

# Village of Pinehurst, North Carolina

## Annual Comprehensive Financial Report



For the Fiscal Year Ended  
June 30, 2021

Prepared by  
Financial Services Department

Brooke Hunter  
Financial Services Director

# Village of Pinehurst, North Carolina

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## INTRODUCTORY SECTION

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HISTORY, CHARM, AND SOUTHERN HOSPITALITY\_\_\_\_\_

## **LETTER OF TRANSMITTAL**

October 29, 2021

Dear Mayor, Members of the Village Council, and Citizens:

The Annual Comprehensive Financial Report of the Village of Pinehurst, North Carolina (Village) is submitted for your review and use. This report was prepared by the Village's Financial Services Department, and it is the comprehensive publication of the Village's financial position and results of operations for the fiscal year ended June 30, 2021. The Village, like all other local governments in the State, is required by State law to publish a complete set of financial statements within four months of the close of each fiscal year. The financial statements must be presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. This report is published to fulfill that requirement for the fiscal year ended June 30, 2021, and to provide further accountability to citizens and other interested parties by providing a more comprehensive report in lieu of the minimum basic financial statement requirements.

As an annual comprehensive financial report, this document provides financial detail and historical trends beyond the basic financial statements in the Financial Section. The Supplementary Information provides details on the Village's pension plans. The Statistical Section provides trend information on financial performance, revenue capacity, debt capacity, demographic and economic indicators, and operating information. A Compliance Section includes documentation on federal and state grants and awards compliance.

Village management is responsible for both the accuracy of the data and the completeness and fairness of the report. To ensure reliability of the information, Village management has established a comprehensive framework of internal controls. Internal controls protect the Village's assets from loss, theft and misuse and provide reliable information for the preparation of this report. Because the cost of internal controls should not outweigh their benefits, the Village's controls have been designed to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. As management, to the best of our knowledge and belief, this financial report is complete, accurate and reliable in all material respects.

As noted earlier, the Village is required by state law to have an annual independent financial audit. Dixon Hughes Goodman, LLP, Certified Public Accountants, conducted the audit and concluded that there was a reasonable basis for rendering an unmodified ("clean") opinion that the Village's financial statements for the fiscal year ended June 30, 2021 are fairly presented in conformity with GAAP. The independent auditors' report on the basic financial statements is located at the beginning of the financial section of this report.

Management's discussion and analysis of the basic financial statements (MD&A) immediately follows the independent auditors' report and provides a prescribed narrative introduction, overview, and analysis of the basic financial statements. The MD&A is designed to complement this letter of transmittal and should be read in conjunction with it.

### **Profile of the Village**

"The Village of Pinehurst is a charming, vibrant community which reflects our rich history and traditions." This vision statement adopted by the Village Council is reflective of what we aspire to be as a community. Our mission is to "promote, enhance, and sustain the quality of life for residents, businesses, and visitors." The Village was

incorporated in 1980 and is located in the Sandhills Region of North Carolina. The Village has a land area of approximately 17 square miles, and an estimated population of 17,500. Pinehurst is the largest of eleven municipalities in Moore County. The Village is empowered to levy a property tax on both real estate and personal properties located within its boundaries. It also is empowered, by state statute, to extend its corporate limits by annexation on a limited basis.

The Village has operated under the Council-Manager form of government since its incorporation in 1980. Policy making and legislative authority are vested in the Village Council consisting of the mayor and four other members. The Village Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring both the Village's manager and attorney. The Village Manager is responsible for carrying out the policies and ordinances of the Village Council, for overseeing the day-to-day operations of the Village, and for appointing the heads of the various departments. Four members of the Village Council and the Mayor are elected to four-year staggered terms. The Council then selects the Mayor Pro-tem and Treasurer from within the Council membership.

The Village provides a full range of services, including police and fire protection; the maintenance of streets and other infrastructure; planning and building inspections; solid waste services; and recreational activities.

The Pinehurst Village Council is required to adopt a budget by July 1 of each year. The Village's budget ordinance creates a legal limit on spending authorizations and serves as the foundation for Pinehurst's financial planning and control. The budget is prepared by fund and department. The Village Manager is authorized by the budget ordinance to make all budget transfers within a department and transfers that do not exceed \$25,000 between departments in a single budget amendment within the same fund. This authority is granted to facilitate budget execution consistent with Council intent.

### **Local Economy**

The Village is primarily a residential community with a historically strong growth rate in residential development. Over the past year, the Village saw a steady local housing market. In fiscal year (FY) 2021, 136 new homes were constructed in the Village, which is a decrease from the 188 homes constructed in the previous year.

The tourism industry contributes significantly to the economic well-being of the Village. Moore County ranks eleventh out of one-hundred North Carolina counties in tourism, with an estimated \$563 million in annual tourism generated revenues. This is due primarily to the world-renowned reputation of Pinehurst Resort, which is owned by the privately held company Pinehurst, LLC. The resort's golf, hotel, and spa amenities draw tourists from all over the world as a result of its exceptional quality. Pinehurst Resort is the Village's largest taxpayer and employs approximately 1,000 people. Pinehurst Resort hosted the 1999, 2005, and 2014 U.S. Open Golf Championships. In 2014, the back-to-back U.S. Open and U.S. Women's Open Championships generated over \$169 million dollars in economic impact on the local and state economy. In September 2020, the United States Golf Association (USGA) announced that it will build a second headquarters in Pinehurst as part of a multi-million dollar incentive package. Pinehurst No. 2 was also announced as the first anchor site for future U.S. Open championships with five men's championship events scheduled over the next 25 years. The USGA's commitment to sponsoring the men's championship events at Pinehurst, in addition to various other championship events in Moore County and across the state, will bring significant economic benefits to North Carolina.

The Village also claims a top-notch regional health facility, FirstHealth of the Carolinas. FirstHealth is a private, not-for-profit health care system based in Pinehurst which serves 15 counties. FirstHealth is the County's largest private employer, employing approximately 3,600 health care professionals and staff. Their commitment to quality is evidenced by FirstHealth's flagship hospital, Moore Regional, being consistently named among the Top 100 Hospitals in the country.

### **Long-Term Financial Planning and Major Initiatives**

The Village is committed to maintaining a strong financial condition. The Village Council's adopted fund balance policy requires the Village to maintain a minimum unassigned General Fund balance of 15% of actual expenditures as reported in the Village's annual comprehensive financial report. In addition, when preparing the annual General Fund budget, the total appropriated fund balance should result in anticipated ending total fund balance of at least 30%. The policy also states that when total fund balance at June 30 is in excess of 40% of actual General Fund expenditures, Council may commit excess fund balance for future capital needs. At June 30, 2021, the General

Fund's unassigned fund balance of \$2,891,475 represented 15% of General Fund actual expenditures and total fund balance was 58% of budgeted expenditures. In fiscal year 2021, Council approved a resolution to commit excess funds for future capital needs totaling \$4,102,691. Council also approved a resolution to commit \$1,000,000 for improvements to the existing Given Memorial Library & Tufts Archives building and other operational improvements.

In FY 2022, the Village adopted its ninth Strategic Operating Plan (SOP). This strategic planning process was adopted as a part of implementing the Malcolm Baldrige Performance Excellence Framework and is designed to provide an integrated approach to organizational performance management. The SOP includes a one-year budget and a five-year financial forecast that incorporates a five-year capital improvement plan (CIP). The SOP is a strategic, results-driven approach to resource allocation that is closely aligned with the Village Council's strategy and achieving the results articulated in the Village's balanced scorecard.

The Village Council maintains nine organizational goals for the 2021 Strategic Operating Plan to achieve that mission. These overarching community goals are as follows: (1) safeguard the community, (2) promote high quality development and appearance, (3) promote a thriving business community, (4) promote transportation mobility and connectivity, (5) preserve the environment, (6) promote active living and cultural opportunities, (7) professionally manage a high performing organization, (8) attract and retain an engaged workforce, and (9) maintain a healthy financial condition.

Major initiatives of the FY 2022 Strategic Operating Plan to address these goals include:

- Update the Pinehurst Development Ordinance
- Small area plan for the Village Place/Rattlesnake Trail corridor and Pinehurst South/Highway 5 commercial area
- Expand downtown parking facilities

### **Awards and Acknowledgements**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Village for its annual comprehensive financial report for the fiscal year ended June 30, 2020. This was the 28th consecutive year the Village has received this prestigious award. In order to be awarded a Certificate of Achievement, the Village published an easily readable and efficiently organized annual comprehensive financial report. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the Village received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal years ended June 30, 2008 through 2021. We were awarded the Special Performance Measures Recognition in four of those years. In order to qualify for the Distinguished Budget Presentation Award, the Village's budget document was judged to be proficient as a policy document, a financial plan, an operations guide, and a communications device.

The preparation of this report would not have been possible without the dedicated efforts of the entire staff of the Financial Services Department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the mayor and the Village Council for their unfailing support for maintaining the highest standards of professionalism in the management of the Village's finances.

Respectfully submitted,



Jeffrey M. Sanborn  
Village Manager



Brooke Hunter  
Financial Services Director



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Village of Pinehurst  
North Carolina**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

June 30, 2020

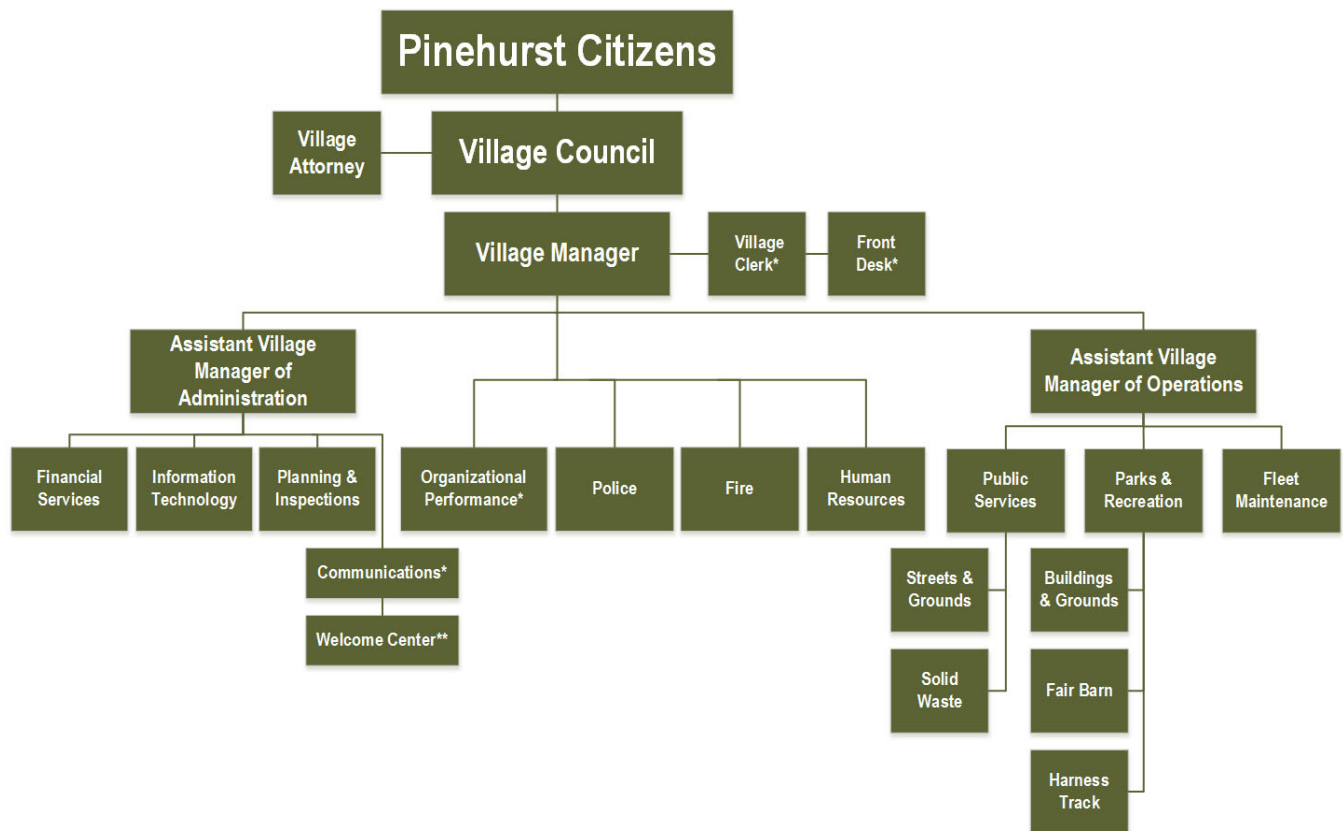
*Christopher P. Morill*

Executive Director/CEO



# Village of Pinehurst, North Carolina

## Organizational Chart June 30, 2021



\* This function is included in the Administration Department.

\*\* This function is included in the Community Development Department.

**Village of Pinehurst, North Carolina  
List of Principal Officials  
June 30, 2021**

**Elected Officials**

John C. Strickland	Mayor
Judy Davis	Mayor Pro-Tem
Lydia Boesch	Treasurer
Kevin Drum	Council Member
Jane Hogeman	Council Member

**Appointed Officials**

Jeffrey M. Sanborn	Village Manager
Jeff Batton	Assistant Village Manager
Doug Willardson	Assistant Village Manager
Michael J. Newman	Village Attorney
Kelly Chance	Village Clerk
Brooke Hunter	Financial Services Director
Matthew McKirahan	Organizational Performance Director
Angela Kantor	Human Resources Director
Jason Whitaker	Chief Information Officer
Glen Webb	Police Chief
Carlton Cole	Fire Chief
Darryn Burich	Planning & Inspections Director
Mike Apke	Public Services & Engineering Director
Randy Kuhn	Fleet Maintenance Director
Mark Wagner	Parks & Recreation Director



## Independent Auditors' Report

The Honorable Mayor and  
Members of the Village Council  
Village of Pinehurst  
Pinehurst, NC

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Pinehurst, North Carolina ("the Village") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise of the Village's basic financial statements listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Village as of June 30, 2021, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 16, Local Government Employees' Retirement System Schedule of the Proportionate Share of the Net Pension Liability (Asset) on page 45, Local Government Employees' Retirement System Schedule of Contributions on page 46, and the Law Enforcement Officers' Special Separation Allowance schedules of the Changes in Total Pension Liability and the Total Pension Liability as a Percentage of Covered Payroll on pages 47 and 48 be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### **Supplementary and Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Village. The combining and individual fund statements, budgetary schedules, other schedules, and schedule of expenditures of federal and state awards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements, budgetary schedules, other schedules, and the schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepared the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit, the procedures performed as described above, the combining and individual fund statements, budgetary schedules, other schedules, and schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



The introductory information and the statistical sections have not been subjected to the auditing procedures applied in the audit of basic financial statements, and accordingly, we do not express an opinion or provide assurance on them.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2021, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

*Dixon Hughes Goodman LLP*

High Point, NC  
October 29, 2021

## Management's Discussion and Analysis

As management of the Village of Pinehurst (the Village), we offer readers of the Village's financial statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended June 30, 2021. We encourage readers to read the information presented here in conjunction with additional information we have furnished in the Village's financial statements, which follow this narrative.

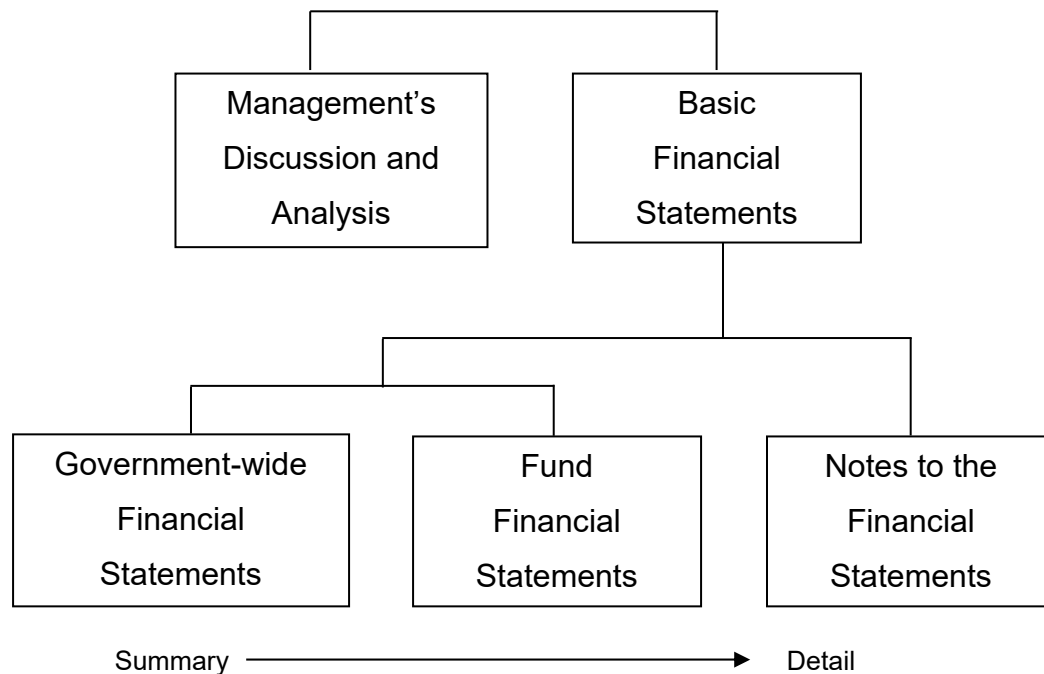
### ***Financial Highlights***

- The assets and deferred outflows of resources of the Village exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$37,199,445 (*net position*).
- The Village's total net position increased by \$1,527,004 primarily due to lower than expected expenditures, an increase in capital assets, and the reduction in long-term debt due to scheduled principal payments.
- At the end of the current fiscal year, the Village's only governmental fund with activity, the General Fund, reported ending fund balance of \$13,288,868, an increase of \$1,810,224 in comparison with the combined governmental fund balance the prior year.
- The American Rescue Plan Act Special Revenue Fund was established in fiscal year 2021 to account for the use of federal grant funds received as part of the American Rescue Plan Act. These COVID-19 relief and economic recovery grant funds are allowed to be expended over multiple years. The first tranche was not received by year end, thus there is no current year fund activity.
- At the close of the current fiscal year, unassigned fund balance for the General Fund was \$2,891,475, or 15% of total general fund expenditures for the fiscal year. This amount is available for spending at the Village's discretion. Committed fund balance totaled \$5,102,691, which includes \$1,000,000 for improvements to the existing Given Memorial Library & Tufts Archives building and other operational improvements and \$4,102,691 for future capital needs per the Village's fund balance policy.
- The Village's installment purchase debt decreased by \$141,600 (100%) during the current fiscal year. The decrease was due to scheduled principal payments on existing debt obligations and the acceleration of remaining debt payments scheduled for next fiscal year. The Village had no installment purchase debt outstanding at the 2021 fiscal year end.
- The Village had no general obligation bonded debt as of June 30, 2021.
- Throughout the year, the Village's deposits were insured or collateralized as required by State law. Total investment earnings were approximately \$2,879, which is equivalent to a return of approximately 0.02% on the average amount of cash and cash equivalents during the year due to historic low interest rates. At fiscal year's end, 98% of the Village's cash and investments were invested with the North Carolina Capital Management Trust (NCCMT) Government Portfolio.
- The Village has received the Certificate of Achievement for Excellence in Financial Reporting for 28 consecutive years. The Certificate of Achievement is the highest form of recognition awarded in the field of governmental financial reporting.
- For the 2021 fiscal year, the Village received the Distinguished Budget Presentation Award for the 14<sup>th</sup> consecutive year from the Government Finance Officers Association for its annual budget. We have also been awarded the Special Performance Measures Recognition in four of those years.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Village's basic financial statements. The Village's basic financial statements consist of three components; (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the Village through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the Village.

**Required Components of Annual Financial Report**  
**Figure 1**



### **Basic Financial Statements**

The first two statements (Exhibits 1 and 2) in the basic financial statements are the **Government-Wide Financial Statements**. They provide both short and long-term information about the Village's financial status.

The next statements (Exhibits 3 through 7) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Village's government. These statements provide more detail than the government-wide statements. There are two parts to the Fund Financial Statements: (1) the governmental funds statements; and (2) the budgetary comparison statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the Village's individual funds. Budgetary information required by the North Carolina General Statutes also can be found in this part of the statements.

### ***Government-Wide Financial Statements***

The government-wide financial statements are designed to provide the reader with a broad overview of the Village's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the Village's financial status as a whole.

The two government-wide statements report the Village's net position and how it has changed. Net position is the difference between the Village's total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the Village's financial condition.

