



2018 Strategic Operating Plan

Village of Pinehurst, North Carolina



VILLAGE OF PINEHURST

2018 Strategic Operating Plan

Including the

FY 2018 Budget



**Council Member Clark Campbell, Treasurer John Bouldry, Mayor Nancy Roy Fiorillo,
Council Member Claire Berggren, Mayor Pro-Tem John Cashion**



VILLAGE OF PINEHURST

395 MAGNOLIA ROAD
PINEHURST, NC 28374

910.295.1900

www.vopnc.org

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VISION

The Village of Pinehurst is a charming, vibrant community
which reflects our rich history and traditions.

MISSION

To promote, enhance, and sustain the quality of life
for residents, businesses, and visitors.

VALUES

Initiative, Teamwork, Service, and Improvement

VILLAGE SENIOR LEADERSHIP

Village Manager

Assistant Village Manager

Assistant Village Manager

Village Clerk

Financial Services Director

Human Resources Director

Chief Information Officer

Police Chief

Fire Chief

Planning and Inspections Director

Public Services Director

Parks and Recreation Director

Fleet Maintenance Director

Jeff Sanborn

Jeff Batton

Natalie Hawkins

Lauren Craig

John Frye

Angela Kantor

Jason Whitaker

Earl Phipps

Carlton Cole

Kevin Reed

Walt Morgan

Mark Wagner

Randy Kuhn



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Welcome to the Village of Pinehurst! This Strategic Operating Plan (SOP) document represents the plans of the Village Council and staff to achieve our vision and accomplish our mission. We hope this document will prove to be a valuable tool for Village citizens, businesses, visitors, Council, and staff.



The Pinehurst Village Hall, located at 395 Magnolia Road

Strategic Operating Plans can be very complex and confusing. Should there be any questions regarding information provided in this document, please contact the Financial Services Department at 910.295.1900.

The layout of the document is intended to take the reader from the broadest perspective (consolidated totals, etc.) to a more specific perspective (individual departments, divisions, etc.). Realizing that information needs differ for every reader, the document is divided into sections to make the information easy to locate.

Budget in Brief - The Budget in Brief provides an overview of the FY 2018 Budget that is a component of the Strategic Operating Plan. It helps the reader quickly understand what initiatives and other key elements are included in the annual budget.

Budget Message - In the Budget Message, the Village Manager discusses the proposed annual budget and any outside factors that were used in determining the budgeted expenditures and the revenues needed to cover these expenditures.

About Village Services - This section provides a description of the duties and responsibilities of the different Village departments and divisions.

Strategic Operating Plan Guide - This guide details the steps in preparing and adopting the annual budget, which is a component of the Strategic Operating Plan. A summary of key financial policies affecting the budget process is given. This section also includes the budget calendar, the budget planning phases, and a description of how the process works. Finally, it has a brief description of fund accounting, how the Village's finances are organized, and how to read the department tables contained in the *General Fund* section.



Strategic Priorities - This section provides an overview of the strategic planning process, the Village's Balanced Scorecard (BSC), and also contains the Council's strategic goals and objectives. Key Performance Indicators (KPIs) with short-term and long-term goals on the Village's Balanced Scorecard (BSC) are also included in this section along with specific Initiative Action Plans (IAPs) aimed at achieving those performance targets.

General Fund - This section includes detailed information about General Fund revenues and assumptions used to determine budgeted amounts. Every Village department or division also appears with individual department profiles and budget summaries. Department goals, objectives, and Key Performance Indicators (KPIs) with short-term and long-term projections are also included. These are the most specific presentations within the document. This section also provides information on debt service and on capital expenditures contained in the current year budget.

Capital Project Fund - Each Capital Project Fund budget is presented separately. This section includes an overview of any capital projects and its funding sources.

Five-Year Financial Forecast - This section contains the Village's long-range financial forecast. The forecast is developed to ensure that adequate financial resources are available to meet future financial obligations. The forecast serves to inform decision makers of the long-term financial implications of the budgetary decisions they are making today.

Capital Improvement Plan (CIP) - The CIP outlines the Village's plan for the replacement and acquisition of capital assets over the five-year planning period. Capital assets include vehicles, equipment, infrastructure, and new facilities. The Village uses this plan to ensure that these investments are aligned with the Village's strategic direction.

Annual Budget Ordinance - The Budget Ordinance is the legally binding ordinance that establishes the new annual budget.

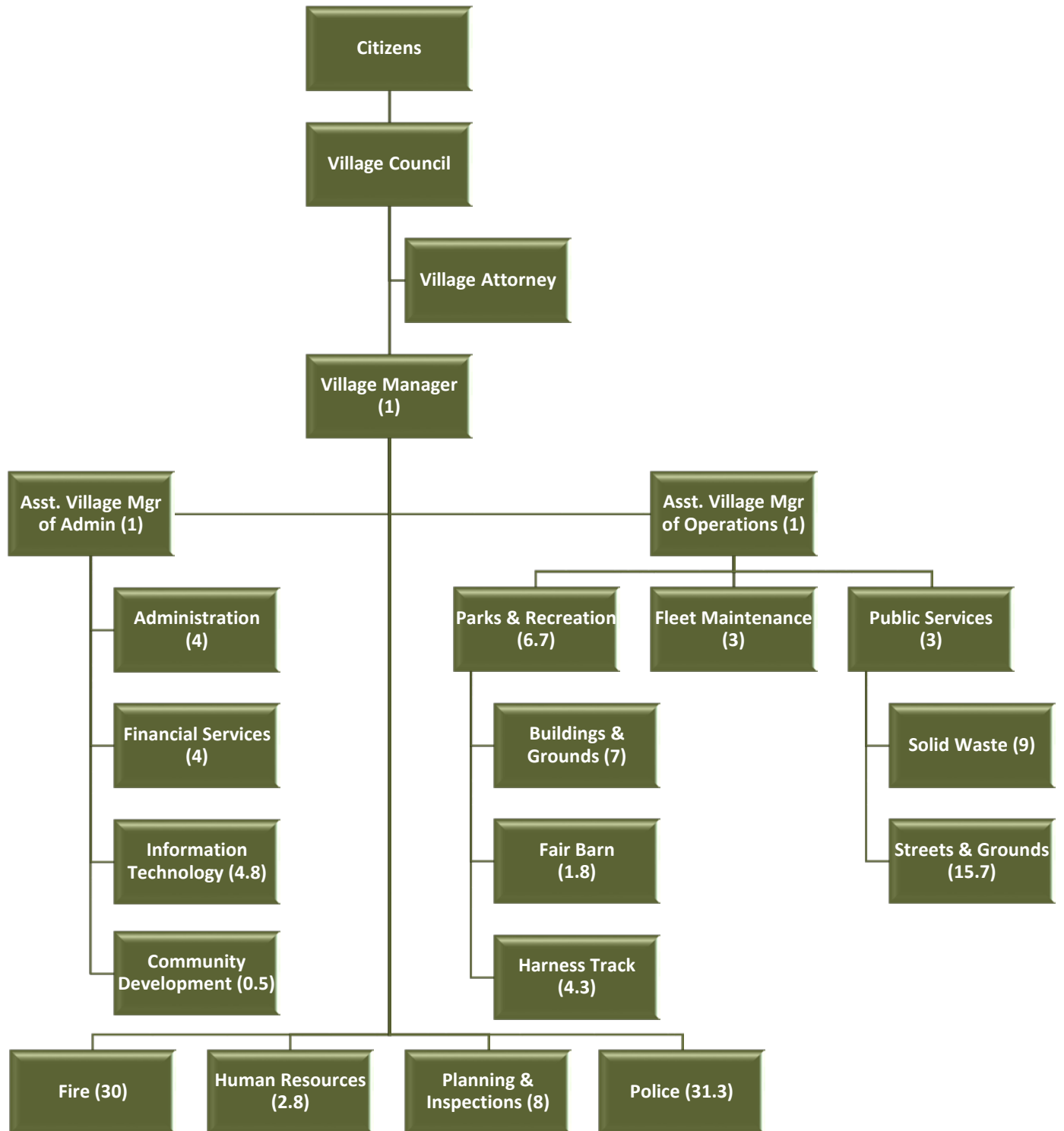
Budget Glossary - This section includes a list of common terms, acronyms and abbreviations used throughout the document. A detailed definition of these terms is provided to aid the reader in understanding the budget and strategic planning process.

Supplementary Information - This section includes miscellaneous information about the Village of Pinehurst, such as the history of the Village and other relevant economic data.

To find specific information addressed in individual sections, please refer to the *Table of Contents* in the front of the budget document.



Organizational Chart



See the *Personnel Classification Summary* for details of full-time equivalents (FTEs) by department.



Personnel Classification Summary

Personnel expenditures make up 58% of the Village's operating budget. The Personnel Classification Summary represents a five-year trend of staffing by function as well as a snapshot of the FTEs on which the FY 2018 Adopted Budget is based.

Fiscal Year 2018 Staffing By Function in Full-Time Equivalents

Classification Plan Summary	Budgeted FY 2014	Budgeted FY 2015	Budgeted FY 2016	Budgeted FY 2017	Budgeted FY 2018
General Government					
Administration					
Administration	7.0	7.0	7.0	7.0	7.0
Financial Services	3.5	3.5	3.5	3.5	4.0
Human Resources	2.5	2.5	2.5	2.5	2.8
Fleet Maintenance	3.0	3.0	3.0	3.0	3.0
Buildings and Grounds Maintenance	6.0	6.0	6.0	6.0	7.0
Information Technology	4.8	4.8	4.8	4.8	4.8
Total General Government	26.8	26.8	26.8	26.8	28.6
Public Safety					
Police	28.0	28.0	28.0	31.3	31.3
Fire	30.0	30.0	30.0	30.0	30.0
Inspections	2.0	2.0	2.0	2.0	2.0
Total Public Safety	60.0	60.0	60.0	63.3	63.3
Economic and Physical Development					
Planning	6.0	6.0	6.0	6.0	6.0
Community Development	0.0	0.0	0.0	0.5	0.5
Total Economic and Physical Development	6.0	6.0	6.0	6.5	6.5
Transportation					
Public Services Administration	3.0	3.0	3.0	3.0	3.0
Streets and Grounds	15.0	15.0	15.0	15.0	15.7
Total Transportation	18.0	18.0	18.0	18.0	18.7
Environmental Protection					
Solid Waste	9.0	9.0	9.0	9.0	9.0
Total Environmental Protection	9.0	9.0	9.0	9.0	9.0
Cultural and Recreation					
Parks and Recreation	6.0	6.0	6.7	6.7	6.7
Harness Track	4.0	4.3	4.3	4.3	4.3
Fair Barn	1.8	1.8	1.8	1.8	1.8
Total Cultural and Recreation	11.8	12.1	12.8	12.8	12.8
GRAND TOTAL	131.6	131.9	132.6	136.4	138.9

Population	15,150	15,525	15,763	16,123	16,328
Employees per 1,000 Population	8.7	8.5	8.4	8.5	8.5

See the *General Fund* section for departmental staffing expenditures and explanation of staffing changes.



GFOA AWARD FOR DISTINGUISHED BUDGET PRESENTATION

The Government Finance Officers Association of the United States and Canada (GFOA) presented an award of Distinguished Budget Presentation to the Village of Pinehurst for its annual budget for Fiscal Year 2017 which began July 1, 2016. In order to receive this award, a governmental unit must publish a budget document that meets specific program criteria as a policy document, an operations guide, a financial plan, and a communications device. The award applies specifically to the Fiscal Year 2017 budget document and is good for a period of one year. The Fiscal Year 2018 budget will be submitted to GFOA for award consideration as well.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

Village of Pinehurst

North Carolina

For the Fiscal Year Beginning

July 1, 2016

Executive Director



Letter from the Mayor

The Village Council is committed to ensuring Pinehurst is a charming, vibrant community which reflects our rich history and traditions. For the past five years, you have given us feedback on our services through the annual Community and Business Surveys. The Council and staff have used that feedback, along with other relevant data, to prepare the 2018 Strategic Operating Plan that includes the FY 2018 Budget.

The Village Council has identified nine strategic goals, supported by 15 strategic objectives on the Balanced Scorecard (BSC). The nine strategic goals of the Village for FY 2018 are to:

1. Safeguard the community,
2. Ensure an attractive residential community,
3. Ensure a thriving business community,
4. Provide multimodal transportation systems,
5. Protect the environment,
6. Maintain an active, healthy community,
7. Professionally manage a high performing organization,
8. Attract & retain an engaged workforce, and
9. Maintain a healthy financial condition.



Mayor Nancy R. Fiorillo

The FY 2018 Budget contains a \$0.295 per \$100 valuation property tax rate that is consistent with last year's tax rate. The Council's four Areas of Focus for the Village for FY 2018 include: 1) guiding appropriate redevelopment and growth, 2) providing pedestrian connectivity, 3) maintaining high quality streets, and 4) providing recreation programs, leisure activities, and cultural arts events for all ages.

In support of our goals and objectives, we have several Initiative Action Plans (IAPs) that span the five-year planning period of FY 2018–2022. This *Budget in Brief* describes those action plans and other key items included in the FY 2018 Budget. For more information on action plans, please see the *Strategic Priorities* section of the 2018 Strategic Operating Plan, which may be found on our website at www.vopnc.org.

This year, the Village's budget includes funding for the design of a new 18,000 square foot community center that is planned to be constructed in FY 2019. This project is being funded with existing Village funds and a \$1.0 million loan that will be repaid under the current tax rate of \$0.295 per \$100 valuation.

With diligent financial oversight, the Village's professional staff and Council have been effective stewards of our tax dollars, ensuring the delivery of quality services that our residents, businesses, and visitors require and expect. As in the past, the FY 2018 Budget is prepared utilizing sound financial policies and reflects the Council's thoughtful consideration of the services provided and priorities identified by residents and businesses.

Several great initiatives and projects are planned for FY 2018, and I encourage you to read further about those in the 2018 Strategic Operating Plan.

Nancy Fiorillo, Mayor
Village of Pinehurst, NC



Fiscal Year (FY) 2018 Initiative Action Plans

The FY 2018 Budget includes 12 Initiative Action Plans (IAPs) at a cost of \$1.3 million to address the Village’s nine strategic goals, 5 of which are designated as an Area of Focus (AOF). In the five-year planning period there are a total of 13 IAPs at a cost of \$8.1 million. Additional information on action plans can be found in the *Strategic Priorities* section of the 2018 Strategic Operating Plan. Initiative Action Plans in the FY 2018 Budget and their cost are as follows:

Customer Perspective

Safeguard the Community (\$15,000)

1. **Traffic pre-emption program** - Installation of traffic pre-emption devices at 3 signalized intersections - **\$15,000**

Ensure an Attractive Residential Community (\$90,000)

2. **Community aesthetics** – Develop and implement a multi-year master plan for landscape enhancements along Highway 211 - **\$25,000**
3. **Land use planning** AOF – Develop a Village-wide land use plan - **\$65,000**

Ensure a thriving business community (\$145,000)

4. **Commercial streetscape enhancements** – Install brick sidewalks and streetlights on McCaskill and McIntyre Roads - **\$145,000**

Provide multimodal transportation systems (\$442,500)

5. **Pedestrian connectivity** AOF – Install approximately 1 mile of pedestrian facilities - **\$433,000**
6. **Street lighting** AOF – Install approximately 20 street lights within Village neighborhoods - **\$9,500**
7. **Transportation improvements** AOF – Collaborate with NCDOT on state road improvements needed in the Village - **\$0**

Maintain an active, healthy community (\$533,200)

8. **Recreation facilities** AOF – Pave the Cannon Park parking lot and complete design for a *NEW* Community Center to be built in FY19 - **\$533,200**

Internal Perspective

Professionally manage a high performing organization (\$53,600)

9. **Transparent operations** – Create online dashboards to be launched in FY19 to inform the public of Village performance - **\$0**
10. **Planning & Inspection process improvements** – Evaluate the permit & inspection processes and implement technology for efficiency and service level enhancements - **\$53,600**

Workforce Perspective

Attract and retain an engaged workforce (\$5,000)

11. **Workforce learning and development** - Train and develop Village employees and develop a formal Village-wide succession plan - **\$5,000**
12. **Incentive reward program** - Develop and implement a financial incentive reward program for Village employee performance to be implemented in FY19 - **\$0**

Balanced Scorecard (BSC)

The BSC contains goals, objectives, and Key Performance Indicators (KPIs) in four perspectives to ensure a balanced approach to the evaluation of achievement of organizational strategy. These four perspectives are:

1. Customer
2. Internal
3. Employee
4. Financial

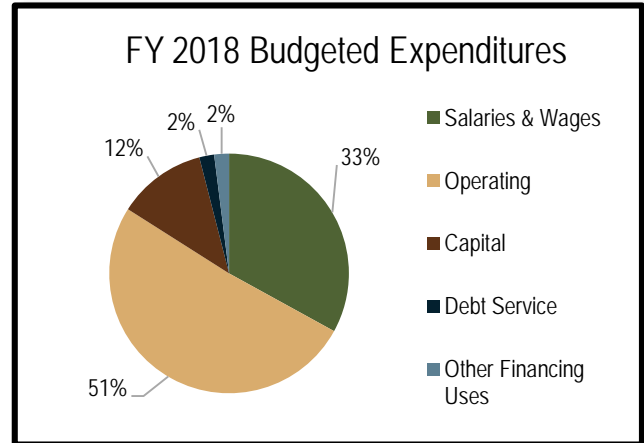


Fiscal Year (FY) 2018 General Fund Expenditures

The FY 2018 Budget for salaries and wages for the Village’s 139 full-time equivalents (FTEs) accounts for 52% of total expenditures, or \$6.4 million. Funding for merit raises ranging from 0-3% for employees totals \$174,000. Also, the FY 2018 Budget includes the third year of a five-year phase out of the dependent coverage health insurance premium subsidy provided by the Village. The Village currently subsidizes 15% of dependent coverage insurance premiums for employees and will continue to pay for 100% of health insurance premiums for employees.

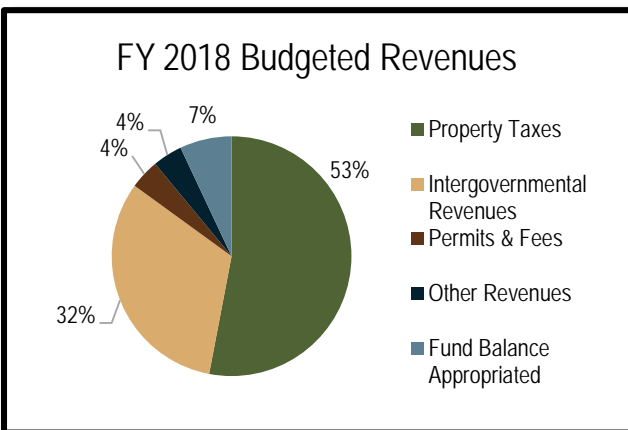
This budget includes an increase of 2.45 full time equivalents (FTEs) for 4 positions. A full time Grounds Specialist in Buildings & Grounds and two seasonal Maintenance Workers totaling 0.7 FTEs in Streets & Grounds are included based on the recommendation from the Grounds Maintenance evaluation completed last year. In addition, a part-time Finance Technician position is being moved to full time and a part-time Human Resources Assistant is being increased by 0.25 FTEs to address capacity shortages in these departments.

In FY 2018, the recommended budget includes \$2.2 million in capital investment, or 12% of total expenditures. In addition, the budget also includes a transfer of \$344,000 from the General Fund to a capital project fund to cover the cost of design for the new Community Center. This Other Financing Use represents 2% of total expenditures.



Overall, the FY 2018 Budget totals \$19,139,093 or 0.5% above the prior year’s amended General Fund budget at December 31, 2016. The recommended budget as presented results in a per capita expenditure of \$1,172 based on a projected population of 16,328.

Fiscal Year (FY) 2018 General Fund Revenues



The primary revenue source for the Village is property taxes, accounting for 53% of total revenues, or \$10.1 million. In FY 2018, the Village will maintain the current \$0.295 per \$100 valuation property tax rate.

At \$6.1 million, intergovernmental revenues are the second largest revenue category, making up 32% of total General Fund revenues. These revenues include local option sales taxes, utility sales taxes, and other state-collected revenues. Of these, local option sales taxes (or 2 cents of the 6 ¾ cents paid in sales tax) are the largest intergovernmental revenue source for the Village, representing 17% of the budget.

The Village is also budgeting to use \$1.3 million of appropriated fund balance (or Village savings), which represents 6.7% of total revenues and is above the expected budget-to-actual variance of \$990,000. Because revenues historically come in at 101% of budget and expenditures typically fall 5% below budget, we estimate the Village will actually only use \$295,000 of appropriated fund balance in FY 2018. This will result in an ending fund balance of approximately 47.8%, above the Council’s target fund balance policy range of 30%-40%.



