



Financial Condition Assessment

Village of Pinehurst
FY 2016





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 2016 results to our peer's FY 2015 results (latest data available)





Benchmark Group

- Pinehurst – pop. 15,763
 - Moore County
- Cornelius – pop. 28,540
 - Mecklenburg County
- Davidson – pop. 12,332
 - Mecklenburg County
- Holly Springs – pop. 31,391
 - Wake County
- Southern Pines - pop. 13,310
 - Moore 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

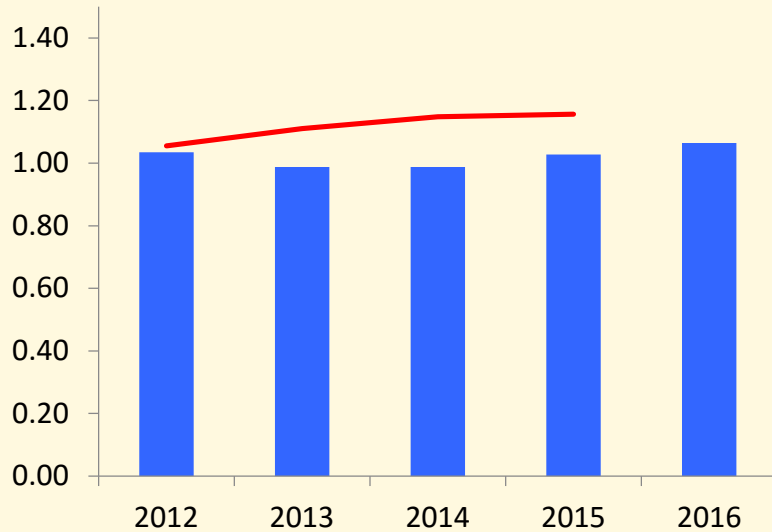




Total Margin Ratio

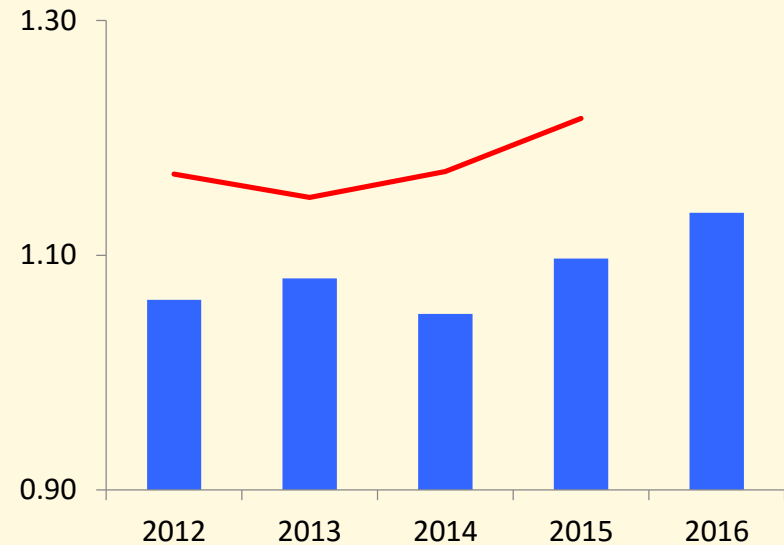
Ratio of operating revenues to expenditures

