

Village of Pinehurst, North Carolina  
Comprehensive Annual Financial Report



For the Fiscal Year Ended  
June 30, 2015

Prepared by  
Financial Services Department

John G. Frye  
Director of Financial Services

**Village of Pinehurst, North Carolina**  
**Comprehensive Annual Financial Report – Table of Contents**  
**For the Fiscal Year Ended June 30, 2015**

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HISTORY, CHARM, AND SOUTHERN HOSPITALITY

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September 22, 2015

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

The Comprehensive Annual Financial Report of the Village of Pinehurst, North Carolina (Village) is submitted for your review and use. This report was prepared by the Village's Financial Services Department, and it is the comprehensive publication of the Village's financial position and results of operations as of and for the fiscal year ended June 30, 2015. 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, 2015, 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, and operating information. A Compliance Section includes documentation on federal and state grants and awards compliance.

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

As noted earlier, the Village is required by state law to have an annual independent financial audit. Dixon Hughes Goodman, LLP, Certified Public Accountants, conducted the audit and concluded in an unmodified ("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, 2015. The independent auditors' report on the basic financial statements is located at the beginning of the financial section of this report.

In addition to the independent audit of the financial statements, a compliance audit on federal and state financial assistance is also required under the Single Audit Act Amendments of 1996 and Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* ("OMB Circular A-133"). The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements involving the administration of federal awards. These reports are located in the Compliance Section of this Comprehensive Annual Financial 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 is a charming, vibrant community which reflects our rich history and traditions.” This vision statement adopted by the Village Council is reflective of what we aspire to be as a community. Our mission is to “promote, enhance, and sustain the quality of life for residents, businesses, and visitors”. The Village was incorporated in 1980, and is located in the Sandhills Region of North Carolina. The Village has a land area of approximately 17 square miles, and an estimated population of 15,525. Pinehurst is the largest of eleven municipalities in Moore County. The Village is empowered to levy a property tax on both real estate and personal properties located within its boundaries. It also is empowered, by state statute, to extend its corporate limits by annexation on a limited basis.

The Village has operated under the Council-Manager form of government since its incorporation in 1980. Policy making and legislative authority are vested in the Village Council consisting of the mayor and four other members. The Village Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring 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’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 is primarily a residential community with a historically strong growth rate in residential development. At the height of the housing market, from 2000 to 2007, approximately 250 new homes were constructed each year within the Village. During the recession that followed, the number of new homes constructed fell to a historical low of 51 new homes in 2010. In 2015, 107 new homes were constructed in the Village which is comparable with the 101 constructed in the previous year.

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 \$374 million in annual tourism generated revenues. This is due primarily to the world-renowned reputation of Pinehurst Resort, which is owned by the privately held company Pinehurst, LLC. The resort’s golf, hotel, and spa amenities draw tourists from all over the world as a result of its exceptional quality. Pinehurst Resort hosted the 1999, 2005, and 2014 U.S. Open Golf Championships. In 2014 the back-to-back U.S. Open and U.S. Women’s Open Championships generated over \$140 million dollars in direct spending in the region, with the total economic impact on the state estimated at \$238 million. The resort is the Village’s largest taxpayer and employs over 1,300 people.

The Village can also claim a top-notch regional health facility, FirstHealth of the Carolinas. FirstHealth is a private, not-for-profit health care system based in Pinehurst which serves 15 counties. FirstHealth is the County’s largest private employer, employing approximately 3,500 health care professionals and staff. Their commitment to quality is evidenced by FirstHealth’s flagship hospital, Moore Regional, being consistently named among the Top 100 Hospitals in the country.

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

The Village is committed to maintaining a strong financial condition. The Village Council’s adopted fund balance policy requires the Village to maintain a minimum unassigned General Fund balance of 15% of actual expenditures as reported in the Village’s CAFR. In addition, when preparing the annual General Fund budget, the total appropriated fund balance should result in anticipated ending total fund balance in the range of 30%-40% of budgeted expenditures. At June 30, 2015 the General Fund’s unassigned fund balance of \$5,079,263 represented 31% of General Fund actual expenditures and total fund balance was 45% of budgeted expenditures.

In Fiscal Year (FY) 2016 the Village adopted its third strategic operating plan (SOP). This strategic planning process was adopted as a part of implementing the Malcolm Baldrige performance excellence framework and is designed to provide an integrated approach to organizational performance management. The SOP includes a one-year budget and a five-year capital improvement plan (CIP). The SOP is a strategic, results-driven approach to resource allocation that is closely aligned with the Village Council's strategy and achieving the results articulated in the Village's balanced scorecard.

The Village Council's nine organizational goals for the 2016 Strategic Plan are: (1) safeguard the community, (2) preserve the character and ambiance of the Village, (3) promote economic vitality, (4) provide & promote multi-modal transportation connectivity, (5) promote environmental sustainability, (6) promote an active, healthy community, (7) professionally manage a high performing organization, (8) recruit and develop a skilled and diverse workforce, and (9) maintain a strong financial condition.

Major initiatives of the FY 2016 Strategic Plan to address these goals include:

- Evaluate alternative methods to investigate and deter crime
- Incrementally expand the Village Center into the Village Place/Rattlesnake Trail corridor
- Redevelop the Public Services Complex
- Make improvements to the McKenzie/Hwy 5/Barrett road intersection
- Install sidewalks and/or greenways according to the Pedestrian Master Plan
- Install bike lanes according to the Bicycle Master Plan
- Install a splash pad in Rassie Wicker Park
- Develop an organization-wide complaint management system

### **Awards and Acknowledgements**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Village for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2014. This was the 22<sup>nd</sup> 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 2015. 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's finances.

Respectfully submitted,



Jeffrey M. Sanborn  
Village Manager



John G. Frye  
Director of Financial Services



Government Finance Officers Association

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

Presented to

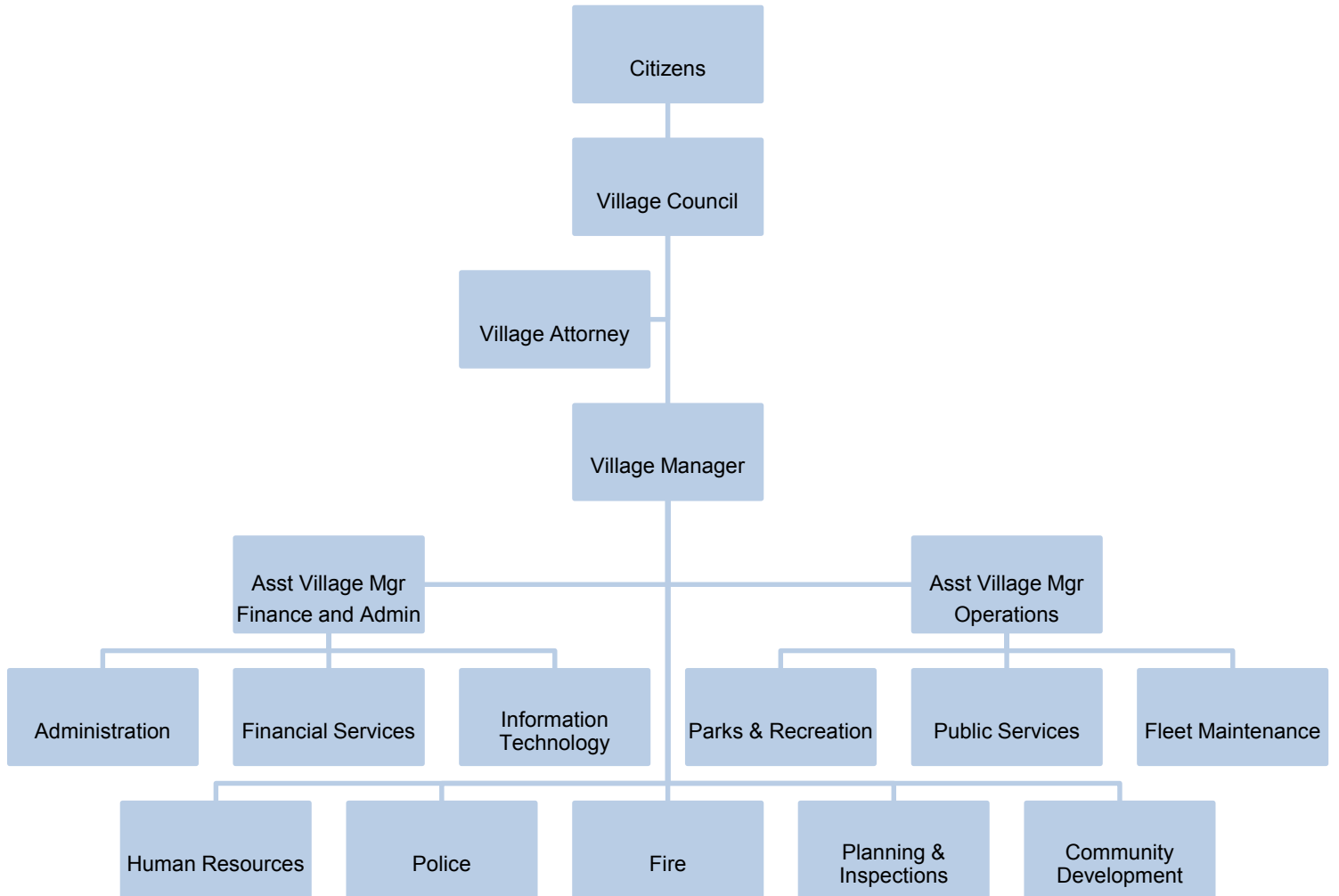
**Village of Pinehurst  
North Carolina**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2014**

Executive Director/CEO

Village of Pinehurst, North Carolina  
Organizational Chart  
June 30, 2015





**Village of Pinehurst, North Carolina  
List of Principal Officials  
June 30, 2015**

**Elected Officials**

Nancy Roy Fiorillo	Mayor
John R. Cashion	Mayor Pro-Tem
John C. Strickland	Treasurer
Clark Campbell	Council Member
Claire Phillips	Council Member

**Appointed Officials**

Jeffrey M. Sanborn	Village Manager
Natalie E. Dean	Assistant Village Manager
Jeff Batton	Assistant Village Manager
Michael J. Newman	Village Attorney
Lauren Craig	Village Clerk
John G. Frye	Financial Services Director
Angela M. Kantor	Human Resources Director
Jason Whitaker	Chief Information Officer
Earl Phipps	Police Chief
Carlton Cole	Fire Chief
Kevin Reed	Planning & Inspections Director
Walt Morgan	Public Services Director
Randy Kuhn	Fleet Maintenance Director
Mark Wagner	Parks and Recreation Director

***INDEPENDENT AUDITORS' REPORT***

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

**Report on the Financial Statements**

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 ("Village") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise of the Village's basic financial statements listed in the table of contents.

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

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

***Auditors' Responsibility***

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

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Village as of June 30, 2015, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Change in Accounting Principle*

As discussed in Note 16 to the financial statements, the financial statements as of and for the year ended June 30, 2014 were restated due to the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, in 2015. Our opinion is not modified with respect to these changes.

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 15, the Law Enforcement Officers' Special Separation Allowance Schedule of Funding Progress on page 44, Schedule of Law Enforcement Officers' Special Separation Allowance Schedule of Employer Contributions on page 45, Local Government Employees' Retirement System Schedule of the Proportionate Share of the Net Pension Asset on page 46, Local Government Employees' Retirement System Schedule of Contributions on page 47 be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Village. The combining and individual fund statements, budgetary schedules, other schedules, and schedule of expenditures of federal and state awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of State and Local Governments, and Non-Profit Organizations* is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The combining and individual fund statements, budgetary schedules, other schedules, and the schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepared the basic financial statements or to the basic

financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit, the procedures performed as described above, the combining and individual fund statements, budgetary schedules, other schedules, and schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory information and the statistical sections have not been subjected to the auditing procedures applied in the audit of basic financial statements, and accordingly, we do not express an opinion or provide assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2015 on our consideration of Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Village's internal control over financial reporting and compliance.

*Dixon Hughes Goodman LLP*

*September 22, 2015  
High Point, North Carolina*

# Village of Pinehurst Management's Discussion and Analysis June 30, 2015

As management of the Village of Pinehurst (the Village), we offer readers of the Village's financial statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended June 30, 2015. We encourage readers to read the information presented here in conjunction with additional information we have furnished in the Village's financial statements, which follow this narrative.

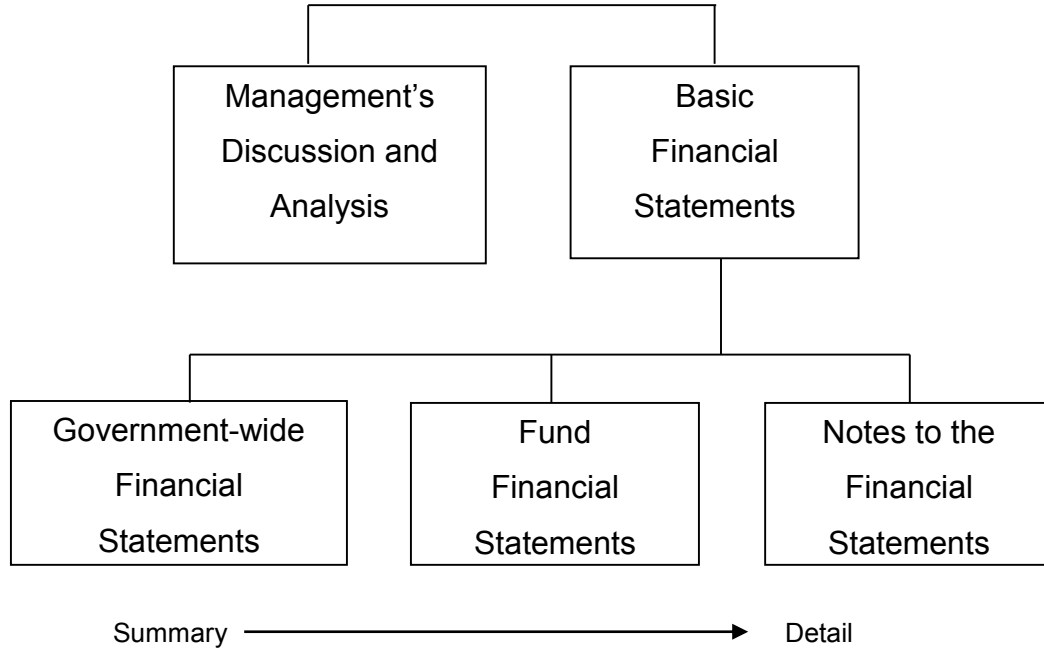
## Financial Highlights

- The assets and deferred outflows of resources of the Village exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$26,631,615 (*net position*).
- The Village's total net position increased by \$691,502 primarily due to an increase in capital assets during the fiscal year and the reduction in long term debt due to scheduled principal payments.
- At the end of the current fiscal year, the Village's only governmental fund, the General Fund, reported ending fund balance of \$8,225,102, an increase of \$476,258 in comparison with the prior year. Approximately 62% of this amount, or \$5,079,263, is available for spending at the Village's discretion (*unassigned fund balance*) and is equal to 31% of total general fund expenditures for the fiscal year.
- The Village's total debt decreased by \$420,917 (19%) during the current fiscal year. The decrease was due to scheduled principal payments on existing debt obligations. Total debt outstanding was \$1,841,825 at the 2015 fiscal year end.
- The Village had no general obligation bonded debt as of June 30, 2015.
- Throughout the year, the Village's deposits were insured or collateralized as required by state law. Total investment earnings were approximately \$9,796, which is equivalent to a return of approximately 0.11% on the average amount of cash and cash equivalents during the year. At fiscal year's end, 42% of the Village's cash and investments were held in insured or collateralized depository accounts and 58% 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 22 consecutive years. The Certificate of Achievement is the highest form of recognition awarded in the field of governmental financial reporting.
- For the 2015 fiscal year, the Village received the Distinguished Budget Presentation Award for the 8<sup>th</sup> consecutive year from the Government Finance Officer's Association for its annual budget.

## Overview of the Financial Statements

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

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



### **Basic Financial Statements**

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

The next statements (Exhibits 3 through 7) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Village's government. These statements provide more detail than the government-wide statements. There are two parts to the Fund Financial Statements: 1) the governmental funds statements; and 2) the budgetary comparison statements.

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

### **Government-wide Financial Statements**

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

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

The government-wide statements 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, 2015. The final category is the component unit. The Village does not have any component units as of June 30, 2015.

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

### **Fund Financial Statements**

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

The Village adopts an annual budget for its General Fund, as required by the North Carolina General Statutes. The budget is a legally adopted document that incorporates input from the 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 Village Council; 2) the final budget as amended by the Council; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

**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 22-43 of this report.

**Other Information** – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Village's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 43 of this report.

