1895
VILLAGE OF
PINEHURST

VILLAGE COUNCIL
AGENDA FOR REGULAR MEETING OF NOVEMBER 14, 2017
ASSEMBLY HALL
395 MAGNOLIA ROAD
PINEHURST, NORTH CAROLINA
4:30 PM

1. Call to Order.

2. Invocation and Pledge of Allegiance.

3. Reports:

   - Manager
   - Council

4. Motion to Approve Consent Agenda.

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

   A. Public Safety Reports.

      Police Department
      Fire Department

   B. Approval of Draft Village Council Meeting Minutes.

      October 10 Work Session
      October 24 Regular Meeting

   End of Consent Agenda.

5. Consider a request by the Resorts of Pinehurst, Inc. for a Special Intensity Allocation for the Pinehurst Brewery.

   The Resorts of Pinehurst is seeking a Special Intensity Allocation (SIA) pursuant to Section 8.3.3.5(c)(2) of the Pinehurst Development Ordinance (PDO) for the renovation of the Pinehurst Steam Plant. This will enable the construction of the Pinehurst Brewery and associated infrastructure. The project is located at 300 Magnolia Rd and located within the Watershed Protection Overlay District III (WS III). Attached to this memorandum is an explanation of the project and the history of all SIA's within the WS III.

6. Presentation of the Comprehensive Annual Financial Report (CAFR) and Financial Condition Assessment.

7. Q1 Update on the Status of the FY 2018 Strategic Operating Plan Implementation.

8. Discuss and consider contracts for the citizen and business surveys.

9. Discuss Land Use Fiscal Analysis.

10. Other Business.

11. Comments from Attendees.

12. Motion to Adjourn.

Vision: The Village of Pinehurst is a charming, vibrant community which reflects our rich history and traditions.
Mission: Promote, enhance, and sustain the quality of life for residents, businesses, and visitors.
Values: Service, Initiative,Teamwork, and Improvement.

PUBLIC SAFETY REPORTS.
ADDITIONAL AGENDA DETAILS:

Police Department
Fire Department

FROM:
Lauren Craig

DATE OF MEMO:
11/3/2017

MEMO DETAILS:
The monthly public safety reports are attached.

ATTACHMENTS:

	Description
🗋	Police Department Report November 2017
🗋	Fire Department Report November 2017

Incident IBR Reported Offenses Month To Month Comparison

Pinehurst Police Department

October 2017 - October 2016

Part I Offenses		October 2016	October 2017	+/-	Percent Changed	Year-To-Date 2016	Year-To-Date 2017	+/-	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	2	2	-
Commercial		0	0	0	0%	0	0	0	0%
Individual		0	0	0	0%	0	2	2	-
Assault		0	0	0	0%	1	5	4	400%
	Violent Total:	**0**	**0**	**0**	**0%**	**2**	**7**	**5**	**250%**
Burglary		0	1	1	-	0	4	4	-
Residential		0	1	1	-	0	4	4	-
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		8	40	32	400%	68	119	51	75%
Auto Theft		0	1	1	-	1	2	1	100%
Arson		0	0	0	0%	0	0	0	0%
	Property Total:	**8**	**42**	**34**	**425%**	**69**	**125**	**56**	**81%**
	Part I Total:	**8**	**42**	**34**	**425%**	**71**	**132**	**61**	**86%**

Part II Offenses		October 2016	October 2017	+/-	Percent Changed	Year-To-Date 2016	Year-To-Date 2017	+/-	Percent Changed
Drug		31	34	3	10%	157	207	50	32%
Assault Simple		0	2	2	-	10	10	0	0%
Forgery/Counterfeit		0	0	0	0%	4	4	0	0%
Fraud		1	8	7	700%	23	31	8	35%
Embezzlement		1	0	-1	-100%	1	2	1	100%
Stolen Property		1	1	0	0%	6	8	2	33%
Vandalism		2	2	0	0%	29	15	-14	-48%
Weapons		1	2	1	100%	3	13	10	333%
Prostitution		0	0	0	0%	0	0	0	0%
All Other Sex Offenses		0	1	1	-	2	2	0	0%
Gambling		0	0	0	0%	0	0	0	0%
Offenses Against Family/Children		0	0	0	0%	2	2	0	0%
D.W.I.		0	3	3	-	4	15	11	275%
Liquor Law Violation		0	7	7	-	4	16	12	300%
Disorderly Conduct		1	0	-1	-100%	4	4	0	0%
Obscenity		0	0	0	0%	0	0	0	0%
Kidnap		0	0	0	0%	0	0	0	0%
All Other Offenses		23	97	74	322%	154	243	89	58%
	Part II Total:	**61**	**157**	**96**	**157%**	**403**	**572**	**169**	**42%**
	Incident Total:	**69**	**199**	**130**	**188%**	**474**	**704**	**230**	**49%**

Arrest IBR Reported Offenses Month To Month Comparison

Pinehurst Police Department

October 2017 - October 2016

Part I Offenses		October 2016	October 2017	+/-	Percent Changed	Year-To-Date 2016	Year-To-Date 2017	+/-	Percent Changed
Murder		0	0	0	0%	0	0	0	0%
Rape		0	0	0	0%	0	0	0	0%
Robbery		0	1	1	-	0	1	1	-
Commercial		0	0	0	0%	0	0	0	0%
Individual		0	0	0	0%	0	0	0	0%
Assault		0	0	0	0%	0	2	2	-
	Violent Total:	**0**	**1**	**1**	**-**	**0**	**3**	**3**	**-**
Burglary		0	0	0	0%	0	2	2	-
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		1	2	1	100%	13	24	11	85%
Auto Theft		0	0	0	0%	0	1	1	-
Arson		0	0	0	0%	0	0	0	0%
	Property Total:	**1**	**2**	**1**	**100%**	**13**	**27**	**14**	**108%**
	Part I Total:	**1**	**3**	**2**	**200%**	**13**	**30**	**17**	**131%**

Part II Offenses		October 2016	October 2017	+/-	Percent Changed	Year-To-Date 2016	Year-To-Date 2017	+/-	Percent Changed
Drug		28	18	-10	-36%	162	218	56	35%
Assault Simple		2	1	-1	-50%	16	14	-2	-13%
Forgery/Counterfeit		0	0	0	0%	2	1	-1	-50%
Fraud		0	1	1	-	9	5	-4	-44%
Embezzlement		0	0	0	0%	0	2	2	-
Stolen Property		1	1	0	0%	8	7	-1	-13%
Vandalism		1	0	-1	-100%	4	4	0	0%
Weapons		1	1	0	0%	9	19	10	111%
Prostitution		0	0	0	0%	0	0	0	0%
All Other Sex Offenses		0	0	0	0%	2	0	-2	-100%
Gambling		0	0	0	0%	0	0	0	0%
Offenses Against Family/Children		2	0	-2	-100%	3	6	3	100%
D.W.I.		7	3	-4	-57%	72	55	-17	-24%
Liquor Law Violation		1	3	2	200%	11	11	0	0%
Disorderly Conduct		1	0	-1	-100%	3	6	3	100%
Obscenity		0	0	0	0%	0	0	0	0%
Kidnap		0	0	0	0%	1	0	-1	-100%
All Other Offenses		28	27	-1	-4%	254	274	20	8%
	Part II Total:	**72**	**55**	**-17**	**-24%**	**556**	**622**	**66**	**12%**
	Arrest Total:	**73**	**58**	**-15**	**-21%**	**569**	**652**	**83**	**15%**

1895
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PINEHURST

HISTORY, CHARM, AND SOUTHERN HOSPITALITY

SUMMARY FOR THE MONTH OF OCTOBER 2017

SUMMARY OF INCIDENT CALLS

TYPE OF INCIDENT	*NUMBER THIS MONTH*	*NUMBER YTD*	*NUMBER THIS MONTH LAST YEAR*	*NUMBER YTD LAST YEAR*	*PERCENTAGE YTD*
Fire	5	70	6	42	67%
Overpressure Rupture, Explosion, Overheat - no fire	0	3	0	6	-50%
Rescue & EMS Incidents	37	391	41	332	18%
Hazardous Conditions - no fire	14	129	23	176	-27%
Service Call	25	236	21	176	34%
Good Intent Call	32	279	42	230	21%
False Alarm & False Call	25	257	34	275	-7%
Severe Weather & Natural Disaster	1	11	69	81	-86%
Special Incident Type	0	0	0	1	-100%
TOTAL INCIDENTS	**139**	**1376**	**236**	**1319**	**4%**

SUMMARY OF INSPECTION

TYPE OF INSPECTIONS	*NUMBER THIS MONTH*	*NUMBER YTD*	*NUMBER THIS MONTH LAST YEAR*	*NUMBER YTD LAST YEAR*	*PERCENTAGE YTD*
Residential	11	91	5	142	-36%
Residential New Systems	0	0	0	0	0%
Residential Fire Sprinkler	0	0	0	0	0%
Commercial	9	255	26	40	538%
Plan Review/Site Inspections	0	22	1	17	29%
Reinspection	34	129	4	22	486%
Occupancy Certificates	0	0	0	0	0%
TOTAL INSPECTIONS	**54**	**497**	**36**	**221**	**125%**
Violations Found:	25	396	71	143	177%
YTD Violations to be Corrected:		371		72	
YTD Violations Corrected:		251		42	
Correction Percentage:		68%		58%	

November 3, 2017

J. Carlton Cole, Fire Chief

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

APPROVAL OF DRAFT VILLAGE COUNCIL MEETING MINUTES.

ADDITIONAL AGENDA DETAILS:

October 10 Work Session
October 24 Regular Meeting

FROM:

Lauren Craig

CC:

Jeff Sanborn

DATE OF MEMO:

11/3/2017

MEMO DETAILS:

See attachments for draft minutes.

ATTACHMENTS:

	Description
🗋	10-10 Work Session Minutes
🗋	10-24 Regular Meeting

VILLAGE COUNCIL
AGENDA FOR WORK SESSION OF OCTOBER 10, 2017
ASSEMBLY HALL
395 MAGNOLIA ROAD PINEHURST, NORTH CAROLINA
4:30 P.M.

The Pinehurst Village Council held a Work Session at 4:30 p.m., Tuesday, October 10, 2017 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. Clark H. Campbell, Councilmember
Mr. John R. Cashion, Mayor Pro-Tem
Mr. Jeffrey M. Sanborn, Village Manager
Ms. Lauren M. Craig, Village Clerk

And approximately 21 attendees, including 5 staff and 1 press.

1. Call to Order.

Mayor Nancy Roy Fiorillo called the meeting to order.

2. Discuss the request to consider a recall provision for elected officials in the Village of Pinehurst.

Mayor Nancy Fiorillo opened the floor for audience comments regarding a request by a group of residents for Council to consider adding a recall provision for elected officials.

Audience member John Strickland said this is a simple thing to adopt and is part of the democratic process. He said he does not see any reason not adopt this and it is not difficult to do.

Audience member Deb Wimberly said she seems to have stirred up a hornets nests and this was not her intention. She can't imagine why there would be any push back and she asks the Council to reconsider this and there are many other people in this town that think it is a fine idea because it would be best for us.

Audience member Lynn Goldhammer voiced that she is in favor of a recall provision. She said when changing something, it doesn't have to be permanent and try it for a year or two first.

The Council asked for Village Attorney Mike Newman to give a statement. Mr. Newman said reasonable folks would agree when you propose what to do, be prepared to tell why we should do what you want us to do. He noted he read the letter from Ms. Wimberly and the petition and there was no "why" included. He provided a memo that included information from the North Carolina Board of Elections. He said the hypothetical situation in the petition noted a situation where the majority of the Council enacted an agenda that was in contrast to the majority of its constituents and Mike Newman is unaware of any situation such as this. He said we have elections as a form of democracy and the absence of a recall election was misconstrued as a gap or omission from our Village charter. It is the exception and not the rule. He said this is a proposition that is unnecessary and is premised upon an issue with our current system. Mr. Newman explained the process for making this change. He said historically, most recall efforts from the very beginning have been pursued by progressives and is designed to take a less republican approach to government and it creates less stable governance because it can create chaos.

Council held a discussion with Mike Newman about this request for a recall provision.

Audience member Deb Wimberly said she is asking “why not.” Audience member Lynn Mueller said it is very inconsiderate to have public comments at a work session when it wasn’t publicized. Tom Campbell said we always hear from nay-sayers and we don’t hear from those who are neutral or satisfied. Audience member Raymond Angeo said this petition started a while ago. He said the problem is the lack of transparency. He said the “why” is they are trying to preserve what has been going on successfully for the past 40 years. He said this needs to be opened up for public comments because this is a hot topic in the public.

After continued discussion, Council determined to schedule a public comment period on this topic at a future meeting date to be determined and widely announced to the general public in advance.

3. Discuss the Request For Proposal for the Long Range Comprehensive Plan.

Assistant Village Manager Natalie Hawkins and Director of Planning and Inspections Steve Wensman provided an update on the draft Request for Proposal for the Long Range Comprehensive Plan. Ms. Hawkins said the intent was to deliver this draft today for Council to review and digest and provide feedback at a later time. She noted staff wants to make sure the scope of services and deliverables are what the Council is expecting. Ms. Hawkins explained the process for creating this draft Request for Proposal and noted this would be an 18 month process once a consultant was selected and staff hopes to get this RFP out by the end of this month. Staff plans for the consultant selection to be determined in January or February 2018. Steve said this is a similar format that was used in his former experience and believes this will be a good process. Council agreed to provide feedback in the next two weeks. Councilmember Bouldry provided feedback on a few areas of the proposal.

4. Consider a resolution and budget amendment to swap property with the Sandhills Sandsharks.

Village Manager Jeff Sanborn explained this item is to consider a motion to approve a resolution to swap 3.2 acres of Village of Pinehurst property located on Juniper Lake Road with 1.0 acre of property owned by the Sandhills Sandsharks on Rattlesnake Trail. He explained the estimated value of the 3.2 acres of Village property is $32,640 and the estimated value of the one acre of Sandsharks property is $60,000. In order to make the transaction fair to both parties, the Village has agreed to pay the Sandsharks $20,000 and cover legal and surveying costs estimated at $5,000 bringing the total value of the transaction for the Sandsharks to $57,640. Mr. Sanborn explained the resolution and ordinance that were before Council for consideration today.

Upon a motion by Councilmember Campbell, seconded by Councilmember Berggren, Council approved Resolution 17-28 authorizing the exchange of real property within the Village of Pinehurst with Sandsharks, Inc. and the appropriate Village officials are directed to execute the appropriate instruments necessary to carry out the exchange and Ordinance 17-14 amending the FY 2018 budget for the Village of Pinehurst for the Sandsharks, Inc. pool property land swap and improvements by a vote of 5-0.

5. Other Business.

- Councilmember Bouldry shared the events and plans for Veterans Weekend including a Desert Storm panel to be displayed in the Welcome Center during that time.

6. Review the preliminary list of items for the 10/24 Regular Meeting agenda.

Village Manager Jeff Sanborn submitted the following list of items for the October 24 Regular Meeting.

1. Presentation of resolution honoring Bob Farren for his service on the Bicycle and Pedestrian Advisory Committee.
2. Consent Agenda: Approval of Draft Village Council Meeting Minutes
3. Consent Agenda: Public Safety Reports
4. Consent Agenda: Budget Amendments Report
5. Consent Agenda: Consider resolutions honoring the appointed members of the Pinehurst Appearance Committee.
6. Consider a sponsorship request from a horse show at the Harness Track
7. Manager's quarterly transportation report for the Village of Pinehurst.
8. Presentation of Quarterly Financial Statements
9. Community Center Capital Project Ordinance
10. Presentation of Land Use Fiscal Analysis
11. Consider recommendation to approve employee health benefit insurance program.
12. Public Hearing to consider an Official Zoning Map Amendment. This map amendment would rezone four parcels of land consisting of approximately 8.45 acres. These properties are addressed as 4138 Murdocksville Road. These properties are further defined as being Moore County PID #’s 00016276, 20030615, 00017456 and 00016390. The properties are currently zoned R-10 (High Density Residential). This proposed map amendment would change the zoning of the properties to R-MF-CD (Residential Multi-Family-Conditional District). The property is currently vacant. The proposed use of the property is a 40 unit townhome development. The applicant and owner is Rick Knight, Tiara Properties, LLC.
13. Public Hearing to consider an Official Zoning Map Amendment. This map amendment would rezone one parcel of land

consisting of approximately .399 acres. The property is located at 175 Palmetto Road. This property is further defined as being Moore County PID # 00018777. The property is currently zoned R-MF Residential Multi-Family District. This proposed map amendment would change the zoning of the property to R-10 (R-10 High Density Residential). This property is currently vacant. The proposed use of the property is single family residential. The applicant and the property owner is Mary Sutherland Gwinn.

7. Adjournment.

Councilmember Berggren moved to adjourn the Work Session. The motion was seconded by Councilmember Campbell and carried unanimously. The Work Session adjourned at 5:33 p.m.

Respectfully Submitted,

Lauren M. Craig
Village Clerk

Vision: The Village of Pinehurst is a charming, vibrant community which reflects our rich history and traditions.
Mission: Promote, enhance, and sustain the quality of life for residents, businesses, and visitors.
Values: Service, Initiative, Teamwork, and Improvement.

VILLAGE OF PINEHURST 1895

VILLAGE COUNCIL
AGENDA FOR REGULAR MEETING OF OCTOBER 24, 2017
ASSEMBLY HALL
395 MAGNOLIA ROAD
PINEHURST, NORTH CAROLINA
4:30 PM

The Pinehurst Village Council held a Regular Meeting at 4:30 p.m., Tuesday, October 24, 2017 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, Treasurer
Mr. Clark H. Campbell, Councilmember
Mr. John R. Cashion, Mayor Pro-Tem
Mr. Jeffrey M. Sanborn, Village Manager
Ms. Lauren M. Craig, Village Clerk

And approximately 32 attendees, including 8 staff and 1 press.

1. **Call to Order.**
Mayor Nancy Roy Fiorillo called the meeting to order.

2. **Invocation and Pledge of Allegiance.**
Dr. Matt Stillman of Trinity Christian Fellowship led the invocation and Mayor Fiorillo led everyone in the Pledge of Allegiance.

3. **Reports:**

Manager

- Jeff Sanborn explained staff has received several public records request that are of note to share with the Village Council and the public. One was from Stan Jackson for any Pinehurst Municipal Code notice of violations since May 2017. There were 117 such records found that were pursuant to that request. A request was also received yesterday from Bart Boudreaux for records sent to or from anyone to and from any Councilmember that meets criteria he provided regarding his campaign or campaign advertisement. Staff will respond to this in a timely manner.

Council

- Mayor Fiorillo explained she attended a ribbon cutting today for the Born Learning Trail for Parks and Recreation. Thank you to our Parks and Recreation Department for their partnerships with other communities groups.

4. **Presentation of resolution honoring Bob Farren for his service on the Bicycle and Pedestrian Advisory Committee.**
Councilmember Bouldry presented Bob Farren with a resolution honoring him for his service on the Bicycle and Pedestrian Advisory Committee for the Village of Pinehurst.

5. **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 honoring the appointed members of the Pinehurst Appearance Committee.
B. Budget Amendments Report.
C. Public Safety Reports.
Police Department
Fire Department

D. Approval of Draft Village Council Meeting Minutes.
September 12 Work Session
September 26 Regular Meeting

End of Consent Agenda.

Upon a motion by Councilmember Cashion, seconded by Councilmember Berggren, Council unanimously approved the Consent Agenda by a vote of 5-0.

6. Discuss and consider appointing Paul Sale to the Bicycle and Pedestrian Advisory Committee.
Mark Wagner, Director of Parks and Recreation, explained the Bicycle and Pedestrian Advisory Committee has a vacancy and wishes to appoint Paul Sale. Tom Campbell explained Paul offers great biking experience for the committee. Upon a motion by Councilmember Bouldry, seconded by Councilmember Berggren, Council unanimously approved Resolution 17-30 appointing Paul Sale to the Bicycle and Pedestrian Advisory Committee for the Village of Pinehurst by a vote of 5-0.

7. Consider a sponsorship request for use of the Fair Barn.
Mark Wagner, Director of Parks and Recreation, explained staff has received a request from Kay Whitlock regarding use of the Fair Barn during her 26th annual Dressage in the Sandhills show to be held at the Harness Track on May 10-13, 2018. He explained Dressage in the Sandhills is requesting a discounted, flat rate for use of the Fair Barn in the amount of $3,000 which was a previously negotiated rate under a sponsorship agreement that expired this year. The full rental rate of the Fair Barn for this event would be $8,200. Mr. Wagner explained this is a Category B under the Sponsorship Policy for the Council. Ms. Whitlock explained her request for this event. Council held a discussion about this and upon a motion by Councilmember Cashion, seconded by Bouldry, Council unanimously approved this request by a vote of 5-0.

8. Presentation of the FY 2017 Land Use Fiscal Analysis
Jeff Sanborn explained the background on the FY 2017 Land Use Fiscal Analysis and that this was an effort to set the stage for the upcoming Comprehensive Planning Process. He explained staff's process for completing this analysis. Natalie Hawkins, Assistant Village Manager explained the purpose of the FY 2017 Land Use Fiscal Analysis was to determine what types of development pays for itself in order to inform leaders of the estimated financial impact of alternative land use decisions. Ms. Hawkins explained the methodology used for the analysis. Ms. Hawkins shared a summary of the Existing Land Use characteristics broken down by residential, nonresidential, and vacant. Ms. Hawkins explained the major findings of the report. She noted overall, the population associated with residential land uses generates more net revenue for the Village than non-residential uses. She also explained that because every development consideration is different and factors vary, staff recommends caution when using these results. Ms. Hawkins explained revenues by residential land use results and single family- high density and multi-family land uses generate the most revenue per acre and they are also the most expensive to serve per acre due to the high density. Retail, lodging, and medical uses are the most expensive to serve per acre. Ms. Hawkins concluded that residential development generates a net surplus and supports non-residential uses that generate a net deficit. Council commended the team for their work on this analysis and determined to discuss this further at their November 12 meeting.

9. Motion to Recess the Regular Meeting and Enter into a Public Hearing.
Upon a motion by Councilmember Cashion, seconded by Councilmember Campbell, Council unanimously approved to recess the Regular Meeting and enter into a Public Hearing by a vote of 5-0.

10. Public Hearing No. 1
The purpose of this public hearing is to consider an Official Zoning Map Amendment. This map amendment would rezone one parcel of land consisting of approximately .399 acres. The property is located at 175 Palmetto Road. This property is further defined as being Moore County PID # 00018777. The property is currently zoned R-MF Residential Multi-Family District. This proposed map amendment would change the zoning of the property to R-10 (R-10 High Density Residential). This property is currently vacant. The proposed use of the property is single family residential. The applicant and the property owner is Mary Sutherland Gwinn.

Stephen Wensman, Director of Planning and Inspections, explained the purpose of this public hearing is to consider an Official Zoning Map Amendment. This map amendment would rezone one parcel of land consisting of approximately .399 acres. The property is located at 175 Palmetto Road. This property is further defined as being Moore County PID # 00018777. The property is currently zoned R-MF Residential Multi-Family District. He noted this proposed map amendment would change the zoning of the property to R-10 (R-10 High Density Residential) and that this property is currently vacant. Mr. Wensman noted the proposed use of the property is single family residential. The applicant and the property owner is Mary Sutherland Gwinn. He noted Planning Staff is recommending this rezoning and the Planning and Zoning Board also concluded this would be an appropriate rezoning. He also explained this would be consistent with the 2010 Comprehensive Plan.

There were no public comments.

11. **Public Hearing No. 2**
The purpose of the public hearing is to consider an Official Zoning Map Amendment. This map amendment would rezone four parcels of land consisting of approximately 8.45 acres. These properties are addressed as 4138 Murdocksville Road. These properties are further defined as being Moore County PID #'s 00016276, 20030615, 00017456 and 00016390. The properties are currently zoned R-10 (High Density Residential). This proposed map amendment would change the zoning of the properties to R-MF-CD (Residential Multi-Family-Conditional District). The property is currently vacant. The proposed use of the property is a 40 unit townhome development. The applicant and owner is Rick Knight, Tiara Properties, LLC.

Stephen Wensman, Director of Planning and Inspections, explained the purpose of the public hearing is to consider an Official Zoning Map Amendment. He noted this map amendment would rezone four parcels of land consisting of approximately 8.45 acres and these properties are addressed as 4138 Murdocksville Road. These properties are further defined as being Moore County PID #'s 00016276, 20030615, 00017456 and 00016390. Mr. Wensman explained the properties are currently zoned R-10 (High Density Residential) and this proposed map amendment would change the zoning of the properties to R-MF-CD (Residential Multi-Family-Conditional District). The property is currently vacant. The proposed use of the property is a 40 unit townhome development. The applicant and owner is Rick Knight, Tiara Properties, LLC. Mr. Wensman summarized the general concept plan for this project including their plans for storm water, wetlands, erosion control, sidewalk plans, setbacks, water and sewer. Mr. Wensman explained there are now 7 conditions added to this rezoning. Planning staff is recommending the rezoning.

Audience member Tom Campbell asked for clarification on the location of this site.

The applicant Rick Knight and Tim Carpenter with LKC Engineering thanked the staff and Planning and Zoning Board and noted the HOA will maintain the street lighting, roads, and sewers.

12. **Motion to Adjourn the Public Hearing and Re-Enter Regular Meeting.**
Upon a motion by Councilmember Bouldry, seconded by Councilmember Cashion, Council unanimously approved to adjourn the Public Hearing and Re-Enter the Regular Meeting by a vote of 5-0.

13. **Discuss and consider Ordinance 17-16 Amending the Official Pinehurst Zoning Map as it pertains to the rezoning of 175 Palmetto Road.**
Upon a motion by Councilmember Cashion, seconded by Councilmember Berggren, Council unanimously approved Ordinance 17-16 amending the Official Pinehurst Zoning Map as it pertains to the rezoning of certain land located at 175 Palmetto Road 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 24, 2017 from Bruce Gould, Principal Planner. This was approved by a vote of 5-0.

14. **Discuss and consider Ordinance 17-17 Amending the Official Pinehurst Zoning Map as it pertains to the rezoning of 4138 Murdocksville Road.**
Upon a motion by Councilmember Bouldry, seconded by Councilmember Berggren, Council unanimously approved Ordinance 17-17 amending the Official Pinehurst Zoning Map as it pertains to the rezoning of certain land located at 4138 Murdocksville Road 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 24, 2017 from Bruce Gould, Principal Planner. This was approved by a vote of 5-0.

15. **Receive Risk Management Committee's annual report and employee insurance benefit recommendations.**
Jeff Batton, Assistant Village Manager, explained this item is to receive the annual report of Village insurance programs from the Risk Management Committee and to consider options for the 2018 Employee Health Benefit plans. He covered the health benefit recommendations, business insurance program, and workers compensation. He explained the two options to consider for the Medical benefit plan with FirstCarolina Care. Council held a discussion about these two options for health insurance. Upon a motion by Councilmember Bouldry, seconded by Councilmember Cashion, Council unanimously approved to authorize the Mayor or her designee to execute a contract with FirstCarolina Care for the employee medical insurance benefit Option A and with Principal for dental, vision, life, AD&D, and LTD coverage with an estimated value of $74,000 by a vote of 5-0.

16. **Manager's quarterly transportation report for the Village of Pinehurst.**
Village Manager Jeff Sanborn explained in an effort to keep the Council and our community up to date on the progress of transportation planning that impacts our community, he is providing a highlight of important developments regarding transportation. He shared information about a meeting with Division 8 representatives in late August where they heard an update on the progress of design development and selection pursuant to NCDoT's plans to begin traffic circle improvements after the 2024 US Open. He also said the Village engaged Division 8 representatives about our desire to pursue targeted improvements along the Highway 5

corridor through the Village which has now been added to the draft Moore County Comprehensive Transportation Plan. He shared at the TARPO meeting on October 12, NCDoT plans to be making the rounds to affected community council meetings in the holiday timeframe to present the draft Moore County Comprehensive Transportation Plan. He said the ultimate goal will be for the various councils to approve projects in the plan that directly impact their jurisdictions and NCDoT also plans to accommodate broader public involvement in some way during the first quarter of next calendar year. He shared NCDoT held a public meeting last night to provide an opportunity for public comment on an updated Midland Road Corridor plan.

17. Presentation of Financial Statements for the Quarter Ended September 30, 2017.

John Frye, Director of Financial Services, explained we are off to a good start for FY2018 and at the end of the first quarter, revenues exceeded expenditures by a larger margin than anticipated in our forecast. He also said in addition, our operating expenditures are below expected levels. He said growth in our property tax base continues to improve and sales tax revenues are also growing at a good rate. Council thanked Mr. Frye for this good presentation of the Village's financial position.

18. Consider adoption of Community Center Capital Project Fund Ordinance.

John Frye, Director of Financial Services, explained Council is to consider a capital project ordinance that will create a multi-year capital project fund to accumulate costs for the Community Center, to be constructed at Cannon Park. Upon a motion by Councilmember Bouldry, seconded by Councilmember Berggren, Council unanimously approved Ordinance 17-15 adopting a Capital Project Fund for the design and construction of a Community Center at Cannon Park for the Village of Pinehurst by a vote of 5-0.

19. Consider adoption of Community Center Reimbursement Resolution.

John Frye, Director of Financial Services, explained Council is to consider a resolution which documents the general parameters of the Community Center financing and affirms the Village's intention to reimburse itself for project expenditures from the borrowed funds. Mr. Frye noted having this resolution in place will secure the option for the Village to reimburse itself for early project expenditures that may occur prior to the issuance of the debt. Upon a motion by Councilmember Bouldry, seconded by Councilmember Berggren, Council unanimously approved Resolution 17-29 as a reimbursement resolution for the Community Center project authorizing the Village to reimburse itself for early project expenditures from later financing proceeds for the Village of Pinehurst by a vote of 5-0.

20. Other Business.

Council did not have any other business.

21. Comments from Attendees.

- None.

22. Motion to Adjourn.

Upon a motion by Councilmember Cashion, seconded by Councilmember Fiorillo, Council approved to adjourn the Regular Meeting by a vote of 5-0 at 6:55pm.

Respectfully Submitted,

Lauren M. Craig
Village Clerk

CONSIDER A REQUEST BY THE RESORTS OF PINEHURST, INC. FOR A SPECIAL INTENSITY ALLOCATION FOR THE PINEHURST BREWERY.

ADDITIONAL AGENDA DETAILS:

The Resorts of Pinehurst is seeking a Special Intensity Allocation (SIA) pursuant to Section 8.3.3.5(c)(2) of the Pinehurst Development Ordinance (PDO) for the renovation of the Pinehurst Steam Plant. This will enable the construction of the Pinehurst Brewery and associated infrastructure. The project is located at 300 Magnolia Rd and located within the Watershed Protection Overlay District III (WS III). Attached to this memorandum is an explanation of the project and the history of all SIA's within the WS III.

ATTACHMENTS:

Description
Staff Report
Concept Plan

REQUEST FOR SPECIAL INTENSITY ALLOCATION
RESORTS OF PINEHURST, INC./PINEHURST BREWERY
REPORT TO VILLAGE COUNCIL
NOVEMBER 7, 2017

Prepared by the Pinehurst Planning and Inspections Department

Request

The applicant seeks a Special Intensity Allocation (SIA) in order to redevelop the Pinehurst Steam Plant site into the Pinehurst Brewery. Section 8.3.3.5(c) of the Pinehurst Development Ordinance indicates that up to ten (10) percent of the balance of the watershed may be developed for non-residential and multi-family uses, allowing up to seventy (70) percent built-upon area on a project by project basis. Non-residential uses or multi-family development seeking to establish additional impervious surface allotments in the Watershed may do so only after Village Council approval of a Special Intensity Allocation.

Project Profile

Applicant	Resorts of Pinehurst, Inc. PO Box 4000 Pinehurst, NC 28374
Property Owner	Resorts of Pinehurst, Inc. PO Box 4000 Pinehurst, NC 28374
Moore County LRK #	part of 00025797
Property Location	300 Magnolia Rd.
Zoning	Village Mixed Use (VMU): This district is established as a pedestrian–scaled district which caters to the everyday needs of nearby neighborhoods. This district allows a mixture of primary land uses within the same building and development sire and emphasizes accessibility by automobiles, bicycles, and pedestrians. Watershed Protection District: The purpose of this district is to ensure the availability of public water supplies at a safe and acceptable level of water quality for present and future residents of the Village and the surrounding region.
Land Area	.78 acres after dedication of right of way.
Current Land Use	Vacant Pinehurst Steam Plant

Project Analysis

The applicant is proposing to renovate the existing steam plant into the Pinehurst Brewery and associated facilities to include a new road segment, outdoor areas, new stormwater facilities, sidewalks and other supporting elements. According to a Staff Memo prepared on February 8, 1996, the total area of Watershed III is 4,070 acres. In accordance with Section 8.3.3.5(c) of the Pinehurst Development Ordinance (PDO), ten (10) percent of Watershed III can be granted a Special Intensity Allocation (SIA). This will yield an area of 407 acres eligible to receive Special Intensity Allocations. This SIA would grant relief from the Watershed III maximum impervious built upon area of twenty-four (24) percent and increase that to seventy (70) percent or the maximum impervious built upon area for the underlying zoning district, whichever is more stringent. The proposed project will involve a .78 acre tract that is not included in the area to be dedicated as new right of way. This request is for .78 acres of Special Intensity Allocation to be granted. Please note that the total impervious surface on this property after the proposed development is estimated to be 58.56%. The maximum total impervious surface allowable in the VMU district is 70%. This development will disturb 2 acres or less of land so the site plan is considered minor in nature and approved by staff. The only action required of the Village Council is the issuance of the Special Intensity Allocation. With the granting of this SIA the district will have 290.46 acres available.

The table below outlines activity in the Watershed III since August 1996.

Date of Village Council Action	Project Name	Amount of SIA per Project	Balance of area in Watershed that can receive SIA after Project
N/A	N/A	N/A	407 acres
10/21/96	Pinehurst Hotel	11.36 acres	395.64 acres
10/21/96	Manor Care	Reallocated 4/23/02	
2/17/97	Carolina House	1.03 acres	394.61 acres
3/17/97	Hall-Jones	1.24 acres	393.37 acres
4/21/97	Moore Reg. Hospital	Reallocated 7/17/02	
5/19/97	Community Presbyterian Church	1.21 acres	392.16 acres
7/21/97	Van Camp, West, et al	.64 acres	391.52 acres
7/21/97	Moore Regional Hospital	Reallocated 7/17/02	
8/18/97	Pinehurst Medical Clinic	1.8 acres	389.72 acres
10/27/97	Pinehurst Radiology Clinic	.74 acres	388.98 acres
10/27/97	Moore Reg. Hospital: N. Parking Lot	Reallocated 7/17/02	
10/27/97	Moore Regional Hospital	Reallocated 7/17/02	
7/20/98	Sacred Heart Catholic Church	3.79 acres	385.19 acres
10/26/98	Holly Inn	1.84 acres	383.35 acres
4/19/99	Sprint Com	.01 acres	383.34 acres
9/20/99	Manor Care	Reallocated 4/23/02	
2/22/00	Golf Course #6 Bath House	.02 acres	383.32 acres

2/22/00	Total Renal Care Dialysis Facility	1.65 acres	381.67 acres
6/27/00	Moore Co. Memorial Hospital	Reallocated 7/17/02	
6/25/00	Pinehurst Resorts Hotel Spa	1.04 acres	380.63 acres
6/25/00	Pinehurst Resorts Hotel Security Bldg	.01 acres	380.62 acres
10/24/00	Hudson Williams Properties	.14 acres	380.48 acres
03/27/01	Moore Co. Public Utilities	.114 acres	380.366 acres
05/03/01	Moore Co Public Utilities	.005 acres	380.361 acres
4/23/02	Manor Care	2.53 acres	377.831 acres
7/17/02	Moore Regional Hospital	57.89 acres	319.941 acres
7/18/02	Pinehurst Cardiology	1.2 acres	318.741
11/06/02	Skladany Office Building	.31 acres	318.431
3/14/05	Village of Pinehurst Fire Station	2.36 acres	316.071 acres
9/23/05	Dr. Craig Allison 15 Aviemore Dr.	.68 acres	315.391 acres
10/6/08	Razooks Building 35 Chinquapin Rd.	.30 acres	315.091 acres
4/28/09	Pinehurst Medical 15 Regional Dr.	4.56 acres	310.531 acres
4/27/10	Monroe & Monroe Dental 12 regional Dr.	1.07 acres	309.461 acres
1/10/12	Pinehurst Family Care Center 8 Regional Circle	1.22 acres	308.241 acres
4/28/15	The Allergy Partners of Pinehurst 14 Regional Dr.	1.12 acres	307.121 acres
6/14/16	Greens at the Arboretum 205 McCaskill Rd	6.55 acres * CD District automatic approval w/ Council approval of the zoning PDO 6.2.4(c)	300.66 acres
10/25/16	Pinehurst Senior Apartments 4176 Murdocksville Rd	5 acres	295.66 acres
1/24/17	Mo Co Public Utilities Storage 810 Juniper Lake Rd.	4.42 acres	291.24 acres
11/14/17	Resorts of Pinehurst, Inc. Pinehurst Brewery 300 Magnolia Rd.	.78 acres	290.46

1 L1 RENDERED SITE PLAN
SCALE: 1"= 20'-0"

REVISIONS			
SYM.	DESCRIPTION	DATE	BY

PRELIMINARY – DO NOT USE FOR CONSTRUCTION

LKC Engineering, pllc
140 Aqua Shed Court
Aberdeen, NC 28315
O: 910.420.1437
F: 910.637.0096
lkcengineering.com
License No. P-1095

Engineering
Landscape Architecture
Planning

LKC

Site Plan

Pinehurst Brewery
Pinehurst, North Carolina

DATE:
DESIGNED: –
DRAWN: –
CHECKED: –
NO.
L1

Steam Plant CD2.dwg

PRESENTATION OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) AND FINANCIAL CONDITION ASSESSMENT.