Long Term Debt

The Village continues to pay down its debts and has only \$1.07 million in long-term debt outstanding. Total required principal and interest payments for FY 2018 amount to \$363,000, or 2% of the total annual budget. The Village does not plan to issue any new debt in FY 2018.

Capital Expenditures

Capital expenditures total \$2.2 million in FY 2018, or 12% of the annual budget. In addition to routine vehicle and equipment replacements, significant capital expenditures include:

- Pedestrian facilities (\$430,000)
- Streetscape improvements on McCaskill Road (\$145,000)
- Paving of Cannon Park parking lot (\$120,000)
- Storm drainage projects (\$110,000)

NEW! Community Center

In FY 2018, the Village will begin designing a new 18,000 square foot community center to be constructed in FY 2019 and open in July 2020. The new facility will likely contain a gymnasium, office space and multiple activity rooms of varying sizes. While the site of the new community center has not yet been determined, two potential locations include Cannon Park (site of the old Village Hall) or Rassic Wicker Park (behind Village Hall).



Viewing the Budget Online

To view the FY 2018 Budget online, go to www.vopnc.org.

On the Budget “launch” page, citizens can open the entire FY 2018 Budget and Strategic Operating Plan document or an individual section, with a linked table of contents.



May 9, 2017

The Honorable Nancy Roy Fiorillo, Mayor
Members of the Village Council
Pinehurst, North Carolina

Dear Mayor Fiorillo and Members of the Village Council:

Pursuant to Section 159-11 of the North Carolina General Statutes (NCGS), I am pleased to present the 2018 Strategic Operating Plan, including the Recommended Budget for Fiscal Year (FY) 2018, for your review and consideration. This document has been prepared in compliance with the requirements of the Government Finance Officers Association's Distinguished Budget Award program to provide a comprehensive view of the Village's 2018 Strategic Operating Plan. In order to qualify for the program, the Village's budget document must be proficient as a policy document, a financial plan, an operations guide, and a communications device.

FY 2018 marks the fifth year of the Village's strategic planning process. In FY 2014, the Village transitioned from adopting a separate Capital Improvement Plan (CIP) and operating budget to adopting a Strategic Operating Plan (SOP) that contains a one-year budget and a five-year financial forecast and capital improvement plan. In FY 2012, the Village began a focused continuous process improvement effort by partnering with the Industrial Extension Services Department of North Carolina State University and participating in its North Carolina Awards for Excellence program. The goal of this program is to implement the national Malcolm Baldrige Performance Excellence Framework. This framework provides an integrated approach to organizational performance management that results in the delivery of ever-improving value to our customers and improving the overall effectiveness of the organization. Implementing this framework has transformed the Village's budgeting process into a more strategic, results-driven process. Resource allocation is now more closely aligned with the Village Council's strategies and on achieving the results articulated in the Village's Balanced Scorecard (BSC).

The FY 2018 Budget as presented was developed through the Village's Strategic Planning Process. This process is described in detail in the *Strategic Priorities* section of this document. The strategic planning process includes the development of the Village's Balanced Scorecard (BSC). The BSC contains 9 strategic goals, 15 objectives, and 27 Key Performance Indicators (KPIs) with targets around which this SOP was developed. The BSC is the foundation upon which the SOP is developed to ensure the recommended budget helps us accomplish our mission and vision. This message provides information on how the SOP addresses these objectives in a meaningful and measurable way.

PRINCIPAL ISSUES FACING THE VILLAGE IN DEVELOPING THE SOP

This year, the Village has seen a sizeable increase in the amount of new construction for both single-family homes and non-residential construction. Fallout from the housing crisis of 2008 resulted in a drastic decline in new home construction in the Village, which has began to rebound over the past few years. Prior to the housing crisis, the Village saw construction of approximately 230 new single family homes per year, which dropped to a low of 51 in 2010. Housing sales prices have recently increased, and the rate of new home construction has recovered to approximately 130 homes in FY 2017, or 30% above our original FY 2017 estimate of 100 new homes. This increase and somewhat unexpected growth has added to our tax base and resulted in additional revenue available to provide and expand high quality municipal



services. Next year, mortgage interest rate increases may restrict home buyers to some degree and this is reflected in our housing forecast. In addition, there are several significant commercial projects being developed in the Village at this time. Although these projects will not impact the FY 2018 tax base, they will provide sizable increases to the tax base in future budgets.

Local sales tax revenues have also increased steadily since the Great Recession and have returned to overall historical growth rates, providing additional revenue that was not available in recent years. In fact, the projections for FY 2018 are roughly \$1 million higher than sales tax revenue received in FY 2012.

Other external economic factors have affected our budget planning process. The U.S. Open and U.S. Women's Open Championships hosted in the Village in June 2014 had significant financial impact on the Village. Hosting these major events throughout the years has proven to positively impact local tourism in the following years. In addition to golf-related tourism, the Village is also dependent on new retirees relocating to the Village. This in-migration was suppressed during the Great Recession as retirees were not able to sell their homes in other parts of the country. On the bright side, the continued growth in military relocations to our area has become a new growth sector. The Village's name recognition and proximity to Fort Bragg make it an attractive location for families with military ties.

With an increasing population and changing demographics that are getting younger, the FY 2018 budget proposes to allocate a significant amount of resources to address the needs of our residents with recreation amenities. Specifically, this budget proposes to construct a \$4.1 million Community Center, with design funded in FY 2018. Last year's five-year financial forecast included \$2 million in funding for recreation facilities and due to healthy increases seen and expected in property and sales tax revenues, the Village is able to fund this project under the existing tax rate. To keep the General Fund fund balance above the minimum Council established threshold of 30% will require the Village to finance \$1 million for the project in FY 2019. With low existing debt payments and the last remaining significant debt being paid off in FY 2020, the additional debt service payments for the Community Center can be absorbed into operations.

Another principal issue impacting the Village is workforce capacity in certain areas of our organization as services and programs expand to meet the needs of residents. To address this, the FY 2018 budget includes the addition of 2.5 full time equivalents (FTEs).

Like other cities in North Carolina, the Village is subject to potential legislative changes at the state level which could significantly impact Village intergovernmental revenues. This legislative session has several bills, which if enacted, could reduce our revenues or increase our expenses. Since it is unclear at this time whether any of these bills will be signed into law, any financial implications from these laws will have to be addressed in next year's budget. Staff continues to monitor the status of the legislation and the Village is financially in a position to temporarily utilize fund balance for potential legislative changes that may have a negative financial impact on the Village.

In the overall economy, the local unemployment rate has improved to 5.0% compared to 5.6% the previous year. This rate is reflective of the state and national rates and marks a significant improvement over the past few years as the local economy improves.



PRIORITIES AND AREAS OF FOCUS

The Recommended FY 2018 Budget as presented provides a financial plan for the ensuing fiscal year and has been developed in accordance with the Village’s financial policies and the Balanced Scorecard (BSC). At the annual strategic planning retreat, the Village Council identified nine strategic goals:

1. Safeguard the community,
2. Ensure an attractive residential community,
3. Ensure a thriving business community,
4. Provide multimodal transportation systems,
5. Protect the environment,
6. Maintain an active, healthy community,
7. Professionally manage a high performing organization,
8. Attract and retain an engaged workforce, and
9. Maintain a healthy financial condition.

The 2018 SOP includes 13 initiative action plans (IAPs) with incremental funding of \$8,138,260 to achieve the target performance levels on the BSC over the five-year period. The initiatives proposed to address the Council’s strategic objectives and four Areas of Focus (AOF) are listed below:

Strategic Goal	Strategic Objective	Initiative Action Plans (IAPs)
Safeguard the community	Deliver effective public safety services	Traffic Pre-emption Program
Ensure an attractive residential community	Maintain a high level of overall appearance of Pinehurst public spaces	Community Aesthetics
	Guide appropriate redevelopment and growth AOF	Comprehensive Long Range Plan Update Land Use Planning
Ensure a thriving business community	Provide a business-friendly environment	Commercial Streetscape Enhancements
Provide multimodal transportation systems	Provide interconnected greenway trails, bike paths, and other pedestrian facilities AOF	Pedestrian Connectivity
	Maintain high quality streets AOF	Street Lighting Transportation Improvements
Maintain an active, healthy community	Provide recreation programs, leisure activities, and cultural arts events for all ages AOF	Recreational Facilities
Professionally manage a high performing organization	Enhance community engagement	Transparent Operations
	Continuously improve operational effectiveness through quality performance, use of technology, and innovation	P&I Process Improvements
Attract & retain an engaged workforce	Provide a supportive and rewarding work environment	Workforce Learning and Development
		Incentive Reward Program

Items in red are IAPs that support Council’s Areas of Focus

Areas of Focus were selected based on performance levels, strategic challenges identified at the strategic planning retreat, and resident priorities identified in the Annual Community Survey.



Of the 13 initiatives in the five-year period, 12 are scheduled to begin in FY 2018 (or continue from FY 2017) at a cost of \$1,284,800. The *Strategic Priorities* section of this document provides additional details on these initiatives that are aimed at achieving the strategic objectives on the BSC and addressing the Council's Areas of Focus.

Of the 12 IAPs planned for FY 2018, only two were added this year: Community Aesthetics and Transportation Improvements. The remaining 10 IAPs were either previously scheduled in the five-year financial plan to begin in FY 2018 or were ongoing initiatives from FY 2017. Examples of ongoing initiatives include Pedestrian Connectivity and Street Lighting which are multi-year initiatives aimed to gradually address resident dissatisfaction levels. Funding to maintain current service levels has been provided and service level improvements are focused in recreation, transportation, and planning & development with targeted investments of resources.

FY 2018 GENERAL FUND RECOMMENDED BUDGET

OVERVIEW

The General Fund is used to account for resources which are not required legally or by sound financial management to be accounted for in another fund. Over the past few years, the Village has closed out several special revenue funds, leaving the General Fund as the Village's only annually budgeted fund.

When preparing the FY 2018 SOP, Village Management adhered to the following budgetary principles:

- Maintain adequate funding levels to provide basic Village services,
- Seek to contain operating costs while adequately funding infrastructure and capital replacements,
- Maintain a fund balance in the range of 30% to 40% of budgeted expenditures, per the Village's Fund Balance Policy, and
- Uphold sound budgetary principles such as using conservative revenue estimates and maintaining healthy operating margins.

The FY 2018 recommended General Fund budget totals \$19,139,093. This is an increase of 0.5% above the FY 2017 amended General Fund Budget at December 31, 2016 of \$19,034,730. The recommended budget as presented results in a per capita expenditure of \$1,172 based on a projected population of 16,328.

Approximately 70% of all General Fund revenue comes from ad valorem taxes and local option sales taxes. Over the past decade, the Village's revenue sources have become much less diversified due to the repeal of taxes at the state level and dependence on the ad valorem tax has increased as a result. This year the Village expects solid revenue growth due an improving real estate market and strong retail sales.

Overall, the Recommended Budget for the General Fund utilizes \$1,284,513 of appropriated fund balance. Historically, operating revenues come in at 101% of budget while operating expenditures typically fall 5% below budget. The amount of fund balance that is appropriated this year exceeds this budget variance amount by approximately \$295,000. The Recommended Budget results in fund balance, as a percentage of expenditures, that is approximately 47.8%, which is above the upper limit of the Village's adopted fund balance policy range.



SOURCES OF REVENUE

The General Fund's primary sources of revenue include:

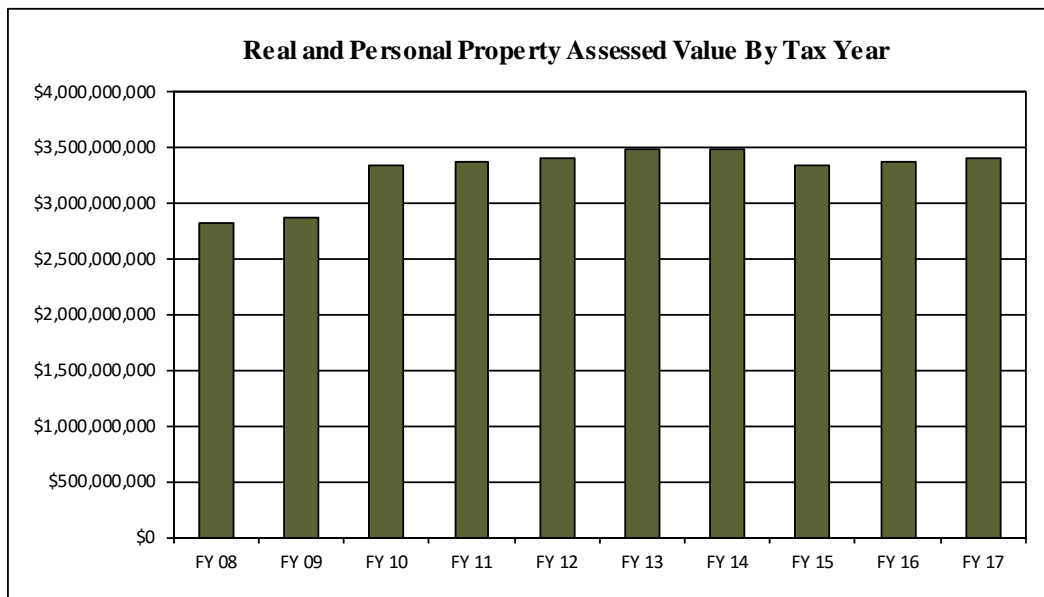
- Ad Valorem Taxes,
- Local Option Sales Taxes,
- Intergovernmental Revenues,
- Permits and Fees, and
- Sales and Service Revenues.

Ad Valorem Taxes (Property Taxes)

Two characteristics of the property tax distinguish it from other forms of taxation and underlie the methods of determining tax liability and enforcing collection. The first characteristic is that the property tax is levied on property itself, not the owner. The second is that the tax is measured by the value of the property, not by the owner's ability to pay. Thus, it is often called an "ad valorem" tax, from the Latin phrase meaning, "according to value".

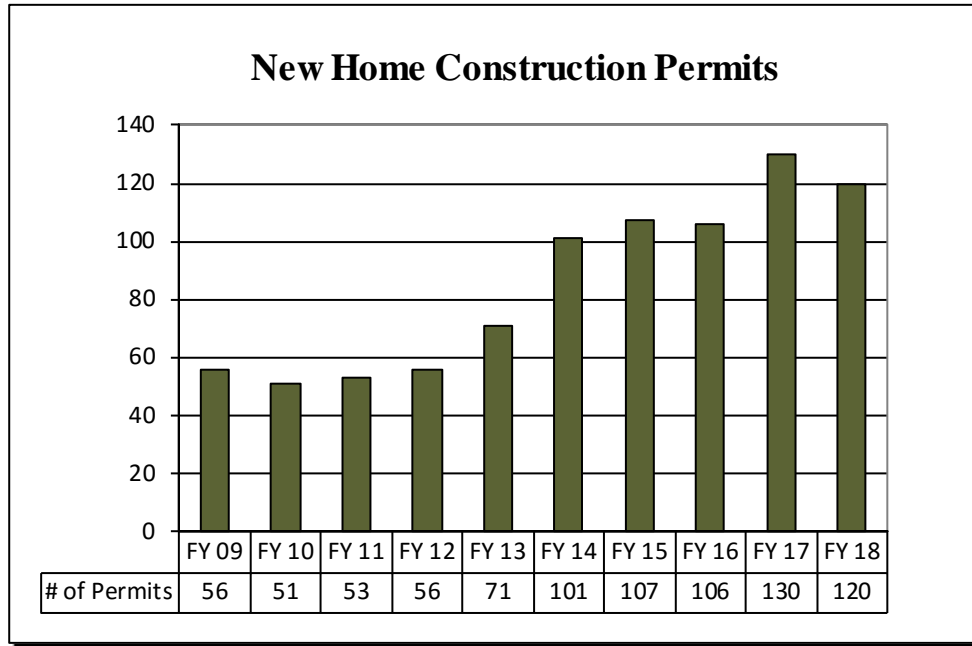
In North Carolina, property tax rates are customarily expressed in dollars per \$100 valuation. The maximum property tax rate allowed in North Carolina is \$1.50 per \$100 of valuation. This proposed budget recommends a property tax rate of \$0.295 per \$100 of valuation, which is the lowest municipal tax rate in Moore County. Robust growth in other operating revenues during FY 2017 have allowed the Village to maintain its current property tax rate for FY 2018. This means that for every \$100,000 in value of property, \$295 is due. With an anticipated collection rate of 99.9% for real and personal property and 100.0% for motor vehicles, the Village typically achieves one of the highest tax collection rates in the State of North Carolina. A penny on the tax rate generates approximately \$336,000 in revenue. Total Ad Valorem Tax revenues are projected to be \$10,052,000 in FY 2018. In North Carolina, the Ad Valorem tax is the only significant source of revenue that the State allows local governments to control. This revenue accounts for 53% of the General Fund's total revenues.

All property in the county was revalued by Moore County as of January 1, 2015. As a result of the revaluation, the Village's total tax value decreased by 4.83% when compared to the last revaluation in 2007.





Our budget estimates assume an average growth in the real property tax base of 1.2% for real property and motor vehicles. Since 98% of the Village’s property tax base is residential property, the new home construction projection is a critical component of the financial forecast. The housing market rebounded significantly in FY 2017 to an annual estimate of 130 homes. Because of expected increases in mortgage interest rates, we project approximately 120 new homes will be permitted during the upcoming fiscal year.

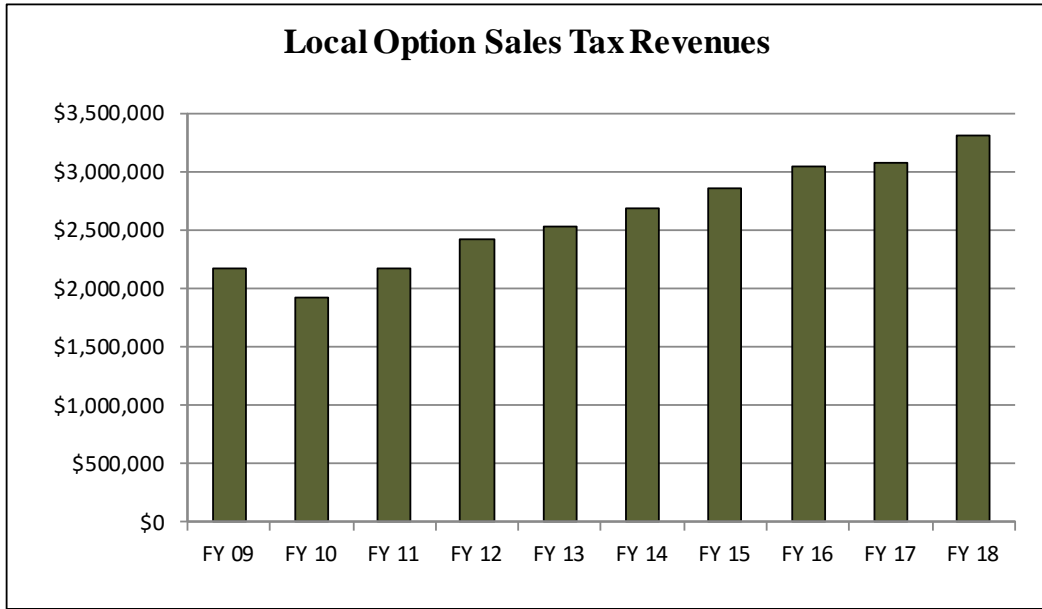


Intergovernmental Revenues

Intergovernmental revenues consist primarily of the Local Option Sales Taxes, Utility Sales Taxes, Hold Harmless Sales Tax Reimbursements, and the Powell Bill Allocation. Local option sales taxes are considered an intergovernmental revenue source for the Village since they are levied by the Moore County Board of Commissioners and not by the Village itself.

Two (2) cents of the six and three-quarters (6 ¾) cents paid in sales tax on retail sales in North Carolina represents the local share of this tax. This tax consists of a one percent tax that was first levied in 1971, a one-half cent tax levied in 1983, and a one-half cent tax levied in 1986. The state collects the sales taxes and distributes them to the local governmental jurisdictions. Sales tax revenues are distributed on a proportional population basis to municipalities within Moore County.

The Village’s second largest revenue source, Local Option Sales Tax, is expected to generate approximately 17% of the Village’s total General Fund budget, or \$3,310,000 in FY 2018. This represents an increase of 7.6% from the previous year’s budget. This solid increase is based on higher than expected levels of retail sales over the last two fiscal years as the local economy improves, especially tourism. As the following chart illustrates, sale tax revenues have rebounded since the recession and returned to historical growth levels.