The government-wide statements are divided into three categories: (1) governmental activities; (2) business-type activities; and (3) component units. The governmental activities include all of the Village's basic services such as public safety, parks and recreation, and general administration. Property taxes and State and Federal grant funds finance most of these activities. The business-type activities are those that the Village charges customers to provide. The Village does not engage in any business-type activities as of June 30, 2021. The final category is the component unit. The Village does not have any component units as of June 30, 2021.

The government-wide financial statements are on Exhibits 1 and 2 of the basic financial statements.

### ***Fund Financial Statements***

The fund financial statements provide a more detailed look at the Village's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the North Carolina General Statutes or the Village's budget ordinance. The Village currently has two funds, the General Fund and the American Rescue Plan Act Special Revenue Fund, which are governmental funds. The Community Center Capital Project Fund, also a governmental fund, closed in fiscal year 2021 upon completion of the new facility.

***Governmental Funds*** - Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. All of the Village's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what moneys are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Village's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The Village adopts an annual budget for its General Fund, as required by the North Carolina General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Village, the management of the Village, and the Village Council about which services to provide and how to pay for them. It also authorizes the Village to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Village complied with the budget ordinance and whether or not the Village succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: (1) the original budget as adopted by the Village Council; (2) the final budget as amended by the Council; (3) the actual resources, charges to appropriations, and ending balances in the General Fund; and (4) the difference or variance between the final budget and the actual resources and charges.



A multi-year project ordinance was adopted for the Community Center Capital Project Fund, as the facility took more than one fiscal year to design and build. This fund was closed in the current fiscal year upon completion of the project. A multi-year grant project ordinance was adopted for the American Rescue Plan Act Special Revenue Fund, as these COVID-19 relief and economic recovery grant funds are allowed to be expended over multiple years. Since the first tranche was not received by year end, there is no current year activity in this fund.

*Notes to the Financial Statements* - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 24 of this report.

*Other Information* - In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Village's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 45 of this report.

*Interdependence with Other Entities* - The Village depends on financial resources flowing from, or associated with, both the Federal Government and the state of North Carolina. Because of this dependency, the Village is subject to changes in specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State appropriations. It is also subject to changes in investment earnings and asset values associated with U.S. Treasury Securities because of actions by foreign government and other holders of publicly held U.S. Treasury Securities.

## Government-Wide Financial Analysis

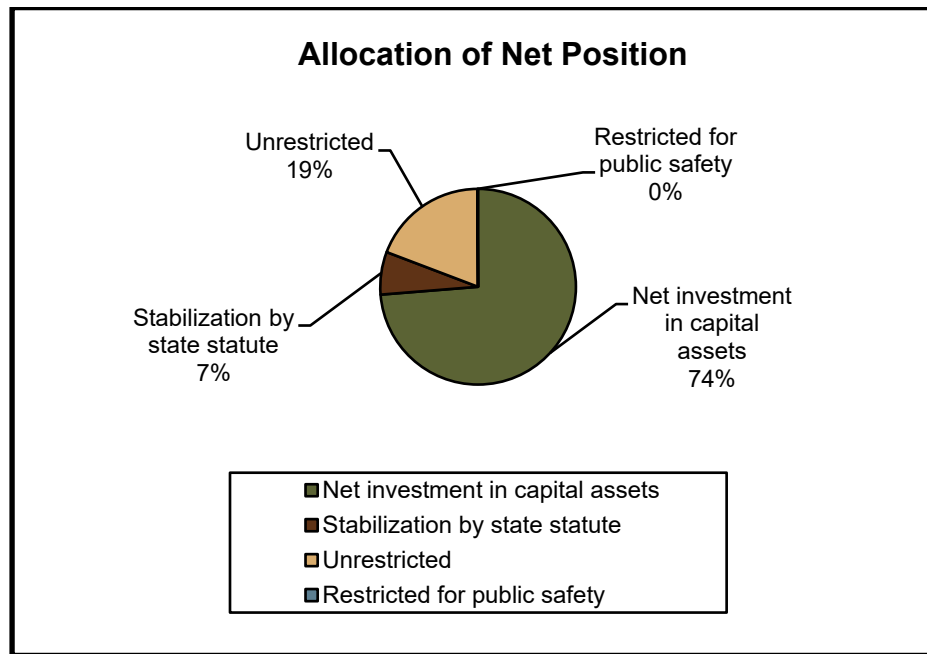
### Net Position

The following (Figure 2) reflects condensed information on the Village's net position:

Village of Pinehurst's Net Position  
Figure 2

	Governmental Activities 2021	Governmental Activities 2020
Current and other assets	\$ 14,631,698	\$ 12,797,809
Capital assets	27,420,053	27,154,218
Total assets	42,051,751	39,952,027
Deferred outflows of resources	2,747,028	1,941,830
Long-term liabilities outstanding	6,236,705	4,845,103
Other liabilities	1,314,991	1,301,187
Total liabilities	7,551,696	6,146,290
Deferred inflows of resources	47,638	75,126
Net position:		
Net investment in capital assets	27,420,053	27,012,618
Restricted for:		
Stabilization by state statute	2,624,890	2,233,881
Public safety	39,674	-
Unrestricted	7,114,828	6,425,942
Total net position, ending	\$ 37,199,445	\$ 35,672,441

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Village exceeded liabilities and deferred inflows by \$37,199,445 as of June 30, 2021. The Village's net position increased by \$1,527,004 for the fiscal year ended June 30, 2021. The largest portion of net position, \$27,420,053 or 74%, reflects the Village's net investment in capital assets (e.g., land, right of ways, buildings, machinery and equipment). The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Village's net position, \$2,664,564, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$7,114,828 is unrestricted.



### **Governmental Activities**

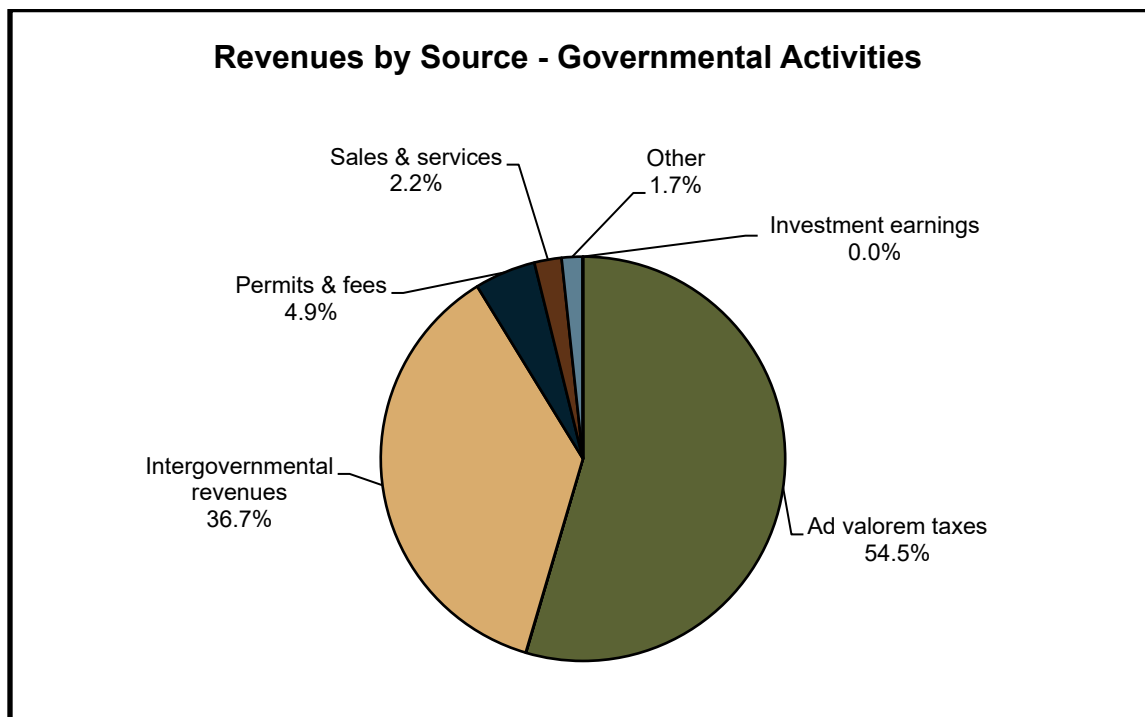
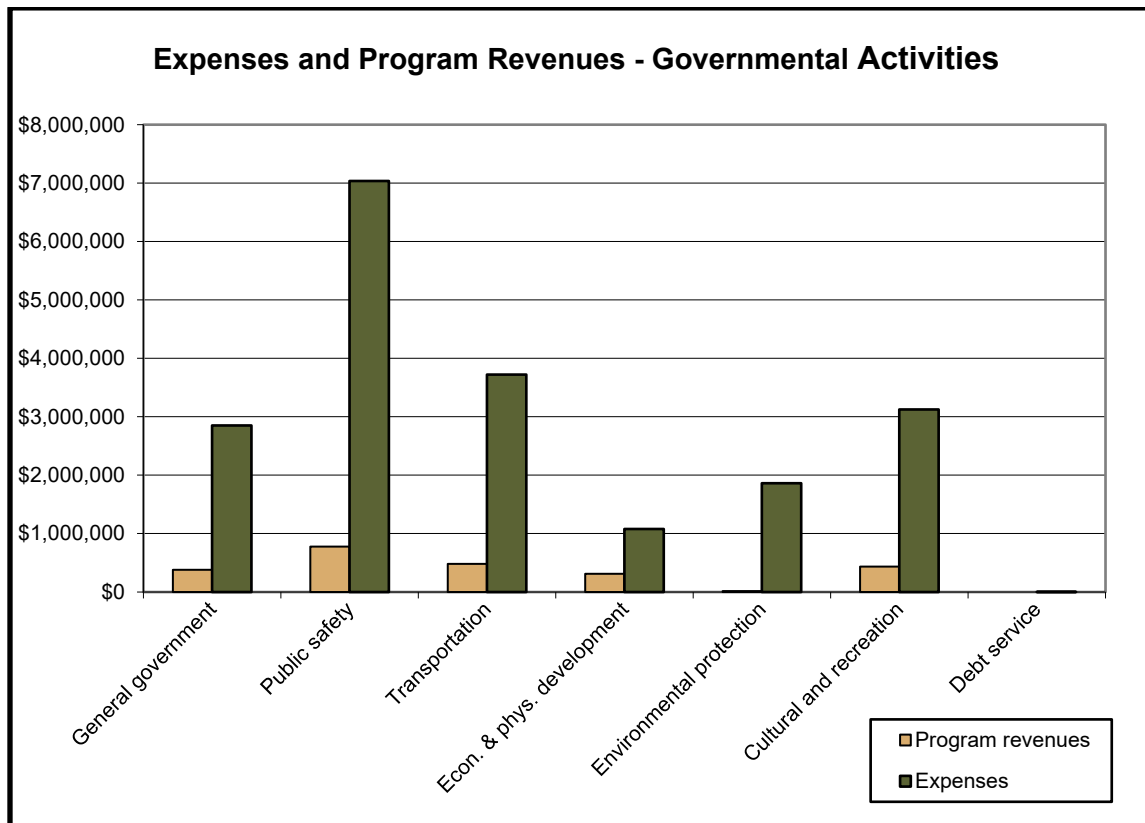
Governmental activities increased the Village's net position by \$1,527,004. Several aspects of the Village's financial operations influenced the positive change in total governmental net position:

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage in the General Fund of 99.93%, which is higher than the statewide average in the Village's population peer group of 98.97%.
- Unrestricted intergovernmental revenues increased by \$783,000, or 13%, due to increased collections of local option sales taxes.
- Miscellaneous revenues decreased by \$912,000, or 71%, due primarily to the return of \$1 million previously contributed by the Village to the Given Memorial Library capital expansion campaign in the previous year.

- Expenses net of program revenues increased by \$1,186,000, or 7%. This result was influenced by the following factors:
  - Program expenses were \$991,000, or 5%, higher than in the previous fiscal year. This was primarily due to operating expenses increasing by \$565,000, or 6%, compared to the previous fiscal year.
  - Charges for services remained stable and increased by only \$18,000, or 1%.
  - Operating grants and contributions increased \$209,000, or 36%, due to significant Coronavirus Relief Fund grant distributions for COVID-19 pandemic response efforts in the current year. Minimal operating grant funding was received in the previous year.
  - Capital grants and contributions decreased by \$422,000, or 82%, due to the receipt of donated streets, right-of-ways, sidewalks, and land in the prior fiscal year, while fewer donations were received in the current year.
  - The Village's net pension expense for the Local Government Employees Retirement System (LGERs) and Law Enforcement Officers Special Separation Allowance (LEOSSA) pension plans was \$1,507,000.

**Village of Pinehurst's Change in Net Position**  
**Figure 3**

	<b>Governmental Activities 2021</b>	<b>Governmental Activities 2020</b>
Revenues:		
Program revenues:		
Charges for services	\$ 1,505,250	\$ 1,487,262
Operating grants and contributions	790,509	581,759
Capital grants and contributions	95,100	516,976
General revenues:		
Property taxes	11,492,559	11,249,478
Grants and contributions not restricted to specific programs	6,933,901	6,151,373
Other	377,122	1,458,566
Total revenues	<u>21,194,441</u>	<u>21,445,414</u>
Expenses:		
General government	2,849,519	2,967,823
Public safety	7,035,668	6,832,478
Transportation	3,720,950	3,249,759
Economic and physical development	1,075,931	844,251
Environmental protection	1,860,471	1,808,078
Cultural and recreation	3,123,431	2,964,665
Interest on long-term debt	1,467	9,203
Total expenses	<u>19,667,437</u>	<u>18,676,257</u>
Increase in net position	1,527,004	2,769,157
Net position, July 1	35,672,441	32,903,284
Net position, June 30	<u>\$ 37,199,445</u>	<u>\$ 35,672,441</u>



### ***Business-Type Activities***

The Village does not currently engage in business-type activities.

### ***Financial Analysis of the Village's Funds***

As noted earlier, the Village uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

#### ***Governmental Funds***

The focus of the Village's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Village's financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

At June 30, 2021, the General Fund, the only active governmental fund of the Village reported a fund balance of \$13,288,868, an increase of \$1,810,224, or 16%, over combined fund balance last year. Unassigned fund balance in the General Fund was \$2,891,475. The Village Council has established by policy that the Village should maintain a minimum unassigned fund balance of 15% of actual general fund expenditures at year end and total fund balance of at least 30% of budgeted general fund expenditures when adopting the annual budget. Fund balance at these levels is maintained to meet the cash flow needs of the Village and to be prepared for unforeseen emergencies and opportunities.

The fund balance policy also states that when total fund balance at June 30 is in excess of 40% of actual General Fund expenditures, Council may commit excess fund balance for future capital needs. However, the amount of fund balance committed for future capital needs shall never cause unassigned General Fund fund balance to fall below the 15% unassigned fund balance minimum. In fiscal year 2021, Council approved a resolution to commit excess funds for future capital needs totaling \$4,102,691. Council also approved a resolution to commit \$1,000,000 for improvements to the existing Given Memorial Library & Tufts Archives building and other operational improvements. The Village currently has unassigned fund balance of 15% of actual general fund expenditures, while total fund balance represents 58% of budgeted expenditures. The statewide average for total fund balance in the Village's population peer group is 54%.

Fund balance in the Village's General Fund increased by \$2,059,598 during the 2021 fiscal year. Key components of this change are as follows:

- Property tax revenue increased approximately \$229,000 from the prior year due to normal additions to the tax base.
- Sales tax revenues increased \$718,000, or 19%, despite the COVID-19 pandemic. This year-over-year growth was due to overall economic activity and an increase in online sales tax collected statewide.
- Restricted revenues increased \$213,000, or 37%, due primarily to the receipt of a Coronavirus Relief Fund grant that was used to respond to the COVID-19 pandemic.
- Investment income was also impacted by the pandemic as interest rates remained near 0% for the entire year. This revenue source decreased by \$157,000 compared with the prior year.
- Miscellaneous revenue decreased by \$912,000 to normal operating levels. The previous year included the return of \$1 million previously contributed by the Village to the Given Memorial Library capital expansion campaign after required fundraising efforts were not met.

- Building permits and inspection fees and planning and zoning fees increased by \$102,000, or 17.8%, due to steady single-family home construction and large non-residential development projects this year.
- Actual operating and capital expenditures were lower than expected.

### ***Proprietary Funds***

The Village does not have any proprietary funds.

### ***General Fund Budgetary Highlights***

The Village employs conservative budgetary practices. Revenue estimates are based on conservative assumptions and projections. Village departments are encouraged to provide a high level of service to the citizens of the Village while working to conserve financial resources.

During the fiscal year, the Village revised the budget on several occasions. Generally, budget amendments fall into one of three categories: (1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; (2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and (3) increases in appropriations that become necessary to maintain services.

Comparing budget to actual amounts, the Village exceeded the originally budgeted operating revenue estimates by \$1,431,000, or 7.3%. When establishing the revenue budget for this year, the impacts of the COVID-19 pandemic were unknown. As such, the Village conservatively budgeted revenue sources that are more susceptible to economic downturns, most notably local option sales taxes. The primary revenues that came in above estimated budget amounts were unrestricted intergovernmental revenues, restricted intergovernmental revenues, and permits and fees. Unrestricted intergovernmental revenues were \$846,000 above original budget, due to higher local option sales taxes than anticipated, despite the COVID-19 pandemic. Restricted intergovernmental revenues were \$277,000 above budget, due to the significant Coronavirus Relief Fund grant received this year. Permits and fees were \$403,000 above budget, due to steady single-family home construction and significant non-residential development projects this year. However, sales and services revenues were \$266,000 below budget due to extensive state-mandated facility closures and restrictions resulting from the COVID-19 pandemic. For example, the Village's Fair Barn event facility was closed for most of the fiscal year due to gathering size restrictions. Fortunately, in May 2021, Governor Roy Cooper's executive order eliminated capacity limitations and allowed dancing at event venues, which had been a deterrent for many people interested in renting this venue for wedding receptions throughout the year.

Total expenditures were \$1,985,000, or 9.3%, less than originally budgeted amounts. Expenditures were less than budgeted amounts for the following significant items: (1) contracted and professional services of \$301,000 were lower than expected, (2) salaries and benefits were \$824,000 lower due to employee vacancies related to turnover, and (3) capital expenditures were \$1,436,000 below budget due primarily to a fire engine that was on order at year-end and sidewalk and parking lot projects that were being designed but not constructed by year-end. Other smaller projects and capital items were delayed for various reasons. Several of these items have been reappropriated in fiscal year 2022.

As a result of the variances in revenues and expenditures outlined above, fund balance in the General Fund increased by \$2,059,598 at June 30, 2021. This resulted in the General Fund reporting fund balance of \$13,288,868, an 18.3% increase from the previous year. The two primary reasons for the increase in fund balance were higher local option sales tax revenues and unfinished capital and operating items that were reappropriated in FY 2022. The amount reappropriated to complete these items was \$1,421,000, which included \$650,000 for a rescue truck that was on order at year end and three significant infrastructure projects totaling \$435,000 that were planned but not completed by year end.

## **Capital Asset and Debt Administration**

### **Capital Assets**

The Village's investment in capital assets for its governmental activities as of June 30, 2021, totals \$27,420,053 (net of accumulated depreciation). These assets include land, right of ways, buildings and improvements, furniture and equipment, vehicles, infrastructure such as streets and drainage systems, and construction in progress.

Major capital asset transactions during the year include the following additions. There were no significant demolitions or disposals:

- Cannon Park Community Center construction in progress from current and prior years totaling \$4,696,000 was reclassified to buildings and improvements upon completion of the new facility
- Rescue truck replacement costing \$405,000
- Two land purchases – one parcel for a potential future fire station for \$171,000 and another parcel adjacent to West Pinehurst Park for \$180,000
- Automated solid waste vehicle replacement costing \$198,000
- Routine replacement of three police vehicles costing \$124,000
- Pipeline inspection equipment costing \$95,000

**Village of Pinehurst's Capital Assets**  
**(net of depreciation)**  
**Figure 4**

	<b>Governmental Activities 2021</b>	<b>Governmental Activities 2020</b>
Land	\$ 6,710,966	\$ 6,264,298
Right of Ways	505,243	519,298
Buildings and Improvements	10,537,875	6,541,258
Furniture and Equipment	1,092,224	982,268
Vehicles	3,064,266	2,827,320
Infrastructure	5,313,774	5,294,416
Construction in Progress	195,705	4,725,360
Total	<u>\$ 27,420,053</u>	<u>\$ 27,154,218</u>

Additional information on the Village's capital assets can be found in Note 4 of the Basic Financial Statements.