ADDITIONAL AGENDA DETAILS:

FROM:
John Frye

CC:
Jeff Sanborn & Natalie Hawkins

DATE OF MEMO:
11/5/2017

MEMO DETAILS:
I am pleased to present to you the Village's Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2017. These financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) and audited in accordance with Government Auditing Standards by a firm of licensed certified public accountants.
Mr. John Frank of Dixon Hughes Goodman, LLP will present the firm's opinion on these statements.
Also, included with your copy of the CAFR is information required by professional auditing standards which explains the auditor's responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of the audit.
Again this year we would like to make a brief presentation on the Village's financial condition. The presentation will provide five-year trend information from the CAFR in a graphical format with comparative data from peer municipalities.
As always, if you have any questions, please feel free to contact me.

ATTACHMENTS:

Description
- FY 2017 Comprehensive Annual Financial Report (CAFR)
- Required Auditor Communication
- Financial Condition Report-Presentation FY 17

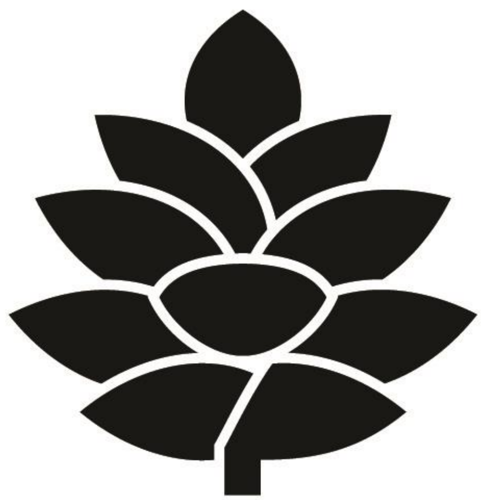
Village of Pinehurst, North Carolina

Comprehensive Annual Financial Report

For the Fiscal Year Ended
June 30, 2017

Prepared by
Financial Services Department

John G. Frye
Director of Financial Services



Village of Pinehurst, North Carolina
Comprehensive Annual Financial Report - Table of Contents
For the Fiscal Year Ended June 30, 2017

VILLAGE OF PINEHURST 1895

HISTORY, CHARM, AND SOUTHERN HOSPITALITY

September 22, 2017

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, 2017. 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, 2017, 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, 2017. The independent auditors' report on the basic financial statements is located at the beginning of the financial section of this report.

In addition to the independent audit of the financial statements, a compliance audit on federal and state financial assistance is also required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and the State Single Audit Implementation Act. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements involving the administration of federal awards. These reports are located in the Compliance Section of this Comprehensive Annual Financial Report.

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

Profile of the Village

“The Village of Pinehurst is a charming, vibrant community which reflects our rich history and traditions.” This vision statement adopted by the Village Council is reflective of what we aspire to be as a community. Our mission is to “promote, enhance, and sustain the quality of life for residents, businesses, and visitors.” The Village was incorporated in 1980, and is located in the Sandhills Region of North Carolina. The Village has a land area of approximately 17 square miles, and an estimated population of 16,123. Pinehurst is the largest of eleven municipalities in Moore County. The Village is empowered to levy a property tax on both real estate and personal properties located within its boundaries. It also is empowered, by state statute, to extend its corporate limits by annexation on a limited basis.

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

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

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

Local Economy

The Village is primarily a residential community with a historically strong growth rate in residential development. Over the past year, the Village saw continued strengthening of the local housing market. In FY 2017, 161 new homes were constructed in the Village which is significantly higher than the 106 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 $442 million in annual tourism generated revenues. This is due primarily to the world-renowned reputation of Pinehurst Resort, which is owned by the privately held company Pinehurst, LLC. The resort’s golf, hotel, and spa amenities draw tourists from all over the world as a result of its exceptional quality. Pinehurst Resort hosted the 1999, 2005, and 2014 U.S. Open Golf Championships. In 2014 the back-to-back U.S. Open and U.S. Women’s Open Championships generated over $169 million dollars in economic impact on the local and state economy. The resort is the Village’s largest taxpayer and employs approximately 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 3,600 health care professionals and staff. Their commitment to quality is evidenced by FirstHealth’s flagship hospital, Moore Regional, being consistently named among the Top 100 Hospitals in the country.

Long-Term Financial Planning and Major Initiatives

The Village is committed to maintaining a strong financial condition. The Village Council’s adopted fund balance policy requires the Village to maintain a minimum unassigned General Fund balance of 15% of actual expenditures as reported in the Village’s CAFR. In addition, when preparing the annual General Fund budget, the total appropriated fund balance should result in anticipated ending total fund balance in the range of 30%-40% of budgeted expenditures. At June 30, 2017 the General Fund’s unassigned fund balance of $7,110,976 represented 43% of General Fund actual expenditures and total fund balance was 56% of budgeted expenditures.

In Fiscal Year (FY) 2018 the Village adopted its fifth 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 2018 Strategic Plan to achieve that mission. The goals are as follows: (1) safeguard the community, (2) ensure an attractive residential community, (3) ensure a thriving business community, (4) provide multi-modal transportation systems, (5) protect the environment, (6) maintain an active, healthy community, (7) professionally manage a high performing organization, (8) attract and retain an engaged workforce, and (9) maintain a healthy financial condition.

Major initiatives of the FY 2018 Strategic Plan to address these goals include:

- Comprehensive long-range plan update
- Land use planning
- Commercial streetscape enhancements
- Pedestrian connectivity
- Recreation facilities
- Planning & Inspections process improvements

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, 2016. This was the 24th 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 2017. 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

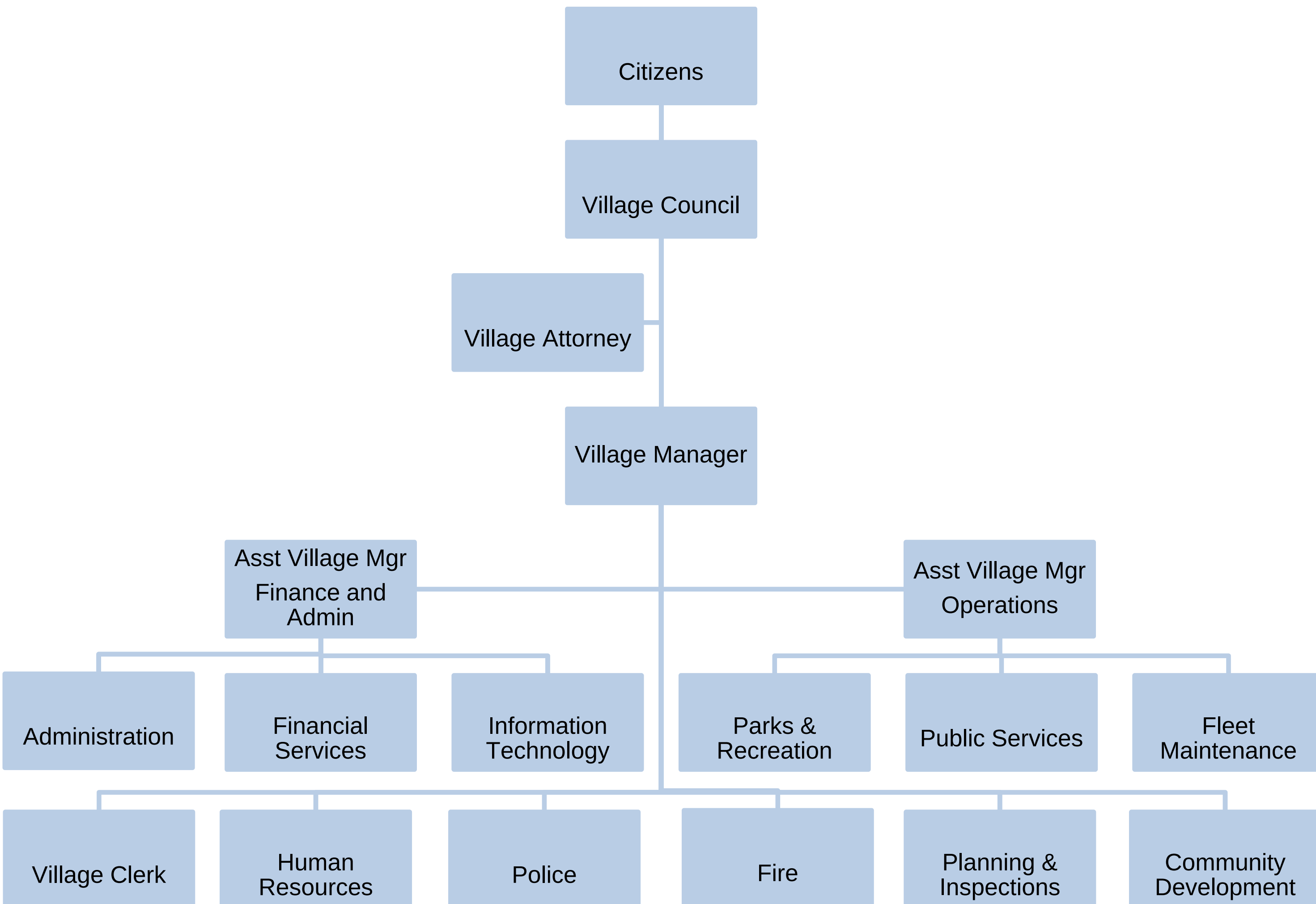
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO

Village of Pinehurst, North Carolina

Organizational Chart
June 30, 2017



Village of Pinehurst, North Carolina
List of Principal Officials
June 30, 2017

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 Hawkins	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
Vacant	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, 2017, 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.

DIXON HUGHES GOODMAN LLP

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, 2017, 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.

Emphasis of Matter

As discussed in Note 15 to the financial statements, during 2017 the Village of Pinehurst implemented GASB Statement No. 73, *Accounting and Financial Reporting for Pensions*, which resulted in a cumulative effect adjustment to net position as of the beginning of the year. Our opinion is not modified with respect to this matter.

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

Supplementary and Other Information

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

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

DIXON HUGHES GOODMAN LLP

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 22, 2017 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

High Point, North Carolina
September 22, 2017

Village of Pinehurst
Management's Discussion and Analysis
June 30, 2017

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, 2017. 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.

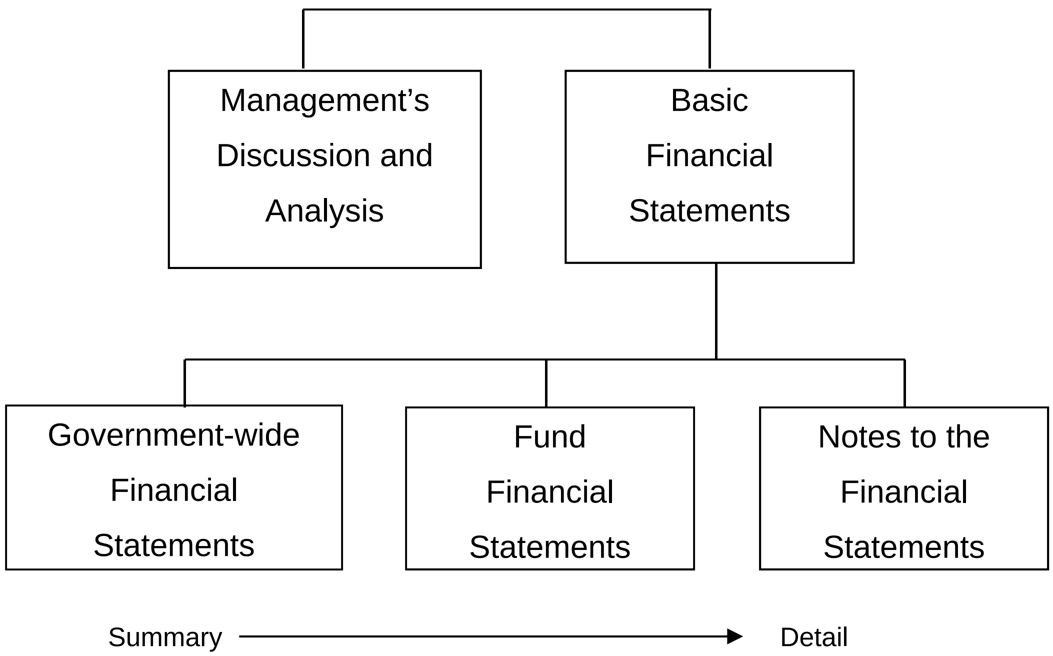
Financial Highlights

- 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 $29,741,422 (*net position*).
- The Village's total net position increased by $1,648,961 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 $10,633,102, an increase of $1,307,758 in comparison with the prior year. Approximately 67% of this amount, or $7,110,976, is available for spending at the Village's discretion (*unassigned fund balance*) and is equal to 43% of total general fund expenditures for the fiscal year.
- The Village's total debt decreased by $368,531 (26%) during the current fiscal year. The decrease was due to scheduled principal payments on existing debt obligations. Total debt outstanding was $1,066,792 at the 2017 fiscal year end.
- The Village had no general obligation bonded debt as of June 30, 2017.
- Throughout the year, the Village's deposits were insured or collateralized as required by state law. Total investment earnings were approximately $62,911, which is equivalent to a return of approximately 0.57% on the average amount of cash and cash equivalents during the year. At fiscal year's end, 28% of the Village's cash and investments were held in insured or collateralized depository accounts and 72% were invested with the North Carolina Capital Management Trust.
- The Village has received the Certificate of Achievement for Excellence in Financial Reporting for 24 consecutive years. The Certificate of Achievement is the highest form of recognition awarded in the field of governmental financial reporting.
- For the 2017 fiscal year, the Village received the Distinguished Budget Presentation Award for the 10th consecutive year from the Government Finance Officers 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, 2017. The final category is the component unit. The Village does not have any component units as of June 30, 2017.

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 23-44 of this report.

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

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

Government-Wide Financial Analysis

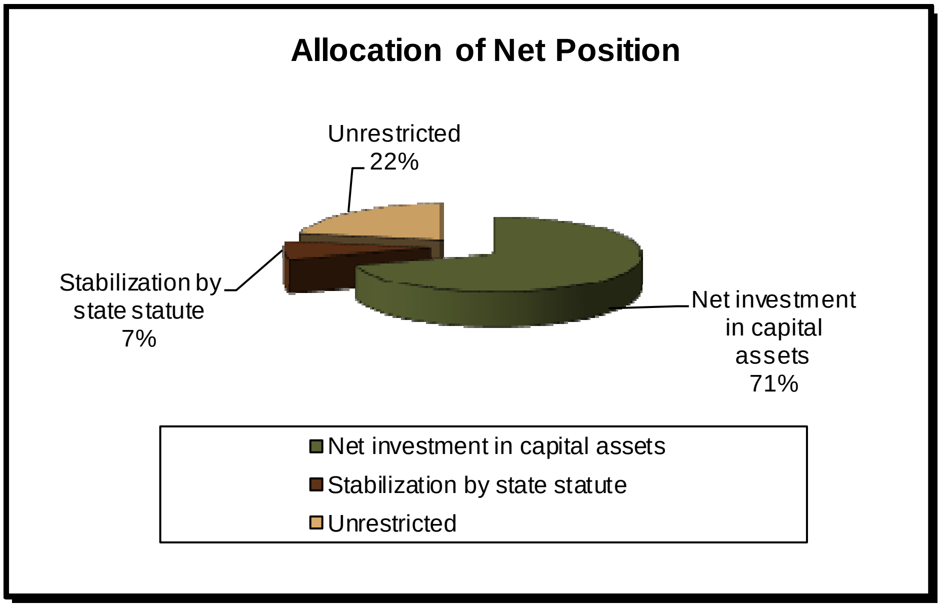
Net Position

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

Village of Pinehurst's Net Position
Figure 2

	Governmental Activities 2017	Governmental Activities 2016
Current and other assets	$ 11,503,007	$ 10,342,528
Capital assets	22,047,655	21,903,313
Total assets	33,550,662	32,245,841
Deferred outflows of resources	1,985,524	437,872
Long-term liabilities outstanding	1,691,247	2,074,631
Net pension liability	2,278,540	759,805
Total pension liability	943,908	-
Other liabilities	756,123	873,342
Total liabilities	5,669,818	3,707,778
Deferred inflows of resources	124,946	255,190
Net position:		
Net investment in capital assets	20,980,863	20,467,990
Restricted for:		
Stabilization by state statute	2,165,724	1,474,901
Unrestricted	6,594,835	6,777,854
Total net position, previously reported	-	28,720,745
Cumulative effect adjustment	-	(628,284)
Total net position, ending	$ 29,741,422	$ 28,092,461

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 $29,741,422 as of June 30, 2017. The Village's net position increased by $1,020,677 for the fiscal year ended June 30, 2017. Of this amount, $1,648,961 was added due to operations and $628,284 was deducted due to a cumulative effect adjustment to net position related to pensions. The largest portion of net position, $20,980,863 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, $2,165,724, represents resources that are subject to external restrictions on how they may be used. The remaining balance of $6,594,835 is unrestricted.



Governmental Activities

Governmental activities increased the Village's net position by $1,648,961. 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 99.91%, which is comparable to the statewide average of 98.90%.
- Unrestricted intergovernmental revenues increased by $150,000, or 3%, due to increased collections of local option sales taxes.
- Expenses net of program revenues increased by $926,000, or 7%. This result was influenced by the following factors:
  - Program expenses were $955,000, or 6.2%, higher than in the previous fiscal year. This was primarily due to operating expenses increasing by $658,000, or 10%, compared to the previous fiscal year.
  - Charges for services increased by approximately $165,000, or 12%, due to increased revenues for building permits and recreation programs.
  - Operating grants and contributions increased $94,000, or 19%, due to FEMA Public Assistance funding received for recovery efforts related to Hurricane Matthew.
  - Capital grants and contributions decreased by $231,000 due to the receipt of donated streets and right-of-ways in the previous fiscal year and none being received in the current year.
  - The Village's net pension expense for the Local Government Employees Retirement System (LGERS) and Law Enforcement Officers Special Separation Allowance (LEOSSA) pension plans was $674,000.

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Village of Pinehurst's Change in Net Position
Figure 3

	Governmental Activities 2017	Governmental Activities 2016
Revenues:		
Program revenues:		
Charges for services	$ 1,524,571	$ 1,359,573
Operating grants and contributions	603,714	509,304
Capital grants and contributions	-	230,788
General revenues:		
Property taxes	9,998,398	9,699,296
Golf cart licenses	2,180	8,745
Grants and contributions not restricted to specific programs	5,478,926	5,328,610
Other	322,221	279,128
Total revenues	17,930,010	17,415,444
Expenses:		
General government	2,495,248	2,501,748
Public safety	6,070,685	5,684,375
Transportation	2,755,861	2,481,039
Economic & physical development	765,422	677,747
Environmental protection	1,453,148	1,399,842
Culture and recreation	2,700,389	2,527,443
Interest on long-term debt	40,296	54,120
Total expenses	16,281,049	15,326,314
Increase in net position	1,648,961	2,089,130
Net position, beginning, previously reported	28,720,745	26,631,615
Cumulative effect adjustment	(628,284)	-
Net position, beginning, adjusted	28,092,461	26,631,615
Net position, June 30	$ 29,741,422	$ 28,720,745

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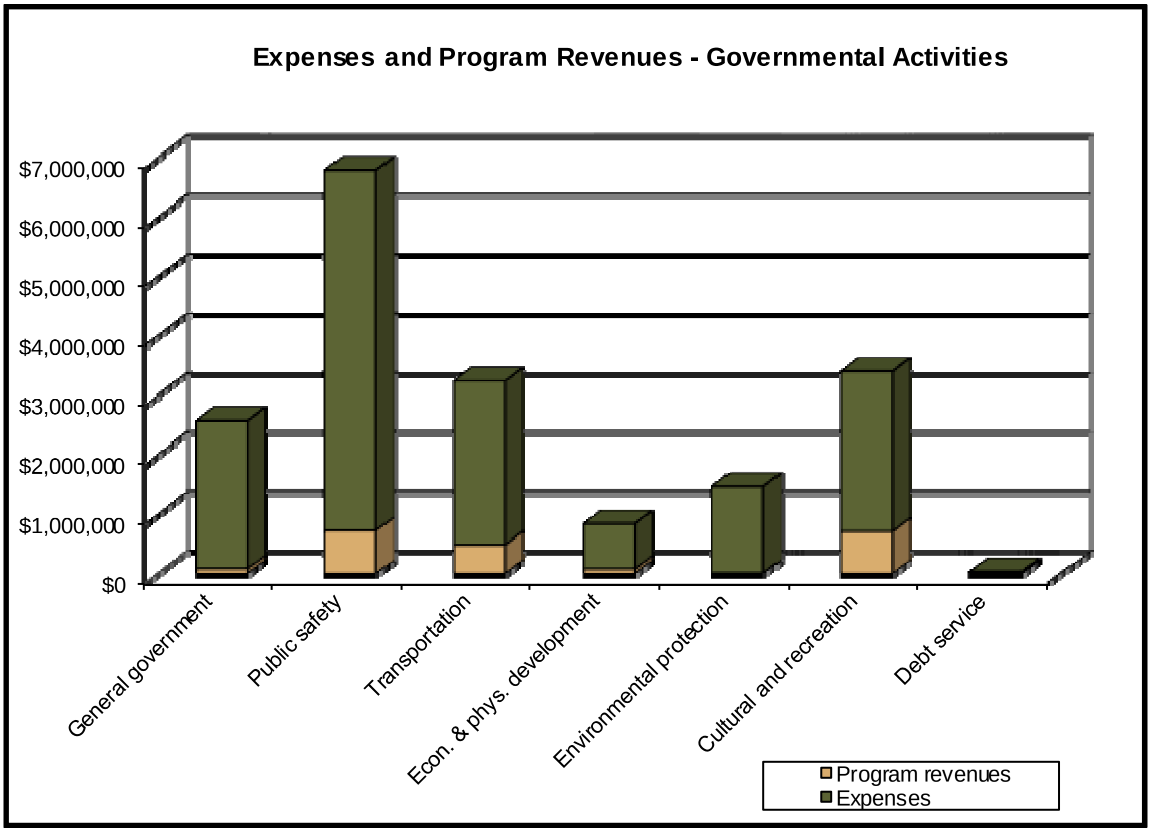
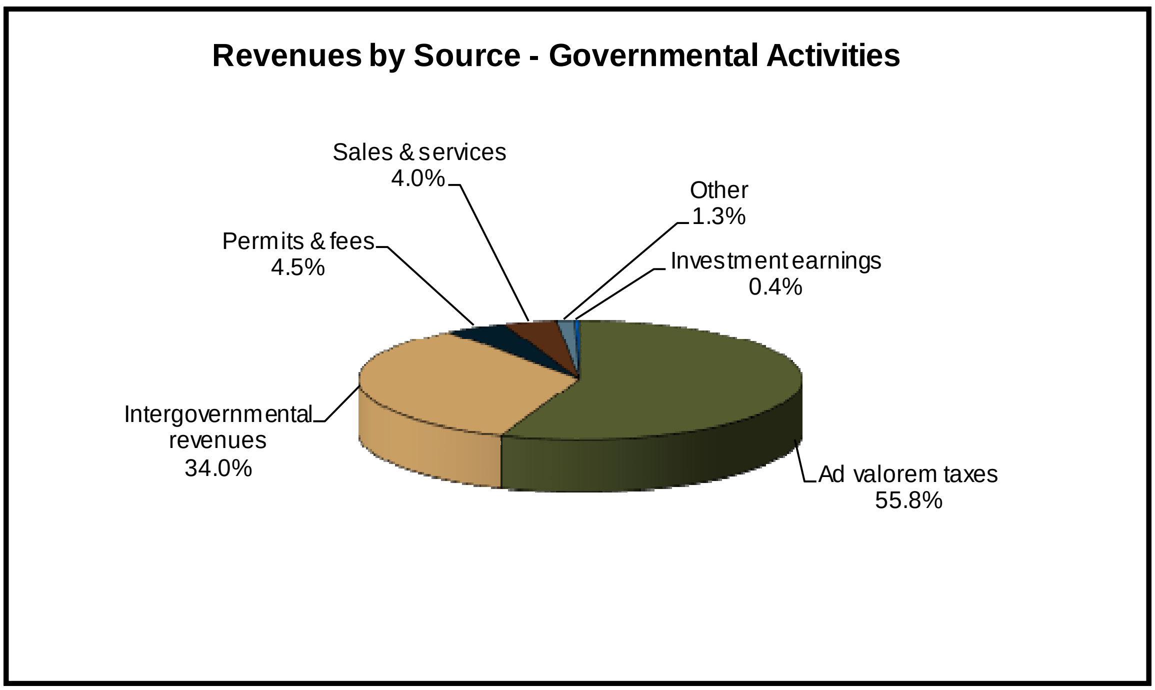

Expenses and Program Revenues - Governmental Activities
$7,000,000
$6,000,000
$5,000,000
$4,000,000
$3,000,000
$2,000,000
$1,000,000
$0
General government
Public safety
Transportation
Econ. & phys. development
Environmental protection
Cultural and recreation
Debt service
Program revenues
Expenses


Revenues by Source - Governmental Activities
Sales & services 4.0%
Other 1.3%
Permits & fees 4.5%
Investment earnings 0.4%
Intergovernmental revenues 34.0%
Ad valorem taxes 55.8%

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, 2017, the General Fund, the only governmental fund of the Village reported fund balance of $10,633,102, an increase of $1,307,758, or 14%, over last year. The unassigned portion of the fund balance in the General Fund was $7,110,976. 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 43% of actual general fund expenditures, while total fund balance represents 56% of budgeted expenditures. The statewide average for total fund balance in the Village's population peer group is 54%.

As noted above, fund balance in the Village's General Fund increased by $1,307,758 during the 2017 fiscal year. Key components of this change are as follows:

- Property tax revenue increased approximately $253,000 from the prior year due to a one-half cent increase in the property tax rate and normal additions to the tax base.
- Single-family home construction saw significant increases during the year with building permits and inspection fees increasing $115,000, or 35%, over the previous year.
- Sales tax revenues increased $238,000, or 8%, due to an increase in tourism and overall economic activity.
- Electricity sales taxes decreased $151,000, or 14%, due to an adjustment in the distribution basis and other seasonal factors.
- Actual operating and capital expenditures were lower than expected, 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 $683,000, or 4.0%. The primary revenues that came in above estimated budget amounts were unrestricted and restricted intergovernmental revenues and sales and services revenues. Unrestricted intergovernmental revenues were $203,000 above budget, primarily due to increased local option sales taxes mentioned above. Sales and services revenues were $118,000 above budget due to increased building permit and recreation fees.

Total expenditures were $1,578,000, or 8.6%, less than originally budgeted amounts. Expenditures were less than budgeted amounts for the following significant items: (1) contracted and professional services of $367,000 were lower than expected, (2) salaries and benefits were $486,000 lower due to employee vacancies related to turnover and a significant number of retirements; and (3) capital expenditures were $917,000 below budget due primarily to a sidewalk project that was not completed and a fire engine that was on order at year end. 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 $1,307,758 at June 30, 2017. This resulted in the General Fund reporting fund balance of $10,633,102, a 14% increase above the previous year. Part of the increase can be attributed to revenues being higher than expected and operating and capital expenditures being lower than expected. However, the primary reason for the increase in fund balance was unfinished capital items that were reappropriated in FY 2018. The amount reappropriated to complete these items was $871,000, which included $600,000 for a fire engine that was on order at year end. After accounting for these items, the fund balance would have increased by approximately $437,000.

Capital Asset and Debt Administration

Capital assets

The Village's investment in capital assets for its governmental activities as of June 30, 2017 totals $22,047,655 (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:

- Public Services complex renovations of $540,000
- Gun Club neighborhood sidewalk project costing $289,000 (partially completed)
- Forest Drive to Spring Lake Drive greenway project costing $206,000
- McIntyre Road streetscape improvement project costing $165,000
- Harness Track water truck replacement costing $182,000
- Dump truck replacement costing $109,000

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

	Governmental Activities 2017	Governmental Activities 2016
Land	$ 5,783,713	$ 5,783,713
Right of Ways	163,777	168,340
Buildings and Improvements	7,795,379	7,657,676
Furniture and Equipment	834,565	894,892
Vehicles	2,451,089	2,514,587
Infrastructure	4,853,923	4,682,129
Construction in Progress	165,209	201,976
Total	$ 22,047,655	$ 21,903,313

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

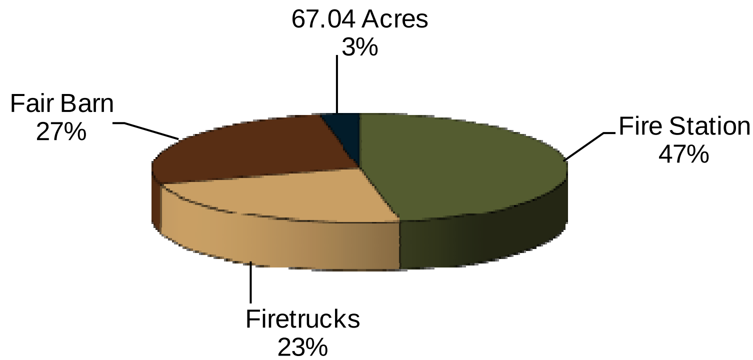
Long-term debt

As of June 30, 2017, the Village had total outstanding debt of $1,066,792 in installment purchase agreements collateralized by the assets that are financed. During fiscal year 2017 the Village’s total debt decreased by $368,531, or 26%, due to principal payments as detailed in Note 9.

Village of Pinehurst's Outstanding Debt
Figure 5

	Governmental Activities 2017	Governmental Activities 2016
Installment Purchase Agreements		
Fire Station	$ 500,000	$ 666,666
Fair Barn	250,000	300,000
Firetrucks	283,459	427,989
67.04 Acres	33,333	40,668
Total	$ 1,066,792	$ 1,435,323

Allocation of Debt



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 $269,883,654.

Additional information regarding the Village's long-term debt can be found in Note 9 beginning on page 41 of this report.

Economic Factors and Next Year's Budgets and Rates

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

- New home construction: The Village added 161 new homes last year compared to 106 in the previous fiscal year. For the previous three years the average number constructed had hovered around 100. This increase in single-family home construction also indicates that the Village's tax base will increase proportionately next year.
- Sales tax revenues: Sales taxes have increased over the past two fiscal years with growth rates at or above their historical averages.
- Demographics: With population increasing and a demographic that is trending younger, the Village is focusing more resources to address the needs of younger residents with recreational amenities.

Budget Highlights for the Fiscal Year Ending June 30, 2018

Governmental Activities

Revenues of the Village are expected to increase by 3.5% overall for FY 2018. This is primarily due to increases in property taxes, sales taxes, and permits and fees. Property tax revenues are expected to increase by 1.3% due to tax base growth from increased single family home construction. For FY 2018, the Village adopted an ad valorem tax rate of $0.295 per $100 valuation, the same as the previous year.

Budgeted expenditures in the General Fund are estimated to be $19,139,093, an increase of 0.5%. This small increase is a result of inflationary increases in salaries and operating expenditures. Debt service and capital outlay expenditures are lower compared to the previous year.

In Fiscal Year 2018 the Village adopted its fifth 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 2018 Strategic Plan to achieve that mission. The goals are as follows: (1) safeguard the community, (2) ensure an attractive residential community, (3) ensure a thriving business community, (4) provide multi-modal transportation systems, (5) protect the environment, (6) maintain an active, healthy community, (7) professionally manage a high performing organization, (8) attract and retain an engaged workforce, and (9) maintain a healthy financial condition.

Major initiatives of the FY 2018 Strategic Plan to address these goals include:

- Comprehensive long-range plan update
- Land use planning
- Commercial streetscape enhancements
- Pedestrian connectivity
- Recreation facilities
- Planning & Inspections process improvements

Total capital outlays of $2,204,600 are down 23% compared to the previous fiscal year. The significant capital items included for FY 2018 are as follows:

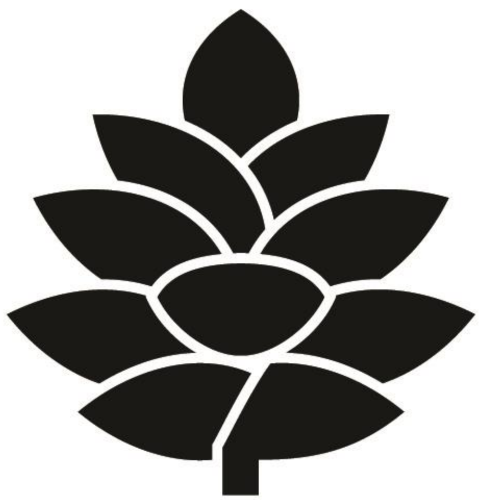
- Pedestrian facilities ($430,000)
- Community Center design ($344,000)
- Replacement of two Solid Waste vehicles ($325,000)
- Additional streetscape improvements on McCaskill Road ($145,000)
- Dump truck replacement ($140,000)
- Backhoe replacement ($135,000)
- Cannon Park parking lot paving ($120,000)

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, 2017

Exhibit 1

		Governmental Activities
Assets		
Current assets:		
Cash and cash equivalents	$	9,789,207
Taxes receivables (net)		26,568
Special assessments receivable		92,260
Interest receivable		8,642
Other receivables		22,360
Due from other governments		1,492,081
Inventories		36,653
Prepaid items		35,236
Total unrestricted current assets		11,503,007
Non-current assets:		
Capital assets (net of accumulated depreciation):		
Land and non-depreciable improvements		5,783,713
Construction in progress		165,209
Right of ways		163,777
Buildings and improvements		7,795,379
Furniture and equipment		834,565
Vehicles		2,451,089
Infrastructure		4,853,923
Total capital assets		22,047,655
Total assets		33,550,662
Deferred Outflows of Resources		
Pensions-Contributions to pension plan in the current fiscal year		517,442
Pensions-Change in proportion and differences in employer contributions and proportionate share of contributions		9,467
Pensions-Difference between actual and expected experience		42,810
Changes in assumptions		156,060
Pensions-Net difference between actual and expected earnings on pension plan investments		1,259,745
Total deferred outflows of resources		1,985,524
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities		745,340
Accrued interest payable		10,783
Long-term liabilities due within one year		734,331
Total current liabilities		1,490,454
Long-term liabilities:		
Net pension liability		2,278,540
Total pension liability		943,908
Long-term liabilities due in more than one year		956,916
Total liabilities		5,669,818
Deferred Inflows of Resources		
Unavailable revenue		154
Pensions-Changes in assumptions		16,123
Pensions-Change in proportion and differences in employer contributions and proportionate share of contributions		28,826
Pensions-Difference between actual and expected experience		79,843
Total deferred inflows of resources		124,946
Net Position		
Net investment in capital assets		20,980,863
Restricted for:		
Stabilization by state statute		2,165,724
Unrestricted		6,594,835
Total net position	$	29,741,422

Village of Pinehurst, North Carolina
Statement of Activities
For the Fiscal Year Ended June 30, 2017

Exhibit 2

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental activities:					
General government	$ 2,495,248	$ 1,763	$ 85,991	$ -	$ (2,407,494)
Public safety	6,070,685	722,337	11,003	-	(5,337,345)
Transportation	2,755,861	-	495,899	-	(2,259,962)
Economic and physical development	765,422	83,562	-	-	(681,860)
Environmental protection	1,453,148	-	10,821	-	(1,442,327)
Cultural and recreation	2,700,389	716,909	-	-	(1,983,480)
Interest on long-term debt	40,296	-	-	-	(40,296)
Total governmental activities	$ 16,281,049	$ 1,524,571	$ 603,714	$ -	$ (14,152,764)

General revenues:	
Ad valorem taxes	$ 9,998,398
Golf cart licenses	2,180
Unrestricted intergovernmental	5,478,926
Investment earnings	62,911
Miscellaneous	259,310
Total general revenues	15,801,725
Change in net position	1,648,961
Net position, beginning, previously reported	28,720,745
Cumulative effect adjustment	(628,284)
Net position, beginning, adjusted	28,092,461
Net position-ending	$ 29,741,422

Village of Pinehurst, North Carolina
Balance Sheet
Governmental Funds
June 30, 2017

Exhibit 3

	General Fund
Assets	
Cash and cash equivalents	$ 9,789,207
Receivables, net:	
Taxes	26,568
Special assessments	92,260
Interest	8,642
Other	22,360
Due from other governments	1,492,081
Inventories	36,653
Prepaid items	35,236
Total assets	11,503,007
Liabilities and Fund Balances	
Liabilities:	
Accounts payable	184,835
Withholdings and accrued expenditures	358,620
Deposits	201,885
Total liabilities	745,340
Deferred inflows of resources:	
Unearned revenues	154
Unavailable revenues	124,411
Total deferred inflows of resources	124,565
Fund balances:	
Nonspendable:	
Inventory	36,653
Prepaid items	35,236
Restricted:	
Stabilization by state statute	2,165,724
Assigned:	
Subsequent year's expenditures	1,284,513
Unassigned	7,110,976
Total fund balances	10,633,102
Total liabilities, deferred inflows of resources, and fund balances	$ 11,503,007

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

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

June 30, 2017

Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:		
Total fund balance, governmental funds		$ 10,633,102
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:		
Gross capital assets at historical cost	$ 41,787,581	
Accumulated depreciation	(19,739,926)	22,047,655
Deferred outflows of resources related to pensions are not reported in the funds		1,985,524
Liabilities for earned revenues considered deferred inflows of resources in the fund statements:		
Taxes receivable	26,568	
Other receivables	5,583	
Assessments receivable	92,260	124,411
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	(10,783)	
Compensated absences payable	(624,455)	
Net pension liability	(2,278,540)	
Total pension liability	(943,908)	
Installment purchases payable	(1,066,792)	(4,924,478)
Deferred inflows of resources related to pensions are not reported in the funds		(124,792)
Net position of governmental activities		$ 29,741,422

Village of Pinehurst, North Carolina

Exhibit 5

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2017

	Major Funds	
	General Fund	Total Governmental Funds
Revenues		
Ad valorem taxes	$ 9,996,412	$ 9,996,412
Golf cart licenses	2,180	2,180
Unrestricted intergovernmental	5,478,926	5,478,926
Restricted intergovernmental	603,437	603,437
Permits and fees	801,574	801,574
Sales and services	719,515	719,515
Investment earnings	63,189	63,189
Assessment income	39,102	39,102
Miscellaneous	197,420	197,420
Total revenues	17,901,755	17,901,755
Expenditures		
Current:		
General government	2,164,459	2,164,459
Public safety	5,564,978	5,564,978
Transportation	3,276,715	3,276,715
Economic and physical development	764,595	764,595
Environmental protection	1,312,900	1,312,900
Cultural and recreation	3,176,328	3,176,328
Debt service:		
Principal	368,531	368,531
Interest and other charges	43,717	43,717
Total expenditures	16,672,223	16,672,223
Excess of revenues over expenditures	1,229,532	1,229,532
Other Financing Sources		
Sales of capital assets	78,226	78,226
Net change in fund balance	1,307,758	1,307,758
Fund balances, beginning	9,325,344	9,325,344
Fund balances, ending	$ 10,633,102	$ 10,633,102

Village of Pinehurst, North Carolina — Exhibit 6
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities
June 30, 2017

Amounts reported for governmental activities in the Statement of Activities are different because:		
Net changes in fund balances - total governmental funds		$ 1,307,758
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	$ 1,918,944	
Depreciation expense	(1,734,195)	184,749
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		489,064
Benefit payments paid and administrative expenses for the LEOSSA are not included on the Statement of Activities		28,378
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) in the current period:		
Gain on disposal of assets	57,900	
Proceeds from disposal of assets	(74,232)	
Loss on disposal of assets	(24,075)	(40,407)
Revenues in the Statement of Activities that are not reported as revenues in the fund statements:		
Special assessment payments	(39,102)	
Change in other deferred inflows	3,481	
Change in deferred tax inflows	1,986	(33,635)
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		368,531
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	3,421	
Compensated absences	14,853	
Pension expense	(673,751)	(655,477)
Total changes in net position of governmental activities		$ 1,648,961

Village of Pinehurst, North Carolina
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Annual Budget and Actual
For the Fiscal Year Ended June 30, 2017

	General Fund			
	Budgeted Amounts			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Ad valorem taxes	$ 9,923,000	$ 9,923,000	$ 9,996,412	$ 73,412
Golf cart licenses	500	500	2,180	1,680
Unrestricted intergovernmental	5,326,200	5,276,200	5,478,926	202,726
Restricted intergovernmental	505,200	514,200	603,437	89,237
Permits and fees	583,800	683,800	801,574	117,774
Sales and services	652,400	671,900	719,515	47,615
Investment earnings	25,400	40,400	63,189	22,789
Assessments	29,000	29,000	39,102	10,102
Miscellaneous	172,800	177,800	197,420	19,620
Total revenues	17,218,300	17,316,800	17,901,755	584,955
Expenditures:				
Current:				
General government	2,401,699	2,378,999	2,164,459	214,540
Public safety	6,655,736	6,712,146	5,564,978	1,147,168
Transportation	3,194,092	3,551,953	3,276,715	275,238
Economic & physical development	906,028	953,840	764,595	189,245
Enviromental protection	1,376,626	1,376,862	1,312,900	63,962
Cultural and recreation	3,253,082	3,570,308	3,176,328	393,980
Contingency	50,000	46,900	-	46,900
Debt service:				
Principal retirement	368,784	368,784	368,531	253
Interest and fees	43,938	43,938	43,717	221
Total expenditures	18,249,985	19,003,730	16,672,223	2,331,507
Excess (deficiency) of revenues over (under) expenditures	(1,031,685)	(1,686,930)	1,229,532	2,916,462
Other Financing Sources:				
Sales of capital assets	30,000	60,000	78,226	18,226
Fund balance appropriated	1,001,685	1,626,930	-	(1,626,930)
Net change in fund balances	$ -	$ -	1,307,758	$ 1,307,758
Fund balances, beginning			9,325,344	
Fund balances, ending			$ 10,633,102	

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, 2017, no other entity is included in the Village financial statements.

