

Incident IBR Reported Offenses Month To Month Comparison

Pinehurst Police Department

October 2016 - October 2015

Part I Offenses	October 2015	October 2016	+/-	Percent Changed	Year-To-Date		+/-	Percent Changed
Murder	0	0	0	0%	0	1	1	-
Rape	0	0	0	0%	1	0	-1	-100%
Robbery	0	0	0	0%	1	0	-1	-100%
Commercial	0	0	0	0%	0	0	0	0%
Individual	0	0	0	0%	1	0	-1	-100%
Assault	0	0	0	0%	5	1	-4	-80%
Violent Total:	0	0	0	0%	7	2	-5	-71%
Burglary	1	0	-1	-100%	1	0	-1	-100%
Residential	1	0	-1	-100%	1	0	-1	-100%
Non-Residential	0	0	0	0%	0	0	0	0%
Commercial	0	0	0	0%	0	0	0	0%
Other	0	0	0	0%	0	0	0	0%
Larceny	7	9	2	29%	82	71	-11	-13%
Auto Theft	0	0	0	0%	1	1	0	0%
Arson	0	0	0	0%	0	0	0	0%
Property Total:	8	9	1	12%	84	72	-12	-14%
Part I Total:	8	9	1	12%	91	74	-17	-19%

Part II Offenses	October 2015	October 2016	+/-	Percent Changed	Year-To-Date		+/-	Percent Changed
Drug	0	33	33	-	55	157	102	185%
Assault Simple	0	2	2	-	8	12	4	50%
Forgery/Counterfeit	0	0	0	0%	2	4	2	100%
Fraud	6	1	-5	-83%	41	23	-18	-44%
Embezzlement	0	1	1	-	0	1	1	-
Stolen Property	2	1	-1	-50%	9	6	-3	-33%
Vandalism	4	2	-2	-50%	22	29	7	32%
Weapons	0	1	1	-	2	3	1	50%
Prostitution	0	0	0	0%	0	0	0	0%
All Other Sex Offenses	0	0	0	0%	0	1	1	-
Gambling	0	0	0	0%	0	0	0	0%
Offenses Against Family/Children	2	0	-2	-100%	4	2	-2	-50%
D.W.I.	0	4	4	-	7	8	1	14%
Liquor Law Violation	0	1	1	-	3	5	2	67%
Disorderly Conduct	0	1	1	-	3	4	1	33%
Obscenity	0	0	0	0%	0	0	0	0%
Kidnap	0	0	0	0%	0	0	0	0%
All Other Offenses	12	32	20	167%	147	164	17	12%
Part II Total:	26	79	53	204%	303	419	116	38%
Incident Total:	34	88	54	159%	394	493	99	25%

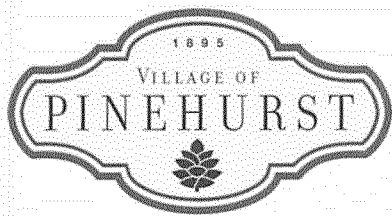
Arrest IBR Reported Offenses Month To Month Comparison

Pinehurst Police Department

October 2016 - October 2015

Part I Offenses	October 2015	October 2016	+/-	Percent Changed	Year-To-Date		+/-	Percent Changed
Murder	0	0	0	0%	1	0	-1	-100%
Rape	0	0	0	0%	0	0	0	0%
Robbery	0	0	0	0%	0	0	0	0%
Commercial	0	0	0	0%	0	0	0	0%
Individual	0	0	0	0%	0	0	0	0%
Assault	0	0	0	0%	4	0	-4	-100%
Violent Total:	0	0	0	0%	5	0	-5	-100%
Burglary	0	0	0	0%	0	0	0	0%
Residential	0	0	0	0%	0	0	0	0%
Non-Residential	0	0	0	0%	0	0	0	0%
Commercial	0	0	0	0%	0	0	0	0%
Other	0	0	0	0%	0	0	0	0%
Larceny	2	1	-1	-50%	22	13	-9	-41%
Auto Theft	0	0	0	0%	1	0	-1	-100%
Arson	0	0	0	0%	0	0	0	0%
Property Total:	2	1	-1	-50%	23	13	-10	-43%
Part I Total:	2	1	-1	-50%	28	13	-15	-54%

Part II Offenses	October 2015	October 2016	+/-	Percent Changed	Year-To-Date		+/-	Percent Changed
Drug	5	28	23	460%	59	162	103	175%
Assault Simple	0	2	2	-	11	16	5	45%
Forgery/Counterfeit	0	0	0	0%	0	2	2	-
Fraud	2	0	-2	-100%	11	9	-2	-18%
Embezzlement	0	0	0	0%	1	0	-1	-100%
Stolen Property	1	1	0	0%	13	8	-5	-38%
Vandalism	0	1	1	-	8	4	-4	-50%
Weapons	0	1	1	-	1	9	8	800%
Prostitution	0	0	0	0%	0	0	0	0%
All Other Sex Offenses	0	0	0	0%	0	2	2	-
Gambling	0	0	0	0%	0	0	0	0%
Offenses Against Family/Children	3	2	-1	-33%	3	3	0	0%
D.W.I.	9	7	-2	-22%	60	72	12	20%
Liquor Law Violation	1	1	0	0%	8	11	3	38%
Disorderly Conduct	1	1	0	0%	5	3	-2	-40%
Obscenity	0	0	0	0%	0	0	0	0%
Kidnap	0	0	0	0%	0	1	1	-
All Other Offenses	38	28	-10	-26%	248	254	6	2%
Part II Total:	60	72	12	20%	428	556	128	30%
Arrest Total:	62	73	11	18%	456	569	113	25%



HISTORY, CHARM, AND SOUTHERN HOSPITALITY

SUMMARY FOR THE MONTH OF OCTOBER 2016

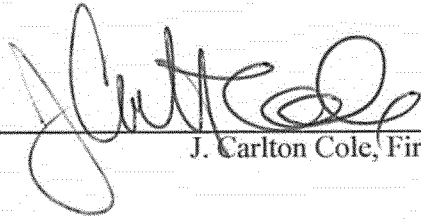
SUMMARY OF INCIDENT CALLS

TYPE OF INCIDENT	NUMBER THIS MONTH	NUMBER YTD	NUMBER THIS MONTH LAST YEAR	NUMBER YTD LAST YEAR	PERCENTAGE YTD
Fire	6	42	2	47	-11%
Overpressure Rupture, Explosion, Overheat - no fire	0	6	0	5	20%
Rescue & EMS Incidents	41	330	5	70	371%
Hazardous Conditions - no fire	23	175	14	123	42%
Service Call	21	175	24	194	-10%
Good Intent Call	42	230	24	214	7%
False Alarm & False Call	34	275	31	275	0%
Severe Weather & Natural Disaster	69	81	4	17	376%
Special Incident Type	0	1	0	1	0%
TOTAL INCIDENTS	236	1315	104	946	39%

SUMMARY OF INSPECTION

TYPE OF INSPECTIONS	NUMBER THIS MONTH	NUMBER YTD	NUMBER THIS MONTH LAST YEAR	NUMBER YTD LAST YEAR	PERCENTAGE YTD
Residential	5	142	23	114	25%
Residential New Systems	0	0	0	0	0%
Residential Fire Sprinkler	0	0	0	3	-300%
Commercial	26	40	16	258	-84%
Plan Review/Site Inspections	1	17	0	10	70%
Reinspection	4	22	29	306	-93%
Occupancy Certificates	0	0	0	1	-100%
TOTAL INSPECTIONS	36	221	68	692	-68%
Violations Found:	71	143	11	670	-79%
YTD Violations to be Corrected:		72		649	
YTD Violations Corrected:		42		553	
Correction Percentage:		58%		85%	

November 3, 2016

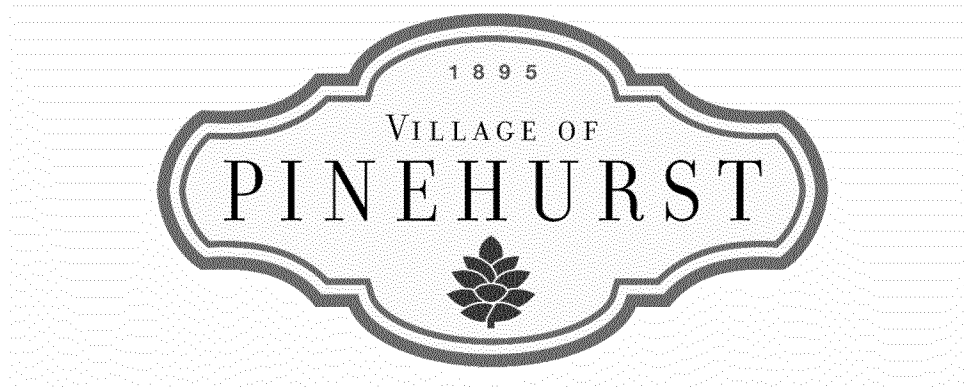

J. Carlton Cole, Fire Chief

FIRE DEPARTMENT

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

Village of Pinehurst, North Carolina

Comprehensive Annual Financial Report



For the Fiscal Year Ended
June 30, 2016

Prepared by
Financial Services Department

John G. Frye
Director of Financial Services

Village of Pinehurst, North Carolina
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For the Fiscal Year Ended June 30, 2016

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Village of Pinehurst, North Carolina
Comprehensive Annual Financial Report – Table of Contents
For the Fiscal Year Ended June 30, 2016

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HISTORY, CHARM, AND SOUTHERN HOSPITALITY

September 19, 2016

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

The Comprehensive Annual Financial Report of the Village of Pinehurst, North Carolina (Village) is submitted for your review and use. This report was prepared by the Village's Financial Services Department, and it is the comprehensive publication of the Village's financial position and results of operations as of and for the fiscal year ended June 30, 2016. 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, 2016, and to provide further accountability to citizens and other interested parties by providing a more comprehensive report in lieu of the minimum basic financial statement requirements.

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

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

As noted earlier, the Village is required by state law to have an annual independent financial audit. Dixon Hughes Goodman, LLP, Certified Public Accountants, conducted the audit and concluded in an unmodified ("clean") opinion that the financial statements present fairly in conformity with GAAP, in all material respects, the financial position and changes in financial position for the Village of Pinehurst, North Carolina, as of June 30, 2016. 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 15,763. Pinehurst is the largest of eleven

municipalities in Moore County. The Village is empowered to levy a property tax on both real estate and personal properties located within its boundaries. It also is empowered, by state statute, to extend its corporate limits by annexation on a limited basis.

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

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

The Pinehurst Village Council is required to adopt a budget by July 1 of each year. The Village's budget ordinance creates a legal limit on spending authorizations and serves as the foundation for Pinehurst's financial planning and control. The budget is prepared by fund and department. The Village Manager is authorized by the budget ordinance to make certain limited transfers within funds to facilitate budget execution consistent with Council intent.

Local Economy

The Village is primarily a residential community with a historically strong growth rate in residential development. At the height of the housing market, from 2000 to 2007, approximately 250 new homes were constructed each year within the Village. During the recession that followed, the number of new homes constructed fell to a historical low of 51 new homes in 2010. In 2016, 106 new homes were constructed in the Village which is comparable with the 107 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 \$374 million in annual tourism generated revenues. This is due primarily to the world-renowned reputation of Pinehurst Resort, which is owned by the privately held company Pinehurst, LLC. The resort's golf, hotel, and spa amenities draw tourists from all over the world as a result of its exceptional quality. Pinehurst Resort hosted the 1999, 2005, and 2014 U.S. Open Golf Championships. In 2014 the back-to-back U.S. Open and U.S. Women's Open Championships generated over \$140 million dollars in direct spending in the region, with the total economic impact on the state estimated at \$238 million. The resort is the Village's largest taxpayer and employs over 1,300 people.

The Village can also claim a top-notch regional health facility, FirstHealth of the Carolinas. FirstHealth is a private, not-for-profit health care system based in Pinehurst which serves 15 counties. FirstHealth is the County's largest private employer, employing approximately 3,500 health care professionals and staff. Their commitment to quality is evidenced by FirstHealth's flagship hospital, Moore Regional, being consistently named among the Top 100 Hospitals in the country.

Long-Term Financial Planning and Major Initiatives

The Village is committed to maintaining a strong financial condition. The Village Council's adopted fund balance policy requires the Village to maintain a minimum unassigned General Fund balance of 15% of actual expenditures as reported in the Village's CAFR. In addition, when preparing the annual General Fund budget, the total appropriated fund balance should result in anticipated ending total fund balance in the range of 30%-40% of budgeted expenditures. At June 30, 2016 the General Fund's unassigned fund balance of \$6,689,980 represented 41% of General Fund actual expenditures and total fund balance was 51% of budgeted expenditures.

In Fiscal Year (FY) 2017 the Village adopted its fourth strategic operating plan (SOP). This strategic planning process was adopted as a part of implementing the Malcolm Baldrige performance excellence framework and is designed to provide an integrated approach to organizational performance management. The SOP includes a one-year budget and a five-year capital improvement plan (CIP). The SOP is a strategic, results-driven approach to resource allocation that is closely aligned with the Village Council's strategy and achieving the results articulated in the Village's balanced scorecard.

The Village's mission is "to promote, enhance, and sustain the quality of life for residents, businesses, and visitors." The Village Council adopted nine organizational goals for the 2017 Strategic Plan to achieve that mission. The goals are as follows: (1) safeguard the community, (2) ensure Pinehurst is a premier residential community, (3) ensure a thriving business community, (4) provide multi-modal transportation systems, (5) manage solid waste collections, (6) maintain a healthy community, (7) professionally manage a high performing organization, (8) attract and retain an engaged workforce, and (9) maintain a healthy financial condition.

Major initiatives of the FY 2017 Strategic Plan to address these goals include:

- Traffic enforcement
- Land use analysis
- Streetscape enhancements
- Greenways
- Neighborhood sidewalks
- Recreation 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 comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2015. This was the 23rd consecutive year the Village has received this prestigious award. In order to be awarded a Certificate of Achievement, the Village published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

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

In addition, the Village received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal years ended June 30, 2008 through 2016. In order to qualify for the Distinguished Budget Presentation Award, the Village's budget document had to be judged to be proficient as a policy document, a financial plan, an operations guide, and a communications device.

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

Respectfully submitted,



Jeffrey M. Sanborn
Village Manager



John G. Frye
Director of Financial Services



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Village of Pinehurst
North Carolina**

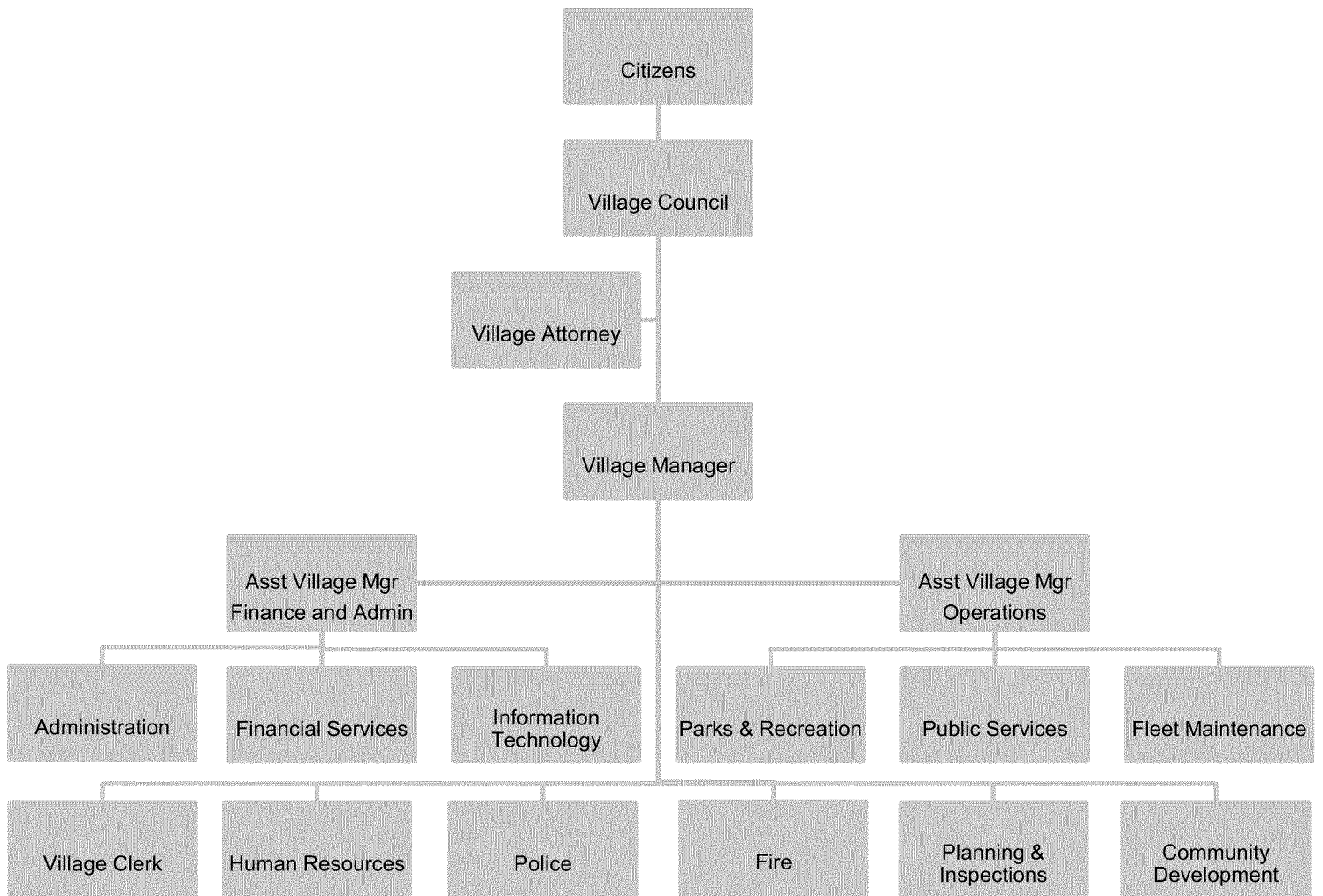
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

Village of Pinehurst, North Carolina

Organizational Chart June 30, 2016



**Village of Pinehurst, North Carolina
List of Principal Officials
June 30, 2016**

Elected Officials

Nancy Roy Fiorillo	Mayor
John R. Cashion	Mayor Pro-Tem
John Bouldry	Treasurer
Claire Berggren	Council Member
Clark Campbell	Council Member

Appointed Officials

Jeffrey M. Sanborn	Village Manager
Natalie E. Dean	Assistant Village Manager
Jeff Batton	Assistant Village Manager
Michael J. Newman	Village Attorney
Lauren Craig	Village Clerk
John G. Frye	Financial Services Director
Angela M. Kantor	Human Resources Director
Jason Whitaker	Chief Information Officer
Earl Phipps	Police Chief
Carlton Cole	Fire Chief
Kevin Reed	Planning & Inspections Director
Walt Morgan	Public Services Director
Randy Kuhn	Fleet Maintenance Director
Mark Wagner	Parks and Recreation Director

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Pinehurst, North Carolina ("Village") as of and for the year ended June 30, 2016, 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, 2016, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 15, Local Government Employees' Retirement System Schedule of the Proportionate Share of the Net Pension Liability (Asset) on page 44, Local Government Employees' Retirement System Schedule of Contributions on page 45, and the Law Enforcement Officers' Special Separation Allowance Schedule of Funding Progress on page 46 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 September 19, 2016 on our consideration of 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 Village's internal control over financial reporting and compliance.

Dixon Hughes Goodman LLP

September 19, 2016
High Point, North Carolina

Village of Pinehurst

Management's Discussion and Analysis

June 30, 2016

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, 2016. 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.

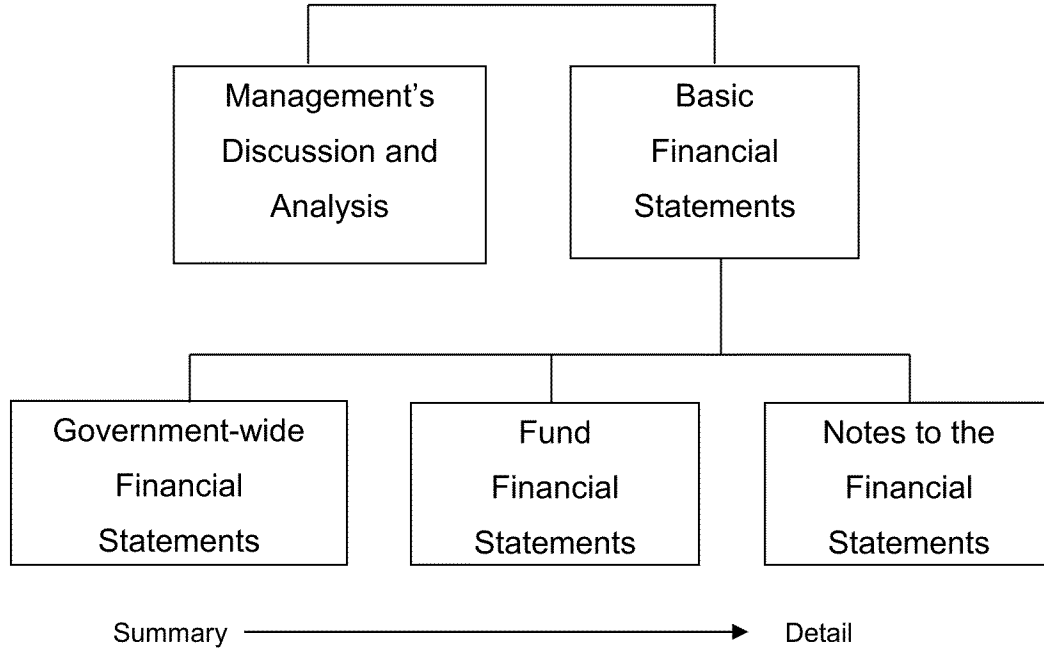
Financial Highlights

- 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 \$28,720,745 (*net position*).
- The Village's total net position increased by \$2,089,130 primarily due to lower than expected operating expenditures, an increase in capital assets, and the reduction in long term debt due to scheduled principal payments.
- At the end of the current fiscal year, the Village's only governmental fund, the General Fund, reported ending fund balance of \$9,325,344, an increase of \$1,100,242 in comparison with the prior year. Approximately 72% of this amount, or \$6,689,980, is available for spending at the Village's discretion (*unassigned fund balance*) and is equal to 41% of total general fund expenditures for the fiscal year.
- The Village's total debt decreased by \$406,502 (22%) during the current fiscal year. The decrease was due to scheduled principal payments on existing debt obligations. Total debt outstanding was \$1,435,323 at the 2016 fiscal year end.
- The Village had no general obligation bonded debt as of June 30, 2016.
- Throughout the year, the Village's deposits were insured or collateralized as required by state law. Total investment earnings were approximately \$25,872, which is equivalent to a return of approximately 0.17% on the average amount of cash and cash equivalents during the year. At fiscal year's end, 40% of the Village's cash and investments were held in insured or collateralized depository accounts and 60% were invested in the North Carolina Capital Management Trust, a SEC-registered (2a7) money market mutual fund.
- The Village has received the Certificate of Achievement for Excellence in Financial Reporting for 23 consecutive years. The Certificate of Achievement is the highest form of recognition awarded in the field of governmental financial reporting.
- For the 2016 fiscal year, the Village received the Distinguished Budget Presentation Award for the 9th consecutive year from the Government Finance Officer's Association for its annual budget.

Overview of the Financial Statements

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

Required Components of Annual Financial Report
Figure 1



Basic Financial Statements

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

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

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

Government-wide Financial Statements

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

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

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include all of the Village's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the Village charges customers to provide. The Village does not engage in any business-type activities as of June 30, 2016. The final category is the component unit. The Village does not have any component units as of June 30, 2016.

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 only has one fund, the General Fund, which is a governmental fund.

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

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

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 are on pages 23-43 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 44 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

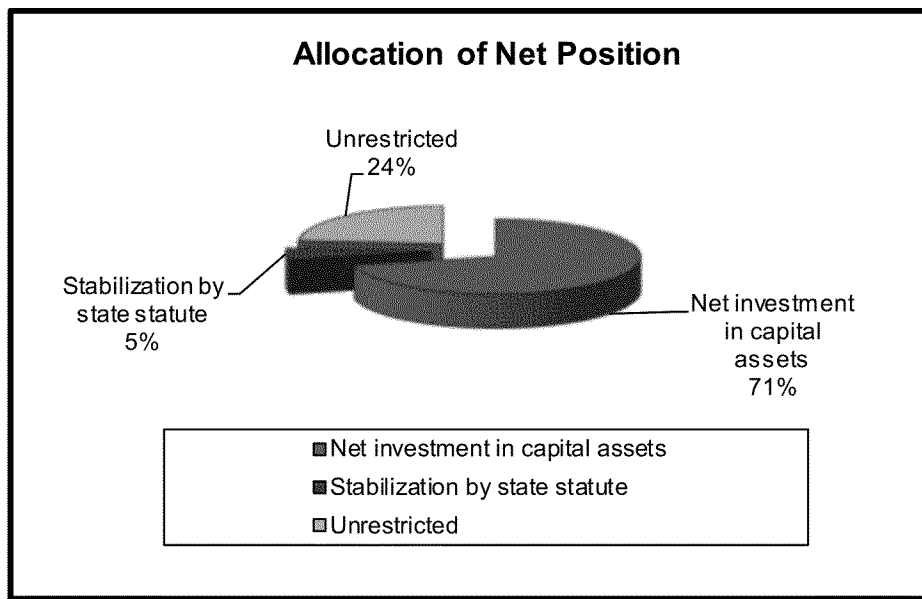
Net Position

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

Village of Pinehurst's Net Position
Figure 2

	Governmental Activities 2016	Governmental Activities 2015
Current and other assets	\$ 10,342,528	\$ 9,199,345
Net pension asset	-	638,460
Capital assets	21,903,313	21,490,625
Total assets	<u>32,245,841</u>	<u>31,328,430</u>
Deferred outflows of resources	<u>437,872</u>	<u>454,473</u>
Long-term liabilities outstanding	2,074,631	2,697,718
Net pension liability	759,805	-
Other liabilities	873,342	897,488
Total liabilities	<u>3,707,778</u>	<u>3,595,206</u>
Deferred inflows of resources	<u>255,190</u>	<u>1,556,082</u>
Net position:		
Net investment in capital assets	20,467,990	19,648,800
Restricted for:		
Stabilization by state statute	1,474,901	1,601,410
Unrestricted	6,777,854	5,381,405
Total net position	<u><u>\$ 28,720,745</u></u>	<u><u>\$ 26,631,615</u></u>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Village exceeded liabilities and deferred inflows by \$28,720,745 as of June 30, 2016. The Village's net position increased by \$2,089,130 for the fiscal year ended June 30, 2016. However, the largest portion, \$20,467,990 or 71%, reflects the Village's net investment in capital assets (e.g. land, right of ways, buildings, machinery, and equipment). The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Village's net position, \$1,474,901, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$6,777,854 is unrestricted.



Governmental Activities

Governmental activities increased the Village's net position by \$2,089,130. Several aspects of the Village's financial operations influenced the positive change in total governmental net position:

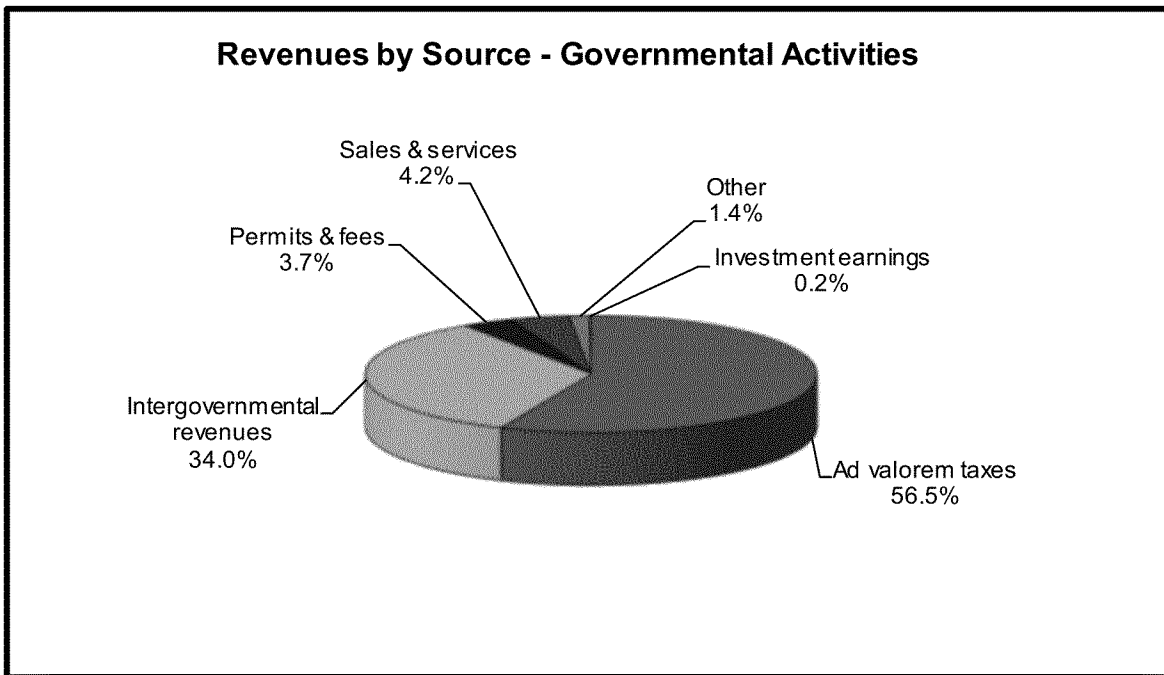
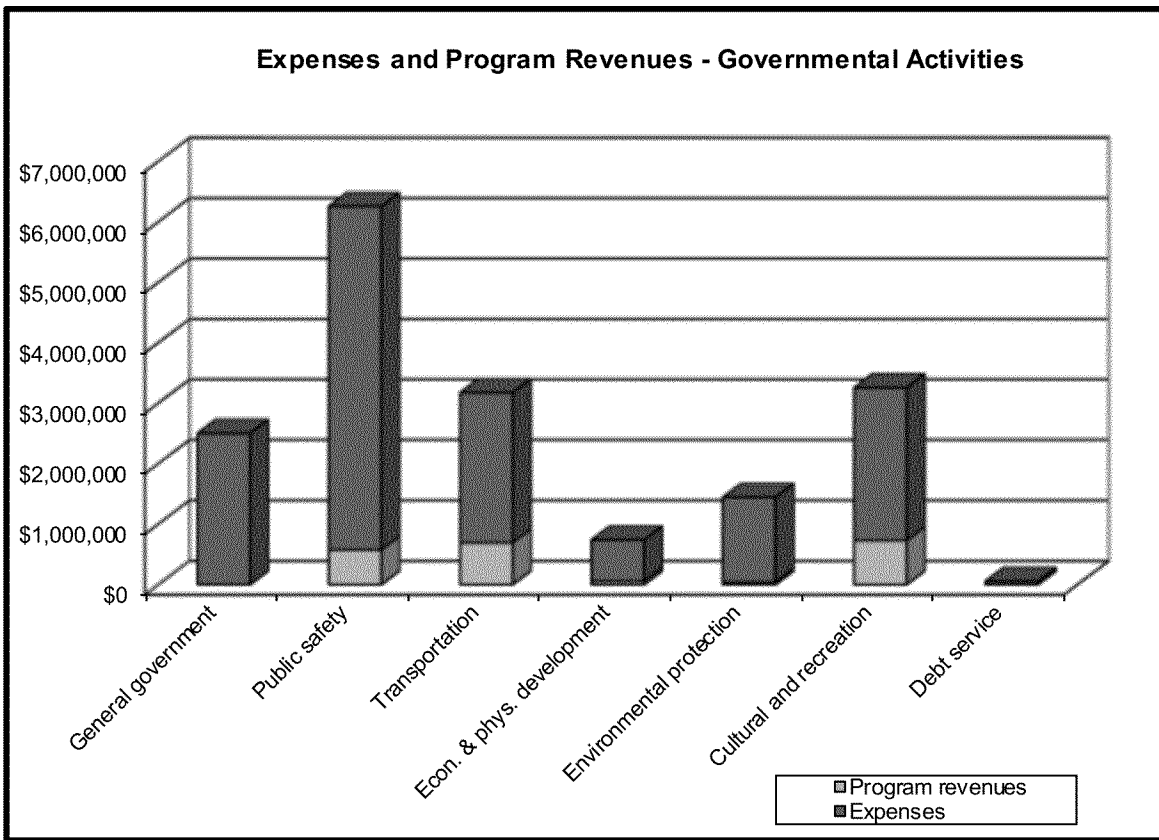
- Continued diligence in the collection of property taxes by maintaining a tax collection percentage in the General Fund of 99.94%, which is comparable to the statewide average of 96.47%.
- Unrestricted intergovernmental revenues increased by \$349,000 or 7% due to increased collections of local option sales taxes and electricity sales taxes.
- Expenses net of program revenues increased by \$190,000, or 1.4%. This result was influenced by the following factors:
 - Program expenses were \$685,000, or 4.3%, lower than in the previous fiscal year. This was primarily due to operating expenses decreasing by \$784,000, or 10%, compared to the previous fiscal year.
 - Charges for services increased by approximately \$110,000, or 9%, due to increased revenues for facility rentals and recreation programs.
 - Operating grants and contributions decreased \$517,000 or 50% due to environmental protection grants received for the Jackson-Hamlet CDBG sewer project in the prior fiscal year.
 - Capital grants and contributions decreased by \$89,000 due to the receipt of donated streets and right-of-ways in the previous fiscal year exceeding those received in the current year.
 - The Village's net pension asset in the prior year became a liability of \$490,982 in the current year, resulting in a pension expense of \$269,508.

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Village of Pinehurst's Change in Net Position
Figure 3

	Governmental Activities	Governmental Activities
	2016	2015
Revenues:		
Program revenues:		
Charges for services	\$ 1,359,573	\$ 1,249,211
Operating grants and contributions	509,304	1,025,870
Capital grants and contributions	230,788	320,235
General revenues:		
Property taxes	9,699,296	9,785,054
Golf cart licenses	8,745	2,010
Grants and contributions not restricted to specific programs	5,328,610	4,979,172
Other	279,128	207,395
Total revenues	<u>17,415,444</u>	<u>17,568,947</u>
Expenses:		
General government	2,501,748	2,220,764
Public safety	5,684,375	5,653,753
Transportation	2,481,039	2,325,248
Economic & physical development	677,747	1,567,788
Environmental protection	1,399,842	1,526,924
Culture and recreation	2,527,443	2,647,805
Interest on long-term debt	54,120	69,243
Total expenses	<u>15,326,314</u>	<u>16,011,525</u>
Increase in net position	2,089,130	1,557,422
Net position, July 1	26,631,615	25,074,193
Net position, June 30	<u><u>\$ 28,720,745</u></u>	<u><u>\$ 26,631,615</u></u>

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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, 2016, the General Fund, the only governmental fund of the Village reported fund balance of \$9,325,344, an increase of \$1,100,242 or 13% over last year. The unassigned portion of the fund balance in the General Fund was \$6,689,980. The Village Council has established by policy that the Village should maintain a minimum unassigned fund balance of 15% of actual general fund expenditures at year end and total fund balance of 30%-40% of budgeted general fund expenditures when adopting the annual budget. Fund balance at these levels is maintained to meet the cash flow needs of the Village and to be prepared for unforeseen emergencies and opportunities. The Village currently has unassigned fund balance of 41% of actual general fund expenditures, while total fund balance represents 51% of budgeted expenditures.

As noted above, fund balance in the Village's General Fund increased by \$1,100,242 during the 2016 fiscal year. Key components of this change are as follows:

- Property tax revenue decreased approximately \$137,000 from the prior year due to a decrease in property values in the 2015 revaluation and adopting a less than revenue-neutral property tax rate in FY 2016.
- Single-family home construction continued a modest recovery with building permits and inspection fees increasing \$40,000, or 14%, over the previous year.
- Sales tax revenues increased \$195,000 or 7% due to an increase in tourism and the continued modest economic recovery.
- Electricity sales taxes increased 14%, or \$138,000, due to an adjustment in the distribution formula and other seasonal factors.
- Actual operating and capital expenditures were lower than the prior year, which also contributed to the addition to fund balance.

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 \$704,000, or 4.2%. The primary revenues that came in above estimated budget amounts were unrestricted intergovernmental revenues and sales and services revenues. Unrestricted intergovernmental revenues were \$542,000 above budget, primarily due to increased local option sales taxes and electricity sales taxes mentioned above. Sales and services revenues were \$151,000 above budget due to better than expected facility rental income at the Village's Fair Barn, Harness Track, and Arboretum facilities and increased recreation fees.

Total expenditures were \$1,765,000, or 9.9%, less than originally budgeted amounts. Expenditures were less than budgeted amounts for the following significant items: (1) contracted and professional services of \$185,000 were lower than expected, (2) salaries and benefits were \$493,000 lower due to employee vacancies related to turnover and a significant number of retirements of employees; and (3) capital expenditures were \$615,000 below budget due primarily to not completing the Public Services facility renovation and greenway trail expansions. Also, an intersection improvement appropriated in the budget was smaller in scope than originally planned. Other smaller projects and capital items were also delayed for various reasons. These items have all been reappropriated in Fiscal Year 2017.

As a result of the variances in revenues and expenditures outlined above, fund balance in the General Fund increased by \$1,100,242 at Jun 30, 2016. This resulted in the General Fund reporting fund balance of \$9,325,344, a 13% increase above the previous year. This increase can be attributed to lower operating costs and unfinished capital items that were reappropriated in FY 2017. The amount reappropriated to complete these items was \$445,000.

Capital Asset and Debt Administration

Capital assets

The Village's investment in capital assets for its governmental activities as of June 30, 2016 totals \$21,903,313 (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:

- Splash pad recreation facility added to Wicker Park costing \$280,000
- Public Services complex renovation expenditures of \$183,000 (partially completed)
- Automated solid waste vehicle replacements (2) costing \$320,000
- Cotswold drainage project totaling \$166,000 (partially completed in prior fiscal year)
- Mobile stage for outdoor events costing \$76,000
- Donated streets and right-of-ways of \$121,000

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

	Governmental Activities	Governmental Activities
	2016	2015
Land	\$ 5,783,713	\$ 5,783,713
Right of Ways	168,340	140,098
Buildings and Improvements	7,657,676	7,912,146
Furniture and Equipment	894,892	897,906
Vehicles	2,514,587	2,339,067
Infrastructure	4,682,129	4,278,647
Construction in Progress	201,976	139,048
Total	<u>\$ 21,903,313</u>	<u>\$ 21,490,625</u>

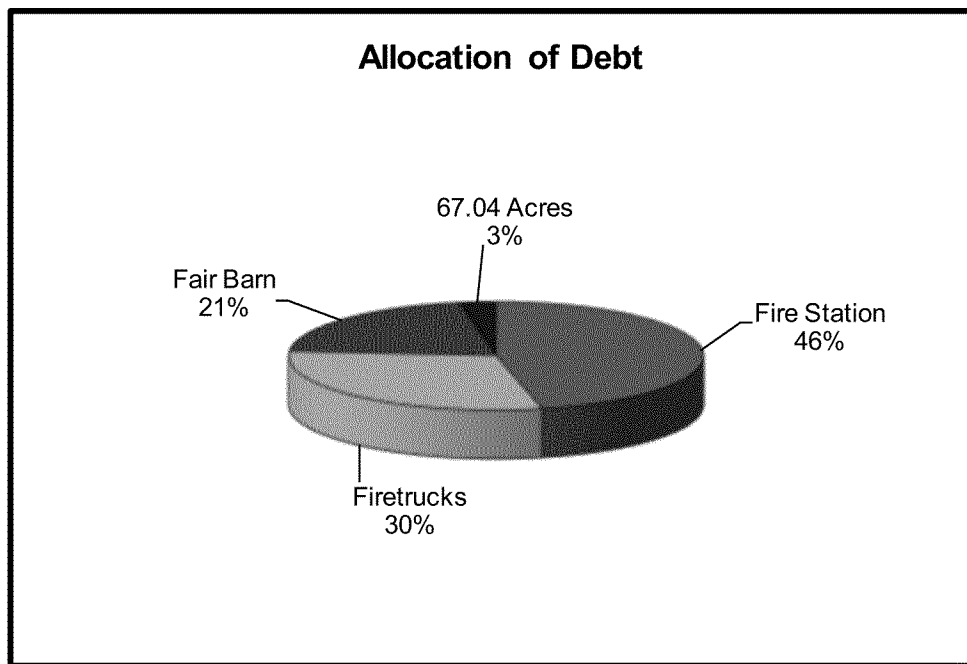
Additional information on the Village's capital assets can be found in Note 4 of the Basic Financial Statements.

