VILLAGE OF PINEHURST

VILLAGE COUNCIL
AGENDA FOR REGULAR MEETING OF DECEMBER 10, 2019
ASSEMBLY HALL
395 MAGNOLIA RD.
PINEHURST, NORTH CAROLINA
4:30 PM

1. Call to Order.

2. Invocation and Pledge of Allegiance. (Pastor John Kinyon of Redeemer Church)

3. Reports:

   Manager

   Council

4. Motion to Approve Consent Agenda.

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

   A. Resolutions Honoring the Service of Nancy Fiorillo, John Bouldry, and Jack Farrell.

   B. Public Safety Reports for November, 2019.

   C. Approval of Draft Village Council Meeting Minutes.

   D. Budget Amendments Report

   End of Consent Agenda.

5. Presentation of the FY 2019 Comprehensive Annual Financial Report (CAFR).

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

7. Public Hearing No. 1

   The purpose of the hearing is for a Special Use Permit for Moore County ABC Board in order to locate an alcohol beverage store at 10 Blake Boulevard. This property is Neighborhood Commercial Zoning District. This property can be further identified as Moore County Tax Reference LRK # 00046792. The property is owned by RCH Reality Company and Mr. Richard Yelverton is representing the applicant Moore County ABC Board.

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

9. Discuss and Consider a Motion Approving a Special Use Permit for Moore County ABC Board in Order to Locate an Alcohol Beverage Store at 10 Blake Boulevard.

10. Discuss and Consider a Budget Amendment and Authorization for Engineering Technician Position and Engineering Services

11. Discuss and Consider Contract Award for Streetscape Design Services.
12. Presentation of the ICMA Certificate of Excellence in Performance Management.
13. Discuss and Consider Enterprise Agreement with ESRI.
14. Other Business.
15. Comments from Attendees.
16. 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.

RESOLUTIONS HONORING THE SERVICE OF NANCY FIORILLO, JOHN BOULDRY, AND JACK FARRELL.

ADDITIONAL AGENDA DETAILS:

FROM:
Beth Dunn

CC:
Jeff Sanborn

MEMO DETAILS:
Attached are draft resolutions for Council to consider honoring Nancy Fiorillo, John Bouldry, and Jack Farrell for their service to the Village of Pinehurst.

ATTACHMENTS:

	Description
🗋	Resolution 19-24
🗋	Resolution 19-25
🗋	Resolution 19-26

RESOLUTION #19-24:

RESOLUTION HONORING THE SERVICE OF MRS. NANCY ROY FIORILLO AS MAYOR AND COUNCILMEMBER OF PINEHURST, NORTH CAROLINA

WHEREAS, the Village Council of Pinehurst, North Carolina, wishes to acknowledge and express its appreciation to Mrs. Nancy Roy Fiorillo for her dedicated service to the citizens of Pinehurst as Village Mayor and Councilmember; and

WHEREAS, Mrs. Fiorillo has served the Village of Pinehurst as Mayor from 2011 to 2019 and as Councilmember from 2009 to 2011; and

WHEREAS, as Mayor and as a Councilmember, she has devoted her time, energy and talents to the Village and provided experience and sound judgment on its behalf with unfailing integrity, dignity and thoughtful reflection; and

WHEREAS, as Mayor and as a Councilmember, she has reviewed and deliberated on all matters, facts and proposals presented before the Council, and at all times kept the public's interest as the first priority; and

WHEREAS, Mrs. Fiorillo was instrumental in improvements, including the construction of the Splash Pad, Cannon Park Community Center, and improvements to the Village Green parking lot; and

WHEREAS, Mrs. Fiorillo actively participated in the 2014 Rewrite of the Pinehurst Development Ordinance, the Engineering Standards and Specifications Manual Rewrite, and helped the Village host the 2014 US Open Championships; and

WHEREAS, Mrs. Fiorillo was integral in adopting the Moore County Transportation Plan and developing and adopting the Village of Pinehurst 2019 Comprehensive Plan; and

WHEREAS, Mrs. Fiorillo was, and continues to be, a strong supporter for promoting the Village of Pinehurst brand to ensure it remains an attractive residential community.

NOW, THEREFORE, BE IT RESOLVED by the Village Council of Pinehurst, North Carolina, in a regular meeting assembled this this 10th day of December, 2019 as follows:

Section 1. That the Village Council hereby expresses on behalf of the citizens of Pinehurst, deep appreciation and gratitude for the gifts of time, ability, and commitment in carrying out the duties of Mayor and Councilmember for the Village of Pinehurst.

Section 2. That a copy of this resolution be spread upon the permanent minutes of the Village of Pinehurst, and a copy thereof, duly executed by the Mayor and Village Clerk, be presented to Mrs. Nancy Fiorillo as a token of our gratitude.

This Resolution passed and adopted this 10th day of December, 2019.

VILLAGE OF PINEHURST
VILLAGE COUNCIL

(Municipal Seal)

By: ___________________________
John Strickland, Mayor

Attest:

____
Beth Dunn, Village Clerk

Approved as to Form:

____
Michael J. Newman, Village Attorney

RESOLUTION #19-25:

RESOLUTION HONORING THE SERVICE OF MR. JOHN BOULDRY AS MAYOR PRO TEM, TREASURER, AND COUNCILMEMBER OF PINEHURST, NORTH CAROLINA

WHEREAS, the Village Council of Pinehurst, North Carolina, wishes to acknowledge and express its appreciation to Mr. John Bouldry for his dedicated service to the citizens of Pinehurst as a Mayor Pro Tem, Treasurer, and Councilmember; and

WHEREAS, Mr. Bouldry has served the Village of Pinehurst as Mayor Pro Tem from January 2019 to December 2019, as Treasurer from 2017 to 2019, and as a Councilmember from 2015 to 2017; and

WHEREAS, as Mayor Pro Tem, Treasurer, and Councilmember, he has devoted his time, energy and talents to the Village and provided experience and sound judgment on its behalf with unfailing integrity, dignity and thoughtful reflection; and

WHEREAS, as Mayor Pro Tem, Treasurer, and Councilmember, he has reviewed and deliberated on all matters, facts and proposals presented before the Council, and at all times kept the public's interest as the first priority; and

WHERAS, Mr. Bouldry actively participated on the Emergency Response BIRDIE team and was a member of the Library Working Group that recommended the Library Needs Assessment; and;

WHEREAS, Mr. Bouldry worked closely with the NC Department of Transportation and with Moore County as the Council's liaison to conduct long-range transportation planning for the area and was integral in adopting the Moore County Transportation Plan; and

WHEREAS, Mr. Bouldry was instrumental in improvements, including the construction of the Cannon Park Community Center; and

WHEREAS, Mr. Bouldry was, and continues to be, a strong supporter for promoting the Village of Pinehurst brand to ensure it remains an attractive residential community.

NOW, THEREFORE, BE IT RESOLVED by the Village Council of Pinehurst, North Carolina, in a regular meeting assembled this this 10th day of December, 2019 as follows:

Section 1. That the Village Council hereby expresses on behalf of the citizens of Pinehurst, deep appreciation and gratitude for the gifts of time, ability, and commitment in carrying out the duties of Mayor Pro Tem, Treasurer, and Councilmember for the Village of Pinehurst.

Section 2. That a copy of this resolution be spread upon the permanent minutes of the Village of Pinehurst, and a copy thereof, duly executed by the Mayor and Village Clerk, be presented to Mr. John Bouldry as a token of our gratitude.

This Resolution passed and adopted this 10th day of December, 2019.

VILLAGE OF PINEHURST
VILLAGE COUNCIL

(Municipal Seal)

By: ___________________________
John Strickland, Mayor

Attest:

____
Beth Dunn, Village Clerk

Approved as to Form:

____
Michael J. Newman, Village Attorney

RESOLUTION #19-26:

RESOLUTION HONORING THE SERVICE OF MR. JACK FARRELL AS COUNCILMEMBER OF THE VILLAGE OF PINEHURST, NORTH CAROLINA

WHEREAS, the Village Council of Pinehurst, North Carolina, wishes to acknowledge and express its appreciation to Mr. Jack Farrell for his dedicated service to the citizens of Pinehurst as a Councilmember; and

WHEREAS, Mr. Farrell served as a Village of Pinehurst Councilmember from January 2019 to December 2019; and

WHEREAS, as a Village Councilmember, he has devoted his time, energy and talents to the Village and provided experience and sound judgment on its behalf with unfailing integrity, dignity and thoughtful reflection; and

WHEREAS, as a member of the Village Council, he has reviewed and deliberated on all matters, facts and proposals presented before the Council, and at all times kept the public's interest as the first priority; and

WHEREAS, Mr. Farrell was instrumental in revising the Village of Pinehurst Historic District Guidelines, adopted in 2019; and

WHEREAS, Mr. Farrell was integral in developing and adopting the Village of Pinehurst 2019 Comprehensive Plan; and

WHEREAS, Mr. Farrell was, and continues to be, a strong supporter for promoting the Village of Pinehurst brand to ensure it remains an attractive residential community.

NOW, THEREFORE, BE IT RESOLVED by the Village Council of Pinehurst, North Carolina, in a regular meeting assembled this this 10th day of December, 2019 as follows:

Section 1. That the Village Council hereby expresses on behalf of the citizens of Pinehurst, deep appreciation and gratitude for the gifts of time, ability, and commitment in carrying out the duties of Councilmember for the Village of Pinehurst.

Section 2. That a copy of this resolution be spread upon the permanent minutes of the Village of Pinehurst, and a copy thereof, duly executed by the Mayor and Village Clerk, be presented to Mr. Jack Farrell as a token of our gratitude.

This Resolution passed and adopted this 10th day of December, 2019.

VILLAGE OF PINEHURST
VILLAGE COUNCIL

(Municipal Seal)

By: ____________________________
John Strickland, Mayor

Attest: Approved as to Form:

________________________ ________________________________
Beth Dunn, Village Clerk Michael J. Newman, Village Attorney

PUBLIC SAFETY REPORTS FOR NOVEMBER, 2019.

ADDITIONAL AGENDA DETAILS:

FROM:
Beth Dunn

CC:
Jeff Sanborn

DATE OF MEMO:
12/3/2019

MEMO DETAILS:
Attached are the public safety reports for November, 2019.

ATTACHMENTS:

Description

- November Police Report (1)
- November Police Report (2)
- November Fire Report

Incident Crime Summary Year To Year Comparison

Pinehurst Police Department

January - November

Offense	2018	2018 Unfounded	2019	2019 Unfounded	% Change
Homicides					
Murder and Non-negligent Manslaughter	0	0	1	0	--
Negligent Manslaughter	0	0	0	0	--
Justifiable Homicide	0	0	0	0	--
Total Homcides	0	0	1	0	--
Kidnapping/Abduction	2	0	1	0	-50.0%
Sex Offenses					
Rape	1	0	1	0	0.0%
Sodomy	0	0	1	0	--
Sexual Assault with an Object	0	0	1	0	--
Fondling	1	0	2	1	100.0%
Total Sex Offenses	2	0	5	1	150.0%
Robbery	0	0	0	0	--
Assaults					
Aggravated Assault	6	0	8	1	33.3%
Simple Assault	30	6	36	3	20.0%
Intimidation	3	0	3	0	0.0%
Total Assaults	39	6	47	4	20.5%
Arson	0	0	0	0	--
Extortion/Blackmail	1	0	2	0	100.0%
Burglary/Breaking and Entering	33	1	21	0	-36.4%
Larceny/Theft					
Pocket-Picking	0	0	0	0	--
Purse-Snatching	0	0	0	0	--
Shoplifting	1	0	5	0	400.0%
Theft of Motor Vehicle Parts	1	0	2	0	100.0%
Theft from Motor Vehicle	19	1	25	0	31.6%
Theft from Coin-Operated Machine or Device	0	0	0	0	--
Theft from Building	16	1	22	0	37.5%
All Other Larceny	33	4	44	0	33.3%
Total Larceny/Theft Offenses	70	6	98	0	40.0%
Motor Vehicle Theft	3	0	5	0	66.7%
Counterfeiting/Forgery	3	0	7	0	133.3%

Incident Crime Summary Year To Year Comparison

Pinehurst Police Department

Offense	2018	2018 Unfounded	2019	2019 Unfounded	% Change
	January - November				
Fraud					
False Pretenses/Swindle/Confidence Game	14	4	25	3	78.6%
Credit Card/Automatic Teller Machine Fraud	9	1	8	0	-11.1%
Impersonation	0	0	8	0	--
Welfare Fraud	0	0	0	0	--
Wire Fraud	0	2	0	0	--
Identity Theft	4	0	12	0	200.0%
Hacking/Computer Invasion	0	0	0	0	--
Total Fraud Offenses	27	7	53	3	96.3%
Embezzlement	0	1	0	0	--
Stolen Property	2	0	1	0	-50.0%
Destruction/Damage/Vandalism of Property	30	4	18	0	-40.0%
Drug/Narcotic Offenses					
Drug/Narcotic Violations	138	0	179	0	29.7%
Drug Equipment Violations	57	0	112	0	96.5%
Total Drug/Narcotic Offenses	195	0	291	0	49.2%
Sex Offenses, Nonforcible					
Incest	0	0	0	0	--
Statutory Rape	1	0	0	0	-100.0%
Total Sex Offenses, Nonforcible	1	0	0	0	-100.0%
Pornography/Obscene Material	1	0	3	0	200.0%
Gambling					
Betting/Wagering	0	0	0	0	--
Operating/Promoting/Assisting Gambling	0	0	0	0	--
Gambling Equipment Violations	0	0	0	0	--
Sports Tampering	0	0	0	0	--
Total Gambling Offenses	0	0	0	0	--
Prostitution					
Prostitution	0	0	0	0	--
Assisting or Promoting Prostitution	0	0	0	0	--
Purchasing Prostitution	0	0	0	0	--
Total Prostitution Offenses	0	0	0	0	--
Bribery	0	0	0	0	--
Weapon Law Violations	6	0	16	0	166.7%

Incident Crime Summary Year To Year Comparison

Pinehurst Police Department

Offense	2018	2018 Unfounded	2019	2019 Unfounded	% Change
	January - November				
Human Trafficking					
Commercial Sex Acts	0	0	0	0	--
Involuntary Servitude	0	0	0	0	--
Total Human Trafficking Offenses	0	0	0	0	--
Animal Cruelty	0	0	1	0	--
Grand Total	**415**	**25**	**570**	**8**	**37.3%**

Activity Detail Summary (by Category)

Pinehurst Police Department

(11/01/2019 - 11/30/2019)

Incident\Investigations

13B - Simple Assault	3
13C - Intimidation	1
210 - Extortion/Blackmail	1
220 - Burglary/Breaking & Entering	3
23D - Theft From Building	2
23F - Theft From Motor Vehicle	2
23H - All Other Larceny	5
240 - Motor Vehicle Theft	1
26A - False Pretenses/Swindle/Confidence Game	4
26B - Credit Card/Automatic Teller Machine Fraud	2
26C - Impersonation	1
26F - Identity Theft	2
290 - Destruction/Damage/Vandalism of Property	4
35A - Drug/Narcotic Violations	12
35B - Drug Equipment Violations	7
90C - Disorderly Conduct	3
90D - Driving Under the Influence	7
90E - Drunkenness	2
90F - Family Offenses, Nonviolent	1
90G - Liquor Law Violations	1
90J - Trespass of Real Property	1
90Z - All Other Offenses	11
Insurance - No Motor Vehicle Insurance	1
Left of Center - Driving Left of Center	3
License - Driver's License Violations	4
Registration - Vehicle Registration Violations	1

Total Offenses	85
Total Incidents	55

Arrests

13B - Simple Assault	1

Activity Detail Summary (by Category)

Pinehurst Police Department

(11/01/2019 - 11/30/2019)

Arrests

13C - Intimidation	1
23F - Theft From Motor Vehicle	2
26A - False Pretenses/Swindle/Confidence Game	4
290 - Destruction/Damage/Vandalism of Property	2
35A - Drug/Narcotic Violations	12
35B - Drug Equipment Violations	8
90C - Disorderly Conduct	2
90D - Driving Under the Influence	6
90E - Drunkenness	1
90G - Liquor Law Violations	1
90J - Trespass of Real Property	1
90Z - All Other Offenses	3
Insurance - No Motor Vehicle Insurance	1
License - Driver's License Violations	1
Registration - Vehicle Registration Violations	1

Total Charges	47
Total Arrests	26

Accidents

Total Accidents	0

Citations

Driving While License Revoked	36
DWI	3
Expired Registration	36
Failure To Reduce Speed	5
Failure To Stop (Stop Sign/Flashing Red Light)	5
Inspection	2
No Insurance	10
No Operator License	15
Other (Infraction)	71

Activity Detail Summary (by Category)

Pinehurst Police Department

(11/01/2019 - 11/30/2019)

Citations

Passenger Seat Belt - Juvenile	4
Possess/Consume Alcohol - Passenger	2
Running Red Light	1
Seat Belt	1
Speeding (Infraction)	187
Unsafe Movement	14
Secondary Charge	98

Total Charges	490
Total Citations	393

Warning Tickets

Total Charges	0
Total Warning Tickets	0

Ordinance Tickets

Total Ordinance Tickets	0

Criminal Papers

Magistrates Order	1
Warrant	81

Total Criminal Papers Served	82
Total Criminal Papers	82

Civil Papers

Total Civil Papers Served	0
Total Civil Papers	0

SUMMARY FOR THE MONTH OF NOVEMBER 2019

SUMMARY OF INCIDENT CALLS

TYPE OF INCIDENT	*NUMBER THIS MONTH*	*NUMBER FYTD*	*NUMBER THIS MONTH LAST YEAR*	*NUMBER FYTD LAST YEAR*	*PERCENTAGE YTD*
Fire	2	25	1	20	25%
Overpressure Rupture, Explosion, Overheat - no fire	0	4	1	1	400%
Rescue & EMS Incidents	59	240	43	228	5%
Hazardous Conditions - no fire	12	64	13	82	-22%
Service Call	31	152	39	136	12%
Good Intent Call	26	132	22	144	-8%
False Alarm & False Call	24	142	19	199	-29%
Severe Weather & Natural Disaster	0	7	0	91	-92%
Special Incident Type	0	1	0	0	100%
TOTAL INCIDENTS	**154**	**767**	**138**	**901**	**-15%**

SUMMARY OF INSPECTION

TYPE OF INSPECTIONS	*NUMBER THIS MONTH*	*NUMBER FYTD*	*NUMBER THIS MONTH LAST YEAR*	*NUMBER FYTD LAST YEAR*	*PERCENTAGE YTD*
Residential	7	74	16	55	35%
Residential New Systems	0	0	0	0	0%
Residential Fire Sprinkler	0	0	0	7	-700%
Commercial	0	34	20	111	-69%
Plan Review/Site Inspections	1	3	5	14	-79%
Reinspection	6	95	9	115	-17%
Occupancy Certificates	0	0	0	1	-100%
TOTAL INSPECTIONS	**14**	**206**	**50**	**303**	**-32%**
Violations Found:	0	75	50	320	-77%
YTD Violations to be Corrected:		61		266	
YTD Violations Corrected:		53		161	
Correction Percentage:		87%		61%	

December 5, 2019

J. Carlton Cole, Fire Chief

PINEHURST FIRE DEPARTMENT

By The Numbers - November 2019

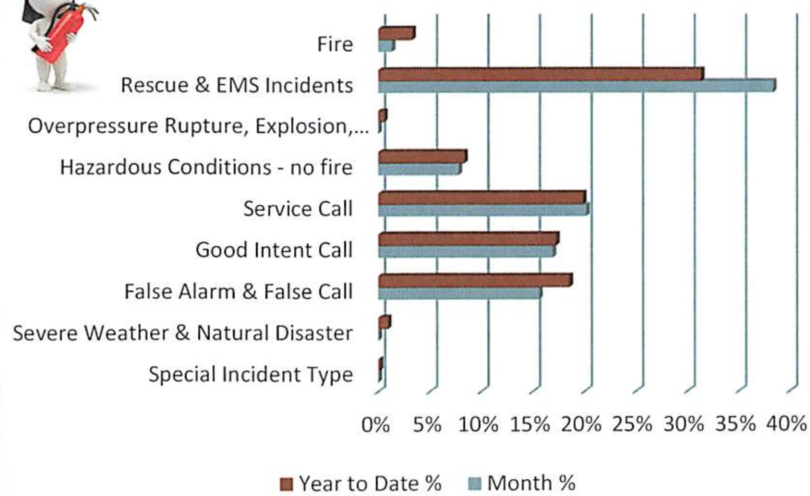
Month

Calls for Service	154
% Overlapping Incidents	8.44%
Busiest Day of Week	Fri
Busiest Hour of Day	11 AM
# of Times Staff Recalled	4

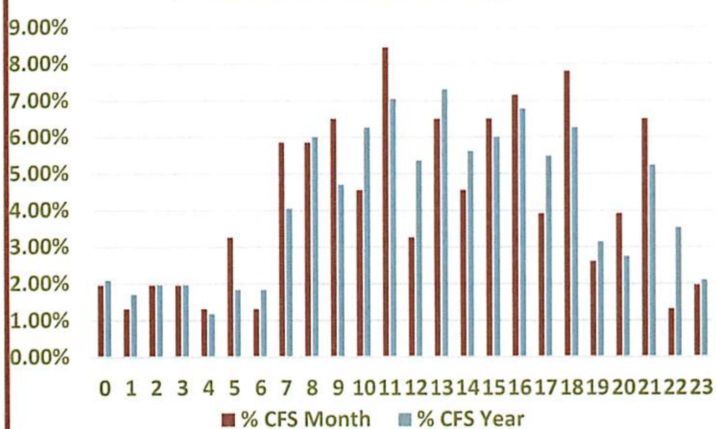
Year

Calls for Service	767
% Overalpping Incidents	9.80%
Busiest day of Week	Tues
Busiest Hour of Day	1 PM
# of Times Staff Recalled	9

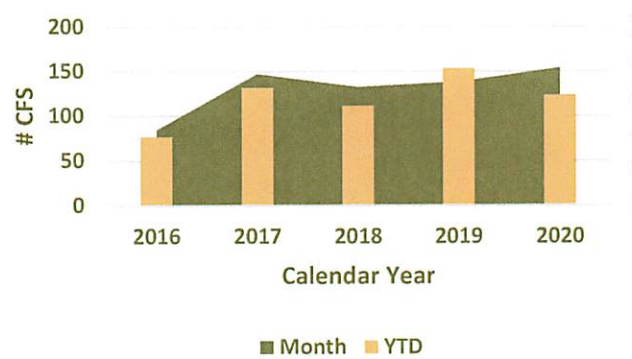
% of Calls for Service (CFS)



% CFS BY HOUR OF DAY

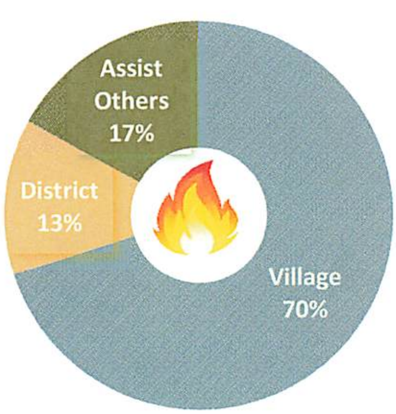


5 Year Comparison Through this Month of Year



LOCATION OF CFS

FOR FY20



Inspections Completed this

MONTH	14
YEAR	206

Code Violations Found this

MONTH	0
YEAR	75

Percentage of Violations

Corrected YTD 87%

Days Since Last Lost Time Accident in FD 870

YTD Training Hours

IN HOUSE 2264

OUTSIDE 495

Staff Training

Public Awareness Contacts

MONTH	597
YTD	24,672

APPROVAL OF DRAFT VILLAGE COUNCIL MEETING MINUTES.
ADDITIONAL AGENDA DETAILS:

FROM:
Beth Dunn

CC:
Jeff Sanborn

DATE OF MEMO:
12/5/2019

MEMO DETAILS:
Attached are the draft minutes from the Village Council regular meeting and work session on November 12, 2019.

ATTACHMENTS:

	Description
🗋	November 12, 2019 Regular Meeting
🗋	November 12, 2019 Work Session

VILLAGE COUNCIL
MINUTES FOR REGULAR MEETING OF NOVEMBER 22, 2019
ASSEMBLY HALL
395 MAGNOLIA ROAD
PINEHURST, NORTH CAROLINA
4:30 PM

The Pinehurst Village Council held a Regular Meeting at 4:30 p.m., Tuesday, November 12, 2019 in the Assembly Hall of Pinehurst Village Hall, 395 Magnolia Road, Pinehurst, North Carolina. The following were in attendance:

Ms. Nancy Roy Fiorillo, Mayor
Mr. John Bouldry, Mayor Pro Tem
Ms. Judy Davis, Treasurer
Mr. Kevin Drum, Councilmember
Mr. Jack Farrell, Councilmember
Mr. Jeffrey M. Sanborn, Village Manager
Ms. Beth Dunn, Village Clerk

And approximately 22 attendees, including 6 staff and 1 press.

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

2. **Invocation and Pledge of Allegiance.**
   Invocation by Dr. John Jacobs of Village Chapel.

3. **Reports:**
   Village Manager
   - Installation of the railroad signal on St. Andrews should begin around December 11th. This crossing is one of the highest traffic crossing in the state without signalization.
   - He noted this is the last meeting with the current Council and he would like to thank Mayor Fiorillo, Councilmember Bouldry, and Councilmember Farrell for their outstanding leadership and public service to this community.

   Village Council
   - Mayor Nancy Fiorillo thanked her fellow colleagues for their service. She stated she is amazed at Councilmember Farrell's knowledge and memory, and Judy's opinion and expertise in her field of study. She also thanked Village Manger, Jeff Sanborn for the great job he does for the Village of Pinehurst.
   - Mayor Pro Tem Bouldry stated it had been a privilege and honor to serve the Village of Pinehurst. He thanked the other Councilmembers and stated nothing could have been accomplished without the Village staff. He thanked the Village Boards and Committees for all of their service as well.
   - Councilmember Davis stated the Beautification Committee is opening up the Christmas decorating contest to the entire Village. She stated that John Bouldry has been a great Councilmember and Jack Farrell has the most knowledge of the Village and has been a great asset.
   - Councilmember Drum thanked the outgoing Village Council. He stated he will always think of Nancy when he sees the Village

Green. He also thanked Mayor Pro Tem Bouldry for his service and Jack Farrell for coming in off the bench to help out.

- Councilmember Farrell thanked the other members of the Council for giving him the opportunity to fill John Cashion's seat and thanked staff for all of their work.

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.

- Resolution 19-23 Reappointing Cyndie Burnett to the Board of Adjustment and Planning and Zoning Board.
- Public Safety Reports for October, 2019.
- Approval of Draft Village Council Meeting Minutes.
  - October 15, 2109 Special Meeting
  - October 15, 2019 Closed Session
  - October 22, 2019 Regular Meeting
  - October 22, 2019 Closed Session
- Budget Amendments Report.

Councilmember Farrell stated he hopes the public is looking at the public safety reports and explained these reports contain information that are worth noting. Jeff Sanborn, Village Manager, explained the Police Department is revamping their monthly report and the new report format should go before the Council in December.

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

5. Q1 Update on the Status of the FY 2020 Strategic Operating Plan Implementation.
Lauren Craig, Organizational Performance Director, stated the FY 2020 Strategic Operating Plan includes 8 Initiative Action Plans (IAPs). She explained IAPs are those defined and measurable activities needed to accomplish our strategic objectives that involve a significant amount of financial and/or staff resources or have a significant community impact over the five-year period. She noted that as of September 30, 2019, the 7 IAPs scheduled to begin were all in progress and on schedule. 1 IAP is scheduled to begin in Q2 of FY 2020.

Ms. Craig reviewed the current IAP's for FY 20. She explained the Police Department CALEA team continued working through the self-assessment process by incorporating standards into departmental polices and forms in the first quarter. The Long-Range Comprehensive Plan Update project was in progress and on schedule at the end of the first quarter. The Village received public comments on the draft plan by 8/6/19 and delivered the revised draft plan to Council on 9/8/19. Small Area Plan for the Village Place/Rattlesnake Trail Corridor is scheduled to being in the 2nd quarter of FY20. Cannon Park Community Center construction is progressing well and is on schedule for completion in the 2nd quarter.

The BIRDIE team recommendation to evaluate a single point of contact for the permitting process was completed in the first quarter by the Planning and Inspections Director and Assistant Village Manager and determined no additional delineation is needed given the small staff size. Senior Leaders held 6 Baldrige Senior Leadership Team Meetings in the first quarter, and documented approach, deployment, learning, and integration for criteria. Ms. Craig explained to expand the GIS capabilities, the IT Department hired a GIS Analyst and are now beginning to organize and convert GIS data. Workforce Learning and Development annual performance goals were approved in Q1 and individual training needs were identified and discussed in annual performance review meetings.

Councilmember Davis asked if the Planning and Inspections goal was obtainable. Darryn Burich, Planning and Inspections Director, sated he believes the goal is obtainable, now that they are fully staffed. He explained there were a couple of permits that skewed the numbers this past quarter, due to not being at full capacity. Councilmember Farrell asked about the single point of contact IAP for the Planning and Inspections Department. Mr. Burich explained that due to the small staff in the Planning and Inspections Department that the IAP was not actionable at this time. Councilmember Farrell asked how many maps would be converted by the new GIS Analyst. Jason Whitaker, Information Technology Director, stated 10 maps would be updated.

6. Presentation of Financial Statements for the Year Ended June 30, 2019.

Brooke Hunter, Financial Services Director, stated that the Village is off to a good start for FY 2020. At the end of the first quarter, revenues exceeded expenditures by a larger margin than anticipated in our forecast. In addition, operating expenditures are below expected levels and these results should position us well to carry out the objectives outlined in the FY 2020 Strategic Operating Plan. Ms. Hunter stated that the Village's General Fund is showing $7.1 million in income for the first three months of the year compared to $5.1 million the prior year. The largest component of this increase is the return of $1 million previously contributed to the Given Memorial Library capital expansion campaign. The Village's General Fund fund balance is currently 68% of budgeted expenditures, which is lower than the 83% level seen the previous year at September 30.

Ms. Hunter explained that the Village's total cash and investment balances increased by $816,000, or 6%, compared with the previous year. This is due to the return of library funds and also the timing of Community Center construction payments, as over $1.5 million of the construction contract remains to be paid at the end of the first quarter. She stated that the Village's long-term debt balances also continue to remain relatively low, totaling $291,000 in installment financing agreements.

Ms. Hunter stated general fund revenues were $707,000, or 7%, above the quarterly budget projections. Most of this variance was due to the timing of the Village's real and personal property tax collections. The collection rate of 77% through the first quarter was higher than the standard 70% collection rate that we estimated at this point in the year. It is also worth noting that the valuation of real and personal taxable property increased by approximately 7%, which is in accordance with our projection after combining expected regular growth and Moore County property revaluation rates. General fund operating expenditures were $1,165,000, or 24%, below the quarterly budget overall. This variance is well outside the expected expenditure variance of 5%. Operating expenditures were, however, comparable to the previous year. For capital outlay, approximately 58% of the capital outlay budgeted in the first quarter was expended.

Ms. Hunter explained growth in the Village's property tax base remains steady and the total tax base increased by 7.33% this quarter as a result of growth and Moore County's property revaluation, compared to 1.08% the previous year. So far this year, the Village has issued 39 new residential building permits valued at $11,107,000. This is $2,613,000, or 31%, higher than the same period last year. During the quarter, the Fair Barn covered 68% of operating expenditures with operating revenues. This is less than the 85% achieved at this point the previous year and below the balanced scorecard target of 79%. After discounts, Fair Barn revenue remained stable compared to the prior year, however, expenditures increased primarily in Buildings & Grounds maintenance charges due to a couple of larger repairs, due to a storm, occurring early in the fiscal year. The Harness Track covered 11% of its operating expenditures compared to 16% the previous year. Variances of this type are typical due to the timing of stall rental revenues at the start of the training season. By the end of the second quarter, we should have a better idea of where the Harness Track stands for the season.

Ms. Hunter stated at this point in the fiscal year, our financial results are in line with expectations. Revenues are also running ahead of our forecast. However, with only one quarter completed, she is cautious to predict how the year will end. There are still many variables at play and most of the variances in revenues, expenditures, and capital outlay will be resolved as the fiscal year progresses. Mayor Nancy Fiorillo stated how great it was that we only have $291,000 in debt, and there can't be many municipalities that can say that. Councilmember Farrell asked if we could prepay the current debt to avoid interest. Ms. Hunter stated this is something they have discussed before and they can certainly look at again.

7. Other Business.

No other business was discussed.

8. Comments from Attendees.

- John Hoffman, Everett Road, stated the Community Presbyterian Church improvement project has been shady from the start and the PDO should of a prevented the renovations. He read a portion of the Pinehurst Development Ordinance regarding conditional zoning, which he feels is not being met or enforced. If the applicant should fail to accept any condition the permit should be null and void.
- Bill Comer, Pinehurst Resident, stated that even though he and the Council might not have always agreed doesn't mean he hasn't recognized all the hard work, commitment, and dedication by the Council. He thanked the outgoing members of the Village Council and wished them the best.

9. Motion to Adjourn.

Upon a motion by Mayor Pro Tem Bouldry, seconded by Councilmember Farrell, Council unanimously approved to adjourn the regular meeting by a vote of 5-0 at 5:30 pm.

Respectfully Submitted,

Beth Dunn,
Village Clerk

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

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

VILLAGE COUNCIL
MINUTES FOR WORK SESSION OF NOVEMBER 12, 2019
ASSEMBLY HALL
395 MAGNOLIA ROAD
PINEHURST, NORTH CAROLINA

IMMEDIATLEY FOLLOWING THE REGULAR MEETING

The Pinehurst Village Council held a Work Session at 5:40 p.m., Tuesday, November 12, 2019, in the Assembly Hall of Pinehurst Village Hall, 395 Magnolia Road, Pinehurst, North Carolina. The following were in attendance:

Ms. Nancy Roy Fiorillo, Mayor
Mr. John Bouldry, Mayor Pro Tem
Ms. Judy Davis, Treasurer
Mr. Kevin Drum, Councilmember
Mr. Jack Farrell, Councilmember
Mr. Jeffrey Sanborn, Village Manager
Ms. Beth Dunn, Village Clerk

And approximately 15 attendees, including 3 staff.

1. **Call to Order.**
   Mayor Nancy Roy Fiorillo, called the Council work session to order.

2. **Discuss Library Needs Assessment.**
   Natalie Hawkins, Assistant Village Manager, stated this agenda item is to brief the Village Council on the status of the Library Services Needs Assessment and to seek the Council's feedback on the types of focus groups to organize for the public input phase of the assessment. Village staff is suggesting the Village Council hold the onsite public kickoff on January 14, 2020 at a special meeting of the Village Council at 3:00 pm, before the regular Council meeting. The Assessment Committee will work with Debbie Joy to formulate and distribute the online survey that will contain different questions for library patrons and non-library patrons. The survey is currently in the process of being drafted by the consultant, Debbie Joy. Village staff plan to utilize the new online engagement portal, Engage Pinehurst, to promote the public engagement phase of the Library Services Needs Assessment. Mayor Pro Tem Bouldry suggested possibly adding another public input meeting after the February meeting to see the recommendations that come from the assessment and receive public input on those. Ms. Hawkins stated that only one public meeting is in the contract but that contract could be modified. She stated she would talk with the consultant about adding another input meeting.

