Example Fund Balance Calculation
Committed for Future Capital
As of June 30, 2022

Village of Pinehurst
Fund Balance Calculations
June 30, 2022

Total Expenditures		$20,743,506	Exhibit 7			
Fund balances:	**% of Exp**	**BEFORE Committment**		**% of Exp**	**AFTER Committment**	
Nonspendable:						
Inventory		$74,697			$74,697	
Prepaid items		71,056			71,056	
Restricted:						
Stabilization by state statute		2,893,797			2,893,797	
Public safety		36,297			36,297	
Committed:						
Future Capital		-			**$6,942,557**	
Library and Archives					**544,777**	
Assigned:						
Subsequent year's expenditures		-			-	
Unassigned	59%	$12,164,112		23%	**$4,676,778**	
Total Fund Balance (FB)			**$15,239,959**			**$15,239,959**

1	Total Fund Balance		$15,239,959	
	Total Expenditures	$20,743,506		
	Times: 40%	40%		
	Less: 40% of Expenditures		8,297,402	
	Maximum FB to "Commit" (Amt > 40% of Expenditures)		**$6,942,557**	**A**

2	Total Expenditures	$20,743,506	
	Times: 15% Requirement for Unassigned FB	15%	
	15% Minimum Amount of Unassigned FB		**$3,111,526**

3	Unassigned Fund Balance	$12,164,112		
	Less: Other Amounts Committed - Library and Archives	544,777		
	Less: Minimum Amount of Unassigned Fund Balance	3,111,526		
	Amount of Unassigned FB Available to "Commit"		**$8,507,809**	**B**

4	**Total Amount of Fund Balance to "Commit"**	
	(If A <= B, then A, Otherwise B)	**$6,942,557**

Village of Pinehurst, North Carolina **Exhibit 3**
Balance Sheet
Governmental Funds
June 30, 2022

	Major Funds			
	General Fund	American Rescue Plan Act Special Revenue Fund	Library Expansion Capital Project Fund	Total Governmental Funds
Assets				
Cash and cash equivalents	$ 14,802,605	$ -	$ 400,319	$ 15,202,924
Restricted cash and cash equivalents	-	2,652,592	-	2,652,592
Receivables, net:				
Taxes	17,378	-	-	17,378
Other	11,662	-	-	11,662
Due from other governments	2,304,954	-	-	2,304,954
Inventories	74,697	-	-	74,697
Prepaid items	71,056	-	-	71,056
Total assets	$ 17,282,352	$ 2,652,592	$ 400,319	$ 20,335,263
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	$ 1,078,526	$ -	$ -	$ 1,078,526
Withholdings and accrued expenditures	630,777	-	-	630,777
Deposits	313,515	-	-	313,515
Unearned revenues	-	2,648,376	-	2,648,376
Total liabilities	2,022,818	2,648,376	-	4,671,194
Deferred inflows of resources:				
Prepaid taxes	486	-	-	486
Unavailable revenues	19,089	-	-	19,089
Total deferred inflows of resources	19,575	-	-	19,575
Fund balances:				
Nonspendable:				
Inventory	74,697	-	-	74,697
Prepaid items	71,056	-	-	71,056
Restricted:				
General government	-	4,216	-	4,216
Stabilization by state statute	2,893,797	-	-	2,893,797
Public safety	36,297	-	-	36,297
Committed:				
Cultural and recreation	-	-	400,319	400,319
Library and archives	544,777	-	-	544,777
Future capital	6,942,557	-	-	6,942,557
Unassigned	4,676,778	-	-	4,676,778
Total fund balances	15,239,959	4,216	400,319	15,644,494
Total liabilities, deferred inflows of resources, and fund balances	$ 17,282,352	$ 2,652,592	$ 400,319	$ 20,335,263

RESOLUTION #23-18:

A RESOLUTION TO COMMIT A PORTION OF FUND BALANCE IN THE GENERAL FUND (FUTURE CAPITAL).

THAT WHEREAS, the Governmental Accounting Standards Board (GASB) has issued Statement No. 54 establishing a hierarchy clarifying the constraints that govern how a government entity can use amounts reported as fund balance; and

WHEREAS, the Village Council is the highest level of decision-making authority, and has the authority to commit, assign, or evaluate existing fund balance classifications and identify the intended uses of committed or assigned funds; and

WHEREAS, the committed fund balance classification reflects amounts subject to internal constraints self-imposed by the Village Council; and

WHEREAS, once the committed fund balance constraints are imposed, it requires the constraint to be removed by the Village Council prior to redirecting the funds for other purposes; and

WHEREAS, the Village Council has adopted a Fund Balance Policy, as amended from time to time, in order to maintain adequate working capital and a good credit rating; and

WHEREAS, the Village's Fund Balance Policy states the Village Council may commit a portion of fund balance for future capital needs in the General Fund when fund balance is in excess of 40% of actual General Fund expenditures as reported in the year-end Annual Comprehensive Financial Report; and

WHEREAS, the Village's Fund Balance Policy states that in no instance shall the amount of fund balance committed for future capital needs cause the unassigned General Fund fund balance to fall below 15% of actual General Fund expenditures as reported in the year-end Annual Comprehensive Financial Report; and

WHEREAS, the Village's Fund Balance Policy states the Council must approve a separate resolution for the respective year to commit fund balance for future capital in the General Fund; and

WHEREAS, the calculation of committed fund balance will occur during the completion of the year-end Annual Comprehensive Financial Report.

NOW, THEREFORE, BE IT RESOLVED by the Village Council of the Village of Pinehurst, North Carolina, in regular meeting assembled this 27th day of June, 2023, as follows:

SECTION 1. In accordance with the provisions of GASB 54, Village Council hereby commits the amount of General Fund fund balance that exceeds 40% of actual General Fund expenditures as of June 30, 2023 as reported in the Annual Comprehensive Financial Report for future capital within that, as indicated by the committed fund balance classification, cannot be used for any purpose other than directed above, unless the Village Council adopts another resolution or ordinance to remove or change the constraint.

SECTION 2. To comply with the Village's Fund Balance Policy, should unassigned fund balance fall below 15% by committing fund balance for future capital as calculated in Section 1, the amount of committed fund balance for future capital will be reduced to ensure unassigned fund balance remains at 15% of actual General Fund expenditures.

THIS RESOLUTION passed and adopted this 27th day of June, 2023.

VILLAGE OF PINEHURST
VILLAGE COUNCIL

(Municipal Seal)

By: ______________________________
John C. Strickland, Mayor

Attest:

____
Kelly Chance, Village Clerk

Approved as to Form:

____
Michael J. Newman, Village Attorney

RESOLUTION #23-07:

A RESOLUTION TO AMEND TERMINOLOGY IN THE FUND BALANCE POLICY FOR THE GENERAL FUND IN ACCORDANCE WITH GOVERNMENT ACCOUNTING STANDARDS BOARD STATEMENT NO. 98.

THAT WHEREAS, the North Carolina Local Government Commission has recommended that General Fund fund balance available for appropriation should be no less than 8% of the prior year's expenditures to maintain fiscal responsibility under the Municipal Fiscal Control Act; and

WHEREAS, the Village Council desires for the Village to maintain adequate working capital and to maintain a good credit rating in order to obtain favorable financing rates on debt issuances; and

WHEREAS, the Council adopted a Fund Balance Policy for the General Fund on March 11, 2003 by Resolution #03-4, and amended that policy on May 10, 2005 by Resolution #05-11 and May 25, 2010 by Resolution #10-19 and November 13, 2012 by Resolution #12-62 and February 9, 2021 by Resolution #21-03; and

WHEREAS, Government Accounting Standards Board (GASB) Statement No. 98 *The Annual Comprehensive Financial Report* has replaced the term comprehensive annual financial report and its acronym with the term annual comprehensive financial report (ACFR); and

WHEREAS, the Village Council wishes to amend the Fund Balance Policy to update terminology in accordance with GASB Statement No. 98;

NOW, THEREFORE, BE IT RESOLVED by the Village Council of the Village of Pinehurst, North Carolina, in regular meeting assembled this 14th day of March 2023, as follows:

SECTION 1. When preparing the annual General Fund budget, the amount of appropriated fund balance should result in an anticipated ending <u>total</u> fund balance at a minimum of 30% of <u>budgeted</u> expenditures.

SECTION 2. Management is further directed to maintain <u>unassigned</u> General Fund fund balance as reported in Village's Annual Comprehensive Financial Report (ACFR) of greater than 15% of <u>actual</u> General Fund expenditures as reported in the ACFR for the year audited.

SECTION 3. When total fund balance as reported in the Village's ACFR is in excess of 40% of actual General Fund expenditures as reported in the ACFR for the year audited, Council may commit excess fund balance each year for future capital needs by approving a separate resolution for the respective year. However, in no instance shall the amount of fund balance committed for future capital needs cause the unassigned General Fund fund balance to fall below the 15% of actual General Fund expenditures as stated in Section 2.

SECTION 4. Management is expected to manage the budget so that revenue shortfalls and expenditure increases do not impact the Village's targeted fund balance levels outlined above. If a catastrophic economic event occurs that requires a 5% or more deviation from total budgeted revenues or expenditures, then the targeted fund balance levels established herein can be reduced by action of the Village Council; the Council will also adopt a plan of action to return fund balances to the required levels.

SECTION 5. This policy shall supersede all previously adopted fund balance policies of the Village of Pinehurst.

THIS RESOLUTION passed and adopted this 14th day of March, 2023.

VILLAGE OF PINEHURST
VILLAGE COUNCIL

(Municipal Seal)

By: ______________________________
John C. Strickland, Mayor

Attest:

____
Kelly Chance, Village Clerk

Approved as to Form:

____
Michael J. Newman, Village Attorney

Council Member to Report	Partners & Collaborators
John Strickland	Convention and Visitors Bureau
	FirstHealth
	*Moore County, NC - Rotating
	Moore County Transportation Committee
	NCDOT/TARPO
	*Neighborhood Advisory Committee - Rotating
	*North Carolina - Rotating
	Partners in Progress
	Pinehurst Resort
Patrick Pizzella	*Moore County, NC - Rotating
	NCDOT/TARPO
	*Neighborhood Advisory Committee - Rotating
	*North Carolina - Rotating
	Partners in Progress
	Tri-Cities Work Group (Pinehurst, So. Pines, Aberdeen)
Jane Hogeman	Beautification Committee
	Chamber of Commerce
	*Moore County, NC - Rotating
	*Neighborhood Advisory Committee - Rotating
	*North Carolina - Rotating
	Pinehurst Business Partners
	Tri-Cities Work Group (Pinehurst, So. Pines, Aberdeen)
Lydia Boesch	Bicycle and Pedestrian Advisory Committee
	Convention and Visitors Bureau
	*Moore County, NC - Rotating
	*Neighborhood Advisory Committee - Rotating
	*North Carolina - Rotating
Jeff Morgan	FirstHealth
	*Moore County, NC - Rotating
	Moore County Schools
	*Neighborhood Advisory Committee - Rotating
	*North Carolina - Rotating
	Triangle J. COG

VILLAGE COUNCIL
MINUTES FOR WORK SESSION OF JUNE 13, 2023
ASSEMBLY HALL
395 MAGNOLIA ROAD
PINEHURST, NORTH CAROLINA
4:30 PM

The Pinehurst Village Council held a Work Session Meeting at 6:51 p.m., Tuesday, June 13, 2023, in the Assembly Hall of Pinehurst Village Hall, 395 Magnolia Road, Pinehurst, North Carolina.

The following were in attendance in Assembly Hall:
Mr. John C. Strickland, Mayor
Mr. Patrick Pizzella, Mayor Pro Tem
Mr. Jeff Morgan, Councilmember
Ms. Jane Hogeman, Councilmember
Ms. Lydia Boesch, Councilmember
Mr. Jeffrey M. Sanborn, Village Manager
Ms. Kelly Chance, Village Clerk

And approximately 6 attendees, including 5 staff and 0 press

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

2. **Discuss Sandhills Area Metropolitan Planning Organization Development and LPA Designation.**
Jeff Sanborn, Village Manager reported on June 8th, elected and managerial representatives of jurisdictions within the Pinehurst-Southern Pines Urban Area met to advance efforts to form our required Metropolitan Planning Organization. He stated at that meeting, elected representatives unanimously agreed to three provisions. He stated they agreed to the Metropolitan Planning Area boundary as discussed during the regular meeting. He noted they agreed to a name for the MPO: the Sandhills Area Metropolitan Planning Organization (SAMPO). He stated lastly, after a proposal brief, he provided the group, they agreed that Pinehurst will be the Lead Planning Organization for the MPO.

Mr. Sanborn provided a briefing covered during the June 8th meeting. He described the proposed MPO staff functions, the support the Village of Pinehurst will provide, and the facilities that would be available to the MPO. He noted this organization's MOU ideally needs to be approved by the local government by election time. He stated the group did vote to unanimously elect the Village of Pinehurst as the Lead Planning Association designation. He stated the group will meet again in July.

3. **Discuss North Carolina General Assembly Legislation.**
Village Manager Jeff Sanborn stated regarding SB675, the legislative intent is to not have this elimination of ETJ not apply to counties who have a population greater than 50,000, thus there would really be no change to us. He stated we would be prohibited from extending our ETJ, which means as we grow, we will not be able to extend the ETJ designated area. He noted this has been approved by the Senate and is now listed as received by the House. Mayor Strickland stated that Council should continue to oppose

this, but Mr. Sanborn and Mayor Pro Tem Pizzella stated that there really is no threat to Pinehurst except the not being able to extend the ETJ, which we really were not planning to do anyway. Councilmember Morgan agreed it is not really an issue at this point. Mayor Strickland noted that there is still some concern about this bill in the state.

Mr. Sanborn reported that HB409 has passed the House and now is in the Senate. Alex Cameron, Planning & Inspections Director stated that some Planning Directors participate in groups that monitor these various bills, with some being supportive, and other not. He noted there is more support it appears of HB409, but he has not heard any new information lately. He stated that SB675 passed the first reading in the House today and was referred to a committee. Councilmembers consensus is that they are still in favor of opposing SB675 and should continue to express this.

4. Discuss Board nomination and Appointment Process.

Mayor John Strickland stated he feels when candidates come to us it is an awkward situation where Council does not know the candidates being presented for vote. He stated council used to do some interviewing and he wishes to have more council involvement. Councilmember Boesch and Councilmember Hogeman stated the process of them interviewing candidates worked well. Mayor Pro Tem Pizzella stated he would like that type of process. Mayor Strickland stated he would like to see a process that Council gets two months' notice in advance, staff sorts out what applicants are needed. He stated staff would pull out three or four names that Councilmembers can meet with, along with staff and candidates.

Mr. Sanborn stated that in this instance then one councilmember would have the ability to veto a candidate. He stated this would also allow one councilmember to choose a candidate that may be a personal choice. Mayor Pro Tem Pizzella stated the mayor should designate two councilmembers to work with the staff and board chair to come up with the best candidate in the event of vacancies. He stated the councilmembers could be rotated so there is a variety of decisions.

Councilmember Morgan stated he wants a process that takes the politics out of it. He stated we also have not taken the advice of staff who have put a lot of work into interviewing these candidates. Councilmember Boesch stated the talent the recent candidates we have appointed shows that the process has been working. Councilmember Hogeman stated she feels awkward voting on a candidate she has never met.

Village Manager Jeff Sanborn stated that Council needs to trust us. He stated the person that they rejected tonight was great candidate and he tried to communicate for weeks with Council about his candidacy and no one expressed interest except Mayor Strickland. Councilmember Boesch suggested that after staff and Committee Chair interviews and comes to a decision of a candidate then Council can meet with that candidate. Councilmember Morgan stated he suggests two sets of two councilmembers meet so there is not a minority number eliminating a candidate based on their sole choice.

Mayor Pro Tem Pizzella stated he wants staff to narrow down to the ones that should be interviewed, then council should make the decision. Councilmember Hogeman asked Southern Pines and Aberdeen do. Mr. Sanborn stated he has never asked him. He stated he is not opposed to the two groups of two Council meeting with the candidate to have some face-to-face time. Mayor Strickland asked Councilmember Hogeman and Councilmember Morgan to work with Mr. Sanborn to come up with a workable process. Councilmember Morgan stated he did just suggest a workable process with the two and two concept. He stated that there needs to be a clear expectation of what Council deems as the criteria expected of the candidates so the candidates are not subjected to certain questions like they were tonight.

Councilmember Boesch and Councilmember Morgan both expressed that they want to see staff continue to be empowered in the process. Councilmember Morgan and Councilmember Hogeman will discuss some viable solutions with Mr. Sanborn and report back to Council.

5. Other Work Session Business

- Mayor Pro Tem Pizzella asked when the ETC Survey occurs again, to which Mr. Sanborn stated it occurs in the summer with results being received in September.
- Mayor Pro Tem Pizzella asked about the fire in the restroom at Cannon Park, to which Mr. Sanborn stated that four teenager boys have been interviewed and admitted to the crime.

- Mayor Pro Tem Pizzella asked about an update for the NAC vacancies, to which Mr. Sanborn provided the status of interviews.
- Mayor Pro Tem Pizzella asked about removal of the water takes, to which Mr. Sanborn stated that conversation will be taken up at a later date.
- Mayor Pro Tem Pizzella asked about the potential property swap on Murdocksville Rd/Monticello property that backs up to the Harness Track, to which Assistant Village Manager Jeff Batton stated there will be a closed session meeting in a couple of weeks about that property.

6. Potential Future Agenda Items

Councilmember Boesch suggested an update on the USGA building.

7. Adjournment.

Upon a motion by Mayor Pro Tem Pizzella, seconded by Councilmember Morgan, Council unanimously approved to adjourn the work session at 8:39 p.m., by a vote of 5-0.