General Fund



Pinehurst = 1.06, Benchmark = 1.16

Government-wide



Pinehurst = 1.14, Benchmark = 1.22

Pinehurst ■
Benchmark Group —

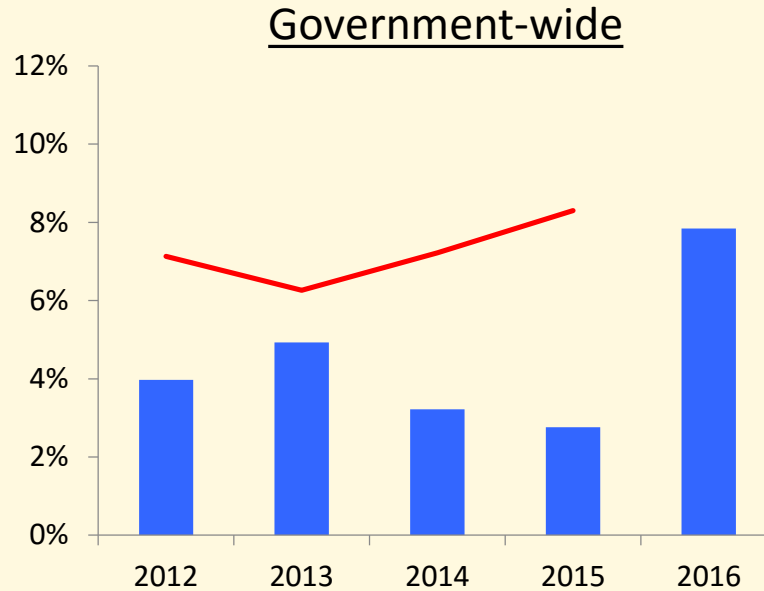
A ratio higher than one, indicates the Village has lived within its means, while not building up excess reserves.







Percent Change in Net Assets

Change in net assets compared to beginning net assets



Pinehurst = 7.8%, Benchmark = 8.3%

Pinehurst 
Benchmark Group 

The Village's net position increased by \$2,089,130 or 7.8%. This is inclusive of all assets and liabilities of the Village.

