



Financial Condition Assessment

Village of Pinehurst
FY 2014-2015





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 2015 results to our peer's FY 2014 results (latest data available)





Benchmark Group

- Pinehurst – pop. 15,525
 - Moore County
- Southern Pines - pop. 13,089
 - Moore County
- Hendersonville – pop. 13,473
 - Henderson County
- Carrboro – pop. 19,702
 - Orange County
- Cornelius – pop. 27,655
 - 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

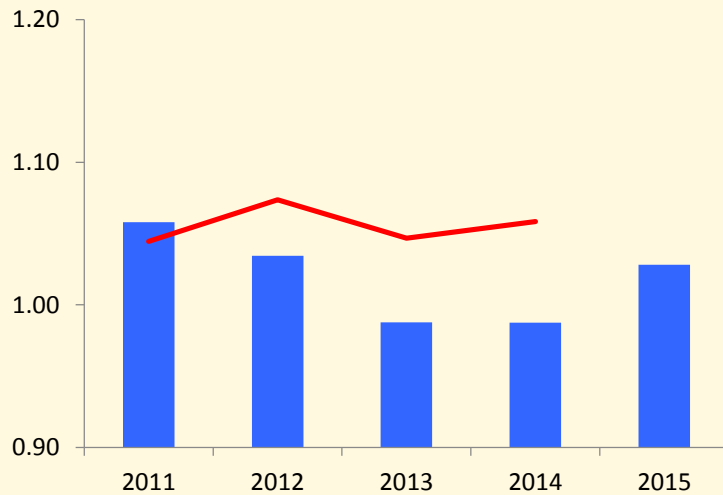




Total Margin Ratio

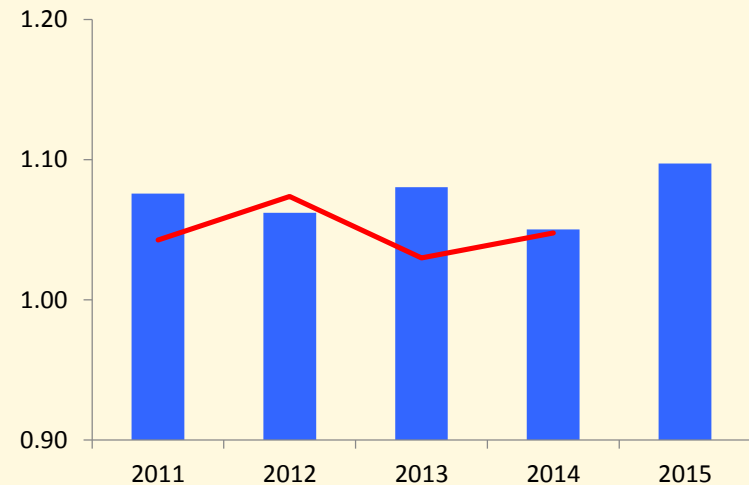
Ratio of operating revenues to expenditures

General Fund





Pinehurst = 1.03, Benchmark = 1.06

Government-wide



Pinehurst = 1.10, Benchmark = 1.05

Pinehurst 
Benchmark Group 

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

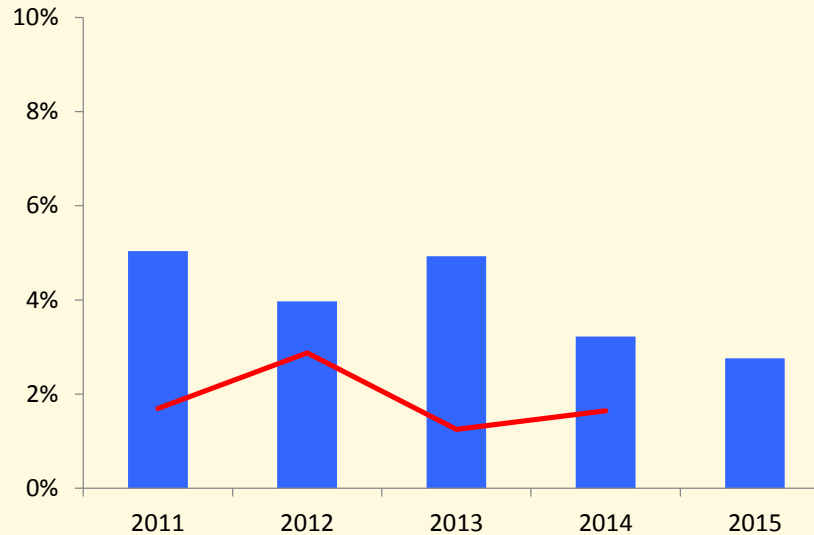






Percent Change in Net Assets

Change in net assets compared to beginning net assets

Government-wide



Pinehurst = 2.8%, Benchmark = 1.6%

Pinehurst 
Benchmark Group 

The Village's net position increased by \$691,520 or 2.8%. This is inclusive of all assets and liabilities of the Village.