Utility Sales Taxes are collected by the State and are distributed to the Village based on the actual receipts from the providers of electricity, telephone, and video services within the Village’s limits. Hold Harmless Sales Tax Reimbursements were granted to municipalities after the Article 44 Sales Tax was repealed by the State. The Powell Bill Allocation from the State is restricted to maintaining, repairing, or constructing Village owned streets and rights-of-way. Total intergovernmental revenue, including sales taxes, is estimated to be \$6,111,500 for FY 2018, or approximately 32% of General Fund revenues. This is an increase of approximately 3.6% over estimated intergovernmental revenues for FY 2017.

Permits and Fees

Permits and Fees consist primarily of planning and inspection fees associated with residential and non-residential development within the Village and its extraterritorial jurisdiction (ETJ). In addition, Fire District Revenues are included with Permits and Fees. Fire District Revenue comes from Moore County and Taylortown, a neighboring community, for the Village’s fire department providing fire protection services to areas outside of the Village’s municipal limits. Total Permits and Fees revenues are expected to be \$676,800 in FY 2018, or approximately 4% of total General Fund revenues.

Sales and Services Revenues

Sales and Services revenues consist primarily of Harness Track stall rentals, Fair Barn rentals, and Recreation fees. The Village owns and operates the Harness Track, which is the oldest continuously operating equine sports facility in North Carolina. The Village also operates the Fair Barn at the Harness Track which serves as a venue for weddings and other events. Total revenues in this category are expected to be \$709,100, or approximately 4% of total General Fund revenues.



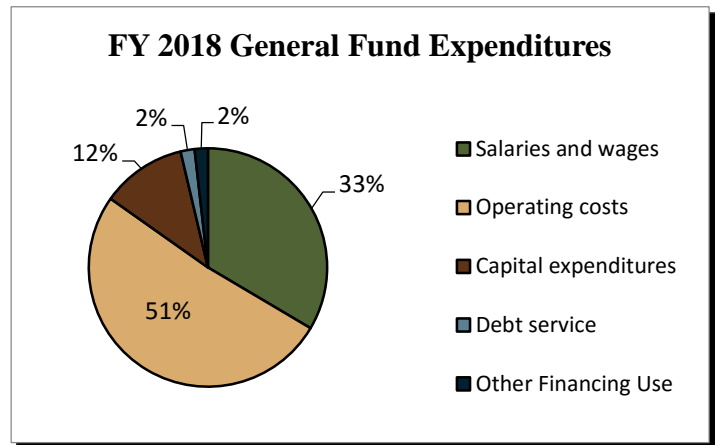
EXPENDITURES BY CATEGORY

General Fund Expenditures fall into one of four categories:

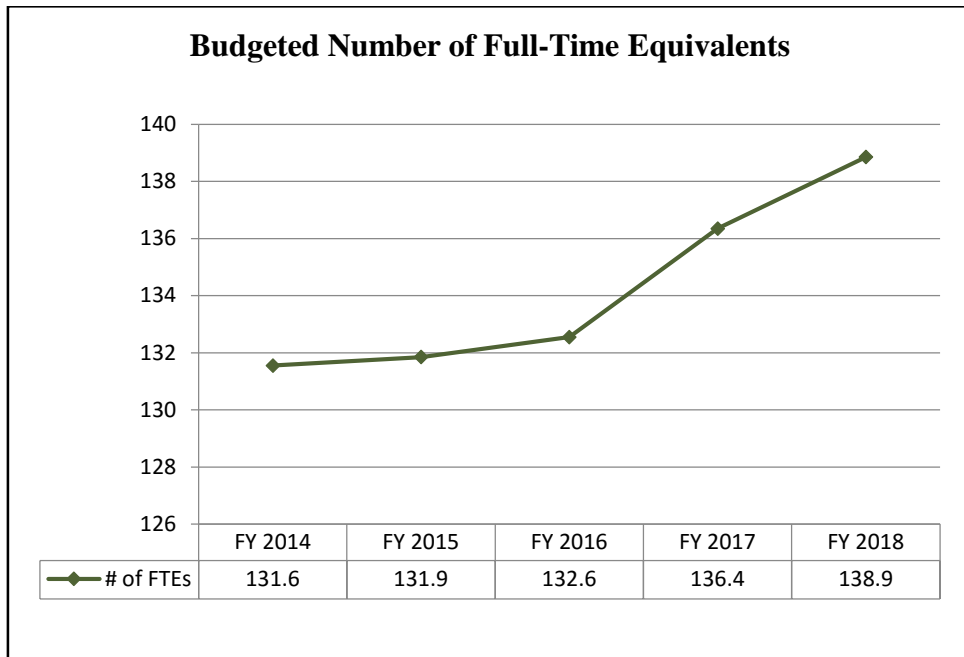
1. Salaries and wages
2. Operating costs
3. Capital expenditures
4. Debt service
5. Other financing uses

Salaries and Wages

Salaries and wages, excluding benefits, for the Village’s 139 full-time equivalents (FTEs) accounts for \$6,413,000 or 33% of the total General Fund Budget. This percentage is 2.0% percent lower than the previous year, while the budgeted number of employees is 2.5 FTEs higher than in the previous year’s adopted budget.



The budget recommends the increase of 2.5 FTEs for five positions. In Human Resources and Financial Services, additional hours are being added to two existing part-time positions. A full-time grounds specialist is being added to Buildings & Grounds and two part-time seasonal maintenance workers are being added to Streets & Grounds as the result of internal staffing studies. The following chart indicates the budgeted number of FTEs for the past five years.



A total of \$174,000 has been included in the recommended budget to fund the Village’s merit pay system. The merit pay raises available to employees range from 0%-3% and are effective October 1. This is the same range of merit increase provided in the previous fiscal year.



Operating Costs

This category of expenditures accounts for \$9,815,000 or 51% of the total General Fund Budget. These expenditures include all costs other than salaries and wages, debt service, and capital costs. Benefit costs, such as insurance and retirement are included in operating costs. Notable operating costs include funding for strategic initiatives supporting the Council's goals and objectives as listed in the *Strategic Priorities* section of this document. These include developing a land use plan and Planning & Inspections software automation.

Group insurance costs have historically escalated at a very rapid pace. This past year, the Village had a modest increase of 5% for employee medical coverage at renewal. The Village's Risk Management Committee evaluates the group insurance plan each year and recommends an insurance program for the next calendar year. This year's budget assumes a 10% increase in group insurance costs at our January 2018 renewal. The Village currently subsidizes 15% of dependent coverage premiums for employees. As this is no longer a common practice in local government, this benefit is being phased out over a five-year period, reducing the subsidy by 5% per year.

Capital Expenditures

This category of expenditures accounts for \$2,204,600, or 12% of the total General Fund Budget. This represents a decrease of \$669,000 from the previous year due to a fire engine that was funded in the FY 2017 Budget. The FY 2018 Budget as proposed does not contain any significant non-routine capital expenditures that would significantly increase operating costs of the Village in FY 2018. The plan does include the construction of a community center in FY 2019 that will significantly impact operating expenditures. These costs are detailed in the *Capital Improvement Plan* and incorporated into the *Five-Year Financial Forecast*.

Capital expenditures are for the purchase of vehicles, equipment and other items that have a value greater than \$5,000 and a life expectancy of at least one year. Detailed information on capital purchases for FY 2018 can be found in the *General Fund Capital Expenditures* section of the Strategic Operating Plan document. The list below highlights some of the more notable items for FY 2018:

- Pedestrian facilities,
- Streetscape improvements on McIntyre Road,
- Paving of Cannon Park parking lot,
- Two automated solid waste vehicles,
- Dump truck,
- Front-end loader, and
- Storm drainage projects

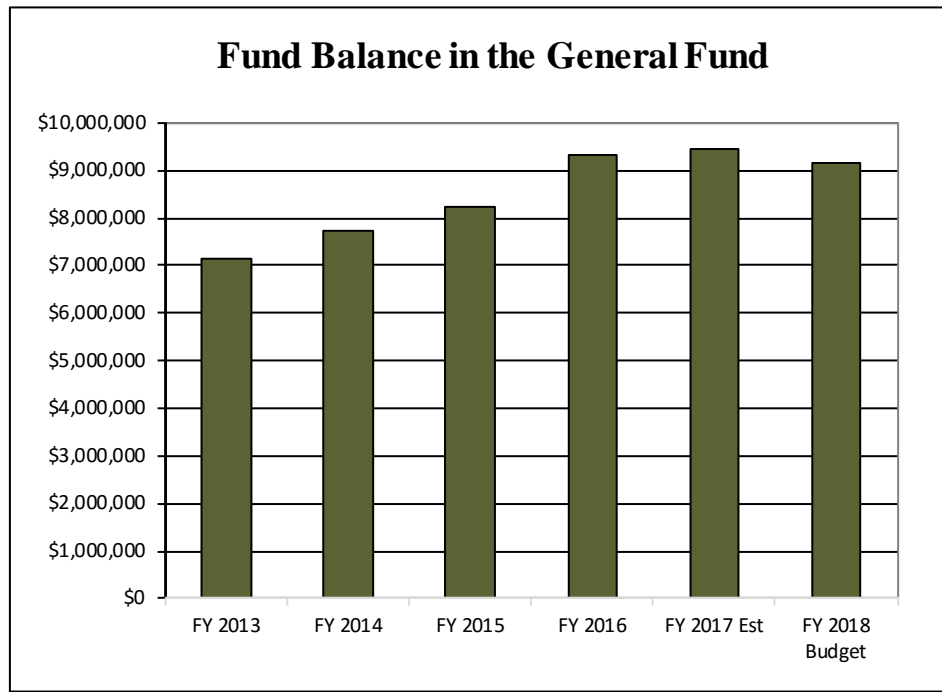
Debt Service

This category of expenditures accounts for \$363,000, or 2% of the total General Fund Budget. This represents a decrease of \$50,000 or 12% over the previous year. In FY 2020, the Village will pay off the fire station loan, which is the Village's only significant remaining debt obligation.



FUND BALANCE

At June 30, 2017, the Village's fund balance in the General Fund is projected to be approximately \$9.4 million, or 49.6% of the FY 2017 Budget. This is well above the Village's targeted range of 30%-40% of budgeted expenditures. The budget as proposed for FY 2018 will reduce the level of fund balance to approximately \$9.1 million, or 47.8% of expenditures. Due to investment in the Community Center Capital Project Fund in FY 2018 and FY 2019, fund balance will reduce to the bottom of the policy range in FY 2019. After that, fund balance is expected to increase to 40% by 2021 and stabilize at that level for the remainder of the plan.



BALANCED RECOMMENDED GENERAL FUND BUDGET

As required by North Carolina General Statutes, the Recommended Budget is balanced, or total revenues equal total expenditures. The budget is based on an ad valorem tax rate of \$0.295 per \$100 valuation for the General Fund. The Recommended Budget will result in a fund balance of 47.8% of FY 2018 General Fund budgeted expenditures, which is above the upper limit of our policy range of 30% to 40%. Capital investments, particularly in the Community Center, will bring fund balance into the policy range by FY 2019.

Departmental requests were reduced by approximately \$1,125,000 in order to balance the budget. Although the budget does not fund all the requests made by departments or external groups, it is set to achieve strategic goals and targeted levels of performance as communicated in the Village's Balanced Scorecard.



The following table is a summary of the balanced Recommended Budget for the Village's General Fund, the only annually budgeted fund for FY 2018:

Revenues by Type	Budgeted FY 2018
Ad Valorem Taxes	\$ 10,052,000
Other Taxes & Licenses	1,000
Unrestricted Intergovernmental Rev.	5,606,100
Restricted Intergovernmental Rev.	505,400
Permits & Fees	676,800
Sales & Services	709,100
Assessments	28,400
Other Revenues	226,780
Investment Income	49,000
Revenues	17,854,580
Fund Balance Appropriations	1,284,513
Total Revenues	\$ 19,139,093

Expenditures by Function	Budgeted FY 2018
General Government	\$ 2,459,967
Public Safety	6,090,795
Transportation	3,963,083
Environmental Protection	1,713,848
Economic & Physical Dev	986,416
Cultural & Recreation	3,218,471
Debt Service	362,513
Expenditures	18,795,093
Other Financing Uses	344,000
Total Expenditures	\$ 19,139,093

A Public Hearing to receive citizen input on the Recommended Budget is set for 4:30 pm in the Assembly Hall of the Pinehurst Village Hall on Tuesday, May 23, 2017. A copy of the proposed budget is available for inspection at Village Hall and on the Village's website www.vopnc.org.

I wish to express my thanks to the Mayor and the Village Council for their support, leadership, and recognition of all the Village employees who have accomplished so much this past year. Please let me know if I can be of any further assistance as you review this proposal.

Respectfully Submitted,

Jeff Sanborn
Village Manager



Visit the Village of Pinehurst's web site: www.vopnc.org

The Village of Pinehurst is known for its award-winning golf resorts and quaint, idyllic charm, but many people don't realize that our local government is comprised of 18 different departments and divisions working to maintain the high expectations of the Village's citizens and visitors. As such, it is often difficult to know who to contact for more information about the Village of Pinehurst's available services.



Historic Downtown Business District

This section was created to aid the reader in learning the duties and responsibilities of each department and division. You may also get additional information about the budget under the "Our Government" link on our web site. Look for "Strategic Operating Plan" in the far right column under the "Our Government" link. We have also provided an email address for each department contact and a phone list at the end of this section for common requests and services.

GENERAL GOVERNMENT

Governing Body (lcraig@vopnc.org)

The Governing Body of the Village consists of a five-member council that includes a directly elected Mayor. The Council provides overall policy guidance for all municipal operations. To affect this, the Council considers and adopts local ordinances and resolutions to provide for the health, safety, and overall quality of life for the citizens of Pinehurst. The Council determines the level of service the Village will provide to its citizens. The governing body of the Village makes appointments to various volunteer boards and commissions that act in an advisory and quasi-judicial role for the Village. The Council also selects and contracts with the Village Manager and Village Attorney for services. All Council actions are made to advance the Village's vision to be a "charming, vibrant community which reflects our rich history and traditions."

Administration (jsanborn@vopnc.org)

The Administration Department provides top-level support to the Village Council and Village Manager. The Village Manager, Assistant Village Manager of Administration, and Assistant Village Manager of Operations lead the Village's Senior Leadership Team. The department also serves as a support and liaison to the 17 other departments and divisions of the Village to ensure that services are provided to Village residents in an efficient, responsive, and cost efficient manner. The office of the Village Manager is responsible for the overall operations of the Village.



Financial Services (jfrye@vopnc.org)

The Director of Financial Services reports directly to the Assistant Village Manager of Administration and serves as a member of the senior leadership team. The Financial Services Department oversees the fiscal operation of the Village, which includes cash and investment management, debt management, financial reporting, and preparation of the annual budget and Five-Year Financial Forecast. The Financial Services Department's mission is to provide financial expertise and promote fiscal responsibility in a challenging and rewarding environment.

Human Resources (akantor@vopnc.org)

The Director of Human Resources reports directly to the Village Manager and is a member of the senior leadership team. The Human Resources department provides the traditional human resources services for both management and staff, but also extends that role to include the design and implementation of services and programs to enhance employee job satisfaction, retention, and a balanced family/work life. Employee training and reward and recognition of both employees and volunteers are also critical to the success of our organization.

PUBLIC SAFETY

Fire (jccole@vopnc.org)

The Fire Chief reports directly to the Village Manager and serves as a member of the senior leadership team. The Fire Department is responsible for providing protection of life, property, and environment of the Village and the surrounding area through public education, fire prevention, fire inspection, fire suppression, medical first response, and related services. In addition, the department also has an obligation to train all personnel in modern fire safety practices and technologies.



Fire Department Accreditation Ceremony



Police (ephipps@vopnc.org)

The Police Chief reports directly to the Village Manager and is a member of the senior leadership team. The Police Department is responsible for the protection of life and property of the citizens and visitors of the Village. Patrol officers respond to police related calls for service at the request of citizens or other persons, initiate service calls when necessary, direct traffic when needed, and conduct follow up investigations on reported and non-reported crimes. Dispatcher personnel monitor, receive, and dispatch emergency and routine police calls for service through an interface with the Moore County E911 system. Investigative personnel are responsible for the investigation of criminal activity in the Village by means of interviews and gathering physical evidence. The Police Department provides dedicated and compassionate assistance by promoting leadership, cooperation, and creativity and aspires to improve the quality of life in partnership with the community.



Bike to School Day Event

Inspections (kreed@vopnc.org)

The Inspections Division reports directly to the Director of Planning and Inspections. It is the mission of the Inspection Department to assure that State standards of building are met within the jurisdiction of the Village of Pinehurst. The Inspections Department serves not only the residents of Pinehurst but the residents of the extra territorial jurisdiction. Inspectors assure that all new homes and businesses are built to current building code standards.

TRANSPORTATION

Public Services (wmorgan@vopnc.org)

The Director of Public Services reports directly to the Assistant Village Manager of Operations and is a member of the senior leadership team. The Public Services Department provides administrative and technical support for the Public Services divisions of Streets & Grounds and Solid Waste. Its responsibilities include establishing priorities for the departments, training and supervising staff, developing plans and specifications for infrastructure, and interacting with citizens and governmental regulatory agencies.



Streets and Grounds (wmorgan@vopnc.org)

The Streets and Grounds Division of the Public Services Department reports directly to the Director of Public Services. The Streets and Grounds Division is responsible for keeping all public transportation routes open and in a safe traveling condition. This department maintains 107 miles of streets in the Village, the largest amount of any local government in Moore County. Routine tasks include asphalt patching, installing and maintaining storm drains, installing and maintaining traffic and street name signs, repairing sidewalks, street sweeping, and tree trimming. This division also provides the manpower, supplies and management for the maintenance of the Village owned right of ways and common areas.



Village Street and Right-of-Way

ENVIRONMENTAL PROTECTION

Solid Waste (wmorgan@vopnc.org)

The Solid Waste Division of the Public Services Department reports to the Assistant Director of Public Services. The Solid Waste Division provides residents with automated weekly pickup of household garbage, recyclables, and yard debris. In addition, the department provides supplemental fall leaf collection and periodic storm debris collection.

ECONOMIC & PHYSICAL DEVELOPMENT

Planning (kreed@vopnc.org)

The Director of Planning and Inspections reports directly to the Village Manager and is a member of the senior leadership team. It is the mission of the Planning Department to preserve and enhance the unique character of the Village of Pinehurst and to manage and guide growth in ways that complement the quality of life. The Planning Department serves not only the residents of Pinehurst but the residents of the extra territorial jurisdiction. The Planning Department assures that all activities are in compliance with the Pinehurst Development Ordinance and other applicable Village codes.

Community Development (jbatton@vopnc.org or nhawkins@vopnc.org)

The Community Development Department is managed by the two Assistant Village Managers who report directly to the Village Manager and are members of the senior leadership team. This department is responsible for managing the functions of economic development and marketing and promotion. The purpose of investing in economic development is to build and maintain a vibrant downtown for businesses, residents and visitors alike and to improve upon the high quality of life already enjoyed in the Village.



CULTURAL AND RECREATION

Recreation (mwagner@vopnc.org)

The Director of Parks & Recreation reports directly to the Assistant Village Manager of Operations and is a member of the senior leadership team. This department is charged with providing the citizens of Pinehurst with a variety of recreational pursuits that permit the participants to truly enrich the quality of their lives. Leisure services provided give the participants the opportunity to learn and respect their abilities, strengths, and weaknesses as they move toward self-fulfillment and self-actualization of their expected potentials in life. Year-round programming includes classes, workshops, special events, facility rentals, athletic leagues, and camps. The department also coordinates activities at Cannon Park, Rassie Wicker Park (including the Arboretum), West Pinehurst Park, and Tufts Park.



Splash Pad Grand Opening

Fair Barn (dbunch@vopnc.org)

The Fair Barn Division of the Parks and Recreation Department provides the management for the operations and maintenance of the Fair Barn. The Fair Barn is the oldest surviving early twentieth-century fair exhibition hall in North Carolina. It was built in 1917 and has been renovated to serve as a multi-purpose community gathering place. The division also manages varying capital improvements to the facility and surrounding grounds and provides marketing and promotion for the Fair Barn.



A Wedding Reception at the Fair Barn



Harness Track (rskellington@vopnc.org)

The Harness Track Division of the Parks and Recreation Department provides the manpower, supplies, expertise, equipment, and management for the operations and maintenance of the Harness Track facility. This division manages major and minor capital improvements while providing services to the standardbred trainers and other equine and non-equine related clients of the property. The facility consists of multiple harness tracks, a show ring, and 285 horse stalls in 20 barns. In 2015, the Village celebrated the Harness Track's 100th anniversary.



