**VILLAGE COUNCIL**
**AGENDA FOR REGULAR MEETING OF NOVEMBER 14, 2023**
**ASSEMBLY HALL**
**395 MAGNOLIA RD. PINEHURST, NC 28374**
**PINEHURST, NORTH CAROLINA**
**4:30 PM**

1. Call to Order.

2. Reports:

   Manager

   Council

3. Motion to Approve Consent Agenda.

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

   A. Approval of Village Council Meeting Minutes
      October 24, 2023 Regular Meeting Minutes
      October 24, 2023 Work Session Minutes
      October 24, 2023 Closed Session Minutes

   B. Request from Retiring Police Lieutenant Michael Tew to Purchase His Service Side Arm

   End of Consent Agenda.

4. Consider Resolution 23-48 Appointing a Chairperson for the Historic Preservation Commission

5. Motion to Recess the Regular Meeting and enter into Public Hearing No. 1

6. Public Hearing No. 1 - Special Use Permit for 455 St. Andrews Dr.

   *The purpose of this public hearing is to consider a request for a Special Use Permit in order to establish an Accessory Dwelling at 455 St. Andrews Drive. This property is in the R-10 (Single Family Residential) Zoning District and is further identified as Moore County PID #00025542. The applicants and owners are Bryan and Carol Lewis.*

7. Motion to Adjourn Public Hearing No. 1 and re-enter the Regular Meeting

8. Consider a Motion Approving the Special Use Permit and Adopting the Findings of Fact for an Accessory Dwelling at 455 St. Andrews Dr.

9. Consider Adoption of the Stormwater Management and Master Plan

10. Consider Resolution 23-47 Establishing a Fee for Review and Inspections for Large Scale New Underground Utility Installations

11. Financial Statements for the Quarter Ended September 30, 2023

12. Amendment to the Audit Contract for Fiscal Year 2023 Audit

13. Presentation of the FY 2023 Annual Comprehensive Financial Report

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.*

# APPROVAL OF VILLAGE COUNCIL MEETING MINUTES

## ADDITIONAL AGENDA DETAILS:

October 24, 2023 Regular Meeting Minutes
October 24, 2023 Work Session Minutes
October 24, 2023 Closed Session Minutes

## FROM:

Shannon Konstantinou

## CC:

Jeff Sanborn

## DATE OF MEMO:

11/6/2023

## MEMO DETAILS:

Attached are draft copies of the 10.24.2023 meeting minutes for your review.

**ATTACHMENTS:**

| | Description |
|---|---|
| 🗋 | 10.24.2023 Regular Meeting Minutes |
| 🗋 | 10.24.2023 Work Session Minutes |

# VILLAGE COUNCIL
# MINUTES FOR REGULAR MEETING OF OCTOBER 24, 2023
# ASSEMBLY HALL
# 395 MAGNOLIA ROAD
# PINEHURST, NORTH CAROLINA
# 4:30 PM

The Pinehurst Village Council held a Regular Meeting at 04:30 PM, Tuesday October 24, 2023, in the Assembly Hall of Pinehurst Village Hall, 395 Magnolia Road, Pinehurst, North Carolina.

The following were in attendance in Assembly Hall:
Mr. John Strickland, Mayor
Mr. Patrick Pizzella, Mayor Pro Tem
Mr. Jeff Morgan, Councilmember
Ms. Lydia Boesch, Councilmember
Mr. Tom Hennie, Councilmember
Mr. Jeff Sanborn, Village Manager
Ms. Shannon Konstantinou, Village Clerk
Ms. Lori Hercules, IT Technician

And approximately 40 attendees, including 8 staff and 1 press.

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

2. **Invocation by Hugh Tudor-Foley and Pledge of Allegiance led by Mayor Strickland**

3. **Reports:**

**Village Manager**

- Mr. Jeff Sanborn, Village Manager, reported the re-striping Downtown has been completed with 5 additional vehicle and golf cart parking spaces having been added; the upcoming parking project adjacent to the Theatre Building bringing additional parking spaces; on the upcoming (October 31, 2023) retirement of Mr. Mark Wagner, Parks and Recreation Director, after 27 years of service to the Village with 19 of those years being as Director; and thanked Mr. Wagner for his service.

**Village Council**

- Mayor Strickland reported on the October 12, 2023 Council Conference Room dedication ceremony for Ms. Ginsey Fallon, the October 14, 2023 Prancing Horse Center for Therapeutic Horsemanship benefit, the October 16, 2023 Neighborhood Advisory Committee meeting, the October 19, 2023 Sandhills Metropolitan Planning Organization meeting (attended with Mr. Sanborn and Mayor Pro Tem Pizzella), and the October 21, 2023 Holly Arts Festival.

- Mayor Pro Tem Pizzella thanked Mr. Wagner for his service to the Village and Mr. Alex Cameron, Planning and Inspections Director, for the recent training on Quasi-Judicial meeting procedures he provided to Councilmembers; and reported on the October 18, 2023 Moore County Charters of Freedom dedication ceremony held in Carthage, on the October 21, 2023 Holly Arts Festival, and on the October 29, 2023 Village Chapel 125 year celebration.

- Councilmember Boesch thanked Mr. Wagner for his service to the Village; and reported on the October 21, 2023 Holly Arts Festival, and on the October 12, 2023 University of North Carolina School of Government's "Managing Difficult Conversations with Constituents" course presented by Braver Angels.

- Councilmember Morgan thanked Mr. Wagner for his service to the Village, and reported on the October 14, 2023 WineWalk event held in Downtown and the positive feedback received on the October 21, 2023 Holly Arts Festival.

- Councilmember Hennie reported on the October 24, 2023 Citizens on Patrol Academy meeting at the Village Police Department (the first of four meetings).

**4. Motion to Approve Consent Agenda.**

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

A. Approval of Village Council Meeting Minutes
- October 10, 2023 Council Regular Meeting Minutes
- October 10, 2023 Council Work Session Minutes
- October 10, 2023 Council Closed Session Minutes

B. Budget Amendments Report

**End of Consent Agenda.**
Upon a motion by Councilmember Boesch, seconded by Councilmember Morgan, Council unanimously approved the Consent agenda by a vote of 5-0.

**5. Motion to Recess the Regular Meeting and enter into Public Hearing No. 1.**
Upon a motion by Councilmember Boesch, seconded by Mayor Pro Tem Pizzella, Council unanimously approved to recess the Regular Meeting and Enter Public Hearing No. 1 by a vote of 5-0.

**6. Public Hearing No. 1 - Pinewild Phase V Major Subdivision.**
*The purpose of this public hearing is to consider a request of a Major Subdivision Review for a 78-lot single family subdivision known as Pinewild Phase V. This property is identified as Moore County PID# 00025104 and is located within the existing Pinewild gated community between Stoneykirk Drive and Linden Road. The applicant and owner is Pinewild Project Limited Partnership.*

Mr. Alex Cameron, Planning & Inspections Director, reviewed a PowerPoint presentation outlining the proposed Major Subdivision project known as Pinewild Phase V, the process of approval leading up to and through actual development, and Council's action options.

Mr. Tucker McKenzie, of WithersRavenel, and Mr. Christopher Little, Club Manager for Pinewild Country Club, introduced themselves. Mr. Little thanked Staff for the presentation of the proposal and assistance throughout the process, and outlined the engagement Pinewild Country Club has had with the Pinewild

Property Owners Association.

Council, Mr. McKenzie, Mr. Little, and Mr. Cameron discussed details of the proposed Major Subdivision such as the timeline of the evolution of the proposal, stormwater management, preliminary plat versus construction drawings, the process of review, the location of the construction entrance, the protection of the Red Cockaded Woodpeckers and cooperation with the Fish and Wildlife department, potential fence locations and types, golf cart pathways for access to Resort golf courses being needed, the motivation behind starting Phase V, estimated construction timeframe, concerns about the potential impact of additional residences on public utilities, whether additional entry gates could be added to alleviate traffic, whether construction traffic could be limited to the NC 211 entrance, the price ranges for homes within Pinewild, and all lots within the proposed Major Subdivision being subject to the same minimum development requirements as the existing properties.

Mayor Strickland opened the Public Hearing to comments from attendees.

Beverly Beadle, 12 Pinewild Drive, stated she appreciates Council's time and consideration; and expressed concerns about the planning process, design elements and lot development, and construction access and equipment storage.

Jane Waldemar, 14 Edinburgh Lane, expressed concerns about the increased traffic new development will bring, the lack of protection for the natural resources, the lack of buffer between proposed dwellings, the location of the mail kiosk, the lack of sidewalk installation, stormwater management, loss of privacy, and the effect development will have on the Red Cockaded Woodpecker.

Sue Baughman, Pinewild Property Owners (PPO) Board President / 39 Pinewild Drive, stated there have been many discussions with Pinewild residents and most of their concerns have been addressed, Village Staff has answered questions and responded to concerns, the PPO supports the project, any further concerns or issues can be addressed as the project moves forward, the PPO will continue to work with both the development team and Pinewild residents; and addressed questions about fencing and the construction access.

Deidre MacNeil, 43 Glasgow Drive, expressed concerns about excessive tree removal, damage to the native ecosystem and wildlife, the development resulting in sterile / unattractive lots, and the degradation of the quality of life further development will bring.

Debra Norman, 14 Pinewild Drive, expressed concerns about the effect development will have on the quality of life for existing residents, the increased traffic, and impact on wildlife.

Rob Kepler, 32 Edinburgh, expressed concerns about stormwater management.

Dave Gibbons, 16 Kirkland Court, expressed concerns about the minimum lot size, fencing around the perimeter, and stormwater management / lake levels.

Mr. Little, Mr. Cameron, and Mr. Mike Apke, Public Services Director, answered Attendees' questions and concerns on minimum lot size, stormwater management and maintenance, fencing or screening requirements, landscaping and tree buffer requirements, and individual dwelling design elements and Association's Architectural Review Board's requirements.

Council deliberated on the individual dwelling design elements and Association's Architectural Review Board's requirements, fencing, the Major Subdivision review process, and the Council's options for action.

7. **Motion to Adjourn Public Hearing No. 1 and Re-Enter the Regular Meeting.**
Upon a motion by Councilmember Morgan, seconded by Councilmember Boesch, Council unanimously approved to adjourn Public Hearing No. 1 and Re-Enter the Regular Meeting by a vote of 5-0.

8. **Discuss and Consider Resolution 23-46 Approving the Major Subdivision Known as Pinewild Phase V (Parcel ID 00025104)**
Upon a motion by Councilmember Morgan, seconded by Mayor Pro Tem Pizzella, Council unanimously approved as submitted Resolution 23-46 Approving the Major Subdivision Known as Pinewild Phase V (Parcel ID 00025104) by a vote of 5-0.

Mayor Strickland recessed the Regular Meeting at 06:15 PM for a 5-minute break.

Mayor Strickland reconvened the Regular Meeting at 06:21 PM.

9. **Motion to Recess the Regular Meeting and enter into Public Hearing No. 2**
Upon a motion by Councilmember Boesch, seconded by Councilmember Morgan, Council unanimously approved to recess the Regular Meeting and Enter Public Hearing No. 2 by a vote of 5-0.

10. **Public Hearing No. 2 - Special Use Permit for 15 McDonald Rd. W**
*To consider a request for a Special Use Permit in order to establish an Accessory Dwelling at 15 McDonald Rd. W. This property is in the R-30 (Single Family Residential) Zoning District. This property is further identified as Moore County PID #20210410. The applicant is Dan Degre, on behalf of the owners Jerry and Jacquelyn Hall.*

Mr. Alex Cameron, Mr. Dan Degre (designer and builder), Ms. Jacquelyn Hall (homeowner), and Ms. Whitney Goodman (adjacent property owner) were sworn into the Public Hearing and testified as follows.

Mr. Alex Cameron, Planning & Inspections Director, reviewed a PowerPoint presentation outlining the proposed Special Use Permit for an Accessory Dwelling at 15 McDonald Road W, the process that must be followed for a quasi-judicial public hearing, the requirements to be met for approval of a Special Use Permit for an Accessory Dwelling, and Council's action options. Mr. Cameron submitted into evidence the Staff Report with attachments / exhibits, Presentation, and Application and Applicant's materials / exhibits. Council accepted the materials into evidence.

All Councilmembers visited the site and did not have any ex parte communication.

Council and Mr. Cameron discussed the proposed accessory dwelling being attached to the principle dwelling, the principle dwelling as depicted in Exhibit A-2 Site Plan already being under construction, there only being one / main driveway for both the principle and accessory dwelling, and the driveway already existing prior to design and construction beginning (previously a part of the property located at 25 McDonald Rd. that was sectioned off and sold to the Owners of 15 McDonald Rd.).

Mr. Degre stated it was initially believed the property was part of the historic district, the principle and accessory dwellings are designed to look like a single family residence from the street elevation, both the principle and accessory dwellings will be built to standards above the minimum state requirements, and both the principle and accessory dwelling will be used by the same family. Ms. Hall read a prepared statement outlining the intention for seeking the Special Use Permit for an Accessory Dwelling and the intended use of the Accessory Dwelling.

Council, Mr. Degre, Ms. Hall, and Mr. Cameron discussed the accessory dwelling being used for the Owners and their children or extended family, the letter from the Fish and Wildlife on the status of any Red Cockaded

Woodpeckers on the site (which states no nesting bird or tree are located on the property but any development should take into consideration removal of suitable nesting trees), the habitation of the Red Cockaded Woodpecker not being disturbed and only the trees necessary for construction being removed, the Owners' personal tree removal company having cleared the lot for construction, the language of the Fish and Wildlife letter being standard language and is a suggestion not a requirement to try to maintain the existing canopy, Mr. Degre's credentials as a licensed realtor, the need to have a valid letter on the status of the Red Cockaded Woodpecker from Fish and Wildlife in order to obtain a building permit, the footprint of the principle dwelling already being permitted and approved based on documentation provided and deemed to be compliant, a building permit not requiring retention of trees (nor does the State require retention of trees), additional permitting being needed for the accessory dwelling (which will require additional documentation be submitted), establishing facts to meet the Standards of Review for approval, the location of the accessory dwelling being chosen to make the best use of space and improve the aesthetics of the design, the square footage of the principle dwelling being 4,359 heated square feet, the location of the garage in relation to the principle and accessory dwelling, the accessory dwelling square footage being 1,304 heated square feet, the similarity of the Owner's situation to many other families / owners in Pinehurst, the need for Council to focus questions on determining the standards outlined in the Findings of Fact, whether the proposed principle and accessory dwellings are compatible with the surrounding neighborhood based on the size and position on the lot, the average size of new construction increasing steadily over the years, what evidence and testimony Council must decide is expert opinion to be used in making a determination, and no restrictions existing on who may occupy residential structures.

Ms. Whitney Goodman, 25 McDonald Road W, asked Council to delay their decision until clear property lines could be determined and compliance with setback requirements established, to consider the impact the proposed accessory dwelling will have on the value of neighboring properties, and to question whether the proposed accessory dwelling is consistent with other properties in the area.

Council accepted the material provided by Ms. Goodman into the record as Exhibit B-1 and agreed Ms. Goodman has standing to provide testimony and evidence.

Council, Mr. Degre, Ms. Hall, Ms. Goodman, and Mr. Cameron discussed Ms. Goodman's concern about the footing of the principle dwelling already under construction not meeting the setback requirements not being pertinent to the Special Use request before Council and having been reviewed and permitted separately from the proposed accessory dwelling; the setback of the principle dwelling as depicted in the submitted site plan being 21.2 from Ms. Goodman's property at the closest point and the site plan having been prepared by a licensed surveyor; the driveway encroachment from 25 McDonald Rd. onto 15 McDonald Rd. causing confusion on where the actual property line begins and where setbacks should be measured from; the recombination and lot line adjustment that were done in 2014 when both 25 McDonald Rd. and 15 McDonald Rd. were under the same ownership; Ms. Goodman's concern about the size of the dwelling and lot in comparison to the size of dwellings and lots surrounding the property; Ms. Goodman's willingness to have a new survey done to determine the contested property lines; that should a survey of the footings determine they are within the required setback, the property owner can either request an administrative modification or the footings be corrected to meet the setback requirements.

Mr. Cameron and Mr. Sanborn reiterated the setbacks of the principle dwelling are not pertinent to the Council's consideration of the Special Use request before them as they do not relate to the proposed accessory dwelling; discussed the process of review the Applicant must undergo in order to obtain a Certificate of Occupancy for the dwellings; the required setback being 20 feet from the property line; and the encroachment of the driveway causing confusion as to where the actual property lines are located.

Council clarified with Mr. Cameron that the concerns expressed by Ms. Goodman regarding the setbacks of the principle dwelling will be addressed during the review process for the permit issued on that dwelling.

Council, Mr. Degre, and Ms. Hall discussed the size of the accessory dwelling being intentional and that is was not possible to reduce the size.

Mr. Cameron reviewed the motion template and draft Findings of Fact for Council to use when making their decision.

**11. Discuss and Consider a Motion Approving the Special Use Permit and Adopting the Findings of Fact for an Accessory Dwelling at 15 McDonald Rd. W.**

Upon a motion by Councilmember Morgan, seconded by Councilmember Boesch, Council unanimously approved the Special Use Permit for an Accessory Dwelling at 15 McDonald Rd. W and adopted the following Findings of Fact:

A. The proposed Special Use **meets** all required conditions and specifications: Village Council finds that Staff has reviewed the material and determined that the Accessory Dwelling Unit meets all R-30 zoning requirements.
B. The proposed Special Use **is** in harmony with the area or compatible with the neighborhood: Village Council finds that no evidence to the contrary was provided and the proposal is similar to nearby residential properties.
C. The proposed Special Use **will not** materially endanger public health or safety: Village Council finds that no evidence to the contrary was provided and the accessory dwelling will meet the requirements of the NC Building Code.
D. The proposed Special Use **will not** substantially injure the value of adjoining property or be a public necessity: Village Council finds that no evidence or testimony to the contrary was given and accept the Applicant's testimony that the proposal will increase property values.
E. The proposed Special Use **will** be in conformity with the Village of Pinehurst Comprehensive Long-Range Plan: Village Council finds that the proposal is consistent with Guiding Principle #3: Places to Live in the 2019 Comprehensive Plan.

Village Council finds that each of the Standards of Review **have** been met based on the evidence submitted into the record and the testimony given.

Mayor Strickland recessed the Regular Meeting at 07:50 PM for a 5-minute break.

Mayor Strickland reconvened the Regular Meeting at 07:55 PM.

**12. Motion to Adjourn Public Hearing No. 2 and Re-Enter the Regular Meeting.**

Upon a motion by Councilmember Morgan, seconded by Mayor Pro Tem Pizzella, Council unanimously approved to adjourn Public Hearing No. 2 and Re-Enter the Regular Meeting by a vote of 5-0.

**13. Approval for Update to the Parks and Recreation Comprehensive Master Plan.**

Mr. Mark Wagner, Parks and Recreation Director, and Ms. Jennifer Beedle, McAdams, reviewed a PowerPoint presentation outlining the 2023 Village of Pinehurst Parks and Recreation Comprehensive Master Plan and highlighted changes made to the Master Plan based on Council's recommendations.

Council, Mr. Wagner, and Ms. Beedle discussed the vision of the Master Plan being recreation for all, the hard work Staff and McAdams have put into the development of the Master Plan over the past year, reviewed details / facts outlined in the Master Plan, and agreed on revisions to be made before the final print of the Master Plan is done.

Upon a motion by Councilmember Boesch, seconded by Councilmember Morgan, Council unanimously approved to adopt the 2023 Village of Pinehurst Parks and Recreation Comprehensive Master Plan by a vote of 5-0.

**14. Receive Risk Management Committee Annual Report and Consider Employee Health Benefit Recommendations for 2024.**

Mr. Jeff Batton, Assistant Village Manager for Operations, reviewed a PowerPoint presentation outlining the Risk Management Committee Annual Report focusing on the Health Benefit Recommendations for January 01, 2024.

Council and Mr. Batton discussed the change from Cigna to Blue Cross Blue Shield being a positive one with less complaints and a bigger network of providers, the HSA / High Deductible Plan being well received by Employees, and the selection process for Risk Management Committee members.

Upon a motion by Mayor Pro Tem Pizzella, seconded by Councilmember Morgan, Council unanimously approved the 2024 Medical and Dental insurance contracts and authorized the mayor or his designee to execute the contracts by a vote of 5-0.

**15. Other Business**

Council discussed the availability of public restrooms in Downtown, the ongoing misinformation / misperception surrounding Short-Term Rental properties and the upcoming discussion to be given at the November 2023 Neighborhood Advisory Committee meeting regarding the Short-Term Rental ordinance, and the complaints regarding noise from Fair Barn events were investigated by the Police Department and found not to be valid (no violations of the Municipal Code were occurring).

**16. Comments from Attendees.**

None.

**17. Motion to Adjourn**

Upon a motion by Councilmember Boesch, seconded by Mayor Pro Tem Pizzella, Council unanimously approved to adjourn the regular meeting by a vote of 5-0 at 08:48 PM.

Respectfully Submitted,

Shannon Konstantinou
Village Clerk

*A videotape of this meeting is located on the Village website:* www.vopnc.org
*Vision: The Village of Pinehurst is a charming, vibrant community, which reflects our rich history and traditions.*
*Mission: Promote, enhance, and sustain the quality of life for residents, businesses, and visitors.*
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**HISTORIC PRESERVATION COMMISSION**
**SPECIAL MEETING**
**THURSDAY, OCTOBER 26TH, 2023**
**ASSEMBLY HALL**
**395 MAGNOLIA ROAD**
**PINEHURST, NORTH CAROLINA**
**3:00 PM**

| **Members Present**: | **Members Absent:** | **Staff Present:** |
|---|---|---|
| John Taylor, Chair | | Alex Cameron, Planning Director |
| Richard Vincent, Vice Chair | | Pamela Graham, Planning Supervisor |
| Angelique Fabiani | | Michael Mandeville, Senior Planner |
| David Herring | | Maria Carpenter, Planner |
| Roxanne Vaitkus | | Shannon Konstantinou, Village Clerk |
| Karl Ecker | | Shelby Grow, Administrative Specialist |
| Cara Mathis | | Lori Hercules, IT Technician |

Approximately 1 member(s) of the public in attendance.

**I. Call to Order**

Mr. Taylor called the Special Meeting to order at 03:05 PM.

Mr. Taylor provided background on the proposed revisions to the Historic District Standards to be discussed.

Mr. Vincent arrived at the meeting at 03:17 PM.

**II. Discuss Proposed Revisions to the Historic District Standards**

The Commission and Staff discussed proposed revisions to the Historic District Standards as submitted by Commission members, which focused on Section III-B and C.

After discussing the proposed revisions, the Commission and Staff agreed further work needed to be done before any changes to the Standards could be agreed upon.

**III. Motion to Adjourn**

Mr. Taylor adjourned the Work Session meeting at 03:58 PM.

Respectfully Submitted,

Shannon Konstantinou
Village Clerk
Village of Pinehurst

*A videotape of this meeting is located on the Village website: [www.vopnc.org](http://www.vopnc.org).*

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# REQUEST FROM RETIRING POLICE LIEUTENANT MICHAEL TEW TO PURCHASE HIS SERVICE SIDE ARM

## ADDITIONAL AGENDA DETAILS:

**FROM:**
Angela Kantor

**CC:**
Jeff Sanborn

**DATE OF MEMO:**
11/8/2023

**MEMO DETAILS:**
We have received a request from Lieutenant Michael Tew to purchase his service side arm and be awarded his badge upon his retirement on December 15, 2023.

NCGS 20-187.2 authorizes the Village Council to award, upon request, a retiring law enforcement officer their service side arm and badge at a price determined by the governing body. The Village's Service Awards and Retirement Recognitions policy sets the price for the side arm and badge for an officer with more than 10 years of service with the Village at $1.

Upon approval, the sale would be completed after his retirement and upon presentation of proper licenses and permits for the side arm. The policy Council approved in 2020 is attached for your review as well as the request from Lt. Tew.

**ATTACHMENTS:**

| | Description |
|---|---|
| 🗋 | Service Awards and Retirement Recognition Policy |
| 🗋 | Lt. Tew-Side Arm Request |

**VILLAGE OF PINEHURST**
**STANDARD PROCEDURE**

| | |
|---|---|
| SUBJECT: **Service Awards and Retirement Recognitions** | Effective: May 8, 2012 |
| Department: Human Resources | Policy No.: HR-116 |
| Prepared by: Human Resources | Revised: July 28, 2020 |
| Approved by: Village Council | # of Pages: 3 |

## I. POLICY:

The Village of Pinehurst values the contributions, knowledge and experience of employees and recognizes the importance of honoring employee service. The purpose of this policy is to recognize and celebrate the dedication and hard work of those employees who reach service milestones or retire from the Village of Pinehurst.

## II. ELIGIBILITY:

A. Regular full-time and regular part-time employees are eligible for a service award in the year in which they complete 5, 10, 15, 20, 25, 30, 35, and 40 years of service.
B. Employees must be eligible and apply for retirement benefits under the North Carolina Retirement System and have at least five years of full-time service with the Village of Pinehurst, not including sick time, to be eligible for a retirement gift and recognition. Employees who are injured in the line of duty and qualify for disability retirement will be handled outside the parameters of this policy.

## III. DEFINITIONS:

A. A regular full-time employee works at least 37.5 hours per week.
B. A regular part-time employee works at least 20 hours per week.

## IV. PROCEDURE:

A. Service Awards: Human Resources maintains a list of employees eligible for service awards and submits the list to payroll in December each year. Awards are included in paychecks in December. Eligible employees will receive a taxable monetary award according to the following schedule. Awards are subject to applicable withholdings and deductions.

| | | | |
|---|---|---|---|
| 5 years | $250 | 25 years | $1250 |
| 10 years | $500 | 30 years | $1500 |
| 15 years | $750 | 35 years | $1500 |
| 20 years | $1000 | 40 years | $1500 |

Only regular full-time and regular part-time service will be considered for service awards. Reserve, on-call, seasonal service will not be considered for service awards. If an employee is rehired, prior service will be considered for service awards. Employees will be recognized at the annual holiday luncheon in December.

B. Retirement Recognitions: Department Directors will notify Human Resources of an employee's pending retirement. Human Resources will work with the Department Director and the retiring employee to coordinate an appropriate celebration and the appropriate gift.

Eligible employees will receive a taxable monetary gift according to the following schedule. Gifts are subject to applicable withholdings and deductions.

| | |
|---|---|
| 10 years but less than 15 years | $650 |
| 15 years but less than 25 | $1300 |
| 25 years or more | $1500 |

Eligible employees with at least 25 years of service will also receive a Village-sponsored, celebratory meal or reception at a Village facility coordinated through Human Resources. Village employees, Council and the retiring employee's immediate family will be invited. Additional people may be invited at the discretion of Human Resources.

Eligible employees with 5 years of service, but less than 25 years will receive a Village-sponsored reception coordinated through Human Resources.

Additional celebrations or gifts, departmental or otherwise, cannot be paid for with Village funds.

## V. PUBLIC SAFETY:

The Village of Pinehurst recognizes the bravery and dedication of the public safety employees serving in the Pinehurst Police Department and Pinehurst Fire Department. In addition to the retirement gifts listed above, public safety employees may be awarded the gifts listed below.

A. NCGS 20-187.2 authorizes the Village Council to award, upon request, a retiring law enforcement officer, or a surviving relative of an officer, the basic service side arm, no attachments, and badge of the officer at a price determined by the governing body. This policy sets the price for qualifying awards of basic side arms to retiring law enforcement officers at one dollar. The law enforcement officer must have at least 10 years of service with the Village of Pinehurst to be eligible for this benefit. If the retiring officer has at least 5 years of service, but less than 10 years, the officer will have the option to purchase the service side arm for $300. The retiring employee must follow all provisions of the statute and other applicable laws.

B. NCGS 160A-294.1 authorizes the Village Council to award, upon request, a retiring firefighter or a surviving relative of the firefighter, the fire helmet of the firefighter at a price determined by the governing body. This policy sets the price for qualifying awards of fire helmets to retiring firefighters at one dollar. The firefighter must have at least 10 years of service with the Village of Pinehurst to be eligible for this benefit. If the retiring firefighter has at least 5 years of service, but less than 10 years, the firefighter will have the option to purchase the helmet for $200. The retiring employee must follow all provisions of the statute and other applicable laws.

Approved by:

John Strickland, Mayor — 07/28/2020

Date

Resolution 20-27 — 07/28/2020

November 9, 2023

ADMINISTRATIVE MEMORANDUM TO: Jeff Sanborn

THROUGH: Angie Kantor

SUBJECT: Weapon Purchase

As my retirement date approaches, I would like to request to purchase my department issued service weapon, Glock 45 serial number BMYH970. Under current North Carolina law established through Senate Bill 41no permit is required to purchase a handgun. This Bill came into effect March 29th, 2023. I have been a police officer with the Pinehurst Police Department since October 1998 and have no incidents that would preclude me from being able to purchase any firearm. I have been honored to be a member of the Pinehurst Police Department, and the Village of Pinehurst as a whole.

Respectfully,

Michael W. Tew, Lieutenant

Pinehurst Police Department NC

# CONSIDER RESOLUTION 23-48 APPOINTING A CHAIRPERSON FOR THE HISTORIC PRESERVATION COMMISSION

## ADDITIONAL AGENDA DETAILS:

**FROM:**
Shannon Konstantinou

**CC:**
Jeff Sanborn; Councilmembers

**DATE OF MEMO:**
11/9/2023

**MEMO DETAILS:**
This resolution is presented for consideration of the approval of the appointment of Mr. Richard Vincent to the position of Chairperson for the Historic Preservation Commission.

**ATTACHMENTS:**

| | Description |
|---|---|
| 🗋 | Resolution 23-48 Appointing a Chairperson for the Historic Preservation Commission |

**RESOLUTION 23-48:**

**A RESOLUTION APPOINTING A CHAIRPERSON TO THE PINEHURST HISTORIC PRESERVATION COMMISSION.**

**WHEREAS**, the Village of Pinehurst has established an Historic Preservation Commission as authorized by North Carolina General Statutes, Chapter 160A, Article 19; and

**WHEREAS,** there is a need to appoint a new Chairperson for the Historic Preservation Commission and the Village Council of Pinehurst is ready to fill this position with a current member of the Historic Preservation Commission.

**WHEREAS,** Mr. Richard Vincent currently holds the position of Vice Chair for the Historic Preservation Commission.

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

**SECTION 1.** That the following appointment is hereby made to the Historic Preservation Commission for the term indicated:

Mr. Richard Vincent is appointed as the Chairperson of the Historic Preservation Commission, effective December 01, 2023, said term to expire July 31, 2025.

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

**THIS RESOLUTION** passed and adopted this the 14th day of November, 2023.

VILLAGE OF PINEHURST
VILLAGE COUNCIL

(Municipal Seal)

By:______________________________
John C. Strickland, Mayor

Attest:

______________________________
Shannon Konstantinou, Village Clerk

Approved as to Form:

______________________________
Michael J. Newman, Village Attorney

# PUBLIC HEARING NO. 1 - SPECIAL USE PERMIT FOR 455 ST. ANDREWS DR.

**ADDITIONAL AGENDA DETAILS:**

*The purpose of this public hearing is to consider a request for a Special Use Permit in order to establish an Accessory Dwelling at 455 St. Andrews Drive. This property is in the R-10 (Single Family Residential) Zoning District and is further identified as Moore County PID #00025542. The applicants and owners are Bryan and Carol Lewis.*

**FROM:**
Alex Cameron

**CC:**
Jeff Sanborn

**DATE OF MEMO:**
11/9/2023

**MEMO DETAILS:**
The owners are requesting a Special Use Permit in order to establish an Accessory Dwelling Unit (ADU). Pursuant to Section 8.5.1 of the Pinehurst Development Ordinance (PDO), ADUs are permitted within the R-10 Zoning District only after a Special Use Permit is granted by Village Council in accordance with the procedures of Section 4.5 of the PDO.

Special uses are classified for specific uses or locations of such uses in order to allow general compatibility with other land uses that are permitted. Due to unique characteristics or potential impacts on the surrounding neighborhood and the Village, such special uses require individual consideration of their location, design, operation, etc.

Section 4.5 of the PDO establishes the process and procedures for Special Use Permits. Specific standards of review are listed in Section 4.5.6. These standards are the sole criteria Village Council shall consider when reviewing requests for Special Use Permits. Generally, these standards are subjective in nature and thus require judgement and limited discretion in making a determination. Due to the subjective nature of the standards, the decision on Special Use Permits is a quasi-judicial decision and requires an evidentiary public hearing to be held. Evidentiary hearings require all factual, competent, material and substantial evidence be submitted and sworn testimony given on the application and the standards of review. Village Council shall only consider the evidence and testimony given in their action. Additionally, conditions may be attached to the approval of a Special Use Permit but shall only be related to how the use may meet the standards or protect the public health, safety, and general welfare. The standards of review are:

1. The proposed special use meets all required conditions and specifications.
2. The proposed special use is in harmony with the area, or compatible with the neighborhood.
3. The proposed special use will not materially endanger public health or safety.
4. The proposed special use will not substantially injure the value of adjoining property or be a public necessity.
5. The proposed special use will be in general conformity with the Comprehensive Long Range Plan

Please see the items attached to this agenda item for additional information on the request.

**ATTACHMENTS:**

Description

- Applicant's Exhibits A-1 through A-6
- Staff's Exhibits A-1.1 through A-1.19

# PLN-2023-00375 - Carriage House

Exhibit A-1.1

Menu Help

**File Date:** 09/22/2023

**Application Status:** In Review

**Application Type:** Special Use

**Application Detail:** Detail

**Description of Work:** Build a two story Accessory Dwelling, a two car garage with a dwelling above. Dwelling above will be a small kitchen, small living area, one bedroom and one bathroom. Approximately 700 square feet. Stairs to dwelling above will be on the exterior. This will NOT be for rental purposes. This will only be used to store cars and golf carts. Dwelling will only be used by family and friends.

**Application Name:** Carriage House

**Address:** 455 Saint Andrews Dr, Unit# 110R Pinehurst, NC 28374

**Owner Name:** Bryan D Lewis

**Owner Address:** 455 Saint Andrews Drive, Pinehurst, NC 28374

**Parcel No:** 00025542

**Contact Info:**

| Name | Organization Name | Contact Type | Contact Primary Address | Status |
|---|---|---|---|---|
| Carol S Lewis | | Applicant | Home, 455 Saint Andrew... | Active |
| LEWIS, BRYAN D | LEWIS, BRYAN D | Contact | Home, 455 Saint Andrew... | Active |

**Licensed Professionals Info:**

| Primary | License Number | License Type | Name | Business Name | Business License # |
|---|---|---|---|---|---|

**Job Value:** $0.00

**Total Fee Assessed:** $700.00

**Total Fee Invoiced:** $700.00

**Balance:** $0.00

**Custom Fields:**

**GENERAL INFORMATION**

| Existing Use | Proposed Use | Total Acres of Project Area |
|---|---|---|
| Vacant | Single Family Low Density | 0.61 |

**Proposed Special Use**
Build Accessory Dwelling. Two car garage with small dwelling ab ove.

**LOCATION INFORMATION**

| Zoning District | Overlay District |
|---|---|
| R-10 – Residential | N/A - No Overlay District |

**PERMIT DATES**

| Application Expiration Date | Permit Issued Date | Permit Expiration Date |
|---|---|---|
| – | – | – |

**Workflow Status:**

| Task | Assigned To | Status | Status Date | Action By |
|---|---|---|---|---|
| Application Acceptance | | Accepted | 09/26/2023 | Kimberly Stepnoski |
| Review for Completeness | Alex Cameron | | | |
| Building Review | Scott Thomas | | | |
| Fire Review | | | | |
| Engineering Review | Mike Apke | | | |
| Traffic Review | Mike Apke | | | |
| Utilities Review | Alex Cameron | | | |
| Planning Review | Alex Cameron | | | |
| Public Services Review | Mike Apke | | | |
| Administration Review | | | | |
| Historic Review | | | | |
| TRC Review Consolidation | Alex Cameron | | | |
| TRC Review Distribution | Alex Cameron | | | |
| PandZ Public Hearing N... | Alex Cameron | | | |
| Property Owner Notific... | Alex Cameron | | | |
| Staff Report - PandZ | Alex Cameron | In Progress | | |
| P and Z Hearing | Alex Cameron | | | |
| Staff Report - Council | Alex Cameron | In Progress | | |
| Council Hearing | Alex Cameron | | | |
| Council Notification | Alex Cameron | | | |
| County Notification | Alex Cameron | | | |
| Case Complete | Alex Cameron | | | |

**Condition Status:**

| Name | Short Comments | Status | Apply Date | Severity | Action By |
|---|---|---|---|---|---|

Exhibit A-1.2

**Documents:**

| File Name | Document Group | Category | Description | Type | Document Status | Document Status Date |
|---|---|---|---|---|---|---|
| FLOOR PLANS.pdf | PLN | Plan | Floor plan | application/pdf | Uploaded | 09/22/2023 |
| FRONT ELEVATION.pdf | PLN | Plan | Front elevation | application/pdf | Uploaded | 09/22/2023 |
| LEFT ELEVATION.pdf | PLN | Plan | Left elevation | application/pdf | Uploaded | 09/22/2023 |
| REAR ELEVATION.pdf | PLN | Plan | Rear elevation | application/pdf | Uploaded | 09/22/2023 |
| RIGHT ELEVATION.pdf | PLN | Plan | Right elevation plan | application/pdf | Uploaded | 09/22/2023 |
| foundation plantings | PLN | | | application/pdf | Uploaded | 09/22/2023 |
| Lewis General Concept ... | PLN | Site Plan | General Concept Pla... | application/pdf | Uploaded | 10/16/2023 |
| Revised GCP | PLN | Other | | application/pdf | Uploaded | 10/27/2023 |
| Applicant Narrative | PLN | Other | | application/msword | Uploaded | 10/27/2023 |
| Revised GCP #2 | PLN | Other | | application/pdf | Uploaded | 11/03/2023 |

Show all

**Application Comments:**

| View ID | Comment | Date |
|---|---|---|

**Initiated by Product:** ACA

**Scheduled/Pending Inspections:**

| Inspection Type | Scheduled Date | Inspector | Status | Comments |
|---|---|---|---|---|

**Resulted Inspections:**

| Inspection Type | Inspection Date | Inspector | Status | Comments |
|---|---|---|---|---|

**Required Inspections:**

Bryan & Carol Lewis Special Use Permit Application
455 Saint Andrews Drive, Pinehurst, NC
October 26, 2023

**Section 8.6 SR-108 Accessory Building**
Our proposal meets the following conditions:

(a) The Garage with Upper Floor Dwelling will be a permanent construction, architecturally compatible with the existing house. We will use the same styles and colors of vinyl siding, brick, doors, windows, shingles and shutters.

(b) The Garage with Upper Floor Dwelling will be located with the building envelope setbacks in the side yard of the existing house.

(c) The total gross floor area of the Garage with Upper Floor Dwelling will be 702 square feet, which is 24% of the existing house (2,983 sf), less than the 30% limit. There will be only one (1) accessory building on the site.

**Section 8.6 SR-109 Accessory Dwelling**
Our proposal meets the following conditions:

(1) The Garage with Upper Floor Dwelling will be separate from the principal building/existing house.

(2) The principal use of the lot will be a detached Garage with Upper Floor Dwelling, built to the standards of the North Carolina State Building Code.

(3) Only one(1) accessory dwelling will be built on the single deeded lot in conjunction with the principal dwelling unit.

(4) The Garage with Upper Floor Dwelling will be owned by Bryan D. Lewis and Carol S. Lewis, the owners of the principal dwelling at 455 St. Andrews Drive.

(5) The Garage with Upper Floor Dwelling will be served by the existing driveway used by the principal dwelling.

(6) The total gross floor area of the Garage with Upper Floor Dwelling will be 702 square feet, which is 24% of the existing house (2,983 sf), less than the 30% limit. There will be only one (1) accessory building on the site.

(7) The Garage with Upper Floor Dwelling will be a lower floor garage with an upper floor one bedroom, one bathroom dwelling and the total floor area of the structure will be 24% of the existing house. (See (6)).

(8) The Garage with Upper Floor Dwelling will be located in the established side yard of the principal dwelling and will meet the standards for accessory building setbacks per Table 9.2a of the Pinehurst PDO.

| **USE TYPES** | **R-10** |
|---|---|
| Minimum Accessory Building or Structure Side Setback from Property Line | 10' |
| Minimum Accessory Building or Structure Rear Setback from Property Line | 10' |
| Minimum Accessory Building or Structure Setback from Lakefront or Golf Course | 30' |
| Minimum Accessory Building or Structure Setback from Pub1ic or Private Street Right(s) of Way (ROW) | 20' |

(9) The principal dwelling is not located within the Historic District and the Garage with Upper Floor Dwelling will not be located within the Historic District.

**Section 4.5.6 Standards of Review**

Our proposal meets the following conditions:

(A) The Garage with Upper Floor Dwelling will meet all required conditions and specifications of SR-108, SR-109 and the North Carolina State Building Code. The architect, surveyor and builder are all respected local professionals with extensive experience on Pinehurst projects.

(B) The Garage with Upper Floor Dwelling is designed and will be constructed to be in harmony with the principal dwelling and the surrounding neighborhood homes. Construction will be architecturally compatible with the existing house. We will use the same styles and colors vinyl siding, brick, doors, windows, shingles and shutters. The combined square footage of the existing and proposed dwellings will be comparable to nearby residences.

(C) The Garage with Upper Floor Dwelling will only be utilized to store vehicles and to provide accommodation for visiting family and friends. This will not be used for short or long term rental purposes and thus will not be a hazard to public health or safety. No disturbance to the local neighborhood will occur. The security system in place for the principal dwelling will be extended to provide coverage for the Garage with Upper Floor Dwelling.

(D) The Garage with Upper Floor Dwelling will not injure the value of the adjoining property, but will actually increase the property value and aesthetics not only of the principal dwelling, but also of the adjacent golf course green. The aesthetics of the surrounding area will be enhanced by the improvements made to the current vacant and neglected lot. We have no reason to believe that the Garage with Upper Floor Dwelling will constitute a public necessity.

(E) The Garage with Upper Floor Dwelling will be in conformity with the Village of Pinehurst Comprehensive Long Range Plan as follows:

(a) Accommodation will be provided for family and friends to visit Pinehurst and enjoy its charming attractions.

(b) Completing this project will allow our family to continue to live in Pinehurst throughout multiple stages of our lives.

(c) Landscaping will enhance the aesthetics of the current vacant and neglected lot, while maintaining the ambiance and character of abundant, tall pines. Placement of the dwelling on the lot has been considered to maximize preservation of the tall pines and maintain open space adjacent to the golf course green.

(d) Maintaining the integrity of the neighborhood in providing single family homes inhabited by residents who actively participate in and support the community. This dwelling will not be a short or long term rental.

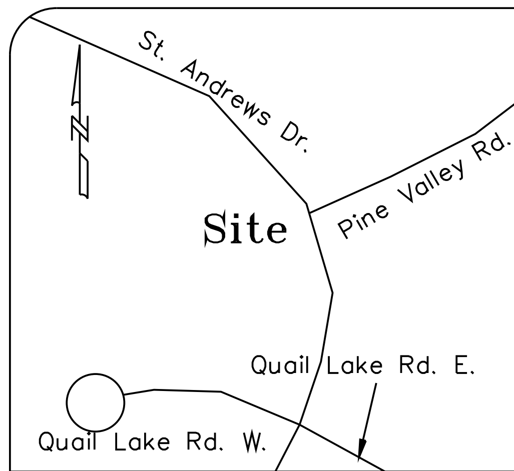
(e) Protecting and enhancing the quality and character of the existing neighborhood by improvements made in landscaping and construction.

(f) Construction will adhere to energy efficient, green techniques and will be in harmony with the character and authenticity of the surrounding neighborhood.

(g) Providing additional high quality and safe storage for our families cars and golf carts will improve the visual presentation of the current dwelling.

(h) Our project addresses the relevant three (3) of the seven (7) Guiding Principles, namely Village Character & Authenticity, Places to Live and All Things Green as detailed in the above list.

Exhibit A-3




Vicinity Map (Not to Scale)

Location of underground utilities, if shown, are based on visible evidence and drawings provided to the surveyor. Location of underground utilities and structures may vary from shown locations. Additional utilities may exist. Local utility companies should be consulted for further information on utilities affecting the property.
This survey was done without benefit of an attorney's title search which could disclose zoning, restrictive covenants, easements not visible to surveyor, building setbacks, or other information which could affect surveyed property.
No subsurface or environmental considerations affecting this property have been made by surveyor.

Parcel ID #00025542, PIN #855216726724
Parcel ID #00016746, PIN #855216725850

Owners Address : Bryan D. & Carol S. Lewis
80 Gabriel Dr.
South Haven, MN 49090

Reference: Map Book 10, Page 14
Plat Cabinet 20, Slide 9
Deed Book 4858, Page 224
Deed Book 6066, Page 145
Moore County, North Carolina

Per P.C. 20, SL 9
Moore County Registry

Notes: This map is in accordance with GS 47-30.
Area by coordinate method.
No recoverable horizontal control within 2000 feet.
Dashed lines not surveyed, drawn from information as indicated.
There are no visible encroachments other than those shown hereon.
Survey is subject to any Declaration of Restrictions, Conditions, Easements, Covenants, Agreement, Liens and Charges of Record.

Legend:
- IPF = Iron Pipe Found
- IPS = Iron Pipe Set
- IRF = Iron Rod Found
- IRS = Iron Rod Set
- CMF = Concrete Monument Found
- Ⓢ = Sewer Manhole
- ⊠ = Water Meter
- = Fire Hydrant
- = Utility Pole
- CATV = Cable Television
- PSO = Power Stub Out
- TP = Telephone Pedestal
- WV = Water Valve
- = Aerial Light
- — — = Building Setback Line
- —OHU— = Overhead Utilities
- SSO = Sanitary Stub Out
- ☐ = Electrical Transformer
- = HVAC
- — SS — = Sanitary Sewer
- ○ = Calculated Point

CURVE TABLE

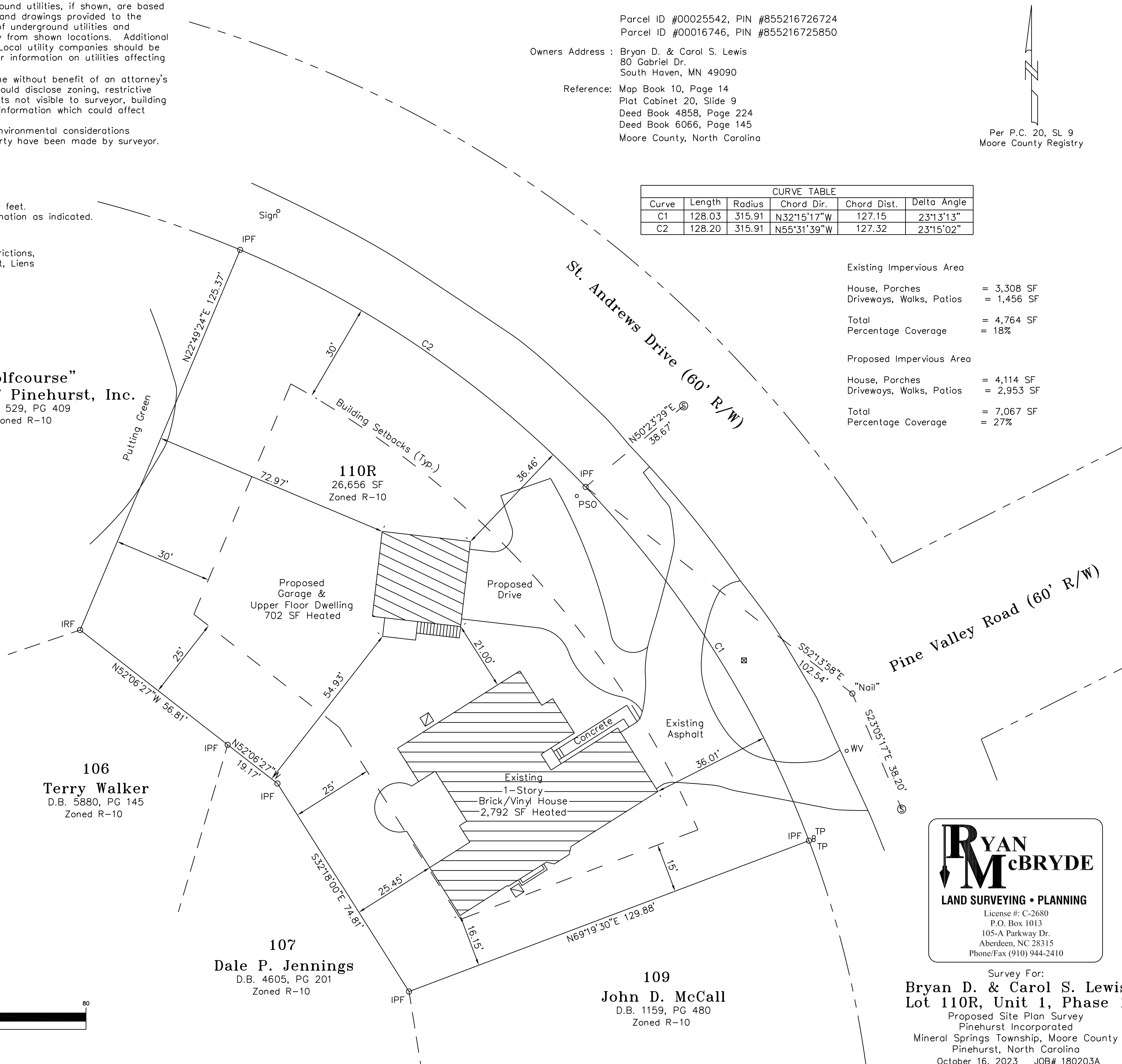
| Curve | Length | Radius | Chord Dir. | Chord Dist. | Delta Angle |
|---|---|---|---|---|---|
| C1 | 128.03 | 315.91 | N32°15'17"W | 127.15 | 23°13'13" |
| C2 | 128.20 | 315.91 | N55°31'39"W | 127.32 | 23°15'02" |

Existing Impervious Area

| | |
|---|---|
| House, Porches | = 3,308 SF |
| Driveways, Walks, Patios | = 1,456 SF |
| Total | = 4,764 SF |
| Percentage Coverage | = 18% |

Proposed Impervious Area

| | |
|---|---|
| House, Porches | = 4,114 SF |
| Driveways, Walks, Patios | = 2,953 SF |
| Total | = 7,067 SF |
| Percentage Coverage | = 27% |




Building Setbacks:

Front 30'
Side 15'
Side Street 20'
Rear 25'
Golf Course 30'
Accessory Structure Side 10'
Accessory Structure Rear 10'
Accessory Structure Lakefront or Golf Course 30'
Accessory Structure Street Setback 20'

"I certify that this map was drawn under my supervision from an actual survey made under my supervision (deed description recorded in Book 6066,4858 page 145,224); that the boundaries not surveyed are clearly indicated as drawn from information referenced; that the ratio of precision or positional accuracy is 1:20,000+; and that this map meets the requirements of The Standards of Practice for Land Surveying in North Carolina (21 NCAC 56. 1600)."
This 16th day of October, 20 23.

Professional Land Surveyor

L-4394
Registration Number

GRAPHIC SCALE

20 0 10 20 40 80

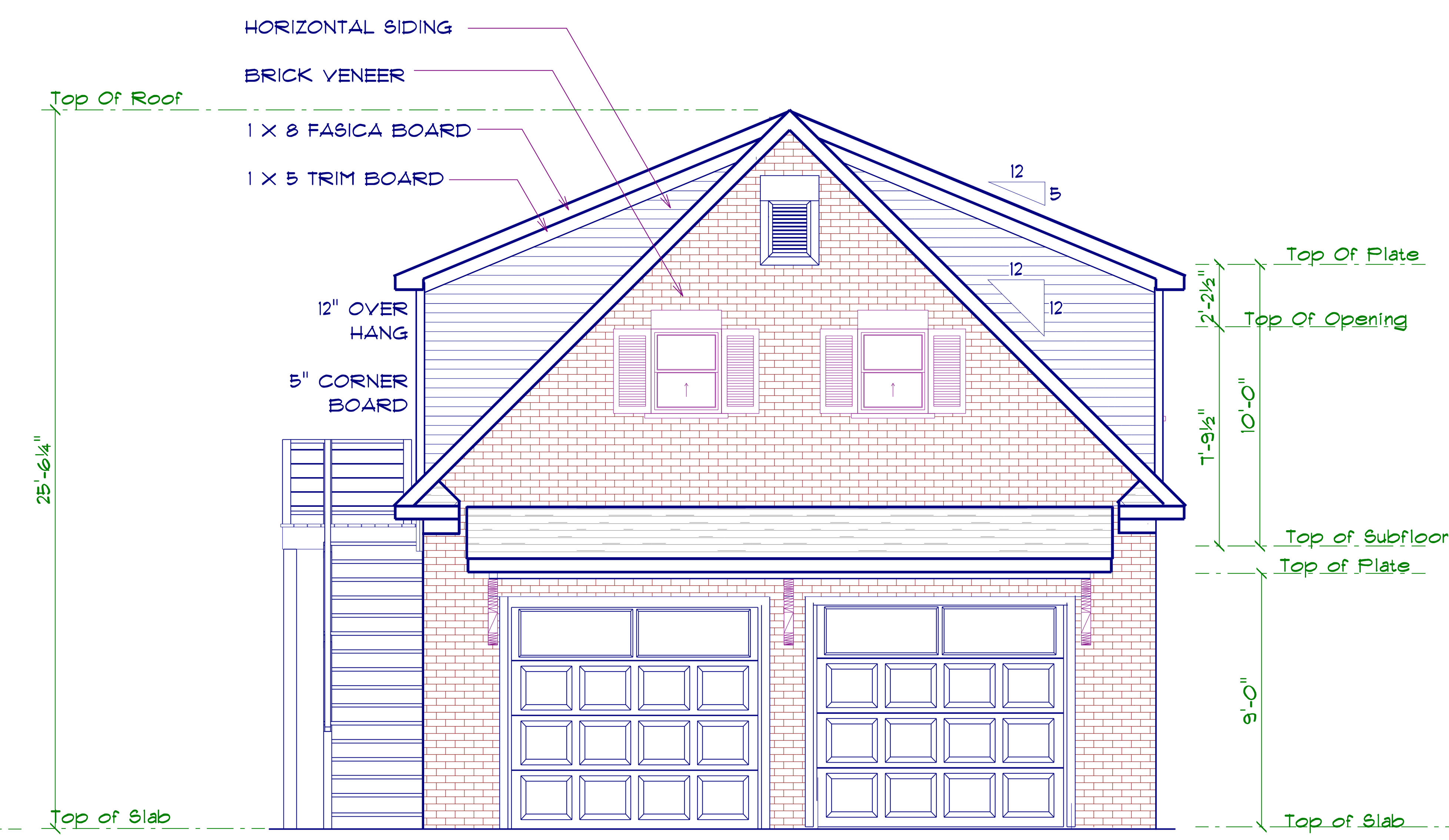
( IN FEET )
1 inch = 20 ft.