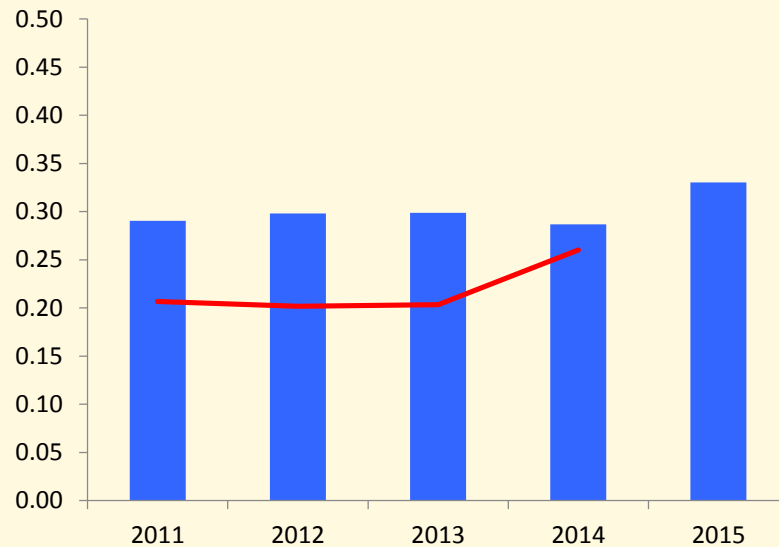




Intergovernmental Ratio

Ratio of intergovernmental to total revenues

General Fund



Pinehurst = 0.33, Benchmark = 0.26

Pinehurst ■
Benchmark Group —

The Village's reliance on other governments for revenues has increased as sales taxes and other intergovernmental revenues have grown faster than property taxes.

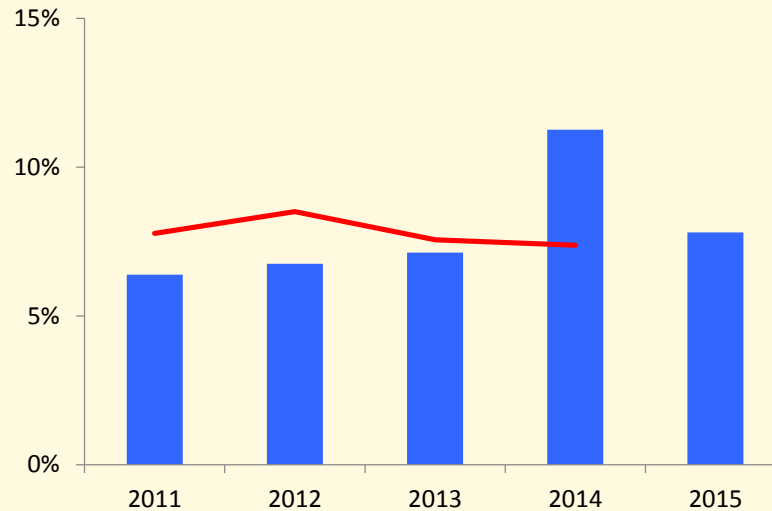






Charges to Expense Ratio

Charges for services compared to total expenses

Government-wide



Pinehurst = 8%, Benchmark = 7%

Pinehurst 
Benchmark Group 

**The Village's charges for services cover a similar portion of expenses as its peers.
The increase in 2014 was due to the U.S. Open license fee.**

