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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.

VILLAGE OF PINEHURST



FY 2024

FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED
SEPTEMBER 30, 2023

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

Combined Balance Sheet.....	1
General Fund	
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	2
Schedule of Cash and Investments.....	4
Investment Yield Summary.....	5
Schedule of Budget Amendments.....	6
Schedule of Fair Barn Revenues and Expenditures	7
Schedule of Harness Track Revenues and Expenditures.....	8
Library Expansion Capital Project Fund	
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual.....	9
Schedule of Capital Outlay by Function and Activity.....	10
Schedule of Tax Collections	11

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

	Governmental Fund Type		Account Groups			
	General	Capital	General	General	Totals	Totals
	Fund	Project	Capital	Long - Term	September 30,	September 30,
		Fund	Assets	Debt	2023	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	Quarterly	YTD as of	YTD as of	Current Year	% of
	Budget as of	Budget as of	09/30/2023	09/30/2022	Over (Under)	2024 Budget
	09/30/2023	09/30/2023			Prior Year	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**

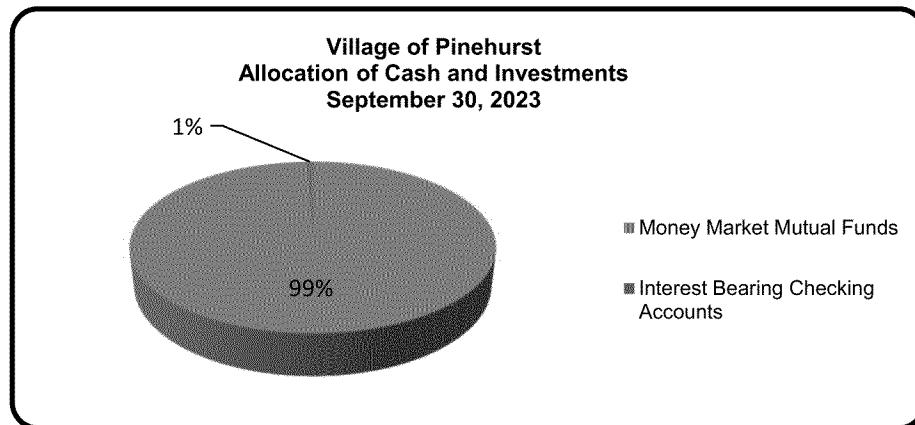
	Annual Budget as of 09/30/2023	Quarterly Budget as of 09/30/2023	YTD as of 09/30/2023	YTD as of 09/30/2022	Current Year Over (Under) Prior Year	% of 2024 Budget Spent / Received YTD
Other Financing Sources (Uses)						
Operating transfers out	\$ (80,000)	\$ -	\$ -	\$ -	\$ -	0.00%
Sales of capital assets	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 ⁴			\$ 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				<u>950</u>
Total Cash and Investments				<u><u>\$ 27,662,154</u></u>
Total Cash and Investments (same quarter previous year)				<u><u>\$ 25,636,101</u></u>

Summary of Cash and Investments

Money Market Mutual Funds	\$ 27,492,181
Interest Bearing Checking Accounts	169,023
Petty Cash	<u>950</u>
	<u><u>\$ 27,662,154</u></u>



**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	<u>\$ 22,971,878</u>	<u>\$ 846,829</u>	3.69%	<u>\$ 21,536,356</u>	<u>\$ 253,704</u>	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
<u>Fair Barn</u>						
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%
	<u>481,305</u>	<u>114,525</u>	<u>96,167</u>	<u>73,012</u>	<u>23,155</u>	<u>19.98%</u>
Net <u>Before</u> Discounts	<u>(218,805)</u>	<u>(51,525)</u>	<u>(17,045)</u>	<u>11,725</u>	<u>(28,770)</u>	<u>7.79%</u>
Event Revenue Discounts			(13,282)	(18,125)	4,843	
Net <u>After</u> Discounts	<u>\$ (218,805)</u>	<u>\$ (51,525)</u>	<u>\$ (30,327)</u>	<u>\$ (6,400)</u>	<u>\$ (23,927)</u>	<u>13.86%</u>
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

	<u>Annual Budget as of 9/30/2023</u>	<u>Quarterly Budget as of 9/30/2023</u>	<u>Actual 9/30/2023</u>	<u>YTD as of 9/30/2022</u>	<u>Current Year Over (Under) Prior Year</u>	<u>% of 2024 Budget Spent / Received YTD</u>
<u>Harness Track</u>						
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	<u>208,479</u>	<u>69,328</u>	<u>110,571</u>	<u>72,025</u>	<u>38,546</u>	<u>53.04%</u>
	<u>871,043</u>	<u>268,112</u>	<u>246,182</u>	<u>221,481</u>	<u>24,701</u>	<u>28.26%</u>
Net <u>Before</u> Discounts	<u>(641,143)</u>	<u>(252,387)</u>	<u>(230,191)</u>	<u>(204,272)</u>	<u>(25,919)</u>	<u>35.90%</u>
Event Revenue Discounts			<u>-</u>	<u>-</u>	<u>-</u>	
Net <u>After</u> Discounts	<u>\$ (641,143)</u>	<u>\$ (252,387)</u>	<u>\$ (230,191)</u>	<u>\$ (204,272)</u>	<u>\$ (25,919)</u>	<u>35.90%</u>
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	Prior Years	Actual Current Year	Total To Date
Revenues				
Investment earnings	\$ 20,000	\$ 23,330	\$ 15,722	\$ 39,052
TOTAL REVENUES	<u>20,000</u>	<u>23,330</u>	<u>15,722</u>	<u>39,052</u>
Expenditures				
Design costs	400,500	21,775	102,750	124,525
Construction costs	<u>1,019,500</u>	<u>-</u>	<u>102,750</u>	<u>-</u>
TOTAL EXPENDITURES	<u>1,420,000</u>	<u>21,775</u>	<u>102,750</u>	<u>124,525</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(1,400,000)</u>	<u>1,555</u>	<u>(87,028)</u>	<u>(85,473)</u>
Other Financing Sources (Uses)				
Transfer from General Fund	<u>1,400,000</u>	<u>1,400,000</u>	<u>-</u>	<u>1,400,000</u>
TOTAL OTHER FIN. SOURCES (USES)	<u>1,400,000</u>	<u>1,400,000</u>	<u>-</u>	<u>1,400,000</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ 1,401,555</u>	<u>(87,028)</u>	<u>\$ 1,314,527</u>
FUND BALANCE, JULY 1			<u>1,401,555</u>	
FUND BALANCE, JUNE 30			<u>\$ 1,314,527</u>	

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
<u>Land</u>				
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
<u>Buildings and Grounds</u>				
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
<u>Equipment and Furniture</u>				
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
<u>Vehicles</u>				
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
<u>Infrastructure</u>				
Streets & Grounds	1,939,575	1,107,075	47,308	1,892,267
	1,939,575	1,107,075	47,308	1,892,267
<u>Right to Use Assets</u>				
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

Tax Year	For the Fiscal Period Ended September 30, 2023			For the Fiscal Period Ended September 30, 2022		
	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%
	<u>\$ 12,979,000</u>	<u>\$ 10,250,411</u>	<u>78.98%</u>	<u>\$ 11,352,000</u>	<u>\$ 9,214,363</u>	<u>81.17%</u>

Motor Vehicles

Tax Year	For the Fiscal Period Ended September 30, 2023			For the Fiscal Period Ended September 30, 2022		
	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%
	<u>\$ 660,000</u>	<u>\$ 229,306</u>	<u>34.74%</u>	<u>\$ 824,000</u>	<u>\$ 245,971</u>	<u>29.85%</u>
Refunds/Reliefs	-	(3,285)	0.00%	-	(3,877)	0.00%
Tax Interest	-	1,403	0.00%	-	2,274	0.00%
TOTAL	<u>\$ 13,639,000</u>	<u>\$ 10,477,835</u>	<u>76.82%</u>	<u>\$ 12,176,000</u>	<u>\$ 9,458,731</u>	<u>77.68%</u>



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 • As of and for the year ended June 30, 2023 • 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 <i>Government Auditing Standards issued by the Comptroller General of the United States (GAGAS)</i> 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: • Honorable Mayor and Members of the Village Council • North Carolina Local Government Commission

Government Auditing Standards

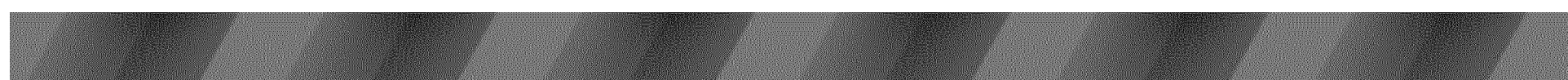
Matter	Discussion
Additional GAGAS Reporting	We also provided reports as of June 30, 2023, on the following as required by GAGAS: • Internal control over financial reporting and on compliance and other matters based on an audit of the financial statements performed in accordance with GAGAS
Reporting 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: • Opinion on compliance for each major state award program • Report on internal control over compliance • 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

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**

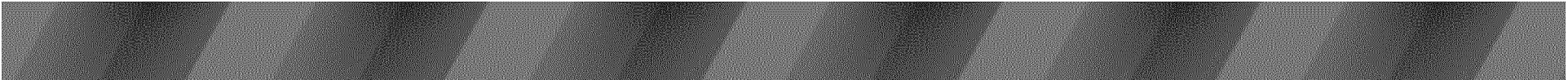
**Unusual Policies or
Methods**

**Alternative Accounting
Treatments**

**Management Judgments
& Accounting Estimates**

**Financial Statement
Disclosures**

**Our Judgment About the
Quality of the Entity's
Accounting Principles**

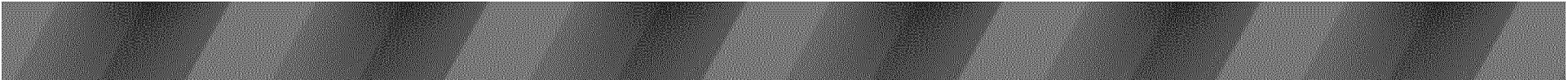


Significant Accounting Policies

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)*



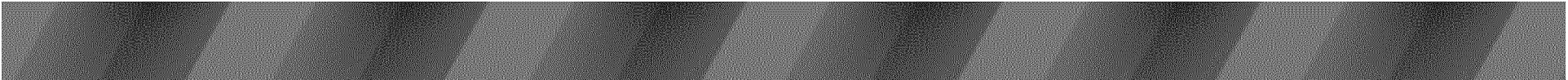
Unusual Policies or Methods

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

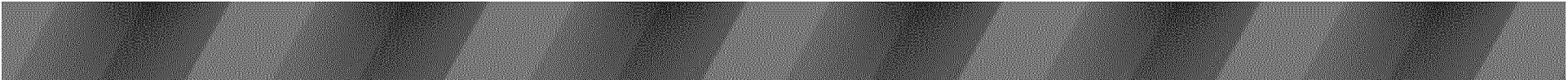
- No matters are reportable



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:

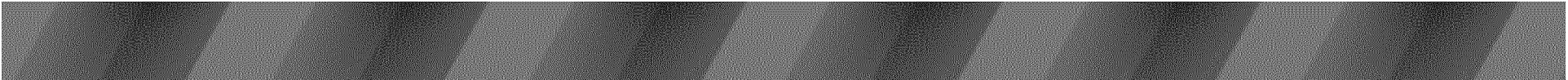
- Management's estimate of the useful lives of depreciable assets for depreciation expense
- Management's estimate of the terms and discount rates used for discounting lease receivables, lease liabilities, and SBITA liabilities, which are based on assumptions surrounding the Village's incremental borrowing rates
- Deferred outflows of resources and deferred inflows of resources related to net pension liabilities
- Pension liabilities



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:

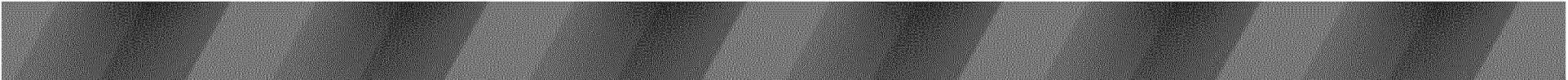
- Disclosure of pension plans and postemployment obligations in Note 6 to the financial statements



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



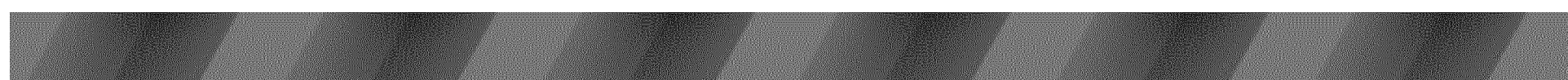
Significant Accounting Policies & Alternative Treatments – Details

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.

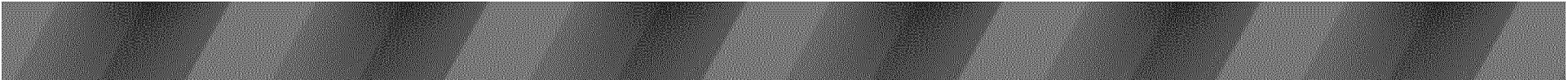
Proposed & Recorded Adjustments

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 subscriptions that existed prior to GASB 96 implementation date.



Other Material Communications

Listed below are other material communications between management and us related to the audit:

- Management representation letter (see Attachments)

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:

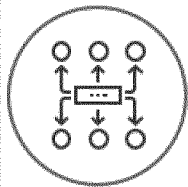
- Honorable Mayor and Members of the Village Council and management of the Village of Pinehurst

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

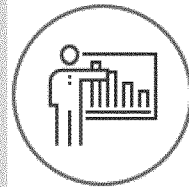
Deficiency

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

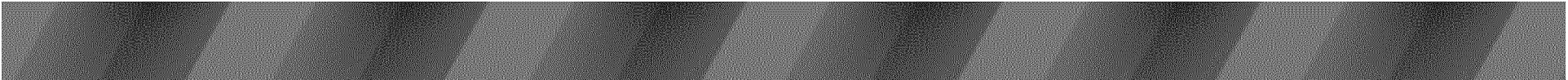
A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



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.





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.

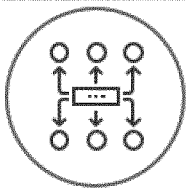
Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over compliance.

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.

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

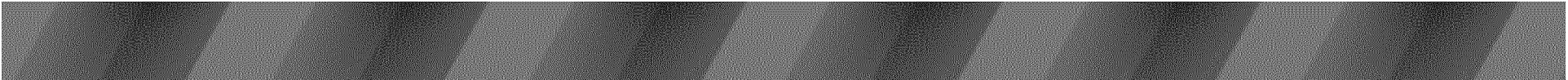
A significant deficiency is a deficiency, or combination of deficiencies, in internal control over compliance that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



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.

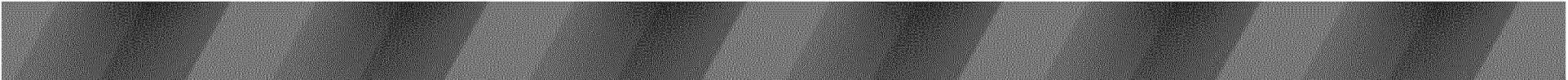




Attachments

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.



Attachment A

Management Representation Letter

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HISTORY, CHARM, AND SOUTHERN HOSPITALITY

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.