RYAN McBRYDE
LAND SURVEYING • PLANNING
License #: C-2680
P.O. Box 1013
105-A Parkway Dr.
Aberdeen, NC 28315
Phone/Fax (910) 944-2410

Survey For:
Bryan D. & Carol S. Lewis
Lot 110R, Unit 1, Phase 1
Proposed Site Plan Survey
Pinehurst Incorporated
Mineral Springs Township, Moore County
Pinehurst, North Carolina
October 16, 2023 JOB# 180203A

Exhibit A-4


FRONT ELEVATION
SCALE: 1'= 1/4"




REAR ELEVATION
SCALE: 1'= 1/4"

ELEVATION NOTES:
GRADE ELEVATIONS SHOWN DO NOT NECESSARILY REFER TO THIS OR ANY OTHER LOT. THEY ARE FOR DIAGRAMMATIC PURPOSES ONLY AND MAY VARY. BUILDER IS RESPONSIBLE FOR ADAPTING THIS PLAN TO SUIT THE EXISTING TOPOGRAPHY OF THE SITE.

ROOF VENTILATION TO BE DETERMINED BY BUILDER AS PER CODE.

ALL EGRESS OR RESCUE WINDOWS FROM SLEEPING ROOMS MUST HAVE A MIN. NET CLEAR OPENING OF 4.0 SQ FT. THE MIN NET CLEAR OPENING HEIGHT DIMENSION SHALL BE 22". THE MIN NET CLEAR OPENING WIDTH SHALL BE 20".

EACH EGRESS WINDOW FROM SLEEPING ROOMS MUST HAVE A SILL HGHT OF NO MORE THAN 44" FROM THE FLOOR. ALL WINDOW SIZES ARE NOMINAL AND ARE TO BE VERIFIED WITH MANUFACTURER FOR AVAILABILITY AND CONFORMITY TO STATE AND LOCAL CODE REQUIREMENTS.

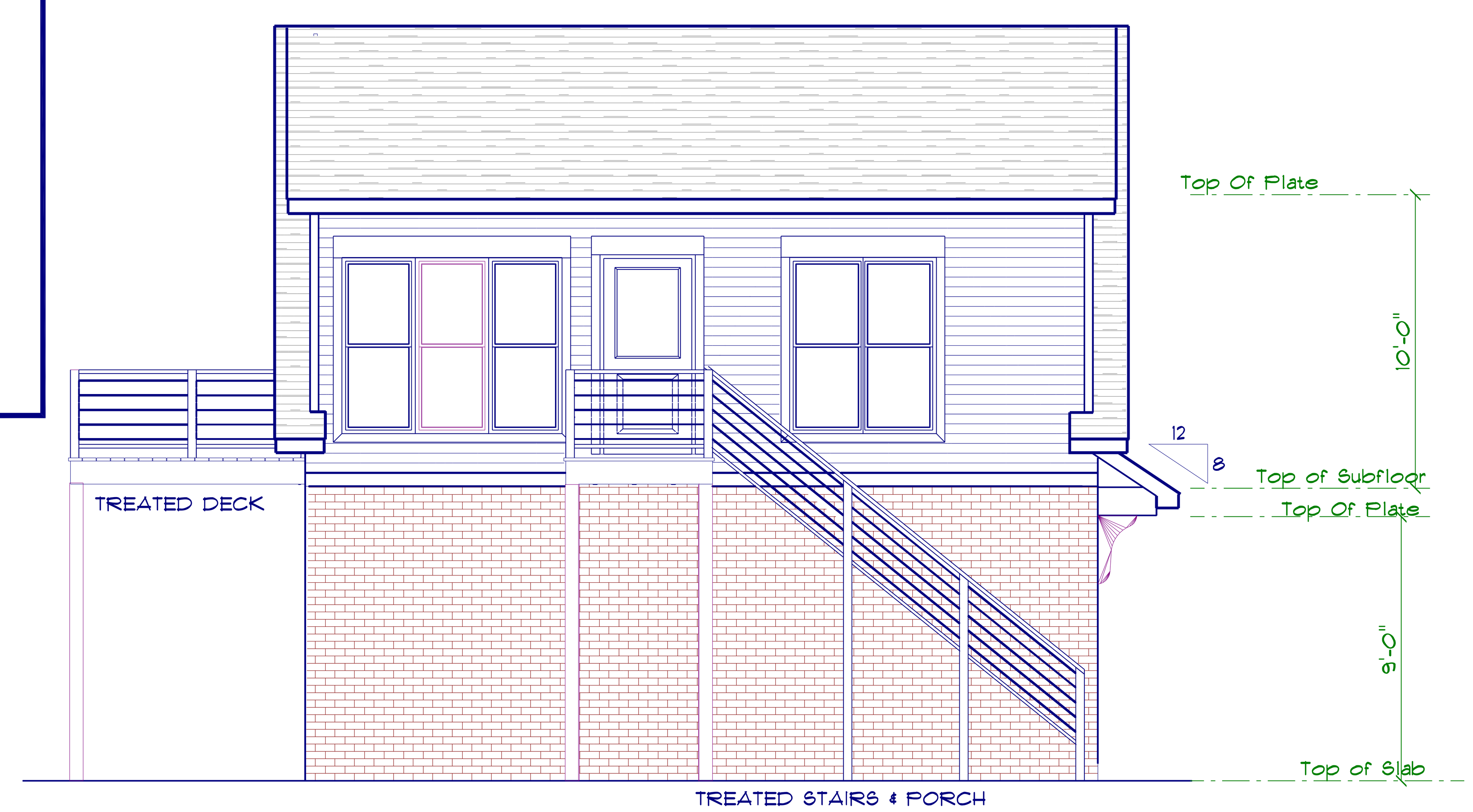
PORCHES, BALCONIES, OR RAISED FLOOR SURFACES LOCATED MORE THAN 30" ABOVE THE FLOOR OR GRADE BELOW SHALL HAVE GUARDRAILS NOT LESS THAN 32" IN HEIGHT.

I ASSUME NO RESPONSIBILITY FOR ANY DISTANCES AFTER START OF CONSTRUCTION.
CONTRACTOR/BUILDER SHALL CONSULT WITH HOME OWNER ON ALL INTERIOR AND EXTERIOR MOLDINGS, TRIMS, COLORS, FINISHES, CABINET LAYOUTS, AND MANUFACTORS BEFORE CONSTRUCTION BEGINS.
ALL BEAMS AND FRAMING MEMBERS ARE SIZED BY OTHERS.

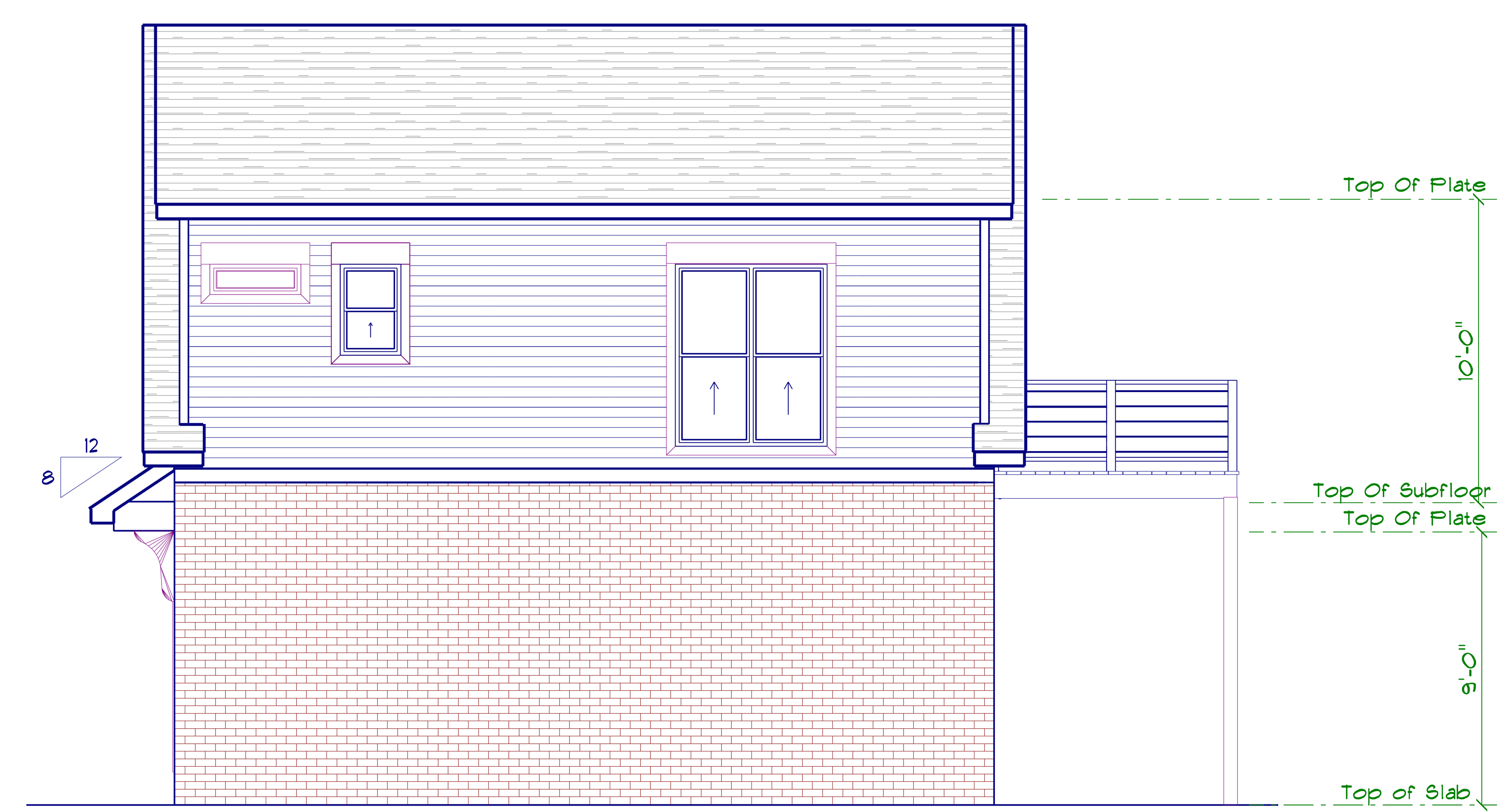
1.1 This plan has been drawn to comply with the 2018 NC Building Code

1.2 Minimum Design Loads for Building and Other Structures ASCE 7-98
2 Roof Dead Load 15 PSF
3 Roof Live Load 20 PSF
4 Typical Floor Dead Load 10 PSF
5 Floor Live Loads
 5.1 Rooms other than sleeping rooms 40 PSF
 5.2 Sleeping Rooms 30 PSF
 5.3 Stairs 40 PSF
 5.4 Decks 40 PSF
 5.5 Exterior Balconies 60 PSF
6 Wind Loads
 6.1 Ultimate Design Wind Speeds 15 MPH
 6.2 Wind Importance Factor, IW 1.00
 6.3 Exposure B
 6.4 Walls (Component and Cladding) 25 PSF
 6.5 Roofs (Component and Cladding)
  6.5.1 Roof Slopes 2.25/12 to 7/12 34.8 PSF
  6.5.2 Roof Slopes 7/12 to 12/12 21 PSF

It is the sole responsibility of the Contractor and/or Builder to conform to all standards, provisions, requirements, methods of construction and uses of materials provided in buildings and/or structures as required by NC Uniform Building Code, Local Agencies and in accordance with good engineering practices. Verify all dimensions prior to construction.




LEFT ELEVATION
SCALE: 1'= 1/4"




RIGHT ELEVATION
SCALE: 1'= 1/4"

PAGE #: 1A


DRD
Diane Rives Designs
6205 Mockingbird Lane
Sanford, N.C. 27332
919-770-0353
golfwoman@charter.net


SCALE: 1'= 3/16"
DRAWN BY:
DATE: 11/6/2023

BRYAN & CAROL LEWIS

ELEVATIONS

Exhibit A-5

Termite Soil Treatment: Treat entire slab area soil or crawl space surface before vapor barrier is installed and slab is poured with a state approved termiticide. Termiticide should be applied by a licensed and certified pest control professional by the state of North Carolina.

FOUNDATION NOTES:
ALL FOOTINGS SHALL BEAR ON ORIGINAL UNDISTURBED SOIL.
THE 28 DAY COMPRESSIVE STRENGTH OF ALL FOOTINGS IS 3000 PSI

PROVIDE WATER PROOFING AND PERIMETER DRAINS AS REQUIRED.

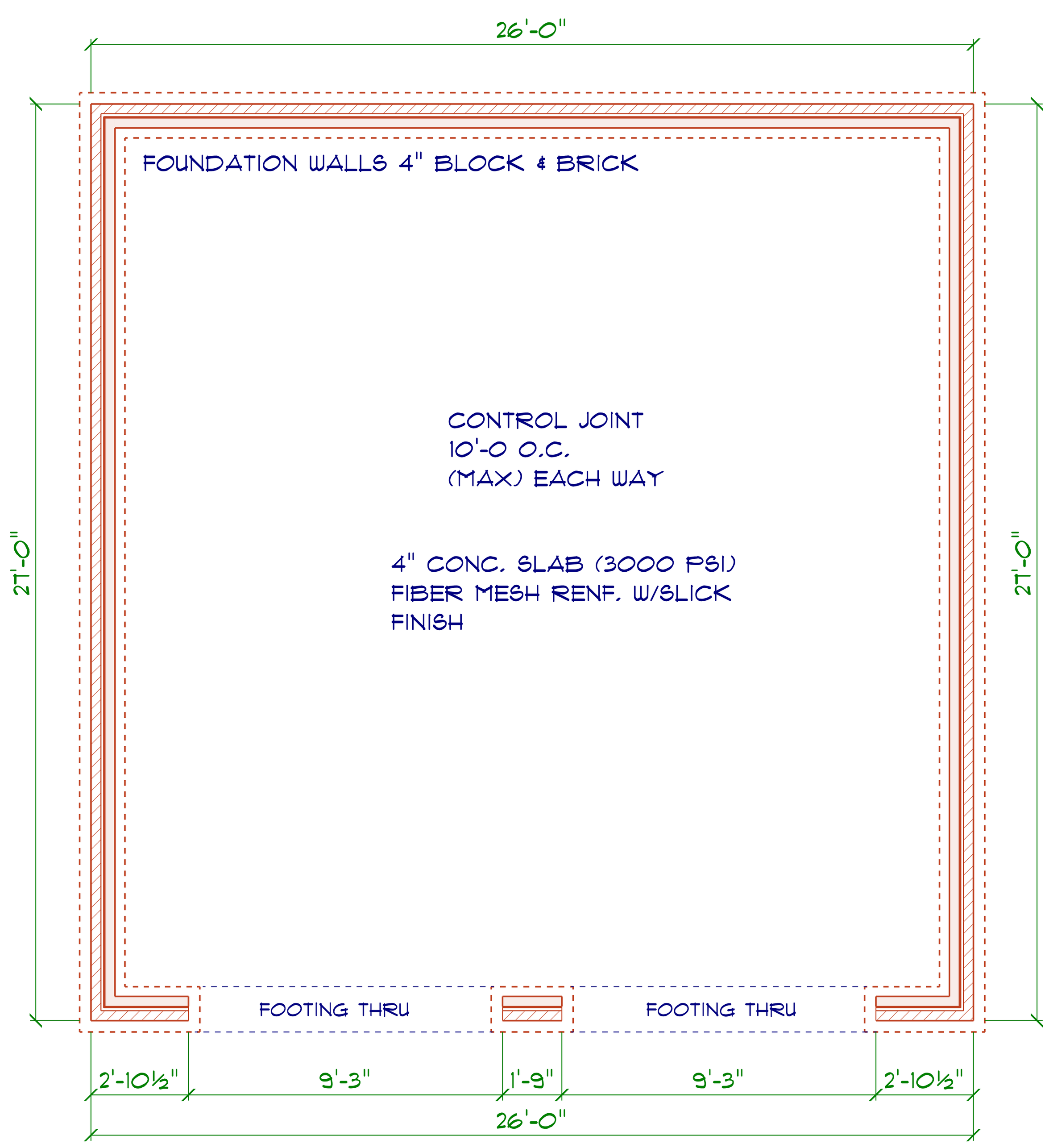
FOUNDATION CONCRETE MIX TO HAVE 1-1/2" MAX AGGREGATE SIZE. CONCRETE FILL MIX TO HAVE 1/2" MAX AGGREGATE SIZE.

FOOTING WIDTHS ARE BASED ON A LOAD-BEARING SOIL CAPACITY OF 2000 PSI.

PROVIDE 6 MIL POLY VAPOR BARRIER TO COVER GROUND SURFACE IN CRAWL SPACE

ALL ANCHOR BOLTS TO BE 12" LONG, 1/2" DIA. A36 UNO ANCHOR BOLTS SHALL BE SPACE AT A MAX OF 6' OC AND NO MORE THAN 1' FROM EA CORNER.

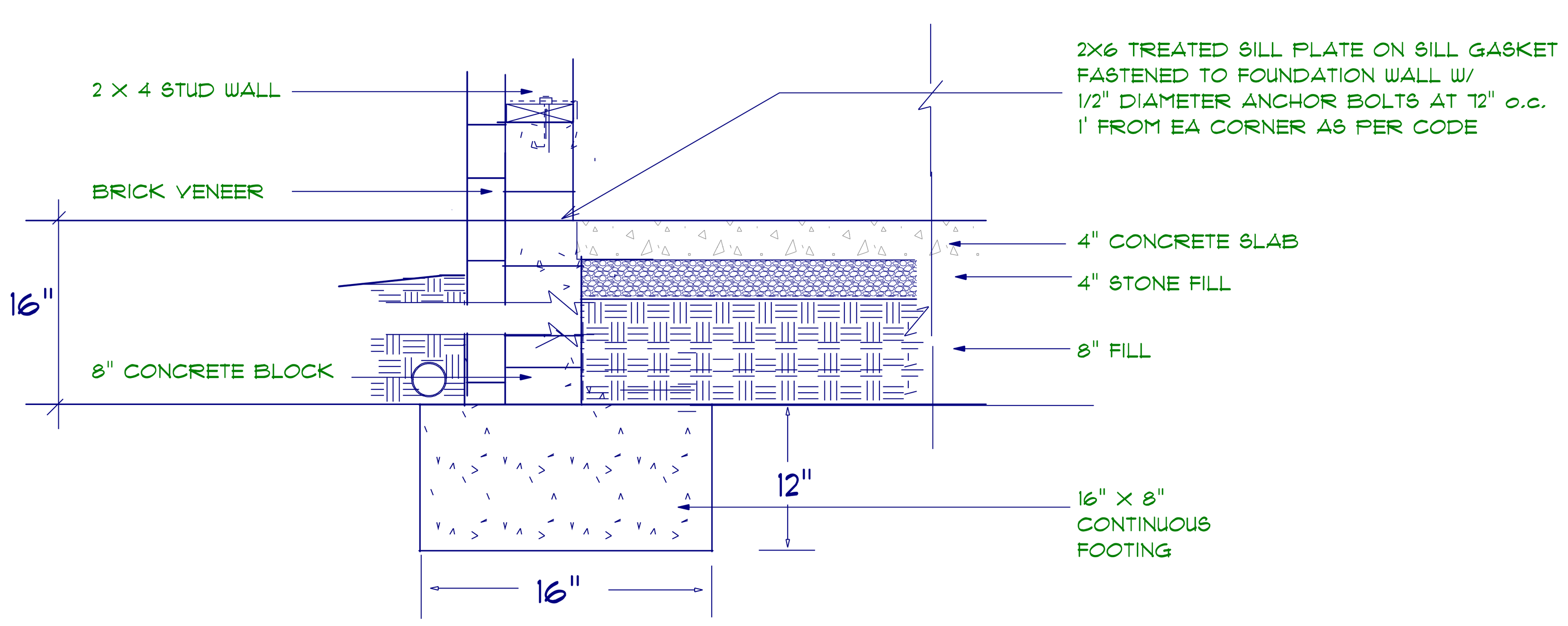
FOUNDATION NUTS, BOLTS, WASHERS 6'-0, OC 1'-0 FROM EACH CORNER




## GARAGE & FOUNDATION PLAN

SCALE: 1'= 1/4"

| AREA SCHEDULE | |
|---|---|
| NAME | AREA |
| Garage | 702 sq ft. |

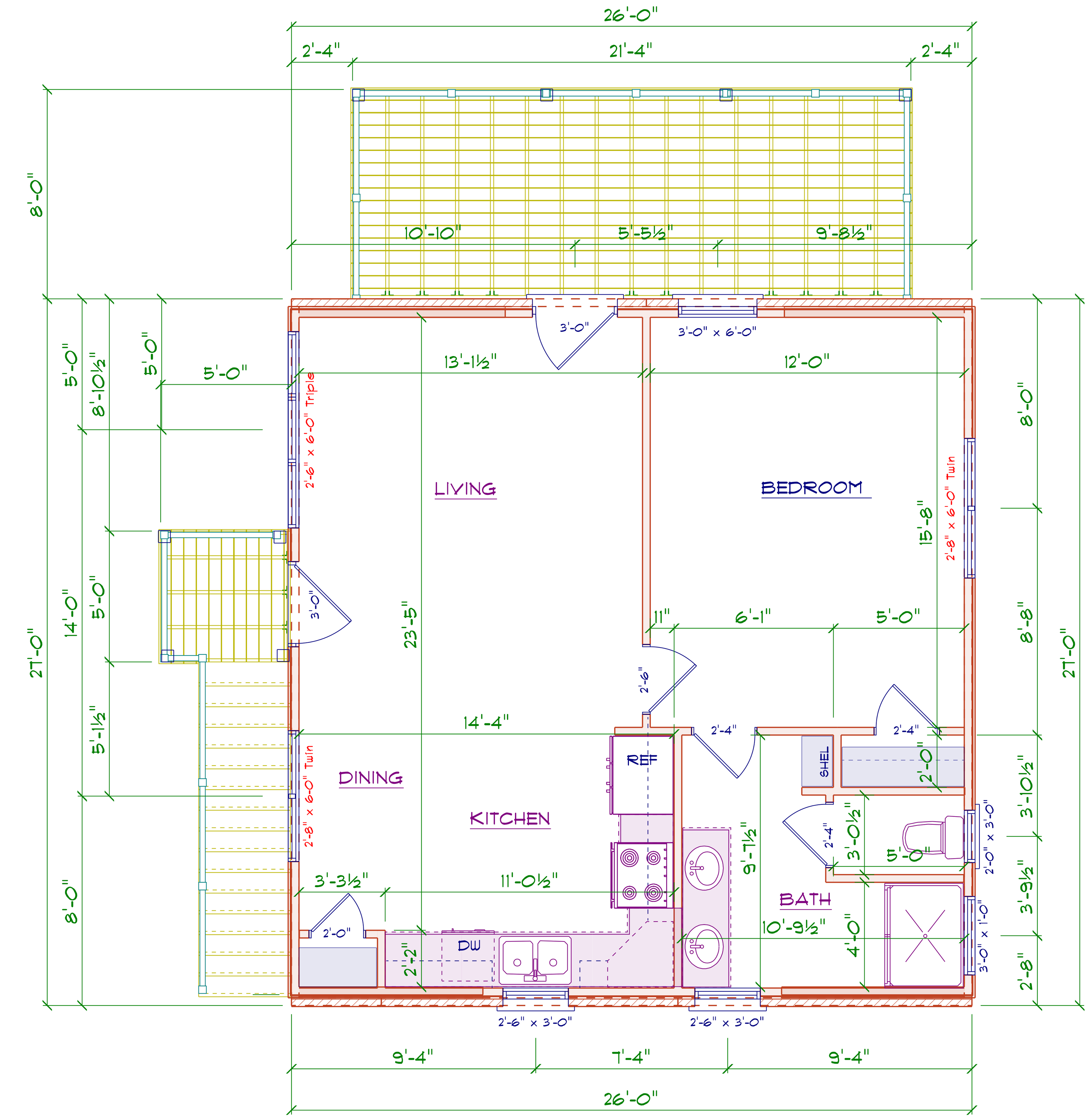



## GARAGE WALL FOUNDATION DETAIL

not to scale

| WINDOW SCHEDULE | | |
|---|---|---|
| SIZE | COUNT | LIBRARY NAME |
| 3'-0" x 6'-0" | 1 | Window\Single Hung |
| 2'-0" x 3'-0" | 1 | Window\Single Hung |
| 2'-6" x 3'-0" | 2 | Window\Single Hung |
| 2'-6" x 6'-0" Triple | 1 | Window\Single Hung |
| 2'-8" x 6-0" Twin | 1 | Window\Single Hung |
| 2'-8" x 6'-0" Twin | 1 | Window\Single Hung |
| 3'-0" x 1'-0" | 1 | Window\Transom |

| DOOR SCHEDULE | | | |
|---|---|---|---|
| SIZE | HINGE | COUNT | LIBRARY NAME |
| 3'-0" | L | 1 | Exterior Door\Country |
| 3'-0" | R | 1 | Exterior Door\French |
| 9'-0" | U | 2 | Garage\Tall Garage |
| 2'-0" | L | 1 | Interior Door\Colonial |
| 2'-4" | L | 1 | Interior Door\Colonial |
| 2'-4" | R | 2 | Interior Door\Colonial |
| 2'-6" | R | 1 | Interior Door\Colonial |




## 2ND FLOOR PLAN

SCALE: 1'= 1/4"

| AREA SCHEDULE | |
|---|---|
| NAME | AREA |
| Heated | 702 sq ft. |
| Treated Deck | 170.6 sq ft. |
| Side Porch Entry | 25 sq ft. |

GENERAL FRAMING NOTES:

ALL LUMBER IN CONTACT WITH CONCRETE OR MASONRY SHALL BE PRESSURE TREATED

FRAMING LUMBER SHALL BE SYP #2 GRADE AND/OR SPRUCE PINE FIR #1 AND/OR #2, KILN DRIED.

WHERE PRE-ENGINEERED JOISTS ARE USED, JOIST MANUFACTURER SHALL PROVIDE SHOP DRAWINGS, WHICH BEAR SEAL OF A N.C. ENGINEER.

STUDS AND JOISTS SHALL NOT BE CUT TO INSTALL PLUMBING OR WIRING WITHOUT ADDING METAL OR WOOD SIDE PANELS TO STRENGTHEN THE MEMBER TO ITS ORIGINAL CAPACITY.

NAIL MULTIPLE MEMBERS WITH 2 ROWS OF 16d NAILS STAGGERED 32" OC AN USE 3-16d NAILS 2" IN AT EACH END. DOUBLE ALL STUDS UNDER ROOF POST DOWNS UNO.

NAIL FLOOR JOISTS TO SILL PLATE WITH 8d TOE NAILS.

ALL EXPOSED FRAMING ON PORCHES AND DECKS SHALL BE PRESSURE TREATED.

PROVIDE WATERPROOFING AND DRAINS AS REQUIRED.

ALL FRAMING TO BE 16" OC UNO. WALL FRAMING DIMENSIONS ARE BASED ON 2 X 4 STUDS UNO. DOUBLE STUDS UNDER ALL HEADERS.

LVL'S AND TJI'S TO BE SIZED BY OTHERS

EXTERIOR WALLS IN LIVING AREAS ARE 2 X 4

PAGE #: 2A


DRD
Diane Rives Designs
6205 Mockingbird Lane
Sanford, N.C. 27332
919-770-0353
golfwoman@charter.net

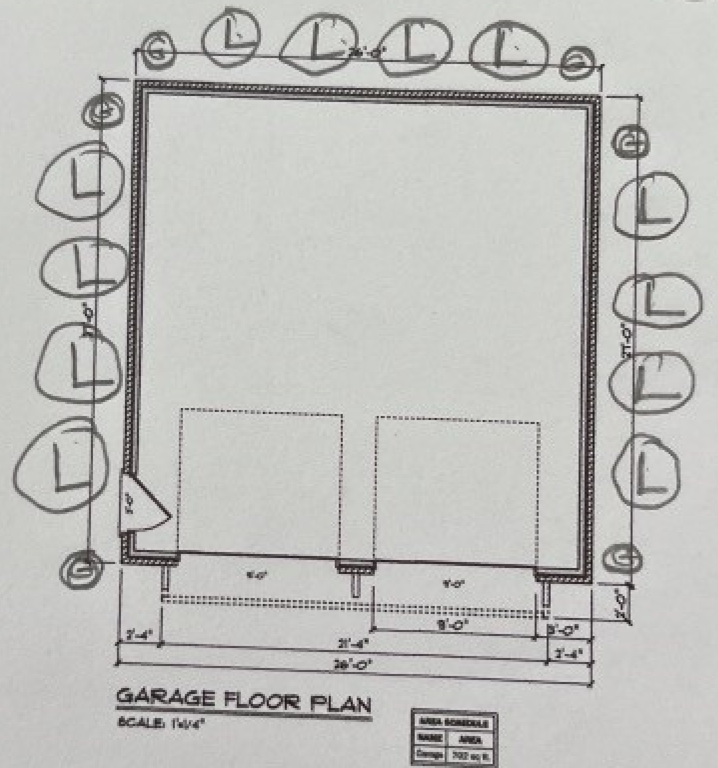

SCALE: 1'= 3/16"
DRAWN BY:
DATE: 11/6/2023

BRYAN & CAROL LEWIS

GARAGE & 2ND FLOOR PLAN

Exhibit A-6

# Lewis Carriage House
# Foundation Planting




## Legend

G - 3 gallon Gardenia bush
(Quantity = 6)

L - 5 gallon Lorapettulum bush
(Quantity = 12)

Exhibit S-1.1

PLANNING AND INSPECTIONS DEPARTMENT STAFF REPORT

**To:** Mayor Strickland and Village Council
**From:** Pamela Graham, Planning Supervisor
Alex Cameron, Planning & Inspections Director
**Cc:** Jeff Sanborn, Village Manager
**Date:** November 9, 2023

**Subject: Staff Report for Special Use Permit Request to establish an Accessory Dwelling at 455 St. Andrews Drive**

**Project Profile:**

| | |
|---|---|
| **Owner/Applicant:** | Bryan and Carol Lewis |
| **Property Location:** | 455 St. Andrews Drive |
| **Zoning:** | R-10 High Density Residential District is established as a district in which the principal use of land is for high-density residential uses. This district is further intended to discourage any use which would be detrimental to the predominately residential nature of the areas included within the district. |
| **Land Area:** | 0.62 Acres |
| **Current Land Use:** | Single Family Residential |
| **Proposed Land Use:** | Accessory Dwelling |

**Request and Background:**

The applicant is requesting to establish an accessory dwelling unit (ADU) on the property that also contains their residence. Two adjoining parcels were "recombined" in September of 2023, creating a lot with a total square footage of 26,656, allowing additional space for the accessory dwelling. However, the property continues to be identified by two parcel identification numbers by Moore County, those being PID # 00025542 and 00016746. The owners, Bryan and Carol Lewis, purchased the lot containing the principal structure in August of 2017, and the lot where the accessory dwelling is proposed to be constructed in September of 2023. The deed executed in September of this year includes the following conditions and restrictions for the property (the

"Grantor" referenced in the deed is Pinehurst, LLC). These restrictions fall outside of the Village's regulatory capacity, but offer some explanation as to how the design for this proposal developed.

1. The Property, together with Lot 110, Unit 1, Phase 1 as per Map Book 10, Pages 13-16, will be considered one lot or curtilage for all purposes and may not thereafter be subdivided in any manner without the express written consent of the Grantor or its successor in interest.
2. The Property shall be restricted to the construction of only one (1) carriage house/cottage, which structure shall contain no more than two (2) floors, having (i) no more than two (2) bedrooms and two (2) bathrooms, (ii) a maximum heated area of no more than eight hundred (800) square feet and (iii) a building footprint of no greater than nine hundred (900) square feet.
3. Plans for the carriage house/cottage must be submitted to the Grantor for review and input as to the appearance of the exterior of the carriage house/cottage.

A Special Use Permit is required to be obtained based on Section 8.5.1a of the Pinehurst Development Ordinance (PDO) to establish an accessory dwelling, as an accessory use, within the R-10 Zoning District. The process and requirements for Special Use Permits are set forth in Section 4.5 of the PDO.

Accessory dwellings are defined as "a dwelling unit either added within an existing single family detached dwelling or in a separate accessory structure on the same lot as the principal dwelling, or within a commercial building for use as a complete, independent living facility with provision within the accessory dwelling unit for cooking, eating, sanitation and sleeping."

The subject property is located west of N.C Hwy 5/Beulah Hill Road on the portion of St. Andrews Drive that lies between Lost Tree Road and Quail Lake Road. The recently recombined parcel is immediately adjacent to a portion of the Pinehurst No. 5 course and was created by combining the lot that contains the existing primary structure and a lot previously owned by Pinehurst, LLC. The property is located within the Village's Corporate Limits. All the surrounding properties are zoned R-10 and contain single family residences, with the exception of the Pinehurst No. 5 course, which carries an RD (Recreation Development) District designation. Please see the table below and attached Area Zoning Map.

| **Adjacent Land Use and Zoning** | | |
|---|---|---|
| **Area** | **Existing Uses** | **Zoning** |
| North | Single Family Residence | R-10 |
| West | Golf Course | RD |
| South | Single Family Residence | R-10 |
| East | Single Family Residence | R-10 |

**Dimensional Standards:**

The location for the proposed accessory dwelling is as shown on the attached Proposed Site Plan Survey 21' from the existing principal structure. Although the proposed structure is only required to meet accessory structure setback requirements, which are typically less than setback requirements for principal structures, the plan shows the intent of the owners to meet principal structure setbacks, in keeping with other structures along St. Andrews Drive. Dimensional criteria are found in Table 9.2a of the PDO, and the specifics of how the current proposal compares with those criteria are summarized in the table on the following page of this report. The plan includes dimensions showing the proposed location being appropriately located in the side yard of the property.

The existing primary dwelling comprises approximately 2,792 heated square feet. The proposed heated area of the accessory dwelling is 702 square feet, or 25% of the total heated square feet of the primary dwelling. The proposed footprint of both dwellings meet the setback criteria for the R-10 zoning district.

The total proposed impervious surface of the project is 27 percent. The Pinehurst Development Ordinance (PDO) in Section 9.2a, "Table of Dimensional Requirements" allows a total impervious surface of 40% in the R-10 Zoning District. Although the property is located in the WS-II Watershed, PDO Section 8.3.3.3 (B) exempts development existing as of June 21, 1993 from being included in the density calculations when new development is proposed. The existing home was constructed in 1992. Removing the existing impervious area from the calculation brings the new impervious area to 8.63% of the 26,656 square foot parcel, below the 12% maximum allowed in the WS-II Watershed. Two parcels were combined via recorded plat in September of this year. A copy of the recorded plat is attached to this report.

Therefore, the project, as proposed, meets all the dimensional requirements set forth in Section 9.2a of the PDO.

| **Table 9.2a Dimensional Requirements** | | | |
|---|---|---|---|
| **Dimensional Standard** | **Accessory Structure Requirement** | **Principal Structure Requirement** | **Proposed/Existing** |
| Minimum Lot Size | 10,000 square feet | | 26,656 square feet |
| Minimum Front Yard Setback | May not be located in the front yard | 30 feet | 36.46 feet |
| Minimum Side Yard Golf Course Setback | 30 feet | 30 feet | 72.97 Feet |
| Minimum Rear Yard Setback | 10 feet | 25 feet | 54.93 Feet |
| Maximum Building Height | 35 feet | 35 feet | 25 feet, 6.25 inches |

**Special Requirements:**

Accessory Dwellings in all districts must meet the Special Requirements (SR) of SR-109 in Section 8.7 of the PDO. The proposal meets all the applicable special requirements of SR-109. Details are provided below.

Section 8.7
SR-109 Accessory Dwelling

1. An accessory dwelling may be within, attached, or separate from the principal building;
   - *The proposed accessory dwelling is detached from the principal building.*
2. The principal use of the lot shall be a detached dwelling, built to the standards of the North Carolina State Building Code;

- *The proposed accessory dwelling will be reviewed for conformance to the standards of the North Carolina Building Code by Pinehurst Building Inspectors prior to being issued a building permit and conformance will be confirmed by inspections prior to issuance of a Certificate of Occupancy at the completion of construction.*

3. No more than one accessory dwelling shall be permitted on a single deeded lot in conjunction with the principal dwelling unit;
   - *Only one accessory dwelling has been proposed and none currently exist on the property.*
4. The accessory dwelling shall be owned by the same person as the principal dwelling;
   - *Bryan and Carol Lewis will be the owners of both the principal and accessory dwelling.*
5. The accessory dwelling shall not be served by a driveway separate from that serving the principal dwelling, except where access is available from another public way and where impacts on adjacent properties is minimized;
   - *Based on the site plan, a single driveway will serve both the accessory dwelling and the principal dwelling.*
6. An accessory dwelling shall not exceed 30% of the heated floor area of the principal dwelling (this proposal is equal to 30% of the principal dwelling), or six hundred square feet, whichever is greater;
   - *The total conditioned or heated square footage of the principal dwelling is 2,983 square feet. The applicants are proposing an accessory dwelling of 702 square feet, or 23.5% of the principal dwelling.*

**Standards of Review:**

Special Use Applications shall not be approved by Village Council unless and until Village Council makes findings, based on evidence and testimony received at the quasi-judicial evidentiary hearing and made part of the record, that the application meets the adopted standards of review in Section 4.5.6 of the PDO. The applicant has included, as a part of their submission, a justification document that addresses each of the review standards below. The applicant's justification document and other submitted material have been included as exhibits on Novus, the Village of Pinehurst online agenda.

***4.5.6 Standards of Review***

*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 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.*

**Comprehensive Land Use Plan**

The 2019 Village of Pinehurst Comprehensive Plan, Guiding Principle #3, Places to Live (page 118), "Protect and enhance the quality and character of existing residential neighborhoods. Seek opportunities to offer a variety of housing types that appeal to a wide range of households and enable residents to live in Pinehurst throughout all stages of life. Ensure neighborhoods are connected to walkable destinations such as parks, open spaces, recreational facilities, and other activity centers."

**Recommendation:**

Staff has reviewed the application for the Special Use Permit and reviewed the material along with the objective standards in the PDO. The proposed accessory dwelling meets the special requirements of SR-109 for accessory dwellings as well as the dimensional criteria and other applicable requirements in the PDO. However, the property will have limited future development capability due to the PDO's restrictions on impervious areas within the WS-II Water Supply Watershed. Staff recommends that should the proposal be approved, a condition of approval be included that spells out this limitation. The following condition has been drafted for consideration:

> *In order to ensure future compliance with the WS-II Watershed Protection District requirements (see Sec. 8.3.3.3(B) and 8.3.3.5(B), impervious surface is limited to 12% of the lot area excluding any development existing prior to June 21, 1993. This limits the total impervious area of the property to 7,391 square feet.*

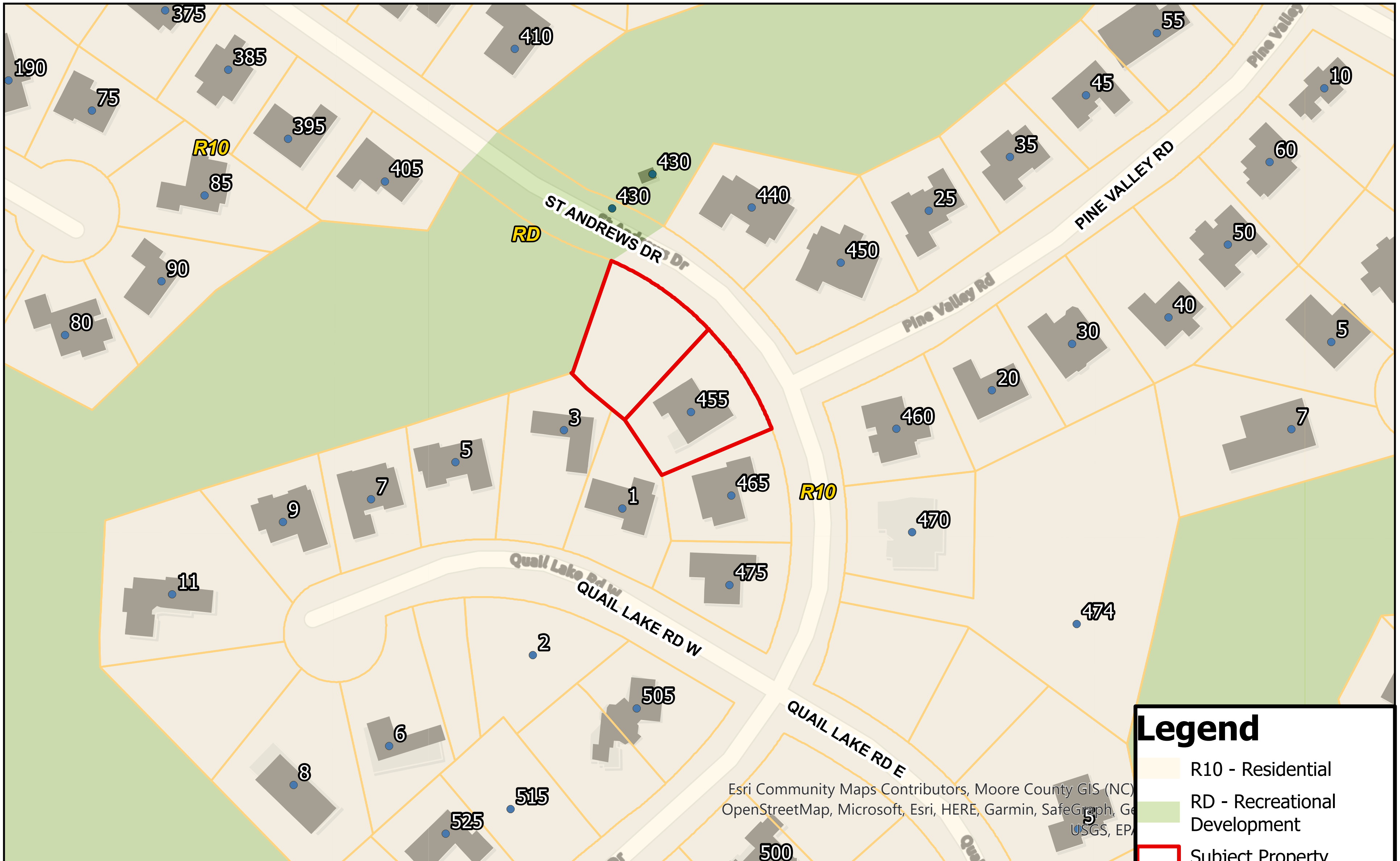
Staff does not formulate a recommendation on Special Use Permit requests as the decision by the Village Council shall be based solely on the testimony and evidence submitted at the quasi-judicial hearing.

This report along with its attachments and material submitted by the applicant shall also be included as submitted evidence and made part of the record during the hearing unless objected to by a party with standing.

**Attachments:**

- Applicant's Site Plan
- Applicant's Response to PDO Standards
- Applicant's Floor Plan
- Applicant's Elevation Drawings 1-4
- Applicant's Landscaping Plan
- Area Map
- Aerial Map
- Public Hearing Notification Packet
- Deed for Lot with Primary Structure (2017)
- Deed for Lot for Proposed Structure (2023)
- 2023 Recombination Plat

Exhibit S-1.6




0 187.5 375 Feet

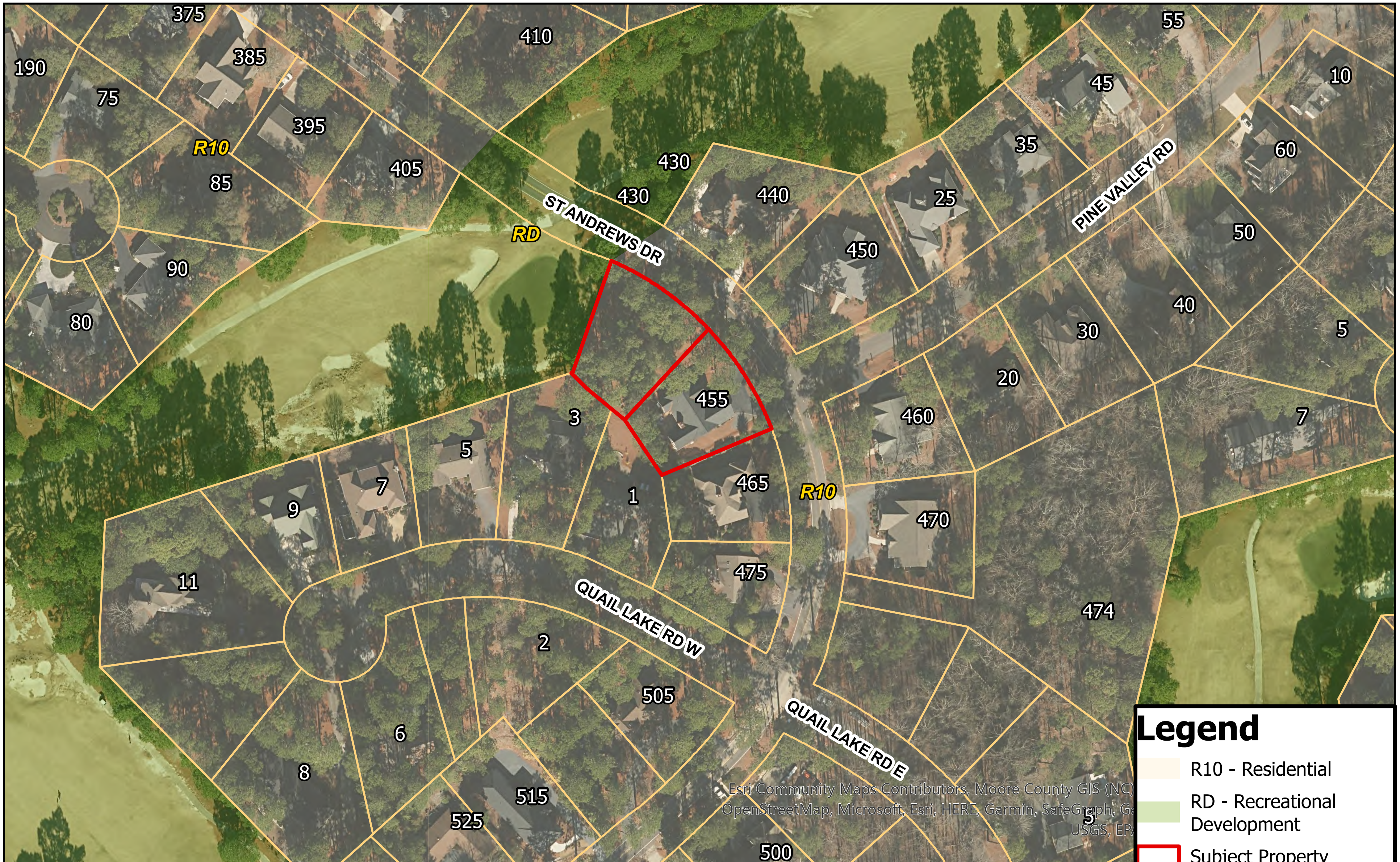
Village of Pinehurst Disclaimer: It is understood that the data contained herein is subject to constant change and that its accuracy cannot be guaranteed.
The maps have been created from information provided by various government and private sources at various levels of accuracy.
The data is provided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

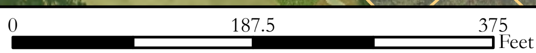
**November 14, 2023**
**Village Council**
**455 St. Andrews Drive**
**Area Map**

1895 VILLAGE OF PINEHURST

N W E S

Exhibit S-1.7




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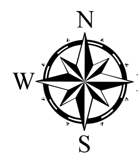
Grid is based on North Carolina State Plane Coordinate System NAD83 (feet).

**November 14, 2023**
**Village Council**
**455 St. Andrews Drive**
**Aerial Map**

1895 VILLAGE OF PINEHURST



VILLAGE OF PINEHURST 1895

HISTORY, CHARM, AND SOUTHERN HOSPITALITY

**NOTICE OF PUBLIC HEARING**
**VILLAGE OF PINEHURST**

**Dear Property Owner:**

The Pinehurst Village Council will be holding a Public Hearing on:

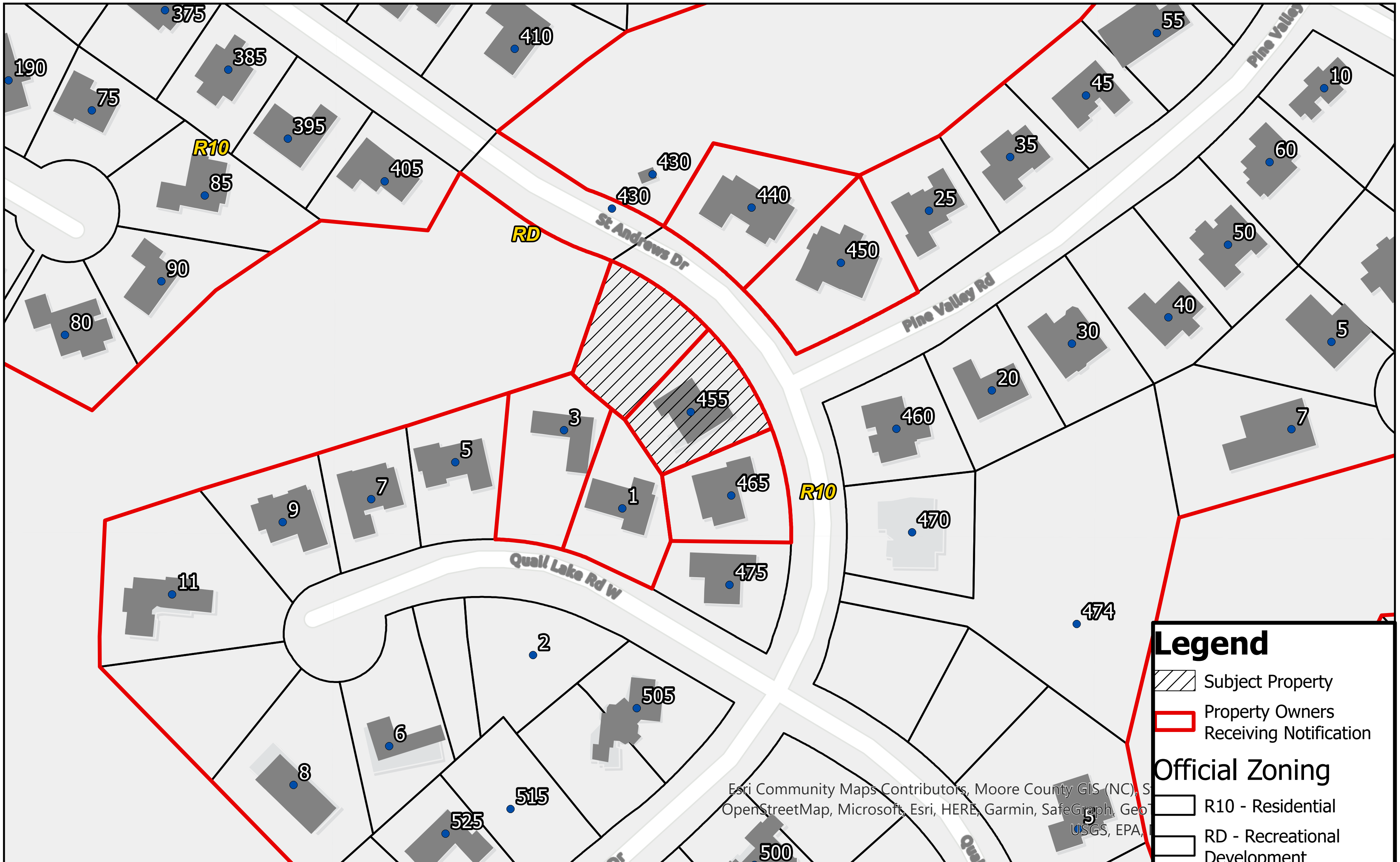
Tuesday, November 14, 2023
4:30 PM
Village Assembly Hall
395 Magnolia Road, Pinehurst, N.C.
Livestreamed at: www.vopnc.org/live

*To consider a request for a Special Use Permit for Bryan and Carol Lewis in order to establish an Accessory Dwelling at 455 St. Andrews Drive. This property is located in the R-10 (High Density Residential) Zoning District. This property is further identified as Moore County PID #00025542. The applicants are Bryan and Carol Lewis.*

As the owner of said property, or an owner of adjacent property, 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 **OR** will be available online the week of the meeting at: https://pinehurst.novusagenda.com/agendapublic/. For more information, please call (910) 295- 2581.

# Public Hearing Notification

Exhibit S-1.9




0 187.5 375 Feet

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

**November 14, 2023**
**Village Council**
**455 St. Andrews Drive**
**Special Use Permit**

1895 Village of PINEHURST

N W E S

Exhibit S-1.10

LEWIS, BRYAN D
80 GABRIEL DR
SOUTH HAVEN,MI,49090

STEVENS, MICHAEL R
450 ST ANDREWS DRIVE
PINEHURST,NC,28374

WALKER, TERRY
3 W QUAIL LAKE RD
PINEHURST,NC,28374

MCCALL, JOHN D & DIANE S
465 ST ANDREWS DR
PINEHURST,NC,28374

LEWIS, BRYAN D
80 GABRIEL DR
SOUTH HAVEN,MI,49090

RESORTS OF PINEHURST INC
PO BOX 4000
PINEHURST,NC,28374

TEE HOUSE LLC
52 MAPLE AVENUE
MORRISTOWN,NJ,07960

JENNINGS, DALE P TRUSTEE
1 QUAIL LAKE RD W
PINEHURST,NC,28374-9502

For Registration Register of Deeds
Judy D. Martin
Moore County, NC
Electronically Recorded
August 10, 2017 3:59:02 PM
Book: 4858 Page: 224 - 227 #Pages: 4
Fee: $26.00 NC Rev Stamp: $522.00
Instrument # 2017011803

Prepared by: James E. McNeill of Clarke, Phifer, Vaughn, Brenner & McNeill, PLLC,
No Title Search
Index Description: Lot No. 110, Unit 1, Phase 1, Pinehurst, Incorporated
Stamps: $522.00

# GENERAL WARRANTY DEED

THIS DEED made this 21st day of July, 2017 by and between:

| GRANTOR | GRANTEE |
|---|---|
| **STEVEN SURAL**<br>**And wife,**<br>**BRENDA J. SURAL** | **BRYAN D. LEWIS**<br>**And**<br>**CAROL S. LEWIS**<br><br>**80 Gabriel Drive**<br>**South Haven, MI 49090** |

The terms Grantor and Grantee, as used herein, shall include said Parties, their heirs, successors and assigns, and shall include the singular, plural, masculine, feminine or neuter as required by context.