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

## Government-Wide Financial Analysis

### Net Position

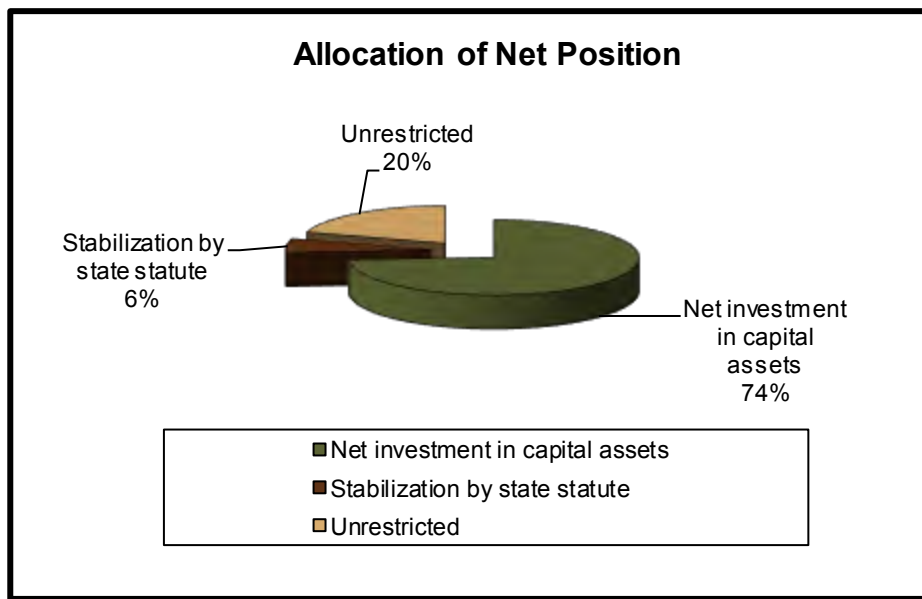
The following (Figure 2) reflects condensed information on the Village's net position:

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

	<b>Governmental Activities 2015</b>	<b>Governmental Activities, restated 2014</b>
Current and other assets	\$ 9,199,345	\$ 8,868,781
Net pension asset	638,460	-
Capital assets	21,490,625	21,216,738
Total assets	31,328,430	30,085,519
Deferred outflows of resources	454,473	432,280
Long-term liabilities outstanding	2,697,718	4,428,878
Other liabilities	897,488	1,014,711
Total liabilities	3,595,206	5,443,589
Deferred inflows of resources	1,556,082	16
Net position:		
Net investment in capital assets	19,648,800	18,953,996
Restricted for:		
Stabilization by state statute	1,601,410	1,568,981
Unrestricted	5,381,405	4,551,216
Total net position	\$ 26,631,615	\$ 25,074,193

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Village exceeded liabilities and deferred inflows by \$26,631,615 as of June 30, 2015. The Village's net position increased by \$1,557,422 for the fiscal year ended June 30, 2015. However, the largest portion, \$19,648,800 or 74%, reflects the Village's net investment in capital assets (e.g. land, right of ways, buildings, machinery, and equipment). The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Village's net position, \$1,601,410, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$5,381,405 is unrestricted. Also, the Village implemented GASB Statement 68 this year. With the new reporting change, the Village is allocated its proportionate share of the Local Government Employees' Retirement System's net pension asset, deferred outflows of resources, deferred inflows of resources, and pension expense. A restatement to record the effects of the new reporting guidance decreased beginning net position by \$865,920. Decisions regarding the allocations are made by the administrators of the pension plan, not by the Village's management.





**Governmental Activities**

Governmental activities increased the Village’s net position by \$1,557,422. As previously noted, the implementation of GASB 68 and the associated restatement reduced beginning net position by \$865,920. The net effect of these two items resulted in the \$691,502 increase in net position.

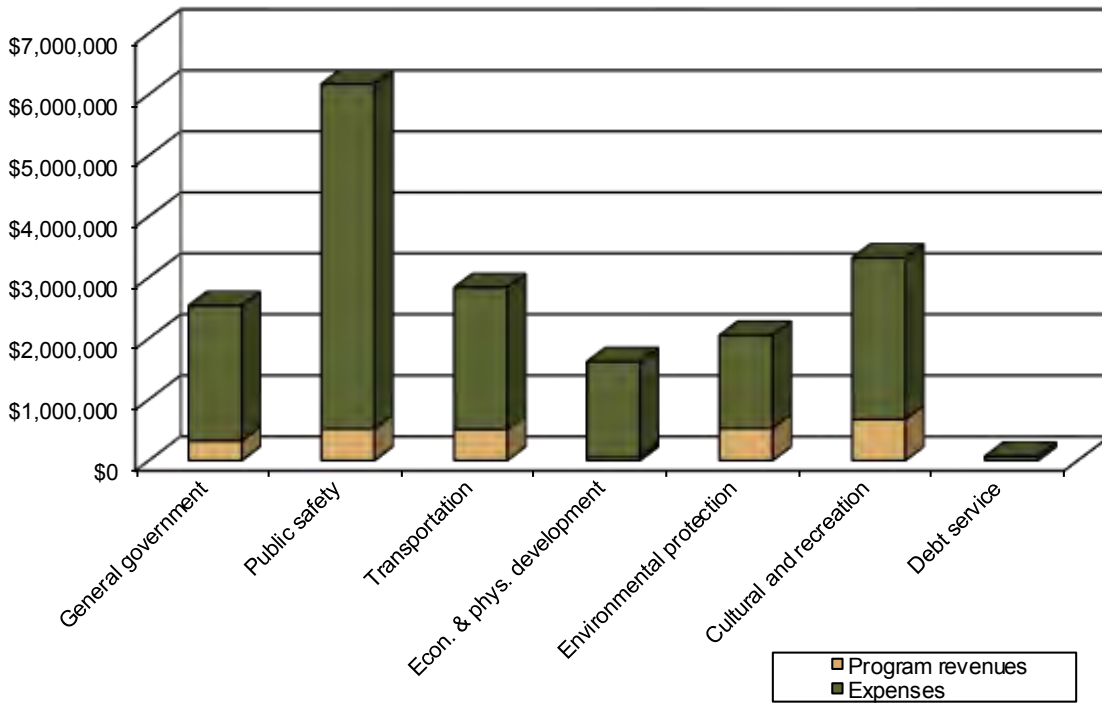
Several aspects of the Village’s financial operations influenced the positive change in total governmental net position:

- Property tax revenue increased approximately \$21,000 or 0.2% from the prior year due to a modest increase in the construction of new single family homes.
- Continued diligence in the collection of property taxes by maintaining a tax collection percentage in the General Fund of 99.97%, which is comparable to the statewide average of 98.13%.
- Unrestricted intergovernmental revenues increased by \$707,000 or 16.6% due to increased collections of local option sales taxes and electricity sales taxes. The increase in electricity sales taxes is due to a revision in the distribution formula by the state of North Carolina.
- Expenses net of program revenues decreased by \$350,000, or 2.5%. This result was influenced by the following factors:
  - Program expenses were \$128,000, or 0.8%, lower than in the previous fiscal year.
  - Charges for services decreased by approximately \$568,000, or 31%, due to the \$700,000 in one-time revenues that were received from the USGA for the 2014 U.S. Open Golf Championships.
  - Operating grants and contributions increased \$480,000 or 88% due to environmental protection grants received for the Jackson-Hamlet CDBG sewer project completed this fiscal year.
  - Capital grants and contributions increased by \$278,000 due to the receipt of \$320,000 in donated capital assets consisting of two building lots from individuals and the streets and right of ways in the Cotswold subdivision.
  - The Village’s net pension liability of \$1,298,199 in the prior year became an asset of \$638,460 in the current year, resulting in a reduction in expenses of \$1,936,659.

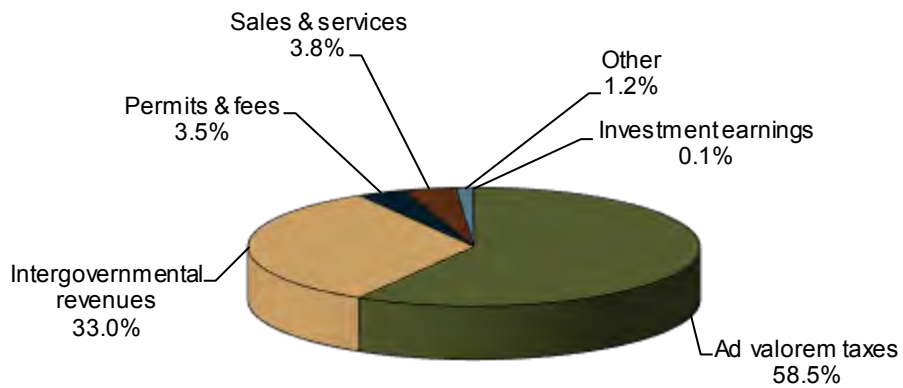
**Village of Pinehurst's Change in Net Position**  
**Figure 3**

	<u>Governmental Activities</u> <u>2015</u>	<u>Governmental Activities, restated</u> <u>2014</u>
Revenues:		
Program revenues:		
Charges for services	\$ 1,249,211	\$ 1,817,348
Operating grants and contributions	1,025,870	546,089
Capital grants and contributions	320,235	42,563
General revenues:		
Property taxes	9,785,054	9,763,042
Golf cart licenses	2,010	2,230
Grants and contributions not restricted to specific programs	4,979,172	4,271,703
Other	<u>207,395</u>	<u>506,156</u>
Total revenues	<u>17,568,947</u>	<u>16,949,131</u>
Expenses:		
General government	2,220,764	2,168,794
Public safety	5,653,753	5,803,531
Transportation	2,325,248	2,369,495
Economic & physical development	1,567,788	1,566,159
Environmental protection	1,526,924	1,402,623
Culture and recreation	2,647,805	2,746,748
Interest on long-term debt	<u>69,243</u>	<u>82,192</u>
Total expenses	<u>16,011,525</u>	<u>16,139,542</u>
Increase in net position	1,557,422	809,589
Net position, July 1, restated	25,074,193	25,130,524
Net position, June 30	<u>26,631,615</u>	<u>25,940,113</u>
Restatement	-	(865,920)
Net position, June 30, restated	<u>\$ 26,631,615</u>	<u>\$ 25,074,193</u>

### Expenses and Program Revenues - Governmental Activities



### Revenues by Source - Governmental Activities



## **Business-type activities**

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

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

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

### **Governmental Funds**

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

At June 30, 2015, the General Fund, the only governmental fund of the Village reported fund balance of \$8,225,102, an increase of \$476,258 or 6% over last year. The unassigned portion of the fund balance in the General Fund was \$5,079,263. The Village Council has established by policy that the Village should maintain a minimum unassigned fund balance of 15% of actual general fund expenditures at year end and total fund balance of 30%-40% of budgeted general fund expenditures when adopting the annual budget. Fund balance at these levels is maintained to meet the cash flow needs of the Village and to be prepared for unforeseen emergencies and opportunities. The Village currently has unassigned fund balance of 31% of actual general fund expenditures, while total fund balance represents 45% of budgeted expenditures.

As noted above, fund balance in the Village's General Fund increased by \$476,258 during the 2015 fiscal year. Key components of this change are as follows:

- Property tax revenue increased approximately \$21,000 from the prior year due to a modest increase in the construction of new single family homes. In addition, building permits and inspection fees increased by 6%, or \$16,000.
- Sales tax revenues increased \$251,000 or 10% due to an increase in tourism following the 2014 U.S. Open Golf Championships and the continued modest economic recovery.
- Electricity sales taxes increased 59%, or \$359,000. This due to the new distribution formula mentioned previously and a colder winter heating season.
- Actual operating and capital expenditures were lower than budgeted, which also contributed to the addition to fund balance.

### **Proprietary Funds**

The Village does not have any proprietary funds.

## **General Fund Budgetary Highlights**

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

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

Comparing budget to actual amounts, the Village exceeded the originally budgeted operating revenue estimates by \$705,000, or 4.4%. The primary revenue that came in above estimated budget amounts were unrestricted intergovernmental revenues and sales and services revenues. Unrestricted intergovernmental revenues were \$451,000 above budget, primarily due to increased local option sales taxes and electricity sales taxes mentioned above. Sales and services revenues were \$77,000 above budget due to better than expected facility rental income at the Village's Fair Barn, Harness Track, and Arboretum facilities and increased recreation fees.

Total expenditures were \$1,466,000, or 8.3%, less than originally budgeted amounts. Expenditures were less than budgeted amounts for the following significant items: (1) contracted and professional services of \$251,000 were lower than expected, including a \$50,000 Village center expansion study that was not completed, (2) salaries and benefits were \$384,000 lower due to employee vacancies related to turnover; and (3) capital expenditures were \$568,000 below budget due primarily to vehicles that were on order at the end of the fiscal year, a drainage project that was underway at year end, and streetscape improvements that were not completed. Other smaller projects and capital items were also delayed for various reasons. These items have all been reappropriated in Fiscal Year 2016.

As a result of the variances in revenues and expenditures outlined above, fund balance in the General Fund increased by \$476,258 at June 30, 2015. This resulted in the General Fund reporting fund balance of \$8,255,102, a 6.1% increase above the previous year. This increase can almost entirely be attributed to unfinished capital items that were reappropriated in FY 2016. The amount reappropriated to complete these items was \$435,000.

## **Capital Asset and Debt Administration**

### **Capital assets**

The Village's investment in capital assets for its governmental activities as of June 30, 2015 totals \$21,490,625 (net of accumulated depreciation). These assets include land, right of ways, buildings and improvements, furniture and equipment, vehicles, infrastructure such as streets and drainage systems, and construction in progress.

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

- Highway 211 sidewalk and traffic signal upgrades costing \$238,000
- Automated solid waste vehicle replacement costing \$174,000
- Front-end loader replacement costing \$147,000
- Harness Track sewer and drainage improvements of \$112,000
- Cotswold drainage project totaling \$66,000 (partially completed)
- Fire brush truck replacement costing \$59,000 (partially constructed)

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

	<u>Governmental Activities</u> <u>2015</u>	<u>Governmental Activities</u> <u>2014</u>
Land	\$ 5,783,713	\$ 5,748,713
Right of Ways	140,098	73,867
Buildings and Improvements	7,912,146	8,299,667
Furniture and Equipment	897,906	725,140
Vehicles	2,339,067	2,415,169
Infrastructure	4,278,647	3,897,984
Construction in Progress	139,048	56,198
<b>Total</b>	<u><u>\$ 21,490,625</u></u>	<u><u>\$ 21,216,738</u></u>

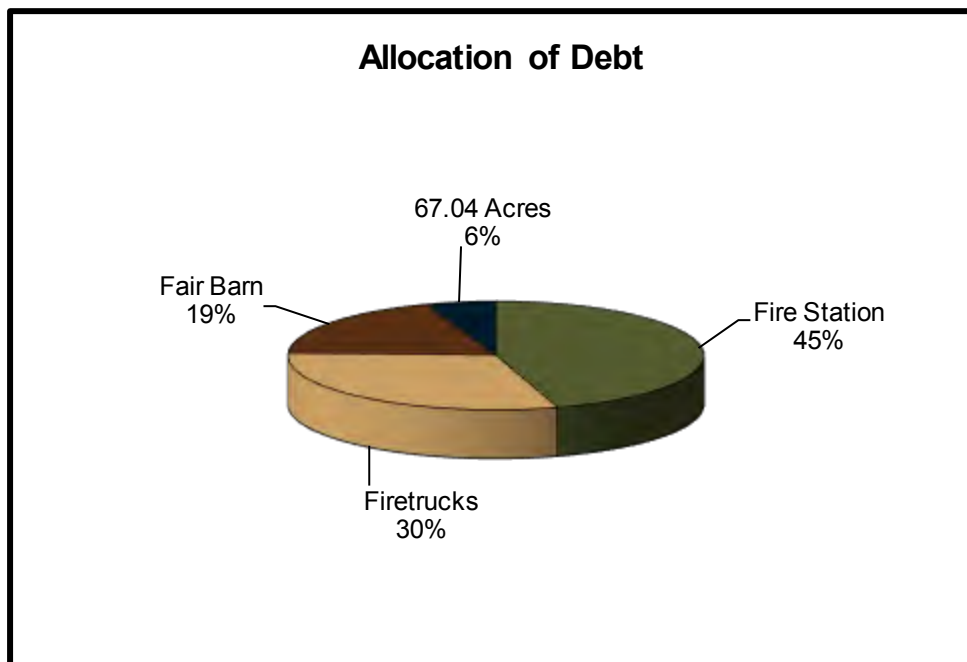
Additional information on the Village's capital assets can be found in Note 4 of the Basic Financial Statements.

**Long-term debt**

As of June 30, 2015, the Village had total outstanding debt of \$1,841,825 in installment purchase agreements collateralized by the assets that are financed. During fiscal year 2015 the Village's total debt decreased by \$420,917 (18.6%) due to principal payments as detailed in Note 9.

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

	<u>Governmental Activities</u> <u>2015</u>	<u>Governmental Activities</u> <u>2014</u>
Capital Lease	\$ -	\$ 19,760
Installment Purchase Agreements		
Fire Station	833,333	1,000,000
Fair Barn	350,000	400,000
Firetrucks	558,492	709,649
67.04 Acres	100,000	133,333
<b>Total</b>	<u><u>\$ 1,841,825</u></u>	<u><u>\$ 2,262,742</u></u>



North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Village is \$277,535,372.