Respectfully Submitted,

Kelly Chance,
Village Clerk

A videotape of this meeting is located on the Village website: www.vopnc.org
Vision: The Village of Pinehurst is a charming, vibrant community, which reflects our rich history and traditions.
Mission: Promote, enhance, and sustain the quality of life for residents, businesses, and visitors.
Values: Service, Initiative, Teamwork, and Improvement

VILLAGE OF PINEHURST
BUDGET AMENDMENTS APPROVED BY BUDGET OFFICER
FOR THE PERIOD JUNE 14 - JUNE 27, 2023

Under Village of Pinehurst Ordinance #22-05, the Village Council grants the Budget Officer, or Village Manager, the ability to transfer appropriations under specific conditions. These conditions allow transfers between departments (including contingency) of the same fund to increase an appropriation up to $25,000 in a single budget amendment for the FY 2023 Budget. The Budget Officer may not transfer monies between funds at any time.

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

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

	ACCOUNT NUMBER	DESCRIPTION	DEBIT	CREDIT	APPROVED DATE
1	10-00-220-7220	Administration - Capital Outlay: B&G Building Charges	$ 10,000		6/20/2023
	10-80-610-7120	Parks & Recreation - Capital Outlay: B&G Land Charges		$ 10,000	6/20/2023

Budget savings from the Cannon Park Turf Field project will be used to cover a budget overage for the Village Hall exterior staircase enclosure project.

VILLAGE COUNCIL
MINUTES FOR REGULAR MEETING OF JUNE 13, 2023
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 June 13, 2023, in the Assembly Hall of Pinehurst Village Hall, 395 Magnolia Road, Pinehurst, North Carolina.

The following were in attendance in Assembly Hall:
Mr. John C. Strickland, Mayor
Mr. Patrick Pizzella, Mayor Pro Tem
Mr. Jeff Morgan, Councilmember via Zoom Platform
Ms. Jane Hogeman, Councilmember
Ms. Lydia Boesch, Councilmember
Mr. Jeffrey M. Sanborn, Village Manager
Ms. Kelly Chance, Village Clerk

And approximately 30 attendees, including 8 staff and 1 press.

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

2. **Reports:**

Village Manager

- Mr. Jeff Sanborn, Village Manager, had no report.

Village Council

- Mayor Strickland reported he attended the Sandhills Concourse Motoring Weekend and reported it is a great event for the Sandhills. He stated he attended the Memorial Day Services and Shakespeare in the Pines. He stated he attended several MPO meetings over the last few weeks. He stated the Council has pulled a proposed Resolution #23-20 that will be discussed at a future date.
- Mayor Pro Tem Pizzella reported he appreciates the staff who puts out the American flags over the holiday. He stated he recently took family to the watersplash park and Cannon Park and is very thankful for these amenities. He stated he attended the Moore County Economic Partnership meeting this past week and learned about the partnership with Habitat for Humanity.
- Councilmember Boesch reported she, along with the mayor, took the train ride offered by a local resident. She stated June 14th is National Army Day – 148 years old.
- Councilmember Hogeman reported she has been following the Moore County Task forces, including the Water and Sewer, and Land Use. She noted they are considering adding an ad hoc committee for Land Use and considering many other projects.
- Councilmember Morgan reported he attended the Memorial Day Service and is very appreciative of

the event. He noted on the 14th Flag Day, Fort Liberty is a big part of our area and glad to have them.

3. Motion to Approve Consent Agenda.

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

A. Approval of Village Council Meeting Minutes
  - May 23, 2023, Council Regular Meeting
  - May 23, 2023, Council Work Session

End of Consent Agenda.
Upon a motion by Councilmember Boesch, seconded by Mayor Pro Tem Pizzella, Council unanimously approved the Consent agenda by a vote of 5-0.

4. Discuss and Consider Resolution #23-19 to Amend the Capital Assets Policy.
Finance Director, Dana Van Nostrand, reported in FY 2022, the Village adopted Government Accounting Standards Board (GASB) Statement No. 87, Leases (GASB 87), and in FY 2023 the Village is adopting GASB Statement No. 96, Subscription-Based Information Technology Arrangements (GASB 96). GASB 87 and GASB 96 created two new types of intangible capital assets, right-to-use lease assets and right-to-use subscription assets.

Ms. Van Nostrand reported the Village's Capital Assets Policy needs to be amended to include these two new types of intangible assets. She stated both GASB 87 and GASB 96 include a provision that the statements need not be applied to immaterial items. She noted this amendment to the policy will help facilitate the Village's adoption of GASB 96 in FY 2023 as subscription-based information technology arrangements (SBITAs) that are valued at less than $5,000 will not be required to be recognized and reported under GASB 96 based on the Village's capitalization threshold of $5,000 in the Capital Assets Policy. She reported additionally, any new right-to-use lease assets valued under $5,000 will not be recognized and reported upon adoption of this policy. She stated the Village's capitalization threshold of $5,000 essentially means the Village considers items below $5,000 to be immaterial to the financial statements (i.e., exclusion of the item would not influence the judgment of a user of the financial statements), both individually and in the aggregate.

Ms. Van Nostrand reported this amended policy also adds software as an asset classification. Software costing over $5,000 has been capitalized in the past by the Village even though it was not specifically defined in the policy. She stated the final amendment to the policy is the addition of criteria to capitalize "bulk purchases" of identical or related assets purchased at or near the same time that cost less than $5,000 per unit. She noted this is required by GASB for financial reporting periods beginning on or after June 15, 2023 (the Village's fiscal year 2024). She reported the concept ensures capital assets aren't being materially understated by excluding purchases of items that are individually below the capitalization threshold but are significant in the aggregate. She stated the items still need to meet the criteria that they have a useful life of more than one year. She noted items that typically meet this "bulk purchase" criteria for capitalization include computers, furniture, and library books.

Ms. Van Nostrand reported the Village does not make bulk purchases of assets that would meet these criteria often. Mayor Pro Tem Pizzella and Councilmember Boesch asked questions about the policy's agreement with our Public Accountant auditors.

Upon a motion by Councilmember Boesch, seconded by Mayor Pro Tem Pizzella, Council unanimously approved Resolution 23-19 to amend the Capital Assets Policy, by a vote of 5-0.

5. **Discuss and Consider FY 2024 Budget Ordinance #23-14.**

Jeff Sanborn, Village Manager, and Dana Van Nostrand, Finance Director presented Ordinance #23-14 Adopting the Village of Pinehurst FY 2024 Budget for Council review and approval. Mr. Sanborn reported this ordinance is based on the budget that was presented by the Village Manager on May 9, 2023, and no changes have been made to the budgeted amounts since that time. Mayor Strickland stated this is a one-year budget within a five-year plan, with the budget being constructed with the goal to reach the five-year plan.

Mayor Pro Tem Pizzella stated he recommends lowering the proposed tax rate from $0.23 to $0.22 based on the county tax revaluations and other items causing the community to be hard hit. He stated he feels the Village can comfortably lower the one (1) cent and still fully meet the obligations for the current year and for the outlying years. He stated the amount left over from this cut, still leaves the Village in good condition. He stated $0.22 is closer to the revenue neutral amount suggested and will leave the community with a little more money in their pocket. He noted that historically the Village has around 60+% left at the end of the year, while our policy is 30%. He asked the Council to consider dropping the proposed tax rate from the $0.23 to $0.22.

A motion was made by Mayor Pro Tem Pizzella, seconded by Councilmember Hogeman, strike the proposed $0.23 to $0.22 in the budget.

Councilmember Boesch stated if this passes staff would have to redo the whole budget and submit a new budget ordinance, to which Village Manager Jeff Sanborn agreed. She stated that this ordinance that has been presented works and we have succeeded each year, even those unique, with finding a stable and workable budget. She stated her sense is that many of the Pinehurst residents will be fine with the amount of work the staff has put into this process and this ordinance as submitted allows us to not be hurt in the outer years.

Councilmember Morgan stated he appreciates the staffs work that was done on this and he appreciates that this is a five-year plan, which is a smart way to budget. He noted that the true tax for government is shown in what the government is spending. He stated that if we have to meet larger expenditures in the outer years, we will be looking at raising the taxes down the road. He stated with the current state we are in now; he does not think it would be fiscally responsible for the village and does not support the change.

Councilmember Hogeman stated the budget was put together very conservatively, while taking into consideration a lesser revenue pull then will be suspected. She stated at the end of the year this would leave us some wiggle room by doing this. She stated the Moore County valuations did affect the residents, unevenly, rising more than commercial properties. She noted this shifted the weight of burden onto the residents, with smaller condos etc., taking the hit. She stated we need to try to stay as close to revenue neutral as we can because of this shift and so she things it important to lower the one cent for a year.

Mayor Strickland stated that he feels it is important to have consistency for the taxpayer, and while this will provide some relief this year, we will be causing undue stress when we have to up it again for the future years. He stated the staff worked in a drop from $0.235 down to $0.23 and found this a strong decision for long-term stability and consistency.

Mayor Pro Tem Pizzella stated this $600,000 is coming off of the $18.4 million we have in the reserve fund, and we have debt financing planned downstream. He stated we have excess planned in the future and we are always looking healthy, thus he thinks providing this drop is a way of restoring the good faith in our residents. He noted he thinks the staff did a good thorough job on the expenses, but he wants to save the taxpayers money.

Councilmember Morgan stated that things can change, up and down, and this budget is an estimate. He stated by keeping it where it is at, according to staff compiling good data, we are ensuring fiscal stability. He stated if we lower this a penny this year it is putting the Village in the spot of having to raise this in the future.

Vote was pulled for the motion made by Mayor Pro Tem Pizzella. Councilmember Morgan, Councilmember Boesch, and Mayor John Strickland voted no, with Councilmember Hogeman and Mayor Pro Tem Pizzella voting yes. Motion failed, by a vote of 2-3.

Upon a motion by Councilmember Boesch, seconded by Councilmember Morgan, Council unanimously approved Ordinance 23-14, adopting the Village of Pinehurst FY 2024 Budget, by a vote of 5-0.

6. **Discuss and Consider Resolution #23-21 Appointment of Kevin Reed to P&Z and BOA.**
Jeff Sanborn, Village Manager, stated there is a need to fill a vacancy on the Planning and Zoning Board and Board of Adjustment. He stated Mr. Kevin Reed is being presented and is desirous of serving as a member of the BOA and P&Z Boards. He stated staff is asking Council to consider Mr. Reed to this appointment, effective June 13, 2023, with term expiring on May 31, 2025. He stated that Mr. Reed has extensive experience in Planning and formerly served as the Planning Director for the Village.

Chairman Jeramy Hooper stated he is very supportive of Mr. Reeds appointment, and he stated the board is excited about the extensive knowledge base he will provide. He stated he hopes to use his expertise and knowledge to further the work of the board.

Mr. Kevin Reed introduced himself to Council and stated he is appreciative of the opportunity to potentially serve in a volunteer position, which he states volunteers are the heart of the village. He stated he looks forward to the opportunity to serve the community.

Mayor Pro Tem Pizzella asked Mr. Reed where he lived, when the last planning and zoning meeting was, he attended, and if he is registered to vote. Mr. Reed stated he lives in Village Place, has reviewed all the P&Z videos since he moved back to Pinehurst, and he has not registered to vote yet.

Mayor Pro Tem Pizzella asked Jeramy how many candidates they interviewed to which he stated 7 or 8 over the last year, with he thought 4 for this current appointment.

Councilmember Morgan asked what Mr. Reed felt he could bring to the P&Z board. Mr. Reed stated one is he is willing to serve, a second is a willingness to work, and lastly is the ability to represent the entire community. Mr. Reed stated he recognizes that he would represent the entire area.

Mayor Strickland stated he has one concern that he has expressed with Village management and Councilmembers. He stated that he has concerns that when executives come back to serve like this, it perhaps put pressure on staff and departments. He stated he hopes that we can find a position that you can work with the Village, but his concerns are for the staff.

Mayor Pro Tem Pizzella asked Chairman Hooper if he had discussed this with other board members to which Mr. Hooper stated only one.

Upon a motion by Councilmember Morgan, seconded by Councilmember Boesch, Council did not approve Resolution 23-21 appointment of Kevin Reed to P&Z and BOA, effective June 13, 2023, with term expiring on May 31, 2025, by a vote of 2-3., with Mayor John Strickland, Councilmember Hogeman, and Mayor Pro Tem Pizzella casting no votes.

7. **Discuss and Consider Resolution #23-22 Appointment of Angelique Fabiani to the Historic Preservation Commission.**

Jeff Sanborn, Village Manager, stated there is a need to fill a vacancy on the Historic Preservation Commission. He stated Ms. Angelique Fabiani is desirous to serve as a member of the Historic Preservation Commission Board and staff recommends Council approve the appointment of Ms. Fabiani to the HPC, effective June 13, 2023, with a term expiration date of May 31, 2025.

Ms. Fabiani introduced herself to Council and stated she has experience in development and Historic Preservation and hopes to be able to apply her love of historic preservation in a different capacity.

Mayor Pro Tem Pizzella asked Ms. Fabiani if she has any experience working with design, construction, historic preservation properties, to which she stated she had not. He stated he noticed that she had applied for an open council position with the village earlier.

Councilmember Hogeman asked Ms. Fabiani if she had been able to watch any of the Historic Preservation to which she stated she has read minutes online and has a good understanding of what is presented to the HPC.

Upon a motion by Councilmember Boesch, seconded by Mayor Pro Tem Pizzella, Council unanimously approved Resolution 23-22 appointment of Angelique Fabiani to the Historic Preservation Commission, with an effective date of June 13, 2023, and term expiration date of May 31, 2025, by a vote of 5-0.

8. **Discuss and Consider Solid Waste Contract for Lofton Garbage Services for FY24.**

Mike Apke, Public Services and Engineering Director, presented a renewal for a contract for solid waste collection services within CCNC for FY24. He stated Lofton Garbage Service is one (1) of two (2) providers of service within CCNC; however, the estimated value of the second provider's contract (Becky's Rubbish) is well under the Village Manager's threshold for execution.

Mr. Apke reported the proposed Lofton Garbage Service contract renewal is for 12 months beginning on July 1, 2023, and extending through June 30, 2024. He stated it includes a CPI adjusted rate increase for FY24 of 5.4%. Mr. Apke noted the value of Lofton's contract is estimated to be approximately $135,000 with the actual amount being based on the total number of residences served during the contract period. He noted as a comparison, the value of the Becky's Rubbish contract is estimated to be approximately $21,000.

Mr. Apke reported staff reached out to the solid waste representative for the CCNC HOA, who expressed that the community is very satisfied with both Lofton Garbage Service and Becky's Rubbish and expressed no concerns with renewing both contracts for FY24. He stated in order to continue services with Lofton Garbage Service, Council would need to adopt a motion authorizing the Mayor or his designee to execute the contract renewal.

Upon a motion by Mayor Pro Tem Pizzella, seconded by Councilmember Boesch, Council unanimously approved the mayor or his designee to execute a contract renewal for solid waste collection services within

CCNC for FY24, with Lofton Garbage for 12 months beginning on July 1, 2023, and extending through June 30, 2024, at an estimated cost of $135,000, by a vote of 5-0.

9. **Discuss and Consider Resolution #23-23 Support of Moore County Transportation Committee Proposed STIP 7.0 Project Prioritization Submittal.**

Jeff Sanborn, Village Manager, reported members of the Moore County Transportation Committee (MCTC) have developed a proposed list of seven highway projects and seven bike/pedestrian projects to submit to TARPO for prioritization in the ongoing STIP 7.0 process. He stated during previous Village Council discussions regarding potential projects for inclusion in this list, three projects were identified as Village priorities: 1) the Highway 211 & Rattlesnake Trail intersection improvement, 2) the bike/pedestrian project along highway 2, east of the traffic circle, and 3) the bike/pedestrian project along airport road. He noted all three of these projects have been included in this MCTC recommendation.

Mr. Sanborn explained what happens with this list of projects and what the process is for final decision on what projects are funded. He provided clarification on the scoring process and noted what the spot scoring means. He presented Resolution 23-23 for Council consideration and approval.

Upon a motion by Councilmember Morgan, seconded by Councilmember Hogeman, Council unanimously approved Resolution 23-23 supporting the Moore County Transportation Committee proposed STIP 7.0 Project Prioritization Submittal, by a vote of 5-0.

10. **Discuss and Consider Resolution 23-24 Adopting the MPA for the Sandhills Area Metropolitan Planning Organization.**

Jeff Sanborn, Village Manager, stated that at the recent meetings on the new MPO, two items were finalized. He stated the first is the urbanized zone that will be approved as the Sandhills Area Metropolitan Planning Organization. He noted this was a negotiated agreement between all those municipalities and organizations within this zone and they have also invited Foxfire Village to join but are awaiting a decision from them. He stated the second item voted on was the name of the organization, which will be the Sandhills Area Metropolitan Planning Organization. He is presenting this Resolution to Council for adopting the MPA for the Sandhills Area Metropolitan Planning Organization.

Upon a motion by Councilmember Hogeman, seconded by Mayor Pro Tem Pizzella, Council unanimously approved Resolution 23-24 Adopting the Metropolitan Planning area for the Sandhills Area Metropolitan Planning Organization, by a vote of 5-0.

11. **Discuss and Consider Resolution 23-25 Agreement with Dornoch, Scotland.**

Mayor John Strickland reported this item is a continuation of conversation Council has been having with Dornoch, Scotland about a partnership centered around Donald Ross. He stated the two are now ready to move forward with a formal agreement, which he stated is being presented as Resolution 23-25 for consideration and approval.

Upon a motion by Councilmember Hogeman, seconded by Councilmember Morgan, Council unanimously approved Resolution 23-25 Agreement with Dornoch Scotland, by a vote of 5-0.

12. **Other Business**

Mayor Pro Tem Pizzella asked if there was any information on the EMS facility that has been discussed, to which Mr. Sanborn stated that there has been no official discussions yet.