Long-term debt

As of June 30, 2016, the Village had total outstanding debt of \$1,435,323 in installment purchase agreements collateralized by the assets that are financed. During fiscal year 2016 the Village's total debt decreased by \$406,502 (22%) due to principal payments as detailed in Note 9.

Village of Pinehurst's Outstanding Debt
Figure 5

	Governmental Activities	Governmental Activities
	2016	2015
Installment Purchase Agreements		
Fire Station	\$ 666,666	\$ 833,333
Fair Barn	300,000	350,000
Firetrucks	427,989	558,492
67.04 Acres	40,668	100,000
Total	<u>\$ 1,435,323</u>	<u>\$ 1,841,825</u>



North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Village is \$265,994,552.

Additional information regarding the Village's long-term debt can be found in Note 9 beginning on page 40 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:

- **Unemployment:** The Village's unemployment rate decreased to 5.1% as compared to 6.1% the previous fiscal year. The current rate is just above the state rate of 4.9% and is slightly above historical levels. Both the state and local unemployment rates have improved over the past year.
- **New home construction:** The Village added 106 new homes last year compared to 107 in the previous fiscal year. The total value of the homes constructed, however, was 3.2% lower than the previous fiscal year. Single-family home construction has settled in at approximately 100 homes per year. This modest level of construction suppresses the Village's tax base growth to some degree.
- **Sales tax revenues** have increased over the past two fiscal years with growth rates near their historical averages.

Budget Highlights for the Fiscal Year Ending June 30, 2017

Governmental Activities

Revenues of the Village are expected to increase by 4% overall for FY 2017. This is primarily due to increases in property taxes, sales taxes, and electricity sales taxes. Property tax revenues are expected to increase by 3.7% due to a one-half cent property tax rate increase and tax base growth. At the property revaluation in FY 2016, the Village did not adopt the estimated revenue neutral tax rate of \$0.30. The FY 2017 tax rate increase was also needed to support the reorganization of the Police department and the addition of two traffic enforcement officers. For FY 2017, the Village adopted an ad valorem tax rate of \$0.295 per \$100 valuation compared to \$0.290 the previous year.

Budgeted expenditures in the General Fund are estimated to be \$18,249,985, a decrease of 0.6%. This small decrease is primarily a result of the lower level of capital expenditures compared to the previous fiscal year. Debt service expenditures also continue to decrease as the Village pays down its remaining debt obligations.

In Fiscal Year 2017 the Village adopted its fourth strategic operating plan (SOP). This strategic planning process was adopted as a part of implementing the Malcolm Baldrige performance excellence framework and is designed to provide an integrated approach to organizational performance management. The SOP includes a one-year budget and a five-year capital improvement plan (CIP). The SOP is a strategic, results-driven approach to resource allocation that is closely aligned with the Village Council's strategy and achieving the results articulated in the Village's balanced scorecard.

The Village's mission is "to promote, enhance, and sustain the quality of life for residents, businesses, and visitors." The Village Council adopted nine organizational goals for the 2017 Strategic Plan to achieve that mission. The goals are as follows: (1) safeguard the community, (2) ensure Pinehurst is a premier residential community, (3) ensure a thriving business community, (4) provide multi-modal transportation systems, (5) manage solid waste collections, (6) maintain a healthy community, (7) professionally manage a high performing organization, (8) attract and retain an engaged workforce, and (9) maintain a healthy financial condition.

Major initiatives of the FY 2017 Strategic Plan to address these goals include:

- Traffic enforcement
- Land use analysis
- Streetscape enhancements
- Greenways
- Neighborhood sidewalks
- Recreation facilities

Total capital outlays of \$2,136,700 are down 9% compared to the previous fiscal year. The significant capital items included for FY 2017 are as follows:

- Replacement of a 1998 fire engine (\$600,000)
- Neighborhood sidewalks in Village Acres (\$375,200)
- Streetscape improvements on McCaskill Road (\$140,000)
- Storm drainage projects (\$110,000)
- Completing the Public Services complex redevelopment (\$48,000)

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 John Frye, Financial Services Director at 910-295-8646, or Village of Pinehurst, 395 Magnolia Road, Pinehurst, NC 28374.

Village of Pinehurst, North Carolina
Statement of Net Position
June 30, 2016

Exhibit 1

	Governmental Activities
Assets	
Current assets:	
Cash and cash equivalents	\$ 8,578,105
Taxes receivables (net)	24,582
Special assessments receivable	131,362
Interest receivable	9,041
Other receivables	14,946
Due from other governments	1,425,714
Inventories	39,799
Prepaid items	118,979
Total unrestricted current assets	<u>10,342,528</u>
Non-current assets:	
Capital assets (net of accumulated depreciation):	
Land and non-depreciable improvements	5,783,713
Construction in progress	201,976
Right of ways	168,340
Buildings and improvements	7,657,676
Furniture and equipment	894,892
Vehicles	2,514,587
Infrastructure	4,682,129
Total capital assets	<u>21,903,313</u>
Total assets	<u>32,245,841</u>
Deferred Outflows of Resources	
Pensions-Contributions to pension plan in the current fiscal year	424,359
Pensions-Change in proportion and differences in employer contributions and proportionate share of contributions	13,513
Total deferred outflows of resources	<u>437,872</u>
Liabilities	
Current liabilities:	
Accounts payable and accrued liabilities	859,138
Accrued interest payable	14,204
Long-term liabilities due within one year	788,337
Total current liabilities	<u>1,661,679</u>
Long-term liabilities:	
Net pension liability	759,805
Long-term liabilities due in more than one year	1,286,294
Total liabilities	<u>3,707,778</u>
Deferred Inflows of Resources	
Pensions-Difference between actual and expected experience	115,409
Pensions-Net difference between actual and expected earnings on plan investments	139,781
Total deferred inflows of resources	<u>255,190</u>
Net Position	
Net investment in capital assets	20,467,990
Restricted for:	
Stabilization by state statute	1,474,901
Unrestricted	6,777,854
Total net position	<u>\$ 28,720,745</u>

Village of Pinehurst, North Carolina
Statement of Activities
For the Fiscal Year Ended June 30, 2016

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for	Operating	Capital	Revenue and
		Services	Grants and	Grants and	Changes in
			Contributions	Contributions	Net Position
					Governmental
					Activities
Governmental Activities:					
General government	\$ 2,501,748	\$ 91	\$ -	\$ -	\$ (2,501,657)
Public safety	5,684,375	569,814	3,945	-	(5,110,616)
Transportation	2,481,039	-	495,143	198,043	(1,787,853)
Economic and physical development	677,747	59,368	-	-	(618,379)
Environmental protection	1,399,842	-	10,216	32,745	(1,356,881)
Cultural and recreation	2,527,443	730,300	-	-	(1,797,143)
Interest on long-term debt	54,120	-	-	-	(54,120)
Total governmental activities	<u>\$15,326,314</u>	<u>\$ 1,359,573</u>	<u>\$ 509,304</u>	<u>\$ 230,788</u>	<u>(13,226,649)</u>
General revenues:					
Ad valorem taxes					9,699,296
Golf cart licenses					8,745
Unrestricted intergovernmental					5,328,610
Investment earnings					25,872
Miscellaneous					253,256
Total general revenues					<u>15,315,779</u>
Change in net position					2,089,130
Net position, beginning					26,631,615
Net position-ending					<u>\$28,720,745</u>

Village of Pinehurst, North Carolina
Balance Sheet
Governmental Funds
June 30, 2016

Exhibit 3

	General Fund
Assets	
Cash and cash equivalents	\$ 8,578,105
Receivables, net:	
Taxes	24,582
Special assessments	131,362
Interest	9,041
Other	14,946
Due from other governments	1,425,714
Inventories	39,799
Prepaid items	118,979
Total assets	\$ 10,342,528
Liabilities and Fund Balances	
Liabilities:	
Accounts payable	\$ 182,549
Withholdings and accrued expenditures	589,690
Deposits	86,899
Total liabilities	859,138
Deferred inflows of resources:	
Unavailable revenues	158,046
Total deferred inflows of resources	158,046
Fund balances:	
Nonspendable:	
Inventory	39,799
Prepaid items	118,979
Restricted:	
Stabilization by state statute	1,474,901
Assigned:	
Subsequent year's expenditures	1,001,685
Unassigned	6,689,980
Total fund balances	9,325,344
Total liabilities, deferred inflows of resources, and fund balances	\$ 10,342,528

Village of Pinehurst, North Carolina
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2016

Exhibit 4

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

Total fund balance, governmental funds		\$ 9,325,344
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		
Gross capital assets at historical cost	\$ 40,551,230	
Accumulated depreciation	<u>(18,647,917)</u>	21,903,313
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position		424,359
Liabilities for earned revenues considered deferred inflows of resources in the fund statements		
Taxes receivable	24,582	
Other receivables	2,102	
Assessments receivable	<u>131,362</u>	158,046
Some liabilities, including notes payable and accrued interest are not due and payable in the current period and therefore are not reported in the funds		
Accrued interest payable	(14,204)	
Compensated absences payable	(639,308)	
Net pension obligation	(759,805)	
Installment purchases payable	<u>(1,435,323)</u>	(2,848,640)
Pension related deferrals		<u>(241,677)</u>
Net position of governmental activities		<u><u>\$ 28,720,745</u></u>

Village of Pinehurst, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2016

Exhibit 5

	<u>Major Funds</u>	
	General Fund	Total Governmental Funds
Revenues		
Ad valorem taxes	\$ 9,697,697	\$ 9,697,697
Golf cart licenses	8,745	8,745
Unrestricted intergovernmental	5,328,610	5,328,610
Restricted intergovernmental	509,245	509,245
Permits and fees	632,033	632,033
Sales and services	729,626	729,626
Investment earnings	25,932	25,932
Assessment income	45,741	45,741
Miscellaneous	195,642	195,642
Total revenues	<u>17,173,271</u>	<u>17,173,271</u>
Expenditures		
Current:		
General government	2,142,750	2,142,750
Public safety	5,443,314	5,443,314
Transportation	2,774,071	2,774,071
Economic and physical development	874,566	874,566
Environmental protection	1,576,998	1,576,998
Cultural and recreation	2,854,719	2,854,719
Debt service:		
Principal	406,502	406,502
Interest and other charges	57,721	57,721
Total expenditures	<u>16,130,641</u>	<u>16,130,641</u>
Excess of revenues over expenditures	<u>1,042,630</u>	<u>1,042,630</u>
Other Financing Sources		
Sales of capital assets	57,612	57,612
Total other financing sources	<u>57,612</u>	<u>57,612</u>
Net change in fund balance	1,100,242	1,100,242
Fund balances, beginning	<u>8,225,102</u>	<u>8,225,102</u>
Fund balances, ending	<u><u>\$ 9,325,344</u></u>	<u><u>\$ 9,325,344</u></u>

Village of Pinehurst, North Carolina
Reconciliation of the Governmental Funds Statement of Revenues,
Expenditures, and Changes in Fund Balances to the Statement of Activities
June 30, 2016

Exhibit 6

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

Net changes in fund balances - total governmental funds		\$ 1,100,242
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period

Capital outlay expenditures which were capitalized	\$ 1,997,954	
Depreciation expense	<u>(1,668,278)</u>	329,676

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		424,359
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The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) in the current period

Donated assets received	121,076	
Gain on disposal of assets	47,781	
Proceeds from disposal of assets	(47,781)	
Loss on disposal of assets	<u>(38,064)</u>	83,012

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

Special assessment payments	(45,741)	
Special assessments levied in the current fiscal year	109,712	
Change in other deferred inflows	(2,086)	
Change in deferred tax inflows	<u>1,599</u>	63,484

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		406,502
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Accrued interest payable	3,601	
Compensated absences	(18,429)	
Pension expense	(269,508)	
Pension obligation	<u>(33,809)</u>	<u>(318,145)</u>

Total changes in net position of governmental activities		<u>\$ 2,089,130</u>
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General Fund

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

Annual Budget and Actual

For the Fiscal Year Ended June 30, 2016

	General Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Ad valorem taxes	\$ 9,573,000	\$ 9,573,000	\$ 9,697,697	\$ 124,697
Golf cart licenses	-	-	8,745	8,745
Unrestricted intergovernmental	4,785,900	5,249,400	5,328,610	79,210
Restricted intergovernmental	505,450	505,450	509,245	3,795
Permits and fees	544,300	556,300	632,033	75,733
Sales and services	579,000	652,000	729,626	77,626
Investment earnings	10,200	10,200	25,932	15,732
Assessments	29,075	29,075	45,741	16,666
Miscellaneous	442,680	169,680	195,642	25,962
Total revenues	16,469,605	16,745,105	17,173,271	428,166
Expenditures:				
Current:				
General government	2,357,545	2,373,497	2,142,750	230,747
Public safety	5,960,605	6,042,682	5,443,314	599,368
Transportation	3,183,975	3,260,913	2,774,071	486,842
Economic & physical development	995,855	1,070,455	874,566	195,889
Environmental protection	1,641,980	1,712,680	1,576,998	135,682
Cultural and recreation	3,240,980	3,338,364	2,854,719	483,645
Contingency	50,000	43,000	-	43,000
Debt service:				
Principal retirement	406,103	406,188	406,502	(314)
Interest and fees	58,201	58,116	57,721	395
Total expenditures	17,895,244	18,305,895	16,130,641	2,175,254
Excess (deficiency) of revenues over (under) expenditures	(1,425,639)	(1,560,790)	1,042,630	2,603,420
Other Financing Sources:				
Sales of capital assets	50,000	50,000	57,612	7,612
Total other financing sources	50,000	50,000	57,612	7,612
Fund balance appropriated	1,375,639	1,510,790	-	(1,510,790)
Net change in fund balances	\$ -	\$ -	1,100,242	\$ 1,100,242
Fund balances, beginning			8,225,102	
Fund balances, ending			\$ 9,325,344	

Note 1. Summary of Significant Accounting Policies

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

A. Reporting Entity

The Village of Pinehurst is a municipal corporation, which is governed by a five-member council. The mayor is directly elected along with the other four council members. For financial reporting purposes, in accordance with generally accepted accounting principles, the Village includes any separate entity for which the Village is financially accountable. For the year ended June 30, 2016, 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 nonfiduciary activities of the primary government. These statements include the financial activities of the overall government. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Eliminations of these charges are performed to avoid distortion of the direct costs and program revenues reported for the various functions concerned. These statements report the *governmental activities* of the Village. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

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

Fund Financial Statements. The fund financial statements provide information about the Village's funds. Separate statements for each fund category are presented, even though the latter is excluded from the government-wide financial statements. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds. Currently, the Village only has only one fund, the General Fund.

The Village reports the following major governmental fund:

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, and general government services.

Note 1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

D. Budgetary Data

The Village's budgets are adopted as required by North Carolina General Statutes. An annual budget ordinance is adopted for the General Fund. All annual appropriations lapse at fiscal year-end. All budgets are prepared using the modified accrual basis of accounting.

Expenditures may not legally exceed appropriations at the object level for the General Fund (e.g. operating expenditures and capital outlay), at the departmental level for the special revenue funds, and at the object level for the capital projects funds. A function is a group of related activities aimed at accomplishing a major service, such as public safety; a department is a component of a function, such as police. The Village manager may authorize all budget transfers within a department and transfers that do not exceed \$10,000 between departments. Transfers between funds require council approval. During the year, several amendments to the original budget became necessary, the effects of which were not material. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

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

1. Deposits and Investments

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

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

The Village's investments are reported at fair value. Non-participating interest earning contracts are accounted for at cost. The NCCMT Cash Portfolio, a SEC-registered (2a-7) external investment pool, is measured at amortized cost, which is the NCCMT's share price.

2. Cash and Cash Equivalents

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

Note 1. Summary of Significant Accounting Policies (Continued)

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

3. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Village levies ad valorem taxes, except for ad valorem taxes on certain vehicles, on July 1, the beginning of the fiscal year, and these taxes are due on September 1 (lien date); however, no interest or penalties are assessed until the following January 6. These taxes are based on the assessed values as of January 1, 2015.

4. Allowances for Doubtful Accounts

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

5. Inventory and Prepaid Items

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

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

6. Capital Assets

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

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

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

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Village has two items that meet this criteria, contributions made to the pension plan in the 2016 fiscal year and other pension related deferrals.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Village has several items that meet the criterion for this category - taxes receivable, special assessments receivable, other receivables, and deferrals of pension expense that result from the implementation of GASB Statement 68.

8. Long-term Obligations

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

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

9. Compensated Absences

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

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

10. Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

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

Restricted fund balance – This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

Restricted for Stabilization by State statute – The portion of fund balance that is restricted by State Statute [G.S. 159-8(a)].

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

Assigned fund balance – The portion of fund balance that the Village intends to use for specific purposes imposed by majority vote by quorum of the Village Council.

Subsequent year's expenditures – The portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The Village Council approves the appropriation; however the budget ordinance authorizes the manager to modify the appropriations by resource or appropriation within funds up to \$10,000.

Note 1. Summary of Significant Accounting Policies (Continued)

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

10. Net Position/Fund Balances (Continued)

Fund Balances (Continued)

Unassigned fund balance – The portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

For the purpose of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance, and lastly unassigned fund balance.

The Village has also adopted a minimum fund balance policy for the general fund which instructs management to conduct the business of the Village in such a manner that available fund balance is at least equal to or greater than 15% of budgeted expenditures and total fund balance is 30% - 40% of budgeted expenditures. Any portion of the general fund balance in excess of 30% of budgeted expenditures may be appropriated for expenditure by the Village Council.

11. Pensions

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

Note 2. Deposits and Investments

A. Deposits

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

Since the State Treasurer is acting in a fiduciary capacity for the Village, these deposits are considered to be held by the Village's agent in the Village's name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Village or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the Village under the Pooling method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer enforces strict standards of financial stability for each depository that collateralized public deposits under the Pooling Method. The Village has no formal policy regarding custodial credit risk for deposits.

Village of Pinehurst, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2016

Note 2. Deposits and Investments (Continued)

A. Deposits (Continued)

At June 30, 2016, the Village's deposits had a carrying amount of \$3,398,201. The cash balance in the bank at June 30, 2016 totaled \$3,602,625. Of the bank balance, \$750,000 was covered by federal depository insurance and \$2,852,625 was covered by collateral held under the Pooling Method. At June 30, 2016, the Village's petty cash fund totaled \$1,200.

B. Investments

At June 30, 2016, the Village's investment balances were as follows:

Investment Type	Valuation Measurement Method	Book Value at 6/30/2016	Maturity	Rating
NC Capital Management Trust–Cash Portfolio	Amortized Cost	\$5,178,704	N/A	AAAm

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 Cash Portfolio carried a credit rating of AAAm by Standard & Poor's as of June 30, 2016.

Note 3. Receivables

Receivables as of year-end for the government's individual major funds and the non-major funds in the aggregate, including any applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>
Receivables:	
Taxes	\$ 24,582
Special assessments	131,362
Interest	9,041
Other	17,171
Intergovernmental	<u>1,425,714</u>
Gross receivables	1,607,870
Less: Allowance for uncollectible accounts	<u>2,225</u>
Net total receivables	<u>\$ 1,605,645</u>

Village of Pinehurst, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2016

Note 4. Capital Assets

Capital asset activity for the Primary Government for the year ended June 30, 2016, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 5,783,713	\$ -	\$ -	\$ 5,783,713
Construction in progress	139,048	201,976	(139,048)	201,976
Total capital assets not being depreciated	<u>5,922,761</u>	<u>201,976</u>	<u>(139,048)</u>	<u>5,985,689</u>
Capital assets being depreciated:				
Right of ways	150,120	32,400	-	182,520
Buildings and improvements	19,143,835	625,690	-	19,769,525
Furniture and equipment	2,740,683	260,406	(89,009)	2,912,080
Vehicles	5,846,557	602,770	(285,465)	6,163,862
Infrastructure	5,002,718	534,836	-	5,537,554
Total	<u>32,883,913</u>	<u>2,056,102</u>	<u>(374,474)</u>	<u>34,565,541</u>
Less accumulated depreciation for:				
Right of ways	10,022	4,158	-	14,180
Buildings and improvements	11,231,689	880,160	-	12,111,849
Furniture and equipment	1,842,777	263,420	(89,009)	2,017,188
Vehicles	3,507,490	389,186	(247,401)	3,649,275
Infrastructure	724,071	131,354	-	855,425
Total	<u>17,316,049</u>	<u>1,668,278</u>	<u>(336,410)</u>	<u>18,647,917</u>
Total capital assets being depreciated, net	<u>15,567,864</u>	<u>387,824</u>	<u>(38,064)</u>	<u>15,917,624</u>
Governmental activity capital assets, net	<u>\$ 21,490,625</u>	<u>\$ 589,800</u>	<u>\$ (177,112)</u>	<u>\$ 21,903,313</u>

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

General government	\$ 378,564
Public safety	481,845
Transportation	298,699
Economic & physical development	-
Environmental protection	147,928
Cultural and recreation	<u>361,242</u>
Total depreciation expense	<u>\$ 1,668,278</u>

Construction and other capital related commitments – The Village has active construction projects and other capital related commitments as of June 30, 2016. The projects include the fabrication of a fire brush truck, storm drainage improvements and the purchase of public services vehicles. At June 30, 2016, the Village's commitments with contractors are as follows:

Project	Spent-to-Date	Remaining Commitment
Gateway sign fabrication	\$ 13,027	\$ 14,378
Wicker Park shade structure fabrication	-	12,924
Total	<u>\$ 13,027</u>	<u>\$ 27,302</u>

Note 5. Pension Plan and Postemployment Obligations

A. Local Government Employees' Retirement System

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

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

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, 2016, was 7.15% of compensation for law enforcement officers and 6.76% 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 \$424,359 for the year ended June 30, 2016.

Village of Pinehurst, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2016

Note 5. Pension Plan and Postemployment Obligations (Continued)

A. Local Government Employees' Retirement System (Continued)

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, 2016, the Village reported a liability of \$490,982 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. The total pension liability was then rolled forward to the measurement date of June 30, 2015 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, 2015, the Village's proportion was 0.109%, which was an increase of 0.001% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the Village recognized pension expense of \$269,508. At June 30, 2016, 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	\$ -	\$ 115,409
Net difference between projected and actual earnings on pension plan investments	-	139,781
Changes in proportion and differences between Village contributions and proportionate share of contributions	13,513	-
Village contributions subsequent to the measurement date	424,359	-
Total	<u>\$ 437,872</u>	<u>\$ 255,190</u>

The \$424,359 reported as deferred outflows of resources related to pensions resulting from Village contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2017	\$ (158,823)
2018	(158,823)
2019	(158,670)
2020	234,640
2021	-
Thereafter	-

Village of Pinehurst, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2016

Note 5. Pension Plan and Postemployment Obligations (Continued)

A. Local Government Employees' Retirement System (Continued)

Actuarial assumptions – The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	4.25 to 8.55 percent, including inflation and productivity factor
Investment rate of return	7.25 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, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

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, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29.0%	2.2%
Global Equity	42.0%	5.8%
Real Estate	8.0%	5.2%
Alternatives	8.0%	9.8%
Credit	7.0%	6.8%
Inflation Protection	6.0%	3.4%
Total	100.0%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2014 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.

Note 5. Pension Plan and Postemployment Obligations (Continued)

A. Local Government Employees' Retirement System (Continued)

Discount rate – The discount rate used to measure the total pension liability was 7.25%. 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 asset to changes in the discount rate

– The following presents the Village's proportionate share of the net pension asset calculated using the discount rate of 7.25 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 (6.25 percent) or one percentage point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
Village's proportionate share of the net Pension liability (asset)	\$3,423,679	\$ 490,982	\$ (1,979,752)

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

B. Law Enforcement Officers Special Separation Allowance

1. Plan Description

The Village administers a public employee retirement system (the "Separation Allowance"), a single-employer retirement defined benefit pension plan that provides retirement benefits to the Village's qualified sworn law enforcement officers. The Separation Allowance is equal to .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. The Plan does not maintain separate financial statements since the Plan will be funded when expenditures become due.

All full-time law enforcement officers of the Village are covered by the Separation Allowance. At December 31, 2015, the Separation Allowance's membership consisted of:

Retirees receiving benefits	3
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	24
Total	<u>27</u>

Village of Pinehurst, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2016

Note 5. Pension Plan and Postemployment Obligations (Continued)

B. Law Enforcement Officers Special Separation Allowance (Continued)

2. Summary of Significant Accounting Policies

Basis of accounting – The Village has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits and refunds 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 following criteria which are outlined in GASB Statements 67 and 68:

- Contributions to the pension plan and earnings on those contributions are irrevocable
- Pension plan assets are dedicated to providing benefits to plan members
- Pension plan assets are legally protected from the creditors or employers, non-employer contributing entities, the plan administrator, and plan members.

Method used to value investments – No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

3. Contributions

The Village is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay as you go basis through appropriations made in the General Fund operating budget. The Village's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees.

The annual required contribution for the current year was determined as part of the December 31, 2015 actuarial valuation using the projected unit credit actuarial assumptions included (a) 3.57% investment rate of return (net of administrative expenses) and (b) projected salary increases of 3.50 – 7.35% per year. Both (a) and (b) included an inflation component of 3.00%. The assumptions did not include postretirement benefit increases. The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2015 was 15 years.

The Village's annual pension cost and net pension obligation to the Separation Allowance for the current year were as follows:

Annual required contribution	\$ 85,577
Interest on net pension obligation	11,751
Adjustment to annual required contribution	<u>(20,652)</u>
Annual pension cost	76,676
Contributions made	<u>42,867</u>
Increase (decrease) in net pension obligation	33,809
Net pension obligation beginning of year	<u>235,014</u>
Net pension obligation end of year	<u>\$ 268,823</u>

Village of Pinehurst, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2016

Note 5. Pension Plan and Postemployment Obligations (Continued)

B. Law Enforcement Officers Special Separation Allowance (Continued)

3. Contributions (Continued)

<u>Three Year Trend Information</u>			
<u>For Year Ended June 30</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2014	\$ 62,520	62.54%	\$ 196,824
2015	76,516	50.09%	235,014
2016	76,676	55.91%	268,823

4. Funded Status and Funding Progress

As of December 31 2015, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was \$951,629. The covered payroll (annual payroll of active employees covered by the plan) was \$1,313,290, and the ratio of the UAAL to the covered payroll was 72.46 percent.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

C. Supplemental Retirement Income Plan for Law Enforcement Officers

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

Funding policy – Article 12E of G.S. Chapter 143 requires the Village to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2016 were \$77,386, which consisted of \$57,962 from the Village and \$19,424 from the law enforcement officers.

Note 5. Pension Plan and Postemployment Obligations (Continued)

D. Deferred Compensation Plan

The Village offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 401K. 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, 2016 were \$519,140, which consisted of \$253,742 from the Village and \$265,398 in voluntary contributions from employees.

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

E. Other Employment Benefits

The Village has also elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 with a minimum of \$25,000. Because all death benefit payments are made from the Death Benefit Plan and not by the Village, the Village does not determine the number of eligible participants. The Village has no liability beyond the payment of monthly contributions. The contributions to Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payrolls, based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The Village considers these contributions to be immaterial.

For the fiscal year ended June 30, 2016, the Village made contributions to the State for death benefits of \$4,567. The Village's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.09% and 0.00% of covered payroll, respectively.

Village of Pinehurst, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2016

Note 5. Pension Plan and Postemployment Obligations (Continued)

E. Other Employment Benefits (Continued)

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.

Note 6. Deferred Outflows and Inflows of Resources

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

Contributions to pension plan in the current fiscal year	\$ 424,359
Other pension deferrals	13,513
Total	<u>\$ 437,872</u>

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

	Unavailable Revenue	Other
Taxes receivable	\$ 25,582	\$ -
Other receivables	2,102	-
Special assessments receivable	131,362	-
Pension deferrals	-	255,190
Total	<u>\$ 158,046</u>	<u>\$ 255,190</u>

Note 7. Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Village participates in two self-funded risk-financing pools administered by the North Carolina League of Municipalities. Through these pools, the Village obtains general liability and auto liability coverage of \$3 million per occurrence, property coverage up to the total insured values of the property policy, and workers' compensation coverage up to statutory limits. The liability and property exposures are reinsured through commercial carriers for claims in excess of retentions as selected by the Board of Trustees each year. Stop loss insurance is purchased by the Board of Trustees to protect against large medical claims that exceed certain dollar cost levels. Specific information on the limits of the reinsurance, excess and stop loss policies purchased by the Board of Trustees can be obtained by contacting the Risk Management Services Department of the NC League of Municipalities. The pools are audited annually by certified public accountants, and the audited financial statements are available to the Village upon request.

Village of Pinehurst, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2016

Note 7. Risk Management (Continued)

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 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.

Note 8. Claims, Judgments and Contingent Liabilities

At June 30, 2016, the Village was a defendant to various lawsuits. In the opinion of Village management and the Village attorney, the ultimate outcome of these legal matters will not have a material adverse effect on the Village's financial position.

Note 9. Long-Term Obligations

A. Installment Purchase

Long-term debt obligations of the Village consisted of the following at June 30, 2016:

\$500,000 land installment purchase dated 4/7/03 due in 30 semi-annual payments consisting of fixed principal of \$16,667 plus interest at 3.98% through April 2018; issued by BB&T and collateralized by land	\$ 66,667
\$2,500,000 building installment purchase dated 3/14/05 due in 30 semi-annual installments consisting of fixed principal of \$83,334 plus interest at 3.44% through March 2020; issued by PNC and collateralized by fire station building	666,666
\$1,000,000 building installment purchase dated 3/11/02 due in 40 semi-annual payments consisting of fixed principal of \$25,000 plus interest at 4.60% through March 2022; issued by Bank of America and collateralized by Fair Barn building	300,000
\$500,000 vehicle installment purchase dated 11/10/09 due in 14 semi-annual payments of \$42,037 through December 2016; interest at 4.43% with a 35% Build America Bond interest rebate on each payment for a net effective interest rate of approximately 2.88%; issued by PNC and collateralized by fire truck	40,668
\$550,000 vehicle installment purchase dated 7/31/13 due in 14 semi-annual payments of \$41,917 through August 2020; interest at 1.75%; issued by First Bank and collateralized by fire truck	<u>361,322</u>
	<u>\$ 1,435,323</u>

Village of Pinehurst, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2016

Note 9. Long-Term Obligations (Continued)

A. Installment Purchase (Continued)

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

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 368,505	\$ 44,375
2018	329,224	32,299
2019	297,281	21,877
2020	298,698	12,428
2021	91,615	4,388
2022	<u>50,000</u>	<u>1,725</u>
	<u>\$ 1,435,323</u>	<u>\$ 117,092</u>

B. Changes in Long-Term Liabilities

At June 30, 2016, the Village had a legal debt margin of \$265,994,552.

The following is a summary of changes in the Village's long-term obligations for the fiscal year ended June 30, 2016:

	<u>Balance July 1, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2016</u>	<u>Current Portion of Balance</u>
Governmental activities:					
Installment purchases	\$ 1,841,825	\$ -	\$ (406,502)	\$ 1,435,323	\$ 368,505
Compensated absences	620,879	426,159	(407,730)	639,308	419,832
Net pension liability (LGERS)	-	490,982	-	490,982	-
Net pension obligation (LEO)	<u>235,014</u>	<u>33,809</u>	<u>-</u>	<u>268,823</u>	<u>-</u>
Governmental activity long-term liabilities	<u>\$ 2,697,718</u>	<u>\$ 950,950</u>	<u>\$ (814,232)</u>	<u>\$ 2,834,436</u>	<u>\$ 788,337</u>

Compensated absences typically have been liquidated in the general fund.

The LGERS plan had a net pension liability as of June 30, 2016; however, the plan had a net pension asset at the beginning of the fiscal year.

Note 10. Net Investment in Capital Assets

	<u>Governmental</u>
Capital assets	\$ 21,903,313
Less: Long-term debt	<u>(1,435,323)</u>
Net investment in capital assets	<u>\$ 20,467,990</u>

Village of Pinehurst, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2016

Note 11. Fund Balance

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

<i>Total fund balance-General Fund</i>	<i>\$ 9,325,344</i>
Less:	
Inventories	39,799
Prepaid items	118,979
Stabilization by state statute	1,474,901
Appropriated fund balance in 2017 Budget	1,001,685
Fund balance policy minimum	2,419,596
Remaining fund balance	4,270,384

The Village's fund balance policy requires the Village to maintain a minimum unassigned General Fund balance of 15% of actual expenditures as reported in the Village's CAFR. In addition, the when preparing the annual General Fund budget, the total appropriated fund balance should result in anticipated ending total fund balance in the range of 30%-40% of budgeted expenditures. At June 30, 2016 the General Fund's unassigned fund balance of \$6,689,980 represents 41% of General Fund actual expenditures which is well above the policy minimum. Total fund balance was 51% of budgeted expenditures. The amount by which the fund balance exceeds policy-established minimums may be included as a revenue source when the budget is prepared for the next fiscal year.

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

<i>Encumbrances</i>	<i>General Fund</i>
	\$27,302

Note 12. Summary Disclosure of Significant Contingencies

A. Employment Security Benefits

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

B. Federal and State Assisted Programs

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

Note 13. Significant Effects of Subsequent Events

None.

Note 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 lightening insurance premiums that insurers remit to the State. The State passes these moneys to the local board of the Firefighters' Relief Fund. These distributions are used to assist fire fighters in various ways. The local board of the Firefighters' Relief Fund received a distribution of \$22,935 from the State Insurance Commissioner's office for the fiscal year ended June 30, 2016. 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, 2016. The Firefighters' Relief Fund does not issue separate audited financial statements. Instead, the local board of trustees files an annual financial report with the State Firefighter's Association. This report can be obtained from the Association at 323 West Jones Street, Suite 401, Raleigh, North Carolina 27603.

Required Supplementary Information

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

**Schedule of Proportionate Share of Net Pension
Liability (Asset)
Local Government Employees' Retirement System**

**Schedule of Contributions
Local Government Employees' Retirement System**

**Schedule of Funding Progress
Law Enforcement Officers' Special Separation
Allowance**

Village of Pinehurst, North Carolina**Exhibit A-1****Schedule of the Proportionate Share of the Net Pension Liability (Asset)****Local Government Employees' Retirement System - Last Three Fiscal Years*****Required Supplementary Information**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Pinehurst's proportion of the net pension liability (asset)	0.1094%	0.1083%	0.1077%
Pinehurst's proportion of the net pension liability (asset)	\$ 490,982	\$ (638,460)	\$ 1,298,199
Pinehurst's covered-employee payroll	\$ 6,280,547	\$ 6,025,207	\$ 5,731,782
Pinehurst's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	7.82%	-10.60%	22.65%
Plan fiduciary net position as a percentage of the total pension liability**	98.09%	102.64%	44.35%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

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

Schedule of Contributions

Local Government Employees' Retirement System - Last Three Fiscal Years

Required Supplementary Information

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 424,359	\$ 445,138	\$ 434,315
Contributions in relation to the contractually required contribution	<u>424,359</u>	<u>445,138</u>	<u>434,315</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Pinehurst's covered-employee payroll	\$ 6,380,220	\$ 6,280,547	\$ 6,025,207
Contributions as a percentage of covered-employee payroll	6.65%	7.09%	7.21%

Village of Pinehurst, North Carolina
Schedule of Funding Progress
Law Enforcement Officers' Special Separation Allowance
Required Supplementary Information

Exhibit A-3

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b - a)/c)
12/31/06	-	\$ 267,367	\$ 267,367	0.00%	\$ 923,508	28.95%
12/31/07	-	274,898	274,898	0.00%	1,105,732	24.86%
12/31/08	-	372,335	372,335	0.00%	1,125,699	33.08%
12/31/09	-	489,896	489,896	0.00%	1,139,799	42.98%
12/31/10	-	463,380	463,380	0.00%	1,177,170	39.36%
12/31/11	-	493,802	493,802	0.00%	1,138,078	43.39%
12/31/12	-	607,213	607,213	0.00%	1,172,606	51.78%
12/31/13	-	626,720	626,720	0.00%	1,206,717	51.94%
12/31/14	-	623,995	623,995	0.00%	1,204,132	51.82%
12/31/15	-	951,629	951,629	0.00%	1,313,290	72.46%

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.

Village of Pinehurst, North Carolina
General Fund
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2016
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2015

Exhibit B-1
Page 1 of 4

	2016			
	Final Budget	Actual	Variance Positive (Negative)	2015
Revenues:				
Ad valorem taxes:				
Taxes	\$ 9,568,000	\$ 9,687,263	\$ 119,263	\$ 9,778,247
Penalties and interest	5,000	10,434	5,434	14,118
Total	9,573,000	9,697,697	124,697	9,792,365
Other taxes:				
Golf cart licenses	-	8,745	8,745	2,010
Total	-	8,745	8,745	2,010
Unrestricted intergovernmental:				
Local option sales tax	2,978,500	3,045,953	67,453	2,850,563
Telecommunications sales tax	129,000	94,353	(34,647)	122,095
Utilities sales tax	1,088,000	1,105,975	17,975	967,524
Video programming	295,000	297,131	2,131	296,634
Hold harmless reimbursements	690,000	715,857	25,857	668,311
Wine & beer tax	68,900	69,341	441	74,045
Total	5,249,400	5,328,610	79,210	4,979,172
Restricted intergovernmental:				
Powell Bill allocation	492,000	495,083	3,083	492,706
BAB interest rebates	1,450	1,367	(83)	2,559
Controlled substance tax	1,100	1,217	117	1,646
Other grants	1,000	1,361	361	47,370
Solid waste disposal tax	9,900	10,217	317	10,018
Total	505,450	509,245	3,795	554,299
Permits and fees:				
Building permits and inspection fees	280,000	329,589	49,589	289,270
Planning and zoning fees	45,000	53,000	8,000	44,390
Fire district	200,000	215,192	15,192	202,694
Rescue services	26,000	25,000	(1,000)	14,000
Other permits and fees	5,300	9,252	3,952	28,200
Total	556,300	632,033	75,733	578,554
Sales and services:				
Rents, concessions and fees	539,500	603,212	63,712	514,978
Recreation fees	112,500	126,414	13,914	114,921
Total	652,000	729,626	77,626	629,899
Investment earnings:				
Investment income	10,200	25,932	15,732	9,833
Assessments	29,075	45,741	16,666	20,116

Village of Pinehurst, North Carolina
General Fund
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2016
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2015

Exhibit B-1
Page 2 of 4

	2016			
	Final Budget	Actual	Variance Positive (Negative)	2015
Miscellaneous:				
ABC revenue	\$ 111,700	\$ 120,944	\$ 9,244	\$ 101,715
Recycling revenue	-	526	526	249
Donations	27,480	35,240	7,760	41,239
Other revenues	30,500	38,932	8,432	39,107
Total	169,680	195,642	25,962	182,310
Total revenues	16,745,105	17,173,271	428,166	16,748,558
Expenditures:				
General government:				
Governing body:				
Operating expenditures	233,248	166,703	66,545	180,596
Total	233,248	166,703	66,545	180,596
Administration:				
Operating expenditures	1,094,434	1,033,153	61,281	988,330
Capital outlay	66,945	23,584	43,361	90,952
Total	1,161,379	1,056,737	104,642	1,079,282
Financial services:				
Operating expenditures	621,130	610,051	11,079	550,221
Capital outlay	900	-	900	2,187
Total	622,030	610,051	11,979	552,408
Human resources:				
Operating expenditures	356,390	309,259	47,131	320,363
Capital outlay	450	-	450	1,094
Total	356,840	309,259	47,581	321,457
Total general government	2,373,497	2,142,750	230,747	2,133,743
Public safety:				
Police:				
Operating expenditures	2,782,714	2,564,223	218,491	2,596,544
Capital outlay	139,385	88,982	50,403	129,863
Total	2,922,099	2,653,205	268,894	2,726,407
Fire:				
Operating expenditures	2,749,328	2,484,032	265,296	2,492,200
Capital outlay	114,215	98,021	16,194	98,677
Total	2,863,543	2,582,053	281,490	2,590,877

Village of Pinehurst, North Carolina
General Fund
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2016
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2015

Exhibit B-1
Page 3 of 4

	2016			
	Final Budget	Actual	Variance Positive (Negative)	2015
Inspections:				
Operating expenditures	\$ 231,685	\$ 185,192	\$ 46,493	\$ 225,028
Capital outlay	25,355	22,864	2,491	1,172
Total	257,040	208,056	48,984	226,200
Total public safety	6,042,682	5,443,314	599,368	5,543,484
Transportation:				
Public services administration:				
Operating expenditures	406,560	357,173	49,387	357,859
Capital outlay	486,285	285,093	201,192	978
Total	892,845	642,266	250,579	358,837
Streets and grounds:				
Operating expenditures	1,258,840	1,163,805	95,035	1,205,896
Capital outlay	309,228	272,213	37,015	396,368
Total	1,568,068	1,436,018	132,050	1,602,264
Powell Bill:				
Operating expenditures	659,000	646,835	12,165	806,847
Capital outlay	141,000	48,952	92,048	21,115
Total	800,000	695,787	104,213	827,962
Total transportation	3,260,913	2,774,071	486,842	2,789,063
Economic & physical development:				
Planning:				
Operating expenditures	645,070	527,678	117,392	562,471
Capital outlay	26,145	-	26,145	2,889
Total	671,215	527,678	143,537	565,360
Community Development				
Operating expenditures	228,540	187,654	40,886	232,423
Capital outlay	170,700	159,234	11,466	311,736
Total	399,240	346,888	52,352	544,159
Total economic & physical development	1,070,455	874,566	195,889	1,109,519
Environmental protection:				
Solid waste:				
Operating expenditures	1,386,900	1,257,365	129,535	1,404,495
Capital outlay	325,780	319,633	6,147	182,305
Total	1,712,680	1,576,998	135,682	1,586,800
Total environmental protection	1,712,680	1,576,998	135,682	1,586,800
Cultural and Recreation:				
Recreation:				
Operating expenditures	1,363,859	1,240,069	123,790	1,195,405
Capital outlay	657,520	466,593	190,927	100,957
Total	2,021,379	1,706,662	314,717	1,296,362

Village of Pinehurst, North Carolina
General Fund
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2016
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2015

Exhibit B-1
Page 4 of 4

	2016		
	Final Budget	Actual	Variance Positive (Negative)
			2015
Library:			
Operating expenditures	\$ 225,000	\$ 225,000	\$ -
Harness Track:			
Operating expenditures	516,910	448,173	68,737
Capital outlay	190,790	162,403	28,387
Total	707,700	610,576	97,124
Fair Barn:			
Operating expenditures	311,420	262,099	49,321
Capital outlay	72,865	50,382	22,483
Total	384,285	312,481	71,804
Total cultural and recreation	3,338,364	2,854,719	483,645
Contingency:			
Operating expenditures	43,000	-	43,000
Debt service:			
Principal retirement	406,188	406,502	(314)
Interest and fees	58,116	57,721	395
Total	464,304	464,223	81
Total expenditures	18,305,895	16,130,641	2,175,254
Excess (deficiency) of revenues over (under) expenditures	(1,560,790)	1,042,630	2,603,420
Other Financing Sources:			
Sales of capital assets	50,000	57,612	7,612
Transfers from other funds:			
Special Revenue Funds	-	-	-
Total other financing sources	50,000	57,612	7,612
Fund balance appropriated	1,510,790	-	(1,510,790)
Net change in fund balances	\$ -	1,100,242	\$ 1,100,242
Fund balances, beginning		8,225,102	7,748,844
Fund balances, ending		\$ 9,325,344	\$ 8,225,102

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.

