

Village of Pinehurst

FY 2010-2011

FINANCIAL CONDITION ASSESSMENT

COMMUNICATING FINANCIAL CONDITION

- ❑ Developed by UNC School of Government to communicate financial condition to elected officials
- ❑ Compares Village to peer group over time
- ❑ Distinguishes between General Fund (modified accrual) and Government-Wide (full accrual and includes utilities for peers)
- ❑ Compares the Village's FY 2011 results to our peer's FY 2010 results (latest data available)

BENCHMARK GROUP

- ❑ Pinehurst – pop. 14,783
 - ❑ Moore County
- ❑ Southern Pines - pop. 12,384
 - ❑ Moore County
- ❑ Hendersonville – pop. 13,189
 - ❑ Henderson County
- ❑ Carrboro – pop. 19,665
 - ❑ Orange County
- ❑ Cornelius – pop. 24,984
 - ❑ Mecklenburg County

FINANCIAL CONDITION ASSESSMENT

❑ Resource Flow

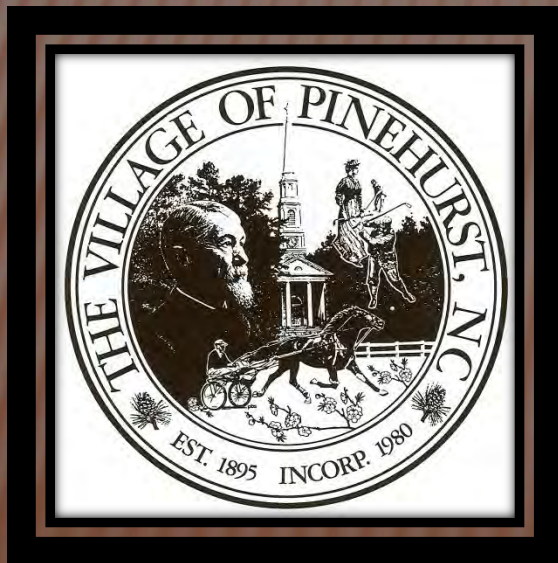
- ❑ Total Margin
- ❑ Financial Performance
- ❑ Self-Sufficiency
- ❑ Resource Obligation

