Report to the
Honorable Mayor
and Members of
the Village Council

Village of Pinehurst, North Carolina

June 30, 2021

Table of Contents

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Communication with Those Charged with Governance

October 29, 2021

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, 2021, and have issued our report thereon dated October 29, 2021. 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 March 5, 2021. 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 Village 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 2021. 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 was:

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 disclosure(s) affecting the financial statements was (were):

> The disclosure of the Local Government Employees' Retirement plan in Note 5 to the financial statements describes the proportionate share of the Village'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 Village'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 misstatements identified during the audit, other than those that are 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 auditor's 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 Appendix A.

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 auditor's 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 A

Management Representation Letter

October 29, 2021

Dixon Hughes Goodman LLP
1829 Eastchester Drive
High Point, NC 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, 2021 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 March 5, 2021 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. The effects of all actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
9. There are no uncorrected misstatements or omitted disclosures.
10. 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.
11. 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 Hartzog Law Group and Van Camp, Meacham & Newman, PLLC since their effective dates of their responses to you.
12. Guarantees, whether written or oral, under which the Village is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

13. 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.
14. All transactions have been recorded in the accounting records and are reflected in the financial statements.

15. 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.

16. 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.

17. 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.

18. There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in financial reporting practices.

19. There are no regulatory examinations currently in progress for which we have not received examination reports.

20. 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.

21. 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.

22. The Village has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.

23. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

24. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.

25. In regard to the assistance in preparation of the Village's basic financial statements and SEFSA 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.

Government - Specific

26. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

27. 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.

28. 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.

29. 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.

30. 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.

31. 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.

32. 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.

33. 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.

34. We have followed all applicable laws and regulations in adopting, approving, and amending budgets.

35. 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.

36. The financial statements properly classify all funds and activities, in accordance with GASB Statement No. 34.

37. 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.

38. 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.

39. Investments, derivative instruments, and land and other real estate held by endowments are properly valued.

40. Provisions for uncollectible receivables have been properly identified and recorded.

41. 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.

42. 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.

43. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.

44. Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.

45. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.

46. 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.

47. 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.

48. With respect to the reporting requirements of GASB Statement No. 68:

    a. We have reported all eligible employees to the Local Governmental Employees' Retirement System ("LGERS") via the Online Retirement Benefits Integrated Technology ("ORBIT") System.

    b. The census data for all eligible employees reported to LGERS via ORBIT is complete and accurate as of December 31, 2019 (the measurement date for the net pension liability reported at June 30, 2021).

    c. We are responsible for the Village's compliance with requirements as established in the Retirement System's Handbook.

    d. We are in agreement with the Village's proportionate share of net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense as determined by the "GASB 68 Journal Entry Template" posted on the North Carolina Department of State Treasurer's website.

49. With respect to the reporting requirements of GASB Statement No. 73:

    a. We have reported all eligible employees to the Law Enforcement Officers' Special Separation Allowance ("LEOSSA") via the ORBIT System, and separately to the actuaries that completed the actuarial valuation.

    b. The census data for all eligible employees via ORBIT is complete and accurate as of December 31, 2020 (the measurement date for the total pension liability reported at June 30, 2021).

    c. We have reported all retirees that are eligible to participate in the LEOSSA plan to the actuaries that completed the actuarial valuation. The census data for all eligible retirees reports to the actuaries is complete and accurate as December 31, 2020, the measurement date for the total pension liability as of June 30, 2021.

d. We are in agreement with the Village's total pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense as determined by the actuary's report.

50. We believe that the actuarial assumptions and methods used to measure pension activity for financial accounting purposes are appropriate in the circumstances.

51. 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.

52. 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.

53. With respect to federal and state award programs:

    a. We are responsible for complying and have complied with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance") and the State Single Audit Implementation Act, including requirements relating to preparation of the schedule of expenditures of federal and state awards (SEFSA).

    b. We have prepared the SEFSA in accordance with Uniform Guidance, and have identified and disclosed in the schedule expenditures made during the audit period for all awards provided by federal and state agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance.

    c. We acknowledge our responsibility for presenting the SEFSA in accordance with the requirements of Uniform Guidance, and we believe the SEFSA, including its form and content, is fairly presented in accordance with the Circular. The methods of measurement and presentation of the SEFSA have not changed from those used in the prior period, and we have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the SEFSA.

    d. If the SEFSA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.

    e. We have identified and disclosed to you all of our government programs and related activities subject to Uniform Guidance, and have included in the SEFSA, expenditures made during the audit period for all awards provided by federal agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.

f. We are responsible for understanding and complying with, and have complied with in all material respects, the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of our federal and state programs, and have identified and disclosed to you the requirements of laws, regulations, and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each major federal and state program.

g. We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance requirements applicable to federal and state programs, that provides reasonable assurance that we are managing our federal and state awards in compliance with laws, regulations, and the provisions of contracts and grant agreements that could have a material effect on our federal and state programs. We believe the internal control system is adequate and is functioning as intended. Also, no changes have been made in internal control over compliance or other factors to the date of this letter that might significantly affect internal control, including any corrective action taken with regard to control deficiencies reported in the schedule of findings and questioned costs.

h. We have made available to you all contracts and grant agreements (including amendments, if any) and any other correspondence with federal and state agencies or pass-through entities relating to major federal and state programs and related activities.

i. We have received no requests from a federal or state agency to audit one or more specific programs as a major program.

j. We have complied, in all material respects, with the compliance requirements including, when applicable, those set forth in the Uniform Guidance and related state compliance supplements, relating to federal and state awards, and have identified and disclosed to you all amounts questioned and any known noncompliance with the requirements of federal and state awards, including those resulting from other audits or program reviews.

k. We have disclosed any communications from grantors and pass-through entities concerning possible noncompliance with the applicable compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditors' report.

l. We have disclosed to you the findings received and related corrective actions taken for previous audits, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken up to the date of the auditor's report.

m. Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB's Uniform Guidance (2 CFR part 200, subpart E and OMB Circular A-87, Cost Principles for State, Local, and Tribal Governments, and OMB's Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments.

n. We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.

o. We have made available to you all documentation related to the compliance requirements, including information related to federal and state program financial reports, and claims for advances and reimbursements.

p. We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.

q. There are no known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditors' report.

r. No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies in internal control over compliance (including material weaknesses in internal control over compliance), and none have occurred subsequent to the reporting period.

s. Federal and state program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.

t. We have charged costs to federal and state awards in accordance with applicable cost principles.

u. The copies of federal and state program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal or state agency or pass-through entity, as applicable.

v. We have monitored subrecipients to determine that they have expended pass-through assistance in accordance with applicable laws and regulations and have met the requirements of Uniform Guidance and the State Single Audit Implementation Act.

w. We have considered the results of subrecipient audits and have made any necessary adjustments to our books and records.

x. We have disclosed to you all contracts or other agreements with our service organizations, and we have disclosed to you all communications from the service organizations relating to noncompliance at the service organizations.

y. We are responsible for preparing and implementing a corrective action plan for each audit finding.

54. We are responsible for and have reviewed the calculation of workers' compensation liabilities as of June 30, 2021, and we believe the recorded liabilities accurately reflect the Village of Pinehurst's liabilities owed for claims that have been incurred as of that date.

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

Jeff Sanborn, Village Manager

Brooke Hunter

Brooke Hunter, Financial Services Director

Council Member to Report	Partners & Collaborators
John Strickland	Moore County Transportation Committee
	Neighborhood Advisory Committee
	Pinehurst Resort
Judy Davis	Tri-Cities Work Group (Pinehurst, So. Pines, Aberdeen)
	FirstHealth
	Moore County
Lydia Boesch	Pinehurst Business Partners
	Convention and Visitors Bureau
	Bicycle and Pedestrian Advisory Committee
Kevin Drum	Triangle J. COG
	Partners in Progress
	NCDOT/TARPO
Jane Hogeman	Beautification Committee
	Moore County Schools

VILLAGE COUNCIL
MINUTES FOR SPECIAL MEETING OF NOVEMBER 23, 2021
ASSEMBLY HALL
395 MAGNOLIA ROAD
PINEHURST, NORTH CAROLINA
3:00 PM

The Pinehurst Village Council held a Special Meeting at 3:00 p.m., Thursday, November 23, 2021 in the Assembly Hall of Pinehurst Village Hall, 395 Magnolia Road, Pinehurst, North Carolina. The following were in attendance:

Mr. John C. Strickland, Mayor
Mr. Patrick Pizzella, Mayor Pro Tem
Ms. Lydia Boesch, Councilmember - Treasurer
Ms. Jane Hogeman, Councilmember
Mr. Jeffrey Morgan, Councilmember
Mr. Jeffrey M. Sanborn, Village Manager
Ms. Kelly Chance, Village Clerk

And approximately 18 attendees, including 7 staff and 0 press.

1. **Call to Order.**
   Village Manager, Jeff Sanborn, called the Village Council meeting to order.

2. **Oath of Office for newly elected Councilmembers Jeffrey Morgan and Patrick Pizzella.**
   Kelly Chance, Village Clerk, administered the oaths of office to the newly elected Councilmembers Jeffrey Morgan and Patrick Pizzella.

3. **Organizational Meeting of New Village Council (Election of Mayor Pro Tem and Treasurer).**
   Jeff Sanborn, Village Manager, chaired the process of electing a new Mayor Pro-Tem and Treasurer. He explained Council will begin first with the election of the Mayor Pro-Tem from within the Village Council and he opened the floor for nominations from the Council for the office of Mayor Pro-Tem, noting that seconds are not required for a nomination. Councilmember Hogeman nominated Councilmember Pizzella, and Councilmember Morgan nominated Councilmember Boesch. Upon a motion by Mayor Strickland, seconded by Councilmember Hogeman, Council unanimously approved to close the nominations for Mayor Pro-Tem by a vote of 5-0. Mr. Sanborn administered a vote count for the nominees and Councilmember Boesch received a yes vote from herself and Councilmember Morgan. Councilmember Pizzella received a yes vote from Mayor John Strickland, Councilmember Hogeman, and himself. Councilmember Pizzella was confirmed by a vote of 3-2 as Mayor Pro-Tem.

   Mr. Sanborn opened the floor for nominations from the Council for the office of Treasurer, noting that seconds are not required for a nomination. Councilmember Hogeman nominated Councilmember Boesch. Upon a motion by Mayor Strickland, seconded by, Councilmember Hogeman, Council unanimously approved to close the nominations for Treasurer by a vote of 5-0. Mr. Sanborn explained since there is only one nominee Council should vote by acclamation to elect Councilmember as Treasurer. Council unanimously voted to elect Councilmember Boesch as Treasurer.

4. **Remarks from Mayor and Village Council.**
   - Mayor John Strickland welcomed newly elected Councilmembers Morgan and Pizzella. He stated that along with staff,

committees, and community input, Council will be able to make some remarkable progress over the next few years.

- Councilmember Morgan thanked the people of Pinehurst and assured them he would work toward earning their trust.
- Councilmember Pizzella stated it is a pleasure to serve the community and noted he takes the position very seriously. He stated he tends to review issues by taking a fresh look. He stated he views Council and Village Staff as answerable to village voters in maintaining the quality of life for Village residents.
- Councilmember Boesch stated that this Village was set up in 1895 by James Tufts and she admires him for his brilliance and inspiration. She stated she looks forward to continuing Tuft's vision and helping to make the Village the best we can for our community. She welcomed Councilmember Morgan and Pizzella.
- Councilmember Hogeman stated she welcomes Councilmember Morgan and Pizzella and thanked Council and the staff for their work.

5. Discuss and Consider Adopting the 2022 Village Council Meeting Schedule.
Council will review and Consider adopting the 2022 Village Council Meeting Schedule at the December 14th meeting.

6. Motion to Adjourn.
Council approved to adjourn the special meeting at 3:15 pm.

Respectfully Submitted,

Kelly Chance,
Village Clerk

A videotape of this meeting is located on the Village website: www.vopnc.org

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 9, 2021
ASSEMBLY HALL
395 MAGNOLIA ROAD
PINEHURST, NORTH CAROLINA

IMMEDIATELY FOLLOWING THE REGULAR MEETING

The Pinehurst Village Council held a work session at 8:57 p.m. Tuesday, November 9, 2021, in the Assembly Hall of Pinehurst Village Hall, 395 Magnolia Road, Pinehurst, North Carolina. The meeting was streamed in real time on the Village's website.

The following were in attendance in Assembly Hall:

Mr. John C. Strickland, Mayor
Ms. Judy Davis, Mayor Pro Tem
Ms. Lydia Boesch, Councilmember
Mr. Kevin Drum, Councilmember
Ms. Jane Hogeman, Councilmember
Mr. Jeffrey Sanborn, Village Manager
Ms. Kelly Chance, Village Clerk

And approximately 6 attendees, including 4 staff and 0 press.

- **Call to Order.**
  Mayor John Strickland called the Council work session to order.
- **Potential Future Agenda Items.**
  - Ft. Bragg Renaming
  - Anniversaries for Donald Ross and Olmsted – Kristin Bunton and Doug Willardson will be meeting with the Resort and will provide more information in December.
  - Short Term Rentals – Councilmember suggested we get the information out by using the NAC
- **Other Work Session Business. None**
- **Sidewalk Improvement Location Discussion**

Discussion to decide on the top two neighborhoods to gather public input to determine if there is broad neighborhood support for developing walkways. Staff recommends gathering public input for Pine Vista Road (from Linden to Burning Tree) and McKenzie (from Linden to Hwy 211).