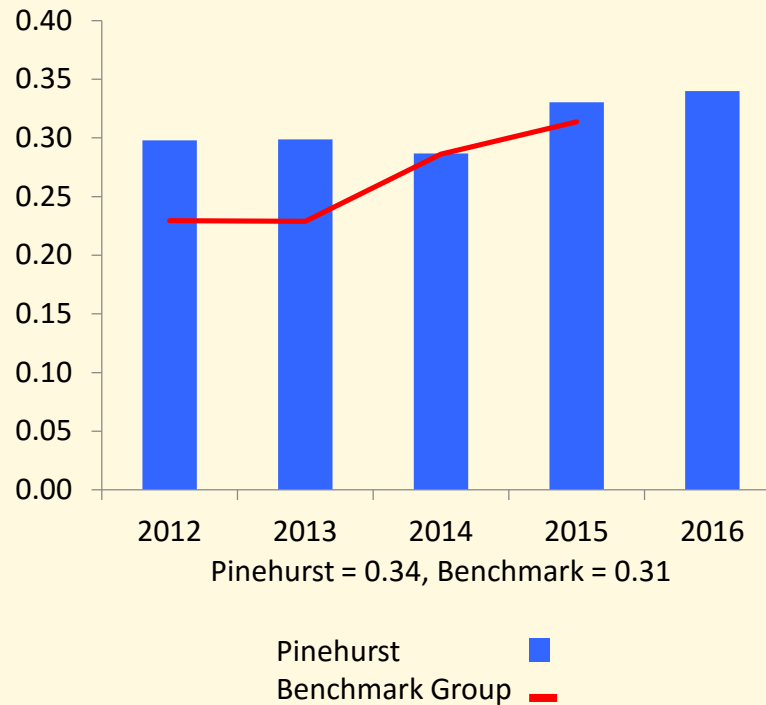




Intergovernmental Ratio

Ratio of intergovernmental to total revenues

General Fund



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

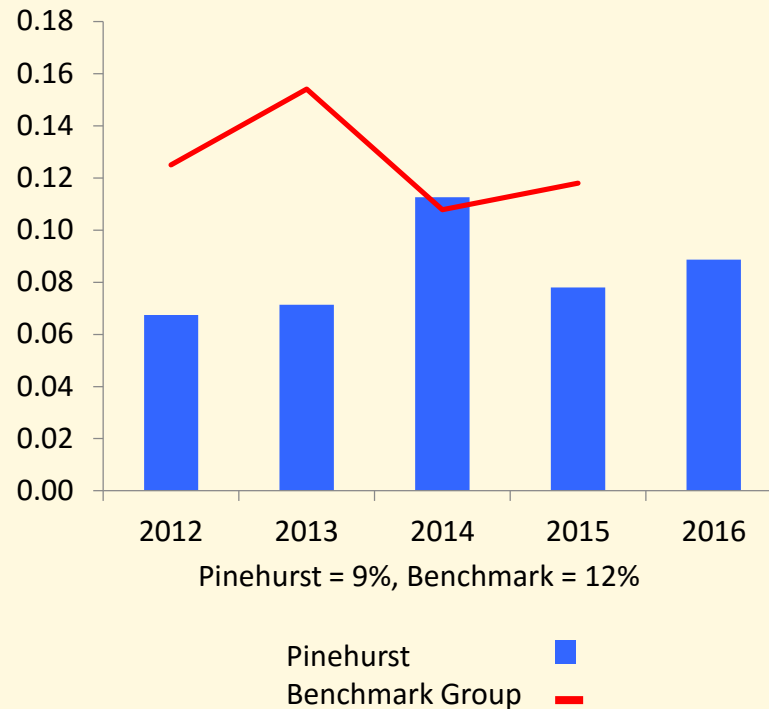




Charges to Expense Ratio

Charges for services compared to total expenses

Government-wide



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

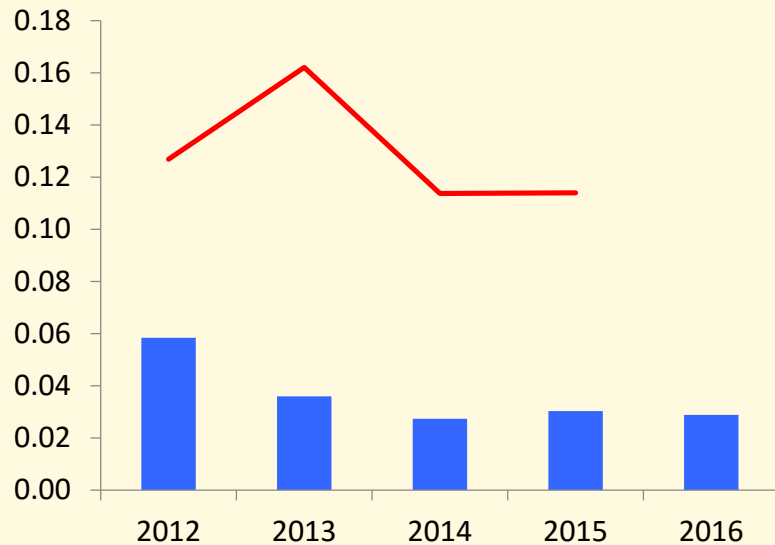




Debt Service Ratio

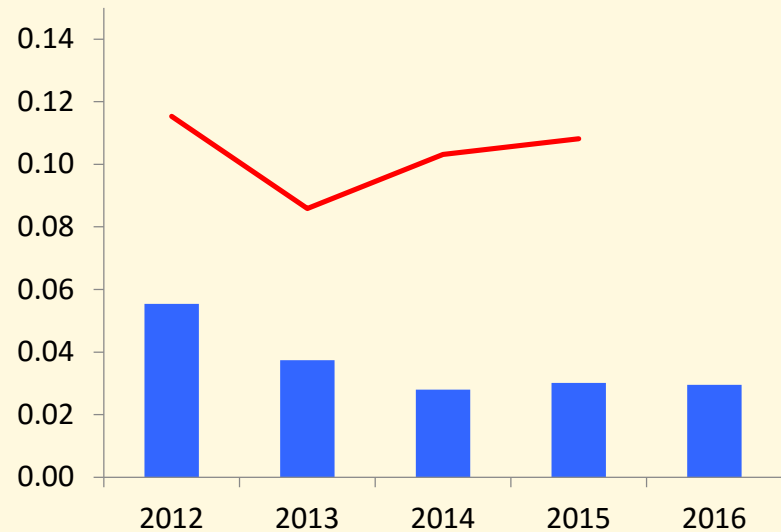
Debt service compared to total expenses

General Fund



Pinehurst = 3%, Benchmark = 11%,