Matinee Race at Harness Track Facility

Library (jfrye@vopnc.org)

Library services in the Village are provided by the Given Memorial Library, a non-profit 501(c)3. The Village makes an annual contribution toward the operational costs of the Library and has contributed to its capital expansion campaign. The library functions as a free public library and has a collection of over 23,000 items including fiction, non-fiction, audio books, e-books, and reference materials. In 2015, the library opened "The OutPost" in the former post office downtown. The new facility serves as a used book store, coffee shop, and community gathering place. The Library also serves as the curator of the Tufts Archives and the Pinehurst History Museum.



Given Memorial Library



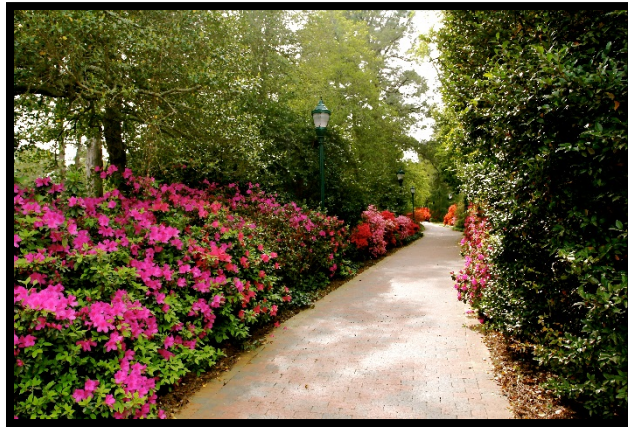
INTERNAL SERVICE DEPARTMENTS

Fleet Maintenance (rkuhn@vopnc.org)

The Director of Fleet Maintenance reports directly to the Assistant Manager of Operations and is a member of the Senior Leadership Team. The Fleet Maintenance Department is responsible for providing regular and preventative maintenance for all vehicles and equipment operated by the Village. This department performs lube, oil, and filter changes, tire replacements and repairs, and engine and pump repairs. Fleet Maintenance personnel also maintain, repair, and replace pumps, motors, and generators at the ponds in the Municipal Service District and at the police and fire stations.

Buildings & Grounds Maintenance (kbrewer@vopnc.org)

The Buildings & Grounds Division reports directly to the Parks & Recreation Director. It is responsible for providing regular and preventative maintenance for all buildings owned by the Village and also for the grounds maintenance in the various parks and other facilities. This division coordinates repairs for all heating systems, electrical systems, and any other building systems as needed. The Buildings and Grounds Division is also responsible for miscellaneous building maintenance, such as replacing light bulbs, routine cleaning of system filters, mowing turf areas, upkeep of parks and greenway trails, and maintaining trees and shrubs.



Downtown Sidewalk

Information Technology (jwhitaker@vopnc.org)

The Chief Information Officer reports directly to the Assistant Village Manager of Administration. The Information Technology Department provides hardware and software support to Village employees and is responsible for the maintenance and security of the Village's network infrastructure. The Information Technology Department is also responsible for the Village's internet and intranet web sites.



COUNCIL APPOINTED BOARDS, COMMISSIONS AND COMMITTEES

Historic Preservation Commission (kreed@vopnc.org)

The Historic Preservation Commission (HPC) recommends design standards and guidelines for the Local Historic District to the Village Council. The HPC reviews and acts upon requests for any work requiring a Certificate of Appropriateness for new construction, additions, building alterations and demolitions within the Local Historic District. The HPC also recommends to the Village Council areas to be designated as “Historic Districts” and individual structures, buildings, sites, areas, or objects to be designated as “Landmarks”.



Village Historic District

Planning And Zoning Board (kreed@vopnc.org)

The Planning and Zoning Board is an advisory board to the Village Council that reviews proposed amendments to the Pinehurst Development Ordinance (PDO); hears requests to change the zoning of property regulated under the PDO; makes recommendations to the Village Council for final action; performs studies and surveys of the present conditions and probable future development of the Village; formulates and recommends to the Village Council the adoption or amendment of comprehensive and other plans; reviews the regulations of the PDO from time to time as it deems appropriate or directed to do so by the Village Council; reviews and makes recommendations for site plans, developments, and subdivisions; and performs such additional powers and duties as may be set forth in the PDO and other Village laws and regulations.

Board of Adjustment (kreed@vopnc.org)

The Board of Adjustment has jurisdiction to hear cases regarding variance requests from the provisions of the Pinehurst Development Ordinance (PDO) and other land use related ordinances. The BOA also has jurisdiction to hear appeals regarding interpretations of the PDO; Historic District Standards and Guidelines and other land use related ordinances. Additionally, the BOA hears appeals of staff and other decision making bodies’ decisions to include the Historic Preservations Commission and the Village Council as it relates to administering the Historic District Standards and Guidelines and the PDO.



Pinehurst Appearance Committee (lcraig@vopnc.org)

The Pinehurst Appearance Committee serves as an advisory committee to the Village Council focused on implementing the Village's mission to promote, enhance, and sustain the quality of life for residents, businesses, and visitors through four focus areas with subcommittees: Advisory, Outreach, Beautification, and Sustainability. Advisory Subcommittee responsibilities include providing advice to the Village Council on selected major public projects and Village ordinances. Outreach Subcommittee responsibilities include promoting Village grant programs and the Manning Beautification Award Program, conducting workshops and events, and maintaining the Village's Tree City USA status. Beautification Subcommittee responsibilities include enhancing plantings in public spaces, collaborating with others on community beautification projects, and overseeing holiday decorations in the Village. The Sustainability Subcommittee is responsible for investigating, implementing, and evaluating opportunities for sustainable energy and promoting conservation efforts.



Village Volunteer Luncheon Attendees



Need More Information?

The best source for additional information is our web site www.vopnc.org.

You can also call the numbers in the telephone listing below to get answers to specific questions.

ATHLETICS.....	910.295.2817
BILL INQUIRIES.....	910.295.1900
BROKEN WATER AND SEWER LINES (MOORE COUNTY UTILITIES).....	910.947.6315
BUDGET.....	910.295.1900
BUILDING CODE REQUIREMENTS.....	910.295.1900
BUILDING INSPECTIONS (Hotline).....	910.295.3192
BUILDING PERMITS.....	910.295.1900
CURB CUTS.....	910.295.5021
CUSTOMER SERVICE.....	910.295.1900
DRIVEWAY PERMITS.....	910.295.1900
ECONOMIC DEVELOPMENT.....	910.295.1900
FACILITY RENTALS.....	910.295.1900
FAIR BARN RENTALS.....	910.295.0166
FENCING REQUIREMENTS.....	910.295.1900
FINANCIAL SERVICES.....	910.295.1900
FIRE EMERGENCIES.....	911
FIRE DEPARTMENT – NON-EMERGENCY.....	910.295.5575
FIRE DEPARTMENT PUBLIC EDUCATION SERVICES.....	910.295.5575
FIRE PREVENTION.....	910.295.5575
GARBAGE AND TRASH COLLECTION.....	910.295.5021
GENERAL VILLAGE INFORMATION.....	910.295.1900
GEOGRAPHIC INFORMATION SYSTEM (GIS).....	910.295.1900
HARNESS TRACK.....	910.295.5255
HISTORIC PROPERTIES.....	910.295.8664
HUMAN RESOURCES.....	910.295.1900
JUNK CARS.....	910.295.8665



About Village Services

MAPS.....	910.295.1900
NEIGHBORHOOD WATCH PROGRAM.....	910.295.3141
NOISE.....	910.295.3141
PARKS AND RECREATION.....	910.295.2817
POLICE EMERGENCIES.....	911
POLICE – NON EMERGENCY.....	910.295.3141
PUBLIC INFORMATION.....	910.295.1900
RECYCLING.....	910.295.5021
REZONING MATTERS.....	910.295.8659
SETBACK REQUIREMENTS.....	910.295.8661
SEWER TAPS (MOORE COUNTY UTILITIES).....	910.947.6315
SIGN REQUIREMENTS.....	910.295.8659
SOLICITATION/DOOR-TO-DOOR PEDDLING PERMITS.....	910-295-1900
STREET RESURFACING.....	910.295.5021
TAXES (MOORE COUNTY TAX OFFICE).....	910.947.2255
TENT PERMITS.....	910.295.1900
TRAFFIC.....	910.295.1900
UNKEMPT LOTS/YARDS.....	910.295.8665
VILLAGE CLERK.....	910.295.1900
VILLAGE MANAGER.....	910.295.1900
VOTING (MOORE COUNTY BOARD OF ELECTIONS).....	910.947.3868
WATER AND SEWER LINE MAINTENANCE (MOORE COUNTY UTILITIES).....	910.947.6315
WATER TAPS (MOORE COUNTY UTILITIES).....	910.947.6315
WATERSHED REQUIREMENTS.....	910.295.8659
ZONING.....	910.295.8659



Strategic Planning Process Overview

The *Strategic Operating Plan Guide* is designed to aid the reader in understanding the information contained in this document, how the document is formatted, and the processes for creating the Strategic Operating Plan. It is inclusive of the required annual balanced budget, the five-year financial forecast, and the five-year Capital Improvement Plan. The subsequent sections of the document dive into the detailed plans for Village operations and this guide will provide explanations for the vast amount of data and information that follows.

Because this section is intended to provide mostly background information, the reader is invited to exercise judgment when reading it and refer to other sections of the document for more detailed information.

This document has been prepared in accordance with the requirements of the Government Finance Officer's Distinguished Budget Award program. The Village has received this award for nine consecutive years and has been awarded the Special Performance Measures Recognition in the past.

What's New in the Document This Year?

In the spirit of continuous improvement, several enhancements have been made to the 2018 Strategic Operating Plan. The most significant changes made in this year's document to make it more useful to the reader include:

- The *Strategic Priorities* section has been updated to provide the following:
 - Funding for Initiative Action Plans (IAPs) has been broken out to include FY 2018 funding and total funding for the five-year planning period.
 - Descriptions of Initiative Action Plans (IAPs) have been significantly expanded to aid the reader in understanding what actions the Village plans to take to address strategic goals and objectives.
- The *General Fund* section of expenditures has been modified as follows:
 - The department profiles of each department have been enhanced to include departmental areas of focus for FY 2018. This is to aid the reader in understanding what each individual department is focused on for FY 2018.
 - After significantly expanding KPIs on department BSCs last year, this year they have been expanded to include notes of key indicators to aid the reader in interpreting the performance information.
 - The FY 2018 and FY 2022 KPI data represent projections of performance given the amount of resource allocation provided in the five-year plan. The variable factors affecting each department KPI were determined and various assumptions were made to project future performance.
- The *Capital Improvement Plan* has been significantly enhanced to identify for the reader the ongoing operating expenses of significant non-recurring capital expenditures.

We hope that you find these enhancements useful. If there is additional information you would like to see presented in future editions, please forward your request to John Frye, Director of Financial Services at jfrye@vopnc.org.



Strategic Planning Process Overview

Strategic Planning Process Overview

In December, the Pinehurst Village Council kicks off the Strategic Planning Process (SPP) with an annual retreat. At this retreat, the Council affirms or modifies the Mission, Vision, and Values (MVV), identifies core competencies, conducts an environmental scan, identifies the Village's strategic advantages and challenges, completes a SWOT analysis, and affirms goals and objectives.

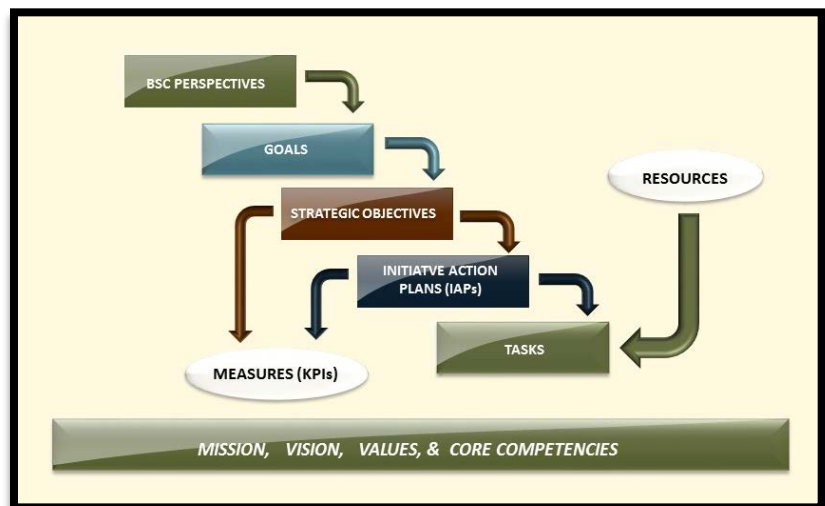
Using these key inputs into the SPP, the Council sets target performance levels, based on comparisons to benchmark communities, for each of the Key Performance Indicators (KPIs) on the Balanced Scorecard (BSC). The senior leadership team, along with Council-approved committee chairs, identify IAPs based on the strategic plan inputs. Department heads then develop departmental goals, KPIs, IAPs for the next five years, and funding requests to address Council goals and objectives and achieve BSC target performance levels.

All IAPs and funding requests are evaluated in consultation with Department Heads by the Strategic Planning Team, which consists of the Village Manager, Assistant Village Managers, Human Resources Director, and Financial Services Director. In addition to evaluating the financial and staff capacity needed to implement and maintain the IAP, the Team also evaluates the associated risks of actions.

To determine the Village's financial capacity to fund the SOP, staff prepares a five-year financial forecast. This forecast projects anticipated revenues and expenditures for the planning period, inclusive of planned IAPs and projected capital expenditures included in the five-year Capital Improvement Plan.

The SOP is prepared in accordance with the Village's Fund Balance Policy, with projected revenues and expenditures resulting in a General Fund fund balance of 30%-40% of budgeted expenditures during the planning period. Please see the *Strategic Priorities* section of this document for a more detailed discussion of the strategic planning process.

Staff presents the proposed Strategic Operating Plan to the Village Council for review and approval in May. The Council holds one or more budget work sessions and then conducts the required public hearing on the proposed budget to allow for public comment. Before June 30 of each year, the Village Council adopts the annual budget ordinance that becomes effective July 1 and includes appropriations for IAPs outlined in the Strategic Operating Plan.



Village of Pinehurst Strategic Planning Overview



Strategic Operating Plan Calendar

Strategic Operating Plan Calendar

The Village has utilized the following schedule in preparing and adopting the 2018 Strategic Operating Plan and FY 2018 Budget:

Dates	Activity
December 12 – 13, 2016	Village Council holds Strategic Planning Retreat
January 24, 2017	Village Council approves Balanced Scorecard with Key Performance Indicators target performance levels
February 9, 2017	FY 2018 Strategic Operating Plan (SOP) training session and forms release date
March 17, 2017	Department Heads submit completed Departmental SOP forms to the Financial Services Department after consultation with their respective Village Manager
March and April 2017	Financial Services Department estimates revenues in conjunction with Department Head input and consolidates departmental requests
March 27 – March 31, 2017	Strategic Planning Team holds Strategic Operating Plan Workshops with Department Heads to discuss their submitted plans
April 3 – April 14, 2017	Strategic Planning Team prioritizes Initiative Action Plans and develops Strategic Operating Plan with long-term staffing and capital plan included
May 4, 2017	Village Manager submits the draft Strategic Operating Plan to the Village Council
May 9, 2017	Village Manager presents the Strategic Operating Plan to the Village Council at a Council work session
May 15 – May 19, 2017	Village Council holds work sessions to review Strategic Operating Plan and FY 2018 Budget
May 23, 2017	Village holds a public hearing on the FY 2018 Budget
June 13, 2017	Village Council adopts the Strategic Operating Plan and the FY 2018 Budget Ordinance
July 1, 2017	2018 SOP is implemented
July 11, 2017	Financial Services Department publishes the final 2018 SOP and distributes documents



Financial Policies

Summary

The Village of Pinehurst's budgetary and financial policies set forth basic guidance for the fiscal management of the Village. Most of the policies represent long standing principles and traditions with its legal framework outlined in both the North Carolina General Statutes (NCGS) and the Village's Ordinances. These policies, though general in statement, contribute to the Village's financial stability. The major financial policies of the Village are summarized below.

Council Adopted Policies

Investment Policy

The Village Council adopted Investment Policy states the Village will consolidate cash balances to insure maximum investment of idle cash. The criteria for selecting an investment will include safety, liquidity, and yield. The Village will invest only in quality issues that comply with the North Carolina Budget and Fiscal Control Act and the Village's Investment Policy. Management reports on its investment portfolio to the Village Council on a quarterly basis. This policy is reviewed annually and updated as needed.

Fees and Charges Policy

The Village Council adopted Fees and Charges Policy is used to set fees and charges at an appropriate level that is consistently applied to all users. Charging fees for elective services efficiently transfers the cost of providing those services to the service recipient. Fees charged by the Village are intended to cover the full cost of providing a service that can be directly identified. The exception to this is Recreation programs where only direct costs are intended to be recovered. The Village's Fees and Charges Policy requires the Financial Services staff to evaluate and update the fee schedule each year.

Fund Balance Policy

The Village Council adopted Fund Balance Policy states the Village will maintain operating reserves by maintaining a healthy fund balance. The Village's adopted Fund Balance Policy requires management to maintain unassigned General Fund fund balance, as reported in the Village's Comprehensive Annual Financial Report (CAFR), of greater than 15% of actual General Fund expenditures as reported in the CAFR for the year audited. Unassigned fund balance is the portion of fund balance that is not restricted and is available for appropriation. In addition, when preparing the annual General Fund budget, the total appropriated fund balance should result in anticipated ending total fund balance in the range of 30%-40% of budgeted expenditures.

Other Financial Guidelines

Operating Budget Guidelines

Pursuant to the North Carolina General Statutes Article 159-11 the Village will adopt a balanced budget, which provides a work program and an operational plan for the ensuing year. **A balanced budget as defined by the North Carolina Local Government Budget and Fiscal Control Act is when the sum of estimated net revenues and appropriated fund balance in each fund is equal to appropriations in that fund.**



The Village will maintain a program of budgetary controls to ensure adherence to the budget. Each month, electronic financial information is prepared for department heads and management along with quarterly reports prepared for the Village Council to assist in the monitoring of actual revenues, expenditures, and budgeted amounts. In addition, the Village will retain an independent accounting firm to perform an annual financial and compliance audit in accordance with general accepted accounting practices and by the Governmental Accounting, Auditing, and Financial Reporting (GAAFR) standards.

Operating Margin Guideline

When developing the Five-Year Financial Forecast, one strategy to ensure that there are adequate funds for both operating and capital needs is to monitor the operating margin. Village Managers have set a goal that no more than 89% of operating revenues be spent on operating expenditures. This ensures that 10%-12% of operating revenues are available for capital replacement or capital reserve.

Revenue Guideline

The Village will maintain a diversified and stable revenue program to protect it from short-term fluctuations of any one revenue source. As a part of the normal budget process, the Village will review and estimate revenues in an objective and realistic manner. Attempts will be made to secure additional revenue sources to offset any reductions of federal, state, or local funding.

Debt Guideline

The Village takes a planned approach to the management of its long-term debt issuances. The Village will consider the use of long-term debt financing only when it meets the following criteria:

- The financing period is no longer than the estimated life of the improvement, and
- The improvement will benefit both current and future citizens of the Village.

The Village strives to limit total debt service to no more than 15% of General Fund expenditures, with a general goal of 10% of General Fund expenditures. By state law the Village must limit the total of all debt issued to no more than eight percent of the total assessed valuation. The Village follows a policy of full disclosure on every financial report. The Village may utilize the authority granted within the General Statutes for lease or installment purchases when deemed appropriate.

Capital Improvement Plan Guideline

The Village will maintain a Five-Year Capital Improvement Program (CIP), which will be reviewed and updated as part of the annual SPP. Since capital improvements involve large sums of capital and long-term commitments, each capital project will be carefully analyzed before it becomes a component of the program. The Village takes a systematic approach to capital improvement programming to ensure that any personnel services or operating costs affected by capital spending decisions are included in the appropriate operating budget. The Village will protect and maintain its capital investments in order to reduce replacement cost. As part of the CIP, the Village will project its revenues and expenses from operations for a five-year planning horizon.



Budget Requirements

Basis of Accounting and North Carolina Local Government and Fiscal Control Act

The budget is prepared using the modified accrual basis of accounting for all funds. This approach to accounting recognizes revenues when they become measurable and expenditures at the time liability is incurred. All revenues and expenditures must be included in the annual budget ordinance or the appropriate capital and/or grant project ordinances. Any operational appropriations that are not expended or encumbered shall lapse. The Village of Pinehurst also uses the modified accrual method as the basis for budgeting and for accounting.

