



Spruce Pine Town Council Meeting  
Town Hall  
11050 S. Highway 226  
Spruce Pine, NC 28777  
**Monday, June 8, 2026**  
**5:30 PM**



## **AGENDA**

### **I. CALL TO ORDER – MAYOR BETH HOLMES:**

- A. Roll Call
- B. Notification and Posting of the Agenda
- C. Pledge of Allegiance (Councilman Buchanan)
- D. Invocation (Mayor Holmes)
- E. Approval of Minutes (May 26, 2026)

### **II. PUBLIC COMMENT**

Public comments are limited to 3 minutes. This time is provided to share general thoughts with the Town Council. Individuals who desire to make a public comment must complete the sign-in sheet made available at each meeting and speak at the lecture (unless physically unable).

### **III. PRESENTATIONS – DEPARTMENT HEAD UPDATES**

- A. Police – Captain Burleson
- B. Public Services – Travis Phillips
- C. Parks, Recreation & Tourism – Spencer Bost
- D. Water/Sewer – Darrell Graham
- E. Finance – Brian Hobson

### **IV. PUBLIC HEARING**

- A. **Ordinance 2026.009:** 2026-2027 Town of Spruce Pine Budget Ordinance

### **V. ACTION ITEMS**

- A. **Preliminary, Non-binding Vote:** To satisfy any concerns with NCGS 14-234.3, the Council will separately hold a preliminary, non-binding vote on budget appropriations for any nonprofit entities where Council members serve on the nonprofit boards. While this preliminary vote is non-binding, it will allow the impacted Council meeting to, on the record, demonstrate his/her recusal from the appropriation for the impacted nonprofit entity but still allow the Council member to vote for the overall budget ordinance.
  - (1) Appropriation for the Spruce Pine Library.
- B. **Fiscal Year 2026-2027 (FY27 Budget):** Discussion and consider approving the 2<sup>nd</sup> (Final) Reading of the Draft Fiscal Year 2026-2027 (FY27) Budget



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**AGENDA**

C. **NCLM MOA:** Discussion and consider approving Amendment #2 to the Municipal Accounting Services, Cybersecurity and Technical Assistance Memorandum of Agreement.

**VI. MANAGER'S REPORT**

**VII. MAYOR/COUNCIL REQUESTS OR COMMENT**

**VIII. ADJOURNMENT**



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**I. CALL TO ORDER:**

- A. Mayor Holmes called the meeting to order at 5:31 pm.
- B. Mayor Holmes requested a roll call. Marie Murphy conducted roll call for council members Peight, McKinney, Taylor, and Mayor Holmes. Councilman Buchanan was absent.
- C. Notification and Posting of the Agenda: Proper notification and posting of the agenda were acknowledged by Daniel Stines, Town Manager. Mayor Holes moves to adjust appointments previously listed as item V. on the agent to item follow Public Comment as item II.
- D. Pledge of Allegiance: Councilman Peight led the Pledge of Allegiance.
- E. Invocation: Councilwoman Taylor led the Invocation.
- F. Approval of Minutes (May 11<sup>th</sup>, 2026):  
The council reviewed the minutes as presented. Councilman Peight motioned to approve the minutes presented, and Councilman McKinney seconded. Motion approved and passed 4/0.

**II. PUBLIC COMMENT:**

- A. Public comments are limited to 3 minutes. This time is provided to share general thoughts with the Town Council. Individuals who desire to make a public comment must complete the sign-in sheet made available at each meeting and speak at the lecture (unless physically unable).

There were no public comments.

**III. APPOINTMENTS:**

- A. Spruce Pine Planning Board: Mayor Holmes requests a motion to appoint Kenny Riddle to the Spruce Pine Planning Board. A motion is made by Councilman McKinney and seconded by Councilman Peight. Motion passes 4/0

**IV. PRESENTATIONS:**

- A. 2026-2027 Action Plan:  
Drew, representing the High Country Council of Governments, reviewed proposed edits to the 2026–2027 Action Plan, including grammatical revisions, visual formatting updates, and minor adjustments to priority order for clarity. Councilwoman Taylor noted concern regarding language related to the Fire Department, stating she had understood that item would be removed entirely. Mayor Holmes clarified that the intent was not to remove services, but to support



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funding for full-time Fire Department positions. Town Manager Daniel Stines suggested the Action Plan could be adopted contingent upon the agreed-upon wording changes. Councilman Peight recommended language focused on “exploring options” for the long-term sustainability of the department. Councilwoman Taylor emphasized the need for language clearly conveying support for the department and clarifying that the Town is not taking over operations. Council agreed on revised language centered on collaboration and support of paid positions for the department’s long-term sustainability and vision. Drew stated the Action Plan would be amended to reflect Council’s guidance. Councilman Peight thanked the Council of Governments for their work on the Action Plan. Mayor Holmes also thanked Drew and Jackson for their efforts

**B. 2025 Audit: Combs, Tennant & Carpenter P.C.**

Jason, representing Combs, Tennant & Carpenter, presented the FY 2025 Audit, reviewing revenues, expenditures, the balance sheet, and audit findings. Jason noted that while several findings were identified, they were not necessarily alarming given the circumstances of the year and that Town Manager Stines had already begun addressing many of them. He added that it may take several years for the Town to establish a new normal following Hurricane Helene. Mayor Holmes requested clarification regarding the audit findings and whether the referenced policies are reviewed annually. Jason explained that because of the single audit requirements and increased FEMA funding, the Town underwent a more detailed review than in previous years. Town Attorney Donnahoo referenced language on page 54 and expressed concern that his comments were not accurately reflected. Jason responded that the findings were based on the audit documentation. Mayor Holmes also requested clarification regarding the credit risk finding. Jason explained that the development of a credit risk policy would be a matter for Council consideration and internal Town administration.

Mayor Holmes then moved to the next agenda item.

**C. 2025 Audit Response:**

Town Manager Daniel Stines presented the Town’s draft audit response. Stines stated that the Town has engaged the North Carolina League of Municipalities and the Local Government Commission to assist in rebuilding and strengthening the Town’s financial and administrative processes. He reviewed the key points of the draft response letter, including corrective actions already underway and the Town’s commitment to addressing all deficiencies identified in the audit. Councilwoman Taylor thanked Manager Stines and staff for their efforts. Stines recognized Brian



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Hobson, Finance Officer, for his leadership and contributions throughout the process.

**D. FY26-27 Draft Budget:**

Manager Stines states that we have alas arrived at the presentation of the budget. Stines says the budget reflects progress towards mission, vision, values, & goals; and factors in long term growth and improvements. He hits the highlights on the FY26 Budget including: +22M in FEMA Recovery funds, Water Plant, and Wastewater Plants are both operational, we have broken ground on a new Public Works Facility, are making improvements to Brad Ragan Pool, 1.2 miles of Town Streets have been paved, ½ mile of new, replaced, and extended water lines. He brings forth highlights to look forwards to in the coming year, including additional FEMA Funding, the rebuilding of Riverside and Riverbend Park, the Pedestrian Bridge design and construction, more grants and projects launches, continues policy, procedures, and operation updates, FY26-27 Action Plan, Downtown Streetscape, and AIA's for water and sewer planning. He goes over 3,450,030.77 is the recommended budget for the year. He goes over revenues including taxes, the new fee schedule. Stines covers the key recommendations of each department as well as outside agency requests including the SPFS, Library, Toe River Arts Council, MCAR, And the Chamber of Commerce. For water/sewer consumers, there will be no rate increase in the coming fiscal year. However, a Tap Fee schedule is proposed. Next steps on approving the budget are a Public Hearing on June 8<sup>th</sup>, 2026 at 5:30 pm.

**V. ACTION ITEMS:**

- A. 2026-2027 Action Plan: Discussion and consider adopting the 2026 Action Plan as presented. Councilwoman Taylor asked if changes can be made in the future. Manager Stines urges to view this as a working document, and that Council can make changes of adaptations at any time. Councilwoman Taylor made a motion to approve the 2026-2027 Action Plan with the discussed changes, Councilman Peight seconded. Motion approved and passed 4/0.
- B. Fiscal Year 2026-2027 (FY27 Budget): Discussion and consider approving the First Reading of the Draft Fiscal Year 2026-2027 (FY27) Budget. Councilman McKinney made a motion to approve the first reading; Councilwoman Taylor seconded. Motion approved and passed 4/0. Motion:



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C. Water & Sewer Extension Policy: Discussion and consider approving a Town Policy as guideline for water and sewer service extensions.

Manager Stines states the purpose is to safeguard the town's largest asset and is a common policy throughout the region. It covers when, where and how we, the Town, would extend our water and sewer services. It references several standards and accompanying design standards that may accompany this policy in the future. The Town has not historically had a policy such as this. This provides a guide for the Town to be good stewards of such a precious resource. Councilman Peight conveys his support for the policy and stated it is about time we have something such as this. A motion to approve the policy was made by Councilman Peight and seconded by Councilman McKinney. Motion approved and passed 4/0.

D. Resolution 2026.012: A resolution establishing a Building, Planning & Zoning Department, and granting the Town Manager authority with consultation of the Town Attorney to execute a dissolution with Mitchell County for Inspection Services.

Attorney Donnahoo noted a typographical correction on the agenda but confirmed the resolution itself was accurate. Manager Stines reiterates the purpose of the resolution for Council's consideration. A motion is made by Councilwoman Taylor. A second of the motion comes from Councilman McKinney. Motion approved and passed 4/0.

VI. **MANAGER'S REPORT:**

- A. There is very little to report since the last meeting. He gives credit to the Public Services crew for helping get the flags on the bridge as well as hanging the new banners throughout downtown.
- B. The Parks, Recreation, and Tourism Department is making headway on the pool renovation. We have an anticipated opening date of June 12<sup>th</sup>. Stines has heard some of the comments from social media and reiterates that even though the issues with the pool were discovered in late winter, we were at the scheduling constraints of a 3<sup>rd</sup> party. We are committed to getting it open.
- C. Thanks to the administration team for being a great team with absences and extra duties.
- D. The Town has job opportunities available, full and part-time opportunities.
- E. We are not continuing with Combs, Tennant & Carpenter as our auditors. We have enlisted the NCLM for assistance in recommendations for audit providers. A recommendation should be coming forth.



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Attorney Donnahoo suggests that in the absence of the Clerk, that someone should be appointed to attest to the policies. Councilwoman Taylor made a motion to approve Marie Murphy, Utility Clerk, the motion was seconded by Councilman Peight. Motion approved and passed 4/0.

**VII. MAYOR/COUNCIL REQUESTS OR COMMENTS:**

There were no additional comments or requests from Mayor or Council.

**VIII. ADJOURNMENT:**

Mayor Holmes requests a motion to adjourn. Councilman McKinney made the motion; Councilman Peight seconded the motion. The meet adjourned @ 6:54pm.



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ATTEST:

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Marie Murphy, Utility Clerk

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Beth Holmes, Mayor

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Rocky Buchanan, Mayor Pro Tem

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Larry McKinney, Council Member

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Wayne Peight, Council Member

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Tessa Taylor, Council Member

# **Town of Spruce Pine**



## **2026-2027 (FY27) ANNUAL BUDGET**

**Prepared for:  
The Spruce Pine Town Council**

# Town of Spruce Pine



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# Town of Spruce Pine 2026-27 Budget Message

The Honorable Mayor Holmes,  
and members of the Spruce Pine Town Council.

Mayor, and Town Council:

In accordance with the North Carolina G.S. 159-17 and the North Carolina Local Government Budget and Fiscal Control Act, staff presents the proposed Municipal Operating, Capital and Enterprise Budget for Fiscal Year 2026-2027 (FY27).

I hereby present this recommended budget for the 2026-2027 fiscal year to the Town of Spruce Pine Town Council. All funds within the proposed budgets are balanced, and all revenues and expenditures are identified for the fiscal year 2026-2027. I would like to give special thanks to our Leadership Team and our Department Heads for all of their work and contributions to this years budget.

For 2026-2027, a conservative approach was used in preparing projections for all statewide revenue sources: Beer and Wine Tax, Utility Franchise Tax, and Sales & Use Tax. The Town has developed a conservative budget that seeks to maintain current service levels, while also addressing infrastructure needs to maintain our current assets to allow for prolonged use and efficiency. Sales taxes revenues are reduced from the FY 25-26 levels.

The proposed budget for the General Fund is comparable to the budget for 2025-2026 fiscal year, with a notable change to our Tourism structure. The Downtown Main Street accounting has been absorbed into the existing Parks and Recreation Department, creating the new Parks, Recreation and Tourism fund. The FY 2026-2027 budget reflects anticipated revenues and expenditures in the General Fund of 3,450,030.77. The revenue side of the General Fund budget reflects a tax base of approximately 305 million assessed value as of January 1st, and a tax collection rate of 99%. No increase is proposed to the ad valorem tax rate for the 2026-2027 fiscal year, and the rate remains at \$0.46 cents per \$100 valuation.

The Enterprise Fund is approximately 9% more than the respective budget for 2025-2026 fiscal year. This increase is primarily due to the changes to our billing process and increased efficiency in collection ability, as well as proposed future capital improvements. This budget continues to reflect last year's increases on minimum flat rates and overage rates over the minimum usage to both inside and outside rates. The FY 2026-2027 budget reflects anticipated revenues and expenditures in the Enterprise fund of \$4,076,995.

New Capital Items/Programs have increased over the prior year, mainly due to safety concerns, and the increasing cost of renting machinery for large scale projects. The Capital/New Items for the 2026-2027 budget for the General and Enterprise Funds include: new mowers for Parks, Recreation & Tourism, and heavy equipment for Public Services, and infrastructure improvements for Water and Wastewater. The budget also includes matches for an AIA Grant and the Goldenleaf Hwy 226 Project.

The budget includes contributions to outside agencies including TRAC, Mitchell County Chamber of Commerce, Spruce Pine VFD, Mitchell County Animal Rescue and Spruce Pine Public Library.

Employee pay is adjusted by a 4% COLA and Merit Pay based on performance to continue adjusting from compounded salary compression as presented in the 2025 Compensation and Classification Study provided by the NC League. Other adjustments include increases in State Retirement costs for the employer. Insurance costs have also increased considerably over the 2025-2026 budget levels. This budget also takes into consideration rising costs of fuel, chemicals, and other necessary supplies.

The General Fund budget is balanced with a fund balance appropriation of \$492,350.16. The Enterprise Fund is balanced with a fund balance appropriation of \$311,870. While the General Fund Balance appropriation is primarily due to rising costs in healthcare, retirement and overall inflationary costs, the Enterprise Fund Balance appropriation is made from one-time, non-recurring costs. Expenditure on assets that deliver long-term positive impacts on infrastructure are essential within the Water & Sewer Fund as they balance the Capital Assets Condition Ratio. A marker currently listed as a fail in our Financial Performance Indicators provided by the Local Government Commission.

