



**VILLAGE COUNCIL  
AGENDA FOR REGULAR MEETING OF DECEMBER 11, 2018  
ASSEMBLY HALL  
395 MAGNOLIA ROAD  
PINEHURST, NORTH CAROLINA  
4:30 PM**

1. Call to Order.
2. Invocation and Pledge of Allegiance. (Dr. John Jacobs)
3. Reports:  
    Manager  
    Council
4. Motion to Approve Consent Agenda.

All items listed below are considered routine or have been discussed at length in previous meetings and will be enacted by one motion. No separate discussion will be held unless requested by a member of the Village Council.

- A. Consider a Resolution Honoring John Cashion for His Service
- B. Consider a Resolution Honoring Myles Larsen for His Service
- C. Public Safety Reports
- D. Approval of Draft Village Council Meeting Minutes.  
    November 6, 2018 Special Meeting  
    November 13, 2018 Regular Meeting  
    November 13, 2018 Work Session  
    November 29, 2018 Special Meeting
- E. Budget Amendments Report

End of Consent Agenda.

5. Walt Morgan's Farewell Remarks
6. Presentation of the Comprehensive Annual Financial Report (CAFR).
7. Consider the Request for Retiring Deputy Chief Ricky Gooch to Purchase Service Revolver.
8. Discuss and Consider Resolution 18-33 Appointing New Members to Serve on the Historic Preservation Commission.
9. Discuss and Consider Changes to the Policy on Administration of the Position Classification and Pay Plan.
10. Discuss and Consider Ordinance 18-27 a Budget Amendment for the Public Services Roof Replacement.

11. Approval of the 2019 Council Meeting Schedule.
12. Other Business.
13. Comments from Attendees.
14. Motion to Adjourn.

*Vision: The Village of Pinehurst is a charming, vibrant community which reflects our rich history and traditions.*

*Mission: Promote, enhance, and sustain the quality of life for residents, businesses, and visitors.*

*Values: Service, Initiative, Teamwork, and Improvement.*



**COUNCIL  
ADDITIONAL AGENDA DETAILS:**

**ATTACHMENTS:**

Description

- ▣ 2018 Key Partners and Collaborators



Council Member to Report	Partners & Collaborators
Nancy Fiorillo	Triangle J. COG
	Neighborhood Advisory Committee
John Cashion	Moore County Schools
	Partners in Progress
John Bouldry	NCDOT/MCTC/TARPO
	Beautification Committee
Judy Davis	Pinehurst Business Partners
	Given Memorial Library
Kevin Drum	Tri-Cities Work Group (Pinehurst, So. Pines, Aberdeen)
	Bicycle and Pedestrian Advisory Committee



**CONSIDER A RESOLUTION HONORING JOHN CASHION FOR HIS  
SERVICE**

**ADDITIONAL AGENDA DETAILS:**

**FROM:**

Beth Dunn

**CC:**

Jeff Sanborn

**DATE OF MEMO:**

11/21/2018

**MEMO DETAILS:**

Attached is a draft resolution for Council to consider honoring John Cashion for his service as Councilmember and Mayor Pro Tem. Mr. Cashion took office in December 2011 and served continuously and faithfully from that time.

**ATTACHMENTS:**

Description

▣ Resolution 18-32

**RESOLUTION #18-32:**

**RESOLUTION HONORING THE SERVICE OF MR. JOHN CASHION AS  
COUNCILMEMBER AND MAYOR PRO TEM OF PINEHURST, NORTH  
CAROLINA**

**WHEREAS**, the Village Council of Pinehurst, North Carolina, wishes to acknowledge and express its appreciation to Mr. John Cashion for his dedicated service to the citizens of Pinehurst as a Village Councilmember and Mayor Pro Tem; and

**WHEREAS**, Mr. John Cashion has served the Village of Pinehurst as a Councilmember from 2011-2018; and

**WHEREAS**, Mr. John Cashion was appointed Mayor Pro Tem on November 20, 2013 and has served faithfully since his appointment; and

**WHEREAS**, as a member of the Village Council, he has devoted his time, energy and talents to the Village and provided experience and sound judgment on its behalf with unfailing integrity, dignity and thoughtful reflection; and

**WHEREAS**, as a member of the Village Council, he has reviewed and deliberated on all matters, facts and proposals presented before the Council, and at all times kept the public's interest as the first priority; and

**WHEREAS**, Mr. Cashion was an integral member of the working groups that recommended the One and Done solid waste collection improvements and reorganization of the Police Department to ensure the safety of Pinehurst residents; and

**WHEREAS**, Mr. Cashion worked closely with the NC Department of Transportation as the Council's liaison to conduct long-range transportation planning for the area; and

**WHEREAS**, Mr. Cashion was instrumental in improvements, including the construction of the Splash Pad at Rassie Wicker Park, improvements to the Village's Public Services facility, and the addition of streetscape improvements in and around the downtown area; and

**WHEREAS**, Mr. Cashion was, and continues to be, a strong supporter for promoting the Village of Pinehurst brand to ensure it remains an attractive residential community.

**NOW, THEREFORE, BE IT RESOLVED** by the Village Council of Pinehurst, North Carolina, in a regular meeting assembled this this 11th day of December, 2018 as follows:

**Section 1.** That the Village Council hereby expresses on behalf of the citizens of Pinehurst, deep appreciation and gratitude for the gifts of time, ability, and commitment in carrying out the duties of Councilmember and Mayor Pro Tem for the Village of Pinehurst.

**Section 2.** That a copy of this resolution be spread upon the permanent minutes of the Village of Pinehurst, and a copy thereof, duly executed by the Mayor and Village Clerk, be presented to Mr. Cashion as a token of our gratitude.

**This Resolution passed and adopted this 11th day of December, 2018.**

(Municipal Seal)

VILLAGE OF PINEHURST  
VILLAGE COUNCIL

By: \_\_\_\_\_  
Nancy Roy Fiorillo, Mayor

Attest:

Approved as to Form:

\_\_\_\_\_  
Beth Dunn, Village Clerk

\_\_\_\_\_  
Michael J. Newman, Village Attorney



**CONSIDER A RESOLUTION HONORING MYLES LARSEN FOR HIS  
SERVICE**

**ADDITIONAL AGENDA DETAILS:**

**FROM:**

Beth Dunn

**CC:**

Jeff Sanborn & Natalie Hawkins

**DATE OF MEMO:**

11/16/2018

**MEMO DETAILS:**

Attached is a draft resolution for Council to consider honoring Myles Larsen for his service with the Board of Adjustment and Planning and Zoning Board. Mr. Larsen was appointed to the Boards on June 24, 2014, and served continuously and faithfully from that time.

**ATTACHMENTS:**

Description

▣ Resolution 18-31



**RESOLUTION #18-31:**

**RESOLUTION HONORING THE SERVICE OF MR. MYLES LARSEN TO THE  
VILLAGE OF PINEHURST PLANNING AND ZONING BOARD AND BOARD OF  
ADJUSTMENT**

**WHEREAS**, the Village Council of Pinehurst, North Carolina, wishes to acknowledge and express its appreciation to Mr. Myles Larsen for his dedicated service to the citizens of Pinehurst as a member of the Board of Adjustment and the Planning and Zoning Board; and

**WHEREAS**, Mr. Larsen was first appointed to the Board of Adjustment and Planning and Zoning Board on June 24, 2014 and served continuously and faithfully from that time; and

**WHEREAS**, Mr. Larsen was instrumental in the efficient operation of the Board of Adjustment and the Planning and Zoning Board always conducting the Village's business in a courteous, professional manner; and

**WHEREAS**, Mr. Larsen has been a significant contributor to a number of subcommittees and study groups, always utilizing his analytical skills and his past experiences to create better outcomes for the community; and

**WHEREAS**, Mr. Larsen was involved in numerous reviews of significant development projects in Pinehurst and its extraterritorial jurisdiction in which he always ensured that the Planning and Zoning Board fully examined all of the aspects of the proposed development or land use request before providing its recommendation to the Village Council; and

**WHEREAS**, Mr. Larsen's presence always added a sense of dignity to the board's proceedings.

**NOW, THEREFORE, BE IT RESOLVED** by the Village Council of Pinehurst, North Carolina, in a regular meeting assembled this this 11th day of December, 2018 as follows:

**Section 1.** That the Village Council hereby expresses on behalf of the citizens of Pinehurst, deep appreciation and gratitude for the gifts of time, ability, and determination given as a member of the Board of Adjustment and the Planning and Zoning Board.

**Section 2.** That the Village Manager is hereby directed to have a copy of this Resolution presented to Mr. Larsen as a token of our gratitude.

**This Resolution passed and adopted this 11th day of December, 2018.**

VILLAGE OF PINEHURST  
VILLAGE COUNCIL

(Municipal Seal)

By: \_\_\_\_\_  
Nancy Roy Fiorillo, Mayor

Attest:

Approved as to Form:

\_\_\_\_\_  
Beth Dunn, Village Clerk

\_\_\_\_\_  
Michael J. Newman, Village Attorney

DRAFT



**PUBLIC SAFETY REPORTS  
ADDITIONAL AGENDA DETAILS:**

**FROM:**

Beth Dunn

**CC:**

Jeff Sanborn

**DATE OF MEMO:**

12/1/2018

**MEMO DETAILS:**

The monthly public safety reports for November are attached.

**ATTACHMENTS:**

Description

- ☐ November Fire Department Report
- ☐ November Police Report (1)
- ☐ November Police Report (2)



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

## SUMMARY FOR THE MONTH OF NOVEMBER 2018

### SUMMARY OF INCIDENT CALLS

	<i>NUMBER THIS MONTH</i>	<i>NUMBER FYTD</i>	<i>NUMBER THIS MONTH LAST YEAR</i>	<i>NUMBER FYTD LAST YEAR</i>	<i>PERCENTAGE YTD</i>
<b>TYPE OF INCIDENT</b>					
Fire	1	20	6	33	-39%
Overpressure Rupture, Explosion, Overheat - no fire	1	1	1	1	0%
Rescue & EMS Incidents	43	228	45	192	19%
Hazardous Conditions - no fire	13	82	11	56	46%
Service Call	39	136	19	108	26%
Good Intent Call	22	144	28	146	-1%
False Alarm & False Call	19	199	22	149	34%
Severe Weather & Natural Disaster	0	91	0	3	2933%
Special Incident Type	0	0	0	0	0%
<b>TOTAL INCIDENTS</b>	<b>138</b>	<b>901</b>	<b>132</b>	<b>688</b>	<b>31%</b>

### SUMMARY OF INSPECTION

	<i>NUMBER THIS MONTH</i>	<i>NUMBER FYTD</i>	<i>NUMBER THIS MONTH LAST YEAR</i>	<i>NUMBER FYTD LAST YEAR</i>	<i>PERCENTAGE YTD</i>
<b>TYPE OF INSPECTIONS</b>					
Residential	16	55	9	48	15%
Residential New Systems	1	1	0	0	100%
Residential Fire Sprinkler	0	7	0	0	700%
Commercial	20	110	6	153	-28%
Plan Review/Site Inspections	4	13	0	9	44%
Reinspection	10	116	4	80	45%
Occupancy Certificates	0	1	0	0	100%
<b>TOTAL INSPECTIONS</b>	<b>51</b>	<b>303</b>	<b>19</b>	<b>290</b>	<b>4%</b>
Violations Found:	50	316	19	211	50%
YTD Violations to be Corrected:		266		163	
YTD Violations Corrected:		161		145	
Correction Percentage:		61%		89%	

December 6, 2018

  
\_\_\_\_\_  
J. Carlton Cole, Fire Chief

FIRE DEPARTMENT

395 Magnolia Road • Pinehurst, NC 28374 • Telephone (910) 295-5575 • Fax (910) 295-4861 • [www.vopnc.org](http://www.vopnc.org)





# PINEHURST FIRE DEPARTMENT

## By The Numbers - November 2018



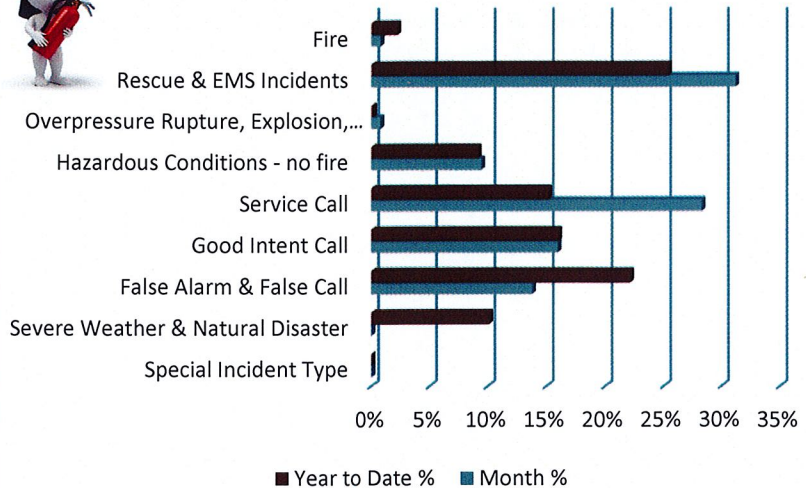
### Month

Calls for Service **138**  
 % Overlapping Incidents **8.70%**  
 Busiest Day of Week **SAT**  
 Busiest Hour of Day **9 AM**  
 # of Times Staff Recalled **2**

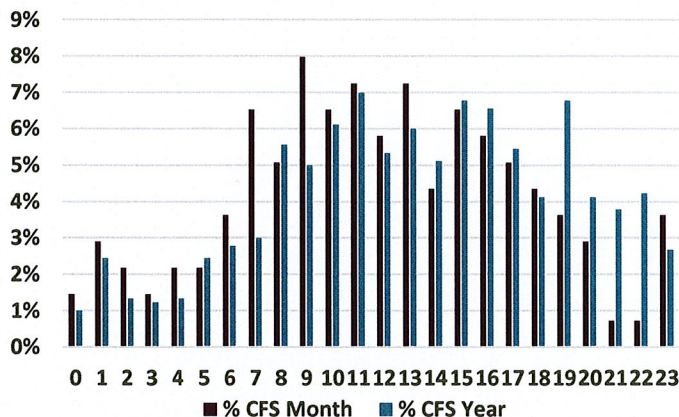
### Year

Calls for Service **901**  
 % Overlapping Incidents **21.98%**  
 Busiest day of Week **FRI**  
 Busiest Hour of Day **11 AM**  
 # of Times Staff Recalled **13**

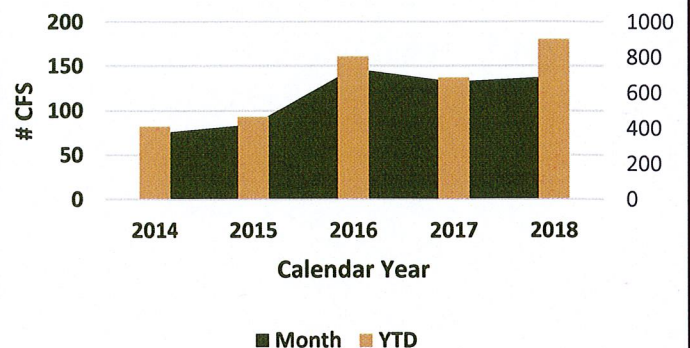
### % of Calls for Service (CFS)



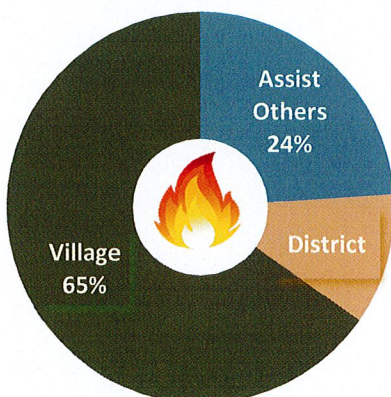
### % CFS BY HOUR OF DAY



### 5 Year Comparison Through this Month of Year



### LOCATION OF CFS FOR FY19



### Inspections Completed this

MONTH **51**  
 YEAR **303**

### Code Violations Found this

MONTH **50**  
 YEAR **316**

### Percentage of Violations

Corrected YTD **61%**



Days Since Last Lost Time Accident in FD **505**

### YTD Training Hours

IN HOUSE **2779**  
 OUTSIDE **361**



### Public Awareness Contacts



MONTH **1,154**  
 YTD **21,702**

# Incident Crime Summary Year To Year Comparison

## Pinehurst Police Department

January - November

Offense	2017	2017 Unfounded	2018	2018 Unfounded	% Change
Homicides					
Murder and Non-negligent Manslaughter	0	0	0	0	--
Negligent Manslaughter	0	0	0	0	--
Justifiable Homicide	0	0	0	0	--
Total Homicides	0	0	0	0	--
Kidnapping/Abduction	0	0	2	0	--
Sex Offenses					
Rape	0	0	1	0	--
Sodomy	0	0	0	0	--
Sexual Assault with an Object	0	0	0	0	--
Fondling	0	0	1	0	--
Total Sex Offenses	0	0	2	0	--
Robbery	2	0	0	0	-100.0%
Assaults					
Aggravated Assault	7	0	6	0	-14.3%
Simple Assault	25	9	30	6	20.0%
Intimidation	0	1	3	0	--
Total Assaults	32	10	39	6	21.9%
Arson	0	0	0	0	--
Extortion/Blackmail	0	0	1	0	--
Burglary/Breaking and Entering	8	0	21	2	162.5%
Larceny/Theft					
Pocket-Picking	0	0	0	0	--
Purse-Snatching	1	0	0	0	-100.0%
Shoplifting	6	0	1	0	-83.3%
Theft of Motor Vehicle Parts	1	0	1	0	0.0%
Theft from Motor Vehicle	32	1	16	1	-50.0%
Theft from Coin-Operated Machine or Device	0	0	0	0	--
Theft from Building	19	2	16	1	-15.8%
All Other Larceny	82	11	33	4	-59.8%
Total Larceny/Theft Offenses	141	14	67	6	-52.5%
Motor Vehicle Theft	2	0	3	0	50.0%
Counterfeiting/Forgery	11	0	3	0	-72.7%

# Incident Crime Summary Year To Year Comparison

## Pinehurst Police Department

January - November

Offense	2017	2017 Unfounded	2018	2018 Unfounded	% Change
<b>Fraud</b>					
False Pretenses/Swindle/Confidence Game	29	6	13	4	-55.2%
Credit Card/Automatic Teller Machine Fraud	7	0	9	1	28.6%
Impersonation	3	0	0	0	-100.0%
Welfare Fraud	0	0	0	0	--
Wire Fraud	4	0	0	2	-100.0%
Identity Theft	0	0	4	0	--
Hacking/Computer Invasion	0	0	0	0	--
<b>Total Fraud Offenses</b>	<b>43</b>	<b>6</b>	<b>26</b>	<b>7</b>	<b>-39.5%</b>
<b>Embezzlement</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>-100.0%</b>
<b>Stolen Property</b>	<b>12</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>-83.3%</b>
<b>Destruction/Damage/Vandalism of Property</b>	<b>20</b>	<b>4</b>	<b>29</b>	<b>5</b>	<b>45.0%</b>
<b>Drug/Narcotic Offenses</b>					
Drug/Narcotic Violations	268	5	138	0	-48.5%
Drug Equipment Violations	166	5	57	0	-65.7%
<b>Total Drug/Narcotic Offenses</b>	<b>434</b>	<b>10</b>	<b>195</b>	<b>0</b>	<b>-55.1%</b>
<b>Sex Offenses, Nonforcible</b>					
Incest	0	0	0	0	--
Statutory Rape	0	0	1	0	--
<b>Total Sex Offenses, Nonforcible</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>--</b>
<b>Pornography/Obscene Material</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>--</b>
<b>Gambling</b>					
Betting/Wagering	0	0	0	0	--
Operating/Promoting/Assisting Gambling	0	0	0	0	--
Gambling Equipment Violations	0	0	0	0	--
Sports Tampering	0	0	0	0	--
<b>Total Gambling Offenses</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>--</b>
<b>Prostitution</b>					
Prostitution	0	0	0	0	--
Assisting or Promoting Prostitution	0	0	0	0	--
Purchasing Prostitution	0	0	0	0	--
<b>Total Prostitution Offenses</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>--</b>
<b>Bribery</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>--</b>
<b>Weapon Law Violations</b>	<b>29</b>	<b>0</b>	<b>6</b>	<b>0</b>	<b>-79.3%</b>

# Incident Crime Summary Year To Year Comparison

## Pinehurst Police Department

January - November

Offense	2017	2017 Unfounded	2018	2018 Unfounded	% Change
Human Trafficking					
Commercial Sex Acts	0	0	0	0	--
Involuntary Servitude	0	0	0	0	--
Total Human Trafficking Offenses	0	0	0	0	--
Animal Cruelty	0	0	0	0	--
<b>Grand Total</b>	<b>736</b>	<b>44</b>	<b>398</b>	<b>27</b>	<b>-45.9%</b>



# Activity Summary (by Category)

Pinehurst Police Department

(11/01/2018 - 11/30/2018)

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## Incident\Investigations

Total Offenses	92
Total Incidents	53

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## Arrests

Total Charges	60
Total Arrests	30

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## Accidents

Total Accidents	0
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## Citations

Total Charges	296
Total Citations	222

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## Pawn Tickets

Total Items	0
Total Pawn Tickets	0

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## Warning Tickets

Total Charges	0
Total Warning Tickets	0

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## Ordinance Tickets

Total Ordinance Tickets	0
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## Criminal Papers

Total Criminal Papers Served	4
Total Criminal Papers	4

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## Civil Papers

Total Civil Papers Served	0
Total Civil Papers	0

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## Sex Offenders

Total Sex Offenders Registered	0
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# Activity Summary (by Category)

Pinehurst Police Department

(11/01/2018 - 11/30/2018)

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## Concealed Applications

Total Permits Issued	0
Total Permits Denied	0
Total Temporary Permits Issued	0
Total Temporary Permits Denied	0
Total Applications	0

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## Gun Permit Applications

Total Permits Issued	0
Total Permits Denied	0
Total Applications	0

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**APPROVAL OF DRAFT VILLAGE COUNCIL MEETING MINUTES.  
ADDITIONAL AGENDA DETAILS:**

November 6, 2018 Special Meeting  
November 13, 2018 Regular Meeting  
November 13, 2018 Work Session  
November 29, 2018 Special Meeting

**FROM:**

Beth Dunn

**CC:**

Jeff Sanborn

**DATE OF MEMO:**

12/3/2018

**MEMO DETAILS:**

Attached are the draft minutes from the Village Council special meeting on November 6th, the regular meeting and work session on November 13th and the special meeting on November 29th.

**ATTACHMENTS:**

Description

- ☐ November 6, 2018 Special Meeting Minutes
- ☐ November 13, 2018 Regular Meeting Minutes
- ☐ November 13, 2018 Work Session Minutes
- ☐ November 29, 2018 Special Meeting Minutes



**VILLAGE COUNCIL  
MINUTES FOR REGULAR MEETING OF NOVEMBER 6, 2018  
ASSEMBLY HALL  
395 MAGNOLIA ROAD  
PINEHURST, NORTH CAROLINA  
10:30 AM**

The Pinehurst Village Council held a Regular Meeting at 10:30 A.M., Tuesday, November 6, 2018 in the Assembly Hall of Pinehurst Village Hall, 395 Magnolia Road, Pinehurst, North Carolina. The following were in attendance:

Ms. Nancy Roy Fiorillo, Mayor  
Mr. John Bouldry, Treasurer  
Ms. Judy Davis, Councilmember  
Mr. Kevin Drum, Councilmember  
Mr. Jeffrey M. Sanborn, Village Manager  
Ms. Beth Dunn, Village Clerk

Excused Absence: Mr. John R. Cashion, Mayor Pro Tem

And approximately 3 attendees, including 6 staff and 1 press.

1. **Call to Order.**  
Mayor Nancy Roy Fiorillo called the meeting to order.
2. **Discuss and Consider Contract for Construction of Cannon Park Community Center.**

Mark Wagner, Parks and Recreation Director, stated that Village Manager, Jeff Sanborn; Councilmember Bouldry; Councilmember Drum; Mike Apke with McGill and the construction Company, HM Kern, all met and went over the options for value engineering.

Mr. Wagner stated a number of the items, while having some cost benefit, are not being recommended for consideration. Reasons for these items not being recommended included: not meeting the Village's PDO standards; reduction in material quality and life expectancy; increased maintenance costs; cost to add the amenity back at a later date; ADA requirements; functionality and liability concerns.

The items that fell into this category are:

- Deleting brick patio
- Reducing brick sidewalks to 5' width
- Deleting brick sidewalks and use concrete instead
- Eliminate underground storm water system and move above ground beside Veteran's Memorial
- Provide 25% gravel parking spaces on the site
- Delete parking spaces at picnic shelter
- Redesign entry drive and move closer to Hwy 211
- Delete wheel stops on interior parking spaces
- Reduce sidewalk around building (Program Room to rear storage area)
- Use VCT in lieu of LVT and hard tile
- Use epoxy paint on walls in lieu of hard tile in restrooms
- Change storefront windows to hollow metal
- Delete 8 windows on north side of building (Gymnasium)

- Delete brick on office/classroom area exterior and replace with hardi-siding
- Change metal roof to shingles
- Delete solid surface window sill, use drywall
- Reduce arts & craft millwork by 50% (storage cabinets/shelves)
- Eliminate Alternate A-1 Spray Foam insulation
- Eliminate Alternate A-5 Gym Divider Curtain
- Eliminate Alternate A-8 Sound Absorbing Wall Panels

Mr. Wagner presented Council a list of items for value engineering on the \$4,293,800 bid for the Cannon Park Community Center. Mr. Wagner stated they have 3 options prepared for Council to look at. Mr. Wagner explained the first option contains 3 items everyone felt comfortable removing from the project with minimal impact. These items included eliminating motorized blinds, switching to #3 grade gym floor and declining the flooring protective cover. All 3 of these items would save \$30,315 and would bring the contract amount to \$4,263,485.

Mr. Wagner presented option 2 which included a reduction of \$90,931 bringing the contact amount to \$4,202,869. The items changed would include all items in Option 1 plus a reduction in gravel base in the heavy duty paving area from 8" to 6", reduction of gravel base in light duty paving area from 8" to 6", delete curb and gutter and add wheel stops, using LVT in lieu of hard tile in corridor, using metered faucets in lieu of censored, providing sock duct in gym in lieu of spiral; deleting ductless system & install louver and deleting generator connection point. Councilmember Drum stated that the information concerning the gravel wasn't available when they met and he would have considered this for option 1. Councilmember Bouldry agreed he would have added this to option 1. Mr. Wagner stated he felt the same and is prepared for Council to customize the options. Mayor Nancy Fiorillo asked how many Village facilities had generators. Mr. Wagner stated the Fire Department, Police Department and Fleet Maintenance Building all had generators to run the buildings. Village Hall had one generator big enough only to keep the servers running.

Councilmember Bouldry asked if the proposed \$165,000 contingency fund was a sufficient amount for this project. Mr. Wagner stated the proposed fund was 3.8% of the total amount of the project and the standard was between 5% and 10%. Village Manager, Jeff Sanborn explained if something came up and the contingency fund was not enough to cover the expense then staff would have to ask Council to pull additional funds from Fund Balance. Councilmember Davis stated that this Community Center was not the only need of the Village and felt it very objectionable to pull additional funds from Fund Balance to cover the cost. Councilmember Bouldry stated we now have cost realism since the bids have come in for the project. Councilmember Drum explained that so many factors have changed since the process took place which escalated the costs.