### **Long-Term Debt**

As of June 30, 2021, the Village had no outstanding debt in direct borrowing installment purchase agreements. During fiscal year 2021, the Village's total debt decreased by \$141,600, or 100%, due to principal payments as detailed in Note 9. The Village accelerated remaining debt payments scheduled for a future fiscal year and paid off all outstanding installment purchase debt.

**Village of Pinehurst's Outstanding Debt  
Installment Purchases  
Figure 5**

	<u>Governmental Activities 2021</u>	<u>Governmental Activities 2020</u>
Direct Borrowing Installment Purchase Agreements		
Fair Barn	\$ -	\$ 100,000
Firetrucks	-	41,600
	<u>          </u>	<u>          </u>
Total	<u>\$ -</u>	<u>\$ 141,600</u>

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Village is \$306,309,986.

Additional information regarding the Village's long-term debt can be found in Note 9 of this report.

### **Economic Factors and Next Year's Budgets and Rates**

The following economic indicators and conditions reflect the current operating environment of the Village:

- *COVID-19 pandemic:* The COVID-19 coronavirus pandemic reached North Carolina in March 2020 and continues to affect our community. A few revenue sources have declined as a result of the pandemic, including facility rental revenues as reduced gathering sizes prevented large events for most of the year and investment income as the Federal Reserve kept interest rates near 0%. In the upcoming budget year, we anticipate revenues below normal for these particular sources.
- *American Rescue Plan Act funds:* As part of the American Rescue Plan Act, the Village will be receiving approximately \$5.3 million in grant funding over the next two years to address community recovery needs related to the COVID-19 pandemic. These funds are restricted by the U.S. Treasury for specific uses.
- *Sales tax revenues:* Despite the COVID-19 pandemic, sales tax distributions have increased over the past two years. Some factors that contributed to this growth include direct aid to most U.S. taxpayers during the pandemic, a shift from consumer spending on non-taxable services to spending on taxable goods, and collection of sales tax on most online purchases.
- *New home construction:* The Village added 136 new homes in FY 2021 compared to 188 and 122 in fiscal years 2020 and 2019, respectively. We project approximately 150 homes to be built in FY 2022 based on housing market activity over the last several years and anticipated low mortgage interest rates. The steady growth experienced over the past three years has added to our tax base



and resulted in additional revenue available to provide and expand high quality municipal services. The Village has also seen significant commercial development over the past three years.

- *Growth and development:* With population increasing and development continuing, the Village is focusing more resources to address the regulatory and infrastructure needs of the community, including investing in pedestrian facilities and stormwater maintenance projects. Also, the 2019 Comprehensive Plan recommended strategies to address current and projected growth in the Village. These strategies were integrated into the Village's strategic planning process. For example, in the FY 2022 Budget, funding was incorporated for a comprehensive update to the Pinehurst Development Ordinance to align development standards with the desired vision for the Village.

## ***Budget Highlights for the Fiscal Year Ending June 30, 2022***

### ***Governmental Activities***

Revenues of the Village are expected to increase by 7.8% overall for FY 2022. This is primarily due to increases in property taxes and sales taxes. Property tax revenues are expected to increase by 7.1% due to a one and one-half cent property tax rate increase and tax base growth. For FY 2022, the Village adopted an ad valorem tax rate of \$0.315 per \$100 valuation compared to \$0.30 the previous year.

Budgeted expenditures in the General Fund are estimated to be \$23,987,230, an increase of 5.6%, which includes a transfer of \$400,000 to the Library Expansion Capital Project Fund and \$150,000 to the Downtown Parking Facility Capital Project Fund for design of both structures. The increase also includes operating costs for the Given Memorial Library & Tufts Archives, as the Village found considerable support to assume responsibility for the library in FY 2022 after completing an extensive needs assessment. Debt service expenditures were eliminated for the upcoming year as the Village paid off all remaining debt obligations in FY 2021.

In fiscal year 2022, the Village adopted its ninth Strategic Operating Plan (SOP). This strategic planning process was adopted as a part of implementing the Malcolm Baldrige Performance Excellence Framework and is designed to provide an integrated approach to organizational performance management. The SOP includes a one-year budget and a five-year financial forecast that is inclusive of a five-year capital improvement plan (CIP). The SOP is a strategic, results-driven approach to resource allocation that is closely aligned with the Village Council's strategy and achieving the results articulated in the Village's balanced scorecard.

The Village's mission is "to promote, enhance, and sustain the quality of life for residents, businesses, and visitors." The Village Council maintains nine organizational goals for the 2022 Strategic Operating Plan to achieve that mission. The goals are as follows: (1) safeguard the community, (2) promote high quality development and appearance, (3) promote a thriving business community, (4) promote transportation mobility and connectivity, (5) preserve the environment, (6) promote active living and cultural opportunities, (7) professionally manage a high performing organization, (8) attract and retain an engaged workforce, and (9) maintain a healthy financial condition.

Major initiatives of the FY 2022 Strategic Operating Plan to address these goals include:

- Update the Pinehurst Development Ordinance
- Small area plan for Village Place/Rattlesnake Trail corridor and Pinehurst South/Highway 5 commercial area
- Expand downtown parking facilities

Total capital outlays of \$2,794,400 are up 26% compared to the previous fiscal year. The significant capital items included for FY 2022 are as follows:

- Construction of pedestrian facilities (\$400,000)
- Storage building behind Fire Station 91 (\$290,000)
- Stormwater drainage projects (\$277,000)
- Given Memorial Library accessibility renovations (\$275,000)
- Village Hall office expansion (\$250,000)
- Garbage truck replacement (\$220,000)
- Magnolia Road streetscape improvements (\$150,000)

### ***Business-Type Activities***

The Village does not engage in any business-type activities.

### ***Requests for Information***

This report is designed to provide an overview of the Village's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to Brooke Hunter, Financial Services Director at 910-295-8646, or Village of Pinehurst, 395 Magnolia Road, Pinehurst, North Carolina 28374.

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## **BASIC FINANCIAL STATEMENTS**

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Village of Pinehurst, North Carolina  
Statement of Net Position  
June 30, 2021

Exhibit 1

	<b>Governmental Activities</b>
<b>Assets</b>	
Current assets:	
Cash and cash equivalents	\$ 12,525,504
Taxes receivables (net)	14,960
Other receivables	20,654
Due from other governments	1,971,392
Inventories	60,814
Prepaid items	38,374
Total unrestricted current assets	<u>14,631,698</u>
Non-current assets:	
Capital assets (net of accumulated depreciation):	
Land and non-depreciable improvements	6,710,966
Construction in progress	195,705
Right of ways	505,243
Buildings and improvements	10,537,875
Furniture and equipment	1,092,224
Vehicles	3,064,266
Infrastructure	5,313,774
Total capital assets	<u>27,420,053</u>
Total assets	<u>42,051,751</u>
<b>Deferred Outflows of Resources</b>	
Pension deferrals	<u>2,747,028</u>
Total deferred outflows of resources	<u>2,747,028</u>
<b>Liabilities</b>	
Current liabilities:	
Accounts payable and accrued liabilities	1,314,991
Long-term liabilities due within one year	494,770
Total current liabilities	1,809,761
Long-term liabilities:	
Long-term liabilities due in more than one year	5,741,935
Total liabilities	<u>7,551,696</u>
<b>Deferred Inflows of Resources</b>	
Pension deferrals	<u>47,638</u>
Total deferred inflows of resources	<u>47,638</u>
<b>Net Position</b>	
Net investment in capital assets	27,420,053
Restricted for:	
Stabilization by state statute	2,624,890
Public safety	39,674
Unrestricted	7,114,828
Total net position	<u><u>\$ 37,199,445</u></u>

Village of Pinehurst, North Carolina  
Statement of Activities  
Fiscal Year Ended June 30, 2021

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
General government	\$ 2,849,519	\$ 32,579	\$ 252,033	\$ 95,100	\$ (2,469,807)
Public safety	7,035,668	730,483	44,821	-	(6,260,364)
Transportation	3,720,950	-	480,569	-	(3,240,381)
Economic and physical development	1,075,931	308,891	-	-	(767,040)
Environmental protection	1,860,471	-	13,086	-	(1,847,385)
Cultural and recreation	3,123,431	433,297	-	-	(2,690,134)
Interest on long-term debt	1,467	-	-	-	(1,467)
Total governmental activities	<u>\$ 19,667,437</u>	<u>\$ 1,505,250</u>	<u>\$ 790,509</u>	<u>\$ 95,100</u>	<u>(17,276,578)</u>
General revenues:					
Ad valorem taxes					11,492,559
Unrestricted intergovernmental					6,933,901
Investment earnings					2,879
Miscellaneous					<u>374,243</u>
Total general revenues					<u>18,803,582</u>
Change in net position					<u>1,527,004</u>
Net position, beginning					35,672,441
Net position, ending					<u>\$ 37,199,445</u>

Village of Pinehurst, North Carolina  
Balance Sheet  
Governmental Funds  
June 30, 2021

Exhibit 3

	<b>Major Funds</b>
	<b>General Fund</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 12,525,504
Receivables, net:	
Taxes	14,960
Other	20,654
Due from other governments	1,971,392
Inventories	60,814
Prepaid items	38,374
	<u>                    </u>
Total assets	<u><u>\$ 14,631,698</u></u>
<b>Liabilities and Fund Balances</b>	
Liabilities:	
Accounts payable	\$ 487,584
Withholdings and accrued expenditures	533,650
Deposits	293,757
	<u>                    </u>
Total liabilities	<u>1,314,991</u>
Deferred inflows of resources:	
Unavailable revenues	27,839
	<u>                    </u>
Total deferred inflows of resources	<u>27,839</u>
Fund balances:	
Nonspendable:	
Inventory	60,814
Prepaid items	38,374
Restricted:	
Stabilization by state statute	2,624,890
Public safety	39,674
Committed:	
Library and archives	1,000,000
Future capital	4,102,691
Assigned:	
Subsequent year's expenditures	2,530,950
Unassigned	2,891,475
	<u>                    </u>
Total fund balances	<u>13,288,868</u>
Total liabilities, deferred inflows of resources, and fund balances	<u><u>\$ 14,631,698</u></u>

Village of Pinehurst, North Carolina  
Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Position  
June 30, 2021

Exhibit 4

Amounts reported for governmental activities in the statement of net position  
(Exhibit 1) are different because:

Total fund balance, governmental funds		\$ 13,288,868
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:		
Gross capital assets at historical cost	\$ 53,001,188	
Accumulated depreciation	<u>(25,581,135)</u>	27,420,053

Deferred outflows of resources related to pensions are not reported in the funds		2,747,028
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Liabilities for earned revenues considered deferred inflows of resources in  
the fund statements:

Taxes receivable	14,960	
Other receivables	<u>12,879</u>	27,839

Some liabilities, including notes payable and accrued interest are not due  
and payable in the current period and therefore are not reported in the funds:

Compensated absences payable	(812,609)	
Net pension liability	(3,736,374)	
Total pension liability	<u>(1,687,722)</u>	(6,236,705)

Deferred inflows of resources related to pensions are not reported in the funds		<u>(47,638)</u>
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Net position of governmental activities		<u><u>\$ 37,199,445</u></u>
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Village of Pinehurst, North Carolina  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
Fiscal Year Ended June 30, 2021

Exhibit 5

	Major Funds		Total Governmental Funds
	General Fund	Community Center Capital Project Fund	
<b>Revenues</b>			
Ad valorem taxes	\$ 11,490,262	\$ -	\$ 11,490,262
Golf cart licenses	4,455	-	4,455
Unrestricted intergovernmental	6,933,901	-	6,933,901
Restricted intergovernmental	790,495	-	790,495
Permits and fees	1,029,833	-	1,029,833
Sales and services	459,900	-	459,900
Investment earnings	2,827	66	2,893
Assessment income	5,179	-	5,179
Miscellaneous	347,109	-	347,109
Total revenues	21,063,961	66	21,064,027
<b>Expenditures</b>			
Current:			
General government	2,652,064	-	2,652,064
Public safety	7,076,720	-	7,076,720
Transportation	3,724,913	-	3,724,913
Economic and physical development	1,040,019	-	1,040,019
Environmental protection	1,860,146	-	1,860,146
Cultural and recreation	2,777,886	4,441	2,782,327
Debt service:			
Principal	141,600	-	141,600
Interest and other charges	3,148	-	3,148
Total expenditures	19,276,496	4,441	19,280,937
Excess (deficiency) of revenues over (under) expenditures	1,787,465	(4,375)	1,783,090
<b>Other Financing Sources</b>			
Transfers to other funds	-	(244,999)	(244,999)
Transfers from other funds	244,999	-	244,999
Sales of capital assets	27,134	-	27,134
Total other financing sources	272,133	(244,999)	27,134
Net change in fund balance	2,059,598	(249,374)	1,810,224
Fund balances, beginning	11,229,270	249,374	11,478,644
Fund balances, ending	\$ 13,288,868	\$ -	\$ 13,288,868

The notes to the financial statements are an integral part of this statement.



Village of Pinehurst, North Carolina  
Reconciliation of the Governmental Funds Statement of Revenues,  
Expenditures, and Changes in Fund Balances to the Statement of Activities  
For the Fiscal Year Ended June 30, 2021

Exhibit 6

Amounts reported for governmental activities in the Statement of Activities are different because:

Net changes in fund balances - total governmental funds	\$	1,810,224
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

Capital outlay expenditures which were capitalized	\$	1,917,215	
Depreciation expense		<u>(1,746,480)</u>	170,735

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	777,919
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Benefit payments paid and administrative expenses for the LEOSSA are not included on the Statement of Activities	137,600
--	---------

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) in the current period:

Donated assets received	95,100	
Gain on disposal of assets	27,134	
Proceeds from disposal of assets	<u>(27,134)</u>	95,100

Revenues in the Statement of Activities that are not reported as revenues in the fund statements:

Special assessment payments	(5,179)	
Change in other deferred inflows	11,062	
Change in deferred tax inflows	<u>2,297</u>	8,180

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt:

Principal payments	141,600
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Accrued interest payable	1,681	
Compensated absences	(109,324)	
Pension expense	<u>(1,506,711)</u>	<u>(1,614,354)</u>

Total changes in net position of governmental activities	<u>\$</u>	<u>1,527,004</u>
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## General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balances -  
Annual Budget and Actual  
Year Ended June 30, 2021

	General Fund			Variance with Final Budget- Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
<b>Revenues</b>				
Ad valorem taxes	\$ 11,403,000	\$ 11,457,000	\$ 11,490,262	\$ 33,262
Golf cart licenses	2,000	2,000	4,455	2,455
Unrestricted intergovernmental	6,087,500	6,439,500	6,933,901	494,401
Restricted intergovernmental	513,600	745,600	790,495	44,895
Permits and fees	626,600	853,600	1,029,833	176,233
Sales and services	725,400	399,400	459,900	60,500
Investment earnings	25,400	2,800	2,827	27
Assessments	5,170	5,170	5,179	9
Miscellaneous	244,780	234,680	347,109	112,429
Total revenues	19,633,450	20,139,750	21,063,961	924,211
<b>Expenditures</b>				
Current:				
General government	2,928,351	2,953,796	2,652,064	301,732
Public safety	7,600,346	8,384,455	7,076,720	1,307,735
Transportation	4,089,093	4,414,937	3,724,913	690,024
Economic and physical development	1,160,670	1,267,670	1,040,019	227,651
Enviromental protection	1,991,770	1,994,070	1,860,146	133,924
Cultural and recreation	3,343,520	3,678,945	2,777,886	901,059
Debt service:				
Principal retirement	141,589	141,604	141,600	4
Interest and fees	6,578	6,563	3,148	3,415
Total expenditures	21,261,917	22,842,040	19,276,496	3,565,544
Excess (deficiency) of revenues over (under) expenditures	(1,628,467)	(2,702,290)	1,787,465	4,489,755
<b>Other Financing Sources :</b>				
Transfers from other funds	-	244,999	244,999	-
Sale of capital assets	25,000	15,000	27,134	12,134
Total other financing sources	25,000	259,999	272,133	12,134
Fund balance appropriated	1,603,467	2,442,291	-	(2,442,291)
Net change in fund balances	\$ -	\$ -	2,059,598	\$ 2,059,598
Fund balances, beginning			11,229,270	
Fund balances, ending			\$ 13,288,868	

## Notes to Financial Statements

### 1. Summary of Significant Accounting Policies

The accounting policies of the Village conform to generally accepted accounting principles (GAAP) as applicable to governments. The following is a summary of the more significant accounting policies:

#### A. Reporting Entity

The Village of Pinehurst is a municipal corporation that is governed by a five-member council. The mayor is directly elected along with the other four council members. For financial reporting purposes, in accordance with generally accepted accounting principles, the Village includes any separate entity for which the Village is financially accountable. For the year ended June 30, 2021, no other entity is included in the Village financial statements.

#### B. Basis of Presentation

**Government-Wide Statements.** The statement of net position and the statement of activities display information about the primary government. These statements include the financial activities of the overall government. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Eliminations of these charges are performed to avoid distortion of the direct costs and program revenues reported for the various functions concerned. These statements report the *governmental activities* of the Village. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Village's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

**Fund Financial Statements.** The fund financial statements provide information about the Village's funds. Separate statements for each fund category are presented. The Village has no fiduciary funds to report. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

The Village reports the following major governmental funds:

The **General Fund** is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund. The primary sources of revenue are ad valorem taxes and intergovernmental revenues. The primary expenditures are for public safety, transportation, cultural and recreation, and general government services.

The **Community Center Capital Project Fund** is used to account for the design and construction of a new community center at Cannon Park. This fund closed in fiscal year 2021 upon completion of the facility.

The **American Rescue Plan Act Special Revenue Fund** is used to account for federal grant funds received as part of the American Rescue Plan Act for COVID-19 relief and economic recovery. Since the first tranche of grant funding was not received by year end, there is no current year activity in the fund.

### **C. Measurement Focus and Basis of Accounting**

In accordance with North Carolina General Statutes, all governmental funds of the Village are accounted for during the year on the modified accrual basis of accounting.

**Government-Wide Financial Statements.** The government-wide financial statements are reported using the economic resources measurement focus. The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Village gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

**Governmental Fund Financial Statements.** Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The Village considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the state of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as utilities sales tax, collected and held by the State at year-end on behalf of the Village are recognized as revenue. Sales taxes are considered a shared revenue for the Village because the tax is levied by Moore County and then remitted to and distributed by the State. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Grant revenues which are unearned at year-end are recorded as unearned revenues. Under the terms of grant agreements, the Village funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. As it is the Village's policy to use restricted revenue sources before unrestricted, we first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

#### ***D. Budgetary Data***

The Village's budgets are adopted as required by North Carolina General Statutes. An annual budget ordinance is adopted for the General Fund. All annual appropriations lapse at fiscal year-end. A project ordinance is adopted for the Community Center Capital Project Fund, and a grant project ordinance is adopted for the American Rescue Plan Act Special Revenue Fund. All budgets are prepared using the modified accrual basis of accounting.

Expenditures may not legally exceed appropriations at the department level for the General Fund, the department level for the special revenue fund, and the object level for the capital project fund. A function is a group of related activities aimed at accomplishing a major service, such as public safety; a department is a component of a function, such as police. The Village manager may authorize all budget transfers within a department and transfers that do not exceed \$25,000 between departments in a single budget amendment. In the event a State of Emergency is declared by the Mayor or designee, unlimited budget amendment authority within the same fund is granted to the Village manager for expenditures directly related to the emergency. Transfers between funds require council approval. During the year, several amendments to the original budget became necessary, the effects of which were not material. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

As required by North Carolina General Statutes, Chapter 159, Section 26(d) [hereinafter references to the North Carolina General Statutes will be cited as G.S.], the Village maintains encumbrance accounts, which are considered to be "budgetary accounts." Encumbrances outstanding at year end represent the estimated amounts of the expenditures ultimately to result if unperformed contracts in process at year end are completed.

#### ***E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity***

##### ***1. Deposits and Investments***

All deposits of the Village are made in board-designated official depositories and are secured as required by State law [G.S. 159-31]. The Village may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the Village may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts and certificates of deposit.

State law [G.S. 159-30(c)] authorizes the Village to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States, obligations of the state of North Carolina, bonds and notes of any North Carolina local government or public authority, obligations of certain non-guaranteed federal agencies, certain high quality issues of commercial paper and bankers' acceptances, and the North Carolina Capital Management Trust (NCCMT).

The Village's investments are reported at fair value. The NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value. Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, it is presented as an investment with a maturity of less than 6 months.

##### ***2. Cash and Cash Equivalents***

The Village pools money from several funds to facilitate disbursement and investment and maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

3. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Village levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2020.