Village of Pinehurst, North Carolina
Capital Assets Used in the Operation of Governmental Funds
Comparative Schedules by Source
June 30, 2016

Exhibit C-1

	<u>2016</u>	<u>2015</u>
Governmental funds capital assets:		
Land	\$ 5,783,713	\$ 5,783,713
Right of ways	182,520	150,120
Buildings and improvements	19,769,525	19,143,835
Furniture, equipment, and vehicles	9,075,942	8,587,240
Infrastructure	5,537,554	5,002,718
Construction in progress	<u>201,976</u>	<u>139,048</u>
Total governmental funds capital assets	<u>\$ 40,551,230</u>	<u>\$ 38,806,674</u>
 Investment in governmental funds capital assets by source:		
General Fund	\$ 37,723,415	\$ 36,099,935
Donations	<u>2,827,815</u>	<u>2,706,739</u>
Total governmental funds capital assets	<u>\$ 40,551,230</u>	<u>\$ 38,806,674</u>

Village of Pinehurst, North Carolina
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
June 30, 2016

Exhibit C-2

FUNCTION AND ACTIVITY	Land	Right of Ways	Buildings	Improvements Other Than Buildings	Furniture, Equipment & Vehicles	Infrastructure	Construction In Progress	Total
General Government								
Governing Body	\$ 3,348,346	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,348,346
Administration	-	-	4,253,611	-	219,371	-	-	4,472,982
Financial Services	-	-	-	-	135,259	-	-	135,259
Human Resources	-	-	-	-	21,300	-	-	21,300
Information Technology	-	-	-	28,388	272,625	-	-	301,013
Buildings & Grounds	-	-	436,666	704,711	265,007	29,476	-	1,435,860
Fleet Maintenance	25,170	-	95,119	-	187,199	-	-	307,488
	<u>3,373,516</u>	<u>-</u>	<u>4,785,396</u>	<u>733,099</u>	<u>1,100,761</u>	<u>29,476</u>	<u>-</u>	<u>10,022,248</u>
Public Safety								
Police	-	-	2,696,435	-	1,196,439	-	-	3,892,874
Fire	161,074	-	3,295,398	-	2,381,903	-	-	5,838,375
Inspections	-	-	-	-	56,665	-	-	56,665
	<u>161,074</u>	<u>-</u>	<u>5,991,833</u>	<u>-</u>	<u>3,635,007</u>	<u>-</u>	<u>-</u>	<u>9,787,914</u>
Transportation								
Public Services	32,500	-	526,154	-	102,494	-	-	661,148
Streets and Grounds	-	182,520	5,118	1,031,122	1,252,022	4,372,712	-	6,843,494
Powell Bill	-	-	-	45,713	258,236	44,212	-	348,161
	<u>32,500</u>	<u>182,520</u>	<u>531,272</u>	<u>1,076,835</u>	<u>1,612,752</u>	<u>4,416,924</u>	<u>-</u>	<u>7,852,803</u>
Environmental Protection								
Solid Waste	-	-	-	-	1,812,092	-	-	1,812,092
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,812,092</u>	<u>-</u>	<u>-</u>	<u>1,812,092</u>
Cultural and Recreation								
Recreation	760,373	-	237,664	2,482,730	288,497	822,268	-	4,591,532
Harness Track	1,456,250	-	1,233,140	297,682	499,862	268,886	-	3,755,820
Fair Barn	-	-	2,280,488	119,386	74,534	-	-	2,474,408
	<u>2,216,623</u>	<u>-</u>	<u>3,751,292</u>	<u>2,899,798</u>	<u>862,893</u>	<u>1,091,154</u>	<u>-</u>	<u>10,821,760</u>
Economic & Physical Development								
Planning	-	-	-	-	52,437	-	-	52,437
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>52,437</u>	<u>-</u>	<u>-</u>	<u>52,437</u>
Construction in progress	-	-	-	-	-	-	201,976	201,976
	<u>\$ 5,783,713</u>	<u>\$ 182,520</u>	<u>\$ 15,059,793</u>	<u>\$ 4,709,732</u>	<u>\$ 9,075,942</u>	<u>\$ 5,537,554</u>	<u>\$ 201,976</u>	<u>\$ 40,551,230</u>

Village of Pinehurst, North Carolina
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes By Function and Activity
For the Fiscal Year Ended June 30, 2016

Exhibit C-3

FUNCTION AND ACTIVITY	Capital Assets July 1, 2015	Additions	Deletions	Adjustments	Capital Assets June 30, 2016
General Government					
Governing Body	\$ 3,348,346	\$ -	\$ -	\$ -	\$ 3,348,346
Administration	4,449,399	23,583	-	-	4,472,982
Financial Services	135,259	-	-	-	135,259
Human Resources	21,300	-	-	-	21,300
Information Technology	301,013	-	-	-	301,013
Buildings & Grounds Mtnce.	1,405,210	-	-	30,650	1,435,860
Fleet Maintenance	312,958	-	(5,470)	-	307,488
	<u>9,973,485</u>	<u>23,583</u>	<u>(5,470)</u>	<u>30,650</u>	<u>10,022,248</u>
Public Safety					
Police	3,803,892	88,982	-	-	3,892,874
Fire	5,706,680	98,022	33,673	-	5,838,375
Inspections	33,801	22,864	-	-	56,665
	<u>9,544,373</u>	<u>209,868</u>	<u>33,673</u>	<u>-</u>	<u>9,787,914</u>
Transportation					
Public Services	629,496	72,547	(40,895)	-	661,148
Streets and Grounds	6,179,245	622,882	41,367	-	6,843,494
Powell Bill	419,661	-	(71,500)	-	348,161
	<u>7,228,402</u>	<u>695,429</u>	<u>(71,028)</u>	<u>-</u>	<u>7,852,803</u>
Environmental Protection					
Solid Waste	1,682,781	319,633	(190,322)	-	1,812,092
	<u>1,682,781</u>	<u>319,633</u>	<u>(190,322)</u>	<u>-</u>	<u>1,812,092</u>
Cultural and Recreation					
Recreation	4,115,544	475,988	-	-	4,591,532
Harness Track	3,626,345	162,404	(2,279)	(30,650)	3,755,820
Fair Barn	2,444,259	30,149	-	-	2,474,408
	<u>10,186,148</u>	<u>668,541</u>	<u>(2,279)</u>	<u>(30,650)</u>	<u>10,821,760</u>
Economic & Physical Development					
Planning	52,437	-	-	-	52,437
	<u>52,437</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>52,437</u>
Construction in progress	139,048	201,976	(139,048)	-	201,976
	<u>\$ 38,806,674</u>	<u>\$ 2,119,030</u>	<u>\$ (374,474)</u>	<u>\$ -</u>	<u>\$ 40,551,230</u>

Additional Financial Data

This section contains additional information on property taxes and interfund transfers.

Schedule of Ad Valorem Taxes Receivable

Analysis of Current Tax Levy

Village of Pinehurst, North Carolina
Schedule of Ad Valorem Taxes Receivable
June 30, 2016

Exhibit D-1

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2015</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30, 2016</u>
2015-2016	\$ -	\$ 9,692,375	\$ 9,686,105	\$ 6,270
2014-2015	2,536	-	2,268	268
2013-2014	2,584	-	968	1,616
2012-2013	3,353	-	702	2,651
2011-2012	1,401	-	171	1,230
2010-2011	1,628	-	279	1,349
2009-2010	2,648	-	23	2,625
2008-2009	1,112	-	58	1,054
2007-2008	1,974	-	7	1,967
2006-2007	2,213	-	169	2,044
2005-2006	3,534	-	26	3,508
	<u>\$ 22,983</u>	<u>\$ 9,692,375</u>	<u>\$ 9,690,776</u>	<u>\$ 24,582</u>

Reconciliation with revenues:

Ad valorem taxes - General Fund

\$ 9,697,697

Reconciling items:

Interest collected and refunds

(10,434)

Refunds/reliefs

3,513

(6,921)

Total collections and credits

\$ 9,690,776

Village of Pinehurst, North Carolina
Analysis of Current Tax Levy
For the Fiscal Year Ended June 30, 2016

Exhibit D-2

	General Fund		Total Levy	
	Property Valuation	Rate	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:				
Property taxed at current year's rate	\$ 3,343,100,099	\$ 0.29	\$ 9,125,697	\$ 564,106
Penalties	-		2,830	-
Total	<u>3,343,100,099</u>		<u>9,128,527</u>	<u>564,106</u>
Discoveries:				
Current year taxes	1,104,713	\$ 0.29	3,150	-
Penalties	-		453	-
Total	<u>1,104,713</u>		<u>3,603</u>	<u>-</u>
Abatements	<u>(1,331,379)</u>		<u>(3,861)</u>	<u>-</u>
Total property valuation	<u>\$ 3,342,873,433</u>			
Net levy			9,692,375	564,106
Uncollected taxes at June 30, 2015			<u>(6,270)</u>	<u>-</u>
Current year's taxes collected			<u>\$ 9,686,105</u>	<u>\$ 564,106</u>
Current levy collection percentage			99.94%	100.00%

Statistical Section

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

Categories of Statistical Information Included

Financial Trends – These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity – These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity – These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information – These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

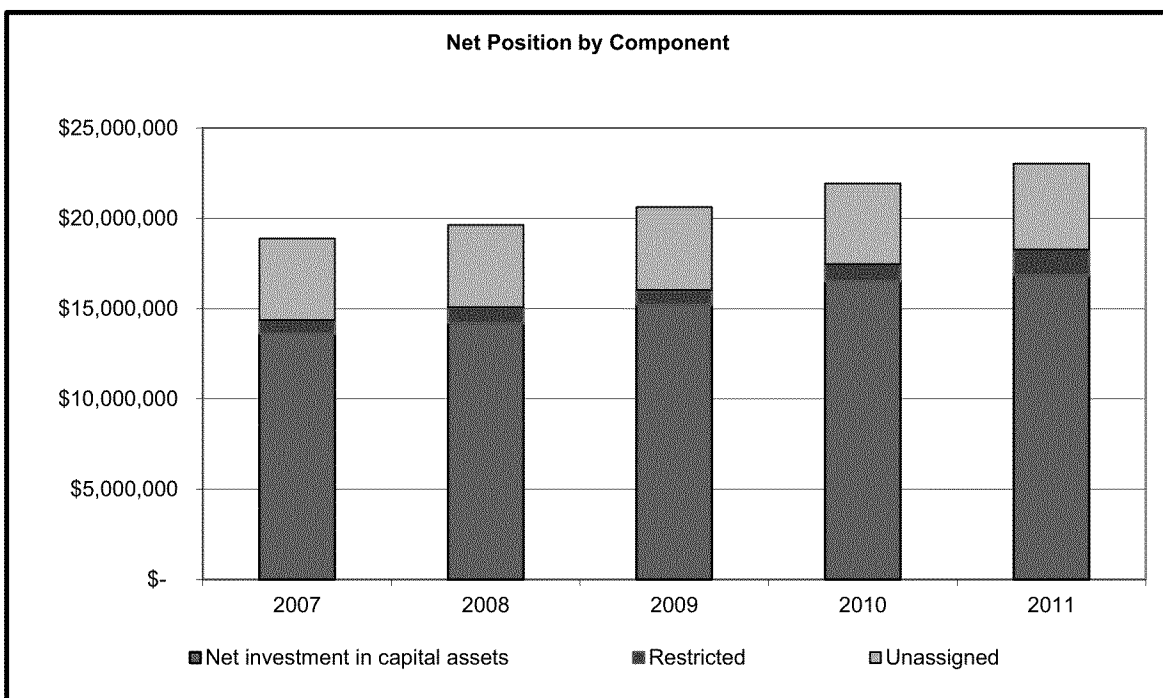
Operating Information – These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

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

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

Schedule 1
Page 1 of 2

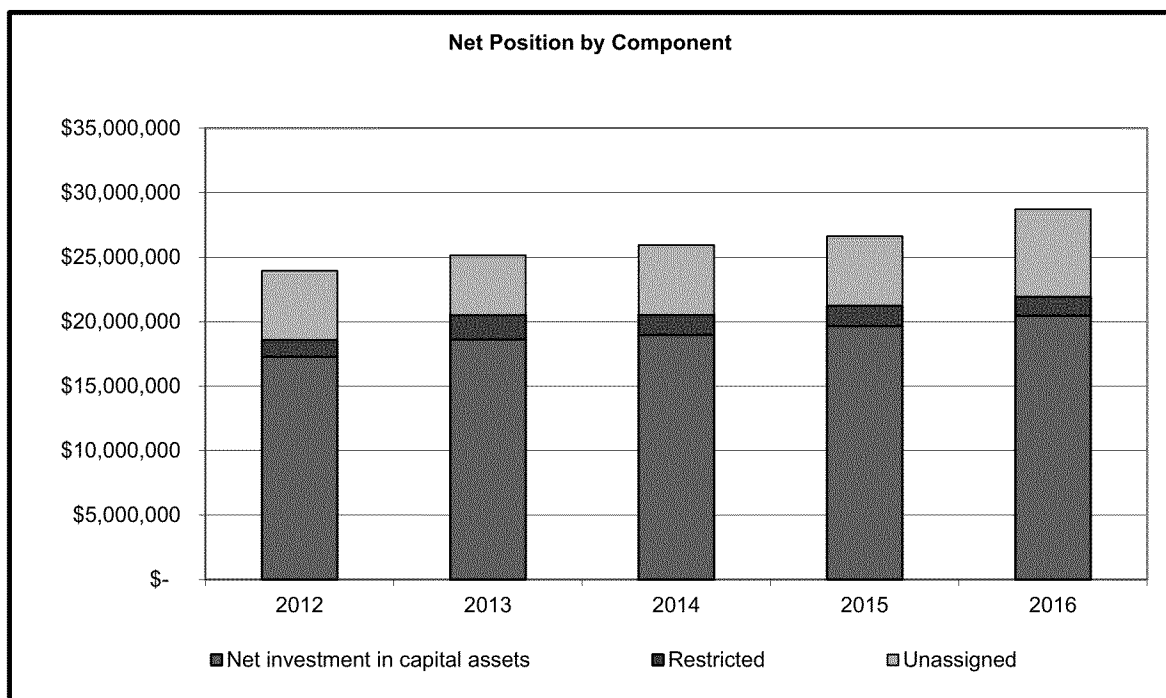
	Fiscal Year				
	2007	2008	2009	2010	2011
Governmental activities					
Net investment in capital assets	\$ 13,611,992	\$ 14,194,908	\$ 15,216,054	\$ 16,520,624	\$ 16,842,082
Restricted for:					
Stabilization by state statute	754,787	866,501	814,222	940,483	1,422,691
Equitable sharing	844	-	-	-	-
Municipal Service District	9,546	12,710	12,116	13,070	14,084
Unrestricted	4,509,038	4,571,240	4,582,009	4,457,047	4,756,832
Total governmental activities net position	<u>\$ 18,886,207</u>	<u>\$ 19,645,359</u>	<u>\$ 20,624,401</u>	<u>\$ 21,931,224</u>	<u>\$ 23,035,689</u>



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

Schedule 1
Page 2 of 2

	Fiscal Year				
	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
Equitable sharing	-	-	-	-	-
Municipal Service District	14,354	-	-	-	-
Unrestricted	5,372,934	4,631,746	5,417,136	5,381,405	6,777,854
Total governmental activities net position	\$ 23,950,600	\$ 25,130,524	\$ 25,940,113	\$ 26,631,615	\$ 28,720,745



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

Schedule 2
Page 1 of 2

	Fiscal Year				
	2007	2008	2009	2010	2011
Expenses					
Governmental Activities:					
General government	\$ 1,734,126	\$ 2,018,433	\$ 2,410,048	\$ 2,103,062	\$ 2,001,438
Public safety	3,931,368	4,458,221	5,059,957	5,284,615	5,415,839
Transportation	1,787,727	1,988,590	1,954,325	1,672,394	2,460,277
Economic and physical development	938,484	1,016,135	1,119,970	1,209,264	1,422,329
Environmental protection	746,798	907,233	945,601	1,050,620	1,352,912
Cultural and recreation	1,140,561	1,248,525	1,443,256	1,854,910	1,795,985
Non-departmental	55,822	45,416	48,615	-	-
Interest on long-term debt	290,181	242,197	212,761	166,794	141,320
Total governmental activities expenses	<u>\$ 10,625,067</u>	<u>\$ 11,924,750</u>	<u>\$ 13,194,533</u>	<u>\$ 13,341,659</u>	<u>\$ 14,590,100</u>
Program Revenues					
Governmental Activities:					
Charges for services:					
General government	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	965,086	910,283	905,229	842,700	398,609
Transportation	49,500	56,000	20,000	9,000	10,000
Economic and physical development	119,682	117,916	143,074	66,201	25,615
Cultural and recreation	422,331	408,097	399,999	468,469	497,313
Operating grants and contributions	486,762	610,570	670,345	513,020	957,837
Capital grants and contributions	17,518	262,397	44,592	1,099,183	-
Total governmental activities program revenue	<u>\$ 2,060,879</u>	<u>\$ 2,365,263</u>	<u>\$ 2,183,239</u>	<u>\$ 2,998,573</u>	<u>\$ 1,889,374</u>
Total governmental activities net expense	<u>\$ (8,564,188)</u>	<u>\$ (9,559,487)</u>	<u>\$ (11,011,294)</u>	<u>\$ (10,343,086)</u>	<u>\$ (12,700,726)</u>
General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes					
Ad valorem taxes	\$ 6,516,978	\$ 6,763,897	\$ 7,782,933	\$ 8,070,832	\$ 9,615,930
Franchise taxes	217,008	133,435	33,628	43,191	44,913
Golf cart licenses	-	-	-	-	-
Unrestricted intergovernmental	2,874,723	3,199,031	3,462,583	3,233,572	3,892,476
Investment earnings	238,730	321,606	284,129	35,001	23,665
Miscellaneous	267,368	414,034	174,266	267,313	228,207
Total governmental activities general revenue	<u>\$ 10,114,807</u>	<u>\$ 10,832,003</u>	<u>\$ 11,737,539</u>	<u>\$ 11,649,909</u>	<u>\$ 13,805,191</u>
Change in Governmental Activities Net Position	<u>\$ 1,550,619</u>	<u>\$ 1,272,516</u>	<u>\$ 726,245</u>	<u>\$ 1,306,823</u>	<u>\$ 1,104,465</u>

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

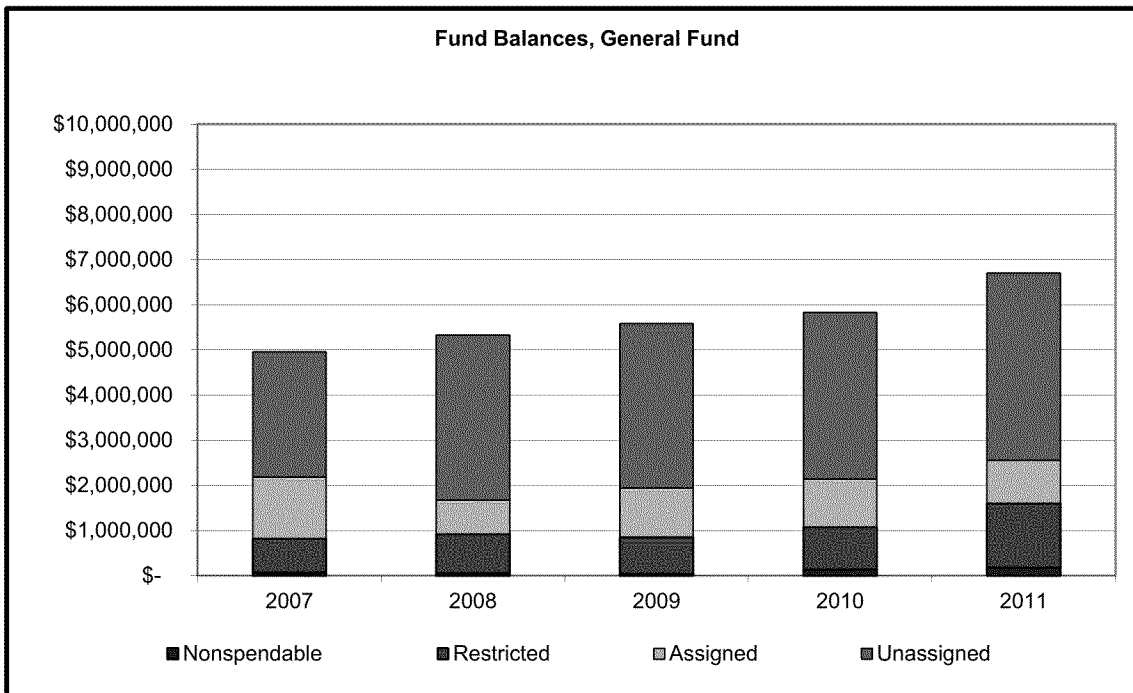
Schedule 2
Page 2 of 2

	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
Non-departmental	-	-	-	-	-
Interest on long-term debt	108,919	88,541	82,192	69,243	54,120
Total governmental activities expenses	<u>\$ 14,726,696</u>	<u>\$ 14,676,964</u>	<u>\$ 16,139,542</u>	<u>\$ 16,011,525</u>	<u>\$ 15,326,314</u>
Program Revenues					
Governmental Activities:					
Charges for services:					
General government	\$ -	\$ -	\$ -	\$ 35	\$ 91
Public safety	422,878	469,345	490,364	507,962	569,814
Transportation	10,000	10,500	19,000	17,000	-
Economic and physical development	49,827	57,745	39,567	51,363	59,368
Cultural and recreation	510,856	509,113	1,268,417	672,851	730,300
Operating grants and contributions	827,939	533,380	546,089	1,025,870	509,304
Capital grants and contributions	-	207,252	42,563	320,235	230,788
Total governmental activities program revenue	<u>\$ 1,821,500</u>	<u>\$ 1,787,335</u>	<u>\$ 2,406,000</u>	<u>\$ 2,595,316</u>	<u>\$ 2,099,665</u>
Total governmental activities net expense	<u>\$ (12,905,196)</u>	<u>\$ (12,889,629)</u>	<u>\$ (13,733,542)</u>	<u>\$ (13,416,209)</u>	<u>\$ (13,226,649)</u>
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
Franchise taxes	-	-	-	-	-
Golf cart 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
Investment earnings	27,125	12,947	10,424	9,796	25,872
Miscellaneous	235,587	324,271	495,732	197,599	253,256
Total governmental activities general revenue	<u>\$ 13,820,107</u>	<u>\$ 14,069,553</u>	<u>\$ 14,543,131</u>	<u>\$ 14,973,631</u>	<u>\$ 15,315,779</u>
Change in Governmental Activities Net Position	<u>\$ 914,911</u>	<u>\$ 1,179,924</u>	<u>\$ 809,589</u>	<u>\$ 1,557,422</u>	<u>\$ 2,089,130</u>

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

Schedule 3
Page 1 of 2

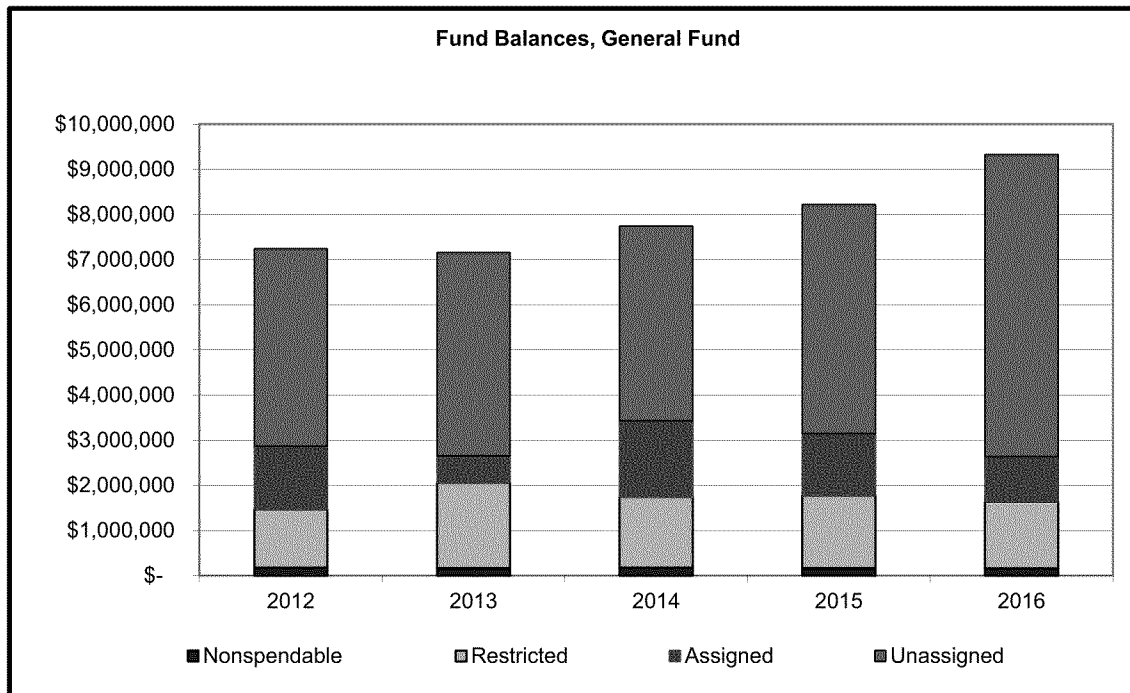
	Fiscal Year				
	2007	2008	2009	2010	2011
General Fund					
Nonspendable:					
Inventory	\$ 34,352	\$ 43,860	\$ 36,722	\$ 36,180	\$ 46,747
Prepaid items	31,925	10,483	5,300	97,922	128,567
Restricted:					
Stabilization by state statute	754,787	866,501	814,222	940,483	1,422,691
Equitable sharing	844	-	-	-	-
Assigned:					
Subsequent year's expenditures	1,362,144	752,672	1,086,707	1,066,859	959,020
Unassigned	2,778,482	3,655,444	3,642,545	3,691,852	4,145,184
Total general fund	<u>\$ 4,962,534</u>	<u>\$ 5,328,960</u>	<u>\$ 5,585,496</u>	<u>\$ 5,833,296</u>	<u>\$ 6,702,209</u>
All Other Governmental Funds					
Restricted:					
Municipal Service District	\$ 9,546	\$ 12,710	\$ 12,116	\$ 13,070	\$ 14,084
Committed:					
Capital Project fund expenditures	304,288	267,441	187,063	49,632	34,549
Special Revenue fund expenditures	294,099	240,847	94,465	10,140	10,218
Total all other governmental funds	<u>\$ 607,933</u>	<u>\$ 520,998</u>	<u>\$ 293,644</u>	<u>\$ 72,842</u>	<u>\$ 58,851</u>



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

Schedule 3
Page 2 of 2

	Fiscal Year				
	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
Equitable sharing	-	-	-	-	-
Assigned:					
Subsequent year's expenditures	1,405,864	601,175	1,687,710	1,375,639	1,001,685
Unassigned	4,373,169	4,506,790	4,317,497	5,079,263	6,689,980
Total general fund	<u>\$ 7,244,455</u>	<u>\$ 7,161,748</u>	<u>\$ 7,748,844</u>	<u>\$ 8,225,102</u>	<u>\$ 9,325,344</u>
All Other Governmental Funds					
Restricted:					
Municipal Service District	\$ 14,354	\$ -	\$ -	\$ -	\$ -
Committed:					
Capital Project fund expenditures	24,982	-	-	-	-
Special Revenue fund expenditures	10,642	10,755	2,894	-	-
Total all other governmental funds	<u>\$ 49,978</u>	<u>\$ 10,755</u>	<u>\$ 2,894</u>	<u>\$ -</u>	<u>\$ -</u>



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

Schedule 4
Page 1 of 2

	Fiscal Year				
	2007	2008	2009	2010	2011
Revenues					
Ad valorem taxes	\$ 6,766,300	\$ 7,785,759	\$ 7,909,217	\$ 8,070,137	\$ 9,609,611
Other taxes and licenses	133,435	33,628	38,073	43,191	42,976
Unrestricted intergovernmental	3,199,031	3,462,583	3,367,519	3,233,572	3,894,413
Restricted intergovernmental	591,283	691,900	1,272,350	510,604	957,549
Permits and fees	1,079,571	1,071,151	1,059,147	914,383	446,838
Sales and services	407,677	400,419	453,201	468,903	497,714
Investment earnings	343,972	307,166	137,479	37,416	23,951
Assessments	58,527	56,236	38,699	15,619	34,648
Miscellaneous	154,389	131,172	165,488	170,051	167,838
Total revenues	12,734,185	13,940,014	14,441,173	13,463,876	15,675,538
Expenditures					
General government	1,784,308	2,165,676	1,827,508	1,863,768	1,840,989
Public safety	4,335,510	4,819,675	4,829,228	5,365,546	5,049,620
Transportation	1,895,464	1,930,191	1,727,241	1,580,763	2,382,430
Economic and physical development	1,073,563	1,216,009	1,891,282	1,271,268	1,472,447
Environmental protection	1,088,038	1,166,982	974,767	1,041,943	1,268,744
Cultural and recreation	1,147,154	1,360,286	1,802,697	1,706,863	1,781,382
Non-departmental	45,420	48,615	62,907	-	-
Debt service:					
Principal	776,602	796,762	808,993	836,473	891,764
Interest and other charges	251,461	221,947	191,418	173,226	150,635
Capital outlay	628,297	84,417	329,892	130,215	15,083
Total expenditures	13,025,817	13,810,560	14,445,933	13,970,065	14,853,094
Excess (deficiency) of revenues over (under) expenditures	(291,632)	129,454	(4,760)	(506,189)	822,444
Other Financing Sources (Uses)					
Transfers to other funds	(2,745,761)	(807,910)	(1,074,544)	(1,760,662)	(34,648)
Transfers from other funds	2,745,761	807,910	1,074,544	1,760,662	34,648
Sales of capital assets	1,903	19,402	33,942	33,187	32,478
Issuance of debt	-	-	-	500,000	-
Total other financing sources (uses)	1,903	19,402	33,942	533,187	32,478
Net change in fund balances	(289,729)	148,856	29,182	26,998	854,922
Fund balances, beginning	5,860,196	5,570,467	5,849,958	5,879,140	5,906,138
Prior period adjustment	-	130,635	-	-	-
Fund balances, beginning as restated	5,860,196	5,701,102	5,849,958	5,879,140	5,906,138
Fund balances, ending	\$ 5,570,467	\$ 5,849,958	\$ 5,879,140	\$ 5,906,138	\$ 6,761,060
Debt service as a percentage of noncapital expenditures	8.9%	8.0%	7.7%	7.9%	7.4%

Notes:

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

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

Schedule 4
Page 2 of 2

	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
Non-departmental	-	-	-	-	-
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
Prior period adjustment	-	-	-	-	-
Fund balances, beginning as restated	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
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Schedule 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
2007	2006	\$ 1,870,045,393	\$ 469,947,953	\$ 16,350,433	\$ 171,491,723	\$ 2,184,852,056	0.31	\$ 2,482,786,427
2008	2007	2,719,108,835	310,265,291	16,387,599	268,117,125	2,777,644,600	0.28	2,777,644,600
2009	2008	2,761,647,092	318,070,765	17,315,268	269,719,030	2,827,314,095	0.28	2,763,747,893
2010	2009	2,807,721,340	332,150,630	17,024,619	271,564,035	2,885,332,554	0.28	2,873,837,205
2011	2010	3,312,056,948	339,862,923	16,599,447	309,316,950	3,359,202,368	0.28	3,325,942,939
2012	2011	3,333,807,236	348,341,880	17,750,788	309,216,950	3,390,682,954	0.28	3,377,174,257
2013	2012	3,368,430,240	346,142,700	17,669,146	312,873,330	3,419,368,756	0.28	3,398,974,907
2014	2013	3,433,539,072	346,239,540	17,443,205	314,499,090	3,482,722,727	0.28	3,474,384,205
2015	2014	3,433,872,218	357,593,290	16,969,593	316,220,133	3,492,214,968	0.28	3,481,769,659
2016	2015	3,352,781,389	375,083,970	19,365,934	404,357,860	3,342,873,433	0.29	3,342,873,433

Sources:

Moore County Tax Department

Notes:

Assessed valuations are established by the Moore County Board of Commissioners at 100% of estimated market value. A revaluation of real property is required by the North Carolina General Statutes at least every eight years. Property was last revalued in FY 2016.

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

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

Schedule 6

Fiscal Year	Tax Year	Direct Rates	Overlapping Rates	
		Total Direct Rate	Village of Pinehurst Municipal Service District	Moore County (1)
2007	2006	0.31	0.09	0.495
2008	2007	0.28	0.08	0.475
2009	2008	0.28	0.06	0.504
2010	2009	0.28	0.06	0.485
2011	2010	0.28	0.05	0.485
2012	2011	0.28	0.05	0.485
2013	2012	0.28	0.05	0.485
2014	2013	0.28	-	0.485
2015	2014	0.28	-	0.485
2016	2015	0.29	-	0.495

Sources:

(1) Moore County Tax Department

Notes:

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

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

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

Schedule 7

Taxpayer	2016		2007	
	Taxable Assessed Value	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Percentage of Total Taxable Assessed Value
Pinehurst LLC	\$ 166,587,331	4.98%	\$ 122,539,053	5.61%
Pinehurst Surgical Clinic	25,473,350	0.76%	-	-
Pinehurst Medical	24,510,010	0.73%	12,866,622	0.59%
Country Club of North Carolina	17,324,070	0.52%	19,753,635	0.90%
Duke Energy Progress, Inc.	12,548,486	0.38%	11,272,640	0.52%
Pinewild Project Limited PTNS	10,234,391	0.31%	-	-
Quail Haven Properties of Pinehurst, LLC	10,020,530	0.30%	-	-
MTMM Associates (Carolina Eye Assoc.)	8,677,480	0.26%	8,524,575	0.39%
Pinehurst Nursing Center	5,649,311	0.17%	-	-
SCOP (Surgery Center of Pinehurst)	5,622,480	0.17%	-	-
Branch Banking and Trust Co.	4,914,230	0.15%	4,356,157	0.20%
Pleasant Living Health Care (Quail Haven)	-	-	8,265,503	0.38%
FirstHealth of the Carolinas	-	-	7,037,500	0.32%
Francis Maser	-	-	5,876,600	0.27%
Carolina Telephone and Telegraph	-	-	4,790,254	0.22%
Total	<u>\$ 291,561,669</u>	<u>8.72%</u>	<u>\$ 205,282,539</u>	<u>9.40%</u>

Sources:

Moore County Tax Department

Notes:

FY2016 and FY2007 data are for tax years 2015 and 2006 respectively.

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

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

Schedule 8

Fiscal Year	Tax year	Taxes Levied for the Fiscal Year (1)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy (1)
2007	2006	\$ 6,772,146	\$ 6,748,375	99.65%	10,863	\$ 6,759,238	99.81%
2008	2007	7,793,641	7,769,586	99.69%	11,044	7,780,630	99.83%
2009	2008	7,913,992	7,889,733	99.69%	11,603	7,901,336	99.84%
2010	2009	8,077,535	8,050,348	99.66%	12,228	8,062,576	99.81%
2011	2010	9,606,203	9,588,105	99.81%	12,870	9,600,975	99.95%
2012	2011	9,477,624	9,463,405	99.85%	12,989	9,476,394	99.99%
2013	2012	9,558,275	9,538,561	99.79%	17,063	9,555,624	99.97%
2014	2013	9,756,980	9,748,024	99.91%	7,340	9,755,364	99.98%
2015	2014	9,774,886	9,772,350	99.97%	2,268	9,774,618	100.00%
2016	2015	9,692,375	9,686,105	99.94%	-	9,686,105	99.94%

Sources:

Moore County Tax Department

Notes:

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

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

Schedule 9

<u>Fiscal Year</u>	<u>Calendar Year</u>	<u>Governmental Activities Installment Financing (1)</u>	<u>Percentage of Personal Income (2)</u>	<u>Per Capita (2)</u>
2007	2006	\$ 6,093,236	1.12%	553
2008	2007	5,296,474	0.93%	468
2009	2008	4,487,481	0.73%	386
2010	2009	4,151,008	0.60%	313
2011	2010	3,259,244	0.75%	240
2012	2011	2,510,366	0.48%	170
2013	2012	2,091,572	0.34%	140
2014	2013	2,262,742	0.35%	149
2015	2014	1,841,825	0.26%	119
2016	2015	1,435,323	0.18%	91

Notes:

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

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

Village of Pinehurst, North Carolina
Direct and Overlapping Governmental Activities Debt
As of June 30, 2016

Schedule 10

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (2)</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Moore County (1)			
Debt repaid with property taxes:			
Moore County general obligation debt	\$ 51,260,000	28.24%	\$ 14,475,704
Other debt:			
Moore County LOB	19,955,000	28.24%	5,635,245
Capital lease	449,012	28.24%	126,800
Moore County installment loans	484,796	28.24%	<u>136,905</u>
Subtotal, overlapping debt			20,374,654
Village of Pinehurst direct debt			<u>1,435,323</u>
Total direct and overlapping debt			<u><u>\$ 21,809,977</u></u>

Notes:

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

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

(2) For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the Village of Pinehurst's boundaries and dividing it by each unit's total taxable assessed value. Taxable assessed property values as of June 30, 2015 were used to determine the overlapping debt percentage.

