Village Council
Agenda for Regular Meeting of June 10, 2025
Assembly Hall
395 Magnolia Road, Pinehurst, NC 28374
Pinehurst, North Carolina
4:30 PM

1. Call to Order

2. Invocation and Pledge of Allegiance

   A. Invocation by Mr. David Kimsey member of the Stake High Council of the Fayetteville NC West Stake of The Church of Jesus Christ of Latter-Day Saints

   B. Pledge of Allegiance by Jethro Kimsey

3. Reports

   A. Manager

   B. Council

4. Motion to Approve Consent Agenda

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

   A. Approval of Village Council Meeting Minutes

   1. May 27, 2025, Regular Meeting Minutes

   2. May 27, 2025, Work Session Minutes

   B. Budget Amendments Report

   End of Consent Agenda

5. Proclamation

   A. 2025 Flag Day and 250th Birthday of the United States Army Proclamation

6. Public Comments

7. Resolutions

   A. Consider Resolution 25-18 Reappointment of Ms. Carol Henry to the Planning & Zoning Board and Board of Adjustment (Extra-Territorial Jurisdiction Representative)

   B. Consider Resolution 25-19 Appointment of Mr. Randy Gould to the Neighborhood Advisory

Committee (Old Town West)

C. Consider Resolution 25-16 Adopting and Amending Certain Financial Policies

D. Consider Resolution 25-17 to Commit Fund Balance for Future Capital

E. Consider Resolution 25-20 Accepting the High Bid for Certain Real Property at Public Auction **OR** Resolution 25-21 Rejecting the High Bid for Certain Real Property at Public Auction

8. Ordinances

A. Consider Ordinance 25-09 Adopting the FY 2026 Annual Budget

B. Consider Ordinance 25-10 Updating the Procedures for Disposing of Personal Property

9. New Business

A. Consider Solid Waste Contract for Lofton Garbage Services in CCNC for FY26

10. Other Business

11. Motion to Adjourn

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

Invocation by Mr. David Kimsey member of the Stake High Council of the Fayetteville NC West Stake of The Church of Jesus Christ of Latter-Day Saints

ADDITIONAL AGENDA DETAILS:

FROM:	Shannon Konstantinou, Village Clerk
CC:	Village Council; Doug Willardson
DATE OF MEMO:	06/02/2025

MEMO DETAILS

ATTACHMENTS

None

Pledge of Allegiance by Jethro Kimsey

ADDITIONAL AGENDA DETAILS:

FROM:	Shannon Konstantinou, Village Clerk
CC:	Village Council; Doug Willardson
DATE OF MEMO:	06/05/2025

MEMO DETAILS

ATTACHMENTS

None

May 27, 2025, Regular Meeting Minutes
ADDITIONAL AGENDA DETAILS:

FROM:	Shannon Konstantinou, Village Clerk
CC:	Village Council; Doug Willardson
DATE OF MEMO:	06/02/2025

MEMO DETAILS

ATTACHMENTS

1. 05.27.2025 DRAFT Regular Meeting Minutes

Village Council
Minutes for the Regular Meeting of May 27, 2025
Assembly Hall
395 Magnolia Road
Pinehurst, North Carolina
4:30 p.m.

The Village of Pinehurst Village Council held a Regular Meeting at 04:30 p.m., Tuesday, May 27, 2025, in the Assembly Hall of Village Hall, 395 Magnolia Road, Pinehurst, North Carolina.

The following were in attendance in Assembly Hall:
Mr. Patrick Pizzella, Mayor
Dr. Jeff Morgan, Councilmember
Ms. Barb Ficklin, Councilmember
Mr. John Taylor, Mayor Pro Tem
Mr. Jack Farrell, Councilmember
Mr. Doug Willardson, Village Manager
Ms. Shannon Konstantinou, Village Clerk
Mr. Josh Dockery, IT Systems Specialist

And approximately 8 members of the audience in attendance, in addition to 5 staff and 2 press.

1. **Call to Order.**
   Mayor Pizzella called the Village Council meeting to order at 04:31 p.m.

2. **Invocation and Pledge of Allegiance.**
   A. Invocation by Ms. Katie Hoerster, Associate Pastor, of the Pinehurst United Methodist Church
   B. Pledge of Allegiance by Village Council.

3. **Reports:**
   Village Manager
   - Mr. Doug Willardson reported on the May 23-25, 2025, Sandhills Motoring Expo in Downtown; the June 07, 2025, Kids' Saturday at Given Memorial Library; and the Village's 4th of July celebrations beginning with the Celebrating Independence: Concert and Fireworks on July 03, 2025, at the Pinehurst Harness Track and ending with the Celebrating Independence: Pet Parade and Parade on July 04, 2025, in Downtown. The Village is accepting applications to participate in the parade, so, please, apply through the Parks & Recreation Department or check the "Events" section of vopnc.org for more information.

   Village Council
   - Mayor Pizzella reported on the recent Pinewild Property Owners' Association meeting; the May 23-25, 2025, Sandhills Motoring Expo in Downtown; the May 21, 2025, Sandhills Metropolitan Planning Organization meeting; and the May 22, 2025, Historic Preservation Commission

meeting.

- Councilmember Morgan reported on the May 28, 2025, Central Pines Regional Council meeting and the June 14, 2025, celebration of Flag Day and the 250th Birthday of the United States Army.
- Mayor Pro Tem Taylor reported on the May 19, 2025, Neighborhood Advisory Committee meeting and the May 21, 2025, Sandhills Metropolitan Planning Organization meeting. Representatives are needed for the Neighborhood Advisory Committee, so, please, apply at Volunteer Opportunities | Village of Pinehurst, NC if interested.
- Councilmember Ficklin reported on the June 07, 2025, Preservation North Carolina's Pinehurst Ramble. Tickets are available to purchase online at presnc.org.
- Councilmember Farrell reported on the May 23-25, 2025, Sandhills Motoring Expo in Downtown and the recent Fort Bragg Regional Land Use Advisory Commission (RLUAC) meeting in Southern Pines.

4. Motion to Approve Consent Agenda.

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

A. Approval of Village Council Meeting Minutes
- May 13, 2025, Regular Meeting Minutes
- May 13, 2025, Work Session Minutes
- May 13, 2025, Closed Session Minutes

B. Budget Amendments Report

End of Consent Agenda.
Mayor Pizzella asked that items 4.A. and 4.B. be approved separately so Council may briefly discuss item 4.B.

Upon a motion by Mayor Pro Tem Taylor, seconded by Councilmember Morgan, Council unanimously approved the Item 4.A. of the Consent Agenda by a vote of 5-0.

Council and Mr. Willardson reviewed the memo for item 4.B. and discussed why the budget amendment was needed.

Upon a motion by Councilmember Morgan, seconded by Mayor Pro Tem Taylor, Council unanimously approved the Item 4.B. of the Consent Agenda by a vote of 5-0.

5. Public Comments.
Ms. Jacqueline Taylor, Pinehurst resident, read a prepared statement on the importance of the preservation of the natural environment within the Village and in favor of Council amending the ordinance to allow fencing around vegetation to prevent damage from deer.

Mr. Scott and Mrs. Liz Chamberlin, Pinehurst resident, spoke in favor of the importance of the preservation of the natural environment within the Village and of Council amending the ordinance to allow fencing around vegetation to prevent damage from deer.

Mr. Lee Thomas, Pinehurst resident, spoke in favor of Council amending the ordinance to allow fencing around vegetation to prevent damage from deer.

Mr. Chamberlin, also, expressed concern over the fines being levied against residents using temporary fencing to prevent damage from deer. Council agreed to have Mr. Willardson instruct staff to pause levying fines for temporary fencing until an amendment to the fencing ordinance may be considered. Mr.

Willardson stated staff are currently working on an amendment to the fencing ordinance and he anticipates being able to have further discussion on this amendment with Council at a meeting in June 2025.

6. Resolutions.

A. Consider Resolution 25-15 Reappointment of Ms. Angelique Fabiani to the Historic Preservation Commission.

Mr. Willardson spoke in favor of Ms. Angelique Fabiani's reappointment to the Historic Preservation Commission. Mr. Willardson's comments were seconded by Mayor Pro Tem Taylor.

Ms. Fabiani provided background on her time living in Pinehurst and serving on the Historic Preservation Commission and expressed a desire to continue serving on the Commission.

Upon a motion by Councilmember Ficklin, seconded by Councilmember Farrell, Council unanimously approved Resolution 25-15 Reappointment of Ms. Angelique Fabiani to the Historic Preservation Commission effective June 01, 2025, to serve at the pleasure of the Council until the end of her term on May 31, 2027, by a vote of 5-0.

Mayor Pizzella iterated the importance of residents volunteering to serve on the Village's Advisory Boards.

RESOLUTION #25-15:

A RESOLUTION REGARDING A REAPPOINTMENT TO THE HISTORIC PRESERVATION COMMISSION

THAT WHEREAS, the Village of Pinehurst has established an Historic Preservation Commission as authorized by North Carolina General Statutes, Chapter 160D, Article 303; and

WHEREAS, the term of Ms. Angelique Fabiani will expire on May 31st, 2025; and

WHEREAS, Ms. Fabiani and the Village Council of Pinehurst are desirous of her continuing to serve as a member of the Historic Preservation Commission for an additional term.

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 May 2025 that the following appointment is hereby made to the Historic Preservation Commission for the term indicated:

> Ms. Angelique Fabiani is reappointed as a member of the Historic Preservation Commission effective June 01, 2025, to serve at the pleasure of the Council until the end of her term on May 31, 2027.

THIS RESOLUTION passed and adopted this 27th day of May 2025.

7. Public Hearing.

A. FY 2026 Budget Public Hearing

Upon a motion by Councilmember Farrell, seconded by Councilmember Ficklin, Council unanimously approved to recess the Regular Meeting and enter into the Public Hearing by a vote of 5-0 at 05:04 p.m.

Mr. Willardson reviewed a Presentation of the Proposed FY 2026 Strategic Operating Plan Public Hearing PowerPoint presentation highlighting Council's Strategic Direction, FY 2026 General Fund Budget Overview, Changes from the Budget Work Session, FY 2026 General Fund Revenues, FY 2026 General Fund Expenditures, FY 2026 Significant Operating, FY 2026 Significant Capital, SMPO Special Revenue Fund, and Public Input and Questions.

Council and Mr. Willardson discussed a more detailed breakdown of the Enterprise Fleet Management program being provided in a crossover sheet compiled by Ms. Dana Van Nostrand, Financial Services Director, that will be shared with Council; the Village's 100% employee healthcare coverage as compared to other nearby communities; deliberated on whether the General Fund Balance justifies a $0.005 or $0.11 reduction in the property tax rate (from $0.225 to $0.22 or from $0.225 to $0.115); and agreed on the need for a continued focus on reduction in expenditures. Mr. Willardson stated the prudent course to take would be maintaining a tax rate of $0.225 to provide residents with stability and to help facilitate their ability to plan.

Mayor Pizzella asked if any member of the audience wished to speak. None came forward.

Upon a motion by Mayor Pro Tem Taylor, seconded by Councilmember Ficklin, Council unanimously approved to adjourn the Public Hearing and re-enter the Regular Meeting by a vote of 5-0 at 05:41 p.m.

Upon a motion by Mayor Pizzella, seconded by Mayor Pro Tem Taylor, Council denied reducing the property tax rate for FY 2026 from $0.225 to $0.22 by a vote of 2-3 with Councilmembers Morgan, Ficklin, and Farrell dissenting.

8. Ordinances.

A. Consider Ordinance 25-08 Amending the Library Expansion Capital Project Fund Budget

Ms. Dana Van Nostrand, Financial Services Director, reviewed a memo detailing the proposed amendments to the Library Expansion Capital Project Fund.

Council and Ms. Van Nostrand discussed policies regarding the handling of restricted donation funds.

Upon a motion by Councilmember Farrell, seconded by Councilmember Morgan, Council unanimously approved Ordinance 25-08 Amending the Library Expansion Capital Project Fund Budget by a vote of 5-0.

ORDINANCE #25-08:

AN ORDINANCE AMENDING THE LIBRARY EXPANSION CAPITAL PROJECT FUND BUDGET FOR THE VILLAGE OF PINEHURST, NORTH CAROLINA.

THAT WHEREAS, the Village adopted Ordinance #22-06 establishing the Library Expansion Capital Project Fund for the design and construction of an expansion of the Given Memorial Library and Tufts Archives building located on Cherokee Road; and

WHEREAS, the Village adopted Ordinances #23-12, #24-10, and #24-13 amending the Library Expansion Capital Project Fund budget; and

WHEREAS, the Village appropriated $2,800,000 to be transferred from the General Fund to the Library Expansion Capital Project Fund in the FY 2026 budget ordinance #24-11 to fund construction costs for the new library building; and

WHEREAS, the Village has received a donation restricted for the new library that is not an estimated revenue source in the current Library Expansion Capital Project Fund budget; and

WHEREAS, the Library Expansion Capital Project Fund budget needs to be amended to increase the appropriations and estimated revenues for these items and.

NOW, THEREFORE, BE IT ORDAINED AND ESTABLISHED by the Governing Body of the Village of Pinehurst, North Carolina, that pursuant to Section 13.2 of Chapter 159 of the General Statutes of North Carolina, the Library Expansion Capital Project Fund is amended as follows:

SECTION 1. The expenditure appropriations for the project are amended as follows:

Account No.	Account Name	Current Budget	Amendment	Amended Budget
50-80-615-7600	Capital Outlay: Design Costs	$ 610,000	$ 0	$ 610,000
50-80-615-7601	Capital Outlay: Construction Costs	810,000	2,980,500	3,790,500
	TOTAL	$1,420,000	$2,980,500	$4,400,500

SECTION 2. The revenues anticipated to be available to complete this project are amended as follows:

Account No.	Account Name	Current Budget	Amendment	Amended Budget
50-80-120-3890	Investment Income	$ 20,000	$ 180,000	$ 200,000
50-80-120-3882	Restricted Donations	0	500	500
50-80-190-3910	Transfer from General Fund	1,400,000	2,800,500	4,200,000
	TOTAL	$1,420,000	$2,980,500	$4,400,500

SECTION 3. The Village Manager is hereby authorized to transfer appropriations between line items in the Library Expansion Capital Project Fund up to $10,000 with an official report of such transfers made at the next regular meeting of the Village Council.

SECTION 4. Copies of this capital project ordinance shall be furnished to the Village Clerk, Village Manager, and Financial Services Director for direction in carrying out this project.

THIS ORDINANCE passed and adopted this 27th day of May 2025.

9. General Business.

A. Accept the Resignation of Michael Newman as Village Attorney

Mr. Willardson reviewed a memo detailing Mr. Michael Newman's resignation, spoke highly of Mr. Newman's service to the Village for the past 21 years, and thanked Mr. Newman for his service.

Council also spoke highly of Mr. Newman's service to the Village and his extensive knowledge of municipal law that has informed his advice to the Village, thanked Mr. Newman for his service, and wished him well.

Upon a motion by Mayor Pro Tem Taylor, seconded by Councilmember Ficklin, Council unanimously approved to accept the resignation of Mr. Michael Newman as Village Attorney effective 90 days from May 15, 2025 (August 13, 2025) by a vote of 5-0.

10. Other Business.

Upon a motion by Councilmember Morgan, seconded by Mayor Pizzella, Council denied reducing the property tax rate for FY 2026 from $0.225 to $0.115 by a vote of 2-3 with Mayor Pro Tem Taylor and Councilmembers Ficklin and Farrell dissenting.

11. Motion to Adjourn.

Upon a motion by Mayor Pro Tem Taylor, seconded by Councilmember Morgan, Council unanimously approved to adjourn the Regular Meeting by a vote of 5-0 at 05:56 p.m.

Respectfully Submitted,

Shannon Konstantinou
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

May 27, 2025, Work Session Minutes
ADDITIONAL AGENDA DETAILS:

FROM: Shannon Konstantinou, Village Clerk
CC: Village Council; Doug Willardson
DATE OF MEMO: 06/02/2025

MEMO DETAILS

ATTACHMENTS
1. 05.27.2025 DRAFT Work Session Minutes

Village Council
Minutes for the Work Session of May 27, 2025
Assembly Hall
395 Magnolia Road
Pinehurst, North Carolina
04:30 p.m.

The Village of Pinehurst Village Council held a Work Session Meeting at 05:56 p.m., Tuesday, May 27, 2025, in the Assembly Hall of Village Hall, 395 Magnolia Road, Pinehurst, North Carolina.

The following were in attendance in Assembly Hall:
Mr. Patrick Pizzella, Mayor
Dr. Jeff Morgan, Councilmember
Mr. John Taylor, Mayor Pro Tem
Ms. Barb Ficklin, Councilmember
Mr. Jack Farrell, Councilmember
Mr. Doug Willardson, Village Manager
Ms. Shannon Konstantinou, Village Clerk
Mr. Josh Dockery, IT Specialist

And approximately 3 members of the audience in attendance, in addition to 1 staff and 2 press.

1. **Call to Order.**
   Mayor Pizzella called the Village Council Work Session to order at 06:08 p.m.

2. **General Business.**
   - **A. Review Upcoming Advisory Board Vacancies**
     Mr. Willardson reviewed a May 2025 Advisory Board Vacancies Update PowerPoint presentation highlighting volunteer membership and upcoming vacancies on the Planning & Zoning Board and Board of Adjustment, the Historic Preservation Commission, Neighborhood Advisory Committee, and Bicycle and Pedestrian Advisory Committee.

     Council encouraged residents to get involved and apply for a volunteer opportunity with the Village.

   - **B. Review Status of the Chinquapin/Magnolia Road Intersection and Storm Water Improvement Project**
     Mr. Willardson reviewed a Chinquapin / Magnolia Road Intersection Project PowerPoint presentation highlighting the scope of the project, Current vs. Proposed site plans, a Magnolia Road stormwater improvements site plan, and an update on the project's progress.

     Council and Mr. Willardson discussed potentially granting a contract extension to the contractor due to the delay caused by the utility lines, the lack of progress from a contractor on a major project such as this being rare, the $500 / day penalty for failure to complete the project on time, ways to help avoid a similar delay situation occurring in the future, the Village's communication with businesses adjacent to the project site, the uncertainty of the current project timeline / completion date, and potential road closures that will occur for the project.

C. **Update on the Timeline of the Library Design and Bidding Schedule**
Mr. Willardson reviewed a Library Project Update PowerPoint presentation highlighting the advertising and bidding timeline for the project.

Council and Mr. Willardson discussed the contractor for the stormwater improvements along Magnolia Rd. being the same contractor for the intersection improvements at Chinquapin Rd. and the deadline for completion of both projects being June 05, 2025, potential items for the upcoming June 2025 Council meetings, the Village's newsletter being sent out soon, updates on the Village's STR enforcement measures, and State legislation that may impact the Village.

3. **Motion to Adjourn.**
Upon a motion by Councilmember Morgan, seconded by Mayor Pro Tem Taylor, Council unanimously approved to adjourn the Work Session by a vote of 5-0 at 06:36 p.m.

Respectfully submitted,

Shannon Konstantinou
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.
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Budget Amendments Report
ADDITIONAL AGENDA DETAILS:

FROM:	Dana Van Nostrand, Financial Services Director
CC:	Village Council;
DATE OF MEMO:	06/02/2025

MEMO DETAILS
Please see the attached report for the details of one interdepartmental budget amendment less than $25,000 that was approved by the Village Manager.

ATTACHMENTS
1. Budget Amendment Report 6.10.2025

VILLAGE OF PINEHURST
BUDGET AMENDMENTS APPROVED BY BUDGET OFFICER
FOR THE PERIOD MAY 23 - JUNE 5, 2025

Under Village of Pinehurst Ordinance #24-11, the Village Council grants the Budget Officer (the 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 2025 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	INCREASE	DECREASE	APPROVED DATE
1	10-10-310-7430	Capital Outlay: IT Equipment Charges - Police	$ 13,000		5/23/2025
	10-80-640-7430	Capital Outlay: IT Equipment Charges - Fair Barn		13,000	
			$ 13,000	$ 13,000	

The Police Department phone recording system upgrade cost $13,000 more than budgeted ($41,000 actual cost vs. $28,000 budgeted). The Fair Barn had $22,000 budgeted for a sound system that is not being purchased. $13,000 was transferred from the Fair Barn to Police to cover the overage.

2025 Flag Day and 250th Birthday of the United States Army Proclamation
ADDITIONAL AGENDA DETAILS:

FROM: Shannon Konstantinou, Village Clerk
CC: Village Council; Doug Willardson
DATE OF MEMO: 06/03/2025

MEMO DETAILS

Staff has prepared a proclamation recognizing June 14, 2025, as both Flag Day and the 250th Birthday of the United States Army.

This dual recognition is especially meaningful to our community, given Pinehurst's strong military presence and the many veterans and active-duty service members who call the Village home. The proclamation honors both the adoption of the U.S. flag in 1777 and the formal establishment of the Army in 1775.

Flag Day serves as an annual reminder of our national unity and the ideals of liberty and justice. Simultaneously, the 250th anniversary of the U.S. Army provides an opportunity to reflect on the enduring legacy of service and sacrifice made in defense of our country.

Staff recommends that Council support and promote the proclamation, and encourage residents to take part in this commemoration by proudly displaying the U.S. flag and recognizing the contributions of the United States Army.

ATTACHMENTS

1. Flag Day and 250th Birthday of the U.S. Army DRAFT Proclamation 2025

M A Y O R A L   P R O C L A M A T I O N

VILLAGE OF PINEHURST

WHEREAS, the Village of Pinehurst recognizes the importance of commemorating the date in 1777 when the Second Continental Congress approved the design for the first national flag and the date in 1775 when the United States Army was officially established; and

WHEREAS, on June 14, 1777, the Second Continental Congress adopted the United States flag and established the 13 alternating red and white stripes and 13 white stars on a blue field pattern; and

WHEREAS, in 1916 President Woodrow Wilson proclaimed June 14 as Flag Day and in 1949 Flag Day was officially recognized by the United States Congress; and

WHEREAS, Flag Day is a day of renewal and reminder of this nation's devotion to our "great mission of liberty and justice" and of the rededication of ourselves to an "America which no man can corrupt, no influence draw away from its ideals, no force divide against itself"; and

WHEREAS, on June 14, 1775, the Continental Congress passed a resolution adopting the New England Army of Observation or Continental Army, the first national institution, for the defense of American liberty; and

WHEREAS, on July 04, 1776, with the Declaration of Independence, the Continental Army and the militia in service to the Continental Congress became known as the Army of the United States; and

WHEREAS, the Village of Pinehurst encourages all citizens to commemorate the adoption of our national flag by displaying the flag and honoring its significance as a symbol of our great nation; and

WHEREAS, the Village of Pinehurst encourages all citizens to commemorate the establishment of the United States Army by participating in celebrations honoring the legacy of service and sacrifice of this important institution and cornerstone in the defense of our nation.

NOW THEREFORE, I, Patrick Pizzella, Mayor of the Village of Pinehurst, do hereby proclaim June 14th, 2025, as Flag Day and 250th Birthday of the United States Army in the Village of Pinehurst.

IN WITNESS WHEREOF, I have hereunto set my hand and caused to be affixed the official seal of the Village of Pinehurst, this the 10th day of June 2025.

____

Patrick Pizzella, Mayor

Consider Resolution 25-18 Reappointment of Ms. Carol Henry to the Planning & Zoning Board and Board of Adjustment (Extra-Territorial Jurisdiction Representative)

ADDITIONAL AGENDA DETAILS:

FROM:	Shannon Konstantinou, Village Clerk
CC:	Village Council; Doug Willardson
DATE OF MEMO:	05/19/2025

MEMO DETAILS

Ms. Carol Henry currently serves as the Extraterritorial Jurisdiction (ETJ) Representative on the combined Planning & Zoning Board and Board of Adjustment. Her current term expires on August 31, 2025.

Carol has been a consistent and thoughtful member of the group, bringing a constructive voice to the table and representing the ETJ community well. I recommend that we reappoint her to another two-year term, effective September 1, 2025 through August 31, 2027.

We would be fortunate to have her continue in this role, and she has expressed interest in doing so.

A draft resolution is attached.

Please let me know if there are any questions or concerns.

ATTACHMENTS

1. DRAFT Resolution 25-18 Reappoint ETJ Rep. for P&Z - BOA (Henry)

RESOLUTION #25-18:

A RESOLUTION REAPPOINTING AN EXTRATERRITORIAL JURISDICTION REPRESENTATIVE FOR THE VILLAGE OF PINEHURST TO THE PLANNING & ZONING BOARD AND BOARD OF ADJUSTMENT.

THAT WHEREAS, the Village of Pinehurst has established a Planning and Zoning Board and a Board of Adjustment as required by its Development Ordinance and authorized by North Carolina General Statutes 160D-301 and 160D-302; and

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

WHEREAS, Ms. Carol Henry's term as the Extraterritorial Jurisdiction Representative for the Planning & Zoning Board and Board of Adjustment expires on August 31, 2025; and

WHEREAS, the Village Council of the Village of Pinehurst is desirous of reappointing Ms. Henry as the Extraterritorial Jurisdiction Representative for the Planning & Zoning Board and the Board of Adjustment as required by its Development Ordinance and authorized by North Carolina General Statute 160D-307.

NOW, THEREFORE, BE IT RESOLVED by the Village Council of the Village of Pinehurst, North Carolina in a Regular Meeting assembled this 10th day of June 2025 as follows:

Ms. Carol Henry shall be reappointed as Extraterritorial Jurisdiction Representative of the Planning & Zoning Board and the Board of Adjustment, effective September 01, 2025, to serve at the pleasure of the Council until the end of her term on August 31, 2027.

THIS RESOLUTION passed and adopted this 10th day of June 2025.

VILLAGE OF PINEHURST
VILLAGE COUNCIL

(Municipal Seal)

By: ______________________________
Patrick Pizzella, Mayor

Attest:

____
Shannon Konstantinou, Village Clerk

Approved as to Form:

____
Michael J. Newman, Village Attorney

Consider Resolution 25-19 Appointment of Mr. Randy Gould to the Neighborhood Advisory Committee (Old Town West)

ADDITIONAL AGENDA DETAILS:

FROM:	Shannon Konstantinou, Village Clerk
CC:	Village Council; Doug Willardson
DATE OF MEMO:	06/02/2025

MEMO DETAILS

I am recommending the appointment of Mr. Randy Gould to serve as the Old Town West representative on the NAC. Randy recently retired from his role as Public Works Director for Moore County, where he brought a pragmatic and well-informed approach to infrastructure and community issues.

He has already engaged with the NAC in the past—including presenting to the committee—and brings a valuable perspective that will serve both Old Town West and the broader community well.

If approved, his appointment would be effective June 10, 2025, with a term expiring June 30, 2027.

A resolution is included for your consideration.

Please let me know if you have any questions or need additional information.