With appropriations from Fund Balance considered, the Town retains 120% of General Fund Expenses in its available Unrestricted Fund Balance. Staff has also had great success this past budget year with grants, which will help offset much needed capital investments, while continuing to improve the Towns infrastructure.

The development of this budget was made possible through the knowledge and contributions provided by staff and the Spruce Pine Town Council. As stewards of public resources, staff believes the primary function of the Town, is to concentrate budgeting efforts on ensuring the safety of our community by investing in Public Safety and Public Infrastructure. These efforts are the core to providing safe and sustainable communities and creating a home, for our kids to one day call home.

The Town will continue to move forward addressing the needs and desires of citizens in the most efficient and effective manner possible. I am optimistic about the coming year and look forward to the benefits that our citizens will realize through the improvements the Town will make in FY 2026-2027.

Respectfully Submitted,

Daniel Stines

Town Manager

# Town of Spruce Pine

## 2026-2027 Budget Introduction

### **Fund Accounting**

The accounts of the Town of Spruce Pine are organized and operated on the basis of funds. A fund is a grouping of related accounts that have been segregated for specific activities or objectives.

Funds used by local governments can be grouped into two types: governmental funds and proprietary funds. Governmental funds are simply used to account for most governmental-type activities and are primarily financed by tax revenues. Proprietary funds are used for activities that operate more like businesses, such as water or sewer operations, where expenses are primarily financed by revenues derived from user charges rather than tax dollars. The Town of Spruce Pine currently uses governmental and proprietary funds primarily, and when needed, Capital Project and Special Revenue Funds.

### **General Fund**

The General Fund encompasses most of the town's day-to-day operations. Property taxes are one component of General Fund revenue. Other important General Fund revenue sources are various sales taxes and excise taxes that are distributed to the town by the North Carolina Department of Revenue. Finally, specific user charges such as cemetery fees and privilege license fees are accounted for as General Fund revenues.

All general operating expenditures are budgeted and accounted for in the General Fund. In addition, capital expenditures (purchases of real and personal property assets that have multi-year service lives) are likewise budgeted and accounted for in the General Fund.

The Town of Spruce Pine considers expenditures for fixed assets with a value greater than five thousand dollars (\$5000) to be capital expenditures.

### **Enterprise Fund**

The Enterprise Fund is the Town's Water & Sewer Fund. GAAP requires state and local governments to use the Enterprise Fund type to account for "business-type activities" – activities similar to those found in the private sector. Business type activities include services primarily funded through user charges. User Charges in the Enterprise Fund include: water and sewer fees, tap fees, delinquent account fees, etc.

### **Capital Project Funds**

Capital Project Funds are used to budget and account for larger capital expenditures that may take place over more than one fiscal year. A large or multi-year capital project is authorized by a *Capital Project Ordinance* adopted by the town council, and the project is financed through a related Capital Project Fund. The Capital Project Fund may receive transfers from the General or Enterprise Fund, or it may receive funds from other revenue sources such as grants or bond proceeds. Currently the Town has four active capital project fund ordinances. Golden Leaf Grant for Hwy 226 Water Line, DWI – Stormwater Grant, Streetscape Project, and Helene Disaster Relief.

In recent years, the Town of Spruce Pine has established Capital Project Funds to renovate the new town hall, construct the new police department, PRC Industries utility improvements, the ARC bar screen project, and the SRF Loan to fund the sewer line rehabilitation project.

### **Budget Preparation**

The Town of Spruce Pine operates on a fiscal year that runs from July 1st – June 30<sup>th</sup>. The annual budget process begins with the finance officer working with Departmental staff to estimate operating expenditures for the next fiscal year. These estimates usually begin in February.

### **The Budget Ordinance**

Under the North Carolina Local Government Budget and Fiscal Control Act, no expenditure may be made by the finance officer or any departmental personnel if that expenditure is not authorized. The Town of Spruce Pine allows the finance officer to make transfers between objects of expenditure within a department without limitation. Amounts of up to \$1000 may be transferred between departments of the same fund with an official presentation on such transfers at the next regular meeting of the Town Council. Funds may not be transferred between funds or from any contingency appropriation within a fund.

# **Town of Spruce Pine**



**2026-2027**

**General Fund**



**Town of Spruce Pine  
General Fund  
Adopted Budget  
2026-2027**

**General Fund Revenues**

2021-Taxes	10-301-21	\$	2,000.00
2022-Taxes	10-301-22	\$	3,000.00
2023-Taxes	10-301-23	\$	5,000.00
2024-Taxes	10-301-24	\$	5,000.00
2025-Taxes	10-301-25	\$	5,000.00
2026-Taxes	10-301-26	\$	1,400,000.00
Payment in lieu of taxes	10-303-00	\$	20,000.00
Vehicle Taxes	10-304-00	\$	110,000.00
Tax Penalties	10-317-00	\$	5,000.00
Privilege License	10-325-00	\$	325.00
Interest on Investments	10-329-00	\$	120,000.00
Misc. Revenue	10-335-00	\$	5,000.00
Donations for Special Town Events	10-335-03	\$	6,500.00
Bank of America Rebate	10-336-00	\$	3,000.00
Utilities Franchise Tax	10-337-00	\$	215,000.00
Building Permit and Inspection Revenues	10-340-00	\$	75,000.00
Annexation & Zoning Revenues	10-340-01	\$	5,000.00
Code Violations/Fines	10-340-02	\$	500.00
Powell Bill	10-343-40	\$	103,733.61
Local Sales Tax	10-345-00	\$	690,800.00
Alcohol / Beverage Tax	10-345-01	\$	12,000.00
Solid Waste Disposal	10-346-00	\$	1,600.00
Unauthorized Substance Tax	10-347-00	\$	582.00
Officer Fees	10-351-00	\$	700.00
Parking/Other Violations	10-352-00	\$	5,000.00
Cemetery Plots	10-361-00	\$	8,000.00
Office Rental	10-362-02	\$	3,240.00
Recreation Revenues	10-365-00	\$	18,000.00
Recreation/Festival Revenues	10-365-01	\$	15,000.00
Revenue ABC	10-366-00	\$	103,200.00
Revenue ABC Police Dist.	10-366-01	\$	9,000.00
Sale of Fixed Assets	10-383-00	\$	1,500.00
Fund Balance Appropriation	10-399-00	\$	492,350.16
<b>Total General Fund Revenue</b>		<b>\$</b>	<b>3,450,030.77</b>

**General Fund Expenditures**

<i>Governing Body</i>		
SALARIES	10-410-02	\$ 18,250.00
FICA	10-410-05	\$ 1,400.00
Workers Comp	10-410-09	\$ 80.00
TRAVEL	10-410-14	\$ 1,500.00
MISCELLANEOUS	10-410-57	\$ 3,500.00
<b><i>Governing Body Department Total</i></b>		<b>\$ 24,730.00</b>
<i>Administration &amp; Finance</i>		
SALARIES-PART TIME	10-420-01	\$ 17,000.00
SALARIES	10-420-02	\$ 435,000.00
SALARIES-OVERTIME	10-420-03	\$ 2,000.00
PROFESSIONAL SERVICES	10-420-04	\$ 94,000.00
FICA	10-420-05	\$ 26,780.00
GROUP INSURANCE	10-420-06	\$ 110,000.00
RETIREMENT	10-420-07	\$ 66,000.00
UNEMPLOYMENT INSURANCE	10-420-08	\$ 1,020.00
WORKERS COMP	10-420-09	\$ 3,500.00
W/S ADMIN FEES	10-420-10	\$ (417,851.00)
TELEPHONE & POSTAGE	10-420-11	\$ 15,000.00
UTILITIES	10-420-13	\$ 7,500.00
TRAVEL	10-420-14	\$ 2,500.00
BUILDING GROUND MAINT.	10-420-15	\$ 15,000.00
EQUIPMENT MAINTENANCE	10-420-16	\$ 300.00
AUTO MAINTENANCE	10-420-17	\$ 500.00
COPIER LEASE	10-420-21	\$ 3,000.00
ADVERTISING	10-420-26	\$ 5,000.00
AUTO SUPPLIES	10-420-31	\$ 250.00
TRAINING	10-420-32	\$ 10,000.00
SUPPLIES & MATERIALS	10-420-33	\$ 18,500.00
IT SERVICES	10-420-34	\$ 43,000.00
A/V AND IT SUPPLIES	10-420-35	\$ 18,000.00
UNIFORM ALLOWANCE	10-420-36	\$ 1,200.00
CONTRACTED SERVICES	10-420-45	\$ 4,000.00
DUES & SUBSCRIPTIONS	10-420-53	\$ 7,500.00
PROPERTY/ WC INSURANCE	10-420-54	\$ 40,000.00
MISCELLANEOUS	10-420-57	\$ 7,000.00

SERVICE CHARGES	10-420-88	\$ 4,300.00
CONDEMNATION FEES	10-420-89	
<b>Administration &amp; Finance Department Total</b>		<b>\$ 539,999.00</b>
<i>Municipal Elections</i>		
<b>COST OF ELECTIONS</b>	<b>10-430-45</b>	<b>\$ 3,200.00</b>
<i>Tax Collections</i>		
<b>TAX COLLECTION FEES</b>	<b>10-480-45</b>	<b>\$ 5,250.00</b>
<i>Public Buildings &amp; Facilities</i>		
UTILITIES	10-500-13	\$ 67,000.00
BUILDING/GRND MAINTENANCE	10-500-15	\$ 25,000.00
EQUIPMENT MAINTENANCE	10-500-16	\$ 500.00
SUPPLIES & MATERIALS	10-500-33	\$ 21,500.00
CONTRACTED SERVICES	10-500-45	\$ 16,000.00
MISCELLANEOUS	10-500-57	
INVENTORY CAPITAL	10-500-73	
CAPITAL OUTLAY	10-500-74	
<b>Public Buildings Department Total</b>		<b>\$ 130,000.00</b>
<i>Police Department</i>		
SALARIES	10-510-02	\$ 645,000.00
SEPARATION ALLOWANCE	10-510-03	\$ 30,996.16
SALARIES-PART TIME	10-510-00	\$ 40,000.00
SALARIES-OVERTIME	10-510-01	\$ 60,000.00
PROFESSIONAL SERVICES	10-510-04	\$ 10,000.00
FICA	10-510-05	\$ 61,100.00
GROUP INSURANCE	10-510-06	\$ 150,000.00
RETIREMENT	10-510-07	\$ 121,000.00
SUPPLEMENT RETIREMENT	10-510-08	\$ 40,000.00
WORKERS COMP	10-510-09	\$ 15,000.00
TELEPHONE & POSTAGE	10-510-11	\$ 11,000.00
UTILITIES	10-510-13	\$ 12,000.00
TRAVEL	10-510-14	\$ 3,000.00
BUILDING GROUNDS MAINTENANCE	10-510-15	\$ 15,000.00
EQUIPMENT REPAIR	10-510-16	\$ 800.00
AUTO MAINTENANCE	10-510-17	\$ 30,000.00
AUTO SUPPLIES	10-510-31	\$ 25,000.00
TRAINING	10-510-32	\$ 2,000.00
SUPPLIES & MATERIALS	10-510-33	\$ 37,000.00
DRUG PROGRAM - SUPPLIES	10-510-34	\$ 2,000.00

UNIFORMS	10-510-36	\$ 10,000.00
CANINE PROGRAM	10-510-38	\$ 6,000.00
CONTRACTED SERVICES	10-510-45	\$ 7,500.00
DUES & SUBSCRIPTIONS	10-510-53	\$ 2,000.00
INSURANCE	10-510-54	\$ 32,000.00
MISCELLANEOUS	10-510-57	
EQUIPMENT LEASES	10-510-80	\$ 6,000.00
<b><i>Police Department Total</i></b>		<b>\$ 1,374,396.16</b>
<i>Fire Protection</i>		
SUPPLIES & MATERIALS	10-530-33	
SPVFD CONTRACT	10-530-45	\$ 168,790.00
<b><i>Fire Protection Department Total</i></b>		<b>\$ 168,790.00</b>
<i>Public Works</i>		
SALARIES	10-560-02	\$ 470,000.00
SALARIES-OVERTIME	10-560-03	\$ 70,000.00
SALARIES-PART-TIME	10-540-01	\$ 32,000.00
PROFESSIONAL SERVICES	10-560-04	\$ 1,000.00
FICA	10-560-05	\$ 42,500.00
GROUP INSURANCE	10-560-06	\$ 135,000.00
RETIREMENT	10-560-07	\$ 82,000.00
WORKERS COMP	10-560-09	\$ 18,000.00
LABOR ALLOCATION CREDITS	10-560-10	\$ (685,179.00)
TELEPHONE & POSTAGE	10-560-11	\$ 2,800.00
UTILITIES	10-560-13	\$ 11,000.00
TRAVEL	10-560-14	\$ 1,000.00
BUILDING/GRND MAINTENANCE	10-560-15	\$ 4,000.00
EQUIPMENT MAINTENANCE	10-560-16	\$ 18,000.00
AUTO MAINTENANCE	10-560-17	\$ 12,000.00
AUTO SUPPLIES	10-560-31	\$ 19,000.00
TRAINING	10-560-32	\$ 10,000.00
SUPPLIES & MATERIALS	10-560-33	\$ 45,000.00
UNIFORM RENTAL	10-560-35	\$ 13,000.00
CONTRACTED SERVICES	10-560-45	\$ 700.00
DUES & SUBSCRIPTIONS	10-560-53	\$ 500.00
MISCELLANEOUS	10-560-57	\$ 1,500.00
<b><i>Public Works Department Total</i></b>		<b>\$ 303,821.00</b>
<i>Powell Bill</i>		
<b>STATE STREET AID EXPENDITURES</b>		<b>\$ 103,733.61</b>