4. Allowances for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years.

5. Inventory and Prepaid Items

Inventory is valued at cost, which approximates market, using the first-in, first-out method. The inventory of the General Fund consists of expendable supplies and is recorded as an expenditure when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements and expensed as the items are used.

6. Capital Assets

Capital assets are defined by the government as tangible or intangible assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Donated capital assets received prior to July 1, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after July 1, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Right of ways	40 years
Infrastructure	20 to 40 years
Buildings and improvements	20 years
Furniture and equipment	3 to 10 years
Vehicles	4 to 20 years

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Village has one item that meets this criterion: pension deferrals for the 2021 fiscal year.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Village has several items that meet the criterion for this category - taxes receivable, other receivables, and pension deferrals.

#### 8. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt.

In fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### 9. Compensated Absences

The vacation policy of the Village provides for the accumulation without any applicable maximum until December 31 of each year. At December 31, employees may carryover two times the employee's annual accrual rate for the current year. This rate varies according to years of employment and position. Any excess hours removed from vacation shall be added to the employee's sick leave balance. The Village has assumed a first-in, first-out method of using accumulated compensated time. Compensated vacation absences are reported in the government-wide financial statements as an expense and a liability as the leave is earned. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

The Village's sick leave policy provides for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the Village has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

#### 10. Net Position/Fund Balances

##### Net Position

Net position in government-wide financial statements is classified net investment in capital assets, restricted, and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through State statute.

##### Fund Balances

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance may be spent.

The governmental fund types classify fund balances as follows:

*Nonspendable Fund Balance.* This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

*Inventories* - The portion of fund balance that is not an available resource because it represents the year-end balance of ending inventories, which are not spendable resources.

*Prepaid items* - The portion of fund balance that is not an available resource because it represents expenditures that were paid in the current fiscal year, but are attributed to the next fiscal year.

*Restricted Fund Balance.* This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

*Restricted for Stabilization by State Statute* - North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State Statute (RSS) is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State statute." Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget. Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding encumbrances are included within RSS. RSS is included as a component of restricted net position and restricted fund balance on the face of the balance sheet.

*Restricted for Public Safety* - The portion of fund balance that is restricted through an equitable sharing agreement entered into between the Federal government, the Village's police department, and the governing body.

*Committed Fund Balance.* The portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of the Village's governing body (highest level of decision-making authority). The governing body can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

*Committed for library and archives* - The portion of fund balance that can only be used for improvements to the existing Given Memorial Library & Tufts Archives building and other operational improvements.

*Committed for future capital* - The portion of fund balance that can only be used for future capital needs.

*Assigned Fund Balance.* The portion of fund balance that the Village's governing body has budgeted and intends to use for specific purposes. Any changes or removal of specific purpose requires majority action by the Village Council.

*Subsequent year's expenditures* - The portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The Village Council approves the appropriation; however, the budget ordinance authorizes the manager to modify the appropriations by resource or appropriation within funds up to \$25,000.



*Unassigned Fund Balance.* The portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds. In the general fund, this amount may be negative or positive. However, the general fund is the only governmental fund that reports a positive unassigned fund balance amount.

For the purpose of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance, and lastly unassigned fund balance. The Village has also adopted a minimum fund balance policy for the general fund which instructs management to conduct the business of the Village in such a manner that available fund balance is at least 15% of actual expenditures and total fund balance is at least 30% of budgeted expenditures. Any portion of the general fund balance in excess of 30% of budgeted expenditures may be appropriated for expenditure by the Village Council. The policy also states that when total fund balance at June 30 is in excess of 40% of actual General Fund expenditures, Council may commit excess fund balance for future capital needs.

#### 11. Defined Benefit Cost-Sharing Plans

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System (LGERS) and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Village's employer contributions are recognized when due and the Village has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

## 2. **Deposits and Investments**

### A. **Deposits**

All of the Village's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the Village's agents in the unit's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer.

Since the State Treasurer is acting in a fiduciary capacity for the Village, these deposits are considered to be held by the Village's agent in the Village's name. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Village or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the Village under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Village has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Village complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2021, the Village's deposits had a carrying amount of \$221,073. The cash balance in the bank at June 30, 2021 totaled \$229,205. All of the bank balance was covered by federal depository insurance, thus none was covered by collateral held under the Pooling Method. At June 30, 2021, the Village's petty cash fund totaled \$850.

Village of Pinehurst, North Carolina  
Notes to Financial Statements  
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**B. Investments**

At June 30, 2021, the Village's investment balances were as follows:

	<u>Investment Type</u>	<u>Valuation Measurement Method</u>	<u>Book Value at June 30, 2021</u>	<u>Maturity</u>	<u>Rating</u>
NC Capital Management Trust	Government Portfolio	Fair Value Level 1	\$ 12,303,581	N/A	AAAm
Total			<u>\$ 12,303,581</u>		

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

*Level of Fair Value Hierarchy.* Level 1 debt securities are valued using directly observable, quoted prices (unadjusted) in active markets for identical assets.

*Interest Rate Risk.* As a means of limiting its exposure to fair value losses arising from rising interest rates, the Village's investment policy will structure the investment portfolio so that securities mature to meet cash requirements for ongoing operations. Also, the Village's investment policy requires the investment of operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools.

*Credit Risk.* Credit risk is the risk of loss due to the failure of the security issuer or backer. The Village will minimize this risk by limiting investments to the safest types of securities, pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which the Village will do business, and diversifying the investment portfolio so that potential losses on individual securities will be minimized. The Village's investment in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAm by Standard & Poor's and AAA-mf by Moody's Investors Service as of June 30, 2021.

**3. Receivables**

The amounts presented in the Balance Sheet and the Statement of Net Position for the year ended June 30, 2021 are net of the following allowances for doubtful accounts:

	<u>General</u>
Other receivables:	
Planning and Inspections fines	\$ 1,005
Harness Track events	465
Harness Track stall rent	<u>30</u>
Total	<u>\$ 1,500</u>

#### 4. Capital Assets

Capital asset activity for the Primary Government for the year ended June 30, 2021, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 6,264,298	\$ 446,668	\$ -	\$ 6,710,966
Construction in progress	<u>4,725,360</u>	<u>161,798</u>	<u>(4,691,453)</u>	<u>195,705</u>
Total capital assets not being depreciated	<u>10,989,658</u>	<u>608,466</u>	<u>(4,691,453)</u>	<u>6,906,671</u>
Capital assets being depreciated:				
Right of ways	562,255	-	-	562,255
Buildings and improvements	22,358,833	4,789,471	-	27,148,304
Furniture and equipment	3,821,233	389,088	(8,748)	4,201,573
Vehicles	6,712,382	726,450	(205,008)	7,233,824
Infrastructure	<u>6,758,268</u>	<u>190,293</u>	<u>-</u>	<u>6,948,561</u>
Total capital assets being depreciated	<u>40,212,971</u>	<u>6,095,302</u>	<u>(213,756)</u>	<u>46,094,517</u>
Less accumulated depreciation for:				
Right of ways	\$ 42,957	\$ 14,055	\$ -	\$ 57,012
Buildings and improvements	15,817,575	792,854	-	16,610,429
Furniture and equipment	2,838,965	279,132	(8,748)	3,109,349
Vehicles	3,885,062	489,504	(205,008)	4,169,558
Infrastructure	<u>1,463,852</u>	<u>170,935</u>	<u>-</u>	<u>1,634,787</u>
Total accumulated depreciation	<u>24,048,411</u>	<u>1,746,480</u>	<u>(213,756)</u>	<u>25,581,135</u>
Total capital assets being depreciated, net	<u>16,164,560</u>	<u>4,348,822</u>	<u>-</u>	<u>20,513,382</u>
Governmental activity capital assets, net	<u>\$ 27,154,218</u>	<u>\$ 4,957,288</u>	<u>\$ (4,691,453)</u>	<u>\$ 27,420,053</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

General government	\$ 160,474
Public safety	423,793
Transportation	431,126
Environmental protection	168,451
Cultural and recreation	<u>562,636</u>
Total depreciation expense	<u>\$ 1,746,480</u>

*Construction and Other Capital-Related Commitments.* The Village has active construction projects and other capital related commitments as of June 30, 2021. The projects include the purchase of a replacement fire engine and the installation of sidewalks as part of the Magnolia Road streetscape improvement. At June 30, 2021, the Village's commitments with contractors and vendors are as follows:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Fire engine	\$ -	\$ 598,931
Magnolia Road streetscape improvement sidewalks	99,887	24,972
Total	<u>\$ 99,887</u>	<u>\$ 623,903</u>

## 5. Pension Plan and Postemployment Obligations

### A. Local Governmental Employees' Retirement System

*Plan Description.* The Village is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the state of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members - nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Annual Comprehensive Financial Report for the state of North Carolina. The State's Annual Comprehensive Financial Report includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at [www.osc.nc.gov](http://www.osc.nc.gov).

*Benefits Provided.* LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Village of Pinehurst, North Carolina  
Notes to Financial Statements  
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**Contributions.** Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Village employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Village's contractually required contribution rate for the year ended June 30, 2021, was 10.84% of compensation for law enforcement officers and 10.21% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Village were \$777,919 for the year ended June 30, 2021.

**Refunds of Contributions.** Village employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By State law, refunds to members with at least five years of service include 4% interest. State law requires a 60-day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.** At June 30, 2021, the Village reported a liability of \$3,736,374 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 utilizing update procedures incorporating the actuarial assumptions. The Village's proportion of the net pension liability was based on a projection of the Village's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2020, the Village's proportion was 0.105%, which was an increase of 0.004% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Village recognized pension expense of \$1,297,596. At June 30, 2021, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 471,839	\$ -
Changes in assumptions	278,060	-
Net difference between projected and actual earnings on pension plan investments	525,794	-
Changes in proportion and differences between Village contributions and proportionate share of contributions	48,896	27,389
Village contributions subsequent to the measurement date	<u>777,919</u>	<u>-</u>
Total	<u>\$ 2,102,508</u>	<u>\$ 27,389</u>

The \$777,919 reported as deferred outflows of resources related to pensions resulting from Village contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Village of Pinehurst, North Carolina  
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**Year Ended June 30:**

2022	\$	364,557
2023		485,394
2024		291,642
2025		155,607
2026		-
Thereafter		-
Total	\$	<u>1,297,200</u>

*Actuarial Assumptions.* The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00 percent
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e., general, law enforcement officer) and health status (i.e., disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014. Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2020 are summarized in the following table:

<b><u>Asset Class</u></b>	<b><u>Target Allocation</u></b>	<b><u>Long-Term Expected Real Rate of Return</u></b>
Fixed income	29.0%	1.4%
Global equity	42.0%	5.3%
Real estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation protection	6.0%	4.0%
Total	<u>100.0%</u>	

The information above is based on 30-year expectations developed with the consulting actuary for the 2019 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

**Discount Rate.** The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Village's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.** The following presents the Village's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the Village's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate:

	<b>1% Decrease (6.00%)</b>	<b>Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
Village's proportionate share of the net pension liability (asset)	\$ 7,580,696	\$ 3,736,374	\$ 541,472

**Pension Plan Fiduciary Net Position.** Detailed information about the pension plan's fiduciary net position is available in the separately issued Annual Comprehensive Financial Report for the state of North Carolina.

## **B. Law Enforcement Officers Special Separation Allowance**

**Plan Description.** The Village of Pinehurst administers a public employee retirement system (the *Separation Allowance*), a single-employer defined benefit pension plan that provides retirement benefits to the Village's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to 0.85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time Village law enforcement officers are covered by the Separation Allowance.

At the December 31, 2019 Valuation Date, the Separation Allowance's membership consisted of:

Retirees receiving benefits	7
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>23</u>
Total	<u><u>30</u></u>

Village of Pinehurst, North Carolina  
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**Summary of Significant Accounting Policies - Basis of Accounting.** The Village has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits are recognized when due and payable in accordance with the terms of the plan.

The Separation Allowance has no assets accumulated in a trust that meets the criteria which are outlined in GASB Statement 73.

**Actuarial Assumptions.** The entry age actuarial cost method was used in the December 31, 2019 valuation. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.25 to 7.75 percent, including inflation
Discount rate	1.93 percent

The discount rate is based on the yield of the S&P Municipal Bond 20-Year High Grade Rate Index as of December 31, 2019.

Mortality rates are based on the Pub-2010 amount-weighted mortality tables with adjustments for generational improvement based on Scale MP-2019.

**Change in Actuarial Assumptions.** On the Prior Measurement Date (December 31, 2019), the Municipal Bond Index Rate, on which the discount rate is based, was 3.26%. Since the Prior Measurement Date, the Municipal Bond Index Rate has decreased to 1.93% as of the Measurement Date (December 31, 2020). Also, the projected salary increases range changed from 3.50-7.35% on the Prior Measurement Date to 3.25-7.75% as of the Measurement Date. These changes resulted in a \$347,111 increase in the Total Pension Liability.

**Contributions.** The Village is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay-as-you-go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The Village's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The Village paid \$123,021 as benefits came due for the reporting period.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.** At June 30, 2021, the Village reported a total pension liability of \$1,687,722. The total pension liability was measured as of December 31, 2020 based on a December 31, 2019 actuarial valuation. The total pension liability was rolled forward to December 31, 2020 utilizing updated procedures incorporating the actuarial assumptions. For the year ended June 30, 2021, the Village recognized pension expense of \$209,115.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 250,864	\$ 787
Changes in assumptions	322,227	19,462
Benefit payments and plan administrative expense made subsequent to the measurement date	<u>71,429</u>	<u>-</u>
Total	<u>\$ 644,520</u>	<u>\$ 20,249</u>



Village of Pinehurst, North Carolina  
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The \$71,429 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

**Year Ended June 30:**

2022	\$	132,065
2023		133,086
2024		123,617
2025		117,135
2026		46,939
Thereafter		<u>-</u>
Total	\$	<u>552,842</u>

*Sensitivity of the Village's Total Pension Liability to Changes in the Discount Rate.* The following presents the Village's total pension liability calculated using the discount rate of 1.93 percent, as well as what the Village's total pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (0.93 percent) or 1 percentage point higher (2.93 percent) than the current rate:

	<b><u>1% Decrease (0.93%)</u></b>	<b><u>Decrease Rate (1.93%)</u></b>	<b><u>1% Increase (2.93%)</u></b>
Total pension liability	\$ <u>1,816,967</u>	\$ <u>1,687,722</u>	\$ <u>1,569,599</u>

**Schedule of Changes in Total Pension Liability  
Law Enforcement Officers' Special Separation Allowance**

	<b><u>2021</u></b>
Beginning balance	\$ 1,243,898
Service cost	38,550
Interest on the total pension liability	38,546
Differences between expected and actual experience in the measurement of the total pension liability	142,638
Changes of assumptions or other inputs	347,111
Benefit payments	<u>(123,021)</u>
Ending balance of the total pension liability	\$ <u>1,687,722</u>

The plan currently uses mortality tables that vary by age, and health status (i.e., disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an experience study completed by the Actuary for the Local Governmental Employees' Retirement System for the five-year period ending December 31, 2019.

**Total Expense, Liabilities, and Deferred Outflows and Inflows of Resources Related to Pensions**

The following is information related to the proportionate share and pension expense for all pension plans:

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
Pension expense	\$ 1,297,596	\$ 209,115	\$ 1,506,711
Pension liability	3,736,374	1,687,722	5,424,096
Proportionate share of the net pension liability	0.105%	n/a	
Deferred outflows of resources:			
Differences between expected and actual experience	\$ 471,839	\$ 250,864	\$ 722,703
Changes in assumptions	278,060	322,227	600,287
Net difference between projected and actual earnings on plan investments	525,794	-	525,794
Changes in proportion and differences between contributions and proportionate share of contributions	48,896	-	48,896
Benefit payments and administrative costs paid subsequent to the measurement date	777,919	71,429	849,348
Deferred inflows of resources:			
Differences between expected and actual experience	-	787	787
Changes in assumptions	-	19,462	19,462
Changes in proportion and differences between contributions and proportionate share of contributions	27,389	-	27,389

**C. Supplemental Retirement Income Plan for Law Enforcement Officers**

**Plan Description.** The Village contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the Village. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Annual Comprehensive Financial Report for the state of North Carolina. The State's Annual Comprehensive Financial Report includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

**Funding Policy.** Article 12E of G.S. Chapter 143 requires the Village to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2021 were \$102,705, which consisted of \$63,524 from the Village and \$39,181 from the law enforcement officers. Since the funds vest immediately, no amounts were forfeited.

***D. Deferred Compensation Plan***

The Village offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 401(k). The plan, available to all Village employees, permits them to defer a portion of their salary until future years. The Village established the plan and may amend it at its discretion. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. All amounts of compensation deferred under the plan and all income attributable to those amounts are immediately 100% vested to the participant. The Village currently contributes five percent for all regular employees to the plan. Contributions for the year ended June 30, 2021 were \$709,662, which consisted of \$310,533 from the Village and \$399,129 in voluntary contributions from employees. Since the funds vest immediately, no amounts were forfeited.

The Village also offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Village employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. All amounts of compensation deferred under the plan and all income attributable to those amounts are immediately 100% vested to the participant. The Village does not make contributions to the 457 plan.

***E. Other Employment Benefits***

The Village has also elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. Because all death benefit payments are made from the Death Benefit Plan and not by the Village, the Village does not determine the number of eligible participants. The Village has no liability beyond the payment of monthly contributions.

The contributions to Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payrolls, based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The Village considers these contributions to be immaterial.

The Village also provides group life insurance to all full-time and regular part-time employees who have been employed for a minimum of 30 days. Tier 1 employees, which includes managers, department heads, and assistant department heads, are provided \$50,000 of coverage. All other eligible employees in Tier 2 are covered at \$25,000. The coverage amounts provided under the group term life insurance may change annually.

Each year, the total amount of life insurance coverage provided under the Death Benefit Plan and the group life insurance plan are evaluated. The amount of life insurance coverage in excess of \$50,000 is considered a taxable fringe benefit and an imputed premium value for the excess life insurance benefit is added to each employees taxable earnings for the year.

## 6. Deferred Outflows and Inflows of Resources

Deferred outflows of resources reported on the Statement of Net Position at year end is comprised of the following:

Contributions to LGERS pension plan in the current fiscal year	\$ 777,919
Benefit payments to LEOSSA recipients in the current fiscal year	71,429
Difference between actual and expected experience	722,703
Changes in assumptions	600,287
Net difference between projected and actual earnings on pension plan investments	525,794
Changes in proportion and differences between Village contributions and proportionate share of contributions	<u>48,896</u>
Total	<u>\$ 2,747,028</u>

Deferred inflows of resources at year-end is comprised of the following:

	<u>Statement of Net Position</u>	<u>General Fund Balance Sheet</u>
Taxes receivable, less penalties	\$ -	\$ 14,960
Other receivables	-	12,879
Changes in assumptions	19,462	-
Changes in proportion and differences between Village contributions and proportionate share of contributions	27,389	-
Differences between expected and actual experience	<u>787</u>	<u>-</u>
Total	<u>\$ 47,638</u>	<u>\$ 27,839</u>

## 7. Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Village participates in two self-funded risk-financing pools administered by the North Carolina League of Municipalities. Through these pools, the Village obtains general liability and auto liability coverage of \$5 million per occurrence, property coverage up to the total insured values of the property policy, and workers' compensation coverage up to statutory limits. The liability and property exposures are reinsured through commercial carriers for claims in excess of retentions as selected by the Board of Trustees each year. Excess insurance coverage is purchased by the Board of Trustees to protect against large workers' compensation claims that exceed certain dollar cost levels. Specific information on the limits of the reinsurance, excess and stop loss policies purchased by the Board of Trustees can be obtained by contacting the Risk Management Services Department of the NC League of Municipalities. The pools are audited annually by certified public accountants, and the audited financial statements are available to the Village upon request.

The Village carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years.

As the Village has no facilities within a FEMA-recognized flood zone, we have elected not to carry additional flood insurance coverage.

In accordance with G.S. 159-29, the Village's employees that have access to \$100 or more at any given time of the Village's funds are performance bonded through a commercial surety bond. The Finance Officer and Tax Collector are each individually bonded for \$490,000 and \$10,000 respectively. The remaining employees that have access to funds are bonded under a blanket bond for \$500,000.

## 8. Claims, Judgments and Contingent Liabilities

At June 30, 2021, the Village was a defendant to various lawsuits. In the opinion of Village management and the Village attorney, the ultimate outcome of these legal matters will not have a material adverse effect on the Village's financial position.

## 9. Long-Term Obligations

### A. Installment Purchase

The Village has no installment purchase debt obligations remaining at June 30, 2021.

### B. Changes in Long-Term Liabilities

At June 30, 2021, the Village had a legal debt margin of \$306,309,986.

