



Financial Condition Assessment

Village of Pinehurst
FY 2013-2014





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 2014 results to our peer's FY 2013 results (latest data available)





Benchmark Group

- Pinehurst – pop. 15,150
 - Moore County
- Southern Pines - pop. 12,587
 - Moore County
- Hendersonville – pop. 13,294
 - Henderson County
- Carrboro – pop. 19,582
 - Orange County
- Cornelius – pop. 26,650
 - 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

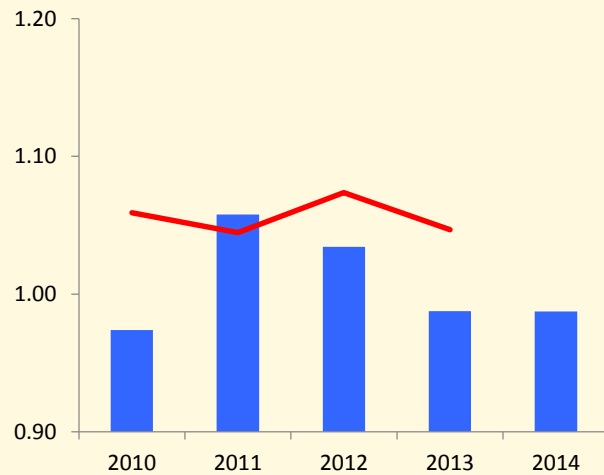




Total Margin Ratio

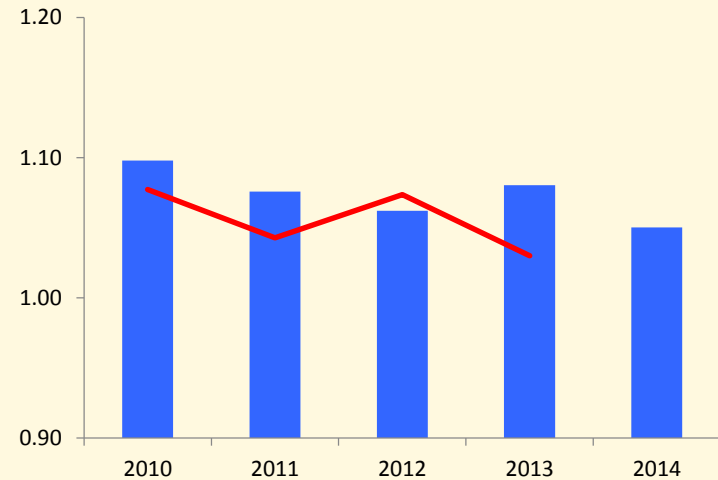
Ratio of operating revenues to expenditures