   Ms. Hawkins stated that the Village will host seven focus group meetings. Our consultant has agreed to host one additional focus group at no additional cost to ensure all key stakeholders are included. In addition to the focus groups, Debbie Joy will personally interview individual each individual Village Council member. The seven planned focus group meetings will be held in Assembly Hall and are planned to last approximately 1 ½ hours each between February 18th and February 20th. Ms. Hawkins stated that to ensure appropriate representatives from key stakeholder groups are invited to the focus group meetings, Village staff is seeking the Council's input on the types of focus groups to assemble. Based on the Assessment Committee's discussions with Debbie Joy thus far, Village staff is suggesting the following types of focus groups: 1. Community Business Leaders 2. VOP Leaders 3. Given Library Board Members 4. Library Administrators – Administrators from the Given Memorial Library, Southern Pines Library, Moore County Library, Sandhills Regional Library System, and the State Library System 5. Given Library Staff & Volunteers 6. Given Library Patrons 7. Resident Non-Library Users.

   Councilmember Farrell stated he believes the business community and the Library Board is over represented in this proposed process. He believes the community should be the ones speaking up. Councilmember Davis suggested having a daytime and nighttime community meeting to get more public input and she also suggested mixing the focus groups with library users and non-users and interviewing more public, Councilmember Drum agreed. The consensus of the Council was to use residents as the focus member participants and to mix the groups with residents who use and don't use Library services. Jeff Sanborn, Village Manager, explained that an application will be available for residents to fill out to volunteer to participate in the focus groups. The application will have various questions to make sure we select a diverse population to receive input from.

3. **Motion to Adjourn.**
Upon a motion by Mayor Pro Tem Bouldry, seconded by Councilmember Farrell, Council unanimously approved to adjourn the work session by a vote of 5-0 at 6:30 pm.

Respectfully Submitted,

Beth Dunn,
Village Clerk

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

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BUDGET AMENDMENTS REPORT
ADDITIONAL AGENDA DETAILS:

FROM:
Brooke Hunter

CC:
Jeff Sanborn & Natalie Hawkins

DATE OF MEMO:
12/3/2019

MEMO DETAILS:
Attached is the report of budget amendments approved by the Budget Officer as required for the current period.

ATTACHMENTS:

	Description
🗋	Budget Amendments Report - FY 2020

VILLAGE OF PINEHURST
BUDGET AMENDMENTS APPROVED BY BUDGET OFFICER
FOR THE PERIOD NOVEMBER 6 - DECEMBER 3, 2019

Under Village of Pinehurst Ordinance #19-12, the Village Council grants the Budget Officer, or Village Manager, the ability to transfer appropriations under specific conditions. These conditions allow transfers of up to $10,000 between departments (including contingency) of the same fund for the FY 2020 Budget. The Budget Officer may not transfer monies between funds at any time.

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

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

	ACCOUNT NUMBER	DESCRIPTION	DEBIT	CREDIT	APPROVED DATE
1	10-00-960-7500	Fleet-Capital Outlay: Vehicles	$ 5,000		11/14/2019
	10-00-960-7400	Fleet-Capital Outlay: Equipment		$ 5,000	
	10-10-310-7510	Police-Capital Outlay: Fleet Vehicles	$ 5,000		
	10-20-420-7410	Streets & Grounds-Capital Outlay: Fleet Equipment		$ 5,000	
		In Fleet Maintenance, transfer savings from Streets & Grounds mower replacement to cover the overage in upfitting three replacement Police vehicles. Adjusted the associated departmental allocations accordingly.			

PRESENTATION OF THE FY 2019 COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR).

ADDITIONAL AGENDA DETAILS:

FROM:
Brooke Hunter

CC:
Jeff Sanborn & Natalie Hawkins

DATE OF MEMO:
11/22/2019

MEMO DETAILS:
I am pleased to present to you the Village's Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2019. These financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) and audited in accordance with Government Auditing Standards by a firm of licensed certified public accountants.
Mr. John Frank of Dixon Hughes Goodman, LLP will present the firm's opinion on these statements.
Also, included with your copy of the CAFR is information required by professional auditing standards which explains the auditor's responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of the audit.
In addition to the required annual audit, in FY 2019, the Village was selected by the Office of State Auditor to obtain an employee census data examination, which focused on the information provided to the Local Government Employees' Retirement System pension plan. Dixon Hughes Goodman, LLP completed this examination and provided their opinion on the accuracy and completeness of the Village's employee census data. Their Independent Accountants' Report is attached.
As always, if you have any questions, please feel free to contact me.

ATTACHMENTS:

	Description
🗋	FY 2019 Comprehensive Annual Financial Report
🗋	Required Auditor Communication
🗋	Census Data Examination Report

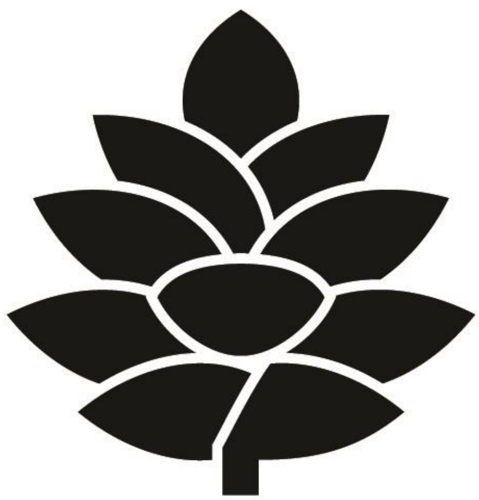
Village of Pinehurst, North Carolina

Comprehensive Annual Financial Report

For the Fiscal Year Ended
June 30, 2019

Prepared by
Financial Services Department

Brooke Hunter
Financial Services Director



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1895 VILLAGE OF PINEHURST

HISTORY, CHARM, AND SOUTHERN HOSPITALITY

LETTER OF TRANSMITTAL

October 22, 2019

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

The Comprehensive Annual Financial Report of the Village of Pinehurst, North Carolina (Village) is submitted for your review and use. This report was prepared by the Village's Financial Services Department, and it is the comprehensive publication of the Village's financial position and results of operations as of and for the fiscal year ended June 30, 2019. The Village, like all other local governments in the State, is required by State law to publish a complete set of financial statements within four months of the close of each fiscal year. The financial statements must be presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. This report is published to fulfill that requirement for the fiscal year ended June 30, 2019, and to provide further accountability to citizens and other interested parties by providing a more comprehensive report in lieu of the minimum basic financial statement requirements.

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

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

As noted earlier, the Village is required by state law to have an annual independent financial audit. Dixon Hughes Goodman, LLP, Certified Public Accountants, conducted the audit and concluded in an unmodified ("clean") opinion that the financial statements present fairly in conformity with GAAP, in all material respects, the financial position and changes in financial position for the Village of Pinehurst, North Carolina, as of June 30, 2019. The independent auditors' report on the basic financial statements is located at the beginning of the financial section of this report.

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

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

Profile of the Village

"The Village of Pinehurst is a charming, vibrant community which reflects our rich history and traditions." This vision statement adopted by the Village Council is reflective of what we aspire to be as a community. Our mission is to "promote, enhance, and sustain the quality of life for residents, businesses, and visitors." The Village was incorporated in 1980 and is located in the Sandhills Region of North Carolina. The Village has a land area of approximately 17 square miles, and an estimated population of 16,754. Pinehurst is the largest of eleven municipalities in Moore County. The Village is empowered to levy a property tax on both real estate and personal properties located within its boundaries. It also is empowered, by state statute, to extend its corporate limits by annexation on a limited basis.

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

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

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

Local Economy

The Village is primarily a residential community with a historically strong growth rate in residential development. Over the past year, the Village saw a steady, but slowing local housing market. In fiscal year (FY) 2020, 122 new homes were constructed in the Village, which is a decrease from the 144 homes constructed in the previous year.

The tourism industry contributes significantly to the economic well-being of the Village. Moore County ranks eleventh out of one-hundred North Carolina counties in tourism, with an estimated $521 million in annual tourism generated revenues. This is due primarily to the world-renowned reputation of Pinehurst Resort, which is owned by the privately held company Pinehurst, LLC. The resort's golf, hotel, and spa amenities draw tourists from all over the world as a result of its exceptional quality. Pinehurst Resort hosted the 1999, 2005, and 2014 U.S. Open Golf Championships. In 2014, the back-to-back U.S. Open and U.S. Women's Open Championships generated over $169 million dollars in economic impact on the local and state economy. Pinehurst Resort is the Village's largest taxpayer and employs approximately 1,500 people.

The Village can also claim a top-notch regional health facility, FirstHealth of the Carolinas. FirstHealth is a private, not-for-profit health care system based in Pinehurst which serves 15 counties. FirstHealth is the County's largest private employer, employing approximately 3,700 health care professionals and staff. Their commitment to quality is evidenced by FirstHealth's flagship hospital, Moore Regional, being consistently named among the Top 100 Hospitals in the country.

Long-Term Financial Planning and Major Initiatives

The Village is committed to maintaining a strong financial condition. The Village Council's adopted fund balance policy requires the Village to maintain a minimum unassigned General Fund balance of 15% of actual expenditures as reported in the Village's CAFR. In addition, when preparing the annual General Fund budget, the total appropriated fund balance should result in anticipated ending total fund balance in the range of 30%-40% of budgeted expenditures. At June 30, 2019, the General Fund's unassigned fund balance of $5,112,998 represented 29% of General Fund actual expenditures and total fund balance was 41% of budgeted expenditures.

In FY 2020, the Village adopted its seventh Strategic Operating Plan (SOP). This strategic planning process was adopted as a part of implementing the Malcolm Baldrige Performance Excellence Framework and is designed to provide an integrated approach to organizational performance management. The SOP includes a one-year budget and a five-year financial forecast that incorporates a five-year capital improvement plan (CIP). The SOP is a strategic, results-driven approach to resource allocation that is closely aligned with the Village Council's strategy and achieving the results articulated in the Village's balanced scorecard.

The Village Council adopted nine organizational goals for the 2020 Strategic Operating Plan to achieve that mission. These overarching community goals are as follows: (1) safeguard the community, (2) promote high quality development and appearance, (3) promote a thriving business community, (4) promote transportation mobility and connectivity, (5) protect the environment, (6) promote active living and cultural opportunities, (7) professionally manage a high performing organization, (8) attract and retain an engaged workforce, and (9) maintain a healthy financial condition.

Major initiatives of the FY 2020 Strategic Operating Plan to address these goals include:

- Adopt and implement a Long-Range Comprehensive Plan
- Small area plan for the Village Place/Rattlesnake Trail corridor
- Cannon Park Community Center
- Expand GIS capabilities

<u>Awards and Acknowledgements</u>

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Village for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2018. This was the 26th consecutive year the Village has received this prestigious award. In order to be awarded a Certificate of Achievement, the Village published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

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

In addition, the Village received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal years ended June 30, 2008 through 2019. We were awarded the Special Performance Measures Recognition in three of those years. In order to qualify for the Distinguished Budget Presentation Award, the Village's budget document had to be judged to be proficient as a policy document, a financial plan, an operations guide, and a communications device.

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

Respectfully submitted,

Jeffrey M. Sanborn
Village Manager

Brooke Hunter
Financial Services Director

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Village of Pinehurst

North Carolina

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

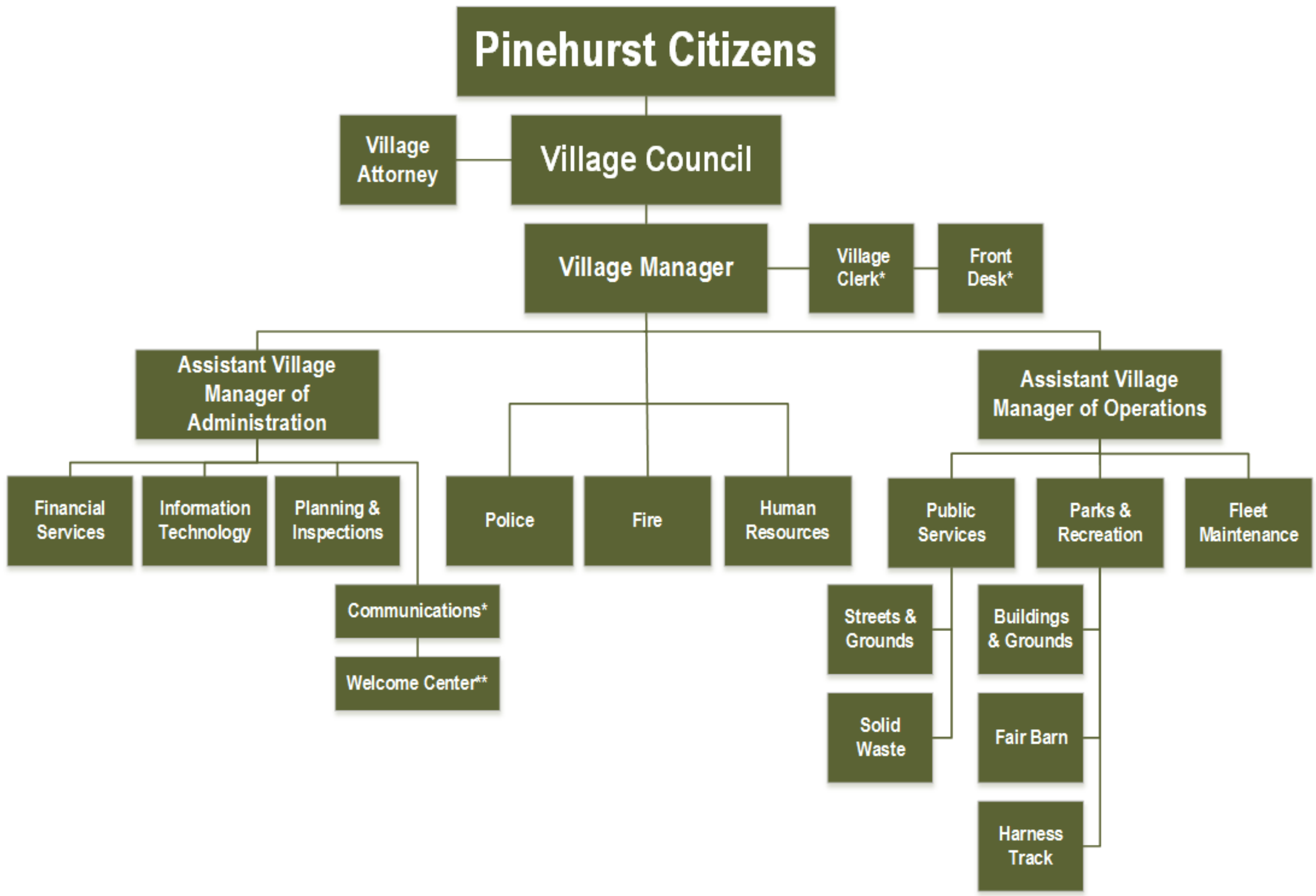
June 30, 2018

Christopher P. Morrill

Executive Director/CEO

Village of Pinehurst, North Carolina

Organizational Chart
June 30, 2019



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

Village of Pinehurst, North Carolina
List of Principal Officials
June 30, 2019

Elected Officials

Nancy Roy Fiorillo	Mayor
John Bouldry	Mayor Pro-Tem
Judy Davis	Treasurer
Kevin Drum	Council Member
Jack Farrell	Council Member

Appointed Officials

Jeffrey M. Sanborn	Village Manager
Natalie Hawkins	Assistant Village Manager
Jeff Batton	Assistant Village Manager
Michael J. Newman	Village Attorney
Beth Dunn	Village Clerk
Brooke Hunter	Financial Services Director
Lauren Craig	Performance Management Director
Angela Kantor	Human Resources Director
Jason Whitaker	Chief Information Officer
Earl Phipps	Police Chief
Carlton Cole	Fire Chief
Darryn Burich	Planning & Inspections Director
Mike Apke	Public Services Director
Randy Kuhn	Fleet Maintenance Director
Mark Wagner	Parks & Recreation Director

DIXON HUGHES GOODMAN LLP

Independent Auditors' Report

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

Report on the Financial Statements
We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Pinehurst, North Carolina (“the Village”) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise of the Village’s basic financial statements listed in the table of contents.

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

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Village as of June 30, 2019, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 15, Local Government Employees' Retirement System Schedule of the Proportionate Share of the Net Pension Liability (Asset) on page 44, Local Government Employees' Retirement System Schedule of Contributions on page 45, and the Law Enforcement Officers' Special Separation Allowance schedules of the Changes in Total Pension Liability and the Total Pension Liability as a Percentage of Covered Payroll on pages 46 and 47 be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

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

DIXON HUGHES GOODMAN LLP

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards,* we have also issued our report dated October 22, 2019 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

Dixon Hughes Goodman LLP

High Point, North Carolina
October 22, 2019

Management's Discussion and Analysis

As management of the Village of Pinehurst (the Village), we offer readers of the Village's financial statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended June 30, 2019. We encourage readers to read the information presented here in conjunction with additional information we have furnished in the Village's financial statements, which follow this narrative.

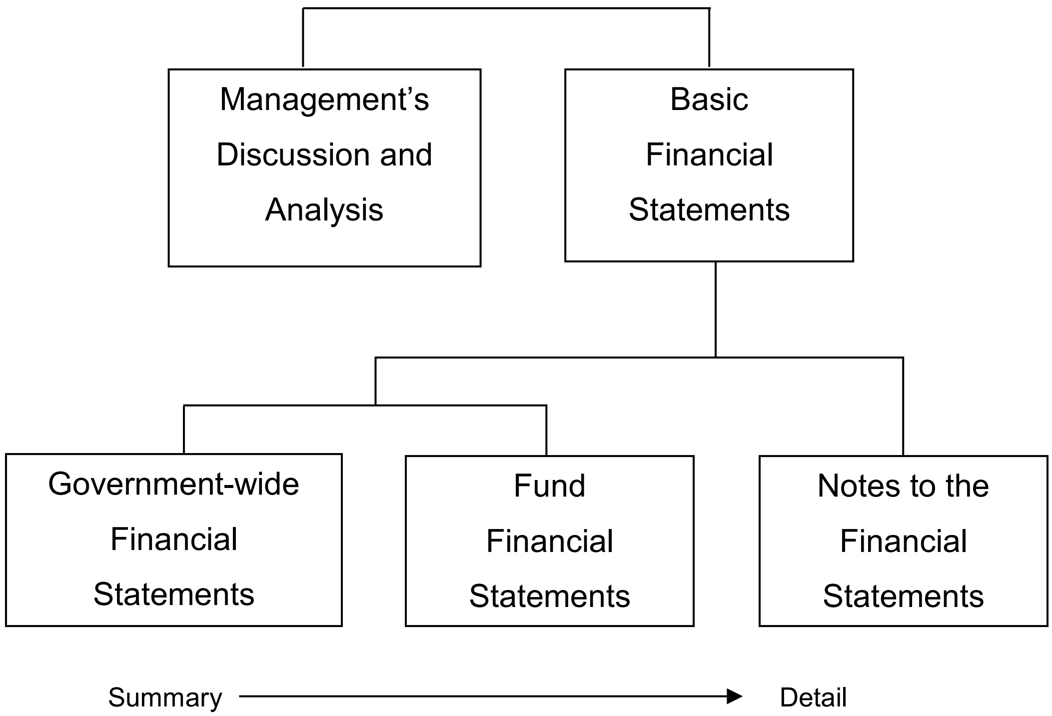
Financial Highlights

- The assets and deferred outflows of resources of the Village exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by $32,903,284 (*net position*).
- The Village's total net position increased by $1,407,045 primarily due to lower than expected operating expenditures, an increase in capital assets, and the reduction in long term debt due to scheduled principal payments.
- At the end of the current fiscal year, the Village's governmental funds, consisting of the General Fund and Community Center Capital Project Fund, reported combined ending fund balances of $10,392,431, a decrease of $436,284 in comparison with the prior year.
- At the close of the current fiscal year, unassigned fund balance for the General Fund was $5,112,998, or 29% of total general fund expenditures for the fiscal year. This amount is available for spending at the Village's discretion.
- The Community Center Capital Project Fund was established to account for the design and construction of the new Cannon Park Community Center. In the current year, the General Fund transferred $4,569,165 to the Capital Project Fund for estimated construction costs. Estimated design costs were transferred from the General Fund in the prior fiscal year. Ending committed fund balance in the Capital Project Fund was $2,520,458, which will be used to complete the project.
- The Village's total debt decreased by $297,282 (40%) during the current fiscal year. The decrease was due to scheduled principal payments on existing debt obligations. Total debt outstanding was $440,287 at the 2019 fiscal year end.
- The Village had no general obligation bonded debt as of June 30, 2019.
- Throughout the year, the Village's deposits were insured or collateralized as required by State law. Total investment earnings were approximately $261,291, which is equivalent to a return of approximately 2.20% on the average amount of cash and cash equivalents during the year. At fiscal year's end, 70% of the Village's cash and investments were invested with the North Carolina Capital Management Trust (NCCMT) Term Portfolio and 28% were invested with the NCCMT Government Portfolio.
- The Village has received the Certificate of Achievement for Excellence in Financial Reporting for 26 consecutive years. The Certificate of Achievement is the highest form of recognition awarded in the field of governmental financial reporting.
- For the 2019 fiscal year, the Village received the Distinguished Budget Presentation Award for the 12th consecutive year from the Government Finance Officers Association for its annual budget. We have also been awarded the Special Performance Measures Recognition in three of those years.

Overview of the Financial Statements

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

Required Components of Annual Financial Report
Figure 1



Basic Financial Statements

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

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

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

Government-Wide Financial Statements

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

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

The government-wide statements are divided into three categories: (1) governmental activities; (2) business-type activities; and (3) component units. The governmental activities include all of the Village's basic services such as public safety, parks and recreation, and general administration. Property taxes and State and Federal grant funds finance most of these activities. The business-type activities are those that the Village charges customers to provide. The Village does not engage in any business-type activities as of June 30, 2019. The final category is the component unit. The Village does not have any component units as of June 30, 2019.

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

Fund Financial Statements

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

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

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

A multi-year project ordinance was adopted for the Community Center Capital Project Fund, as the facility has taken more than one fiscal year to design and build.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 23 of this report.

Other Information - In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Village's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 44 of this report.

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

Government-Wide Financial Analysis

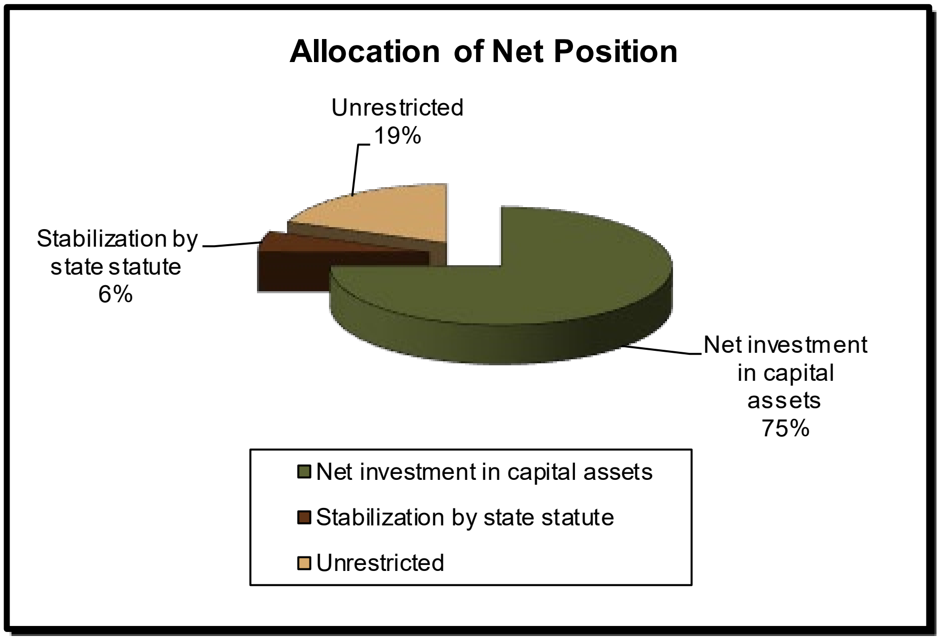
Net Position

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

Village of Pinehurst's Net Position
Figure 2

	Governmental Activities 2019	Governmental Activities 2018
Current and other assets	$ 12,250,499	$ 11,901,867
Capital assets	25,132,901	23,369,159
Total assets	37,383,400	35,271,026
Deferred outflows of resources	2,017,676	1,316,461
Long-term liabilities outstanding	4,603,521	4,018,059
Other liabilities	1,791,252	985,933
Total liabilities	6,394,773	5,003,992
Deferred inflows of resources	103,019	87,256
Net position:		
Net investment in capital assets	24,692,614	22,631,590
Restricted for:		
Stabilization by state statute	1,923,503	1,881,641
Public safety	10,943	2,672
Unrestricted	6,276,224	6,980,336
Total net position, ending	$ 32,903,284	$ 31,496,239

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Village exceeded liabilities and deferred inflows by $32,903,284 as of June 30, 2019. The Village's net position increased by $1,407,045 for the fiscal year ended June 30, 2019. The largest portion of net position, $24,692,614 or 75%, reflects the Village's net investment in capital assets (e.g. land, right of ways, buildings, machinery, and equipment). The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Village's net position, $1,934,446, represents resources that are subject to external restrictions on how they may be used. The remaining balance of $6,276,224 is unrestricted.



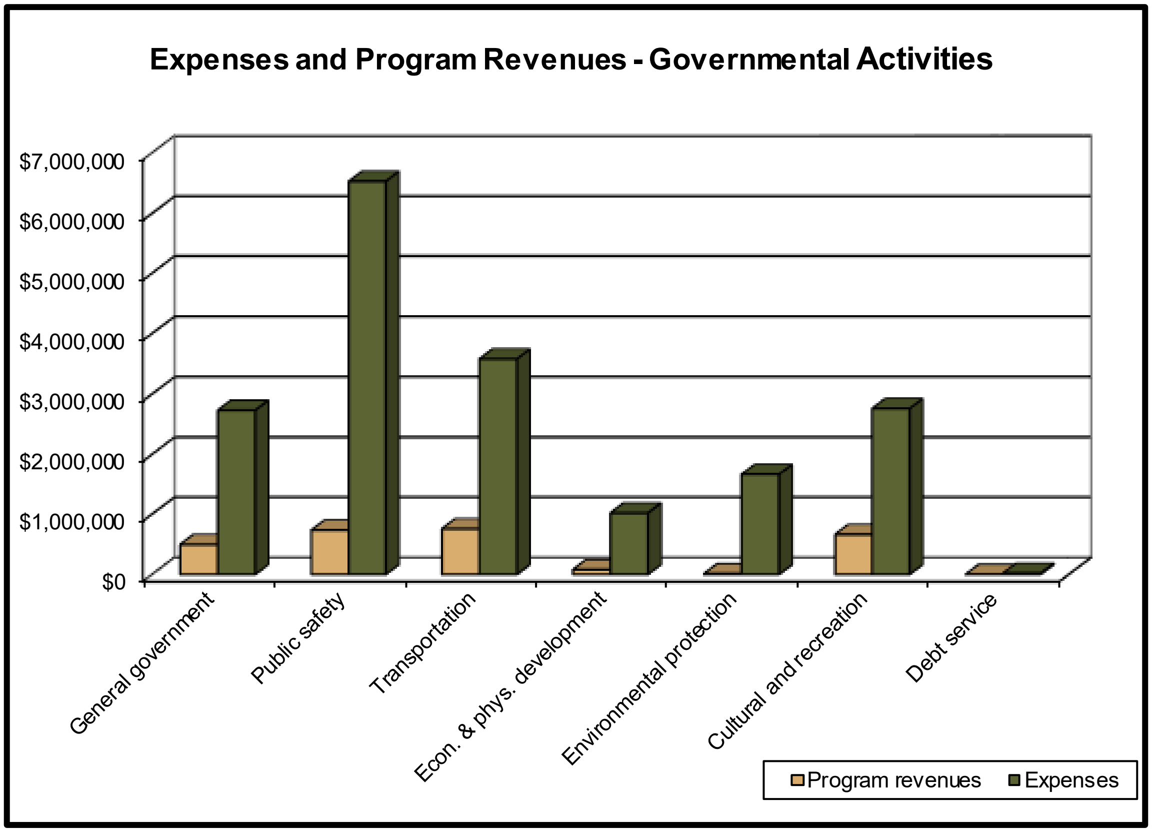
Governmental Activities

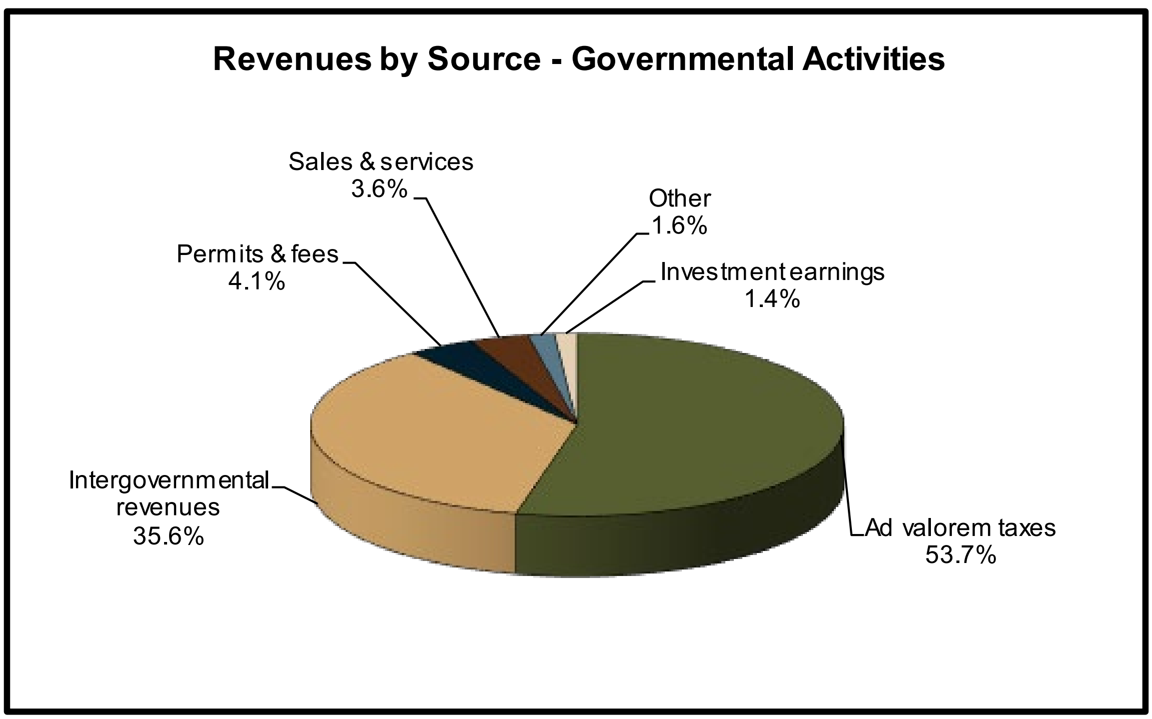
Governmental activities increased the Village's net position by $1,407,045. Several aspects of the Village's financial operations influenced the positive change in total governmental net position:

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage in the General Fund of 99.89%, which is higher than the statewide average in the Village's population peer group of 99.12%.
- Unrestricted intergovernmental revenues increased by $372,000, or 7%, due primarily to increased collections of local option sales taxes.
- Expenses net of program revenues increased by $1,123,000, or 8%. This result was influenced by the following factors:
    - Program expenses were $1,308,000, or 8%, higher than in the previous fiscal year. This was primarily due to operating expenses increasing by $820,000, or 10%, compared to the previous fiscal year.
    - Charges for services remained stable and increased by only $6,000.
    - Operating grants and contributions increased $341,000, or 66%, due to FEMA Public Assistance funding received for recovery efforts related to Hurricane Florence in the current year. No similar funds were received in the prior year.
    - Capital grants and contributions decreased by $162,000, or 29%, due to the receipt of donated streets, right-of-ways, and land in the prior fiscal year, while fewer donations were received in the current year.
    - The Village's net pension expense for the Local Government Employees Retirement System (LGERS) and Law Enforcement Officers Special Separation Allowance (LEOSSA) pension plans was $762,000.

Village of Pinehurst's Change in Net Position
Figure 3

	Governmental Activities 2019	Governmental Activities 2018
Revenues:		
Program revenues:		
Charges for services	$ 1,478,263	$ 1,472,018
Operating grants and contributions	859,123	518,202
Capital grants and contributions	397,249	559,349
General revenues:		
Property taxes	10,346,079	10,143,940
Golf cart licenses	2,850	2,475
Grants and contributions not restricted to specific programs	6,013,374	5,641,380
Other	594,517	393,507
Total revenues	19,691,455	18,730,871
Expenses:		
General government	2,726,379	2,507,278
Public safety	6,528,824	6,207,724
Transportation	3,576,506	3,185,140
Economic and physical development	1,017,081	700,647
Environmental protection	1,661,991	1,470,406
Cultural and recreation	2,754,791	2,875,926
Interest on long-term debt	18,838	28,933
Total expenses	18,284,410	16,976,054
Increase in net position	1,407,045	1,754,817
Net position, July 1	31,496,239	29,741,422
Net position, June 30	$ 32,903,284	$ 31,496,239


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


Revenues by Source - Governmental Activities
Sales & services
3.6%
Other
1.6%
Permits & fees
4.1%
Investment earnings
1.4%
Intergovernmental
revenues
35.6%
Ad valorem taxes
53.7%

Business-Type Activities

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

Financial Analysis of the Village's Funds

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

Governmental Funds

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

At June 30, 2019, the governmental funds of the Village reported a combined fund balance of $10,392,431, a decrease of $436,284, or 4%, over last year. Included in this change in fund balance is an increase in fund balance in the Community Center Capital Project Fund. Community Center construction costs were funded by transfers from the General Fund.

The General Fund is the chief operating fund of the Village. At the end of the current fiscal year, unassigned fund balance of the General Fund was $5,112,998, while total fund balance reached $7,871,973. The Village Council has established by policy that the Village should maintain a minimum unassigned fund balance of 15% of actual general fund expenditures at year end and total fund balance of 30%-40% of budgeted general fund expenditures when adopting the annual budget. Fund balance at these levels is maintained to meet the cash flow needs of the Village and to be prepared for unforeseen emergencies and opportunities. The Village currently has unassigned fund balance of 29% of actual general fund expenditures, while total fund balance represents 41% of budgeted expenditures. The statewide average for total fund balance in the Village's population peer group is 55%.

Fund balance in the Village's General Fund decreased by $2,769,865 during the 2019 fiscal year. Key components of this change are as follows:

- Transfers of $4,569,165 were moved from the General Fund to the Community Center Capital Project Fund to fund construction of the Cannon Park Community Center without debt financing.
- Property tax revenue increased approximately $207,000 from the prior year due to normal additions to the tax base.
- Sales tax revenues increased $283,000, or 8%, due to an increase in tourism, overall economic activity, and an increase in online sales tax collected statewide.
- FEMA Public Assistance funding increased by $332,000 due to recovery efforts related to Hurricane Florence.
- Investment income increased by $109,000 as a result of higher interest rates and larger average cash balances.
- Actual operating and capital expenditures were lower than expected.

Proprietary Funds

The Village does not have any proprietary funds.

General Fund Budgetary Highlights

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

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

Comparing budget to actual amounts, the Village exceeded the originally budgeted operating revenue estimates by $1,003,000, or 5.5%. The primary revenues that came in above estimated budget amounts were unrestricted and restricted intergovernmental revenues and investment earnings. Unrestricted intergovernmental revenues were $302,000 above budget, primarily due to increased local option sales taxes mentioned above. Restricted intergovernmental revenues were $313,000 above budget, due to FEMA Public Assistance funding received this year. Investment earnings were $159,000 above budget as a result of rising interest rates throughout the fiscal year.