13. Comments from Attendees.

- Lesa Huff, Pinehurst resident, addressed Council about considering changing the existing ordinance addressing wire fence placement. She noted she would like to see the ordinance changed to say the wire fence can go on either the inside or outside of the wood split rail.
- Frank Pacifico, Pinehurst resident, addressed Council about the proposed tax rate and the dramatic increases he has personally experienced. He also stated that in 2008 the Village purchased a plot of land to put the public services facility, turned around and sold it. He stated now they are going to purchase yet another piece of property. He noted just like with the library, which is not needed, the village needs to follow through with the projects they have planned. He stated he would like to see the walking trails fixed which are in very poor condition and unsafe.

14. Motion to Adjourn

Upon a motion by Mayor Pro Tem Pizzella, seconded by Councilmember Hogeman, Council unanimously approved to adjourn the regular meeting by a vote of 5-0 at 6:41 p.m.

Respectfully Submitted,

Kelly Chance,
Village Clerk

A videotape of this meeting is located on the Village website: www.vopnc.org
Vision: The Village of Pinehurst is a charming, vibrant community, which reflects our rich history and traditions.
Mission: Promote, enhance, and sustain the quality of life for residents, businesses, and visitors.
Values: Service, Initiative, Teamwork, and Improvement

Annexation
No Fee
(Revised 09/2019)

Annexation Information

Per NCGS 160A-31, a property owner may petition the Village of Pinehurst for voluntary annexation of property contiguous to the existing corporate limits. Owners of property that is non-contiguous to the existing corporate limits of the Village may petition the Village of Pinehurst for voluntary annexation under the authority contained in NCGS 160A-58.1.

Intake Information

Property Address	
Street Address	Lot 7,8,12,13 Trotter Dr.
City, State, Zip Code	Pinehurst, NC 28374
Parcel ID #	00052965, 000522966, 00052967, 00052968

Owner Information			
Name	Red Pine Investments, LLC	Home Phone #	
Street Address	PO Box 4178	Mobile Phone #	910-303-4828
City, State, Zip Code	28374	Business Phone #	
Email	Pridebuiltnc@gmail.com		

Licensed Professionals (License #s must include all letters and numbers as filed with the NC Licensing Board)	
	Surveyor (Required)
License #	L-5020
Name	John G. Matthews (Matthews Land Surveying & Mapping, PLLC
Street Address	10 Courthouse Square
City, State, Zip	Carthage, NC 28327
Phone #	910-947-2621
Email	Lee@matthewslandsurveying.com

Applicant			
Name	Red Pine Investments, LLC	Other Phone #	
Email	Pridebuiltnc@gmail.com	Street Address	PO Box 4178
Mobile Phone #	910-303-4828	City, State, Zip Code	Pinehurst, NC 28374

VILLAGE OF PINEHURST 1895

Annexation

No Fee

(Revised 09/2019)

Project Information

Description of Area to be Annexed	4 parcels of land located on Trotter Drive, One parcel containing 2 Duplexes
Number of Acres to be Annexed	4 Parcels totaling 8.038 Acres
Reason for Annexation	Property is currently in Pinehurst ETJ, surrounding property is Pinehurst corporate Limits. Property is currently being serviced by Pinehurst Services

Location Information

Zoning District	RMF
Overlay District	☐ Historic Preservation Overlay District ☒ N/A ☐ Pinehurst South Overlay District
Roads	☒ Public ☐ Private
Water Provider	Moore County
Sewer Provider	Moore County

Required Documents

☒ Map of Property to be Annexed (with Existing Village Corporate Limits Shown)
☒ Last Deed of Record
☒ Boundary Survey of Property to be Annexed
☒ Metes and Bounds Description

Certification

The undersigned Red Pine Investments, LLC, being owner of all real property located within the area described in the attached metes and bounds description, requests that such are be annexed into the Village of Pinehurst, North Carolina.

Owner Signature: [signature] Date: 26Jan23

Red Pine Investments, LLC Member

Village Clerk Certification (To be Completed by Village Clerk)

I, Kelly Chance, Clerk to the Village Council of the Village of Pinehurst, do hereby certify that the sufficiency of the above referenced petition for voluntary annexation has been checked and found to be in compliance with NCGS.

Village Clerk Signature: Kelly S. Chance Date: 2/1/2023

VILLAGE OF PINEHURST CORPORATE SEAL NORTH CAROLINA

Dana Van Nostrand
Financial Services Director
395 Magnolia Road
Pinehurst, NC 28374
Phone: 910-295-8646
e-mail: dvannostrand@vopnc.org

Memo

To: Village Council

From: Dana Van Nostrand

CC: Village Managers

Date: June 19, 2023

Re: Ordinance #23-15 Amending the FY 2023 Budget for the Adoption of Government Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*

Purpose:

To document the Village's procedures and necessary budget amendments to adopt Government Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96).

Summary of GASB 96:

The GASB issued GASB 96 in May of 2020 to improve the consistency of financial reporting and transparency regarding a government's obligations and assets resulting from subscription-based IT arrangements. This statement is effective for fiscal years beginning after June 15, 2022, which is the Village's fiscal year 2023. GASB 96 is very similar to GASB Statement No. 87, *Leases* in its intention and recognition, reporting, and disclosure requirements.

GASB 96 defines a subscription-based information technology arrangement (SBITA) as "a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction." North Carolina Local Government Commission (LGC) Memorandum # 2023-09 in Attachment A provides a summary of the key definitions and provisions of GASB 96, such as:

- Contracts that are excluded from the standard,
- Determining the subscription term,
- Payments that should be included in the initial measurement of the subscription liability,
- Determining the discount rate used to calculate the present value of the subscription payments and interest payments,
- Amounts that should be included in the initial measurement of the subscription asset,
- Circumstances that trigger remeasurement of the subscription liability, and
- Financial reporting and disclosure requirements.

Implementation Process:

The provisions of the standard can be quite complex to evaluate, implement, and document as each SBITA has different terms. To assist with the evaluation and documentation of its SBITAs, the Village utilized DebtBook, a cloud-based software solution with a module specifically designed for managing SBITAs. The Village implemented DebtBook in fiscal year 2022 to provide the same functionality for leases under GASB Statement No. 87.

To begin the evaluation process, Dana Van Nostrand, Financial Services Director, compiled an inventory of potential SBITAs from actual expenditure transaction details and FY 2024 budget request financial forms.

The inventory spreadsheet was shared with Jason Whitaker, Chief Information Officer, for review and completion. The Financial Services Director also asked the CIO to add any additional software subscriptions that may be missing from the list, such as new software that hadn't been paid for through February 2023. The CIO and IT staff provided the requested information and copies of the agreements and invoices.

The Financial Services Director performed an initial review of the information and documents provided to ensure completeness and accuracy, noting many of the SBITAs do not have contracts or formal agreements other than a purchase order. Many of the SBITAs also are not multi-year agreements, rather the subscription auto-renews annually or the Village renews on a year-to-year basis with the option to cancel without the vendor's approval. In most cases, both the Village and the vendor have the option to terminate the agreement, therefore the subscription does not qualify as a SBITA subject to GASB 96 accounting. For those subscriptions that auto-renew annually where only the Village has the option to terminate the agreement, the Village must estimate the number of periods it will continue to use the software. Per discussion with the CIO, the maximum number of years that can reasonably be estimated for auto-renewal is three due to the rapidly changing environment of information technology and software.

The completed inventory and documents for forty-four (44) agreements were provided to DebtBook in March 2023. DebtBook staff reviewed the documents and did the initial entry of the agreements into the DebtBook software. In April 2023, the Financial Services Director received the results of DebtBook's initial analysis of the SBITAs. The Financial Services Director compared the subscription data in DebtBook (name, start date, end date, payment dates and amounts, etc) to the documents provided and made updates as necessary to accurately reflect the terms of each SBITA.

DebtBook also provides a spreadsheet for calculating the Village's estimated incremental borrowing rate since none of the agreements included an explicit or implicit interest rate. The Financial Services Director confirmed the correct incremental borrowing rate was entered in DebtBook for each SBITA based on the subscription term.

As expected, the majority of the SBITAs evaluated were determined to be non-GASB 96 agreements since either party can terminate the agreement. Of the fifteen (15) agreements that are considered subscriptions under GASB 96, two (2) had initial subscription asset and liability values that were below the $5,000 capitalization threshold per the Village's Capital Assets Policy, therefore they are immaterial. The evaluation resulted in thirteen (13) subscriptions that are required to be recognized and reported under GASB 96 as of June 30, 2023.

Adoption:

During FY 2023, subscription payments were recorded as expenditures as planned in the FY 2023 budget. To adopt GASB 96, the Village must amend the FY 2023 budget as follows:

- Account for the initial value of the right-to-use subscription asset as a capital outlay in the General Fund in the department that is charged for the software, essentially recording the full amount of the subscription as a General Fund expenditure up front;

- Account for the initial value of the subscription liability as an inflow under Other Financing Sources, offsetting the capital outlay expenditures in the General Fund;

- Account for the FY 2023 subscription payments as General Fund debt service principal and interest instead of General Fund operating expenditures within the respective departments. This is essentially a reclassification of the payments previously recorded as operating expenditures within the respective departments to debt service payments; and

- Account for the IT internal service fund charges to the departments as capital instead of operating for the software that is a direct charge to IT (i.e. Village-wide or IT internal use) and adjust IT charge allocation budgets within the departments.

Four (4) of the thirteen (13) subscriptions were fully prepaid at the beginning of the subscription term, therefore the Village is recognizing a subscription asset and capital outlay in FY 2023, but no associated subscription liability and debt service.

The Financial Services department has developed procedures and internal controls to ensure the future subscription payments are coded properly to debt service for the SBITAs recognized under GASB 96 and detect new SBITAs for evaluation and tracking in DebtBook.

NORTH CAROLINA
DEPARTMENT OF STATE TREASURER

STATE TREASURER OF NORTH CAROLINA
DALE R. FOLWELL, CPA
Dale R. Folwell, CPA

STATE AND LOCAL GOVERNMENT FINANCE DIVISION
AND THE LOCAL GOVERNMENT COMMISSION

SHARON EDMUNDSON
DEPUTY TREASURER

Memorandum # 2023-09

TO: Local Government Finance Officials and Their Independent Auditors

FROM: Sharon Edmundson, Deputy Treasurer, State and Local Government Finance Division

SUBJECT: GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*

DATE: April 27, 2023

The Governmental Accounting Standards Board (GASB) issued Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, in May of 2020. This statement is effective for fiscal years beginning after June 15, 2022; for most units, this means the fiscal year beginning on July 1, 2022, and ending on June 30, 2023.

Definition and Exceptions

The statement defines a SBITA as "a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction." For most units, this is likely to include accounting software that is often subscribed to on a yearly basis but may also include other IT services. As with GASB Statement No. 87, *Leases*, this means that the government is procuring an intangible asset, namely a "right to use" asset, as a resource that can be drawn upon going forward. Any contract that meets this definition must adhere to this statement with a few exceptions:

- Contracts that meet the definition of a lease as defined by GASB Statement No. 87, *Leases,* in which "the software component is insignificant when compared to the cost of the underlying tangible capital asset"
- Governments that provide a "right to use" their own IT software and associated assets to other entities through SBITAs
- Contracts that meet the definition of a public-private or public-public partnership as defined in GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- Licensing arrangements that provide a perpetual license to governments to use a vendor's software that is subject to GASB Statement No. 51, *Accounting and Financial Reporting for Tangible Assets*

Implementation

The effects of this Statement should be applied retroactively by restating financial statements for all prior years presented, if practicable. The cumulative effect, if any, of applying the Statement should be reported as a restatement of the beginning net position (or fund balance or fund net position, as applicable. Assets and liabilities from SBITA arrangements should be recognized and measured using all relevant information that existed at the start of the earliest fiscal year that is restated. In addition, governments are permitted, but not required to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the Statement's implementation. In the year of implementation, the notes to the financial statements should discuss the nature of the restatement and its effect, as well as the reason for not restating prior fiscal year statements, if applicable.

The unit will need to review all SBITAs that provide the unit access to a vendor's information technology (IT) software (programs and applications) that are in use at the beginning of the fiscal year to determine those that meet the above definition. This will require coordination between all departments, similar to what occurred with the implementation of GASB Statement No. 87. The Finance and perhaps, IT departments should take a central role in this process. After such SBITAs are identified, they should be recorded as of the first day of the fiscal year during which GASB Statement No. 96 is implemented as described in the preceding paragraph. In addition, any new SBITAs that begin in the fiscal year of implementation should be recorded as provided for in GASB Statement 96 except that there would not be a cumulative effect to report as a restatement.

Determining the Subscription Term / Discount Rate / Subscription Liability / Subscription Asset / Amortization Methods for Subscription Assets and Subscription Liabilities

The subscription term is the period of time that the government has a noncancelable right to use the underlying IT assets plus any of the following periods, if applicable:

1. Periods covered by the government's option to extend the subscription if it is reasonably certain that the option *will be* exercised
2. Periods covered by the government's option to terminate if it is reasonably certain that the option to terminate *will not be* exercised
3. Periods covered by the SBITA vendor's option to extend the subscription if it is reasonably certain that the option *will be* exercised
4. Periods covered by the SBITA vendor's option to terminate if it is reasonably certain that the option to terminate *will not be* exercised

If both parties, unit, and SBITA Vendor, have the option to terminate the SBITA without permission from the other party, a SBITA is cancelable. Likewise, a period where both parties must agree to extend is a cancelable period. A rolling month-to-month SBITA or one that continues into a holdover period where either party can cancel the agreement until a new contract is entered are examples of cancelable periods. When a SBITA has cancelable periods, the maximum term would be the noncancelable period including any notice period. Non-appropriation clauses, if included may be ignored as long as it is reasonably certain that they will not be exercised.

At the commencement of the subscription term, a unit should assess all factors relevant to the likelihood that the unit or the SBITA vendor will exercise any options whether those factors are contract-based, underlying IT asset-based, market-based, or government specific. The assessment often will require the consideration of a combination of interrelated factors. Examples of factors to consider include, but are not limited to, the following:

- A significant economic incentive, such as contractual terms and conditions for the optional periods that are favorable compared with current market rates
- A potential change in technological development that significantly affects the technology used by the underlying IT assets
- A potential significant change in the unit's demand for the SBITA vendor's IT assets
- A significant economic disincentive, such as costs to terminate the SBITA and sign a new SBITA (for example, negotiation costs, costs of identifying another suitable underlying IT asset or another suitable SBITA vendor, implementation costs, or a substantial cancellation penalty)
- The history of exercising options to extend or terminate

- The extent to which the underlying IT assets in the SBITA are essential to the provision of government services.

Normally, once a unit determines the initial subscription term it will not change. A unit should, however, reassess the subscription term only if one or more of the following occur:

1. The unit/SBITA vendor elects *to* exercise an option even though it was previously determined that it was reasonably certain that the unit/SBITA vendor *would not* exercise that option.
2. The unit/SBITA vendor elects *not to* exercise an option even though it was previously determined that it was reasonably certain that the unit/SBITA *vendor* would exercise that option.
3. An event occurs that the SBITA contract requires an extension or termination of the SBITA.

The subscription term commences when the initial implementation stage is completed (i.e., the time when the government has obtained control of the right to use the underlying IT assets), which is when the subscription asset is placed into service. At that time, a unit should recognize a subscription liability and an intangible right-to-use capital asset (i.e., the subscription asset) unless the agreement is a short-term SBITA. A SBITA with a maximum term of 12 months, including any option to extend (regardless of the probability it will be exercised) is a short-term SBITA and should be expensed.

The subscription liability should initially be measured at the present value of the subscription payments expected to be made during the subscription and should include the following:

1. fixed payments
2. variable payment that depends on an index or a rate (such as the Consumer Price Index), measured as of the commencement date
3. variable payments that are fixed in substance
4. payments for penalties for terminating a SBITA If the subscription term reflects the unit's organization plans to exercise an option to terminate or a fiscal funding or cancellation clause
5. SBITA incentives receivable from vendor
6. any other payments to the SBITA vendor associated with the contract that is reasonably certain of being required on an assessment of all relative factors.

Variable payments based on future performance of the unit, usage of the underlying IT assets, or number of user seats, should <u>not</u> be included in the initial subscription liability. Instead, those variable payments should be recognized as expenses in the period in which the obligation is incurred. However, any component of those variable payments that are fixed in substance should be included in the measurement of the subscription liability.

The future subscription payments should be discounted using the interest rate the SBITA vendor charges the unit, which may be the rate implicit in the SBITA. If the unit cannot readily determine the interest rate the unit should use its estimated incremental borrowing rate. GASB No. 96 permits but does not require units to apply paragraphs 173-187 of GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB, and AICPA Pronouncements* as a means of determining the interest rate implicit in the SBITA. Units may want to have an upfront discussion with their independent auditors about the determination of the discount rate.

In subsequent reporting periods, a unit should calculate the amortization of the discount on the liability and report that amount as an outflow of resources (for example, interest expense).

The subscription asset should be initially measured as the sum of the following (less any incentive payments received from the SBITA vendor at the commencement of the subscription term):

1. the initial measurement of the subscription liability
2. contract payments made to the SBITA vendor at the commencement of the subscription term
3. capitalizable initial implementation costs.

Payments made related to the contract or implementation costs prior to the subscription term should be reported as a prepaid asset. This prepayment would be reclassified as an addition to the initial measurement of the subscription asset at the start of the subscription term. Further, the subscription asset should be reduced by SBITA vendor incentives that provide payments to, or on behalf of units at or before the commencement of the subscription term.

A subscription asset should be amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT assets. The amortization of the subscription asset should be reported as an outflow of resources (for example, amortization expense), which may be combined with depreciation expense related to other capital assets for financial reporting purposes. Amortization should begin on the commencement of the subscription term. A subscription asset should generally be adjusted by the same amount as the corresponding subscription liability when that liability is remeasured.

