

Village of Pinehurst, North Carolina  
Comprehensive Annual Financial Report



For the Fiscal Year Ended  
June 30, 2010

Prepared by  
Financial Services Department

John G. Frye  
Director of Financial Services

**Village of Pinehurst, North Carolina**  
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**For the Fiscal Year Ended June 30, 2010**

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September 24, 2010

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

The Comprehensive Annual Financial Report of the Village of Pinehurst, North Carolina 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 as of and for the fiscal year ended June 30, 2010. 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, 2010, and to provide further accountability to citizens and other interested parties by providing a more comprehensive report in lieu of the minimum basic financial statement requirements.

As a comprehensive annual 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 as well as 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. Dixon Hughes, PLLC, Certified Public Accountants, conducted the audit and concluded in an unqualified ("clean") opinion that the financial statements present fairly in conformity with GAAP, in all material respects, the financial position and changes in financial position for the Village of Pinehurst, North Carolina, as of June 30, 2010. The independent auditors' report on the basic financial statements is located at the beginning of the financial section of this report.

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

### **Profile of the Village**

The Village of Pinehurst 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 13,277. 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, which occurs periodically when deemed appropriate by the governing board.

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 both the Village's manager and attorney. The Village Manager is responsible for carrying out the policies and ordinances of the Village Council, for overseeing the day-to-day operations of the Village, and for appointing the heads of the various departments. 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; the maintenance of streets and other 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 is empowered to levy a property tax on both real and personal property located within its boundaries. The Village's budget ordinance creates a legal limit on spending authorizations, and serves as the foundation for Pinehurst's financial planning and control. The budget is prepared by fund and department. The Village Manager is authorized by the budget ordinance to make certain limited transfers within funds to facilitate budget execution consistent with Council intent.

### **Local Economy**

The Village of Pinehurst, like other municipalities, is currently feeling the effects of the global recession. The Village is primarily a residential community with a historically steady growth rate in residential development. For the past fifteen years an average of over 200 new homes have been constructed each year within the Village limits and its extraterritorial jurisdiction. However, last year the Village added only 51 new homes, a decrease of 9% from the 56 homes that were constructed the previous year. The Village of Pinehurst has not been immune to the national decline in the housing industry, but is currently showing signs that the declining trend is reversing.

The tourism industry contributes significantly to the economic well-being of the Village. Moore County ranks eleventh out of one-hundred North Carolina counties in tourism, with an estimated \$349 million in annual tourism generated revenues. This is due primarily to the world-renowned reputation of The 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 and as a result of its exceptional quality, Pinehurst LLC was selected to host the 1999 and 2005 U.S. Men's Open Golf Championships. Also, in 2014 our area has been selected to host the first ever back to back U.S. Men's Open Golf Championship and U.S. Women's Open Golf Championship.

The Village of Pinehurst can also claim a top-notch regional health facility, First Health of the Carolinas. FirstHealth is a private, not-for-profit health care system based in Pinehurst which serves 15 counties. First Health is one of the County's largest employers, providing an employment base of over 2,600 health care professionals and staff. Their commitment to quality is evidenced by First Health'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 position even in these challenging economic times. In FY 2010, the Village reviewed its Fund Balance policy and determined that the minimum fund balance level was considerably lower than the fund balances maintained by our peer group. Based on this review, in May of 2010, the Village Council adopted a new Fund Balance policy. This resulted in the closure of the Village's Capital Reserve fund and increasing the minimum fund balance level in the General Fund. This effectively protected these funds from appropriation and strengthened the Village fiscally.

The Village Council has several ongoing initiatives to meet the needs of citizens and improve the overall quality of life. In 2003, the Village Council adopted its first Comprehensive Long Range Plan which included several significant initiatives. Those initiatives included a re-write of the Pinehurst Development Ordinance, construction of a greenway system, the master planning and construction of new parks, enhanced street resurfacing program, and the construction of a new fire station. The Village adopted an updated Comprehensive Long Range Plan in May of 2010 that included the key strategic elements of character and ambiance, open space, the Village Center, extra-territorial areas, utility infrastructure, and vehicular transportation.

In order to proactively anticipate future capital expenditures, the Village adopts a Five-Year Capital Improvements Plan (CIP) each year. This document outlines the major capital purchases and capital project expenditures for the next five fiscal years while matching a conservative revenue source for payment. This document also describes the impact of the capital expenditures on the General Fund, Capital Reserve Fund, and the Village finances as a whole.

Major initiatives of the CIP include the construction of a public restroom downtown, greenway construction, brick sidewalks, and storm water improvements. Street resurfacing also continues to be a priority for the Village with a goal of resurfacing approximately 5 miles of streets annually to maintain an average surface life-cycle of 20 years.

### **Awards and Acknowledgements**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Village of Pinehurst for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2009. This was the seventeenth 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 CAFR. 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 CAFR 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 years ended June 30, 2008 through 2010. In order to qualify for the Distinguished Budget Presentation Award, the Village's budget document had to be 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 of Pinehurst's finances.

Respectfully submitted,



Andrew M. Wilkison  
Village Manager



John G. Frye  
Director of Financial Services

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Village of Pinehurst  
North Carolina

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

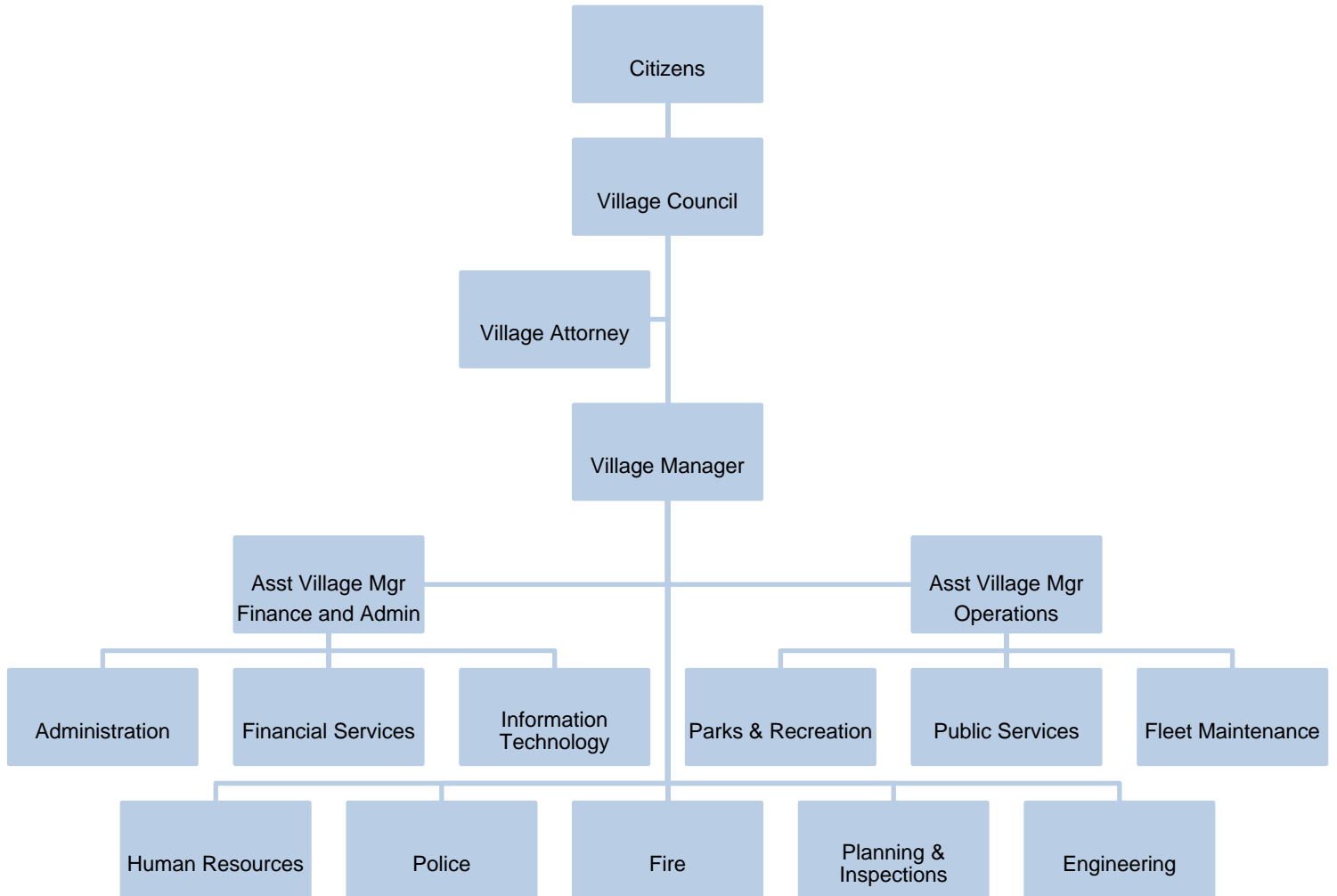


President

Executive Director



Village of Pinehurst, North Carolina  
Organizational Chart  
June 30, 2010



**Village of Pinehurst, North Carolina  
List of Principal Officials  
June 30, 2010**

**Elected Officials**

Virginia F. Fallon	Mayor
Joan M. Thurman	Mayor Pro-Tem
Douglas A. Lapins	Treasurer
Nancy R. Fiorillo	Council Member
Mark W. Parson	Council Member

**Appointed Officials**

Andrew M. Wilkison	Village Manager
Natalie E. Dean	Assistant Village Manager
Jeff Batton	Assistant Village Manager
Michael J. Newman	Village Attorney
Linda Brown	Village Clerk
John G. Frye	Director of Financial Services
Angie Kantor	Director of Human Resources
Jason Whitaker	Director of Information Technology
Ronnie Davis	Chief of Police
Carlton Cole	Fire Chief
Andrea Correll	Director of Planning
Open	Director of Engineering
Walt Morgan	Director of Public Services
Randy Kuhn	Director of Fleet Maintenance
Mark Wagner	Director of Parks and Recreation



**DIXON HUGHES** PLLC

Certified Public Accountants and Advisors

## ***INDEPENDENT AUDITORS' REPORT***

The Honorable Mayor and Members of  
the Village Council  
Village of Pinehurst  
Pinehurst, North Carolina

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 as of and for the year ended June 30, 2010 which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Village of Pinehurst's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Pinehurst, North Carolina as of June 30, 2010 and the respective changes in financial position and the respective budgetary comparison for the general fund and the Municipal Service District special revenue fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated September 24, 2010 on our consideration of Village of Pinehurst's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that 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 the internal control over financial reporting and compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and the Law Enforcement Officer's Special Separation Allowance Schedule of Funding Progress and Schedule of Employer Contributions are not a required part of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and express no opinion thereon.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Village of Pinehurst, North Carolina, taken as a whole. The individual and combining fund statements, budgetary schedules, and other schedules, as well as the accompanying schedule of expenditures of federal and State awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, 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 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The introductory and statistical sections of the Comprehensive Annual Financial Report (CAFR) have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on their contents.

*Dixon Hughes PLLC*

September 24, 2010

# Village of Pinehurst Management's Discussion and Analysis June 30, 2010

As management of the Village of Pinehurst, we offer readers of the Village of Pinehurst's financial statements this narrative overview and analysis of the financial activities of the Village of Pinehurst for the fiscal year ended June 30, 2010. 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.

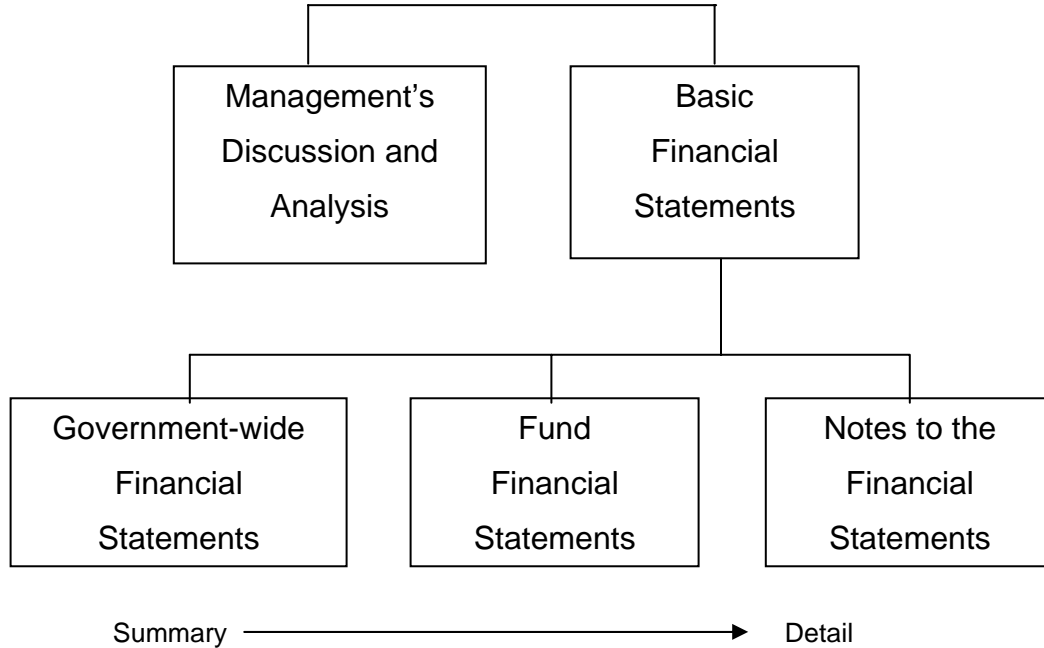
## Financial Highlights

- The assets of the Village of Pinehurst exceeded its liabilities at the close of the fiscal year by \$21,931,224 (*net assets*).
- The Village's total net assets increased by \$1,306,823 primarily due to an increase in capital assets during the fiscal year and the reduction in long term debt due to scheduled principal payments.
- As of the close of the current fiscal year, the Village of Pinehurst's governmental funds reported combined ending fund balances of \$5,906,138 an increase of \$26,998 in comparison with the prior year. Approximately 82% of this total amount, or \$4,831,553, is available for spending at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$4,758,711, or 34% of total general fund expenditures for the fiscal year.
- The Village of Pinehurst's total debt decreased by \$336,473 (7.5%) during the current fiscal year. The key factor in this decrease was the payment of \$836,473 in principal on existing debt obligations, which totaled \$4,151,008 at the 2010 fiscal year end. The Village also entered into one new debt obligation during the 2009-2010 fiscal year of \$500,000 for a new fire engine.
- The Village of Pinehurst maintained its credit rating from the North Carolina Municipal Council of 85, which is comparable to a rating of Aa3/AA- by the national rating agencies. The Village had no general obligation bonded debt as of June 30, 2010.
- Throughout the year, the Village's deposits were insured or collateralized as required by state law. Total investment earnings were approximately \$35,001, which is equivalent to a return of approximately 0.53% on the average amount of cash and cash equivalents during the year. At fiscal year end, 38% of the Village's cash and investments were held in insured or collateralized depository accounts and 62% were invested in the North Carolina Capital Management Trust, a SEC-registered (2a7) money market mutual fund.
- The Village has received the Certificate of Achievement for Excellence in Financial Reporting for 17 consecutive years. The Certificate of Achievement is the highest form of recognition awarded in the field of governmental financial reporting.
- For the 2009-10 fiscal year, the Village received the Distinguished Budget Presentation Award for the third consecutive year from the Government Finance Officer's Association for its annual budget. In order to receive the budget award the Village had to adhere to nationally recognized guidelines for effective budget presentation.

## Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Village of Pinehurst'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 of Pinehurst.

**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 four parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements; and 4) fiduciary fund statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained 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.

The two government-wide statements report the Village's net assets and how they have changed. Net assets are the difference between the Village's total assets and total liabilities. Measuring net assets 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, 2010. The final category is the component unit. The Village does not have any component units as of June 30, 2010.

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

## **Fund Financial Statements**

The fund financial statements (see Figure 2) provide a more detailed look at the Village's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village of Pinehurst, 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. All of the funds of the Village of Pinehurst are 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 monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Village's programs. The relationship between government activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The Village of Pinehurst 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 citizens 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 Statement of Revenues, Expenditures and Changes in Fund Balances. The statement shows four columns: 1) the original budget as adopted by the Council; 2) the final budget as amended by the Council; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

The Village of Pinehurst also adopts an annual budget for the Municipal Service District Fund, the other major governmental fund of the Village. The Municipal Service District Fund was created to account for the yearly operating costs of operating the dams in this subdivision. It is also used to account for the annual tax assessments for operations and the special assessment for the reconstruction of the earthen dam around Pond #1. Since this fund's revenues, expenditures/expenses, assets or liabilities are greater than 10% of corresponding totals for all governmental funds and more than 5% of the aggregate amount for all governmental and enterprise funds for the same item, this fund is a major governmental fund. As such, there is a budgetary statement provided for the Municipal Service District Fund.

**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 are on pages 23-42 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 of Pinehurst’s progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 43 of this report.

## Government-Wide Financial Analysis

This is the seventh year the Village of Pinehurst has reported the government-wide financial statements under GASB 34. Prior to implementing GASB 34, the Village of Pinehurst maintained their governmental fund groups as separate and very distinct types of accounting without any type of consolidated statement that accurately reflected the operations and net assets of the government as a whole. There was a total column that appeared on the financial statements, but it was a memorandum total only. No attempt was made to adjust the statements in such a way that the total column would represent the overall financial condition of the Village of Pinehurst. These statements were basically the equivalent of the fund financial statements that appear in this report with fiduciary funds and two account groups, the long-term debt and the general fixed assets, added in.

The changes in the financial statement reporting model are mandated by the Governmental Accounting Standards Board (GASB). GASB Statement 34 dictated the changes you see in the Village of Pinehurst’s financial reports as well as those of many other units of government. As of the fiscal year ended June 30, 2004, all units of government were required to implement Statement 34.

### Net Assets

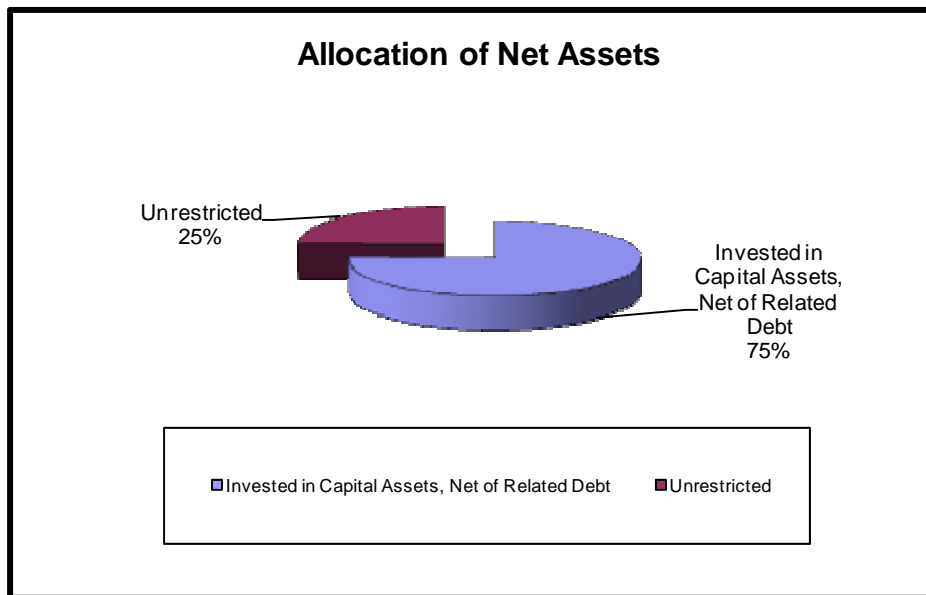
The following (Figure 2) reflects condensed information on the Village’s net assets:

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

	<b>Governmental Activities 2010</b>	<b>Governmental Activities 2009</b>
Current and other assets	\$ 7,290,875	\$ 6,879,939
Capital assets	20,671,632	19,703,535
Total assets	27,962,507	26,583,474
Long-term liabilities outstanding	4,822,477	5,140,121
Other liabilities	1,208,806	818,952
Total Liabilities	6,031,283	5,959,073
Net assets:		
Invested in capital assets, net of related debt	16,520,624	15,216,054
Unrestricted	5,410,600	5,408,347
Total Net Assets	\$ 21,931,224	\$ 20,624,401



As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The assets of the Village of Pinehurst exceeded liabilities by \$21,931,224 as of June 30, 2010. The Village's net assets increased by \$1,306,823 for the fiscal year ended June 30, 2010. However, the largest portion, \$16,520,624, reflects the Village's investment in capital assets (e.g. land, right of ways, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. The Village of Pinehurst's remaining net assets of \$5,410,600 are unrestricted.