Additional information regarding the Village's long-term debt can be found in Note 9 beginning on page 39 of this report.

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

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

- Unemployment: The Village's unemployment rate leveled off at 6.1% compared to 6.0% the previous fiscal year. The current rate is just above the state rate of 5.8% and is slightly above historical levels. Both the state and local unemployment rates have improved over the past year.
- New home construction: The Village added 107 new homes last year compared to 101 in the previous fiscal year. The total value of the homes constructed was also 5% higher than the previous fiscal year, indicating a modest increase in new single-family home construction.
- 2014 U.S. Open Golf Championships: The Village successfully hosted back to back Men's U.S. Open and Women's Open golf championships in June of 2014. The positive media attention the Village received during the tournaments resulted in increased tourism activity and is the primary reason for the increase in sales tax revenues recorded in FY 2015.

### Budget Highlights for the Fiscal Year Ending June 30, 2016

#### Governmental Activities

Revenues of the Village are expected to increase by 2% overall for FY 2016. This is primarily due to the one-time revenues from the sale of surplus land and an increase in electricity sales taxes. Property tax revenues are expected to decrease by 2% due to a 5.15% reduction in property valuations during the recent revaluation and the tax rate adopted was not at the revenue neutral level. For the 2016 Fiscal Year the Village adopted an ad valorem tax rate of \$0.29 per \$100 valuation, compared to the revenue neutral rate of \$0.30. This was done to lessen the impact of the revaluation on residents and to reduce fund balance levels below the maximum of our policy range.

Budgeted expenditures in the General Fund are estimated to be \$17,895,244, a decrease of 1%. This small decrease is a result of increased operating expenditures in the previous fiscal year to complete the Bicycle and Pedestrian Master Plans and to implement an automated yard debris collection system. Debt service expenditures also continue to decrease as the Village pays down its remaining debt obligations.

In Fiscal Year 2016 the Village adopted its third strategic operating plan (SOP). This strategic planning process was adopted as a part of implementing the Malcolm Baldrige performance excellence framework and is designed to provide an integrated approach to organizational performance management. The SOP includes a one-year budget and a five-year capital improvement plan (CIP). The SOP is a strategic, results-driven approach to resource allocation that is closely aligned with the Village Council's strategy and achieving the results articulated in the Village's balanced scorecard.

The Village Council's nine organizational goals for the 2016 Strategic Plan are: (1) safeguard the community, (2) preserve the character and ambiance of the Village, (3) promote economic vitality, (4) provide & promote multi-modal transportation connectivity, (5) promote environmental sustainability, (6) promote an active, healthy community, (7) professionally manage a high performing organization, (8) recruit and develop a skilled and diverse workforce, and (9) maintain a strong financial condition.

Major initiatives of the FY 2016 Strategic Plan to address these goals include:

- Evaluate alternative methods to investigate and deter crime
- Incrementally expand the Village Center into the Village Place/Rattlesnake Trail corridor
- Redevelop the Public Services Complex
- Make improvements to the McKenzie/Hwy 5/Barrett road intersection
- Install sidewalks and/or greenways according to the Pedestrian Master Plan
- Install bike lanes according to the Bicycle Master Plan
- Install a splash pad in Rassie Wicker Park
- Develop an organization-wide complaint management system

Total capital outlays of \$2,350,000 are up 11% compared to the previous fiscal year. The increase is due to the following projects:

- Redevelop the Public Services Complex - \$400,000
- Automated solid waste vehicle replacement - \$260,000
- Rassie Wicker Park splash pad - \$280,000
- Additional sidewalks, greenways, and bike paths - \$200,000
- Intersection improvements - \$146,000
- Mobile stage for community events - \$80,000

### **Business – type Activities**

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

### **Requests for Information**

This report is designed to provide an overview of the Village's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to John Frye, Financial Services Director at 910-295-8646, or Village of Pinehurst, 395 Magnolia Road, Pinehurst, NC 28374.



Village of Pinehurst, North Carolina  
Statement of Net Position  
June 30, 2015

Exhibit 1

	<u>Governmental Activities</u>
<b>Assets</b>	
Current assets:	
Cash and cash equivalents	\$ 7,513,509
Taxes receivables (net)	22,983
Special assessments receivable	67,391
Interest receivable	7,509
Other receivables	16,821
Due from other governments	1,402,342
Inventories	44,494
Prepaid items	124,296
Total unrestricted current assets	<u>9,199,345</u>
Non-current assets:	
Net pension asset	638,460
Capital assets (net of accumulated depreciation):	
Land and non-depreciable improvements	5,783,713
Construction in progress	139,048
Right of ways	140,098
Buildings and improvements	7,912,146
Furniture and equipment	897,906
Vehicles	2,339,067
Infrastructure	4,278,647
Total capital assets	<u>21,490,625</u>
Total assets	<u>31,328,430</u>
<b>Deferred Outflows of Resources</b>	
Pensions-Contributions to pension plan in the current fiscal year	445,138
Pensions-Change in proportion and differences in employer contributions and proportionate share of contributions	9,335
Total deferred outflows of resources	<u>454,473</u>
<b>Liabilities</b>	
Current liabilities:	
Accounts payable and accrued liabilities	879,683
Accrued interest payable	17,805
Long-term liabilities due within one year	820,666
Total current liabilities	<u>1,718,154</u>
Non-current liabilities:	
Long-term liabilities due in more than one year	1,877,052
Total liabilities	<u>3,595,206</u>
<b>Deferred Inflows of Resources</b>	
Pensions-Difference between actual and expected experience	69,763
Pensions-Net difference between actual and expected earnings on plan investments	1,486,319
Total deferred inflows of resources	<u>1,556,082</u>
<b>Net Position</b>	
Net investment in capital assets	19,648,800
Restricted for:	
Stabilization by state statute	1,601,410
Unrestricted	5,381,405
<b>Total net position</b>	<u><u>\$ 26,631,615</u></u>

Village of Pinehurst, North Carolina  
Statement of Activities  
For the Fiscal Year Ended June 30, 2015

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Governmental Activities
Governmental Activities:					
General government	\$ 2,220,764	\$ 35	\$ -	\$ 320,235	\$ (1,900,494)
Public safety	5,653,753	507,962	8,350	-	(5,137,441)
Transportation	2,325,248	17,000	492,746	-	(1,815,502)
Economic and physical development	1,567,788	51,363	-	-	(1,516,425)
Environmental protection	1,526,924	-	524,774	-	(1,002,150)
Cultural and recreation	2,647,805	672,851	-	-	(1,974,954)
Interest on long-term debt	69,243	-	-	-	(69,243)
Total governmental activities	<u>\$16,011,525</u>	<u>\$ 1,249,211</u>	<u>\$ 1,025,870</u>	<u>\$ 320,235</u>	<u>(13,416,209)</u>
General revenues:					
Ad valorem taxes					9,785,054
Golf cart licenses					2,010
Unrestricted intergovernmental					4,979,172
Investment earnings					9,796
Miscellaneous					197,599
Total general revenues					<u>14,973,631</u>
Change in net position					1,557,422
Net position, beginning, previously reported					25,940,113
Restatement					<u>(865,920)</u>
Net position, beginning, restated					<u>25,074,193</u>
Net position-ending					<u>\$26,631,615</u>

**Village of Pinehurst, North Carolina**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2015**

**Exhibit 3**

	<u>General Fund</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 7,513,509
Receivables, net:	
Taxes	22,983
Special assessments	67,391
Interest	7,509
Other	16,821
Due from other governments	1,402,342
Inventories	44,494
Prepaid items	<u>124,296</u>
Total assets	<u>\$ 9,199,345</u>
 <b>Liabilities and Fund Balances</b>	
Liabilities:	
Accounts payable	\$ 270,036
Withholdings and accrued expenditures	539,373
Deposits	<u>70,274</u>
Total liabilities	<u>879,683</u>
Deferred inflows of resources:	
Unavailable revenues	<u>94,560</u>
Total deferred inflows of resources	<u>94,560</u>
Fund balances:	
Nonspendable:	
Inventory	44,494
Prepaid items	124,296
Restricted:	
Stabilization by state statute	1,601,410
Assigned:	
Subsequent year's expenditures	1,375,639
Unassigned	<u>5,079,263</u>
Total fund balances	<u>8,225,102</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 9,199,345</u>

**Village of Pinehurst, North Carolina**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Statement of Net Position**  
**June 30, 2015**

**Exhibit 4**

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

Total fund balance, governmental funds		\$ 8,225,102
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		
Gross capital assets at historical cost	\$ 38,806,674	
Accumulated depreciation	<u>(17,316,049)</u>	21,490,625
Net pension asset		638,460
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position		445,138
Liabilities for earned revenues considered deferred inflows of resources in the fund statements		
Taxes receivable	22,983	
Other receivables	4,186	
Assessments receivable	<u>67,391</u>	94,560
Some liabilities, including notes payable and accrued interest are not due and payable in the current period and therefore are not reported in the funds		
Accrued interest payable	(17,805)	
Compensated absences payable	(620,879)	
Net pension obligation	(235,014)	
Installment purchases payable	<u>(1,841,825)</u>	(2,715,523)
Pension related deferrals		<u>(1,546,747)</u>
Net position of governmental activities		<u>\$ 26,631,615</u>

**Village of Pinehurst, North Carolina**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2015**

**Exhibit 5**

	Major Funds		Total Governmental Funds
	General Fund	Total Non-Major Funds	
<b>Revenues</b>			
Ad valorem taxes	\$ 9,792,365	\$ -	\$ 9,792,365
Golf cart licenses	2,010	-	2,010
Unrestricted intergovernmental	4,979,172	-	4,979,172
Restricted intergovernmental	554,299	514,756	1,069,055
Permits and fees	578,554	-	578,554
Sales and services	629,899	-	629,899
Investment earnings	9,833	3	9,836
Assessment income	20,116	-	20,116
Miscellaneous	182,310	-	182,310
Total revenues	<u>16,748,558</u>	<u>514,759</u>	<u>17,263,317</u>
<b>Expenditures</b>			
Current:			
General government	2,133,743	-	2,133,743
Public safety	5,543,484	-	5,543,484
Transportation	2,789,063	-	2,789,063
Economic and physical development	1,109,519	514,756	1,624,275
Environmental protection	1,586,800	-	1,586,800
Cultural and recreation	2,633,384	-	2,633,384
Debt service:			
Principal	420,917	-	420,917
Interest and other charges	73,615	-	73,615
Total expenditures	<u>16,290,525</u>	<u>514,756</u>	<u>16,805,281</u>
Excess (deficiency) of revenues over (under) expenditures	<u>458,033</u>	<u>3</u>	<u>458,036</u>
<b>Other Financing Sources (Uses)</b>			
Transfers from other funds	2,897	-	2,897
Transfers to other funds	-	(2,897)	(2,897)
Sales of capital assets	15,328	-	15,328
Total other financing sources (uses)	<u>18,225</u>	<u>(2,897)</u>	<u>15,328</u>
Net change in fund balance	476,258	(2,894)	473,364
Fund balances, beginning	<u>7,748,844</u>	<u>2,894</u>	<u>7,751,738</u>
Fund balances, ending	<u>\$ 8,225,102</u>	<u>\$ -</u>	<u>\$ 8,225,102</u>

**Village of Pinehurst, North Carolina**  
**Reconciliation of the Governmental Funds Statement of Revenues,**  
**Expenditures and Changes in Fund Balances to the Statement of Activities**  
**June 30, 2015**

**Exhibit 6**

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

Net changes in fund balances - total governmental funds		\$ 473,364
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period		
Capital outlay expenditures which were capitalized	\$ 1,558,020	
Depreciation expense	<u>(1,600,184)</u>	(42,164)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		445,138
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) in the current period		
Donated assets received	320,235	
Gain on disposal of assets	11,989	
Proceeds from disposal of assets	(11,989)	
Loss on disposal of assets	<u>(4,184)</u>	316,051
Revenues in the Statement of Activities that are not reported as revenues in the fund statements		
Special assessment payments	(20,117)	
Change in other deferred inflows	(2,506)	
Change in deferred tax inflows	<u>(7,311)</u>	(29,934)
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.		
Principal payments	420,917	
Installment financing obligation issuance	<u>-</u>	420,917
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.		
Accrued interest payable	4,373	
Compensated absences	50,234	
Pension expense	(42,367)	
Pension obligation	<u>(38,190)</u>	(25,950)
Total changes in net position of governmental activities		<u><u>\$ 1,557,422</u></u>

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance -

Annual Budget and Actual

For the Fiscal Year Ended June 30, 2015

	General Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Ad valorem taxes	\$ 9,767,000	\$ 9,767,000	\$ 9,792,365	\$ 25,365
Golf cart licenses	1,700	1,700	2,010	310
Unrestricted intergovernmental	4,463,900	4,527,900	4,979,172	451,272
Restricted intergovernmental	506,760	549,985	554,299	4,314
Permits and fees	557,750	557,750	578,554	20,804
Sales and services	532,500	552,500	629,899	77,399
Investment earnings	14,100	14,100	9,833	(4,267)
Assessments	31,110	31,110	20,116	(10,994)
Miscellaneous	168,530	173,586	182,310	8,724
Total revenues	<u>16,043,350</u>	<u>16,175,631</u>	<u>16,748,558</u>	<u>572,927</u>
<b>Expenditures:</b>				
Current:				
General government	2,483,715	2,449,330	2,133,743	315,587
Public safety	5,806,805	5,936,237	5,543,484	392,753
Transportation	2,954,025	3,053,285	2,789,063	264,222
Economic & physical development	1,452,845	1,543,880	1,109,519	434,361
Environmental protection	1,633,875	1,691,675	1,586,800	104,875
Cultural and recreation	2,830,270	2,937,027	2,633,384	303,643
Contingency	100,000	30,900	-	30,900
Debt service:				
Principal retirement	421,143	420,943	420,917	26
Interest and fees	73,382	73,682	73,615	67
Total expenditures	<u>17,756,060</u>	<u>18,136,959</u>	<u>16,290,525</u>	<u>1,846,434</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,712,710)</u>	<u>(1,961,328)</u>	<u>458,033</u>	<u>2,419,361</u>
<b>Other Financing Sources (Uses):</b>				
Sales of capital assets	25,000	25,000	15,328	(9,672)
Transfers from other funds	-	2,898	2,897	(1)
Total other financing sources (uses)	<u>25,000</u>	<u>27,898</u>	<u>18,225</u>	<u>(9,673)</u>
Fund balance appropriated	<u>1,687,710</u>	<u>1,933,430</u>	<u>-</u>	<u>(1,933,430)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>476,258</u>	<u>\$ 476,258</u>
Fund balances, beginning			<u>7,748,844</u>	
Fund balances, ending			<u>\$ 8,225,102</u>	

**Village of Pinehurst, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

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**Note 1. Summary of Significant Accounting Policies**

The accounting policies of the Village 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 includes any separate entity for which the Village is financially accountable. For the year ended June 30, 2015, no other entity is included in the Village financial statements.

**B. Basis of Presentation**

**Government-wide Statements.** The statement of net position and the statement of activities display information about the 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 report the *governmental activities* of the Village. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

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

**Fund Financial Statements.** The fund financial statements provide information about the Village's funds. Separate statements for each fund category are presented, 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 fund:

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

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

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

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

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

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

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

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

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

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

**D. Budgetary Data**

The Village's budgets are adopted as required by North Carolina General Statutes. An annual budget ordinance is adopted for the General Fund and the Land Dedication Fund. All annual appropriations lapse at fiscal year-end. A project ordinance was adopted for the Jackson Hamlet CDBG-III Capital Project Fund, which is 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 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.

**Village of Pinehurst, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

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

**D. Budgetary Data (Continued)**

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

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

**1. Deposits and Investments**

All deposits of the Village are made in 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.

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, 2014.

Village of Pinehurst, North Carolina  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2015

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

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

**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.

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

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

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

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Village has two items that meet this criteria, contributions made to the pension plan in the 2015 fiscal year and other pension related deferrals.

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

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

**7. Deferred Outflows/Inflows of Resources (Continued)**

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Village has several items that meet the criterion for this category - taxes receivable, special assessments receivable, other receivables, and deferrals of pension expense that result from the implementation of GASB Statement 68.

**8. Long-term Obligations**

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

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

**9. 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.

**10. Net Position/Fund Balances**

**Net Position**

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

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

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

**10. Net Position/Fund Balances (Continued)**

**Fund Balances**

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

The governmental fund types classify fund balances as follows:

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

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

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

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

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

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

**Assigned fund balance** – portion of fund balance that the Village intends to use for specific purposes imposed by majority vote by quorum of the Village Council.

Subsequent year's expenditures – portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The Village Council approves the appropriation; however the budget ordinance authorizes the manager to modify the appropriations by resource or appropriation within funds up to \$10,000.

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

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

**10. Net Position/Fund Balances (Continued)**

**Fund Balances (Continued)**

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

For the purpose of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance, and lastly unassigned fund balance.