Mr. Wagner explained the final list, Option 3, are primarily aesthetic changes. Option 3 includes a reduction of \$115,640 bringing the contact amount to \$4,178,160. The items changed would include all items in Option 1 & 2 plus deleting cupola, architectural brackets on exterior of building, gable window on park side of building, brick water table and regular edge ACT and use square edge (ceiling tiles). Council discussed the items Mr. Wagner listed and agreed all of items in option 3 needed to be left in the project.

Mr. Wagner stated Council can also select a custom option if so desired, he explained he already added some other options that they didn't have data for, like the gravel in the paved parking lots. Mr. Wagner stated with going with option 1 and the two reductions in gravel items and removing generator connections from option 2, The Village would need an additional \$335,265 from fund balance.

Upon a motion by Councilmember Bouldry, seconded by Councilmember Drum, Council approved Ordinance 18-24 a budget amendment increasing the appropriation for the Cannon Park Community Center Capital Project Fund by \$335,265 with the following changes, reduction of the gravel in heavy and light traffic areas and removing generator connections by a vote of 3-1, with Councilmember Davis voting no.

Upon a motion by Councilmember Bouldry, and seconded by Councilmember Drum, Council unanimously approved awarding HM Kern the contract for the construction of the Cannon Park Community Center in the amount of \$4,241,165 by a vote of 4-0.

Motion made by Councilmember Drum, seconded by Councilmember Bouldry, Council approved Ordinance 18-25 deferring select capital projects in the Harness Track and Recreation Departments to use as a contingency fund for the Cannon Park Community Center Project Fund by a vote of 3-1, with Councilmember Davis voting no.

### 3. **Other Business.**

Jeff Batton presented resolution 18-29 to Council which will exempt procurement of professional engineering and architectural

services from the model code, for on call technical review of site plans for compliance with State and Village engineering standards on an as-needed basis.

Upon a motion by Councilmember Davis, seconded by Councilmember Bouldry, Council unanimously approved Resolution 18-29 exempting on call technical review of site plans, for compliance, per General Statute 143-64.32 by a vote of 4-0.

**4. Motion to Adjourn.**

Council adjourned the Special Meeting at 12:30 p.m.

Respectfully Submitted,

Beth Dunn,  
Village Clerk

*Vision: The Village of Pinehurst is a charming, vibrant community which reflects our rich history and traditions.*

*Mission: Promote, enhance, and sustain the quality of life for residents, businesses, and visitors.*

*Values: Service, Initiative, Teamwork, and Improvement*



**VILLAGE COUNCIL  
MINUTES FOR REGULAR MEETING OF NOVEMBER 13, 2018  
ASSEMBLY HALL  
395 MAGNOLIA ROAD  
PINEHURST, NORTH CAROLINA  
4:30 PM**

The Pinehurst Village Council held a Regular Meeting at 4:30 p.m., Tuesday, November 13, 2018 in the Assembly Hall of Pinehurst Village Hall, 395 Magnolia Road, Pinehurst, North Carolina. The following were in attendance:

Ms. Nancy Roy Fiorillo, Mayor  
Mr. John Bouldry, Treasurer  
Ms. Judy Davis, Councilmember  
Mr. Kevin Drum, Councilmember  
Mr. Jeffrey M. Sanborn, Village Manager  
Ms. Beth Dunn, Village Clerk

And approximately 42 attendees, including 9 staff and 1 press.

**1. Call to Order.**

Mayor Nancy Roy Fiorillo, called the meeting to order.

**2. Invocation and Pledge of Allegiance.**

Reverend David Beam of Pinehurst United Methodist Church gave the invocation and Mayor Nancy Roy Fiorillo, led everyone in the Pledge of Allegiance.

**3. Reports:**

**Manager**

- Noted that Walt Morgan, Public Service Director and Ricky Gooch, Deputy Police Chief, will be retiring at the end of December.

**Council**

- Mayor Nancy Fiorillo announced Mayor Pro Tem, John Cashion has submitted his resignation to retire from Village Council for medical reasons. She stated he has done a tremendous amount of work for the Village and he will be missed by all.
- Councilmember Kevin Drum apologized for missing the last meeting.
- Councilmember John Bouldry stated he was honored to attend the Veterans Observance Ceremony at Village Hall.
- Councilmember Judy Davis stated she had an update that Coach Metzler was slightly ahead and voting closed today.

**4. Motion to Approve Consent Agenda.**

**All items listed below are considered routine or have been discussed at length in previous meetings and will be enacted by one motion. No separate discussion will be held unless requested by a member of the Village Council.**

- A. Public Safety Reports.  
Police Department  
Fire Department
- B. Approval of Draft Village Council Meeting Minutes.  
October 23, 2018 Regular Meeting

**End of Consent Agenda.**

Upon a motion by Councilmember Davis, seconded by Councilmember Bouldry, Council unanimously approved the Consent Agenda by a vote of 4-0.

**5. Discuss and Consider Resolution 18-30 Appointing Paul Roberts to Serve on the Board of Adjustment and the Planning and Zoning Board.**

Jeff Sanborn, Village Manager, explained the Board of Adjustment and Planning and Zoning Board has the need to fill one vacancy and Paul Roberts is being recommended to fill the current vacancy. Mr. Sanborn stated that Mr. Roberts couldn't be at the meeting tonight and asked would Council like to wait to vote. Mayor Nancy Fiorillo stated she was comfortable with their recommendation. Leo Santowasso, Planning and Zoning Board Chairman, stated that there will be a lot of subcommittee meetings coming up and they need the help now as they are already behind. Mr. Santowasso reviewed Mr. Roberts' qualifications with Council.

Upon a motion by Councilmember Drum, seconded by Councilmember Bouldry, Council approved Resolution 18-30 appointing Paul Roberts to the Board of Adjustment and Planning and Zoning Board for the Village of Pinehurst by a vote of 3-1, with Councilmember Davis voting no.

**6. Motion to Recess Regular Meeting and Enter into a Public Hearing.**

Upon a motion by Councilmember Bouldry, seconded by Councilmember Drum, Council unanimously approved to recess the regular meeting and enter into a public hearing by a vote of 4-0.

**7. Public Hearing No. 1**

Alex Cameron, Senior Planner, explained the purpose of this public hearing is to consider an Official Zoning Map Amendment. This map amendment would rezone one parcel of land consisting of approximately 2.84 acres at the corner of McCaskill Rd. E and Rattlesnake Trail further identified as Moore County PID # 00025962. The property is currently zoned VMU-CD (Village Mixed Use – Conditional District). This proposed map amendment would change the zoning of the property to NC-CD (Neighborhood Commercial – Conditional District). The proposed use of the property is a mixed use commercial building. The property is currently vacant. The applicant is Pinehurst Medical and the current owner is Moore Investment Group, LLC.

The Planning and Zoning Board first considered this request and conducted a duly advertised public hearing on October 4th. Following the public hearing and subsequent discussion, The Planning & Zoning Board voted 3 to 1 to recommend to Village Council that the rezoning be approved with the following mutually agreed upon conditions: 1. The parking lot shrub buffer to be doubled. 2. The building setbacks to be as follows: a). Front – 0'-18' b). Side – 0' c). Rear – 5' 3. The maximum roof height be 40'.

**Public Comments:**

- Applicant Brandon Enfinger, CEO of Pinehurst Medical, stated that their clinic has grown to over 100 providers. Their growth has been a response to the community's healthcare needs, which is why they need to expand their footprint. The proposed location provides a convenient location for patients.
- Bob Knootz, with Knootz Jones Design, representing Pinehurst Medical presented the proposed plans to Council and reviewed current zoning requirements. He explained originally they thought they were covered under the current zoning because the PDO states professional office buildings are allowed. However, after speaking with staff they learned they needed to request the parcel to be rezoned because they were considered a medical office which are only allowed in the hospital district. Mr. Knootz provided Council with a trip study for traffic counts in the area and stated the owners are committed to doubling the landscaping requirements. He explained they are asking for a slight variance for the setback, currently the setback is required at 10ft along McCaskill Rd., they are requesting to move that setback to 18ft. Mr. Knootz explained what is great about this location is the mixed use area and also the shared parking aspect with the Greens apartment complex.
- Jim Compton, with Cline Design out of Raleigh, representing Pinehurst Medical, presented Council with the architectural details of the proposed building. Mr. Compton noted that corner feature will also be available to the public. He explained the building will be constructed of light modular brick with a slopped roof. There will be stained wood timber columns in the front of the building. The main entry way will be in the back of the building. Mr. Compton brought material samples of the proposed building for Council to review.
- Leo Santowasso, Planning and Zoning Board Chairman, recommended Council make a few additional conditions. Mr. Santowasso stated he had meet with the applicant earlier that day to go over some of his concerns. He explained this is a new lot that's being separated, however, the meats and bounds are missing from the drawings. This line needs to be shown for zoning purposes in the future. Also, another concern was he wasn't sure if they are compliant with ADA standards with the proposed handicap parking. Also, he would like to recommend there is adequate sight at the intersection of Rattlesnake and McCaskill and to add sight triangles. He also explained that they will need to add the Land Record Key number, required by the County Tax Department and PDO, be added to the new lot being created.
- Bob Knootz, with Knootz Jones Design, stated the applicant is willing to accept all the conditions that Leo Santowasso recommended. He also explained they are required to have 3 handicap parking spaces with one being a van accessible space, which they have.



- Pat Corso, Executive Director of Partners in Progress, spoke about the findings in an economic study taken in Moore County. Mr. Corso explained residential permits are increasing and Commercial permits are decreasing therefore putting a burden on towns. He has lived in this area for over 32 years and is excited to see this area in town growing as a vibrant extension of the Village Center. Mr. Corso, stated Partners in Progress urges The Village Council to approve the application for Pinehurst Medical.
- Jane Hogeman, of Lochdon Court, stated it is important that Council to consider the type of use that is being proposed. She thinks it is more for hospital development use. She stated an isolated medical building doesn't fit in neighborhood areas. Putting this building in the VMU standards is like apples to oranges.
- Diane Anello, of Lochdon Court, asked if Pinehurst Medical would be tax exempt and how many employees would work at the facility.
- Pinehurst Medical Staff stated they are not tax exempt and there will be around 45 employees.
- John Strickland, of Village Lane, stated that they land was just rezoned to VMU just 3 years ago, the property didn't include medical building because it wasn't felt as an appropriate in the area. Feels approving this rezoning request would also compromise the Comprehensive Plan currently being developed. He also feels a comprehensive study needs to be completed on the traffic in the area.
- John Hoffmann, of Everette Road, believes this medical facility should be in the hospital district area.
- Molly Rowell, of Sugar Pine Drive, stated her best wishes to Councilmember John Cashion and also stated it has been a privilege and pleasure working with Walt Morgan. In regards to Pinehurst Medical she has had the words charming, vibrant community floating around her head and the proposed facility just doesn't fit into that. Ms. Rowell suggested some other areas in Pinehurst that may be better suited for the location of the medical facility.
- Wayne Maples, of Everette Road, feels there are other places that could benefit from the medical facility better than Pinehurst and feels they should find another location.
- Lynn Goldhammer, of Salem Lane, stated the vision of Pinehurst and doesn't feel the medical facility fits into that vision.
- Kaye Pierson, of Brandon Trail, doesn't feel this building is in keeping with the long range plan.
- John Taylor, of Cherokee Road, stated this property is key property to this area. Once it is rezoned there will be no going back. Mr. Taylor believes there needs to be a comprehensive traffic study.
- Debbie Lalor, Pinehurst resident, stated the traffic is an area of concern for her.
- Bob Koontz spoke to some of the questions and points made. Mr. Koontz stated the current plan doesn't really deviate from the original plan approved. It's only the use that is different, since before was retail and this is a medical facility. If they were a lawyer office or financial institute they could come in and build the same exact building without rezoning. The water sheds have already been approved.
- Joel Shriberg, stated that the he doesn't see retail coming to Pinehurst especially in this area. Feels we need to compromise.
- Councilmember Davis stated the building is too high for the area.
- Councilmember Bouldry stated he doesn't feel the medical facility fits in the area. He is supportive of a medical facility in Pinehurst but just not in this area.
- Councilmember Drum stated that there could be more of an impact from a different development for which the area is already zoned for.
- Judy Maples, Pinehurst resident, stated there is property available at the hospital for sale, an old Doctor's office. The Pinehurst Medical staff stated that property she referenced was already sold and will be demolished and turned into a parking lot.

**8. Motion to Adjourn Public Hearing and Re-Enter Regular Meeting.**

Upon a motion by Councilmember Drum, seconded by Councilmember Bouldry, Council unanimously approved to adjourn the public hearing and re-enter the regular meeting by a vote of 4-0.

**9. Discuss and Consider Ordinance to Amend the Official Zoning Map.**

Council discussed the additional information they wanted regarding building height and traffic issues with the future development in the area. Bob Koontz asked how they would like the traffic analysis completed. Council discussed who would be responsible for completing the study. Councilmember Drum stated because the traffic is a region problem not a Pinehurst Medical problem this is something the Village would have to provide. Mr. Knootz stated the cost for the Village to have a traffic analysis completed would typically be around \$15,000 to \$20,000 and take substantially more than 30 days to complete. Councilmember Davis stated she wants the applicant to look at conforming to Neighborhood Commercial requirements altogether.

Councilmember Davis made the motion to table the decision on the official zoning map amendment until the next meeting on December 11<sup>th</sup>, seconded by Councilmember Bouldry Council unanimously approved to table the item by a vote of 4-0.

**10. Update on the Status of the FY 2019 Strategic Operating Plan Implementation for the 1<sup>st</sup> Quarter.**

Lauren Craig, performance Management Director, updated Council of the status of implementing the FY 2019 Strategic Operating Plan. Ms. Craig provided Council with an update on the implementation of this year's Initiative Action Plans (IAPs) through the end of September 30, 2018. Of the 9 IAPs scheduled to begin in FY 2019, 6 are in progress and on schedule and 3 are in progress but not on schedule at the end of September 30, 2018. The IAPs include a total of 11 metrics, 2 of which will be tracked in the future. As

of September 30, 2018, the Village achieved metrics goals for 8, or 89%, of the 9 IAPs scheduled to begin in FY 2019. Ms. Craig reviewed a spreadsheet with Council summarizing all of the IAP's.

**11. Presentation of the Financial Statements for the Quarter Ended September 30, 2018.**

Brooke Hunter, Financial Services Director, presented Council with the financial statements for the quarter ending September 30, 2018. Ms. Hunter stated the Village is off to a good start for FY 2019. At the end of the first quarter, revenues exceeded expenditures by a larger margin than anticipated in our forecast. In addition, our operating expenditures are below expected levels. These results should position us well to carry out the objectives outlined in the FY 2019 Strategic Operating Plan. The Village's General Fund is showing \$5.1 million in income for the first three months of the year compared to \$4.9 million the prior year. The Village's General Fund fund balance is currently 83% of expenditures, which is higher than the 79% level seen the previous year at September 30. General fund operating expenditures were \$614,000, or 13%, below the quarterly budget overall. This variance is well outside the expected expenditure variance of 5%. Operating expenditures were, however, comparable to the previous year.

**12. Other Business.**

Upon a motion by Councilmember Bouldry, seconded by Councilmember Drum, Council unanimously approved to accept John Cashion's, Mayor Pro Tem, resignation by a vote of 4-0.

**13. Comments from Attendees.**

- Ivey, from the Pinehurst Lake area, gave a speech on saving the trees in Pinehurst, she stated to keep the Pine in Pinehurst.
- Susie, from the Pinehurst Lake area, recited a poem she wrote on saving the trees in Pinehurst.

**14. Motion to Adjourn.**

Council unanimously approved to adjourn the Regular Meeting by a vote of 4-0 at 8:10pm.

Respectfully Submitted,

Beth Dunn,  
Village Clerk

*Vision: The Village of Pinehurst is a charming, vibrant community which reflects our rich history and traditions.*

*Mission: Promote, enhance, and sustain the quality of life for residents, businesses, and visitors.*

*Values: Service, Initiative, Teamwork, and Improvement*



**VILLAGE COUNCIL  
MINUTES FOR WORK SESSION OF NOVEMBER 13, 2018  
ASSEMBLY HALL  
395 MAGNOLIA ROAD  
PINEHURST, NORTH CAROLINA**

**IMMEDIATELY FOLLOWING THE REGULAR MEETING**

The Pinehurst Village Council held a Work Session at 8:20 p.m., Tuesday, November 13, 2018 in the Assembly Hall of Pinehurst Village Hall, 395 Magnolia Road, Pinehurst, North Carolina. The following were in attendance:

Ms. Nancy Roy Fiorillo, Mayor  
Mr. John Bouldry, Treasurer  
Ms. Judy Davis, Councilmember  
Mr. Kevin Drum, Councilmember  
Mr. Jeffrey M. Sanborn, Village Manager  
Ms. Beth Dunn, Village Clerk

And approximately 1 attendees, including 5 staff and 1 press.

1. **Council Discussed the 2019 Council Meeting Schedule.**  
Council briefly discussed the 2019 meeting schedule and agreed to discuss this item further at the retreat on December 3<sup>rd</sup> and 4<sup>th</sup>.
2. **Discussed the Street Light Strategy.**  
Jeff Batton, Assistant Manager, ask for guidance from Council on how to pursue funds set aside, this fiscal year, for street lighting. Council agreed the model used to establish street lighting in Village Acres, with direct surveys and engagement meetings, worked really well. Council agreed to discuss which neighborhood to approach and the details further at the upcoming retreat.
3. **Work Session Business**  
Councilmember Bouldry stated he was asked by residents why they couldn't submit a vacation security form online instead of filling out a paper form. Also, he stated he was concerned about some lots in Pinehurst that have been clear cut with no building activity.
4. **Motion to Adjourn.**  
Upon a motion by Councilmember Davis, seconded by Councilmember Drum, Council unanimously approved to adjourn the Work Session by a vote of 4-0 at 8:45 pm.

Respectfully Submitted,

Beth Dunn,  
Village Clerk

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**VILLAGE COUNCIL  
AGENDA FY 2019 STRATEGIC PLANNING RETREAT OF NOVEMBER 29, 2018  
ASSEMBLY HALL  
395 MAGNOLIA ROAD  
PINEHURST, NORTH CAROLINA  
10:30 AM - 4:30 PM**

The Pinehurst Village Council held the FY 2019 Strategic Planning Pre-Retreat on Thursday, November 29, 2018 in the Assembly Hall of the Pinehurst Village Hall, 395 Magnolia Road, Pinehurst, North Carolina. The following were in attendance:

Ms. Nancy Roy Fiorillo, Mayor  
Mr. John Bouldry, Treasurer  
Ms. Judy Davis, Councilmember  
Mr. Kevin Drum, Councilmember  
Mr. Jeffrey M. Sanborn, Village Manager  
Ms. Beth Dunn, Village Clerk  
Mr. Jeffrey Batton, Assistant Village Manager  
Ms. Natalie Hawkins, Assistant Village Manager  
Ms. Lauren M. Craig, Village Clerk  
Ms. Angela Kantor, Director of Human Resources  
Mr. Carlton Cole, Fire Chief  
Mr. Randy Kuhn, Director of Fleet Maintenance  
Mr. Walt Morgan, Director of Public Services  
Mr. Mark Wagner, Director of Parks and Recreation  
Mr. Earl Phipps, Police Chief  
Ms. Brooke Hunter, Director of Financial Services  
Mr. Jason Whitaker, Chief Information Officer  
Mr. Leo Santowasso, Planning and Zoning Chair  
Ms. Julia Latham, Board of Adjustment Chair  
Mr. Molly Gwinn, Historic Preservation Commission Chair  
Ms. Molly Rowell, Beautification Committee Chair  
Mr. Tom Campbell, Bicycle and Pedestrian Advisory Committee Chair

And approximately 1 attendee and 1 press.

**1. Call to Order.**

Assistant Village Manager, Natalie Hawkins called the Strategic Planning Pre-Retreat to order and welcomed everyone.

**2. FY 2018 Strategic Planning Pre-Retreat**

**Welcome/Introduction**

Assistant Village Manager, Natalie Hawkins, outlined the agenda for the day, reviewed the key changes to this year's Strategic Planning Process and the objectives for the Pre-Retreat Meeting.

**Review of Baldrige Excellence Framework**

Lauren Craig, Performance Management Director, reviewed Baldrige Excellence Framework, the framework used by the Village to achieve high performance.

**Review Key Findings from Data Analysis & Correlation**

Lauren Craig presented Community, Business and Key Performance Indicator data for each of the 9 goals.

- Safeguard the Community

- Ensure an Attractive Residential Community
- Ensure a Thriving Business Community
- Provide a Multi-modal Transportation Systems
- Protect the Environment
- Maintain an Active, Healthy Community
- Professionally Manage a High Performing Organization
- Recruit & Retain an Engaged Workforce
- Maintain a Healthy Financial Condition

Staff and Council discussed the data provided and made recommendations for adding any opportunities for improvements.

#### **Affirm FY 20 SOAR (Strengths, Opportunities, Aspirations, and Results) Analysis**

Natalie Hawkins, Assistant Village Manager led the group in reviewing the current proposed Strengths, Opportunities, Aspirations and Results for FY20 set by Senior Leaders. The group discussed those recommendations and made some additional recommendations to discuss further at the Retreat next week.

#### **Affirm Strategic Advantages & Challenges**

Natalie Hawkins, Assistant Village Manager reviewed the KEY Strategic Advantages, sources of current and future competitive success that arise from core competencies and strengths important external resources, and the Strategic Challenges, proposed by Senior Staff for FY20.

#### **Wrap Up, Next Steps, and Evaluation**

Natalie Hawkins reviewed the agenda for the Retreat next week on December 4<sup>th</sup> and 5<sup>th</sup>. The group conducted a Plus /Delta for the Pre-Retreat meeting.

#### **3. Other Business**

Council discussed their preferred methodology for appointing a candidate to fill John Cashion's vacant Council seat. The Council agreed to interview all interested candidates on December 13<sup>th</sup> starting at 9:00 am. They also agreed to use a "motion and vote" methodology for selecting the winning candidate after discussing the results of the interviews.

#### **4. Adjournment.**

The meeting adjourned at 5:00 PM.

Respectfully Submitted,

Beth Dunn  
Village Clerk

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*Values: Service, Initiative, Teamwork, and Improvement*



**BUDGET AMENDMENTS REPORT  
ADDITIONAL AGENDA DETAILS:**

**FROM:**

Brooke Hunter

**CC:**

Jeff Sanborn & Natalie Hawkins

**DATE OF MEMO:**

12/5/2018

**MEMO DETAILS:**

Attached is the report of budget amendments approved by the Budget Officer as required for the current period.

**ATTACHMENTS:**

Description

- Budget Amendments Report - FY 2019



**VILLAGE OF PINEHURST  
BUDGET AMENDMENTS APPROVED BY BUDGET OFFICER  
FOR THE PERIOD NOVEMBER 7 - DECEMBER 5, 2018**

Under Village of Pinehurst Ordinance #18-08, the Village Council grants the Budget Officer, or Village Manager, the ability to transfer appropriations under specific conditions. These conditions allow transfers of up to \$10,000 between departments (including contingency) of the same fund for the FY 2019 Budget. The Budget Officer may not transfer monies between funds at any time.

According to Section 159-15 of The Local Government Budget and Fiscal Control Act, "any such transfers shall be reported to the governing board at its next regular meeting and shall be entered in the minutes." Listed below are the amendments authorized by the Budget Officer for the period specified above.

Note: Since appropriations are made at the department level, line item adjustments within the same department may be made without limit and do not require a report since they do not actually amend the adopted budget ordinance.

	<u>ACCOUNT NUMBER</u>	<u>DESCRIPTION</u>	<u>DEBIT</u>	<u>CREDIT</u>	<u>APPROVED DATE</u>
1	10-10-320-5400	Departmental Supplies	\$ 9,850		11/27/2018
	10-10-320-7400	Capital Outlay: Equipment		\$ 9,850	
		<i>(Transfer funding for two SCBA air packs from Fire Department capital outlay to operating budget, as the individual units did not meet the capitalization threshold.)</i>			



**WALT MORGAN'S FAREWELL REMARKS  
ADDITIONAL AGENDA DETAILS:**

**FROM:**

Beth Dunn

**CC:**

Jeff Sanborn

**DATE OF MEMO:**

12/3/2018

**MEMO DETAILS:**

Walt Morgan asked to speak before Council to show his appreciation and say his farewells upon his retirement.





## **PRESENTATION OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR).**

### **ADDITIONAL AGENDA DETAILS:**

**FROM:**

Brooke Hunter

**CC:**

Jeff Sanborn & Natalie Hawkins

**DATE OF MEMO:**

12/3/2018

**MEMO DETAILS:**

I am pleased to present to you the Village's Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2018. These financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) and audited in accordance with Government Auditing Standards by a firm of licensed certified public accountants.

Mr. John Frank of Dixon Hughes Goodman, LLP will present the firm's opinion on these statements.

Also, included with your copy of the CAFR is information required by professional auditing standards which explains the auditor's responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of the audit.

As always, if you have any questions, please feel free to contact me.