❑ Resource Stock

- ❑ Liquidity
- ❑ Solvency
- ❑ Leverage
- ❑ Capital

Financial Condition Assessment

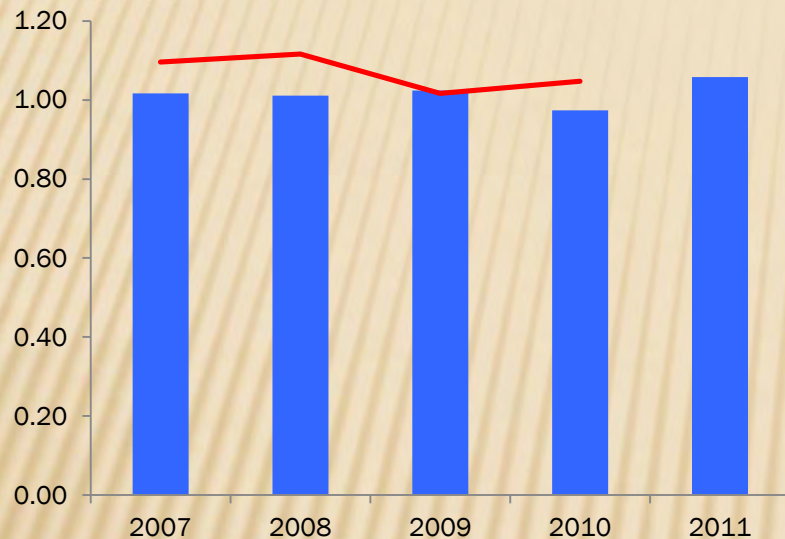
RESOURCE FLOW



TOTAL MARGIN RATIO

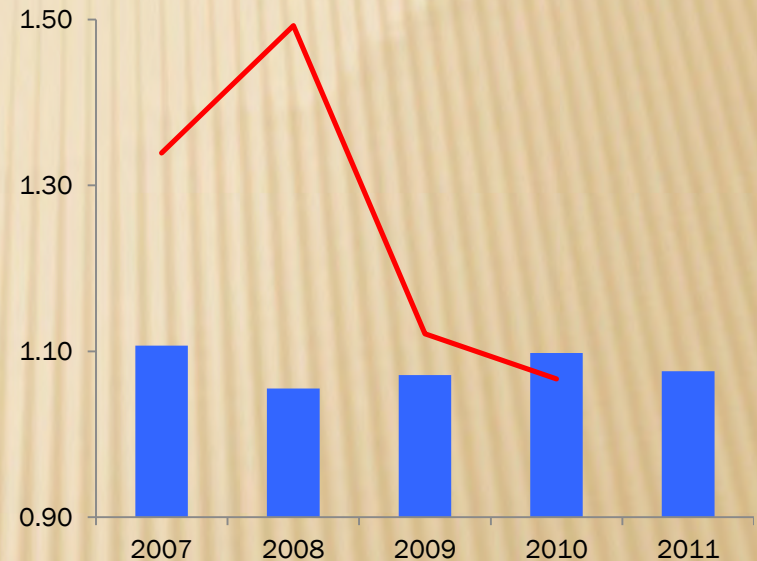
Ratio of operating revenues to expenditures

General Fund



Pinehurst = 1.06, Benchmark = 1.05

Government-wide



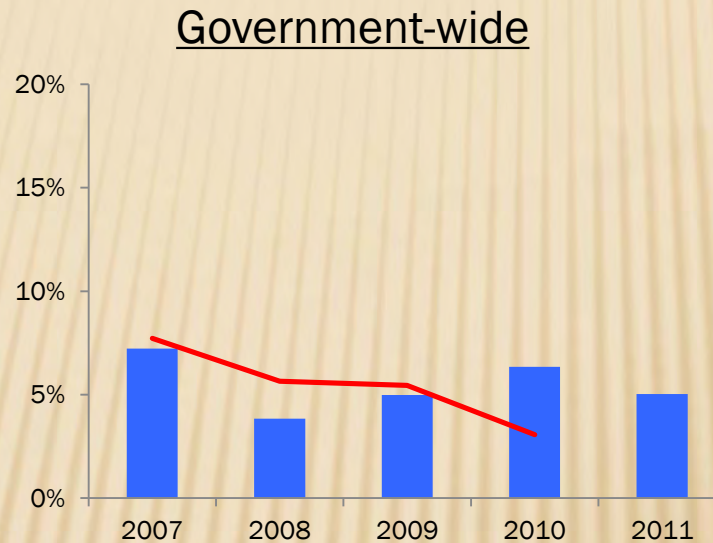
Pinehurst = 1.08, Benchmark = 1.07

Pinehurst ■
Benchmark Group —

A ratio higher than one, indicates the Village has lived within its means, while not building up excess reserves.

