Village of Pinehurst

FY 2007-2008

FINANCIAL CONDITION ASSESSMENT

COMMUNICATING FINANCIAL CONDITION

- UNC School of Government Project
  - Communicates financial condition
  - Utilizes a “dashboard” format with visual representation of financial trends
  - Compares to benchmark governments
- Developed by: William C. Rivenbark,Dale J. Roenigk, and Gregory S. Allison
- Distinguishes between General Fund and Government-Wide (modified accrual vs. full accrual)

BENCHMARK GROUP

- Southern Pines
  - Moore County, pop. 11,990
- Hendersonville
  - Henderson County, pop. 12,499
- Carrboro
  - Orange County, pop. 18,200
- Cornelius
  - Mecklenburg County, pop. 21,256

FINANCIAL CONDITION ASSESSMENT

- Resource Flow
  - Total Margin
  - Financial Performance
  - Self-Sufficiency
  - Resource Obligation
- Resource Stock
  - Liquidity
  - Solvency
  - Leverage
  - Capital

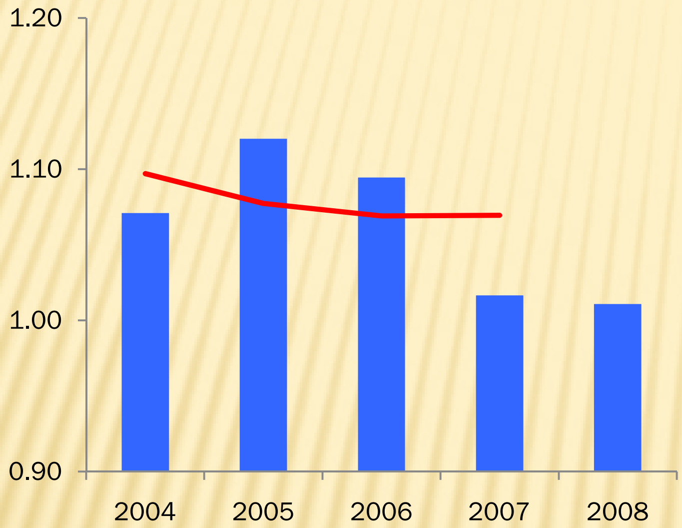
Financial Condition Assessment

RESOURCE FLOW

TOTAL MARGIN RATIO

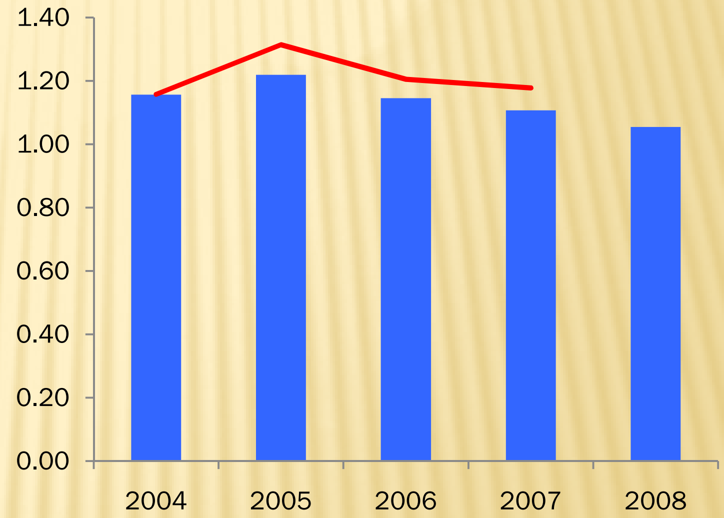
Revenues as a % of expenditures

General Fund



Pinehurst = 1.01, Benchmark = 1.07

Government-wide



Pinehurst = 1.06, Benchmark = 1.18

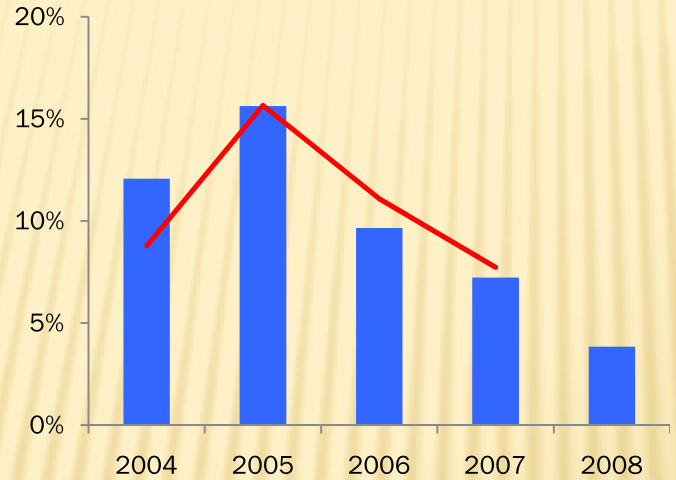
Pinehurst
Benchmark Group

** A ratio of one or higher indicates the Village has lived within its means.*

PERCENT CHANGE IN NET ASSETS

Change in net assets compared to beginning net assets

Government-wide



Pinehurst = 3.8%, Benchmark = 7.7%

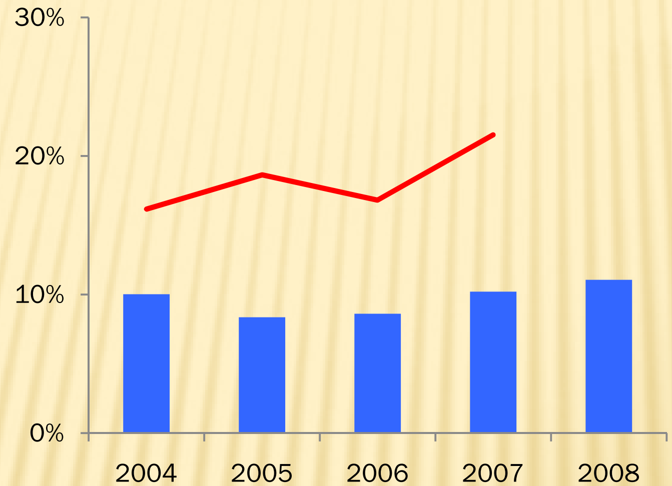
Pinehurst
Benchmark Group

** A positive % change indicates the Village has improved its financial position.*

INTERGOVERNMENTAL RATIO

Intergovernmental revenues as a % of total revenues

General Fund



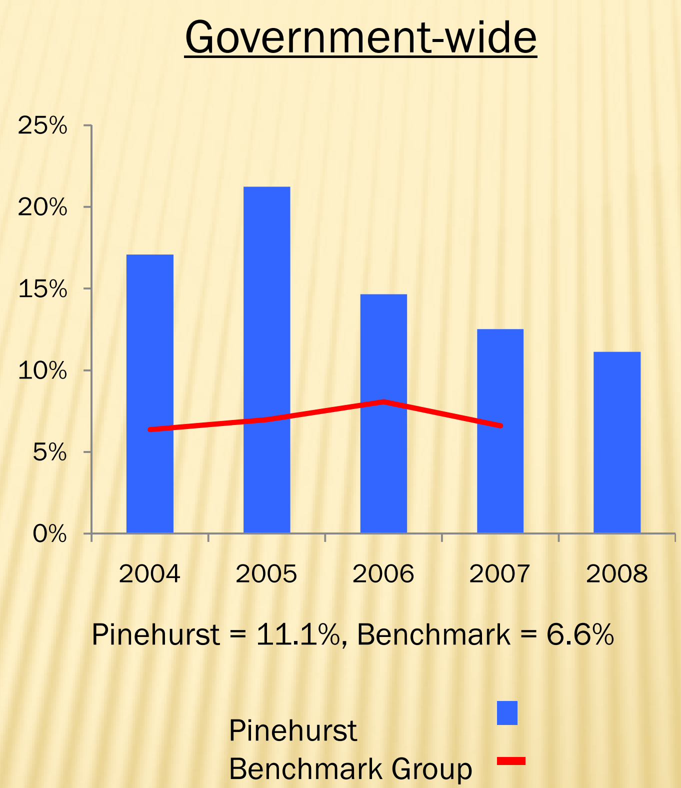
Pinehurst = 11.1%, Benchmark = 21.5%