**ATTACHMENTS:**

Description

- ☐ FY 2018 Comprehensive Annual Financial Report (CAFR)
- ☐ Required Auditor Communication

Village of Pinehurst, North Carolina

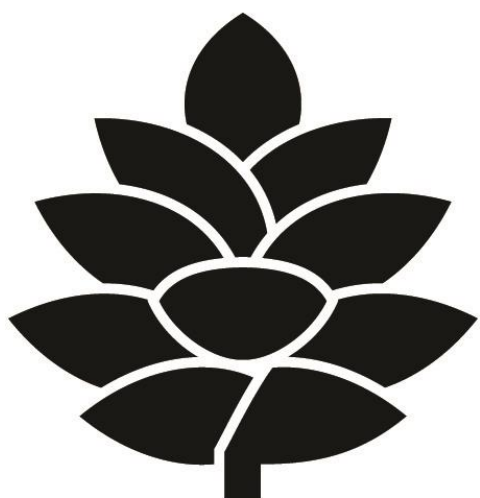
Comprehensive Annual Financial Report



For the Fiscal Year Ended  
June 30, 2018

Prepared by  
Financial Services Department

Brooke Hunter  
Financial Services Director



**Village of Pinehurst, North Carolina**  
**Comprehensive Annual Financial Report - Table of Contents**  
**For the Fiscal Year Ended June 30, 2018**

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	<u>Exhibit No.</u> <u>Schedule No.</u>	<u>Page No.</u>
<b>INTRODUCTORY SECTION</b>		
Letter of Transmittal .....	-	i - iii
Certificate of Achievement .....	-	iv
Organizational Chart .....	-	v
List of Principal Officials .....	-	vi
<b>FINANCIAL SECTION</b>		
<b>Independent Auditors' Report</b> .....	-	1-3
Management's Discussion and Analysis.....	-	4-15
Basic Financial Statements:		
Government-Wide Financial Statements		
Statement of Net Position .....	1	16
Statement of Activities .....	2	17
Fund Financial Statements		
Balance Sheet - Governmental Funds .....	3	18
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position .....	4	19
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds .....	5	20
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities .....	6	21
Statement of Revenues, Expenditures, and Changes in Fund Balance - Annual Budget and Actual - General Fund .....	7	22
Notes to the Financial Statements .....	-	23-45
Required Supplementary Information:		
Schedule of Proportionate Share of Net Pension Liability (Asset) - Local Government Employees' Retirement System .....	A-1	46
Schedule of Contributions - Local Government Employees' Retirement System .....	A-2	47
Schedule of Changes in Total Pension Liability - Law Enforcement Officers' Special Separation Allowance .....	A-3	48
Schedule of Total Pension Liability as a Percentage of Covered Payroll - Law Enforcement Officers' Special Separation Allowance.....	A-4	49
General Fund:		
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund .....	B-1	50-53
Community Center Capital Project Fund:		
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Community Center Capital Project Fund .....	C-1	54
Capital Assets Used in the Operation of Governmental Funds:		
Schedule by Source .....	D-1	55
Schedule by Function and Activity .....	D-2	56
Schedule of Changes by Function and Activity .....	D-3	57

**Village of Pinehurst, North Carolina**  
**Comprehensive Annual Financial Report - Table of Contents (Continued)**  
**For the Fiscal Year Ended June 30, 2018**

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	<u>Exhibit No.</u> <u>Schedule No.</u>	<u>Page No.</u>
<b>ADDITIONAL FINANCIAL DATA</b>		
Schedule of Ad Valorem Taxes Receivable .....	E-1	58
Analysis of Current Tax Levy .....	E-2	59
<b>STATISTICAL SECTION</b>		
Government-Wide Information:		
Net Position by Component .....	1	60-61
Changes in Net Position .....	2	62-63
Fund Information:		
Fund Balances – Governmental Funds by Year .....	3	64-65
Changes in Fund Balances – Governmental Funds by Year .....	4	66-67
Assessed Value and Estimated Actual Value of Taxable Property .....	5	68
Direct and Overlapping Property Tax Rates .....	6	69
Principal Property Tax Payers .....	7	70
Property Tax Levies and Collections .....	8	71
Ratios of Outstanding Debt by Type .....	9	72
Direct and Overlapping Governmental Activities Debt .....	10	73
Legal Debt Margin Information.....	11	74
Demographic and Economic Statistics .....	12	75
Principal Employers .....	13	76
Full-time Equivalent Employees by Function.....	14	77
Operating Indicators by Function .....	15	78-79
Capital Asset Statistics by Function.....	16	80-81
<b>COMPLIANCE SECTION</b>		
<b>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 <i>Government Auditing Standards</i></b> .....	-	82-83
Schedule of Expenditures of Federal and State Awards .....	-	84



HISTORY, CHARM, AND SOUTHERN HOSPITALITY

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October 25, 2018

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

The Comprehensive Annual 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 as of and for the fiscal year ended June 30, 2018. 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, 2018, 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 a comprehensive annual 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 in an unmodified ("clean") opinion that the financial statements present fairly in conformity with GAAP, in all material respects, the financial position and changes in financial position for the Village of Pinehurst, North Carolina, as of June 30, 2018. 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 16,452. 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 certain limited transfers within funds 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) 2018, 144 new homes were constructed in the Village, which is a minor decrease from the 161 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 \$491 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 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. Pinehurst Resort is the Village's largest taxpayer and employs approximately 1,400 people.

The Village can also claim 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 CAFR. In addition, when preparing the annual General Fund budget, the total appropriated fund balance should result in anticipated ending total fund balance in the range of 30%-40% of budgeted expenditures. At June 30, 2018, the General Fund's unassigned fund balance of \$4,448,274 represented 25% of General Fund actual expenditures and total fund balance was 55% of budgeted expenditures.

The higher level of total fund balance is due to the accumulation of funds for a planned community center. The Village began designing the new 19,693 square foot facility in the current fiscal year with construction expected to commence in fall of 2018.

In FY 2019, the Village adopted its sixth 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 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 adopted nine organizational goals for the 2019 Strategic Operating Plan to achieve that mission. The goals are as follows: (1) safeguard the community, (2) ensure an attractive residential community, (3) ensure a thriving business community, (4) provide multi-modal transportation systems, (5) protect the environment, (6) maintain an active, healthy community, (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 2019 Strategic Operating Plan to address these goals include:

- Comprehensive Long-Range Plan update
- Commercial streetscape enhancements
- Pedestrian connectivity
- Recreation and cultural facilities
- Planning & Inspections process improvements
- Emergency Medical Services (EMS) facility relocation

The Village began developing the 2035 Long-Range Comprehensive Plan in the current fiscal year, which will be integrated into the SOP upon completion. We will engage the community and seek input from residents during each phase of the nearly 18 month process. The adopted plan will be used to direct capital and operating resources in future years to achieve the long-term vision and goals of the community.

### **Awards and Acknowledgements**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Village for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2017. This was the 25th 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 CAFR. 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 CAFR 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 2018. We were awarded the Special Performance Measures Recognition in two of those years. In order to qualify for the Distinguished Budget Presentation Award, the Village's budget document had to be 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

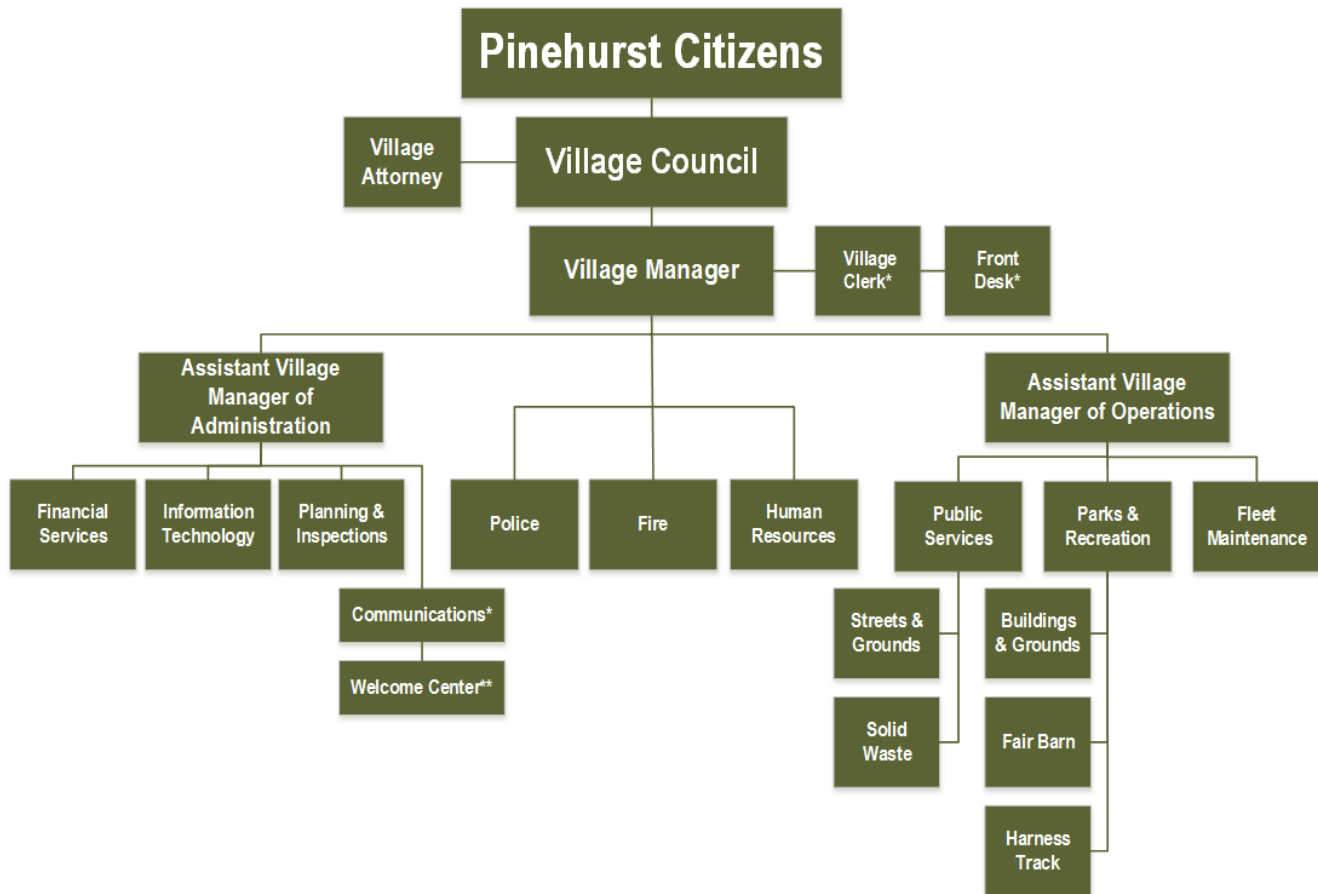
**June 30, 2017**

*Christopher P. Morill*

Executive Director/CEO

# Village of Pinehurst, North Carolina

## Organizational Chart June 30, 2018



\*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, 2018**

**Elected Officials**

Nancy Roy Fiorillo	Mayor
John R. Cashion	Mayor Pro-Tem
John Bouldry	Treasurer
Judy Davis	Council Member
Kevin Drum	Council Member

**Appointed Officials**

Jeffrey M. Sanborn	Village Manager
Natalie Hawkins	Assistant Village Manager
Jeff Batton	Assistant Village Manager
Michael J. Newman	Village Attorney
Lauren Craig	Village Clerk
Brooke Hunter	Financial Services Director
Angela M. Kantor	Human Resources Director
Jason Whitaker	Chief Information Officer
Earl Phipps	Police Chief
Carlton Cole	Fire Chief
Will Deaton	Planning & Inspections Director
Walt Morgan	Public Services 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, North Carolina

### ***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 ("Village") as of and for the year ended June 30, 2018, 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, 2018, 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 15, Local Government Employees' Retirement System Schedule of the Proportionate Share of the Net Pension Liability (Asset) on page 46, Local Government Employees' Retirement System Schedule of Contributions on page 47, 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 48 and 49 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 25, 2018 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, North Carolina  
October 25, 2018**

# **Village of Pinehurst Management's Discussion and Analysis June 30, 2018**

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, 2018. 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.

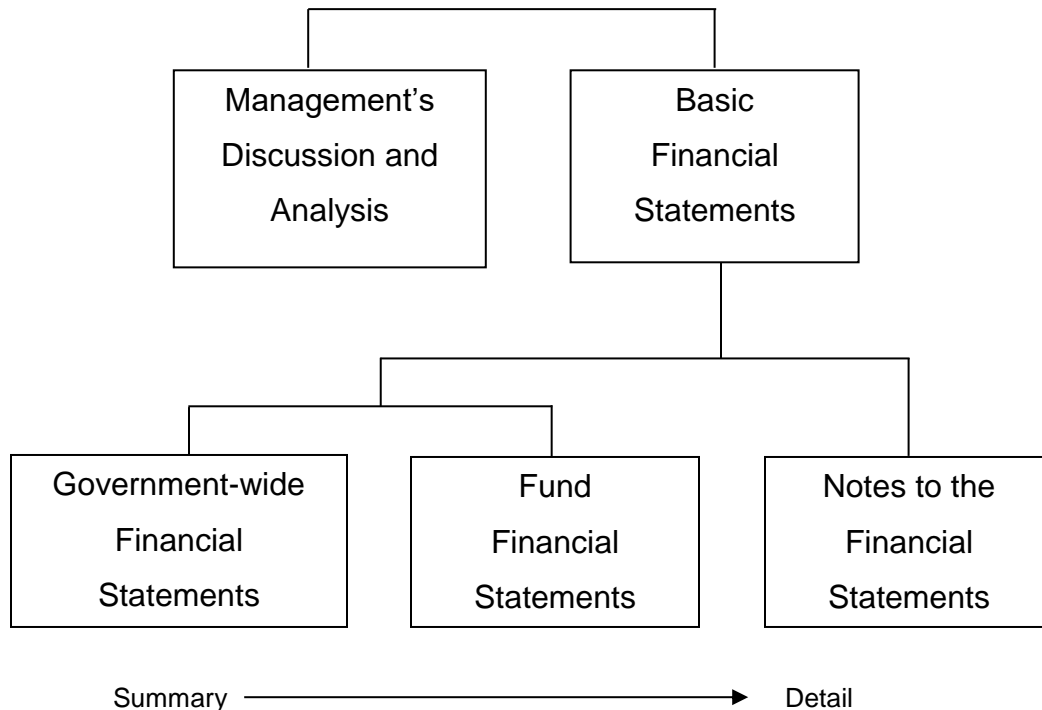
## **Financial Highlights**

- 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 \$31,496,239 (*net position*).
- The Village's total net position increased by \$1,754,817 primarily due to lower than expected operating 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 governmental funds, consisting of the General Fund and Community Center Capital Project Fund, reported combined ending fund balances of \$10,828,715, an increase of \$195,613 in comparison with the prior year.
- At the close of the current fiscal year, unassigned fund balance for the General Fund was \$4,448,274, or 25% of total general fund expenditures for the fiscal year. This amount is available for spending at the Village's discretion.
- The Community Center Capital Project Fund was established during the current fiscal year to account for the design and construction of the new community center at Cannon Park. The General Fund transferred \$344,000 to the Capital Project Fund for estimated design costs for the building. Design began in the current fiscal year, with construction planned for fall of 2018. Ending committed fund balance in the Capital Project Fund was \$186,877, which will be used to complete the design phase.
- The Village's total debt decreased by \$329,223 (31%) during the current fiscal year. The decrease was due to scheduled principal payments on existing debt obligations. Total debt outstanding was \$737,569 at the 2018 fiscal year end.
- The Village had no general obligation bonded debt as of June 30, 2018.
- Throughout the year, the Village's deposits were insured or collateralized as required by state law. Total investment earnings were approximately \$146,038, which is equivalent to a return of approximately 1.26% on the average amount of cash and cash equivalents during the year. At fiscal year's end, 29% of the Village's cash and investments were held in insured or collateralized depository accounts and 71% were invested with the North Carolina Capital Management Trust.
- The Village has received the Certificate of Achievement for Excellence in Financial Reporting for 25 consecutive years. The Certificate of Achievement is the highest form of recognition awarded in the field of governmental financial reporting.
- For the 2018 fiscal year, the Village received the Distinguished Budget Presentation Award for the 11<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 two 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 they have 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, 2018. The final category is the component unit. The Village does not have any component units as of June 30, 2018.

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 Community Center Capital Project Fund, which are governmental funds.

**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 monies 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 Statement of Revenues, Expenditures and Changes in Fund Balances. 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 will take more than one fiscal year to design and build.

**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 23 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 46 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

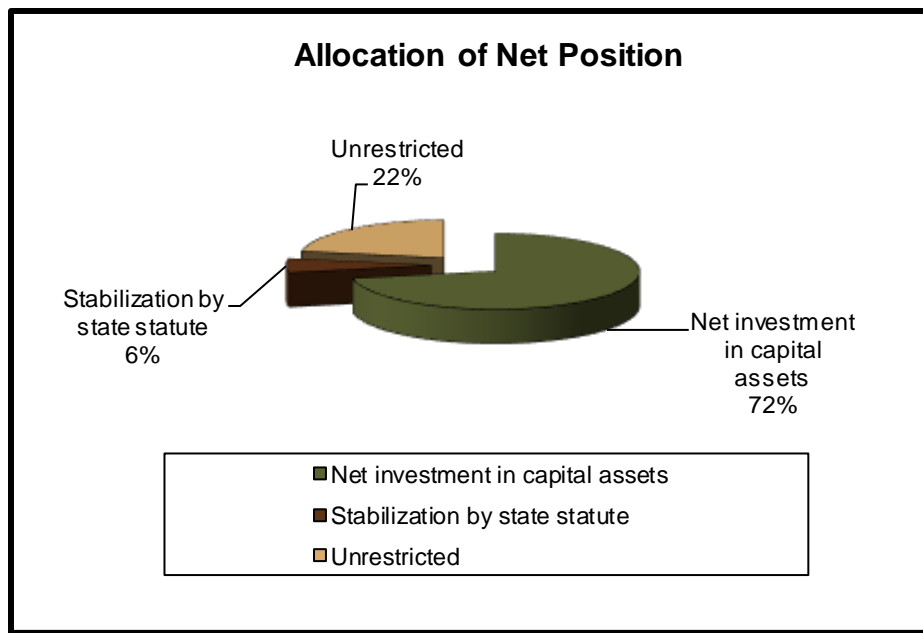
### Net Position

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

**Village of Pinehurst's Net Position**  
**Figure 2**

	<b>Governmental Activities 2018</b>	<b>Governmental Activities 2017</b>
Current and other assets	\$ 11,901,867	\$ 11,503,007
Capital assets	23,369,159	22,047,655
Total assets	<u>35,271,026</u>	<u>33,550,662</u>
Deferred outflows of resources	<u>1,316,461</u>	<u>1,985,524</u>
Long-term liabilities outstanding	4,018,059	4,913,695
Other liabilities	985,933	756,123
Total liabilities	<u>5,003,992</u>	<u>5,669,818</u>
Deferred inflows of resources	<u>87,256</u>	<u>124,946</u>
Net position:		
Net investment in capital assets	22,631,590	20,980,863
Restricted for:		
Stabilization by state statute	1,881,641	2,165,724
Public safety	2,672	-
Unrestricted	6,980,336	6,594,835
Total net position, ending	<u><u>\$ 31,496,239</u></u>	<u><u>\$ 29,741,422</u></u>

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 \$31,496,239 as of June 30, 2018. The Village's net position increased by \$1,754,817 for the fiscal year ended June 30, 2018. The largest portion of net position, \$22,631,590 or 72%, 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, \$1,884,313, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$6,980,336 is unrestricted.



### Governmental Activities

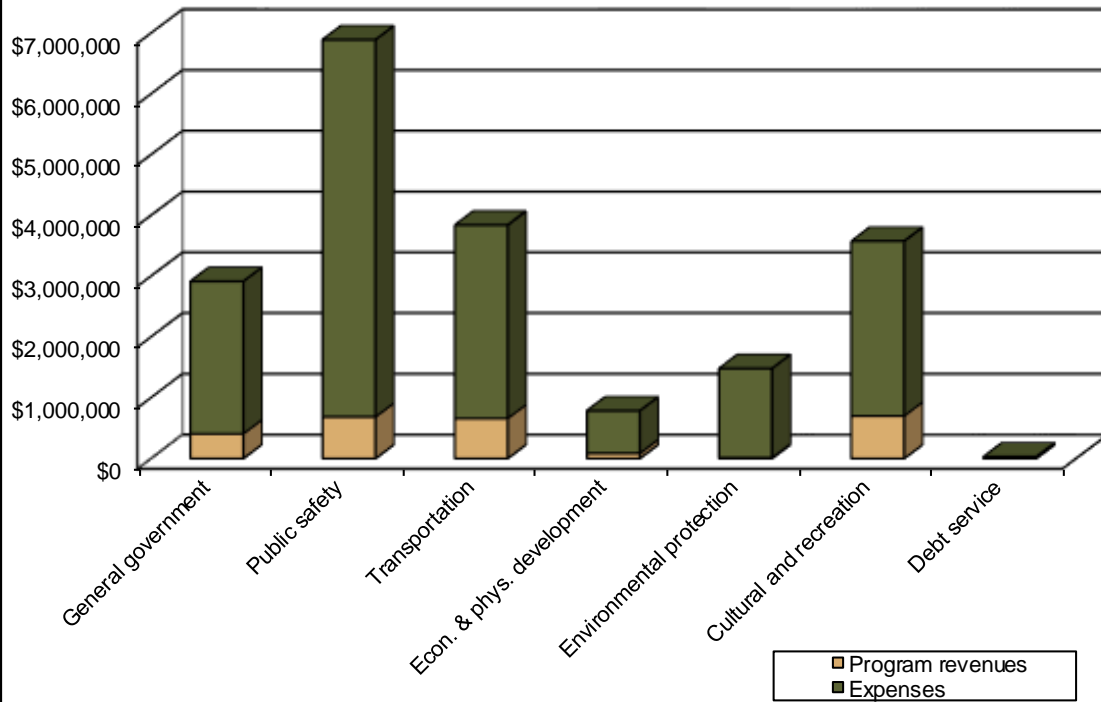
Governmental activities increased the Village's net position by \$1,754,817. Several aspects of the Village's financial operations influenced the positive change in total governmental net position:

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage in the General Fund of 99.93%, which is comparable to the statewide average in the Village's population peer group of 99.09%.
- Unrestricted intergovernmental revenues increased by \$162,000, or 3%, due primarily to increased collections of local option sales taxes.
- Expenses net of program revenues increased by \$274,000, or 2%. This result was influenced by the following factors:
  - Program expenses were \$695,000, or 4%, higher than in the previous fiscal year. This was primarily due to operating expenses increasing by \$523,000, or 7%, compared to the previous fiscal year.
  - Charges for services decreased by approximately \$53,000, or 3%, due to decreased building permit revenues since fewer homes were built in the current year.
  - Operating grants and contributions decreased \$86,000, or 14%, due to FEMA Public Assistance funding received for recovery efforts related to Hurricane Matthew in the prior year. No similar funds were received in the current year.
  - Capital grants and contributions increased by \$559,000 due to the receipt of donated streets, right-of-ways, and land in the current fiscal year while no donations were received in the previous 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 \$617,000.

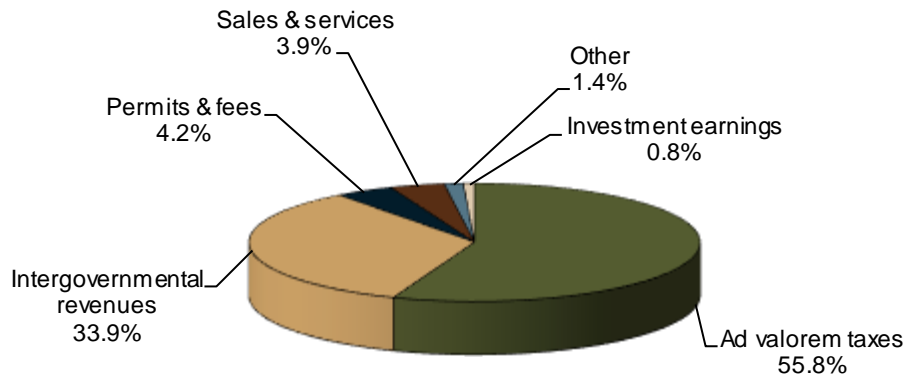
**Village of Pinehurst's Change in Net Position**  
**Figure 3**

	<b>Governmental Activities 2018</b>	<b>Governmental Activities 2017</b>
Revenues:		
Program revenues:		
Charges for services	\$ 1,472,018	\$ 1,524,571
Operating grants and contributions	518,202	603,714
Capital grants and contributions	559,349	-
General revenues:		
Property taxes	10,143,940	9,998,398
Golf cart licenses	2,475	2,180
Grants and contributions not restricted to specific programs	5,641,380	5,478,926
Other	393,507	322,221
Total revenues	<u>18,730,871</u>	<u>17,930,010</u>
Expenses:		
General government	2,507,278	2,495,248
Public safety	6,207,724	6,070,685
Transportation	3,185,140	2,755,861
Economic and physical development	700,647	765,422
Environmental protection	1,470,406	1,453,148
Culture and recreation	2,875,926	2,700,389
Interest on long-term debt	28,933	40,296
Total expenses	<u>16,976,054</u>	<u>16,281,049</u>
Increase in net position	<u>1,754,817</u>	<u>1,648,961</u>
Net position, beginning, previously reported	29,741,422	28,720,745
Cumulative effect adjustment	<u>-</u>	<u>(628,284)</u>
Net position, beginning, adjusted	<u>29,741,422</u>	<u>28,092,461</u>
Net position, June 30	<u><u>\$ 31,496,239</u></u>	<u><u>\$ 29,741,422</u></u>

**Expenses and Program Revenues - Governmental Activities**



**Revenues by Source - Governmental Activities**



## **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, 2018, the governmental funds of the Village reported a combined fund balance of \$10,828,715, an increase of \$195,613, or 2%, over last year. Included in this change in fund balance is an increase in fund balance in the newly established Community Center Capital Project Fund of \$186,877.

The General Fund is the chief operating fund of the Village. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$4,448,274, while total fund balance reached \$10,641,838. 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 30%-40% 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 Village currently has unassigned fund balance of 25% of actual general fund expenditures, while total fund balance represents 55% of budgeted expenditures. The statewide average for total fund balance in the Village's population peer group is 56%. A transfer to the Community Center Capital Project Fund of \$4,068,900 is included in the Village's assigned fund balance for the current year. This will be used to fund the construction of the Community Center at Cannon Park in fiscal year 2019.

Fund balance in the Village's General Fund increased by \$8,736 during the 2018 fiscal year. This minor change in fund balance is the result of modest revenue growth and spending a majority of budgeted operating and capital expenditures.

Key offsetting components that attributed to the change are as follows:

- Property tax revenue increased approximately \$132,000 from the prior year due to normal additions to the tax base.
- Single-family home construction experienced a decline during the year with building permits and inspection fees decreasing \$83,000, or 19%, over the previous year.
- Sales tax revenues increased \$68,000, or 2%, due to an increase in tourism and overall economic activity.
- Actual operating and capital expenditures were greater than the prior year, and most large projects were completed before year-end.

### **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 \$343,000, or 1.9%. The primary revenues that came in above estimated budget amounts were ad valorem taxes, permits and fees, and investment earnings. Ad valorem taxes were \$91,000 above budget due to an increase in property tax base. Permits and fees were \$85,000 above budget due to greater than expected building permits and planning and zoning fees. Although new single-family home construction fell slightly below the prior year, construction levels exceeded our original budgeted estimates. Investment earnings were \$97,000 above budget as a result of rising interest rates throughout the fiscal year, as well as increased use of the North Carolina Capital Management Trust Term Portfolio which yields higher returns.

Total expenditures were \$932,000, or 5.0%, less than originally budgeted amounts. Expenditures were less than budgeted amounts for the following significant items: (1) contracted and professional services of \$230,000 were lower than expected, (2) salaries and benefits were \$361,000 lower due to employee vacancies related to turnover, and (3) repairs and maintenance expenditures for buildings, grounds, and equipment were \$205,000 lower primarily due to the delay of new Planning & Inspections software implementation. All significant capital projects were completed during the fiscal year. However, some smaller projects and capital items were delayed for various reasons. These items have all been reappropriated in fiscal year 2019.

As a result of the variances in revenues and expenditures outlined above, fund balance in the General Fund increased by \$8,736 at June 30, 2018. This resulted in the General Fund reporting fund balance of \$10,641,838. This minor increase can be attributed to revenues coming in close to budget and most operating and capital expenditures items being spent.