<i>Sanitation</i>		
<b>CONTRACTED SERVICES</b>	<b>10-580-45</b>	<b>\$ 105,000.00</b>
<i>Parks, Recreation &amp; Tourism</i>		
SALARIES	10-620-02	\$ 112,000.00
SALARIES-PART TIME	10-620-03	\$ 107,000.00
FICA	10-620-05	\$ 20,000.00
GROUP INSURANCE	10-620-06	\$ 22,000.00
RETIREMENT	10-620-07	\$ 17,000.00
WORKERS COMP	10-620-09	\$ 8,000.00
TELEPHONE & POSTAGE	10-620-11	\$ 1,500.00
UTILITIES	10-620-13	\$ 17,000.00
TRAVEL/EDUCATION	10-620-14	\$ 4,000.00
BUILDING/GRND MAINTENANCE	10-620-15	\$ 40,000.00
EQUIPMENT MAINTENANCE	10-620-16	\$ 3,000.00
AUTO MAINTENANCE	10-620-17	\$ 1,000.00
RECREATIONAL PROGRAMS	10-620-20	\$ 8,000.00
RECREATION INSURANCE	10-620-21	\$ 4,000.00
TOURISM/ADVERTISING	10-620-22	\$ 4,000.00
DOWNTOWN BEAUTIFICATION	10-620-23	\$ 10,000.00
FESTIVALS & EVENTS	10-620-24	\$ 75,000.00
VOLUNTEER RECOGNITION	10-620-25	\$ 1,000.00
VISITOR CENTER RENTAL	10-620-26	\$ 3,500.00
AUTO SUPPLIES	10-620-31	\$ 3,000.00
SUPPLIES & MATERIALS	10-620-33	\$ 15,000.00
CONTRACTED SERVICES	10-620-45	\$ 6,000.00
PURCHASES FOR RESALE	10-620-48	\$ 5,000.00
DUES & SUBSCRIPTIONS	10-620-53	\$ 500.00
MISCELLANEOUS	10-620-57	\$ 1,000.00
INVENTORY CAPITAL	10-620-73	
CAPITAL OUTLAY	10-620-74	\$ 33,496.00
<b><i>Parks, Recreation &amp; Tourism Department Total</i></b>		<b>\$ 521,996.00</b>

<i>Library</i>		
BUILDING/GRND MAINTENANCE	10-630-15	\$ 5,869.00
OPERATIONS	10-630-45	\$ 108,000.00
INSURANCE	10-630-54	\$ 2,246.00
<b><i>Department Total</i></b>		<b>\$ 116,115.00</b>

<i>Toe River Arts Council</i>		
<b>TRAC GRANT</b>	<b>10-635-45</b>	<b>\$ 5,000.00</b>
<i>Mitchell County Chamber of Commerce</i>		
<b>Mitchell County Chamber of Commerce</b>	<b>10-635-46</b>	<b>\$ 10,000.00</b>
<i>Mitchell County Animal Rescue</i>		
<b>Mitchell County Animal Rescue</b>	<b>10-635-47</b>	<b>\$ 3,000.00</b>
<i>Cemetery</i>		
<b>GROUNDS MAINTENANCE</b>	<b>10-640-15</b>	<b>\$ 35,000.00</b>
<i>Contingency</i>		
<b>CONTINGENCY</b>	<b>10-650-99</b>	<b>\$ 0.00</b>
<b>Total General Fund Expenditures</b>		<b>\$ 3,450,030.77</b>

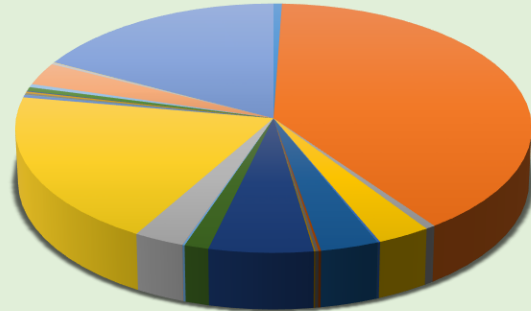
## Town of Spruce Pine General Fund Revenues



2026-2027

Account Name	Budget
PRIOR YEARS TAXES	\$ 20,000.00
CURRENT TAXES	\$ 1,400,000.00
PAYMENTS IN LIEU OF TAXES	\$ 20,000.00
VEHICLE TAXES	\$ 110,000.00
TAX PENALTIES/REFUNDS/RELEASES	\$ 5,000.00
PRIVILEGE LICENSE	\$ 325.00
INTEREST ON INVESTMENTS	\$ 120,000.00
MISC REVENUE	\$ 5,000.00
DONATIONS FOR SPECIAL TOWN EVENTS	\$ 6,500.00
Bank of America Peard Rebate	\$ 3,000.00
UTILITIES FRANCHISE TAX	\$ 215,000.00
BUILDING PERMITS AND INSPECTIONS	\$ 75,000.00
ANNEXATIONS AND ZONING	\$ 5,000.00
CODE VIOLATIONS/FINES	\$ 500.00
POWELL BILL ALLOCATION	\$ 103,733.61
LOCAL SALES TAX	\$ 690,800.00
Alcohol/Beverage Tax	\$ 12,000.00
Solid Waste Disposal Tax	\$ 1,600.00
Unauthorized Substance Tax	\$ 582.00
OFFICERS FEES	\$ 700.00
PARKING/OTHER VIOLATIONS	\$ 5,000.00
CEMETERY PLOTS	\$ 8,000.00
OFFICE RENTAL	\$ 3,240.00
RECREATION PARK REVENUES	\$ 18,000.00
RECREATION FESTIVAL REVENUES	\$ 15,000.00
Revenue ABC Distribution	\$ 103,200.00
Revenue ABC Police Distribution	\$ 9,000.00
SALE OF FIXED ASSETS	\$ 1,500.00
FUND BALANCE APPROPRIATED	\$ 492,350.16
<b>Total Revenues</b>	<b>\$ 3,450,030.77</b>

## Budget FY2026-2027



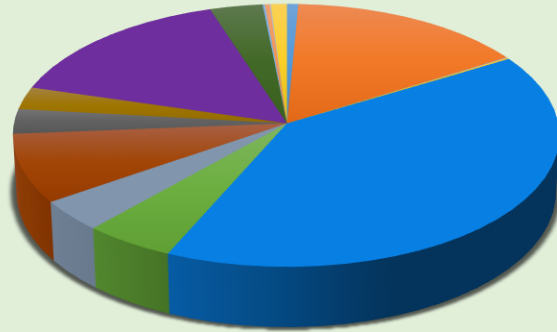
- PRIOR YEARS TAXES
- CURRENT TAXES
- PAYMENTS IN LIEU OF TAXES
- VEHICLE TAXES
- TAX PENALTIES/REFUNDS/RELEASES
- PRIVILEGE LICENSE
- INTEREST ON INVESTMENTS
- MISC REVENUE
- DONATIONS FOR SPECIAL TOWN EVENTS
- Bank of America Peard Rebate
- UTILITIES FRANCHISE TAX
- BUILDING PERMITS AND INSPECTIONS
- ANNEXATIONS AND ZONING
- CODE VIOLATIONS/FINES
- POWELL BILL ALLOCATION
- LOCAL SALES TAX
- Alcohol/Beverage Tax
- Solid Waste Disposal Tax
- Unauthorized Substance Tax
- OFFICERS FEES
- PARKING/OTHER VIOLATIONS
- CEMETERY PLOTS
- OFFICE RENTAL
- RECREATION PARK REVENUES
- RECREATION FESTIVAL REVENUES
- Revenue ABC Distribution
- Revenue ABC Police Distribution
- SALE OF FIXED ASSETS
- FUND BALANCE APPROPRIATED

**Town of Spruce Pine FY26-27  
General Fund Expenditures**

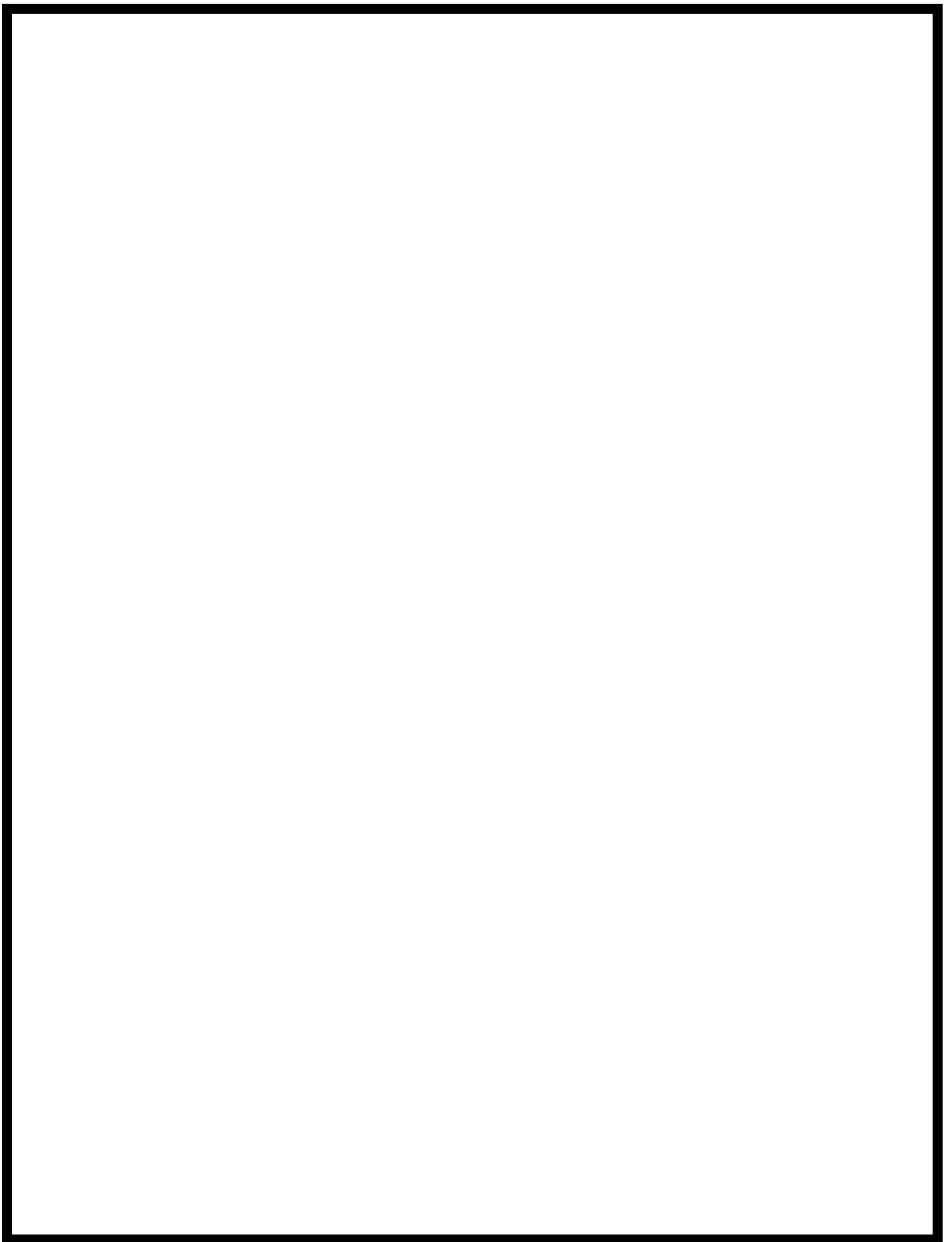


Account Name	2026-2027 Budget
<b>Governing Body Total:</b>	\$ 24,730.00
<b>Administration &amp; Finance Total:</b>	\$ 539,999.00
<b>Municipal Elections Total:</b>	\$ 3,200.00
<b>Tax Collections Total:</b>	\$ 5,250.00
<b>Police Department Total:</b>	\$ 1,374,396.16
<b>Fire Protection Total:</b>	\$ 168,790.00
<b>Public Buildings &amp; Facilities</b>	\$ 130,000.00
<b>Public Works Total:</b>	\$ 303,821.00
<b>Powell Bill</b>	\$ 103,733.61
<b>Sanitation Total (Contracted):</b>	\$ 105,000.00
<b>Parks &amp; Recreation Total:</b>	\$ 521,996.00
<b>Library Total:</b>	\$ 116,115.00
<b>Toe River Arts Council Total:</b>	\$ 5,000.00
<b>Chamber of Commerce:</b>	\$ 10,000.00
<b>Mitchell County Animal Rescue</b>	\$ 3,000.00
<b>Cemetery Total:</b>	\$ 35,000.00
<b>Total General Fund Expenditures</b>	<b>3,450,030.77</b>
<b>Estimated Revenues</b>	<b>3,450,030.77</b>

**Budget FY2026-2027**



- Governing Body Total:
- Administration & Finance Total:
- Municipal Elections Total:
- Tax Collections Total:
- Police Department Total:
- Fire Protection Total:
- Public Buildings & Facilities
- Public Works Total:
- Powell Bill
- Sanitation Total (Contracted):
- Parks & Recreation Total:
- Library Total:
- Toe River Arts Council Total:
- Chamber of Commerce:
- Mitchell County Animal Rescue
- Cemetery Total:



# **Town of Spruce Pine**



**2026-2027**

## **Enterprise Fund**



**Town of Spruce Pine  
Enterprise Fund  
Adopted Budget  
2026-2027**

Description	Acct	Budget
WATER & SEWER INTEREST	30-329-00	\$ 11,000.00
MISCELLANEOUS REVENUES	30-335-00	\$ 2,500.00
CHARGES FOR WATER	30-371-01	\$ 2,300,000.00
CHARGES FOR SEWER	30-371-02	\$ 1,361,625.00
WATER TAPS	30-373-01	\$ 4,000.00
SEWER TAPS	30-373-02	\$ 2,000.00
PENALTIES	30-374-00	\$ 24,000.00
RECONNECT FEES	30-375-00	\$ 7,500.00
MISC W&S SALES	30-376-00	\$ 2,500.00
SEPTIC DUMPING FEES	30-376-01	\$ 50,000.00
FUND BALANCE CONTRIBUTION		\$ 311,870.00
<b>Total Revenues</b>		<b>\$ 4,076,995.00</b>

**Town of Spruce Pine**  
**Detail of Water & Sewer Expenditures**  
**Budget 2026-27**

		<b>2026-2027</b>
<b>Description</b>	<b>Acct</b>	<b>Budget</b>
<i>Non-Departmental</i>		
FEDERAL REV LOAN	30-660-83	\$ 24,260.00
SRF LOAN PRINCIPAL	30-660-84	\$ 31,663.00
SRF LOAN INTEREST	30-660-85	\$ 6,083.00
<b><i>Non-Departmental Total</i></b>		<b>\$ 62,006.00</b>
<i>Administration</i>		
IT SERVICES	30-720-03	\$ 12,000.00
PROFESSIONAL SVCS	30-720-04	\$ 23,500.00
ADMIN COSTS	30-720-10	\$ 417,851.00
POSTAGE	30-720-11	\$ 13,000.00
TRAVEL/TRAINING	30-720-14	\$ 1,500.00
EQUIPMENT MAINT	30-720-16	\$ 1,500.00
SUPPLIES & MATERIALS	30-720-33	\$ 30,200.00
PLANT OPERATIONS CONTRACT	30-720-45	\$ 968,378.00
SOFTWARE SUPPORT	30-720-46	\$ 3,500.00
INSURANCE	30-720-54	\$ 60,000.00
MISC	30-720-57	\$ 3,100.00
CAPITAL OUTLAY	30-720-74	\$ 620,612.00
BAD DEBT	30-720-87	\$ 2,000.00
SERVICE CHARGES	30-720-88	\$ 4,500.00
<b><i>Administration Department Total</i></b>		<b>\$ 2,161,641.00</b>
<i>Water Operations</i>		
PROFESSIONAL SERVICES	30-811-04	\$ 15,000.00
TELEMETRY	30-811-11	\$ 10,000.00
UTILITIES	30-811-13	\$ 114,000.00
FACILITIES MAINTENANCE	30-811-15	\$ 15,000.00
DISTRIBUTION SYSTEM MAINTENANCE	30-811-18	\$ 201,072.00