ATTACHMENTS

1. DRAFT Resolution 25-19 Appoint NAC (Gould)

RESOLUTION #25-19:

A RESOLUTION APPOINTING THE NEIGHBORHOOD ADVISORY COMMITTEE REPRESENTATIVE FOR THE OLD TOWN WEST AREA.

WHEREAS, the Village of Pinehurst established a Neighborhood Advisory Committee (NAC) in 2008; and

WHEREAS, the Village of Pinehurst officially reorganized the Neighborhood Advisory Committee (NAC) under the leadership of the Village Council of the Village of Pinehurst on the 11th day of April 2023; and

WHEREAS, Mr. Randy Gould and the Village Council of the Village of Pinehurst are desirous of Mr. Gould serving as a representative of the Old Town West area on the Neighborhood Advisory Committee.

NOW, THEREFORE, BE IT RESOLVED by the Village Council of the Village of Pinehurst, North Carolina in a Regular Meeting assembled this 10th day of June 2025 as follows:

Mr. Randy Gould is appointed as a representative of the Old Town West area on the Neighborhood Advisory Committee, effective June 10th, 2025, said term to expire June 30th, 2027.

THIS RESOLUTION passed and adopted this 10th day of June 2025.

VILLAGE OF PINEHURST
VILLAGE COUNCIL

(Municipal Seal)

By: ______________________________
Patrick Pizzella, Mayor

Attest:

____
Shannon Konstantinou, Village Clerk

Approved as to Form:

____
Michael J. Newman, Village Attorney

Consider Resolution 25-16 Adopting and Amending Certain Financial Policies

ADDITIONAL AGENDA DETAILS:

FROM:	Dana Van Nostrand, Financial Services Director
CC:	Village Council;
DATE OF MEMO:	06/02/2025

MEMO DETAILS

During FY 2025, I conducted a comprehensive review of all financial policies of the Village of Pinehurst. I recommend amendments to three financial policies and I recommend the Village Council adopt four new financial policies effective July 1, 2025:

Financial Policies for Amendment
1. Purchasing and Contracting Policy
2. Capital Assets Policy
3. Personal Property Disposition Policy

New Financial Policies for Adoption
1. Budget and Financial Planning Policy
2. Accounting and Financial Reporting Policy
3. Debt Policy
4. Donations Policy

Please see the attached memo discussing the policies and recommendations.

ATTACHMENTS
1. Resolution 25-16 Financial Policies Update
2. Policy Review and Updates Memo
3. Policy-Purchasing 2025 Clean & Redlined
4. Policy-Capital Assets 2025 Clean & Redlined
5. Policy-Personal Property Disposition 2025 Clean & Redlined
6. Policy-Budget & Financial Planning 2025
7. Policy-Accounting & Financial Reporting 2025
8. Policy-Debt 2025
9. Policy-Donations 2025

RESOLUTION #25-16:

A RESOLUTION ADOPTING AND AMENDING FINANCIAL POLICIES OF THE VILLAGE OF PINEHURST (FINANCIAL POLICIES UPDATE).

THAT WHEREAS, Chapter 160A, Article 7 of the General Statutes of North Carolina outlines the powers and duties of the Village Manager and the Village Council; and

WHEREAS, the Village Council has deemed it necessary and in the best interests of its employees and citizens to formulate and revise administrative policies; and

WHEREAS, the Village Council by Resolution #10-03 established that "All financial policies of the Village shall be approved by the Village Council"; and

WHEREAS, the Village has an inter-departmental Policy Committee to review all policies that impact employees and departments' activities across the organization; and

WHEREAS, the Village Council by Resolution #17-11 established that the Village Manager may approve administrative policies as recommended by the Policy Committee and designated two financial policies previously approved by Village Council as administrative policies; and

WHEREAS, as the operational needs of the Village change, the Village Council and the Village Manager have, from time to time, adopted and amended previously adopted financial policies for the Village of Pinehurst;

NOW, THEREFORE, BE IT RESOLVED, by the Village Council of the Village of Pinehurst, North Carolina, in the regular meeting assembled this 10th day of June, 2025, as follows:

SECTION 1. All the financial policies recommended by the Village's Financial Services Director, listed in Attachment #1 hereto, which have been reviewed by the Village Manager, are hereby amended and approved by the Village Council effective July 1, 2025.

SECTION 2. The Financial Services Director is hereby instructed to inform all employees of these approved or updated polices in a timely manner.

THIS ORDINANCE passed and adopted this 10th day of June, 2025.

VILLAGE OF PINEHURST
VILLAGE COUNCIL

(Municipal Seal)

By: ____________________________
Patrick Pizzella, Mayor

Attest:

____
Shannon Konstantinou, Village Clerk

Approved as to Form:

____
Michael J. Newman, Village Attorney

RESOLUTION #25-16
ATTACHMENT #1

Financial Policies Updated

1. Purchasing and Contracting Policy
2. Capital Assets Policy
3. Personal Property Disposition Policy

New Financial Policies Adopted

1. Budget and Financial Planning Policy
2. Accounting and Financial Reporting Policy
3. Debt Policy
4. Donations Policy

Dana Van Nostrand
395 Magnolia Road
Pinehurst, NC 28374
Phone: 910-295-8646
Fax: 910-295-4434
e-mail: dvannostrand@vopnc.org

Memo

To: Village Council

From: Dana Van Nostrand

CC: Doug Willardson

Date: June 4, 2025

Re: Financial Policy Review and Updates for Council Adoption

Overview:

During fiscal year 2025, I performed a comprehensive review of all financial policies of the Village of Pinehurst. Financial policies are adopted by Council except for two which are considered administrative policies that can be recommended by the Policy Committee and approved by the Village Manager per Resolution 17-11 (the Purchasing Card Program Policy and the Travel Expenses & Reimbursement Policy).

I compiled an inventory of financial policies, including the date each policy was last updated. I reviewed all policies for potential changes but focused mostly on policies that had not been updated for several years or more. I included other staff members who are responsible for the subject matter of each policy in the review process.

As part of this comprehensive review, I also compared the Village's financial policy inventory and policy content to legal requirements and best practice recommendations from the Government Finance Officers' Association (GFOA), Local Government Commission (LGC), UNC School of Government (SOG), and American Institute of Certified Public Accountants (AICPA).

Financial Policy Inventory:

The policy inventory initially compiled for the review is below:

Council-Adopted Policies (Per Resolutions 10-03 and 17-11):				
	Council	*Department*		
Policy	*Policy #*	*Policy #*	*Resolution*	*Last Updated*
Fund Balance Policy	09	N/A	23-07	3/14/2023
Investment Policy	12	FIN-909.1	10-07	3/9/2010
Purchasing and Contracting Policy	22	FIN-416.1	20-21	6/23/2020
Write-Off of Uncollectible Accounts	40	FIN-1124	12-34	5/22/2012
Fees and Charges Policy	41	FIN-1306.1	11-01	1/13/2011
Purchasing Policy & Procedures with Federal Funds	46	FIN-416.3	24-06	1/23/2024
Capital Assets Policy		FIN-503.1	23-19	6/13/2023
Personal Property Disposition Policy		FIN-504.1	17-10	2/28/2017
Conflict of Interest Policy: Use of Federal Funds	47	FIN-416.4	20-21	6/23/2020
Grant Allowable Costs and Cost Principles Policy		FIN-416.5	23-08	3/14/2023

Not all policies required updates, even though some were last updated more than five years ago. This was true of the Write-Off of Uncollectible Accounts, Fees and Charges Policy, and Conflict of Interest Policy: Use of Federal Funds.

The comparison to requirements and best practices identified the following policies which the Village did not have formally documented and adopted:

- Budget and Financial Planning Policy
- Accounting and Financial Reporting Policy
- Debt Policy
- Donations Policy

The subject matter of these four policies above has been informally documented as guidelines in the Strategic Operating Plan. Additionally, some elements of the accounting and financial reporting policy are documented in the annual comprehensive financial report. We have not been lacking in guidance or consistency in practice by not having formal policies. However, since the guidelines are spread across multiple documents that could be changed without formal approval of the Village Council, I recommend adding these financial policies.

Additionally, I recommended updates to the Purchasing Card Program Policy and Travel Expenses & Reimbursement Policy to the Policy Committee. The recommendations were approved by the Policy Committee and the Village Manager and the revised policies were rolled out to staff in April 2025.

<u>Summary of Policy Recommendations:</u>

Investment Policy

The recommended changes to the Investment Policy were discussed with the Council at the 1/14/2025 regular meeting and adopted with Resolution 25-05.

Purchasing and Contracting Policy

The key change recommended for the Purchasing and Contracting Policy is to increase the purchase order (PO) threshold from $1,000 to $2,000. This change would only increase the threshold over which a PO is issued, thereby encumbering (earmarking) the funds in the budget so they cannot be used for other purchases. It does not change the aspects of the policy regarding price competition.

The analysis of the PO threshold was initiated based on several staff requests. The analysis completed by Financial Services showed the Village issues over 100 POs for purchases between $1,000-$2,000 per year, with the dollar value of those POs totaling approximately $150-$190 thousand, which is about 2.5% of the non-personnel operating expenditure budget. Given the historical budget-to-actual variances the Village experiences in its operating expenditures, not having a PO to encumber these funds is unlikely to cause a department to overspend its budget. The number of POs that would no longer be required each year equates to real time savings on paperwork and administrative tasks for staff to prepare PO request forms and circulate them for approvals, and for the Financial Services department to enter and issue the POs. I also considered what threshold other towns use, which ranges from $100 to $5,000, with it not seeming to correlate closely with the town's size or budget. In my experience, our department heads and staff are responsible with their purchasing, budget monitoring, and adherence to our policy to be good stewards of taxpayer dollars.

I feel the value added by having the funds encumbered at the current threshold does not outweigh the additional staff time and effort to request and issue them, especially since many of the purchases in the $1,000-$2,000 range have a relatively quick turnaround from the time the item is ordered until it is received and paid for. This means the actual expenditures are reflected in the budget reports in enough time to accurately represent the available funds for monitoring the budget.

Capital Assets Policy

There are two recommended changes to the Capital Assets Policy. The first is adding the definition of Land Improvements which is a classification of capital assets used in our accounting system that was not previously defined in the policy. Adding this definition will provide more clarity and consistency in how certain assets are classified in our accounting system going forward.

The second recommendation is to increase the capitalization threshold for the intangible right-to-use lease and software subscription assets from $5,000 to $50,000. This may seem like a significant increase, but it is not out-of-line compared to our peers. Other governments have thresholds up to $100,000 for these types of assets. A higher threshold compared to tangible assets can be justified since the Village pays for fewer intangible assets than tangible and the administrative effort to track and maintain the intangible assets and liabilities for the leases and subscriptions is significantly more than tangible assets due to the complexity of the accounting standards (GASB 87 and GASB 96), including the need for budget amendments by Council each time a new lease or subscription agreement needs to be added.

The impact of the $50,000 capitalization threshold on the financial statements of the Village was considered and discussed with the Village's auditor. The three right-to-use leases the Village currently has recognized, all of which are below $50,000, make up 0.1% of total assets and 0.6% of total liabilities which is relatively insignificant. The vehicle leases will likely all be over the $50,000 threshold which is appropriate since the vehicle leasing program is significant in the aggregate and we should be accounting for those as right-to-use leases.

The 11 software subscriptions the Village currently has recorded as right-to-use subscriptions make up 1.3% of total assets and 6.7% of total liabilities. Out of the 11 subscriptions, three are over $50,000 and these three make up 70% of the total value of the subscriptions. A threshold of $50,000 would still capture more than 2/3 of the value but significantly reduce the administrative effort to maintain the records. The three subscriptions that are over $50,000 make up 0.9% of total assets and 4.7% of total liabilities, so this threshold would not materially reduce or misstate the total assets or total liabilities of the Village.

This threshold would have a negligible impact on operating expenditures since the payments would still be made for the leases and subscriptions under $50,000. They would just be recorded as other operating expenditures rather than debt service. I don't think this would be misleading to management, the Council, taxpayers, or other users of the financial statements. We see these leases and subscriptions as operating costs and showing them as debt service is more confusing in my opinion.

In summary, I recommend the capitalization threshold for intangible right-to-use assets be increased to $50,000 since it will still ensure the most significant assets and liabilities are recognized in accordance with the accounting standards while simplifying the effort required to comply. If adopted, the $50,000 threshold would apply to any new right-to-use assets after July 1, 2025. The existing assets would stay on the books until the end of the current term.

Personal Property Disposition Policy

The NC General Statutes allow the Council to delegate the authority to dispose of surplus personal property valued at up to $30,000 using certain methods. The Village Council has delegated this authority to the Village Manager up to $10,000 since 2017. Prior to that, the threshold was $5,000. The $10,000 threshold has typically covered the routine sales of surplus vehicles and equipment. Garbage truck sales are now about $10,000 and we anticipate the fleet vehicle sales values to be higher going forward since we will be replacing them when they are newer. We typically do not have items valued at $10,000 or more other than vehicles.

I recommend increasing the delegation threshold in this policy to $20,000. This will keep most of the routine surplus sales within the Village Manager's delegation of authority. Other text changes were made to remove specific procedural details that I felt are not necessary for the policy and to assign responsibility to the Financial Services Department rather than a specific position. These procedural details are in the Financial Services Department standard operating procedure documentation. Removing them from the policy gives the Financial Services Director the flexibility to reassign responsibilities within the department, change forms, or update operating procedures, while still meeting the requirements of the NCGS and the policy, without having to amend the policy.

Budget and Financial Planning Policy

I reviewed this new policy draft with the Council at the 2/11/2025 work session. No changes were made since that draft. I recommend Council adopt the new policy.

Accounting and Financial Reporting Policy

I reviewed this new policy draft with the Council at the 2/11/2025 work session. No changes were made since that draft. I recommend Council adopt the new policy.

Debt Policy

I reviewed this new policy draft with the Council at the 2/25/2025 work session. I incorporated the minor changes from the discussion with Council. I recommend Council adopt the new policy.

Donations Policy

I reviewed this new policy draft with the Council at the 2/25/2025 work session. No changes were made since that draft. I recommend Council adopt the new policy.

Council Action Requested:

If Council agrees with the recommended changes and additions to the financial policies of the Village as summarized above, please adopt Resolution 25-16 amending the existing policies and adopting the new policies with the changes effective July 1, 2025. Upon adopting Resolution 25-16, the financial policy inventory will be revised to the following:

Council-Adopted Policies (Per Resolutions 10-03 and 17-11):				
	Council	*Department*		
Policy	*Policy #*	*Policy #*	*Resolution*	*Last Updated*
Fund Balance Policy	09	N/A	23-07	3/14/2023
Investment Policy	12	FIN-909.1	10-07, 25-05	1/14/2025
Purchasing and Contracting Policy	22	FIN-416.1	20-21, 25-16	7/1/2025
Write-Off of Uncollectible Accounts	40	FIN-1124	12-34	5/22/2012
Fees and Charges Policy	41	FIN-1306.1	11-01	1/13/2011
Purchasing Policy & Procedures with Federal Funds	46	FIN-416.3	24-06	1/23/2024
Capital Assets Policy	56	FIN-503.1	23-19, 25-16	7/1/2025
Personal Property Disposition Policy	57	FIN-504.1	17-10, 25-16	7/1/2025
Conflict of Interest Policy: Use of Federal Funds	47	FIN-416.4	20-21	6/23/2020
Grant Allowable Costs and Cost Principles Policy	58	FIN-416.5	23-08	3/14/2023
Budget and Financial Planning Policy	59	FIN-601.1	25-16	7/1/2025
Accounting and Financial Reporting Policy	60	FIN-602.1	25-16	7/1/2025
Debt Policy	61	FIN-701.1	25-16	7/1/2025
Donations Policy	62	FIN-801.1	25-16	7/1/2025

If the Personal Property Disposition Policy is approved with Resolution 25-16, the Council also needs to adopt Ordinance 25-10 which updates the delegation of authority for the disposition of personal property.

	VILLAGE OF PINEHURST STANDARD PROCEDURE
SUBJECT: Purchasing and Contracting Policy	Effective Date: 11/01/2000
Department: Financial Services	Policy No.: FIN-416.1
Prepared by: Financial Services Director, Dana Van Nostrand	Revised: 06/23/2020 07/01/2025
Approved by: Village Council Resolution #25-16	# of Pages: 16

I. PURPOSE:

These purchasing policies and procedures are intended for use as a guide to the Village of Pinehurst's purchasing methods and practices. When used properly and with common sense, the policies and procedures established herein will enable the Village to obtain needed materials, equipment, supplies and services efficiently and economically.

These purchasing policies and procedures were developed under Chapter 143, Article 8 of the North Carolina General Statutes. **When federal funds are being used in whole or in part to pay for the costs of a contract, the procedures contained in the Village's "Purchasing Policy & Procedures with Federal Funds" must be followed.**

II. SCOPE

This policy applies to the purchase of apparatus, supplies, materials and/or equipment, as well as contracted services, for items costing over $2,000. Purchases of less than $2,000 are subject to the Purchasing Card (P-Card) Program Policy procedure, which are documented in Policy No. FIN-416.2. This policy does not, however, preclude departments from encumbering funds for purchases less than $2,000. Construction contracts are addressed separately in this document.

III. POLICY:

The understanding and cooperation of all employees is essential if the Village is to obtain the maximum value for each dollar spent. While this policy and procedure does not answer all questions related to purchasing, it does provide the foundation for a sound purchasing system.

The basic goals of the Village's purchasing program are:

1. To comply with the legal requirements of competitive bidding that are outlined in Chapter 143, Article 8 of the North Carolina General Statutes.

2. To comply with the Procurement Standards codified in 2 C.F.R. §200.317 through §200.326 when using federal funds unless otherwise directed in writing by the federal agency or state pass-through agency that awarded the funds. Should the Village of Pinehurst have more stringent requirements, the most restrictive requirement shall apply so long as it is consistent with state and federal law.

3. To comply with other North Carolina General Statutes regarding procurement including laws regarding Historically Underutilized Businesses (HUBs).

4. To assure vendors that impartial and equal treatment is afforded to all who wish to do business with the Village.

5. To receive maximum value for each dollar spent by awarding purchase orders to the lowest responsible, responsive bidder, taking into consideration quality, performance, technical support, delivery schedule, past performance and other relevant factors.

6. To provide Village departments the required goods, equipment, and services at the time and place needed and in the proper quantity and quality.

7. To professionally administer the search for sources of supplies, the development of new sources, the selection of suppliers, negotiations, commitment, follow-up, and adjustments.

8. To promote good and effective vendor relations, cultivated by informed and fair buying practices and strict maintenance of ethical standards.

9. To effect maximum feasible standardization of products used within and among departments to minimize stock levels and obtain better prices.

If the established procedures and guidelines are followed, each department can efficiently manage, control and plan its available resources to meet present and future departmental needs and help the Village to meet these goals.

Local Buying

It is the desire of the Village to purchase from vendors located within Moore County whenever possible. This can be accomplished by ensuring that local vendors who have goods or services available which are needed by the Village are included in the competitive purchasing process. The Village has a responsibility to its residents; however, to ensure that maximum value is obtained for each public dollar spent. **The Village cannot and will not make purchasing decisions solely based on vendor residence.** Rather, the Village will endeavor to encourage local vendors and suppliers to compete for all Village business.

Planning

Planning for purchases should be done on both a short-term and long-term basis, thereby minimizing small orders and last-minute purchases. Planning will also reduce the number of trips required to obtain materials and minimize clerical and supervisory time spent on documenting purchases.

Buying Proper Quality

Quality and service are as important as price. It is the duty of the requesting department to secure the best, most economical, quality products and services that will meet but not exceed the requirements for which the goods or services are intended. In some instances, the lowest price does not necessarily mean the lowest cost.

Contractor Relations

Contractors working for the Village of Pinehurst are an extension of the Village. To help the Village achieve its mission and provide its customers with the highest levels of service, it is important for all contractors to reflect the Village's values as they perform contracted services. Purchasers are also required to evaluate contractors at least annually to assess their performance and to address any service deficiencies.

IV. **PROCEDURES:**

Vendor Setup

A subcontractor form (W-9) must be obtained for vendors who provide contracted or professional services. Please contact Financial Services if you have questions regarding this form.

Contract Control Form

If the purchase involves the Village executing a contract document, or if the purchase includes labor being performed on Village property, a *Contract Control Form* will be required. The *Contract Control Form* helps protect the Village from various contract risks and ensures that contractors have adequate insurance coverage for the work they perform. It also assists the Village with overall contract management.

Essential Communications for Key Suppliers are also required for contracts with key suppliers. Key suppliers are identified on the *SharePoint Contract List* and provide significant and specialized services that play a critical role in Village service delivery. They are contractors who provide professional services (i.e. attorney, engineer, architect, etc.), road construction, and refuse collection.

Request to Purchase

The *Request to Purchase Form*, which must be approved by the department head or his/her designee, initiates the procurement process.

A completed *Request to Purchase Form* with appropriate signatures is required for all purchases requiring a Purchase Order (purchases of $2,000 or more).

The following items are not required to obtain a purchase order prior to their purchase:

- Claim payments
- Insurance premiums
- Petty cash - replenishment of funds
- Refunds
- Tuition fees for educational purposes
- Utilities

Completing the Request to Purchase Form

All requests must indicate the account to be charged, a description of the item, the quantity to be purchased, the unit of issue (e.g. lbs., cases, dozen, each, etc.), the unit cost of the item requested, along with either the budgeted amount or a "Not To Exceed" (N.T.E.) amount. Once completed, forward the original form to the Financial Services Department. A copy of the request should be retained by the requesting department and attached to the copy of the purchase order that will follow.

Each section of the request must be completed. If you are unable to provide required information please state "unknown" in that section. If the form is not completed in its entirety or if the Financial Services staff has questions concerning the request, the form may be returned with a request for additional information needed to the department head or designee.

Specific Instructions

All items must be completed on the *Request to Purchase Form* for a purchase order to be generated. Please remember the following items when completing the form:

1. Please number the page(s) if there is more than one page to assure that none are lost during the processing of the request.

2. The promised delivery date must be indicated; **the acronym ASAP is not acceptable.**

3. The contact person with whom you normally deal should be listed.

4. The address of the delivery location must be provided.

5. Include a thorough description of all items requested with product numbers from a catalog, if applicable.

6. Indicate anticipated shipping costs separately from the cost of the product.

7. Do not send the form to the Financial Services Department until all required signatures are obtained.

VENDOR SELECTION

Selection Policy

Vendors should be selected on a competitive basis. Formal bids, informal bids, or telephone/email quotations will be solicited by the individual departments prior to submission of the *Request to Purchase Form*. Bid awards, purchase orders and/or contracts should be issued to the lowest responsible, responsive bidder. When soliciting for services from a previously used contractor, purchasers should review the contractor's most recent performance grade on the *SharePoint Contract List*.

Selection Procedures

For the procurement of supplies, materials and/or equipment and for construction or repair, the Village will observe the following procedures:

1. In accordance with North Carolina General Statute §143-129, invitation for formal bids will be used for purchases of $90,000 and greater ($500,000 and greater for construction and repairs). This will include advertising in the local newspaper and/or other advertising media as deemed appropriate and receiving sealed bids.

2. Purchases greater than $5,000 but less than $90,000 (less than $500,000 for construction and repairs), are subject to Informal Bidding Procedures. North Carolina General Statute §143-131 requires this for purchases greater than $30,000 but less than $90,000; however, the Village has elected to use a lower threshold of $5,000. Purchases in this range will require three written quotes. All quotes, regardless of degree of formality, are required to be attached to the *Request to Purchase Form* before the Purchase Requisition form is submitted.

3. In accordance with North Carolina General Statute §143-131, purchases of less than $5,000 can be made in the open market with no requirement for a formal

invitation for bids or request for quotations. However, **every effort should be made to obtain written competitive quotes for purchases of less than $5,000**. However, verbal quotes will be accepted if documented on the *Vendors Requested to Propose Form*. All quotes, regardless of degree of formality, are required to be attached to the *Request to Purchase Form* before the Purchase Requisition form is submitted.

The department is required to obtain written quotations from any related party that submits a proposal to provide goods or services. A related party includes Village employees, Board members, and Council members and their immediate family members. In these instances, the department is **required** to obtain pricing from at least three vendors. Related-party contracts are discouraged and should be in accordance with the Village's Ethics Policy AD-150.

E-VERIFY

Per Session Law 2013-418, municipalities may not enter into a contract unless the contractor and the contractor's subcontractors comply with Article 2 of Chapter 64 of the General Statutes. Employers and their subcontractors with 25 or more employees in North Carolina as defined in Article 2 of Chapter 64 of the NC General Statutes must comply with E-Verify requirements to contract with the Village. Federal and State agencies and Municipalities are exempt from this requirement.

E-Verify is a Federal program operated by the US Department of Homeland Security and other federal agencies, or any successor or equivalent program used to verify the work authorization of newly hired employees pursuant to federal law.

Any contract or purchase order approved by the Village will include these E-Verify contract requirements.

PURCHASE ORDERS

To be valid, a purchase order issued by the Village must be completed and signed by either the Financial Services Director (the statutory Finance Officer) or the Assistant Financial Services Director (the Deputy Finance Officer). **Purchase orders will not be issued without a properly executed *Request to Purchase Form package that complies with this policy***.

The Purchase Order Process

A purchase order is a contract between the Village and a vendor. The Village will not recognize the issuance of purchase orders by unauthorized Village employees or officials and payment of these obligations will not be approved. Obtaining supplies, materials, equipment or services without a purchase order is an unauthorized purchase (except in emergency situations as outlined later).

Unauthorized purchases are classified as a personal expense and may be paid for by the employee.

In the event that a purchase order is not requested by the department and issued by Financial Services before the date of the invoice, the department head responsible for the unauthorized purchase should complete the *Explanation for Delay of Purchase Order Request Form*. This form will then be signed by the department head, forwarded to their immediate supervisor for approval, and then forwarded to the Village Manager, or his/her designee, for final approval. Once the Village Manager has approved the form, the Village Manager will send the form to Financial Services to authorize the payment of the invoice. Financial Services will not issue payment of the invoice without an approved *Explanation for Delay of Purchase Order Request Form*.

The original purchase order will be distributed to the requesting department to provide to the vendor. It is recommended that departments retain a copy of the purchase order for their records. Financial Services will maintain one copy of the purchase order, which is the Village's official copy for record retention purposes.

After an item is received, the department should indicate the purchase order number on the invoice before forwarding it to the Financial Services Department for payment. This should be done immediately after the item(s) have been received, inspected and accepted by the user department.

Change Orders

In order to change, modify, cancel, or liquidate an existing purchase order, the user department must complete a *Change Order Form* with the department head's or his/her designee's approval. All pertinent information needed to make the changes should be completed. The change order should be forwarded to the Financial Services Department for processing and approval. Financial Services will then distribute the paperwork to the department head or his/her designee. It is the department's responsibility to forward the additional paperwork to the vendor. Change order approval will be based upon the new purchase order total and not on the amount being added to the purchase order. Purchase order changes are appropriate for reasonable increases in quantity or project scope. If the change is significant, the Financial Services Director may request the purchase be re-quoted as a new purchase.