## **Capital Asset and Debt Administration**

### **Capital Assets**

The Village's investment in capital assets for its governmental activities as of June 30, 2018 totals \$23,369,159 (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:

- Fire engine replacement costing \$577,000
- McIntyre Road and McCaskill Road streetscape improvement projects costing \$325,000
- Paving of Cannon Park parking lot costing \$124,000
- Replacement of two garbage trucks totaling \$324,000
- Backhoe loader replacement costing \$121,000
- Dump truck replacement costing \$110,000
- Construction in progress in the Community Center Capital Project Fund for a portion of building design costing \$158,000

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

	<b>Governmental Activities</b>	<b>Governmental Activities</b>
	<b>2018</b>	<b>2017</b>
Land	\$ 6,232,258	\$ 5,783,713
Right of Ways	224,712	163,777
Buildings and Improvements	7,707,885	7,795,379
Furniture and Equipment	877,258	834,565
Vehicles	3,235,551	2,451,089
Infrastructure	4,912,663	4,853,923
Construction in Progress	178,832	165,209
Total	<u>\$ 23,369,159</u>	<u>\$ 22,047,655</u>

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

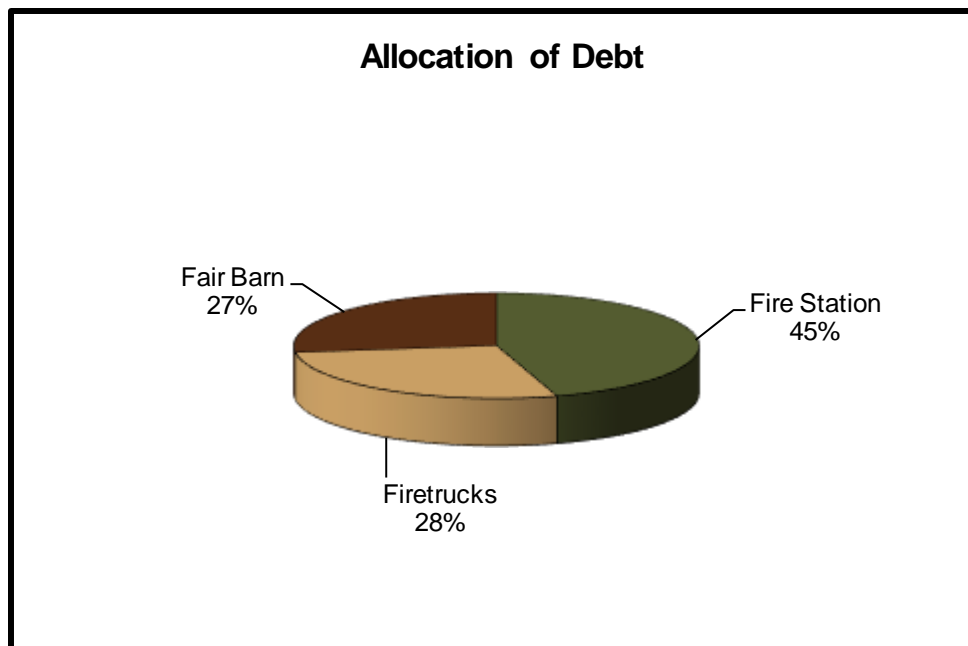
**Long-Term Debt**

As of June 30, 2018, the Village had total outstanding debt of \$737,569 in installment purchase agreements collateralized by the assets that are financed. During fiscal year 2018 the Village's total debt decreased by \$329,223, or 31%, due to principal payments as detailed in Note 9.

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

	<b>Governmental Activities</b>	<b>Governmental Activities</b>
	<b>2018</b>	<b>2017</b>
Installment Purchase Agreements		
Fire Station	\$ 333,333	\$ 500,000
Fair Barn	200,000	250,000
Firetrucks	204,236	283,459
67.04 Acres	-	33,333
Total	<u>\$ 737,569</u>	<u>\$ 1,066,792</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 \$274,097,595.

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:

- **New home construction:** The Village added 144 new homes last year compared to 161 in the previous fiscal year. These construction rates are substantially higher than the prior three years, which averaged 100 homes each. We project slightly fewer homes to be built in FY 2019 due to mortgage interest rate increases and the depletion of buildable lots within Village limits. However, the steady growth experienced over the past two 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 two years.
- **Sales tax revenues:** Sales taxes have increased over the past two fiscal years with growth rates at or above their historical averages.
- **Demographics:** With population increasing and a demographic that is trending younger, the Village is focusing more resources to address the needs of younger residents with recreational amenities, such as the new community center facility.

## **Budget Highlights for the Fiscal Year Ending June 30, 2019**

### **Governmental Activities**

Revenues of the Village are expected to increase by 2.5% overall for FY 2019. This is primarily due to increases in property taxes, sales taxes, and investment earnings. Property tax revenues are expected to increase by 2.0% due to tax base growth from increased single-family home construction. For FY 2019, the Village adopted an ad valorem tax rate of \$0.295 per \$100 valuation, the same as the previous year.

Budgeted expenditures in the General Fund are estimated to be \$22,552,060, an increase of 12.5%, which includes a transfer to the Community Center Capital Project Fund of \$4,068,900. The transfer will fund the estimated construction of the new 19,693 square foot community center building. The new facility will contain a gymnasium, office space, a kitchen, and four activity rooms of varying sizes. Construction is planned to commence in the fall of 2018, and the center is scheduled to open in the fall of 2019.

Excluding the transfer, General Fund expenditures decreased by 6.2%. This decrease is primarily a result of lower capital expenditures compared to the previous fiscal year. Debt service expenditures also continue to decrease as the Village pays down its remaining debt obligations.

In fiscal year 2019, the Village adopted its sixth 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 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 adopted nine organizational goals for the 2019 Strategic Operating Plan to achieve that mission. The goals are as follows: (1) safeguard the community, (2) ensure an attractive residential community, (3) ensure a thriving business community, (4) provide multi-modal transportation systems, (5) protect the environment, (6) maintain an active, healthy community, (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 2019 Strategic Operating Plan to address these goals include:

- Comprehensive Long-Range Plan update
- Commercial streetscape enhancements
- Pedestrian connectivity
- Recreation and cultural facilities
- Planning & Inspections process improvements
- Emergency Medical Services (EMS) facility relocation

Total capital outlays of \$5,187,400 are up 56% compared to the previous fiscal year, due primarily to construction of the community center. The significant capital items included for FY 2019 are as follows:

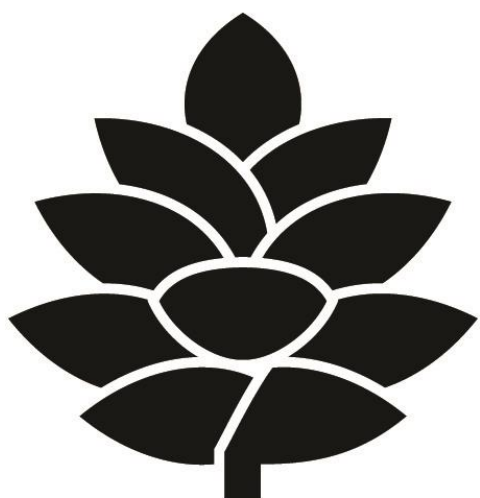
- Community center construction (\$4,068,900)
- Wicker Park playground equipment replacement (\$95,000)
- Sewer jet and vacuum trailer (\$121,000)
- Storm drainage projects (\$160,000)

### **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.



**Village of Pinehurst, North Carolina**  
**Statement of Net Position**  
**June 30, 2018**

**Exhibit 1**

	<b>Governmental Activities</b>
<b>Assets</b>	
Current assets:	
Cash and cash equivalents	\$ 10,107,104
Taxes receivables (net)	27,858
Special assessments receivable	60,653
Interest receivable	20,970
Other receivables	30,369
Due from other governments	1,595,042
Inventories	39,993
Prepaid items	19,878
Total unrestricted current assets	<u>11,901,867</u>
Non-current assets:	
Capital assets (net of accumulated depreciation):	
Land and non-depreciable improvements	6,232,258
Construction in progress	178,832
Right of ways	224,712
Buildings and improvements	7,707,885
Furniture and equipment	877,258
Vehicles	3,235,551
Infrastructure	4,912,663
Total capital assets	<u>23,369,159</u>
Total assets	<u>35,271,026</u>
<b>Deferred Outflows of Resources</b>	
Pension deferrals	1,316,461
Total deferred outflows of resources	<u>1,316,461</u>
<b>Liabilities</b>	
Current liabilities:	
Accounts payable and accrued liabilities	978,377
Accrued interest payable	7,556
Long-term liabilities due within one year	678,550
Total current liabilities	<u>1,664,483</u>
Long-term liabilities:	
Long-term liabilities due in more than one year	3,339,509
Total liabilities	<u>5,003,992</u>
<b>Deferred Inflows of Resources</b>	
Pension deferrals	87,256
Total deferred inflows of resources	<u>87,256</u>
<b>Net Position</b>	
Net investment in capital assets	22,631,590
Restricted for:	
Stabilization by state statute	1,881,641
Public safety	2,672
Unrestricted	6,980,336
Total net position	<u><u>\$ 31,496,239</u></u>

Village of Pinehurst, North Carolina  
Statement of Activities  
For the Fiscal Year Ended June 30, 2018

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	\$ 2,507,278	\$ 7,665	\$ -	\$ 400,389	\$ (2,099,224)
Public safety	6,207,724	677,954	8,129	-	(5,521,641)
Transportation	3,185,140	-	499,134	158,960	(2,527,046)
Economic and physical development	700,647	85,317	-	-	(615,330)
Environmental protection	1,470,406	-	10,939	-	(1,459,467)
Cultural and recreation	2,875,926	701,082	-	-	(2,174,844)
Interest on long-term debt	28,933	-	-	-	(28,933)
Total governmental activities	<u>\$ 16,976,054</u>	<u>\$ 1,472,018</u>	<u>\$ 518,202</u>	<u>\$ 559,349</u>	<u>\$ (14,426,485)</u>
General revenues:					
Ad valorem taxes					\$ 10,143,940
Golf cart licenses					2,475
Unrestricted intergovernmental					5,641,380
Investment earnings					146,038
Miscellaneous					247,469
Total general revenues					<u>16,181,302</u>
Change in net position					<u>1,754,817</u>
Net position, beginning					29,741,422
Net position, ending					<u>\$ 31,496,239</u>

Village of Pinehurst, North Carolina  
Balance Sheet  
Governmental Funds  
June 30, 2018

Exhibit 3

	Major Funds		Total
	General Fund	Community Center Capital Project Fund	Governmental Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 9,920,227	\$ 186,877	\$ 10,107,104
Receivables, net:			
Taxes	27,858	-	27,858
Special assessments	60,653	-	60,653
Interest	20,970	-	20,970
Other	30,369	-	30,369
Due from other governments	1,595,042	-	1,595,042
Inventories	39,993	-	39,993
Prepaid items	19,878	-	19,878
Total assets	<u>\$ 11,714,990</u>	<u>\$ 186,877</u>	<u>\$ 11,901,867</u>
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 349,357	\$ -	\$ 349,357
Withholdings and accrued expenditures	403,700	-	403,700
Deposits	225,320	-	225,320
Total liabilities	<u>978,377</u>	<u>-</u>	<u>978,377</u>
Deferred inflows of resources:			
Unavailable revenues	94,775	-	94,775
Total deferred inflows of resources	<u>94,775</u>	<u>-</u>	<u>94,775</u>
Fund balances:			
Nonspendable:			
Inventory	39,993	-	39,993
Prepaid items	19,878	-	19,878
Restricted:			
Stabilization by state statute	1,881,641	-	1,881,641
Public safety	2,672	-	2,672
Committed:			
Cultural and recreation	-	186,877	186,877
Assigned:			
Subsequent year's expenditures	4,249,380	-	4,249,380
Unassigned	4,448,274	-	4,448,274
Total fund balances	<u>10,641,838</u>	<u>186,877</u>	<u>10,828,715</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 11,714,990</u>	<u>\$ 186,877</u>	<u>\$ 11,901,867</u>

The accompanying notes are an integral part of the financial statements.

**Village of Pinehurst, North Carolina**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Statement of Net Position**  
**June 30, 2018**

**Exhibit 4**

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

Total fund balance, governmental funds		\$ 10,828,715
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:		
Gross capital assets at historical cost	\$ 44,414,148	
Accumulated depreciation	(21,044,989)	23,369,159
Deferred outflows of resources related to pensions are not reported in the funds		1,316,461
Liabilities for earned revenues considered deferred inflows of resources in the fund statements:		
Taxes receivable	27,858	
Other receivables	6,264	
Assessments receivable	60,653	94,775
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:		
Accrued interest payable	(7,556)	
Compensated absences payable	(624,425)	
Net pension liability	(1,621,831)	
Total pension liability	(1,034,234)	
Installment purchases payable	(737,569)	(4,025,615)
Deferred inflows of resources related to pensions are not reported in the funds		(87,256)
Net position of governmental activities		\$ 31,496,239

Village of Pinehurst, North Carolina  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Fiscal Year Ended June 30, 2018

Exhibit 5

	Major Funds		
	General Fund	Community Center Capital Project Fund	Total Governmental Funds
<b>Revenues</b>			
Ad valorem taxes	\$ 10,142,650	\$ -	\$ 10,142,650
Golf cart licenses	2,475	-	2,475
Unrestricted intergovernmental	5,641,380	-	5,641,380
Restricted intergovernmental	517,964	-	517,964
Permits and fees	761,918	-	761,918
Sales and services	709,419	-	709,419
Investment earnings	145,657	619	146,276
Assessment income	31,607	-	31,607
Miscellaneous	214,839	-	214,839
Total revenues	18,167,909	619	18,168,528
<b>Expenditures</b>			
Current:			
General government	2,288,440	-	2,288,440
Public safety	6,404,850	-	6,404,850
Transportation	3,590,267	-	3,590,267
Economic and physical development	700,149	-	700,149
Environmental protection	1,639,564	-	1,639,564
Cultural and recreation	2,878,036	157,742	3,035,778
Debt service:			
Principal	329,223	-	329,223
Interest and other charges	32,160	-	32,160
Total expenditures	17,862,689	157,742	18,020,431
Excess (deficiency) of revenues over expenditures	305,220	(157,123)	148,097
<b>Other Financing Sources (Uses)</b>			
Transfers to other funds	(344,000)	-	(344,000)
Transfers from other funds	-	344,000	344,000
Sales of capital assets	47,516	-	47,516
Total other financing sources (uses)	(296,484)	344,000	47,516
Net change in fund balance	8,736	186,877	195,613
Fund balances, beginning	10,633,102	-	10,633,102
Fund balances, ending	\$ 10,641,838	\$ 186,877	\$ 10,828,715

The accompanying notes are an integral part of the financial statements.



**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, 2018**

**Exhibit 6**

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

Net changes in fund balances - total governmental funds	\$	195,613
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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	\$ 2,585,244	
Depreciation expense	<u>(1,808,202)</u>	777,042

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities

514,302

Benefit payments paid and administrative expenses for the LEOSSA are not included on the Statement of Activities

38,004

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

Donated assets received	559,349	
Gain on disposal of assets	23,594	
Proceeds from disposal of assets	(38,417)	
Loss on disposal of assets	<u>(64)</u>	544,462

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

Special assessment payments	(31,607)	
Change in other deferred inflows	681	
Change in deferred tax inflows	<u>1,290</u>	(29,636)

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		329,223
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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	3,227	
Compensated absences	30	
Pension expense	<u>(617,450)</u>	<u>(614,193)</u>

Total changes in net position of governmental activities		<u>\$ 1,754,817</u>
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## General Fund

## Statement of Revenues, Expenditures, and Changes in Fund Balance -

## Annual Budget and Actual

## For the Fiscal Year Ended June 30, 2018

	General Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Ad valorem taxes	\$ 10,052,000	\$ 10,126,000	\$ 10,142,650	\$ 16,650
Golf cart licenses	1,000	1,000	2,475	1,475
Unrestricted intergovernmental	5,606,100	5,636,100	5,641,380	5,280
Restricted intergovernmental	505,400	505,400	517,964	12,564
Permits and fees	676,800	676,800	761,918	85,118
Sales and services	709,100	685,100	709,419	24,319
Investment earnings	49,000	99,000	145,657	46,657
Assessments	28,400	28,400	31,607	3,207
Miscellaneous	196,780	211,730	214,839	3,109
Total revenues	17,824,580	17,969,530	18,167,909	198,379
<b>Expenditures:</b>				
Current:				
General government	2,459,967	2,466,267	2,288,440	177,827
Public safety	6,090,795	6,738,756	6,404,850	333,906
Transportation	3,963,083	3,793,086	3,590,267	202,819
Economic and physical development	986,416	962,416	700,149	262,267
Environmental protection	1,713,848	1,706,848	1,639,564	67,284
Cultural and recreation	3,218,471	3,300,298	2,878,036	422,262
Debt service:				
Principal retirement	329,212	329,224	329,223	1
Interest and fees	33,301	33,289	32,160	1,129
Total expenditures	18,795,093	19,330,184	17,862,689	1,467,495
Excess (deficiency) of revenues over (under) expenditures	(970,513)	(1,360,654)	305,220	1,665,874
<b>Other Financing Sources (Uses):</b>				
Sales of capital assets	30,000	50,000	47,516	(2,484)
Transfers to other funds	(344,000)	(344,000)	(344,000)	-
Total other financing sources	(314,000)	(294,000)	(296,484)	(2,484)
Fund balance appropriated	1,284,513	1,654,654	-	(1,654,654)
Net change in fund balances	\$ -	\$ -	8,736	\$ 8,736
Fund balances, beginning			10,633,102	
Fund balances, ending			\$ 10,641,838	

## Note 1. Summary of Significant Accounting Policies

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

### A. Reporting Entity

The Village of Pinehurst is a municipal corporation, which 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, 2018, 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, even though the latter is excluded from the government-wide financial statements. 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. To enhance consistency and for ease of readability, we have elected to report this fund as a major fund in this initial period, as it will be classified as a major fund next fiscal year.

## Note 1. Summary of Significant Accounting Policies (Continued)

### 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.

**Note 1. Summary of Significant Accounting Policies (Continued)**

**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. All budgets are prepared using the modified accrual basis of accounting.

Expenditures may not legally exceed appropriations at the object level for the General Fund (e.g. operating expenditures and capital outlay), at the departmental level for the special revenue funds, and at the object level for the capital projects funds. 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 \$10,000 between departments. 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. Non-participating interest earning investment contracts are accounted for at cost. The NCCMT Government Portfolio, a SEC-registered (2a-7) external investment pool, is measured at amortized cost, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value.

**2. Cash and Cash Equivalents**

The Village pools moneys 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.

**Note 1. Summary of Significant Accounting Policies (Continued)**

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (Continued)**

**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, except for ad valorem taxes on certain vehicles, on July 1, the beginning of the fiscal year, and these taxes are due on September 1 (lien date); however, no interest or penalties are assessed until the following January 6. These taxes are based on the assessed values as of January 1, 2017.

**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 a certain cost and an estimated useful life in excess of two years. The minimum capitalization cost for all assets is \$5,000. Purchased or constructed capital assets are reported at cost or estimated historical cost. 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:

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

**Note 1. Summary of Significant Accounting Policies (Continued)**

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (Continued)**

**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 two items that meet this criteria, contributions made to the pension plan in the 2018 fiscal year and other pension related deferrals.

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, special assessments 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.

## Note 1. Summary of Significant Accounting Policies (Continued)

### E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (Continued)

#### 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* - The portion of fund balance that is restricted by State Statute [G.S. 159-8(a)].

*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 a formally adopted resolution approved by a majority vote of a quorum of the Village's governing body (highest level of decision-making authority). The governing body can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

*Committed for cultural and recreation* - The portion of fund balance that can only be used for the design and construction of the community center at Cannon Park.

**Assigned fund balance** - The portion of fund balance that the Village intends to use for specific purposes imposed by majority vote by quorum of 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 \$10,000.



## **Note 1. Summary of Significant Accounting Policies (Continued)**

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

#### **10. Net Position/Fund Balances (Continued)**

##### **Fund Balances (Continued)**

**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 equal to or greater than 15% of budgeted expenditures and total fund balance is 30% to 40% 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.

#### **11. Pensions**

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.

## **Note 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 collateralized 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.

**Village of Pinehurst, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2018**

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**Note 2. Deposits and Investments (Continued)**

**A. Deposits (Continued)**

At June 30, 2018, the Village's deposits had a carrying amount of \$2,902,034. The cash balance in the bank at June 30, 2018 totaled \$3,004,766. Of the bank balance, \$750,000 was covered by federal depository insurance and \$2,254,766 was covered by collateral held under the Pooling Method. At June 30, 2018, the Village's petty cash fund totaled \$1,100.

**B. Investments**

At June 30, 2018, the Village's investment balances were as follows:

<b>Investment Type</b>	<b>Valuation Measurement Method</b>	<b>Book Value at 6/30/2018</b>	<b>Maturity</b>	<b>Rating</b>
NC Capital Management Trust - Government Portfolio	Amortized Cost	\$1,055,959	N/A	AAAm
NC Capital Management Trust - Term Portfolio	Fair Value Level 1	\$6,148,011	0.09 years	Unrated

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 as of June 30, 2018. The Village's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the U.S. government and agencies, and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended.

**Village of Pinehurst, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2018**

**Note 3. Receivables**

The amounts presented in the Balance Sheet and the Statement of Net Position for the year ended June 30, 2018 are net of the following allowances for doubtful accounts:

	<u>General</u>
Other receivables:	
Planning and Inspections fines	\$ 1,316
Harness Track events	<u>1,484</u>
Total	<u>\$ 2,800</u>

**Note 4. Capital Assets**

Capital asset activity for the Primary Government for the year ended June 30, 2018, 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	\$ 5,783,713	\$ 448,545	\$ -	\$ 6,232,258
Construction in progress	<u>165,209</u>	<u>178,832</u>	<u>(165,209)</u>	<u>178,832</u>
Total capital assets not being depreciated	<u>5,948,922</u>	<u>627,377</u>	<u>(165,209)</u>	<u>6,411,090</u>
Capital assets being depreciated:				
Right of ways	182,520	66,327	-	248,847
Buildings and improvements	20,806,636	877,377	-	21,684,013
Furniture and equipment	3,075,673	318,316	-	3,393,989
Vehicles	5,922,521	1,213,192	(518,026)	6,617,687
Infrastructure	<u>5,851,309</u>	<u>207,213</u>	<u>-</u>	<u>6,058,522</u>
Total	<u>35,838,659</u>	<u>2,682,425</u>	<u>(518,026)</u>	<u>38,003,058</u>
Less accumulated depreciation for:				
Right of ways	18,743	5,392	-	24,135
Buildings and improvements	13,011,257	964,871	-	13,976,128
Furniture and equipment	2,241,108	275,623	-	2,516,731
Vehicles	3,471,432	413,843	(503,139)	3,382,136
Infrastructure	<u>997,386</u>	<u>148,473</u>	<u>-</u>	<u>1,145,859</u>
Total	<u>19,739,926</u>	<u>1,808,202</u>	<u>(503,139)</u>	<u>21,044,989</u>
Total capital assets being depreciated, net	<u>16,098,733</u>	<u>874,223</u>	<u>(14,887)</u>	<u>16,958,069</u>
Governmental activity capital assets, net	<u>\$ 22,047,655</u>	<u>\$ 1,501,600</u>	<u>\$ (180,096)</u>	<u>\$ 23,369,159</u>

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

General government	\$ 365,329
Public safety	488,069
Transportation	388,339
Environmental protection	142,803
Cultural and recreation	<u>423,662</u>
Total depreciation expense	<u>\$ 1,808,202</u>

**Village of Pinehurst, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2018**

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**Note 4. Capital Assets (Continued)**

**Construction and other capital-related commitments** - The Village has active construction projects and other capital related commitments as of June 30, 2018. The projects include the design of the community center at Cannon Park and improvements to the Buildings & Grounds (B&G) Maintenance building. At June 30, 2018, the Village's commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Community center design	\$ 131,850	\$ 161,150
B&G Maintenance building improvements	<u>21,090</u>	<u>21,150</u>
Total	<u>\$ 152,940</u>	<u>\$ 182,300</u>

**Note 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 Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR 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.

## Note 5. Pension Plan and Postemployment Obligations (Continued)

### A. Local Governmental Employees' Retirement System (Continued)

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.

**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, 2018, was 8.25% of compensation for law enforcement officers and 7.57% 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 \$514,302 for the year ended June 30, 2018.

**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, 2018, the Village reported a liability of \$1,621,831 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 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, 2017, the Village's proportion was 0.106%, which was a decrease of 0.001% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Village recognized pension expense of \$541,964. At June 30, 2018, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 93,432	\$ 45,909
Changes in assumptions	231,620	-
Net difference between projected and actual earnings on pension plan investments	393,782	-
Changes in proportion and differences between Village contributions and proportionate share of contributions	5,421	28,542
Village contributions subsequent to the measurement date	<u>514,302</u>	<u>-</u>
Total	<u>\$ 1,238,557</u>	<u>\$ 74,451</u>

## Note 5. Pension Plan and Postemployment Obligations (Continued)

### A. Local Governmental Employees' Retirement System (Continued)

The \$514,302 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 ended June 30, 2019. 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:

2019	\$	81,040
2020		462,618
2021		228,805
2022		(122,659)
2023		-
Thereafter		-
Total	\$	<u>649,804</u>

**Actuarial assumptions** - The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 7.75 percent, including inflation and productivity factor
Investment rate of return	7.20 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, 2016 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, 2017 are summarized in the following table:

**Note 5. Pension Plan and Postemployment Obligations (Continued)**

**A. Local Governmental Employees' Retirement System (Continued)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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 2016 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 7.20%. 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 7.20 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 (6.20 percent) or one percentage point higher (8.20 percent) than the current rate:

	<u>1% Decrease (6.20%)</u>	<u>Discount Rate (7.20%)</u>	<u>1% Increase (8.20%)</u>
Village's proportionate share of the net pension liability (asset)	<u>\$ 4,868,773</u>	<u>\$ 1,621,831</u>	<u>\$ (1,088,341)</u>

*Pension plan fiduciary net position* - Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report for the State of North Carolina.

## Note 5. Pension Plan and Postemployment Obligations (Continued)

### B. Law Enforcement Officers Special Separation Allowance

#### 1. 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, 2016 Valuation Date, the Separation Allowance's membership consisted of:

Retirees receiving benefits	3
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>25</u>
Total	<u><u>28</u></u>

#### 2. 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.

#### 3. Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2016 valuation. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.16 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, 2017.

Mortality rates are based on the RP-2014 Series Mortality tables with adjustments for mortality improvements based on Scale AA.



**Note 5. Pension Plan and Postemployment Obligations (Continued)**

**B. Law Enforcement Officers Special Separation Allowance (Continued)**

**4. Change in Actuarial Assumptions**

On the Prior Measurement Date (December 31, 2016), the Municipal Bond Index Rate, on which the discount rate is based, was 3.86%. Since the Prior Measurement Date, the Municipal Bond Index Rate has decreased to 3.16% as of the Measurement Date (December 31, 2017). This resulted in a \$52,287 increase in the Total Pension Liability.

**5. 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 \$47,333 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, 2018, the Village reported a total pension liability of \$1,034,234. The total pension liability was measured as of December 31, 2017 based on a December 31, 2016 actuarial valuation. The total pension liability was rolled forward to December 31, 2017 utilizing updated procedures incorporating the actuarial assumptions. For the year ended June 30, 2018, the Village recognized pension expense of \$75,486.

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 15,901	\$ -
Changes in assumptions	43,349	12,805
Benefit payments and plan administrative expense made subsequent to the measurement date	18,654	-
Total	<u>\$ 77,904</u>	<u>\$ 12,805</u>

The \$18,654 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 ended June 30, 2019. 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:**

2019	\$ 8,898
2020	8,898
2021	8,898
2022	9,365
2023	10,386
Thereafter	<u>-</u>
Total	<u>\$ 46,445</u>

**Note 5. Pension Plan and Postemployment Obligations (Continued)**

**B. Law Enforcement Officers Special Separation Allowance (Continued)**

**5. Contributions (Continued)**

*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 3.16 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 (2.16 percent) or 1 percentage point higher (4.16 percent) than the current rate:

	<b>1% Decrease (2.16%)</b>	<b>Discount Rate (3.16%)</b>	<b>1% Increase (4.16%)</b>
Total pension liability	\$ 1,108,942	\$ 1,034,234	\$ 965,506

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

	<b>2018</b>
Beginning balance	\$ 943,908
Service Cost	30,672
Interest on the total pension liability	35,521
Differences between expected and actual experience in the measurement of the total pension liability	19,179
Changes of assumptions or other inputs	52,287
Benefit payments	(47,333)
Ending balance of the total pension liability	<u>\$ 1,034,234</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, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

**Note 5. Pension Plan and Postemployment Obligations (Continued)**

**B. Law Enforcement Officers Special Separation Allowance (Continued)**

**5. Contributions (Continued)**

**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	\$ 541,964	\$ 75,486	\$ 617,450
Pension liability	1,621,831	1,034,234	2,656,065
Proportionate share of the net pension liability	0.106%	n/a	
Deferred Outflows of Resources			
Differences between expected and actual experience	93,432	15,901	109,333
Changes of assumptions	231,620	43,349	274,969
Net difference between projected and actual earnings on plan investments	393,782	-	393,782
Changes in proportionate and differences between contributions and proportionate share of contributions	5,421	-	5,421
Benefit payments and administrative costs paid subsequent to the measurement date	514,302	18,654	532,956
Deferred Inflows of Resources			
Differences between expected and actual experience	45,909	-	45,909
Changes of assumptions	-	12,805	12,805
Changes in proportionate and differences between contributions and proportionate share of contributions	28,542	-	28,542

**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 Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR 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, 2018 were \$97,037, which consisted of \$64,800 from the Village and \$32,237 from the law enforcement officers. Since the funds vest immediately, no amounts were forfeited.