WITNESSETH, that Grantor, for valuable consideration paid by Grantee, the receipt and sufficiency of which is hereby expressly acknowledged, has and by these presents does grant, bargain, sell and convey unto Grantee in fee simple, all that certain lot or parcel of land situated in Mineral Springs Township, Moore County, North Carolina and more particularly described as follows:

**See attached Exhibit "A" incorporated herein.**

This conveyance is made subject to (i) restrictive covenants of record affecting the property; (ii) easements and rights-of-way of record affecting the property; (iii) county and/or municipal zoning laws, ordinances and regulations; (iv) matters disclosed on any map or plat referenced above; and (v) the lien for ad valorem property taxes for the year of this conveyance, to be prorated at closing.

The property being conveyed herein ______does or __✓__does not contain the principal residence of the Grantor.

The property hereinabove conveyed was acquired by Grantor by Instrument recorded in the Moore County Registry in Book 4069, Page 353.

This Deed was prepared without a review or examination of the above described property title and no opinions or representations are being made either expressly or impliedly by the drafter of this Deed.

AND GRANTOR COVENANTS with Grantee, that Grantor is seized of the premises in fee simple, has the right to convey the same in fee simple, that title is marketable and free and clear of all encumbrances, and that Grantor will warrant and defend the title against the lawful claims of all persons whomsoever except with respect to the exceptions expressly stated herein.

TO HAVE AND TO HOLD the property described herein and all privileges and appurtenances thereto belonging to Grantee in fee simple.

*{The remainder of this page is intentionally left blank; Acknowledgments Follow}*

IN WITNESS WHEREOF, Grantor has hereunto set his hand and seal, the day and year first above written.

By: Steven Sural (SEAL)
Steven Sural

By: Brenda J. Sural (SEAL)
Brenda J. Sural

STATE OF NORTH CAROLINA
COUNTY OF MOORE

I, BETH KELLEY, certify that the following person(s) personally appeared before me this day, and ______ I have personal knowledge of the identity of the principal(s) OR ✓ I have seen satisfactory evidence of the principal's identity, by a current state or federal identification with the principle's photograph in the form of a ILDL OR ______ a credible witness has sworn to the identity of the principle(s); each acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: Steven Sural.

Date: 7-21-17

Notary Public

(Official Seal) BETH KELLEY NOTARY PUBLIC MOORE COUNTY, NC

My commission expires: 11-23-2019

STATE OF NORTH CAROLINA
COUNTY OF MOORE

I, BETH KELLEY, certify that the following person(s) personally appeared before me this day, and ______ I have personal knowledge of the identity of the principal(s) OR ✓ I have seen satisfactory evidence of the principal's identity, by a current state or federal identification with the principle's photograph in the form of a ILDL OR ______ a credible witness has sworn to the identity of the principle(s); each acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: Brenda J. Sural.

Date: 7-21-17

Notary Public

(Official Seal) BETH KELLEY NOTARY PUBLIC MOORE COUNTY, NC

My commission expires: 11-23-2019

# EXHIBIT "A"

**Being all of Lot No. 110, Unit 1, Phase 1**, of the property of Pinehurst, Incorporated, as shown on a plat thereof recorded in Map Book 10, Pages 13-16, Inclusive, of the Moore County Public Registry, to which map and its recordation reference is hereby made for a more complete, accurate, and particular description of said Lot.

For Registration Register of Deeds
William Britton
Moore County, NC
Electronically Recorded
September 6, 2023 10:00:49 AM
Book: 6066 Page: 145 - 148 #Pages: 4
Fee: $26.00 NC Rev Stamp: $180.00
Instrument # 2023012035

Prepared by:
John M. May, Esq.
Robbins May & Rich LLP
120 Applecross Road, Pinehurst, NC 28374
No Title Exam By Drafting Attorney

# NORTH CAROLINA LIMITED WARRANTY DEED

Excise Tax: $180.00

Parcel Identifier No.__________________ Verified by ______________ County on the ____ day of_______________, 20___
By:________________________________________________

Brief description for the Index: Lot 111, Unit 1, Phase 1, Pinehurst

THIS DEED entered into as of this the 31 day of August, 2023, by and between

| Grantor | Grantee |
|---|---|
| **Pinehurst, LLC,** a North Carolina limited liability company (by conversion from Pinehurst, Inc.)<br>PO Box 4000<br>Pinehurst, NC 28374 | Bryan D. Lewis and<br>Carol S. Lewis, Husband and Wife<br>80 Gabriel Drive<br>South Haven, MI 49090 |

The designation Grantor and Grantee as used herein shall include said parties, their heirs, successors, and assigns, and shall include singular, plural, masculine, feminine or neuter as required by context.

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

**See Exhibit "A" attached hereto and incorporated herein by reference.**

Subject and together with utility easements, other easements and restrictive covenants that are enforceable against or a benefit to the property, if any, and to the lien for ad valorem property taxes for the current year to be prorated at closing.

The property hereinabove described was acquired by Grantor by instrument recorded in Book 1637, Page 243, Moore County Registry, North Carolina.

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

TO HAVE AND TO HOLD the aforesaid lot or parcel of land and all privileges and appurtenances thereto belonging to the Grantee in fee simple.

And the Grantor covenants with the Grantee, that Grantor has done nothing to impair such title as Grantor received, and Grantor will warrant and defend the title against the lawful claims of all persons claiming by, under or through Grantor, except for the exceptions noted above.

[Signature Page to Follow]

IN WITNESS WHEREOF, this instrument is executed (a), if by individuals, by hereunto setting their hands under seal by adoption of the word "SEAL" appearing next to the individuals' names or signatures, (b), if by a corporation, by the duly authorized officers, directors or shareholders of the corporation on its behalf under seal by adoption of the facsimile seal printed hereon for such purpose or, if an impression seal appears hereon, by affixing such impression seal or by adoption of the word "SEAL" appearing next to the name of the corporation or the signatures of the officers, directors or shareholders, (c), if by a partnership, by the duly authorized partners of the partnership on its behalf under seal by adoption of the word "SEAL" appearing next to the name of the partnership or the signatures of the partners or (d), if by a limited liability company, by the duly authorized members or managers on its behalf under seal by adoption of the word "SEAL" appearing next to the name of the limited liability company or the signatures of the members or managers, on the day and year first above written.

Pinehurst, LLC

By: Putterboy, Ltd.,
a Texas limited liability company, Sole Member

By: ______________________(SEAL)
Richard T. Higginbotham – Authorized Representative

STATE OF North Carolina, COUNTY OF Moore

I certify that the following person personally appeared before me this day and acknowledged to me that the following person voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated:

| Name | Capacity |
|---|---|
| Richard T. Higginbotham | Authorized Representative |

☒ I have personal knowledge of the identity of the principal;

☐ I have seen satisfactory evidence of the principal's identity, by a current state or federal identification with the principal's photograph in the form of a ______________; or

☐ A credible witness has sworn to the identity of the principal

Witness my hand and official stamp or seal on this the 31st day of August, 2023.

Lori A Kish
NOTARY PUBLIC
Moore County, NC
My Commission Expires February 03, 2028

Lori A. Kish
Notary Public

Print notary name: LORI A. KISH
*(notary name must be exactly as on notary seal)*

My commission expires: February 3, 2028

*[affix notary seal above, which must be fully legible]*

EXHIBIT "A"

Being all of Lot 111, Unit 1, Phase 1 of the property of Pinehurst, Incorporated, as shown on the plat thereof recorded in the Office of the Register of Deeds of Moore County, North Carolina in Map Book 10, Pages 13-16, inclusive, together with all easements and privileges appurtenant to said property and created in the documents hereafter mentioned.

The above-described property (the "Property") is being conveyed subject to the following conditions and restrictions which shall be appurtenant to and run with title to the Property and shall not be removed or otherwise amended unless consented to in writing signed by Pinehurst, LLC or its successor in interest and recorded in the Moore County Public Registry:

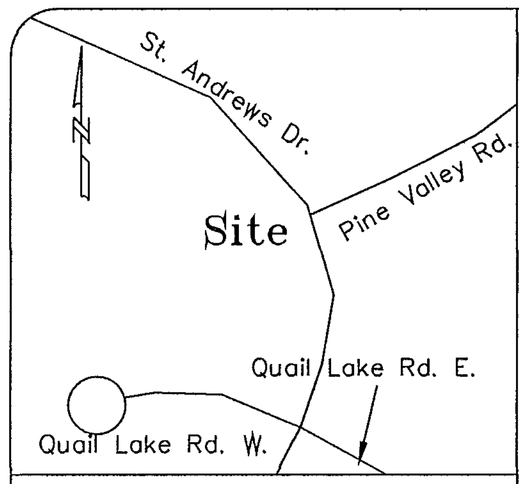
1. The Property, together with Lot 110, Unit 1, Phase 1 as per Map Book 10, Pages 13-16, will be considered one lot or curtilage for all purposes and may not thereafter be subdivided in any manner without the express written consent of the Grantor or its successor in interest.

2. The Property shall be restricted to the construction of only one (1) carriage house/cottage, which structure shall contain no more than two (2) floors, having (i) no more than two (2) bedrooms and two (2) bathrooms, (ii) a maximum heated area of no more than eight hundred (800) square feet and (iii) a building footprint of no greater than nine hundred (900) square feet.

3. Plans for the carriage house/cottage must be submitted to the Grantor for review and input as to the appearance of the exterior of the carriage house/cottage.

Exhibit S-1.19

9




Vicinity Map (Not to Scale)

I, Ryan D. McBryde, certify that this plat was drawn under my supervision from an actual survey made under my supervision (deed description recorded in Book 1637,4858 Page 243,224); that the boundaries not surveyed are clearly indicated as drawn from information as indicated; that the ratio of precision as calculated is 1:20,000+; that this plat was prepared in accordance with G.S. 47-30 as amended. Witness my original signature, registration number and seal this 17th day of August A.D., 20 23

Professional Land Surveyor

L-4394
Registration Number

State of North Carolina
County of Moore

I, Dena Barner, Review Officer of Moore County, certify that the map or plat to which this certification is affixed meets all statutory requirements for recording.

Dena Barner
Review Officer

9/21/23
Date

State of North Carolina
Village of Pinehurst

I, hereby cerify that the division of property shown and described hereon is exempt from the Village of Pinegurst Subdivision Ordinance.

Jeffrey M Sanborn
Village Manager
(Designated Authorized Representative)

9/20/23
Date

PLAT CABINET 20 SLIDE 9

FOR REGISTRATION REGISTER OF DEEDS
William Britton
Moore County, NC
September 21, 2023 08:45:32 AM
Book 20 Page 9-9
FEE: $21.00
INSTRUMENT # 2023012793

Per M.B. 10, PG 14
Moore County Registry

Watershed Certificate

I, certify that the plot shown hereon complies with the Village of Pinehurst Watershed Protection Ordinance and is approved by myself, as agent for the Watershed Review Board of recording in the Moore County Register of Deeds Office.

9/20/2023
Date

Maria Carpenter
Village Planner

NOTICE: This property is Located within a Public Water Supply Watrershed-Development Restrictions May Apply. WS-II

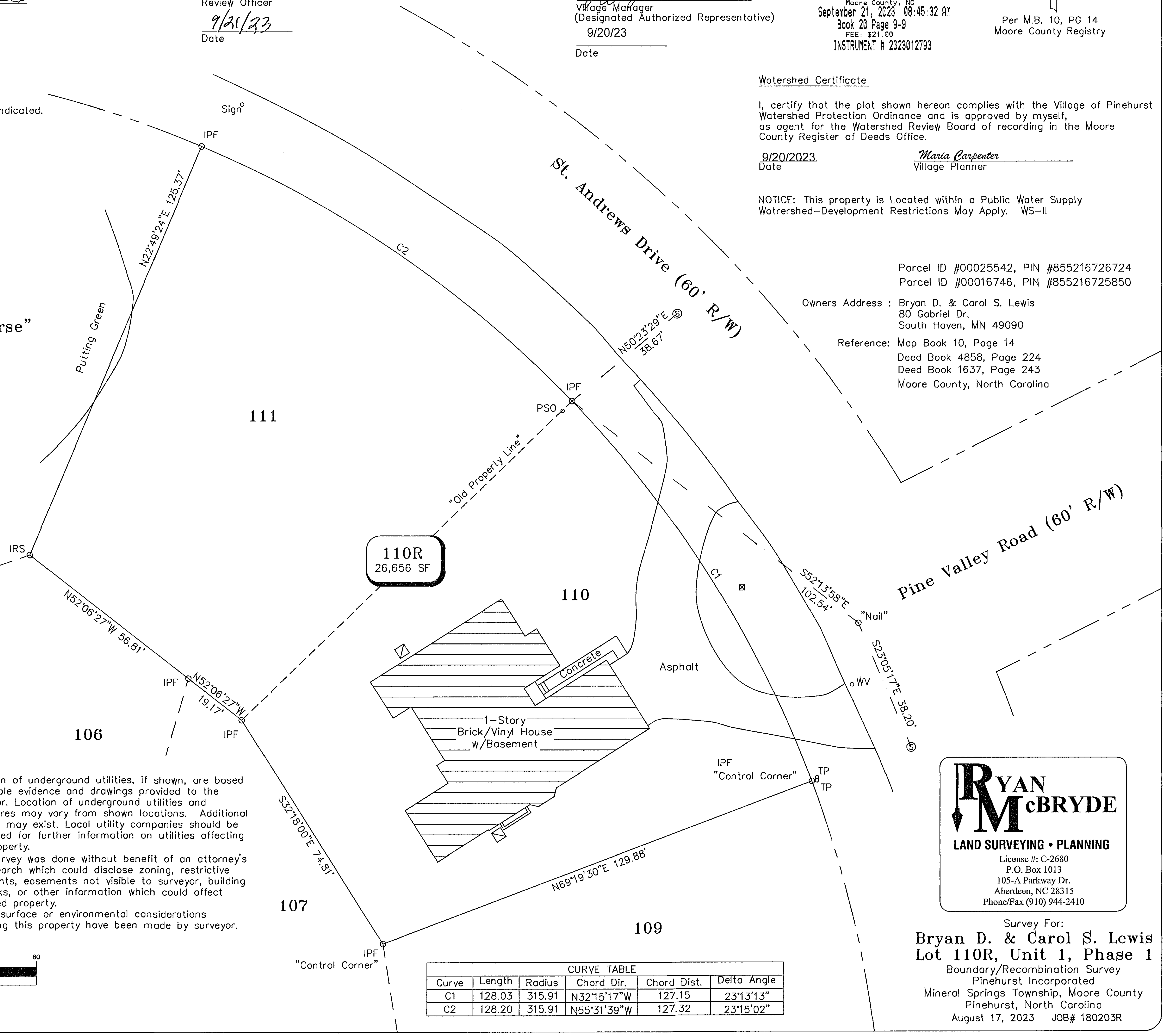
Notes: This map is in accordance with GS 47-30.
Area by coordinate method.
No recoverable horizontal control within 2000 feet.
Dashed lines not surveyed, drawn from information as indicated.
There are no visible encroachments other than those shown hereon.
Survey is subject to any Declaration of Restrictions, Conditions, Easements, Covenants, Agreement, Liens and Charges of Record.

Legend:
IPF = Iron Pipe Found
IPS = Iron Pipe Set
IRF = Iron Rod Found
IRS = Iron Rod Set
CMF = Concrete Monument Found
Ⓢ = Sewer Manhole
⊠ = Water Meter
= Fire Hydrant
= Utility Pole
CATV = Cable Television
PSO = Power Stub Out
TP = Telephone Pedestal
WV = Water Valve
= Aerial Light
= Building Setback Line
—OHU— = Overhead Utilities
SSO = Sanitary Stub Out
☐ = Electrical Transformer
= HVAC
— SS — = Sanitary Sewer
O = Calculated Point

Parcel ID #00025542, PIN #855216726724
Parcel ID #00016746, PIN #855216725850

Owners Address : Bryan D. & Carol S. Lewis
80 Gabriel Dr.
South Haven, MN 49090

Reference: Map Book 10, Page 14
Deed Book 4858, Page 224
Deed Book 1637, Page 243
Moore County, North Carolina




I, Ryan D. McBryde, a Professional Land Surveyor L-4394, certify to one or more of the following as indicted:

☐ A. That this plat is a survey that created a subdivision of land within the area of the county or municipality that has an ordinance that regulates parcels of land.

☐ B. That this plat is of a survey that is located in such portion of a county or municipality that is unregulated as to an ordinance that regulates parcels of land.

☐ C. That this plat is of a survey of an existing parcel or parcels of land and does not create a new street or change an existing street.

☑ D. That this plat is of a survey of another category, such as the recombination of existing parcels, a court survey, or other exception to the definition of subdivision.

☐ E. That the information available to this surveyor is such that I am unable to make a determination to the best of my professional ability as to provisions contained in (A) through (D) above.

Professional Land Surveyor

L-4394 08/17/23
Registration Number Date

Location of underground utilities, if shown, are based on visible evidence and drawings provided to the surveyor. Location of underground utilities and structures may vary from shown locations. Additional utilities may exist. Local utility companies should be consulted for further information on utilities affecting the property.
This survey was done without benefit of an attorney's title search which could disclose zoning, restrictive covenants, easements not visible to surveyor, building setbacks, or other information which could affect surveyed property.
No subsurface or environmental considerations affecting this property have been made by surveyor.

GRAPHIC SCALE

20 0 10 20 40 80

( IN FEET )
1 inch = 20 ft.

CURVE TABLE

| Curve | Length | Radius | Chord Dir. | Chord Dist. | Delta Angle |
|---|---|---|---|---|---|
| C1 | 128.03 | 315.91 | N32°15'17"W | 127.15 | 23°13'13" |
| C2 | 128.20 | 315.91 | N55°31'39"W | 127.32 | 23°15'02" |

RYAN McBRYDE
LAND SURVEYING • PLANNING
License #: C-2680
P.O. Box 1013
105-A Parkway Dr.
Aberdeen, NC 28315
Phone/Fax (910) 944-2410

Survey For:
Bryan D. & Carol S. Lewis
Lot 110R, Unit 1, Phase 1
Boundary/Recombination Survey
Pinehurst Incorporated
Mineral Springs Township, Moore County
Pinehurst, North Carolina
August 17, 2023 JOB# 180203R

# CONSIDER A MOTION APPROVING THE SPECIAL USE PERMIT AND ADOPTING THE FINDINGS OF FACT FOR AN ACCESSORY DWELLING AT 455 ST. ANDREWS DR.

## ADDITIONAL AGENDA DETAILS:

**FROM:**
Pamela Graham

**CC:**
Jeff Sanborn; Councilmembers

**DATE OF MEMO:**
11/9/2023

**MEMO DETAILS:**
Action on Special Use Permits require Village Council to adopt findings of fact based on the evidence submitted and testimony given based on the standards of review. Attached for use by Village Council is a draft findings of fact template for to consider action on the Special Use Permit request.

**ATTACHMENTS:**

| | Description |
|---|---|
| 🗋 | Draft Findings of Fact - Special Use 455 St. Andrews |

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

**SPECIAL USE PERMIT**
**455 St. Andrews Drive**

**November 14, 2023**

**Bryan and Carol Lewis**
**80 Gabriel Drive**
**South Haven, MI 49090**

**RE: Special Use Permit to locate an accessory dwelling at 455 St. Andrews Dr. The property can be further identified in the Moore County Tax Registry by Moore County PID #00025542.**

Dear Mr. and Mrs. Lewis,

This letter 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 **November 14, 2023** where the Council considered all evidence submitted by the parties and voted to **approve/approve with conditions/deny** the Special Use Permit request for property at **455 St. Andrews Drive**. with the following 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)

____________________________________________________________
____________________________________________________________
____________________________________________________________

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

(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):
None



**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.*

HISTORY, CHARM, AND SOUTHERN HOSPITALITY

This is the ***14th*** day of ***November 2023***.

**John Strickland**
**Mayor of the Village of Pinehurst**

**Ruling filed with the Village of Pinehurst:**

**DATE**

**Shannon Konstantinou**
**Clerk to the Pinehurst Village Council**

Cc: Alex Cameron

# CONSIDER ADOPTION OF THE STORMWATER MANAGEMENT AND MASTER PLAN

## ADDITIONAL AGENDA DETAILS:

**FROM:**
Mike Apke, P.E., Public Services and Engineering Director

**DATE OF MEMO:**
11/7/2023

**MEMO DETAILS:**
Based on recommendations from the 2019 Comprehensive Plan, the Village previously retained McGill Associates to prepare a Stormwater Management and Master Plan. This has been a lengthy and thorough process, including a detailed review of existing policies and ordinances, discussions with Village staff, public outreach, detailed engineering analyses of various "problem areas" within the Village, etc.

Engineers from McGill presented their final recommendations from the Plan to Village Council on September 26, 2023. Feedback provided by Council members has been incorporated into the Plan, and staff is now seeking an adoption of the Plan from Council.

A copy of the Plan's Executive Summary, which summarizes McGill's recommendations is attached for review. The complete Master Plan document with detailed engineering analyses and calculations has been provided to staff and can be made available for review upon request.

Please note that adopting the Plan does not implement any immediate changes to our stormwater rules and regulations, nor does it commit the Village to funding any portions of the Plan recommendations. Instead, it simply provides staff with a guidance document to address the future of stormwater management in Pinehurst. Implementation of the Plan recommendations (ESSM and PDO changes, development of post-construction maintenance requirements, development of a Stormwater Development Manual, etc.) will all require further action by staff that will be brought back to Council at a later date for review and approval.

Village staff and representatives from McGill will be available to answer additional questions as needed.

**ATTACHMENTS:**

| | Description |
|---|---|
| 🗋 | Executive Summary |

# Executive Summary
# Village of Pinehurst Stormwater Management and Master Plan

***Introduction/Scope of Work***

The Village of Pinehurst (VOP) has engaged McGill Associates (McGill) to prepare this Stormwater Management and Master Plan (SWMMP). The primary purposes of this project were to identify effective stormwater management strategies, evaluate supporting programs and future funding mechanisms, and develop a plan to guide Village staff in addressing the future of stormwater management in Pinehurst.

The VOP's 2019 Comprehensive Plan identified the expansion and enhancement of stormwater management efforts as a "Strategic Opportunity" and included several recommendations related to stormwater, including:

1. Prepare a comprehensive Stormwater Master Plan to identify effective stormwater management strategies.
2. Evaluate creating a local stormwater utility for planning, programming, and coordinating future stormwater infrastructure within the community.
3. Develop and implement rules for post-construction stormwater maintenance requirements.

This plan has attempted to address all three (3) Comprehensive Plan recommendations related to stormwater. McGill performed the majority of the work for Recommendations 1 and 3 above, while Village staff led the evaluation of creating the local stormwater utility after reviewing McGill's recommendations in this Plan. The results of the Village staff's evaluation have been incorporated into this Executive Summary.

McGill's scope of work on this project included:

- Review existing VOP policies, ordinances, regulations, etc. related to stormwater management, including the current 10-Year Design Storm and Return Frequency,
- Gather sample ordinances and policies from additional communities, compare the samples to the VOP's documents, and discuss pros and cons of implementing new measures within the VOP,
- Review previous "MyVOP" Work Order tickets to note stormwater trends and issues in the area,
- Review options/potential restrictions for regulating stormwater discharges from existing developed and proposed development lots in single-family residential areas,

- Assist with Public Engagement,
- Provide recommendations for implementing standards for post-construction maintenance of Stormwater Control Measures (SCMs),
- Assist with evaluating and providing recommended solutions in various "problem areas" identified by VOP staff (Note that McGill performed evaluations in seven (7) separate areas, and Village staff evaluated one (1) area (Blake Boulevard)),
- Determine project future funding needs and identify projects that may qualify for grant funding,
- Evaluate advantages, disadvantages, and the feasibility of establishing a delegated erosion control program in lieu of using the North Carolina Department of Environmental Quality (NCDEQ) for these services,
- Summarize the results of the work in a written document that is signed and sealed by a licensed North Carolina Professional Engineer, and
- Present the Plan's key recommendations to Village Council.

***Stormwater Rules and Management Responsibilities***

For the purposes of this Plan, stormwater is defined as water that naturally accumulates as a result of rain or snow. Pinehurst's sandy soil allows a significant amount of stormwater to infiltrate into the ground, which helps to recharge the underground aquifer that supplies the Village with drinking water.

Stormwater that does not infiltrate typically "runs off" across land or other impervious surfaces like rooftops, streets, parking lots, etc. At times, heavy rain can result in localized flooding of streets, yards, or even basements and crawlspaces in low lying areas.

In 1977, the North Carolina Supreme Court adopted the "Rule of Reasonable Use", which is based on the premise that water naturally flows downhill. Other provisions of this rule include:

- Private landowners have the legal right to make reasonable use of their land,
- Property owners are ultimately responsible for managing stormwater across their land,
- Persons on lower estates must receive and pass water from higher estates, and
- Disputes between private landowners can be resolved in civil court actions.

As a property owner, the Village is subject to the same rules and regulations as private property owners. Current policies indicate that the VOP only maintains pipes, swales, and other stormwater measures that are on Village property or within Village right-of-way. Maintenance of stormwater measures on private property is the responsibility of the property owner unless an easement has been offered to and accepted by the Village. It has been McGill's experience in working with communities across North Carolina that many municipalities have similar policies to only maintain infrastructure on public property. The exception being some communities that have stormwater utilities which have extended services, in part or whole, on to private property with the intent to provide more equitable benefits to all rate payers.

***Existing Documents***

The VOP has adopted and/or prepared several documents that summarize the various rules and regulations related to stormwater, including:

- *Engineering Standards and Specifications Manual (referred to as the "ESSM," originally adopted by Village Council in August 2004, most recently updated in December 2015).*
- *Storm Drainage Policy and Procedures (adopted by Village Council in October 2004).*
- *Pinehurst Development Ordinance (referred to as the "PDO," adopted by Village Council in 2014, most recent revision was May 2023).*
- *Stormwater Pamphlet (Developed by staff in April 2021, frequently provided to residents that have questions related to stormwater rules and regulations).*
- *Flood Damage Prevention Ordinance (primarily deals with development within the designated floodplain, approved in September 2014).*

In addition to the documents noted above, the Village's ESSM references NCDEQ's Stormwater Design Manual, which provides guidance, minimum design criteria, and recommendations related to SCM design. The NCDEQ manual is referenced by developers, engineers, and Village staff when designing and constructing various types of stormwater measures.

As part of this project, McGill has provided VOP staff with a listing of recommended changes to the ESSM, Policy and Procedures document, and PDO related to stormwater. VOP staff's recommended changes to these documents will be brought to the Village Council for review and approval at a later date.

***Public Engagement***

McGill also worked closely with VOP staff to develop and implement a public engagement strategy that offered residents various opportunities to provide input into this Plan and to specifically note locations of stormwater issues within the community. These included:

- A public input meeting was held in March 2022 at Village Hall. VOP and McGill staff collaborated on a presentation and attendees were then given the opportunity to ask questions and provide input.

- VOP staff set up a portal on the Engage Pinehurst website, which gave residents the ability to provide comments and note specific areas with stormwater concerns. A video of the public input meeting was also made available on the website.
- Social media posts and newsletter articles were provided to residents notifying them of the Plan and the various ways to provide input.
- MyVOP continues to serve as a 24/7 option for the public to communicate stormwater issues and complaints directly to VOP staff. For context, VOP staff received 126 MyVOP stormwater requests in FY23. These included requests submitted by the public and work order tickets entered into MyVOP by Village staff.

***Recommendations***

After completing our requested scope of services, McGill is pleased to provide the following recommendations to the VOP related to stormwater:

1. **Implement specific post-construction maintenance requirements and inspection guidelines for Stormwater Control Measures**

As previously noted, the development and implementation of rules for post-construction stormwater maintenance was a specific recommendation in the VOP's 2019 Comprehensive Plan. The Village's ESSM states that storm drainage systems located on private property shall be maintained by the property owner, but the VOP currently lacks specific criteria or regulations to ensure that the systems are being adequately maintained, except for a statement in the ESSM that all stormwater management facilities shall be "properly maintained" by the property owner.

As a first step, McGill recommends that the VOP develop a Stormwater Operation and Maintenance (O&M) Agreement that would be executed by the VOP and property owners with SCMs prior to the issuance of a Certificate of Occupancy (CO). This procedure would be required for all SCMs meeting Village and State standards, and sample Agreements used by other municipalities have been provided to Village staff for review. These Agreements typically require property owners to acknowledge sole acceptance of maintenance responsibilities and grant the applicable municipality access to inspect the SCM as needed.

Some Agreements require property owners to provide annual SCM inspection reports to the municipality, and some have historically required owners to provide financial securities to ensure perpetual maintenance. However, the recently passed House Bill 488 states that local governments are now "prohibited from adopting any regulation that requires an owner of a privately owned and maintained stormwater control project to make payments to a local government for the purpose of ensuring assets are available for maintenance, repair, replacement, and reconstruction costs" of the stormwater control project.

In addition to sample O&M Agreements, McGill has provided Village staff with recommended maintenance standards, inspection criteria, and sample inspection forms for SCMs. The VOP is encouraged to utilize these documents to develop similar documents that meet the needs and goals of the Village, while also complying with current North Carolina regulations.

2. **Develop a Stormwater Development Manual**

McGill recommends that the VOP combine the stormwater rules, regulations, and requirements that are currently spread throughout numerous documents (ESSM, Policy and Procedures, PDO, etc.) into one complete document. This would consolidate guidance for developers and engineers in lieu of having to reference multiple documents for the Village standards. McGill also recommends that the Development Manual include specific criteria and procedures for the protection of downstream properties.

As previously noted, McGill has provided a listing of recommended changes to the ESSM, PDO, Policy and Procedures, etc. to Village staff, and we recommend that these changes be incorporated into the new Stormwater Development Manual.

3. **Sustain the current 10-year storm pre-post discharge rate criterion and add a 2-year storm volume criterion**

The ESSM currently requires stormwater management facilities to be designed such that the post-development runoff rate does not exceed the pre-development runoff rate during a 10-year storm event. In our experience, the 10-year pre-post criterion is the most prevalent in North Carolina among those communities with higher standards, and this exceeds the State's minimum requirement of a 1-year, 24-hour storm event.

We understand that the VOP's historic stormwater issues have primarily been in the areas of uncontrolled runoff from highly impervious redevelopment and increased downstream flooding over time. As such, simply raising the 10-year criterion to a higher criterion (such as the 25-year storm) will likely not eliminate these issues and could make them worse by allowing higher discharges during smaller events.

In lieu of changing the 10-year pre-post rate requirement, McGill recommends the addition of a 2-year pre-post volume requirement to complement the 10-year rate requirement. Capturing the volume from the 2-year event would result in only an incremental increase in the volume currently detained under the existing rule thereby minimizing additional costs to developers, but the retention and infiltration of this volume on site will significantly reduce runoff seen by adjacent downstream properties during frequent low-volume storm events. This approach takes advantage of Pinehurst's high infiltration sandy soils and also serves to promote recharge of the groundwater aquifer, a primary source of drinking water in the area.

In addition, McGill notes that the current ESSM does not clearly clarify the duration of the 10-year storm event to be used (5-minute event, 6-hour event, 24-hour event, etc.). We therefore also recommend that the VOP clarify the ESSM (and/or future Stormwater Development Manual) to follow the NCDEQ Stormwater Design Manual, which requires a 24-hour duration for the design storm return period.

4. **Consider developing a more proactive inlet, swale, and pipe cleaning program**

In reviewing MyVOP work order requests from FY18 to FY22 (a total of 741 requests), the most common word provided in the requests was "clean." Requests are commonly submitted by both VOP staff and the public to clean debris out of pipes, swales, inlets, and other areas. This appears to be a common occurrence in Pinehurst due to the large number of trees and other vegetation, and the presence of pine straw, leaves, and other natural debris that can enter and clog stormwater management systems.

While VOP staff appears to be proactive with submitting work orders for items that need to be cleaned, McGill recommends that the Village consider implementing an even more proactive cleaning program. Our recommendation is to consider cleaning 20% of pipes, swales, and inlets on an annual basis, whereby the entire Village is cleaned within a typical 5-year CIP period. The Village could be divided by land areas or drainage basins, with a routine schedule developed for cleaning 20% each year.

Development and implementation of such a program would require a significant amount of staff time to inspect infrastructure, determine the cleaning needs, and coordinate the work with either VOP Streets and Grounds crews or contractors as required. However, this would likely result in an increased performance of the Village's infrastructure and fewer calls and MyVOP work requests developed for cleaning stormwater items.

5. **Fund a dedicated stormwater staff person**

Implementation of the recommendations in this Plan will require a significant amount of time to pursue and incorporate into the Village's existing operations. Based on McGill's discussions with VOP staff members, heavy workloads likely prohibit existing staff from taking on most of these additional tasks, and McGill recommends that the Village fund one (1) additional dedicated stormwater staff person to oversee stormwater management in Pinehurst.

Village staff have included the addition of a Stormwater Technician into the 5-year staffing plan and plans to generate a job description based on the tasks to be performed. Some recommendations in this Plan (such as the development of the Stormwater Development Manual) may also require assistance from a consultant, and the Stormwater Technician can also be responsible for helping to oversee the consultant's work.

6. **Consider establishing a threshold of 2,000 SF added BUA for residential stormwater controls**

One of VOP's historic stormwater issues has been in the areas of uncontrolled runoff from highly impervious redevelopment, increased downstream flooding over time, and runoff issues between neighboring properties. A recommendation for future consideration and possible future implementation is to establish a threshold of 2,000 square feet (sf) or greater additional built-upon area (BUA) for any single family residential (SFR) lot expansion or redevelopment to require a consultation with the VOP for consideration of stormwater controls to address onsite grading and drainage. As a compliance option the Village could also tie this requirement to zoning approval to promote awareness early in the design process.

7. **Do not pursue a local erosion control program at this time**

Projects that disturb more than one (1) acre of land are currently required to be submitted to NCDEQ for review and issuance of an Erosion and Sedimentation Control Permit. Local governments have the option to create local ordinances with supporting documentation to establish and enforce a self-delegated program in lieu of utilizing NCDEQ for these services.

Local governments with self-delegated authority are required to administer and enforce North Carolina's Sedimentation Pollution Control Act of 1973 and must adhere to mandatory standards, including rendering decisions on initial plans within 30 calendar days of receipt, rendering decisions on revised plans within 15 calendar days of receipt, and only approving plans after determining it complies with all applicable State and local regulations for erosion and sediment control. Monthly activity reports and any issued Notices of Violation are required to be provided to NCDEQ.

A self-delegated program in Pinehurst would require at least one full-time employee to oversee the implementation, set up standard operating procedures, and subsequently conduct reviews, inspections, and the mandatory reporting. From our experience, fees collected from permits are typically not sufficient to offset the cost of administering the program, and the recent passing of HB 488 further limits fees that local governments can charge for review of plans and related activities. The VOP does not currently pay a direct fee to NCDEQ to provide these services.

No concerns over the Village's current practice to utilize NCDEQ for erosion control reviews exceeding one (1) acre were prevalent during the preparation of this Plan, and McGill therefore recommends that the VOP continue to utilize NCDEQ for these services in lieu of pursuing a local program. This should also be periodically re-evaluated in the future if a need to develop a local program arises.

8. **Do not pursue a local stormwater utility at this time (staff recommendation)**

As previously noted, the evaluation of creating a local stormwater utility for planning, programming, and coordinating future stormwater infrastructure within the community was a specific recommendation in the VOP's 2019 Comprehensive Plan. Stormwater utilities are generally set up to provide additional revenue sources to local governments to fund stormwater projects and programs, often to address unfunded mandates like becoming an NPDES MS4 community. Rates are adopted by the local government, which are typically paid monthly (via utility bills) or as a separate line item on an annual property tax bill.

The VOP has allocated $460,000 per year for stormwater capital projects in the 5-year CIP ($2.3 million total), which McGill believes is sufficient to meet the current needs of the Village. VOP staff does not recommend pursuing a stormwater utility at this time; however, the option remains available for the future and can be re-evaluated by staff as needed. McGill does recommend that the Village pursue opportunities for stormwater grants when feasible, and a listing of potential funding sources has been provided in the full SWMMP.

## Drainage Problem Areas Solutions

Finally, McGill performed engineering analyses of various problem areas as requested by Village staff, and our summary of these areas is as follows.

### *Chinquapin and Magnolia Road*

***Summary of Issue:*** *Flooding in the public right-of-way and parking areas.*

***Public Benefit:*** *Yes, due to flooding in public areas.*

***Recommended Solution****: Install new piping on Chinquapin and Magnolia Road.*

***Gun Club Drive***

***Summary of Issue:*** *Flooding primarily on private property.*

***Public Benefit:*** *Limited, flooding occurred in the right-of-way on one documented occurrence, but this appears to have been due to a pipe being clogged with debris.*

***Proposed Solution:*** *Install an additional pipe beneath Gun Club Drive.*

***Palmetto and Cherokee Road***

***Summary of Issue:*** *Flooding in the roadway and right-of-way.*

***Public Benefit:*** *Yes, due to flooding in the right-of-way.*

***Proposed Solution:*** *Public-private partnership with downstream property owners to clear an existing drainage swale that has become inundated with vegetation over time.*

***Salem Drive and York Place***

***Summary of Issue:*** *Road and Right-of-Way flooding.*

***Public Benefit:*** *Yes, due to road and right-of-way flooding.*

***Proposed Solution:*** *New piping and boxes within the right-of-way and possibly private property, which would require easements to be obtained.*

***Belair Court and Thunderbird Circle***

***Summary of Issue:*** *Property owner's complaints about flooding on private property.*

***Public Benefit:*** *No clear public benefit since issues are on private property.*

***Proposed Solution:*** *Piping/swales on private property.*

***Starlit Lane***

***Summary of Issue:*** *Property owner's complaints about flooding on private property and improper grading by the homebuilder.*

***Public Benefit:*** *No clear public benefit since issues are on private property.*

***Proposed Solution:*** *Piping/swales on private property.*

***Blake Boulevard***

***Summary of Issue:*** *Flooding within the roadway and right-of-way.*

***Public Benefit:*** *Yes, due to flooding in the roadway and right-of-way.*

***Proposed Solution:*** *Evaluate existing pipes via video inspection and topographical survey. Clean, repair, and replace pipes as necessary.*

# CONSIDER RESOLUTION 23-47 ESTABLISHING A FEE FOR REVIEW AND INSPECTIONS FOR LARGE SCALE NEW UNDERGROUND UTILITY INSTALLATIONS

**ADDITIONAL AGENDA DETAILS:**

## FROM:
Jeff Batton

## DATE OF MEMO:
11/7/2023

## MEMO DETAILS:
This is item is to consider Resolution 23-47 (attached) establishing a $250 fee per mile for new underground utility installations that exceed more than one mile in length to cover costs of plan review and inspections of right-of-way.
Also, we will review the Encroachment Addendum that will be issued with Encroachment Agreements that meet the 1 mile in length criteria.
Thanks.

**ATTACHMENTS:**

| | Description |
|---|---|
| 🗋 | Encroachment Addendum Final |
| 🗋 | Resolution to amend Fees and Chrges Schedule |

**Encroachment Agreement**
**Addendum for New Underground Utility Installations**

This addendum to the Village of Pinehurst Encroachment Agreement applies to all public utilities (unless excluded from fees under NCGS § 160A-296), fiber optic, video programming, telecommunications, internet, etc. providers that plan to install new underground facilities within the Village of Pinehurst right-of-way that exceed one mile in length over a three (3) month period. The Encroachment Agreement and Addendum only applies to Village of Pinehurst owned rights-of-ways and does not apply for North Carolina Department of Transportation rights-of-ways, Railroad rights-of-ways, or private rights-of-ways located within the Village of Pinehurst corporate limits.

**Definitions:**
COMPANY - refers to the encroachment applicant.
VILLAGE - refers to the Village of Pinehurst, NC.
SUBMITTAL - refers to phased detailed construction plans and fees (as may be required per VILLAGE Fees and Charges Policy).
APPROVAL – refers to official notice from VILLAGE staff approving SUBMITTAL.

**Section 1 – Process and Procedure:**

Once the primary Encroachment Agreement is issued with this addendum, COMPANY may make a SUBMITTAL for up to 5 miles of initial installation. Each subsequent SUBMITTAL shall be up to an additional 5 miles unless the VILLAGE expressly authorizes a SUBMITTAL for more than 5 miles in advance.

Detailed construction plans shall be delivered in pdf format via email to a person designated by VILLAGE.

Payment of fees may be made by check payable to Village of Pinehurst or by credit card in person at Village Hall, 395 Magnolia Road, Pinehurst, NC. Credit card payments may also be made via telephone by calling VILLAGE at 910-295-1900.

**Section 2 - General Conditions:**

Contractors shall be appropriately licensed to perform services as required by North Carolina General Statutes for the type of work being proposed and shall provide proof of license to VILLAGE upon request.

No more than 3 installation work crews or subcontracted work crews are permitted to perform work at any one time, unless written authorization is provided in advance by VILLAGE.

VILLAGE may inspect work of COMPANY at any time during installation and may require weekly updates on progress, including projection of work areas for following week(s).

Work hours are limited to Monday through Friday from 7 am to 5 pm. No work may occur on Village observed holidays unless prior approval is received from the Village Manager.

No installations may commence until VILLAGE issues APPROVAL notice and a pre-construction meeting is held between COMPANY and VILLAGE.

During construction, deviation from original constriction plans is not permitted unless written approval by VILLAGE is provided.

Failure to comply with all conditions in the Utility Encroachment Agreement and this addendum may require a stop-work order to be issued by VILLAGE until the condition is adequately and appropriately addressed as determined by the VILLAGE.

In the event of conflicts or discrepancies between the Addendum and the Encroachment Agreement, the Addendum shall supersede the Encroachment Agreement.

**Section 3 - Notifications:**

Notification to all property-owners along the route is required by the COMPANY at least 5 days in advance of work proceeding. Notifications are to be submitted to VILLAGE for approval prior to dissemination.

Notifications must include: Name of COMPANY, phone number for questions or concerns, dates work is to be done, description of work (boring, digging, trenching, holes, etc.) and may not solicit business directly unless notice is via U.S Mail. If notification is via door-hanger and solicitation for business is included, a separate solicitation permit is required from the VILLAGE.

**Section 4 - Traffic Control/Road Closures:**

See Utility Encroachment Agreement for traffic control requirements, which must be maintained at all times, and the attached *Road Closure Notification Process.* Traffic shall not be detoured or re-routed without prior approval from the VILLAGE.

Ingress/egress must be maintained at all times for any and all entrance/exit drives and driveways. Temporary closure of any sidewalks, pathways, greenways, etc. must be approved in advance by VILLAGE

**Section 5 - Road Crossings:**

All road crossings are required to be bored unless prior approval is granted by VILLAGE for an alternate method.

**Section 6 - Restoration:**

See Utility Encroachment Agreement for requirement to restore all disturbed areas to the previous or better condition and to the satisfaction of VILLAGE.

Financial Guarantees in the form of a bond or cash deposit may be required prior to issuance of an APPROVAL. The guarantee will be calculated as follows:

> $5,000 per mile of installation, up to a maximum of $25,000. Financial Guarantee may be rolled forward for next phase if approved by VILLAGE. If next phase includes more miles than original financial guarantee on deposit, the difference must be deposited with VILLAGE before the APPROVAL can be issued (recognizing the maximum deposit remains at $25,000). Once final restoration Is to VILLAGE satisfaction, all unused financial guarantees will be returned to COMPANY.

Restoration of surface material must be like for like. For example, if established grass was present prior to installation, the same type of sod must be replaced. All pedestrian facilities damaged must be repaired with the same material. Restoration shall occur within 10 business days. Seed and straw shall only be used for restoration when approved in advance by the VILLAGE.

All damage to private property within VILLAGE right-of-way, such as irrigation lines, sprinkler heads, driveways, mailboxes, etc., must be repaired within 5 business days to the VILLAGE satisfaction. Financial guarantees will be used in the event of failure by COMPANY to restore public or private property.

Any financial guarantees used for such purposes will require an equal amount to be deposited by COMPANY to VILLAGE before any additional work may proceed.

COMPANY agrees to warrant and guarantee all restoration and repair for one year from date of completion.

**Section 7 – COMPANY and Contractor Identification**

All employees, contractors, and sub-contractors working for, or on behalf of, COMPANY shall wear professional uniforms with identifying name of COMPANY, contractor or subcontractor. In addition, all vehicles shall be properly licensed and identified with COMPANY, contractor or sub-contractor name.

**Section 8 - Additional Notes and Requirements:**

______________________________________________________________________

______________________________________________________________________

By signing below, the authorized COMPANY representative acknowledges these additional conditions.

COMPANY Representative Signature Date

Print COMPANY Representative Name and Title

The Encroachment Agreement and Addendum approval may expire per the conditions of the Pinehurst Development Ordinance for lack of work starting, lack of substantial progress once started, or failure to complete project once started.

# Road Closure Notification Process
# Village of Pinehurst, North Carolina

**For Non-Emergency/Planned Utility Work:**
The Village of Pinehurst requires at least 48-hours of notice prior to closing any Village roadway to allow time for impacted parties (Police, Fire, EMS, Moore County Schools, Trash Collection, etc.) and the general public to be properly notified of the closure by the Village.

All road closure requests shall be directed to the Village's Public Services Department by calling **910-295-5021**. Please note that the Department's normal working hours are Monday through Friday from 7:00 a.m. to 3:30 p.m. Requests submitted outside of normal hours or on Village holidays will be evaluated and considered on the next business day. Roads shall not be closed until the Village provides written confirmation of approval.

**For Emergency Utility Work:**
Road closures that are necessary during emergency situations do not require 48-hours of notice; however, the party closing the road must notify the Public Services Department at **910-295-5021** and the Village's Police Department at **910-295-3141** (select Option 1 for dispatch) during emergency situations as soon as possible so that proper notifications can be sent out by the Village. **Calling 911 does not satisfy this requirement.**

We appreciate your understanding and following of this important procedure!

**RESOLUTION #23-47:**

**A RESOLUTION AMENDING THE VILLAGE OF PINEHURST FEES AND CHARGES SCHEDULE**

**THAT WHEREAS,** the Village Council of the Village of Pinehurst adopted a Pinehurst Fees and Charges Schedule on the 9th day of March, 2004; and

**WHEREAS,** it is the policy of the Village of Pinehurst to review and amend the Fees and Charges Schedule on an annual basis, or as deemed necessary; and

**WHEREAS,** the Village Council, after considering all of the facts and circumstances surrounding the proposed amendments to the Pinehurst Fees and Charges Schedule, have determined that it is in the best interest of the Village of Pinehurst to make the amendments as requested.

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

**SECTION 1.** That the attached "Village of Pinehurst Fees and Charges Schedule," is hereby adopted effective November 15, 2023, said schedule attached hereto as (Exhibit A) is made a part hereof, the same as if included verbatim.

**SECTION 2**. That all resolutions or sections thereof in conflict herewith are hereby repealed and declared null and void from and after the date of adoption of this resolution.