Change orders will **not** be allowed:

1. That would alter the procurement procedures that were used in the original process. (i.e., from informal to formal).
2. After the scope of services have been rendered or materials have been received.
3. That would increase a blanket purchase order.

Change orders are not needed when the dollar amount of the change for a line item will not be exceeded by 10% of the original amount.

SPECIAL PROCUREMENT PROCEDURES

Blanket Purchase Orders

The Financial Services Department will issue blanket purchase orders to selected vendors for the procurement of large volume items and recurring service contracts, such as cleaning and pest control services.

Requests for blanket purchase orders must, in addition to the required information, indicate the following: items covered by the blanket purchase order and a Not to Exceed (NTE) amount in the appropriate column. The issued purchase order will instruct the vendor that unauthorized purchases will not be allowed. It is the responsibility of the individual authorized to purchase under a blanket purchase order to ensure that an unspent balance remains to cover the purchase to be made. **Any purchase that exceeds the funds available under a blanket purchase order or made by personnel not authorized will be classified as an unauthorized purchase, or personal expense, and may be charged to the employee.**

An authorized Village employee must sign the vendor's delivery ticket and the purchase order number should be indicated on the receiving documents when a purchase is received. Delivery tickets may be discarded after being reconciled with the invoice.

Service Contracts

Recurring service contracts such as monthly or quarterly cleaning, pest control, maintenance, etc. can be encumbered at the beginning of the fiscal year for which a valid contract exists. A request for a blanket purchase order should be made in the total estimated amount to be expended on the service contract in the fiscal year. An executed contract should be attached to the *Request to Purchase Form* before a blanket purchase order will be issued for service contracts.

Purchasing Card Program

To procure small-dollar items, select Village employees will be issued a VISA-brand procurement card. Small-dollar purchases are individual expenditures of $2,000 or less. Some cardholders could be authorized to make purchases for greater or lesser amounts. The policies and procedures for the Village purchasing card program are documented in the Purchasing Card (P-Card) Program Policy No. FIN-416.2.

Emergency Purchases

In cases of emergencies, the department head or his/her designee may purchase directly from any vendor supplies or services whose immediate procurement is essential to prevent delays in work that may affect the life, health, or safety of Village of Pinehurst employees or citizens.

The user department shall exercise good judgment and use established vendors when making emergency purchases. Always obtain the best possible price and limit purchases to those items that are directly emergency related. Not anticipating needs does not constitute an emergency situation. First, the department should determine if a true emergency does exist. Second, the department should anticipate needs and avoid emergency situations whenever possible.

During working hours, the following procedure should be used for emergency purchases:

> Contact the Financial Services Department and supply all pertinent information to obtain a purchase order. The information needed will include the vendor name, item(s) to be purchased with quantities, expenditure account to which the item(s) should be charged and the reason for the emergency purchase. After verifying available funds, a purchase order number will be issued for the expenditure and the purchase order will be distributed accordingly. If the purchase will over-encumber the account balance, a budget amendment will need to be completed as soon as possible.

After working hours, the following procedure should be used for emergency purchases:

> The invoice received should be coded with the account(s) to be charged and signed by the individual receiving the goods or services. The department head should complete the *Explanation for Delay of Purchase Order Request Form*. This form will then be signed by the department head, forwarded to their immediate supervisor for approval and then forwarded to the Village Manager, or his/her designee, for final approval. Once the Village Manager has approved the form, the Village Manager will send the form to Financial Services to authorize the payment of the invoice. Financial Services <u>will</u> <u>not</u> issue payment of the invoice without an approved *Explanation for Delay of Purchase Order Request Form*.

Emergency purchases, although sometimes necessary, are costly both in time and money. The use of emergency procedures should be limited and will be monitored by the Financial Services Department for abuse.

<u>Call-In Request for Purchase Orders</u>

Call-in requests for purchase orders will be used for emergency situations only. However, scanning and emailing requests with the appropriate backup for rapid processing is acceptable.

<u>Purchase Order Cut-Off Date</u>

Purchase requests for materials, supplies, services and equipment (not included in blanket purchase orders or service contracts) for the ending current fiscal year must be submitted to the Financial Services Department no later than June 1. Purchase requests of a routine nature that could have been scheduled prior to June 1, and are not critical, will be returned to the department for processing in the new fiscal year. This procedure is necessary to allow for the delivery and receipt of the goods by the end of the fiscal year.

Sole Source of Supply

In the event there is only one vendor capable of providing a particular good or service, the competitive pricing procedures outlined in this manual may be waived by the approval of the Village Council. Whenever a department head or his/her designee elects to purchase goods or services from a "sole source", he/she shall document on the request why only one company or individual is capable of providing the goods or services required. The provisions of G.S. §143-129(e)(6), which requires Council to allow for this sole source exception, will be applied.

State of North Carolina Purchase Contract

Departments may utilize the State of North Carolina Department of Administration Purchase and Contract Division whenever possible for procurement of capital and non-capital items. This system expedites the purchase of goods, offers pricing compatible with quotes received from formal and informal bids, and satisfies North Carolina General Statutes. Examples of goods on state contract are: law enforcement vehicles, office furniture, copiers, janitorial supplies, copier paper, and light bulbs. Contact the Financial Services Department with questions about which goods are on State Contract.

Cooperative or Group Purchasing Programs

Under North Carolina General Statute 143-129(e)(3) departments may make purchases from suppliers who are selected through a group purchasing program that is a “formally organized program that offers competitively obtained purchasing services at discount prices to two or more public agencies”. Items selected for purchase from these contracts are not subject to informal or formal bidding requirements. Financial Services maintains membership in several such programs. Current information regarding these programs can be found on the Financial Services Self-Service page on the intranet.

Professional Services

Normal competitive procedures cannot be utilized in securing professional services such as attorneys, engineers, planners, and other professional people who, in keeping with the standards of their discipline, will not enter into a competitive bidding process. When an agreement between a professional service company and the Village is established, a purchase order with a NTE amount shall be issued to satisfy accounting and statutory requirements. A copy of the contract should be provided to support the purchase order. Architectural, engineering, and surveying contracts will also be subject to a qualification based selection (QBS) process per NCGS 143-64.31.

Purchasing Calendar: Capital and Non-Capital Equipment

In order to secure financing and maintain the fixed asset records for the fiscal year, the departments should try to complete all capital purchases no later than February 15 with delivery scheduled no later than May 15, if possible.

COMPETITIVE BIDS

Formal Bids – Apparatus, Supplies, Materials, & Equipment ($90,000 and Greater)

In order to purchase supplies, apparatus, materials or equipment with an expenditure of $90,000 or more, the department head or his/her designee, in conjunction with the Financial Services Director, shall develop and prepare specifications for bidding. The department head shall be responsible for ensuring that all North Carolina General Statutes are satisfied, including, but not limited to, newspaper advertisement and receipt of sealed bids. These requirements are outlined in NCGS §143-129.

After receipt of all bids, the department head or his/her designee, shall review the bid responses to determine the bid deemed in the best interest of the Village. The department head or his/her designee shall make a formal recommendation of award, with supporting documentation to the Financial Services Director, Village Manager, and the Village Council.

Upon Village Council approval of the recommendation, the responsible department head shall initiate the purchase order process and upon receipt of the issued purchase order, the department head may place the order with the successful bidder(s).

Informal Bids – Supplies and Materials ($5,000 - $90,000)

The department head shall utilize the informal bidding process for purchases greater than $5,000 and up to $90,000, in accordance with NCGS §143-131. The informal bidding process requires that competitive pricing be obtained in writing from the bidders. Requests for quotes are sent to several sources that can supply the product(s) desired. Upon receiving the quotes and selecting the vendor, the department head shall forward a *Request to Purchase Form* to the Financial Services Department who will generate a purchase order. Copies of the written quotations submitted by vendors should accompany the *Request to Purchase Form* along with the basis for selecting the vendor chosen.

Purchases of Supplies and Materials (Less than $5,000)

Every effort should be made to obtain three (3) written quotes when expending public funds of less than $5,000. Once the department head determines the quote that is in the best interest of the Village, he/she or his/her designee should complete a *Request to Purchase Form* and forward it to the Financial Services Department, along with copies of the written quotes received. Quotes should be summarized on the *Vendors Requested to Quote Form*. This form can be especially useful for documenting verbal quotes. If other documentation is supplied, the department should provide all of the information with their submission to Financial Services. Financial Services will then generate a purchase order for purchases of $2,000 or more.

CONSTRUCTION AND REPAIR WORK

<u>Formal Construction or Repair Contracts ($500,000 and greater)</u>

Construction contracts within this range shall be the responsibility of the department head, engineer, and other Village officials as deemed necessary. These officials are responsible for specification development. G.S. §143-128 details the five alternative bidding methods for building construction and repair contracts. G.S. §143-128.2 defines historically underutilized business (HUB) participation goals and requirements. Per Ordinance #93-7, it is the Village's policy to have a verifiable goal of five (5%) percent for participation by historically underutilized businesses in building construction contracts awarded pursuant to G.S. §143-128.

After the formal bidding process has been completed, the department head or his/her designee shall recommend to the Village Council the lowest responsible, responsive bidder deemed in the best interest of the Village. Upon award by the Village Council and execution of the contract, the department head shall initiate a *Request to Purchase Form* so that a purchase order can be generated to encumber the expenditure account.

<u>Informal Construction or Repair Contracts (Less than $500,000)</u>

Construction, renovation or repair work of less than $500,000 shall be the responsibility of the department head, the contracted engineer and other Village officials as deemed necessary. The bid award will be made to the lowest responsible, responsive bidder, upon recommendation by the department head. Under G.S. 143-131(b) for construction or repair projects departments are required to document their good faith effort to solicit historically underutilized businesses. Upon approval by the Village Manager and execution of the contract, the department head or his/her designee shall initiate a *Request to Purchase Form* so that a purchase order can be generated to encumber the expenditure accounts. The department is also responsible for contacting the successful bidder(s).

HISTORICALLY UNDERUTILIZED BUSINESSES

For building construction (vertical construction with walls and roof) projects above $300,000, the Village must follow prescribed requirements in the Village's Minority Business Outreach Plan (MBOP). The formal bidding limit for construction is $500,000, but for HUB reporting, the limit is $300,000. For projects in this range, departments should contact the Financial Services Director for assistance in following those guidelines.

For building construction, maintenance, or repair projects in the $30,000 – $300,000 informal range, departments must make the following “good faith” efforts:

1. Solicit HUB participation in contracts,
2. Document efforts to recruit HUB participation,
3. Maintain records of HUB contractors solicited, and
4. Report all data on HUB participation efforts to the N.C. HUB Office.

Good faith efforts should be recorded on a HUB Informal Reporting Form and submitted to the Financial Services Director. This form will be the basis for a report to the NC HUB Office.

Departments can use the HUB Vendor Search on the Office for Historically Underutilized Business’ webpage for assistance in soliciting HUB bids.

VERIFICATION OF BIDS RECEIVED

When a *Request to Purchase Form* is submitted for the purchase of supplies, materials, or equipment, the Financial Services Department will periodically verify bid information provided by vendors directly with the vendors. All bids received should accompany the *Request to Purchase Form*, regardless of the bid selected. In addition, a listing of the vendors who were asked to propose on the goods/services should be provided on the *Vendors Requested to Propose Form*.

SPECIFICATIONS

When goods or services are procured under the formal or informal bidding process, specifications must be prepared. All specifications should do at least four things:

1. Identify minimum requirements,
2. Encourage competitive bids,
3. Be capable of objective review, and
4. Provide for an equitable award at the lowest possible cost.

Specifications shall be as simple as possible while maintaining the degree of exactness required to prevent bidders from avoiding supplying the goods or services required or otherwise taking advantage of their competitors.

All specifications utilizing a name brand must include the term "or approved equal" to avoid being restrictive and eliminating fair competition from the bidding process.

Different methods of structuring specifications include:

1. Qualified products on acceptable vendor list,
2. Specification by blueprint or dimension sheet,

3. Specification by chemical analysis or physical properties,
4. Specification by performance, purpose or use,
5. Specification by identification with industry standards, or
6. Specification by samples.

DELIVERY AND PERFORMANCE

A completed and accepted purchase order by the parties concerned must produce the intended results or objectives before it can be considered a successful or completed purchase. The terms and conditions must clearly define the delivery and performance requirements of the services, supplies or equipment.

The importance of the delivery schedule should be emphasized to the vendor. Delivery requirements should be clearly written and fully understood by all vendors. If several items are required by the purchase order, there may be a different delivery schedule for each item. It is important to clearly indicate the delivery location on the *Request to Purchase Form*.

Partial Deliveries

Some purchase orders may list several items. It is possible the vendor may complete timely delivery on some items which are referred to as "partial deliveries". Upon receipt of a partial delivery, the department should attach a copy of the signed delivery receipt, indicate “Partial Delivery” and forward to the Financial Services Department.

Non-performance

If a vendor fails to meet any requirements(s) of the specifications or terms and conditions of the contract or purchase order, the vendor can be cited for non-performance. The seriousness of non-performance will be evaluated based upon the circumstances of each violation.

INSPECTION AND TESTING

Life and safety as well as successful operation of expensive equipment and supplies may depend upon how well a purchased item meets the design and performance specifications.

Goods and materials should be checked at the time of receipt for damage or defects. The inspection shall include assuring goods comply with the specifications. If damage is found or the goods fail to comply with the specifications, the item(s) shall be rejected as outlined below.

Rejection

In order to protect the Village’s rights in the event of rejection, for whatever reason, the vendor shall be informed as soon as possible. Reasons for the rejection must be documented in memo form and forwarded to the Financial Services Department in a timely manner. It is the department head's or his/her designee's responsibility to notify Financial Services and the vendor of the reason for the rejection within three (3) business days if another employee received and signed for the goods.

Damaged Goods

One of the major reasons for immediately inspecting the goods or materials upon receipt is to detect any visible damage. When it is apparent that the extent of the damage causes the goods to be worthless, they will not be accepted. It is necessary that all damage including evidence of concealed damage shall be documented by memo and forwarded to the Financial Services Department. The department head or his/her designee is responsible for informing the vendor and Financial Services of the damaged goods within three (3) business days if another employee received and signed for the goods.

Latent Defects

Latent defects may be the result of damage in transit or failure of the manufacturer to conform to specifications. Consequently, it is often difficult to fix responsibility for the defective material. If specific liability for the defect cannot be determined between the carrier, the vendor, or the manufacturer, the Village may file a claim against all parties. A memo explaining the defects must be forwarded to the Financial Services Department to ensure all parties involved are properly informed. The department head or his/her designee is responsible for informing the vendor and Financial Services of the damaged goods within three (3) business days if another employee received and signed for the goods.

VENDOR RELATIONS

Good vendor relations are valuable business assets established through mutual confidence and satisfactory business relationships between buyer and seller. An important contribution toward promoting and preserving these relations is a clear understanding between the contractor and the Village of the expectations under the contract. Purchasers are required to grade all contractors at least annually on the Village's *SharePoint Contract List* to assist the Village in awarding future contracts. They are also encouraged to routinely provide feedback to contractors on their performance under the contract.

Purchasers are required to grade each contractor on the *SharePoint Contract List* with a letter grade of A, B, C, or F at the conclusion of the contract period. This aggregate grade should be based on the fairness of pricing, and the quality and timeliness of the services delivered. The purchaser is required to provide a brief comment with the letter grade explaining the reason for the grade assigned. Each letter grade has an explanation to assist the purchaser in selecting the appropriate grade.

For contracts with key suppliers, purchasers are required to use the *Essential Communications for Key Suppliers* document to communicate: 1) The Village's mission, vision, and values, 2) Required ethical standards, and 3) Methods of contract performance evaluation, including a required performance evaluation meeting. Key suppliers are required to provide a written acknowledgment they have received the *Essential Communications for Key Suppliers.*

OTHER

No employee or official should derive a direct personal benefit from any contract or purchase. Also, employees should not accept gifts or favors from vendors per G. S. 133-32 and the Village's Ethics Policy AD-150.

Departments do not have the authorization to commit in writing, or verbally, future Village business to vendors.

AFTER THE ORDER

The procurement function is not accomplished by simply placing an order with a supplier. Satisfactory delivery must also be made. To ensure delivery will be made when required, follow-up is necessary.

Follow-up or expediting delivery of an order is part of the purchasing process and can be more efficiently handled by the purchasing party.

The Department Head shall on a regular basis review outstanding purchase orders to determine if vendors are delinquent in shipping the items requested or providing the services requested. The Department Head or his/her designee should contact vendors directly concerning any delinquent deliveries.

The Financial Services Department shall contact vendors concerning invoice discrepancies and shall have the authorization to approve or disapprove invoice amounts.

This document replaces all previous versions of this policy in their entirety.

VILLAGE OF PINEHURST STANDARD PROCEDURE	
SUBJECT: Purchasing and Contracting Policy	Effective Date: 11/01/2000
Department: Financial Services	Policy No.: FIN-416.1
Prepared by: Financial Services Director, Dana Van Nostrand	Revised: 06/23/2020 07/01/2025
Approved by: Village Council Resolution #25-16	# of Pages: 20~~16~~

I. PURPOSE:

These purchasing policies and procedures are intended for use as a guide to the Village of Pinehurst's purchasing methods and practices. When used properly and with common sense, the policies and procedures established herein will enable the Village to obtain needed materials, equipment, supplies and services efficiently and economically.

These purchasing policies and procedures were developed under Chapter 143, Article 8 of the North Carolina General Statutes. **When federal funds are being used in whole or in part to pay for the costs of a contract, the procedures contained in the Village's "Purchasing Policy & Procedures with Federal Funds" must be followed.**

~~The understanding and cooperation of all employees is essential if the Village is to obtain the maximum value for each dollar spent. While this policy and procedure does not answer all questions related to purchasing, it does provide the foundation for a sound purchasing system.~~

~~The basic goals of the Village's purchasing program are:~~

~~1. To comply with the legal requirements of competitive bidding that are outlined in Chapter 143, Article 8 of the North Carolina General Statutes.~~

~~2. To comply with the Procurement Standards codified in 2 C.F.R. §200.317 through §200.326 when using federal funds unless otherwise directed in writing by the federal agency or state pass-through agency that awarded the funds. Should the Village of Pinehurst have more stringent requirements, the most restrictive requirement shall apply so long as it is consistent with state and federal law.~~

~~3. To comply with other North Carolina General Statutes regarding~~

~~procurement including laws regarding Historically Underutilized Businesses (HUBs).~~

~~4. To assure vendors that impartial and equal treatment is afforded to all who wish to do business with the Village.~~

~~5. To receive maximum value for each dollar spent by awarding purchase orders to the lowest responsible, responsive bidder, taking into consideration quality, performance, technical support, delivery schedule, past performance and other relevant factors.~~

~~6. To provide Village departments the required goods, equipment, and services at the time and place needed and in the proper quantity and quality.~~

~~7. To professionally administer the search for sources of supplies, the development of new sources, the selection of suppliers, negotiations, commitment, follow-up, and adjustments.~~

~~8. To promote good and effective vendor relations, cultivated by informed and fair buying practices and strict maintenance of ethical standards.~~

~~9. To effect maximum feasible standardization of products used within and among departments in order to minimize stock levels and obtain better prices.~~

~~If the established procedures and guidelines are followed, each department can efficiently manage, control and plan its available resources to meet present and future departmental needs and help the Village to meet these goals.~~

II. SCOPE

This policy applies to the purchase of apparatus, supplies, materials and/or equipment, as well as contracted services, for items costing over $2,000. Purchases of less than $2,000 are subject to the Purchasing Card (P-Card) Program Policy procedure, which are documented in Policy No. FIN-416.2. This policy does not, however, preclude departments from encumbering funds for purchases less than $2,000. Construction contracts are addressed separately in this document.

~~II.~~III. POLICY~~OVERVIEW~~:

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3. To comply with other North Carolina General Statutes regarding procurement including laws regarding Historically Underutilized Businesses (HUBs).

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5. To receive maximum value for each dollar spent by awarding purchase orders to the lowest responsible, responsive bidder, taking into consideration quality, performance, technical support, delivery schedule, past performance and other relevant factors.

6. To provide Village departments the required goods, equipment, and services at the time and place needed and in the proper quantity and quality.

7. To professionally administer the search for sources of supplies, the development of new sources, the selection of suppliers, negotiations, commitment, follow-up, and adjustments.

8. To promote good and effective vendor relations, cultivated by informed and fair buying practices and strict maintenance of ethical standards.

9. To effect maximum feasible standardization of products used within and among departments to minimize stock levels and obtain better prices.

If the established procedures and guidelines are followed, each department can efficiently manage, control and plan its available resources to meet present and future departmental needs and help the Village to meet these goals.

Local Buying

It is the desire of the Village to purchase from vendors located within Moore County whenever possible. This can be accomplished by ~~ei~~nsuring that local vendors who have goods or services available which are needed by the Village are included in the competitive purchasing process. The Village has a responsibility to its residents; however, to ~~ei~~nsure that maximum value is obtained for each public dollar spent. **The Village cannot and will not make purchasing decisions solely ~~on the basis of~~based on vendor residence.** Rather, the Village will endeavor to encourage local vendors and suppliers to compete for all Village business.

Planning

Planning for purchases should be done on both a short-term and long-term basis, thereby minimizing small orders and ~~last minute~~last-minute purchases. Planning will also reduce the number of trips required to obtain materials and minimize clerical and supervisory time spent on documenting purchases.

Buying Proper Quality

Quality and service are as important as price. It is the duty of the requesting department to secure the best, most economical, quality products and services that will meet but not exceed the requirements for which the goods or services are intended. In some ~~instances~~instances, the lowest price does not necessarily mean the lowest cost.

Contractor Relations

Contractors working for the Village of Pinehurst~~,~~ are an extension of the Village. To help the Village achieve its mission and provide its customers with the highest levels of service, it is important for all contractors to reflect the Village's values as they perform contracted services. Purchasers are also required to evaluate contractors at least annually to assess their performance and to address any service deficiencies.

~~III. PURCHASING~~ PROCEDURES:

~~IV.~~

~~V.~~IV. ~~This section outlines the Village's purchasing procedures. These procedures cover the purchase of apparatus, supplies, materials and/or equipment, as well as contracted services, for items costing over $1,000. Purchases of less than $1,000 are subject to the Purchasing Card (P-Card) Program Policy procedure, which are documented in Policy No. FIN-416.2. This policy does not, however, preclude departments from encumbering funds for purchases less than $1,000. Construction contracts are addressed separately in this document.~~

Vendor Setup

A subcontractor form (W-9) must be obtained for vendors who provide contracted or professional services. Please contact Financial Services if you have questions regarding this form.

Contract Control Form

If the purchase involves the Village executing a contract document, or if the purchase includes labor being performed on Village property, a *Contract Control Form* will be required. The *Contract Control Form* helps protect the Village from various contract risks and ensures that contractors have adequate insurance coverage for the work they perform. It also assists the Village with overall contract management.

Essential Communications for Key Suppliers are also required for contracts with key suppliers. Key suppliers are identified on the *SharePoint Contract List* and provide significant and specialized services that play a critical role in Village service delivery. They are contractors who provide professional services (i.e. attorney, engineer, architect, etc.), road construction, and refuse collection.

Request to Purchase

The *Request to Purchase Form*, which must be approved by the department head or his/her designee, initiates the procurement process.

A completed *Request to Purchase Form* with appropriate signatures is required for all purchases requiring a Purchase Order (purchases of $2,000 or more).

The following items are not required to obtain a purchase order prior to their purchase:

- Claim payments
- Insurance premiums
- Petty cash - replenishment of funds
- Refunds
- Tuition fees for educational purposes
- Utilities

~~See Exhibit A for a list of purchases that do not require a purchase order.~~

Completing the Request to Purchase Form

~~The request is a one-part form. Once completed, forward the original form to the Financial Services Department. A copy of the request should be retained by the user department and attached to the copy of the purchase order that will follow.~~

All requests must indicate the account to be charged, a description of the item, the quantity to be purchased, the unit of issue (e.g. lbs., cases, dozen, each, etc.), the unit cost of the item requested, along with either the budgeted amount or a "Not To Exceed" (N.T.E.) amount ~~in the appropriate column~~. Once completed, forward the original form to the Financial Services Department. A copy of the request should be retained by the requesting department and attached to the copy of the purchase order that will follow.

Each section of the request must be completed.~~ ~~ If you are unable to provide required information please state "unknown" in that section. If the form is not completed in its entirety or if the Financial Services staff has questions concerning the request, ~~he/she may return~~ the form may be returned with a request for additional information needed to the department head or ~~his/her~~ designee.

Specific Instructions

All items must be completed on the *Request to Purchase Form* for a purchase order to be generated. Please remember the following items when completing the form:

1. Please number the page(s) if there is more than one page to assure that none are lost during the processing of the request.

2. The promised delivery date must be indicated; **the acronym ASAP is not acceptable.**

3. The contact person with whom you normally deal should be listed.

4. The address of the delivery location must be provided.

5. Include a thorough description of all items requested with product numbers from a catalog, if applicable.

6. Indicate anticipated shipping costs separately from the cost of the product.

7. Do not send the form to the Financial Services Department until all required signatures are obtained.

VENDOR SELECTION

Selection Policy

Vendors should be selected on a competitive basis. Formal bids, informal bids, or telephone/email quotations will be solicited by the individual departments prior to submission of the *Request to Purchase Form*. Bid awards, purchase orders and/or contracts should be issued to the lowest responsible, responsive bidder. When soliciting for services from a previously used contractor, purchasers should review the contractor's most recent performance grade on the *SharePoint Contract List*.

Selection Procedures

For the procurement of supplies, materials and/or equipment and for construction or repair, the Village will observe the following procedures:

1. In accordance with North Carolina General Statute §143-129, invitation for formal

bids will be used for purchases of $90,000 and greater ($500,000 and greater for construction and repairs). This will include advertising in the local newspaper and/or other advertising media as deemed appropriate and receiving sealed bids.

2. Purchases greater than $5,000 but less than $90,000 (less than $500,000 for construction and repairs), are subject to Informal Bidding Procedures. North Carolina General Statute §143-131 requires this for purchases greater than $30,000 but less than $90,000; however, the Village has elected to use a lower threshold of $5,000. Purchases in this range will require three written quotes. All quotes, regardless of degree of formality, are required to be attached to the *Request to Purchase Form* before the Purchase Requisition form is submitted.

3. In accordance with North Carolina General Statute §143-131, purchases of less than $5,000 can be made in the open market with no requirement for a formal invitation for bids or request for quotations. However, **every effort should be ~~given~~made to obtain written competitive quotes for purchases of less than $5,000**. However, verbal quotes will be accepted if documented on the *Vendors Requested to Propose Form*. All quotes, regardless of degree of formality, are required to be attached to the *Request to Purchase Form* before the Purchase Requisition form is submitted.