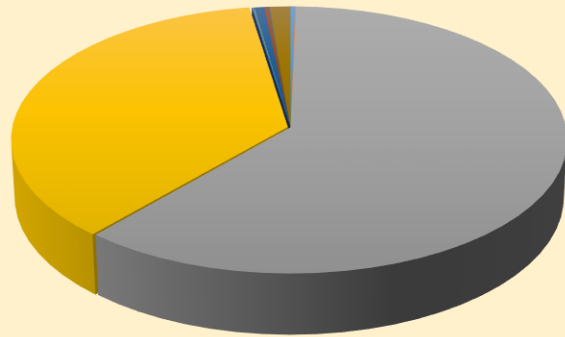
LABOR ALLOCATIONS	30-811-19	\$ 480,000.00
WATER CHEMICALS SUPPLIES	30-811-33	\$ 100,000.00
DUES, SUBSCRIPTIONS & FEES	30-811-53	\$ 5,600.00
MISCELLANEOUS	30-811-57	\$ 1,500.00
INVENTORY CAPITAL	30-811-73	\$ 70,000.00
EMERGENCY REPAIRS-WATER	30-811-76	\$ 45,000.00
<b><i>Water Operations Department Total</i></b>		<b>\$ 1,057,172.00</b>
<i>Sewer Operations</i>		
PROFESSIONAL SERVICES	30-812-04	\$ 7,715.00
TELEMETRY	30-812-11	\$ 14,300.00
UTILITIES	30-812-13	\$ 127,000.00
FACILITIES MAINTENANCE	30-812-15	\$ 4,000.00
COLLECTION SYSTEM MAINTENANCE	30-812-18	\$ 120,000.00
LABOR ALLOCATIONS	30-812-19	\$ 195,735.00
SEWER CHEMICAL SUPPLIES	30-812-33	\$ 35,000.00
CONTRACTED SERVICES (SLUDGE)	30-812-45	\$ 77,000.00
DUES, SUBSCRIPTIONS & FEES	30-812-53	\$ 11,000.00
MISCELLANEOUS	30-812-57	\$ 2,161.00
CAPITAL OUTLAY	30-812-74	\$ 77,954.00
EMERGENCY REPAIRS-SEWER	30-812-76	\$ 45,000.00
<b><i>Sewer Operations Department Total</i></b>		<b>\$ 716,865.00</b>
CONTRIBUTION TO WATER/SEWER AIA GRANT	30-900-72	\$ 34,800.00
CONTRIBUTION TO FUND 77	30-900-77	\$ 44,511.00
<b><i>Total Contributions To Other Funds</i></b>		<b>\$ 79,311.00</b>
<b>Total Expenditures</b>		<b><u>\$ 4,076,995.00</u></b>

**Town of Spruce Pine FY 26-27  
Enterprise Fund Revenues**



Account Name	2026-27 Budget
WATER & SEWER INTEREST	\$ 11,000.00
MISCELLANEOUS REVENUES	\$ 2,500.00
CHARGES FOR WATER	\$ 2,300,000.00
CHARGES FOR SEWER	\$ 1,361,625.00
WATER TAPS	\$ 4,000.00
SEWER TAPS	\$ 2,000.00
PENALTIES	\$ 24,000.00
RECONNECT FEES	\$ 7,500.00
MISC W&S SALES	\$ 2,500.00
SEPTIC DUMPING FEES	\$ 50,000.00
FUND BALANCE CONTRIBUTION	\$ 311,870.00
<b>Total Revenues</b>	<b>\$ 4,076,995.00</b>

**Budget FY2026-2027**

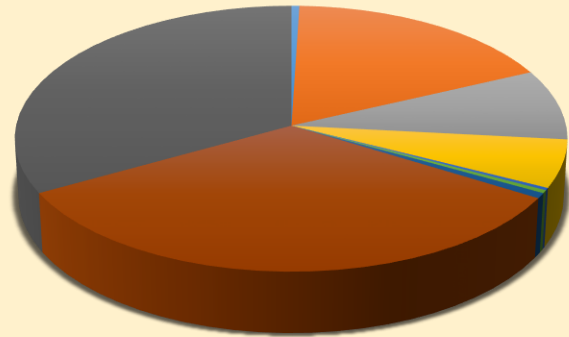


- WATER & SEWER INTEREST
- MISCELLANEOUS REVENUES
- CHARGES FOR WATER
- CHARGES FOR SEWER
- WATER TAPS
- SEWER TAPS
- PENALTIES
- RECONNECT FEES
- MISC W&S SALES
- SEPTIC DUMPING FEES

Town of Spruce Pine FY26-27 Water/Sewer Expenditures	
2026-2027	
Account Name	Budget
<i>Water/Sewer Debt Department Total</i>	\$ 62,006.00
<i>Administration Department Total</i>	\$ 2,161,641.00
<i>Water Operations Department Total</i>	\$ 1,057,172.00
<i>Sewer Operations Department Total</i>	\$ 716,865.00
<i>Contribution to Water/Sewer AIA Grant</i>	\$ 34,800.00
<i>Contribution to Fund 77</i>	\$ 44,511.00
<i>Total Contributions</i>	\$ 79,311.00
<b>Total Expenditures</b>	<b>\$ 4,076,995.00</b>
<b>Total Estimated Revenues</b>	<b>\$ 4,076,995.00</b>



### Budget FY2026-2027



- Water/Sewer Debt Department Total
- Administration Department Total
- Water Operations Department Total
- Sewer Operations Department Total
- Contribution to Water/Sewer AIA Grant
- Contribution to Fund 77
- Total Contributions
- Total Expenditures
- Total Estimated Revenues



## Capital Improvement



### Department: Parks, Recreation and Tourism

Priority	Item	Cost
Priority 1:	TORO4000 HDX PRO XL 60in	\$15,584.00
	TORO Grandstand 48in	\$13,235.00
Priority 2:	Utility Trailer 6.3ft x12ft	\$2,998.00
Priority 3:	Bear proof single trash receptacles	\$1,679.00
<b>Total:</b>		<b>\$33,496.00</b>

### Department: Water & Wastewater

Priority	Item	Cost
Priority 1:	Misc Equipment (Pumps & pipes)	\$60,000.00
Priority 2:	Beaver creek raw water flow meter	\$10,233.00
Priority 3:	Idexx sealer plus	\$7,721.00
<b>Total:</b>		<b>\$77,954.00</b>

### Department: Police

Priority	Item	Cost
Priority 1:	Police Car	Grant
Priority 2:	Building Expansion	Grant
Priority 3:	Misc. Equipment	Grant
<b>Total:</b>		<b>\$0.00</b>

### Department: Public Works

Priority	Item	Cost
Priority 1:	Steel Trench Box	\$8,112.00
Priority 2:	Boom Truck	\$175,000.00
Priority 3:	F-150	\$38,000.00
Priority 4:	Dump Truck (Small)	\$72,000.00
Priority 5:	Dump Truck (Large)	\$95,000.00
Priority 6:	Trailer	\$40,000.00
Priority 7:	Cat 315GC Excavator	\$192,500.00

**Total:** \$620,612.00

**Grand Total:** \$732,062.00

<b>INSIDE USER RATES</b>		
CONSUMPTION (GALLONS)	WATER RATES	SEWER RATES
0-3000	\$20.00	\$20.00
3,001-20,000	\$6.88/1000 gallons	\$8.13/1000 gallons
20,001-100,000	\$8.13/1000 gallons	\$9.38 /1000 gallons
100,001-500,000	\$10.63 /1000 gallons	\$11.88 /1000 gallons
500,000-1,000,000	\$13.75 /1000 gallons	\$15.00 /1000 gallons
>1,000,000	\$15.00 /1000 gallons	\$16.25 /1000 gallons

<b>OUTSIDE USER RATES</b>		
CONSUMPTION (GALLONS)	WATER RATES	SEWER RATES
0-3000	\$45.00	\$45.00
3,001-20,000	\$9.38 / 1000 gallons	\$10.63 / 1000 gallons
20,001-100,000	\$10.63 / 1000 gallons	\$11.88 / 1000 gallons
100,001-500,000	\$13.13 / 1000 gallons	\$14.38 / 1000 gallons
500,000-1,000,000	\$16.25 / 1000 gallons	\$17.50 / 1000 gallons
>1,000,000	\$17.50 / 1000 gallons	\$18.75 / 1000 gallons

Deposits	Residential	Commercial
<b>Inside City Limits</b>	\$100.00	\$150.00
<b>Outside City Limits</b>		
Water	\$200.00	\$300.00
Water & Sewer	\$500.00	\$750.00

<u>Tap Fees – Residential Inside</u>	Water/Sewer Meter Tap Size	Fee
	¾"	\$1250.00 each
	1"	\$2000.00 each
	2"	\$3500.00each
<u>Tap Fees – Residential Outside</u>	Water/Sewer Meter Tap Size	Fee
	¾"	\$1875.00 each
	1"	\$3000.00 each
	2"	\$5250.00 each
<u>Tap Fees – Commercial Inside</u>	Water/Sewer Meter Tap Size	Fee
	¾"	\$2500.00 each
	1"	\$4000.00 each
	2"	\$7000.00 each
	3"	\$10000.00 each
	4"	\$13500.00 each
	6"	\$15000.00 each
	8"	\$20000.00 each

<b><u>Tap Fees – Commercial Outside</u></b>	<b>Water/Sewer Meter Tap Size</b>	<b>Fee</b>
	3/4"	\$3750.00 each
	1"	\$6000.00 each
	2"	\$10500.00 each
	3"	\$15000.00 each
	4"	\$20250.00 each
	6"	\$22500.00 each
	8"	\$30000.00 each

<b>Delinquent Account Fee</b>	\$50.00	
<b>Meter Tampering Fee</b>	\$100.00	*Plus Actual cost of damages
<b>Hydrant Fee (Monthly)</b>	\$50.00	*Plus current volume at outside rate

<b>Sewage Discharge Fees</b>		
Initial Application Fee	\$2,000.00	
Annual Fee	\$500.00	
Domestic	\$.05 / gallon	
Commercial	\$0.07 / gallon	

<b><u>Meter Reread</u></b> (at customers request)	\$25.00	*Unless usage is twice normal
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## **Standard Town Fees**

### **Beer & Wine Licensing**

On-Premise Beer & Wine	\$15.00
Off-Premise Wine	\$10.00
Off-Premise Malt Beverage	\$5.00

### **Administration**

Photocopies	\$0.05 per page over 10 copies
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### **Billing & Collections**

Returned Check Fee	\$25.00
Delinquent Account Fee	\$50.00
Late Fee	\$5.00 or 10% whichever is greater
Paper Billing Fee	\$1.00

### **Parks & Recreation**

Shelter Reservation ( <i>2 hour minimum, \$10 every hour after</i> )	\$25.00
Swim Lessons	\$40.00
Water Walking ( <i>per session</i> )	\$2.00
Water Walking Pass	\$20.00
Pool Pass ( <i>20 visits</i> )	\$60.00
Pool Rental ( <i>per hour, 2-hour max – Available Friday &amp; Saturday</i> )	\$100.00
Pool Admission	\$5.00
After 4pm Admission	\$2.00

### **Cemetery**

Inside City Limits Rate	\$1250.00
Outside City Limits Rate	\$1500.00

## **Standard Inspection Fees**

### **Planning & Zoning**

Variance Request	\$200.00
Special Use Request	\$200.00
Plat Review	\$20.00
Appeal of Administrative Decision	\$100.00
Certificate of Zoning Compliance	\$25.00
Rezoning (Text and Map Amendment)	\$250.00
Voluntary Annexation Fee	\$200.00

**Building Plan Review**

Residential	Included in Permit
Commercial (0-5,000 sq ft)	\$100.00
Commercial (5,001-15,000 sq ft)	\$200.00
Commercial (15,000+ sq ft)	\$300.00

**Demolition**

Residential	\$100.00 + bond + abatement
Commercial (0-5,000 sq ft)	\$150.00 + bond + abatement
Commercial (5,001-15,000 sq ft)	\$200.00 + bond + abatement
Commercial (15,000+ sq ft)	\$400.00 + bond + abatement

**Residential & Off Frame Modular Single- and Two-Family Dwellings**

Minimum Charge (up to 1,000 sq ft)	\$225.00
Minimum Charge (over 1,000 sq ft) + All Over	\$225.00 + \$0.30 per sq ft
Unheated Space	\$0.15 per sq ft
Decks & Porches	\$0.15 per sq ft
Workshops or Unattached Garages	Minimum \$25 <b>OR</b> \$0.18 per sq ft
Homeowners Recovery Fund	\$10.00
Temporary Electric Service	\$ 125.00

**Residential Additions or Renovations**

Minimum Charge (up to 500 sq ft)	\$130.00
Minimum Charge (over 500 sq ft) + per sq ft	\$130.00 + \$0.25 sq ft
Renovation (over \$0-\$5,000)	\$100.00
Renovation (\$5,000+)	\$100.00 + \$3.00 per \$1,000 expenditure

**Commercial Buildings**

Minimum Charge (up to 1,000 sq ft)	\$400.00 + all individual trade permits
Minimum Charge (over 1,000 sq ft) + per sq ft	\$400.00 + \$0.30 per sq ft + all individual trade permits

**Industrial Buildings**

Minimum Charge (up to 1,000 sq ft)	\$400.00 + all individual trade permits
Minimum Charge (over 1,000 sq ft) + per sq ft	\$400.00 + \$0.30 per sq ft + all individual trade permits