PERCENT CHANGE IN NET ASSETS

Change in net assets compared to beginning net assets



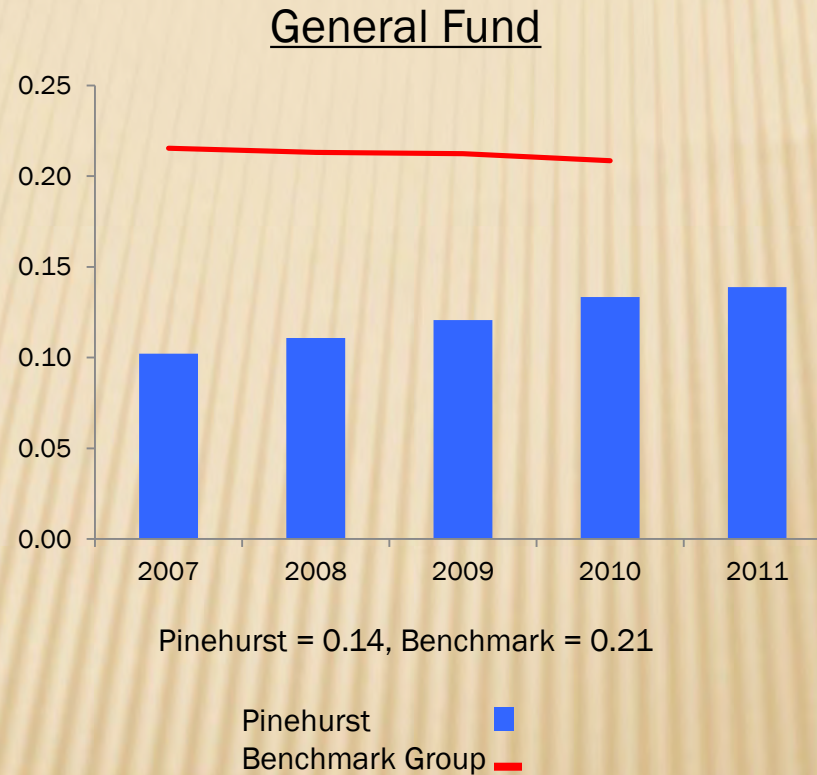
Pinehurst = 5.0%, Benchmark = 3.1%

Pinehurst ■
Benchmark Group —

The growth rate in the Village's net assets is lower today than before the recession but is higher than its peer group.

INTERGOVERNMENTAL RATIO

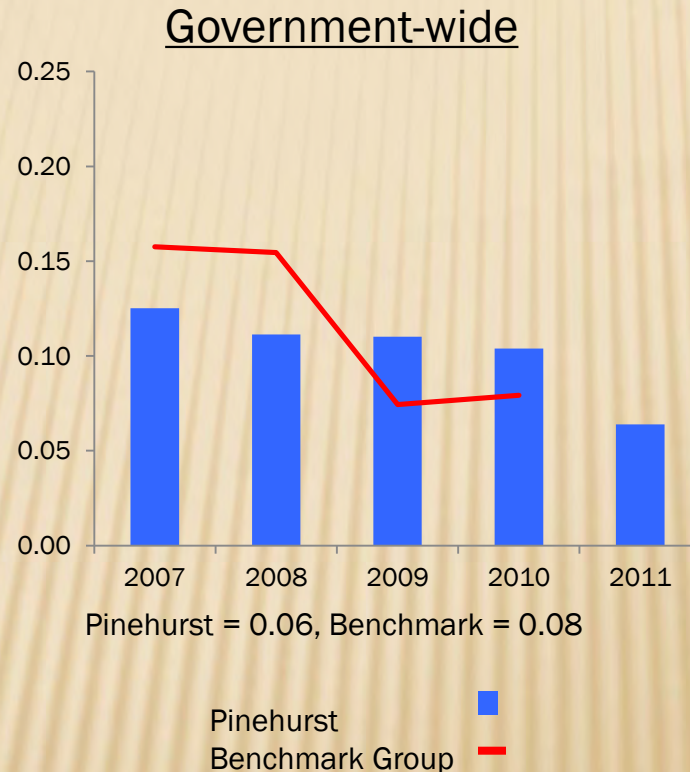
Ratio of intergovernmental to total revenues



The Village is consistently less reliant on other governments for revenues than its peer group.

CHARGE TO EXPENSE RATIO

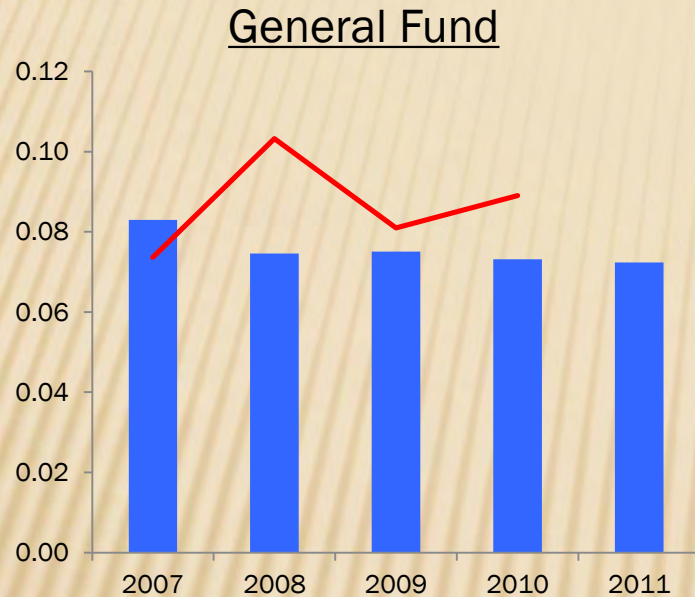
Charges for services compared to total expenses