The North Carolina Local Government Budget and Fiscal Control Act (LGBFCA) controls how municipalities budget and spend money. The major effects of the LGBFCA on the budgetary process are described below.

Budget Calendar

The LGBFCA establishes the dates by which each stage in the annual budget process is to be completed (G.S. 159-10 through 13). These dates are as follows:

- Departmental requests must be submitted to the Budget Officer by April 30.
- Revenue requests must be submitted to the Budget Officer by April 30.
- The recommended annual budget must be submitted to the Governing Board by June 1.
- The Governing Board must adopt the annual budget ordinance by June 30.

Budget Forms and Procedures

The Budget Officer (Village Manager) must prescribe the forms and procedures for the departments to use in preparing their requests; in the words of G.S. 159-10, requests “shall be made in such form and detail, with such supporting information and justifications, as the budget officer may prescribe.” G.S. 159-10 also requires that a budget request show actual expenditures for the prior year, estimated ones in the current year, and requested ones for the coming budget year.

Departmental Requests

G.S. 159-10 requires that the budget request for a department include revenues or fees that it will collect in the budget year.

Recommended Budget

G.S. 159-11 requires that the Budget Officer’s recommended budget be balanced unless the Governing Board insists that an unbalanced budget be submitted. **A balanced budget as defined by the North Carolina Budget and Fiscal Control Act is when the sum of estimated net revenues and appropriated fund balance in each fund is equal to appropriations in that fund.** It is also required that the budget be submitted to the Governing Board with a budget message. G.S. 159-11(b) states that the message should include:

- A concise explanation of the governmental goals fixed by the budget for the budget year.
- Important features of the activities anticipated in the budget.



Budget Requirements

- The reasons for stated changes from the previous year in program goals, programs, and appropriation levels.
- Any major changes in fiscal policy.

Governing Board Review

Once the Recommended Budget is presented to the Governing Board, several general legal provisions apply to Board review and adoption of the budget ordinance.

- At least 10 days must pass between the submission of the Recommended Budget and adoption of the budget ordinance.
- On the same day the budget is submitted to the Governing Board, the Budget Officer must file a copy of it in the Village Clerk's Office where it is made available to the public and press.
- The Village Clerk must publish a notice that the budget has been delivered to the Governing Board and is available for public inspection. This advertisement must also note the time and place of the required public hearing.
- During the time between submission and adoption, the Governing Board may conduct its review at both regular and special meetings. At least one of these dates must be a public hearing at which any person who wishes to comment may.
- The Open Meeting Law (G.S. 143-318.9 through 318.18) applies to the budget preparation and adoption process.

Adoption of the Budget Ordinance

The budget ordinance must contain the appropriations, the estimated revenues, and the property tax levy as well as rate.

Budget Adoption and Amendment

The operations conducted by the Village are guided by the annual budget ordinance adopted in accordance with the provisions of the North Carolina Local Government Budget and Fiscal Control Act. The Budget Ordinance must be balanced and adopted prior to the beginning of the Fiscal Year. Adoption of the budget by the Village Council establishes the legal authority to incur expenditures in the ensuing fiscal year.

After the adoption of the Budget Ordinance, the Budget Officer (Village Manager) is authorized to transfer appropriations between line-item expenditures within a department without making an official report to the Village Council. He may also transfer amounts not to exceed \$10,000 between functional areas, including contingency appropriations, within the same fund. These transfers, however, require an official report at the next regular meeting of the Village Council. All other revisions or budget amendments must be approved by the Village Council through legislative action.



Budget Format

The accounts of the Village are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts comprised of assets, liabilities, fund equity, revenues, and expenditures or expenses as appropriate. Fund accounting segregates funds according to the intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. Currently, the Village maintains two funds, the General Fund and the Community Center Capital Project Fund. As this is subject to change in any year, information on other fund types is also provided.

A fund is one of two types: an operational fund or a project fund. Council appropriates operational funds on an annual basis and an activity's funding lapses at the close of the fiscal year. Project funds continue for the life of each specific capital or grant project with appropriations continuing until the project is finished.

It has been established that budgets, while managed by funds, are also managed by functions. The functions designate the actual use of the funds. For example, the function of the Police Department is Public Safety and the function of the Financial Services Department is General Government.

How do the individual departments fit into the functional and fund accounting process? Each department is a subsection of both a function and a fund. Each department or division belongs to one fund and one function. A fund can include any number of departments, including departments of different functions. A function can include departments from many funds.

About the Document Presentation

This document contains a wealth of diversified information. This information can be found on a departmental, functional, or fund level. This document places a distinct emphasis on the Village's departments and divisions because these pages represent the plans of the men and women who are charged with the duty of providing services to citizens.

All of the individual department revenues and expenditure totals are consolidated for each fund, which present the "bottom line" of the budget. The following information details the types of funds the Village has and a list of the various funds within each fund type:

The **General Fund** is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund. This fund is established at the inception for a government and exists throughout the government's life. The General Fund is currently the only annually appropriated fund included in the budget document.

Capital project funds are used to account for the acquisition and construction of major capital facilities, other than those financed by proprietary funds and trust funds. The Village has one capital project fund planned at this time; the **Community Center Capital Project Fund**. The Village Council will establish the fund after the adoption of the FY 2018 General Fund Budget.



Budget Format

The departmental budget presentations are summaries of all expenditures and revenues associated with each department's activities. Because the Village's accounting structure contains hundreds of individual budget line items, the Village has consolidated these items into major classifications for a summarized presentation. For example, expenditures are grouped into three categories: Salaries & Benefits, Operating, and Capital. This consolidation facilitates comparisons between different groups of data and aids the reader in making comparisons between the different functions. Please contact the Financial Services Department at 910.295.1900 if further detail is needed.

In the *General Fund* section the reader will find information on the individual Department's budget that outlines the departments profile, budget summary, initiative action plans (IAPs), and key performance indicators (KPIs). Please note that all financial tables in the budget document present the same three-year format. The following illustration is an example of the Budget Summary expenditure tables that can be found throughout the document:

Expenditures by Type	FY 2016 Actual	FY 2017 Budget	FY 2017 Estimated	FY 2018 Budgeted	Percent Change
Salaries & Benefits	\$ 186,969	\$ 150,000	\$ 146,585	\$ 155,000	3.3%
Operating	261,204	300,000	296,540	310,500	3.5%
Capital	162,403	30,000	29,950	30,000	0.0%
Expenditures Total	\$ 610,576	\$ 480,000	\$ 473,075	\$ 495,500	3.2%

Adopted budget for the the current fiscal year, as amended through December 31. The fiscal year begins July 1 of each calendar year

Audited data from the last completed fiscal year

Amounts the Village expects to expend for the entire fiscal year

The budget for the new fiscal year which begins on July 1

Includes salaries, wages, and fringe benefits (FICA, insurance, et al.)

The percentage of change between the prior year budget and next year's budgeted amounts

All expenditures not directly related to Salaries & Benefits or Capital

Includes expenditures for land, buildings, equipment, vehicles, and other expenditures exceeding \$5,000, with a life expectancy of more than 1 year

Some departments do not have activity in all categories and the reader will note that they are not included in the summary. For example, the Powell Bill department does not have any employees and therefore, does not show any Salaries & Benefits. The same is noted for revenues as each department is funded by different revenue sources.

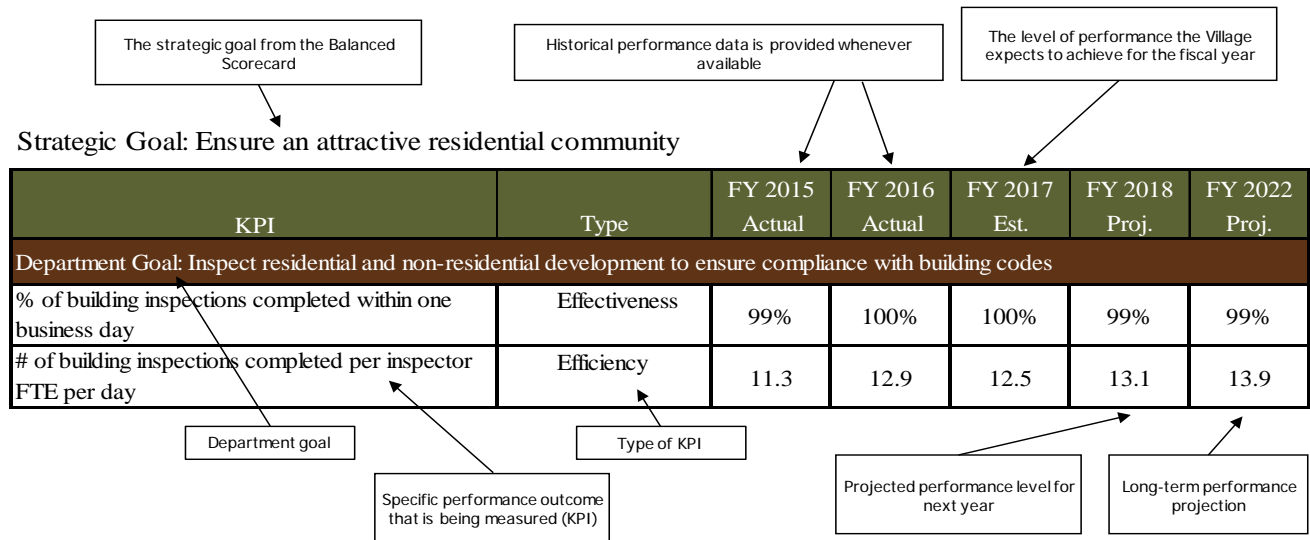


The table of Department Goals, Objectives, and Key Performance Indicators (KPIs) provides department goals that cascade directly from organization-wide strategic goals and information on KPIs that are used to monitor the achievement of department goals. The strategic goal the department supports is listed to illustrate the linkage between the departmental goal and the Council’s Balanced Scorecard. Each KPI is identified as an input, output, efficiency, or effectiveness measure. In addition, the vast majority of department KPIs are considered “lead” measures that are routinely monitored throughout the year.

Department objectives are stated in terms of KPIs. Using the example below, one of the Inspection Department’s objective related to the goal listed for FY 2018 is to “Complete 99% of building inspections within one business day.”

The FY 2018 and FY 2022 KPI data represent projections of performance given the amount of resource allocation provided in the five year plan, including staffing and operating budgeted/forecasted funds. These are the levels of performance that departments are striving to achieve in these time periods. While they are titled as projections, they also represent the target performance levels, or goals for the department.

Below is an example explaining the Department Goals, Objectives, and Key Performance Indicator table column headings in the *General Fund* section:





Strategic Priorities Overview

The Village of Pinehurst Strategic Operating Plan (SOP) is a tool used to develop and communicate the Village’s strategic priorities for the upcoming fiscal year and the five-year planning period. This section of the SOP identifies the Village’s strategic priorities to advance its vision to be a “charming, vibrant community which reflects our rich history and traditions.”

Strategic priorities consist of nine strategic goals that are established by the Village Council. Each year, the Council and Senior Staff update the SOP based on a review of the current environment at their annual strategic planning retreat in December. For each strategic goal, the Council has identified strategic objectives with Key Performance Indicators (KPIs) to demonstrate the Village’s performance in achieving desired outcomes.

The Village uses a Balanced Scorecard (BSC) to integrate strategic planning and resource allocation. The BSC uses four perspectives to ensure a balanced approach to evaluating achievement of organizational strategy:

1. Customer – Delivering the services customers want at the level desired
2. Internal – Enhancing services through continuous improvement
3. Workforce – Developing an engaged workforce to provide quality services
4. Financial – Managing resources to ensure financial sustainability





Strategic Planning Process

The evolution to a strategy-focused organization began with the implementation of the national Baldrige Performance Excellence Framework in FY 2012, when the Village embarked on its continuous process improvement effort and began participating in the North Carolina Awards for Excellence program.

The Pinehurst Village Council kicks off the strategic planning process with an annual retreat in December. At this retreat, the Council affirms or modifies the Mission, Vision, and Values (MVV), identifies core competencies, conducts an environmental scan, identifies the Village's strategic advantages and challenges, completes a SWOT analysis, and identifies strategic goals and objectives, and Key Performance Indicators (KPIs).

Using the key inputs into the strategic planning process, the Village Council then sets short term and long term target performance levels for the KPIs included on the BSC based on a review of benchmark communities' performance relative to the Village's performance. The Council identifies the Areas of Focus for the five-year planning period, which include those strategic objectives and KPIs where more significant performance improvement is identified in both the short term and long term planning period.

With goals, objectives, and target performance levels set by the Council, management develops Initiative Action Plans (IAPs) aimed at addressing the strategic objectives for community goals, and ultimately accomplishing the Village's mission and vision. IAPs are identified at the annual strategic planning retreat by Council, Senior Staff and/or Council-appointed board chairs. Department Heads then develop and refine departmental goals that are directly linked to the strategic goals. Accomplishment of departmental goals is measured by KPIs on Department BSCs that cascade directly from the BSC. Department BSCs can be found in the *General Fund* section of the SOP.



All Initiative Action Plans (IAPs) are evaluated by the Strategic Planning Team, which consists of the Village Manager, Assistant Village Managers, Human Resources Director and Financial Services Director. In addition to evaluating the financial and staff capacity needed to implement and maintain the IAP, the Team also evaluates the risks associated based on the severity and likelihood of occurrence. Mitigating actions to minimize the risks of the IAPS are then incorporated in the action plan steps. Finally, any workforce training needs associated with an IAP are programmed into the internal TOPS training program for staff.

To help determine the Village's financial capacity to fund the Strategic Operating Plan, staff prepares a financial forecast that is included in the *Five-Year Financial Forecast* section of the SOP. Several assumptions are made relative to revenues and expenditures, based on historical trends and future projections. The five-year projections are inclusive of the five-year Capital Improvements Plan (CIP) that incorporates approved IAPs and all associated projected operating costs. The *Five-Year Financial Forecast* is developed to ensure fund balance remains within the target range of 30%-40% of budgeted expenditures and operating margins fall within acceptable levels to ensure adequate levels of capital reinvestment.

In developing the five-year CIP, the Strategic Planning Team reviews and determines the Fleet and IT replacement schedules and plans for other major capital improvements with the respective Department Heads. Based on the overall financial projections, the Strategic Planning Team determines which capital investments are best suited for installment financing to ensure there is adequate financial capacity for any required annual debt service.



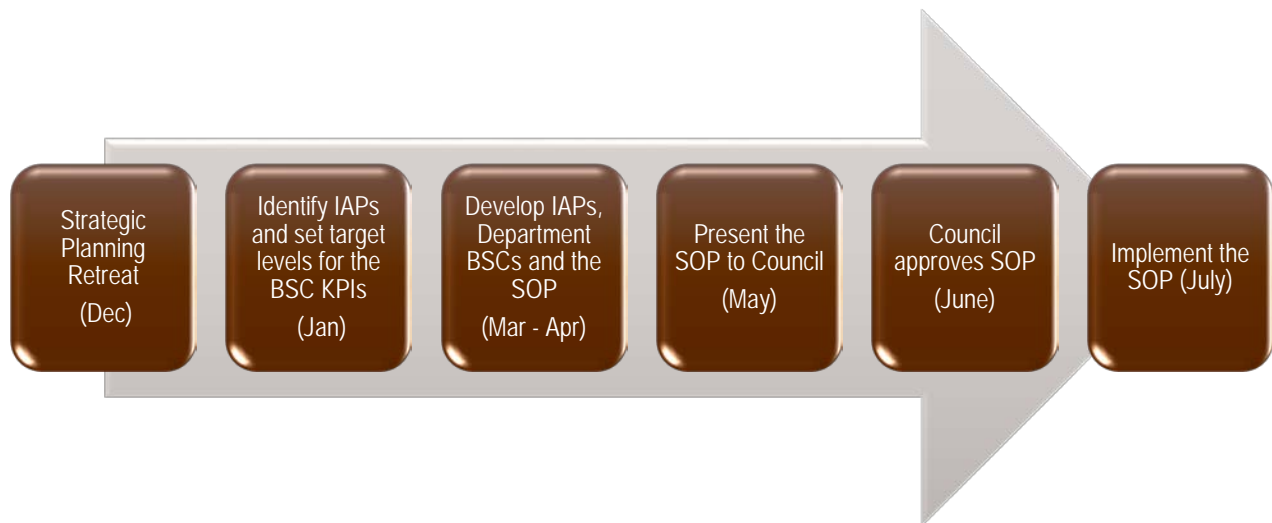
Strategic Planning Process

The Five-Year Financial Forecast for FY 2018-2022 is summarized below:

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
General Fund Revenues	\$17,854,580	\$18,213,000	\$18,562,000	\$18,843,000	\$19,077,000
General Fund Expenditures	19,139,093	21,870,066	19,220,064	19,162,366	19,795,343
Revenues Over (Under) Expenditures	\$(1,284,513)	\$(3,657,066)	\$(658,064)	\$(319,366)	\$(718,343)
Budget to Actual Variance *	989,945	1,014,858	1,058,723	1,084,773	1,116,587
Projected Actual Gain/(Loss)	\$(294,568)	\$(2,642,208)	\$400,659	\$765,407	\$398,244
Projected GF Balance as a % of Total Budget	47.8%	29.8%	35.9%	40.0%	40.8%

**Assumes actual revenues of 101% of budget and actual expenditures of 95% of budget*

Once financial capacity for Initiative Action Plans and the baseline budget is determined, staff prepares and presents the Village's Strategic Operating Plan to the Village Council for review and approval. As required by NC General Statutes, the Council holds a Budget Public Hearing each year prior to adoption to allow residents the opportunity to comment on the Recommended Budget. The following diagram indicates the key steps and timing of the Strategic Planning Process:





Key Inputs into the 2018 Strategic Operating Plan

Mission, Vision, and Values

At the December 2016 Council Retreat, the Council affirmed the Village’s Mission, Vision, and core values. The Vision is what the Village intends to be, while the mission is what the Village must accomplish to achieve that vision. The Village core values are the guiding principles and behaviors that embody how Village employees are expected to operate as they provide services. These were updated at the December 2016 Council Retreat and have been changed to initiative, teamwork, service, and improvement, effective FY 2018.

Core Competencies

Core competencies represent those areas of the Village’s greatest expertise and are those strategically important capabilities that are central to fulfilling the Village’s mission. At the December 2016 Retreat, the Council reviewed and amended the four core competencies of the Village to include:

1. Build collaborative partnerships
2. Improve continuously
3. Leverage technology
4. Utilize volunteers

VISION
The Village of Pinehurst is a charming, vibrant community which reflects our rich history and traditions.

MISSION
Promote, enhance, and sustain the quality of life for residents, businesses, and visitors.

VALUES
Initiative
Teamwork
Service
Improvement

Strategic Challenges & Opportunities

Strategic advantages are those benefits that exert a decisive influence on the Village’s likelihood of future success and are the source of competitive success. Strategic opportunities are those prospects for new or changed services or processes. The strategic challenges and strategic opportunities identified by the Village Council in December 2016 are below:

Strategic Challenges	Strategic Opportunities
1. Address workforce capacity issues	1. Improve pedestrian mobility with neighborhood sidewalks and bike paths
2. Obtain Council consensus and direction for long term land use policy and strategy	2. Increase street lighting in neighborhoods
3. Meet the demands for cultural and recreational activities	3. Create recreation and cultural center facilities
4. Reduce the number of vacant homes	4. Expand commercial development/zoning
5. Improve road systems to accommodate increasing traffic volumes	5. Collaborate with other municipalities and Moore County
6. Address aesthetic issues as a result of DOT projects	6. Enhance appearance of right-of-ways and streetscapes
7. Address surrounding area crime through collaboration with other departments	7. Conduct long-term transportation planning
8. Meet every day commercial service needs of residents in the core Village	8. Develop land use plans (Comprehensive Long Range Plan, area plans, and land use analysis)
9. Create a walkable community	

SWOT (Strengths, Weaknesses, Opportunities, and Threats) Analysis

The Council also conducted a SWOT analysis at their December 2016 Strategic Planning Retreat and identified organizational and community strengths, weaknesses, opportunities, and threats.