**Commercial or Industrial Additions or Renovations**

Minimum Charge (up to 500 sq ft)	\$250.00
Minimum Charge (over 500 sq ft) + per sq ft	\$250.00 + \$0.30 sq ft
Renovation (over \$0-\$5,000)	\$250.00
Renovation (\$5,000+)	\$250.00 + \$6.25 per \$1,000 expenditure

**Mobile Homes and On-Frame Modular Dwellings**

Single Wide	\$150.00
Double Wide	\$200.00
On Frame Modular	\$250.00

**Cell Towers**

Minimum Charge for First \$100,000 Expenditure	\$2,500.00
Minimum Charge Over \$100,000 + Additional Expenditure	\$2,500.00 + \$100.00 per \$2,000 expenditure

**Service System Permits**

Residential: New Electrical or Service Change (200 Amp)	\$100.00
Above 200 Amps	\$100.00 + \$10.00 for each 100 Amps
Solar	\$150.00
Plumbing, Building, Mechanical, Gas (Single Trade)	\$100.00
Mechanical Change Out Combo – Mechanical + Electrical	\$150.00
Combo Permit – 2 Trades	\$150.00
Combo Permit – 3 Trades	\$200.00
Commercial – Electrical	\$150.00
Commercial – Three Phase	\$200.00
Commercial – Solar	\$250.00
Commercial - Plumbing, Mechanical (Single Trade)	\$150.00
Commercial – Combo 2 Trades	\$250.00
Commercial – Combo 3 Trades	\$350.00
ABC Inspections	\$125.00

*\*\*All foster home, church, non-profit, and fire department permits: no charge.*

**Sprinkler Permit**

New System	\$0.12 per sq ft
Renovations/Additions	\$100.00
Standpipe (Additional)	\$75.00

**Swimming Pool**

Residential	\$100.00
Commercial	\$200.00

**Retaining Wall**

Residential	\$100.00
Commercial	\$200.00

**Special Event**

	\$100.00
--	----------

**Fireworks**

	\$100.00
--	----------

**Fire Inspection:**

	\$100.00
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**Reinspection: After 2 Failed Inspection (Any Trade)**

	\$100.00
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**Miscellaneous Inspection Fees****Soil Disturbance Single- and Two-Family Dwellings**

Cost per acre or part thereof	\$150.00
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**Failure to Acquire Permit Before Beginning Construction**

Residential	\$250.00
Commercial	\$1250.00
Industrial	\$2500.00

**Inspectors Not Called For: Each Offence (Each Trade)**

Residential	\$250.00
Commercial	\$1250.00
Industrial	\$2500.00

**Occupying Without Certificate of Occupancy**

Residential	\$250.00
Commercial	\$1250.00
Industrial	\$2500.00

**After Hours Inspections:**

Residential	\$250.00
Commercial	\$300.00

**Change of Contractor:**

	\$100.00
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**ORDINANCE 2026.009**

**2026-2027 Town of Spruce Pine Budget Ordinance**

**BE IT ORDAINED** by the Council of the Town of Spruce Pine, North Carolina, the following:

**Section 1: General Fund**

**Appropriations.** The following amounts are hereby approved in the General Fund for the operation of the Town government and its activities for the fiscal year beginning July 1, 2026 and ending June 30, 2027, in accordance with a Chart of Accounts to be established for the Town:

General Government	\$ 573,179
Public Safety	\$ 1,543,186.16
Transportation	\$ 407,554.61
Environment Protection	\$ 105,000
Cultural & Recreational	\$ 656,111
Cemetery	\$ 35,000
Public Buildings and Facilities	\$ 130,000
<b>Total Expenditures</b>	<b>\$3,450,030.77</b>

**Revenues.** It is estimated that the following revenues will be available in the General Fund for the fiscal year beginning July 1, 2026 and ending June 30, 2027:

Ad-Valorem Taxes	\$ 1,400,000
Other Taxes	\$ 1,187,182
Licenses & Permits	\$ 80,825
Investment Earnings	\$ 120,000
Other Revenues	\$ 65,940
Powell Bill	\$ 103,733.61
Fund Balance Appropriated	\$ 492,350.16
<b>Total Estimated Revenues</b>	<b>\$3,450,030.77</b>

**Section II: Enterprise Fund**

**Appropriations.** The following amounts are hereby approved in the Enterprise Fund for the operation of the Town government and its activities for the fiscal year beginning July 1, 2026 and ending June 30, 2027, in accordance with a Chart of Accounts to be established for the Town:

Administration & Plant Operations	\$ 2,161,641
Debt Service	\$ 62,006
Water Operations	\$ 1,057,172

Sewer Operations	\$ 716,865
Golden Leaf Contribution	\$ 44,511
Water/Sewer AIA Contribution	\$ 34,800
<b>Total Expenditures</b>	<b>\$ 4,076,995</b>

**Revenues.** It is estimated that the following revenues will be available in the Enterprise Fund for the fiscal year beginning July 1, 2026 and ending June 30, 2027:

Water Charges	\$ 2,300,000
Sewer Charges	\$ 1,361,625
Tap Fees	\$ 6,000
Penalties & Service Charges	\$ 31,500
Miscellaneous Revenues	\$ 55,000
Investment Revenue	\$ 11,000
Fund Balance Contribution	\$ 311,870
<b>Total Estimated Revenues</b>	<b>\$ 4,076,995</b>

### **Section III: Property Tax Levy**

A tax in the amount of \$0.46 per \$100.00 of assessed valuation is hereby levied on property within the Town of Spruce Pine which was listed for property in Mitchell County as of January 1, 2026. The rate is based on an estimated total valuation of \$305,739,617 and the estimated collection rate of 97 %

### **Section IV: Transfers**

The Finance Officer is authorized to transfer appropriations within a fund as contained herein under the following conditions:

- a.) Amounts may be transferred between objects of expenditure within a department without limitation.
- b.) Amounts up to \$1000 may be transferred between departments of the same fund with an official presentation on such transfers at the next regular meeting of the Town Council.
- c.) Funds may not be transferred between funds or from any contingency appropriation within a fund.

### **Section V: Copies of Budget Ordinance**

Copies of this Budget Ordinance shall be furnished to the Town Clerk, the Town Manager and the Finance Officer to be kept on file by them for their direction in the disbursement of funds.

**BE IT HEREBY RESOLVED AND ADOPTED**, this 8<sup>th</sup> day of June 2026.

**TOWN OF SPRUCE PINE**

\_\_\_\_\_  
Elizabeth Holmes, Mayor

\_\_\_\_\_  
Rocky Buchanan, Mayor Pro Tem

\_\_\_\_\_  
Wayne Peight, Council Member

\_\_\_\_\_  
Larry McKinney, Council Member

\_\_\_\_\_  
Tessa Taylor, Council Member

Attest:

\_\_\_\_\_  
Marsha Hoilman  
Town Clerk

**AMENDMENT #4**  
**To the MUNICIPAL ACCOUNTING SERVICES, CYBERSECURITY AND**  
**TECHNICAL ASSISTANCE MEMORANDUM OF AGREEMENT**

This **AMENDMENT #4** to the Municipal Accounting Services, Cybersecurity and Technical Assistance Memorandum of Agreement (hereinafter the “Amendment #4”) is entered into as of the Effective Date set out below, by and between the Town of Urtweg'Rkpg, (hereinafter the “Municipality”) and the NC League of Municipalities (hereinafter the “League”), each additionally referred to as a “Party”; and collectively as the “Parties.”

**WHEREAS**, the Parties executed a Municipal Accounting Services, Cybersecurity and Technical Assistance Memorandum of Agreement (“MOA”) dated 3/4/2025, as amended by the Amendment #1 dated 4/38/2028;

**WHEREAS**, pursuant to Section 5 of the MOA, the League is offering, and the Municipality is willing to accept, Additional Services as set forth in Exhibit D to this Amendment #4, which will be provided by Southern Software (“Consultant”);

**THEREFORE**, for good and valuable consideration, the adequacy of which is hereby acknowledged, the Parties agree to amend the original MOA by adding the attached Exhibit D to the MOA. The MOA, with this Amendment #4, constitutes the entire agreement of the Parties with respect to the subject matter hereof. Except as provided in this Amendment #4, the MOA and any previous amendments, if any, will remain in full force and effect.

**IN WITNESS WHEREOF**, the parties hereto have executed this Agreement by digital signature on the respective dates below, and this Agreement shall be effective upon the date of the MUNICIPALITY’s signature.

**NC LEAGUE OF MUNICIPALITIES:**

**MUNICIPALITY:**  
**TOWN OF URTWEG'RKPG**

a North Carolina municipal corporation

By:

By:

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Rose Vaughn Williams

\_\_\_\_\_  
Name

\_\_\_\_\_  
Executive Director

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date of Signature

\_\_\_\_\_  
Date of Signature

**ATTEST:**

\_\_\_\_\_  
Town Clerk (or designee)

## **Exhibit B**

**DISCLAIMER:** The purpose of this Contract is to document the provision of new services by Southern Software to existing municipal customers. Existing municipal customers should consult with their attorneys regarding the most appropriate way to memorialize this arrangement, whether as a standalone contract, an amendment to an existing contract, or some other form of contract. Regardless of the form the municipality elects to use, the terms contained herein shall govern the new services that are paid for by the North Carolina League of Municipalities ("League" or "NCLM") as part of the Municipal Accounting Services Program. Nothing in this document or the incorporated documents is intended to constitute legal advice, nor should any provision be interpreted as a recommendation by the League regarding the sufficiency or enforceability of the terms for any particular municipality.

### **CONTRACT**

This contract (the "Contract") made and entered into by and between SOUTHERN SOFTWARE, INC., a North Carolina based Corporation with its principal place of business at 150 Perry Drive, Southern Pines, North Carolina 28387 (the "Company"), and the Town of Spruce Pine (the "Municipality").

### **WITNESSETH:**

**WHEREAS**, the Company is in the business of producing computer software and providing related hardware and installation services;

**WHEREAS**, the Municipality previously contracted to buy services from the Company ("Existing Services");

**AND WHEREAS**, the Municipality wishes to receive new services from the Company ("New Services") which shall be funded by the North Carolina League of Municipalities through grant funds provided to the State of North Carolina by the U.S. Treasury pursuant to the Coronavirus State and Local Fiscal Recovery Funds of H.R. 1319, American Rescue Plan Act of 2021.

**NOW THEREFORE**, in consideration of the terms and conditions hereinafter provided the parties hereto, intending to be legally bound, agree as follows:

- 1. SERVICES AND PAYMENT:** Company agrees to provide selected services ("Services") described in Exhibit 1 in accordance with the rates described in Exhibit 2.
  - a** Company and Municipality acknowledge and agree that the role of NCLM is limited to making a one-time, up-front payment ("NCLM Payment"), on behalf of the Municipality, for certain Services offered by Company as described in Exhibit 1, using grant funds

provided to the State of North Carolina by the U.S. Treasury pursuant to the Coronavirus State and Local Fiscal Recovery Funds of H.R. 1319, American Rescue Plan Act of 2021.

- b** The NCLM Payment will cover the cost of the Municipality's selected Services for a period of three (3) years ("Service Period"), starting on the date that Company commences work with a kickoff meeting (phone call) with the Municipality ("Commencement Date") as confirmed in writing by Company. Such written confirmation shall control for purposes of determining the commencement of work by Company and the expiration of the Service Period. The Commencement Date shall be no later than October 31, 2026. Services must be invoiced no later than November 15, 2026. NCLM will not pay for services invoiced after November 15, 2026, unless specifically agreed to in writing by NCLM. The total payment to Company for Services shall not exceed \$75,000 per Member. During the Service Period, neither the Municipality nor Company may modify, directly or indirectly, the scope of Services or the NCLM Payment without the prior written approval of NCLM. Any services performed, or costs incurred, outside the scope of Exhibit 1 or Exhibit 2, or without such prior written approval, shall be the sole responsibility of the Municipality.
- c** The Municipality is solely responsible for reviewing and approving all agreements and related documents governing its relationship with Company. The Municipality is also solely responsible for managing its contractual relationship with Company and for overseeing the Services provided thereunder. Aside from the NCLM Payment described above, NCLM shall not be responsible for, and shall have no obligation to pay or reimburse, any costs, expenses, damages, or liabilities incurred by either the Municipality or Company in connection with the negotiation, performance, administration, enforcement, interpretation, or termination of this Contract or any related agreement, including but not limited to attorneys' fees, court costs, arbitration or mediation expenses, expert or consultant fees, or costs arising from claims, disputes, or actions by third parties.

**2. TERM AND TERMINATION:** This Contract shall become effective date upon complete execution by the parties ("Effective Date"). Unless otherwise terminated by Municipality, this Contract shall terminate three (3) years from the Commencement Date. The Municipality may terminate this Contract, in whole or in part, at any time upon written notice to the Company and the League. The Municipality and Company may enter into separate agreements for separate services that are not paid for under this Contract.

- a** Upon termination or expiration of the Contract, the Municipality and Company will be responsible for negotiating any fees and terms for the continuation, modification, or expansion of Services, without further financial obligation on the part of NCLM. The Municipality is encouraged to begin negotiating any such terms sufficiently in advance of the expiration of the three-year Service Period to avoid any interruption in Services. *By way of example, if the Municipality enters into a contract funded by NCLM and the Service Period begins on September 1, 2026 (as confirmed in writing by Company), the*

*Municipality should begin contract negotiations with Company prior to September 1, 2029, and any agreement for continued or additional Services would take effect following termination or expiration of the Service Period.*

3. **WARRANTIES.** Company makes no warranties expressed or implied regarding the computer hardware or software provided as part of the Services. NOTWITHSTANDING ANY OTHER PROVISION OF THIS CONTRACT (INCLUDING, BUT NOT LIMITED TO THE INDEMNITIES SET FORTH IN THIS CONTRACT), Company's liability to Municipality or any party claiming damages or losses through Municipality, to the extent that Company shall be liable to Municipality for damages or losses pursuant to this Contract, such damages or losses shall be the aggregate amount of fees and charges actually collected and received by Company for New Services provided in the twelve (12) month period immediately preceding the date on which Company is notified of any claim of liability. Company, however, agrees to maintain general liability insurance with limits of not less than \$1,000,000.00 and to take action to notify Municipality of any change in said coverage and to provide proof of said coverage upon renewal of each policy term.
4. **FORCE MAJEURE.** The Company shall not be required to perform any term, condition or covenant of this Contract so long as such performance is delayed or prevented by force majeure, which shall mean act of God, strikes, lockouts, material or labor restrictions by any government authority, civil riot, floods, epidemic, pandemic or public health emergency.
5. **CAPTIONS.** The underscored captions to the sections contained in this Contract are in no way to be used in construing, interpreting, expanding or limiting any provisions contained herein.
6. **NOTICES AND ADDRESSES.** Any notice, approval or other communication required or permitted hereunder shall be in writing and (1) delivered personally with receipt acknowledged, or (2) sent by certified mail or overnight delivery, return receipt requested, postage prepaid and addressed as shown below.  
All notices personally delivered shall be deemed delivered on the date of delivery. All notices forwarded by mail or overnight delivery shall be deemed received on a date seven (7) days (excluding Sundays and holidays) immediately following the date of deposit in the U.S. Mail or delivery to the overnight courier with receipt acknowledged provided, however, the return receipt, indicating the date upon which all notices were received, shall be prima facie evidence that such notices were received on the date on the return receipt.

