurance to all full-time and regular part-time employees who have been employed for a minimum of 30 days. Tier 1 employees, which includes managers, department heads, and assistant department heads, are provided \$50,000 of coverage. All other eligible employees in Tier 2 are covered at \$25,000. The coverage amounts provided under the group term life insurance may change annually.

Each year, the total amount of life insurance coverage provided under the Death Benefit Plan and the group life insurance plan are evaluated. The amount of life insurance coverage in excess of \$50,000 is considered a taxable fringe benefit and an imputed premium value for the excess life insurance benefit is added to each employees taxable earnings for the year.

**7. Deferred Outflows and Inflows of Resources**

Deferred outflows of resources reported on the Statement of Net Position at year end is comprised of the following:

Contributions to LGERS pension plan in the current fiscal year	\$ 906,031
Benefit payments to LEOSSA recipients in the current fiscal year	72,871
Difference between actual and expected experience	732,811
Changes in assumptions	1,254,504
Changes in proportion and differences between Village contributions and proportionate share of contributions	<u>32,597</u>
Total	<u>\$ 2,998,814</u>

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

	<u>Statement of Net Position</u>	<u>General Fund Balance Sheet</u>
Prepaid taxes	\$ 486	\$ 486
Taxes receivable, less penalties	-	17,378
Other receivables	-	1,711
Changes in assumptions	42,688	-
Net difference between projected and actual earnings on pension plan investments	2,296,218	-
Changes in proportion and differences between Village contributions and proportionate share of contributions	20,343	-
Differences between expected and actual experience	<u>510</u>	<u>-</u>
Total	<u>\$ 2,360,245</u>	<u>\$ 19,575</u>

**8. 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 two self-funded risk-financing pools administered by the North Carolina League of Municipalities. Through these pools, the Village obtains general liability and auto liability coverage of \$5 million per occurrence, property coverage up to the total insured values of the property policy, and workers' compensation coverage up to statutory limits. 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. Excess insurance coverage is purchased by the Board of Trustees to protect against large workers' compensation 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.

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.

As the Village has no facilities within a FEMA-recognized flood zone, we have elected not to carry additional flood insurance coverage.

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 \$250,000 and \$10,000 respectively. The remaining employees that have access to funds are bonded under a blanket bond for \$500,000.

## **9. Claims, Judgments and Contingent Liabilities**

At June 30, 2022, the Village was a defendant to various lawsuits. In the opinion of Village management and the Village attorney, the ultimate outcome of these legal matters will not have a material adverse effect on the Village's financial position.

## **10. Long-Term Obligations**

### **A. Leases**

The Village has entered into agreements to lease certain equipment. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

On July 1, 2021, the Village entered into a 33 month lease for the use of a Toshiba copier for Administration. An initial lease liability was recorded in the amount of \$4,970.75. As of June 30, 2022, the value of the lease liability is \$3,168.92. Village of Pinehurst is required to make quarterly fixed principal and interest payments of \$523.50. The lease has an interest rate of 0.7270%. The value of the right to use asset as of June 30, 2022 of \$4,970.75 with accumulated amortization of \$1,807.54 is included with equipment on the right to use leased assets schedule in Note 5.

On July 1, 2021, the Village entered into a 33 month lease for the use of another Toshiba copier for Administration. An initial lease liability was recorded in the amount of \$4,709.13. As of June 30, 2022, the value of the lease liability is \$3,002.13. The Village is required to make quarterly fixed principal and interest payments of \$499.50. The lease has an interest rate of 0.7270%. The value of the right to use asset as of June 30, 2022 of \$4,709.13 with accumulated amortization of \$1,712.41 is included with equipment on the right to use leased assets schedule in Note 5.

**Village of Pinehurst, North Carolina**  
**Notes to Financial Statements**  
**June 30, 2022**

On July 1, 2021, the Village entered into a 33 month lease for the use of a Toshiba copier for Police. An initial lease liability was recorded in the amount of \$2,507.61. As of June 30, 2022, the value of the lease liability is \$1,598.64. The Village is required to make quarterly fixed principal and interest payments of \$297.54. The lease has an interest rate of 0.7270%. The value of the right to use asset as of June 30, 2022 of \$2,507.61 with accumulated amortization of \$911.86 is included with equipment on the right to use leased assets schedule in Note 5.

On July 1, 2021, the Village entered into a 18 month lease for the use of a Toshiba copier for Recreation. An initial lease liability was recorded in the amount of \$2,665.87. As of June 30, 2022, the value of the lease liability is \$889.76. The Village is required to make quarterly fixed principal and interest payments of \$513.24. The lease has an interest rate of 0.5140%. The value of the right to use asset as of June 30, 2022 of \$2,665.87 with accumulated amortization of \$1,777.25 is included with equipment on the right to use leased assets schedule in Note 5.

On July 1, 2021, the Village entered into a 33 month lease for the use of a Toshiba copier for Financial Services. An initial lease liability was recorded in the amount of \$4,709.13. As of June 30, 2022, the value of the lease liability is \$3,002.13. The Village is required to make quarterly fixed principal and interest payments of \$499.50. The lease has an interest rate of 0.7270%. The value of the right to use asset as of June 30, 2022 of \$4,709.13 with accumulated amortization of \$1,712.41 is included with equipment on the right to use leased assets schedule in Note 5.

On July 1, 2021, the Village entered into a 42 month lease for the use of a postage meter. An initial lease liability was recorded in the amount of \$9,474.33. As of June 30, 2022, the value of the lease liability is \$6,786.39. The Village is required to make quarterly fixed principal and interest payments of \$687.00. The lease has an interest rate of 0.8930%. The value of the right to use asset as of June 30, 2022 of \$9,474.33 with accumulated amortization of \$2,656.36 is included with equipment on the right to use leased assets schedule in Note 5.

On May 1, 2022, the Village entered into a 36 month lease for the use of a Toshiba copier for the Library and Archives. An initial lease liability was recorded in the amount of \$7,086.49. As of June 30, 2022, the value of the lease liability is \$6,474.49. The Village is required to make quarterly fixed principal and interest payments of \$747.00. The lease has an interest rate of 2.6230%. The value of the right-to-use asset as of June 30, 2022 of \$7,086.49 with accumulated amortization of \$393.69 is included with equipment on the right-to-use leased assets schedule in Note 5.

<u>Year Ending June 30</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total</u>
2023	\$ 12,025	\$ 262	\$ 12,287
2024	9,715	131	9,846
2025	3,182	28	3,210
2026	-	-	-
2027	-	-	-
	<u>\$ 24,922</u>	<u>\$ 421</u>	<u>\$ 25,343</u>

**B. Installment Purchase**

The Village has no installment purchase debt obligations at June 30, 2022.

**C. Changes in Long-Term Liabilities**

At June 30, 2022, the Village had a legal debt margin of \$311,352,032.

**Village of Pinehurst, North Carolina**  
**Notes to Financial Statements**  
**June 30, 2022**

The following is a summary of changes in the Village's long-term obligations for the fiscal year ended June 30, 2022:

	<u>Balance July 1, 2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2022</u>	<u>Current Portion of Balance</u>
Governmental activities:					
Lease liabilities	\$ -	\$ 36,123	\$ (11,201)	\$ 24,922	\$ 12,025
Compensated absences	812,609	494,726	(460,914)	846,421	480,092
Net pension liability (LGERS)	3,736,374	-	(2,129,165)	1,607,209	-
Total pension liability (LEO)	<u>1,687,722</u>	<u>-</u>	<u>(51,866)</u>	<u>1,635,856</u>	<u>-</u>
Governmental activity long-term liabilities	<u>\$ 6,236,705</u>	<u>\$ 530,849</u>	<u>\$ (2,653,146)</u>	<u>\$ 4,114,408</u>	<u>\$ 492,117</u>

Compensated absences and pension liabilities typically have been liquidated in the general fund.

## 11. Interfund Activity

Transfers to/from other funds at June 30, 2022 consist of the following:

From the General Fund to the Library Expansion Capital Project Fund for capital project expenditures	<u>\$ 400,000</u>
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Transfers are used to move unrestricted revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided matching funds for various grant programs.

During the 2022 fiscal year, the Village made a one-time transfer of \$400,000 from the General Fund to the Library Expansion Capital Project Fund for the design of an expansion to the Given Memorial Library and Tufts Archives building.

## 12. Net Investment in Capital Assets

	<u>Governmental</u>
Capital assets	\$ 28,803,183
Less: Long-term debt	<u>-</u>
Net investment in capital assets	<u>\$ 28,803,183</u>

**13. Fund Balance**

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

Total fund balance - General Fund	\$ 15,239,959
Less:	
Inventories	74,697
Prepaid items	71,056
Stabilization by state statute	2,893,797
Public safety - equitable sharing	36,297
Committed for library and archives	544,777
Committed for future capital	6,942,557
Appropriated fund balance in 2023 Budget	-
Fund balance policy minimum	<u>3,111,526</u>
Remaining fund balance	<u>\$ 1,565,252</u>

The Village’s fund balance policy requires the Village to maintain a minimum unassigned General Fund fund balance of 15% of actual expenditures as reported in the Village’s annual comprehensive financial report. In addition, when preparing the annual General Fund budget, the total appropriated fund balance should result in anticipated ending total fund balance of at least 30% of budgeted expenditures. At June 30, 2022, the General Fund’s unassigned fund balance of \$4,676,778 represents 23% of General Fund actual expenditures which complies with the policy minimum. Total fund balance was 61% of budgeted expenditures.

The fund balance policy also states that when total fund balance at June 30 is in excess of 40% of actual General Fund expenditures, Council may commit excess fund balance for future capital needs. However, the amount of fund balance committed for future capital needs shall never cause unassigned General Fund fund balance to fall below the 15% unassigned fund balance minimum. In fiscal year 2022, Council approved a resolution to commit excess funds for future capital needs totaling \$6,942,557. Also, in fiscal year 2022, no fund balance was appropriated in the next year’s budget, as funds will be transferred from the American Rescue Plan Act Special Revenue Fund once eligibility requirements have been met. The amount by which the fund balance exceeds policy-established minimums may be included as a revenue source when the budget is prepared for the next fiscal year.

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year end.

Encumbrances:	
General Fund	\$ 615,675

**14. Summary Disclosure of Significant Contingencies**

**A. Employment Security Benefits**

The Village has elected to pay the direct cost of employment security benefits in lieu of unemployment payroll taxes. A liability for such payments could accrue in the period following the discharge of an employee.



***B. 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 financial statements for the refund of grant moneys.

**15. Joint Ventures**

The Village and the members of the Village's fire department each appoint two members to the five-member local board of trustees for the Firefighters' Relief Fund. The State Insurance Commissioner appoints one additional member to the local board of trustees. The Firefighters' Relief Fund is funded by a portion of the fire and lightning insurance premiums that insurers remit to the State. The State passes these moneys to the local board of the Firefighters' Relief Fund. These distributions are used to assist fire fighters in various ways. The local board of the Firefighters' Relief Fund did not receive a distribution from the State Insurance Commissioner's office for the fiscal year ended June 30, 2022. The Village obtains an ongoing financial benefit from the Fund for the benefits provided to members of the Village's fire department by the board of trustees. The participating governments do not have any equity interest in the joint venture, so no equity has been reflected in the financial statements at June 30, 2022. The Firefighters' Relief Fund does not issue separate audited financial statements. Instead, the local board of trustees files an annual financial report with the State Firefighter's Association. This report can be obtained from the Association at 323 West Jones Street, Suite 401, Raleigh, North Carolina 27603.



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## **REQUIRED SUPPLEMENTARY INFORMATION**

Required Supplementary Information (“RSI”) is not a required part of the basic financial statements but is information required by the Governmental Accounting Standards Board.

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

Management’s Discussion and Analysis is also RSI. It is presented immediately before the basic financial statements.