The Village has also adopted a minimum fund balance policy for the general fund which instructs management to conduct the business of the Village in such a manner that available fund balance is at least equal to or greater than 15% of budgeted expenditures and total fund balance is 30% - 40% of budgeted expenditures. Any portion of the general fund balance in excess of 30% of budgeted expenditures may be appropriated for expenditure by the Village Council.

**11. Pensions**

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

**Note 2. Deposits and Investments**

**A. Deposits**

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

Since the State Treasurer is acting in a fiduciary capacity for the Village, these deposits are considered to be held by the Village's agent in the Village's name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Village or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the Village under the Pooling method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer enforces strict standards of financial stability for each depository that collateralized public deposits under the Pooling Method. The Village has no policy regarding custodial credit risk for deposits.

**Village of Pinehurst, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

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**Note 2. Deposits and Investments (Continued)**

**A. Deposits (Continued)**

At June 30, 2015 the Village's deposits had a carrying amount of \$3,136,026. The cash balance in the bank at June 30, 2015 totaled \$3,182,051. Of the bank balance, \$656,147 was covered by federal depository insurance and \$2,525,904 was covered by collateral held under the Pooling Method. At June 30, 2015, the Village's petty cash fund totaled \$768.

**B. Investments**

At June 30, 2015, 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	\$4,376,715	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, 2015.

**Note 3. Receivables**

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

	<u>General</u>
Receivables:	
Taxes	\$ 22,983
Special assessments	67,391
Interest	7,509
Other	19,496
Intergovernmental	<u>1,402,342</u>
Gross receivables	1,519,721
Less: Allowance for uncollectible accounts	<u>2,675</u>
Net total receivables	<u>\$ 1,517,046</u>



**Village of Pinehurst, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

**Note 4. Capital Assets**

Capital asset activity for the Primary Government for the year ended June 30, 2015, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 5,748,713	\$ 35,000	\$ -	\$ 5,783,713
Construction in progress	56,198	139,048	(56,198)	139,048
Total capital assets not being depreciated	<u>5,804,911</u>	<u>174,048</u>	<u>(56,198)</u>	<u>5,922,761</u>
Capital assets being depreciated:				
Right of ways	81,000	69,120	-	150,120
Buildings and improvements	18,681,204	491,239	(28,608)	19,143,835
Furniture and equipment	2,445,230	406,508	(111,055)	2,740,683
Vehicles	5,784,498	294,446	(232,387)	5,846,557
Infrastructure	4,503,626	499,092	-	5,002,718
Total	<u>31,495,558</u>	<u>1,760,405</u>	<u>(372,050)</u>	<u>32,883,913</u>
Less accumulated depreciation for:				
Right of ways	7,133	2,889	-	10,022
Buildings and improvements	10,381,537	875,366	(25,214)	11,231,689
Furniture and equipment	1,720,090	232,952	(110,265)	1,842,777
Vehicles	3,369,329	370,548	(232,387)	3,507,490
Infrastructure	605,642	118,429	-	724,071
Total	<u>16,083,731</u>	<u>1,600,184</u>	<u>(367,866)</u>	<u>17,316,049</u>
Total capital assets being depreciated, net	<u>15,411,827</u>	<u>160,221</u>	<u>(4,184)</u>	<u>15,567,864</u>
Governmental activity capital assets, net	<u>\$ 21,216,738</u>	<u>\$ 334,269</u>	<u>\$ (60,382)</u>	<u>\$ 21,490,625</u>

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

General government	\$ 377,733
Public safety	472,122
Transportation	264,289
Economic & physical development	-
Environmental protection	132,762
Cultural and recreation	<u>353,278</u>
Total depreciation expense	<u>\$ 1,600,184</u>

**Construction and Other Capital Related Commitments.** The Village has active construction projects and other capital related commitments as of June 30, 2015. The projects include the fabrication of a fire brush truck, storm drainage improvements and the purchase of public services vehicles. At June 30, 2015, the Village's commitments with contractors are as follows:

Project	Spent-to-Date	Remaining Commitment
Fire brush truck fabrication	\$ 58,597	\$ 31,303
Cotswold storm drainage project	47,461	98,039
Public Services vehicles	-	49,582
Total	<u>\$ 106,058</u>	<u>\$ 178,924</u>

**Note 5. Pension Plan Obligations**

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

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

**Note 5. Pension Plan Obligations (Continued)**

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

Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at [www.osc.nc.gov](http://www.osc.nc.gov).

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

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

*Contributions* - Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Village employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Village's contractually required contribution rate for the year ended June 30, 2015, was 7.41% of compensation for law enforcement officers and 7.07% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Village were \$445,138 for the year ended June 30, 2015.

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

**Village of Pinehurst, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

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**Note 5. Pension Plan Obligations (Continued)**

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

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions* - At June 30, 2015, the Village reported an asset of \$638,460 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 utilizing update procedures incorporating the actuarial assumptions. The Village's proportion of the net pension asset was based on a projection of the Village's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2014, the Village's proportion was 0.108%, which was an increase of 0.001% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the Village recognized pension expense of \$42,367. At June 30, 2015, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 69,763
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	1,486,319
Changes in proportion and differences between Village contributions and proportionate share of contributions	9,335	-
Village contributions subsequent to the measurement date	445,138	-
Total	<u>\$ 454,473</u>	<u>\$ 1,556,082</u>

\$445,138 reported as deferred outflows of resources related to pensions resulting from Village contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$ (386,724)
2017	(386,724)
2018	(386,724)
2019	(386,573)
2020	-
Thereafter	-

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

Inflation	3.0 percent
Salary increases	4.25 to 8.55 percent, including inflation and productivity factor
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

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

**Village of Pinehurst, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

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**Note 5. Pension Plan Obligations (Continued)**

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

The actuarial assumptions used in the December 31, 2013 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	36.0%	2.5%
Global Equity	40.5%	6.1%
Real Estate	8.0%	5.7%
Alternatives	6.5%	10.5%
Credit	4.5%	6.8%
Inflation Protection	<u>4.5%</u>	3.7%
Total	100.0%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2013 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.19%. All rates of return and inflation are annualized.

A new asset allocation policy was finalized during the fiscal year ended June 30, 2014 to be effective July 1, 2014. The new asset allocation policy utilizes different asset classes, changes in the structure of certain asset classes, and adopts new benchmarks. Using the asset class categories in the preceding table, the new long-term expected arithmetic real rates of return are: Fixed Income 2.2%, Global Equity 5.8%, Real Estate 5.2%, Alternatives 9.8%, Credit 6.8% and Inflation Protection 3.4%.

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

Sensitivity of the Village's proportionate share of the net pension asset to changes in the discount rate. The following presents the Village's proportionate share of the net pension asset calculated using the discount rate of 7.25 percent, as well as what the Village's proportionate share of the net pension asset or net pension

**Village of Pinehurst, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

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**Note 5. Pension Plan Obligations (Continued)**

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

liability would be if it were calculated using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate:

	1% Decrease <u>(6.25%)</u>	Discount Rate <u>(7.25%)</u>	1% Increase <u>(8.25%)</u>
Village's proportionate share of the net Pension liability (asset)	\$ 2,167,207	\$ (638,460)	\$ (3,000,740)

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

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

**1. Plan Description**

The Village 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, 2014, the Separation Allowance's membership consisted of:

Retirees receiving benefits	1
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>23</u>
Total	<u><u>24</u></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. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

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

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

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

**Village of Pinehurst, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

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**Note 5. Pension Plan Obligations (Continued)**

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

**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, 2014 actuarial valuation using the projected unit credit actuarial assumptions included (a) 5.00% investment rate of return (net of administrative expenses) and (b) projected salary increases of 4.25 – 7.85% per year. Both (a) and (b) included an inflation component of 3.00%. 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, 2014 was 16 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	\$ 83,302
Interest on net pension obligation	9,841
Adjustment to annual required contribution	<u>(16,627)</u>
Annual pension cost	76,516
Contributions made	<u>38,326</u>
Increase (decrease) in net pension obligation	38,190
Net pension obligation beginning of year	<u>196,824</u>
 Net pension obligation end of year	 <u><u>\$ 235,014</u></u>

Three Year Trend Information

<u>For Year Ended</u> <u>June 30</u>	<u>Annual Pension</u> <u>Cost (APC)</u>	<u>Percentage of</u> <u>APC Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
2013	\$ 54,010	72.39%	\$ 173,403
2014	62,520	62.54%	196,824
2015	76,516	50.09%	235,014

**4. Funded Status and Funding Progress**

As of December 31 2014, 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 \$623,995. The covered payroll (annual payroll of active employees covered by the plan) was \$1,204,132, and the ratio of the UAAL to the covered payroll was 51.82 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.

**Note 5. Pension Plan Obligations (Continued)**

**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 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, 2015 were \$88,239, which consisted of \$60,623 from the Village and \$27,616 from the law enforcement officers.

**D. 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 regular employees to the plan. Contributions for the year ended June 30, 2015 were \$503,443, which consisted of \$251,463 from the Village and \$251,980 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.

**E. Other Employment Benefits**

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

**Village of Pinehurst, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

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**Note 5. Pension Plan Obligations (Continued)**

**E. Other Employment Benefits (Continued)**

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

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

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

<u>No. Years Contributing</u>	<u>Years Relief</u>	<u>FY Contributions Resume</u>
10-20	2	2015
20 or more	3	2016

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

**Note 6. Deferred Outflows and Inflows of Resources**

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

Contributions to pension plan in the current fiscal year	\$ 445,138
Other pension deferrals	9,335
Total	<u>\$ 454,473</u>

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

	<u>Unavailable Revenue</u>	<u>Other</u>
Taxes receivable	\$ 22,983	\$ -
Other receivables	4,186	-
Special assessments receivable	67,391	-
Pension deferrals	-	1,556,082
Total	<u>\$ 94,560</u>	<u>\$ 1,556,082</u>

**Note 7. Risk Management**

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Village participates in two self-funded risk-financing pools administered by the North Carolina League of Municipalities. Through these pools, the Village obtains general liability and auto liability coverage of \$3 million per occurrence, property coverage up to the total insured values of the property policy, and workers' compensation coverage up to statutory limits. The liability and property exposures are reinsured through commercial carriers for claims in excess of retentions as selected by the Board of Trustees each year. Stop loss insurance is purchased by the Board of Trustees to protect against large medical claims that exceed certain dollar cost levels. Specific information on



**Village of Pinehurst, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

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**Note 7. Risk Management (Continued)**

the limits of the reinsurance, excess and stop loss policies purchased by the Board of Trustees can be obtained by contacting the Risk Management Services Department of the NC League of Municipalities. The pools are audited annually by certified public accountants, and the audited financial statements are available to the Village upon request.

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

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

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

**Note 8. Claims, Judgments and Contingent Liabilities**

At June 30, 2015, 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 9. Long-Term Obligations**

**A. Installment Purchase**

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

\$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	\$ 100,000
\$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	833,333
\$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	350,000
\$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%; collateralized by fire truck	120,438
\$550,000 vehicle installment purchase dated 7/31/13 due in 14 semi-annual payments of \$41,917 through August 2020; interest at 1.75%; collateralized by fire truck	<u>438,054</u>
	<u>\$ 1,841,825</u>

**Village of Pinehurst, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

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**Note 9. Long-Term Obligations**

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

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 406,103	\$ 58,201
2017	368,784	43,938
2018	329,212	32,301
2019	297,270	21,880
2020	298,687	12,430
2021-2022	<u>141,769</u>	<u>6,114</u>
	<u>\$ 1,841,825</u>	<u>\$ 174,864</u>

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

At June 30, 2015, the Village had a legal debt margin of \$277,535,372.

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

	<u>Balance July 1, 2014, as restated</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2015</u>	<u>Current Portion of Balance</u>
Governmental activities:					
Installment purchases	\$ 2,242,982	\$ -	\$ (401,157)	\$ 1,841,825	\$ 406,103
Capital leases	19,760	-	(19,760)	-	-
Compensated absences	671,113	397,869	(448,103)	620,879	414,563
Net pension liability (LGERS)	1,298,199	-	(1,298,199)	-	-
Net pension obligation (LEO)	<u>196,824</u>	<u>38,190</u>	<u>-</u>	<u>235,014</u>	<u>-</u>
Governmental activity long-term liabilities	<u>\$ 4,428,878</u>	<u>\$ 436,059</u>	<u>\$(2,167,219)</u>	<u>\$ 2,697,718</u>	<u>\$ 820,666</u>

Compensated absences typically have been liquidated in the general fund.

The LGERS plan had a net pension asset as of June 30, 2015; however, the plan had a net pension liability at the beginning of the fiscal year.

**Note 10. Interfund Balances and Activity**

**Balances due to/from other funds**

The Village has no balances due to/from other funds at June 30, 2015.

**Village of Pinehurst, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

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**Note 10. Interfund Balances and Activity (Continued)**

**Transfers to/from other funds**

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

From the Land Dedication Fund to the General Fund upon the closing of the special revenue fund	\$ <u>2,897</u>
Total transfers	\$ <u>2,897</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 2015 fiscal year, \$2,897 was transferred from the Land Dedication Fund to the General Fund upon the closing of the special revenue fund.

**Note 11. Net Investment in Capital Assets**

	<u>Governmental</u>
Capital Assets	\$ 21,490,625
Less: Long-Term Debt	<u>(1,841,825)</u>
Net Investment in Capital Assets	\$ <u>19,648,800</u>

**Note 12. Fund Balance**

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

<b>Total fund balance-General Fund</b>	<b>\$ 8,225,102</b>
<b>Less:</b>	
<b>Inventories</b>	44,494
<b>Prepaid Items</b>	124,296
<b>Stabilization by State Statute</b>	1,601,410
<b>Appropriated Fund Balance in 2015 budget</b>	1,375,639
<b>Fund Balance Policy Minimum</b>	2,443,579
<b>Remaining Fund Balance</b>	<b>2,635,684</b>

The Village's fund balance policy requires the Village to maintain a minimum unassigned General Fund balance of 15% of actual expenditures as reported in the Village's CAFR. In addition, when preparing the annual General Fund budget, the total appropriated fund balance should result in anticipated ending total fund balance in the range of 30%-40% of budgeted expenditures. At June 30, 2015 the General Fund's unassigned fund balance of \$5,079,263 represents 31% of General Fund actual expenditures which exceeds the policy minimum. Total fund balance was 45% of budgeted expenditures. The amount by which the fund balance exceeds policy-established minimums may be included as a revenue source when the budget is prepared for the next fiscal year.

**Village of Pinehurst, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

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**Note 12. Fund Balance (Continued)**

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

<i>Encumbrances</i>	<i>General Fund</i>	<i>Non-Major Funds</i>
	\$178,924	\$0

**Note 13. Summary Disclosure of Significant Contingencies**

**A. Employment Security Benefits**

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

**B. Federal and State Assisted Programs**

The Village has received proceeds from several federal and state grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant 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 14. Significant Effects of Subsequent Events**

None.

**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 Firefighters' Relief Fund. The State Insurance Commissioner appoints one additional member to the local board of trustees. The Firefighters' Relief Fund is funded by a portion of the fire and lightning insurance premiums that insurers remit to the State. The State passes these moneys to the local board of the Firefighters' Relief Fund. These distributions are used to assist fire fighters in various ways. The local board of the Firefighters' Relief Fund received a distribution of \$18,607 from the State Insurance Commissioner's office for the fiscal year ended June 30, 2015. 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, 2015. The Firefighters' Relief Fund does not issue separate audited financial statements. Instead, the local board of trustees files an annual financial report with the State Firefighter's Association. This report can be obtained from the Association at 323 West Jones Street, Suite 401, Raleigh, North Carolina 27603.

**Note 16. Change in Accounting Principles/Restatement**

The Village implemented Governmental Accounting Standards Board (GASB) Statement 68, Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27), in the fiscal year ending June 30, 2015. The implementation of the statement required the Village to record beginning net pension liability and the effects on net position of contributions made by the Village during the measurement period (fiscal year ending June 30, 2014). As a result, net position as of June 30, 2014, for the governmental activities decreased by \$865,920.