The department is required to obtain written quotations from any related party that submits a proposal to provide goods or services. A related party includes Village employees, Board members, and Council members and their immediate family members. In these instances, the department is **required** to obtain pricing from at least three vendors. Related-party contracts are discouraged and should be in accordance with the Village's Ethics Policy AD-150.

E-VERIFY

Per Session Law 2013-418, municipalities may not enter into a contract unless the contractor and the contractor's subcontractors comply with Article 2 of Chapter 64 of the General Statutes. Employers and their subcontractors with 25 or more employees in North Carolina as defined in Article 2 of Chapter 64 of the NC General Statutes must comply with E-Verify requirements to contract with the Village. Federal and State agencies and Municipalities are exempt from this requirement.

E-Verify is a Federal program operated by the US Department of Homeland Security and other federal agencies, or any successor or equivalent program used to verify the work authorization of newly hired employees pursuant to federal law.

Any contract or purchase order approved by the Village will include these E-Verify contract requirements.

PURCHASE ORDERS

To be valid, a purchase order issued by the Village must be completed and signed by either the Financial Services Director (the statutory Finance Officer) or the Assistant Financial Services Director (the Deputy Finance Officer). **Purchase orders will not be issued without a properly executed *Request to Purchase Form* *package that complies with this policy*.**

The Purchase Order Process

A purchase order is a contract between the Village and a vendor. The Village will not recognize the issuance of purchase orders by unauthorized Village employees or officials and payment of these obligations will not be approved. Obtaining supplies, materials, equipment or services without a purchase order is an unauthorized purchase (except in emergency situations as outlined later).

Unauthorized purchases are classified as a personal expense and may be paid for by the employee.

In the event that a purchase order is not requested by the department and issued by Financial Services before the date of the invoice, the department head responsible for the unauthorized purchase should complete the *Explanation for Delay of Purchase Order Request Form*. This form will then be signed by the department head, forwarded to their immediate supervisor for approval, and then forwarded to the Village Manager, or his/her designee, for final approval. Once the Village Manager has approved the form, the Village Manager will send the form to Financial Services to authorize the payment of the invoice. Financial Services will not issue payment of the invoice without an approved *Explanation for Delay of Purchase Order Request Form*.

The original purchase order will be distributed to the requesting department ~~and should be mailed~~ to provide to the vendor. It is recommended that departments ~~make a copy of the original~~retain a copy of the purchase order for their records~~ prior to mailing it to the vendor~~. Financial Services will maintain one copy of the purchase order, which is ~~filed sequentially in notebooks~~the Village's official copy for record retention purposes.

After an item is received, the department should indicate the purchase order number on the invoice before ~~forwarding~~forwarding it to the Financial Services Department for payment. This should be done immediately after the item(s) have been received, inspected and accepted by the user department.

Change Orders

In order to change, modify, cancel, or liquidate an existing purchase order, the user department must complete a *Change Order Form* with the department head's or his/her designee's approval. All pertinent information needed to make the changes should be completed. ~~-~~The change order should be forwarded to the Financial Services Department for processing and approval. Financial Services will then distribute the paperwork to the department head or his/her designee. It is the department's responsibility to forward the additional paperwork to the vendor. Change order approval will be based upon the new purchase order total and not on the amount being added to the purchase order. Purchase order changes are appropriate for reasonable increases in quantity or project scope. If the change is significant, the Financial Services Director may request the purchase be re-quoted as a new purchase. ~~Also, change orders should not be processed for changes under 10% of the original purchase order.~~

Change orders will **not** be allowed:

1. That would alter the procurement procedures that were used in the original process. (i.e., from informal to formal).
2. After the scope of services have been rendered or materials have been received.
3. That would increase a blanket purchase order.

Change orders are not needed when the dollar amount of the change for a line item will not be exceeded by 10% of the original amount.

SPECIAL PROCUREMENT PROCEDURES

<u>Blanket Purchase Orders</u>

The Financial Services Department will issue blanket purchase orders to selected vendors for the procurement of large volume items and recurring service contracts, such as cleaning and pest control services.

Requests for blanket purchase orders must, in addition to the required information, indicate the following: items covered by the blanket purchase order and a Not to Exceed (NTE) amount in the appropriate column. The issued purchase order will instruct the vendor that unauthorized purchases will not be allowed. It is the responsibility of the individual authorized to purchase under a blanket purchase order to ensure that an unspent balance remains to cover the purchase to be made. **Any purchase that exceeds the funds available under a blanket purchase order or made by personnel not authorized will be classified as an unauthorized purchase, or personal expense, and may be charged to the employee.**

An authorized Village employee must sign the vendor's delivery ticket and the purchase order number should be indicated on the receiving documents when a purchase is received. Delivery tickets may be discarded after being reconciled with the invoice.

<u>Service Contracts</u>

Recurring service contracts such as monthly or quarterly cleaning, pest control, maintenance, etc. can be encumbered at the beginning of the fiscal year for which a valid contract exists. A request for a blanket purchase order should be made in the total estimated amount to be expended on the service contract in the fiscal year. An executed contract should be attached to the *Request to Purchase Form* before a blanket purchase order will be issued for service contracts.

Purchasing Card Program

To procure small-dollar items, select Village employees will be issued a VISA-brand procurement card. Small-dollar purchases are individual expenditures of $2~~1~~,000 or less. Some cardholders could be authorized to make purchases for greater or lesser amounts. The policies and procedures for the Village purchasing card program are documented in the Purchasing Card (P-Card) Program Policy No. FIN-416.2.

Emergency Purchases

In cases of emergencies, the department head or his/her designee may purchase directly from any vendor supplies or services whose immediate procurement is essential to prevent delays in work that may affect the life, health, or safety of Village of Pinehurst employees or citizens.

The user department shall exercise good judgment and use established vendors when making emergency purchases. Always obtain the best possible price and limit purchases to those items that are directly emergency related. Not anticipating needs does not constitute an emergency situation. First, the department should determine if a true emergency does exist. Second, the department should anticipate needs and avoid emergency situations whenever possible.

During working hours, the following procedure should be used for emergency purchases:

> Contact the Financial Services Department and supply all pertinent information to obtain a purchase order. The information needed will include the vendor name, item(s) to be purchased with quantities, expenditure account to which the item(s) should be charged and the reason for the emergency purchase. After verifying available funds, a purchase order number will be issued for the expenditure and the purchase order will be distributed accordingly. If the purchase will over-encumber the account balance, a budget amendment will need to be completed as soon as possible.

After working hours, the following procedure should be used for emergency purchases:

> The invoice received should be coded with the account(s) to be charged and signed by the individual receiving the goods or services. The department head should complete the *Explanation for Delay of Purchase Order Request Form*. This form will then be signed by the department head, forwarded to their immediate supervisor for approval and then forwarded to the Village Manager, or his/her designee, for final approval. Once the Village Manager has approved the form, the Village Manager will send the form to Financial Services to authorize the payment of the invoice. Financial Services will not issue payment of the

invoice without an approved *Explanation for Delay of Purchase Order Request Form*.

Emergency purchases, although sometimes necessary, are costly both in time and money. The use of emergency procedures should be limited and will be monitored by the Financial Services Department for abuse.

Call-In Request for Purchase Orders

Call-in requests for purchase orders will be used for emergency situations only. However, scanning and emailing requests with the appropriate backup for rapid processing~~expedition~~ is acceptable.

Purchase Order Cut-Off Date

Purchase requests for materials, supplies, services and equipment (not included in blanket purchase orders or service contracts) for the ending current fiscal year must be submitted to the Financial Services Department no later than June 1. Purchase requests of a routine nature that could have been scheduled prior to June 1, and are not critical, will be returned to the department for processing~~disposition~~ in the new fiscal year. This procedure is necessary to allow for the delivery and receipt of the goods by the end of the fiscal year.

Sole Source of Supply

In the event there is only one vendor capable of providing a particular good or service, the competitive pricing procedures outlined in this manual may be waived by the approval of the Village Council. Whenever a department head or his/her designee elects to purchase goods or services from a "sole source", he/she shall document on the request why only one company or individual is capable of providing the goods or services required. The provisions of G.S. §143-129(e)(6), which requires Council to allow for this sole source exception, will be applied.

State of North Carolina Purchase Contract

Departments may utilize the State of North Carolina Department of Administration Purchase and Contract Division whenever possible for procurement of capital and non-capital items. This system expedites the purchase of goods, offers pricing compatible with quotes received from formal and informal bids, and satisfies North Carolina General Statutes. Examples of goods on state contract are: law enforcement vehicles, office furniture, copiers, janitorial supplies, copier paper, and light bulbs. Contact the Financial Services Department with questions about which goods are on State Contract.

Cooperative or Group Purchasing Programs

Under North Carolina General Statute 143-129(e)(3) departments may make purchases from suppliers who are selected through a group purchasing program that is a “formally organized program that offers competitively obtained purchasing services at discount prices to two or more public agencies”. Items selected for purchase from these contracts are not subject to informal or formal bidding requirements. Financial Services maintains membership in several such programs. Current information regarding these programs can be found on the Financial Services Self-Service page on the intranet.

Professional Services

Normal competitive procedures cannot be utilized in securing professional services such as attorneys, engineers, planners, and other professional people who, in keeping with the standards of their discipline, will not enter into a competitive bidding process. When an agreement between a professional service company and the Village is established, a purchase order with a NTE amount shall be issued to satisfy accounting and statutory requirements. A copy of the contract should be provided to support the purchase order. Architectural, engineering, and surveying contracts will also be subject to a qualification based selection (QBS) process per NCGS 143-64.31.

Purchasing Calendar: Capital and Non-Capital Equipment

In order to secure financing and maintain the fixed asset records for the fiscal year, the departments should try to complete all capital purchases no later than February 15 with delivery scheduled no later than May 15, ~~if at all possible~~if possible.

COMPETITIVE BIDS

Formal Bids – Apparatus, Supplies, Materials, & Equipment ($90,000 and Greater)

In order to purchase supplies, apparatus, materials or equipment with an expenditure of $90,000 or more, the department head or his/her designee, in conjunction with the Financial Services Director, shall develop and prepare specifications for bidding. The department head shall be responsible for ensuring that all North Carolina General Statutes are satisfied, including, but not limited to, newspaper advertisement and receipt of sealed bids. These requirements are outlined in NCGS §143-129.

After receipt of all bids, the department head or his/her designee, shall review the bid responses to determine the bid deemed in the best interest of the Village. The department head or his/her designee shall make a formal recommendation of award, with supporting documentation to the Financial Services Director, Village Manager, and the Village Council.

Upon Village Council approval of the recommendation, the responsible department head shall initiate the purchase order process and upon receipt of the issued purchase order, the department head may place the order with the successful bidder(s).

Informal Bids – Supplies and Materials ($5,000 - $90,000)

The department head shall utilize the informal bidding process for purchases greater than $5,000 and up to $90,000, in accordance with NCGS §143-131. The informal bidding process requires that competitive pricing be obtained in writing from the bidders. Requests for quotes are sent to several sources that can supply the product(s) desired. Upon receiving the quotes and selecting the vendor, the department head shall forward a *Request to Purchase Form* to the Financial Services Department who will generate a purchase order. Copies of the written quotations submitted by vendors should accompany the *Request to Purchase Form* along with the basis for selecting the vendor chosen.

Purchases of Supplies and Materials (Less than $5,000)

Every effort should be made to obtain three (3) written quotes when expending public funds of less than $5,000. Once the department head determines the quote that is in the best interest of the Village, he/she or his/her designee should complete a *Request to Purchase Form* and forward it to the Financial Services Department, along with copies of the written quotes received. Quotes should be summarized on the *Vendors Requested to Quote Form*. This form can be especially useful for documenting verbal quotes. If other documentation is supplied, the department should provide all of the information with their submission to Financial Services. ~~The Finance Technician~~Financial Services will then generate a purchase order for purchases of $2,000 or more.

CONSTRUCTION AND REPAIR WORK

Formal Construction or Repair Contracts ($500,000 and greater)

Construction contracts within this range shall be the responsibility of the department head, engineer, and other Village officials as deemed necessary. These officials are responsible for specification development. G.S. §143-128 details the five alternative bidding methods for building construction and repair contracts. G.S. §143-128.2 defines historically underutilized business (HUB) participation goals and requirements. Per Ordinance #93-7, it is the Village's policy to have a verifiable goal of five (5%) percent for participation by historically underutilized businesses in building construction contracts awarded pursuant to G.S. §143-128.

After the formal bidding process has been completed, the department head or his/her designee shall recommend to the Village Council the lowest responsible, responsive bidder deemed in the best interest of the Village. Upon award by the Village Council and execution of the contract, the department head shall initiate a *Request to Purchase Form* so that a purchase order can be generated to encumber the expenditure account.

Informal Construction or Repair Contracts (Less than $500,000)

Construction, renovation or repair work of less than $500,000 shall be the responsibility of the department head, the contracted engineer and other Village officials as deemed necessary. The bid award will be made to the lowest responsible, responsive bidder, upon recommendation by the department head. Under G.S. 143-131(b) for construction or repair projects departments are required to document their good faith effort to solicit historically underutilized businesses. Upon approval by the Village Manager and execution of the contract, the department head or his/her designee shall initiate a *Request to Purchase Form* so that a purchase order can be generated to encumber the expenditure accounts. The department is also responsible for contacting the successful bidder(s).

HISTORICALLY UNDERUTILIZED BUSINESSES

For building construction (vertical construction with walls and roof) projects above $300,000, the Village must follow prescribed requirements in the Village's Minority Business Outreach Plan (MBOP). The formal bidding limit for construction is $500,000, but for HUB reporting, the limit is $300,000. For projects in this range, departments should contact the Financial Services Director for assistance in following those guidelines.

For building construction, maintenance, or repair projects in the $30,000 ~~-~~ – $300,000 informal range, departments must make the following "good faith" efforts:~~.~~

1. Solicit HUB participation in contracts,
2. Document efforts to recruit HUB participation,
3. Maintain records of HUB contractors solicited, and
4. Report all data on HUB participation efforts to the N.C. HUB Office.

Good faith efforts should be recorded on a HUB Informal Reporting Form and submitted to the Financial Services Director. This form will be the basis for a report to the NC HUB Office.

Departments can use the HUB Vendor Search on the Office for Historically Underutilized Business' webpage for assistance in soliciting HUB bids.~~The Finance Department maintains a list of minority owned (HUB) businesses in Moore County in the intranet that may be of assistance to departments in soliciting HUB bids.~~

VERIFICATION OF BIDS RECEIVED

When a *Request to Purchase Form* is submitted for the purchase of supplies, materials, or equipment, the Financial Services Department will periodically verify bid information provided by vendors directly with the vendors. All bids received should accompany the *Request to Purchase Form*, regardless of the bid selected. In addition, a listing of the vendors who were asked to propose on the goods/services should be provided on the *Vendors Requested to Propose Form*.

SPECIFICATIONS

When goods or services are procured under the formal or informal bidding process, specifications must be prepared. All specifications~~,~~ should do at least four things:

1. Identify minimum requirements,
2. Encourage competitive bids,
3. Be capable of objective review, and
4. Provide for an equitable award at the lowest possible cost.

Specifications shall be as simple as possible while maintaining the degree of exactness required to prevent bidders from avoiding supplying the goods or services required or otherwise taking advantage of their competitors.

All specifications utilizing a name brand must include the term "or approved equal" to avoid being restrictive and eliminating fair competition from the bidding process.

Different methods of structuring specifications include:

1. Qualified products on acceptable vendor list,
2. Specification by blueprint or dimension sheet,
3. Specification by chemical analysis or physical properties,

4. Specification by performance, purpose or use,
5. Specification by identification with industry standards, or
6. Specification by samples.

DELIVERY AND PERFORMANCE

A completed and accepted purchase order by the parties concerned must produce the intended results or objectives before it can be considered a successful or completed purchase. The terms and conditions must clearly define the delivery and performance requirements of the services, supplies or equipment.

The importance of the delivery schedule should be emphasized to the vendor. Delivery requirements should be clearly written and fully understood by all vendors. If several items are required by the purchase order, there may be a different delivery schedule for each item. It is important to clearly indicate the delivery location on the *Request to Purchase Form*.

Partial Deliveries

Some purchase orders may list several items. It is possible the vendor may complete timely delivery on some ~~items, which~~items which are referred to as "partial deliveries". Upon receipt of a partial delivery, the department should attach a copy of the signed delivery receipt, indicate “Partial Delivery” and forward to the Financial Services Department.

Non-performance

If a vendor fails to meet any requirements(s) of the specifications or terms and conditions of the contract or purchase order, the vendor can be cited for non-performance. The seriousness of non-performance will be evaluated based upon the circumstances of each violation.

INSPECTION AND TESTING

Life and safety as well as successful operation of expensive equipment and supplies may depend upon how well a purchased item meets the design and performance specifications.

Goods and materials should be checked at the time of receipt for damage or defects. The inspection shall include assuring goods comply with the specifications. If damage is found or the goods fail to comply with the specifications, the item(s) shall be rejected as outlined below.

Rejection

In order to protect the Village’s rights in the event of rejection, for whatever reason, the vendor shall be informed as soon as possible. Reasons for the rejection must be documented in memo form and forwarded to the Financial Services Department in a timely manner. It is the department head’s or his/her designee’s responsibility to notify Financial Services and the vendor of the reason for the rejection within three (3) business days if another employee received and signed for the goods.

Damaged Goods

One of the major reasons for immediately inspecting the goods or materials upon receipt is to detect any visible damage. When it is apparent that the extent of the damage causes the goods to be worthless, they will not be accepted. It is necessary that all damage including evidence of concealed damage shall be documented by memo and forwarded to the Financial Services Department. The department head or his/her designee is responsible for informing the vendor and Financial Services of the damaged goods within three (3) business days if another employee received and signed for the goods.

Latent Defects

Latent defects may be the result of damage in transit or failure of the manufacturer to conform to specifications. Consequently, it is often difficult to fix responsibility for the defective material. If specific liability for the defect cannot be determined between the carrier, the vendor, or the manufacturer, the Village may file a claim against all parties. A memo explaining the defects must be forwarded to the Financial Services Department to ensure all parties involved are properly informed. The department head or his/her designee is responsible for informing the vendor and Financial Services of the damaged goods within three (3) business days if another employee received and signed for the goods.

VENDOR RELATIONS

Good vendor relations are valuable business assets established through mutual confidence and satisfactory business relationships between buyer and seller. An important contribution toward promoting and preserving these relations is a clear understanding between the contractor and the Village of the expectations under the contract. Purchasers are required to grade all contractors at least annually on the Village's *SharePoint Contract List* to assist the Village in awarding future contracts. They are also encouraged to routinely provide feedback to contractors on their performance under the contract.

Purchasers are required to grade each contractor on the *SharePoint Contract List* with a letter grade of A, B, C, or F at the conclusion of the contract period. This aggregate grade should be based on the fairness of pricing, and the quality and timeliness of the services delivered. The purchaser is required to provide a brief comment with the letter grade explaining the reason for the grade assigned. Each letter grade has an explanation to assist the purchaser in selecting the appropriate grade.

For contracts with key suppliers, purchasers are required to use the *Essential Communications for Key Suppliers* document to communicate: 1) The Village's mission, vision, and values, 2) Required ethical standards, and 3) Methods of contract performance evaluation, including a required performance evaluation meeting. Key suppliers are required to provide a written acknowledgment they have received the *Essential Communications for Key Suppliers.*

OTHER

No employee or official should derive a direct personal benefit from any contract or purchase. Also, employees should not accept gifts or favors from vendors per G. S. 133-32 and the Village's Ethics Policy AD-150.

Departments do not have the authorization to commit in writing, or verbally, future Village business to vendors.

AFTER THE ORDER

The procurement function is not accomplished by simply placing an order with a supplier. Satisfactory delivery must also be made. To ~~insure~~ensure delivery will be made when required, follow-up is necessary.

Follow-up or expediting delivery of an order is part of the purchasing process and can be more efficiently handled by the purchasing party.

The ~~Financial Services Department~~Department Head shall on a regular basis review outstanding purchase orders to determine if vendors are delinquent in shipping the items requested or providing the services requested. The Department H~~h~~ead or his/her designee should contact vendors directly concerning any delinquent deliveries.

The Financial Services Department shall contact vendors concerning invoice discrepancies and shall have the authorization to approve or disapprove invoice amounts.

~~**EXHIBIT A**~~

~~**EXAMPLES OF PURCHASES NOT REQUIRING A COMPLETED REQUEST TO PURCHASE FORM**~~

~~**The following items are not required to obtain a purchase order prior to their purchase:**~~

~~Claim payments~~
~~Insurance premiums~~
~~Petty cash - replenishment of funds~~
~~Refunds~~
~~Tuition fees for educational purposes~~
~~Utilities~~

This document replaces all previous versions of this policy in their entirety.

	VILLAGE OF PINEHURST **STANDARD PROCEDURE**

SUBJECT: **Capital Assets Policy**	Effective Date: 10/10/2004
Department: Financial Services	Policy No.: FIN-503.1
Prepared by: Financial Services Director, Dana Van Nostrand	Revised: 02/28/2017 06/28/2022 06/13/2023 07/01/2025
Approved by: Village Council Resolution #25-16	# of Pages: 7

I. PURPOSE:

To establish and maintain complete and accurate capital asset records.

II. POLICY:

The Village of Pinehurst adheres to the rules and regulations established by the Governmental Accounting Standards Board (GASB) and North Carolina general statutes for the recording and accounting of capital assets. Local governments are required by G.S. 159-26(b)(8) to maintain "a ledger or group of accounts in which to record the details relating to the general capital assets of the unit."

Capital asset records are required under Generally Accepted Accounting Principles (GAAP) and are necessary for the local government's auditor to render an unqualified audit opinion on its financial statements. Also, capital asset information is required for an Annual Comprehensive Financial Report to qualify for the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting.

The Village's policy is to capitalize assets with an estimated useful life of more than one year and a total cost of $5,000 or more for tangible assets and $50,000 or more for intangible assets. The Village depreciates eligible assets using the straight-line method over the estimated useful life of the asset, except for intangible right-to-use lease and subscription assets which are amortized over the lease or subscription term as defined by the applicable GASB standard.

To ensure the consistent recording of annual depreciation amounts for similar assets, the standards for estimating the useful lives of capital assets recorded on the Village's books are outlined in the table contained within this document.

III. PROCEDURE:

Capital assets are assets that are tangible in nature and have a useful life longer than one year. They are classified as land, land improvements, infrastructure, buildings, furniture & fixtures, equipment, vehicles, and construction in progress. Capital assets can be both movable and immovable. Capital assets also include assets that are intangible in nature, such as software and right-to-use lease and subscription assets. The Village capitalizes assets other than land that have a per unit cost of **$5,000** or more for tangible assets and $50,000 or more for intangible assets. Land will always be capitalized, regardless of the acquisition cost. Items of insignificant value, while they may meet the above criteria, are normally expensed instead of being considered capital assets.

A capital asset is considered a capitalized purchase subject to depreciation if it meets the following conditions:

- The item meets the dollar and life criteria and is designed to stand alone in its normal function, or
- The item enhances, upgrades, expands, or increases the life of an existing capitalized item. A major repair would qualify to be capitalized if it <u>does</u> extend the life, **and** enhances the value of a capital asset, or
- Multiple identical or related items are purchased for the same purpose at or near the same time which meet the life criteria that individually are less than the capitalization threshold but whose cost is significant in the aggregate. Examples are bulk purchases of computers, office furniture, and library books. These items should be considered for capitalization if the aggregate cost is $100,000 or more. The Financial Services Director will determine whether the aggregate cost is significant and the items should be capitalized as a bulk purchase.

Items that are <u>not</u> capitalized are those that function alone but do not meet the dollar and life criteria. These items must be charged as expenses in the year of acquisition. The following conditions provide further definition of items that are <u>not</u> capitalized.

- Individually purchased component items costing less than $5,000.
- A replacement item that replaces part of a system but does not significantly enhance the life of the system. If an item is purchased as replacement for a system component or repair part, it is not a capital expenditure, regardless of the cost. Examples are a replacement dump body for a truck or a replacement part for routine maintenance of an existing HVAC system.

Capital assets containing separate physical parts (i.e. CPU, monitor and keyboard or a tractor and front-end loader attachment) that can function independently or that can be interchanged and used with other assets are not considered one asset having one or more component parts. Each separate physical part is considered to be a separate asset and is individually evaluated to determine if capitalization criteria are met.

CONTROL:

Capital Assets are added to the Financial Services Departments asset inventory list by the Financial Services Department. Upon payment of the invoice, the Finance Technician will add the Capital Asset to the inventory list.

It is the responsibility of each Department Head to accurately maintain an Asset Inventory list for their respective departments and to maintain secure control of their assets. Individual departments are also responsible for maintaining non-capitalized assets under their control. The Financial Services Department is responsible for maintaining the computerized reports of capital assets owned by the Village.

The Financial Services Department will maintain a comprehensive Asset Inventory List for each Department. At least annually, a copy of the asset inventory will be given to the Department Heads for their review. Each Department Head will check their inventory of capital assets to verify the accuracy of the list provided by the Financial Services Department and report any discrepancies to the Financial Services Department.

Throughout the year, Department Heads should notify the appropriate department when a capitalized asset is no longer of use to the department by completing the Capital Asset Inventory Control Form. The Personal Property Disposition Policy (Policy No.: FIN-504.1) will be followed to dispose, transfer or donate any capitalized asset that is declared surplus. Those assets meeting the capital asset criteria and included on the Department's Asset Inventory List or those assets included on the Department's non-depreciable inventory list need to be reported.

Department Heads are responsible for conducting a full physical inventory of all capital assets at the end of each fiscal year and reconciling the physical inventory to the Asset Inventory List. The Financial Services Department will conduct a bi-annual physical inventory of all current capital assets, identifying assets in use, and noting any assets that have been scrapped, sold, or transferred to other departments. This bi-annual physical inventory is typically performed the last week in May.

Intangible assets, such as software and right-to-use lease and subscription assets, will be monitored by the Financial Services Department annually to ensure they are still in use by the Village since they cannot be physically inventoried.

CLASSIFICATIONS AND COST BASIS:

All capital assets meeting the criteria described herein that are owned by the Village of Pinehurst are recorded in the accounting records. Accounting classifications of capital assets and the criteria used to determine the cost basis of the Village's capital assets are as follows:

Land – A capital asset account that reflects the acquisition value of land and the rights to land owned by the Village of Pinehurst. It includes all land held in fee simple and all rights to land that have no termination date.

If the land is purchased, the valuation includes such costs as purchase price, legal fees, filling and excavation, and other costs directly related to the acquisition of the land and its preparation for use. If land is acquired by a gift, the valuation recorded should be the acquisition value at the time of receipt. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date, or the amount at which a liability could be liquidated with the counterparty at the acquisition date. Proceeds from the salvaging of any assets removed from the land reduce the land's cost (i.e. funds received from the sale of the components of an existing building on the land).