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**Village of Pinehurst, North Carolina**  
**Schedule of the Proportionate Share of the Net Pension Liability (Asset)**  
**Local Government Employees' Retirement System - Last Nine Fiscal Years\***  
**Required Supplementary Information**

**RSI-1**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Pinehurst's proportion of the net pension liability (asset) (%)	0.1048%	0.1046%	0.1009%	0.1046%	0.1062%	0.1073%	0.1094%	0.1083%	0.1077%
Pinehurst's proportion of the net pension liability (asset) (\$)	\$ 1,607,209	\$ 3,736,374	\$ 2,756,320	\$ 2,480,521	\$ 1,621,831	\$ 2,278,539	\$ 490,982	\$ (638,460)	\$ 1,298,199
Pinehurst's covered payroll	\$ 7,496,867	\$ 7,275,196	\$ 6,857,080	\$ 6,610,895	\$ 6,548,274	\$ 6,380,220	\$ 6,280,547	\$ 6,025,207	\$ 5,731,782
Pinehurst's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	21.44%	51.36%	40.20%	37.52%	24.77%	35.71%	7.82%	(10.6%)	22.65%
Plan fiduciary net position as a percentage of the total pension liability**	95.51%	88.61%	90.86%	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

*\*The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30. Also, this schedule is intended to provide information for ten fiscal years. Additional years' information will be displayed as it becomes available.*

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

**Village of Pinehurst, North Carolina**  
**Schedule of Contributions**  
**Local Government Employees' Retirement System - Last Nine Fiscal Years\***  
**Required Supplementary Information**

**RSI-2**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 906,031	\$ 777,919	\$ 671,779	\$ 549,872	\$ 514,302	\$ 489,064	\$ 424,359	\$ 445,138	\$ 434,315
Contributions in relation to the contractually required contribution	<u>906,031</u>	<u>777,919</u>	<u>671,779</u>	<u>549,872</u>	<u>514,302</u>	<u>489,064</u>	<u>424,359</u>	<u>445,138</u>	<u>434,315</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Pinehurst's covered payroll	\$ 7,920,294	\$ 7,496,867	\$ 7,275,196	\$ 6,857,080	\$ 6,610,895	\$ 6,548,274	\$ 6,380,220	\$ 6,280,547	\$ 6,025,207
Contributions as a percentage of covered payroll	11.44%	10.38%	9.23%	8.02%	7.78%	7.47%	6.65%	7.09%	7.21%

*\* This schedule is intended to provide information for ten fiscal years. Additional years' information will be displayed as it becomes available.*

**Village of Pinehurst, North Carolina**  
**Schedule of Changes in Total Pension Liability**  
**Law Enforcement Officers' Special Separation Allowance - Last Six Fiscal Years\***  
**Required Supplementary Information**

**RSI-3**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 1,687,722	\$ 1,243,898	\$ 1,025,925	\$ 1,034,234	\$ 943,908	\$ 951,629
Service cost	57,850	38,550	38,255	38,687	30,672	33,042
Interest on the total pension liability	31,186	38,546	35,781	31,998	35,521	33,003
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience in the total pension liability	41,968	142,638	196,930	(1,618)	19,179	-
Changes of assumptions or other inputs	(39,156)	347,111	32,858	(34,095)	52,287	(19,441)
Benefit payments	(143,714)	(123,021)	(85,851)	(43,281)	(47,333)	(54,325)
Other changes	-	-	-	-	-	-
Ending balance of the total pension liability **	<u>\$ 1,635,856</u>	<u>\$ 1,687,722</u>	<u>\$ 1,243,898</u>	<u>\$ 1,025,925</u>	<u>\$ 1,034,234</u>	<u>\$ 943,908</u>

\* This schedule is intended to provide information for ten fiscal years. Additional years' information will be displayed as it becomes available.

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

**Village of Pinehurst, North Carolina**  
**Schedule of Total Pension Liability as a Percentage of Covered Payroll**  
**Law Enforcement Officers' Special Separation Allowance - Last Six Fiscal Years\***  
**Required Supplementary Information**

**RSI-4**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability **	\$ 1,635,856	\$ 1,687,722	\$ 1,243,898	\$ 1,025,925	\$ 1,034,234	\$ 943,908
Covered payroll	1,282,248	1,291,680	1,384,357	1,336,348	1,269,779	1,313,290
Total pension liability as a percentage of covered payroll	127.58%	130.66%	89.85%	76.77%	81.45%	71.87%

*\* This schedule is intended to provide information for ten fiscal years. Additional years' information will be displayed as it*

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





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## **GENERAL FUND**

The General Fund is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.

- Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund
-

General Fund

(4 pages)

Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual

Fiscal Year Ended June 30, 2022 with Comparative Actual Amounts  
for Fiscal Year Ended June 30, 2021

	2022		Variance Positive (Negative)	2021
	Final Budget	Actual		
<b>Revenues</b>				
Ad valorem taxes:				
Taxes	\$ 12,236,000	\$ 12,247,751	\$ 11,751	\$ 11,482,504
Penalties and interest	5,000	10,002	5,002	7,758
	<u>12,241,000</u>	<u>12,257,753</u>	<u>16,753</u>	<u>11,490,262</u>
Other licenses:				
Golf cart licenses	3,000	4,755	1,755	4,455
Total	<u>3,000</u>	<u>4,755</u>	<u>1,755</u>	<u>4,455</u>
Unrestricted intergovernmental:				
Local option sales tax	4,953,000	5,261,285	308,285	4,480,466
Telecommunications sales tax	61,000	50,360	(10,640)	56,583
Utilities sales tax	1,002,000	1,044,075	42,075	993,777
Video programming	268,000	271,201	3,201	267,537
Hold harmless reimbursements	1,189,000	1,258,527	69,527	1,062,515
Wine and beer tax	75,700	70,053	(5,647)	73,023
Total	<u>7,548,700</u>	<u>7,955,501</u>	<u>406,801</u>	<u>6,933,901</u>
Restricted intergovernmental:				
Powell Bill allocation	568,000	568,939	939	480,555
Controlled substance tax	1,000	4,920	3,920	222
State aid library grant	5,250	1,243	(4,007)	-
Coronavirus relief funds	-	-	-	252,033
Other grants	-	15,694	15,694	44,599
Solid waste disposal tax	13,000	13,308	308	13,086
Total	<u>587,250</u>	<u>604,104</u>	<u>16,854</u>	<u>790,495</u>
Permits and fees:				
Building permits and inspection fees	250,000	278,999	28,999	376,296
Planning and zoning fees	250,000	260,666	10,666	300,238
Fire district	389,000	387,817	(1,183)	349,224
Fire permits	2,500	14,430	11,930	-
Other permits and fees	2,500	2,990	490	4,075
Total	<u>894,000</u>	<u>944,902</u>	<u>50,902</u>	<u>1,029,833</u>
Sales and services:				
Rents, concessions and fees	516,650	578,555	61,905	342,121
Recreation fees	159,500	184,333	24,833	117,779
Total	<u>676,150</u>	<u>762,888</u>	<u>86,738</u>	<u>459,900</u>
Investment earnings:				
Investment income	1,400	24,570	23,170	2,827
Assessments	-	-	-	5,179

General Fund

(4 pages)

Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual

Fiscal Year Ended June 30, 2022 with Comparative Actual Amounts  
for Fiscal Year Ended June 30, 2021

	2022			2021
	Final Budget	Actual	Variance Positive (Negative)	
Miscellaneous:				
ABC revenue	\$ 232,000	\$ 298,625	\$ 66,625	\$ 241,057
Donations	27,680	34,900	7,220	49,320
Other revenues	111,500	136,023	24,523	56,732
Total	<u>371,180</u>	<u>469,548</u>	<u>98,368</u>	<u>347,109</u>
<b>Total revenues</b>	<u>22,322,680</u>	<u>23,024,021</u>	<u>701,341</u>	<u>21,063,961</u>
<b>Expenditures</b>				
General government:				
Governing body:				
Operating expenditures		138,585		112,471
Total	<u>160,900</u>	<u>138,585</u>	<u>22,315</u>	<u>112,471</u>
Administration:				
Operating expenditures		1,333,891		1,351,798
Capital outlay		303,412		27,786
Total	<u>1,868,482</u>	<u>1,637,303</u>	<u>231,179</u>	<u>1,379,584</u>
Financial services:				
Operating expenditures		787,262		670,317
Capital outlay		4,709		3,978
Total	<u>844,465</u>	<u>791,971</u>	<u>52,494</u>	<u>674,295</u>
Human resources:				
Operating expenditures		437,849		478,676
Capital outlay		-		7,038
Total	<u>528,920</u>	<u>437,849</u>	<u>91,071</u>	<u>485,714</u>
<b>Total general government</b>	<u>3,402,767</u>	<u>3,005,708</u>	<u>397,059</u>	<u>2,652,064</u>
Public safety:				
Police:				
Operating expenditures		3,214,349		3,023,094
Capital outlay		230,094		219,338
Total	<u>3,782,676</u>	<u>3,444,443</u>	<u>338,233</u>	<u>3,242,432</u>
Fire:				
Operating expenditures		3,117,709		2,817,495
Capital outlay		652,547		689,420
Total	<u>4,421,901</u>	<u>3,770,256</u>	<u>651,645</u>	<u>3,506,915</u>
Inspections:				
Operating expenditures		338,086		325,384
Capital outlay		-		1,989
Total	<u>384,180</u>	<u>338,086</u>	<u>46,094</u>	<u>327,373</u>
<b>Total public safety</b>	<u>8,588,757</u>	<u>7,552,785</u>	<u>1,035,972</u>	<u>7,076,720</u>

Village of Pinehurst, North Carolina  
**General Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual**  
**Fiscal Year Ended June 30, 2022 with Comparative Actual Amounts**  
**for Fiscal Year Ended June 30, 2021**

**Schedule 1**  
**(4 pages)**

	2022		Variance Positive (Negative)	2021
	Final Budget	Actual		
Transportation:				
Public services administration:				
Operating expenditures		\$ 560,203		\$ 565,725
Capital outlay		690		3,978
Total	<u>\$ 842,251</u>	<u>560,893</u>	<u>\$ 281,358</u>	<u>569,703</u>
Streets and grounds:				
Operating expenditures		1,433,021		1,410,654
Capital outlay		670,088		487,935
Total	<u>2,790,085</u>	<u>2,103,109</u>	<u>686,976</u>	<u>1,898,589</u>
Powell Bill:				
Operating expenditures		1,130,492		1,256,621
Total	<u>1,200,100</u>	<u>1,130,492</u>	<u>69,608</u>	<u>1,256,621</u>
Total transportation	<u>4,832,436</u>	<u>3,794,494</u>	<u>1,037,942</u>	<u>3,724,913</u>
Economic and physical development:				
Planning:				
Operating expenditures		839,100		905,753
Capital outlay		767		3,978
Total	<u>1,272,223</u>	<u>839,867</u>	<u>432,356</u>	<u>909,731</u>
Community development:				
Operating expenditures		127,759		129,294
Capital outlay		-		994
Total	<u>147,000</u>	<u>127,759</u>	<u>19,241</u>	<u>130,288</u>
Total economic and physical development	<u>1,419,223</u>	<u>967,626</u>	<u>451,597</u>	<u>1,040,019</u>
Environmental protection:				
Solid waste:				
Operating expenditures		1,901,761		1,659,395
Capital outlay		-		200,751
Total	<u>2,221,400</u>	<u>1,901,761</u>	<u>319,639</u>	<u>1,860,146</u>
Total environmental protection	<u>2,221,400</u>	<u>1,901,761</u>	<u>319,639</u>	<u>1,860,146</u>
Cultural and recreation:				
Recreation:				
Operating expenditures		1,790,072		1,629,999
Capital outlay		412,197		204,545
Total	<u>2,478,594</u>	<u>2,202,269</u>	<u>276,325</u>	<u>1,834,544</u>

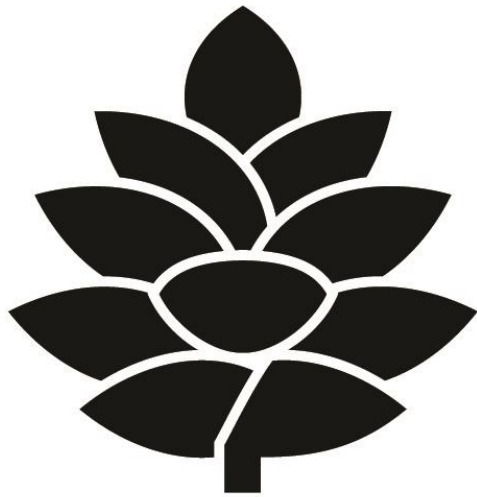
General Fund

(4 pages)

Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual

Fiscal Year Ended June 30, 2022 with Comparative Actual Amounts  
for Fiscal Year Ended June 30, 2021

	2022		Variance Positive (Negative)	2021
	Final Budget	Actual		
Library:				
Operating expenditures		\$ 294,382		\$ 163,763
Capital outlay		58,020		-
Total	<u>\$ 690,583</u>	<u>352,402</u>	<u>\$ 338,181</u>	<u>163,763</u>
Harness track:				
Operating expenditures		554,972		456,783
Capital outlay		102,345		994
Total	<u>779,042</u>	<u>657,317</u>	<u>121,725</u>	<u>457,777</u>
Fair barn:				
Operating expenditures		297,801		261,752
Capital outlay		-		60,050
Total	<u>368,605</u>	<u>297,801</u>	<u>70,804</u>	<u>321,802</u>
Total cultural and recreation	<u>4,316,824</u>	<u>3,509,789</u>	<u>807,035</u>	<u>2,777,886</u>
Debt service:				
Principal retirement		11,201		141,600
Interest and fees		142		3,148
Total	<u>18,000</u>	<u>11,343</u>	<u>6,657</u>	<u>144,748</u>
<b>Total expenditures</b>	<u>24,799,407</u>	<u>20,743,506</u>	<u>4,055,901</u>	<u>19,276,496</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,476,727)</u>	<u>2,280,515</u>	<u>4,757,242</u>	<u>1,787,465</u>
<b>Other financing sources (uses):</b>				
Sale of capital assets	20,000	34,453	14,453	27,134
Lease liabilities issued	42,000	36,123	(5,877)	-
Transfers to other funds:				
Capital Project Fund	(550,000)	(400,000)	150,000	-
Transfers from other funds:				
Capital Project Fund	-	-	-	244,999
<b>Total other financing     sources</b>	<u>(488,000)</u>	<u>(329,424)</u>	<u>158,576</u>	<u>272,133</u>
Fund balance appropriated	<u>2,964,727</u>	<u>-</u>	<u>(2,964,727)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>1,951,091</u>	<u>\$ 1,951,091</u>	<u>2,059,598</u>
Fund balance, beginning		<u>13,288,868</u>		<u>11,229,270</u>
Fund balance, ending		<u>\$ 15,239,959</u>		<u>\$ 13,288,868</u>



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# **AMERICAN RESCUE PLAN ACT SPECIAL REVENUE FUND**

The American Rescue Plan Act Special Revenue Fund is used to account for federal grant funds received as part of the American Rescue Plan Act for COVID-19 relief and economic recovery.

- Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - American Rescue Plan Act Special Revenue Fund
-

Village of Pinehurst, North Carolina  
Special Revenue Fund - American Rescue Plan Act  
Schedule of Revenues, Expenditures, and Changes in  
Fund Balance - Budget and Actual  
From Inception and for the Fiscal Year Ended June 30, 2022

Schedule 2

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>					
Restricted intergovernmental:					
Grant revenue	\$ 4,860,000	\$ -	\$ -	\$ -	\$(4,860,000)
Investment earnings	-	-	4,216	4,216	4,216
Total revenues	<u>4,860,000</u>	<u>-</u>	<u>4,216</u>	<u>4,216</u>	<u>(4,855,784)</u>
<b>Expenditures:</b>					
General government:					
American Rescue Plan Act expenditures	4,860,000	-	-	-	4,860,000
Total expenditures	<u>4,860,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,860,000</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>4,216</u>	<u>4,216</u>	<u>4,216</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	4,216	<u>\$ 4,216</u>	<u>\$ 4,216</u>
Fund balance, beginning			<u>-</u>		
Fund balance, ending			<u>\$ 4,216</u>		



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## **LIBRARY EXPANSION CAPITAL PROJECT FUND**

The Library Expansion Capital Project Fund is used to account for costs incurred in the design and construction of an addition to the Given Memorial Library and Tufts Archives building.

- Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Library Expansion Capital Project Fund
-

Village of Pinehurst, North Carolina  
 Capital Project Fund - Library Expansion  
 Schedule of Revenues, Expenditures, and Changes in  
 Fund Balance - Budget and Actual  
 From Inception and for the Fiscal Year Ended June 30, 2022

Schedule 3

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>					
Investment earnings	\$ 500	\$ -	\$ 319	\$ 319	\$ (181)
Total revenues	<u>500</u>	<u>-</u>	<u>319</u>	<u>319</u>	<u>(181)</u>
<b>Expenditures:</b>					
Cultural and recreation:					
Design	400,500	-	-	-	400,500
Total expenditures	<u>400,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>400,500</u>
Revenues over (under) expenditures	<u>(400,000)</u>	<u>-</u>	<u>319</u>	<u>319</u>	<u>400,319</u>
<b>Other financing sources:</b>					
Transfers from other funds:					
General Fund	400,000	-	400,000	400,000	-
Total other financing sources:	<u>400,000</u>	<u>-</u>	<u>400,000</u>	<u>400,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	400,319	<u>\$ 400,319</u>	<u>\$ 400,319</u>
Fund balance, beginning			<u>-</u>		
Fund balance, ending			<u>\$ 400,319</u>		

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# **CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**

Capital assets are all tangible and intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period.

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

Village of Pinehurst, North Carolina  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule by Source**  
**June 30, 2022 and 2021**

**Schedule 4**

	<u>2022</u>	<u>2021</u>
<b>Governmental funds capital assets:</b>		
Land	\$ 7,071,836	\$ 6,710,966
Right of ways	562,255	562,255
Buildings and improvements	28,944,957	27,148,304
Furniture, equipment, and vehicles	12,186,742	11,435,397
Infrastructure	7,356,757	6,948,561
Construction in progress	8,732	195,705
	<u>56,131,279</u>	<u>53,001,188</u>
Total governmental funds capital assets	<u>\$ 56,131,279</u>	<u>\$ 53,001,188</u>
<b>Investment in governmental funds capital assets by source:</b>		
General Fund	\$ 50,797,640	\$ 48,607,699
Donations	5,333,639	4,393,489
	<u>56,131,279</u>	<u>53,001,188</u>
Total governmental funds capital assets	<u>\$ 56,131,279</u>	<u>\$ 53,001,188</u>

Village of Pinehurst, North Carolina  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule by Function and Activity**  
**June 30, 2022**

Schedule 5

Function and Activity	Land	Right of Ways	Buildings	Improvements Other than Buildings	Furniture, Equipment and Vehicles	Infrastructure	Construction In Progress	Total
General government:								
Governing body	\$ 3,890,321	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,890,321
Administration	-	-	4,502,926	-	345,995	-	-	4,848,921
Financial services	-	-	-	-	135,259	-	-	135,259
Human resources	-	-	-	-	21,300	-	-	21,300
Information technology	-	-	-	28,388	456,136	-	-	484,524
Buildings and grounds	-	-	436,666	704,711	336,421	29,476	-	1,507,274
Fleet maintenance	25,170	-	81,456	-	246,093	-	-	352,719
	<u>3,915,491</u>	<u>-</u>	<u>5,021,048</u>	<u>733,099</u>	<u>1,541,204</u>	<u>29,476</u>	<u>-</u>	<u>11,240,318</u>
Public safety:								
Police	-	-	2,782,041	-	1,360,876	-	-	4,142,917
Fire	332,206	-	3,342,769	-	3,794,127	-	-	7,469,102
Inspections	-	-	-	-	59,554	-	-	59,554
	<u>332,206</u>	<u>-</u>	<u>6,124,810</u>	<u>-</u>	<u>5,214,557</u>	<u>-</u>	<u>-</u>	<u>11,671,573</u>
Transportation:								
Public services	66,210	-	1,204,792	-	158,790	-	-	1,429,792
Streets and grounds	-	562,255	5,118	2,006,314	2,221,881	6,008,637	-	10,804,205
Powell Bill	-	-	-	45,713	140,354	21,115	-	207,182
	<u>66,210</u>	<u>562,255</u>	<u>1,209,910</u>	<u>2,052,027</u>	<u>2,521,025</u>	<u>6,029,752</u>	<u>-</u>	<u>12,441,179</u>
Environmental protection:								
Solid waste	-	-	-	-	1,825,141	-	-	1,825,141
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,825,141</u>	<u>-</u>	<u>-</u>	<u>1,825,141</u>
Cultural and recreation:								
Recreation	940,809	-	5,052,662	3,630,167	399,575	1,028,643	-	11,051,856
Library	360,870	-	579,281	-	50,934	-	-	991,085
Harness track	1,456,250	-	1,502,475	353,360	526,596	268,886	-	4,107,567
Fair barn	-	-	2,417,184	268,934	90,321	-	-	2,776,439
	<u>2,757,929</u>	<u>-</u>	<u>9,551,602</u>	<u>4,252,461</u>	<u>1,067,426</u>	<u>1,297,529</u>	<u>-</u>	<u>18,926,947</u>
Economic and physical development:								
Planning	-	-	-	-	17,389	-	-	17,389
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,389</u>	<u>-</u>	<u>-</u>	<u>17,389</u>
Construction in progress	-	-	-	-	-	-	8,732	8,732
	<u>\$ 7,071,836</u>	<u>\$ 562,255</u>	<u>\$ 21,907,370</u>	<u>\$ 7,037,587</u>	<u>\$ 12,186,742</u>	<u>\$ 7,356,757</u>	<u>\$ 8,732</u>	<u>\$ 56,131,279</u>

Village of Pinehurst, North Carolina  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule of Changes By Function and Activity**  
**For the Fiscal Year Ended June 30, 2022**

**Schedule 6**

<u>Function and Activity</u>	<u>Capital Assets June 30, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments</u>	<u>Capital Assets June 30, 2022</u>
General government:					
Governing body	\$ 3,890,321	\$ -	\$ -	\$ -	\$ 3,890,321
Administration	4,580,179	282,724	(13,982)	-	4,848,921
Financial services	135,259	-	-	-	135,259
Human resources	21,300	-	-	-	21,300
Information technology	476,854	7,670	-	-	484,524
Buildings and grounds maintenance	1,507,274	-	-	-	1,507,274
Fleet maintenance	352,719	-	-	-	352,719
	<u>10,963,906</u>	<u>290,394</u>	<u>(13,982)</u>	<u>-</u>	<u>11,240,318</u>
Public safety:					
Police	3,997,082	225,203	(79,368)	-	4,142,917
Fire	6,824,910	644,192	-	-	7,469,102
Inspections	59,554	-	-	-	59,554
	<u>10,881,546</u>	<u>869,395</u>	<u>(79,368)</u>	<u>-</u>	<u>11,671,573</u>
Transportation:					
Public services	1,429,792	-	-	-	1,429,792
Streets and grounds	9,962,370	668,104	(11,774)	185,505	10,804,205
Powell Bill	207,182	-	-	-	207,182
	<u>11,599,344</u>	<u>668,104</u>	<u>(11,774)</u>	<u>185,505</u>	<u>12,441,179</u>
Environmental protection:					
Solid waste	1,825,141	-	-	-	1,825,141
	<u>1,825,141</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,825,141</u>
Cultural and recreation:					
Recreation	10,736,496	408,841	(103,681)	10,200	11,051,856
Library	-	991,085	-	-	991,085
Harness track	4,005,222	102,345	-	-	4,107,567
Fair barn	2,776,439	-	-	-	2,776,439
	<u>17,518,157</u>	<u>1,502,271</u>	<u>(103,681)</u>	<u>10,200</u>	<u>18,926,947</u>
Economic and physical development:					
Planning	17,389	-	-	-	17,389
	<u>17,389</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,389</u>
Construction in progress	195,705	8,732	-	(195,705)	8,732
	<u>\$ 53,001,188</u>	<u>\$ 3,338,896</u>	<u>\$ (208,805)</u>	<u>\$ -</u>	<u>\$ 56,131,279</u>

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## **ADDITIONAL FINANCIAL DATA**

This section contains additional information on property taxes.