## **Required Supplementary Information**

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

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

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

**Schedule of Proportionate Share of Net Pension  
Asset Local Government Employees' Retirement  
System**

**Schedule of Contributions Local Government  
Employees' Retirement System**

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

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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)
12/31/05	-	\$ 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%
12/31/10	-	463,380	463,380	0.00%	1,177,170	39.36%
12/31/11	-	493,802	493,802	0.00%	1,138,078	43.39%
12/31/12	-	607,213	607,213	0.00%	1,172,606	51.78%
12/31/13	-	626,720	626,720	0.00%	1,206,717	51.94%
12/31/14	-	623,995	623,995	0.00%	1,204,132	51.82%

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

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**Exhibit A-2**

<u>Year Ended June 30</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
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%
2011	52,094	81.70%
2012	51,176	85.30%
2013	55,948	69.88%
2014	67,978	57.52%
2015	83,302	46.01%

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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	12/31/2014
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	16 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	5.00%
Projected salary increases*	4.25 - 7.85%
Cost-of living adjustments	None
 *Includes inflation at	 3.00%

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

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**Exhibit A-3**

	<u>2015</u>	<u>2014</u>
Pinehurst's proportion of the net pension liability (asset)	0.1083%	0.1077%
Pinehurst's proportion of the net pension liability (asset)	\$ (638,460)	\$ 1,298,199
Pinehurst's covered-employee payroll	\$ 6,280,547	\$ 6,025,207
Pinehurst's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-10.17%	21.55%
Plan fiduciary net position as a percentage of the total pension liability**	102.64%	94.35%

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

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



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

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**Exhibit A-4**

	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 445,138	\$ 434,315
Contributions in relation to the contractually required contribution	<u>445,138</u>	<u>434,315</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Pinehurst's covered-employee payroll	\$ 6,280,547	\$ 6,025,207
Contributions as a percentage of covered-employee payroll	7.09%	7.21%

## **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.

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**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, 2015**  
**With Comparative Actual Amounts for Fiscal Year Ended June 30, 2014**

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

	2015			2014
	Final Budget	Actual	Variance Positive (Negative)	
<b>Revenues:</b>				
Ad valorem taxes:				
Taxes	\$ 9,762,000	\$ 9,778,247	\$ 16,247	\$ 9,757,312
Penalties and interest	5,000	14,118	9,118	14,370
Total	<u>9,767,000</u>	<u>9,792,365</u>	<u>25,365</u>	<u>9,771,682</u>
Other taxes:				
Golf cart licenses	1,700	2,010	310	2,230
Total	<u>1,700</u>	<u>2,010</u>	<u>310</u>	<u>2,230</u>
Unrestricted intergovernmental:				
Local option sales tax	2,799,000	2,850,563	51,563	2,599,331
Telecommunications sales tax	115,000	122,095	7,095	115,413
Utilities sales tax	650,000	967,524	317,524	608,170
Video programming	289,000	296,634	7,634	290,050
Hold harmless reimbursements	612,000	668,311	56,311	592,468
Wine & beer tax	62,900	74,045	11,145	66,271
Total	<u>4,527,900</u>	<u>4,979,172</u>	<u>451,272</u>	<u>4,271,703</u>
Restricted intergovernmental:				
Powell Bill allocation	494,000	492,706	(1,294)	485,356
BAB interest rebates	2,760	2,559	(201)	3,713
Controlled substance tax	1,000	1,646	646	1,005
Other grants	43,225	47,370	4,145	2,275
Solid waste disposal tax	9,000	10,018	1,018	9,257
On-behalf of payments - Fire and Rescue	-	-	-	1,073
Total	<u>549,985</u>	<u>554,299</u>	<u>4,314</u>	<u>502,679</u>
Permits and fees:				
Building permits and inspection fees	280,000	289,270	9,270	273,142
Planning and zoning fees	44,000	44,390	390	41,535
Fire district	200,000	202,694	2,694	218,869
Rescue services	14,000	14,000	-	14,000
US Open license fee	-	-	-	700,000
Other permits and fees	19,750	28,200	8,450	4,907
Total	<u>557,750</u>	<u>578,554</u>	<u>20,804</u>	<u>1,252,453</u>
Sales and services:				
Rents, concessions and fees	466,000	514,978	48,978	470,842
Recreation fees	86,500	114,921	28,421	94,133
Total	<u>552,500</u>	<u>629,899</u>	<u>77,399</u>	<u>564,975</u>
Investment earnings:				
Investment income	14,100	9,833	(4,267)	10,642
Assessments	<u>31,110</u>	<u>20,116</u>	<u>(10,994)</u>	<u>11,791</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, 2015  
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2014

Exhibit B-1  
Page 2 of 4

	2015			2014
	Final Budget	Actual	Variance Positive (Negative)	
Miscellaneous:				
ABC revenue	\$ 113,800	\$ 101,715	\$ (12,085)	\$ 116,864
Recycling revenue	-	249	249	21,194
Donations	36,536	41,239	4,703	62,417
Other revenues	23,250	39,107	15,857	66,166
Total	173,586	182,310	8,724	266,641
<b>Total revenues</b>	<b>16,175,631</b>	<b>16,748,558</b>	<b>572,927</b>	<b>16,654,796</b>
<b>Expenditures:</b>				
General government:				
Governing body:				
Operating expenditures	233,000	180,596	52,404	189,982
Total	233,000	180,596	52,404	189,982
Administration:				
Operating expenditures	1,087,069	988,330	98,739	1,051,309
Capital outlay	138,111	90,952	47,159	62,521
Total	1,225,180	1,079,282	145,898	1,113,830
Financial services:				
Operating expenditures	606,310	550,221	56,089	563,129
Capital outlay	4,880	2,187	2,693	-
Total	611,190	552,408	58,782	563,129
Human resources:				
Operating expenditures	377,520	320,363	57,157	322,489
Capital outlay	2,440	1,094	1,346	7,500
Total	379,960	321,457	58,503	329,989
Total general government	2,449,330	2,133,743	315,587	2,196,930
Public safety:				
Police:				
Operating expenditures	2,785,422	2,596,544	188,878	2,642,568
Capital outlay	154,806	129,863	24,943	25,494
Total	2,940,228	2,726,407	213,821	2,668,062
Fire:				
Operating expenditures	2,617,543	2,492,200	125,343	2,412,770
Capital outlay	140,131	98,677	41,454	561,980
Total	2,757,674	2,590,877	166,797	2,974,750
Fire and rescue on behalf of payments	-	-	-	1,073

**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, 2015**  
**With Comparative Actual Amounts for Fiscal Year Ended June 30, 2014**

	2015			2014
	Final Budget	Actual	Variance Positive (Negative)	
Inspections:				
Operating expenditures	\$ 236,090	\$ 225,028	\$ 11,062	\$ 212,122
Capital outlay	2,245	1,172	1,073	-
Total	<u>238,335</u>	<u>226,200</u>	<u>12,135</u>	<u>212,122</u>
Total public safety	<u>5,936,237</u>	<u>5,543,484</u>	<u>392,753</u>	<u>5,856,007</u>
Transportation:				
Public services administration:				
Operating expenditures	395,025	357,859	37,166	345,916
Capital outlay	59,890	978	58,912	-
Total	<u>454,915</u>	<u>358,837</u>	<u>96,078</u>	<u>345,916</u>
Streets and grounds:				
Operating expenditures	1,257,350	1,205,896	51,454	1,292,518
Capital outlay	507,720	396,368	111,352	363,483
Total	<u>1,765,070</u>	<u>1,602,264</u>	<u>162,806</u>	<u>1,656,001</u>
Powell Bill:				
Operating expenditures	808,300	806,847	1,453	790,235
Capital outlay	25,000	21,115	3,885	-
Total	<u>833,300</u>	<u>827,962</u>	<u>5,338</u>	<u>790,235</u>
Total transportation	<u>3,053,285</u>	<u>2,789,063</u>	<u>264,222</u>	<u>2,792,152</u>
Economic & physical development:				
Planning:				
Operating expenditures	666,790	562,471	104,319	604,498
Capital outlay	6,315	2,889	3,426	-
Total	<u>673,105</u>	<u>565,360</u>	<u>107,745</u>	<u>604,498</u>
Community Development				
Operating expenditures	372,275	232,423	139,852	308,454
Capital outlay	498,500	311,736	186,764	496,072
Total	<u>870,775</u>	<u>544,159</u>	<u>326,616</u>	<u>804,526</u>
Total economic & physical development	<u>1,543,880</u>	<u>1,109,519</u>	<u>434,361</u>	<u>1,409,024</u>
Environmental protection:				
Solid waste:				
Operating expenditures	1,492,275	1,404,495	87,780	1,283,498
Capital outlay	199,400	182,305	17,095	172,876
Total	<u>1,691,675</u>	<u>1,586,800</u>	<u>104,875</u>	<u>1,456,374</u>
Total environmental protection	<u>1,691,675</u>	<u>1,586,800</u>	<u>104,875</u>	<u>1,456,374</u>
Cultural and Recreation:				
Recreation:				
Operating expenditures	1,311,503	1,195,405	116,098	1,218,191
Capital outlay	149,463	100,957	48,506	353,075
Total	<u>1,460,966</u>	<u>1,296,362</u>	<u>164,604</u>	<u>1,571,266</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, 2015  
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2014

Exhibit B-1  
Page 4 of 4

	2015			2014
	Final Budget	Actual	Variance Positive (Negative)	
Library:				
Operating expenditures	\$ 405,000	\$ 405,000	\$ -	\$ 360,000
Harness Track:				
Operating expenditures	543,040	467,593	75,447	468,587
Capital outlay	151,157	144,450	6,707	67,239
Total	694,197	612,043	82,154	535,826
Fair Barn:				
Operating expenditures	290,939	246,702	44,237	217,068
Capital outlay	85,925	73,277	12,648	10,516
Total	376,864	319,979	56,885	227,584
Total cultural and recreation	2,937,027	2,633,384	303,643	2,694,676
Contingency:				
Operating expenditures	30,900	-	30,900	-
Debt service:				
Principal retirement	420,943	420,917	26	378,829
Interest and fees	73,682	73,615	67	83,098
Total	494,625	494,532	93	461,927
<b>Total expenditures</b>	<b>18,136,959</b>	<b>16,290,525</b>	<b>1,846,434</b>	<b>16,867,090</b>
Excess (deficiency) of revenues over (under) expenditures	(1,961,328)	458,033	2,419,361	(212,294)
<b>Other Financing Sources (Uses):</b>				
Debt issuance	-	-	-	550,000
Sales of capital assets	25,000	15,328	(9,672)	241,457
Transfers from other funds:				
Special Revenue Funds	2,898	2,897	(1)	7,933
<b>Total other financing sources (uses)</b>	<b>27,898</b>	<b>18,225</b>	<b>(9,673)</b>	<b>799,390</b>
Fund balance appropriated	1,933,430	-	(1,933,430)	-
Net change in fund balances	\$ -	476,258	\$ 476,258	587,096
Fund balances, beginning		7,748,844		7,161,748
Fund balances, ending		\$ 8,225,102		\$ 7,748,844

## **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.

**The Jackson Hamlet Community Development Block Grant Recovery (CDBG-III) 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.

**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, 2015**

**Exhibit C-1**

	Special Revenue Fund	Capital Project Fund	Total Nonmajor Governmental Funds
	Land Dedication Fund	Jackson Hamlet CDBG-III	
<b>Revenues</b>			
Community development block grant	\$ -	\$ 514,756	\$ 514,756
Investment earnings	3	-	3
Total revenues	<u>3</u>	<u>514,756</u>	<u>514,759</u>
<b>Expenditures</b>			
Operating	-	514,756	514,756
Total expenditures	<u>-</u>	<u>514,756</u>	<u>514,756</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3</u>	<u>-</u>	<u>3</u>
<b>Other Financing Sources (Uses)</b>			
Transfers to other funds	(2,897)	-	(2,897)
Total other financing sources (uses)	<u>(2,897)</u>	<u>-</u>	<u>(2,897)</u>
Net change in fund balances	(2,894)	-	(2,894)
Fund balances-beginning	<u>2,894</u>	<u>-</u>	<u>2,894</u>
Fund balances-ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2015  
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2014

Exhibit C-2

	2015		Actual Amounts	Variance with Final Budget- Positive (Negative)	2014
	Budgeted Amounts				
	Original	Final			
<b>Revenues</b>					
Investment earnings	\$ 5	\$ 5	\$ 3	\$ (2)	\$ 7
<b>Expenditures</b>					
Operating	5	5	-	5	-
Excess of revenues over expenditures	-	-	3	3	7
<b>Other Financing Sources (Uses)</b>					
Transfer to General Fund	-	(2,898)	(2,897)	1	-
Total other financing sources (uses)	-	(2,898)	(2,897)	1	-
Fund balance appropriated	-	2,898	-	(2,898)	-
Net change in fund balances	\$ -	\$ -	(2,894)	\$ (2,894)	7
Fund balances-beginning			2,894		2,887
Fund balances-ending			\$ -		\$ 2,894

**Village of Pinehurst, North Carolina**  
**Capital Projects Fund - Jackson Hamlet CDBG-III**  
**Schedule of Revenues, Expenditures, and Changes**  
**in Fund Balances - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2015**

**Exhibit C-3**

	Project Author- ization	Actual			Variance with Final Budget- Positive (Negative)
		Prior Years	Current Year	Total to Date	
<b>Revenues</b>					
Community development block grant	\$ 683,200	\$ 74,438	\$ 514,756	\$ 589,194	\$ (94,006)
Total revenues	<u>683,200</u>	<u>74,438</u>	<u>514,756</u>	<u>589,194</u>	<u>(94,006)</u>
<b>Expenditures</b>					
Professional services	73,200	8,018	64,168	72,186	1,014
Grants for community projects	610,000	66,420	450,588	517,008	92,992
Total expenditures	<u>683,200</u>	<u>74,438</u>	<u>514,756</u>	<u>589,194</u>	<u>94,006</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>	<u>\$ -</u>
Fund balances-beginning			-		
Fund balances-ending			<u>\$ -</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.

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**Village of Pinehurst, North Carolina**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Comparative Schedules by Source**  
**June 30, 2015**

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**Exhibit D-1**

	<u>2015</u>	<u>2014</u>
<b>Governmental funds capital assets:</b>		
Land	\$ 5,783,713	\$ 5,748,713
Right of ways	150,120	81,000
Buildings and improvements	19,143,835	18,681,204
Furniture, equipment, and vehicles	8,587,240	8,229,728
Infrastructure	5,002,718	4,503,626
Construction in progress	<u>139,048</u>	<u>56,198</u>
Total governmental funds capital assets	<u>\$ 38,806,674</u>	<u>\$ 37,300,469</u>
<b>Investment in governmental funds capital assets by source:</b>		
General Fund	\$ 36,099,935	\$ 34,913,965
Donations	<u>2,706,739</u>	<u>2,386,504</u>
Total governmental funds capital assets	<u>\$ 38,806,674</u>	<u>\$ 37,300,469</u>

**Village of Pinehurst, North Carolina**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule by Function and Activity**  
**June 30, 2015**

**Exhibit D-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	\$ 3,348,346	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,348,346
Administration	-	-	4,253,611	-	195,787	-	-	4,449,398
Financial Services	-	-	-	-	135,258	-	-	135,258
Human Resources	-	-	-	-	21,300	-	-	21,300
Information Technology	-	-	-	28,388	272,625	-	-	301,013
Buildings & Grounds	-	-	436,666	704,711	234,357	29,476	-	1,405,210
Fleet Maintenance	25,170	-	95,119	-	192,671	-	-	312,960
	<u>3,373,516</u>	<u>-</u>	<u>4,785,396</u>	<u>733,099</u>	<u>1,051,998</u>	<u>29,476</u>	<u>-</u>	<u>9,973,485</u>
Public Safety								
Police	-	-	2,696,435	-	1,107,458	-	-	3,803,893
Fire	161,074	-	3,276,548	-	2,269,057	-	-	5,706,679
Inspections	-	-	-	-	33,801	-	-	33,801
	<u>161,074</u>	<u>-</u>	<u>5,972,983</u>	<u>-</u>	<u>3,410,316</u>	<u>-</u>	<u>-</u>	<u>9,544,373</u>
Transportation								
Public Services	32,500	-	526,154	-	70,842	-	-	629,496
Streets and Grounds	-	150,120	5,118	852,501	1,250,958	3,920,548	-	6,179,245
Powell Bill	-	-	-	45,713	329,736	44,212	-	419,661
	<u>32,500</u>	<u>150,120</u>	<u>531,272</u>	<u>898,214</u>	<u>1,651,536</u>	<u>3,964,760</u>	<u>-</u>	<u>7,228,402</u>
Environmental Protection								
Solid Waste	-	-	-	-	1,682,781	-	-	1,682,781
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,682,781</u>	<u>-</u>	<u>-</u>	<u>1,682,781</u>
Cultural and Recreation								
Recreation	760,373	-	237,664	2,134,964	212,144	770,399	-	4,115,544
Harness Track	1,456,250	-	1,201,586	276,932	451,494	238,083	-	3,624,345
Fair Barn	-	-	2,250,339	119,386	74,534	-	-	2,444,259
	<u>2,216,623</u>	<u>-</u>	<u>3,689,589</u>	<u>2,531,282</u>	<u>738,172</u>	<u>1,008,482</u>	<u>-</u>	<u>10,184,148</u>
Economic & Physical Development								
Planning	-	-	-	-	52,437	-	-	52,437
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>52,437</u>	<u>-</u>	<u>-</u>	<u>52,437</u>
Construction in progress	-	-	-	-	-	-	139,048	139,048
	<u>\$ 5,783,713</u>	<u>\$ 150,120</u>	<u>\$ 14,979,240</u>	<u>\$ 4,162,595</u>	<u>\$ 8,587,240</u>	<u>\$ 5,002,718</u>	<u>\$ 139,048</u>	<u>\$ 38,804,674</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, 2015**

