



Village of Pinehurst

FY 2011-2012

# FINANCIAL CONDITION ASSESSMENT

# COMMUNICATING FINANCIAL CONDITION

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- ❑ 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 2012 results to our peer's FY 2011 results (latest data available)

# BENCHMARK GROUP

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- ❑ 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

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## ❑ Resource Flow

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

## ❑ Resource Stock

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

Financial Condition Assessment

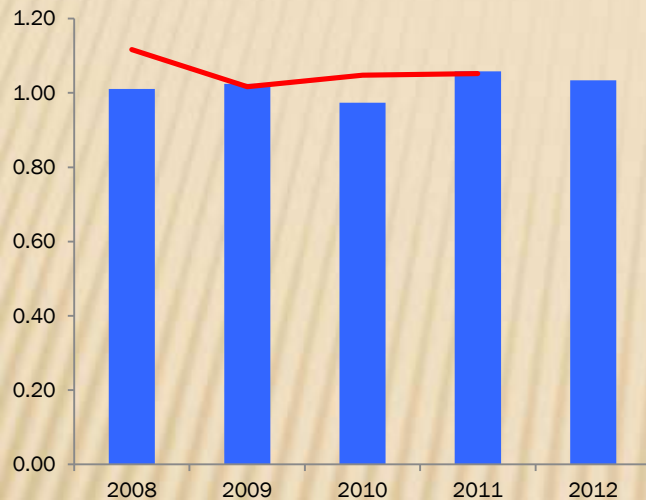
# RESOURCE FLOW



# TOTAL MARGIN RATIO

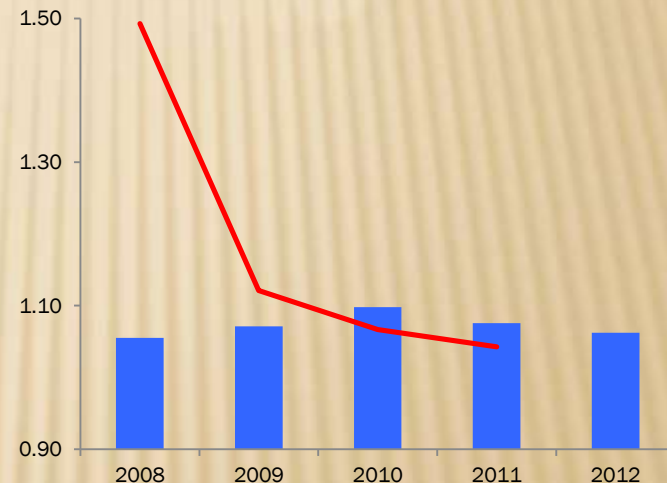
Ratio of operating revenues to expenditures