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

Schedule 11

Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Legal Debt Margin as a Percent of Debt Limit
2007	\$ 174,788,164	\$ 6,093,236	\$ 168,694,928	96.51%
2008	222,211,568	5,296,474	216,915,094	97.62%
2009	226,185,128	4,487,481	221,697,647	98.02%
2010	230,826,604	4,151,008	226,675,596	98.20%
2011	268,736,189	3,259,244	265,476,945	98.79%
2012	271,245,476	2,510,366	268,744,270	99.08%
2013	273,549,500	2,091,572	271,457,928	99.24%
2014	278,617,818	2,262,742	276,355,076	99.19%
2015	279,377,197	1,841,825	277,535,372	99.34%
2016	267,429,875	1,435,323	265,994,552	99.46%

Legal debt margin calculation for Fiscal Year 2016

Assessed valuation	\$ 3,342,873,433	
	x 0.08	
Debt limit - 8.0% of assessed value		\$ 267,429,875
Gross debt:		
Installment purchase agreements	1,435,323	
Total gross debt	1,435,323	
Total amount of debt applicable to debt limit (net debt)		1,435,323
Legal debt margin		\$ 265,994,552

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

Schedule 12

<u>Fiscal Year</u>	<u>Calendar Year</u>	<u>Population (1)</u>	<u>Personal Income</u>	<u>Per Capita Income (2)</u>	<u>Median Age (2)</u>	<u>Unemployment Rate (3)</u>
2007	2006	11,026	\$ 542,145,667	\$ 49,170	60.4	4.8%
2008	2007	11,316	572,262,434	50,571	60.4	4.5%
2009	2008	11,632	610,890,250	52,518	60.4	6.2%
2010	2009	13,277	694,911,723	52,340	60.4	10.3%
2011	2010	13,601	434,198,324	31,924	58.4	9.5%
2012	2011	14,783	526,777,422	35,634	58.4	8.9%
2013	2012	14,979	608,671,665	40,635	60.6	8.6%
2014	2013	15,150	650,586,450	42,943	60.9	6.3%
2015	2014	15,525	708,033,150	45,606	60.8	5.4%
2016	2015	15,763	778,093,206	49,362	61.1	5.1%

Sources:

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

Notes:

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

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

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

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

Schedule 13

<u>Employer</u>	<u>2016</u>		<u>2007</u>	
	<u>Employees</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>
First Health of the Carolinas (1)	3,502	62.97%	2,567	53.22%
Pinehurst, LLC (2)	1,306	23.48%	1,178	24.42%
Total		86.46%		77.65%

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:

2016 employment is based on calendar year 2015.

GASB 44 requires comparative data for the current calendar year and nine years prior. 2010 adjusted Census Data was used for 2007 and 2016 to estimate the percentage of total employment.

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

Schedule 14

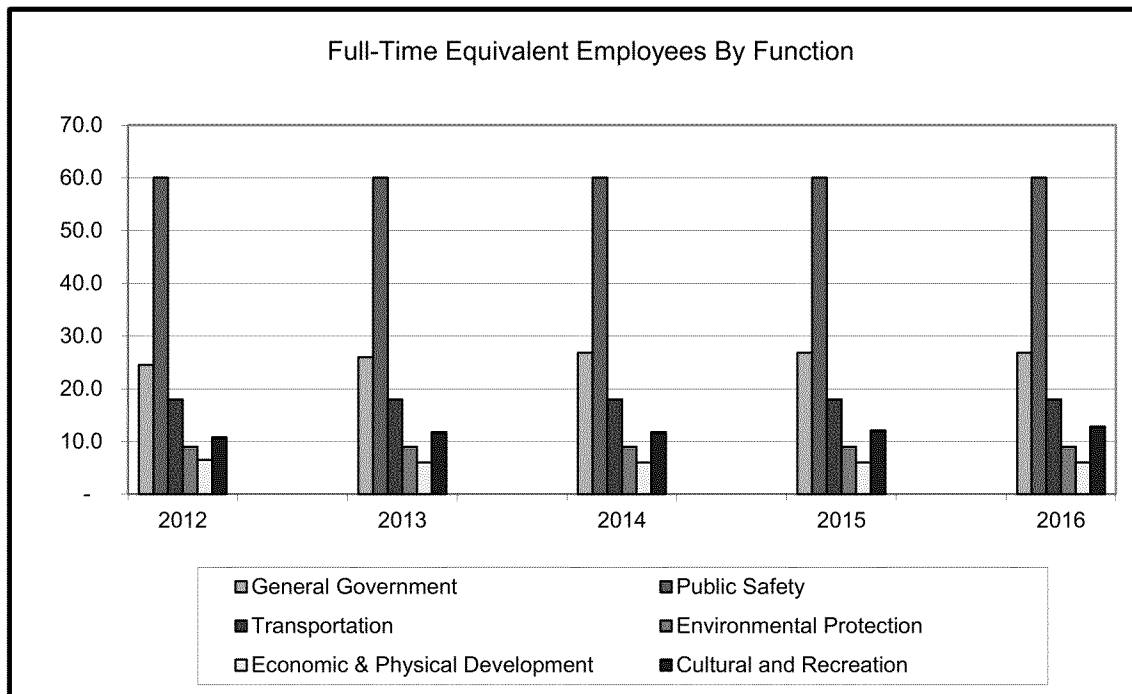
Function	Full-time Equivalent Employees as of June 30									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government	22.2	23.5	25.0	24.5	24.5	24.5	26.0	26.8	26.8	26.8
Public Safety	62.2	63.2	63.2	61.0	60.0	60.0	60.0	60.0	60.0	60.0
Transportation	17.0	16.0	18.0	16.0	17.0	18.0	18.0	18.0	18.0	18.0
Environmental Protection	9.0	8.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0
Economic & Physical Development	9.0	9.0	9.0	8.5	7.5	6.5	6.0	6.0	6.0	6.0
Cultural and Recreation	10.2	10.2	11.2	12.0	11.1	10.8	11.8	11.8	12.1	12.8
Total	129.6	129.9	135.4	131.0	129.1	128.8	130.8	131.6	131.9	132.6

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

Schedule 15
Page 1 of 2

Function	Fiscal Year				
	2007	2008	2009	2010	2011
General Government					
Financial Services					
Purchase orders issued	207	225	260	280	295
Vendor checks issued	2,427	2,448	2,333	2,471	2,444
Vendor EFTs issued	-	-	-	-	-
Human Resources					
Workers' compensation lost time (days)	60	12	446	32	425
Employee turnover rate	9.4%	7.8%	7.9%	9.2%	8.5%
Fleet Maintenance					
Tires changed	235	311	216	116	188
10-point service performed	291	233	208	194	288
Public Safety					
Fire Protection					
Public fire & life safety classes	204	167	159	170	176
Incident calls	827	843	855	884	1,031
Structure fires	56	63	44	55	58
Inspections	787	732	620	423	784
Child passenger seat inspections	583	396	173	222	228
Police Protection					
Physical arrests	262	585	444	445	233
Citations issued	3,806	3,891	3,993	2,970	3,053
Response to calls/officer initiated activity	11,866	13,513	13,640	14,495	14,362
Traffic accidents	483	500	474	418	476
Inspections					
Building inspections conducted	9,194	7,683	5,409	4,281	4,370
Certificates of occupancy issued	227	169	181	156	197
Transportation					
Street resurfacing (miles)	6.3	5.6	4.8	3.2	6.4
Environmental Protection					
Refuse collected (tons annually)	4,392	4,094	3,948	3,849	4,124
Homes receiving service	6,651	6,782	6,862	7,686	7,736
Recyclables collected (tons annually)	568	943	966	1,473	1,734
Economic & Physical Development					
Building permits issued	424	359	278	259	239
Code compliance investigations	477	690	624	475	501
Cultural & Recreation					
Recreation					
Program participants	679	830	939	1,065	1,739
Athletics participants	1,556	1,982	2,323	2,287	2,296
Harness Track					
Standardbred stalls leased	249	220	281	251	276
Facilities reserved (days)	32	30	20	30	32
Fair Barn					
Events	89	84	80	88	113
Rental days	117	95	98	96	120

Sources:

Various Village departments

Notes:

NA indicates "not available"

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

Schedule 15
Page 2 of 2

<u>Function</u>	<u>Fiscal Year</u>				
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
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	39.0	8.0
Employee turnover rate	10.7%	11.4%	7.9%	14.3%	12.6%
Fleet Maintenance					
Tires changed	200	205	204	186	184
10-point service performed	228	220	200	112	110
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 & Physical Development					
Building permits issued	287	275	313	289	315
Code compliance investigations	577	596	522	639	774
Cultural & 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 Years 2005 and 2014 include inspections conducted for the USGA at the US Open Championship venue

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

Schedule 16
Page 1 of 2

Function	Fiscal Year				
	2007	2008	2009	2010	2011
Public Safety					
Fire Protection					
Stations	2	2	2	2	2
Fire trucks	7	7	5	6	6
Police Protection					
Stations	1	1	1	1	1
Police vehicles	17	20	20	20	21
Transportation					
Miles of streets	104.65	104.65	104.65	105.57	105.57
Maintenance vehicles	18	20	22	22	23
Sidewalks, greenways & bike paths (lf)	13,578	24,138	34,698	45,258	45,258
Environmental Protection					
Refuse collection trucks	19	21	20	17	17
Economic & Physical Development					
Storm water drainage areas	6	7	10	16	29
Cultural & Recreation					
Number of parks	4	4	4	4	4
Park acreage	294	294	294	294	294
Greenway trails (miles)	4.0	5.0	5.8	5.8	6.3
Playgrounds	3	3	3	3	3
Baseball/softball diamonds	2	2	2	2	2
Soccer fields	2	2	2	2	2

Sources:

Various Village departments

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

Schedule 16
Page 2 of 2

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 & bike paths (lf)	47,898	49,482	68,313	68,653	71,663
Environmental Protection					
Refuse collection trucks	15	15	15	16	17
Economic & Physical Development					
Storm water drainage areas	38	48	57	66	80
Cultural & 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

COMPLIANCE SECTION

**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**

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Village of Pinehurst, North Carolina ("Village"), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprises the Village's basic financial statements, and have issued our report thereon dated September 19, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Dixon Hughes Goodman LLP

September 19, 2016
High Point, North Carolina

Village of Pinehurst, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2016

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Federal Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
Federal Awards					
<u>U.S. Department of Justice</u>					
Bullet Proof Vest Partnership Program	16.607	Direct	\$ 1,361	\$ -	\$ 1,361
Total Federal Awards			<u>1,361</u>	<u>-</u>	<u>1,361</u>
State Awards					
<u>N.C. Department of Transportation</u>					
Powell Bill			-	495,083	-
Total State Awards			<u>-</u>	<u>495,083</u>	<u>-</u>
Total Federal and State Awards			<u>\$ 1,361</u>	<u>\$ 495,083</u>	<u>\$ 1,361</u>

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

Basis of Presentation

The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of the Village of Pinehurst and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the State Single Audit Implementation Act. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

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

Village of Pinehurst, North Carolina

June 30, 2016



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Contacts

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Communication with Those Charged with Governance

September 19, 2016

To the 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, 2016, and have issued our report thereon dated September 19, 2016. 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 September 19, 2016. Professional standards also require that we communicate to you the following information related to our audit.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the 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 the year ended June 30, 2016. 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.

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 estimate of the useful lives of depreciable assets is based on estimated useful lives of depreciable assets. We evaluated the key factors and assumptions used to develop the useful lives in determining that it is 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 affecting the financial statements was:

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

Difficulties Encountered in Performing the Audit

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

**Corrected and Uncorrected Misstatements**

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

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter included in 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 auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Significant Matters, Findings, or Issues

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

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

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

Sincerely,

Dixon Hughes Goodman LLP

High Point, North Carolina



Appendix A

Management Representation Letter



September 19, 2016

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, 2016 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 December 29, 2015 for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5. The following have been properly accounted for and disclosed in the financial statements:
 - a. Related-party relationships and transactions, including sales, purchases, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties
 - b. Guarantees, whether written or oral, under which the Village is contingently liable
 - c. Other liabilities or gain or loss contingencies
6. Significant estimates that may be subject to a material change in the near term have been properly disclosed in the financial statements. We understand that "near term" means the period within one year of the date of the financial statements. In addition, we have no knowledge of concentrations existing at the

date of the financial statements that make the Village vulnerable to the risk of severe impact that have not been properly disclosed in the financial statements.

7. Significant assumptions we used in making accounting estimates, including estimates of fair value, are reasonable.
8. There are no uncorrected misstatements or omitted disclosures.
9. We represent to you the following for the Village's fair value measurements and disclosures:
 - a. The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
 - b. The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
 - c. The disclosures related to fair values are complete, adequate, and in conformity with U.S. GAAP.
 - d. There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
10. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
11. Guarantees, whether written or oral, under which the Village is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

12. We have provided you with:
 - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
13. All transactions have been recorded in the accounting records and are reflected in the financial statements.
14. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
15. We have no knowledge of any fraud or suspected fraud affecting the Village involving:
 - a. Management.
 - b. Employees who have significant roles in internal control.
 - c. Others where the fraud could have a material effect on the financial statements.
16. We have no knowledge of any allegations of fraud or suspected fraud affecting the Village's financial statements received in communications from employees, former employees, analysts, regulators, short sellers, or others.
17. There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in financial reporting practices.
18. We have disclosed to you all known instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing the financial statements.

19. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
20. The Village has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
21. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
22. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
23. In regards to the assistance in preparation of the Village's basic financial statements, completion of appropriate sections of the Data Collection Form, 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 possess suitable skill, knowledge, or experience.
 - c. Evaluated the adequacy and results of the services performed.
 - d. Accepted responsibility for the results of the services.
 - e. Evaluated and maintained internal controls, including monitoring ongoing activities.
24. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
25. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
26. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
27. We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
28. We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
29. We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
30. There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.

31. The Village has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral, except as made known to you.
32. We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
33. The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
34. The financial statements properly classify all funds and activities, in accordance with GASB Statement No. 34.
35. All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
36. Components of net position (net investment in capital assets; restricted; and unrestricted) and components of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
37. Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
38. Provisions for uncollectible receivables have been properly identified and recorded.
39. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
40. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
41. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
42. Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
43. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
44. We have appropriately disclosed the Village's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
45. We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
46. We acknowledge our responsibility for presenting the required supplementary information (RSI) in accordance with U.S. GAAP, and we believe that the RSI, including its form and content is fairly presented in accordance with U.S. GAAP. The methods of measurement and presentation of the RSI have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

47. With respect to the individual fund statements, budgetary schedules, other schedules and the Schedule of Expenditures of Federal and State Awards ("supplementary information"):

- a. We acknowledge our responsibility for presenting the supplementary information in accordance with accounting principles generally accepted in the United States of America, and we believe the supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

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



Jeff Sanborn, Village Manager



John Frye, Financial Services Director



Brooke Hunter, Financial Services Assistant Director



Annual Report of The Risk Management Committee

RMC Mission: To serve as consultant, advisor and review team for all items related to the Village's management of risk as well as the employee health and safety programs.

Risk Management Committee:

- Jeff Batton, Chair
- John Frye, Financial Services Director
- Angie Kantor, Human Resources Director
- Mr. George Hillier, Volunteer Citizen
- Mr. Dick White, Volunteer Citizen

November 15, 2016

Introduction

On an annual basis, the Risk Management Committee (RMC) produces this report highlighting operations under the purview of the RMC. The RMC is directly involved in determining coverage limits, plan designs, guiding negotiations and selecting and recommending the best insurance programs for the Village as well as conducting reviews, evaluations and offering suggestions in many areas of loss control.

The RMC holds general business meetings quarterly with additional meetings held for health insurance renewal deliberations and for property/liability/workers compensation renewal. The manner employed by the Village in utilizing knowledgeable and experienced citizen volunteers combined with appropriate Village staff is a unique approach. It serves the Village well by ensuring fresh eyes are reviewing accident/injury reports for trends; that medical employee benefit plans and property/liability renewals receive fair and balanced reviews; and that new data, ideas and information are frequently brought forth for consideration.

The document is organized in the following sections:

- Employees Health Benefit Plan Recommendations
- Business Insurance Program
- Workers' Compensation Program
- Other Work by the Committee

Employee Health Benefit Plan Recommendations

Medical, vision, dental, life and accidental death and dismemberment (AD&D) coverage is currently provided to all regular full-time employees with coverage fully funded by the Village of Pinehurst. Regular part-time employees (non-seasonal) are eligible for partial Village funded coverage.

A. Medical/Vision: Blue Cross Blue Shield of NC (BSBC) is the current provider for medical and vision coverage. Renewal follows the calendar year and dependent coverage is available to all full-time employees and is paid by the employee at a rate of 80% of actual cost. This Village subsidy is being phased out over the next four years by reducing it at a rate of 5% per year. Approximately 30% of Village employees elect medical/vision coverage for dependents.

Recommendation: After reviewing submittals from BCBS and FirstCarolina Care (FCC), the Committee's recommendation for calendar year 2017 is to switch providers to FCC. The quoted renewal for the existing plan with BCBS was a 7.3% increase over current year. While not a bad result, FCC quoted a 5% increase with a slightly better plan. FCC's pharmacy network and physician network in Moore County and the surrounding Counties is stronger than the BCBS Blue Value network. Dependent coverage will be available for employees to purchase at a rate of 85% of actual cost. The Village subsidy is being reduced from 20% to 15% this year and will phase out completely by calendar year 2020. The national trend for premium increases for 2017 is projected to be approximately 6.5% *(1)*.

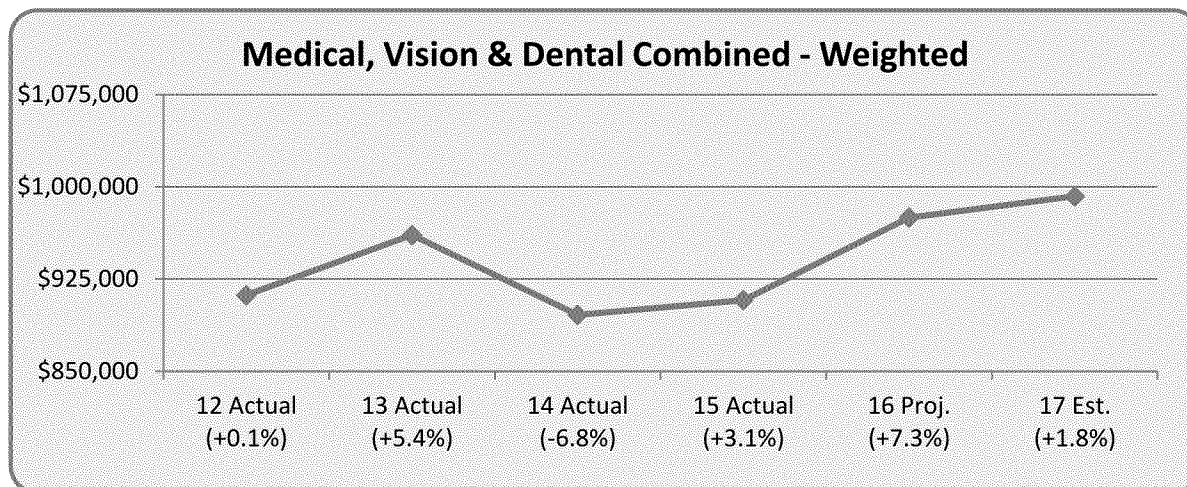
B. Dental: Principal is the current dental insurance provider. Renewal occurs on a calendar year basis. Dependent coverage is available for purchase by the employee at 100% of actual cost. Approximately 34% of Village employees elect dental coverage for dependents.

Recommendation: The Committee recommends the Village remain with Principal as we are in year two of a two year rate guarantee meaning the premium for dental will remain unchanged for 2017.

C. Medical/Vision/Dental Net Costs: The total net premium paid (premium less withholdings) for the medical, vision and dental benefit for 2017 is estimated at \$992,269 and the weighted average increase is estimated at 1.8%.

(1) June 2016, PwC Health Research Institute Report

The graph below shows the combined benefit insurance trend for the previous five years along with the 2017 estimate.



The weighted premium paid is directly affected by turnover rates, lapsed time in filling vacancies, number of staff, and selection of dependent coverage by new hires. As a result, even though we may receive a rate increase it does not automatically mean we will pay an equal amount in additional premium.

D. Opt Out Option: The Village will again allow employees to opt out of coverage in 2017. This allows certain individuals to utilize their own insurance at a lower cost to them personally. The Village also saves on paying the employee premium when one opts out.

E. Life and AD&D: Principal is the current provider of Life and AD&D. Benefit is \$25,000 or \$50,000 upon death depending on the position in the organization. Renewal is on a calendar year basis.

Recommendation: The Committee recommends we remain with Principal as we are in year two of a two year rate guarantee. There will be no increase in the annual premium of \$8,259.

F. Long Term Disability: Long-term disability is provided as an added benefit for the Senior Management Team. Principal is the current provider.

Recommendation: The Committee recommends remaining with Principal as we are in year two of a two year rate guarantee. This benefit's cost is based on payroll so there will be a slight increase in the overall premium paid but not an increase in the actual monthly rate used to calculate the premium. The cost will be approximately \$6,500 for 2017 which represents an increase of about \$200 for the year.

G. Flexible Spending Accounts: The Village offers a flexible spending account option for employees to have childcare expenses and qualifying medical expenses deducted pre-tax from paychecks as permitted by IRS regulations. Our current administrator is Health Equity.

Recommendation: As the current provider is an affiliate of BCBS, the Village will need to switch to Flores & Associates, LLC. The cost of administering this will be approximately \$2,500 for 2017. This is a new expense as BCBS included this service in their premium.

H. Other: The RMC also selects companies for elective coverage such as short-term disability, life insurance, etc. that employees can choose if desired with the employee paying 100% of the cost.

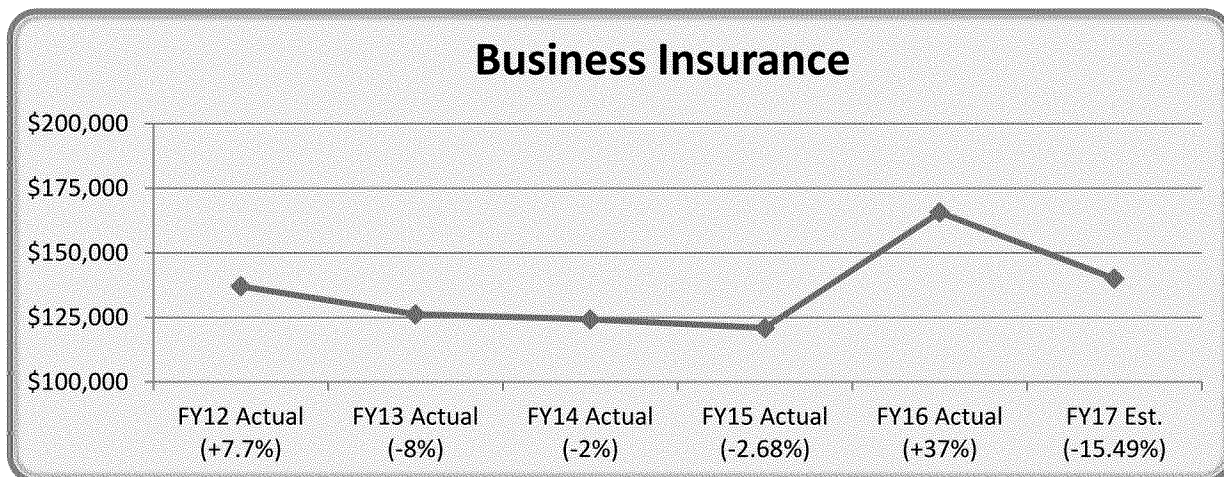
Business Insurance Program

The Business Insurance Program includes all property and liability insurance coverages. All liability and property coverages, with the exception of the Harness Track, are through the Interlocal Risk Financing Fund of NC. This program is administered by the North Carolina League of Municipalities (NCLM). The Harness Track property requires special coverage and is handled through Markel Insurance. In addition, the Village secures a bond to cover actions of the Finance Director.

All of the property/liability coverages are renewed on a fiscal year basis. The combined premium for liability and property is estimated at \$139,998 for FY 2017, which is approximately a 15% decrease over the current year. The Village insures itself at \$3,000,000 per occurrence for most types of liability and covers approximately \$27 million in real property.

In addition, the NCLM program offers its members "incentive credits" that help lower the annual premium when the League's reserves are healthy and the member entity has had good experience. The Village received \$6,093 in incentive credit for FY 2017.

Shown in the graph below are the premiums paid for the last five years with a projection for FY 2017.



Premium paid is based on a five year experience modifier, liability limit, value of property, and the incentive credit. The dramatic increase in premium for FY16 is directly due to the expense incurred, and the reserve placed on, the wrongful death lawsuit involving the use of Tasers by the Police in the death of a psychiatric patient in 2011. This resulted in a significant change to our experience modifier which is partly used to determine premium. Since the Village prevailed in all appeals this was removed from the Village's experience modifier for FY 2017.

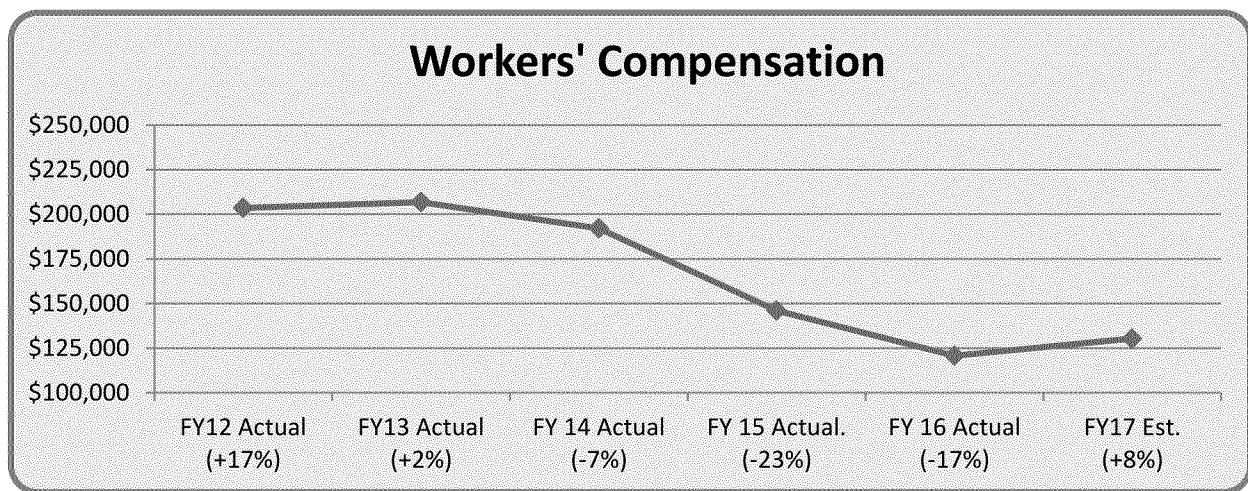
Workers Compensation Program

The Workers' Compensation program covers medical expenses and lost wages incurred by any employee due to work related injury. Workers' Compensation insurance is through the N.C. Interlocal Risk Management Agency. This program is administered by the NCLM.

Workers' Compensation coverage is renewed on a fiscal year basis. The premium for FY 2017 is estimated at \$130,321 which represents an 8% increase from the previous year.

As with Business Insurance, by being with the NCLM, the Village enjoys incentive credits for continued participation and positive pool and individual performance. The incentive credit for 2017 was \$35,688.

The graph below shows the premiums paid for a five year period plus an estimate for FY 2017. Generally speaking, the Village has experienced both positive and negative yearly results but current trend is very positive.



Premium paid is based on payroll and a rolling three year experience modifier that represents a composite of injuries and lost work time. Workers' Compensation can have fluctuations in premium impacted by the amount of incentive credit, payroll fluctuations and of course, experience.

Other Work by the Committee

The RMC reviews all accidents that incur property damage to ascertain trends and recommend any potential loss control measures to reduce accidents. Workers' Compensation claims are also reviewed for trends and training opportunities are developed to mitigate injuries to the extent possible. The Committee periodically reviews certain policies that are related to loss control and suggests new Village policies to manage risk and loss.

The Village has a Wellness Committee and a Safety Committee that operate under the umbrella of RMC. Safety is chaired by Chief Carlton Cole and Wellness is chaired by Nicole Benbow. RMC receives quarterly update reports on all activities of these committees.



FINAL REPORT

Midland Road **CORRIDOR STUDY**



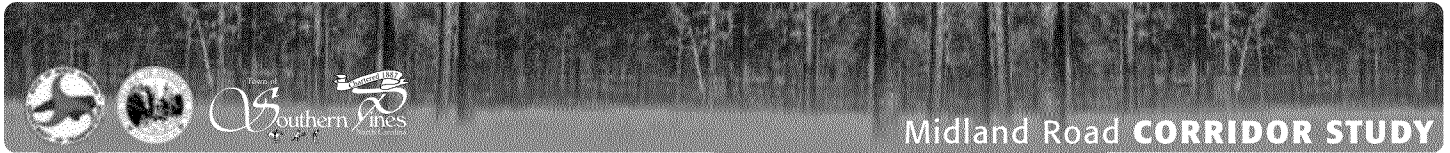
Prepared for:



Prepared by:

Kimley»Horn

September 2016



ACKNOWLEDGMENTS _____

The Midland Road Corridor Study provides a framework for implementing improvements along Midland Road. The vision for this corridor has come into focus through a planning process that involved local residents, stakeholders, a steering committee, the North Carolina Department of Transportation (NCDOT), Moore County, the Town of Southern Pines, and the Village of Pinehurst. Their efforts have been integral in developing this study and are greatly appreciated.

STEERING COMMITTEE

- | | |
|-------------------------------|------------------------------|
| Chuck Dumas, NCDOT | Mike Fields, Southern Pines |
| Brandon Jones, NCDOT | Jim Simeon, Southern Pines |
| Travis Morgan, NCDOT | Adam Lindsay, Southern Pines |
| David Willett, NCDOT | John Bouldry, Pinehurst |
| Kelly Becker, NCDOT | John Cashion, Pinehurst |
| Doumit Ishak, NCDOT | Jeff Batton, Pinehurst |
| Debra Ensminger, Moore County | |

PROJECT TEAM

Kimley-Horn

- Richard Adams
- Travis Fluitt
- Kevin Baumann
- Erin Thompson
- Melissa Brand
- Brandon White



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INTRODUCTION AND BACKGROUND

The Midland Road Corridor Study represents a collaborative effort to determine the safety, mobility, and access issues that contribute to the need for improvements along one of the most iconic and historic roadways in North Carolina. The corridor serves many purposes for the communities in the area, including a vibrant residential neighborhood access, a commuter throughway, a primary east-west spine route, and access to local businesses. The North Carolina Department of Transportation (NCDOT), in partnership with Moore County, the Village of Pinehurst, and the Town of Southern Pines, conducted this study in an effort to create a guiding document for future development and roadway improvements along Midland Road. This document ties together all the efforts from this study into one unified plan—the Midland Road Corridor Study.

Midland Road is a significant local corridor. The need for a coordinated, long-term approach to the corridor is heightened by recent development along the corridor and increased safety issues. This study has created the framework for visioning the future of Midland Road, and this report catalogs these visioning efforts, outlines the issues, and presents recommendations to achieve a long-term vision for this historic corridor.

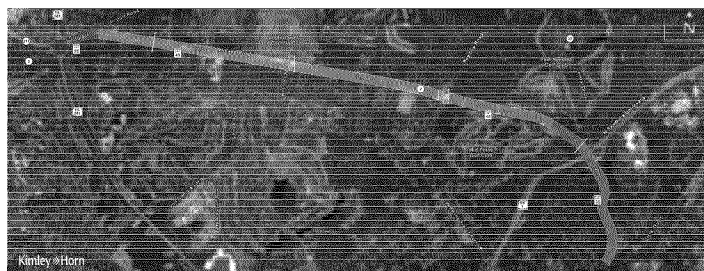
STUDY AREA

The study area for this project extends along a 4.5-mile stretch of Midland Road (NC 2) from the US 15/501 traffic circle in Pinehurst to Clark Street in Southern Pines. The project team worked in partnership with a Project Steering Committee (made up of representatives from NCDOT, the Village of Pinehurst, the Town of Southern Pines, and Moore County) to develop specific transportation recommendations along the corridor. Detailed analysis of traffic and crash conditions focused on Midland Road and key cross streets along the corridor, such as Airport Road, Knoll Road, Pee Dee Road/Pennsylvania Avenue, Central Drive (NC 22) and the US 1 interchange.

REPORT CONTENTS

The Midland Road Corridor Study's focus on planning, public involvement, and developing actionable transportation recommendations is reflected in the contents of the report. This document is organized into the following sections:

- **Planning Process** — Outlines the involvement of stakeholders and the general public in the recording of issues along the corridor and the development of transportation recommendations.
- **Roadway Issues and Observations** — Describes a series of issues and observations related to the functionality and safety of the corridor.
- **Roadway Recommendations** — Describes the preferred set of transportation recommendations and documents the resulting performance of the corridor.
- **Implementation Plan** — Outlines a strategy to fully implement the transportation recommendations.





PLANNING PROCESS

Successful planning projects are rooted in an inclusive process of strong community involvement. For the Midland Road Corridor Study, the underlying principle for understanding local dynamics was collaborative planning through stakeholder coordination. This coordination occurred through a variety of avenues, including a Steering Committee, stakeholder interviews, an online survey and web-based graphical input tool, and traditional public meetings for interested citizens.

STEERING COMMITTEE

The Steering Committee was established to assist NCDOT and the Kimley-Horn team in guiding the planning process. The primary focus of the Steering Committee was to guide the review of existing conditions and the development of recommendations. The committee was comprised of the following groups of professionals and elected officials:

- NCDOT (Division, Congestion Management, and Mobility/Safety Staff)
- Town of Southern Pines (council members and staff)
- Village of Pinehurst (council members and staff)
- Moore County

At a kickoff meeting in May 2015, the Steering Committee emphasized the following:

- Safety is a major concern along this corridor
- Public outreach, particularly to residents of both municipalities, will be critical to the success of the project
- Developing improvements that preserve the historic and scenic nature of the road is encouraged
- There is strong support for eliminating some of the existing median crossovers along the corridor, especially the natural and gravel crossovers
- Alternative transportation options (e.g., road diet, roundabouts, synchronized streets) should be considered as a part of this study

STAKEHOLDER INTERVIEWS

For specialized attention to specific matters impacting the development and deployment of transportation strategies, stakeholders were identified for detailed discussions with the project team. These conversations provided insight into issues and opportunities spanning the social, economic, and transportation spectrum. Feedback gathered helped guide the analysis, strategies, and transportation improvements. Specific stakeholder meetings were held with representatives of:

- Businesses
- Local schools
- Utilities
- Public safety
- Home owners associations
- Local country clubs
- Citizen groups

General themes from these conversations included:

- As the Steering Committee noted, safety is perceived to be poor along the corridor
 - Stakeholders observed that more often than not, when a crash occurs, a tree is somehow involved
 - The prevalence of numerous median openings (many of them unauthorized) with limited space and problematic sight distances contribute to crashes
- Many stakeholders were not opposed to selective clearing of damaged or unhealthy trees to provide better sight distance
- Some stakeholders were in favor of reducing the cross section to two lanes with bike lanes or pedestrian paths, while others wanted to maintain the existing four-lane section
 - In either case, most stakeholders supported maintaining the character of the road as an important part of any proposed improvements

- Stormwater is an issue in some areas that needs to be addressed

The outcome of these interviews helped guide the project team in the development of preliminary improvement alternatives along the corridor.

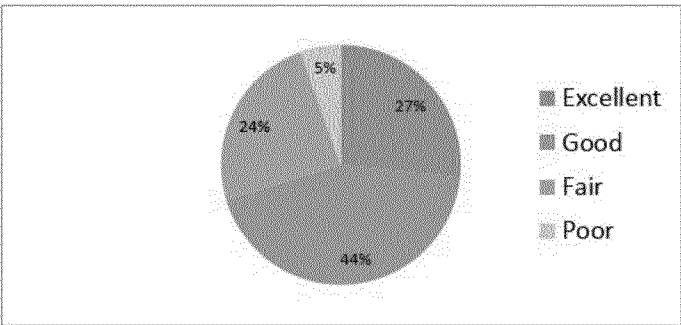
PUBLIC PARTICIPATION

Interested citizens—particularly those vested in the future of Midland Road between Pinehurst and Southern Pines—were invited to join local staff and the consultant team at public meetings the evenings of July 9 and December 10, 2015 at Pinecrest High School. The public meetings offered another environment in which to present existing conditions and review preliminary concepts for enhancing safety, reducing congestion, and preserving the iconic nature of Midland Road.

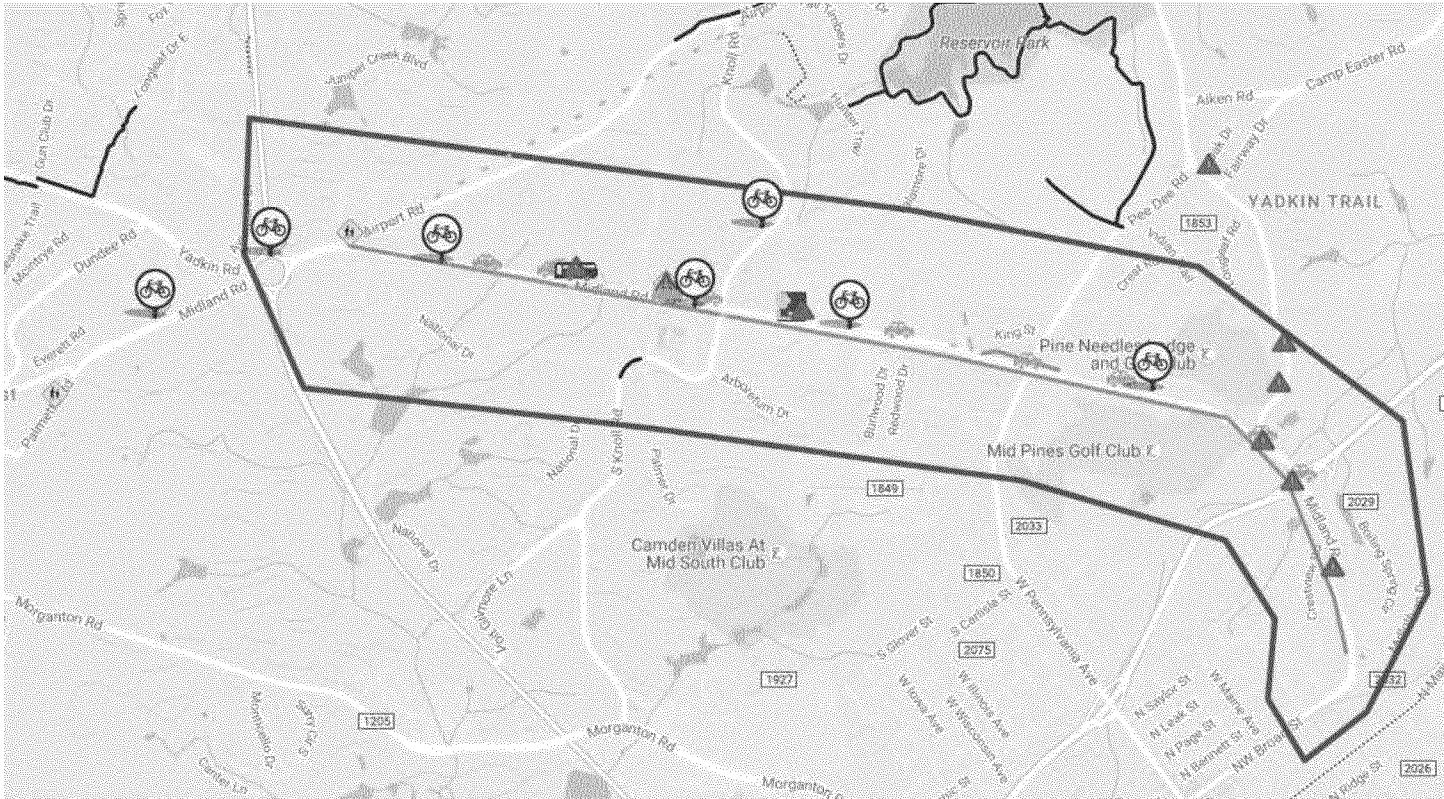
After the July 9th public meeting, which focused on existing conditions and allowed participants to physically construct concepts of the corridor through the “Street Builder” activity, the

public was invited to participate in an online survey regarding the corridor and how it functions. The survey included an online mapping tool that allowed users to provide comments on the map at specific locations, segments, or for the corridor as a whole and categorize their comments by mode type, such as bicycle, pedestrian, auto, or transit. Members of the public emphasized a number of the same issues as the Steering Committee and stakeholder group.