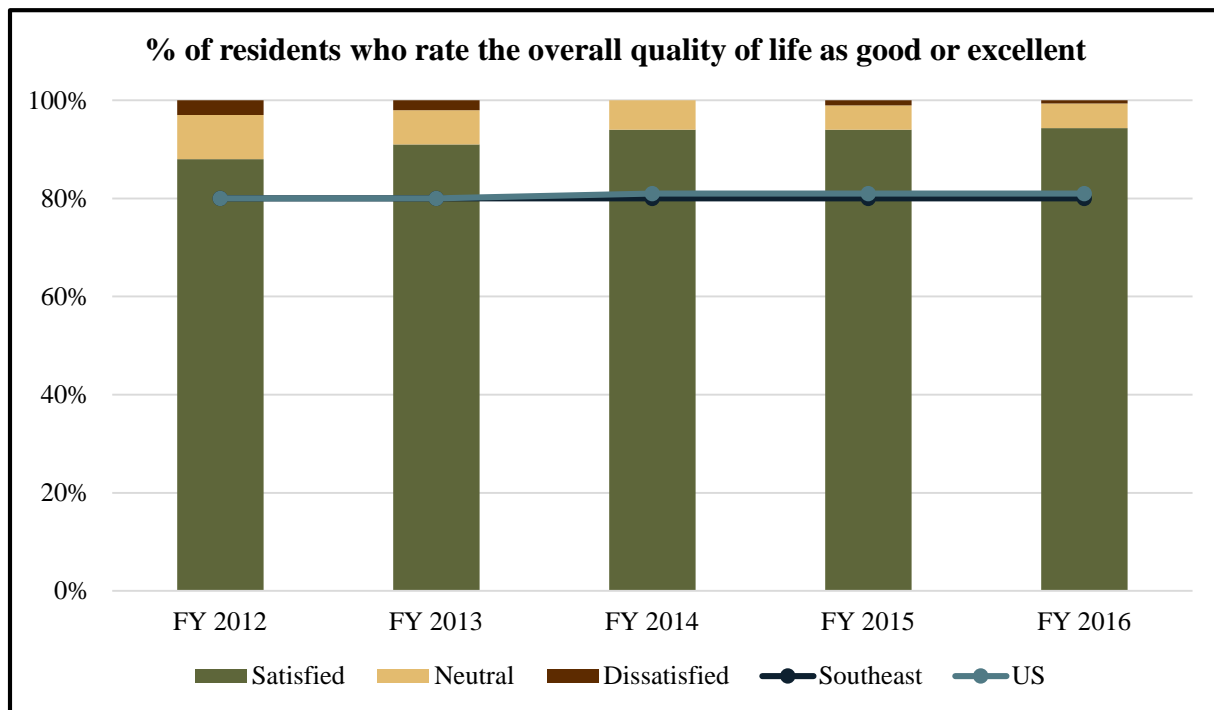
Environmental Scan

The environmental scan consists of a review of critical data and information that can impact service delivery. During the December 2016 Strategic Planning Retreat management reviewed demographic trends, customer feedback from the annual Community and Business Surveys, feedback from the annual Workforce and Volunteer Surveys, economic data, key performance indicators (KPIs), financial data, and emerging trends. Community survey results were segmented by neighborhood, resident age, and length of residence to facilitate further analysis. Workforce results are also segmented by department.

FY 2018 Strategic Goals, Objectives, and Key Performance Indicators

The Council’s strategic goals, objectives, and Key Performance Indicators (KPIs) for each of the four perspectives of the 2018 Balanced Scorecard are detailed on the following pages.

At the core of the BSC is the Village’s mission to “promote, enhance, and sustain the quality of life for residents, businesses, and visitors.” The Village measures its mission by asking residents to rate the overall quality of life in the Village during the annual Community Survey. In the 2016 survey, **99% of residents rated the overall quality of life as good or excellent (including neutrals)**, up from 97% in 2012. This is in comparison to the Southeast and U.S. benchmarks of 80%, and 81% respectively.



All Key Performance Indicators (KPIs) on the Balanced Scorecard are considered “lag” performance measures and the vast majority of the Customer Perspective KPIs are annual survey results indicating customer satisfaction levels. Department Balanced Scorecards contain “lead” performance measures that are monitored either daily, weekly, monthly, or quarterly by Senior Staff to ensure the Village achieves the performance targets set on the Balanced Scorecard.

The BSC community survey results, workforce survey results, and volunteer survey results include the percentage of respondents who indicate “Neutral.” The Southeast and U.S. comparisons provided by the Village’s survey company, ETC Institute, do not include “Neutral” ratings and this information is not available.



Balanced Scorecard

The FY 2018 Village of Pinehurst Balanced Scorecard (BSC), by perspective, is shown below:

FY 2018 Balanced Scorecard							
MISSION: Promote, enhance, and sustain the quality of life for residents, businesses, and visitors.							
	Goal We intend to...	Strategic Objective How we will...	KPI Description How do we know...	Actual FY 2016	Est. FY 2017	ST Target FY 2018	LT Target FY 2022
Customer	Safeguard the community	Deliver effective public safety services	UCR index crime rate per 1,000 residents	6.15	9.50	10.00	10.00
			% of residents whose overall feeling of safety in the Village is good or excellent	100%	99%	95%	95%
			% of residents satisfied with how quickly fire personnel respond to emergencies	99%	99%	95%	95%
			% of residents satisfied with the enforcement of local traffic laws	90%	92%	90%	95%
	Ensure an attractive residential community	Maintain a high level of overall appearance of Pinehurst public spaces	% of residents who rate the overall appearance of the Village as good or excellent	99%	99%	95%	95%
			Ensure compliance with Village codes and ordinances	84%	86%	87%	90%
			Guide appropriate redevelopment and growth <i>AOF</i>	88%	89%	90%	90%
	Ensure a thriving business community	Provide a business-friendly environment	1st floor occupancy rate in the Village Center	94%	94%	90%	90%
			% of businesses likely to recommend the Village as a business location	89%	90%	90%	90%
	Provide multimodal transportation systems	Provide interconnected greenway trails, bike paths, and other pedestrian facilities <i>AOF</i>	% of residents satisfied with the availability of sidewalks	63%	65%	70%	80%
			% of residents satisfied with the availability of greenway/walking trails	92%	92%	90%	90%
			% of residents satisfied with the adequacy of street lighting	72%	73%	75%	80%
			Maintain high quality streets <i>AOF</i>	% residents satisfied with street and right of way maintenance	89%	90%	90%
	Protect the environment	Provide effective and efficient solid waste collection services	% of residents satisfied with solid waste services	96%	95%	95%	95%
			Reduce, reuse, and recycle resources	32%	34%	35%	35%
	Maintain an active, healthy community	Provide recreation programs, leisure activities, and cultural arts events for all ages <i>AOF</i>	% of residents satisfied with P&R programs	96%	95%	95%	95%
% of residents satisfied with Village sponsored cultural arts events			91%	90%	90%	90%	
Internal	Professionally manage a high performing organization	Enhance community engagement	% of residents satisfied with Village communications	95%	95%	95%	95%
			% of residents satisfied with the level of public involvement in local decisions	84%	85%	87%	90%
		Continuously improve operational effectiveness through quality performance, use of technology, and innovation	Full time equivalents per million \$ of revenue	7.72	7.88	8.00	8.00
			% of residents satisfied with the value received for taxes paid	91%	90%	90%	90%
Workforce	Attract & retain an engaged workforce	Provide a supportive and rewarding work environment	% of employees who agree that overall they are satisfied with their job	95%	95%	95%	95%
			% of volunteers satisfied with the volunteer experience	95%	95%	95%	95%
		Employee engagement index	9.11	9.00	9.00	9.00	
Financial	Maintain a healthy financial condition	Meet or exceed established financial targets	Unassigned GF fund balance as a % of actual expenditures	42%	32%	20%	20%
		Maintain capital assets	Capital asset condition ratio	46%	47%	46%	46%

Items in red are Areas of Focus (*AOF*) based on performance levels, strategic challenges, and resident priorities.



Initiative Action Plans (IAPs)

The total costs below for the 13 FY 2018-2022 IAPs include implementation and ongoing operating and maintenance costs associated with the IAP. Financial resources have been prioritized to address Council's strategic objectives and Areas of Focus, thereby helping to ultimately achieve the goals on the BSC. More detailed descriptions of these Initiative Action Plans are included later in this section of the document.

FY 2018-2022 Initiative Action Plans (IAPs)						
MISSION: Promote, enhance, and sustain the quality of life for residents, businesses, and visitors.						
	Goal We intend to...	Strategic Objective How we will...	Initiative Action Plans (IAPs)	Fiscal Year (s)	FY 2018 Funding	Total FY 2018-2022 Funding
Customer	Safeguard the community	Deliver effective public safety services	Traffic Pre-emption Program	FY 2018-2021	\$15,000	\$52,500
	Ensure an attractive residential community	Maintain a high level of overall appearance of Pinehurst public spaces	Community Aesthetics	FY 2018-2022	\$25,000	\$90,000
		Ensure compliance with Village codes and ordinances	n/a	n/a	n/a	n/a
		Guide appropriate redevelopment and growth <i>AOF</i>	Comprehensive Long Range Plan Update	FY 2019-2020	\$120,000	\$120,000
			Land Use Planning	FY 2018-2019	\$65,000	\$65,000
	Ensure a thriving business community	Provide a business-friendly environment	Commercial Streetscape Enhancements	FY 2018	\$152,500	\$155,000
	Provide multimodal transportation systems	Provide interconnected greenway trails, bike paths, and other pedestrian facilities <i>AOF</i>	Pedestrian Connectivity	FY 2018-2022	\$433,500	\$2,061,500
		Maintain high quality streets <i>AOF</i>	Street Lighting	FY 2018-2022	\$9,500	\$71,500
			Transportation Improvements	FY 2018-2022	\$0	\$50,000
	Protect the environment	Provide effective and efficient solid waste collection services	n/a	n/a	n/a	n/a
		Reduce, reuse, and recycle resources	n/a	n/a	n/a	n/a
	Maintain an active, healthy community	Provide recreation programs, leisure activities, and cultural arts events for all ages <i>AOF</i>	Recreational Facilities	FY 2018-2022	\$533,200	\$5,194,160
	Internal	Professionally manage a high performing organization	Enhance community engagement	Transparent Operations	FY 2018-2019	\$0
Continuously improve operational effectiveness through quality performance, use of technology, and innovation			P&I Process Improvements	FY 2018	\$53,600	\$93,600
Workforce	Attract & retain an engaged workforce	Provide a supportive and rewarding work environment	Workforce Learning and Development	FY 2018-2019	\$5,000	\$25,000
			Incentive Reward Program	FY 2018-2019	\$0	\$160,000
Financial	Maintain a healthy financial condition	Meet or exceed established financial targets	n/a	n/a	n/a	n/a
		Maintain capital assets	n/a	n/a	n/a	n/a
Total Funding for Initiative Action Plans					\$1,284,800	\$8,138,260

Items in red are Areas of Focus (AOF) based on performance levels, strategic challenges, and resident priorities.



The Initiative Action Plans in the Five-Year Financial Forecast strive to leverage the Village’s core competencies and strategic advantages, while addressing strategic challenges and opportunities. In many cases, IAPs are based on research of best practices in benchmark communities.

The Village is focused on continuous improvement and several IAPs in the 2018 Strategic Operating Plan are aimed at process improvements. More significant process improvements follow a systematic six step performance improvement process called BIRDIE. Less significant process improvements follow a simple three step process called ACE. In FY 2018, the Village plans to conduct a BIRDIE on the Village’s permitting and inspection processes in order to reduce plan review turnaround time and make the process of acquiring permits and building inspections more efficient.

The BIRDIE process is detailed below:



BIRDIE Process	
B	Bring the opportunity forward (identify what can be improved)
I	Investigate the opportunity (what does the data tell you?)
R	Review potential solutions (identify ALL possible solutions)
D	Determine the solution and develop the action plan (KPIs for desired outcomes, timing and resources)
I	Implement the solution according to the action plan
E	Evaluate the effectiveness of the solution based on performance data

The pages that follow include information on each BSC goal and their associated strategic objectives, short term and long term Initiative Action Plans, and Key Performance Indicators. While the vast majority of Council’s objectives have IAPs aimed at achieving them, resources have been allocated in the 2018 Strategic Operating Plan to higher priority strategic objectives. For those objectives not addressed, current performance levels indicate the Village is already demonstrating excellent performance levels (e.g. above 90% satisfaction ratings). See the individual department goals and department BSCs included in the *General Fund* section of this document for additional information.

The pages that follow also include graphs of the Village’s observed results for those KPIs on the BSC. The Village’s historical results are indicated by the green bars in the graphs. The FY 2018 and FY 2022 goals are indicated by the blue bars. Council has set goals for most survey related KPIs at 95% or 90%, based on historical results. Where results have been consistently above 95%, goals are set at 95% and when results have consistently hovered closer to 90%, goals are set at 90%. The Village’s surveys typically have a margin of error of 5%. When applicable and available, the graphs also include comparable information indicating the Village’s performance relative to others, as described below:

- Southeast – Average of cities using the Direction Finder Survey by ETC Institute in the southeast
- US - Average of cities using the Direction Finder Survey by ETC Institute in the United States
- Comp – A benchmark community selected for that KPI
- SHRM Avg – Society of Human Resources survey average

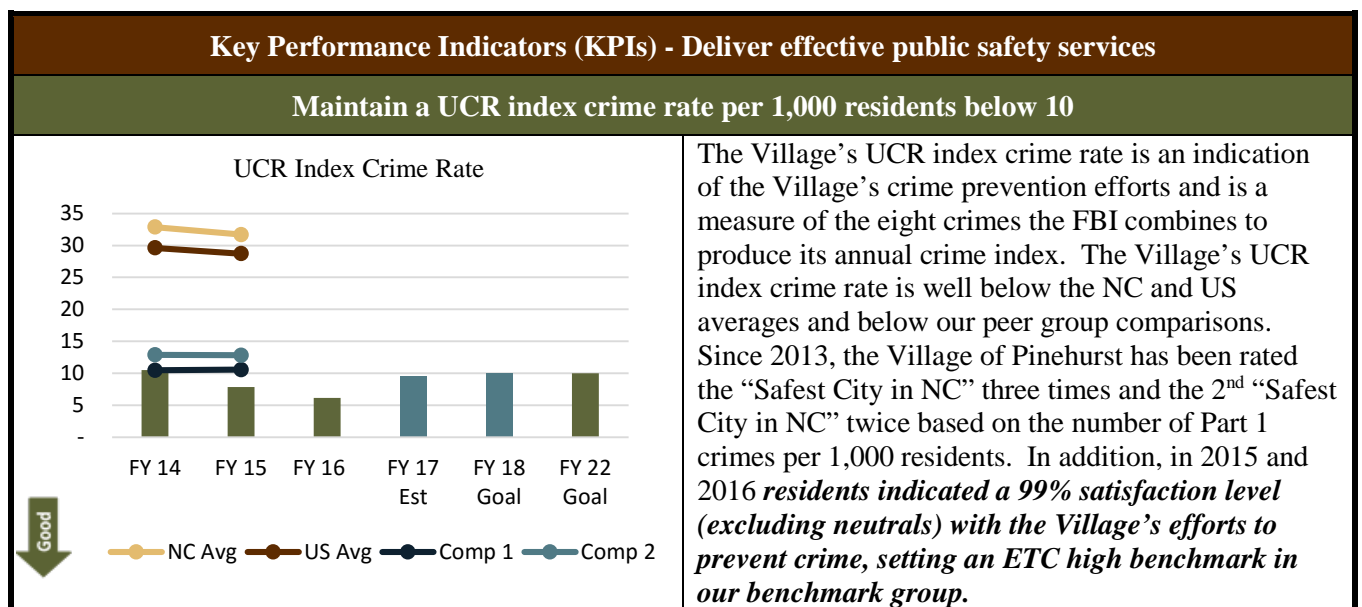



Goal: Safeguard the Community

To safeguard the community means to protect the lives and property of residents, businesses, and visitors. Departments primarily responsible include Police, Fire, and Inspections. Applicable volunteers include Citizens on Patrol and Community Watch. See the *General Fund* section of this document for additional financial and performance information on the departments. There is one objective under the goal to Safeguard the Community: Deliver effective public safety services.

The five-year Initiative Action Plans (IAPs) and Key Performance Indicators (KPIs) for these objectives are identified below.

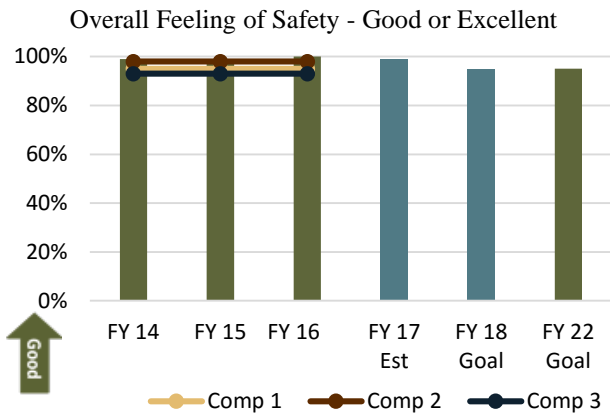
Strategic Objective: Deliver effective public safety services			
Initiative Action Plans	Timeline	FY 2018-2022 Funding	Department
<p>Traffic Pre-emption –Installation of traffic signal pre-emption devices at 7 signalized intersections over the five year period to allow safe and timely response by fire personnel in an emergency situation. Traffic pre-emption utilizes GPS technology to enable traffic signals to cycle to green allowing for passage and/or vehicles to clear the way, reducing delays during emergency response. With 2 installations planned in each of the next three years and one in year four of the five-year planning period, all 13 Village intersections will be configured with pre-emption devices by FY 21.</p>	FY 2018-2022	\$52,500	Fire





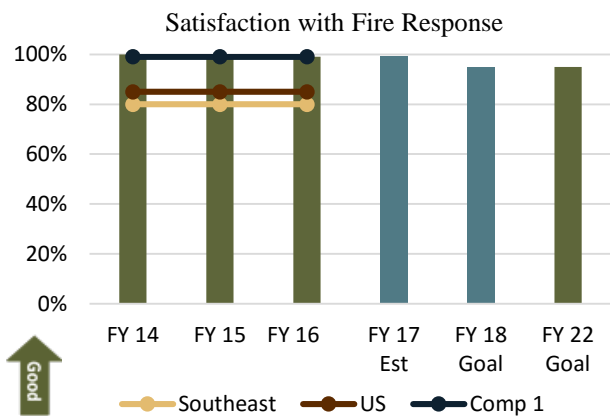
Key Performance Indicators (KPIs) - Deliver effective public safety services

Maintain a 95% resident rating of the overall feeling of safety in the Village as good or excellent



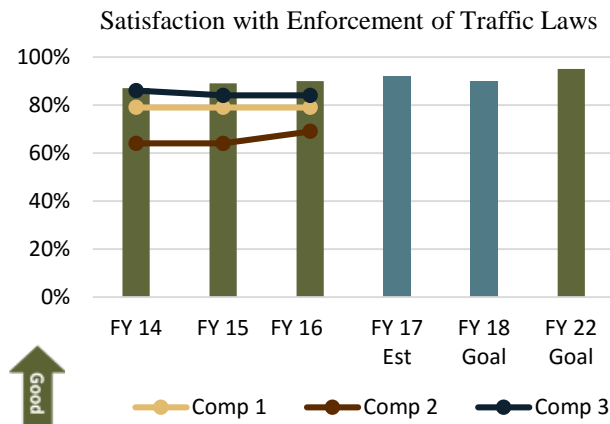
Each year residents indicate their overall feeling of safety during the annual Community Survey. The Village exceeds all three comparable communities we benchmark against for resident overall feeling of safety. In addition, *residents indicated a 99% satisfaction level with their feeling safety in their neighborhood during the day (excluding neutrals) for the 3rd year in a row, setting an ETC high benchmark in our benchmark group in 2016.*

Maintain a 95% resident satisfaction rating with how quickly fire personnel respond to emergencies



Residents indicate their satisfaction with fire response during the annual Community Survey. Historically, residents have been extremely satisfied with the Fire Department's response times, which compare favorably with our benchmarks. In FY 2017, the department received Accredited Agency status with the Commission on Fire Accreditation International, one of only 19 NC agencies and 220 worldwide.

Maintain a 90% resident satisfaction rating with enforcement of local traffic laws



In the annual Community Survey, residents indicate their satisfaction with the enforcement of traffic laws. The Village exceeds both the US and Southeast and comparable communities. In FY 2017, the Village added two additional traffic enforcement police officers to improve resident satisfaction ratings.