Right-of-Ways – A capital asset account that reflects the strip of land acquired for use as a public street. Street construction assets are recorded as infrastructure.

If the right-of-way is purchased, the valuation includes such costs as purchase price and legal fees. If a right-of-way is acquired through a gift, the valuation is recorded at the acquisition value at the time of receipt.

Land Improvements - A capital asset account that reflects the acquisition value of depreciable improvements (other than buildings) that add value to the land or improve the use of the land. Examples of such improvements are: fences, retaining walls, parking lots, athletic fields and surfaces, etc.

Note that when used with capital assets, the terms improvement and betterment have different meanings. Improvements are capital assets attached to land. Betterments are additions to or changes in existing depreciable assets intended to increase their efficiency or prolong their useful lives.

If purchased or constructed, the valuation includes such costs as the purchase price, acquisition legal fees, and other professional fees (related to design or construction). If acquired by gift, the valuation recorded should be the acquisition value at the time of receipt.

Infrastructure – A capital asset account that reflects the acquisition value of assets that are part of network of long-lived assets used to provide a particular type of public service.. Examples of such assets or networks are: drainage systems, sidewalks, walkways, trails, roads, bridges, curbs and gutters, power, sewer, water, communication networks, etc.

If purchased or constructed, the valuation includes such costs as the purchase price, acquisition legal fees, and other professional fees (related to design or construction). If acquired by gift, the valuation recorded should be the acquisition value at the time of receipt.

Buildings & Improvements – A capital asset account that reflects the acquisition value of permanent structures owned by the Village of Pinehurst used to house persons and property. Permanently installed fixtures to or within these structures are considered parts of the structure. The costs of major improvements to structures are included in this account.

If purchased or constructed, the valuation includes such costs as the purchase price, acquisition legal fees, and other professional fees (related to design or construction). If acquired by gift, the valuation recorded should be the acquisition value at the time of receipt.

Furniture & Equipment – A capital asset account that reflects the value of tangible property not permanently affixed to real property, used in carrying out the operations of the Village of Pinehurst.

The basis of valuation of purchased furniture & equipment includes the net contract price, transportation charges, and the cost of installing special devices or other preparations required to ready the asset for its intended use. The basis of valuation of donated furniture & fixtures is the acquisition value at the date acquired.

Vehicles – A capital asset account that reflects the value of motor vehicles owned by the Village of Pinehurst.

The basis of valuation of purchased vehicles includes the net contract price; taxes, tags and titles; transportation charges; and the cost of installing special devices or other preparations required to ready the asset for its intended use. The basis of valuation of donated vehicles is the acquisition value at the date received.

Construction in Progress – A capital asset account used when a government reports amounts expended on an uncompleted building or other capital construction project. When the project is complete, the cumulative costs are transferred to another appropriate capital asset account. These subclasses such as buildings, improvements, and equipment might be used.

If purchased or constructed, the valuation includes such costs as the purchase price, acquisition legal fees, and other professional fees (related to design or construction). If acquired by gift, the valuation recorded should be the acquisition value at the time of receipt.

Software – A capital asset account that reflects the value of software owned or internally developed by the Village. This includes commercially available software that is purchased and modified using more than incremental effort before being put into operation. Software does not include subscriptions for the licensed use of third-party software.

The valuation of software consists of application development costs, such as software configuration, design of interfaces, coding, installation to hardware, testing, and data conversion (to the extent it is necessary to make the software operational). The application development costs can include Village personnel time and effort and costs for a third-party contractor to perform application development on the Village's behalf (i.e. an implementation consultant).

Intangible Right-to-Use Lease Assets – A capital asset account that reflects the value of the Village's right to use an asset that is leased from another entity as required by GASB Statement No. 87, *Leases*.

The valuation of right-to-use lease assets is the initial measurement of the lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the asset into service.

Intangible Right-to-Use Subscription Assets – A capital asset account that reflects the value of the Village's right to use a software that is licensed from another entity as required by GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*.

The valuation of right-to-use subscription assets is the initial measurement of the lease liability plus any subscription payments made prior to the lease term and capitalizable implementation costs, less incentives.

ESTIMATED USEFUL LIFE:

Most capital assets incur physical deterioration through usage and the passage of time. Although care and maintenance may succeed in extending the physical life of an asset, typically it will, eventually, reach a condition where the benefits have been exhausted.

Based on the historical use and replacement of the Village's capitalized assets, the following ranges will be used as guidelines in setting the estimated useful lives for asset reporting under GASB 34:

ASSET CLASS	**ESTIMATED USEFUL LIFE**
Right-of-Ways	40 Years
Land Improvements & Infrastructure	20 – 40 Years
Buildings & Improvements	20 Years
Furniture & Equipment	3 – 10 Years
Vehicles	4 – 20 Years
Software	5 – 10 Years

The service potential of Land and CIP do not diminish with time or use and are not depreciated. Intangible right-to-use lease and subscription assets are amortized based on the lease or subscription term as defined by the applicable GASB standard. Therefore, establishing an estimated useful life for these asset classes is not necessary.

The Financial Services Department will review the estimated useful lives of capital assets once established and, if necessary, make changes to the standard estimated useful life to reflect changes in the condition of the asset or its use.

DEPRECIATION:

The Village obtains benefit from a capital asset over several years. By accepting that the life of a capital asset is limited, the Village accounts need to recognize the benefits of the capital asset as it is "consumed" over several years. This consumption of a capital asset is referred to as depreciation.

Depreciation is defined as "the wearing out, using up, or other reduction in the useful economic life of a tangible fixed asset whether arising from use, passage of time or obsolescence through either changes in technology or demand for goods and services produced by the asset."

Depreciation accounting is the systematic and rational allocation of the recorded cost of depreciable capitalized assets over their estimated useful lives. The Village will depreciate eligible assets using the straight-line method over the estimated useful life of the asset. The first year of depreciation will be calculated for six months only, regardless of when the asset was added during the year, or utilizing the half-year convention.

ARTWORK AND HISTORICAL TREASURES:

Collections of Art, Historical Treasures, or Other Similar Assets – The Village houses certain collections of works of art, literary works, and historical artifacts, including the Tufts Archives collection. These collections are protected and preserved for public exhibition, education, research, and the furtherance of public service. They are neither disposed of for financial gain nor encumbered in any manner; however, an inventory is maintained. Accordingly, these collections are not recorded or capitalized for financial statement purposes. In the event an item of the collection is sold, the proceeds must be used to acquire other collection items.

This document replaces all previous versions of this policy in their entirety.

	VILLAGE OF PINEHURST **STANDARD PROCEDURE**

SUBJECT: **Capital Assets Policy**	Effective Date: 10/10/2004
Department: Financial Services	Policy No.: FIN-503.1
Prepared by: Financial Services Director, Dana Van Nostrand	Revised: 02/28/2017 06/28/2022 06/13/2023 07/01/2025~~Policy No.: FIN-503.1~~
	~~Revised: 02/28/2017 06/28/2022 6/13/2023~~
Approved by: Village Council Resolution #25-16~~23-19~~	# of Pages: 8~~7~~

I. ~~PROCEDURE~~ PURPOSE:

To establish and maintain complete and accurate capital asset records.

II. POLICY:

The Village of Pinehurst adheres to the rules and regulations established by the Governmental Accounting Standards Board (GASB) and North Carolina general statutes for the recording and accounting of capital assets. Local governments are required by G.S. 159-26(b)(8) to maintain "a ledger or group of accounts in which to record the details relating to the general capital assets of the unit."

Capital asset records are required under Generally Accepted Accounting Principles (GAAP) and are necessary for the local government's auditor to render an unqualified audit opinion on its financial statements. Also, capital asset information is required for an Annual Comprehensive Financial Report to qualify for the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting.

The Village's policy is to capitalize assets with an estimated useful life of more than one year and a total cost of $5,000 or more for tangible assets and $50,000 or more for intangible assets. The Village depreciates eligible assets using the straight-line method over the estimated useful life of the asset, except for intangible right-to-use lease and subscription assets which are amortized over the lease or subscription term as defined by the applicable GASB standard.

To ensure the consistent recording of annual depreciation amounts for similar assets, the standards for estimating the useful lives of capital assets recorded on the Village's books are outlined in the table contained within this document.

III. PROCEDURE~~OVERVIEW~~:

Capital assets are assets that are tangible in nature and have a useful life longer than one year. They are classified as land, land improvements, infrastructure, buildings, furniture & fixtures, equipment, vehicles, and construction in progress. Capital assets can be both movable and immovable. Capital assets also include assets that are intangible in nature, such as software and right-to-use lease and subscription assets. The Village capitalizes assets other than land that have a per unit cost of **$5,000** or more for tangible assets and $50,000 or more for intangible assets. Land will always be capitalized, regardless of the acquisition cost. Items of insignificant value, while they may meet the above criteria, are normally expensed instead of being considered capital assets.

A capital asset is considered a capitalized purchase subject to depreciation if it meets the following conditions:

- The item meets the dollar and life criteria and is designed to stand alone in its normal function, or
- The item enhances, upgrades, expands, or increases the life of an existing capitalized item. A major repair would qualify to be capitalized if it does extend the life, **and** enhances the value of a capital asset, or
- Multiple identical or related items are purchased for the same purpose at or near the same time which meet the life criteria that individually are less than the capitalization threshold but whose cost is significant in the aggregate. Examples are bulk purchases of computers, office furniture, and library books. These items should be considered for capitalization if the aggregate cost is $100,000 or more. The Financial Services Director will determine whether the aggregate cost is significant and the items should be capitalized as a bulk purchase.

Items that are not capitalized are those that function alone but do not meet the dollar and life criteria. These items must be charged as expenses~~ditures~~ in the year of acquisition. The following conditions provide further definition of items that are not capitalized.

- Individually purchased component items costing less than $5,000.

- A replacement item that replaces part of a system but does not significantly enhance the life of the system. If an item is purchased as replacement for a system component or repair part, it is not a capital expenditure, regardless of the cost. Examples are a replacement dump body for a truck or a replacement part for routine maintenance of an existing HVAC system.

Capital assets containing separate physical parts (i.e. CPU, monitor and keyboard or a tractor and ~~front end~~front-end loader attachment) that can function independently or that can be interchanged and used with other assets are not considered one asset having one or more component parts. Each separate physical part is considered to be a separate asset and is individually evaluated to determine if capitalization criteria are met.

CONTROL:

Capital Assets are added to the Financial Services Departments asset inventory list by the Financial Services Department. Upon payment of the invoice, the Finance Technician will add the Capital Asset to the inventory list.

It is the responsibility of each Department Head to accurately maintain an Asset Inventory list for their respective departments and to maintain secure control of their assets. Individual departments are also responsible for maintaining non-capitalized assets under their control. The Financial Services Department is responsible for maintaining the computerized reports of capital assets owned by the Village.

The Financial Services Department will maintain a comprehensive Asset Inventory List for each Department. At least a~~Semi-a~~nnually, a copy of the asset inventory will be given to the Department Heads for their review. Each Department Head will check their inventory of capital assets ~~semi-annually~~ to verify the accuracy of the list provided by the Financial Services Department and report any discrepancies to the ~~Finance Technician~~Financial Services Department.

Throughout the year, Department Heads should notify the appropriate department when a capitalized asset is no longer of use to the department by completing the Capital Asset Inventory Control Form. The Personal Property Disposition Policy (Policy No.: FIN-504.1) will be followed to dispose, transfer or donate any capitalized asset that is declared surplus. Those assets meeting the capital asset criteria and included on the Department's Asset Inventory List or those assets included on the Department's non-depreciable inventory list need to be reported.

Department Heads~~Directors~~ are responsible for conducting a full physical inventory of all capital assets at the end of each fiscal year and reconciling the physical inventory to the Asset Inventory List. The Financial Services D~~d~~epartment will conduct a bi-annual physical inventory of all current capital assets, identifying assets in use, and noting any assets that have been scrapped, sold, or transferred to other departments. This bi-annual physical inventory is typically performed the last week in May.

Intangible assets, such as software and right-to-use lease and subscription assets, will be monitored by the Financial Services Department annually to ensure they are still in use by the Village since they cannot be physically inventoried.

CLASSIFICATIONS AND COST BASIS:

All capital assets meeting the criteria described herein that are owned by the Village of Pinehurst are recorded in the accounting records. Accounting classifications of capital assets and the criteria used to determine the cost basis of the Village's capital assets are as follows:

Land – A capital asset account that reflects the acquisition value of land and the rights to land owned by the Village of Pinehurst. It includes all land held in fee simple and all rights to land that have no termination date.

If the land is purchased, the valuation includes such costs as purchase price, legal fees, filling and excavation, and other costs directly related to the acquisition of the land and its preparation for use. If land is acquired by a gift, the valuation recorded should be the acquisition value at the time of receipt. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date, or the amount at which a liability could be liquidated with the counterparty at the acquisition date. Proceeds from the salvaging of any assets removed from the land reduce the land's cost (i.e. funds received from the sale of the components of an existing building on the land).

Right-of-Ways – A capital asset account that reflects the strip of land acquired for use as a public street. Street construction assets are recorded as infrastructure.

If the right-of-way is purchased, the valuation includes such costs as purchase price and legal fees. If a right-of-way is acquired through a gift, the valuation is recorded at the acquisition value at the time of receipt.

Land Improvements - A capital asset account that reflects the acquisition value of depreciable improvements (other than buildings) that add value to the land or improve the use of the land. Examples of such improvements are: fences, retaining walls, parking lots, athletic fields and surfaces, etc.

Note that when used with capital assets, the terms improvement and betterment have different meanings. Improvements are capital assets attached to land. Betterments are additions to or changes in existing depreciable assets intended to increase their efficiency or prolong their useful lives.

If purchased or constructed, the valuation includes such costs as the purchase price, acquisition legal fees, and other professional fees (related to design or construction). If acquired by gift, the valuation recorded should be the acquisition value at the time of receipt.

Infrastructure – A capital asset account that reflects the acquisition value of ~~permanent improvements (other than buildings)~~assets that are part of network of long-lived assets used to provide a particular type of public service. ~~that add value to the land or improve the use of the land, and recording of infrastructure type assets~~. Examples of such assets or networks~~improvements~~ are: ~~fences, retaining walls, d~~drainage systems, sidewalks, walkways, trails, ~~sidewalks, parking lots, driveways,~~ roads, bridges, curbs and gutters, power, sewer, water, communication networks, etc.

~~Note that when used with capital assets, the terms improvement and betterment have different meanings. Improvements are capital assets permanently attached to land. Betterments are additions to or changes in existing depreciable assets intended to increase their efficiency or prolong their useful lives.~~

If purchased or constructed, the valuation includes such costs as the purchase price, acquisition legal fees, and other professional fees (related to design or construction). If acquired by gift, the valuation recorded should be the acquisition value at the time of receipt.

Buildings & Improvements – A capital asset account that reflects the acquisition value of permanent structures owned by the Village of Pinehurst used to house persons and property. Permanently installed fixtures to or within these structures are considered parts of the structure. The costs of major improvements to structures are included in this account.

If purchased or constructed, the valuation includes such costs as the purchase price, acquisition legal fees, and other professional fees (related to design or construction). If acquired by gift, the valuation recorded should be the acquisition value at the time of receipt.

Furniture & Equipment – A capital asset account that reflects the value of tangible property not permanently affixed to real property, used in carrying out the operations of the Village of Pinehurst.

The basis of valuation of purchased furniture & equipment includes the net contract price, transportation charges, and the cost of installing special devices or other preparations required to ready the asset for its intended use. The basis of valuation of donated furniture & fixtures is the acquisition value at the date acquired.

Vehicles – A capital asset account that reflects the value of motor vehicles owned by the Village of Pinehurst.

The basis of valuation of purchased vehicles includes the net contract price; taxes, tags and titles; transportation charges; and the cost of installing special devices or other preparations required to ready the asset for its intended use. The basis of valuation of donated vehicles is the acquisition value at the date received.

Construction in Progress – A capital asset account used when a government reports amounts expended on an uncompleted building or other capital construction project. When the project is complete, the cumulative costs are transferred to another appropriate capital asset account. These subclasses such as buildings, improvements, and equipment might be used.

If purchased or constructed, the valuation includes such costs as the purchase price, acquisition legal fees, and other professional fees (related to design or construction). If acquired by gift, the valuation recorded should be the acquisition value at the time of receipt.

Software – A capital asset account that reflects the value of software owned or internally developed by the Village. This includes commercially available software that is purchased and modified using more than incremental effort before being put into operation. Software does not include subscriptions for the licensed use of third-party software.

The valuation of software consists of application development costs, such as software configuration, design of interfaces, coding, installation to hardware, testing, and data conversion (to the extent it is necessary to make the software operational). The application development costs can include Village personnel time and effort and costs for a third-party contractor to perform application development on the Village's behalf (i.e. an implementation consultant).

Intangible Right-to-Use Lease Assets – A capital asset account that reflects the value of the Village's right to use an asset that is leased from another entity as required by GASB Statement No. 87, *Leases*.

The valuation of right-to-use lease assets is the initial measurement of the lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the asset into service.

Intangible Right-to-Use Subscription Assets – A capital asset account that reflects the value of the Village's right to use a software that is licensed from another entity as required by GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*.

The valuation of right-to-use subscription assets is the initial measurement of the lease liability plus any subscription payments made prior to the lease term and capitalizable implementation costs, less incentives.

ESTIMATED USEFUL LIFE:

Most capital assets incur physical deterioration through usage and the passage of time. Although care and maintenance may succeed in extending the physical life of an asset, typically it will, eventually, reach a condition where the benefits have been exhausted.

Based on the historical use and replacement of the Village's capitalized assets, the following ranges will be used as guidelines in setting the estimated useful lives for asset reporting under GASB 34:

ASSET CLASS	**ESTIMATED USEFUL LIFE**
Right-of-Ways	40 Years
Land Improvements & Infrastructure	20 – 40 Years
Buildings & Improvements	20 Years
Furniture & Equipment	3 – 10 Years
Vehicles	4 – 20 Years
Software	5 – 10 Years

T~~Note that t~~he service potential of Land and CIP do not diminish with time or use and are not depreciated. Intangible right-to-use lease and subscription assets are amortized based on the lease or subscription term as defined by the applicable GASB standard. Therefore, establishing an estimated useful life for these asset classes is not necessary.

The Financial Services Department will review the estimated useful lives of capital assets once established and, if necessary, make changes to the standard estimated useful life to reflect changes in the condition of the asset or its use.

DEPRECIATION:

The Village obtains benefit from a capital asset over several years. By accepting that the life of a capital asset is limited, the Village accounts need to recognize the benefits of the capital asset as it is "consumed" over several years. This consumption of a capital asset is referred to as depreciation.

Depreciation is defined as "the wearing out, using up, or other reduction in the useful economic life of a tangible fixed asset whether arising from use, passage of time or obsolescence through either changes in technology or demand for goods and services produced by the asset."

Depreciation accounting is the systematic and rational allocation of the recorded cost of depreciable capitalized assets over their estimated useful lives. The Village will depreciate eligible assets using the straight-line method over the estimated useful life of the asset. The first year of depreciation will be calculated for six months only, regardless of when the asset was added during the year, or utilizing the half-year convention.

ARTWORK AND HISTORICAL TREASURES:

Collections of Art, Historical Treasures, or Other Similar Assets – The Village houses certain collections of works of art, literary works, and historical artifacts, including the Tufts Archives collection. These collections are protected and preserved for public exhibition, education, research, and the furtherance of public service. They are neither disposed of for financial gain nor encumbered in any manner; however, an inventory is maintained. Accordingly, these collections are not recorded or capitalized for financial statement purposes. In the event an item of the collection is sold, the proceeds must be used to acquire other collection items.

~~**SUMMARY:**~~

~~The Village's policy is to capitalize assets with an estimated useful life of more than one year and a total cost of $5,000 or more. The Village depreciates eligible assets using the straight-line method over the estimated useful life of the asset, except for intangible right-to-use lease and subscription assets which are amortized over the lease or subscription term as defined by the applicable GASB standard.~~

~~To ensure the consistent recording of annual depreciation amounts for similar assets, the standards for estimating the useful lives of capital assets recorded on the Village's books are outlined in the table contained within this document.~~

This document replaces all previous versions of this policy in their entirety.

	VILLAGE OF PINEHURST **STANDARD PROCEDURE**

SUBJECT: **Personal Property Disposition Policy**	Effective Date: 02/01/2007
Department: Financial Services	Policy No.: FIN-504.1
Prepared by: Financial Services Director, Dana Van Nostrand	Revised: 02/28/2017 07/01/2025
Approved by: Village Council Resolution #25-16	# of Pages: 5

I. PURPOSE:

To provide a standard policy and procedures for declaring personal property as surplus and disposing of surplus personal property in such a manner as to secure the highest dollar value to the Village.

II. SCOPE

This policy applies to surplus personal property, which is tangible, moveable items owned by the Village, excluding real estate, that is no longer needed or useful for municipal operations. Disposition includes sale, donation, exchange, or destruction of the surplus personal property.

III. POLICY:

The Village of Pinehurst will dispose of surplus personal property in accordance with North Carolina General Statutes Chapter 160A, Article 12 and Village Ordinance #25-10.

To prevent conflicts of interest, the Village prohibits the disposition of any surplus property to Council members, as well as any other officials or employees actively involved in the decision-making process for the disposition of the asset. The prohibition also extends to the immediate families of the Council members as well as the family members of the affected officials and employees.

OVERVIEW:

To establish the procedures to notify the Village Manager and Financial Services Department when personal property is no longer of use in the daily operations of the Village and to establish the steps that are involved in the processing of the disposition of any such personal property.

Request to Surplus Personal Property

For any personal property, which includes but is not limited to furniture, fixtures, equipment, computers, or vehicles, that are no longer of use in the daily operations of the Village, the department head or designee that has budget responsibility for the property should request that the personal property be disposed of by completing a Request to Surplus Personal Property form. The request describes the surplus item (including the year, make and model, the VIN or Serial number, and the mileage if the surplus property is a vehicle), and any additional information that would be beneficial to obtaining the highest value for the Village. Additional inspection forms may be required depending on the type of property.

If the surplus personal property is a vehicle or motorized equipment maintained by the Fleet Maintenance Department, the Fleet Maintenance department head needs to approve the form before it is approved by the Village Manager. For surplus personal property that is not a vehicle, the department head should forward the Request to Surplus Personal Property form to the Village Manager. If final approval is given, the Village Manager will forward the signed request to the Financial Services Department for disposal of the property.

Surplus Personal Property Information

The Financial Services Department will maintain records describing the property available for sale or exchange, whether a bid was accepted, to whom it was sold, or with whom it was exchanged, and the amount of money or other consideration received for each sale or exchange.

Because it is generally unconstitutional for a local government to dispose of property for less than its fair market value, for items not sold at public auction, the Financial Services Department should determine the estimated fair market value by using the most independent and verifiable means available. Support for determining the fair market value should be maintained with the surplus property records. For items sold at public auction, the final sale price is considered the market value of the item sold.

Special consideration must be given to property that was acquired with grant proceeds. First, the Financial Services Department should determine whether the property was purchased with grant proceeds. If it was, Financial Services should determine whether the grant agreement specifies that any funds recouped from its disposition must be returned to the grantor agency.

Prior to the offer to sale date, the Financial Services Department will notify all department heads of the surplus property that is available for sale so they can claim the property for use in their department. All surplus property remaining unclaimed will be included in the offer to sale.

Methods of Sale

The Village adheres to the guidelines and limitations for the sale and disposition of personal property as described in G.S. Chapter 160A, Article 12. Subject to certain limitations the Village may dispose of personal property by:

(1) Private negotiation and sale;
(2) Advertisement for sealed bids;
(3) Negotiated offer, advertisement, and upset bid;
(4) Public auction (including electronic auction);
(5) Exchange;
(6) Donation to other governmental units or nonprofit organizations; or
(7) Destruction/discard if the property has no value or use.

Private negotiation and sale may be used only with respect to personal property valued at less than thirty thousand dollars ($30,000) for any one item or group of similar items. Personal Property valued at thirty thousand dollars ($30,000) or more for any one item or group of similar items may be exchanged by private negotiation if the Village receives a full and fair consideration in exchange for its property, or may be sold by any method documented above other than private negotiation and sale, except as permitted in G.S. 160A-277 and G. S. 160A-279.

The Village Council adopted Ordinance #00-1 which was amended by Ordinance #08-04, #17-02, and #25-10 that prescribes procedures for disposing of personal property valued at less than the specified threshold in the ordinance for any one item or group of items. The current Ordinance authorizes the Village Manager to declare surplus any personal property valued at less than twenty thousand dollars ($20,000) for any one item or group of items, to set its fair market value, and to convey title to the property for the Village in accord with the regulations. The completion of the request to surplus personal property and the surplus personal property information sheet is intended to assure compliance with the General Statute and Village Ordinances.

For disposing of personal property valued at twenty thousand dollars ($20,000) or more for any one item or group of items, the Village Council shall at a regular meeting adopt a resolution authorizing the Village Manager to dispose of the property by one of the methods of sale noted above which is permitted in G.S. 160A-266(a). A notice summarizing the contents of the resolution shall be published once after its adoption, and no sale shall be consummated thereunder until 10 days after its publication.

Notice of Sale

The Financial Services Department will initiate the process to dispose of surplus personal property at least semi-annually. The Financial Services Department determines the method of sale for each item or group of items reasonably calculated to yield the highest attainable sale price in money or other consideration, including but not limited to the methods of sale provided in Article 12 of N.C. General Statutes Chapter 160A and Village Ordinance #25-10.

For items offered by public notice, the notice should describe the property, include an "as is" clause, and provide the location for inspection. The notice should also provide instructions for the bid submission including the deadline, method of bidding (i.e. in person, by mail, fax or phone), and the name and contact information for bid submission. Bids may be accepted at any time after the notice of sale is published. However, the personal property may not be sold sooner than 10 days after the notice has been published. In computing the 10 days, the Financial Services Department should not count the day of publication but should compute the last day of the required waiting period. If the last day is a Saturday, Sunday or holiday, it is not counted, and the time period ends at the end of the next day that is not a Saturday, Sunday or holiday.

Processing Published Bids

For surplus property valued at less than twenty thousand dollars ($20,000) for any one item or group of items, the process outlined in Ordinance #25-10 will be followed. All bids will be reviewed and accepted or rejected by the Financial Services Department. If accepted, the Financial Services Department will notify the successful bidder and arrange for pickup of the personal property. The procedures as outlined in the terms and conditions of sale should be followed by the Financial Services Department to complete the sale process. The Village Manager or his designee's signature should be obtained on any applicable title documents at the time of payment in full.

After completing the sale, the Financial Services Department will file a copy of the signed title document with the surplus personal property records and enter the sale of the personal property in the fixed asset system if it is a capitalized asset. All records should be retained for the time required by the Village's Records Retention and Disposition Schedule. The date of the sale is evidenced by the date on the cash receipt voucher or check.