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

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

VILLAGE OF PINEHURST
VILLAGE COUNCIL

(Municipal Seal)

By:____________________________
John C. Strickland, Mayor

Attest:

Approved as to Form:

____________________________
Shannon Konstantinou, Village Clerk

____________________________
Michael J. Newman, Village Attorney

Exhibit A

# Village of Pinehurst
# Changes to Fees & Charges
# Effective November 15, 2023

**Public Services Fees**

| Planning & Inspections Fees (Pg. 10) | Current Fee | Increase (Decrease) In Fee | New Fee | % Change | Explanation |
|---|---|---|---|---|---|
| Plan Review/Inspections for Encroachment Agreements with "New Underground Utilties Addendum" | - | - | $250/mile | - | Added fee for review of engineered drawings and inspections associated with new underground utility installations |

# FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2023

## ADDITIONAL AGENDA DETAILS:

**FROM:**
Dana Van Nostrand

**CC:**
Village Managers

**DATE OF MEMO:**
10/19/2023

**MEMO DETAILS:**
Attached are the quarterly financial statements and memo for the first quarter of FY 2024.

**ATTACHMENTS:**

| | Description |
|---|---|
| 🗋 | Financial Statements for the Three Months Ended 9/30/2023 |
| 🗋 | Quarterly Financial Statements Memo 9/30/2023 |
| 🗋 | FY 2024 Q1 Financial Statements Presentation |

# VILLAGE OF PINEHURST

# FY 2024

## FINANCIAL STATEMENTS

## FOR THE THREE MONTHS ENDED
## SEPTEMBER 30, 2023

**Village of Pinehurst**
**Financial Statements**
**Table of Contents**

**Village of Pinehurst**
**Combined Balance Sheet - All Fund Types**
**September 30, 2023**

| | Governmental Fund Type | | Account Groups | | | |
|---|---|---|---|---|---|---|
| | General Fund | Capital Project Fund | General Capital Assets | General Long - Term Debt | Totals September 30, 2023 | Totals September 30, 2022 |
| **ASSETS** | | | | | | |
| Cash & investments | $ 26,347,627 | $ 1,314,527 | $ - | $ - | $ 27,662,154 | $ 20,313,705 |
| Restricted cash | - | - | - | - | - | 5,322,396 |
| Taxes receivable | 2,593,678 | - | - | - | 2,593,678 | 2,219,034 |
| Other receivables | 272,123 | - | - | - | 272,123 | 300,297 |
| Lease receivable | 30,855 | - | - | - | 30,855 | - |
| Due from other governmental agencies | 2,431,846 | - | - | - | 2,431,846 | 3,108,908 |
| Prepaid items | 30,032 | - | - | - | 30,032 | - |
| Inventory | 49,227 | - | - | - | 49,227 | 63,747 |
| Capital assets | - | - | 59,609,560 | - | 59,609,560 | 56,131,279 |
| Right to use leased assets | - | - | 59,977 | - | 59,977 | 36,123 |
| Right to use subscription assets | - | - | 583,135 | - | 583,135 | - |
| Amounts to be provided for retirement of general long-term debt | - | - | - | 8,833,655 | 8,833,655 | 4,129,144 |
| **TOTAL ASSETS** | $ 31,755,388 | $ 1,314,527 | $ 60,252,672 | $ 8,833,655 | $ 102,156,242 | $ 91,624,633 |
| **LIABILITIES AND FUND EQUITY** | | | | | | |
| Accounts payable | $ 9,191 | $ - | $ - | $ - | $ 9,191 | $ 7,591 |
| Withholdings & accrued expenses | 207,521 | - | - | - | 207,521 | 291,205 |
| Lease liabilities | - | - | - | 31,879 | 31,879 | 21,706 |
| Subscription liabilities | - | - | - | 309,923 | 309,923 | - |
| Accrued vacation | - | - | - | 920,943 | 920,943 | 864,373 |
| Total pension liability (LEO) | - | - | - | 1,440,370 | 1,440,370 | 1,635,856 |
| Net pension liability (LGERS) | - | - | - | 6,130,540 | 6,130,540 | 1,607,209 |
| Deposits | 299,357 | - | - | - | 299,357 | 313,370 |
| Unearned revenues | - | - | - | - | - | 5,296,752 |
| Lease revenue - deferred Inflow of resources | 28,987 | - | - | - | 28,987 | - |
| Unavailable revenues | 3,187,168 | - | - | - | 3,187,168 | 2,811,953 |
| Total Liabilities | 3,732,224 | - | - | 8,833,655 | 12,565,879 | 12,850,015 |
| **EQUITY** | | | | | | |
| Investment in general capital assets | - | - | 59,609,560 | - | 59,609,560 | 56,131,279 |
| Investment in right to use lease assets | - | - | 59,977 | - | 59,977 | 36,123 |
| Investment in right to use subscription assets | - | - | 583,135 | - | 583,135 | - |
| Fund Balance: | | | | | | |
| Nonspendable: | | | | | | |
| Inventory | 49,227 | - | - | - | 49,227 | 63,747 |
| Prepaid items | 30,032 | - | - | - | 30,032 | - |
| Lease Revenue | 1,868 | - | - | - | 1,868 | - |
| Restricted: | | | | | | |
| General government | | - | - | - | - | 25,644 |
| Stabilization by state statute | 6,132,945 | - | - | - | 6,132,945 | 8,075,898 |
| Public safety | 19,700 | - | - | - | 19,700 | 32,829 |
| Transportation | 288,689 | - | - | - | 288,689 | 286,505 |
| Committed: | | | | | | |
| Cultural and recreation | - | - | - | - | - | - |
| Library and archives | 544,777 | 1,314,527 | - | - | 1,859,304 | 946,975 |
| Future capital | 10,572,049 | - | - | - | 10,572,049 | 6,942,557 |
| Assigned: | | | | | | |
| Designated for expenditures | 2,651,357 | - | - | - | 2,651,357 | 978,373 |
| Unassigned | 7,732,520 | - | - | - | 7,732,520 | 5,254,688 |
| Total equity | 28,023,164 | 1,314,527 | 60,252,672 | - | 89,590,363 | 78,774,618 |
| **TOTAL LIABILITIES & EQUITY** | $ 31,755,388 | $ 1,314,527 | $ 60,252,672 | $ 8,833,655 | $ 102,156,242 | $ 91,624,633 |

**Village of Pinehurst**
**General Fund**
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**
**For the Fiscal Period Ended September 30, 2023**

| | Annual Budget as of 09/30/2023 | Quarterly Budget as of 09/30/2023 | YTD as of 09/30/2023 | YTD as of 09/30/2022 | Current Year Over (Under) Prior Year | % of 2024 Budget Spent / Received YTD |
|---|---|---|---|---|---|---|
| **Revenues** | | | | | | |
| Ad valorem taxes & penalties | $ 13,639,000 | $ 9,773,160 | $ 10,477,835 | 9,458,731 | $ 1,019,104 | 76.82% |
| Other taxes and licenses | 4,500 | 1,125 | 1,220 | 1,350 | (130) | 27.11% |
| Intergovernmental revenues: | | | | | | |
| Unrestricted | 8,762,900 | 1,823,750 | 1,971,863 | 1,661,905 | 309,958 | 22.50% |
| Restricted | 601,703 | 296,471 | 294,162 | 295,086 | (924) | 48.89% |
| Permits & fees | 1,290,300 | 235,075 | 269,883 | 294,378 | (24,495) | 20.92% |
| Sales & services | 853,100 | 165,650 | 172,300 | 184,856 | (12,556) | 20.20% |
| Other revenues | 496,800 | 107,014 | 6,915 | 79,075 | (72,160) | 1.39% |
| Investment earnings | 640,100 | 146,305 | 237,982 | 72,933 | 165,049 | 37.18% |
| **TOTAL REVENUES** | 26,288,403 | 12,548,550 | 13,432,160 | 12,048,314 | 1,383,846 | 51.10% |
| **Operating Expenditures** | | | | | | |
| Governing Body | 253,000 | 73,750 | 39,660 | 56,590 | (16,930) | 15.68% |
| Administration | 1,675,590 | 395,255 | 367,572 | 410,879 | (43,307) | 21.94% |
| Financial Services | 892,040 | 337,657 | 329,479 | 308,517 | 20,962 | 36.94% |
| Human Resources | 683,860 | 134,179 | 106,617 | 94,465 | 12,152 | 15.59% |
| Police | 4,219,906 | 1,098,825 | 934,474 | 973,179 | (38,705) | 22.14% |
| Fire | 4,122,697 | 1,139,251 | 828,738 | 766,708 | 62,030 | 20.10% |
| Inspections | 432,480 | 111,049 | 97,916 | 87,345 | 10,571 | 22.64% |
| Public Services Administration | 681,955 | 177,389 | 135,764 | 136,647 | (883) | 19.91% |
| Streets & Grounds | 1,860,687 | 518,781 | 390,886 | 314,344 | 76,542 | 21.01% |
| Powell Bill Funds | 1,500,100 | 100 | 90 | 90 | - | 0.01% |
| Solid Waste | 2,344,190 | 601,676 | 460,760 | 429,163 | 31,597 | 19.66% |
| Recreation | 2,363,333 | 630,249 | 549,412 | 503,061 | 46,351 | 23.25% |
| Library | 628,297 | 174,678 | 136,320 | 128,262 | 8,058 | 21.70% |
| Harness Track | 662,564 | 198,784 | 135,611 | 149,456 | (13,845) | 20.47% |
| Fair Barn | 419,860 | 106,525 | 87,537 | 73,012 | 14,525 | 20.85% |
| Planning | 1,404,140 | 469,499 | 218,279 | 266,510 | (48,231) | 15.55% |
| Community Development | 167,754 | 64,389 | 59,289 | 56,198 | 3,091 | 35.34% |
| Debt Service | 165,970 | 151,645 | 71,188 | 3,295 | 67,893 | 42.89% |
| **Total Operating Expenditures** | 24,478,423 | 6,383,681 | 4,949,592 | 4,757,721 | 191,871 | 20.22% |
| **Capital Outlay Expenditures** | | | | | | |
| Administration | 101,795 | 30,890 | 38,860 | 8,295 | 30,565 | 38.17% |
| Financial Services | 3,300 | - | - | - | - | 0.00% |
| Human Resources | 9,900 | - | - | - | - | 0.00% |
| Police | 680,718 | 343,781 | 233,793 | - | 233,793 | 34.35% |
| Fire | 150,148 | 34,554 | 9,654 | - | 9,654 | 6.43% |
| Inspections | 3,310 | - | - | 24,661 | (24,661) | 0.00% |
| Public Services Administration | 40,778 | 29,800 | 8,333 | - | 8,333 | 20.44% |
| Streets & Grounds | 2,392,822 | 1,310,742 | 78,976 | 31,338 | 47,638 | 3.30% |
| Solid Waste | 583,894 | 234,204 | 305,805 | 214,859 | 90,946 | 52.37% |
| Recreation | 148,973 | 45,300 | 41,515 | - | 41,515 | 27.87% |
| Library | 11,175 | - | 4,414 | - | 4,414 | 39.50% |
| Harness Track | 208,479 | 69,328 | 110,571 | 72,025 | 38,546 | 53.04% |
| Fair Barn | 61,445 | 8,000 | 8,630 | - | 8,630 | 14.05% |
| Planning | 28,600 | 19,800 | 4,771 | - | 4,771 | 16.68% |
| Community Development | 1,100 | - | - | - | - | 0.00% |
| **Total Capital Outlay Expenditures** | 4,426,437 | 2,126,399 | 845,322 | 351,178 | 494,144 | 19.10% |
| **TOTAL EXPENDITURES [1]** | 28,904,860 | 8,510,080 | 5,794,914 | 5,108,899 | 686,015 | 20.05% |
| **REVENUES OVER (UNDER) EXPENDITURES** | (2,616,457) | 4,038,470 | 7,637,246 | 6,939,415 | 697,831 | |

**Village of Pinehurst**
**General Fund**
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**
**For the Fiscal Period Ended September 30, 2023**

| | Annual Budget as of 09/30/2023 | Quarterly Budget as of 09/30/2023 | YTD as of 09/30/2023 | YTD as of 09/30/2022 | Current Year Over (Under) Prior Year | % of 2024 Budget Spent / Received YTD |
|---|---|---|---|---|---|---|
| **Other Financing Sources (Uses)** | | | | | | |
| Operating transfers out | $ (80,000) | $ - | $ - | $ - | $ - | 0.00% |
| Sales of capital assets | 20,000 | 5,000 | - | - | - | 0.00% |
| Lease liabilities issued | 25,100 | 25,100 | 23,854 | - | 23,854 | 95.04% |
| **Total Other Fin. Sources (Uses)** | (34,900) | 30,100 | 23,854 | - | 23,854 | -68.35% |
| **REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXP AND OTHER FINANCING USES** | (2,651,357) | 4,068,570 | 7,661,100 | 6,939,415 | 721,685 | |
| Appropriated Fund Balance | 2,651,357 | 2,051,257 | - | - | - | |
| **NET CHANGE IN FUND BALANCE** | $ - | $ 2,017,313 | 7,661,100 | $ 6,939,415 | $ 721,685 | |
| **FUND BALANCE, JULY 1** | | | 20,362,064 | | | |
| **FUND BALANCE, JUNE 30** [2] | | | $ 28,023,164 | | | |

| | YTD as of 09/30/2023 | % of Total Expenditures |
|---|---|---|
| [1] **Total Expenditures by Type** | | |
| Salaries & Benefits | $ 3,264,881 | 56% |
| Operating | 1,684,711 | 29% |
| Capital | 845,322 | 15% |
| **Total Expenditures by Type** | $ 5,794,914 | 100% |

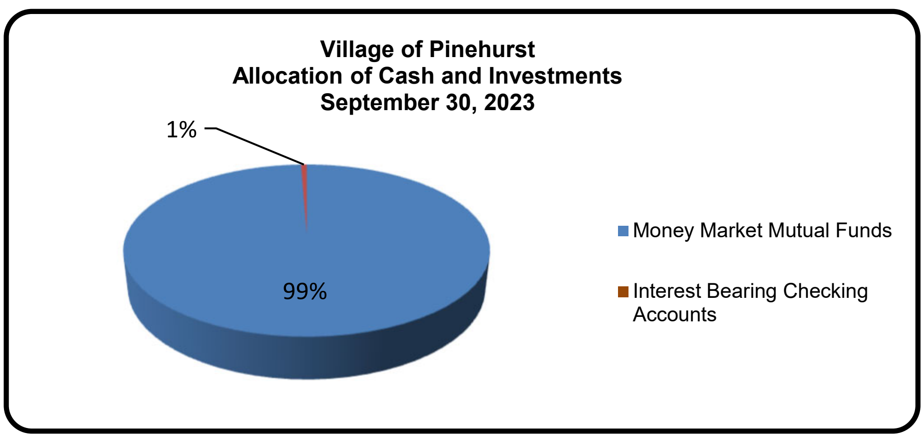
| | |
|---|---|
| [2] **Fund Balance as a % of Budgeted Expenditures** | |
| Fund Balance, September 30, 2023 | $ 28,023,164 |
| Annual Budgeted Expenditures | 28,904,860 |
| Fund balance as a % of Budgeted Expenditures | 97% |

## Village of Pinehurst
## Schedule of Cash and Investments
## September 30, 2023

| Investment | Bond/Bank Ratings | Purchase Date | Maturity Date | Cost |
|---|---|---|---|---|
| ***Money Market Mutual Funds*** | | | | |
| North Carolina Capital Management Trust - Government Portfolio | AAAm (S&P) | | | $ 27,492,181 |
| ***Interest Bearing Checking Accounts*** | | | | |
| PNC Bank Operating | | | | 169,023 |
| ***Petty Cash*** | | | | 950 |
| **Total Cash and Investments** | | | | $ 27,662,154 |
| **Total Cash and Investments (same quarter previous year)** | | | | $ 25,636,101 |

**Summary of Cash and Investments**

| | |
|---|---|
| Money Market Mutual Funds | $ 27,492,181 |
| Interest Bearing Checking Accounts | 169,023 |
| Petty Cash | 950 |
| | $ 27,662,154 |



## Village of Pinehurst
## Investment Yield Summary

| | FY 2023 | | | FY 2024 | | |
|---|---|---|---|---|---|---|
| | Cash Balance | Investment Earnings | Investment Yield* | Cash Balance | Investment Earnings | Investment Yield* |
| July | $ 16,142,428 | $ 20,950 | 1.50% | $ 18,862,993 | $ 82,712 | 5.11% |
| August | 18,973,465 | 32,919 | 2.28% | 18,083,921 | 80,448 | 5.30% |
| September | 25,636,101 | 42,371 | 2.31% | 27,662,154 | 90,544 | 4.82% |
| October | 25,909,852 | 63,212 | 2.98% | - | - | - |
| November | 25,233,554 | 73,093 | 3.48% | - | - | - |
| December | 25,143,347 | 81,478 | 3.94% | - | - | - |
| January | 25,393,383 | 89,022 | 4.29% | - | - | - |
| February | 25,371,186 | 84,979 | 4.07% | - | - | - |
| March | 23,797,873 | 94,462 | 4.67% | - | - | - |
| April | 22,095,420 | 89,183 | 4.73% | - | - | - |
| May | 21,434,430 | 90,696 | 5.07% | - | - | - |
| June | 20,531,499 | 84,464 | 4.90% | - | - | - |
| Average | $ 22,971,878 | $ 846,829 | 3.69% | $ 21,536,356 | $ 253,704 | 4.78% |

* Investment yield is presented on an accrual basis.

**Village of Pinehurst**
**Schedule of Budget Amendments - General Fund**
**For the Fiscal Period Ended September 30, 2023**

| | Original FY 2024 Budget | Amended * Qtr Ended 9/30/2023 | Amended Qtr Ended 12/31/2023 | Amended Qtr Ended 3/31/2024 | Amended Qtr Ended 6/30/2024 | Total Amendments | Amended FY 2024 Budget |
|---|---|---|---|---|---|---|---|
| **REVENUES** | | | | | | | |
| Ad valorem taxes | $ 13,639,000 | $ - | $ - | $ - | $ - | $ - | $ 13,639,000 |
| Other taxes and licenses | 4,500 | - | - | - | - | - | 4,500 |
| Unrestricted Intergov't Revenues | 8,762,900 | - | - | - | - | - | 8,762,900 |
| Restricted Intergov't Revenues | 599,500 | 2,203 | - | - | - | 2,203 | 601,703 |
| Permits & Fees | 1,290,300 | - | - | - | - | - | 1,290,300 |
| Sales & Services | 853,100 | - | - | - | - | - | 853,100 |
| Other Revenues | 516,800 | - | - | - | - | - | 516,800 |
| Investment Income | 640,100 | - | - | - | - | - | 640,100 |
| Other Financing Sources | 25,100 | - | - | - | - | - | 25,100 |
| Appropriated Fund Balance | 600,100 | 2,051,257 | - | - | - | 2,051,257 | 2,651,357 |
| **TOTAL REVENUES** | **$ 26,931,400** | **$ 2,053,460** | **$ -** | **$ -** | **$ -** | **$ 2,053,460** | **$ 28,984,860** |
| **OPERATING EXPENDITURES** | | | | | | | |
| Governing Body | 253,000 | - | - | - | - | - | 253,000 |
| Administration | 1,696,380 | (20,790) | - | - | - | (20,790) | 1,675,590 |
| Financial Services | 900,620 | (8,580) | - | - | - | (8,580) | 892,040 |
| Human Resources | 696,660 | (12,800) | - | - | - | (12,800) | 683,860 |
| Police | 4,227,810 | (7,904) | - | - | - | (7,904) | 4,219,906 |
| Fire | 4,023,730 | 98,967 | - | - | - | 98,967 | 4,122,697 |
| Inspections | 434,310 | (1,830) | - | - | - | (1,830) | 432,480 |
| Public Services Administration | 679,190 | 2,765 | - | - | - | 2,765 | 681,955 |
| Streets & Grounds | 1,833,210 | 27,477 | - | - | - | 27,477 | 1,860,687 |
| Powell Bill | 1,500,100 | - | - | - | - | - | 1,500,100 |
| Solid Waste | 2,346,020 | (1,830) | - | - | - | (1,830) | 2,344,190 |
| Planning | 1,255,690 | 148,450 | - | - | - | 148,450 | 1,404,140 |
| Community Development | 165,720 | 2,034 | - | - | - | 2,034 | 167,754 |
| Recreation | 2,331,080 | 32,253 | - | - | - | 32,253 | 2,363,333 |
| Library | 624,260 | 4,037 | - | - | - | 4,037 | 628,297 |
| Harness Track | 638,940 | 23,624 | - | - | - | 23,624 | 662,564 |
| Fair Barn | 421,080 | (1,220) | - | - | - | (1,220) | 419,860 |
| Debt Service | 19,100 | 146,870 | - | - | - | 146,870 | 165,970 |
| Other Financing Uses | 80,000 | - | - | - | - | - | 80,000 |
| Total Operating Expenditures | 24,126,900 | 431,523 | - | - | - | 431,523 | 24,558,423 |
| **CAPITAL EXPENDITURES** | | | | | | | |
| Administration | 70,905 | 30,890 | - | - | - | 30,890 | 101,795 |
| Financial Services | 3,300 | - | - | - | - | - | 3,300 |
| Human Resources | 9,900 | - | - | - | - | - | 9,900 |
| Police | 517,737 | 162,981 | - | - | - | 162,981 | 680,718 |
| Fire | 127,494 | 22,654 | - | - | - | 22,654 | 150,148 |
| Inspections | 3,310 | - | - | - | - | - | 3,310 |
| Public Services Administration | 15,778 | 25,000 | - | - | - | 25,000 | 40,778 |
| Streets & Grounds | 1,264,580 | 1,128,242 | - | - | - | 1,128,242 | 2,392,822 |
| Solid Waste | 349,690 | 234,204 | - | - | - | 234,204 | 583,894 |
| Planning | 28,600 | - | - | - | - | - | 28,600 |
| Community Development | 1,100 | - | - | - | - | - | 1,100 |
| Recreation | 108,473 | 40,500 | - | - | - | 40,500 | 148,973 |
| Library | 11,175 | - | - | - | - | - | 11,175 |
| Harness Track | 231,013 | (22,534) | - | - | - | (22,534) | 208,479 |
| Fair Barn | 61,445 | - | - | - | - | - | 61,445 |
| Total Capital Expenditures | $ 2,804,500 | $ 1,621,937 | $ - | $ - | $ - | $ 1,621,937 | $ 4,426,437 |
| **TOTAL EXPENDITURES** | **$ 26,931,400** | **$ 2,053,460** | **$ -** | **$ -** | **$ -** | **$ 2,053,460** | **$ 28,984,860** |
| Less reappropriation amendment from FY 2023 | | (1,940,660) | | | | (1,940,660) | (1,940,660) |
| Amendments excluding reappropriations | | **$ 112,800** | **$ -** | **$ -** | **$ -** | **$ 112,800** | **$ 27,044,200** |
| Amended Budget as a % of Original Budget | | 100.4% | | | | | |

* Includes $1,940,660 that was reappropriated from FY 2023.
Amended Budget as a % of Original Budget is not inclusive of reappropriated amounts from FY 2023.

## Village of Pinehurst
## Schedule of Fair Barn Revenues and Expenditures
## For the Fiscal Period Ended September 30, 2023

| | Annual Budget as of 9/30/2023 | Quarterly Budget as of 9/30/2023 | Actual 9/30/2023 | YTD as of 9/30/2022 | Current Year Over (Under) Prior Year | % of 2024 Budget Spent / Received YTD |
|---|---|---|---|---|---|---|
| **Fair Barn** | | | | | | |
| Revenues | $ 262,500 | $ 63,000 | $ 79,122 | $ 84,737 | $ (5,615) | 30.14% |
| Expenditures | | | | | | |
| Operating | 419,860 | 106,525 | 87,537 | 73,012 | 14,525 | 20.85% |
| Capital | 61,445 | 8,000 | 8,630 | - | 8,630 | 14.05% |
| | 481,305 | 114,525 | 96,167 | 73,012 | 23,155 | 19.98% |
| Net Before Discounts | (218,805) | (51,525) | (17,045) | 11,725 | (28,770) | 7.79% |
| Event Revenue Discounts | | | (13,282) | (18,125) | 4,843 | |
| Net After Discounts | $ (218,805) | $ (51,525) | $ (30,327) | $ (6,400) | $ (23,927) | 13.86% |
| Operating Revenues as a % of Operating Expenditures - **Before Discounts** | 63% | 59% | 90% | 116% | | |
| Operating Revenues as a % of Operating Expenditures - **After Discounts** | 63% | 59% | 75% | 91% | | |
| Target | | | 95% | | | |

## Village of Pinehurst
## Schedule of Harness Track Revenues and Expenditures
## For the Fiscal Period Ended September 30, 2023

| | Annual Budget as of 9/30/2023 | Quarterly Budget as of 9/30/2023 | Actual 9/30/2023 | YTD as of 9/30/2022 | Current Year Over (Under) Prior Year | % of 2024 Budget Spent / Received YTD |
|---|---|---|---|---|---|---|
| **Harness Track** | | | | | | |
| Revenues | $ 229,900 | $ 15,725 | $ 15,991 | $ 17,209 | $ (1,218) | 6.96% |
| Expenditures | | | | | | |
| Operating | 662,564 | 198,784 | 135,611 | 149,456 | (13,845) | 20.47% |
| Capital | 208,479 | 69,328 | 110,571 | 72,025 | 38,546 | 53.04% |
| | 871,043 | 268,112 | 246,182 | 221,481 | 24,701 | 28.26% |
| Net Before Discounts | (641,143) | (252,387) | (230,191) | (204,272) | (25,919) | 35.90% |
| Event Revenue Discounts | | | - | - | - | |
| Net After Discounts | $ (641,143) | $ (252,387) | $ (230,191) | $ (204,272) | $ (25,919) | 35.90% |
| Operating Revenues as a % of Operating Expenditures - **Before Discounts** | 35% | 8% | 12% | 12% | | |
| Operating Revenues as a % of Operating Expenditures - **After Discounts** | 35% | 8% | 12% | 12% | | |
| Target | | | 47% | | | |

**Village of Pinehurst**
**Library Expansion Capital Project Fund**
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**
**From Inception and for the Fiscal Period Ended September 30, 2023**

| | Project Budget | Actual: Prior Years | Actual: Current Year | Actual: Total To Date |
|---|---|---|---|---|
| **Revenues** | | | | |
| Investment earnings | $ 20,000 | $ 23,330 | $ 15,722 | $ 39,052 |
| **TOTAL REVENUES** | 20,000 | 23,330 | 15,722 | 39,052 |
| **Expenditures** | | | | |
| Design costs | 400,500 | 21,775 | 102,750 | 124,525 |
| Construction costs | 1,019,500 | - | | - |
| **TOTAL EXPENDITURES** | 1,420,000 | 21,775 | 102,750 | 124,525 |
| **REVENUES OVER (UNDER) EXPENDITURES** | (1,400,000) | 1,555 | (87,028) | (85,473) |
| **Other Financing Sources (Uses)** | | | | |
| Transfer from General Fund | 1,400,000 | 1,400,000 | - | 1,400,000 |
| **TOTAL OTHER FIN. SOURCES (USES)** | 1,400,000 | 1,400,000 | - | 1,400,000 |
| **NET CHANGE IN FUND BALANCE** | $ - | $ 1,401,555 | (87,028) | $ 1,314,527 |
| **FUND BALANCE, JULY 1** | | | 1,401,555 | |
| **FUND BALANCE, JUNE 30** | | | $ 1,314,527 | |

## Village of Pinehurst
## Schedule of Capital Outlay by Function and Activity - General Fund
## For the Fiscal Period Ended September 30, 2023

| | Annual Budget | YTD Budget | YTD Expenditures | Remaining Balance |
|---|---|---|---|---|
| **Land** | | | | |
| Administration | $ 6,000 | $ 6,000 | $ - | $ 6,000 |
| Public Services Administration | 25,000 | 25,000 | - | 25,000 |
| Streets & Grounds | 328,667 | 203,667 | 31,668 | 296,999 |
| Recreation | 40,500 | 40,500 | 5,659 | 34,841 |
| Harness Track | 95,905 | 77,025 | 45,000 | 50,905 |
| | 496,072 | 352,192 | 82,327 | 413,745 |
| **Buildings and Grounds** | | | | |
| Administration | 64,890 | 24,890 | 24,458 | 40,432 |
| Fire | 22,455 | 22,455 | - | 22,455 |
| Harness Track | 81,336 | (8,559) | 58,500 | 22,836 |
| Fair Barn | 38,000 | - | - | 38,000 |
| | 206,681 | 38,786 | 82,958 | 123,723 |
| **Equipment and Furniture** | | | | |
| Administration | 23,881 | - | 14,402 | 9,479 |
| Financial Services | 3,300 | - | - | 3,300 |
| Human Resources | 9,900 | - | - | 9,900 |
| Police | 265,309 | 176,000 | 93,666 | 171,643 |
| Fire | 119,412 | 6,199 | 4,883 | 114,529 |
| Inspections | 3,310 | - | - | 3,310 |
| Public Services Administration | 9,240 | - | 3,562 | 5,678 |
| Streets & Grounds | 14,580 | - | - | 14,580 |
| Solid Waste | 34,690 | - | - | 34,690 |
| Library | 9,022 | - | 4,414 | 4,608 |
| Recreation | 98,254 | - | 31,085 | 67,169 |
| Harness Track | 27,789 | - | 7,071 | 20,718 |
| Fair Barn | 19,237 | 8,000 | 8,630 | 10,607 |
| Planning | 23,800 | 15,000 | - | 23,800 |
| Community Development | 1,100 | - | - | 1,100 |
| | 662,824 | 205,199 | 167,713 | 495,111 |
| **Vehicles** | | | | |
| Administration | 7,024 | - | - | 7,024 |
| Police | 264,099 | 16,471 | 16,470 | 247,629 |
| Fire | 2,381 | - | - | 2,381 |
| Public Services Administration | 1,738 | - | - | 1,738 |
| Streets & Grounds | 110,000 | - | - | 110,000 |
| Solid Waste | 549,204 | 234,204 | 305,805 | 243,399 |
| Library | 2,153 | - | - | 2,153 |
| Recreation | 5,419 | - | - | 5,419 |
| Harness Track | 3,449 | 862 | - | 3,449 |
| Fair Barn | 4,208 | - | - | 4,208 |
| | 949,675 | 251,537 | 322,275 | 627,400 |
| **Infrastructure** | | | | |
| Streets & Grounds | 1,939,575 | 1,107,075 | 47,308 | 1,892,267 |
| | 1,939,575 | 1,107,075 | 47,308 | 1,892,267 |
| **Right to Use Assets** | | | | |
| Police | 151,310 | 151,310 | 123,657 | 27,653 |
| Fire | 5,900 | 5,900 | 4,771 | 1,129 |
| Public Services Administration | 4,800 | 4,800 | 4,771 | 29 |
| Recreation | 4,800 | 4,800 | 4,771 | 29 |
| Planning | 4,800 | 4,800 | 4,771 | 29 |
| | 171,610 | 171,610 | 142,741 | 28,869 |
| Total | $ 4,426,437 | $ 2,126,399 | $ 845,322 | $ 3,581,115 |
| % of YTD Capital Outlay Budget Expended | | | | 39.75% |

**Note:** This Schedule includes Fleet Maintenance, Buildings & Grounds and Information Technology Capital Outlays allocated to the respective departments. Any overexpenditure of budget is covered by available budget in other line items within that department's appropriation.

**Village of Pinehurst**
**Schedule of Ad Valorem Property Tax Collections**
**For the Fiscal Period Ended September 30, 2023**

| | **Real and Personal** | | | | | |
|---|---|---|---|---|---|---|
| | **For the Fiscal Period Ended September 30, 2023** | | | **For the Fiscal Period Ended September 30, 2022** | | |
| Tax Year | Budgeted Collections | Gross Collections | % Collected Through 09/30/2023 | Budgeted Collections | Gross Collections | % Collected Through 09/30/2022 |
| Third Prior Year | $ - | $ - | 100.00% | $ - | $ 2,470 | 100.00% |
| Second Prior Year | - | 6 | 100.00% | - | 1,274 | 100.00% |
| First Prior Year | 5,000 | 2,625 | 52.50% | 5,000 | 3,048 | 60.96% |
| Current Year | 12,974,000 | 10,247,780 | 78.99% | 11,347,000 | 9,207,571 | 81.15% |
| | $ 12,979,000 | $ 10,250,411 | 78.98% | $ 11,352,000 | $ 9,214,363 | 81.17% |

| | **Motor Vehicles** | | | | | |
|---|---|---|---|---|---|---|
| | **For the Fiscal Period Ended September 30, 2023** | | | **For the Fiscal Period Ended September 30, 2022** | | |
| Tax Year | Budgeted Collections | Gross Collections | % Collected Through 09/30/2023 | Budgeted Collections | Gross Collections | % Collected Through 09/30/2022 |
| Third Prior Year | $ - | $ - | 0.00% | $ - | $ - | 0.00% |
| Second Prior Year | - | - | 0.00% | - | - | 0.00% |
| First Prior Year | - | - | 0.00% | - | - | 0.00% |
| Current Year | 660,000 | 229,306 | 34.74% | 824,000 | 245,971 | 29.85% |
| | $ 660,000 | $ 229,306 | 34.74% | $ 824,000 | $ 245,971 | 29.85% |
| Refunds/Reliefs | - | (3,285) | 0.00% | - | (3,877) | 0.00% |
| Tax Interest | - | 1,403 | 0.00% | - | 2,274 | 0.00% |
| TOTAL | $ 13,639,000 | $ 10,477,835 | 76.82% | $ 12,176,000 | $ 9,458,731 | 77.68% |

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

# Memo

**To:** Village Council

**From:** Dana Van Nostrand

**CC:** Jeff Sanborn & Senior Leadership

**Date:** November 1, 2023

**Re:** FY 2024 Financial Statements for the Three Months Ended September 30, 2023

---

Attached are the quarterly financial statements for the three months ended September 30, 2023. The Village is off to a strong start for FY 2024. Revenues are on track to meet the budget. In addition, our operating expenditures are below budget for the first quarter. These results should position us well to carry out the objectives outlined in the FY 2024 Strategic Operating Plan as the year progresses.

**Financial Position:**

The Village's General Fund produced $7.6 million in net income for the first three months of the year compared to $6.9 million the prior year. The higher net income is driven by revenues being $1.4 million higher compared to the prior year while total expenditures to date are $686 thousand higher than last year. Net income is typically very high at the end of the first quarter due to the timing of the property tax receipts that fund the entire fiscal year.

The Village's total cash and investment balances increased by $2.0 million, or 8%, compared with the previous year, primarily due to additional surplus in FY 2023 and higher investment income since the prior year. Of the $27.7 million in cash and investments on September 30, 2023, nearly $27.5 million, or 99%, was held in the North Carolina Capital Management Trust Government Portfolio. The cash and investments have yielded 4.78% this fiscal year to date. This is a significant improvement compared to the fiscal year 2022 yield through the same period of 2.03% as interest rates have risen. The Village does not have any installment financing debt obligations as of September 30, 2023.

**Revenues & Expenditures:**

General fund revenues were $884 thousand, or 7%, above the quarterly budget projections. This was driven by property tax revenue collections that were $705 thousand higher than the quarterly budget and $148 thousand in additional sales tax revenues. Additionally, investment income exceeded the quarterly budget by $92 thousand. These favorable variances were offset by other revenues being $100 thousand below the quarterly budget. This variance is due to the timing of receipts for ABC revenues and the annual donation from FirstHealth. The property tax revenue surplus is due to timing of the collections. I expect the total property tax revenues for the fiscal year to be in line with the annual budget.

General fund operating expenditures were $1.4 million, or 22%, below the quarterly budget overall, which is comparable to prior year amounts at this point in the fiscal year. Salaries and benefits increased $244 thousand compared to the prior year to date, which is consistent with our expectation that salaries and benefits would increase over $1 million when developing the FY 2024 budget.

For capital outlays, only $845 thousand of the $2.1 million budgeted through September 30 was expended, however the quarterly budget includes the full amount of the $1.5 million in reappropriations from FY 2023 even though the full amount was not expected to be expended in the first quarter. An additional $706 thousand of the capital budget is encumbered as of September 30. Capital projects planned for FY 2024 are on track.

**Financial Outlook:**

Growth in the Village's property tax base has slowed significantly as fewer homes and commercial buildings are being constructed due to the increase in interest rates. So far this year, the Village has issued 10 new single-family residential building permits, compared to 6 new permits issued at the same time last year (FY 2023) and 25 the year before that (FY 2022). The goal is 100 new single-family residential permits in FY 2024. There are two major subdivisions that are expected to be permitted in FY 2024 that will push us closer to our goal: Holly Crest (40 lots) and Pinehurst South Cottages (38 lots).

**Other Items:**

Through September 30, 2023, the Fair Barn covered 75% of operating expenditures with operating revenues after discounts. This is a decrease over the same quarter last year, in which the Fair Barn covered 91% of operating expenditures with operating revenues. Revenues after discounts were consistent with the prior year quarter, but operating expenditures were $14 thousand higher than prior year. The increase in operating expenditures was driven by an additional $6 thousand in salary and benefit costs and increases in other operating expenditures, such as cleaning services.

The Harness Track covered 12% of its operating expenditures this quarter which is the same as the previous year. This percentage is very low because Harness Track revenues are primarily received in the second and third quarters of the year during training season. Stall rentals are strong and the recent improvements to grooms' quarters and the addition of RV hookups should bring in more revenue this season compared to prior years.

**Conclusion:**

At this point in the fiscal year, the Village is well positioned compared to our forecast and targets. We will continue to monitor revenues and expenditures as the fiscal year progresses and in preparation for the strategic planning retreat.

Should you have any questions about these quarterly financial statements, please feel free to contact me.

# FINANCIAL STATEMENTS

FY 2024

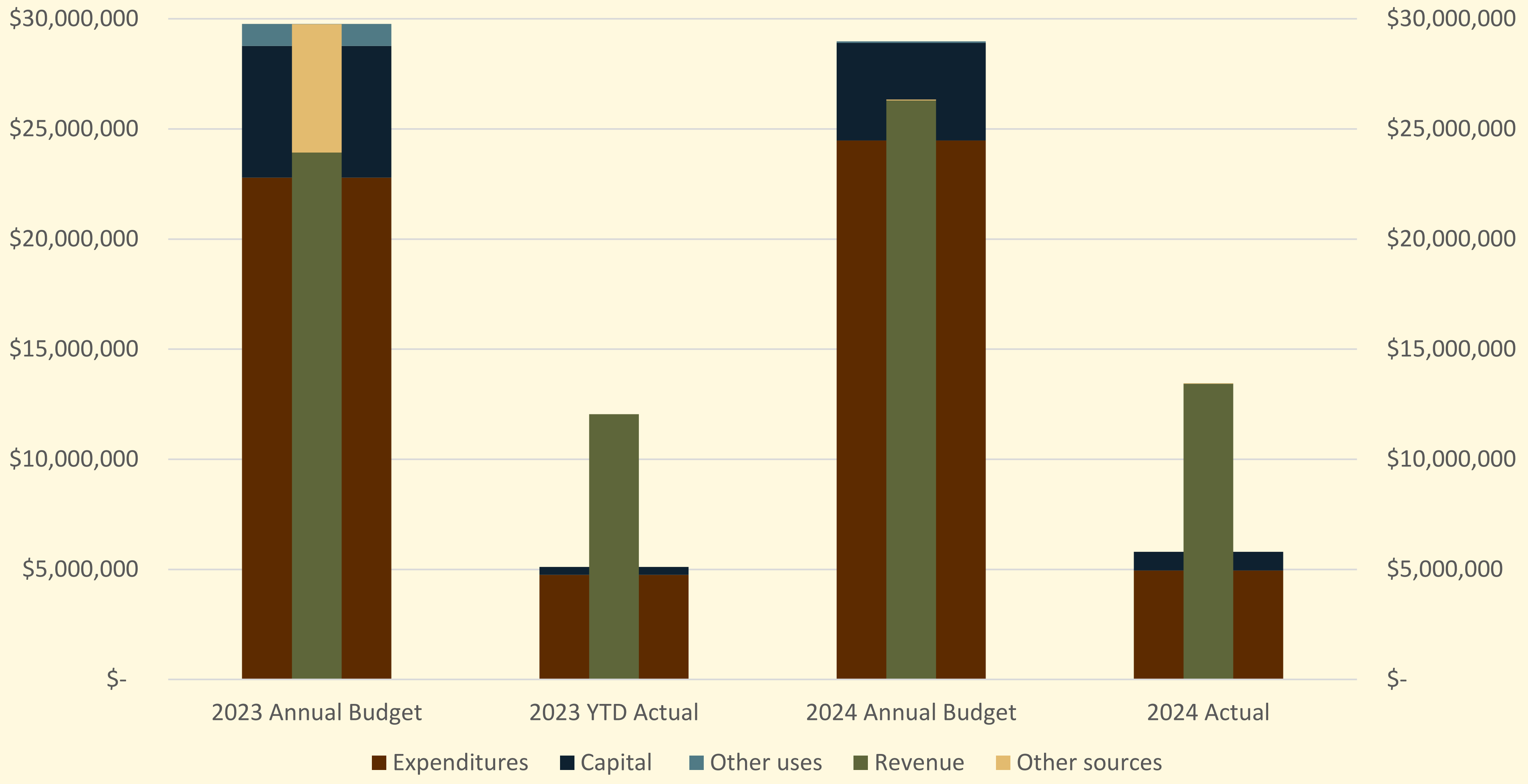
Quarter Ended **September 30, 2023**

# Year-to-Date Budget

# Budget-to-Actual Summary

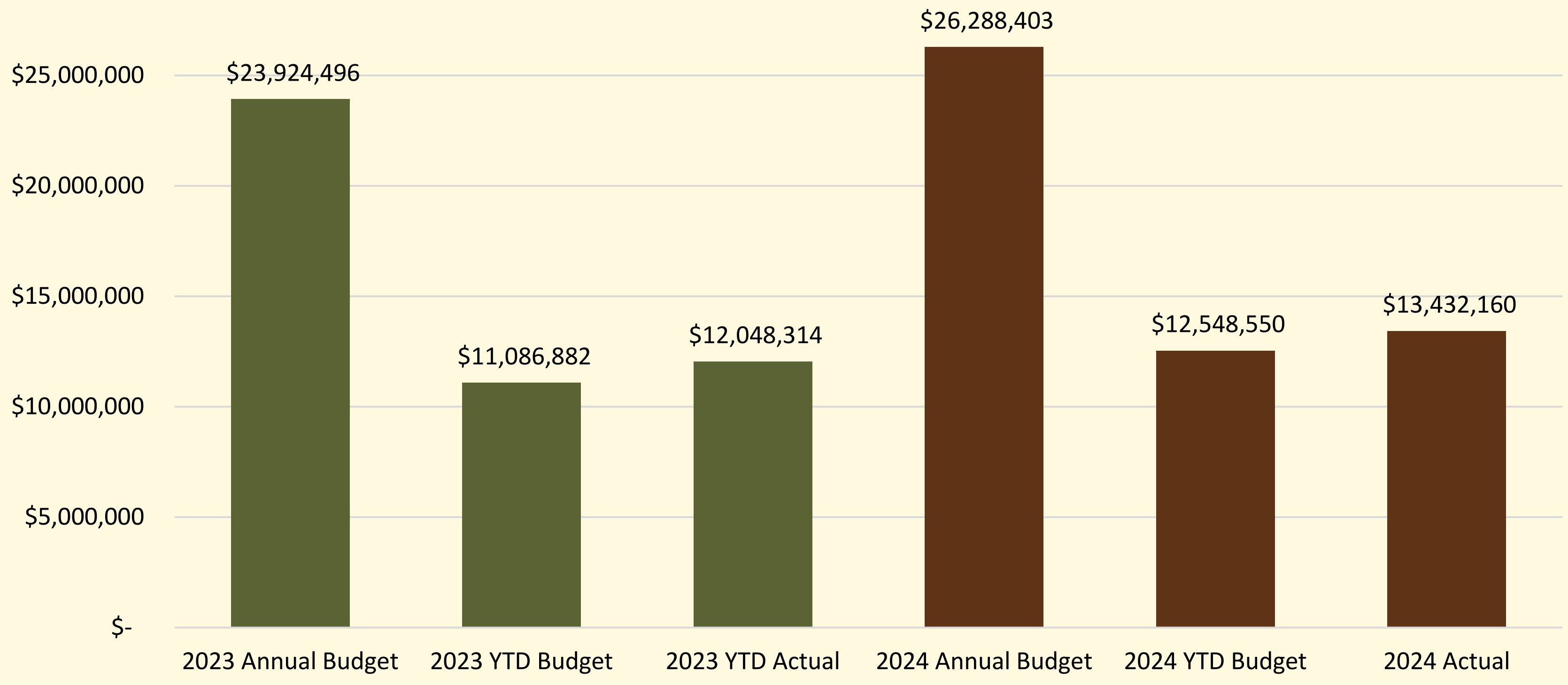
| *Amounts in thousands* | FY 2024 YTD Budget | FY 2024 Actual | Over (Under) YTD Budget | FY 2023 YTD Actual | Current Year Over (Under) Prior Year |
|---|---|---|---|---|---|
| **Total revenues** | **$ 12,549** | **$ 13,432** | **$ 883** | **$ 12,048** | **$ 1,384** |
| Operating expenditures | 6,384 | 4,950 | (1,434) | 4,758 | 192 |
| Capital outlays | 2,126 | 845 | (1,281) | 351 | 494 |
| **Total expenditures** | **$ 8,510** | **$ 5,795** | **$ (2,715)** | **$ 5,109** | **$ 686** |
| **Revenues over (under) expenditures** | **$ 4,039** | **$ 7,637** | **$ 3,598** | **$ 6,939** | **$ 698** |
| Other financing sources | $ 30 | $ 24 | $ (6) | $ - | $ 24 |
| Other financing uses | - | - | - | - | - |
| Appropriated fund balance | (2,051) | - | 2,051 | - | - |
| **Change in fund balance** | **$ 2,018** | **$ 7,661** | **$ 5,643** | **$ 6,939** | **$ 722** |
| Beginning fund balance | | $ 20,362 | | $ 15,240 | $ 5,122 |
| **Ending fund balance** | | **$ 28,023** | | **$ 22,179** | **$ 5,844** |

# Revenues vs. Expenditures



# General Fund Revenues

# Revenues



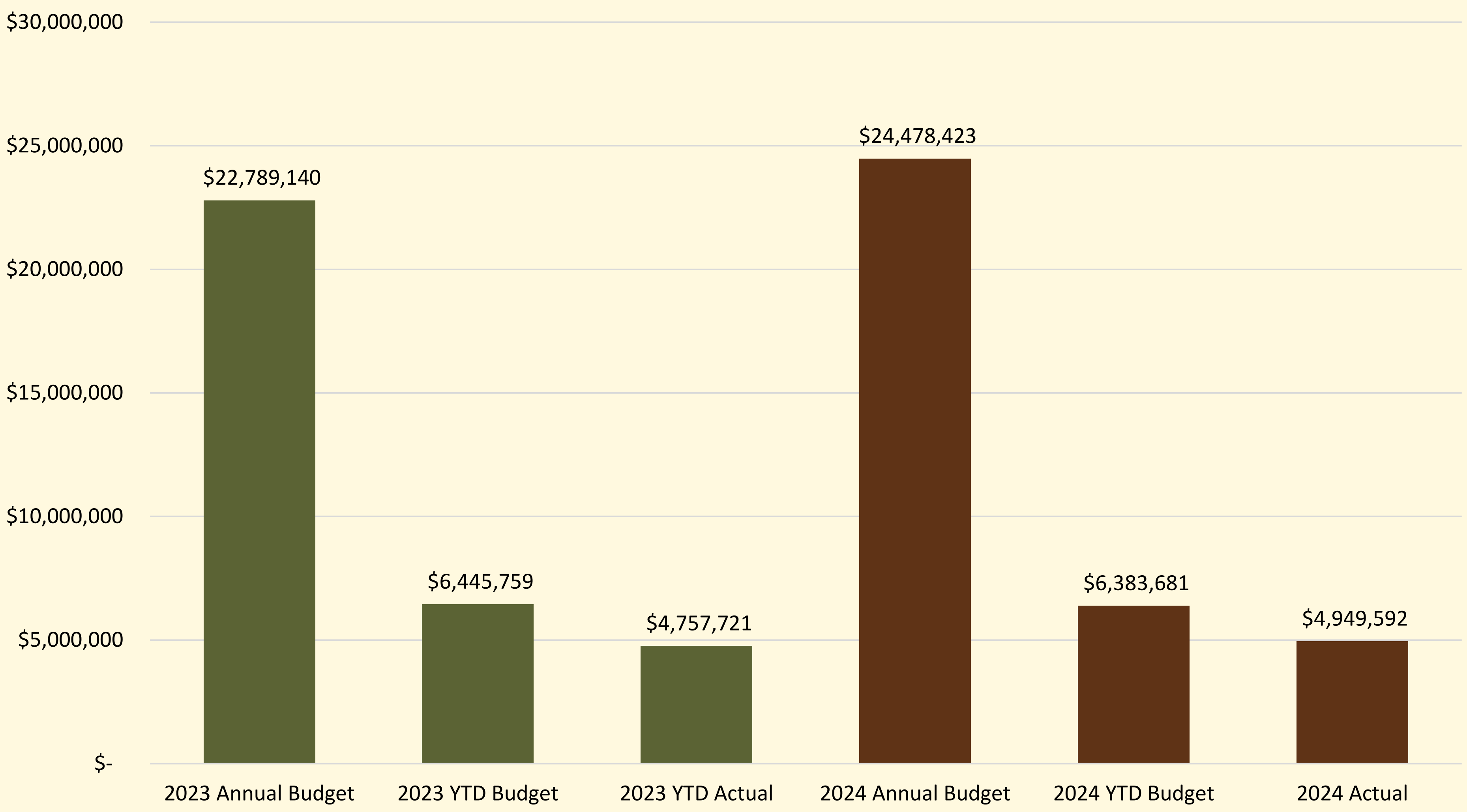
$30,000,000
$25,000,000
$20,000,000
$15,000,000
$10,000,000
$5,000,000
$-
$23,924,496
$11,086,882
$12,048,314
$26,288,403
$12,548,550
$13,432,160
2023 Annual Budget
2023 YTD Budget
2023 YTD Actual
2024 Annual Budget
2024 YTD Budget
2024 Actual

## Revenues to Note

- Property Taxes:
  - $10.5MM collected thru Q1
  - Real and personal – 79% of annual budget collected compared to 81% of annual budget thru Q1 last year
- Sales and Use Taxes:
  - Nearly $2.0MM in Q1; $310K more than Q1 last year
  - $148K (8%) higher than quarterly budget
- Investment Income
  - Due to FOMC interest rate increases, earned $238K, which is $92K (63%) more than the quarterly budget
  - Annualized investment yield thru Q1 was 4.78% on an average balance of $21.5MM

# General Fund Expenditures

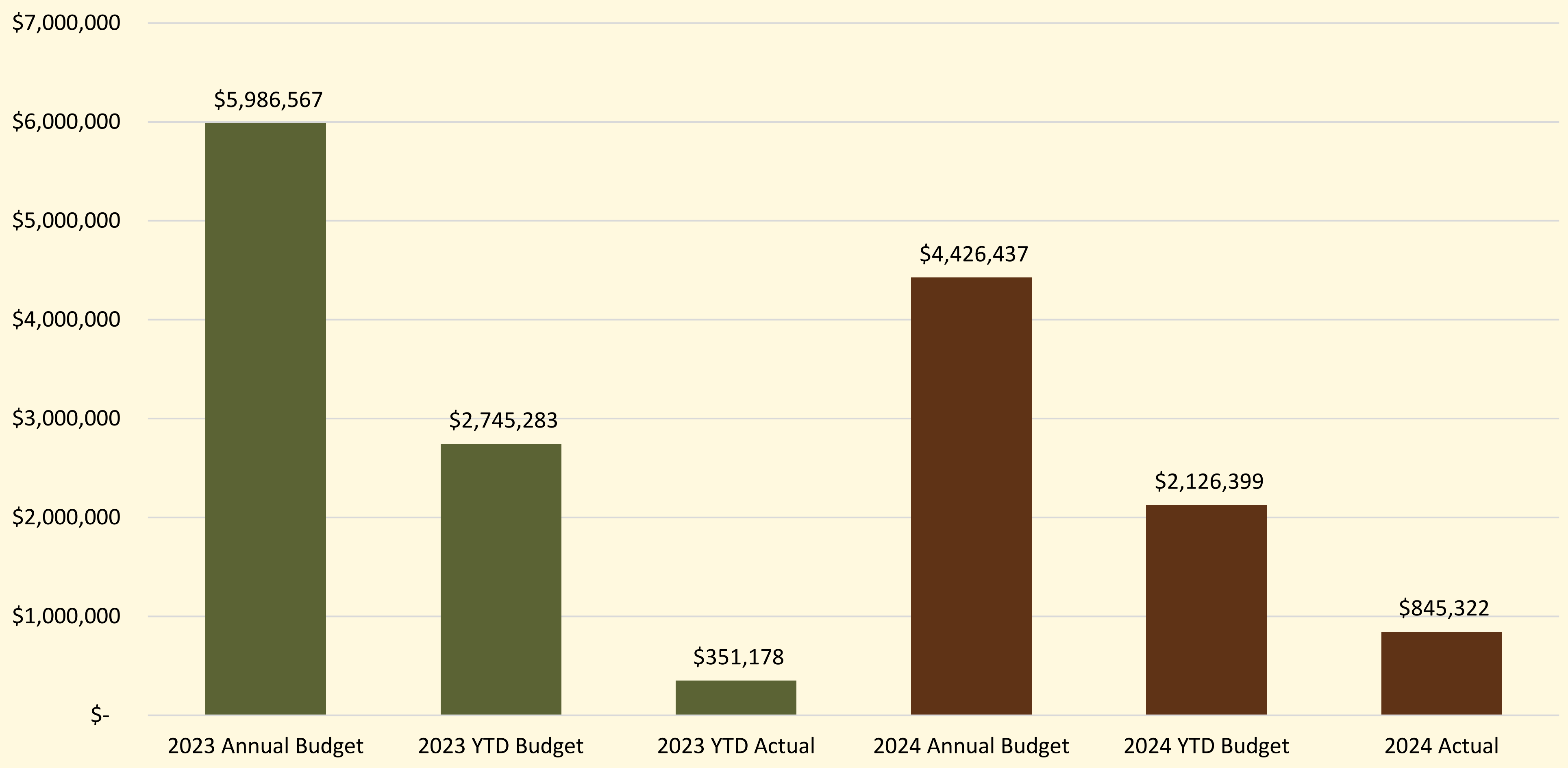
# Operating Expenditures



# Operating Expenditures to Note

- Personnel Expenses:
  - $2.9MM of $3.5MM personnel budget expended
  - $622K (18%) budget-to-actual variance
  - Notable lapse salary in the Police and Fire departments due to open positions and length of time to hire
- $122K budgeted from FY 2023 reappropriation but not spent yet for Fire turnout gear, boots, fire hose, and other supplies
- $200K for PDO rewrite reappropriated but not spent yet

# Capital Expenditures

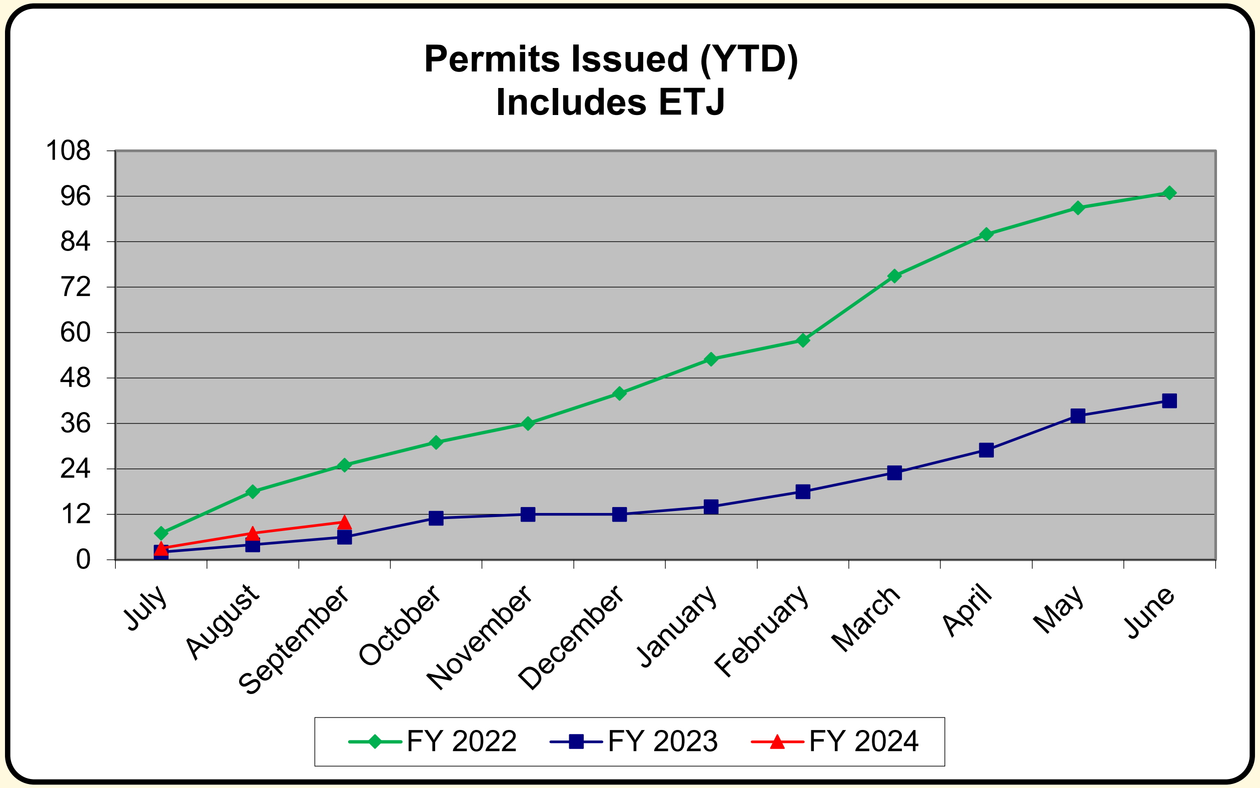


## Capital Expenditures to Note

- Unspent Capital Dollars Reappropriated in FY 2024:
  - $129K Streetscape Improvements (downtown amenity plan) – $29K spent + $66K encumbered
  - $645K Sidewalk Improvements – $0 spent + $293K encumbered
  - $355K Stormwater and Intersection Improvements – $50K spent + $10K encumbered
  - $234K Solid Waste Vehicle – $234K spent
- Q1 FY 2024 Capital Projects:
  - $176K Police Radios & Light Towers – $86K spent + $90K encumbered
  - $191K Harness Track Improvements – $103K spent + $58K encumbered

# Financial Position & Outlook

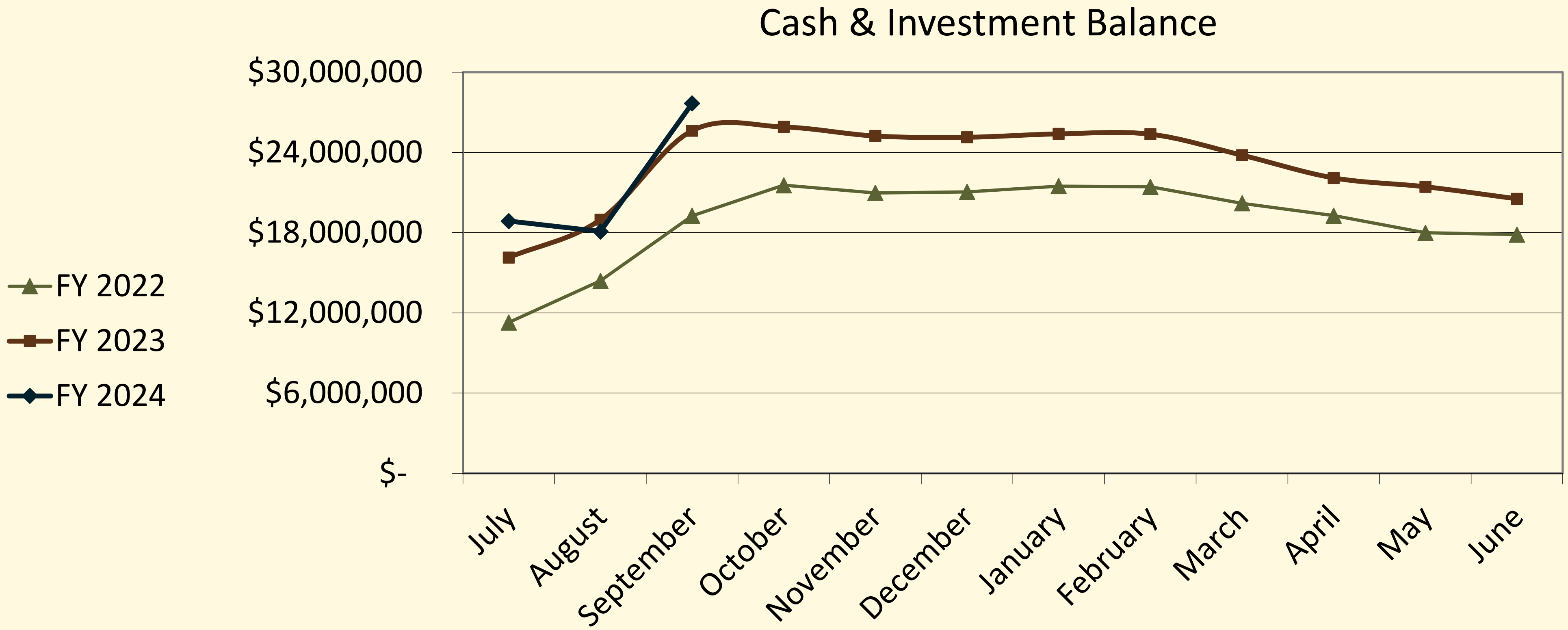
- Residential Property:
  - 50% of Village revenues in FY 2023; Budgeted to be 51% in FY 2024
  - Residential building permits have slowed dramatically due to higher interest rates
  - Two planned major subdivisions are expected to be permitted in FY 2024 with a total of 78 lots



# Cash & Investment Balances

# Cash and Investment Balance

- Total cash and investments balance increased $2.0MM from 9/30/2022 to 9/30/2023, due to a higher beginning balance from the FY 2023 surplus
- Of the $27.7 million in cash and investments, 99% is held in the North Carolina Capital Management Trust Government Portfolio.