B. Basis of Presentation

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

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

***Fund Financial Statements*.** The fund financial statements provide information about the Village’s funds. Separate statements for each fund category are presented, even though the latter is excluded from the government-wide financial statements. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds. 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 Government Portfolio, a SEC-registered (2a-7) external investment pool, is measured at amortized cost, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value.

2. Cash and Cash Equivalents

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

Note 1. Summary of Significant Accounting Policies (Continued)

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

3. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Village levies ad valorem taxes, except for ad valorem taxes on certain vehicles, on July 1, the beginning of the fiscal year, and these taxes are due on September 1 (lien date); however, no interest or penalties are assessed until the following January 6. These taxes are based on the assessed values as of January 1, 2016.

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 2017 fiscal year and other pension related deferrals.

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

8. Long-Term Obligations

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

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

9. Compensated Absences

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

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

10. Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

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

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

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

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. In the general fund, this amount may be negative or positive. However, the general fund is the only governmental fund that reports a positive unassigned fund balance amount.

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

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

Note 2. Deposits and Investments (Continued)

A. Deposits (Continued)

At June 30, 2017, the Village's deposits had a carrying amount of $2,723,812. The cash balance in the bank at June 30, 2017 totaled $2,770,700. Of the bank balance, $750,000 was covered by federal depository insurance and $2,020,700 was covered by collateral held under the Pooling Method. At June 30, 2017, the Village's petty cash fund totaled $1,200.

B. Investments

At June 30, 2017, the Village's investment balances were as follows:

Investment Type	Valuation Measurement Method	Book Value at 6/30/2017	Maturity	Rating
NC Capital Management Trust - Government Portfolio	Amortized Cost	$2,022,597	N/A	AAAm
NC Capital Management Trust - Term Portfolio	Fair Value Level 1	5,041,598	0.09 years	Unrated

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

Level of fair value hierarchy: Level 1: Debt securities valued using directly observable, quoted prices (unadjusted) in active markets for identical assets.

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

Credit risk - Credit risk is the risk of loss due to the failure of the security issuer or backer. The Village will minimize this risk by limiting investments to the safest types of securities, pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which the Village will do business, and diversifying the investment portfolio so that potential losses on individual securities will be minimized. The Village's investment in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAm by Standard & Poor's as of June 30, 2017. The Village's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the U.S. government and agencies, and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended.

Note 3. Receivables

The amounts presented in the Balance Sheet and the Statement of Net Position for the year ended June 30, 2017 are net of the following allowances for doubtful accounts:

	General
Other receivables:	
Planning & Inspections fines	$ 3,397
Harness Track events	903
Total	$ 4,300

Note 4. Capital Assets

Capital asset activity for the Primary Government for the year ended June 30, 2017, 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	201,976	165,209	(201,976)	165,209
Total capital assets not being depreciated	5,985,689	165,209	(201,976)	5,948,922
Capital assets being depreciated:				
Right of ways	182,520	-	-	182,520
Buildings and improvements	19,769,525	1,078,974	(41,863)	20,806,636
Furniture and equipment	2,912,080	220,156	(56,563)	3,075,673
Vehicles	6,163,862	342,826	(584,167)	5,922,521
Infrastructure	5,537,554	313,755	-	5,851,309
Total	34,565,541	1,955,711	(682,593)	35,838,659
Less accumulated depreciation for:				
Right of ways	14,180	4,563	-	18,743
Buildings and improvements	12,111,849	917,196	(17,788)	13,011,257
Furniture and equipment	2,017,188	280,483	(56,563)	2,241,108
Vehicles	3,649,275	389,992	(567,835)	3,471,432
Infrastructure	855,425	141,961	-	997,386
Total	18,647,917	1,734,195	(642,186)	19,739,926
Total capital assets being depreciated, net	15,917,624	221,516	(40,407)	16,098,733
Governmental activity capital assets, net	$ 21,903,313	$ 386,725	$ (242,383)	$ 22,047,655

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

General government	$ 374,668
Public safety	483,159
Transportation	336,097
Economic & physical development	-
Environmental protection	142,710
Cultural and recreation	397,561
Total depreciation expense	$ 1,734,195

Note 4. Capital Assets (Continued)

Construction and other capital related commitments – The Village has active construction projects and other capital related commitments as of June 30, 2017. The projects include the fabrication of a fire engine and construction of sidewalks. At June 30, 2017, the Village's commitments with contractors are as follows:

Project	Spent–to-Date	Remaining Commitment
Fire engine fabrication	$ -	$ 564,268
Sidewalk construction	253,411	84,110
Total	$ 253,411	$ 648,378

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.

Note 5. Pension Plan and Postemployment Obligations (Continued)

A. Local Government Employees' Retirement System (Continued)

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

Contributions – Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Village employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Village's contractually required contribution rate for the year ended June 30, 2017, was 8.00% of compensation for law enforcement officers and 7.34% 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 $489,064 for the year ended June 30, 2017.

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, 2017, the Village reported a liability of $2,278,540 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. The total pension liability was then rolled forward to the measurement date of June 30, 2016 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, 2016, the Village's proportion was 0.107%, which was a decrease of 0.002% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Village recognized pension expense of $610,827. At June 30, 2017, 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	$ 42,810	$ 79,843
Changes in assumptions	156,060	-
Net difference between projected and actual earnings on pension plan investments	1,259,745	-
Changes in proportion and differences between Village contributions and proportionate share of contributions	9,467	28,826
Village contributions subsequent to the measurement date	489,064	-
Total	$ 1,957,146	$ 108,669

Note 5. Pension Plan and Postemployment Obligations (Continued)

A. Local Government Employees' Retirement System (Continued)

The $489,064 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:	
2018	$ 205,892
2019	206,042
2020	591,969
2021	355,512
2022	-
Thereafter	-

Actuarial assumptions - The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 7.75 percent, including inflation and productivity factor
Investment rate of return	7.25 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, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2016 are summarized in the following table:

Note 5. Pension Plan and Postemployment Obligations (Continued)

A. Local Government Employees' Retirement System (Continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	100.0%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2016 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount rate - The discount rate used to measure the total pension liability was 7.25%. 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)	$ 5,408,036	$ 2,278,539	$ (335,450)

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

Note 5. Pension Plan and Postemployment Obligations (Continued)

B. Law Enforcement Officers Special Separation Allowance

1. Plan Description

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

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

At the December 31, 2015 Valuation Date, the Separation Allowance's membership consisted of:

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

2. Summary of Significant Accounting Policies

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

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

3. Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2015 valuation. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.86 percent

The discount rate is based on the weekly average of the Bond Buyer General Obligation 20-Year Municipal Bond Index determined at the end of each month for the year ending December 31, 2016.

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

Note 5. Pension Plan and Postemployment Obligations (Continued)

B. Law Enforcement Officers Special Separation Allowance (Continued)

4. Change in Actuarial Assumptions

On the Prior Measurement Date (December 31, 2015), the Municipal Bond Index Rate, on which the discount rate is based, was 3.57%. Since the Prior Measurement Date, the Municipal Bond Index Rate has increased to 3.86% as of the Measurement Date (December 31, 2016). This resulted in a $19,441 reduction in the Total Pension Liability.

5. Contributions

The Village is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The Village's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The Village paid $54,325 as benefits came due for the reporting period.

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

*A*t June 30, 2017, the Village reported a total pension liability of $943,908. The total pension liability was measured as of December 31, 2016 based on a December 31, 2015 actuarial valuation. The total pension liability was rolled forward to December 31, 2016 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2017, the Village recognized pension expense of $62,924.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	$ -	$ 16,123
Benefit payments and plan administrative expense made subsequent to the measurement date	28,378	-
Total	$ 28,378	$ 16,123

The $28,378 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2018	$ 3,318
2019	3,318
2020	3,318
2021	3,318
2022	2,851
Thereafter	-

Note 5. Pension Plan and Postemployment Obligations (Continued)

B. Law Enforcement Officers Special Separation Allowance (Continued)

5. Contributions (Continued)

Sensitivity of the Village's total pension liability to changes in the discount rate. The following presents the Village's total pension liability calculated using the discount rate of 3.86 percent, as well as what the Village's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.86 percent) or 1-percentage-point higher (4.86 percent) than the current rate:

	1% Decrease (2.86%)	Discount Rate (3.86%)	1% Increase (4.86%)
Total pension liability	$ 1,012,932	$ 943,908	$ 880,349

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

	2017
Beginning balance	$ 951,629
Service Cost	33,042
Interest on the total pension liability	33,003
Changes of assumptions or other inputs	(19,441)
Benefit payments	(54,325)
Ending balance of the total pension liability	$ 943,908

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

Note 5. Pension Plan and Postemployment Obligations (Continued)

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, 2017 were $83,414, which consisted of $63,285 from the Village and $20,129 from the law enforcement officers. Since the funds vest immediately, no amounts were forfeited.

D. Deferred Compensation Plan

The Village offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 401(k). The plan, available to all Village employees, permits them to defer a portion of their salary until future years. The Village established the plan and may amend it at its discretion. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. All amounts of compensation deferred under the plan and all income attributable to those amounts are immediately 100% vested to the participant. The Village currently contributes five percent for all regular employees to the plan. Contributions for the year ended June 30, 2017 were $586,872, which consisted of $268,704 from the Village and $318,168 in voluntary contributions from employees. Since the funds vest immediately, no amounts were forfeited.

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

E. Other Employment Benefits

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

Note 5. Pension Plan and Postemployment Obligations (Continued)

E. Other Employment Benefits (Continued)

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, 2017, the Village made contributions to the State for death benefits of $4,837. 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.

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 LGERS pension plan in the current fiscal year	$ 489,064
Benefit payments to LEOSSA recipients in the current fiscal year	28,378
Changes in proportion and differences between Village and proportionate share of contributions	9,467
Difference between actual and expected experience	42,810
Changes in assumptions	156,060
Net difference between projected and actual earnings on pension plan investments	1,259,745
Total	$ 1,985,524

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

	Statement of Net Position	General Fund Balance Sheet
Unearned revenue	$ 154	$ 154
Taxes receivable, less penalties	-	26,568
Other receivables	-	5,583
Special assessments receivable	-	92,260
Changes in assumptions	16,123	-
Changes in proportion and differences between Village contributions and proportionate share of contributions	28,826	-
Differences between expected and actual experience	79,843	-
Total	$ 124,946	$ 124,565

Note 7. Risk Management

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

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

As the Village has no facilities within a FEMA recognized flood zone, we have elected not 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, 2017, 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, 2017:

$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	$	33,333
$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		500,000
$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		250,000

Note 9. Long-Term Obligations (Continued)

A. Installment Purchase (Continued)

$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	$ 283,459
	$ 1,066,792

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

Year Ending June 30	Principal	Interest
2018	$ 329,211	$ 33,301
2019	297,281	21,879
2020	298,697	12,429
2021	91,603	4,247
2022	50,000	1,725
	$ 1,066,792	$ 73,581

B. Changes in Long-Term Liabilities

At June 30, 2017, the Village had a legal debt margin of $269,942,652.

The following is a summary of changes in the Village's long-term obligations for the fiscal year ended June 30, 2017:

	Balance July 1, 2016	Increases	Decreases	Balance June 30, 2017	Current Portion of Balance
Governmental activities:					
Installment purchases	$ 1,435,323	$ -	$ (368,531)	$ 1,066,792	$ 329,211
Compensated absences	639,308	399,903	(414,756)	624,455	405,120
Net pension liability (LGERS)	490,982	1,787,558	-	2,278,540	-
Total pension liability (LEO)	268,823	675,085	-	943,908	-
Governmental activity long-term liabilities	$ 2,834,436	$ 2,862,546	$ (783,287)	$ 4,913,695	$ 734,331

Compensated absences typically have been liquidated in the general fund.

Note 10. Net Investment in Capital Assets

	Governmental
Capital assets	$ 22,047,655
Less: Long-term debt	(1,066,792)
Net investment in capital assets	$ 20,980,863

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:

Total fund balance-General Fund	***$ 10,633,102***
Less:	
Inventories	36,653
Prepaid items	35,236
Stabilization by state statute	2,165,724
Appropriated fund balance in 2018 Budget	1,284,513
Fund balance policy minimum	2,500,833
Remaining fund balance	$ 4,610,143

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, 2017 the General Fund's unassigned fund balance of $7,110,976 represents 43% of General Fund actual expenditures which is well above the policy minimum. Total fund balance was 56% 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.

Encumbrances	***General Fund***
	$648,378

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

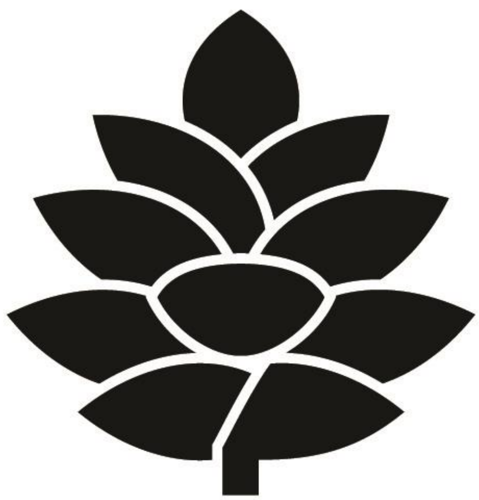
None.

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 $24,137 from the State Insurance Commissioner's office for the fiscal year ended June 30, 2017. 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, 2017. 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.

Note 15. Change in Accounting Principle

The Village implemented Governmental Accounting Standards Board (GASB) Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68 and Amendments to Certain Provisions of GASB Statements 67 and 68, in the fiscal year ending June 30, 2017. The implementation of the statement required the Village to record beginning total pension liability and the effects on net position of benefit payments and administrative expenses paid by the Village to the Law Enforcement Officers' Special Separation Allowance during the measurement period. The information necessary for full retrospective application is not available, so the accounting change was implemented in 2017 with a cumulative effect adjustment to net position as of the beginning of the year. As a result, net position for the governmental activities at July 1, 2016 decreased $628,284.



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

Schedule of Total Pension Liability as a Percentage of Covered Payroll
Law Enforcement Officers' Special Separation Allowance

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

	2017	2016	2015	2014
Pinehurst's proportion of the net pension liability (asset) (%)	0.1073%	0.1094%	0.1083%	0.1077%
Pinehurst's proportion of the net pension liability (asset) ($)	$ 2,278,539	$ 490,982	$ (638,460)	$ 1,298,199
Pinehurst's covered-employee payroll	$ 6,380,220	$ 6,280,547	$ 6,025,207	$ 5,731,782
Pinehurst's proportionate share of the net pension liability (asset) as a percentage of its covered -employee payroll	35.71%	7.82%	(10.6%)	22.65%
Plan fiduciary net position as a percentage of the total pension liability**	91.47%	98.09%	102.64%	94.35%

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

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

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

	2017	2016	2015	2014
Contractually required contribution	$ 489,064	$ 424,359	$ 445,138	$ 434,315
Contributions in relation to the contractually required contribution	489,064	424,359	445,138	434,315
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Pinehurst's covered-employee payroll	$ 6,548,274	$ 6,380,220	$ 6,280,547	$ 6,025,207
Contributions as a percentage of covered-employee payroll	7.47%	6.65%	7.09%	7.21%

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

Village of Pinehurst, North Carolina **Exhibit A-3**

Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance -
For the Year Ended June 30, 2017 *
Required Supplementary Information

Beginning balance	$	951,629
Service Cost		33,042
Interest on the total pension liability		33,003
Changes of benefit terms		-
Differences between expected and actual experience in the measurement of the total pension liability		-
Changes of assumptions or other inputs		(19,441)
Benefit payments		(54,325)
Other changes		-
Ending balance of the total pension liability **	$	943,908

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

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

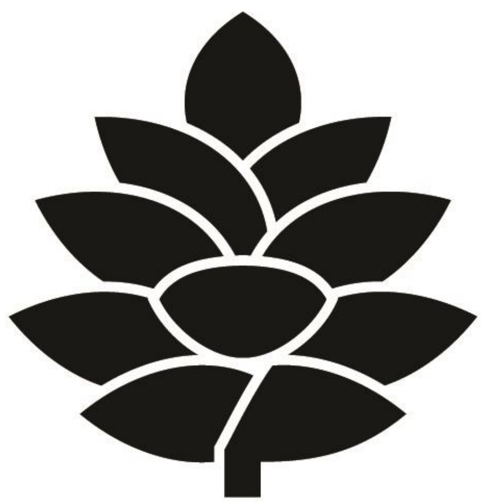
Village of Pinehurst, North Carolina **Exhibit A-4**

Schedule of Total Pension Liability as a Percentage of Covered Payroll
Law Enforcement Officers' Special Separation Allowance -
For the Year Ended June 30, 2017 *
Required Supplementary Information

Total pension liability **	$ 943,908
Covered payroll	1,313,290
Total pension liability as a percentage of covered payroll	71.87%

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

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



General Fund

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

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General 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, 2017
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2016

	2017			
	Final Budget	Actual	Variance Positive (Negative)	2016
Revenues:				
Ad valorem taxes:				
Taxes	$ 9,918,000	$ 9,986,511	$ 68,511	$ 9,687,263
Penalties and interest	5,000	9,901	4,901	10,434
Total	9,923,000	9,996,412	73,412	9,697,697
Other taxes:				
Golf cart licenses	500	2,180	1,680	8,745
Total	500	2,180	1,680	8,745
Unrestricted intergovernmental:				
Local option sales tax	3,076,000	3,283,276	207,276	3,045,953
Telecommunications sales tax	90,000	88,866	(1,134)	94,353
Utilities sales tax	1,054,000	954,540	(99,460)	1,105,975
Video programming	274,000	296,032	22,032	297,131
Hold harmless reimbursements	712,000	783,237	71,237	715,857
Wine & beer tax	70,200	72,975	2,775	69,341
Total	5,276,200	5,478,926	202,726	5,328,610
Restricted intergovernmental:				
Powell Bill allocation	494,000	495,621	1,621	495,083
BAB interest rebates	300	255	(45)	1,367
Controlled substance tax	1,000	784	(216)	1,217
Other grants	9,000	95,956	86,956	1,361
Solid waste disposal tax	9,900	10,821	921	10,217
Total	514,200	603,437	89,237	509,245
Permits and fees:				
Building permits and inspection fees	370,000	444,435	74,435	329,589
Planning and zoning fees	55,000	70,300	15,300	53,000
Fire district	253,000	274,655	21,655	215,192
Rescue services	-	-	-	25,000
Other permits and fees	5,800	12,184	6,384	9,252
Total	683,800	801,574	117,774	632,033
Sales and services:				
Rents, concessions and fees	547,400	589,828	42,428	603,212
Recreation fees	124,500	129,687	5,187	126,414
Total	671,900	719,515	47,615	729,626
Investment earnings:				
Investment income	40,400	63,189	22,789	25,932
Assessments	29,000	39,102	10,102	45,741

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, 2017
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2016

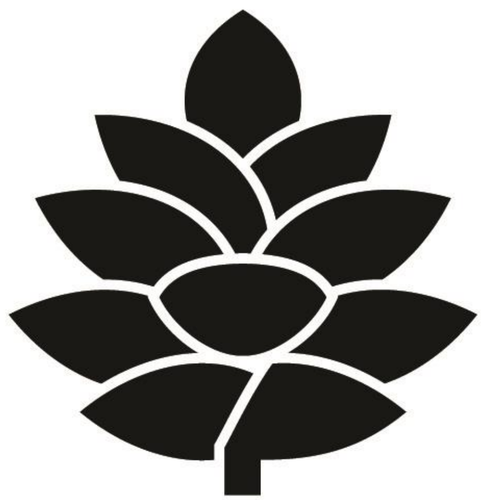
	2017			
	Final Budget	Actual	Variance Positive (Negative)	2016
Miscellaneous:				
ABC revenue	$ 113,320	$ 130,965	$ 17,645	$ 120,944
Recycling revenue	-	-	-	526
Donations	27,480	30,050	2,570	35,240
Other revenues	37,000	36,405	(595)	38,932
Total	177,800	197,420	19,620	195,642
Total revenues	17,316,800	17,901,755	584,955	17,173,271
Expenditures:				
General government:				
Governing body:				
Operating expenditures	209,400	120,834	88,566	166,703
Total	209,400	120,834	88,566	166,703
Administration:				
Operating expenditures	1,114,210	1,082,562	31,648	1,033,153
Capital outlay	58,279	21,174	37,105	23,584
Total	1,172,489	1,103,736	68,753	1,056,737
Financial services:				
Operating expenditures	612,640	579,712	32,928	610,051
Capital outlay	1,960	1,819	141	-
Total	614,600	581,531	33,069	610,051
Human resources:				
Operating expenditures	380,060	356,084	23,976	309,259
Capital outlay	2,450	2,274	176	-
Total	382,510	358,358	24,152	309,259
Total general government	2,378,999	2,164,459	214,540	2,142,750
Public safety:				
Police:				
Operating expenditures	2,952,174	2,724,664	227,510	2,564,223
Capital outlay	88,815	71,702	17,113	88,982
Total	3,040,989	2,796,366	244,623	2,653,205
Fire:				
Operating expenditures	2,788,874	2,526,763	262,111	2,484,032
Capital outlay	665,356	35,979	629,377	98,021
Total	3,454,230	2,562,742	891,488	2,582,053

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2017
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2016

	2017			
	Final Budget	Actual	Variance Positive (Negative)	2016
Inspections:				
Operating expenditures	$ 215,955	$ 205,001	$ 10,954	$ 185,192
Capital outlay	972	869	103	22,864
Total	216,927	205,870	11,057	208,056
Total public safety	6,712,146	5,564,978	1,147,168	5,443,314
Transportation:				
Public services administration:				
Operating expenditures	419,715	361,503	58,212	357,173
Capital outlay	429,905	423,476	6,429	285,093
Total	849,620	784,979	64,641	642,266
Streets and grounds:				
Operating expenditures	1,336,564	1,220,143	116,421	1,163,805
Capital outlay	465,469	457,611	7,858	272,213
Total	1,802,033	1,677,754	124,279	1,436,018
Powell Bill:				
Operating expenditures	900,300	813,982	86,318	646,835
Capital outlay	-	-	-	48,952
Total	900,300	813,982	86,318	695,787
Total transportation	3,551,953	3,276,715	275,238	2,774,071
Economic & physical development:				
Planning:				
Operating expenditures	642,150	557,734	84,416	527,678
Capital outlay	27,608	2,407	25,201	-
Total	669,758	560,141	109,617	527,678
Community development				
Operating expenditures	273,167	195,089	78,078	187,654
Capital outlay	10,915	9,365	1,550	159,234
Total	284,082	204,454	79,628	346,888
Total economic & physical development	953,840	764,595	189,245	874,566
Environmental protection:				
Solid waste:				
Operating expenditures	1,372,690	1,309,558	63,132	1,257,365
Capital outlay	4,172	3,342	830	319,633
Total	1,376,862	1,312,900	63,962	1,576,998
Total environmental protection	1,376,862	1,312,900	63,962	1,576,998

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, 2017
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2016

	2017			
	Final Budget	**Actual**	**Variance Positive (Negative)**	**2016**
Cultural and recreation:				
Recreation:				
Operating expenditures	$ 1,441,400	$ 1,367,212	$ 74,188	$ 1,240,069
Capital outlay	710,911	589,494	121,417	466,593
Total	2,152,311	1,956,706	195,605	1,706,662
Library:				
Operating expenditures	200,000	200,000	-	225,000
Harness Track:				
Operating expenditures	513,400	453,749	59,651	448,173
Capital outlay	282,881	223,108	59,773	162,403
Total	796,281	676,857	119,424	610,576
Fair Barn:				
Operating expenditures	335,570	266,441	69,129	262,099
Capital outlay	86,146	76,324	9,822	50,382
Total	421,716	342,765	78,951	312,481
Total cultural and recreation	3,570,308	3,176,328	393,980	2,854,719
Contingency:				
Operating expenditures	46,900	-	46,900	-
Debt service:				
Principal retirement	368,784	368,531	253	406,502
Interest and fees	43,938	43,717	221	57,721
Total	412,722	412,248	474	464,223
Total expenditures	19,003,730	16,672,223	2,331,507	16,130,641
Excess (deficiency) of revenues over (under) expenditures	(1,686,930)	1,229,532	2,916,462	1,042,630
Other Financing Sources:				
Sales of capital assets	60,000	78,226	18,226	57,612
Total other financing sources	60,000	78,226	18,226	57,612
Fund balance appropriated	1,626,930	-	(1,626,930)	-
Net change in fund balances	$ -	1,307,758	$ 1,307,758	1,100,242
Fund balances, beginning		9,325,344		8,225,102
Fund balances, ending		$ 10,633,102		$ 9,325,344



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 **Exhibit C-1**
Capital Assets Used in the Operation of Governmental Funds
Schedule by Source
June 30, 2017

	2017	2016
Governmental funds capital assets:		
Land	**$ 5,783,713**	$ 5,783,713
Right of ways	**182,520**	182,520
Buildings and improvements	**20,806,636**	19,769,525
Furniture, equipment, and vehicles	**8,998,194**	9,075,942
Infrastructure	**5,851,309**	5,537,554
Construction in progress	**165,209**	201,976
Total governmental funds capital assets	**$ 41,787,581**	$ 40,551,230
Investment in governmental funds capital assets by source:		
General Fund	**$ 38,959,766**	$ 37,723,415
Donations	**2,827,815**	2,827,815
Total governmental funds capital assets	**$ 41,787,581**	$ 40,551,230

Village of Pinehurst, North Carolina
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
June 30, 2017

Exhibit C-2

	Land	Right of Ways	Buildings	Improvements Other than Buildings	Furniture, Equipment & Vehicles	Infrastructure	Construction In Progress	Total
Function and Activity:								
General government								
Governing body	$ 3,302,525	$ -	$ -	$ -	$ -	$ -	$ -	$ 3,302,525
Administration	-	-	4,259,809	-	227,341	-	-	4,487,150
Financial services	-	-	-	-	135,258	-	-	135,258
Human resources	-	-	-	-	345,149	-	-	345,149
Information technology	-	-	-	28,388	21,300	-	-	49,688
Buildings and grounds	-	-	436,666	704,711	265,010	29,476	-	1,435,863
Fleet maintenance	25,170	-	81,456	-	185,610	-	-	292,236
	3,327,695	-	4,777,931	733,099	1,179,668	29,476	-	10,047,869
Public safety								
Police	-	-	2,696,434	-	1,141,502	-	-	3,837,936
Fire	161,074	-	3,306,268	-	2,303,186	-	-	5,770,528
Inspections	-	-	-	-	39,865	-	-	39,865
	161,074	-	6,002,702	-	3,484,553	-	-	9,648,329
Transportation								
Public services	78,321	-	1,066,271	-	136,762	-	-	1,281,354
Streets and grounds	-	182,520	5,118	1,031,122	1,457,048	4,503,189	-	7,178,997
Powell Bill	-	-	-	45,713	242,538	21,115	-	309,366
	78,321	182,520	1,071,389	1,076,835	1,836,348	4,524,304	-	8,769,717
Environmental protection								
Solid waste	-	-	-	-	1,440,661	-	-	1,440,661
	-	-	-	-	1,440,661	-	-	1,440,661
Cultural and recreation								
Recreation	760,373	-	284,857	2,819,476	307,997	1,028,643	-	5,201,346
Harness track	1,456,250	-	1,267,509	297,682	633,496	268,886	-	3,923,823
Fair barn	-	-	2,309,005	166,151	74,534	-	-	2,549,690
	2,216,623	-	3,861,371	3,283,309	1,016,027	1,297,529	-	11,674,859
Economic and Physical Development								
Planning	-	-	-	-	40,937	-	-	40,937
Construction in progress	-	-	-	-	-	-	165,209	165,209
	$ 5,783,713	$ 182,520	$ 15,713,393	$ 5,093,243	$ 8,998,194	$ 5,851,309	$ 165,209	$ 41,787,581

Village of Pinehurst, North Carolina — Exhibit C-3
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes By Function and Activity
For the Fiscal Year Ended June 30, 2017

	Capital Assets July 1, 2016	Additions	Deletions	Adjustments	Capital Assets June 30, 2017
Function and Activity					
General government					
Governing body	$ 3,348,346	$ -	$ -	$ (45,821)	$ 3,302,525
Administration	4,472,982	14,169	-	-	4,487,151
Financial services	135,259	-	-	-	135,259
Human resources	21,300	-	-	-	21,300
Information technology	301,013	86,098	(13,574)	-	373,537
Buildings and grounds maintenance	1,435,860	-	-	-	1,435,860
Fleet maintenance	307,488	6,870	(22,121)	-	292,237
	10,022,248	107,137	(35,695)	(45,821)	10,047,869
Public safety					
Police	3,892,874	41,244	(96,183)	-	3,837,935
Fire	5,838,375	10,870	(42,121)	(36,595)	5,770,529
Inspections	56,665	-	(16,800)	-	39,865
	9,787,914	52,114	(155,104)	(36,595)	9,648,329
Transportation					
Public services	661,148	391,721	-	228,484	1,281,353
Streets and grounds	6,843,494	319,019	(51,682)	68,167	7,178,998
Powell Bill	348,161	-	(15,698)	(23,097)	309,366
	7,852,803	710,740	(67,380)	273,554	8,769,717
Environmental protection					
Solid waste	1,812,092	-	(371,431)	-	1,440,661
Cultural and recreation					
Recreation	4,591,532	586,405	(13,267)	36,674	5,201,344
Harness track	3,755,820	222,056	(28,216)	(25,836)	3,923,824
Fair barn	2,474,408	75,283	-	-	2,549,691
	10,821,760	883,744	(41,483)	10,838	11,674,859
Economic and physical development					
Planning	52,437	-	(11,500)	-	40,937
Construction in progress	201,976	165,209	-	(201,976)	165,209
	$ 40,551,230	$ 1,918,944	$ (682,593)	$ -	$ 41,787,581

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, 2017

Exhibit D-1

Fiscal Year	Uncollected Balance July 1, 2016	Additions	Collections and Credits	Uncollected Balance June 30, 2017
2016-2017	$ -	$ 9,992,459	$ 9,983,263	$ 9,196
2015-2016	6,270	-	3,562	2,708
2014-2015	268	-	11	257
2013-2014	1,616	-	151	1,465
2012-2013	2,651	-	37	2,614
2011-2012	1,230	-	49	1,181
2010-2011	1,349	-	70	1,279
2009-2010	2,625	-	-	2,625
2008-2009	1,054	-	6	1,048
2007-2008	1,967	-	2	1,965
2006-2007	5,552	-	3,322	2,230
	$ 24,582	$ 9,992,459	$ 9,990,473	$ 26,568

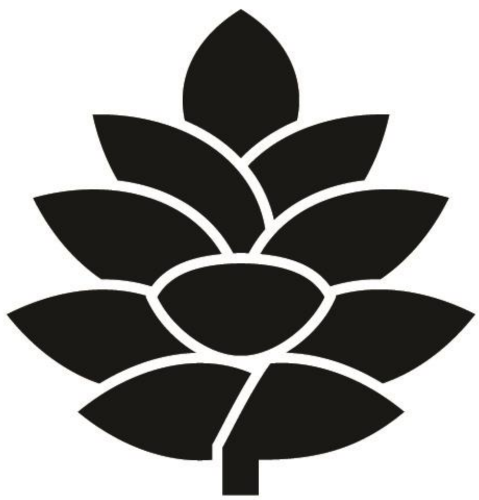
Reconciliation with revenues:

Ad valorem taxes - General Fund	$ 9,996,412
Reconciling items:	
Interest collected and refunds	(9,901)
Refunds/reliefs	3,962
	(5,939)
Total collections and credits	$ 9,990,473

Village of Pinehurst, North Carolina
Analysis of Current Tax Levy
For the Fiscal Year Ended June 30, 2017

Exhibit D-2

	General Fund			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate	$ 3,387,600,587	$ 0.295	$ 9,990,928	$ 9,381,449	$ 609,479
Penalties	-		1,364	1,364	-
Total	3,387,600,587		9,992,292	9,382,813	609,479
Discoveries:					
Current year taxes	611,364	$ 0.295	1,804	1,804	-
Penalties	-		115	115	-
Total	611,364		1,919	1,919	-
Abatements	(1,331,379)		(1,752)	(1,752)	-
Total property valuation	$ 3,386,880,572				
Net levy			9,992,459	9,382,980	609,479
Uncollected taxes at June 30			(9,196)	(9,196)	-
Current year's taxes collected			$ 9,983,263	$ 9,373,784	$ 609,479
Current levy collection percentage			99.91%	99.90%	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.