FINANCIAL SERVICES

395 Magnolia Road • Pinehurst, NC 28374 • Telephone (910) 295-1900 • Fax (910) 295-4434 • www.vopnc.org

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 resources, 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 related party 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 resources, 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



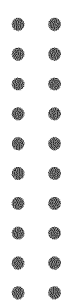
Dana Van Nostrand, Financial Services Director

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



FINANCIAL STATEMENTS

FY 2024

Quarter Ended **September 30, 2023**



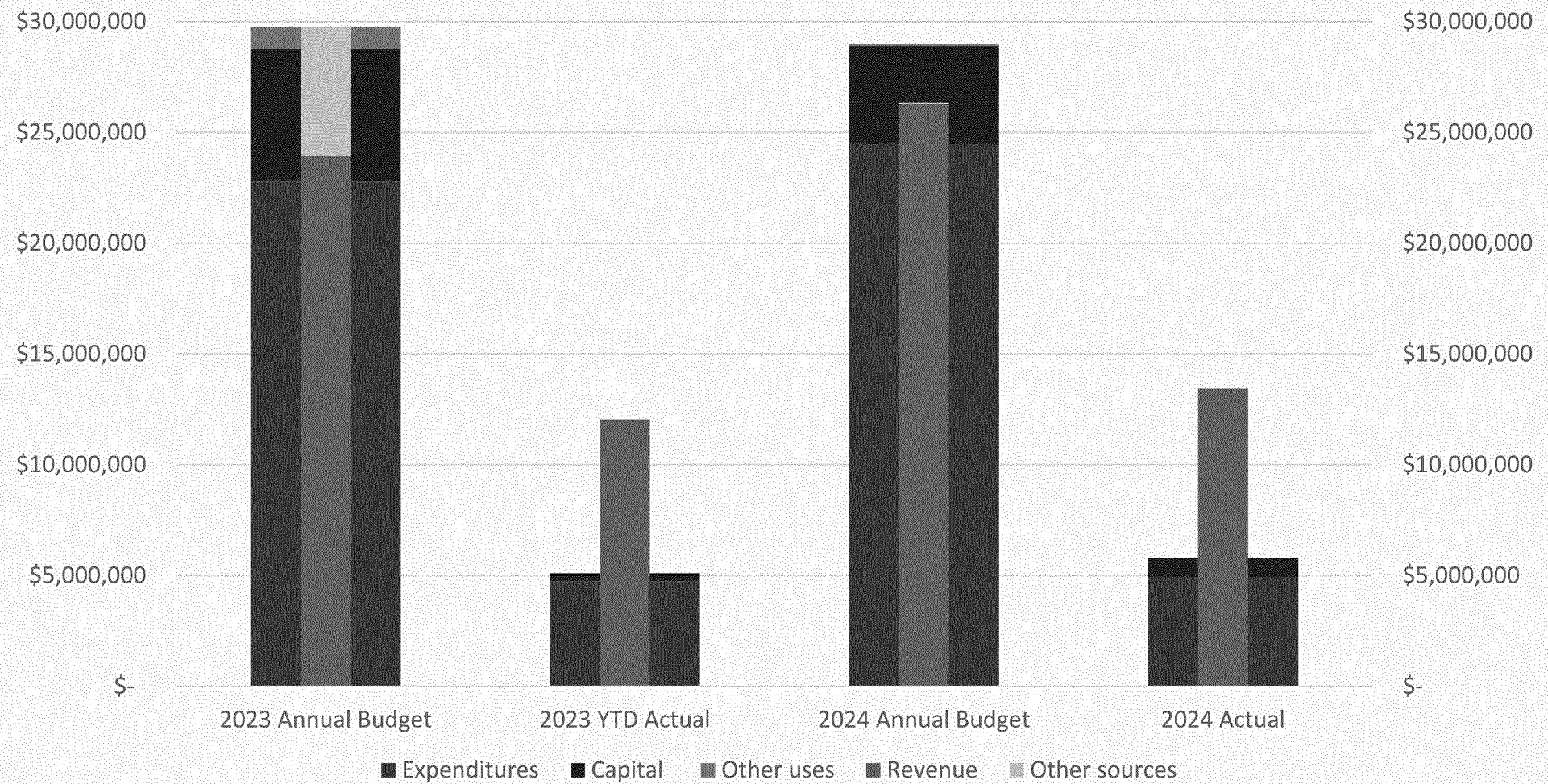
Year-to-Date Budget

Budget-to-Actual Summary



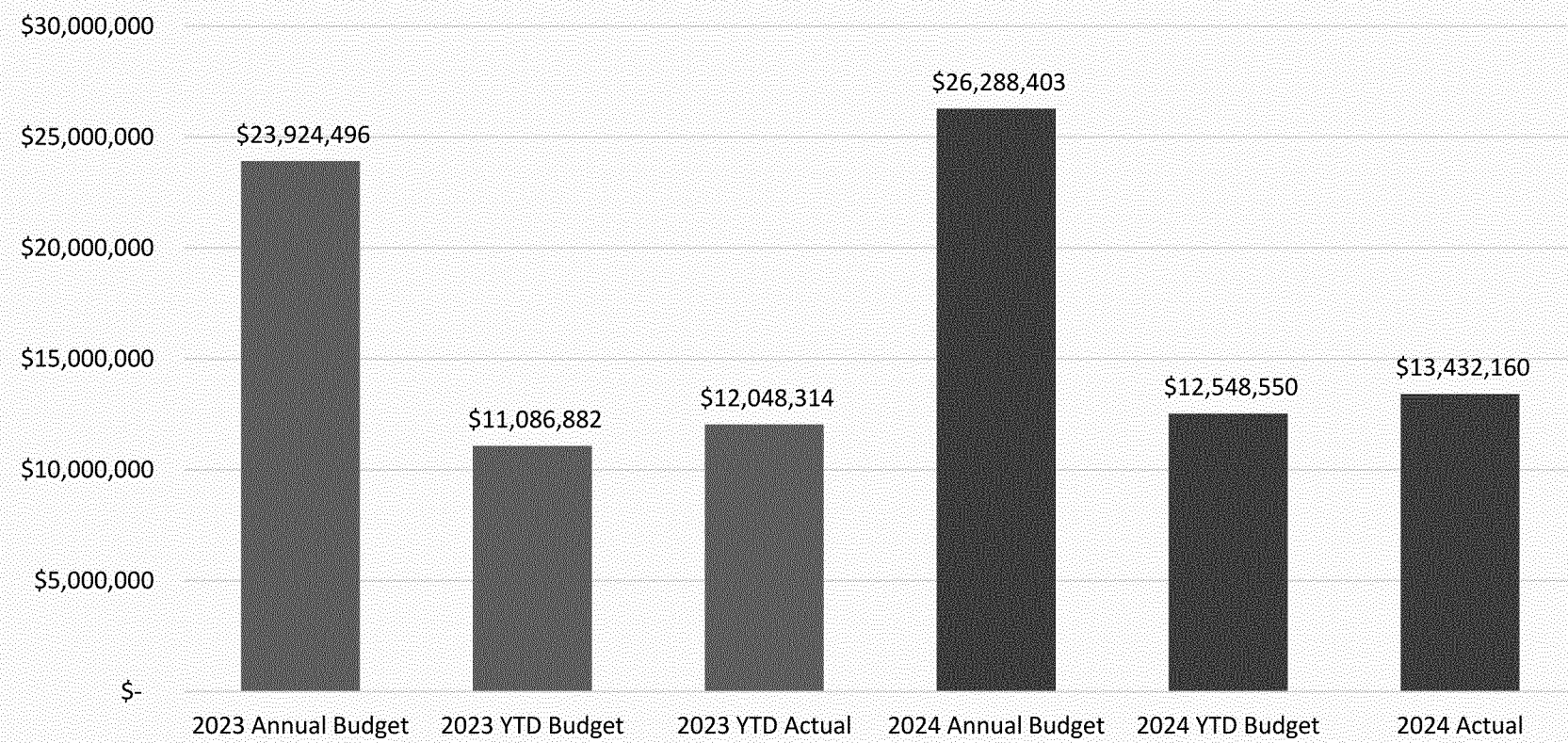
<i>Amounts in thousands</i>	FY 2024 YTD Budget	FY 2024 Actual	Over (Under) YTD Budget	FY 2023 YTD Actual	Current Year Over (Under) Prior Year
Total revenues	\$ 12,549	\$ 13,432	\$ 883	\$ 12,048	\$ 1,384
Operating expenditures	6,384	4,950	(1,434)	4,758	192
Capital outlays	2,126	845	(1,281)	351	494
Total 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