The goal for Fiscal year 2022 is to construct sidewalks in the Village that will enhance the quality of life and make interconnections with other sidewalks and trails. The placement will be in neighborhoods where they are desired, while being as unobtrusive as possible to abutting yards, and maintaining the charm of the neighborhood.

The FY22 Construction Budget is $400,000. The suggestions for the potential sidewalk locations are based on the 2015 Comprehensive Pedestrian Plan, a desire for interconnections, BPAC input, requests from neighborhoods, community survey data, and future road work projects. The recommendation is to initiate the process for Pine Vista Road from Linden to Burning

Tree for 1,665 linear feet, at an estimated project cost for screenings of $47,000. This would connect Greenway to Pinehurst Lake neighborhood and future phase of Burning Tree Rd.

The second recommendation is for McKenzie from Linden to Beulah to the Arboretum to 211, 4,190 linear feet, at a rough estimated project cost of $180,000. This includes engineering, assumes screenings with asphalt on steep grades, and will connect the Greenway to the Arboretum. Both recommendations prioritize screenings due to lower costs and maintain neighborhood charm.

Council consensus was concurrence to move forward with both recommendations.

- **Motion to Adjourn.**
Upon a motion by Councilmember Boesch, seconded by, Councilmember Hogeman, Council unanimously approved to adjourn the work session, by a vote 5-0, at 9:22 p.m.

Respectfully Submitted,

Kelly Chance,
Village Clerk

A videotape of this meeting is located on the Village website: www.vopnc.org

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VILLAGE OF PINEHURST 1895

VILLAGE COUNCIL
MINUTES FOR FY 2023 STRATEGIC PLANNING PRE-RETREAT
DECEMBER 1, 2021
ASSEMBLY HALL
395 MAGNOLIA ROAD
PINEHURST, NORTH CAROLINA
8:30 AM – 5:00 PM

The Pinehurst Village Council held the FY 2023 Strategic Planning Pre-Retreat on Wednesday, December 1, 2021 in the Assembly Hall of the Pinehurst Village Hall, 395 Magnolia Road, Pinehurst, North Carolina. Some members of the Village Council participated remotely using the virtual meeting platform ZOOM. The following were in attendance:

The following were in attendance at 395 Magnolia Road, Pinehurst:

Mr. John C. Strickland, Mayor
Mr. Jeff Morgan, Councilmember
Ms. Jane Hogeman, Councilmember
Ms. Lydia Boesch, Treasurer
Mr. Jeffrey M. Sanborn, Village Manager
Ms. Kelly Chance, Village Clerk
Mr. Jeffrey Batton, Assistant Village Manager
Mr. Doug Willardson, Assistant Village Manager
Mr. Matthew McKirahan, Organizational Performance Director
Ms. Angela Kantor, Director of Human Resources
Mr. Carlton Cole, Fire Chief
Mr. Mike Apke, Director of Public Services
Mr. Mark Wagner, Director of Parks and Recreation
Mr. Glen Webb, Police Chief
Ms. Brooke Hunter, Director of Financial Services
Mr. Jason Whitaker, Chief Information Officer
Mr. Darryn Burich, Planning and Inspections Director
Mr. Jeramy Hooper, Planning and Zoning Chair
Mr. Tom Campbell, Bicycle and Pedestrian Advisory Committee Chair

1. Fiscal Year (FY) 2023 Strategic Planning Pre-Retreat

Welcome, Introductions and Overview
Matthew McKirahan, Organizational Performance Director, welcomed everyone and outlined the agenda for the day. He explained the objective for the Pre-Retreat meeting was to review data, information, and Comprehensive Plan strategies. Council will also affirm strengths, opportunities, aspirations, results, and affirm Strategic Advantages and Challenges. Mr. McKirahan noted that Council will meet again on December 8th and 9th to hold the FY 2023 Strategic Planning Retreat.

Review Operating Environment and Context
Mr. Doug Willardson, Assistant Village Manager reviewed key national economic trends, community and societal trends, and generational changes in the workforce that could have an impact on the Village in the future. He explained that currently the unemployment is at 4.8% and should decrease further as Delta variant and Hurricane Ida were still in play in September 2021

Mr. Willardson reviewed the trend for labor shortages due to increased savings by the average American worker which means workers are holding out until their savings disappear. He explained that there is an increase in retirees – 2.5 million 68+ retired since the pandemic began and 1 million below the age of 65 retired. Mr. Willardson noted that a lack of childcare has added to labor shortages and service industries have or will need to increase wages to be competitive.

Mr. Willardson reviewed the current trend showing supply chain disruption due to less production of goods and services during the pandemic, pent up demand for products, lack of workers to transport goods, and increased prices for goods. He noted a CPI increase and low interest rates which have an inverse relationship.

Mr. Willardson reviewed the local real-estate market trends. He explained that from September 2020 to September 2021, housing cost increases nationally reached 18.6%. He noted this is due to increased demand, rising building costs, eviction moratorium, and low interest rates.

Mr. Willardson reviewed the trends for a post-COVID workplace, such as the need for increasing remote working, better work-life balance, expanded access to paid sick leave, mental health as a workplace priority, increased attention to safety, and talent geographically unleashed. He also reviewed population and demographic projections, which were developed by using trends from previous US Census data. Mr. Sanborn stated the information for 2020 has not been updated per Census Data and so we are unable to confirm the consensus that our community population is becoming increasingly younger.

Councilmember Morgan requested data showing the change of short term rental usage over the past few years. Mr. Sanborn stated we can estimate the data but it would be hard to pinpoint it specifically due to varying reporting factors by rental owners. Mayor Strickland stated that due to increased community concern, any data we can collect on short term rental will help Council study this concern.

Mr. McKirahan reviewed Business survey responses pertaining to questions on the impact of Cultural Arts Events on Businesses. Mr. Sanborn stated that Senior Staff discussed although they have had reported concerns about negative impacts on businesses during events, this data shows this does not seem to be the case, especially as it relates to traffic congestion and profit loss due to businesses having to close during the event. It was noted that the negative impact is shown to be with retail businesses.

Ms. Brooke Hunter, Finance Director, explained the American Rescue Plan Act and Mr. Sanborn noted there were some good opportunities for stormwater needs. He stated we also could contemplate on investing in water and sewer services for parts of the North of Pinehurst, which would give us some of the infrastructure development control we need in that area.

Councilmember Boesch stated there was some interest in the Harness Track and she has been following this interest. She stated, as such, can we find a way to bolster revenue there.

Mr. Willardson reviewed the input on the most important issues facing Pinehurst from employees, volunteers, residents, and businesses. He reviewed some of the projects planned by the North Carolina Department of Transportation, laid out in the current STIP, within the next 10 years. Mr. McKirahan reviewed the long range plans for Moore County including the search for a new school superintendent and redistricting which has shifted some Pinehurst students. He noted the County is currently developing a 20 year water and sewer model to ensure adequate future capacity. Pinehurst Resort is relocating existing amenities, increasing frequency of U.S. Open Championships, and adding a USGA location on Resort property.

Review Data and Information for Goals
Mr. Willardson reviewed the strengths and opportunities for improvement identified by Senior Leaders for the Village's 9 goals currently set on the Corporate Balanced Score Card (BSC). He also reviewed the key performance indicators (KPI) for each of the 9 BSC goals.

For Goal 1, Safeguarding the Community, Glen Webb, Police Chief, explained the current trends and the effects from COVID. For Goal 2, Promoting High Quality Development and Appearance, Council discussed the need to move forward with form based codes. The group discussed the key performance indicators (KPI) for code enforcement and the increased need for additional code enforcement and planning staff.

Mr. McKirahan stated for Goal 3, Promote a Thriving Business Community, we have sustained high levels of satisfaction with customer service for businesses. He reviewed the strengths and opportunities for improvement for Goal 4, Promote Transportation Mobility Connectivity. The group discussed the methods for how street lighting and sidewalks are addressed in neighborhoods. Mr. McKirahan reviewed the strategies in the Comprehensive Plan tied to Goal 4. In response to strategy 2.7, to ensure pedestrian safety in the medical district, Mike Apke, Public Services Director, noted a pedestrian crossing was installed at the Hospital on Memorial Drive.

Mr. McKirahan reviewed the strengths and opportunities for improvement for Goal 5, Protecting the Environment. Council discussed storm water requirement in the Pinehurst Development Ordinance (PDO). Mr. Batton stated most of the complaints he has received are private issues, as they are driven by new development and not specifically the right-of-ways. Councilmember Boesch asked if we had any idea how to improve recycling services. Mr. Batton stated the biggest improvement we can do is control contamination and lower the costs.

Mr. McKirahan reviewed the strengths and opportunities for improvement for Goal 6, Promoting Active Living and Cultural Opportunities. Councilmember Hogeman asked why we are wanting to develop West Pinehurst Park and provide numerous events. She expressed her opposition to continuing this route.

Mr. McKirahan reviewed the strengths and opportunities for improvement and KPI's for Goal 7, Professionally Manage a High Performing Organization. Mr. McKirahan reviewed the strengths and opportunities for improvement and KPI's for Goal 8, Attract and Retain an engaged workforce. Councilmembers discussed the turnover rate of which Human Resources Director, Angie Kantor stated was mostly due to retirements. There are no Comprehensive Plan Strategies associated with Goal 8.

For Goal 9, Maintain a Healthy Financial Condition, Mr. McKirahan explained that the Village is in a healthy financial condition. The group reviewed the financial data and projections for upcoming years. Mr. McKirahan noted a Fund Balance Policy discussion is planned for day 2 of the retreat next week on December 9th. He reviewed 2 Comprehensive Plan Strategies aligned with Goal 9.

Affirm FY 23 SOAR (Strengths, Opportunities, Aspirations, and Results) Analysis
Mr. McKirahan led the group in reviewing the Strengths, Opportunities, Aspirations and Results (SOAR) for FY 2022, proposed by Senior Leaders. The group discussed those recommendations and made some additional recommendations to discuss further at the Strategic Planning Retreat, scheduled next week.

Affirm Strategic Advantages & Challenges
Mr. Willardson reviewed the Key Strategic Advantages and Strategic Challenges, proposed by Senior Staff, for FY23. Council agreed to add manage growth to retain the character of the Village as a Strategic Challenge.

Wrap Up, Next Steps, and Evaluation
Mr. McKirahan reviewed the draft agenda for the Strategic Planning Retreat next week on December 8th and 9th.

2. Adjournment.
Council unanimously adjourned the Strategic Planning Pre-Retreat at 5:15 p.m.

Respectfully Submitted,

Kelly Chance
Village Clerk

RESOLUTION #21-31:

A RESOLUTION REGARDING RE-APPOINTMENT 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, the terms of Mr. John Taylor expire on January 31, 2021; and

WHEREAS, Mr. Taylor and the Village Council of Pinehurst are both desirous of him continuing to serve as a member of the Historic Preservation Commission.

NOW, THEREFORE, BE IT RESOLVED by the Village Council of the Village of Pinehurst, North Carolina in a regular meeting assembled this 14th day of December, 2021, as follows:

SECTION 1. That the following re-appointment is hereby made to the Historic Preservation Commission for the term indicated:

Mr. John Taylor is re-appointed as a member of the Historic Preservation Commission, effective February 1, 2022, said term to expire January 31, 2024.

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

THIS RESOLUTION passed and adopted this the 14th day of December, 2021.

VILLAGE OF PINEHURST
VILLAGE COUNCIL

(Municipal Seal)

By: ______________________________
John C. Strickland, Mayor

Attest:

____
Kelly Chance, Village Clerk

Approved as to Form:

____
Michael J. Newman, Village Attorney

Village of Pinehurst, North Carolina

Annual Comprehensive Financial Report

For the Fiscal Year Ended
June 30, 2021

Prepared by
Financial Services Department

Brooke Hunter
Financial Services Director

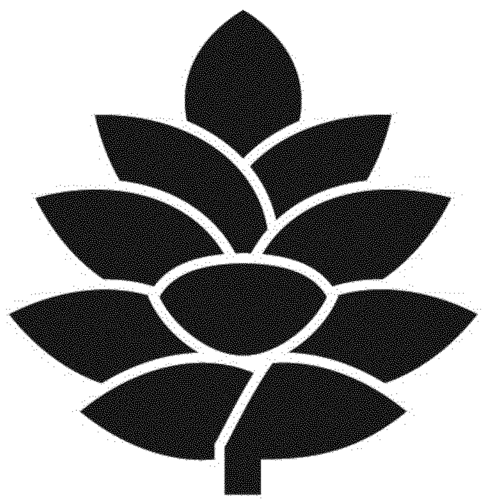


TABLE OF CONTENTS

TABLE OF CONTENTS

VILLAGE OF PINEHURST 1895 HISTORY, CHARM, AND SOUTHERN HOSPITALITY

LETTER OF TRANSMITTAL

October 29, 2021

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

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

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

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

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

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

Profile of the Village

"The Village of Pinehurst is a charming, vibrant community which reflects our rich history and traditions." This vision statement adopted by the Village Council is reflective of what we aspire to be as a community. Our mission is to "promote, enhance, and sustain the quality of life for residents, businesses, and visitors." The Village was incorporated in 1980 and is located in the Sandhills Region of North Carolina. The Village has a land area of approximately 17 square miles, and an estimated population of 17,500. Pinehurst is the largest of eleven municipalities in Moore County. The Village is empowered to levy a property tax on both real estate and personal properties located within its boundaries. It also is empowered, by state statute, to extend its corporate limits by annexation on a limited basis.