- Schedule of Ad Valorem Taxes Receivable
  - Analysis of Current Tax Levy
-

Village of Pinehurst, North Carolina  
 Schedule of Ad Valorem Taxes Receivable  
 June 30, 2022

Schedule 7

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2021</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2022</u>
2022	\$ -	\$ 12,252,759	\$ 12,243,729	\$ 9,030
2021	8,141	-	4,554	3,587
2020	3,449	-	1,228	2,221
2019	2,035	-	520	1,515
2018	394	-	216	178
2017	69	-	20	49
2016	71	-	11	60
2015	170	-	10	160
2014	54	-	10	44
2013	577	-	43	534
	<u>\$ 14,960</u>	<u>\$ 12,252,759</u>	<u>\$ 12,250,341</u>	<u>\$ 17,378</u>

**Reconciliation with Revenues**

Ad valorem taxes - General Fund	<u>\$ 12,257,753</u>
Reconciling items:	
Interest collected and refunds	(10,002)
Refunds/reliefs	<u>2,590</u>
	<u>(7,412)</u>
Total collections and credits	<u>\$ 12,250,341</u>



Village of Pinehurst, North Carolina  
 Analysis of Current Tax Levy  
 June 30, 2022

Schedule 8

	General Fund		Total Levy		
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate	\$ 3,893,105,626	\$ 0.315	\$ 12,254,904	\$ 11,404,193	\$ 850,711
Penalties	-		1,580	1,580	-
Total	<u>3,893,105,626</u>		<u>12,256,484</u>	<u>11,405,773</u>	<u>850,711</u>
Discoveries:					
Current year taxes	362,390	Various	1,117	1,117	-
Penalties	-		96	96	-
Total	<u>362,390</u>		<u>1,213</u>	<u>1,213</u>	<u>-</u>
Abatements	<u>(1,567,619)</u>		<u>(4,938)</u>	<u>(4,938)</u>	<u>-</u>
Total property valuation	<u>\$ 3,891,900,397</u>				
Net levy			12,252,759	11,402,048	850,711
Uncollected taxes at June 30			<u>(9,030)</u>	<u>(9,030)</u>	<u>-</u>
Current year's taxes collected			<u>\$ 12,243,729</u>	<u>\$ 11,393,018</u>	<u>\$ 850,711</u>
Current levy collection percentage			99.93%	99.92%	100.00%



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## STATISTICAL SECTION

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

- **Financial Trends**  
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.
- **Revenue Capacity**  
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.
- **Debt Capacity**  
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.
- **Demographic and Economic Information**  
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.
- **Operating Information**  
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

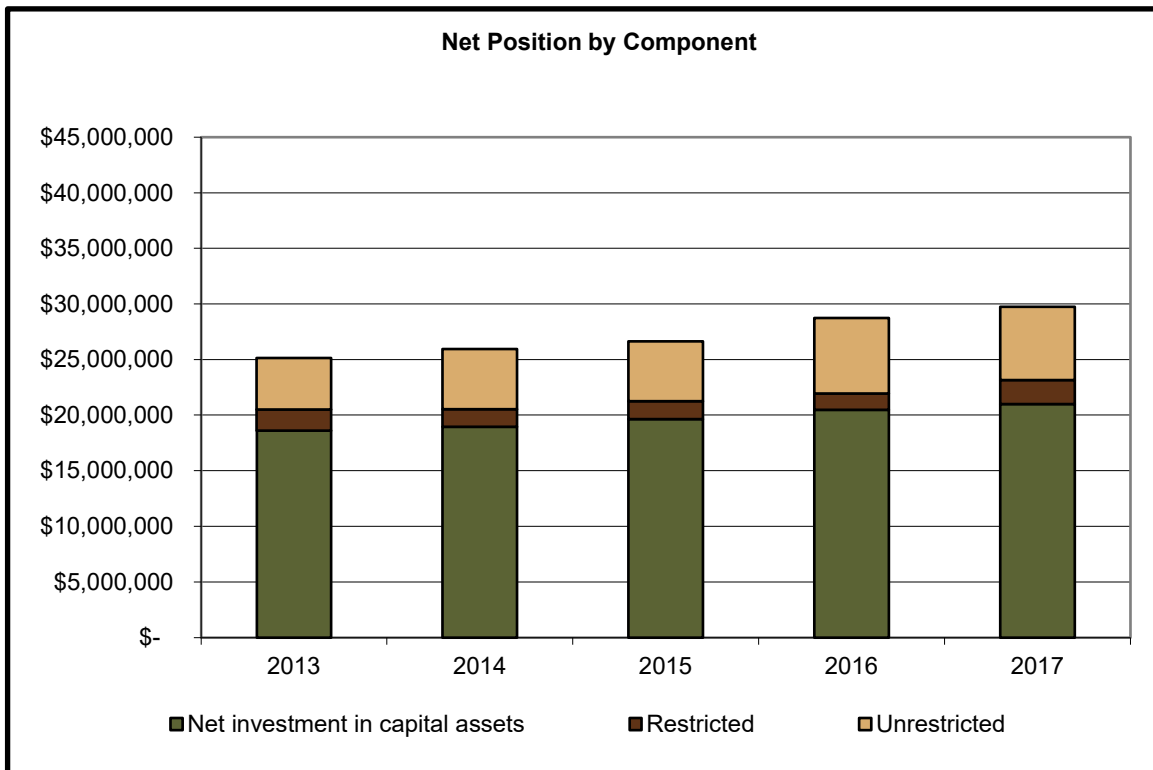
**Sources:** Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial report for the relevant year.

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Village of Pinehurst, North Carolina  
**Net Position by Component**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**

**Table 1**  
**(2 pages)**

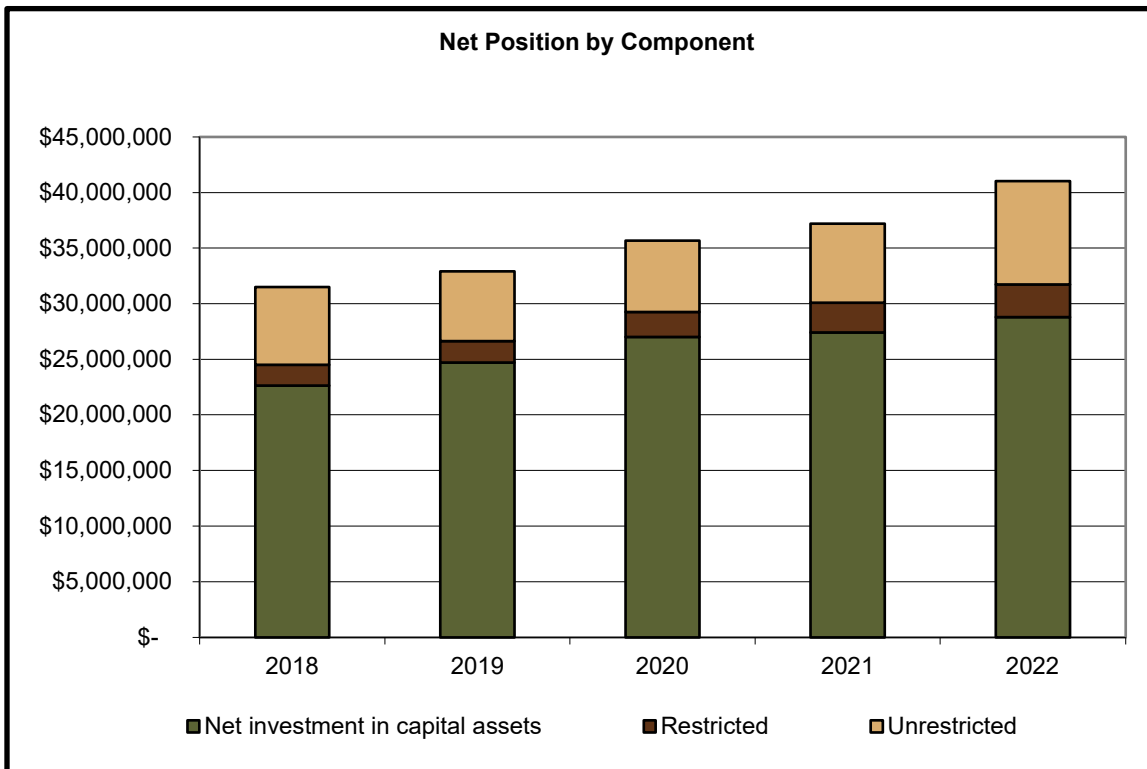
	Fiscal Year				
	2013	2014	2015	2016	2017
<b>Governmental activities</b>					
Net investment in capital assets	\$ 18,615,943	\$ 18,953,996	\$ 19,648,800	\$ 20,467,990	\$ 20,980,863
Restricted for:					
Stabilization by state statute	1,882,835	1,568,981	1,601,410	1,474,901	2,165,724
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Unrestricted	<u>4,631,746</u>	<u>5,417,136</u>	<u>5,381,405</u>	<u>6,777,854</u>	<u>6,594,835</u>
 Total net position, previously reported	 25,130,524	 25,940,113	 26,631,615	 28,720,745	 29,741,422
 Restatement	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>(628,284)</u>	 <u>-</u>
 <b>Total governmental activities net position</b>	 <u><u>\$ 25,130,524</u></u>	 <u><u>\$ 25,940,113</u></u>	 <u><u>\$ 26,631,615</u></u>	 <u><u>\$ 28,092,461</u></u>	 <u><u>\$ 29,741,422</u></u>



Village of Pinehurst, North Carolina  
**Net Position by Component**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**

**Table 1**  
**(2 pages)**

	Fiscal Year				
	2018	2019	2020	2021	2022
<b>Governmental activities</b>					
Net investment in capital assets	\$ 22,631,590	\$ 24,692,614	\$ 27,012,618	\$ 27,420,053	\$ 28,803,183
Restricted for:					
Stabilization by state statute	1,881,641	1,923,503	2,233,881	2,624,890	2,893,797
General government	-	-	-	-	4,216
Public safety	2,672	10,943	-	39,674	36,297
Unrestricted	<u>6,980,336</u>	<u>6,276,224</u>	<u>6,425,942</u>	<u>7,114,828</u>	<u>9,279,012</u>
 Total net position, previously reported	 31,496,239	 32,903,284	 35,672,441	 37,199,445	 41,016,505
 Restatement	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>
 <b>Total governmental activities net position</b>	 <u><u>\$ 31,496,239</u></u>	 <u><u>\$ 32,903,284</u></u>	 <u><u>\$ 35,672,441</u></u>	 <u><u>\$ 37,199,445</u></u>	 <u><u>\$ 41,016,505</u></u>



Village of Pinehurst, North Carolina  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**

**Table 2**  
**(2 pages)**

	Fiscal Year				
	2013	2014	2015	2016	2017
<b>Expenses</b>					
Governmental activities:					
General government	\$ 1,611,659	\$ 2,168,794	\$ 2,220,764	\$ 2,501,748	\$ 2,495,248
Public safety	5,582,355	5,803,531	5,653,753	5,684,375	6,070,685
Transportation	2,475,382	2,369,495	2,325,248	2,481,039	2,755,861
Economic and physical development	1,542,829	1,566,159	1,567,788	677,747	765,422
Environmental protection	1,275,525	1,402,623	1,526,924	1,399,842	1,453,148
Cultural and recreation	2,100,673	2,746,748	2,647,805	2,527,443	2,700,389
Interest on long-term debt	88,541	82,192	69,243	54,120	40,296
Total governmental activities expenses	<u>\$ 14,676,964</u>	<u>\$ 16,139,542</u>	<u>\$ 16,011,525</u>	<u>\$ 15,326,314</u>	<u>\$ 16,281,049</u>
<b>Program Revenues</b>					
Governmental activities:					
Charges for services:					
General government	\$ 1,775	\$ 2,230	\$ 2,045	\$ 8,836	\$ 3,943
Public safety	469,345	490,364	507,962	569,814	722,337
Transportation	10,500	19,000	17,000	-	-
Economic and physical development	57,745	39,567	51,363	59,368	83,562
Cultural and recreation	509,113	1,268,417	672,851	730,300	716,909
Operating grants and contributions	533,380	546,089	1,025,870	509,304	603,714
Capital grants and contributions	207,252	42,563	320,235	230,788	-
Total governmental activities program revenue	<u>\$ 1,789,110</u>	<u>\$ 2,408,230</u>	<u>\$ 2,597,326</u>	<u>\$ 2,108,410</u>	<u>\$ 2,130,465</u>
<b>Total governmental activities net expense</b>	<u><b>\$(12,887,854)</b></u>	<u><b>\$(13,731,312)</b></u>	<u><b>\$(13,414,199)</b></u>	<u><b>\$(13,217,904)</b></u>	<u><b>\$(14,150,584)</b></u>
<b>General Revenues and Other</b>					
<b>Changes in Net Position</b>					
Governmental activities:					
Taxes:					
Ad valorem taxes	\$ 9,567,944	\$ 9,763,042	\$ 9,785,054	\$ 9,699,296	\$ 9,998,398
Sales taxes					
Franchise taxes	-	-	-	-	-
Unrestricted intergovernmental	4,162,616	4,271,703	4,979,172	5,328,610	5,478,926
Investment earnings	12,947	10,424	9,796	25,872	62,911
Miscellaneous	324,271	495,732	197,599	253,256	259,310
Total governmental activities general revenue	<u>\$ 14,067,778</u>	<u>\$ 14,540,901</u>	<u>\$ 14,971,621</u>	<u>\$ 15,307,034</u>	<u>\$ 15,799,545</u>
<b>Change in Governmental Activities Net Position</b>	<u><b>\$ 1,179,924</b></u>	<u><b>\$ 809,589</b></u>	<u><b>\$ 1,557,422</b></u>	<u><b>\$ 2,089,130</b></u>	<u><b>\$ 1,648,961</b></u>