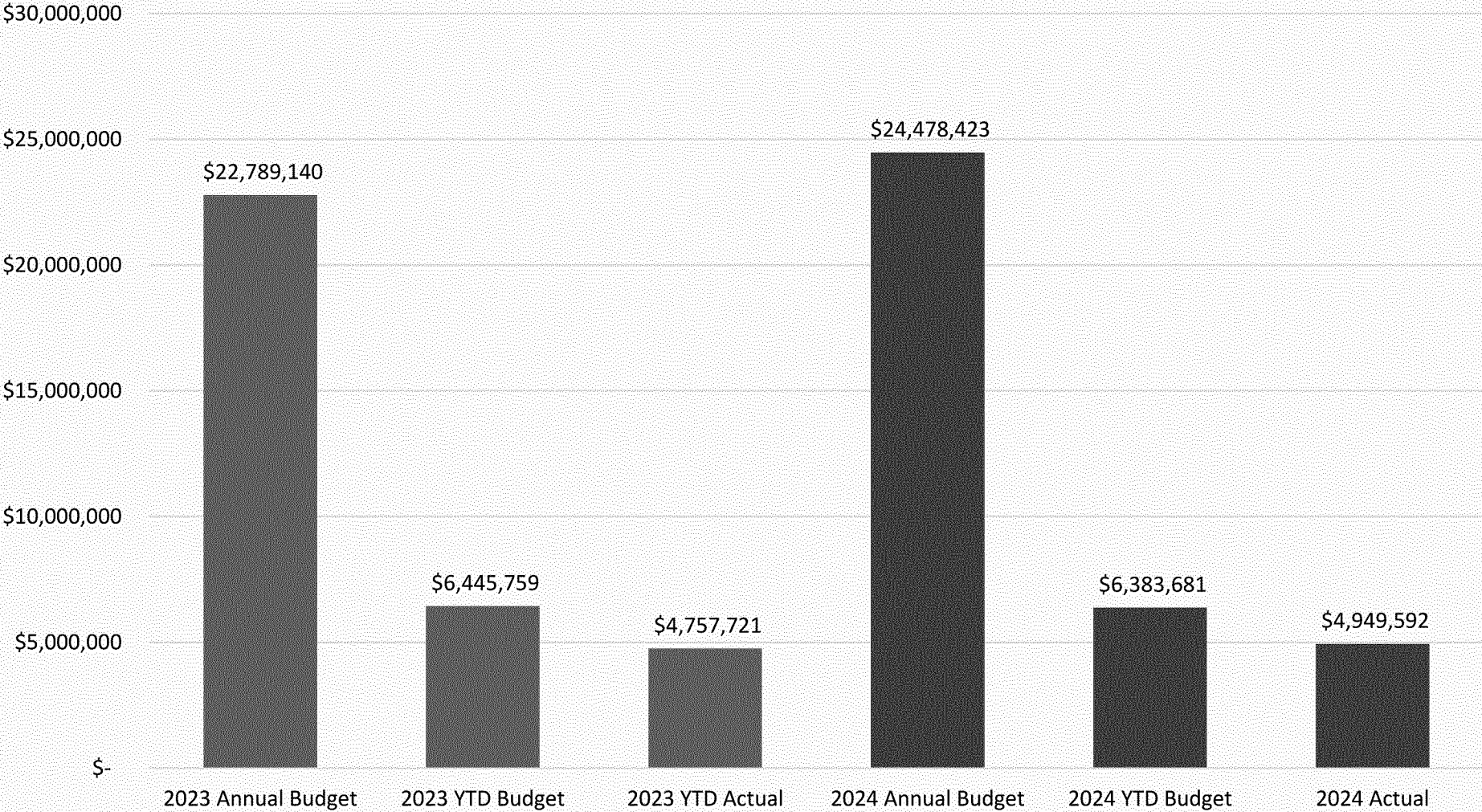
Revenues



- 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

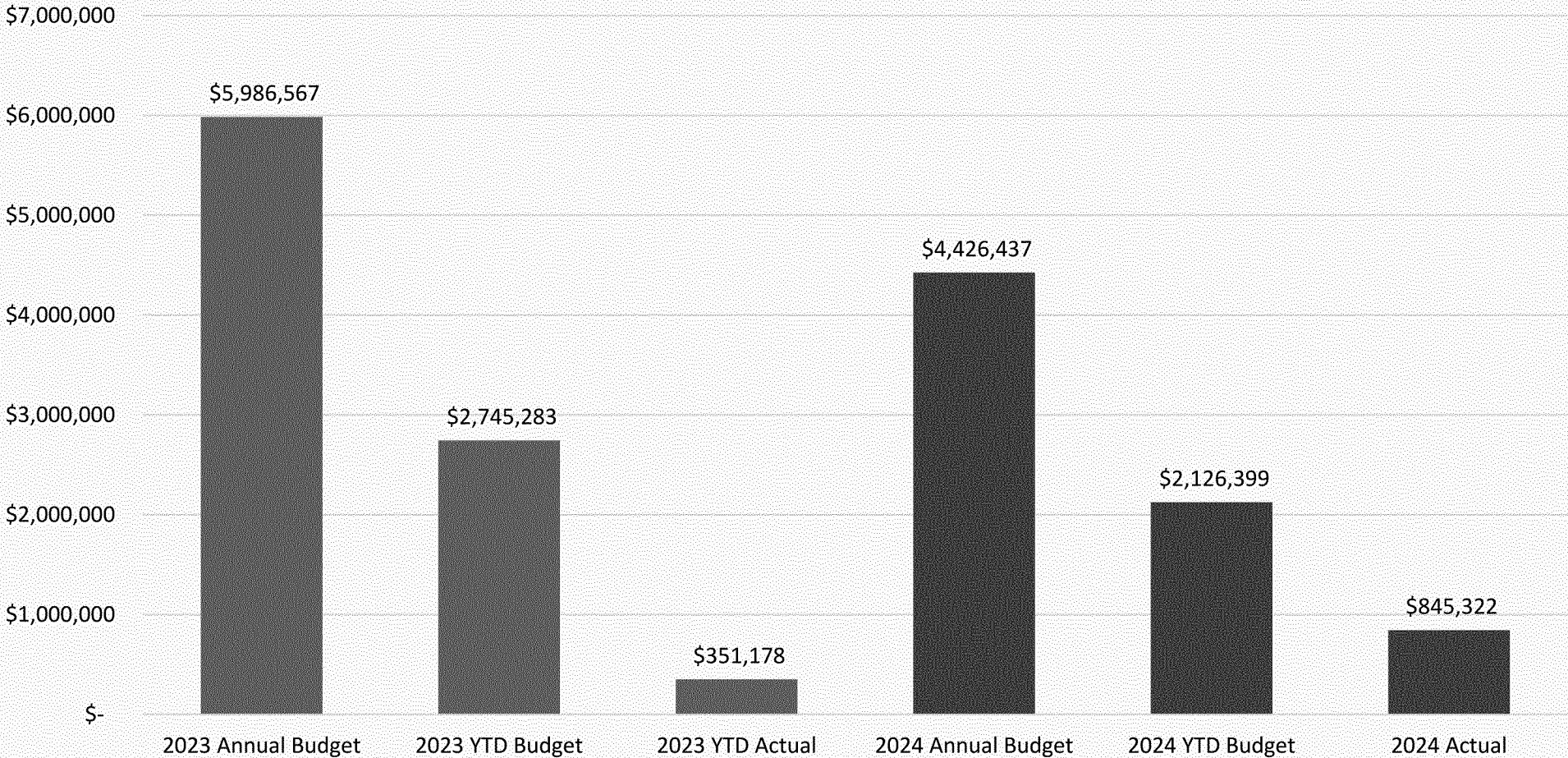
General Fund Expenditures

Operating Expenditures



- 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

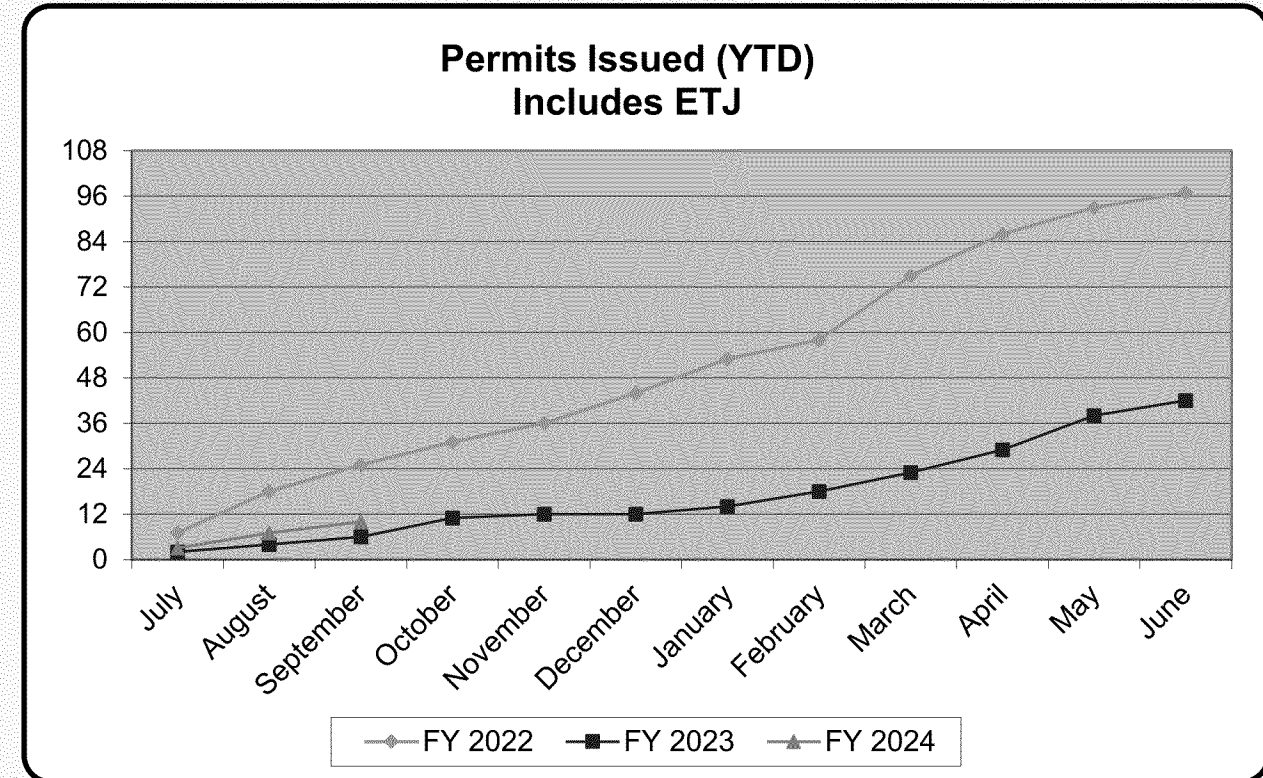
Capital Expenditures



- 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

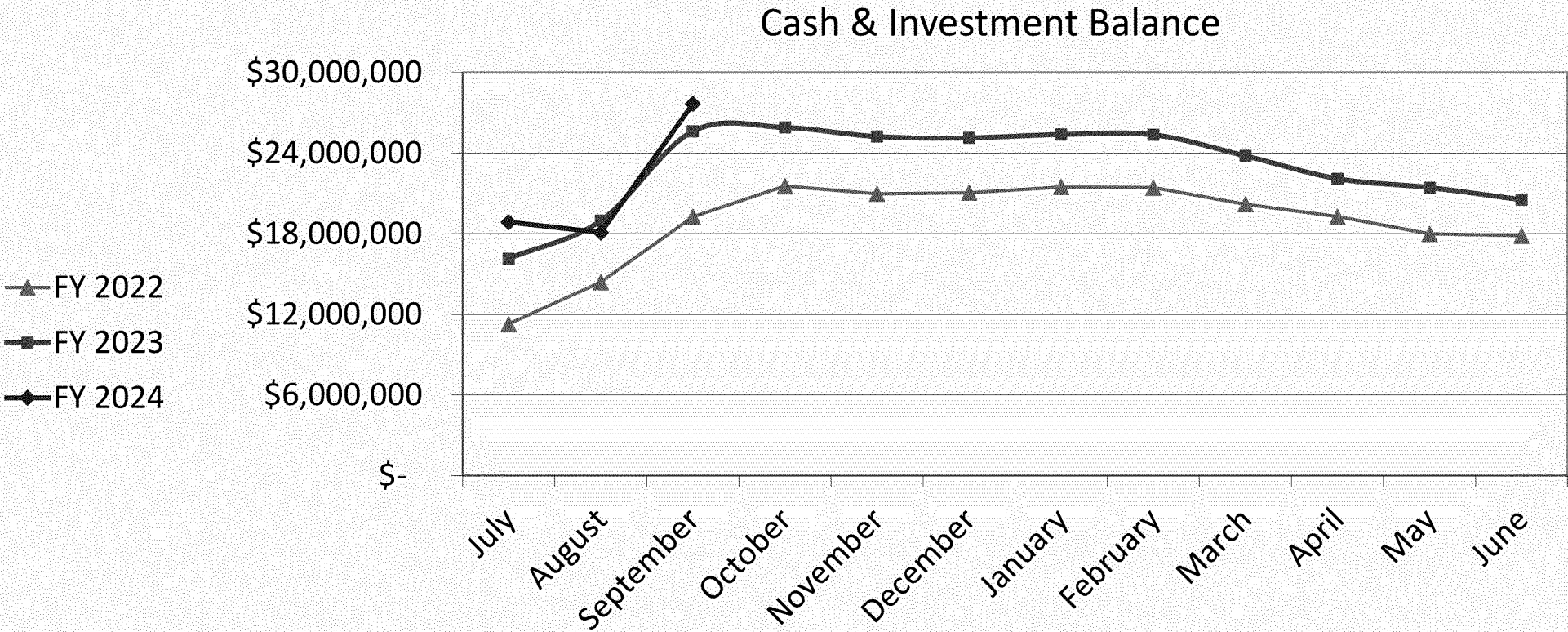


Cash & Investment Balances

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

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

Village of Pinehurst, North Carolina

TABLE OF CONTENTS

INTRODUCTORY SECTION		Page No.
	Letter of Transmittal	i
	Certificate of Achievement.....	iv
	Organizational Chart.....	v
	List of Principal Officials.....	vi
FINANCIAL SECTION		
	Independent Auditor's Report	1
	Management's Discussion and Analysis	5
Exhibit	Basic Financial Statements	
	<i>Government-Wide Financial Statements:</i>	
1	Statement of Net Position	19
2	Statement of Activities	20
	<i>Fund Financial Statements:</i>	
3	Balance Sheet - Governmental Funds	21
4	Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	22
5	Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.....	23
6	Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	24
7	Statement of Revenues, Expenditures, and Changes in Fund Balances - Annual Budget and Actual - General Fund	25
	Notes to the Financial Statements	26
Schedule		
	Required Supplementary Information ("RSI")	
RSI-1	Schedule of Proportionate Share of the Net Pension Liability (Asset) - Local Government Employees' Retirement System	52
RSI-2	Schedule of Contributions - Local Government Employees' Retirement System.....	53
RSI-3	Schedule of Changes in Total Pension Liability - Law Enforcement Officers' Special Separation Allowance	54
RSI-4	Schedule of Total Pension Liability as a Percentage of Covered Payroll - Law Enforcement Officers' Special Separation Allowance	55
	General Fund:	
1	Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund.....	56
	American Rescue Plan Act Special Revenue Fund:	
2	Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - American Rescue Plan Act Special Revenue Fund	60

Village of Pinehurst, North Carolina

TABLE OF CONTENTS

<u>Schedule</u>	FINANCIAL SECTION (CONTINUED)	<u>Page No.</u>
	Library Expansion Capital Project Fund:	
3	Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual – Library Expansion Capital Project Fund	61
	Capital Assets Used in the Operation of Governmental Funds:	
4	Schedule by Source	62
5	Schedule by Function and Activity	63
6	Schedule of Changes by Function and Activity	64
	ADDITIONAL FINANCIAL DATA	
7	Schedule of Ad Valorem Taxes Receivable	65
8	Analysis of Current Tax Levy	66
	STATISTICAL SECTION	
	<i>Government-Wide Information:</i>	
1	Net Position by Component	67
2	Changes in Net Position	69
	<i>Fund Information:</i>	
3	Fund Balances - Governmental Funds by Year	71
4	Changes in Fund Balances - Governmental Funds by Year	73
5	Assessed Value and Estimated Actual Value of Taxable Property	75
6	Direct and Overlapping Property Tax Rates	76
7	Principal Property Tax Payers	77
8	Property Tax Levies and Collections	78
9	Ratios of Outstanding Debt by Type	79
10	Direct and Overlapping Governmental Activities Debt	80
11	Legal Debt Margin Information	81
12	Demographic and Economic Statistics	82
13	Principal Employers	83
14	Full-time Equivalent Employees by Function	84
15	Operating Indicators by Function	85
16	Capital Asset Statistics by Function	87
	COMPLIANCE SECTION	
	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	89
	Independent Auditor's 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	91
9	Schedule of Findings and Questioned Costs	94
10	Schedule of Expenditures of Federal and State Awards	96

INTRODUCTORY SECTION



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.

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
Village Manager



Dana Van Nostrand
Financial Services Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

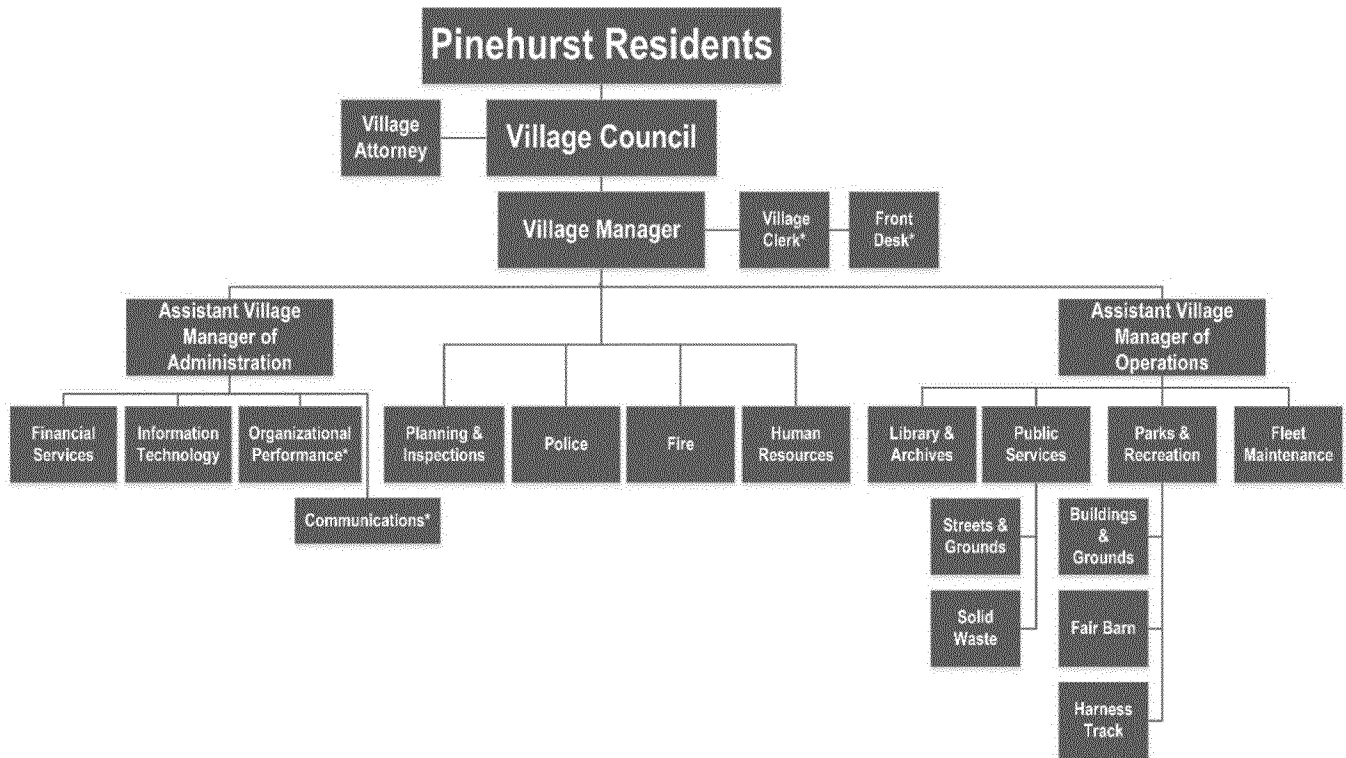
**Village of Pinehurst
North Carolina**

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

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.

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.

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 of 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

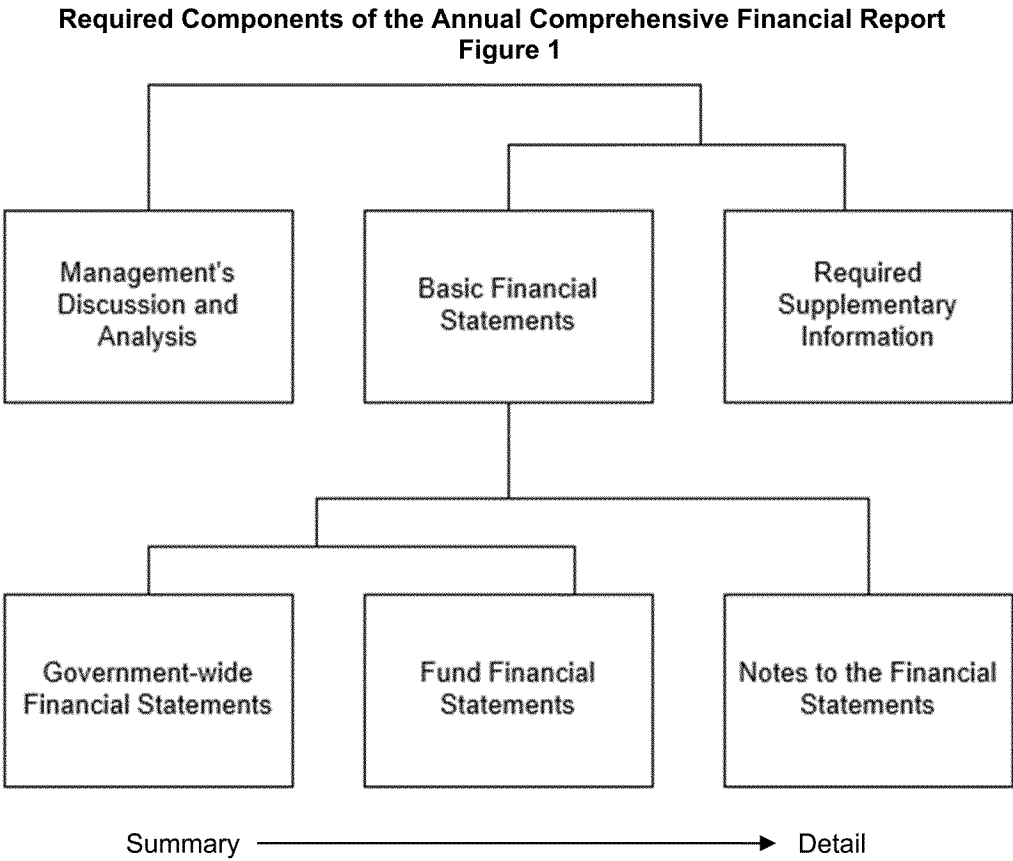
As management of the Village of Pinehurst (the Village), we offer readers of the Village's financial statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended June 30, 2023. We encourage readers to read the information presented here in conjunction 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.



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

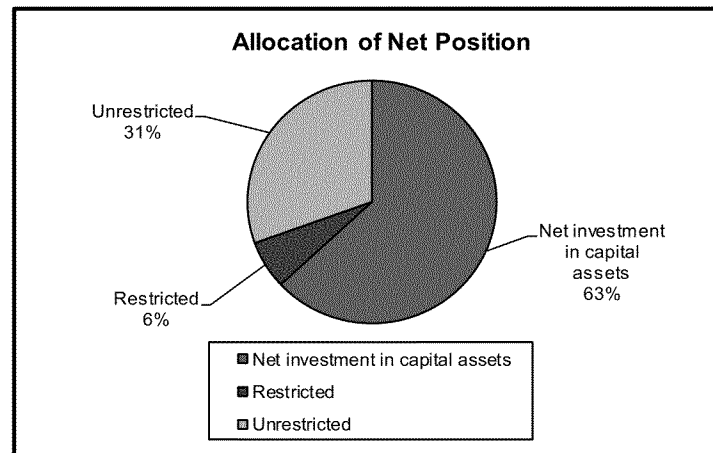
Net Position

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.



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

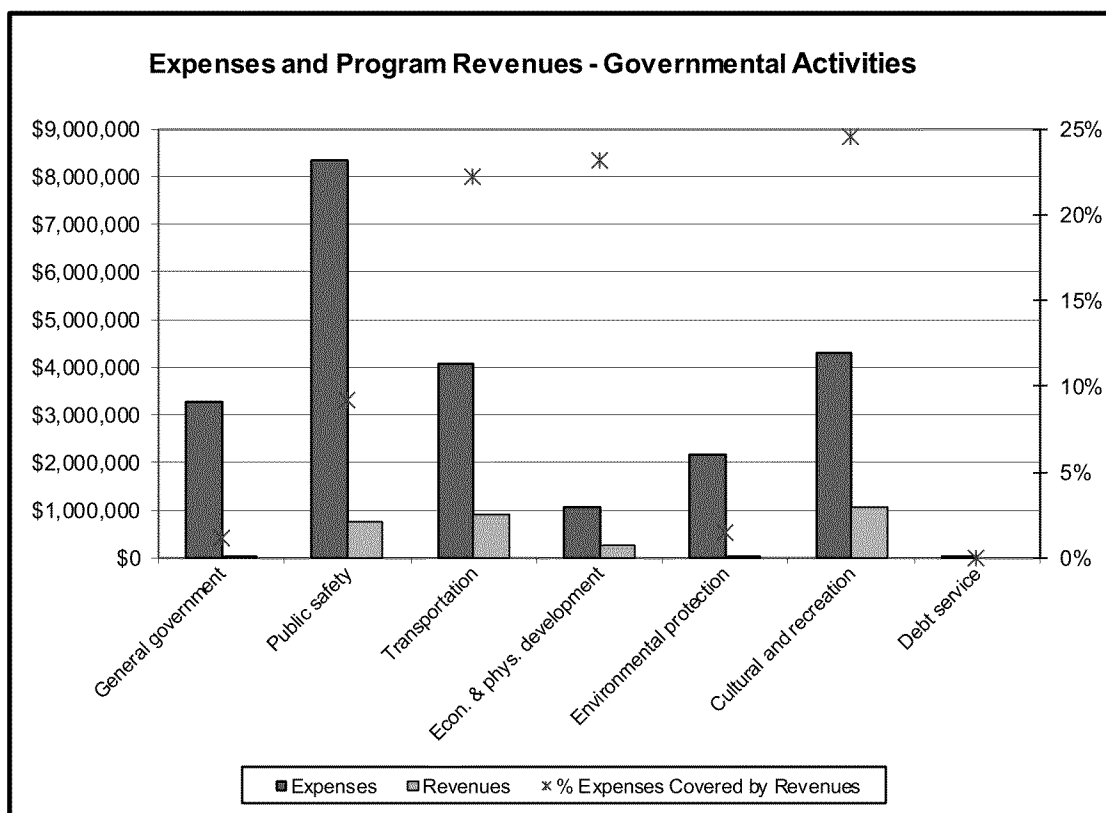
	Governmental Activities	Governmental Activities		
	2023	2022	\$ Change	% Change
Revenues:				
Program revenues:				
Charges for services	\$ 1,877,712	\$ 1,701,376	\$ 176,336	10%
Operating grants and contributions	773,792	608,559	165,233	27%
Capital grants and contributions	386,795	940,150	(553,355)	-59%
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	<u>30,420,096</u>	<u>23,994,409</u>	<u>6,425,687</u>	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	<u>23,207,629</u>	<u>20,177,349</u>	<u>3,030,280</u>	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	<u>\$ 48,228,972</u>	<u>\$ 41,016,505</u>	<u>\$ 7,212,467</u>	18%