Total expenditures were $956,000, or 5.2%, less than originally budgeted amounts. Expenditures were less than budgeted amounts for the following significant items: (1) contracted and professional services of $162,000 were lower than expected, (2) salaries and benefits were $482,000 lower due to employee vacancies related to turnover, and (3) capital expenditures were $189,000 below budget due primarily to two police vehicles that were on order at year end. Other smaller projects and capital items were delayed for various reasons. These items have all been reappropriated in fiscal year 2020.

As a result of the variances in revenues and expenditures outlined above, fund balance in the General Fund decreased by $2,769,865 at June 30, 2019. This resulted in the General Fund reporting fund balance of $7,871,973, a 26.0% decrease from the previous year. The reason for the decrease in fund balance was the transfer of $4,569,165 to the Community Center Capital Project Fund for construction of the new community center facility. The Village utilized available fund balance to construct the facility without debt financing.

Capital Asset and Debt Administration

Capital Assets

The Village's investment in capital assets for its governmental activities as of June 30, 2019 totals $25,132,901 (net of accumulated depreciation). These assets include land, right of ways, buildings and improvements, furniture and equipment, vehicles, infrastructure such as streets and drainage systems, and construction in progress.

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

- Cannon Park Community Center construction in progress, including building design costs of $136,000 and construction costs of $2,107,000
- Wicker Park playground equipment replacement costing $140,000
- Sewer jet and vacuum trailer purchases totaling $118,000
- Skid steer loader purchase costing $68,000
- Traffic pre-emption safety devices for seven remaining signalized intersections totaling $56,000

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

	Governmental Activities 2019	Governmental Activities 2018
Land	$ 6,232,258	$ 6,232,258
Right of Ways	315,713	224,712
Buildings and Improvements	7,228,108	7,707,885
Furniture and Equipment	1,037,266	877,258
Vehicles	2,865,041	3,235,551
Infrastructure	5,042,825	4,912,663
Construction in Progress	2,411,690	178,832
Total	$ 25,132,901	$ 23,369,159

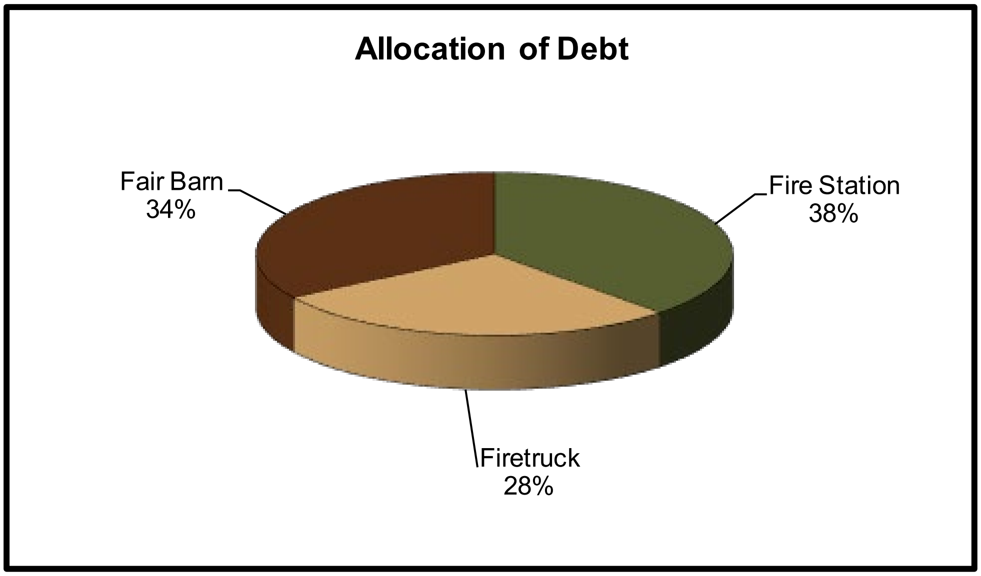
Additional information on the Village's capital assets can be found in Note 4 of the Basic Financial Statements.

Long-Term Debt

As of June 30, 2019, the Village had total outstanding debt of $440,287 in direct borrowing installment purchase agreements collateralized by the assets that are financed. During fiscal year 2019 the Village's total debt decreased by $297,282, or 40%, due to principal payments as detailed in Note 9.

Village of Pinehurst's Outstanding Debt
Figure 5

	Governmental Activities 2019	Governmental Activities 2018
Direct Borrowing Installment Purchase Agreements		
Fire Station	$ 166,666	$ 333,333
Fair Barn	150,000	200,000
Firetrucks	123,621	204,236
Total	$ 440,287	$ 737,569



North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Village is $279,813,783.

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

Economic Factors and Next Year's Budgets and Rates

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

- New home construction: The Village added 122 new homes in FY 2019 compared to 144 and 161 in fiscal years 2018 and 2017, respectively. The construction market appears to be cooling off due to mortgage interest rate increases and the depletion of buildable lots within Village limits. We project approximately 120 homes to be built in FY 2020. However, the steady growth experienced over the past three years has added to our tax base and resulted in additional revenue available to provide and expand high quality municipal services. The Village has also seen significant commercial development over the past three years.
- Sales tax revenues: Sales taxes have increased over the past two fiscal years with growth rates at or above their historical averages.
- Growth and development: With population increasing and development continuing, the Village is focusing more resources to address the infrastructure needs of the community, including investing in additional stormwater maintenance projects. Also, an updated Long-Range Comprehensive Plan will be adopted in FY 2020. The plan will be integrated into the Village's Strategic Operating Plan process and will be used to direct capital and operating resources in future years to achieve the long-term vision and goals of the community.

Budget Highlights for the Fiscal Year Ending June 30, 2020

Governmental Activities

Revenues of the Village are expected to increase by 12.3% overall for FY 2020. This is primarily due to increases in property taxes and sales taxes, as well as the return of $1 million from the Given Memorial Library capital campaign. Property tax revenues are expected to increase by 9.1% due to a one-half cent property tax rate increase and tax base growth. For FY 2020, the Village adopted an ad valorem tax rate of $0.30 per $100 valuation compared to $0.295 the previous year. The Council elected to adopt an "inflation-adjusted revenue neutral tax rate" of $0.30, not to be confused with the revenue neutral tax rate defined by the North Carolina Local Government Budget and Fiscal Control Act. The "inflation adjusted" concept was developed by Village staff and recognizes that the cost of doing business has increased since the last revaluation period. The revenue neutral tax rate, as calculated by the formula provided by the North Carolina Local Government Commission, is $0.2806.

Budgeted expenditures in the General Fund are estimated to be $21,578,347, a decrease of 8.4%. This decrease is due to the $4.6 million transfer to the Community Center Capital Project Fund in FY 2019 to fund construction of the new facility. Debt service expenditures also continue to decrease as the Village pays down its remaining debt obligations.

In fiscal year 2020, the Village adopted its seventh Strategic Operating Plan (SOP). This strategic planning process was adopted as a part of implementing the Malcolm Baldrige Performance Excellence Framework and is designed to provide an integrated approach to organizational performance management. The SOP includes a one-year budget and a five-year financial forecast that is inclusive of a five-year capital improvement plan (CIP). The SOP is a strategic, results-driven approach to resource allocation that is closely aligned with the Village Council's strategy and achieving the results articulated in the Village's balanced scorecard.

The Village's mission is "to promote, enhance, and sustain the quality of life for residents, businesses, and visitors." The Village Council adopted nine organizational goals for the 2020 Strategic Operating Plan to achieve that mission. The goals are as follows: (1) safeguard the community, (2) promote high quality development and appearance, (3) promote a thriving business community, (4) promote transportation mobility and connectivity, (5) protect the environment, (6) promote active living and cultural opportunities, (7) professionally manage a high performing organization, (8) attract and retain an engaged workforce, and (9) maintain a healthy financial condition.

Major initiatives of the FY 2020 Strategic Operating Plan to address these goals include:

- Adopt and implement a Long-Range Comprehensive Plan
- Small area plan for the Village Place/Rattlesnake Trail corridor
- Cannon Park Community Center
- Expand GIS capabilities

Total capital outlays of $1,847,900 are down 64% compared to the previous fiscal year, due primarily to funding community center construction in the prior year. The significant capital items included for FY 2020 are as follows:

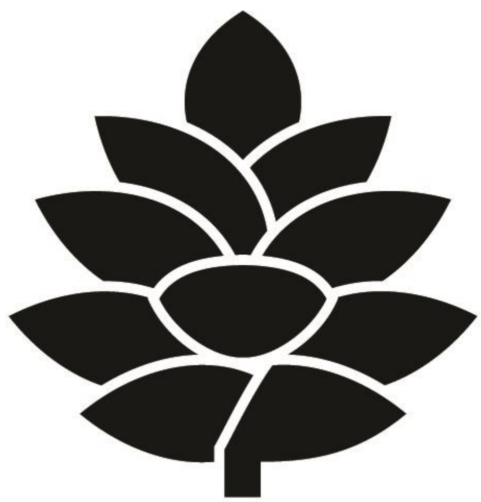
- Rescue truck ($400,000)
- Three police vehicle replacements ($114,000)
- Stormwater drainage projects ($225,000)
- Magnolia Road streetscape improvements ($115,000)
- Garbage truck replacement ($200,000)
- Funding for a potential land acquisition for structured parking near the Village Center ($200,000)
- Funding for a potential land acquisition for a future fire station location ($200,000)

Business-Type Activities

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

Requests for Information

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



Village of Pinehurst, North Carolina
Statement of Net Position
June 30, 2019

Exhibit 1

		Governmental Activities
Assets		
Current assets:		
Cash and cash equivalents	$	10,276,467
Taxes receivables (net)		24,328
Special assessments receivable		31,282
Other receivables		26,545
Due from other governments		1,823,315
Inventories		48,427
Prepaid items		20,135
Total unrestricted current assets		12,250,499
Non-current assets:		
Capital assets (net of accumulated depreciation):		
Land and non-depreciable improvements		6,232,258
Construction in progress		2,411,690
Right of ways		315,713
Buildings and improvements		7,228,108
Furniture and equipment		1,037,266
Vehicles		2,865,041
Infrastructure		5,042,825
Total capital assets		25,132,901
Total assets		37,383,400
Deferred Outflows of Resources		
Pension deferrals		2,017,676
Total deferred outflows of resources		2,017,676
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities		1,786,628
Accrued interest payable		4,624
Long-term liabilities due within one year		707,790
Total current liabilities		2,499,042
Long-term liabilities:		
Long-term liabilities due in more than one year		3,895,731
Total liabilities		6,394,773
Deferred Inflows of Resources		
Unavailable revenue		16,016
Pension deferrals		87,003
Total deferred inflows of resources		103,019
Net Position		
Net investment in capital assets		24,692,614
Restricted for:		
Stabilization by state statute		1,923,503
Public safety		10,943
Unrestricted		6,276,224
Total net position	$	32,903,284

Village of Pinehurst, North Carolina
Statement of Activities
For the Fiscal Year Ended June 30, 2019

Exhibit 2

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental activities:					
General government	$ 2,726,379	$ 21,691	$ 332,164	$ 140,481	$ (2,232,043)
Public safety	6,528,824	718,467	15,453	-	(5,794,904)
Transportation	3,576,506	-	499,058	256,768	(2,820,680)
Economic and physical development	1,017,081	77,246	-	-	(939,835)
Environmental protection	1,661,991	-	12,448	-	(1,649,543)
Cultural and recreation	2,754,791	660,859	-	-	(2,093,932)
Interest on long-term debt	18,838	-	-	-	(18,838)
Total governmental activities	$ 18,284,410	$ 1,478,263	$ 859,123	$ 397,249	$ (15,549,775)

General revenues:	
Ad valorem taxes	$ 10,346,079
Golf cart licenses	2,850
Unrestricted intergovernmental	6,013,374
Investment earnings	261,291
Miscellaneous	333,226
Total general revenues	16,956,820
Change in net position	1,407,045
Net position, beginning	31,496,239
Net position, ending	$ 32,903,284

Balance Sheet
Governmental Funds
June 30, 2019

	Major Funds		
	General Fund	**Community Center Capital Project Fund**	**Total Governmental Funds**
Assets			
Cash and cash equivalents	$ 6,867,632	$ 3,408,835	$ 10,276,467
Receivables, net:			
Taxes	24,328	-	24,328
Special assessments	31,282	-	31,282
Other	26,545	-	26,545
Due from other governments	1,823,315	-	1,823,315
Inventories	48,427	-	48,427
Prepaid items	20,135	-	20,135
Total assets	$ 8,841,664	$ 3,408,835	$ 12,250,499
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	$ 234,580	$ 888,377	$ 1,122,957
Withholdings and accrued expenditures	411,422	-	411,422
Deposits	252,249	-	252,249
Total liabilities	898,251	888,377	1,786,628
Deferred inflows of resources:			
Unearned revenues	16,016	-	16,016
Unavailable revenues	55,424	-	55,424
Total deferred inflows of resources	71,440	-	71,440
Fund balances:			
Nonspendable:			
Inventory	48,427	-	48,427
Prepaid items	20,135	-	20,135
Restricted:			
Stabilization by state statute	1,923,503	-	1,923,503
Public safety	10,943	-	10,943
Committed:			
Cultural and recreation	-	2,520,458	2,520,458
Assigned:			
Subsequent year's expenditures	755,967	-	755,967
Unassigned	5,112,998	-	5,112,998
Total fund balances	7,871,973	2,520,458	10,392,431
Total liabilities, deferred inflows of resources, and fund balances	$ 8,841,664	$ 3,408,835	$ 12,250,499

Village of Pinehurst, North Carolina **Exhibit 4**
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2019

Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:		
Total fund balance, governmental funds		$ 10,392,431
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:		
Gross capital assets at historical cost	$ 47,616,963	
Accumulated depreciation	(22,484,062)	25,132,901
Deferred outflows of resources related to pensions are not reported in the funds		2,017,676
Liabilities for earned revenues considered deferred inflows of resources in the fund statements:		
Taxes receivable	24,328	
Other receivables	(186)	
Assessments receivable	31,282	55,424
Some liabilities, including notes payable and accrued interest are not due and payable in the current period and therefore are not reported in the funds:		
Accrued interest payable	(4,624)	
Compensated absences payable	(656,788)	
Net pension liability	(2,480,521)	
Total pension liability	(1,025,925)	
Installment purchases payable	(440,287)	(4,608,145)
Deferred inflows of resources related to pensions are not reported in the funds		(87,003)
Net position of governmental activities		$ 32,903,284

Village of Pinehurst, North Carolina **Exhibit 5**
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2019

	Major Funds		
	General Fund	Community Center Capital Project Fund	Total Governmental Funds
Revenues			
Ad valorem taxes	$ 10,349,609	$ -	$ 10,349,609
Golf cart licenses	2,850	-	2,850
Unrestricted intergovernmental	6,013,374	-	6,013,374
Restricted intergovernmental	858,129	-	858,129
Permits and fees	794,770	-	794,770
Sales and services	689,943	-	689,943
Investment earnings	254,921	7,364	262,285
Assessment income	29,371	-	29,371
Miscellaneous	282,745	-	282,745
Total revenues	19,275,712	7,364	19,283,076
Expenditures			
Current:			
General government	2,331,905	-	2,331,905
Public safety	6,052,992	-	6,052,992
Transportation	3,625,359	-	3,625,359
Economic and physical development	1,010,775	-	1,010,775
Environmental protection	1,510,935	-	1,510,935
Cultural and recreation	2,675,875	2,242,948	4,918,823
Debt service:			
Principal	297,282	-	297,282
Interest and other charges	21,770	-	21,770
Total expenditures	17,526,893	2,242,948	19,769,841
Excess (deficiency) of revenues over expenditures	1,748,819	(2,235,584)	(486,765)
Other Financing Sources (Uses)			
Transfers to other funds	(4,569,165)	-	(4,569,165)
Transfers from other funds	-	4,569,165	4,569,165
Sales of capital assets	50,481	-	50,481
Total other financing sources (uses)	(4,518,684)	4,569,165	50,481
Net change in fund balance	(2,769,865)	2,333,581	(436,284)
Fund balances, beginning	10,641,838	186,877	10,828,715
Fund balances, ending	$ 7,871,973	$ 2,520,458	$ 10,392,431

Village of Pinehurst, North Carolina — Exhibit 6

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

For the Fiscal Year Ended June 30, 2019

Amounts reported for governmental activities in the Statement of Activities are different because:		
Net changes in fund balances - total governmental funds		$ (436,284)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:		
Capital outlay expenditures which were capitalized	$ 3,231,201	
Depreciation expense	(1,864,708)	1,366,493
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		549,872
Benefit payments paid and administrative expenses for the LEOSSA are not included on the Statement of Activities		62,977
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) in the current period:		
Donated assets received	397,249	
Gain on disposal of assets	50,481	
Proceeds from disposal of assets	(50,481)	397,249
Revenues in the Statement of Activities that are not reported as revenues in the fund statements:		
Special assessment payments	(29,371)	
Change in other deferred inflows	(6,450)	
Change in deferred tax inflows	(3,530)	(39,351)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt:		
Principal payments		297,282
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
Accrued interest payable	2,932	
Compensated absences	(32,363)	
Pension expense	(761,762)	(791,193)
Total changes in net position of governmental activities		$ 1,407,045

Village of Pinehurst, North Carolina **Exhibit 7**
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Annual Budget and Actual
For the Year Ended June 30, 2019

	General Fund			
	Budgeted Amounts			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Ad valorem taxes	$ 10,250,000	$ 10,295,000	$ 10,349,609	$ 54,609
Golf cart licenses	1,000	1,000	2,850	1,850
Unrestricted intergovernmental	5,711,000	5,808,000	6,013,374	205,374
Restricted intergovernmental	545,100	750,986	858,129	107,143
Permits and fees	714,500	714,500	794,770	80,270
Sales and services	722,600	660,600	689,943	29,343
Investment earnings	96,000	196,000	254,921	58,921
Assessments	25,900	25,900	29,371	3,471
Miscellaneous	206,580	254,465	282,745	28,280
Total revenues	18,272,680	18,706,451	19,275,712	569,261
Expenditures:				
Current:				
General government	2,636,446	2,608,732	2,331,905	276,827
Public safety	6,411,845	6,516,733	6,052,992	463,741
Transportation	3,527,410	3,798,169	3,625,359	172,810
Economic and physical development	1,070,953	1,184,378	1,010,775	173,603
Enviromental protection	1,455,253	1,576,053	1,510,935	65,118
Cultural and recreation	2,961,093	2,951,822	2,675,875	275,947
Contingency	100,000	75,000	-	75,000
Debt service:				
Principal retirement	297,282	297,282	297,282	-
Interest and fees	22,878	22,878	21,770	1,108
Total expenditures	18,483,160	19,031,047	17,526,893	1,504,154
Excess (deficiency) of revenues over (under) expenditures	(210,480)	(324,596)	1,748,819	2,073,415
Other Financing Sources (Uses):				
Sales of capital assets	30,000	55,000	50,481	(4,519)
Transfers to other funds	(4,068,900)	(4,569,165)	(4,569,165)	-
Total other financing sources	(4,038,900)	(4,514,165)	(4,518,684)	(4,519)
Fund balance appropriated	4,249,380	4,838,761	-	(4,838,761)
Net change in fund balances	$ -	$ -	(2,769,865)	$ (2,769,865)
Fund balances, beginning			10,641,838	
Fund balances, ending			$ 7,871,973	

Notes to Financial Statements

1. Summary of Significant Accounting Policies

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

A. Reporting Entity

The Village of Pinehurst is a municipal corporation, which is governed by a five-member council. The mayor is directly elected along with the other four council members. For financial reporting purposes, in accordance with generally accepted accounting principles, the Village includes any separate entity for which the Village is financially accountable. For the year ended June 30, 2019, no other entity is included in the Village financial statements.

B. Basis of Presentation

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

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

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

The Village reports the following major governmental funds:

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

The ***Community Center Capital Project Fund*** is used to account for the design and construction of a new community center at Cannon Park.

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

D. Budgetary Data

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

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

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

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

1. Deposits and Investments

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

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

The Village’s investments are reported at fair value. Non-participating interest earning investment contracts are accounted for at cost. The NCCMT Government Portfolio, a SEC-registered (2a-7) external investment pool, is measured at fair value. The NCCMT Term Portfolio is a bond fund, has no rating, and is measured at fair value. As of June 30, 2019, the Term Portfolio has a duration of .11 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

2. Cash and Cash Equivalents

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

3. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Village levies ad valorem taxes, except for ad valorem taxes on certain vehicles, on July 1, the beginning of the fiscal year, and these taxes are due on September 1 (lien date); however, no interest or penalties are assessed until the following January 6. These taxes are based on the assessed values as of January 1, 2018.

4. Allowances for Doubtful Accounts

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

5. Inventory and Prepaid Items

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

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

6. Capital Assets

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

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

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

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Village has two items that meet this criteria, contributions made to the pension plan in the 2019 fiscal year and other pension related deferrals.

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

8. Long-Term Obligations

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

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

9. Compensated Absences

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

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

10. Net Position/Fund Balances

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

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

The governmental fund types classify fund balances as follows:

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

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

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

> Restricted for Stabilization by State Statute - North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State statute". *Appropriated fund balance in any fund shall not exceed the*

sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget. Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding encumbrances are included within RSS. RSS is included as a component of restricted net position and restricted fund balance on the face of the balance sheet.

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

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

Committed for cultural and recreation - The portion of fund balance that can only be used for the design and construction of the Cannon Park Community Center.

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

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

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

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

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

11. Pensions

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

2. Deposits and Investments

A. Deposits

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

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

At June 30, 2019, the Village's deposits had a carrying amount of $176,413. The cash balance in the bank at June 30, 2019 totaled $198,666. All of the bank balance was covered by federal depository insurance, thus none was covered by collateral held under the Pooling Method. At June 30, 2019, the Village’s petty cash fund totaled $1,100.

B. Investments

At June 30, 2019, the Village’s investment balances were as follows:

Investment Type	Valuation Measurement Method	Book Value at 6/30/2019	Maturity	Rating
NC Capital Management Trust - Government Portfolio	Fair Value Level 1	$2,875,746	N/A	AAAm
NC Capital Management Trust - Term Portfolio	Fair Value Level 1	$7,223,208	0.11 years	Unrated

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

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

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

Credit Risk. Credit risk is the risk of loss due to the failure of the security issuer or backer. The Village will minimize this risk by limiting investments to the safest types of securities, pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which the Village will do business, and diversifying the investment portfolio so that potential losses on individual securities will be minimized. The Village's investment in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAm by Standard & Poor's as of June 30, 2019. The Village's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the U.S. government and agencies, and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended.

3. Receivables

The amounts presented in the Balance Sheet and the Statement of Net Position for the year ended June 30, 2019 are net of the following allowances for doubtful accounts:

	General
Other receivables:	
Planning and Inspections fines	$ 5,726
Harness Track stall rent	1,474
Total	$ 7,200

4. Capital Assets

Capital asset activity for the Primary Government for the year ended June 30, 2019, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 6,232,258	$ -	$ -	$ 6,232,258
Construction in progress	178,832	2,253,948	(21,090)	2,411,690
Total capital assets not being depreciated	6,411,090	2,253,948	(21,090)	8,643,948
Capital assets being depreciated:				
Right of ways	248,847	98,453	-	347,300
Buildings and improvements	21,684,013	519,122	-	22,203,135
Furniture and equipment	3,393,989	425,874	(167,820)	3,652,043
Vehicles	6,617,687	67,358	(257,815)	6,427,230
Infrastructure	6,058,522	284,785	-	6,343,307
Total	38,003,058	1,395,592	(425,635)	38,973,015
Less accumulated depreciation for:				
Right of ways	24,135	7,452	-	31,587
Buildings and improvements	13,976,128	998,899	-	14,975,027
Furniture and equipment	2,516,731	265,866	(167,820)	2,614,777
Vehicles	3,382,136	437,868	(257,815)	3,562,189
Infrastructure	1,145,859	154,623	-	1,300,482
Total	21,044,989	1,864,708	(425,635)	22,484,062
Total capital assets being depreciated, net	16,958,069	(469,116)	-	16,488,953
Governmental activity capital assets, net	$ 23,369,159	$ 1,784,832	$ (21,090)	$ 25,132,901

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

General government	$	366,238
Public safety		502,317
Transportation		405,647
Environmental protection		144,213
Cultural and recreation		446,293
Total depreciation expense	$	1,864,708

Construction and Other Capital-Related Commitments. The Village has active construction projects and other capital related commitments as of June 30, 2019. The projects include the design and construction of the Cannon Park Community Center and the purchase of two police vehicle replacements. At June 30, 2019, the Village's commitments with contractors and vendors are as follows:

Project		Spent-to-Date		Remaining Commitment
Community center design	$	267,802	$	25,198
Community center construction		2,015,171		2,225,994
Police vehicles		-		69,998
Total	$	2,282,973	$	2,321,190

5. Pension Plan and Postemployment Obligations

A. Local Governmental Employees' Retirement System

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

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

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

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Village employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Village's contractually required contribution rate for the year ended June 30, 2019, was 8.50% of compensation for law enforcement officers and 7.82% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Village were $549,872 for the year ended June 30, 2019.

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2019, the Village reported a liability of $2,480,521 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 utilizing update procedures incorporating the actuarial assumptions. The Village's proportion of the net pension liability was based on a projection of the Village's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2018, the Village's proportion was 0.105%, which was a decrease of 0.001% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Village recognized pension expense of $687,886. At June 30, 2019, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 382,685	$ 12,841
Changes in assumptions	658,234	-
Net difference between projected and actual earnings on pension plan investments	340,501	-
Changes in proportion and differences between Village contributions and proportionate share of contributions	1,398	35,067
Village contributions subsequent to the measurement date	549,872	-
Total	$ 1,932,690	$ 47,908

The $549,872 reported as deferred outflows of resources related to pensions resulting from Village contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2020	$ 649,273
2021	418,980
2022	72,911
2023	193,746
2024	-
Thereafter	-
Total	$ 1,334,910

Actuarial Assumptions. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2018 are summarized in the following table:

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

The information above is based on 30-year expectations developed with the consulting actuary for the 2017 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

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

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Village's proportionate share of the net pension liability (asset)	$ 5,958,426	$ 2,480,521	$ (425,671)

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

B. Law Enforcement Officers Special Separation Allowance

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

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

At the December 31, 2017 Valuation Date, the Separation Allowance's membership consisted of:

Retirees receiving benefits	2
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	25
Total	27

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

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

Actuarial Assumptions. The entry age actuarial cost method was used in the December 31, 2017 valuation. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.64 percent

The discount rate is based on the yield of the S&P Municipal Bond 20-Year High Grade Rate Index as of December 31, 2018.

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

Change in Actuarial Assumptions. On the Prior Measurement Date (December 31, 2017), the Municipal Bond Index Rate, on which the discount rate is based, was 3.16%. Since the Prior Measurement Date, the Municipal Bond Index Rate has increased to 3.64% as of the Measurement Date (December 31, 2018). This resulted in a $34,095 decrease in the Total Pension Liability.

Contributions. The Village is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The Village's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The Village paid $43,281 as benefits came due for the reporting period.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2019, the Village reported a total pension liability of $1,025,925. The total pension liability was measured as of December 31, 2018 based on a December 31, 2017 actuarial valuation. The total pension liability was rolled forward to December 31, 2018 utilizing updated procedures incorporating the actuarial assumptions. For the year ended June 30, 2019, the Village recognized pension expense of $73,876.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 12,623	$ 1,341
Changes in assumptions	34,411	37,754
Benefit payments and plan administrative expense made subsequent to the measurement date	37,952	-
Total	$ 84,986	$ 39,095

The $37,952 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:		
2020	$	2,793
2021		2,793
2022		3,260
2023		4,281
2024		(5,188)
Thereafter		-
Total	$	7,939

Sensitivity of the Village's total pension liability to changes in the discount rate. The following presents the Village's total pension liability calculated using the discount rate of 3.64 percent, as well as what the Village's total pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.64 percent) or 1 percentage point higher (4.64 percent) than the current rate:

	1% Decrease (2.64%)	Discount Rate (3.64%)	1% Increase (4.64%)
Total pension liability	$ 1,098,585	$ 1,025,925	$ 959,339

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

	2019
Beginning balance	$ 1,034,234
Service Cost	38,687
Interest on the total pension liability	31,998
Differences between expected and actual experience in the measurement of the total pension liability	(1,618)
Changes of assumptions or other inputs	(34,095)
Benefit payments	(43,281)
Ending balance of the total pension liability	$ 1,025,925

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

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

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

	LGERS	LEOSSA	Total
Pension expense	$ 687,886	$ 73,876	$ 761,762
Pension liability	2,480,521	1,025,925	3,506,446
Proportionate share of the net pension liability	0.105%	n/a	
Deferred Outflows of Resources			
Differences between expected and actual experience	382,685	12,623	395,308
Changes in assumptions	658,234	34,411	692,645
Net difference between projected and actual earnings on plan investments	340,501	-	340,501
Changes in proportionate and differences between contributions and proportionate share of contributions	1,398	-	1,398
Benefit payments and administrative costs paid subsequent to the measurement date	549,872	37,952	587,824
Deferred Inflows of Resources			
Differences between expected and actual experience	12,841	1,341	14,182
Changes of assumptions	-	37,754	37,754
Changes in proportionate and differences between contributions and proportionate share of contributions	35,067	-	35,067

C. Supplemental Retirement Income Plan for Law Enforcement Officers

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

Funding Policy. Article 12E of G.S. Chapter 143 requires the Village to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2019 were $129,594, which consisted of $67,432 from the Village and $62,162 from the law enforcement officers. Since the funds vest immediately, no amounts were forfeited.

D. Deferred Compensation Plan

The Village offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 401(k). The plan, available to all Village employees, permits them to defer a portion of their salary until future years. The Village established the plan and may amend it at its discretion. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. All amounts of compensation deferred under the plan and all income attributable to those amounts are immediately 100% vested to the participant. The Village currently contributes five percent for all regular employees to the plan. Contributions for the year ended June 30, 2019 were $568,198, which consisted of $277,657 from the Village and $290,541 in voluntary contributions from employees. Since the funds vest immediately, no amounts were forfeited.

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

E. Other Employment Benefits

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

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

For the fiscal year ended June 30, 2019, the Village made contributions to the State for death benefits of $3,885. The Village's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.07% and 0.00% of covered payroll, respectively.

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

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

6. Deferred Outflows and Inflows of Resources

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

Contributions to LGERS pension plan in the current fiscal year	$	549,872
Benefit payments to LEOSSA recipients in the current fiscal year		37,952
Changes in proportion and differences between Village and proportionate share of contributions		1,398
Difference between actual and expected experience		395,308
Changes in assumptions		692,645
Net difference between projected and actual earnings on pension plan investments		340,501
Total	$	2,017,676

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

	Statement of Net Position	General Fund Balance Sheet
Unearned revenue	$ 16,016	$ 16,016
Taxes receivable, less penalties	-	24,328
Other receivables	-	(186)
Special assessments receivable	-	31,282
Changes in assumptions	37,754	-
Changes in proportion and differences between Village contributions and proportionate share of contributions	35,067	-
Differences between expected and actual experience	14,182	-
Total	$ 103,019	$ 71,440

7. Risk Management

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

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

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

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

8. Note 8. Claims, Judgments and Contingent Liabilities

At June 30, 2019, the Village was a defendant to various lawsuits. In the opinion of Village management and the Village attorney, the ultimate outcome of these legal matters will not have a material adverse effect on the Village's financial position.

9. Note 9. Long-Term Obligations

A. Installment Purchase

Long-term debt obligations of the Village consisted of the following at June 30, 2019:

$2,500,000 direct borrowing building installment purchase dated 3/14/05 due in 30 semi-annual installments consisting of fixed principal of $83,334 plus interest at 3.44% through March 2020; issued by PNC and collateralized by fire station building	$	166,666
$1,000,000 direct borrowing building installment purchase dated 3/11/02 due in 40 semi-annual payments consisting of fixed principal of $25,000 plus interest at 4.60% through March 2022; issued by Bank of America and collateralized by Fair Barn building		150,000
$550,000 direct borrowing vehicle installment purchase dated 7/31/13 due in 14 semi-annual payments of $41,917 through August 2020; interest at 1.75%; issued by First Bank and collateralized by fire truck		123,621
	$	440,287

Each of the direct borrowing installment purchases contracts related to the fire station building, Fair Barn building, and fire truck contain a provision that in an event of default, outstanding amounts become immediately due if the Village is unable to make payment. The direct borrowing installment purchase related to the fire truck also contains a subjective acceleration clause that allows the lender to accelerate payment of the entire remaining debt to become immediately due if the lender determines that a material adverse change occurs in the Village's financial condition.

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

Year Ending June 30:		Principal		Interest
2020	$	298,698	$	13,428
2021		91,589		4,353
2022		50,000		1,725
	$	440,287	$	19,506

B. Changes in Long-Term Liabilities

At June 30, 2019, the Village had a legal debt margin of $279,813,783.

The following is a summary of changes in the Village's long-term obligations for the fiscal year ended June 30, 2019:

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019	Current Portion of Balance
Governmental activities:					
Direct borrowing installment purchases	$ 737,569	$ -	$ (297,282)	**$ 440,287**	**$ 298,698**
Compensated absences	624,425	421,297	(388,934)	**656,788**	**409,092**
Net pension liability (LGERS)	1,621,831	858,690	-	**2,480,521**	**-**
Total pension liability (LEO)	1,034,234	-	(8,309)	**1,025,925**	**-**
Governmental activity long-term liabilities	$ 4,018,059	$ 1,279,987	$ (694,525)	**$ 4,603,521**	**$ 707,790**

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

10. Interfund Activity

Transfers to/from other funds at June 30, 2019 consist of the following:

From the General Fund to the Community Center Capital Project Fund for capital project expenditures	$ 4,569,165

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

During the 2019 fiscal year, the Village transferred $4,569,165 from the General Fund to the Community Center Capital Project Fund for the construction of the new Cannon Park Community Center.

11. Net Investment in Capital Assets

	Governmental
Capital assets	$ 25,132,901
Less: Long-term debt	(440,287)
Net investment in capital assets	$ 24,692,614

12. Fund Balance

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

Total fund balance - General Fund	$	7,871,973
Less:		
Inventories		48,427
Prepaid items		20,135
Stabilization by state statute		1,923,503
Public safety - equitable sharing		10,943
Appropriated fund balance in 2019 Budget		755,967
Fund balance policy minimum		2,629,034
Remaining fund balance	$	2,483,964

The Village's fund balance policy requires the Village to maintain a minimum unassigned General Fund balance of 15% of actual expenditures as reported in the Village's CAFR. In addition, when preparing the annual General Fund budget, the total appropriated fund balance should result in anticipated ending total fund balance in the range of 30%-40% of budgeted expenditures. At June 30, 2019, the General Fund's unassigned fund balance of $5,112,998 represents 29% of General Fund actual expenditures which is well above the policy minimum. Total fund balance was 41% of budgeted expenditures. The amount by which the fund balance exceeds policy-established minimums may be included as a revenue source when the budget is prepared for the next fiscal year.