The subscription liability should be remeasured if one or more of the following changes have occurred on or before subsequent financial reporting dates (based on the most recent SBITA before the changes) and the changes are expected to significantly affect the amount of the previous measurement of the subscription liability individually or in the aggregate if:

1. There is a change in the subscription term
2. There is a change in the estimated amounts for subscription payments already included in the measurement of the subscription liability
3. There is a change in the interest rate the SBITA vendor charges the unit, and that rate was used as the initial discount rate
4. A contingency upon which some or all variable payments that will be made over the remaining term are based, is resolved so those payments now meet the earlier described criteria for measuring the liability (e.g., an event occurs that causes payments previously contingent on the performance or use of the underlying IT assets to become fixed for the remainder of the subscription term)
5. A previously unexercised existing option is exercised (e.g., an option to extend or terminate the SBITA)

If a subscription liability is remeasured for any of the above reasons, other factors should also be reviewed to determine if they experienced a change that is expected to significantly affect the amount of the previous liability measurement. If so, those items should also be included in the remeasurement. These items include:

1. any change in an index or a rate used to determine variable payments (no remeasurement is required solely for a change in that index or a rate)
2. the discount rate when there is also a change in the subscription term (no reassessment is necessary solely for a change in a unit's incremental borrowing rate).

When a subscription liability is remeasured the related subscription asset generally should be adjusted by the same amount. However, if that change reduces the carrying value of the subscription asset to zero, any remaining amount should be reported in the resource flows statement (for example, as a gain).

Accounting under GASB Statement No. 96

The accounting for SBITA's is similar to that of GASB Statement 87 accounting by the lessee. LGC staff has created an implementation worksheet similar to the previously released GASB 87 templates that may be useful in implementing this statement. Consider the following example:

> The City of Dogwood has entered into a subscription-based IT arrangement for new accounting software that began on July 1 of 2022. The term of the subscription is 5 years and will require an annual payment of $10,000 due on July 1st of each year. The discount rate is 3%. During the initial implementation stage, The City incurred $2,500 in data conversion costs, which will be capitalized as part of the subscription asset (the costs are necessary to place the subscription asset into service).

SBITA Questionnaire

1	SBITA Description (include description of asset)			Accounting Software
2	What is your fiscal year end?			6/30/2023
3	Beginning Subscription Date			7/1/2022
4	Was the arrangement in place prior to the first year of GASB 96 implementation?			N
5	Prior fiscal year end for SBITA restatement under GASB 96			6/30/2022
6	Ending Arrangement Date			6/30/2027
7	First Subscription Payment Due Date on/after	7/1/2022		7/1/2022
8	Last Subscription Payment Due Date			7/1/2026
9	What is the subscription payment frequency (monthly, quarterly, annually)?			Annually
10	Are there any subscription prepayments to be applied to future months?			N
11	NA			
12	Are there capitalizable implementaion costs associated with the subscription asset?			Y
13	How much are the implementation costs?			2,500.00
14	Was an incentive received at or before the commencement of the SBITA?			N
15	NA			
16	What is the annual discount rate for the SBITA at		7/1/2022	3.0%

Under the **current financial resources measurement focus and the modified accrual basis of accounting** (the GAAP basis for the governmental funds and the budgetary basis for all budgeted funds in NC including Enterprise Funds), the government will initially need to recognize an expenditure and other financing source (OFS). These amounts should be measured similar to the subscription liability. The subscription asset should equal the OFS plus any capitalizable initial implementation costs (e.g., data conversion costs).

This information should also be reported in the budget to actual comparison reported in the financial statements. Because of the need for this entry, a unit may require a budget amendment or a reconciling item explaining the differences between the reported GAAP governmental fund expenditures and the budgeted fund expenditures in the financial statements.

7/31/2022	Capital Outlay		49,670.98	
		Other Financing Source		47,170.98
		Cash		2,500.00
	To record inception of SBITA and data conversion costs			

As with GASB Statement 87, subsequent subscription payments will be recognized (and budgeted for) like debt service payments made on long-term debt. Interest would be 0 for the initial payment made at the start of the term because no interest has accrued.

7/31/2022	Debt Service Expenditure - Principal		10,000.00	
	Debt Service Expenditure - Interest		-	
		Cash		10,000.00
	Record subscription payment			

In order to recognize this subscription in the Government-wide, Proprietary and Fiduciary Fund statements (any statements based on the **economic resources measurement focus and the accrual basis of accounting** at year end), **adjusting entries** will need to be made that will essentially "undo" and "redo" the previous entries to recognize a subscription asset and liability.

Subscription Asset		49,670.98	
Other Financing Source		47,170.98	
	Subscription Liability		47,170.98
	Capital Outlay		49,670.98
To record inception of SBITA and data conversion costs			

As part of the conversion process for the Government-wide and other statements reported on the economic resources measurement focus and the accrual basis of accounting, the subscription payments will need to be reclassified and the subscription asset amortized. Generally speaking, at the beginning of the subscription term, the government will recognize a subscription asset (the "right to use" asset, including capitalizable implementation costs) and a corresponding subscription liability including certain costs associated with the implementation of the contract. The subscription liability should be recognized as the PV of the total subscription payments and the data conversion costs (capitalizable implementation costs) will be shown as an outflow of cash.

If applicable, the liability would include fixed and variable payments, any penalties expected to be realized for terminating the SBITA (if reasonably certain to be realized when calculating the term), any incentives offered by the vendor and any payments to the vendor associated with the contract (such as implementation costs). The present value will be discounted using the implicit rate from the contract; if this is not easily determinable, an estimated incremental borrowing rate can be used. This example uses an incremental borrowing rate of 3% and the straight-line method to amortize the asset over 5 years.

Subscription Liability		10,000.00	
Interest Expense		-	
	Debt Service Expenditure - Principal		10,000.00
	Debt Service Expenditure - Interest		-
Record subscription payment			
Amortization Expense Subscription Asset		9,934.20	
	Accumulated amortization - subscription asset		9,934.20
Record subscription asset amortization			

Interest expense should be accrued and recognized at year end and can be calculated by multiplying the outstanding principal balance remaining on the contract by the interest rate by the days since the last interest payment divided by 365 days.

Interest Expense		1,112.07	
	Accrued Interest		1,112.07
Accrue unpaid interest at year-end - entry reverses in subsequent month.			

Outlays Other Than Subscription Payments

Outlays other than subscription payments should be categorized into three stages. Training costs should be expensed as incurred regardless of the stage:

1. The preliminary project stage would include costs incurred prior to negotiating a contract such as evaluating vendor options or technological needs. These should be expensed as incurred.
2. The initial implementation stage would include costs associated with putting the subscription asset into service such as installation or testing of the asset. These should be included in the initial calculation of the subscription asset and amortized throughout the subscription term (data migration costs in our example).
3. The operation and additional implementation stage would include costs related to subsequent activities such as maintenance. These should generally be expensed as incurred.

Notes to Financial Statements

Units are not required to provide disclosures for individual SBITA contracts. Instead, for purposes of disclosures, information may be grouped (i.e., aggregated). Each year that a unit reports SBITAs the notes to financial statements should disclose the following information:

1. A general description of its SBITAs, including the basis, terms (e.g., length of agreement, options for renewal and termination, discount rate, etc.)
2. The total amount of subscription assets and related accumulated amortization, separately from other capital assets
3. Commitments before the commencement of the subscription term
4. Principal and interest requirements to maturity for the subscription liability, presented separately for each of the five subsequent fiscal years and, at a minimum, in five-year increments for the years thereafter.

When a SBITA includes variable payments, the unit should disclose:

1. Terms and conditions on which variable payments not included in the measurement of the subscription liability are determined
2. The amount of outflows of resources recognized in the reporting period for variable payments not previously included in the measurement of the subscription liability.

Further, the amount of outflows of resources recognized in the reporting period for other payments (such as termination penalties, not previously included in the subscription liability) should be disclosed.

Generally, impairments of subscription assets occur because of a change in the manner or duration of use of the underlying IT assets. If a unit reports an impairment loss for a SBITA it should disclose the components of the loss (the impairment loss and any related change in the subscription liability).

Please note that the above disclosures about a unit's SBITAs do not apply to short-term SBITAs (i.e., those that have a maximum term of one year or less).

While certain debt disclosures (e.g., debt service requirements to maturity) apply to subscription liabilities, GASB Statement No. 96 specifies that such liabilities are not considered debt that is subject to the disclosure requirements in Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*.

Outlays Other Than Subscription Payments, including Implementation Costs/Stages of implementation

In addition to the subscription payments to for the right to use the underlying IT assets, a unit may also have to make additional payments. These payments should be grouped into three stages. These stages and the treatment of the outlays for amounts other than subscription payments are as follows:

1. Preliminary Project Stage. Outlays are expensed as incurred
2. Initial Implementation Stage (this stage is completed when the subscription asset is placed into service). Outlays are generally capitalized (if no subscription asset is reported amounts should be expensed as incurred)
3. Operation and Additional Implementation Stage. Outlays are generally expensed as incurred.

Outlays that occur after the subscription asset has been placed in service (outlays in the operation and additional implementation stage) are potentially capitalizable. Such outlays should be capitalized as part of the existing subscription asset if they result in either:

- An increase in the functionality of the subscription asset (i.e., allows the unit to perform tasks that it could not previously perform) or
- An increase in the efficiency of the subscription asset (i.e., an increase in the level of service provided by the subscription asset without the ability to perform additional tasks).

Any additional outlays that are a result of SBITA modifications, should follow the accounting described below. Training costs should be expensed as incurred, regardless of the stage in which they are incurred.

Treatment of data conversion outlays will depend on the circumstances. Such outlays should be considered an activity of the initial implementation stage (i.e., capitalizable) only to the extent that it is determined that they are necessary to place the subscription asset into service (that is, in condition for use). Otherwise, such outlays are an activity of the operation and additional implementation stage and are expensed as incurred. This includes outlays associated with a SBITA already in operation that relate to converting a unit's legacy data on an old server to the vendor's cloud storage.

There are several things to consider if the government enters into a SBITA with multiple components. If the contract has a subscription and non-subscription component, the government should account for each as a separate contract if possible. If such a contract does not include pricing for the individual components (or they appear unreasonable), the unit should use professional judgment to determine its best estimate. However, if it is not practical to estimate the amounts for the components, the government can account for these components as a single SBITA. In this case, accounting decisions (such as the subscription term) should be based on the primary subscription component.

The provisions of a SBITA contract may be amended to change its provisions while it is in effect. Examples of such amendments include changing the contract price of the arrangement, lengthening, or shortening the subscription term, adding, or removing underlying IT assets, and changing the index or rate upon which variable payments depend (as mentioned earlier an exercise of an existing option would require a remeasurement). An amendment should be considered a SBITA modification unless the unit's right to use the underlying IT assets decreases. In that case, the amendment should be considered a partial or full SBITA termination.

In certain cases, an amendment would not be reported as a modification. Instead, a unit should account for such changes as a separate SBITA (that is, separate from the most recent SBITA contract before the modification). The reporting of a separate SBITA is required if *both* of the following conditions are present:

1. The change gives the unit an additional subscription asset by adding access to more underlying IT assets that were not included in the original SBITA and
2. The increase in subscription payments for the additional IT assets does not appear to be unreasonable based on (1) the terms of the amended SBITA and (2) professional judgment that maximizes the use of observable information (for example, using readily available standalone prices)

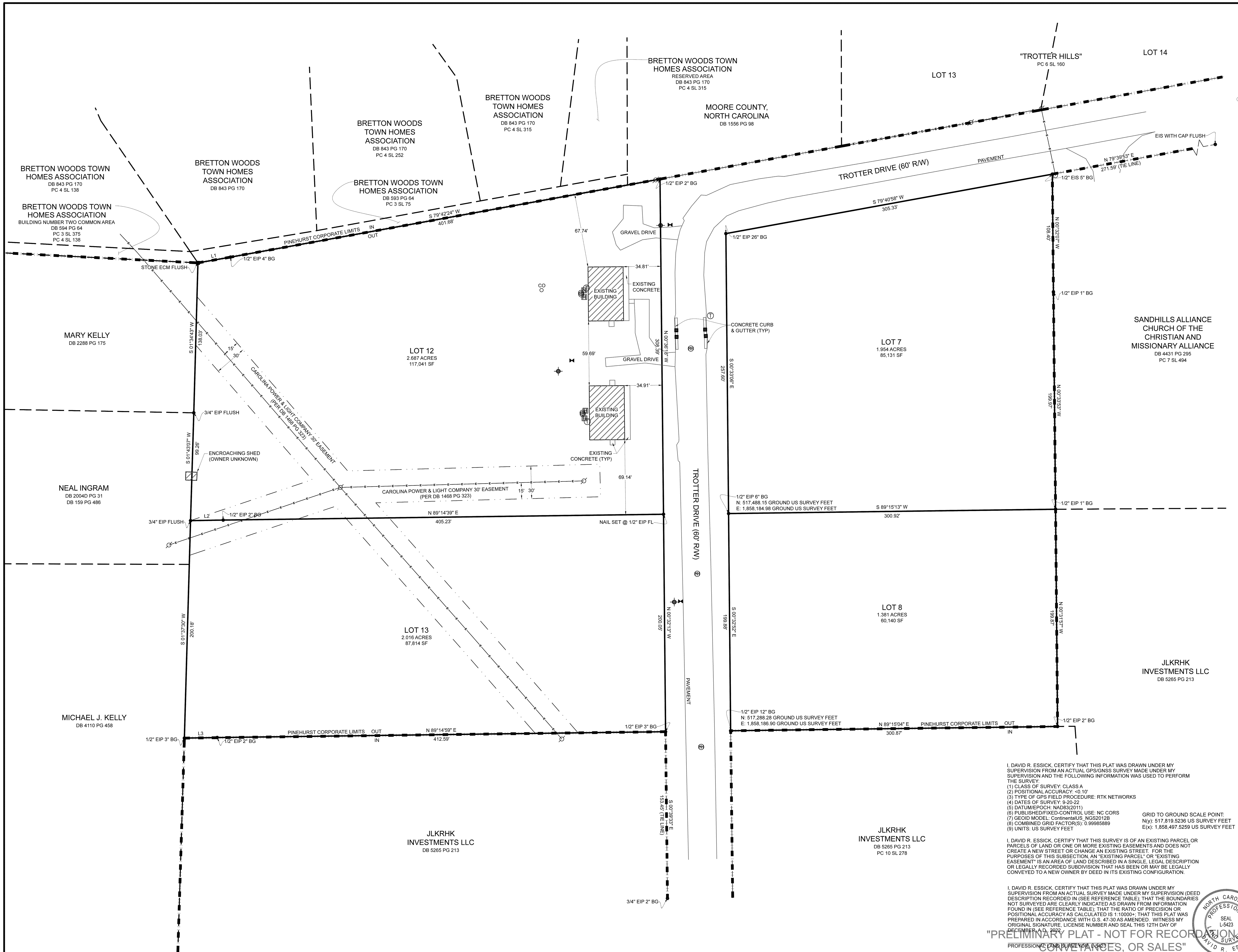
Unless required to be reported as a separate SBITA a unit should account for the contract modification by remeasuring the subscription liability. The subscription asset should be adjusted by the difference between the remeasured liability and the liability immediately before the SBITA modification. If the change reduces the carrying value of the subscription asset to zero, any remaining amount should be reported in the resource flows statement (for example, as a gain).

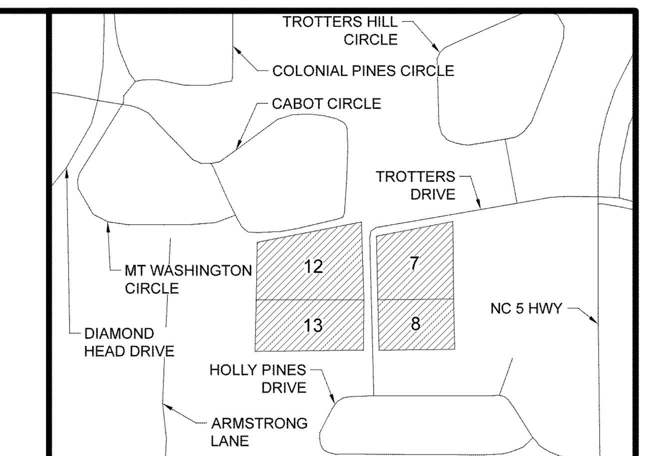
However, a unit should report an amendment resulting in a decrease in the government's right to use the underlying IT assets (e.g., the subscription term is shortened, or the underlying IT assets are reduced) as a partial or full SBITA termination. A unit generally should account for the partial or full SBITA termination by reducing the carrying values of the subscription asset and subscription liability and recognizing a gain or loss for the difference.

Other Things to Consider

The statement may not apply to SBITAs that are determined to be immaterial. Units will need to use professional judgement and review their arrangements and documentation thoroughly to determine materiality. Materiality will vary by unit. The subscription asset and liability should both be considered. If either or both are material, then the statement will apply.

The foundation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements,* was based on the guidance for GASB Statement No. 87, *Leases;* as such, it is recommended that you review the guidance on this as well. For more information on GASB Statement No. 87, please see memos #2021-05, #2021-09, and #2022-09 on our website here. If you have further questions on this memorandum or any of the guidance provided by the Division, please contact the staff of the State and Local Government Finance Division at 919-814-4300.