**If to Company:**

Southern Software, Inc.  
150 Perry Drive  
Southern Pines, NC 28387

**If to Municipality:**

Name: Town of Spruce Pine

Address: PO Box 189, Spruce Pine, NC 28777-0189  
Phone:828-765-3000  
E-mail: bhobson@sprucepine-nc.gov

The addresses may be changed by giving notice of such change in the manner provided herein for giving notice. Unless and until such written notice is received, the last address and the last addressee given shall be deemed to continue in effect for all purposes.

- 7. MISCELLANEOUS.** Words of gender or singular/plural shall be construed to fit the context. This Contract shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. The Contract shall be construed under and in accordance with the laws of the State of North Carolina. In case any one or more of the provisions contained in this Contract shall be held to be illegal, such illegality shall not affect any other provisions thereof and this Contract shall be construed as if such illegal provision had never been contained herein. This Contract constitutes the sole and only agreement of the parties hereto and supersedes any prior understandings or written or oral contracts between the parties regarding the subject matter. This Contract may not be amended except in writing executed by all parties.
- 8. THIRD PARTY ACQUISITION OF SOFTWARE.** The Company shall notify the procuring agency in writing should the intellectual property, associated business, or all of its assets be acquired by a third party. The Company further agrees that the contract's terms and conditions, including any and all license rights and related services, shall not be affected by the acquisition.
- 9. LIMITATION OF LIABILITY.** Municipality agrees and acknowledges that, under no circumstances, shall Company or its subcontractors be liable for (a) third party claims against Municipality for damages, (b) special, punitive, indirect, lost profits or savings, lost or corrupted data or software, incidental or consequential damages of any type including, but not limited to, products or systems being unavailable for use, whether direct, indirect or otherwise, arising out of or in connection with this Contract, the Licensed Products, the Purchased Hardware or the Technical Support Service or arising out of the results or operation of any system resulting from implementation of any recommended plan or design, even if Company or its subcontractors have been advised of the possibility of the damage and even if Municipality asserts or establishes a failure of essential purpose of any limited remedy provided in this Contract. Further, under no circumstances, will Company be liable to Municipality for any amount in excess of the fees and charges actually collected and received by Company for services provided in the twelve-(12)-month period immediately preceding the date on which Company is notified of any claim of liability. This limitation of liability applies to all types of legal theories including, but not limited to, contract, tort (including negligence), professional liability, product liability, and warranty.
- 10. INDEMNIFICATION.** Company shall indemnify, defend and hold Municipality harmless from and against all damages and costs finally awarded for any infringement of a valid United States patent, trademark, trade secret, copyright or other intellectual property right of a third

party in any suit based upon the proper use by Municipality of any system under the license by Company granted hereunder ("System"). In such event, Municipality shall promptly notify Company of any alleged infringement of which Municipality becomes aware and shall provide to Company reasonable assistance in the defense of such any alleged infringement.

In the event of an infringement claim against Municipality with respect to the System or in the event Company believes such claim is likely, Company shall have the option at its expense to (i) modify or replace the System so that it is non-infringing or (ii) obtain for Municipality a right to continue accessing the System at no additional cost to Municipality. If neither of the foregoing alternatives is commercially practicable, Company shall have the right to require the Municipality to return the System and any portions thereof that are the subject of the alleged infringement and the license granted to Municipality shall terminate with no continuing obligation or liability of Company except Municipality shall be entitled to receive a credit Services of equal value under this Contract.

**11. NORTH CAROLINA PUBLIC RECORDS LAW.** Notwithstanding any other provisions of this Contract, this Contract and all materials submitted to the Municipality by the Company are subject to the public records laws of the State of North Carolina and it is the responsibility of the Company to properly designate materials that may be protected from disclosure as trade secrets under North Carolina law as such and in the form required by law prior to the submission of such materials to the Municipality. Company understands and agrees that the Municipality may take any and all actions necessary to comply with federal, state, and local laws and/or judicial orders and such actions will not constitute a breach of the terms of this Contract. To the extent that any other provisions of this Contract conflict with this paragraph, the provisions of this section shall control.

**12. E – VERIFY:** Company shall comply with E-Verify, the federal E-Verify program operated by the United States Department of Homeland Security and other federal agencies, or any successor or equivalent program used to verify the work authorization of newly hired employees pursuant to federal law and as in accordance with N.C.G.S. §64-25 et seq. In addition, to the best of Company's knowledge, any subcontractor employed by Company as a part of this contract shall be in compliance with the requirements of E-Verify and N.C.G.S. §64-25 et seq.

**13. IRAN DIVESTMENT ACT:** Company certifies that, as of the date listed below, it is not on the Final Divestment List as created by the State Treasurer pursuant to N.C.G.S. § 147-86.55, et seq. In compliance with the requirements of the Iran Divestment Act and N.C.G.S. § 147-86.59, Company shall not utilize in the performance of the contract any subcontractor that is identified on the Final Divestment List.

**14. INDEPENDENT CONTRACTOR:** Company shall be considered to be an Independent Contractor and as such shall be wholly responsible for the work to be performed and for the supervision of its employees. Nothing herein is intended or will be construed to establish any agency, partnership, or joint venture. Company represents that it has, or will secure at its

own expense, all personnel required in performing the services under this Contract. Such employees shall not be employees of or have any individual contractual relationship with the Municipality.

**15. NO ASSIGNMENT:** Neither party may assign this Contract without the express written consent of the other.

**16. FEDERAL TERMS:**

- a Expenditure Authority.** This Contract is subject to the laws, regulations, and guidance documents authorizing and implementing the ARP/CSLFRF grant, including, but not limited to, the following:
  - i** Authorizing Statute. Section 603 of the Social Security Act (42 U.S.C. 803), as added by section 9901(a) of the American Rescue Plan Act of 2021 (Pub. L. No. 117-2).
  - ii** Implementing Regulations. Subpart A of 31 CFR Part 35 (Coronavirus State and Local Fiscal Recovery Funds), as adopted in the Coronavirus State and Local Fiscal Recovery Funds interim final rule (86 FR 26786, applicable May 17, 2021 through March 31, 2022) and final rule (87 FR 4338, applicable January 27, 2022 through the end of the ARP/CSLFRF award term), and other subsequent regulations implementing Section 603 of the Social Security Act (42 U.S.C. 803).
  - iii** Guidance Documents. Applicable guidance documents issued from time-to-time by the US Department of Treasury, including the currently applicable version of the Compliance and Reporting Guidance: State and Local Fiscal Recovery Funds.
  - iv** This Contract is also subject to all applicable laws of the State of North Carolina.
  
- b Allowable Costs for Member Services Rendered.** All Services provided pursuant to this Contract must fall within the definitions of allowable cost and not be otherwise prohibited under State or Federal law. Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, commonly called Uniform Guidance, Subpart E, defines those items of cost that are allowable, and which are unallowable. These allowable cost requirements are:
  - i** The costs must be reasonable;
  - ii** The costs must be allocable to eligible projects under the Coronavirus State and Local
  - iii** Fiscal Recovery Funds of H.R. 1319 American Rescue Plan Act of 2021 (ARP);
  - iv** The costs must be given consistent treatment through application of those generally accepted accounting principles appropriate to the circumstances;
  - v** The costs must conform to any limitations or exclusions set forth in these principles or in the ARP/CSLFRF grant award as to types or amounts of cost items.

**c Prohibited Uses of Funding.**

i The US Treasury's Final Rule prohibits certain uses of ARP/CSLFRF funds. Specifically, ARP/ CSLFRF funds may not be used for projects within the following categories of expenditures:

- 1 To make a deposit into a pension fund that constitutes an extraordinary payment of an accrued, unfunded liability (routine contributions which are part of a payroll obligation for an eligible project are allowed.);
- 2 To borrow money or make debt service payments;
- 3 To replenish rainy day funds or to fund other financial reserves;
- 4 To satisfy an obligation arising from a settlement agreement, judgment, consent decree, or judicially confirmed debt restricting in a judicial, administrative, or regulatory proceeding;
- 5 For a project that includes a term or condition that undermines efforts to stop the spread of COVID-19 or discourages compliance with recommendations and guidelines in CDC guidance for stopping the spread of COVID-19;
- 6 In violation of the conflict-of-interest requirements imposed by the award terms and 2 CFR 200.318(c).
- 7 For any expenditure that would violate other applicable federal, state, and local laws and regulations.

**d Conflicts of Interest; Gifts & Favors.** The Company understands that (1) it will use Fiscal Recovery Funds to pay for the cost of this Contract, and (2) the expenditure of Fiscal Recovery Funds is governed by the League's Conflict of Interest Policy and the Federal and State regulatory requirements (including, without limitation, N.C. Gen. Stat. § 14- 234(a)(1) and N.C. Gen. Stat. § 14-234.3(a)). The Company certifies that, as of the date hereof, to the best of its knowledge after reasonable inquiry, no employee, officer, or agent of the Company involved in the selection, award, or administration of this Contract (each, a "Covered Individual"), nor any member of a Covered Individual's immediate family, nor a Covered Individual's partner, nor an organization which employs or is about to employ a Covered Individual, has a financial or other interest in or has received a tangible personal benefit from Fiscal Recovery Funds, except as to the funds legally expended in this Contract. Should the Company obtain knowledge of any such interest, or any tangible personal benefit described in the preceding sentence after the date hereof, the Company shall promptly disclose the same to the League in writing. The Company certifies to the League that it has not provided, nor offered to provide, any gratuities, favors, or anything of value to an officer, employee, or agent of the League. Should the Company obtain knowledge of the provision, or offer of a provision, of any gratuity, favor, or anything of value to an officer, employee, or agent described in the preceding sentence after the date hereof, the Company shall promptly disclose the same to the League in writing.

**e Records Retention and Access.** The Company shall maintain all records, books, papers and other documents related to its performance of Approved Activities under

this Contract (including without limitation personnel, property, financial and medical records) through at least December 31, 2031, or such longer period as is necessary for the resolution of any litigation, claim, negotiation, audit, or other inquiry involving this Contract. The Company shall make all records, books, papers and other documents that relate to this Contract, unless otherwise privileged, available at all reasonable times for inspection, review or audit by the authorized representatives of the League, the North Carolina State Auditor, the US Department of Treasury, the US Government Accountability Office, and any other authorized state or federal oversight office.

- f Suspension and Debarment.** The Company shall comply with the Office of Management and Budget (OMB) Guidelines to Agencies on Governmentwide Debarment and Suspension (Nonprocurement) in 2 CFR Part 180, as adopted by the U.S. Department of Treasury at 31 CFR Part 19. The Company represents that neither it, nor any of its principals has been debarred, suspended, or otherwise determined ineligible to participate in federal assistance awards or contracts. The Company further agrees that it will notify the League immediately if it, or any of its principals, is placed on the list of parties excluded from federal procurement or nonprocurement programs available at [www.sam.gov](http://www.sam.gov).
- g Byrd Anti-Lobbying Amendment.** The Company certifies to the League that it has not used and will not use Federally appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, officer or employee of Congress, or an employee of a Member of Congress in connection with obtaining any Federal contract, grant or any other award covered by 31 U.S.C. § 1352. The Company shall disclose any lobbying with non-Federally appropriated funds that takes place in connection with obtaining any Federal award. This certification is a material representation of fact upon which the League has relied when entering this Contract and all liability arising from an erroneous representation shall be borne solely by the Company.
- h Publications.** Any publications produced with funds from this Contract shall display the following language: "This project is supported, in whole or in part, by federal award number SLFRP0129 awarded to NC League of Municipalities through the State of North Carolina by the U.S. Department of the Treasury."
- i Equal Opportunity and Other Relevant Federal Laws.** The Company agrees during the performance of this Contract the following:

  - i Civil Rights Laws.** The Company shall comply with Title VI of the Civil Rights Act of 1964 (42 U.S.C. §§ 2000d et seq.) and Treasury's implementing regulations at 31 C.F.R. Part 22, which prohibit discrimination on the basis of race, color, or national origin under programs or activities receiving federal financial assistance.
  - ii Fair Housing Laws.** The Company shall comply with the Fair Housing Act, Title VIII of the Civil Rights Act of 1968 (42 U.S.C. §§ 3601 et seq.), which prohibits

discrimination in housing on the basis of race, color, religion, national origin, sex, familial status, or disability.

- iii Disability Protections. The Company shall comply with section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), which prohibits discrimination on the basis of disability under any program or activity receiving federal financial
- iv Age Discrimination. The Company shall comply with the Age Discrimination Act of 1975 (42 U.S.C. §§ 6101 et seq.), and Treasury's implementing regulations at 31 CFR Part 23, which prohibit discrimination on the basis of age in programs or activities receiving federal financial assistance.
- v Americans with Disabilities Act. The Company shall comply with Title II of the Americans with Disabilities Act of 1990 (42 U.S.C. §§ 12101 et seq.), which prohibits discrimination on the basis of disability under programs, activities, and services provided or made available by state and local governments or instrumentalities or agencies thereto.
- vi Clean Air Act. The Company agrees to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act, as amended, 42 U.S.C. § 7401 et seq. The Company agrees to report each violation to Unit and understands and agrees that Unit will, in turn, report each violation as required to the U.S. Department of the Treasury, and the appropriate Environmental Protection Agency Regional Office.
- vii Federal Water Pollution Control Act. The Company agrees to comply with all applicable standards, orders, or regulations issued pursuant to the Federal Water Pollution Control Act, as amended, 33 U.S.C. § 1251 et seq. The Company agrees to report each violation to Unit and understands and agrees that Unit will, in turn, report each violation as required to assure notification to the U.S. Department of the Treasury, and the appropriate Environmental Protection Agency Regional Office.
- viii Hatch Act. The Company agrees to comply, as applicable, with requirements of the Hatch Act (5 U.S.C. §§ 1501-1508 and 7324-7328), which limit certain political activities of State or local government employees whose principal employment is in connection with an activity financed in whole or in part by this federal assistance.
- ix Protections for Whistleblowers. Pursuant to 41 U.S.C. § 4712, the Company may not discharge, demote, or otherwise discriminate against an employee in reprisal for disclosing to any of the list of persons or entities provided below, information that the employee reasonably believes is evidence of gross mismanagement of a federal contract or grant, a gross waste of federal funds, an abuse of authority relating to a federal contract or grant, a substantial and specific danger to public health or safety, or a violation of law, rule, or regulation related to a federal contract (including the competition for or negotiation of a contract) or grant.
- x Uniform Relocation Assistance and Real Property Acquisitions Act of 1970. Pursuant to 42 U.S.C. §§ 4601-4655, the Company will implement standards for predictable real property acquisition and relocation expenses for homeowners and tenants of land acquired through eminent domain.