### Governmental Activities

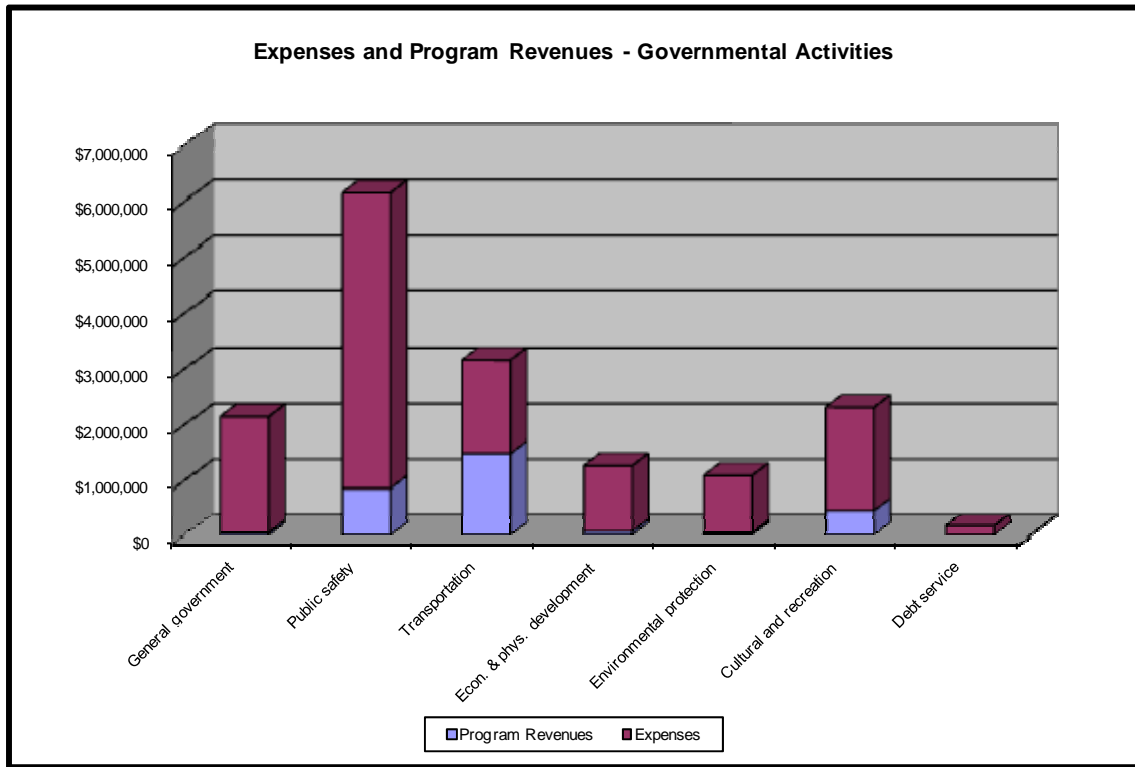
Governmental activities increased the Village's net assets by \$1,306,823, thereby accounting for 100% of the total growth in the net assets of the Village of Pinehurst.

Several aspects of the Village's financial operations influenced the positive change in total governmental net assets:

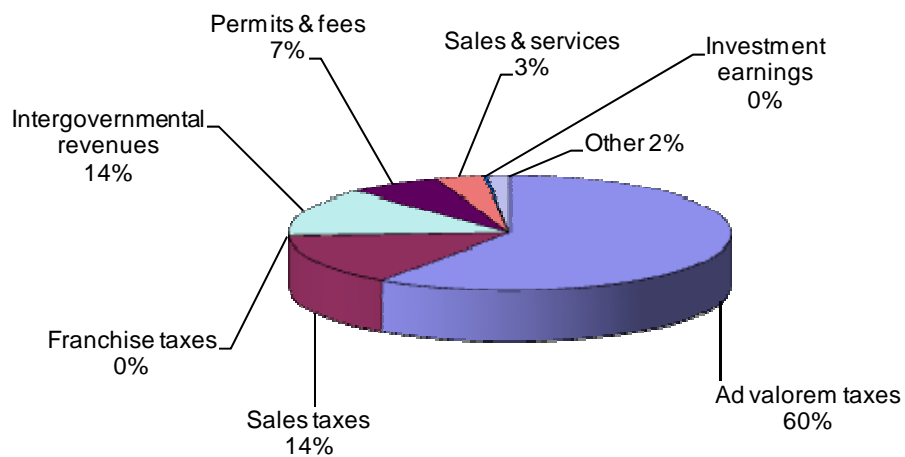
- Property tax revenue increased approximately \$163,000 over the prior year due to modest growth in new home construction in the Village.
- Investment earnings decreased approximately \$93,000 compared to the prior year due to lower interest rates and general market conditions.
- Continued diligence in the collection of property taxes by maintaining a tax collection percentage in the General Fund of 99.82%, which is comparable to the statewide average of 97.10%.
- Operating grants and contributions decreased \$769,000 or 60% primarily due to grants received for environmental protection in the previous fiscal year.
- Expenses net of program revenues increased by \$529,000, or 5%, due to lower levels of program revenues.
- Principal payments of \$836,000 reduced long term obligations, while new debt of \$500,000 offset this decrease.
- Streets and their related right of ways valued at \$1,096,000 were donated by developers.

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

	<u>Governmental</u> <u>Activities</u> <u>2010</u>	<u>Governmental</u> <u>Activities</u> <u>2009</u>
Revenues:		
Program revenues:		
Charges for services	\$ 1,386,370	\$ 1,511,606
Operating grants and contributions	513,020	1,281,966
Capital grants and contributions	1,099,183	15,987
General revenues:		
Property taxes	8,070,832	7,907,961
Sales taxes	1,917,162	2,241,517
Franchise taxes	43,191	38,073
Grants and contributions not restricted to specific programs	1,316,410	1,126,002
Other	302,314	575,696
Total revenues	<u>14,648,482</u>	<u>14,698,808</u>
Expenses:		
General government	2,103,062	2,210,111
Public safety	5,284,615	5,135,875
Transportation	1,672,394	1,741,237
Economic & physical development	1,209,264	1,794,712
Environmental protection	1,050,620	972,257
Culture and recreation	1,854,910	1,620,439
Non-departmental	-	62,907
Interest on long-term debt	166,794	182,228
Total expenses	<u>13,341,659</u>	<u>13,719,766</u>
Increase in net assets	1,306,823	979,042
Net assets, July 1	<u>20,624,401</u>	<u>19,645,359</u>
Net assets, June 30	<u>\$ 21,931,224</u>	<u>\$ 20,624,401</u>



### Revenues by Source - Governmental Activities



## **Business-type activities**

The Village of Pinehurst does not currently engage in Business-type activities.

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

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

### **Governmental Funds**

The focus of the Village of Pinehurst'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 of Pinehurst's financing requirements. Specifically, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

At June 30, 2010, the governmental funds of the Village of Pinehurst reported a combined fund balance of \$5,906,138, less than a 0.05% increase over last year.

The General Fund is the chief operating fund of the Village of Pinehurst. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$4,758,711, while total fund balance reached \$5,833,296. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 34.4% of total General Fund expenditures, while total fund balance represents 42.3% of that same amount.

Fund balance in the Village's general fund increased by \$247,800 during the 2010 fiscal year. Key components of this change are as follows:

- Property taxes, the Village's largest revenue source, increased by \$161,000 or 2% above the previous fiscal year as a result of new construction.
- Local option sales taxes were \$324,000, or 14% lower than the previous year due to the economic downturn.
- Investment income was \$89,000, or 73% lower than the previous year due to the sharp reduction in short-term interest rates by the Federal Reserve.
- Street resurfacing expenditures in the Powell Bill department were \$136,000 lower than the previous fiscal year due to contracted resurfacing that was not completed by the end of the fiscal year.
- Other operating expenditures were lower across the board as management took action early in the fiscal year to reduce operating costs.

### **Proprietary Funds**

The Village of Pinehurst does not have any proprietary funds.

## **General Fund Budgetary Highlights**

The Village of Pinehurst 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 citizens of the Village while working to conserve available 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 \$32,000 or only 0.2%. The primary revenue that fell below estimated budget amounts was sales tax revenues. Sales taxes were lower than expected due to the general economic downturn statewide. Most other revenues came in slightly ahead of budget to offset these declines.

Total expenditures were 8.1% less than originally budgeted amounts, with only interest expense exceeding the final budgeted amount. This was due to how an interest rate rebate on our Build America Bonds was originally recorded. The first rebate was originally budgeted and recorded as a credit to interest expense. After the close of the fiscal year we learned that the rebate was more properly treated as restricted intergovernmental revenue and made the adjusting entry. This debit to interest expense caused the final balance to exceed the budget for that purpose at June 30, 2010. Operating expenditures were less than budgeted amounts for the following significant items: (1) contracted and professional services of \$587,000, with \$287,000 due to unfinished street resurfacing and, (2) salaries and benefits due to employee turnover and unfilled budgeted positions totaling \$298,000. Capital expenditures in the General Fund were only \$49,000 or 4.4% lower than originally budgeted primarily due to parking lot improvements that were not completed during the fiscal year. Some items have been re-appropriated in fiscal year 2010-11 while other items just came in below budget.

As a result of the variances in revenues and expenditures outlined above, the General Fund at June 30, 2010 added \$247,800 to fund balance as a result of operations. At June 30, 2010, the General Fund reported fund balance of \$5,833,296, a 4.4% increase over last year.

## **Capital Asset and Debt Administration**

### **Capital assets**

The Village of Pinehurst's investment in capital assets for its governmental activities as of June 30, 2010 totals \$20,671,632 (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, construction in progress. This year the Village implemented GASB Statement 51 related to intangible assets.

Major capital asset transactions during the year include the following additions (there were no significant demolitions or disposals):

- Purchase of a fire pumper/tanker for \$499,905
- Purchase of two dump trucks for Streets and Grounds for \$109,000
- Installation of electrical service in the Arboretum for concerts at \$35,000
- Storm drainage projects totaling \$120,000
- Refinishing of the Fair Barn floor at \$42,000
- Purchase of four patrol cars for the Police Department in the amount of \$122,000
- Four streets and their related right of ways valued at \$1,096,000 were donated to the Village

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

	<b>Governmental Activities <u>2010</u></b>	<b>Governmental Activities <u>2009</u></b>
Land	\$ 4,913,431	\$ 4,830,391
Right of Ways	54,600	-
Buildings and Improvements	9,233,601	9,930,740
Furniture and Equipment	238,973	325,885
Vehicles	2,113,007	1,789,177
Infrastructure	3,003,652	1,852,189
Construction in Progress	<u>1,114,368</u>	<u>975,153</u>
<b>Total</b>	<b><u>\$ 20,671,632</u></b>	<b><u>\$ 19,703,535</u></b>

Additional information on the Village's capital assets can be found in Note 6 of the Basic Financial Statements.

**Long-term Debt**

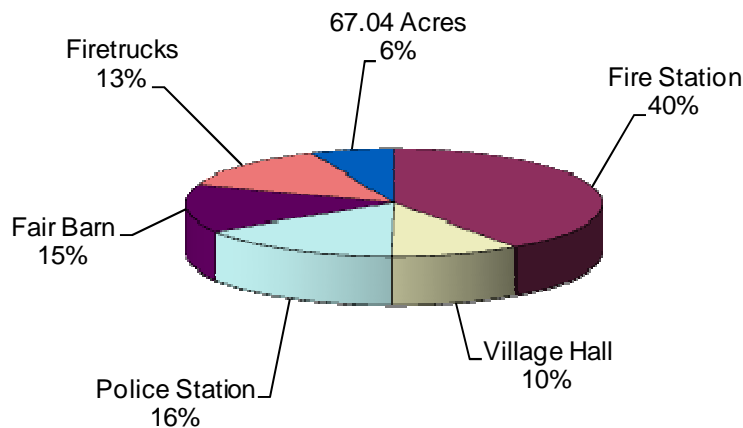
As of June 30, 2010, the Village of Pinehurst had installment purchase agreement debt outstanding of \$4,151,008. All long term debt of the Village is installment purchase agreements that are collateralized by the assets that are financed.

**Village of Pinehurst's Outstanding Debt  
Figure 5**

	<b>Governmental Activities <u>2010</u></b>	<b>Governmental Activities <u>2009</u></b>
Village Hall	\$ 415,950	\$ 681,235
Police Station	662,973	911,567
Fire Station	1,666,667	1,833,334
Fair Barn	600,000	650,000
Firetrucks	538,751	111,346
67.04 Acres	<u>266,667</u>	<u>299,999</u>
<b>Total</b>	<b><u>\$ 4,151,008</u></b>	<b><u>\$ 4,487,481</u></b>

During fiscal year 2010 the Village of Pinehurst's total debt decreased by \$336,473 (7.5%). This is due to the combination of the payment of principal balances on existing debt obligations and the issuance of \$500,000 new debt for the purchase of a replacement fire truck.

## Allocation of Debt



North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Village of Pinehurst is \$226,675,596. The Village has \$16,000,000 in general obligation water and sewer bonds authorized or issued at June 30, 2010.

Additional information regarding the Village of Pinehurst's long-term debt can be found in Note 11 beginning on page 39 of this report.

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

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

- Higher unemployment. The Village of Pinehurst's unemployment rate of 9.1% at June 30, 2010 is well above historical levels but below the State rate of 10%.
- Slowing growth in new construction and in the number of new residents. The Village added 51 new homes last year within the Village limits and its extraterritorial jurisdiction. This is an all time low for the Village and represents a decrease of 9% compared to the previous fiscal year.
- Scheduled to host back to back Men's US Open and Women's U.S. Open golf championships in 2014 – for the first time in history.
- Continued development and expansion of the local regional medical facility.

## Budget Highlights for the Fiscal Year Ending June 30, 2011

### Governmental Activities

Revenues of the Village are expected to increase by 7.9% for FY 2011. This is primarily due to the annexation of the Pinewild Country Club which became effective March 31, 2010. Pinewild is a 1,683 acre gated community that contains approximately 800 homes. Existing property tax revenues are expected to grow at less than 1% due to the continued decline in new home construction and development in the Village. Sales tax revenues are expected to remain at current levels as we enter into the initial phase of the economic recovery. For the 2010-11 fiscal year the Village maintained the current ad valorem tax rate of \$0.28 per \$100 valuation.

Budgeted operating expenditures in the General Fund are expected to increase 1.9% to \$15,563,536. The increases are spread evenly across all sectors of the budget. Major initiatives of the recommended budget include, containing operating costs, guiding and managing residential and business development, conserving and protecting our natural resources, expanding the automated trash collection system, additions to our greenway

systems and sidewalks, improving the Village's transportation system, and completion of stormwater drainage control projects.

The budget recommends the elimination of four staffing positions as part of an overall effort to contain operating costs. A number of cost containment strategies are included in the budget and other strategies are being considered for future implementation.

Capital outlays of \$1,405,800 are included in the recommended budget. Some of the more notable items include, Police patrol vehicle replacements, downtown parking improvements, additions to the Village greenway system, construction of brick sidewalks, stormwater projects, and two small automated solid waste vehicles.

The Village is continuing to develop its results-based management process. Management continues to work with departments to develop meaningful performance measures that are strongly linked to their departmental goals and objectives as well as the overall goals of the Village.

### **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 the Director of Financial Services, Village of Pinehurst, 395 Magnolia Road, Pinehurst, NC 28374.



Village of Pinehurst, North Carolina  
Statement of Net Assets  
June 30, 2010

Exhibit 1

	Governmental Activities
<b>Assets</b>	
Current assets:	
Cash and cash equivalents	\$ 5,997,677
Taxes receivables (net)	30,851
Special assessments receivable	171,819
Interest receivable	21,213
Other receivables	57,118
Due from other governments	878,095
Inventories	36,180
Prepaid items	97,922
Total unrestricted current assets	<u>7,290,875</u>
Capital assets (net of accumulated depreciation):	
Land and non-depreciable improvements	4,913,431
Right of Ways	54,600
Construction in progress	1,114,368
Buildings and improvements	9,233,601
Furniture and equipment	238,973
Vehicles	2,113,007
Infrastructure	3,003,652
Total capital assets	<u>20,671,632</u>
Total assets	<u>27,962,507</u>
<b>Liabilities</b>	
Current liabilities:	
Accounts payable and accrued liabilities	1,045,855
Unearned revenue	120,269
Accrued interest payable	42,682
Long-term liabilities due within one year	<u>1,235,013</u>
Total current liabilities	2,443,819
Non-current liabilities:	
Long-term liabilities due in more than one year	<u>3,587,464</u>
Total liabilities	<u>6,031,283</u>
<b>Net Assets</b>	
Invested in capital assets, net of related debt	16,520,624
Unrestricted	<u>5,410,600</u>
<b>Total net assets</b>	<u><u>\$ 21,931,224</u></u>

Village of Pinehurst, North Carolina  
Statement of Activities  
For the Fiscal Year Ended June 30, 2010

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 Assets
Governmental Activities:					
General government	\$ 2,103,062	\$ -	\$ 52,024	\$ -	\$ (2,051,038)
Public safety	5,284,615	842,700	22,795	-	(4,419,120)
Transportation	1,672,394	9,000	391,965	1,096,416	(175,013)
Economic and physical	1,209,264	66,201	371	-	(1,142,692)
Environmental protection	1,050,620	-	45,855	-	(1,004,765)
Cultural and recreation	1,854,910	468,469	10	2,767	(1,383,664)
Interest on long-term debt	166,794	-	-	-	(166,794)
Total governmental activities	<u>\$ 13,341,659</u>	<u>\$ 1,386,370</u>	<u>\$ 513,020</u>	<u>\$ 1,099,183</u>	<u>(10,343,086)</u>
General revenues:					
Ad valorem taxes					\$ 8,070,832
Sales taxes					1,917,162
Franchise taxes					43,191
Unrestricted intergovernmental					1,316,410
Investment earnings					35,001
Miscellaneous					<u>267,313</u>
Total general revenues					<u>11,649,909</u>
Change in net assets					<u>1,306,823</u>
Net assets-beginning					<u>20,624,401</u>
Net assets-ending					<u>\$ 21,931,224</u>