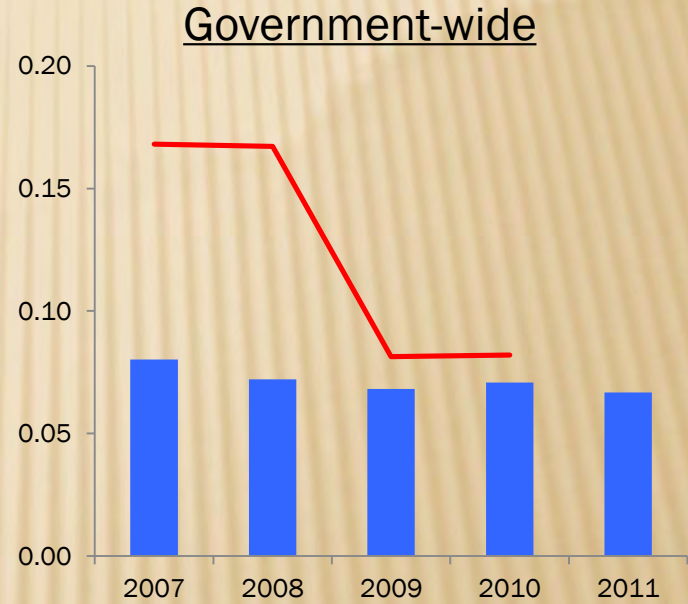
The Village's charges for services cover a similar portion of expenses as its peers. The sharp reduction in FY 2011 was due to the loss of fire district taxes related to the Pinewild annexation.

DEBT SERVICE RATIO

Debt service compared to total expenses



Pinehurst = 0.07, Benchmark = 0.09



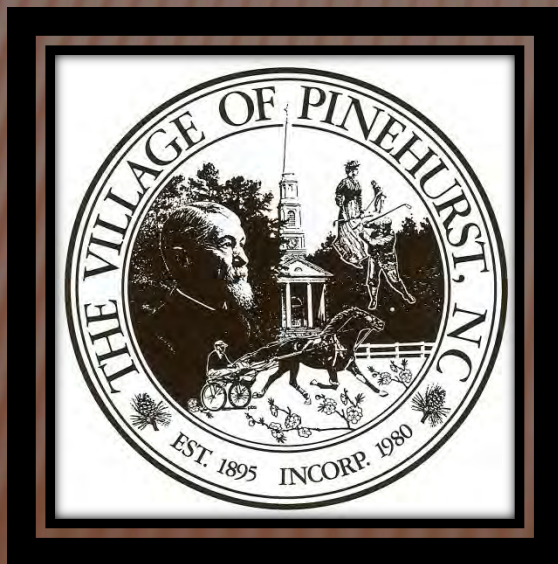
Pinehurst = 0.07, Benchmark = 0.08

Pinehurst ■
Benchmark Group —

The Village is somewhat less reliant on debt, indicating a better ability to meet current and future debt service obligations.