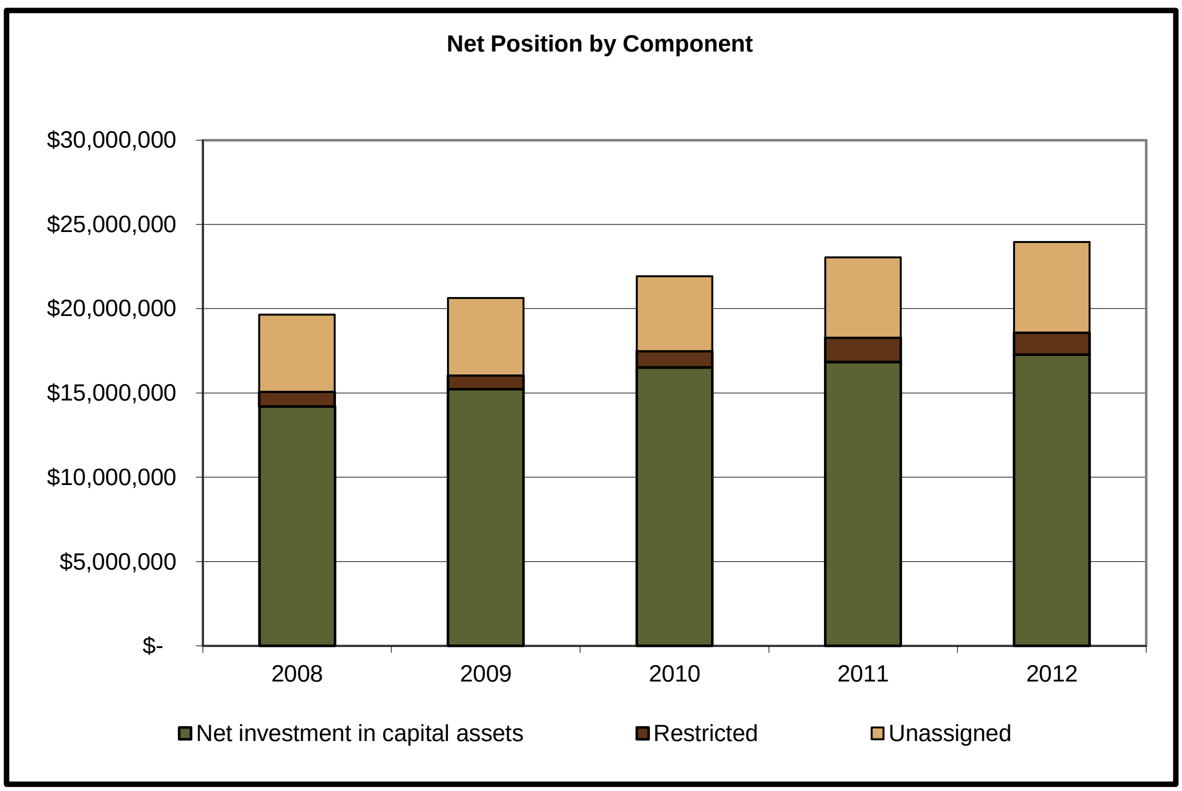
Demographic and Economic Information - These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

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.

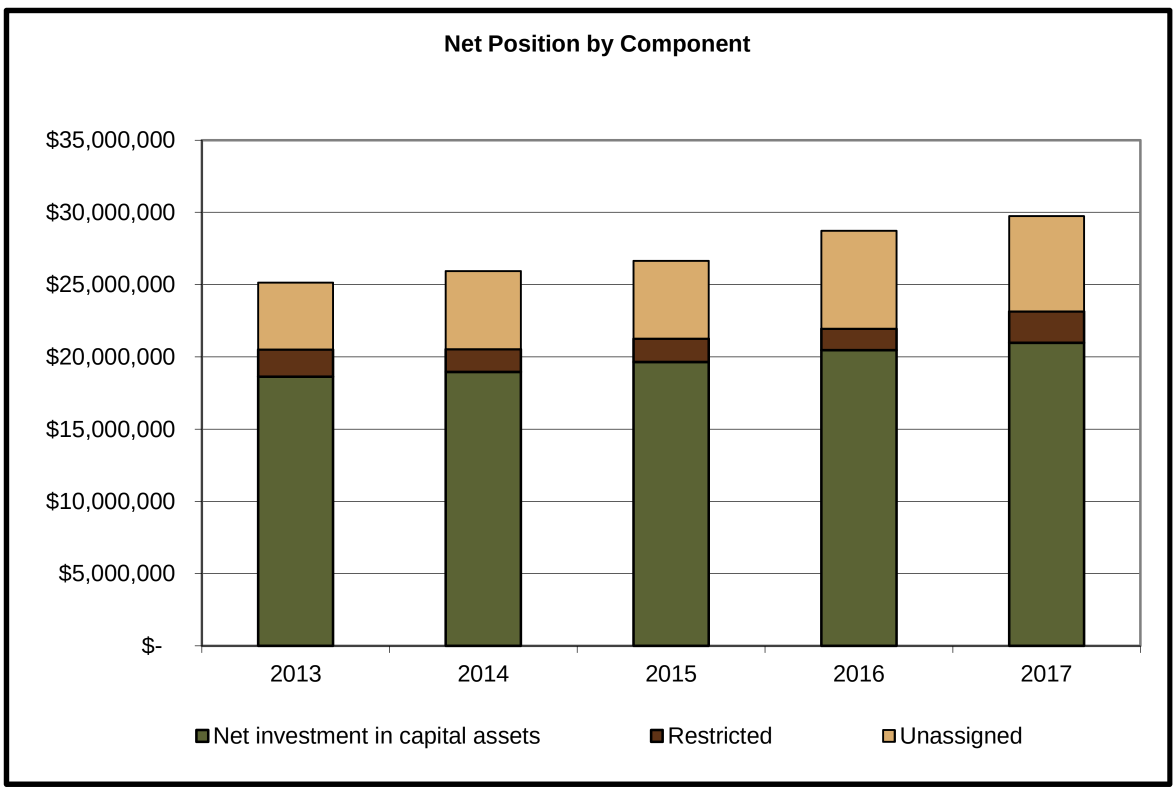
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year				
	2008	**2009**	**2010**	**2011**	**2012**
Governmental activities					
Net investment in capital assets	$ 14,194,908	$ 15,216,054	$ 16,520,624	$ 16,842,082	$ 17,271,349
Restricted for:					
Stabilization by state statute	866,501	814,222	940,483	1,422,691	1,291,963
Municipal Service District	12,710	12,116	13,070	14,084	14,354
Unrestricted	4,571,240	4,582,009	4,457,047	4,756,832	5,372,934
Total net position, previously reported	19,645,359	20,624,401	21,931,224	23,035,689	23,950,600
Retatement	-	-	-	-	-
Total governmental activities net position	$ 19,645,359	$ 20,624,401	$ 21,931,224	$ 23,035,689	$ 23,950,600



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

	Fiscal Year				
	2013	2014	2015	2016	2017
Governmental activities					
Net investment in capital assets	$ 18,615,943	$ 18,953,996	$ 19,648,800	$ 20,467,990	$ 20,980,863
Restricted for:					
Stabilization by state statute	1,882,835	1,568,981	1,601,410	1,474,901	2,165,724
Municipal Service District	-	-	-	-	-
Unrestricted	4,631,746	5,417,136	5,381,405	6,777,854	6,594,835
Total net position, previously reported	25,130,524	25,940,113	26,631,615	28,720,745	29,741,422
Retatement	-	-	-	(628,284)	-
Total governmental activities net position	$ 25,130,524	$ 25,940,113	$ 26,631,615	$ 28,092,461	$ 29,741,422



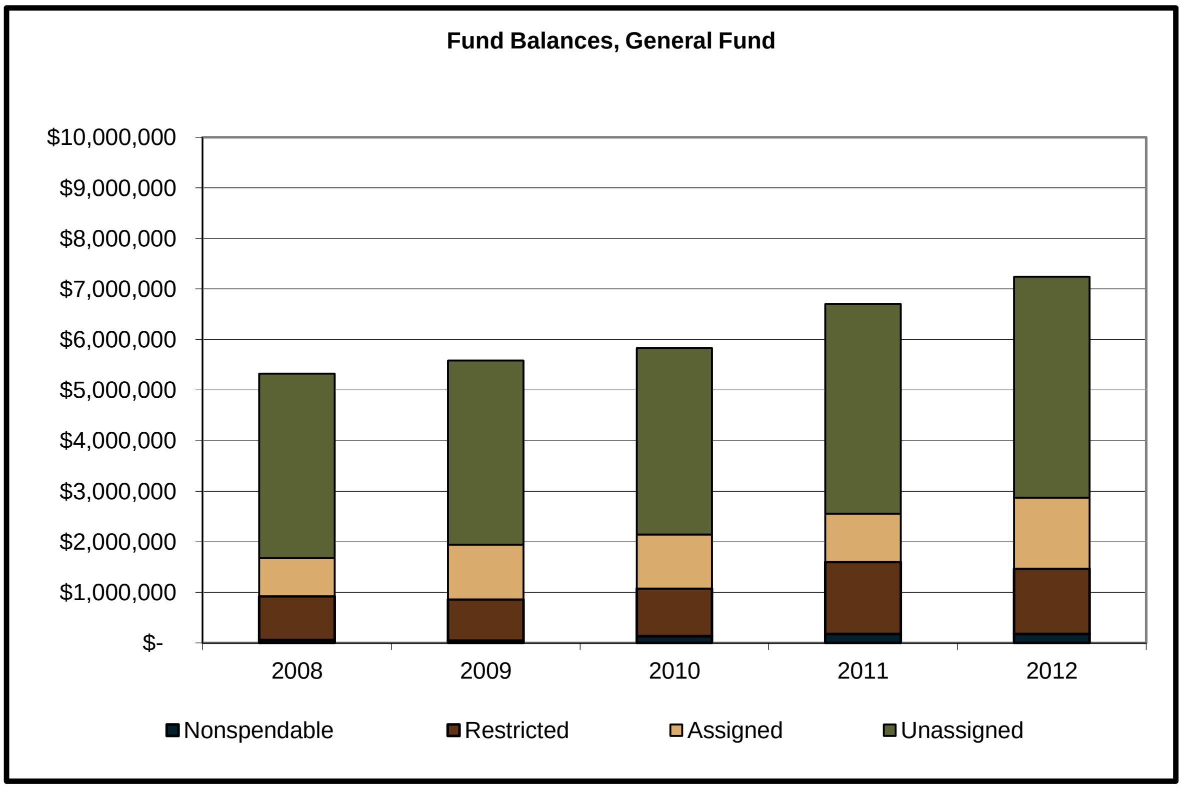
Village of Pinehurst, North Carolina
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year 2008	2009	2010	2011	2012
Expenses					
Governmental activities:					
General government	$ 2,018,433	$ 2,410,048	$ 2,103,062	$ 2,001,438	$ 2,144,319
Public safety	4,458,221	5,059,957	5,284,615	5,415,839	5,454,487
Transportation	1,988,590	1,954,325	1,672,394	2,460,277	2,511,804
Economic and physical development	1,016,135	1,119,970	1,209,264	1,422,329	1,250,263
Environmental protection	907,233	945,601	1,050,620	1,352,912	1,337,891
Cultural and recreation	1,248,525	1,443,256	1,854,910	1,795,985	1,919,013
Non-departmental	45,416	48,615	-	-	-
Interest on long-term debt	242,197	212,761	166,794	141,320	108,919
Total governmental activities expenses	$ 11,924,750	$ 13,194,533	$ 13,341,659	$ 14,590,100	$ 14,726,696
Program Revenues					
Governmental activities:					
Charges for services:					
General government	$ -	$ -	$ -	$ -	$ -
Public safety	910,283	905,229	842,700	398,609	422,878
Transportation	56,000	20,000	9,000	10,000	10,000
Economic and physical development	117,916	143,074	66,201	25,615	49,827
Cultural and recreation	408,097	399,999	468,469	497,313	510,856
Operating grants and contributions	610,570	670,345	513,020	957,837	827,939
Capital grants and contributions	262,397	44,592	1,099,183	-	-
Total governmental activities program revenue	$ 2,365,263	$ 2,183,239	$ 2,998,573	$ 1,889,374	$ 1,821,500
Total governmental activities net expense	$ (9,559,487)	$ (11,011,294)	$ (10,343,086)	$ (12,700,726)	$ (12,905,196)
General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes:					
Ad valorem taxes	$ 6,763,897	$ 7,782,933	$ 8,070,832	$ 9,615,930	$ 9,483,953
Franchise taxes	133,435	33,628	43,191	44,913	-
Golf cart licenses	-	-	-	-	1,740
Unrestricted intergovernmental	3,199,031	3,462,583	3,233,572	3,892,476	4,071,702
Investment earnings	321,606	284,129	35,001	23,665	27,125
Miscellaneous	414,034	174,266	267,313	228,207	235,587
Total governmental activities general revenue	$ 10,832,003	$ 11,737,539	$ 11,649,909	$ 13,805,191	$ 13,820,107
Change in Governmental Activities Net Position	$ 1,272,516	$ 726,245	$ 1,306,823	$ 1,104,465	$ 914,911

	Fiscal Year				
	2013	2014	2015	2016	2017
Expenses					
Governmental Activities:					
General government	$ 1,611,659	$ 2,168,794	$ 2,220,764	$ 2,501,748	$ 2,495,248
Public safety	5,582,355	5,803,531	5,653,753	5,684,375	6,070,685
Transportation	2,475,382	2,369,495	2,325,248	2,481,039	2,755,861
Economic and physical development	1,542,829	1,566,159	1,567,788	677,747	765,422
Environmental protection	1,275,525	1,402,623	1,526,924	1,399,842	1,453,148
Cultural and recreation	2,100,673	2,746,748	2,647,805	2,527,443	2,700,389
Non-departmental	-	-	-	-	-
Interest on long-term debt	88,541	82,192	69,243	54,120	40,296
Total governmental activities expenses	$ 14,676,964	$ 16,139,542	$ 16,011,525	$ 15,326,314	$ 16,281,049
Program Revenues					
Governmental Activities:					
Charges for services:					
General government	$ -	$ -	$ 35	$ 91	$ 1,763
Public safety	469,345	490,364	507,962	569,814	722,337
Transportation	10,500	19,000	17,000	-	-
Economic and physical development	57,745	39,567	51,363	59,368	83,562
Cultural and recreation	509,113	1,268,417	672,851	730,300	716,909
Operating grants and contributions	533,380	546,089	1,025,870	509,304	603,714
Capital grants and contributions	207,252	42,563	320,235	230,788	-
Total governmental activities program revenue	$ 1,787,335	$ 2,406,000	$ 2,595,316	$ 2,099,665	$ 2,128,285
Total governmental activities net expense	$ (12,889,629)	$ (13,733,542)	$ (13,416,209)	$ (13,226,649)	$ (14,152,764)
General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes:					
Ad valorem taxes	$ 9,567,944	$ 9,763,042	$ 9,785,054	$ 9,699,296	$ 9,998,398
Franchise taxes	-	-	-	-	-
Golf cart licenses	1,775	2,230	2,010	8,745	2,180
Unrestricted intergovernmental	4,162,616	4,271,703	4,979,172	5,328,610	5,478,926
Investment earnings	12,947	10,424	9,796	25,872	62,911
Miscellaneous	324,271	495,732	197,599	253,256	259,310
Total governmental activities general revenue	$ 14,069,553	$ 14,543,131	$ 14,973,631	$ 15,315,779	$ 15,801,725
Change in Governmental Activities Net Position	$ 1,179,924	$ 809,589	$ 1,557,422	$ 2,089,130	$ 1,648,961

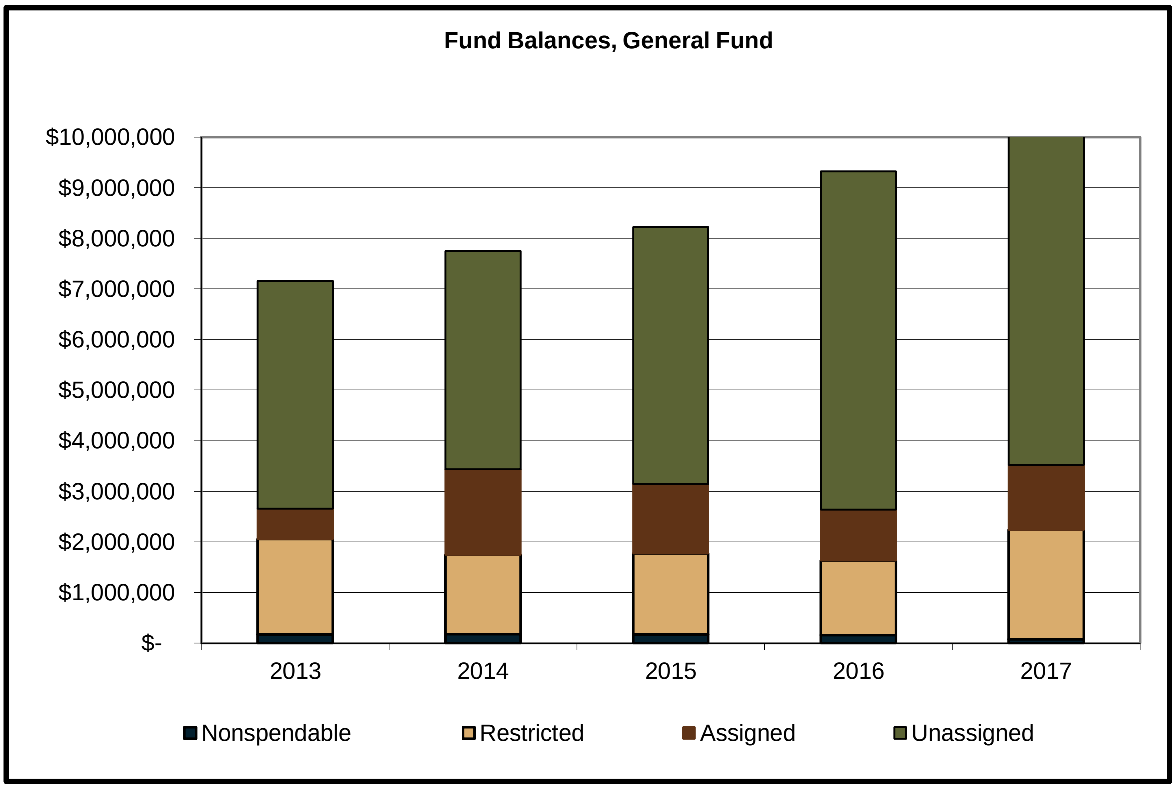
Fund Balances - Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year				
	2008	2009	2010	2011	2012
General Fund					
Nonspendable:					
Inventory	$ 43,860	$ 36,722	$ 36,180	$ 46,747	$ 48,745
Prepaid items	10,483	5,300	97,922	128,567	124,714
Restricted:					
Stabilization by state statute	866,501	814,222	940,483	1,422,691	1,291,963
Assigned:					
Subsequent year's expenditures	752,672	1,086,707	1,066,859	959,020	1,405,864
Unassigned	3,655,444	3,642,545	3,691,852	4,145,184	4,373,169
Total general fund	$ 5,328,960	$ 5,585,496	$ 5,833,296	$ 6,702,209	$ 7,244,455
All Other Governmental Funds					
Restricted:					
Municipal Service District	$ 12,710	$ 12,116	$ 13,070	$ 14,084	$ 14,354
Committed:					
Capital Project fund expenditures	267,441	187,063	49,632	34,549	24,982
Special Revenue fund expenditures	240,847	94,465	10,140	10,218	10,642
Total all other governmental funds	$ 520,998	$ 293,644	$ 72,842	$ 58,851	$ 49,978



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

	Fiscal Year				
	2013	2014	2015	2016	2017
General Fund					
Nonspendable:					
Inventory	$ 43,640	$ 44,071	$ 44,494	$ 39,799	$ 36,653
Prepaid items	127,308	130,586	124,296	118,979	35,236
Restricted:					
Stabilization by state statute	1,882,835	1,568,980	1,601,410	1,474,901	2,165,724
Assigned:					
Subsequent year's expenditures	601,175	1,687,710	1,375,639	1,001,685	1,284,513
Unassigned	4,506,790	4,317,497	5,079,263	6,689,980	7,110,976
Total general fund	7,161,748	7,748,844	8,225,102	9,325,344	10,633,102
All Other Governmental Funds					
Restricted:					
Municipal Service District	$ -	$ -	$ -	$ -	$ -
Committed:					
Capital Project fund expenditures	-	-	-	-	-
Special Revenue fund expenditures	10,755	2,894	-	-	-
Total all other governmental funds	$ 10,755	$ 2,894	$ -	$ -	$ -



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

	Fiscal Year				
	2008	2009	2010	2011	2012
Revenues					
Ad valorem taxes	$ 7,785,759	$ 7,909,217	$ 8,070,137	$ 9,609,611	$ 9,486,491
Other taxes and licenses	33,628	38,073	43,191	42,976	1,740
Unrestricted intergovernmental	3,462,583	3,367,519	3,233,572	3,894,413	4,071,702
Restricted intergovernmental	691,900	1,272,350	510,604	957,549	826,718
Permits and fees	1,071,151	1,059,147	914,383	446,838	480,999
Sales and services	400,419	453,201	468,903	497,714	501,690
Investment earnings	307,166	137,479	37,416	23,951	28,345
Assessments	56,236	38,699	15,619	34,648	25,460
Miscellaneous	131,172	165,488	170,051	167,838	221,513
Total revenues	13,940,014	14,441,173	13,463,876	15,675,538	15,644,658
Expenditures					
General government	2,165,676	1,827,508	1,863,768	1,840,989	1,933,779
Public safety	4,819,675	4,829,228	5,365,546	5,049,620	5,053,316
Transportation	1,930,191	1,727,241	1,580,763	2,382,430	2,558,524
Economic and physical development	1,216,009	1,891,282	1,271,268	1,472,447	1,455,559
Environmental protection	1,166,982	974,767	1,041,943	1,268,744	1,468,031
Cultural and recreation	1,360,286	1,802,697	1,706,863	1,781,382	1,809,654
Non-departmental	48,615	62,907	-	-	-
Debt service:					
Principal	796,762	808,993	836,473	891,764	748,878
Interest and other charges	221,947	191,418	173,226	150,635	116,592
Capital outlay	84,417	329,892	130,215	15,083	910
Total expenditures	13,810,560	14,445,933	13,970,065	14,853,094	15,145,243
Excess (deficiency) of revenues over (under) expenditures	129,454	(4,760)	(506,189)	822,444	499,415
Other Financing Sources (Uses)					
Transfers to other funds	(807,910)	(1,074,544)	(1,760,662)	(34,648)	(34,117)
Transfers from other funds	807,910	1,074,544	1,760,662	34,648	34,117
Sales of capital assets	19,402	33,942	33,187	32,478	33,958
Issuance of debt	-	-	500,000	-	-
Total other financing sources (uses)	19,402	33,942	533,187	32,478	33,958
Net change in fund balances	148,856	29,182	26,998	854,922	533,373
Fund balances, beginning	5,570,467	5,849,958	5,879,140	5,906,138	6,761,060
Prior period adjustment	130,635	-	-	-	-
Fund balances, beginning as restated	5,701,102	5,849,958	5,879,140	5,906,138	6,761,060
Fund balances, ending	$ 5,849,958	$ 5,879,140	$ 5,906,138	$ 6,761,060	$ 7,294,433
Debt service as a percentage of noncapital expenditures	8.0%	7.7%	7.9%	7.4%	6.2%

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)

	Fiscal Year				
	2013	2014	2015	2016	2017
Revenues					
Ad valorem taxes	$ 9,561,126	$ 9,771,682	$ 9,792,365	$ 9,697,697	$ 9,996,412
Other taxes and licenses	1,775	2,230	2,010	8,745	2,180
Unrestricted intergovernmental	4,162,616	4,271,703	4,979,172	5,328,610	5,478,926
Restricted intergovernmental	532,860	548,073	1,069,055	509,245	603,437
Permits and fees	535,247	1,252,453	578,554	632,033	801,574
Sales and services	517,744	564,975	629,899	729,626	719,515
Investment earnings	13,468	10,714	9,836	25,932	63,189
Assessments	12,412	11,791	20,116	45,741	39,102
Miscellaneous	265,399	266,641	182,310	195,642	197,420
Total revenues	15,602,647	16,700,262	17,263,317	17,173,271	17,901,755
Expenditures					
General government	2,106,278	2,196,930	2,133,743	2,142,750	2,164,459
Public safety	5,197,380	5,856,007	5,543,484	5,443,314	5,564,978
Transportation	2,178,585	2,792,152	2,789,063	2,774,071	3,276,715
Economic and physical development	2,160,239	1,454,418	1,624,275	874,566	764,595
Environmental protection	1,350,737	1,456,374	1,586,800	1,576,998	1,312,900
Cultural and recreation	2,280,905	2,694,676	2,633,384	2,854,719	3,176,328
Non-departmental	-	-	-	-	-
Debt service:					
Principal	478,298	378,829	420,917	406,502	368,531
Interest and other charges	91,151	83,098	73,615	57,721	43,717
Capital outlay	-	-	-	-	-
Total expenditures	15,843,573	16,912,484	16,805,281	16,130,641	16,672,223
Excess (deficiency) of revenues over (under) expenditures	(240,926)	(212,222)	458,036	1,042,630	1,229,532
Other Financing Sources (Uses)					
Transfers to other funds	(52,380)	(7,933)	(2,897)	-	-
Transfers from other funds	52,380	7,933	2,897	-	-
Sales of capital assets	59,493	241,457	15,328	57,612	78,226
Issuance of debt	59,503	550,000	-	-	-
Total other financing sources (uses)	118,996	791,457	15,328	57,612	78,226
Net change in fund balances	(121,930)	579,235	473,364	1,100,242	1,307,758
Fund balances, beginning	7,294,433	7,172,503	7,751,738	8,225,102	9,325,344
Prior period adjustment	-	-	-	-	-
Fund balances, beginning as restated	7,294,433	7,172,503	7,751,738	8,225,102	9,325,344
Fund balances, ending	$ 7,172,503	$ 7,751,738	$ 8,225,102	$ 9,325,344	$ 10,633,102
Debt service as a percentage of noncapital expenditures	4.3%	3.1%	3.2%	3.3%	2.8%

Notes:

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

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

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
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
2017	2016	3,397,612,017	375,641,253	19,308,922	405,681,620	3,386,880,572	0.295	3,380,120,331

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 **Schedule 6**
Direct and Overlapping Property Tax Rates
Last Ten Years
(Rates are Per $100 of Assessed Value)

		Direct Rates	Overlapping Rates	
Fiscal Year	Tax Year	Total Direct Rate	Village of Pinehurst Municipal Service District	Moore County (1)
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
2017	2016	0.295	-	0.495

Sources:
(1) Moore County Tax Department

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

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

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

Schedule 7

	2017		2008	
Taxpayer	Taxable Assessed Value	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Percentage of Total Taxable Assessed Value
Pinehurst LLC	$ 168,670,273	4.98%	$ 164,043,190	5.91%
Pinehurst Surgical Clinic	25,473,350	0.75%	25,323,092	0.91%
Pinehurst Medical	24,510,010	0.72%	19,784,083	0.71%
Country Club of North Carolina	17,324,070	0.51%	25,760,090	0.93%
Duke Energy Progress, Inc.	12,772,101	0.38%	11,187,561	0.40%
Pinewild Project Limited PTNS	10,074,130	0.30%	-	-
Quail Haven Properties of Pinehurst, LLC	10,020,530	0.30%	9,142,025	0.33%
MTMM Associates (Carolina Eye Assoc.)	8,888,030	0.26%	9,294,593	0.33%
Pinehurst Nursing Center	5,643,817	0.17%	-	-
SCOP (Surgery Center of Pinehurst)	5,622,480	0.17%	-	-
Francis Maser	-	-	7,859,330	0.28%
Branch Banking and Trust Co.	-	-	5,449,226	0.20%
Carolina Telephone and Telegraph	-	-	4,730,464	0.17%
Total	$ 288,998,791	8.53%	$ 282,573,654	10.17%

Sources:
Moore County Tax Department

Notes:
FY2017 and FY2008 data are for tax years 2016 and 2007 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

			Collected within the Fiscal Year of the Levy			Total Collections to Date	
Fiscal Year	Tax year	Taxes Levied for the Fiscal Year (1)	Amount	Percentage of Levy	Collections in Subsequent Years	Amount	Percentage of Levy (1)
2008	2007	7,793,643	7,769,586	99.69%	11,046	7,780,632	99.83%
2009	2008	7,913,998	7,889,733	99.69%	11,609	7,901,342	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%	12,940	9,601,045	99.95%
2012	2011	9,477,624	9,463,405	99.85%	13,038	9,476,443	99.99%
2013	2012	9,558,275	9,538,561	99.79%	17,100	9,555,661	99.97%
2014	2013	9,756,980	9,748,024	99.91%	7,491	9,755,515	99.98%
2015	2014	9,774,886	9,772,350	99.97%	2,279	9,774,629	100.00%
2016	2015	9,692,375	9,686,105	99.94%	3,562	9,689,667	99.97%
2017	2016	9,992,459	9,983,263	99.91%	-	9,983,263	99.91%

Sources:
Moore County Tax Department

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

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Calendar Year	Governmental Activities Installment Financing (1)	Percentage of Personal Income (2)	Per Capita (2)
2008	2007	$ 5,296,474	0.96%	$ 468
2009	2008	4,487,481	0.76%	386
2010	2009	4,151,008	0.62%	313
2011	2010	3,259,244	0.75%	240
2012	2011	2,510,366	0.48%	170
2013	2012	2,091,572	0.34%	140
2014	2013	2,262,742	0.35%	149
2015	2014	1,841,825	0.26%	119
2016	2015	1,435,323	0.18%	91
2017	2016	1,066,792	0.13%	66

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.

Direct and Overlapping Governmental Activities Debt
As of June 30, 2017

Governmental Unit		Debt Outstanding	Estimated Percentage Applicable (2)		Estimated Share of Direct and Overlapping Debt
Moore County (1)					
Debt repaid with property taxes:					
Moore County general obligation debt	$	46,535,000	27.94%	$	13,001,300
Other debt:					
Moore County LOB		19,374,000	27.94%		5,412,854
Capital lease		277,977	27.94%		77,663
Moore County installment loans		413,243	27.94%		115,455
Subtotal, overlapping debt					18,607,272
Village of Pinehurst direct debt					1,066,792
Total direct and overlapping debt				$	19,674,064

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, 2016 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
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%
2017	270,950,446	1,066,792	269,883,654	99.61%

Legal debt margin calculation for Fiscal Year 2017

Assessed valuation	$ 3,386,880,572	
	x 0.08	
Debt limit - 8.0% of assessed value		$ 270,950,446
Gross debt:		
Installment purchase agreements	1,066,792	
Total gross debt	1,066,792	
Total amount of debt applicable to debt limit (net debt)		1,066,792
Legal debt margin		**$ 269,883,654**

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

Fiscal Year	Calendar Year	Population (1)	Personal Income	Per Capita Income (2)	Median Age (2)	Unemployment Rate (3)
2008	2007	11,316	$ 554,303,016	$ 48,984	60.4	4.5%
2009	2008	11,632	591,718,568	50,870	60.4	6.2%
2010	2009	13,277	673,103,180	50,697	60.4	10.3%
2011	2010	13,601	434,198,324	31,924	58.4	9.5%
2012	2011	14,783	526,777,422	35,634	58.4	8.9%
2013	2012	14,979	608,671,665	40,635	60.6	8.6%
2014	2013	15,150	650,586,450	42,943	60.9	6.3%
2015	2014	15,525	708,033,150	45,606	60.8	5.4%
2016	2015	15,763	778,093,206	49,362	61.1	5.1%
2017	2016	16,123	798,136,869	49,503	61.4	4.1%

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

Employer	2017 Employees	2017 Percentage of Total Employment	2008 Employees	2008 Percentage of Total Employment
First Health of the Carolinas (1)	3,610	63.47%	2,615	58.06%
Pinehurst, LLC (2)	1,298	22.82%	1,229	27.29%
Total		86.29%		85.35%

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:

2017 employment is based on calendar year 2016.

GASB 44 requires comparative data for the current calendar year and nine years prior. 2010 adjusted Census Data was used for 2008 and 2017 to estimate the percentage of total employment.

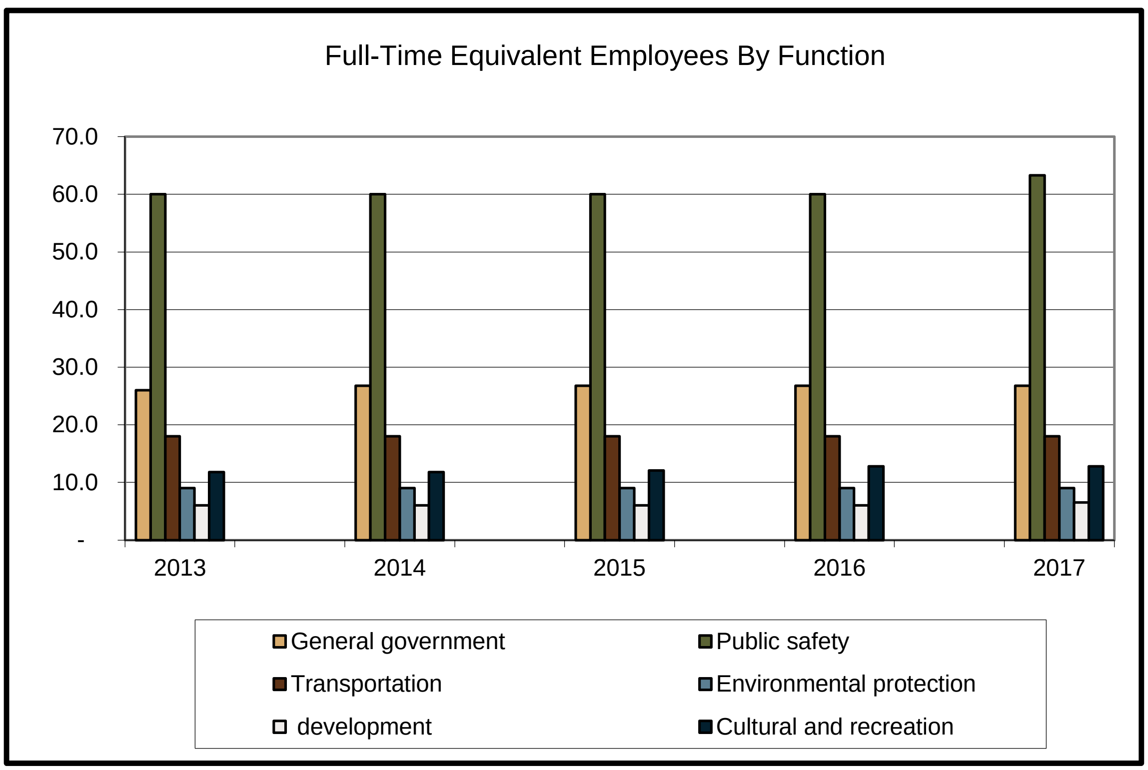
Village of Pinehurst, North Carolina
Full-time Equivalent Employees by Function
Last Ten Fiscal Years

Schedule 14

	Full-time Equivalent Employees as of June 30									
Function	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
General government	23.5	25.0	24.5	24.5	24.5	26.0	26.8	26.8	26.8	26.8
Public safety	63.2	63.2	61.0	60.0	60.0	60.0	60.0	60.0	60.0	63.3
Transportation	16.0	18.0	16.0	17.0	18.0	18.0	18.0	18.0	18.0	18.0
Environmental protection	8.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0
Economic and physical development	9.0	9.0	8.5	7.5	6.5	6.0	6.0	6.0	6.0	6.5
Cultural and recreation	10.2	11.2	12.0	11.1	10.8	11.8	11.8	12.1	12.8	12.8
Total	129.9	135.4	131.0	129.1	128.8	130.8	131.6	131.9	132.6	136.4

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.