General Fund





Pinehurst = 0.99, Benchmark = 1.05

Government-wide



Pinehurst = 1.05, Benchmark = 1.03

Pinehurst 
Benchmark Group 

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

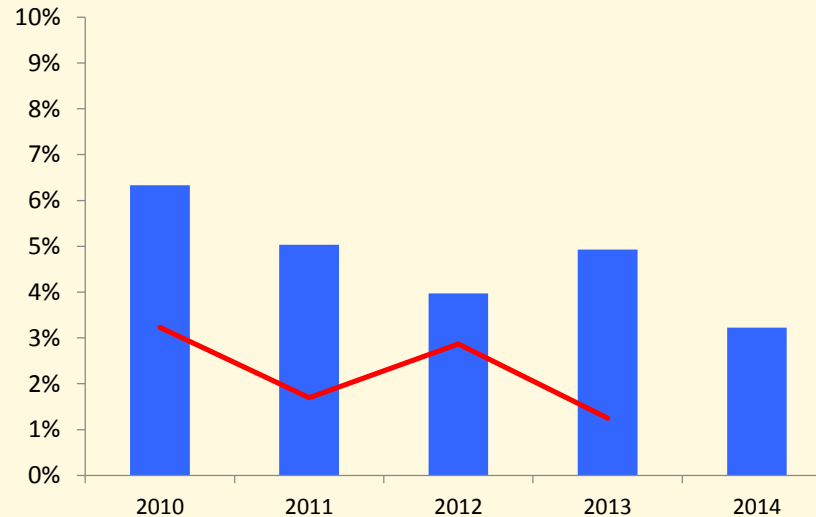






Percent Change in Net Assets

Change in net assets compared to beginning net assets

Government-wide



Pinehurst = 3.2%, Benchmark = 1.3%

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.**

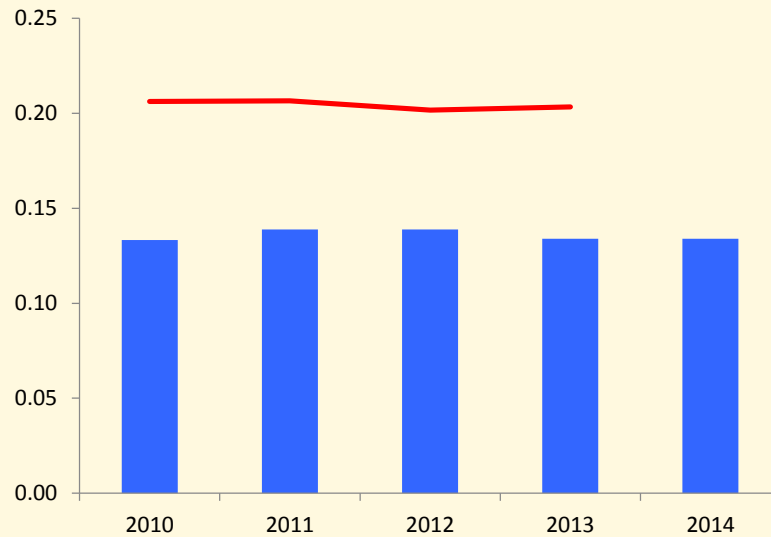




Intergovernmental Ratio

Ratio of intergovernmental to total revenues

General Fund



Pinehurst = 0.13, Benchmark = 0.20

Pinehurst ■
Benchmark Group —

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

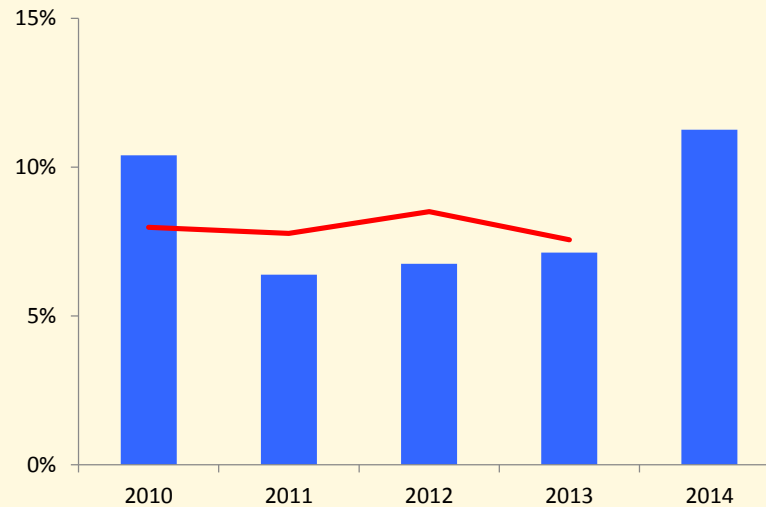






Charges to Expense Ratio

Charges for services compared to total expenses

Government-wide



Pinehurst = 11%, Benchmark = 8%

Pinehurst 
Benchmark Group 

The Village's charges for services cover a similar portion of expenses as its peers. The reduction in FY 2011 was due to the loss of fire district taxes related to the Pinewild annexation. The increase in 2014 is due to the U.S. Opens.