**Note 5. Pension Plan and Postemployment Obligations (Continued)**

**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, 2018 were \$541,304, which consisted of \$267,787 from the Village and \$273,517 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 with a minimum of \$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.

For the fiscal year ended June 30, 2018, the Village made contributions to the State for death benefits of \$3,749. The Village's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.07% and 0.00% of covered payroll, respectively.

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.

**Village of Pinehurst, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2018**

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**Note 6. Deferred Outflows and Inflows of Resources**

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

Contributions to LGERS pension plan in the current fiscal year	\$	514,302
Benefit payments to LEOSSA recipients in the current fiscal year		18,654
Changes in proportion and differences between Village and proportionate share of contributions		5,421
Difference between actual and expected experience		109,333
Changes in assumptions		274,969
Net difference between projected and actual earnings on pension plan investments		<u>393,782</u>
Total	\$	<u>1,316,461</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	\$ -	\$ 27,858
Other receivables	-	6,264
Special assessments receivable	-	60,653
Changes in assumptions	12,805	-
Changes in proportion and differences between Village contributions and proportionate share of contributions	28,542	-
Differences between expected and actual experience	<u>45,909</u>	<u>-</u>
Total	\$ <u>87,256</u>	\$ <u>94,775</u>

**Note 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 \$3 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. Stop loss insurance is purchased by the Board of Trustees to protect against large medical 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.

**Village of Pinehurst, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2018**

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**Note 7. Risk Management (Continued)**

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.

**Note 8. Claims, Judgments and Contingent Liabilities**

At June 30, 2018, 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.

**Note 9. Long-Term Obligations**

**A. Installment Purchase**

Long-term debt obligations of the Village consisted of the following at June 30, 2018:

\$2,500,000 building installment purchase dated 3/14/05 due in 30 semi-annual installments consisting of fixed principal of \$83,334 plus interest at 3.44% through March 2020; issued by PNC and collateralized by fire station building	\$ 333,333
\$1,000,000 building installment purchase dated 3/11/02 due in 40 semi-annual payments consisting of fixed principal of \$25,000 plus interest at 4.60% through March 2022; issued by Bank of America and collateralized by Fair Barn building	200,000
\$550,000 vehicle installment purchase dated 7/31/13 due in 14 semi-annual payments of \$41,917 through August 2020; interest at 1.75%; issued by First Bank and collateralized by fire truck	<u>204,236</u>
	<u>\$ 737,569</u>

Annual debt service requirements to maturity for debt are as follows:

<u>Year Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 297,282	\$ 22,878
2020	298,698	12,428
2021	91,589	4,353
2022	<u>50,000</u>	<u>1,725</u>
	<u>\$ 737,569</u>	<u>\$ 41,384</u>

**Village of Pinehurst, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2018**

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**Note 9. Long-Term Obligations (Continued)**

**B. Changes in Long-Term Liabilities**

At June 30, 2018, the Village had a legal debt margin of \$274,097,595.

The following is a summary of changes in the Village's long-term obligations for the fiscal year ended June 30, 2018:

	<u>Balance July 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2018</u>	<u>Current Portion of Balance</u>
Governmental activities:					
Installment purchases	\$ 1,066,792	\$ -	\$ (329,223)	\$ 737,569	\$ 297,282
Compensated absences	624,455	381,256	(381,286)	624,425	381,268
Net pension liability (LGERS)	2,278,540	-	(656,709)	1,621,831	-
Total pension liability (LEO)	<u>943,908</u>	<u>90,326</u>	<u>-</u>	<u>1,034,234</u>	<u>-</u>
Governmental activity long-term liabilities	<u>\$ 4,913,695</u>	<u>\$ 471,582</u>	<u>\$ (1,367,218)</u>	<u>\$ 4,018,059</u>	<u>\$ 678,550</u>

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

**Note 10. Interfund Activity**

Transfers to/from other funds at June 30, 2018 consist of the following:

From the General Fund to the Community Center Capital Project Fund for capital project expenditures	<u>\$ 344,000</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 2018 fiscal year, the Village made a one-time transfer from the General Fund of \$344,000 to the Community Center Capital Project Fund for the design of the new community center at Cannon Park.

**Note 11. Net Investment in Capital Assets**

	<u>Governmental</u>
Capital assets	\$ 23,369,159
Less: Long-term debt	<u>(737,569)</u>
Net investment in capital assets	<u>\$ 22,631,590</u>

**Village of Pinehurst, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2018**

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**Note 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	\$ 10,641,838
Less:	
Inventories	39,993
Prepaid items	19,878
Stabilization by state statute	1,881,641
Public safety - equitable sharing	2,672
Appropriated fund balance in 2018 Budget	4,249,380
Fund balance policy minimum	<u>2,679,403</u>
Remaining fund balance	<u>\$ 1,768,871</u>

The Village's 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 CAFR. In addition, when preparing the annual General Fund budget, the total appropriated fund balance should result in anticipated ending total fund balance in the range of 30%-40% of budgeted expenditures. At June 30, 2018, the General Fund's unassigned fund balance of \$4,448,274 represents 25% of General Fund actual expenditures which is well above the policy minimum. Total fund balance was 55% of budgeted expenditures. 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.

<u>Encumbrances</u>	<u>General Fund</u>	<u>Community Center Capital Project Fund</u>
	\$244,196	\$161,150

**Note 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 monies.

**Note 14. Significant Effects of Subsequent Events**

None.



**Note 15. 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 lightening 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 \$22,659 from the State Insurance Commissioner's office for the fiscal year ended June 30, 2018. 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, 2018. 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.

## **Required Supplementary Information**

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This section contains additional information required by generally accepted accounting principles.

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### **Schedule of Proportionate Share of 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**

**Village of Pinehurst, North Carolina**  
**Schedule of the Proportionate Share of the Net Pension Liability (Asset)**  
**Local Government Employees' Retirement System - Last Five Fiscal Years\***  
**Required Supplementary Information**

**Exhibit A-1**

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Pinehurst's proportion of the net pension liability (asset) (%)	0.1062%	0.1073%	0.1094%	0.1083%	0.1077%
Pinehurst's proportion of the net pension liability (asset) (\$)	\$ 1,621,831	\$ 2,278,539	\$ 490,982	\$ (638,460)	\$ 1,298,199
Pinehurst's covered-employee payroll	\$ 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 -employee payroll	24.77%	35.71%	7.82%	(10.6%)	22.65%
Plan fiduciary net position as a percentage of the total pension liability**	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 Five Fiscal Years\***  
**Required Supplementary Information**

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**Exhibit A-2**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 514,302	\$ 489,064	\$ 424,359	\$ 445,138	\$ 434,315
Contributions in relation to the contractually required contribution	<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>
Pinehurst's covered-employee payroll	\$ 6,610,895	\$ 6,548,274	\$ 6,380,220	\$ 6,280,547	\$ 6,025,207
Contributions as a percentage of covered-employee payroll	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.*

**Village of Pinehurst, North Carolina**  
**Schedule of Changes in Total Pension Liability**  
**Law Enforcement Officers' Special Separation Allowance - Last Two Fiscal Years\***  
**Required Supplementary Information**

**Exhibit A-3**

	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 943,908	\$ 951,629
Service cost	30,672	33,042
Interest on the total pension liability	35,521	33,003
Changes of benefit terms	-	-
Differences between expected and actual experience in the measurement of the total pension liability	19,179	-
Changes of assumptions or other inputs	52,287	(19,441)
Benefit payments	(47,333)	(54,325)
Other changes	<u>-</u>	<u>-</u>
Ending balance of the total pension liability **	<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.*

**Village of Pinehurst, North Carolina**  
**Schedule of Total Pension Liability as a Percentage of Covered Payroll**  
**Law Enforcement Officers' Special Separation Allowance - Last Two Fiscal Years\***  
**Required Supplementary Information**

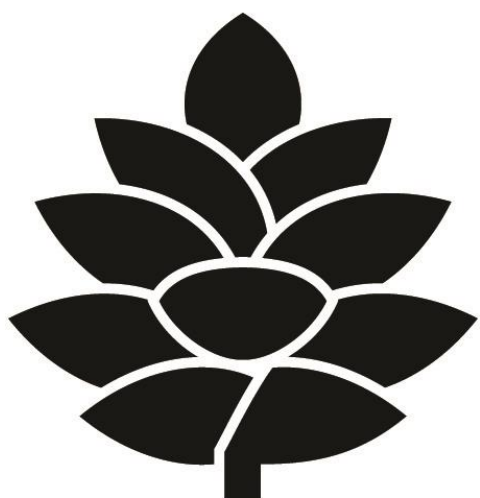
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**Exhibit A-4**

	<u>2018</u>	<u>2017</u>
Total pension liability **	\$ 1,034,234	\$ 943,908
Covered payroll	1,269,779	1,313,290
Total pension liability as a percentage of covered payroll	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.*



## **General Fund**

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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.

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### **Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund**



**Village of Pinehurst, North Carolina**  
**General Fund**  
**Schedule of Revenues, Expenditures, and Changes in**  
**Fund Balance - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2018**  
**With Comparative Actual Amounts for Fiscal Year Ended June 30, 2017**

**Exhibit B-1**  
**Page 1 of 4**

	2018			
	Final Budget	Actual	Variance Positive (Negative)	2017
<b>Revenues:</b>				
Ad valorem taxes:				
Taxes	\$ 10,121,000	\$ 10,133,541	\$ 12,541	\$ 9,986,511
Penalties and interest	5,000	9,109	4,109	9,901
Total	10,126,000	10,142,650	16,650	9,996,412
Other taxes:				
Golf cart licenses	1,000	2,475	1,475	2,180
Total	1,000	2,475	1,475	2,180
Unrestricted intergovernmental:				
Local option sales tax	3,344,000	3,350,938	6,938	3,283,276
Telecommunications sales tax	98,000	86,083	(11,917)	88,866
Utilities sales tax	1,000,000	993,724	(6,276)	954,540
Video programming	300,000	294,671	(5,329)	296,032
Hold harmless reimbursements	822,000	844,706	22,706	783,237
Wine & beer tax	72,100	71,258	(842)	72,975
Total	5,636,100	5,641,380	5,280	5,478,926
Restricted intergovernmental:				
Powell Bill allocation	494,000	498,958	4,958	495,621
BAB interest rebates	-	-	-	255
Controlled substance tax	500	3,943	3,443	784
Other grants	-	4,124	4,124	95,956
Solid waste disposal tax	10,900	10,939	39	10,821
Total	505,400	517,964	12,564	603,437
Permits and fees:				
Building permits and inspection fees	310,000	361,646	51,646	444,435
Planning and zoning fees	60,000	70,464	10,464	70,300
Fire district	301,000	308,984	7,984	274,655
Other permits and fees	5,800	20,824	15,024	11,643
Total	676,800	761,918	85,118	801,033
Sales and services:				
Rents, concessions and fees	556,100	578,142	22,042	590,369
Recreation fees	129,000	131,277	2,277	129,687
Total	685,100	709,419	24,319	720,056
Investment earnings:				
Investment income	99,000	145,657	46,657	63,189
Assessments	28,400	31,607	3,207	39,102

Village of Pinehurst, North Carolina  
General Fund  
Schedule of Revenues, Expenditures, and Changes in  
Fund Balance - Budget and Actual  
For the Fiscal Year Ended June 30, 2018  
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2017

Exhibit B-1  
Page 2 of 4

	2018			
	Final Budget	Actual	Variance Positive (Negative)	2017
Miscellaneous:				
ABC revenue	\$ 134,800	\$ 145,220	\$ 10,420	\$ 130,965
Donations	29,430	30,545	1,115	30,050
Other revenues	47,500	39,074	(8,426)	36,405
Total	211,730	214,839	3,109	197,420
<b>Total revenues</b>	<b>17,969,530</b>	<b>18,167,909</b>	<b>198,379</b>	<b>17,901,755</b>
<b>Expenditures:</b>				
General government:				
Governing body:				
Operating expenditures	180,800	118,267	62,533	120,834
Total	180,800	118,267	62,533	120,834
Administration:				
Operating expenditures	1,158,235	1,111,542	46,693	1,082,562
Capital outlay	35,847	25,175	10,672	21,174
Total	1,194,082	1,136,717	57,365	1,103,736
Financial services:				
Operating expenditures	666,710	649,861	16,849	579,712
Capital outlay	1,425	1,104	321	1,819
Total	668,135	650,965	17,170	581,531
Human resources:				
Operating expenditures	422,110	381,608	40,502	356,084
Capital outlay	1,140	883	257	2,274
Total	423,250	382,491	40,759	358,358
Total general government	2,466,267	2,288,440	177,827	2,164,459
Public safety:				
Police:				
Operating expenditures	3,014,134	2,881,874	132,260	2,724,664
Capital outlay	116,419	105,881	10,538	71,702
Total	3,130,553	2,987,755	142,798	2,796,366
Fire:				
Operating expenditures	2,714,993	2,548,795	166,198	2,526,763
Capital outlay	674,650	662,843	11,807	35,979
Total	3,389,643	3,211,638	178,005	2,562,742

**Village of Pinehurst, North Carolina**  
**General Fund**  
**Schedule of Revenues, Expenditures, and Changes in**  
**Fund Balance - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2018**  
**With Comparative Actual Amounts for Fiscal Year Ended June 30, 2017**

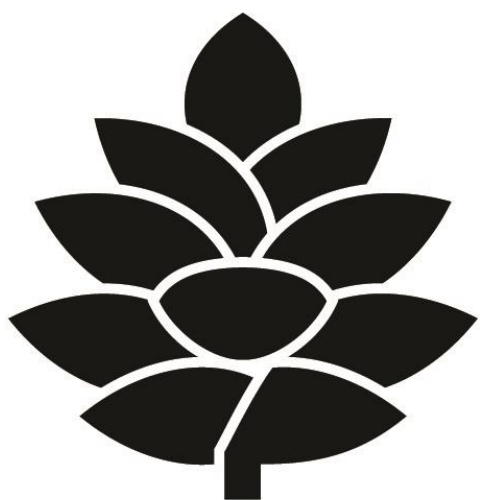
**Exhibit B-1**  
**Page 3 of 4**

	2018			
	Final Budget	Actual	Variance Positive (Negative)	2017
Inspections:				
Operating expenditures	\$ 218,120	\$ 205,122	\$ 12,998	\$ 205,001
Capital outlay	440	335	105	869
Total	218,560	205,457	13,103	205,870
Total public safety	6,738,756	6,404,850	333,906	5,564,978
Transportation:				
Public services administration:				
Operating expenditures	459,581	414,142	45,439	361,503
Capital outlay	96,008	95,355	653	423,476
Total	555,589	509,497	46,092	784,979
Streets and grounds:				
Operating expenditures	1,476,679	1,386,549	90,130	1,220,143
Capital outlay	773,318	710,460	62,858	457,611
Total	2,249,997	2,097,009	152,988	1,677,754
Powell Bill:				
Operating expenditures	987,500	983,761	3,739	813,982
Total	987,500	983,761	3,739	813,982
Total transportation	3,793,086	3,590,267	202,819	3,276,715
Economic and physical development:				
Planning:				
Operating expenditures	698,260	521,361	176,899	557,734
Capital outlay	1,281	994	287	2,407
Total	699,541	522,355	177,186	560,141
Community development:				
Operating expenditures	262,590	177,573	85,017	195,089
Capital outlay	285	221	64	9,365
Total	262,875	177,794	85,081	204,454
Total economic and physical development	962,416	700,149	262,267	764,595
Environmental protection:				
Solid waste:				
Operating expenditures	1,380,900	1,314,960	65,940	1,309,558
Capital outlay	325,948	324,604	1,344	3,342
Total	1,706,848	1,639,564	67,284	1,312,900
Total environmental protection	1,706,848	1,639,564	67,284	1,312,900

Village of Pinehurst, North Carolina  
General Fund  
Schedule of Revenues, Expenditures, and Changes in  
Fund Balance - Budget and Actual  
For the Fiscal Year Ended June 30, 2018  
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2017

Exhibit B-1  
Page 4 of 4

	2018			
	Final Budget	Actual	Variance Positive (Negative)	2017
Cultural and recreation:				
Recreation:				
Operating expenditures	\$ 1,635,596	\$ 1,427,644	\$ 207,952	\$ 1,367,212
Capital outlay	335,414	287,187	48,227	589,494
Total	1,971,010	1,714,831	256,179	1,956,706
Library:				
Operating expenditures	200,000	200,000	-	200,000
Harness Track:				
Operating expenditures	535,355	479,288	56,067	453,749
Capital outlay	124,287	91,135	33,152	223,108
Total	659,642	570,423	89,219	676,857
Fair Barn:				
Operating expenditures	343,597	271,457	72,140	266,441
Capital outlay	126,049	121,325	4,724	76,324
Total	469,646	392,782	76,864	342,765
Total cultural and recreation	3,300,298	2,878,036	422,262	3,176,328
Debt service:				
Principal retirement	329,224	329,223	1	368,531
Interest and fees	33,289	32,160	1,129	43,717
Total	362,513	361,383	1,130	412,248
<b>Total expenditures</b>	<b>19,330,184</b>	<b>17,862,689</b>	<b>1,467,495</b>	<b>16,672,223</b>
Excess (deficiency) of revenues over (under) expenditures	(1,360,654)	305,220	1,665,874	1,229,532
<b>Other Financing Sources (Uses):</b>				
Sales of capital assets	50,000	47,516	(2,484)	78,226
Transfers to other funds:				
Capital Project Fund	(344,000)	(344,000)	-	-
<b>Total other financing sources</b>	<b>(294,000)</b>	<b>(296,484)</b>	<b>(2,484)</b>	<b>78,226</b>
Fund balance appropriated	1,654,654	-	(1,654,654)	-
Net change in fund balance	\$ -	8,736	\$ 8,736	1,307,758
Fund balance, beginning		10,633,102		9,325,344
Fund balance, ending		\$ 10,641,838		\$ 10,633,102



## **Community Center Capital Project Fund**

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

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### **Schedule of Revenues, Expenditures, and Changes in Fund Balances - 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, 2018

Exhibit C-1

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>Revenues:</b>					
Investment earnings	\$ -	\$ -	\$ 619	\$ 619	\$ 619
<b>Expenditures:</b>					
Cultural and recreation:					
Design	344,000	-	157,742	157,742	186,258
Revenues over (under) expenditures	(344,000)	-	(157,123)	(157,123)	186,877
<b>Other Financing Sources:</b>					
Transfers from other funds:					
General Fund	344,000	-	344,000	344,000	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	186,877	<u>\$ 186,877</u>	<u>\$ 186,877</u>
Fund balance, beginning			-		
Fund balance, ending			<u>\$ 186,877</u>		

## **Capital Assets Used in the Operation of Governmental Funds**

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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.

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**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, 2018

Exhibit D-1

	<u>2018</u>	<u>2017</u>
<b>Governmental funds capital assets:</b>		
Land	\$ 6,232,258	\$ 5,783,713
Right of ways	248,847	182,520
Buildings and improvements	21,684,013	20,806,636
Furniture, equipment, and vehicles	10,011,676	8,996,194
Infrastructure	6,058,522	5,851,309
Construction in progress	178,832	165,209
	<u>          </u>	<u>          </u>
Total governmental funds capital assets	<u>\$ 44,414,148</u>	<u>\$ 41,785,581</u>
<b>Investment in governmental funds capital assets by source:</b>		
General Fund	\$ 41,026,984	\$ 38,957,766
Donations	3,387,164	2,827,815
	<u>          </u>	<u>          </u>
Total governmental funds capital assets	<u>\$ 44,414,148</u>	<u>\$ 41,785,581</u>

**Village of Pinehurst, North Carolina**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule by Function and Activity**  
**June 30, 2018**

**Exhibit D-2**

	Land	Right of Ways	Buildings	Improvements Other than Buildings	Furniture, Equipment and Vehicles	Infrastructure	Construction In Progress	Total
<b>Function and Activity:</b>								
General government								
Governing body	\$ 3,763,181	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,763,181
Administration	-	-	4,259,809	-	239,180	-	-	4,498,989
Financial services	-	-	-	-	135,259	-	-	135,259
Human resources	-	-	-	-	21,300	-	-	21,300
Information technology	-	-	-	28,388	367,227	-	-	395,615
Buildings and grounds	-	-	436,666	704,711	312,026	29,476	-	1,482,879
Fleet maintenance	25,170	-	81,456	-	185,611	-	-	292,237
	<u>3,788,351</u>	<u>-</u>	<u>4,777,931</u>	<u>733,099</u>	<u>1,260,603</u>	<u>29,476</u>	<u>-</u>	<u>10,589,460</u>
Public safety								
Police	-	-	2,711,626	-	1,220,152	-	-	3,931,778
Fire	161,074	-	3,342,769	-	2,623,930	-	-	6,127,773
Inspections	-	-	-	-	39,865	-	-	39,865
	<u>161,074</u>	<u>-</u>	<u>6,054,395</u>	<u>-</u>	<u>3,883,947</u>	<u>-</u>	<u>-</u>	<u>10,099,416</u>
Transportation								
Public services	66,210	-	1,157,282	-	136,762	-	-	1,360,254
Streets and grounds	-	248,847	5,118	1,446,460	1,801,388	4,710,402	-	8,212,215
Powell Bill	-	-	-	45,713	209,212	21,115	-	276,040
	<u>66,210</u>	<u>248,847</u>	<u>1,162,400</u>	<u>1,492,173</u>	<u>2,147,362</u>	<u>4,731,517</u>	<u>-</u>	<u>9,848,509</u>
Environmental protection								
Solid waste	-	-	-	-	1,660,029	-	-	1,660,029
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,660,029</u>	<u>-</u>	<u>-</u>	<u>1,660,029</u>
Cultural and recreation								
Recreation	760,373	-	284,857	2,972,598	362,277	1,028,643	-	5,408,748
Harness track	1,456,250	-	1,308,368	309,772	581,987	268,886	-	3,925,263
Fair barn	-	-	2,319,486	268,934	74,534	-	-	2,662,954
	<u>2,216,623</u>	<u>-</u>	<u>3,912,711</u>	<u>3,551,304</u>	<u>1,018,798</u>	<u>1,297,529</u>	<u>-</u>	<u>11,996,965</u>
Economic and physical development								
Planning	-	-	-	-	40,937	-	-	40,937
Construction in progress	-	-	-	-	-	-	178,832	178,832
	<u>\$ 6,232,258</u>	<u>\$ 248,847</u>	<u>\$ 15,907,437</u>	<u>\$ 5,776,576</u>	<u>\$ 10,011,676</u>	<u>\$ 6,058,522</u>	<u>\$ 178,832</u>	<u>\$ 44,414,148</u>

**Village of Pinehurst, North Carolina**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule of Changes By Function and Activity**  
**For the Fiscal Year Ended June 30, 2018**

**Exhibit D-3**

	<u>Capital Assets July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments</u>	<u>Capital Assets June 30, 2018</u>
<b>Function and Activity</b>					
General government					
Governing body	\$ 3,302,525	\$ 460,656	\$ -	\$ -	\$ 3,763,181
Administration	4,487,151	11,838	-	-	4,498,989
Financial services	135,259	-	-	-	135,259
Human resources	21,300	-	-	-	21,300
Information technology	373,537	22,078	-	-	395,615
Buildings and grounds maintenance	1,435,860	47,019	-	-	1,482,879
Fleet maintenance	292,237	-	-	-	292,237
	<u>10,047,869</u>	<u>541,591</u>	<u>-</u>	<u>-</u>	<u>10,589,460</u>
Public safety					
Police	3,837,935	93,843	-	-	3,931,778
Fire	5,770,529	654,979	(297,735)	-	6,127,773
Inspections	39,865	-	-	-	39,865
	<u>9,648,329</u>	<u>748,822</u>	<u>(297,735)</u>	<u>-</u>	<u>10,099,416</u>
Transportation					
Public services	1,281,353	78,901	-	-	1,360,254
Streets and grounds	7,178,998	868,008	-	165,209	8,212,215
Powell Bill	309,366	-	(33,326)	-	276,040
	<u>8,769,717</u>	<u>946,909</u>	<u>(33,326)</u>	<u>165,209</u>	<u>9,848,509</u>
Environmental protection					
Solid waste	<u>1,440,661</u>	<u>323,870</u>	<u>(104,502)</u>	<u>-</u>	<u>1,660,029</u>
Cultural and recreation					
Recreation	5,201,344	207,404	-	-	5,408,748
Harness track	3,923,824	83,902	(82,463)	-	3,925,263
Fair barn	2,549,691	113,263	-	-	2,662,954
	<u>11,674,859</u>	<u>404,569</u>	<u>(82,463)</u>	<u>-</u>	<u>11,996,965</u>
Economic and physical development					
Planning	<u>40,937</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,937</u>
Construction in progress	<u>165,209</u>	<u>178,832</u>	<u>-</u>	<u>(165,209)</u>	<u>178,832</u>
	<u>\$ 41,787,581</u>	<u>\$ 3,144,593</u>	<u>\$ (518,026)</u>	<u>\$ -</u>	<u>\$ 44,414,148</u>

## **Additional Financial Data**

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This section contains additional information on property taxes.