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

Encumbrances	***General Fund***	***Community Center Capital Project Fund***
	$100,416	$2,251,192

13. Summary Disclosure of Significant Contingencies

A. Employment Security Benefits

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

B. Federal and State-Assisted Programs

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

14. Significant Effects of Subsequent Events

Subsequent to June 30, 2019, $1 million previously contributed to the Given Memorial Library capital expansion campaign was returned to the Village due to the library's inability to meet fundraising efforts. The interest earned on these funds was also returned to the Village.

15. Joint Ventures

The Village and the members of the Village's fire department each appoint two members to the five-member local board of trustees for the Firefighters' Relief Fund. The State Insurance Commissioner appoints one additional member to the local board of trustees. The Firefighters' Relief Fund is funded by a portion of the fire and lightening insurance premiums that insurers remit to the State. The State passes these moneys to the local board of the Firefighters' Relief Fund. These distributions are used to assist fire fighters in various ways. The local board of the Firefighters' Relief Fund received a distribution of $20,827 from the State Insurance Commissioner's office for the fiscal year ended June 30, 2019. The Village obtains an ongoing financial benefit from the Fund for the benefits provided to members of the Village's fire department by the board of trustees. The participating governments do not have any equity interest in the joint venture, so no equity has been reflected in the financial statements at June 30, 2019. The Firefighters' Relief Fund does not issue separate audited financial statements. Instead, the local board of trustees files an annual financial report with the State Firefighter's Association. This report can be obtained from the Association at 323 West Jones Street, Suite 401, Raleigh, North Carolina 27603.

REQUIRED SUPPLEMENTARY INFORMATION

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

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

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

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

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

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

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

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

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

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

Village of Pinehurst, North Carolina **RSI-3**
Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance - Last Three Fiscal Years*
Required Supplementary Information

	2019	2018	2017
Beginning balance	$ 1,034,234	$ 943,908	$ 951,629
Service cost	38,687	30,672	33,042
Interest on the total pension liability	31,998	35,521	33,003
Changes of benefit terms	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	(1,618)	19,179	-
Changes of assumptions or other inputs	(34,095)	52,287	(19,441)
Benefit payments	(43,281)	(47,333)	(54,325)
Other changes	-	-	-
Ending balance of the total pension liability **	$ 1,025,925	$ 1,034,234	$ 943,908

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

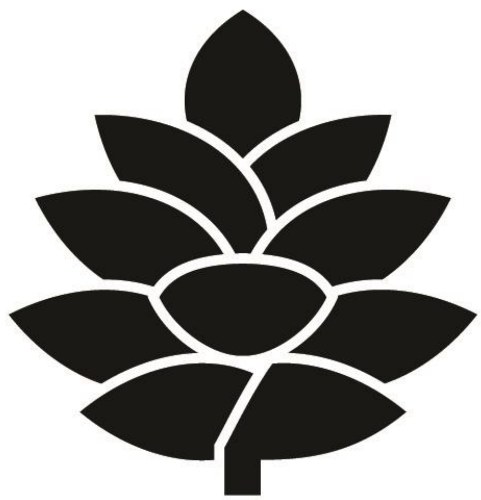
*** The Village of Pinehurst has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 73 to pay related benefits.*

Village of Pinehurst, North Carolina **RSI-4**
Schedule of Total Pension Liability as a Percentage of Covered Payroll
Law Enforcement Officers' Special Separation Allowance - Last Three Fiscal Years*
Required Supplementary Information

	2019	2018	2017
Total pension liability **	$ 1,025,925	$ 1,034,234	$ 943,908
Covered payroll	1,336,348	1,269,779	1,313,290
Total pension liability as a percentage of covered payroll	76.77%	81.45%	71.87%

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

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



GENERAL FUND

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

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

Village of Pinehurst, North Carolina
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2019
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2018

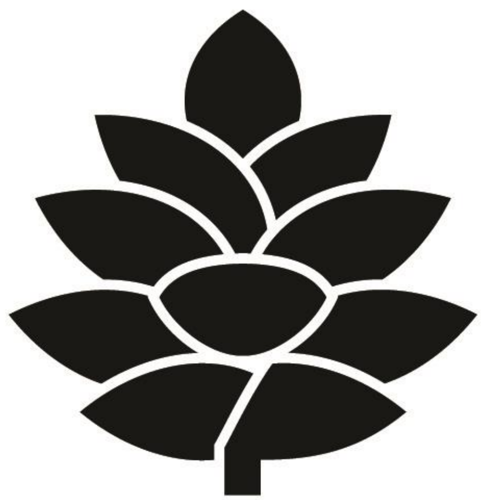
	2019			
	Final Budget	Actual	Variance Positive (Negative)	2018
Revenues:				
Ad valorem taxes:				
Taxes	$ 10,290,000	$ 10,335,802	$ 45,802	$ 10,133,541
Penalties and interest	5,000	13,807	8,807	9,109
Total	10,295,000	10,349,609	54,609	10,142,650
Other taxes:				
Golf cart licenses	1,000	2,850	1,850	2,475
Total	1,000	2,850	1,850	2,475
Unrestricted intergovernmental:				
Local option sales tax	3,495,000	3,634,067	139,067	3,350,938
Telecommunications sales tax	86,000	80,296	(5,704)	86,083
Utilities sales tax	1,000,000	1,044,491	44,491	993,724
Video programming	279,000	282,850	3,850	294,671
Hold harmless reimbursements	878,000	899,279	21,279	844,706
Wine & beer tax	70,000	72,391	2,391	71,258
Total	5,808,000	6,013,374	205,374	5,641,380
Restricted intergovernmental:				
Powell Bill allocation	498,000	498,488	488	498,958
Controlled substance tax	1,000	3,843	2,843	3,943
Highway safety grant	35,000	-	(35,000)	-
FEMA disaster relief grant	194,700	332,164	137,464	-
Other grants	11,186	11,186	-	4,124
Solid waste disposal tax	11,100	12,448	1,348	10,939
Total	750,986	858,129	107,143	517,964
Permits and fees:				
Building permits and inspection fees	300,000	372,950	72,950	361,646
Planning and zoning fees	65,000	71,933	6,933	70,464
Fire district	337,000	338,612	1,612	308,984
Other permits and fees	12,500	11,275	(1,225)	20,824
Total	714,500	794,770	80,270	761,918
Sales and services:				
Rents, concessions and fees	520,100	547,250	27,150	578,142
Recreation fees	140,500	142,693	2,193	131,277
Total	660,600	689,943	29,343	709,419
Investment earnings:				
Investment income	196,000	254,921	58,921	145,657
Assessments	25,900	29,371	3,471	31,607

	2019			
	Final Budget	Actual	Variance Positive (Negative)	2018
Miscellaneous:				
ABC revenue	$ 139,600	$ 166,697	$ 27,097	$ 145,220
Donations	67,480	69,310	1,830	30,545
Other revenues	47,385	46,738	(647)	39,074
Total	254,465	282,745	28,280	214,839
Total revenues	18,706,451	19,275,712	569,261	18,167,909
Expenditures:				
General government:				
Governing body:				
Operating expenditures	145,600	107,832	37,768	118,267
Total	145,600	107,832	37,768	118,267
Administration:				
Operating expenditures	1,279,610	1,157,493	122,117	1,111,542
Capital outlay	66,299	66,124	175	25,175
Total	1,345,909	1,223,617	122,292	1,136,717
Financial services:				
Operating expenditures	639,600	591,301	48,299	649,861
Capital outlay	1,680	1,680	-	1,104
Total	641,280	592,981	48,299	650,965
Human resources:				
Operating expenditures	473,003	404,535	68,468	381,608
Capital outlay	2,940	2,940	-	883
Total	475,943	407,475	68,468	382,491
Total general government	2,608,732	2,331,905	276,827	2,288,440
Public safety:				
Police:				
Operating expenditures	3,232,978	3,007,772	225,206	2,881,874
Capital outlay	153,125	75,265	77,860	105,881
Total	3,386,103	3,083,037	303,066	2,987,755
Fire:				
Operating expenditures	2,804,725	2,657,857	146,868	2,548,795
Capital outlay	87,848	86,374	1,474	662,843
Total	2,892,573	2,744,231	148,342	3,211,638

Village of Pinehurst, North Carolina
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2019
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2018

	2019			
	Final Budget	Actual	Variance Positive (Negative)	2018
Inspections:				
Operating expenditures	$ 236,970	$ 224,666	$ 12,304	$ 205,122
Capital outlay	1,087	1,058	29	335
Total	238,057	225,724	12,333	205,457
Total public safety	6,516,733	6,052,992	463,741	6,404,850
Transportation:				
Public services administration:				
Operating expenditures	443,530	414,064	29,466	414,142
Capital outlay	73,395	53,454	19,941	95,355
Total	516,925	467,518	49,407	509,497
Streets and grounds:				
Operating expenditures	1,791,805	1,707,489	84,316	1,386,549
Capital outlay	389,439	350,416	39,023	710,460
Total	2,181,244	2,057,905	123,339	2,097,009
Powell Bill:				
Operating expenditures	1,100,000	1,099,936	64	983,761
Total	1,100,000	1,099,936	64	983,761
Total transportation	3,798,169	3,625,359	172,810	3,590,267
Economic and physical development:				
Planning:				
Operating expenditures	946,875	825,546	121,329	521,361
Capital outlay	2,343	2,331	12	994
Total	949,218	827,877	121,341	522,355
Community development:				
Operating expenditures	234,740	182,478	52,262	177,573
Capital outlay	420	420	-	221
Total	235,160	182,898	52,262	177,794
Total economic and physical development	1,184,378	1,010,775	173,603	700,149
Environmental protection:				
Solid waste:				
Operating expenditures	1,567,980	1,503,478	64,502	1,314,960
Capital outlay	8,073	7,457	616	324,604
Total	1,576,053	1,510,935	65,118	1,639,564
Total environmental protection	1,576,053	1,510,935	65,118	1,639,564

	2019			
	Final Budget	**Actual**	**Variance Positive (Negative)**	**2018**
Cultural and recreation:				
Recreation:				
Operating expenditures	$ 1,548,830	$ 1,412,762	$ 136,068	$ 1,427,644
Capital outlay	222,608	190,273	32,335	287,187
Total	1,771,438	1,603,035	168,403	1,714,831
Library:				
Operating expenditures	125,000	125,000	-	200,000
Harness Track:				
Operating expenditures	549,900	508,837	41,063	479,288
Capital outlay	101,614	96,188	5,426	91,135
Total	651,514	605,025	46,489	570,423
Fair Barn:				
Operating expenditures	337,950	288,542	49,408	271,457
Capital outlay	65,920	54,273	11,647	121,325
Total	403,870	342,815	61,055	392,782
Total cultural and recreation	2,951,822	2,675,875	275,947	2,878,036
Contingency:				
Operating expenditures	75,000	-	75,000	-
Debt service:				
Principal retirement	297,282	297,282	-	329,223
Interest and fees	22,878	21,770	1,108	32,160
Total	320,160	319,052	1,108	361,383
Total expenditures	19,031,047	17,526,893	1,504,154	17,862,689
Excess (deficiency) of revenues over (under) expenditures	(324,596)	1,748,819	2,073,415	305,220
Other Financing Sources (Uses):				
Sales of capital assets	55,000	50,481	(4,519)	47,516
Transfers to other funds:				
Capital Project Fund	(4,569,165)	(4,569,165)	-	(344,000)
Total other financing sources	(4,514,165)	(4,518,684)	(4,519)	(296,484)
Fund balance appropriated	4,838,761	-	(4,838,761)	-
Net change in fund balance	$ -	(2,769,865)	$ (2,769,865)	8,736
Fund balance, beginning		10,641,838		10,633,102
Fund balance, ending		$ 7,871,973		$ 10,641,838



COMMUNITY CENTER CAPITAL PROJECT FUND

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

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

Village of Pinehurst, North Carolina **Schedule 2**
Capital Project Fund - Community Center
Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2019

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
Revenues:					
Investment earnings	$ -	$ 619	$ 7,364	$ 7,983	$ 7,983
Expenditures:					
Cultural and recreation:					
Design	344,000	157,742	135,952	293,694	50,306
Construction	4,569,165	-	2,106,996	2,106,996	2,462,169
Total expenditures	4,913,165	157,742	2,242,948	2,400,690	2,512,475
Revenues over (under) expenditures	(4,913,165)	(157,123)	(2,235,584)	(2,392,707)	2,520,458
Other Financing Sources:					
Transfers from other funds:					
General Fund	4,913,165	344,000	4,569,165	4,913,165	-
Net change in fund balance	$ -	$ 186,877	2,333,581	$ 2,520,458	$ 2,520,458
Fund balance, beginning			186,877		
Fund balance, ending			$ 2,520,458		

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

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

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

Village of Pinehurst, North Carolina **Schedule 3**
Capital Assets Used in the Operation of Governmental Funds
Schedule by Source
June 30, 2019

	2019	2018
Governmental funds capital assets:		
Land	**$ 6,232,258**	$ 6,232,258
Right of ways	**347,300**	248,847
Buildings and improvements	**22,203,135**	21,684,013
Furniture, equipment, and vehicles	**10,079,273**	10,011,676
Infrastructure	**6,343,307**	6,058,522
Construction in progress	**2,411,690**	178,832
Total governmental funds capital assets	**$ 47,616,963**	$ 44,414,148
Investment in governmental funds capital assets by source:		
General Fund	**$ 43,832,550**	$ 41,026,984
Donations	**3,784,413**	3,387,164
Total governmental funds capital assets	**$ 47,616,963**	$ 44,414,148

Village of Pinehurst, North Carolina
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
June 30, 2019

	Land	Right of Ways	Buildings	Improvements Other than Buildings	Furniture, Equipment and Vehicles	Infrastructure	Construction In Progress	Total
Function and Activity:								
General government								
Governing body	$ 3,763,181	$ -	$ -	$ -	$ -	$ -	$ -	$ 3,763,181
Administration	-	-	4,259,809	-	290,366	-	-	4,550,175
Financial services	-	-	-	-	135,259	-	-	135,259
Human resources	-	-	-	-	21,300	-	-	21,300
Information technology	-	-	-	28,388	329,170	-	-	357,558
Buildings and grounds	-	-	436,666	704,711	336,421	29,476	-	1,507,274
Fleet maintenance	25,170	-	81,456	-	228,656	-	-	335,282
	3,788,351	-	4,777,931	733,099	1,341,172	29,476	-	10,670,029
Public safety								
Police	-	-	2,718,612	-	1,150,824	-	-	3,869,436
Fire	161,074	-	3,342,769	-	2,697,235	-	-	6,201,078
Inspections	-	-	-	-	59,554	-	-	59,554
	161,074	-	6,061,381	-	3,907,613	-	-	10,130,068
Transportation								
Public services	66,210	-	1,204,792	-	110,313	-	-	1,381,315
Streets and grounds	-	347,300	5,118	1,550,343	1,978,575	4,995,187	-	8,876,523
Powell Bill	-	-	-	45,713	152,809	21,115	-	219,637
	66,210	347,300	1,209,910	1,596,056	2,241,697	5,016,302	-	10,477,475
Environmental protection								
Solid waste	-	-	-	-	1,468,029	-	-	1,468,029
	-	-	-	-	1,468,029	-	-	1,468,029
Cultural and recreation								
Recreation	760,373	-	327,098	3,186,057	492,774	1,028,643	-	5,794,945
Harness track	1,456,250	-	1,351,808	353,360	508,504	268,886	-	3,938,808
Fair barn	-	-	2,337,501	268,934	84,120	-	-	2,690,555
	2,216,623	-	4,016,407	3,808,351	1,085,398	1,297,529	-	12,424,308
Economic and physical development								
Planning	-	-	-	-	35,364	-	-	35,364
Construction in progress	-	-	-	-	-	-	2,411,690	2,411,690
	$ 6,232,258	$ 347,300	$ 16,065,629	$ 6,137,506	$ 10,079,273	$ 6,343,307	$ 2,411,690	$ 47,616,963

Village of Pinehurst, North Carolina
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes By Function and Activity
For the Fiscal Year Ended June 30, 2019

	Capital Assets July 1, 2018	Additions	Deletions	Adjustments	Capital Assets June 30, 2019
Function and Activity					
General government					
Governing body	$ 3,763,181	$ -	$ -	$ -	$ 3,763,181
Administration	4,498,989	51,186	-	-	4,550,175
Financial services	135,259	-	-	-	135,259
Human resources	21,300	-	-	-	21,300
Information technology	395,615	42,000	(80,057)	-	357,558
Buildings and grounds maintenance	1,482,879	42,786	(18,391)	-	1,507,274
Fleet maintenance	292,237	36,285	-	6,760	335,282
	10,589,460	172,257	(98,448)	6,760	10,670,029
Public safety					
Police	3,931,778	42,008	(104,350)	-	3,869,436
Fire	6,127,773	73,305	-	-	6,201,078
Inspections	39,865	-	-	19,689	59,554
	10,099,416	115,313	(104,350)	19,689	10,130,068
Transportation					
Public services	1,360,254	47,510	-	(26,449)	1,381,315
Streets and grounds	8,212,215	673,762	(9,454)	-	8,876,523
Powell Bill	276,040	-	(56,403)	-	219,637
	9,848,509	721,272	(65,857)	(26,449)	10,477,475
Environmental protection					
Solid waste	1,660,029	-	(88,320)	(103,680)	1,468,029
Cultural and recreation					
Recreation	5,408,748	240,514	-	145,683	5,794,945
Harness track	3,925,263	87,028	(52,570)	(20,913)	3,938,808
Fair barn	2,662,954	38,118	(10,517)	-	2,690,555
	11,996,965	365,660	(63,087)	124,770	12,424,308
Economic and physical development					
Planning	40,937	-	(5,573)	-	35,364
Construction in progress	178,832	2,253,948	-	(21,090)	2,411,690
	$ 44,414,148	$ 3,628,450	$ (425,635)	$ -	$ 47,616,963

ADDITIONAL FINANCIAL DATA

This section contains additional information on property taxes.

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

Schedule of Ad Valorem Taxes Receivable
June 30, 2019

Fiscal Year	Uncollected Balance July 1, 2018	Additions	Collections and Credits	Uncollected Balance June 30, 2019
2018-2019	$ -	$ 10,334,013	$ 10,323,160	$ 10,853
2017-2018	6,754	-	4,625	2,129
2016-2017	6,332	-	6,253	79
2015-2016	2,083	-	1,996	87
2014-2015	230	-	31	199
2013-2014	1,344	-	178	1,166
2012-2013	1,276	-	568	708
2011-2012	1,062	-	248	814
2010-2011	1,103	-	191	912
2009-2010	7,674	-	293	7,381
	$ 27,858	$ 10,334,013	$ 10,337,543	$ 24,328

Reconciliation with Revenues:

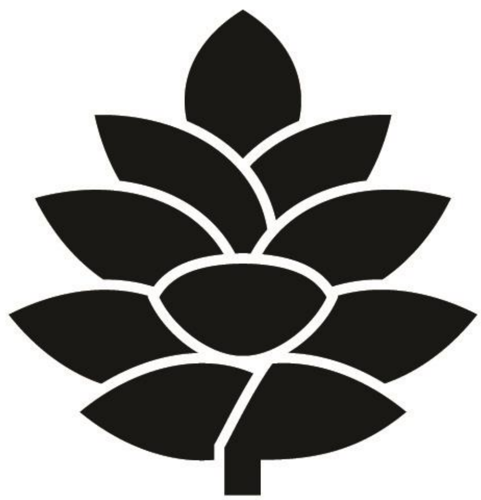
Ad valorem taxes - General Fund	$ 10,349,609
Reconciling items:	
Interest collected and refunds	(13,807)
Refunds/reliefs	1,741
	(12,066)
Total collections and credits	$ 10,337,543

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

Analysis of Current Tax Levy

June 30, 2019

	General Fund			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate	$ 3,498,523,625	$ 0.295	$ 10,318,633	$ 9,652,280	$ 666,353
Penalties	-		1,625	1,625	-
Total	3,498,523,625		10,320,258	9,653,905	666,353
Discoveries:					
Current year taxes	5,107,160	$ 0.295	15,052	15,052	-
Penalties	-		45	45	-
Total	5,107,160		15,097	15,097	-
Abatements	(454,915)		(1,342)	(1,342)	-
Total property valuation	$ 3,503,175,870				
Net levy			10,334,013	9,667,660	666,353
Uncollected taxes at June 30			(10,853)	(10,853)	-
Current year's taxes collected			$ 10,323,160	$ 9,656,807	$ 666,353
Current levy collection percentage			99.89%	99.89%	100.00%



STATISTICAL SECTION

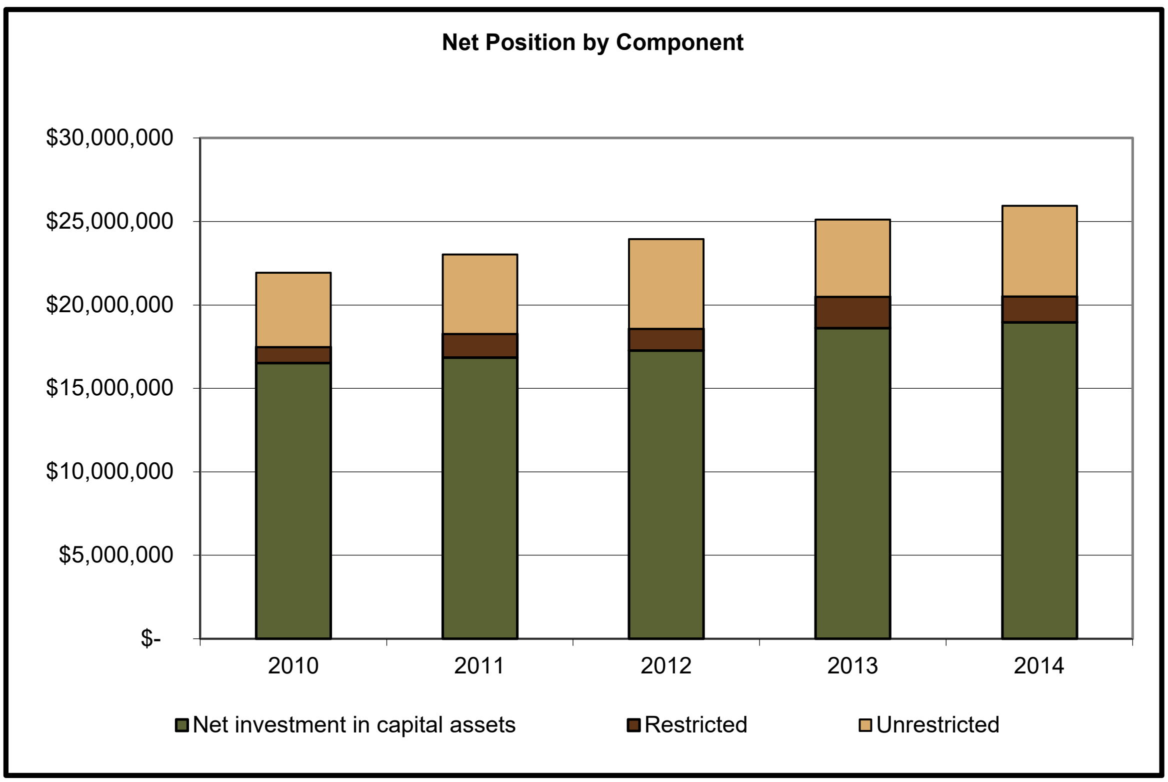
This part of the Village's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information say about the government's overall financial health.

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

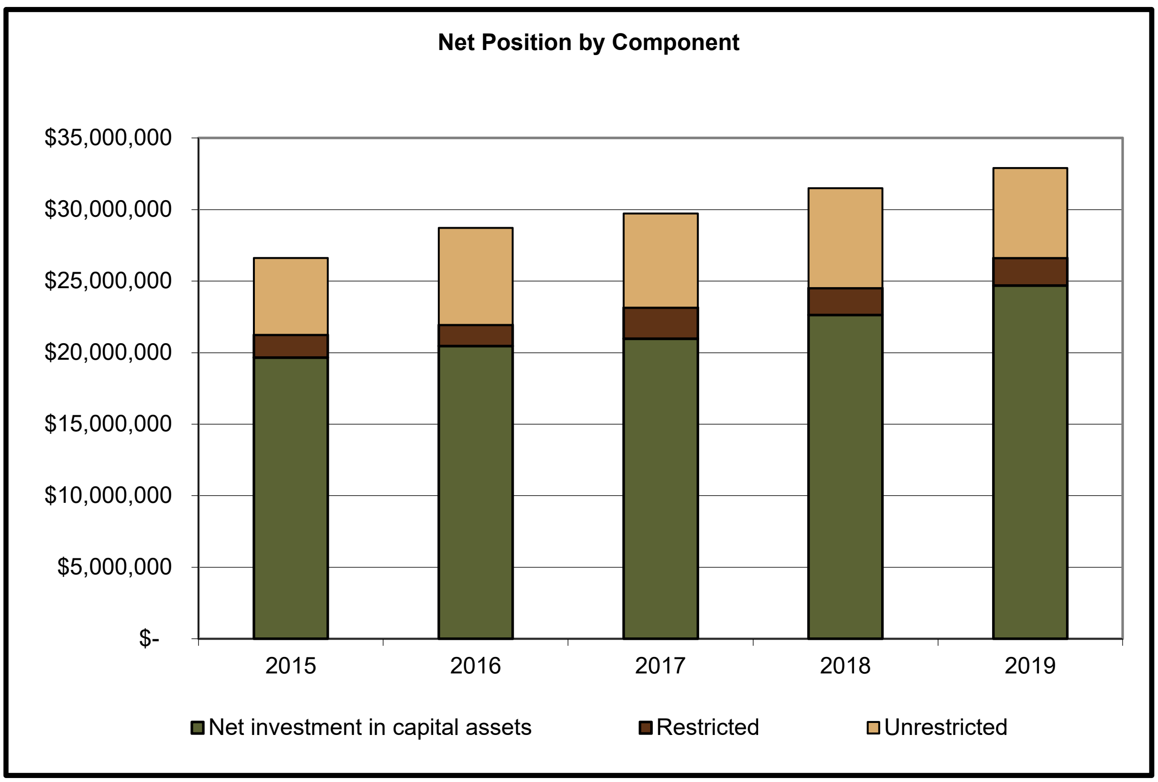
Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

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

	Fiscal Year				
	2010	**2011**	**2012**	**2013**	**2014**
Governmental activities					
Net investment in capital assets	$ 16,520,624	$ 16,842,082	$ 17,271,349	$ 18,615,943	$ 18,953,996
Restricted for:					
Stabilization by state statute	940,483	1,422,691	1,291,963	1,882,835	1,568,981
Public Safety	-	-	-	-	-
Municipal Service District	13,070	14,084	14,354	-	-
Unrestricted	4,457,047	4,756,832	5,372,934	4,631,746	5,417,136
Total net position, previously reported	21,931,224	23,035,689	23,950,600	25,130,524	25,940,113
Retatement	-	-	-	-	-
Total governmental activities net position	$ 21,931,224	$ 23,035,689	$ 23,950,600	$ 25,130,524	$ 25,940,113



	Fiscal Year				
	2015	**2016**	**2017**	**2018**	**2019**
Governmental activities					
Net investment in capital assets	$ 19,648,800	$ 20,467,990	$ 20,980,863	$ 22,631,590	$ 24,692,614
Restricted for:					
Stabilization by state statute	1,601,410	1,474,901	2,165,724	1,881,641	1,923,503
Public Safety	-	-	-	2,672	10,943
Municipal Service District	-	-	-	-	-
Unrestricted	5,381,405	6,777,854	6,594,835	6,980,336	6,276,224
Total net position, previously reported	26,631,615	28,720,745	29,741,422	31,496,239	32,903,284
Retatement	-	(628,284)	-	-	-
Total governmental activities net position	$ 26,631,615	$ 28,092,461	$ 29,741,422	$ 31,496,239	$ 32,903,284

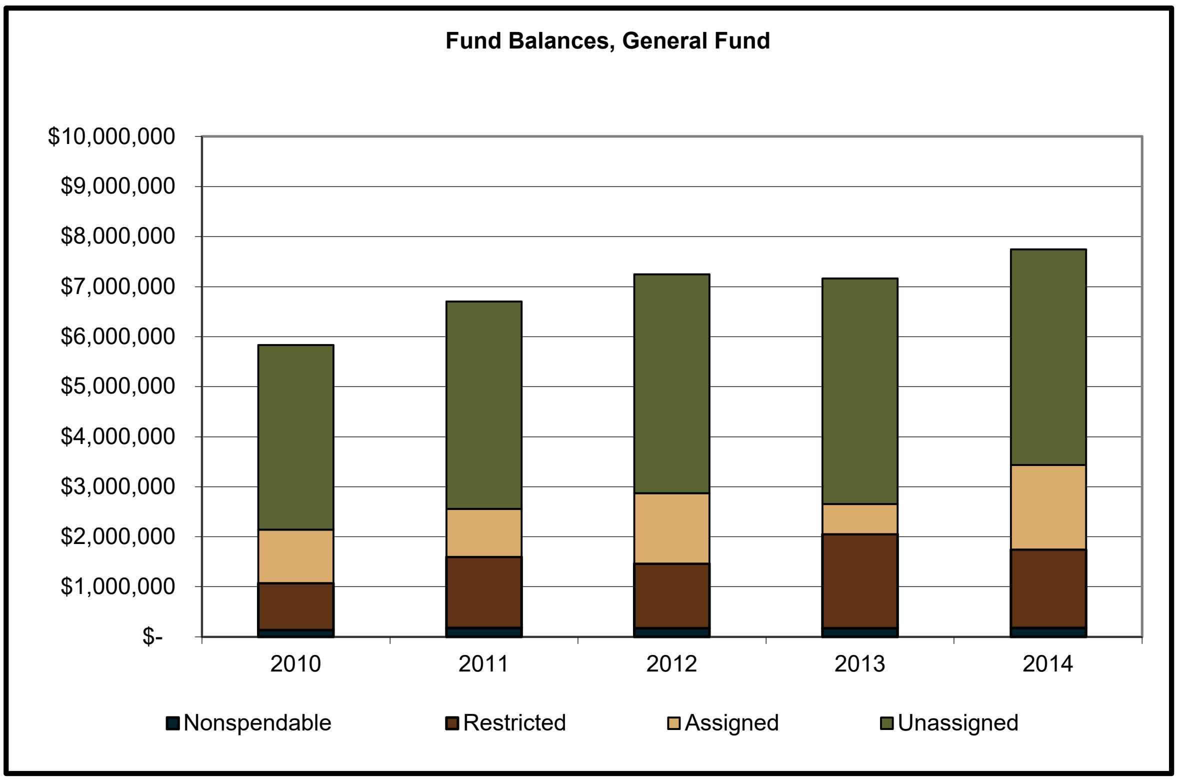


Village of Pinehurst, North Carolina
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

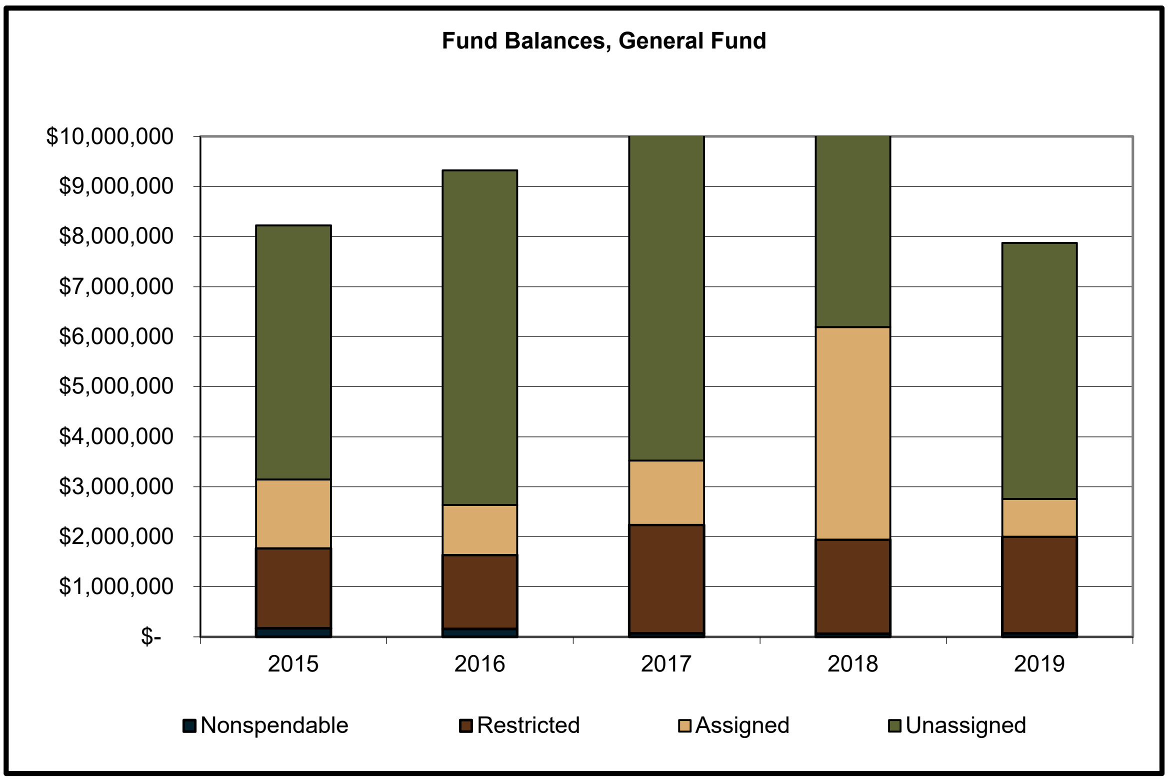
	Fiscal Year				
	2010	2011	2012	2013	2014
Expenses					
Governmental activities:					
General government	$ 2,103,062	$ 2,001,438	$ 2,144,319	$ 1,611,659	$ 2,168,794
Public safety	5,284,615	5,415,839	5,454,487	5,582,355	5,803,531
Transportation	1,672,394	2,460,277	2,511,804	2,475,382	2,369,495
Economic and physical development	1,209,264	1,422,329	1,250,263	1,542,829	1,566,159
Environmental protection	1,050,620	1,352,912	1,337,891	1,275,525	1,402,623
Cultural and recreation	1,854,910	1,795,985	1,919,013	2,100,673	2,746,748
Interest on long-term debt	166,794	141,320	108,919	88,541	82,192
Total governmental activities expenses	$ 13,341,659	$ 14,590,100	$ 14,726,696	$ 14,676,964	$ 16,139,542
Program Revenues					
Governmental activities:					
Charges for services:					
General government	$ -	$ -	$ -	$ -	$ -
Public safety	842,700	398,609	422,878	469,345	490,364
Transportation	9,000	10,000	10,000	10,500	19,000
Economic and physical development	66,201	25,615	49,827	57,745	39,567
Cultural and recreation	468,469	497,313	510,856	509,113	1,268,417
Operating grants and contributions	513,020	957,837	827,939	533,380	546,089
Capital grants and contributions	1,099,183	-	-	207,252	42,563
Total governmental activities program revenue	$ 2,998,573	$ 1,889,374	$ 1,821,500	$ 1,787,335	$ 2,406,000
Total governmental activities net expense	$ (10,343,086)	$ (12,700,726)	$ (12,905,196)	$ (12,889,629)	$ (13,733,542)
General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes:					
Ad valorem taxes	$ 8,070,832	$ 9,615,930	$ 9,483,953	$ 9,567,944	$ 9,763,042
Franchise taxes	43,191	44,913	-	-	-
Golf cart licenses	-	-	1,740	1,775	2,230
Unrestricted intergovernmental	3,233,572	3,892,476	4,071,702	4,162,616	4,271,703
Investment earnings	35,001	23,665	27,125	12,947	10,424
Miscellaneous	267,313	228,207	235,587	324,271	495,732
Total governmental activities general revenue	$ 11,649,909	$ 13,805,191	$ 13,820,107	$ 14,069,553	$ 14,543,131
Change in Governmental Activities Net Position	$ 1,306,823	$ 1,104,465	$ 914,911	$ 1,179,924	$ 809,589