Several aspects of the Village's financial operations influenced the positive change in total governmental net position:

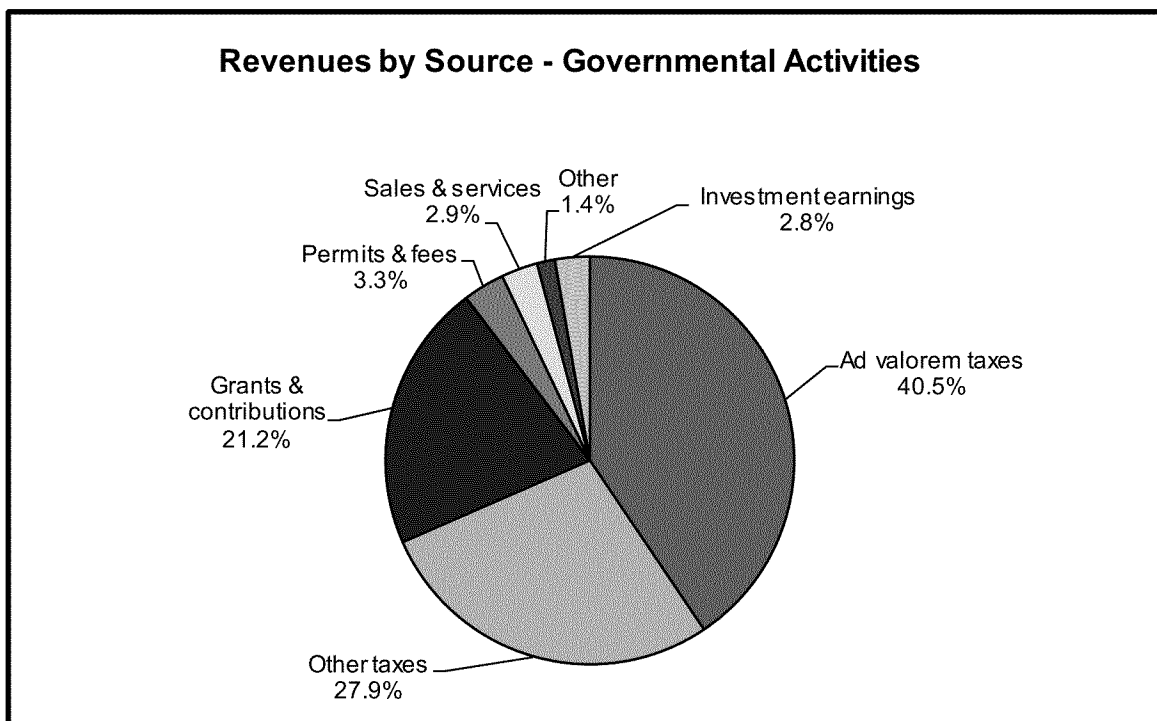
- Continued diligence in the collection of property taxes by maintaining a tax collection percentage in the General Fund of 99.93%, which is higher than the statewide average in the Village's population peer group of 99.28%.
- Other taxes, comprised of local option sales taxes, utility taxes, and other 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:



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 appropriation.
- 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

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	<u>23,211,581</u>
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	<u>31,053,754</u>
Total non-current assets	<u>31,079,502</u>
Total assets	<u>54,291,083</u>
Deferred Outflows of Resources (note 7)	
Pension deferrals (note 6)	4,467,795
Total deferred outflows of resources	<u>4,467,795</u>
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	<u>2,130,797</u>
Long-term liabilities:	
Long-term liabilities due in more than one year (note 10)	8,113,689
Total liabilities	<u>10,244,486</u>
Deferred Inflows of Resources (note 7)	
Leases (note 7)	30,919
Pension deferrals (note 6)	254,501
Total deferred inflows of resources	<u>285,420</u>
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	<u>\$ 48,228,972</u>

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

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

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		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	<u>\$ 23,207,629</u>	<u>\$ 1,877,712</u>	<u>\$ 773,792</u>	<u>\$ 386,795</u>	<u>(20,169,330)</u>
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					<u>27,381,797</u>
Change in net position					7,212,467
Net position, beginning					<u>41,016,505</u>
Net position, ending					<u>\$ 48,228,972</u>

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

Exhibit 3

	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

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

Village of Pinehurst, North Carolina
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2023

Exhibit 4

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	<u>(29,013,018)</u>	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	<u>(159,380)</u>	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	<u>5,951</u>	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	<u>(1,440,370)</u>	(8,822,613)
Deferred inflows of resources related to pensions are not reported in the funds		<u>(254,501)</u>
Net position of governmental activities		<u><u>\$ 48,228,972</u></u>

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

Exhibit 5

	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.

Village of Pinehurst, North Carolina
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

Exhibit 6

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	<u>(2,084,263)</u>	1,473,188
Right-to-use asset capital outlay expenditures which were capitalized	583,135	
Amortization expense for intangible assets	<u>(151,074)</u>	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	<u>(13,250)</u>	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	<u>4,240</u>	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	<u>(7,063)</u>	(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	<u>(1,963,587)</u>	<u>(1,987,692)</u>
Total changes in net position of governmental activities		<u>\$ 7,212,467</u>

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balances -

Annual Budget and Actual

Fiscal Year Ended June 30, 2023

	General Fund			Variance with Final Budget- Positive Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
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	

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:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
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:

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

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.

Village of Pinehurst, North Carolina
Notes to the Financial Statements
June 30, 2023

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	<u>7,226</u>	<u>-</u>	<u>7,226</u>
Total	<u>\$ 48,846</u>	<u>\$ 23,000</u>	<u>\$ 25,846</u>

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	<u>8,732</u>	<u>146,551</u>	<u>(6,750)</u>	<u>148,533</u>
Total capital assets not being depreciated	<u>7,080,568</u>	<u>227,026</u>	<u>(6,750)</u>	<u>7,300,844</u>
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	<u>36,123</u>	<u>583,135</u>	<u>(2,666)</u>	<u>616,592</u>
Total capital assets being depreciated/amortized	<u>49,086,834</u>	<u>4,240,481</u>	<u>(402,007)</u>	<u>52,925,308</u>

Village of Pinehurst, North Carolina
Notes to the Financial Statements
June 30, 2023

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
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	<u>27,339,068</u>	<u>2,235,337</u>	<u>(402,007)</u>	<u>29,172,398</u>
Total capital assets being depreciated/amortized, net	<u>21,747,766</u>	<u>2,005,144</u>	<u>-</u>	<u>23,752,910</u>
Governmental activity capital assets, net	<u>\$ 28,828,334</u>	<u>\$ 2,232,170</u>	<u>\$ (6,750)</u>	<u>\$ 31,053,754</u>

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	<u>47,582</u>
Total depreciation and amortization expense	<u>\$ 2,235,337</u>

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:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
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	<u>40,681</u>	<u>4,082</u>
Total	<u>\$ 229,926</u>	<u>\$ 374,045</u>

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:

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

Village of Pinehurst, North Carolina
Notes to the Financial Statements
June 30, 2023

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:

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

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:

<u>Year Ending June 30</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total</u>
2024	\$ 9,715	\$ 131	\$ 9,846
2025	<u>3,182</u>	<u>28</u>	<u>3,210</u>
	<u><u>\$ 12,897</u></u>	<u><u>\$ 159</u></u>	<u><u>\$ 13,056</u></u>

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:

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

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:

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

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	<u>1,063,812</u>	<u>-</u>
Total	<u>\$ 4,002,768</u>	<u>\$ 34,861</u>

Village of Pinehurst, North Carolina
Notes to the Financial Statements
June 30, 2023

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	<u>965,323</u>
Total	<u>\$ 2,904,095</u>

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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:

	<u>1% Decrease (5.50%)</u>	<u>Discount Rate (6.50%)</u>	<u>1% Increase (7.50%)</u>
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

Village of Pinehurst, North Carolina
Notes to the Financial Statements
June 30, 2023

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	<u>24</u>
Total	<u><u>33</u></u>

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.

Village of Pinehurst, North Carolina
Notes to the Financial Statements
June 30, 2023

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
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	<u>72,871</u>	<u>-</u>
Total	<u>\$ 465,027</u>	<u>\$ 219,640</u>

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	<u>(7,141)</u>
Total	<u>\$ 172,516</u>

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:

	<u>1% Decrease (3.31%)</u>	<u>Discount Rate (4.31%)</u>	<u>1% Increase (5.31%)</u>
Total pension liability	\$ 1,548,636	\$ 1,440,370	\$ 1,341,782

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

	<u>2023</u>
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	<u>(145,741)</u>
Ending balance of the total pension liability	<u>\$ 1,440,370</u>

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:

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
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	<u>36,899</u>
Total deferred outflows of resources	<u>\$ 4,467,795</u>

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	<u>8,962</u>	<u>-</u>
Total deferred inflows of resources	<u>\$ 285,420</u>	<u>\$ 51,837</u>

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:

	<u>Balance July 1, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2023</u>	<u>Current Portion of Balance</u>
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)	<u>1,635,856</u>	<u>-</u>	<u>(195,486)</u>	<u>1,440,370</u>	<u>-</u>
Governmental activity long-term liabilities	<u>\$ 4,114,408</u>	<u>\$ 5,595,550</u>	<u>\$ (894,467)</u>	<u>\$ 8,815,491</u>	<u>\$ 701,802</u>

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	<u>5,405,038</u>	<u>-</u>	<u>5,405,038</u>
Total	<u>\$ 5,405,038</u>	<u>\$ 1,000,000</u>	<u>\$ 6,405,038</u>

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	<u>(361,158)</u>
Net investment in capital assets	<u>\$ 30,435,847</u>

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	<u>3,671,256</u>
Remaining fund balance	<u>\$ 1,734,180</u>

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	<u>118,230</u>
Total	<u>\$ 702,217</u>

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
Schedule of the Proportionate Share of the Net Pension Liability (Asset)
Local Government Employees' Retirement System - Last Ten Fiscal Years*
Required Supplementary Information

RSI-1

	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.

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

RSI-2

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
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	<u>1,063,812</u>	<u>906,031</u>	<u>777,919</u>	<u>671,779</u>	<u>549,872</u>	<u>514,302</u>	<u>489,064</u>	<u>424,359</u>	<u>445,138</u>	<u>434,315</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
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).

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	<u>\$ 1,440,370</u>	<u>\$ 1,635,856</u>	<u>\$ 1,687,722</u>	<u>\$ 1,243,898</u>	<u>\$ 1,025,925</u>	<u>\$ 1,034,234</u>	<u>\$ 943,908</u>

* 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' Retirement System for the five-year period ending December 31, 2019, the following were updated: mortality rates, salary increases, 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%

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

General Fund

(4 pages)

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and ActualFiscal Year Ended June 30, 2023 with Comparative Actual Amounts
for Fiscal Year Ended June 30, 2022

	2023		Variance Positive (Negative)	2022
	Final Budget	Actual		
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

General Fund

(4 pages)

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and ActualFiscal Year Ended June 30, 2023 with Comparative Actual Amounts
for Fiscal Year Ended June 30, 2022

	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

**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
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
Powell Bill:			
Operating expenditures		1,430,291	1,130,492
Total	1,472,975	1,430,291	42,684
Total transportation	5,706,302	4,159,947	1,546,355
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
Community development:			
Operating expenditures		124,451	127,759
Capital outlay		2,233	-
Total	368,970	126,684	242,286
Total economic and physical development	1,850,560	1,258,455	592,105
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
Total environmental protection	2,607,422	2,208,240	399,182
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
Total cultural and recreation			2,202,269

General Fund

(4 pages)

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and ActualFiscal Year Ended June 30, 2023 with Comparative Actual Amounts
for Fiscal Year Ended June 30, 2022

	2023		Variance Positive (Negative)	2022
	Final Budget	Actual		
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

Village of Pinehurst, North Carolina
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

Schedule 2

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
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	<u>5,405,038</u>	<u>4,216</u>	<u>5,400,822</u>	<u>5,405,038</u>	<u>-</u>
Other financing uses:					
Transfers to other funds:					
General Fund	<u>(5,405,038)</u>	<u>-</u>	<u>(5,405,038)</u>	<u>(5,405,038)</u>	<u>-</u>
Total other financing uses	<u>(5,405,038)</u>	<u>-</u>	<u>(5,405,038)</u>	<u>(5,405,038)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 4,216</u>	<u>(4,216)</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning			<u>4,216</u>		
Fund balance, ending			<u>\$ -</u>		

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

Village of Pinehurst, North Carolina
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

Schedule 3

	Project Authorization	Prior Years	Actual Current Year	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
Capital Assets Used in the Operation of Governmental Funds
Schedule by Source
June 30, 2023 and 2022

Schedule 4

	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	<u>\$ 60,226,152</u>	<u>\$ 56,167,402</u>
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	<u>\$ 60,226,152</u>	<u>\$ 56,167,402</u>

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
	<u>3,915,491</u>	<u>-</u>	<u>5,022,875</u>	<u>733,099</u>	<u>1,772,900</u>	<u>29,476</u>	<u>286,838</u>	<u>-</u>	<u>11,760,679</u>
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
	<u>332,206</u>	<u>-</u>	<u>6,466,688</u>	<u>-</u>	<u>5,310,910</u>	<u>-</u>	<u>67,801</u>	<u>-</u>	<u>12,177,605</u>
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
	<u>133,572</u>	<u>672,906</u>	<u>1,209,910</u>	<u>2,071,427</u>	<u>2,758,537</u>	<u>6,430,118</u>	<u>-</u>	<u>-</u>	<u>13,276,470</u>
Environmental protection:									
Solid waste	-	-	-	-	2,060,999	-	-	-	2,060,999
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,060,999</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,060,999</u>
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
	<u>2,771,042</u>	<u>-</u>	<u>9,638,573</u>	<u>5,718,300</u>	<u>1,073,386</u>	<u>1,297,529</u>	<u>7,086</u>	<u>-</u>	<u>20,505,916</u>
Economic and physical development:									
Planning	-	-	-	-	41,083	-	254,867	-	295,950
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,083</u>	<u>-</u>	<u>254,867</u>	<u>-</u>	<u>295,950</u>
Construction in progress	-	-	-	-	-	-	-	148,533	148,533
	<u>\$ 7,152,311</u>	<u>\$ 672,906</u>	<u>\$ 22,338,046</u>	<u>\$ 8,522,826</u>	<u>\$ 13,017,815</u>	<u>\$ 7,757,123</u>	<u>\$ 616,592</u>	<u>\$ 148,533</u>	<u>\$ 60,226,152</u>

Village of Pinehurst, North Carolina
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes By Function and Activity
For the Fiscal Year Ended June 30, 2023

Schedule 6

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
	<u>11,264,181</u>	<u>469,171</u>	<u>-</u>	<u>27,327</u>	<u>11,760,679</u>
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
	<u>11,674,081</u>	<u>923,442</u>	<u>(399,341)</u>	<u>(20,577)</u>	<u>12,177,605</u>
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
	<u>12,441,179</u>	<u>835,291</u>	<u>-</u>	<u>-</u>	<u>13,276,470</u>
Environmental protection:					
Solid waste	1,825,141	235,858	-	-	2,060,999
	<u>1,825,141</u>	<u>235,858</u>	<u>-</u>	<u>-</u>	<u>2,060,999</u>
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
	<u>18,936,699</u>	<u>1,587,021</u>	<u>(2,666)</u>	<u>(15,138)</u>	<u>20,505,916</u>
Economic and physical development:					
Planning	17,389	263,423	-	15,138	295,950
	<u>17,389</u>	<u>263,423</u>	<u>-</u>	<u>15,138</u>	<u>295,950</u>
Construction in progress	8,732	146,551	-	(6,750)	148,533
	<u>\$ 56,167,402</u>	<u>\$ 4,460,757</u>	<u>\$ (402,007)</u>	<u>\$ -</u>	<u>\$ 60,226,152</u>

ADDITIONAL FINANCIAL DATA

This section contains additional information on property taxes.

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

Village of Pinehurst, North Carolina
Schedule of Ad Valorem Taxes Receivable
June 30, 2023

Schedule 7

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2022</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2023</u>
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
	<u>\$ 17,378</u>	<u>\$ 12,342,976</u>	<u>\$ 12,345,387</u>	<u>\$ 14,967</u>

Reconciliation with Revenues

Ad valorem taxes - General Fund	<u>\$ 12,342,069</u>
Reconciling items:	
Interest collected and refunds	(11,280)
Refunds/reliefs	<u>14,598</u>
	<u>3,318</u>
Total collections and credits	<u>\$ 12,345,387</u>

Village of Pinehurst, North Carolina
Analysis of Current Tax Levy
June 30, 2023

Schedule 8

				Total Levy	
	Property Valuation	General Fund 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	<u>\$ 3,979,885,845</u>				
Net levy			12,342,976	11,412,341	930,635
Uncollected taxes at June 30			(8,607)	(8,607)	-
Current year's taxes collected			<u>\$ 12,334,369</u>	<u>\$ 11,403,734</u>	<u>\$ 930,635</u>
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.