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

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

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

Local Economy

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

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

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

Long-Term Financial Planning and Major Initiatives

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

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

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

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

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

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

Awards and Acknowledgements

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

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

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

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

Respectfully submitted,

Jeffrey M. Sanborn	Brooke Hunter
Jeffrey M. Sanborn	Brooke Hunter
Village Manager	Financial Services Director

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Village of Pinehurst
North Carolina

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

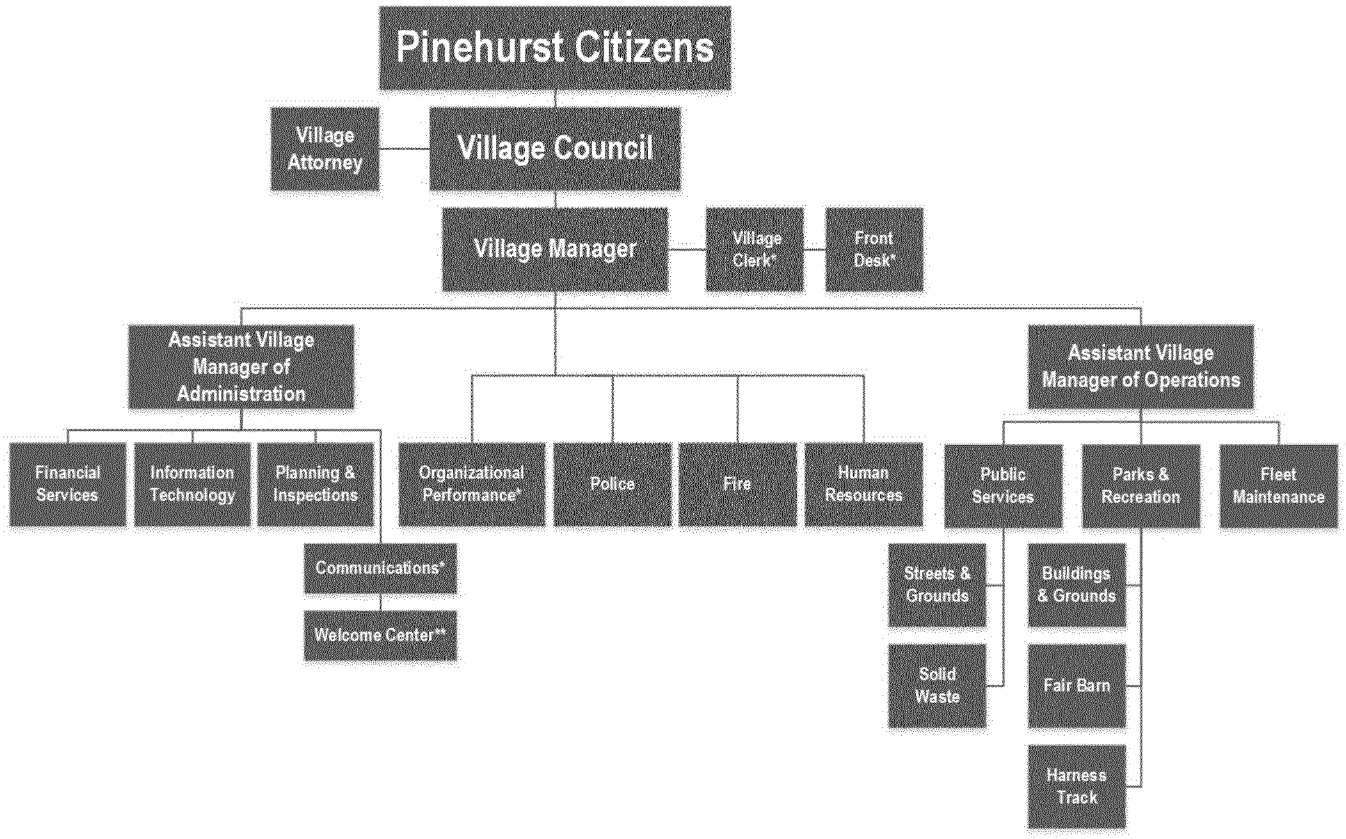
June 30, 2020

Christopher P. Morrill

Executive Director/CEO

Village of Pinehurst, North Carolina

Organizational Chart
June 30, 2021



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

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

Elected Officials

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

Appointed Officials

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

DHG

Independent Auditors' Report

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

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

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

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

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

Dixon Hughes Goodman LLP

High Point, NC
October 29, 2021

Management's Discussion and Analysis

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

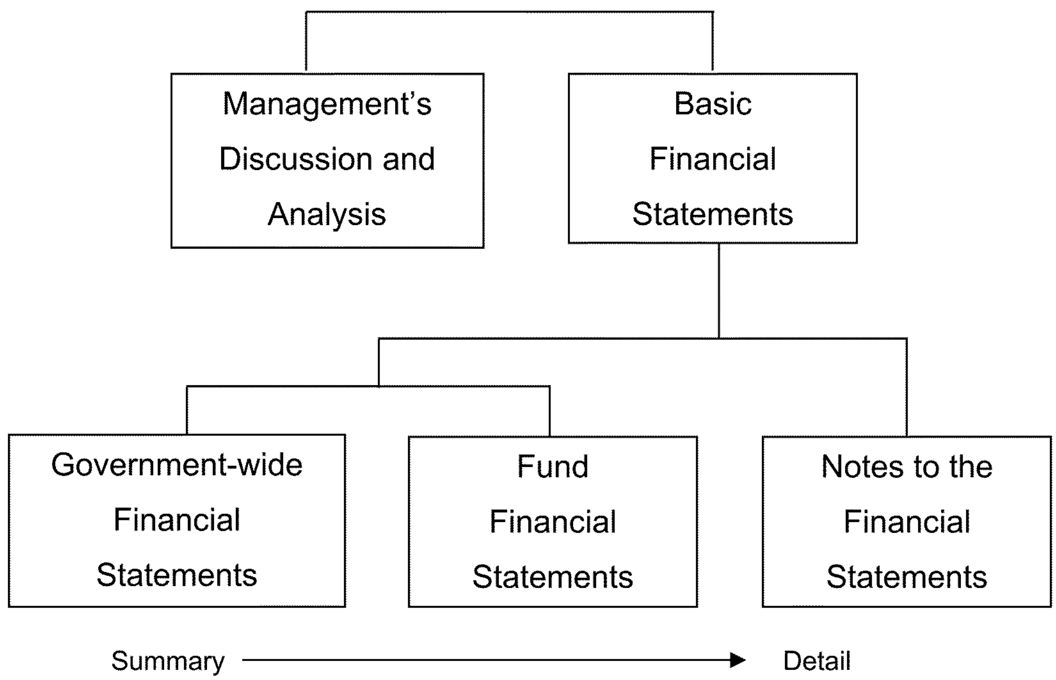
Financial Highlights

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

Overview of the Financial Statements

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

Required Components of Annual Financial Report
Figure 1



Basic Financial Statements

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

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

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

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

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

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

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

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

Government-Wide Financial Analysis

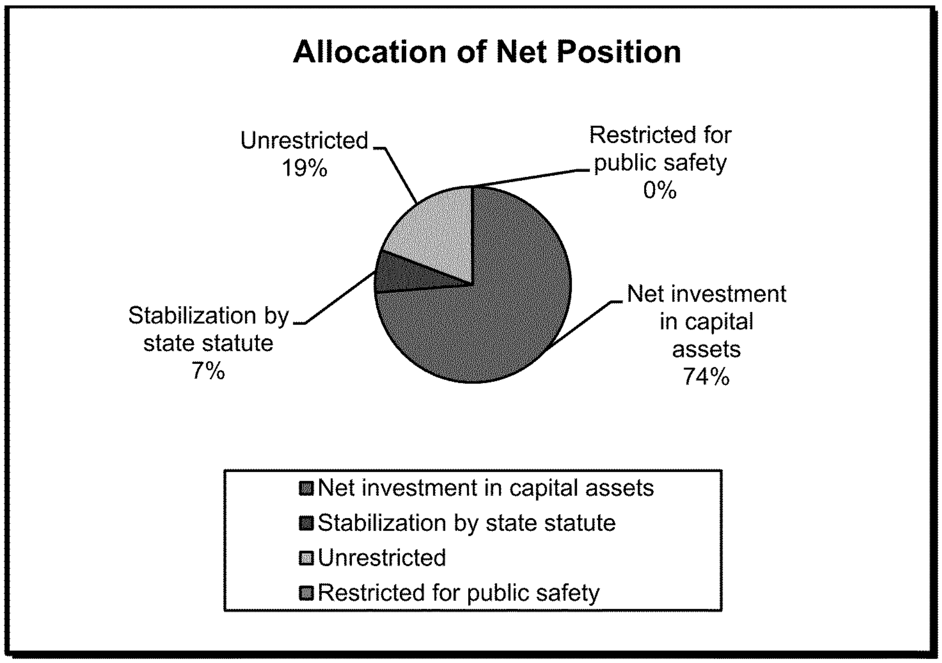
Net Position

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

Village of Pinehurst's Net Position
Figure 2

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

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



Governmental Activities

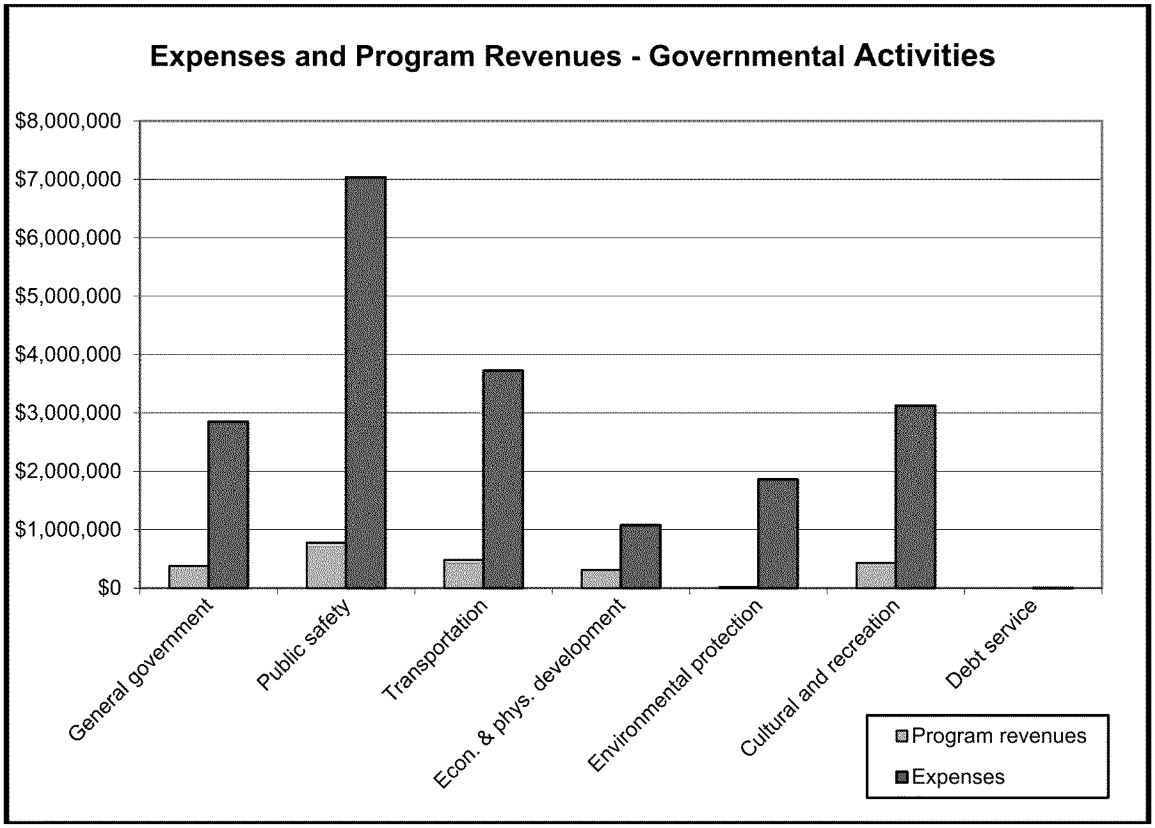
Governmental activities increased the Village's net position by $1,527,004. Several aspects of the Village's financial operations influenced the positive change in total governmental net position:

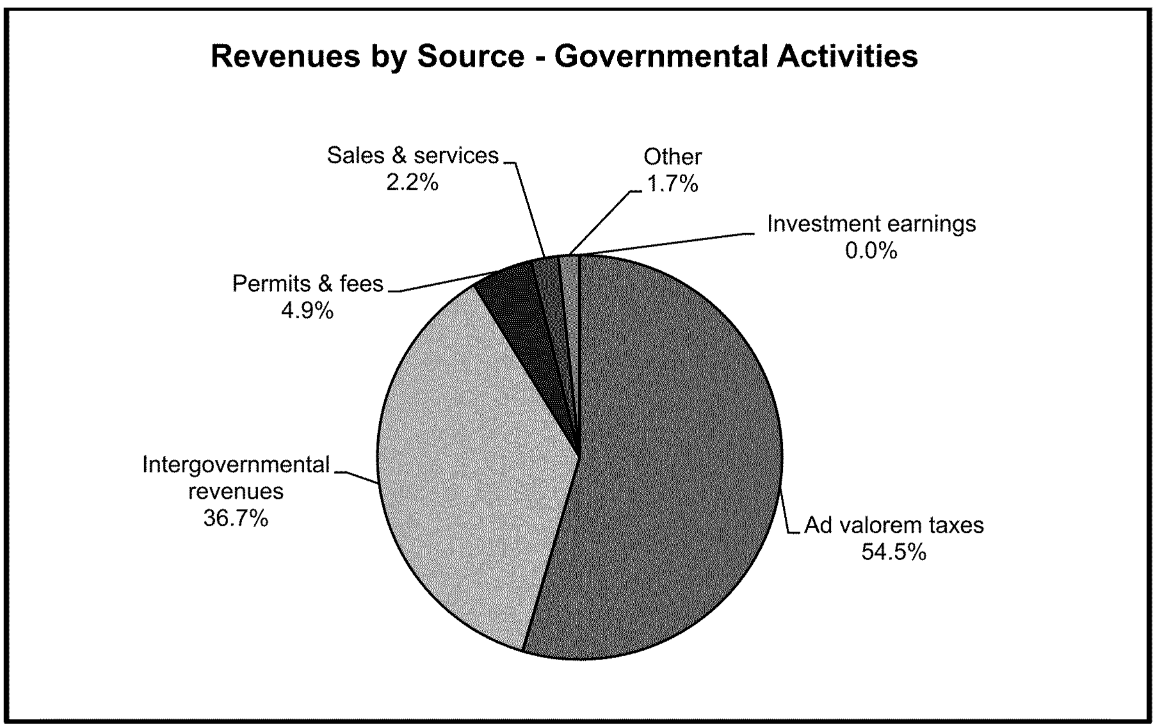
- Continued diligence in the collection of property taxes by maintaining a tax collection percentage in the General Fund of 99.93%, which is higher than the statewide average in the Village's population peer group of 98.97%.
- Unrestricted intergovernmental revenues increased by $783,000, or 13%, due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

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

Village of Pinehurst's Change in Net Position
Figure 3

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


Expenses and Program Revenues - Governmental Activities
$8,000,000
$7,000,000
$6,000,000
$5,000,000
$4,000,000
$3,000,000
$2,000,000
$1,000,000
$0
General government
Public safety
Transportation
Econ. & phys. development
Environmental protection
Cultural and recreation
Debt service
Program revenues
Expenses


Revenues by Source - Governmental Activities
Sales & services 2.2%
Other 1.7%
Investment earnings 0.0%
Permits & fees 4.9%
Intergovernmental revenues 36.7%
Ad valorem taxes 54.5%

Business-Type Activities

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

Financial Analysis of the Village's Funds

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

Governmental Funds

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

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

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

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

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

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

Proprietary Funds

The Village does not have any proprietary funds.

General Fund Budgetary Highlights

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

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

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

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

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

Capital Asset and Debt Administration

Capital Assets

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

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

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

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

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

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

Long-Term Debt

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

Village of Pinehurst's Outstanding Debt
Installment Purchases
Figure 5

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

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

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

Economic Factors and Next Year's Budgets and Rates

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

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

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

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

Budget Highlights for the Fiscal Year Ending June 30, 2022

Governmental Activities

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

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

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

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

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

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

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

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

Business-Type Activities

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

Requests for Information

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

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

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

Exhibit 2

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

Village of Pinehurst, North Carolina **Exhibit 3**
Balance Sheet
Governmental Funds
June 30, 2021

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

Village of Pinehurst, North Carolina **Exhibit 4**
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2021

Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:		
Total fund balance, governmental funds		$ 13,288,868
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:		
Gross capital assets at historical cost	$ 53,001,188	
Accumulated depreciation	(25,581,135)	27,420,053
Deferred outflows of resources related to pensions are not reported in the funds		2,747,028
Liabilities for earned revenues considered deferred inflows of resources in the fund statements:		
Taxes receivable	14,960	
Other receivables	12,879	27,839
Some liabilities, including notes payable and accrued interest are not due and payable in the current period and therefore are not reported in the funds:		
Compensated absences payable	(812,609)	
Net pension liability	(3,736,374)	
Total pension liability	(1,687,722)	(6,236,705)
Deferred inflows of resources related to pensions are not reported in the funds		(47,638)
Net position of governmental activities		$ 37,199,445

Village of Pinehurst, North Carolina **Exhibit 5**

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

Fiscal Year Ended June 30, 2021

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

Village of Pinehurst, North Carolina **Exhibit 6**

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities

For the Fiscal Year Ended June 30, 2021

Amounts reported for governmental activities in the Statement of Activities are different because:		
Net changes in fund balances - total governmental funds		$ 1,810,224
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:		
Capital outlay expenditures which were capitalized	$ 1,917,215	
Depreciation expense	(1,746,480)	170,735
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		777,919
Benefit payments paid and administrative expenses for the LEOSSA are not included on the Statement of Activities		137,600
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) in the current period:		
Donated assets received	95,100	
Gain on disposal of assets	27,134	
Proceeds from disposal of assets	(27,134)	95,100
Revenues in the Statement of Activities that are not reported as revenues in the fund statements:		
Special assessment payments	(5,179)	
Change in other deferred inflows	11,062	
Change in deferred tax inflows	2,297	8,180
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt:		
Principal payments		141,600
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
Accrued interest payable	1,681	
Compensated absences	(109,324)	
Pension expense	(1,506,711)	(1,614,354)
Total changes in net position of governmental activities		$ 1,527,004

Village of Pinehurst, North Carolina **Exhibit 7**

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balances - Annual Budget and Actual

Year Ended June 30, 2021

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

Notes to Financial Statements

1. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

B. Basis of Presentation

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

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

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

The Village reports the following major governmental funds:

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

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

D. Budgetary Data

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

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

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

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

1. Deposits and Investments

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

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

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

2. Cash and Cash Equivalents

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

3. Ad Valorem Taxes Receivable

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

4. Allowances for Doubtful Accounts

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

5. Inventory and Prepaid Items

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

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

6. Capital Assets

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

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

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

7. Deferred Outflows/Inflows of Resources

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

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

8. Long-Term Obligations

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

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

9. Compensated Absences

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

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

10. Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

11. Defined Benefit Cost-Sharing Plans

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

2. Deposits and Investments

A. Deposits

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

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

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

B. Investments

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

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

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

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

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

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

3. Receivables

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

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

4. Capital Assets

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

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

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

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

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

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

5. Pension Plan and Postemployment Obligations

A. Local Governmental Employees' Retirement System

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

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

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

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

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

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

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

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

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

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

Year Ended June 30:

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

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

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

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

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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	100.0%	

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

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

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

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

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

B. Law Enforcement Officers Special Separation Allowance

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Year Ended June 30:		
2022	$	132,065
2023		133,086
2024		123,617
2025		117,135
2026		46,939
Thereafter		-
Total	$	552,842

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

	1% Decrease (0.93%)	**Decrease Rate (1.93%)**	**1% Increase (2.93%)**
Total pension liability	$ 1,816,967	$ 1,687,722	$ 1,569,599

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

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

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

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

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

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

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

C. Supplemental Retirement Income Plan for Law Enforcement Officers

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

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

D. Deferred Compensation Plan

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

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

E. Other Employment Benefits

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

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

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

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

6. Deferred Outflows and Inflows of Resources

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

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

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

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

7. Risk Management

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

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

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

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

8. Claims, Judgments and Contingent Liabilities

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

9. Long-Term Obligations

A. Installment Purchase

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

B. Changes in Long-Term Liabilities

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

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

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

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

10. Interfund Activity

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

From the Community Center Capital Project Fund to the General Fund upon closing of the project fund	$ 244,999

Transfers are used to move unrestricted revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided matching funds for various grant programs.

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

11. Net Investment in Capital Assets

	Governmental
Capital assets	$ 27,420,053
Less: Long-term debt	-
Net investment in capital assets	$ 27,420,053

12. Fund Balance

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

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

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

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

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

Encumbrances:		
General Fund	$	685,397

13. Summary Disclosure of Significant Contingencies

A. Employment Security Benefits

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

B. Federal and State-Assisted Programs

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

14. Joint Ventures

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

15. Subsequent Event

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

REQUIRED SUPPLEMENTARY INFORMATION

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

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

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

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

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

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

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

Village of Pinehurst, North Carolina **RSI-2**
Schedule of Contributions
Local Government Employees' Retirement System - Last Eight Fiscal Years*
Required Supplementary Information

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

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

Village of Pinehurst, North Carolina

Schedule of Changes in Total Pension Liability

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

Required Supplementary Information

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

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

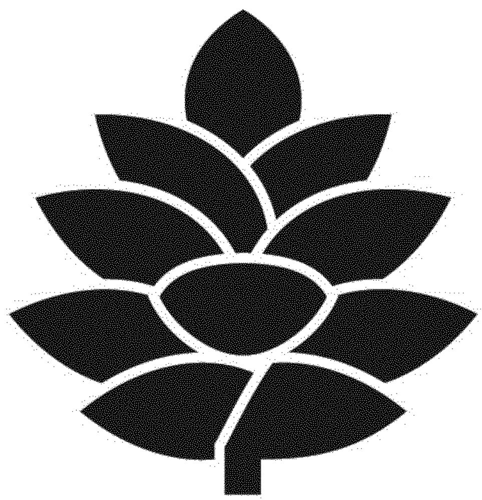
*** The Village of Pinehurst has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 73 to pay related benefits.*

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

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

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

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



GENERAL FUND

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

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

Village of Pinehurst, North Carolina **Schedule 1**
General Fund **(4 pages)**
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Fiscal Year Ended June 30, 2021 with Comparative Actual Amounts for Fiscal Year Ended June 30, 2020

	2021			
	Final Budget	Actual	Variance Positive (Negative)	2020
Revenues				
Ad valorem taxes:				
Taxes	$ 11,452,000	$ 11,482,504	$ 30,504	$ 11,251,875
Penalties and interest	5,000	7,758	2,758	9,268
	11,457,000	11,490,262	33,262	11,261,143
Other licenses:				
Golf cart licenses	2,000	4,455	2,455	3,215
Total	2,000	4,455	2,455	3,215
Unrestricted intergovernmental:				
Local option sales tax	4,030,000	4,480,466	450,466	3,762,600
Telecommunications sales tax	65,000	56,583	(8,417)	70,147
Utilities sales tax	1,007,000	993,777	(13,223)	1,038,805
Video programming	273,000	267,537	(5,463)	263,094
Hold harmless reimbursements	990,000	1,062,515	72,515	943,179
Wine and beer tax	74,500	73,023	(1,477)	73,548
Total	6,439,500	6,933,901	494,401	6,151,373
Restricted intergovernmental:				
Powell Bill allocation	480,000	480,555	555	501,098
Controlled substance tax	1,000	222	(778)	1,390
Highway safety grant	-	-	-	34,999
Coronavirus relief funds	252,000	252,033	33	17,793
Other grants	-	44,599	44,599	9,285
Solid waste disposal tax	12,600	13,086	486	12,940
Total	745,600	790,495	44,895	577,505
Permits and fees:				
Building permits and inspection fees	250,000	376,296	126,296	313,305
Planning and zoning fees	254,000	300,238	46,238	261,167
Fire district	348,000	349,224	1,224	360,065
Other permits and fees	1,600	4,075	2,475	4,243
Total	853,600	1,029,833	176,233	938,780
Sales and services:				
Rents, concessions and fees	307,900	342,121	34,221	456,110
Recreation fees	91,500	117,779	26,279	87,154
Total	399,400	459,900	60,500	543,264
Investment earnings:				
Investment income	2,800	2,827	27	159,539
				-
Assessments	5,170	5,179	9	26,103

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

Schedule 1
(4 pages)

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

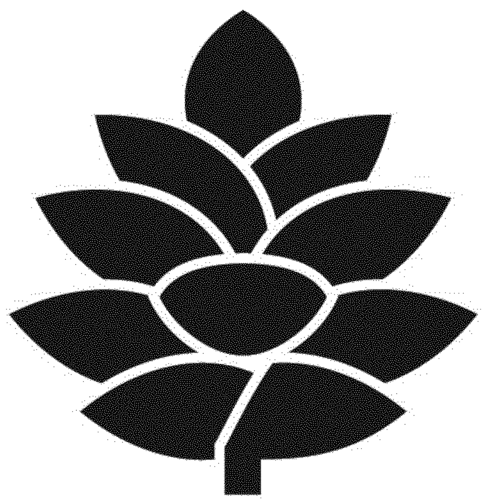
Village of Pinehurst, North Carolina
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Fiscal Year Ended June 30, 2021 with Comparative Actual Amounts for Fiscal Year Ended June 30, 2020

Schedule 1 (4 pages)

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

Village of Pinehurst, North Carolina | **Schedule 1**
General Fund | **(4 pages)**
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Fiscal Year Ended June 30, 2021 with Comparative Actual Amounts for Fiscal Year Ended June 30, 2020

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



COMMUNITY CENTER CAPITAL PROJECT FUND

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

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

Village of Pinehurst, North Carolina **Schedule 2**
Capital Project Fund - Community Center
Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2021

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

AMERICAN RESCUE PLAN ACT SPECIAL REVENUE FUND

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

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

Village of Pinehurst, North Carolina **Schedule 3**

Special Revenue Fund - American Rescue Plan Act

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

From Inception and for the Fiscal Year Ended June 30, 2021

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

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

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

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

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

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

Village of Pinehurst, North Carolina

Capital Assets Used in the Operation of Governmental Funds

Schedule by Function and Activity

June 30, 2021

Schedule 5

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

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, 2021

Schedule 6

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

ADDITIONAL FINANCIAL DATA

This section contains additional information on property taxes.