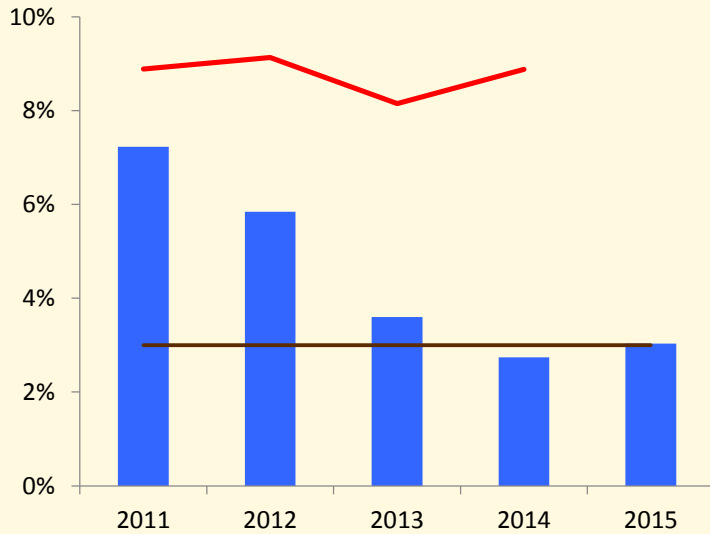




Debt Service Ratio

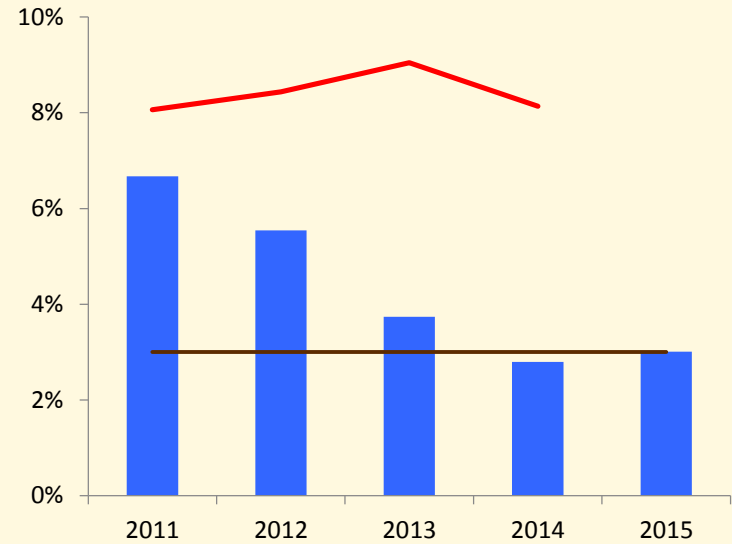
Debt service compared to total expenses

General Fund






Pinehurst = 3%, Benchmark = 9%,
BSC Target = 3%

Government-wide



Pinehurst = 3%, Benchmark = 8%,
BSC Target = 3%

Pinehurst 
Benchmark Group 
BSC Target 

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



Financial Condition Assessment
Resource Stock

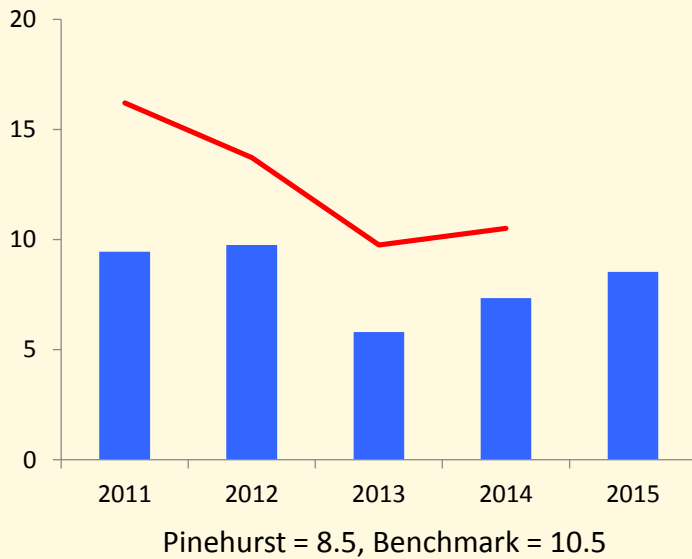




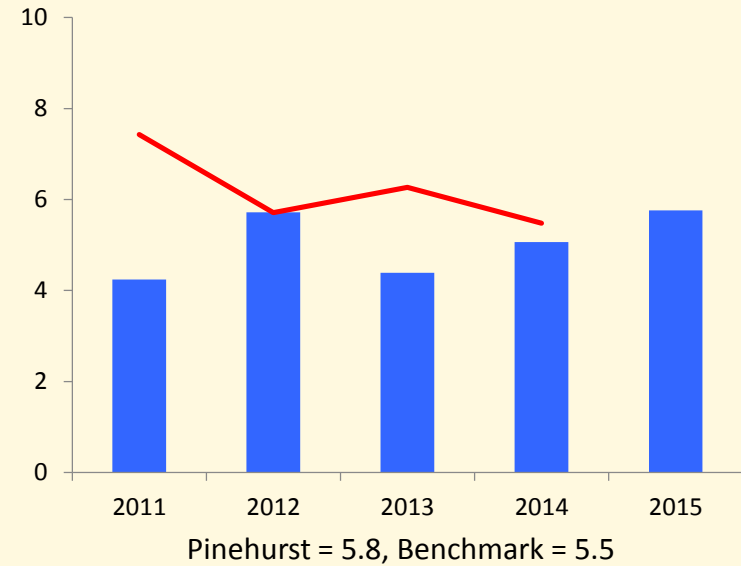
Quick Ratio



Cash and investments compared to current liabilities

General Fund



Government-wide



Pinehurst 
Benchmark Group 