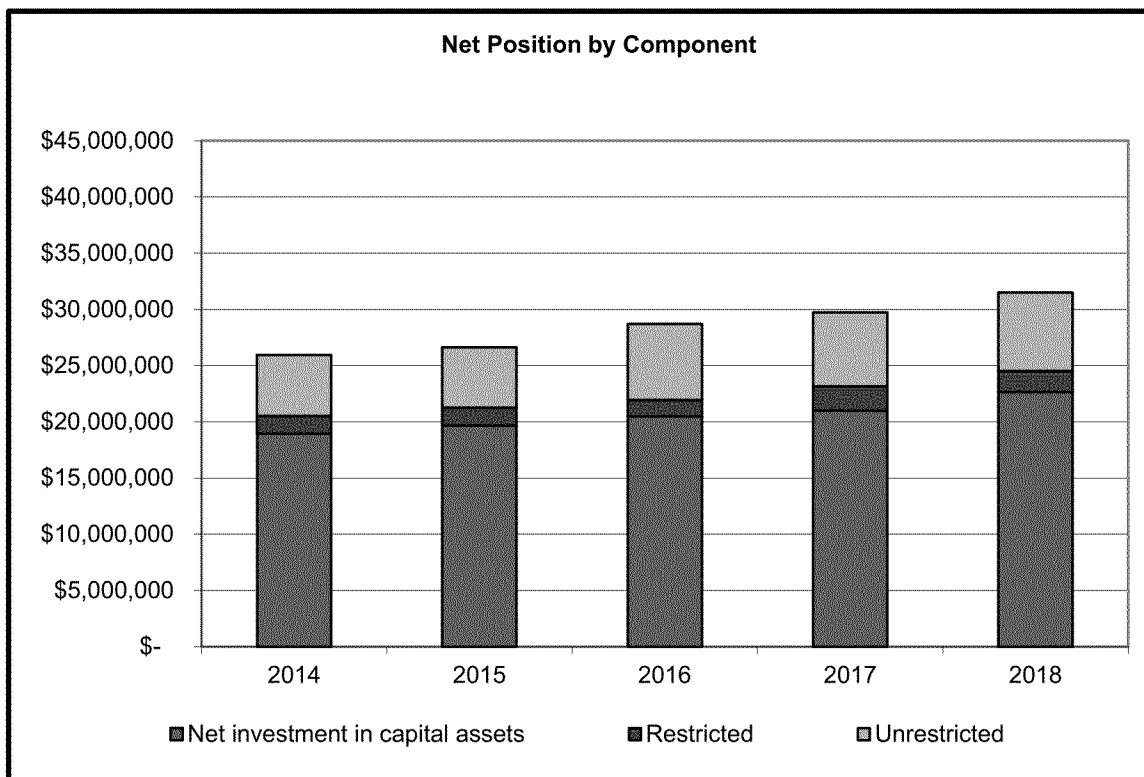
- **Financial Trends**
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.
- **Revenue Capacity**
These schedules contain information to help the reader assess the government's most significant local 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.

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

Table 1
(2 pages)

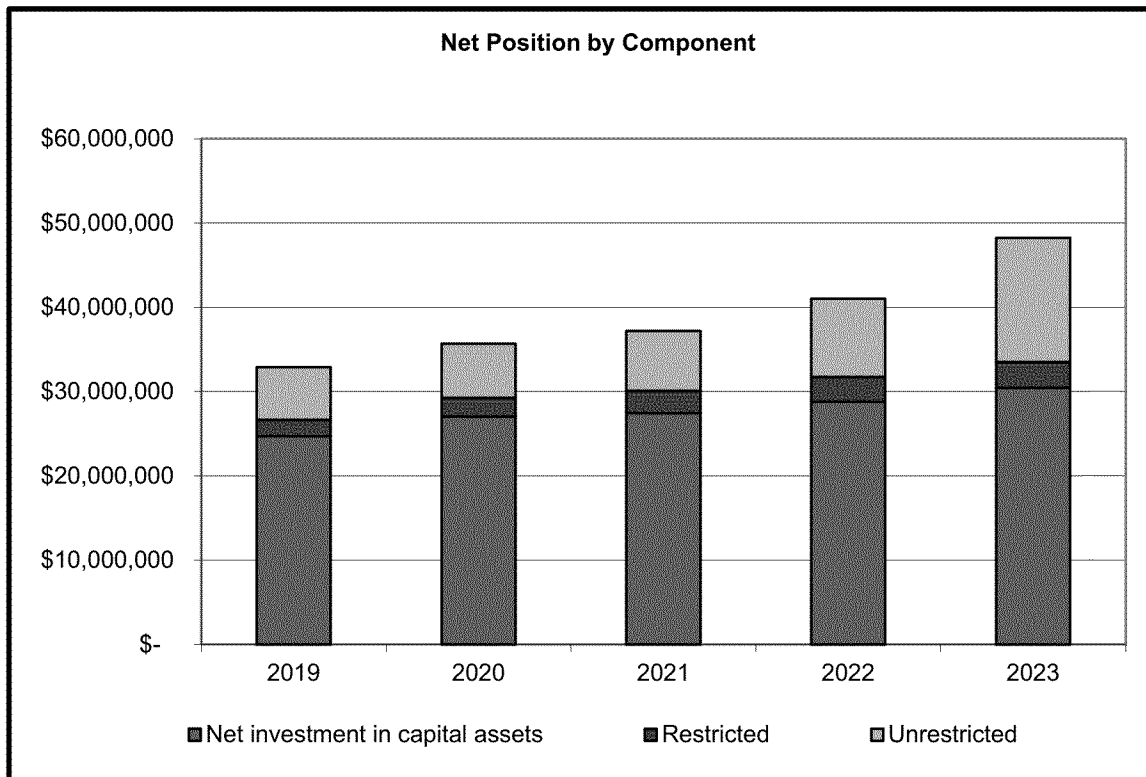
	Fiscal Year				
	2014	2015	2016	2017	2018
Governmental activities					
Net investment in capital assets	\$ 18,953,996	\$ 19,648,800	\$ 20,467,990	\$ 20,980,863	\$ 22,631,590
Restricted for:					
Stabilization by state statute	1,568,981	1,601,410	1,474,901	2,165,724	1,881,641
General government	-	-	-	-	-
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	<u>\$ 25,940,113</u>	<u>\$ 26,631,615</u>	<u>\$ 28,092,461</u>	<u>\$ 29,741,422</u>	<u>\$ 31,496,239</u>



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	<u><u>\$ 32,903,284</u></u>	<u><u>\$ 35,672,441</u></u>	<u><u>\$ 37,199,445</u></u>	<u><u>\$ 41,016,505</u></u>	<u><u>\$ 48,228,972</u></u>



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	<u>\$ 16,139,542</u>	<u>\$ 16,011,525</u>	<u>\$ 15,326,314</u>	<u>\$ 16,281,049</u>	<u>\$ 16,976,054</u>
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	<u>\$ 2,408,230</u>	<u>\$ 2,597,326</u>	<u>\$ 2,108,410</u>	<u>\$ 2,130,465</u>	<u>\$ 2,552,044</u>
Total governmental activities net expense	<u><u>\$ (13,731,312)</u></u>	<u><u>\$ (13,414,199)</u></u>	<u><u>\$ (13,217,904)</u></u>	<u><u>\$ (14,150,584)</u></u>	<u><u>\$ (14,424,010)</u></u>
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	<u>\$ 14,540,901</u>	<u>\$ 14,971,621</u>	<u>\$ 15,307,034</u>	<u>\$ 15,799,545</u>	<u>\$ 16,178,827</u>
Change in Governmental Activities Net Position	<u><u>\$ 809,589</u></u>	<u><u>\$ 1,557,422</u></u>	<u><u>\$ 2,089,130</u></u>	<u><u>\$ 1,648,961</u></u>	<u><u>\$ 1,754,817</u></u>

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

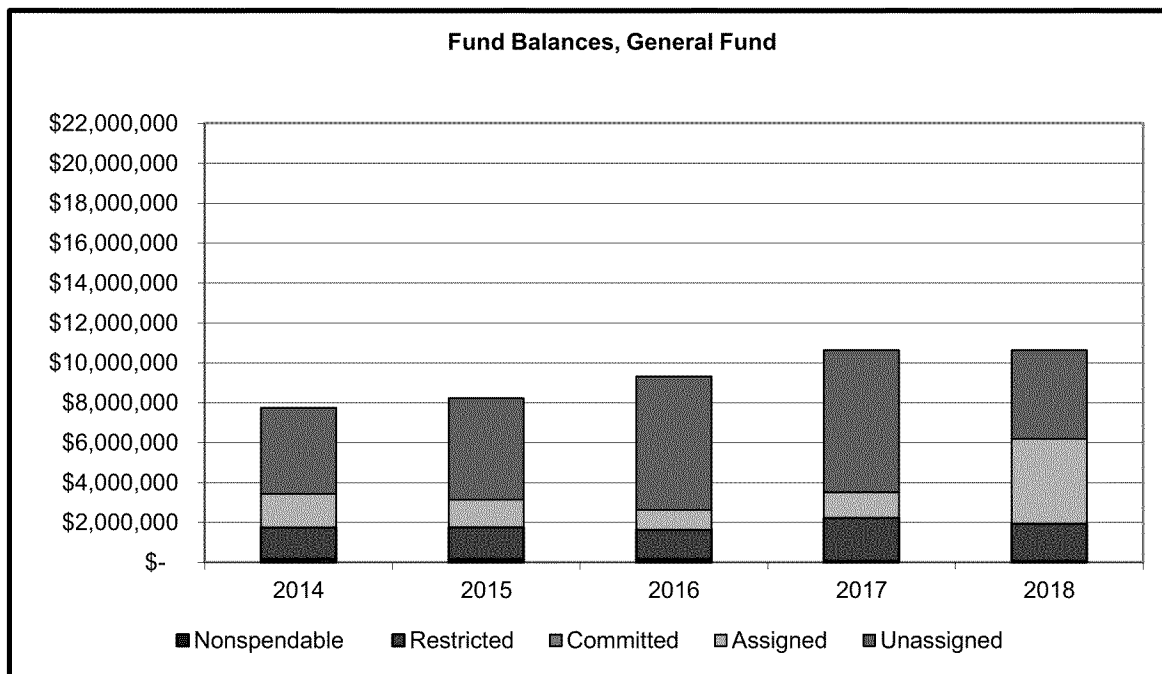
Table 2
(2 pages)

	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	<u>\$ 18,284,410</u>	<u>\$ 18,676,257</u>	<u>\$ 19,667,437</u>	<u>\$ 20,177,349</u>	<u>\$ 23,207,629</u>
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	<u>\$ 2,737,485</u>	<u>\$ 2,585,997</u>	<u>\$ 2,390,859</u>	<u>\$ 3,250,085</u>	<u>\$ 3,038,299</u>
Total governmental activities net expense	<u>\$ (15,546,925)</u>	<u>\$ (16,090,260)</u>	<u>\$ (17,276,578)</u>	<u>\$ (16,927,264)</u>	<u>\$ (20,169,330)</u>
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	<u>\$ 16,953,970</u>	<u>\$ 18,859,417</u>	<u>\$ 18,803,582</u>	<u>\$ 20,744,324</u>	<u>\$ 27,381,797</u>
Change in Governmental Activities Net Position	<u>\$ 1,407,045</u>	<u>\$ 2,769,157</u>	<u>\$ 1,527,004</u>	<u>\$ 3,817,060</u>	<u>\$ 7,212,467</u>

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

Table 3
(2 pages)

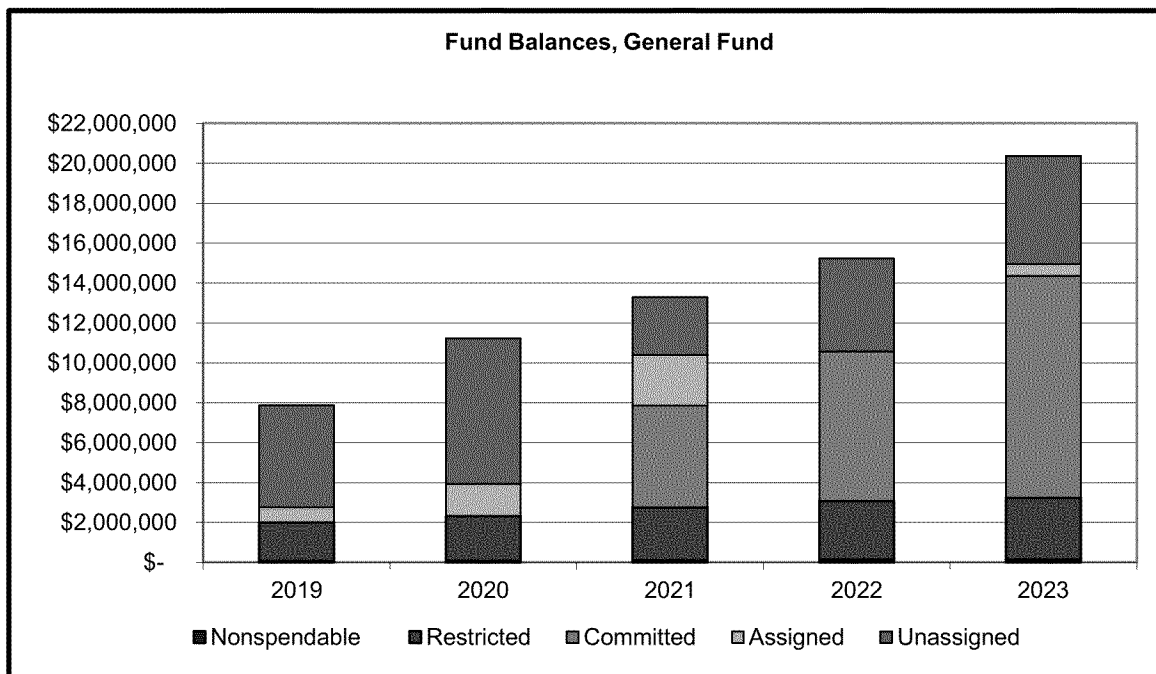
	Fiscal Year				
	2014	2015	2016	2017	2018
General Fund					
Nonspendable:					
Inventory	\$ 44,071	\$ 44,494	\$ 39,799	\$ 36,653	\$ 39,993
Prepaid items	130,586	124,296	118,979	35,236	19,878
Leases	-	-	-	-	-
Restricted:					
Stabilization by state statute	1,568,980	1,601,410	1,474,901	2,165,724	1,881,641
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	<u>\$ 7,748,844</u>	<u>\$ 8,225,102</u>	<u>\$ 9,325,344</u>	<u>\$ 10,633,102</u>	<u>\$ 10,641,838</u>
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	<u>\$ 2,894</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 186,877</u>



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

Table 3
(2 pages)

	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	<u>\$ 7,871,973</u>	<u>\$ 11,229,270</u>	<u>\$ 13,288,868</u>	<u>\$ 15,239,959</u>	<u>\$ 20,362,064</u>
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	<u>\$ 2,520,458</u>	<u>\$ 249,374</u>	<u>\$ -</u>	<u>\$ 404,535</u>	<u>\$ 1,401,555</u>



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

Table 4
(2 pages)

	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.

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

Table 4
(2 pages)

	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.

Village of Pinehurst, North Carolina
Direct and Overlapping Property Tax Rates
Last Ten Years
(Rates are per \$100 of Assessed Value)

Table 6

Fiscal Year	Tax Year	Direct Rates	Overlapping Rates
		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
Principal Property Tax Payers
Current Year and Nine Years Ago

Table 7

Taxpayer	2023		2014	
	Taxable Assessed Value	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	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	<u>\$ 338,158,388</u>	<u>8.48%</u>	<u>\$ 281,771,980</u>	<u>8.08%</u>

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
Property Tax Levies and Collections
Last Ten Fiscal Years

Table 8

Fiscal Year	Tax Year	Taxes Levied for the Fiscal Year (1)	Collected within the Fiscal Year of the Levy		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
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Table 9

Fiscal Year	Calendar Year	Governmental Activities			Percentage of Personal Income (2)	Per Capita (2)
		Installment Financing (1)	Lease Liabilities	Subscription Liabilities		
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
Direct and Overlapping Governmental Activities Debt
June 30, 2023

Table 10

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (2)	Estimated Share of Direct and Overlapping Debt
Moore County (1)			
Debt repaid with property taxes:			
Moore County general obligation debt	\$ 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			<u>\$ 56,886,162</u>

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
Legal Debt Margin Information
Last Ten Fiscal Years

Table 11

<u>Fiscal Year</u>	<u>Debt Limit</u>	<u>Total Net Debt Applicable to Limit</u>	<u>Legal Debt Margin</u>	<u>Legal Debt Margin as a Percent of Debt Limit</u>
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

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

Table 12

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.