Government-wide



Pinehurst = 3%, Benchmark = 11%

Pinehurst ■
Benchmark Group —

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



Financial Condition Assessment
Resource Stock

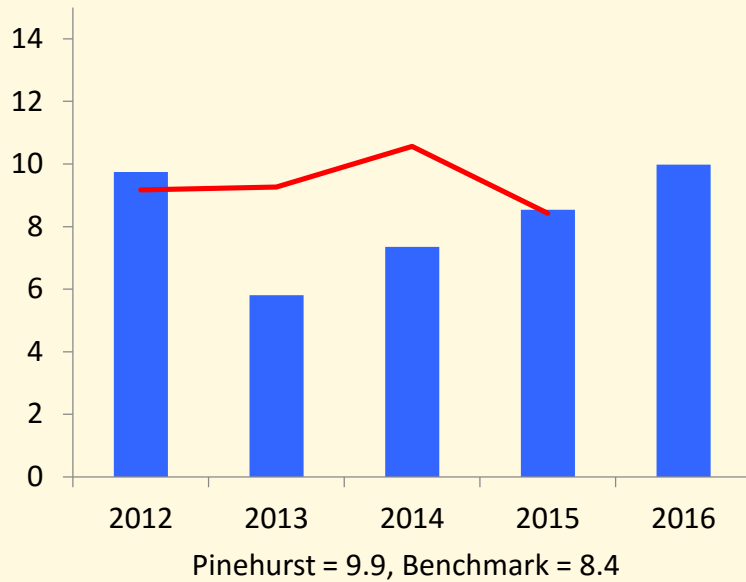




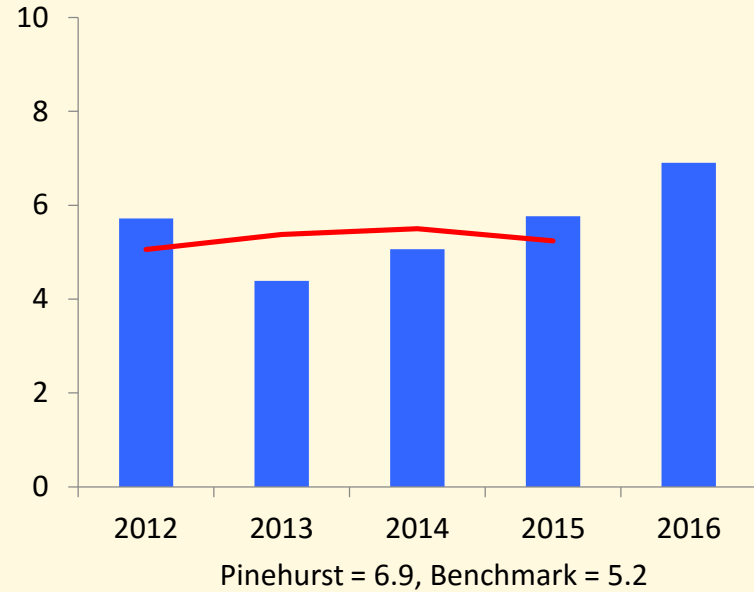
Quick Ratio



Cash and investments compared to current liabilities

General Fund



Government-wide



Pinehurst 
Benchmark Group 

Cash and investment levels have improved since 2013 and are adequate to cover current obligations. We have also surpassed the peer group average.