	Fiscal Year				
	2008	2009	2010	2011	2012
Function					
General Government					
Financial services:					
Purchase orders issued	225	260	280	295	269
Vendor checks issued	2,448	2,333	2,471	2,444	2,365
Vendor EFTs issued	-	-	-	-	401
Human resources:					
Workers' compensation lost time (days)	12	446	32	425	33
Employee turnover rate	7.8%	7.9%	9.2%	8.5%	10.7%
Fleet maintenance:					
Tires changed	311	216	116	188	200
10-point service performed	233	208	194	288	228
Public Safety					
Fire protection:					
Public fire & life safety classes	167	159	170	176	191
Incident calls	843	855	884	1,031	865
Structure fires	63	44	55	58	35
Inspections	732	620	423	784	1,174
Child passenger seat inspections	396	173	222	228	120
Police protection:					
Physical arrests	585	444	445	233	165
Citations issued	3,891	3,993	2,970	3,053	1,908
Response to calls/officer initiated activity	13,513	13,640	14,495	14,362	13,364
Traffic accidents	500	474	418	476	414
Inspections:					
Building inspections conducted	7,683	5,409	4,281	4,370	3,832
Certificates of occupancy issued	169	181	156	197	48
Transportation					
Street resurfacing (miles)	5.6	4.8	3.2	6.4	4.5
Environmental Protection					
Refuse collected (tons annually)	4,094	3,948	3,849	4,124	3,808
Homes receiving service	6,782	6,862	7,686	7,736	7,812
Recyclables collected (tons annually)	943	966	1,473	1,734	1,807
Economic and Physical Development					
Building permits issued	359	278	259	239	287
Code compliance investigations	690	624	475	501	577
Cultural and Recreation					
Recreation:					
Program participants	830	939	1,065	1,739	1,748
Athletics participants	1,982	2,323	2,287	2,296	1,934
Harness track:					
Standardbred stalls leased	220	281	251	276	259
Facilities reserved (days)	30	20	30	32	32
Fair barn:					
Events	84	80	88	113	113
Rental days	95	98	96	120	113

Sources:
Various Village departments

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

	Fiscal Year				
	2013	**2014**	**2015**	**2016**	**2017**
Function					
General Government					
Financial services:					
Purchase orders issued	299	338	297	323	384
Vendor checks issued	1,840	1,641	1,509	1,490	1,377
Vendor EFTs issued	620	998	1,009	1,070	1,071
Human resources:					
Workers' compensation lost time (days)	74	144	39	8	8
Employee turnover rate	11.4%	7.9%	14.3%	12.6%	13.1%
Fleet maintenance:					
Tires changed	205	204	186	184	188
10-point service performed	220	200	112	110	288
Public Safety					
Fire protection:					
Public fire & life safety classes	254	307	342	438	563
Incident calls	982	993	1,052	1,245	1,754
Structure fires	43	28	14	4	10
Inspections (1)	950	1,898	756	184	186
Child passenger seat inspections	182	170	170	183	136
Police protection:					
Physical arrests	184	239	575	651	739
Citations issued	1,208	2,082	1,757	2,603	2,750
Response to calls/officer initiated activity	10,901	13,041	11,742	14,923	16,613
Traffic accidents	447	422	433	635	654
Inspections:					
Building inspections conducted (1)	4,608	7,540	5,469	5,656	6,633
Certificates of occupancy issued	68	79	116	91	130
Transportation					
Street resurfacing (miles)	3.6	5.0	4.5	2.1	3.1
Environmental Protection					
Refuse collected (tons annually)	3,856	3,988	3,973	4,106	4,062
Homes receiving service	7,877	7,955	8,107	8,196	8,326
Recyclables collected (tons annually)	1,913	2,025	2,115	1,935	2,060
Economic and Physical Development					
Building permits issued	275	313	289	315	347
Code compliance investigations	596	522	639	774	1,251
Cultural and Recreation					
Recreation:					
Program participants	1,591	1,807	1,986	2,634	2,950
Athletics participants	1,838	1,442	1,736	1,699	1,922
Harness track:					
Standardbred stalls leased	223	240	236	256	252
Facilities reserved (days)	103	125	38	52	40
Fair barn:					
Events	102	122	133	112	121
Rental days	112	199	205	177	159

Sources:
Various Village departments

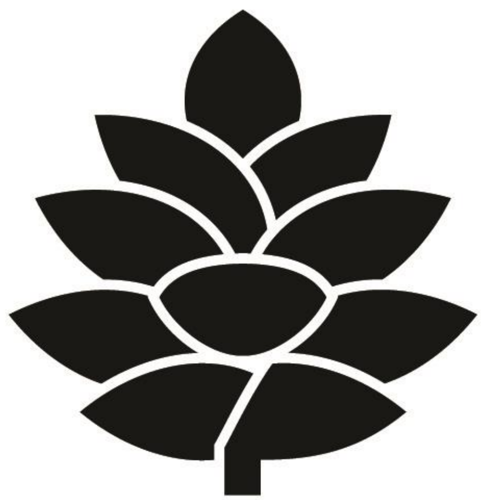
Notes:
(1) Fiscal Year 2014 includes inspections conducted for the USGA at the US Open Championship venue

	Fiscal Year				
	2008	**2009**	**2010**	**2011**	**2012**
Function					
Public safety					
Fire protection					
Stations	2	2	2	2	2
Fire trucks	7	5	6	6	6
Police protection					
Stations	1	1	1	1	1
Police vehicles	20	20	20	21	22
Transportation					
Miles of streets	104.65	104.65	105.57	105.57	105.57
Maintenance vehicles	20	22	22	23	25
Sidewalks, greenways and bike paths (lf)	24,138	34,698	45,258	45,258	47,898
Environmental protection					
Refuse collection trucks	21	20	17	17	15
Economic and physical development					
Storm water drainage areas	7	10	16	29	38
Cultural and recreation					
Number of parks	4	4	4	4	4
Park acreage	294	294	294	294	294
Greenway trails (miles)	5.0	5.8	5.8	6.3	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

	Fiscal Year				
	2013	**2014**	**2015**	**2016**	**2017**
Function					
Public safety					
Fire protection:					
Stations	2	2	2	2	2
Fire trucks	6	7	6	6	6
Police protection:					
Stations	1	1	1	1	1
Police vehicles	23	24	26	29	26
Transportation					
Miles of streets	105.90	105.66	106.08	106.35	106.35
Maintenance vehicles	24	25	25	23	25
Sidewalks, greenways and bike paths (lf)	49,482	68,313	68,653	71,663	79,272
Environmental protection					
Refuse collection trucks	15	15	16	17	13
Economic and physical development					
Storm water drainage areas	48	57	66	80	84
Cultural and recreation					
Number of parks	4	5	5	5	5
Park acreage	294	294	294	294	294
Greenway trails (miles)	6.8	6.8	6.8	7.1	7.6
Playgrounds	3	3	3	3	3
Baseball/softball diamonds	2	2	2	2	2
Soccer fields	2	2	2	2	2

Sources:
Various Village departments



Compliance Section

This section contains the reports and schedules listed below.

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*

Report on Compliance for the Major State Program and on Internal Control over Compliance Required by the Uniform Guidance and State Single Audit Implementation Act

Schedule of Findings and Questioned Costs

Schedule of Expenditures of Federal and State Awards

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Village of Pinehurst, North Carolina ("Village"), as of and for the year ended June 30, 2017, 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 22, 2017.

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.

DIXON HUGHES GOODMAN LLP

Compliance and Other Matters

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

Purpose of this Report

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

Dixon Hughes Goodman LLP

High Point, North Carolina
September 22, 2017

DIXON HUGHES GOODMAN LLP

Independent Auditors' Report on Compliance for the Major State Program and on Internal Control over Compliance Required by the Uniform Guidance and State Single Audit Implementation Act

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

Report on Compliance for the Major State Program

We have audited Village of Pinehurst, North Carolina's compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on its major state program for the year ended June 30, 2017. The Village of Pinehurst's major state program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state program.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance of the Village of Pinehurst's major state program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) as described in the Audit Manual for Governmental Auditors in North Carolina and the State Single Audit Implementation Act. Those standards, applicable sections of the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Village of Pinehurst's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major state program. However, our audit does not provide a legal determination on the Village of Pinehurst's compliance.

Opinion on the Major State Program

In our opinion, the Village of Pinehurst complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major state program for the year ended June 30, 2017.

Report on Internal Control over Compliance

Management of the Village of Pinehurst is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Village of Pinehurst's internal control over compliance with the types of requirements that could have a direct and material effect on a major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the major state program and to test and report on internal control over compliance in accordance with applicable sections of the Uniform Guidance and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Village of Pinehurst's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on applicable sections of Uniform Guidance and the State Single Audit Implementation Act. Accordingly, this report is not suitable for any other purpose.

Dixon Hughes Goodman LLP

High Point, North Carolina
September 22, 2017

Schedule of Findings and Questioned Costs

I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP	Unmodified			
Internal control over financial reporting:				
• Material weaknesses identified?	_______	Yes	X	No
• Significant deficiencies identified that are not considered to be material weaknesses	_______	Yes	X	None reported
Noncompliance material to financial statements noted?	_______	Yes	X	No

State Awards

Internal control over major state programs:				
• Material weaknesses identified?	_______	Yes	X	No
• Significant deficiencies identified that are not considered to be material weaknesses	_______	Yes	X	None reported
• Noncompliance material to state award	_______	Yes	X	No
Type of auditors' report issued on compliance for major state program:	Unmodified			
Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act?	_______	Yes	X	No
Identification of major state program:	Powell Bill			

II. Financial Statement Findings

There were no findings related to the financial statements for the fiscal year ended June 30, 2017.

III. State Awards Findings and Questioned Costs

There were no findings related to state awards for the fiscal year ended June 30, 2017.

IV. Prior Year Audit Findings

There were no prior year audit findings.

Village of Pinehurst, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2017

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal Expenditures	State Expenditures	Local Expenditures
Federal Awards					
U.S. Department of Homeland Security					
Passed through N.C. Department of Public Safety - Emergency Management Federal Emergency Management Administration					
Disaster Grants - Public Assistance	97.036	4285-DR-NC	$ 69,844	$ 23,281	$ -
U.S. Department of Justice					
Bullet Proof Vest Partnership Program	16.607	Direct	2,831	-	2,831
Total Federal Awards			72,675	23,281	2,831
State Awards					
N.C. Department of Transportation					
Powell Bill			-	495,621	-
Total State Awards			-	495,621	-
Total Federal and State Awards			$ 72,675	$ 518,902	$ 2,831

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

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of the Village of Pinehurst under the programs of the federal government and the State of North Carolina for the year ended June 30, 2017. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the only changes in net position, or cash flows of the Village. a selected portion of the operations of the Village, it is not intended to and does not present the financial position, Schedule presents.

Note 2: Summary of Significant Accounting Policies

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

Report to the Honorable Mayor and Members of the Village Council

Village of Pinehurst, North Carolina

June 30, 2017

DIXON HUGHES GOODMAN LLP

DIXON HUGHES GOODMAN LLP

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Chris.Olson@dhgllp.com

DIXON HUGHES GOODMAN LLP

Communication with Those Charged with Governance

September 22, 2017

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, 2017, and have issued our report thereon dated September 22, 2017. 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 22, 2017. 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.

During 2017, the Village adopted Governmental Accounting Standards Board (GASB) Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68 and Amendments to Certain Provisions of GASB Statements 67 and 68*. These standards change the financial reporting requirements for pension plans and participant employers in certain defined benefit pension plans. The most significant change resulting from this standard is the Village will now record their proportionate share of the Law Enforcement Officers' Special Separation Allowance pension plan's net pension asset or liability in their financial statements. The information necessary for full retrospective application was not available, so the accounting change was implemented in 2017 with a cumulative effect adjustment to net position as of the beginning of the year. As a result, net position for the governmental activities decreased $628,284.

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

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

> Management's 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.

DHG
DIXON HUGHES GOODMAN LLP

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

Difficulties Encountered in Performing the Audit
We encountered no significant difficulties in dealing with management in performing and completing our audit.

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

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

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

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

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

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

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

Sincerely,

Dixon Hughes Goodman LLP

High Point, North Carolina

DIXON HUGHES GOODMAN LLP

Appendix

Management Representation Letter

September 22, 2017

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, 2017 and the respective changes in financial position for the year then ended, and the related notes to the financial statements, for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

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

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

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated February 1, 2017 for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.

2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.

3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

5. The following have been properly accounted for and disclosed in the financial statements:
   a. Related-party relationships and transactions, including sales, purchases, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties
   b. Guarantees, whether written or oral, under which the Village is contingently liable
   c. Other liabilities or gain or loss contingencies

6. Significant estimates that may be subject to a material change in the near term have been properly disclosed in the financial statements. We understand that "near term" means the period within one year of the date of the financial statements. In addition, we have no knowledge of concentrations existing at the date of the financial statements that make the Village vulnerable to the risk of severe impact that have not been properly disclosed in the financial statements.

7. Significant assumptions we used in making accounting estimates, including estimates of fair value, are reasonable.

8. There are no uncorrected misstatements or omitted disclosures.

9. We represent to you the following for the Village's fair value measurements and disclosures:
   a. The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
   b. The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
   c. The disclosures related to fair values are complete, adequate, and in conformity with U.S. GAAP.
   d. There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.

10. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements, and we have not consulted with Satisky & Silverstein, LLP and Van Camp, Meacham & Newman, PLLC since their effective dates of their responses to you.

11. Guarantees, whether written or oral, under which the Village is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

12. We have provided you with:
    a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
    b. Additional information that you have requested from us for the purpose of the audit.
    c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

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

14. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

15. We have no knowledge of any fraud or suspected fraud affecting the Village involving:
    a. Management.
    b. Employees who have significant roles in internal control.
    c. Others where the fraud could have a material effect on the financial statements.

16. We have no knowledge of any allegations of fraud or suspected fraud affecting the Village's financial statements received in communications from employees, former employees, analysts, regulators, short sellers, or others.

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

18. We have disclosed to you all known instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing the financial statements.

19. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

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

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

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

23. In regards to the assistance in preparation of the Village's basic financial statements and uploading the audited financial statements and compliance reports on the North Carolina State Treasurer's website, we have:
    a. Assumed all management responsibilities.
    b. Overseen the service, by designating an individual, within senior management, who 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.

48. With respect to the implementation of GASB Statement No. 73:

    a. We have reported all eligible employees to the Law Enforcement Officers' Special Separation Allowance ("LEOSSA") via the Online Retirement Benefits Integrated Technology ("ORBIT") System.

    b. The census data for all eligible employees reported to LEOSSA via ORBIT is complete an accurate as of December 31, 2016 (the measurement date for the net pension liability reported at June 30, 2017).

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

    d. We are in agreement with the Village's proportionate share of net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense as determined by the "GASB 73 Implementation Year Journal Entry Template" posted on the North Carolina Department of State Treasurer's website.

49. With respect to federal and state award programs:

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

    b. We acknowledge our responsibility for presenting the Schedule of Expenditures of Federal and State Awards ("SEFSA") in accordance with the requirements of the Uniform Guidance and the State Single Audit Implementation Act, and we believe the SEFSA, including its form and content, is fairly presented in accordance with the Uniform Guidance and the State Single Audit Implementation Act. The methods of measurement or presentation of the SEFSA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SEFSA.

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

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

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

f. We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance requirements applicable to federal and state programs that provides reasonable assurance that we are managing our federal and state awards in compliance with laws, regulations, and the provisions of contracts and grant agreements that could have a material effect on our federal and state programs. We believe the internal control system is adequate and is functioning as intended.

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

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

i. We have complied with the direct and material compliance requirements (except for noncompliance disclosed to you, if any), including when applicable, those set forth in the *OMB Compliance Supplement* relating to federal and state awards and have identified and disclosed to you all amounts questioned and all known noncompliance with the requirements of federal and state awards.

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

k. We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.

l. Amounts claimed or used for matching were determined in accordance with relevant guidelines in *OMB's Uniform Guidance (2 CFR part 200, subpart E)* and the State Single Audit Implementation Act.

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

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

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

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

q. No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies in internal control over compliance (including material weaknesses in internal control over compliance), have occurred subsequent to the date as of which compliance was audited.

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

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

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

u. We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance and the State Single Audit Implementation Act and we have provided you with all information on the status of the follow-up on prior audit findings by federal and state awarding agencies and pass-through entities, including all management decisions.

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

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

Financial Condition Assessment

Village of Pinehurst

FY 2017

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 2017 results to our peer's FY 2016 results (latest data available)

Benchmark Group

- Pinehurst – pop. 16,123
  - Moore County
- Cornelius – pop. 28,515
  - Mecklenburg County
- Davidson – pop. 12,452
  - Mecklenburg County
- Holly Springs – pop. 31,391
  - Wake County
- Southern Pines - pop. 13,461
  - Moore County

Financial Condition Assessment

- Resource Flow
  - Total Margin
  - Financial Performance
  - Self-Sufficiency
  - Resource Obligation
- Resource Stock
  - Liquidity
  - Solvency
  - Leverage
  - Capital

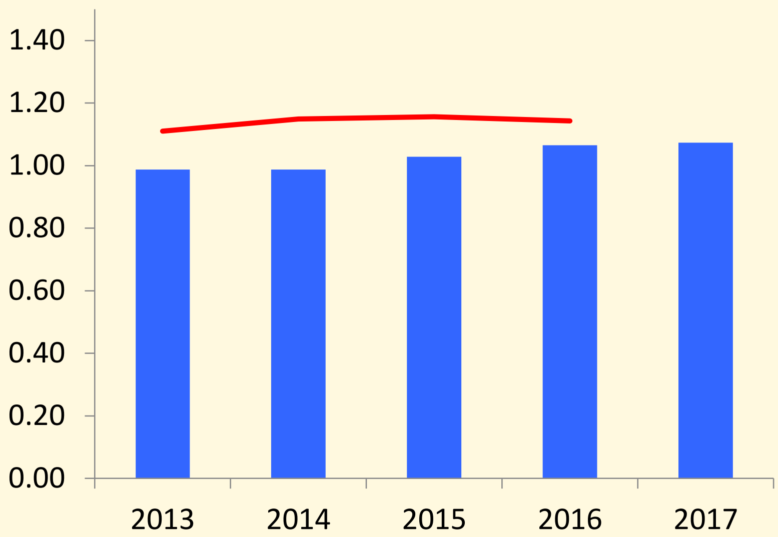
Financial Condition Assessment

Resource Flow

Total Margin Ratio

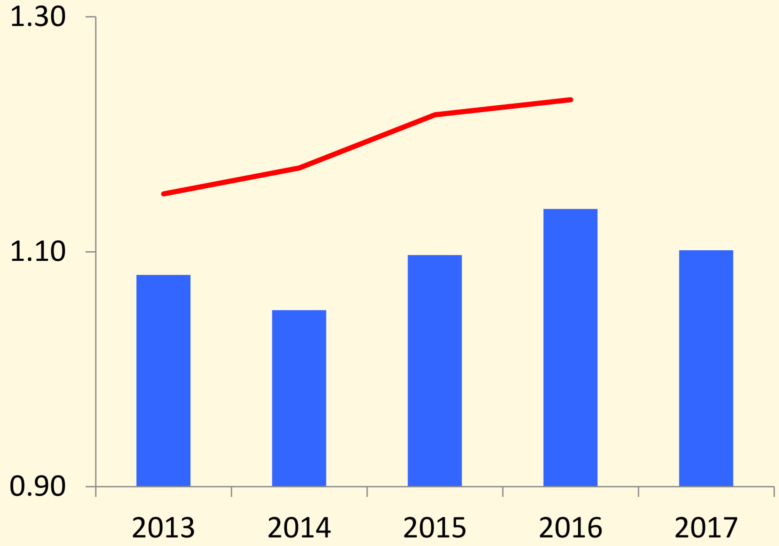
Ratio of operating revenues to expenditures

General Fund



Pinehurst = 1.07, Benchmark = 1.14

Government-wide



Pinehurst = 1.10, Benchmark = 1.23

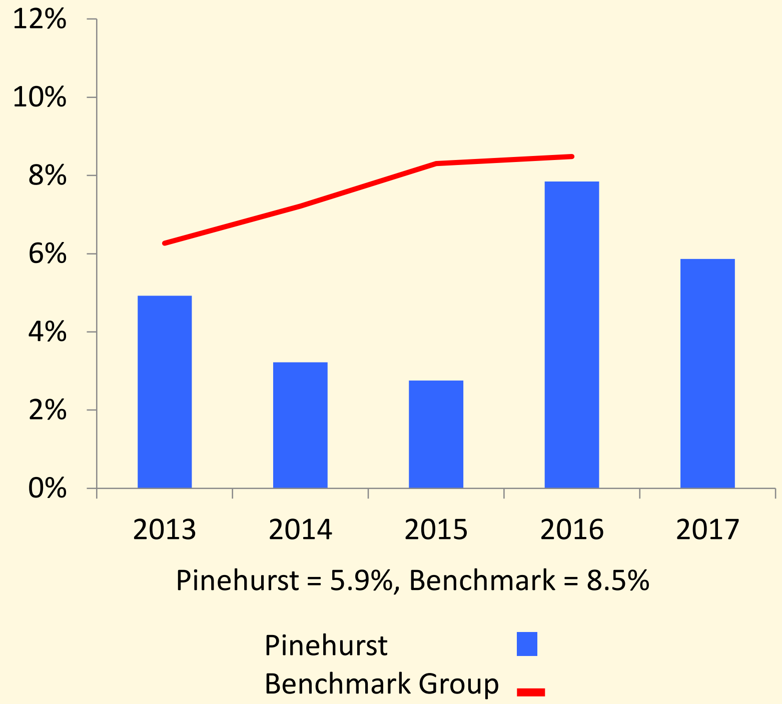
Pinehurst
Benchmark Group

A ratio higher than one, indicates the Village has lived within its means.

Percent Change in Net Position

Change in net position compared to beginning net position

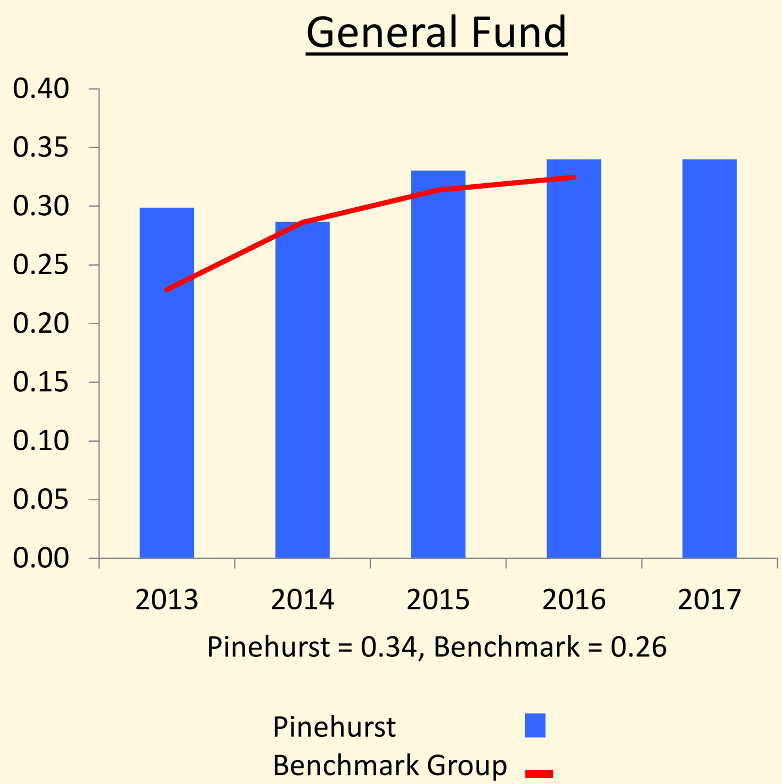
Government-wide



The Village's net position increased by $1,648,961 or 5.9% from operations. This was offset by an downward adjustment for pension liabilities of $628,284.

Intergovernmental Ratio

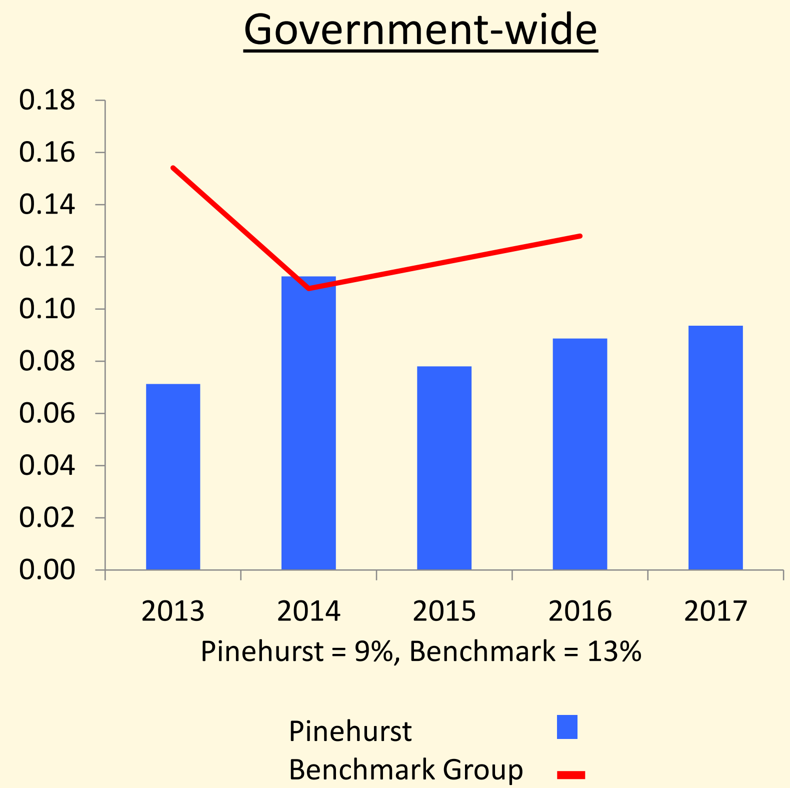
Ratio of intergovernmental to total revenues



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

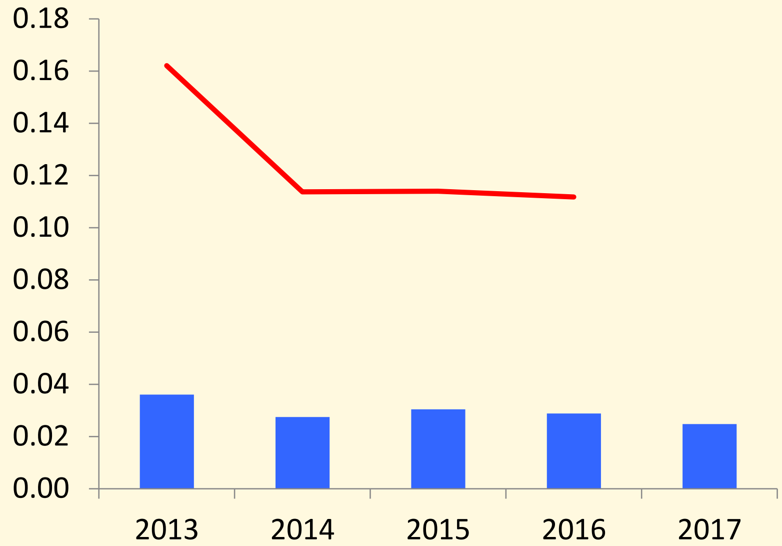


The Village's charges for services cover a slightly smaller portion of expenses than its peers. The spike in 2014 was due to the U.S. Open license fee.

Debt Service Ratio

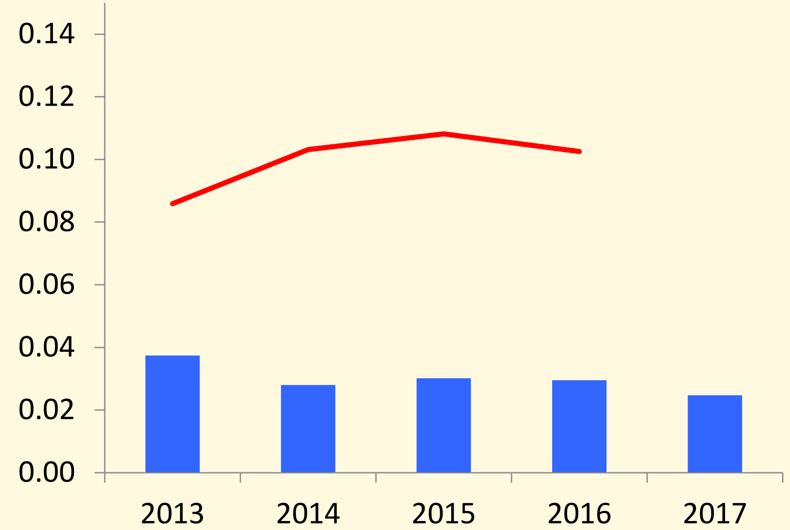
Debt service compared to total expenses

General Fund



Pinehurst = 2%, Benchmark = 11%,

Government-wide



Pinehurst = 2%, Benchmark = 10%

Pinehurst

Benchmark Group

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

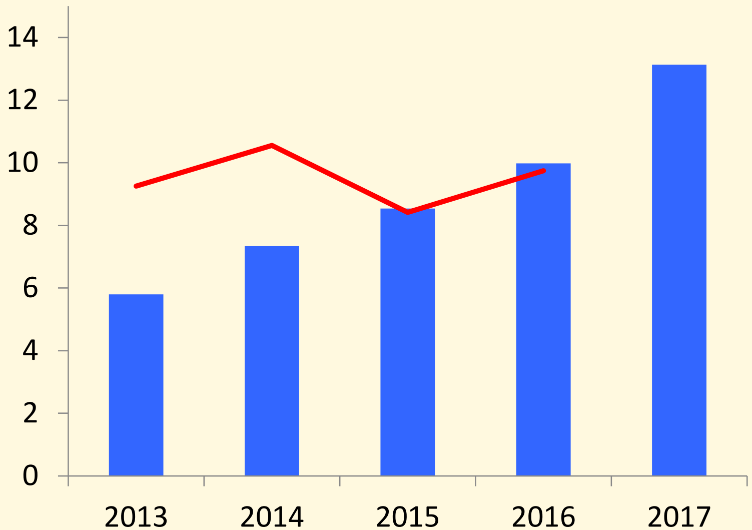
Financial Condition Assessment

Resource Stock

Quick Ratio

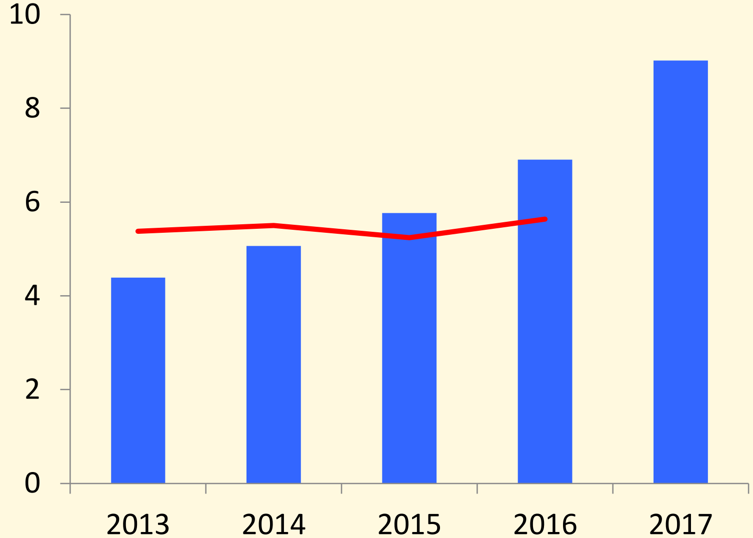
Cash and investments compared to current liabilities

General Fund



Pinehurst = 13.1, Benchmark = 9.8

Government-wide



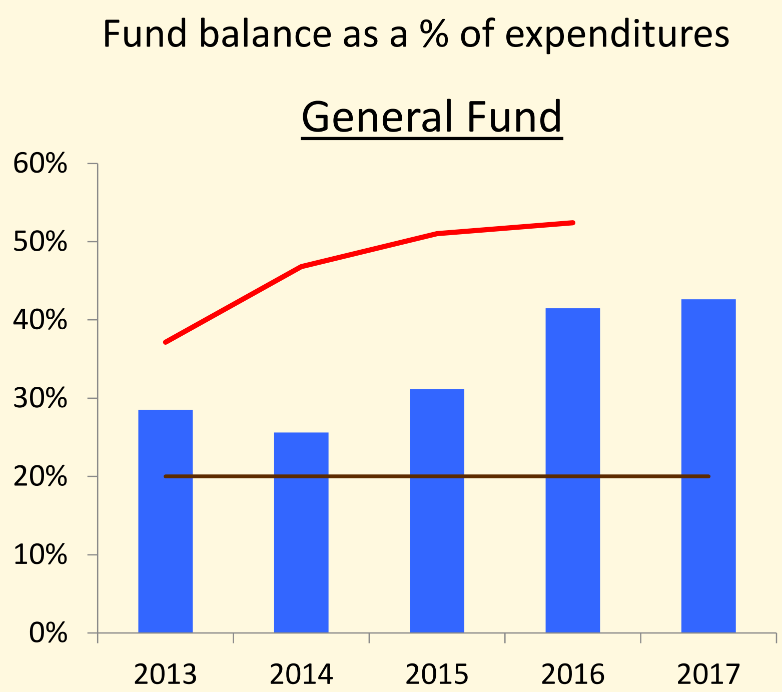
Pinehurst = 9.0, Benchmark = 5.6

Pinehurst

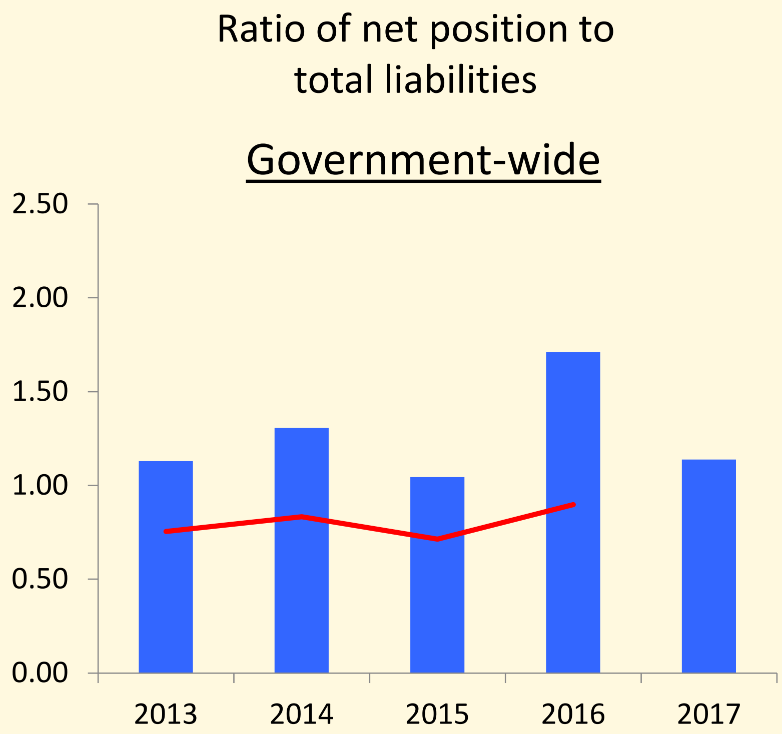
Benchmark Group

Cash and investment levels have improved since 2013 as we have set aside funds for the Community Center. We have also surpassed the peer group average.

Fund Balance and Net Position Ratios



Pinehurst = 43%, Benchmark = 52%
BSC Minimum = 20%



Pinehurst = 1.1, Benchmark = 0.9

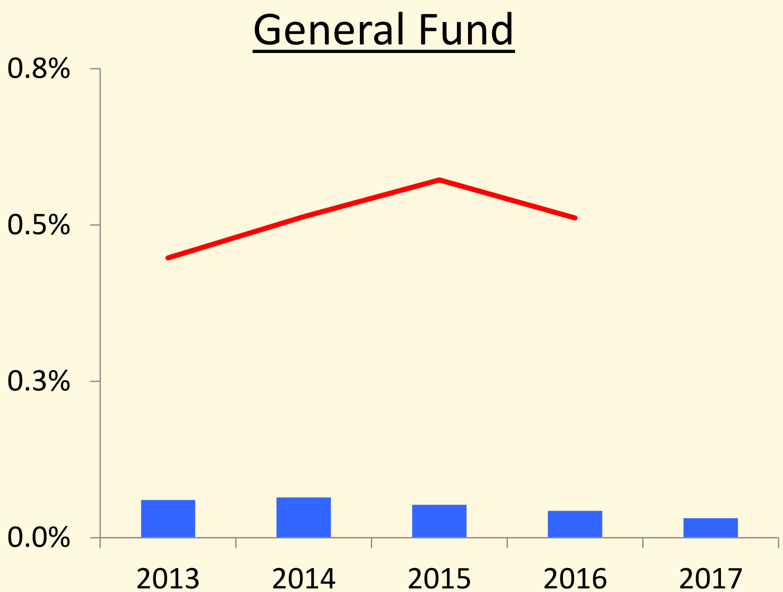
Pinehurst
Benchmark Group
BSC Target

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.