LOCATION SKETCH

LEGEND OF SYMBOLS & ABBREVIATIONS

CP	△	COMPUTED POINT
EA	●	EXISTING AXLE
ECM	■	EXISTING CONCRETE MONUMENT
EIP	●	EXISTING IRON PIPE
EIS	●	EXISTING IRON STAKE
NIS	○	NEW IRON STAKE
		FIRE HYDRANT
		GAS VALVE
		POWER POLE
		SANITARY SEWER
		STORM MANHOLE
		TELEPHONE PEDESTAL
		CABLE PEDESTAL
		TRANSFORMER
		WATER METER
		WATER VALVE
		HVAC
		GRATE INLET
#AG		(#) INCHES ABOVE GRADE
#BG		(#) INCHES BELOW GRADE
CMP		CORRUGATED METAL PIPE
CPP		CORRUGATED PLASTIC PIPE
CO		CLEAN OUT
DI		DROP INLET
EMN		EXISTING MAG NAIL
EOP		EDGE OF PAVEMENT
EPK		EXISTING PK NAIL
ERRS		EXISTING RAILROAD SPIKE
FO		FIBER OPTIC
FL		FLUSH WITH GRADE
ICV		IRRIGATION CONTROL VALVE
MBS		MINIMUM BUILDING SETBACKS
N/F		NOW OR FORMERLY
NMN		NEW MAG NAIL
RCP		REINFORCED CONCRETE PIPE
R/W		RIGHT-OF-WAY
YI		YARD INLET
	500	EXISTING CONTOUR LINES
		SURVEYED PROPERTY BOUNDARY
		OTHER SURVEYED LINE
		LINES NOT SURVEYED
		BUILDING SETBACK LINES
		RIGHT-OF-WAY
	E E E	OVERHEAD ELECTRIC LINES
	X X X	FENCE
	SS SS SS	SANITARY SEWER LINES
		TIE LINE

LINE	BEARING	DISTANCE
L1	S 79°59'31" W	30.42'
L2	N 88°59'39" E	30.02'
L3	N 88°59'51" E	30.21'

NOTES:

1. ACREAGE DETERMINED BY COORDINATE METHOD
2. TAX PARCEL ID: 00052965; 00052966; 00052967; 00052968
3. ZONING: R-MF (VILLAGE OF PINEHURST)
4. BUILDING SETBACKS BELOW OBTAINED FROM THE PINEHURST DEVELOPMENT ORDINANCE, TABLE 9.2a. VERIFY SETBACKS BEFORE DESIGN OR CONSTRUCTION.
5. PUBLIC WATER SUPPLY WATERSHED: WS-IIP (HQW)
6. THIS SURVEY WAS PERFORMED WITHOUT THE BENEFIT OF A TITLE SEARCH AND IS SUBJECT TO ANY EASEMENTS OR CONVEYANCES OF RECORD.
7. NO ATTEMPTS MADE TO LOCATE UNDERGROUND UTILITIES

I, DAVID R. ESSICK, CERTIFY THAT THIS PLAT WAS DRAWN UNDER MY SUPERVISION FROM AN ACTUAL GPS/GNSS SURVEY MADE UNDER MY SUPERVISION AND THE FOLLOWING INFORMATION WAS USED TO PERFORM THE SURVEY:
(1) CLASS OF SURVEY: CLASS A
(2) POSITIONAL ACCURACY: <0.10'
(3) TYPE OF GPS FIELD PROCEDURE: RTK NETWORKS
(4) DATES OF SURVEY: 9-20-22
(5) DATUM/EPOCH: NAD83(2011)
(6) PUBLISHED/FIXED-CONTROL USE: NC CORS
(7) GEOID MODEL: ContinentalUS_NGS2012B
(8) COMBINED GRID FACTOR(S): 0.99985889
(9) UNITS: US SURVEY FEET

GRID TO GROUND SCALE POINT:
N(y): 517,819.5236 US SURVEY FEET
E(x): 1,858,497.5259 US SURVEY FEET

I, DAVID R. ESSICK, CERTIFY THAT THIS SURVEY IS OF AN EXISTING PARCEL OR PARCELS OF LAND OR ONE OR MORE EXISTING EASEMENTS AND DOES NOT CREATE A NEW STREET OR CHANGE AN EXISTING STREET. FOR THE PURPOSES OF THIS SUBSECTION, AN "EXISTING PARCEL" OR "EXISTING EASEMENT" IS AN AREA OF LAND DESCRIBED IN A SINGLE, LEGAL DESCRIPTION OR LEGALLY RECORDED SUBDIVISION THAT HAS BEEN OR MAY BE LEGALLY CONVEYED TO A NEW OWNER BY DEED IN ITS EXISTING CONFIGURATION.

I, DAVID R. ESSICK, CERTIFY THAT THIS PLAT WAS DRAWN UNDER MY SUPERVISION FROM AN ACTUAL SURVEY MADE UNDER MY SUPERVISION (DEED DESCRIPTION RECORDED IN (SEE REFERENCE TABLE); THAT THE BOUNDARIES NOT SURVEYED ARE CLEARLY INDICATED AS DRAWN FROM INFORMATION FOUND IN (SEE REFERENCE TABLE); THAT THE RATIO OF PRECISION OR POSITIONAL ACCURACY AS CALCULATED IS 1:10000+; THAT THIS PLAT WAS PREPARED IN ACCORDANCE WITH G.S. 47-30 AS AMENDED. WITNESS MY ORIGINAL SIGNATURE, LICENSE NUMBER AND SEAL THIS 12TH DAY OF DECEMBER, A.D., 2022.

"PRELIMINARY PLAT - NOT FOR RECORDATION, CONVEYANCES, OR SALES"

PROFESSIONAL LAND SURVEYOR, L-5423

NORTH CAROLINA PROFESSIONAL SEAL L-5423 LAND SURVEYOR DAVID R. ESSICK

ANNEXATION SURVEY FOR:

PRIDE CUSTOM HOMES, INC.

DECEMBER 12TH, 2022

LOT 7, 8, 12 & 13
VILLAGE OF PINEHURST
SANDHILLS TOWNSHIP
MOORE COUNTY, NORTH CAROLINA

0 40 80 120

SCALE 1"=40'

REFERENCE TABLE:
DEED BOOK 2419, PAGE 29
DEED BOOK 1468, PAGE 323
MAP BOOK 8, PAGE 14
MOORE COUNTY REGISTRY

BUILDING SETBACKS (PDO TABLE 9.2a) R-MF:
FRONT = 30'
SIDE = 0'
SIDE STREET = 20'
REAR = 25'

PROPERTY ADDRESS:
120 & TBD TROTTER DRIVE
PINEHURST, NC 28370

OWNER'S ADDRESS:
BILL REAVES CONSTRUCTION CO, INC.
PO BOX 648
WEST END, NC 27376

MATTHEWS
LAND SURVEYING & MAPPING PLLC
FIRM LICENSE: P-1343

10 COURTHOUSE SQUARE
CARTHAGE, NC 28327
910-947-2671

JOB#: 11521

Lots 7 and 8, Pinehurst Ranchettes

Village of Pinehurst, Sandhills Township, Moore County, North Carolina

Being all of lots 7 and 8, Pinehurst Ranchettes as recorded in Map Book 8, Page 14, Moore County Registry, and being bounded on the West and North by Trotter Drive, a public street, on the East by Sandhills Alliance Church of the Christian and Missionary Alliance as recorded in Deed Book 4431, Page 295 and in Plat Cabinet 7, Slide 494, Moore County Registry and JLKRHK Investments, LLC as recorded in Deed Book 5265, Page 213, Moore County Registry, and on the South by JLKRHK Investments, LLC as recorded in Deed Book 5265, Page 213 and Plat Cabinet 10, Slide 278, Moore County Registry, containing 3.33 acres, more or less and being more particularly described as follows:

BEGINNING at the southwest corner of Lot 8, Pinehurst Ranchettes as shown in Map Book 8, Page 14, Moore County Registry at a ½" Existing Iron Pipe 12" below grade in the eastern Right Of Way of Trotter Drive, said point having NC Grid coordinates North 517288.28 and East 1858186.90, thence as said Right Of Way the following three (3) calls: North 00 Degrees 32 Minutes 52 Seconds West 199.88 feet to a ½" Existing Iron Pipe 6" below grade, the northwest corner of Lot 8 and the southwest corner of Lot 7; thence with the western of Lot 7 North 00 Degrees 33 Minutes 06 Seconds West 257.60 feet to a 1/2" Existing Iron Pipe 26" below grade the northwest corner of Lot 7; thence North 79 Degrees 40 Minutes 58 Seconds East 305.33 feet to a ½" Existing Iron Stake 5" below grade, the northeast corner of Lot 7; thence as the eastern line of Lot 7 the following two (2) calls: South 00 Degrees 32 Minutes 07 Seconds East 108.40 feet to a 1/2" Existing Iron Pipe 1" below grade; thence South 00 Degrees 33 Minutes 53 Seconds East 199.97 feet to a ½" Existing Iron Pipe 1" below grade, the southeast corner of Lot 7 and the northeast corner of Lot 8; thence as the eastern line of Lot 8 South 00 Degrees 31 Minutes 57 Seconds East 199.87 to a ½" Existing Iron Pipe 2" below grade, the southeast corner of Lot 8; thence as the southern of Lot 8 South 89 Degrees 15 Minutes 04 Seconds West 300.87 feet to the Point Of Beginning.

Lots 12 and 13, Pinehurst Ranchettes

Village of Pinehurst, Sandhills Township, Moore County, North Carolina

Being all of Lots 12 and 13, Pinehurst Ranchettes as recorded in Map Book 8, Page 14, Moore County Registry, and being bounded on the South by JLKRHK Investments, LLC as recorded in Deed Book 4110, Page 458, Moore County Registry, on the West by Michael J. Kelly as recorded in Deed Book 4110, Page 458, Moore County Registry, Neal Ingram as recorded in Deed Book 159, Page 486, Moore County Registry, and Mary Kelly as recorded in Deed Book 2288, Page 175, Moore County Registry, on the North by Bretton Woods Townhomes Association as recorded in Deed Book 593, Page 64 and Plat Cabinet 3, Slide 375, Moore County Registry and Moore County, North Carolina as recorded in Deed Book 1556, Page 98, Moore County Registry, and on the East by Trotter Drive, a public street, and being 4.70 acres, more or less, and being more particularly described as follows:

BEGINNING at a ½" Existing Iron Pipe 3" below grade in the western Right Of Way of Trotter Drive, a public street, the southeast corner of Lot 13 as recorded in Map Book 8, Page 14, Moore County Registry, said point having NC Grid Coordinates North 517287.43 and East 1858127.01; thence as the southern line of Lot 13 the following two (2) calls: South 89 Degrees 14 Minutes 59 Seconds West 412.59 feet to a ½" Existing Iron Pipe 2" below grade; thence South 88 Degrees 59 Minutes 51 Seconds West 30.21 feet to a ½" Existing Iron Pipe 3" below grade, the southwest corner of Lot 13; thence as the western line of Lot 13 North 01 Degrees 37 Minutes 30 Seconds East 200.18 feet to a ¾" Existing Iron Pipe flush with grade, the northwest corner of Lot 13 and the southwest corner of Lot 12; thence as the western line of Lot 12 the following two (2) calls: thence North 01 Degrees 43 Minutes 07 Seconds East 99.26 feet to a ¾" Existing Iron Pipe flush with grade; thence North 01 Degrees 34 Minutes 43 Seconds East 138.03 feet to a Stone Existing Concrete Monument flush with grade, the northwest corner of Lot 12; thence with the northern line of Lot 12 the following two (2) calls: North 79 Degrees 59 Minutes 31 Seconds East 30.42 feet to a ½" Existing Iron Pipe 4" below grade; thence North 79 Degrees 42 Minutes 24 Seconds East 401.68 feet to a ½" Existing Iron Pipe 2" below grade in the western Right Of Way of Trotter Drive, the northeast corner of Lot 12; thence with said Right Of Way the following two (2) calls: South 00 Degrees 36 Minutes 18 Seconds East 308.39 feet to a Nail Set at a ½" Existing Iron Pipe flush with grade, the southeast corner of Lot 12 and the northeast corner of Lot 13; thence South 00 Degrees 32 Minutes 13 Seconds East 200.05 feet to the Point Of Beginning.

For Registration Register of Deeds
Judy D. Martin
Moore County, NC
Electronically Recorded
November 7, 2022 2:52:40 PM
Book: 5936 Page: 171 - 173 #Pages: 3
Fee: $26.00 NC Rev Stamp: $1,600.00
Instrument# 2022018442

Brief description for the Index: **Stamps: $ 1,600.00**

Lots 7, 8, 12, & 13, Pinehurst Ranchettes, Sandhills Township – Parcel Id. 00052965, 00052966, 00052967 & 00052968

This instrument was prepared by: **The Gorenflo Law Firm, PLLC** *NO TITLE SEARCH COMPLETED BY PREPARER*

NORTH CAROLINA GENERAL WARRANTY DEED

THIS DEED made this 25th day of **October, 2022**, by and between,

GRANTOR	GRANTEE
Bill Reaves Construction Co, Inc. a NC corporation Mailing Address: PO BOX 648 West End, NC 27376	**Red Pine Investments, LLC** a NC limited liability company Mailing Address: 30 McFarland Road Pinehurst, NC 28374 Property Address: 120 & 122 Trotter Drive Pinehurst, NC 27376

WITNESSETH, that the Grantor, for a valuable consideration paid by the Grantee, the receipt of which is hereby acknowledged, have bargained and sold, and by these presents do grant, bargain, sell and convey unto the Grantee in fee simple, all that certain lot, tract, or parcel of land situated in **Sandhills Township, Moore County, North Carolina**, and more particularly described as follows:

Being Lots Number 7, 8, 12, & 13 as shown on that certain map entitled "Plan of Pinehurst Ranchettes, near Pinehurst, NC, Sandhills Township, Moore County, North Carolina", which map was prepared by Paul S. Ward, Registered Surveyor, said map being recorded in Map Book 8, at Page 14, in the office of the Register of Deeds for Moore County, North Carolina.

The property hereinabove described was acquired by Grantor by instrument recorded in Book 2419, Page 29, Moore County Registry.

All or a portion of the property herein conveyed does not include the primary residence of a Grantor.

TO HAVE AND TO HOLD the aforesaid lot, tract, or parcel of land, and all privileges and appurtenances thereto belonging to the said Grantee in fee simple; subject, however, to the exceptions, reservations and conditions herein above referred to.

And the Grantor covenants with the Grantee, that Grantor is seized of said premises in fee simple and has the right to convey in fee simple; that the title is marketable and free and clear of all encumbrances; and that Grantor will warrant and defend the title against the lawful claims of all persons whomsoever except: ad valorem taxes for the current year (prorated to the date of closing); utility easements; unviolated covenants, conditions and restrictions that do not materially affect the value of the property being conveyed herein; and such other encumbrances as may be assumed or specifically approved by Grantee.

The designation Grantor or Grantee as used herein shall include the singular as well as the plural and the masculine, feminine or neuter gender may be read in either the masculine, feminine or neuter gender or a combination thereof as the context may require in order to accurately refer to the person or persons first named hereinabove as Grantor and Grantee.

**** THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK ****

IN WITNESS WHEREOF, the said Grantor has hereunto set his hand and seal, or if Corporate, has caused this instrument to be signed in its Corporate name in the ordinary course of business by its duly authorized officer, pursuant to authorization from the Board of Directors, or if Limited Liability Company (Company), in its Company name in the ordinary course of business by its duly authorized manager, or pursuant to authorization from its members, the day and year first above written.

Bill Reaves Construction Co., Inc.

William L. Reaves Pres. (SEAL)
William L. Reaves, President

STATE OF NORTH CAROLINA,

COUNTY OF MOORE, to wit:

I certify that the following person(s) personally appeared before me this day, and each acknowledging to me that he or she signed the foregoing document in the capacity indicated: **William L. Reaves, President of Bill Reaves Construction Co., Inc., a NC corporation, being so authorized.**

Witness my hand and notarial seal this 25th day of October, 2022.

Notary Public

PLACE NOTARY SEAL INSIDE THIS BOX ONLY!

LEYDY DUENAS RENTERIA
NOTARY PUBLIC
My Commission Expires September 27, 2027
MOORE COUNTY, NC

Leydy Duenas Renteria
(Printed Name of Notary)

My Commission Expires: 09/27/27

Village of Pinehurst Ordinance No. 2010- 40
Town of Aberdeen Ordinance No. AC223

AN ORDINANCE ESTABLISHING AN ANNEXATION AGREEMENT BETWEEN THE VILLAGE OF PINEHURST, NORTH CAROLINA AND THE TOWN OF ABERDEEN, NORTH CAROLINA FOR THE MUTUAL BOUNDARY LINE BETWEEN THESE TWO MUNICIPALITIES

WHEREAS, North Carolina General Statutes Chapter 160A, Article 4A, Part 6 authorizes two or more municipalities to enter into binding agreements regarding future annexation in order to enhance orderly planning by such municipalities; and

WHEREAS, the governing boards of the Village of Pinehurst and the Town of Aberdeen seek to carry out plans for future land uses; the provision of important public facilities such as sewer and water services, roadways, and recreation; and the protection of open space and other sensitive areas; and

WHEREAS, potential conflict and confusion may occur along the interface between two jurisdictions when the future municipal boundaries between the two are unclear; and

WHEREAS, both the Village of Pinehurst and the Town of Aberdeen desire to foster good intergovernmental relations; and

WHEREAS, the governing boards and the staffs of these two communities have engaged in a process of discussion that has led to determination of an ultimate municipal and utility service boundary between the two communities; and

WHEREAS, Public hearings on this ordinance were held by the Village of Pinehurst on July 2, 2010, 2010 and the Town of Aberdeen on June 14, 2010, 2010 with notice provided in accordance with G.S. § 160A-31(c).