**Village of Pinehurst, North Carolina**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2010**

**Exhibit 3**

	Major Funds		Total Non-Major Funds	Total Governmental Funds
	General	Municipal Service District		
<b>Assets</b>				
Cash and cash equivalents	\$ 5,924,835	\$ 13,070	\$ 59,772	\$ 5,997,677
Receivables, net:				
Taxes	30,743	108	-	30,851
Assessments	-	171,819	-	171,819
Interest	21,213	-	-	21,213
Other receivables	57,118	-	-	57,118
Due from other governments	846,095	-	32,000	878,095
Due from other funds	32,000	-	-	32,000
Inventories	36,180	-	-	36,180
Prepaid items	97,922	-	-	97,922
<b>Total assets</b>	<b>\$ 7,046,106</b>	<b>\$ 184,997</b>	<b>\$ 91,772</b>	<b>\$ 7,322,875</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 618,755	\$ -	\$ -	\$ 618,755
Withholdings and accrued expenditures	352,300	-	-	352,300
Deposits	74,800	-	-	74,800
Deferred revenues	166,955	171,927	-	338,882
Due to other funds	-	-	32,000	32,000
<b>Total liabilities</b>	<b>1,212,810</b>	<b>171,927</b>	<b>32,000</b>	<b>1,416,737</b>
Fund balances:				
Reserved for:				
State statute	940,483	-	-	940,483
Inventory	36,180	-	-	36,180
Prepaid items	97,922	-	-	97,922
Unreserved, General Fund				
Designated for subsequent year's expenditures	1,066,859	-	-	1,066,859
Undesignated	3,691,852	-	-	3,691,852
Unreserved, reported in:				
Special Revenue funds	-	13,070	10,140	23,210
Capital Projects funds	-	-	49,632	49,632
<b>Total fund balances</b>	<b>5,833,296</b>	<b>13,070</b>	<b>59,772</b>	<b>5,906,138</b>
<b>Total liabilities and fund balances</b>	<b>\$ 7,046,106</b>	<b>\$ 184,997</b>	<b>\$ 91,772</b>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	20,671,632
Liabilities for earned but deferred revenues in the fund statements	218,613
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	(4,865,159)
Net assets of governmental activities	<u>\$ 21,931,224</u>

Village of Pinehurst, North Carolina  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Fiscal Year Ended June 30, 2010

Exhibit 4

	Major Funds		Total Non-Major Funds	Total Governmental Funds
	General Fund	Municipal Service District		
<b>Revenues</b>				
Ad valorem taxes	\$ 8,065,797	\$ 4,340	\$ -	\$ 8,070,137
Sales taxes	1,917,162	-	-	1,917,162
Franchise taxes	43,191	-	-	43,191
Unrestricted intergovernmental	1,316,410	-	-	1,316,410
Restricted intergovernmental	474,774	-	35,830	510,604
Permits and fees	914,383	-	-	914,383
Sales and services	468,903	-	-	468,903
Investment earnings	35,823	75	1,518	37,416
Assessment income	-	15,619	-	15,619
Miscellaneous	200,471	-	2,767	203,238
Total revenues	<u>13,436,914</u>	<u>20,034</u>	<u>40,115</u>	<u>13,497,063</u>
<b>Expenditures</b>				
Current:				
General government	1,863,768	-	-	1,863,768
Public safety	5,365,546	-	-	5,365,546
Transportation	1,580,763	-	-	1,580,763
Economic and physical development	1,231,438	-	39,830	1,271,268
Environmental protection	1,038,483	3,460	-	1,041,943
Cultural and recreation	1,706,863	-	-	1,706,863
Debt service:				
Principal	836,473	-	-	836,473
Interest and other charges	173,226	-	-	173,226
Capital outlay	-	-	130,215	130,215
Total expenditures	<u>13,796,560</u>	<u>3,460</u>	<u>170,045</u>	<u>13,970,065</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(359,646)</u>	<u>16,574</u>	<u>(129,930)</u>	<u>(473,002)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers to other funds	(825,000)	(15,620)	(920,042)	(1,760,662)
Transfers from other funds	932,446	-	828,216	1,760,662
Loan proceeds	500,000	-	-	500,000
Total other financing sources (uses)	<u>607,446</u>	<u>(15,620)</u>	<u>(91,826)</u>	<u>500,000</u>
Net change in fund balance	247,800	954	(221,756)	26,998
Fund balances, beginning	<u>5,585,496</u>	<u>12,116</u>	<u>281,528</u>	<u>5,879,140</u>
Fund balances, ending	<u>\$ 5,833,296</u>	<u>\$ 13,070</u>	<u>\$ 59,772</u>	<u>\$ 5,906,138</u>

**Village of Pinehurst, North Carolina**  
**Reconciliation of the Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances of Governmental Funds to the Statement of Activities**  
**For the Fiscal Year Ended June 30, 2010**

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**Exhibit 5**

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

Net changes in fund balances - total governmental funds	\$ 26,998
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 depreciation exceeded capital outlays in the current period	(195,670)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.	1,163,767
Revenues in the statement of activities that are not reported as revenues in the fund statements.	(12,348)
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 assets. This amount is the net effect of these differences in the treatment of long-term debt.	336,473
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.	<u>(12,397)</u>
Total changes in net assets of governmental activities	<u>\$ 1,306,823</u>

Village of Pinehurst, North Carolina  
General Fund and Annually Budgeted Major Special Revenue Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balance -  
Annual Budget and Actual  
For the Fiscal Year Ended June 30, 2010

Exhibit 6  
Page 1 of 2

	General Fund			Variance with Final Budget- Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
<b>Revenues:</b>				
Ad valorem taxes	\$ 7,979,550	\$ 7,979,550	\$ 8,065,797	\$ 86,247
Sales taxes	2,500,000	2,065,000	1,917,162	(147,838)
Franchise taxes	36,000	36,000	43,191	7,191
Unrestricted intergovernmental	961,200	1,150,200	1,316,410	166,210
Restricted intergovernmental	383,000	462,342	474,774	12,432
Permits and fees	925,250	894,750	914,383	19,633
Sales and services	404,860	404,860	468,903	64,043
Investment earnings	71,605	51,605	35,823	(15,782)
Miscellaneous	143,275	214,925	200,471	(14,454)
Total revenues	13,404,740	13,259,232	13,436,914	177,682
<b>Expenditures:</b>				
Current:				
General government	2,094,290	2,016,940	1,863,768	153,172
Public safety	5,668,440	5,589,132	5,365,546	223,586
Transportation	1,992,950	2,012,700	1,580,763	431,937
Economic & physical development	1,147,625	1,388,440	1,231,438	157,002
Environmental protection	1,236,685	1,205,552	1,038,483	167,069
Cultural and recreation	1,751,065	1,896,876	1,706,863	190,013
Contingency	50,000	19,600	-	19,600
Non-departmental	66,250	-	-	-
Debt service:				
Principal retirement	829,991	836,691	836,473	218
Interest and fees	169,771	169,171	173,226	(4,055)
Total expenditures	15,007,067	15,135,102	13,796,560	1,338,542
Excess (deficiency) of revenues over (under) expenditures	(1,602,327)	(1,875,870)	(359,646)	1,516,224
<b>Other Financing Sources (Uses):</b>				
Loan proceeds	500,000	500,000	500,000	-
Transfers to other funds	(340,000)	(825,000)	(825,000)	-
Transfers from other funds	355,620	932,446	932,446	-
Total other financing sources (uses)	515,620	607,446	607,446	-
Fund balance appropriated	1,086,707	1,268,424	-	(1,268,424)
Net change in fund balances	\$ -	\$ -	247,800	\$ 247,800
Fund balances, beginning			5,585,496	
Fund balances, ending			\$ 5,833,296	

Village of Pinehurst, North Carolina  
 General Fund and Annually Budgeted Major Special Revenue Fund  
 Statement of Revenues, Expenditures, and Changes in Fund Balances -  
 Annual Budget and Actual  
 For the Fiscal Year Ended June 30, 2010

Exhibit 6  
 Page 2 of 2

	Municipal Service District			Variance with Final Budget- Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
<b>Revenues:</b>				
Ad valorem taxes	\$ 4,153	\$ 4,153	\$ 4,340	\$ 187
Assessment income	15,620	15,620	15,619	(1)
Investment earnings	300	300	75	(225)
Total revenues	<u>20,073</u>	<u>20,073</u>	<u>20,034</u>	<u>(39)</u>
<b>Expenditures:</b>				
Operating expenditures	<u>4,453</u>	<u>4,453</u>	<u>3,460</u>	<u>993</u>
Excess of revenues over (under) expenditures	<u>15,620</u>	<u>15,620</u>	<u>16,574</u>	<u>954</u>
<b>Other Financing Sources (Uses):</b>				
Transfers to other funds	<u>(15,620)</u>	<u>(15,620)</u>	<u>(15,620)</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	954	<u>\$ 954</u>
Fund balances, beginning			<u>12,116</u>	
Fund balances, ending			<u>\$ 13,070</u>	

Village of Pinehurst, North Carolina  
Fiduciary Funds  
Statement of Fiduciary Net Assets  
June 30, 2010

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Exhibit 7

	<u>Residential Assurance Fund</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 60,000
<b>Liabilities</b>	
Builder deposits	<u>60,000</u>
<b>Net Assets</b>	<u><u>\$ -</u></u>



## Note 1. Summary of Significant Accounting Policies

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

### A. Reporting Entity

The Village of Pinehurst is a municipal corporation, which 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 of Pinehurst includes any separate entity for which the Village is financially accountable. For the year ended June 30, 2010, no other entity is included in the Village of Pinehurst financial statements.

### B. Basis of Presentation

**Government-wide Statements.** The statement of net assets and the statement of activities display information about the nonfiduciary activities of 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 distinguish between the *governmental* and *business-type activities* of the Village. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. For the year ended June 30, 2010, the Village did not engage in any business-type activities.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Village and 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 – *governmental and fiduciary* – are presented, even though the latter is excluded from the government-wide financial statements. 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, other taxes and licenses, and intergovernmental revenues. The primary expenditures are for public safety, transportation, and general government services.

**Note 1. Summary of Significant Accounting Policies (Continued)**

**B. Basis of Presentation (Continued)**

The ***Municipal Service District Fund*** is set up to account for the yearly costs of operating the dams in this subdivision. It is also used to account for the annual tax assessments for operations and the special assessment for the reconstruction of the earthen dam around Pond #1.

The Village reports the following non-major governmental funds:

The ***Land Dedication Fund*** is set up to record the dedication of land or payment of fees in lieu of the dedication of land from developers.

The ***Residential Assurance – Interest Fund*** is set up to record the interest accumulated on investment of the deposits from contractors in the Residential Assurance Fund.

The ***Capital Reserve Fund*** is used to accumulate funds that are set aside for future capital projects.

The ***Public Services Facility Capital Project Fund*** was established to account for costs incurred for the land acquisition and design of a public services facility on Juniper Lake Road.

The ***Recreation Center Capital Project Fund*** was established to account for costs incurred in the design of a recreation center at Cannon Park.

The ***Jackson Hamlet Community Development Block Grant (CDBG) Project Fund*** was established to account for the costs incurred in the design and construction of sewer facilities for the Jackson Hamlet Community adjacent to Pinehurst.

The ***Jackson Hamlet Community Development Block Grant Recovery (CDBG-R) Project Fund*** was established to account for the costs incurred in the design and construction of additional sewer facilities for the Jackson Hamlet Community adjacent to Pinehurst. The project is funded through the American Recovery and Reinvestment Act (ARRA).

The Village did not have any enterprise funds during the fiscal year ended June 30, 2010.

Additionally, the government reports the following fiduciary fund:

The ***Residential Assurance Fund*** is used to account for the contributions from builders to ensure proper cleanup, site drainage and landscaping, and to enforce all codes and ordinances regarding site cleanliness. The accumulated interest on these contributions is recorded in a separate Special Revenue Fund.

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

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

**Note 1. Summary of Significant Accounting Policies (Continued)**

**C. Measurement Focus and Basis of Accounting (Continued)**

**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 are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, 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, Moore County is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts in the county, including the Village of Pinehurst. For motor vehicles registered under the staggered system, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, taxes for vehicles registered from March 2009 through February 2010 apply to the fiscal year ended June 30, 2010. Uncollected taxes that were billed during this period are shown as a receivable on these financial statements and offset by deferred revenues.

Sales taxes and certain intergovernmental revenues, such as utilities franchise tax, collected and held by the State at year-end on behalf of the Village are recognized as revenue. 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 are both restricted and unrestricted net assets available to finance the program. It is the Village's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then 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, Municipal Service District Fund, Residential Assurance –

**Note 1. Summary of Significant Accounting Policies (Continued)**

**D. Budgetary Data (Continued)**

Interest Fund, Land Dedication Fund, and Capital Reserve Fund. All annual appropriations lapse at fiscal year-end. Project ordinances are adopted for the Public Services Facility, Recreation Center, Jackson Hamlet CDBG, and Jackson Hamlet CDBG-R Capital Project Funds, which are consolidated with the operating funds for reporting purposes. All budgets are prepared using the modified accrual basis of accounting.

Expenditures may not legally exceed appropriations at the object level for the General Fund (e.g. operating expenditures and capital outlay), at the departmental level for the special revenue funds, and at the object level for the capital projects funds. 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 balances in the capital reserve funds will be appropriated when transferred to a capital projects fund or the general fund in accordance with the project ordinance adopted for the reserve fund. The Village manager may authorize all budget transfers within a department and transfers that do not exceed \$10,000 between departments. 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. Encumbrances outstanding at year-end do not constitute expenditures or liabilities. The encumbrances outstanding at year-end are allowed to lapse. They are re-budgeted in the subsequent year from fund balance.

**E. Assets, Liabilities, and Fund Equity**

**1. Deposits and Investments**

All deposits of the Village are made in board-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 with maturity of more than one year at acquisition and non-money market investments are reported at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, a SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost. Non-participating interest earnings and investment contracts are reported at cost.

**Note 1. Summary of Significant Accounting Policies (Continued)**

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

**1. Deposits and Investments (Continued)**

In accordance with State law, the Village has invested in securities which are callable. These investments are reported at fair value as determined by quoted market prices.

**2. Cash and Cash Equivalents**

The Village pools moneys 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.

**3. 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, except for ad valorem taxes on certain vehicles, on July 1, the beginning of the fiscal year, and these taxes are due on September 1 (lien date); however, no interest or penalties are assessed until the following January 6. These taxes are based on the assessed values as of January 1, 2009.

**4. 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.

**5. 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.

**6. Capital Assets**

Capital assets are defined by the government as tangible or intangible assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. The minimum capitalization cost for all assets is \$5,000. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. 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.

**Note 1. Summary of Significant Accounting Policies (Continued)**

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

**6. Capital Assets (Continued)**

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

Asset Class	Estimated Useful Lives (years)
Infrastructure	20 - 40
Buildings and improvements	20
Furniture and equipment	3 - 10
Vehicles	4 - 20

**7. 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 assets. Bond premiums and discounts, as well as issuance costs, 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 are reported as deferred charges and amortized over the term of the related 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.

**8. 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.

**9. Net Assets/Fund Balances**

Net assets in government-wide financial statements are classified as invested in capital assets, net of related debt; restricted; and unrestricted. Restricted net assets represent constraints on resources that are

**Note 1. Summary of Significant Accounting Policies (Continued)**

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

**9. Net Assets/Fund Balances (Continued)**

either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

In the governmental fund financial statements, reservations of fund balance represent amounts that cannot be appropriated or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

State law [G.S. 159-13(b)(16)] restricts appropriation of fund balance for the subsequent year's budget to an amount not to exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts as those amounts stand at the close of the fiscal year preceding the budget year.

The governmental fund types classify fund balances as follows:

Reserved

***Reserved for inventory*** - portion of fund balance not available for appropriation because it represents the year-end balance of ending inventories, which are not expendable available resources.

***Reserved by State statute*** – portion of fund balance, in addition to reserves for encumbrances and reserves for inventories, which is not available for appropriation under State law [G.S. 159-8(a)]. This amount is usually comprised of accounts receivable and interfund receivables, which have not been offset by deferred revenues.

***Reserved for prepaid items*** – portion of fund balance that is not available for appropriation because it represents prepaid expenditures that were not due and payable at June 30th.

Unreserved

***Designated for subsequent year's expenditures*** - portion of total fund balance available for appropriation that has been designated for the adopted 2010-2011 budget ordinance.

***Undesignated*** - portion of total fund balance available for appropriation that is uncommitted at year-end.

**Note 2. Stewardship, Compliance and Accountability**

**A. Significant Violations of Finance-Related Legal and Contractual Provisions**

**1. Noncompliance with North Carolina General Statutes**

Expenditures of on-behalf payments are not considered to be violations of state statute budget requirements (See Note 13).

**Note 3. Reconciliation of Government-Wide and Fund Financial Statements  
(Continued)**

**A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets**

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.” The details of this \$20,671,632 difference are as follows:

Capital assets	\$ 32,468,516
Accumulated depreciation	<u>(11,796,884)</u>
Net adjustment to increase <i>fund balance – total governmental funds</i> to arrive at <i>net assets – governmental activities</i>	<u>\$ 20,671,632</u>

Another element of the reconciliation states that “Liabilities for earned but deferred revenues in fund statements.” The details of this \$218,613 difference are as follows:

Taxes receivable	\$ 30,851
Other receivables	15,943
Assessments receivable	<u>171,819</u>
Net adjustment to increase <i>fund balance – total governmental funds</i> to arrive at <i>net assets – governmental activities</i>	<u>\$ 218,613</u>

Another element of the reconciliation states that “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.” The details of the \$4,865,159 difference are as follows:

Accrued interest payable	\$ (42,682)
Compensated absences payable	(528,051)
Net pension obligation	(143,418)
Installment purchases payable	<u>(4,151,008)</u>
Net adjustment to reduce <i>fund balance – total governmental funds</i> to arrive at <i>net assets – governmental activities</i>	<u>\$(4,865,159)</u>

**B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “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.” The details of the \$195,670 difference are as follows:

Capital outlay	\$ 1,175,359
Depreciation expense	<u>(1,371,029)</u>



Village of Pinehurst, North Carolina  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2010

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**Note 3. Reconciliation of Government-Wide and Fund Financial Statements  
(Continued)**

**B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities  
(Continued)**

Net adjustment to decrease *net changes in fund balances – total governmental funds* to arrive at *changes in net assets of governmental activities* \$ (195,670)

Another element of that reconciliation states that “The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.” The details of this \$1,163,767 difference are as follows:

Donations of capital assets (received)	\$ 1,179,456
Proceeds from sale of assets	(54,934)
Gain on disposal of assets	<u>39,245</u>

Net adjustment to increase *net changes in fund balances – total governmental funds* to arrive at *changes in net assets of activities* \$ 1,163,767

Another element of that reconciliation states that “Revenues in the statement of activities that are not reported as revenues in the fund statements.” The details of this \$12,348 difference are as follows:

Special assessment payments	\$ (15,619)
Change in deferred other revenue	2,576
Change in deferred tax revenue	<u>695</u>

Net adjustment to decrease *net changes in fund balances – total governmental funds* to arrive at *changes in net assets of governmental activities* \$ (12,348)

Another element of that reconciliation state that “The issuance of long-term debt (e.g. bonds, leases, installment financing) 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, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$336,473 difference are as follows:

Principal payments	\$ 836,473
Debt Proceeds	<u>(500,000)</u>

Net adjustment to increase *net changes in fund balances – total governmental funds* to arrive at *changes in net assets of governmental activities* \$ 336,473

Village of Pinehurst, North Carolina  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2010

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**Note 3. Reconciliation of Government-Wide and Fund Financial Statements  
(Continued)**

**B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities  
(Continued)**

Another element of that reconciliation states that "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." The details of this \$12,397 difference are as follows:

Compensated absences	\$ (19,233)
Accrued interest payable	6,432
Pension obligation	<u>404</u>
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ (12,397)</u>

**Note 4. Deposits and Investments**

**A. Assets**

**1. 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 undercollateralization, 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 collateralized public deposits under the Pooling Method. The Village has no policy regarding custodial credit risk for deposits.

At June 30, 2010 the Village's deposits had a carrying amount of \$2,290,915. The cash balance in the bank at June 30, 2010 totaled \$2,322,725. Of the bank balance, \$1,000,000 was covered by federal depository insurance and \$1,322,725 was covered by collateral held under the Pooling Method. At June 30, 2010, the Village's petty cash fund totaled \$1,000.

North Carolina  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2010

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**Note 4. Deposits and Investments (Continued)**

**2. Investments**

At June 30, 2010, the Village's investment balances were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Rating</u>
NC Capital Management Trust – Cash Portfolio	\$3,765,762	N/A	AAAm

**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.

**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 Cash Portfolio carried a credit rating of AAAm by Standard & Poor's as of June 30, 2010.