# Library Expansion
# Capital Project Fund

# Library Expansion Capital Project Fund

- $1.4MM already contributed from the General Fund to date
- $103K of design expenditures YTD; $125K project-to-date
- No transfers from the General Fund planned in FY 2024
- Next transfer from the General Fund is planned in FY 2025 for construction
- Additional $545K in committed General Fund fund balance for the library and archives that is not reflected in the capital project fund
    - This must be used for library and archives improvements per the library transfer agreement
    - It can be spent from the General Fund on allowable expenditures or transferred to the capital project fund
    - Council will need to adopt a budget ordinance to direct the use of the funds

# AMENDMENT TO THE AUDIT CONTRACT FOR FISCAL YEAR 2023 AUDIT

## ADDITIONAL AGENDA DETAILS:

**FROM:**
Dana Van Nostrand

**CC:**
Village Managers

**DATE OF MEMO:**
11/2/2023

**MEMO DETAILS:**
The audit contract with FORVIS, LLP for the FY 2023 audit services needs to be amended to include the variable fees and charges now that the audit is completed. The Local Government Commission (LGC) must approve the audit contracts and the LGC does not allow us to estimate these variable fees in the original contract that was submitted in March 2023. The LGC requires an amended contract with the final billing amounts.

The original contract was for the $41,000 base audit fee. The variable fees below were included in the engagement letter language and are common for financial statement audits.

GASB 96 Implementation additional audit time - $3,165
Technology & Administrative Fee (5% of total fees) - $2,208
Out-of-pocket expenses (travel) - $3,406
Total variable fees added to the base contract - $8,779
Total amended contract - $49,779

These fees are reasonable given the additional audit time and effort related to the GASB 96 implementation and travel expenses for the audit team.

I recommend Council approve the amended audit contract attached for $49,779.

**ATTACHMENTS:**

Description

Amended Audit Contract FY 2023

**LGC-205 Amendment**

# AMENDMENT TO CONTRACT TO AUDIT ACCOUNTS

**Rev. 11/2022**

| | |
|---|---|
| Whereas | Primary Government Unit<br>Village of Pinehurst |
| and | Discretely Presented Component Unit (DPCU) (if applicable) |
| and | Auditor<br>FORVIS, LLP |

entered into a contract in which the Auditor agreed to audit the accounts of the Primary Government Unit and DPCU (if applicable)

for Fiscal Year Ending: 06/30/23 and originally to be submitted to the LGC on Date: 10/31/23

hereby agree that it is now necessary that the contract be modified as follows.

| | | |
|---|---|---|
| ☐ Modification to date submitted to LGC | Original date<br>10/31/23 | Modified date |
| ☑ Modification to fee | Original fee<br>$ 41,000.00 | Modified fee<br>$ 49,778.73 |

## Reason(s) for Contract Amendment

| Primary (choose 1) | Other (choose 0-2) | |
|---|---|---|
| ◉ | ☐ | Change in scope |
| ○ | ☐ | Issue with unit staff/turnover |
| ○ | ☐ | Issue with auditor staff/workload |
| ○ | ☐ | Third-party financial statements not prepared by agreed-upon date |
| ○ | ☐ | Unit did not have bank reconciliations complete for the audit period |
| ○ | ☐ | Unit did not have reconciliations between subsidiary ledgers and general ledger complete |
| ○ | ☐ | Unit did not post previous years adjusting journal entries resulting in incorrect beginning balances in the general ledger |
| ○ | ☐ | Unit did not have information required for audit complete by the agreed-upon time |
| ○ | ☐ | Delay in component unit reports |
| ○ | ☐ | Software - implementation issue |
| ○ | ☐ | Software - system failure |
| ○ | ☐ | Software - ransomware/cyberattack |
| ○ | ☐ | Natural or other disaster |
| ○ | ☐ | Other (please explain) |

### Plan to Prevent Future Late Submissions

If the amendment is submitted to modify the date the audit will be submitted to the LGC, please indicate the steps the unit and auditor will take to prevent late filing of audits in subsequent years. Audits are due to the LGC four months after fiscal year end. Indicate NA if this is an amendment due to a change in cost only.

### Additional Information

Please provide any additional explanation or details regarding the contract modification.

Fees for tech & admin, out-of-scope and out-of-pocket were inadvertently not included.

**By their signatures on the following pages, the Auditor, the Primary Government Unit, and the DPCU (if applicable), agree to these modified terms.**

## SIGNATURE PAGE

### AUDIT FIRM

| | |
|---|---|
| Audit Firm*<br>FORVIS, LLP | |
| Authorized Firm Representative* (typed or printed)<br>John Frank | Signature* John A. Frank |
| Date*<br>11/03/23 | Email Address<br>John.Frank@forvis.com |

### GOVERNMENTAL UNIT

| | |
|---|---|
| Governmental Unit*<br>Village of Pinehurst | |
| Date Primary Government Unit Governing Board Approved **Amended** Audit Contract* (If required by governing board policy) | |
| Mayor/Chairperson* (typed or printed)<br>John C. Strickland | Signature* |
| Date | Email Address<br>jstrickland@vopnc.org |

| | |
|---|---|
| Chair of Audit Committee (typed or printed, or "NA")<br>N/A | Signature |
| Date | Email Address |

### GOVERNMENTAL UNIT – PRE-AUDIT CERTIFICATE
### *ONLY REQUIRED IF FEES ARE MODIFIED IN THE AMENDED CONTRACT*

*(Pre-audit certificate not required for hospitals)*

Required by G.S. 159-28(a1) or G.S. 115C-441(a1)

*This instrument has been pre-audited in the manner required by The Local Government Budget and Fiscal Control Act or by the School Budget and Fiscal Control Act.*

| | |
|---|---|
| Primary Governmental Unit Finance Officer*<br>Dana Van Nostrand | Signature* |
| Date of Pre-Audit Certificate* | Email Address*<br>dvannostrand@vopnc.org |

## SIGNATURE PAGE – DPCU
**(complete only if applicable)**

### DISCRETELY PRESENTED COMPONENT UNIT

| | |
|---|---|
| DPCU | |
| Date DPCU Governing Board Approved **Amended** Audit Contract (If required by governing board policy) | |
| DPCU Chairperson (typed or printed) | Signature |
| Date | Email Address |

| | |
|---|---|
| Chair of Audit Committee (typed or printed, or "NA") | Signature |
| Date | Email Address |

### DPCU – PRE-AUDIT CERTIFICATE
***ONLY REQUIRED IF FEES ARE MODIFIED IN THE AMENDED CONTRACT***

*(Pre-audit certificate not required for hospitals)*

Required by G.S. 159-28(a1) or G.S. 115C-441(a1)

*This instrument has been pre-audited in the manner required by The Local Government Budget and Fiscal Control Act or by the School Budget and Fiscal Control Act.*

| | |
|---|---|
| DPCU Finance Officer (typed or printed) | Signature |
| Date of Pre-Audit Certificate | Email Address |

# PRESENTATION OF THE FY 2023 ANNUAL COMPREHENSIVE FINANCIAL REPORT

## ADDITIONAL AGENDA DETAILS:

**FROM:**
Dana Van Nostrand

**CC:**
Jeff Sanborn & Doug Willardson

**DATE OF MEMO:**
11/2/2023

**MEMO DETAILS:**
I am pleased to present to you the Village's Annual Comprehensive Financial Report (ACFR) for the year ended June 30, 2023. 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 (FORVIS, LLP).

Mr. John Frank and Mr. Brandon Flinchum of FORVIS, LLP will present the firm's opinion on these statements.

Included with your copy of the ACFR 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 that is required to be communicated to those charged with governance.

This year there is an audit adjustment that was proposed by FORVIS related to the reporting of pre-existing software subscriptions as of July 1, 2022 for the initial adoption of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This proposed adjustment was not made in the financial statements for the following reasons:

- The adjustment does not change the net results of FY 2023 or ending balances as of June 30, 2023.
- The adjustment would create larger budget-to-actual variances in Exhibit 7 and Schedule 1 of the ACFR since the FY 2023 budget was amended to record the full amount of SBITA assets and liabilities to be recognized upon adoption.
- The $200K adjustment is 0.8% of the expenditures reported and 0.7% of the revenues and other financing sources reported, so it is relatively small compared to the financial statements as a whole, especially since it does not affect the change in fund balance or balance sheet.
- The correction was brought to my attention very late in the audit process (the week we planned to issue the ACFR). The audit team was comfortable with passing on the audit adjustment to ensure we were able to issue by the October 31 statutory deadline.

**ATTACHMENTS:**

Description

- FY 2023 Annual Comprehensive Financial Report
- Required Communications

# Village of Pinehurst, North Carolina

# Annual Comprehensive Financial Report

For the Fiscal Year Ended
June 30, 2023

Prepared by
Financial Services Department

Dana Van Nostrand, CPA
Financial Services Director

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# INTRODUCTORY SECTION

HISTORY, CHARM, AND SOUTHERN HOSPITALITY

**LETTER OF TRANSMITTAL**

October 20, 2023

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

The Annual Comprehensive 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 for the fiscal year ended June 30, 2023. 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, 2023, and to provide further accountability to residents and other interested parties by providing a more comprehensive report in lieu of the minimum basic financial statement requirements.

As an annual comprehensive 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. FORVIS, LLP, Certified Public Accountants, conducted the audit and concluded that there was a reasonable basis for rendering an unmodified ("clean") opinion that the Village's financial statements for the fiscal year ended June 30, 2023 are fairly presented in conformity with GAAP. The independent auditor's 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 state financial assistance is also required by 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 state awards. These reports are in the Compliance Section of this Annual Comprehensive Financial Report.

In fiscal year 2023, the Village's Coronavirus State and Local Fiscal Recovery Funds qualified for an alternative compliance examination engagement in lieu of a federal Single Audit of these funds. A separate accountant's report on compliance will be issued for this examination.

Management's discussion and analysis of the basic financial statements (MD&A) immediately follows the independent auditor's 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 the basic financial statements and should be read in conjunction with them.



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## 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 over 18,000. 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 the Village's manager and attorney. The Village Manager is responsible for carrying out the policies and ordinances of the Village Council, overseeing the day-to-day operations of the Village, and 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, maintenance of streets and 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 budget ordinance authorizes the Village Manager to make all budget transfers within a department and transfers up to $25,000 between departments in a single budget amendment within the same fund. This authority is granted 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 local housing market. In fiscal year (FY) 2023, 42 new homes were constructed in the Village, which is a decrease from the 97 homes constructed in the previous year.

The tourism industry contributes significantly to the economic well-being of the Village. Moore County ranks tenth out of one-hundred North Carolina counties in tourism, with an estimated $749 million in annual tourism generated revenues according to *The Economic Impact of Travel on North Carolina Counties* study prepared for Visit North Carolina by Tourism Economics. 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 because of its exceptional quality. Pinehurst Resort is the Village's largest taxpayer and employs nearly 1,400 people. 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. In 2020, the United States Golf Association (USGA) announced that it will build a second headquarters in Pinehurst as part of a multi-million dollar incentive package. Pinehurst No. 2 was also announced as the first anchor site for future U.S. Open championships with five men's championship events scheduled over the next 25 years. The USGA's commitment to sponsoring the men's championship events at Pinehurst, in addition to various other championship events in Moore County and across the state, will bring significant economic benefits to North Carolina.

The Village also claims 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 annual comprehensive financial report. In addition, when preparing the annual General

Fund budget, the total appropriated fund balance should result in anticipated ending total fund balance of at least 30%. The policy also states that when total fund balance at June 30 is in excess of 40% of actual General Fund expenditures, Council may commit excess fund balance for future capital needs. At June 30, 2023, the General Fund's unassigned fund balance of $5.4 million represented 22% of General Fund actual expenditures and total fund balance of $20.4 million was 71% of budgeted expenditures. In FY 2023, Council approved a resolution to commit excess funds for future capital needs totaling $10.6 million.

In FY 2024, the Village adopted its eleventh 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 maintains nine organizational goals for the FY 2024 Strategic Operating Plan to achieve its mission. These overarching community goals are as follows: (1) safeguard the community, (2) promote high-quality neighborhoods, development, and appearance, (3) promote a thriving business community, (4) promote transportation mobility and connectivity, (5) preserve 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 2024 Strategic Operating Plan to address these goals include:

- Update the Pinehurst Development Ordinance
- Implement a Metropolitan Planning Organization (MPO) in Association with Regional Partners
- Develop and Implement a Consolidated Multi-Modal Transportation Plan
- Relocation of the Public Services Complex to allow for redevelopment of Village Place
- Expand and renovate Given Memorial Library and Tufts Archives

**Awards and Acknowledgements**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Village for its annual comprehensive financial report for the fiscal year ended June 30, 2022. This was the 30th 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 annual comprehensive financial report. 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 annual comprehensive financial report 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 year ended June 30, 2023. This was our 16th consecutive year receiving this award. We were awarded the Special Performance Measures Recognition in four of those years. In order to qualify for the Distinguished Budget Presentation Award, the Village's budget document was 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 | Dana Van Nostrand |
| Village Manager | Financial Services Director |

Government Finance Officers Association

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

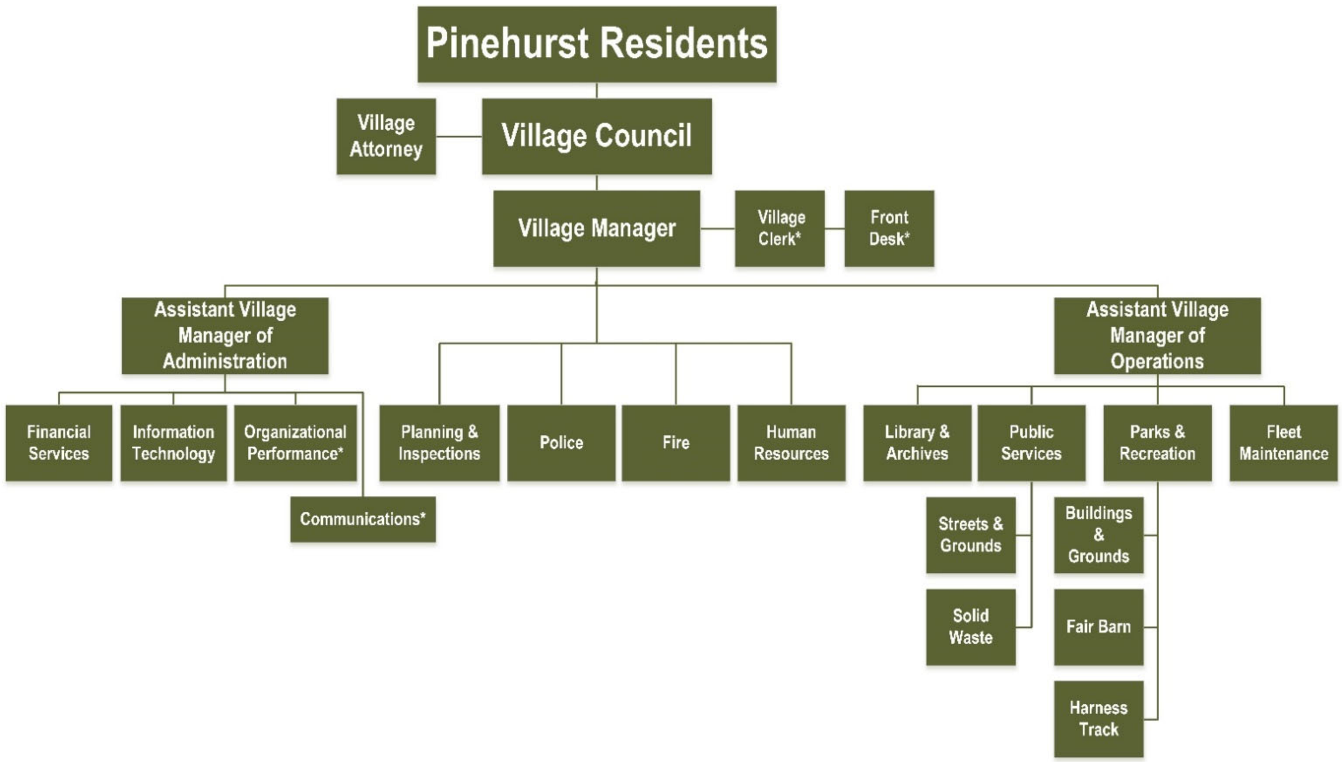
**Village of Pinehurst**
**North Carolina**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

**Village of Pinehurst, North Carolina**

**Organizational Chart**
**June 30, 2023**




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

**Village of Pinehurst, North Carolina**
**List of Principal Officials**
**As of June 30, 2023**

**Elected Officials**

| | |
|---|---|
| John C. Strickland | Mayor |
| Patrick Pizzella | Mayor Pro-Tem |
| Lydia Boesch | Treasurer |
| Jane Hogeman | Council Member |
| Jeff Morgan | Council Member |

**Appointed Officials**

| | |
|---|---|
| Jeffrey M. Sanborn | Village Manager |
| Jeff Batton | Assistant Village Manager |
| Doug Willardson | Assistant Village Manager |
| Michael J. Newman | Village Attorney |
| Kelly Chance | Village Clerk |
| Dana Van Nostrand | Financial Services Director |
| Matthew McKirahan | Organizational Performance Director |
| Angela Kantor | Human Resources Director |
| Jason Whitaker | Chief Information Officer |
| Glen Webb | Police Chief |
| Carlton Cole | Fire Chief |
| Alex Cameron | Planning & Inspections Director |
| Mike Apke | Public Services & Engineering Director |
| Mark Wagner | Parks & Recreation Director |
| Audrey Moriarty | Library & Archives Director |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# Independent Auditor's Report

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

## Report on the Audit of the Financial Statements

***Opinion***
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, 2023, and the related notes to the financial statements, which collectively comprise of the Village's basic financial statements listed in the table of contents.

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, 2023, 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.

***Basis for Opinion***
We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the Village and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Emphasis of Matter***
As discussed in Note 1 to the financial statements, in 2023 the Village adopted new accounting guidance, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements.* Our opinion is not modified with respect to this matter.

***Responsibilities of Management for the Audit of 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; and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.




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FORVIS

***Auditor's Responsibilities for the Audit of the Financial Statements***
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Village's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5 through 18, Local Government Employees' Retirement System Schedule of the Proportionate Share of the Net Pension Liability (Asset) on page 52, Local Government Employees' Retirement System Schedule of Contributions on page 53, 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 54 and 55 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of the Village. The individual fund statements, budgetary schedules, and other schedules, as well as the accompanying schedule of expenditures of federal and state awards, as 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, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This 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 prepare 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, the 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.

## Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory information and the statistical sections, but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

FORVIS

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards,* we have also issued our report dated October 20, 2023, 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 the effectiveness ot the Village's 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.

FORVIS, LLP

**High Point, North Carolina**
**October 20, 2023**

# 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, 2023. 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.

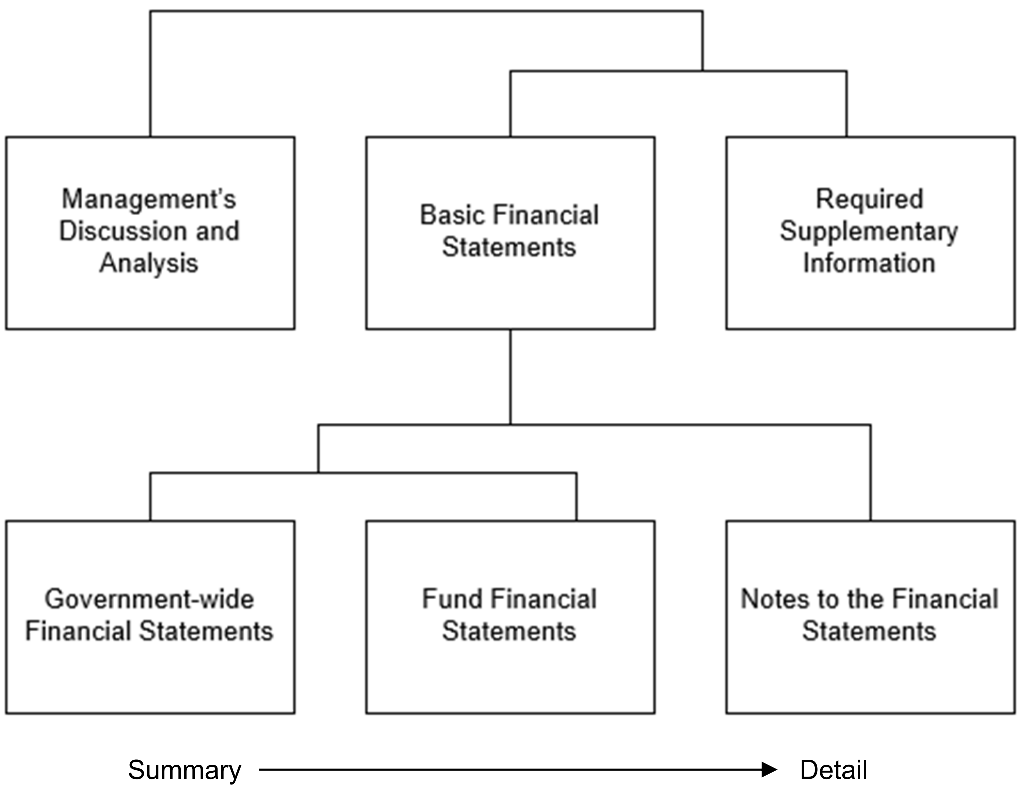
***Financial Highlights***

- 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 $48.2 million (*net position*).
- The Village's total net position increased by $7.2 million primarily due to $5.3 million of COVID-19 stimulus grant funding from the American Rescue Plan Act (ARPA) and a $2.2 million net increase in capital assets, offset by $349 thousand net increase in liabilities for leases and software subscriptions.
- At the end of the current fiscal year, the Village's governmental funds, consisting of the General Fund and Library Expansion Capital Project Fund, reported combined ending fund balances of $21.8 million, an increase of $6.1 million in comparison with the prior year. This increase was driven by the transfer of the $5.4 million of ARPA grant funds and investment income to the General Fund to cover the grant expenditures.
- The American Rescue Plan Act Special Revenue Fund was established in 2022 to account for the use of federal grant funds received from the ARPA State and Local Fiscal Recovery Funds (SLFRF). These COVID-19 relief and economic recovery grant funds are allowed to be expended over multiple years. The first tranche was received in FY 2022 and the second tranche was received in FY 2023. The ARPA funds were fully expended in FY 2023 to cover salaries and benefits for the provision of government services and the Special Revenue Fund was closed.
- At the close of the current fiscal year, unassigned fund balance for the General Fund was $5.4 million, or 22% of total general fund expenditures for the fiscal year. This amount is available for spending at the Village's discretion. Committed fund balance for the General Fund totaled $11.1 million, which includes $545 thousand for improvements to the existing Given Memorial Library and Tufts Archives building and other operational improvements and nearly $10.6 million for future capital needs per the Village's fund balance policy.
- The Village had no installment purchase debt and no general obligation bonded debt as of June 30, 2023. The Village had $374 thousand of long-term liabilities associated with multi-year lease and software subscription agreements. See notes 1 and 5 for more information.
- Throughout the year, the Village's deposits were insured or collateralized as required by State law. Total investment earnings were approximately $847 thousand, which is equivalent to an annual return of approximately 3.69% on the average amount of cash and cash equivalents during the year. The investment return increased considerably compared to the prior year return of 0.15% due to higher interest rates and a higher average cash balance, driven by the second tranche of ARPA funding received in fiscal year 2023. At fiscal year's end, 99% of the Village's cash and investments were invested with the North Carolina Capital Management Trust (NCCMT) Government Portfolio.
- The Village has received the Certificate of Achievement for Excellence in Financial Reporting for 30 consecutive years. The Certificate of Achievement is the highest form of recognition awarded in the field of governmental financial reporting.
- For the 2023 fiscal year, the Village received the Distinguished Budget Presentation Award for the 16th consecutive year from the Government Finance Officers Association for its annual budget. We have also been awarded the Special Performance Measures Recognition in four of those years.

***Overview of the Financial Statements***

The Village provides both an introductory and financial section in the annual comprehensive financial report (ACFR). As Figure 1 shows below, the financial section has three required components—management's discussion and analysis (this section), the basic financial statements, and required supplementary information. This discussion and analysis is intended to serve as an introduction to the Village's basic financial statements and provide management's analytical insights on the information contained in the 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. The basic financial statements present two different views of the Village through the use of government-wide statements and fund financial statements. The government-wide financial statements provide a long-term perspective on the Village's overall financial status. The fund financial statements focus on the Village's operations in more detail with a short-term perspective. The notes provide additional explanations and more detailed data and are an integral part to understanding the 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 the Annual Comprehensive 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, illustrating how government services were funded and what remains for future spending. 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 it has 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, sales 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, 2023. The final category is the component unit. The Village does not have any component units as of June 30, 2023.

The government-wide financial statements are in 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 had three funds during fiscal year 2023, the General Fund, the American Rescue Plan Act Special Revenue Fund, and the Library Expansion Capital Project Fund, which are all 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 moneys 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 governmental fund financial statements and reconciliations to the government-wide financial statements are in Exhibits 3 through 6 of the basic 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 residents 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 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 legal budget document. 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. The budgetary comparison statement is presented as Exhibit 7 of the basic financial statements.

A multi-year grant project ordinance was adopted for the American Rescue Plan Act Special Revenue Fund, as the COVID-19 relief and economic recovery grant funds are allowed to be expended over multiple years. The first tranche of funding was received in FY 2022 but not expended. The second tranche was received in FY 2023 and all funds were expended in FY 2023. The American Rescue Plan Act Special Revenue Fund was closed in FY 2023. The budget-to-actual comparison statement for this fund is presented in Schedule 2.

A multi-year project ordinance was adopted for the Library Expansion Capital Project Fund, as the expansion will take more than one fiscal year to design and build. Design work began in FY 2023 and funds were transferred from the General Fund to the Library Expansion Capital Project Fund in FY 2023 to fund future construction costs. The budget-to-actual comparison statement for this fund is presented in Schedule 3.

*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 26 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 52 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*

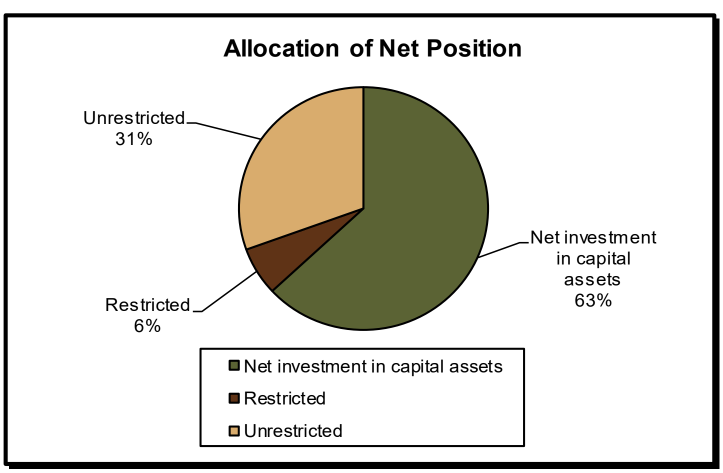
### *Net Position*

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

**Village of Pinehurst's Net Position**
**Figure 2**

| | Governmental Activities 2023 | Governmental Activities 2022 | $ Change | % Change |
|---|---|---|---|---|
| Current and other assets | $ 23,211,581 | $ 20,335,263 | $ 2,876,318 | 14% |
| Non-current lease receivable | 25,748 | - | 25,748 | N/A |
| Capital assets, net | 31,053,754 | 28,828,334 | 2,225,420 | 8% |
| Total assets | 54,291,083 | 49,163,597 | 5,127,486 | 10% |
| Deferred outflows of resources | 4,467,795 | 2,998,814 | 1,468,981 | 49% |
| Long-term liabilities outstanding | 8,815,491 | 4,114,408 | 4,701,083 | 114% |
| Unearned revenues | - | 2,648,376 | (2,648,376) | -100% |
| Other liabilities | 1,428,995 | 2,022,877 | (593,882) | -29% |
| Total liabilities | 10,244,486 | 8,785,661 | 1,458,825 | 17% |
| Deferred inflows of resources | 285,420 | 2,360,245 | (2,074,825) | -88% |
| Net position: | | | | |
| Net investment in capital assets | 30,435,847 | 28,803,183 | 1,632,664 | 6% |
| Restricted for: | | | | |
| Stabilization by state statute | 3,067,395 | 2,893,797 | 173,598 | 6% |
| General government | - | 4,216 | (4,216) | -100% |
| Public safety | 19,469 | 36,297 | (16,828) | -46% |
| Unrestricted | 14,706,261 | 9,279,012 | 5,427,249 | 58% |
| Total net position, ending | $ 48,228,972 | $ 41,016,505 | $ 7,212,467 | 18% |

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 $48.2 million as of June 30, 2023. The Village's net position increased by $7.2 million from June 30, 2022. The largest portion of net position, $30.4 million, or 63%, 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 residents; 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, $3.1 million, or 6%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of $14.7 million, or 31%, is unrestricted.



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***Governmental Activities***

As shown in Figure 3 below, governmental activities increased the Village's net position by $7.2 million.

**Village of Pinehurst's Change in Net Position**
**Figure 3**

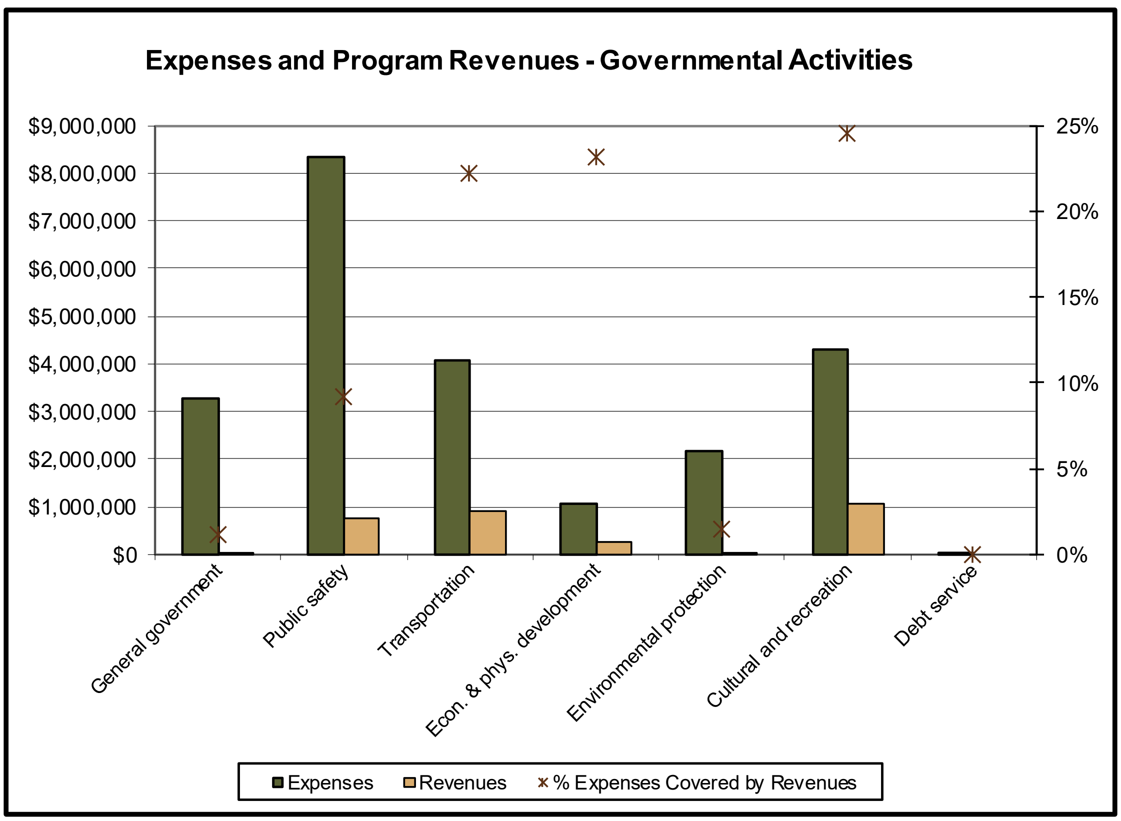
| | Governmental Activities 2023 | Governmental Activities 2022 | $ Change | % Change |
|---|---|---|---|---|
| Revenues: | | | | |
| Program revenues: | | | | |
| Charges for services | $ 1,877,712 | $ 1,701,376 | $ 176,336 | 10% |
| Operating grants and contributions | 773,792 | 608,559 | 165,233 | 27% |
| Capital grants and contributions | 386,795 | 940,150 | (553,355) | -59% |
| General revenues: | | | | |
| Property taxes | 12,339,658 | 12,260,171 | 79,487 | 1% |
| Other taxes | 8,478,949 | 7,955,501 | 523,448 | 7% |
| Grants and contributions not restricted to specific programs | 5,296,752 | - | 5,296,752 | N/A |
| Other | 1,266,438 | 528,652 | 737,786 | 140% |
| Total revenues | 30,420,096 | 23,994,409 | 6,425,687 | 27% |
| Expenses: | | | | |
| General government | 3,274,557 | 2,795,809 | 478,748 | 17% |
| Public safety | 8,337,760 | 7,152,920 | 1,184,840 | 17% |
| Transportation | 4,053,417 | 3,565,665 | 487,752 | 14% |
| Economic and physical development | 1,061,855 | 963,250 | 98,605 | 10% |
| Environmental protection | 2,171,713 | 2,066,834 | 104,879 | 5% |
| Cultural and recreation | 4,300,548 | 3,632,670 | 667,878 | 18% |
| Interest on long-term debt | 7,779 | 201 | 7,578 | 3770% |
| Total expenses | 23,207,629 | 20,177,349 | 3,030,280 | 15% |
| Increase in net position | 7,212,467 | 3,817,060 | 3,395,407 | 89% |
| Net position, July 1 | 41,016,505 | 37,199,445 | 3,817,060 | 10% |
| Net position, June 30 | $ 48,228,972 | $ 41,016,505 | $ 7,212,467 | 18% |

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 99.93%, which is higher than the statewide average in the Village's population peer group of 99.28%.
- Other taxes, comprised of local option sales taxes, utility taxes, and other sales taxes, increased by $523 thousand, or 7%, due to increased collections of local option sales taxes.
- The $5.3 million of ARPA grant funds were recognized as revenue in fiscal year 2023. These funds were not restricted for specific programs, therefore they are reported as general revenues.
- Investment income increased significantly due to higher interest rates. The Village realized $813 thousand more investment income in fiscal year 2023 than 2022.

- Expenses net of program revenues increased by $3.2 million, or 19%. This result was influenced by the following factors:
    - Program expenses were $3.0 million, or 15%, higher than in the previous fiscal year. Salary and benefit expenses (excluding pension expense) increased $1.1 million, or 9.6%, compared to the previous fiscal year. This is due to cost-of-living and merit salary increases during the year.
    - The Village's net pension expense for the Local Government Employees Retirement System (LGERS) of $1.8 million was $1.1 million more than last year. The net pension expense is allocated to each of the functions in the statement of activities.
    - Additionally, non-personnel operating expenses increased $940 thousand, primarily due to non-capital equipment purchases of equipment for the Police department, higher road resurfacing costs, and a full year of expenses for the Given Memorial Library and Tufts Archives which was acquired by the Village in April 2022.
    - Charges for services increased by $176 thousand, or 10%, due to recreational programming and Fair Barn event rentals returning to pre-COVID levels.
    - Operating grants and contributions increased $165 thousand, or 27%, due to endowment income received for the Given Memorial Library from the Given Tufts Foundation and a one-time ARPA State Fiscal Recovery Funds grant of $40 thousand for library aid.
    - Capital grants and contributions decreased by $553 thousand, or 59%, due to the transfer of ownership of the Given Memorial Library and Tufts Archives building and land valued at $940 thousand in the prior fiscal year, compared to $320 thousand in donated assets this fiscal year plus $66 thousand in capital grants.

The graph below compares the program revenues and expenses for each function and the percentage of expenses covered by the program revenues:



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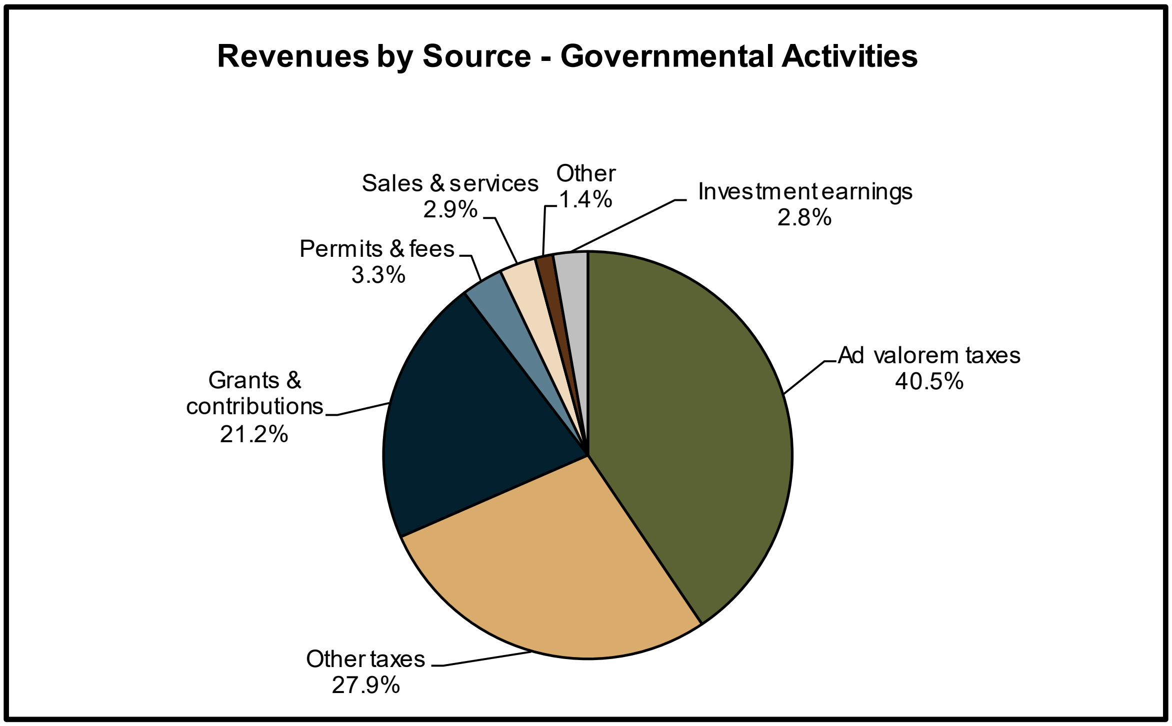
The percentage of expenses covered by program revenues is less than 25% for each function. This is typical of the Village which relies heavily on general revenues, such as ad valorem (property) taxes and other taxes (sales taxes) as illustrated in the graph below:




***Business-Type Activities***

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

## *Financial Analysis of the Village's Funds*

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.

On June 30, 2023, the governmental funds of the Village reported a combined fund balance of $21.8 million, an increase of $6.1 million, or 39%, over last year. This large increase was driven by the $5.4 million of ARPA grant revenue and associated investment income.

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 $5.4 million, while total fund balance reached approximately $20.4 million. 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 at least 30% 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 fund balance policy also states that when total fund balance at June 30 is in excess of 40% of actual General Fund expenditures, Council may commit excess fund balance for future capital needs. However, the amount of fund balance committed for future capital needs shall never cause unassigned General Fund fund balance to fall below the 15% unassigned fund balance minimum. In fiscal year 2023, Council approved a resolution to commit excess funds for future capital needs totaling $10.6 million. Council also approved a resolution in fiscal year 2021 to commit $1.0 million for improvements to the existing Given Memorial Library and Tufts Archives building and other operational improvements, of which only $545 thousand in commitments remain. The Village currently has unassigned fund balance of 22% of actual general fund expenditures, while total fund balance represents 71% of budgeted expenditures. The statewide average for total fund balance in the Village's population peer group is 64%.

Fund balance in the Village's General Fund increased by $5.1 million during the 2023 fiscal year. Key components of this change are as follows:

- Sales tax revenues of $8.5 million increased $523 thousand, or 6.6%, due to strong tourism and price inflation.
- Sales and services revenues totaling $878 thousand increased $115 thousand, or 15.1%, from expanding athletic and recreational program fees, higher Fair Barn rental income, and library and archive sales.
- Investment income of $720 thousand was $695 thousand more than fiscal year 2022. This increase is due to the increase in interest rates and a higher average balance invested in the North Carolina Capital Management Trust.
- Actual operating expenditures of over $20.3 million were $2.0 million higher than last year. This was due to a $1.1 million increase in salaries and benefits resulting from cost-of-living and merit salary increases coupled with higher pension contribution rates. Additionally, non-personnel operating expenditures increased $940 thousand, due to non-capital police equipment purchases, higher road resurfacing expenditures, and a full fiscal year of operating expenditures for the Given Memorial Library and Tufts Archives which were acquired by the Village in April 2022.
- Capital expenditures totaling $4.1 million were $1.7 million more than prior year. More capital improvements outside of the normal replacement plans were slated in fiscal year 2023 than 2022, most notably the Cannon Park turf field installation.
- $5.4 million of ARPA grant revenue and associated investment income was transferred from the ARPA Special Revenue Fund to the General Fund to offset the general government services salary and benefit expenditures in the General Fund that were allowed as the grant expenditures.
- Village Council approved the transfer of $1.0 million from the General Fund to the Library Expansion Capital Project Fund to advance fund future construction costs.

### *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 residents of the Village while working to responsibly spend and 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; (3) increases in appropriations that become necessary to maintain services; and (4) amounts that are carried over from the previous year and reappropriated for the subsequent year's expenditures.

In fiscal year 2023, the Village made the following key budget amendments:

- $1.4 million for expenditures budgeted but not spent in fiscal year 2022 that were reappropriated for spending in fiscal year 2023. This was offset by increasing the budgeted transfer from the ARPA Special Revenue Fund by $1.0 million and increasing fund balance appropriated by $426 thousand.

- Increases to the expenditure appropriations for the Powell Bill ($173 thousand) and Recreation ($145 thousand) departments when the bids for road resurfacing and the Cannon Park synthetic turf field exceeded the budget estimates. These were offset by increasing fund balance appropriated.

- Adding $106 thousand to the Harness Track budget for improvements which were covered by a $50 thousand grant and $56 thousand of fund balance appropriation.

- Mid-year budget amendments based on management's projections of revenues and expenditures through the end of the fiscal year. Sales tax revenue, investment income, and several other revenue budgets were increased along with adjustments to expenditures which allowed the fund balance appropriation to be decreased by $1.0 million.

- Transferring $1.0 million budgeted for library and archives building improvements to transfer it to the Library Expansion Capital Project Fund since improvements to the existing building were put on hold when the decision was made to build a new library building and expand the archives within the existing building.

- Adjustments to the budget to appropriate funds as debt service rather than operating expenditures for the lease liabilities and appropriate funds for the capital outlays for the subscription assets, and other financing sources and debt service expenditures for the subscription liabilities recognized with the adoption of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* as of July 1, 2022.

Comparing budget to actual amounts, the Village exceeded the final budgeted operating revenue estimates by $737 thousand, or 3.1%. The primary revenues that came in above estimated budget amounts were unrestricted intergovernmental revenues and investment income. Unrestricted intergovernmental revenues were $212 thousand above budget, due to higher local option sales taxes than anticipated. Investment income was $287 thousand more than the budget due to higher interest rates than projected during the mid-year budget amendment process.

Total expenditures were $4.3 million, or 14.9%, less than the final budgeted amounts. Expenditures were less than budgeted amounts for the following significant items:

- Salaries and benefits were $968 thousand lower due to employee vacancies related to turnover

- Contracted and professional services were underspent by $261 thousand

- $446 thousand of operating expenditures had open purchase order commitments but were not received by June 30, 2023. These funds were reappropriated in fiscal year 2024.

- Capital expenditures were over $1.8 million below budget due to projects that were budgeted but not completed in fiscal year 2023, most notably $1.1 million for stormwater, streetscape, intersection, and



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pedestrian improvement projects and $234 thousand for a garbage truck that was ordered but not received by June 30, 2023. Of the $1.8 million total, $1.5 million was reappropriated in fiscal year 2024.

Additionally, the transfer from the ARPA Special Revenue Fund to the General Fund was $107 thousand higher than budgeted due to the investment income in the ARPA Special Revenue Fund that exceeded the budget.

As a result of the variances in revenues and expenditures outlined above, fund balance in the General Fund increased by $5.1 million at June 30, 2023 compared to June 30, 2022. This resulted in the General Fund reporting fund balance of $20.4 million, a 33.6% increase from the previous year. The two primary reasons for the increase in fund balance were higher local option sales tax and investment income revenues, salary and benefit savings, and unfinished capital and operating items that were reappropriated in FY 2024.

## *Capital Asset and Debt Administration*

### *Capital Assets*

The Village's investment in capital assets for its governmental activities as of June 30, 2023 was more than $31.0 million (net of accumulated depreciation and amortization). These assets include land, right of ways, buildings and improvements (including depreciable land improvements), furniture and equipment, vehicles, infrastructure such as streets and drainage systems, right-to-use lease and subscription assets, and construction in progress.

Major capital asset transactions during the year include the following additions:

- Installation of synthetic turf on Cannon Park ballfield costing $1.2 million
- Storage building construction totaling $274 thousand
- Fire department breathing apparatus equipment of $123 thousand
- Village Hall HVAC replacement costing $135 thousand
- Street sweeper purchase of $141 thousand
- Garbage truck replacement costing $216 thousand
- Routine replacements of six police vehicles totaling $328 thousand
- Paddock improvements at the Harness Track for $115 thousand
- Donated right of way, street, and sidewalks totaling $320 thousand
- Right-to-use subscription assets of $583 thousand

During fiscal year 2023, the Village also disposed of a fire truck and service truck with a historical cost totaling nearly $394 thousand. These assets were fully depreciated at the time of disposal.

The table below contains the net capital asset balances as of June 30, 2023 and 2022.

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

| | Governmental Activities 2023 | Governmental Activities 2022 |
|---|---|---|
| Land | $ 7,152,311 | $ 7,071,836 |
| Right of ways | 586,398 | 491,187 |
| Buildings and improvements | 12,300,146 | 11,378,831 |
| Furniture and equipment | 1,182,402 | 1,003,967 |
| Vehicles | 3,471,357 | 3,305,077 |
| Infrastructure | 5,755,395 | 5,543,553 |
| Right-to-use assets | 457,212 | 25,151 |
| Construction in progress | 148,533 | 8,732 |
| Total | $ 31,053,754 | $ 28,828,334 |

Additional information on the Village's capital assets can be found in note 4 and more information on the right-to-use assets can be found in note 5.

***Long-Term Debt***

As of June 30, 2023, the Village had no outstanding debt in direct borrowing installment purchase agreements. The Village had $374 thousand in outstanding lease and subscription liabilities as of June 30, 2023 which mature in 2-5 years. See note 5 for additional information on the lease and subscription liabilities.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Village is $318.4 million. See Table 11 in the Statistical Section for the calculation of the Village's legal debt margin.

Additional information regarding the Village's long-term debt can be found in note 10 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:

- *COVID-19 pandemic:* Our local economy continues to outpace nationwide spending since the beginning of the COVID-19 coronavirus pandemic. Despite the pandemic, the Village experienced local option sales tax revenue growth over the past three years and expects continued growth in this revenue source as high inflation has yet to slow consumer spending.
- *American Rescue Plan Act (ARPA) funds:* The Village received approximately $5.3 million in grant funding from the ARPA to address community recovery needs related to the COVID-19 pandemic. These funds were used in FY 2023 to supplant General Fund dollars typically used for local government salaries and benefits. This one-time infusion to fund balance will allow the Village to fund a new building for the Given Memorial Library and expand the Tufts Archives without debt financing.

- *Inflation:* The consumer price index remained consistently high over the past year-and-a-half, from 7.5% in January 2022 to 6.4% in January 2023, with a peak of 9.1% in June 2022. This persistently high rate of inflation places operating pressures on the Village's budget. Inflation has since slowed to 3.0% in June 2023. Investment income has increased and is expected to remain in the 4.3% - 5.6% range as the Federal Reserve raises interest rates to combat inflation and slow the economy.

- *New home construction:* New single-family home construction slowed in the past year, with the Village adding 42 new homes in FY 2023 compared to 97 and 136 in fiscal years 2022 and 2021, respectively. We project approximately 100 homes to be built in FY 2024 based on housing market activity and planned development. 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 five years.

- *Growth and development:* With population increasing and development continuing, the Village is focusing more resources to address the regulatory and infrastructure needs of the community, including investing in pedestrian facilities and stormwater maintenance projects. Also, the 2019 Comprehensive Plan recommended strategies to address current and projected growth in the Village. These strategies were integrated into the Village's strategic planning process.

- *United States Golf Association (USGA) presence:* Hosting the U.S. Open Championship over the years has proven to positively impact golf-related tourism. The USGA is expanding its operations into Pinehurst with a $25 million facility, Golf House Pinehurst, that will bring 50 new jobs. The facility is under construction and scheduled to be completed in December 2023. In addition, the USGA committed to hosting five Men's U.S. Open Championships in Pinehurst by 2047, with the first coming in June 2024. According to independent studies, the total economic impact of the USGA's long-term presence is estimated to exceed $2 billion in North Carolina. To promote this economic development opportunity, the Village committed to ten years of economic incentive payments to the USGA equaling 90% of property taxes paid to the Village.

## *Budget Highlights for the Fiscal Year Ending June 30, 2024*

### *Governmental Activities*

Revenues of the Village are expected to decrease by 8.0% overall for FY 2024. This is primarily due to the decrease of $5.3 million from the one-time ARPA grant funding budgeted in FY 2023. Operating revenues are budgeted to increase 9.9%, driven by increases in ad valorem taxes, permits and fees, and investment income. Property tax revenues are expected to increase $1.4 million, or 11.2%. The property revaluation by the Moore County Tax Department effective for the FY 2024 tax revenues resulted in a 49.5% increase in the Village's tax base. For FY 2024, the Village Council adopted an ad valorem tax rate of $0.23 per $100 valuation, which is a half-cent less than the "inflation-adjusted revenue neutral tax rate" of $0.235 per $100 of property valuation, $0.08 less than the previous year's tax rate of $0.31, and two cents more than the revenue-neutral tax rate of $0.21. Budgeted revenues also include $350 thousand for the U.S. Open Championship licensing fee from the USGA and an increase of $207 thousand in investment income.

Budgeted expenditures in the General Fund are estimated to be $26.9 million, a decrease of 8.0%. This decrease is driven by a reduction in capital expenditures in FY 2024 after some significant capital projects, such as the synthetic turf installation at Cannon Park for $1.2 million, in FY 2023. The decrease in capital expenditures is partially offset by an 11.0% increase in salaries and benefits as a result of an 8.0% cost-of-living increase and the addition of 4.3 full-time equivalent positions.

In fiscal year 2024, the Village adopted its eleventh 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 Council maintains nine organizational goals for the FY 2024 Strategic Operating Plan to achieve its mission. These overarching community goals are as follows: (1) safeguard the community, (2) promote high-quality neighborhoods, development, and appearance, (3) promote a thriving business community, (4) promote transportation mobility and connectivity, (5) preserve 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 2024 Strategic Operating Plan to address these goals include:

- Update the Pinehurst Development Ordinance
- Implement a Metropolitan Planning Organization (MPO) in Association with Regional Partners
- Develop and Implement a Consolidated Multi-Modal Transportation Plan
- Relocation of the Public Services Complex to allow for redevelopment of Village Place
- Expand and renovate Given Memorial Library and Tufts Archives

Total capital outlays of $2.8 million are down 56.3% compared to the previous fiscal year due to significant non-recurring capital projects in FY 2023. The significant capital items included for FY 2024 are as follows:

- Construction of pedestrian facilities ($460 thousand)
- Stormwater drainage projects ($430 thousand)
- Garbage truck replacement ($255 thousand)
- Four police vehicles ($244 thousand)
- Various Harness Track improvements ($206 thousand)
- Streetscape improvements ($200 thousand)
- Police dispatch radio replacement ($160 thousand)
- Village-wide document imaging system ($110 thousand)

***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 Dana Van Nostrand, Financial Services Director at 910-295-8646, or Village of Pinehurst, 395 Magnolia Road, Pinehurst, North Carolina 28374.