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

Table 13

Employer	2023		2014	
	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.

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

Table 14

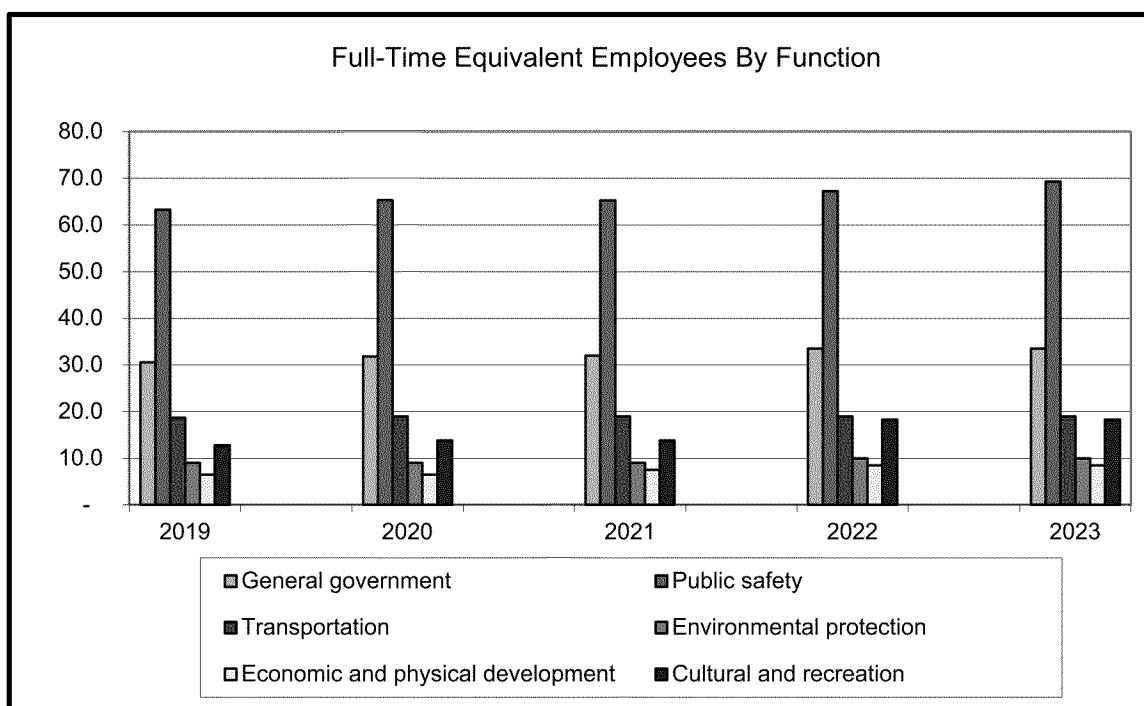
Function	Full-Time Equivalent Employees as of June 30									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General government	26.8	26.8	26.8	26.8	28.6	30.6	31.8	32.0	33.5	33.5
Public safety	60.0	60.0	60.0	63.3	63.3	63.3	65.3	65.3	67.3	69.3
Transportation	18.0	18.0	18.0	18.0	18.7	18.7	19.0	19.0	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.



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

Village of Pinehurst, North Carolina
Operating Indicators by Function
Last Ten Fiscal Years

To Table of Contents

Table 15
(2 pages)

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
Capital Asset Statistics by Function
Last Ten Fiscal Years

Table 16
(2 pages)

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
Capital Asset Statistics by Function
Last Ten Fiscal Years

Table 16
(2 pages)

Function	Fiscal Year				
	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
-

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.

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

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.

FORV/S

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.

Village of Pinehurst, North Carolina
Schedule of Expenditures of Federal and State Awards
Fiscal Year Ended June 30, 2023

Schedule 10

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>U.S. Department of Justice</u>					
Passed through N.C. Department of Public Safety:					
Edward Byrne Memorial Justice Assistance Grant Program	16.738	PROJ014939	\$ 10,417	\$ -	\$ -
<u>U.S. Department of the Treasury</u>					
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:					
<u>N.C. Department of Transportation</u>					
Powell Bill		DOT-4	-	579,914	-
<u>N.C. Office of State Budget and Management</u>					
State Capital and Infrastructure Fund		12171	-	50,000	-
<u>N.C. Department of Environmental Quality</u>					
2022 Glass Equipment and Infrastructure Grant		CW28122	-	13,796	3,559
<u>N.C. Department of Natural and Cultural Resources</u>					
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.

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.

(Municipal Seal)

VILLAGE OF PINEHURST
VILLAGE COUNCIL

By: _____
John C. Strickland, Mayor

Attest:

Approved as to Form:

Shannon Konstantinou, Village Clerk

Michael J. Newman, Village Attorney

**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 Utilities Addendum"	-	-	\$250/mile	-	Added fee for review of engineered drawings and inspections associated with new underground utility installations



**HISTORIC PRESERVATION COMMISSION
SPECIAL MEETING
THURSDAY, OCTOBER 26TH, 2023
ASSEMBLY HALL
395 MAGNOLIA ROAD
PINEHURST, NORTH CAROLINA
3:00 PM**

Members Present:

John Taylor, Chair
Richard Vincent, Vice Chair
Angelique Fabiani
David Herring
Roxanne Vaitkus
Karl Ecker
Cara Mathis

Members Absent:

Staff Present:

Alex Cameron, Planning Director
Pamela Graham, Planning Supervisor
Michael Mandeville, Senior Planner
Maria Carpenter, Planner
Shannon Konstantinou, Village Clerk
Shelby Grow, Administrative Specialist
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.

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.

DRAFT



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:

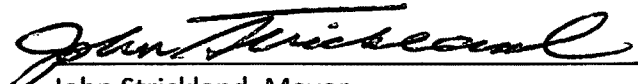
The Village of Pinehurst recognizes the bravery and dedication of the public safety employees serving in the Pinehurst Police Department and Pinehurst Fire Department. In addition to the retirement gifts listed above, public safety employees may be awarded the gifts listed below.

- 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

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 #
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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 above.		

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
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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
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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							
Needed/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 Public 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.

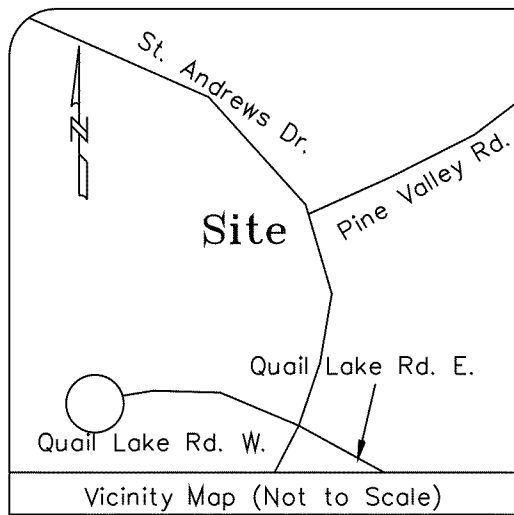
Section 4.5.6 Standards of Review

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.



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.

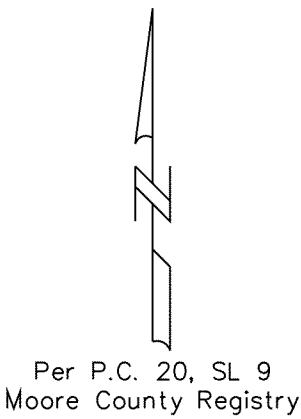
This survey was done without benefit of an attorney's title search which could disclose zoning, restrictive covenants, easements not visible to surveyor, building setbacks, or other information which could affect surveyed property.

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 : Bryon 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



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.

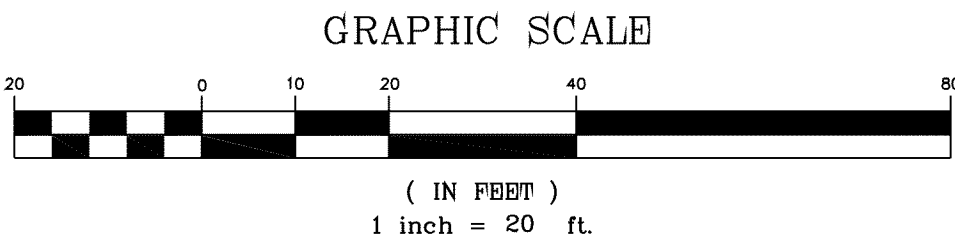
- Legend:
- IPF = Iron Pipe Found
 - IPS = Iron Pipe Set
 - IRF = Iron Rod Found
 - IRS = Iron Rod Set
 - CMF = Concrete Monument Found
 - ⊙ = Sewer Manhole
 - ⊠ = Water Meter
 - ⊕ = Fire Hydrant
 - = Utility Pole
 - CATV = Cable Television
 - PSO = Power Stub Out
 - TP = Telephone Pedestal
 - WV = Water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

- 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 and 145, 224); that the boundaries not surveyed are indicated as drawn from information as indicated; 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, 2023.

Ryan McBryde
Professional Land Surveyor

L-4394
Registration Number



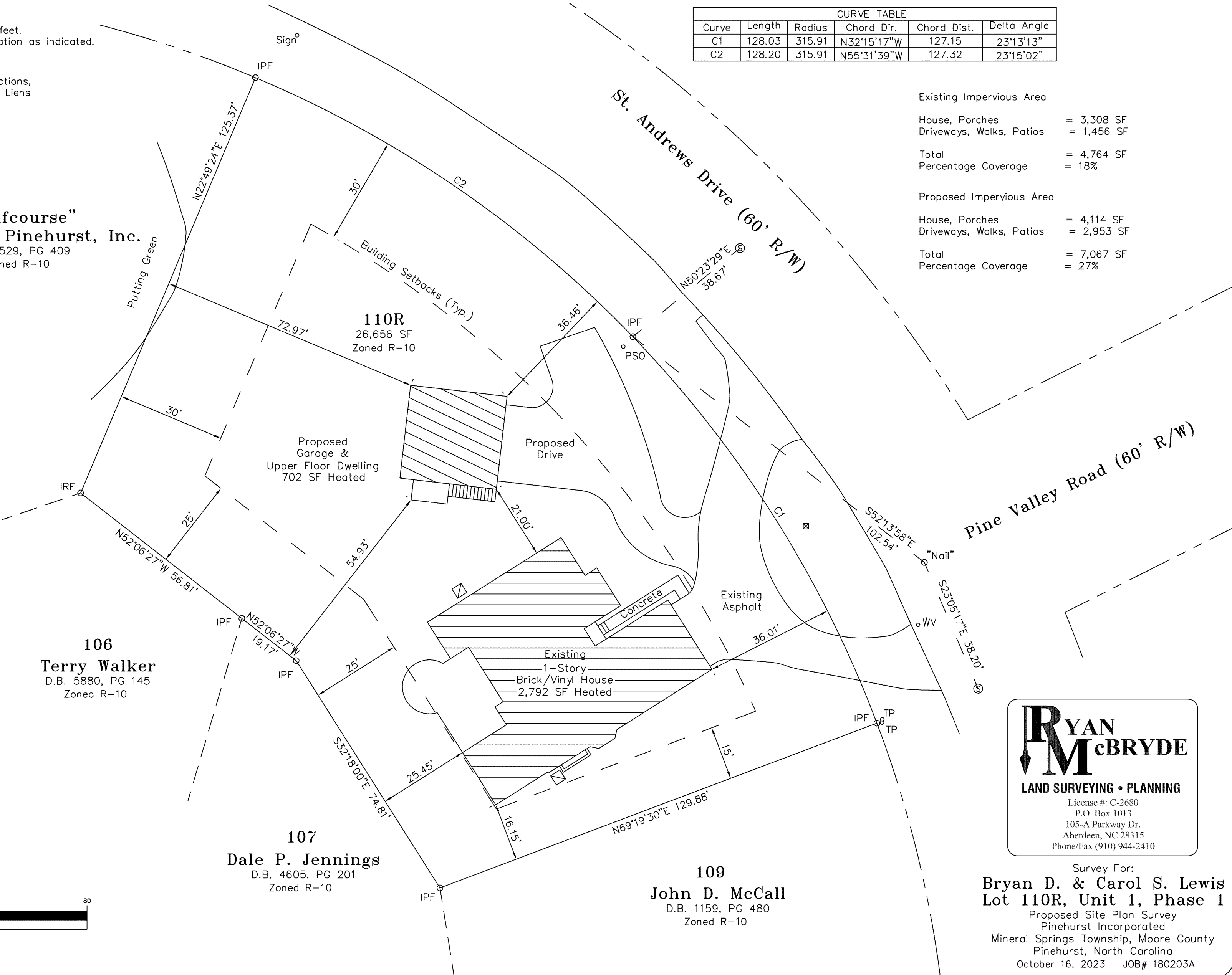
CURVE TABLE					
Curve	Length	Radius	Chord Dir.	Chord Dist.	Delta Angle
C1	128.03	315.91	N32°15'17"W	127.15	23°13'13"
C2	128.20	315.91	N55°31'39"W	127.32	23°15'02"

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%



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

ELEVATION NOTES:
GRADE ELEVATIONS SHOWN DO NOT NECESSARILY REFER TO THIS OR ANY OTHER LOT. THEY ARE FOR DIAGNOSTIC 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 HIGHT 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.

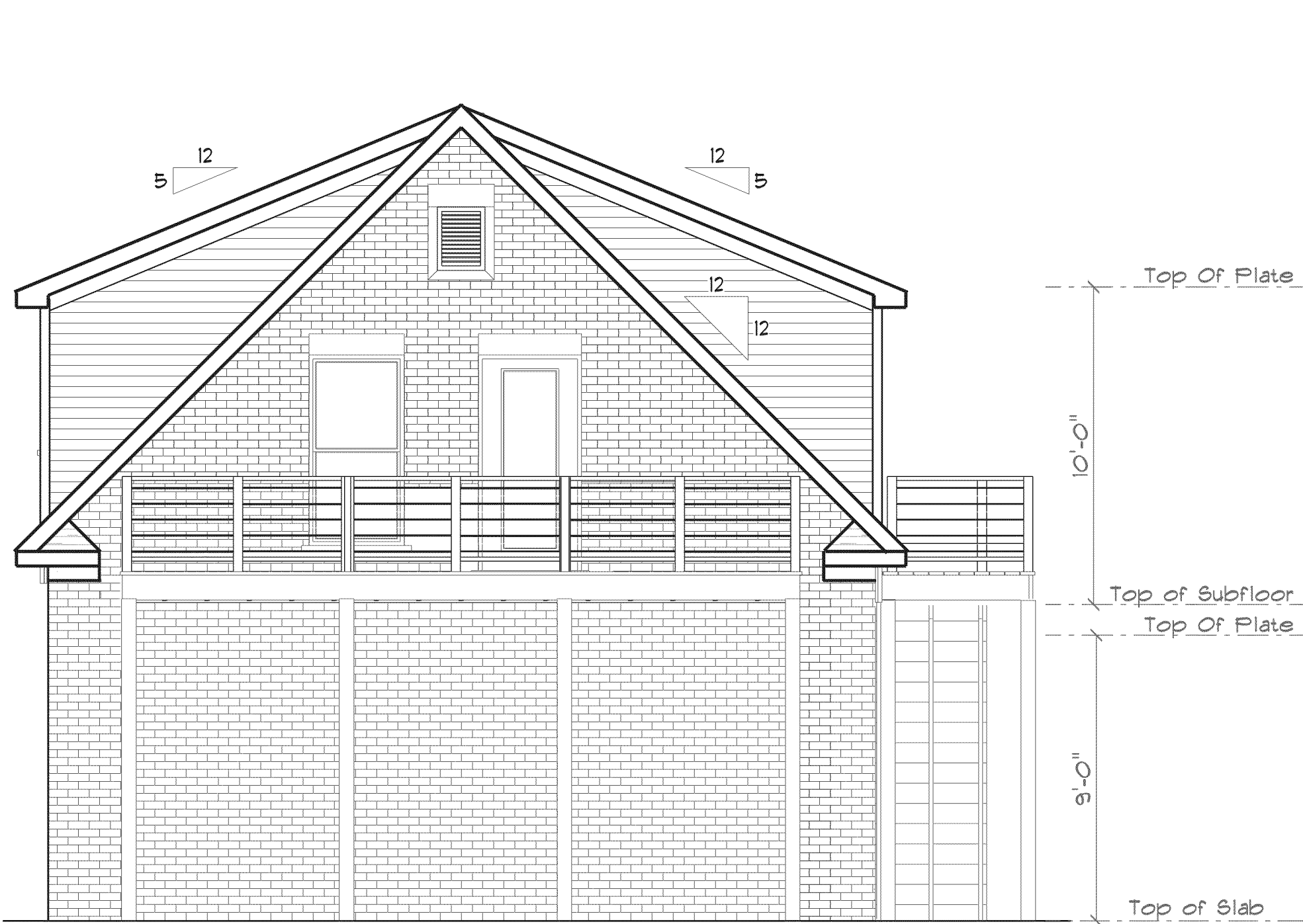
PORCHES, BALCONIES, OR RAISED FLOOR SURFACES LOCATED MORE THAN 30" ABOVE THE FLOOR OR GRADE BELOW SHALL HAVE GUARDRAILS NOT LESS THAN 32" IN HEIGHT.