1) Overall, how well is the Midland Road corridor currently functioning?



Online Survey Input

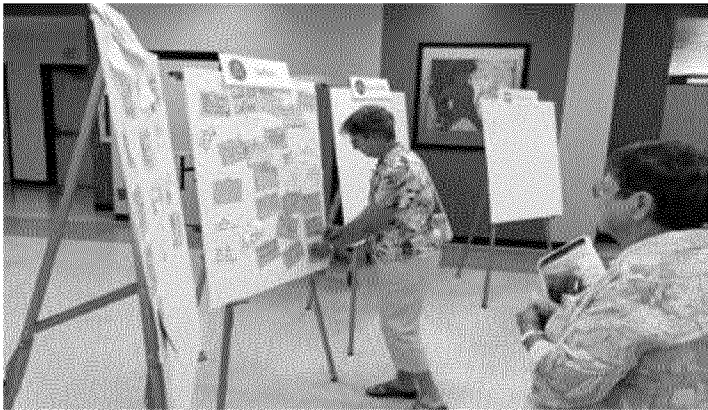
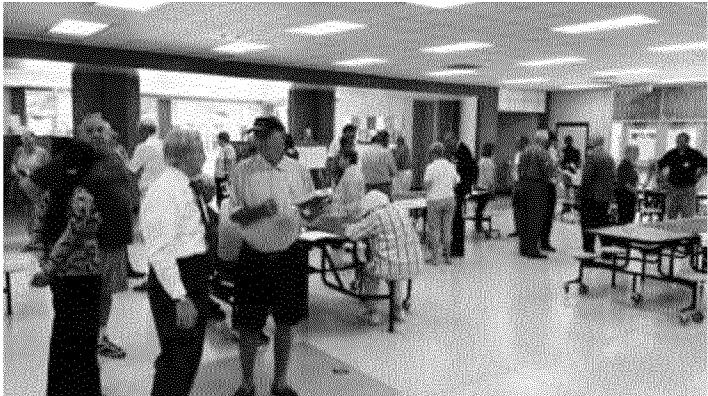


Online Mapping Tool Input

In addition to the issues listed above, other concerns about how Midland Road functions today included:

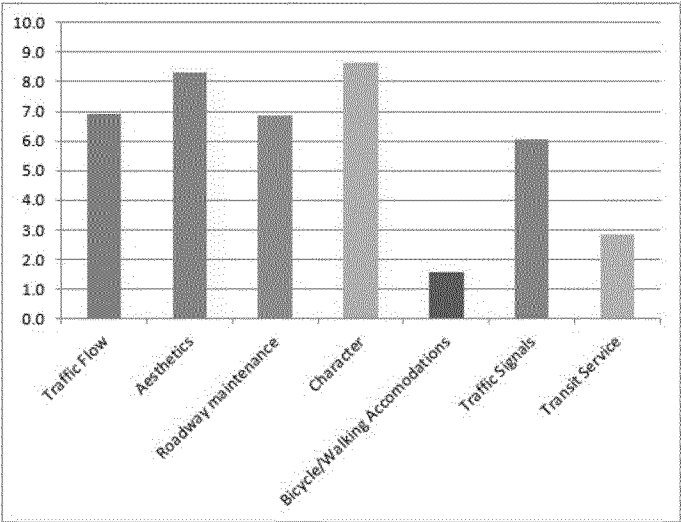
- Proposing to reduce the speed limit from 45 MPH to 35 MPH
- Improving safety and operations at the intersection of Midland Road and Central Drive (NC 22)
- The desire for increased sight distance and visibility at the US 1 ramps
- The desire to limit new development along Midland Road without an implementation plan
- Improving access and safety for bicyclists and pedestrians along the corridor

The December 10th meeting focused on the presentation of preliminary improvement alternative concepts and allowed the public to provide comments and feedback on some preferred options. The outcome of this meeting, in addition to feedback from the Steering Committee, informed the development of the preferred transportation improvements and implementation strategy for the corridor.



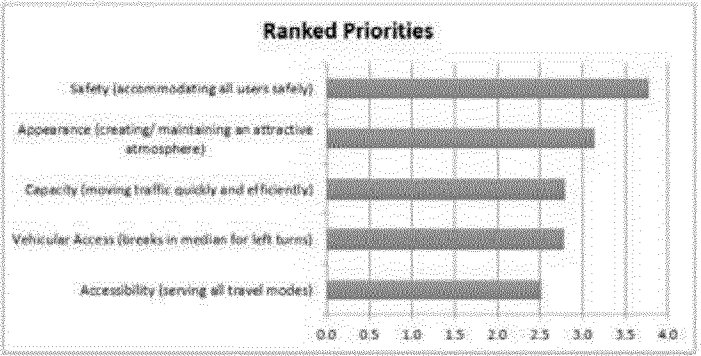
Public Meeting Activities

2) How do you rate the following along the Midland Road corridor?



Online Survey Input

5) Ranked Priorities



Online Survey Input

ROADWAY ISSUES AND OBSERVATIONS

The Midland Road Corridor serves a significant role in the region as a gateway to both Pinehurst and Southern Pines. For many, the corridor holds a special meaning based on the presence of scores of pine trees in the median and on the shoulders of the highway.

Safety, access, and localized traffic congestion are the most pressing issues facing Midland Road. The frequency of recent severe crashes is alarming to locals, and the presence of numerous breaks in the tree-lined median makes access and vehicular conflicts unpredictable. In addition, the current traffic volumes along the corridor can cause backups and delays along stop-controlled side streets approaching Midland Road—especially during peak periods. For Midland Road to effectively connect residents, commuters, and visitors with their destinations, improvements are needed. This section discusses multimodal issues and observations to set the stage for the detailed recommendations that follow. These recommendations not only address the current needs along the corridor, but also anticipate future issues.

ISSUE: TRAFFIC SAFETY

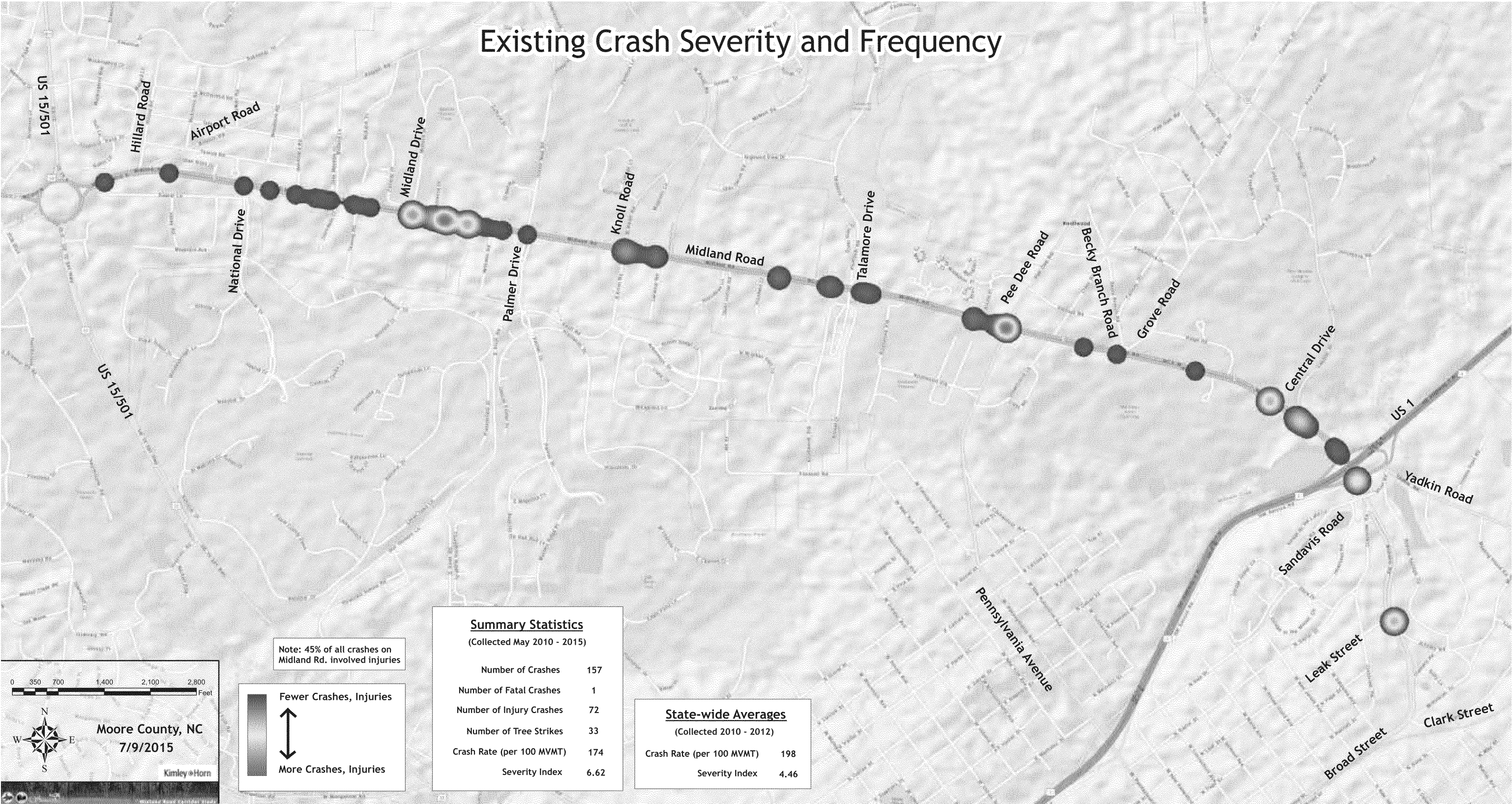
On Midland Road, traffic safety is a driving force behind public concern. Analysis of the five-year (May 1, 2010 to April 30, 2015) crash history for Midland Road between the US 15/501 traffic circle to Clark Street provided by NCDOT sheds light on the safety concerns for the corridor. The data shows 157 total crashes, 72 causing at least one injury, and one causing a fatality. These numbers represent reported crashes only, and it is likely additional crashes occurred. **Figure 3.1** displays a heat map of existing crash severity and frequency along the corridor, with warmer colors showing locations with high instances of crashes and injuries.

Analysis of the crash data along the corridor reveals the following:

- The overall crash rate for the corridor is 174 crashes per 100 million vehicle miles traveled. The average crash rate statewide for similar North Carolina routes is 198.
- Approximately 45% of all crashes on Midland Road involved injuries. The severity index for the corridor is 6.62, while the statewide average for similar North Carolina routes is 4.46.
- Based on the data, this indicates that the frequency of crashes along Midland Road is not significantly different or worse than the statewide average for similar routes. However, when a collision does occur, it is frequently more severe than the statewide average.
- Approximately 21% of all crashes in the sample involved tree strikes, and that only includes those that were specifically documented.
- The most common crash type along the corridor is angle, a crash type that typically occurs along roadways with significant left turns into and out of side street driveways. Angle crashes also are often the result of limited sight distance conditions. In the case of Midland Road, many of the left turns into and out of side streets involve vehicles moving through unofficial median openings that are made of gravel or dirt.

In general, several factors contribute to the severity of crashes along Midland Road. These contributing factors include the location of large pine trees within a few feet of the travel lane, lack of speed compliance, and unpredictable driver behavior due to the significant number of median crossovers and constrained sight distance in many locations.

Figure 3.1



ISSUE: ACCESS MANAGEMENT

The ability for motorists to travel through a given roadway segment is essential for both transportation system efficiency and economic vitality. Access management balances the needs of motorists using a roadway with those of adjacent property owners dependent upon access to the roadway. With poor access management, the function and character of major roadways can deteriorate. This is a major issue currently facing Midland Road, particularly as it relates to the number of median openings, which are a combination of paved, gravel, and natural surfaces. Because the median along Midland Road is relatively narrow at approximately 20 feet, it is difficult for some vehicles to even fit in the median completely when yielding for a left-turn movement. This causes a dangerous scenario for vehicles in the inside travel lanes. **Figure 3.2** displays a map of existing median openings along the corridor.

In addition to the impact on vehicular crashes, poor access management can create an unsafe condition for bicyclists and pedestrians. Improving the efficiency and safety of the roadway through access management is critical to the sustainability of the corridor. Some of the hidden costs of poor access management include lower fuel economy and increased vehicle emissions.

ISSUE: TRAFFIC CONGESTION

Midland Road currently carries approximately 15,000 vehicles per day to the west of US 1 and approximately 5,400 vehicles per day to the east of US 1. The volumes between US 1 and Airport Road create significant side street delay at a few locations in the morning and afternoon peak periods. An analysis of current and future traffic volumes along the corridor as well as projected future corridor congestion levels clearly indicate improvements will be necessary in the future.

In coordination with NCDOT staff, the scope of the traffic analysis included the evaluation of No-Build and Build conditions for the existing year (2015) and future year (2040). **Table 3.1** details the modeled levels-of-service (LOS) for the major intersections along the study corridor for the No-Build condition. LOS is a qualitative measure that describes operational conditions and motorist perceptions within a traffic stream. The Highway Capacity Manual defines six levels-of-service, LOS A through LOS F, with A representing the shortest average delays and F representing the longest average delays. LOS D is the typically accepted standard for signalized intersections in urbanized areas.

Table 3.1 — Synchro Intersection Level-of-Service Summary

Intersection	Existing No-Build (2015)		Future No-Build (2040)	
	AM Peak Hour	PM Peak Hour	AM Peak Hour	PM Peak Hour
Midland Road at Airport Road	SB - E (38.3) EBL - B (13.5)	SB - C (19.3) EBL - B (11.6)	SB - F (608.4) EBL - D (30.6)	SB - F (369.7) EBL - D (25.1)
Midland Road at Midland Drive/ Ironwood Café Driveway	SB - C (24.9) NB - A (22.7)	SB - C (21.0) NB - C (20.2)	SB - F (52.8) NB - E (44.2)	SB - E (41.3) NB - E (38.9)
Midland Road at Carolina Eye Associates Driveway	NB - C (19.0)	NB - C (15.7)	NB - D (34.2)	NB - D (27.2)
Midland Road at Knoll Road	A (9.8)	A (8.0)	B (12.2)	B (11.1)
Midland Road at Pee Dee Road/ Pennsylvania Avenue	C (23.7)	B (18.2)	D (35.1)	C (29.4)
Midland Road at Central Drive	SB - F (64.3)	SB - C (21.5)	SB - F (469.9)	SB - F (186.3)
Midland Road at US 1 Southbound Ramps	SB - C (16.5)	SB - B (12.9)	SB - E (37.8)	SB - C (21.8)
Midland Road at US 1 Northbound Ramps/Yadkin Road	SB - B (12.3) NB - F (240.7)	SB - B (13.1) NB - F (392.1)	SB - C (18.2) NB - F (2132.2)	SB - E (36.3) NB - F (4226.8)
Midland Road at Clark Street	SB - B (11.2) EBL - A (8.3)	SB - B (10.8) EBL - A (7.8)	SB - B (13.6) EBL - A (8.1)	SB - B (12.8) EBL - A (8.3)

Figure 3.2





Synchro Version 9 software was used to determine the LOS for each intersection using Highway Capacity Manual methodology. Network cycle lengths and signal offsets were optimized for the future design year, and peak hour delay was analyzed. Several conclusions can be drawn from the existing and future conditions analyses:

- Most of the intersections along Midland Road are currently operating with acceptable vehicular delays and levels-of-service (LOS D or better). However, the intersections of Central Drive (NC 22) and the US 1 Northbound Ramps both experience long delays for the side street approach during peak hour traffic conditions.
- By 2040, without any roadway improvements, it is expected that vehicles will have increased difficulty making left turns onto Midland Road at unsignalized intersections as a result of the anticipated growth in traffic along Midland Road.
- If no roadway improvements are made along Midland Road, the traffic safety issues discussed earlier in this section are only expected to worsen, as many of the crashes along the corridor are triggered by vehicles making left turns to or from an unsignalized side street.

The results of these analyses directly contributed to the preferred transportation improvement strategy. These improvements, as well as their projected benefits in terms of LOS and peak hour delay, are detailed in the roadway recommendations.

ISSUE: BICYCLE AND PEDESTRIAN CONNECTIVITY

Establishing access for bicyclists and pedestrians to significant destinations and recreational areas in the community facilitates community ownership, improves public health, and supports quality of life. Priorities listed in the planning phase indicated support for multimodal transportation, specifically a desire for safer bicycle facilities. Specific observations related to the bicycle and pedestrian network include:

- While pedestrian use is perceived to be minimal in the area, there are no multi-use paths or designated pedestrian crossings along the corridor, and only a short stretch of sidewalk exists along the Carolina Eye Associates development frontage.
- Traveling Midland Road by bicycle can be a difficult task without any dedicated bike facilities.
- However, travelers who set off by bicycle, either to commute or for leisure, are common along Midland Road despite the lack of dedicated bike facilities.

Conversations with the Steering Committee and local stakeholders served to identify critical considerations as recommendations were developed. The top considerations included:

- Enhancing safety for bicyclists traveling along Midland Road
- Providing a multi-use path in a portion of the right-of-way that is reserved for non-motorized travel to encourage walking along the corridor
- Providing a multi-use path along Knoll Road north of Midland Road to provide bicycle/pedestrian connectivity to the existing greenway along Airport Road



ROADWAY RECOMMENDATIONS

The vision for Midland Road is to develop an implementable solution that improves safety and enhances local and regional mobility without compromising the iconic nature of the corridor. The transportation recommendations for Midland Road were developed to address existing and anticipated future problems at intersections and mid-block median openings. This chapter details the safety improvements and expected congestion relief associated with the proposed transportation improvement strategy.

RECOMMENDATIONS

CROSS SECTION

The basic cross section for Midland Road will be unchanged from the existing (a four-lane divided facility) between the US 15/501 traffic circle and the US 1 interchange. It is expected that there will be some selective tree clearing and turn lane improvements at intersections and median crossovers that remain open to improve sight distance and operations or at other locations to improve tree health.

For the section of Midland Road between US 1 and Clark Street, this study proposes to restripe the existing pavement as a two-lane divided section with buffered bike lanes in both directions. Because the traffic volumes decrease significantly along Midland Road east of US 1, this is the only section of the corridor for which a reduction in vehicular travel lanes was found to be appropriate. The addition of bike lanes to this portion of the corridor is expected to improve multimodal connectivity to downtown Southern Pines. Additionally, the restriping of existing pavement in each direction will allow for the shifting of travel lanes to create a wider inside shoulder.

AT A GLANCE

RECOMMENDED TRANSPORTATION IMPROVEMENTS

General Description:

Enhanced access management and intersection improvements

Cross Section:

Traffic Circle to US 1 – No change to existing

US 1 to Clark Street – Road diet

Proposed Major Projects:

1. Airport Road – Roundabout
2. Dunvegan Court/Thomas Road – Access management
3. Midland Road/Ironwood Cafe and Midland Road/Carolina Eye Associates – Access management
4. W. Pennsylvania Avenue/Pee Dee Road – Side street left-turn lanes, other intersection improvements, and signal upgrade
5. NC 22 (Central Drive) to US 1 – Roundabout and interchange improvements
6. US 1 to Clark Street – Road diet
7. Clark Street – Road diet and related improvements
8. Airport Road to East of US 1 – Multi-use path
9. Knoll Road between Midland Road and Airport Road – Multi-use path

Access Management:

Approximately 50 median closures (beyond those associated with the above projects)

5 conversions to directional crossovers

Left-turn lane and sight distance improvements for all median breaks that remain

Resulting Median Breaks:

- 13 full-movement intersections
- 6 directional crossovers
- 2 roundabouts



Existing Section



Proposed Section between US 1 and Clark Street

MEDIAN CLOSURES

As discussed in the previous section, a non-traversable median is present throughout the extents of the Midland Road corridor. However, excess median openings, most of which are unpaved, undermine the safety and efficiency benefits of such median treatment. Consequently, this study proposes to close a number of median crossovers to achieve proper spacing along the corridor. Other factors such as the number of homes being accessed by a driveway and whether the street is public or private also played a part in the median closure recommendations.

The NCDOT Roadway Design Manual Section 1-6J provides median crossover guidelines for new and existing divided roadways in North Carolina. The manual notes that all-movement median crossover design “should be limited because it decreases capacity; increases delay and congestion; may increase pollutants from vehicles; and some studies indicate that they have a higher propensity for crashes.” The manual also provides a specific requirement that all-movement crossovers “shall not be spaced any closer than 1,200 feet apart on divided highways with posted speed of 45 mph and less. Where this spacing requirement is not met and there is a defined need for left-turn access, then a directional crossover will be considered.” This policy, along with the following factors, were considered in developing the recommended full-movement, directional

crossover, and U-turn median opening locations for Midland Road:

- Public streets vs. private streets/driveways
- Number of homes accessed by streets/driveways
- Number and size of businesses accessed by streets or driveways
- Sight distance and other safety issues
- General traffic and circulation consideration

Figure 4.1 displays a map of the proposed median openings to remain along the corridor and the intersection treatment by location. Turn lane improvements and minor clearing to improve sight distance are proposed (where needed) at median opening locations to remain. **Figures 4.2** and **4.3** show typical full-movement and directional crossover intersection recommendations.

Landscaping can be used to implement median closures, but it will also be important to consider sight distance as these closures are being completed. Additionally, any additional landscaping in the median should be implemented without introducing any new strike hazards for vehicles. **Figure 4.4** shows an example of what closing an existing median opening with landscaping could look like conceptually.

Figure 4.4



Figure 4.1



Figure 4.2



Figure 4.3



BICYCLE AND PEDESTRIAN RECOMMENDATIONS

As discussed in the previous section, the existing facilities and access for bicyclists and pedestrians along Midland Road do not provide a sufficiently safe network for travel. One of the top priorities resulting from the planning phase of this study indicated support for improved multimodal transportation along the corridor. As a result, the bicycle and pedestrian recommendations provided below are expected to provide strategic connections and will help alleviate a number of the multimodal access issues expressed by stakeholders during the planning phase.

- Provide a multi-use path on the south side of Midland Road between Airport Road and San Davis Road, just east of the US 1 interchange. The multi-use path would be constructed in a portion of the right-of-way that is reserved for non-motorized travel.

- Construct crosswalks as appropriate for the multi-use path at intersection crossings along the corridor.
- Restripe the existing pavement between US 1 and Clark Street as a two-lane divided section with buffered bike lanes in both directions (as noted previously).
- Provide a multi-use path along Knoll Road between Midland Road and Airport Road.

Exhibits showing the proposed multi-use path, bike lanes, and crosswalks along the corridor are provided as a part of the design concepts on pages 16-23.



Example Multi-Use Path



TRAFFIC CONGESTION AND SAFETY IMPROVEMENTS

The following improvements are recommended at the major intersections along the corridor to improve congestion, intersection delay, and safety:

AIRPORT ROAD

- Construct a roundabout
- Close the median opening at Beaver Lane
- Consider installing a traffic signal in the interim if the volume warrants are met
- It is expected that the installation of roundabouts at this intersection and at Central Drive will provide a gateway feature for each municipality, will help accommodate truck U-turns necessitated by median closures, and may reduce truck through traffic

DUNVEGAN COURT/THOMAS ROAD

- Maintain Dunvegan Court as full-movement intersection with turn-lane improvements on Midland Road
- Construct landscaped median from Dunvegan Court east to tie to existing median, converting Thomas Road intersection to right-in/right-out

MIDLAND ROAD/IRONWOOD CAFÉ AND MIDLAND ROAD/CAROLINA EYE ASSOCIATES

- Construct exclusive left-turn lanes along Midland Road at Ironwood Cafe
- Convert Ironwood Cafe intersection to a directional crossover (with left-over access but no left-out)
- Maintain full-movement access at Carolina Eye Associates intersection and add eastbound to westbound U-turn lane and associated bulb-out; also remove signage and other sight distance obstructions currently impacting vehicles making a left-turn from the side street

KNOLL ROAD

- Maintain as full-movement signalized intersection with existing laneage
- NCDOT is currently planning to install protected left-turn phases for Midland Road

W. PENNSYLVANIA AVENUE/PEE DEE ROAD

- Maintain as full-movement signalized intersection with turn lane improvements on side street approaches
- Construct left-turn lane improvements on side street approaches
- Fix drainage issue
- Flare radii in corners to accommodate U-turns

NC 22 (CENTRAL DRIVE)

- Construct a roundabout to be built in conjunction with the US 1 interchange synchronized street
- It is expected that the installation of roundabouts at this intersection and at Airport Road will provide a gateway feature for each municipality, will help accommodate truck U-turns necessitated by median closures, and may reduce truck through traffic

US HIGHWAY 1

- Convert to directional crossovers to create a “synchronized street” operation, with the cross section dropping to a two-lane section east of the US 1 Northbound Ramps
- Re-sign the US 1 Northbound off-ramps; with the first ramp heading east to Southern Pines and the second ramp (loop) west to Pinehurst

CLARK STREET/W. DELAWARE AVENUE

- Convert Midland Road to a two-lane divided section, beginning at the US 1 interchange and ending just east of Clark Street







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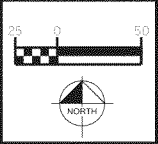
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INTERSECTION DESIGN
CONCEPTS
MIDLAND DRIVE AND
CAROLINA EYE ASSOC.

PRELIMINARY PLANS
DO NOT USE FOR CONSTRUCTION



PROJECT:	
MIDLAND ROAD CORRIDOR STUDY	
JOB NUMBER:	011036287
SHEET NUMBER:	3











Table 4.1 details the Synchro modeled levels-of-service (LOS) for the major intersections along the study corridor for the proposed build condition.

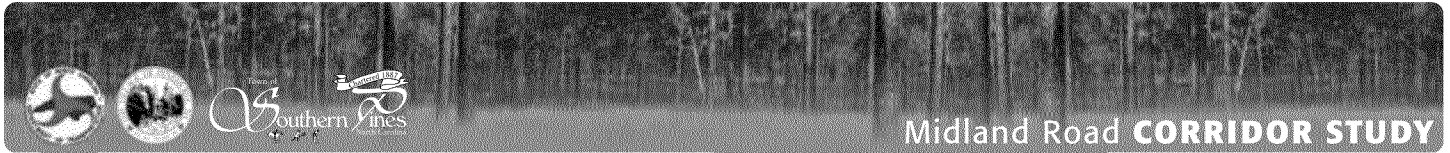
The proposed improvements were modeled for both AM and PM peak hour conditions. Each improvement was developed to maximize LOS improvement where significant congestion exists today. As shown in Table 4.1 the proposed recommendations show significant improvements to delay and LOS along the corridor.

The proposed transportation improvement plan was developed to address problems identified through analysis and discussions with stakeholders and the general public. Each recommendation was selected based on its potential to mitigate congestion issues but also to reduce the potential for future crashes. With that in mind, the following potential safety benefits could be derived from these improvements based on trends in crash data when similar treatments are implemented.

- Closing many of the natural, gravel, and unofficial paved median openings along the corridor is expected to reduce angle crashes along the corridor, which is the most common crash type in the study area.
- Synchronized street improvements, as recommended at the US 1 interchange, reduce the number of conflict points from 32 at an intersection down to 14 and have been shown to reduce fatal and injury crashes by 60% and all crashes by 42% over traditional intersections.
- Adding left-turn lanes at unsignalized intersections (e.g., the Midland Road/Ironwood Café Driveway intersection) can reduce the overall number of crashes by nearly 50%.
- Roundabout installations, as recommended at Airport Road and Central Drive (NC 22), can reduce the overall number of crashes at an intersection by nearly 50%. They also drastically reduce crash severity.

Table 4.1 — Synchro Intersection Level-of-Service Summary

Intersection	Future No Build (2040)		Future Build (2040)	
	AM Peak Hour	PM Peak Hour	AM Peak Hour	PM Peak Hour
Midland Rd. at Airport Rd.	SB - F (608.4) EBL - D (30.6)	SB - F (369.7) EBL - D (25.1)	C (15.6) (Roundabout)	B (11.7) (Roundabout)
Midland Rd. at Midland Dr./ Ironwood Café Driveway	SB - F (52.8) NB - E (44.2)	SB - E (41.3) NB - E (38.9)	SB - B (12.5) EBL - C (15.7) NB - B (11.4) WBL - C (17.8)	SB - B (12.1) EBL - C (16.8) NB - B (11.2) WBL - C (17.1)
Midland Rd. at Carolina Eye Associates Dwy.	NB - D (34.2)	NB - D (27.2)	NB - D (26.4)	NB - D (27.5)
Midland Rd. at Knoll Rd. (Signalized)	B (12.2)	B (11.1)	B (12.3)	B (11.2)
Midland Rd. at Pee Dee Rd./ Pennsylvania Ave. (Signalized)	D (35.1)	C (29.4)	C (28.6)	C (22.3)
Midland Rd. at Central Dr.	SB - F (469.9)	SB - F (186.3)	B (11.1) (Roundabout)	A (7.4) (Roundabout)
Midland Rd. at US 1 Southbound Ramps	SB - E (37.8)	SB - C (21.8)	SB - Free WBL - C (18.7)	SB - Free WBL - C (21.7)
Midland Rd. at US 1 Northbound Ramps / Yadkin Rd.	SB - C (18.2) NB - F (2132.2)	SB - E (36.3) NB - F (4226.8)	SB - C (24.3) EBL - E (35.1) NB - B (11.7)	SB - D (27.8) EBL - F (104.8) NB - B (11.3)
Midland Rd. at Clark St.	SB - B (13.6) EBL - A (8.1)	SB - B (12.8) EBL - A (8.3)	SB - B (14.3) EBL - A (8.1)	SB - B (13.7) EBL - A (8.3)



The Transportation Mobility and Safety Division at NCDOT regularly posts standardized crash cost estimates for the state. The injury costs include estimates of medical costs, public services, loss of productivity, employer cost, property damage and change in quality of life. In 2015, Mobility and Safety published the following average crash costs based on crash severity. Fatal or Type A - \$4,451,000; Type B or C - \$117,000; Property Damage Only - \$6,700. Applying these costs to the crashes on Midland Road between the US 15/501 traffic circle and Clark Street could result in significant savings for the people of Pinehurst and Southern Pines. As an example, if all crashes along the corridor are reduced by 20%, the savings would total nearly \$1.2 million annually.

IMPLEMENTATION PLAN

The guiding vision developed at the outset of the Midland Road Corridor Study reflected a concerted effort to develop a plan that can be implemented. A well-designed Action Plan, or Implementation Plan, is a critical element to meet the needs of the traveling public. The intent of the Implementation Plan is to enable NCDOT and other decision-makers to track progress and schedule future year improvements. Additionally, this plan is intended to be a guiding document for NCDOT in considering future access and development along the corridor.

The implementation steps and projects identified in this section will be executed in phases and will be subject to a variety of factors, including the availability of personnel and financial resources necessary to implement specific improvements. In the project summary table that follows, cost estimates are identified to achieve the full implementation of the project.

FUNDING CONSIDERATIONS

As with any planning and project development process, the feasibility of implementing one or more projects ultimately comes down to the funding sources available and the amount of revenue that can be generated from a particular funding strategy. NCDOT recently changed transportation laws that govern how federal and state transportation dollars are spent throughout the state. Since 2013, the Strategic Transportation Investments (STI) Law and the subsequent implementation of the Strategic Mobility Formula governs how dollars are allocated among various projects across the state. The Strategic Mobility Formula is performance-based and awards funding for the highest-scoring projects at the division, regional, and statewide tiers.

The Implementation Plan Matrix (**Table 5.1** below) provides a summary of individual projects based on the corridor-wide recommendations that were highlighted in the previous section. Improvements along the corridor have been broken out into individual projects that can be implemented in multiple phases based on the funding sources available.

Table 5.1 — Implementation Plan Matrix

Project		Probable Construction Cost
1	Airport Road – Roundabout	\$2.1 million
2	Dunvegan Court/Thomas Road – Access Management	\$428,000
3	Midland Road/Ironwood Cafe and Midland Road/Carolina Eye Associates – Access Management	\$515,000
4	W. Pennsylvania Avenue/Pee Dee Road – Widening Side Streets	\$757,000
5	NC 22 (Central Drive) to US 1 – Roundabout and Interchange Modifications	\$3.4 million
6	US 1 to Clark Street – Road Diet (<i>excluding intersection improvements</i>)	\$301,000
7	Clark Street – Road Diet and Related Improvements	\$271,000
8	Midland Road – Multi-use Path	\$1.6 million
9	Knoll Road – Multi-use Path	\$457,000



CONCLUSION

Midland Road serves many purposes. As one of the most iconic and historic roadways in North Carolina, Midland Road provides access to vibrant residential neighborhoods and local businesses, but also is a commuter thoroughway and a primary east-west spine route. The corridor serves as a gateway to both Southern Pines and Pinehurst, and as a result, improvements to safety and mobility must respect the values of this region and its residents, business owners, and visitors. NCDOT, in partnership with these stakeholders, conducted the Midland Road Corridor Study in an effort to create a guiding document for future development and roadway improvements along Midland Road.

This study has created the framework for visioning the future of Midland Road, and it represents a proactive approach to address identified needs along the corridor through stakeholder involvement. The realization that federal and state dollars are becoming more difficult to secure is one illustration of why a proactive approach is welcomed for improving this corridor. One thing is certain, funding and implementing the Midland Road Corridor Study will require partnership among local officials. Ultimately, continued collaboration between state and local agencies, economic development partners, and the general public will provide more opportunities to foster a safe, aesthetically-pleasing, and well-balanced multimodal transportation system that supports this critical gateway corridor.

APPENDIX _____

Midland Road Corridor Study
Between Airport Road and W Delaware Avenue
Opinion of Probable Construction Cost Summary
Corridor Concept Designs Estimate

Project: Midland Road Corridor Study
Date: 9/23/2016
Prepared By: Kimley-Horn and Associates, Inc.
Page: 1 of 18

Intersection Specific Costs:

Airport Road Intersection	\$ 2,135,000.00
National Drive	N/A
Median Reforestation at National Drive	\$ 217,900.00
Dunvegan Court Intersection	\$ 351,000.00
Median Closure near Thomas Road	\$ 77,000.00
Midland Drive Intersection	\$ 301,000.00
Carolina Eye Associates Entrance	\$ 214,000.00
Palmer Dr and Dr Neal Road (assumed same as Midland Drive)	\$ 301,000.00
Walker Station	N/A
Knoll Road Intersection	\$ 234,000.00
Roundtree Lane (assumed same as Dunvegan)	\$ 351,000.00
WEEB (assumed same as Dunvegan)	\$ 351,000.00
Talamore Drive (assumed same as Midland Drive)	\$ 301,000.00
King Street (assumed same as Dunvegan)	\$ 351,000.00
PeeDee Road and Pennsylvania Avenue Intersection	\$ 757,000.00
Grove Road (assumed same as Dunvegan)	\$ 351,000.00
Ridge Road (assumed same as Dunvegan)	\$ 351,000.00
Central Drive Intersection	\$ 2,645,000.00
Interchange with HWY 1	\$ 757,000.00
Existing Median Break (assumed same as Dunvegan)	\$ 351,000.00
Leak Street (assumed same as Dunvegan)	\$ 351,000.00
Crestview Road - Midblock Crossing	\$ 77,000.00
Clark Street Intersection	\$ 271,000.00
Subtotal:	\$ 11,095,900.00

Linear Costs:

Road Diet - excluding Intersection locations (.65 miles)	\$ 301,000.00
10' Sidewalk (4 miles)	\$ 1,594,000.00
Knoll Multipath (1.2 miles)	\$ 457,000.00
Subtotal:	\$ 2,352,000.00

Median Closure Costs:

Median Closures	\$ 332,000.00
Subtotal:	\$ 332,000.00

Corridor Total: **\$ 13,779,900.00**

Notes and Assumptions:

1. The Engineer has no control over the cost of labor, materials, equipment, or over the Contractor's methods of determining prices or over competitive bidding or market conditions. Opinions of probable costs provided herein are based on the information known to Engineer at this time and represent only the Engineer's judgment as a design professional familiar with the construction industry. The Engineer cannot and does not guarantee that proposals, bids, or actual construction costs will not vary from its opinions of probable costs.
2. This estimate is based on current year pricing. If used for budgetary purposes, annual inflation rates should be applied as appropriate.
3. No environmental costs are included.
4. The Engineer has made an assumption of land value to come up with R/W acquisition costs. It is the responsibility of the owner to come up with final property values and acquisition costs.
5. No public utility (water / sewer) costs are included.
6. The Engineer has made the assumption that the existing pavement is sufficient for overlay.

Midland Road Corridor Improvements
 Conceptual Estimate
 Opinion of Probable Construction Cost Summary
 Midland Road at Airport Road Intersection

Project: Midland Road Corridor Improvements
Date: 9/23/2016
Prepared By: Kimley-Horn
Page: 2 of 18

Probable Project Costs Summary:

	Length (Miles)	Cost Per Mile	Cost
2-lane Roundabout			\$ 900,000.00
Widening Construction Cost 300 lf	0.06	\$ 1,500,000.00	\$ 90,000.00
Cul-de-sac			\$ 60,000.00
Lanscaping			\$ 155,800.00
Utility Relocation Costs:			
Public:			\$ -
Private:			\$ -
R/W and Easement Acquisition:			
Right-of-Way (0.1 Acres):	65K/Acre		\$ 6,500.00
Construction Easement (.15 Acres):	40K/Acre		\$ 6,000.00
Environmental Mitigation Costs:			\$ -
Subtotal			\$ 1,218,300.00
30% Contingency			\$ 365,490.00
Total - Construction			\$ 1,590,000.00
Engineering (Approximate)			\$ 325,000.00
Construction management, engineering, and inspections (Approximate)			\$ 220,000.00
Project Total:			\$ 2,135,000.00

Notes and Assumptions:

1. The Engineer has no control over the cost of labor, materials, equipment, or over the Contractor's methods of determining prices or over competitive bidding or market conditions. Opinions of probable costs provided herein are based on the information known to Engineer at this time and represent only the Engineer's judgment as a design professional familiar with the construction industry. The Engineer cannot and does not guarantee that proposals, bids, or actual construction costs will not vary from its opinions of probable costs.

2. This estimate is based on current year pricing. If used for budgetary purposes, annual inflation rates should be applied as appropriate.

3. No environmental costs are included.

4. The Engineer has made an assumption of land value to come up with R/W acquisition costs. It is the responsibility of the owner to come up with final property values and acquisition costs.

5. No public utility (water / sewer) costs are included.

6. The Engineer has made the assumption that the existing pavement is sufficient for overlay.

7. The Engineer has made the assumption that curb and gutter will be used to reduce the project footprint for the

Midland Road Corridor Improvements
 Conceptual Estimate
 Opinion of Probable Construction Cost Summary
 Midland Road at Dunvegan Court Intersection

Project: Midland Road Corridor Improvements
Date: 9/23/2016
Prepared By: Kimley-Horn
Page: 3 of 18

Probable Project Costs Summary:

	Length (Miles)	Cost Per Mile	Cost
Widening Construction Cost 560 lf	0.11	\$ 1,500,000.00	\$ 165,000.00
Divided Median 250 lf	0.05	\$ 53,000.00	\$ 2,650.00
Concrete Medians for Offset Lefts			\$ 18,500.00
Bulbout			\$ 30,000.00
Landscaping 200 lf (low ground cover only)			\$ 11,600.00
Utility Relocation Costs:			
Public:			\$ -
Private:			\$ -
R/W and Easement Acquisition:			
Right-of-Way (0.0 Acres):	65K/Acre		\$ -
Construction Easement (0.01 Acres):	40K/Acre		\$ 400.00
Environmental Mitigation Costs:			\$ -
Subtotal			\$ 228,150.00
30% Contingency			\$ 68,445.00
Total - Construction			\$ 300,000.00
Engineering (Approximate)			\$ 30,000.00
Construction management, engineering, and inspections (Approximate)			\$ 21,000.00
Project Total:			\$ 351,000.00

Notes and Assumptions:

1. The Engineer has no control over the cost of labor, materials, equipment, or over the Contractor's methods of determining prices or over competitive bidding or market conditions. Opinions of probable costs provided herein are based on the information known to Engineer at this time and represent only the Engineer's judgment as a design professional familiar with the construction industry. The Engineer cannot and does not guarantee that proposals, bids, or actual construction costs will not vary from its opinions of probable costs.
2. This estimate is based on current year pricing. If used for budgetary purposes, annual inflation rates should be applied as appropriate.
3. No environmental costs are included.
4. The Engineer has made an assumption of land value to come up with R/W acquisition costs. It is the responsibility of the owner to come up with final property values and acquisition costs.
5. No public utility (water / sewer) costs are included.
6. The Engineer has made the assumption that the existing pavement is sufficient for overlay.