The following is a summary of changes in the Village's long-term obligations for the fiscal year ended June 30, 2021:

	<u>Balance July 1, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2021</u>	<u>Current Portion of Balance</u>
Governmental activities:					
Direct borrowing					
installment purchases	\$ 141,600	\$ -	\$ (141,600)	\$ -	\$ -
Compensated absences	703,285	537,530	(428,206)	812,609	494,770
Net pension liability (LGERS)	2,756,320	980,054	-	3,736,374	-
Total pension liability (LEO)	<u>1,243,898</u>	<u>443,824</u>	<u>-</u>	<u>1,687,722</u>	<u>-</u>
Governmental activity					
long-term liabilities	<u>\$ 4,845,103</u>	<u>\$ 1,961,408</u>	<u>\$ (569,806)</u>	<u>\$ 6,236,705</u>	<u>\$ 494,770</u>

Compensated absences and pension liabilities typically have been liquidated in the general fund.

## 10. Interfund Activity

Transfers to/from other funds at June 30, 2021 consist of the following:

From the Community Center Capital Project Fund to the General Fund upon closing of the project fund	<u>\$ 244,999</u>
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Transfers are used to move unrestricted revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided matching funds for various grant programs.

During the 2021 fiscal year, the Village completed construction of the Cannon Park Community Center. The Village transferred \$244,999 from the Community Center Capital Project Fund to the General Fund upon closing the project fund.

## 11. Net Investment in Capital Assets

	<u>Governmental</u>
Capital assets	\$ 27,420,053
Less: Long-term debt	<u>-</u>
Net investment in capital assets	<u>\$ 27,420,053</u>

## 12. Fund Balance

The following schedule provides management and citizens with information on the portion of General Fund balance that is available for appropriation:

Total fund balance - General Fund	\$ 13,288,868
Less:	
Inventories	60,814
Prepaid items	38,374
Stabilization by state statute	2,624,890
Public safety - equitable sharing	39,674
Committed for library and archives	1,000,000
Committed for future capital	4,102,691
Appropriated fund balance in 2022 Budget	2,530,950
Fund balance policy minimum	<u>2,891,475</u>
Remaining fund balance	<u>\$ -</u>

The Village's fund balance policy requires the Village to maintain a minimum unassigned General Fund fund balance of 15% of actual expenditures as reported in the Village's annual comprehensive financial report. In addition, when preparing the annual General Fund budget, the total appropriated fund balance should result in anticipated ending total fund balance of at least 30% of budgeted expenditures. At June 30, 2021, the General Fund's unassigned fund balance of \$2,891,475 represents 15% of General Fund actual expenditures which complies with the policy minimum. Total fund balance was 58% of budgeted expenditures.

The fund balance policy also states that when total fund balance at June 30 is in excess of 40% of actual General Fund expenditures, Council may commit excess fund balance for future capital needs. However, the amount of fund balance committed for future capital needs shall never cause unassigned General Fund fund balance to fall below the 15% unassigned fund balance minimum. In fiscal year 2021, Council approved a resolution to commit excess funds for future capital needs totaling \$4,102,691. The amount by which the fund balance exceeds policy-established minimums may be included as a revenue source when the budget is prepared for the next fiscal year.

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year end.

Encumbrances:		
General Fund	\$	685,397

### **13. Summary Disclosure of Significant Contingencies**

#### ***A. Employment Security Benefits***

The Village has elected to pay the direct cost of employment security benefits in lieu of unemployment payroll taxes. A liability for such payments could accrue in the period following the discharge of an employee.

#### ***B. Federal and State-Assisted Programs***

The Village has received proceeds from several Federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant moneys to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant moneys.

### **14. Joint Ventures**

The Village and the members of the Village's fire department each appoint two members to the five-member local board of trustees for the Firefighters' Relief Fund. The State Insurance Commissioner appoints one additional member to the local board of trustees. The Firefighters' Relief Fund is funded by a portion of the fire and lightning insurance premiums that insurers remit to the State. The State passes these moneys to the local board of the Firefighters' Relief Fund. These distributions are used to assist fire fighters in various ways. The local board of the Firefighters' Relief Fund received a distribution of \$24,496 from the State Insurance Commissioner's office for the fiscal year ended June 30, 2021. The Village obtains an ongoing financial benefit from the Fund for the benefits provided to members of the Village's fire department by the board of trustees. The participating governments do not have any equity interest in the joint venture, so no equity has been reflected in the financial statements at June 30, 2021. The Firefighters' Relief Fund does not issue separate audited financial statements. Instead, the local board of trustees files an annual financial report with the State Firefighter's Association. This report can be obtained from the Association at 323 West Jones Street, Suite 401, Raleigh, North Carolina 27603.

### **15. Subsequent Event**

On September 14, 2021, the Village and the Given Memorial Library Inc. executed an Asset and Service Transfer Agreement that will transfer ownership of the Given Memorial Library and Tufts Archives to the Village of Pinehurst. The projected transfer date is April 15, 2022. As part of the agreement, the Given Memorial Library Inc. will donate the existing library and archives building, collections, and furnishings. The Village will then assume responsibility for the operations of the library and archives.

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## REQUIRED SUPPLEMENTARY INFORMATION

Required Supplementary Information ("RSI") is not a required part of the basic financial statements but is information required by the Governmental Accounting Standards Board.

- Schedule of the Proportionate Share of the Net Pension Liability (Asset) - Local Government Employees' Retirement System
- Schedule of Contributions - Local Government Employees' Retirement System
- Schedule of Changes in Total Pension Liability - Law Enforcement Officers' Special Separation Allowance
- Schedule of Total Pension Liability as a Percentage of Covered Payroll - Law Enforcement Officers' Special Separation Allowance

Management's Discussion and Analysis is also RSI. It is presented immediately before the basic financial statements.

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## Village of Pinehurst, North Carolina

RSI-1

## Schedule of the Proportionate Share of the Net Pension Liability (Asset)

## Local Government Employees' Retirement System - Last Eight Fiscal Years\*

## Required Supplementary Information

	2021	2020	2019	2018	2017	2016	2015	2014
Pinehurst's proportion of the net pension liability (asset) (%)	0.1046%	0.1009%	0.1046%	0.1062%	0.1073%	0.1094%	0.1083%	0.1077%
Pinehurst's proportion of the net pension liability (asset) (\$)	\$ 3,736,374	\$ 2,756,320	\$ 2,480,521	\$ 1,621,831	\$ 2,278,539	\$ 490,982	\$ (638,460)	\$ 1,298,199
Pinehurst's covered payroll	\$ 7,275,196	\$ 6,857,080	\$ 6,610,895	\$ 6,548,274	\$ 6,380,220	\$ 6,280,547	\$ 6,025,207	\$ 5,731,782
Pinehurst's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	51.36%	40.20%	37.52%	24.77%	35.71%	7.82%	(10.6%)	22.65%
Plan fiduciary net position as a percentage of the total pension liability**	88.61%	90.86%	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

\*The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30. Also, this schedule is intended to provide information for ten fiscal years. Additional years' information will be displayed as it becomes available.

\*\* This will be the same percentage for all participant employers in the LGERS plan.

Village of Pinehurst, North Carolina  
Schedule of Contributions  
Local Government Employees' Retirement System - Last Eight Fiscal Years\*  
Required Supplementary Information

RSI-2

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 777,919	\$ 671,779	\$ 549,872	\$ 514,302	\$ 489,064	\$ 424,359	\$ 445,138	\$ 434,315
Contributions in relation to the contractually required contribution	<u>777,919</u>	<u>671,779</u>	<u>549,872</u>	<u>514,302</u>	<u>489,064</u>	<u>424,359</u>	<u>445,138</u>	<u>434,315</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Pinehurst's covered payroll	\$ 7,496,867	\$ 7,275,196	\$ 6,857,080	\$ 6,610,895	\$ 6,548,274	\$ 6,380,220	\$ 6,280,547	\$ 6,025,207
Contributions as a percentage of covered payroll	10.38%	9.23%	8.02%	7.78%	7.47%	6.65%	7.09%	7.21%

\* This schedule is intended to provide information for ten fiscal years. Additional years' information will be displayed as it becomes available.

## Schedule of Changes in Total Pension Liability

## Law Enforcement Officers' Special Separation Allowance - Last Five Fiscal Years\*

## Required Supplementary Information

	2021	2020	2019	2018	2017
Beginning balance	\$ 1,243,898	\$ 1,025,925	\$ 1,034,234	\$ 943,908	\$ 951,629
Service cost	38,550	38,255	38,687	30,672	33,042
Interest on the total pension liability	38,546	35,781	31,998	35,521	33,003
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	142,638	196,930	(1,618)	19,179	-
Changes of assumptions or other inputs	347,111	32,858	(34,095)	52,287	(19,441)
Benefit payments	(123,021)	(85,851)	(43,281)	(47,333)	(54,325)
Other changes	-	-	-	-	-
Ending balance of the total pension liability **	<u>\$ 1,687,722</u>	<u>\$ 1,243,898</u>	<u>\$ 1,025,925</u>	<u>\$ 1,034,234</u>	<u>\$ 943,908</u>

\* This schedule is intended to provide information for ten fiscal years. Additional years' information will be displayed as it becomes available.

\*\* The Village of Pinehurst has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 73 to pay related benefits.

## Schedule of Total Pension Liability as a Percentage of Covered Payroll

## Law Enforcement Officers' Special Separation Allowance - Last Five Fiscal Years\*

## Required Supplementary Information

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability **	\$ 1,687,722	\$ 1,243,898	\$ 1,025,925	\$ 1,034,234	\$ 943,908
Covered payroll	1,291,680	1,384,357	1,336,348	1,269,779	1,313,290
Total pension liability as a percentage of covered payroll	130.66%	89.85%	76.77%	81.45%	71.87%

\* This schedule is intended to provide information for ten fiscal years. Additional years' information will be displayed as it becomes available.

\*\* The Village of Pinehurst has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 73 to pay related benefits.

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## **GENERAL FUND**

The General Fund is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.

- Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund
-

## General Fund

(4 pages)

Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and ActualFiscal Year Ended June 30, 2021 with Comparative Actual Amounts  
for Fiscal Year Ended June 30, 2020

	2021			
	Final Budget	Actual	Variance Positive (Negative)	2020
<b>Revenues</b>				
Ad valorem taxes:				
Taxes	\$ 11,452,000	\$ 11,482,504	\$ 30,504	\$ 11,251,875
Penalties and interest	5,000	7,758	2,758	9,268
	<u>11,457,000</u>	<u>11,490,262</u>	<u>33,262</u>	<u>11,261,143</u>
Other licenses:				
Golf cart licenses	2,000	4,455	2,455	3,215
Total	<u>2,000</u>	<u>4,455</u>	<u>2,455</u>	<u>3,215</u>
Unrestricted intergovernmental:				
Local option sales tax	4,030,000	4,480,466	450,466	3,762,600
Telecommunications sales tax	65,000	56,583	(8,417)	70,147
Utilities sales tax	1,007,000	993,777	(13,223)	1,038,805
Video programming	273,000	267,537	(5,463)	263,094
Hold harmless reimbursements	990,000	1,062,515	72,515	943,179
Wine and beer tax	74,500	73,023	(1,477)	73,548
Total	<u>6,439,500</u>	<u>6,933,901</u>	<u>494,401</u>	<u>6,151,373</u>
Restricted intergovernmental:				
Powell Bill allocation	480,000	480,555	555	501,098
Controlled substance tax	1,000	222	(778)	1,390
Highway safety grant	-	-	-	34,999
Coronavirus relief funds	252,000	252,033	33	17,793
Other grants	-	44,599	44,599	9,285
Solid waste disposal tax	12,600	13,086	486	12,940
Total	<u>745,600</u>	<u>790,495</u>	<u>44,895</u>	<u>577,505</u>
Permits and fees:				
Building permits and inspection fees	250,000	376,296	126,296	313,305
Planning and zoning fees	254,000	300,238	46,238	261,167
Fire district	348,000	349,224	1,224	360,065
Other permits and fees	1,600	4,075	2,475	4,243
Total	<u>853,600</u>	<u>1,029,833</u>	<u>176,233</u>	<u>938,780</u>
Sales and services:				
Rents, concessions and fees	307,900	342,121	34,221	456,110
Recreation fees	91,500	117,779	26,279	87,154
Total	<u>399,400</u>	<u>459,900</u>	<u>60,500</u>	<u>543,264</u>
Investment earnings:				
Investment income	2,800	2,827	27	159,539
Assessments	5,170	5,179	9	-

## General Fund

(4 pages)

Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and ActualFiscal Year Ended June 30, 2021 with Comparative Actual Amounts  
for Fiscal Year Ended June 30, 2020

	2021		Variance Positive (Negative)	2020
	Final Budget	Actual		
Miscellaneous:				
ABC revenue	\$ 159,800	\$ 241,057	\$ 81,257	\$ 159,430
Library contribution	-	-	-	1,006,803
Donations	37,380	49,320	11,940	32,585
Other revenues	37,500	56,732	19,232	68,366
Total	234,680	347,109	112,429	1,267,184
<b>Total revenues</b>	<b>20,139,750</b>	<b>21,063,961</b>	<b>924,211</b>	<b>20,928,106</b>
<b>Expenditures</b>				
General government:				
Governing body:				
Operating expenditures		112,471		119,681
Total	146,400	112,471	33,929	119,681
Administration:				
Operating expenditures		1,351,798		1,293,102
Capital outlay		27,786		19,193
Total	1,514,981	1,379,584	135,397	1,312,295
Financial services:				
Operating expenditures		670,317		662,076
Capital outlay		3,978		794
Total	722,070	674,295	47,775	662,870
Human resources:				
Operating expenditures		478,676		415,366
Capital outlay		7,038		993
Total	570,345	485,714	84,631	416,359
Total general government	2,953,796	2,652,064	301,732	2,511,205
Public safety:				
Police:				
Operating expenditures		3,023,094		3,039,289
Capital outlay		219,338		224,548
Total	3,642,455	3,242,432	400,023	3,263,837
Fire:				
Operating expenditures		2,817,495		2,794,949
Capital outlay		689,420		26,009
Total	4,398,340	3,506,915	891,425	2,820,958
Inspections:				
Operating expenditures		325,384		300,904
Capital outlay		1,989		519
Total	343,660	327,373	16,287	301,423
Total public safety	8,384,455	7,076,720	1,307,735	6,386,218

## General Fund

(4 pages)

Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and ActualFiscal Year Ended June 30, 2021 with Comparative Actual Amounts  
for Fiscal Year Ended June 30, 2020

	2021		Variance Positive (Negative)	2020
	Final Budget	Actual		
Transportation:				
Public services administration:				
Operating expenditures		\$ 565,725		\$ 520,334
Capital outlay		3,978		49,451
Total	\$ 661,938	569,703	\$ 92,235	569,785
Streets and grounds:				
Operating expenditures		1,410,654		1,283,397
Capital outlay		487,935		268,372
Total	2,489,257	1,898,589	590,668	1,551,769
Powell Bill:				
Operating expenditures		1,256,621		1,008,383
Total	1,263,742	1,256,621	7,121	1,008,383
Total transportation	4,414,937	3,724,913	690,024	3,129,937
Economic and physical development:				
Planning:				
Operating expenditures		905,753		685,781
Capital outlay		3,978		843
Total	1,087,390	909,731	177,659	686,624
Community development:				
Operating expenditures		129,294		126,191
Capital outlay		994		199
Total	180,280	130,288	49,992	126,390
Total economic and physical development	1,267,670	1,040,019	227,651	813,014
Environmental protection:				
Solid waste:				
Operating expenditures		1,659,395		1,624,072
Capital outlay		200,751		204,588
Total	1,994,070	1,860,146	133,924	1,828,660
Total environmental protection	1,994,070	1,860,146	133,924	1,828,660
Cultural and recreation:				
Recreation:				
Operating expenditures		1,629,999		1,536,682
Capital outlay		204,545		46,489
Total	2,383,278	1,834,544	548,734	1,583,171



## General Fund

(4 pages)

Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and ActualFiscal Year Ended June 30, 2021 with Comparative Actual Amounts  
for Fiscal Year Ended June 30, 2020

	2021			
	Final Budget	Actual	Variance Positive (Negative)	2020
Library:				
Operating expenditures		\$ 163,763		\$ 179,290
Total	\$ 163,764	163,763	\$ 1	179,290
Harness track:				
Operating expenditures		456,783		439,306
Capital outlay		994		80,576
Total	692,988	457,777	235,211	519,882
Fair barn:				
Operating expenditures		261,752		307,658
Capital outlay		60,050		20,359
Total	438,915	321,802	117,113	328,017
Total cultural and recreation	3,678,945	2,777,886	901,059	2,610,360
Debt service:				
Principal retirement		141,600		298,687
Interest and fees		3,148		12,146
Total	148,167	144,748	3,419	310,833
<b>Total expenditures</b>	<b>22,842,040</b>	<b>19,276,496</b>	<b>3,565,544</b>	<b>17,590,227</b>
Excess (deficiency) of revenues over (under) expenditures	(2,702,290)	1,787,465	4,489,755	3,337,879
<b>Other financing sources (uses):</b>				
Sale of capital assets	15,000	27,134	12,134	19,418
Transfers from other funds:				
Capital Project Fund	244,999	244,999	-	-
<b>Total other financing         sources</b>	<b>259,999</b>	<b>272,133</b>	<b>12,134</b>	<b>19,418</b>
Fund balance appropriated	2,442,291	-	(2,442,291)	-
Net change in fund balance	\$ -	2,059,598	\$ 2,059,598	3,357,297
Fund balance, beginning		11,229,270		7,871,973
Fund balance, ending		\$ 13,288,868		\$ 11,229,270

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## **COMMUNITY CENTER CAPITAL PROJECT FUND**

The Community Center Capital Project Fund is used to account for costs incurred in the design and construction of the Cannon Park Community Center.

- Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Community Center Capital Project Fund
-

Village of Pinehurst, North Carolina  
Capital Project Fund - Community Center  
Schedule of Revenues, Expenditures, and Changes in  
Fund Balance - Budget and Actual  
From Inception and for the Fiscal Year Ended June 30, 2021

Schedule 2

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>Revenues:</b>					
Investment earnings	\$ -	\$ 27,662	\$ 66	\$ 27,728	\$ 27,728
Total revenues	-	27,662	66	27,728	27,728
<b>Expenditures:</b>					
Cultural and recreation:					
Design	344,000	326,995	-	326,995	17,005
Construction	4,569,165	4,364,458	4,441	4,368,899	200,266
Total expenditures	4,913,165	4,691,453	4,441	4,695,894	217,271
Revenues over (under) expenditures	(4,913,165)	(4,663,791)	(4,375)	(4,668,166)	244,999
<b>Other financing sources (uses):</b>					
Transfers from other funds:					
General Fund	4,913,165	4,913,165	-	4,913,165	-
Transfers to other funds:					
General Fund	(244,999)	-	(244,999)	(244,999)	-
Total other financing sources (uses):	4,668,166	4,913,165	(244,999)	4,668,166	-
Appropriated fund balance	244,999	-	-	-	(244,999)
Net change in fund balance	\$ -	\$ 249,374	(249,374)	\$ -	\$ -
Fund balance, beginning			249,374		
Fund balance, ending			\$ -		

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# **AMERICAN RESCUE PLAN ACT SPECIAL REVENUE FUND**

The American Rescue Plan Act Special Revenue Fund is used to account for federal grant funds received as part of the American Rescue Plan Act for COVID-19 relief and economic recovery.

- Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - American Rescue Plan Act Special Revenue Fund
-

Village of Pinehurst, North Carolina  
Special Revenue Fund - American Rescue Plan Act  
Schedule of Revenues, Expenditures, and Changes in  
Fund Balance - Budget and Actual  
From Inception and for the Fiscal Year Ended June 30, 2021

Schedule 3

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>					
Restricted intergovernmental:					
Grant revenue	\$ 4,860,000	\$ -	\$ -	\$ -	\$ (4,860,000)
Total revenues	<u>4,860,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,860,000)</u>
<b>Expenditures:</b>					
General government:					
American Rescue Plan Act expenditures	<u>4,860,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,860,000</u>
Total expenditures	<u>4,860,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,860,000</u>
Revenues over (under) expenditures	-	-	-	-	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning			<u>-</u>		
Fund balance, ending			<u>\$ -</u>		

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# **CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**

Capital assets are all tangible and intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period.