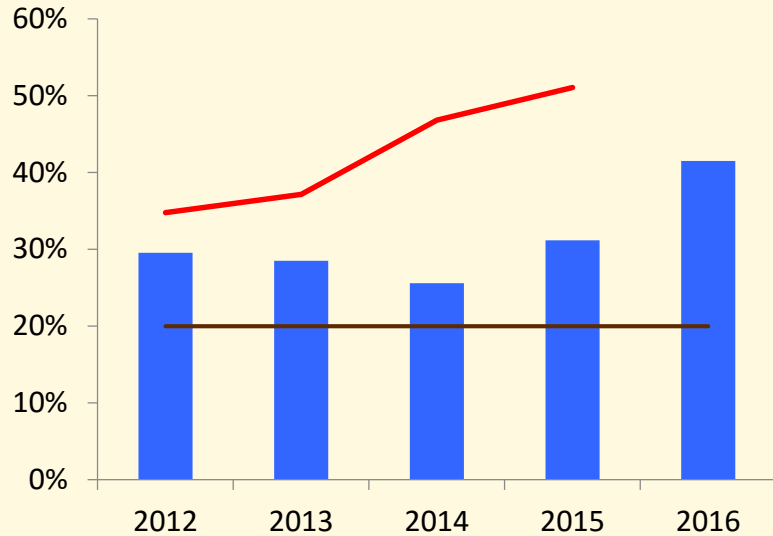




Fund Balance and Net Position Ratios

Fund balance as a % of expenditures

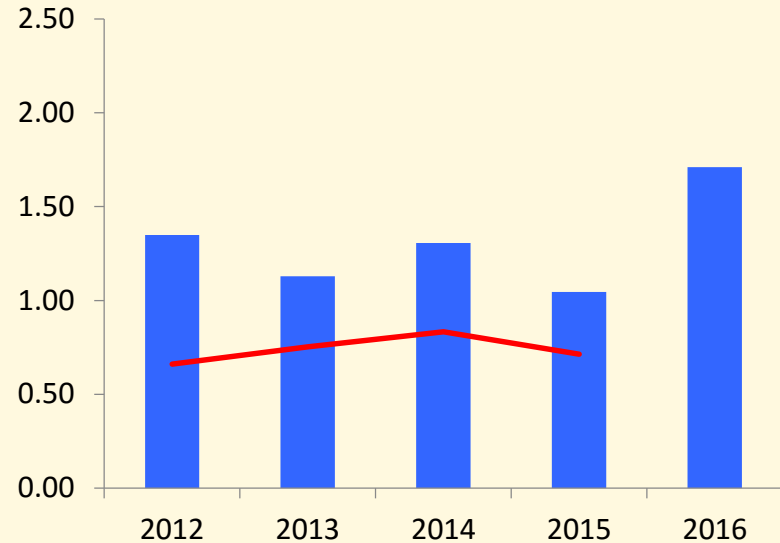
General Fund



Pinehurst = 41%, Benchmark = 51%
BSC Minimum = 20%

Ratio of net position to total liabilities

Government-wide



Pinehurst = 1.7, Benchmark = 0.7

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.