# BASIC FINANCIAL STATEMENTS

## Village of Pinehurst, North Carolina
## Statement of Net Position
## June 30, 2023

Exhibit 1

| | | Governmental Activities |
|---|---|---|
| **Assets** | | |
| Current assets: | | |
| Cash and cash equivalents (note 2) | $ | 20,531,499 |
| Taxes receivable, net | | 14,967 |
| Lease receivable due in one year (note 5) | | 6,771 |
| Accrued interest receivable | | 122 |
| Other receivables, net (note 3) | | 25,846 |
| Due from other governments | | 2,481,260 |
| Inventories | | 52,537 |
| Prepaid items | | 98,579 |
| Total unrestricted current assets | | 23,211,581 |
| Non-current assets: | | |
| Lease receivable due in more than one year (note 5) | | 25,748 |
| Capital assets, net (note 4): | | |
| Land and non-depreciable improvements | | 7,152,311 |
| Construction in progress | | 148,533 |
| Right of ways | | 586,398 |
| Buildings and improvements | | 12,300,146 |
| Furniture and equipment | | 1,182,402 |
| Vehicles | | 3,471,357 |
| Infrastructure | | 5,755,395 |
| Right-to-use assets (note 5) | | 457,212 |
| Total capital assets | | 31,053,754 |
| Total non-current assets | | 31,079,502 |
| Total assets | | 54,291,083 |
| **Deferred Outflows of Resources (note 7)** | | |
| Pension deferrals (note 6) | | 4,467,795 |
| Total deferred outflows of resources | | 4,467,795 |
| **Liabilities** | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities | | 1,421,873 |
| Accrued interest payable | | 7,122 |
| Long-term liabilities due within one year (note 10) | | 701,802 |
| Total current liabilities | | 2,130,797 |
| Long-term liabilities: | | |
| Long-term liabilities due in more than one year (note 10) | | 8,113,689 |
| Total liabilities | | 10,244,486 |
| **Deferred Inflows of Resources (note 7)** | | |
| Leases (note 7) | | 30,919 |
| Pension deferrals (note 6) | | 254,501 |
| Total deferred inflows of resources | | 285,420 |
| **Net Position** | | |
| Net investment in capital assets (note 12) | | 30,435,847 |
| Restricted for: | | |
| Stabilization by state statute | | 3,067,395 |
| Public safety | | 19,469 |
| Unrestricted | | 14,706,261 |
| **Total net position** | $ | 48,228,972 |

**The notes to the financial statements are an integral part of this statement.**

**Village of Pinehurst, North Carolina** **Exhibit 2**
**Statement of Activities**
**Fiscal Year Ended June 30, 2023**

| | | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position |
|---|---|---|---|---|---|
| **Functions/Programs** | **Expenses** | **Charges for Services** | **Operating Grants and Contributions** | **Capital Grants and Contributions** | **Governmental Activities** |
| Governmental activities: | | | | | |
| General government | $ 3,274,557 | $ 37,939 | $ - | $ - | $ (3,236,618) |
| Public safety | 8,337,760 | 752,005 | 13,636 | - | (7,572,119) |
| Transportation | 4,053,417 | - | 579,914 | 320,171 | (3,153,332) |
| Economic and physical development | 1,061,855 | 245,588 | - | - | (816,267) |
| Environmental protection | 2,171,713 | - | 15,383 | 16,624 | (2,139,706) |
| Cultural and recreation | 4,300,548 | 842,180 | 164,859 | 50,000 | (3,243,509) |
| Interest on long-term debt | 7,779 | - | - | - | (7,779) |
| Total governmental activities | $ 23,207,629 | $ 1,877,712 | $ 773,792 | $ 386,795 | (20,169,330) |

| | |
|---|---|
| General revenues: | |
| Ad valorem taxes | 12,339,658 |
| Other taxes | 8,478,949 |
| Grants and contributions not restricted to specific programs | 5,296,752 |
| Investment earnings | 837,517 |
| Miscellaneous | 428,921 |
| Total general revenues | 27,381,797 |
| Change in net position | 7,212,467 |
| Net position, beginning | 41,016,505 |
| Net position, ending | $ 48,228,972 |

**Village of Pinehurst, North Carolina** **Exhibit 3**
**Balance Sheet**
**Governmental Funds**
**June 30, 2023**

| | Major Funds | | |
|---|---|---|---|
| | General Fund | Library Expansion Capital Project Fund | Total Governmental Funds |
| **Assets** | | | |
| Cash and cash equivalents | $ 19,129,944 | $ 1,401,555 | $ 20,531,499 |
| Receivables, net: | | | |
| Taxes | 14,967 | - | 14,967 |
| Leases | 32,519 | - | 32,519 |
| Interest | 122 | - | 122 |
| Other | 25,846 | - | 25,846 |
| Due from other governments | 2,481,260 | - | 2,481,260 |
| Inventories | 52,537 | - | 52,537 |
| Prepaid items | 98,579 | - | 98,579 |
| Total assets | $ 21,835,774 | $ 1,401,555 | $ 23,237,329 |
| **Liabilities and Fund Balances** | | | |
| Liabilities: | | | |
| Accounts payable | $ 618,248 | $ - | $ 618,248 |
| Withholdings and accrued expenditures | 560,542 | - | 560,542 |
| Deposits | 243,083 | - | 243,083 |
| Total liabilities | 1,421,873 | - | 1,421,873 |
| Deferred inflows of resources: | | | |
| Lease revenue | 30,919 | - | 30,919 |
| Unavailable revenues | 20,918 | - | 20,918 |
| Total deferred inflows of resources | 51,837 | - | 51,837 |
| Fund balances: | | | |
| Nonspendable: | | | |
| Inventory | 52,537 | - | 52,537 |
| Prepaid items | 98,579 | - | 98,579 |
| Leases | 1,722 | - | 1,722 |
| Restricted: | | | |
| Stabilization by state statute | 3,067,395 | - | 3,067,395 |
| Public safety | 19,469 | - | 19,469 |
| Committed: | | | |
| Library and archives | 544,777 | 1,401,555 | 1,946,332 |
| Future capital | 10,572,049 | - | 10,572,049 |
| Assigned: | | | |
| Subsequent year's expenditures | 600,100 | - | 600,100 |
| Unassigned | 5,405,436 | - | 5,405,436 |
| Total fund balances | 20,362,064 | 1,401,555 | 21,763,619 |
| Total liabilities, deferred inflows of resources, and fund balances | $ 21,835,774 | $ 1,401,555 | $ 23,237,329 |

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

**Reconciliation of the Governmental Funds Balance Sheet**
**to the Statement of Net Position**
**June 30, 2023**

---

| | | |
|---|---|---|
| Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because: | | |
| Total fund balance, governmental funds | | $ 21,763,619 |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds: | | |
| Gross capital assets at historical cost | $ 59,609,560 | |
| Accumulated depreciation | (29,013,018) | 30,596,542 |
| Right-to-use assets used in governmental activities are not financial resources and therefore are not reported in the funds: | | |
| Right-to-use assets at historical cost | 616,592 | |
| Accumulated amortization | (159,380) | 457,212 |
| Deferred outflows of resources related to pensions are not reported in the funds | | 4,467,795 |
| Liabilities for earned revenues considered deferred inflows of resources in the fund statements: | | |
| Taxes receivable | 14,967 | |
| Other receivables | 5,951 | 20,918 |
| 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 | (7,122) | |
| Compensated absences payable | (870,526) | |
| Lease liabilities | (12,897) | |
| Subscription liabilities | (361,158) | |
| Net pension liability | (6,130,540) | |
| Total pension liability | (1,440,370) | (8,822,613) |
| Deferred inflows of resources related to pensions are not reported in the funds | | (254,501) |
| Net position of governmental activities | | $ 48,228,972 |

**Village of Pinehurst, North Carolina** **Exhibit 5**
**Statement of Revenues, Expenditures, and Changes in Fund Balances**
**Governmental Funds**
**Fiscal Year Ended June 30, 2023**

| | Major Funds | | | |
|---|---|---|---|---|
| | General Fund | American Rescue Plan Act Special Revenue Fund | Library Expansion Capital Project Fund | Total Governmental Funds |
| **Revenues** | | | | |
| Ad valorem taxes | $ 12,342,069 | $ - | $ - | $ 12,342,069 |
| Golf cart licenses | 5,430 | - | - | 5,430 |
| Unrestricted intergovernmental | 8,478,949 | - | - | 8,478,949 |
| Restricted intergovernmental | 715,133 | 5,296,752 | - | 6,011,885 |
| Permits and fees | 989,779 | - | - | 989,779 |
| Sales and services | 878,263 | - | - | 878,263 |
| Investment earnings | 719,748 | 104,070 | 23,011 | 846,829 |
| Lease interest income | 1,588 | - | - | 1,588 |
| Miscellaneous | 530,054 | - | - | 530,054 |
| Total revenues | 24,661,013 | 5,400,822 | 23,011 | 30,084,846 |
| **Expenditures** | | | | |
| Current: | | | | |
| General government | 3,112,374 | - | - | 3,112,374 |
| Public safety | 8,450,153 | - | - | 8,450,153 |
| Transportation | 4,159,947 | - | - | 4,159,947 |
| Economic and physical development | 1,258,455 | - | - | 1,258,455 |
| Environmental protection | 2,208,240 | - | - | 2,208,240 |
| Cultural and recreation | 5,124,760 | - | 21,775 | 5,146,535 |
| Debt service: | | | | |
| Principal | 160,393 | - | - | 160,393 |
| Interest and other charges | 716 | - | - | 716 |
| Total expenditures | 24,475,038 | - | 21,775 | 24,496,813 |
| Excess of revenues over expenditures | 185,975 | 5,400,822 | 1,236 | 5,588,033 |
| **Other Financing Sources (Uses)** | | | | |
| Transfers to other funds | (1,000,000) | (5,405,038) | - | (6,405,038) |
| Transfers from other funds | 5,405,038 | - | 1,000,000 | 6,405,038 |
| Subscription liabilities issued | 517,842 | - | - | 517,842 |
| Sales of capital assets | 13,250 | - | - | 13,250 |
| Total other financing sources (uses) | 4,936,130 | (5,405,038) | 1,000,000 | 531,092 |
| Net change in fund balance | 5,122,105 | (4,216) | 1,001,236 | 6,119,125 |
| Fund balances, beginning | 15,239,959 | 4,216 | 400,319 | 15,644,494 |
| Fund balances, ending | $ 20,362,064 | $ - | $ 1,401,555 | $ 21,763,619 |

**The notes to the financial statements are an integral part of this statement.**



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**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**
**Fiscal Year Ended June 30, 2023**

| | | |
|---|---|---|
| Amounts reported for governmental activities in the Statement of Activities are different because: | | |
| Net changes in fund balances - total governmental funds | | $ 6,119,125 |
| 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 | $ 3,557,451 | |
| Depreciation expense | (2,084,263) | 1,473,188 |
| Right-to-use asset capital outlay expenditures which were capitalized | 583,135 | |
| Amortization expense for intangible assets | (151,074) | 432,061 |
| Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities | | 1,063,812 |
| Benefit payments paid and administrative expenses for the LEOSSA are not included on the Statement of Activities | | 146,169 |
| The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) in the current period: | | |
| Donated assets received | 320,171 | |
| Gain on disposal of assets | 13,250 | |
| Proceeds from disposal of assets | (13,250) | 320,171 |
| Revenues in the Statement of Activities that are not reported as revenues in the fund statements: | | |
| Change in deferred tax inflows | (2,411) | |
| Change in other deferred inflows | 4,240 | 1,829 |
| 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: | | |
| New long-term debt issued | (509,526) | |
| Principal payments | 160,393 | |
| Increase in accrued interest payable | (7,063) | (356,196) |
| 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: | | |
| Compensated absences | (24,105) | |
| Pension expense | (1,963,587) | (1,987,692) |
| Total changes in net position of governmental activities | | $ 7,212,467 |

**Village of Pinehurst, North Carolina** **Exhibit 7**
**General Fund**
**Statement of Revenues, Expenditures, and Changes in Fund Balances -**
**Annual Budget and Actual**
**Fiscal Year Ended June 30, 2023**

| | General Fund | | | |
|---|---|---|---|---|
| | Budgeted Amounts | | | Variance with Final Budget- Positive |
| | Original | Final | Actual Amounts | (Negative) |
| **Revenues** | | | | |
| Ad valorem taxes | $ 12,176,000 | $ 12,262,000 | $ 12,342,069 | $ 80,069 |
| Golf cart licenses | 3,800 | 3,800 | 5,430 | 1,630 |
| Unrestricted intergovernmental | 7,736,100 | 8,267,100 | 8,478,949 | 211,849 |
| Restricted intergovernmental | 635,100 | 714,919 | 715,133 | 214 |
| Permits and fees | 924,500 | 924,500 | 989,779 | 65,279 |
| Sales and services | 767,900 | 792,900 | 878,263 | 85,363 |
| Investment earnings | 133,000 | 433,000 | 719,748 | 286,748 |
| Lease interest income | - | - | 1,588 | 1,588 |
| Miscellaneous | 415,980 | 526,277 | 530,054 | 3,777 |
| Total revenues | 22,792,380 | 23,924,496 | 24,661,013 | 736,517 |
| **Expenditures** | | | | |
| Current: | | | | |
| General government | 3,342,388 | 3,458,765 | 3,112,374 | 346,391 |
| Public safety | 8,921,681 | 9,421,606 | 8,450,153 | 971,453 |
| Transportation | 5,126,792 | 5,706,302 | 4,159,947 | 1,546,355 |
| Economic and physical development | 1,205,850 | 1,850,560 | 1,258,455 | 592,105 |
| Enviromental protection | 2,339,160 | 2,607,422 | 2,208,240 | 399,182 |
| Cultural and recreation | 6,163,229 | 5,569,652 | 5,124,760 | 444,892 |
| Debt service: | | | | |
| Principal retirement | - | 160,600 | 160,393 | 207 |
| Interest and fees | - | 800 | 716 | 84 |
| Total expenditures | 27,099,100 | 28,775,707 | 24,475,038 | 4,300,669 |
| Excess (deficiency) of revenues over (under) expenditures | (4,306,720) | (4,851,211) | 185,975 | 5,037,186 |
| **Other Financing Sources (Uses):** | | | | |
| Transfers to other funds | - | (1,000,000) | (1,000,000) | - |
| Transfers from other funds | 4,286,720 | 5,297,720 | 5,405,038 | 107,318 |
| Subscription liabilities issued | - | 518,120 | 517,842 | (278) |
| Sales of capital assets | 20,000 | 20,000 | 13,250 | (6,750) |
| Total other financing sources | 4,306,720 | 4,835,840 | 4,936,130 | 100,290 |
| Fund balance appropriated | - | 15,371 | - | (15,371) |
| Net change in fund balances | $ - | $ - | 5,122,105 | $ 5,122,105 |
| Fund balances, beginning | | | 15,239,959 | |
| Fund balances, ending | | | $ 20,362,064 | |



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# Notes to the Financial Statements

## 1. Summary of Significant Accounting Policies

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

### *A. Reporting Entity*

The Village of Pinehurst is a municipal corporation that 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, 2023, 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. The Village has no fiduciary funds to report. 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 ***American Rescue Plan Act Special Revenue Fund*** is used to account for federal grant funds received as part of the American Rescue Plan Act for COVID-19 relief and economic recovery. This fund was closed in fiscal year 2023.

The ***Library Expansion Capital Project Fund*** is used to account for the design and construction of a new building for the Given Memorial Library and a renovation of the Tufts Archives in the existing building. To enhance consistency and for ease of readability, we have elected to report this fund as a major fund, as it will be classified as a major fund in the future.

### *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 financing of certain lease and subscription agreements 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.

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 receipts 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 Library Expansion Capital Project Fund, and a grant project ordinance was adopted for the American Rescue Plan Act Special Revenue Fund which was closed in fiscal year 2023. All budgets are prepared using the modified accrual basis of accounting.

Expenditures may not legally exceed appropriations at the department level for the General Fund, the object level for the special revenue fund, and the object level for the capital project fund. 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 $25,000 between departments within the same fund in a single budget amendment. In the event a State of Emergency is declared by the Mayor or designee, unlimited budget amendment authority within the same fund is granted to the Village manager for expenditures directly related to the emergency. Transfers between funds require council approval. During the year, several amendments to the original budget became necessary. 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 Council-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. The NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value. Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, it is presented as an investment with a maturity of less than 6 months.

2. Cash and Cash Equivalents

The Village pools money 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 on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6. The fiscal year 2023 taxes are based on the assessed values as of January 1, 2022.

4. Lease Receivables

The Village is the lessor of a lease agreement for a building. The Village's lease receivable is measured at the present value of lease payments expected to be received during the lease term. Under the lease agreement, the lease payments increase by the consumer price index (CPI) each year. An estimate of the future CPI increases is included in the initial measurement of the lease receivable. In future years, any difference between the actual CPI increase and the estimated CPI increase in the lease receivable will be recorded as an inflow of resources in the period the payment is received.

A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is initially measured at the same amount as the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

5. 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 and specific identification of receivables that are unlikely to be collected.

6. 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 the government-wide and fund financial statements and expensed as the items are used or services are provided.

7. Capital Assets

Capital assets are defined by the government as tangible or intangible assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. 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 on or 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** |
|---|---|
| Right of ways | 40 years |
| Infrastructure | 20 to 40 years |
| Buildings and improvements | 20 years |
| Furniture and equipment | 3 to 10 years |
| Vehicles | 4 to 20 years |

8. Right-to-Use Assets

The Village records intangible right-to-use lease assets in accordance with Government Accounting Standards Board (GASB) Statement No. 87, *Leases*. The right-to-use lease assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term and ancillary charges necessary to place the lease into service, less lease incentives.

The Village records intangible right-to-use subscription assets in accordance with GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The right-to-use subscription assets are initially measured at an amount equal to the initial measurement of the related subscription liability plus any subscription payments made prior to the subscription term and capitalizable implementation costs, less incentives.

The Village has adopted a capitalization threshold of $5,000 for right-to-use lease and subscription assets. The right-to-use assets are reported as capital assets and are amortized on a straight-line basis over the life of the related lease or subscription.

9. 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 assets that applies to future periods and so will not be recognized as an expense or expenditure until then. The Village has one item that meets this criterion: pension deferrals for the 2023 fiscal year.

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 assets that applies to future periods 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, leases, other receivables, and pension deferrals.

10. 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.

11. 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.

12. Reimbursements for Pandemic-Related Expenditures

In fiscal year 2021, the American Rescue Plan Act (ARPA) established the Coronavirus State and Local Fiscal Recovery Funds to support urgent COVID-19 response efforts and replace lost revenue for eligible state, local, territorial, and tribal governments. The Village was allocated $5,296,752 of fiscal recovery funds to be paid in two equal installments. The first installment of $2,648,376 was received in August 2021. The second installment was received in August 2022. The Village expended the full allocation in fiscal year 2023 on the provision of government services using the standard allowance for revenue loss. The salaries and benefits expended for the provision of government services were expenditures of the General Fund. The ARPA funds, including investment income earned, were transferred to the General Fund to reimburse these expenditures.

13. Net Position/Fund Balances

*Net Position*

Net position in government-wide financial statements is classified as 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 a future fiscal year.

*Leases* - The portion of fund balance that is not an available resource because it represents the year-end balance of the lease receivable plus accrued interest in excess of the deferred inflow of resources for the lease receivable, which is not a spendable resource.

*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 majority vote by quorum of the Village's governing body (highest level of decision-making authority). The governing body can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

*Committed for library and archives* - The portion of fund balance that can only be used for the design and construction of a new Given Memorial Library building, improvements to the existing Given Memorial Library and Tufts Archives building, or other operational improvements to the library and archives.

*Committed for future capital* - The portion of fund balance that can only be used for future capital needs.

*Assigned Fund Balance.* The portion of fund balance that the Village's governing body has budgeted and intends to use for specific purposes. Any changes or removal of specific purpose requires majority action by 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 $25,000.

*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 15% of actual expenditures and total fund balance is at least 30% 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. The policy also states that when total fund balance at June 30 is in excess of 40% of actual General Fund expenditures, Council may commit excess fund balance for future capital needs.

14. Defined Benefit Cost-Sharing Plans

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.

### *F. Adoption of New Accounting Standards*

For the fiscal year ended June 30, 2023, the following GASB pronouncements and implementation guides became effective for the Village:

— GASB Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers. The Village does not issue conduit debt, therefore this standard is not applicable to the Village.

— GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, addresses financial reporting issues related to public-private and public-public partnerships (PPP) and availability payment arrangements (APA). The Village does not currently engage in a PPP or APA, therefore this standard is not applicable to the Village at this time.

— GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. The statement establishes that a SBITA results in an intangible right-to-use asset and corresponding subscription liability. The Village adopted this standard as of July 1, 2022. See notes 5 and 10 for information on the impact of this adoption.

— GASB Statement No. 99, *Omnibus*, enhances comparability in accounting and financial reporting and improves the consistency of authoritative guidance by addressing various practice issues, including clarification of certain provisions in GASB Statement No. 87, *Leases*, and GASB Statement No. 96 which the Village adopted in fiscal year 2023.

— Implementation Guide No. 2021-1, *Implementation Guidance Update—2021*, provides questions and answers to clarify, explain, or elaborate on various GASB Statements, including guidance on GASB Statement No. 87 which the Village adopted in fiscal year 2023.

The GASB has issued pronouncements prior to June 30, 2023 which will become effective in future fiscal years. Management has not currently determined the impact the adoption of the below statements will have on the financial statements of the Village, if any.

— GASB Statement No. 100, *Accounting Changes and Error Corrections*—an amendment of GASB Statement No. 62, effective for fiscal years beginning after June 15, 2023 (Village fiscal year 2024).

— GASB Statement No. 101, *Compensated Absences*, effective for fiscal years beginning after December 15, 2023 (Village fiscal year 2025) with earlier application encouraged.

For original pronouncements and implementation guides, please visit the GASB's website, www.gasb.org.

## 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 collateralizes 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, 2023, the Village's deposits had a carrying amount of $285,060. The cash balance in the bank at June 30, 2023 totaled $360,396. Of the bank balance, $250,000 was covered by federal depository insurance and $110,396 was covered by collateral held under the Pooling Method. At June 30, 2023, the Village’s petty cash fund totaled $950.

### *B. Investments*

At June 30, 2023, the Village’s investment balances were as follows:

| | Investment Type | Valuation Measurement Method | Book Value at June 30, 2023 | Maturity | Rating |
|---|---|---|---|---|---|
| NC Capital Management Trust | Government Portfolio | Fair Value Level 1 | $ 20,245,489 | N/A | AAAm |
| Total | | | $ 20,245,489 | | |

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 and AAA-mf by Moody's Investors Service as of June 30, 2023.

## 3. Receivables

The receivables amounts presented in the Statement of Net Position and Balance Sheet for the year ended June 30, 2023 are net of the following allowances for doubtful accounts:

| | General Fund | | |
|---|---|---|---|
| | Receivable | Allowance | Net Balance |
| Other receivables: | | | |
| Planning and Inspections fines | $ 28,951 | $ 22,440 | $ 6,511 |
| Harness Track stall rent | 12,669 | 560 | 12,109 |
| Other accounts receivable | 7,226 | - | 7,226 |
| Total | $ 48,846 | $ 23,000 | $ 25,846 |

## 4. Capital Assets

Capital asset activity for the Primary Government for the year ended June 30, 2023, was as follows:

| | Beginning Balance | Increases | Decreases | Ending Balances |
|---|---|---|---|---|
| Governmental activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | $ 7,071,836 | $ 80,475 | $ - | $ 7,152,311 |
| Construction in progress | 8,732 | 146,551 | (6,750) | 148,533 |
| Total capital assets not being depreciated | 7,080,568 | 227,026 | (6,750) | 7,300,844 |
| Capital assets being depreciated/amortized: | | | | |
| Right of ways | 562,255 | 110,651 | - | 672,906 |
| Buildings and improvements | 28,944,957 | 1,915,915 | - | 30,860,872 |
| Furniture and equipment | 4,385,970 | 514,808 | (5,620) | 4,895,158 |
| Vehicles | 7,800,772 | 715,606 | (393,721) | 8,122,657 |
| Infrastructure | 7,356,757 | 400,366 | - | 7,757,123 |
| Right-to-use assets | 36,123 | 583,135 | (2,666) | 616,592 |
| Total capital assets being depreciated/amortized | 49,086,834 | 4,240,481 | (402,007) | 52,925,308 |

| | Beginning Balance | Increases | Decreases | Ending Balances |
|---|---|---|---|---|
| Less accumulated depreciation/amortization for: | | | | |
| Right of ways | $ 71,068 | $ 15,440 | $ - | $ 86,508 |
| Buildings and improvements | 17,566,126 | 994,600 | - | 18,560,726 |
| Furniture and equipment | 3,382,003 | 336,373 | (5,620) | 3,712,756 |
| Vehicles | 4,495,695 | 549,326 | (393,721) | 4,651,300 |
| Infrastructure | 1,813,204 | 188,524 | - | 2,001,728 |
| Right-to-use assets | 10,972 | 151,074 | (2,666) | 159,380 |
| Total accumulated depreciation/amortization | 27,339,068 | 2,235,337 | (402,007) | 29,172,398 |
| Total capital assets being depreciated/amortized, net | 21,747,766 | 2,005,144 | - | 23,752,910 |
| Governmental activity capital assets, net | $ 28,828,334 | $ 2,232,170 | $ (6,750) | $ 31,053,754 |

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

| | |
|---|---|
| General government | $ 276,059 |
| Public safety | 550,672 |
| Transportation | 478,896 |
| Environmental protection | 159,850 |
| Cultural and recreation | 722,278 |
| Economic and physical development | 47,582 |
| Total depreciation and amortization expense | $ 2,235,337 |

*Construction and Other Capital-Related Commitments.* The Village has active construction projects and other capital related commitments as of June 30, 2023. The projects include the purchase of a replacement garbage truck, police vehicle upfit, Village Hall exterior staircase enclosure, the design of the four-way stop at Magnolia Road and Chinquapin Road, various downtown amenities such as planters and trash receptacles, the design of downtown stormwater improvements, and an infrastructure survey and engineering services for future improvements. At June 30, 2023, the Village's commitments with contractors and vendors are as follows:

| Project | Spent to Date | Remaining Commitment |
|---|---|---|
| Solid waste garbage truck | $ - | $ 234,204 |
| Police vehicle upfit | 42,443 | 16,471 |
| Fire SCBA air packs | 117,247 | 6,199 |
| Village Hall exterior staircase enclosure | - | 24,890 |
| Magnolia & Chinquapin four-way stop design | 9,518 | 8,882 |
| Downtown amenities | 12,909 | 71,845 |
| Downtown stormwater improvements design | 7,128 | 7,472 |
| Infrastructure survey and engineering | 40,681 | 4,082 |
| Total | $ 229,926 | $ 374,045 |

*Historical Artifacts and Collections.* On April 18, 2022, ownership and operations of the Given Memorial Library and Tufts Archives was transferred to the Village of Pinehurst. As part of that transaction, the Village acquired various works of art, historical artifacts, and documents related to Pinehurst history, including the Donald Ross golf course design collection. According to GASB 34, paragraph 27, institutions are not required to capitalize a collection and all additions to that collection if they meet the following conditions:

1. Held for public exhibition, education, or research in furtherance of public service, rather than financial gain
2. Protected, kept unencumbered, cared for, and preserved
3. Subject to organizational policy that requires the proceeds from all sales of collection items to be used to acquire other items for collections

The Village considers these collections to be inexhaustible and all the required criteria above have been met, thus the collections are not capitalized in the financial statements.

## 5. Leases and Subscription-Based Information Technology Arrangements

The Village has entered into agreements to lease certain office equipment from vendors, including five copier/multi-function machines and a postage machine, that qualify as other than short-term leases under GASB 87 and have been recorded as a right-to-use asset and corresponding lease liability at the present value of the future minimum lease payments as of the date of their inception. The assets represent the Village's right to use the leased equipment.

The Village is committed to make future payments under various subscription-based information technology arrangements (SBITAs). As of June 30, 2023, the Village has thirteen qualifying SBITAs under GASB 96. These SBITAs have been recorded as a right-to-use asset and corresponding subscription liability at the present value of the future minimum subscription payments as of July 1, 2022, the effective date of the Village's adoption of GASB 96. Of the thirteen SBITAs, four were paid in full at the beginning of the SBITA term, therefore there is no liability associated with the right-to-use subscription asset for these SBITAs. The assets represent the Village's right to use the software.

The right-to-use assets are amortized on a straight-line basis over the terms of the related leases or subscriptions.

Right-to-use asset activity for the Village for the year ended June 30, 2023 was as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|---|---|---|---|
| Right-to-use assets: | | | | |
| Leased equipment | $ 36,123 | $ - | $ (2,666) | $ 33,457 |
| Software subscriptions | - | 583,135 | - | 583,135 |
| Total right-to-use assets | 36,123 | 583,135 | (2,666) | 616,592 |
| Less accumulated amortization for: | | | | |
| Leased equipment | 10,972 | 12,051 | (2,666) | 20,357 |
| Software subscriptions | - | 139,023 | - | 139,023 |
| Total accumulated amortization | 10,972 | 151,074 | (2,666) | 159,380 |
| Right-to-use assets, net | $ 25,151 | $ 432,061 | $ - | $ 457,212 |

On July 1, 2022, the Village entered into a five-year lease agreement as the lessor for the use of a building for the Track Restaurant. The lease qualifies as other than short-term under GASB 87 and has been recorded at the present value of the future lease payments as of the commencement date of the agreement. The lease agreement requires the monthly rental payments to increase by the Consumer Price Index (CPI) each year, an estimate of which have been included in the initial measurement of the lease receivable. See note 7 for information on the deferred inflow of resources associated with this lease agreement.

Lease and subscription balances for the Village for the year ended June 30, 2023 were as follows:

| | Receivable (Liability) | Lease Terms in Years | Interest Rate |
|---|---|---|---|
| **Governmental Activities:** | | | |
| **Lessee:** | | | |
| Leased equipment | $ (12,897) | 2-4 | 0.51%-2.62% |
| Software subscriptions | (361,158) | 2-5 | 2.02%-3.24% |
| Total lessee | (374,055) | | |
| **Lessor:** | | | |
| Building | 32,519 | 5 | 4.50% |
| Total lessor | 32,519 | | |

See note 10 for the schedule of changes in long-term liabilities.

The Village made total lease payments of $12,288 in fiscal year 2023. The schedule of future minimum payments for the lease liabilities is as follows:

| Year Ending June 30 | Principal Payments | Interest Payments | Total |
|---|---|---|---|
| 2024 | $ 9,715 | $ 131 | $ 9,846 |
| 2025 | 3,182 | 28 | 3,210 |
| | $ 12,897 | $ 159 | $ 13,056 |

The Village made total subscription payments of $148,821 in fiscal year 2023. The schedule of future minimum payments for the subscription liabilities is as follows:

| Year Ending June 30 | Principal Payments | Interest Payments | Total |
|---|---|---|---|
| 2024 | $ 138,159 | $ 8,702 | $ 146,861 |
| 2025 | 88,145 | 5,755 | 93,900 |
| 2026 | 76,964 | 3,355 | 80,319 |
| 2027 | 57,890 | 1,377 | 59,267 |
| | $ 361,158 | $ 19,189 | $ 380,347 |

The Village received total lease payments of $7,596, of which $6,130 was applied to principal, reducing the lease receivable, and $1,466 was applied to interest. The schedule of future minimum payments to be received for the lease receivable is as follows:

| Year Ending June 30 | Principal Payments | Interest Payments | Total |
|---|---|---|---|
| 2024 | $ 6,771 | $ 1,325 | $ 8,096 |
| 2025 | 7,626 | 1,003 | 8,629 |
| 2026 | 8,556 | 640 | 9,196 |
| 2027 | 9,566 | 235 | 9,801 |
| | $ 32,519 | $ 3,203 | $ 35,722 |

## 6. 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 Annual Comprehensive Financial Report for the state of North Carolina. The state's Annual Comprehensive Financial Report 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) 707-0500, or at www.osc.nc.gov.

*Benefits Provided.* LGERS provides retirement, disability 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. General employee 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. General employee 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 and rescue squad workers). Disabled members may qualify for disability benefits at earlier ages. Survivor benefits are available to eligible beneficiaries of general employee plan 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 in lieu of the return of the member's contributions that is generally available to beneficiaries of deceased members. The plan does not provide for automatic post-retirement benefit increases. Cost of living benefit increases are contingent upon investment gains of the plan at the discretion of the LGERS Board of Trustees, except as authorized by the North Carolina General Assembly.

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 or upon completing 25 years of creditable service with 15 years 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 in lieu of the return of the member's contributions that is generally available to beneficiaries of deceased members.

*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 required contribution rate is set periodically and affirmed annually by the LGERS Board of Trustees. The Board establishes a funding policy from which the accrued liability rates and the normal contribution rates are developed by the consulting actuary for general employees and firefighters as well as for LEOs. The sum of those two rates developed under the funding policy and the past service liability contribution rates, if applicable, is the actuarially determined contribution rate. Further, the required employer contribution rates set by the Board of Trustees may not be less than the normal contribution rates developed under the established funding policy. The Village's contractually required contribution rate for the year ended June 30, 2023 was 13.04% of compensation for law enforcement officers and 12.14% for general employees and firefighters. These amounts, combined with employee contributions and investment income, are expected to fund the benefits earned by employees during the year, a payment to reduce the net pension liability, a payment for past service liability, if applicable, and administrative expenses. Contributions to the pension plan from the Village were $1,063,812 for the year ended June 30, 2023.

*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 include 4% interest regardless of the number of years of retirement service credit or of the reason for separation from service. 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 any other retirement or survivor benefit provided by LGERS.

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.*** At June 30, 2023, the Village reported a liability of $6,130,540 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2022 utilizing update procedures incorporating the actuarial assumptions. The Village's proportion of the net pension liability was based on the present value of the actuary's projection of the Village's future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers. The present value of future salary is based on the plan's actuarial assumptions and reflects the current demographics of each employer, along with the employer's expected long-term contribution effort to the plan. At June 30, 2022, the Village's proportion was 0.109%, an increase of 0.004% from its proportion measured as of June 30, 2021 of 0.105%.

For the year ended June 30, 2023, the Village recognized pension expense of $1,762,352. At June 30, 2023, 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 | $ 264,159 | $ 25,899 |
| Changes of assumptions | 611,690 | - |
| Net difference between projected and actual investment earnings on plan investments | 2,026,208 | - |
| Changes in proportion and differences between Village contributions and proportionate share of contributions | 36,899 | 8,962 |
| Village contributions subsequent to the measurement date | 1,063,812 | - |
| Total | $ 4,002,768 | $ 34,861 |

The $1,063,812 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 ending June 30, 2024. 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:** | |
|---|---|
| 2024 | $ 922,396 |
| 2025 | 781,420 |
| 2026 | 234,956 |
| 2027 | 965,323 |
| Total | $ 2,904,095 |

*Actuarial Assumptions.* The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---|---|
| Inflation | 2.50% |
| Salary increases | 3.25% to 8.25%, including a 3.25% inflation and productivity factor |
| Investment rate of return | 6.50%, including inflation and net of pension plan investment expense |

LGERS benefit recipients received a one-time benefit supplement payment equal to 2% of the member's annually benefit amount for the fiscal year ending June 30, 2023, paid in October 2022. The one-time supplements do not change the ongoing monthly benefits, and absent additional action by governing authorities, the payments will not recur in future years. Future and ad hoc cost-of-living adjustment amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The plan currently uses mortality tables that vary by age, gender, employee group (i.e., general and 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. public plan population. The mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019. This actuarial experience study, along with certain change of assumptions subsequent to the experience review, is reflected as changes of assumptions in the deferred outflows.

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, 2022 are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|---|---|---|
| Fixed income | 33.0% | 0.9% |
| Global equity | 38.0% | 6.5% |
| Real estate | 8.0% | 5.9% |
| Alternatives | 8.0% | 8.2% |
| Credit | 7.0% | 5.0% |
| Inflation protection | 6.0% | 2.7% |
| Total | 100.0% | |

The information above is based on 30-year expectations developed with an investment consulting firm as part of a study that was completed in early 2022 and is part of the asset liability and investment policy of 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 2.25%. Return projections do not include any excess return expectations over benchmark averages. All rates of return and inflation are annualized.

*Discount Rate.* The discount rate used to measure the total pension liability was 6.50%. This discount rate is in line with the long-term nominal expected return on pension plan investments. The calculation of the net pension liability is a present value calculation of the future net pension payments. These net pension payments assume that contributions from plan members will be made at the current statutory contribution rate and that contributions from employers will be made at the contractually 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 6.50%, 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 (5.50%) or one percentage point higher (7.50%) than the current rate:

| | 1% Decrease (5.50%) | Discount Rate (6.50%) | 1% Increase (7.50%) |
|---|---|---|---|
| Village's proportionate share of the net pension liability (asset) | $ 11,064,835 | $ 6,130,540 | $ 2,064,394 |

*Pension Plan Fiduciary Net Position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued Annual Comprehensive 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 Law Enforcement Officers Special Separation Allowance (the Separation Allowance, or LEOSSA), 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, 2021 valuation date, the Separation Allowance's membership consisted of:

| | |
|---|---|
| Retirees receiving benefits | 9 |
| Terminated plan members entitled to but not yet receiving benefits | - |
| Active plan members | 24 |
| Total | 33 |

*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 recorded 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, 2021 valuation. The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---|---|
| Inflation | 2.50% |
| Salary increases | 3.25 to 7.75%, including inflation at 2.50% |
| Discount rate | 4.31%, including inflation at 2.50% |

The discount rate is based on the yield of the S&P Municipal Bond 20-Year High Grade Rate Index as of December 31, 2021.

Mortality rates are based on the Pub-2010 amount-weighted mortality tables with adjustments for generational improvement based on Scale MP-2019.

*Change in Actuarial Assumptions.* On the prior measurement date (December 31, 2021), the Municipal Bond Index Rate, on which the discount rate is based, was 2.25%. Since the prior measurement date, the Municipal Bond Index Rate has increased to 4.31% as of the measurement date (December 31, 2022). These changes resulted in a $234,351 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 $145,741 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, 2023, the Village reported a total pension liability of $1,440,370. The total pension liability was measured as of December 31, 2022 based on a December 31, 2021 actuarial valuation. The total pension liability was rolled forward to December 31, 2022 utilizing updated procedures incorporating the actuarial assumptions. For the year ended June 30, 2023, the Village recognized pension expense of $201,235.

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ 223,510 | $ 233 |
| Changes of assumptions and other inputs | 168,646 | 219,407 |
| Benefit payments and administrative expenses paid subsequent to the measurement date | 72,871 | - |
| Total | $ 465,027 | $ 219,640 |

The $72,871 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 ending June 30, 2024. 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: | |
|---|---|
| 2024 | $ 96,687 |
| 2025 | 90,205 |
| 2026 | 20,009 |
| 2027 | (27,244) |
| 2028 | (7,141) |
| Total | $ 172,516 |

*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 4.31%, 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 (3.31%) or 1 percentage point higher (5.31%) than the current rate:

| | 1% Decrease (3.31%) | Discount Rate (4.31%) | 1% Increase (5.31%) |
|---|---|---|---|
| Total pension liability | $ 1,548,636 | $ 1,440,370 | $ 1,341,782 |

The schedule of changes in the total pension liability for the LEOSSA for the fiscal year ended June 30, 2023 was as follows:

| | 2023 |
|---|---|
| Beginning balance | $ 1,635,856 |
| Service cost | 59,484 |
| Interest on the total pension liability | 35,167 |
| Differences between expected and actual experience in the measurement of the total pension liability | 89,955 |
| Changes of assumptions and other inputs | (234,351) |
| Benefit payments | (145,741) |
| Ending balance of the total pension liability | $ 1,440,370 |

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, 2021 valuation were based on the results of an experience study completed by the Actuary for the Local Governmental Employees' Retirement System for the five-year period ending December 31, 2019.

***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 | $ 1,762,352 | $ 201,235 | $ 1,963,587 |
| Pension liability | 6,130,540 | 1,440,370 | 7,570,910 |
| Proportionate share of the net pension liability | 0.109% | n/a | |
| Deferred outflows of resources: | | | |
| Differences between expected and actual experience | 264,159 | 223,510 | 487,669 |
| Changes of assumptions | 611,690 | 168,646 | 780,336 |
| Net difference between projected and actual earnings on plan investments | 2,026,208 | - | 2,026,208 |
| Changes in proportion and differences between contributions and proportionate share of contributions | 36,899 | - | 36,899 |
| Benefit payments and administrative costs paid subsequent to the measurement date | 1,063,812 | 72,871 | 1,136,683 |
| Deferred inflows of resources: | | | |
| Differences between expected and actual experience | 25,899 | 233 | 26,132 |
| Changes of assumptions | - | 219,407 | 219,407 |
| Changes in proportion and differences between contributions and proportionate share of contributions | 8,962 | - | 8,962 |

### *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 Annual Comprehensive Financial Report for the state of North Carolina. The State's Annual Comprehensive Financial Report 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) 707-0500.

*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, 2023 were $128,490, which consisted of $73,975 from the Village and $54,515 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, 2023 were $799,806, which consisted of $430,152 from the Village and $369,654 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 or be less than $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.

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 employee's taxable earnings for the year.

## 7. Deferred Outflows and Inflows of Resources

Deferred outflows of resources reported on the Statement of Net Position at year end is comprised of the following:

| | |
|---|---|
| Contributions to LGERS pension plan in the current fiscal year | $ 1,063,812 |
| Benefit payments to LEOSSA recipients in the current fiscal year | 72,871 |
| Difference between actual and expected experience | 487,669 |
| Changes of assumptions | 780,336 |
| Net difference between projected and actual earnings on pension plan investments | 2,026,208 |
| Changes in proportion and differences between Village contributions and proportionate share of contributions | 36,899 |
| Total deferred outflows of resources | $ 4,467,795 |

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

| | Statement of Net Position | General Fund Balance Sheet |
|---|---|---|
| Taxes receivable, less penalties | $ - | $ 14,967 |
| Lease receivable | 30,919 | 30,919 |
| Other receivables | - | 5,951 |
| Differences between expected and actual experience | 26,132 | - |
| Changes of assumptions | 219,407 | - |
| Changes in proportion and differences between Village contributions and proportionate share of contributions | 8,962 | - |
| Total deferred inflows of resources | $ 285,420 | $ 51,837 |

## 8. 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 a self-funded risk-financing pool administered by the North Carolina League of Municipalities to obtain general liability and auto liability coverage of $5 million per occurrence and property coverage up to the total insured values of the property policy. 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. 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 North Carolina League of Municipalities. The pool is audited annually by certified public accountants, and the audited financial statements are available to the Village upon request.

The Village carries workers compensation coverage up to statutory limits and 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, it has 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 individually bonded for $1,000,000 and $10,000 respectively. The remaining employees that have access to funds are bonded under a blanket bond for $500,000.

## 9. Claims, Judgments and Contingent Liabilities

At June 30, 2023, 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.

## 10. Long-Term Obligations

### *A. Installment Purchase Debt*

The Village has no installment purchase debt obligations at June 30, 2023.

### *B. Changes in Long-Term Liabilities*

At June 30, 2023, the Village had a legal debt margin of $318,390,868.

The following is a summary of changes in the Village's long-term obligations for the fiscal year ended June 30, 2023:

| | Balance July 1, 2022 | Increases | Decreases | Balance June 30, 2023 | Current Portion of Balance |
|---|---|---|---|---|---|
| Governmental activities: | | | | | |
| Lease liabilities | $ 24,922 | $ - | $ (12,025) | $ 12,897 | $ 9,715 |
| Subscription liabilities | - | 509,526 | (148,368) | 361,158 | 138,159 |
| Compensated absences | 846,421 | 562,693 | (538,588) | 870,526 | 553,928 |
| Net pension liability (LGERS) | 1,607,209 | 4,523,331 | - | 6,130,540 | - |
| Total pension liability (LEOSSA) | 1,635,856 | - | (195,486) | 1,440,370 | - |
| Governmental activity long-term liabilities | $ 4,114,408 | $ 5,595,550 | $ (894,467) | $ 8,815,491 | $ 701,802 |

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

## 11. Interfund Activity

Transfers to/from other funds for the fiscal year ended June 30, 2023 consist of the following:

| | Transfers in: | | |
|---|---|---|---|
| | **General Fund** | **Library Expansion Capital Project Fund** | **Total** |
| **Transfers out:** | | | |
| General Fund | $ - | $ 1,000,000 | $ 1,000,000 |
| ARPA Special Revenue Fund | 5,405,038 | - | 5,405,038 |
| Total | $ 5,405,038 | $ 1,000,000 | $ 6,405,038 |

Transfers are used to (1) move unrestricted revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as matching funds for various grant programs, and (2) transfer revenues from the fund required by state statute or budget to collect the revenue to the fund required by state statute or budget to expend them.

During the 2023 fiscal year, the Village transferred the American Rescue Plan Act (ARPA) grant proceeds of $5,296,752 plus $108,286 of investment income earned on the grant proceeds from the ARPA Special Revenue Fund to the General Fund where the eligible salary and benefit expenditures for the provision of general government services were expended.

The Village also made a transfer of $1,000,000 from the General Fund to the Library Expansion Capital Project Fund for the design and construction of a new building for the Given Memorial Library and renovation of the Tufts Archives in the existing building.

## 12. Net Investment in Capital Assets

The table below presents the calculation of the Village's net investment in capital assets as reported in the statement of net position:

| | **Governmental Activities** |
|---|---|
| Capital assets, net of accumulated depreciation | $ 30,596,542 |
| Right-to-use lease assets, net of accumulated amortization | 13,100 |
| Right-to-use subscription assets, net of accumulated amortization | 444,112 |
| Less: | |
| Long-term debt | - |
| Capital-related accounts payable | (243,852) |
| Lease liabilities | (12,897) |
| Subscription liabilities | (361,158) |
| Net investment in capital assets | $ 30,435,847 |

## 13. Fund Balance

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

| | |
|---|---|
| Total fund balance - General Fund | $ 20,362,064 |
| Less: | |
| Inventories | 52,537 |
| Prepaid items | 98,579 |
| Leases | 1,722 |
| Stabilization by state statute | 3,067,395 |
| Public safety - equitable sharing | 19,469 |
| Committed for library and archives | 544,777 |
| Committed for future capital | 10,572,049 |
| Appropriated fund balance in 2024 Budget | 600,100 |
| Fund balance policy minimum | 3,671,256 |
| Remaining fund balance | $ 1,734,180 |

The Village's fund balance policy requires the Village to maintain a minimum unassigned General Fund fund balance of 15% of actual expenditures as reported in the Village's annual comprehensive financial report. In addition, when preparing the annual General Fund budget, the total appropriated fund balance should result in anticipated ending total fund balance of at least 30% of budgeted expenditures. At June 30, 2023, the General Fund's unassigned fund balance of $5,405,436 represents 22% of General Fund actual expenditures which complies with the policy minimum. Total fund balance was 71% of budgeted expenditures.

The fund balance policy also states that when total fund balance at June 30 is in excess of 40% of actual General Fund expenditures, Council may commit excess fund balance for future capital needs. However, the amount of fund balance committed for future capital needs shall never cause unassigned General Fund fund balance to fall below the 15% unassigned fund balance minimum. In fiscal year 2023, Council approved a resolution to commit excess funds for future capital needs totaling $10,572,049. 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 | $ 583,987 |
| Library Expansion Capital Project Fund | 118,230 |
| Total | $ 702,217 |

## 14. 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 moneys.

## 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 (FRF). The State Commissioner of Insurance appoints one additional member to the local board of trustees. The FRF is funded by a portion of the gross premium tax on insurance policies containing fire and lightning protection, as well as certain automotive policies, that insurers remit to the State. Of the total gross premium tax collected, 20% is dedicated to the FRF. The fund is distributed by the Commissioner of Insurance to local FRF boards annually. These distributions are used to assist fire fighters in various ways. The local board of the FRF did not receive a distribution from the State Insurance Commissioner's office for the fiscal year ended June 30, 2023. The Village obtains an ongoing financial benefit from the FRF 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, 2023. The FRF 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.

The Village is a member of the Central Pines Regional Council (formerly the Triangle J Council of Governments), which serves a seven-county region and forty-two local governments. The participating member governments established the council to coordinate various regional interests and intergovernmental funding. Each member government appoints one elected official as its delegate to the council's governing board. The Village paid dues of $6,884 to the council in the fiscal year ended June 30, 2023. The member governments do not have any equity interest in the jointly governed organization, so no equity has been reflected in the financial statements as of June 30, 2023.

## 16. Subsequent Events

The Village evaluated events subsequent to June 30, 2023 and through October 20, 2023, the date of the issuance of the financial statements. Management determined there are no subsequent events that would require adjustment or disclosure in the financial statements.

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

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

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

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|---|---|---|---|
| Pinehurst's proportion of the net pension liability (asset) (%) | 0.1087% | 0.1048% | 0.1046% | 0.1009% | 0.1046% | 0.1062% | 0.1073% | 0.1094% | 0.1083% | 0.1077% |
| Pinehurst's proportion of the net pension liability (asset) ($) | $ 6,130,540 | $ 1,607,209 | $ 3,736,374 | $ 2,756,320 | $ 2,480,521 | $ 1,621,831 | $ 2,278,539 | $ 490,982 | $ (638,460) | $ 1,298,199 |
| Pinehurst's covered payroll | $ 7,920,294 | $ 7,496,867 | $ 7,275,196 | $ 6,857,080 | $ 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 | 77.40% | 21.44% | 51.36% | 40.20% | 37.52% | 24.77% | 35.71% | 7.82% | (10.6%) | 22.65% |
| Plan fiduciary net position as a percentage of the total pension liability** | 84.14% | 95.51% | 88.61% | 90.86% | 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.*

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

**Notes:**
1. There were no significant changes in benefit terms or the size or composition of the covered population that affect the actuarial valuations except for cost-of-living increases of 0.11% in 2016 and 0.63% in 2015. Additionally, benefit recipients received a one-time benefit supplement payment equal to 2.00% of the member's annual benefit amount for 2023. The one-time payments do not change the ongoing monthly benefits, and absent additional action by governing authorities, the payments will not recur in future years.

2. There were no significant changes in actuarial assumptions or other inputs to the valuation except for the changes as follows:

- In January 2021, the actuarial assumptions were updated to more closely reflect actual experience.
- In 2020, the North Carolina Retirement Systems' consulting actuaries performed the quinquennial investigation of the retirement system's actual demographic and economic experience (known as the "Experience Review"). The Experience Review provides the basis for selecting the actuarial assumptions and methods used to determine plan liabilities and funding requirements. The most recent Experience Review examined the plan's experience during the period between January 1, 2015 and December 31, 2019. Based on the findings, the Board of Trustees of the Local Government Employees' Retirement System (LGERS) adopted a number of new actuarial assumptions and methods. The most notable changes to the assumptions include updates to the mortality tables and mortality improvements. These assumptions were adjusted to be based on the Pub-2010 mortality tables reflecting the mortality projection scale MP-2019, released by the Society of Actuaries in 2019. In addition, the assumed rates of retirement, salary increases, and rates of termination from active employment were updated to more closely reflect actual experience.
- The discount rate for LGERS was lowered from 7.00% to 6.50% effective for the December 31, 2020 valuation, with the resulting effect on minimum actuarially determined employer contribution rates (or amounts) to be gradually recognized over a five-year period beginning July 1, 2022.