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### **Schedule of Ad Valorem Taxes Receivable**

### **Analysis of Current Tax Levy**

Village of Pinehurst, North Carolina  
Schedule of Ad Valorem Taxes Receivable  
June 30, 2018

Exhibit E-1

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2017</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2018</u>
2017-2018	\$ -	\$ 10,136,740	\$ 10,129,986	\$ 6,754
2016-2017	9,196	-	2,864	6,332
2015-2016	2,708	-	625	2,083
2014-2015	257	-	27	230
2013-2014	1,465	-	121	1,344
2012-2013	2,614	-	1,338	1,276
2011-2012	1,181	-	119	1,062
2010-2011	1,279	-	176	1,103
2009-2010	2,625	-	121	2,504
2008-2009	5,243	-	73	5,170
	<u>\$ 26,568</u>	<u>\$ 10,136,740</u>	<u>\$ 10,135,450</u>	<u>\$ 27,858</u>

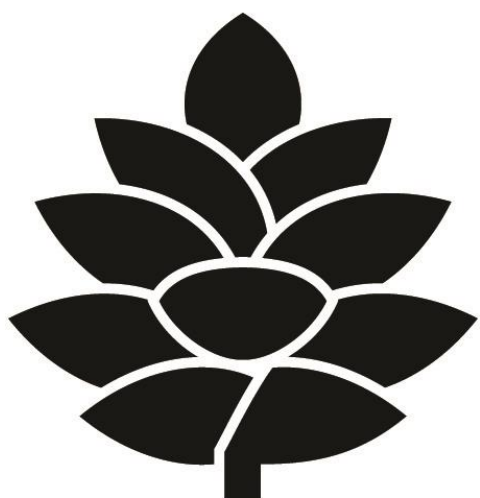
**Reconciliation with Revenues:**

Ad valorem taxes - General Fund	\$ 10,142,650
Reconciling items:	
Interest collected and refunds	(9,109)
Refunds/reliefs	<u>1,909</u>
	<u>(7,200)</u>
Total collections and credits	<u>\$ 10,135,450</u>

Village of Pinehurst, North Carolina  
Analysis of Current Tax Levy  
For the Fiscal Year Ended June 30, 2018

Exhibit E-2

	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	\$ 3,434,726,035	\$ 0.295	\$ 10,133,100	\$ 9,507,278	\$ 625,822
Penalties	-		1,376	1,376	-
Total	3,434,726,035		10,134,476	9,508,654	625,822
Discoveries:					
Current year taxes	813,511	\$ 0.295	2,394	2,394	-
Penalties	-		165	165	-
Total	813,511		2,559	2,559	-
Abatements	(100,000)		(295)	(295)	-
Total property valuation	<u>\$ 3,435,439,546</u>				
Net levy			10,136,740	9,510,918	625,822
Uncollected taxes at June 30			(6,754)	(6,754)	-
Current year's taxes collected			<u>\$ 10,129,986</u>	<u>\$ 9,504,164</u>	<u>\$ 625,822</u>
Current levy collection percentage			99.93%	99.93%	100.00%



## Statistical Section

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This part of the Village's comprehensive annual 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.

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### Categories of Statistical Information Included

**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.

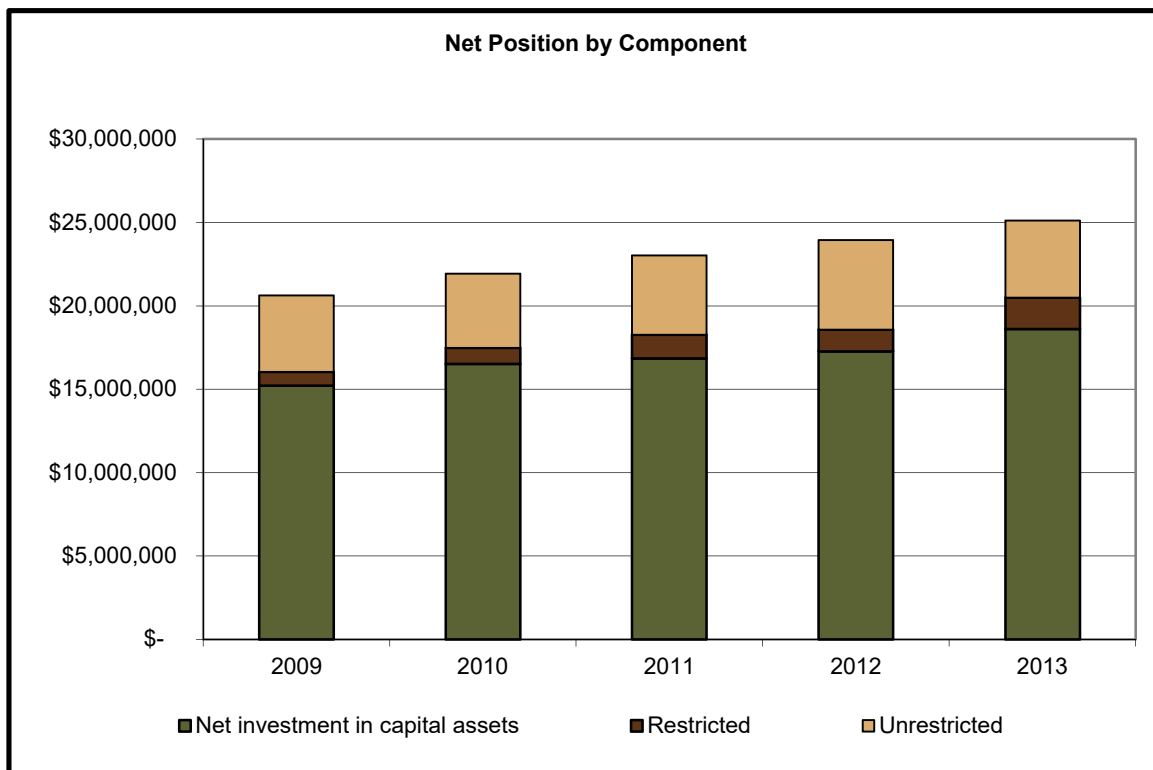
Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.



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

**Schedule 1**  
**Page 1 of 2**

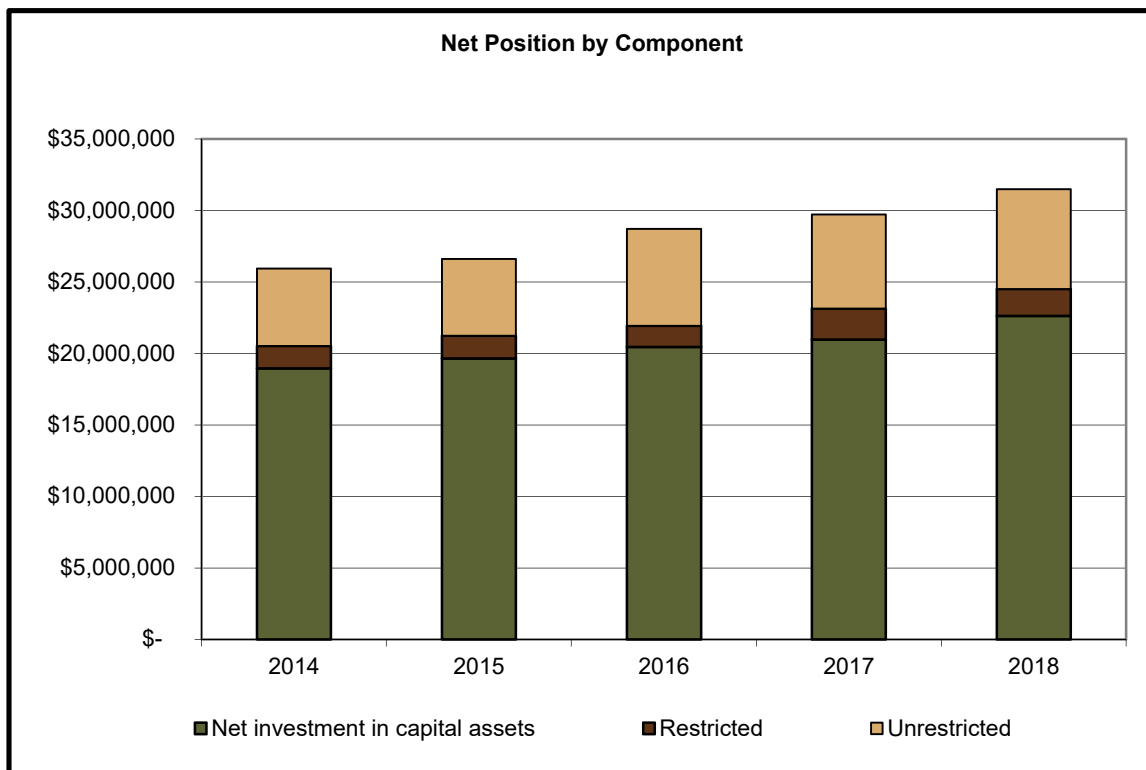
	Fiscal Year				
	2009	2010	2011	2012	2013
<b>Governmental activities</b>					
Net investment in capital assets	\$ 15,216,054	\$ 16,520,624	\$ 16,842,082	\$ 17,271,349	\$ 18,615,943
Restricted for:					
Stabilization by state statute	814,222	940,483	1,422,691	1,291,963	1,882,835
Public Safety	-	-	-	-	-
Municipal Service District	12,116	13,070	14,084	14,354	-
Unrestricted	4,582,009	4,457,047	4,756,832	5,372,934	4,631,746
Total net position, previously reported	20,624,401	21,931,224	23,035,689	23,950,600	25,130,524
Retatement	-	-	-	-	-
<b>Total governmental activities net position</b>	<u>\$ 20,624,401</u>	<u>\$ 21,931,224</u>	<u>\$ 23,035,689</u>	<u>\$ 23,950,600</u>	<u>\$ 25,130,524</u>



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

Schedule 1  
Page 2 of 2

	Fiscal Year				
	2014	2015	2016	2017	2018
<b>Governmental activities</b>					
Net investment in capital assets	\$ 18,953,996	\$ 19,648,800	\$ 20,467,990	\$ 20,980,863	\$ 22,631,590
Restricted for:					
Stabilization by state statute	1,568,981	1,601,410	1,474,901	2,165,724	1,881,641
Public Safety	-	-	-	-	2,672
Municipal Service District	-	-	-	-	-
Unrestricted	5,417,136	5,381,405	6,777,854	6,594,835	6,980,336
Total net position, previously reported	25,940,113	26,631,615	28,720,745	29,741,422	31,496,239
Retatement	-	-	(628,284)	-	-
<b>Total governmental activities net position</b>	<u>\$ 25,940,113</u>	<u>\$ 26,631,615</u>	<u>\$ 28,092,461</u>	<u>\$ 29,741,422</u>	<u>\$ 31,496,239</u>



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

**Schedule 2**  
**Page 1 of 2**

	<b>Fiscal Year</b>				
	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>Expenses</b>					
Governmental activities:					
General government	\$ 2,410,048	\$ 2,103,062	\$ 2,001,438	\$ 2,144,319	\$ 1,611,659
Public safety	5,059,957	5,284,615	5,415,839	5,454,487	5,582,355
Transportation	1,954,325	1,672,394	2,460,277	2,511,804	2,475,382
Economic and physical development	1,119,970	1,209,264	1,422,329	1,250,263	1,542,829
Environmental protection	945,601	1,050,620	1,352,912	1,337,891	1,275,525
Cultural and recreation	1,443,256	1,854,910	1,795,985	1,919,013	2,100,673
Non-departmental	48,615	-	-	-	-
Interest on long-term debt	212,761	166,794	141,320	108,919	88,541
<b>Total governmental activities expenses</b>	<b>\$ 13,194,533</b>	<b>\$ 13,341,659</b>	<b>\$ 14,590,100</b>	<b>\$ 14,726,696</b>	<b>\$ 14,676,964</b>
<b>Program Revenues</b>					
Governmental activities:					
Charges for services:					
General government	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	905,229	842,700	398,609	422,878	469,345
Transportation	20,000	9,000	10,000	10,000	10,500
Economic and physical development	143,074	66,201	25,615	49,827	57,745
Cultural and recreation	399,999	468,469	497,313	510,856	509,113
Operating grants and contributions	670,345	513,020	957,837	827,939	533,380
Capital grants and contributions	44,592	1,099,183	-	-	207,252
<b>Total governmental activities program revenue</b>	<b>\$ 2,183,239</b>	<b>\$ 2,998,573</b>	<b>\$ 1,889,374</b>	<b>\$ 1,821,500</b>	<b>\$ 1,787,335</b>
<b>Total governmental activities net expense</b>	<b>\$ (11,011,294)</b>	<b>\$ (10,343,086)</b>	<b>\$ (12,700,726)</b>	<b>\$ (12,905,196)</b>	<b>\$ (12,889,629)</b>
<b>General Revenues and Other</b>					
<b>Changes in Net Position</b>					
Governmental activities:					
Taxes:					
Ad valorem taxes	\$ 7,782,933	\$ 8,070,832	\$ 9,615,930	\$ 9,483,953	\$ 9,567,944
Franchise taxes	33,628	43,191	44,913	-	-
Golf cart licenses	-	-	-	1,740	1,775
Unrestricted intergovernmental	3,462,583	3,233,572	3,892,476	4,071,702	4,162,616
Investment earnings	284,129	35,001	23,665	27,125	12,947
Miscellaneous	174,266	267,313	228,207	235,587	324,271
<b>Total governmental activities general revenue</b>	<b>\$ 11,737,539</b>	<b>\$ 11,649,909</b>	<b>\$ 13,805,191</b>	<b>\$ 13,820,107</b>	<b>\$ 14,069,553</b>
<b>Change in Governmental Activities Net Position</b>	<b>\$ 726,245</b>	<b>\$ 1,306,823</b>	<b>\$ 1,104,465</b>	<b>\$ 914,911</b>	<b>\$ 1,179,924</b>

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

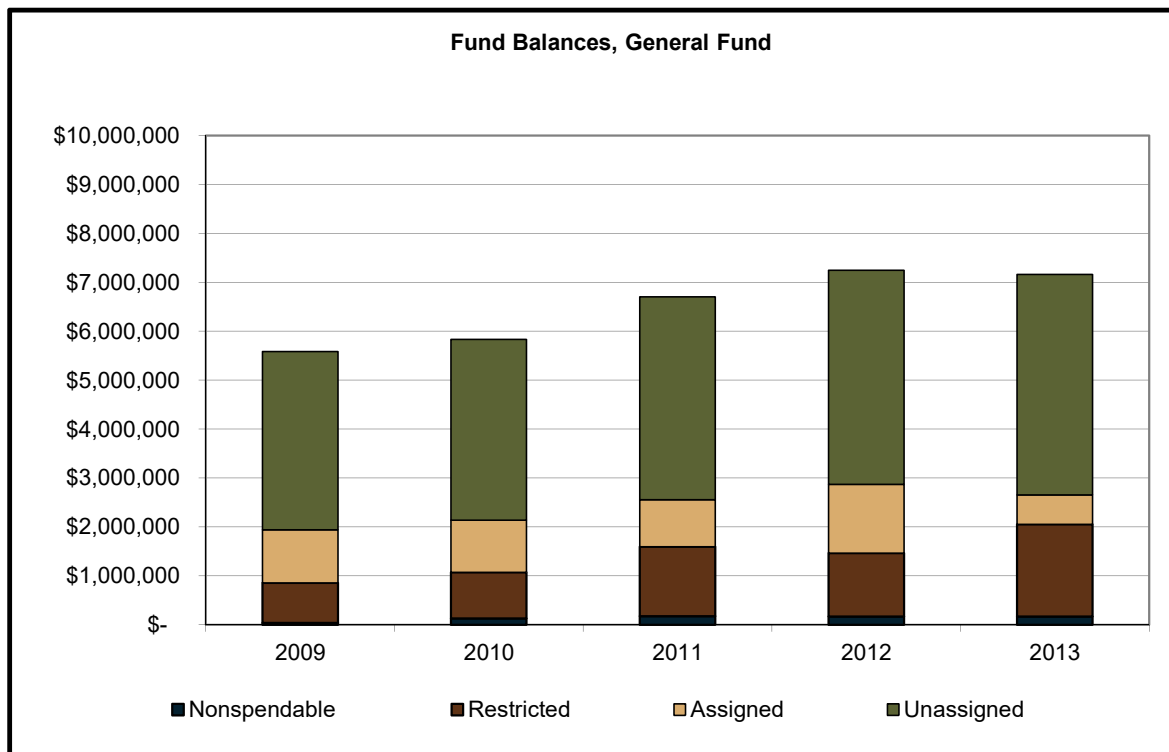
**Schedule 2**  
**Page 2 of 2**

	<b>Fiscal Year</b>				
	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>Expenses</b>					
Governmental Activities:					
General government	\$ 2,168,794	\$ 2,220,764	\$ 2,501,748	\$ 2,495,248	\$ 2,507,278
Public safety	5,803,531	5,653,753	5,684,375	6,070,685	6,207,724
Transportation	2,369,495	2,325,248	2,481,039	2,755,861	3,185,140
Economic and physical development	1,566,159	1,567,788	677,747	765,422	700,647
Environmental protection	1,402,623	1,526,924	1,399,842	1,453,148	1,470,406
Cultural and recreation	2,746,748	2,647,805	2,527,443	2,700,389	2,875,926
Non-departmental	-	-	-	-	-
Interest on long-term debt	82,192	69,243	54,120	40,296	28,933
Total governmental activities expenses	<u>\$ 16,139,542</u>	<u>\$ 16,011,525</u>	<u>\$ 15,326,314</u>	<u>\$ 16,281,049</u>	<u>\$ 16,976,054</u>
<b>Program Revenues</b>					
Governmental Activities:					
Charges for services:					
General government	\$ -	\$ 35	\$ 91	\$ 1,763	\$ 7,665
Public safety	490,364	507,962	569,814	722,337	677,954
Transportation	19,000	17,000	-	-	-
Economic and physical development	39,567	51,363	59,368	83,562	85,317
Cultural and recreation	1,268,417	672,851	730,300	716,909	701,082
Operating grants and contributions	546,089	1,025,870	509,304	603,714	518,202
Capital grants and contributions	42,563	320,235	230,788	-	559,349
Total governmental activities program revenue	<u>\$ 2,406,000</u>	<u>\$ 2,595,316</u>	<u>\$ 2,099,665</u>	<u>\$ 2,128,285</u>	<u>\$ 2,549,569</u>
<b>Total governmental activities net expense</b>	<u><b>\$ (13,733,542)</b></u>	<u><b>\$ (13,416,209)</b></u>	<u><b>\$ (13,226,649)</b></u>	<u><b>\$ (14,152,764)</b></u>	<u><b>\$ (14,426,485)</b></u>
<b>General Revenues and Other</b>					
<b>Changes in Net Position</b>					
Governmental activities:					
Taxes:					
Ad valorem taxes	\$ 9,763,042	\$ 9,785,054	\$ 9,699,296	\$ 9,998,398	\$ 10,143,940
Franchise taxes	-	-	-	-	-
Golf cart licenses	2,230	2,010	8,745	2,180	2,475
Unrestricted intergovernmental	4,271,703	4,979,172	5,328,610	5,478,926	5,641,380
Investment earnings	10,424	9,796	25,872	62,911	146,038
Miscellaneous	495,732	197,599	253,256	259,310	247,469
Total governmental activities general revenue	<u>\$ 14,543,131</u>	<u>\$ 14,973,631</u>	<u>\$ 15,315,779</u>	<u>\$ 15,801,725</u>	<u>\$ 16,181,302</u>
<b>Change in Governmental Activities Net Position</b>	<u><b>\$ 809,589</b></u>	<u><b>\$ 1,557,422</b></u>	<u><b>\$ 2,089,130</b></u>	<u><b>\$ 1,648,961</b></u>	<u><b>\$ 1,754,817</b></u>

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

**Schedule 3**  
**Page 1 of 2**

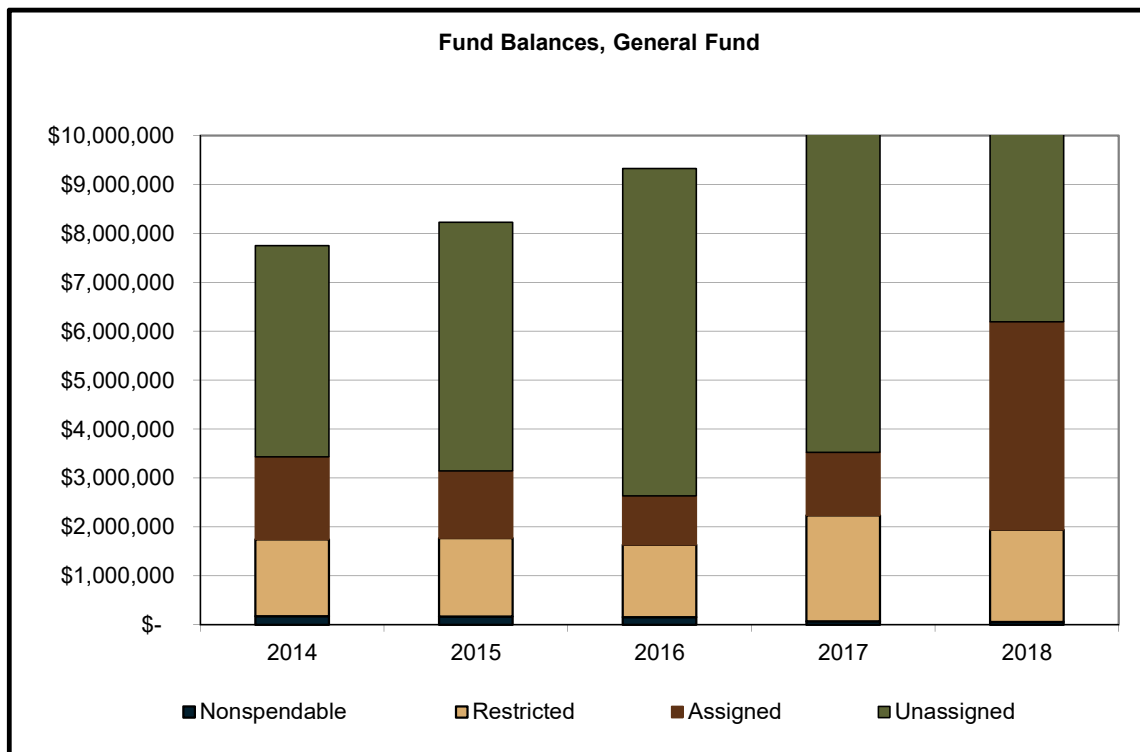
	Fiscal Year				
	2009	2010	2011	2012	2013
<b>General Fund</b>					
Nonspendable:					
Inventory	\$ 36,722	\$ 36,180	\$ 46,747	\$ 48,745	\$ 43,640
Prepaid items	5,300	97,922	128,567	124,714	127,308
Restricted:					
Stabilization by state statute	814,222	940,483	1,422,691	1,291,963	1,882,835
Public safety	-	-	-	-	-
Assigned:					
Subsequent year's expenditures	1,086,707	1,066,859	959,020	1,405,864	601,175
Unassigned	3,642,545	3,691,852	4,145,184	4,373,169	4,506,790
Total general fund	<u>\$ 5,585,496</u>	<u>\$ 5,833,296</u>	<u>\$ 6,702,209</u>	<u>\$ 7,244,455</u>	<u>\$ 7,161,748</u>
<b>All Other Governmental Funds</b>					
Restricted:					
Municipal Service District	\$ 12,116	\$ 13,070	\$ 14,084	\$ 14,354	\$ -
Committed:					
General government	163,770	40,975	25,892	24,982	-
Environmental protection	7,216	-	-	-	-
Cultural and recreation	16,077	8,657	8,657	-	-
Special revenue fund expenditures	94,465	10,140	10,218	10,642	10,755
Total all other governmental funds	<u>\$ 293,644</u>	<u>\$ 72,842</u>	<u>\$ 58,851</u>	<u>\$ 49,978</u>	<u>\$ 10,755</u>



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

Schedule 3  
Page 2 of 2

	Fiscal Year				
	2014	2015	2016	2017	2018
<b>General Fund</b>					
Nonspendable:					
Inventory	\$ 44,071	\$ 44,494	\$ 39,799	\$ 36,653	\$ 39,993
Prepaid items	130,586	124,296	118,979	35,236	19,878
Restricted:					
Stabilization by state statute	1,568,980	1,601,410	1,474,901	2,165,724	1,881,641
Public safety	-	-	-	-	2,672
Assigned:					
Subsequent year's expenditures	1,687,710	1,375,639	1,001,685	1,284,513	4,249,380
Unassigned	4,317,497	5,079,263	6,689,980	7,110,976	4,448,274
<b>Total general fund</b>	<b>\$ 7,748,844</b>	<b>\$ 8,225,102</b>	<b>\$ 9,325,344</b>	<b>\$ 10,633,102</b>	<b>\$ 10,641,838</b>
<b>All Other Governmental Funds</b>					
Restricted:					
Municipal Service District	\$ -	\$ -	\$ -	\$ -	\$ -
Committed:					
General government	-	-	-	-	-
Environmental protection	-	-	-	-	-
Cultural and recreation	-	-	-	-	186,877
Special revenue fund expenditures	2,894	-	-	-	-
<b>Total all other governmental funds</b>	<b>\$ 2,894</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 186,877</b>



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

**Schedule 4**  
**Page 1 of 2**

	Fiscal Year				
	2009	2010	2011	2012	2013
<b>Revenues</b>					
Ad valorem taxes	\$ 7,909,217	\$ 8,070,137	\$ 9,609,611	\$ 9,486,491	\$ 9,561,126
Other taxes and licenses	38,073	43,191	42,976	1,740	1,775
Unrestricted intergovernmental	3,367,519	3,233,572	3,894,413	4,071,702	4,162,616
Restricted intergovernmental	1,272,350	510,604	957,549	826,718	532,860
Permits and fees	1,059,147	914,383	446,838	480,999	535,247
Sales and services	453,201	468,903	497,714	501,690	517,744
Investment earnings	137,479	37,416	23,951	28,345	13,468
Assessments	38,699	15,619	34,648	25,460	12,412
Miscellaneous	165,488	170,051	167,838	221,513	265,399
Total revenues	<u>14,441,173</u>	<u>13,463,876</u>	<u>15,675,538</u>	<u>15,644,658</u>	<u>15,602,647</u>
<b>Expenditures</b>					
General government	1,827,508	1,863,768	1,840,989	1,933,779	2,106,278
Public safety	4,829,228	5,365,546	5,049,620	5,053,316	5,197,380
Transportation	1,727,241	1,580,763	2,382,430	2,558,524	2,178,585
Economic and physical development	1,891,282	1,271,268	1,472,447	1,455,559	2,160,239
Environmental protection	974,767	1,041,943	1,268,744	1,468,031	1,350,737
Cultural and recreation	1,802,697	1,706,863	1,781,382	1,809,654	2,280,905
Non-departmental	62,907	-	-	-	-
Debt service:					
Principal	808,993	836,473	891,764	748,878	478,298
Interest and other charges	191,418	173,226	150,635	116,592	91,151
Capital outlay	329,892	130,215	15,083	910	-
Total expenditures	<u>14,445,933</u>	<u>13,970,065</u>	<u>14,853,094</u>	<u>15,145,243</u>	<u>15,843,573</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,760)</u>	<u>(506,189)</u>	<u>822,444</u>	<u>499,415</u>	<u>(240,926)</u>
<b>Other Financing Sources (Uses)</b>					
Transfers to other funds	(1,074,544)	(1,760,662)	(34,648)	(34,117)	(52,380)
Transfers from other funds	1,074,544	1,760,662	34,648	34,117	52,380
Sales of capital assets	33,942	33,187	32,478	33,958	59,493
Issuance of debt	-	500,000	-	-	59,503
Total other financing sources (uses)	<u>33,942</u>	<u>533,187</u>	<u>32,478</u>	<u>33,958</u>	<u>118,996</u>
Net change in fund balances	29,182	26,998	854,922	533,373	(121,930)
Fund balances, beginning	<u>5,849,958</u>	<u>5,879,140</u>	<u>5,906,138</u>	<u>6,761,060</u>	<u>7,294,433</u>
Fund balances, ending	<u>\$ 5,879,140</u>	<u>\$ 5,906,138</u>	<u>\$ 6,761,060</u>	<u>\$ 7,294,433</u>	<u>\$ 7,172,503</u>
Debt service as a percentage of noncapital expenditures	7.7%	7.9%	7.4%	6.2%	4.3%