**Note 5. Receivables**

Receivables as of year-end for the government's individual major funds and the non-major and fiduciary funds in the aggregate, including any applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Municipal Service District Fund</u>	<u>Non-Major and Other Fund</u>	<u>Total</u>
Receivables:				
Taxes	\$ 30,743	\$ 108	\$ -	\$ 30,851
Accounts	57,118	-	-	57,118
Special assessments	-	171,819	-	171,819
Interest	21,213	-	-	21,213
Intergovernmental	846,095	-	32,000	878,095
Gross receivables	955,169	171,927	32,000	1,159,096
Less: allowance for uncollectible accounts	-	-	-	-
Net total receivables	<u>\$ 955,169</u>	<u>\$ 171,927</u>	<u>\$ 32,000</u>	<u>\$ 1,159,096</u>

**Note 6. Capital Assets**

**A. Capital Assets**

Capital asset activity for the Primary Government for the year ended June 30, 2010, 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	\$ 4,830,391	\$ 83,040	\$ -	\$ 4,913,431
Right of ways	-	54,600	-	54,600
Construction in progress	975,153	139,215	-	1,114,368
Total capital assets not being depreciated	<u>5,805,544</u>	<u>276,855</u>	<u>-</u>	<u>6,082,399</u>

**Village of Pinehurst, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2010**

**Note 6. Capital Assets (Continued)**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Capital assets being depreciated:				
Buildings and improvements	16,250,835	111,130	-	16,361,965
Furniture and equipment	2,074,586	28,264	(30,743)	2,072,108
Vehicles	4,248,232	734,744	(248,122)	4,734,853
Infrastructure	2,013,369	1,203,822	-	3,217,191
Total	<u>24,587,022</u>	<u>2,077,960</u>	<u>(278,865)</u>	<u>26,386,117</u>
Less accumulated depreciation for:				
Buildings and improvements	6,320,095	808,269	-	7,128,364
Furniture and equipment	1,748,701	115,177	(30,743)	1,833,135
Vehicles	2,459,055	395,224	(232,433)	2,621,846
Infrastructure	161,180	52,359	-	213,539
Total	<u>10,689,031</u>	<u>1,371,029</u>	<u>(263,176)</u>	<u>11,796,884</u>
Total capital assets being depreciated, net	<u>13,897,991</u>	<u>706,931</u>	<u>(15,689)</u>	<u>14,589,233</u>
Governmental activity capital assets, net	<u>\$ 19,703,535</u>	<u>\$ 983,786</u>	<u>\$ (15,689)</u>	<u>\$ 20,671,632</u>

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

General government	\$ 260,170
Public safety	545,632
Transportation	103,993
Economic & physical development	60,145
Environmental protection	114,897
Cultural and recreation	<u>286,192</u>
Total depreciation expense	<u>\$ 1,371,029</u>

**B. Construction Commitments**

The Village has active construction projects as of June 30, 2010. At year-end, the Village's commitments with contractors are as follows:

	<u>Spent To Date</u>	<u>Remaining Commitment</u>
Traffic study	\$ 10,360	\$ 8,000
Pavement condition survey	-	17,050

**Note 7. Pension Plan Obligations**

**A. Local Government Employees' Retirement System**

**Plan Description.** The Village of Pinehurst contributes to 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 provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

**Note 7. Pension Plan Obligations (Continued)**

**A. Local Government Employees' Retirement System (Continued)**

**Funding Policy.** Plan members are required to contribute six percent of their covered salary. The Village is required to contribute at an actuarially determined rate. For the Village, the current rate for employees not engaged in law enforcement and for law enforcement officers is 4.89% and 4.86%, respectively, of annual covered payroll. The contribution requirements of members of the Village of Pinehurst are established and may be amended by the North Carolina General Assembly. The Village's contributions to LGERS for years ended June 30, 2010, 2009, and 2008 were \$281,165, \$271,640, and \$263,502, respectively. The contributions made by the Village equaled the required contributions for each year.

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

**1. Plan Description**

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

All full-time law enforcement officers of the Village are covered by the Separation Allowance. At December 31, 2009, the Separation Allowance's membership consisted of:

Retirees receiving benefits	3
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>25</u>
Total	<u>28</u>

**2. 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.

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

**3. Contributions**

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

The annual required contribution for the current year was determined as part of the December 31, 2009 actuarial valuation using the projected unit credit actuarial assumptions included (a) 5.00% investment rate of return (net of administrative expenses) and (b) projected salary increases of 4.5 – 12.3% per year. Both

**Village of Pinehurst, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2010**

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**Note 7. Pension Plan Obligations (Continued)**

**B. Law Enforcement Officers Special Separation Allowance (Continued)**

**3. Contributions (continued)**

(a) and (b) included an inflation component of 3.75%. The assumptions did not include postretirement benefit increases. The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2009 was 21 years.

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

Annual required contribution	\$ 40,792
Interest on net pension obligation	10,427
Adjustment to annual required contribution	<u>(9,060)</u>
Annual pension cost	42,159
Contributions made	<u>42,563</u>
Increase (decrease) in net pension obligation	(404)
Net pension obligation beginning of year	<u>143,822</u>
 Net pension obligation end of year	 <u>\$ 143,418</u>

Three Year Trend Information

<u>For Year Ended June 30</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2008	\$ 32,235	44.18%	\$ 152,440
2009	35,118	124.54%	143,822
2010	42,159	100.96%	143,418

**4. Funded Status and Funding Progress**

As of December 31 2009, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was \$489,896. The covered payroll (annual payroll of active employees covered by the plan) was \$1,139,799, and the ratio of the UAAL to the covered payroll was 42.98 percent.

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

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

**Plan Description.** The 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 Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be

**NOTE 7. PENSION PLAN OBLIGATIONS (Continued)**

**C. Supplemental Retirement Income Plan for Law Enforcement Officers (Continued)**

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, 2010 were \$72,073, which consisted of \$58,728 from the Village and \$13,345 from the law enforcement officers.

**D. Firemen's and Rescue Squad Workers' Pension Fund**

**Plan Description.** The State of North Carolina contributes, on behalf of the Village of Pinehurst, to the Firemen's and Rescue Squad Workers' Pension Fund (Fund), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation administered by the State of North Carolina. The Fund provides pension benefits for eligible fire and rescue squad workers that have elected to become members of the fund. Article 86 of G.S. Chapter 58 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Firemen's and Rescue Squad Workers' Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Fund. 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.** Plan members are required to contribute \$10 per month to the Fund. The State, a non-employer contributor, funds the plan through appropriations. The Village does not contribute to the Fund. Contribution requirements of plan members and the State of North Carolina are established and may be amended by North Carolina General Assembly.

**E. Deferred Compensation Plan**

The Village offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 401K. 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 full-time employees to the plan. Contribution for the year ended June 30, 2010 were \$357,219, which consisted of \$231,407 from the Village and \$125,812 in voluntary contributions from employees.

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.

**Village of Pinehurst**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2010**

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**Note 7. Pension Plan Obligations (Continued)**

**F. Other Employment Benefits**

The Village has also elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 with a minimum of \$25,000. All death benefit payments are made from the Death Benefit Plan. The Village has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payroll, based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. Because the benefit payments are made by the Death Benefit Plan and not by the Village, the Village does not determine the number of eligible participants. For the fiscal year ended June 30, 2010, the Village made contributions to the State for death benefits of \$5,767. The Village's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.09% and 0.14% of covered payroll, respectively. The contributions to the Death Benefit Plan cannot be separated between the post employment benefit amount and the other benefit amount. The Village considers these contributions to be immaterial.

**Note 8. Deferred Revenues**

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Deferred Revenue</u>	<u>Unearned Revenue</u>
Prepaid taxes (General Fund)	\$ -	\$ 120,269
Taxes receivable (General Fund)	30,743	-
Taxes receivable (Municipal Service District Fund)	108	-
Others receivable (General Fund)	15,943	-
Special assessments receivable: (Municipal Service District Fund)	171,819	-
Total	<u>\$ 218,613</u>	<u>\$ 120,269</u>

**Note 9. 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 is a participant in two insurance pools administered by the North Carolina League of Municipalities. These pools are self-sustaining through member premiums and provide the following types of major coverage for the amounts of retained risk noted: general liability (\$3,000,000 per occurrence), law enforcement liability (\$3,000,000 per occurrence), auto liability (\$3,000,000 per occurrence), public officials liability (\$3,000,000 per claim), real and personal property (\$17,187,485), and workers' compensation (\$1,000,000 per occurrence). For each of these types of coverage, the pools have reinsured through commercial companies for claims in excess of the amounts given. Settled claims resulting from these risks have not exceeded coverage in any of the past three years.



**Village of Pinehurst, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2010**

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**Note 9. Risk Management (Continued)**

The Village of Pinehurst participates in the Inter-local Risk Financing Fund of North Carolina managed by the North Carolina League of Municipalities. As the Village has no facilities within a FEMA recognized flood zone, we have elected not carry additional flood insurance coverage.

In accordance with G.S. 159-29, the City's employees that have access to \$100 or more at any given time of the City's funds are performance bonded through a commercial surety bond. The finance officer and tax collector are each individually bonded for \$490,000 and \$10,000 respectively. The remaining employees that have access to funds are bonded under a blanket bond for \$500,000.

**Note 10. Claims, Judgments and Contingent Liabilities**

At June 30, 2010, 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.

**Note 11. Long-Term Obligations**

Long-term debt obligations of the Village consisted of the following at June 30, 2010:

\$500,000 land installment purchase dated 4/7/03 due in 30 semi-annual payments consisting of fixed principal of \$16,667 plus interest at 3.98% through April 2018; collateralized by land	\$ 266,667
\$2,500,000 building installment purchase dated 3/14/05 due in 30 semi-annual installments consisting of fixed principal of \$83,334 plus interest at 3.44% through March 2020; collateralized by building	1,666,667
\$4,000,000 building installment purchase originally dated 9/17/96 refinanced in 16 semi-annual installments of \$143,629 through September 2011; interest at 3.57%; collateralized by building	415,950
\$3,800,000 building installment purchase originally dated 5/20/97 refinanced in 18 semi-annual installments of \$140,064 through September 2012; interest at 3.71%; collateralized by building	662,973
\$374,731 vehicle installment purchase dated 8/16/01 due in 20 semi-annual installments of \$23,936 through August 2011; interest at 4.91%; collateralized by fire truck	68,421
\$1,000,000 building installment purchase dated 3/11/02 due in 40 semi-annual payments consisting of fixed principal of \$25,000 plus interest at 4.60% through March 2022; collateralized by building	600,000
\$500,000 vehicle installment purchase dated 11/10/09 due in 14 semi-annual payments of \$42,037 through December 2016; interest at 4.43% with a 35% Build America Bond interest rebate on each payment for a net effective interest rate of approximately 2.88%	<u>470,330</u>
	<u>\$ 4,151,008</u>

**Village of Pinehurst, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2010**

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**Note 11. Long-Term Obligations (Continued)**

Annual debt service requirements to maturity for debt are as follows:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 891,738	\$ 150,799
2012	748,833	116,780
2013	457,307	91,316
2014	322,921	76,280
2015	326,187	63,654
2016-2020	1,304,020	145,808
2021-2025	<u>100,000</u>	<u>5,750</u>
	<u>\$ 4,151,008</u>	<u>\$ 650,387</u>

At June 30, 2010, the Village of Pinehurst had authorized, but unissued bonds of \$16,000,000, and had a legal debt margin of \$226,675,596.

The following is a summary of changes in the Village's long-term obligations for the fiscal year ended June 30, 2010:

	<u>Balance July 1, 2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2010</u>	<u>Current Portion of Balance</u>
Governmental activities:					
Installation purchases	\$ 4,487,481	\$ 500,000	\$ (836,473)	\$ 4,151,008	\$ 891,738
Compensated absences	508,818	350,005	(330,772)	528,051	343,275
Net pension obligation	<u>143,822</u>	<u>-</u>	<u>(404)</u>	<u>143,418</u>	<u>-</u>
Governmental activity long-term liabilities	<u>\$ 5,140,121</u>	<u>\$ 850,005</u>	<u>\$ (1,167,649)</u>	<u>\$ 4,822,477</u>	<u>\$ 1,235,013</u>

Compensated absences typically have been liquidated in the general fund.

**Note 12. Interfund Balances and Activity**

**Balances due to/from other funds**

The Village has the following balances due to/from other funds at June 30, 2010:

Due to the General Fund from the Jackson Hamlet CDBG-R Project Fund	\$32,000
Due from the Jackson Hamlet CDBG-R Fund to the General Project Fund	\$32,000

These interfund balances resulted from the time lag between the dates funds were expended in the Jackson Hamlet CDBG-R project and the date of reimbursement by the granting agency. Since there are no local matching funds to provide operating capital for this project, the General Fund was required to temporarily provide cash to the project fund to pay expenditures until the grant reimbursements were received.

**Village of Pinehurst, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2010**

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**Note 12. Interfund Balances and Activity (Continued)**

**Transfers to/from other funds**

Transfers to/from other funds at June 30, 2010, consist of the following:

From the General Fund to the Capital Reserve Fund for future capital expenditures	\$ 825,000
From the Municipal Service District Fund to the General Fund for capital expenditures	15,620
From the Jackson Hamlet CDBG Fund to Capital Reserve Fund for capital expenditures	3,216
From the Capital Reserve Fund to the General Fund for capital expenditures	<u>916,826</u>
Total transfers	<u>\$ 1,760,662</u>

Transfers are used to move unrestricted revenues to finance various programs that the Village must account for in other funds in accordance with budgetary authorizations, including amounts provided matching funds for various grant programs.

During the 2010 fiscal year, \$340,000 was transferred from the General Fund to the Capital Reserve Fund in accordance with the Village's policy of funding the Capital Reserve Fund annually with 75% of the Article 44 Local Option Sales Tax. Also \$485,000 in excess fund balance was transferred from the General Fund to the Capital Reserve Fund in accordance with the Village's Fund Balance Policy. Subsequently \$340,000 was transferred from the Capital Reserve Fund to the General Fund for capital expenditures. An additional \$576,826 was transferred from the Capital Reserve Fund to the General Fund to close the Capital Reserve Fund. These funds were added to the General Fund and the minimum fund balance policy was increased.

**Note 13. Revenues, Expenditures and Expenses**

For the fiscal year ended June 30, 2010, the Village of Pinehurst has recognized on behalf of payments for pension contributions made by the State as revenue and an expenditure of \$854 for the 3 volunteer and employed firefighters and rescue workers who perform duties for the Village's fire department. The volunteers and employees elected to be members of the Firemen and Rescue Squad Worker's Pension Fund, a cost sharing, multiple-employer public employee retirement system established and administered by the State of North Carolina. The plan is funded by a \$10 monthly contribution paid by each member, investment income, and a state appropriation.

**Note 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.

**Note 14. Summary Disclosure of Significant Contingencies (Continued)**

**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 monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

**Note 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 Firemen's Relief Fund. The State Insurance Commissioner appoints one additional member to the local board of trustees. The Firemen's Relief Fund is funded by a portion of the fire and lightening insurance premiums that insurers remit to the State. The State passes these moneys to the local board of the Firemen's Relief Fund. These distributions are used to assist fire fighters in various ways. The local board of the Firemen's Relief Fund received a distribution of \$20,499 from the State Insurance Commissioner's office for the fiscal year ended June 30, 2010. 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, 2010. The Firemen's Relief Fund does not issue separate audited financial statements. Instead, the local board of trustees files an annual financial report with the State Firemen's Association. This report can be obtained from the Association at 323 West Jones Street, Suite 401, Raleigh, North Carolina 27603.

## **Required Supplementary Information**

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

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

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

**Village of Pinehurst, North Carolina**  
**Law Enforcement Officers' Special Separation Allowance**  
**Required Supplementary Information**  
**Schedule of Funding Progress**

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**Exhibit A-1**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b - a)/c)
12/31/00	\$ -	\$ 147,375	\$ 147,375	0.00%	\$ 634,563	23.22%
12/31/01	-	171,212	171,212	0.00%	708,284	24.17%
12/31/02	-	198,679	198,679	0.00%	700,273	28.37%
12/31/03	-	251,187	251,187	0.00%	796,913	31.52%
12/31/04	-	282,287	282,287	0.00%	886,065	31.86%
12/31/05	-	250,906	250,906	0.00%	913,796	27.46%
12/31/06	-	267,367	267,367	0.00%	923,508	28.95%
12/31/07	-	274,898	274,898	0.00%	1,105,732	24.86%
12/31/08	-	372,335	372,335	0.00%	1,125,699	33.08%
12/31/09	-	489,896	489,896	0.00%	1,139,799	42.98%

Village of Pinehurst, North Carolina  
 Law Enforcement Officers' Special Separation Allowance  
 Required Supplementary Information  
 Schedule of Employer Contributions

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Exhibit A-2

<u>Year Ended June 30</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2001	\$ 15,645	0.00%
2002	18,230	33.14%
2003	20,564	58.76%
2004	21,973	54.99%
2005	27,928	43.26%
2006	31,684	80.46%
2007	29,104	62.04%
2008	30,750	46.32%
2009	33,386	131.00%
2010	40,792	104.34%

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**Notes to the Required Schedules:**

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

Valuation date	12/31/2009
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	21 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	5.00%
Projected salary increases*	4.5 - 12.3%
Cost-of living adjustments	None
 *Includes inflation at	 3.75%

## **General Fund**

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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.