Pinehurst
Benchmark Group

** A high ratio indicates the dependency on other governments for resources (Dependency)*

CHARGE TO EXPENSE RATIO

Charges for services compared to total expenses



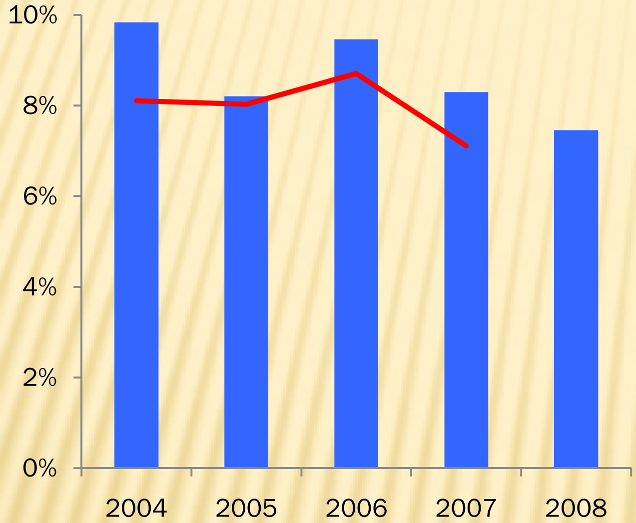
Pinehurst = 11.1%, Benchmark = 6.6%

** A high ratio indicates services are fully self-supporting (Self-sufficiency)*

DEBT SERVICE RATIO

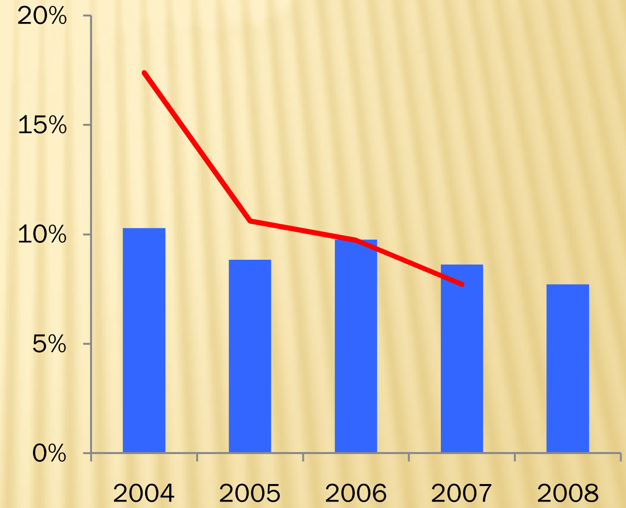
Debt service compared to total expenses

General Fund



Pinehurst = 7.5%, Benchmark = 7.1%

Government-wide



Pinehurst = 0.08, Benchmark = 0.08

Pinehurst

Benchmark Group

** Service flexibility decreases as more resources are committed to annual debt service*

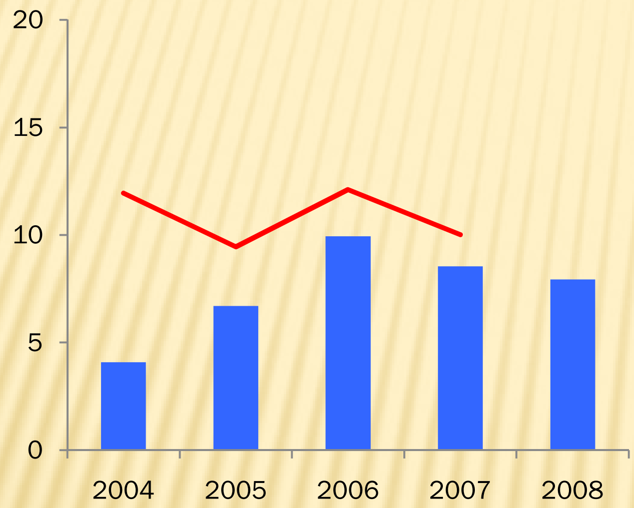
Financial Condition Assessment

RESOURCE STOCK

QUICK RATIO

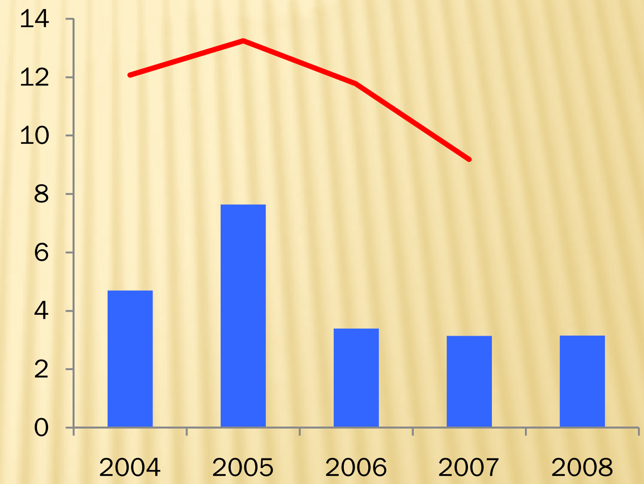
Cash and investments compared to current liabilities