Goal: Ensure an Attractive Residential Community

To ensure Pinehurst is an attractive residential community means to maintain a high level of overall appearance of public spaces and neighborhoods by providing planning, infrastructure, code enforcement, and grounds maintenance services. Departments primarily responsible include Planning, Streets & Grounds, Recreation, and Buildings & Grounds. Applicable volunteer committees include the Bicycle and Pedestrian Advisory Committee, Pinehurst Appearance Committee, Planning & Zoning/Board of Adjustment, the Historic Preservation Commission, and the Neighborhood Advisory Committee. See the *General Fund* section of this document for additional information on the departments. There are three objectives under the goal to Ensure an Attractive Residential Community:

1. Maintain a high level of overall appearance of Pinehurst public spaces,
2. Ensure compliance with Village codes and ordinances, and
3. Guide appropriate redevelopment and growth ^{AOF}.

The five-year Initiative Action Plans (IAPs) and Key Performance Indicators (KPIs) for these objectives are identified below.

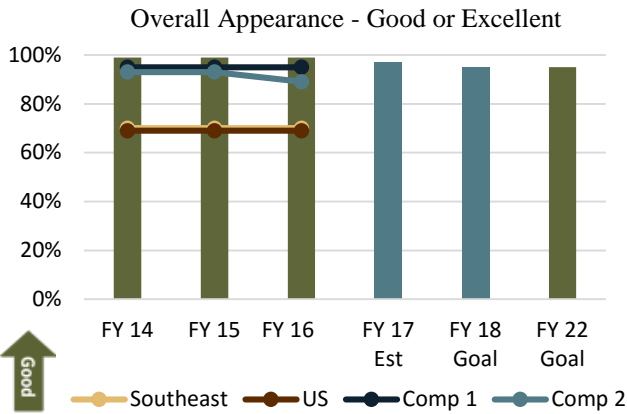
Strategic Objective: Maintain a high level of overall appearance of Pinehurst public spaces			
Initiative Action Plans	Timeline	FY 2018-2022 Funding	Department
Community Aesthetics – Develop and implement a multi-year master plan to incrementally install additional landscaping on Hwy 211 in conjunction with NC Department of Transportation to decrease amount of time to mow and enhance appearance.	FY 2018-2022	\$90,000	Streets & Grounds

Strategic Objective: Guide appropriate redevelopment and growth ^{AOF}			
Initiative Action Plans	Timeline	FY 2018-2022 Funding	Department
Land Use Planning ^{AOF} – Develop a land use plan for the Village that analyzes existing land use, past development patterns and projects potential land use and zoning changes to maximize residential and commercial development in the Village.	FY 2018-2019	\$65,000	Planning
Comprehensive Long Range Plan Update ^{AOF} – Conduct a 10 year update to the Village’s Comprehensive Long Range Plan.	FY 2019-2020	\$120,000	Planning



Key Performance Indicators (KPIs) - Maintain a high level of overall appearance of Pinehurst public spaces

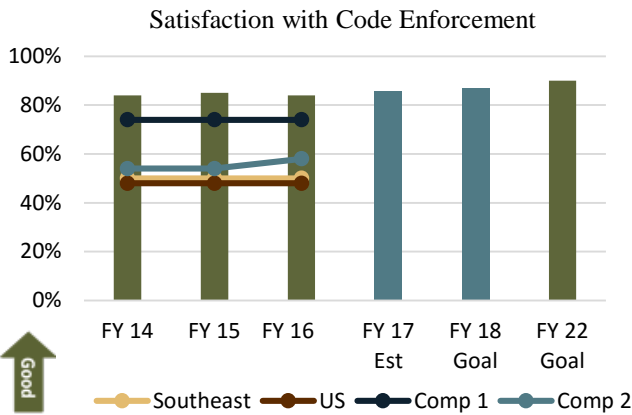
Maintain a 95% resident rating of the overall appearance in the Village as good or excellent



Each year residents indicate their assessment of the overall appearance of the Village during the annual Community Survey. Historically, residents have been extremely satisfied with the overall appearance of the Village, exceeding both the US and Southeast and comparable communities. The Village's Beautification Committee has worked in conjunction with staff over the past several years to beautify the right of ways at key intersections with additional landscaping to improve the overall appearance of the Village.

Key Performance Indicators (KPIs) – Ensure compliance with Village codes and ordinances

Achieve an 87% resident satisfaction rating with the enforcement of codes and ordinances



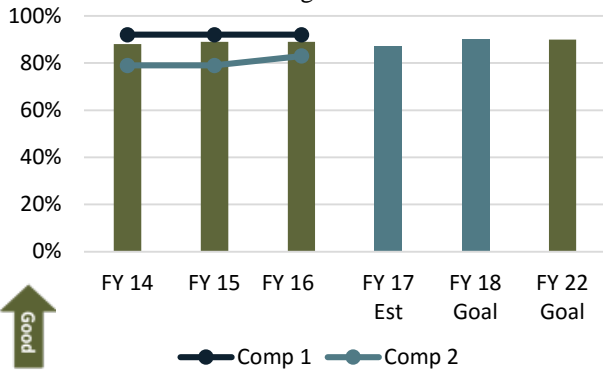
Resident satisfaction with the enforcement of codes and ordinances has been historically low relative to other satisfaction ratings in the annual Community Survey. In FY 2016, code compliance was an *Area of Focus* for the Village, and the Village continues to strive to improve these satisfaction ratings with friendly reminders, additional public education on Village codes and ordinances, and routine patrols of neighborhoods to identify code compliance issues prior to receiving resident complaints.



Key Performance Indicators (KPIs) – Guide appropriate redevelopment and growth AOE

Achieve a 90% resident satisfaction rating with efforts to maintain the quality of neighborhoods

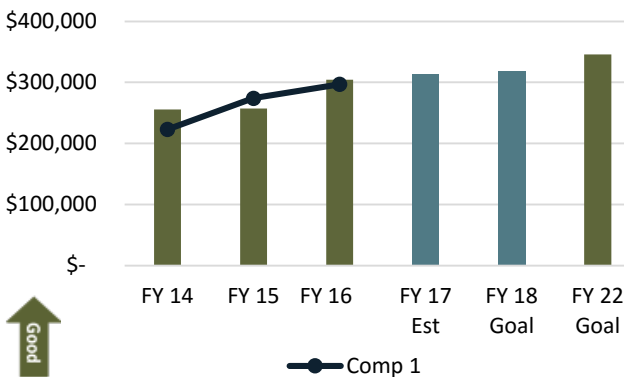
Satisfaction with Efforts to Maintain Neighborhoods



The Village closely monitors resident satisfaction with efforts to maintain the quality of neighborhoods. Striving to achieve “Excellent” results above 90% satisfaction levels, the Village has several IAPs to address the quality of neighborhoods in the SOP, such as land use planning, Comprehensive Long Range Plan Update, Pedestrian Connectivity, and Street Lighting.

See an increase in the single family home average sales price to \$319,000

Single Family Home Avg Sales Price



Because 98% of taxable property in the Village is residential property, the Village monitors the single family home average sales price as indicated by the Moore County Regional Association of Realtors. Projected growth in the single family home average sales price is based on Zillow.com forecasts of median sales price increases for Pinehurst.

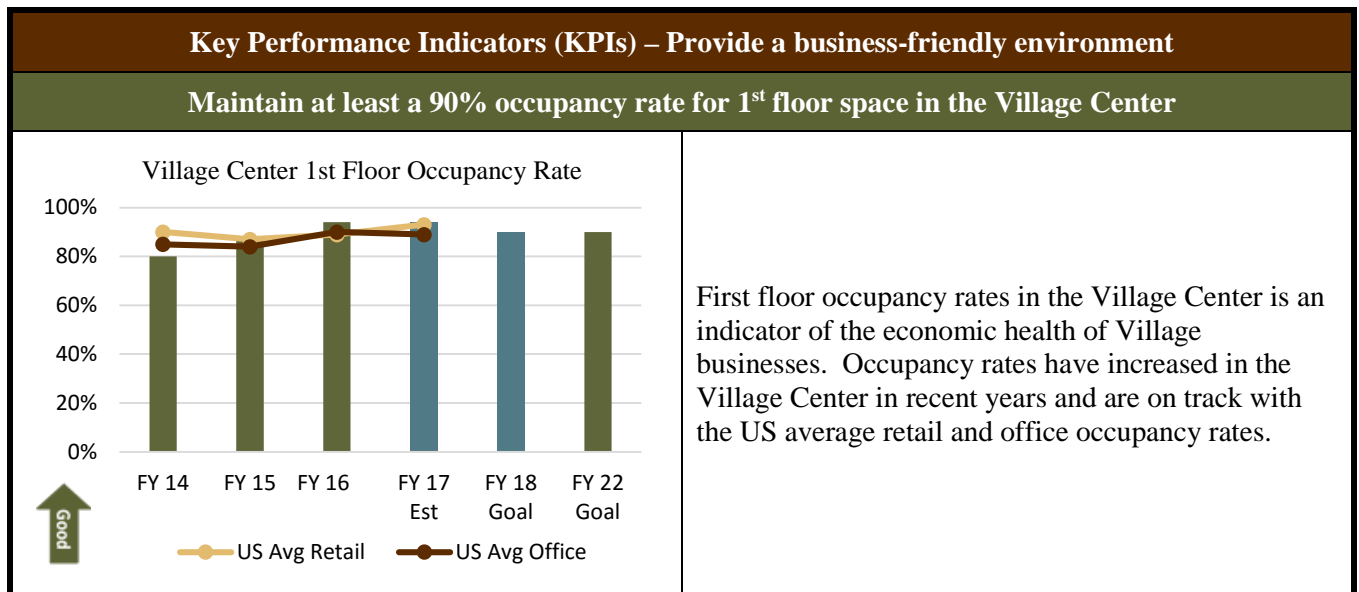



Goal: Ensure a Thriving Business Community

To ensure a thriving business community means to support economic and business development. Departments primarily responsible include Administration, Planning, and Community Development. Applicable volunteers include the Welcome Center volunteers. See the *General Fund* section of this document for additional information on the departments. There is one objective under Ensure a Thriving Business Community: Provide a business-friendly environment.

The five-year Initiative Action Plans (IAPs) and Key Performance Indicators (KPIs) for this objective are identified below.

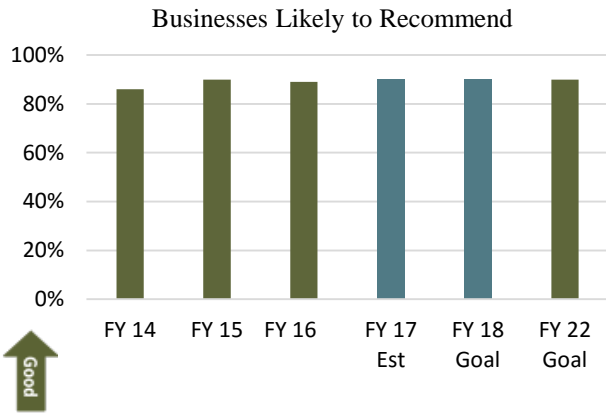
Strategic Objective: Provide a business-friendly environment			
Initiative Action Plans	Timeline	FY 2018-2022 Funding	Department
<i>Commercial Streetscape Enhancements</i> – Expand decorative street lamps, brick sidewalks, decorative street signs, benches, decorative trash receptacles, on street parking, and other related infrastructure to the redevelopment area north of the Village Center. This area includes McIntyre Road and McCaskill Road.	FY 2018	\$155,000	Streets & Grounds





Key Performance Indicators (KPIs) – Provide a business-friendly environment

Maintain at least a 90% of businesses likely to recommend the Village as a business location



Each year, the Village conducts an annual Business Survey to determine business owner satisfaction levels. Businesses are one of the Village’s key customer groups and their likelihood to recommend is an indication of their engagement as a customer. Currently, the Village is achieving excellent results with approximately 90% of businesses likely to recommend the Village as a business location.



Village Center Business Sign




Goal: Provide Multi-Modal Transportation Systems

To provide multi-modal transportation systems means to provide efficient and well-maintained roadways, sidewalks, greenway trails, and other transportation alternatives to ensure safe and adequate mobility and connectivity. Departments primarily responsible include Streets & Grounds, Buildings & Grounds, and Recreation. Applicable volunteers include the Bicycle and Pedestrian Advisory Committee. See the *General Fund* section of this document for additional information on the departments. There are two objectives under Provide Multi-Modal Transportation Systems:

1. Provide interconnected greenway trails, bike paths, and other pedestrian facilities ^{AOF}, and
2. Maintain high quality streets ^{AOF}.

The five-year Initiative Action Plans (IAPs) and Key Performance Indicators (KPIs) for these objectives are identified below.

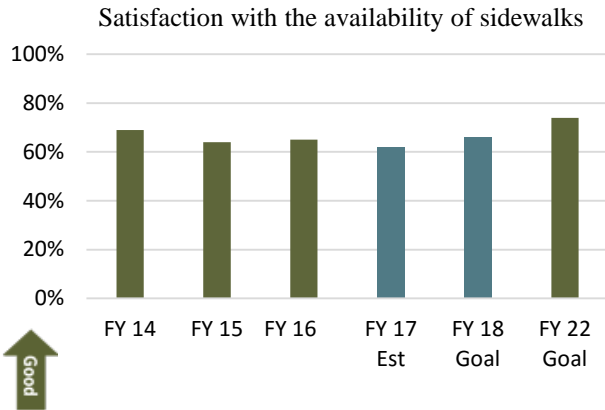
Strategic Objective: Provide interconnected greenway trails, bike paths, and other pedestrian facilities ^{AOF}			
Initiative Action Plans	Timeline	FY 2018-2022 Funding	Department
Pedestrian Connectivity ^{AOF} – Construct approx. 1 mile of pedestrian facilities per year to address high resident dissatisfaction with the availability of sidewalks.	FY 2018-2022	\$2,061,500	Streets & Grounds

Strategic Objective: Maintain high quality streets ^{AOF}			
Initiative Action Plans	Timeline	FY 2018-2022 Funding	Department
Street Lighting ^{AOF} - Install approximately 20 street lights in neighborhoods each year to address high resident dissatisfaction with the adequacy of street lighting.	FY 2018-2022	\$71,500	Streets & Grounds
Transportation Improvements ^{AOF} - Partner with the NC Department of Transportation to make improvements to state roads throughout the Village to address traffic volumes and/or safety concerns. The state roads and intersections include Hwy 5, Midland Rd, Traffic Circle, McCaskill Rd/Barrett Rd/Hwy 5 intersection, Linden Rd/Hwy 5 intersection, and Morganton Rd/Hwy 5 intersection.	FY 2018-2022	\$50,000	Streets & Grounds



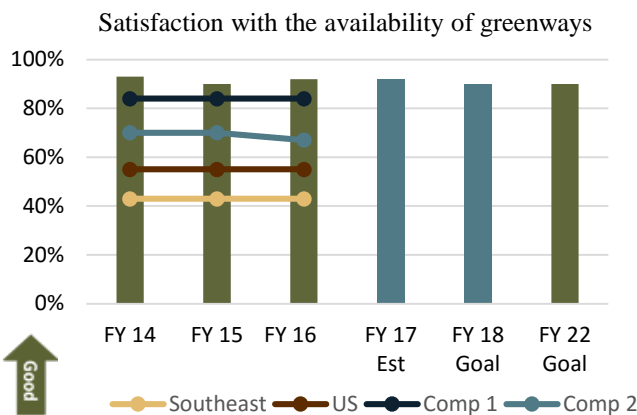
Key Performance Indicators (KPIs) – Provide interconnected greenway trails, bike paths, and other pedestrian facilities ΔOF

Increase resident satisfaction with the availability of sidewalks to 70%



To address low resident satisfaction levels with the availability of sidewalks, the Village developed and adopted the 2015 Comprehensive Pedestrian Master Plan. This plan identifies recommended locations for pedestrian facilities. Using this plan and Community Survey results segmented by neighborhood, the Village has identified four neighborhoods to target for walkway expansions. This is an *Area of Focus* for the Village and the Five-year Financial Forecast includes the construction of approximately 1 mile of pedestrian facilities in each of the next five years to help improve resident satisfaction ratings.

Maintain resident satisfaction with the availability of greenway/walking trails at 90%



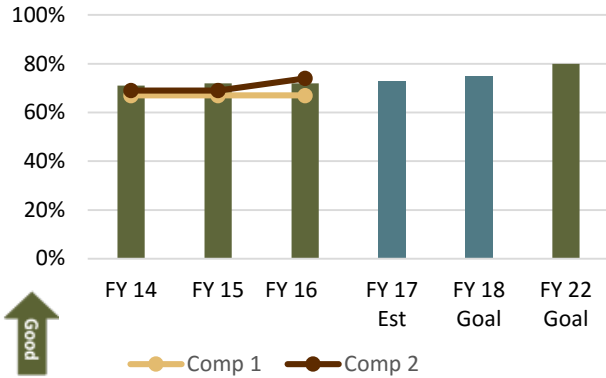
The Village began construction greenways as a result of resident input in the Village's first Comprehensive Long Range Plan in 2003. Over time, the Village has constructed over 7 miles of greenways and has achieved high resident satisfaction levels with the availability of greenways that exceed the Southeast and US averages as well as comparable communities.



Key Performance Indicators (KPIs) – Maintain high quality streets AOF

Increase resident satisfaction with adequacy of street lighting to 75%

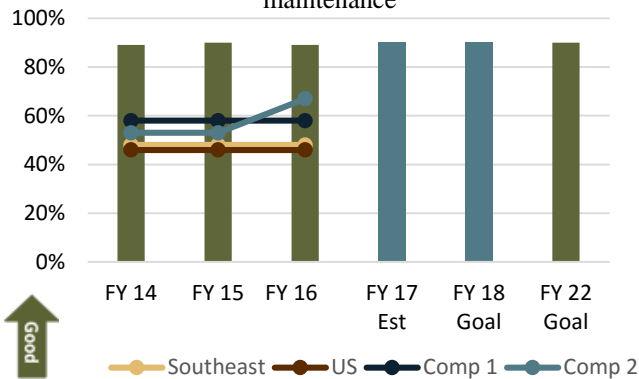
Satisfaction with street lighting



To address low levels of resident dissatisfaction with street lights, the Village began a multi-year plan to install approximately 20 neighborhood street lights per year. Each year, the Village identifies a neighborhood to target and obtains public input from the neighborhood on their desired density of street lighting through a targeted neighborhood survey and public input meeting.

Maintain resident satisfaction with street and right of way maintenance at 90%

Satisfaction with street/right of way maintenance



Overall, the Village has achieved high levels of satisfaction with street/right of way maintenance. This is well above the Southeast and US averages and comparable communities. In addition, *residents indicated a 91% satisfaction level with overall maintenance of Village streets in the most recent Community Survey (excluding neutrals), setting an ETC high benchmark in our benchmark group.*

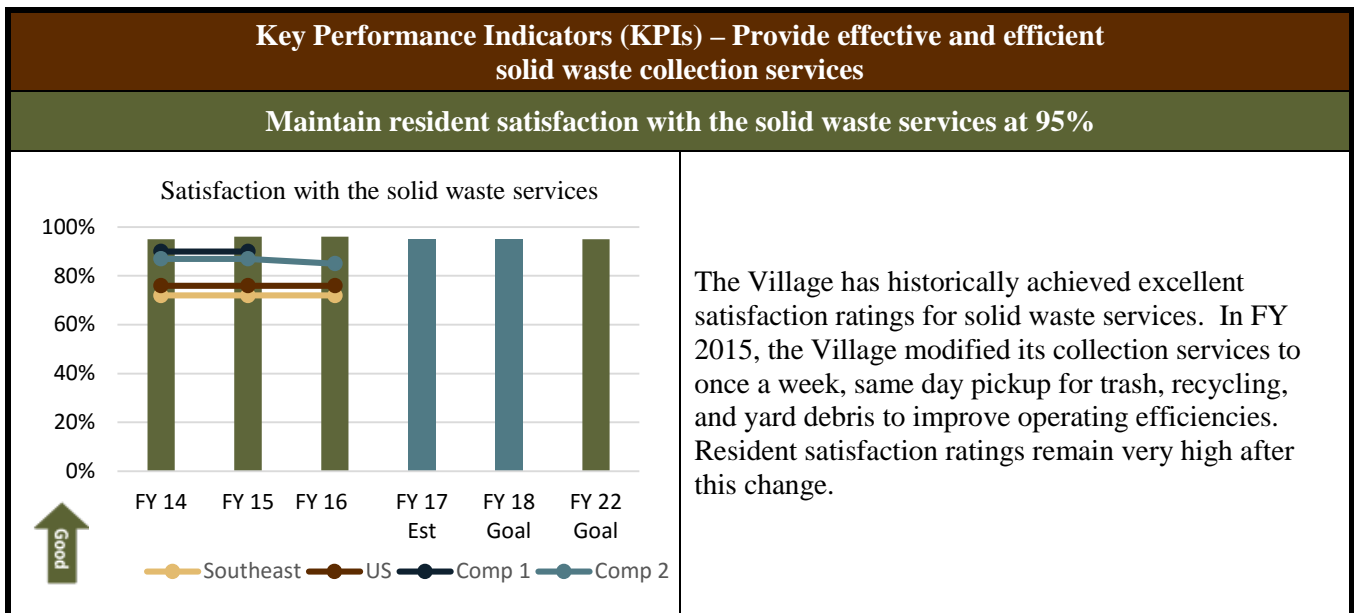



Goal: Protect the Environment

To protect the environment means to provide efficient and effective collection of solid waste collection and conserve natural resources. The department primarily responsible is Solid Waste. Applicable volunteers include the Pinehurst Appearance Committee (Sustainability Subcommittee) and the Greenway Wildlife Habitat Committee. See the *General Fund* section of this document for additional information on the departments. There are two objectives under Protect the Environment:

1. Provide effective and efficient solid waste collection services, and
2. Reduce, reuse, and recycle resources.

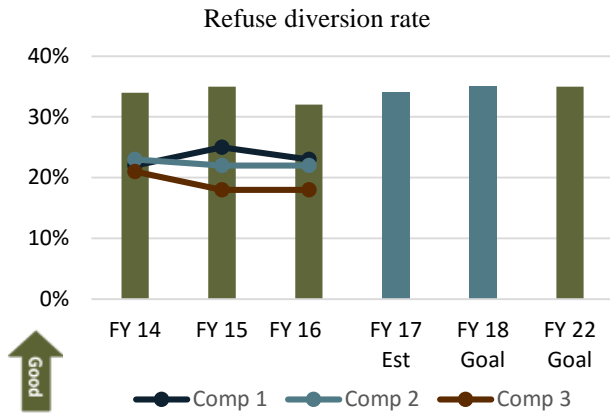
There are no five-year Initiative Action Plans (IAPs) for these objectives and the Key Performance Indicators (KPIs) are identified below.