Village of Pinehurst, North Carolina  
General Fund  
Schedule of Revenues, Expenditures, and Changes in  
Fund Balances - Budget and Actual  
For the Fiscal Year Ended June 30, 2010  
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2009

Exhibit B-1  
Page 1 of 4

	2010		Variance Positive (Negative)	2009
	Budget	Actual		
<b>Revenues:</b>				
Ad valorem taxes:				
Taxes	\$ 7,977,050	\$ 8,053,730	\$ 76,680	\$ 7,893,813
Penalties and interest	2,500	12,067	9,567	11,254
Total	<u>7,979,550</u>	<u>8,065,797</u>	<u>86,247</u>	<u>7,905,067</u>
Other taxes:				
Local option sales tax	2,065,000	1,917,162	(147,838)	2,241,517
Franchise fees-Cablevision	36,000	43,191	7,191	38,073
Total	<u>2,101,000</u>	<u>1,960,353</u>	<u>(140,647)</u>	<u>2,279,590</u>
Unrestricted intergovernmental:				
Telecommunications sales tax	154,000	141,445	(12,555)	154,094
Utilities franchise tax	484,000	541,658	57,658	508,711
Video programming	269,000	263,023	(5,977)	267,941
Hold harmless reimbursements	225,000	353,461	128,461	143,017
Wine & beer tax	18,200	16,823	(1,377)	52,239
Total	<u>1,150,200</u>	<u>1,316,410</u>	<u>166,210</u>	<u>1,126,002</u>
Restricted intergovernmental:				
Powell Bill allocation	390,000	390,006	6	437,164
BAB interest rebates	-	4,338	4,338	-
Controlled substance tax	3,942	3,942	-	929
Highway safety grant	13,600	13,660	60	75,124
Other grants	48,800	52,024	3,224	4,211
Solid waste disposal tax	6,000	9,950	3,950	3,501
On-behalf of payments - Fire and Rescue	-	854	854	816
Total	<u>462,342</u>	<u>474,774</u>	<u>12,432</u>	<u>521,745</u>
Permits and fees:				
Building permits and inspection fees	220,000	226,275	6,275	375,043
Planning and zoning fees	48,100	40,336	(7,764)	43,081
Fire district	605,000	606,741	1,741	603,484
Other permits and fees	21,650	41,031	19,381	37,539
Total	<u>894,750</u>	<u>914,383</u>	<u>19,633</u>	<u>1,059,147</u>
Sales and services:				
Rents, concessions and fees	339,860	389,157	49,297	380,869
Recreation fees	65,000	79,746	14,746	72,332
Total	<u>404,860</u>	<u>468,903</u>	<u>64,043</u>	<u>453,201</u>
Investment earnings:				
Investment income	51,605	35,823	(15,782)	125,472
Miscellaneous:				
ABC revenue	83,500	81,583	(1,917)	85,252
Donations	41,350	44,631	3,281	11,018
Other revenues	90,075	74,257	(15,818)	87,173
Total	<u>214,925</u>	<u>200,471</u>	<u>(14,454)</u>	<u>183,443</u>
<b>Total revenues</b>	<u>13,259,232</u>	<u>13,436,914</u>	<u>177,682</u>	<u>13,653,667</u>

**Village of Pinehurst, North Carolina**  
**General Fund**  
**Schedule of Revenues, Expenditures, and Changes in**  
**Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2010**  
**With Comparative Actual Amounts for Fiscal Year Ended June 30, 2009**

	2010		Variance Positive (Negative)	2009
	Budget	Actual		
<b>Expenditures:</b>				
General government:				
Governing body:				
Operating expenditures	\$ 296,400	\$ 275,216	\$ 21,184	\$ 273,861
Capital outlay	-	-	-	8,010
Total	296,400	275,216	21,184	281,871
Administration:				
Operating expenditures	880,590	837,875	42,715	826,785
Capital outlay	16,700	9,000	7,700	6,690
Total	897,290	846,875	50,415	833,475
Financial services:				
Operating expenditures	523,110	487,285	35,825	496,490
Human Resources:				
Operating expenditures	300,140	254,392	45,748	215,672
Total general government	2,016,940	1,863,768	153,172	1,827,508
Public safety:				
Police:				
Operating expenditures	2,532,887	2,402,436	130,451	2,315,786
Capital outlay	133,550	117,581	15,969	202,242
Total	2,666,437	2,520,017	146,420	2,518,028
Fire:				
Operating expenditures	2,180,595	2,123,042	57,553	2,001,600
Capital outlay	516,500	516,192	308	29,469
Total	2,697,095	2,639,234	57,861	2,031,069
Fire and rescue on behalf of payments	-	854	(854)	816
Inspections:				
Operating expenditures	225,600	205,441	20,159	279,315
Total public safety	5,589,132	5,365,546	223,586	4,829,228

**Village of Pinehurst, North Carolina**  
**General Fund**  
**Schedule of Revenues, Expenditures, and Changes in**  
**Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2010**  
**With Comparative Actual Amounts for Fiscal Year Ended June 30, 2009**

**Exhibit B-1**  
**Page 3 of 4**

	2010		Variance Positive (Negative)	2009
	Budget	Actual		
Transportation:				
Public services administration:				
Operating expenditures	\$ 327,450	\$ 299,910	\$ 27,540	\$ 288,613
Streets and grounds:				
Operating expenditures	900,250	803,047	97,203	746,267
Capital outlay	20,000	18,925	1,075	97,026
Total	920,250	821,972	98,278	843,293
Powell Bill:				
Operating expenditures	765,000	458,881	306,119	595,335
Total transportation	2,012,700	1,580,763	431,937	1,727,241
Economic & physical development:				
Planning:				
Operating expenditures	723,360	710,139	13,221	654,205
Engineering:				
Operating expenditures	535,080	394,056	141,024	281,438
Capital outlay	130,000	127,243	2,757	176,048
Total	665,080	521,299	143,781	457,486
Total economic & physical development	1,388,440	1,231,438	157,002	1,111,691
Environmental protection:				
Solid waste:				
Operating expenditures	1,096,685	929,616	167,069	866,012
Capital outlay	108,867	108,867	-	103,680
Total	1,205,552	1,038,483	167,069	969,692
Total environmental protection	1,205,552	1,038,483	167,069	969,692
Cultural and Recreation:				
Recreation:				
Operating expenditures	923,927	874,980	48,947	698,967
Capital outlay	102,134	70,866	31,268	270,199
Total	1,026,061	945,846	80,215	969,166
Harness Track:				
Operating expenditures	513,785	458,161	55,624	429,358
Capital outlay	34,650	34,650	-	117,308
Total	548,435	492,811	55,624	546,666
Fair Barn:				
Operating expenditures	278,380	226,387	51,993	228,600
Capital outlay	44,000	41,819	2,181	58,265
Total	322,380	268,206	54,174	286,865
Total cultural and recreation	1,896,876	1,706,863	190,013	1,802,697

Village of Pinehurst, North Carolina  
**General Fund**  
**Schedule of Revenues, Expenditures, and Changes in**  
**Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2010**  
**With Comparative Actual Amounts for Fiscal Year Ended June 30, 2009**

**Exhibit B-1**  
**Page 4 of 4**

	2010		Variance Positive (Negative)	2009
	Budget	Actual		
Contingency:				
Operating expenditures	\$ 19,600	\$ -	\$ 19,600	\$ -
Non-departmental:				
Operating expenditures	-	-	-	62,907
Debt service:				
Principal retirement	836,691	836,473	218	808,993
Interest and fees	169,171	173,226	(4,055)	191,418
Total	1,005,862	1,009,699	(3,837)	1,000,411
<b>Total expenditures</b>	<b>15,135,102</b>	<b>13,796,560</b>	<b>1,338,542</b>	<b>13,331,375</b>
Excess (deficiency) of revenues over (under) expenditures	(1,875,870)	(359,646)	1,516,224	322,292
<b>Other Financing Sources (Uses):</b>				
Loan proceeds	500,000	500,000	-	-
Transfers to other funds:				
Special Revenue Funds	(825,000)	(825,000)	-	(430,900)
Transfers from other funds:				
Special Revenue Funds	932,446	932,446	-	365,144
<b>Total other financing sources (uses)</b>	<b>607,446</b>	<b>607,446</b>	<b>-</b>	<b>(65,756)</b>
Fund balance appropriated	1,268,424	-	(1,268,424)	-
Net change in fund balances	\$ -	247,800	\$ 247,800	256,536
Fund balances, beginning		5,585,496		5,328,960
Fund balances, ending		\$ 5,833,296		\$ 5,585,496

## **Municipal Service District Fund**

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This fund is used to account for the yearly costs of operating the dams in this subdivision. It is also used to account for the annual tax assessments for operations and the special assessment for the reconstruction of the earthen dam around Pond #1.

Village of Pinehurst, North Carolina  
Municipal Service District Special Revenue Fund  
Schedule of Revenues, Expenditures, and Changes in  
Fund Balances - Budget and Actual  
For the Fiscal Year Ended June 30, 2010  
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2009

Exhibit C-1

	2010		Variance Positive (Negative)	2009
	Budget	Actual		
<b>Revenues</b>				
Ad valorem taxes	\$ 4,153	\$ 4,340	\$ 187	\$ 4,150
Assessment income	15,620	15,619	(1)	15,620
Investment earnings	300	75	(225)	331
Total revenues	<u>20,073</u>	<u>20,034</u>	<u>(39)</u>	<u>20,101</u>
<b>Expenditures</b>				
Operating expenditures	<u>4,453</u>	<u>3,460</u>	<u>993</u>	<u>5,075</u>
Excess of revenues over expenditures	<u>15,620</u>	<u>16,574</u>	<u>954</u>	<u>15,026</u>
<b>Other Financing Sources (Uses)</b>				
Transfer to General Fund	<u>(15,620)</u>	<u>(15,620)</u>	<u>-</u>	<u>(15,620)</u>
Net change in fund balances	<u>\$ -</u>	<u>954</u>	<u>\$ 954</u>	<u>(594)</u>
Fund balances-beginning		<u>12,116</u>		<u>12,710</u>
Fund balances-ending		<u>\$ 13,070</u>		<u>\$ 12,116</u>

## Non-Major Governmental Funds

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Non-major governmental funds are those funds whose revenues, expenditures/expenses, assets or liabilities are less than 10% of corresponding totals for all governmental or enterprise funds or less than 5% of the aggregate amount for all governmental and enterprise funds for the same item.

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**Land Dedication Fund** – This fund is used to account for the dedication of land or the payment of fees in lieu of the dedication of land from developers.

**Residential Assurance Interest Fund** – This fund is used to accumulate interest earnings from the Residential Assurance Fund and to appropriate funds approved for aesthetic improvements in public areas.

**Capital Reserve Fund** – This fund is used to accumulate monies for capital expenditures.

**The Public Services Facility Capital Project** – This fund is used to account for costs incurred for the land acquisition and design of a public services facility on Juniper Lake Road.

**The Recreation Center Capital Project** – This fund is used to account for costs incurred in the design of a recreation center at Cannon Park.

**The Jackson Hamlet Community Development Block Grant (CDBG) Project** – This fund is used to account for the costs incurred in the design and construction of sewer facilities for the Jackson Hamlet Community adjacent to Pinehurst.

**The Jackson Hamlet Community Development Block Grant Recovery (CDBG-R) Project** – This fund is used to account for the costs incurred in the design and construction of sewer facilities for the Jackson Hamlet Community adjacent to Pinehurst. The project is funded through the American Recovery and Reinvestment Act (ARRA)

Village of Pinehurst, North Carolina  
 Combining Balance Sheet  
 Non-Major Governmental Funds  
 June 30, 2010

Exhibit D-1  
 Page 1 of 2

	Special Revenue Funds			Total
	Land Dedication Fund	Residential Assurance - Interest	Capital Reserve	
<b>Assets</b>				
Cash and cash equivalents	\$ 2,861	\$ 7,279	\$ -	\$ 10,140
Due from other governments	-	-	-	-
<b>Total assets</b>	<u>\$ 2,861</u>	<u>\$ 7,279</u>	<u>\$ -</u>	<u>\$ 10,140</u>
<b>Liabilities and Fund Balance</b>				
Liabilities:				
Due to other funds	\$ -	\$ -	\$ -	\$ -
Fund balances:				
Unreserved:				
Designated for capital projects	\$ -	\$ -	\$ -	\$ -
Undesignated	2,861	7,279	-	10,140
<b>Total fund balances</b>	<u>2,861</u>	<u>7,279</u>	<u>-</u>	<u>10,140</u>
<b>Total liabilities and fund balances</b>	<u>\$ 2,861</u>	<u>\$ 7,279</u>	<u>\$ -</u>	<u>\$ 10,140</u>



Village of Pinehurst, North Carolina  
 Combining Balance Sheet  
 Non-Major Governmental Funds  
 June 30, 2010

	Capital Project Funds				Total	Total Non-Major Governmental Funds
	Public Services Facility	Recreation Center District	Jackson Hamlet CDBG	Jackson Hamlet CDBG-R		
<b>Assets</b>						
Cash and cash equivalents	\$ 40,975	\$ 8,657	\$ -	\$ -	\$ 49,632	\$ 59,772
Due from other governments	-	-	-	32,000	32,000	32,000
<b>Total assets</b>	<u>\$ 40,975</u>	<u>\$ 8,657</u>	<u>\$ -</u>	<u>\$ 32,000</u>	<u>\$ 81,632</u>	<u>\$ 91,772</u>
<b>Liabilities and Fund Balance</b>						
Liabilities:						
Due to other funds	\$ -	\$ -	\$ -	\$ 32,000	\$ 32,000	\$ 32,000
Fund balances:						
Unreserved:						
Designated for capital projects	\$ 40,975	\$ 8,657	\$ -	\$ -	\$ 49,632	\$ 49,632
Undesignated	-	-	-	-	-	10,140
<b>Total fund balances</b>	<u>40,975</u>	<u>8,657</u>	<u>-</u>	<u>-</u>	<u>49,632</u>	<u>59,772</u>
<b>Total liabilities and fund balances</b>	<u>\$ 40,975</u>	<u>\$ 8,657</u>	<u>\$ -</u>	<u>\$ 32,000</u>	<u>\$ 81,632</u>	<u>\$ 91,772</u>

**Village of Pinehurst, North Carolina** **Exhibit D-2**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances** **Page 1 of 2**  
**Non-Major Governmental Funds**  
**For the Fiscal Year Ended June 30, 2010**

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	Special Revenue Funds			
	Land Dedication Fund	Residential Assurance - Interest	Capital Reserve	Total
<b>Revenues</b>				
Investment earnings	\$ 10	\$ 371	\$ 1,137	\$ 1,518
Restricted intergovernmental	-	-	-	-
Other revenues	2,767	-	-	2,767
Total revenues	<u>2,777</u>	<u>371</u>	<u>1,137</u>	<u>4,285</u>
<b>Expenditures</b>				
Operating	-	-	-	-
Capital	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,777</u>	<u>371</u>	<u>1,137</u>	<u>4,285</u>
<b>Other Financing Sources (Uses)</b>				
Transfers to other funds	-	-	(916,826)	(916,826)
Transfers from other funds	-	-	828,216	828,216
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(88,610)</u>	<u>(88,610)</u>
Net change in fund balances	2,777	371	(87,473)	(84,325)
Fund balances-beginning	<u>84</u>	<u>6,908</u>	<u>87,473</u>	<u>94,465</u>
Fund balances-ending	<u>\$ 2,861</u>	<u>\$ 7,279</u>	<u>\$ -</u>	<u>\$ 10,140</u>

**Village of Pinehurst, North Carolina**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Non-Major Governmental Funds**  
**For the Fiscal Year Ended June 30, 2010**

	Capital Projects Funds				Total	Total Nonmajor Governmental Funds
	Public Services Facility	Recreation Center	Jackson Hamlet CDBG	Jackson Hamlet CDBG-R		
<b>Revenues</b>						
Investment earnings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,518
Restricted intergovernmental	-	-	-	35,830	35,830	35,830
Other revenues	-	-	-	-	-	2,767
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,830</u>	<u>35,830</u>	<u>40,115</u>
<b>Expenditures</b>						
Operating	-	-	4,000	35,830	39,830	39,830
Capital	122,795	7,420	-	-	130,215	130,215
Total expenditures	<u>122,795</u>	<u>7,420</u>	<u>4,000</u>	<u>35,830</u>	<u>170,045</u>	<u>170,045</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(122,795)</u>	<u>(7,420)</u>	<u>(4,000)</u>	<u>-</u>	<u>(134,215)</u>	<u>(129,930)</u>
<b>Other Financing Sources (Uses)</b>						
Transfers to other funds	-	-	(3,216)	-	(3,216)	(920,042)
Transfers from other funds	-	-	-	-	-	828,216
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(3,216)</u>	<u>-</u>	<u>(3,216)</u>	<u>(91,826)</u>
Net change in fund balances	(122,795)	(7,420)	(7,216)	-	(137,431)	(221,756)
Fund balances-beginning	<u>163,770</u>	<u>16,077</u>	<u>7,216</u>	<u>-</u>	<u>187,063</u>	<u>281,528</u>
Fund balances-ending	<u>\$ 40,975</u>	<u>\$ 8,657</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,632</u>	<u>\$ 59,772</u>

Village of Pinehurst, North Carolina  
Land Dedication Special Revenue Fund  
Schedule of Revenues, Expenditures, and Changes in  
Fund Balances - Budget and Actual  
For the Fiscal Year Ended June 30, 2010  
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2009

Exhibit D-3

	2010				2009
	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)	
	Original	Final			
<b>Revenues</b>					
Other revenues	\$ -	\$ -	\$ 2,767	\$ 2,767	\$ 15,987
Investment earnings	120	120	10	(110)	63
Total revenues	120	120	2,777	2,657	16,050
<b>Expenditures</b>					
Operating	120	120	-	120	-
Excess of revenues over expenditures	-	-	2,777	2,777	16,050
<b>Other Financing Sources (Uses)</b>					
Transfer to General Fund	-	-	-	-	(21,900)
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	2,777	<u>\$ 2,777</u>	(5,850)
Fund balances-beginning			84		5,934
Fund balances-ending			<u>\$ 2,861</u>		<u>\$ 84</u>

Village of Pinehurst, North Carolina  
 Residential Assurance Interest Special Revenue Fund  
 Schedule of Revenues, Expenditures, and Changes in  
 Fund Balances - Budget and Actual  
 For the Fiscal Year Ended June 30, 2010  
 With Comparative Actual Amounts for Fiscal Year Ended June 30, 2009

Exhibit D-4

	2010			Variance with Final Budget- Positive (Negative)	2009
	Budgeted Amounts		Actual Amounts		
	Original	Final			
<b>Revenues</b>					
Investment earnings	\$ 3,000	\$ 3,000	\$ 371	\$ (2,629)	\$ 2,306
<b>Expenditures</b>					
Operating	3,000	3,000	-	3,000	-
Excess of revenues over expenditures	-	-	371	371	2,306
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	371	<u>\$ 371</u>	2,306
Fund balances-beginning			6,908		4,602
Fund balances-ending			<u>\$ 7,279</u>		<u>\$ 6,908</u>

Village of Pinehurst, North Carolina  
 Capital Reserve Special Revenue Fund  
 Schedule of Revenues, Expenditures, and Changes in  
 Fund Balances - Budget and Actual  
 For the Fiscal Year Ended June 30, 2010  
 With Comparative Actual Amounts for Fiscal Year Ended June 30, 2009

Exhibit D-5

	2010			Variance with Final Budget- Positive (Negative)	2009
	Budgeted Amounts		Actual Amounts		
	Original	Final			
<b>Revenues</b>					
Investment earnings	\$ 10,000	\$ 10,000	\$ 1,137	\$ (8,863)	\$ 9,173
<b>Expenditures</b>					
Operating	10,000	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	10,000	1,137	(8,863)	9,173
<b>Other Financing Sources (Uses)</b>					
Transfer to General Fund	(340,000)	(916,826)	(916,826)	-	(283,520)
Transfer to Capital Project Funds	-	-	-	-	(278,500)
Transfer from General Fund	340,000	825,000	825,000	-	430,900
Transfer from Capital Projects Funds	-	3,216	3,216	-	-
Total other financing sources (uses)	-	(88,610)	(88,610)	-	(131,120)
Fund balance appropriated	-	78,610	-	(78,610)	-
Net change in fund balances	\$ -	\$ -	(87,473)	\$ (87,473)	(121,947)
Fund balances-beginning			87,473		209,420
Fund balances-ending			\$ -		\$ 87,473

Village of Pinehurst, North Carolina  
**Capital Projects Fund - Public Services Facility**  
**Schedule of Revenues, Expenditures, and Changes**  
**in Fund Balances - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2010**

Exhibit D-6

	Project Author- ization	Actual		Total to Date	Variance with Final Budget- Positive (Negative)
		Prior Years	Current Year		
<b>Expenditures</b>					
Engineering costs	\$ 336,900	\$ 176,016	\$ 120,720	\$ 296,736	\$ 40,164
Construction costs	2,500	134	1,590	1,724	776
Land acquisition	770,600	770,080	485	770,565	35
Total expenditures	<u>1,110,000</u>	<u>946,230</u>	<u>122,795</u>	<u>1,069,025</u>	<u>40,975</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,110,000)</u>	<u>(946,230)</u>	<u>(122,795)</u>	<u>(1,069,025)</u>	<u>40,975</u>
<b>Other Financing Sources (Uses)</b>					
Transfer from Capital Reserve Fund	<u>1,110,000</u>	<u>1,110,000</u>	<u>-</u>	<u>1,110,000</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ 163,770</u>	<u>(122,795)</u>	<u>\$ 40,975</u>	<u>\$ 40,975</u>
Fund balances-beginning			<u>163,770</u>		
Fund balances-ending			<u>\$ 40,975</u>		

Village of Pinehurst, North Carolina  
 Capital Projects Fund - Recreation Center  
 Schedule of Revenues, Expenditures, and Changes  
 in Fund Balances - Budget and Actual  
 From Inception and for the Fiscal Year Ended June 30, 2010

Exhibit D-7

	Project Author- ization	Actual		Total to Date	Variance with Final Budget- Positive (Negative)
		Prior Years	Current Year		
<b>Expenditures</b>					
Engineering costs	\$ 45,000	\$ 28,923	\$ 7,420	\$ 36,343	\$ 8,657
<b>Other Financing Sources (Uses)</b>					
Transfer from General Fund	45,000	45,000	-	45,000	-
Net change in fund balances	<u>\$ -</u>	<u>\$ 16,077</u>	(7,420)	<u>\$ 8,657</u>	<u>\$ 8,657</u>
Fund balances-beginning			<u>16,077</u>		
Fund balances-ending			<u>\$ 8,657</u>		