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

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|---|---|---|---|
| Contractually required contribution | $ 1,063,812 | $ 906,031 | $ 777,919 | $ 671,779 | $ 549,872 | $ 514,302 | $ 489,064 | $ 424,359 | $ 445,138 | $ 434,315 |
| Contributions in relation to the contractually required contribution | 1,063,812 | 906,031 | 777,919 | 671,779 | 549,872 | 514,302 | 489,064 | 424,359 | 445,138 | 434,315 |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Pinehurst's covered payroll | $ 8,748,239 | $ 7,920,294 | $ 7,496,867 | $ 7,275,196 | $ 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 | 12.16% | 11.44% | 10.38% | 9.23% | 8.02% | 7.78% | 7.47% | 6.65% | 7.09% | 7.21% |

**Notes:**
See notes included on the Schedule of the Proportionate Share of the Net Pension Liability (Asset) (RSI-1).



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



| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|---|---|
| Beginning balance | $ 1,635,856 | $ 1,687,722 | $ 1,243,898 | $ 1,025,925 | $ 1,034,234 | $ 943,908 | $ 951,629 |
| Service cost | 59,484 | 57,850 | 38,550 | 38,255 | 38,687 | 30,672 | 33,042 |
| Interest on the total pension liability | 35,167 | 31,186 | 38,546 | 35,781 | 31,998 | 35,521 | 33,003 |
| Changes of benefit terms | - | - | - | - | - | - | - |
| Differences between expected and actual experience in the total pension liability | 89,955 | 41,968 | 142,638 | 196,930 | (1,618) | 19,179 | - |
| Changes of assumptions or other inputs | (234,351) | (39,156) | 347,111 | 32,858 | (34,095) | 52,287 | (19,441) |
| Benefit payments | (145,741) | (143,714) | (123,021) | (85,851) | (43,281) | (47,333) | (54,325) |
| Other changes | - | - | - | - | - | - | - |
| Ending balance of the total pension liability | $ 1,440,370 | $ 1,635,856 | $ 1,687,722 | $ 1,243,898 | $ 1,025,925 | $ 1,034,234 | $ 943,908 |

* *The amounts presented for each fiscal year were determined as of the prior year ending December 31*

**Notes:**

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

2. 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

3. There were no significant changes in benefit terms or the size or composition of the covered population that affect the actuarial valuations

4. There were no significant changes in actuarial assumptions or other inputs to the valuation except for the annual changes as follows

December 31, 2022 Measurement Date (2023)
- The Municipal Bond Index Rate increased from 2.25% to 4.31%

December 31, 2021 Measurement Date (2022)
- The Municipal Bond Index Rate increased from 1.93% to 2.25%

December 31, 2020 Measurement Date (2021)
- The Municipal Bond Index Rate decreased from 3.26% to 1.93%
- Based on the results of an experience study completed by the actuary for the Local Government Employees' Retiremer System for the five-year period ending December 31, 2019, the following were updated: mortality rates, salary increas rates, service retirement rates, disability retirement rates, termination rates, real wage growth, and leave conversion service

December 31, 2019 Measurement Date (2020)
- The Municipal Bond Index Rate decreased from 3.64% to 3.26%

December 31, 2018 Measurement Date (2019)
- The Municipal Bond Index Rate increased from 3.16% to 3.64%

December 31, 2017 Measurement Date (2018)
- The Municipal Bond Index Rate decreased from 3.86% to 3.16%
- The assumed inflation rate was reduced from 3.00% to 2.50% and assumed wage inflation was increased from 0.50% to 1.00%

December 31, 2016 Measurement Date (2017)
- The Municipal Bond Index Rate increased from 3.57% to 3.86%



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**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 Seven Fiscal Years**
**Required Supplementary Information**

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|---|---|
| Total pension liability | $ 1,440,370 | $ 1,635,856 | $ 1,687,722 | $ 1,243,898 | $ 1,025,925 | $ 1,034,234 | $ 943,908 |
| Covered payroll | 1,370,378 | 1,282,248 | 1,291,680 | 1,384,357 | 1,336,348 | 1,269,779 | 1,313,290 |
| Total pension liability as a percentage of covered payroll | 105.11% | 127.58% | 130.66% | 89.85% | 76.77% | 81.45% | 71.87% |

**Notes:**
See notes included on the Schedule of Changes in Total Pension Liability (RSI-3).

# 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 Balance - Budget and Actual - General Fund

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**Village of Pinehurst, North Carolina** **Schedule 1**
**General Fund** **(4 pages)**
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**
**Budget and Actual**
**Fiscal Year Ended June 30, 2023 with Comparative Actual Amounts**
**for Fiscal Year Ended June 30, 2022**

| | 2023 | | | |
|---|---|---|---|---|
| | Final Budget | Actual | Variance Positive (Negative) | 2022 |
| **Revenues** | | | | |
| Ad valorem taxes: | | | | |
| Taxes | $ 12,257,000 | $ 12,330,789 | $ 73,789 | $ 12,247,751 |
| Penalties and interest | 5,000 | 11,280 | 6,280 | 10,002 |
| Total | 12,262,000 | 12,342,069 | 80,069 | 12,257,753 |
| Other licenses: | | | | |
| Golf cart licenses | 3,800 | 5,430 | 1,630 | 4,755 |
| Unrestricted intergovernmental: | | | | |
| Local option sales tax | 5,520,000 | 5,600,796 | 80,796 | 5,261,285 |
| Telecommunications sales tax | 46,000 | 48,511 | 2,511 | 50,360 |
| Utilities sales tax | 1,037,000 | 1,119,070 | 82,070 | 1,044,075 |
| Video programming | 258,000 | 261,768 | 3,768 | 271,201 |
| Hold harmless reimbursements | 1,331,000 | 1,366,887 | 35,887 | 1,258,527 |
| Wine and beer tax | 75,100 | 81,917 | 6,817 | 70,053 |
| Total | 8,267,100 | 8,478,949 | 211,849 | 7,955,501 |
| Restricted intergovernmental: | | | | |
| Powell Bill allocation | 572,245 | 572,245 | - | 568,939 |
| Controlled substance tax | 500 | 2,206 | 1,706 | 4,920 |
| State aid library grant | 7,500 | 7,702 | 202 | 1,243 |
| Other grants | 120,974 | 118,770 | (2,204) | 15,694 |
| Solid waste disposal tax | 13,700 | 14,210 | 510 | 13,308 |
| Total | 714,919 | 715,133 | 214 | 604,104 |
| Permits and fees: | | | | |
| Building permits and inspection fees | 250,000 | 307,427 | 57,427 | 278,999 |
| Planning and zoning fees | 250,000 | 241,275 | (8,725) | 260,666 |
| Fire district | 412,000 | 430,260 | 18,260 | 387,817 |
| Fire permits | 10,000 | 8,442 | (1,558) | 14,430 |
| Other permits and fees | 2,500 | 2,375 | (125) | 2,990 |
| Total | 924,500 | 989,779 | 65,279 | 944,902 |
| Sales and services: | | | | |
| Rents, concessions and fees | 591,900 | 640,739 | 48,839 | 578,555 |
| Recreation fees | 201,000 | 237,524 | 36,524 | 184,333 |
| Total | 792,900 | 878,263 | 85,363 | 762,888 |
| Investment earnings: | | | | |
| Investment income | 433,000 | 719,748 | 286,748 | 24,570 |

| | 2023 | | | |
|---|---|---|---|---|
| | Final Budget | Actual | Variance Positive (Negative) | 2022 |
| Miscellaneous: | | | | |
| ABC revenue | $ 301,700 | $ 294,884 | $ (6,816) | $ 298,625 |
| Donations | 142,702 | 147,214 | 4,512 | 34,900 |
| Lease interest income | - | 1,588 | 1,588 | - |
| Other revenues | 81,875 | 87,956 | 6,081 | 136,023 |
| Total | 526,277 | 531,642 | 5,365 | 469,548 |
| **Total revenues** | 23,924,496 | 24,661,013 | 736,517 | 23,024,021 |
| **Expenditures** | | | | |
| General government: | | | | |
| Governing body: | | | | |
| Operating expenditures | | 160,670 | | 138,585 |
| Total | 200,300 | 160,670 | 39,630 | 138,585 |
| Administration: | | | | |
| Operating expenditures | | 1,431,644 | | 1,333,891 |
| Capital outlay | | 204,730 | | 303,412 |
| Total | 1,808,525 | 1,636,374 | 172,151 | 1,637,303 |
| Financial services: | | | | |
| Operating expenditures | | 796,362 | | 787,262 |
| Capital outlay | | 28,439 | | 4,709 |
| Total | 874,180 | 824,801 | 49,379 | 791,971 |
| Human resources: | | | | |
| Operating expenditures | | 460,192 | | 437,849 |
| Capital outlay | | 30,337 | | - |
| Total | 575,760 | 490,529 | 85,231 | 437,849 |
| Total general government | 3,458,765 | 3,112,374 | 346,391 | 3,005,708 |
| Public safety: | | | | |
| Police: | | | | |
| Operating expenditures | | 3,867,131 | | 3,214,349 |
| Capital outlay | | 539,359 | | 230,094 |
| Total | 4,937,654 | 4,406,490 | 531,164 | 3,444,443 |
| Fire: | | | | |
| Operating expenditures | | 3,192,161 | | 3,117,709 |
| Capital outlay | | 436,502 | | 652,547 |
| Total | 4,050,722 | 3,628,663 | 422,059 | 3,770,256 |
| Inspections: | | | | |
| Operating expenditures | | 357,935 | | 338,086 |
| Capital outlay | | 57,065 | | - |
| Total | 433,230 | 415,000 | 18,230 | 338,086 |
| Total public safety | 9,421,606 | 8,450,153 | 971,453 | 7,552,785 |

**Village of Pinehurst, North Carolina** **Schedule 1**
**General Fund** **(4 pages)**
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**
**Fiscal Year Ended June 30, 2023 with Comparative Actual Amounts for Fiscal Year Ended June 30, 2022**

| | 2023 | | | |
|---|---|---|---|---|
| | Final Budget | Actual | Variance Positive (Negative) | 2022 |
| Transportation: | | | | |
| Public services administration: | | | | |
| Operating expenditures | | $ 679,381 | | $ 560,203 |
| Capital outlay | | 82,866 | | 690 |
| Total | $ 815,699 | 762,247 | $ 53,452 | 560,893 |
| Streets and grounds: | | | | |
| Operating expenditures | | 1,385,871 | | 1,433,021 |
| Capital outlay | | 581,538 | | 670,088 |
| Total | 3,417,628 | 1,967,409 | 1,450,219 | 2,103,109 |
| Powell Bill: | | | | |
| Operating expenditures | | 1,430,291 | | 1,130,492 |
| Total | 1,472,975 | 1,430,291 | 42,684 | 1,130,492 |
| Total transportation | 5,706,302 | 4,159,947 | 1,546,355 | 3,794,494 |
| Economic and physical development: | | | | |
| Planning: | | | | |
| Operating expenditures | | 852,715 | | 839,100 |
| Capital outlay | | 279,056 | | 767 |
| Total | 1,481,590 | 1,131,771 | 349,819 | 839,867 |
| Community development: | | | | |
| Operating expenditures | | 124,451 | | 127,759 |
| Capital outlay | | 2,233 | | - |
| Total | 368,970 | 126,684 | 242,286 | 127,759 |
| Total economic and physical development | 1,850,560 | 1,258,455 | 592,105 | 967,626 |
| Environmental protection: | | | | |
| Solid waste: | | | | |
| Operating expenditures | | 1,967,731 | | 1,901,761 |
| Capital outlay | | 240,509 | | - |
| Total | 2,607,422 | 2,208,240 | 399,182 | 1,901,761 |
| Total environmental protection | 2,607,422 | 2,208,240 | 399,182 | 1,901,761 |
| Cultural and recreation: | | | | |
| Recreation: | | | | |
| Operating expenditures | | 2,034,857 | | 1,790,072 |
| Capital outlay | | 1,364,413 | | 412,197 |
| Total | 3,653,639 | 3,399,270 | 254,369 | 2,202,269 |

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**
**Fiscal Year Ended June 30, 2023 with Comparative Actual Amounts for Fiscal Year Ended June 30, 2022**

| | 2023 | | | |
|---|---|---|---|---|
| | **Final Budget** | **Actual** | **Variance Positive (Negative)** | **2022** |
| Library: | | | | |
| Operating expenditures | | $ 526,152 | | $ 294,382 |
| Capital outlay | | 10,195 | | 58,020 |
| Total | $ 619,077 | 536,347 | $ 82,730 | 352,402 |
| Harness track: | | | | |
| Operating expenditures | | 581,174 | | 554,972 |
| Capital outlay | | 230,670 | | 102,345 |
| Total | 865,016 | 811,844 | 53,172 | 657,317 |
| Fair barn: | | | | |
| Operating expenditures | | 346,400 | | 297,801 |
| Capital outlay | | 30,899 | | - |
| Total | 431,920 | 377,299 | 54,621 | 297,801 |
| Total cultural and recreation | 5,569,652 | 5,124,760 | 444,892 | 3,509,789 |
| Debt service: | | | | |
| Principal retirement | | 160,393 | | 11,201 |
| Interest and fees | | 716 | | 142 |
| Total | 161,400 | 161,109 | 291 | 11,343 |
| **Total expenditures** | 28,775,707 | 24,475,038 | 4,300,669 | 20,743,506 |
| Excess (deficiency) of revenues over (under) expenditures | (4,851,211) | 185,975 | 5,037,186 | 2,280,515 |
| **Other financing sources (uses):** | | | | |
| Transfers from other funds: | | | | |
| Special Revenue Fund | 5,297,720 | 5,405,038 | 107,318 | - |
| Transfers to other funds: | | | | |
| Capital Project Fund | (1,000,000) | (1,000,000) | - | (400,000) |
| Lease liabilities issued | - | - | - | 36,123 |
| Subscription liabilities issued | 518,120 | 517,842 | (278) | - |
| Sale of capital assets | 20,000 | 13,250 | (6,750) | 34,453 |
| **Total other financing sources (uses)** | 4,835,840 | 4,936,130 | 100,290 | (329,424) |
| Fund balance appropriated | 15,371 | - | (15,371) | - |
| Net change in fund balance | $ - | 5,122,105 | $ 5,122,105 | 1,951,091 |
| Fund balance, beginning | | 15,239,959 | | 13,288,868 |
| Fund balance, ending | | $ 20,362,064 | | $ 15,239,959 |

# AMERICAN RESCUE PLAN ACT
# SPECIAL REVENUE FUND

The American Rescue Plan Act Special Revenue Fund is used to account for federal grant funds received as part of the American Rescue Plan Act for COVID-19 relief and economic recovery.

- Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - American Rescue Plan Act Special Revenue Fund

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**Village of Pinehurst, North Carolina** **Schedule 2**

**Special Revenue Fund - American Rescue Plan Act**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**

**From Inception and for the Fiscal Year Ended June 30, 2023**

| | Project Authorization | Actual Prior Years | Actual Current Year | Actual Total to Date | Variance Positive (Negative) |
|---|---|---|---|---|---|
| **Revenues:** | | | | | |
| Restricted intergovernmental: | | | | | |
| Grant revenue | $ 5,296,752 | $ - | $ 5,296,752 | $ 5,296,752 | $ - |
| Investment earnings | 108,286 | 4,216 | 104,070 | 108,286 | - |
| Total revenues | 5,405,038 | 4,216 | 5,400,822 | 5,405,038 | - |
| **Other financing uses:** | | | | | |
| Transfers to other funds: | | | | | |
| General Fund | (5,405,038) | - | (5,405,038) | (5,405,038) | - |
| Total other financing uses | (5,405,038) | - | (5,405,038) | (5,405,038) | - |
| Net change in fund balance | $ - | $ 4,216 | (4,216) | $ - | $ - |
| Fund balance, beginning | | | 4,216 | | |
| Fund balance, ending | | | $ - | | |

# LIBRARY EXPANSION CAPITAL PROJECT FUND

The Library Expansion Capital Project Fund is used to account for costs incurred in the design and construction of an addition to the Given Memorial Library and Tufts Archives building.

- Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Library Expansion Capital Project Fund

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**Village of Pinehurst, North Carolina** **Schedule 3**
**Capital Project Fund - Library Expansion**
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**
**From Inception and for the Fiscal Year Ended June 30, 2023**

| | Project Authorization | Actual Prior Years | Actual Current Year | Actual Total to Date | Variance Positive (Negative) |
|---|---|---|---|---|---|
| **Revenues:** | | | | | |
| Investment earnings | $ 20,000 | $ 319 | $ 23,011 | $ 23,330 | $ 3,330 |
| Total revenues | 20,000 | 319 | 23,011 | 23,330 | 3,330 |
| **Expenditures:** | | | | | |
| Cultural and recreation: | | | | | |
| Design | 400,500 | - | 21,775 | 21,775 | 378,725 |
| Construction | 1,019,500 | - | - | - | 1,019,500 |
| Total expenditures | 1,420,000 | - | 21,775 | 21,775 | 1,398,225 |
| Revenues over (under) expenditures | (1,400,000) | 319 | 1,236 | 1,555 | 1,401,555 |
| **Other financing sources:** | | | | | |
| Transfers from other funds: | | | | | |
| General Fund | 1,400,000 | 400,000 | 1,000,000 | 1,400,000 | - |
| Total other financing sources | 1,400,000 | 400,000 | 1,000,000 | 1,400,000 | - |
| Net change in fund balance | $ - | $ 400,319 | 1,001,236 | $ 1,401,555 | $ 1,401,555 |
| Fund balance, beginning | | | 400,319 | | |
| Fund balance, ending | | | $ 1,401,555 | | |

# 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 4**

**Capital Assets Used in the Operation of Governmental Funds**

**Schedule by Source**

**June 30, 2023 and 2022**

| | 2023 | 2022 |
|---|---|---|
| **Governmental funds capital assets:** | | |
| Land | $ 7,152,311 | $ 7,071,836 |
| Right of ways | 672,906 | 562,255 |
| Buildings and improvements | 30,860,872 | 28,944,957 |
| Furniture, equipment, and vehicles | 13,017,815 | 12,186,742 |
| Infrastructure | 7,757,123 | 7,356,757 |
| Right-to-use intangible assets | 616,592 | 36,123 |
| Construction in progress | 148,533 | 8,732 |
| Total governmental funds capital assets | $ 60,226,152 | $ 56,167,402 |
| **Investment in governmental funds capital assets by source:** | | |
| General Fund | $ 54,550,567 | $ 50,833,763 |
| Capital Project Funds | 21,775 | - |
| Donations | 5,653,810 | 5,333,639 |
| Total governmental funds capital assets | $ 60,226,152 | $ 56,167,402 |

## Village of Pinehurst, North Carolina
## Capital Assets Used in the Operation of Governmental Funds
## Schedule by Function and Activity
## June 30, 2023

Schedule 5

| Function and Activity | Land | Right of Ways | Buildings | Improvements Other than Buildings | Furniture, Equipment and Vehicles | Infrastructure | Right-to- Use Intangible | Construction In Progress | Total |
|---|---|---|---|---|---|---|---|---|---|
| General government: | | | | | | | | | |
| Governing body | $ 3,890,321 | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ 3,890,321 |
| Administration | - | - | 4,504,753 | - | 489,189 | - | 38,764 | - | 5,032,706 |
| Financial services | - | - | - | - | 135,259 | - | 26,449 | - | 161,708 |
| Human resources | - | - | - | - | 21,300 | - | 21,404 | - | 42,704 |
| Information technology | - | - | - | 28,388 | 486,874 | - | 200,221 | - | 715,483 |
| Buildings and grounds | - | - | 436,666 | 704,711 | 374,496 | 29,476 | - | - | 1,545,349 |
| Fleet maintenance | 25,170 | - | 81,456 | - | 265,782 | - | - | - | 372,408 |
| | 3,915,491 | - | 5,022,875 | 733,099 | 1,772,900 | 29,476 | 286,838 | - | 11,760,679 |
| Public safety: | | | | | | | | | |
| Police | - | - | 2,850,374 | - | 1,701,014 | - | 67,801 | - | 4,619,189 |
| Fire | 332,206 | - | 3,616,314 | - | 3,534,433 | - | - | - | 7,482,953 |
| Inspections | - | - | - | - | 75,463 | - | - | - | 75,463 |
| | 332,206 | - | 6,466,688 | - | 5,310,910 | - | 67,801 | - | 12,177,605 |
| Transportation: | | | | | | | | | |
| Public services | 133,572 | - | 1,204,792 | - | 158,790 | - | - | - | 1,497,154 |
| Streets and grounds | - | 672,906 | 5,118 | 2,025,714 | 2,459,393 | 6,409,003 | - | - | 11,572,134 |
| Powell Bill | - | - | - | 45,713 | 140,354 | 21,115 | - | - | 207,182 |
| | 133,572 | 672,906 | 1,209,910 | 2,071,427 | 2,758,537 | 6,430,118 | - | - | 13,276,470 |
| Environmental protection: | | | | | | | | | |
| Solid waste | - | - | - | - | 2,060,999 | - | - | - | 2,060,999 |
| | - | - | - | - | 2,060,999 | - | - | - | 2,060,999 |
| Cultural and recreation: | | | | | | | | | |
| Recreation | 940,809 | - | 5,052,662 | 4,974,238 | 384,438 | 1,028,643 | - | - | 12,380,790 |
| Library | 360,870 | - | 579,281 | - | 50,934 | - | 7,086 | - | 998,171 |
| Harness track | 1,469,363 | - | 1,589,446 | 475,128 | 526,595 | 268,886 | - | - | 4,329,418 |
| Fair barn | - | - | 2,417,184 | 268,934 | 111,419 | - | - | - | 2,797,537 |
| | 2,771,042 | - | 9,638,573 | 5,718,300 | 1,073,386 | 1,297,529 | 7,086 | - | 20,505,916 |
| Economic and physical development: | | | | | | | | | |
| Planning | - | - | - | - | 41,083 | - | 254,867 | - | 295,950 |
| | - | - | - | - | 41,083 | - | 254,867 | - | 295,950 |
| Construction in progress | - | - | - | - | - | - | - | 148,533 | 148,533 |
| | $ 7,152,311 | $ 672,906 | $ 22,338,046 | $ 8,522,826 | $ 13,017,815 | $ 7,757,123 | $ 616,592 | $ 148,533 | $ 60,226,152 |



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**Village of Pinehurst, North Carolina** **Schedule 6**
**Capital Assets Used in the Operation of Governmental Funds**
**Schedule of Changes By Function and Activity**
**For the Fiscal Year Ended June 30, 2023**

| Function and Activity | Capital Assets June 30, 2022 | Additions | Deletions | Adjustments | Capital Assets June 30, 2023 |
|---|---|---|---|---|---|
| General government: | | | | | |
| Governing body | $ 3,890,321 | $ - | $ - | $ - | $ 3,890,321 |
| Administration | 4,868,075 | 164,631 | - | - | 5,032,706 |
| Financial services | 139,968 | 21,740 | - | - | 161,708 |
| Human resources | 21,300 | 21,404 | - | - | 42,704 |
| Information technology | 484,524 | 223,321 | - | 7,638 | 715,483 |
| Buildings and grounds maintenance | 1,507,274 | 38,075 | - | - | 1,545,349 |
| Fleet maintenance | 352,719 | - | - | 19,689 | 372,408 |
| | 11,264,181 | 469,171 | - | 27,327 | 11,760,679 |
| Public safety: | | | | | |
| Police | 4,145,425 | 481,402 | - | (7,638) | 4,619,189 |
| Fire | 7,469,102 | 389,441 | (382,340) | 6,750 | 7,482,953 |
| Inspections | 59,554 | 52,599 | (17,001) | (19,689) | 75,463 |
| | 11,674,081 | 923,442 | (399,341) | (20,577) | 12,177,605 |
| Transportation: | | | | | |
| Public services | 1,429,792 | 67,362 | - | - | 1,497,154 |
| Streets and grounds | 10,804,205 | 767,929 | - | - | 11,572,134 |
| Powell Bill | 207,182 | - | - | - | 207,182 |
| | 12,441,179 | 835,291 | - | - | 13,276,470 |
| Environmental protection: | | | | | |
| Solid waste | 1,825,141 | 235,858 | - | - | 2,060,999 |
| | 1,825,141 | 235,858 | - | - | 2,060,999 |
| Cultural and recreation: | | | | | |
| Recreation | 11,054,522 | 1,344,072 | (2,666) | (15,138) | 12,380,790 |
| Library | 998,171 | - | - | - | 998,171 |
| Harness track | 4,107,567 | 221,851 | - | - | 4,329,418 |
| Fair barn | 2,776,439 | 21,098 | - | - | 2,797,537 |
| | 18,936,699 | 1,587,021 | (2,666) | (15,138) | 20,505,916 |
| Economic and physical development: | | | | | |
| Planning | 17,389 | 263,423 | - | 15,138 | 295,950 |
| | 17,389 | 263,423 | - | 15,138 | 295,950 |
| Construction in progress | 8,732 | 146,551 | - | (6,750) | 148,533 |
| | $ 56,167,402 | $ 4,460,757 | $ (402,007) | $ - | $ 60,226,152 |

# ADDITIONAL FINANCIAL DATA

This section contains additional information on property taxes.

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

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**Village of Pinehurst, North Carolina**
**Schedule of Ad Valorem Taxes Receivable**
**June 30, 2023**

| Fiscal Year | Uncollected Balance July 1, 2022 | Additions | Collections and Credits | Uncollected Balance June 30, 2023 |
|---|---|---|---|---|
| 2023 | $ - | $ 12,342,976 | $ 12,334,369 | $ 8,607 |
| 2022 | 9,030 | - | 6,372 | 2,658 |
| 2021 | 3,587 | - | 1,571 | 2,016 |
| 2020 | 2,221 | - | 1,735 | 486 |
| 2019 | 1,515 | - | 1,340 | 175 |
| 2018 | 178 | - | - | 178 |
| 2017 | 49 | - | - | 49 |
| 2016 | 60 | - | - | 60 |
| 2015 | 160 | - | - | 160 |
| 2014 | 578 | - | - | 578 |
| | $ 17,378 | $ 12,342,976 | $ 12,345,387 | $ 14,967 |

**Reconciliation with Revenues**

| | |
|---|---|
| Ad valorem taxes - General Fund | $ 12,342,069 |
| Reconciling items: | |
| Interest collected and refunds | (11,280) |
| Refunds/reliefs | 14,598 |
| | 3,318 |
| Total collections and credits | $ 12,345,387 |



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**Village of Pinehurst, North Carolina** **Schedule 8**
**Analysis of Current Tax Levy**
**June 30, 2023**

| | 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 | $ 3,980,844,932 | $ 0.310 | $ 12,343,859 | $ 11,413,224 | $ 930,635 |
| Penalties | - | | 1,905 | 1,905 | - |
| Total | 3,980,844,932 | | 12,345,764 | 11,415,129 | 930,635 |
| Discoveries: | | | | | |
| Current year taxes | 1,085,752 | Various | 3,513 | 3,513 | - |
| Penalties | - | | 38 | 38 | - |
| Total | 1,085,752 | | 3,551 | 3,551 | - |
| Abatements | (2,044,839) | | (6,339) | (6,339) | - |
| Total property valuation | $ 3,979,885,845 | | | | |
| Net levy | | | 12,342,976 | 11,412,341 | 930,635 |
| Uncollected taxes at June 30 | | | (8,607) | (8,607) | - |
| Current year's taxes collected | | | $ 12,334,369 | $ 11,403,734 | $ 930,635 |
| Current levy collection percentage | | | 99.93% | 99.92% | 100.00% |

# STATISTICAL SECTION

This part of the Village's annual comprehensive 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 annual comprehensive financial report for the relevant year.

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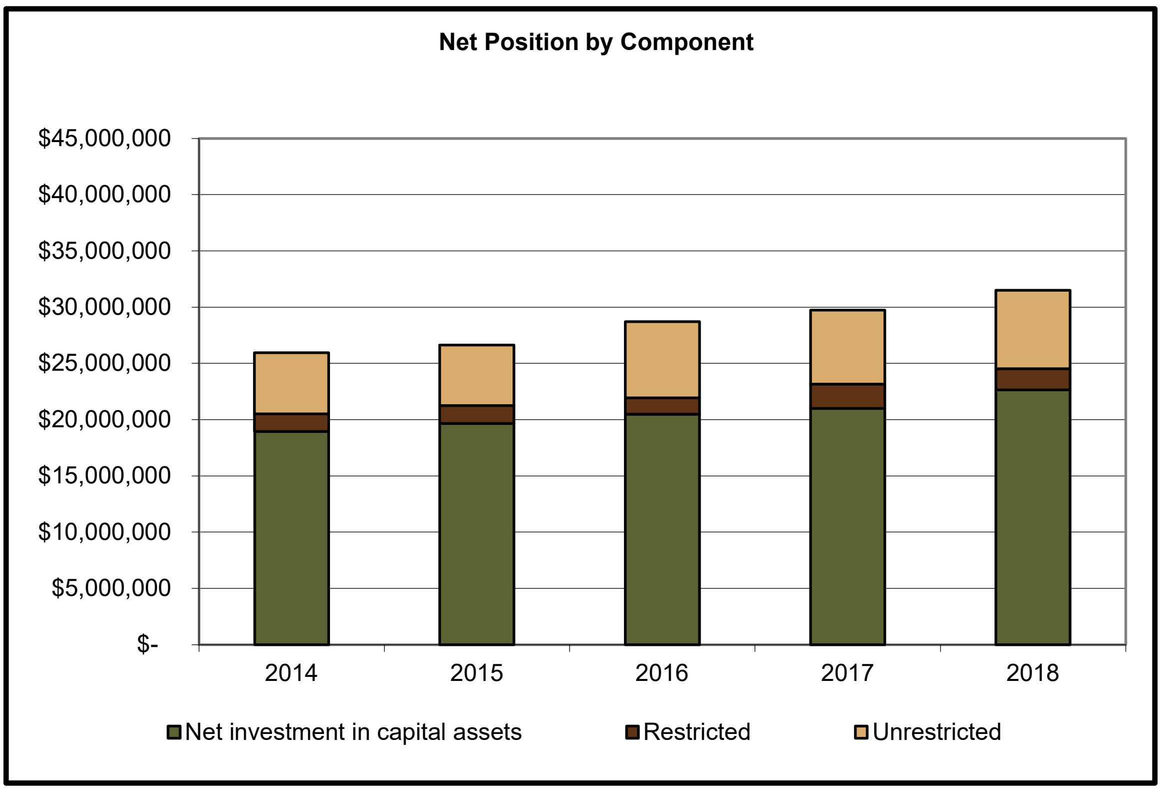
**Village of Pinehurst, North Carolina**
**Net Position by Component**
**Last Ten Fiscal Years**
**(Accrual Basis of Accounting)**

**Table 1**
**(2 pages)**

| | Fiscal Year | | | | |
|---|---|---|---|---|---|
| | **2014** | **2015** | **2016** | **2017** | **2018** |
| **Governmental activities** | | | | | |
| Net investment in capital assets | $ 18,953,996 | $ 19,648,800 | $ 20,467,990 | $ 20,980,863 | $ 22,631,590 |
| Restricted for: | | | | | |
| Stabilization by state statute | 1,568,981 | 1,601,410 | 1,474,901 | 2,165,724 | 1,881,641 |
| General government | - | - | - | - | - |
| Public safety | - | - | - | - | 2,672 |
| Unrestricted | 5,417,136 | 5,381,405 | 6,777,854 | 6,594,835 | 6,980,336 |
| Total net position, previously reported | 25,940,113 | 26,631,615 | 28,720,745 | 29,741,422 | 31,496,239 |
| Restatement | - | - | (628,284) | - | - |
| **Total governmental activities net position** | $ 25,940,113 | $ 26,631,615 | $ 28,092,461 | $ 29,741,422 | $ 31,496,239 |



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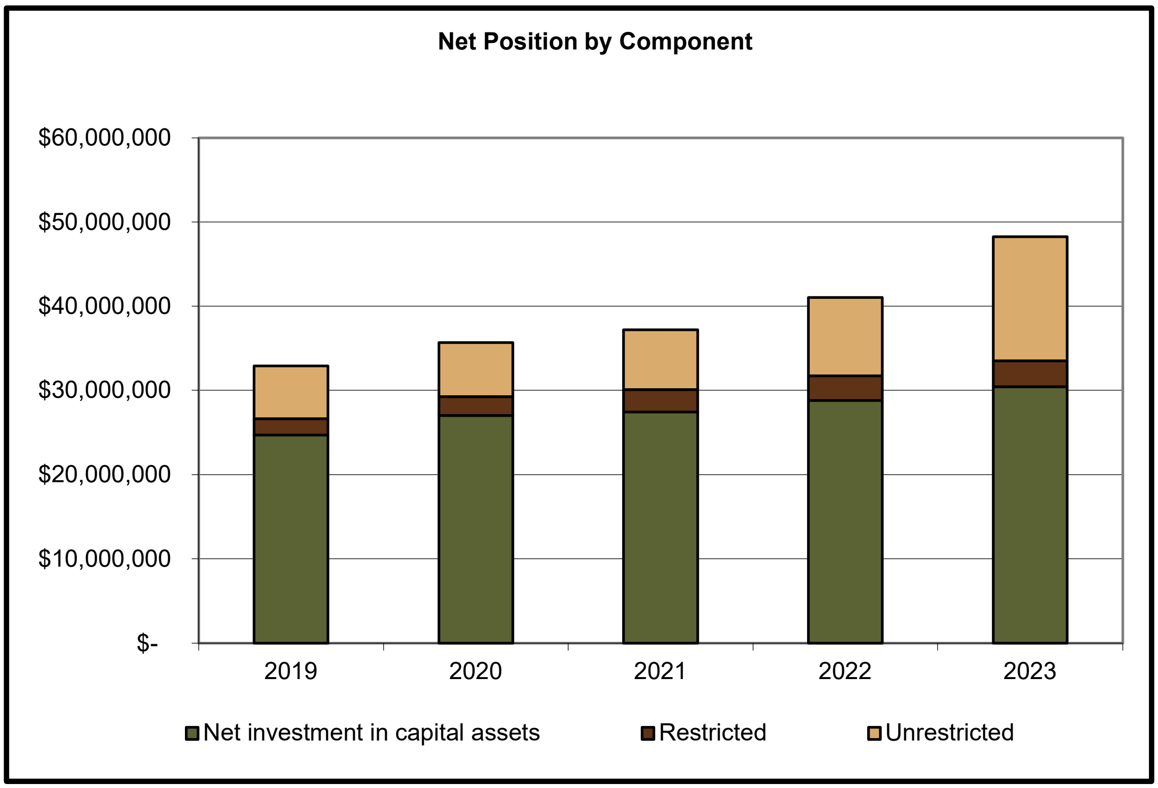
**Village of Pinehurst, North Carolina**
**Net Position by Component**
**Last Ten Fiscal Years**
**(Accrual Basis of Accounting)**

**Table 1**
**(2 pages)**

| | Fiscal Year | | | | |
|---|---|---|---|---|---|
| | **2019** | **2020** | **2021** | **2022** | **2023** |
| **Governmental activities** | | | | | |
| Net investment in capital assets | $ 24,692,614 | $ 27,012,618 | $ 27,420,053 | $ 28,803,183 | $ 30,435,847 |
| Restricted for: | | | | | |
| Stabilization by state statute | 1,923,503 | 2,233,881 | 2,624,890 | 2,893,797 | 3,067,395 |
| General government | - | - | - | 4,216 | - |
| Public safety | 10,943 | - | 39,674 | 36,297 | 19,469 |
| Unrestricted | 6,276,224 | 6,425,942 | 7,114,828 | 9,279,012 | 14,706,261 |
| Total net position, previously reported | 32,903,284 | 35,672,441 | 37,199,445 | 41,016,505 | 48,228,972 |
| Restatement | - | - | - | - | - |
| **Total governmental activities net position** | $ 32,903,284 | $ 35,672,441 | $ 37,199,445 | $ 41,016,505 | $ 48,228,972 |



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

**Table 2**
**(2 pages)**

| | Fiscal Year | | | | |
|---|---|---|---|---|---|
| | **2014** | **2015** | **2016** | **2017** | **2018** |
| **Expenses** | | | | | |
| Governmental activities: | | | | | |
| General government | $ 2,168,794 | $ 2,220,764 | $ 2,501,748 | $ 2,495,248 | $ 2,507,278 |
| Public safety | 5,803,531 | 5,653,753 | 5,684,375 | 6,070,685 | 6,207,724 |
| Transportation | 2,369,495 | 2,325,248 | 2,481,039 | 2,755,861 | 3,185,140 |
| Economic and physical development | 1,566,159 | 1,567,788 | 677,747 | 765,422 | 700,647 |
| Environmental protection | 1,402,623 | 1,526,924 | 1,399,842 | 1,453,148 | 1,470,406 |
| Cultural and recreation | 2,746,748 | 2,647,805 | 2,527,443 | 2,700,389 | 2,875,926 |
| Interest on long-term debt | 82,192 | 69,243 | 54,120 | 40,296 | 28,933 |
| Total governmental activities expenses | $ 16,139,542 | $ 16,011,525 | $ 15,326,314 | $ 16,281,049 | $ 16,976,054 |
| **Program Revenues** | | | | | |
| Governmental activities: | | | | | |
| Charges for services: | | | | | |
| General government | $ 2,230 | $ 2,045 | $ 8,836 | $ 3,943 | $ 10,140 |
| Public safety | 490,364 | 507,962 | 569,814 | 722,337 | 677,954 |
| Transportation | 19,000 | 17,000 | - | - | - |
| Economic and physical development | 39,567 | 51,363 | 59,368 | 83,562 | 85,317 |
| Cultural and recreation | 1,268,417 | 672,851 | 730,300 | 716,909 | 701,082 |
| Operating grants and contributions | 546,089 | 1,025,870 | 509,304 | 603,714 | 518,202 |
| Capital grants and contributions | 42,563 | 320,235 | 230,788 | - | 559,349 |
| Total governmental activities program revenue | $ 2,408,230 | $ 2,597,326 | $ 2,108,410 | $ 2,130,465 | $ 2,552,044 |
| **Total governmental activities net expense** | $ (13,731,312) | $ (13,414,199) | $ (13,217,904) | $ (14,150,584) | $ (14,424,010) |
| **General Revenues and Other Changes in Net Position** | | | | | |
| Governmental activities: | | | | | |
| Taxes: | | | | | |
| Ad valorem taxes | $ 9,763,042 | $ 9,785,054 | $ 9,699,296 | $ 9,998,398 | $ 10,143,940 |
| Other taxes | 4,271,703 | 4,979,172 | 5,328,610 | 5,478,926 | 5,641,380 |
| Grants and contributions not restricted to specific programs | - | - | - | - | - |
| Investment earnings | 10,424 | 9,796 | 25,872 | 62,911 | 146,038 |
| Miscellaneous | 495,732 | 197,599 | 253,256 | 259,310 | 247,469 |
| Total governmental activities general revenue | $ 14,540,901 | $ 14,971,621 | $ 15,307,034 | $ 15,799,545 | $ 16,178,827 |
| **Change in Governmental Activities Net Position** | $ 809,589 | $ 1,557,422 | $ 2,089,130 | $ 1,648,961 | $ 1,754,817 |



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

**Table 2**
**(2 pages)**

| | Fiscal Year 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| **Expenses** | | | | | |
| Governmental activities: | | | | | |
| General government | $ 2,726,379 | $ 2,967,823 | $ 2,849,519 | $ 2,795,809 | $ 3,274,557 |
| Public safety | 6,528,824 | 6,832,478 | 7,035,668 | 7,152,920 | 8,337,760 |
| Transportation | 3,576,506 | 3,249,759 | 3,720,950 | 3,565,665 | 4,053,417 |
| Economic and physical development | 1,017,081 | 844,251 | 1,075,931 | 963,250 | 1,061,855 |
| Environmental protection | 1,661,991 | 1,808,078 | 1,860,471 | 2,066,834 | 2,171,713 |
| Cultural and recreation | 2,754,791 | 2,964,665 | 3,123,431 | 3,632,670 | 4,300,548 |
| Interest on long-term debt | 18,838 | 9,203 | 1,467 | 201 | 7,779 |
| Total governmental activities expenses | $ 18,284,410 | $ 18,676,257 | $ 19,667,437 | $ 20,177,349 | $ 23,207,629 |
| **Program Revenues** | | | | | |
| Governmental activities: | | | | | |
| Charges for services: | | | | | |
| General government | $ 24,541 | $ 22,036 | $ 32,579 | $ 37,442 | $ 37,939 |
| Public safety | 718,467 | 683,710 | 730,483 | 686,579 | 752,005 |
| Transportation | - | - | - | - | - |
| Economic and physical development | 77,246 | 261,564 | 308,891 | 253,421 | 245,588 |
| Cultural and recreation | 660,859 | 519,952 | 433,297 | 723,934 | 842,180 |
| Operating grants and contributions | 859,123 | 581,759 | 790,509 | 608,559 | 773,792 |
| Capital grants and contributions | 397,249 | 516,976 | 95,100 | 940,150 | 386,795 |
| Total governmental activities program revenue | $ 2,737,485 | $ 2,585,997 | $ 2,390,859 | $ 3,250,085 | $ 3,038,299 |
| **Total governmental activities net expense** | $ (15,546,925) | $ (16,090,260) | $ (17,276,578) | $ (16,927,264) | $ (20,169,330) |
| **General Revenues and Other Changes in Net Position** | | | | | |
| Governmental activities: | | | | | |
| Taxes: | | | | | |
| Ad valorem taxes | $ 10,346,079 | $ 11,249,478 | $ 11,492,559 | $ 12,260,171 | $ 12,339,658 |
| Other taxes | 6,013,374 | 6,151,373 | 6,933,901 | 7,955,501 | 8,478,949 |
| Grants and contributions not restricted to specific programs | - | - | - | - | 5,296,752 |
| Investment earnings | 261,291 | 171,964 | 2,879 | 24,651 | 837,517 |
| Miscellaneous | 333,226 | 1,286,602 | 374,243 | 504,001 | 428,921 |
| Total governmental activities general revenue | $ 16,953,970 | $ 18,859,417 | $ 18,803,582 | $ 20,744,324 | $ 27,381,797 |
| **Change in Governmental Activities Net Position** | $ 1,407,045 | $ 2,769,157 | $ 1,527,004 | $ 3,817,060 | $ 7,212,467 |



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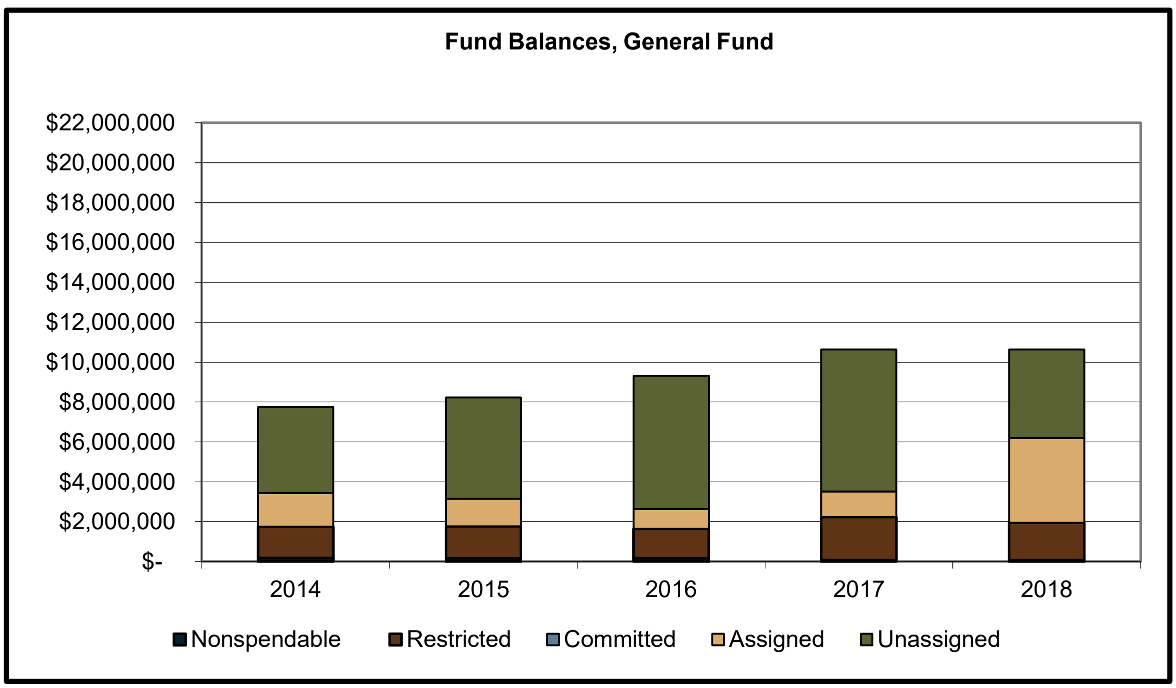
**Village of Pinehurst, North Carolina** **Table 3**
**Fund Balances - Governmental Funds** **(2 pages)**
**Last Ten Fiscal Years**
**(Modified Accrual Basis of Accounting)**

| | Fiscal Year | | | | |
|---|---|---|---|---|---|
| | **2014** | **2015** | **2016** | **2017** | **2018** |
| **General Fund** | | | | | |
| Nonspendable: | | | | | |
| Inventory | $ 44,071 | $ 44,494 | $ 39,799 | $ 36,653 | $ 39,993 |
| Prepaid items | 130,586 | 124,296 | 118,979 | 35,236 | 19,878 |
| Leases | - | - | - | - | - |
| Restricted: | | | | | |
| Stabilization by state statute | 1,568,980 | 1,601,410 | 1,474,901 | 2,165,724 | 1,881,641 |
| Public safety | - | - | - | - | 2,672 |
| Committed: | | | | | |
| Library and archives | - | - | - | - | - |
| Future capital | - | - | - | - | - |
| Assigned: | | | | | |
| Subsequent year's expenditures | 1,687,710 | 1,375,639 | 1,001,685 | 1,284,513 | 4,249,380 |
| Unassigned | 4,317,497 | 5,079,263 | 6,689,980 | 7,110,976 | 4,448,274 |
| Total general fund | $ 7,748,844 | $ 8,225,102 | $ 9,325,344 | $ 10,633,102 | $ 10,641,838 |
| **All Other Governmental Funds** | | | | | |
| Restricted: | | | | | |
| General government | $ - | $ - | $ - | $ - | $ - |
| Committed: | | | | | |
| Cultural and recreation | - | - | - | - | 186,877 |
| Library and archives | - | - | - | - | - |
| Special revenue fund expenditures | 2,894 | - | - | - | - |
| Total all other governmental funds | $ 2,894 | $ - | $ - | $ - | $ 186,877 |



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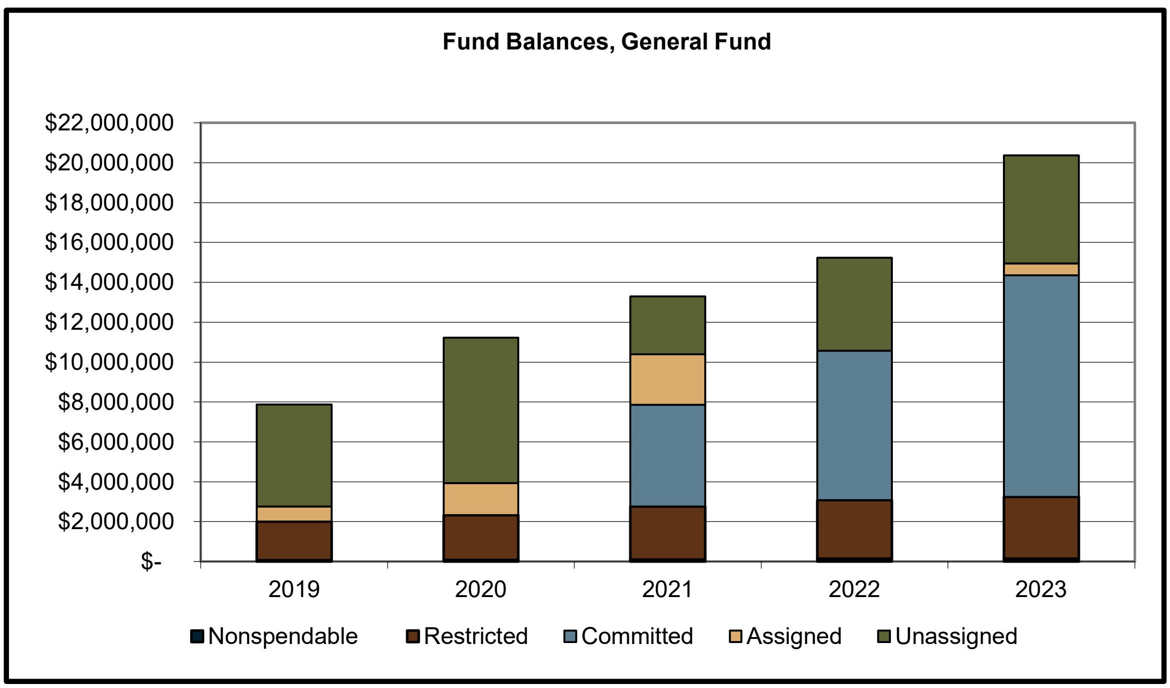
**Fund Balances - Governmental Funds**
**Last Ten Fiscal Years**
**(Modified Accrual Basis of Accounting)**

| | Fiscal Year 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| **General Fund** | | | | | |
| Nonspendable: | | | | | |
| Inventory | $ 48,427 | $ 44,098 | $ 60,814 | $ 74,697 | $ 52,537 |
| Prepaid items | 20,135 | 42,602 | 38,374 | 71,056 | 98,579 |
| Leases | - | - | - | - | 1,722 |
| Restricted: | | | | | |
| Stabilization by state statute | 1,923,503 | 2,233,881 | 2,624,890 | 2,893,797 | 3,067,395 |
| Public safety | 10,943 | - | 39,674 | 36,297 | 19,469 |
| Committed: | | | | | |
| Library and archives | - | - | 1,000,000 | 544,777 | 544,777 |
| Future capital | - | - | 4,102,691 | 6,942,557 | 10,572,049 |
| Assigned: | | | | | |
| Subsequent year's expenditures | 755,967 | 1,603,467 | 2,530,950 | - | 600,100 |
| Unassigned | 5,112,998 | 7,305,222 | 2,891,475 | 4,676,778 | 5,405,436 |
| Total general fund | $ 7,871,973 | $ 11,229,270 | $ 13,288,868 | $ 15,239,959 | $ 20,362,064 |
| **All Other Governmental Funds** | | | | | |
| Restricted: | | | | | |
| General government | $ - | $ - | $ - | $ 4,216 | $ - |
| Committed: | | | | | |
| Cultural and recreation | 2,520,458 | 249,374 | - | 400,319 | - |
| Library and archives | - | - | - | - | 1,401,555 |
| Special revenue fund expenditures | - | - | - | - | - |
| Total all other governmental funds | $ 2,520,458 | $ 249,374 | $ - | $ 404,535 | $ 1,401,555 |



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**Village of Pinehurst, North Carolina** **Table 4**
**Changes in Fund Balances - Governmental Funds** **(2 pages)**
**Last Ten Fiscal Years**
**(Modified Accrual Basis of Accounting)**

| | Fiscal Year | | | | |
|---|---|---|---|---|---|
| | **2014** | **2015** | **2016** | **2017** | **2018** |
| **Revenues** | | | | | |
| Ad valorem taxes | $ 9,771,682 | $ 9,792,365 | $ 9,697,697 | $ 9,996,412 | $ 10,142,650 |
| Other taxes and licenses | 2,230 | 2,010 | 8,745 | 2,180 | 2,475 |
| Unrestricted intergovernmental | 4,271,703 | 4,979,172 | 5,328,610 | 5,478,926 | 5,641,380 |
| Restricted intergovernmental | 548,073 | 1,069,055 | 509,245 | 603,437 | 517,964 |
| Permits and fees | 1,252,453 | 578,554 | 632,033 | 801,574 | 761,918 |
| Sales and services | 564,975 | 629,899 | 729,626 | 719,515 | 709,419 |
| Investment earnings | 10,714 | 9,836 | 25,932 | 63,189 | 146,276 |
| Lease interest income | - | - | - | - | - |
| Assessments | 11,791 | 20,116 | 45,741 | 39,102 | 31,607 |
| Miscellaneous | 266,641 | 182,310 | 195,642 | 197,420 | 214,839 |
| Total revenues | 16,700,262 | 17,263,317 | 17,173,271 | 17,901,755 | 18,168,528 |
| **Expenditures** | | | | | |
| General government | 2,196,930 | 2,133,743 | 2,142,750 | 2,164,459 | 2,288,440 |
| Public safety | 5,856,007 | 5,543,484 | 5,443,314 | 5,564,978 | 6,404,850 |
| Transportation | 2,792,152 | 2,789,063 | 2,774,071 | 3,276,715 | 3,590,267 |
| Economic and physical development | 1,454,418 | 1,624,275 | 874,566 | 764,595 | 700,149 |
| Environmental protection | 1,456,374 | 1,586,800 | 1,576,998 | 1,312,900 | 1,639,564 |
| Cultural and recreation | 2,694,676 | 2,633,384 | 2,854,719 | 3,176,328 | 3,035,778 |
| Debt service: | | | | | |
| Principal | 378,829 | 420,917 | 406,502 | 368,531 | 329,223 |
| Interest and other charges | 83,098 | 73,615 | 57,721 | 43,717 | 32,160 |
| Total expenditures | 16,912,484 | 16,805,281 | 16,130,641 | 16,672,223 | 18,020,431 |
| Excess (deficiency) of revenues over (under) expenditures | (212,222) | 458,036 | 1,042,630 | 1,229,532 | 148,097 |
| **Other Financing Sources (Uses)** | | | | | |
| Transfers to other funds | (7,933) | (2,897) | - | - | (344,000) |
| Transfers from other funds | 7,933 | 2,897 | - | - | 344,000 |
| Lease liabilities issued | - | - | - | - | - |
| Subscription liabilities issued | - | - | - | - | - |
| Sales of capital assets | 241,457 | 15,328 | 57,612 | 78,226 | 47,516 |
| Issuance of debt | 550,000 | - | - | - | - |
| Total other financing sources (uses) | 791,457 | 15,328 | 57,612 | 78,226 | 47,516 |
| Net change in fund balances | 579,235 | 473,364 | 1,100,242 | 1,307,758 | 195,613 |
| Fund balances, beginning | 7,172,503 | 7,751,738 | 8,225,102 | 9,325,344 | 10,633,102 |
| Fund balances, ending | $ 7,751,738 | $ 8,225,102 | $ 9,325,344 | $ 10,633,102 | $ 10,828,715 |
| Debt service as a percentage of noncapital expenditures | 3.1% | 3.2% | 3.3% | 2.8% | 2.3% |

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



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**Village of Pinehurst, North Carolina** **Table 4**
**Changes in Fund Balances - Governmental Funds** **(2 pages)**
**Last Ten Fiscal Years**
**(Modified Accrual Basis of Accounting)**

| | Fiscal Year | | | | |
|---|---|---|---|---|---|
| | 2019 | 2020 | 2021 | 2022 | 2023 |
| **Revenues** | | | | | |
| Ad valorem taxes | $ 10,349,609 | $ 11,261,143 | $ 11,490,262 | $ 12,257,753 | $ 12,342,069 |
| Other taxes and licenses | 2,850 | 3,215 | 4,455 | 4,755 | 5,430 |
| Unrestricted intergovernmental | 6,013,374 | 6,151,373 | 6,933,901 | 7,955,501 | 8,478,949 |
| Restricted intergovernmental | 858,129 | 577,505 | 790,495 | 604,104 | 6,011,885 |
| Permits and fees | 794,770 | 938,780 | 1,029,833 | 944,902 | 989,779 |
| Sales and services | 689,943 | 543,264 | 459,900 | 762,888 | 878,263 |
| Investment earnings | 262,285 | 179,218 | 2,893 | 29,105 | 846,829 |
| Lease interest income | - | - | - | - | 1,588 |
| Assessments | 29,371 | 26,103 | 5,179 | - | - |
| Miscellaneous | 282,745 | 1,267,184 | 347,109 | 469,548 | 530,054 |
| Total revenues | 19,283,076 | 20,947,785 | 21,064,027 | 23,028,556 | 30,084,846 |
| **Expenditures** | | | | | |
| General government | 2,331,905 | 2,511,205 | 2,652,064 | 3,005,708 | 3,112,374 |
| Public safety | 6,052,992 | 6,386,218 | 7,076,720 | 7,552,785 | 8,450,153 |
| Transportation | 3,625,359 | 3,129,937 | 3,724,913 | 3,794,494 | 4,159,947 |
| Economic and physical development | 1,010,775 | 813,014 | 1,040,019 | 967,626 | 1,258,455 |
| Environmental protection | 1,510,935 | 1,828,660 | 1,860,146 | 1,901,761 | 2,208,240 |
| Cultural and recreation | 4,918,823 | 4,901,123 | 2,782,327 | 3,509,789 | 5,146,535 |
| Debt service: | | | | | |
| Principal | 297,282 | 298,687 | 141,600 | 11,201 | 160,393 |
| Interest and other charges | 21,770 | 12,146 | 3,148 | 142 | 716 |
| Total expenditures | 19,769,841 | 19,880,990 | 19,280,937 | 20,743,506 | 24,496,813 |
| Excess (deficiency) of revenues over (under) expenditures | (486,765) | 1,066,795 | 1,783,090 | 2,285,050 | 5,588,033 |
| **Other Financing Sources (Uses)** | | | | | |
| Transfers to other funds | (4,569,165) | - | (244,999) | (400,000) | (6,405,038) |
| Transfers from other funds | 4,569,165 | - | 244,999 | 400,000 | 6,405,038 |
| Lease liabilities issued | - | - | - | 36,123 | - |
| Subscription liabilities issued | - | - | - | - | 517,842 |
| Sales of capital assets | 50,481 | 19,418 | 27,134 | 34,453 | 13,250 |
| Issuance of debt | - | - | - | - | - |
| Total other financing sources (uses) | 50,481 | 19,418 | 27,134 | 70,576 | 531,092 |
| Net change in fund balances | (436,284) | 1,086,213 | 1,810,224 | 2,355,626 | 6,119,125 |
| Fund balances, beginning | 10,828,715 | 10,392,431 | 11,478,644 | 13,288,868 | 15,644,494 |
| Fund balances, ending | $ 10,392,431 | $ 11,478,644 | $ 13,288,868 | $ 15,644,494 | $ 21,763,619 |
| Debt service as a percentage of noncapital expenditures | 1.9% | 1.9% | 0.8% | 0.1% | 0.8% |

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

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

Table 5

| Fiscal Year | Tax Year | Residential Property | Commercial Property | Industrial Property | Less Tax-Exempt Property | Total Taxable Assessed Value | Total Direct Tax Rate | Estimated Actual Taxable Value |
|---|---|---|---|---|---|---|---|---|
| 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 | 3,354,614,584 |
| 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 | 3,432,467,049 |
| 2020 | 2019 | 3,737,721,744 | 427,481,221 | 23,759,023 | 437,571,040 | 3,751,390,948 | 0.300 | 3,738,306,874 |
| 2021 | 2020 | 3,809,790,478 | 427,774,584 | 26,068,173 | 434,758,410 | 3,828,874,825 | 0.300 | 3,783,099,323 |
| 2022 | 2021 | 3,910,901,972 | 418,615,954 | 26,343,641 | 463,961,170 | 3,891,900,397 | 0.315 | 3,844,611,673 |
| 2023 | 2022 | 4,010,654,518 | 418,999,504 | 26,827,043 | 476,595,220 | 3,979,885,845 | 0.310 | 3,872,991,286 |

**Source:**
*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 as of January 1, 2019 in FY 2020.*

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



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**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 | Moore County (1) |
| 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 |
| 2020 | 2019 | 0.300 | 0.550 |
| 2021 | 2020 | 0.300 | 0.550 |
| 2022 | 2021 | 0.315 | 0.550 |
| 2023 | 2022 | 0.310 | 0.525 |