**Exhibit D-3**

FUNCTION AND ACTIVITY	Capital Assets July 1, 2014	Additions	Deletions	Adjustments	Capital Assets June 30, 2015
<b>General Government</b>					
Governing Body	\$ 3,373,849	\$ 35,000	\$ -	\$ (60,503)	\$ 3,348,346
Administration	4,346,717	42,179	-	60,503	4,449,399
Financial Services	135,259	-	-	-	135,259
Human Resources	21,300	-	-	-	21,300
Information Technology	256,995	36,459	-	7,559	301,013
Buildings & Grounds Mtnce.	1,058,495	35,960	-	310,755	1,405,210
Fleet Maintenance	272,358	40,600	-	-	312,958
	<u>9,464,973</u>	<u>190,198</u>	<u>-</u>	<u>318,314</u>	<u>9,973,485</u>
<b>Public Safety</b>					
Police	3,793,411	101,234	(77,225)	(13,528)	3,803,892
Fire	5,882,960	37,228	(206,810)	(6,698)	5,706,680
Inspections	33,801	-	-	-	33,801
	<u>9,710,172</u>	<u>138,462</u>	<u>(284,035)</u>	<u>(20,226)</u>	<u>9,544,373</u>
<b>Transportation</b>					
Public Services	622,373	7,123	-	-	629,496
Streets and Grounds	4,459,386	899,951	(68,750)	888,658	6,179,245
Powell Bill	398,546	21,115	-	-	419,661
	<u>5,480,305</u>	<u>928,189</u>	<u>(68,750)</u>	<u>888,658</u>	<u>7,228,402</u>
<b>Environmental Protection</b>					
Solid Waste	1,508,777	174,004	-	-	1,682,781
	<u>1,508,777</u>	<u>174,004</u>	<u>-</u>	<u>-</u>	<u>1,682,781</u>
<b>Cultural and Recreation</b>					
Recreation	4,016,388	99,159	-	-	4,115,547
Harness Track	3,445,407	136,737	36,933	-	3,619,077
Fair Barn	2,379,066	72,458	-	-	2,451,524
	<u>9,840,861</u>	<u>308,354</u>	<u>36,933</u>	<u>-</u>	<u>10,186,148</u>
<b>Economic &amp; Physical Development</b>					
Planning	52,438	-	-	(1)	52,437
Community Development	1,186,745	-	-	(1,186,745)	-
	<u>1,239,183</u>	<u>-</u>	<u>-</u>	<u>(1,186,746)</u>	<u>52,437</u>
<b>Construction in progress</b>					
	56,198	139,048	(56,198)	-	139,048
	<u>\$ 37,300,469</u>	<u>\$ 1,878,255</u>	<u>\$ (372,050)</u>	<u>\$ -</u>	<u>\$ 38,806,674</u>

## **Additional Financial Data**

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

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### **Schedule of Ad Valorem Taxes Receivable**

### **Analysis of Current Tax Levy**

### **Schedule of Transfers**

**Village of Pinehurst, North Carolina**  
**Schedule of Ad Valorem Taxes Receivable**  
**June 30, 2015**

**Exhibit E-1**

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2014</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30, 2015</u>
2014-2015	\$ -	\$ 9,774,886	\$ 9,772,350	\$ 2,536
2013-2014	8,956		6,372	2,584
2012-2013	3,845	-	492	3,353
2011-2012	1,893	-	492	1,401
2010-2011	3,618	-	1,990	1,628
2009-2010	2,831	-	183	2,648
2008-2009	1,171	-	59	1,112
2007-2008	2,105	-	131	1,974
2006-2007	2,220	-	7	2,213
2005-2006	1,968	-	121	1,847
2004-2005	1,687	-	-	1,687
	<u>\$ 30,294</u>	<u>\$ 9,774,886</u>	<u>\$ 9,782,197</u>	<u>\$ 22,983</u>

Reconciliation with revenues:

Ad valorem taxes - General Fund	\$ 9,792,365
Reconciling items:	
Interest collected and refunds	(12,680)
Refunds/reliefs	<u>2,512</u>
	<u>(10,168)</u>
Total collections and credits	<u>\$ 9,782,197</u>



Village of Pinehurst, North Carolina  
 Analysis of Current Tax Levy  
 For the Fiscal Year Ended June 30, 2015

Exhibit E-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	\$ 3,473,106,059	\$ 0.28	\$ 9,724,491	\$ 9,208,419	\$ 516,072
Registered motor vehicles taxed at prior year's rate	7,430	\$ 0.28	21	-	21
Penalties	-		1,257	1,257	-
Total	<u>3,473,113,489</u>		<u>9,725,769</u>	<u>9,209,676</u>	<u>516,093</u>
Discoveries:					
Current year taxes	20,163,979	\$ 0.28	51,911	51,911	-
Penalties	-		181	181	-
Total	<u>20,163,979</u>		<u>52,092</u>	<u>52,092</u>	<u>-</u>
Abatements	<u>(1,062,500)</u>		<u>(2,975)</u>	<u>(2,954)</u>	<u>(21)</u>
Total property valuation	<u>\$ 3,492,214,968</u>				
Net levy			9,774,886	9,258,814	516,072
Uncollected taxes at June 30, 2015			<u>(2,536)</u>	<u>(2,517)</u>	<u>(19)</u>
Current year's taxes collected			<u>\$ 9,772,350</u>	<u>\$ 9,256,297</u>	<u>\$ 516,053</u>
Current levy collection percentage			99.97%	99.97%	100.00%

Village of Pinehurst, North Carolina  
 Schedule of Transfers  
 For the Fiscal Year Ended June 30, 2015

Exhibit E-3

	Transfers	
	From	To
<b>Transfers From/To Other Funds</b>		
General Fund		
Land Dedication Fund	\$ 2,897	\$ -
Land Dedication Fund		
General Fund	-	2,897
	<u>          </u>	<u>          </u>
Total transfers	<u>\$ 2,897</u>	<u>\$ 2,897</u>

## Statistical Section

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This part of the Village'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.

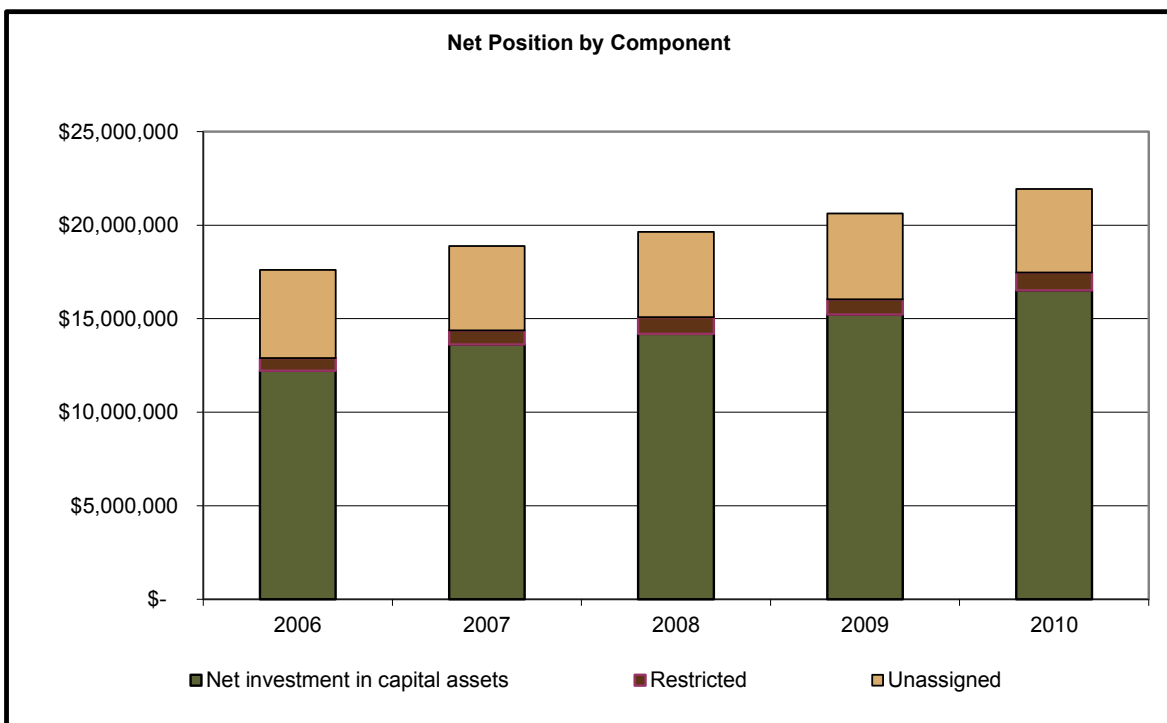
**Demographic and Economic Information** – These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

**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.

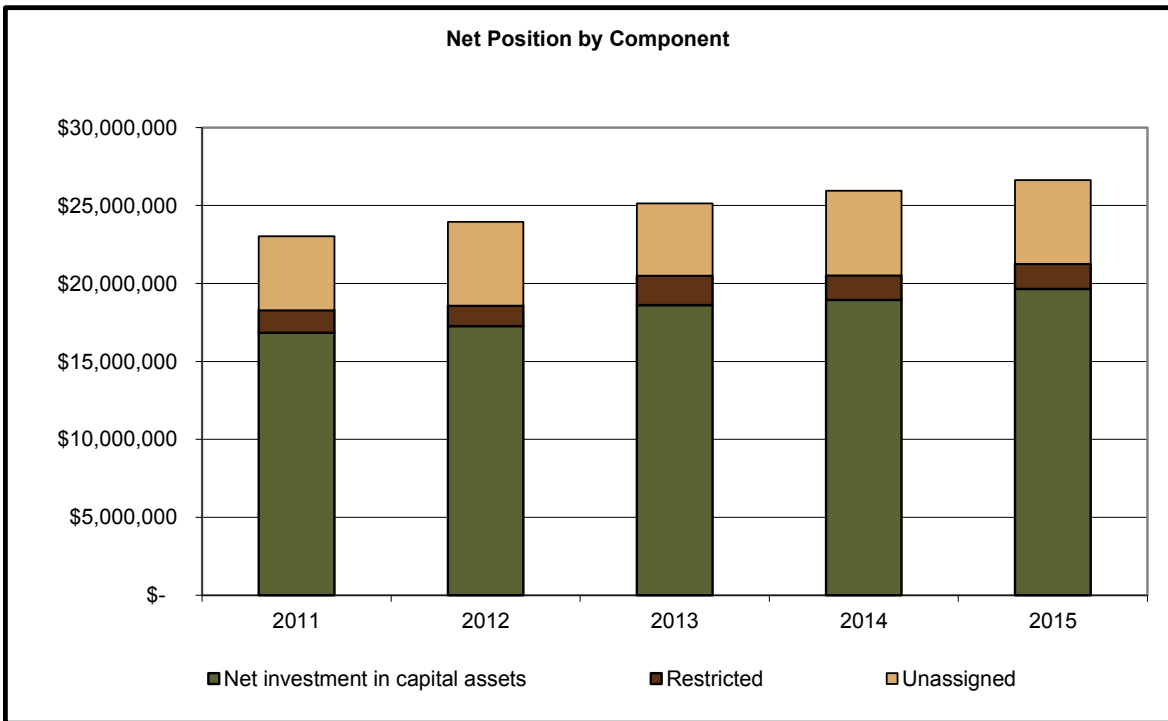
Village of Pinehurst, North Carolina  
 Net Position by Component  
 Last Ten Fiscal Years  
 (Accrual Basis of Accounting)

	Fiscal Year				
	2006	2007	2008	2009	2010
<b>Governmental activities</b>					
Net investment in capital assets	\$ 12,218,918	\$ 13,611,992	\$ 14,194,908	\$ 15,216,054	\$ 16,520,624
Restricted for:					
Stabilization by state statute	669,013	754,787	866,501	814,222	940,483
Equitable sharing	808	844	-	-	-
Municipal Service District	6,322	9,546	12,710	12,116	13,070
Unrestricted	4,718,630	4,509,038	4,571,240	4,582,009	4,457,047
<b>Total governmental activities net position</b>	<b>\$ 17,613,691</b>	<b>\$ 18,886,207</b>	<b>\$ 19,645,359</b>	<b>\$ 20,624,401</b>	<b>\$ 21,931,224</b>



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

	Fiscal Year				
	2011	2012	2013	2014	2015
<b>Governmental activities</b>					
Net investment in capital assets	\$ 16,842,082	\$ 17,271,349	\$ 18,615,943	\$ 18,953,996	\$ 19,648,800
Restricted for:					
Stabilization by state statute	1,422,691	1,291,963	1,882,835	1,568,981	1,601,410
Equitable sharing	-	-	-	-	-
Municipal Service District	14,084	14,354	-	-	-
Unrestricted	<u>4,756,832</u>	<u>5,372,934</u>	<u>4,631,746</u>	<u>5,417,136</u>	<u>5,381,405</u>
<b>Total governmental activities net position</b>	<u><u>\$ 23,035,689</u></u>	<u><u>\$ 23,950,600</u></u>	<u><u>\$ 25,130,524</u></u>	<u><u>\$ 25,940,113</u></u>	<u><u>\$ 26,631,615</u></u>



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

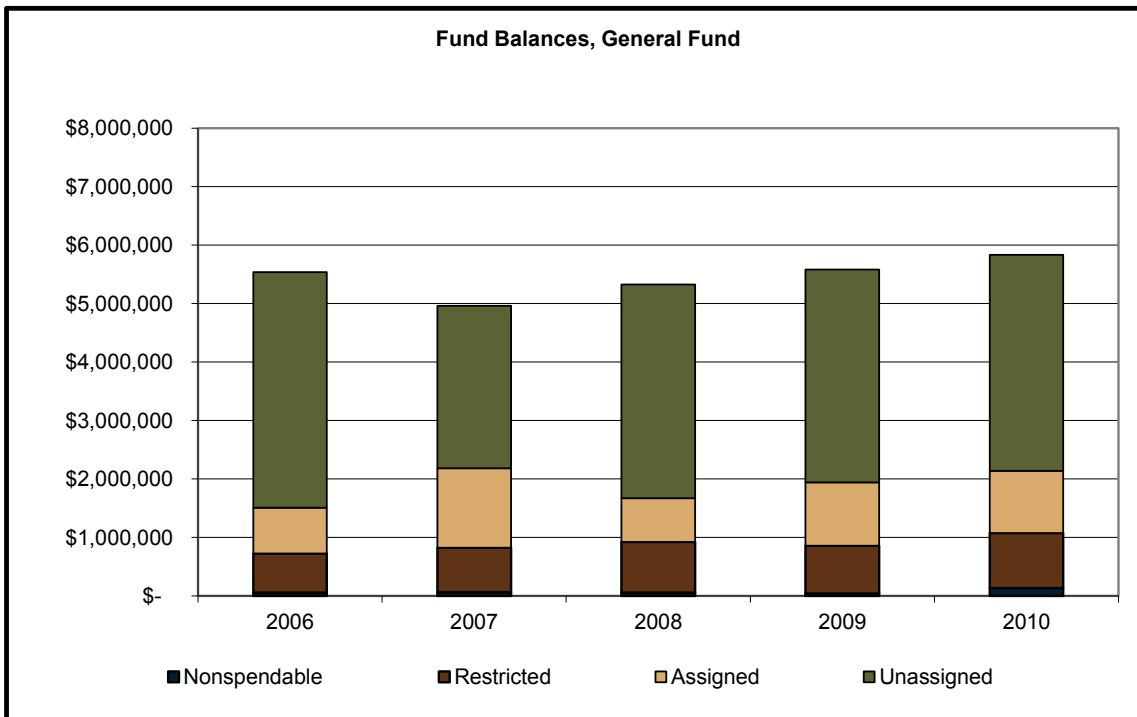
	Fiscal Year				
	2006	2007	2008	2009	2010
<b>Expenses</b>					
Governmental Activities:					
General government	\$ 1,781,099	\$ 1,734,126	\$ 2,018,433	\$ 2,410,048	\$ 2,103,062
Public safety	3,849,890	3,931,368	4,458,221	5,059,957	5,284,615
Transportation	1,517,237	1,787,727	1,988,590	1,954,325	1,672,394
Economic and physical development	782,362	938,484	1,016,135	1,119,970	1,209,264
Environmental protection	819,886	746,798	907,233	945,601	1,050,620
Cultural and recreation	1,054,259	1,140,561	1,248,525	1,443,256	1,854,910
Non-departmental	47,016	55,822	45,416	48,615	-
Interest on long-term debt	-	290,181	242,197	212,761	166,794
Total governmental activities expenses	<u>\$ 9,851,749</u>	<u>\$ 10,625,067</u>	<u>\$ 11,924,750</u>	<u>\$ 13,194,533</u>	<u>\$ 13,341,659</u>
<b>Program Revenues</b>					
Governmental Activities:					
Charges for services:					
General government	\$ 105	\$ -	\$ -	\$ -	\$ -
Public safety	1,181,662	965,086	910,283	905,229	842,700
Transportation	52,472	49,500	56,000	20,000	9,000
Economic and physical development	147,602	119,682	117,916	143,074	66,201
Cultural and recreation	710,545	422,331	408,097	399,999	468,469
Operating grants and contributions	472,094	486,762	610,570	670,345	513,020
Capital grants and contributions	10,794	17,518	262,397	44,592	1,099,183
Total governmental activities program revenue	<u>\$ 2,575,274</u>	<u>\$ 2,060,879</u>	<u>\$ 2,365,263</u>	<u>\$ 2,183,239</u>	<u>\$ 2,998,573</u>
<b>Total governmental activities net expense</b>	<u>\$ (7,276,475)</u>	<u>\$ (8,564,188)</u>	<u>\$ (9,559,487)</u>	<u>\$ (11,011,294)</u>	<u>\$ (10,343,086)</u>
<b>General Revenues and Other Changes in Net Position</b>					
Governmental activities:					
Taxes					
Ad valorem taxes	\$ 6,291,348	\$ 6,516,978	\$ 6,763,897	\$ 7,782,933	\$ 8,070,832
Franchise taxes	202,078	217,008	133,435	33,628	43,191
Golf cart licenses	-	-	-	-	-
Unrestricted intergovernmental	2,651,180	2,874,723	3,199,031	3,462,583	3,233,572
Investment earnings	108,704	238,730	321,606	284,129	35,001
Miscellaneous	180,095	267,368	414,034	174,266	267,313
Total governmental activities general revenue	<u>\$ 9,433,405</u>	<u>\$ 10,114,807</u>	<u>\$ 10,832,003</u>	<u>\$ 11,737,539</u>	<u>\$ 11,649,909</u>
<b>Change in Governmental Activities Net Position</b>	<u>\$ 2,156,930</u>	<u>\$ 1,550,619</u>	<u>\$ 1,272,516</u>	<u>\$ 726,245</u>	<u>\$ 1,306,823</u>