	Fiscal Year				
	2015	2016	2017	2018	2019
Expenses					
Governmental activities:					
General government	$ 2,220,764	$ 2,501,748	$ 2,495,248	$ 2,507,278	$ 2,726,379
Public safety	5,653,753	5,684,375	6,070,685	6,207,724	6,528,824
Transportation	2,325,248	2,481,039	2,755,861	3,185,140	3,576,506
Economic and physical development	1,567,788	677,747	765,422	700,647	1,017,081
Environmental protection	1,526,924	1,399,842	1,453,148	1,470,406	1,661,991
Cultural and recreation	2,647,805	2,527,443	2,700,389	2,875,926	2,754,791
Interest on long-term debt	69,243	54,120	40,296	28,933	18,838
Total governmental activities expenses	$ 16,011,525	$ 15,326,314	$ 16,281,049	$ 16,976,054	$ 18,284,410
Program Revenues					
Governmental activities:					
Charges for services:					
General government	$ 35	$ 91	$ 1,763	$ 7,665	$ 21,691
Public safety	507,962	569,814	722,337	677,954	718,467
Transportation	17,000	-	-	-	-
Economic and physical development	51,363	59,368	83,562	85,317	77,246
Cultural and recreation	672,851	730,300	716,909	701,082	660,859
Operating grants and contributions	1,025,870	509,304	603,714	518,202	859,123
Capital grants and contributions	320,235	230,788	-	559,349	397,249
Total governmental activities program revenue	$ 2,595,316	$ 2,099,665	$ 2,128,285	$ 2,549,569	$ 2,734,635
Total governmental activities net expense	$ (13,416,209)	$ (13,226,649)	$ (14,152,764)	$ (14,426,485)	$ (15,549,775)
General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes:					
Ad valorem taxes	$ 9,785,054	$ 9,699,296	$ 9,998,398	$ 10,143,940	$ 10,346,079
Franchise taxes	-	-	-	-	-
Golf cart licenses	2,010	8,745	2,180	2,475	2,850
Unrestricted intergovernmental	4,979,172	5,328,610	5,478,926	5,641,380	6,013,374
Investment earnings	9,796	25,872	62,911	146,038	261,291
Miscellaneous	197,599	253,256	259,310	247,469	333,226
Total governmental activities general revenue	$ 14,973,631	$ 15,315,779	$ 15,801,725	$ 16,181,302	$ 16,956,820
Change in Governmental Activities Net Position	$ 1,557,422	$ 2,089,130	$ 1,648,961	$ 1,754,817	$ 1,407,045

	Fiscal Year 2010	2011	2012	2013	2014
General Fund					
Nonspendable:					
Inventory	$ 36,180	$ 46,747	$ 48,745	$ 43,640	$ 44,071
Prepaid items	97,922	128,567	124,714	127,308	130,586
Restricted:					
Stabilization by state statute	940,483	1,422,691	1,291,963	1,882,835	1,568,980
Public safety	-	-	-	-	-
Assigned:					
Subsequent year's expenditures	1,066,859	959,020	1,405,864	601,175	1,687,710
Unassigned	3,691,852	4,145,184	4,373,169	4,506,790	4,317,497
Total general fund	$ 5,833,296	$ 6,702,209	$ 7,244,455	$ 7,161,748	$ 7,748,844
All Other Governmental Funds					
Restricted:					
Municipal Service District	$ 13,070	$ 14,084	$ 14,354	$ -	$ -
Committed:					
General government	40,975	25,892	24,982		-
Cultural and recreation	8,657	8,657	-	-	-
Special revenue fund expenditures	10,140	10,218	10,642	10,755	2,894
Total all other governmental funds	$ 72,842	$ 58,851	$ 49,978	$ 10,755	$ 2,894



	Fiscal Year 2015	2016	2017	2018	2019
General Fund					
Nonspendable:					
Inventory	$ 44,494	$ 39,799	$ 36,653	$ 39,993	$ 48,427
Prepaid items	124,296	118,979	35,236	19,878	20,135
Restricted:					
Stabilization by state statute	1,601,410	1,474,901	2,165,724	1,881,641	1,923,503
Public safety	-	-	-	2,672	10,943
Assigned:					
Subsequent year's expenditures	1,375,639	1,001,685	1,284,513	4,249,380	755,967
Unassigned	5,079,263	6,689,980	7,110,976	4,448,274	5,112,998
Total general fund	$ 8,225,102	$ 9,325,344	$ 10,633,102	$ 10,641,838	$ 7,871,973
All Other Governmental Funds					
Restricted:					
Municipal Service District	$ -	$ -	$ -	$ -	$ -
Committed:					
General government	-	-	-	-	-
Cultural and recreation	-	-	-	186,877	2,520,458
Special revenue fund expenditures	-	-	-	-	-
Total all other governmental funds	$ -	$ -	$ -	$ 186,877	$ 2,520,458



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

	Fiscal Year				
	2010	2011	2012	2013	2014
Revenues					
Ad valorem taxes	$ 8,070,137	$ 9,609,611	$ 9,486,491	$ 9,561,126	$ 9,771,682
Other taxes and licenses	43,191	42,976	1,740	1,775	2,230
Unrestricted intergovernmental	3,233,572	3,894,413	4,071,702	4,162,616	4,271,703
Restricted intergovernmental	510,604	957,549	826,718	532,860	548,073
Permits and fees	914,383	446,838	480,999	535,247	1,252,453
Sales and services	468,903	497,714	501,690	517,744	564,975
Investment earnings	37,416	23,951	28,345	13,468	10,714
Assessments	15,619	34,648	25,460	12,412	11,791
Miscellaneous	170,051	167,838	221,513	265,399	266,641
Total revenues	13,463,876	15,675,538	15,644,658	15,602,647	16,700,262
Expenditures					
General government	1,863,768	1,840,989	1,933,779	2,106,278	2,196,930
Public safety	5,365,546	5,049,620	5,053,316	5,197,380	5,856,007
Transportation	1,580,763	2,382,430	2,558,524	2,178,585	2,792,152
Economic and physical development	1,271,268	1,472,447	1,455,559	2,160,239	1,454,418
Environmental protection	1,041,943	1,268,744	1,468,031	1,350,737	1,456,374
Cultural and recreation	1,706,863	1,781,382	1,809,654	2,280,905	2,694,676
Debt service:					
Principal	836,473	891,764	748,878	478,298	378,829
Interest and other charges	173,226	150,635	116,592	91,151	83,098
Capital outlay	130,215	15,083	910	-	-
Total expenditures	13,970,065	14,853,094	15,145,243	15,843,573	16,912,484
Excess (deficiency) of revenues over (under) expenditures	(506,189)	822,444	499,415	(240,926)	(212,222)
Other Financing Sources (Uses)					
Transfers to other funds	(1,760,662)	(34,648)	(34,117)	(52,380)	(7,933)
Transfers from other funds	1,760,662	34,648	34,117	52,380	7,933
Sales of capital assets	33,187	32,478	33,958	59,493	241,457
Issuance of debt	500,000	-	-	59,503	550,000
Total other financing sources (uses)	533,187	32,478	33,958	118,996	791,457
Net change in fund balances	26,998	854,922	533,373	(121,930)	579,235
Fund balances, beginning	5,879,140	5,906,138	6,761,060	7,294,433	7,172,503
Fund balances, ending	$ 5,906,138	$ 6,761,060	$ 7,294,433	$ 7,172,503	$ 7,751,738
Debt service as a percentage of noncapital expenditures	7.9%	7.4%	6.2%	4.3%	3.1%

Notes:

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

	Fiscal Year				
	2015	2016	2017	2018	2019
Revenues					
Ad valorem taxes	$ 9,792,365	$ 9,697,697	$ 9,996,412	$ 10,142,650	$ 10,349,609
Other taxes and licenses	2,010	8,745	2,180	2,475	2,850
Unrestricted intergovernmental	4,979,172	5,328,610	5,478,926	5,641,380	6,013,374
Restricted intergovernmental	1,069,055	509,245	603,437	517,964	858,129
Permits and fees	578,554	632,033	801,574	761,918	794,770
Sales and services	629,899	729,626	719,515	709,419	689,943
Investment earnings	9,836	25,932	63,189	146,276	262,285
Assessments	20,116	45,741	39,102	31,607	29,371
Miscellaneous	182,310	195,642	197,420	214,839	282,745
Total revenues	17,263,317	17,173,271	17,901,755	18,168,528	19,283,076
Expenditures					
General government	2,133,743	2,142,750	2,164,459	2,288,440	2,331,905
Public safety	5,543,484	5,443,314	5,564,978	6,404,850	6,052,992
Transportation	2,789,063	2,774,071	3,276,715	3,590,267	3,625,359
Economic and physical development	1,624,275	874,566	764,595	700,149	1,010,775
Environmental protection	1,586,800	1,576,998	1,312,900	1,639,564	1,510,935
Cultural and recreation	2,633,384	2,854,719	3,176,328	3,035,778	4,918,823
Debt service:					
Principal	420,917	406,502	368,531	329,223	297,282
Interest and other charges	73,615	57,721	43,717	32,160	21,770
Capital outlay	-	-	-	-	-
Total expenditures	16,805,281	16,130,641	16,672,223	18,020,431	19,769,841
Excess (deficiency) of revenues over (under) expenditures	458,036	1,042,630	1,229,532	148,097	(486,765)
Other Financing Sources (Uses)					
Transfers to other funds	(2,897)	-	-	(344,000)	(4,569,165)
Transfers from other funds	2,897	-	-	344,000	4,569,165
Sales of capital assets	15,328	57,612	78,226	47,516	50,481
Issuance of debt	-	-	-	-	-
Total other financing sources (uses)	15,328	57,612	78,226	47,516	50,481
Net change in fund balances	473,364	1,100,242	1,307,758	195,613	(436,284)
Fund balances, beginning	7,751,738	8,225,102	9,325,344	10,633,102	10,828,715
Fund balances, ending	$ 8,225,102	$ 9,325,344	$ 10,633,102	$ 10,828,715	$ 10,392,431
Debt service as a percentage of noncapital expenditures	3.2%	3.3%	2.8%	2.3%	1.9%

Notes:

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

Village of Pinehurst, North Carolina Table 5
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Tax Year	Residential Property	Commercial Property	Industrial Property	Less Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value
2010	2009	$ 2,807,721,340	$ 332,150,630	$ 17,024,619	$ 271,564,035	$ 2,885,332,554	0.280	$ 2,873,837,205
2011	2010	3,312,056,948	339,862,923	16,599,447	309,316,950	3,359,202,368	0.280	3,325,942,939
2012	2011	3,333,807,236	348,341,880	17,750,788	309,216,950	3,390,682,954	0.280	3,377,174,257
2013	2012	3,368,430,240	346,142,700	17,669,146	312,873,330	3,419,368,756	0.280	3,398,974,907
2014	2013	3,433,539,072	346,239,540	17,443,205	314,499,090	3,482,722,727	0.280	3,474,384,205
2015	2014	3,433,872,218	357,593,290	16,969,593	316,220,133	3,492,214,968	0.280	3,481,769,659
2016	2015	3,352,781,389	375,083,970	19,365,934	404,357,860	3,342,873,433	0.290	3,342,873,433
2017	2016	3,398,349,498	375,641,253	19,308,922	405,681,620	3,387,618,053	0.295	3,379,844,411
2018	2017	3,438,503,505	382,281,151	20,624,370	405,969,480	3,435,439,546	0.295	3,357,544,513
2019	2018	3,495,942,470	391,820,521	20,871,399	405,458,520	3,503,175,870	0.295	3,432,803,400

Sources:
Moore County Tax Department

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

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

Village of Pinehurst, North Carolina **Table 6**
Direct and Overlapping Property Tax Rates
Last Ten Years
(Rates are Per $100 of Assessed Value)

		Direct Rates	Overlapping Rates	
Fiscal Year	Tax Year	Total Direct Rate	Village of Pinehurst Municipal Service District	Moore County (1)
2010	2009	0.280	0.06	0.485
2011	2010	0.280	0.05	0.485
2012	2011	0.280	0.05	0.485
2013	2012	0.280	0.05	0.485
2014	2013	0.280	-	0.485
2015	2014	0.280	-	0.485
2016	2015	0.290	-	0.495
2017	2016	0.295	-	0.495
2018	2017	0.295	-	0.495
2019	2018	0.295	-	0.505

Sources:
(1) Moore County Tax Department

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

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

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

Taxpayer	2019 Taxable Assessed Value	2019 Percentage of Total Taxable Assessed Value	2010 Taxable Assessed Value	2010 Percentage of Total Taxable Assessed Value
Pinehurst LLC	$ 174,588,055	4.98%	$ 171,999,277	6.21%
Pinehurst Surgical Clinic	25,473,350	0.73%	27,084,800	0.98%
Pinehurst Medical	24,811,310	0.71%	16,844,843	0.61%
Country Club of North Carolina	19,055,880	0.54%	23,571,106	0.85%
Duke Energy Progress, Inc.	14,367,084	0.41%	11,255,578	0.41%
Quail Haven Properties of Pinehurst, LLC	10,020,530	0.29%	-	-
Pinewild Project Limited PTNS	9,858,769	0.28%	-	-
MTMM Associates (Carolina Eye Assoc.)	8,888,030	0.25%	10,316,819	0.37%
Pinehurst Nursing Center	5,666,819	0.16%	-	-
SCOP (Surgery Center of Pinehurst)	5,622,480	0.16%	5,071,350	0.18%
Francis Maser	-	-	5,613,400	0.20%
Branch Banking and Trust Co.	-	-	5,181,688	0.19%
Carolina Telephone and Telegraph	-	-	5,032,288	0.18%
Total	$ 298,352,307	8.52%	$ 281,971,149	10.19%

Sources:
Moore County Tax Department

Notes:
FY2019 and FY2010 data are for tax years 2018 and 2009 respectively.
Pinehurst, LLC includes: Resorts of Pinehurst Inc., Pinehurst, Inc., Pinehurst LLC and Resorts of Pinehurst, Inc.

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

Table 8

Fiscal Year	Tax year	Taxes Levied for the Fiscal Year (1)	Collected within the Fiscal Year of the Levy: Amount	Collected within the Fiscal Year of the Levy: Percentage of Levy	Collections in Subsequent Years	Total Collections to Date: Amount	Total Collections to Date: Percentage of Levy (1)
2010	2009	$ 8,077,868	$ 8,050,348	99.66%	$ 12,561	$ 8,062,909	99.81%
2011	2010	9,606,203	9,588,105	99.81%	13,307	9,601,412	99.95%
2012	2011	9,477,624	9,463,405	99.85%	13,405	9,476,810	99.99%
2013	2012	9,558,275	9,538,561	99.79%	19,006	9,557,567	99.99%
2014	2013	9,756,980	9,748,024	99.91%	7,790	9,755,814	99.99%
2015	2014	9,774,886	9,772,350	99.97%	2,337	9,774,687	100.00%
2016	2015	9,692,375	9,686,105	99.94%	6,183	9,692,288	100.00%
2017	2016	9,992,459	9,983,263	99.91%	9,117	9,992,380	100.00%
2018	2017	10,136,740	10,129,986	99.93%	4,625	10,134,611	99.98%
2019	2018	10,334,013	10,323,160	99.89%	-	10,323,160	99.89%

Sources:
Moore County Tax Department

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

Village of Pinehurst, North Carolina **Table 9**
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Calendar Year	Governmental Activities Installment Financing (1)	Percentage of Personal Income (2)	Per Capita (2)
2010	2009	$ 4,151,008	0.62%	$ 313
2011	2010	3,259,244	0.75%	240
2012	2011	2,510,366	0.48%	170
2013	2012	2,091,572	0.34%	140
2014	2013	2,262,742	0.35%	149
2015	2014	1,841,825	0.26%	119
2016	2015	1,435,323	0.18%	91
2017	2016	1,066,792	0.13%	66
2018	2017	737,569	0.10%	45
2019	2018	440,287	0.06%	26

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

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

Village of Pinehurst, North Carolina
Direct and Overlapping Governmental Activities Debt
As of June 30, 2019

Table 10

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (2)	Estimated Share of Direct and Overlapping Debt
Moore County (1)			
Debt repaid with property taxes:			
Moore County general obligation debt	$ 105,200,000	27.49%	$ 28,918,010
Other debt:			
Moore County LOB	15,251,000	27.49%	4,192,287
Capital lease	361,311	27.49%	99,319
Moore County installment loans	45,262,000	27.49%	12,441,891
Subtotal, overlapping debt			45,651,507
Village of Pinehurst direct debt			440,287
Total direct and overlapping debt			$ 46,091,794

Notes:

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

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

(2) For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the Village of Pinehurst's boundaries and dividing it by each unit's total taxable assessed value. Taxable assessed property values as of June 30, 2018 were used to determine the overlapping debt percentage.

Legal Debt Margin Information
Last Ten Fiscal Years

Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Legal Debt Margin as a Percent of Debt Limit
2010	$ 230,826,604	$ 4,151,008	$ 226,675,596	98.20%
2011	268,736,189	3,259,244	265,476,945	98.79%
2012	271,245,476	2,510,366	268,744,270	99.08%
2013	273,549,500	2,091,572	271,457,928	99.24%
2014	278,617,818	2,262,742	276,355,076	99.19%
2015	279,377,197	1,841,825	277,535,372	99.34%
2016	267,429,875	1,435,323	265,994,552	99.46%
2017	271,009,444	1,066,792	269,942,652	99.61%
2018	274,835,164	737,569	274,097,595	99.73%
2019	280,254,070	440,287	279,813,783	99.84%

Legal debt margin calculation for Fiscal Year 2019

Assessed valuation	$ 3,503,175,870	
	x 0.08	
Debt limit - 8.0% of assessed value		$ 280,254,070
Gross debt:		
Capital leases	-	
Authorized and unissued bonds	-	
Installment purchase agreements	440,287	
Total gross debt	440,287	
Less: statutory deductions	-	
Total amount of debt applicable to debt limit (net debt)		440,287
Legal debt margin		$ 279,813,783

Table 12

Fiscal Year	Calendar Year	Population (1)	Personal Income	Per Capita Income (2)	Median Age (2)	Unemployment Rate (3)
2010	2009	13,277	$ 673,103,180	$ 50,697	60.4	10.3%
2011	2010	13,601	434,198,324	31,924	58.4	9.5%
2012	2011	14,783	526,777,422	35,634	58.4	8.9%
2013	2012	14,979	608,671,665	40,635	60.6	8.6%
2014	2013	15,150	650,586,450	42,943	60.9	6.3%
2015	2014	15,525	708,033,150	45,606	60.8	5.4%
2016	2015	15,763	778,093,206	49,362	61.1	5.1%
2017	2016	16,123	798,136,869	49,503	61.4	4.1%
2018	2017	16,452	729,679,104	44,352	60.1	4.2%
2019	2018	16,754	771,907,042	46,073	59.3	4.5%

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

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

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

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

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

Table 13

	2019		2010	
Employer	Employees	Percentage of Total Employment	Employees	Percentage of Total Employment
First Health of the Carolinas (1)	3,682	63.66%	2,610	55.60%
Pinehurst, LLC (2)	1,453	25.12%	1,084	23.09%
Total		88.78%		78.70%

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

Notes:
2019 employment is based on calendar year 2018.

GASB 44 requires comparative data for the current calendar year and nine years prior. 2010 adjusted Census Data was used for 2010 and 2019 to estimate the percentage of total employment.

Village of Pinehurst, North Carolina **Table 14**

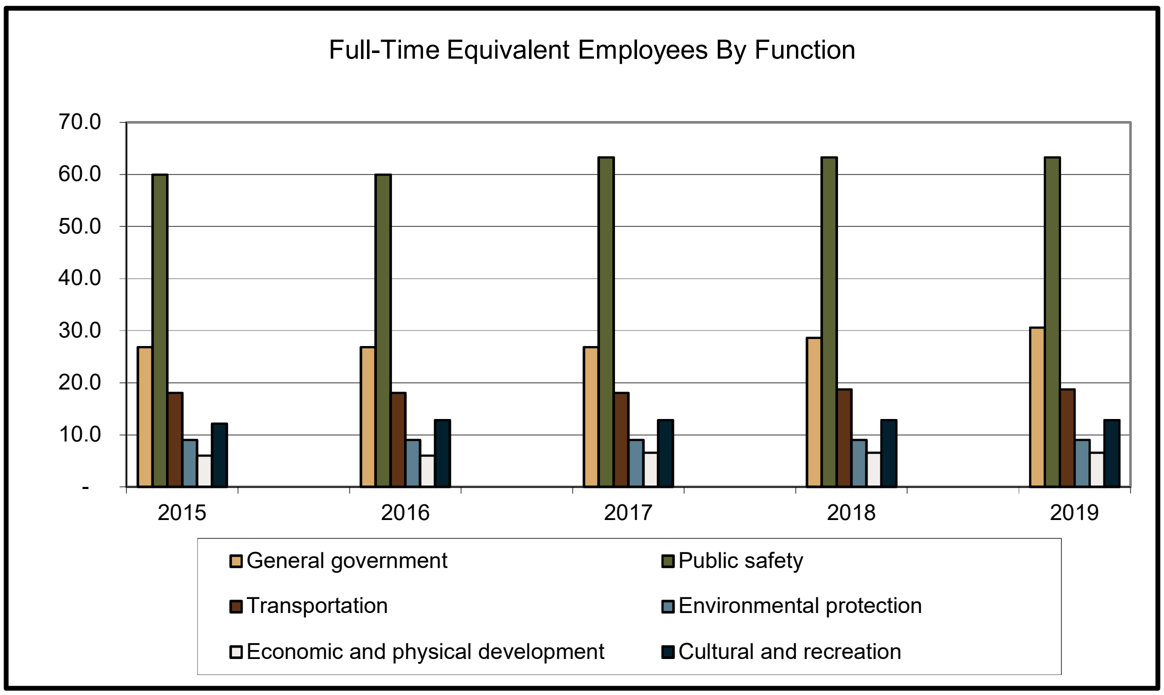
Full-time Equivalent Employees by Function

Last Ten Fiscal Years

	Full-time Equivalent Employees as of June 30									
Function	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**
General government	24.5	24.5	24.5	26.0	26.8	26.8	26.8	26.8	28.6	30.6
Public safety	61.0	60.0	60.0	60.0	60.0	60.0	60.0	63.3	63.3	63.3
Transportation	16.0	17.0	18.0	18.0	18.0	18.0	18.0	18.0	18.7	18.7
Environmental protection	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0
Economic and physical development	8.5	7.5	6.5	6.0	6.0	6.0	6.0	6.5	6.5	6.5
Cultural and recreation	12.0	11.1	10.8	11.8	11.8	12.1	12.8	12.8	12.8	12.8
Total	131.0	129.1	128.8	130.8	131.6	131.9	132.6	136.4	138.9	140.9

Source:
Village of Pinehurst Human Resources Department

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



	Fiscal Year				
	2010	2011	2012	2013	2014
Function					
General Government					
Financial services:					
Purchase orders issued	280	295	269	299	338
Vendor checks issued	2,471	2,444	2,365	1,840	1,641
Vendor EFTs issued	-	-	401	620	998
Human resources:					
Workers' compensation lost time (days)	32	425	33	74	144
Employee turnover rate	9.2%	8.5%	10.7%	11.4%	7.9%
Fleet maintenance:					
Vehicles maintained	(2)	(2)	(2)	(2)	99
Equipment maintained	(2)	(2)	(2)	(2)	69
Preventative maintenance completed	151	254	297	269	218
Public Safety					
Fire protection:					
Public fire & life safety classes	170	176	191	254	307
Incident calls	884	1,031	865	982	993
Structure fires	55	58	35	43	28
Inspections (1)	423	784	1,174	950	1,898
Child passenger seat inspections	222	228	120	182	170
Police protection:					
Physical arrests	445	233	165	184	239
Citations issued	2,970	3,053	1,908	1,208	2,082
Response to calls/officer initiated activity	14,495	14,362	13,364	10,901	13,041
Traffic accidents	418	476	414	447	422
Inspections:					
Building inspections conducted (1)	4,281	4,370	3,832	4,608	7,540
Certificates of occupancy issued	156	197	48	68	79
Transportation					
Street resurfacing (miles)	3.2	6.4	4.5	3.6	5.0
Environmental Protection					
Refuse collected (tons annually)	3,849	4,124	3,808	3,856	3,988
Homes receiving service	7,686	7,736	7,812	7,877	7,955
Recyclables collected (tons annually)	1,473	1,734	1,807	1,913	2,025
Economic and Physical Development					
Building permits issued	259	239	287	275	313
Code compliance investigations	475	501	577	596	522
Cultural and Recreation					
Recreation:					
Program participants	1,065	1,739	1,748	1,591	1,807
Athletics participants	2,287	2,296	1,934	1,838	1,442
Harness track:					
Standardbred stalls leased	251	276	259	223	240
Facilities reserved (days)	30	32	32	103	125
Fair barn:					
Events	88	113	113	102	122
Rental days	96	120	113	112	199

Sources:
Various Village departments

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

	Fiscal Year				
Function	**2015**	**2016**	**2017**	**2018**	**2019**
General Government					
Financial services:					
Purchase orders issued	297	323	384	401	378
Vendor checks issued	1,509	1,490	1,377	1,415	1,289
Vendor EFTs issued	1,009	1,070	1,071	972	1,046
Human resources:					
Workers' compensation lost time (days)	39	8	8	5	1
Employee turnover rate	14.3%	12.6%	13.1%	8.3%	12.2%
Fleet maintenance:					
Vehicles maintained	97	98	103	100	101
Equipment maintained	61	62	62	67	59
Preventative maintenance completed	240	228	234	236	248
Public Safety					
Fire protection:					
Public fire & life safety classes	342	438	563	617	606
Incident calls	1,052	1,245	1,754	1,670	1,891
Structure fires	14	4	10	7	5
Inspections	756	184	186	257	204
Child passenger seat inspections	170	183	136	104	104
Police protection:					
Physical arrests	575	651	739	296	392
Citations issued	1,757	2,603	2,750	3,368	3,770
Response to calls/officer initiated activity	11,742	14,923	16,613	16,809	18,103
Traffic accidents	433	635	654	658	652
Inspections:					
Building inspections conducted	5,469	5,656	6,633	7,614	7,008
Certificates of occupancy issued	116	91	130	216	240
Transportation					
Street resurfacing (miles)	4.5	2.1	3.1	5.7	3.9
Environmental Protection					
Refuse collected (tons annually)	3,973	4,106	4,062	3,962	4,522
Homes receiving service	8,107	8,196	8,326	8,467	8,531
Recyclables collected (tons annually)	2,115	1,935	2,060	2,066	1,702
Economic and Physical Development					
Building permits issued	289	315	347	348	337
Code compliance investigations	639	774	1,251	1,156	1,045
Cultural and Recreation					
Recreation:					
Program participants	1,986	2,634	2,950	3,061	2,678
Athletics participants	1,736	1,699	1,922	1,847	1,665
Harness track:					
Standardbred stalls leased	236	256	252	215	193
Facilities reserved (days)	38	52	40	39	38
Fair barn:					
Events	133	112	121	124	104
Rental days	205	177	159	150	107

Sources:
Various Village departments

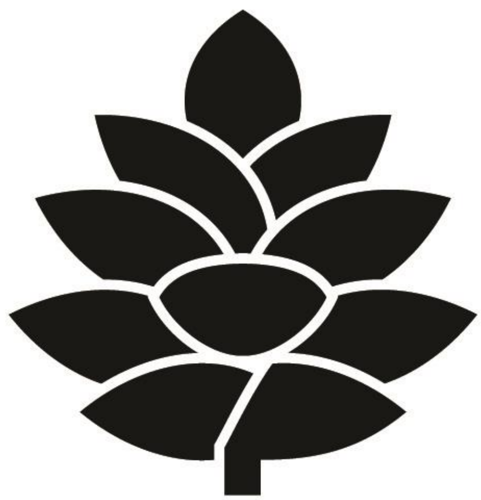
Notes:
(1) Fiscal Year 2014 includes inspections conducted for the USGA at the US Open Championship venue
(2) Information is not available

	Fiscal Year				
	2010	**2011**	**2012**	**2013**	**2014**
Function					
Public safety					
Fire protection					
Stations	2	2	2	2	2
Fire trucks	6	6	6	6	7
Police protection					
Stations	1	1	1	1	1
Police vehicles	20	21	22	23	24
Transportation					
Miles of streets	105.57	105.57	105.57	105.90	105.66
Maintenance vehicles	22	23	25	24	25
Sidewalks, greenways and bike paths (lf)	45,258	45,258	47,898	49,482	68,313
Environmental protection					
Refuse collection trucks	17	17	15	15	15
Economic and physical development					
Storm water drainage areas	16	29	38	48	57
Cultural and recreation					
Number of parks	4	4	4	4	5
Park acreage	294	294	294	294	294
Greenway trails (miles)	5.8	6.3	6.3	6.8	6.8
Playgrounds	3	3	3	3	3
Baseball/softball diamonds	2	2	2	2	2
Soccer fields	2	2	2	2	2

Sources:
Various Village departments

	Fiscal Year				
	2015	**2016**	**2017**	**2018**	**2019**
Function					
Public safety					
Fire protection:					
Stations	2	2	2	2	2
Fire trucks	6	6	6	6	6
Police protection:					
Stations	1	1	1	1	1
Police vehicles	26	29	26	29	27
Transportation					
Miles of streets	106.08	106.35	106.35	106.75	106.98
Maintenance vehicles	25	23	25	24	22
Sidewalks, greenways and bike paths (lf)	68,653	71,663	79,272	82,757	83,179
Environmental protection					
Refuse collection trucks	16	17	13	14	12
Economic and physical development					
Storm water drainage areas	66	80	84	92	106
Cultural and recreation					
Number of parks	5	5	5	5	5
Park acreage	294	294	294	294	294
Greenway trails (miles)	6.8	7.1	7.6	7.6	7.6
Playgrounds	3	3	3	3	3
Baseball/softball diamonds	2	2	2	2	2
Soccer fields	2	2	2	2	2

Sources:
Various Village departments



COMPLIANCE SECTION

This section contains the reports and schedules listed below:

- **Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***
- **Report on Compliance for the Major State Program and on Internal Control over Compliance Required by the Uniform Guidance and State Single Audit Implementation Act**
- Schedule of Findings and Questioned Costs
- Schedule of Expenditures of Federal and State Awards

DIXON HUGHES GOODMAN LLP

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Village of Pinehurst, North Carolina ("Village"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprises the Village's basic financial statements, and have issued our report thereon dated October 22, 2019.

Internal Control over Financial Reporting

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

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

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

DIXON HUGHES GOODMAN LLP

Compliance and Other Matters

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

Purpose of this Report

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

Dixon Hughes Goodman LLP

High Point, North Carolina
October 22, 2019

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

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

Report on Compliance for the Major State Program

We have audited Village of Pinehurst, North Carolina's compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on its major state program for the year ended June 30, 2019. The Village of Pinehurst's major state program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on the Major State Program

In our opinion, the Village of Pinehurst complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major state program for the year ended June 30, 2019.

DIXON HUGHES GOODMAN LLP

Report on Internal Control over Compliance

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

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

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

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

Dixon Hughes Goodman LLP

High Point, North Carolina
October 22, 2019

Schedule of Findings and Questioned Costs

1. Summary of Auditors' Results

Financial Statements

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

State Awards

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

2. Financial Statement Findings

There were no findings related to the financial statements for the fiscal year ended June 30, 2019.

3. State Awards Findings and Questioned Costs

There were no findings related to state awards for the fiscal year ended June 30, 2019.

4. Prior Year Audit Findings

There were no prior year audit findings.

Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2019

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal Expenditures	State Expenditures	Local Expenditures
Federal Awards					
U.S. Department of Homeland Security					
Passed through N.C. Department of Public Safety - Emergency Management					
Federal Emergency Management Administration					
Disaster Grants - Public Assistance	97.036	4393-DR-NC	$ 253,077	$ 79,087	$ -
U.S. Department of Justice					
Criminal Division:					
Equitable Sharing Program - Federal Forfeiture	16.922	Direct	2,727	-	-
U.S. Department of the Treasury					
Equitable Sharing Program - Federal Forfeiture	21.016	Direct	400	-	-
Total Federal Awards			256,204	79,087	-
State Awards					
N.C. Department of Transportation					
Powell Bill			-	498,488	-
Total State Awards			-	498,488	-
Total Federal and State Awards			$ 256,204	$ 577,575	$ -

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

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the Federal and State grant activity of the Village of Pinehurst under the programs of the federal government and the state of North Carolina for the year ended June 30, 2019. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the Village, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Village.

Note 2: Summary of Significant Accounting Policies

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

Report to the
Honorable Mayor
and Members of
the Village Council

Village of Pinehurst, North Carolina

June 30, 2019

DIXON HUGHES GOODMAN LLP

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DIXON HUGHES GOODMAN LLP

Communication with Those Charged with Governance

October 22, 2019

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

We have audited the financial statements of the Village of Pinehurst (the "Village") for the year ended June 30, 2019, and have issued our report thereon dated October 22, 2019. Professional standards require that we provide you with information about our responsibilities in accordance with auditing standards generally accepted in the United States of America, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated March 12, 2019. Professional standards also require that we communicate to you the following information related to our audit.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Village are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2019. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

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

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

> Management's estimates of the useful lives of depreciable assets for depreciation expense, the Local Government Employees' Retirement Fund Liability, Law Enforcement Officers' Special Separation Allowance Liability, deferred outflows of resources and deferred inflows of resources related to net pension liabilities, and pension expense. These estimates were based on useful lives of fixed assets, actuarial calculations and estimated future costs. We evaluated the key factors and assumptions used to develop these estimates to determine that they seem reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

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

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

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

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

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

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

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

DIXON HUGHES GOODMAN LLP

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

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

Sincerely,

Dixon Hughes Goodman LLP

High Point, North Carolina

DIXON HUGHES GOODMAN LLP

Appendix

Management Representation Letter

October 22, 2019

Dixon Hughes Goodman LLP
1829 Eastchester Drive
High Point, North Carolina 27265

This representation letter is provided in connection with your audit of the financial statements of Village of Pinehurst (the "Village"), which comprise the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information as of June 30, 2019 and the respective changes in financial position for the year then ended, and the related notes to the financial statements, for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

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

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

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated March 12, 2019 for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.