- xi Governmentwide Requirements for Drug-Free Workplace. Pursuant to 31 C.F.R. Part 20, the Company will implement required statements, policies and procedures.
- xii Increasing Seat Belt Use in the United States. Pursuant to Executive Order 13043, 62 Fed. Reg. 19216 (Apr. 18, 1997), the Company encourages its employees to adopt and enforce on-the-job seat belt policies and programs for its employees when operating company-owned, rented or personally owned vehicles.
- xiii Reducing Text Messaging While Driving. Pursuant to Executive Order 13513, 74 Fed. Reg. 51225 (Oct. 6, 2009), the Company encourages its employees to adopt and enforce policies that ban text messaging while driving.

**17. Opportunity to Consult with Counsel.** The undersigned Parties hereby represent and acknowledge that they have been provided with the opportunity to discuss and review the terms of this Contract with their respective attorneys before signing it and that they are freely and voluntarily signing this document in exchange for the benefits provided herein. The Parties further represent and acknowledge that they have been provided a reasonable period of time within which to review the terms of this Contract.

**IN WITNESS WHEREOF**, the undersigned parties agree to the aforesaid Contract’s terms and conditions, and have executed this contract in their appropriate capacities on the respective dates below, and this contract shall be effective upon the date of the latest signature below (“Effective Date”).

**Municipality:** Town of Spruce Pine

\_\_\_\_\_  
Municipality Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Printed Name Title

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

\_\_\_\_\_  
Finance Officer (or designee)

(COMPANY SEAL)

SOUTHERN SOFTWARE, INC  
By: \_\_\_\_\_  
CEO

ATTEST:  
\_\_\_\_\_  
President

## **Exhibit 1**

### **DESCRIPTION OF SERVICES**

Services shall be limited to the options selected by Municipality and shall be performed by Contractor in accordance with industry best practices and Contractor's documented procedures, as applicable. If there are any conflicts between terms contained in this Agreement and terms or "notes" contained in written proposals made by Southern Software, the terms contained in this Agreement shall control.

#### **Option 1: CLOUD CONVERSION SERVICES.**

Move current Southern Software to a Cloud Hosted environment. Service will include the following:

- Remote Hosting Configuration (Year 1 only)
- FMS Hosting Features/Advantages:
  - Automated Backups - Daily, Weekly, Monthly backups.
  - Built-in Advanced Security Tools
  - High Availability – Built-in and over 99.99%
  - Database Maintenance – Fully Automated
  - No need for Expensive On-site FMS Application Server Upgrades
  - Access to FMS database from multiple sites built-in (requires static external IP addresses)

#### Notes Regarding Hosting:

*Municipality understands that Network and Internet Connection is not the responsibility of Southern Software and is not covered by Support and Maintenance listed above.*

*Microsoft SQL Azure hosting will host the actual database. Municipality will be required to have a static External IP and a quality BROADBAND Provider is required of at least 20 Mbps Upload/Download. We cannot be responsible for internet outages at the customer site. Microsoft does reserve the right to do maintenance or emergency security updates. These will be done in the middle of the night and on weekends.*

*After Year 3, Municipality understands that if the hosting fee is not paid annually when due, Southern Software will download the data in the format it is stored in and store it onsite before Microsoft Azure shuts down the host site.*

- Option in Year 4 to revert back to a desktop version- Contractor will provide a backup from the cloud and restore it for the Municipality on a local server at no cost to the town.

*NCLM Note – Towns are encouraged to consider the advantages to cloud hosting and plan ahead for the cost of this option in Year 4. Cloud hosting eliminates the risk from natural disasters when they happen in a town. (Please see Exhibit 2, Option 1 for additional Information)*

#### **Option 2: MODULE ADDITION SERVICES**

Add Southern Modules not currently being used by Municipality. Services will include the following

- Accounting / General Ledger –General ledger chart of accounts will be keyed in by Contractor along with beginning balances. Municipality will add Accounts Payable Vendors as they receive invoices. The Accounting/General ledger module includes but is not limited to budget processing, bank

reconciliation, recurring entries, drill-down reports, journal entry, purchase orders, recurring invoicing, 1099 processing.

- Payroll – Southern will enter employee data to include year-to-date figures for up to 10 employees. The Municipality will be responsible for entering additional employees. Payroll Processing Includes Direct Deposit – ACH Standard, Leave Time Accrual and Tracking, Image and Document Attachment for Employee Records, W-2 Form Processing, Drill-Down Reports
- Utility Billing – to include: Bank Drafts for Bill Pay, Image and Document Attachment for Account Records, Email Billing, Work Order Tracking, Drill-Down Reports. Interfaces Included (assuming current file structure): FMS Utility Billing HandHeld Interface; SMS Messaging; Billing Export (1 file); FMS Payment Interface (1 current vendor).

Conversion will include only the base/active account, location, meter information for up to 600 customers. No transaction history will be entered.

- FMS E-mail services for use with any of the modules above feature that allows for e-mailing utility bills to customers, Payroll check stubs or purchase order work-flow feature and accounts receivable invoices. (Annual Support only needed once – not with each module).
- Payment Central – to include: Miscellaneous Revenue Payments, Centralized Payment Entry for Business License, Utility Billing, Tax Billing & Vehicle Decals, Receipt Printer Ready, Drill-Down Reports

There is no data entry or conversion option for Payment Central. Implementation may be done remotely if no additional items are purchased.

- Annual FMS (and Hosting) Support- FMS (and Hosting) Annual Support Fee covers telephone and remote support Monday – Friday; 8:30am-5pm EST. It also includes installation of any program updates released. The total support fee is based on the number of modules purchased. This Contract does not constitute a warranty but provides for mission critical problem resolutions and non-mission critical problem resolutions of repeatable errors during normal business hours, EST. Southern Software cannot warrant the product will operate free of problems in perpetuity. Southern Software does not warrant third party software applications used in programs provided to customers, i.e., Microsoft® Word. The purpose of this Contract is to provide the necessary technical assistance to ensure a timely problem resolution and to minimize down time. Mission critical is defined as “any problem that renders the entire system unstable or inoperable”.

For problems covered under this Contract, for Financial Management System (FMS) and Hosting Services, Southern Software will provide the following:

- Telephone response within five hours of notification of the problem. During this initial response, support personnel will determine the nature of the problem and severity. An attempt to resolve the problem will be made by giving instructions to the customer.

- If this is unsuccessful or the severity too great, then Southern Software will escalate to a Level 2 response. A Level 2 response involves a support technician connecting remotely to the customer's network using industry standard secure remote diagnostic methods to attempt to resolve the problem.
- If the problem is unable to be detected or resolved with a Level 2 response, then a technician will be scheduled for an onsite visit. There is no cost to the customer for the onsite visit as long as the problem is with a Southern Software product or equipment covered by a Southern Software support contract and as long as the problem is not due to a virus or negligent actions/treatment. The user understands support staff may provide a temporary fix. A permanent fix will be provided at a later date.
- **Program Updates:** Southern Software will provide program updates to support customers as new updates, fixes and features are added. Updates will be made universally to all supported customers at one time. No custom programming will be performed.
- **Third Party:** If, at any time, an update of a third party's software is required, Southern Software will not incur the cost of such upgrade.
- **System Administrator:** The customer agrees to have a designated administrator (primary contact for support and update issues). It is highly desirable that the administrator be knowledgeable in networking and Windows® operating systems.
- **Data Backup Statement:** The customer understands that it is the customer's responsibility to ensure data backups are being made daily and verified for accuracy.
- **Virus Statement:** The customer agrees to have virus protection software loaded on each machine and agrees to update it weekly. (Southern Software recommends updating your virus protection software on each machine daily.) This support contract DOES NOT cover assistance in the recovery of damage caused by viruses. Southern Software will charge a fee for virus recovery assistance.
- **Items NOT covered under this annual support agreement**
  - Installation and setup of new equipment.
  - Transferring of data.
  - On-site installation/reinstallation of Southern Software products or installation/reinstallation of third party products or data transfers.
  - Virus damage/recovery repair work.
  - Recovery/repair work related to natural disasters such as lightning, floods, etc.
  - Replacement of equipment that is out of warranty.

- Balancing of any Southern Software financial application data or reports. For example, Bank Reconciliation or Balancing the Master Balance Report to the Accounts Receivables.
- Recovery/repair work related to natural disasters such as lightning, floods, etc.
- Cost of upgrades to third party software including but not limited to Microsoft™ products (ie. Office, SQL, etc.), Anti-virus software, remote connectivity products, etc. or cost of updates to operating systems.
- On-site training.
- Interfaces with Third Party Products.
- Tax data conversions.
- General Data Conversions.
- Correction/Reversal of duplicate and/or incorrect transaction postings due to user error such as duplicate year end closeouts, duplicate/incorrect penalty postings, duplicate/incorrect bill processing, etc.
- Data loss due to drive crashes, machine failures, etc.
- Installation, Training and Data Conversions for Re-architecture of software

○ **Benefits**

- The Software Support Contract only covers software developed by Southern Software.
- Toll-free telephone support, Monday through Friday, 8:30 a.m. to 5:00 p.m., EST.
- Free software updates & upgrades.
- Software Updates for Southern Software products.
- Remote System Support.
- Free hardware/network assessments for upgrades.
- Free follow-up/new employee training at Southern Software's office.
- Free web training.

- **System Access/Customer Responsibility:** The customer agrees to provide a dedicated computer capable of remote access for support purposes. The computer designated for remote connectivity shall allow access to all computers on the network requiring support

● **Project Management Fee** – Includes the following items:

- Kick-off meeting to establish stakeholders and establish a timeline for the project.
- Installation of the software
- Installation of Microsoft SQL Server or a hosted SQL Server Instance depending on whether on-premise or FMS Hosting is desired.
- Training in FMS to incorporate daily/weekly/monthly tasks the user currently performs in their role with the municipality.
- An assigned project manager will be assigned to work with the Municipality throughout conversion. The fee will be based on the number of modules being installed.

### **FMS Workstation Requirements**

Workstation

**Antivirus** (Corporate Edition Antivirus strongly recommended on all workstations)

**Battery Backup** (UPS Battery Backup)

**Communications** (1Gigabit network card)

**Memory** (16GB RAM 32GB preferred.)

**Processor** (64-bit 2.8GHz Quad Core or Higher)

**Storage** (500 GB SATA Hard Drive SSD preferred.)

**Operating System** Windows 11

**Storage** (500 GB SATA Hard Drive SSD preferred.)

### **FMS Server Requirements – (If FMS Hosting is not selected)**

**Antivirus** (Corporate Edition Antivirus strongly recommended)

**Battery Backup** (UPS Battery Backup)

**Communications** (1Gigabit network card)

**Memory** (16GB RAM 32GB preferred.)

**Processor** (64-bit 2.8GHz Quad Core or Higher)

**Storage** (500 GB SATA Hard Drive SSD preferred.)

**Operating System**

Minimum: Windows Server 2019 Standard Edition (64-bit) with appropriate CALs

Recommended: Windows Server 2022 Standard Edition (64-bit) with appropriate CALs

**Microsoft SQL Server – 2022 Standard Edition (Express is an option)**

**Storage** (500 GB SATA Hard Drive SSD preferred.)

**Backup Solution**

**Recommended** – Cloud-Based Enterprise Backup (Acronis, Veeam, or Backblaze)

**Alternative** – 2 TB External Backup Drive with Automated Backup Software

**SQL Server should NOT be the Domain Controller or Backup Domain Controller for the agency**

### **Option 3: SOFTWARE UPGRADE SERVICES**

Upgrade a Citi-Pak version of Southern to Financial Management System (FMS). Current Annual Support will remain in effect and will transfer from Citi-Pak to FMS. Note: Municipality will continue to be responsible for ongoing support for upgraded modules at current support levels. Upgrade also includes 3 Years of FMS

E-mail Services. For Year 4 annual support for FMS E-mail Services will be prorated according to start date and added into current FMS Support Fee.

FMS E-mail services for use Utility Billing, Payroll, Accounting or Purchase Requisition: E-mail utility bills to customers, payroll check stubs or purchase order work-flow feature and accounts receivable invoices. (Annual Support only needed once – not with each module)

Citi-Pak is an older version of financial software provided by Southern. The upgrade will bring them up-to-date with the latest version of FMS. Installation, Training and Migration of Data are included. Below is additional information regarding Migration of Citi-Pak data to FMS.

Citi-Pak to FMS Migration & Conversion Data History:  
Comprehensive Data Migration, Training, and Go-Live Framework

Data Conversion Overview

The data migration process ensures accurate, validated transfer of core financial information from Citi-Pak into FMS. Scope varies by module and source system.

Utility Billing:

Full conversion of Citi-Pak Utility Billing data.

General Ledger (GL)

- Standard conversion: Two open fiscal periods are migrated.
- Extended option: Additional fiscal periods may be brought forward (case-by-case).

Accounts Payable (AP)

Vendor records and AP transaction history for the full calendar Year that includes the two GL fiscal periods being converted will be migrated. Citi-Pak must be maintained for any AP detail outside this converted year.

Payroll Full historical payroll data from Citi-Pak is converted into FMS. No separate system required for payroll audit history.

### **Migration Process: Citi-Pak to FMS**

Standardized Conversion & Implementation Framework

#### **1. Discovery & Planning**

- Confirm modules and conversion scope.
- Determine if GL will follow the standard two-period conversion or extended range.
- Identify any custom reporting or integrations.
- Schedule test conversion and training windows.

## 2. Data Acquisition & Assessment

- Obtain a current backup/export of Citi-Pak data.
- Review structure, fiscal period setup, and data quality.
- Identify lifecycle exceptions or additional requirements.

## 3. Test Conversion

Performed for all applicable modules:

- GL: Two open fiscal periods (or approved extended range).
- AP: Vendors + full calendar year containing the converted GL periods.
- Payroll: All historical data.