**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)**

**Schedule 4**  
**Page 2 of 2**

	<b>Fiscal Year</b>				
	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>Revenues</b>					
Ad valorem taxes	\$ 9,771,682	\$ 9,792,365	\$ 9,697,697	\$ 9,996,412	\$ 10,142,650
Other taxes and licenses	2,230	2,010	8,745	2,180	2,475
Unrestricted intergovernmental	4,271,703	4,979,172	5,328,610	5,478,926	5,641,380
Restricted intergovernmental	548,073	1,069,055	509,245	603,437	517,964
Permits and fees	1,252,453	578,554	632,033	801,574	761,918
Sales and services	564,975	629,899	729,626	719,515	709,419
Investment earnings	10,714	9,836	25,932	63,189	146,276
Assessments	11,791	20,116	45,741	39,102	31,607
Miscellaneous	266,641	182,310	195,642	197,420	214,839
Total revenues	<u>16,700,262</u>	<u>17,263,317</u>	<u>17,173,271</u>	<u>17,901,755</u>	<u>18,168,528</u>
<b>Expenditures</b>					
General government	2,196,930	2,133,743	2,142,750	2,164,459	2,288,440
Public safety	5,856,007	5,543,484	5,443,314	5,564,978	6,404,850
Transportation	2,792,152	2,789,063	2,774,071	3,276,715	3,590,267
Economic and physical development	1,454,418	1,624,275	874,566	764,595	700,149
Environmental protection	1,456,374	1,586,800	1,576,998	1,312,900	1,639,564
Cultural and recreation	2,694,676	2,633,384	2,854,719	3,176,328	3,035,778
Non-departmental	-	-	-	-	-
Debt service:					
Principal	378,829	420,917	406,502	368,531	329,223
Interest and other charges	83,098	73,615	57,721	43,717	32,160
Capital outlay	-	-	-	-	-
Total expenditures	<u>16,912,484</u>	<u>16,805,281</u>	<u>16,130,641</u>	<u>16,672,223</u>	<u>18,020,431</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(212,222)</u>	<u>458,036</u>	<u>1,042,630</u>	<u>1,229,532</u>	<u>148,097</u>
<b>Other Financing Sources (Uses)</b>					
Transfers to other funds	(7,933)	(2,897)	-	-	(344,000)
Transfers from other funds	7,933	2,897	-	-	344,000
Sales of capital assets	241,457	15,328	57,612	78,226	47,516
Issuance of debt	550,000	-	-	-	-
Total other financing sources (uses)	<u>791,457</u>	<u>15,328</u>	<u>57,612</u>	<u>78,226</u>	<u>47,516</u>
Net change in fund balances	579,235	473,364	1,100,242	1,307,758	195,613
Fund balances, beginning	<u>7,172,503</u>	<u>7,751,738</u>	<u>8,225,102</u>	<u>9,325,344</u>	<u>10,633,102</u>
Fund balances, ending	<u>\$ 7,751,738</u>	<u>\$ 8,225,102</u>	<u>\$ 9,325,344</u>	<u>\$ 10,633,102</u>	<u>\$ 10,828,715</u>
Debt service as a percentage of noncapital expenditures	3.1%	3.2%	3.3%	2.8%	2.3%

**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**  
**Assessed Value and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**

**Schedule 5**

<b>Fiscal Year</b>	<b>Tax Year</b>	<b>Residential Property</b>	<b>Commercial Property</b>	<b>Industrial Property</b>	<b>Less Tax-Exempt Property</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>	<b>Estimated Actual Taxable Value</b>
2009	2008	\$ 2,761,647,092	\$ 318,070,765	\$ 17,315,268	\$ 269,719,030	\$ 2,827,314,095	0.28	\$ 2,763,747,893
2010	2009	2,807,721,340	332,150,630	17,024,619	271,564,035	2,885,332,554	0.28	2,873,837,205
2011	2010	3,312,056,948	339,862,923	16,599,447	309,316,950	3,359,202,368	0.28	3,325,942,939
2012	2011	3,333,807,236	348,341,880	17,750,788	309,216,950	3,390,682,954	0.28	3,377,174,257
2013	2012	3,368,430,240	346,142,700	17,669,146	312,873,330	3,419,368,756	0.28	3,398,974,907
2014	2013	3,433,539,072	346,239,540	17,443,205	314,499,090	3,482,722,727	0.28	3,474,384,205
2015	2014	3,433,872,218	357,593,290	16,969,593	316,220,133	3,492,214,968	0.28	3,481,769,659
2016	2015	3,352,781,389	375,083,970	19,365,934	404,357,860	3,342,873,433	0.29	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

**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 2016.

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

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

Schedule 6

Fiscal Year	Tax Year	Direct Rates	Overlapping Rates	
		Total Direct Rate	Village of Pinehurst Municipal Service District	Moore County (1)
2009	2008	0.28	0.06	0.504
2010	2009	0.28	0.06	0.485
2011	2010	0.28	0.05	0.485
2012	2011	0.28	0.05	0.485
2013	2012	0.28	0.05	0.485
2014	2013	0.28	-	0.485
2015	2014	0.28	-	0.485
2016	2015	0.29	-	0.495
2017	2016	0.295	-	0.495
2018	2017	0.295	-	0.495

**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**

**Schedule 7**

Taxpayer	2018		2009	
	Taxable Assessed Value	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Percentage of Total Taxable Assessed Value
Pinehurst LLC	\$ 171,907,330	5.00%	\$ 172,112,067	6.20%
Pinehurst Surgical Clinic	25,473,350	0.74%	26,866,110	0.97%
Pinehurst Medical	24,811,310	0.72%	17,765,969	0.64%
Country Club of North Carolina	18,424,350	0.54%	27,056,122	0.97%
Duke Energy Progress, Inc.	13,712,144	0.40%	11,665,532	0.42%
Pinewild Project Limited PTNS	10,027,007	0.29%	-	-
Quail Haven Properties of Pinehurst, LLC	10,020,530	0.29%	-	-
MTMM Associates (Carolina Eye Assoc.)	8,888,030	0.26%	9,651,451	0.35%
Pinehurst Nursing Center	5,635,642	0.16%	4,262,238	0.15%
SCOP (Surgery Center of Pinehurst)	5,622,480	0.16%	-	-
Francis Maser	-	-	5,613,400	0.20%
Carolina Telephone and Telegraph	-	-	5,179,826	0.19%
Branch Banking and Trust Co.	-	-	4,723,730	0.17%
Total	<u>\$ 294,522,173</u>	<u>8.57%</u>	<u>\$ 284,896,445</u>	<u>10.26%</u>

**Sources:**

*Moore County Tax Department*

**Notes:**

*FY2018 and FY2009 data are for tax years 2017 and 2008 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**

**Schedule 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)
2009	2008	\$ 7,914,052	\$ 7,889,733	99.69%	\$ 11,663	\$ 7,901,396	99.84%
2010	2009	8,077,656	8,050,348	99.66%	12,349	8,062,697	99.81%
2011	2010	9,606,203	9,588,105	99.81%	13,116	9,601,221	99.95%
2012	2011	9,477,624	9,463,405	99.85%	13,157	9,476,562	99.99%
2013	2012	9,558,275	9,538,561	99.79%	18,438	9,556,999	99.99%
2014	2013	9,756,980	9,748,024	99.91%	7,612	9,755,636	99.99%
2015	2014	9,774,886	9,772,350	99.97%	2,306	9,774,656	100.00%
2016	2015	9,692,375	9,686,105	99.94%	4,187	9,690,292	99.98%
2017	2016	9,992,459	9,983,263	99.91%	2,864	9,986,127	99.94%
2018	2017	10,136,740	10,129,986	99.93%	-	10,129,986	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

Schedule 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>
2009	2008	\$ 4,487,481	0.76%	\$ 386
2010	2009	4,151,008	0.62%	313
2011	2010	3,259,244	0.75%	240
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

**Notes:**

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

(2) See Schedule 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, 2018**

**Schedule 10**

<b>Governmental Unit</b>	<b>Debt Outstanding</b>	<b>Estimated Percentage Applicable (2)</b>	<b>Estimated Share of Direct and Overlapping Debt</b>
<b>Moore County (1)</b>			
Debt repaid with property taxes:			
Moore County general obligation debt	\$ 43,350,000	27.67%	\$ 11,996,077
Other debt:			
Moore County LOB	17,080,000	27.67%	4,726,482
Capital lease	205,261	27.67%	56,801
Moore County installment loans	31,000,000	27.67%	8,578,510
Subtotal, overlapping debt			25,357,870
<b>Village of Pinehurst direct debt</b>			737,569
Total direct and overlapping debt			<u>\$ 26,095,439</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 Comprehensive Annual Financial Report (CAFR)

(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, 2017 were used to determine the overlapping debt percentage.

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

Schedule 11

Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Legal Debt Margin as a Percent of Debt Limit
2009	\$ 226,185,128	\$ 4,487,481	\$ 221,697,647	98.02%
2010	230,826,604	4,151,008	226,675,596	98.20%
2011	268,736,189	3,259,244	265,476,945	98.79%
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%

Legal debt margin calculation for Fiscal Year 2018

Assessed valuation	\$ 3,435,439,546	
	x 0.08	
Debt limit - 8.0% of assessed value		\$ 274,835,164
Gross debt:		
Capital leases	-	
Authorized and unissued bonds	-	
Installment purchase agreements	737,569	
Total gross debt	737,569	
Less: statutory deductions	-	
Total amount of debt applicable to debt limit (net debt)		737,569
Legal debt margin		\$ 274,097,595

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

**Schedule 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>
2009	2008	11,632	\$ 591,718,568	\$ 50,870	60.4	6.2%
2010	2009	13,277	673,103,180	50,697	60.4	10.3%
2011	2010	13,601	434,198,324	31,924	58.4	9.5%
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%

**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.*

*A change in municipal boundary effective March 31, 2010 increased the certified population in fiscal year 2010 by 1,482.*



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

**Schedule 13**

<u>Employer</u>	<u>2018</u>		<u>2009</u>	
	<u>Employees</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>
First Health of the Carolinas (1)	3,645	62.84%	2,571	55.53%
Pinehurst, LLC (2)	1,366	23.55%	1,225	26.46%
Total		86.40%		81.99%

**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:**

2018 employment is based on calendar year 2017.

GASB 44 requires comparative data for the current calendar year and nine years prior. 2010 adjusted Census Data was used for 2009 and 2018 to estimate the percentage of total employment.

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

Schedule 14

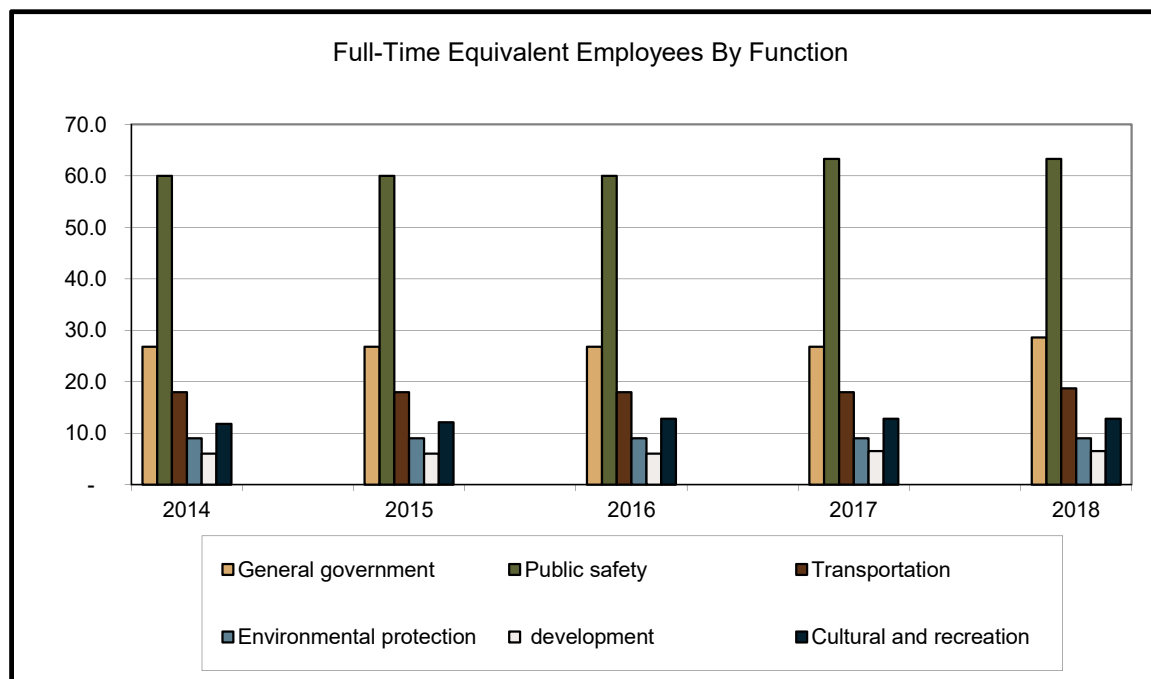
Function	Full-time Equivalent Employees as of June 30									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General government	25.0	24.5	24.5	24.5	26.0	26.8	26.8	26.8	26.8	28.6
Public safety	63.2	61.0	60.0	60.0	60.0	60.0	60.0	60.0	63.3	63.3
Transportation	18.0	16.0	17.0	18.0	18.0	18.0	18.0	18.0	18.0	18.7
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	9.0	8.5	7.5	6.5	6.0	6.0	6.0	6.0	6.5	6.5
Cultural and recreation	11.2	12.0	11.1	10.8	11.8	11.8	12.1	12.8	12.8	12.8
Total	135.4	131.0	129.1	128.8	130.8	131.6	131.9	132.6	136.4	138.9

**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**

**Schedule 15**  
**Page 1 of 2**

<b>Function</b>	<b>Fiscal Year</b>				
	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>General Government</b>					
Financial services:					
Purchase orders issued	260	280	295	269	299
Vendor checks issued	2,333	2,471	2,444	2,365	1,840
Vendor EFTs issued	-	-	-	401	620
Human resources:					
Workers' compensation lost time (days)	446	32	425	33	74
Employee turnover rate	7.9%	9.2%	8.5%	10.7%	11.4%
Fleet maintenance:					
Vehicles maintained	(2)	(2)	(2)	(2)	(2)
Equipment maintained	(2)	(2)	(2)	(2)	(2)
Preventative maintenance completed	132	151	254	297	269
<b>Public Safety</b>					
Fire protection:					
Public fire & life safety classes	159	170	176	191	254
Incident calls	855	884	1,031	865	982
Structure fires	44	55	58	35	43
Inspections	620	423	784	1,174	950
Child passenger seat inspections	173	222	228	120	182
Police protection:					
Physical arrests	444	445	233	165	184
Citations issued	3,993	2,970	3,053	1,908	1,208
Response to calls/officer initiated activity	13,640	14,495	14,362	13,364	10,901
Traffic accidents	474	418	476	414	447
Inspections:					
Building inspections conducted	5,409	4,281	4,370	3,832	4,608
Certificates of occupancy issued	181	156	197	48	68
<b>Transportation</b>					
Street resurfacing (miles)	4.8	3.2	6.4	4.5	3.6
<b>Environmental Protection</b>					
Refuse collected (tons annually)	3,948	3,849	4,124	3,808	3,856
Homes receiving service	6,862	7,686	7,736	7,812	7,877
Recyclables collected (tons annually)	966	1,473	1,734	1,807	1,913
<b>Economic and Physical Development</b>					
Building permits issued	278	259	239	287	275
Code compliance investigations	624	475	501	577	596
<b>Cultural and Recreation</b>					
Recreation:					
Program participants	939	1,065	1,739	1,748	1,591
Athletics participants	2,323	2,287	2,296	1,934	1,838
Harness track:					
Standardbred stalls leased	281	251	276	259	223
Facilities reserved (days)	20	30	32	32	103
Fair barn:					
Events	80	88	113	113	102
Rental days	98	96	120	113	112

**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**

**Schedule 15**  
**Page 2 of 2**

<b>Function</b>	<b>Fiscal Year</b>				
	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>General Government</b>					
Financial services:					
Purchase orders issued	338	297	323	384	401
Vendor checks issued	1,641	1,509	1,490	1,377	1,415
Vendor EFTs issued	998	1,009	1,070	1,071	972
Human resources:					
Workers' compensation lost time (days)	144	39	8	8	5
Employee turnover rate	7.9%	14.3%	12.6%	13.1%	8.3%
Fleet maintenance:					
Vehicles maintained	99	97	98	103	100
Equipment maintained	69	61	62	62	67
Preventative maintenance completed	218	240	228	234	236
<b>Public Safety</b>					
Fire protection:					
Public fire & life safety classes	307	342	438	563	617
Incident calls	993	1,052	1,245	1,754	1,670
Structure fires	28	14	4	10	7
Inspections (1)	1,898	756	184	186	257
Child passenger seat inspections	170	170	183	136	104
Police protection:					
Physical arrests	239	575	651	739	296
Citations issued	2,082	1,757	2,603	2,750	3,368
Response to calls/officer initiated activity	13,041	11,742	14,923	16,613	16,809
Traffic accidents	422	433	635	654	658
Inspections:					
Building inspections conducted (1)	7,540	5,469	5,656	6,633	7,614
Certificates of occupancy issued	79	116	91	130	216
<b>Transportation</b>					
Street resurfacing (miles)	5.0	4.5	2.1	3.1	5.7
<b>Environmental Protection</b>					
Refuse collected (tons annually)	3,988	3,973	4,106	4,062	3,962
Homes receiving service	7,955	8,107	8,196	8,326	8,467
Recyclables collected (tons annually)	2,025	2,115	1,935	2,060	2,066
<b>Economic and Physical Development</b>					
Building permits issued	313	289	315	347	348
Code compliance investigations	522	639	774	1,251	1,156
<b>Cultural and Recreation</b>					
Recreation:					
Program participants	1,807	1,986	2,634	2,950	3,061
Athletics participants	1,442	1,736	1,699	1,922	1,847
Harness track:					
Standardbred stalls leased	240	236	256	252	215
Facilities reserved (days)	125	38	52	40	39
Fair barn:					
Events	122	133	112	121	124
Rental days	199	205	177	159	150

**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**

**Schedule 16**  
**Page 1 of 2**

	Fiscal Year				
	2009	2010	2011	2012	2013
<b><u>Function</u></b>					
Public safety					
Fire protection					
Stations	2	2	2	2	2
Fire trucks	5	6	6	6	6
Police protection					
Stations	1	1	1	1	1
Police vehicles	20	20	21	22	23
Transportation					
Miles of streets	104.65	105.57	105.57	105.57	105.90
Maintenance vehicles	22	22	23	25	24
Sidewalks, greenways and bike paths (lf)	34,698	45,258	45,258	47,898	49,482
Environmental protection					
Refuse collection trucks	20	17	17	15	15
Economic and physical development					
Storm water drainage areas	10	16	29	38	48
Cultural and recreation					
Number of parks	4	4	4	4	4
Park acreage	294	294	294	294	294
Greenway trails (miles)	5.8	5.8	6.3	6.3	6.8
Playgrounds	3	3	3	3	3
Baseball/softball diamonds	2	2	2	2	2
Soccer fields	2	2	2	2	2

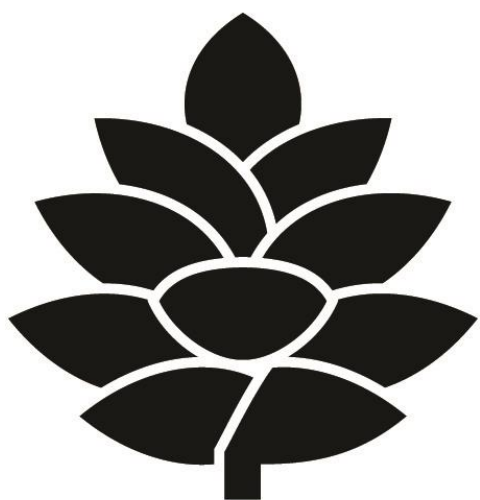
**Sources:**

*Various Village departments*

	Fiscal Year				
	2014	2015	2016	2017	2018
<b><u>Function</u></b>					
Public safety					
Fire protection:					
Stations	2	2	2	2	2
Fire trucks	7	6	6	6	6
Police protection:					
Stations	1	1	1	1	1
Police vehicles	24	26	29	26	29
Transportation					
Miles of streets	105.66	106.08	106.35	106.35	106.75
Maintenance vehicles	25	25	23	25	24
Sidewalks, greenways and bike paths (lf)	68,313	68,653	71,663	79,272	82,757
Environmental protection					
Refuse collection trucks	15	16	17	13	14
Economic and physical development					
Storm water drainage areas	57	66	80	84	92
Cultural and recreation					
Number of parks	5	5	5	5	5
Park acreage	294	294	294	294	294
Greenway trails (miles)	6.8	6.8	7.1	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*



## **Compliance Section**

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This section contains the reports and schedules listed below.

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**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, North Carolina

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, 2018, 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 25, 2018.

### ***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) to determine 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 determination of financial statement amounts. 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, North Carolina  
October 25, 2018**

**Village of Pinehurst, North Carolina**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2018**

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<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Federal Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
<b>Federal Awards</b>					
<u>U.S. Department of Justice</u>					
Bullet Proof Vest Partnership Program	16.607	Direct	\$ 1,483	\$ -	\$ 1,483
Total Federal Awards			1,483	-	1,483
<b>State Awards</b>					
<u>N.C. Department of Transportation</u>					
Powell Bill			-	498,958	-
Total State Awards			-	498,958	-
Total Federal and State Awards			\$ 1,483	\$ 498,958	\$ 1,483

**Notes to the Schedule of Expenditures of Federal and State Financial Awards**

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**Note 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, 2018. 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.

**Note 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.

**Report to the  
Honorable Mayor  
and Members of  
the Village Council**

# **Village of Pinehurst, North Carolina**

**June 30, 2018**

## **Table of Contents**

Contacts .....	1
Communication with Those Charged with Governance.....	2
Appendix - Management Representation Letter	



## **Contacts**

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## **Communication with Those Charged with Governance**

October 25, 2018

Honorable Mayor and Members of the Village Council  
Village of Pinehurst, North Carolina

We have audited the financial statements of the Village of Pinehurst (the “Village”) for the year ended June 30, 2018, and have issued our report thereon dated October 25, 2018. Professional standards require that we provide you with information about our responsibilities in accordance with auditing standards generally accepted in the United States of America, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated October 25, 2018. Professional standards also require that we communicate to you the following information related to our audit.

### **Qualitative Aspects of Accounting Practices**

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Town are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2018. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

We noted no transactions entered into by the Village during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management, and are based on management’s knowledge and experience about past and current events, and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements were:

Management’s estimates of the useful lives of depreciable assets for depreciation expense, the Local Government Employees’ Retirement Fund Liability, Law Enforcement Officers’ Special Separation Allowance Liability, deferred outflows of resources and deferred inflows of resources related to net pension liabilities, and pension expense. These estimates were based on useful lives of fixed assets, actuarial calculations and estimated future costs. We evaluated the key factors and assumptions used to develop these estimates to determine that they seem reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

The disclosure of the Local Government Employees' Retirement plan in Note 5 to the financial statements describes the proportionate share of the Town's net pension liability and details of the plan.

The disclosure of the Law Enforcement Officers' Special Separation Allowance plan in Note 5 to the financial statements describes the proportionate share of the Town's net pension liability and details of the plan.

### **Difficulties Encountered in Performing the Audit**

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### **Corrected and Uncorrected Misstatements**

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

### **Management Representations**

We have requested certain representations from management that are included in the management representation letter included in the Appendix.

### **Management Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Company's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### **Other Significant Matters, Findings, or Issues**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Company's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.





With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Village Council and management of the Village of Pinehurst, and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

*Dixon Hughes Goodman LLP*

**High Point, North Carolina**

## **Appendix**

### **Management Representation Letter**

October 25, 2018

Dixon Hughes Goodman LLP  
1829 Eastchester Drive  
High Point, North Carolina 27265

This representation letter is provided in connection with your audit of the financial statements of Village of Pinehurst (the "Village"), which comprise the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information as of June 30, 2018 and the respective changes in financial position for the year then ended, and the related notes to the financial statements, for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of the date of this letter:

***Financial Statements***

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated February 26, 2018 for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
3. We acknowledge our responsibility for 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.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

5. The following have been properly accounted for and disclosed in the financial statements:
  - a. Related-party relationships and transactions, including sales, purchases, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties
  - b. Guarantees, whether written or oral, under which the Village is contingently liable
  - c. Other liabilities or gain or loss contingencies
6. Significant estimates that may be subject to a material change in the near term have been properly disclosed in the financial statements. We understand that "near term" means the period within one year of the date of the financial statements. In addition, we have no knowledge of concentrations existing at the date of the financial statements that make the Village vulnerable to the risk of severe impact that have not been properly disclosed in the financial statements.
7. Significant assumptions we used in making accounting estimates, including estimates of fair value, are reasonable.
8. There are no uncorrected misstatements or omitted disclosures.
9. We represent to you the following for the Village's fair value measurements and disclosures:
  - a. The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
  - b. The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
  - c. The disclosures related to fair values are complete, adequate, and in conformity with U.S. GAAP.
  - d. There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
10. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements, and we have not consulted with Satisfsky & Silverstein, LLP and Van Camp, Meacham & Newman, PLLC since their effective dates of their responses to you.
11. Guarantees, whether written or oral, under which the Village is contingently liable, if any, have been properly recorded or disclosed.

***Information Provided***

12. We have provided you with:
  - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
  - b. Additional information that you have requested from us for the purpose of the audit.
  - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
13. All transactions have been recorded in the accounting records and are reflected in the financial statements.
14. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

15. We have no knowledge of any fraud or suspected fraud affecting the Village involving:
  - a. Management.
  - b. Employees who have significant roles in internal control.
  - c. Others where the fraud could have a material effect on the financial statements.
16. We have no knowledge of any allegations of fraud or suspected fraud affecting the Village's financial statements received in communications from employees, former employees, analysts, regulators, short sellers, or others.
17. There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in financial reporting practices.
18. We have disclosed to you all known instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing the financial statements.
19. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
20. The Village has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
21. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
22. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
23. In regard to the assistance in preparation of the Village's basic financial statements and uploading the audited financial statements and compliance reports on the North Carolina State Treasurer's website, we have:
  - a. Assumed all management responsibilities.
  - b. Overseen the service by designating an individual within senior management who possesses suitable skill, knowledge, or experience.
  - c. Evaluated the adequacy and results of the services performed.
  - d. Accepted responsibility for the results of the services.
  - e. Evaluated and maintained internal controls, including monitoring ongoing activities.
24. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
25. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
26. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.

27. We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
28. We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
29. We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
30. There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
31. The Village has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral, except as made known to you.
32. We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
33. The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
34. The financial statements properly classify all funds and activities, in accordance with GASB Statement No. 34.
35. All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
36. Components of net position (net investment in capital assets; restricted; and unrestricted) and components of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
37. Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
38. Provisions for uncollectible receivables have been properly identified and recorded.
39. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
40. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
41. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.

42. Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
43. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
44. We have appropriately disclosed the Village's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
45. We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
46. We acknowledge our responsibility for presenting the required supplementary information (RSI) in accordance with U.S. GAAP, and we believe that the RSI, including its form and content is fairly presented in accordance with U.S. GAAP. The methods of measurement and presentation of the RSI have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
47. With respect to the individual fund statements, budgetary schedules, other schedules and the Schedule of Expenditures of Federal and State Awards ("supplementary information"):
  - a. We acknowledge our responsibility for presenting the supplementary information in accordance with accounting principles generally accepted in the United States of America, and we believe the supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

We have evaluated subsequent events through the date of this letter, which is the date the financial statements were available to be issued. No events have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements except as made known to you and as disclosed in the financial statements.