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

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

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

5. The following have been properly accounted for and disclosed in the financial statements:
   a. Related-party relationships and transactions, including sales, purchases, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties
   b. Guarantees, whether written or oral, under which the Village is contingently liable
   c. Other liabilities or gain or loss contingencies
6. Significant estimates that may be subject to a material change in the near term have been properly disclosed in the financial statements. We understand that "near term" means the period within one year of the date of the financial statements. In addition, we have no knowledge of concentrations existing at the date of the financial statements that make the Village vulnerable to the risk of severe impact that have not been properly disclosed in the financial statements.
7. Significant assumptions we used in making accounting estimates, including estimates of fair value, are reasonable.
8. There are no uncorrected misstatements or omitted disclosures.
9. We represent to you the following for the Village's fair value measurements and disclosures:
   a. The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
   b. The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
   c. The disclosures related to fair values are complete, adequate, and in conformity with U.S. GAAP.
   d. There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
10. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements, and we have not consulted with Satisky & Silverstein, LLP and Van Camp, Meacham & Newman, PLLC since their effective dates of their responses to you.
11. Guarantees, whether written or oral, under which the Village is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

12. We have provided you with:
    a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
    b. Additional information that you have requested from us for the purpose of the audit.
    c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
13. All transactions have been recorded in the accounting records and are reflected in the financial statements.
14. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

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

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

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

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

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

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

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

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

23. In regard to the assistance in preparation of the Village's basic financial statements and uploading the audited financial statements and compliance reports on the North Carolina State Treasurer's website, we have:
    a. Assumed all management responsibilities.
    b. Overseen the service by designating an individual within senior management who possesses suitable skill, knowledge, or experience.
    c. Evaluated the adequacy and results of the services performed.
    d. Accepted responsibility for the results of the services.
    e. Evaluated and maintained internal controls, including monitoring ongoing activities.

Government - Specific

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

25. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

26. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial

data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.

27. We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.

28. We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.

29. We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.

30. There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.

31. The Village has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral, except as made known to you.

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

33. The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.

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

35. All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.

36. Components of net position (net investment in capital assets; restricted; and unrestricted) and components of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.

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

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

39. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.

40. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.

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

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

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

44. We have appropriately disclosed the Village's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.

45. We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.

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

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

    b. The census data for all eligible employees reported to LGERS via ORBIT is complete and accurate as of December 31, 2017 (the measurement date for the net pension liability reported at June 30, 2018).

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

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

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

48. We acknowledge our responsibility for presenting the required supplementary information (RSI) in accordance with U.S. GAAP, and we believe that the RSI, including its form and content is fairly presented in accordance with U.S. GAAP. The methods of measurement and presentation of the RSI have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

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

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

50. With respect to federal and state award programs:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

51. We are responsible for and have reviewed the calculation of workers' compensation liabilities as of June 30, 2019, and we believe the recorded liabilities accurately reflect the Village of Pinehurst's liabilities owed for claims that have been incurred as of that date.

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

Village of Pinehurst

Jeff Sanborn, Village Manager

Brooke Hunter

Brooke Hunter, Financial Services Director

DIXON HUGHES GOODMAN LLP

Independent Accountants' Report

Village of Pinehurst, North Carolina
Pinehurst, North Carolina

We have examined the employee census data and related underlying payroll records of the Village of Pinehurst for the year ended December 31, 2018, to determine the employee census data provided to the Local Governmental Employees' Retirement System is complete and accurate based on the criteria set by the Retirement System's Handbook revised January 2018. The Village of Pinehurst's management is responsible for the employee census data provided to the retirement system. Our responsibility is to express an opinion based on the employee census data based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the employee census data is complete and accurate in accordance with the criteria set by the Retirement System's Handbook revised January 2018, in all material respects. An examination involves performing procedures to obtain evidence about the completeness and accuracy of the employee census data. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material misstatement of the employee census data, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the employee census data for the year ended December 31, 2018 referred to above, is presented complete and accurate based on the criteria set by the Retirement System's Handbook revised January 2018, in all material respects.

This report is intended solely for the information and use of the Village of Pinehurst's management, the North Carolina Department of State Treasurer, and the North Carolina Office of the State Auditor and is not intended to be and should not be used by anyone other than these specified parties.

Dixon Hughes Goodman LLP

High Point, North Carolina
September 20, 2019

PUBLIC HEARING NO. 1

ADDITIONAL AGENDA DETAILS:

The purpose of the hearing is for a Special Use Permit for Moore County ABC Board in order to locate an alcohol beverage store at 10 Blake Boulevard. This property is Neighborhood Commercial Zoning District. This property can be further identified as Moore County Tax Reference LRK # 00046792. The property is owned by RCH Reality Company and Mr. Richard Yelverton is representing the applicant Moore County ABC Board.

ATTACHMENTS:

	Description
🗋	Staff Report
🗋	Special Use Permit Application
🗋	Findings of Fact

PLANNING AND INSPECTIONS DEPARTMENT STAFF REPORT

To:	Mayor John Strickland and Village Council
From:	Darryn Burich, Planning and Inspections Director
Cc:	Jeff Sanborn, Village Manager
	Natalie Hawkins, Assistant Village Manager
	Beth Dunn, Village Clerk
Date:	December 3, 2019
Subject:	Staff Report for Special Use Permit Request to locate an Alcohol Beverage Package Store at 10 Blake Boulevard.

Property Owner:	RCH Realty Company
Applicant:	Moore County ABC Board
Property Location:	10 Blake Boulevard Pinehurst, NC 28374
LRK #	00046792
Zoning:	Neighborhood Commercial District (NC) - The NC District is established for small scale commercial, retail, office and service uses to serve the surrounding residential districts. This district is further intended to discourage any use which would be detrimental to the predominately low-intensity commercial nature of the areas included within the district.
Current Land Use:	Vacant commercially developed site.
Former Land Use:	Services; Financial Institution with drive-thru facilities.
Proposed Land Use:	Retail; Alcohol Beverage Package Store, which requires approval of a Special Use Permit to operate in the Neighborhood Commercial District.

Adjacent Land Use and Zoning		
Area	Existing Land Use	Zoning
North	Services	Neighborhood Commercial
South	Office	Neighborhood Commercial
East	Office	Neighborhood Commercial
West	Retail and Service	Neighborhood Commercial
Comprehensive Plan Land Use Designation		
Parcel ID #00046792	Mixed Use Center – Stacked Residential The property is located in Focus Area 2 of the Comprehensive Plan (described beginning on page 77), which recommends the following: • Targeted redevelopment opportunities • Primary uses include medical, life science, and research facilities • Supporting uses include retail, services, and some residential above first floor non-residential uses	

Background and Analysis

A Special Use Permit is required to operate an alcoholic beverage sales store within the Neighborhood Commercial zoning district pursuant to Section 8.5 of the Pinehurst Development Ordinance (PDO). Provisions for Special Use Permits are found in Section 4.5 of the PDO and require that a public hearing be conducted. Section 4.5.6 identifies the Standards of Review for Special Use Permits.

The applicant is requesting to relocate the existing ABC store at 1500 NC 5 approximately 900 feet to the north and east to the subject site at 10 Blake Boulevard. The request will convert the vacant BB&T site into retail space for alcohol beverage sales. The subject site is currently developed with a surface parking lot of 24 parking spaces (13 required for proposed use), a three lane drive-thru, landscaping, three curb cuts and associated signage. Other than minor building modifications to allow for the new occupancy and updating the signage, no other site improvements are currently contemplated. The site appears to be in compliance with all other development standards.

The subject site is currently in a commercial neighborhood containing a variety of existing commercial and retail uses and the proposed use is generally in keeping with the stated nature of the Neighborhood Commercial District. The proposed use is also in keeping with the 2019 Comprehensive Plan land use recommendation calling for the allowance of supporting retail uses for the area.

Relative to access, the site is accessed by three driveway approaches that connect to Blake Boulevard, which has a controlled access to NC 5. This should be an improvement over the existing store location that is directly accessed from NC 5 and can cause traffic backups for northbound traffic seeking to make a left turn into the site and should improve traffic safety.

Nothing about the use appears to create a hazard for adjacent uses, or to the general public, and the requirement for a sprinkled fire suppression system should be an improvement over the existing non-sprinkled use and be of benefit to the overall area.

Recommendations

Staff has reviewed the application for the Special Use Permit and found it to be complete. The item was forwarded to the Technical Review Committee and the only comments made were by the Fire Marshall indicating sprinklers will need to be installed due to the amount of flammable goods being stored on site. Prior to issuing a building permit and development permit, all other requirements of the PDO and Building Code will reviewed for compliance.

No recommendation on this proposal is available from the Planning and Zoning Board as Special Use Permits go directly to the Village Council for public hearing and action. As Special Use Permits are reviewed through a quasi-judicial review process that involves submission of evidence and testimony submitted during the public hearing, staff does not provide a recommendation on this request.

From a Planning staff perspective, staff feels the proposed use meets the Standards of Review for issuance of the Special Use Permit based on the following:

A. The proposed use meets all underlying and related standards of the PDO and will be required to come into compliance with the Building and Fire Codes prior to a certificate of occupancy being issued by the Village.
B. The proposed retail use is consistent with other existing uses found in the general area so it will be compatible with the neighborhood and should not injure values of adjoining properties.
C. The site is already developed as a service use and there have been no identified public health and safety issues or incidences that have occurred on the site, or because of the use or site development.
D. The proposed use will required to be sprinkled which should lessen any potential dangers resulting from the storage of flammable materials and should lessen potential impacts on adjoining properties should a fire occur in the building. A sprinkled building is a general improvement over a non-sprinkled building.
E. The proposed use is consistent with the land use recommendation in 2019 Comprehensive Plan identifying that supporting retail uses are appropriate for this area and the retail use is being proposed on an existing developed site.

Staff is also not recommending any additional conditions other than those that will be required for a certificate of occupancy to be issued.

Special Use/Quasi-Judicial Proceedings

The Special Use Permit request requires a Quasi-Judicial review and hearing. Evidence, which includes the application materials, staff memo, and testimony taken at the hearing is to be used by the Council in "finding" that the proposal meets the **Standards of Review** pursuant to Section 4.5.6 of the Pinehurst Development Ordinance and the applicant has been made aware of the process and standards. The standards are outlined below.

4.5.6 Standards of Review

The Village Council shall not approve a special use unless and until it make the following findings, based on the evidence and testimony received at the public hearing or otherwise appearing in the record of the case:

a. The proposed special use meets all required conditions and specifications.

b. The proposed special use is in harmony with the area, or compatible with the neighborhood.
c. The proposed special use will not materially endanger public health and safety.
d. The proposed special use will not substantially injure the value of adjoining property or be a public necessity.
e. The proposed special use will be in general conformity with the Comprehensive Long Range Plan.

As part of its review and approval, Council may attach conditions to ensure compliance with the aforementioned review standards and to protect the public health, safety, general welfare. All such conditions must be reasonably related to mitigating potential impacts of the proposed use. Per Section 4.5.5(D) of the PDO conditions may include, but are not limited to, the following:

1. Limitations on the size, bulk, and location of structures;
2. Requirements for landscaping, signs and outdoor lighting;
3. The provision of adequate site ingress and egress;
4. Dedication of right-of-way for streets and utilities;
5. Provision of open space and/or active recreational space and facilities;
6. Limitations on the duration of the approval and the time period within which the use will be developed;
7. Limitations on hours of operation;
8. The mitigation of environmental impacts;
9. Other conditions deemed reasonable.

Such conditions may be stricter than any other requirements or limitations stated elsewhere in the PDO.

Quasi-Judicial Evidentiary Hearing Proceedings

This information is provided as an outline as to how the public hearing should be conducted by the Village Council.

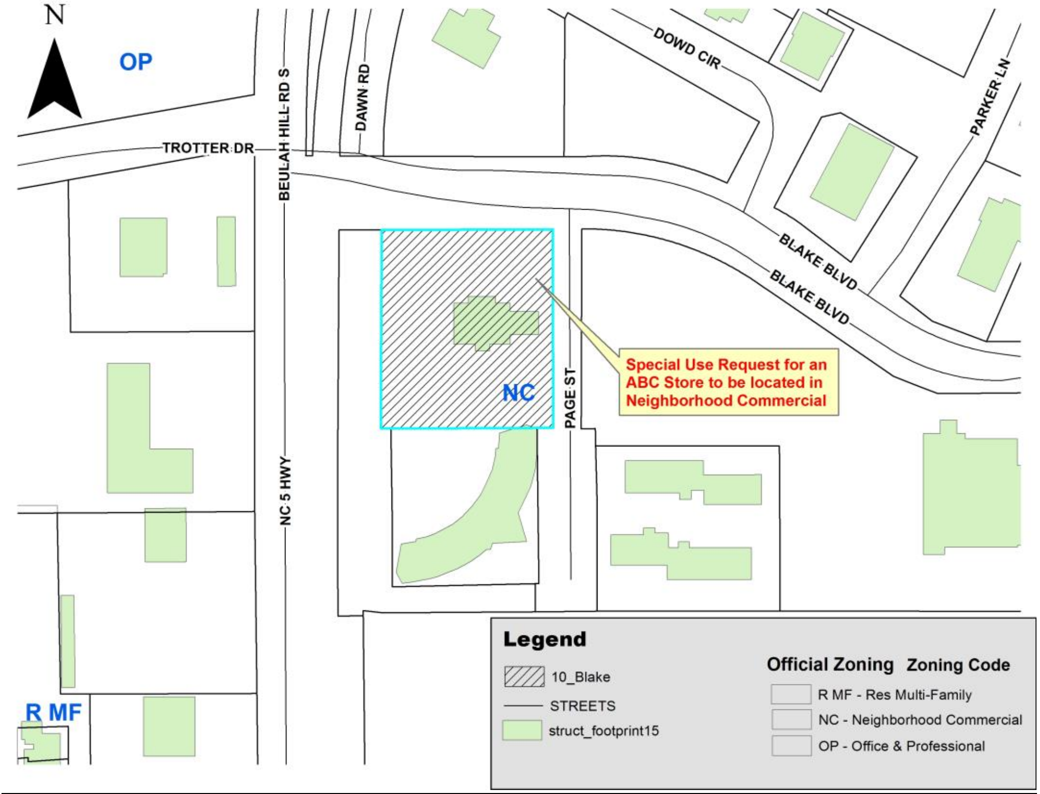
1. The Mayor announces the case, opens the evidentiary hearing, and makes a statement that this is a quasi-judicial hearing and that only competent relevant evidence and testimony can be considered by the Council.
2. The Mayor should ask anyone wishing to testify to approach and be sworn in by the Village Clerk. If a person that is not initially sworn in decides to produce evidence that person will need to be sworn in separately prior to giving testimony.
3. The Mayor should call for disclosure by Council members of any ex parte communication, bias, and conflicts of interest.
4. Consider questions of standing (if contested). Per North Carolina State Law, the following persons have standing in a quasi-judicial hearing:
    a. a person with legal interest in the property,
    b. the applicant,
    c. a person who will suffer special damages as the result of the decision,
    d. an association organized to promote the interests of a particular area (i.e. neighborhood association) so long as at least one member would have standing as an individual and the association was not formed as a response to the development at issue.
5. The Mayor asks staff to present an overview of the case.

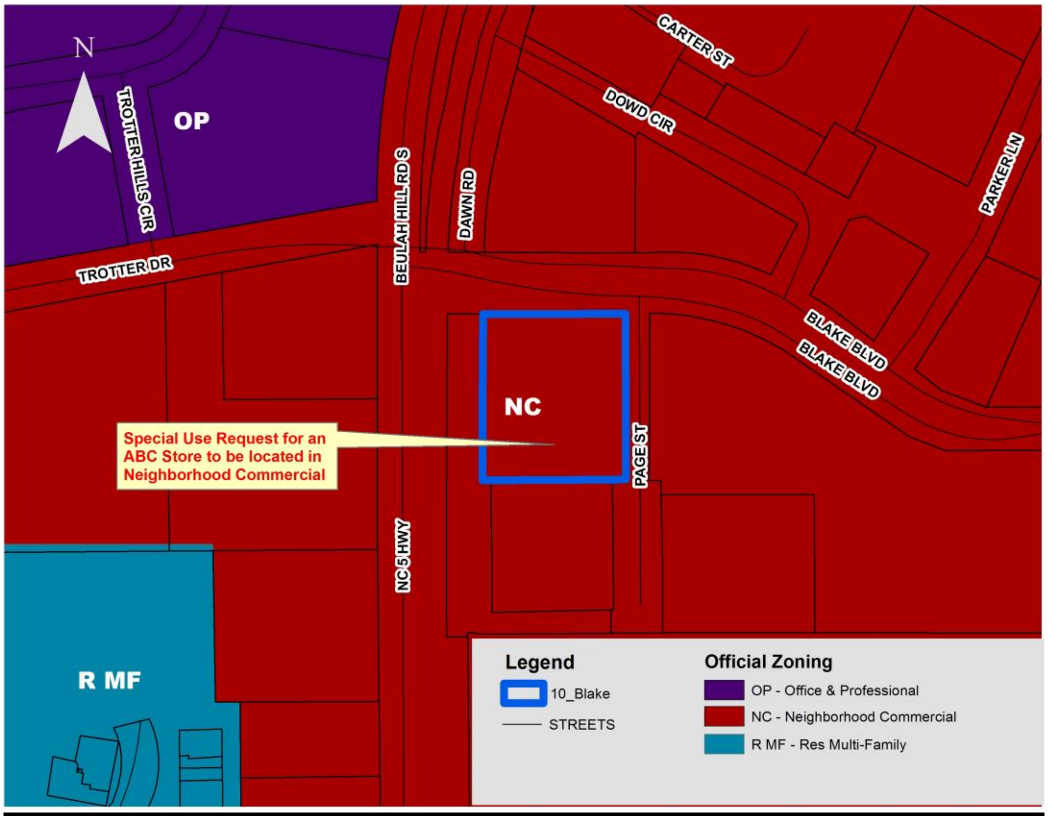
6. Staff presents and overview of the case and formally enters the preliminary materials (i.e. application and supporting documentation) into the record.
7. The Mayor asks the applicant to provide testimony regarding the case.
    a. Witnesses may be called for testimony.
    b. Additional documents may be entered into the record.
    c. Council members may ask questions.
    d. Other parties with standing may cross-examine.
8. The Mayor asks for anyone else wishing to provide testimony.
    a. Witnesses may be called for testimony.
    b. Additional documents may be provided and entered into the record.
    c. Council members may ask questions.
    d. Applicant may cross-examine.
9. The Mayor asks the applicant if they wish to make rebuttal arguments and wrap-up.
10. The Mayor asks other parties to make their rebuttal arguments.
11. If no additional evidence is to be given, the Mayor should close the public hearing and enter deliberation at the desired time.
12. The Council deliberates the case. Council shall exclude any testimony, evidence, or questioning that it determines to be incompetent, irrelevant, immaterial, or unduly repetitious.
13. The Council should then render a decision on the case, if the testimony and evidence submitted is sufficient for the Council to render a decision. This may or may not take place at the same meeting.
    a. Vote on findings and decision may be separate or combined.
    b. Motion is made and seconded to approve, approve with conditions, or deny the request (Council may use draft motions from staff).
    c. Vote is taken and recorded.

Notice Requirements

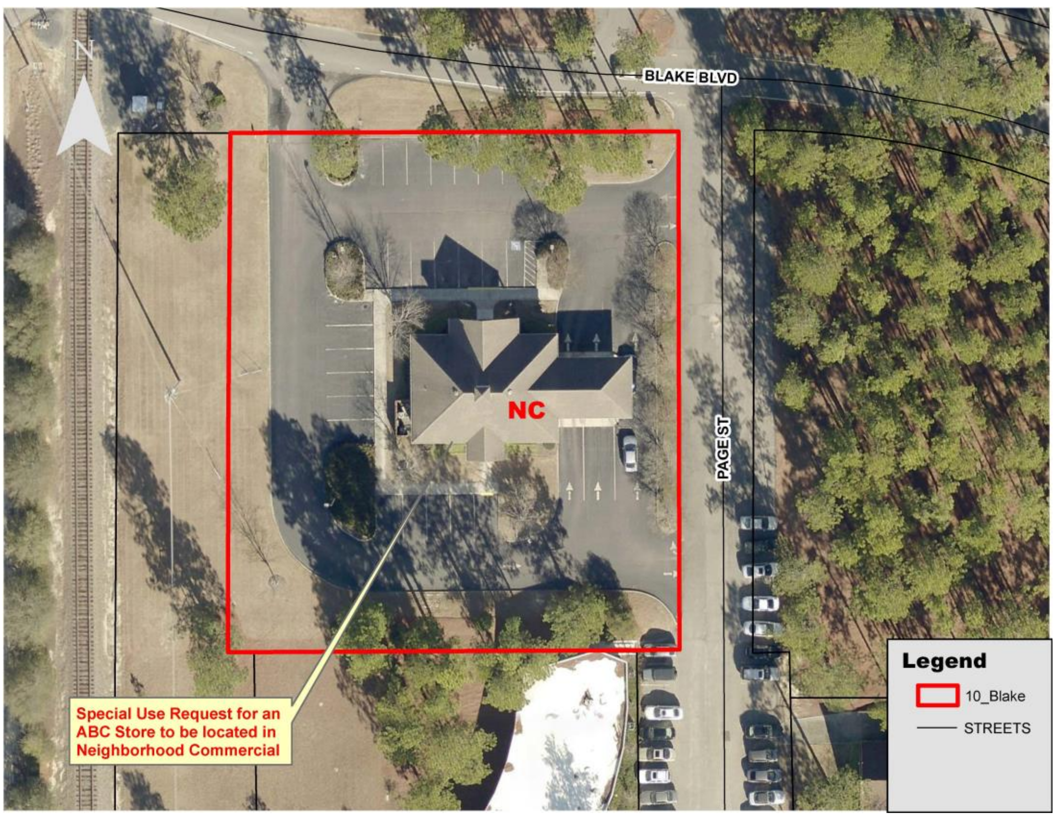
Section 4.1 of the Pinehurst Development Ordinance and Chapter 160A, Article 19, General Statutes have notice requirements for public hearings. For Special Use Permits, a meeting notice (attached) is sent to all adjacent and abutting parties. That notice was sent on November 27, 2019. Additionally, a hearing sign must be posted on the site for at least 10 days prior to the hearing. That sign was posted on 11/27/19 and this staff report includes the Affidavit that the sign was posted.

Zoning and Vicinity Map





Aerial Vicinity Map



CERTIFICATION OF ADJACENT PROPERTY OWNER NOTIFICATION

Board:

- ☐ Planning and Zoning Board
- ☐ Historic Preservation Commission
- ☐ Board of Adjustment
- ☒ Village Council

Meeting Date: December 10, 2019

I, certify that all adjacent property owners were properly notified of public hearings for the following properties in accordance with state and local law, on Wednesday November 27, 2019:

Special Use Permit 10 Blake Boulevard

Date Notice Was Mailed: 11/27/2019

Date Property Was Posted: 11/27/2019

Peter Hughes
Village Planner

1895
VILLAGE OF
PINEHURST

HISTORY, CHARM, AND SOUTHERN HOSPITALITY

November 27, 2019

Dear Property Owner(s),

The Village Council for the Village of Pinehurst will hold a public hearing at 4:30 p.m. on Tuesday December 10, 2019 at the Village Assembly Hall, 395 Magnolia Rd. Pinehurst, North Carolina for the following:

The purpose of the public hearing is for a Special Use Permit for Moore County ABC Board in order to locate an alcohol beverage store at 10 Blake Boulevard. This property is in the NC (Neighborhood Commercial) Zoning District. This property can be further identified as Moore County Tax Reference LRK # 00046792. The property is owned by RCH Reality Company and Mr. Richard Yelverton is representing the applicant Moore County ABC Board.

***ALL PERSONS INTERESTED AND WISHING TO BE HEARD** should be present in order that their testimony and/or evidence regarding the Standards of Review for Special Use approval found in Section 4.5.6 of the Pinehurst Development Ordinance may be made a matter of record.*

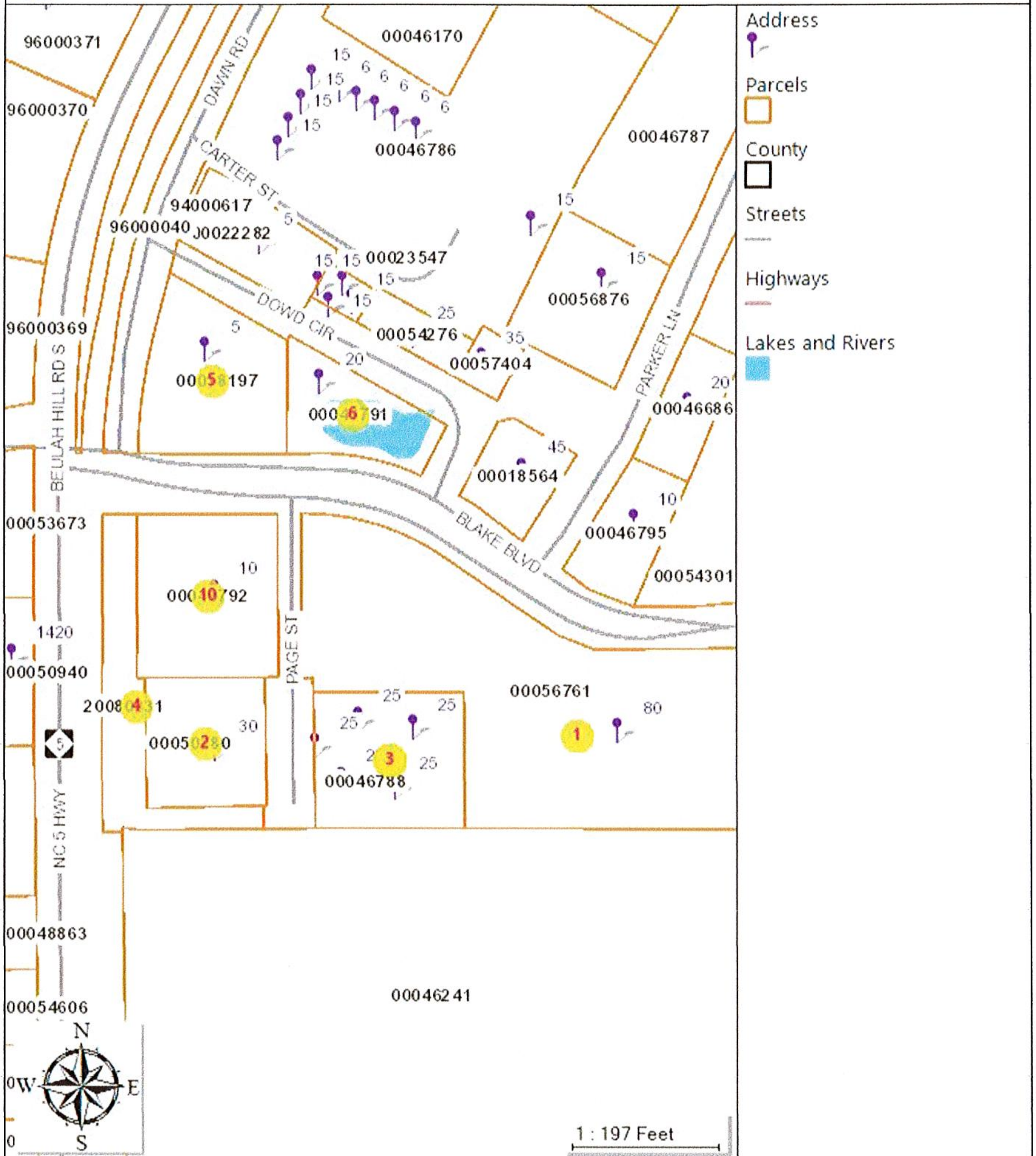
As an owner of property adjacent to the subject lot, you are receiving formal notification of this public hearing. Information on this request is available for public review at the Planning and Inspections Department, Village Hall, 395 Magnolia Road, Pinehurst, North Carolina, Monday through Friday from 8:30 AM to 5:00 PM, with the exception of holidays. All persons wishing to be heard should be present during the public hearing so that the facts presented are made a matter of record. For more information, please call (910) 295-2581 or email phughes@vopnc.org.

Sincerely,

Peter Hughes
Senior Planner
Direct#: 910.295.8659
phughes@vopnc.org

CONNECTGIS WEB HOSTING

Moore_mgd
Printed December 04, 2019
See Below for Disclaimer



GIS DISCLAIMER All the information contained on this media is prepared for the inventory of real property found within Moore County. All data is compiled from recorded deeds, plats, and other public records and data. Users of this data are hereby notified that the aforementioned public primary information sources should be consulted for verification of the information. All information contained herein was created for the County's internal use. Moore County, its agents and employees make NO warranty as to the correctness or accuracy of the information set forth on this media whether express or implied, in fact or in law, including without limitation the implied warranties of merchantability and fitness for a particular use. Any resale of this data is strictly prohibited in accordance with North Carolina General Statute 132-10. Grid is based on North Carolina State Plane Coordinate System NAD83 (feet).

Noticiation Adjacent Property Owners Mailing List

Parcel ID Short	PIN	Owner's Name	Owner's Name 2	Mailing Address	City	STATE	Zip Code
00056761	855108977516	U S POSTAL SERVICE		475 L'ENFANT PLAZA, SW	WASHINGTON	DC	20260-2200
00050280	855108972551	DEMBOSKY HOLDINGS, LLC		921 YADKIN ROAD	SOUTHERN PINES	NC	28387
00046788	855112975407	STONE HOLDING COMPANY, LLC		PO BOX 83	PINEHURST	NC	28374
20080331	855100971564	DEMBOSKY HOLDINGS, LLC		921 YADKIN ROAD	SOUTHERN PINES	NC	28387
00018197	855108972957	FIRST BANK	ATTN: #7 ACCOUNTS PAYABLE	PO BOX 508	TROY	NC	27371-0508
00046791	855108974972	HARRIS BLAKE, LLC		PO BOX 4266	PINEHURST	NC	28374
00046788	855112975407	STONE HOLDING COMPANY, LLC		PO BOX 83	PINEHURST	NC	28374
00046788	855112975407	MANNING REALTY COMPANY		PO BOX 6300	PINEHURST	NC	28374
00046788	855112975407	PAGE INVESTMENTS LLC		PO BOX 4210	PINEHURST	NC	28374
00046792	855108972658	RCH REALTY COMPANY		PO BOX 88	SOUTHERN PINES	NC	28388

VAN CAMP, MEACHAM & NEWMAN, PLLC

ATTORNEYS AT LAW

THOMAS M. VAN CAMP*
EDDIE H. MEACHAM
MICHAEL J. NEWMAN
RICHARD LEE YELVERTON III
KIMBERLY C. POST
WHITNEY P. FOUSHEE
AMANDA L. GAINER
TYLER F. CHRISCOE
DONALD L. MCLAMB, II
JOSEPH H. KARAM

* Certified Superior Court Mediator

Two Regional Circle (28374)
Post Office Box 1389
Pinehurst, North Carolina 28370

RICHARD LEE YELVERTON III
ATTORNEY

Telephone: (910) 295-2525
Facsimile: (910) 295-5101

richardy@vancamplaw.com

November 14, 2019

Peter Hughes, Senior Planner
Village of Pinehurst
395 Magnolia Road
Pinehurst, North Carolina 28374
Via Hand Delivery

Re: Moore County ABC Board Application for Special Use Permit;
10 Blake Blvd., Pinehurst, North Carolina 28374

Dear Mr. Hughes:

Thank you for taking the time to discuss the above application with me. Enclosed herewith please find:

1. An Application for Special Use;
2. An Application for Zoning Use;
3. A sketch of the building from the Moore County Tax Office;
4. A printout from the Moore County Tax Office with general information about the subject property;
5. A printout from Moore County GIS showing the subject property and the structure on the subject property; and
6. A letter from Phoenix Fire Protection, Inc. detailing the inquiry of Moore County ABC into an NFPA 13 fire suppression system at the subject property.

It is our understanding that based on the intended use of the subject property (that being an ABC store), the subject property will need to be outfitted with a sprinkler system as set out in the letter from Phoenix. This understanding is based off of a very limited review performed as a courtesy by the fire inspector. Finally, I have attached to this packet a letter from Alyson Faulkner with Moore County ABC to the North Carolina ABC Commission requesting approval of the new store at the Blake Blvd. location. Along with that letter is email correspondence indicating that the NC ABC Commission has approved the Blake Blvd. location for the new ABC store. Please contact me with any questions or further information needed to accompany this application. Thank you in advance.

Sincerely,

VAN CAMP, MEACHAM & NEWMAN, PLLC

Richard Lee Yelverton III

1895
VILLAGE OF
PINEHURST

Special Use
(Revised 04/01/19)

Special Use Information

Per Section 4.5.1 of the Pinehurst Development Ordinance (PDO), the classification of special uses is established to provide for the location of those uses which are generally compatible with the other land uses permitted in a zoning district but which, because of their unique characteristics or potential impacts on the surrounding neighborhood and the Village as a whole, require individual consideration of their location, design, configuration, and/or operation at the particular location proposed. Such individual consideration may also call for the imposition of individualized conditions in order to ensure that the use is appropriate at a particular location. Accordingly, any use designated as a special use in an individual zoning district as shown in the Table of Permitted and Special Uses and Special Requirements in Section 8.5.1a of the PDO requires the approval of the Village Council.

The Village Council shall not approve the special use unless and until it makes the following findings, based on the evidence and testimony received at the public hearing or otherwise appearing in the record of the case:

(A) The proposed special use meets all required conditions and specifications.
(B) The proposed special use is in harmony with the area, or compatible with the neighborhood.
(C) The proposed special use will not materially endanger public health or safety.
(D) The proposed special use will not substantially injure the value of adjoining property or be a public necessity.
(E) The proposed special use will be in general conformity with the Comprehensive Long Range Plan.

This application must be completed in full and submitted with the associated fee listed in the Village's Fees and Charges Schedule, which can be accessed at www.vopnc.org.

Property Address	
Street Address	10 Blake Blvd.
City, State, Zip Code	Pinehurst, NC 28374
Parcel ID #	00046792

Owner Information			
Name	RCH Realty Company	Home Phone #	
Street Address	PO Box 88	Mobile Phone #	
City, State, Zip Code	Southern Pines, NC 28388	Business Phone #	
Email			

VILLAGE OF PINEHURST 1895

Special Use
(Revised 04/01/19)

Applicant			
Name	Mooore County ABC Board	Other Phone #	910-295-2525
Email	richardy@vancamplaw.com	Street Address	PO Box 1389
Mobile Phone #		City, State, Zip Code	Pinehurst, NC 28374

General Information

Existing Use	Proposed Use
☐ Vacant	☐ Vacant
☐ Single Family Low Density	☐ Single Family Low Density
☐ Single Family Medium Density	☐ Single Family Medium Density
☐ Single Family High Density	☐ Single Family High Density
☐ Multi-Family Development	☐ Multi-Family Development
☒ Office C51- BANK	☐ Office
☐ Retail	☒ Retail
☐ Lodging	☐ Lodging
☐ Recreational	☐ Recreational
☐ Institutional	☐ Institutional
☐ Medical	☐ Medical
☐ Industrial	☐ Industrial
☐ Services	☐ Services
Total Acres of Project Area	
Proposed Special Use	ABC Retail Store

Location Information

Zoning District	NC
Overlay District	☐ Historic Preservation Overlay District ☐ N/A ☐ Pinehurst South Overlay District

Certification

I hereby certify that the information contained in this application is accurate and complete. I also confirm that I have read and understand the criteria that must be met in order to obtain approval for a special use.

Applicant Signature: [signature] III Date: 14 NOV. 2019

Moore County ABC Board
Application for Special Use Permit
November 25, 2019
Narrative Relative to Proposed Use

Applicant:	Moore County ABC Board
Property Location:	10 Blake Blvd., Pinehurst, North Carolina 28374
Zoning:	Neighborhood Commercial
Current Use:	Bank Building

Project Use and Description

The Moore County ABC Board (the "Board") intends to relocate the ABC Store located at 1500 NC Hwy. 5 less than 900 feet north on Hwy. 5 to 10 Blake Blvd. (The "Blake Site"). The existing building formerly housed a BB&T bank branch and the intended use would be to house the newly relocated ABC store.