Cash and investment levels are adequate to cover current obligations and are becoming more comparable to our peer group.

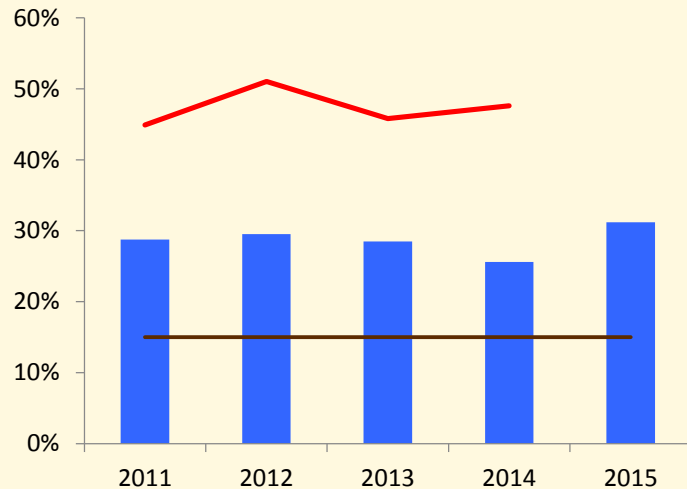




Fund Balance and Net Position Ratios

Fund balance as a % of expenditures

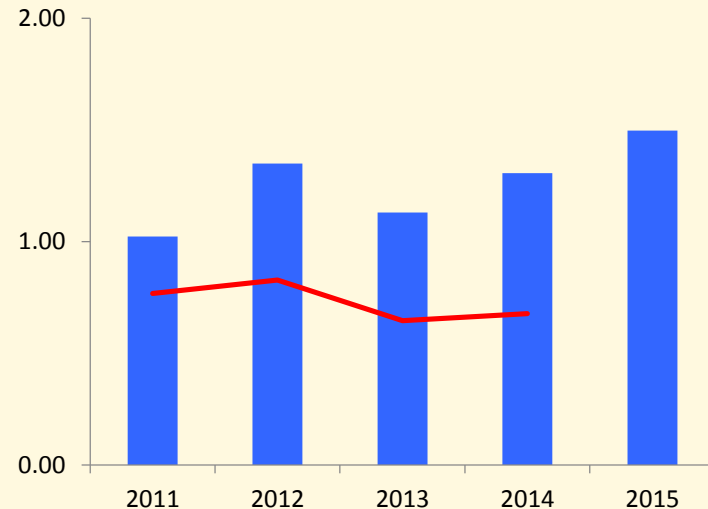
General Fund



Pinehurst = 31%, Benchmark = 48%
BSC Minimum = 15%

Ratio of net position to total liabilities

Government-wide



Pinehurst = 1.50, Benchmark = 0.68

Pinehurst ■
Benchmark Group —
BSC Target —

The Village's unassigned fund balance is lower than its peer group. However, it is well above the Village's adopted fund balance policy minimum.