- Schedule by Source
  - Schedule by Function and Activity
  - Schedule of Changes by Function and Activity
-

Village of Pinehurst, North Carolina  
Capital Assets Used in the Operation of Governmental Funds  
Schedule by Source  
June 30, 2021

Schedule 4

	2021	2020
<b>Governmental funds capital assets:</b>		
Land	\$ 6,710,966	\$ 6,264,298
Right of ways	562,255	562,255
Buildings and improvements	27,148,304	22,358,833
Furniture, equipment, and vehicles	11,435,397	10,533,615
Infrastructure	6,948,561	6,758,268
Construction in progress	195,705	4,725,360
Total governmental funds capital assets	<u>\$ 53,001,188</u>	<u>\$ 51,202,629</u>
<b>Investment in governmental funds capital assets by source:</b>		
General Fund	\$ 48,607,699	\$ 46,904,240
Donations	4,393,489	4,298,389
Total governmental funds capital assets	<u>\$ 53,001,188</u>	<u>\$ 51,202,629</u>

Village of Pinehurst, North Carolina  
Capital Assets Used in the Operation of Governmental Funds  
Schedule by Function and Activity  
June 30, 2021

Schedule 5

Function and Activity	Land	Right of Ways	Buildings	Improvements Other than Buildings	Furniture, Equipment and Vehicles	Infrastructure	Construction In Progress	Total
General government:								
Governing body	\$ 3,890,321	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,890,321
Administration	-	-	4,259,809	-	320,370	-	-	4,580,179
Financial services	-	-	-	-	135,259	-	-	135,259
Human resources	-	-	-	-	21,300	-	-	21,300
Information technology	-	-	-	28,388	448,466	-	-	476,854
Buildings and grounds	-	-	436,666	704,711	336,421	29,476	-	1,507,274
Fleet maintenance	25,170	-	81,456	-	246,093	-	-	352,719
	<u>3,915,491</u>	<u>-</u>	<u>4,777,931</u>	<u>733,099</u>	<u>1,507,909</u>	<u>29,476</u>	<u>-</u>	<u>10,963,906</u>
Public safety:								
Police	-	-	2,747,258	-	1,249,824	-	-	3,997,082
Fire	332,206	-	3,342,769	-	3,149,935	-	-	6,824,910
Inspections	-	-	-	-	59,554	-	-	59,554
	<u>332,206</u>	<u>-</u>	<u>6,090,027</u>	<u>-</u>	<u>4,459,313</u>	<u>-</u>	<u>-</u>	<u>10,881,546</u>
Transportation:								
Public services	66,210	-	1,204,792	-	158,790	-	-	1,429,792
Streets and grounds	-	562,255	5,118	1,588,228	2,206,328	5,600,441	-	9,962,370
Powell Bill	-	-	-	45,713	140,354	21,115	-	207,182
	<u>66,210</u>	<u>562,255</u>	<u>1,209,910</u>	<u>1,633,941</u>	<u>2,505,472</u>	<u>5,621,556</u>	<u>-</u>	<u>11,599,344</u>
Environmental protection:								
Solid waste	-	-	-	-	1,825,141	-	-	1,825,141
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,825,141</u>	<u>-</u>	<u>-</u>	<u>1,825,141</u>
Cultural and recreation:								
Recreation	940,809	-	5,022,992	3,240,796	503,256	1,028,643	-	10,736,496
Harness track	1,456,250	-	1,400,130	353,360	526,596	268,886	-	4,005,222
Fair barn	-	-	2,417,184	268,934	90,321	-	-	2,776,439
	<u>2,397,059</u>	<u>-</u>	<u>8,840,306</u>	<u>3,863,090</u>	<u>1,120,173</u>	<u>1,297,529</u>	<u>-</u>	<u>17,518,157</u>
Economic and physical development:								
Planning	-	-	-	-	17,389	-	-	17,389
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,389</u>	<u>-</u>	<u>-</u>	<u>17,389</u>
Construction in progress	-	-	-	-	-	-	195,705	195,705
	<u>\$ 6,710,966</u>	<u>\$ 562,255</u>	<u>\$ 20,918,174</u>	<u>\$ 6,230,130</u>	<u>\$ 11,435,397</u>	<u>\$ 6,948,561</u>	<u>\$ 195,705</u>	<u>\$ 53,001,188</u>



## Capital Assets Used in the Operation of Governmental Funds

## Schedule of Changes By Function and Activity

For the Fiscal Year Ended June 30, 2021

Function and Activity	Capital Assets June 30, 2020	Additions	Deletions	Adjustments	Capital Assets June 30, 2021
General government:					
Governing body	\$ 3,795,221	\$ 95,100	\$ -	\$ -	\$ 3,890,321
Administration	4,566,392	13,787	-	-	4,580,179
Financial services	135,259	-	-	-	135,259
Human resources	21,300	-	-	-	21,300
Information technology	377,415	99,439	-	-	476,854
Buildings and grounds maintenance	1,507,274	-	-	-	1,507,274
Fleet maintenance	352,719	-	-	-	352,719
	<u>10,755,580</u>	<u>208,326</u>	<u>-</u>	<u>-</u>	<u>10,963,906</u>
Public safety:					
Police	3,966,390	193,640	(162,948)	-	3,997,082
Fire	6,222,519	670,604	(50,808)	(17,405)	6,824,910
Inspections	59,554	-	-	-	59,554
	<u>10,248,463</u>	<u>864,244</u>	<u>(213,756)</u>	<u>(17,405)</u>	<u>10,881,546</u>
Transportation:					
Public services	1,429,792	-	-	-	1,429,792
Streets and grounds	9,589,116	330,370	-	42,884	9,962,370
Powell Bill	207,182	-	-	-	207,182
	<u>11,226,090</u>	<u>330,370</u>	<u>-</u>	<u>42,884</u>	<u>11,599,344</u>
Environmental protection:					
Solid waste	1,611,527	197,768	-	15,846	1,825,141
	<u>1,611,527</u>	<u>197,768</u>	<u>-</u>	<u>15,846</u>	<u>1,825,141</u>
Cultural and recreation:					
Recreation	5,894,620	191,748	-	4,650,128	10,736,496
Harness track	4,005,222	-	-	-	4,005,222
Fair barn	2,718,378	58,061	-	-	2,776,439
	<u>12,618,220</u>	<u>249,809</u>	<u>-</u>	<u>4,650,128</u>	<u>17,518,157</u>
Economic and physical development:					
Planning	17,389	-	-	-	17,389
	<u>17,389</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,389</u>
Construction in progress	4,725,360	161,798	-	(4,691,453)	195,705
	<u>\$ 51,202,629</u>	<u>\$ 2,012,315</u>	<u>\$ (213,756)</u>	<u>\$ -</u>	<u>\$ 53,001,188</u>

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## **ADDITIONAL FINANCIAL DATA**

This section contains additional information on property taxes.

- Schedule of Ad Valorem Taxes Receivable
  - Analysis of Current Tax Levy
-

Village of Pinehurst, North Carolina  
Schedule of Ad Valorem Taxes Receivable  
June 30, 2021

Schedule 7

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2020</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2021</u>
2020 - 2021	\$ -	\$ 11,486,218	\$ 11,478,077	\$ 8,141
2019 - 2020	8,729	-	5,280	3,449
2018 - 2019	2,140	-	105	2,035
2017 - 2018	798	-	404	394
2016 - 2017	79	-	10	69
2015 - 2016	87	-	16	71
2014 - 2015	199	-	29	170
2013 - 2014	54	-	-	54
2012 - 2013	71	-	-	71
2011 - 2012	506	-	-	506
	<u>\$ 12,663</u>	<u>\$ 11,486,218</u>	<u>\$ 11,483,921</u>	<u>\$ 14,960</u>

**Reconciliation with Revenues**

Ad valorem taxes - General Fund	<u>\$ 11,490,262</u>
Reconciling items:	
Interest collected and refunds	(7,758)
Refunds/reliefs	<u>1,417</u>
	<u>(6,341)</u>
Total collections and credits	<u>\$ 11,483,921</u>

Village of Pinehurst, North Carolina  
Analysis of Current Tax Levy  
June 30, 2021

Schedule 8

	General Fund			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate	\$ 3,830,572,301	\$ 0.300	\$ 11,489,005	\$ 10,688,096	\$ 800,909
Penalties	-		1,327	1,327	-
Total	3,830,572,301		11,490,332	10,689,423	800,909
Discoveries:					
Current year taxes	1,634,524	Various	4,869	4,869	-
Penalties	-		1,013	1,013	-
Total	1,634,524		5,882	5,882	-
Abatements	(3,332,000)		(9,996)	(9,996)	-
Total property valuation	<u>\$ 3,828,874,825</u>				
Net levy			11,486,218	10,685,309	800,909
Uncollected taxes at June 30			(8,141)	(8,141)	-
Current year's taxes collected			<u>\$ 11,478,077</u>	<u>\$ 10,677,168</u>	<u>\$ 800,909</u>
Current levy collection percentage			99.93%	99.92%	100.00%

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## STATISTICAL SECTION

This part of the Village's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information say about the government's overall financial health.

- **Financial Trends**  
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.
- **Revenue Capacity**  
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.
- **Debt Capacity**  
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.
- **Demographic and Economic Information**  
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.
- **Operating Information**  
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

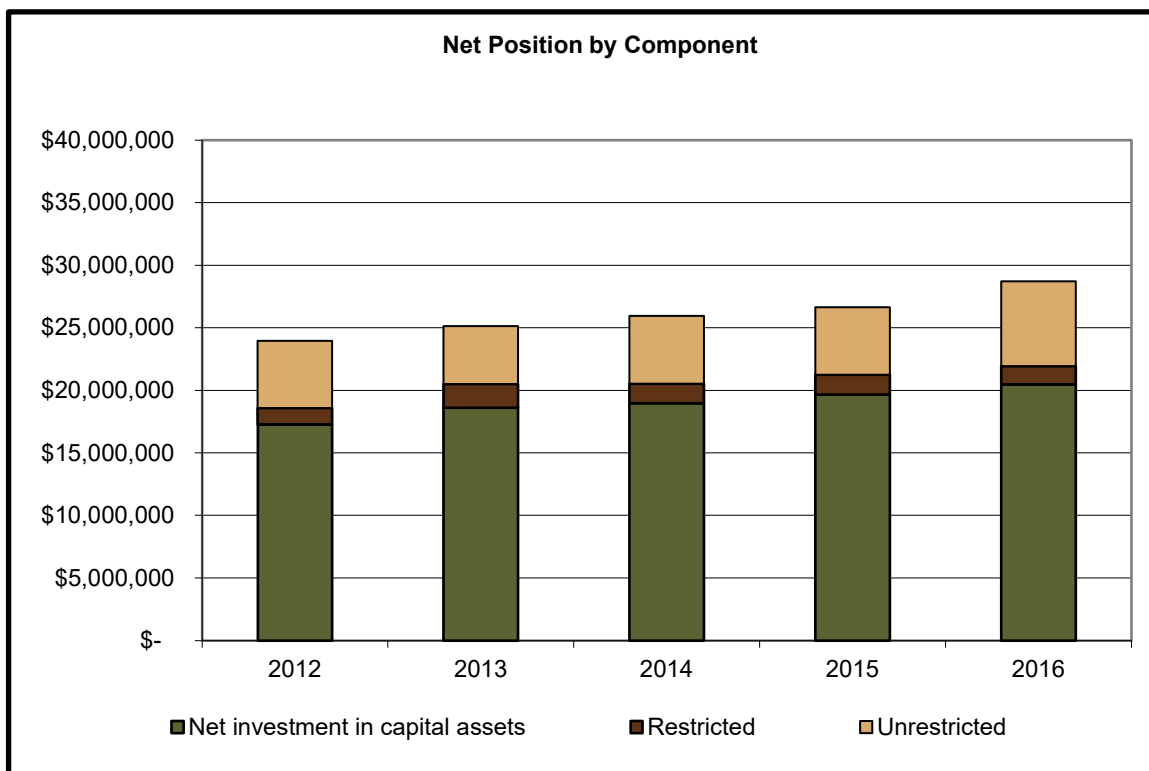
**Sources:** Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial report for the relevant year.

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Village of Pinehurst, North Carolina  
Net Position by Component  
Last Ten Fiscal Years  
(Accrual Basis of Accounting)

Table 1  
(2 pages)

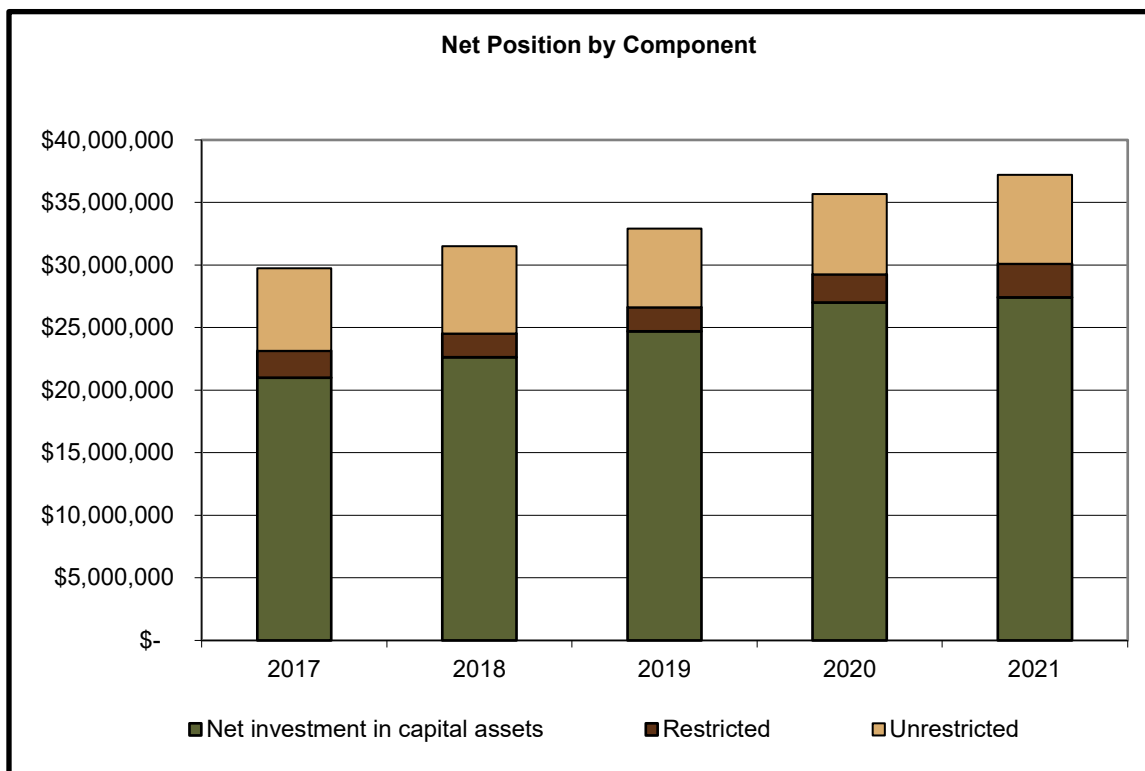
	Fiscal Year				
	2012	2013	2014	2015	2016
<b>Governmental activities</b>					
Net investment in capital assets	\$ 17,271,349	\$ 18,615,943	\$ 18,953,996	\$ 19,648,800	\$ 20,467,990
Restricted for:					
Stabilization by state statute	1,291,963	1,882,835	1,568,981	1,601,410	1,474,901
Public safety	-	-	-	-	-
Municipal Service District	14,354	-	-	-	-
Unrestricted	5,372,934	4,631,746	5,417,136	5,381,405	6,777,854
Total net position, previously reported	23,950,600	25,130,524	25,940,113	26,631,615	28,720,745
Restatement	-	-	-	-	(628,284)
<b>Total governmental activities net position</b>	<u>\$ 23,950,600</u>	<u>\$ 25,130,524</u>	<u>\$ 25,940,113</u>	<u>\$ 26,631,615</u>	<u>\$ 28,092,461</u>



Village of Pinehurst, North Carolina  
Net Position by Component  
Last Ten Fiscal Years  
(Accrual Basis of Accounting)

Table 1  
(2 pages)

	Fiscal Year				
	2017	2018	2019	2020	2021
<b>Governmental activities</b>					
Net investment in capital assets	\$ 20,980,863	\$ 22,631,590	\$ 24,692,614	\$ 27,012,618	\$ 27,420,053
Restricted for:					
Stabilization by state statute	2,165,724	1,881,641	1,923,503	2,233,881	2,624,890
Public safety	-	2,672	10,943	-	39,674
Municipal Service District	-	-	-	-	-
Unrestricted	6,594,835	6,980,336	6,276,224	6,425,942	7,114,828
Total net position, previously reported	29,741,422	31,496,239	32,903,284	35,672,441	37,199,445
Restatement	-	-	-	-	-
<b>Total governmental activities net position</b>	<u>\$ 29,741,422</u>	<u>\$ 31,496,239</u>	<u>\$ 32,903,284</u>	<u>\$ 35,672,441</u>	<u>\$ 37,199,445</u>



Village of Pinehurst, North Carolina  
Changes in Net Position  
Last Ten Fiscal Years  
(Accrual Basis of Accounting)

Table 2  
(2 pages)

	Fiscal Year				
	2012	2013	2014	2015	2016
<b>Expenses</b>					
Governmental activities:					
General government	\$ 2,144,319	\$ 1,611,659	\$ 2,168,794	\$ 2,220,764	\$ 2,501,748
Public safety	5,454,487	5,582,355	5,803,531	5,653,753	5,684,375
Transportation	2,511,804	2,475,382	2,369,495	2,325,248	2,481,039
Economic and physical development	1,250,263	1,542,829	1,566,159	1,567,788	677,747
Environmental protection	1,337,891	1,275,525	1,402,623	1,526,924	1,399,842
Cultural and recreation	1,919,013	2,100,673	2,746,748	2,647,805	2,527,443
Interest on long-term debt	108,919	88,541	82,192	69,243	54,120
Total governmental activities expenses	<u>\$ 14,726,696</u>	<u>\$ 14,676,964</u>	<u>\$ 16,139,542</u>	<u>\$ 16,011,525</u>	<u>\$ 15,326,314</u>
<b>Program Revenues</b>					
Governmental activities:					
Charges for services:					
General government	\$ 1,740	\$ 1,775	\$ 2,230	\$ 2,045	\$ 8,836
Public safety	422,878	469,345	490,364	507,962	569,814
Transportation	10,000	10,500	19,000	17,000	-
Economic and physical development	49,827	57,745	39,567	51,363	59,368
Cultural and recreation	510,856	509,113	1,268,417	672,851	730,300
Operating grants and contributions	827,939	533,380	546,089	1,025,870	509,304
Capital grants and contributions	-	207,252	42,563	320,235	230,788
Total governmental activities program revenue	<u>\$ 1,823,240</u>	<u>\$ 1,789,110</u>	<u>\$ 2,408,230</u>	<u>\$ 2,597,326</u>	<u>\$ 2,108,410</u>
Total governmental activities net expense	<u>\$ (12,903,456)</u>	<u>\$ (12,887,854)</u>	<u>\$ (13,731,312)</u>	<u>\$ (13,414,199)</u>	<u>\$ (13,217,904)</u>
<b>General Revenues and Other Changes in Net Position</b>					
Governmental activities:					
Taxes:					
Ad valorem taxes	\$ 9,483,953	\$ 9,567,944	\$ 9,763,042	\$ 9,785,054	\$ 9,699,296
Unrestricted intergovernmental	4,071,702	4,162,616	4,271,703	4,979,172	5,328,610
Investment earnings	27,125	12,947	10,424	9,796	25,872
Miscellaneous	235,587	324,271	495,732	197,599	253,256
Total governmental activities general revenue	<u>\$ 13,818,367</u>	<u>\$ 14,067,778</u>	<u>\$ 14,540,901</u>	<u>\$ 14,971,621</u>	<u>\$ 15,307,034</u>
Change in Governmental Activities Net Position	<u>\$ 914,911</u>	<u>\$ 1,179,924</u>	<u>\$ 809,589</u>	<u>\$ 1,557,422</u>	<u>\$ 2,089,130</u>



Village of Pinehurst, North Carolina  
Changes in Net Position  
Last Ten Fiscal Years  
(Accrual Basis of Accounting)