Currently, the ABC store is on property zoned Neighborhood Commercial. The Blake Site is also zoned Neighborhood Commercial. With the intended use of the Blake Site being an "Alcoholic Beverage Sales Store" a Special Use Permit is required for the site based on Section 8.5 of the Pinehurst, North Carolina Municipal Code - Development Ordinance (the "Code"). In an interesting twist, were the Blake Site zoned Village Mixed Use or Village Commercial, the ABC store would be allowed by right at that location.

According to the Code, the Neighborhood Commercial District ("NC") is "established as a district in which the principal use of land is for small scale commercial, retail, office and service uses to serve the surrounding residential districts. This district is further intended to discourage any use which would be detrimental to the predominately low-intensity commercial nature of the areas included within the district." By converting the former BB&T building at the Blake Site into an updated ABC store, the general principals of retail, service, and small scale commercial uses are maintained on that site. In addition, The Blake Site is in many ways superior to the current location of the ABC store. The Blake Site has significantly safer access for ingress and egress to the store as well as superior lighting and parking. The new ABC store at the Blake Site would be safer from an overall access as well as visibility standpoint. The current location of the ABC store is difficult to access and leave, has poor parking and poor lighting, and is hidden behind large trees and bushes.

In order to approve the requested Special Use Permit, pursuant to §4.5.6 of the Code, the Village Council needs to make the following findings (addressed in turn below), based on the evidence and testimony received at the public hearing or otherwise appearing in the record of the case:

(A) The proposed special use meets all required conditions and specifications.
- An Alcoholic Beverage Sales Store is a permitted use within the NC zoning district subject to the acquisition of a Special Use Permit as detailed in Table 8.5.1a in the Code. At this time the Blake Site meets the requirements for a retail store from a

parking and other site-specific requirements. The building will need to have an upgraded sprinkler system to support the change in use from a bank to an Alcoholic Beverage Sales Store and the applicant intends to perform those upgrades along with general upfitting and updating of the building itself.

(B) The proposed special use is in harmony with the area, or compatible with the neighborhood.

- The proposed ABC store on the Blake Site is harmonious and compatible with the surrounding neighborhood and area. The Blake Site sits squarely in the middle of properties that are all utilized for commercial purposes and the change from a bank building to an ABC store will have limited impact on traffic flow from one use to the other. In fact, the relocation of the ABC store will have it located in a spot completely surrounded by commercial properties rather than the current location which has residential properties directly behind it.

(C) The proposed special use will not materially endanger public health or safety.

- The relocation of the ABC store from its current location to the Blake Site will have little, if any, negative effect on public health or safety and certainly will not materially endanger public health or safety. In fact, as stated earlier, the Blake Site is far superior from an ingress/egress, lighting, parking and visibility standpoint to the current store location. If anything, the Blake Site would have a positive impact on the public health and safety of those who shop at the store as well as vehicular traffic along Hwy. 5.

(D) The proposed special use will not substantially injure the value of adjoining property or be a public necessity.

- Changing the use of the Blake Site from a bank building to an ABC store should have no impact on the value of the adjoining property. Traffic count should remain similar and the applicant intends to improve the property for the new store. In addition, having an owner occupied building (as this would be) rather than a tenant occupied building (as was the case with BB&T) should have a positive impact on surrounding property values.

(E) The proposed special use will be in general conformity with the Comprehensive Long Range Plan.

- The proposed use on the Blake Site fits with the Comprehensive Long Range Plan and particularly Focus Area 2: Highway 5 Commercial Area. Locating the ABC Store off of Hwy 5 and revitalizing the Blake Site as a retail outlet certainly appears to serve the goal of "[n]ew investment in the existing employment center on NC Highway 5, near the intersection of Blake Boulevard…" as set forth in the first sentence of that section of the Long Range Plan. While perhaps not the exact spot of the aforementioned employment center, putting an owner occupied use on the Blake Site seems to serve well the plan for investment in the area and maintaining or growing employment at that site.

Peter Hughes

From: Richard Yelverton <richardy@vancamplaw.com>
Sent: Monday, November 25, 2019 1:09 PM
To: Peter Hughes
Cc: Alex Cameron
Subject: RE: Moore ABC
Attachments: Moore County ABC Board Narrative.docx

Gentlemen:

Please see attached a proposed Narrative to supplement our previous submission. If you would, let me know what, if anything, else you need from us. Thank you for your help with this.

--Trey

Richard Lee Yelverton III, Attorney
Van Camp, Meacham & Newman, PLLC
2 Regional Circle (28374)
P.O. Box 1389
Pinehurst, NC 28370
Telephone: (910) 295-2525
Facsimile: (910) 295-5101
E-mail: richardy@vancamplaw.com

From: Peter Hughes <phughes@vopnc.org>
Sent: Monday, November 18, 2019 4:40 PM
To: Richard Yelverton <richardy@vancamplaw.com>
Cc: Alex Cameron <acameron@vopnc.org>
Subject: RE: Moore ABC

Trey,

Just wanted to give you a heads up about some additional information we need as a part of the application. We need a narrative to go along with the special use permit request that answers the following:

The Village Council shall not approve the special use unless and until it makes the following findings, based on the evidence and testimony received at the public hearing or otherwise appearing in the record of the case:

(A) The proposed special use meets all required conditions and specifications.
(B) The proposed special use is in harmony with the area, or compatible with the neighborhood.
(C) The proposed special use will not materially endanger public health or safety.
(D) The proposed special use will not substantially injure the value of adjoining property or be a public necessity.
(E) The proposed special use will be in general conformity with the Comprehensive Long Range Plan.

I also tracked down a previous special use permit narrative for you to utilize as a "template". Additional comments may follow as TRC is still in the review process and typically we send combined and comprehensive comments, however per your request I wanted to let you know as soon as I could. If you need any assistance please let me know.

Thanks,
Peter

Peter Hughes
Senior Planner

From: Richard Yelverton <richardy@vancamplaw.com>
Sent: Thursday, November 14, 2019 11:57 AM
To: Peter Hughes <phughes@vopnc.org>
Subject: Moore ABC

Peter:

I've now read through the VOP Code more or less entirely and I think I've got the relevant provisions down. That said, I just wanted to confirm that, assuming stars align properly, the absolute earliest we could have this SUP request in front of Council would be 10 December 2019. I need to be able to give the seller of the property a reasonably accurate timeline of when we might be able to close because, as I'm sure you can gather, this process has been less than smooth until now. Thank you.

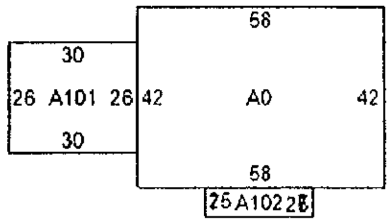
--Trey

Richard Lee Yelverton III, Attorney
Van Camp, Meacham & Newman, PLLC
2 Regional Circle (28374)
P.O. Box 1389
Pinehurst, NC 28370
Telephone: (910) 295-2525
Facsimile: (910) 295-5101

PARID: 00046792
TOWNSHIP: 063
RCH REALTY COMPANY

CITYNAME: SOUTHERN PINES

10 BLAKE BLVD
NBHD: 642
ROLL: REAL



Item	Area
BANK CANOPY - BC1:BANK CANOPY-DRIVE IN	780
PAVING-ASP - CPA1:PAVING-ASPHALT PARK	10000
A0 - 051:BANK/SAVINGS INST	2436
LT INC-POL - CLT4:LGHT, INCN-POLE & BRK	1
PORCH, OPEN - RP1:PORCH, OPEN	175
ENCLOSED ENT - EE1:ENCLOSED ENTRY	84
BANK VAULT - BE1:BANK VAULT $ NO DOOR	100
PNEUM TUBE - BE8:PNEUMATIC TUBE	1
BANK NT DEP - BE6:BANK NT DEP CHUTE	1

Printed on Wednesday, November 13, 2019, at 4:06:14 PM EST

Property Search

Owner Address Parcel ID Advanced Search Map Search

PARID: 00046792
TOWNSHIP: 063
RCH REALTY COMPANY

CITYNAME: SOUTHERN PINES

10 BLAKE BLVD
NBHD: 642
ROLL: REAL

1 of 1

Full Legal
Sales
Permits
Land
Dwellings
Additions
Sketch
OBY
Comm Bldg Summary
Value/Asmt
Attached PP Assets
Public
Map

Printable Summary
Printable Version

Property Record Card

ParID / PIN:	00046792 / 855108972658
Record Type:	REAL
Tax Year:	2020
Tax Jurisdiction:	PH : PH
Township:	06 : MINERAL SPRINGS

Account Number:	71339900
Name:	RCH REALTY COMPANY
Mailing Address:	PO BOX 88
	SOUTHERN PINES NC 28388

Physical Address:	10 BLAKE BLVD
Legal Description 1:	PINEHURST SOUTH LOT 2-4
Zoning:	NC
Plat Cabinet:	
Slide:	

14-MAY-09	9-087	UPFIT		

30-APR-12	4021	166		DC	
30-APR-12	4021	164		DC	
03-FEB-98	1344	115	0		
01-FEB-78	429	220	0		

NBHD Code / Name:	642 :
Class:	CI : COM IMPROVED
Land Use:	C51 : BANK
Living Units:	0
Topography:	1 : LEVEL
Location:	3 :
Parking:	1 : OFF STREET
Traffic:	:
Utilities:	1 :
	:
Restrictions:	:
Deeded Acres:	0
Calculated Acres:	.949
VC Notice / VC Date:	IA : 26-APR-19

2015 BER- NVC	1	

Appraised Land:	213,520
Appraised Building:	529,730
Appraised Total:	743,250
Deferred:	0
Exempts/Excluded:	0

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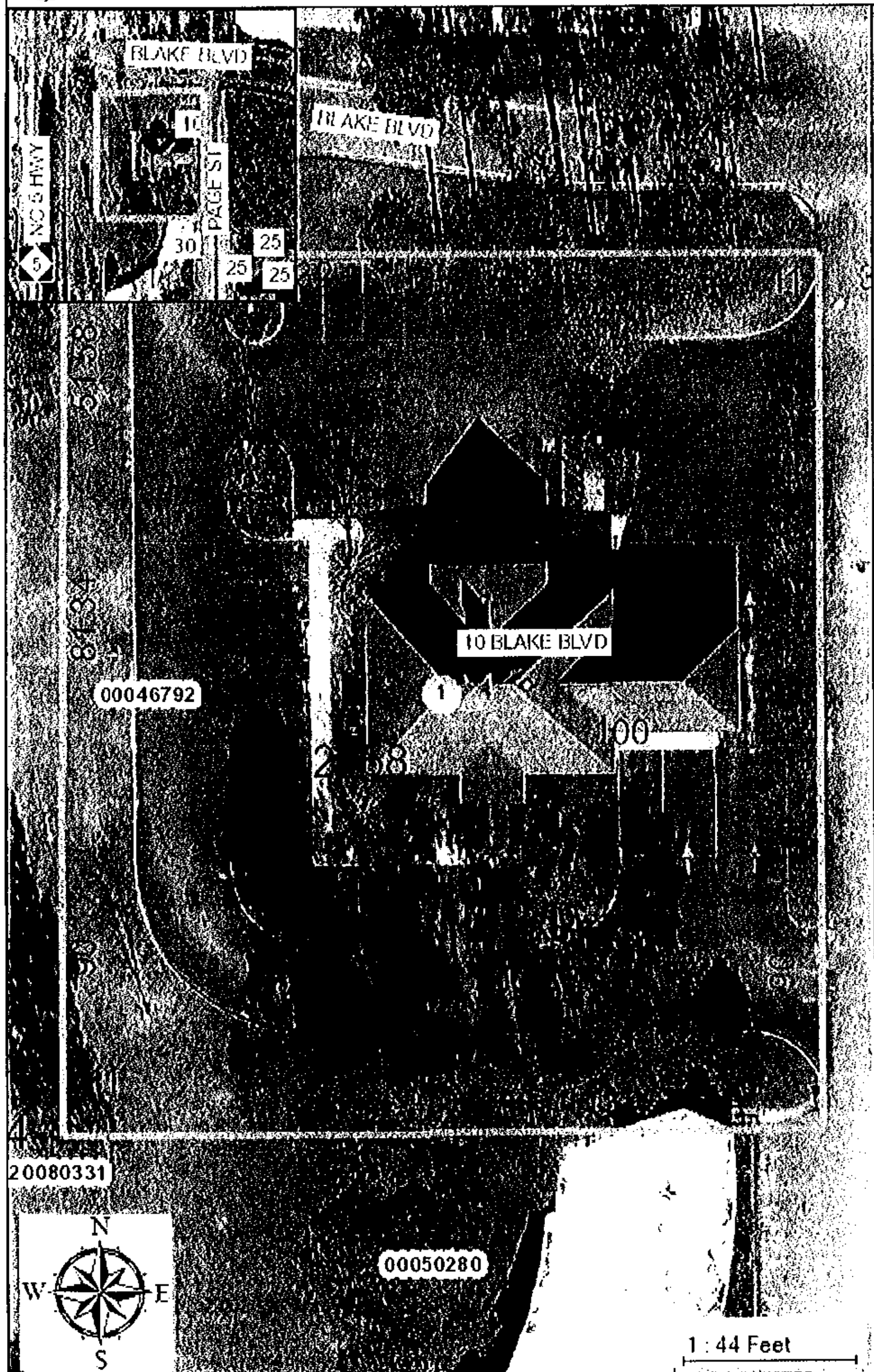
Printed November 13, 2019
See Below for Disclaimer



Address

Parcels

County

Streets

Highways

Lakes and Rivers

PHOENIX FIRE PROTECTION, INC.

Harold J. Farrell
Phoenix Fire Protection
Vice President

October 29, 2019

ABC New Store location

To whom it my concern

I have met with Ms. Faulkner at the potential new site for the Moore County store. We have discussed budget numbers as to what a NFPA 13 system installed at this site would cost. If they move forward with acquiring the property they will provide us with plans approved by the town to price the install of the system and move forward.

If you have any questions and or concerns please feel free to contact me.

Regards,

Harold J. Farrell

Harold J. Farrell
Email – Hfarrell@phoenixfirenc.com
Mobile – 919-935-7372

October 8, 2019

Dear North Carolina ABC Commission,

The Moore County ABC Board would like to purchase another building that includes property and then sell one of our existing buildings that includes property.

We, Moore County ABC Board, would like to enter into an AGREEMENT with

RCH Realty Company
PO Box 88
Southern Pines, NC 28388

In order to purchase and relocate our Pinehurst ABC Store. The address to the said property is

10 Blake Blvd.
Pinehurst, NC 28374

We understand that this AGREEEMNT is contingent upon the North Carolina ABC Commission's approval. The date that the "future site" sign will be going up is October 9, 2019.

Sincerely,

Alyson Faulkner
General Manager

Richard Yelverton

From: Alyson Faulkner <afaulknermcabc@embarqmail.com>
Sent: Wednesday, November 13, 2019 4:58 PM
To: mark; Richard Yelverton
Subject: Fwd: Moore County
Attachments: Pinehurst Property.docx

From: "Stevens, Agnes C" <agnes.stevens@abc.nc.gov>
To: "afaulknermcabc" <afaulknermcabc@embarqmail.com>
Cc: "Barry Lee" <blee@lbbncabc.com>
Sent: Wednesday, November 13, 2019 4:28:04 PM
Subject: FW: Moore County

Good afternoon,
At today's meeting of the ABC Commission, the store location your board requested was approved. Please be in contact with Barry Lee at LB&B to discuss deliveries and to coordinate shipments prior to the brand opening.

Agnes Stevens
NC Alcoholic Beverage Control Commission
Administrator

Phone: 919-779-8323
Fax: 919-661-5927
agnes.stevens@abc.nc.gov

400 East Tryon Road
Raleigh, NC 27610

From: Lee, Laurie
Sent: Tuesday, October 8, 2019 3:20 PM
To: Stevens, Agnes C <agnes.stevens@abc.nc.gov>
Subject: FW: Moore County

From: Alyson Faulkner <afaulknermcabc@embarqmail.com>
Sent: Tuesday, October 08, 2019 3:13 PM
To: Lee, Laurie <Laurie.Lee@abc.nc.gov>
Subject: [External] Moore County

E-mail: richardy@vancamplaw.com

NOTICE: Emails to this address are filtered and your email may not reach the recipient. If this is a time sensitive matter, please follow through with a telephone call to verify receipt.

Fraud alerts: Please call our office prior to wiring money to confirm our wiring instructions, we will call you to do the same, if we are to wire to you.

PLEASE BE ADVISED EFFECTIVE AUGUST 3 2015 ALL CLOSING FUNDS IN EXCESS OF $1,000.00 MUST BE WIRED TO OUR TRUST ACCOUNT FOR SAME DAY DISBURSEMENT. PURSUANT TO THE NORTH CAROLINA GOOD FUNDS SETTLEMENT ACT "A SETTLEMENT AGENT SHALL NOT CAUSE A DISBURSEMENT OF SETTLEMENT PROCEEDS UNLESS THOSE SETTLEMENT PROCEEDS ARE COLLECTED FUNDS". COLLECTED FUNDS ARE DEFINED AS FUNDS "DEPOSITED AND IRREVOCABLY CREDITED" TO THE TRUST ACCOUNT. CASHIERS AND CERTIFIED CHECKS ARE NOT CONSIDERED COLLECTED FUNDS ON THE SAME DAY THEY ARE DEPOSITED. WE ARE SORRY FOR ANY INCONVENIENCE OR ADDITIONAL EXPENSE THIS MAY CAUSE YOU OR OUR MUTUAL CLIENT.

Laurie,
Here is the letter for the new property. If I need to change anything please let me know.
Thank you,
Alyson
--
Alyson Faulkner
General Manager
Moore County ABC Board
273 NE Broad Street
Southern Pines, NC 28387
910-692-8578

--
Alyson Faulkner
General Manager
Moore County ABC Board
273 NE Broad Street
Southern Pines, NC 28387
910-692-8578

FINDINGS OF FACT OF THE VILLAGE COUNCIL
OF THE VILLAGE OF PINEHURST, NORTH CAROLINA

SPECIAL USE PERMIT
10 BLAKE BOULEVARD

December 10, 2019

Moore County ABC Board
273 N E Broad St
Southern Pines, NC 28387

RE: Special Use Permit for Moore County ABC Board in order to locate an alcohol beverage store at 10 Blake Boulevard. This property is in the NC (Neighborhood Commercial) Zoning District. This property can be further identified as Moore County Tax Reference LRK # 00046792. The property is owned by RCH Reality Company and Mr. Richard Yelverton is representing the applicant Moore County ABC Board.

Dear Moore County ABC Board,

This letters serves as the written decision of the Village of Pinehurst's Village Council for the Special Use Permit request referenced above. This memorandum is to inform you that the Village of Pinehurst Village Council held a public hearing on **December 10, 2019** where the Council considered all evidence submitted by the parties and voted to **approve/deny** the Special Use Permit request for property at **10 Blake Boulevard** with the following required findings of fact and conclusions of law:

(A) The proposed special use **meets/does not meet** all required conditions and specifications; (Council Findings)

____
____
____
____
____
____
____

(B) The proposed special use **is/is not** in harmony with the area, or compatible with the neighborhood; (Council Findings)

____
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____
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(C) The proposed special use **will/will not** materially endanger public health or safety; (Council Findings)

____
____
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____
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(D) The proposed special use **will/will not** substantially injure the value of adjoining property or be a public necessity. (Council Findings)

____
____
____
____
____
____

(E) The proposed special use **will/will not** be in conformity with the Village of Pinehurst Comprehensive Long Range Plan. (Council Findings)

____
____
____
____
____
____

Conditions (If imposed by the Council):

____
____
____
____
____
____

The foregoing Findings of Fact and Conclusions of Law are to be based on the Official Record in the proceeding that is made up of the official transcripts and any documentary evidence submitted within the course of the proceeding.

Any person aggrieved by the decision of the Village Council may appeal to Superior Court; the appeal should be filed with the Court within 30 days after the Council's decision is filed in the office of the Planning and Inspections Department. You may contact the Planning Department to request a copy of the filed decision. If appealed, Superior Court shall review the record and shall have the power to affirm or reverse the Council's decision or remand the case back to the Village Council for further review and/or findings.

This is the ***10th*** day of ***December 2019***.

____
John Strickland
Mayor of the Village of Pinehurst

Ruling filed with the Village of Pinehurst:

____
DATE

____
Beth Dunn
Clerk to the Pinehurst Village Council

Cc: Darryn Burich

DISCUSS AND CONSIDER A MOTION APPROVING A SPECIAL USE PERMIT FOR MOORE COUNTY ABC BOARD IN ORDER TO LOCATE AN ALCOHOL BEVERAGE STORE AT 10 BLAKE BOULEVARD.

ADDITIONAL AGENDA DETAILS:

FROM:
Beth Dunn

CC:
Jeff Sanborn & Darryn Burich

DATE OF MEMO:
12/4/2019

MEMO DETAILS:
Council,

Should you wish to take action on the special use permit for the Alcohol Beverage Store, located at 10 Blake Boulevard, you may do so at this time with a motion and findings of fact relative to the Standards of Review per Section 4.5.6 of the Pinehurst Development Ordinance .

DISCUSS AND CONSIDER A BUDGET AMENDMENT AND AUTHORIZATION FOR ENGINEERING TECHNICIAN POSITION AND ENGINEERING SERVICES

ADDITIONAL AGENDA DETAILS:

FROM:
Brooke Hunter

CC:
Jeff Sanborn, Jeff Batton, Natalie Hawkins, Angie Kantor, & Mike Apke

DATE OF MEMO:
11/20/2019

MEMO DETAILS:
On September 10, 2019, the Village Council approved a change to the Position Classification and Pay Plan that reclassified the former Infrastructure Superintendent position to an Engineering Technician.

Our Infrastructure Superintendent notified us August 15, 2019 that he would be leaving his position effective August 30, 2019. This role supervised the work of the infrastructure crew and performed engineering technician responsibilities. Mike Apke, Public Services and Engineering Director, and Jeff Batton, Assistant Village Manager, requested this position be relassified to better serve the needs of the department and the Village.

Council approved changing the title from Infrastructure Superintendent to Engineering Technician, adjusting the pay grade for the position from pay grade 24 to pay grade 21, and changing the position from exempt to non-exempt.

The Engineering Technician will report directly to the Public Services and Engineering Director. Thus, the position will now be classified in the Public Services Administration Division instead of the Streets & Grounds Division of the Public Services Department. A budget amendment is needed to move funds that were originally budgeted in Streets & Grounds salaries and benefits to Public Services Administration. The new Engineering Technician began in December, thus this amendment transfers enough funds to cover the payroll-related costs from December through June.

Also, after the Infrastructure Superintendent's departure, additional on-call engineering services were needed as a result of temporary workload constraints. McGill Associates, our on-call engineering firm, was utilized to perform additional plan reviews and conduct some site inspections during this time to meet demands. To cover the costs associated with additional engineering review services needed this year, a budget amendment is required. Funds are available in Streets & Grounds salaries due to the departure of the Infrastructure Superintendent.

The attached ordinance moves funds from Streets & Grounds salaries and benefits accounts to Public Services Administration for the approved Engineering Technician reclassification and for additional engineering services needed during the transition.

Also, the additional on-call engineering funds will necessitate a change order to an existing purchase order with McGill Associates. When combined with the initial purchase order for on-call services, the amount will exceed the $25,000 threshold for manager execution. As a result, staff seeks Council's authorization to issue the change order for $20,000, bringing the total allocated for on-call services to $45,000.

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

ATTACHMENTS:

	Description
🗋	Ordinance #19-22 Engineering Technician Reclassification and Additional Engineering Services

ORDINANCE #19-22:

AN ORDINANCE AMENDING THE ORDINANCE APPROPRIATING FUNDS FOR OPERATIONS OF THE VILLAGE OF PINEHURST FOR FISCAL YEAR 2020, REGARDING REVENUES AND EXPENDITURES OF THE GENERAL FUND FOR THE VILLAGE OF PINEHURST, NORTH CAROLINA (ENGINEERING TECHNICIAN RECLASSIFICATION AND ADDITIONAL ENGINEERING SERVICES)

THAT WHEREAS, on September 10, 2019, the Village Council approved a change to the Position Classification and Pay Plan that reclassified the former Infrastructure Superintendent position to an Engineering Technician; and

WHEREAS, the Engineering Technician position reports directly to the Public Services and Engineering Director and will be reflected in the Public Services Administration Division instead of the Streets & Grounds Division; and

WHEREAS, in the former Infrastructure Superintendent's absence, additional on-call engineering services were needed to address temporary workload constraints; and

WHEREAS, this amendment moves funds originally budgeted in the Streets & Grounds Division salaries and benefits accounts to the Public Services Administration Division for the Engineering Technician position reclassification and additional engineering services needed for the remainder of fiscal year;

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 December 2019, as follows:

SECTION 1. To amend the FY 2020 General Fund Budget with regard to revenues and expenditures, the revenue and expenditure accounts are to be changed as follows:

Account No.	Account Name	Debit	Credit
10-20-410-4000	Salaries & Wages-PS Admin	$ 38,000	
10-20-410-4100	Overtime	1,000	
10-20-410-4200	FICA Expense	3,500	
10-20-410-4300	Group Insurance	6,500	
10-20-410-4500	Retirement Expense	7,000	
10-20-410-5300	Contracted Services	20,000	
10-20-420-4000	Salaries & Wages-S&G		$ 58,000
10-20-420-4100	Overtime		1,000
10-20-420-4200	FICA Expense		3,500
10-20-420-4300	Group Insurance		6,500
10-20-420-4500	Retirement Expense		7,000

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

THIS ORDINANCE passed and adopted this 10th day of December 2019.

VILLAGE OF PINEHURST
VILLAGE COUNCIL

(Municipal Seal)

By: ______________________________
John Strickland, Mayor

Attest:

____
Beth Dunn, Village Clerk

Approved as to Form:

____
Michael J. Newman, Village Attorney

DISCUSS AND CONSIDER CONTRACT AWARD FOR STREETSCAPE DESIGN SERVICES.

ADDITIONAL AGENDA DETAILS:

FROM:
Jeff Batton

CC:
Jeff Sanborn

DATE OF MEMO:
11/27/2019

MEMO DETAILS:
After review of RFQ,s by a three member committee of Village staff, it is recommended that design services for the Magnolia Road Streetscape project be awarded to McGill Associates.

State statutes requires the selection for this type of design service to be qualifications based and thus once a firm is selected, staff has to negotiate the amount of the contract. The amount we have agreed to is $27,000. This amount however, exceeds the $25,000 threshold in which staff is authorized to execute. It does not include a separate surveying contract that was executed for $8,000 to compile all the base data needed for design.

The funds for design and implementation of phase one, to include drainage work, are in the FY2020 budget but we need authorization to execute the contract being its over $25,000.

The specific section of Magnolia Road to be addressed is between McCaskill Road and Community Road. Council will be provided ample opportunities to weigh in throughout the design process but the general concept is to place storm drainage underground and match the appearance of downtown with brick sidewalks, organized on-street parking, brick curbs, landscape, and decorative street lighting.

A motion will be available for your consideration to authorize the execution of this design contract.

ATTACHMENTS:

	Description
🗋	Design Services Contract

AGREEMENT FOR ENGINEERING SERVICES

This AGREEMENT, made and entered into this the ______ day of ______________2019, by and between the **Village of Pinehurst** (OWNER) and **McGill Associates, P.A.** (ENGINEER).

WHEREAS, the OWNER proposes to do certain work toward the accomplishment of the Project entitled **Magnolia Road Streetscape Project** as generally described in Attachment "A" and

WHEREAS, the ENGINEER desires to render professional services in accordance with this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and benefits contained herein, it is hereby mutually understood and agreed as follows:

SECTION 1 - GENERAL SERVICES

The ENGINEER shall:

1.1. The ENGINEER shall, as directed by the OWNER, provide professional engineering and architectural services for the OWNER in all phases of the Project; serve as OWNER's professional representative for the Project; and provide professional consultation and advice to OWNER during the performance of the services hereunder.

1.2. The ENGINEER shall provide all personnel required in performing the Project unless otherwise provided herein. Such personnel shall not be employees of or have any contractual relationship with the OWNER. All services rendered hereunder shall be performed by the ENGINEER or under his supervision and all personnel engaged in the Project shall be fully qualified under North Carolina law to perform such services.

1.3. The ENGINEER shall obtain and furnish, or cause to be obtained and furnished, approvals and permits from all governmental authorities having jurisdiction over the Project, unless otherwise agreed to herein.

1.4. The ENGINEER shall seek and obtain authorization from the OWNER or the OWNER's assignee before proceeding with the Project, or before performing any Additional Services as described in Section 3, or before performing any other services which would not be included in the fee for Basic Services set forth in Section 6 hereof, subject to OWNER's right to terminate as herein provided.

1.5. The ENGINEER shall comply with all existing federal, state and local laws and regulations regarding equal employment opportunity. The ENGINEER is further obligated to include all requirements hereunder in any subcontract written by him in association with this Agreement.

SECTION 2 - BASIC SERVICES

2.1 DESIGN PHASE

2.1.1 Coordinate and conduct initial coordination meeting with the OWNER as needed to review the project scope, defining project schedules, and solicit OWNER concurrence and acceptance.

- McGill Associates understands project scope includes the construction for streetscape improvements along a section of Magnolia Road from McCaskill Road to Community Road

To facilitate the construction of these improvements, McGill anticipates providing the required construction documents (plans and specifications) in sufficient detail to convey the understanding of the project to the public, Village officials and staff, as well as construction contractors.

2.1.2 **Streetscape Improvement Design**

1. Conduct a site visit of the project area to investigate the location of existing facilities, the feasibility of the proposed layout, and location of proposed facilities.
2. Prepare a site plan based upon discussions with Village Staff for the proposed elements of the design including sidewalks, parallel parking, crosswalks, and curb extensions.
3. Submit up to two (2) sets of documents to the Village for all site improvements for review and approval and attend meetings with the Village at the following design stages:
   - 30% - Schematic Design Phase
   - 100% Construction Document Phase
4. Determine grades for proposed improvements based on existing site conditions with consideration of the overall project areas; elevations of existing facilities; and the final location of parking areas, pedestrian areas, and crosswalks.
5. Prepare an erosion control plan in accordance with the standards of NCDEQ and submit the plan for permitting if necessary.
6. Coordinate with local utility providers for all proposed improvements.
7. Prepare landscape plans noting all plants, shrubs, and trees to be installed as part of the project.
8. Provide construction details and technical specifications for use in the Contract Documents.
9. Prepare a preliminary cost estimate for the project based on the approved design and submit to the Village for review.

SECTION 3 - ADDITIONAL SERVICES

If authorized by the OWNER, the ENGINEER will furnish or obtain from others additional services of the following types, which are not considered Basic Services under this Agreement.

3.1 Additional services resulting from significant changes in general scope of the Project or its design including, but not limited to, changes in size, complexity, OWNER's schedule, or character of construction. The ENGINEER and OWNER agree that time is of the essence in order to meet funding application deadlines. As such, the OWNER may initiate minor changes in the project scope to be incorporated by the ENGINEER, subsequent to the permit submittals, as not to impede progress toward the funding application deadlines. No work on any such changes shall occur by the ENGINEER unless preapproved by the OWNER. Revising previously approved studies, reports, design documents, drawings or specifications, when such revisions are due to causes beyond the control of the ENGINEER.

3.2 Providing bidding services for the construction of this project.

3.3 Providing Construction Phase services for this project.

3.4 Providing electrical design associated with street lighting or other electrical .

3.5 Providing geotechnical and subsurface investigations not included in the scope of work.

3.6 Providing archeological surveys and any other environmental site surveys necessary for the construction of the project.

3.7 Review of Shop Drawings and Samples identified as frivolous in the General Conditions of the construction contract documents, or review of substitute materials as defined in the same General Conditions.

3.8 Preparing to serve or serving as a witness for the OWNER in any litigation, condemnation or other legal or administrative proceeding involving the Project.

3.9 Additional services in connection with the Project, including services normally furnished by OWNER and services not otherwise included in this Agreement.

3.10 Additional services in connection with administering project funding.

3.11 Preparing easement maps or plats

3.12 Preparing traffic control plans and/or traffic studies not included in the scope of work.

3.13 Providing retaining wall design and/or structural design.

3.14 Provided utility design for work outside the project area.

SECTION 4 - OWNERS RESPONSIBILITIES

The OWNER shall:

4.1 Provide full information as to the requirements for the Project.

4.2 Assist the ENGINEER by placing at his disposal in a timely manner all available information pertinent to the Project including previous documents and any other data relative to the evaluation, design, and construction of the Project.

4.3 Designate a person to act as OWNER's representative with respect to the work to be performed under this Agreement; and such person shall have complete authority to transmit instructions, receive information, interpret and define OWNER's policies and decisions pertinent to the services in this Agreement.

4.4 OWNER is to make provisions for the OWNER, ENGINEER and their agents to enter upon public and private property as required for the ENGINEER to perform the services under this agreement. Should the OWNER be unsuccessful in these efforts, the subject properties will be excluded from the project scope and the project fee adjusted accordingly.

4.5 Examine all studies, reports, sketches, estimates, specifications, drawings, proposals and other documents presented by the ENGINEER and render decisions and comments pertaining thereto within Ten (10) business days so as not to delay the services of the ENGINEER.

4.6 Obtain any right-of-way easements from public bodies, entities or persons necessary for satisfactory construction of the Project. Should Engineer and Owner be unable to agree to the adjustment of various rates of compensation, the OWNER may, at its sole option, cancel the AGREEMENT in its entirety as provided in Section 7.1.1 in the AGREEMENT and have no further obligations to the ENGINEER herein. Where the efforts of the OWNER are unsuccessful in the acquisition of necessary rights-of-ways for the PROJECT, the subject properties will be excluded from the project scope and the project fee will be adjusted accordingly.

4.7 Obtain any subsurface geotechnical investigations or other types of testing and analysis needed for the Project.

4.8 Pay for permit fees, and all costs incidental to advertising for bids, and receiving bids or proposals from licensed Contractors.

4.9 Provide such legal, accounting and insurance counseling services as may be required for the Project, and such auditing services as may be required to ascertain how or for what purpose any Contractor will or has used the monies paid to him under the construction contract.

4.10 Give prompt notice to the ENGINEER whenever the OWNER observes or otherwise becomes aware of any defect in the Project.

4.11 Furnish approvals and permits from all governmental authorities having jurisdiction over the Project and such approvals and consents from others as may be necessary for completion of the Project, subject to the obligations of the ENGINEER outlined in Sections 1.3 and 2.2 of this Agreement.

4.12 Furnish, or direct the ENGINEER to provide necessary Additional Services as stipulated in Section 3 of this Agreement or other services as required.

4.13 Bear all costs incident to compliance with the requirements of this Section 4, except where Contractor will assume responsibility for the same.

4.14 Coordinate with Duke Energy and other utilitiy providers such as Charter/CenturyLink/AT&T/etc. to provide electrical and related design in conjunction with the proposed streetscape improvements.

SECTION 5 - PERIOD OF SERVICES

5.1 Unless this Agreement has been terminated as provided in paragraph 7.1, the ENGINEER will be obligated to render services hereunder for a period, which may reasonably be required for the services described herein. The ENGINEER may decline to render further services hereunder if the OWNER fails to give prompt approval of the various phases as outlined. Upon receiving a written authorization to proceed, the ENGINEER shall provide the OWNER with a written schedule of completion for the services so authorized.

5.2 If the Project is delayed significantly for reasons beyond the ENGINEER's control, the various rates of compensation provided for elsewhere in this Agreement shall be subject to renegotiation. Should ENGINEER and OWNER be unable to agree to the adjustment of various rates of compensation, the OWNER may, at its sole option, cancel the AGREEMENT in its entirety as provided in Section 7.1.1 in the AGREEMENT and have no further obligations to the ENGINEER herein.