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

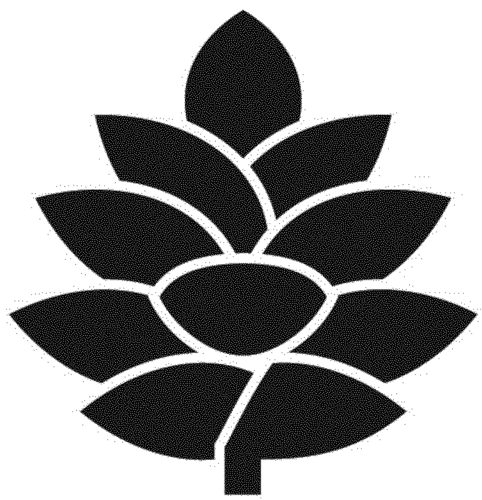
Fiscal Year	Uncollected Balance July 1, 2020	Additions	Collections and Credits	Uncollected Balance June 30, 2021
2020 - 2021	$ -	$ 11,486,218	$ 11,478,077	$ 8,141
2019 - 2020	8,729	-	5,280	3,449
2018 - 2019	2,140	-	105	2,035
2017 - 2018	798	-	404	394
2016 - 2017	79	-	10	69
2015 - 2016	87	-	16	71
2014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

Reconciliation with Revenues

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

Village of Pinehurst, North Carolina **Schedule 8**
Analysis of Current Tax Levy
June 30, 2021

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



STATISTICAL SECTION

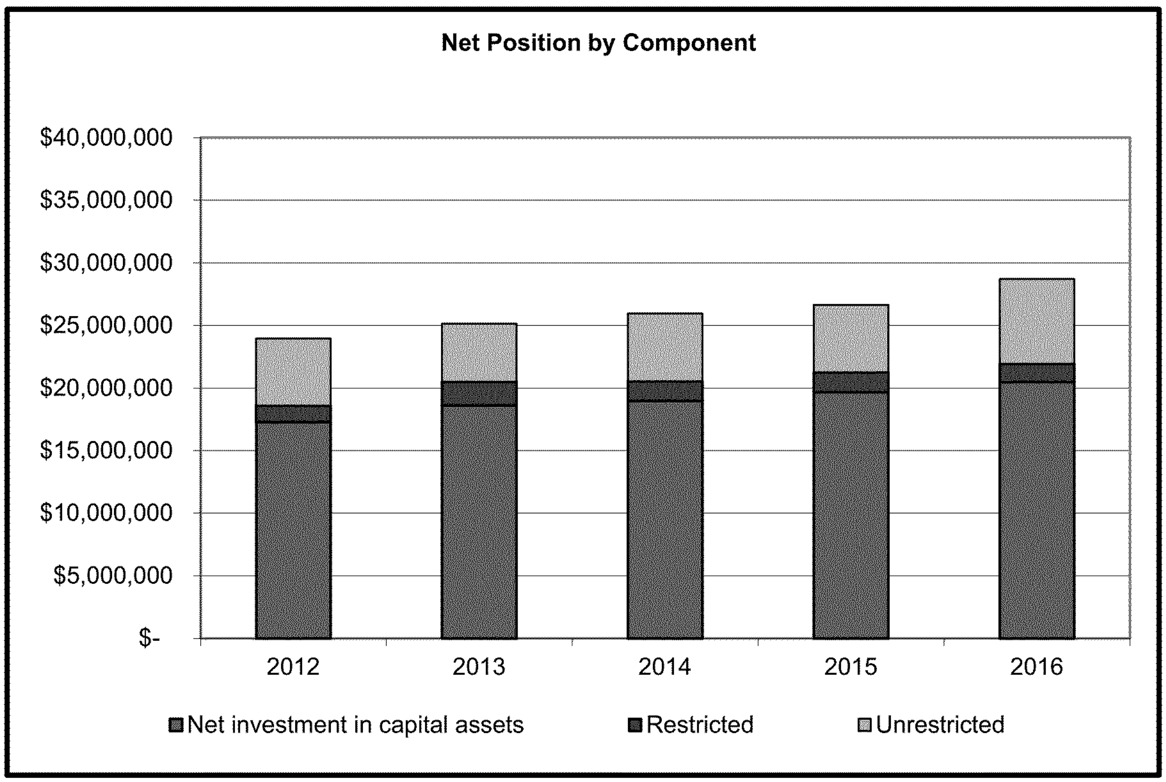
This part of the Village's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information say about the government's overall financial health.

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

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

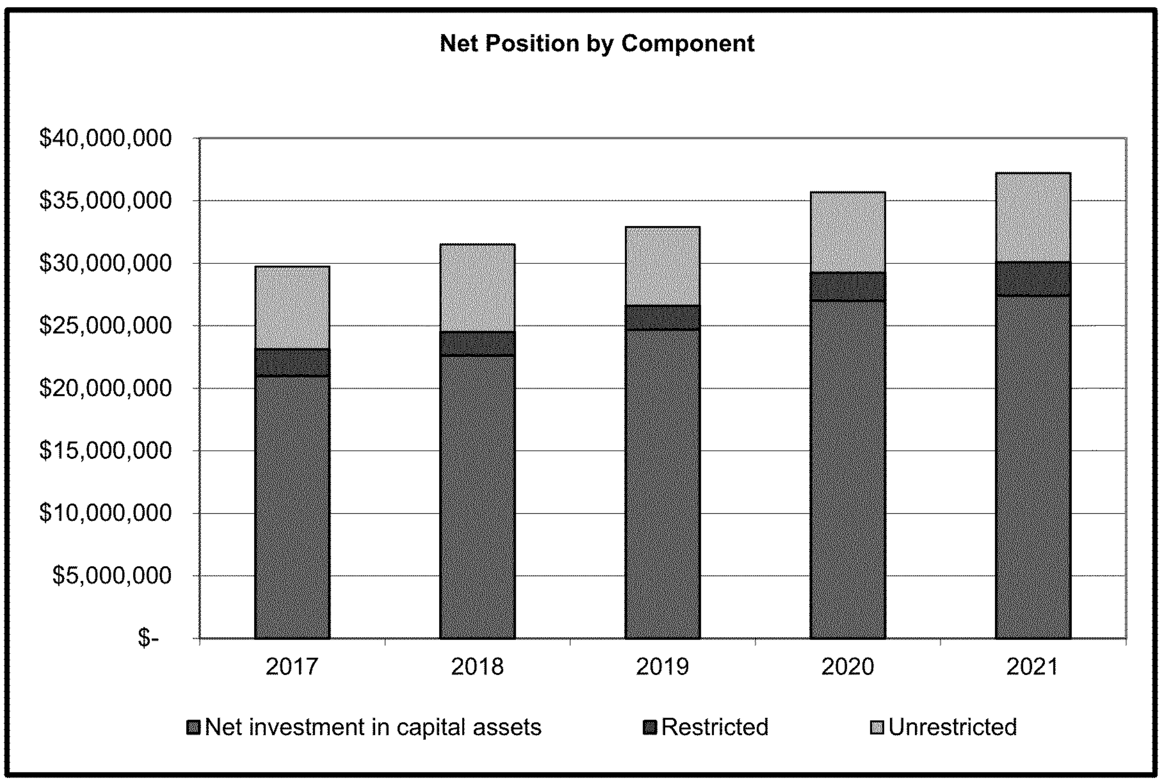
Village of Pinehurst, North Carolina — **Table 1**
Net Position by Component — **(2 pages)**
Last Ten Fiscal Years
(Accrual Basis of Accounting)

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



Village of Pinehurst, North Carolina **Table 1**
Net Position by Component **(2 pages)**
Last Ten Fiscal Years
(Accrual Basis of Accounting)

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



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

Table 2
(2 pages)

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

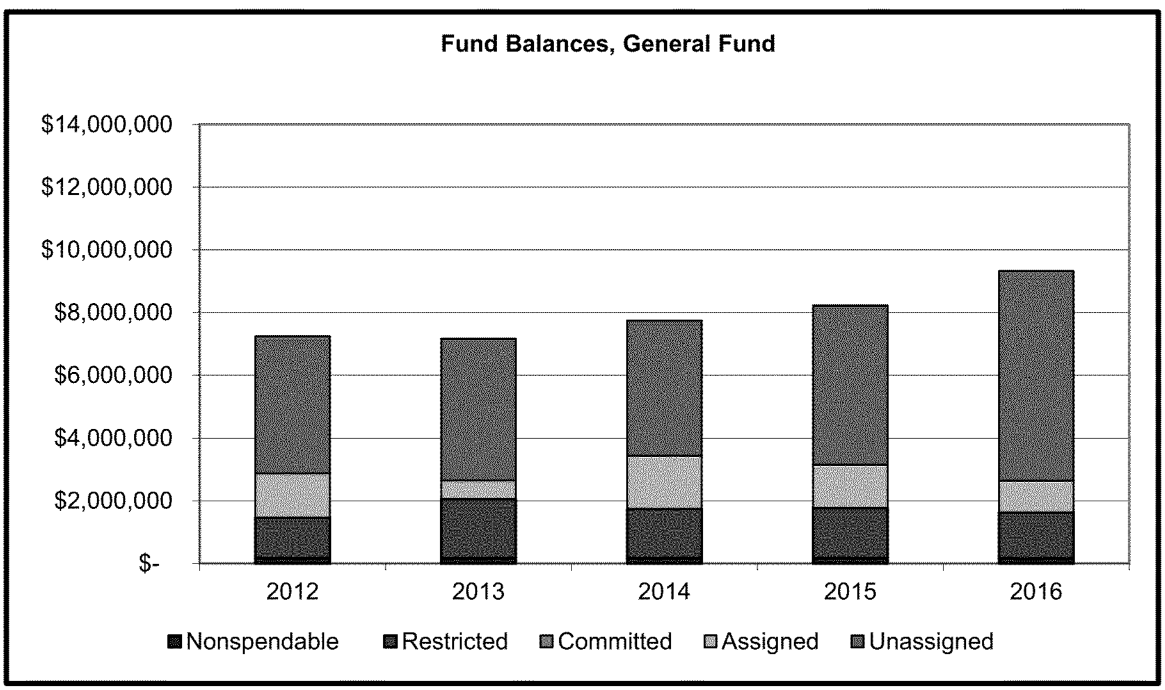
Village of Pinehurst, North Carolina
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

Table 2
(2 pages)

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

Village of Pinehurst, North Carolina **Table 3**
Fund Balances - Governmental Funds **(2 pages)**
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

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



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

Table 3
(2 pages)

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

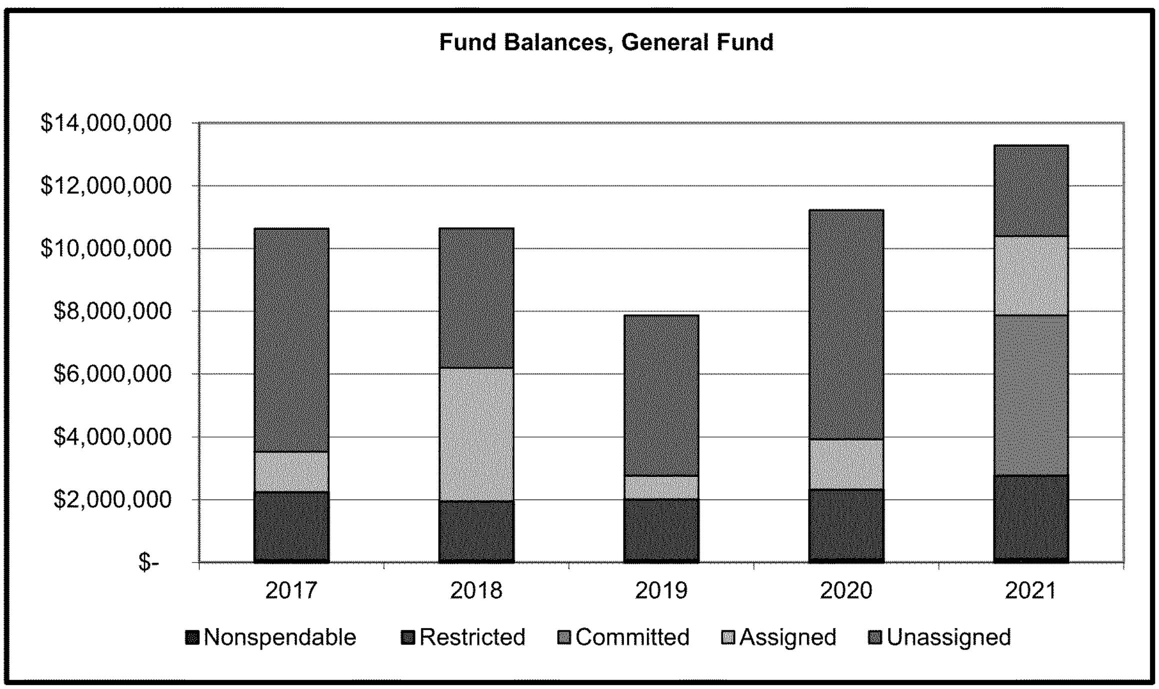


Table 4
(2 pages)

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

Notes:

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

Village of Pinehurst, North Carolina **Table 4**
Changes in Fund Balances - Governmental Funds **(2 pages)**
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

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

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

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

Table 5

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

Sources:
Moore County Tax Department

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

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

Village of Pinehurst, North Carolina

Direct and Overlapping Property Tax Rates

Last Ten Years

(Rates are per $100 of Assessed Value)

Table 6

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

Sources:

(1) Moore County Tax Department

Notes:

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

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

Village of Pinehurst, North Carolina **Table 7**
Principal Property Tax Payers
Current Year and Nine Years Ago

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

Sources:
Moore County Tax Department

Notes:
FY 2021 and FY 2012 data are for tax years 2020 and 2011 respectively.
Pinehurst, LLC includes: Resorts of Pinehurst Inc., Pinehurst, Inc., Pinehurst LLC and Resorts of Pinehurst, Inc.