**Village of Pinehurst, North Carolina**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**

**Table 2**  
**(2 pages)**

	Fiscal Year				
	2018	2019	2020	2021	2022
<b>Expenses</b>					
Governmental activities:					
General government	\$ 2,507,278	\$ 2,726,379	\$ 2,967,823	\$ 2,849,519	\$ 2,795,809
Public safety	6,207,724	6,528,824	6,832,478	7,035,668	7,152,920
Transportation	3,185,140	3,576,506	3,249,759	3,720,950	3,565,665
Economic and physical development	700,647	1,017,081	844,251	1,075,931	963,250
Environmental protection	1,470,406	1,661,991	1,808,078	1,860,471	2,066,834
Cultural and recreation	2,875,926	2,754,791	2,964,665	3,123,431	3,632,670
Interest on long-term debt	28,933	18,838	9,203	1,467	201
Total governmental activities expenses	<u>\$ 16,976,054</u>	<u>\$ 18,284,410</u>	<u>\$ 18,676,257</u>	<u>\$ 19,667,437</u>	<u>\$ 20,177,349</u>
<b>Program Revenues</b>					
Governmental activities:					
Charges for services:					
General government	\$ 10,140	\$ 24,541	\$ 22,036	\$ 32,579	\$ 37,442
Public safety	677,954	718,467	683,710	730,483	686,579
Transportation	-	-	-	-	-
Economic and physical development	85,317	77,246	261,564	308,891	253,421
Cultural and recreation	701,082	660,859	519,952	433,297	723,934
Operating grants and contributions	518,202	859,123	581,759	790,509	608,559
Capital grants and contributions	559,349	397,249	516,976	95,100	940,150
Total governmental activities program revenue	<u>\$ 2,552,044</u>	<u>\$ 2,737,485</u>	<u>\$ 2,585,997</u>	<u>\$ 2,390,859</u>	<u>\$ 3,250,085</u>
<b>Total governmental activities net expense</b>					
	<u>\$ (14,424,010)</u>	<u>\$ (15,546,925)</u>	<u>\$ (16,090,260)</u>	<u>\$ (17,276,578)</u>	<u>\$ (16,927,264)</u>
<b>General Revenues and Other Changes in Net Position</b>					
Governmental activities:					
Taxes:					
Ad valorem taxes	\$ 10,143,940	\$ 10,346,079	\$ 11,249,478	\$ 11,492,559	\$ 12,260,171
Sales taxes					
Franchise taxes	-	-	-	-	-
Unrestricted intergovernmental	5,641,380	6,013,374	6,151,373	6,933,901	7,955,501
Investment earnings	146,038	261,291	171,964	2,879	24,651
Miscellaneous	247,469	333,226	1,286,602	374,243	504,001
Total governmental activities general revenue	<u>\$ 16,178,827</u>	<u>\$ 16,953,970</u>	<u>\$ 18,859,417</u>	<u>\$ 18,803,582</u>	<u>\$ 20,744,324</u>
<b>Change in Governmental Activities Net Position</b>					
	<u>\$ 1,754,817</u>	<u>\$ 1,407,045</u>	<u>\$ 2,769,157</u>	<u>\$ 1,527,004</u>	<u>\$ 3,817,060</u>

**Village of Pinehurst, North Carolina**  
**Changes in Fund Balances - Governmental Funds**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

**Table 4**  
**(2 pages)**

	Fiscal Year				
	2013	2014	2015	2016	2017
<b>Revenues</b>					
Ad valorem taxes	\$ 9,561,126	\$ 9,771,682	\$ 9,792,365	\$ 9,697,697	\$ 9,996,412
Other taxes and licenses	1,775	2,230	2,010	8,745	2,180
Unrestricted intergovernmental	4,162,616	4,271,703	4,979,172	5,328,610	5,478,926
Restricted intergovernmental	532,860	548,073	1,069,055	509,245	603,437
Permits and fees	535,247	1,252,453	578,554	632,033	801,574
Sales and services	517,744	564,975	629,899	729,626	719,515
Investment earnings	13,468	10,714	9,836	25,932	63,189
Assessments	12,412	11,791	20,116	45,741	39,102
Miscellaneous	265,399	266,641	182,310	195,642	197,420
Total revenues	<u>15,602,647</u>	<u>16,700,262</u>	<u>17,263,317</u>	<u>17,173,271</u>	<u>17,901,755</u>
<b>Expenditures</b>					
General government	2,106,278	2,196,930	2,133,743	2,142,750	2,164,459
Public safety	5,197,380	5,856,007	5,543,484	5,443,314	5,564,978
Transportation	2,178,585	2,792,152	2,789,063	2,774,071	3,276,715
Economic and physical development	2,160,239	1,454,418	1,624,275	874,566	764,595
Environmental protection	1,350,737	1,456,374	1,586,800	1,576,998	1,312,900
Cultural and recreation	2,280,905	2,694,676	2,633,384	2,854,719	3,176,328
Debt service:					
Principal	478,298	378,829	420,917	406,502	368,531
Interest and other charges	91,151	83,098	73,615	57,721	43,717
Total expenditures	<u>15,843,573</u>	<u>16,912,484</u>	<u>16,805,281</u>	<u>16,130,641</u>	<u>16,672,223</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(240,926)</u>	<u>(212,222)</u>	<u>458,036</u>	<u>1,042,630</u>	<u>1,229,532</u>
<b>Other Financing Sources (Uses)</b>					
Transfers to other funds	(52,380)	(7,933)	(2,897)	-	-
Transfers from other funds	52,380	7,933	2,897	-	-
Lease liabilities issued	-	-	-	-	-
Sales of capital assets	59,493	241,457	15,328	57,612	78,226
Issuance of debt	59,503	550,000	-	-	-
Total other financing sources (uses)	<u>118,996</u>	<u>791,457</u>	<u>15,328</u>	<u>57,612</u>	<u>78,226</u>
Net change in fund balances	(121,930)	579,235	473,364	1,100,242	1,307,758
Fund balances, beginning	<u>7,294,433</u>	<u>7,172,503</u>	<u>7,751,738</u>	<u>8,225,102</u>	<u>9,325,344</u>
Fund balances, beginning as restated	<u>7,294,433</u>	<u>7,172,503</u>	<u>7,751,738</u>	<u>8,225,102</u>	<u>9,325,344</u>
Fund balances, ending	<u>\$ 7,172,503</u>	<u>\$ 7,751,738</u>	<u>\$ 8,225,102</u>	<u>\$ 9,325,344</u>	<u>\$ 10,633,102</u>
Debt service as a percentage of noncapital expenditures	4.3%	3.1%	3.2%	3.3%	2.8%

**Notes:**

*The capital outlay used to calculate debt service as a percentage of noncapital expenditures can be found in Exhibit 6.*



**Village of Pinehurst, North Carolina**  
**Changes in Fund Balances - Governmental Funds**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

**Table 4**  
**(2 pages)**

	Fiscal Year				
	2018	2019	2020	2021	2022
<b>Revenues</b>					
Ad valorem taxes	\$ 10,142,650	\$ 10,349,609	\$ 11,261,143	\$ 11,490,262	\$ 12,257,753
Other taxes and licenses	2,475	2,850	3,215	4,455	4,755
Unrestricted intergovernmental	5,641,380	6,013,374	6,151,373	6,933,901	7,955,501
Restricted intergovernmental	517,964	858,129	577,505	790,495	604,104
Permits and fees	761,918	794,770	938,780	1,029,833	944,902
Sales and services	709,419	689,943	543,264	459,900	762,888
Investment earnings	146,276	262,285	179,218	2,893	29,105
Assessments	31,607	29,371	26,103	5,179	-
Miscellaneous	214,839	282,745	1,267,184	347,109	469,548
Total revenues	<u>18,168,528</u>	<u>19,283,076</u>	<u>20,947,785</u>	<u>21,064,027</u>	<u>23,028,556</u>
<b>Expenditures</b>					
General government	2,288,440	2,331,905	2,511,205	2,652,064	3,005,708
Public safety	6,404,850	6,052,992	6,386,218	7,076,720	7,552,785
Transportation	3,590,267	3,625,359	3,129,937	3,724,913	3,794,494
Economic and physical development	700,149	1,010,775	813,014	1,040,019	967,626
Environmental protection	1,639,564	1,510,935	1,828,660	1,860,146	1,901,761
Cultural and recreation	3,035,778	4,918,823	4,901,123	2,782,327	3,509,789
Debt service:					
Principal	329,223	297,282	298,687	141,600	11,201
Interest and other charges	32,160	21,770	12,146	3,148	142
Total expenditures	<u>18,020,431</u>	<u>19,769,841</u>	<u>19,880,990</u>	<u>19,280,937</u>	<u>20,743,506</u>
Excess (deficiency) of revenues over (under) expenditures	<u>148,097</u>	<u>(486,765)</u>	<u>1,066,795</u>	<u>1,783,090</u>	<u>2,285,050</u>
<b>Other Financing Sources (Uses)</b>					
Transfers to other funds	(344,000)	(4,569,165)	-	(244,999)	(400,000)
Transfers from other funds	344,000	4,569,165	-	244,999	400,000
Lease liabilities issued	-	-	-	-	36,123
Sales of capital assets	47,516	50,481	19,418	27,134	34,453
Issuance of debt	-	-	-	-	-
Total other financing sources (uses)	<u>47,516</u>	<u>50,481</u>	<u>19,418</u>	<u>27,134</u>	<u>70,576</u>
Net change in fund balances	195,613	(436,284)	1,086,213	1,810,224	2,355,626
Fund balances, beginning	<u>10,633,102</u>	<u>10,828,715</u>	<u>10,392,431</u>	<u>11,478,644</u>	<u>13,288,868</u>
Fund balances, beginning as restated	<u>10,633,102</u>	<u>10,828,715</u>	<u>10,392,431</u>	<u>11,478,644</u>	<u>13,288,868</u>
Fund balances, ending	<u>\$ 10,828,715</u>	<u>\$ 10,392,431</u>	<u>\$ 11,478,644</u>	<u>\$ 13,288,868</u>	<u>\$ 15,644,494</u>
Debt service as a percentage of noncapital expenditures	2.3%	1.9%	1.9%	0.8%	0.1%