## General Fund



Pinehurst = 1.03, Benchmark = 1.05

## Government-wide



Pinehurst = 1.06, Benchmark = 1.04

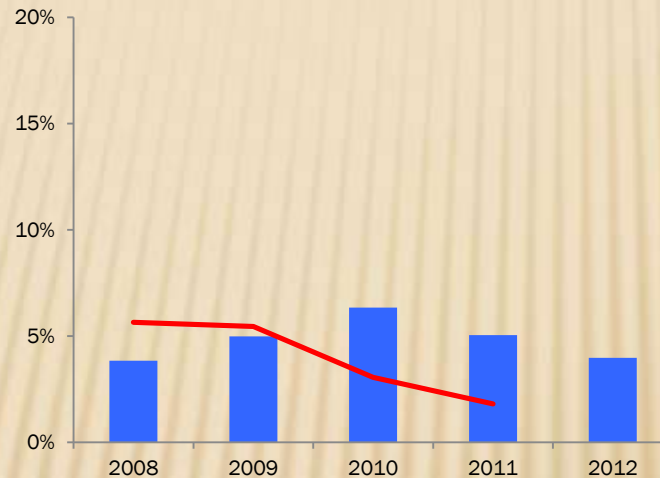
Pinehurst ■  
Benchmark Group —

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

## Government-wide



Pinehurst = 4.0%, Benchmark = 1.8%

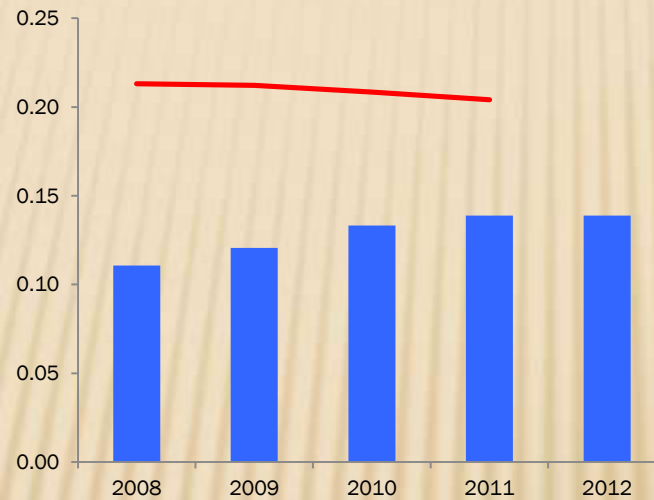
Pinehurst ■  
Benchmark Group —

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

## General Fund



Pinehurst = 0.14, Benchmark = 0.20

Pinehurst ■  
Benchmark Group —

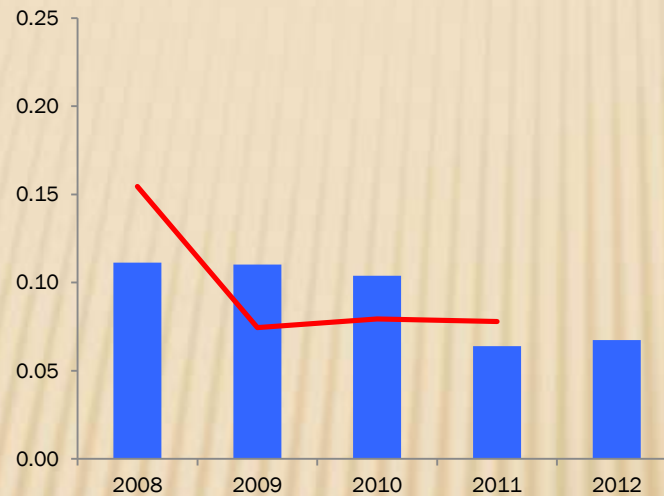
**The Village is consistently less reliant on other governments for revenues than its peer group.**