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

	Fiscal Year				
	2011	2012	2013	2014	2015
<b>Expenses</b>					
Governmental Activities:					
General government	\$ 2,001,438	\$ 2,144,319	\$ 1,611,659	\$ 2,168,794	\$ 2,220,764
Public safety	5,415,839	5,454,487	5,582,355	5,803,531	5,653,753
Transportation	2,460,277	2,511,804	2,475,382	2,369,495	2,325,248
Economic and physical development	1,422,329	1,250,263	1,542,829	1,566,159	1,567,788
Environmental protection	1,352,912	1,337,891	1,275,525	1,402,623	1,526,924
Cultural and recreation	1,795,985	1,919,013	2,100,673	2,746,748	2,647,805
Non-departmental	-	-	-	-	-
Interest on long-term debt	141,320	108,919	88,541	82,192	69,243
Total governmental activities expenses	<u>\$ 14,590,100</u>	<u>\$ 14,726,696</u>	<u>\$ 14,676,964</u>	<u>\$ 16,139,542</u>	<u>\$ 16,011,525</u>
<b>Program Revenues</b>					
Governmental Activities:					
Charges for services:					
General government	\$ -	\$ -	\$ -	\$ -	\$ 35
Public safety	398,609	422,878	469,345	490,364	507,962
Transportation	10,000	10,000	10,500	19,000	17,000
Economic and physical development	25,615	49,827	57,745	39,567	51,363
Cultural and recreation	497,313	510,856	509,113	1,268,417	672,851
Operating grants and contributions	957,837	827,939	533,380	546,089	1,025,870
Capital grants and contributions	-	-	207,252	42,563	320,235
Total governmental activities program revenue	<u>\$ 1,889,374</u>	<u>\$ 1,821,500</u>	<u>\$ 1,787,335</u>	<u>\$ 2,406,000</u>	<u>\$ 2,595,316</u>
<b>Total governmental activities net expense</b>	<u>\$ (12,700,726)</u>	<u>\$ (12,905,196)</u>	<u>\$ (12,889,629)</u>	<u>\$ (13,733,542)</u>	<u>\$ (13,416,209)</u>
<b>General Revenues and Other Changes in Net Position</b>					
Governmental activities:					
Taxes					
Ad valorem taxes	\$ 9,615,930	\$ 9,483,953	\$ 9,567,944	\$ 9,763,042	\$ 9,785,054
Franchise taxes	44,913	-	-	-	-
Golf cart licenses	-	1,740	1,775	2,230	2,010
Unrestricted intergovernmental	3,892,476	4,071,702	4,162,616	4,271,703	4,979,172
Investment earnings	23,665	27,125	12,947	10,424	9,796
Miscellaneous	228,207	235,587	324,271	495,732	197,599
Total governmental activities general revenue	<u>\$ 13,805,191</u>	<u>\$ 13,820,107</u>	<u>\$ 14,069,553</u>	<u>\$ 14,543,131</u>	<u>\$ 14,973,631</u>
<b>Change in Governmental Activities Net Position</b>	<u>\$ 1,104,465</u>	<u>\$ 914,911</u>	<u>\$ 1,179,924</u>	<u>\$ 809,589</u>	<u>\$ 1,557,422</u>

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

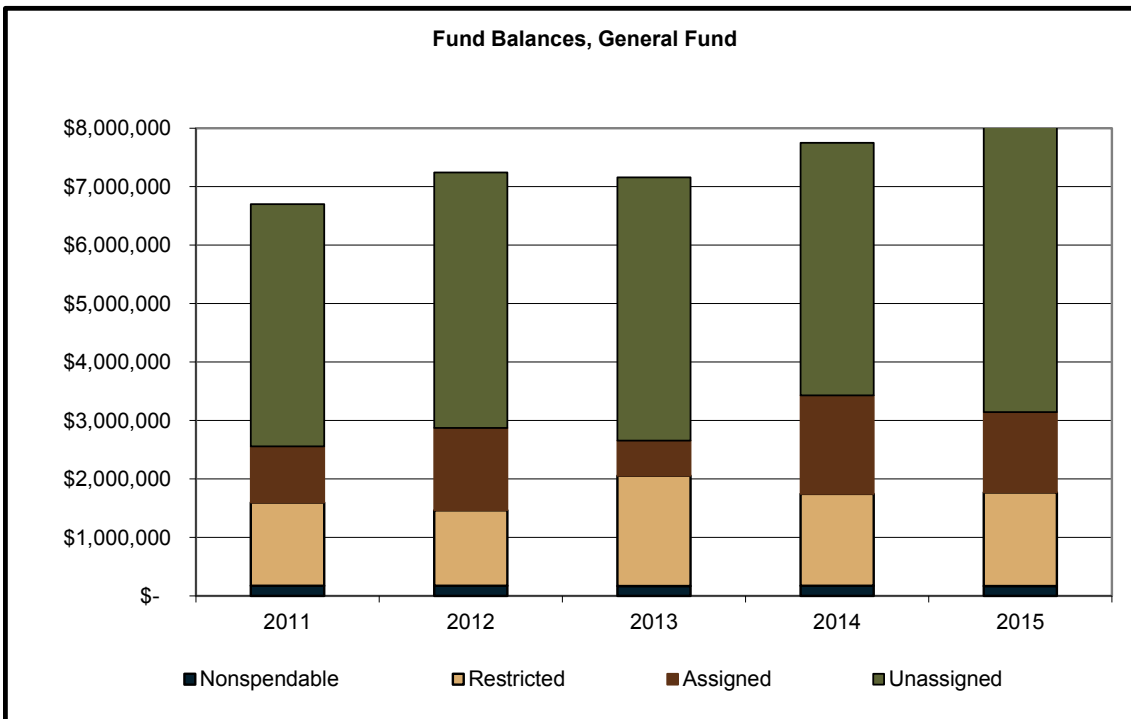
	Fiscal Year				
	2006	2007	2008	2009	2010
<b>General Fund</b>					
Nonspendable:					
Inventory	\$ 30,007	\$ 34,352	\$ 43,860	\$ 36,722	\$ 36,180
Prepaid items	25,063	31,925	10,483	5,300	97,922
Restricted:					
Stabilization by state statute	669,013	754,787	866,501	814,222	940,483
Equitable sharing	808	844	-	-	-
Assigned:					
Subsequent year's expenditures	786,405	1,362,144	752,672	1,086,707	1,066,859
Unassigned	4,027,992	2,778,482	3,655,444	3,642,545	3,691,852
<b>Total general fund</b>	<u>\$ 5,539,288</u>	<u>\$ 4,962,534</u>	<u>\$ 5,328,960</u>	<u>\$ 5,585,496</u>	<u>\$ 5,833,296</u>
<b>All Other Governmental Funds</b>					
Restricted:					
Municipal Service District	\$ 6,322	\$ 9,546	\$ 12,710	\$ 12,116	\$ 13,070
Committed:					
Capital Project fund expenditures	110,902	304,288	267,441	187,063	49,632
Special Revenue fund expenditures	203,684	294,099	240,847	94,465	10,140
<b>Total all other governmental funds</b>	<u>\$ 320,908</u>	<u>\$ 607,933</u>	<u>\$ 520,998</u>	<u>\$ 293,644</u>	<u>\$ 72,842</u>





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

	Fiscal Year				
	2011	2012	2013	2014	2015
<b>General Fund</b>					
Nonspendable:					
Inventory	\$ 46,747	\$ 48,745	\$ 43,640	\$ 44,071	\$ 44,494
Prepaid items	128,567	124,714	127,308	130,586	124,296
Restricted:					
Stabilization by state statute	1,422,691	1,291,963	1,882,835	1,568,980	1,601,410
Equitable sharing	-	-	-	-	-
Assigned:					
Subsequent year's expenditures	959,020	1,405,864	601,175	1,687,710	1,375,639
Unassigned	4,145,184	4,373,169	4,506,790	4,317,497	5,079,263
<b>Total general fund</b>	<u>\$ 6,702,209</u>	<u>\$ 7,244,455</u>	<u>\$ 7,161,748</u>	<u>\$ 7,748,844</u>	<u>\$ 8,225,102</u>
<b>All Other Governmental Funds</b>					
Restricted:					
Municipal Service District	\$ 14,084	\$ 14,354	\$ -	\$ -	\$ -
Committed:					
Capital Project fund expenditures	34,549	24,982	-	-	-
Special Revenue fund expenditures	10,218	10,642	10,755	2,894	-
<b>Total all other governmental funds</b>	<u>\$ 58,851</u>	<u>\$ 49,978</u>	<u>\$ 10,755</u>	<u>\$ 2,894</u>	<u>\$ -</u>



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

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

	Fiscal Year				
	2006	2007	2008	2009	2010
<b>Revenues</b>					
Ad valorem taxes	\$ 6,516,709	\$ 6,766,300	\$ 7,785,759	\$ 7,909,217	\$ 8,070,137
Other taxes and licenses	217,008	133,435	33,628	38,073	43,191
Unrestricted intergovernmental	2,874,723	3,199,031	3,462,583	3,367,519	3,233,572
Restricted intergovernmental	475,779	591,283	691,900	1,272,350	510,604
Permits and fees	1,134,268	1,079,571	1,071,151	1,059,147	914,383
Sales and services	422,331	407,677	400,419	453,201	468,903
Investment earnings	267,231	343,972	307,166	137,479	37,416
Assessments	26,427	58,527	56,236	38,699	15,619
Miscellaneous	186,980	154,389	131,172	165,488	170,051
Total revenues	<u>12,121,456</u>	<u>12,734,185</u>	<u>13,940,014</u>	<u>14,441,173</u>	<u>13,463,876</u>
<b>Expenditures</b>					
General government	1,480,516	1,784,308	2,165,676	1,827,508	1,863,768
Public safety	3,767,794	4,335,510	4,819,675	4,829,228	5,365,546
Transportation	1,785,797	1,895,464	1,930,191	1,727,241	1,580,763
Economic and physical development	1,022,141	1,073,563	1,216,009	1,891,282	1,271,268
Environmental protection	700,942	1,088,038	1,166,982	974,767	1,041,943
Cultural and recreation	1,118,877	1,147,154	1,360,286	1,802,697	1,706,863
Non-departmental	55,822	45,420	48,615	62,907	-
Debt service:					
Principal	757,191	776,602	796,762	808,993	836,473
Interest and other charges	280,308	251,461	221,947	191,418	173,226
Capital outlay	3,459,227	628,297	84,417	329,892	130,215
Total expenditures	<u>14,428,615</u>	<u>13,025,817</u>	<u>13,810,560</u>	<u>14,445,933</u>	<u>13,970,065</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,307,159)</u>	<u>(291,632)</u>	<u>129,454</u>	<u>(4,760)</u>	<u>(506,189)</u>
<b>Other Financing Sources (Uses)</b>					
Transfers to other funds	(2,710,696)	(2,745,761)	(807,910)	(1,074,544)	(1,760,662)
Transfers from other funds	2,710,696	2,745,761	807,910	1,074,544	1,760,662
Sales of capital assets	8,953	1,903	19,402	33,942	33,187
Issuance of debt	-	-	-	-	500,000
Total other financing sources (uses)	<u>8,953</u>	<u>1,903</u>	<u>19,402</u>	<u>33,942</u>	<u>533,187</u>
Net change in fund balances	(2,298,206)	(289,729)	148,856	29,182	26,998
Fund balances, beginning	8,158,402	5,860,196	5,570,467	5,849,958	5,879,140
Prior period adjustment	-	-	130,635	-	-
Fund balances, beginning as restated	<u>8,158,402</u>	<u>5,860,196</u>	<u>5,701,102</u>	<u>5,849,958</u>	<u>5,879,140</u>
Fund balances, ending	<u>\$ 5,860,196</u>	<u>\$ 5,570,467</u>	<u>\$ 5,849,958</u>	<u>\$ 5,879,140</u>	<u>\$ 5,906,138</u>
Debt service as a percentage of noncapital expenditures	10.1%	8.9%	8.0%	7.7%	7.9%

**Notes:**

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 Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

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

	Fiscal Year				
	2011	2012	2013	2014	2015
<b>Revenues</b>					
Ad valorem taxes	\$ 9,609,611	\$ 9,486,491	\$ 9,561,126	\$ 9,771,682	\$ 9,792,365
Other taxes and licenses	42,976	1,740	1,775	2,230	2,010
Unrestricted intergovernmental	3,894,413	4,071,702	4,162,616	4,271,703	4,979,172
Restricted intergovernmental	957,549	826,718	532,860	548,073	1,069,055
Permits and fees	446,838	480,999	535,247	1,252,453	578,554
Sales and services	497,714	501,690	517,744	564,975	629,899
Investment earnings	23,951	28,345	13,468	10,714	9,836
Assessments	34,648	25,460	12,412	11,791	20,116
Miscellaneous	167,838	221,513	265,399	266,641	182,310
Total revenues	<u>15,675,538</u>	<u>15,644,658</u>	<u>15,602,647</u>	<u>16,700,262</u>	<u>17,263,317</u>
<b>Expenditures</b>					
General government	1,840,989	1,933,779	2,106,278	2,196,930	2,133,743
Public safety	5,049,620	5,053,316	5,197,380	5,856,007	5,543,484
Transportation	2,382,430	2,558,524	2,178,585	2,792,152	2,789,063
Economic and physical development	1,472,447	1,455,559	2,160,239	1,454,418	1,624,275
Environmental protection	1,268,744	1,468,031	1,350,737	1,456,374	1,586,800
Cultural and recreation	1,781,382	1,809,654	2,280,905	2,694,676	2,633,384
Non-departmental	-	-	-	-	-
Debt service:					
Principal	891,764	748,878	478,298	378,829	420,917
Interest and other charges	150,635	116,592	91,151	83,098	73,615
Capital outlay	15,083	910	-	-	-
Total expenditures	<u>14,853,094</u>	<u>15,145,243</u>	<u>15,843,573</u>	<u>16,912,484</u>	<u>16,805,281</u>
Excess (deficiency) of revenues over (under) expenditures	<u>822,444</u>	<u>499,415</u>	<u>(240,926)</u>	<u>(212,222)</u>	<u>458,036</u>
<b>Other Financing Sources (Uses)</b>					
Transfers to other funds	(34,648)	(34,117)	(52,380)	(7,933)	(2,897)
Transfers from other funds	34,648	34,117	52,380	7,933	2,897
Sales of capital assets	32,478	33,958	59,493	241,457	15,328
Issuance of debt	-	-	59,503	550,000	-
Total other financing sources (uses)	<u>32,478</u>	<u>33,958</u>	<u>118,996</u>	<u>791,457</u>	<u>15,328</u>
Net change in fund balances	854,922	533,373	(121,930)	579,235	473,364
Fund balances, beginning	5,906,138	6,761,060	7,294,433	7,172,503	7,751,738
Prior period adjustment	-	-	-	-	-
Fund balances, beginning as restated	<u>5,906,138</u>	<u>6,761,060</u>	<u>7,294,433</u>	<u>7,172,503</u>	<u>7,751,738</u>
Fund balances, ending	<u>\$ 6,761,060</u>	<u>\$ 7,294,433</u>	<u>\$ 7,172,503</u>	<u>\$ 7,751,738</u>	<u>\$ 8,225,102</u>
Debt service as a percentage of noncapital expenditures	7.4%	6.2%	4.3%	3.1%	3.2%