Midland Road Corridor Improvements
Conceptual Estimate
Opinion of Probable Construction Cost Summary
Midland Road Median Closure near Thomas Road

Project: Midland Road Corridor Improvements
Date: 9/23/2016
Prepared By: Kimley-Horn
Page: 4 of 18

Probable Project Costs Summary:

	Length (Miles)	Cost Per Mile	Cost
Divided Median 460 lf	0.09	\$ 53,000.00	\$ 4,770.00
Landscaping (for 460' of Median Reforestation)			\$ 40,350.00
Utility Relocation Costs:			
Public:			\$ -
Private:			\$ -
R/W and Easement Acquisition:			
Right-of-Way (0 Acres):	65K/Acre		\$ -
Construction Easement (0 Acres):	40K/Acre		\$ -
Environmental Mitigation Costs:			\$ -
Subtotal			\$ 45,120.00
30% Contingency			\$ 13,536.00
Total - Construction			\$ 60,000.00
Engineering (Approximate)			\$ 10,000.00
Construction management, engineering, and inspections (Approximate)			\$ 7,000.00
Project Total:			\$ 77,000.00

Notes and Assumptions:

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2. This estimate is based on current year pricing. If used for budgetary purposes, annual inflation rates should be applied as appropriate.

3. No environmental costs are included.

4. The Engineer has made an assumption of land value to come up with R/W acquisition costs. It is the responsibility of the owner to come up with final property values and acquisition costs.

5. No public utility (water / sewer) costs are included.

6. The Engineer has made the assumption that the existing pavement is sufficient for overlay.

Midland Road Corridor Improvements
 Conceptual Estimate
 Opinion of Probable Construction Cost Summary
 Midland Road at Midland Drive Intersection

Project: Midland Road Corridor Improvements
Date: 9/23/2016
Prepared By: Kimley-Horn
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Probable Project Costs Summary:

	Length (Miles)	Cost Per Mile	Cost
Widening Construction Cost 560 lf	0.11	\$ 1,500,000.00	\$ 165,000.00
Divided Median 250 lf	0.05	\$ 53,000.00	\$ 2,650.00
Concrete Medians for Offset Lefts			\$ 20,000.00
Utility Relocation Costs:			
Public:			\$ -
Private:			\$ -
R/W and Easement Acquisition:			
Right-of-Way (0 Acres):	65K/Acre		\$ -
Construction Easement (0.03 Acres):	40K/Acre		\$ 1,200.00
Environmental Mitigation Costs:			\$ -
Subtotal			\$ 188,850.00
30% Contingency			\$ 56,655.00
Total - Construction			\$ 250,000.00
Engineering (Approximate)			\$ 30,000.00
Construction management, engineering, and inspections (Approximate)			\$ 21,000.00
Project Total:			\$ 301,000.00

Notes and Assumptions:

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2. This estimate is based on current year pricing. If used for budgetary purposes, annual inflation rates should be applied as appropriate.
3. No environmental costs are included.
4. The Engineer has made an assumption of land value to come up with R/W acquisition costs. It is the responsibility of the owner to come up with final property values and acquisition costs.
5. No public utility (water / sewer) costs are included.
6. The Engineer has made the assumption that the existing pavement is sufficient for overlay.

Midland Road Corridor Improvements
 Conceptual Estimate
 Opinion of Probable Construction Cost Summary
 Midland Road at Carolina Eye Associates Entrance

Project: Midland Road Corridor Improvements
Date: 9/23/2016
Prepared By: Kimley-Horn
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Probable Project Costs Summary:

	Length (Miles)	Cost Per Mile	Cost
Widening C&G Construction Cost 200 lf	0.04	\$ 2,200,000.00	\$ 88,000.00
Concrete Medians for Offset Lefts			\$ 20,000.00
Bulbout			\$ 30,000.00
Utility Relocation Costs:			
Public:			\$ -
Private:			\$ -
R/W and Easement Acquisition:			
Right-of-Way (0 Acres):	65K/Acre		\$ -
Construction Easement (0.01 Acres):	40K/Acre		\$ 400.00
Environmental Mitigation Costs:			\$ -
Subtotal			\$ 138,400.00
30% Contingency			\$ 41,520.00
Total - Construction			\$ 180,000.00
Engineering (Approximate)			\$ 20,000.00
Construction management, engineering, and inspections (Approximate)			\$ 14,000.00
Project Total:			\$ 214,000.00

Notes and Assumptions:

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2. This estimate is based on current year pricing. If used for budgetary purposes, annual inflation rates should be applied as appropriate.
3. No environmental costs are included.
4. The Engineer has made an assumption of land value to come up with R/W acquisition costs. It is the responsibility of the owner to come up with final property values and acquisition costs.
5. No public utility (water / sewer) costs are included.
6. The Engineer has made the assumption that the existing pavement is sufficient for overlay.

Midland Road Corridor Improvements
Conceptual Estimate
Opinion of Probable Construction Cost Summary
Midland Road at Knoll Road Intersection

Project: Midland Road Corridor Improvements
Date: 9/23/2016
Prepared By: Kimley-Horn
Page: 7 of 18

Probable Project Costs Summary:

	Length (Miles)	Cost Per Mile	Cost
Widening Construction Cost 0 lf	0	\$ 1,500,000.00	\$ -
Signal Upgrade			\$ 150,000.00
Utility Relocation Costs:			
Public:			\$ -
Private:			\$ -
R/W and Easement Acquisition:			
Right-of-Way (0 Acres):	65K/Acre		\$ -
Construction Easement (0.01 Acres):	40K/Acre		\$ 400.00
Environmental Mitigation Costs:			\$ -
Subtotal			\$ 150,400.00
30% Contingency			\$ 45,120.00
Total - Construction			\$ 200,000.00
Engineering (Approximate)			\$ 20,000.00
Construction management, engineering, and inspections (Approximate)			\$ 14,000.00
Project Total:			\$ 234,000.00

Notes and Assumptions:

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2. This estimate is based on current year pricing. If used for budgetary purposes, annual inflation rates should be applied as appropriate.

3. No environmental costs are included.

4. The Engineer has made an assumption of land value to come up with R/W acquisition costs. It is the responsibility of the owner to come up with final property values and acquisition costs.

5. No public utility (water / sewer) costs are included.

6. The Engineer has made the assumption that the existing pavement is sufficient for overlay.

Midland Road Corridor Improvements
Conceptual Estimate
Opinion of Probable Construction Cost Summary
Midland Road at PeeDee Road and Pennsylvania Avenue Intersection

Project: Midland Road Corridor Improvements
Date: 9/23/2016
Prepared By: Kimley-Horn
Page: 8 of 18

Probable Project Costs Summary:

	Length (Miles)	Cost Per Mile	Cost
Widening Construction Cost 900 lf	0.19	\$ 1,500,000.00	\$ 285,000.00
Temp Signal (2 ea.)			\$ 50,000.00
Signal Upgrade			\$ 150,000.00
Utility Relocation Costs:			
Public:			\$ -
Private:			\$ -
R/W and Easement Acquisition:			
Right-of-Way (0.03 Acres):	65K/Acre		\$ 2,000.00
Construction Easement (0.11 Acres):	40K/Acre		\$ 4,400.00
Environmental Mitigation Costs:			\$ -
Subtotal			\$ 491,400.00
30% Contingency			\$ 147,420.00
Total - Construction			\$ 640,000.00
Engineering (Approximate)			\$ 70,000.00
Construction management, engineering, and inspections (Approximate)			\$ 47,000.00
Project Total:			\$ 757,000.00

Notes and Assumptions:

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2. This estimate is based on current year pricing. If used for budgetary purposes, annual inflation rates should be applied as appropriate.
3. No environmental costs are included.
4. The Engineer has made an assumption of land value to come up with R/W acquisition costs. It is the responsibility of the owner to come up with final property values and acquisition costs.
5. No public utility (water / sewer) costs are included.
6. The Engineer has made the assumption that the existing pavement is sufficient for overlay.

Midland Road Corridor Improvements
Conceptual Estimate
Opinion of Probable Construction Cost Summary
Midland Road at Central Drive Intersection

Project: Midland Road Corridor Improvements
Date: 9/23/2016
Prepared By: Kimley-Horn
Page: 9 of 18

Probable Project Costs Summary:

	Length (Miles)	Cost Per Mile	Cost
2-lane Roundabout with 2 slip lanes			\$ 1,100,000.00
Widening C&G Construction Cost 800 lf	0.15	\$ 2,200,000.00	\$ 330,000.00
Divided Median 600 lf	0.12	\$ 53,000.00	\$ 6,360.00
Concrete Medians for Superstreet			\$ 3,000.00
Landscaping			\$ 161,600.00
Utility Relocation Costs:			
Public:			\$ -
Private:			\$ -
R/W and Easement Acquisition:			
Right-of-Way (0.07 Acres):	65K/Acre		\$ 4,550.00
Construction Easement (0.09 Acres):	40K/Acre		\$ 3,600.00
Environmental Mitigation Costs:			\$ -
Subtotal			\$ 1,609,110.00
30% Contingency			\$ 482,733.00
Total - Construction			\$ 2,100,000.00
Engineering (Approximate)			\$ 325,000.00
Construction management, engineering, and inspections (Approximate)			\$ 220,000.00
Project Total:			\$ 2,645,000.00

Notes and Assumptions:

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2. This estimate is based on current year pricing. If used for budgetary purposes, annual inflation rates should be applied as appropriate.
3. No environmental costs are included.
4. The Engineer has made an assumption of land value to come up with R/W acquisition costs. It is the responsibility of the owner to come up with final property values and acquisition costs.
5. No public utility (water / sewer) costs are included.
6. The Engineer has made the assumption that the existing pavement is sufficient for overlay.
7. The Engineer has made the assumption that curb and gutter will be used to reduce the project footprint for the

Midland Road Corridor Improvements
Conceptual Estimate
Opinion of Probable Construction Cost Summary
Midland Road at Interchange with HWY 1

Project: Midland Road Corridor Improvements
Date: 9/23/2016
Prepared By: Kimley-Horn
Page: 10 of 18

Probable Project Costs Summary:

	Length (Miles)	Cost Per Mile	Cost
Widening Construction Cost 1500 lf	0.29	\$ 1,500,000.00	\$ 435,000.00
Divided Median 850 lf	0.16	\$ 53,000.00	\$ 8,480.00
Overlay 1500 lf	0.28	\$ 80,000.00	\$ 22,400.00
Concrete Medians for Superstreet			\$ 14,000.00
Landscaping			\$ 3,750.00
Utility Relocation Costs:			
Public:			\$ -
Private:			\$ -
R/W and Easement Acquisition:			
Right-of-Way (0.01 Acres):	65K/Acre		\$ 650.00
Construction Easement (0.02 Acres):	40K/Acre		\$ 800.00
Environmental Mitigation Costs:			\$ -
Subtotal			\$ 485,080.00
30% Contingency			\$ 145,524.00
Total - Construction			\$ 640,000.00
Engineering (Approximate)			\$ 70,000.00
Construction management, engineering, and inspections (Approximate)			\$ 47,000.00
Project Total:			\$ 757,000.00

Notes and Assumptions:

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2. This estimate is based on current year pricing. If used for budgetary purposes, annual inflation rates should be applied as appropriate.

3. No environmental costs are included.

4. The Engineer has made an assumption of land value to come up with R/W acquisition costs. It is the responsibility of the owner to come up with final property values and acquisition costs.

5. No public utility (water / sewer) costs are included.

6. The Engineer has made the assumption that the existing pavement is sufficient for overlay.

Midland Road Corridor Improvements
Conceptual Estimate
Opinion of Probable Construction Cost Summary
Midland Road at Crestview Road - Midblock Crossing

Project: Midland Road Corridor Improvements
Date: 9/23/2016
Prepared By: Kimley-Horn
Page: 11 of 18

Probable Project Costs Summary:

	Length (Miles)	Cost Per Mile	Cost
Widening Construction Cost 100 lf	0.02	\$ 1,500,000.00	\$ 30,000.00
Concrete Medians for Midblock Crossing			\$ 8,000.00
Pavement Markings			\$ 2,000.00
Utility Relocation Costs:			
Public:			\$ -
Private:			\$ -
R/W and Easement Acquisition:			
Right-of-Way (0 Acres):	65K/Acre		\$ -
Construction Easement (0.0 Acres):	40K/Acre		\$ -
Environmental Mitigation Costs:			\$ -
Subtotal			\$ 40,000.00
30% Contingency			\$ 12,000.00
Total - Construction			\$ 60,000.00
Engineering (Approximate)			\$ 10,000.00
Construction management, engineering, and inspections (Approximate)			\$ 7,000.00
Project Total:			\$ 77,000.00

Notes and Assumptions:

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2. This estimate is based on current year pricing. If used for budgetary purposes, annual inflation rates should be applied as appropriate.
3. No environmental costs are included.
4. The Engineer has made an assumption of land value to come up with R/W acquisition costs. It is the responsibility of the owner to come up with final property values and acquisition costs.
5. No public utility (water / sewer) costs are included.
6. The Engineer has made the assumption that the existing pavement is sufficient for overlay.

Midland Road Corridor Improvements
Conceptual Estimate
Opinion of Probable Construction Cost Summary
Midland Road at Clark Street Intersection

Project: Midland Road Corridor Improvements
Date: 9/23/2016
Prepared By: Kimley-Horn
Page: 12 of 18

Probable Project Costs Summary:

	Length (Miles)	Cost Per Mile	Cost
Widening Construction Cost 350 lf	0.07	\$ 1,500,000.00	\$ 105,000.00
Divided Median 280 lf	0.5	\$ 53,000.00	\$ 26,500.00
Curb Median			\$ 2,000.00
Lanscaping			\$ 30,000.00
Utility Relocation Costs:			
Public:			\$ -
Private:			\$ -
R/W and Easement Acquisition:			
Right-of-Way (0 Acres):	65K/Acre		\$ -
Construction Easement (0.00 Acres):	40K/Acre		\$ -
Environmental Mitigation Costs:			\$ -
Subtotal			\$ 163,500.00
30% Contingency			\$ 49,050.00
Total - Construction			\$ 220,000.00
Engineering (Approximate)			\$ 30,000.00
Construction management, engineering, and inspections (Approximate)			\$ 21,000.00
Project Total:			\$ 271,000.00

Notes and Assumptions:

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2. This estimate is based on current year pricing. If used for budgetary purposes, annual inflation rates should be applied as appropriate.
3. No environmental costs are included.
4. The Engineer has made an assumption of land value to come up with R/W acquisition costs. It is the responsibility of the owner to come up with final property values and acquisition costs.
5. No public utility (water / sewer) costs are included.
6. The Engineer has made the assumption that the existing pavement is sufficient for overlay.

Midland Road Corridor Improvements
Conceptual Estimate
Opinion of Probable Construction Cost Summary
Midland Road Road Diet from Crestview Rd to Clark St

Project: Midland Road Corridor Improvements
Date: 9/23/2016
Prepared By: Kimley-Horn
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Probable Project Costs Summary:

	Length (Miles)	Cost Per Mile	Cost
Overlay	0.65	\$ 245,000.00	\$ 159,250.00
Pavement Markings	0.65	\$ 40,000.00	\$ 26,000.00
Utility Relocation Costs:			
Public:			\$ -
Private:			\$ -
R/W and Easement Acquisition:			
Right-of-Way (0 Acres):	65K/Acre		\$ -
Construction Easement (0 Acres):	40K/Acre		\$ -
Environmental Mitigation Costs:			\$ -
Subtotal			\$ 185,250.00
30% Contingency			\$ 55,575.00
Total - Construction			\$ 250,000.00
Engineering (Approximate)			\$ 30,000.00
Construction management, engineering, and inspections (Approximate)			\$ 21,000.00
Project Total:			\$ 301,000.00

Notes and Assumptions:

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2. This estimate is based on current year pricing. If used for budgetary purposes, annual inflation rates should be applied as appropriate.

3. No environmental costs are included.

4. The Engineer has made an assumption of land value to come up with R/W acquisition costs. It is the responsibility of the owner to come up with final property values and acquisition costs.

5. No public utility (water / sewer) costs are included.

6. The Engineer has made the assumption that the existing pavement is sufficient for overlay.

Midland Road Corridor Improvements
 Conceptual Estimate
 Opinion of Probable Construction Cost Summary
 Midland Road Pedestrian Improvements Airport Road to Crestview Road

Project: Midland Road Corridor Improvements
Date: 9/23/2016
Prepared By: Kimley-Horn
Page: 14 of 18

Probable Project Costs Summary:

	Length (Miles)	Cost Per Mile	Cost
10' Sidewalk - one side	4	\$ 250,000.00	\$ 1,000,000.00
Utility Relocation Costs:			
Public:			\$ -
Private:			\$ -
R/W and Easement Acquisition:			
Right-of-Way (0 Acres):	65K/Acre		\$ -
Construction Easement (1.0 Acres):	40K/Acre		\$ 40,000.00
Environmental Mitigation Costs:			\$ -
Subtotal			\$ 1,040,000.00
30% Contingency			\$ 312,000.00
Total - Construction			\$ 1,360,000.00
Engineering (Approximate)			\$ 140,000.00
Construction management, engineering, and inspections (Approximate)			\$ 94,000.00
Project Total:			\$ 1,594,000.00

Notes and Assumptions:

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3. No environmental costs are included.
4. The Engineer has made an assumption of land value to come up with R/W acquisition costs. It is the responsibility of the owner to come up with final property values and acquisition costs.
5. No public utility (water / sewer) costs are included.
6. The Engineer has made the assumption that the existing pavement is sufficient for overlay.

Midland Road Corridor Improvements
Conceptual Estimate
Opinion of Probable Construction Cost Summary
Multipath from Intersection of Midland/Knoll to Intersection of Knoll/Airport

Project: Midland Road Corridor Improvements
Date: 9/23/2016
Prepared By: Kimley-Horn
Page: 15 of 18

Probable Project Costs Summary:

	Length (Miles)	Cost Per Mile	Cost
10' Sidewalk - one side	1.2	\$ 250,000.00	\$ 300,000.00
Utility Relocation Costs:			
Public:			\$ -
Private:			\$ -
R/W and Easement Acquisition:			
Right-of-Way (0 Acres):	65K/Acre		\$ -
Construction Easement (0 Acres):	40K/Acre		\$ -
Environmental Mitigation Costs:			\$ -
Subtotal			\$ 300,000.00
30% Contingency			\$ 90,000.00
Total - Construction			\$ 390,000.00
Engineering (Approximate)			\$ 40,000.00
Construction management, engineering, and inspections (Approximate)			\$ 27,000.00
Project Total:			\$ 457,000.00

Notes and Assumptions:

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3. No environmental costs are included.
4. The Engineer has made an assumption of land value to come up with R/W acquisition costs. It is the responsibility of the owner to come up with final property values and acquisition costs.
5. No public utility (water / sewer) costs are included.
6. The Engineer has made the assumption that the existing pavement is sufficient for overlay.

Latitude / Longitude	Width (Feet)	Surface Type	Notes	Latitude Degrees	Latitude Minutes	Longitude Degrees	Longitude Minutes	Latitude Degrees FINAL	Longitude Degrees FINAL	Landscaping Cost per 40 Linear Feet	Roadway Cost Per 40 Linear Feet	Total Cost (without Contingency)	Notes
39° 10.883 N 79° 22.889 W	70	Asphalt	Driveways	35	10.833	-79	-22.889	35.18055	-79.38148333	1	\$1,000.00	\$12,250.00	
35° 10.924 N 79° 22.092 W	37	Asphalt	Clematis Rd.	35	10.924	-79	-22.092	35.18206667	-79.3682	2	\$0.00	\$0.00	
35° 10.974 N 79° 22.899 W	15	Asphalt	Driveways	35	10.974	-79	-22.899	35.1829	-79.38165	3	\$1,000.00	\$2,625.00	
35° 11.025 N 79° 22.922 W	15	Natural	Driveways	35	11.025	-79	-22.922	35.18375	-79.38203333	4	\$400.00	\$2,400.00	
39° 11.037 N 79° 22.929 W	20	Asphalt	Artillery Rd.	35	11.037	-79	-22.929	35.18395	-79.38215	5	\$1,000.00	\$3,500.00	
35° 11.050 N 79° 22.938 W	25	Asphalt	Artillery Rd.	35	11.05	-79	-22.938	35.18416667	-79.3823	6	\$1,000.00	\$4,375.00	
35° 11.078 N 79° 22.952 W	25 ft.	Asphalt	North Leak St.	35	11.078	-79	-22.952	35.18463333	-79.37653333	7	\$0.00	\$0.00	
35° 11.119 N 79° 22.963 W	25	Asphalt	Driveways	35	11.119	-79	-22.963	35.18531667	-79.38271667	8	\$1,000.00	\$4,375.00	
39° 11.139 N 79° 22.967 W	18	Asphalt	Driveways	35	11.139	-79	-22.967	35.18565	-79.38278333	9	\$1,000.00	\$3,150.00	
35° 11.182 N 79° 22.955 W	25	Asphalt	Driveways	35	11.182	-79	-22.955	35.18636667	-79.38258333	10	\$1,000.00	\$4,375.00	
35° 11.198 N 79° 22.951 W	20	Asphalt	Driveways	35	11.198	-79	-22.951	35.18663333	-79.38251667	11	\$1,000.00	\$3,500.00	
35° 11.238 N 79° 22.951 W	25	Asphalt	Driveways	35	11.238	-79	-22.951	35.1873	-79.38251667	12	\$1,000.00	\$4,375.00	
35° 11.256 N 79° 22.955 W	25	Asphalt	Driveways	35	11.256	-79	-22.955	35.1876	-79.38258333	13	\$1,000.00	\$4,375.00	
35° 11.284 N 79° 22.971 W	20	Asphalt	Driveways	35	11.284	-79	-22.971	35.18806667	-79.38285	14	\$1,000.00	\$3,500.00	
35° 11.296 N 79° 22.981 W	25 ft.	Asphalt	Driveways	35	11.296	-79	-22.981	35.18826667	-79.38301667	15	\$0.00	\$0.00	
35° 11.356 N 79° 23.021 W	20	Gravel	CrestView Rd.	35	11.356	-79	-23.021	35.18926667	-79.38368333	16	\$400.00	\$3,200.00	
35° 11.367 N 79° 23.028 W	70	Asphalt	Short Rd. & Crestview Rd.	35	11.367	-79	-23.028	35.18945	-79.3838	17	\$0.00	\$0.00	
35° 11.383 N 79° 23.037 W	25	Asphalt	Short Rd. & San Davis Rd.	35	11.383	-79	-23.037	35.18971667	-79.38395	18	\$0.00	\$0.00	
35° 11.422 N 79° 23.066 W	86 ft.	Asphalt	US 1 West Ramp	35	11.422	-79	-23.066	35.19036667	-79.38443333	19	\$0.00	\$0.00	
35° 11.408 N 79° 23.102 W	100ft.	Asphalt	US 1 East Ramp	35	11.408	-79	-23.102	35.19013333	-79.38503333	20	\$0.00	\$0.00	
35° 11.575 N 79° 23.102 W	60 ft.	Asphalt	Central Dr.	35	11.575	-79	-23.102	35.19291667	-79.38503333	21	\$0.00	\$0.00	
35° 11.608 N 79° 23.300 W	20	Asphalt	Driveways	35	11.608	-79	-23.3	35.19346667	-79.38833333	22	\$1,000.00	\$3,500.00	
35° 11.677 N 79° 23.450 W	25 ft.	Asphalt	Ridge Rd.	35	11.677	-79	-23.45	35.19461667	-79.39083333	23	\$0.00	\$0.00	
35° 11.683 N 79° 23.470 W	20	Asphalt	Midpines Driveway								\$1,000.00	\$3,500.00	
35° 11.694 N 79° 23.521 W	25	Asphalt	Midpines Driveway	35	11.694	-79	-23.521	35.1949	-79.39201667	25	\$1,000.00	\$4,375.00	

Latitude / Longitude	Width (Feet)	Surface Type	Notes	Latitude Degrees	Longitude Degrees	Longitude Minutes	Latitude Degrees FINAL	Longitude Degrees FINAL	Landscaping Cost per 40 Linear Feet	Roadway Cost Per 40 Linear Feet	Total Cost (without Contingency)	Notes
35° 11.713 N 79° 23.649 W	20	Asphalt	Driveways	35	11.713	-23.649	35.19521667	-79.39415	\$6,000.00	\$1,000.00	\$3,500.00	
35° 11.725 N 79° 23.775 W	25	Asphalt	Driveways	35	11.725	-23.775	35.19541667	-79.39625	\$6,000.00	\$1,000.00	\$4,375.00	
35° 11.736 N 79° 23.755 W	30 ft.	Asphalt	Grove Rd.	35	11.736	-23.775	35.1956	-79.39625	\$0.00	\$0.00	\$0.00	
35° 11.739 N 79° 23.790 W	30	Asphalt	Fairway Rd.	35	11.739	-23.79	35.19565	-79.3965	\$6,000.00	\$1,000.00	\$5,250.00	
35° 11.749 N 79° 23.848 W	30	Asphalt	Driveways	35	11.749	-23.848	35.19581667	-79.39746667	\$6,000.00	\$1,000.00	\$5,250.00	
35° 11.758 N 79° 23.909 W	15	Asphalt	Driveways	35	11.758	-23.909	35.19596667	-79.39848333	\$6,000.00	\$1,000.00	\$2,625.00	
35° 11.763 N 79° 23.931 W	15	Natural	Driveways	35	11.763	-23.931	35.19605	-79.39885	\$6,000.00	\$400.00	\$2,400.00	
35° 11.777 N 79° 23.994 W	74	Asphalt	Crest Rd.	35	11.777	-23.994	35.19628333	-79.3999	\$6,000.00	\$1,000.00	\$12,950.00	
35° 11.782 N 79° 24.032 W	10	Asphalt	Driveways	35	11.782	-24.032	35.19636667	-79.40053333	\$6,000.00	\$1,000.00	\$1,750.00	
35° 11.786 N 79° 24.057 W	20	Natural	Driveways	35	11.786	-24.057	35.19643333	-79.40095	\$6,000.00	\$400.00	\$3,200.00	
35° 11.083 N 79° 24.132 W	173 ft.	Asphalt	Peedee Rd. & Pennsylvania Rd.	35	11.083	-24.132	35.18471667	-79.4022	\$0.00	\$0.00	\$0.00	
35° 11.861 N 79° 24.384 W	40 ft.	Asphalt	Middleton Place Driveway	35	11.861	-24.384	35.19768333	-79.4064	\$0.00	\$0.00	\$0.00	
35° 11.871 N 79° 24.439 W	50	Gravel	Knollwood Driveway	35	11.871	-24.439	35.19785	-79.40731667	\$6,000.00	\$400.00	\$8,000.00	
35° 11.879 N 79° 24.469 W	15	Gravel	Knollwood Driveway	35	11.879	-24.469	35.19798333	-79.40781667	\$6,000.00	\$400.00	\$2,400.00	
35° 11.902 N 79° 24.612 W	45 ft.	Asphalt	Talamore Dr.	35	11.902	-24.612	35.19836667	-79.4102	\$0.00	\$0.00	\$0.00	
35° 11.910 N 79° 24.677 W	15	Gravel	Driveways	35	11.91	-24.677	35.1985	-79.4128333	\$6,000.00	\$400.00	\$2,400.00	
35° 11.919 N 79° 24.738 W	25	Asphalt	Driveways	35	11.919	-24.738	35.19865	-79.4123	\$6,000.00	\$1,000.00	\$4,375.00	
35° 11.919 N 79° 24.761 W	55	Asphalt	Driveways	35	11.919	-24.761	35.19865	-79.4128333	\$6,000.00	\$1,000.00	\$9,625.00	
35° 11.928 N 79° 24.832 W	18	Gravel	Driveways / Pinefield Court Rd.	35	11.928	-24.832	35.1988	-79.41386667	\$6,000.00	\$400.00	\$2,880.00	
35° 11.937 N 79° 24.881 W	20	Gravel	Driveways	35	11.937	-24.881	35.19895	-79.41468333	\$6,000.00	\$400.00	\$3,200.00	
35° 11.947 N 79° 24.971 W	20	Gravel	Quail Hollow Place	35	11.947	-24.971	35.19916667	-79.41618333	\$6,000.00	\$400.00	\$3,200.00	
35° 11.951 N 79° 24.998 W	25	Gravel	Driveways	35	11.951	-24.998	35.19918333	-79.41663333	\$6,000.00	\$400.00	\$4,000.00	
35° 11.958 N 79° 25.041 W	15	Gravel	Driveways	35	11.958	-25.041	35.1993	-79.41735	\$6,000.00	\$400.00	\$2,400.00	
35° 11.965 N 79° 25.097 W	20	Asphalt	Driveways	35	11.965	-25.097	35.19941667	-79.41828333	\$6,000.00	\$1,000.00	\$3,500.00	
35° 11.968 N 79° 25.111 W	15	Gravel	Driveways	35	11.968	-25.111	35.19946667	-79.41851667	\$6,000.00	\$400.00	\$2,400.00	
35° 11.974 N 79° 25.167 W	25	Asphalt	Cardinal Rd.	35	11.974	-25.167	35.19956667	-79.41945	\$6,000.00	\$1,000.00	\$4,375.00	
35° 11.958 N 79° 25.320 W	135 ft.	Asphalt	Knoll Rd.	35	11.958	-25.32	35.1993	-79.422	\$0.00	\$0.00	\$0.00	
35° 12.013 N 79° 25.435 W	20	Asphalt	Driveways	35	12.013	-25.435	35.20021667	-79.42391667	\$6,000.00	\$1,000.00	\$3,500.00	
35° 12.023 N 79° 25.435 W	25 ft.	Asphalt	Walker Station Ave.	35	12.023	-25.435	35.20038333	-79.42391667	\$0.00	\$0.00	\$0.00	

Midland Road Corridor Improvements
Conceptual Estimate
Opinion of Probable Cost Summary
Midland Road - Median Closures

Latitude / Longitude	Width (Feet)	Surface Type	Notes	Latitude Degrees	Latitude Minutes	Longitude Degrees	Longitude Minutes	Latitude Degrees FINAL	Longitude Degrees FINAL	Landscaping Cost per 40 Linear Feet	Roadway Cost Per 40 Linear Feet	Total Cost (without Contingency)	Notes
35° 22.028 N 79° 25.553 W	15	Asphalt	Driveways	35	12.028	-79	-25.553	35.20046667	-79.42588333	\$6,000.00	\$1,000.00	\$2,625.00	
35° 12.034 N 79° 25.598 W	115 ft.	Asphalt	Midsouth Club	35	12.034	-79	-25.598	35.20056667	-79.42663333	\$0.00	\$0.00	\$0.00	
35° 12.039 N 79° 25.642 W	15	Gravel	Driveways	35	12.039	-79	-25.642	35.20065	-79.42736667	\$6,000.00	\$400.00	\$2,400.00	
35° 12.048 N 79° 25.709 W	30	Gravel	Williams Rd.	35	12.048	-79	-25.709	35.2008	-79.42848333	\$6,000.00	\$400.00	\$4,800.00	
35° 12.051 N 79° 25.721 W	15	Asphalt	Driveways	35	12.051	-79	-25.721	35.20085	-79.42868333	\$6,000.00	\$1,000.00	\$2,625.00	
35° 12.060 N 79° 25.801 W	25	Asphalt	Median Crossover / No Drives	35	12.06	-79	-25.801	35.201	-79.43001667	\$6,000.00	\$1,000.00	\$4,375.00	
35° 12.070 N 79° 25.883 W	50 ft.	Asphalt	Carolina Eye Entrance	35	12.07	-79	-25.883	35.20116667	-79.43138333	\$0.00	\$0.00	\$0.00	
35° 12.074 N 79° 25.904 W	20	Asphalt	Driveways	35	12.074	-79	-25.904	35.20123333	-79.43173333	\$6,000.00	\$1,000.00	\$3,500.00	
35° 12.080 N 79° 25.948 W	20 ft.	Asphalt	Midland Country Club Entrance	35	12.08	-79	-25.948	35.20133333	-79.43246667	\$0.00	\$0.00	\$0.00	
35° 12.086 N 79° 25.980 W	20	Gravel	Driveways	35	12.086	-79	-25.98	35.20143333	-79.433	\$6,000.00	\$400.00	\$3,200.00	
35° 12.101 N 79° 26.092 W	425	Asphalt	Cat Health Clinic	35	12.101	-79	-26.092	35.20168333	-79.43486667	\$0.00	\$0.00	\$0.00	See Median Reforestation Estimate
35° 12.112 N 79° 26.168 W	50 ft.	Asphalt	Dunn Vegan Court / Midland Ln.	35	12.112	-79	-26.128	35.20186667	-79.43546667	\$0.00	\$0.00	\$0.00	
35° 12.119 N 79° 26.214 W	30	Asphalt	Glenn Meadow Ct.	35	12.119	-79	-26.214	35.20198333	-79.4369	\$6,000.00	\$1,000.00	\$5,250.00	
35° 12.122 N 79° 26.235 W	10	Asphalt	Driveways	35	12.112	-79	-26.235	35.20186667	-79.43725	\$6,000.00	\$1,000.00	\$1,750.00	
35° 12.125 N 79° 26.257 W	25	Asphalt	Driveways	35	12.125	-79	-26.257	35.20208333	-79.43761667	\$6,000.00	\$1,000.00	\$4,375.00	
35° 12.130 N 79° 26.300 W	30	Asphalt	Windmere Rd.	35	12.13	-79	-26.3	35.20216667	-79.43833333	\$6,000.00	\$1,000.00	\$5,250.00	
35° 12.138 N 79° 26.369 W	20	Asphalt	Driveways	35	12.138	-79	-26.369	35.2023	-79.43948333	\$6,000.00	\$1,000.00	\$3,500.00	
35° 12.148 N 79° 26.455 W	80 ft.	Asphalt	Pinehurst National	35	12.148	-79	-26.465	35.20246667	-79.44091667	\$0.00	\$0.00	\$0.00	
35° 12.156 N 79° 26.758 W	70 ft.	Asphalt	Airport Rd.	35	12.156	-79	-26.758	35.2026	-79.44596667	\$0.00	\$0.00	\$0.00	
35° 12.154 N 79° 26.899 W	40	Asphalt	Beaver Ln.	35	12.154	-79	-26.899	35.20256667	-79.44831667	\$6,000.00	\$1,000.00	\$7,000.00	

Subtotal:	\$215,580.00
Contingency (30%):	\$64,674.00
Total - Construction:	\$281,000.00
Engineering (Approximate)	\$ 30,000.00
Construction management, engineering, and inspections (Approximate)	\$ 21,000.00
Project Total:	\$332,000.00

**MINUTES OF
VILLAGE COUNCIL REGULAR MEETING
OCTOBER 25, 2016**

**395 MAGNOLIA ROAD
ASSEMBLY HALL
PINEHURST, NORTH CAROLINA
4:30 P.M.**

The Pinehurst Village Council held a Regular Meeting at 4:30 p.m., Tuesday, October 25, 2016 in the Assembly Hall of the Pinehurst Village Hall, 395 Magnolia Road, Pinehurst, North Carolina. The following were in attendance:

Ms. Nancy Roy Fiorillo, Mayor
Ms. Claire L. Berggren, Councilmember
Mr. John Bouldry, Councilmember
Mr. John R. Cashion, Mayor Pro-Tem
Mr. Clark Campbell, Councilmember
Mr. Jeffrey M. Sanborn, Village Manager
Ms. Lauren M. Craig, Village Clerk

And approximately 23 attendees, including 7 staff and 1 press.

1. Call to Order.

Mayor Nancy Roy Fiorillo called the meeting to order.

2. Invocation and Pledge of Allegiance.

Pastor John Jacobs from the Village Chapel led the invocation and Mayor Fiorillo led everyone in the Pledge of Allegiance.

3. Reports.

Manager

- Update on the Greens Project: The developer does not have a building permit yet and questions have not been completely answered for staff. The developer has the State Erosion and Sediment Control Permit and as a result, vegetation has been removed. In regards to the public records request, the 4th batch was released on Thursday of last week which consisted 184 emails that were gathered from a group of over 1,000 emails and several calendar items that were found. To date the total number of emails reviewed is approximately 4,700 out of the 18,000 emails.

Council

- Mayor Fiorillo explained she has grave concerns about the forum planned for November 15 to discuss the development process for the Greens project. She noted if people are coming based on advertisements in The Pilot, they will be coming on a false assumption.

4. Motion to Approve Consent Agenda.

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

- A. Consider resolutions honoring members from the former Conservation Commission, Beautification Committee, and Community Appearance Commission.
- B. Public Safety Reports.
Police Department
Fire Department
- C. Budget Amendments Report.
- D. Approval of Draft Village Council Meeting Minutes.

**MINUTES OF
VILLAGE COUNCIL REGULAR MEETING
OCTOBER 25, 2016**

September 13, 2016 Work Session
September 13, 2016 Closed Session
September 27, 2016 Regular Meeting

End of Consent Agenda.

Councilmember Bouldry moved to approve the Consent Agenda. The motion was seconded by Councilmember Cashion and passed unanimously with a vote of 5-0.

5. Discuss and consider appointments to the Planning and Zoning Board and the Board of Adjustment (Kevin Drum and Cyndie Burnett).

Planning and Zoning Board Chairman, Fred Engelfried, explained he and staff have interviewed candidates to fill vacancies on the Planning and Zoning Board. Upon completion of interviews, he and staff recommend that Kevin Drum replace Richard Ashton and Cyndie Burnett replace Jay Snyder both starting on December 1, 2016 for a three year term. Council thanked these individuals for coming forward to serve on the Planning and Zoning Board and Board of Adjustment. Upon a motion by Councilmember Berggren, seconded by Councilmember Campbell, Council unanimously approved Resolution 16-26 appointing Kevin Drum and Cyndie Burnett to the Planning and Zoning Board and Board of Adjustment effective December 1, 2016 by a vote of 5-0.

6. Discuss and consider appointments to the Pinehurst Appearance Committee (Bert Higgins, Molly Rowell, Sherri Sabo, Jack Wood, and Larry Cox).

Village Clerk, Lauren Craig, explained On August 9, the Village Council approved Resolution 16-23 establishing the new Pinehurst Appearance Committee for the Village of Pinehurst. Since that time, staff has been working to recruit volunteers to fill the five appointed positions and the non-appointed subcommittees. Ms. Craig explained that upon staff's recommendation, the five candidates are before Council for consideration. Upon a motion by Councilmember Bouldry, seconded by Councilmember Cashion, Council unanimously approved Resolution 16-27 appointing Bert Higgins, Jack Wood, Sherri Sabo, Molly Rowell, and Larry Cox to the Pinehurst Appearance Committee by a vote of 5-0.

7. Consider a request for a special non-residential intensity allocation for Pinehurst Senior Apartments.

Kevin Reed, Planning and Inspections Director, explained Pinehurst Senior Apartments is seeking a Special Intensity Allocation (SIA) pursuant to Section 8.3.3.5(b)(2) of the Pinehurst Development Ordinance (PDO) for the construction a 56-unit senior apartment complex including associated parking, sidewalks, stormwater features and landscaped areas. He noted the new multi-family complex will be located at 4176 Murdocksville Road and the property is not located within the Village limits but is in the Village's Extra-Territorial Jurisdiction. Mayor Fiorillo explained how this project came to the Village Council several years ago. Council held a discussion about this request. Upon a motion by Councilmember Campbell, seconded by Councilmember Bouldry, Council unanimously approved the Special Intensity Allocation for Pinehurst Senior Apartments located at 4176 Murdocksville Road as outlined in the memorandum prepared and submitted by the Pinehurst Planning and Inspections Department dated October 18, 2016 by a vote of 5-0.