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 MANUFACTURERS BEFORE CONSTRUCTION BEGINS.
ALL BEAMS AND FRAMING MEMBERS ARE SIZED BY OTHERS.

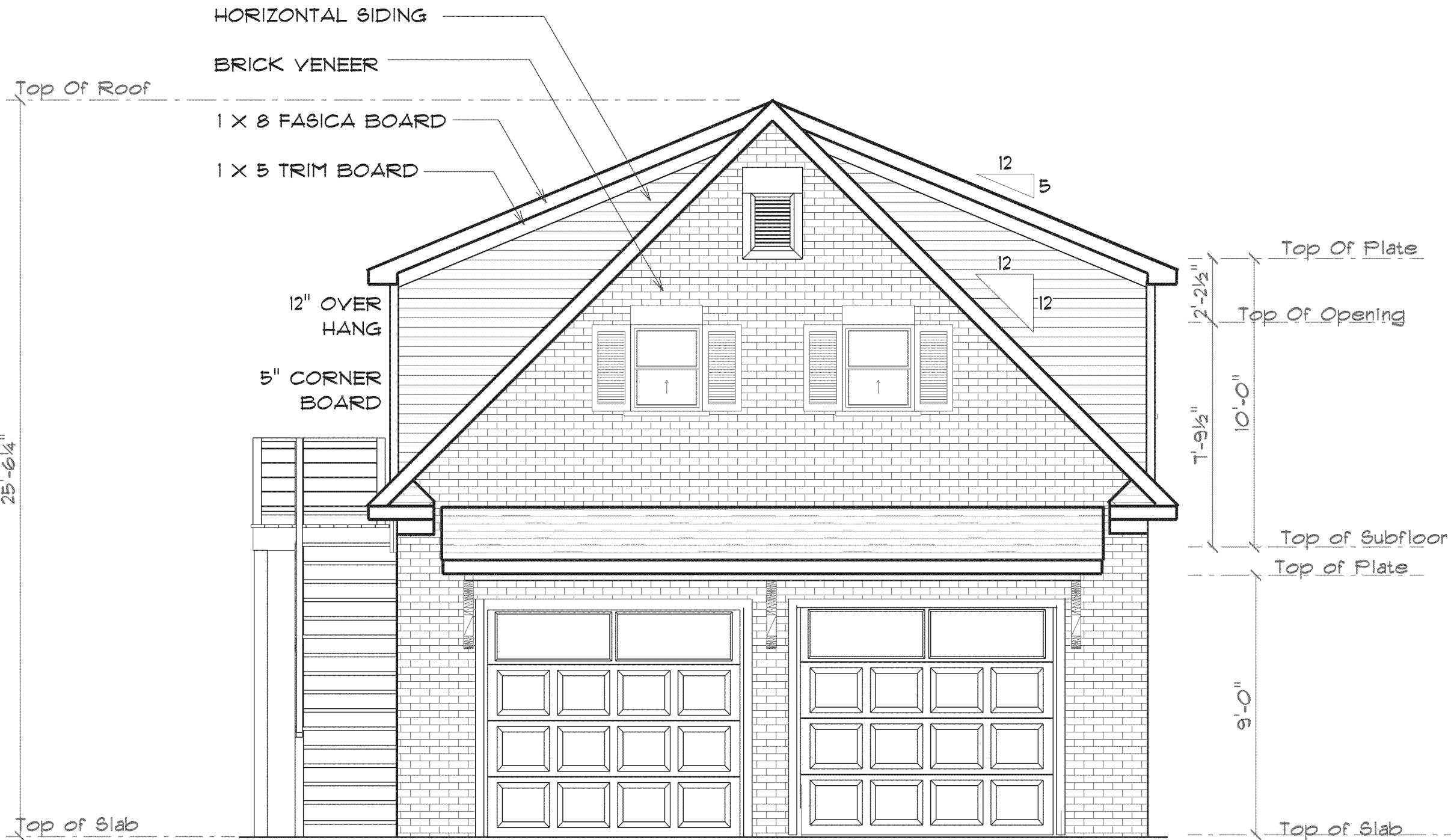
1.1 This plan has been drawn to comply with the 2018 NC Building Code

- 1.2 Minimum Design Loads for Building and Other Structures ASCE 7-9B
- 2 Roof Dead Load 15 P&F
 - 3 Roof Live Load 20 P&F
 - 4 Typical Floor Dead Load 10 P&F
 - 5 Floor Live Loads
 - 5.1 Rooms other than sleeping rooms 40 P&F
 - 5.2 Sleeping Rooms 30 P&F
 - 5.3 Stairs 40 P&F
 - 5.4 Decks 40 P&F
 - 5.5 Exterior Balconies 60 P&F
 - 6 Wind Loads
 - 6.1 Ultimate Design Wind Speeds 15 MPH
 - 6.2 Wind Importance Factor, I_w 1.00
 - 6.3 Exposure B
 - 6.4 Walls (Component and Cladding) 25 P&F
 - 6.5 Roofs (Component and Cladding)
 - 6.5.1 Roof Slopes 2.25/12 to 7/12 34.8 P&F
 - 6.5.2 Roof Slopes 7/12 to 12/12 21 P&F

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.



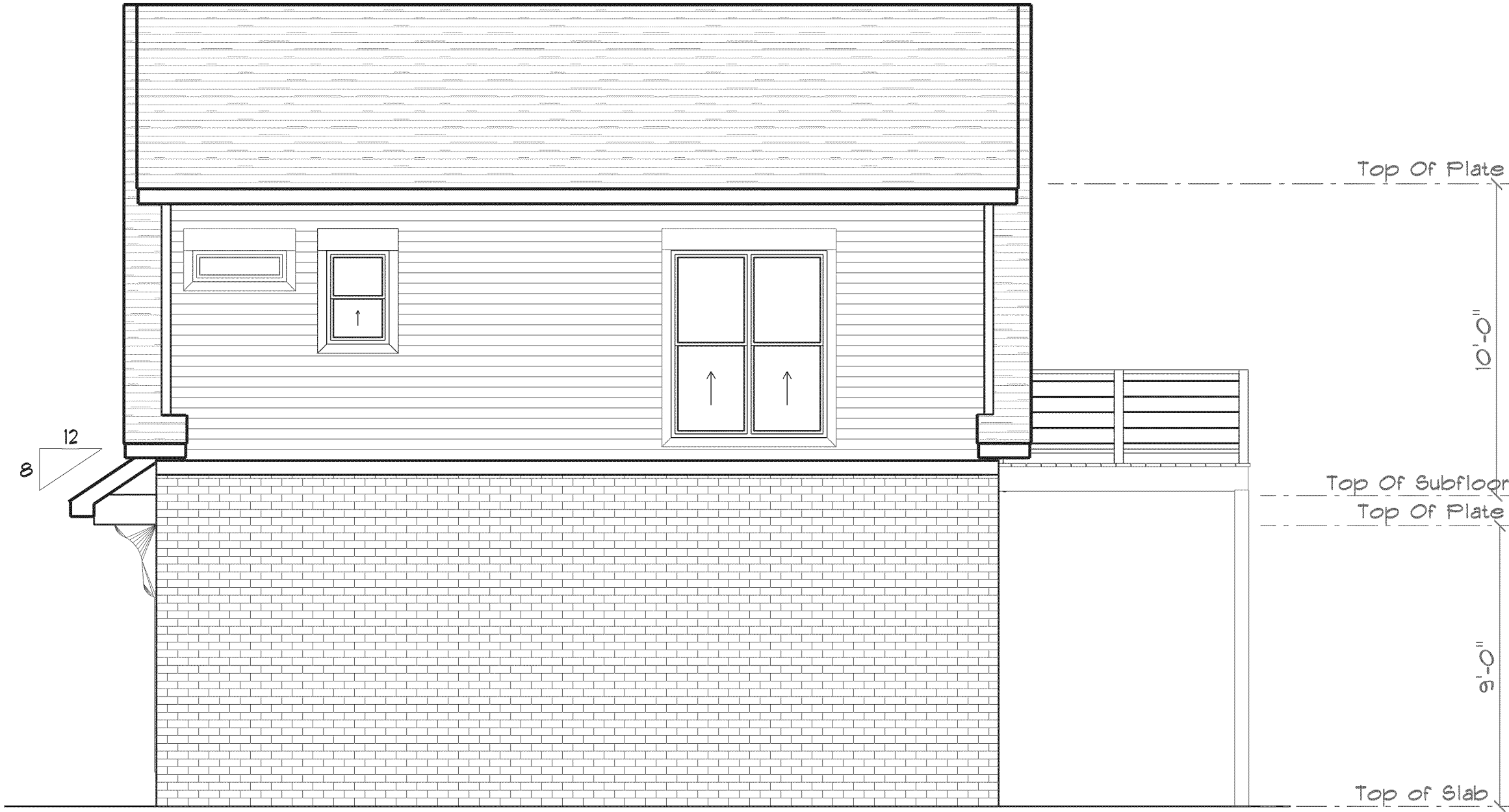
FRONT ELEVATION
SCALE: 1"= 1/4"



REAR ELEVATION
SCALE: 1"= 1/4"



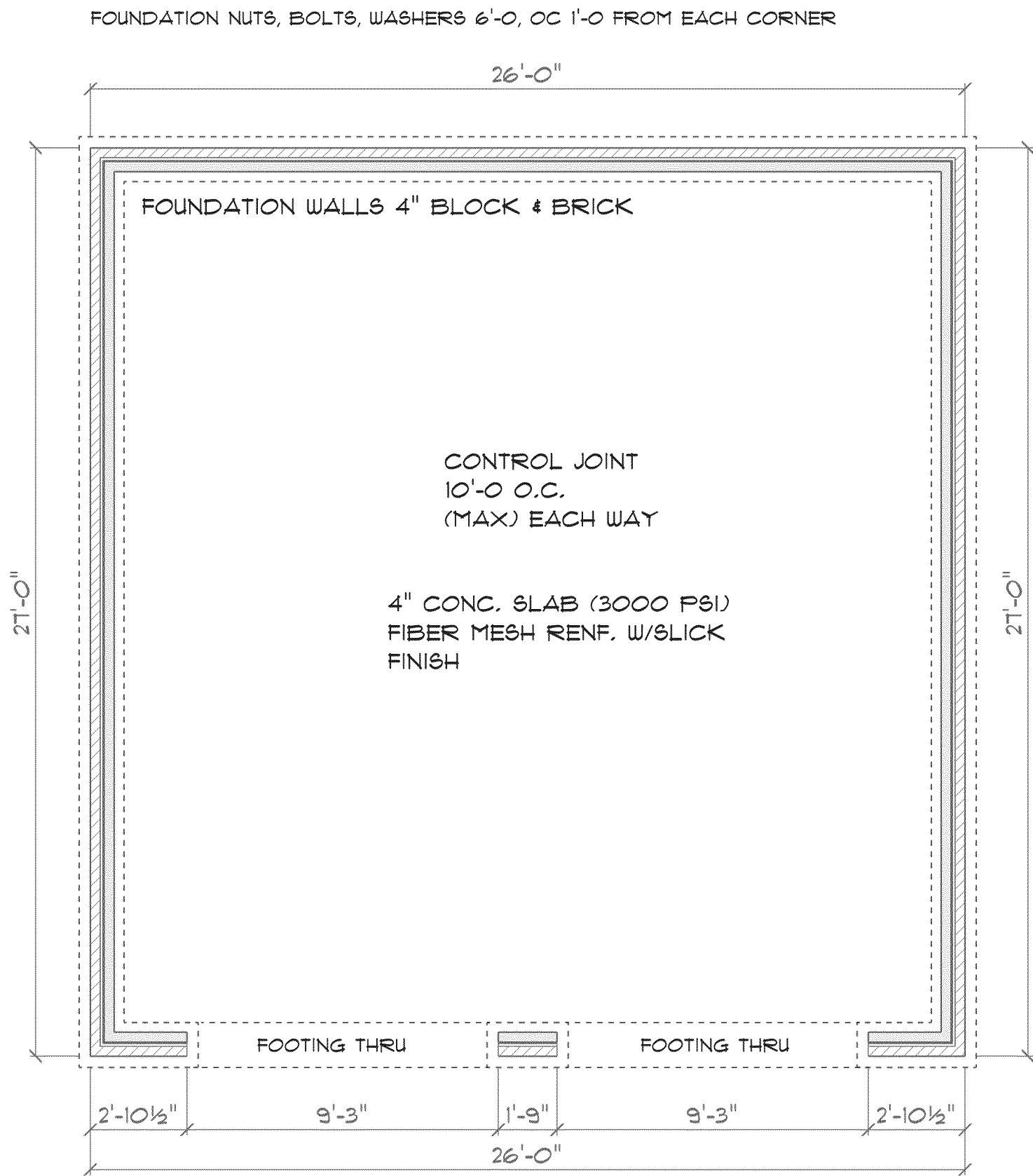
LEFT ELEVATION
SCALE: 1"= 1/4"



RIGHT ELEVATION
SCALE: 1"= 1/4"

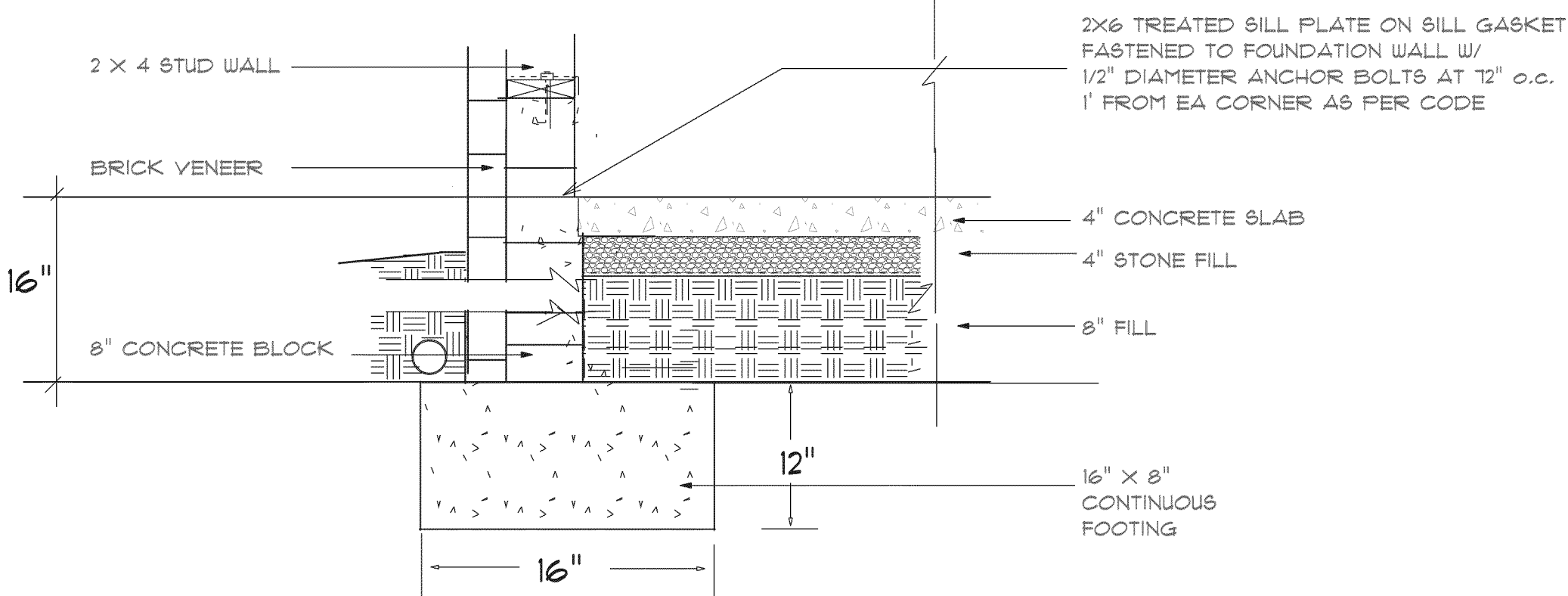
Termite Soil Treatment: Treat entire slab area soil or crawl space surface before vapor barrier is installed and slab is poured with a state approved termiticide. Termiticide should be applied by a licensed and certified pest control professional by the state of North Carolina.

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.