If the sold personal property was originally purchased with grant proceeds and the grant specified that any proceeds received upon disposition of the property must be returned to the grantor agency, the Financial Services Department will process the payment.

If the highest bid is less than the estimated fair market value, the Financial Services Director may reject the offer. If the highest offer is rejected by the Financial Services Director or no offers are received for the property, the surplus property may be retained for future sale, disposed of to obtain any reasonably available salvage value, or discarded as waste.

No surplus property may be donated to any individual or organization except as allowed by the G.S. and approved by resolution of the Village Council.

For surplus property valued at twenty thousand dollars ($20,000) or more for any one item or group of items, bids will be processed in compliance with General Statute Chapter 160A, Article 12 applicable to the method of sale.

This document replaces all previous versions of this policy in their entirety.

	VILLAGE OF PINEHURST **STANDARD PROCEDURE**

SUBJECT: **Personal Property Disposition Policy**	Effective Date: 02/01/2007
Department: Financial Services	Policy No.: FIN-504.1
Prepared by: Financial Services Director, Dana Van Nostrand	Revised: 02/28/2017 07/01/2025
Approved by: Village Council Resolution #25-16~~—~~	# of Pages: 5

I. PURPOSE:

To provide a standard policy and procedures for declaring personal property as surplus and disposing of surplus personal property in such a manner as to secure the highest dollar value to the Village.

II. SCOPE

This policy applies to surplus personal property, which is tangible, moveable items owned by the Village, excluding real estate, that is no longer needed or useful for municipal operations. Disposition includes sale, donation, exchange, or destruction of the surplus personal property.

~~I.~~III. POLICY:

~~To~~ The Village of Pinehurst will dispose of surplus personal property in accordance with North Carolina General Statutes Chapter 160A, Article 12 and Village Ordinance #25-10~~17-02~~.

To prevent conflicts of interest, the Village prohibits the disposition of any surplus property to Council members, as well as any other officials or employees actively involved in the decision-making process for the disposition of the asset.~~-~~ The prohibition also extends to the immediate families of the Council members as well as the family members of the affected officials and employees.

OVERVIEW:

To establish the procedures to notify the Village Manager and Financial Services Department when personal property is no longer of use in the daily operations of the

Village and to establish the steps that are involved in the processing of the disposition of any such personal property.~~**PROCEDURES:**~~

Request to Surplus Personal Property

For any personal property, which includes but is not limited to furniture, fixtures, equipment, computers, or vehicles, that are~~is~~ no longer of use in the daily operations of the Village, the department head or designee that has budget responsibility for the property should request that ~~the Village Manager approve that~~ the personal property be disposed of by completing a Request t~~T~~o Surplus Personal Property form. The requ est~~isition~~ ~~should~~ describes the surplus item (including the year, make and model~~)~~, the VIN or Serial number, and the mileage if the surplus property is a vehicle~~,~~),~~, and the class code~~ and any additional information that would be beneficial to obtaining the highest value for the Village. Additional inspection forms may be required depending on the type of property. ~~This includes optional equipment on vehicles such as air conditioning, power windows and door locks, tilt wheel, etc.~~

If the surplus personal property is a vehicle or motorized equipment maintained by the Fleet Maintenance Department, ~~the department head should forward the Request to Surplus Personal Property form to~~ the Fleet Maintenance department head ~~for approval, after they have completed~~needs to approve the form before it is approved by the Village Manager. ~~The Fleet Maintenance department head should approve and forward the completed form to the Village Manager for final approval.~~ For surplus personal property that is not a vehicle, the department head should forward the Request to Surplus Personal Property form to the Village Manager. If final approval is given, ~~then~~ the Village Manager will forward the signed requ est~~isition~~ to the Financial Services Department for disposal of the property.

Surplus Personal Property Information

The Financial Services Department will maintain records ~~to~~ describing~~e~~ the property available for sale or exchange, ~~indicate~~ whether ~~or not~~ a bid was accepted, to whom it was sold, or with whom it was exchanged, and the amount of money or other consideration received for each sale or exchange. ~~The information sheet should include the property description and the VIN or Serial number (both matching the requisition), fixed asset number, the placed in service date, the net book value and the estimated fair market value.~~

Because it is generally unconstitutional for a local government to dispose of property for less than its fair market value, for items not sold at public auction, the Financial~~e~~ Services ~~Technician~~ Department should determine the estimated fair market value by using the most independent and verifiable means available. Support for determining the fair market value should be ~~attached to the surplus personal property information sheet~~maintained with the surplus property records. For items sold at public auction, the final sale price is considered the market value of the item sold.

Special consideration must be given to property that was acquired with g~~G~~rant proceeds. First, the Financial Services~~e~~ ~~Technician~~ Department should determine whether ~~or not~~ the property was purchased with g~~G~~rant proceeds. If it was, ~~then~~ Financial Services~~e~~ should determine whether ~~or not~~ the ~~G~~grant agreement specifies that any funds recouped from its disposition must be returned to the g~~G~~rantor a~~A~~gency. ~~If both of these conditions exist, the Finance Technician should mark the "Yes" box on the Surplus Personal Property Information Sheet or otherwise mark "No".~~

~~At least semi-annually, the Village will offer the surplus personal property for sale according to the guidelines and limitations for the sale and disposition of personal property as described in G.S. Chapter 160A, Article 12 and Council Ordinance #08-04.~~

P~~Ten (10) days p~~rior to the offer to sale date, the Financial Services~~e~~ ~~Technician~~ Department will notify all d~~D~~epartment h~~H~~eads ~~of the details~~ of the surplus property that is available for sale so ~~that if necessary,~~ they can claim the property for use in their department. All surplus property remaining unclaimed ~~after the ten days~~ will be included in the offer to sale.

Methods of Sale

The Village adheres to the guidelines and limitations for the sale and disposition of personal property as described in G.S. Chapter 160A, Article 12. Subject to certain limitations the Village may dispose of personal property by:

(1) Private negotiation and sale;
(2) Advertisement for sealed bids;
(3) Negotiated offer, advertisement, and upset bid;
(4) Public auction (including electronic auction); ~~or~~
(5) Exchange;
(6) Donation to other governmental units or nonprofit organizations; or
~~(5)~~(7) Destruction/discard if the property has no value or use.

Private negotiation and sale may be used only with respect to personal property valued at less than thirty thousand dollars ($30,000) for any one item or group of similar items. Personal Property valued at thirty thousand dollars ($30,000) or more for any one item or group of similar items may be exchanged by private negotiation if the Village receives a full and fair consideration in exchange for its property, or may be sold by any method documented above other than private negotiation and sale, except as permitted in G.S. 160A-277 and G. S. 160A-279.

The Village Council adopted Ordinance #00-1 which was amended by Ordinance #08-04, #17-02~~XX~~, and #25-10 that prescribes procedures for disposing of personal property valued at less than the specified threshold in the ordinance ~~ten thousand dollars ($10,000)~~ for any one item or group of items. The current Ordinance authorizes the Village Manager to declare surplus any personal property valued at less than twenty~~en~~ thousand dollars

($2~~1~~0,000) for any one item or group of items, to set its fair market value, and to convey title to the property for the Village in accord with the regulations. The completion of the request to surplus personal property and the surplus personal property information sheet is intended to assure compliance with the General Statute and Village Ordinances.

For disposing of personal property valued at twenty~~en~~ thousand dollars ($2~~1~~0,000) or more for any one item or group of items, the Village Council shall at a regular ~~council~~ meeting adopt a resolution authorizing the Village Manager to dispose of the property by one of the methods of sale noted above which is permitted in G.S. 160A-266(a). A notice summarizing the contents of the resolution shall be published once after its adoption, and no sale shall be consummated thereunder until 10 days after its publication.

Notice of Sale

~~At least semi-annually t~~The Financial Services~~e~~ ~~Technician~~ Department will ~~identify the personal property items that are available for sale and~~ initiate the process to dispose of ~~any such~~ surplus personal property at least semi-annually. The Financial Services Department determines the method of sale for each item or group of items~~by any means which he or she judges~~ reasonably calculated to yield the highest attainable sale price in money or other consideration, including but not limited to the methods of sale provided in Article 12 of N.C. General Statutes Chapter 160A and Village Ordinance #25-10~~17-XX~~.

For items offered by public notice, the notice should describe the property, include an "as is" clause, and provide the location for inspection. The notice should also provide instructions for the bid submission including the deadline, method of bidding (i.e. in person, by mail, fax or phone), and the name and contact information for bid submission. Bids may be accepted at any time after the notice of sale is published. However, the personal property may not be sold sooner than 10 days after the notice has been published. In computing the 10 days, the Financial Services~~e~~ Department~~t.~~ should not count the day of publication but should compute the last day of the required waiting period. If the last day is a Saturday, Sunday or holiday, it is not counted, and the time period ends at the end of the next day that is not a Saturday, Sunday or holiday.

Processing Published Bids

For surplus property valued at less than twenty~~en~~ thousand dollars ($2~~1~~0,000) for any one item or group of items, the process outlined in Ordinance #25-10~~17-XX~~ will be followed. All bids will be reviewed and accepted or rejected by the Financial Services~~e~~ ~~Technician~~Department. If accepted, the Financial Services~~e~~ ~~Technician~~ Department will ~~note the successful bidder's name on the information sheet,~~ notify the successful bidder~~m~~ ~~that they are the successful bidder~~ and arrange for pickup of the personal property. The procedures as outlined in the terms and conditions of sale should be followed by the Financial Services~~e~~ ~~Technician~~Department to complete the sale process. The Village Manager or his designee's signature should be obtained on any applicable title documents at the time of payment in full.

After ~~obtaining the signed title documents~~completing the sale, the Financial Services~~e Technician~~ Department ~~should~~ will ~~attach~~ file a copy of the signed title document with~~to~~ the surplus personal property ~~information sheet~~records and enter the sale of the personal property in the fixed asset system if it is a capitalized asset~~, stamp the surplus personal property information sheet posted and file~~. All records should be retained for ~~a minimum of three (3) years~~ the time required ~~from the date of the sale~~by the Village's Records Retention and Disposition Schedule.~~,~~ The date of the sale is~~as~~ evidenced by the date on the cash receipt voucher or check.

I~~Once posted, i~~f the sold personal property was originally purchased with g~~G~~rant proceeds and the g~~G~~rant specified that any proceeds received upon disposition of the property must be returned to the g~~G~~rantor a~~A~~gency, ~~then~~ the Financial Services~~e Technician will forward a copy of the Surplus Personal Property Information Sheet stamped 'posted' to the Finance Technician~~Department will process the payment.~~ The Finance Technician should prepare a disbursement payable to the Grantor for the amount of the sale.~~

If the highest bid is less than the estimated fair market value, the Financial Services~~e~~ Director may reject the offer. If the highest offer is rejected by the Financial Services~~e~~ Director or no offers are received for the property, the surplus property may be retained for future sale, disposed of to obtain any reasonably available salvage value, or di~~sposed of~~scarded as waste~~ material~~.

No surplus property may be donated to any individual or organization except as allowed by the G.S. and approved by resolution of the Village Council.

For surplus property valued at twenty~~en~~ thousand dollars ($2~~1~~0,000) or more for any one item or group of items, bids will be processed in compliance with General Statute Chapter 160A, Article 12 applicable to the method of sale.

This document replaces all previous versions of this policy in their entirety.

	VILLAGE OF PINEHURST **STANDARD PROCEDURE**

SUBJECT: **Budget and Financial Planning Policy**	Effective Date: 07/01/2025
Department: Financial Services	Policy No.: FIN-601.1
Prepared by: Financial Services Director, Dana Van Nostrand	Revised:
Approved by: Village Council Resolution #25-16	# of Pages: 8

I. PURPOSE:

The purpose of this policy is to provide a framework for the development, adoption, and management of the Village of Pinehurst's budget and long-term financial plans in compliance with the North Carolina Local Government Budget and Fiscal Control Act (NCLGBFA) in North Carolina General Statutes (NCGS) 159 Article 3. This policy is designed to ensure the effective use of public resources, enhance transparency, promote fiscal responsibility, and maintain the financial health and stability of the Village.

II. SCOPE:

This policy applies to all funds, departments and functions of the Village of Pinehurst, including the Village Council, the Village Manager, and other staff responsible for financial planning, budgeting, and reporting. It governs all aspects of the budget and financial planning process, from preparation to adoption, monitoring, and reporting.

Some aspects of this policy, such as the budget calendar deadlines prescribed by the NCLGBFA, only apply to the annually budgeted funds of the Village. Exceptions will be identified in the policy below as applicable.

III. POLICY:

A. Key Principles

The Village of Pinehurst is committed to maintaining sound financial management practices that ensure the long-term fiscal health and sustainability of the community. These key principles will serve as the foundation for making informed financial decisions, allocating resources in alignment with community priorities, and fostering public trust through transparency and accountability.

i. Fiscal Responsibility and Stability

The Village of Pinehurst will pursue a policy of fiscal responsibility, balancing revenue and expenditure requirements while maintaining sufficient fund balances to address current and future needs. The Village will seek to optimize resource allocation, manage debt prudently, and plan for long-term sustainability. The annually budgeted funds of the Village must operate under a balanced annual budget ordinance in accordance with NCGS §159-8. A fund's budget is balanced when the sum of estimated revenues and appropriated fund balance equals the appropriations within that fund.

The Village will also develop and adopt a structurally balanced budget where the operating revenues are sufficient to cover the operating expenditures for each fund.

ii. Transparency and Accountability

The Village will ensure that the budget and financial planning process is open, transparent, and inclusive, allowing for public input and engagement. Financial information will be made readily available to the public in understandable formats, budgets will follow generally accepted accounting principles (GAAP) as promulgated by the Government Accounting Standards Board (GASB), and fund accounting will be used to ensure compliance with legal requirements. The current financial resources measurement focus and the modified accrual basis of accounting will be used for all the Village's funds for budgeting, accounting, and financial reporting.

iii. Long-Term Financial Planning

The Village will engage in long-term financial planning, including the development of a multi-year financial forecast and capital improvement program (CIP) and long-term debt management strategies, to address capital and infrastructure needs, future growth, and financial sustainability.

iv. Strategic Alignment

The Village's budget and CIP will reflect and support the community's strategic goals, as articulated in the Village's long-term planning documents, including the comprehensive plan, master plans, and departmental goals. All expenditures should align with the Village's priorities.

B. Revenues and Expenditures

i. Revenues

Estimated revenues need to be sufficient to meet expenditure obligations. When making budget and long-term financial planning decisions, staff should consider the funding alternatives (ad valorem taxes, fees and charges, grants, donations, debt etc.) when appropriate to fund certain expenditures, and propose the alternative (which could be a combination of revenue sources) that best addresses the following criteria:

- *Efficiency* – The economic state in which every resource is allocated to serve each individual or entity in the best way while minimizing waste and inefficiency.
- *Equity* – The perceived fairness of the revenue source. This is commonly evaluated using the ability-to-pay principle and the benefit principle.
- *Adequacy* – Having sufficient funds available to finance the Village, often considered from the perspectives of revenue-raising capacity, elasticity, and stability.
- *Feasibility* – The capability of the Village to successfully collect the revenue from an administrative and political standpoint.

These criteria should be evaluated in the context of the Village's environment, understanding these are policy decisions and there are always trade-offs.

The Village will also maintain a diversified and stable revenue program to protect it from short-term fluctuations in any one revenue source.

Revenues will be estimated in the financial forecast as part of the Village's long-term financial planning.

ii. <u>Expenditures</u>

Expenditures should be budgeted and forecasted based on Village policies and information available at the time. Since salaries and benefits are the Village's largest expenditure, the budget request should consider approved positions, expected salary increases or other payments based on Village policy, pension and retirement fund contribution rates, the estimated cost of medical and other benefits, etc. When appropriate, staff should consider the cost of providing services internally versus outsourcing (or other alternatives) to ensure funds are spent efficiently and effectively. The Village may include a reasonable contingency in each department's appropriation to provide flexibility in the budget for unforeseen costs or price increases and to minimize the number of budget amendments.

As part of its long-term financial planning, the Village will maintain a CIP. Expenditures for items that meet the definition of a capital asset in the Village's Capital Assets Policy will be budgeted as capital outlays in the annual budget and planned in the CIP. Staff should make reasonable efforts to obtain accurate cost estimates for inclusion in the annual budget request and CIP.

iii. <u>Budget Balancing</u>

Having sufficient operating revenues to cover operating expenditures is critical to maintaining the financial health of the Village. The Village uses operating margin as one measure to assess this. The operating margin is the percentage of operating revenues used to fund operating expenditures. The target range for the operating margin is 90%-93%. The remainder of the operating revenues are used to fund capital expenditures and other financing uses. The operating margin will fluctuate from year-to-year and may, at times, not be within the target range in the five-year forecast. Management and the Village Council should consider the implications of this and be cautious of a trend of exceeding the operating margin target.

A fund balance appropriation should be recommended to balance the budget only if it is required to cover capital expenditures or other financing uses, and it maintains compliance with the Village's Fund Balance Policy. A natural disaster or other extenuating circumstances may make the use of fund balance necessary to cover operating expenditures. This should be temporary and done for cash flow purposes with a plan to restore the fund balance used for operations.

C. Budget Process

The Village's budget process is first driven by the requirements of the NCLGBFA, which establishes the following key deadlines, among other requirements, for annually budgeted funds:

- Revenue estimates and department expenditure budget requests must be submitted to the Budget Officer by April 30. At the same time, schedules of the actual revenues and expenditures for the prior fiscal year and projections of the revenues and expenditures for the fiscal year in progress must be submitted to the Budget Officer.
- The recommended annual budget, including the budget message, must be submitted to the Village Council by June 1.
- Before adopting the annual budget ordinance, Village Council must hold a public hearing.
- The Village Council must adopt the annual budget ordinance by June 30.

The Village's budget and long-term financial planning process, called the Strategic Operating Plan (SOP), is built around the statutory deadlines above. It is intended to be a collaborative and transparent process. The Village's internal due dates to ensure compliance with the statutory deadlines will be documented in the annual SOP calendar.

i. Preparation

The budget development process will begin in sufficient time to ensure the revenue estimates and department expenditure budget requests are submitted to the Budget Officer (Village Manager) by April 30.

Village staff will collect input from various stakeholders, including but not limited to residents/taxpayers, businesses, staff, and Village Council to aide in identifying priorities for the budget cycle. External factors, such as economic conditions, growth, demographics, and regulatory requirements should be considered in the budget estimates and requests.

Village Council will provide guidance to the Village Manager and staff regarding its priorities in sufficient time to incorporate them into the SOP.

Department heads are responsible for developing detailed revenue estimates and expenditure budget requests for their departments, excluding expenditures that are centrally budgeted by the Financial Services Department.

The Financial Services Department is responsible for preparing the:

- Revenue estimates for all revenue line items, except those estimated by the departments.
- Expenditure requests for salaries and benefits, insurance, utilities, and debt service.
- Allocations of the internal service department expenditures.
- Schedules of the prior fiscal year actuals and current fiscal year projections through the end of the fiscal year.

Revenue estimates and expenditure requests should be reasonable and realistic, considering historical trends, external factors, internal policies and decisions, and any other factors that may affect the revenue stream or expenditure requirements.

Expenditure requests should be sufficiently detailed to justify the necessity of the expenditure for public purpose, whether it is to maintain the current level of service, or reflective of a change in capacity or level of service based on internal or external factors. Requests for new expenditure items should be aligned with strategic goals and priorities or external requirements.

Budget requests must include obligations expected to be due in that fiscal year for debt service and continuing contracts.

ii. Review and Analysis

The revenue estimates and expenditure requests will be reviewed by a committee including, but not limited to, the Budget Officer, Village Managers, and Finance Officer. Department Heads will have the opportunity to discuss their requests with the committee. A key decision of the committee is the proposed ad valorem tax rate for the fiscal year.

The committee will ensure the budget complies with this policy and adjust the budget requests and/or revenue estimates to achieve a balanced budget, both structurally and statutorily.

The Budget Officer must present the recommended annual operating budget to Village Council by June 1. The Budget Officer will hold a budget work session with Village Council to discuss the budget in more detail. Changes requested by Council are incorporated into the recommended budget prior to adoption of the annual budget ordinance. The Budget Officer may also recommend changes if new information becomes available that materially changes the budget.

At least one public hearing will be held regarding the recommended annual budget prior to adoption. Village staff should also use other methods to encourage and receive public participation and input on the recommended annual budget.

iii. <u>Adoption</u>
At least ten days after the Budget Officer submits the recommended annual budget to the Village Council, the final version of the recommended budget is presented in the annual budget ordinance which must be adopted by June 30. The annual budget ordinance must be balanced, and it must include the appropriations, estimated revenues, ad valorem tax rate, and estimated property tax levy. The Village's annual budget will be appropriated by department in the ordinance. The ordinance will also include Council's delegation of authority to amend appropriations and execute agreements. Village Council's adoption of the budget ordinance establishes the legal authority to incur expenditures for that fiscal year.

iv. <u>Budget Implementation and Monitoring</u>
There will be instances that require amending the original budget ordinance. These will be made in accordance with the NCLGBFA and the delegation of authority in the budget ordinance. All budget amendments must be approved by June 30 for the fiscal year ending.

The Village maintains a program of budgetary controls to ensure adherence to the budget ordinance. Budget-to-actual reports are available to management and department heads daily and the Finance Officer reviews the reports at least monthly to ensure compliance with the NCLGBFA and adopted budget ordinance. All budget amendments require approval by the Finance Officer before they are entered into the accounting system. The Finance Officer provides Village Council with quarterly budget-to-actual reporting.

The Finance Officer, in collaboration with the Budget Officer and Department Heads, will conduct a mid-year budget review to assess progress toward financial goals, project revenues and expenditures for the fiscal year, and make any necessary adjustments to the adopted budget based on revenue shortfalls, unexpected expenditures, or changes in priorities. This mid-year projection is also required to be submitted to the

Budget Officer with the revenue estimates and expenditure requests for the next year's budget development.

D. Long-Term Financial Planning

A reliable long-term financial plan is an important part of ensuring that adequate resources are available to meet future financial obligations. It also assists in meeting the Village's goal to maintain a healthy financial condition.

The Village's long-term financial plan will consist of the following two elements, at a minimum, for a period of at least five years:

- Financial forecast
- CIP

Long-term financial planning must be done for the Village's General Fund. It may be done for other fund types, such as special revenue funds or capital project funds, as deemed appropriate by the Budget Officer.

Each year, the Financial Services Department will prepare a financial forecast using the input from the budget planning process to ensure the Village can achieve the long-term performance target levels while maintaining a healthy and sustainable financial position. The financial forecast serves to inform decision makers of the mid-term financial implications of the decisions they are making today.

The financial forecast will include projections of revenues, operating expenditures, anticipated debt service for financed capital, and planned capital expenditures. It will be inclusive of the significant initiatives prioritized by Village Council in the forecasted period and the impact those initiatives are projected to have on revenue, capital expenditures, and ongoing operating costs.

Sound and conservative financial principles should be utilized when preparing the financial forecast. Reasonable efforts will be taken to ensure that all revenue and costs associated with an initiative, capital addition, or program are included in the financial forecast. This will be done to ensure the plan is as complete and accurate as possible in predicting financial outcomes and to ensure that adequate resources are available to meet future obligations.

The Village's CIP is a detailed plan of capital additions and replacements, including vehicles, equipment, infrastructure, facilities, and other capital assets as defined by the Village's Capital Assets Policy. The CIP will be reviewed and updated as part of the annual budget process. Since capital additions involve large sums of resources and long-term commitments, each capital item will be carefully analyzed before it becomes a component of the program. The Village will take a systematic approach to capital improvement programming to ensure that any personnel services, operating expenditures, or revenues affected by capital spending decisions are included in the annual budget and financial forecast. The Village will protect and maintain its capital investments to reduce replacement costs.

The long-term financial plan will be reviewed and analyzed in conjunction with the recommended annual budget during the SOP process. Both the annual budget and long-term financial plan will be presented to Village Council to ensure Council and the public have a complete understanding of the strategic direction of the Village and the financial implications of those decisions.

E. Performance Measures and Accountability

The Village will develop and implement performance measures to assess the effectiveness and efficiency of services provided. These measures will be used as a basis for setting budget priorities and evaluating departmental performance. All departments will be held accountable for adhering to the adopted budget and for ensuring that public funds are used effectively and efficiently. Department Heads are expected to be proactive in discussing budget availability issues with the Finance Officer before funds are encumbered to ensure compliance with the NCLGBFA. Deviations from budgeted amounts will require justification, and corrective actions will be taken when necessary.

The Finance Officer and Budget Officer are ultimately responsible for adhering to the NCLGBFA, this policy, and any other statutes or regulations that govern the Village's budget.

	VILLAGE OF PINEHURST **STANDARD PROCEDURE**

SUBJECT: **Accounting and Financial Reporting Policy**	Effective Date: 07/01/2025
Department: Financial Services	Policy No.: FIN-602.1
Prepared by: Financial Services Director, Dana Van Nostrand	Revised:
Approved by: Village Council Resolution #25-16	# of Pages: 5

I. PURPOSE:

This policy establishes the guidelines and procedures for accounting and financial reporting for the Village of Pinehurst. It aims to ensure transparency, accuracy, consistency, and accountability in the Village's financial operations. This policy is designed to comply with Generally Accepted Accounting Principles (GAAP), North Carolina General Statutes (NCGS), and other relevant regulatory requirements.

II. SCOPE:

This policy applies to all financial transactions and financial reporting activities for the Village of Pinehurst, including all departments, funds, and financial statements.

III. DEFINITIONS:

Basis of Accounting – *When* revenues, expenditures, expenses, and transfers and the related assets, deferred outflows of resources, liabilities, or deferred inflows of resources are recognized in the accounts and reported in the financial statements. It specifically relates to the *timing* of the measurements made. There are two primary bases of accounting used in governmental accounting: accrual basis and modified accrual basis.

- *Accrual Basis of Accounting* – Recognizes revenues when earned and expenses when incurred, regardless of when cash transactions related to the revenue or expense occur. This results in accounting based on the substance of transactions and events that have occurred, enhancing the relevance, neutrality, timeliness, completeness, and comparability of financial information.
- *Modified Accrual Basis of Accounting* – Recognizes revenues when they become both measurable and available to finance expenditures of the fiscal period. Available means the revenues are collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

Expenditures are generally recognized when the related liability is incurred. This results in accounting based on the substance of transactions and events to the extent they impact the current financial resources of the government.