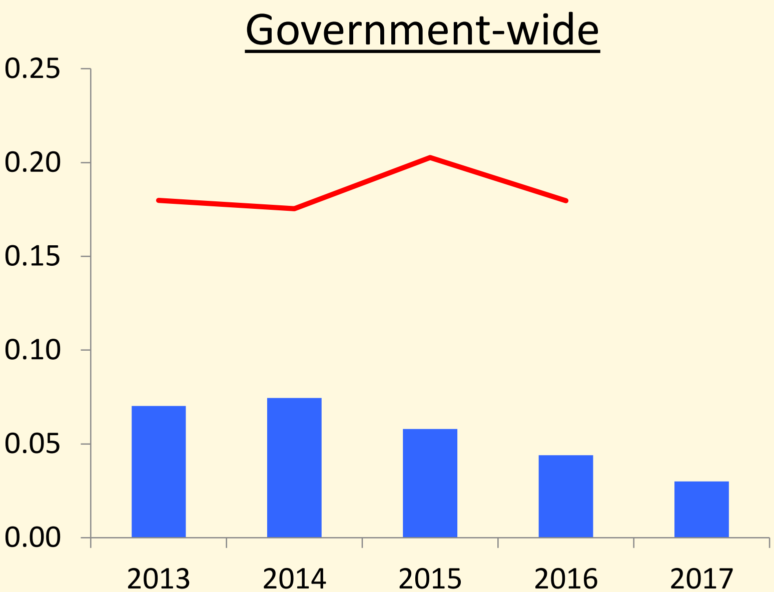
Debt Ratios

Debt as a % of assessed value

Long term debt to assets ratio



Pinehurst = 0.1%, Benchmark = 0.5%



Pinehurst = .03%, Benchmark = 0.18%

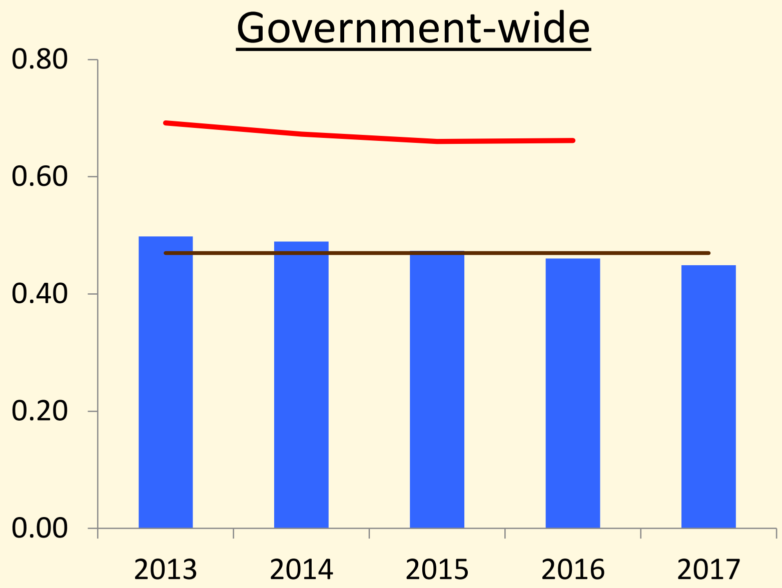
Pinehurst

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



Pinehurst = 0.45, Benchmark = 0.66
BSC Target 0.50

Pinehurst
Benchmark Group
BSC Target

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 have increased as we have set aside funds for the Community Center
  - Our fund balance, though above policy maximums, will decrease to near the bottom of the desired range after the Community Center is constructed in FY 2019
  - 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 as we prepare to construct the Community Center
    - Have maintained a low tax rate
  - 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

Q1 UPDATE ON THE STATUS OF THE FY 2018 STRATEGIC OPERATING PLAN IMPLEMENTATION.

ADDITIONAL AGENDA DETAILS:

FROM:
Natalie Hawkins

DATE OF MEMO:
11/3/2017

MEMO DETAILS:
This agenda item represents the Q1 update on the status of the implementation of the FY 2018 Strategic Operating Plan (SOP) Initiative Action Plans (IAPs). The attached report indicates the status of Initiative Action Plans at September 30th:

- 9 - In progress and on schedule (69%)
- 4 - In progress and not on schedule (31%)

The attached report also indicates the status of metrics, relative to quarterly performance projections, for the FY 2018 IAPs that help staff and Council monitor the achievement and effectiveness of Initiative Action Plans throughout the year. Overall, 10 out of 12 (or 83%) Initiative Action Plans achieved the projected performance results in Q1 FY 2018.

The only Initiative Action Plan modification made this quarter was to combine Land Use Planning and Long-Range Comprehensive Planning into a single IAP based on Council direction in September. The attached report indicates key observations based on staff review of the Q1 FY 2018 results and implementation status.

I look forward to discussing this update with the Council at your meeting on November 14th.

ATTACHMENTS:

	Description
🗋	Q1 FY 2018 Strategic Operating Plan Update

Village of Pinehurst
Strategic Operating Plan Update
Q1 - FY 2018

VILLAGE OF PINEHURST | www. vopnc.org

FY 2018 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 and volunteers 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 2018 Balanced Scorecard

FY 2018 Goals

The FY 2018 Balanced Scorecard contains 9 strategic goals in the four perspectives.

FY 2018 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 2018, the Village Council identified four strategic objectives as Areas of Focus AOF:

1. Guide appropriate growth and redevelopment,
2. Provide interconnected greenway trails, bike paths, and sidewalks,
3. Maintain high quality streets, and
4. Provide recreation programs, leisure activities, and cultural arts events for all ages.

FY 2018 Initiative Action Plans

Status of FY 2018 Initiative Action Plans at September 30, 2017

The 2018 Strategic Operating Plan includes 13 Initiative Action Plans (IAPs) for FY 2018. Initiative Action Plans are those specific actions the Village will take to achieve its strategic objectives and ultimately Balanced Scorecard goals. The status of FY 2018 IAPs and indication if metrics projections were achieved in Q1, including one IAP that was carried forward from the previous year are indicated in the table below:

			Q1		
	Goal	**IAP Description**	**IAP Status**	**Q1 Comments**	**Metrics Proj. Met**
Customer	Safeguard the community	Traffic pre-emption program		Submitted application to NCDOT for this year's traffic pre-emption controls in June 2017; Have 3 intersections active and have 4 under contract with NCDOT	
	Ensure Pinehurst is a premier residential community	Community Aesthetics		Developed a multi-phase landscape plan for HWY 211 and reviewed it with the Beatification Committee in Q1; Will review the plan with NCDOT and install landscaping through Q4	
		Long Range Comprehensive and Land Use Plan (Combined) AOF		***Amended: Combined Land Use Planning and Comprehensive Planning in Q1.*** Completed the Land Use Fiscal Analysis in Q1 and presented to Council in Q2; Published RFP for combined planning process with responses due by 12/15/17	
	Ensure a thriving business community	Commercial streetscape enhancements		This project should be complete by 12/31/17; Installed approximately .3 miles of sidewalks, brick curbing, and landscaping in McCaskill/McIntyre area; plan to install street lights in Q2	
	Provide multi-modal transportation systems	Pedestrian Connectivity AOF		Need direction from Council in Q2 on how to proceed with sidewalk/walkway installation planned for FY18; Finished FY17 Village Acres sidewalk installation in Q1	
		Street lighting AOF		Need direction from Council in Q2 on how to proceed with street light installation planned for FY18; Finished FY17 Village Acres street lighting installation in Q1	
		Transportation Improvements		Village Manager presented the quarterly transportation briefing to the Village Council in July	
	Maintain an active, healthy community	Recreation facilities AOF		Council approved to proceed with Community Center at Cannon Park in Q1; Plan to select a design firm in Q2; Cannon Park parking lot is under construction and planned to be completed in Q2	
Internal	Professionally manage a high performing organization	Transparent operations		Completed the setup of financial dashboards (ClearGov) on the VOP website in Q1; Plan to begin creating performance dashboards for VOP website in Q3	
		Permitting & Inspections Process Improvements		BIRDIE team convened in Q1, with plans to complete the BIRDIE process evaluation in Q3	
		Civic Engagement **(CARRYFORWARD)**		Plans to create learning guides and update the VOP website with additional information on how to get involved on the Get Connected webpage are planned for Q2-Q4	
Workforce	Attract & retain an engaged workforce	Learning and development system		Incorporated personal development plans in performance reviews for leaders in Q1; Succession planning efforts have fallen behind schedule and did not implement plans to evaluate the effectiveness of training and development as planned; Plan to complete by year end as scheduled	
		Incentive Reward		Managers did not meet in Q1 as planned to begin designing the incentive program, but plan to meet in Q2 and complete by year end as scheduled	n/a

IAPs listed in red are FY 2018 Village Council Areas of Focus.

IAP Status at 9/30/17		# of IAPs	% of IAPS
In progress; NOT on schedule		4	31%
In progress; on schedule		9	69%
TOTAL		13	100%

Metrics Projections Met at 9/30/17		# of IAPs	% of IAPS
Achieved projected performance		10	83%
Did not achieve projected performance		2	17%
TOTAL [1]		12	100%

[1] *There are no metrics for the Incentive Reward IAP for FY18*

Initiative Action Plans Metrics at September 30, 2017

Of the 12 IAPs with metrics for FY 2018, the Village did not achieve the metrics goals for two IAPs in Q1, as shown below:

IAP Description	IAP Metric	Q1 Projection	Q1 Actual
Long Range Comprehensive and Land Use Plan AOF	$ value of non-residential development permitted	$1.9 million	$415,000
Street Lighting AOF	# of streetlights per lane mile	3.33	3.15

Village Managers and Department Heads reviewed the status of FY 2018 IAPs and metrics at their Quarterly Strategy Session on November 1st to help ensure the Village's projected performance is achieved in FY 2018. Some observations from this quarterly review include:

1. The Long Range Comprehensive Planning Process and the Land Use Plan IAPs were combined into one based on Council's decision in Q1 to proceed with a combined planning process.
2. Unless staff receives clear direction from Council on how to proceed with pedestrian connectivity and street lighting IAPs in Q2, it is likely Village staff will not be able to achieve the projected performance metrics and ultimately resident satisfaction levels on the VOP Balanced Scorecard in FY 2018. Both of these IAPs are identified as Areas of Focus, which would seem to indicate Council and staff should consider alternative uses of these funds in FY 2018 for pedestrian connectivity and street lighting after the Council decided not to proceed with installation in the Lake Pinehurst neighborhood as originally planned.
3. HR staff and the Village Managers should move forward with succession planning efforts and developing an incentive reward program in Q2 in order to get these two IAPs back on schedule.

DISCUSS AND CONSIDER CONTRACTS FOR THE CITIZEN AND BUSINESS SURVEYS.

ADDITIONAL AGENDA DETAILS:

FROM:
John Frye

CC:
Jeff Sanborn & Natalie Hawkins

DATE OF MEMO:
11/5/2017

MEMO DETAILS:
For the past six years, the Village has conducted resident and business surveys to gather information on how well we are meeting our customer's needs and expectations. The results of these surveys have provided us with actionable information to improve our service delivery methods and ultimately, customer satisfaction.

Our current contract has expired and we recommend that the Village again enter into contracts with ETC Institute of Olathe Kansas for our resident and business surveys for the next three year period. We considered going to an every other year survey frequency, but feel that it is be best to have the annual results for our balanced scorecard and departmental performance dashboards.

Attached for your consideration are the proposed contracts. ETC is requesting a 5% increase over the contract amount from three years ago and is locking that amount for the next three year period. We have also elected to increase the number of completed surveys under the resident's survey contract from 400 to 700 at a cost of $4,600 per year.

The proposed annual cost for the resident and business surveys is $19,632 and $4,961, respectively. Since the three-year financial commitment for these contracts is over $25,000, the Council will need to authorize the Village Manger to execute the agreements.

Should you have any questions, please feel free to contact me.

ATTACHMENTS:

	Description
🗋	ETC Resident Survey Contract
🗋	ETC Business Survey Contract

Contract for Services and Scope of Work
Between ETC Institute and the Village of Pinehurst, North Carolina

ARTICLE I: SCOPE OF SERVICES

1. **Overview of Services to Be Performed**. ETC Institute will design and administer three citizen surveys for the Village of Pinehurst, North Carolina. The surveys will be administered during the months of July/August of 2018, 2019 and 2020. Each year, the final report will be completed within 10 weeks of the approval of the survey instrument by the Village.

2. **Maximum fixed fee**. The total fee for the project is $19,632 per year.

3. **ETC Institute's responsibilities.** The tasks that will be performed by ETC Institute as part of this agreement include the following:

   a. finalizing the methodology for administering the survey based on input from the Village.

   b. designing a survey instrument that is up to 20 minutes in length (7 pages).

   c. selecting a random sample of households to be surveyed

   d. setting up the database

   e. conducting a pretest of the survey instrument

   f. completing a minimum of 700 surveys by a combination of mail, online and phone (ETC Institute's costs include all labor, postage and printing associated with the administration of the survey). The results of a random sample of 700 completed surveys will have a precision of at least +/3.6% at the 95% level of confidence.

   g. conducting data entry and quality control review for all completed surveys

   h. providing complete printouts of the data

   i. conducting benchmarking analysis that shows how the results for Pinehurst compare to other comparable cities.

j. conducting importance-satisfaction analysis to identify the types of improvements that will have the most impact on satisfaction with village services.

k. completing a final report that will include an executive summary, charts and graphs, benchmarking analysis, importance-satisfaction analysis, tables showing the results to all questions on the survey, and a copy of the survey instrument.

l. making an on-site presentation of the survey results to the Village.

4. Responsibilities for the Village of Pinehurst will include the following:

a. approving the survey instrument

b. providing a cover letter for the mail version of the survey

c. identifying requests for subanalysis of the data as appropriate.

ARTICLE II: PAYMENT FOR SERVICES

1. The total fee for the services as described in Article I would be $19,632. Invoices will be submitted as follows:

- ✓ Invoice 1: 1st Draft of the Survey Submitted ($3,000)
- ✓ Invoice 2: Final Survey Approved by the City ($4,000)
- ✓ Invoice 3: Survey Printing and Mailing Complete ($3,000)
- ✓ Invoice 4: Survey Administration Complete ($5,632)
- ✓ Invoice 5: Draft Report Delivered ($2,000)
- ✓ Invoice 6: Final Report Delivered ($2,000)

ARTICLE lII: MISCELLANEOUS PROVISIONS

1. Change in Scope. The Scope of Services for this contract shall be subject to modification or supplement upon the written agreement of the contracting parties. Any such modification in the Scope of Services shall be incorporated in this agreement by supplemental agreement executed by the parties.

2. Termination of Contract. This agreement may be terminated by either party upon written notice. If the contract is terminated by the Village, the Village shall reimburse ETC Institute for the full value of any tasks that have been performed through the date of the termination notice.

3. Rights to Use the Data. ETC Institute has the right to use the data as a component of ETC Institute's DirectionFinder® benchmarks, but ETC Institute will not release specific results for the Village of Pinehurst without written approval from the Village.

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be signed by their duly authorized officers.

____ Date ________
Greg Emas, ETC Institute, CFO

____ Date ________
Jeffrey M. Sanborn, Village Manager

ETC Institute takes reasonable steps to protect survey response data and personal data regarding respondents. Survey Owner has received and reviewed a current copy of the ETC Institute Privacy Policy and understands and acknowledges its terms.

Contract for Services and Scope of Work
Between ETC Institute and the Village of Pinehurst, NC

ARTICLE I: SCOPE OF SERVICES

1. **Overview of Services to Be Performed**. ETC Institute will design and administer three business surveys for the Village of Pinehurst, North Carolina. The surveys will be administered during the months of July/August of 2018, 2019 and 2020. Each year, the final report will be completed within 10 weeks of the approval of the survey instrument by the Village.

2. **Maximum fixed fee**. The total fee for the project is $4,960. This includes $3,100 to administer the survey and $1,860 to provide a report with charts and graphs, Importance/Satisfaction analysis and trend information where possible.

3. **ETC Institute's responsibilities.** The tasks that will be performed by ETC Institute as part of this agreement include the following:

   a. finalizing the methodology for administering the survey based on input from the Village

   b. designing a survey instrument that is up to 15 minutes in length (4 pages)

   c. mailing to the list of businesses provided on the sampling list ordered by ETC and the one provided by the Village

   d. setting up the database

   e. completing a minimum of 75 surveys by a combination of mail, online, and phone (ETC Institute's costs includes all labor, postage and printing associated with the administration of the survey).

   f. conducting data entry and quality control review for all completed surveys

   g. providing complete printouts of the data

   h. completing a final report that will include an executive summary, charts and graphs, and, tables showing the results to all questions on the survey, and a copy of the survey instrument

4. Responsibilities for the Village of Pinehurst will include the following:

a. approving the survey instrument

b. providing a cover letter for the mail version of the business survey

ARTICLE II: PAYMENT FOR SERVICES

1. An invoice for $3,100 will be submitted at the beginning of the project and an invoice for $1,860 will be submitted with completion of the draft report.

ARTICLE III: MISCELLANEOUS PROVISIONS

1. Change in Scope. The Scope of Services for this contract shall be subject to modification or supplement upon the written agreement of the contracting parties. Any such modification in the Scope of Services shall be incorporated in this agreement by supplemental agreement executed by the parties.

2. Termination of Contract. This agreement may be terminated by either party upon 14 days written notice in the event of substantial failure by the other party to perform in accordance with the terms hereof through no fault of the terminating party. If the contract is terminated by the Village, the Village shall reimburse ETC Institute for the full value of any tasks that have been initiated, up to the total amount of the next scheduled invoice.

3. Rights to Use the Data. ETC Institute has the right to use the data as a component of ETC Institute's DirectionFinder® benchmarks, but ETC Institute will not release specific results for the Village of Pinehurst without written approval from the Village.

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be signed by their duly authorized officers.

____________________________________ Date ________

Greg Emas, ETC Institute, CFO

____________________________________ Date ________

Jeffrey M. Sanborn, Village Manager

DISCUSS LAND USE FISCAL ANALYSIS.
ADDITIONAL AGENDA DETAILS:

FROM:
Natalie Hawkins

DATE OF MEMO:
11/3/2017

MEMO DETAILS:
This agenda item is for the Council to discuss the FY 2017 Land Use Fiscal Analysis presented to Council on October 24th and for staff to address any Council questions about the methodology or results.

The FY 2017 Land Use Fiscal Analysis is attached to this agenda item for your reference.

ATTACHMENTS:

	Description
🗋	FY 2017 Land Use Fiscal Analysis

FY 2017
Land Use Fiscal Analysis

VILLAGE OF PINEHURST

Prepared by:
Natalie Hawkins, Assistant Village Manager
October 2017

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Introduction/Purpose

The 2017 Village of Pinehurst Land Use Fiscal Analysis was prepared by Village staff to determine the approximate net revenues or net expenditures of various land uses within the Village of Pinehurst corporate limits. Properties included in the Village's extra-territorial jurisdiction (ETJ) were not included in this analysis. This land use fiscal analysis was prepared using FY 2017 data and represents an estimate of current revenues and expenditures by land use for that period of time.

This analysis provides revenue and expenditure allocation principals that can be applied to any proposed future development to estimate the financial impact. It is not a perfect predictor of the financial impacts of future development because the impacts of future land uses will vary on a case by case basis. The actual revenues and expenditures generated by one acre of land can vary within the same land use type due to many variables. Therefore, the information contained in this analysis should be used to provide an approximation of the estimated net revenue or cost of development, recognizing the actual revenue and costs associated with any one particular development will likely not be the exact amounts shown in this report.

As with any analysis of this type, changing the assumptions and estimates used in the analysis has the potential to change the results accordingly. Staff believes the general conclusions drawn in this analysis are valid for a wide range of reasonable assumptions.

This 2017 Village of Pinehurst Land Use Fiscal Analysis seeks to answer the question, "***What type of development pays for itself?***" This analysis can help Village officials understand the types of land uses that are more fiscally advantageous to the Village especially as it plans for future land uses. While we expect these results to be important for current and future Village leaders to consider as they contemplate questions of 'best use,' financial impacts are only one component that should be considered when deciding how a particular land parcel should be used in the Village. For example, while a non-residential use may generate a larger revenue deficit than a residential use, it is easy to make the case that having places to work, shop, and dine in and around the Village is important to maintaining our high quality of life. In addition, parks and recreational space are also important to ensuring an active, healthy community, but may not generate as much revenue as a residential use. It is important for Village leaders to recognize that the results of this analysis are simply to inform decision makers of the estimated financial impact of alternative land uses.

It is also important to recognize that a fiscal impact analysis is different from an economic impact analysis. This fiscal impact analysis indicates net surplus and deficits to the public sector (e.g. government), while an economic impact analysis indicates the impact of development on the private sector, which is typically measured in income, jobs, etc.

The FY 2017 Land Use Fiscal Analysis is based on a variety of sources, including US Census Data, Moore County Geographical Information Systems (GIS) data, Moore County Tax Department Data, FY 2017 audited revenues and expenditures, and FY 2017 Police and Fire calls for service data to name a few sources.

This land use fiscal analysis was completed entirely in-house by Village staff. Those significantly involved in preparing the 2017 Village of Pinehurst Land Use Fiscal Analysis included:

Natalie Hawkins, Assistant Village Manager
Daniel Frye, IT Business Analyst
Bruce Gould, Senior Planner
John Frye, Financial Services Director

Overview of the Approach and Methodology

For this analysis, the net fiscal impacts for residential and non-residential land uses have been determined by subtracting the costs necessary to serve these land uses from the revenues generated by those areas. The revenue and expenditure factors have been determined based on the FY 2017 Village of Pinehurst General Fund audited revenues and expenditures and FY 2017 levels of service. This analysis is only for the corporate limits of the Village of Pinehurst and excludes the Village's extra-territorial jurisdiction (ETJ).

To derive the costs, revenues, and service levels associated with each land use type, Village staff reviewed and analyzed the FY 2017 General Fund audited financial statements, service level data, other financial data, and Census Bureau demographic data using various allocation methodologies. Applicable revenues and expenditures were then allocated to each land use type on a per acre basis. ***Certain revenues and expenditures are fixed and therefore not allocated*** in this analysis. These primarily include revenues and expenditures associated with the Harness Track and Fair Barn operations and other miscellaneous revenues and expenses noted throughout (e.g. Library contribution, interest income, etc.) that are not dependent on or related to any one land use type. The result of this analysis and the methodologies used to determine revenues and expenditures for each land use are described throughout this report.

Village staff identified four residential and eight nonresidential land use types to evaluate for this analysis. To complete the 2017 Land Use Fiscal Analysis staff performed the following key steps:

- Obtained Moore County Geographical Information Systems (GIS) data and Tax Department Data for all parcels located in the Village corporate limits
- Identified the land use type for each parcel located in the Village's corporate limits, based on its use in FY 2017
- Determined the characteristics of the various land use types for FY 2017 (e.g. # of units, # of acres, tax value, square footage of buildings, etc.)
- Performed an analysis of US Census data to determine estimated population by residential land uses
- Performed a custom analysis to estimate the average daily vehicle trips for residential and non-residential land uses
- Calculated a proportionate factor to allocate general administration costs between residential and non-residential land uses based on population and estimated jobs
- Determined the most appropriate revenue and cost allocation methodologies and which revenues and expenditures should be included or excluded from the analysis based on their relationship to development
- Performed an analysis to allocate FY 2017 Police Department calls for service, Fire Department calls for service, Village-owned roads, and Planning/Inspections permits to each land use type
- Allocated revenues and expenditures to each land use and calculated a Per Acre Revenue and Per Acre Expenditure of each land use type
- Compared the Per Acre Revenue to the Per Acre Expenditure to determine the Net Surplus (Deficit) Per Acre for each land use type

As stated previously, several assumptions were made in this analysis, with those assumptions noted throughout. While modifying the assumptions used would impact the results, the general conclusions formed as a result of this analysis are believed to be valid. Significant assumptions of this analysis include:

- ***Revenue and expenditure allocation methodologies*** are the most appropriate way to allocate revenues and expenditures to alternative land uses. These are identified later in this report.

- Because capital expenses fluctuate year to year, ***the estimated capital cost included in this analysis is the annual average of the FY 2018-2022 Capital Improvement Plan*** projected capital expenditures for the various department expenditures allocated.
- ***Vacancy rates were assumed to be the most recent published data*** from the US Census (2011-2015 Community Survey Estimates) of 16% and 68% for single family and multifamily land uses respectfully.
- ***Population estimates by land use*** based on estimated persons per household.
- ***Custom trip generation rates*** that are impacted by population estimates by land use.

In general, the most recent US Census Data as presented in the 2011-2015 American Community Survey was used to determine land use characteristics that were then applied to FY 2017 data. Should these characteristics differ significantly from existing conditions in FY 2017, the results of this analysis would be different.

Land Use Characteristics

Residential land uses and ***Non-Residential land uses*** that exist in the Village in FY 2017 and included in this analysis, along with a description, are shown below.

Residential Land Uses	
Land Use	**Description**
Single Family - Low Density	R210: 5 acre lot/2,000 min heated sf
Single Family - Medium Density	R-30: 30,000 sf lot/2,000 min heated sf R-20: 20,000 sf lot/2,000 min heated sf R-15: 15,000 sf lot/1,800 min heated sf
Single Family - High Density	R-10: 10,000 sf lot/1,800 min heated sf R-8: 8,000 sf lot/1,500 min heated sf
Multi-family Development	Allowable density varies by zoning jurisdiction

Non-Residential Land Uses	
Land Use	**Description**
Office	General office, medical/dental office, government office, post office
Retail	Retail, car dealership, drugstore
Lodging	Hotel
Recreational	Park, marina, golf course, harness track, tennis facility, fitness center
Institutional	School, church, library
Medical	Hospital, nursing home, clinics
Industrial	Utilities, manufacturing, warehousing
Services	Bank, real estate office, restaurant, gas station

Throughout this report, footnotes to the figures indicate the source of the information presented and methods for calculating amounts used in this analysis. Also, the Appendices provide further detailed information about assumptions and methods used to determine key land use characteristics such as population by residential land use, estimated number of vehicle trips, estimated number of occupied units, estimated number of jobs within the Village, etc.

The ***residential land use types*** and their associated characteristics in FY 2017 such as average assessed values, average size of each unit, household size (persons per unit), densities, and number of vehicles per unit are shown in ***Figure 1*** below.

Figure 1. Residential Land Use Characteristics

Land Use Type - Residential	# of Units [1]	Assessed Value [1]	Tax Exempt Property Value [1]	Building Square Feet [1]	# of Acres [1]	# of Road Miles [1]	Population [10]	Estimated # of Occupied Units [11]
Single Family - Low Density	72	$66,202,560	$0	357,705	396	0.02	156	60
Single Family - Medium Density	2,180	$1,101,725,310	$343,200	7,196,970	2,145	18.82	4,734	1,831
Single Family - High Density	5,029	$1,282,943,630	$1,012,010	10,871,062	1,683	75.08	10,922	4,224
Multi-Family	1,473	$223,664,915	$306,250	2,072,611	254	3.45	516	471
TOTAL	**8,754**	**$2,674,536,415**	**$1,661,460**	**20,498,348**	**4,477**	**97.38**	**16,328**	**6,587**

Land Use Type - Residential	Average Assessed Value per Unit [2]	Average Square Feet per Unit [3]	Persons per Acre [4]	Density: # of Housing Units per Acre [5]	# of Vehicles [6]	Number of Vehicles per SF [7]	Total Daily Vehicle Trips [8]	Average Daily Vehicle Trips per Occupied Unit [9]
Single Family - Low Density	$919,480	4,968	0.39	0.18	109	0.0003	245	4.0
Single Family - Medium Density	$505,379	3,301	2.21	1.02	3,296	0.0005	7,412	4.0
Single Family - High Density	$255,109	2,162	6.49	2.99	7,604	0.0007	17,099	4.0
Multi-Family	$151,843	1,407	2.03	5.79	848	0.0004	550	1.2
TOTAL	**$305,522**	**2,342**	**3.65**	**1.96**	**11,857**	**0.0006**	**25,306**	**3.8**

[1] *Moore County Tax Assessor and GIS Data, 2017*
[2] *Calculated as Total Assessed Value/# of Units*
[3] *Calculated as Total Square Feet/# of Units*
[4] *Calculated as Population/# of Acres*
[5] *Calculated as # of Units/# of Acres*
[6] *Calculated as 1.8 Vehicles Per Housing Unit (Based on 2011-2015 American Community Survey 5 Yr Estimates - Aggregate Number of Vehicles Available by Tenure (B25046)) times Estimated # of Occupied Units*
[7] *Calculated as # of Vehicles/Building Square Feet*
[8] *Calculated as Estimated # of Occupied Units times ITE Trip Rates times Trip Adjustment Factors (See Appendix B)*
[9] *Calculated as Total Daily Vehicle Trips/Estimated # of Occupied Units*
[10] *Population is per NC State Demographer and is allocated based on Persons Per Household analysis (See Appendix E)*
[11] *Calculated as # of Units times vacancy rates of 16% for Single Family and 68% for Multifamily, based on 2011-2015 American Community Survey 5 Yr Estimates (See Appendix E)*

The ***non-residential land use types*** described below in ***Figure 2*** represent existing types of nonresidential development in the Village and the relevant characteristics of nonresidential land uses in FY 2017.

Figure 2. Non-Residential Land Use Characteristics

Land Use Type – Non-Residential	# of Units [1]	Assessed Value [1]	Tax Exempt Property Value [1]	Building Square Feet [1]	# of Acres [1]	# of Road Miles [1]	# of Jobs [2]
Office	114	$81,395,761	$15,505,950	547,181	73	1.90	1,578
Retail	22	$11,518,440	$843,900	155,094	11	0.33	285
Lodging	8	$62,598,500	$0	502,817	30	0.15	1,575
Recreational	88	$134,607,820	$15,209,030	398,705	2,906	4.38	323
Institutional	12	$23,141,860	$22,841,320	212,246	49	0.11	189
Medical	10	$424,538,210	$344,661,360	1,782,388	138	1.02	4,752
Industrial	78	$5,276,420	$4,985,320	45,898	200	0.58	179
Services	47	$22,720,360	$711,240	216,294	47	0.51	1,077
TOTAL	**379**	**$765,797,371**	**$404,758,120**	**3,860,623**	**3,455**	**8.97**	**9,957**

Land Use Type – Non-Residential	Average Assessed Value per Unit [3]	Average Square Feet per Unit [4]	Average # of Employees Per 1,000 SF [5]	Daily Vehicle Trips [6]	Average Daily Vehicle Trips per Unit [7]	Floor Area Ratio (FAR) [8]
Office	$713,998	4,800	2.88	5,020	44	0.17
Retail	$523,565	7,050	1.83	4,791	218	0.32
Lodging	$7,824,813	62,852	3.13	3,376	422	0.38
Recreational	$1,529,634	4,531	0.81	7,324	83	0.00
Institutional	$1,928,488	17,687	0.89	1,645	137	0.10
Medical	$42,453,821	178,239	2.67	11,782	1,178	0.30
Industrial	$67,646	588	3.90	160	2	0.01
Services	$483,412	4,602	4.98	1,193	25	0.11
TOTAL	**$2,020,574**	**10,186**	**2.58**	**35,291**		

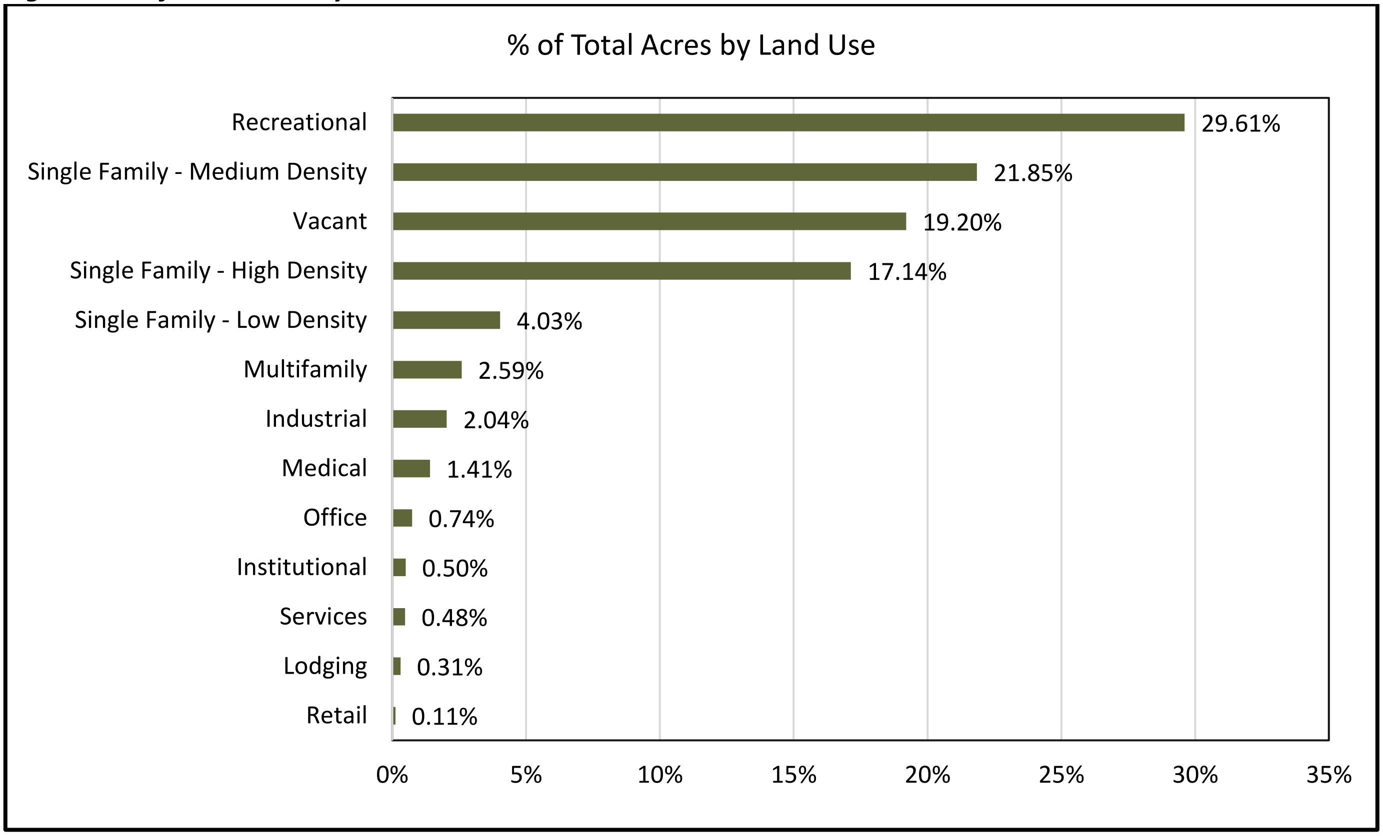
[1] *Moore County Tax Assessor and GIS Data, 2017*
[2] *Determined using US Census on the Map Application based on land use*
[3] *Calculated as Assessed Value/# of Units*
[4] *Calculated as Building Square Feet/# of Units*
[5] *Calculated as the # of Jobs/SF/1,000*
[6] *Calculated using ITE Trip Generation Rates and Demand Units (See Appendix B)*
[7] *Calculated as Daily Vehicle Trips/# of Units*
[8] *Calculated as Building Square Feet/Square Feet of Land (Note: 43,560 SF/Acre)*

Figure 3 indicates the percentage of total acres in the Village allocated to land uses existing in FY 2017. Overall, the largest use of land in the Village corporate limits, or almost 30%, is for recreational purposes and includes primarily golf courses owned by the Pinehurst Resort, the Country Club of North Carolina, Pinewild Country Club, and Midland Golf Course. Other recreational land includes parks owned by the Village including the Harness Track, Rassie Wicker Park, Cannon Park, and West Pinehurst Park. The second largest land use in the Village is Single Family – Medium Density at nearly 22% of acreage and Single Family – High Density represents about 17% of developed acreage.

Non-Residential land uses only account for 13% of the total acreage in the Village limits.

Based on land uses by acreage, Pinehurst truly is a residential community with 75% of developed land allocated to residential and recreational uses.

Figure 3. % of Total Acres by Land Use



In total, FY 2017 GIS data indicates there are approximately 1,885 acres of vacant land, or 19% of the total 9,817 acres in the Village limits. ***Figure 4*** indicates the number of acres of vacant land by current Village zoning classifications, which shows that roughly 87% of vacant land in the Village is zoned residential and 13% of vacant land is zoned non-residential.

Figure 4. Vacant Land in the Village Limits

Land Use	# of Acres Vacant	% of Acres Vacant
Single Family - Low Density	149	8%
Single Family - Medium Density	874	46%
Single Family - High Density	486	26%
Multifamily	125	7%
Neighborhood Commercial	15	1%
Office Professional	142	8%
Public Conservation	54	3%
Recreational Development	27	1%
Village Mixed Use	9	0%
Village Residential	4	0%
TOTAL	**1,885**	**100%**

SUMMARY OF FISCAL IMPACT FINDINGS

Residential Land Uses

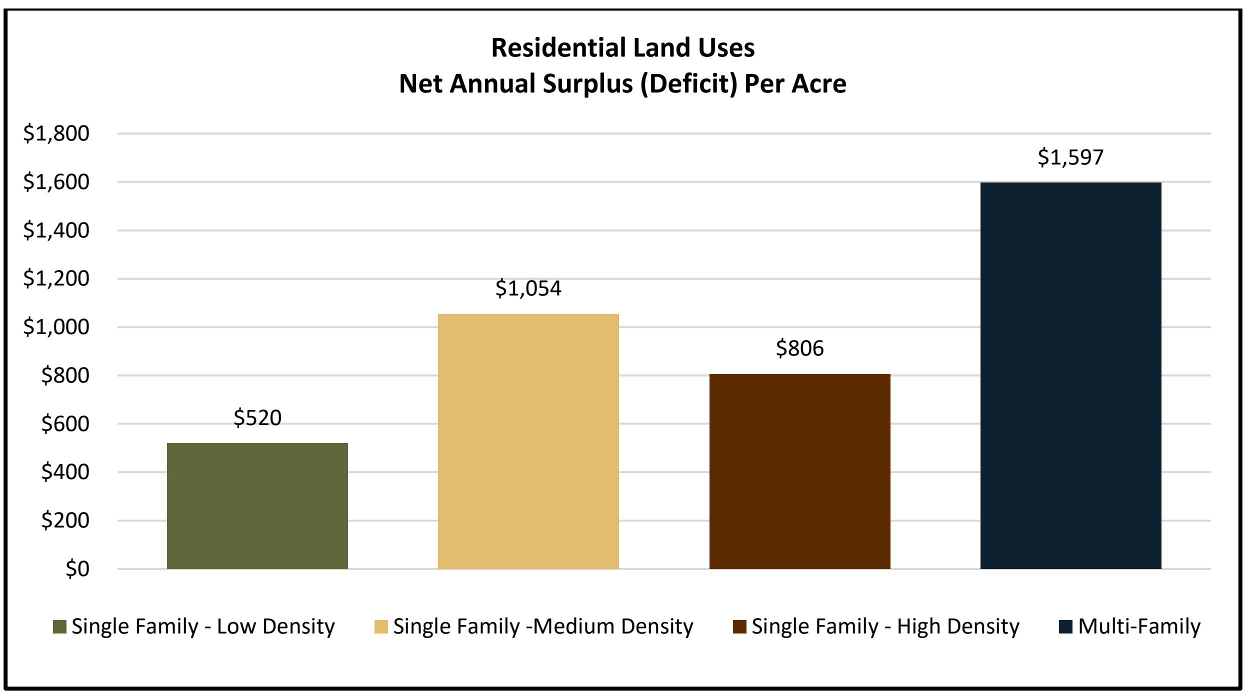
The following figures reflect the results of the 2017 Village of Pinehurst Land Use Fiscal Impact Analysis. Fiscal impact results per acre are shown first for each residential use in ***Figure 5***. All residential land uses generate a net annual surplus per acre, with Multi-Family and Single Family – Medium Density generating the largest surplus per acre.