Financial Condition Assessment

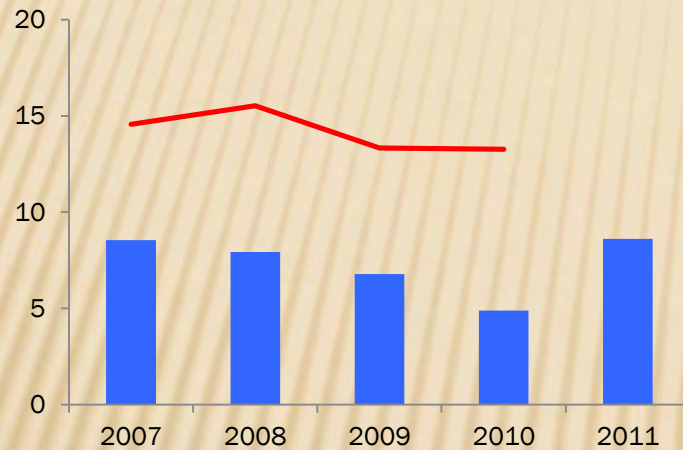
RESOURCE STOCK



QUICK RATIO

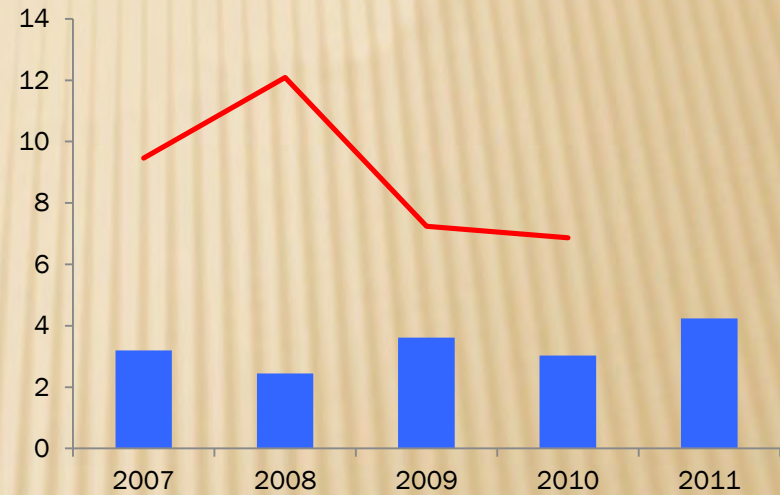
Cash and investments compared to current liabilities

General Fund



Pinehurst = 8.61, Benchmark = 13.26

Government-wide



Pinehurst = 4.24, Benchmark = 6.87

Pinehurst ■
Benchmark Group —

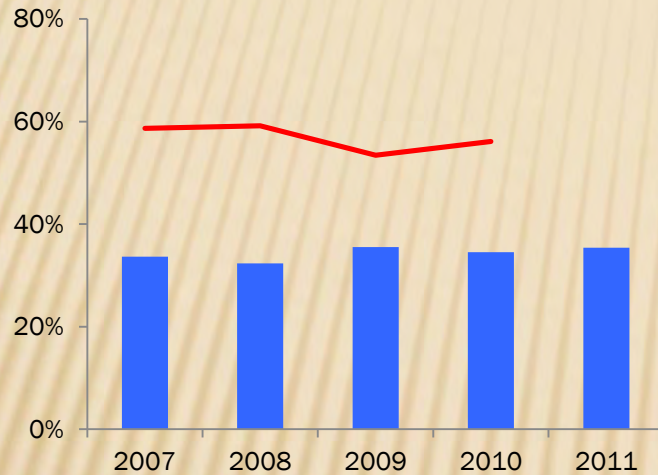
Cash and investment levels while adequate to cover current obligations are lower than our peer group overall.

FUND BALANCE AND NET ASSETS RATIOS

Fund balance as a % of expenditures

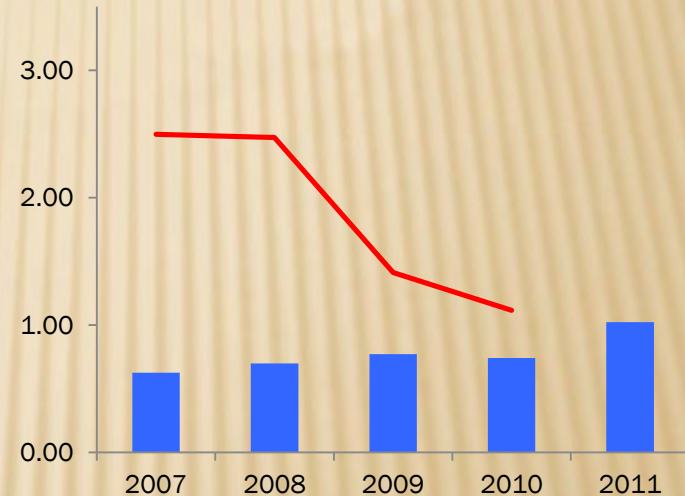
Net assets as a % of total liabilities

General Fund



Pinehurst = 35.4%, Benchmark = 56.1%

Government-wide



Pinehurst = 1.02, Benchmark = 1.11

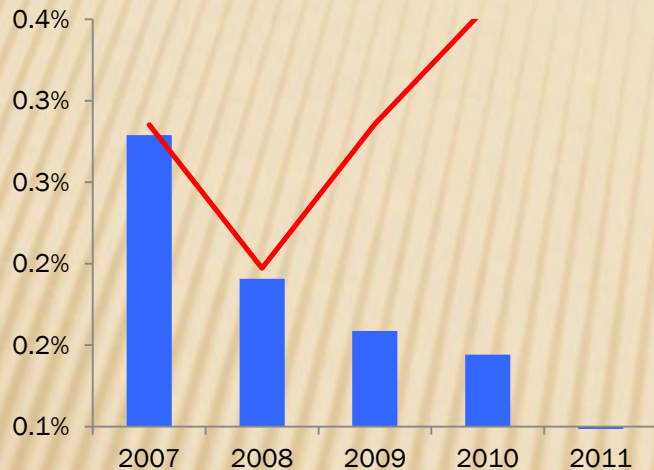
Pinehurst ■
Benchmark Group —

The Village's available fund balance is lower than its peer group. However, it is improving and is in compliance with the Village's adopted fund balance policy.