Fund – A fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. Funds are typically used to ensure and demonstrate compliance with requirements to use certain resources for a specific purpose, such as segregating grant-funded activities in a special revenue fund or revenues and expenditures related to a specific capital project in a capital project fund. NCGS §159-26 requires the use of certain funds. The GASB groups funds into three categories:

- *Governmental Funds* – Governmental funds consist of the General Fund, capital project funds, special revenue funds, debt service funds, and permanent funds. Expendable assets are assigned to the appropriate governmental fund according to the purposes for which they may or must be used; current liabilities are assigned to the fund from which they are to be paid; and the difference between governmental fund assets and deferred outflows of resources and governmental fund liabilities and deferred inflows of resources is the fund balance.
- *Proprietary Funds* – Proprietary funds consist of enterprise funds and internal service funds. These funds segregate the resources and transactions related to business-type activities for which fees are charged to external users for goods or services that are intended to cover the costs of providing the goods or services, such as utilities. If the government is the primary recipient of the goods or services, then it is an internal service.
- *Fiduciary Funds* – Fiduciary funds consist of pension and other employee benefit trust funds, investment trust funds, private-purpose trust funds, and custodial funds. These funds segregate resources held on behalf of others in a fiduciary capacity in accordance with GASB standards.

Fund Financial Statements – Report of financial information about the resources and activities in a government's funds. Separate statements are presented for each fund category (governmental, proprietary, and fiduciary). The emphasis is on major funds within each category, meaning the funds that are significant on a quantitative or qualitative basis.

Generally Accepted Accounting Principles (GAAP) – Uniform minimum standards of and guidelines to financial accounting and reporting, adherence to which assures that financial reports of all governments contain the same types of financial statements and disclosures, for the same types of funds, based on the same measurement and classification criteria, providing a reasonable degree of comparability among financial reports of governments.

Government-Wide Financial Statements – The statement of net position and statement of activities which report information about the financial activities of the government as a whole.

Internal Controls – Processes and procedures that, when effectively implemented, provide reasonable assurance that the goals and objectives will be met. The goal of internal controls from an accounting and financial reporting perspective is to guard against fraud, errors, and other risks of loss. Objectives include enabling smooth business operations, producing reliable financial information, and fostering compliance with applicable laws and policies.

Measurement Focus – *What* transactions and events are included in reporting an entity's financial performance and position. A particular measurement focus is accomplished by considering *which* resources are measured and *when* the effects of transactions and events involving those resources are recognized. *When* effects are recognized is referred to as the basis of accounting. There are two primary measurement focuses in governmental accounting: economic resources and current financial resources.

- *Economic Resources Measurement Focus* – All economic resources (i.e. financial and non-financial resources) are measured and all transactions and events that impact those economic resources are recorded. This measurement focus results in a long-term perspective that encompasses all assets and liabilities of the entity.
- *Current Financial Resources Measurement Focus* – Only financial resources that are available for spending in the near future are measured and only transactions that impact those current financial resources are recorded. This measurement focus results in a short-term perspective that emphasizes accountability and transparency in the sources of the government's resources and resources were spent.

IV. POLICY:

A. Accounting Standards

The Village of Pinehurst will adhere to the GAAP as promulgated by the Government Accounting Standards Board (GASB) and will use fund accounting to ensure and demonstrate compliance with finance-related legal requirements. In addition to GAAP, the Village will ensure its accounting system and financial reporting comply with the North Carolina Local Government Budget and Fiscal Control Act and North Carolina Local Government Commission (LGC) guidance.

Best practices and guidance from professional organizations, such as the American Institute of Certified Public Accountants (AICPA) and the Government Finance Officers Association (GFOA) should also be considered in the Village's accounting and financial reporting system.

B. Measurement Focus and Basis of Accounting

The measurement focus and basis of accounting to be used in financial reporting is defined by the GASB and is dependent on the type of financial statements being prepared and type of fund.

i. Government-Wide Financial Statements

The Village of Pinehurst will use the economic resources measurement focus and the accrual basis of accounting for its government-wide financial statements.

ii. Fund Financial Statements

- *Governmental Funds* – In accordance with NCGS, all governmental funds of the Village are accounted for during the fiscal year on the modified accrual basis of accounting. The current financial resources measurement focus and the modified accrual basis of accounting are used in the fund financial statements for governmental funds.
- *Proprietary Funds* – The economic resources measurement focus and accrual basis of accounting are used in the fund financial statements for proprietary funds.
- *Fiduciary Funds* – The economic resources measurement focus and accrual basis of accounting are used in the fund financial statements for fiduciary funds

C. Financial Reporting, Auditing, and Transparency

The Finance Officer will prepare the Annual Comprehensive Financial Report (ACFR) and Schedule of Expenditures of Federal and State Awards in accordance with GAAP on an annual basis.

The ACFR will be audited annually by an independent certified public accountant firm in accordance with NCGS §159-34. The auditor will issue all required opinions on the financial statements and a management letter, if applicable, detailing areas that need improvement. The audited ACFR will be submitted to the LGC by the statutory deadline set by the LGC and be presented to the Village Council for acceptance within the time period required by 20 NCAC 03 .0502.

If the Village expends sufficient federal awards in a fiscal year to require a federal single audit under 2 CFR 200 Subpart F of the Uniform Guidance, the Finance Officer will ensure compliance with the Uniform Guidance audit requirements. The Finance Officer will also ensure that a state single audit is performed if the requirements of the State Single Audit Implementation Act are met.

The Finance Officer will remedy any/all management letter recommendations made by the auditor and/or findings from the single audit(s) within a reasonable timeframe and notify the Village Manager and the Village Council of the actions taken.

The Finance Officer will prepare quarterly fund financial statements and present them at a regular meeting of the Village Council. In addition to the fund financial statements, the quarterly report may include other financial reports as required by Village ordinances and other financial information that the Finance Officer deems relevant and useful for the Village Council and the public.

The Finance Officer will ensure department heads and other Village staff, as appropriate, have access to financial reports to manage the budgets under their purview and monitor actual revenues and expenditures.

The Village shall maintain transparency in its financial operations by making financial reports, audits, and budget information available to the public. These documents will be presented in public meetings, when required or appropriate, posted on the Village's website, and made available upon request.

D. Internal Controls

The Finance Officer will implement, monitor, and maintain a system of internal controls to ensure that financial transactions are executed in accordance with GAAP and appropriate laws, policies, and procedures and recorded in the accounting system timely to produce complete and accurate financial reports. Internal controls will include, at a minimum:

- Written financial policies and procedures;
- Segregation of incompatible duties to prevent fraud and error;
- Monthly reconciliation of cash and bank accounts;
- Regular reconciliation of other account balances;
- Timely review and approval of financial transactions by authorized personnel;
- Adequate documentation for transactions and retention of records; and
- IT system access controls.

Internal controls must have an apparent net benefit when evaluating the costs and benefits of a particular control. The cost of implementing or maintaining any control system shall be evaluated against the expected benefits to be derived from that system. This evaluation should be done when processes or systems change or periodically as needed by the Finance Officer.

E. Accountability

The Finance Officer is responsible for maintaining the Village’s accounting system, including internal controls and financial records, and preparing all required financial statements in accordance with this policy. The Village Manager and the Village Council are responsible for oversight of the Village’s finances and ensuring compliance with this policy.

	VILLAGE OF PINEHURST STANDARD PROCEDURE
SUBJECT: **Debt Policy**	Effective Date: 07/01/2025
Department: Financial Services	Policy No.: FIN-701.1
Prepared by: Financial Services Director, Dana Van Nostrand	Revised:
Approved by: Village Council Resolution #25-16	# of Pages: 9

I. PURPOSE:

The Village of Pinehurst maintains conservative financial policies to assure its short- and long-term financial health. Although the Village issues debt infrequently, it recognizes the importance of debt as a means of financing significant capital investments. A formal debt policy that maintains the Village's capacity to access long-term financing with favorable terms is essential to effective financial management. The purpose of this policy is to provide guidance for the issuance of Village of Pinehurst debt obligations and ensure prudent and responsible financial management while meeting the capital and infrastructure needs of the community.

The Village issues and manages debt in accordance with the Local Government Bond Act, North Carolina General Statutes (NCGS) Chapter 159 Article 4 which prescribes a uniform system of limitations upon and procedures for the exercise by all units of local government in North Carolina of the power to borrow money secured by a pledge of the taxing power; and the limitations on local debt as noted in N.C.G.S. 159-55. Other applicable provisions to certain debt and debt refunding actions are contained within N.C.G.S. Chapter 159, Local Government Finance. This debt policy is to be used in conjunction with these laws and regulations, operating and capital budgets, and other financial policies.

Long-term planning to meet the current and future capital needs of the Village require a sound debt position and guidelines that protect the credit quality of the Village and its long-term financial stability. Objectives of this debt policy have been established to assist the Village in maintaining its healthy financial position while providing essential services to its residents, including:

- Funding a Capital Improvement Plan (CIP)
- Maintaining an appropriate mix of pay-as-you go and debt financing
- Maintaining an adequate fund balance, including an appropriate level of unassigned fund balance

II. SCOPE:

This debt policy applies to all debt issued by the Village consistent with the requirements and limitations of the North Carolina Local Government Bond Act.

This policy does not apply to lease and subscription obligations within the scope of Governmental Accounting Standards Board (GASB) Statements No. 87 *Leases* or No. 96 *Subscription-Based IT Arrangements*. Financed lease and subscription arrangements within the scope of GASB Statements No. 87 or 96 will follow the Village's Purchasing Policy, Capital Assets Policy, and other applicable policies and procedures, including approval by the Local Government Commission (LGC) if required.

III. POLICY:

The Village may issue debt for the purpose of acquiring or constructing capital assets including land, buildings, machinery, equipment, fixtures, and any other eligible expenses of a project and for making major renovations to existing capital improvements. The Village will use long-term debt financing only when it meets the following criteria:

- The capital project has been included in the Village's approved Capital Improvement Plan (CIP),
- The financing period is no longer than the estimated life of the asset, and
- The asset will benefit both current and future citizens of the Village.

Exceptions to this rule will be considered on a case-by-case basis by Village management and Council to determine if the contemplated debt is in the best interest of the Village. Long-term debt shall not be used for financing ongoing operational expenses. When applicable, debt issuances will be pooled together to minimize issuance expense.

The Finance Officer (Financial Services Director) has the primary responsibility for analyzing, recommending, and monitoring debt financing and debt refunding/refinancing strategies and instruments, maintaining rating agency relationships (if credit ratings are obtained), and maintaining compliance with this policy.

The Village Manager and Finance Officer are responsible for the administration and issuance of debt including the completion of specific tasks and responsibilities included in this policy.

The Village must appropriate funds in each year's budget ordinance to cover debt service payments due in that fiscal year.

Before issuing any new debt, the Village management and Council will consider the following factors:

- Global, national, and local financial environment and economy
- Current interest rates and expected interest rate changes
- Cash position and current debt position
- Availability of funds to pay the debt service
- Urgency of current capital needs and flexibility to meet future needs
- Appropriate debt issuance practices and debt structuring

The Village will use appropriate debt instruments to provide funding for capital assets and improvements at the lowest cost with minimal risk. The following debt instruments are available to the Village:

- *General Obligation Bonds*: General Obligation Bonds (GO bonds) are bonds secured by a promise to levy taxes in an amount necessary to pay debt service, principal and interest, coming due each fiscal year until repaid. GO bonds are backed by the full faith and credit of the Village. These bonds are authorized by a referendum or by non-voted (2/3) authorization by the governing body. The non-voted authorization allows governments to issue up to two-thirds of the previous year's net debt reduction without a referendum. Historically, the Village has not issued GO bonds as the amount and term of the financing needed did not require issuing GO bonds.

- *Revenue and Special Obligation Bonds*: Revenue bonds are bonds that pledge revenues generated by the debt-financed asset or by the operating system of which that asset is a part, typically infrastructure systems such as water or sewer. Special Obligation Bonds are bonds that are payable from the pledge of revenues other than locally levied taxes. The Village has not issued revenue bonds since it does not have enterprise funds, such as water or sewer, with the revenue to be pledged. The Village would need to have a revenue source other than levied taxes sufficient to pledge to issue special obligation bonds.

- *Certificates of Participation or Limited Obligation Bonds*: Certificates of Participation (COPs) or Limited Obligation Bonds (LOBs) represent an undivided interest in the payments made by a public agency pursuant to a financing lease or an installment purchase agreement. The security for this financing is represented by a lien on the property acquired or constructed. COPs/LOBs should only be used when the property being financed has sufficient value to secure the debt and will survive the term of the financing. Issuance of COPs/LOBs will be made in accordance with the provisions of NCGS 159-153 and with the approval of the LGC.

- *Installment Purchase Contract*: An installment purchase contract is an agreement with a financial institution in which the equipment or property is acquired and periodic payments are made to satisfy the debt service. The Village will typically use this type of financing to finance a capital asset for five to twenty years, depending on the life of the asset, with the capital asset being used as collateral for the loan.

The interest income on tax-exempt municipal bonds is not subject to federal income tax for bondholders, whereas the interest income on taxable municipal bonds is. The Village can issue both tax-exempt and taxable bonds.

The Village will use pay-as-you-go funding (i.e. current operating budget or fund balance) for capital improvements or capital assets having a cost of less than $250,000 or assets having a useful life of less than ten years unless budgetary constraints require the use of financing to acquire the necessary funding for those capital improvements or capital assets.

The Village's Fund Balance Policy is intended to ensure the Village has sufficient reserves for an emergency or unexpected period of negative cash flows. Maintaining these reserves should prevent the Village from needing short-term debt to fund operations. Short-term debt to fund operations should be utilized as a last resort. The Finance Officer, Village Manager, and Village Council must agree short-term debt is the most advantageous option for the Village given the specific circumstances.

The Village will not utilize debt-related derivative instruments.

Debt Structure

The Village's debt structure is made up of the type of debt, interest rate, and principal maturity schedule. This could include GO bonds, Revenue or Special Obligation Bonds, COPs/LOBs, or other installment financings. The cost of taxable debt is typically higher than the cost of tax-exempt debt; however, the issuance of taxable debt is mandated in some circumstances and may allow flexibility in subsequent contracts with users or managers of the improvements constructed with bond proceeds. The Village will prefer issuing obligations on a tax-exempt basis but may issue taxable obligations when there is an expected benefit from doing so. The Village shall establish an affordable debt level to preserve credit quality and ensure sufficient revenue is available to pay annual debt service obligations.

GO bonds will generally be competitively bid with no more than a 20-year life unless there are compelling factors which make it necessary to extend beyond and applicable law allows a longer term. In a competitive sale, the Village may sell its debt obligations by allowing an interested underwriter or syndicate to submit a proposal to purchase and issue bonds. The bonds are awarded to the underwriter presenting the best bid according to stipulated criteria set forth in the notice to sale.

Negotiated sales or private placements may be used where allowed when complex financing or sales structure is a concern regarding marketability. In a negotiated sale, the bonds may be sold through an exclusive arrangement between the Village and an underwriter or underwriting syndicate. At the end of successful negotiations, the issue is awarded to the underwriter. This method offers the most flexibility to the Village. The criteria used to select an underwriter or syndicate in negotiated sales should include, but not be limited to, the following: overall experience, marketing philosophy, capability, recent experience, underwriter's discount, and overall expenses.

The Village may elect to sell its debt obligations through a private placement with a financial institution when appropriate. Selection through private placement shall be determined through a Request for Proposal (RFP) process.

Debt service for each issue will be structured to minimize the Village's interest payments over the life of the issue while considering the existing debt obligations of the Village. Any debt issued shall not have a maturity date beyond the useful life of the asset being acquired or constructed by the debt proceeds. Maturities should be planned to avoid excessive spikes in debt service payments.

The Village will seek to structure debt with level principal and a fixed interest rate over the life of the debt. Backloading of debt service near the end of the life of the debt will be considered only when natural disasters or extraordinary or unanticipated external factors make the short-term cost of the debt prohibitive, when the benefits derived from the debt issuance can clearly be demonstrated to be greater in the future than in the present, when such structuring is beneficial to the Village's overall amortization schedule, or when such structuring will allow debt service to more closely match project revenues during the early years of the project's operation.

The Village may also consider various financing methods including variable interest rate debt to minimize the interest costs over the life of the issue. The use of other financing methods will be evaluated based on market conditions and the maximum benefit to the Village while minimizing the Village's risk. When appropriate, the Village may choose to issue securities that pay a rate of interest that varies according to a predetermined formula or results from a periodic remarketing of the securities or reset date determined by the bondholder. The Village's long-term variable rate debt will not exceed 10% of the total outstanding general debt.

Investment of bond proceeds will be consistent with those authorized by existing state law, the Village's investment policy and applicable bond covenants. Bond proceeds shall be invested and tracked separately from other investments.

Where practical, all costs and fees related to the issuance of bonds will be paid out of the proceeds of the bond issue.

Debt Capacity

Debt issuance should be guided by the Village's debt capacity, which is determined through analysis of the Village's financial position, revenues, expenditures, economic conditions, and financial policies. The Village will use an objective, analytical approach to determine the amount of debt to be considered for authorization and issuance. This process involves the comparison of generally accepted debt ratios from similar municipalities to the Village's ratios (both current and including the planned debt issuance). These ratios will be re-evaluated every five (5) years or sooner as market conditions dictate. The Village shall adhere to the following ratios:

- *Net Direct Debt Per Capita*: This ratio measures the burden of direct debt placed on the population supporting the debt. This is widely used by rating agencies as a measure of an issuer's ability to repay the debt. The Village's direct debt per capita will be in line with other North Carolina municipalities that maintain the same credit rating. The Village will maintain its debt levels such that it does not exceed $1,500 per capita.
- *Net Direct Debt as a Percentage of Assessed Valuation*: This ratio measures debt levels against the property tax base that generates the tax revenues used as the main source of debt repayment. NCGS 159-55 limits the total of all debt issued to no more than 8% of the total assessed valuation. The Village will maintain its debt at no more than 0.5% of the Village's assessed value.
- *Net Direct Debt Service as a Percentage of Operational Budget*: This ratio reflects the Village's budgetary flexibility to adjust spending levels as economic conditions change. The Village will maintain its net debt service at no more than 15% of the General Fund expenditure budget, with a goal to not exceed 10% of General Fund expenditures.
- *Ten-Year Payout Ratio*: This ratio measures how quickly the Village retires its outstanding indebtedness. A higher payout ratio preserves the Village's capacity to borrow for future capital needs. The Village will maintain its ten-year payout at 50% or higher.

In addition to analyzing the impact of long-term debt payments on the Village's finances, management also needs to consider the impact of the project being financed on the Village's operating budget to ensure the Village is positioned to fund increases in operating costs in the future (i.e. additional salaries and benefits, utility costs, maintenance costs, etc).

Refinancing of Outstanding Debt

The Village will continually review its outstanding debt and recommend issues for refunding as market opportunities arise. Debt shall only be refinanced for the purpose of achieving debt service savings, unless required to achieve specific debt management goals of the Village. The estimation of net present value savings should be, at a minimum, in the range of 3% of the refunded maturities before a refunding process would be considered unless the Village otherwise determines the annual savings warrant the refunding. The Village will not refinance debt for the purpose of deferring scheduled debt service unless unique circumstances are present. The Village is aware that refinancing for the purpose of deferring debt service may have an impact on its credit rating.

The Village may issue advance refunding bonds when advantageous, legally permissible, and prudent while net present value savings are achieved. Advance refunding transactions are those undertaken in advance of the first date the refunded debt can be called for optional redemption and will require an establishment of an escrow account for the defeasance of the refunded debt. All costs incurred in completing the refunding shall be considered when determining the net present value savings.

The Village may issue current refunding bonds when advantageous, legally permissible, and prudent while net present value savings are achieved. Current refunding transactions shall be considered whenever possible. These transactions are undertaken at or after the call date on outstanding debt and provide for redemption and replacement of refunded debt within ninety days of issuance of the refunding debt.

Pay-As-You-Go Funding

The Village will use pay-as-you-go (i.e. current operating budget or fund balance) and other alternative sources of funding (i.e. grants) as the primary funding source for capital projects to minimize debt levels. To have an effective pay-as-you-go program, at least one funding source must be identified that is consistent, reliable, and large enough to provide for capital needs in an amount that reduces dependency on debt. To reduce the impact of capital programs on future years, the Village will annually appropriate funds for its capital improvement plan. Pay-as-you-go funding will save money by eliminating interest expenditures on funded projects and will improve financial flexibility in the event of sudden revenue shortfalls or emergency spending.

Issuance of Debt

The scheduling and amount of bond sales and installment purchase transactions will be recommended by the Finance Officer and Village Manager. The Village Council must approve the sale. These decisions will be based upon the identified cash flow requirements for each project to be financed as well as market conditions and other relevant factors including debt ratios. If the cash requirements for capital projects are minimal in any given year, the Village may choose not to issue the debt and fund the project costs and reimburse these costs when financing is arranged. In these situations, the Village will adopt a reimbursement resolution prior to the expenditure of project funds. The LGC will also be involved in the debt issuance process as required based on the type of debt being issued.

Fixed rate GO bond sales are conducted on a competitive basis by the LGC. Variable rate bonds, revenue and special obligation bonds will be sold on a negotiated basis with a selected underwriter.

The Village must receive an opinion acceptable to the market from a nationally recognized law firm that each financing transaction complies with applicable laws and all agreements in connection with any financing are legal, valid, and binding obligations of the Village.

The Finance Officer will determine if a credit rating from one or more major rating agency is necessary or advantageous for a particular financing. If a credit rating is obtained, the Finance Office is responsible for maintaining the rating agency relationship.

The Village may use credit enhancements, such as letters of credit, bond insurance, surety bonds, etc., when it proves cost-effective. Selection of credit enhancement providers should be conducted using a competitive process when practical.

Financing Team

The Village will provide for a solicitation and selection process for securing all professional services required in connection with any debt issues, such as bond counsel, underwriters, and a municipal advisor. The LGC provides guidance during this process. The service professionals selected will be required to follow the Village's debt policy with the goal of continuity, quality service, and competitive prices.

Continuing Disclosure

In accordance with the Securities and Exchange Commission (SEC), Rule 15c-2-12, the Village will provide financial and operating information to the repository or repositories designated by the SEC. Where applicable, the Village will also provide its Annual Comprehensive Financial Report (ACFR) and other relevant information to rating agencies, corporate trustees and financial institutions as required by continuing disclosure requirements within all debt financing documents. The Finance Officer is responsible for ensuring compliance with continuing disclosure requirements.

Arbitrage Liability Management

The Village's Financial Services Department will maintain a system of record keeping and reporting to meet the arbitrage and rebate compliance requirements of the federal tax code. This effort includes tracking investment earnings on bond proceeds, tracking spending of the bond proceeds, calculating rebate payments in compliance with tax law and remitting applicable earnings to the federal government in a timely manner to preserve the tax-exempt status of the Village's outstanding debt issues.

It is the Village's policy to minimize the cost of arbitrage rebate and yield restriction while strictly complying with the applicable laws. Because of the complexity of arbitrage rebate regulations and the severity of non-compliance penalties, arbitrage calculations will be performed annually by qualified arbitrage professionals in strict adherence to applicable laws and regulations.

Reporting and Transparency

The Finance Officer will report on the debt portfolio, including outstanding debt balances, debt service obligations, and compliance with debt covenants through regular financial reporting to Village Council.

Required annual reporting and disclosure on debt is contained in the Village's audited Annual Comprehensive Financial Report (ACFR) as well as the annual Strategic Operating Plan. These publications are available on the Village's website.

The Village's current debt portfolio, debt capacity, market conditions, and debt planning are reviewed and discussed annually during the strategic planning retreat and budget development process.

Additionally, the Finance Officer will provide debt benchmarking data to the Village Council at least annually. LGC data will be leveraged for benchmarking to peer municipalities.

	VILLAGE OF PINEHURST **STANDARD PROCEDURE**

SUBJECT: **Donations Policy**	Effective Date: 07/01/2025
Department: Financial Services	Policy No.: FIN-801.1
Prepared by: Financial Services Director, Dana Van Nostrand	Revised: N/A
Approved by: Village Council Resolution #25-16	# of Pages: 4

I. PURPOSE:

North Carolina General Statutes (N.C.G.S.) 160A-11 authorizes municipalities to receive donations of real and personal property. The governing board of the municipality has the authority to accept or decline donations. This authority may be delegated. The municipality must have statutory authority to use or spend the donation for the purpose(s) intended by the donor.

The purpose of this policy is to establish formal guidance for the consideration, acceptance, acknowledgement, and management of donations made to the Village of Pinehurst.

II. SCOPE:

Donations may be offered in the form of real or personal property, including cash and gift cards. A designated, or restricted, donation means a donation that the donor specifies for a particular Village department, program, or purpose. An undesignated, or unrestricted, donation means a donation that is given to the Village with no specified use or intent. This policy applies to all donations offered to the Village.

This policy applies to all Village departments, officials, and employees.

This policy does not apply to grants made to the Village or donations of services, work effort, or time.

III. POLICY:

Donation Guidelines

The Village of Pinehurst has the discretion to accept or decline any proposed donation. The acceptance of donations to the Village will be based on the following guidelines:

- Purpose of the donation.
- Need for the donation.
- Compatibility of the donation with Village ordinances, policies, programs, and other applicable laws and regulations.

- Timeliness of the donation as it relates to need.
- Short-term and long-term benefit and financial impact to the Village, including but not limited to, initial or future costs to maintain the donated property.
- Ability and willingness of the Village to adhere to stipulations or conditions of the donation.

All proposed donations must be reviewed by the Village Manager or his/her designee before the donation is accepted or brought to Village Council for consideration to ensure compliance with this policy.

The donor shall not expect and may not require any type of deliverable, performance, or consideration (e.g. specific accomplishments, expenditure or performance reports, procurement or regulatory actions related to the donor) as a requirement of receipt of the donation. A donation for a particular program or service does not obligate the Village to continue the program or service indefinitely.

The Village has the right to decline any donation without comment or cause if acceptance of the donation is determined, in the sole discretion of the Village, to not be in the best interest of the Village of Pinehurst.

Acceptance of Donations

All donation offers must be submitted to the Village Manager or his/her designee for consideration immediately. The following employees or officials are authorized to accept or decline donations based on the type and value of the donation:

- Offers of cash or personal property valued at $5,000 or less may be accepted by the department head of the department benefitting from the donation if it is a designated donation. Any department head may accept undesignated donations of cash or personal property valued at $5,000 or less.
- Offers of cash or personal property valued at $25,000 or less may be accepted by the Financial Services Director.
- Offers of cash or personal property valued at $50,000 or less may be accepted by the Village Manager or Assistant Village Manager.
- Offers of cash or personal property valued at more than $50,000 must be accepted by the Village Council. If the donation is designated, it shall be accepted through a written agreement consistent with this policy and executed by the Mayor.
- Offers of real property (i.e. land, buildings, roads) must be accepted by the Village Council.
- If the Village Council authorizes Village staff to solicit donations designated for a particular purpose, the authorization may allow different thresholds for acceptance of individual donations by Village staff than noted above.

Cash donations accepted must be managed in accordance with the Village's cash handling procedures.

Offers of gifts to employees or Village departments for gratuitous purposes, such as tips, gift cards, gift baskets, food, etc. must follow the Village's Ethics Policy to avoid a potential conflict of interest.