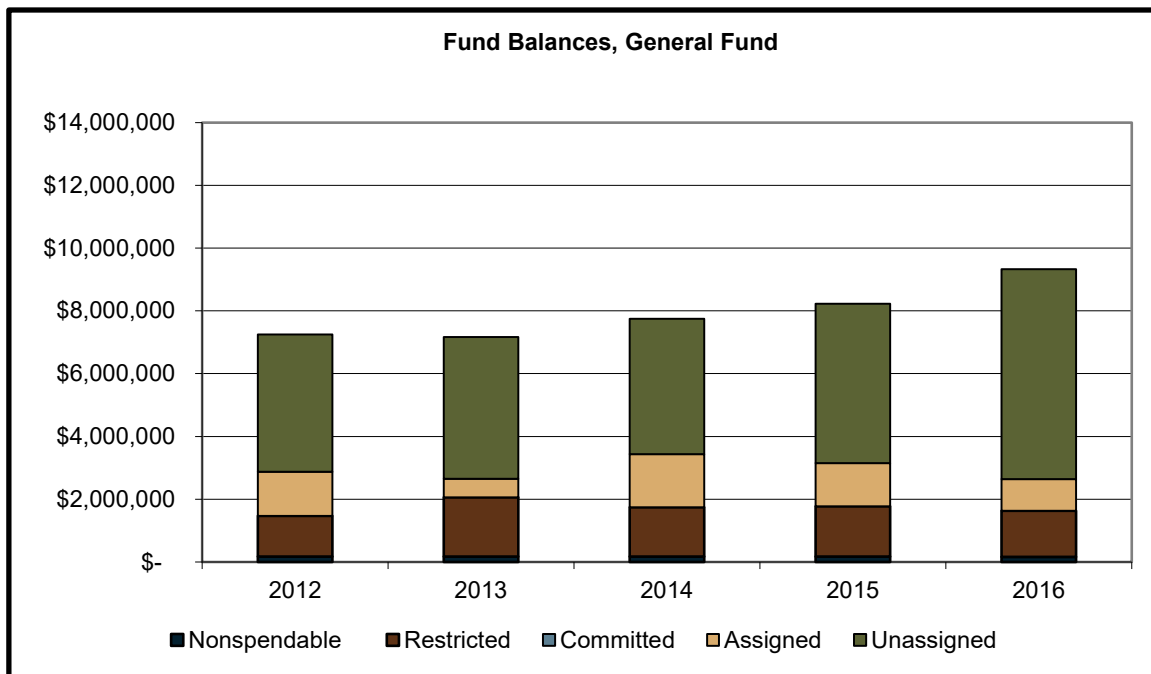
Table 2  
(2 pages)

	Fiscal Year				
	2017	2018	2019	2020	2021
<b>Expenses</b>					
Governmental activities:					
General government	\$ 2,495,248	\$ 2,507,278	\$ 2,726,379	\$ 2,967,823	\$ 2,849,519
Public safety	6,070,685	6,207,724	6,528,824	6,832,478	7,035,668
Transportation	2,755,861	3,185,140	3,576,506	3,249,759	3,720,950
Economic and physical development	765,422	700,647	1,017,081	844,251	1,075,931
Environmental protection	1,453,148	1,470,406	1,661,991	1,808,078	1,860,471
Cultural and recreation	2,700,389	2,875,926	2,754,791	2,964,665	3,123,431
Interest on long-term debt	40,296	28,933	18,838	9,203	1,467
Total governmental activities expenses	<u>\$ 16,281,049</u>	<u>\$ 16,976,054</u>	<u>\$ 18,284,410</u>	<u>\$ 18,676,257</u>	<u>\$ 19,667,437</u>
<b>Program Revenues</b>					
Governmental activities:					
Charges for services:					
General government	\$ 3,943	\$ 10,140	\$ 24,541	\$ 22,036	\$ 32,579
Public safety	722,337	677,954	718,467	683,710	730,483
Transportation	-	-	-	-	-
Economic and physical development	83,562	85,317	77,246	261,564	308,891
Cultural and recreation	716,909	701,082	660,859	519,952	433,297
Operating grants and contributions	603,714	518,202	859,123	581,759	790,509
Capital grants and contributions	-	559,349	397,249	516,976	95,100
Total governmental activities program revenue	<u>\$ 2,130,465</u>	<u>\$ 2,552,044</u>	<u>\$ 2,737,485</u>	<u>\$ 2,585,997</u>	<u>\$ 2,390,859</u>
Total governmental activities net expense	<u>\$ (14,150,584)</u>	<u>\$ (14,424,010)</u>	<u>\$ (15,546,925)</u>	<u>\$ (16,090,260)</u>	<u>\$ (17,276,578)</u>
<b>General Revenues and Other Changes in Net Position</b>					
Governmental activities:					
Taxes:					
Ad valorem taxes	\$ 9,998,398	\$ 10,143,940	\$ 10,346,079	\$ 11,249,478	\$ 11,492,559
Unrestricted intergovernmental	5,478,926	5,641,380	6,013,374	6,151,373	6,933,901
Investment earnings	62,911	146,038	261,291	171,964	2,879
Miscellaneous	259,310	247,469	333,226	1,286,602	374,243
Total governmental activities general revenue	<u>\$ 15,799,545</u>	<u>\$ 16,178,827</u>	<u>\$ 16,953,970</u>	<u>\$ 18,859,417</u>	<u>\$ 18,803,582</u>
Change in Governmental Activities Net Position	<u>\$ 1,648,961</u>	<u>\$ 1,754,817</u>	<u>\$ 1,407,045</u>	<u>\$ 2,769,157</u>	<u>\$ 1,527,004</u>

Village of Pinehurst, North Carolina  
Fund Balances - Governmental Funds  
Last Ten Fiscal Years  
(Modified Accrual Basis of Accounting)

Table 3  
(2 pages)

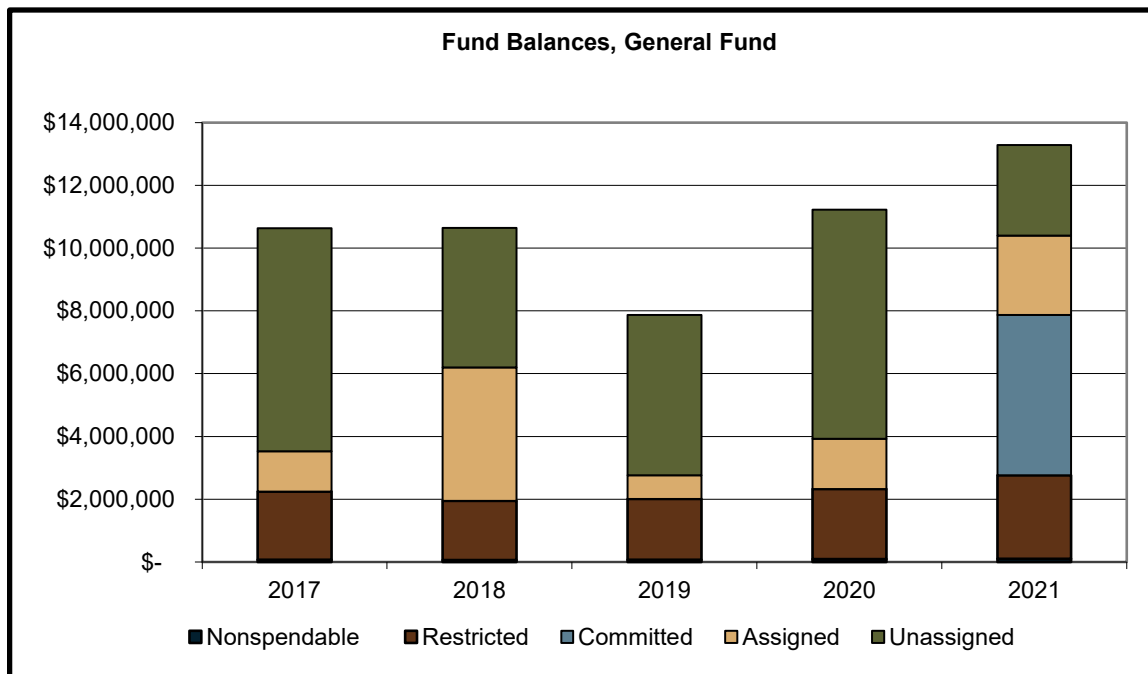
	Fiscal Year				
	2012	2013	2014	2015	2016
<b>General Fund</b>					
Nonspendable:					
Inventory	\$ 48,745	\$ 43,640	\$ 44,071	\$ 44,494	\$ 39,799
Prepaid items	124,714	127,308	130,586	124,296	118,979
Restricted:					
Stabilization by state statute	1,291,963	1,882,835	1,568,980	1,601,410	1,474,901
Public safety	-	-	-	-	-
Committed:					
Library and archives	-	-	-	-	-
Future capital	-	-	-	-	-
Assigned:					
Subsequent year's expenditures	1,405,864	601,175	1,687,710	1,375,639	1,001,685
Unassigned	4,373,169	4,506,790	4,317,497	5,079,263	6,689,980
Total general fund	<u>\$ 7,244,455</u>	<u>\$ 7,161,748</u>	<u>\$ 7,748,844</u>	<u>\$ 8,225,102</u>	<u>\$ 9,325,344</u>
<b>All Other Governmental Funds</b>					
Restricted:					
Municipal Service District	\$ 14,354	\$ -	\$ -	\$ -	\$ -
Committed:					
General government	24,982	-	-	-	-
Cultural and recreation	-	-	-	-	-
Special revenue fund expenditures	10,642	10,755	2,894	-	-
Total all other governmental funds	<u>\$ 49,978</u>	<u>\$ 10,755</u>	<u>\$ 2,894</u>	<u>\$ -</u>	<u>\$ -</u>



Village of Pinehurst, North Carolina  
Fund Balances - Governmental Funds  
Last Ten Fiscal Years  
(Modified Accrual Basis of Accounting)

Table 3  
(2 pages)

	Fiscal Year				
	2017	2018	2019	2020	2021
<b>General Fund</b>					
Nonspendable:					
Inventory	\$ 36,653	\$ 39,993	\$ 48,427	\$ 44,098	\$ 60,814
Prepaid items	35,236	19,878	20,135	42,602	38,374
Restricted:					
Stabilization by state statute	2,165,724	1,881,641	1,923,503	2,233,881	2,624,890
Public safety	-	2,672	10,943	-	39,674
Committed:					
Library and archives	-	-	-	-	1,000,000
Future capital	-	-	-	-	4,102,691
Assigned:					
Subsequent year's expenditures	1,284,513	4,249,380	755,967	1,603,467	2,530,950
Unassigned	7,110,976	4,448,274	5,112,998	7,305,222	2,891,475
Total general fund	<u>\$ 10,633,102</u>	<u>\$ 10,641,838</u>	<u>\$ 7,871,973</u>	<u>\$ 11,229,270</u>	<u>\$ 13,288,868</u>
<b>All Other Governmental Funds</b>					
Restricted:					
Municipal Service District	\$ -	\$ -	\$ -	\$ -	\$ -
Committed:					
General government	-	-	-	-	-
Cultural and recreation	-	186,877	2,520,458	249,374	-
Special revenue fund expenditures	-	-	-	-	-
Total all other governmental funds	<u>\$ -</u>	<u>\$ 186,877</u>	<u>\$ 2,520,458</u>	<u>\$ 249,374</u>	<u>\$ -</u>



Village of Pinehurst, North Carolina  
Changes in Fund Balances - Governmental Funds  
Last Ten Fiscal Years  
(Modified Accrual Basis of Accounting)

Table 4  
(2 pages)

	Fiscal Year				
	2012	2013	2014	2015	2016
<b>Revenues</b>					
Ad valorem taxes	\$ 9,486,491	\$ 9,561,126	\$ 9,771,682	\$ 9,792,365	\$ 9,697,697
Other taxes and licenses	1,740	1,775	2,230	2,010	8,745
Unrestricted intergovernmental	4,071,702	4,162,616	4,271,703	4,979,172	5,328,610
Restricted intergovernmental	826,718	532,860	548,073	1,069,055	509,245
Permits and fees	480,999	535,247	1,252,453	578,554	632,033
Sales and services	501,690	517,744	564,975	629,899	729,626
Investment earnings	28,345	13,468	10,714	9,836	25,932
Assessments	25,460	12,412	11,791	20,116	45,741
Miscellaneous	221,513	265,399	266,641	182,310	195,642
Total revenues	15,644,658	15,602,647	16,700,262	17,263,317	17,173,271
<b>Expenditures</b>					
General government	1,933,779	2,106,278	2,196,930	2,133,743	2,142,750
Public safety	5,053,316	5,197,380	5,856,007	5,543,484	5,443,314
Transportation	2,558,524	2,178,585	2,792,152	2,789,063	2,774,071
Economic and physical development	1,455,559	2,160,239	1,454,418	1,624,275	874,566
Environmental protection	1,468,031	1,350,737	1,456,374	1,586,800	1,576,998
Cultural and recreation	1,809,654	2,280,905	2,694,676	2,633,384	2,854,719
Debt service:					
Principal	748,878	478,298	378,829	420,917	406,502
Interest and other charges	116,592	91,151	83,098	73,615	57,721
Capital outlay	910	-	-	-	-
Total expenditures	15,145,243	15,843,573	16,912,484	16,805,281	16,130,641
Excess (deficiency) of revenues over (under) expenditures	499,415	(240,926)	(212,222)	458,036	1,042,630
<b>Other Financing Sources (Uses)</b>					
Transfers to other funds	(34,117)	(52,380)	(7,933)	(2,897)	-
Transfers from other funds	34,117	52,380	7,933	2,897	-
Sales of capital assets	33,958	59,493	241,457	15,328	57,612
Issuance of debt	-	59,503	550,000	-	-
Total other financing sources (uses)	33,958	118,996	791,457	15,328	57,612
Net change in fund balances	533,373	(121,930)	579,235	473,364	1,100,242
Fund balances, beginning	6,761,060	7,294,433	7,172,503	7,751,738	8,225,102
Fund balances, ending	\$ 7,294,433	\$ 7,172,503	\$ 7,751,738	\$ 8,225,102	\$ 9,325,344
Debt service as a percentage of noncapital expenditures	6.2%	4.3%	3.1%	3.2%	3.3%

**Notes:**

The capital outlay used to calculate debt service as a percentage of noncapital expenditures can be found in Exhibit 6.

Village of Pinehurst, North Carolina  
Changes in Fund Balances - Governmental Funds  
Last Ten Fiscal Years  
(Modified Accrual Basis of Accounting)

Table 4  
(2 pages)

	Fiscal Year				
	2017	2018	2019	2020	2021
<b>Revenues</b>					
Ad valorem taxes	\$ 9,996,412	\$ 10,142,650	\$ 10,349,609	\$ 11,261,143	\$ 11,490,262
Other taxes and licenses	2,180	2,475	2,850	3,215	4,455
Unrestricted intergovernmental	5,478,926	5,641,380	6,013,374	6,151,373	6,933,901
Restricted intergovernmental	603,437	517,964	858,129	577,505	790,495
Permits and fees	801,574	761,918	794,770	938,780	1,029,833
Sales and services	719,515	709,419	689,943	543,264	459,900
Investment earnings	63,189	146,276	262,285	179,218	2,893
Assessments	39,102	31,607	29,371	26,103	5,179
Miscellaneous	197,420	214,839	282,745	1,267,184	347,109
Total revenues	17,901,755	18,168,528	19,283,076	20,947,785	21,064,027
<b>Expenditures</b>					
General government	2,164,459	2,288,440	2,331,905	2,511,205	2,652,064
Public safety	5,564,978	6,404,850	6,052,992	6,386,218	7,076,720
Transportation	3,276,715	3,590,267	3,625,359	3,129,937	3,724,913
Economic and physical development	764,595	700,149	1,010,775	813,014	1,040,019
Environmental protection	1,312,900	1,639,564	1,510,935	1,828,660	1,860,146
Cultural and recreation	3,176,328	3,035,778	4,918,823	4,901,123	2,782,327
Debt service:					
Principal	368,531	329,223	297,282	298,687	141,600
Interest and other charges	43,717	32,160	21,770	12,146	3,148
Capital outlay	-	-	-	-	-
Total expenditures	16,672,223	18,020,431	19,769,841	19,880,990	19,280,937
Excess (deficiency) of revenues over (under) expenditures	1,229,532	148,097	(486,765)	1,066,795	1,783,090
<b>Other Financing Sources (Uses)</b>					
Transfers to other funds	-	(344,000)	(4,569,165)	-	(244,999)
Transfers from other funds	-	344,000	4,569,165	-	244,999
Sales of capital assets	78,226	47,516	50,481	19,418	27,134
Issuance of debt	-	-	-	-	-
Total other financing sources (uses)	78,226	47,516	50,481	19,418	27,134
Net change in fund balances	1,307,758	195,613	(436,284)	1,086,213	1,810,224
Fund balances, beginning	9,325,344	10,633,102	10,828,715	10,392,431	11,478,644
Fund balances, ending	\$ 10,633,102	\$ 10,828,715	\$ 10,392,431	\$ 11,478,644	\$ 13,288,868
Debt service as a percentage of noncapital expenditures	2.8%	2.3%	1.9%	1.9%	0.8%

**Notes:**

The capital outlay used to calculate debt service as a percentage of noncapital expenditures can be found in Exhibit 6.

Village of Pinehurst, North Carolina  
Assessed Value and Estimated Actual Value of Taxable Property  
Last Ten Fiscal Years

Table 5

Fiscal Year	Tax Year	Residential Property	Commercial Property	Industrial Property	Less Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value
2012	2011	\$ 3,333,807,236	\$ 348,341,880	\$ 17,750,788	\$ 309,216,950	\$ 3,390,682,954	0.280	\$ 3,377,174,257
2013	2012	3,368,430,240	346,142,700	17,669,146	312,873,330	3,419,368,756	0.280	3,398,974,907
2014	2013	3,433,539,072	346,239,540	17,443,205	314,499,090	3,482,722,727	0.280	3,474,384,205
2015	2014	3,433,872,218	357,593,290	16,969,593	316,220,133	3,492,214,968	0.280	3,481,769,659
2016	2015	3,352,781,389	375,083,970	19,365,934	404,357,860	3,342,873,433	0.290	3,342,873,433
2017	2016	3,398,349,498	375,641,253	19,308,922	405,681,620	3,387,618,053	0.295	3,379,844,411
2018	2017	3,438,503,505	382,281,151	20,624,370	405,969,480	3,435,439,546	0.295	3,357,544,513
2019	2018	3,495,942,470	391,820,521	20,871,399	405,458,520	3,503,175,870	0.295	3,432,467,049
2020	2019	3,737,721,744	427,481,221	23,759,023	437,571,040	3,751,390,948	0.300	3,738,306,874
2021	2020	3,809,790,478	427,774,584	26,068,173	434,758,410	3,828,874,825	0.300	3,783,099,323

**Sources:**  
Moore County Tax Department

**Notes:**  
Assessed valuations are established by the Moore County Board of Commissioners at 100% of estimated market value. A revaluation of real property is required by the North Carolina General Statutes at least every eight years. Property was last revalued in FY 2020.

Estimated actual taxable value is calculated using information provided in Moore County's Annual Comprehensive Financial Report.

Village of Pinehurst, North Carolina  
Direct and Overlapping Property Tax Rates  
Last Ten Years  
(Rates are per \$100 of Assessed Value)

Table 6

Fiscal Year	Tax Year	Direct Rates	Overlapping Rates	
		Total Direct Rate	Village of Pinehurst Municipal Service District	Moore County (1)
2012	2011	0.280	0.05	0.485
2013	2012	0.280	0.05	0.485
2014	2013	0.280	-	0.485
2015	2014	0.280	-	0.485
2016	2015	0.290	-	0.495
2017	2016	0.295	-	0.495
2018	2017	0.295	-	0.495
2019	2018	0.295	-	0.505
2020	2019	0.300	-	0.550
2021	2020	0.300	-	0.550

**Sources:**

(1) Moore County Tax Department

**Notes:**

Overlapping rates are those of local and county governments that apply to property owners within the Village of Pinehurst. Not all overlapping rates apply to all property owners; for example, although the county property tax rates apply to all Village of Pinehurst property owners, the Municipal Service District rates apply only to 25 property owners whose property is located within that district's geographic boundaries.

In fiscal year 2013 the Municipal Service District fund was closed and all operations were absorbed into the General Fund. Starting in fiscal year 2014, the cost of operations is funded by the Direct Tax.

Village of Pinehurst, North Carolina  
Principal Property Tax Payers  
Current Year and Nine Years Ago

Table 7

Taxpayer	2021		2012	
	Taxable Assessed Value	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Percentage of Total Taxable Assessed Value
Pinehurst LLC	\$ 187,538,909	4.90%	\$ 169,422,809	5.04%
Pinehurst Surgical Clinic	28,766,340	0.75%	26,145,544	0.78%
Pinehurst Medical	26,747,410	0.70%	20,244,470	0.60%
Country Club of North Carolina	25,257,993	0.66%	30,109,680	0.90%
Duke Energy Progress, Inc.	20,553,767	0.54%	12,380,640	0.37%
The Greens at Arboretum LLC	12,449,190	0.33%	-	-
Quail Haven Properties of Pinehurst, LLC	10,218,540	0.27%	-	-
MTMM Associates (Carolina Eye Assoc.)	9,302,210	0.24%	9,792,516	0.29%
Pinewild Project Limited PTNS	9,218,302	0.24%	14,386,473	0.43%
SCOP (Surgery Center of Pinehurst)	6,072,220	0.16%	7,104,095	0.21%
Branch Banking and Trust Co.	-	-	6,470,884	0.19%
Francis Maser	-	-	5,613,400	0.17%
Total	<u>\$ 336,124,881</u>	<u>8.78%</u>	<u>\$ 301,670,511</u>	<u>8.98%</u>

**Sources:**

Moore County Tax Department

**Notes:**

FY 2021 and FY 2012 data are for tax years 2020 and 2011 respectively.