8. Motion to Recess Regular Meeting and Enter Into a Public Hearing.

Upon a motion by Councilmember Campbell, seconded by Councilmember Berggren, Council unanimously approved to adjourn the regular meeting and enter into a public hearing by a vote of 5-0.

9. Public Hearing No. 1

The purpose of the public hearing is to consider an Official Text Amendment to the Pinehurst Development Ordinance, specifically Section 9.2a, "Table of Dimensional Standards", in order to reduce the required minimum lot width at the street line in the Public Conservation (PC) Zoning District from 100-feet to 50-feet. The applicant is the Village of Pinehurst.

Kevin Reed, Planning and Inspections Director, explained the Village of Pinehurst is proposing an amendment to Section 9.2a, "Table of Dimensional Requirements", of the Pinehurst Development

**MINUTES OF
VILLAGE COUNCIL REGULAR MEETING
OCTOBER 25, 2016**

Ordinance (PDO). This amendment would reduce the required minimum lot width at the street line from 100-feet to 50-feet within the Public Conservation (PC) Zoning District. The applicant is the Village of Pinehurst. He explained this amendment would allow a potential land swap with Moore County to move the County's current Public Utilities operations from Rattlesnake Trail to Juniper Lake Road.

Audience Comments:

- There were no public comments.

10. Motion to Adjourn the Public Hearing and Re-Enter the Regular Meeting.

Upon a motion by Councilmember Campbell, seconded by Councilmember Cashion, Council moved to adjourn the public hearing and re-enter the regular meeting by a vote of 5-0.

11. Discuss and consider an ordinance amending the Pinehurst Development Ordinance, Section 9.2a Table of Dimensional Requirements (PC District).

Councilmember Campbell noted this is a limited amendment and Council hopes this will help with the potential land swap with Moore County. Upon a motion by Councilmember Cashion, seconded by Councilmember Berggren, Council unanimously approved Ordinance 16-17 amending the Pinehurst Development Ordinance Section 9.2A Table of Dimensional Requirements for the Village of Pinehurst and that the proposed amendments to the Pinehurst Development Ordinance are consistent with the goals outlined in the 2010 Comprehensive Long Range Plan and are considered reasonable and in the best interest of the public as referenced in the memorandum dated October 18, 2016 from Kevin Reed, Director of Planning and Inspections by a vote of 5-0.

12. Presentation of Grounds Maintenance BIRDIE Report.

Assistant Village Manager Jeff Batton presented the Grounds Maintenance BIRDIE Report and explained that a BIRDIE is a process improvement tool for the Village of Pinehurst. Mr. Batton explained the current structure of the grounds maintenance operations. Mark Wagner, Director of Parks and Recreation, explained the final three options were reviewed in depth by the team which included 1) Separate Operations by Function, 2) Centralize Management of Grounds under One Department, and 3) Keep Current Organizational Structure. He noted the committee could not identify any significant or measurable gains in efficiency or effectiveness by switching to another management option. The team shared their final recommendation is to keep the current organizational structure, have internal staff conduct review of both operations to eliminate overlap, realign duties, and combine mutual contracted services. The team also recommends Council consider the addition 1.7 FTEs in the future budget season. Council thanked the Village staff for their work on this. Molly Rowell gave kudos to this entire BIRDIE team and she said she believes they need the extra personnel. Bart O'Connor said on two occasions Bart has written Council to add personnel to Walt's team. Judy Davis asked how the 1.7 FTE is being proposed to be split among the departments.

13. Discuss and consider a land swap with Moore County.

Assistant Village Manager Jeff Batton explained Village Staff has been in discussion with the County of Moore staff about a possible land swap that staff believes would be mutually beneficial to both parties. He noted the properties under discussion have County of Moore property adjacent to the Village's Public Service yard and a parcel of the large tract of property the Village owns on Juniper Lake Road. Mr. Batton noted this swap adds additional space to the Public Services facility and provides the opportunity for the County to move its supplies and materials off of Village-owned land on Rattlesnake Trail. Upon a motion by Councilmember Cashion, seconded by Councilmember Berggren, Council unanimously approved the land swap with Moore County for the county owned land adjacent to the Public Services yard and the Village owned 4.42 acres on Juniper Lake Road contingent upon of review and approval of the final plat my Village Manager and Village Attorney by a vote of 5-0.

**MINUTES OF
VILLAGE COUNCIL REGULAR MEETING
OCTOBER 25, 2016**

14. Presentation of Financial Statements for the Quarter Ended September 30, 2016.

John Frye Financial Services Director, presented the Village's financial statements for the quarter ending September 30, 2016. Mr. Frye noted financially, the Village is off to a good start for FY 2017. He explained at the end of the first quarter, revenues exceeded expenditures by a larger margin than anticipated in our forecast and in addition, the Village's operating expenditures are below expected levels. Overall, Mr. Frye noted these results should position the Village well to carry out the objectives outlined in the FY 2017 Strategic Operating Plan. Council thanked Mr. Frye for his presentation.

15. Consideration of a budget amendment to purchase a new water truck for the Harness Track.

Mark Wagner, Director of Parks and Recreation, explained staff initiated an ACE Process Improvement team to evaluate the operations at the Harness Track due to the current condition of the water truck. Mr. Wagner explained staff is asking Council to consider a budget amendment in the amount of \$185,000 to appropriate funds from fund balance in the General Fund in FY 2017 to acquire a new water truck with a stainless steel tank for the Harness Track. Mr. Wagner explained this request is being made due to recent maintenance issues with the 1995 water truck. Upon a motion by Councilmember Campbell, seconded by Councilmember Cashion, Council unanimously approved Ordinance 16-18 amending the budget for the Village of Pinehurst to purchase a new water truck for the Harness Track by a vote of 5-0.

16. Discuss and consider a motion adopting the 2017 Village Council meeting schedule

Lauren Craig, Village Clerk, asked for Council to consider adopting by motion an official schedule for the 2017 Village Council meetings. Once the schedule is finalized, this will be posted by the Village Clerk for official public notice. Upon a motion by Councilmember John Bouldry, seconded by Councilmember Campbell, Council unanimously approved the official schedule for the 2017 Village Council meetings by a vote of 5-0.

17. Other Business.

- None.

18. Comments from Attendees.

- Jeanne Casinella said people come to meetings depending on issues. She thanked David Sinclair about the complete report on the DOT forum and she asked for traffic information at these meetings for those issues that directly affect us. She also noted concern about a cut through being discussed in Pinehurst No. 6 to Airport Road. The Manager said there are two parcels in this proposed development that are in the Village's corporate limits and one has two deeded access onto Juniper Creek Drive. After discussion, Council said they will get more information about this proposed development and process and the local traffic issues.
- Bart Boudreaux said he hopes the new P&Z nominees are balancing the committee and that Council will put people on there who are interested in protecting our Village. He said the November 15 forum is about the apartment complex and his expectation is Council takes accountability. Mr. Boudreaux said more ads will go in the paper and more people will be at the November 15 forum. He said someone has to protect the Village and must educate people on the process of how this happened. He said Council has the power to stop this and citizens will keep pressure on this issue.

19. Motion to Adjourn.

Councilmember Campbell moved to adjourn the Regular Meeting. The motion was seconded by Councilmember Cashion and carried unanimously. The Regular Meeting adjourned at 6:30p.m.

Respectfully Submitted,

Lauren M. Craig
Village Clerk

RESOLUTION DESIGNATION OF APPLICANT'S AGENT

North Carolina Division of Emergency Management

Organization Name (hereafter named Organization) Village of Pinehurst	Disaster Number: FEMA-4285-DR-NC
Applicant's State Cognizant Agency for Single Audit purposes (If Cognizant Agency is not assigned, please indicate): State of North Carolina, Department of Public Safety, Division of Emergency Management	
Applicant's Fiscal Year (FY) Start Month: 07 Day: 01	
Applicant's Federal Employer's Identification Number 56 - 1211319	
Applicant's Federal Information Processing Standards (FIPS) Number 37 - 125 - 51940	

PRIMARY AGENT	SECONDARY AGENT
Agent's Name Jeff Sanborn	Agent's Name John Frye
Organization Village of Pinehurst	Organization Village of Pinehurst
Official Position Village Manager	Official Position Financial Services Director
Mailing Address 395 Magnolia Road	Mailing Address 395 Magnolia Road
City ,State, Zip Pinehurst, NC 28374	City ,State, Zip Pinehurst, NC 28374
Daytime Telephone 910-295-8641	Daytime Telephone 910-295-8646
Facsimile Number 910-295-1853	Facsimile Number 910-295-4434
Pager or Cellular Number 910-322-3802	Pager or Cellular Number 910-638-5197

BE IT RESOLVED BY the governing body of the Organization (a public entity duly organized under the laws of the State of North Carolina) that the above-named Primary and Secondary Agents are hereby authorized to execute and file applications for federal and/or state assistance on behalf of the Organization for the purpose of obtaining certain state and federal financial assistance under the Robert T. Stafford Disaster Relief & Emergency Assistance Act, (Public Law 93-288 as amended) or as otherwise available. BE IT FURTHER RESOLVED that the above-named agents are authorized to represent and act for the Organization in all dealings with the State of North Carolina and the Federal Emergency Management Agency for all matters pertaining to such disaster assistance required by the grant agreements and **the assurances printed on the reverse side hereof**. BE IT FINALLY RESOLVED THAT the above-named agents are authorized to act severally. PASSED AND APPROVED this ___ 15th ___ day of ___ November ___, 2016.

GOVERNING BODY	CERTIFYING OFFICIAL
Village of Pinehurst, Village Council	Village Clerk
Name and Title Nancy Roy Fiorillo, Mayor	Name Lauren M. Craig
Name and Title John Cashion, Mayor Pro-Tem	Official Position Village Clerk
Name and Title John Bouldry, Treasurer	Daytime Telephone 910-295-8644

CERTIFICATION

I, ___ Lauren M. Craig ___, (Name) duly appointed and ___ Village Clerk ___ (Title) of the Governing Body, do hereby certify that the above is a true and correct copy of a resolution passed and approved by the Governing Body of ___ Village of Pinehurst ___ (Organization) on the ___ 15th ___ day of ___ November ___, 2016.

Date: ___ November 15, 2016 ___

Signature: _____

APPLICANT ASSURANCES

The applicant hereby assures and certifies that it will comply with the FEMA regulations, policies, guidelines and requirements including OMB's Circulars No. A-95 and A-102, and FMC 74-4, as they relate to the application, acceptance and use of Federal funds for this Federally assisted project. Also, the Applicant gives assurance and certifies with respect to and as a condition for the grant that:

1. It possesses legal authority to apply for the grant, and to finance and construct the proposed facilities; that a resolution, motion or similar action has been duly adopted or passed as an official act of the applicant's governing body, authorizing the filing of the application, including all understandings and assurances contained therein, and directing and authorizing the person identified as the official representative of the applicant to act in connection with the application and to provide such additional information as may be required.
2. It will comply with the provisions of: Executive Order 11988, relating to Floodplain Management and Executive Order 11990, relating to Protection of Wetlands.
3. It will have sufficient funds available to meet the non-Federal share of the cost for construction projects. Sufficient funds will be available when construction is completed to assure effective operation and maintenance of the facility for the purpose constructed.
4. It will not enter into a construction contract(s) for the project or undertake other activities until the conditions of the grant program(s) have been met.
5. It will provide and maintain competent and adequate architectural engineering supervision and inspection at the construction site to insure that the completed work conforms with the approved plans and specifications; that it will furnish progress reports and such other information as the Federal grantor agency may need.
6. It will operate and maintain the facility in accordance with the minimum standards as may be required or prescribed by the applicable Federal, State and local agencies for the maintenance and operation of such facilities.
7. It will give the grantor agency and the Comptroller General, through any authorized representative, access to and the right to examine all records, books, papers, or documents related to the grant.
8. It will require the facility to be designed to comply with the "American Standard Specifications for Making Buildings and Facilities Accessible to, and Usable by the Physically Handicapped," Number A117.1-1961, as modified (41 CFR 101-17-7031). The applicant will be responsible for conducting inspections to insure compliance with these specifications by the contractor.
9. It will cause work on the project to be commenced within a reasonable time after receipt of notification from the approving Federal agency that funds have been approved and will see that work on the project will be prosecuted to completion with reasonable diligence.
10. It will not dispose of or encumber its title or other interests in the site and facilities during the period of Federal interest or while the Government holds bonds, whichever is the longer.
11. It agrees to comply with Section 311, P.L. 93-288 and with Title VI of the Civil Rights Act of 1964 (P.L. 83-352) and in accordance with Title VI of the Act, no person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity for which the applicant receives Federal financial assistance and will immediately take any measures necessary to effectuate this agreement. If any real property or structure is provided or improved with the aid of Federal financial assistance extended to the Applicant, this assurance shall obligate the Applicant, or in the case of any transfer of such property, any transferee, for the period during which the real property or structure is used for a purpose for which the Federal financial assistance is extended or for another purpose involving the provision of similar services or benefits.
12. It will establish safeguards to prohibit employees from using their positions for a purpose that is or gives the appearance of being motivated by a desire for private gain for themselves or others, particularly those with whom they have family, business, or other ties.
13. It will comply with the requirements of Title II and Title III of the Uniform Relocation Assistance and Real Property Acquisitions Act of 1970 (P.L. 91-646) which provides for fair and equitable treatment of persons displaced as a result of Federal and Federally assisted programs.
14. It will comply with all requirements imposed by the Federal grantor agency concerning special requirements of law, program requirements, and other administrative requirements approved in accordance with OMB Circular A-102, P.L. 93-288 as amended, and applicable Federal Regulations.
15. It will comply with the provisions of the Hatch Act which limit the political activity of employees.
16. It will comply with the minimum wage and maximum hours provisions of the Federal Fair Labor Standards Act, as they apply to hospital and educational institution employees of State and local governments.
17. (To the best of his/her knowledge and belief) the disaster relief work described on each Federal Emergency Management Agency (FEMA) Project Application for which Federal Financial assistance is requested is eligible in accordance with the criteria contained in 44 Code of Federal Regulations, Part 206, and applicable FEMA Handbooks.
18. The emergency or disaster relief work therein described for which Federal Assistance is requested hereunder does not or will not duplicate benefits received for the same loss from another source.
19. It will (1) provide without cost to the United States all lands, easements and rights-of-way necessary for accomplishments of the approved work; (2) hold and save the United States free from damages due to the approved work or Federal funding.
20. This assurance is given in consideration of and for the purpose of obtaining any and all Federal grants, loans, reimbursements, advances, contracts, property, discounts of other Federal financial assistance extended after the date hereof to the Applicant by FEMA, that such Federal Financial assistance will be extended in reliance on the representations and agreements made in this assurance and that the United States shall have the right to seek judicial enforcement of this assurance. This assurance is binding on the applicant, its successors, transferees, and assignees, and the person or persons whose signatures appear on the reverse as authorized to sign this assurance on behalf of the applicant.
21. It will comply with the flood insurance purchase requirements of Section 102(a) of the Flood Disaster Protection Act of 1973, Public Law 93-234, 87 Stat. 975, approved December 31, 1973. Section 102(a) requires, on and after March 2, 1975, the purchase of flood insurance in communities where such insurance is available as a condition for the receipt of any Federal financial assistance for construction or acquisition purposes for use in any area that has been identified by the Director, Federal Emergency Management Agency as an area having special flood hazards. The phrase "Federal financial assistance" includes any form of loan, grant, guaranty, insurance payment, rebate, subsidy, disaster assistance loan or grant, or any other form of direct or indirect Federal assistance.
22. It will comply with the insurance requirements of Section 314, PL 93-288, to obtain and maintain any other insurance as may be reasonable, adequate, and necessary to protect against further loss to any property which was replaced, restored, repaired, or constructed with this assistance.
23. It will defer funding of any projects involving flexible funding until FEMA makes a favorable environmental clearance, if this is required.
24. It will assist the Federal grantor agency in its compliance with Section 106 of the National Historic Preservation Act of 1966, as amended, (16 U.S.C. 470), Executive Order 11593, and the Archeological and Historic Preservation Act of 1966 (16 U.S.C. 469a-1 et seq.) by (a) consulting with the State Historic Preservation Officer on the conduct of investigations, as necessary, to identify properties listed in or eligible for inclusion in the National Register of Historic places that are subject to adverse effects (see 36 CFR Part 800.8) by the activity, and notifying the Federal grantor agency of the existence of any such properties, and by (b) complying with all requirements established by the Federal grantor agency to avoid or mitigate adverse effects upon such properties.
25. It will, for any repairs or construction financed herewith, comply with applicable standards of safety, decency and sanitation and in conformity with applicable codes, specifications and standards; and, will evaluate the natural hazards in areas in which the proceeds of the grant or loan are to be used and take appropriate action to mitigate such hazards, including safe land use and construction practices.

STATE ASSURANCES

The State agrees to take any necessary action within State capabilities to require compliance with these assurances and agreements by the applicant or to assume responsibility to the Federal government for any deficiencies not resolved to the satisfaction of the Regional Director.

**MINUTES OF
VILLAGE COUNCIL WORK SESSION
OCTOBER 11, 2016**

**395 MAGNOLIA ROAD
ASSEMBLY HALL
PINEHURST, NORTH CAROLINA
4:30 P.M.**

The Pinehurst Village Council held a Work Session at 4:30 p.m., Tuesday, October 11, 2016 in the Assembly Hall of Pinehurst Village Hall, 395 Magnolia Road, Pinehurst, North Carolina. The following were in attendance:

Ms. Nancy Roy Fiorillo, Mayor
Ms. Claire L. Berggren, Councilmember
Mr. John Bouldry, Councilmember
Mr. John R. Cashion, Mayor Pro-Tem
Mr. Jeffrey M. Sanborn, Village Manager
Ms. Lauren M. Craig, Village Clerk

Excused absence: Mr. Clark H. Campbell, Councilmember

And approximately 8 attendees, including 2 staff and 1 press.

1. Call to Order.

Mayor Nancy Roy Fiorillo called the meeting to order. Councilmember Bouldry thanked Village staff for their response during the emergency of Hurricane Matthew.

2. Village Council's work session discussion.

- a. Greens of Pinehurst: Mayor Fiorillo asked Village Manager, Jeff Sanborn to give an update on the Greens project. Mr. Sanborn shared again that comments and questions were given to the developer after the site plan review and the developer has applied for a state permit for the erosion and control plan. Once the questions are answered to the satisfaction of both parties, staff can grant the building permit. Regarding the public records request, the first two batches of data have been sent to the requesting party of the public records request and staff will continue to work on the review of the 18,000 emails. Mayor Fiorillo said she looks at the project in terms of the past, the present, and the future and she hopes to complete a community based master plan for the area going forward. Councilmember Berggren explained she met with several citizens regarding their concerns for the apartment project there have been many areas of miscommunication and misperceptions. Councilmember Berggren suggested Council and staff hold a forum with several residents to discuss the process for the project to give an opportunity to clarify information. Council formed a consensus to have Councilmember Berggren and Councilmember Campbell to work on these plans to tentatively schedule this on November 15. Council held a discussion about this forum idea and other ways they have reached out of residents regarding this project individually.
- b. Proposed Publix Shopping Center in Southern Pines: Councilmember Bouldry said citizens of CCNC received a letter from Publix that they are going to proceed with the development of the store in the proposed area. Council reviewed a letter drafted by staff that could be considered to send to the developer, Halpern. Upon a motion by Councilmember Bouldry, seconded by Councilmember Cashion, Council unanimously authorized the Mayor to execute this letter on behalf of the Village Council by a vote of 4-0.
- c. Councilmember Bouldry noted residents have approached him regarding Duke Energy's access on the back of their property for tree cutting and proceeded to leave the trimmings on their property. Mayor Fiorillo suggested contacting David McNeill from Duke Energy about this issue.

**MINUTES OF
VILLAGE COUNCIL WORK SESSION
OCTOBER 11, 2016**

3. Review the preliminary list of items for the 10/25 Regular Meeting agenda.

Village Manager Jeff Sanborn submitted the following list of items for the October 25 Regular Meeting.

1. Consent Agenda: Budget amendments report
2. Consent Agenda: Resolutions honoring members of the former CAC, Conservation Commission, and Beautification Committee.
3. Distinguished Budget Award presentation (Tentative)
4. Financial Statements for the Quarter Ending September 30, 2016
5. Presentation of Grounds Maintenance BIRDIE Report
6. Consider land swap with County of Moore (Tentative)
7. Consider P&Z and BOA appointments: Kevin Drum effective 12/1/2016 (replacing Richard Ashton) and Cyndie Burnett effective 12/1/2016 (replacing Jay Snyder)
8. Consider appointments for the new Pinehurst Appearance Committee.
9. Public Hearing: to consider an Official Text Amendment to the Pinehurst Development Ordinance, Section 9.2a Table of Dimensional Requirements. This amendment will reduce the minimum lot width at the street from one hundred (100) feet to fifty (50) feet for parcels located in the Public Conservation (PC) District. The applicant is the Village of Pinehurst.
10. Consider a budget amendment for a new Harness Track water truck.

4. Motion to Adjourn.

Councilmember Bouldry moved to adjourn the Work Session. The motion was seconded by Councilmember Berggren and carried unanimously. The Work Session adjourned at 5:10 p.m.

Respectfully Submitted,

Lauren M. Craig
Village Clerk



Town & Country
30 Chinquapin Road
Pinehurst, NC 28374
910.295.9040

October 14, 2016

Ashley Hunt

Village of Pinehurst

Parks & Recreation

Re: Consideration to void or lower Tufts Memorial Park rental costs for upcoming Fund Raising Event for MOORE HUMANE SOCIETY NO KILL ANIMAL SHELTER, organized and funded by Weichert, Realtors Town & Country, Village of Pinehurst.

Hello Ashley,

Following our reservation for the Tufts Memorial Park facility for Saturday, November 19 (rain date, Sunday, November 20, from 11:00 - 3:00PM, which we have reserved with our check for \$ 325.-, we would very much appreciated that you put us on the agenda to include our request for a lower or annulled fee, at the upcoming Council Board Meeting, set for November 25 at Town hall. I will be sure to be present, once you give me an idea when this matter would be brought up during the meeting.

As I told you, our agency, as the first in the real estate business in Moore County, have decided to help the Humane Society, with the fund raising and awareness of the plight of the adoptable dogs and cats, leading to the construction of their future shelter on 12 acres near the airport which are already owned by them.

Needless to say, if we can cut down on the rental cost of Tufts Memorial Park, we will have more funds for the tent and other marketing tools we have to acquire for this event, open to the public.

I am attaching a one page letter sent to me in connection with the 50th Anniversary the Shelter just celebrated; remarkable, don't you think, which tells you and the board of the status of the shelter and the fact that it is now the Only No Kill Shelter for dogs and cats in Moore County.

Your consideration and support in this matter is very much appreciated.

Yours sincerely,

Inge S. Dahl
Realtor
Weichert, Realtors



PO Box 203
Southern Pines, NC 28388
Telephone: 910-947-2631
E-Mail: moorehumane@gmail.com
Website: www.moorehumane.org

September 20, 2016

Ingeborg Dahl
PO Box 1453
Southern Pines, NC 28388

On behalf of the Moore Humane Society Board of Directors, volunteers, and staff, I wish to thank you for your generous donation of \$100.00. Moore Humane Society is a private, nonprofit organization incorporated in 1966. We are the founders of animal welfare in the Sandhills; operate the only privately funded, state-licensed animal shelter in Moore County, and practice "no-kill" philosophies. We are **not** part of Moore County government and receive **no** government funding or financial support from any local or national organization {Our 501 (c) (3) Nonprofit IRS Number is 56-0891408}. **Private donations are our only source of income.** It is because of the generosity and compassion of friends like you that we are able to continue our services.

Thanks again for remembering the homeless animals of Moore County with your compassion and generosity! With kindest regards, I am

Humanely yours,

MOORE HUMANE SOCIETY

Jocelyn Servick

ORDINANCE #16-19:

AN ORDINANCE AMENDING THE ORDINANCE APPROPRIATING FUNDS FOR OPERATIONS OF THE VILLAGE OF PINEHURST FOR FISCAL YEAR 2017, REGARDING REVENUES AND EXPENDITURES OF THE GENERAL FUND FOR THE VILLAGE OF PINEHURST, NORTH CAROLINA (PUBLIC SERVICES RENOVATION-FLEET BAY ADDITION)

THAT WHEREAS, bids have been received for the Public Services Renovation Fleet Bay Addition Project; and,

WHEREAS, the funding available for this purpose included in the FY 2017 Budget, when it was originally adopted, will not cover the anticipated cost of the project;

NOW, THEREFORE, BE IT RESOLVED by the Village Council of the Village of Pinehurst, North Carolina, in the regular meeting assembled this 15th day of November 2016, as follows:

SECTION 1. To amend the FY 2017 General Fund budget with regard to revenues and expenditures, the revenue and expenditure accounts are to be changed as follows:

<u>Account No.</u>	<u>Account Name</u>	<u>Debit</u>	<u>Credit</u>
10-20-410-7200	Capital Outlay: Buildings	\$155,000	
10-00-190-3905	Fund Balance Appropriated		\$155,000

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

THIS ORDINANCE passed and adopted this 15th day of November 2016.

VILLAGE OF PINEHURST
VILLAGE COUNCIL

(Municipal Seal)

By: _____
Nancy Roy Fiorillo, Mayor

Attest:

Approved as to Form:

Lauren M. Craig, Village Clerk

Michael J. Newman, Village Attorney

Village of Pinehurst Strategic Operating Plan Update Q1 - FY 2017



VILLAGE OF PINEHURST | www.vopnc.org



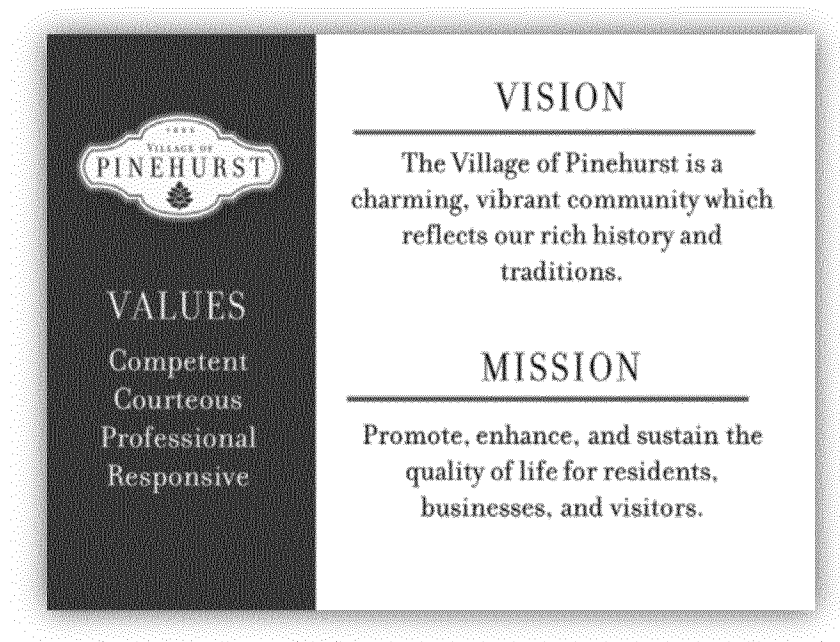
FY 2017 Strategic Operating Plan Overview

Village Council

Each year, the Pinehurst Village Council adopts a Strategic Operating Plan which indicates the Village's plans to achieve our vision and mission. The Strategic Operating Plan covers the fiscal year that begins on July 1 and also includes a five-year financial plan.

Vision, Mission, and Values

The vision is what the Village intends to be and the mission is what the Village must do to achieve that vision. The Village's core values are the guiding principles and behaviors that embody how Village employees are expected to operate as they provide services.



Balanced Scorecard

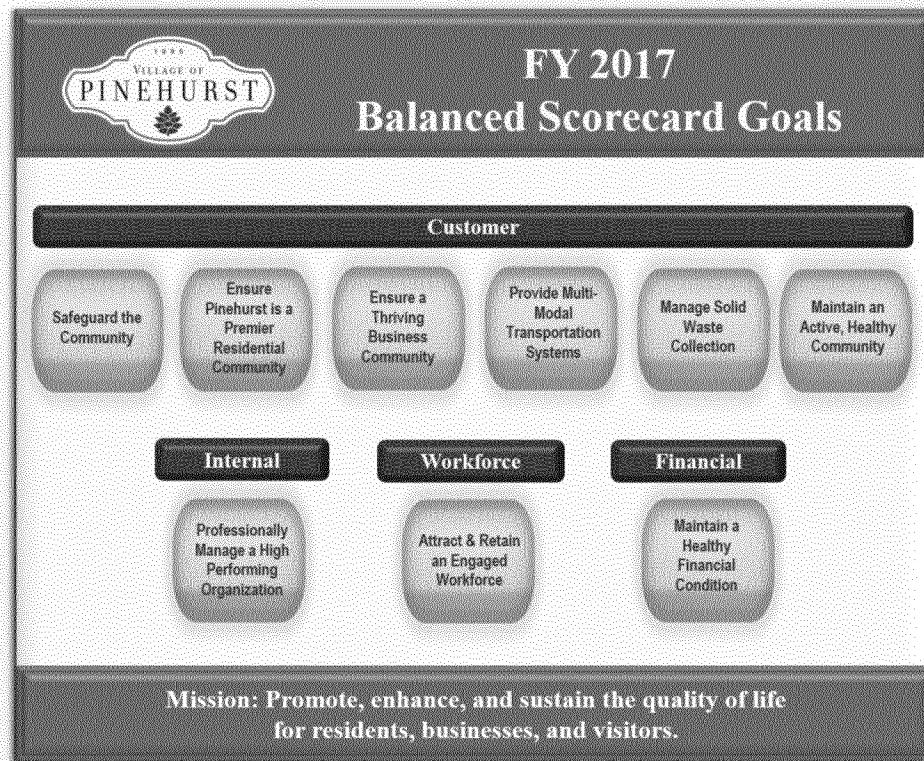
The Village uses a Balanced Scorecard (BSC) to integrate strategic planning and resource allocation. The BSC contains goals, objectives, and key performance indicators in four perspectives to ensure a balanced approach to evaluating the achievement of organizational strategy:

1. Customer
2. Internal
3. Workforce
4. Financial

FY 2017 Balanced Scorecard

FY 2017 Goals

The FY 2017 Balanced Scorecard contains 9 community goals in the four perspectives.



FY 2017 Areas of Focus

Each balanced scorecard goal has one or more strategic objectives. Strategic objectives indicate how we will achieve the Village goals. In FY 2017, the Village Council identified four strategic objectives as areas of focus:

1. Improve the quality of neighborhoods,
2. Provide interconnected greenway trails, bike paths, and sidewalks,
3. Enhance community engagement, and
4. Provide a supportive and rewarding work environment.

FY 2017 Initiative Action Plans

Status of FY 2017 Initiative Action Plans at September 30, 2016

The 2017 Strategic Operating Plan includes 18 Initiative Action Plans (IAPs) for FY 2017. Initiative Action Plans are those specific actions the Village will take to achieve its strategic objectives and ultimately Balanced Scorecard goals. The status of the FY 2017 IAPs at September 30th, including seven IAPs that were carried forward (CF) from the previous year are indicated in the table below:

	Goal	IAP Description	Q1 IAP Status	Comments
Customer	Safeguard the community	Traffic pre-emption program		Waiting for NCDOT to install the 3 rd device at Hwy 2/Hwy 5
		Fire Department accreditation		Accreditation was conferred at Accreditation Hearing in 08/16
		Citizens on Patrol		ACE was not on schedule at 9/30, but is as of 10/31
		Traffic enforcement		Hired one of two traffic enforcement officers by 9/30, the other officer was hired in October
	Ensure Pinehurst is a premier residential community	Land use analysis		Originally planned to have consultant selected by 9/30; tried to perform some GIS work in-house to save VOP money, but was not successful given staff capacity available
		Code enforcement		Transferred responsibilities for Welcome Center to Coordinator and began routine patrols in Q1
		Street lighting		Duke Energy is behind schedule installing requested street lights in Village Acres; Installation is planned for Q3
		Marketing and promotion		Hired new PT Welcome Center Coordinator in Q1
		Grounds maintenance BIRDIE (CF)		BIRDIE report was delivered to Council on 10/25
		Redevelop Public Services Complex (CF)		Fleet bays, landscaping, & water/sewer line installation remain to be completed by Q4
		Code enforcement BIRDIE (CF)		Was supposed to complete evaluation by 9/30, but will complete by 11/30
	Ensure a thriving business community	Streetscape enhancements		Identified Phase 1 of McIntyre Road streetscape improvements with Council input in Q1
	Provide multimodal transportation systems	Greenways		Construction moved from Aug to Nov due to engineering delays
		Neighborhood sidewalks		Behind schedule due to engineering delays; Have a preliminary design & just received an updated cost estimate
		Midland Road Corridor Study (CF)		Presentation of study is planned for Council on 11/15
	Manage solid waste collection	Supplemental yard debris collection		DELETE - Per 6/16 Village Council decision to continue current collection method; will reevaluate this winter
		Evaluate solar energy (CF)		Installation has been moved to Q4; Only received one bid in the fall, so will rebid again after HT training season
	Maintain an active, healthy community	Recreation facilities		Advertisement & RFP for playground design/build was sent out in Q1; Waiting on engineer for shelter design

	Goal	IAP Description	Q1 IAP Status	Comments
Internal	Professionally manage a high performing organization	Civic engagement		Established Communications Specialist position and consolidated social media accounts in Q1
		Continuous process improvement		Created the IDEA box to address innovation, but did not address 2-way communication as planned
		Review key processes (CF)		Completed in 07/16
Workforce	Attract & retain an engaged workforce	Workforce plans		Did not complete initial step planned for Q1; IAP extends over the entire FY
		Learning and development system		Did not complete initial step planned for Q1; IAP extends over the entire FY
		PD staffing		Recruitment process began in Q1 and should be complete in Q2
		TOPS Training (CF)		Was supposed to roll out the new TOPS training program by 9/30; Hope to have the calendar ready by 12/31
IAPs listed in red are FY 2017 Village Council Areas of Focus.				

KEY		# of IAPs
In progress; NOT on schedule		9
In progress; on schedule		13
Completed		2
Deleted		1
TOTAL		25

Initiative Action Plans Metrics at September 30, 2016

Each of the 18 FY 2017 Initiative Action Plans (IAPs) has metrics associated with it. Management tracks and monitors these metrics throughout the year to help ensure the Village's annual goals are achieved. The table below indicates the status of the FY 2017 IAP metrics through September 30, 2016.

Q1 FY 2017 Initiative Action Plan Metrics						
		Q1 Value	Q1 Goal	Q1 Variance To Goal	Q1 % Variance To Goal	Comments
Administration	AD 1 - Continuous Process Improvement					
	# of OFIs from Level 3 feedback report addressed	1	2	1	-50%	Did not address 2-way communication in Q1 as planned
	AD 2 - Civic Engagement					
	# of mobile app downloads (cumulative)	812	400	412	103%	On track to meet annual goal of 1,000 mobile app downloads
	Total # of followers on all social media sites	9,807	7,300	2,507	34%	Have exceeded annual goal in Q1 and will modify goal upwards
	CD 1 - Marketing and Promotion					
	# of print ads placed	16	8	8	100%	Ad placement is going as planned
	# of digital ads placed	17	10	7	70%	Ad placement is going as planned
	# of Welcome Center visitors	323	750	-427	-57%	Adjusting operating hours effective 11/1/16; Expect to meet annual goal
Fire	FD 1 - Traffic pre-emption program					
	# of traffic pre-emption devices installed (cumulative)	2	3	-1	-33%	Waiting for NCDOT; may install additional devices in FY 2017
	FD 2 - Fire Department Accreditation					
	Accredited agency	Yes	No	N/A	N/A	Achieved one quarter sooner than planned
HR	HR 1 - Workforce Plans					
	% of employees with skills analysis conducted	0%	0%	N/A	N/A	Planned for Q4
	HR 2 - Learning & Development System					
	Matrix of key positions, tenure, etc developed	No	No	N/A	N/A	Planned for Q4
P&R	PR 1 - Greenways					
	# of lf of greenway trail constructed	0	1,400	-1,400	-100%	Engineering delays have put construction of greenways behind
	PR 2 - Neighborhood Sidewalks & Pathways					
	# of lf of neighborhood sidewalks constructed	0	0	0	N/A	Planned for Q3 & Q4
	PR 4 - Recreation Facilities					
	# of park amenities added or replaced	0	0	0	N/A	Planned for Q4

Q1 FY 2017 Initiative Action Plan Metrics						
		Value	Goal	Variance To Goal	% Variance To Goal	Comments
Planning	PL 1 - Land Use Analysis					
	Land Use Analysis Report Completed	No	No	N/A	N/A	Planned for Q4
	PL 3 - Code Enforcement					
	# of neighborhood patrols completed	5	2	3	150%	Began patrols in Q1; Plan to amend goal upwards
Police	PD 1 - Citizens on Patrol					
	COP Volunteer Hours	663	750	-87	-12%	Two COPs have had illnesses that impacted the # of volunteer hours
	# of Citizens on Patrol volunteer hours per volunteer	16.17	18.75	-2.58	-14%	
	PD 3 - PD Staffing					
	# of reserve officers hired	0	0	0	N/A	Planned for Q2
	# of officer positions reassigned to new roles	0	0	0	N/A	Planned for Q2
	PD 4 - Traffic Enforcement					
	# of new officers hired	1	0	1	N/A	Planned for Q2, but hired one traffic enforcement officer in Q1
S&G	SG 1 - Streetscape Enhancements					
	Enhancement project construction commenced	No	No	N/A	N/A	Planned for Q4
	SG 2 - Street Lighting					
	# of streetlights installed	0	0	0	N/A	Planned for Q3

Department Heads reviewed the status of FY 2017 IAPs and metrics at their Quarterly Strategy and Performance Meeting. Some common themes that emerged relative to the Council's four areas of focus include:

1. **Improve the quality of neighborhoods** – code compliance efforts have increased with routine patrols and removal of Welcome Center responsibilities from Planning staff; staff is behind on moving forward with the land use analysis as planned due to staff capacity.
2. **Provide interconnected greenway trails, bike paths, and sidewalks** – slow response times and delays from McGill Associates engineering may impact the Village's ability to complete planned greenways and sidewalks on schedule.
3. **Enhance community engagement** – social media engagement has significantly surpassed goals and staff is preparing to provide Council with additional recommendations to enhance community engagement.
4. **Provide a supportive and rewarding work environment** – Human Resources staff has been unable to complete IAPs on schedule due primarily to limited staff capacity resulting from increased recruiting efforts in Q1.

INFORMAL OVERVIEW/DESCRIPTION OF WHAT WILL TAKE PLACE ON SATURDAY NOVEMBER 19, 2016 AT WEICHERT, REALTORS – TOWN & COUNTRY'S VERY FIRST FUND & AWARENESS RAISING EVENT AT TUFTS MEMORIAL PARK IN THE VILLAGE, FOR THE MOORE HUMANE SOCIETY, ONE OF A KIND, BEING THE ONLY NO-KILL ANIMAL SHELTER IN MOORE COUNTY WHICH IS BEING TOTALLY PRIVATELY FUNDED! JUST CELEBRATED ITS' 50th ANNIVERSARY, AMAZING!

Look at attached copy featuring the back-page of our agency's quarterly real estate booklet, handed out to the public and it will give you a sense of what our aim and slogan stands for:

"WE ARE LOOKING FOR A HOME TOO"

We started this section last year and are now expanding it with activities such as the above event and a commitment by all its agents, yet to be announced, to donate a token dollar amount, from each sale of real estate, to go towards the shelter's goal to build their new Animal shelter near the Southern Pines Airport, where they already own 12 acres.

The shelter will be bringing a number of different adoptable breeds and sizes of dogs and kittens to the park from 11 – 3 (rain-date Sunday the 20th), along with staff, volunteers, literature and background on each pet, keeping the animals comfortable under an open tent, introducing them to the public whom we will have notified via personal notes and calls to our clients, hand-out of flyers and hopefully, a cover story by The Pilot which would first appear after the event since it would be covering it.