**Source**:
*(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.*

**Village of Pinehurst, North Carolina** **Table 7**
**Principal Property Tax Payers**
**Current Year and Nine Years Ago**

| Taxpayer | 2023 Taxable Assessed Value | 2023 Percentage of Total Taxable Assessed Value | 2014 Taxable Assessed Value | 2014 Percentage of Total Taxable Assessed Value |
|---|---|---|---|---|
| Pinehurst, LLC | $ 190,785,064 | 4.79% | $ 159,291,425 | 4.57% |
| Pinehurst Surgical Clinic | 28,766,340 | 0.72% | 23,614,600 | 0.68% |
| Pinehurst Medical Group Inc | 27,523,930 | 0.69% | 20,244,470 | 0.58% |
| Duke Energy Progress, Inc. | 21,174,918 | 0.53% | 12,502,793 | 0.36% |
| Country Club of North Carolina | 19,107,080 | 0.48% | 22,019,470 | 0.63% |
| The Greens at Arboretum LLC | 12,449,190 | 0.31% | - | - |
| Quail Haven Properties of Pinehurst, LLC | 10,218,540 | 0.26% | - | - |
| Drain the Swamp, LLC | 10,024,710 | 0.25% | - | - |
| MTMM Associates (Carolina Eye Assoc.) | 9,302,210 | 0.23% | 5,644,060 | 0.16% |
| Pinewild Project Limited PTNS | 8,806,406 | 0.22% | 14,042,077 | 0.40% |
| East Lake Development, LLC | - | - | 6,847,520 | 0.20% |
| SCOP (Surgery Center of Pinehurst) | - | - | 5,148,450 | 0.15% |
| Infinity B&C LLC | - | - | 4,127,550 | 0.12% |
| Pinehurst Nursing | - | - | 4,286,825 | 0.12% |
| Carolina Telephone and Telegraph | - | - | 4,002,740 | 0.11% |
| Total | $ 338,158,388 | 8.48% | $ 281,771,980 | 8.08% |

**Source:**
*Moore County Tax Department*

**Notes:**
*FY 2023 and FY 2014 data are for tax years 2022 and 2013 respectively.*
*Pinehurst, LLC includes: Resorts of Pinehurst, Pinehurst, Inc., Pinehurst LLC, and Resorts of Pinehurst, Inc.*

**Village of Pinehurst, North Carolina** **Table 8**
**Property Tax Levies and Collections**
**Last Ten Fiscal Years**

| Fiscal Year | Tax Year | Taxes Levied for the Fiscal Year (1) | Collected within the Fiscal Year of the Levy | | Collections in Subsequent Years | Total Collections to Date | |
|---|---|---|---|---|---|---|---|
| | | | Amount | Percentage of Levy | | Amount | Percentage of Levy (1) |
| 2014 | 2013 | $ 9,756,980 | $ 9,748,024 | 99.91% | 8,912 | $ 9,756,936 | 100.00% |
| 2015 | 2014 | 9,774,886 | 9,772,350 | 99.97% | 2,376 | 9,774,726 | 100.00% |
| 2016 | 2015 | 9,692,375 | 9,686,105 | 99.94% | 6,210 | 9,692,315 | 100.00% |
| 2017 | 2016 | 9,992,459 | 9,983,263 | 99.91% | 9,147 | 9,992,410 | 100.00% |
| 2018 | 2017 | 10,136,740 | 10,129,986 | 99.93% | 6,576 | 10,136,562 | 100.00% |
| 2019 | 2018 | 10,334,013 | 10,323,160 | 99.89% | 10,678 | 10,333,838 | 100.00% |
| 2020 | 2019 | 11,256,701 | 11,247,972 | 99.92% | 8,243 | 11,256,215 | 100.00% |
| 2021 | 2020 | 11,486,218 | 11,478,077 | 99.93% | 6,125 | 11,484,202 | 99.98% |
| 2022 | 2021 | 12,252,759 | 12,243,729 | 99.93% | 6,372 | 12,250,101 | 99.98% |
| 2023 | 2022 | 12,342,976 | 12,334,369 | 99.93% | - | 12,334,369 | 99.93% |

**Source:**
*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**

| | | Governmental Activities | | | Percentage | |
|---|---|---|---|---|---|---|
| Fiscal Year | Calendar Year | Installment Financing (1) | Lease Liabilities | Subscription Liabilities | of Personal Income (2) | Per Capita (2) |
| 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 |
| 2020 | 2019 | 141,600 | - | - | 0.02% | 8 |
| 2021 | 2020 | - | - | - | 0.00% | - |
| 2022 | 2021 | - | 24,922 | - | 0.00% | - |
| 2023 | 2022 | - | 12,897 | 361,158 | 0.04% | 21 |

**Notes:**
*(1) Details regarding outstanding debt can be found in Note 10 of the notes to the financial statements.*

*(2) See Table 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** **Table 10**

**Direct and Overlapping Governmental Activities Debt**

**June 30, 2023**

| 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 | $ | 126,740,000 | 26.59% | $ | 33,702,893 |
| Other debt: | | | | | |
| Moore County limited obligation bonds | | 49,634,000 | 26.59% | | 13,198,749 |
| Lease liabilities | | 94,828 | 26.59% | | 25,217 |
| Moore County installment loans | | 36,045,400 | 26.59% | | 9,585,248 |
| Subtotal, overlapping debt | | | | | 56,512,107 |
| **Village of Pinehurst direct debt** | | | | | 374,055 |
| Total direct and overlapping debt | | | | $ | 56,886,162 |

**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 Annual Comprehensive Financial Report*

*(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, 2022 were used to determine the overlapping debt percentage.*

**Village of Pinehurst, North Carolina** **Table 11**
**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 |
|---|---|---|---|---|
| 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% |
| 2020 | 300,111,276 | 141,600 | 299,969,676 | 99.95% |
| 2021 | 306,309,986 | - | 306,309,986 | 100.00% |
| 2022 | 311,352,032 | - | 311,352,032 | 100.00% |
| 2023 | 318,390,868 | - | 318,390,868 | 100.00% |

**Legal Debt Margin Calculation for Fiscal Year 2023**

| | | |
|---|---|---|
| Assessed valuation | $ 3,979,885,845 | |
| | X 0.08 | |
| Debt limit - 8.0% of assessed value | | $ 318,390,868 |
| Gross debt: | | |
| Authorized and unissued bonds | - | |
| Installment purchase agreements | - | |
| Total gross debt | - | |
| Less: statutory deductions | - | |
| Total amount of debt applicable to debt limit (net debt) | | - |
| **Legal debt margin** | | **$ 318,390,868** |



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**Village of Pinehurst, North Carolina** **Table 12**
**Demographic and Economic Statistics**
**Last Ten Calendar Years**

| Fiscal Year | Calendar Year | Population (1) | Personal Income | Per Capita Income (2) | Median Age (2) | Unemployment Rate (3) |
|---|---|---|---|---|---|---|
| 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% |
| 2020 | 2019 | 17,100 | 824,117,400 | 48,194 | 61.2 | 7.3% |
| 2021 | 2020 | 17,484 | 870,143,712 | 49,768 | 59.4 | 4.8% |
| 2022 | 2021 | 17,651 | 922,211,797 | 52,247 | 60.3 | 4.1% |
| 2023 | 2022 | 18,074 | 1,043,195,132 | 57,718 | 58.7 | 3.7% |

**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 Pinehurst-Southern Pines area.*



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**Village of Pinehurst, North Carolina** **Table 13**
**Principal Employers**
**Current Year and Nine Years Ago**

| | 2023 | | 2014 | |
|---|---|---|---|---|
| **Employer** | **Employees** | **Percentage of Total Employment** | **Employees** | **Percentage of Total Employment** |
| First Health of the Carolinas (1) | 3,740 | 50.90% | 3,401 | 71.05% |
| Pinehurst, LLC (2) | 1,386 | 18.86% | 1,260 | 26.32% |
| Total | | 69.76% | | 97.37% |

**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:**
*2023 employment is based on calendar year 2022.*

*GASB 44 requires comparative data for the current calendar year and nine years prior. 2020 adjusted Census Data was used for 2014 and 2023 to estimate the percentage of total employment.*



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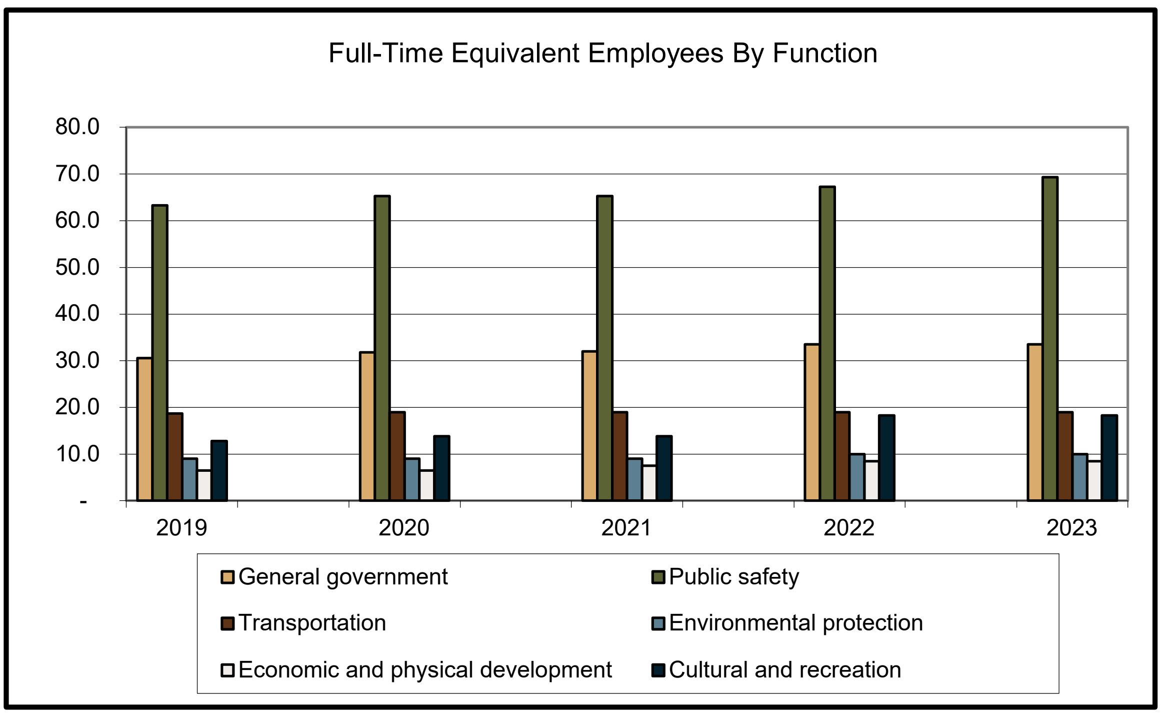
**Village of Pinehurst, North Carolina** **Table 14**
**Full-time Equivalent Employees by Function**
**Last Ten Fiscal Years**

| Function | Full-Time Equivalent Employees as of June 30 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **2014** | **2015** | **2016** | **2017** | **2018** | **2019** | **2020** | **2021** | **2022** | **2023** |
| General government | 26.8 | 26.8 | 26.8 | 26.8 | 28.6 | 30.6 | 31.8 | 32.0 | 33.5 | 33.5 |
| Public safety | 60.0 | 60.0 | 60.0 | 63.3 | 63.3 | 63.3 | 65.3 | 65.3 | 67.3 | 69.3 |
| Transportation | 18.0 | 18.0 | 18.0 | 18.0 | 18.7 | 18.7 | 19.0 | 19.0 | 19.0 | 19.0 |
| Environmental protection | 9.0 | 9.0 | 9.0 | 9.0 | 9.0 | 9.0 | 9.0 | 9.0 | 10.0 | 10.0 |
| Economic and physical development | 6.0 | 6.0 | 6.0 | 6.5 | 6.5 | 6.5 | 6.5 | 7.5 | 8.5 | 8.5 |
| Cultural and recreation | 11.8 | 12.1 | 12.8 | 12.8 | 12.8 | 12.8 | 13.8 | 13.8 | 18.3 | 18.3 |
| Total | 131.6 | 131.9 | 132.6 | 136.4 | 138.9 | 140.9 | 145.4 | 146.6 | 156.6 | 158.6 |

**Source:**
*Village of Pinehurst Human Resources Department*

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



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

Table 15
(2 pages)

| Function | Fiscal Year 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|
| **General Government** | | | | | |
| Financial services: | | | | | |
| Purchase orders issued | 338 | 297 | 323 | 384 | 401 |
| Vendor checks issued | 1,641 | 1,509 | 1,490 | 1,377 | 1,415 |
| Vendor EFTs issued | 998 | 1,009 | 1,070 | 1,071 | 972 |
| Human resources: | | | | | |
| Workers' compensation lost time (days) | 144 | 39 | 8 | 8 | 5 |
| Employee turnover rate | 7.9% | 14.3% | 12.6% | 13.1% | 8.3% |
| Fleet maintenance: | | | | | |
| Vehicles maintained | 99 | 97 | 98 | 103 | 100 |
| Equipment maintained | 69 | 61 | 62 | 62 | 67 |
| Preventative maintenance completed | 218 | 240 | 228 | 234 | 236 |
| **Public Safety** | | | | | |
| Fire protection: | | | | | |
| Public fire & life safety classes | 307 | 342 | 438 | 563 | 617 |
| Incident calls | 993 | 1,052 | 1,245 | 1,754 | 1,670 |
| Structure fires | 28 | 14 | 4 | 10 | 7 |
| Inspections (1) | 1,898 | 756 | 184 | 186 | 257 |
| Child passenger seat inspections | 170 | 170 | 183 | 136 | 104 |
| Police protection: | | | | | |
| Physical arrests | 239 | 575 | 651 | 739 | 296 |
| Citations issued | 2,082 | 1,757 | 2,603 | 2,750 | 3,368 |
| Response to calls/officer initiated activity | 13,041 | 11,742 | 14,923 | 16,613 | 16,809 |
| Traffic accidents | 422 | 433 | 635 | 654 | 658 |
| Inspections: | | | | | |
| Building inspections conducted (1) | 7,540 | 5,469 | 5,656 | 6,633 | 7,614 |
| Certificates of occupancy issued | 79 | 116 | 91 | 130 | 216 |
| **Transportation** | | | | | |
| Street resurfacing (miles) | 5.0 | 4.5 | 2.1 | 3.1 | 5.7 |
| **Environmental Protection** | | | | | |
| Refuse collected (tons annually) | 3,988 | 3,973 | 4,106 | 4,062 | 3,962 |
| Homes receiving service | 7,955 | 8,107 | 8,196 | 8,326 | 8,467 |
| Recyclables collected (tons annually) | 2,025 | 2,115 | 1,935 | 2,060 | 2,066 |
| **Economic and Physical Development** | | | | | |
| Building permits issued | 313 | 289 | 315 | 347 | 348 |
| Code compliance investigations | 522 | 639 | 774 | 1,251 | 1,156 |
| **Cultural and Recreation** | | | | | |
| Recreation: | | | | | |
| Program participants | 1,807 | 1,986 | 2,634 | 2,950 | 3,061 |
| Athletics participants | 1,442 | 1,736 | 1,699 | 1,922 | 1,847 |
| Library and archives: | | | | | |
| Books checked out | 37,040 | 36,264 | 35,542 | 41,224 | 45,341 |
| E-books checked out | 8,373 | 8,168 | 8,545 | 10,095 | 12,334 |
| Harness track: | | | | | |
| Standardbred stalls leased | 240 | 236 | 256 | 252 | 215 |
| Facilities reserved (days) | 125 | 38 | 52 | 40 | 39 |
| Fair barn: | | | | | |
| Events | 122 | 133 | 112 | 121 | 124 |
| Rental days | 199 | 205 | 177 | 159 | 150 |

**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*

| Function | Fiscal Year 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| **General Government** | | | | | |
| Financial services: | | | | | |
| Purchase orders issued | 378 | 432 | 415 | 449 | 487 |
| Vendor checks issued | 1,289 | 1,554 | 1,354 | 1,434 | 1,487 |
| Vendor EFTs issued | 1,046 | 974 | 878 | 960 | 1,035 |
| Human resources: | | | | | |
| Workers' compensation lost time (days) | 1 | 80 | 215 | 15 | 23 |
| Employee turnover rate | 12.2% | 15.7% | 13.1% | 14.4% | 15.0% |
| Fleet maintenance: | | | | | |
| Vehicles maintained | 101 | 102 | 102 | 100 | 100 |
| Equipment maintained | 59 | 77 | 88 | 126 | 174 |
| Preventative maintenance completed | 248 | 231 | 228 | 251 | 290 |
| **Public Safety** | | | | | |
| Fire protection: | | | | | |
| Public fire & life safety classes | 606 | 381 | 89 | 104 | 123 |
| Incident calls | 1,891 | 1,686 | 1,904 | 2,335 | 2,214 |
| Structure fires | 5 | 1 | 13 | 14 | Note (2) |
| Inspections | 204 | 169 | 698 | 482 | 128 |
| Child passenger seat inspections | 104 | 60 | 31 | 62 | 83 |
| Police protection: | | | | | |
| Physical arrests | 392 | 330 | 426 | 370 | 282 |
| Citations issued | 3,770 | 2,990 | 2,387 | 1,985 | 1,702 |
| Response to calls/officer initiated activity | 18,103 | 17,547 | 24,933 | 23,926 | 28,322 |
| Traffic accidents | 652 | 578 | 600 | 668 | 726 |
| Inspections: | | | | | |
| Building inspections conducted | 7,008 | 8,223 | 8,723 | 8,323 | 8,445 |
| Certificates of occupancy issued | 240 | 260 | 221 | 235 | 246 |
| **Transportation** | | | | | |
| Street resurfacing (miles) | 3.9 | 4.5 | 4.5 | 4.0 | 4.2 |
| **Environmental Protection** | | | | | |
| Refuse collected (tons annually) | 4,522 | 5,018 | 5,670 | 5,112 | 5,240 |
| Homes receiving service | 8,531 | 8,562 | 8,726 | 8,885 | 8,980 |
| Recyclables collected (tons annually) | 1,702 | 1,208 | 1,009 | 1,479 | 1,210 |
| **Economic and Physical Development** | | | | | |
| Building permits issued | 337 | 360 | 296 | 254 | 187 |
| Code compliance investigations | 1,045 | 1,372 | 1,215 | 1,306 | 1,409 |
| **Cultural and Recreation** | | | | | |
| Recreation: | | | | | |
| Program participants | 2,678 | 1,600 | 1,812 | 2,841 | 1,951 |
| Athletics participants | 1,665 | 1,792 | 2,273 | 6,063 | 3,599 |
| Library and archives: | | | | | |
| Books checked out | 45,764 | 32,490 | 20,466 | 30,127 | 32,786 |
| E-books checked out | 16,041 | 17,200 | 21,139 | 21,316 | 22,248 |
| Harness track: | | | | | |
| Standardbred stalls leased | 193 | 172 | 126 | 141 | 182 |
| Facilities reserved (days) | 38 | 62 | 248 | 248 | 184 |
| Fair barn: | | | | | |
| Events | 104 | 83 | 76 | 135 | 125 |
| Rental days | 107 | 102 | 17 | 101 | 110 |

**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*

**Village of Pinehurst, North Carolina** **Table 16**
**Capital Asset Statistics by Function** **(2 pages)**
**Last Ten Fiscal Years**

| Function | Fiscal Year 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|
| Public safety: | | | | | |
| Fire protection: | | | | | |
| Stations | 2 | 2 | 2 | 2 | 2 |
| Fire trucks | 7 | 6 | 6 | 6 | 6 |
| Police protection: | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 |
| Police vehicles | 24 | 26 | 29 | 26 | 29 |
| Transportation: | | | | | |
| Miles of streets | 105.66 | 106.08 | 106.35 | 106.35 | 106.75 |
| Maintenance vehicles | 25 | 25 | 23 | 25 | 24 |
| Sidewalks, greenways and bike paths (lf) | 68,313 | 68,653 | 71,663 | 79,272 | 82,757 |
| Environmental protection: | | | | | |
| Refuse collection trucks | 15 | 16 | 17 | 13 | 14 |
| Economic and physical development: | | | | | |
| Storm water drainage areas | 57 | 66 | 80 | 84 | 92 |
| Cultural and recreation: | | | | | |
| Number of parks | 5 | 5 | 5 | 5 | 5 |
| Park acreage | 294 | 294 | 294 | 294 | 294 |
| Greenway trails (miles) | 6.8 | 6.8 | 7.1 | 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*

**Village of Pinehurst, North Carolina** **Table 16**
**Capital Asset Statistics by Function** **(2 pages)**
**Last Ten Fiscal Years**

| | Fiscal Year | | | | |
|---|---|---|---|---|---|
| **Function** | **2019** | **2020** | **2021** | **2022** | **2023** |
| Public safety: | | | | | |
| Fire protection: | | | | | |
| Stations | 2 | 2 | 2 | 2 | 2 |
| Fire trucks | 6 | 6 | 7 | 8 | 7 |
| Police protection: | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 |
| Police vehicles | 27 | 29 | 27 | 27 | 33 |
| Transportation: | | | | | |
| Miles of streets | 106.98 | 107.40 | 107.40 | 107.60 | 107.69 |
| Maintenance vehicles | 22 | 22 | 23 | 23 | 25 |
| Sidewalks, greenways and bike paths (lf) | 83,179 | 85,344 | 85,344 | 88,121 | 88,913 |
| Environmental protection: | | | | | |
| Refuse collection trucks | 12 | 12 | 14 | 14 | 16 |
| Economic and physical development: | | | | | |
| Storm water drainage areas | 106 | 116 | 134 | 148 | 158 |
| Cultural and recreation: | | | | | |
| Number of parks | 5 | 5 | 5 | 6 | 6 |
| Park acreage | 294 | 294 | 294 | 303 | 303 |
| Greenway trails (miles) | 7.6 | 7.6 | 7.6 | 7.8 | 10.0 |
| Playgrounds | 3 | 3 | 3 | 3 | 3 |
| Baseball/softball diamonds | 2 | 2 | 2 | 2 | 2 |
| Soccer fields | 2 | 2 | 2 | 1 | 1 |

**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***
- **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**
- Schedule of Findings and Questioned Costs
- Schedule of Expenditures of Federal and State Awards

FORVIS

# Independent Auditor's 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 financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the 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, 2023, and the related notes to the financial statements, which collectively comprise the Village of Pinehurst, North Carolina's basic financial statements, and have issued our report thereon dated October 20, 2023.

## Report on 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) as a basis for designing 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 a 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 internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control 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.

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## Report on 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 financial statements. 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

FORVIS, LLP

**High Point, North Carolina**
**October 20, 2023**

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# Independent Auditor's Report on Compliance for the Major State Program and on Internal Control over Compliance Required by the OMB Uniform Guidance and the 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

***Opinion on the Major State Program***

We have audited the Village of Pinehurst, North Carolina's (the "Village") compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina,* issued by the Local Government Commission, that could have a direct and material effect on the Village's major state program for the year ended June 30, 2023. The Village's major state program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Village complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the major state program for the year ended June 30, 2023.

***Basis for Opinion on the Major State Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and applicable sections 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. Our responsibilities under those standards and the Uniform Guidance and the State Single Audit Implementation Act are further described in the "Auditor's Responsibilities for the Audit of Compliance" section of our report.

We are required to be independent of the Village and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of the Village's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***
Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Village's state program.

***Auditor's Responsibilities for the Audit of Compliance***
Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Village's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the State Single Audit Implementation Act will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Village's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the State Single Audit Implementation Act, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Village's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Village's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## Report on 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 a 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 a 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.




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Our consideration of internal control over compliance was for the limited purpose described in the "Auditor's Responsibilities for the Audit of Compliance" section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 the requirements of the applicable sections of the Uniform Guidance and the State Single Audit Implementation Act. Accordingly, this report is not suitable for any other purpose.

FORVIS, LLP

**High Point, North Carolina**
**October 20, 2023**

# Schedule of Findings and Questioned Costs

## Section I: Summary of Auditors' Results

***Financial statements***

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

| | |
|---|---|
| Are any material weaknesses identified? | ____ Yes __X__ No |
| Are any significant deficiencies identified? | ____ Yes __X__ None reported |
| Is any noncompliance material to financial statements noted? | ____ Yes __X__ No |

***State awards***

Internal control over major state programs:

| | |
|---|---|
| Are any material weaknesses identified? | ____ Yes __X__ No |
| Are any significant deficiencies identified? | ____ Yes __X__ None reported |
| Noncompliance material to State awards? | ____ Yes __X__ No |
| Type of auditors' report issued on compliance for major state programs: | 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 programs:

**Name of State Program**

Powell Bill - DOT 4

## Section II: Financial Statement Findings

There were no findings related to the financial statements for the fiscal year ended June 30, 2023.

## Section III: State Awards Findings and Questioned Costs

There were no findings related to state awards for the fiscal year ended June 30, 2023.

| Grantor/Pass-Through Grantor/Program Title | Federal Assistance Listing Number | State/ Pass-Through Grantor's Number | Federal Expenditures | State Expenditures | Local Expenditures |
|---|---|---|---|---|---|
| **Federal awards:** | | | | | |
| U.S. Department of Justice | | | | | |
| Passed through N.C. Department of Public Safety: | | | | | |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | PROJ014939 | $ 10,417 | $ - | $ - |
| U.S. Department of the Treasury | | | | | |
| Equitable Sharing Program - Federal Forfeiture | 21.016 | Direct | 17,842 | - | - |
| Coronavirus State and Local Fiscal Recovery Funds | 21.027 | Direct | 5,296,752 | - | - |
| Passed through N.C. Department of Natural and Cultural Resources: | | | | | |
| State Fiscal Recovery Funds | 21.027 | 2000057929 | 40,557 | - | - |
| Total Coronavirus State and Local Fiscal Recovery Funds | | | 5,337,309 | - | - |
| Total U.S. Department of the Treasury | | | 5,355,151 | - | - |
| Total federal awards | | | 5,365,568 | - | - |
| **State awards:** | | | | | |
| N.C. Department of Transportation | | | | | |
| Powell Bill | | DOT-4 | - | 579,914 | - |
| N.C. Office of State Budget and Management | | | | | |
| State Capital and Infrastructure Fund | | 12171 | - | 50,000 | - |
| N.C. Department of Environmental Quality | | | | | |
| 2022 Glass Equipment and Infrastructure Grant | | CW28122 | - | 13,796 | 3,559 |
| N.C. Department of Natural and Cultural Resources | | | | | |
| State Aid to Public Libraries | | FY2022-23 | - | 7,702 | - |
| Total state awards | | | - | 651,412 | 3,559 |
| Total federal and state awards | | | $ 5,365,568 | $ 651,412 | $ 3,559 |

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

### 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, 2023. 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 or changes in net position of the Village.

### 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.

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

## Village of Pinehurst

### Results of the 2023 Financial Statement Audit, Including Required Communications

June 30, 2023

# Required Communications Regarding Our Audit Strategy & Approach (AU-C 260)

The following matters are required communications we must make to you, including these responsibilities:

| Matter | Discussion |
|---|---|
| **Scope of Our Audit** | This report covers audit results related to your financial statements and supplementary information<br>• As of and for the year ended June 30, 2023<br>• Conducted in accordance with our contract dated March 14, 2023 |
| **Our Responsibilities** | FORVIS is responsible for forming and expressing opinions about whether the financial statements that have been prepared by management, with the oversight of those charged with governance, are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). |
| **Audit Scope and Inherent Limitations to *Reasonable Assurance*** | An audit performed in accordance with auditing standards generally accepted in the United States of America (GAAS) and *Government Auditing Standards issued by the Comptroller General of the United States (GAGAS)* is designed to obtain reasonable, rather than absolute, assurance about the financial statements. The scope of our audit tests was established in relation to the financial statements taken as a whole and did not include a detailed audit of all transactions. |

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| Matter | Discussion |
|---|---|
| **Extent of Our Communication** | In addition to areas of interest and noting prior communications made during other phases of the engagement, this report includes communications required in accordance with GAAS that are relevant to the responsibilities of those charged with governance in overseeing the financial reporting process, including audit approach, results, and internal control. The standards do not require the auditor to design procedures for the purpose of identifying other matters to be communicated with those charged with governance. |
| **Independence** | The engagement team, others in our firm, as appropriate, and our firm, have complied with all relevant ethical requirements regarding independence. |
| **Your Responsibilities** | Our audit does not relieve management or those charged with governance of your responsibilities. Your responsibilities and ours are further referenced in our contract. |
| **Distribution Restriction** | This communication is intended solely for the information and use of the following and is not intended to be, and should not be, used by anyone other than these specified parties:<br>• Honorable Mayor and Members of the Village Council<br>• North Carolina Local Government Commission |

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## Government Auditing Standards

| Matter | Discussion |
|---|---|
| **Additional GAGAS Reporting** | We also provided reports as of June 30, 2023, on the following as required by GAGAS:<br>• Internal control over financial reporting and on compliance and other matters based on an audit of the financial statements performed in accordance with GAGAS |
| **Reporting Limitations** | Our consideration of internal control over financial reporting and our tests of compliance were not designed with an objective of forming an opinion on the effectiveness of internal control or on compliance, and accordingly, we do not express such an opinion. |

## State Single Audit Act Overview & Responsibilities

| Matter | Discussion |
|---|---|
| **Scope of Our Audit** | We also provided reports as of June 30, 2023, on the following as required by the Audit Manual for Governmental Auditors in North Carolina issued by the Local Government Commission:<br>• Opinion on compliance for each major state award program<br>• Report on internal control over compliance<br>• Schedule of Federal and State Awards |
| **Audit Scope & Inherent Limitations to *Reasonable Assurance*** | A compliance audit performed in accordance with the Audit Manual for Governmental Auditors in North Carolina and the State Single Audit Implementation Act is designed to obtain reasonable, rather than absolute, assurance about whether noncompliance with the types of compliance requirements described in the Audit Manual for Governmental Auditors in North Carolina and the State Single Audit Implementation Act that could have a direct and material effect on a major state award program occurred. |

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## Other Information Accompanying the Audited Financial Statements

The audited financial statements are presented along with management's annual comprehensive financial report. Management, or those charged with governance, is responsible for preparing the annual comprehensive financial report.

We were not engaged to audit the other information contained in the annual comprehensive financial report and as a result our opinions do not provide assurance as to the completeness and accuracy of the information contained therein.

As part of our procedures, we read the entire report to determine if financial information discussed in sections outside the financial statements materially contradicts the audited financial statements. If we identify any such matters, we bring them to management's attention and review subsequent revisions.

## Auditor Objectives Related to Other Information

Our objectives related to the other information accompanying the audited financial statements were to:

- Consider whether a material inconsistency exists between the other information and the financial statements
- Remain alert for indications that
  - A material inconsistency exists between the other information and the auditor's knowledge obtained in the audit, or
  - A material misstatement of fact exists or the other information is otherwise misleading
- Respond appropriately when we identify that such material inconsistencies appear to exist or when we otherwise become aware that other information appears to be materially misstated. Potential responsive actions would include requesting management to correct the identified inconsistency
- Include the appropriate communication in our auditor's report, disclosing the procedures performed on the Other Information, as well as the results obtained
  - Our procedures included reading the other information

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## Qualitative Aspects of Significant Accounting Policies and Practices

The following matters are detailed in the following pages and included in our assessment:

- **Significant Accounting Policies**
- **Unusual Policies or Methods**
- **Alternative Accounting Treatments**
- **Management Judgments & Accounting Estimates**
- **Financial Statement Disclosures**
- **Our Judgment About the Quality of the Entity's Accounting Principles**

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## Significant Accounting Policies

Significant accounting policies are described in Note 1 of the audited financial statements.

With respect to new accounting standards adopted during the year, we call to your attention the following topics detailed in the following pages:

- *GASB 96 Subscription-Based Information Technology Arrangements (SBITAs)*

## Unusual Policies or Methods

With respect to significant unusual accounting policies or accounting methods used for significant unusual transactions (significant transactions outside the normal course of business or that otherwise appear to be unusual due to their timing, size, or nature):

- No matters are reportable

## Alternative Accounting Treatments

- No matters are reportable

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## Management Judgments and Accounting Estimates

Accounting estimates are an integral part of financial statement preparation by management, based on its judgments. Significant areas of such estimates for which we are prepared to discuss management’s estimation process and our procedures for testing the reasonableness of those estimates include:

- Management's estimate of the useful lives of depreciable assets for depreciation expense
- Management's estimate of the terms and discount rates used for discounting lease receivables, lease liabilities, and SBITA liabilities, which are based on assumptions surrounding the Village's incremental borrowing rates
- Deferred outflows of resources and deferred inflows of resources related to net pension liabilities
- Pension liabilities

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## Financial Statement Disclosures

The following areas involve particularly sensitive financial statement disclosures for which we are prepared to discuss the issues involved and related judgments made in formulating those disclosures:

- Disclosure of pension plans and postemployment obligations in Note 6 to the financial statements

## Our Judgment About the Quality of the Village's Accounting Principles

During the course of the audit, we made the following observations regarding the Village's application of accounting principles:

- No matters are reportable

FORV/S

## Significant Accounting Policies & Alternative Treatments – Details

**GASB 96, *Subscription-Based Information Technology Arrangements (SBITAs)***

Effective July 1, 2022, the Village adopted GASB 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. GASB 96 creates a model for recognizing assets and liabilities related to SBITAs. Substantially all SBITAs are recognized on the Village's statement of net position.

In the activity statement, the Village no longer reports subscription expense for the previously classified arrangements but instead reports interest expense on the liability and amortization expense related to the asset.

Adoption of GASB 96 required significant time to identify a complete list of contracts for consideration of adoption and measure the assets and liabilities for recognition. In addition, due to adoption of the standard, the Village's key performance indicators related to the statement of net position (such as the current ratio) are likely not comparable to historical results.

## Adjustments Identified by Audit

During the course of any audit, an auditor may propose adjustments to financial statement amounts. Management evaluates our proposals and records those adjustments that, in its judgment, are required to prevent the financial statements from being materially misstated.

A misstatement is a difference between the amount, classification, presentation, or disclosure of a reported financial statement item and that which is required for the item to be presented fairly in accordance with the applicable financial reporting framework.

### Proposed & Recorded Adjustments

Auditor-proposed and management-recorded entries include the following:

- No matters are reportable

### Uncorrected Misstatements

- $198,929 entry to reduce other financing sources and capital outlay related to subcriptions that existed prior to GASB 96 implementation date.

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## Other Material Communications

Listed below are other material communications between management and us related to the audit:

- Management representation letter (see Attachments)

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# Required Communications Regarding Internal Control (AU-C 265)

## Consideration of Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of Village of Pinehurst, as of and for the year ended June 30, 2023, in accordance with GAAS and GAGAS, we considered the Village's internal control over financial reporting (internal control).

This consideration served as a basis for designing audit procedures that are appropriate in the circumstance for the purpose of expressing our opinion on the financial statements.

However, this consideration was 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraphs and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

This communication is intended solely for the information and use of the following and is not intended to be, and should not be, used by anyone other than these specified parties:

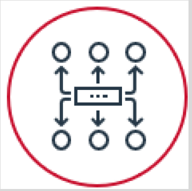
- Honorable Mayor and Members of the Village Council and management of the Village of Pinehurst

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.

## Categorizing Deficiencies by Severity

### Deficiency

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.



### Significant Deficiency

A significant deficiency is a deficiency, or 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.

### Material Weakness

A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that material misstatements of the Entity’s financial statements will not be prevented or detected and corrected on a timely basis.

FORV/S

## Consideration of Internal Control Over Compliance

In planning and performing our audit of Village of Pinehurst, we considered the Village's internal control over compliance with the requirements that could have a direct and material effect on a major state award program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Audit Manual for Governmental Auditors in North Carolina issued by the Local Government Commission.

However, this consideration was **not** for the purpose of expressing an opinion on the effectiveness of the Village's internal control over compliance.

Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraphs and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

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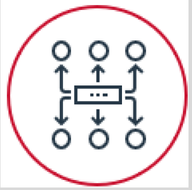
## Categorizing Deficiencies by Severity

### Deficiency

A deficiency in internal control *over compliance* 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 noncompliance with a type of compliance requirement of a federal award program on a timely basis.



### Significant Deficiency

A significant deficiency is a deficiency, or combination of deficiencies, in internal control over compliance that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

### Material Weakness

A material weakness is a deficiency, or a 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 federal award program will not be prevented or detected and corrected on a timely basis.

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# Attachments

## Management Representation Letter (Attachment A)

As a material communication with management, included herein is a copy of the representation letter provided by management at the conclusion of our engagement.

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# Attachment A

**Management Representation Letter**

Representation of:
Village of Pinehurst
395 Magnolia Road

Pinehurst, North Carolina 28374

*Provided to:*
**FORVIS, LLP**
Certified Public Accountants

The undersigned ("We") are providing this letter in connection with FORVIS' audit of our financial statements as of and for the year ended June 30, 2023.

Our representations are current and effective as of the date of FORVIS' report: October 20, 2023.

Our engagement with FORVIS is based on our contract for services dated: March 14, 2023.

## Our Responsibility & Consideration of Material Matters

We confirm that we are responsible for the fair presentation of the financial statements subject to FORVIS' report in conformity with accounting principles generally accepted in the United States of America.

We are also responsible for adopting sound accounting policies; establishing and maintaining effective internal control over financial reporting, operations, and compliance; and preventing and detecting fraud.

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 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.

## Confirmation of Matters Specific to the Subject Matter of FORVIS' Report

We confirm, to the best of our knowledge and belief, the following:

***Broad Matters***

1. We have fulfilled our responsibilities, as set out in the terms of our contract, for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America.

2. We acknowledge our responsibility for the design, implementation, and maintenance of:

    a. Internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

    b. Internal control to prevent and detect fraud.

3. 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 financial records and related data, 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.

   d. All minutes of the Village Council meetings held through the date of this letter or summaries of actions of recent meetings for which minutes have not yet been prepared. All unsigned copies of minutes provided to you are copies of our original minutes approved by the Village Council, if applicable, and maintained as part of our records.

   e. All significant contracts.

4. We have responded fully and truthfully to all your inquiries.

***Government Auditing Standards***

5. We acknowledge that we are responsible for compliance with applicable laws, regulations and provisions of contracts and grant agreements.

6. We have identified and disclosed to you all laws, regulations, and provisions of contracts and grant agreements that have a direct and material effect on the determination of amounts in our financial statements or other financial data significant to the audit objectives.

7. We have identified and disclosed to you any violations or possible violations of laws, regulations, including those pertaining to adopting, approving, and amending budgets, and provisions of contracts and grant agreements, tax or debt limits and any related debt covenants whose effects should be considered for recognition and/or disclosure in the financial statements or for your reporting on noncompliance.

8. We have taken or will take timely and appropriate steps to remedy any fraud, abuse, illegal acts, or violations of provisions of contracts or grant agreements that you or other auditors report.

9. We have a process to track the status of audit findings and recommendations.

10. We have identified to you any previous financial audits, attestation engagements, performance audits, or other studies related to the objectives of your audit and the corrective actions taken to address any significant findings and recommendations made in such audits, attestation engagements, or other studies.

11. We have provided our views on any findings, conclusions, and recommendations, as well as our planned corrective actions with respect thereto, to you for inclusion in the findings and recommendations referred to in your report on internal control over financial reporting and on compliance and other matters based on your audit of the financial statements performed in accordance with *Government Auditing Standards*.

***Federal and State Awards Programs (Uniform Guidance and North Carolina State Single Audit Implementation Act)***

12. We have identified in the schedule of expenditures of federal and state awards all assistance provided (either directly or passed through other entities) by federal or state agencies in the form of grants, contracts, loans, loan guarantees, property, cooperative agreements, interest subsidies, commodities, insurance, direct appropriations, or in any other form.

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

14. We have reconciled the schedule of expenditures of federal and state awards (SEFSA) to the financial statements.

15. Federal and state awards-related revenues and expenditures are fairly presented, both in form and content, in accordance with the applicable criteria in the entity's financial statements.

16. We have evaluated all recipient organizations that received federal and state funding and have correctly identified all subrecipients on the schedule of expenditures of federal and state awards.

17. We have identified the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina* issued by the Local Government Commission and the State Single Audit Implementation Act regarding activities allowed or unallowed; allowable costs principles; cash management; eligibility; equipment and real property management; matching, level of effort, earmarking; period of performance of federal funds; procurement and suspension and debarment; program income; reporting; subrecipient monitoring; and special tests and provisions that are applicable to each of our federal and state awards programs. We have identified to you our interpretation of any applicable compliance requirements subject to varying interpretations.

18. We are responsible for complying, and have complied, with the requirements of Uniform Guidance and the *Audit Manual for Governmental Auditors in North Carolina* issued by the Local Government Commission and the State Single Audit Implementation Act.

19. We are responsible to understand and comply with the requirements of federal and state statutes, regulations, and the terms and conditions of federal and state awards related to each of our federal and state awards programs and have disclosed to you any and all instances of noncompliance with those requirements occurring during the period of your audit or subsequent thereto to the date of this letter of which we are aware. Except for any instances of noncompliance we have disclosed to you, we believe the entity has complied with all applicable compliance requirements.

20. We are responsible for the design, implementation, and maintenance of internal controls over compliance that provide reasonable assurance we have administered each of our federal and state awards programs in compliance with federal and state statutes, regulations, and the terms and conditions of the federal and state awards.

21. We have made available to you all federal and state awards (including amendments, if any) and any other correspondence or documentation relevant to each of our federal and state awards programs and to our compliance with applicable requirements of those programs.

22. The information presented in federal and state awards program financial reports and claims for advances and reimbursements is supported by the books and records from which our financial statements have been prepared.

23. The costs charged to federal and state awards are in accordance with applicable cost principles.

24. The reports provided to you related to federal and state awards programs are true copies of reports submitted or electronically transmitted to the federal and state awarding agency, the applicable payment system, or pass-through entity in the case of a subrecipient.

25. Amounts claimed or used for matching were determined in accordance with 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 *Audit Manual for Governmental Auditors in North Carolina* issued by the Local Government Commission and the State Single Audit Implementation Act, regarding cost principles.

26. We do not have any subrecipients of federal and state awards.

27. We have disclosed to you any communications from federal and state awarding agencies and pass-through entities concerning possible noncompliance with the applicable compliance requirements for each of our federal and state awards programs, including any communications received from the end of the period of your audit through the date of this letter.

28. We have identified to you any previous compliance audits, attestation engagements, and internal or external monitoring related to the objectives of your compliance audit, including findings received and corrective actions taken to address any significant findings and recommendations made in such audits, attestation engagements, or other monitoring.

29. We are responsible for taking corrective action on any audit findings that meet the requirements of Uniform Guidance and the *Audit Manual for Governmental Auditors in North Carolina* issued by the Local Government Commission and the State Single Audit Implementation Act.

30. 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 or material weaknesses in internal control over compliance subsequent to the period covered by the auditor's report.

***Misappropriation, Misstatements, & Fraud***

31. We have informed you of all current risks of a material amount that are not adequately prevented or detected by our procedures with respect to:

    a. Misappropriation of assets.

    b. Misrepresented or misstated assets, deferred outflows of resources, liabilities, deferred inflows of resourses, net position or fund balance.

32. We have no knowledge of fraud or suspected fraud affecting the entity involving:

    a. Management or employees who have significant roles in internal control over financial reporting, or

    b. Others when the fraud could have a material effect on the financial statements.

33. We understand that the term "fraud" includes misstatements arising from fraudulent financial reporting and misstatements arising from misappropriation of assets. Misstatements arising from fraudulent financial reporting are intentional misstatements, or omissions of amounts or disclosures in financial statements to deceive financial statement users. Misstatements arising from misappropriation of assets involve the theft of an entity's assets where the effect of the theft causes the financial statements not to be presented in conformity with accounting principles generally accepted in the United States of America.

34. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, analysts, regulators, short-sellers, or others.

35. We have assessed the risk that the financial statements may be materially misstated as a result of fraud and disclosed to you any such risk identified.

***Ongoing Operations***

36. We have evaluated whether there are conditions or events known or reasonably knowable, considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern within one year of the date of this letter without consideration of potential mitigating effects of management's plans not yet fully implemented and concluded substantial doubt does not exist.

***Related Parties***

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

    In addition, we have disclosed to you all related-party transactions and amounts receivable from or payable to related parties of which we are aware, including any modifications during the year that were made to related-party transaction agreements which existed prior to the beginning of the year under audit, as well as new related-party transaction agreements that were executed during the year under audit.

    Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with accounting principles generally accepted in the United States of America.

38. We understand that the term <u>related party</u> refers to:

    - Affiliates
    - Entities for which investments are accounted for by the equity method
    - Trusts for the benefits of employees, such as pension and profit-sharing trusts that are managed by or under the trusteeship of management
    - Management and members of their immediate families
    - Any other party with which the entity may deal if one party can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests.

    Another party is also a related party if it can significantly influence the management or operating policies of the transacting parties or if it has an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests.

The term affiliate refers to a party that directly or indirectly controls, or is controlled by, or is under common control with, the entity.

***Litigation, Laws, Rulings & Regulations***

39. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with accounting principles generally accepted in the United States of America.

40. We have no knowledge of communications, other than those specifically disclosed, from regulatory agencies, governmental representatives, employees, or others concerning investigations or allegations of noncompliance with laws and regulations, deficiencies in financial reporting practices, or other matters that could have a material adverse effect on the financial statements.

41. We have disclosed to you all known instances of violations or noncompliance or possible violations or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements or as a basis for recording a loss contingency.

42. There are no regulatory examinations currently in progress for which we have not received examination reports.

43. We have not been designated as a potentially responsible party (PRP or equivalent status) by the Environmental Protection Agency (EPA) or other cognizant regulatory agency with authority to enforce environmental laws and regulations.

***Nonattest Services***

44. You have provided nonattest services, including the following, during the period of this engagement:

    - Assisting with advising management on appropriate accounting principles and their application as well as limited assistance with the preparation of the financial statements and SEFSA
    - Uploading financial statements and other deliverables, as necessary, to the North Carolina state website
    - Preparing and uploading the data input sheet for the North Carolina Local Government Commission
    - Preparation of the data collection form and uploading to the federal audit clearinghouse

45. With respect to these services:

    a. We have designated a qualified management-level individual to be responsible and accountable for overseeing the nonattest services.

    b. We have established and monitored the performance of the nonattest services to ensure they meet our objectives.

    c. We have made any and all decisions involving management functions with respect to the nonattest services and accept full responsibility for such decisions.

    d. We have evaluated the adequacy of the services performed and any findings that resulted.

e. Established and maintained internal controls, including monitoring ongoing activities.

f. When we receive final deliverables from you we will store those deliverables in information systems controlled by us. We have taken responsibility for maintaining internal control over these deliverables.

***Financial Statements & Reports***

46. We have reviewed and approved a draft of the financial statements and related notes referred to above, in connection with your audit of our financial statements. We acknowledge that we are responsible for the fair presentation of the financial statements and related notes.

47. With regard to supplementary information:

    a. We acknowledge our responsibility for the presentation of the supplementary information in accordance with the applicable criteria.

    b. We believe the supplementary information is fairly presented, both in form and content, in accordance with the applicable criteria.

    c. The methods of measurement and presentation of the supplementary information are unchanged 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.

    d. We believe the significant assumptions or interpretations underlying the measurement and/or presentation of the supplementary information are reasonable and appropriate.

48. With regard to other information that is presented in the form of our annual report:

    a. We confirm that annual comprehensive financial report comprises the annual report for the entity.

    b. We have provided you with the final draft of the annual report.

***Transactions, Records & Adjustments***

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

50. The entity has appropriately reconciled its general ledger accounts to their related supporting information. All related reconciling items considered to be material were identified and included on the reconciliations and were appropriately adjusted in the financial statements. All intracompany (and intercompany) accounts have been eliminated or appropriately measured and considered for disclosure in the financial statements.

51. We have everything we need to keep our books and records.

52. We have disclosed any significant unusual transactions the entity has entered into during the period, including the nature, terms, and business purpose of those transactions.

53. We believe the effects of the uncorrected financial statement misstatements summarized in the attached schedule and aggregated by you during the current engagement are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

***Governmental Accounting & Disclosure Matters***

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

55. With regard to deposit and investment activities:

    a. All deposit, repurchase and reverse repurchase agreements, and investment transactions have been made in accordance with legal and contractual requirements.

    b. Investments, derivative instrument transactions, and land and other real estate held by endowments are properly valued.

    c. Disclosures of deposit and investment balances and risks in the financial statements are consistent with our understanding of the applicable laws regarding enforceability of any pledges of collateral.

    d. We understand that your audit does not represent an opinion regarding the enforceability of any collateral pledges.

56. The financial statements include all component units, appropriately present majority equity interests in legally separate organizations and joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.

57. We have identified and evaluated all potential fiduciary activities. The financial statements include all fiduciary activities required by GASB Statement No. 84, *Fiduciary Activities*, as amended.

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

59. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.

60. We have appropriately disclosed the entity'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/fund balance is available and have determined that net position is properly recognized under the policy.

61. The entity has properly separated information in debt disclosures related to direct borrowings and direct placements of debt from other debt and disclosed any unused lines of credit, collateral pledged to secure debt, terms in debt agreements related to significant default or termination events with finance-related consequences, and significant subjective acceleration clauses in accordance with GASB Statement No. 88.

62. The entity's ability to continue as a going concern was evaluated and that appropriate disclosures are made in the financial statements as necessary under GASB requirements.

63. The supplementary information required by the Governmental Accounting Standards Board, consisting of management's discussion and analysis, (budgetary comparisons, modified approach to infrastructure, pension, and other postemployment benefit information), has been prepared and is measured and presented in conformity with the applicable GASB pronouncements, and we acknowledge our responsibility for the information. The information contained therein is based on all facts, decisions, and conditions currently known to us and is measured using the same methods and assumptions as were used in the preparation of the financial statements. We believe the significant assumptions underlying the measurement and/or presentation of the information are reasonable and appropriate. There has been no change from the preceding period in the methods of measurement and presentation.

64. With regard to pension benefits:

    a. We believe the actuarial assumptions and methods used to measure pension liabilities and costs for financial accounting purposes are appropriate in the circumstances.

    b. We have provided you with the entity's most current pension plan instrument for the audit period, including all plan amendments.

    c. The participant data provided to you related to pension plans are true copies of the data submitted or electronically transmitted to the plan's actuary.

    d. The participant data that we provided the plan's actuary for the purposes of determining the actuarial present value of accumulated plan benefits and other actuarially determined amounts in the financial statements were complete.

***General Government Matters***

65. The financial statements properly classify all funds and activities in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as amended.

66. All funds that meet the quantitative criteria in in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, as amended, and No. 37, *Basic Financial Statements—and Management's Discussion and Analysis-for State and Local Governments: Omnibus-an Amendment of GASB Statements No. 21 and No. 34*, 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.

67. 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.

68. 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.

69. We have appropriately disclosed that the entity is following either its established accounting policy regarding which governmental fund 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 or is following paragraph 18 of GASB Statement No. 54 to determine the fund balance classifications for financial reporting purposes and have determined that fund balance is properly recognized under the policy.

70. We have exercised due care in the preparation of the introductory and statistical sections included in our annual comprehensive financial report (ACFR) and are not aware of any information contained therein that is inconsistent with the information contained in our basic financial statements.

***Accounting & Disclosures***

71. All transactions entered into by the entity are final. We are not aware of any unrecorded transactions, side agreements or other arrangements (either written or oral) that are in place, other than list the nature of any existing side agreements or other arrangements.

72. Except as reflected in the financial statements, there are no:

    a. Plans or intentions that may materially affect carrying values or classifications of assets, deferred outflows of resources, liabilities, deferred inflows of resourses, net position or fund balance.

    b. Material transactions omitted or improperly recorded in the financial records.

    c. Material unasserted claims or assessments that are probable of assertion or other gain/loss contingencies requiring accrual or disclosure, including those arising from environmental remediation obligations.

    d. Events occurring subsequent to the balance sheet date through the date of this letter, which is the date the financial statements were available to be issued, requiring adjustment or disclosure in the financial statements.

    e. Agreements to purchase assets previously sold.

    f. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances, lines of credit or similar arrangements.

    g. Guarantees, whether written or oral, under which the entity is contingently liable.

    h. Known or anticipated asset retirement obligations.

73. Except as disclosed in the financial statements, the entity has:

    a. Satisfactory title to all recorded assets, and those assets are not subject to any liens, pledges, or other encumbrances.

    b. Complied with all aspects of contractual and grant agreements, for which noncompliance would materially affect the financial statements.

74. We agree with the findings of specialists in evaluating the pension liabilities and have adequately considered the qualification of the specialists in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had impact on the independence or objectivity of the specialists.

***Revenue, Accounts Receivable, & Inventory***

75. Adequate provisions and allowances have been accrued for any material losses from:

    a. Uncollectible receivables.

    b. Excess or obsolete inventories.

    c. Sales commitments, including those unable to be fulfilled.

    d. Purchase commitments in excess of normal requirements or at prices in excess of prevailing market prices.

***Estimates***

76. We have identified all accounting estimates that could be material to the financial statements and we confirm the appropriateness of the methods and the consistency in their application, the accuracy and completeness of data and the reasonableness of significant assumptions used by us in making the accounting estimates, including those measured at fair value reported in the financial statements.

77. 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, which refer to volumes of business, revenues, available sources of supply, or markets, loans, investments, or deposits, existing at the date of the financial statements that would make the entity vulnerable to the risk of severe impact in the near term that have not been properly disclosed in the financial statements.

***Fair Value***

78. With respect to the fair value measurements of financial and nonfinancial assets and liabilities, if any, recognized in the financial statements or disclosed in the notes thereto:

    a. The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated course of action.

    b. The measurement methods and significant assumptions used in determining fair value are appropriate in the circumstances for financial statement measurement and disclosure purposes and have been consistently applied.

    c. The significant assumptions appropriately reflect market participant assumptions.

    d. The disclosures related to fair values are complete, adequate, and in conformity with U.S. GAAP.

    e. There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.

***Pension & Postretirement Benefits***

79. We believe the actuarial assumptions and methods used to measure pension liabilities and costs for financial accounting purposes are appropriate in the circumstances.

***GASB Statement 96, Subscription-Based Information Technology Arrangements***

80. In connection with the adoption of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, (GASB 96), we represent the following:

    a. We have identified a complete population of potential subscription-based information technology arrangements (SBITAs) as of the implementation date.

    b. We have reviewed all significant contracts to identify subscription and nonsubscription components as of the earliest date of adoption. Allocation of costs between subscription and nonsubscription components are based upon standalone prices or other reasonable factors.

    c. Measurements of the subscription assets and liabilities are based upon facts and circumstances that existed at the beginning of the period of implementation.

    d. The estimates related to any options to extend or terminate the SBITA terms within the measurement of subscription liability and an intangible right to use IT subscription asset agrees to management's plans for the SBITA.

    e. The discount rates for each SBITA are based upon what would be obtained by the entity for similar payment amounts during the subscription term as an incremental rate.

    f. We have adequate controls in place to prevent and/or detect errors in subscription assets and liabilities on a recurring basis.

    g. The footnotes to the financial statements appropriately describe the adoption of GASB 96 and include all additional disclosures required under the GASB 96.

Jeff Sanborn, Village Manager

Dana Van Nostrand, Financial Services Director

**Village of Pinehurst**
**Year End: June 30, 2023**
**Unrecorded misstatements**

| Name | Debit | Credit |
|---|---|---|
| OFS: SUBSCRIPTIONS ISSUED | 198,929.00 | |
| CAP OUTLAY: RIGHT TO USE SUBSCRIPTION | | 198,929.00 |
| To adjust other financial sources and capital outlay for SBITAs in effect prior to implementation date of July 1, 2022. | | |
| | **198,929.00** | **198,929.00** |

Jeff Sanborn, Village Manager

Dana Van Nostrand, Financial Services Director