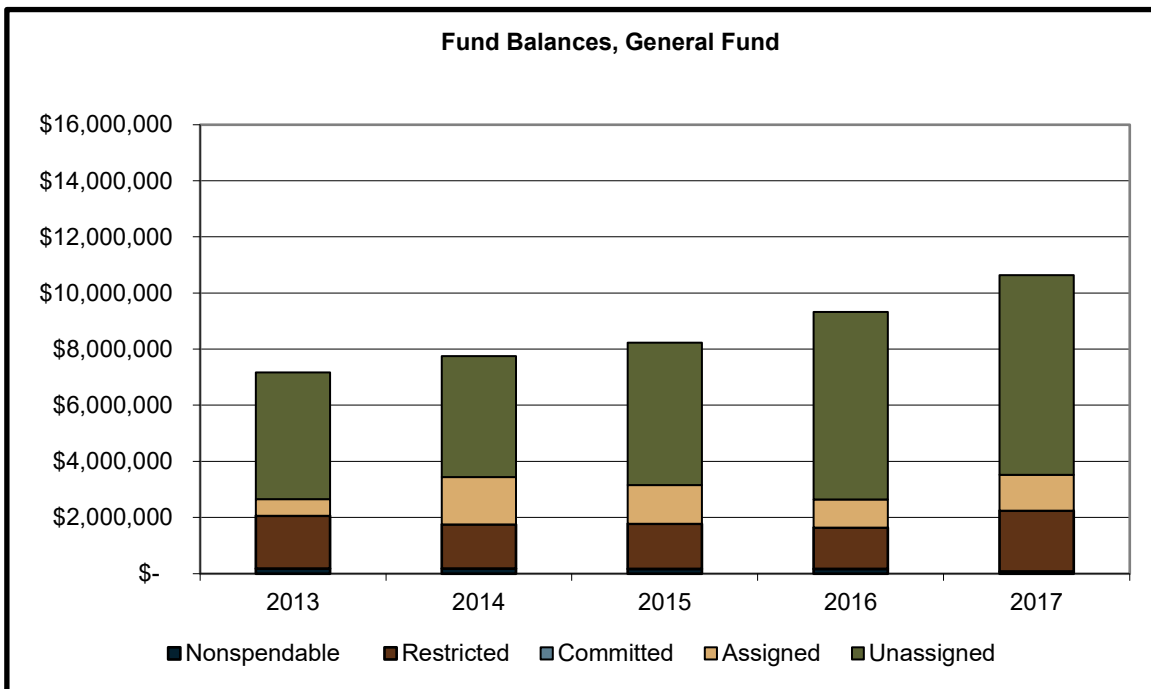
**Notes:**

*The capital outlay used to calculate debt service as a percentage of noncapital expenditures can be found in Exhibit 6.*

Village of Pinehurst, North Carolina  
**Fund Balances - Governmental Funds**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

**Table 3**  
**(2 pages)**

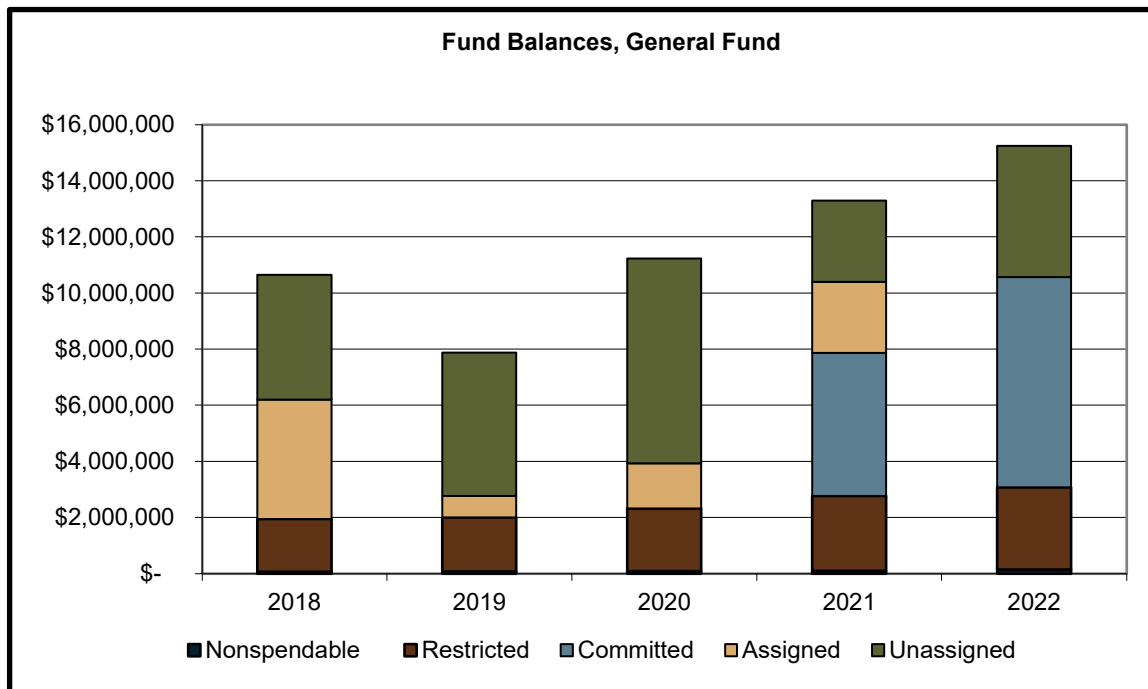
	Fiscal Year				
	2013	2014	2015	2016	2017
<b>General Fund</b>					
Nonspendable:					
Inventory	\$ 43,640	\$ 44,071	\$ 44,494	\$ 39,799	\$ 36,653
Prepaid items	127,308	130,586	124,296	118,979	35,236
Restricted:					
Stabilization by state statute	1,882,835	1,568,980	1,601,410	1,474,901	2,165,724
Public safety	-	-	-	-	-
Committed:					
Library and archives	-	-	-	-	-
Future capital	-	-	-	-	-
Assigned:					
Subsequent year's expenditures	601,175	1,687,710	1,375,639	1,001,685	1,284,513
Unassigned	4,506,790	4,317,497	5,079,263	6,689,980	7,110,976
<b>Total general fund</b>	<b>\$ 7,161,748</b>	<b>\$ 7,748,844</b>	<b>\$ 8,225,102</b>	<b>\$ 9,325,344</b>	<b>\$ 10,633,102</b>
<b>All Other Governmental Funds</b>					
Restricted:					
General government	\$ -	\$ -	\$ -	\$ -	\$ -
Committed:					
Cultural and recreation	-	-	-	-	-
Special revenue fund expenditures	10,755	2,894	-	-	-
<b>Total all other governmental funds</b>	<b>\$ 10,755</b>	<b>\$ 2,894</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>



Village of Pinehurst, North Carolina  
**Fund Balances - Governmental Funds**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

**Table 3**  
**(2 pages)**

	Fiscal Year				
	2018	2019	2020	2021	2022
<b>General Fund</b>					
Nonspendable:					
Inventory	\$ 39,993	\$ 48,427	\$ 44,098	\$ 60,814	\$ 74,697
Prepaid items	19,878	20,135	42,602	38,374	71,056
Restricted:					
Stabilization by state statute	1,881,641	1,923,503	2,233,881	2,624,890	2,893,797
Public safety	2,672	10,943	-	39,674	36,297
Committed:					
Library and archives	-	-	-	1,000,000	544,777
Future capital	-	-	-	4,102,691	6,942,557
Assigned:					
Subsequent year's expenditures	4,249,380	755,967	1,603,467	2,530,950	-
Unassigned	4,448,274	5,112,998	7,305,222	2,891,475	4,676,778
<b>Total general fund</b>	<b><u>\$ 10,641,838</u></b>	<b><u>\$ 7,871,973</u></b>	<b><u>\$ 11,229,270</u></b>	<b><u>\$ 13,288,868</u></b>	<b><u>\$ 15,239,959</u></b>
<b>All Other Governmental Funds</b>					
Restricted:					
General government	\$ -	\$ -	\$ -	\$ -	\$ 4,216
Committed:					
Cultural and recreation	186,877	2,520,458	249,374	-	400,319
Special revenue fund expenditures	-	-	-	-	-
<b>Total all other governmental funds</b>	<b><u>\$ 186,877</u></b>	<b><u>\$ 2,520,458</u></b>	<b><u>\$ 249,374</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 404,535</u></b>



**Village of Pinehurst, North Carolina**  
**Assessed Value and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**

**Table 5**

<b>Fiscal Year</b>	<b>Tax Year</b>	<b>Residential Property</b>	<b>Commercial Property</b>	<b>Industrial Property</b>	<b>Less Tax-Exempt Property</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>	<b>Estimated Actual Taxable Value</b>
2013	2012	\$ 3,368,430,240	\$ 346,142,700	\$ 17,669,146	\$ 312,873,330	\$ 3,419,368,756	0.280	\$ 3,398,974,907
2014	2013	3,433,539,072	346,239,540	17,443,205	314,499,090	3,482,722,727	0.280	3,474,384,205
2015	2014	3,433,872,218	357,593,290	16,969,593	316,220,133	3,492,214,968	0.280	3,481,769,659
2016	2015	3,352,781,389	375,083,970	19,365,934	404,357,860	3,342,873,433	0.290	3,342,873,433
2017	2016	3,398,349,498	375,641,253	19,308,922	405,681,620	3,387,618,053	0.295	3,379,844,411
2018	2017	3,438,503,505	382,281,151	20,624,370	405,969,480	3,435,439,546	0.295	3,357,544,513
2019	2018	3,495,942,470	391,820,521	20,871,399	405,458,520	3,503,175,870	0.295	3,432,467,049
2020	2019	3,737,721,744	427,481,221	23,759,023	437,571,040	3,751,390,948	0.300	3,738,306,874
2021	2020	3,809,790,478	427,774,584	26,068,173	434,758,410	3,828,874,825	0.300	3,783,099,323
2022	2021	3,910,901,972	418,615,954	26,343,641	463,961,170	3,891,900,397	0.315	3,844,611,673

**Sources:**  
 Moore County Tax Department

**Notes:**  
 Assessed valuations are established by the Moore County Board of Commissioners at 100% of estimated market value. A revaluation of real property is required by the North Carolina General Statutes at least every eight years. Property was last revalued in FY 2020.

Estimated actual taxable value is calculated using information provided in Moore County's Annual Comprehensive Financial Report.

Village of Pinehurst, North Carolina  
 Direct and Overlapping Property Tax Rates  
 Last Ten Years  
 (Rates are per \$100 of Assessed Value)

Table 6

Fiscal Year	Tax Year	Direct Rates	Overlapping Rates	
		Total Direct Rate	Village of Pinehurst Municipal Service District	Moore County (1)
2013	2012	0.280	0.05	0.485
2014	2013	0.280	-	0.485
2015	2014	0.280	-	0.485
2016	2015	0.290	-	0.495
2017	2016	0.295	-	0.495
2018	2017	0.295	-	0.495
2019	2018	0.295	-	0.505
2020	2019	0.300	-	0.550
2021	2020	0.300	-	0.550
2022	2021	0.315	-	0.550

**Sources:**

(1) Moore County Tax Department

**Notes:**

Overlapping rates are those of local and county governments that apply to property owners within the Village of Pinehurst. Not all overlapping rates apply to all property owners; for example, although the county property tax rates apply to all Village of Pinehurst property owners, the Municipal Service District rates apply only to 25 property owners whose property is located within that district's geographic boundaries.

In fiscal year 2013 the Municipal Service District fund was closed and all operations were absorbed into the General Fund. Starting in fiscal year 2014, the cost of operations is funded by the Direct Tax.

Village of Pinehurst, North Carolina  
Principal Property Tax Payers  
Current Year and Nine Years Ago

Table 7

Taxpayer	2022		2013	
	Taxable Assessed Value	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Percentage of Total Taxable Assessed Value
Pinehurst LLC	\$ 187,754,812	4.82%	\$ 165,094,503	4.83%
Pinehurst Surgical Clinic	28,766,340	0.74%	23,614,600	0.69%
Pinehurst Medical	27,523,930	0.71%	20,244,470	0.59%
Country Club of North Carolina	25,257,993	0.65%	22,019,470	0.64%
Duke Energy Progress, Inc.	20,705,943	0.53%	12,381,585	0.36%
The Greens at Arboretum LLC	12,449,190	0.32%	-	-
Quail Haven Properties of Pinehurst, LLC	10,218,540	0.26%	-	-
MTMM Associates (Carolina Eye Assoc.)	9,302,210	0.24%	9,634,212	0.28%
Pinewild Project Limited PTNS	8,881,302	0.23%	14,041,942	0.41%
SCOP (Surgery Center of Pinehurst)	6,072,220	0.16%	5,148,450	0.15%
East Lake Development, LLC	-	-	8,162,720	0.24%
Carolina Telephone and Telegraph	-	-	4,323,982	0.13%
Total	<u>\$ 336,932,480</u>	<u>8.66%</u>	<u>\$ 284,665,934</u>	<u>8.33%</u>

**Sources:**

Moore County Tax Department

**Notes:**

FY 2022 and FY 2013 data are for tax years 2021 and 2012 respectively.