NOW, THEREFORE, BE IT ORDAINED by the Village Council of the Village of Pinehurst, North Carolina and the Board of Commissioners of the Town of Aberdeen, North Carolina:

Section 1. Boundary. The areas to be included within the Annexation Agreement (the "Agreement") are set forth in Attachment A of this document. As indicated in Attachment A, the Village of Pinehurst may not annex within the annexation area of the Town of Aberdeen, and the Town of Aberdeen may not annex within the annexation area of the Village of Pinehurst.

Section 2. Notice of Adjacent Annexations. When either municipality proposes to annex property within its respective annexation area, it must give notice of the annexation to the other municipality in compliance with G.S. § 160A-58.24(a)(5) and (b), which require the following:

(i) The notice must be in writing;

(ii) The notice must be given at least 60 days before the adoption of any annexation ordinance. Either party may waive the sixty (60) day notice requirement by delivering a written waiver to the Manager of the other municipality; and

(iii)The notice must describe the area to be annexed by reference to a legible map, which shall clearly and accurately show the boundaries of the area to be annexed in relation to roads, streams and any other prominent geographical features.

The notice shall be sent by mail to the Manager of the other municipality. The notice shall only be effective for 180 days, and if the proposed annexation is not approved within that time period, then a new notice of annexation must be given.

Section 3. Limitations. Pursuant to G.S. § 160A-58.24(e) unless the Agreement is approved by the Moore County Board of Commissioners, it shall not be binding beyond three (3) miles of the primary corporate limits of either municipality. An area not within the three (3) mile limit shall become subject to this Agreement if subsequent annexation brings it within three (3) miles of the primary corporate limits of either municipality.

Section 4. Term of Agreement. The term of this Agreement shall be twenty (20) years.

Section 5. Effective Date. This Agreement shall become effective immediately following its adoption by ordinance by the governing boards of both the Village of Pinehurst and the Town of Aberdeen.

Section 6. Replacement of Prior Agreement. This Agreement supersedes any previously adopted annexation agreements between the parties that are in effect as of the effective date of this Agreement.

Section 7. Modifications and Mutual Termination. Pursuant to G.S. § 160A-58.24(d), the parties may jointly modify this Agreement by adopting a subsequent agreement or they may jointly terminate the Agreement immediately. All modifications or a mutual termination shall be approved by ordinance adopted after public hearings by both municipalities held in accordance with G.S. § 160A-58.24(c).

Section 8. Unilateral Termination of Agreement. Either party may unilaterally terminate this Agreement at any time in the manner prescribed by G.S. 160A-58.24(f), which requires that the terminating municipality do the following:

(i) Repeal the ordinance adopting the Agreement, and

(ii) Provide written notice to the other municipality five (5) years prior to the effective date of the termination of the Agreement.

The Village of Pinehurst:

Date: 7-13-10

Virginia F. Fallon
Virginia F. Fallon
Village of Pinehurst Mayor

Attest:

Date: 7-13-10

Linda S. Brown
Linda S. Brown
Village of Pinehurst Clerk

The Town of Aberdeen:

Date: 6/15/2010

Elizabeth B. Mofield
Elizabeth B. Mofield
Town of Aberdeen Mayor

Attest:

Date: 6/15/2010

Regina M. Rosy
Regina Rosy
Town of Aberdeen Clerk

Effective Date:

7-13-10
Date:

Attachment "A"
Annexation Agreement Map

Pinehurst/Aberdeen Annexation Agreement Map. Prepared by KP Liles, Town of Aberdeen.
For Public Hearing and Adoption. June 2010. PHAGR3.

PLANNING AND INSPECTIONS DEPARTMENT STAFF REPORT

To: Mayor Strickland and Village Council
From: Alex Cameron, Planning and Inspections Director
Maria Carpenter, Planner
Cc: Jeff Sanborn, Village Manager
Kelly Chance, Village Clerk
Date: June 21, 2023
Subject: Consideration of a Voluntary Petition for Annexation for 4 parcels on Trotter Drive

Applicant:	Red Pine Investments, LLC
Owners:	Red Pine Investments, LLC
Property Location:	2 parcels on each side of Trotter Dr. between Trotter Hills Cir. And Holly Pines Dr.
Moore County PID#:	00052965, 00052966, 00052967, and 00052968

Request:
Voluntary annexation of +/- 7.86 acres of property along Trotter Dr. in the Extraterritorial Jurisdiction (ETJ) that abuts the Pinehurst Corporate Limits.

Background and Analysis:
The area to be annexed includes four parcels (PID#00052965, PID#00052966, PID#00052967 and PID#00052968) located off Trotter Dr. One parcel currently contains two duplexes (PID#00052967), the other three parcels are vacant. These parcels are located within the newly established Pinehurst South Form Based District – Block H zoning district. To date, Village staff have not received any application for future development of the subject parcels. Any proposed development would be subject to and must comply with the newly adopted zoning regulations and process for development approval within Ordinance #23-13.

All four parcels are contiguous to the Village's existing corporate limits and meet all the requirements for annexation under North Carolina General Statutes (NCGS) 160A-31. Previous annexations of Llewellin Street (now part of Trotter Drive) in 2002 and Trotter Drive in 2018 run along the northern boundary and south between the parcels.

All departments and the Technical Review Committee have commented on the annexation and no negative issues have been identified with annexation of these parcels. Solid waste services are available in this area.

In January 2010, the Village of Pinehurst and the Town of Aberdeen adopted an annexation agreement. The agreement includes a map which identifies areas in which either municipality may agree to extend its corporate limits. The agreement also specifies a process by which the administrative staff shall notify the neighboring jurisdiction when a request to annex has been initiated. The subject parcels are on the Village of Pinehurst side of the annexation boundary line. In accordance with Section 2 of the annexation agreement, Village staff provided the required 60-day notice to the Town of Aberdeen. The 60-day notice period expires on June 26th. The Aberdeen Town Board discussed the annexation petition at their June 12, 2023 Work Session and had no issues with the Village accepting the petition.

The certified petition for voluntary annexation, a location map, and other documents are included in the meeting agenda for Council's review and consideration.

Recommendation:
This voluntary petition for annexation complies with all of the requirements of NCGS 160A-31 and 160A-58.1. Village staff recommends approval of this petition for voluntary annexation. It is further recommended that the annexation ordinance be adopted by the Village Council with an annexation effective date of June 30, 2023.

Attachments:
- Vicinity Map

0 355 710 Feet

Village of Pinehurst Disclaimer: It is understood that the data contained herein is subject to constant change and that its accuracy cannot be guaranteed.
The maps have been created from information provided by various government and private sources at various levels of accuracy.
The data is provided to you "as is" with no warranty, representation or guaranty as to the content, sequence, accuracy, timeliness or completeness of any of the information provided herein.
It is the responsibility of the user of the data to be aware of the data's limitations and to utilize the data in an appropriate manner.
Any resale of this data is strictly prohibited in accordance with North Carolina General Statutes 132-10.
Grid is based on North Carolina State Plane Coordinate System NAD83 (feet).

4/18/2023

Petition for Voluntary Annexation for Red Pine Investments, LLC

1895 Village of PINEHURST

N

April 19, 2023

Paul Sabiston, Town Manager
Town of Aberdeen
Post Office Box 785
115 N. Poplar Street
Aberdeen, NC 28315

RE: Notice of Voluntary Annexation for Parcel ID#'s 00052965, 00052966, 00052967 & 00052968

Dear Mr. Sabiston:

The Village of Pinehurst has received a voluntary annexation petition for ± 7.8 acres of land (four parcels) located in the vicinity of Trotter Drive west of NC Highway 5 currently owned by Red Pine Investments, LLC. Pursuant to the adopted annexation agreement between the Village of Pinehurst and the Town of Aberdeen effective July 12, 2010, written notice of this annexation is to be provided to the Town of Aberdeen. Please let this correspondence and the attached maps serve as meeting this required notice. Also, if you wish to waive the 60 day period before adoption, please notify us.

Please let me know if you have any questions or would like to discuss this notice further.

Sincerely,

S. Alex Cameron

Alex Cameron
Planning and Inspections Director

Attachments: Annexation Area Boundary Survey
Annexation Area Map
Annexation Agreement Boundary Map

cc: Jeff Sanborn, Village Manager
Kelly Chance, Village Clerk

0 355 710 Feet

Village of Pinehurst Disclaimer: It is understood that the data contained herein is subject to constant change and that its accuracy cannot be guaranteed.
The maps have been created from information provided by various government and private sources at various levels of accuracy.
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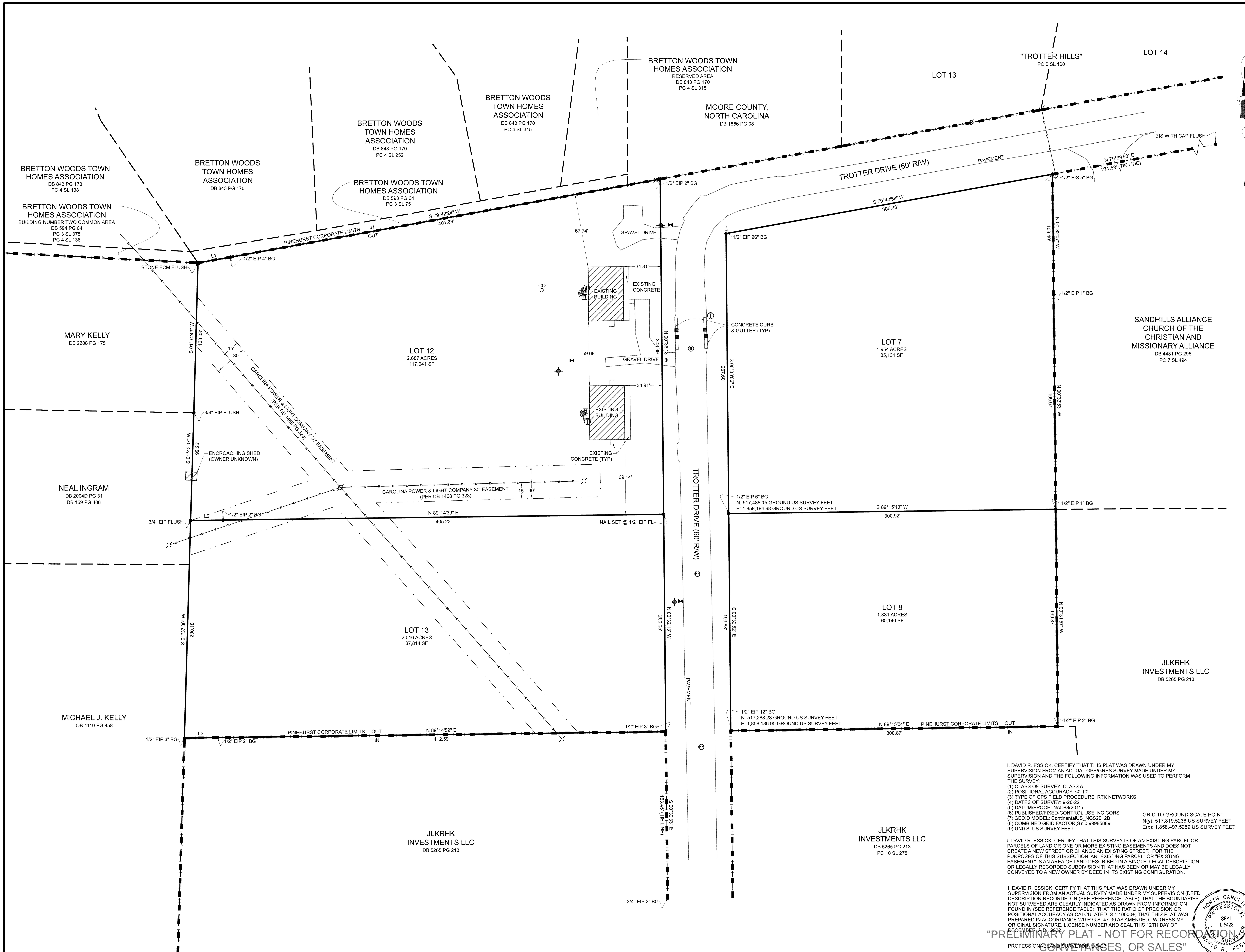
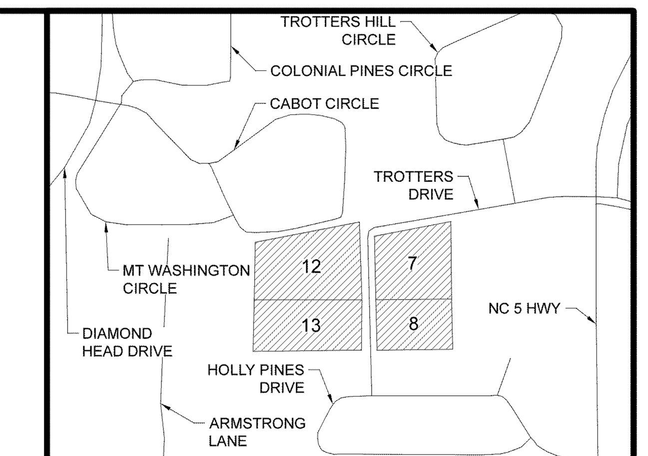
Grid is based on North Carolina State Plane Coordinate System NAD83 (feet).

4/18/2023

Petition for Voluntary Annexation for Red Pine Investments, LLC

N





LOCATION SKETCH

LEGEND OF SYMBOLS & ABBREVIATIONS

- CP — COMPUTED POINT
- EA — EXISTING AXLE
- ECM — EXISTING CONCRETE MONUMENT
- EIP — EXISTING IRON PIPE
- EIS — EXISTING IRON STAKE
- NIS — NEW IRON STAKE
- FIRE HYDRANT
- GAS VALVE
- POWER POLE
- SANITARY SEWER
- STORM MANHOLE
- TELEPHONE PEDESTAL
- CABLE PEDESTAL
- TRANSFORMER
- WATER METER
- WATER VALVE
- HVAC
- GRATE INLET
- #AG — (#) INCHES ABOVE GRADE
- #BG — (#) INCHES BELOW GRADE
- CMP — CORRUGATED METAL PIPE
- CPP — CORRUGATED PLASTIC PIPE
- CO — CLEAN OUT
- DI — DROP INLET
- EMN — EXISTING MAG NAIL
- EOP — EDGE OF PAVEMENT
- EPK — EXISTING PK NAIL
- ERRS — EXISTING RAILROAD SPIKE
- FO — FIBER OPTIC
- FL — FLUSH WITH GRADE
- ICV — IRRIGATION CONTROL VALVE
- MBS — MINIMUM BUILDING SETBACKS
- N/F — NOW OR FORMERLY
- NMN — NEW MAG NAIL
- RCP — REINFORCED CONCRETE PIPE
- R/W — RIGHT-OF-WAY
- YI — YARD INLET
- 500 — EXISTING CONTOUR LINES
- SURVEYED PROPERTY BOUNDARY
- OTHER SURVEYED LINE
- LINES NOT SURVEYED
- BUILDING SETBACK LINES
- RIGHT-OF-WAY
- E — OVERHEAD ELECTRIC LINES
- X — FENCE
- SS — SANITARY SEWER LINES
- TIE LINE

LINE	BEARING	DISTANCE
L1	S 79°59'31" W	30.42'
L2	N 88°59'39" E	30.02'
L3	N 88°59'51" E	30.21'

NOTES:
1. ACREAGE DETERMINED BY COORDINATE METHOD
2. TAX PARCEL ID: 00052965; 00052966; 00052967; 00052968
3. ZONING: R-MF (VILLAGE OF PINEHURST)
4. BUILDING SETBACKS BELOW OBTAINED FROM THE PINEHURST DEVELOPMENT ORDINANCE, TABLE 9.2a. VERIFY SETBACKS BEFORE DESIGN OR CONSTRUCTION.
5. PUBLIC WATER SUPPLY WATERSHED: WS-IIP (HQW)
6. THIS SURVEY WAS PERFORMED WITHOUT THE BENEFIT OF A TITLE SEARCH AND IS SUBJECT TO ANY EASEMENTS OR CONVEYANCES OF RECORD.
7. NO ATTEMPTS MADE TO LOCATE UNDERGROUND UTILITIES

I, DAVID R. ESSICK, CERTIFY THAT THIS PLAT WAS DRAWN UNDER MY SUPERVISION FROM AN ACTUAL GPS/GNSS SURVEY MADE UNDER MY SUPERVISION AND THE FOLLOWING INFORMATION WAS USED TO PERFORM THE SURVEY:
(1) CLASS OF SURVEY: CLASS A
(2) POSITIONAL ACCURACY: <0.10'
(3) TYPE OF GPS FIELD PROCEDURE: RTK NETWORKS
(4) DATES OF SURVEY: 9-20-22
(5) DATUM/EPOCH: NAD83(2011)
(6) PUBLISHED/FIXED-CONTROL USE: NC CORS
(7) GEOID MODEL: ContinentalUS_NGS2012B
(8) COMBINED GRID FACTOR(S): 0.99985889
(9) UNITS: US SURVEY FEET

GRID TO GROUND SCALE POINT:
N(y): 517,819.5236 US SURVEY FEET
E(x): 1,858,497.5259 US SURVEY FEET

I, DAVID R. ESSICK, CERTIFY THAT THIS SURVEY IS OF AN EXISTING PARCEL OR PARCELS OF LAND OR ONE OR MORE EXISTING EASEMENTS AND DOES NOT CREATE A NEW STREET OR CHANGE AN EXISTING STREET. FOR THE PURPOSES OF THIS SUBSECTION, AN "EXISTING PARCEL" OR "EXISTING EASEMENT" IS AN AREA OF LAND DESCRIBED IN A SINGLE, LEGAL DESCRIPTION OR LEGALLY RECORDED SUBDIVISION THAT HAS BEEN OR MAY BE LEGALLY CONVEYED TO A NEW OWNER BY DEED IN ITS EXISTING CONFIGURATION.