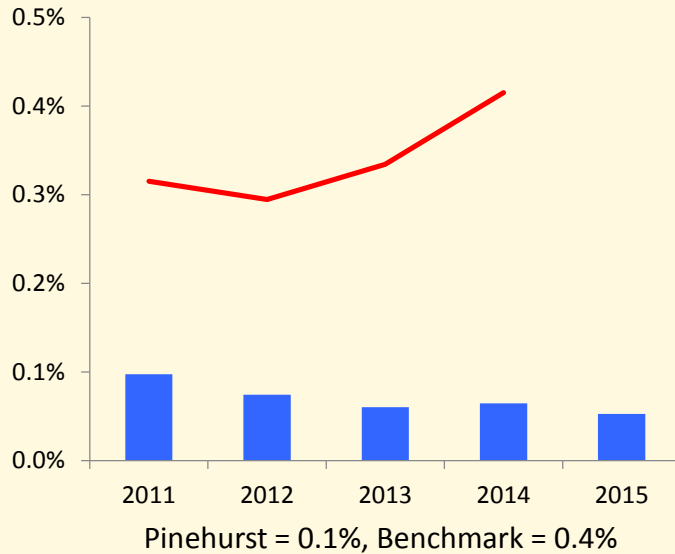




Debt Ratios

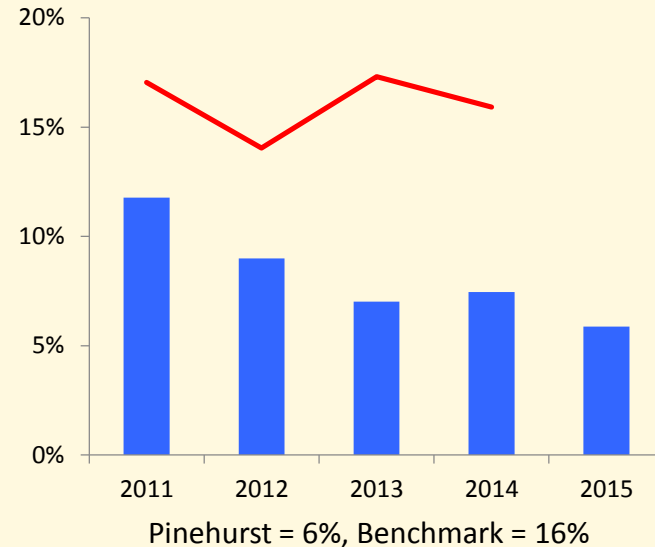
Debt as a % of assessed value



General Fund



Long Term Debt as a % of total assets

Government-wide



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.

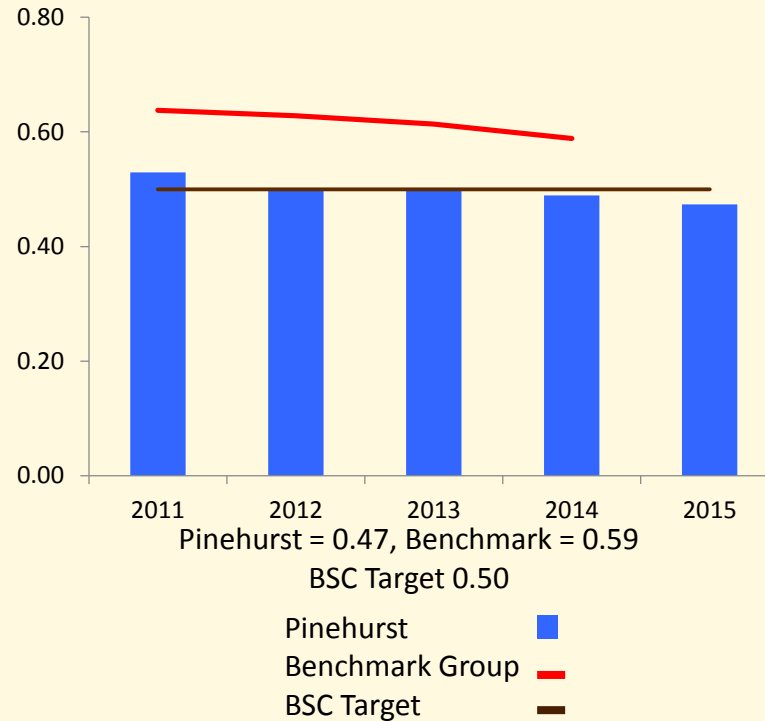




Capital Asset Condition Ratio

Accumulated depreciation divided by capital assets

Government-wide



The capital assets of the Village are slightly more depreciated than our peers; this indicates a lower 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
 - All units are becoming more reliant on intergovernmental revenues as those revenues are growing faster than property taxes
 - Our charges for services are comparable to our peers
 - We are much less reliant on long-term debt than our peers
 - Cash and investment levels are adequate to cover current obligations are becoming more comparable to our peer group.
 - Our fund balance level, though lower than our peers, is in line with the policy targets established by the Village Council
 - We are investing in capital assets at a level slightly below our peers





Things to Consider

- The only significant deviations from our peer group are:
 - The Village maintains smaller fund balance reserves
 - Fund balance is at the upper limit of Council's adopted policy
 - Have maintained a low tax rate
 - Plan to spend down fund balance over the next two fiscal years
 - The Village is less reliant on long-term debt
- Recommendation is to:
 - Seek to maintain fund balance within policy established levels
 - Remain vigilant in controlling operating expenditures
 - Closely monitor intergovernmental revenues at the state level