Figure 5. Residential Net Surplus (Deficit) per Acre

	Single Family - Low Density	Single Family - Medium Density	Single Family - High Density	Multi-Family
Estimated Revenues Per Acre	$701	$2,485	$4,893	$4,557
Estimated Expenditures Per Acre	$181	$1,431	$4,087	$2,960
Net Surplus (Deficit) Per Acre	**$520**	**$1,054**	**$806**	**$1,597**

Figure 6 shows the net surplus or net deficit per acre for each residential land use graphically. A net surplus indicates that revenues per acre exceed expenditures per acre. A net deficit, or data below the $0 line, indicates expenditures exceed revenues generated on a per acre basis.

Figure 6. Residential Net Surplus (Deficit) per Acre Graph



Non-Residential Land Uses

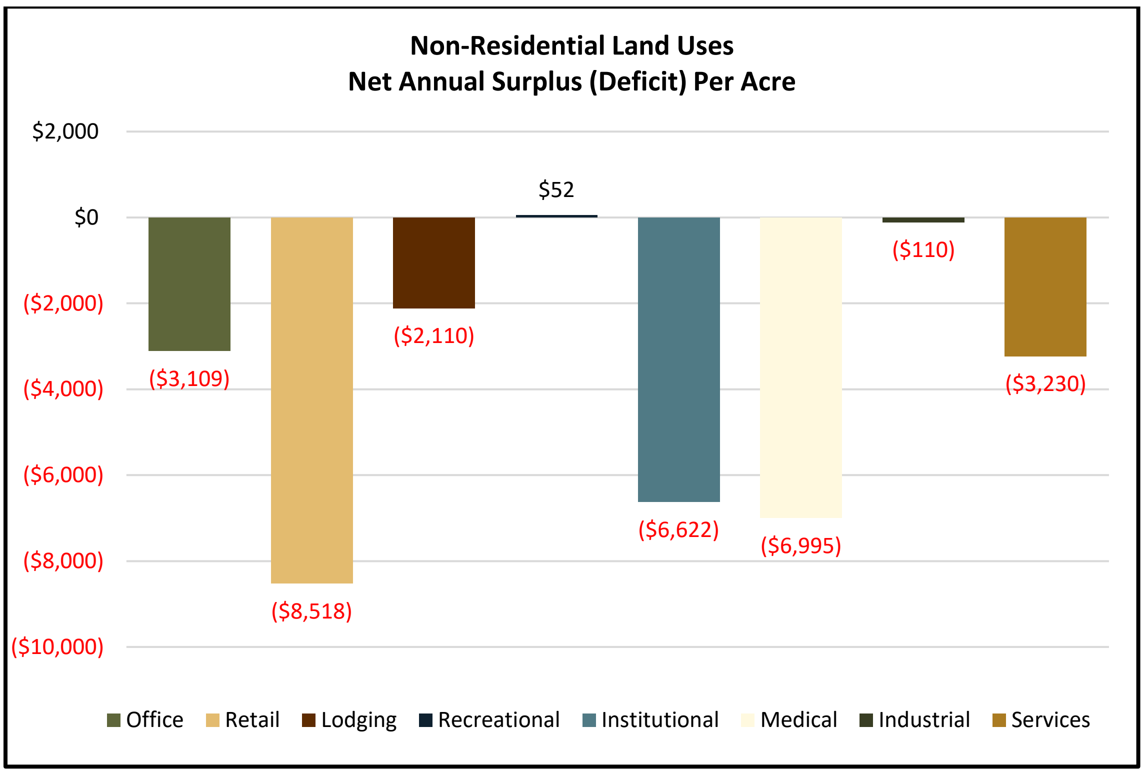
Fiscal impact results per acre for each non-residential use are shown in ***Figure 7***. All non-residential land uses generate a net annual deficit per acre, with the exception of recreational land uses. Retail, medical, and institutional uses generate the largest deficit per acre.

Figure 7. Non- Residential Net Surplus (Deficit) per Acre

	Office	Retail	Lodging	Recreational	Institutional	Medical	Industrial	Services
Estimated Revenues Per Acre	$3,778	$4,205	$8,271	$158	$280	$2,818	$22	$1,955
Estimated Expenses Per Acre	$6,887	$12,723	$10,381	$106	$6,902	$9,813	$132	$5,185
Net Surplus (Deficit) Per Acre	**($3,109)**	**($8,518)**	**($2,110)**	**$52**	**($6,622)**	**($6,995)**	**($110)**	**($3,230)**

Figure 8 shows the net surplus or net deficit per acre for each non-residential land use graphically. A net surplus indicates that revenues per acre exceed expenditures per acre. A net deficit, or data below the $0 line, indicates expenditures exceed revenues generated on a per acre basis.

Figure 8. Non-Residential Net Surplus (Deficit) per Acre Graph



MAJOR FINDINGS

Overall, ***this analysis indicates that the population associated with residential land uses generates more net revenue for the Village than non-residential uses***.

Based on FY 2017 data, all four residential land uses generate positive net revenue per acre or a surplus. ***Multi-Family and Single Family - Medium Density development generate the most net revenue per acre in Pinehurst.*** This is due in a large part to the Village's revenue structure with property taxes generating the majority of the revenue and sales tax distributions occurring on a per capita basis. A significant amount of the Single Family - Medium Density development in the Village is contained within gated communities which has a significant impact on Village expenditures including:

- Added security afforded by a gated community results in fewer police calls for service and less cost allocated to this land use.
- Roads in gated communities such as the Country Club of North Carolina, Pinewild Country Club, and Fairwoods on 7 are private and the Village does not expend financial resources to maintain private roads (e.g. resurface and maintain right of ways) and also does not receive Powell Bill revenue for these roads.

Also, there are some Multi-Family developments in the Village that do not use the Village's solid waste services and instead contract with a private hauler. This "mix" of service levels is included in this analysis and the fiscal impact of any future Multi-Family development would be impacted by whether or not the Village collects solid waste for the development.

When contemplating future development, Village leaders would need to consider variables such as private security, private roads, and solid waste collection to determine the true cost of any future residential development. Also, vacancy rates of single family and multi-family developments significantly impact this analysis and any major changes to 2015 vacancy rates would impact the results of this analysis.

All non-residential land uses, with the exception of recreational, generate a net deficit per acre. Retail, medical, and institutional uses generate the greatest deficit per acre. The largest deficit per acre in the non-residential land use is retail because the amount of revenue generated does not cover the primary expenses associated with retail development such as road resurfacing expenditures generated by vehicle trips and public safety costs. Medical and institutional uses also generate a significant deficit per acre due to the large percentage of tax exempt property and high demand for police services. Overall, ***the greatest fiscal return per acre for non-residential land uses is recreational*** due to the relatively low cost to service this type of land use which is primarily privately owned golf courses.

Combining the community's desires for future land use with information about existing land uses, vacant land, and the estimated fiscal impacts of alternative land uses, Village officials can use this analysis as one component to consider when contemplating alternative future development scenarios in the upcoming Long-Range Comprehensive Plan process. While residential development may generate the most positive financial impact, there are a number of unmeasurable and non-financial reasons to have non-residential land uses within the Village to meet the needs of citizens such as providing places to work, shop, and dine in and around the Village.

REVENUE FACTORS

Revenue Allocation Methodologies

The following section and series of figures details the revenue allocation methodologies used in the analysis. Custom allocation analyses are described where appropriate in this section with supporting documentation included in the Appendices. ***Figure 9*** provides a snapshot of the allocation methodologies used for revenue sources. Revenues indicated as “Fixed” were not allocated to a land use due to no reasonable basis for allocation.

Figure 9. Revenue Allocation Methodology

	FY 2017 Actual	Allocated/ Fixed [1]	% of Actual	Population	Building Square Feet	Inspection Fees	Vehicles	Lane Miles	Property Values
Ad Valorem Taxes									
Real & Personal Property Taxes	$9,383,995	Allocated	52%						X
MV Taxes	$612,417	Allocated	3%				X		
Other Taxes and Licenses	$2,180	Fixed	0%						
Unrestricted Revenues									
Sales Taxes	$4,066,513	Allocated	23%	X					
Utilities Franchise Taxes	$1,339,438	Allocated	7%		X				
Other Unrestricted Revenues	$72,975	Fixed	0%						
Restricted Revenues									
Powell Bill	$495,621	Allocated	3%	X				X	
Other Restricted Revenues	$107,816	Fixed	1%						
Permits & Fees	$801,574	Allocated	4%			X			
Sales and Services Revenues	$719,515	Allocated	4%	X					
Other Revenues	$275,645	Allocated	2%	X					
Assessments	$39,102	Fixed	0%						
Interest Income	$63,189	Fixed	0%						
TOTAL	**$17,979,980**		**100%**						

[1] Only revenues that had a reasonable basis for allocation were allocated; revenues indicated as Fixed were not allocated and excluded from the Fiscal Impact Analysis (Note: Harness Track, Fair Barn, Assessment, and Interest Revenues were considered Fixed and not allocated)

Real and Personal Property Taxes

In FY 2017, property taxes were levied at $0.295 per $100 valuation and accounted for 52% of total revenues.

Residential Land Uses

To determine property taxes for residential land uses, Village staff used Moore County Tax Assessor and GIS data to first determine the aggregate real property taxable values by land use category. Real property tax revenue was then allocated based on residential taxable property tax values in each land use, net of tax exempt property.

Non-Residential Land Uses

To determine property taxes for non-residential land uses, Village staff used Moore County Tax Assessor and GIS data to first determine the aggregate real property taxable values by land use category. Non-residential land uses also pay personal property taxes on business property. Village staff calculated a personal property factor of 17% based on the total amount of personal property taxes paid in FY 2017 as a percentage of total non-residential property values, per the Moore County Tax Department. This factor was applied to the taxable real property values for each non-residential land use to allocate personal property taxes by land use. Real and personal property tax revenue was then allocated based on total taxable real and personal property tax values in each land use.

Real and personal property tax revenues by residential and non-residential land uses are shown in ***Figure 10***.

Figure 10. Real & Personal Property Tax Revenues by Land Use

Real and Personal Property Tax Revenue	
Real and Personal Tax Revenue - 2017 [1]	$9,383,995
Tax Rate, Per $100 Valuation- 2017 [1]	$0.295
Personal Property % Factor [5]	17%
Calculation of Personal Property Factor [5]	
Total Personal Property - FY 2017 [2]	$60,294,423
Aggregate Non-Residential Real Property Taxable Value	$361,039,251
Personal Property Factor	**17%**

Residential Property Tax Revenues by Land Use	**Aggregate Property Value [2]**	**Tax Exempt Property Value [3]**	**Aggregate Real Property Taxable Value [4]**		**Aggregate Property Taxes [7]**	**# of Acres [2]**	**Real & Personal Property Tax Per Acre [8]**
Single Family - Low Density	$66,202,560	$0	$66,202,560		$200,777	396	$507
Single Family - Medium Density	$1,101,725,310	$343,200	$1,101,382,110		$3,340,229	2,145	$1,558
Single Family - High Density	$1,282,943,630	$1,012,010	$1,281,931,620		$3,887,792	1,683	$2,311
Multi-Family	$223,664,915	$306,250	$223,358,665		$677,393	254	$2,664
SUB TOTAL	**$2,674,536,415**	**$1,661,460**	**$2,672,874,955**		**$8,106,191**	**4,477**	**$1,810**
Non-Residential Property Tax Revenues by Land Use	**Aggregate Real Property Assessed Value [2]**	**Tax Exempt Property Value [3]**	**Aggregate Real Property Taxable Value [4]**	**Aggregate Real & Personal Property Taxable Value [6]**	**Aggregate Property Taxes [7]**	**# of Acres [2]**	**Real & Personal Property Tax Per Acre [8]**
Office	$81,395,761	$15,505,950	$65,889,811	$76,893,568	$233,200	73	$3,204
Retail	$11,518,440	$843,900	$10,674,540	$12,457,214	$37,780	11	$3,361
Lodging	$62,598,500	$0	$62,598,500	$73,052,600	$221,551	30	$7,347
Recreational	$134,607,820	$15,209,030	$119,398,790	$139,338,675	$422,581	2,906	$145
Institutional	$23,141,860	$22,841,320	$300,540	$350,731	$1,064	49	$22
Medical	$424,538,210	$344,661,360	$79,876,850	$93,216,476	$282,703	138	$2,045
Industrial	$5,276,420	$4,985,320	$291,100	$339,714	$1,030	200	$5
Services	$22,720,360	$711,240	$22,009,120	$25,684,696	$77,896	47	$1,659
SUB TOTAL	**$765,797,371**	**$404,758,120**	**$361,039,251**	**$421,333,674**	**$1,277,804**	**3,455**	**$370**
TOTAL	**$3,440,333,786**	**$406,419,580**	**$3,033,914,206**	**$3,094,208,629**	**$9,383,995**	**7,932**	**$1,183**

[1] June 30, 2017 Audited Financial Statements
[2] Moore County Tax Assessor & GIS Data, 2017
[3] Moore County Tax Assessor data (Includes tax exempt property, senior citizen exemptions, and deferred exemptions)
[4] Calculated as Aggregate Real Property Value less Tax Exempt Property Value
[5] Personal property taxes vary by business; Calculated as a % of real and personal taxable value of non-residential property
[6] Calculated as Aggregate Real Property Taxable Value plus an additional 17% of taxable value for personal property
[7] June 30, 2017 total R&P tax revenue allocated based on proportion of real and personal taxable value of property
[8] Calculated as Aggregate Property Tax Revenue/# of Acres

Motor Vehicle Taxes

Motor vehicle taxes were allocated using a custom methodology based on the number of vehicles in each residential land use category. An analysis of the 2011-2015 US Census Bureau American Community Survey data indicated an average of 1.8 vehicles per residential occupied unit in the Village. This rate was applied to the estimated number of occupied units to determine the number of vehicles in each residential land use category. Motor vehicle tax values and revenue were then allocated to each residential land use category in proportion to the aggregate motor vehicle value that were determined based on the number of vehicles in each residential land use as shown in ***Figure 11*** below.

Figure 11. Motor Vehicle Tax Revenues by Land Use

Motor Vehicle Tax Revenue	
Motor Vehicle Tax Revenue - 2017 [1]	$612,417
Tax Rate, Per $100 Valuation- 2017 [1]	$0.295

Residential Motor Vehicle Tax Revenues by Land Use	Estimated # of Occupied Units [3]	# of Vehicles Per Unit [4]	Total # of Vehicles [5]	Aggregate Motor Vehicle Value [6]	Aggregate Motor Vehicle Tax Revenue [7]	# of Acres [2]	Motor Vehicle Taxes Per Acre [8]
Single Family - Low Density	60	1.80	109	$1,904,634	$5,623	396	$14
Single Family - Medium Density	1,831	1.80	3,296	$57,668,076	$170,243	2,145	$79
Single Family - High Density	4,224	1.80	7,604	$133,033,373	$392,730	1,683	$233
Multi-Family	471	1.80	848	$14,844,050	$43,821	254	$172
TOTAL	**6,587**		**11,857**	**$207,450,132**	**$612,417**	**4,477**	**$137**

[1] *June 30, 2017 Audited Financial Statements*
[2] *Calculated as Aggregate Motor Vehicle Value/Total # of Vehicles*
[3] *Calculated as # of Units times vacancy rates of 16% for Single Family and 68% for Multifamily, based on 2011-2015 American Community Survey 5 Yr Estimates (See Appendix E)*
[4] *Calculated as Aggregate # of Vehicles Available/# of Housing Units; Source: 2011-2015 American Community Survey 5 Yr Estimates*
[5] *Calculated as Estimated # of Occupied Units times # of Vehicles Per Unit*
[6] *Aggregate Motor Vehicle Value provided by More County Tax Department for FY 2017 and allocated in proportion to the # of Vehicles*
[7] *Aggregate MV Tax Revenue from June 30, 2017 financial statements allocated in proportion to the Aggregate Motor Vehicle Value*
[8] *Calculated as Aggregate Motor Vehicle Tax Revenue/# of Acres*

Sales Taxes

Sales tax revenue includes Local Option Sales Taxes that are levied by the Moore County Board of Commissions and collected by the State of North Carolina on behalf of the County. Sales taxes in Moore County are distributed on a per capita basis and are allocated to residential land uses based on population as shown in ***Figure 12***.

Figure 12. Sales Tax Revenues by Land Use

Sales Tax Revenue	
Local Option Sales Tax Revenue - 2017 [1]	$4,066,513
Pinehurst Population - 2017 [2]	16,328
Sales Tax Revenue per Capita	$249

Residential Sales Tax Revenues by Land Use	Population [2]	Aggregate Sales Tax Revenue [3]	# of Acres [4]	Sales Tax Revenue Per Acre [5]
Single Family - Low Density	156	$38,943	396	$98
Single Family - Medium Density	4,734	$1,179,109	2,145	$550
Single Family - High Density	10,922	$2,720,063	1,683	$1,617
Multi-Family	516	$128,399	254	$505
TOTAL	**16,328**	**$4,066,513**	**4,477**	**$908**

[1] June 30, 2017 Audited Financial Statements (Includes Hold Harmless Reimbursements)
[2] Calculated as Persons/Household Unit times Total # of Units, using 2011-2015 American Community Survey 5 Yr Estimates
[3] Total Sales Tax Revenue from June 30, 2017 financial statements allocated in proportion to Population
[4] Moore County Tax Assessor & GIS Data, 2017
[5] Calculated as Aggregate Sales Tax Revenue/# of Acres

Utilities Franchise Taxes

Utilities franchise taxes include electricity, video programming, and telecommunications taxes. Village staff allocated utilities franchise taxes based on the building square footage in each land use category. ***Figure 13*** indicates utilities franchise tax for residential and non-residential land uses.

Figure 13. Utilities Franchise Tax Revenues by Land Use

Utility Franchise Tax Revenue	
Electricity Franchise Tax Revenue - 2017 [1]	$1,339,438
Total Building Square Feet [2]	24,358,971
Utilities Franchise Tax Revenue Per Square Foot	$0.05

Residential Utility Franchise Tax Revenues by Land Use	Building Square Feet [2]	Aggregate Utilities Franchise Tax Revenue 3	# of Acres [2]	Utilities Franchise Tax Revenue Per Acre [4]
Single Family - Low Density	357,705	$19,669	396	$50
Single Family - Medium Density	7,196,970	$395,743	2,145	$185
Single Family - High Density	10,871,062	$597,772	1,683	$355
Multi-Family	2,072,611	$113,968	254	$448
SUB TOTAL	**20,498,348**	**$1,127,152**	**4,477**	**$252**
Non-Residential Utilities Franchise Tax Revenues by Land Use	**Building Square Feet [2]**	**Aggregate Utilities Franchise Tax Revenue 3**	**# of Acres [2]**	**Utilities Franchise Tax Revenue Per Acre [4]**
Office	547,181	$30,088	73	$413
Retail	155,094	$8,528	11	$759
Lodging	502,817	$27,649	30	$917
Recreational	398,705	$21,924	2,906	$8
Institutional	212,246	$11,671	49	$237
Medical	1,782,388	$98,009	138	$709
Industrial	45,898	$2,524	200	$13
Services	216,294	$11,893	47	$253
SUB TOTAL	**3,860,623**	**$212,286**	**3,455**	**$61**
TOTAL	**24,358,971**	**$1,339,438**	**7,932**	**$313**

[1] *June 30, 2017 Audited Financial Statements (Includes Electricity, Video Programming and Telecommunications Taxes)*
[2] *Moore County Tax Assessor & GIS Data, 2017*
[3] *Calculated as Utilities Franchise Tax Revenue Per Square Foot times Building Square Feet*
[4] *Calculated as Aggregate Utilities Franchise Tax Revenue/# of Acres*

Powell Bill Revenue

Powell Bill revenue is an annual appropriation from the NC State Highway Fund that is based on a formula that allocates 75% of the revenue based on population and 25% on the number of miles of Village streets maintained in the Village's corporate limits. The distribution excludes state and privately owned roads within the Village limits, including those roads in private gated communities.

Village staff obtained a GIS file with street miles and allocated the linear mileage to residential and non-residential land uses based on zoning jurisdiction and the proportion of land uses contained within that jurisdiction (See **Appendix D**). ***Figure 14*** indicates the Powell Bill revenue allocation for residential and non-residential land uses.

Figure 14. Powell Bill Revenue by Land Use

Powell Bill Revenue	
Powell Bill Revenue - 2017 [1]	$495,621
Distribution Rate/Lane Mile [2]	$1,622.49
Powell Bill Distribution Rate/Capita [2]	$20.04

Residential Powell Bill Revenue by Land Use	# of Lane Miles [3]	Revenue Based on Lane Miles [4]	Population [5]	Revenue Based on Population [6]	# of Acres [2]	Revenue Per Acre [7]
Single Family - Low Density	0.02	$39	156	$3,094	396	$8
Single Family - Medium Density	18.82	$30,537	4,734	$93,675	2,145	$44
Single Family - High Density	75.08	$121,813	10,922	$216,098	1,683	$128
Multi-Family	3.45	$5,604	516	$10,201	254	$40
SUB TOTAL	**97.38**	**$157,992**	**16,328**	**$323,068**	**4,477**	**$72**
Non-Residential Powell Bill Revenue by Land Use	**# of Lane Miles [3]**	**Revenue Based on Lane Miles [4]**			**# of Acres [2]**	**Revenue Per Acre [7]**
Office	1.90	$3,081			73	$42
Retail	0.33	$535			11	$48
Lodging	0.15	$240			30	$8
Recreational	4.38	$7,103			2,906	$2
Institutional	0.11	$175			49	$4
Medical	1.02	$1,655			138	$12
Industrial	0.58	$941			200	$5
Services	0.51	$831			47	$18
SUB TOTAL	**8.97**	**$14,561**			**3,455**	**$4**
GRAND TOTAL	**106.35**	**$172,553**	**16,328**	**$323,068**	**7,932**	**$76**

[1] June 30, 2017 Audited Financial Statements
[2] FY 2017 Powell Bill Distribution Report from NC Department of Revenue
[3] Moore County Tax Assessor and GIS Data, 2017
[4] Calculated as # of Lane Miles times Distribution Rate/Lane Mile
[5] Calculated as Persons/Household Unit times # of Units, using 2011-2015 American Community Survey 5 Yr Estimates
[6] Calculated as (Total Powell Bill Revenue - Revenue Based on Lane Miles) times proportion of population to Total Population
[7] Calculated as Aggregate Motor Vehicle Tax Revenue/# of Acres

Permits & Fee Revenue

Permits and fees include planning and inspection fees for residential and non-residential building permits within the Village limits. It excludes fire district revenues for services performed outside of the Village limits to other fire districts under contract. ***Figure 15*** indicates permit and fee revenue allocated by land use type.

Figure 15. Permit & Fee Revenue by Land Use

Permits & Fee Revenue	
Permits & Fee Revenue - 2017 [1]	$526,919

Residential Permits & Fee Revenues by Land Use	**% of Inspection Fees**	**Total Permits & Fees Revenue [4]**	**# of Acres [3]**	**Permits & Fees Revenue Per Acre [5]**
Single Family - Low Density	1%	$7,008	396	$18
Single Family - Medium Density	14%	$73,613	2,145	$34
Single Family - High Density	46%	$244,282	1,683	$145
Multi-Family	34%	$176,802	254	$695
SUB TOTAL	**66%**	**$501,705**	**4,477**	**$112**
Non-Residential Permits & Fees by Land Use	**% of Inspection Fees**	**Total Permits & Fees Revenue [4]**	**# of Acres [3]**	**Permits & Fees Revenue Per Acre [5]**
Office	2%	$8,642	73	$119
Retail	0%	$433	11	$39
Lodging	0%	$0	30	$0
Recreational	1%	$7,036	2,906	$2
Institutional	0%	$867	49	$18
Medical	1%	$7,080	138	$51
Industrial	0%	$0	200	$0
Services	0%	$1,156	47	$25
SUB TOTAL	**34%**	**$25,214**	**3,455**	**$7**
GRAND TOTAL	**100%**	**$526,919**	**7,932**	**$66**

[1] *June 30, 2017 Audited Financial Statements; Excludes Fixed Fire District Revenue of $274,655*
[2] *% Allocated to Residential and Non-Residential is based on SF permitted in FY 2017, per Permit Log*
[3] *Moore County Tax Assessor and GIS Data, 2017*
[4] *Total revenue allocated in proportion to Inspection Fees per Zoning Jurisdiction*
[5] *Calculated as Total Permits & Fees Revenue/# of Acres*

Sales & Services Revenue

Sales and services revenue includes fees for services for athletic programs, recreation programs, and facility rental fees. These fees are allocated to residential land uses based on population. ***Figure 16*** indicates sales and services revenue by land use.

Figure 16. Sales & Services Revenue by Land Use

Sales & Services Revenue	
Sales and Services Revenue - 2017 [1]	$129,687

Residential Sales & Services Revenue by Land Use	**Total Population [2]**	**Total Sales & Services Revenue [3]**	**Total # of Acres [4]**	**Sales & Services Revenue Per Acre [5]**
Single Family - Low Density	156	$1,242	396	$3
Single Family - Medium Density	4,734	$37,603	2,145	$18
Single Family - High Density	10,922	$86,747	1,683	$52
Multi-Family	516	$4,095	254	$16
TOTAL	**16,328**	**$129,687**	**4,477**	**$29**

[1] *June 30, 2017 Audited Financial Statements; Includes only Athletic Program Fees, Recreation Fees, & Facility Rental Fees*
[2] *Calculated as Persons/Household Unit times Total # of Units, using 2011-2015 American Community Survey 5 Yr Estimates*
[3] *Total revenue allocated in proportion to total population*
[4] *Moore County Tax Assessor and GIS Data, 2017*
[5] *Calculated as Total Permits & Fees Revenue/# of Acres*

Other Revenues

Other revenues include ABC Revenue 50% Mixed Beverage and 25% Counter Sales. These revenues are allocated to residential land uses based on population. ***Figure 17*** indicates other revenues allocated by land use type.

Figure 17. Other Revenues by Land Use

Other Revenues - 2017	
Other Revenues - 2017 [1]	$130,965

Residential Other Revenues by Land Use	**Population [2]**	**Total Other Revenues [3]**	**# of Acres [4]**	**Other Revenues Per Acre [5]**
Single Family - Low Density	156	$1,254	396	$3
Single Family - Medium Density	4,734	$37,974	2,145	$18
Single Family - High Density	10,922	$87,602	1,683	$52
Multi-Family	516	$4,135	254	$16
TOTAL	**16,328**	**$130,965**	**4,477**	**$29**

[1] *June 30, 2017 Audited Financial Statements; Includes only ABC Revenue 50% Mixed Beverage and 25% Counter Sales*
[2] *Calculated as Persons/Household Unit times Total # of Units, using 2011-2015 American Community Survey 5 Yr Estimates*
[3] *Total revenue allocated in proportion to Population*
[4] *Moore County Tax Assessor and GIS Data, 2017*
[5] *Calculated as Total Other Revenues/# of Acres*

Revenue Summary

Total revenues allocated on a per acre basis to residential land uses are shown in ***Figure 18***. Overall, ***Single Family – High Density and Multi-Family residential development generate the most revenue on a per acre basis.*** This is due in a large part to the higher density of housing that impacts primarily tax revenues. In addition, the majority of sales tax revenue is allocated to Single-Family High Density uses due to the concentration of population in this land use. It is also important to note that the large permits & fee revenue allocated to multi-family reflects the fees associated with a major apartment complex permitted in FY 2017. If occupancy rates for Multi-Family increase, the amount of revenue allocated to Multi-Family would be higher than what is shown in this analysis

Figure 18. Residential Revenue Generation per Acre by Land Use

Revenue Category	Single Family - Low Density	Single Family - Medium Density	Single Family - High Density	Multi-Family
Real &Personal Property Taxes	$507	$1,558	$2,311	$2,664
Motor Vehicle Taxes	$14	$79	$233	$172
Sales Taxes	$98	$550	$1,617	$505
Utilities Franchise Taxes	$50	$185	$355	$448
Powell Bill	$8	$44	$128	$40
Permits & Fees	$18	$34	$145	$695
Sales and Services Revenues	$3	$18	$52	$16
Other Revenues	$3	$18	$52	$16
TOTAL	**$701**	**$2,485**	**$4,893**	**$4,557**

Total revenues allocated on a per acre basis to non-residential land uses are shown in ***Figure 19.*** With property taxes as the largest source of revenue, ***lodging, retail, and office generate the most revenue per acre of the non-residential land uses.*** Given the amount of tax exempt property in the medical land use, it does not generate as much revenue per acre as other non-residential land uses.

Figure 19. Non-Residential Revenue Generation per Acre by Land Use

Revenue Category	Office	Retail	Lodging	Recreational	Institutional	Medical	Industrial	Services
Real &Personal Property Taxes	$3,204	$3,361	$7,347	$145	$22	$2,045	$5	$1,659
Utilities Franchise Taxes	$413	$759	$917	$8	$237	$709	$13	$253
Powell Bill	$42	$48	$8	$2	$4	$12	$5	$18
Permits & Fees	$119	$39	$0	$2	$18	$51	$0	$25
TOTAL	**$3,778**	**$4,205**	**$8,271**	**$158**	**$280**	**$2,818**	**$22**	**$1,955**

Expenditures Factors

Expenditure Allocation Methodologies

Figure 20 indicates the methodologies used to allocate different types of expenditures to various land uses. Due to annual fluctuations in capital expenses, Village staff allocated a 5-year average of capital expenditures projected in the FY 2018-2022 to determine an average annual capital expenditure for each expenditure type allocated. These estimated amounts are included in the expenditure detail contained in this analysis as the Amortized Annual Cost for Capital. In addition, internal service department costs including Information Technology, Buildings & Grounds, and Fleet Maintenance were allocated to the various departments listed below as is customary for Village financial reporting purposes. Expenditures indicated as "Fixed" were not allocated to a land use due to no reasonable basis for allocation.

Figure 20. Expenditure Allocation Methodologies

Department	FY 2017 Actual	Allocated/ Fixed [1]	% of Actual	Population	Population & Jobs	Vehicle Trips or Miles	Custom Analysis
Governing Body	$120,835	Allocated	1%		X		
Administration	$1,103,735	Allocated	7%		X		
Financial Services	$581,532	Allocated	3%		X		
Human Resources	$358,360	Allocated	2%		X		
Police	$2,796,366	Allocated	17%				X
Fire	$2,562,744	Allocated	15%				X
Planning	$560,143	Allocated	3%				X
Inspections	$205,873	Allocated	1%		X		
Public Services Administration	$784,979	Allocated	5%			X	
Streets & Grounds	$1,677,752	Allocated	10%			X	
Powell Bill	$813,982	Allocated	5%			X	
Solid Waste	$1,312,901	Allocated	8%	X			
Parks & Recreation	$1,956,703	Allocated	12%	X			
Library	$200,000	Fixed	1%				
Harness Track	$676,859	Fixed	4%				
Fair Barn	$342,767	Fixed	2%				
Community Development	$204,453	Fixed	1%				
Debt Service	$412,248	Allocated	2%				X
TOTAL EXPENDITURES	**$16,672,232**		**100%**				

[1] *Only expenditures that had a reasonable basis for allocation were allocated; expenditures indicated as Fixed were not allocated and excluded from the Analysis*

Administration

Administration Expenditures allocated include Governing Body, Administration, Financial Services, and Human Resources. These costs were allocated to residential and non-residential land uses using a custom calculation of a Proportionate Share based on US Census data on population and jobs (See ***Appendix A***). ***Figure 21*** indicates Administration expenditures allocated to residential and non-residential land uses.

Figure 21. Administration Expenditures by Land Use

Other General Fund - Administration Cost Factor	
Administration FY 2017 Operating Expenditures [1]	$2,139,195
Amortized Annual Cost for Capital [2]	$118,400
Total Administration Expenditures Allocated	**$2,257,595**
Proportionate Share - Residential [3]	67%
Proportionate Share - Non-Residential [3]	33%

Residential Administration Expenditures by Land Use	Population [4]	Total Administration Expenditures Per Area [5]	# of Acres [6]	Administration Expenditures Per Acre [7]
Single Family - Low Density	156	$14,545	396	$37
Single Family - Medium Density	4,734	$440,375	2,145	$205
Single Family - High Density	10,922	$1,015,893	1,683	$604
Multi-Family	516	$47,954	254	$189
SUBTOTAL	**16,328**	**$1,518,767**	**4,477**	**$339**
Non-Residential Administration Expenditures by Land Use	**# of Jobs [8]**	**Total Administration Expenditures Per Area [5]**	**# of Acres [6]**	**Administration Expenditures Per Acre [7]**
Office	1,578	$117,090	73	$1,609
Retail	285	$21,112	11	$1,878
Lodging	1,575	$116,882	30	$3,876
Recreational	323	$23,991	2,906	$8
Institutional	189	$13,994	49	$285
Medical	4,752	$352,565	138	$2,551
Industrial	179	$13,275	200	$66
Services	1,077	$79,920	47	$1,702
SUBTOTAL	**9,957**	**$738,828**	**3,455**	**$214**
TOTAL		**$2,257,595**	**7,933**	**$285**

[1] June 30, 2017 Audited Financial Statements; Includes Personnel and Operating Expenditures for Governing Body, Administration, Finance, and Human Resources

[2] Calculated as Five Year Average Capital Expenditures in FY 2018-2022 Capital Improvement Plan

[3] Calculated based on population and jobs using 2014 US Census On the Map Application Data and 2011-2015 American Community Survey 5 Yr Estimates (See Appendix A)

[4] Calculated as Persons/Household Unit times # of Units, using 2011-2015 American Community Survey 5 Yr Estimates

[5] Calculated as Population (Residential)/Building Square Feet (Non-Residential) times (Proportionate Share times Total Administration Expenditures Allocated)

[6] Moore County Tax Assessor and GIS Data, 2017

[7] Calculated as Total Administration Expenditures Per Area/# of Acres

[8] Calculated based on 2014 US Census on the Map Application Data (See Appendix C)

Police

Police Expenditures are allocated to residential and non-residential land uses based on the proportion of citizen initiated calls for service to the various land uses. To obtain this information, Village staff assigned the applicable land use to citizen initiated calls for service in FY 2017 using Computer Aided Dispatch (CAD) software and allocated total Police Expenditures based on the number of minutes citizen initiated calls for service consumed. ***Figure 22*** indicates Police Expenditures by land use type.

Figure 22. Police Expenditures by Land Use

Police Cost Factor	
Police FY 2017 Actual Expenditures [1]	$2,724,664
Amortized Annual Cost for Capital [2]	$110,000
Total Police Expenditures Allocated	**$2,834,664**
Police Time of Service (Minutes) for Citizen Initiated Calls [3]	174,689
Police Cost ($) Per Minute	$16.23

Residential Police Expenditures by Land Use	# of Citizen Initiated Calls [3]	Time of Service (Minutes) [3]	Total Police Expenditures Per Area [4]	# of Acres [5]	Police Expenditures Per Acre [6]
Single Family - Low Density	17	283	$4,588	396	$12
Single Family - Medium Density	1,037	29,287	$475,238	2,145	$222
Single Family - High Density	2,490	64,376	$1,044,627	1,683	$621
Multi-Family	251	8,276	$134,294	254	$528
SUB TOTAL	**3,795**	**102,222**	**$1,658,746**	**4,477**	**$370**
Non-Residential Police Expenditures by Land Use	**# of Citizen Initiated Calls [3]**	**Time of Service (Minutes) [3]**	**Total Police Expenditures Per Area [4]**	**# of Acres [5]**	**Police Expenditures Per Acre [6]**
Office	361	7,117	$115,482	73	$1,587
Retail	103	1,958	$31,776	11	$2,827
Lodging	88	4,535	$73,586	30	$2,440
Recreational	233	3,592	$58,282	2,906	$20
Institutional	342	12,612	$204,662	49	$4,161
Medical	1,065	37,085	$601,770	138	$4,354
Industrial	3	31	$495	200	$2
Services	288	5,538	$89,866	47	$1,914
SUB TOTAL	**2,483**	**72,467**	**$1,175,918**	**3,455**	**$340**
TOTAL	**6,278**	**174,689**	**$2,834,664**	**7,932**	**$357**

[1] *June 30, 2017 Audited Financial Statements; Includes Personnel and Operating Expenditures*
[2] *Calculated as Five Year Average Capital Expenditures in FY 2018-2022 Capital Improvement Plan*
[2] *VOP CAD Database from Police Department, FY 2017 Calls*
[3] *Calculated as # of Calls/Time of Service (Minutes)*
[4] *Calculated as Time of Service (Minutes) times Police Cost ($) Per Minute*
[5] *Moore County Tax Assessor & GIS Data, 2017*
[6] *Calculated as Total Police Expenditures Per Area/# of Acres*

Fire

Fire Expenditures are allocated to residential and non-residential land uses based on the proportion of fire calls for service to the various land uses within the Village limits. Fire calls to areas outside of the Village limits that fall under a separate contract for service were excluded from the analysis. To obtain the cost of fire calls for service, Village staff assigned the applicable land use to each of the 1,101 fire calls for service within the Village limits using Firehouse software and allocated total Fire Expenditures based on the number of minutes of fire calls for service consumed. ***Figure 23*** indicates Fire Expenditures by land use type.