## 4. User Training

- Workflow training for GL, AP, and Payroll.
- Month-end processes, reporting, vendor management, and payroll cycles.
- Quick-reference guides provided if applicable.

## 5. Final Conversion & Go-Live

- Freeze activity in Citi-Pak at a coordinated cutoff time.
- Perform final conversion.
- Run final trial balances, UB Master Balance and Deposit Listings and Payroll Earnings History and Gross Wage.
- Staff supported during go-live ('hypercare').

## TECHNICAL DETAILS

### FMS Hosting - powered by Microsoft Azure

#### Azure SQL Database – Backup Process & Responsibility

##### 1. Backup Process Overview for Hosted Data Solutions

Azure SQL Database is a **Platform-as-a-Service (PaaS)** offering. Backup operations are **fully automated and managed by Microsoft** and are part of the core service. Customers do not need to deploy, configure, or maintain backup infrastructure for standard backup functionality.

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##### 2. How Often Is Data Backed Up for Hosted Data Solutions?

Azure SQL Database performs the following **automatic backups**:

- **Full database backups:** once every **week**
- **Differential backups:** every **12–24 hours**
- **Transaction log backups:** approximately every **5–10 minutes** (depending on workload and compute tier)

These backups allow **point-in-time restore (PITR)** for up to **7 Days** and **Weekly LTR for 35 Days**.

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### 3. Who Performs the Backup for Hosted Data Solutions?

- **Microsoft performs all standard backups automatically**
- No customer action is required to schedule, trigger, or manage these backups
- Customers **cannot disable** or manually control the timing of automated backups

This is inherent to the Azure SQL Database PaaS model.

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### 4. Where Are Backups Stored for Hosted Data Solutions?

- Backups are stored in **Azure Blob Storage** managed by Microsoft
- By default, backups use **Zone-redundant storage**:
  - Multiple copies are stored locally
  - Replicated asynchronously to a **paired Azure region**
- Storage location is **not customer-accessible** and **cannot be changed** for automated PITR backups

This ensures resilience against regional outages and infrastructure failures.

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### 5. Backup Responsibilities for Hosted Data Solutions

While Microsoft manages the **mechanics of backups**, **Southern Software** retains important responsibilities:

#### **Southern Software's Responsibilities Include:**

- **Configuring retention policies PITR (Point-in-time Recovery) and Long-Term Retention (LTR)**
- **Executing restores** when needed
- **Designing overall data protection strategy**, including:
  - Exporting data (BACPAC) if off-platform backups for testing backup and restore procedures

Customers **do not** manage backup jobs, schedules, or storage infrastructure for hosted data.

#### **Security, Data Ownership and Exit Process for Municipalities that Don't Stay with Cloud Service in Year 4**

Data is fully owned by the Municipality. A full hosted backup of the live database will be delivered to the municipality after notification of intent to cancel the hosting service. Southern will assist to restore that backup to a local instance of Microsoft SQL Server and point the FMS client machines to internal network FMS database.

## **Security, Data Protection, and Backup Responsibilities**

*(Azure SQL Database)*

### **1. Security Incident and Data Breach Responsibilities for Hosted Data Solutions**

#### **1.1 Shared Responsibility Model**

The parties acknowledge that the FMS Hosting solution utilizes Microsoft Azure SQL Database, a Platform-as-a-Service (PaaS) offering subject to a shared responsibility model. Under this model:

- Microsoft is responsible for the security of the underlying cloud infrastructure and managed database service.
  - The Municipality retains ownership of and responsibility for its data, identities, and endpoint environments.
  - Southern Software (“SS”) is responsible for secure configuration and operation of SS-managed application components and for assisting the Municipality in incident response and recovery.
- 

#### **1.2 Breach Involving Microsoft Cloud Infrastructure**

If a confirmed security incident results from unauthorized access to Microsoft-managed Azure infrastructure that impacts Municipal data:

- Microsoft will investigate the incident and notify impacted customers in accordance with its contractual and regulatory obligations.
  - COMPANY shall promptly notify the Municipality upon receipt of any such notice affecting the Municipality’s environment.
  - COMPANY shall cooperate with Microsoft and the Municipality by:
    - Assisting with technical analysis and impact assessment;
    - Supporting recovery activities, including database restoration where applicable; and
    - Providing documentation reasonably required for the Municipality’s compliance and reporting obligations.
- 

#### **1.3 Breach Within the Municipality’s Environment**

If a security incident arises from factors within the Municipality’s control, including but not limited to compromised credentials, endpoint malware, misconfigured access, or insecure third-party integrations:

- The Municipality shall be responsible for incident response, regulatory notification, and remediation actions.
  - COMPANY shall provide reasonable assistance, including:
    - Reviewing application and database access activity;
    - Supporting access suspension for COMPANY-managed accounts; and
    - Assisting with data restoration from available backups, if required.
- 

## **2. Municipality Responsibilities**

### **2.1 Endpoint Security**

The Municipality shall be solely responsible for the security of all endpoint devices used to access the hosted solution, including but not limited to desktops, laptops, mobile devices, and on-premises systems. This responsibility includes:

- Operating system patching and configuration hardening;
  - Device encryption and physical security controls;
  - Identity protection measures such as strong authentication and credential management.
- 

### **2.2 Antivirus / Anti-Malware Protection**

The Municipality shall deploy, maintain, and manage antivirus and/or endpoint detection and response (EDR) solutions on all endpoint systems. This includes:

- Ensuring real-time protection is enabled;
  - Maintaining up-to-date malware definitions; and
  - Monitoring and responding to malware detections.
- 

### **2.3 Virus Recovery**

In the event of malware or ransomware affecting endpoint systems, the Municipality shall be responsible for:

- Device isolation, re-imaging, and recovery;
- Restoration of endpoint-resident data; and
- User credential resets where compromise is suspected.

COMPANY shall assist, as reasonably requested, with reviewing application and database access and supporting restoration of cloud-hosted data where applicable.

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### **3. Southern Software (COMPANY) Responsibilities**

#### **3.1 Application and Configuration Security**

COMPANY shall:

- Securely configure COMPANY-managed application components that interact with Azure SQL Database;
  - Apply security best practices to COMPANY-managed services, accounts, and integrations;
- 

#### **3.2 Third-Party and Application Upgrades**

COMPANY shall manage upgrades and patches to COMPANY-operated application components and supporting third-party software, including but not limited to:

- Application code releases;
- Middleware, connectors, or database drivers;
- Runtime dependencies (e.g., .NET, Java) and COMPANY-managed server operating systems.

Such upgrades may occur:

- On a scheduled basis for feature enhancements and routine security updates; or
- On an expedited basis to remediate critical security vulnerabilities.

Microsoft remains responsible for patching and maintaining the Azure SQL Database platform itself.

## Exhibit 2 Compensation

### Option 1: CLOUD CONVERSION SERVICES

Move current Southern Software to a Cloud Hosted environment.

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Total</u>
Remote Hosting Configuration	\$1,500			
Hosting Cost	<u>\$4,000</u>	<u>\$4,000</u>	<u>\$4,000</u>	
<b>Total</b>	\$5,500	\$4,000	\$4,000	<b>\$13,500</b>

NCLM will pay the total cost when the work starts and within 30 days of receiving the invoice.

Yearly support for the hosting option only is included in the above costs.

If a Municipality decides to revert back to a desktop version at the end of Year 3, Contractor will provide a backup of Municipality's data from the cloud and restore the data for the Municipality on a local server at no cost to Municipality.

For Year 4, annual hosting for FMS will be billed to municipality according to start date at no more than a 5% average increase. For example, Year 4 will be no more than \$4,200.00. Annual hosting cost will be analyzed before being invoiced in Year 4 and depending on size of data and current cost for hosting may decrease.

### Option 2: MODULE ADDITION SERVICES

Add additional Southern Modules not currently being used by the town.

*Year 1 module cost includes data entry described in the detail description in Exhibit 1, software, project management, data entry and initial year support where applicable. Years 2 and 3 include annual support fees.*

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Total</u>
Accounting/General Ledger	\$12,000	\$1,250	\$1,250	\$14,500
Payroll	\$12,000	\$1,250	\$1,250	\$14,500
Utility Billing	\$17,000	\$1,250	\$1,250	\$19,500
FMS E-mail Services	\$500	\$ 500	\$ 500	\$ 1,500
(May be used with any product listed above – one time annual cost)				
Payment Central	\$3,000	\$ 500	\$ 500	\$ 4,000

Current Annual Support will remain in effect. Note: Municipality will continue to be responsible for ongoing support for current modules at current support levels. For Year 4, annual support for FMS additional services will be prorated according to start date and added into current FMS Support Fee at the support cost listed above for Years 4 and 5. Year 6 and after is subject to no more than 2% average annual increase.

**Option 3: SOFTWARE UPGRADE SERVICES**

**Upgrade a Citi-Pak version of Southern to FMS.**

A one-time upgrade cost of \$5,000 will upgrade all modules of Citi-Pak currently used by a Municipality to FMS and will include the e-mail feature where appropriate. A Municipality may also decide to add a module they don't currently have and/or go to cloud hosting at the prices shown in Options 1 and 2.

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Total</u>
Upgrade Citi-Pak to FMS	\$3,500			\$3,500
FMS E-mail Services	<u>\$ 500</u>	<u>\$ 500</u>	<u>\$500</u>	<u>\$1,500</u>
<b>Total</b>	\$4,000	\$ 500	\$500	<b>\$5,000</b>

Current Annual Support will remain in effect. Note: Municipality will continue to be responsible for ongoing support for current modules at current support levels. For Year 4, annual support for FMS E-mail Services will be prorated according to start data and added into current FMS Support Fee.

***A Municipality may elect to select one, all, or any combination of the pricing options shown above. Each Municipality will receive an individual quote detailing their selections. Contractor will invoice NCLM when work begins for the Municipality. NCLM will remit payment with net 30 terms.***



SOUTHERN SOFTWARE, INC.  
an employee-owned company

**Bill to:** NCLM  
**For Agency:** Spruce Pines, NC  
**Contact:** Brian Hobson  
**Date:** 4/30/2026

**PROPOSAL (NCLM AIM)**  
**Purchase Requisition**  
**Hosting**

**FINANCIAL MANAGEMENT SYSTEM (FMS) Qty**

<b>PURCHASE REQUISITION</b>	1
Purchase requisition processing, work flow capability at the requester, department head and site administrator level. Interfaces with Accounts Payable.	
<b>Total Software:</b>	<b>\$2,500.00</b>

**PROJECT MANAGEMENT**

<b>Hosting Configuration</b>	HOSTING CONFIGURATION	\$1,500.00
<b>Total Project Management:</b>		<b>\$1,500.00</b>

**YEARLY SUPPORT**

			<b>Ea.</b>	<b>Total</b>
<b>FMS Support (Additional for Purchase Requisition)</b>	FMS ANNUAL SUPPORT FEE COVERS TELEPHONE AND REMOTE SUPPORT. THIS INCLUDES PROGRAM UPDATES AS RELEASED.	<b>3</b> Years	\$500.00	\$1,500.00

*Current Annual Support will remain in effect. Note: Municipality will continue to be responsible for ongoing support for current modules at current support levels. For Year 4 annual support for FMS additional services will be prorated according to start date and added into current FMS Support Fee at the support cost listed above for Years 4 and 5. Year 6 and after is subject to no more than 2% average annual increase.*

<b>* Hosting</b>	ANNUAL HOSTING COST. <b>PLEASE SEE NOTES BELOW. BY SIGNING BELOW YOU AGREE TO THESE ITEMS</b>	<b>3</b> Years	\$4,000.00	\$12,000.00
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*For Year 4, annual hosting for FMS will be billed to municipality according to start date at no more than a 5% average increase. For example, Year 4 will be no more than \$4,200.00. Annual hosting cost will be analyzed before being invoiced in Year 4 and depending on size of data and current cost for hosting may decrease.*

**Total Support: \$13,500.00**

**TOTAL TO BE PAID BY NCLM (AIM): \$17,500.00**

**CUSTOMER'S SIGNATURE \_\_\_\_\_ DATE \_\_\_\_\_**

**ONCE FULLY EXECUTED CONTRACT IS RETURNED TO SOUTHERN SOFTWARE WE WILL BEGIN PROCESSING THIS ORDER.**

**\* NOTE: NETWORK & INTERNET CONNECTION IS NOT THE RESPONSIBILITY OF SOUTHERN SOFTWARE.**

**\* NOTE: MICROSOFT SQL AZURE HOSTING WILL HOST THE ACTUAL DATABASE. CUSTOMER WILL BE REQUIRED TO HAVE A STATIC IP AND A QUALITY BROADBAND PROVIDER IS REQUIRED. WE CANNOT BE RESPONSIBLE FOR INTERNET OUTAGES AT THE CUSTOMER SITE. MICROSOFT DOES RESERVE THE RIGHT TO DO MAINTENANCE OR EMERGENCY SECURITY UPDATES. THESE WILL BE DONE IN THE MIDDLE OF THE NIGHT AND ON WEEKENDS.**

**\* NOTE: IF HOSTING FEE IS NOT PAID ANNUALLY WHEN DUE, MICROSOFT AZURE WILL SHUT DOWN THE HOST SITE AND DATA WILL BE LOST.**

**NOTE:** DUE TO A CONSTANTLY CHANGING MARKET, SOUTHERN SOFTWARE'S SOFTWARE PROPOSALS WILL BE HONORED FOR A PERIOD OF SIXTY (60) DAYS AND HARDWARE PROPOSALS FOR A PERIOD OF THIRTY (30) DAYS. WE WILL BE GLAD TO RESUBMIT AT YOUR REQUEST.

**NOTE: FMS** INCLUDES THIRTY (30) DAYS OF FREE TELEPHONE SUPPORT AND REGULAR UPDATES TO INSURE YOUR TOWN A STATE OF THE ART PRODUCT.

**NOTE:** PROJECT MANAGEMENT FEES INCLUDE TRAINING, INSTALLATION AND PROJECT MANAGEMENT.

**NOTE:** SOUTHERN SOFTWARE WILL INSTALL ITS SOFTWARE PRODUCTS ONLY ON COMPUTER CONFIGURATIONS COMPATIBLE WITH THESE PRODUCTS. HARDWARE SPECIFICATIONS ARE AVAILABLE UPON REQUEST.

***Contact information for FMS Sales Representative:***

**Debbie Cockman  
Southern Software  
150 Perry Drive  
Southern Pines, NC 28387**

**Business: (800) 842-8190  
Mobile: (910) 690-6760  
Fax: (910) 695-0251  
E-Mail: [dcockman@southernsoftware.com](mailto:dcockman@southernsoftware.com)**