**Notes:**

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
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	2,763,747,893
2010	2009	2,807,721,340	332,150,630	17,024,619	271,564,035	2,885,332,554	0.28	2,873,837,205
2011	2010	3,312,056,948	339,862,923	16,599,447	309,316,950	3,359,202,368	0.28	3,325,942,939
2012	2011	3,333,807,236	348,341,880	17,750,788	309,216,950	3,390,682,954	0.28	3,377,174,257
2013	2012	3,368,430,240	346,142,700	17,669,146	312,873,330	3,419,368,756	0.28	3,398,974,907
2014	2013	3,433,539,072	346,239,540	17,443,205	314,499,090	3,482,722,727	0.28	3,448,240,324
2015	2014	3,433,872,218	357,593,290	16,969,593	316,220,133	3,492,214,968	0.28	3,457,638,582

**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).

**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)
2006	2005	0.31	0.09	0.495
2007	2006	0.31	0.09	0.495
2008	2007	0.28	0.08	0.475
2009	2008	0.28	0.06	0.504
2010	2009	0.28	0.06	0.485
2011	2010	0.28	0.05	0.485
2012	2011	0.28	0.05	0.485
2013	2012	0.28	0.05	0.485
2014	2013	0.28	-	0.485
2015	2014	0.28	-	0.485

**Sources:**

(1) Moore County Tax Department

**Notes:**

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

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

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

**Schedule 7**

<b>Taxpayer</b>	<b>2015</b>		<b>2006</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	\$ 168,387,896	4.82%	\$ 124,562,427	5.91%
Pinehurst Surgical Clinic	23,614,600	0.68%	-	-
Country Club of North Carolina	22,019,470	0.63%	19,751,894	0.94%
Pinehurst Medical	20,244,470	0.58%	11,595,818	0.55%
Pinewild Project Limited PTNS	13,964,590	0.40%	-	-
Progress Energy Carolinas	12,248,076	0.35%	10,654,531	0.51%
Quail Haven Properties of Pinehurst, LLC	9,338,140	0.27%	-	-
East Lake Development, LLC	6,638,080	0.19%	-	-
MTMM Associates (Carolina Eye Assoc.)	6,694,320	0.19%	8,087,345	0.38%
FirstHealth of the Carolinas	-	-	7,037,500	0.33%
Francis Maser	-	-	5,518,800	0.26%
SCOP (Surgery Center of Pinehurst)	5,148,450	0.15%	-	-
Carolina Telephone and Telegraph	-	-	4,931,501	0.23%
Branch Banking and Trust Co.	-	-	4,451,806	0.21%
Pleasant Living Health Care (Quail Haven)	-	-	8,242,604	0.39%
<b>Total</b>	<b>\$ 288,298,092</b>	<b>8.26%</b>	<b>\$ 204,834,226</b>	<b>9.73%</b>

**Sources:**

Moore County Tax Department

**Notes:**

FY2015 and FY2006 data are for tax years 2014 and 2005 respectively.

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

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

**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)
2006	2005	\$ 6,533,151	\$ 6,500,443	99.50%	\$ 15,627	\$ 6,516,070	99.74%
2007	2006	6,771,977	6,748,375	99.65%	10,694	6,759,069	99.81%
2008	2007	7,793,634	7,769,586	99.69%	11,037	7,780,623	99.83%
2009	2008	7,913,934	7,889,733	99.69%	11,545	7,901,278	99.84%
2010	2009	8,077,512	8,050,348	99.66%	12,205	8,062,553	99.81%
2011	2010	9,606,203	9,588,105	99.81%	12,591	9,600,696	99.94%
2012	2011	9,477,624	9,463,405	99.85%	12,818	9,476,223	99.99%
2013	2012	9,558,275	9,538,561	99.79%	16,361	9,554,922	99.96%
2014	2013	9,756,980	9,748,024	99.91%	6,372	9,754,396	99.97%
2015	2014	9,774,886	9,772,350	99.97%	-	9,772,350	99.97%

**Sources:**

Moore County Tax Department

**Notes:**

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

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

**Schedule 9**

<u>Fiscal Year</u>	<u>Calendar Year</u>	<u>Governmental Activities Installment Financing (1)</u>	<u>Percentage of Personal Income (2)</u>	<u>Per Capita (2)</u>
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
2011	2010	3,259,244	0.75%	240
2012	2011	2,510,366	0.48%	170
2013	2012	2,091,572	0.34%	140
2014	2013	2,262,742	0.35%	149
2015	2014	1,841,825	0.26%	119

**Notes:**

(1) Details regarding outstanding debt can be found in Note 9 of the notes to the financial statements.

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



**Village of Pinehurst, North Carolina**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2015**

**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	\$ 60,230,000	28.05%	\$ 16,895,046
Other debt:			
Moore County LOB	22,040,000	28.05%	6,182,414
Capital lease	234,845	28.05%	65,876
Moore County installment loans	21,017	28.05%	<u>5,895</u>
Subtotal, overlapping debt			23,149,232
<b>Village of Pinehurst direct debt</b>			<u>1,841,825</u>
Total direct and overlapping debt			<u>\$ 24,991,057</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, 2014 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>
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%
2011	268,736,189	3,259,244	265,476,945	98.79%
2012	271,245,476	2,510,366	268,744,270	99.08%
2013	273,549,500	2,091,572	271,457,928	99.24%
2014	278,617,818	2,262,742	276,355,076	99.19%
2015	279,377,197	1,841,825	277,535,372	99.34%

**Legal Debt Margin Calculation for Fiscal Year 2015**

Assessed valuation	\$ 3,492,214,968	
	x 8.00%	
Debt limit - 8.0% of assessed value		\$ 279,377,197
Gross debt:		
Installment purchase agreements	1,841,825	
Total gross debt	1,841,825	
Total amount of debt applicable to debt limit (net debt)		1,841,825
<b>LEGAL DEBT MARGIN</b>		<b>\$ 277,535,372</b>

**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>
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	4.5%
2009	2008	11,632	610,890,250	52,518	60.4	6.2%
2010	2009	13,277	694,911,723	52,340	60.4	10.3%
2011	2010	13,601	434,198,324	31,924	58.4	9.5%
2012	2011	14,783	526,777,422	35,634	58.4	8.9%
2013	2012	14,979	608,671,665	40,635	60.6	8.6%
2014	2013	15,150	650,586,450	42,943	60.9	6.3%
2015	2014	15,525	708,033,150	45,606	60.8	5.4%

**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 Southern Pines-Pinehurst area.

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

**Schedule 13**

<b>Employer</b>	<b>2015</b>		<b>2006</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)	3,491	69.60%	2,700	55.98%
Pinehurst, LLC (2)	1,310	26.12%	1,320	27.37%
<b>Total</b>		<b>95.71%</b>		<b>83.35%</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:**

2015 employment is based on calendar year 2014.

GASB 44 requires comparative data for the current calendar year and nine years prior. 2010 adjusted Census Data was used for 2006 and 2015 to estimate the percentage of total employment.

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

Schedule 14

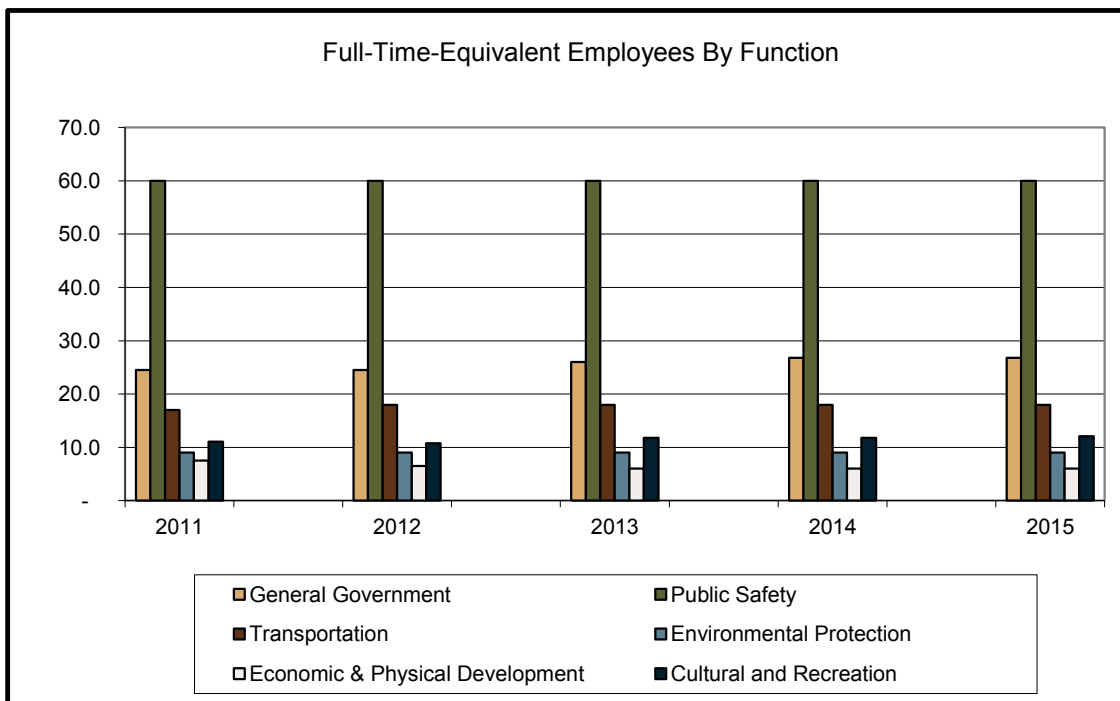
Function	Full-time-Equivalent Employees as of June 30									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government	18.5	22.2	23.5	25.0	24.5	24.5	24.5	26.0	26.8	26.8
Public Safety	61.3	62.2	63.2	63.2	61.0	60.0	60.0	60.0	60.0	60.0
Transportation	15.5	17.0	16.0	18.0	16.0	17.0	18.0	18.0	18.0	18.0
Environmental Protection	9.0	9.0	8.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0
Economic & Physical Development	9.5	9.0	9.0	9.0	8.5	7.5	6.5	6.0	6.0	6.0
Cultural and Recreation	7.0	10.2	10.2	11.2	12.0	11.1	10.8	11.8	11.8	12.1
<b>Total</b>	<b>120.8</b>	<b>129.6</b>	<b>129.9</b>	<b>135.4</b>	<b>131.0</b>	<b>129.1</b>	<b>128.8</b>	<b>130.8</b>	<b>131.6</b>	<b>131.9</b>

**Source:**

Village of Pinehurst Human Resources Department

**Notes:**

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



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

<b>Function</b>	<b>Fiscal Year</b>				
	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
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
Vendor EFTs issued	-	-	-	-	-
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
Code 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

**Notes:**

NA indicates "not available"

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

<b>Function</b>	<b>Fiscal Year</b>				
	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
General Government					
Financial Services					
Purchase orders issued	295	269	299	338	297
Vendor checks issued	2,444	2,365	1,840	1,641	1,509
Vendor EFTs issued	-	401	620	998	1,009
Human Resources					
Workers' compensation lost time (days)	425	33	74	144	39.0
Employee turnover rate	8.5%	10.7%	11.4%	7.9%	14.3%
Fleet Maintenance					
Tires changed	188	200	205	204	186
10-point service performed	288	228	220	200	112
Public Safety					
Fire Protection					
Public fire & life safety classes	176	191	254	307	342
Incident calls	1,031	865	982	993	1,052
Structure fires	58	35	43	28	14
Inspections (1)	784	1,174	950	1,898	756
Child passenger seat inspections	228	120	182	170	170
Police Protection					
Physical arrests	233	165	184	239	575
Citations issued	3,053	1,908	1,208	2,082	1,757
Response to calls/officer initiated activity	14,362	13,364	10,901	13,041	11,742
Traffic accidents	476	414	447	422	433
Inspections					
Building inspections conducted (1)	4,370	3,832	4,608	7,540	5,469
Certificates of occupancy issued	197	48	68	79	116
Transportation					
Street resurfacing (miles)	6.4	4.5	3.6	5.0	4.5
Environmental Protection					
Refuse collected (tons annually)	4,124	3,808	3,856	3,988	3,973
Homes receiving service	7,736	7,812	7,877	7,955	8,107
Recyclables collected (tons annually)	1,734	1,807	1,913	2,025	2,115
Economic & Physical Development					
Building permits issued	239	287	275	313	289
Code compliance investigations	501	577	596	522	639
Cultural & Recreation					
Recreation					
Program participants	1,739	1,748	1,591	1,807	1,986
Athletics participants	2,296	1,934	1,838	1,442	1,736
Harness Track					
Standardbred stalls leased	276	259	223	240	236
Facilities reserved (days)	32	32	103	125	38
Fair Barn					
Events	113	113	102	122	133
Rental days	120	113	112	199	205

**Sources:**

Various Village departments

**Notes:**

(1) Fiscal Years 2005 and 2014 include inspections conducted for the USGA at the US Open Championship venue

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

<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
Police vehicles	16	17	20	20	20
Transportation					
Miles of streets	104.65	104.65	104.65	104.65	105.57
Maintenance vehicles	18	18	20	22	22
Sidewalks, greenways & bike paths (lf)	13,578	13,578	24,138	34,698	45,258
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



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

<u>Function</u>	<u>Fiscal Year</u>				
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Public Safety					
Fire Protection					
Stations	2	2	2	2	2
Fire trucks	6	6	6	7	6
Police Protection					
Stations	1	1	1	1	1
Police vehicles	21	22	23	24	26
Transportation					
Miles of streets	105.57	105.57	105.90	105.66	106.08
Maintenance vehicles	23	25	24	25	25
Sidewalks, greenways & bike paths (lf)	45,258	47,898	49,482	68,313	68,653
Environmental Protection					
Refuse collection trucks	17	15	15	15	16
Economic & Physical Development					
Storm water drainage areas	29	38	48	57	66
Cultural & Recreation					
Number of parks	4	4	4	5	5
Park acreage	297	297	297	297	304
Greenway trails (miles)	6.3	6.3	6.8	6.8	6.8
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

**COMPLIANCE SECTION**

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

**Independent Auditors' Report**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Village of Pinehurst, North Carolina ("Village"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprises the Village's basic financial statements, and have issued our report thereon dated September 22, 2015.

***Internal Control Over Financial Reporting***

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

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

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



### ***Compliance and Other Matters***

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

### ***Purpose of this Report***

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

*Dixon Hughes Goodman LLP*

*September 22, 2015  
High Point, North Carolina*



**Report on Compliance for Each Major Federal Program; Report on  
Internal Control over Compliance; In Accordance with OMB  
Circular A-133**

**Independent Auditors' Report**

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

***Report on Compliance for Each Major Federal Program***

We have audited Village of Pinehurst, North Carolina ("Village") compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Village's major federal programs for the year ended June 30, 2015. The Village's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for the Village's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Village's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with the Village's major federal program. However, our audit does not provide a legal determination of the Village's compliance.

***Opinion on the Major Federal Program***

In our opinion, the Village complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2015.

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

Management of the Village is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Village's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance with its major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Dixon Hughes Goodman LLP*

*September 22, 2015  
High Point, North Carolina*

**VILLAGE OF PINEHURST, NORTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2015**

**I. Summary of Auditors' Results**

***Financial Statements***

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified No
- Significant deficiency(ies) identified that are not considered to be material weaknesses None

Noncompliance material to financial statements noted No

***Federal Awards***

Internal control over major federal program:

- Material weakness(es) identified No
- Significant deficiency(ies) identified that are not considered to be material weaknesses None

Type of auditors' report issued on compliance for major federal program: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133 No

Identification of major federal program:

CFDA Number	Name of Federal Program or Cluster
14.228	Community Development Block Grant

VILLAGE OF PINEHURST, NORTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)  
Year Ended June 30, 2015

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**II. Financial Statement Findings**

No findings were noted that are required to be reported under *Government Auditing Standards*.

**III. Federal Awards Findings and Questioned Costs**

No findings and questioned costs related to the audit of federal awards aggregating \$10,000 or more were noted



**Village of Pinehurst, North Carolina**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2015**

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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					
Jackson Hamlet Sewer CDBG-III	14.228	07-D-2356	\$ 514,756	\$ -	\$ -
<u>U.S. Department of Transportation</u>					
Passed through N.C. Department of Transportation					
Federal-Aid Highway Program-Bicycle Planning Grant	20.205	4172	43,225	-	18,525
<u>U.S. Department of Justice</u>					
Bullet Proof Vest Partnership Program	16.607	Direct	2,645	-	2,645
Total Federal Awards			<u>560,626</u>	<u>-</u>	<u>21,170</u>
<b>State Awards</b>					
<u>N.C. Department of Transportation</u>					
Powell Bill			-	492,706	-
Total State Awards			<u>-</u>	<u>492,706</u>	<u>-</u>
Total Federal and State Awards			<u>\$ 560,626</u>	<u>\$ 492,706</u>	<u>\$ 21,170</u>

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

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Basis of Presentation

The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of the Village of Pinehurst and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* and the State Single Audit Implementation Act. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.