# CHARGE TO EXPENSE RATIO

Charges for services compared to total expenses

## Government-wide



Pinehurst = 0.07, Benchmark = 0.08

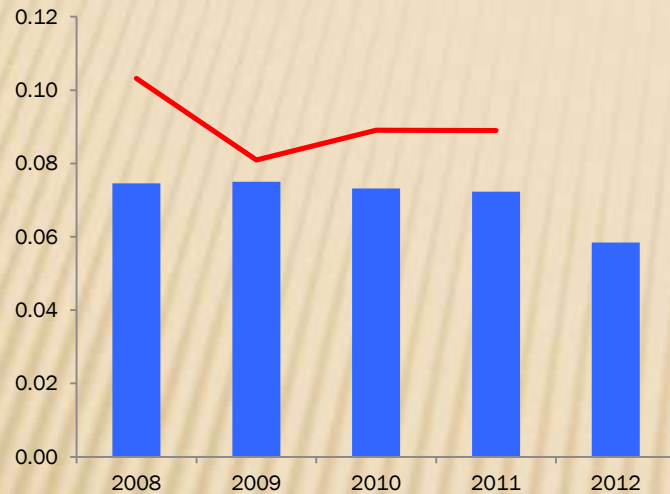
Pinehurst ■  
Benchmark Group —

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

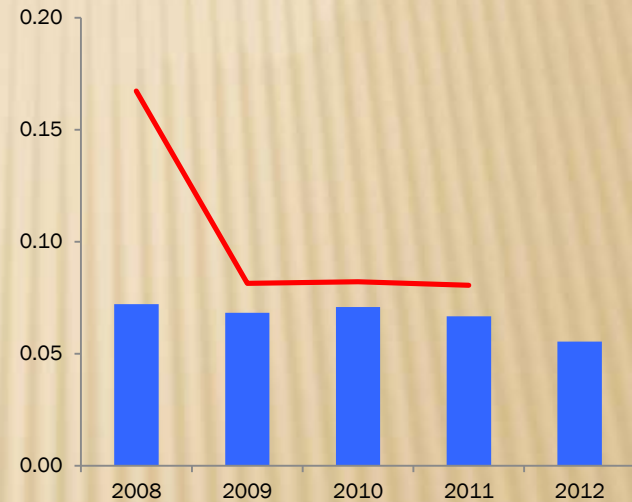
Debt service compared to total expenses

## General Fund



Pinehurst = 0.06, Benchmark = 0.09

## Government-wide



Pinehurst = 0.06, 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

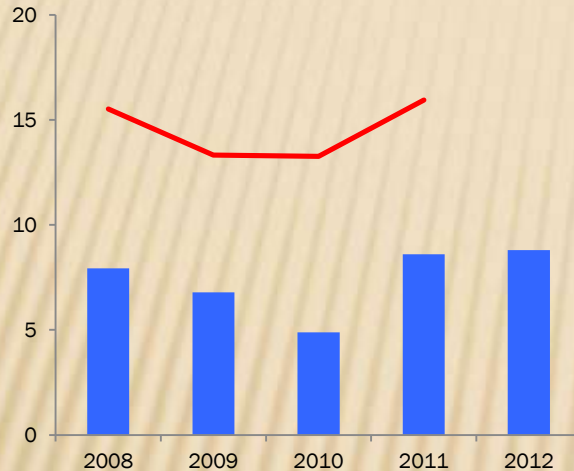
# RESOURCE STOCK



# QUICK RATIO

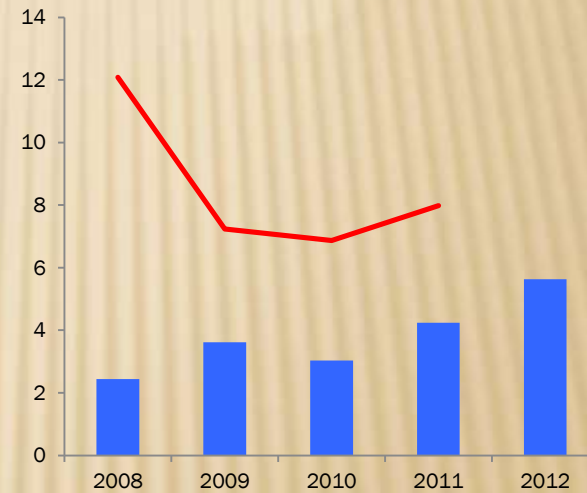
Cash and investments compared to current liabilities