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

Table 8

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

Sources:
Moore County Tax Department

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

Village of Pinehurst, North Carolina **Table 9**

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

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

Notes:

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

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

Village of Pinehurst, North Carolina **Table 10**

Direct and Overlapping Governmental Activities Debt

As of June 30, 2021

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

Notes:

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

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

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

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

Legal Debt Margin Calculation for Fiscal Year 2021

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

Table 12

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

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

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

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

Village of Pinehurst, North Carolina **Table 13**
Principal Employers
Current Year and Nine Years Ago

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

Sources:
(1) Human Resources Department at First Health of the Carolinas.
(2) Human Resources Department at Pinehurst, LLC f/n/a Resorts of Pinehurst Inc.

Notes:
2021 employment is based on calendar year 2020.

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

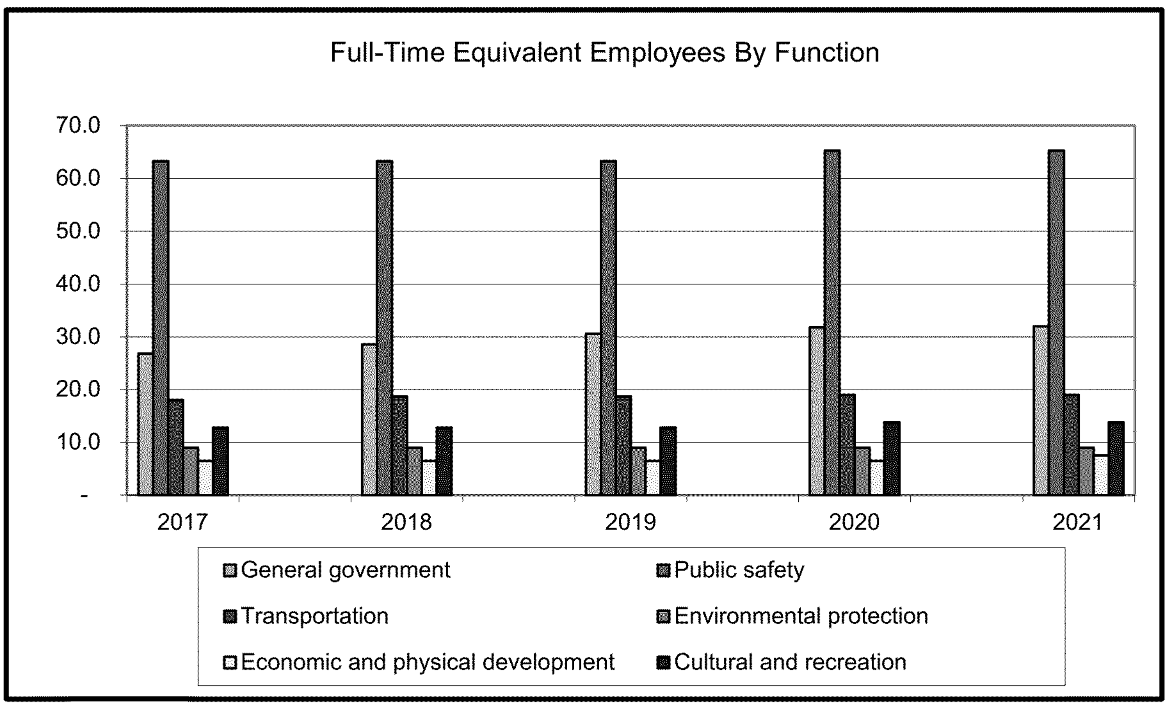
Village of Pinehurst, North Carolina
Full-time Equivalent Employees by Function
Last Ten Fiscal Years

Table 14

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

Source:
Village of Pinehurst Human Resources Department

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



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

Table 15
(2 pages)

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

Sources:
Various Village departments

Notes:
(1) Fiscal Year 2014 includes inspections conducted for the USGA at the US Open Championship venue
(2) Information is not available

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

Table 15
(2 pages)

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

Sources:
Various Village departments

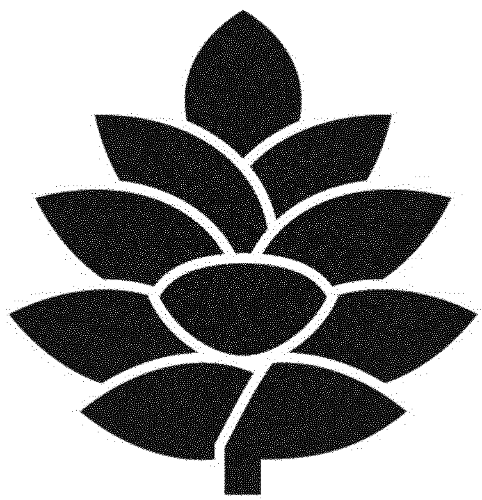
Notes:
(1) Fiscal Year 2014 includes inspections conducted for the USGA at the US Open Championship venue
(2) Information is not available

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

Sources:
Various Village departments

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

Sources:
Various Village departments



COMPLIANCE SECTION

This section contains the reports and schedules listed below:

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

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

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

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

Internal Control over Financial Reporting

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

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

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

DHG

Compliance and Other Matters

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

Purpose of this Report

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

Dixon Hughes Goodman LLP

High Point, NC
October 29, 2021

Schedule of Expenditures of Federal and State Awards

For the Year Ended June 30, 2021

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

Notes to the Schedule of Expenditures of Federal and State Awards

1. Basis of Presentation

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

2. Summary of Significant Accounting Policies

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

VILLAGE COUNCIL
MINUTES FOR REGULAR MEETING OF NOVEMBER 9, 2021
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 9, 2021 in the Assembly Hall of Pinehurst Village Hall, 395 Magnolia Road, Pinehurst, North Carolina. The following attended:

Mr. John C. Strickland, Mayor
Ms. Judy Davis, Mayor Pro Tem
Ms. Lydia Boesch, Councilmember
Mr. Kevin Drum, Councilmember
Ms. Jane Hogeman, Councilmember
Mr. Jeffrey M. Sanborn, Village Manager
Ms. Kelly Chance, Village Clerk

In addition, approximately 40 attendees, including 8 staff and 0 press.

1. Call to Order.
Mayor Strickland called the Village Council meeting to order.

2. Reports:
Village Manager

- Mr. Jeff Sanborn reported the Shop Small program advocates for small businesses and invites visitors to shop downtown. He noted it is going on the week of thanksgiving and you can enter a drawing for gifts currently valued at over $4,000, which comes from local business donations. Mr. Sanborn thanked Councilmember Drum and Mayor Pro Tem Davis for their leadership over the last 4 years and for the many accomplishments they were a part of.

Village Council

- Mayor Strickland reported that on Thursday the Community Presbyterian Church will host a special Veterans service at 11:00 am. He met the Executive Director of the Three Rivers Land Trust and hopes to meet with him again soon. He noted the regional airport is highly regarded and a great asset to our community. He stated in a follow up to our October 26th meeting he met with Mr. and Mrs. Xeroteres about short term rentals and looks forward to working with Council and the residents on this issue in the coming year.
- Mayor Pro Tem Davis stated this Saturday at Pinecrest High School is the hazardous waste and recycling pick-up from 10-2. She thanked the USGA for all the contributions they have made to the community already before they have even moved here. Mayor Pro Tem Davis stated she was appreciative that so many people attended the October 26th Council meeting and would love to see that momentum continue. She stated she is glad to have had the opportunity to serve her community.
- Councilmember Drum stated he had no report. He congratulated Jeff Morgan and Patrick Pizzella. He thanked the staff and his friends and family who have witnessed the defamation and personal attacks he has endured. He stated he has served his community with integrity and honesty and noted there are bigger things going on. Councilmember Drum stated he will work to ensure the politicization will not happen again and work behind the walls of the Village and will work on himself first and then

work to make Council better. He thanked the citizens for the opportunity to serve.
- Councilmember Boesch stated she had no report and thanked Mayor Pro Tem Davis and Councilmember Drum for their service.
- Councilmember Hogeman thanked Mayor Pro Tem Davis and Councilmember Drum for their friendship and service on the Council.

3. 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.

- Approval of Village Council Meeting Minutes.
    - October 26, 2021 Regular Meeting
    - October 26, 2021 Work Session
    - October 26, 2021 Closed Session

End of Consent Agenda.

Upon a motion by Councilmember Hogeman, seconded by Councilmember Boesch, Council unanimously approved the Consent agenda by a vote of 5-0. Councilmember Drum abstained which counts as an affirmative vote.

Mayor Strickland noted that on agenda item number ten (10), Other Business, we will have a discussion tonight on some Code of Ethics issues that have arisen.

4. Discuss and Consider Resolution 21-27 Appointing a Member to the Board of Adjustment and Planning and Zoning Board

Jeramy hooper, Board Chair, stated they are recommending Louise Mercuro to fill the vacant seat on the Board of Adjustment and Planning and Zoning Board. He stated she has extensive knowledge in city and regional planning and has held jobs in her home state in NJ and has a master's degree. She has 30 years of planning and zoning experience and serves as an adjunct professor. He stated her interest lies strongly in historic preservation and currently lives on McKaskill Rd, in the Village. Ms. Mercuro stated she did one of the first unified development codes for a very large city with 800,000 people and has a strong development code background. She stated she has experience both with large cities like Memphis, TN and smaller towns around that area.

Upon a motion by Mayor Pro Tem Davis, seconded by Councilmember Hogeman, Council unanimously voted to approve Resolution 21-27 appointing Louise Mercuro as a member to the Board of Adjustment and Planning and Zoning Board by a vote of 5-0.

5. Discuss and Consider Resolution 21-24 Adoption of the Fort Bragg Regional Land Use Advisory Commission Bylaw Revisions

Mr. Jeff Sanborn, Village Manager stated the Regional Land Use Advisory Commission (RLUAC) exists to help ensure that development that occurs in areas that immediately surround Fort Bragg is compatible with Fort Bragg's long-term and vital training mission. RLUAC has approved revisions to its bylaws that modernize its governance structure. He stated he is a board member of RLUAC and participated in this update process. In order for the bylaws to be officially amended, the approval of two-thirds of the local government members of RLUAC is needed. The RLUAC Board of Directors has provided a redlined version of the bylaws, and a clean version of the bylaws to be considered and adopted as a Resolution.

Upon a motion by Councilmember Hogeman, seconded by Councilmember Boesch, Council unanimously voted to approve Resolution 21-24 Adoption of the Fort Bragg Regional Land Use Advisory Commission Bylaw Revisions by a vote of 5-0.

6. Motion to Recess Regular Meeting and Enter Public Hearing

Upon a motion by Councilmember Drum, seconded by Councilmember Hogeman, Council unanimously voted to recess the regular meeting and enter public hearing 1 – Hollycrest Major Subdivision, by a vote of 5-0.

7. Public Hearing No. 1 – Hollycrest Major Subdivision

Planning and Inspection Director, Darryn Burich, stated the purpose of this public hearing is to consider a Major Subdivision Review for a 40-lot single family subdivision within the Village's ETJ. This property is identified as Moore County PID# 00020147 and is located at Hollycrest Ln, an improved road that intersects with Linden Rd. The applicant is Ken Bass and the property owner is HEK Management, LLC.

Mr. Burich noted that subdivision reviews are administrative reviews (not legislative or quasi-judicial) elevated to Council. Administrative reviews apply the technical standards of the Pinehurst Development Ordinance requirements to the proposed subdivision review.

Mr. Burich stated after the public hearing is closed, Council will discuss and consider Resolution # 21-28 Hollycrest Major Subdivision. Council shall approve, approve with conditions, or reject the plat. If rejected, reasons must be stated in the record for ways to revise plat for approval. Council may also continue action until a future meeting. Action must be taken with 90 days item is placed on Council agenda or plat shall be deemed approved.

Mr. Burich stated the applicant, Kenn Bass, requests a Major Subdivision approval to allow for development of a 40-lot single family subdivision located in the Village's extraterritorial jurisdiction (ETJ) along with the related infrastructure. In accordance with Section 9.17.1.3 of the Pinehurst Development Ordinance (PDO), all proposed major subdivisions are reviewed by the Planning & Zoning Board and a public hearing is to be held. The Planning & Zoning Board must then submit a recommendation on the proposed major subdivision to the Village Council.

Mr. Burich stated the parent tract of this proposed subdivision is identified as Moore County PID# 00020147 and is approximately 40 acres in total size. This tract abuts Linden Road, a North Carolina Department of Transportation owned and maintained road. He stated the subject area is located just outside of the Village's corporate limits and within the Village's ETJ. Mr. Burich stated the applicant has indicated no intention to petition for voluntary annexation into the Village's corporate limits. He stated the proposed subdivision is adjacent to various land uses and zoning.