SECTION 6 - PAYMENT TO THE ENGINEER

6.1 PAYMENT FOR BASIC SERVICES

6.1.1 The OWNER agrees to pay the ENGINEER for Basic Services as outlined in Section 2 the following maximum not to exceed fees, inclusive of all reimbursable expenditures.

Streetscape Improvement Design $27,000

6.2 PAYMENT FOR ADDITIONAL SERVICES

6.2.1 The OWNER will pay the ENGINEER for Additional Services as outlined in Section 3 an amount based on actual time spent and expenses incurred by principals and employees of the ENGINEER assigned to the Project in accordance with the attached ENGINEER's standard rate and fee schedule Attachment "B", which is subject to update on an annual basis.

6.3 TIMES OF PAYMENT

6.3.1 The OWNER will make prompt monthly payments in response to the ENGINEER's monthly statements for services rendered under this Agreement.

6.4 GENERAL

6.4.1 If the OWNER fails to make any payment due the ENGINEER on account of his services and expenses within sixty days after receipt of the ENGINEER's bill therefor, the ENGINEER may, after giving seven days written notice to the OWNER, suspend services under this Agreement until he has been paid in full all amounts due him on account of his services and expenses.

6.4.2 If the Agreement is terminated at the completion of any phase of the Basic Services called for under Section 2, progress payment to be made to the ENGINEER on account of services rendered shall constitute total payment for services rendered. If this Agreement is terminated during any phase of the Basic Services, the ENGINEER shall be paid for services rendered on the basis of a reasonable estimate of the portion of such phase completed prior to termination. In the event of any termination, the ENGINEER will be paid for all his reasonable expenses resulting from such termination, and for unpaid reimbursable expenses.

6.4.3 If, prior to termination of this Agreement, any work designed or specified by the ENGINEER, under Section 2, is suspended in whole or in part for more than three months or is abandoned, after written notice from the OWNER, the ENGINEER shall be paid for services performed prior to receipt of such notice from the OWNER as provided in paragraph 6.4.2 for termination during any phase of his service.

SECTION 7 - GENERAL CONDITIONS

7.1 TERMINATION

7.1.1 The OWNER has the right to terminate this agreement for any reason, and without cause by providing ten (10) days written notice to the ENGINEER of such termination and specifying the effective date of such termination; provided, however, that during such period of ten (10) days the ENGINEER shall have the opportunity to remedy such failures or violations to avoid such termination.

7.1.2 In the event of termination, as provided herein, the ENGINEER shall be paid for all services performed and actual expenses incurred up to the date of termination pursuant to Section 6.4.2 herein.

7.2 INSURANCE AND CLAIMS

7.2.1 The ENGINEER will secure and maintain such insurance as will protect him from claims under workmen's compensation acts, claims for damages because of bodily injury including personal injury, sickness, or disease, or death of any of his employees or of any person other than his employees, and from claims for damages because of injury to or destruction of tangible property including loss of use resulting therefrom. Said insurance policy or policies shall be written by a company or companies and in a form and substance approved by the OWNER prior to the policies being put into effect, and shall be in an amount not less than one million dollars ($1,000,000).

7.3 SUCCESSORS AND ASSIGNS

7.3.1 The OWNER and the ENGINEER each binds himself and his partners, successors, executors, administrators and assigns to the other party of this Agreement and to the partners, successors, executors, administrators and assigns of such other party, in respect to all covenants of this Agreement; except as above, neither the OWNER nor the ENGINEER will assign, sublet or transfer his interest in this Agreement without the written consent of the other. Nothing herein shall be construed as creating any personal liability on the part of any officer or agent of any public body which may be party hereto, nor shall it be construed as giving any rights or benefits hereunder to anyone other than the OWNER and the ENGINEER.

7.4 ENTIRE AGREEMENT

7.4.1 This Agreement constitutes the entire agreement between the OWNER and ENGINEER and supersedes all prior written or oral understandings. This Agreement may only be amended, supplemented or modified by a duly executed written instrument.

7.5 CHOICE OF LAW

This AGREEMENT shall be governed by, construed and enforced in accordance with the laws of the State of North Carolina and any and all disputes arising out of, or in relation to this AGREEMENT, its negotiation, performance and termination shall be adjudicated in a court of competent jurisdiction located in Catawba County, North Carolina.

7.6 INDEMNIFICATION

The ENGINEER agrees, to the fullest extent permitted by law, to indemnify and hold harmless the OWNER, its officers, directors and employees (collectively, OWNER) against all damages, liabilities or costs, including reasonable attorneys' fees and defense costs, to the extent caused by the ENGINEER's negligent performance of professional services under this AGREEMENT and that of its subconsultants or anyone for whom the ENGINEER is legally liable.

The OWNER agrees, to the fullest extent permitted by law, to indemnity and hold harmless the ENGINEER, its officers, directors, employees and subconsultants (collectively, ENGINEER) against all damages, liabilities or costs, including reasonable attorneys' fees and defense costs, to the extent caused by the OWNER's negligent acts in connection with the PROJECT and the acts of its contractors, subcontractors or consultants or anyone for whom the OWNER is legally liable.

Neither the OWNER nor the ENGINEER shall be obligated to indemnify the other party in any manner whatsoever for the other party's negligence.

IN WITNESS WHEREOF, the parties hereto have made and executed this Agreement as of the day and year first written above.

McGILL ASSOCIATES, P.A.

By: ______________________

Douglas Chapman, PE
Office Manager

(SEAL)

VILLAGE OF PINEHURST

ATTEST: ____________________

Beth Dunn
Village Clerk

By: ______________________

Jeff Sanborn
Village Manager

PRE-AUDIT CERTIFICATION:

THIS INSTRUMENT has been preaudited in the manner required by the Local Government Budget and Fiscal Control Act as amended.

By: _________________________

Brooke Hunter, Finance Services Director
Village of Pinehurst

APPROVED AS TO LEGAL FORM:

By: _________________________

Village Attorney

ATTACHMENT "A"

PROJECT UNDERSTANDING
MAGNOLIA ROAD STREETSCAPE IMPROVEMENTS

The proposed project includes streetscape improvements along the following street segments and project areas

- Streetscape Improvements to Magnolia Road from McCaskill Road to Community Road

Project Elements

Magnolia Street - Streetscape Improvements

The improvements include brick curbing, decorative pavers, sidewalks, streetlights, handicap ramps, landscaping, and crosswalks. Street modifications will include various elements such as curb extensions, travel lane reductions, and incorporation of on-street parking. The improvements include modification of the existing roadway within the project area in order to accommodate the on-street parking. Existing storm drainage will be extended as necessary to provide improved drainage. Water and Sewer Lines in the project area will be accommodated by adjustments to manhole tops, and valve boxes as necessary and coordinated with Moore County. Relocation of water and sewer lines is not anticipated to be required. In addition, coordination with overhead utility providers will be conducted to determine potential of conversion of overhead to underground utilities.

ATTACHMENT "B"
STANDARD RATE AND FEE SCHEDULE

PROFESSIONAL FEES	Current Rate
Firm Principal	$205.00
Program Services Manager I	$160.00
Program Services Manager II	$170.00
Senior Project Manager I	$170.00
Senior Project Manager II	$180.00
Senior Project Manager III	$185.00
Project Manager I	$150.00
Project Manager II	$160.00
Project Engineer I	$110.00
Project Engineer II	$120.00
Project Engineer III	$140.00
Engineering Associate I	$ 90.00
Engineering Associate II	$ 95.00
Engineering Technician I	$ 90.00
Engineering Technician II	$100.00
Engineering Technician III	$110.00
Environmental Specialist I	$ 85.00
Environmental Specialist II	$ 95.00
Electrical Engineer I	$110.00
Electrical Engineer II	$120.00
Electrical Engineer III	$140.00
Electrical Engineering Associate I	$ 90.00
Electrical Engineering Associate II	$ 95.00
Electrical Engineering Technician I	$ 90.00
Electrical Engineering Technician II	$100.00
Electrical Engineering Technician III	$110.00
Mechanical Engineer I	$110.00
Mechanical Engineer II	$120.00
Mechanical Engineer III	$140.00
Mechanical Engineering Associate I	$ 90.00
Mechanical Engineering Associate II	$ 95.00
Mechanical Engineering Technician I	$ 90.00
Mechanical Engineering Technician II	$100.00
Mechanical Engineering Technician III	$110.00
CADD Operator I	$ 80.00
CADD Operator II	$ 85.00
CADD Operator III	$ 90.00
Construction Services Manager I	$130.00

Construction Services Manager II	$145.00
Construction Administrator I	$ 95.00
Construction Administrator II	$105.00
Construction Administrator III	$115.00
Construction Field Representative I	$ 85.00
Construction Field Representative II	$ 90.00
Construction Field Representative III	$ 95.00
Construction Services Coordinator	$ 80.00
Planner I	$100.00
Planner II	$115.00
Planner III	$135.00
Planner IV	$145.00
Surveyor I	$ 80.00
Surveyor II	$ 90.00
Surveying Associate I	$ 70.00
Surveying Associate II	$ 75.00
Survey Technician I	$ 75.00
Survey Technician II	$ 82.00
Survey Field Technician I	$ 60.00
Survey Field Technician II	$ 65.00
Survey Field Technician III	$ 70.00
Administrative Assistant (I-II)	$ 70.00
Administrative Assistant III	$ 80.00
Accounting Assistant (I-II)	$ 80.00

1. **EXPENSES**

   a. Mileage - $0.65/mile
   b. Robotics/GPS Equipment - $25/hr.
   c. Survey Drone - $100/hr.
   d. Telephone, reproduction, postage, lodging, and other incidentals shall be a direct charge per receipt.

2. **ASSOCIATED SERVICES -**

   a. Associated services required by the project such as soil analysis, materials testing, etc., shall be at cost plus ten (10) percent.

PRESENTATION OF THE ICMA CERTIFICATE OF EXCELLENCE IN PERFORMANCE MANAGEMENT.

ADDITIONAL AGENDA DETAILS:

FROM:
Lauren Craig

CC:
Jeff Sanborn

DATE OF MEMO:
12/2/2019

MEMO DETAILS:
The Village of Pinehurst was recognized by the International City/County Management Association (ICMA) for its data-driven management and reporting efforts with a Certificate of Excellence in Performance Management for the second consecutive year.

Certificates are based on established criteria and are awarded at three levels: Achievement, Distinction, and the highest level of recognition, Excellence. Recipients at all levels collect and verify data to ensure reliability, train staff in performance measurement, and report data to the public through budgets, newsletters, and/or information provided to elected officials.

The Village of Pinehurst is one of only 27 jurisdictions receiving the Certificate of Excellence, and one of 63 recognized overall. The award was presented at the 105th ICMA Annual Conference in Nasheville, TN on October 21, 2019 and mailed to each jurisdiction following the event.

Please join me in congratulating the Village of Pinehurst team on this tremendous accomplishment and this very deserving recognition.

DISCUSS AND CONSIDER ENTERPRISE AGREEMENT WITH ESRI.

ADDITIONAL AGENDA DETAILS:

FROM:
Jason Whitaker

CC:
Jeff Sanborn & Natalie Hawkins

DATE OF MEMO:
12/6/2019

MEMO DETAILS:
The current Village of Pinehurst Strategic Plan includes an Initiate Action Plan (IAP) to "Expand GIS (Geographic Information Systems) Capabilities" for the Village. Part of this expansion is to develop a system, using GIS tools, to assist with the inventory and maintenance of storm water facilities. Our GIS Analyst has determined that we need additional software to help record, analyze, and track this information. Funds were appropriated in the current budget for this project.

To purchase the additional software, we have determined that the best approach is to establish an Enterprise Agreement with ESRI. This agreement will give us the necessary tools to continue the IAP for expanding GIS capabilities and for many other GIS related needs throughout other Village departments. The EA agreement with ESRI is a single source purchase and will be $15,000 per year for the 3-year agreement. We currently spend approximately $4,500 per year on maintenance and will no longer be paying maintenance during this agreement period.

We are requesting your review and approval of the attached 3 -year agreement with ESRI for the total amount of $45,000. This can be accomplished by passing a motion authorizing the Village Manager to execute the agreement.

If you have any questions, please let me know.

ATTACHMENTS:

	Description
🗋	ESRI Agreement

December 3, 2019

Mr. Jason Whitaker
Village of Pinehurst
395 Magnolia Rd
Pinehurst, NC 28374

Dear Jason,

The Esri Small Local Government Cloud-Based Enterprise Agreement (EA) is a three-year agreement that will grant your organization access to Esri® term license software on an unlimited basis including maintenance on all software offered through the EA for the term of the agreement. The EA will be effective on the date executed and will require a firm, three-year commitment.

Based on Esri's work with several organizations similar to yours, we know there is significant potential to apply geographic information system (GIS) technology in many operational and technical areas within your organization. For this reason, we believe that your organization will greatly benefit from an enterprise agreement.

An EA will provide your organization with numerous benefits including:

- A lower cost per unit for licensed software
- Substantially reduced administrative and procurement expenses
- Maintenance on all Esri software deployed under this agreement
- Complete flexibility to deploy software products when and where needed

The following business terms and conditions will apply:

- All current departments, employees, and in-house contractors of the organization will be eligible to use the software and services included in the EA.
- If your organization wishes to acquire and/or maintain any Esri software during the term of the agreement that is not included in the EA, it may do so separately at the Esri pricing that is generally available for your organization for software and maintenance.
- The organization will establish a single point of contact for orders and deliveries and will be responsible for redistribution to eligible users.
- The organization will establish a Tier 1 support center to field calls from internal users of Esri software. The organization may designate individuals as specified in the EA who may directly contact Esri for Tier 2 technical support.
- The organization will provide an annual report of installed Esri software to Esri.

- Esri software and updates that the organization is licensed to use will be automatically available for downloading.

- The fee and benefits offered in this EA proposal are contingent upon your acceptance of Esri's Small Local Government Cloud-Based Enterprise Agreement EA terms and conditions.

- Licenses are valid for the term of the EA.

This program offer is valid for 90 days. To complete the agreement within this time frame, please contact me within the next seven days to work through any questions or concerns you may have. To expedite your acceptance of this EA offer:

1. Sign and return the EA contract with a Purchase Order or issue a Purchase Order that references this EA Quotation and includes the following statement on the face of the Purchase Order: **"THIS PURCHASE ORDER IS GOVERNED BY THE TERMS AND CONDITIONS OF THE ESRI SMALL LOCAL GOVERNMENT CLOUD-BASED EA, AND ADDITIONAL TERMS AND CONDITIONS IN THIS PURCHASE ORDER WILL NOT APPLY."** Have it signed by an authorized representative of the organization.

2. On the first page of the EA, identify the central point of contact/agreement administrator. The agreement administrator is the party that will be the contact for management of the software, administration issues, and general operations. Information should include name, title (if applicable), address, phone number, and e-mail address.

3. In the purchase order, identify the "Ship to" and "Bill to" information for your organization.

4. Send the purchase order and agreement to the address, email or fax noted below:

   Esri
   Attn: Customer Service SG-EA
   380 New York Street
   Redlands, CA 92373-8100

   e-mail: service@esri.com fax
   documents to: 909-307-3083

I appreciate the opportunity to present you with this proposal, and I believe it will bring great benefits to your organization.

Thank you very much for your consideration.

Best Regards,

Christie Roland
croland@esri.com
(704) 541-9810 x8638

Quotation # Q-390469

Environmental Systems Research Institute, Inc.
380 New York St
Redlands, CA 92373-8100
Phone: (909) 793-2853 Fax: (909) 307-3049
DUNS Number: 06-313-4175 CAGE Code: 0AMS3

Date: December 2, 2019

Customer # 193240 **Contract #**

Village of Pinehurst
Information Technology Dept
395 Magnolia Rd
Pinehurst, NC 28374

To expedite your order, please attach a copy of this quotation to your purchase order.
Quote is valid from: 12/2/2019 To: 3/1/2020

ATTENTION: Jason Whitaker
PHONE: (910) 295-1900 x1257
EMAIL: jwhitaker@vopnc.org

Material	Qty	Term	Unit Price	Total
168362	1	Year 1	$15,000.00	$15,000.00
Population of 0 to 15,000 Small Local Government Cloud-Based Term Enterprise Agreement				
168362	1	Year 2	$15,000.00	$15,000.00
Population of 0 to 15,000 Small Local Government Cloud-Based Term Enterprise Agreement				
168362	1	Year 3	$15,000.00	$15,000.00
Population of 0 to 15,000 Small Local Government Cloud-Based Term Enterprise Agreement				

Subtotal:	$45,000.00
Sales Tax:	$3,150.00
Estimated Shipping and Handling (2 Day Delivery):	$0.00
Contract Price Adjust:	$0.00
Total:	$48,150.00

Esri may charge a fee to cover expenses related to any customer requirement to use a proprietary vendor management, procurement, or invoice program.

For questions contact:	Email:	Phone:
Christie Roland	croland@esri.com	(704) 541-9810 x8638

The items on this quotation are subject to and governed by the terms of this quotation, the most current product specific scope of use document found at https://assets.esri.com/content/dam/esrisites/media/legal/product-specific-terms-of-use/e300.pdf, and your applicable signed agreement with Esri. If no such agreement covers any item quoted, then Esri's standard terms and conditions found at https://go.esri.com/MAPS apply to your purchase of that item. Federal government entities and government prime contractors authorized under FAR 51.1 may purchase under the terms of Esri's GSA Federal Supply Schedule. Supplemental terms and conditions found at https://www.esri.com/en-us/legal/terms/state-supplemental apply to some state and local government purchases. All terms of this quotation will be incorporated into and become part of any additional agreement regarding Esri's offerings. Acceptance of this quotation is limited to the terms of this quotation. Esri objects to and expressly rejects any different or additional terms contained in any purchase order, offer, or confirmation sent to or to be sent by buyer. Unless prohibited by law, the quotation information is confidential and may not be copied or released other than for the express purpose of system selection and purchase/license. The information may not be given to outside parties or used for any other purpose without consent from Esri. Delivery is FOB Origin.

ROLANDC **This offer is limited to the terms and conditions incorporated and attached herein.**

Quotation # Q-390469

Date: December 2, 2019

Environmental Systems Research Institute, Inc.
380 New York St
Redlands, CA 92373-8100
Phone: (909) 793-2853 Fax: (909) 307-3049
DUNS Number: 06-313-4175 CAGE Code: 0AMS3

Customer # 193240 Contract #

Village of Pinehurst
Information Technology Dept
395 Magnolia Rd
Pinehurst, NC 28374

To expedite your order, please attach a copy of this quotation to your purchase order.
Quote is valid from: 12/2/2019 To: 3/1/2020

ATTENTION: Jason Whitaker
PHONE: (910) 295-1900 x1257
EMAIL: jwhitaker@vopnc.org

If you have made ANY alterations to the line items included in this quote and have chosen to sign the quote to indicate your acceptance, you must fax Esri the signed quote in its entirety in order for the quote to be accepted. You will be contacted by your Customer Service Representative if additional information is required to complete your request.

If your organization is a US Federal, state, or local government agency; an educational facility; or a company that will not pay an invoice without having issued a formal purchase order, a signed quotation will not be accepted unless it is accompanied by your purchase order.

In order to expedite processing, please reference the quotation number and any/all applicable Esri contract number(s) (e.g. MPA, ELA, SmartBuy, GSA, BPA) on your ordering document.

BY SIGNING BELOW, YOU CONFIRM THAT YOU ARE AUTHORIZED TO OBLIGATE FUNDS FOR YOUR ORGANIZATION, AND YOU ARE AUTHORIZING ESRI TO ISSUE AN INVOICE FOR THE ITEMS INCLUDED IN THE ABOVE QUOTE IN THE AMOUNT OF $__________, PLUS SALES TAXES IF APPLICABLE. DO NOT USE THIS FORM IF YOUR ORGANIZATION WILL NOT HONOR AND PAY ESRI'S INVOICE WITHOUT ADDITIONAL AUTHORIZING PAPERWORK.

Please check one of the following:

___ **I agree to pay any applicable sales tax.**

___ **I am tax exempt, please contact me if exempt information is not currently on file with Esri.**

______________________________________ ______________________

Signature of Authorized Representative **Date**

____

Name (Please Print)

____

Title

The quotation information is proprietary and may not be copied or released other than for the express purpose of system selection and purchase/license. This information may not be given to outside parties or used for any other purpose without consent from Environmental Systems Research Institute, Inc. (Esri).

Any estimated sales and/or use tax reflected on this quote has been calculated as of the date of this quotation and is merely provided as a convenience for your organization's budgetary purposes. Esri reserves the right to adjust and collect sales and/or use tax at the actual date of invoicing. If your organization is tax exempt or pays state tax directly, then prior to invoicing, your organization must provide Esri with a copy of a current tax exemption certificate issued by your state's taxing authority for the given jurisdiction.

Esri may charge a fee to cover expenses related to any customer requirement to use a proprietary vendor management, procurement, or invoice program.

For questions contact:	**Email:**	**Phone:**
Christie Roland	croland@esri.com	(704) 541-9810 x8638

The items on this quotation are subject to and governed by the terms of this quotation, the most current product specific scope of use document found at https://assets.esri.com/content/dam/esrisites/media/legal/product-specific-terms-of-use/e300.pdf, and your applicable signed agreement with Esri. If no such agreement covers any item quoted, then Esri's standard terms and conditions found at https://go.esri.com/MAPS apply to your purchase of that item. Federal government entities and government prime contractors authorized under FAR 51.1 may purchase under the terms of Esri's GSA Federal Supply Schedule. Supplemental terms and conditions found at https://www.esri.com/en-us/legal/terms/state-supplemental apply to some state and local government purchases. All terms of this quotation will be incorporated into and become part of any additional agreement regarding Esri's offerings. Acceptance of this quotation is limited to the terms of this quotation. Esri objects to and expressly rejects any different or additional terms contained in any purchase order, offer, or confirmation sent to or to be sent by buyer. Unless prohibited by law, the quotation information is confidential and may not be copied or released other than for the express purpose of system selection and purchase/license. The information may not be given to outside parties or used for any other purpose without consent from Esri. Delivery is FOB Origin.

ROLANDC **This offer is limited to the terms and conditions incorporated and attached herein.**

Esri Use Only:
Cust. Name _______________
Cust. # _______________
PO # _______________
Esri Agreement # ____________

SMALL ENTERPRISE AGREEMENT
LOCAL GOVERNMENT CLOUD-BASED
(E214-7)

This Agreement is by and between the organization identified in the Quotation (**"Customer"**) and **Environmental Systems Research Institute, Inc.** (**"Esri"**).

This Agreement sets forth the terms for Customer's use of Products and incorporates by reference (i) the Quotation and (ii) the Master Agreement. Should there be any conflict between the terms and conditions of the documents that comprise this Agreement, the order of precedence for the documents shall be as follows: (i) the Quotation, (ii) this Agreement, and (iii) the Master Agreement. This Agreement shall be governed by and construed in accordance with the laws of the state in which Customer is located without reference to conflict of laws principles, and the United States of America federal law shall govern in matters of intellectual property. The modifications and additional rights granted in this Agreement apply only to the Products listed in Table A.

Table A
List of Products

Uncapped Quantities
Desktop Software and Extensions (Single Use)
ArcGIS Desktop Advanced
ArcGIS Desktop Standard
ArcGIS Desktop Basic
ArcGIS Desktop Extensions: ArcGIS 3D Analyst, ArcGIS Spatial Analyst, ArcGIS Geostatistical Analyst, ArcGIS Publisher, ArcGIS Network Analyst, ArcGIS Schematics, ArcGIS Workflow Manager, ArcGIS Data Reviewer

Developer Tools
ArcGIS Engine
ArcGIS Runtime (Standard)
ArcGIS Runtime Analysis Extension

Limited Quantities
One (1) Professional subscription to ArcGIS Developer*
Two (2) Esri CityEngine Single Use Licenses
50 ArcGIS Online Viewers
50 ArcGIS Online Creators
10,000 ArcGIS Online Service Credits
2 Insights in ArcGIS Online

OTHER BENEFITS

Number of Esri User Conference registrations provided annually	**2**
Number of Tier 1 Help Desk individuals authorized to call Esri	**2**
Maximum number of sets of backup media, if requested**	**2**
Self-Paced e-Learning	**Uncapped**
Five percent (5%) discount on all individual commercially available instructor-led training classes at Esri facilities purchased outside this Agreement	

* Maintenance is not provided for these items
**Additional sets of backup media may be purchased for a fee

Customer may accept this Agreement by signing and returning the whole Agreement with (i) the Quotation attached, (ii) a purchase order, or (iii) another document that matches the Quotation and references this Agreement ("**Ordering Document**"). **ADDITIONAL OR CONFLICTING TERMS IN CUSTOMER'S PURCHASE ORDER OR OTHER DOCUMENT WILL NOT APPLY, AND THE TERMS OF THIS AGREEMENT WILL GOVERN.** This Agreement is effective as of the date of Esri's receipt of an Ordering Document, unless otherwise agreed to by the parties ("**Effective Date**").

Term of Agreement: Three (3) years

This Agreement supersedes any previous agreements, proposals, presentations, understandings, and arrangements between the parties relating to the licensing of the Products. Except as provided in Article 4—Product Updates, no modifications can be made to this Agreement.

Accepted and Agreed:

____
(Customer)

By: ______________________________________
Authorized Signature

Printed Name: ______________________________

Title: ______________________________________

Date: ______________________________________

CUSTOMER CONTACT INFORMATION

Contact: ___________________________________

Address: ___________________________________

City, State, Postal Code: ______________________

Country: ___________________________________

Quotation Number (if applicable): _______________

Telephone: __________________________________

Fax: ______________________________________

E-mail: ____________________________________

1.0—ADDITIONAL DEFINITIONS

In addition to the definitions provided in the Master Agreement, the following definitions apply to this Agreement:

"Case" means a failure of the Software or Online Services to operate according to the Documentation where such failure substantially impacts operational or functional performance.

"Deploy", "Deployed" and "Deployment" mean to redistribute and install the Products and related Authorization Codes within Customer's organization(s).

"Fee" means the fee set forth in the Quotation.

"Maintenance" means Tier 2 Support, Product updates, and Product patches provided to Customer during the Term of Agreement.

"Master Agreement" means the applicable master agreement for Esri Products incorporated by this reference that is (i) found at https://www.esri.com/en-us/legal/terms/full-master-agreement and available in the installation process requiring acceptance by electronic acknowledgment or (ii) a signed Esri master agreement or license agreement that supersedes such electronically acknowledged master agreement.

"Product(s)" means the products identified in Table A—List of Products and any updates to the list Esri provides in writing.

"Quotation" means the offer letter and quotation provided separately to Customer.

"Technical Support" means the technical assistance for attempting resolution of a reported Case through error correction, patches, hot fixes, workarounds, replacement deliveries, or any other type of Product corrections or modifications.

"Tier 1 Help Desk" means Customer's point of contact(s) to provide all Tier 1 Support within Customer's organization(s).

"Tier 1 Support" means the Technical Support provided by the Tier 1 Help Desk.

"Tier 2 Support" means the Esri Technical Support provided to the Tier 1 Help Desk when a Case cannot be resolved through Tier 1 Support.

2.0—ADDITIONAL GRANT OF LICENSE

2.1 Grant of License. Subject to the terms and conditions of this Agreement, Esri grants to Customer a personal, nonexclusive, nontransferable license solely to use, copy, and Deploy quantities of the Products listed in Table A—List of Products for the Term of Agreement (i) for the applicable Fee and (ii) in accordance with the Master Agreement.

2.2 Consultant Access. Esri grants Customer the right to permit Customer's consultants or contractors to use the Products exclusively for Customer's benefit. Customer will be solely responsible for compliance by consultants and contractors with this Agreement and will ensure that the consultant or contractor discontinues use of Products upon completion of work for Customer. Access to or use of Products by consultants or contractors not exclusively for Customer's benefit is prohibited. Customer may not permit its consultants or contractors to install Software or Data on consultant, contractor, or third-party computers or remove Software or Data from Customer locations, except for the purpose of hosting the Software or Data on Contractor servers for the benefit of Customer.

3.0—TERM, TERMINATION, AND EXPIRATION

3.1 Term. This Agreement and all licenses hereunder will commence on the Effective Date and continue for the duration identified in the Term of Agreement, unless this Agreement is terminated earlier as provided herein. Customer is only authorized to use Products during the Term of Agreement. For an Agreement with a limited term, Esri does not grant Customer an indefinite or a perpetual license to Products.

3.2 No Use upon Agreement Expiration or Termination. All Product licenses, all Maintenance, and Esri User Conference registrations terminate upon expiration or termination of this Agreement.

3.3 Termination for a Material Breach. Either party may terminate this Agreement for a material breach by the other party. The breaching party will have thirty (30) days from the date of written notice to cure any material breach.

3.4 Termination for Lack of Funds. For an Agreement with government or government-owned entities, either party may terminate this Agreement before any subsequent year if

Customer is unable to secure funding through the legislative or governing body's approval process.

3.5 Follow-on Term. If the parties enter into another agreement substantially similar to this Agreement for an additional term, the effective date of the follow-on agreement will be the day after the expiration date of this Agreement.

4.0—PRODUCT UPDATES

4.1 Future Updates. Esri reserves the right to update the list of Products in Table A—List of Products by providing written notice to Customer. Customer may continue to use all Products that have been Deployed, but support and upgrades for deleted items may not be available. As new Products are incorporated into the standard program, they will be offered to Customer via written notice for incorporation into the Products schedule at no additional charge. Customer's use of new or updated Products requires Customer to adhere to applicable additional or revised terms and conditions in the Master Agreement.

4.2 Product Life Cycle. During the Term of Agreement, some Products may be retired or may no longer be available to Deploy in the identified quantities. Maintenance will be subject to the individual Product Life Cycle Support Status and Product Life Cycle Support Policy, which can be found at https://support.esri.com/en/other-resources/product-life-cycle. Updates for Products in the mature and retired phases may not be available. Customer may continue to use Products already Deployed, but Customer will not be able to Deploy retired Products.

5.0—MAINTENANCE

The Fee includes standard maintenance benefits during the Term of Agreement as specified in the most current applicable Esri Maintenance and Support Program document (found at https://www.esri.com/en-us/legal/terms/maintenance). At Esri's sole discretion, Esri may make patches, hot fixes, or updates available for download. No Software other than the defined Products will receive Maintenance. Customer may acquire maintenance for other Software outside this Agreement.

a. Tier 1 Support

1. Customer will provide Tier 1 Support through the Tier 1 Help Desk to all Customer's authorized users.

2. The Tier 1 Help Desk will be fully trained in the Products.

3. At a minimum, Tier 1 Support will include those activities that assist the user in resolving how-to and operational questions as well as questions on installation and troubleshooting procedures.

4. The Tier 1 Help Desk will be the initial point of contact for all questions and reporting of a Case. The Tier 1 Help Desk will obtain a full description of each reported Case and the system configuration from the user. This may include obtaining any customizations, code samples, or data involved in the Case.

5. If the Tier 1 Help Desk cannot resolve the Case, an authorized Tier 1 Help Desk individual may contact Tier 2 Support. The Tier 1 Help Desk will provide support in such a way as to minimize repeat calls and make solutions to problems available to Customer's organization.

6. Tier 1 Help Desk individuals are the only individuals authorized to contact Tier 2 Support. Customer may change the Tier 1 Help Desk individuals by written notice to Esri.

b. Tier 2 Support

1. Tier 2 Support will log the calls received from Tier 1 Help Desk.

2. Tier 2 Support will review all information collected by and received from the Tier 1 Help Desk including preliminary documented troubleshooting provided by the Tier 1 Help Desk when Tier 2 Support is required.

3. Tier 2 Support may request that Tier 1 Help Desk individuals provide verification of information, additional information, or answers to additional questions to supplement any preliminary information gathering or troubleshooting performed by Tier 1 Help Desk.

4. Tier 2 Support will attempt to resolve the Case submitted by Tier 1 Help Desk.

5. When the Case is resolved, Tier 2 Support will communicate the information to Tier 1 Help Desk, and Tier 1 Help Desk will disseminate the resolution to the user(s).

6.0—Endorsement and Publicity

This Agreement will not be construed or interpreted as an exclusive dealings agreement or Customer's endorsement of Products. Either party may publicize the existence of this Agreement.

7.0—Administrative Requirements

7.1 **OEM Licenses.** Under Esri's OEM or Solution OEM programs, OEM partners are authorized to embed or bundle portions of Esri products and services with their application or service. OEM partners' business model, licensing terms and conditions, and pricing are independent of this Agreement. Customer will not seek any discount from the OEM partner or Esri based on the availability of Products under this Agreement. Customer will not decouple Esri products or services from the OEM partners' application or service.

7.2 **Annual Report of Deployments.** At each anniversary date and ninety (90) calendar days prior to the expiration of this Agreement, Customer will provide Esri with a written report detailing all Deployments. Upon request, Customer will provide records sufficient to verify the accuracy of the annual report.

8.0—Ordering, Administrative Procedures, Delivery, and Deployment

8.1 **Orders, Delivery, and Deployment**

a. Upon the Effective Date, Esri will invoice Customer and provide Authorization Codes to activate the nondestructive copy protection program that enables Customer to download, operate, or allow access to the Products. If this is a multi-year Agreement, Esri may invoice the Fee before the annual anniversary date for each year.

b. Undisputed invoices will be due and payable within thirty (30) calendar days from the date of invoice. Esri's federal ID number is 95-2775-732.

c. If requested, Esri will ship backup media to the ship-to address identified on the Ordering Document, FOB Destination, with shipping charges prepaid. Customer acknowledges that should sales or use taxes become due as a result of any shipments of tangible media, Esri has a right to invoice and Customer will pay any such sales or use tax associated with the receipt of tangible media.

8.2 **Order Requirements.** Esri does not require Customer to issue a purchase order. Customer may submit a purchase order in accordance with its own process requirements, provided that if Customer issues a purchase order, Customer will submit its initial purchase order on the Effective Date. If this is a multi-year Agreement, Customer will submit subsequent purchase orders to Esri at least thirty (30) calendar days before the annual anniversary date for each year.

a. All orders pertaining to this Agreement will be processed through Customer's centralized point of contact.

b. The following information will be included in each Ordering Document:

(1) Customer name; Esri customer number, if known; and bill-to and ship-to addresses
(2) Order number
(3) Applicable annual payment due

9.0—Mergers, Acquisitions, or Divestitures

If Customer is a commercial entity, Customer will notify Esri in writing in the event of (i) a consolidation, merger, or reorganization of Customer with or into another corporation or entity; (ii) Customer's acquisition of another entity; or (iii) a transfer or sale of all or part of Customer's organization (subsections i, ii, and iii, collectively referred to as "**Ownership Change**"). There will be no decrease in Fee as a result of any Ownership Change.

9.1 If an Ownership Change increases the cumulative program count beyond the maximum level for this Agreement, Esri reserves the right to increase the Fee or terminate this Agreement and the parties will negotiate a new agreement.

9.2 If an Ownership Change results in transfer or sale of a portion of Customer's organization, that portion of Customer's organization will transfer the Products to Customer or uninstall, remove, and destroy all copies of the Products.

9.3 This Agreement may not be assigned to a successor entity as a result of an Ownership Change unless approved by Esri in writing in advance. If the assignment to the new entity is not approved, Customer will require any successor entity to uninstall, remove, and destroy the Products. This Agreement will terminate upon such Ownership Change.