I, DAVID R. ESSICK, CERTIFY THAT THIS PLAT WAS DRAWN UNDER MY SUPERVISION FROM AN ACTUAL SURVEY MADE UNDER MY SUPERVISION (DEED DESCRIPTION RECORDED IN (SEE REFERENCE TABLE); THAT THE BOUNDARIES NOT SURVEYED ARE CLEARLY INDICATED AS DRAWN FROM INFORMATION FOUND IN (SEE REFERENCE TABLE); THAT THE RATIO OF PRECISION OR POSITIONAL ACCURACY AS CALCULATED IS 1:10000+; THAT THIS PLAT WAS PREPARED IN ACCORDANCE WITH G.S. 47-30 AS AMENDED. WITNESS MY ORIGINAL SIGNATURE, LICENSE NUMBER AND SEAL THIS 12TH DAY OF DECEMBER, A.D., 2022.

PROFESSIONAL LAND SURVEYOR, L-5423

NORTH CAROLINA PROFESSIONAL SEAL L-5423 LAND SURVEYOR DAVID R. ESSICK

ANNEXATION SURVEY FOR:

PRIDE CUSTOM HOMES, INC.

DECEMBER 12TH, 2022

LOT 7, 8, 12 & 13
VILLAGE OF PINEHURST
SANDHILLS TOWNSHIP
MOORE COUNTY, NORTH CAROLINA

0 40 80 120

SCALE 1"=40'

REFERENCE TABLE:
DEED BOOK 2419, PAGE 29
DEED BOOK 1468, PAGE 323
MAP BOOK 8, PAGE 14
MOORE COUNTY REGISTRY

BUILDING SETBACKS (PDO TABLE 9.2a) R-MF:
FRONT = 30'
SIDE = 0'
SIDE STREET = 20'
REAR = 25'

PROPERTY ADDRESS:
120 & TBD TROTTER DRIVE
PINEHURST, NC 28370

OWNER'S ADDRESS:
BILL REAVES CONSTRUCTION CO, INC.
PO BOX 648
WEST END, NC 27376

MATTHEWS
LAND SURVEYING & MAPPING PLLC
FIRM LICENSE: P-1343

10 COURTHOUSE SQUARE
CARTHAGE, NC 28327
910-947-2671

JOB#: 11521

Village of Pinehurst Ordinance No. 2010- 40
Town of Aberdeen Ordinance No. AC223

AN ORDINANCE ESTABLISHING AN ANNEXATION AGREEMENT BETWEEN THE VILLAGE OF PINEHURST, NORTH CAROLINA AND THE TOWN OF ABERDEEN, NORTH CAROLINA FOR THE MUTUAL BOUNDARY LINE BETWEEN THESE TWO MUNICIPALITIES

WHEREAS, North Carolina General Statutes Chapter 160A, Article 4A, Part 6 authorizes two or more municipalities to enter into binding agreements regarding future annexation in order to enhance orderly planning by such municipalities; and

WHEREAS, the governing boards of the Village of Pinehurst and the Town of Aberdeen seek to carry out plans for future land uses; the provision of important public facilities such as sewer and water services, roadways, and recreation; and the protection of open space and other sensitive areas; and

WHEREAS, potential conflict and confusion may occur along the interface between two jurisdictions when the future municipal boundaries between the two are unclear; and

WHEREAS, both the Village of Pinehurst and the Town of Aberdeen desire to foster good intergovernmental relations; and

WHEREAS, the governing boards and the staffs of these two communities have engaged in a process of discussion that has led to determination of an ultimate municipal and utility service boundary between the two communities; and

WHEREAS, Public hearings on this ordinance were held by the Village of Pinehurst on July 2, 2010, 2010 and the Town of Aberdeen on June 14, 2010, 2010 with notice provided in accordance with G.S. § 160A-31(c).

NOW, THEREFORE, BE IT ORDAINED by the Village Council of the Village of Pinehurst, North Carolina and the Board of Commissioners of the Town of Aberdeen, North Carolina:

Section 1. Boundary. The areas to be included within the Annexation Agreement (the "Agreement") are set forth in Attachment A of this document. As indicated in Attachment A, the Village of Pinehurst may not annex within the annexation area of the Town of Aberdeen, and the Town of Aberdeen may not annex within the annexation area of the Village of Pinehurst.

Section 2. Notice of Adjacent Annexations. When either municipality proposes to annex property within its respective annexation area, it must give notice of the annexation to the other municipality in compliance with G.S. § 160A-58.24(a)(5) and (b), which require the following:

(i) The notice must be in writing;

(ii) The notice must be given at least 60 days before the adoption of any annexation ordinance. Either party may waive the sixty (60) day notice requirement by delivering a written waiver to the Manager of the other municipality; and

(iii)The notice must describe the area to be annexed by reference to a legible map, which shall clearly and accurately show the boundaries of the area to be annexed in relation to roads, streams and any other prominent geographical features.

The notice shall be sent by mail to the Manager of the other municipality. The notice shall only be effective for 180 days, and if the proposed annexation is not approved within that time period, then a new notice of annexation must be given.

Section 3. Limitations. Pursuant to G.S. § 160A-58.24(e) unless the Agreement is approved by the Moore County Board of Commissioners, it shall not be binding beyond three (3) miles of the primary corporate limits of either municipality. An area not within the three (3) mile limit shall become subject to this Agreement if subsequent annexation brings it within three (3) miles of the primary corporate limits of either municipality.

Section 4. Term of Agreement. The term of this Agreement shall be twenty (20) years.

Section 5. Effective Date. This Agreement shall become effective immediately following its adoption by ordinance by the governing boards of both the Village of Pinehurst and the Town of Aberdeen.

Section 6. Replacement of Prior Agreement. This Agreement supersedes any previously adopted annexation agreements between the parties that are in effect as of the effective date of this Agreement.

Section 7. Modifications and Mutual Termination. Pursuant to G.S. § 160A-58.24(d), the parties may jointly modify this Agreement by adopting a subsequent agreement or they may jointly terminate the Agreement immediately. All modifications or a mutual termination shall be approved by ordinance adopted after public hearings by both municipalities held in accordance with G.S. § 160A-58.24(c).

Section 8. Unilateral Termination of Agreement. Either party may unilaterally terminate this Agreement at any time in the manner prescribed by G.S. 160A-58.24(f), which requires that the terminating municipality do the following:

(i) Repeal the ordinance adopting the Agreement, and

(ii) Provide written notice to the other municipality five (5) years prior to the effective date of the termination of the Agreement.

The Village of Pinehurst:

Date: 7-13-10

Virginia F. Fallon
Virginia F. Fallon
Village of Pinehurst Mayor

Attest:

Date: 7-13-10

Linda S. Brown
Linda S. Brown
Village of Pinehurst Clerk

The Town of Aberdeen:

Date: 6/15/2010

Elizabeth B. Mofield
Elizabeth B. Mofield
Town of Aberdeen Mayor

Attest:

Date: 6/15/2010

Regina M. Rosy
Regina Rosy
Town of Aberdeen Clerk

Effective Date:

7-13-10
Date:

Pinehurst/Aberdeen Annexation Agreement Map. Prepared by KP Liles, Town of Aberdeen.
For Public Hearing and Adoption. June 2010. PHAGR3.

ORDINANCE #23-16:

AN ORDINANCE TO EXTEND THE CORPORATE LIMITS OF THE VILLAGE OF PINEHURST, NORTH CAROLINA (TROTTER DRIVE PARCELS).

WHEREAS, the Village Council of the Village of Pinehurst has received a voluntary petition for annexation under G.S. 160A-31 and G.S. 160A-58.1 to annex the area described below; and

WHEREAS, the Village Clerk has certified the sufficiency of the petition and a public hearing on the question of this annexation was held at the Pinehurst Village Hall, 395 Magnolia Road at 4:30 p.m. on June 27, 2023 after due notice; and

WHEREAS, the Village Council finds that the petition meets the requirements of G.S. 160A-31 and G.S. 160A-58.1, with all four parcels being contiguous to its boundaries.

NOW, THEREFORE, BE IT ORDAINED AND ESTABLISHED by the Village Council of the Village of Pinehurst, North Carolina in a regular meeting assembled this 27th day of June, 2023 as follows:

SECTION 1. By virtue of the authority granted by G.S. 160A-31 and G.S. 160A-58.1, the following described contiguous properties owned by Red Pine Investments, LLC are hereby annexed and made part of the Village of Pinehurst as of June 30, 2023:

TROTTER DRIVE PARCELS

THE LAND TO BE ANNEXED INTO THE VILLAGE OF PINEHURST DESCRIBED AS DESCRIBED IN THE FOLLOWING:

BEING LOTS NUMBER 7, 8, 12, & 13 AS SHOWN ON THAT CERTAIN MAP ENTITLED "PLAN OF PINEHURST RANCHETTES, NEAR PINEHURST, NC, SANDHILLS TOWNSHIP, MOORE COUNTY, NORTH CAROLINA", WHICH MAP WAS PREPARED BY PAUL S. WARD, REGISTERED SURVEYOR, SAID MAP BEING RECORDED IN MAP BOOK 8, AT PAGE 14, IN THE OFFICE OF REGISTER OF DEEDS OF MOORE COUNTY, NORTH CAROLINA AND MORE PARTICULARLY DESCRIBED AS FOLLOWS:

LOTS 7 AND 8, PINEHURST RANCHETTES: BEING ALL OF LOTS 7 AND 8, PINEHURST RANCHETTES AS RECORDED IN MAP BOOK 8, PAGE 14, MOORE COUNTY REGISTRY, AND BEING BOUNDED ON THE WEST AND NORTH BY TROTTER DRIVE, A PUBLIC STREET, ON THE EAST BY SANDHILLS ALLIANCE CHURCH OF THE CHRISTIAN AND MISSIONARY ALLIANCE AS RECORDED IN DEED BOOK 4431, PAGE 295 AND IN PLAT CABINET 7, SLIDE 494, MOORE COUNTY REGISTRY AND JLKRHK INVESTMENTS, LLC AS RECORDED IN DEED BOOK 5265, PAGE 213, MOORE COUNTY REGISTRY, AND ON THE SOUTH BY JLKRHK INVESTMENTS, LLC AS RECORDED IN DEED BOOK 5265, PAGE 213 AND PLAT CABINET 10, SLIDE 278, MOORE COUNTY REGISTRY, CONTAINING 3.33 ACRES, MORE OR LESS AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF LOT 8, PINEHURST RANCHETTES AS SHOWN IN MAP BOOK 8, PAGE 14, MOORE COUNTY REGISTRY AT A ½" EXISTING IRON PIPE 12" BELOW GRADE IN THE EASTERN RIGHT OF WAY OF TROTTER DRIVE, SAID POINT HAVING NC GRID COORDINATES NORTH 517288.28 AND EAST 1858186.90, THENCE AS SAID RIGHT OF WAY THE FOLLOWING THREE (3) CALLS: NORTH 00 DEGREES 32 MINUTES 52 SECONDS WEST 199.88 FEET TO A ½" EXISTING IRON PIPE 6" BELOW GRADE, THE NORTHWEST CORNER OF LOT 8 AND THE SOUTHWEST CORNER OF LOT 7; THENCE WITH THE WESTERN OF LOT 7 NORTH 00 DEGREES 33 MINUTES 06 SECONDS WEST 257.60 FEET TO A ½" EXISTING IRON PIPE 26" BELOW GRADE THE NORTHWEST CORNER OF LOT 7; THENCE NORTH 79 DEGREES 40 MINUTES 58 SECONDS EAST 305.33 FEET TO A ½" EXISTING IRON STAKE 5" BELOW GRADE, THE NORTHEAST CORNER OF LOT 7; THENCE AS THE EASTERN LINE OF LOT 7 THE FOLLOWING TWO (2) CALLS: SOUTH 00 DEGREES 32 MINUTES 07 SECONDS EAST 108.40 FEET TO A ½" EXISTING IRON PIPE 1" BELOW GRADE; THENCE SOUTH 00 DEGREES 33 MINUTES 53 SECONDS EAST 199.97 FEET TO A ½" EXISTING IRON PIPE 1" BELOW GRADE, THE SOUTHEAST CORNER OF LOT 7 AND THE NORTHEAST CORNER OF LOT 8; THENCE AS THE EASTERN LINE OF LOT 8 SOUTH 00 DEGREES 31 MINUTES 57 SECONDS EAST 199.87 TO A ½" EXISTING IRON PIPE 2" BELOW GRADE, THE SOUTHEAST CORNER OF LOT 8; THENCE AS THE SOUTHERN OF LOT 8 SOUTH 89 DEGREES 15 MINUTES 04 SECONDS WEST 300.87 FEET TO THE POINT OF BEGINNING.

LOTS 12 AND 13, PINEHURST RANCHETTES: BEING ALL OF LOTS 12 AND 13, PINEHURST RANCHETTES AS RECORDED IN MAP BOOK 8, PAGE 14, MOORE COUNTY REGISTRY, AND BEING BOUNDED ON THE SOUTH BY JLKRHK INVESTMENTS, LLC AS RECORDED IN DEED BOOK 4110, PAGE 458, MOORE COUNTY REGISTRY, ON THE WEST BY MICHAEL J. KELLY AS RECORDED IN DEED BOOK 4110, PAGE 458, MOORE COUNTY REGISTRY, NEAL INGRAM AS RECORDED IN DEED BOOK 159, PAGE 486, MOORE COUNTY REGISTRY, AND MARY KELLY AS RECORDED IN DEED BOOK 2288, PAGE 175, MOORE COUNTY REGISTRY, ON THE NORTH BY BRETTON WOODS TOWNHOMES ASSOCIATION AS RECORDED IN DEED BOOK 593, PAGE 64 AND PLAT CABINET 3, SLIDE 375, MOORE COUNTY REGISTRY AND MOORE COUNTY, NORTH CAROLINA AS RECORDED IN DEED BOOK 1556, PAGE 98, MOORE COUNTY REGISTRY, AND ON THE EAST BY TROTTER DRIVE, A PUBLIC STREET, AND BEING 4.70 ACRES, MORE OR LESS, AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A ½" EXISTING IRON PIPE 3" BELOW GRADE IN THE WESTERN RIGHT OF WAY OF TROTTER DRIVE, A PUBLIC STREET, THE SOUTHEAST CORNER OF LOT 13 AS RECORDED IN MAP BOOK 8, PAGE 14, MOORE COUNTY REGISTRY, SAID POINT HAVING NC GRID COORDINATES NORTH 517287.43 AND EAST 1858127.01; THENCE AS THE SOUTHERN LINE OF LOT 13 THE FOLLOWING TWO (2) CALLS: SOUTH 89 DEGREES 14 MINUTES 59 SECONDS WEST 412.59 FEET TO A ½" EXISTING IRON PIPE 2" BELOW GRADE; THENCE SOUTH 88 DEGREES 59 MINUTES 51 SECONDS WEST 30.21 FEET TO A ½" EXISTING IRON PIPE 3" BELOW GRADE, THE SOUTHWEST CORNER OF LOT 13; THENCE AS THE WESTERN LINE OF LOT 13 NORTH 01 DEGREES 37 MINUTES 30 SECONDS EAST 200.18 FEET TO A ¾" EXISTING IRON PIPE FLUSH WITH GRADE, THE NORTHWEST CORNER OF LOT 13 AND THE SOUTHWEST CORNER OF LOT 12; THENCE AS THE WESTERN LINE OF LOT 12 THE FOLLOWING TWO (2) CALLS: THENCE NORTH 01 DEGREES 43 MINUTES 07 SECONDS EAST 99.26 FEET TO A ¾" EXISTING IRON PIPE FLUSH WITH GRADE; THENCE NORTH 01 DEGREES 34 MINUTES 43 SECONDS EAST 138.03 FEET TO A STONE EXISTING CONCRETE MONUMENT FLUSH WITH GRADE, THE NORTHWEST CORNER OF LOT 12; THENCE WITH THE NORTHERN LINE OF LOT 12 THE FOLLOWING TWO (2) CALLS: NORTH 79 DEGREES 59 MINUTES 31 SECONDS EAST 30.42 FEET TO A ½" EXISTING IRON PIPE 4" BELOW GRADE; THENCE NORTH 79 DEGREES 42 MINUTES 24 SECONDS EAST 401.68 TO A ½" EXISTING IRON PIPE 2" BELOW GRADE IN THE WESTERN RIGHT OF WAY OF TROTTER DRIVE, THE NORTHEAST CORNER OF LOT 12; THENCE WITH SAID RIGHT OF WAY THE FOLLOWING TWO (2) CALLS: SOUTH 00 DEGREES 36 MINUTES 18 SECONDS EAST 308.39 FEET TO A NAIL SET AT A ½" EXISTING IRON PIPE FLUSH WITH GRADE, THE SOUTHEAST CORNER OF LOT 12 AND THE NORTHEAST CORNER OF LOT 13; THENCE SOUTH 00 DEGREES 32 MINUTES 13 SECONDS EAST 200.05 FEET TO THE POINT OF BEGINNING.

SECTION 2. Upon and after June 30, 2023 the above described territory and its citizens and property shall be subject to all debts, laws, ordinances and regulations in force in the Village of Pinehurst and shall be entitled to the same privileges and benefits as other parts of the Village of Pinehurst. Said territory shall be subject to municipal taxes according to G.S. 160A-58.10.

SECTION 3. The Mayor of the Village of Pinehurst shall cause to be recorded in the office of the Register of Deeds of Moore County, and in the office of the Secretary State at Raleigh, North Carolina, an accurate map of the annexed territory attached to the ordinance as Attachment #1, described in Section 1 above, together with a duly certified copy of this ordinance. Such a map shall also be delivered to the County Board of Elections, as required by G.S. 163-288.1.

THIS ORDINANCE passed and adopted this 27th day of June, 2023.