Pinehurst, LLC includes: Resorts of Pinehurst Inc., Pinehurst, Inc., Pinehurst LLC and Resorts of Pinehurst, Inc.

Village of Pinehurst, North Carolina  
Property Tax Levies and Collections  
Last Ten Fiscal Years

Table 8

Fiscal Year	Tax 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 Levy		Amount	Percentage of Levy (1)
2013	2012	\$ 9,558,275	\$ 9,538,561	99.79%	\$ 19,686	\$ 9,558,247	100.00%
2014	2013	9,756,980	9,748,024	99.91%	8,912	9,756,936	100.00%
2015	2014	9,774,886	9,772,350	99.97%	2,376	9,774,726	100.00%
2016	2015	9,692,375	9,686,105	99.94%	6,210	9,692,315	100.00%
2017	2016	9,992,459	9,983,263	99.91%	9,147	9,992,410	100.00%
2018	2017	10,136,740	10,129,986	99.93%	6,576	10,136,562	100.00%
2019	2018	10,334,013	10,323,160	99.89%	9,338	10,332,498	99.99%
2020	2019	11,256,701	11,247,972	99.92%	6,508	11,254,480	99.98%
2021	2020	11,486,218	11,478,077	99.93%	4,554	11,482,631	99.97%
2022	2021	12,252,759	12,243,729	99.93%	-	12,243,729	99.93%

**Sources:**

Moore County Tax Department

**Notes:**

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

Village of Pinehurst, North Carolina  
 Ratios of Outstanding Debt by Type  
 Last Ten Fiscal Years

Table 9

Fiscal Year	Calendar Year	Governmental Activities		Percentage of Personal Income (2)	Per Capita (2)
		Installment Financing (1)	Lease Liabilities		
2013	2012	\$ 2,091,572	\$ -	0.34%	\$ 140
2014	2013	2,262,742	-	0.35%	149
2015	2014	1,841,825	-	0.26%	119
2016	2015	1,435,323	-	0.18%	91
2017	2016	1,066,792	-	0.13%	66
2018	2017	737,569	-	0.10%	45
2019	2018	440,287	-	0.06%	26
2020	2019	141,600	-	0.02%	8
2021	2020	-	-	0.00%	-
2022	2021	-	24,922	0.00%	-

**Notes:**

(1) Details regarding outstanding debt can be found in Note 10 of the notes to the financial statements.

(2) See Table 12 for personal income and population data. These ratios are calculated using personal income and population for the calendar year.



**Village of Pinehurst, North Carolina**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2022**

**Table 10**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (2)</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
<b>Moore County (1)</b>			
Debt repaid with property taxes:			
Moore County general obligation debt	\$ 137,530,000	26.91%	\$ 37,014,368
Other debt:			
Moore County LOB	53,508,000	26.91%	14,400,965
Lease liabilities	163,816	26.91%	44,089
Moore County installment loans	38,435,200	26.91%	<u>10,344,322</u>
Subtotal, overlapping debt			61,803,744
<b>Village of Pinehurst direct debt</b>			<u>24,922</u>
Total direct and overlapping debt			<u>\$ 61,828,666</u>

**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 and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident-therefore responsible for repaying the debt-of each overlapping governments.*

(1) Source: Moore County's Annual Comprehensive Financial Report

(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 Pinehurst's boundaries and dividing it by each unit's total taxable assessed value. Taxable assessed property values as of June 30, 2021 were used to determine the overlapping debt percentage.

Village of Pinehurst, North Carolina  
 Legal Debt Margin Information  
 Last Ten Fiscal Years

Table 11

<u>Fiscal Year</u>	<u>Debt Limit</u>	<u>Total Net Debt Applicable to Limit</u>	<u>Legal Debt Margin</u>	<u>Legal Debt Margin as a Percent of Debt Limit</u>
2013	\$ 273,549,500	\$ 2,091,572	\$ 271,457,928	99.24%
2014	278,617,818	2,262,742	276,355,076	99.19%
2015	279,377,197	1,841,825	277,535,372	99.34%
2016	267,429,875	1,435,323	265,994,552	99.46%
2017	271,009,444	1,066,792	269,942,652	99.61%
2018	274,835,164	737,569	274,097,595	99.73%
2019	280,254,070	440,287	279,813,783	99.84%
2020	300,111,276	141,600	299,969,676	99.95%
2021	306,309,986	-	306,309,986	100.00%
2022	311,352,032	-	311,352,032	100.00%

**Legal Debt Margin Calculation for Fiscal Year 2021**

Assessed valuation	\$ 3,891,900,397	
	X	<u>0.08</u>
Debt limit - 8.0% of assessed value		\$ 311,352,032
Gross debt:		
Authorized and unissued bonds	-	
Installment purchase agreements	-	
Total gross debt	-	
Less: statutory deductions	-	
Total amount of debt applicable to debt limit (net debt)		<u>-</u>
<b>Legal debt margin</b>		<u><u>\$ 311,352,032</u></u>

Village of Pinehurst, North Carolina  
Demographic and Economic Statistics  
Last Ten Calendar Years

Table 12

<u>Fiscal Year</u>	<u>Calendar Year</u>	<u>Population (1)</u>	<u>Personal Income</u>	<u>Per Capita Income (2)</u>	<u>Median Age (2)</u>	<u>Unemployment Rate (3)</u>
2013	2012	14,979	\$ 608,671,665	\$ 40,635	60.6	8.6%
2014	2013	15,150	650,586,450	42,943	60.9	6.3%
2015	2014	15,525	708,033,150	45,606	60.8	5.4%
2016	2015	15,763	778,093,206	49,362	61.1	5.1%
2017	2016	16,123	798,136,869	49,503	61.4	4.1%
2018	2017	16,452	729,679,104	44,352	60.1	4.2%
2019	2018	16,754	771,907,042	46,073	59.3	4.5%
2020	2019	17,100	824,117,400	48,194	61.2	7.3%
2021	2020	17,484	870,143,712	49,768	59.4	4.8%
2022	2021	17,651	922,211,797	52,247	60.3	4.1%

**Sources:**

- (1) Office of State Budget and Management.
- (2) U.S. Census Bureau.
- (3) North Carolina Employment Security Commission.

**Notes:**

*Per Capita Income is adjusted annually after the Decennial Census calendar year by the annual average inflation rate.*

*Unemployment rate information is a calendar year adjusted annual average in Southern Pines-Pinehurst area.*

Village of Pinehurst, North Carolina  
 Principal Employers  
 Current Year and Nine Years Ago

Table 13

Employer	2022		2013	
	Employees	Percentage of Total Employment	Employees	Percentage of Total Employment
First Health of the Carolinas (1)	3,720	52.67%	2,677	58.32%
Pinehurst, LLC (2)	1,223	17.32%	1,128	24.58%
Total		69.98%		82.90%

**Sources:**

- (1) Human Resources Department at First Health of the Carolinas.
- (2) Human Resources Department at Pinehurst, LLC f/n/a Resorts of Pinehurst Inc.

**Notes:**

2022 employment is based on calendar year 2021.

GASB 44 requires comparative data for the current calendar year and nine years prior. 2020 adjusted Census Data was used for 2013 and 2022 to estimate the percentage of total employment.

**Village of Pinehurst, North Carolina  
Full-time Equivalent Employees by Function  
Last Ten Fiscal Years**

**Table 14**

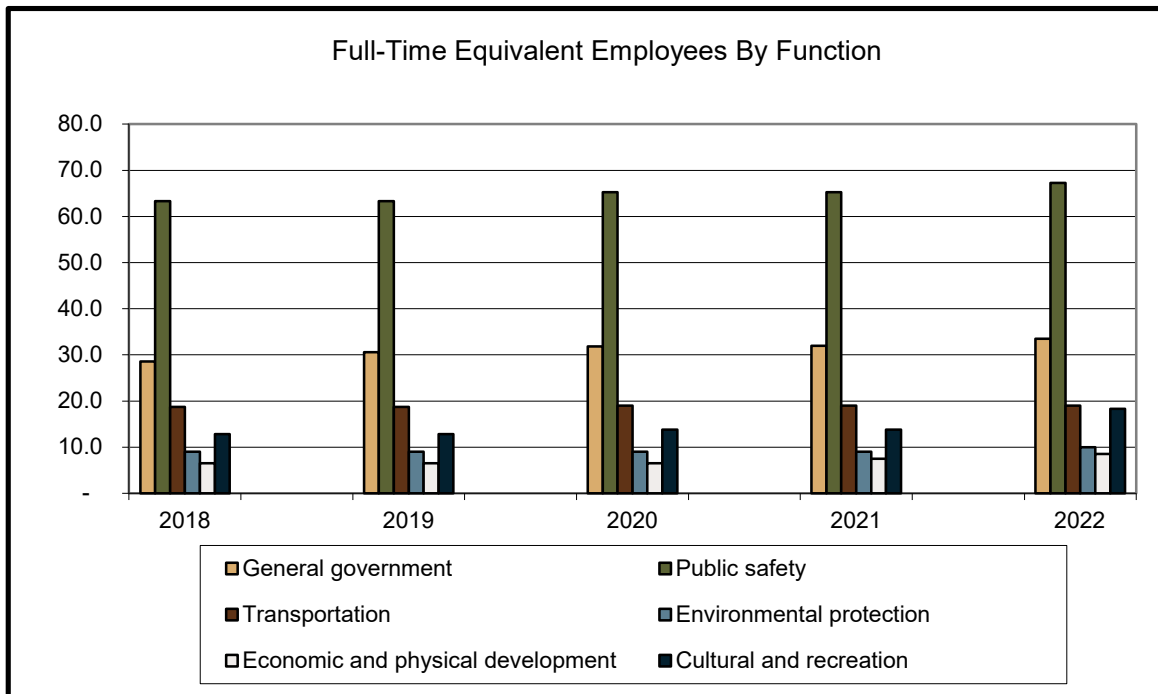
Function	Full-Time Equivalent Employees as of June 30									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General government	26.0	26.8	26.8	26.8	26.8	28.6	30.6	31.8	32.0	33.5
Public safety	60.0	60.0	60.0	60.0	63.3	63.3	63.3	65.3	65.3	67.3
Transportation	18.0	18.0	18.0	18.0	18.0	18.7	18.7	19.0	19.0	19.0
Environmental protection	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	10.0
Economic and physical development	6.0	6.0	6.0	6.0	6.5	6.5	6.5	6.5	7.5	8.5
Cultural and recreation	11.8	11.8	12.1	12.8	12.8	12.8	12.8	13.8	13.8	18.3
<b>Total</b>	<b>130.8</b>	<b>131.6</b>	<b>131.9</b>	<b>132.6</b>	<b>136.4</b>	<b>138.9</b>	<b>140.9</b>	<b>145.4</b>	<b>146.6</b>	<b>156.6</b>

**Source:**

*Village of Pinehurst Human Resources Department*

**Notes:**

*A full-time employee is scheduled to work 2,080 hours per year (including vacation and sick leave). Full-time equivalent employment is calculated by dividing total labor hours by 2,080.*



Village of Pinehurst, North Carolina  
 Operating Indicators by Function  
 Last Ten Fiscal Years

Table 15  
 (2 pages)