## General Fund



Pinehurst = 8.8, Benchmark = 15.9

## Government-wide



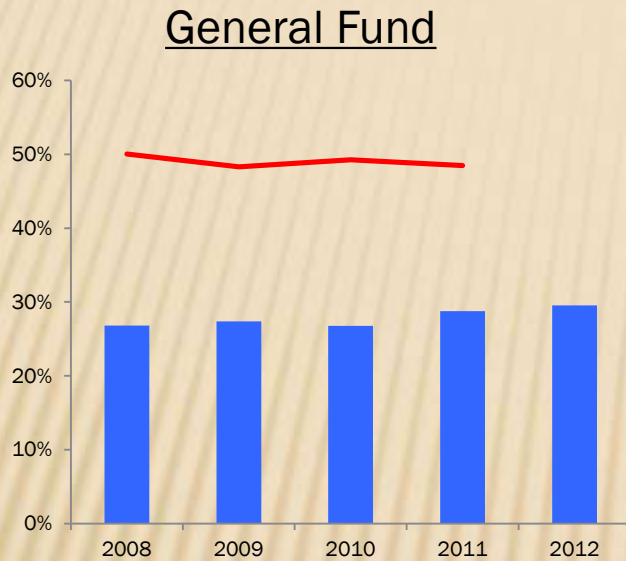
Pinehurst = 5.6, Benchmark = 8.0

Pinehurst ■  
Benchmark Group —

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

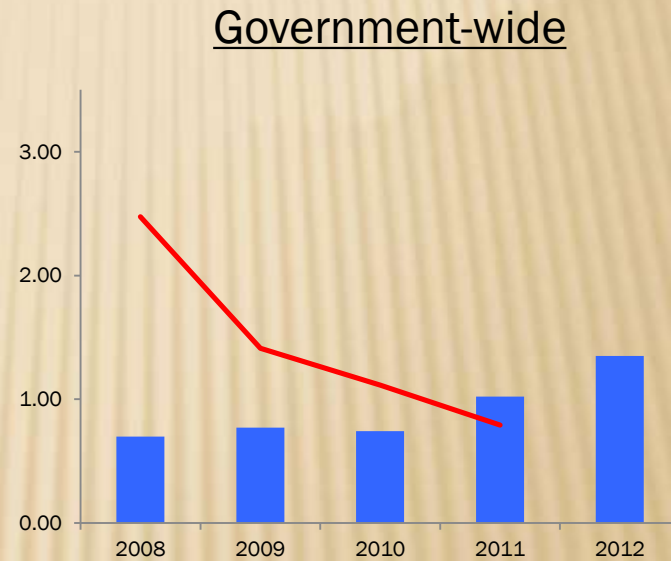
# FUND BALANCE AND NET ASSETS RATIOS

Fund balance as a % of expenditures



Pinehurst = 29.5%, Benchmark = 48.5%

Net assets as a % of total liabilities



Pinehurst = 1.35, Benchmark = 0.79

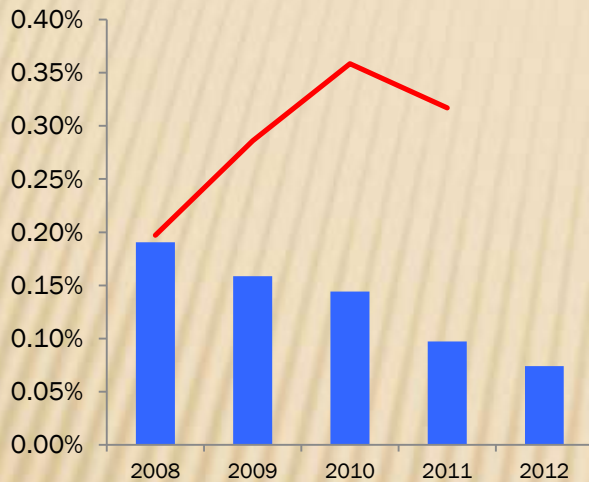
Pinehurst ■  
Benchmark Group —

The Village's unassigned 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

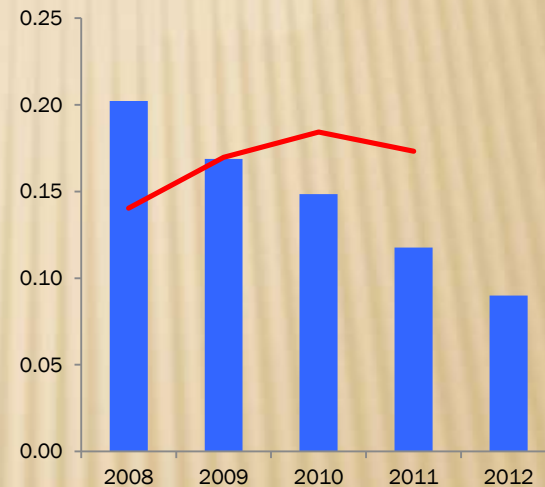
## General Fund



Pinehurst = 0.1%, Benchmark = 0.3%

Long Term Debt as a % of total assets

## Government-wide



Pinehurst = 0.09, Benchmark = 0.17

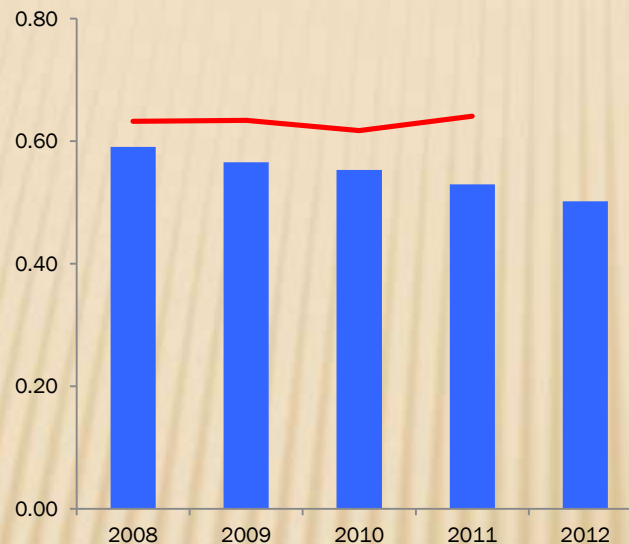
Pinehurst ■  
Benchmark Group —

**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 = 0.50, Benchmark = 0.64

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

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- ❑ 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

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- ❑ 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:
  - ❑ Amend the Village's adopted fund balance policy to standardize the measure with the new GASB 54 reporting format and LGC guidance
  - ❑ Adopt a dual-view fund balance policy that will measure both total and unassigned fund balances as a percentage of expenditures
  - ❑ Seek to maintain fund balance well above the minimum established levels