DEBT RATIOS

Debt as a % of assessed value

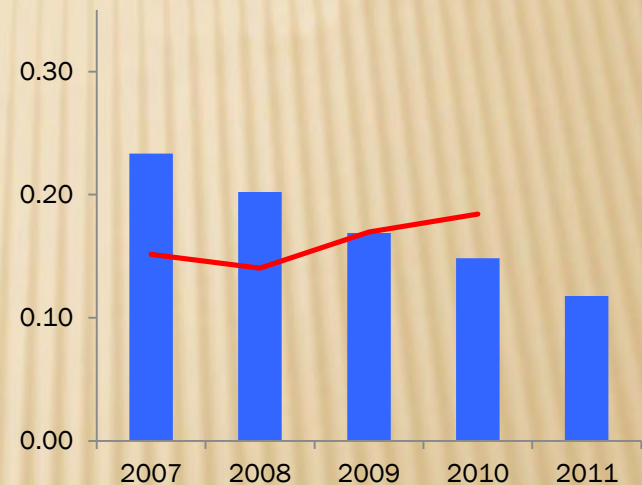
General Fund



Pinehurst = 0.1%, Benchmark = 0.4%

Long Term Debt as a % of total assets

Government-wide



Pinehurst = 0.12, Benchmark = 0.18

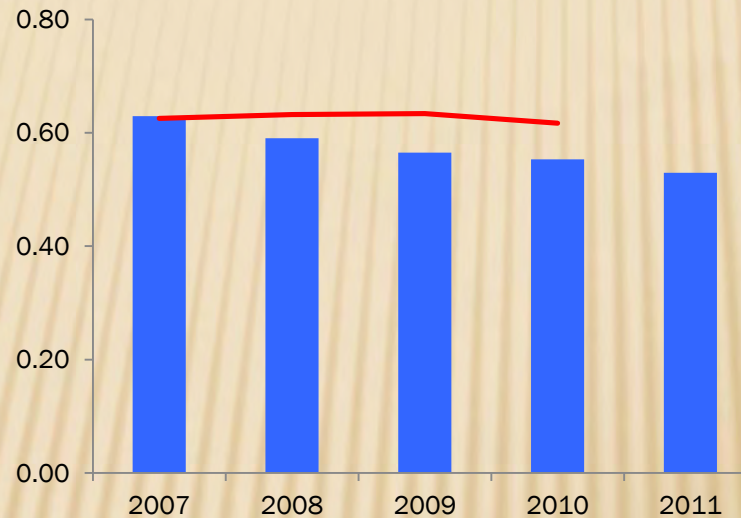
Pinehurst ■
Benchmark Group —

The Village's outstanding debt is lower than its peers and is declining which improves our ability to meet current and future financial obligations.

CAPITAL ASSET CONDITION RATIO

Accumulated depreciation divided by capital assets

Government-wide



Pinehurst = 0.53, Benchmark = 0.62

Pinehurst ■
Benchmark Group —

The capital assets of the Village are only slightly more depreciated than our peers; this indicates a similar level of capital reinvestment.

SUMMARY

- ❑ When compared to our peer group:
 - ❑ The Village has lived within its means and has improved its financial condition compared to our peers
 - ❑ We are less reliant on other governments for revenues
 - ❑ Our charges for services cover a larger portion of expenses
 - ❑ We are less reliant on debt and have a better ability to meet current and future debt service obligations
 - ❑ The Village maintains smaller cash reserves and fund balances
 - ❑ We are investing in capital assets at a level comparable to our peers

THINGS TO CONSIDER

- ❑ The only significant deviations from our peer group are:
 - ❑ The Village maintains smaller cash reserves
 - ❑ The Village maintains smaller fund balance reserves
 - ❑ Fund balance has increased in accordance with Council's adopted policy
 - ❑ Have maintained a low tax rate

- ❑ Recommendation is to:
 - ❑ Continue our cost containment initiative to enhance the Village's overall financial position
 - ❑ Maintain fund balance at the high end of the Council's adopted policy range