Mr. Burich stated the proposed subdivision would create 40 new single-family lots. The smallest of the proposed lots are shown to be about 25,000 square feet in size which exceeds the minimum lot size requirement of 15,000 square feet in the R-15 zoning district. The largest lot shown to be about 38,000 square feet in size. The total amount of buildable area in square feet based on the applicable setbacks is provided on the preliminary plat. The property is located within a watershed protection area which limits a development intensity for the project area of a maximum of one unit per acre. The proposal to create 40 residential units complies with this density limitation. Due to the more restrictive watershed development intensity requirement, the applicant has not chosen to develop the proposed subdivision following the open space subdivision criteria which allows for smaller lot sizes and less stringent setbacks while providing for a minimum percentage of open space. However, the applicant is still providing approximately 15% open space with the proposed subdivision layout. The open space and other areas/lots consisting of stormwater management along with the roads will be owned and maintained by a homeowner's association (HOA).

Mr. Burich stated subdivision layout and design are reviewed for compliance with Section 9.17.1.12 of the PDO and the Technical Review Committee (TRC) has been reviewing this proposed major subdivision for compliance with the PDO and the Village of Pinehurst Engineering Standards and Specifications Manual (ESSM). He noted the applicant is proposing internal streets with a 50' right of way, 24' street width and a 45' cul-de-sac radius. The approximate total length of all the internal streets is 5,876 linear feet. The applicant is proposing to use concrete valley gutter in lieu of concrete curb and gutter which will require a waiver of the standards in the ESSM. Access to the subdivision will be from two connections to Linden Road, a NCDOT owned right-of-way. The NCDOT has reviewed the proposed layout and have determined no improvements will be needed to Linden Road because of this subdivision. All streets will be required to be constructed in accordance with the Village's ESSM as well as meet the requirements for emergency services vehicles.

Mr. Burich stated street trees will be required at a rate of one large hardwood or pine per 40 linear feet of road frontage minus driveways. The approximate location of the street trees is depicted on the plat. Other than the required street trees, no other landscaping is required. However, the applicant has provided an area of open space along the perimeter of the development including a wide area along Linden Road where the existing Village of Pinehurst Greenway runs parallel as depicted on the preliminary plat. The area along Linden Road is heavily treed and a tree survey has been included with the application material to indicate all the trees within the perimeter open space areas.

Mr. Burich stated sidewalks are required to be installed along one side of all new streets and are being shown on the submitted plans. 4 The proposal includes public water and sewer to the lots that will be served by Moore County Public Works. The applicant has provided a proposed utility layout plan and is included with this submittal. The current plan indicates stormwater control measures on-site and is depicted on the preliminary plat. The stormwater system will be designed and constructed in accordance with the Village's ESSM and may be subject to change to meet those design requirements. The applicant indicates that a homeowner's association will be formed and will be responsible for maintaining all the privately owned utility structures and network.

Mr. Burich stated the TRC, made up of staff from the Village's Planning and Inspections Department, Administration Department, Public Services and Engineering Department, Fire Department and Moore County Public Works, has reviewed the proposed Major Subdivision and have issued comments to the applicant. The applicant has made revisions based on those comments from the TRC and Mr. Burich stated that at this time, staff and the TRC have deemed the preliminary plat compliant and recommend the Planning and Zoning Board recommend approval of the preliminary plat to Village Council.

Ken Bass, applicant stated he feels he has met all the design requirements and requirements of the Planning and Zoning Board and he noted he understood there is opposition to the approval but noted that they are doing what is already zoned for and not making any changes.

Mayor Strickland stated one issue is the historic nature of the property and the homes that are there now; he noted he hopes the applicant plans to stay consistent with the rest of those homes and those within the Village. Councilmember Boesch stated she watched the P&Z video and wondered who they would market to for these homes. Mr. Bass stated they would be approximately 2600 to 2300 sq. foot homes and would not be starter homes. He stated the builder will be Dickerson who has been building exclusively in National number 9 and plans are to sell to Dickerson, who would then build spec homes.

Public hearing comments from attendees:

A. Mr. and Mrs. Wayne R. Boyles III – Stephanie of 360 Sugar Pine Drive: Provided copies of information to Council members demonstrating how their property will be directly impacted by this proposed sub-division.

B. Tara Maranzano – 105 Keswick Lane stated, she moved there two months ago – in her research she has concerns following the planning & zoning meeting. She states she does not believe it would preserve the charm and asked about how the original home on the property would be preserved. She stated the traffic study shows a flawed formula using one car per household, which should be two cars per home. She stated the variable is inaccurate and an appropriate traffic study should have been done looking at the traffic that is already on Linden road. These cars all go into Linden and that is an additional amount. She also doesn't believe that with the construction noise etc. that it will not protect the village charm. She stated the report on the woodpecker study was not supplied to us. The report does suggest that the woodpecker may potentially live in the area. The report supplied by the survey was conclusive that there were no woodpeckers in the area.

C. Jamie Keene – 101 Keswick Ln: Existing home in Hollycrest – Historic nature of the neighborhood She stated she attended the last meeting and noted Mr. Bass had no knowledge of the history and does not still state if these homes will be starter homes. Homes built in 1986 are brick on all four sides and detached garage – Georgian architecture style – developer did not continue development – she would like to know definitive answers – couldn't tell from the last meeting if he planned on putting sidewalks on the side of the street – she has magnolia tree older than any in Pinehurst – if they put concrete over the roots it will kill it.

D. Susan Pullara, 4 spruce court: moved here two months ago and had no idea about this – concern is she lives close to that retention pond – if 40 feet is the buffer than what is going to be there? Will it be someone's backyard – will all the trees and vegetation be knocked down. She wants to have the details she stated so she knows what she will be looking at through her picture windows

Councilmember Hogeman stated that by choosing this type of land, you are going for the requirements for a watershed instead of asking for a Special Intensity allocation, which means you are putting in half the number of homes you could be putting in. She stated she also appreciates the 40-foot buffer they are doing, when they didn't have to. But this tract of land weaves through an area of established homes. She asked if the federal approvals been received and will the stormwater plan take stormwater runoff from existing roads – Hollycrest land and Keswick lane – as well as the new runoff water. Councilmember Hogeman said she hopes as many steps as possible will be maintained to keep as many trees on the property as possible.

Mike Apke, Public Services Director, answered several questions from the Councilmembers about the stormwater retention plans and noted they will be adding an additional pond, keeping it with the same look as the existing pond, to help keep the area congruent.

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

Upon a motion by Mayor Pro Tem Davis, seconded by Councilmember Drum, Council unanimously approved to adjourn Public Hearing 1 – Hollycrest Major Subdivision and re-enter the Regular Meeting by a vote of 5-0.

9. Discuss and Consider Resolution #21-28 Hollycrest Major Subdivision.

Mr. Burich stated the purpose of this item is to consider Resolution #21-28 for the Hollycrest Subdivision which property is identified as Moore County PID# 00020147. The subject subdivision is generally located at Hollycrest Ln, an improved road that intersects with Linden Rd. The applicant is Ken Bass and the property owner is HEK Management, LLC.

Mr. Burich reminded Council that they shall approve, approve with conditions, or reject the plat. If rejected, reasons must be stated in the record for ways to revise plat for approval. Council may also continue consideration of the plat to a future date. Action must be taken with 90 days item is placed on Council agenda or plat shall be deemed approved.

Upon a motion by Councilmember Hogeman, seconded by Councilmember Boesch, Council unanimously approved without conditions or restrictions, Resolution 21-28, approving a preliminary subdivision plat for the Hollycrest Subdivision, a 40-lot single family subdivision, located at Hollycrest Ln, an improved road that intersects with Linden Road. The Village Council accepted the applicant's Standards of Review and adopts them as the Findings of Fact. Village Council finds that each of the Standards of Review have been met based on the evidence submitted into the record as part of the application materials and testimony given at this public hearing.

10. Fair Barn Request – Memorial Service

Mark Wagner, Parks and Recreation Director, presented Council with a request from a resident asking for a military memorial service having a 21-gun salute for a service member. He noted they will be shooting blanks and should take no more than a couple of minutes completing the salute. He stated per Municipal Code 130.01, it is unlawful to discharge any firearm in the Village and that only Village Council can grant an exception for a special event and the Chief of Police can place any special conditions he deems in the best interest of the public if Council approves an exception.

Mr. Wagner noted if this request is approved, staff would work with the clients, and our customers at the Harness Track, on the timing and location for the salute so it does not impact harness training or cause any safety concerns on site.

Upon a motion by Councilmember Hogeman, seconded by Councilmember Boesch, Council unanimously approved to approve an exception to Municipal Code 130.01, which states it is unlawful to discharge any firearm in the Village, for the purpose of a special event request for a military memorial service requiring a 21-gun salute for a date, time, and location to be determined by the Village of Pinehurst Parks and Recreation staff, by a vote of 5-0.

11. West Pinehurst Community Park Site Master Plan

Mark Wagner, Parks and Recreation Director, stated staff and consultants with the McAdams Company will present the final draft of the site master plan for West Pinehurst Community Park and are seeking adoption of the plan as presented.

Mr. Wagner noted the amenities proposed in the plan remain unchanged from our last presentation to Council. Village staff and our consultants feel that these additional amenities are needed to meet the existing and future needs of the Village. Amenities shown in the plan include a dog park (small and large dog section), playground, walking paths (paved and unpaved), athletic fields with lights (2 flex fields, 1 rectangular field), restrooms/shelters and associated parking.

Mr. Wagner stated participation in Parks and Recreation programs and athletic offerings have increased from 2,274 participants in FY2010 when the P&R Comprehensive Master Plan was initiated, to a total of 4,085 participants in FY2021. We have also seen an increase in the number of program and athletic offerings from 92 in FY2014 to 182 in FY2021.

Mr. Wagner stated facility rentals for athletic purposes has increased from 1,907 hours in calendar year 2020 to 3,931 hours in calendar year 2021. Some of this increase is due to Covid and from athletic leagues/programs not being held in 2020. These rental numbers include facilities at Cannon Park and the Pinehurst Harness Track where most of our soccer/lacrosse rentals were moved while the Wicker Park site was used as a temporary school.

Mr. Wagner stated that at the end of FY2021, the Village had 143.35 acres of developed parks, or 8.19 acres per 1,000 residents based on PR.C.1 of our Key Performance Indicator (KPI) that is tracked annually. The National Recreation and Parks Association's 2021 NRPA Agency Performance Review which I have attached indicates that jurisdictions serving populations less than 20,000 have a median of 12.4 acres of parkland per 1,000 residents. In order for the Village to meet the median of 12.4 acres per 1,000 residents, we would need 217 acres of developed parkland to reach that threshold. The Village's current 8.19 acres per 1,000 residents is above the lower quartile of 5.2 acres per 1,000 residents but below the upper quartile of 21.8 acres per 1,000 residents for jurisdictions below 20,000 population.

Mr. Wagner noted that at the last meeting there was also discussion related to the benefits of synthetic versus grass for the fields proposed at West Pinehurst and our existing facilities. I have attached a copy of an email from a reputable vendor in the field who answered questions about the two surfaces. This should merit further discussion and consideration for any development of new fields or retrofitting existing fields to determine the most appropriate and cost-effective surfacing. There may also be opportunities to realize some volume pricing discounts if we were to coordinate a Village synthetic turf project with another municipality or school interested in similar projects. The local high schools may be an example of this if they proceed with running track and/or football field projects that would convert their facilities to synthetic turf in the early summer of 2022.

Councilmember Hogeman opposed the continuation of the plan and stated Council should look at some alternatives and said we should not be approving an item that is going to be discussed at our retreat. Councilmember Boesch stated this is just a culmination of 20 years to get to this point and approving it does not mean we are committed to spending money on it.

Upon a motion by Councilmember Boesch, seconded by Councilmember Drum, Council voted to approve the site master plan for West Pinehurst Community Park as proposed and presented by McAdams Company, by a vote of 4-1 with Councilmember Hogeman voting no.

12. Presentation of Financial Statements for the Year Ended June 30, 2021

Brooke Hunter, Financial Director, presented the un-audited financial statements for the fiscal year ended June 30, 2021. She noted the Village ended the fiscal year in a strong financial position with the fund balance above the Council's policy minimum and no installment purchase debt. In addition, she stated the operating expenditures are in check and the revenues are growing at a moderate pace, despite the impacts of the COVID-19 coronavirus pandemic on our local economy. Ms. Hunter noted the results, in conjunction with the strong performance management system, should position the Village well to carry out the objectives contained in the FY 2022 Strategic Operating Plan (SOP).

Ms. Hunter stated the Village's General Fund revenues exceeded expenditures by $2,059,598, bringing General Fund fund balance to $13,288,868. This year, $1,421,000 in projects were reappropriated in the FY 2022 budget, as they were not purchased or completed by June 30. The Community Center Capital Project Fund was closed during FY 2021 upon completion of the facility, and the remaining balance in the fund of $244,999 was transferred to the General Fund. The American Rescue Plan Act Special Revenue Fund was established in June 2021 to account for the use of federal grant funds for COVID-19 relief and economic recovery efforts. However, since the first tranche of funding was not received by year end, there is no current year fund activity.

Ms. Hunter stated the Village's fund balance policy requires us to maintain unassigned fund balance of at least 15% of actual expenditures and a minimum fund balance of 30% of budgeted expenditures. Fund balance is maintained at these levels to meet the Village's cash flow needs and to prepare us for emergencies and opportunities that may arise. The policy also states that when total fund balance on June 30 is in excess of 40% of actual General Fund expenditures, Council may commit excess fund balance for future capital needs. In FY 2021, Council approved resolutions committing excess funds for future capital needs totaling $4,102,691 and also committed $1,000,000 for improvements to the Given Memorial Library and Tufts Archives. At June 30, the General Fund has unassigned fund balance of $2,891,475, or 15%, of actual expenditures and total committed fund balance of $5,102,691, or 26% of actual expenditures.