General Fund



Pinehurst = 7.93, Benchmark = 10.03

Government-wide



Pinehurst = 3.16, Benchmark = 9.18

Pinehurst
Benchmark Group

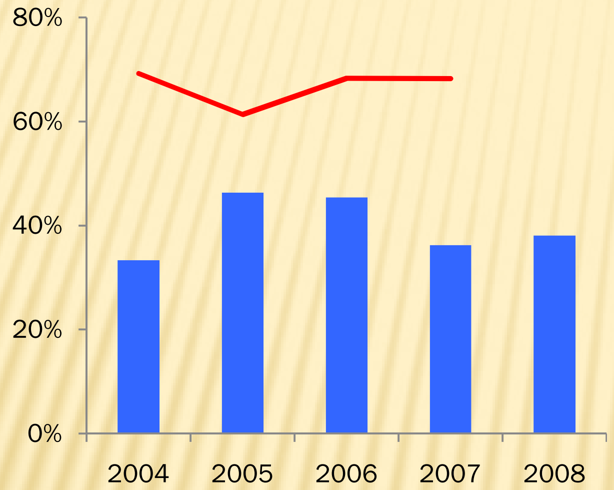
** A high ratio suggests the Village is able to meet its short-term obligations*

FUND BALANCE AND NET ASSETS RATIOS

Fund balance as a % of expenditures

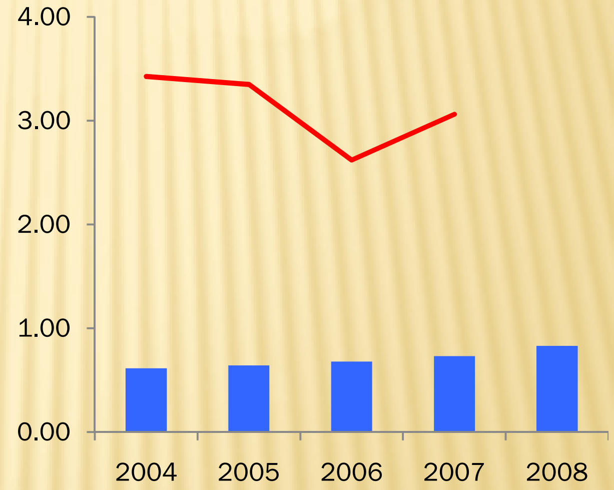
Net assets as a % of total liabilities

General Fund



Pinehurst = 38.1%, Benchmark = 68.2%

Government-wide



Pinehurst = 0.83, Benchmark = 3.06

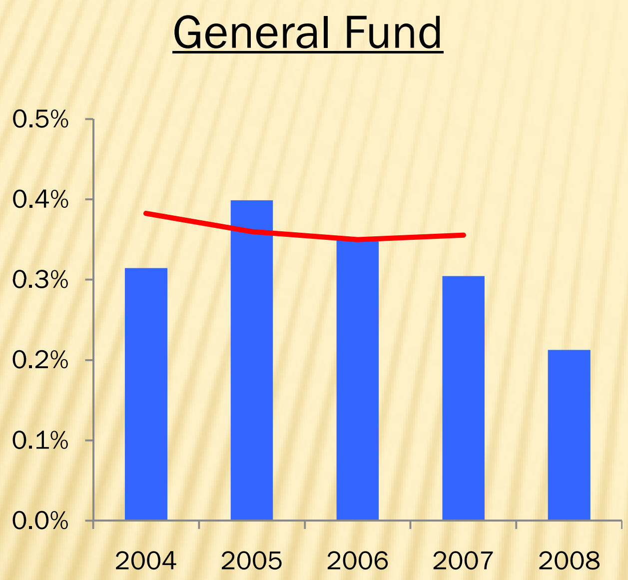
Pinehurst
Benchmark Group

** A high ratio suggests the Village is able to meet its long-term obligations*

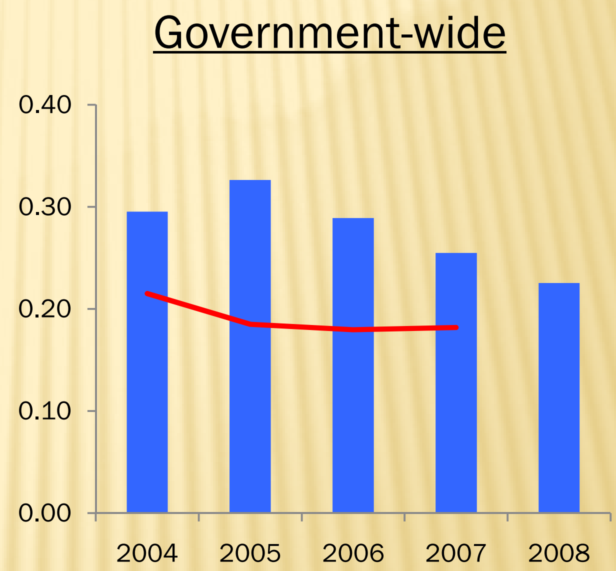
DEBT RATIOS

Debt as a % of assessed value

Long Term Debt as a % of total assets



Pinehurst = 0.2%, Benchmark = 0.4%



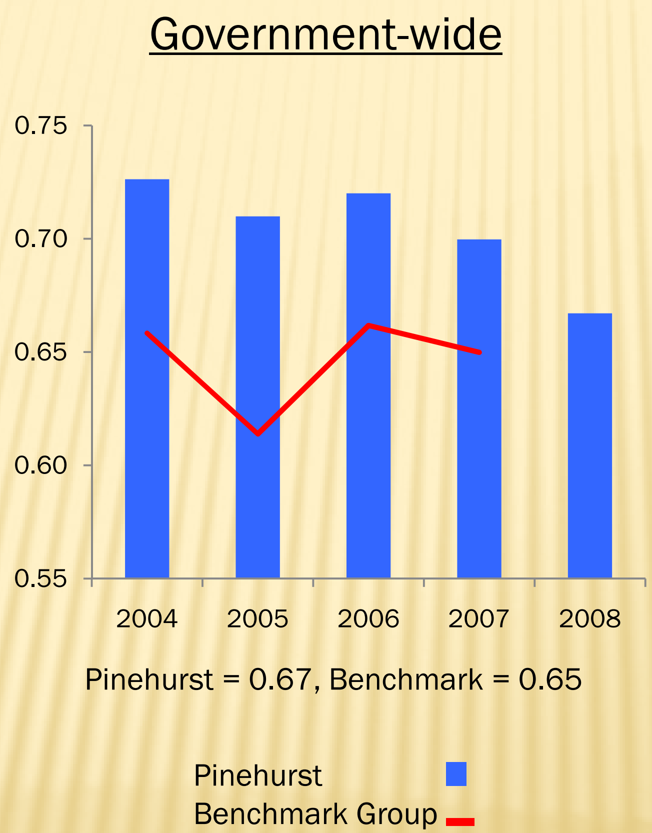
Pinehurst = 0.23, Benchmark = 0.18

Pinehurst
Benchmark Group

** A high ratio indicates the Village is overly reliant on debt for financing assets*

CAPITAL ASSET CONDITION RATIO

Accumulated depreciation divided by capital assets



** A high ratio suggests a government is investing in its capital assets*

SUMMARY

- When compared to our peer group:
  - The Village has lived within its means and has improved its financial condition at a similar rate
  - We are less reliant on other governments for revenues
  - Our charges for services cover a larger portion of expenses
  - We are similarly reliant on debt and have a similar ability to meet debt service obligations
  - The Village maintains much smaller cash reserves and fund balances. Therefore, we are less liquid and less solvent.
  - We rely slightly more on debt financing for construction projects
  - We are investing in capital assets at a higher rate

THINGS TO CONSIDER

- Limited cash and fund balance reserves impact our ability to meet short term and long term obligations:
  - Balances are dictated by Fund Balance Policy (i.e. maintain between 27% and 33% of expenditures)
  - Village is less insulated in poor economic environments
- Are we maintaining adequate fund balances to “get us through the rough times?”
- Should we consider modifying the Fund Balance Policy?