***Village of Pinehurst***

*Jeffrey M. Sanborn*

---

Jeff Sanborn, Village Manager

*Brooke Hunter*

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Brooke Hunter, Financial Services Director



**CONSIDER THE REQUEST FOR RETIRING DEPUTY CHIEF RICKY  
GOOCH TO PURCHASE SERVICE REVOLVER.  
ADDITIONAL AGENDA DETAILS:**

**FROM:**

Jeff Sanborn

**CC:**

Angie Kantor

**DATE OF MEMO:**

12/3/2018

**MEMO DETAILS:**

Staff has received a request from Deputy Chief Ricky Gooch to purchase his service revolver and be awarded his badge upon his retirement.

NCGS 20-187.2 authorizes the Village Council to award, upon request, a retiring law enforcement officer their service revolver and badge at a price determined by the governing body. The Village's Retirement and Recognition Gifts Policy sets the price for the revolver and badge for an officer with more than 10 years of service at \$1.

If Council approves this request by motion, the sale would be completed after his retirement and upon presentation of proper licenses and permits for such a weapon by Deputy Chief Gooch.

**ATTACHMENTS:**

Description

- ☐ Request to Purchase Service Revolver
- ☐ Retirement Recognitions and Gifts Policy





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

TO: Village Manager, Jeff Sanborn  
FROM: Deputy Chief, Ricky Gooch  
REF: Service weapon purchase  
DATE: 11/21/2018

Mr. Sanborn,

It has been a privilege working for the Village for the past 25 years and I have truly enjoyed working for such a professional organization. I'm also thankful for the opportunity to stay employed by one agency for my entire career, and I must say those years really went by fast. Now, I'm looking forward to the next chapter of my life and I hope my weapon can remain in my possession when I retire on January 1, 2019. Therefore, I am requesting to purchase my service weapon for \$1.00 upon my retirement with the Village and I appreciate your consideration in this matter.


Sincerely,

Deputy Chief, Ricky Gooch

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POLICE DEPARTMENT

420 Magnolia Road • Pinehurst, NC 28374 • Telephone (910) 295-3141 • Fax (910) 295-5924 • [www.vopnc.org](http://www.vopnc.org)

	<p style="text-align: center;"><b>VILLAGE OF PINEHURST</b></p> <p style="text-align: center;"><b>STANDARD PROCEDURE</b></p>	
<b>SUBJECT: Retirement Recognitions and Gifts</b>	Effective Date: 05/08/12	
Department: Human Resources	Policy No.: HR-116	
Prepared by: Human Resources	Revised: 03/10/15	
Approved by: Village Manager & Village Council	# of Pages: 2	

**I. POLICY:**

The Village of Pinehurst recognizes the importance of honoring employees who retire from public service. The purpose of this policy is to recognize and celebrate the dedication and hard work of those employees retiring from the Village of Pinehurst.

**II. ELIGIBILITY:**

Employees must be eligible and apply for retirement benefits under the North Carolina Retirement System and have at least five years of full-time service with the Village of Pinehurst, not including sick time.

**III. PROCEDURE:**

Department Directors will notify Human Resources of an employee's pending retirement. Human Resources will work with the Department Director and the retiring employee to coordinate an appropriate celebration and the appropriate gift.

Eligible employees will receive a taxable monetary gift according to the following schedule. These amounts have been increased by 30% to cover estimated taxes.

- 10 years but less than 15 years      \$650
- 15 years but less than 25              \$1300
- 25 years or more                        \$1500

Eligible employees with at least 25 years of service will also receive a Village-sponsored, celebratory meal or reception at a Village facility coordinated through

Human Resources. Village employees, Council and the retiring employee's immediate family will be invited. Additional people may be invited at the discretion of Human Resources.

Eligible employees with 5 years of service, but less than 25 years will receive a Village-sponsored reception coordinated through Human Resources.

Additional celebrations or gifts, departmental or otherwise, cannot be paid for with Village funds.

#### IV. **PUBLIC SAFETY:**

The Village of Pinehurst recognizes the bravery and dedication of the public safety employees serving in the Pinehurst Police Department and Pinehurst Fire Department. In addition to the retirement gifts listed above, public safety employees may be awarded the gifts listed below.

NCGS 20-187.2 authorizes the Village Council to award, upon request, a retiring law enforcement officer, or a surviving relative of an officer, the service side arm and badge of the officer at a price to be determined by the governing body. This policy sets the price for qualifying awards of side arms to retiring law enforcement officers at one dollar. The law enforcement officer must have at least 10 years of service with the Village of Pinehurst to be eligible for this benefit. If the retiring officer has at least 5 years of service, but less than 10 years, the officer will have the option to purchase the service side arm for \$400. The retiring employee must follow all provisions of the statute and other applicable laws.

NCGS 160A-294.1 authorizes the Village Council to award, upon request, a retiring firefighter or a surviving relative of the firefighter, the fire helmet of the firefighter at a price determined by the governing body. This policy sets the price for qualifying awards of fire helmets to retiring firefighters at one dollar. The firefighter must have at least 10 years of service with the Village of Pinehurst to be eligible for this benefit. If the retiring firefighter has at least 5 years of service, but less than 10 years, the firefighter will have the option to purchase the helmet for \$300.

Approved by:

  
\_\_\_\_\_  
Jeff Batton, Interim Village Manager

March 10, 2015  
Date

Resolution #15-11

\_\_\_\_\_  
Village Council, Resolution

March 10, 2015  
Date



**DISCUSS AND CONSIDER RESOLUTION 18-33 APPOINTING NEW  
MEMBERS TO SERVE ON THE HISTORIC PRESERVATION  
COMMISSION.**

**ADDITIONAL AGENDA DETAILS:**

**FROM:**

Beth Dunn

**CC:**

Jeff Sanborn

**DATE OF MEMO:**

12/3/2018

**MEMO DETAILS:**

Attached is draft Resolution 18-33 for Council to consider appointing Eric Von Salzen and Terry Lurtz to the Historic Preservation Commission. Erik's appointment will begin January 1st and he is replacing Christine Dandenau. Terry's appointment will be effective February 1st and he will be replacing Bob Farren.

**ATTACHMENTS:**

Description

📎 Resolution 18-33

**RESOLUTION #18-33:**

**A RESOLUTION REGARDING APPOINTMENTS TO THE PINEHURST HISTORIC PRESERVATION COMMISSION.**

**WHEREAS**, the Village of Pinehurst has established an Historic Preservation Commission as authorized by North Carolina General Statutes, Chapter 160A, Article 19; and

**WHEREAS**, there are two vacancies on the Historic Preservation Commission to be filled and the Village Council of Pinehurst is desirous of filling these vacancies.

**NOW, THEREFORE, BE IT RESOLVED** by the Village Council of the Village of Pinehurst, North Carolina in a regular meeting assembled this 11<sup>th</sup> day of December, 2018 as follows:

**SECTION 1.** That the following appointments are hereby made to the Historic Preservation Commission for the terms indicated:

Mr. Eric Von Salzen is appointed as a member of the Historic Preservation Commission, effective January 1, 2019, said term to expire December 31, 2020.

Mr. Terry Lurtz is appointed as a member of the Historic Preservation Commission, effective February 1, 2019, said term to expire January 31, 2021.

**SECTION 2.** That the appointees shall continue serving until a replacement is appointed and qualified.

**THIS RESOLUTION** passed and adopted this the 11<sup>th</sup> day of December, 2018.

(Municipal Seal)

VILLAGE OF PINEHURST  
VILLAGE COUNCIL

By: \_\_\_\_\_  
Nancy Roy Fiorillo, Mayor

Attest:

Approved as to Form:

\_\_\_\_\_  
Beth Dunn, Village Clerk

\_\_\_\_\_  
Michael J. Newman, Village Attorney





**DISCUSS AND CONSIDER CHANGES TO THE POLICY ON  
ADMINISTRATION OF THE POSITION CLASSIFICATION AND PAY  
PLAN.**

**ADDITIONAL AGENDA DETAILS:**

**FROM:**

Angela Kantor

**CC:**

Jeff Sanborn

**DATE OF MEMO:**

12/3/2018

**MEMO DETAILS:**

Earlier this year, we reviewed and modified our Position Classification and Pay Plan as well as the associated Policy. After thoughtful review of the policy, we are recommending additional changes to the policy. Those recommendations include the following:

- Add language to the "Merit Pay" section clarifying the merit increase range is subject to change during the annual Strategic Operating Plan process.
- Add language to the "Lump Sum Payment" section clarifying the lump sum payment range is also subject to change during the annual Strategic Operating Plan process.
- Change the cost of living adjustment eligibility date for new hires from June 30th to December 31st. Only employees hired on or before December 31st will be eligible for any cost of living adjustment the following July 1st.

I have attached the Resolution that will amend the Policy on the Administration of the Position Classification and Pay Plan based on the recommendations above. There are no recommended changes to the Position Classification and Pay Plan table, but it is attached as part of the policy for your reference. Thank you for your consideration.

**ATTACHMENTS:**

Description

- Resolution 18-34
- Policy on Administration of the Position Classification and Pay Plan
- Position Classification and Pay Plan (Exhibit)

**RESOLUTION #18-34:**

**A RESOLUTION AMENDING THE POLICY ON ADMINISTRATION OF THE POSITION CLASSIFICATION AND PAY PLAN FOR THE VILLAGE OF PINEHURST.**

**WHEREAS**, the Village Council of Pinehurst, North Carolina, adopted the Policy on Administration of the Position Classification and Pay Plan on November 17, 2009; and

**WHEREAS**, the Village Council of Pinehurst, North Carolina, amended the Policy on Administration of the Position Classification and Pay Plan on August 14, 2018; and

**WHEREAS**, changes in the organization infrastructure and guiding policies and procedures must be made as personnel needs of the Village change;

**NOW, THEREFORE, BE IT RESOLVED** by the Village Council of the Village of Pinehurst, North Carolina in a regular meeting assembled this 11<sup>th</sup> day of December, 2018 as follows:

**SECTION 1.** That the Policy on the Administration of the Position Classification and Pay Plan is hereby amended effective January 1, 2019; said policy attached hereto as Attachment A and made a part hereof; the same as if included verbatim.

**THIS RESOLUTION** passed and adopted this 11<sup>th</sup> day of December, 2018.

(Municipal Seal)

VILLAGE OF PINEHURST  
VILLAGE COUNCIL

By: \_\_\_\_\_  
Nancy Roy Fiorillo, Mayor


Attest:

Approved as to Form:

\_\_\_\_\_  
Beth Dunn, Village Clerk

\_\_\_\_\_  
Michael J. Newman, Village Attorney

## ATTACHMENT A

		<b>VILLAGE OF PINEHURST</b>	
		<b>STANDARD POLICY</b>	
SUBJECT:	<b>Policy on Administration of the Position Classification and Pay Plan</b>	Effective Date:	11/17/2009
Department:	Human Resources	Policy No.:	HR-416
Prepared by:	Human Resources	Revised:	<del>7/1/2018</del> <u>1/1/2019</u>
Approved by:	Jeffrey Sanborn and Village Council	# of Pages:	5

### PURPOSE OF THE POSITION CLASSIFICATION AND PAY PLAN:

The Position Classification and Pay Plan (attached as Exhibit A) is aimed at providing a complete inventory of all authorized positions in the Village service and an accurate description and specification for each class of employment. The Plan standardizes job titles, each of which is indicative of a range of duties and responsibilities.

The Plan also includes the basic salary ranges for each regular full-time and part-time position approved by Council. These ranges are market-based pay grades consisting of minimum, mid-point and maximum pay rates.

### GENERAL PROVISIONS OF THE PLAN:

#### Administration and Maintenance

The Village Manager, assisted by the Human Resources Director, is responsible for the administration and maintenance of the Plan. The Human Resources Director should periodically review portions of the Plan and recommend appropriate changes to the Village Manager. All employees covered by the Plan should be paid at a rate listed within the salary range established for the respective position.

The Plan is intended to provide equitable compensation for all employees, reflecting differences in the duties and responsibilities, the comparable rates of pay for positions in private and public employment in the area, changes in the impacts of inflation, the financial conditions of the Village, and other factors. The Human Resources Director will be responsible for making comparative studies of all factors affecting the level of salary ranges and for recommending changes to the Village Manager. The Human Resources Director will also conduct a competitive and comparative salary study for each position at least every three years. Any changes increasing or decreasing the assigned salary grade for a position, must be approved by Village Council. Any changes modifying the salary ranges in the Plan must also be approved by Village Council.



### Starting Salaries

As a general rule, applicants who are in positions approved in the Plan shall be employed within the salary range for that particular position classification.

### Merit Pay

Merit increases will be based on employee performance from July 1<sup>st</sup> through June 30<sup>th</sup> and will be effective October 1<sup>st</sup> for all eligible employees. Merit increases will range from zero to three percent, with three percent being reserved for truly extraordinary performance. Employees will receive a performance review, with no salary adjustment, after six months in a new position and then annually thereafter immediately following the end of the fiscal year. Employees hired between July and December are eligible for a performance-based, prorated merit increase the following October. Employees hired between January 1<sup>st</sup> and June 30<sup>th</sup> will be eligible for a prorated merit increase, based on the budgeted merit percentage, in the year hired. Upward movement within the established salary range for an employee is not automatic, but rather based upon specific performance-related reasons and other factors. All performance reviews are based on an employee's demonstration of the Village's core values and the behavioral and technical competencies listed in their position description as well as the completion of goals. Employees in supervisory roles are also evaluated on leadership attributes. Guidelines for determining performance levels and performance pay increases or other performance-related movement within the pay grade may be established in procedures approved by the Village Manager. The merit increase range is subject to change during the Strategic Operating Plan process.

### Lump Sum Payment

Employees who are at the maximum of the salary range for their position classification may be eligible for a lump sum payment at performance evaluation time. Lump sum payments are awarded based on the employee's performance and will also be between zero and three percent. Lump sum payments do not become part of base pay. The lump sum payment range will be the same as the merit increase range and is subject to change during the Strategic Operating Plan process.

### Cost of Living Adjustments (COLA)

Each year, the position classification and pay plan grades may be adjusted by the annual average consumer price index percentage change for the prior calendar year. Adjustments to pay grades will be effective July 1<sup>st</sup>.

Employees may also receive a cost of living adjustment (COLA) based on the annual average consumer price index percentage for the prior calendar year. Employees hired by ~~June 30<sup>th</sup>~~ December 31<sup>st</sup> will be eligible for the cost of living adjustment. The COLA will be effective the following July 1<sup>st</sup>.

### Salary Effect of Promotions, Demotions, Transfers, and Reclassifications

Promotions – When an employee is promoted, the employee's salary may be increased. The purpose of the promotion pay increase is to recognize and compensate the employee for taking

on increased responsibility. The amount of the pay increase depends on performance, degree of increased responsibility, time since the last salary adjustment, budget and other factors.

Demotions – When an employee is demoted, the salary normally should be set at the rate in the lower pay range, which provides a minimal decrease in pay if action is not the result of corrective action. If the current salary is within the new range, the employee's salary may be retained at the previous rate. If the demotion is the result of corrective action, the salary may be decreased.

Transfers – The salary of an employee reassigned to a position in the same class or to a position in a different class within the same salary grade should not be changed by the reassignment. However, employees transferred to a position in a lower salary grade may receive a decrease in pay.

Reclassifications – An employee whose position is reclassified to a position having a higher salary grade may receive a pay increase if the employee's current pay rate is less than the midpoint of the new salary grade.

#### Transition to a New Salary Grade

If the position is reclassified to a higher salary grade and employees in that position earn salaries below the midpoint of the higher salary grade, employees in that position may receive a 5% increase for each grade up to 10% or the midpoint of the new salary grade whichever is lower. There may be exceptions if the changes in the job responsibilities are significant enough to warrant a greater increase or the employee's salary remains below the minimum of the new grade after the 10% adjustment. These increases may be offset by cost of living adjustments, if any, which will be applied first.

Employees whose salaries are above the midpoint of the new grade would not receive a salary increase if the grade change was based only on prevailing labor market rates. If the position reclassification is due to an increase and change in responsibilities, the Village Manager may grant a salary increase and document the reasons for this increase.

The Village Manager may delay implementation of a pay increase for any employee who has recently documented corrective actions and who is not currently meeting all job requirements until such time the employee is fully meeting all job requirements. Otherwise, all employees will be treated consistently in the implementation.

Regardless of the position in the new salary grade, employees who have been hired or promoted to a position within the past year are not automatically eligible for salary increases due to changes in position reclassifications.

If the position is reclassified to a lower salary grade, the employee's salary should remain the same. If the employee's salary is above the maximum established for the new range, the salary of that employee shall be maintained at the current level until the range is increased above the employee's salary.

### Effective Date of Salary Changes

Salary changes approved after the first working day of a pay period shall become effective at the beginning of that pay period or at such specific date as may be established pursuant to procedures approved by the Village Manager. Salary adjustments recommended as a result of the annual salary study are effective July 1<sup>st</sup> once approved by council.

### Payroll Deduction

Deductions shall be made from each employee's salary, as required by law. Additional deductions may be made up on the request of the employee on determination by the Village Manager as to capability of payroll equipment and appropriateness of the deduction.

### Composition of the Plan

The Plan should consist of:

- a) a grouping of positions in classes which are approximately equal in difficulty and responsibility which call for the same general qualifications, and which can be equitably compensated within the range of pay under similar working conditions;
- b) class titles descriptive of the work of the class; and
- c) the appropriate pay grade associated with the position.

### Use of the Plan

Class specifications should be descriptive of the type and scope of work performed. The Plan is to be used:

- a) as a guide in recruiting and examining applicants for employment;
- b) in determining lines of promotion and developing employee training programs; and
- c) in determining salary to be paid for various types of work;

### Authorization of the Plan

The Plan shall be approved by the Village Council and should be maintained on file with the Human Resources Director. Copies will be available to all Village employees for review. New positions shall be established upon recommendation of the Village Manager and approval of the Village Council, after which the Human Resources Director is responsible for either allocating the new position into the appropriate existing class, or revising the Plan to establish a new class to which the position may be allocated. The Village Manager may approve changes to existing positions that do not require a change in pay grade or a change in title.

### Request for Reclassification

Department Heads may request that a position be reclassified into a different class or pay grade. Upon receipt of such request, the Human Resources Director may study the request, determine the merit of reclassification and if merited, recommend a reclassification and a new pay grade to the Village Manager. Modified positions also may be evaluated for proper position classification. To assist the Village on this review process, Department Heads are expected to:

- a) be familiar with the Position Classification and Pay Plan;

- b) make sure they are informed about the job duties performed by each employee under their supervision;
- c) advise the Human Resources Director of any permanent changes in job duties;
- d) make recommendations for changes in position classifications. These recommendations should be based on significant changes in the duties associated with a position and/or in the structure of a department that will continue to exist on a long-term basis.

The Village Manager is responsible for approving any classification study and/or reclassification. The Village may contact outside consultants and other sources to assist in any reclassification decision.

Department Heads are responsible for reviewing positions annually as part of the budget process. Such review shall be to determine the most accurate classifications and the most equitable, effective, and efficient use of human resources.

Approved by:

	<del>812/1411</del> /2018
Jeffrey Sanborn, Village Manager	Date

<del>#18-1834</del>	<del>812/1411</del> /2018
Village Council, Resolution	Date

Village of Pinehurst  
Position Classification and Pay Plan  
FY 2018-2019

FLSA	GRADE	POSITION	MINIMUM	MIDPOINT	MAXIMUM
	9		23,981	29,977	35,972
	10	Maintenance Worker	25,180	31,475	37,770
	11	Maintenance Worker, CDL	26,439	33,049	39,659
	12		27,761	34,702	41,642
	13	Customer Service Representative Grounds Specialist Human Resources Assistant Solid Waste Equipment Operator Track Specialist Welcome Center Coordinator	29,149	36,437	43,724
	14	Grounds Specialist II Telecommunications Specialist I	30,607	38,258	45,910
	15	Administrative Assistant Events Assistant Telecommunications Specialist II	32,137	40,171	48,205
	16	Firefighter Fleet Service Technician I Grounds Maintenance Crew Leader Maintenance Technician	33,744	42,180	50,616
E	17	Fair Barn Coordinator Financial Services Technician Fleet Service Technician II Street Maintenance Crew Leader	35,431	44,288	53,146
	18	Administrative Coordinator Fire and Life Safety Educator IT Technician Planning and Zoning Specialist Police Officer Senior Firefighter	37,202	46,503	55,804
E E E E	19	Athletic Coordinator Master Firefighter Program Coordinator Senior Police Officer Special Events Coordinator Track Superintendent	39,063	48,828	58,594
	20	Code Compliance Specialist Master Police Officer Police Investigator	41,016	51,269	61,523
	21	Communications Specialist	43,066	53,833	64,600
E E E	22	Buildings and Grounds Superintendent Fire Captain Human Resources Generalist Planner Police Sergeant	45,220	56,525	67,830

Village of Pinehurst  
Position Classification and Pay Plan  
FY 2018-2019

FLSA	GRADE	POSITION	MINIMUM	MIDPOINT	MAXIMUM
E	23	Information Technology Systems Specialist Solid Waste Superintendent	47,481	59,351	71,221
E E	24	Battalion Chief Building Inspector Detective Lieutenant Infrastructure Superintendent Police Lieutenant Senior Planner Village Clerk	49,855	62,318	74,782
E E E E E	25	Assistant Financial Services Director Assistant Public Services Director IT Business Analyst Network Administrator Principal Planner	52,348	65,434	78,521
E E	26	Building Code Official Deputy Fire Chief Police Captain	54,965	68,706	82,447
E	27	Fleet Maintenance Director	57,713	72,142	86,570
E	28	Deputy Police Chief	60,599	75,748	90,898
	29		63,629	79,536	95,443
E E E E	30	Human Resources Director Parks and Recreation Director Performance Management Director Public Services Director	66,810	83,513	100,215
E E	31	Fire Chief Planning and Inspections Director	70,151	87,688	105,226
E E E	32	Chief Information Officer Financial Services Director Police Chief	73,658	92,073	110,487
	33		77,341	96,677	116,012
E E	34	Assistant Village Manager for Administration Assistant Village Manager for Operations	81,208	101,510	121,812

**E** = Exempt from the Wage and Hour provisions of the Fair Labor Standards Act (FLSA)

**5%** = Spread between grades

**50%** = Spread within the grade

**2.1%** = Grade adjustment from previous year



**DISCUSS AND CONSIDER ORDINANCE 18-27 A BUDGET AMENDMENT  
FOR THE PUBLIC SERVICES ROOF REPLACEMENT.**

**ADDITIONAL AGENDA DETAILS:**

**FROM:**

Mark Wagner

**CC:**

Brooke Hunter, Jeff Sanborn, Jeff Batton, Natalie Hawkins

**DATE OF MEMO:**

12/10/2018

**MEMO DETAILS:**

Staff is requesting a budget amendment to replace the roof of the building that houses the Administrative staff of the Public Services Department. The roof is over 20 years old and has been experiencing multiple severe leaks over the last six months. Contractors have been out to the facility and are no longer able to remedy the situation with patches and have recommended the roof be replaced.

Presently, there are tarps on the roof in an effort to keep water out of the interior of the building, but this is not a long term solution. We feel replacing the roof is our best option at this point and will give us a long-term solution preventing further damage to the interior of the building.

We are proposing moving funds from Buildings & Grounds contingency in the amount of \$11,500 to Buildings & Grounds Capital: Buildings to cover the cost of the repair.

Brooke Hunter will have a budget amendment prepared for consideration and Jeff Batton is available to answer any questions about the repair. Unfortunately, I will not be able to attend this meeting as I will be out of town due to a personal matter.

Thank you.

**ATTACHMENTS:**

Description

☐ Ordinance 18-27

**ORDINANCE #18-27:**

**AN ORDINANCE AMENDING THE ORDINANCE APPROPRIATING FUNDS FOR OPERATIONS OF THE VILLAGE OF PINEHURST FOR FISCAL YEAR 2019, REGARDING REVENUES AND EXPENDITURES OF THE GENERAL FUND FOR THE VILLAGE OF PINEHURST, NORTH CAROLINA (PUBLIC SERVICES ROOF REPLACEMENT)**

**WHEREAS**, the Public Services Administration facility roof is experiencing significant leaks and requires replacement; and

**WHEREAS**, funding for this roof replacement was not included in the FY 2019 Budget when originally adopted;

**WHEREAS**, this amendment is a reclassification of funding from operating to capital outlay and no new funds are requested;

**NOW, THEREFORE, BE IT RESOLVED** by the Village Council of the Village of Pinehurst, North Carolina, in the regular meeting assembled this 11<sup>th</sup> day of December 2018, as follows:

**SECTION 1.** To amend the FY 2019 General Fund budget with regard to revenues and expenditures, the revenue and expenditure accounts are to be changed as follows:

<u>Account No.</u>	<u>Account Name</u>	<u>Debit</u>	<u>Credit</u>
10-00-970-7200	Capital Outlay: Buildings	\$11,500	
10-00-970-9999	B&G Contingency		\$ 11,500
10-20-410-7220	PS-Capital Outlay: B&G Buildings	11,500	
10-80-610-5904	B&G Maintenance ISF		11,500

**SECTION 2.** Copies of this budget amendment shall be furnished to the Clerk to the Village Council, Village Manager, and Financial Services Director for their direction and implementation.

**THIS ORDINANCE** passed and adopted this 11<sup>th</sup> day of December, 2018.

(Municipal Seal)

VILLAGE OF PINEHURST  
VILLAGE COUNCIL

By: \_\_\_\_\_  
Nancy Roy Fiorillo, Mayor

Attest:

Approved as to Form:

\_\_\_\_\_  
Beth Dunn, Village Clerk

\_\_\_\_\_  
Michael J. Newman, Village Attorney





**APPROVAL OF THE 2019 COUNCIL MEETING SCHEDULE.  
ADDITIONAL AGENDA DETAILS:**

**FROM:**

Beth Dunn

**CC:**

Jeff Sanborn

**DATE OF MEMO:**

12/5/2018

**MEMO DETAILS:**

Attached is the 2019 Village Council Meeting Schedule for Council's approval.

**ATTACHMENTS:**

Description

📎 2019 Meeting Schedule



## 2019 VILLAGE COUNCIL MEETING SCHEDULE

**Held on the 2<sup>nd</sup> and 4<sup>th</sup> Tuesdays  
Assembly Hall at 395 Magnolia Road, Pinehurst, NC 28374**

January 8 at 4:30 p.m. – RM  
January 22 at 4:30 p.m. – RM

February 12 at 4:30 p.m. – RM  
February 26 at 4:30 p.m. – RM

March 12 at 4:30 p.m. – RM  
March 26 at 4:30 p.m. – RM

April 9 at 4:30 p.m. – RM  
April 23 at 4:30 p.m. – RM

May 14 at 4:30 p.m. – RM  
May 28 at 4:30 p.m. – RM

June 11 at 4:30 p.m. – RM  
June 25 at 4:30 p.m. – RM

July 9 at 4:30 p.m. – RM  
July 23 at 4:30 p.m. – RM

August 13 at 4:30 p.m. – RM\*

September 10 at 4:30 p.m. – RM  
September 24 at 4:30 p.m. – RM

October 8 at 4:30 p.m. – RM  
October 22 at 4:30 p.m. – RM

November 12 at 4:30 p.m. – RM\*

December 10 at 4:30 p.m. – RM\*

*RM/WS= Regular Meeting/Work Session*

*The date or time of a meeting may be changed or additional meetings may be called by Council.*

*These meetings will be given the title “Special Meetings” and will be announced.*

*\*August, November, and December will only have one scheduled meeting.*