Accepted donations of personal property other than cash or real property must be communicated to the Financial Services Director so the donated property can be valued and added to the Village's financial records.

Offers of real property donations must be in writing. The offer must include a description of the property, the donor's intent to make the gift, any restrictions or conditions accompanying the donation, and any other pertinent information for the Village to properly consider the donation in accordance with this policy. Gifts of real property, or any interest therein, must also be documented by an appropriate recordable instrument (deed, trust, lease, etc.).

The Village Manager or his/her designee will review the real property donation and determine the following:

- Whether the property is or will be of any value to the Village (economic, historic, cultural, etc.).
- What obligations, if any, will be assumed by the Village upon acceptance of the property, including the cost of acquiring, maintaining, remediating, improving, or disposing of the property.
- What due diligence is prudent for the property, such as a survey, appraisal, environmental audit, etc.

<u>Ethical Considerations</u>
Donations are a way for the Village of Pinehurst to obtain additional resources to support the pursuit of its mission. However, donations can come with unintended consequences, and all proposed donations need careful consideration.

There may be circumstances where the Village needs to decline a donation. Examples of these circumstances include, but are not limited to:

- The Village does not have the statutory authority to spend money for, or otherwise engage in, the purpose for which the donation is designated.
- The donor seeks to secure a contract, permit, or specific action from the Village.
- The donor intends to impose conditions that are inconsistent with the Village's mission, values, policies, or planning documents.
- Acceptance of the donation would create an actual or perceived conflict of interest or otherwise violate the Village's Ethics Policy.
- The donor is in litigation with the Village.

<u>Acknowledgement of Donations</u>
A receipt indicating the amount of the donation and a description of the property will be provided for all cash donations. For donations of $500 or more, the Village will provide written acknowledgement of the donation which also includes the date

of the donation, the name of the donor, the purpose of the donation, a brief description of any public recognition that will be made by the Village and notes that the donor received no goods or services in exchange for the donation.

In accordance with the Internal Revenue Code, the Village does not provide an estimated value of in-kind donations. Donors may refer to IRS Publication 561 for more information on valuing donated property. The Village also does not guarantee that the donation is tax deductible to the donor.

Acknowledgement of donations and reporting to the Financial Services Department, including the donor's name (when provided) and amount, are public information subject to disclosure pursuant to the North Carolina Public Records Law.

Management of Donations

All undesignated donations are deposited into the Village's General Fund and can be expended for any public purpose.

The recipient department and Financial Services Department are responsible for ensuring designated donations are used for their intended purpose. Any unspent balance of designated donations at the end of a fiscal year must be reappropriated in the next fiscal year by the Financial Services Department.

Non-Compliance

Violations of this policy are subject to disciplinary action in accordance with the Village's Corrective Actions Policy, up to and including dismissal.

Consider Resolution 25-17 to Commit Fund Balance for Future Capital

ADDITIONAL AGENDA DETAILS:

FROM:	Dana Van Nostrand, Financial Services Director
CC:	Village Council;
DATE OF MEMO:	05/30/2025

MEMO DETAILS

Governmental Accounting Standards Board (GASB) Statement No. 54 established fund balance classifications and the various constraints for each category. The categories listed from most to least restrictive are as follows: nonspendable (not in spendable form – i.e. inventory), restricted (by external sources), committed (by the government's highest decision-making authority), assigned (intended to be used for specific purposes), and unassigned (can be used for any purpose).

The Village's Fund Balance Policy includes a provision that allows Council to commit a portion of General Fund fund balance for future capital needs if fund balance at year-end exceeds 40% of actual General Fund expenditures. This commitment may take place in the form of a separate resolution each year to ensure a clear trail of Council's intent to commit the funds for future capital. In order to commit fund balance for a fiscal period, action must take place before year end. The calculation of fund balance committed for future capital will occur after fiscal year end and will be reported in the Annual Comprehensive Financial Report (ACFR). Once Council commits a portion of fund balance, those constraints may only be changed by another formal action by Council.

Resolution 25-17 is presented for your consideration, which would commit these excess funds for future capital as of June 30, 2025. If approved, this amount will be reported under the committed fund balance category in the FY 2025 ACFR. Please feel free to contact me with any questions.

ATTACHMENTS

1. Resolution 25-17 Commit Fund Balance for Future Capital FY 2025

RESOLUTION #25-17:

A RESOLUTION TO COMMIT A PORTION OF FUND BALANCE IN THE GENERAL FUND FOR 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 10th day of June, 2025, 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, 2025 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 10th day of June, 2025.

VILLAGE OF PINEHURST
VILLAGE COUNCIL

(Municipal Seal)

By: ______________________________
Patrick Pizzella, Mayor

Attest: ______________________________
Shannon Konstantinou, Village Clerk

Approved as to Form: ______________________________
Michael J. Newman, Village Attorney

Consider Resolution 25-20 Accepting the High Bid for Certain Real Property at Public Auction OR Resolution 25-21 Rejecting the High Bid for Certain Real Property at Public Auction

ADDITIONAL AGENDA DETAILS:

FROM:	Shannon Konstantinou, Village Clerk
CC:	Village Council; Doug Willardson
DATE OF MEMO:	05/19/2025

MEMO DETAILS

At the 4:00 p.m. Special Meeting, our auctioneer will present the results of the public auction for the surplus property located at 1755 Longleaf Dr. E (Parcel ID #00023723, Unit 9 Lot 365 PH I). During the Regular Meeting, Council will be asked to approve or deny the highest bid and determine whether to move forward with closing the sale.

Background

As previously outlined, this parcel is a vacant lot which the abutter wished to purchase. Staff reviewed the situation and found no compelling reason to retain ownership of this parcel. The Village retains ownership of 1745 Longleaf Dr., which could meet any future Village needs in the area.

Auction Process Recap

Council previously authorized staff to dispose of the property via public auction using the online platform *All the Way Auctions*. The auction was conducted from May 14 to June 4, 2025, under the following terms:

- 10% Buyer’s Premium paid at closing
- 10% non-refundable Due Diligence Fee due within 24 hours of bid acceptance
- 45-day closing window after Council approval
- Property sold as-is, no warranty
- Village Council has final approval authority

Staff Recommendation

Following review of the auction results and the bid process, staff recommends accepting the highest bid and proceeding with the sale.

A resolution for Council action will be provided during the Regular Meeting.

Please let me know if there are any questions prior to the meeting.

ATTACHMENTS

None

Consider Ordinance 25-09 Adopting the FY 2026 Annual Budget

ADDITIONAL AGENDA DETAILS:

FROM:	Dana Van Nostrand, Financial Services Director
CC:	Village Council;
DATE OF MEMO:	05/21/2025

MEMO DETAILS

Ordinance #25-09 adopting the Village of Pinehurst FY 2026 Budget is hereby presented for your review and approval. This ordinance is based on the budget that was presented for the public hearing on May 27, 2025. No further changes have been made since then.

As in previous years, the ordinance contains a delegation of authority to the Village Manager to execute certain contracts (Section 7 on page 3). This year's ordinance recommends increasing the threshold in item d. to allow the Village Manager to execute agreements for various services up to $90,000. This amount was $50,000 in previous years. This threshold is consistent with the state statutory informal bidding threshold for the purchase of apparatus, supplies, and materials referenced in item a. of Section 7. Based on my review of contracts in the range of $50,000 to $90,000 that have been approved by the Village Council in the past, the contracts for custodial services of Village buildings and on-call engineering services would likely be executed by the Village Manager going forward instead of the Village Council. These contracts are routine in nature and provide ongoing operational services for the Village.

Item b. in Section 7 was also updated to explicitly add lease agreements for vehicles to the delegation of authority so the Village Manager can execute the vehicle lease agreements through the Enterprise Fleet Management program.

ATTACHMENTS

1. Ordinance 25-09 Adopting the FY 2026 Budget

ORDINANCE #25-09

VILLAGE OF PINEHURST
Budget Ordinance
Fiscal Year 2026

BE IT ORDAINED AND ESTABLISHED by the Village Council of Pinehurst, North Carolina, in the Regular Meeting assembled this 10th day of June 2025 as follows:

SECTION 1. The following amounts are hereby appropriated in the General Fund for the operation of Village government and its activities for the fiscal year beginning July 1, 2025 and ending June 30, 2026, in accordance with the chart of accounts heretofore established for this Village:

GENERAL FUND EXPENDITURES:	
Governing Body	$ 141,500
Administration	1,816,759
Finance	1,003,440
Human Resources	683,400
Police	5,081,268
Fire	4,512,495
Planning	1,219,200
Inspections	488,280
Public Services Administration	921,999
Streets/Grounds	3,399,000
Powell Bill	1,500,100
Solid Waste	3,345,460
Recreation	2,891,610
Library	662,056
Harness Track	1,025,580
Fair Barn	542,393
Debt Service	357,050
Other Financing Uses	1,910,000
TOTAL GENERAL FUND EXPENDITURES	$ 31,501,590

SECTION 2. It is estimated that the following revenues will be available in the General Fund for the fiscal year beginning July 1, 2025 and ending June 30, 2026:

GENERAL FUND REVENUES:

Ad Valorem Taxes	$ 13,675,000
Other Taxes and Licenses	5,000
Unrestricted Intergovernmental	9,333,700
Restricted Intergovernmental	735,700
Permits and Fees	1,136,800
Sales and Services	892,830
Other Revenues	619,200
Investment Income	768,000
Other Financing Sources	828,800
Fund Balance Appropriations	3,506,560
TOTAL GENERAL FUND REVENUES	$ 31,501,590

SECTION 3. There is hereby levied a tax at the rate of twenty-two and one-half cents ($0.225) per one hundred dollars ($100) valuation of property as listed for taxes as of January 1, 2025, for the purpose of raising revenue in the General Fund in Section 2 of this ordinance. This rate is based on a total valuation of property for the purposes of taxation of $6,084,000,000 and an estimated collection rate of 99.9% for real and personal property and 100.0% for motor vehicles.

SECTION 4. The following amounts are hereby appropriated in the Sandhills Metropolitan Planning Organization (SMPO) Special Revenue Fund for the operation of the SMPO and its activities for the fiscal year beginning July 1, 2025 and ending June 30, 2026, in accordance with the chart of accounts heretofore established for this Village:

SMPO SPECIAL REVENUE FUND EXPENDITURES:

Sandhills Metropolitan Planning Organization	$ 494,197

SECTION 5. It is estimated that the following revenues will be available in the SMPO Special Revenue Fund for the fiscal year beginning July 1, 2025 and ending June 30, 2026:

SMPO SPECIAL REVENUE FUND REVENUES:

Federal Grants	$ 395,677
State Grants	6,706
Member Dues	91,814
TOTAL SMPO SPECIAL REVENUE FUND REVENUES	$ 494,197

SECTION 6. The Village Manager is hereby authorized to transfer appropriations as contained herein under the following conditions:

a. He may transfer amounts between line-item expenditures within a department without limitation and without a report being required.

b. He may transfer amounts between departments, including contingency appropriations, within the same fund to increase an appropriation up to $25,000 in a single budget amendment. He must make an official report on such transfers at the next regular meeting of the Village Council. In the event a State of Emergency is declared by the Mayor or designee, unlimited budget amendment authority within the same fund is granted for expenditures directly related to the emergency. He must make an official report on any such transfers authorized under a State of Emergency at the next regular meeting of the Village Council.

c. He may not transfer any amounts between funds, except as approved by the Village Council in the Budget Ordinance as amended.

SECTION 7. The Village Manager or his designee is hereby authorized to execute the necessary agreements within funds included in the Budget Ordinance for the following purposes:

a. Purchase of apparatus, supplies, and materials where formal bids are not required by law;
b. Leases of normal and routine business equipment and vehicles;
c. Construction or repair work where formal bids are not required by law;
d. Consultant services, professional services, contracted services, or maintenance service agreements up to an anticipated contract amount of $90,000. In the event a State of Emergency is declared by the Mayor or designee, unlimited contracting authority is granted for services directly related to the emergency. The Village Manager must report to the Village Council any executed contracts exceeding $90,000 during the State of Emergency declaration;
e. Agreements for acceptance of State and Federal grant funds; and
f. Grant agreements with public and non-profit agencies.

SECTION 8. The SMPO Governing Board or its designee is authorized to execute the necessary agreements to complete the work of the SMPO within the SMPO Special Revenue Fund.

SECTION 9. Copies of this Budget Ordinance shall be furnished to the Village Clerk, Village Manager, and Financial Services Director for their direction and implementation.

THIS ORDINANCE passed and adopted this 10th day of June, 2025.

VILLAGE OF PINEHURST
VILLAGE COUNCIL

(Municipal Seal)

By: ______________________________
Patrick Pizzella, Mayor

Attest:

____
Shannon Konstantinou, Village Clerk

Approved as to Form:

____
Michael J. Newman, Village Attorney

Consider Ordinance 25-10 Updating the Procedures for Disposing of Personal Property

ADDITIONAL AGENDA DETAILS:

FROM:	Dana Van Nostrand, Financial Services Director
CC:	Village Council;
DATE OF MEMO:	06/02/2025

MEMO DETAILS

Ordinance 25-10 revises the procedures for disposing of personal property to increase the delegation of authority for the Village Manager to dispose of surplus personal property. The threshold for the Village Manager has been $10,000 since 2017. The Village Manager and I recommend increasing this authority to surplus personal property valued at less than $20,000 to match the amendment to the Personal Property Disposition Policy adopted by the Village Council in Resolution 25-16 (if adopted as recommended).

ATTACHMENTS

1. Ordinance 25-10 Surplus Property Disposal

ORDINANCE #25-10:

AN ORDINANCE PRESCRIBING PROCEDURES FOR DISPOSING OF PERSONAL PROPERTY VALUED AT LESS THAN $20,000

THAT WHEREAS, the Village of Pinehurst from time to time has personal property which is no longer needed or required; and

WHEREAS, North Carolina General Statute 160A-266 authorizes Village Council to adopt procedures for the disposal or exchange of personal property valued at less than $30,000 for any one item or group of items; and

WHEREAS, North Carolina General Statute 160A-270 provides that the Village Council may conduct electronic auctions of the Village's personal property by authorizing the establishment of an electronic auction procedure or by authorizing the use of existing private or public electronic auction services; and

WHEREAS, Village Council desires to adopt procedures for the disposal and exchange of surplus personal property valued at less than $20,000 for any one item or group of items, including but not limited to disposal and exchange by electronic means;

NOW, THEREFORE, BE IT ORDAINED AND ESTABLISHED by the Village Council of Pinehurst, North Carolina, in the regular meeting assembled this 10th day of June, 2025 as follows:

SECTION 1. **Property That Can be Disposed of Under this Ordinance**. The Village Manager is hereby authorized to declare surplus and dispose of any personal property owned by the Village of Pinehurst when, in his or her judgment, each of the following three criteria are met:

a) the item or group of items to be disposed of has a fair market value of less than twenty thousand dollars ($20,000.00);
b) the property is no longer necessary for the conduct of Village business; and,
c) sound property management principles and financial considerations indicate that the interests of the Village of Pinehurst would be best served by disposing of the property.

Personal property that, in the judgment of the Village Manager, meets these three criteria is referred to in this Ordinance as "Surplus Property."

SECTION 2. **Methods of Disposition**. The Village Manager may dispose of Surplus Property by any means which he or she judges reasonably calculated to secure for the Village the fair market value in money or other consideration and to accomplish the disposal efficiently and economically, including but not limited to the methods of sale provided in Article 12 of North

Carolina General Statutes, Chapter 160A-266 and 160A-270. Such sale may be public or private, and with or without notice and minimum waiting period.

SECTION 3. Sale by Electronic Auction. As one of several means of disposing of Surplus Property, the Village Manager is specifically authorized to dispose of Surplus Property by electronic means. The Village Manager is authorized to establish procedures for disposing of Surplus Property by electronic means and is further authorized to use existing public or private electronic auction services to dispose of Surplus Property. Notwithstanding the requirements of North Carolina General Statute 160A-270, the Village shall not be required to provide advance notice of electronic auctions of such Surplus Property.

SECTION 4. Terms of Disposition. The Surplus Property shall be sold to the party who tenders the highest offer, or exchanged for any property or services useful to the Village of Pinehurst if greater value may be obtained in that manner, and the Village Manager is hereby authorized to execute and deliver any applicable title documents necessary or appropriate to consummate such sale. If no offers are received within a reasonable time, the Village Manager may retain the property for the Village, obtain any reasonably available salvage value, or cause it to be disposed of as waste material. No Surplus Property may be donated except by resolution of the Village Council.

SECTION 5. Records and Reports. The Village's Financial Services Director shall keep a record of all property sold under the authority of this Ordinance and that record shall describe the property sold or exchanged, to whom it was sold, or with whom it was exchanged, and the amount of money or other consideration received for each sale or exchange.

SECTION 6. Delegation. The Village Manager is authorized to delegate any or all of the authority granted or responsibilities assigned under this Ordinance to the Financial Services Director.

SECTION 7. This Ordinance is adopted pursuant to the provisions of North Carolina General Statutes 160A-266 and 160A-270.

THIS ORDINANCE passed and adopted this 10th day of June, 2025.

VILLAGE OF PINEHURST
VILLAGE COUNCIL

(Municipal Seal)

By: ______________________________
Patrick Pizzella, Mayor

Attest:

____
Shannon Konstantinou, Village Clerk

Approved as to Form:

____
Michael J. Newman, Village Attorney

Consider Solid Waste Contract for Lofton Garbage Services in CCNC for FY26

ADDITIONAL AGENDA DETAILS:

FROM:	Mike Apke, Public Services & Engineering Director
CC:	Village Council;
DATE OF MEMO:	06/03/2025

MEMO DETAILS

This item is to consider renewing a contract for solid waste collection services within CCNC for FY26. 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 within the Village Manager's threshold for execution.

The proposed Lofton Garbage Service contract renewal is for 12 months beginning on July 1, 2025 and extending through June 30, 2026. It includes a CPI adjusted rate increase for FY26 of 4.9%. The value of Lofton's contract is estimated to be approximately $142,500 with the actual amount being based on the total number of residences serviced during the contract period. As a comparison, the value of the Becky's Rubbish contract is estimated to be approximately $28,000.

We have 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 FY26.

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.

ATTACHMENTS

1. Proposed Lofton Garbage Service Contract - FY26

LOFTON SANITATION CONTRACT for CCNC

STATE OF NORTH CAROLINA

COUNTY OF MOORE

THIS CONTRACT, made and entered into this **1st** day of **July, A. D. 2025** by and between **Lofton Garbage Service** of the County of Moore, State of North Carolina, Party of the First Part (hereinafter sometimes referred to as "Contractor"); and the VILLAGE OF PINEHURST, a duly chartered municipal corporation and body corporate and politic of the County of Moore, State of North Carolina, Party of the Second Part (hereinafter sometimes referred to as "the Village");

W I T N E S S E T H:

THAT WHEREAS, the Contractor is engaged in the business of collecting household trash, recycling, and yard debris, as an independent Contractor; and

WHEREAS, the Village has the responsibility for the collection and removal of such household trash, recycling, and yard debris within the Village of Pinehurst, as a part of its governmental functions; and

WHEREAS, the Village does not wish to collect and remove household trash, recycling, and yard debris within the area known as the Country Club of North Carolina, at the present time, and the Contractor does now and wishes to continue to provide such service in the aforementioned area, and it has been determined by the Village Council of the Village of Pinehurst that it would be in the best interest of the Village and its citizens and residents to enter into this agreement with the Contractor for the purpose of engaging his/her services for a period of one (1) year.

NOW, THEREFORE, for and in consideration of the charges, and the terms, covenants, promises and conditions hereinafter set forth, the Village engages the services of the Contractor for the purpose of collecting household trash, recycling, and yard debris from residential property, and the Contractor agrees to perform said services in the Country Club of North Carolina, Pinehurst, North Carolina, in accordance with this contract.

The terms, covenants, promises and conditions of this agreement and contract are as follows:

1. The term of this contract shall be for a period of one (1) year from **July 1, 2025** through **June 30, 2026**, unless sooner terminated as hereinafter provided or for good cause.
2. The Village covenants and agrees with the Contractor that the Contractor will collect household trash, recycling, and yard debris, each one time per week, from residential properties, at a location adjacent to the house, in the Country Club of North Carolina. If the frequency of collection is altered by the Village during the term of the contract, whether increased or decreased, the contract may be re-negotiated by the parties.
3. The Village covenants and agrees with the Contractor that the Village will pay to the Contractor for the collections listed in #2 above, which may be amended during the year as new homes are constructed, added or deleted.

Residences listed as "Full" or "Rental" = $30.42 per month for collection of household trash, recycling, and yard debris.

Residences listed as "Partial" = $22.71 per month for collection of household trash, recycling, and yard debris.

Scale tipping fees for household trash are included with "Full", "Rental", and "Partial" rates.

Fuel Surcharge: Fuel surcharge will be established quarterly on July 1, 2025, October 1, 2025, January 1, 2026, and April 1, 2026, based on the price of fuel at the Speedway Station located on Highway #5 and paid in accordance with the chart below.

Fuel Price Range	Adjustment Per Home
Up to $2.749	$0.00
$2.75 - $3.249	$.25
$3.25 - $ 3.499	$.50
$3.50 – $3.749	$.75
$3.75 +	$1.00

4. All payments to the Contractor will be made by the 15th day of the month following the pick-ups. Failure to provide an invoice by the 5th of the month will delay the payment to the Contractor.
5. The Contractor agrees to submit a monthly accounting of the number of households receiving his/her service each month. This count must accompany the Contractor's monthly invoice. Any changes to his/her accounting of any new households that are being added or dropped must be reported within 72 hours.
6. A monthly count of all homes, where recycling is picked up, must accompany the Contractor's invoice.
7. Contractors must dispose of household trash, recycling, and yard debris at the Moore County Transfer Station and Landfill. Scale tipping fees for household trash are included with "Full", "Rental", and "Partial" rates. Scale tipping fees for recycling and yard debris will be reimbursed to Contractor. Truck numbers must be provided to the Village.
8. Contractor must provide all tickets, or copy of tickets, for household trash, recycling, and yard debris, obtained from disposal location. These tickets must accompany the Contractor's monthly invoice. Failure to include tickets will result in delay of payment to the Contractor until tickets are received.
9. Contractor agrees that he/she will furnish all of the necessary labor and equipment to provide residents of the Country Club of North Carolina with once weekly removal of household trash, recycling, and yard debris from residential property.
10. The Contractor further covenants and agrees that he/she will include in his/her services the removal of all refuse of any nature placed in the containers; and a reasonable and normal amount of cartons, newspapers and the like, and that he/she will include in his/her services the removal of a reasonable amount of yard debris, which must be bagged or bundled, and it is mutually understood and agreed that the disposal and removal of cartons, boxes and waste

generated when a resident moves into a dwelling within the aforementioned area shall be the Contractor's responsibility.

11. Contractor further covenants and agrees that he/she, his/her employees, assistants or agents will refrain from crossing a homeowner's property in front or back of a house to make any pickups, unless expressly permitted by the homeowner on either side and that normal procedure provides that the Contractor, his/her employees, agents or assistants will proceed to the location on each property owner's premises where the refuse is stored and will remove the same directly back to the street where the collection vehicle is located without crossing the property of any adjacent or nearby property owner.
12. Contractor further covenants and agrees that collections will be made each week throughout the aforementioned area and should any holiday or external event interfere with this normal routine, Contractor will utilize any off-duty time to complete the regular collections each week; and it is understood and agreed that equipment failures shall be no reason for Contractor to avoid his/her responsibility for the collections required, and that it will be incumbent upon him/her to have available stand-by equipment to take care of such contingency.
13. Contractor covenants and agrees with the Village that in the event a pickup should be missed at any time, for reasons not the responsibility of the Village, or he/she should fail to remove all the household trash, recycling, and yard debris available for pickup, the sum of five ($5.00) dollars per home collection missed will be deducted from that month's payment by the Village, as liquidated damages, forfeited by the Contractor.
14. It is understood and agreed that the Contractor shall be responsible for all worker's compensation and other types of insurance necessary to protect themselves and the Village from any liability whatsoever and the Contractor will provide the Village with a copy of each Policy (see attached insurance memorandum of understanding that is hereby made a part of this contract by reference). Contractor shall pay all taxes and other expenses required in his/her business, and it is clearly understood and agreed that the Contractor is an independent Contractor operating strictly on his/her own and in no sense is he/she to be considered as an employee of the Village of Pinehurst.
15. Contractor and Village agree that a future renewal of this contract **for FY27** shall adjust the payment rate per residence based upon the Consumer Price Index (CPI) for Water, Sewer and Trash collection services in the U.S., Series ID CUSR0000SEHG. Should the CPI have a decrease over this period, there will be no decrease in the contract amount.
16. In the event that landfill disposal fees for household trash at the Moore County landfill or any landfill succeeding the Moore County landfill increase above the annual CPI amount, the cost per home shall be adjusted in a manner agreeable to both parties of the contract so that the increased cost above the CPI amount realized by the Contractor as a result of this and only this occurrence can be passed on to the Village.
17. Contractor must comply with all OSHA standards and requirements, where applicable. Contractor must comply with all applicable federal, state, and local laws, rules and regulations.
18. Inasmuch as the Village Council of the Village of Pinehurst has the responsibility, as a governmental function, to collect and dispose of household trash, recycling, and yard debris accumulated by the citizens, residents and property owners of the Village; and because of its responsibility to protect the health, safety, morals and general welfare of the citizens, residents and property owners of the Village, it is necessary that the Village Council see to it

that this contract is performed by the Contractor in an efficient and effective manner; and in the event, the Contractor should fail to so perform said contract, then, and in such event, the Contractor agrees that the Village Council shall have full and complete authority to terminate this contract, summarily, and to engage another Contractor to carry out the governmental function of household trash, recycling, and yard debris collection within the aforementioned area, or to perform such service with Village employees; and upon such termination, the Contractor shall be paid only through the time services have been performed hereunder.

In order to reduce processing costs and to maintain security over financial transactions, all payments made under this contract shall be made electronically. Upon execution of the contract, both parties will work to establish banking relations to enable direct deposit of funds due and payable under this contract.

IN WITNESS WHEREOF, the Village of Pinehurst has caused this contract to be executed in duplicate originals, one of which is retained by each of the parties and has caused its municipal corporate name to be hereto affixed by the Mayor of the Village of Pinehurst, attested by the Village Clerk, and has caused its corporate seal to be hereon impressed, all by authority of the Village Council duly given; and **Jockquinn Lofton**, as Contractor, has hereunto set his hand and seal, all on the day and year first above written.

VILLAGE OF PINEHURST

(Corporate Seal)

By: ______________________

Patrick Pizzella, Mayor
Pinehurst, NC

Attest:

____
Shannon Konstantinou, Village Clerk

____
Jockquinn Lofton, Contractor

This instrument has been pre-audited
in the manner required by the
Local Government and Fiscal Control Act.

____
Dana Van Nostrand, Director of Financial Services
Village of Pinehurst