Figure 23. Fire Expenditures by Land Use

Fire Cost Factor	
Fire FY 2017 Actual Expenditures [1]	$2,288,089
Amortized Annual Cost for Capital [2]	$153,700
Total Fire Expenditures Allocated	**$2,441,789**
Fire Time of Service (Minutes) for Calls in VOP Limits [3]	24,149
Fire Cost ($) Per Minute	$101.12

Residential Fire Expenditures by Land Use	# of Fire Calls in VOP Limits [3]	Time of Service (Minutes) [3]	Total Fire Expenditures Per Area [4]	Total # of Acres [5]	Fire Expenditures Per Acre [6]
Single Family - Low Density	6	76	$7,683	396	$19
Single Family - Medium Density	306	6,803	$687,856	2,145	$321
Single Family - High Density	460	9,816	$992,545	1,683	$590
Multi-Family	67	1,482	$149,802	254	$589
SUB TOTAL	**839**	**18,176**	**$1,837,886**	**4,477**	**$410**
Non-Residential Fire Expenditures by Land Use	**# of Fire Calls in VOP Limits [3]**	**Time of Service (Minutes) [3]**	**Total Fire Expenditures Per Area [4]**	**Total # of Acres [5]**	**Fire Expenditures Per Acre [6]**
Office	67	1,451	$146,684	73	$2,015
Retail	7	180	$18,187	11	$1,618
Lodging	29	659	$66,655	30	$2,210
Recreational	26	516	$52,167	2,906	$18
Institutional	33	846	$85,592	49	$1,740
Medical	80	1,881	$190,246	138	$1,376
Industrial	0	0	$0	200	$0
Services	20	439	$44,371	47	$945
SUB TOTAL	**262**	**5,972**	**$603,903**	**3,455**	**$175**
TOTAL	**1,101**	**24,149**	**$2,441,789**	**7,933**	**$308**

[1] *June 30, 2017 Audited Financial Statements less Fire District Revenue (Moore Co. and Taylortown) of $274,655 for fire services outside Village limits; Includes Personnel and Operating Expenditures*

[2] *Calculated as Five Year Average Capital Expenditures in FY 2018-2022 Capital Improvement Plan*

[3] *VOP FireHouse Database, Village of Pinehurst; Excludes time spent on calls outside Village limits*

[4] *Calculated as Time of Service (Minutes) times Fire Cost ($) Per Minute*

[5] *Moore County Tax Assessor & GIS Data, 2017*

[6] *Calculated as Total Fire Expenditures Per Area/Total # of Acres*

Streets & Grounds

Streets & Grounds Expenditures include not only the direct department expenditures, but also includes an allocation of 67% of the Public Services Administration costs based on a custom solid waste analysis prepared annually by the Financial Services Department. Total Streets & Grounds Expenditures are then allocated based on the number of lane miles of Village maintained roads assigned to each land use type in the Village's Geographical Information System (GIS). Privately owned roads and state roads are not included in the total lane miles. ***Figure 24*** indicates Streets and Grounds Expenditures by land use type.

Figure 24. Streets and Grounds Expenditures by Land Use

Streets & Grounds Cost Factor	
Streets & Grounds FY 2017 Actual Expenditures [1]	$1,220,142
67% of FY 2017 Public Services Admin Operating Cost [2]	$242,207
Amortized Annual Cost for Capital [3]	$674,603
Total Streets & Grounds Expenditures Allocated	**$1,462,349**
Total # of Lane Miles [4]	106.35
Streets & Grounds Cost ($) Per Lane Mile	$13,750.23

Residential Streets & Grounds Expenditures by Land Use	**# of Lane Miles [4]**	**Streets & Grounds Expenditures Per Area [5]**	**Total # of Acres [4]**	**Streets & Grounds Expenditures Per Acre [6]**
Single Family - Low Density	0.02	$332	396	$1
Single Family - Medium Density	18.82	$258,791	2,145	$121
Single Family - High Density	75.08	$1,032,334	1,683	$614
Multi-Family	3.45	$47,488	254	$187
SUBTOTAL	**97.38**	**$1,338,946**	**4,477**	**$299**
Non-Residential Streets & Grounds Expenditures by Land Use	**# of Lane Miles [4]**	**Streets & Grounds Expenditures Per Area [5]**	**Total # of Acres [4]**	**Streets & Grounds Expenditures Per Acre [6]**
Office	1.90	$26,112	73	$359
Retail	0.33	$4,534	11	$403
Lodging	0.15	$2,035	30	$67
Recreational	4.38	$60,196	2,906	$21
Institutional	0.11	$1,486	49	$30
Medical	1.02	$14,023	138	$101
Industrial	0.58	$7,971	200	$40
Services	0.51	$7,046	47	$150
SUBTOTAL	**8.97**	**$123,403**	**3,455**	**$36**
TOTAL	**106.35**	**$1,462,349**	**7,932**	**$184**

[1] June 30, 2017 Audited Financial Statements; Includes Personnel and Operating Expenditures
[2] FY 2017 Solid Waste Cost Analysis, Financial Services Department
[3] Calculated as Five Year Average Capital Expenditures in FY 2018-2022 Capital Improvement Plan
[4] Moore Co. Tax Assessor & GIS Data, 2017 (See Appendix D)
[5] Calculated as # of Lane Miles times Streets & Grounds Cost ($) Per Lane Mile
[6] Calculated as Total Streets & Grounds Expenditures Per Area/Total # of Acres

Powell Bill

Powell Bill Expenditures represent the cost to resurface and stripe Village maintained roads within the Village limits and are allocated based on the proportion of estimated daily vehicle trips for various residential and non-residential uses. See **Appendix B** for the custom analysis performed to determine estimated daily vehicle trips. ***Figure 25*** indicates Powell Bill Expenditures by land use type.

Figure 25. Powell Bill Expenditures by Land Use

Powell Bill Cost Factor	
Powell Bill FY 2017 Actual Expenditures [1]	**$813,982**
Total Daily Vehicle Trips [2]	60,597
Powell Bill Cost ($) Per Daily Vehicle Trip Per Year	$13.43

Residential Powell Bill Expenditures by Land Use	**Total Daily Vehicle Trips [2]**	**Total Powell Bill Expenditures Per Area [3]**	**# of Acres [2]**	**Powell Bill Expenditures Per Acre [4]**
Single Family - Low Density	245	$3,288	396	$8
Single Family - Medium Density	7,412	$99,566	2,145	$46
Single Family - High Density	17,099	$229,686	1,683	$137
Multi-Family	550	$7,384	254	$29
SUBTOTAL	**25,306**	**$339,925**	**4,477**	**$76**
Non-Residential Powell Bill Expenditures by Land Use	**Total Daily Vehicle Trips [2]**	**Total Powell Bill Expenditures Per Area [3]**	**# of Acres [2]**	**Powell Bill Expenditures Per Acre [4]**
Office	5,020	$67,438	73	$927
Retail	4,791	$64,353	11	$5,724
Lodging	3,376	$45,355	30	$1,504
Recreational	7,324	$98,385	2,906	$34
Institutional	1,645	$22,096	49	$449
Medical	11,782	$158,259	138	$1,145
Industrial	160	$2,149	200	$11
Services	1,193	$16,023	47	$341
SUBTOTAL	**35,291**	**$474,057**	**3,455**	**$137**
TOTAL	**60,597**	**$813,982**	**7,932**	**$103**

[1] *June 30, 2017 Audited Financial Statements*
[2] *Calculated as # of Demand Units times Trip Rates times Trip Adjustment Factor (See Appendix B)*
[3] *Calculated as Total Daily Vehicle Trips times Powell Bill Cost ($) Per Daily Vehicle Trip*
[4] *Calculated as Total Powell Bill Expenditures Per Area/# of Acres*

It is important to note that there are three large gated communities in Pinehurst that maintain their privately owned streets, which include the Country Club of North Carolina, Pinewild Country Club, and Fairwoods on 7. Also, streets in Midland Country Club (a Multi-Family development) and Pinehurst No. 8 are privately maintained. Therefore, any road resurfacing expenditures in these neighborhoods (and on other private roads in the Village) are not a financial obligation of the Village.

Solid Waste

Solid Waste Expenditures include not only the direct department expenditures, but also includes an allocation of 33% of the Public Services Administration costs based on a custom solid waste analysis prepared annually by the Financial Services Department. Solid Waste Expenditures are allocated solely to residential land uses based on the number of households in each land use type. Because the Village does not provide solid waste services to non-residential properties, no expenditures are allocated to this land use. ***Figure 26*** indicates Solid Waste Expenditures by land use type.

Figure 26. Solid Waste Expenditures by Land Use

Solid Waste Cost Factor	
Solid Waste FY 2017 Actual Operating Expenditures [1]	$1,309,559
Amortized Annual Cost for Capital [2]	$196,617
33% of FY 2017 Public Services Admin Operating Cost [3]	$119,296
Total Solid Waste Expenditures Allocated	**$1,625,472**
Estimated # of Occupied Units [4]	6,587
Solid Waste Cost ($) Per Occupied Unit	$246.75

Residential Solid Waste Expenditures by Land Use	**Estimated # of Occupied Units [4]**	**Total Solid Waste Expenditures Per Area [5]**	**Total # of Acres [4]**	**Solid Waste Expenditures Per Acre [6]**
Single Family - Low Density	60	$14,924	396	$38
Single Family - Medium Density	1,831	$451,857	2,145	$211
Single Family - High Density	4,224	$1,042,380	1,683	$620
Multi-Family	471	$116,310	254	$457
TOTAL	**6,587**	**$1,625,472**	**4,477**	**$363**

[1] *June 30, 2017 Audited Financial Statements; Includes Personnel and Operating Expenditures*
[2] *Calculated as Five Year Average Capital Expenditures in FY 2018-2022 Capital Improvement Plan*
[3] *FY 2017 Solid Waste Cost Analysis, Financial Services Department*
[4] *Calculated as # of Units times vacancy rates of 16% for SF and 68% for multifamily, based on 2011-2015 American Community Survey 5 Yr Estimates (See Appendix E)*
[5] *Calculated as Estimated # of Occupied Units times Solid Waste Cost ($) Per Occupied Unit*
[6] *Calculated as Total Solid Waste Expenditures Per Area/Total # of Acres*

It is important to recognize that the cost of solid waste services includes a “mix” of service levels within the Multi-Family developments, with some developments being served by the Village and others being served by a private hauler.

Planning & Inspections

Planning & Inspections Expenditures are allocated to various land uses based on the proportion of square feet permitted within the Village limits in FY 2017. ***Figure 27*** indicates Planning & Inspections Expenditures by land use type.

Figure 27. Planning & Inspections Expenditures by Land Use

Planning & Inspections Cost Factor	
Planning & Inspections FY 2017 Actual Expenditures [1]	**$762,739**
Total Square Feet of Permits Issued [2]	843,755
Planning & Inspections Cost ($) Per SF of Permits Issued	$0.90

Residential Planning and Inspections Expenditures by Land Use	# of Square Feet Permitted [2]	Total P&I Expenditures Per Area [3]	# of Acres [4]	P&I Expenditures Per Acre [5]
Single Family - Low Density	12,449	$11,254	396	$28
Single Family - Medium Density	149,320	$134,983	2,145	$63
Single Family - High Density	438,151	$396,080	1,683	$235
Multi-Family	202,657	$183,198	254	$720
SUB TOTAL	**802,577**	**$725,515**	**4,477**	**$162**
Non-Residential Planning & Inspections Expenditures by Land Use	**# of Square Feet Permitted [2]**	**Total P&I Expenditures Per Area [3]**	**# of Acres [4]**	**P&I Expenditures Per Acre [5]**
Office	10,670	$9,645	73	$133
Retail	820	$741	11	$66
Lodging	0	$0	30	$0
Recreational	8,959	$8,099	2,906	$3
Institutional	760	$687	49	$14
Medical	16,619	$15,023	138	$109
Industrial	2,800	$2,531	200	$13
Services	550	$497	47	$11
SUB TOTAL	**41,178**	**$37,224**	**3,455**	**$11**
TOTAL	**843,755**	**$762,739**	**7,932**	**$96**

[1] *June 30, 2017 Audited Financial Statements; Includes Personnel and Operating Expenditures*
[2] *FY 2017 Permit Log, Planning & Inspections Department (Excluding permits issued in the ETJ)*
[3] *Calculated as # of Square Feet Permitted times Planning & Inspections Cost ($) Per SF of Permits Issued*
[4] *Moore County Tax Assessor and GIS Data, 2017*
[5] *Calculated as Total P&I Expenditures Per Area/# of Acres*

Parks & Recreation

Parks & Recreation Expenditures are allocated to residential land uses based on population. ***Figure 28*** indicates Parks & Recreation Expenditures by land use type.

Figure 28. Parks & Recreation Expenditures by Land Use

Parks & Recreation Cost Factor	
Parks & Recreation FY 2017 Actual Expenditures [1]	$1,367,213
Amortized Annual Cost for Capital [2]	$85,800
Total P&R Expenditures Allocated	**$1,453,013**
Population [3]	16,328
Parks & Recreation Cost ($) Per Capita	$88.99

Residential - Parks & Recreation Allocation by Land Use	Population [3]	Total Parks & Recreation Expenditures Per Area [4]	Total # of Acres [5]	Parks & Recreation Expenditures Per Acre [6]
Single Family - Low Density	156	$13,915	396	$35
Single Family - Medium Density	4,734	$421,309	2,145	$196
Single Family - High Density	10,922	$971,911	1,683	$578
Multi-Family	516	$45,878	254	$180
TOTAL	**16,328**	**$1,453,013**	**4,477**	**$325**

[1] *June 30, 2017 Audited Financial Statements; Includes Personnel and Operating Expenditures*
[2] *Calculated as Five Year Average Capital Expenditures in FY 2018-2022 Capital Improvement Plan*
[3] *Calculated as Persons/Household Unit times Total # of Units, using 2011-2015 American Community Survey 5 Yr Estimates*
[4] *Calculated as Population times Parks & Recreation Cost ($) Per Capita*
[5] *Moore Co. Tax Assessor & GIS Data, 2017*
[6] *Calculated as Total P&R Expenditures Per Area/# of Acres*

Debt Service

Debt Service Expenditures allocated in this analysis include debt service for Fire Department and Parks & Recreation assets. The basis for the allocation is the same basis used for allocating other Fire Department and Parks & Recreation Expenditures. Debt service for the Fair Barn is not included in this analysis as its revenues and expenditures are excluded because they are not generated in proportion to any residential or non-residential land use. ***Figure 29*** indicates Debt Service Expenditures by land use type.

Figure 29. Debt Service Expenditures by Land Use

Fire Debt Service Cost Factor	
Fire Debt Service FY 2017 Actual Expenditures [1]	$313,367
Fire Time of Service (Minutes) for Calls in VOP Limits [2]	24,149
Fire Debt Service Cost ($) Per Minute	$12.98
Parks & Recreation Debt Service Cost Factor	
P&R Debt Service FY 2017 Actual Expenditures [1]	$35,655
Total Population [3]	16,328
P&R Debt Service Cost ($) Per Capita	$2.18

	Fire		Parks and Recreation			
Residential Debt Service Expenditures by Land Use	**Fire Time of Service (Minutes) [2]**	**Total Fire Debt Service Expenditures Per Area [4]**	**Population [3]**	**Total P&R Debt Service Expenditures Per Area [7]**	**Total # of Acres [5]**	**Total Debt Service Expenditures Per Acre [6]**
Single Family - Low Density	76	$986	156	$341	396	$3
Single Family - Medium Density	6,803	$88,276	4,734	$10,338	2,145	$46
Single Family - High Density	9,816	$127,378	10,922	$23,849	1,683	$90
Multi-Family	1,482	$19,225	516	$1,126	254	$80
SUB TOTAL	**18,176**	**$235,865**	**16,328**	**$35,655**	**4,477**	**$61**
Non-Residential Debt Service Expenditures by Land Use	**Fire Time of Service (Minutes) [2]**	**Total Fire Debt Service Expenditures Per Area [4]**			**Total # of Acres [5]**	**Fire Debt Service Expenditures Per Acre [6]**
Office	1,451	$18,825			73	$259
Retail	180	$2,334			11	$208
Lodging	659	$8,554			30	$284
Recreational	516	$6,695			2,906	$2
Institutional	846	$10,984			49	$223
Medical	1,881	$24,415			138	$177
Industrial	0	$0			200	$0
Services	439	$5,694			47	$121
SUB TOTAL	**5,972**	**$77,502**			**3,455**	**$22**
TOTAL	**24,149**	**$313,367**		**$35,655**	**7,932**	**$44**

[1] June 30, 2017 Audited Financial Statements; Includes debt service for Fire Station and Firetrucks and excludes debt service for Fair Barn
[2] VOP FireHouse Database, Village of Pinehurst; Excludes time spent on calls outside Village limits
[3] Calculated as Persons/Household Unit times Total # of Units, using 2011-2015 American Community Survey 5 Yr Estimates
[4] Calculated as Time of Service (Minutes) times Fire Debt Service Cost ($) Per Minute
[5] Moore County Tax Assessor & GIS Data, 2017
[6] Calculated as Total Fire and Parks & Recreation Debt Service Expenditures Per Area/Total # of Acres
[7] Calculated as Population times P&R Debt Service Cost ($) Per Capita
[8] Calculated as Total P&R Debt Service Expenditures Per Area/Total # of Acres

Expenditure Summary

Expenditures allocated on a per acre basis to residential land uses are shown in ***Figure 30***. ***Overall, Single Family – High Density and Multi-Family development cost the most to service on a per acre basis.*** This is due in a large part to the higher density of population and housing units. The higher density of population impacts nearly all expenditure categories for Single-Family High Density and Multi-Family was allocated a significant portion of Planning & Inspections expenditures due to a large apartment complex permitted in FY 2017. Given the assumed vacancy rates of 68% in Multi-Family, this residential land use would likely generate greater expenditures per acre as occupancy increases.

Figure 30. Residential Expenditures per Acre by Land Use

Expenditures Category	Single Family - Low Density	Single Family - Medium Density	Single Family - High Density	Multi-Family
Administration	$37	$205	$604	$189
Police	$12	$222	$621	$528
Fire	$19	$321	$590	$589
Streets & Grounds	$1	$121	$614	$187
Powell Bill	$8	$46	$137	$29
Solid Waste	$38	$211	$620	$457
Planning & Inspections	$28	$63	$235	$720
Parks & Recreation	$35	$196	$578	$180
Debt Service	$3	$46	$90	$80
TOTAL EXPENDITURES	**$181**	**$1,431**	**$4,087**	**$2,960**

Expenditures allocated on a per acre basis to non-residential land uses are shown in ***Figure 31***. ***Overall, retail, lodging, and medical uses cost the most to serve per acre for non-residential land uses.*** This is in part due to the larger number of daily vehicle trips associated with retail use that contribute to road resurfacing, or Powell Bill, expenditures. In addition, Police Expenditures allocated to medical and institutional uses due to the amount of time spent on calls for service drive the cost per acre up significantly. Finally, lodging and medical land uses also receive a greater allocation of Administration expenses due to the higher number of jobs in these two land uses.

Figure 31. Non-Residential Expenditures per Acre by Land Use

Expenditures Category	Office	Retail	Lodging	Recreational	Institutional	Medical	Industrial	Services
Administration	$1,609	$1,878	$3,876	$8	$285	$2,551	$66	$1,702
Police	$1,587	$2,827	$2,440	$20	$4,161	$4,354	$2	$1,914
Fire	$2,015	$1,618	$2,210	$18	$1,740	$1,376	$0	$945
Streets & Grounds	$359	$403	$67	$21	$30	$101	$40	$150
Powell Bill	$927	$5,724	$1,504	$34	$449	$1,145	$11	$341
Planning & Inspections	$133	$66	$0	$3	$14	$109	$13	$11
Debt Service	$259	$208	$284	$2	$223	$177	$0	$121
TOTAL EXPENDITURES	**$6,887**	**$12,723**	**$10,381**	**$106**	**$6,902**	**$9,813**	**$132**	**$5,185**

Appendices

Appendix A. Proportionate Share Factors

Proportionate Share Factors are used to determine the allocation of Administration expenditures to residential and non-residential uses based on population and jobs. Based on the analysis shown in ***Figure 32***, 67% of demand is derived from residential uses and 33% is derived from non-residential uses. See **Appendix C** for further information about jobs located in the Village.

Figure 32. Residential and Non-Residential Proportionate Share Factors

Residential	2014	Demand Hours/Day	Person Hours	Proportionate Share
Estimated Residents [1]	15,150			
Workers Living in the Village [2]	5,171			
Residents Not Working	9,979	20	199,580	
Residents Working in the Village [2]	1,139	14	15,946	
Residents Working Outside of the Village	4,032	14	56,448	
TOTAL RESIDENTIAL			**271,974**	**67%**
Non-Residential	**2014**	**Demand Hours/Day**	**Person Hours**	**Proportionate Share**
Non-Working Residents in the Village	9,979	4	39,916	
Jobs Located in the Village [2]	9,239			
Residents Working in the Village	1,139	10	11,390	
Non-Resident Workers	8,100	10	81,000	
TOTAL NONRESIDENTIAL			**132,306**	**33%**
		GRAND TOTAL	**404,280**	**100%**

[1] *NC State Demographer*

[2] *US Census On the Map Application, 2014 Data*

Appendix B. Custom Analysis of Vehicle Trips

Vehicle trip rates by type of housing unit are used in the analysis. National average rates can be obtained from the Institute for Transportation Engineers (ITE). However, an alternative to simply using the national average trip generation rate for residential development is to utilize the Institute of Transportation Engineers (ITE) published regression curve formulas to derive custom trip generation rates using local demographic data. Key variables needed for the analysis (i.e. vehicles available, housing units, households and persons) were obtained from the 2011-2015 American Community Survey 5 Yr Estimates to derive custom average weekday trip generation rates by type of housing. An average of the two published methodologies, which is below the national average, was used as shown in ***Figure 33*** below. A vehicle trip end represents a vehicle either entering or exiting a development, as if a traffic counter were placed across a driveway.

Figure 33. Residential Average Daily Vehicle Trip Ends Per Housing Unit Type

Occupancy	Vehicles Available [1]	Single Family # of Units [2]	Multifamily # of Units [2]	Total # of Occupied Units [2]	Vehicles per Household Unit [3]
Owner Occupied	11,620	6,132	107	6,239	1.9
Renter Occupied	1,348	849	199	1,048	1.3
TOTAL	**12,968**	**6,981**	**306**	**7,287**	**1.8**

Residential Land Use	Estimated Trip Ends Based on Population		Estimated Trip Ends Based on Vehicles		Trip Ends Based on Average of Two Methods	VOP Custom Trip Ends per Housing Unit	ITE National Average
	Persons [4]	Trip Ends Based on Persons [5]	# of Vehicles by Type of Housing [6]	Trip Ends Based on # of Vehicles [7]			
Single Family	14,984	36,796	12,423	71,252	54,024	**6.52**	9.52
Multifamily	329	1,077	545	2,439	1,758	**1.88**	6.65
TOTAL	**15,313**	**37,873**	**12,968**	**74,343**	**56,108**	**6.08**	

[1] *2011-2015 American Community Survey 5 Yr Estimates - Aggregate Number of Vehicles Available by Tenure (B25046)*

[2] *2011-2015 American Community Survey 5 Yr Estimates - Tenure by Units in Structure (B25032)*

[3] *Calculated as Vehicles Available/Total # of Units*

[4] *2011-2015 American Community Survey 5 Yr Estimates - Tenure by Household Size by Units in Structure (B25124)*

[5] *Vehicle trip ends based on persons using formulas from Trip Generation (ITE 2008). For single unit housing (ITE210), the fitted curve equation is = (EXP(0.91*LN((persons/15))+1.52)*15. For 2+ unit housing (ITE 220), the fitted curve equation is =(3.47*persons)-64.48.*

[6] *Calculated as Average 1.8 Vehicles Per Household Unit times # of Units*

[7] *Vehicle trip ends based on vehicles by housing type using formulas from Trip Generation (ITE 2008). For single unit housing (ITE210), the fitted curve equation is = (EXP(0.99*LN((vehicles/22))+1.81)*22. For 2+ unit housing (ITE 220), the fitted curve equation is =(3.94*vehicles)+293.58.*

Trip generation rates require an adjustment factor to avoid double counting each trip at both the origin and destination points. Each trip is made of two "trip ends," one at the production end of the trip and one at the attraction end of the trip. In the trip generation procedure, one assumes that the land activity (e.g., jobs and households) results in the "production" and "attraction" of trips (or trip ends). A trip end that is produced in a zone is called a "production" trip. A trip end that is attracted to a zone is called an "attraction" trip.

According to the National Household Travel Survey, home-based work trips (or trips from home to work for the purpose of working) are typically 31% of “production” trips, or out-bound trips (which are 50% of all trip ends). Residential development in the Village has a larger trip adjustment factor of 62% to account for commuters leaving Pinehurst for work. Data from the US Census Bureau indicates that 78% of Pinehurst workers travel outside the Village for work. In combination, these factors (0.31 x 0.50 x 0.78 = 0.12) account for 12% of additional production trips attributable to residential development. ***Figure 34*** indicates the total residential trip adjustment factor includes "attraction" trips (50% of trip ends) plus the journey-to-work commuting adjustment (12% of production trips) for a total of 62%. In other words, because 78% of Pinehurst residents travel outside of the Village for work, the residential trip adjustment factor is larger than it would be if more residents worked inside the Village limits.

Figure 34. Adjustment for Journey-to-Work Commuting

Adjustment for Journey-to Work Commuting	
Home based work trips [1]	31%
Percent of all trip ends [1]	50%
% of residents workers who travel out of VOP [2]	78%
Journey to Work Commuting Adjustment	**12%**
Attraction Trip Ends [3]	**50%**
Residential Trip Adjustment Factor [3]	**62%**

[1] According to the National Household Travel Survey (e.g. trips from home to work for the purpose of working)
[2] Census Bureau "On the Map" application, 2014 Data (onthemap.ces.census.gov)
[3] Journey to work factor + 50% of trip ends for "attraction" trips

***Figure 35* indicates estimated residential vehicle trip ends by residential land use type.** Non-residential vehicle trip ends utilized in the analysis were obtained from published sources based on applicable demand units that included primarily square footage of non-residential buildings. Vehicle trip rates for recreational development is based on the number of acres of recreational land since the vast majority of acreage in the Village is golf courses.

Figure 35. Residential and Non-Residential Average Vehicle Trip Ends by Land Use

Residential Vehicle Trips	**Estimated # of Occupied Units [1]**	**Trip Rates [2]**	**Demand Unit [2]**	**Trip Adjustment Factor [3]**	**Residential Vehicle Trips on an Average Weekday [4]**
Single Family - Low Density	60	6.52	# of Units	62%	245
Single Family - Medium Density	1,831	6.52	# of Units	62%	7,412
Single Family - High Density	4,224	6.52	# of Units	62%	17,099
Multifamily	471	1.88	# of Units	62%	550
TOTAL	**6,587**				**25,306**

Nonresidential Vehicle Trips	**# [1]**	**Trip Rates [2]**	**Demand Unit [2]**	**Trip Adjustment Factor [4]**	**Non-Residential Vehicle Trips on an Average Weekday [5]**	**ITE Classification Source**
Office	547,181	18.35	1,000 SF	50%	5,020	Davidson Fiscal Analysis
Retail	155,094	110.32	1,000 SF	28%	4,791	Davidson Fiscal Analysis
Lodging	502,817	13.43	1,000 SF	50%	3,376	Resort Hotel (330)
Recreational	2,906	5.04	Acre	50%	7,324	Golf Courses (430)
Institutional	212,246	15.50	1,000 SF	50%	1,645	Davidson Fiscal Analysis
Medical	1,782,388	13.22	1,000 SF	50%	11,782	Hospital (610)
Industrial	45,898	6.97	1,000 SF	50%	160	Davidson Fiscal Analysis
Services	216,294	11.03	1,000 SF	50%	1,193	General Office (710)
TOTAL					**35,291**	

[1] Moore County Tax Assessor and GIS Data, 2017
[2] Institute of Transportation Engineers (ITE) Trip Generation Manual, 9th Edition
[3] Custom calculation for journey to work commuting
[4] Institute of Transportation Engineers (ITE) standard multipliers for non-residential trips
[5] Calculated as # of Demand Units times Trip Rates times Trip Adjustment Factor

Appendix C. Jobs Analysis

To determine the number of jobs in each non-residential land use, Village staff obtained data from the US Census on the Map Application and cross referenced that data with Village parcel data to determine the indicated jobs by sector. As noted below in ***Figure 36***, some jobs were reallocated due to apparent inaccuracies in the number of jobs listed by the US Census Bureau.

Figure 36. US Census on the Map Application, Jobs by Sector

Jobs by NAICS Industry Sector	# of Jobs - 2014 [1]	%	Land Use
Agriculture, Forestry, Fishing and Hunting	1	0.0%	Industrial
Mining, Quarrying, and Oil and Gas Extraction	0	0.0%	Industrial
Utilities	0	0.0%	Industrial
Construction	58	0.6%	Industrial
Manufacturing	48	0.5%	Industrial
Wholesale Trade	53	0.6%	Industrial
Retail Trade	264	2.9%	Retail
Transportation and Warehousing	6	0.1%	Industrial
Information	39	0.4%	Services
Finance and Insurance	146	1.6%	Services
Real Estate and Rental and Leasing	80	0.9%	Services
Professional, Scientific, and Technical Services	224	2.4%	Services
Management of Companies and Enterprises	8	0.1%	Office
Administration & Support, Waste Management and Remediation	164	1.8%	Office
Educational Services	175	1.9%	Institutional
Health Care and Social Assistance [2]	4,409	47.7%	Medical
Health Care and Social Assistance [2]	1,102	11.9%	Office
Arts, Entertainment, and Recreation	300	3.2%	Recreational
Accommodation and Food Services [3]	365	4.0%	Services
Accommodation and Food Services [3]	1,462	15.8%	Lodging
Other Services (excluding Public Administration)	145	1.6%	Services
Public Administration	190	2.1%	Office
TOTAL	**9,239**	**100%**	

[1] US Census On the Map Application, 2014 Data
[2] Allocated total of 5,511 Medical jobs as 80% Medical (e.g. hospital, medical clinics, nursing homes) and 20% Office (e.g. medical/dental office)
[3] Allocated total of 1,827 Accommodation and Food Services jobs as 80% Lodging (e.g. hotel) and 20% Services (e.g. restaurant)

To determine the estimated number of jobs located in the Village in FY 2017, Village staff applied the % of jobs to population in 2014, or 61% to the FY 2017 population amount to estimate a total of 9,957 jobs, as shown in ***Figure 37***.

Figure 37. Estimated Number of Jobs Located in the Village in FY 2017

Estimated # of Jobs 2017	
Population - 2014	15,150
Jobs Located in the Village - 2014	9,239
Jobs Located in the Village as a % of Population - 2014	61%
Population - 2017	16,328
Jobs Located in the Village as a % of Population - 2014	61%
ESTIMATED JOBS LOCATED IN THE VILLAGE - 2017	**9,957**

Based on the estimated total of 9,957 jobs located in the Village in FY 2017, staff applied the 2014 ratio by non-residential land use to the FY 2017 estimated number of jobs, as shown in ***Figure 38***.

Figure 38. Estimated FY 2017 Jobs by Non-Residential Land Use

Job Classifications by Land Use	2014	% in 2014	Est 2017
Office	1,464	16%	1,578
Retail	264	3%	285
Lodging	1,462	16%	1,575
Recreational	300	3%	323
Institutional	175	2%	189
Medical	4,409	48%	4,752
Industrial	166	2%	179
Services	999	11%	1,077
TOTAL	**9,239**	**100%**	**9,957**

Appendix D. Village-Owned Lane Miles by Land Use

To determine the number of Village-owned lane miles by land use, staff obtained a GIS file of lane miles by zoning jurisdiction and performed a custom analysis to assign land uses based on zoning. ***Figure 39*** indicates the number of Village-owned lane miles by zoning jurisdiction.

Figure 39. Village-Owned Lane Miles by Zoning Jurisdiction and Land Use

Residential	# of Miles [1]
SF -Low Density (R-210)	0.02
SF -Medium Density (R-15; R-20; R-30)	18.82
SF -High Density (R-5; R-8; R-10, VCP)	75.08
Multi-family (R-MF;VR)	3.45
SUBTOTAL	**97.38**
Non-Residential	**# of Miles**
Village Center Commercial (VC)	0.37
Village Mixed Use (VMU)	0.68
Neighborhood Commercial (NC)	1.11
Other Office & Retail (OP)	1.83
Hotel (H)	0.00
Hospital (HD)	0.39
Recreational Development (RD)	2.43
Institutional (PC)	2.16
SUBTOTAL	**8.97**
GRAND TOTAL	**106.35**

Non-Residential Zoning Jurisdiction	# of Miles [1]	% Allocated to Land Use [2]
Village Center Commercial (VC)	0.37	40% Lodging/20% Retail/20% Services/20% Office
Village Mixed Use (VMU)	0.68	85% Industrial/5% Retail/5% Services/5% Office
Neighborhood Commercial (NC)	1.11	40% Medical/20% Retail/20% Services/20% Office
Other Office & Retail (OP)	1.83	80% Office/10% Medical/10% Services
Hotel (H)	0.00	100% Lodging
Hospital (HD)	0.39	100% Medical
Recreational Development (RD)	2.43	100% Recreational
Institutional (PC)	2.16	90% Recreational/5% Office/5% Institutional
TOTAL	**8.97**	

Non-Residential Land Use	# of Miles [2]
Office	1.90
Retail	0.33
Lodging	0.15
Recreational	4.38
Institutional	0.11
Medical	1.02
Industrial	0.58
Services	0.51
TOTAL	**8.97**

[1] *Moore County GIS Data, 2017*

[2] *Allocated based on land uses in zoning jurisdictions using Moore County GIS Data, 2017*

Appendix E. Household Characteristics

To determine the population per household for single family and multifamily land uses, Village staff analyzed the 2011-2015 American Community Survey 5 Yr Estimates - Tenure by Household Size by Units in Structure (B25124). Results of this analysis indicates an average of 0.35 persons per household in multi-family residential development due to the large vacancy rate of 68%. Given this, population estimates were determined by calculating population in the multifamily land use an allocating the remaining population (based on NC State Demographer figures) for FY 2017 to single family land uses based on the proportion of the # of units. In addition, vacancy rates were determined by housing type with an overall vacancy rate of 21% noted. ***Figure 40*** indicates the estimated population per household and vacancy rates.

Figure 40. Estimated Population per Household and Land Use

	Renter & Owner Occupied			Total Housing Units (Including Vacant)			
Residential Land Use Type	**# of Persons [1]**	**# of Households [1]**	**# of Persons Per Household [2]**	**# of Housing Units (Incl. Vacant) [1]**	**# of Persons Per Housing Unit [2]**	**Vacancy Rate [3]**	**Housing Mix**
Single Family	14,984	6,989	2.14	8,287	1.81	16%	90%
Multifamily	329	298	1.10	936	0.35	68%	10%
TOTAL	**15,313**	**7,287**	**2.10**	**9,223**	**1.66**	**21%**	**100%**

UNITS IN STRUCTURE	Total [1]	Renter & Owner Occupied [1]	Vacant	Vacancy Rate
1, detached (SF)	7,896	6,653	1,243	16%
1, attached (SF)	361	306	55	15%
2 apartments (MF)	46	7	39	85%
3 or 4 apartments (MF)	503	138	365	73%
5 to 9 apartments (MF)	302	109	193	64%
10 or more apartments (MF)	85	44	41	48%
Mobile home or other type of housing (SF)	30	30	0	0%
TOTAL	**9,223**	**7,287**	**1,936**	**21%**

Land Use Type - Residential	# of Persons Per Housing Unit [2]	# of Units FY 2017 [6]	Calculated FY 2017 Population [7]
Single Family - Low Density	1.81	72	156
Single Family - Medium Density	1.81	2,180	4,734
Single Family - High Density	1.81	5,029	10,922
Multi-Family	0.35	1,473	516
TOTAL		**8,754**	**16,328**

[1] *2011-2015 American Community Survey 5 Yr Estimates - Physical Housing Characteristics for Occupied Housing Units (S2504)*
[2] *Calculated as # of Persons/# of Households (or Housing Units)*
[3] *Calculated as Vacant Units as a % of total # of Units*
[4] *Single family includes 1, detached or attached unit (SF) and "Other" (e.g. mobile home, etc.)*
[5] *Multifamily includes 2 - 50 or more units*
[6] *Moore County Tax Assessor and GIS Data, 2017*
[7] *Calculated as multi-family .35 persons per housing unit times # of units and remaining population spread to SF based on ratio of the # of Single Family Units in 2017*