GARAGE & FOUNDATION PLAN
SCALE: 1"= 1/4"

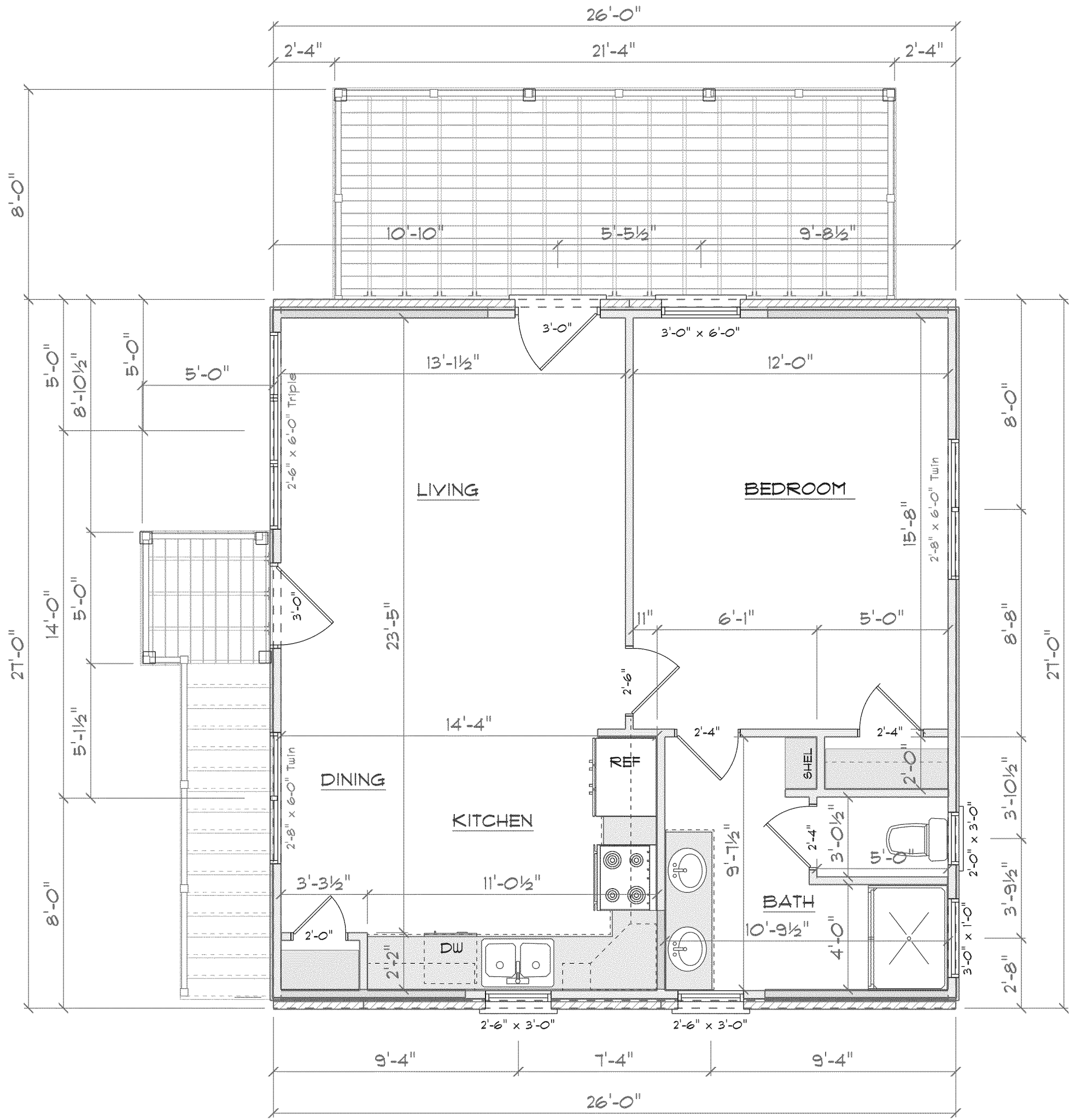
AREA SCHEDULE	
NAME	AREA
Garage	702 sq ft.



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

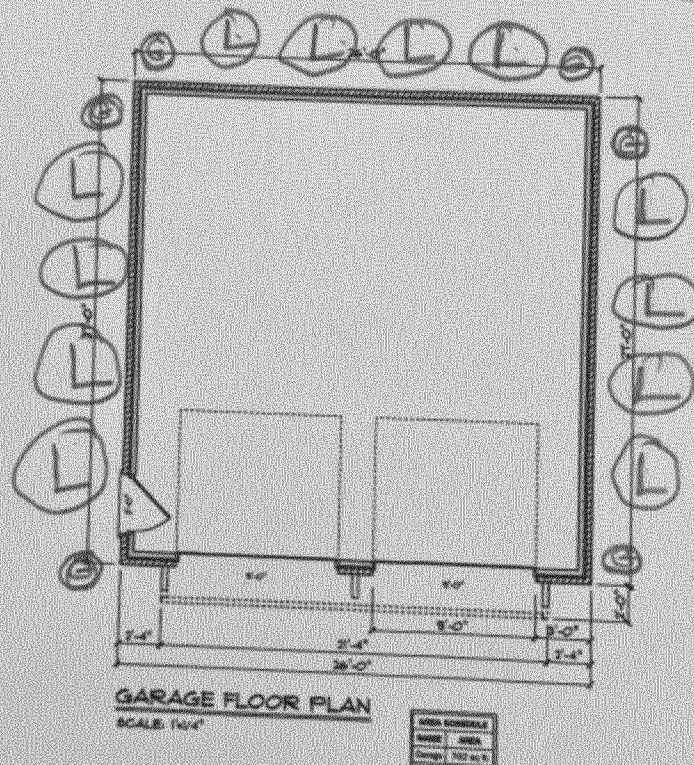


2ND FLOOR PLAN
SCALE: 1"= 1/4"

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 TJ'S TO BE SIZED BY OTHERS
EXTERIOR WALLS IN LIVING AREAS ARE 2 X 4

Lewis Caringe House
Foundation Planting



Legend

- ⑤ - 3 gallon Gardenia bush
(Quantity = 6)
- ⑥ - 5 gallon Lorapettulum bush
(Quantity = 12)

November 9, 2023

ADMINISTRATIVE MEMORANDUM TO: Jeff Sanborn

THROUGH: Angie Kantor

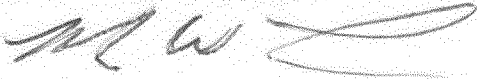
SUBJECT: Weapon Purchase

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 41 no 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

A handwritten signature in dark ink, appearing to read 'M W Tew', with a stylized flourish at the end.



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:

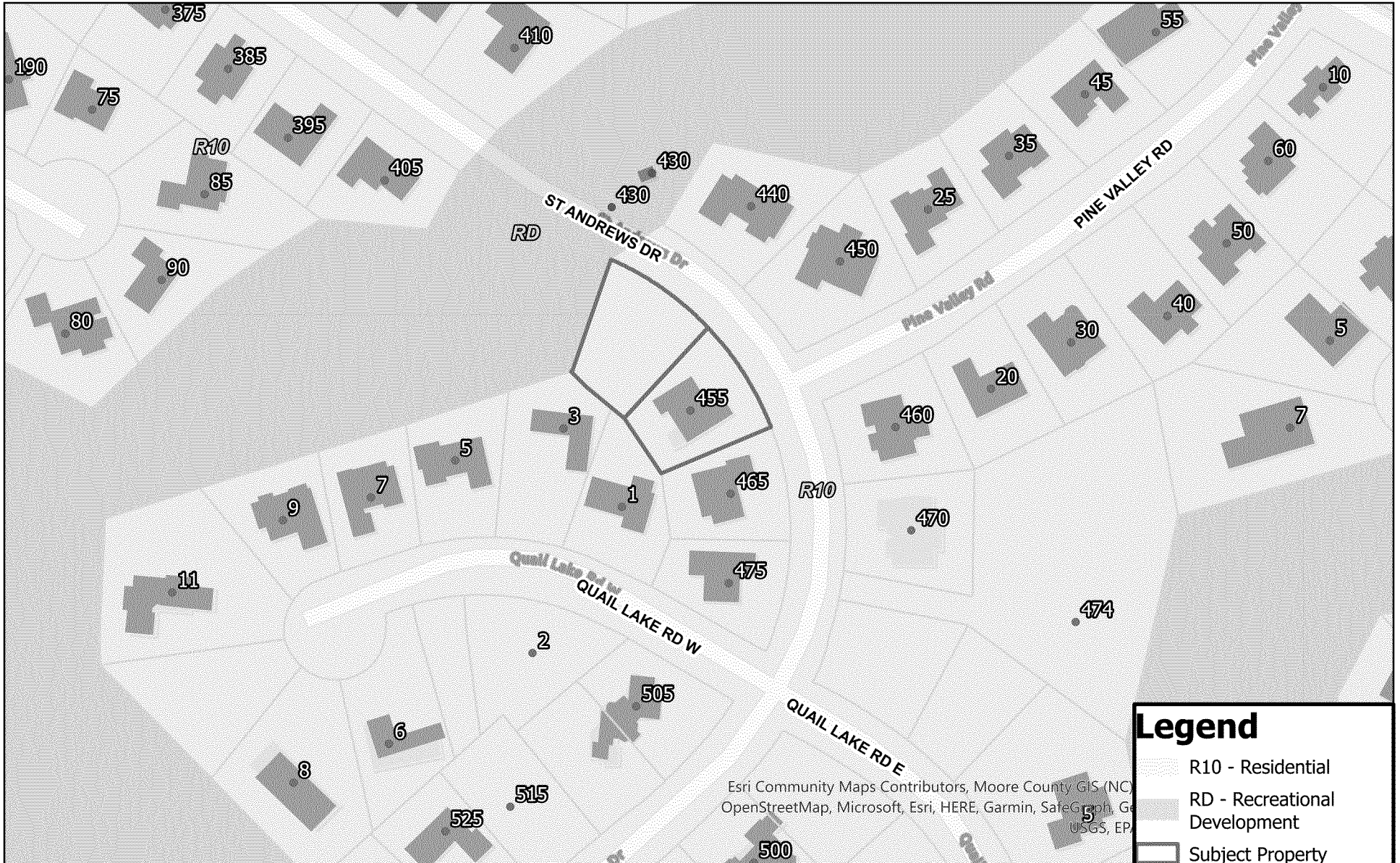
In order to ensure future compliance with the WS-II Watershed Protection District requirements (see Sec. 8.3.3.3(B) and 8.3.3.5(B), impervious surface is limited to 12% of the lot area excluding any development existing prior to June 21, 1993. This limits the total impervious area of the property to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



Legend

- R10 - Residential
- RD - Recreational Development
- Subject Property

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

VILLAGE OF PINEHURST

N
 W
 E
 S



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



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).



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



Legend

- Subject Property
- Property Owners Receiving Notification

Official Zoning

- R10 - Residential
- RD - Recreational Development

Esri Community Maps Contributors, Moore County GIS (NC), S
OpenStreetMap, Microsoft, Esri, HERE, Garmin, SafeGraph, Geo
USGS, EPA,

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
Special Use Permit



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 And wife, BRENDA J. SURAL	BRYAN D. LEWIS And CAROL S. LEWIS <u>80 Gabriel Drive</u> <u>South Haven, MI 49090</u>

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.

Submitted electronically by "Van Camp, Meacham & Newman, PLLC"
in compliance with North Carolina statutes governing recordable documents
and the terms of the submitter agreement with the Moore County Register of Deeds.

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

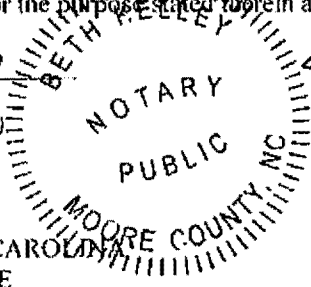
By: *Brenda J. Sural* (SEAL)
Brenda J. Sural

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

(Official Seal)



[Signature]
Notary Public

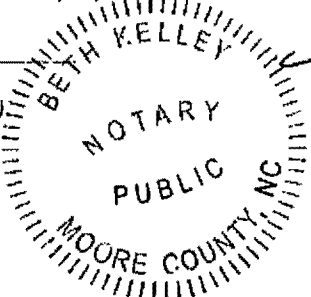
My commission expires: 11-23-2019

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

(Official Seal)



[Signature]
Notary Public

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**

Pinehurst, LLC, a North Carolina limited liability
 company (by conversion from Pinehurst, Inc.)
 PO Box 4000
 Pinehurst, NC 28374

Grantee

Bryan D. Lewis and
 Carol S. Lewis, Husband and Wife
80 Gabriel Drive
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.

Submitted electronically by "Clarke, Phifer, Vaughn, Brenner & McNeill, PLLC"
 in compliance with North Carolina statutes governing recordable documents
 and the terms of the submitter agreement with the Moore County Register of Deeds.

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: [Signature] (SEAL)
Richard T. Higginbotham – Authorized Representative

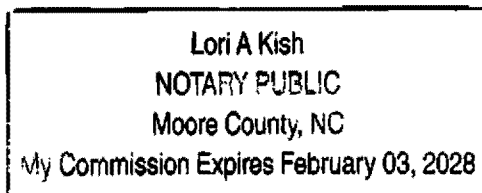
STATE OF North Carolina, COUNTY OF MOORE

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

Print notary name: Lori A. Kish
(notary name must be exactly as on notary seal)

My commission expires: February 3, 2028

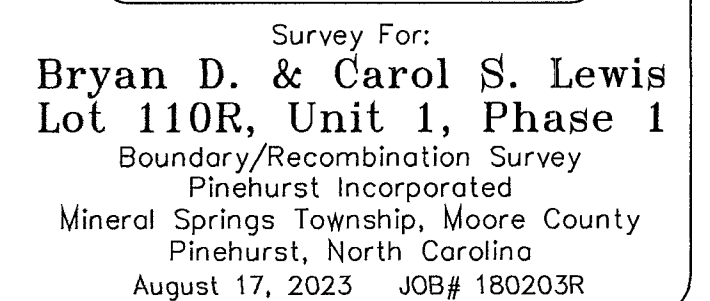
[affix notary seal above, which must be fully legible]

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.



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.



HISTORY, CHARM, AND SOUTHERN HOSPITALITY_____

**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)

PLANNING & INSPECTIONS

395 Magnolia Road • Pinehurst, NC 28374 • Telephone (910) 295-2581 • Fax (910) 295-1396 • www.vopnc.org



HISTORY, CHARM, AND SOUTHERN HOSPITALITY_____

(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

DRAFT

**VILLAGE OF PINEHURST
VILLAGE COUNCIL
CLOSED SESSION-OCTOBER 24, 2023
ASSEMBLY HALL
395 MAGNOLIA ROAD
PINEHURST, NORTH CAROLINA**

MINUTES

The Village of Pinehurst Village Council held a Closed Session Meeting following its Work Session, held at 08:49 PM, Tuesday October 24, 2023, in the Assembly Hall of the Pinehurst Village Hall, 395 Magnolia Road, Pinehurst, North Carolina. The Closed Session Meeting was called to order at 09:10 PM.

The purpose of the Closed Session, pursuant to NCGS §143-318.11(a)(6), was to consider the qualifications, competence, performance, character, fitness, conditions of appointment, or conditions of initial employment of an individual public officer or employee or prospective public officer or employee.

The following were in attendance in the Assembly Hall:

Mr. John C. Strickland, Mayor
Ms. Lydia Boesch, Councilmember
Mr. Tom Hennie, Councilmember

Mr. Patrick Pizzella, Mayor Pro Tem
Mr. Jeff Morgan, Councilmember
Ms. Angela Kantor, HR Director

MAYOR STRICKLAND CALLED THE MEETING TO ORDER.

The purpose of the meeting was for Councilmembers to complete the Village Manager's FY 2023 Annual Review.

Ms. Angela Kantor, HR Director, made a brief presentation regarding completion of the review, including the Merit Pay Increase range of 0-3%.

Ms. Kantor left the meeting at 09:15 PM.

Councilmembers discussed the Composite Report contained in the Village Manager's Performance Evaluation for FY 2023 form. No changes were recommended. The average composite rating for FY 2023 was 4.33 out of 5.0. A Merit Pay Increase of 1.75% was unanimously approved. Mayor Strickland and Councilmember Morgan will meet with Mr. Jeff Sanborn, Village Manager, to discuss the FY 2023 Performance Evaluation as soon as possible.

ADJOURNMENT.

Upon a motion by Mayor Pro Tem Pizzella, seconded by Councilmember Hennie, Council unanimously approved to adjourn the Closed Session and re-enter the Work Session at 09:31 PM, by a vote of 5-0.

Respectfully Submitted,

Shannon Konstantinou
Village Clerk
per summary by Mayor John Strickland

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.

(Municipal Seal)

VILLAGE OF PINEHURST
VILLAGE COUNCIL

By: _____
John C. Strickland, Mayor

Attest:

Approved as to Form:

Shannon Konstantinou, Village Clerk

Michael J. Newman, Village Attorney

Whereas	Primary Government Unit Village of Pinehurst
and	Discretely Presented Component Unit (DPCU) (if applicable)
and	Auditor 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
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hereby agree that it is now necessary that the contract be modified as follows.

☐ Modification to date submitted to LGC

Original date 10/31/23	Modified date
Original fee \$ 41,000.00	Modified fee \$ 49,778.73

☒ Modification to fee

Primary Other
(choose 1)(choose 0-2)

Reason(s) for Contract Amendment

- | | | |
|----------------------------------|--------------------------|--|
| ☒ | ☐ | 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

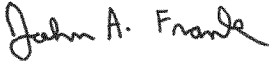
Please provide any additional explanation or details regarding the contract modification.

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* FORVIS, LLP	
Authorized Firm Representative* (typed or printed) John Frank	Signature* 
Date* 11/03/23	Email Address John.Frank@forvis.com

GOVERNMENTAL UNIT

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

Chair of Audit Committee (typed or printed, or "NA") 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* Dana Van Nostrand	Signature*
Date of Pre-Audit Certificate*	Email Address* 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



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 construction 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!



**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 it 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.

Values: Service, Initiative, Teamwork, and Improvement