The Weichert open tent, along with balloons and banners with the above slogan, will also hand out literature about our commitment and goals and how the public can help. 2 sizes of pet scarves are being produced with the logo and they will be given as a Thank you to anybody wanting to give a donation towards the construction of the new shelter. All the pets' present, will also be wearing a scarf. A flat screen television will run a continuous selection of striking color photographs of the adoptable pets available at the park and at the shelter, interspersed with pictures of homes for sale and listed with our agency. The correlation of the two, is a perfect opportunity to get conversations started with the addition of a new pet in a future or present home. We will also be placing an ad about this event in The Pilot, the Wednesday ahead of the event.

The plan also calls for displaying blue-prints of the architectural drawings of the new shelter. We are also hoping to possibly get lucky to have new volunteers step forward and offer their services in the future at the shelter. Would also like to have a couple of food vendors since it is lunch time and possibly also a pet-store involved as well as a pet-food supplier. Should be a lot of fun and excitement with a hopeful brighter future for a very needy cause!

EXPLORE

Pinehurst



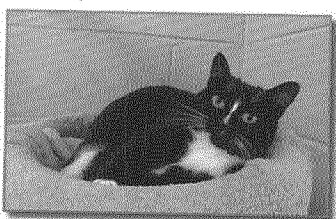
WE ARE LOOKING FOR HOMES TOO!



Please come meet us at Moore Humane Society, 5355 Hwy 22 in Carthage
Read more about us at www.moorehumane.org



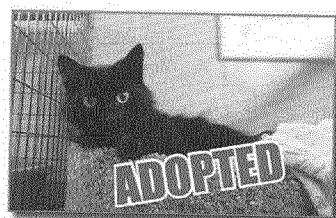
ALEXIS



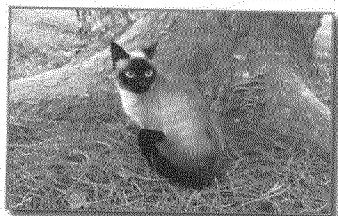
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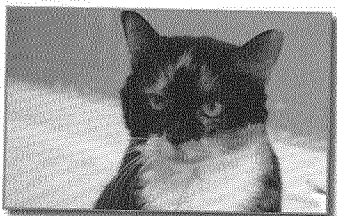
JASMINE



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STELLA



SURI



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WINNIE



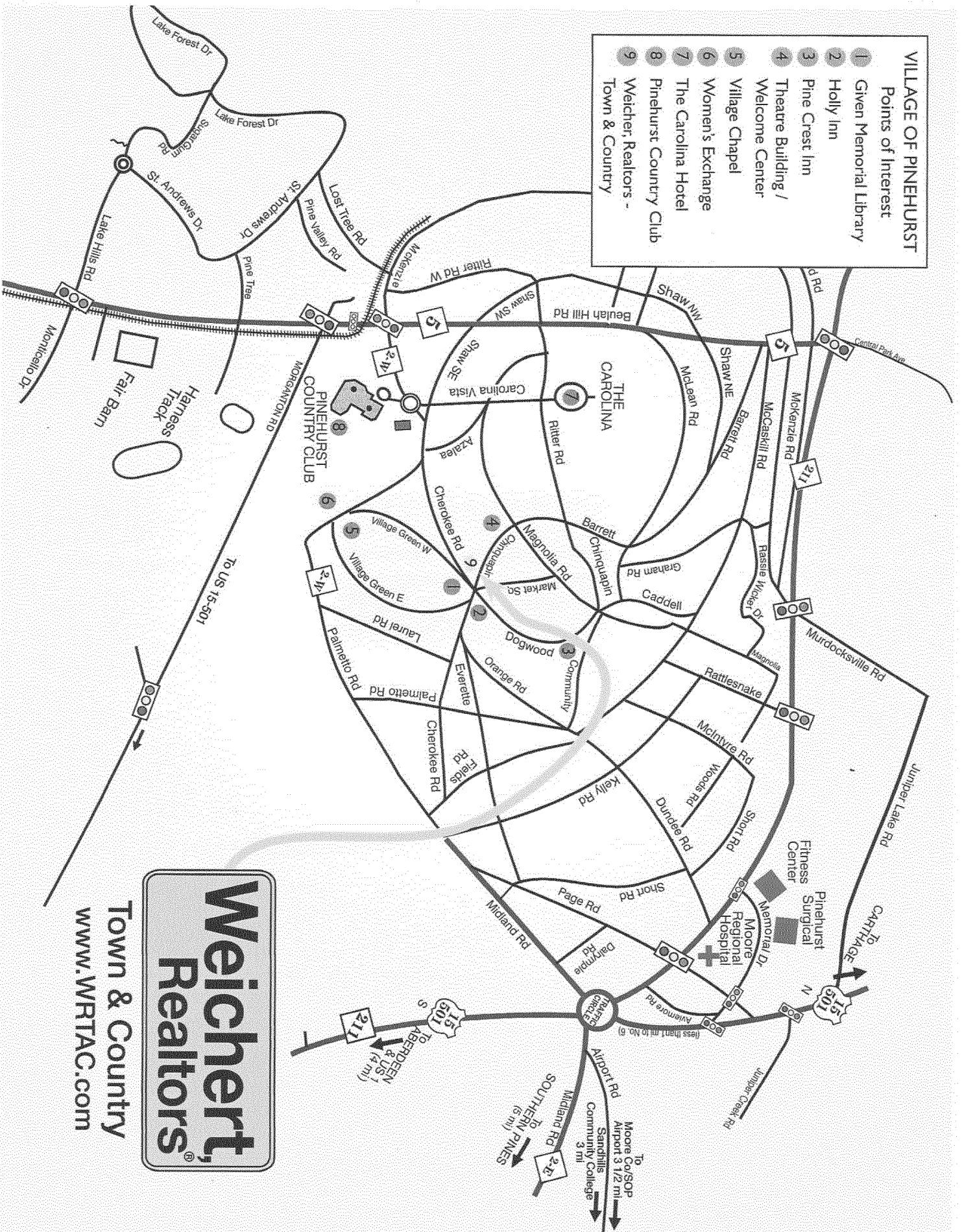
www.BestPinehurstProperties.com
Thank you Inge Dahl for thinking of our furry friends.



VILLAGE OF PINEHURST

Points of Interest

- 1 Given Memorial Library
- 2 Holly Inn
- 3 Pine Crest Inn
- 4 Theatre Building / Welcome Center
- 5 Village Chapel
- 6 Women's Exchange
- 7 The Carolina Hotel
- 8 Pinehurst Country Club
- 9 Weichert, Realtors - Town & Country



Weichert,
Realtors®

Town & Country
www.WRTAC.com

RESOLUTION #16-33:

**A RESOLUTION APPOINTING A CHAIRMAN FOR THE VILLAGE OF
PINEHURST BOARD OF ADJUSTMENT.**

THAT WHEREAS, the Village of Pinehurst has established a Planning and Zoning Board and a Board of Adjustment as required by its Development Ordinance and authorized by North Carolina General Statutes 160A-361 and 160A-388; and

WHEREAS, on the 13th day of March, 2012, the Pinehurst Village Council adopted Ordinance #12-10 to amend Chapter 31 of the Pinehurst Municipal Code to combine the Planning and Zoning Board and the Board of Adjustment; and

WHEREAS, the term of Richard Ashton has ended as the current Board of Adjustment Chairman and the Village Council of the Village of Pinehurst is desirous of making an appointment to fill the vacant seat of Chairman of the Board of Adjustment.

NOW, THEREFORE, BE IT RESOLVED by the Village Council of the Village of Pinehurst, North Carolina in a regular meeting assembled this 15th day of November, 2016, as follows:

SECTION 1. That the following appointment is hereby made to the Board of Adjustment for the term indicated:

Mr. Leo Santowasso shall be appointed as Chairman of the Board of Adjustment for the Village of Pinehurst, to serve at the pleasure of the Council until the end of his term on November 30, 2017.

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

THIS RESOLUTION passed and adopted this 15th day of November, 2016.

(Municipal Seal)

VILLAGE OF PINEHURST
VILLAGE COUNCIL

By: _____
Nancy Roy Fiorillo, Mayor

Attest:

Approved as to Form:

Lauren M. Craig, Village Clerk

Michael J. Newman, Village Attorney

RESOLUTION #16-32:

A RESOLUTION ADOPTING THE CAPE FEAR REGIONAL HAZARD MITIGATION PLAN FOR THE VILLAGE OF PINEHURST.

THAT WHEREAS, the Village of Pinehurst is vulnerable to an array of natural hazards that can cause loss of life and damages to public and private property; and

WHEREAS, the Village of Pinehurst desires to seek ways to mitigate situations that may aggravate such circumstances; and

WHEREAS, the development and implementation of a hazard mitigation plan can result in actions that reduce the long-term risk to life and property from natural hazards; and

WHEREAS, it is the intent of the Village Council to protect its citizens and property from the effects of natural hazards by preparing and maintaining a local hazard mitigation plan; and

WHEREAS, it is also the intent of the Village Council to fulfill its obligation under North Carolina General Statutes, Chapter 166A: North Carolina Emergency Management Act and Section 322: Mitigation Planning, of the Robert T. Stafford Disaster Relief and Emergency Assistance Act to remain eligible to receive state and federal assistance in the event of a declared disaster affecting the Village of Pinehurst and

WHEREAS, Village of Pinehurst, in coordination with Chatham County, Harnett County, Johnston County, Lee County, Moore County and the participating municipalities within those counties, has prepared a multi-jurisdictional hazard mitigation plan with input from the appropriate local and state officials;

WHEREAS, the North Carolina Division of Emergency Management and the Federal Emergency Management Agency have reviewed the Cape Fear Regional Hazard Mitigation Plan for legislative compliance and has approved the plan pending the completion of local adoption procedures.

NOW, THEREFORE, BE IT RESOLVED by the Village Council of the Village of Pinehurst, North Carolina, in the regular meeting assembled this 15th day of November 2016, as follows:

SECTION 1. That the Cape Fear Regional Hazard Mitigation Plan is hereby adopted.

SECTION 2. The Village of Pinehurst agrees to take such other official action as may be reasonably necessary to carry out the proposed actions of the Plan.

THIS RESOLUTION passed and adopted this 15th day of November 2016.

VILLAGE OF PINEHURST

VILLAGE COUNCIL

(Municipal Seal)

By:

Nancy Roy Fiorillo, Mayor

Attest:

Approved as to Form:

Lauren M. Craig, Village Clerk

Michael J. Newman, Village Attorney

DRAFT

RESOLUTION #16-31:

A RESOLUTION DESIGNATING APPLICANT'S AGENT FOR FEDERAL AND/OR STATE DISASTER ASSISTANCE FOR THE VILLAGE OF PINEHURST, NORTH CAROLINA.

THAT WHEREAS, the Village suffered damages from Hurricane Matthew on October 7-8, 2016 and intends to apply for Federal and State disaster assistance funding; and

WHEREAS, in order for the Village to apply for funds from the U.S. Department of Homeland Security, Federal Emergency Management Agency (FEMA), the North Carolina Division of Emergency Management requires the Village to adopt a "Resolution-Designation of Applicant's Agent" which designates the Village's primary and secondary agents; and

WHEREAS, in order to qualify for the FEMA funds, the Village must also agree to comply with the Applicant Assurances listed in "Resolution-Designation of Applicant's Agent", Exhibit A.

NOW, THEREFORE, BE IT RESOLVED by the Village Council of the Village of Pinehurst, North Carolina, in the regular meeting assembled this 15th day of November 2016, as follows:

SECTION 1. That the attached "Resolution-Designation of Applicant's Agent", Exhibit A is hereby adopted effective November 15, 2016, and is made a part hereof, the same as if included verbatim.

SECTION 2. That all prior resolutions or designations are hereby repealed and declared null and void from and after the date of adoption of this resolution.

SECTION 3. That this Resolution shall be and remain in full force and effect from the date of its adoption.

THIS RESOLUTION passed and adopted this 15th day of November 2016.

VILLAGE OF PINEHURST
VILLAGE COUNCIL

(Municipal Seal)

By:

Nancy Roy Fiorillo, Mayor

Attest:

Approved as to Form:

Lauren M. Craig, Village Clerk

Michael J. Newman, Village Attorney

DRAFT



Financial Condition Assessment

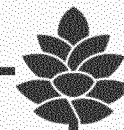
Village of Pinehurst
FY 2016





Communicating Financial Condition

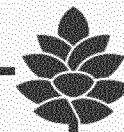
- Developed by UNC School of Government to communicate financial condition to elected officials
- Compares Village to peer group over time
- Distinguishes between General Fund (modified accrual) and Government-Wide (full accrual and includes utilities for peers)
- Compares the Village's FY 2016 results to our peer's FY 2015 results (latest data available)





Benchmark Group

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





Financial Condition Assessment

- Resource Flow

- Total Margin
- Financial Performance
- Self-Sufficiency
- Resource Obligation

- Resource Stock

- Liquidity
- Solvency
- Leverage
- Capital



Financial Condition Assessment Resource Flow

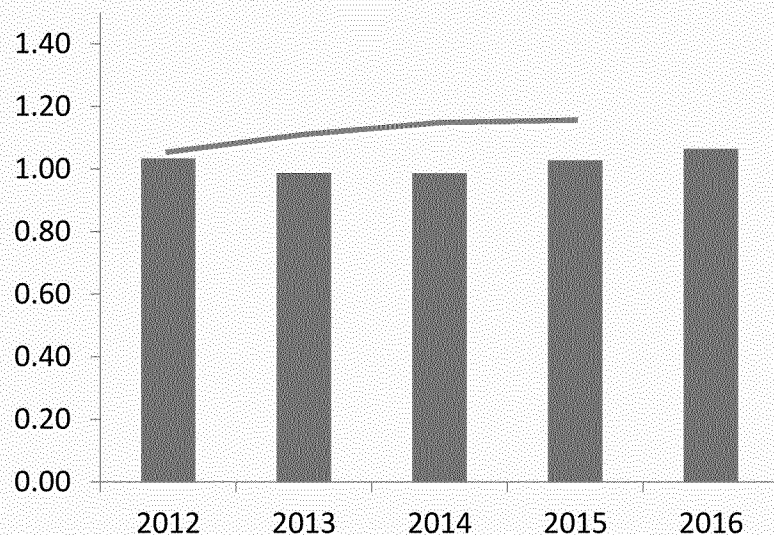




Total Margin Ratio

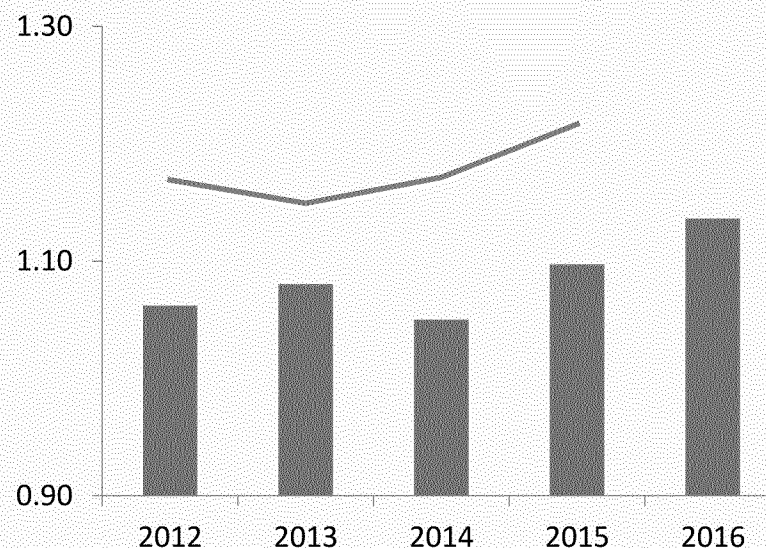
Ratio of operating revenues to expenditures

General Fund



Pinehurst = 1.06, Benchmark = 1.16

Government-wide



Pinehurst = 1.14, Benchmark = 1.22

Pinehurst 
Benchmark Group 

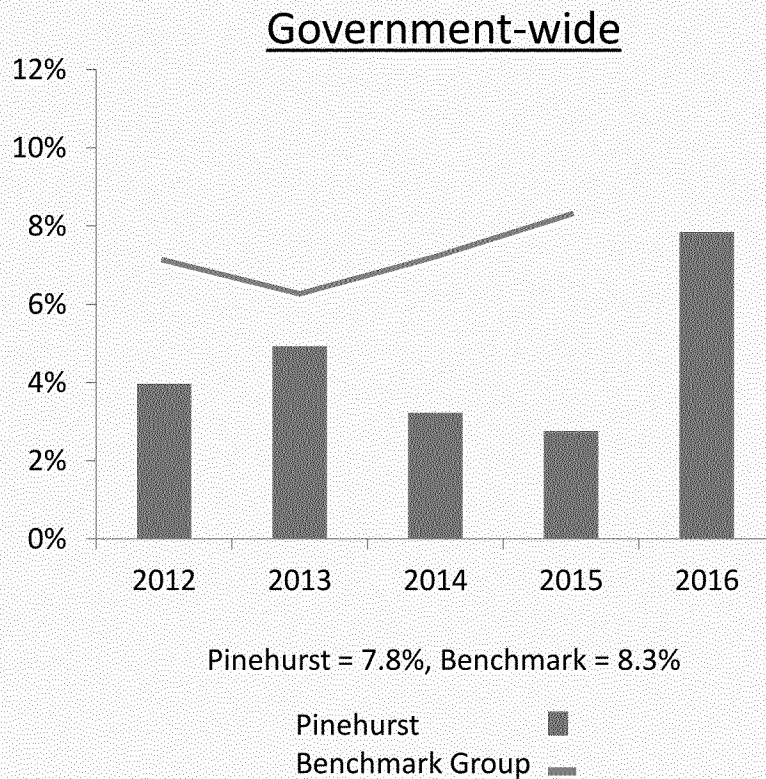
A ratio higher than one, indicates the Village has lived within its means, while not building up excess reserves.



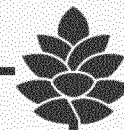


Percent Change in Net Assets

Change in net assets compared to beginning net assets



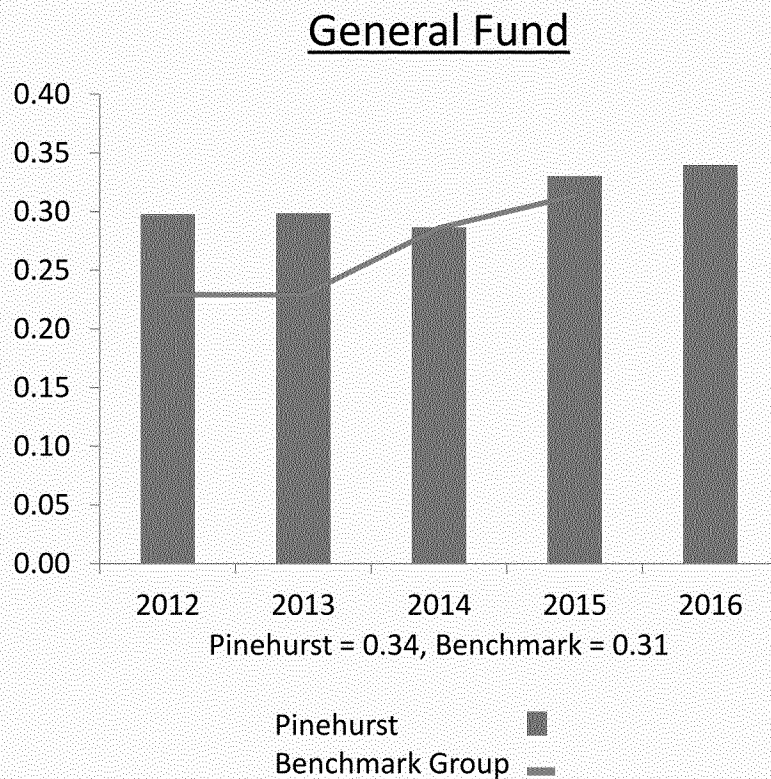
The Village's net position increased by \$2,089,130 or 7.8%. This is inclusive of all assets and liabilities of the Village.





Intergovernmental Ratio

Ratio of intergovernmental to total revenues



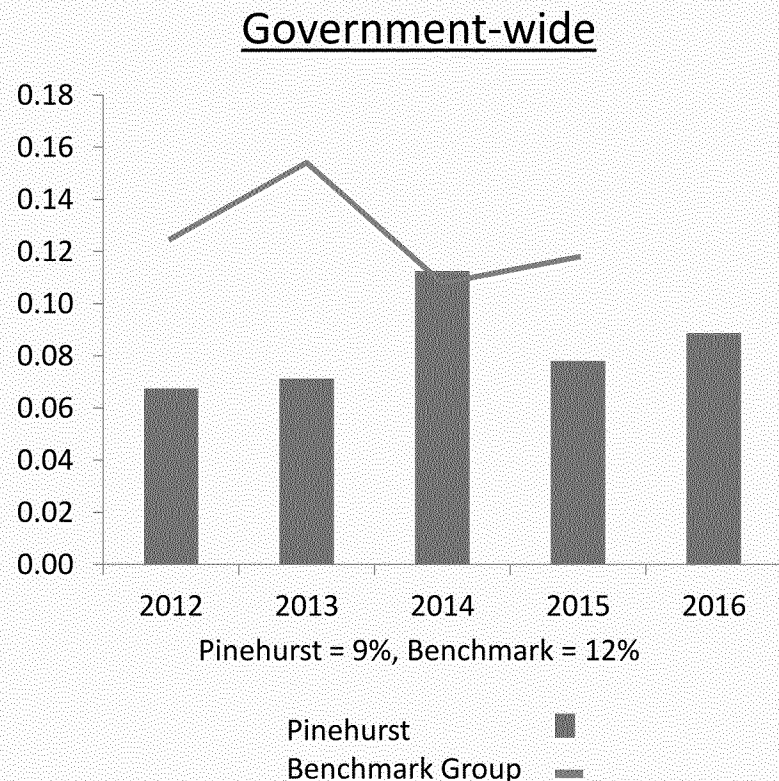
The Village's reliance on other governments for revenues has increased as sales taxes and other intergovernmental revenues have grown faster than property taxes.



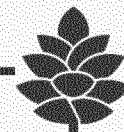


Charges to Expense Ratio

Charges for services compared to total expenses



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

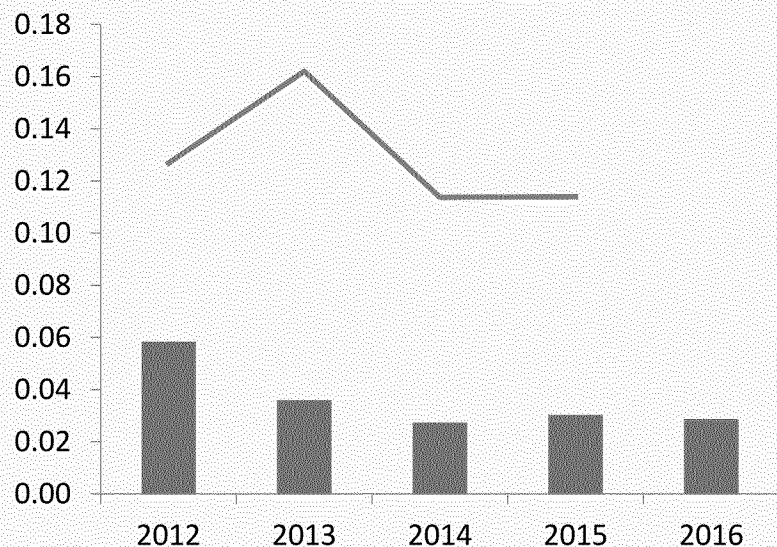




Debt Service Ratio

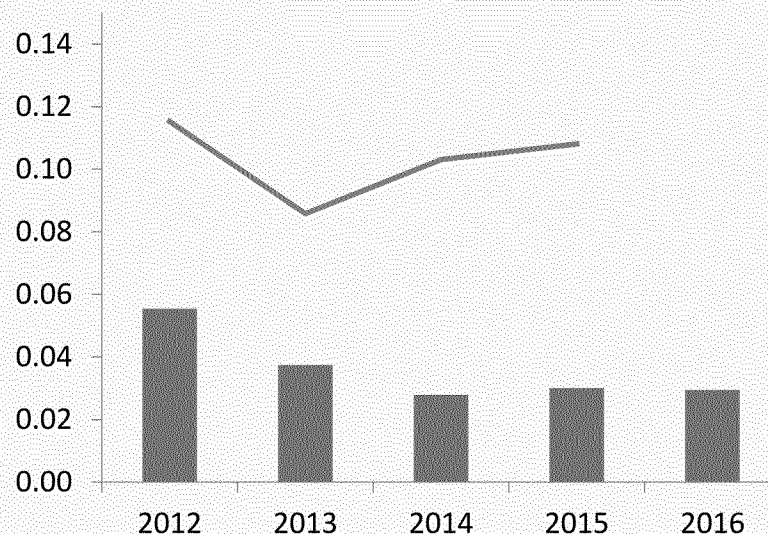
Debt service compared to total expenses

General Fund



Pinehurst = 3%, Benchmark = 11%,

Government-wide



Pinehurst = 3%, Benchmark = 11%

Pinehurst 
Benchmark Group 

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



Financial Condition Assessment Resource Stock

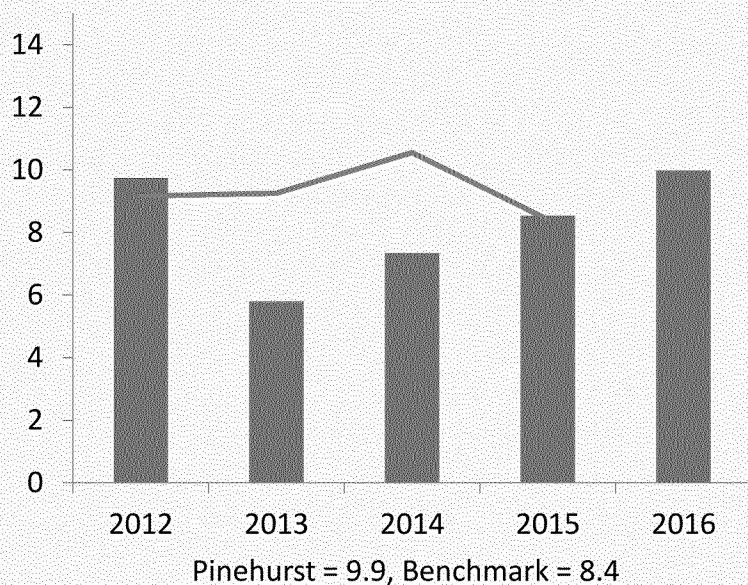




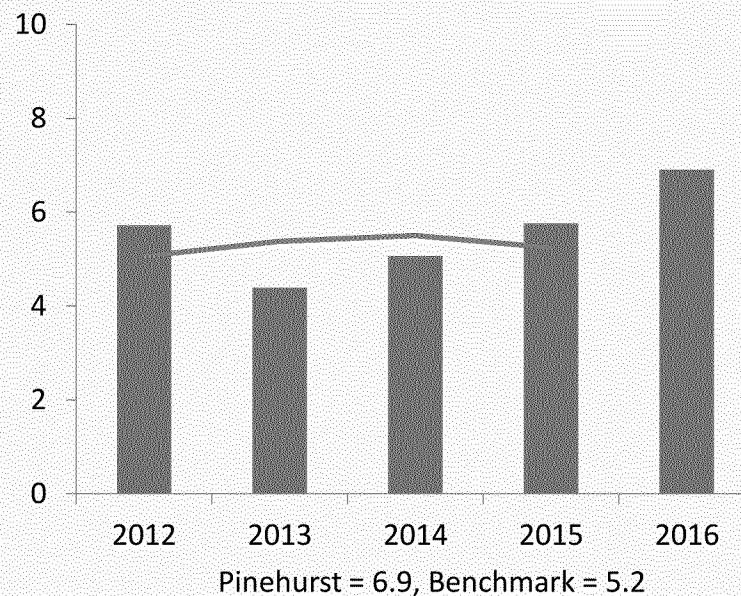
Quick Ratio

Cash and investments compared to current liabilities

General Fund



Government-wide



Pinehurst 
Benchmark Group 

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

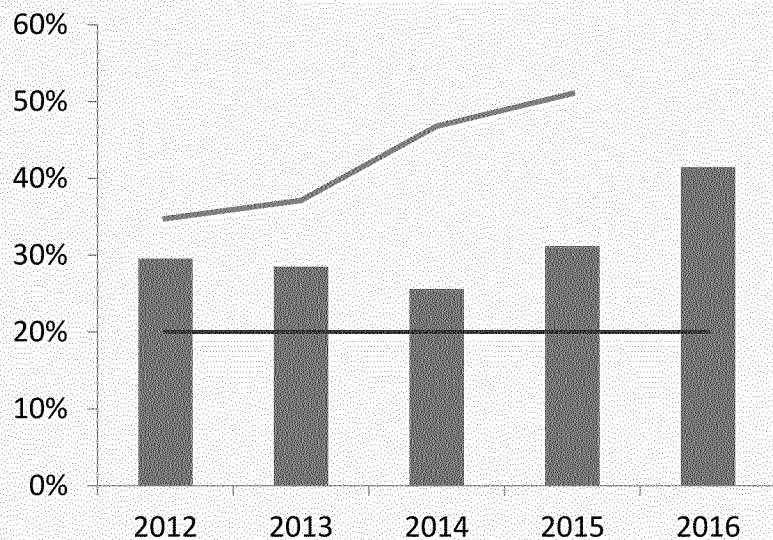




Fund Balance and Net Position Ratios

Fund balance as a % of expenditures

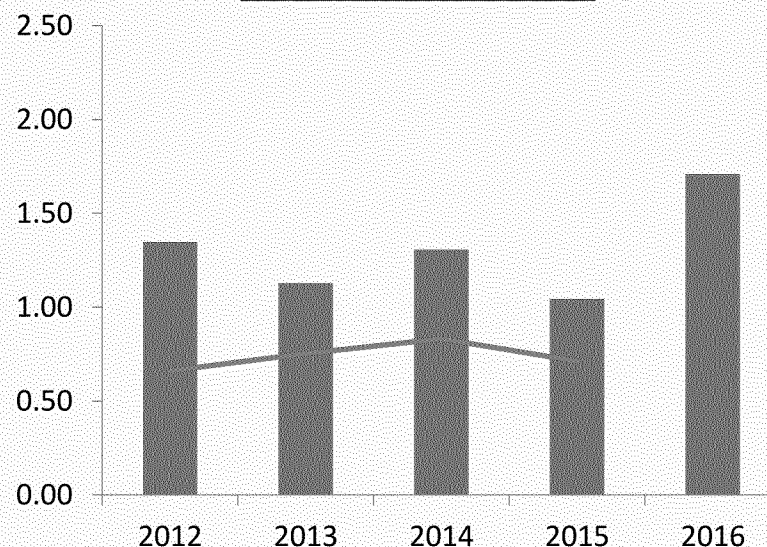
General Fund



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

Ratio of net position to total liabilities

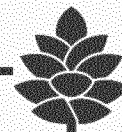
Government-wide



Pinehurst = 1.7, Benchmark = 0.7

Pinehurst 
Benchmark Group 
BSC Target 

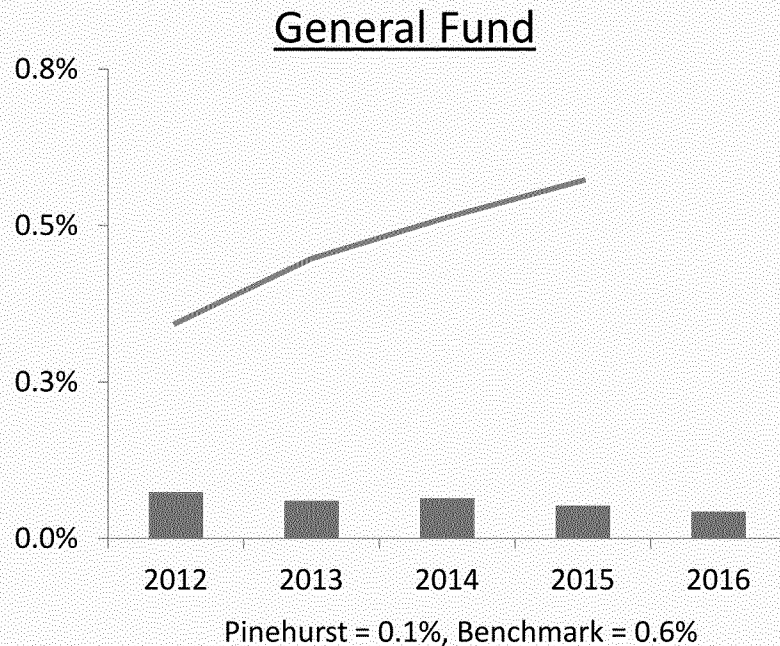
**The Village's unassigned fund balance is lower than its peer group.
However, it is well above the Village's adopted fund balance policy minimum.**



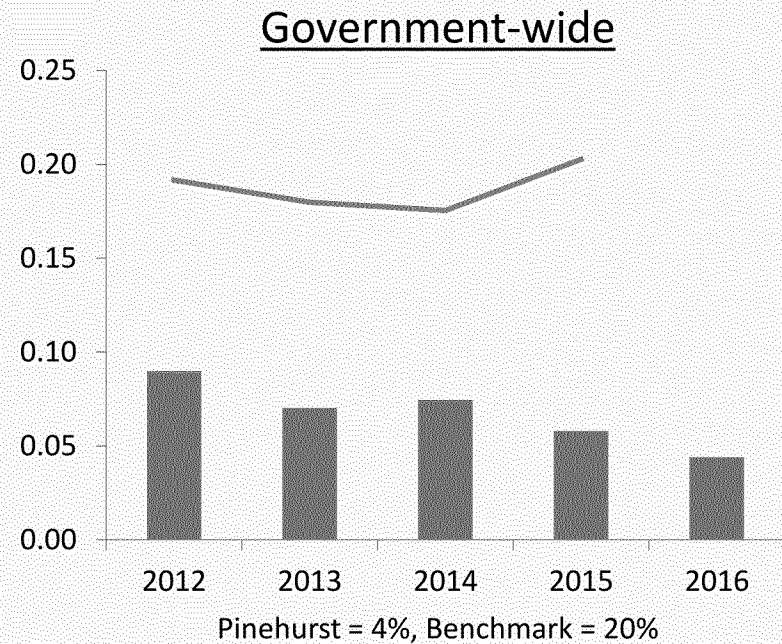


Debt Ratios

Debt as a % of assessed value



Long term debt to assets ratio



Pinehurst
Benchmark Group

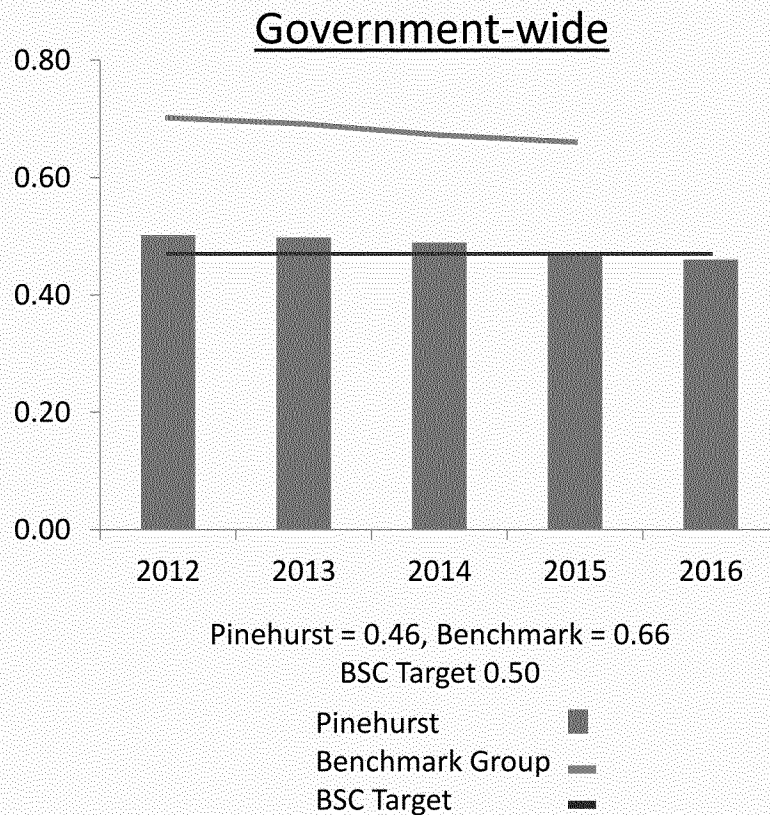
The Village's outstanding debt is much lower than its peers and is declining which improves our ability to meet current and future financial obligations.





Capital Asset Condition Ratio

Accumulated depreciation divided by capital assets



**The capital assets of the Village are more depreciated than our peer group;
this indicates a lower level of capital reinvestment.**





Summary

- When compared to our peer group:
 - The Village has lived within its means and has improved its financial condition compared to its peers
 - All units are becoming slightly more reliant on intergovernmental revenues as those revenues are growing faster than property taxes
 - Our charges for services are slightly lower than our peers
 - We are much less reliant on long-term debt than our peers
 - Cash and investment levels are adequate to cover current obligations and have surpassed the peer group average.
 - Our fund balance level, though lower than our peers, is well above the policy targets established by the Village Council
 - We are investing in capital assets at a level slightly below our peers





Things to Consider

- The only significant deviations from our peer group are:
 - The Village maintains smaller fund balance reserves
 - Fund balance is currently above the upper limit of Council's adopted policy
 - Have maintained a low tax rate
 - Planned for fund balance to be above the policy range until FY 2019
 - The Village is less reliant on long-term debt
- Recommendation is to:
 - Seek to maintain fund balance according to our five-year plan
 - Closely monitor operating revenue growth
 - Remain vigilant in controlling operating expenditures



RESOLUTION #15-38:

**A RESOLUTION ADOPTING A POLICY REGARDING STANDARDIZED
PROCESSING OF REQUESTS FOR VILLAGE SPONSORSHIP OF EVENTS
COORDINATED BY OTHER ENTITIES.**

THAT WHEREAS, many events occur in the Village of Pinehurst for which the event coordinator(s) request Village Sponsorship each year; and

WHEREAS, sponsorship may be in cash or in kind whereby the Village extends the use of Village facilities or staff for free or at a reduced rate; and

WHEREAS, it is important that the Village only extend sponsorship to the extent that it promotes the welfare, well-being and quality of life for our residents; and

WHEREAS, it is also important that sponsorship resources do not inappropriately augment the income or fund-raising of event coordinators;

NOW, THEREFORE, BE IT RESOLVED by the Village Council of the Village of Pinehurst, North Carolina in a regular meeting assembled on the 22nd day of September, 2015, as follows:

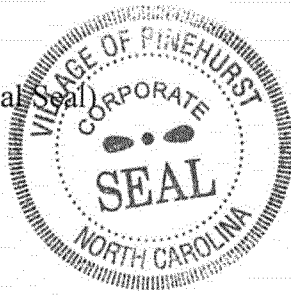
SECTION 1. It shall be the Policy of the Village of Pinehurst that sponsorship requests be handled in accordance with the following criteria:

- a. For events coordinated by a non-profit for the apparent sole purpose of benefitting the community, sponsorship can be approved by the Village Manager after a careful review of the event, the event coordinator's status and all potential beneficiaries of the event.
- b. For events coordinated by a commercial entity for at least the partial purpose of earning profit, sponsorship for the first event of its type (subsequent to the passage of this resolution) may be approved in public by the Village Council. Sponsorship for subsequent similar events coordinated by the same entity may be approved in public by the Village Council after a review by the Village's Director of Financial Services of a full, financial accounting of the previous event.
- c. For events coordinated by either a commercial entity who has no clear financial gain at stake or by a non-profit that is attempting to raise funds, sponsorship may be approved by the Council in public for the first event of its type. For subsequent events, staff acts on Council approval of previous events unless/until the staff or the Council thinks something has changed that warrants re-consideration by the Council.

SECTION 2. That this Resolution shall be and remain in full force and effect from the date of its adoption.

Adopted this 22nd day of September, 2015.

(Municipal Seal)



VILLAGE OF PINEHURST
VILLAGE COUNCIL

By: Nancy Roy Fiorillo
Nancy Roy Fiorillo, Mayor

Attest:

Lauren M. Craig
Lauren M. Craig, Village Clerk

Approved as to Form:

Michael J. Newman
Michael J. Newman, Village Attorney