Pinehurst, LLC includes: Resorts of Pinehurst Inc., Pinehurst, Inc., Pinehurst LLC and Resorts of Pinehurst, Inc.



Village of Pinehurst, North Carolina  
Property Tax Levies and Collections  
Last Ten Fiscal Years

Table 8

Fiscal Year	Tax Year	Taxes Levied for the Fiscal Year (1)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy (1)
2012	2011	\$ 9,477,624	\$ 9,463,405	99.85%	\$ 14,136	\$ 9,477,541	100.00%
2013	2012	9,558,275	9,538,561	99.79%	19,643	9,558,204	100.00%
2014	2013	9,756,980	9,748,024	99.91%	8,902	9,756,926	100.00%
2015	2014	9,774,886	9,772,350	99.97%	2,366	9,774,716	100.00%
2016	2015	9,692,375	9,686,105	99.94%	6,199	9,692,304	100.00%
2017	2016	9,992,459	9,983,263	99.91%	9,127	9,992,390	100.00%
2018	2017	10,136,740	10,129,986	99.93%	6,360	10,136,346	100.00%
2019	2018	10,334,013	10,323,160	99.89%	8,818	10,331,978	99.98%
2020	2019	11,256,701	11,247,972	99.92%	5,280	11,253,252	99.97%
2021	2020	11,486,218	11,478,077	99.93%	-	11,478,077	99.93%

**Sources:**

Moore County Tax Department

**Notes:**

(1) Taxes Levied for the Fiscal Year have been adjusted for Collections in Subsequent Years.

Village of Pinehurst, North Carolina  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

Table 9

<u>Fiscal Year</u>	<u>Calendar Year</u>	<u>Governmental Activities Installment Financing (1)</u>	<u>Percentage of Personal Income (2)</u>	<u>Per Capita (2)</u>
2012	2011	\$ 2,510,366	0.48%	\$ 170
2013	2012	2,091,572	0.34%	140
2014	2013	2,262,742	0.35%	149
2015	2014	1,841,825	0.26%	119
2016	2015	1,435,323	0.18%	91
2017	2016	1,066,792	0.13%	66
2018	2017	737,569	0.10%	45
2019	2018	440,287	0.06%	26
2020	2019	141,600	0.02%	8
2021	2020	-	0.00%	-

**Notes:**

(1) Details regarding outstanding debt can be found in Note 9 of the notes to the financial statements.

(2) See Table 12 for personal income and population data. These ratios are calculated using personal income and population for the calendar year.

Village of Pinehurst, North Carolina  
Direct and Overlapping Governmental Activities Debt  
As of June 30, 2021

Table 10

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (2)</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
<b>Moore County (1)</b>			
Debt repaid with property taxes:			
Moore County general obligation debt	\$ 148,295,000	27.17%	\$ 40,286,484
Other debt:			
Moore County LOB	57,419,000	27.17%	15,598,703
Capital lease	230,878	27.17%	62,721
Moore County installment loans	40,825,000	27.17%	11,090,702
Subtotal, overlapping debt			67,038,611
<b>Village of Pinehurst direct debt</b>			-
Total direct and overlapping debt			<u>\$ 67,038,611</u>

**Notes:**

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the Village. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the Village. This process recognizes that, when considering the Village's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident-therefore responsible for repaying the debt of each overlapping governments.

(1) Source: Moore County's Annual Comprehensive Financial Report

(2) For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the Village of Pinehurst's boundaries and dividing it by each unit's total taxable assessed value. Taxable assessed property values as of June 30, 2020 were used to determine the overlapping debt percentage.

Village of Pinehurst, North Carolina  
Legal Debt Margin Information  
Last Ten Fiscal Years

Table 11

<u>Fiscal Year</u>	<u>Debt Limit</u>	<u>Total Net Debt Applicable to Limit</u>	<u>Legal Debt Margin</u>	<u>Legal Debt Margin as a Percent of Debt Limit</u>
2012	\$ 271,245,476	\$ 2,510,366	\$ 268,744,270	99.08%
2013	273,549,500	2,091,572	271,457,928	99.24%
2014	278,617,818	2,262,742	276,355,076	99.19%
2015	279,377,197	1,841,825	277,535,372	99.34%
2016	267,429,875	1,435,323	265,994,552	99.46%
2017	271,009,444	1,066,792	269,942,652	99.61%
2018	274,835,164	737,569	274,097,595	99.73%
2019	280,254,070	440,287	279,813,783	99.84%
2020	300,111,276	141,600	299,969,676	99.95%
2021	306,309,986	-	306,309,986	100.00%

**Legal Debt Margin Calculation for Fiscal Year 2021**

Assessed valuation	\$ 3,828,874,825	
	X 0.08	
Debt limit - 8.0% of assessed value		\$ 306,309,986
Gross debt:		
Capital leases	-	
Authorized and unissued bonds	-	
Installment purchase agreements	-	
Total gross debt	-	
Less: statutory deductions	-	
Total amount of debt applicable to debt limit (net debt)		-
<b>Legal debt margin</b>		<b>\$ 306,309,986</b>

Village of Pinehurst, North Carolina  
Demographic and Economic Statistics  
Last Ten Calendar Years

Table 12

<b>Fiscal Year</b>	<b>Calendar Year</b>	<b>Population (1)</b>	<b>Personal Income</b>	<b>Per Capita Income (2)</b>	<b>Median Age (2)</b>	<b>Unemployment Rate (3)</b>
2012	2011	14,783	\$ 526,777,422	\$ 35,634	58.4	8.9%
2013	2012	14,979	608,671,665	40,635	60.6	8.6%
2014	2013	15,150	650,586,450	42,943	60.9	6.3%
2015	2014	15,525	708,033,150	45,606	60.8	5.4%
2016	2015	15,763	778,093,206	49,362	61.1	5.1%
2017	2016	16,123	798,136,869	49,503	61.4	4.1%
2018	2017	16,452	729,679,104	44,352	60.1	4.2%
2019	2018	16,754	771,907,042	46,073	59.3	4.5%
2020	2019	17,100	824,117,400	48,194	61.2	7.3%
2021	2020	17,484	870,143,712	49,768	59.4	4.8%

**Sources:**

- (1) Office of State Budget and Management.
- (2) U.S. Census Bureau.
- (3) North Carolina Employment Security Commission.

**Notes:**

*Per Capita Income is adjusted annually after the Decennial Census calendar year by the annual average inflation rate.*

*Unemployment rate information is a calendar year adjusted annual average in Southern Pines-Pinehurst area.*

Village of Pinehurst, North Carolina  
Principal Employers  
Current Year and Nine Years Ago

Table 13

Employer	2021		2012	
	Employees	Percentage of Total Employment	Employees	Percentage of Total Employment
First Health of the Carolinas (1)	3,590	53.47%	2,610	56.06%
Pinehurst, LLC (2)	1,001	14.91%	1,108	23.80%
Total		68.38%		79.85%

**Sources:**

(1) Human Resources Department at First Health of the Carolinas.

(2) Human Resources Department at Pinehurst, LLC f/n/a Resorts of Pinehurst Inc.

**Notes:**

2021 employment is based on calendar year 2020.

GASB 44 requires comparative data for the current calendar year and nine years prior. 2010 adjusted Census Data was used for 2012 and 2021 to estimate the percentage of total employment.

Village of Pinehurst, North Carolina  
Full-time Equivalent Employees by Function  
Last Ten Fiscal Years

Table 14

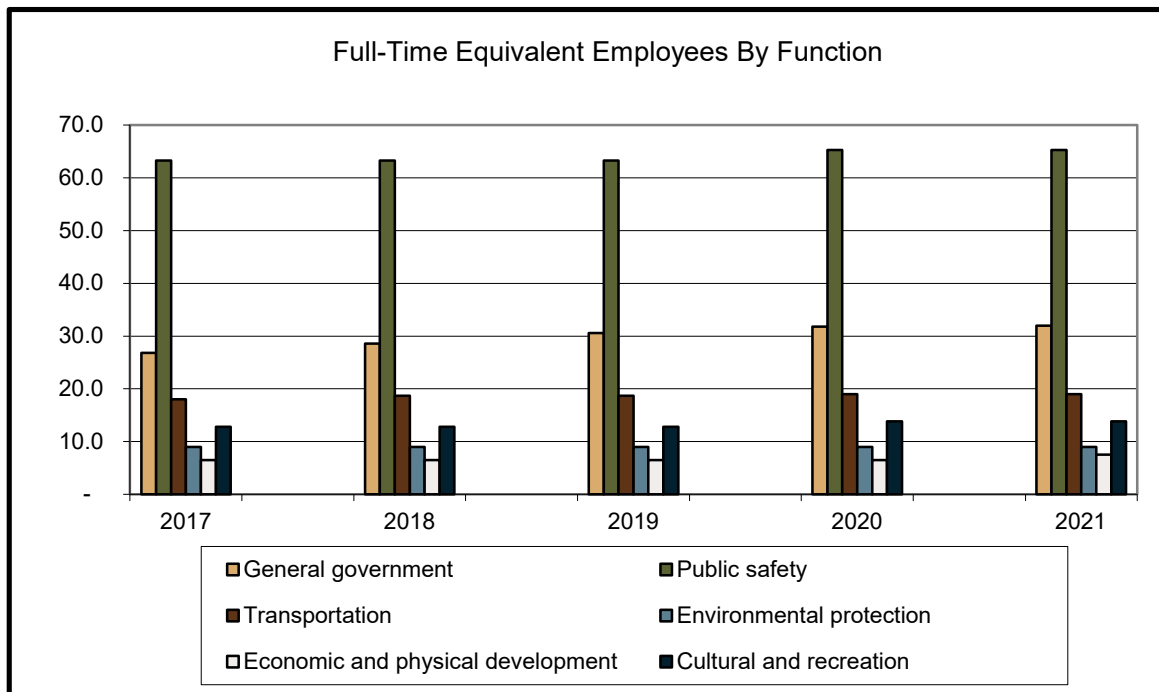
Function	Full-Time Equivalent Employees as of June 30									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General government	24.5	26.0	26.8	26.8	26.8	26.8	28.6	30.6	31.8	32.0
Public safety	60.0	60.0	60.0	60.0	60.0	63.3	63.3	63.3	65.3	65.3
Transportation	18.0	18.0	18.0	18.0	18.0	18.0	18.7	18.7	19.0	19.0
Environmental protection	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0
Economic and physical development	6.5	6.0	6.0	6.0	6.0	6.5	6.5	6.5	6.5	7.5
Cultural and recreation	10.8	11.8	11.8	12.1	12.8	12.8	12.8	12.8	13.8	13.8
Total	128.8	130.8	131.6	131.9	132.6	136.4	138.9	140.9	145.4	146.6

**Source:**

Village of Pinehurst Human Resources Department

**Notes:**

A full-time employee is scheduled to work 2,080 hours per year (including vacation and sick leave). Full-time equivalent employment is calculated by dividing total labor hours by 2,080.



Village of Pinehurst, North Carolina  
Operating Indicators by Function  
Last Ten Fiscal Years

Table 15  
(2 pages)

Function	Fiscal Year				
	2012	2013	2014	2015	2016
<b>General Government</b>					
Financial services:					
Purchase orders issued	269	299	338	297	323
Vendor checks issued	2,365	1,840	1,641	1,509	1,490
Vendor EFTs issued	401	620	998	1,009	1,070
Human resources:					
Workers' compensation lost time (days)	33	74	144	39	8
Employee turnover rate	10.7%	11.4%	7.9%	14.3%	12.6%
Fleet maintenance:					
Vehicles maintained	(2)	(2)	99	97	98
Equipment maintained	(2)	(2)	69	61	62
Preventative maintenance completed	297	269	218	240	228
<b>Public Safety</b>					
Fire protection:					
Public fire & life safety classes	191	254	307	342	438
Incident calls	865	982	993	1,052	1,245
Structure fires	35	43	28	14	4
Inspections (1)	1,174	950	1,898	756	184
Child passenger seat inspections	120	182	170	170	183
Police protection:					
Physical arrests	165	184	239	575	651
Citations issued	1,908	1,208	2,082	1,757	2,603
Response to calls/officer initiated activity	13,364	10,901	13,041	11,742	14,923
Traffic accidents	414	447	422	433	635
Inspections:					
Building inspections conducted (1)	3,832	4,608	7,540	5,469	5,656
Certificates of occupancy issued	48	68	79	116	91
<b>Transportation</b>					
Street resurfacing (miles)	4.5	3.6	5.0	4.5	2.1
<b>Environmental Protection</b>					
Refuse collected (tons annually)	3,808	3,856	3,988	3,973	4,106
Homes receiving service	7,812	7,877	7,955	8,107	8,196
Recyclables collected (tons annually)	1,807	1,913	2,025	2,115	1,935
<b>Economic and Physical Development</b>					
Building permits issued	287	275	313	289	315
Code compliance investigations	577	596	522	639	774
<b>Cultural and Recreation</b>					
Recreation:					
Program participants	1,748	1,591	1,807	1,986	2,634
Athletics participants	1,934	1,838	1,442	1,736	1,699
Harness track:					
Standardbred stalls leased	259	223	240	236	256
Facilities reserved (days)	32	103	125	38	52
Fair barn:					
Events	113	102	122	133	112
Rental days	113	112	199	205	177

**Sources:**

Various Village departments

**Notes:**

(1) Fiscal Year 2014 includes inspections conducted for the USGA at the US Open Championship venue

(2) Information is not available



Village of Pinehurst, North Carolina  
Operating Indicators by Function  
Last Ten Fiscal Years

Table 15  
(2 pages)

Function	Fiscal Year				
	2017	2018	2019	2020	2021
<b>General Government</b>					
Financial services:					
Purchase orders issued	384	401	378	432	415
Vendor checks issued	1,377	1,415	1,289	1,554	1,354
Vendor EFTs issued	1,071	972	1,046	974	878
Human resources:					
Workers' compensation lost time (days)	8	5	1	80	215
Employee turnover rate	13.1%	8.3%	12.2%	15.7%	13.1%
Fleet maintenance:					
Vehicles maintained	103	100	101	102	102
Equipment maintained	62	67	59	77	84
Preventative maintenance completed	234	236	248	231	228
<b>Public Safety</b>					
Fire protection:					
Public fire & life safety classes	563	617	606	381	89
Incident calls	1,754	1,670	1,891	1,686	1,904
Structure fires	10	7	5	1	13
Inspections	186	257	204	169	698
Child passenger seat inspections	136	104	104	60	31
Police protection:					
Physical arrests	739	296	392	330	426
Citations issued	2,750	3,368	3,770	2,990	2,387
Response to calls/officer initiated activity	16,613	16,809	18,103	17,547	24,933
Traffic accidents	654	658	652	578	600
Inspections:					
Building inspections conducted	6,633	7,614	7,008	8,223	8,723
Certificates of occupancy issued	130	216	240	260	221
<b>Transportation</b>					
Street resurfacing (miles)	3.1	5.7	3.9	4.5	4.5
<b>Environmental Protection</b>					
Refuse collected (tons annually)	4,062	3,962	4,522	5,018	5,670
Homes receiving service	8,326	8,467	8,531	8,562	8,726
Recyclables collected (tons annually)	2,060	2,066	1,702	1,208	1,009
<b>Economic and Physical Development</b>					
Building permits issued	347	348	337	360	296
Code compliance investigations	1,251	1,156	1,045	1,372	1,215
<b>Cultural and Recreation</b>					
Recreation:					
Program participants	2,950	3,061	2,678	1,600	1,812
Athletics participants	1,922	1,847	1,665	1,792	2,273
Harness track:					
Standardbred stalls leased	252	215	193	172	126
Facilities reserved (days)	40	39	38	62	248
Fair barn:					
Events	121	124	104	83	76
Rental days	159	150	107	102	17

**Sources:**

Various Village departments

**Notes:**

(1) Fiscal Year 2014 includes inspections conducted for the USGA at the US Open Championship venue

(2) Information is not available

Village of Pinehurst, North Carolina  
Capital Asset Statistics by Function  
Last Ten Fiscal Years

Table 16  
(2 pages)

Function	Fiscal Year				
	2012	2013	2014	2015	2016
Public safety:					
Fire protection:					
Stations	2	2	2	2	2
Fire trucks	6	6	7	6	6
Police protection:					
Stations	1	1	1	1	1
Police vehicles	22	23	24	26	29
Transportation:					
Miles of streets	105.57	105.90	105.66	106.08	106.35
Maintenance vehicles	25	24	25	25	23
Sidewalks, greenways and bike paths (lf)	47,898	49,482	68,313	68,653	71,663
Environmental protection:					
Refuse collection trucks	15	15	15	16	17
Economic and physical development:					
Storm water drainage areas	38	48	57	66	80
Cultural and recreation:					
Number of parks	4	4	5	5	5
Park acreage	294	294	294	294	294
Greenway trails (miles)	6.3	6.8	6.8	6.8	7.1
Playgrounds	3	3	3	3	3
Baseball/softball diamonds	2	2	2	2	2
Soccer fields	2	2	2	2	2

**Sources:**

*Various Village departments*

Village of Pinehurst, North Carolina  
Capital Asset Statistics by Function  
Last Ten Fiscal Years

Table 16  
(2 pages)

Function	Fiscal Year				
	2017	2018	2019	2020	2021
Public safety:					
Fire protection:					
Stations	2	2	2	2	2
Fire trucks	6	6	6	6	7
Police protection:					
Stations	1	1	1	1	1
Police vehicles	26	29	27	29	27
Transportation:					
Miles of streets	106.35	106.75	106.98	107.40	107.40
Maintenance vehicles	25	24	22	22	23
Sidewalks, greenways and bike paths (lf)	79,272	82,757	83,179	85,344	85,344
Environmental protection:					
Refuse collection trucks	13	14	12	12	14
Economic and physical development:					
Storm water drainage areas	84	92	106	116	134
Cultural and recreation:					
Number of parks	5	5	5	5	5
Park acreage	294	294	294	294	294
Greenway trails (miles)	7.6	7.6	7.6	7.6	7.6
Playgrounds	3	3	3	3	3
Baseball/softball diamonds	2	2	2	2	2
Soccer fields	2	2	2	2	2

**Sources:**

*Various Village departments*

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## COMPLIANCE SECTION

This section contains the reports and schedules listed below:

- **Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***
  - Schedule of Expenditures of Federal and State Awards
-



# **Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

The Honorable Mayor and  
Members of the Village Council  
Village of Pinehurst, NC

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Village of Pinehurst, North Carolina ("Village"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprises the Village's basic financial statements, and have issued our report thereon dated October 29, 2021.

## ***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over financial reporting was for limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Dixon Hughes Goodman LLP*

High Point, NC  
October 29, 2021

Village of Pinehurst, North Carolina  
Schedule of Expenditures of Federal and State Awards  
For the Year Ended June 30, 2021

Schedule 9

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State/ Pass-Through Grantor's Number	Federal Expenditures	State Expenditures	Local Expenditures
<b>Federal awards:</b>					
<u>U.S. Department of Justice</u> Bullet-Proof Vest Partnership Program	16.607	Direct	\$ 4,925	\$ -	\$ 4,925
<u>U.S. Department of the Treasury</u> Passed through NC Office of State Budget and Management - NC Pandemic Recovery Office: Passed through Moore County: Coronavirus Relief Fund	21.019	S.L. 2020-80	252,033	-	-
Total federal awards			256,958	-	4,925
<b>State awards:</b>					
<u>N.C. Department of Transportation</u> Powell Bill		DOT-4	-	480,555	-
Total state awards			-	480,555	-
Total federal and state awards			\$ 256,958	\$ 480,555	\$ 4,925

## Notes to the Schedule of Expenditures of Federal and State Awards

### 1. Basis of Presentation

The accompanying schedule of expenditures of federal and state awards (SEFSA) includes the Federal and State grant activity of the Village of Pinehurst under the programs of the federal government and the state of North Carolina for the year ended June 30, 2021. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the Village, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Village.

### 2. Summary of Significant Accounting Policies

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Village has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.