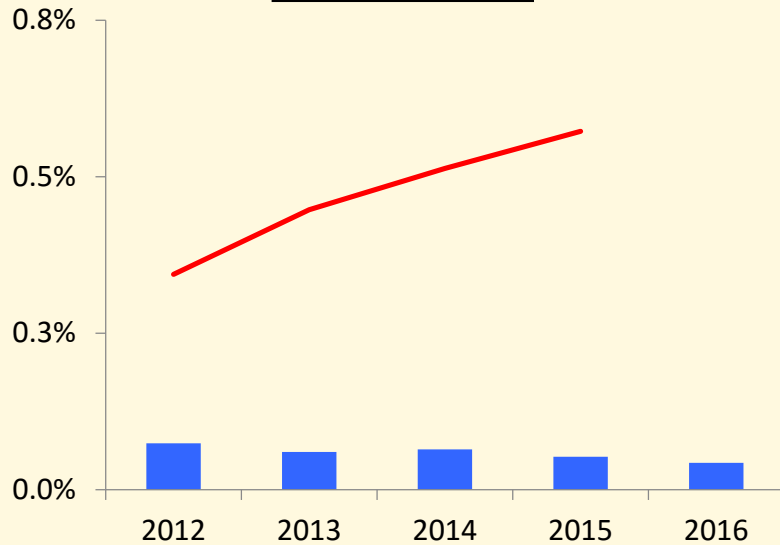


Debt Ratios

Debt as a % of assessed value

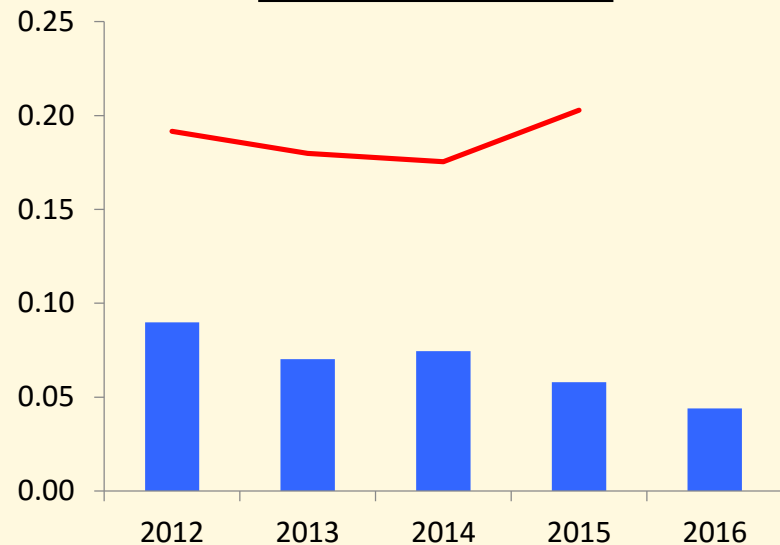
Long term debt to assets ratio

General Fund





Pinehurst = 0.1%, Benchmark = 0.6%

Government-wide



Pinehurst = 4%, Benchmark = 20%

Pinehurst 
Benchmark Group 

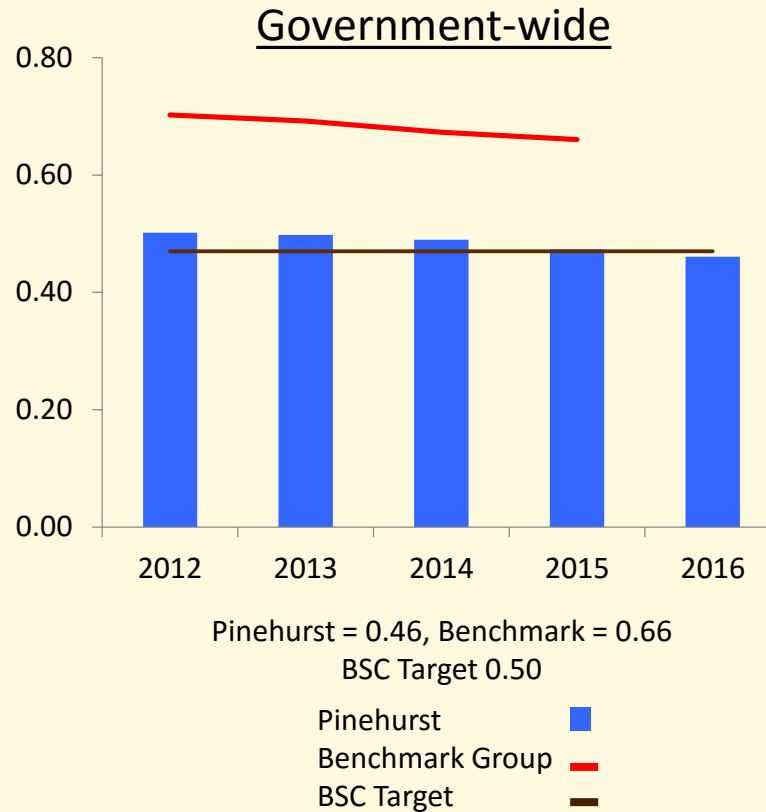
The Village's outstanding debt is much lower than its peers and is declining which improves our ability to meet current and future financial obligations.





Capital Asset Condition Ratio

Accumulated depreciation divided by capital assets



**The capital assets of the Village are more depreciated than our peer group;
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 its peers
 - All units are becoming slightly more reliant on intergovernmental revenues as those revenues are growing faster than property taxes
 - Our charges for services are slightly lower than our peers
 - We are much less reliant on long-term debt than our peers
 - Cash and investment levels are adequate to cover current obligations and have surpassed the peer group average.
 - Our fund balance level, though lower than our peers, is well above 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 currently above the upper limit of Council's adopted policy
 - Have maintained a low tax rate
 - Planned for fund balance to be above the policy range until FY 2019
 - The Village is less reliant on long-term debt
- Recommendation is to:
 - Seek to maintain fund balance according to our five-year plan
 - Closely monitor operating revenue growth
 - Remain vigilant in controlling operating expenditures