**Village of Pinehurst, North Carolina**  
**Capital Projects Fund - Jackson Hamlet CDBG**  
**Schedule of Revenues, Expenditures, and Changes**  
**in Fund Balances - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2010**

**Exhibit D-8**

	Project Author- ization	Actual		Total to Date	Variance with Final Budget- Positive (Negative)
		Prior Years	Current Year		
<b>Revenues</b>					
Moore County CDBG match	\$ 71,500	\$ 71,500	\$ -	\$ 71,500	\$ -
Community Development Block Grant	750,000	750,000	-	750,000	-
Total revenues	<u>821,500</u>	<u>821,500</u>	<u>-</u>	<u>821,500</u>	<u>-</u>
<b>Expenditures</b>					
Professional services	81,000	80,094	-	80,094	906
Grants for community projects	779,000	772,690	4,000	776,690	2,310
Total expenditures	<u>860,000</u>	<u>852,784</u>	<u>4,000</u>	<u>856,784</u>	<u>3,216</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(38,500)</u>	<u>(31,284)</u>	<u>(4,000)</u>	<u>(35,284)</u>	<u>3,216</u>
<b>Other Financing Sources (Uses)</b>					
Transfer to Capital Reserve Fund	(3,216)	-	(3,216)	(3,216)	-
Transfer from Capital Reserve Fund	38,500	38,500	-	38,500	-
Total other financing sources (uses)	<u>35,284</u>	<u>38,500</u>	<u>(3,216)</u>	<u>35,284</u>	<u>-</u>
Fund balance appropriated	<u>3,216</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,216)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ 7,216</u>	<u>(7,216)</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balances-beginning			<u>7,216</u>		
Fund balances-ending			<u>\$ -</u>		

**Village of Pinehurst, North Carolina**  
**Capital Projects Fund - Jackson Hamlet CDBG-R**  
**Schedule of Revenues, Expenditures, and Changes**  
**in Fund Balances - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2010**

**Exhibit D-9**

	Project Author- ization	Actual			Variance with Final Budget- Positive (Negative)
		Prior Years	Current Year	Total to Date	
<b>Revenues</b>					
Community Development Block Grant	\$ 796,000	\$ -	\$ 35,830	\$ 35,830	\$ (760,170)
Total revenues	<u>796,000</u>	<u>-</u>	<u>35,830</u>	<u>35,830</u>	<u>(760,170)</u>
<b>Expenditures</b>					
Professional services	40,000	-	3,750	3,750	36,250
Grants for community projects	756,000	-	32,080	32,080	723,920
Total expenditures	<u>796,000</u>	<u>-</u>	<u>35,830</u>	<u>35,830</u>	<u>760,170</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balances-beginning			<u>-</u>		
Fund balances-ending			<u>\$ -</u>		

## **Fiduciary Funds**

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Fiduciary funds are used to account for assets held by the government in a trustee capacity. Agency funds are used to account for assets held by the government as an agent for individuals, private organizations, other governments and/or other funds.

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**Residential Assurance Fund** – This agency fund is used to account for the contributions from builders to ensure proper cleanup, site drainage and landscaping, and to enforce all codes and ordinances regarding site cleanliness. The accumulated interest on these contributions is recorded in a separate Special Revenue Fund.

Village of Pinehurst, North Carolina  
Residential Assurance Fund  
Statement of Changes in Assets and Liabilities  
For the Fiscal Year Ended June 30, 2010

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Exhibit E-1

	<u>Balance 06/30/09</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 06/30/10</u>
<b>Assets</b>				
Cash and cash equivalents	<u>\$ 50,000</u>	<u>\$ 30,000</u>	<u>\$ (20,000)</u>	<u>\$ 60,000</u>
<b>Liabilities</b>				
Builder deposits	<u>\$ 50,000</u>	<u>\$ 30,000</u>	<u>\$ (20,000)</u>	<u>\$ 60,000</u>

## **Capital Assets Used in the Operation of Governmental Funds**

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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.

Village of Pinehurst, North Carolina  
**Capital Assets Used in the Operation of Governmental Funds**  
**Comparative Schedules by Source**  
**June 30, 2010**

Exhibit F-1

	<u>2010</u>	<u>2009</u>
<b>Governmental funds capital assets:</b>		
Land	\$ 4,913,431	\$ 4,830,391
Right of Ways	54,600	-
Buildings and improvements	16,361,965	16,250,835
Furniture, equipment, and vehicles	6,806,961	6,322,818
Infrastructure	3,217,191	2,013,369
Construction in progress	<u>1,114,368</u>	<u>975,153</u>
Total governmental funds capital assets	<u>\$ 32,468,516</u>	<u>\$ 30,392,566</u>
<b>Investment in governmental funds capital assets by source:</b>		
General Fund	\$ 29,254,459	\$ 28,488,180
Capital Project Funds	1,105,368	975,153
Donations	<u>2,108,689</u>	<u>929,233</u>
Total governmental funds capital assets	<u>\$ 32,468,516</u>	<u>\$ 30,392,566</u>

**Village of Pinehurst, North Carolina**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule by Function and Activity**  
**June 30, 2010**

**Exhibit F-2**

FUNCTION AND ACTIVITY	Land	Right of Ways	Buildings	Improvements Other Than Buildings	Furniture, Equipment & Vehicles	Infrastructure	Construction In Progress	Total
General Government								
Governing Body	\$ 2,468,064	\$ -	\$ -	\$ -	\$ 34,036	\$ -	\$ -	\$ 2,502,100
Administration	-	-	4,215,974	-	251,074	-	-	4,467,048
Financial Services	-	-	-	-	213,157	-	-	213,157
Information Technology	-	-	-	28,388	43,431	-	-	71,819
Buildings & Grounds	-	-	113,747	-	142,492	-	-	256,239
Fleet Maintenance	25,170	-	95,118	-	132,956	-	-	253,244
	<u>2,493,234</u>	<u>-</u>	<u>4,424,839</u>	<u>28,388</u>	<u>817,146</u>	<u>-</u>	<u>-</u>	<u>7,763,607</u>
Public Safety								
Police	-	-	2,687,470	-	1,112,770	-	-	3,800,240
Fire	171,074	-	3,274,660	-	2,030,899	-	-	5,476,633
Inspections	-	-	-	-	36,818	-	-	36,818
	<u>171,074</u>	<u>-</u>	<u>5,962,130</u>	<u>-</u>	<u>3,180,487</u>	<u>-</u>	<u>-</u>	<u>9,313,691</u>
Transportation								
Public Services	32,500	-	526,154	-	49,238	-	-	607,892
Streets and Grounds	-	54,600	5,118	132,620	469,688	1,041,816	-	1,703,842
Powell Bill	-	-	-	45,713	426,265	23,097	-	495,075
	<u>32,500</u>	<u>54,600</u>	<u>531,272</u>	<u>178,333</u>	<u>945,191</u>	<u>1,064,913</u>	<u>-</u>	<u>2,806,809</u>
Environmental Protection								
Solid Waste	-	-	-	-	1,199,480	-	-	1,199,480
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,199,480</u>	<u>-</u>	<u>-</u>	<u>1,199,480</u>
Cultural and Recreation								
Recreation	760,373	-	218,194	1,298,777	128,864	552,888	-	2,959,096
Harness Track	1,456,250	-	1,159,427	113,957	399,756	16,602	-	3,145,992
Fair Barn	-	-	2,155,551	44,768	29,737	-	-	2,230,056
	<u>2,216,623</u>	<u>-</u>	<u>3,533,172</u>	<u>1,457,502</u>	<u>558,357</u>	<u>569,490</u>	<u>-</u>	<u>8,335,144</u>
Economic & Physical Development								
Planning	-	-	-	-	47,720	-	-	47,720
Engineering	-	-	-	246,329	58,580	1,582,788	-	1,887,697
	<u>-</u>	<u>-</u>	<u>-</u>	<u>246,329</u>	<u>106,300</u>	<u>1,582,788</u>	<u>-</u>	<u>1,935,417</u>
Construction in progress	-	-	-	-	-	-	1,114,368	1,114,368
	<u>\$ 4,913,431</u>	<u>\$ 54,600</u>	<u>\$ 14,451,413</u>	<u>\$ 1,910,552</u>	<u>\$ 6,806,961</u>	<u>\$ 3,217,191</u>	<u>\$ 1,114,368</u>	<u>\$ 32,468,516</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, 2010**

**Exhibit F-3**

FUNCTION AND ACTIVITY	General Fixed Assets July 1, 2009	Additions	Deletions	General Fixed Assets June 30, 2010
General Government				
Governing Body	\$ 2,419,060	\$ 83,040	\$ -	\$ 2,502,100
Administration	4,491,021	-	(23,973)	4,467,048
Financial Services	213,157	-	-	213,157
Information Technology	71,819	-	-	71,819
Buildings & Grounds Mtnc.	242,438	13,801	-	256,239
Fleet Maintenance	253,244	-	-	253,244
	<u>7,690,739</u>	<u>96,841</u>	<u>(23,973)</u>	<u>7,763,607</u>
Public Safety				
Police	3,776,981	117,581	(94,322)	3,800,240
Fire	4,960,440	516,193	-	5,476,633
Inspections	57,398	-	(20,580)	36,818
	<u>8,794,819</u>	<u>633,774</u>	<u>(114,902)</u>	<u>9,313,691</u>
Transportation				
Public Services	607,892	-	-	607,892
Streets and Grounds	609,918	1,115,341	(21,417)	1,703,842
Powell Bill	495,075	-	-	495,075
	<u>1,712,885</u>	<u>1,115,341</u>	<u>(21,417)</u>	<u>2,806,809</u>
Environmental Protection				
Solid Waste	1,153,663	108,867	(63,050)	1,199,480
	<u>1,153,663</u>	<u>108,867</u>	<u>(63,050)</u>	<u>1,199,480</u>
Cultural and Recreation				
Recreation	2,922,050	57,064	(20,018)	2,959,096
Harness Track	3,139,558	34,650	(28,216)	3,145,992
Fair Barn	2,195,525	41,820	(7,289)	2,230,056
	<u>8,257,133</u>	<u>133,534</u>	<u>(55,523)</u>	<u>8,335,144</u>
Economic & Physical Development				
Planning	47,720	-	-	47,720
Engineering	1,760,454	127,243	-	1,887,697
	<u>1,808,174</u>	<u>127,243</u>	<u>-</u>	<u>1,935,417</u>
Construction in progress	<u>975,153</u>	<u>139,215</u>	<u>-</u>	<u>1,114,368</u>
	<u>\$ 30,392,566</u>	<u>\$ 2,354,815</u>	<u>\$ (278,865)</u>	<u>\$ 32,468,516</u>



## **Additional Financial Data**

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This section contains additional information on property taxes and interfund transfers.

### **Schedule of Ad Valorem Taxes Receivable – General Fund**

### **Analysis of Current Tax Levy – General Fund**

### **Schedule of Ad Valorem Taxes Receivable – Special Revenue Fund**

### **Analysis of Current Tax Levy – Special Revenue Fund**

### **Schedule of Transfers**

Village of Pinehurst, North Carolina  
 Schedule of Ad Valorem Taxes Receivable  
 General Fund  
 June 30, 2010

Exhibit G-1

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2009</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30, 2010</u>
2009-2010	\$ -	\$ 8,060,861	\$ 8,046,008	14,853
2008-2009	12,656	-	10,876	1,780
2007-2008	3,049	-	463	2,586
2006-2007	2,716	-	248	2,468
2005-2006	2,308	-	121	2,187
2004-2005	1,830	-	63	1,767
2003-2004	1,795	-	64	1,731
2002-2003	2,520	-	35	2,485
2001-2002	2,325	-	1,768	557
2000-2001	933	-	604	329
1998-1999	24	-	24	-
	<u>\$ 30,156</u>	<u>\$ 8,060,861</u>	<u>\$ 8,060,274</u>	<u>\$ 30,743</u>

Reconciliation with revenues:

Ad valorem taxes - General Fund	\$ 8,065,797
Reconciling items:	
Interest collected and refunds	(12,067)
Refunds/reliefs	6,544
	<u>(5,523)</u>
Total collections and credits	<u>\$ 8,060,274</u>

Village of Pinehurst, North Carolina  
 Analysis of Current Tax Levy  
 General Fund  
 For the Fiscal Year Ended June 30, 2010

Exhibit G-2

	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	\$ 2,841,369,748	\$ 0.28	\$ 7,955,902	\$ 7,647,757	\$ 308,145
Registered motor vehicles taxed at prior year's rate	22,522,576	\$ 0.28	63,080	-	63,080
Penalties	-		994	994	-
Total	<u>2,863,892,324</u>		<u>8,019,976</u>	<u>7,648,751</u>	<u>371,225</u>
Discoveries:					
Current year taxes	22,913,758	\$ 0.28	65,470	65,470	-
Penalties	-		273	273	-
Total	<u>22,913,758</u>		<u>65,743</u>	<u>65,743</u>	<u>-</u>
Abatements	<u>(8,877,979)</u>		<u>(24,858)</u>	<u>(7,554)</u>	<u>(17,304)</u>
Total property valuation	<u>\$ 2,877,928,103</u>				
Net levy			8,060,861	7,706,940	353,921
Uncollected taxes at June 30, 2010			<u>(14,853)</u>	<u>(6,209)</u>	<u>(8,644)</u>
Current year's taxes collected			<u>\$ 8,046,008</u>	<u>\$ 7,700,731</u>	<u>\$ 345,277</u>
Current levy collection percentage			99.82%	99.92%	97.56%

\* Billings are prorated according to the number of months in the billing cycle. Property is at full value but the levy may vary.

Village of Pinehurst, North Carolina  
 Schedule of Ad Valorem Taxes Receivable  
 Special Revenue Fund  
 June 30, 2010

Exhibit G-3

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2009</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30, 2010</u>
2009-2010	\$ -	\$ 4,446	\$ 4,340	106
2008-2009	2		-	2
	<u>\$ 2</u>	<u>\$ 4,446</u>	<u>\$ 4,340</u>	<u>\$ 108</u>

Reconciliation with revenues:

Ad valorem taxes - Special Revenue Fund	<u>\$ 4,340</u>
Total collections and credits	<u>\$ 4,340</u>

**Village of Pinehurst, North Carolina**  
**Analysis of Current Tax Levy**  
**Special Revenue Fund**  
**For the Fiscal Year Ended June 30, 2010**

**Exhibit G-4**

	Municipal Service District			Total Levy	
	Property	Rate	Total	Property	Registered
	Valuation		Levy*	Excluding	Motor
				Registered	Motor
				Motor	Motor
				Vehicles	Vehicles
Original levy:					
Property taxed at current year's rate	\$ 7,405,530	\$ 0.06	\$ 4,450	\$ 4,374	\$ 76
Abatements	(1,079)		(4)	(4)	-
Total property valuation	<u>\$ 7,404,451</u>				
Net levy			4,446	4,370	76
Uncollected taxes at June 30, 2010			(106)	(51)	(55)
Current year's taxes collected			<u>\$ 4,340</u>	<u>\$ 4,319</u>	<u>\$ 21</u>
Current levy collection percentage			97.62%	98.83%	27.63%

\*Billings are prorated according to the number of months in the billing cycle. Property is at full value but the levy may vary.

Village of Pinehurst, North Carolina  
 Schedule of Transfers  
 For the Fiscal Year Ended June 30, 2010

Exhibit G-5

	Transfers	
	From	To
<b>Operating Transfers From/To Other Funds</b>		
General Fund		
Capital Reserve Fund	\$ 916,826	\$ 825,000
Municipal Service District Fund	15,620	-
Municipal Service District Fund		
General Fund	-	15,620
Jackson Hamlet CDBG Capital Project fund		
Capital Reserve	-	3,216
Capital Reserve Fund		
General Fund	825,000	916,826
Jackson Hamlet CDBG Capital Project Fund	3,216	-
	<u>\$ 1,760,662</u>	<u>\$ 1,760,662</u>
Total operating transfers - other funds		

## Statistical Section

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

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### Categories of Statistical Information Included

**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.

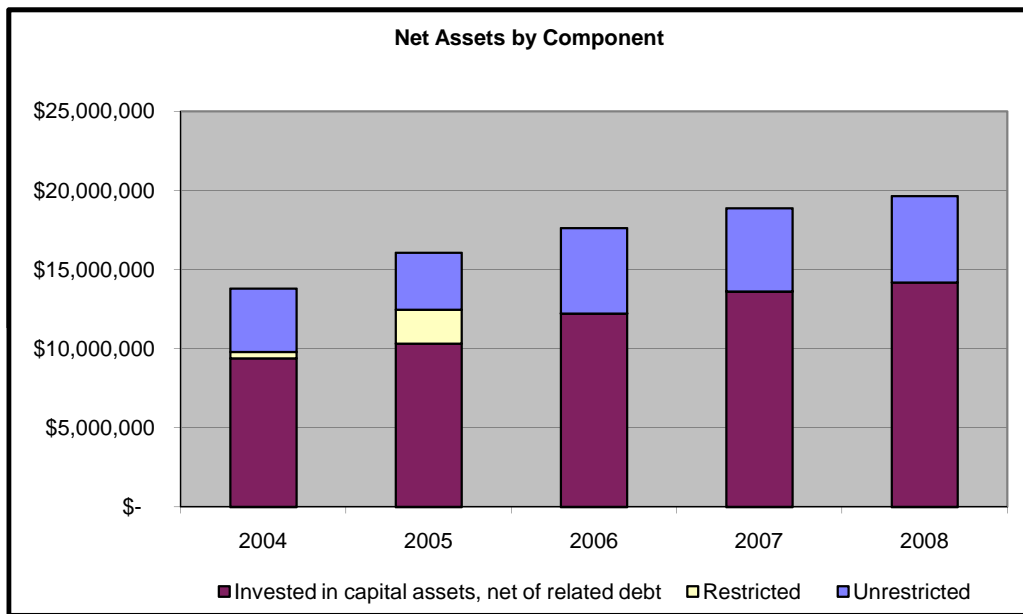
Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

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

	Fiscal Year				
	2004	2005	2006	2007	2008
<b>Governmental activities</b>					
Invested in capital assets, net of related debt	\$ 9,393,026	\$ 10,330,275	\$ 12,218,918	\$ 13,611,992	\$ 14,194,908
Restricted	405,973	2,145,256	808	844	-
Unrestricted	4,006,246	3,587,541	5,393,965	5,273,371	5,450,451
<b>Total governmental activities net assets</b>	<b>\$ 13,805,245</b>	<b>\$ 16,063,072</b>	<b>\$ 17,613,691</b>	<b>\$ 18,886,207</b>	<b>\$ 19,645,359</b>

**Notes:**

The Village of Pinehurst began to report accrual information when it implemented GASB Statement No. 34 in fiscal year 2004 and will report 10 years of results on the modified accrual basis of accounting when they are available.