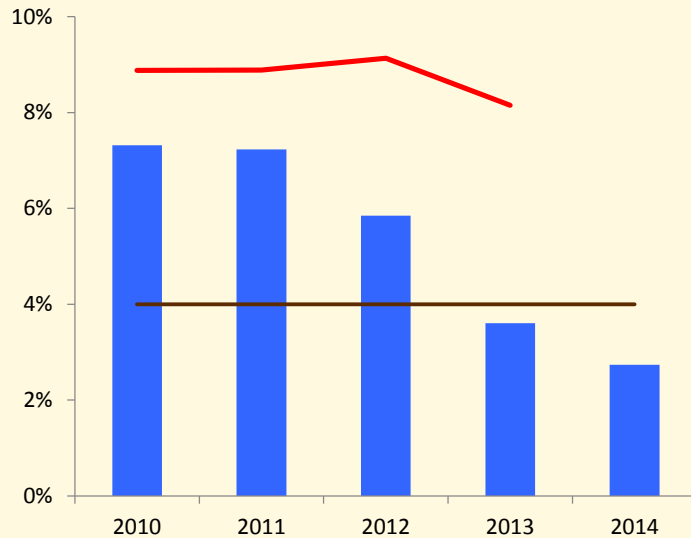




Debt Service Ratio

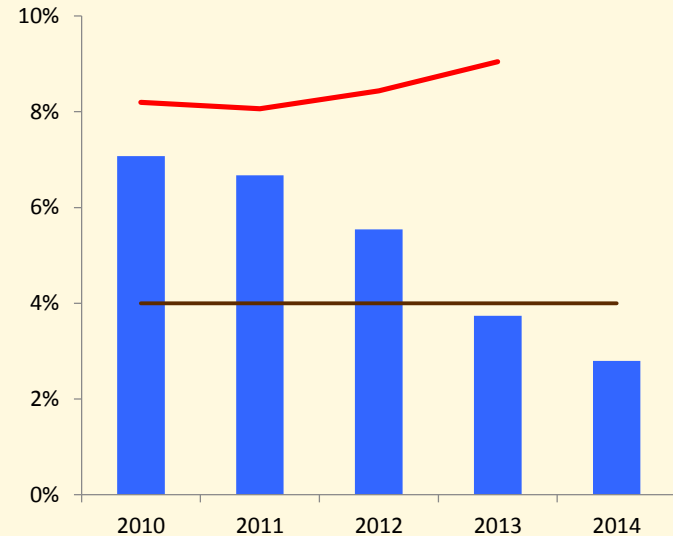
Debt service compared to total expenses

General Fund






Pinehurst = 3%, Benchmark = 8%,
BSC Target = 4%

Government-wide



Pinehurst = 3%, Benchmark = 9%,
BSC Target = 4%

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

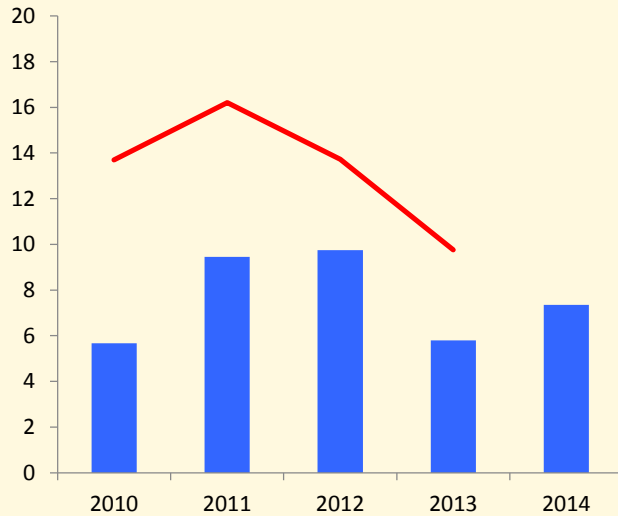




Quick Ratio

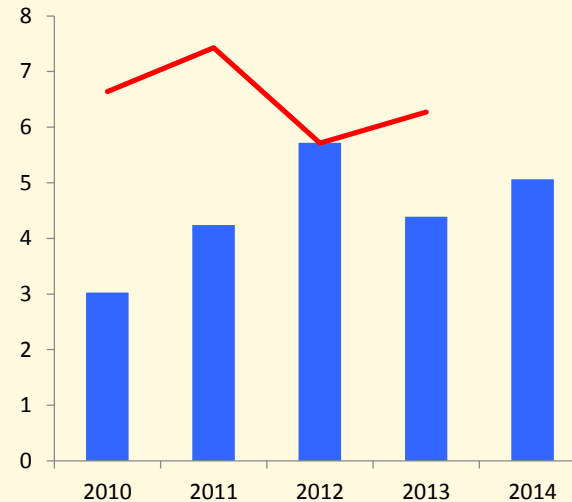
Cash and investments compared to current liabilities