Function	Fiscal Year				
	2013	2014	2015	2016	2017
<b>General Government</b>					
Financial services:					
Purchase orders issued	299	338	297	323	384
Vendor checks issued	1,840	1,641	1,509	1,490	1,377
Vendor EFTs issued	620	998	1,009	1,070	1,071
Human resources:					
Workers' compensation lost time (days)	74	144	39	8	8
Employee turnover rate	11.4%	7.9%	14.3%	12.6%	13.1%
Fleet maintenance:					
Vehicles maintained	(2)	99	97	98	103
Equipment maintained	(2)	69	61	62	62
Preventative maintenance completed	269	218	240	228	234
<b>Public Safety</b>					
Fire protection:					
Public fire & life safety classes	254	307	342	438	563
Incident calls	982	993	1,052	1,245	1,754
Structure fires	43	28	14	4	10
Inspections (1)	950	1,898	756	184	186
Child passenger seat inspections	182	170	170	183	136
Police protection:					
Physical arrests	184	239	575	651	739
Citations issued	1,208	2,082	1,757	2,603	2,750
Response to calls/officer initiated activity	10,901	13,041	11,742	14,923	16,613
Traffic accidents	447	422	433	635	654
Inspections:					
Building inspections conducted (1)	4,608	7,540	5,469	5,656	6,633
Certificates of occupancy issued	68	79	116	91	130
<b>Transportation</b>					
Street resurfacing (miles)	3.6	5.0	4.5	2.1	3.1
<b>Environmental Protection</b>					
Refuse collected (tons annually)	3,856	3,988	3,973	4,106	4,062
Homes receiving service	7,877	7,955	8,107	8,196	8,326
Recyclables collected (tons annually)	1,913	2,025	2,115	1,935	2,060
<b>Economic and Physical Development</b>					
Building permits issued	275	313	289	315	347
Code compliance investigations	596	522	639	774	1,251
<b>Cultural and Recreation</b>					
Recreation:					
Program participants	1,591	1,807	1,986	2,634	2,950
Athletics participants	1,838	1,442	1,736	1,699	1,922
Library and archives:					
Books checked out	38,474	37,040	36,264	35,542	41,224
E-books checked out	8,600	8,373	8,168	8,545	10,095
Harness track:					
Standardbred stalls leased	223	240	236	256	252
Facilities reserved (days)	103	125	38	52	40
Fair barn:					
Events	102	122	133	112	121
Rental days	112	199	205	177	159

**Sources:**  
 Various Village departments

**Notes:**  
 (1) Fiscal Year 2014 includes inspections conducted for the USGA at the US Open Championship venue  
 (2) Information is not available

**Village of Pinehurst, North Carolina**  
**Operating Indicators by Function**  
**Last Ten Fiscal Years**

**Table 15**  
**(2 pages)**

Function	Fiscal Year				
	2018	2019	2020	2021	2022
<b>General Government</b>					
Financial services:					
Purchase orders issued	401	378	432	415	449
Vendor checks issued	1,415	1,289	1,554	1,354	1,434
Vendor EFTs issued	972	1,046	974	878	960
Human resources:					
Workers' compensation lost time (days)	5	1	80	215	15
Employee turnover rate	8.3%	12.2%	15.7%	13.1%	13.7%
Fleet maintenance:					
Vehicles maintained	100	101	102	102	101
Equipment maintained	67	59	77	84	78
Preventative maintenance completed	236	248	231	228	237
<b>Public Safety</b>					
Fire protection:					
Public fire & life safety classes	617	606	381	89	104
Incident calls	1,670	1,891	1,686	1,904	2,335
Structure fires	7	5	1	13	14
Inspections	257	204	169	698	482
Child passenger seat inspections	104	104	60	31	62
Police protection:					
Physical arrests	296	392	330	426	370
Citations issued	3,368	3,770	2,990	2,387	1,985
Response to calls/officer initiated activity	16,809	18,103	17,547	24,933	23,926
Traffic accidents	658	652	578	600	668
Inspections:					
Building inspections conducted	7,614	7,008	8,223	8,723	8,683
Certificates of occupancy issued	216	240	260	221	235
<b>Transportation</b>					
Street resurfacing (miles)	5.7	3.9	4.5	4.5	4.2
<b>Environmental Protection</b>					
Refuse collected (tons annually)	3,962	4,522	5,018	5,670	5,112
Homes receiving service	8,467	8,531	8,562	8,726	8,885
Recyclables collected (tons annually)	2,066	1,702	1,208	1,009	1,479
<b>Economic and Physical Development</b>					
Building permits issued	348	337	360	296	254
Code compliance investigations	1,156	1,045	1,372	1,215	1,306
<b>Cultural and Recreation</b>					
Recreation:					
Program participants	3,061	2,678	1,600	1,812	2,841
Athletics participants	1,847	1,665	1,792	2,273	6,063
Library and archives:					
Books checked out	45,341	45,764	32,490	20,466	30,127
E-books checked out	12,334	16,041	17,200	21,139	21,316
Harness track:					
Standardbred stalls leased	215	193	172	126	141
Facilities reserved (days)	39	38	62	248	248
Fair barn:					
Events	124	104	83	76	135
Rental days	150	107	102	17	101

**Sources:**

*Various Village departments*

**Notes:**

(1) Fiscal Year 2014 includes inspections conducted for the USGA at the US Open Championship venue

(2) Information is not available

**Village of Pinehurst, North Carolina  
Capital Asset Statistics by Function  
Last Ten Fiscal Years**

**Table 16  
(2 pages)**

Function	Fiscal Year				
	2013	2014	2015	2016	2017
Public safety:					
Fire protection:					
Stations	2	2	2	2	2
Fire trucks	6	7	6	6	6
Police protection:					
Stations	1	1	1	1	1
Police vehicles	23	24	26	29	26
Transportation:					
Miles of streets	105.90	105.66	106.08	106.35	106.35
Maintenance vehicles	24	25	25	23	25
Sidewalks, greenways and bike paths (lf)	49,482	68,313	68,653	71,663	79,272
Environmental protection:					
Refuse collection trucks	15	15	16	17	13
Economic and physical development:					
Storm water drainage areas	48	57	66	80	84
Cultural and recreation:					
Number of parks	4	5	5	5	5
Park acreage	294	294	294	294	294
Greenway trails (miles)	6.8	6.8	6.8	7.1	7.6
Playgrounds	3	3	3	3	3
Baseball/softball diamonds	2	2	2	2	2
Soccer fields	2	2	2	2	2

**Sources:**

*Various Village departments*



**Village of Pinehurst, North Carolina  
Capital Asset Statistics by Function  
Last Ten Fiscal Years**

**Table 16  
(2 pages)**

Function	Fiscal Year				
	2018	2019	2020	2021	2022
Public safety:					
Fire protection:					
Stations	2	2	2	2	2
Fire trucks	6	6	6	7	8
Police protection:					
Stations	1	1	1	1	1
Police vehicles	29	27	29	27	27
Transportation:					
Miles of streets	106.75	106.98	107.40	107.40	107.60
Maintenance vehicles	24	22	22	23	23
Sidewalks, greenways and bike paths (lf)	82,757	83,179	85,344	85,344	88,121
Environmental protection:					
Refuse collection trucks	14	12	12	14	14
Economic and physical development:					
Storm water drainage areas	92	106	116	134	148
Cultural and recreation:					
Number of parks	5	5	5	5	6
Park acreage	294	294	294	294	303
Greenway trails (miles)	7.6	7.6	7.6	7.6	7.6
Playgrounds	3	3	3	3	3
Baseball/softball diamonds	2	2	2	2	2
Soccer fields	2	2	2	2	1

**Sources:**

*Various Village departments*



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## COMPLIANCE SECTION

This section contains the reports and schedules listed below:

- **Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***
  - **Independent Auditors' Report on Compliance for the Major State Program and on Internal Control over Compliance Required by the Uniform Guidance and State Single Audit Implementation Act**
  - Schedule of Findings and Questioned Costs
  - Schedule of Expenditures of Federal and State Awards
-

## **Independent Auditor’s 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***

The Honorable Mayor and  
Members of the Village Council  
Village of Pinehurst, NC

We have audited, in accordance with the 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 financial statements of the governmental activities, the business-type activities and each major fund of the Village of Pinehurst, North Carolina (“Village”) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Village of Pinehurst, North Carolina’s basic financial statements, and have issued our report thereon dated October 31, 2022.

### **Report on Internal Control over Financial Reporting**

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

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

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

# FORVIS

## Report on Compliance and Other Matters

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

## Purpose of this Report

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

**FORVIS, LLP**

High Point, NC  
October 31, 2022

## Independent Auditor's Report on Compliance for the Major State Program and on Internal Control over Compliance Required by the OMB Uniform Guidance and the State Single Audit Implementation Act

The Honorable Mayor and  
Members of the Village Council  
Village of Pinehurst, NC

### Report on Compliance for the Major State Program

#### ***Opinion on the Major State Program***

We have audited the Village of Pinehurst, North Carolina's (the "Village") compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on the Village's major state program for the year ended June 30, 2022. The Village's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Village complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the major state program for the year ended June 30, 2022.

#### ***Basis for Opinion on the Major State Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and applicable sections of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Our responsibilities under those standards, the Uniform Guidance and the State Single Audit Implementation Act are further described in the "Auditor's Responsibilities for the Audit of Compliance" section of our report.

We are required to be independent of the Village and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of the Village's compliance with the compliance requirements referred to above.

## ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Village's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the State Single Audit Implementation Act will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Village's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the State Single Audit Implementation Act, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Village's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Village's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **Report on Internal Control over Compliance**

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

# FORVIS

Our consideration of internal control over compliance was for the limited purpose described in the “Auditor’s Responsibilities for the Audit of Compliance” section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the applicable sections of the Uniform Guidance and the State Single Audit Implementation Act. Accordingly, this report is not suitable for any other purpose.

**FORVIS,LLP**

**High Point, NC  
October 31, 2022**



## Schedule of Findings and Questioned Costs

### Section I: Summary of Auditors' Results

#### Financial statements

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

Are any material weaknesses identified? \_\_\_\_\_ Yes  X  No

Are any significant deficiencies identified? \_\_\_\_\_ Yes  X  None reported

Is any noncompliance material to financial statements noted? \_\_\_\_\_ Yes  X  No

#### State awards

Internal control over major state programs:

Are any material weaknesses identified? \_\_\_\_\_ Yes  X  No

Are any significant deficiencies identified? \_\_\_\_\_ Yes  X  None reported

Noncompliance material to State awards? \_\_\_\_\_ Yes  X  No

Type of auditors' report issued on compliance for major state programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act? \_\_\_\_\_ Yes  X  No

Identification of major state programs:

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**Name of State Program**

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Powell Bill - DOT 4

**Section II: Financial Statement Findings**

There were no findings related to the financial statements for the fiscal year ended June 30, 2022.

**Section III: Federal Awards Findings and Questioned Costs**

There were no findings related to federal awards for the fiscal year ended June 30, 2022.

**Section IV: State Awards Findings and Questioned Costs**

There were no findings related to state awards for the fiscal year ended June 30, 2022.

Village of Pinehurst, North Carolina  
 Schedule of Expenditures of Federal and State Awards  
 For the Year Ended June 30, 2022

Schedule 10

Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	State/ Pass-Through Grantor's Number	Federal Expenditures	State Expenditures	Local Expenditures
<b>Federal awards:</b>					
<u>U.S. Department of Justice</u>					
Passed through N.C. Department of Public Safety:					
Edward Byrne Memorial Justice Assistance Grant Program	16.738	PROJ014939	\$ 5,275	\$ -	\$ -
<u>U.S. Department of the Treasury</u>					
Equitable Sharing Program - Federal Forfeiture	21.016	Direct	13,857	-	-
Total federal awards			<u>19,132</u>	<u>-</u>	<u>-</u>
<b>State awards:</b>					
<u>N.C. Department of Transportation</u>					
Powell Bill		DOT-4	-	568,939	-
<u>N.C. Department of Natural and Cultural Resources</u>					
State Aid to Public Libraries			-	1,243	-
Total state awards			<u>-</u>	<u>570,182</u>	<u>-</u>
Total federal and state awards			<u>\$ 19,132</u>	<u>\$ 570,182</u>	<u>\$ -</u>

**Notes to the Schedule of Expenditures of Federal and State Awards**

**1. Basis of Presentation**

The accompanying schedule of expenditures of federal and state awards (SEFSA) includes the Federal and State grant activity of the Village of Pinehurst under the programs of the federal government and the state of North Carolina for the year ended June 30, 2022. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the Village, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Village.

**2. Summary of Significant Accounting Policies**

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Village has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