VILLAGE OF PINEHURST
VILLAGE COUNCIL

(Municipal Seal)

By: ______________________________
John C. Strickland, Mayor

Attest:

____
Kelly Chance, Village Clerk

Approved as to Form:

____
Michael J. Newman, Village Attorney

CERTIFICATION

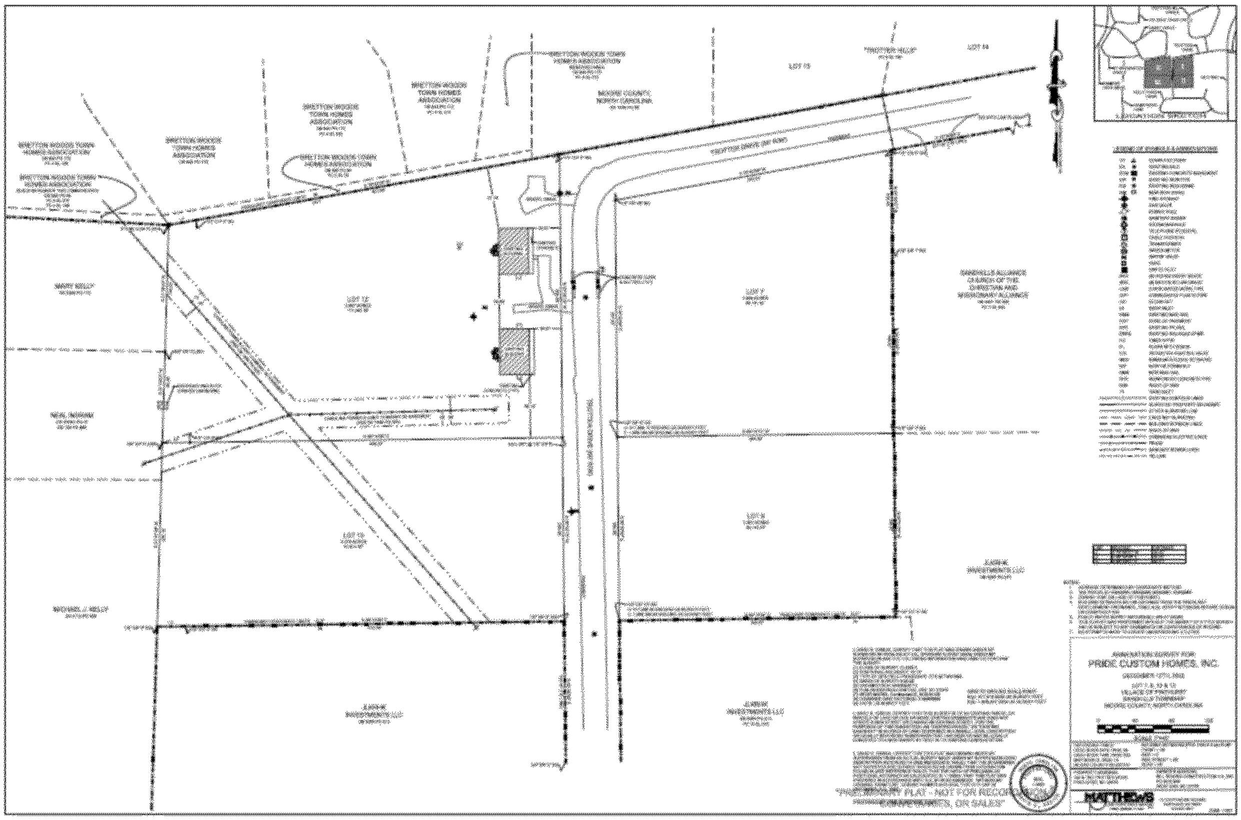
I, KELLY CHANCE, VILLAGE CLERK, of the Village of Pinehurst, North Carolina, do hereby certify that this is a true and accurate copy of Ordinance #23-16 adopted by the Village Council in a regular meeting assembled on the 27th day of June, 2023.

WITNESS MY HAND AND OFFICIAL SEAL of the Village of Pinehurst, North Carolina this 27th day of June, 2023.

____
Kelly Chance
Village Clerk

(Municipal Seal)

Attachment #1



ATTACHMENT B

Village of Pinehurst
Position Classification and Pay Plan
FY 2023-2024

FLSA	GRADE	POSITION	MINIMUM	MIDPOINT	MAXIMUM
	12	Streets & Grounds Maintenance Worker I	33,120	41,399	49,679
	13	Parks Maintenance Specialist I	34,776	43,469	52,163
		Streets & Grounds Maintenance Worker II			
		Track Specialist			
		Welcome Center Coordinator			
	14	Customer Service Representative	36,514	45,643	54,772
		Fleet Maintenance Apprentice			
		Parks Maintenance Specialist II			
		Solid Waste Equipment Operator			
		Telecommunications Specialist I			
		Track Crew Leader			
	15	Administrative Assistant	38,340	47,925	57,510
		Firefighter Trainee			
		Grounds Maintenance Crew Leader			
		Library and Archives Associate			
		Street Maintenance Crew Leader			
		Telecommunications Specialist II			
	16	Administrative Specialist	40,257	50,322	60,386
		Assistant Solid Waste Superintendent			
		Events Assistant			
		Firefighter (Non-EMT, Reserve)			
		Fleet Service Technician I			
		Facilities Maintenance Technician			
		Recreation Assistant			
	17	Administrative and Data Coordinator	42,270	52,838	63,405
		Financial Services Technician			
		Firefighter EMT (2nd Class, 1st Class)			
		Fleet Service Techinician II			
		Human Resources Technician			
	18	Code Compliance Technician	44,384	55,479	66,575
		Grounds Maintenance Supervisor			
		IT Technician			
E		Library Services and Archives Supervisor			
		Parks Maintenance Supervisor			
		Police Cadet			
		Senior Fleet Service Technician			
	19	Administrative and Telecommunications Coordinator	46,603	58,253	69,904
		Fair Barn Coordinator			
		Fire and Life Safety Educator			
		Planning and Zoning Specialist			
		Police Officer			
		Senior Firefighter (Fire Engineer)			
		Street Maintenance Supervisor			
E		Track Superintendent			
	20	Athletic Coordinator	48,933	61,166	73,399
		Code Compliance Specialist			
		Fire Lieutenant			
		Recreation Programs Coordinator			
		Senior Police Officer			
		Special Events Coordinator			
	21	Engineering Technician	51,379	64,224	77,069
		Master Police Officer			
		Police Investigator			

E=Exempt from the Wage and Hour provisions of the Fair Labor Standards Act (FLSA)
8.0%=Grade adjustment from previous year

5%=Spread between grades
50%=Spread within the grade

Village of Pinehurst
Position Classification and Pay Plan
FY 2023-2024

ATTACHMENT B

FLSA	GRADE	POSITION	MINIMUM	MIDPOINT	MAXIMUM
	22	Building Inspector-Level I	53,948	67,436	80,923
E		Financial Services Supervisor			
E		Planner			
		Police Sergeant			
	23	Assistant Fire Marshal	56,646	70,807	84,969
		Building Inspector-Level II			
E		Communications Specialist			
		Fire Captain (Senior Fire Captain)			
E		Fleet Maintenance Superintendent			
E		Human Resources Generalist			
		Information Technology Systems Specialist			
E		Solid Waste Superintendent			
	24	Building Inspector-Level III	59,478	74,348	89,217
		Detective Lieutenant			
		Police Lieutenant			
E		Recreation Superintendent			
E		Senior Planner			
E		Transportation Planner			
		Village Clerk			
E	25	Assistant Financial Services Director	62,452	78,065	93,678
E		Assistant Public Services Director			
		Battalion Chief			
E		Buildings and Grounds Superintendent			
E		GIS Analyst			
E		IT Business Analyst			
E		Principal Planner			
	26	Building Code Official	65,575	81,968	98,362
E		IT Infrastructure Administrator			
E		Planning Supervisor			
E		Police Captain			
E	27	Deputy Fire Chief	68,853	86,067	103,280
E	28	Library Services and Archives Director	72,296	90,370	108,444
E	29	Deputy Police Chief	75,911	94,888	113,866
E	30	Organizational Performance Director	79,706	99,633	119,560
E	31	Human Resources Director	83,692	104,615	125,538
E		Parks and Recreation Director			
E	32	Chief Information Officer	87,876	109,845	131,814
E		Fire Chief			
E		Public Services and Engineering Director			
E		Financial Services Director			
E		Planning and Inspections Director			
E	33	Police Chief	92,270	115,338	138,405
	34		96,884	121,104	145,325
E	35	Assistant Village Manager for Administration	101,728	127,160	152,592
E		Assistant Village Manager for Operations			

E=Exempt from the Wage and Hour provisions of the Fair Labor Standards Act (FLSA)
8.0%=Grade adjustment from previous year

5%=Spread between grades
50%=Spread within the grade

ATTACHMENT A

	VILLAGE OF PINEHURST **STANDARD POLICY**

SUBJECT:	**Administration of the Position Classification and Pay Plan**	Effective Date:	11/17/2009
Department:	Human Resources	Policy No.:	HR-416
Prepared by:	Human Resources	Revised:	6/27/2023
Approved by:	Village Council	# of Pages:	5

PURPOSE OF THE POSITION CLASSIFICATION AND PAY PLAN:

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

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

GENERAL PROVISIONS OF THE PLAN:

<u>Administration and Maintenance</u>

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

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

Starting Salaries

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

Merit Pay

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

Lump Sum Payment

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

Cost of Living Adjustments (COLA)

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

Employees, including the Village Manager, may also receive a cost-of-living adjustment (COLA) based on the annual average consumer price index percentage for the prior calendar year. Beginning in FY24, employees hired during the fiscal year will receive a pro-rated cost-of-living adjustment, if approved, at the beginning of the next fiscal year based on their hire date. The COLA will be effective July 1st of the new fiscal year. COLA will be applied before any other pay adjustments.

Salary Effect of Promotions, Demotions, Transfers, and Reclassifications

Promotions – When an employee is promoted, the employee's salary may be increased. The purpose of the promotion pay increase is to recognize and compensate the employee for taking on increased responsibility. The amount of the pay increase depends on performance, degree of increased responsibility, time since the last salary adjustment, budget, and other factors. Promoted employees are still eligible for a performance-based merit increase the following October; however, the merit increase will be prorated from the promotion date.

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

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

Reclassifications – An employee whose position is reclassified to a position having a higher salary grade may receive a pay increase.

Transition to a New Salary Grade

If the position is reclassified to a higher salary grade, employees in that position may receive a 5% increase for each grade up to 10%. There may be exceptions if the changes in the job responsibilities are significant enough to warrant a greater increase or the employee's salary remains below the minimum of the new grade after any adjustment.

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

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

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

Effective Date of Salary Changes

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

Payroll Deduction

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

Composition of the Plan

The Plan should consist of:

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

Use of the Plan

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

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

Authorization of the Plan

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

Request for Reclassification

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

a) be familiar with the Position Classification and Pay Plan;
b) make sure they are informed about the job duties performed by each employee under their supervision;
c) advise the Human Resources Director of any permanent changes in job duties;

d) make recommendations for changes in position classifications. These recommendations should be based on significant changes in the duties associated with a position and/or in the structure of a department that will continue to exist on a long-term basis.

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

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

Approved by:

______________________________	6/27/2023
John Strickland, Mayor	Date
#23-26	6/27/2023
Village Council, Resolution	Date

ORDINANCE #23-15:

AN ORDINANCE AMENDING ORDINANCE #22-05 APPROPRIATING FUNDS FOR OPERATIONS OF THE VILLAGE OF PINEHURST FOR FISCAL YEAR 2023, REGARDING REVENUES AND EXPENDITURES OF THE GENERAL FUND FOR THE VILLAGE OF PINEHURST, NORTH CAROLINA (ADOPTION OF SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS REPORTING REQUIREMENTS UNDER GASB STATEMENT NO. 96)

THAT WHEREAS, the Governmental Accounting Standards Board (GASB) released Statement No. 96 entitled *Subscription-Based Information Technology Arrangements* which is effective for the fiscal year beginning July 1, 2022 (FY 2023); and

WHEREAS, this statement defines a subscription-based information technology arrangement (SBITA) as "a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction" and the underlying assumption is that a SBITA is a financing transaction; and

WHEREAS, staff compiled and reviewed all SBITA agreements that meet the criteria listed in the statement and utilized the existing lease tracking software to maintain these agreements going forward; and

WHEREAS, an amendment is needed to record these "right-to-use" subscription assets and liabilities and account for them in the correct manner as debt service instead of departmental operating expenditures as they were originally appropriated;

NOW, THEREFORE, BE IT RESOLVED by the Village Council of the Village of Pinehurst, North Carolina, in the regular meeting assembled this 27th day of June, 2023, as follows:

SECTION 1. To amend the FY 2023 General Fund budget with regard to revenues and expenditures, the revenue and expenditure accounts are to be changed as follows:

Account No.	Account Name	Debit	Credit
10-00-220-7900	Capital Outlay: Subscription Asset - Administration	$ 19,700	
10-00-230-7900	Capital Outlay: Subscription Asset - Financial Services	21,800	
10-00-240-7900	Capital Outlay: Subscription Asset - Human Resources	21,500	
10-10-310-7900	Capital Outlay: Subscription Asset - Police	65,300	
10-40-710-7900	Capital Outlay: Subscription Asset - Planning	254,900	
10-00-980-7900	Capital Outlay: Subscription Asset - IT	200,220	
10-00-190-3903	Other Financing Source: Subscription Liabilities Issued		$ 518,120
10-00-980-5901	IT R&M: Equipment		148,900
10-60-910-8084	Principal - Subscription Asset	148,400	
10-60-910-8085	Interest - Subscription Asset	500	
10-00-980-3560	Charges to Other Departments - IT	148,900	
10-00-220-5911	IT Charges - Administration		9,900

Account No.	Account Name	Debit	Credit
10-00-230-5911	IT Charges - Financial Services		$ 6,750
10-00-240-5911	IT Charges - Human Resources		7,300
10-10-310-5911	IT Charges - Police		65,300
10-40-710-5911	IT Charges - Planning		50,350
10-00-220-5911	IT Charges - Administration		10,430
10-00-230-5911	IT Charges - Financial Services		2,200
10-00-240-5911	IT Charges - Human Resources		3,000
10-10-310-5911	IT Charges - Police		17,900
10-10-320-5911	IT Charges - Fire		14,900
10-10-330-5911	IT Charges - Inspections		1,500
10-20-410-5911	IT Charges - Public Services Administration		4,500
10-20-420-5911	IT Charges - Streets & Grounds		3,000
10-30-510-5911	IT Charges - Solid Waste		1,500
10-80-610-5911	IT Charges - Recreation		4,500
10-80-615-5911	IT Charges - Library		2,200
10-80-620-5911	IT Charges - Harness Track		1,500
10-80-640-5911	IT Charges - Fair Barn		1,500
10-40-710-5911	IT Charges - Planning		5,220
10-40-720-5911	IT Charges - Community Development		750
10-00-980-3560	Charges to Other Departments - IT		200,220
10-00-220-7910	Capital Outlay: IT Subscription Charge - Administration	$ 28,030	
10-00-230-7910	Capital Outlay: IT Subscription Charge - Financial Services	6,010	
10-00-240-7910	Capital Outlay: IT Subscription Charge - Human Resources	8,010	
10-10-310-7910	Capital Outlay: IT Subscription Charge - Police	48,055	
10-10-320-7910	Capital Outlay: IT Subscription Charge - Fire	40,045	
10-10-330-7910	Capital Outlay: IT Subscription Charge - Inspections	4,000	
10-20-410-7910	Capital Outlay: IT Subscription Charge - PS Admin	12,015	
10-20-420-7910	Capital Outlay: IT Subscription Charge - Streets & Grounds	8,010	
10-30-510-7910	Capital Outlay: IT Subscription Charge - Solid Waste	4,000	
10-80-610-7910	Capital Outlay: IT Subscription Charge - Recreation	12,015	
10-80-615-7910	Capital Outlay: IT Subscription Charge - Library	6,010	
10-80-620-7910	Capital Outlay: IT Subscription Charge - Harness Track	4,000	
10-80-640-7910	Capital Outlay: IT Subscription Charge - Fair Barn	4,000	
10-40-710-7910	Capital Outlay: IT Subscription Charge - Planning	14,020	
10-40-720-7910	Capital Outlay: IT Subscription Charge - Community Devel.	2,000	

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

THIS ORDINANCE passed and adopted this 27th day of June, 2023.

VILLAGE OF PINEHURST
VILLAGE COUNCIL

(Municipal Seal)

By: ______________________________
John C. Strickland, Mayor

Attest:

____
Kelly Chance, Village Clerk

Approved as to Form:

____
Michael J. Newman, Village Attorney8

RESOLUTION #23-26:

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

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

WHEREAS, the Village Council of Pinehurst, North Carolina, amended the Policy on Administration of the Position Classification and Pay Plan on February 14, 2023; and

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

NOW, THEREFORE, BE IT RESOLVED by the Village Council of the Village of Pinehurst, North Carolina in a regular meeting assembled this 27th day of June, 2023 as follows:

SECTION 1. That the Policy on the Administration of the Position Classification and Pay Plan is hereby amended effective July 1, 2023; said policy attached hereto as Attachment A and made a part hereof; the same as if included verbatim.

SECTION 2. That the pay ranges in the Position Classification and Pay Plan for the Village of Pinehurst are hereby amended by 8.0 percent; said Pay Plan attached hereto as part of Attachment B and made a part hereof; the same as if included verbatim.

THIS RESOLUTION passed and adopted this 27th day of June, 2023.

(Municipal Seal)

VILLAGE OF PINEHURST
VILLAGE COUNCIL

By: ______________________________
John Strickland, Mayor

Attest:

____
Kelly Chance, Village Clerk

Approved as to Form:

____
Michael J. Newman, Village Attorney