General Fund



Pinehurst = 7.4, Benchmark = 9.8

Government-wide



Pinehurst = 5.1, Benchmark = 6.3

Pinehurst ■
Benchmark Group —

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

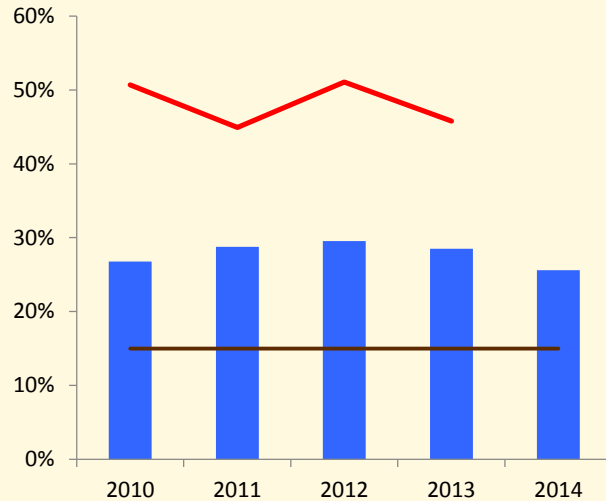




Fund Balance and Net Assets Ratios

Fund balance as a % of expenditures

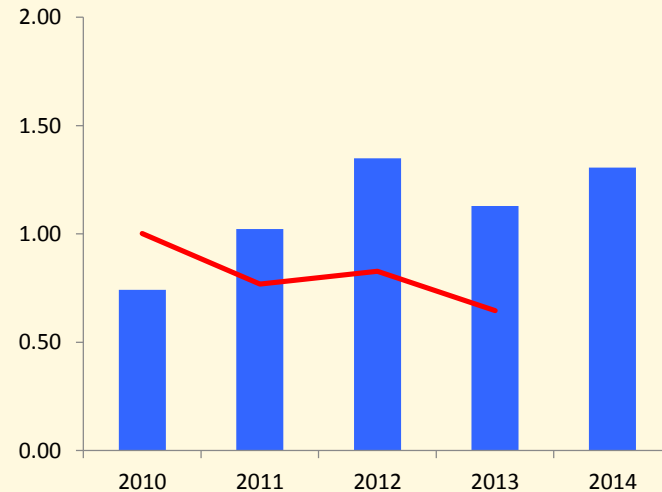
General Fund






Pinehurst = 26%, Benchmark = 46%
BSC Minimum = 15%

Ratio of net position to total liabilities

Government-wide



Pinehurst = 1.31, Benchmark = 0.65

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.**

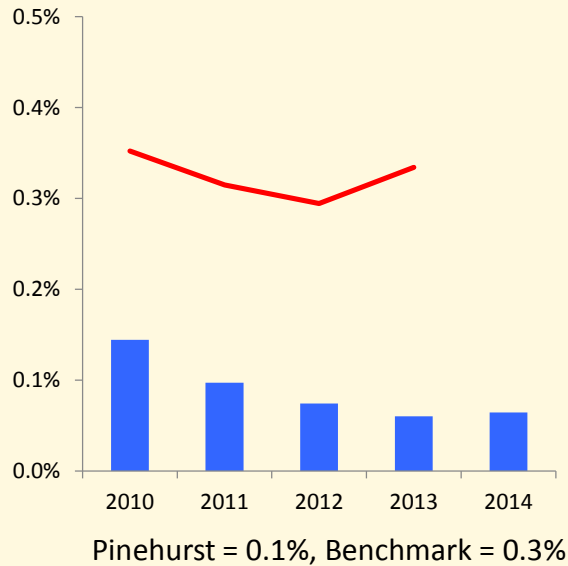




Debt Ratios

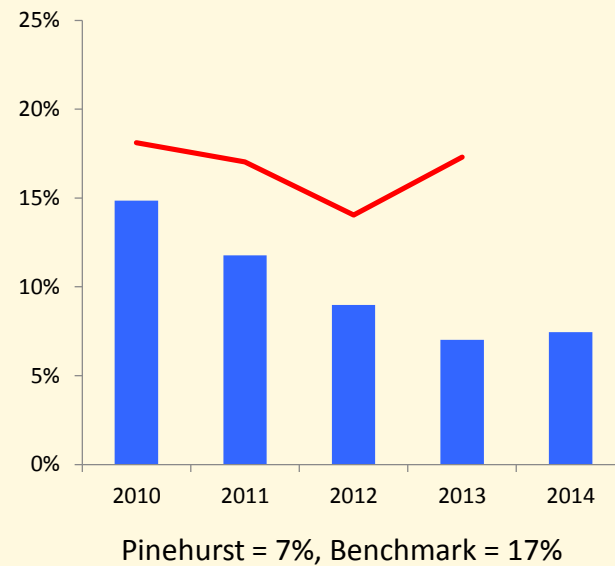
Debt as a % of assessed value



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.

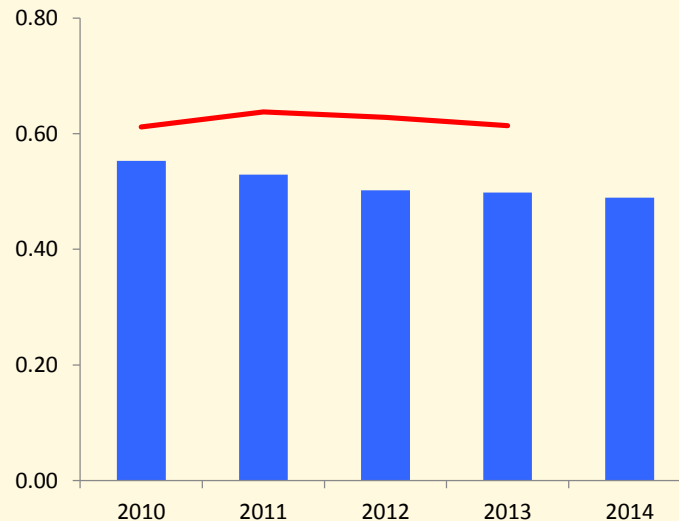






Capital Asset Condition Ratio

Accumulated depreciation divided by capital assets

Government-wide



Pinehurst = 0.49, Benchmark = 0.61

Pinehurst 
Benchmark Group 

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
 - 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 slightly below our peers





Things to Consider

- The only significant deviations from our peer group are:
 - The Village maintains somewhat smaller cash reserves
 - 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

- Recommendation is to:
 - Seek to maintain fund balance within policy established levels
 - Focus on timely replacement of capital assets