Ms. Hunter stated the total fund balance of $13,288,868 represents 58% of budgeted expenditures. The statewide average for total fund balance in the Village's population peer group is 54%. This amount includes the $1,421,000 in reappropriated projects that were on order or not complete at year-end.

Ms. Hunter stated the Village's total cash and investments at June 30 were $12,526,000 compared to $10,856,000 the previous year. This is an increase of $1,670,000, or 15%. The Village earned approximately $2,900 on investments during the year at an average yield of 0.02% due to historic low interest rates during the pandemic. All deposits were insured or collateralized as required for local governments and managed under the Village's investment policy.

Ms. Hunter stated the Village's outstanding installment purchase debts decreased by $141,600, or 100%, during the fiscal year. This decrease was due to the scheduled repayment of principal on existing debt obligations and the acceleration of remaining debt payments scheduled for a future fiscal year. The Village had no installment purchase debt outstanding at June 30 and total debt service for the year was 0.6% of budgeted expenditures.

Ms. Hunter stated capital investments during the year pushed the Village's total capital assets to $53,001,000. This is an increase of $1,799,000, or 4%, over the previous year. The most significant additions were the rescue truck replacement, automated solid waste vehicle replacement, and purchase of two parcels of land – one for a potential future fire station and the other adjacent to West Pinehurst Park. Overall, the Village's capital assets have 45% of their original (undepreciated) value remaining, which is greater than 40% in the previous year due to the completion and capitalization of the Community Center facility

Ms. Hunter stated General Fund revenues were $924,000, or 4.6%, above the year-to-date budget projections. This is above the normal variance of around 1% above budgeted projections due to higher than anticipated local option sales taxes and significant permits and fees. Property taxes were above our budget estimate by approximately $33,000. Overall property tax collections for the year were strong with 99.93% of the 2021 levy collected at year-end. Sales tax revenue was $523,000, or 10.4%, higher than budgeted. When establishing the revenue budget for FY 2021, the impacts of the COVID-19 pandemic were unknown. The Village conservatively budgeted revenue sources that are more susceptible to economic downturns, most notably local option sales taxes. Fortunately, sales tax distributions have increased significantly over the past two years, despite the pandemic. Some factors that contributed to this growth include direct aid to most U.S. taxpayers during the pandemic, a shift from consumer spending on non-taxable services to spending on taxable goods, and collection of sales tax on most online purchases.

Ms. Hunter stated permit revenue was $173,000, or 34%, above budget due primarily to two significant non-residential projects at FirstHealth. She noted the larger portion of the year-end variance can be attributed to expenditures being below budget. General Fund expenditures were $3,566,000 or 15.6%, below budget overall. Expenditures were less than budgeted amounts for the following significant items: (1) contracted and professional services of $301,000 were lower than expected, (2) salaries and benefits were $824,000 lower due to employee vacancies related to turnover, and (3) capital expenditures were $1,436,000 below budget due primarily to a fire engine that was on order at year-end and sidewalk and parking lot projects that were being designed but were not constructed by year-end. Overall operating expenditures represented 82% of operating revenues, a 2% increase from the previous year.

Ms. Hunter stated for capital outlay, 57% of the General Fund budget was expended at year's end. The majority of this variance was due to the fire engine, Cannon Park parking lot, Rattlesnake Trail/Woods Road sidewalk, and Magnolia Streetscape improvements that were carried over to the next fiscal year. Compared to the previous fiscal year, capital expenditures were up by $970,000 or 103%.

Ms. Hunter stated as we look to the future, the Village's revenue prospects look sound. Unemployment in our area decreased to 4.8% compared to 7.3% at the same time last year, bringing the rate in line with those seen the last few years prior to the pandemic. The Village also added 136 new homes last year compared to 188 and 122 in the previous years. The steady growth in single-family home construction indicates that the Village's tax base will increase proportionately next year. The Village has also seen significant commercial development over the past three years.

Ms. Hunter noted during FY 2021, the Fair Barn covered 32% of operating expenditures with operating revenues. This is less than the 53% recorded in the previous year and below the balanced scorecard target of 55%. It is the direct result of closing the facility for most of the fiscal year to comply with state-mandated restrictions. Fortunately, the capacity limitations were removed as of May 2021, and the facility is back to hosting various events. While revenues were significantly lower in FY 2021 due the closures, operating expenditures were also down. Discounts for non-profit events totaled $43,000, compared to $42,000 last year. This includes hosting 53 FirstHealth COVID-19 vaccination clinics with total discounts of $35,000. Before discounts were applied, the Fair Barn covered approximately 48% of operating expenditures for the year.

Ms. Hunter stated the Harness Track covered 40% of its operating expenditures compared to 51% in the previous year. This is slightly below their performance target of 45%. The decrease from the previous year is primarily due to an 18% reduction in revenues from last season. Last year during the pandemic, we received some late season revenue as several trainers requested to retain their horses at our facility after the training season ended since many other facilities in their home states were not open.

Ms. Hunter concluded her presentation stating that overall, the Village ended FY 2021 better than expected and is well positioned to carry out the initiatives outlined in the FY 2022 SOP. The effects of COVID-19 on our financial condition in FY 2021 were less severe than we originally anticipated. With the $2,060,000 addition to fund balance at June 30, 2021 and the $1,421,000 reappropriation in July, there is now $639,000 in new fund balance that was not allocated in the five-year capital plan.

13. Presentation of Financial Statements for the Quarter Ended September 30, 2021

Brooke Hunter, Financial Director, presented Council with the quarterly financial statements for the three months ended September 30, 2021. Financially, the Village is off to a good start for FY 2022. At the end of the first quarter, revenues exceeded expenditures by a larger margin than anticipated in our forecast. These results should position us well to carry out the objectives outlined in the FY 2022 Strategic Operating Plan (SOP).

Ms. Hunter stated the Village's General Fund is showing $7.6 million in income for the first three months of the year compared to $6.4 million the prior year. The Village's General Fund fund balance is currently 84% of budgeted expenditures, which is higher than the 78% level seen the previous year at September 30. During the first quarter, the Village received its first allocation of American Rescue Plan Act funds totaling $2,648,000. These funds are recorded in the American Rescue Plan Act Special Revenue Fund, which will be used to track the use of these distributions in accordance with US Treasury guidance.

Ms. Hunter stated the Village's total cash and investment balances increased by $3,221,000, or 20.1%, compared with the previous year due primarily to the receipt of the American Rescue Plan Act funds. Of the $19.3 million in cash and investments at September 30, 2021, $18.6 million was held in the North Carolina Capital Management Trust Government Portfolio. The Village does not have any installment financing debt obligations as of September 30.

Ms. Hunter stated general fund revenues were $1,124,000, or 11%, above the quarterly budget projections. Property tax revenues were $941,000 above the quarterly revenue estimate. Most of this variance was due to the timing of the Village's real and personal property tax collections. The collection rate of 81% through the first quarter was higher than the 78% collection rate at the same point last year. It is also worth noting that the valuation of real & personal taxable property increased by approximately 1% and motor vehicle valuations increased 4% compared to this time last year. Both of these growth rates are comparable to our FY 2022 budgeted increases of 1.5% and 1.0% for real & personal property and motor vehicles, respectively.

Ms. Hunter stated local option sales tax revenues were $183,000, or 17% higher than the quarterly budget. This should be viewed cautiously, however, since most of the revenue for the quarter is based upon estimated revenues for sales taxes collected which we will not receive until the second quarter. General fund operating expenditures were $1,415,000, or 27%, below the quarterly budget overall, which is comparable to previous year amounts at this point in the fiscal year. 2 For capital outlay, only 15% of the capital outlay budgeted in the first quarter was expended. Several projects planned for the first quarter have not been completed but are still expected to be performed during the fiscal year. Variances of this kind are common in the first quarter and will level out as the fiscal year progresses.

Ms. Hunter stated growth in the Village's property tax base continues to remain steady and is a key influence on the Village's financial outlook. The total tax base increased by 1% this quarter as a result of growth, compared to 2% the previous year. So far this year, the Village has issued 25 new residential building permits valued at nearly $6.8 million, compared to 45 new permits issued at the same time last year. We anticipated 150 new homes for FY 2022. Other Items:

Ms. Hunter stated during the quarter, the Fair Barn covered 79% of operating expenditures with operating revenues. This is significantly greater than the same quarter last year, in which the Fair Barn recognized no revenues and issued a refund, resulting in a negative 3% of operating expenditures covered with operating revenues. Last year's result was directly related to state-mandated facility closures. Although this year's result is slightly below the Balanced Scorecard goal of 95%, so far we are seeing increases in event reservations for the remaining months of the year and fewer postponements as a result of COVID.

Ms. Hunter stated the Harness Track covered 17% of its operating expenditures compared to 23% the previous year. Revenues were in line with quarterly budget estimates and expenditures fell below budget. Variances of this type are typical due to the timing of stall rental revenues at the start of the training season. By the end of the second quarter, we should have a better idea of where the Harness Track stands for the season. The performance target for expenditure coverage for this fiscal year is 45%, the same as the previous year.

Ms. Hunter concluded her point with noting that at this point in the fiscal year, we are doing better than we anticipated with revenues ahead of forecast and expenditures below forecast. There are still many variables at play in our overall financial outlook and most of the variances in revenues, expenditures, and capital outlay may be resolved as the fiscal year progresses. We will continue to closely monitor all revenues and expenditures to ensure good financial oversight of taxpayer dollars.

14. Receive Risk Management Committee Annual Report and Consider Employee Health Benefit Plans

Jeff Batton, Assistant Village Manager of Operations stated that each year at this time, the Risk Management Committee (RMC) brings forth the annual report of business insurance expenses and makes recommendations to the Manager and Council for the employee health benefit package for the upcoming calendar year.

Mr. Batton provided Council with the full report from the RMC prior to the Council Meeting and reviewed the highlights in the report. He advised that should Council agree with the benefit recommendations, a motion authorizing execution of the medical and dental insurance contracts will be necessary due to the contract amounts. He noted the remaining contracts for vision, AD&D, and disability are under the Manager's contract threshold for execution.

15. Other Business

Council presented no other business for consideration.

16. Comments from Attendees.

- Brenda Xeroteres, 180 Idlewild Rd addressed Council about the problem of Short-term rentals and stated the residents of the Village have been waiting for more than 7 years for Council to act.
- Linda Guerra,15 McQueen Rd, addressed Council about VRBO – Vacation Rentals By Owner and problems with area short-

term rentals and noted Council needs to act and make us, the residents, priority.

17. Motion to Adjourn.

Upon a motion by Mayor Pro Tem Davis, seconded by Councilmember Drum, Council unanimously approved to adjourn the regular meeting by a vote of 5-0 at 8:54 p.m.

Respectfully Submitted,

Kelly Chance,
Village Clerk

A videotape of this meeting is located on the Village website: www.vopnc.org
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 of Pinehurst
Initiative Action Plans (IAPs) Quarterly Report
FY 2022

	Goal	IAP Name	IAP Description	FY	Q1 FY 2022 IAP Status				
					IAP Statu	Q1 Comments	IAP Metrics	YTD Actual	YTD Goal
Customer	Promote high quality development and appearance	Update the Pinehurst Development Ordinance	Update the Pinehurst Development Ordinance to reflect priorities of the 2019 Comprehensive Plan and changes required by 160d legislation.	FY21-FY25		The draft RFQ/RFP is currently in development. Task #2 (reviews and recommends consultant for VC to interview), is paused until the RFQ/RFP is finalized.	# of PDO sections drafted and presented to Village Council	3	10
		Small Area Plan for the Village Place/Rattlesnake Trail Corridor and Pinehurst South/Hwy5 Commercial Area	Engage a consultant and develop small area plans for 2 Focus Areas identified in the 2019 Comp Plan. This represents and update and expansion of the previously adopted 2008 New Core Master Plan and a new plan for the Pinehurst South Focus Area 2.	FY22		The project is in Phase III. Draft final plans the form-based codes are being developed and a public workshop will be scheduled mid-November/early December.	# of participants who attended meetings or view information on Engage Pinehurst	282	25
	Promote a thriving business community	Expand Downtown Parking Facilities	Develop plans and construct a parking facility on Pinehurst, LLC property behind the Holly Inn.	FY22-23		Future FY22 tasks.	# of parking spaces downtown	364	364
	Protect the environment	Develop a comprehensive stormwater master plan	Develop a plan and strategy to address stormwater issues and concerns within the community.	FY21-FY23		Consultant (McGill) selected, contract negotiated in Q1. The team plans to take the contract to Council for approval in October 2021.	# of MyVOP stormwater requests	25	38
	Promote active living and cultural opportunities	Expand/Enhance Library Services	Create and implement a plan to expand/enhance library services	FY22-26		Future FY22 tasks.	Assume operations of Given Memorial Library		

IAPs listed in red are FY 2022 Village Council Areas of Focus.

Key for IAP Status	
	In progress; NOT on schedule
	In progress; on schedule
	Completed
	Starts in the future
	Removed IAP and metric
Key for Metrics	
	Did not achieve projected performance
	Achieved projected performance
	Starts in the future