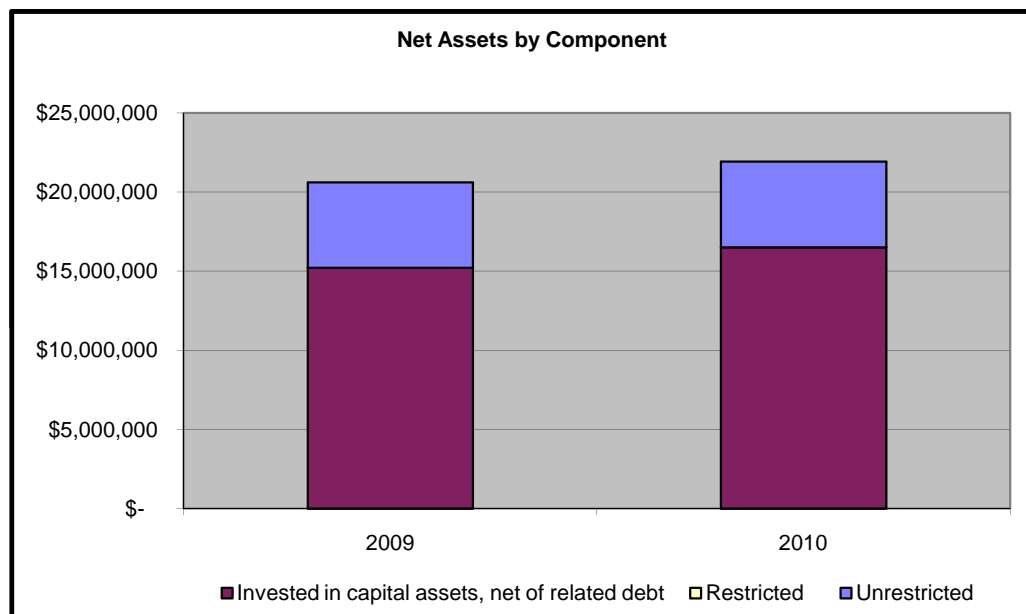


Village of Pinehurst, North Carolina  
**Net Assets by Component**  
**Last Seven Fiscal Years**  
**(Accrual Basis of Accounting)**

	Fiscal Year	
	2009	2010
<b>Governmental activities</b>		
Invested in capital assets, net of related debt	\$ 15,216,054	\$ 16,520,624
Restricted	-	-
Unrestricted	<u>5,408,347</u>	<u>5,410,600</u>
<b>Total governmental activities net assets</b>	<u><u>\$ 20,624,401</u></u>	<u><u>\$ 21,931,224</u></u>

**Notes:**

The Village of Pinehurst began to report accrual information when it implemented GASB Statement No. 34 in fiscal year 2004 and will report 10 years of results on the modified accrual basis of accounting when they are available.



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

**Schedule 2**  
**Page 1 of 2**

	Fiscal Year				
	2004	2005	2006	2007	2008
<b>Expenses</b>					
Governmental Activities:					
General government	\$ 1,630,401	\$ 1,781,099	\$ 1,734,126	\$ 2,018,433	\$ 2,410,048
Public safety	3,625,258	3,849,890	3,931,368	4,458,221	5,059,957
Transportation	1,600,610	1,517,237	1,787,727	1,988,590	1,954,325
Economic and physical development	623,011	782,362	938,484	1,016,135	1,119,970
Environmental protection	795,166	819,886	746,798	907,233	945,601
Cultural and recreation	1,159,550	1,054,259	1,140,561	1,248,525	1,443,256
Non-departmental	74,560	47,016	55,822	45,416	48,615
Interest on long-term debt	-	-	290,181	242,197	212,761
<b>Total governmental activities expenses</b>	<b>\$ 9,508,556</b>	<b>\$ 9,851,749</b>	<b>\$ 10,625,067</b>	<b>\$ 11,924,750</b>	<b>\$ 13,194,533</b>
<b>Program Revenues</b>					
Governmental Activities:					
Charges for services:					
General government	\$ -	\$ 105	\$ -	\$ -	\$ -
Public safety	910,384	1,181,662	965,086	910,283	905,229
Transportation	84,000	52,472	49,500	56,000	20,000
Economic and physical development	117,833	147,602	119,682	117,916	143,074
Cultural and recreation	511,911	710,545	422,331	408,097	399,999
Operating grants and contributions	573,224	472,094	486,762	610,570	670,345
Capital grants and contributions	264,473	10,794	17,518	262,397	44,592
<b>Total governmental activities program revenue</b>	<b>\$ 2,461,825</b>	<b>\$ 2,575,274</b>	<b>\$ 2,060,879</b>	<b>\$ 2,365,263</b>	<b>\$ 2,183,239</b>
<b>Total governmental activities net expense</b>	<b>\$ (7,046,731)</b>	<b>\$ (7,276,475)</b>	<b>\$ (8,564,188)</b>	<b>\$ (9,559,487)</b>	<b>\$ (11,011,294)</b>
<b>General Revenues and Other Changes in Net Assets</b>					
Governmental activities:					
Taxes					
Ad valorem taxes	\$ 5,740,515	\$ 6,291,348	\$ 6,516,978	\$ 6,763,897	\$ 7,782,933
Sales taxes	1,788,004	2,122,892	2,316,972	2,501,361	2,557,685
Franchise taxes	174,074	202,078	217,008	133,435	33,628
Unrestricted intergovernmental	496,028	528,288	557,751	697,670	904,898
Investment earnings	41,982	108,704	238,730	321,606	284,129
Miscellaneous	292,359	180,095	267,368	414,034	174,266
<b>Total governmental activities general revenue</b>	<b>\$ 8,532,962</b>	<b>\$ 9,433,405</b>	<b>\$ 10,114,807</b>	<b>\$ 10,832,003</b>	<b>\$ 11,737,539</b>
<b>Change in Governmental Activities Net Assets</b>	<b>\$ 1,486,231</b>	<b>\$ 2,156,930</b>	<b>\$ 1,550,619</b>	<b>\$ 1,272,516</b>	<b>\$ 726,245</b>

**Notes:**

The Village of Pinehurst began to report accrual information when it implemented GASB Statement No. 34 in fiscal year 2004 and will report 10 years of results on the modified accrual basis of accounting when they are available.

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

	Fiscal Year	
	2009	2010
<b>Expenses</b>		
Governmental Activities:		
General government	\$ 2,210,111	\$ 2,103,062
Public safety	5,135,875	5,284,615
Transportation	1,741,237	1,672,394
Economic and physical development	1,794,712	1,209,264
Environmental protection	972,257	1,050,620
Cultural and recreation	1,620,439	1,854,910
Non-departmental	62,907	-
Interest on long-term debt	182,228	166,794
Total governmental activities expenses	<u>\$ 13,719,766</u>	<u>\$ 13,341,659</u>
<b>Program Revenues</b>		
Governmental Activities:		
Charges for services:		
General government	\$ -	\$ -
Public safety	979,498	842,700
Transportation	9,123	9,000
Economic and physical development	68,951	66,201
Cultural and recreation	454,034	468,469
Operating grants and contributions	1,281,966	513,020
Capital grants and contributions	15,987	1,099,183
Total governmental activities program revenue	<u>\$ 2,809,559</u>	<u>\$ 2,998,573</u>
<b>Total governmental activities net expense</b>	<u>\$ (10,910,207)</u>	<u>\$ (10,343,086)</u>
<b>General Revenues and Other Changes in Net Assets</b>		
Governmental activities:		
Taxes		
Ad valorem taxes	\$ 7,907,961	\$ 8,070,832
Sales taxes	2,241,517	1,917,162
Franchise taxes	38,073	43,191
Unrestricted intergovernmental	1,126,002	1,316,410
Investment earnings	127,863	35,001
Miscellaneous	447,833	267,313
Total governmental activities general revenue	<u>\$ 11,889,249</u>	<u>\$ 11,649,909</u>
<b>Change in Governmental Activities Net Assets</b>	<u>\$ 979,042</u>	<u>\$ 1,306,823</u>

**Notes:**

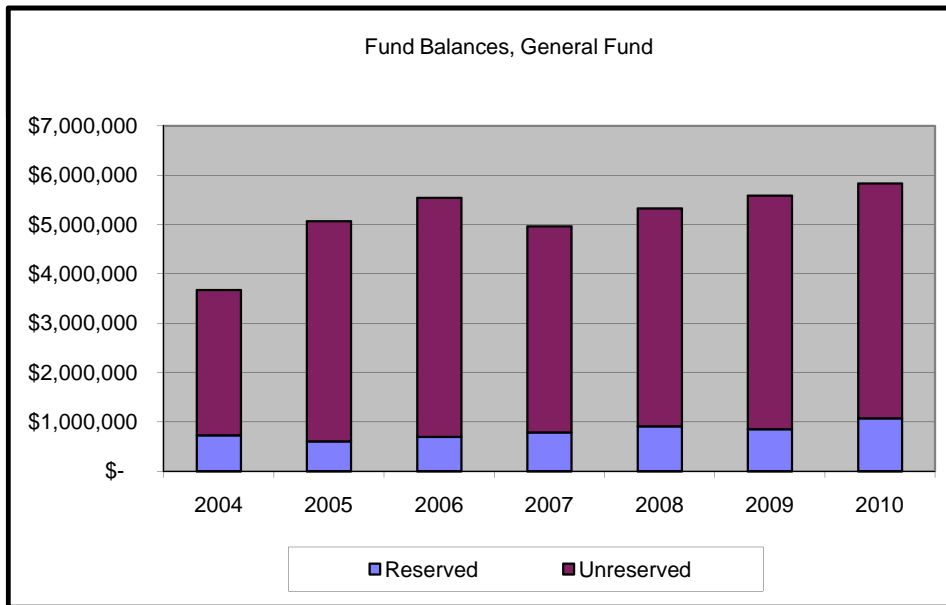
The Village of Pinehurst began to report accrual information when it implemented GASB Statement No. 34 in fiscal year 2004 and will report 10 years of results on the modified accrual basis of accounting when they are available.

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

	Fiscal Year				
	2004	2005	2006	2007	2008
<b>General Fund</b>					
Reserved	\$ 729,412	\$ 608,665	\$ 699,828	\$ 789,983	\$ 910,361
Unreserved	2,945,217	4,458,716	4,839,460	4,172,551	4,418,599
Total general fund	<u>\$ 3,674,629</u>	<u>\$ 5,067,381</u>	<u>\$ 5,539,288</u>	<u>\$ 4,962,534</u>	<u>\$ 5,328,960</u>
<b>All Other Governmental Funds</b>					
Reserved	\$ 48,034	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:					
Special Revenue funds	331,937	542,974	210,006	303,645	253,557
Capital Project funds	677,735	2,548,047	110,902	304,288	267,441
Total all other governmental funds	<u>\$ 1,057,706</u>	<u>\$ 3,091,021</u>	<u>\$ 320,908</u>	<u>\$ 607,933</u>	<u>\$ 520,998</u>

**Notes:**

The Village of Pinehurst began to report accrual information when it implemented GASB Statement No. 34 in fiscal year 2004 and will report 10 years of results on the modified accrual basis of accounting when they are available.

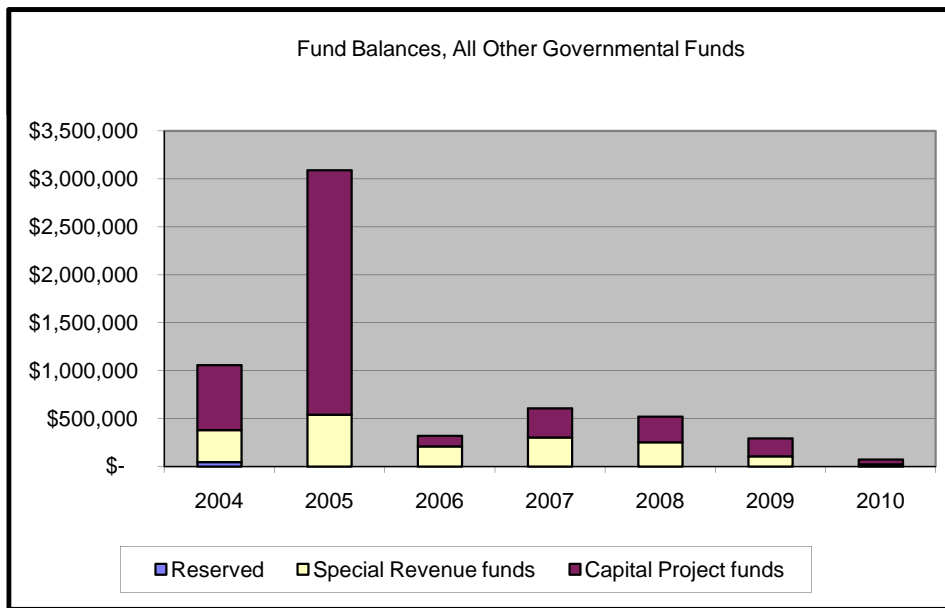


Village of Pinehurst, North Carolina  
Fund Balances - Governmental Funds  
Last Seven Fiscal Years  
(Modified Accrual Basis of Accounting)

	Fiscal Year	
	2009	2010
<b>General Fund</b>		
Reserved	\$ 850,944	\$ 1,074,585
Unreserved	4,734,552	4,758,711
Total general fund	<u>\$ 5,585,496</u>	<u>\$ 5,833,296</u>
<b>All Other Governmental Funds</b>		
Reserved	\$ -	\$ -
Unreserved, reported in:		
Special Revenue funds	106,581	23,210
Capital Project funds	187,063	49,632
Total all other governmental funds	<u>\$ 293,644</u>	<u>\$ 72,842</u>

**Notes:**

The Village of Pinehurst began to report accrual information when it implemented GASB Statement No. 34 in fiscal year 2004 and will report 10 years of results on the modified accrual basis of accounting when they are available.



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

**Schedule 4**  
**Page 1 of 2**

	Fiscal Year				
	2004	2005	2006	2007	2008
<b>Revenues</b>					
Ad valorem taxes	\$ 5,745,314	\$ 6,290,091	\$ 6,516,709	\$ 6,766,300	\$ 7,785,759
Sales taxes	1,788,004	2,122,892	2,316,972	2,501,361	2,557,685
Franchise taxes	174,074	202,078	217,008	133,435	33,628
Unrestricted intergovernmental	496,028	528,288	557,751	697,670	904,898
Restricted intergovernmental	795,715	465,120	475,779	591,283	691,900
Permits and fees	1,112,217	1,387,337	1,134,268	1,079,571	1,071,151
Sales and services	511,911	705,049	422,331	407,677	400,419
Investment earnings	41,982	126,472	267,231	343,972	307,166
Assessments	37,960	32,565	26,427	58,527	56,236
Miscellaneous	227,022	97,386	195,933	156,292	150,574
Total revenues	<u>10,930,227</u>	<u>11,957,278</u>	<u>12,130,409</u>	<u>12,736,088</u>	<u>13,959,416</u>
<b>Expenditures</b>					
General government	1,367,137	1,638,071	1,480,516	1,784,308	2,165,676
Public safety	3,379,022	3,628,528	3,767,794	4,335,510	4,819,675
Transportation	1,708,641	1,598,334	1,785,797	1,895,464	1,930,191
Economic and physical development	620,122	971,816	1,022,141	1,073,563	1,216,009
Environmental protection	869,351	817,130	700,942	1,088,038	1,166,982
Cultural and recreation	1,147,768	1,051,090	1,118,877	1,147,154	1,360,286
Non-departmental	74,560	47,016	55,822	45,420	48,615
Debt service:					
Principal	682,280	648,862	757,191	776,602	796,762
Interest and other charges	295,797	221,971	280,308	251,461	221,947
Capital outlay	342,185	408,393	3,459,227	628,297	84,417
Total expenditures	<u>10,486,863</u>	<u>11,031,211</u>	<u>14,428,615</u>	<u>13,025,817</u>	<u>13,810,560</u>
Excess (deficiency) of revenues over (under) expenditures	<u>443,364</u>	<u>926,067</u>	<u>(2,298,206)</u>	<u>(289,729)</u>	<u>148,856</u>
<b>Other Financing Sources (Uses)</b>					
Transfers to other funds	(1,979,034)	(1,166,324)	(2,710,696)	(2,745,761)	(807,910)
Transfers from other funds	1,979,034	1,166,324	2,710,696	2,745,761	807,910
Issuance of debt	-	2,500,000	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>2,500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	443,364	3,426,067	(2,298,206)	(289,729)	148,856
Fund balances, beginning	4,288,971	4,732,335	8,158,402	5,860,196	5,570,467
Prior period adjustment	-	-	-	-	130,635
Fund balances, beginning as restated	<u>4,288,971</u>	<u>4,732,335</u>	<u>8,158,402</u>	<u>5,860,196</u>	<u>5,701,102</u>
Fund balances, ending	<u>\$ 4,732,335</u>	<u>\$ 8,158,402</u>	<u>\$ 5,860,196</u>	<u>\$ 5,570,467</u>	<u>\$ 5,849,958</u>
Debt service as a percentage of noncapital expenditures	10.6%	9.2%	10.1%	8.9%	8.0%

**Notes:**

The Village of Pinehurst began to report accrual information when it implemented GASB Statement No. 34 in fiscal year 2004 and will report 10 years of results on the modified accrual basis of accounting when they are available.

The capital outlay used to calculate debt service as a percentage of noncapital expenditures can be found in Note 3. B. of the Notes to the Financial Statements.

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

	Fiscal Year	
	2009	2010
<b>Revenues</b>		
Ad valorem taxes	\$ 7,909,217	\$ 8,070,137
Sales taxes	2,241,517	1,917,162
Franchise taxes	38,073	43,191
Unrestricted intergovernmental	1,126,002	1,316,410
Restricted intergovernmental	1,272,350	510,604
Permits and fees	1,059,147	914,383
Sales and services	453,201	468,903
Investment earnings	137,479	37,416
Assessments	38,699	15,619
Miscellaneous	199,430	203,238
Total revenues	14,475,115	13,497,063
<b>Expenditures</b>		
General government	1,827,508	1,863,768
Public safety	4,829,228	5,365,546
Transportation	1,727,241	1,580,763
Economic and physical development	1,891,282	1,271,268
Environmental protection	974,767	1,041,943
Cultural and recreation	1,802,697	1,706,863
Non-departmental	62,907	-
Debt service:		
Principal	808,993	836,473
Interest and other charges	191,418	173,226
Capital outlay	329,892	130,215
Total expenditures	14,445,933	13,970,065
Excess (deficiency) of revenues over (under) expenditures	29,182	(473,002)
<b>Other Financing Sources (Uses)</b>		
Transfers to other funds	(1,074,544)	(1,760,662)
Transfers from other funds	1,074,544	1,760,662
Issuance of debt	-	500,000
Total other financing sources (uses)	-	500,000
Net change in fund balances	29,182	26,998
Fund balances, beginning	5,849,958	5,879,140
Prior period adjustment	-	-
Fund balances, beginning as restated	5,849,958	5,879,140
Fund balances, ending	\$ 5,879,140	\$ 5,906,138
Debt service as a percentage of noncapital expenditures	7.7%	7.9%

**Notes:**

The Village of Pinehurst began to report accrual information when it implemented GASB Statement No. 34 in fiscal year 2004 and will report 10 years of results on the modified accrual basis of accounting when they are available.

The capital outlay used to calculate debt service as a percentage of noncapital expenditures can be found in Note 3. B. of the Notes to the Financial Statements.

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

**Schedule 5**

Fiscal Year	Tax year	Residential Property	Commercial Property	Industrial Property	Less Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value
2001	2000	-	-	-	-	1,310,664,772	0.30	1,626,134,953
2002	2001	-	-	-	-	1,331,280,295	0.30	1,655,821,262
2003	2002	-	-	-	-	1,397,586,043	0.35	1,773,586,349
2004	2003	-	-	-	-	1,971,821,264	0.29	1,971,821,264
2005	2004	-	-	-	-	2,035,393,463	0.31	2,172,244,891
2006	2005	1,859,700,153	419,269,280	361,490	173,368,490	2,105,962,433	0.31	2,339,958,259
2007	2006	1,870,045,393	469,947,953	16,350,433	171,491,723	2,184,852,056	0.31	2,482,786,427
2008	2007	2,719,108,835	310,265,291	16,387,599	268,117,125	2,777,644,600	0.28	2,777,644,600
2009	2008	2,761,647,092	318,070,765	17,315,268	269,719,030	2,827,314,095	0.28	3,017,410,987
2010	2009	2,807,721,340	332,150,630	17,024,619	271,564,035	2,885,332,554	0.28	3,205,925,060

**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 2008.

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

Prior to FY2006, a breakdown between residential, commercial, industrial and tax-exempt property is unavailable.



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

**Schedule 6**

Fiscal Year	Tax Year	Direct Rates	Overlapping Rates	
		Total Direct Rate	Village of Pinehurst Municipal Service District	Moore County (1)
2001	2000	0.30	0.08	0.530
2002	2001	0.30	0.10	0.545
2003	2002	0.35	0.28	0.545
2004	2003	0.29	0.12	0.475
2005	2004	0.31	0.12	0.475
2006	2005	0.31	0.09	0.455
2007	2006	0.31	0.09	0.455
2008	2007	0.28	0.08	0.445
2009	2008	0.28	0.06	0.479
2010	2009	0.28	0.06	0.465

**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.

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

**Schedule 7**

<b>Taxpayer</b>	<b>2010</b>		<b>2001</b>	
	<b>Taxable Assessed Value</b>	<b>Percentage of Total Taxable Assessed Value</b>	<b>Taxable Assessed Value</b>	<b>Percentage of Total Taxable Assessed Value</b>
Pinehurst, LLC	\$ 171,999,277	6.21%	\$ 67,089,204	5.12%
Pinehurst Surgical Clinic	27,084,800	0.98%	6,169,625	0.47%
Country Club of North Carolina	23,571,106	0.85%	13,718,728	1.05%
Pinehurst Medical	16,844,843	0.61%	6,713,260	0.51%
Progress Energy Carolinas	11,255,578	0.41%	7,541,400	0.58%
M & T Associates (Carolina Eye Assoc.)	10,316,819	0.37%	4,487,040	0.34%
Pleasant Living Health Care (Quail Haven)	-	0.00%	5,550,700	0.42%
Francis Maser	5,613,400	0.20%	-	0.00%
Branch Banking and Trust Co.	5,181,688	0.19%	-	0.00%
SCOP (Surgery Center of Pinehurst)	5,071,350	0.18%	-	0.00%
Carolina Telephone and Telegraph	5,032,288	0.18%	3,518,077	0.27%
Pinehurst Nursing	-	0.00%	2,830,505	0.22%
<b>Total</b>	<b>\$ 281,971,149</b>	<b>10.19%</b>	<b>\$ 117,618,539</b>	<b>8.97%</b>

**Sources:**

Moore County Tax Department

**Notes:**

2010 and 2001 data are for tax years 2009 and 2000 respectively.

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

**Schedule 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)
2001	2000	3,903,235	3,887,446	99.60%	17,370	3,904,816	100.04%
2002	2001	3,987,088	3,974,166	99.68%	15,942	3,990,108	100.08%
2003	2002	4,863,211	4,843,250	99.59%	12,920	4,856,170	99.86%
2004	2003	5,735,830	5,721,684	99.75%	19,809	5,741,493	100.10%
2005	2004	6,289,511	6,274,550	99.76%	26,899	6,301,449	100.19%
2006	2005	6,517,524	6,500,443	99.74%	14,894	6,515,337	99.97%
2007	2006	6,761,283	6,748,375	99.81%	10,440	6,758,815	99.96%
2008	2007	7,782,597	7,769,586	99.83%	10,425	7,780,011	99.97%
2009	2008	7,902,389	7,889,733	99.84%	10,876	7,900,609	99.98%
2010	2009	8,065,307	8,050,348	99.81%	-	8,050,348	99.81%

**Sources:**

Moore County Tax Department

**Notes:**

(1) Taxes levied for the fiscal year are not adjusted for discoveries in subsequent years but their collection is included in the total collections to date for the year in which they would have been levied.

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

**Schedule 9**

<u>Fiscal Year</u>	<u>Calendar Year</u>	<u>Governmental Activities Installment Financing (3)</u>	<u>Percentage of Personal Income (2)</u>	<u>Per Capita (2)</u>
2001	2000	5,762,027	1.41%	591
2002	2001	6,581,599	1.55%	668
2003	2002	6,458,172	1.48%	649
2004	2003	5,775,892	1.26%	565
2005	2004	7,627,030 (1)	1.58%	727
2006	2005	6,869,839	1.35%	642
2007	2006	6,093,236	1.12%	553
2008	2007	5,296,474	0.93%	468
2009	2008	4,487,481	0.73%	386
2010	2009	4,151,008	0.60%	313

**Notes:**

- (1) The Village of Pinehurst secured an installment loan of \$2,500,000 for construction of a new fire station.
- (2) See Schedule 12 for personal income and population data. These ratios are calculated using personal income and population for the calendar year.
- (3) Details regarding outstanding debt can be found in the notes to the financial statements.

**Village of Pinehurst, North Carolina**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2010**

**Schedule 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	\$ 88,275,000	24.61%	\$ 21,728,356
Other debt:			
Moore County Installment Loans	4,524,887	24.61%	<u>1,113,773</u>
Subtotal, overlapping debt			22,842,129
<b>Village of Pinehurst direct debt</b>			<u>4,151,008</u>
Total direct and overlapping debt			<u>\$ 26,993,137</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 Comprehensive Annual Financial Report (CAFR)

(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, 2009 were used to determine the overlapping debt percentage.

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

**Schedule 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>
2001	104,853,182	5,762,027	99,091,155	94.50%
2002	106,502,424	6,581,599	99,920,825	93.82%
2003	111,806,883	6,458,171	105,348,712	94.22%
2004	157,745,701	5,775,892	151,969,809	96.34%
2005	162,831,477	7,627,030	155,204,447	95.32%
2006	168,476,995	6,869,839	161,607,156	95.92%
2007	174,788,164	6,093,236	168,694,928	96.51%
2008	222,211,568	5,296,474	216,915,094	97.62%
2009	226,185,128	4,487,481	221,697,647	98.02%
2010	230,826,604	4,151,008	226,675,596	98.20%

**Legal Debt Margin Calculation for Fiscal Year 2010**

Assessed valuation	\$ 2,885,332,554	
	x 8.00%	
	<u>230,826,604</u>	
Debt limit - 8.0% of assessed value		\$ 230,826,604
Gross debt:		
Total bonded debt	-	
Authorized and unissued bonds	-	
Lease financing agreements	4,151,008	
Total gross debt	<u>4,151,008</u>	
Less: statutory deductions	<u>-</u>	
Total amount of debt applicable to debt limit (net debt)		<u>4,151,008</u>
<b>LEGAL DEBT MARGIN</b>		<u><u>\$ 226,675,596</u></u>

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

**Schedule 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>
2001	2000	9,755	409,631,960	41,992	60.4	3.6%
2002	2001	9,855	425,542,582	43,180	60.4	4.9%
2003	2002	9,948	436,388,334	43,867	60.4	6.4%
2004	2003	10,218	458,407,284	44,863	60.4	6.5%
2005	2004	10,498	483,590,811	46,065	60.4	5.6%
2006	2005	10,694	509,319,363	47,627	60.4	5.1%
2007	2006	11,026	542,145,667	49,170	60.4	4.8%
2008	2007	11,316	572,262,434	50,571	60.4	4.6%
2009	2008	11,632	610,890,250	52,518	60.4	6.2%
2010	2009	13,277	694,911,723	52,340	60.4	9.6%

**Sources:**

- (1) Office of State Budget and Management.
- (2) U.S. Census Bureau.
- (3) North Carolina Employment Security Commission.
- (4) A change in municipal boundary effective March 31, 2010 increased the certified population in fiscal year 2010 by 1,482.

**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 Moore County.

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

**Schedule 13**

<b>Employer</b>	<b>2010</b>		<b>2001</b>	
	<b>Employees</b>	<b>Percentage of Total Employment</b>	<b>Employees</b>	<b>Percentage of Total Employment</b>
First Health of the Carolinas (1)	2,610	55.60%	2,180	56.16%
Pinehurst, LLC (2)	1,084	23.09%	1,152	29.68%
<b>Total</b>		<b>78.70%</b>		<b>85.83%</b>

**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:**

2010 employment is based on calendar year 2009.  
2001 employment is estimated.

GASB 44 requires comparative data for the current calendar year and nine years prior. 2000 Census Data was used for 2001 and 2010 to estimate the percentage of total employment.



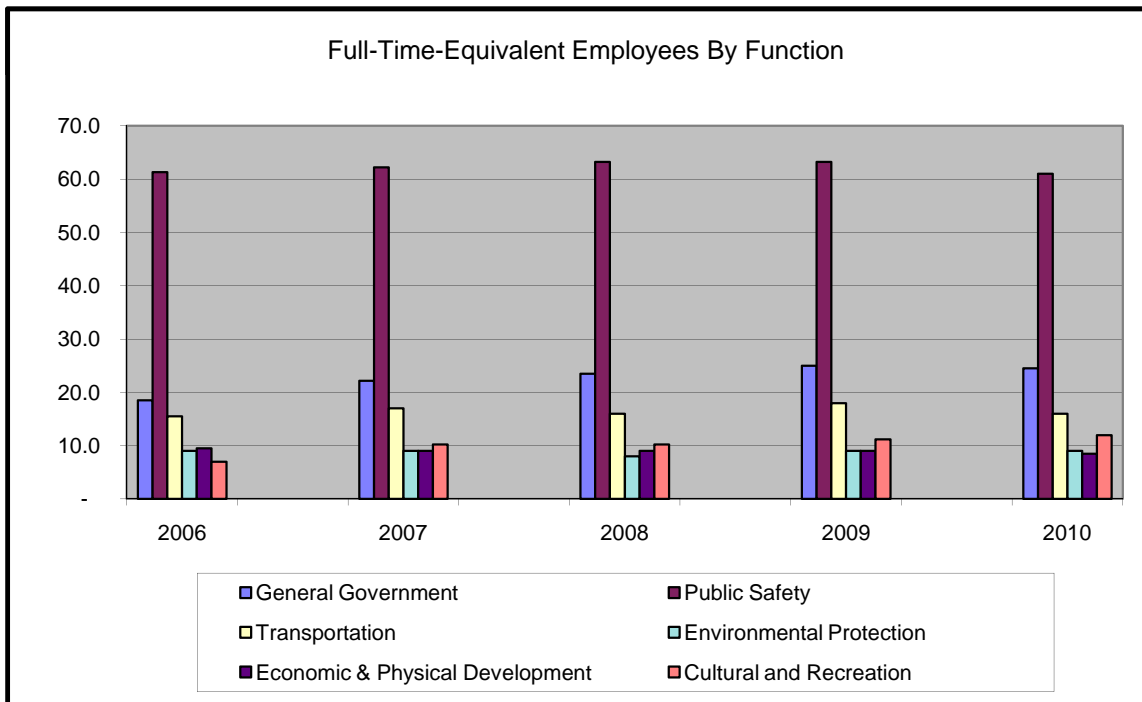
Village of Pinehurst, North Carolina  
 Full-time-Equivalent Employees by Function  
 Last Ten Fiscal Years

Function	Full-time-Equivalent Employees as of June 30									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Government	12.0	13.0	13.5	14.0	16.75	18.5	22.2	23.5	25.0	24.5
Public Safety (1)	54.0	54.0	57.0	58.0	61.0	61.3	62.2	63.2	63.2	61.0
Transportation	16.0	15.0	15.0	15.0	15.0	15.5	17.0	16.0	18.0	16.0
Environmental Protection	10.0	10.0	9.0	9.0	10.0	9.0	9.0	8.0	9.0	9.0
Economic & Physical Development (1)	10.0	10.5	7.0	8.5	8.5	9.5	9.0	9.0	9.0	8.5
Cultural and Recreation	8.0	8.0	8.0	8.5	7.0	7.0	10.2	10.2	11.2	12.0
<b>Total</b>	<b>110.0</b>	<b>110.5</b>	<b>109.5</b>	<b>113.0</b>	<b>118.3</b>	<b>120.8</b>	<b>129.6</b>	<b>129.9</b>	<b>135.4</b>	<b>131.0</b>

Notes:

(1) Prior to 2003, the Inspections department was accounted for in the Planning department.

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**

<b>Function</b>	<b>Fiscal Year</b>				
	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>
General Government					
Financial Services					
Purchase orders issued	680	354	509	440	323
Vendor checks issued	3,332	2,966	2,919	3,595	2,673
Human Resources					
Workers' compensation lost time (days)	NA	NA	NA	NA	322
Employee turnover rate	NA	NA	NA	NA	9.0%
Fleet Maintenance					
Tires changed	130	171	200	250	300
10-point service performed	462	480	500	300	350
Public Safety					
Fire Protection					
Public fire & life safety classes	447	556	341	95	95
Incident calls	712	673	715	743	842
Structure fires	18	24	18	24	21
Inspections	479	560	467	877	766
Child passenger seat inspections	NA	NA	NA	389	833
Police Protection					
Physical arrests	211	207	178	172	206
Citations issued	943	902	971	1,479	1,560
Response to calls/officer initiated activity	11,116	11,482	11,588	11,782	11,500
Traffic accidents	410	421	446	467	447
Inspections					
Building inspections conducted	NA	7,253	7,661	11,064	11,286
Certificates of occupancy issued	235	234	231	214	254
Transportation					
Street resurfacing (miles)	7.5	4.9	3.3	4.9	5.0
Environmental Protection					
Refuse collected (tons annually)	6,492	5,597	4,677	5,673	4,578
Homes receiving service	57,706	5,940	6,040	NA	6,345
Recyclables collected (tons annually)	NA	NA	NA	330	305
Economic & Physical Development					
Building permits issued	391	353	321	374	318
Zoning compliance investigations	446	694	473	538	475
Cultural & Recreation					
Recreation					
Program participants	339	329	354	361	398
Athletics participants	1,560	1,351	1,437	1,456	1,507
Harness Track					
Standardbred stalls leased	NA	NA	222	270	280
Facilities reserved (days)	106	87	95	67	62
Fair Barn					
Events	NA	NA	31	61	67
Rental days	NA	NA	39	85	125

**Sources:**

Various Village departments

**Notes:**

NA indicates "not available"

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

**Schedule 15**  
**Page 2 of 2**

<u>Function</u>	<u>Fiscal Year</u>				
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Government					
Financial Services					
Purchase orders issued	262	207	225	260	280
Vendor checks issued	2,529	2,427	2,448	2,333	2,471
Human Resources					
Workers' compensation lost time (days)	6	60	12	446	32
Employee turnover rate	9.0%	9.4%	7.8%	7.9%	9.2%
Fleet Maintenance					
Tires changed	372	235	311	216	116
10-point service performed	200	291	233	208	194
Public Safety					
Fire Protection					
Public fire & life safety classes	219	204	167	159	170
Incident calls	922	827	843	855	884
Structure fires	26	56	63	44	55
Inspections	824	787	732	620	423
Child passenger seat inspections	579	583	396	173	222
Police Protection					
Physical arrests	202	262	585	444	445
Citations issued	1,285	3,806	3,891	3,993	2,970
Response to calls/officer initiated activity	9,801	11,866	13,513	13,640	14,495
Traffic accidents	432	483	500	474	418
Inspections					
Building inspections conducted	10,588	9,194	7,683	5,409	4,281
Certificates of occupancy issued	271	227	169	181	156
Transportation					
Street resurfacing (miles)	5.0	6.3	5.6	4.8	3.2
Environmental Protection					
Refuse collected (tons annually)	4,287	4,392	4,094	3,948	3,849
Homes receiving service	6,485	6,651	6,782	6,862	7,686
Recyclables collected (tons annually)	369	568	943	966	1,473
Economic & Physical Development					
Building permits issued	378	424	359	278	259
Zoning compliance investigations	480	477	690	624	475
Cultural & Recreation					
Recreation					
Program participants	468	679	830	939	1,065
Athletics participants	1,503	1,556	1,982	2,323	2,287
Harness Track					
Standardbred stalls leased	285	249	220	281	251
Facilities reserved (days)	45	32	30	20	30
Fair Barn					
Events	87	89	84	80	88
Rental days	131	117	95	98	96

**Sources:**

Various Village departments

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

Schedule 16  
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<u>Function</u>	<u>Fiscal Year</u>				
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Public Safety					
Fire Protection					
Stations	2	2	2	2	2
Fire trucks	6	6	6	6	6
Police Protection					
Stations	1	1	1	1	1
Patrol units	15	15	15	15	15
Transportation					
Miles of streets	100.57	101.35	101.35	101.35	104.65
Maintenance vehicles	18	18	18	18	18
Brick sidewalks (linear feet)	-	-	1,542	1,994	4,187
Environmental Protection					
Refuse collection trucks	14	15	15	15	15
Economic & Physical Development					
Storm water drainage areas	-	-	-	2	3
Cultural & Recreation					
Number of parks	3	3	4	4	4
Park acreage	230	230	297	297	297
Greenway trails (miles)	-	-	-	1.5	3.0
Playgrounds	1	1	2	2	2
Baseball/softball diamonds	2	2	2	2	2
Soccer fields	1	1	1	1	1

**Sources:**

Various Village departments

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

Schedule 16  
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<u>Function</u>	<u>Fiscal Year</u>				
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Public Safety					
Fire Protection					
Stations	2	2	2	2	2
Fire trucks	6	7	7	5	6
Police Protection					
Stations	1	1	1	1	1
Patrol units	16	17	20	20	20
Transportation					
Miles of streets	104.65	104.65	104.65	104.65	105.20
Maintenance vehicles	18	18	20	22	22
Brick sidewalks (linear feet)	4,918	4,918	4,918	4,918	4,918
Environmental Protection					
Refuse collection trucks	17	19	21	20	17
Economic & Physical Development					
Storm water drainage areas	4	6	7	10	16
Cultural & Recreation					
Number of parks	4	4	4	4	4
Park acreage	297	297	297	297	297
Greenway trails (miles)	3.5	4.0	5.0	5.8	5.8
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



**DIXON HUGHES** PLLC  
Certified Public Accountants and Advisors

**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**

To the Honorable Mayor and Members of  
The Village Council  
Village of Pinehurst, North Carolina

We have audited the basic financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Village of Pinehurst, North Carolina, as of and for the year ended June 30, 2010, and have issued our report thereon dated September 24, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Village of Pinehurst's internal control over financial reporting as a basis for designing our auditing procedures 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 of Pinehurst's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village of Pinehurst's internal control over financial reporting.

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 misstatements on a timely basis. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Village of Pinehurst's internal control.

Our consideration of the internal control over financial reporting was for limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

This report is intended solely for the information and use of the governing board, management and federal and State awarding agencies, and is not intended to be and should not be used by anyone other than these specified parties.

*Dixon Hughes PLLC*

September 24, 2010

**Village of Pinehurst, North Carolina**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2010**

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal Expenditures	State Expenditures	Local Expenditures
<b>Federal Awards</b>					
<u>U.S. Department of Housing &amp; Urban Development</u>					
Passed through N.C. Department of Commerce Community Development Block Grant, Small Cities Program					
	14.228	06-C-1597	\$ -	\$ -	\$ 4,000
ARRA - Community Development Block Grant, Small Cities Program					
	14.255	09-R-1972	35,830	-	-
Total CDBG-State-Adm Small Cities Program Cluster					
			35,830	-	4,000
<u>U.S. Department of Justice</u>					
Passed through N.C. Department of Crime Control and Public Safety Comm. Oriented Response Team					
	16.738	063-1-06-001-BH-740	14,989	-	-
<u>U.S. Department of Transportation</u>					
Passed through N.C. Department of Crime Control and Public Safety Governor's Highway Safety Program					
	20.601	K8-09-02-36	67	-	-
<u>U.S. Department of Justice</u>					
Bullet Proof Vest Partnership Program					
	16.607	Direct	2,450	-	2,450
<u>U.S. Department of Transportation</u>					
Passed through N.C. Department of Transportation Governor's Highway Safety Program					
	20.600	PT-09-03-04-15	13,660	-	13,660
Total Federal Awards					
			66,996	-	20,110
<b>State Awards</b>					
<u>N.C. Department of Environment &amp; Natural Resources</u>					
Comm. Waste Red. & Recycling Grant					
	2378		-	5,000	1,000
Firewise Communities Grant					
	2649		-	17,918	4,808
<u>N.C. Department of Transportation</u>					
Powell Bill					
			-	390,006	-
Total State Awards					
			-	412,924	5,808
Total Federal and State Awards					
			\$ 66,996	\$ 412,924	\$ 25,918