Key Performance Indicators (KPIs) – Reduce, reuse, and recycle resources

Divert at least 35% of waste from the landfill



For the past four years, the Village has ranked in the top 4% in the state of NC for solid waste diversion rates, consistently exceed comparable communities. In addition, *residents indicated a 92% satisfaction level with curbside recycling services and a 96% satisfaction level with residential trash collection services (excluding neutrals), setting an ETC high benchmark in our benchmark group in 2015. In 2016, residents indicated an 89% satisfaction rating with yard waste services, setting an ETC high benchmark in our group in 2016. In the past two years, the Village has set the high benchmark in all three solid waste service areas.*



“One and Done” Solid Waste Same Day Collection

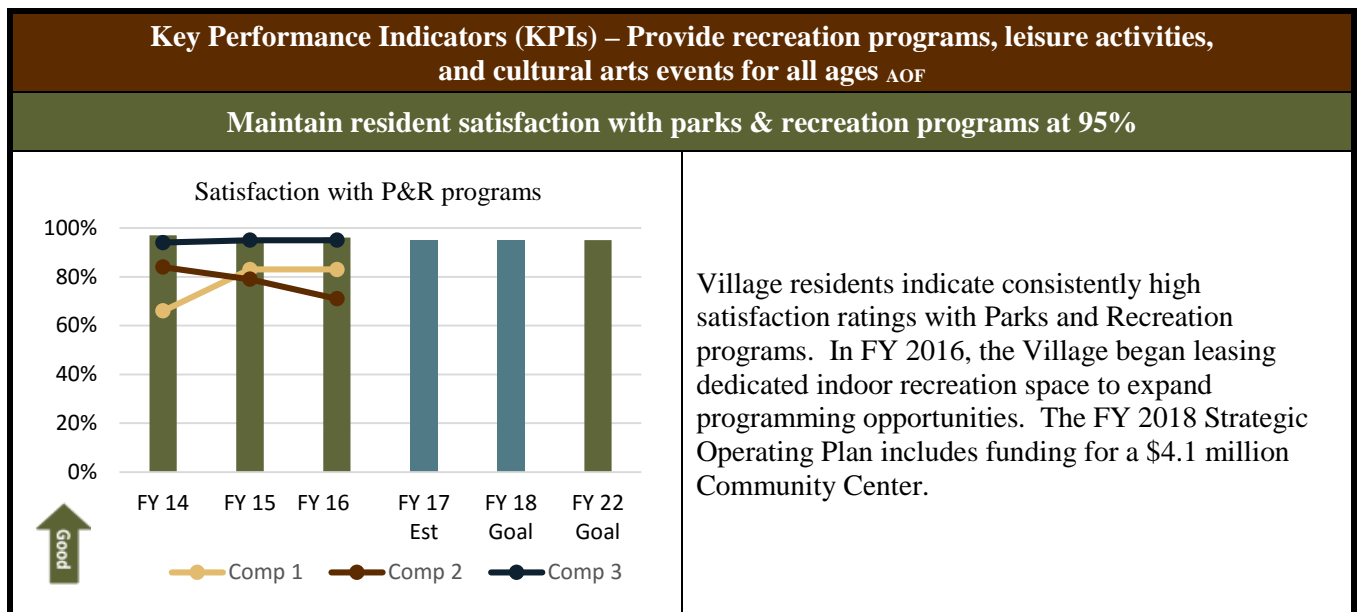



Goal: Maintain an Active, Healthy Community

To maintain an active, healthy community means to offer recreation programs, facilities, and community events to enhance the overall quality of life. The department primarily responsible is Recreation. Applicable volunteers include the numerous volunteer coaches. See the *General Fund* section of this document for additional information on the departments. There is one objective for Maintain an Active, Healthy Community: Provide recreation programs, leisure activities, and cultural events for all ages AOF.

The five-year Initiative Action Plans (IAPs) and Key Performance Indicators (KPIs) for this objective are identified below.

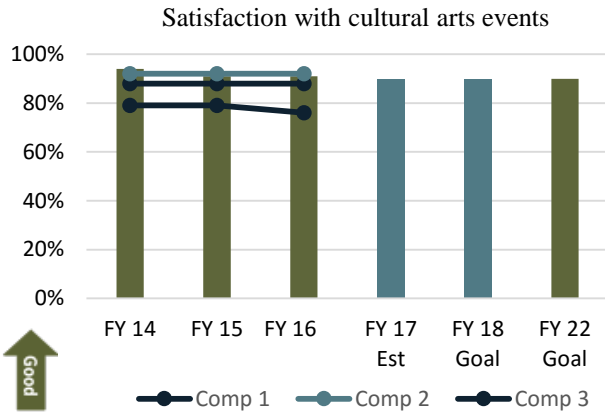
Strategic Objective: Provide recreation programs, leisure activities, and cultural events for all ages AOF			
Initiative Action Plans	Timeline	FY 2018-2022 Funding	Department
Recreation Facilities AOF – Construct additional recreation facilities that include: 1) Constructing a new Community Center in FY19, 2) Paving the Cannon Park parking lot in FY18, 3) Completing the development of Rassie Wicker Park with a new and expanded playground in FY22, and 4) Developing a master plan for West Pinehurst Community Park in FY22.	FY 2018-2022	\$5,194,160	Recreation





Key Performance Indicators (KPIs) – Provide recreation programs, leisure activities, and cultural arts events for all ages AOF

Maintain resident satisfaction with Village-sponsored cultural arts events at 90%



In FY 2013, the Village hired a dedicated Events Coordinator to plan and execute cultural arts events. In FY 2015, the Village assumed responsibility for the Live After Five music series and other new events (e.g. movie nights) have been added to enhance resident satisfaction with Village sponsored cultural arts events. These have resulted in continued high resident satisfaction ratings with cultural arts events.



Live After Five in Tufts Park




Goal: Professionally Manage a High Performing Organization

To professionally manage a high performing organization means to continually improve service delivery to internal and external customers. ALL departments are responsible for this goal, with ultimate responsibility falling to Administration. Applicable volunteers include the Risk Management Committee. See the *General Fund* section of this document for additional information on the departments. There are two objectives under Professionally Manage a High Performing Organization:

1. Enhance community engagement, and
2. Continuously improve operational effectiveness through quality performance, use of technology, and innovation.

The five-year Initiative Action Plans (IAPs) and Key Performance Indicators (KPIs) for these objectives are identified below.

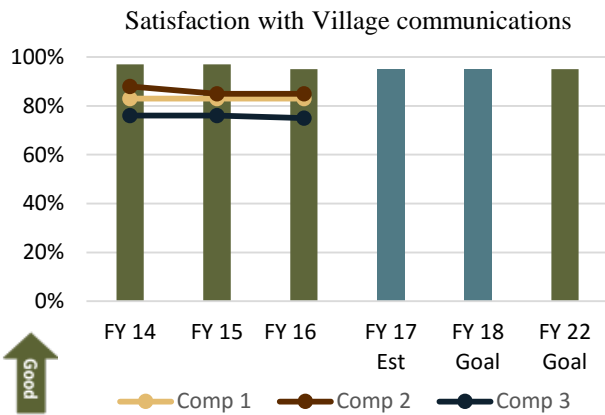
Strategic Objective: Enhance community engagement			
Initiative Action Plans	Timeline	FY 2018-2022 Funding	Department
<i>Transparent Operations</i> – Create online performance dashboards to better inform the public of VOP performance using existing Balanced Scorecard software and VOP website, a best practice in performance measurement and government transparency. By routinely reporting performance information to the public, residents are better able to see the value of their tax dollars. It also allows residents to see the linkage between performance data reported and the Council's strategic objectives and goals, helping them better understand the Village's accomplishment of its mission.	FY 2018-2019	\$0	Administration

Strategic Objective: Continuously improve operational effectiveness through quality performance, use of technology, and innovation			
Initiative Action Plans	Timeline	FY 2018-2022 Funding	Department
<i>Planning & Inspection Process Improvements</i> – Conduct a BIRDIE and implement new technology to improve the permit and inspection process.	FY 2018	\$93,600	Planning



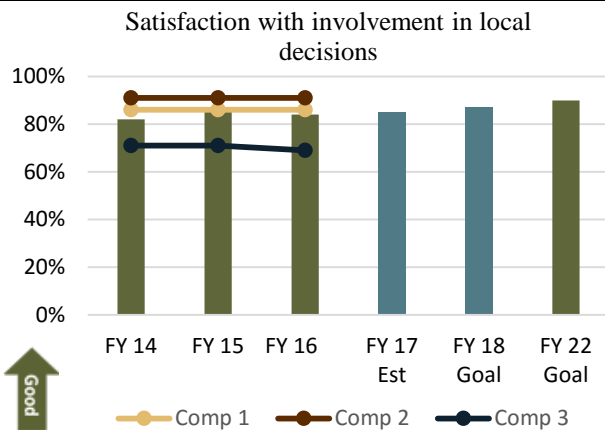
Key Performance Indicators (KPIs) – Enhance community engagement

Maintain resident satisfaction with Village communications at 95%



The Village has had several initiatives to improve communications with residents in recent years including enhancements to the quarterly newsletter, Open Village Hall (an online civic engagement portal), posting Council meeting videos, MY VOP mobile app, monthly e-News, and social media enhancements. As a result, the Village exceeds satisfaction ratings for comparable communities.

Increase resident satisfaction with the level of public involvement in local decisions to 87%

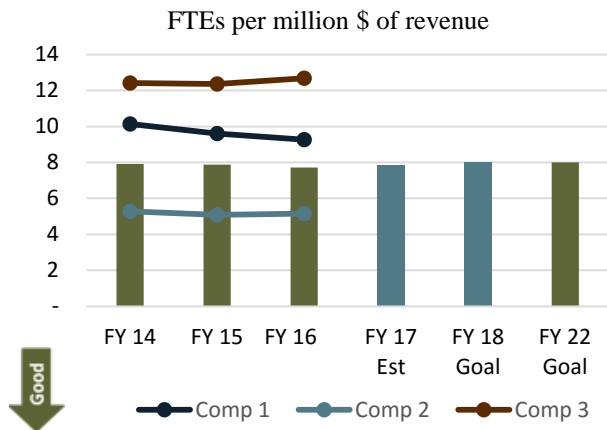


Increasing the level of public involvement in local decisions was an *Area of Focus* in FY 2017, with satisfaction levels falling below 90% and comparable communities. In FY 2017, actions to address community engagement included the reorganization of Administration staff to create a dedicated Communications Specialist position. This position now manages all Village external communications to allow for maximum resident involvement in decisions.



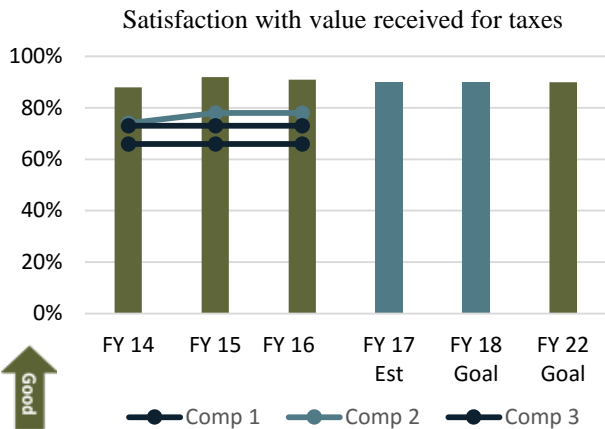
Key Performance Indicators (KPIs) – Continuously improve operational effectiveness through quality performance, use of technology, and innovation

Maintain fewer than 8 full time equivalents (FTEs) per million \$ of revenue



FTEs per million \$ of revenue is an indicator of the Village’s ability to provide services with the minimum number of staff, indicating operational efficiency. The Village compares favorably to two of the three comparable communities.

Maintain resident satisfaction with the value received for taxes paid at 90%



Resident satisfaction with the value received for taxes paid is an indicator of resident perceptions of Village operational effectiveness. With satisfaction levels around 90% and exceeding comparable communities, the Village demonstrates its ability to provide an excellent value for taxes.

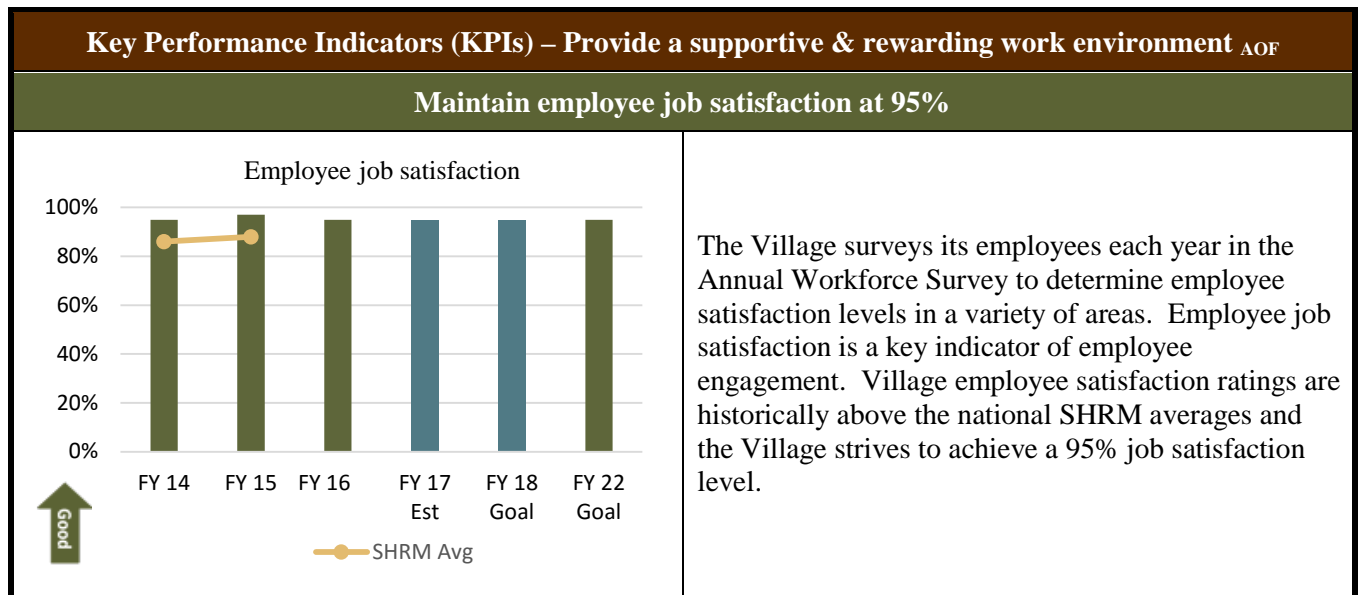



Goal: Attract & Retain an Engaged Workforce

To attract and retain an engaged workforce means to select, retain, and develop a qualified and diverse workforce of employees and volunteers. ALL departments are responsible for this goal, with ultimate responsibility falling to Human Resources. See the *General Fund* section of this document for additional information on the departments. There is one objective under Attract & Retain an Engaged Workforce: Provide a supportive and rewarding work environment.

The five-year Initiative Action Plans (IAPs) and Key Performance Indicators (KPIs) for this objective are identified below.

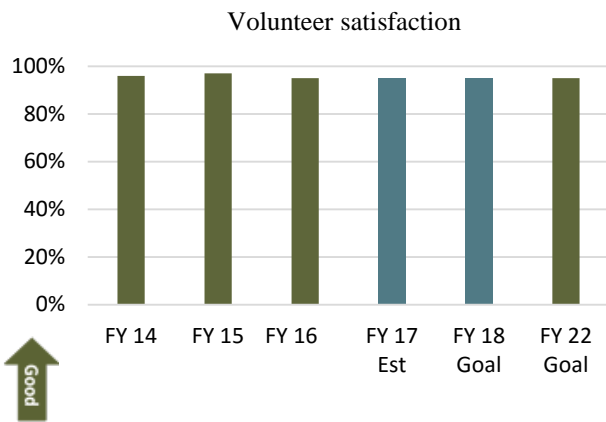
Strategic Objective: Provide a supportive and rewarding work environment			
Initiative Action Plans	Timeline	FY 2018-2022 Funding	Department
Workforce Learning & Development – Train and develop VOP employees; develop a formal VOP-wide succession planning system. Incremental funding is for training.	FY 2018-2019	\$25,000	Human Resources
Incentive Reward – Develop and implement a financial incentive reward program for VOP employee performance. Incremental funding is for incentive rewards.	FY 2018-2019	\$160,000	Human Resources





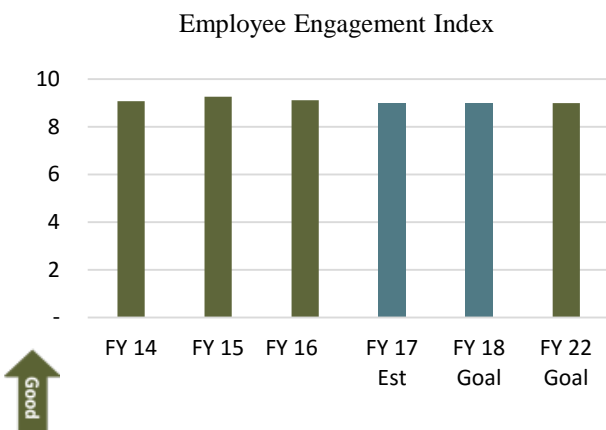
Key Performance Indicators (KPIs) – Provide a supportive & rewarding work environment

Maintain volunteer satisfaction at 95%



The Village surveys its volunteers each year in its Annual Volunteer Survey to determine volunteer satisfaction levels in a variety of areas. Volunteer satisfaction is a key indicator of volunteer engagement. The Village demonstrates excellent results with over 95% of volunteers indicating they are satisfied with their volunteer experience.

Maintain the Employee Engagement Index at 9.00



The Employee Engagement Index is a composite of nine questions in three primary categories on the Annual Workforce Survey: communication, leadership, and training. Satisfaction ratings are converted to a numeric format on a scale of 1-10. The Index is segmented by departments and departments with more significant opportunity for improvement are taking actions to improve their individual department engagement index ratings.



Goal: Maintain a Healthy Financial Condition

To maintain a healthy financial condition means to ensure financial sustainability and strength by achieving financial targets and maintaining capital assets. ALL departments are responsible for this goal, with ultimate responsibility falling to Financial Services and Administration. See the *General Fund* section of this document for additional information on the departments. There are two objectives under Maintain a Healthy Financial Condition:

1. Meet or exceed Village established financial targets, and
2. Effectively maintain capital assets.

There are no five-year Initiative Action Plans (IAPs) for these objectives. Key Performance Indicators (KPIs) for these objectives are identified below.

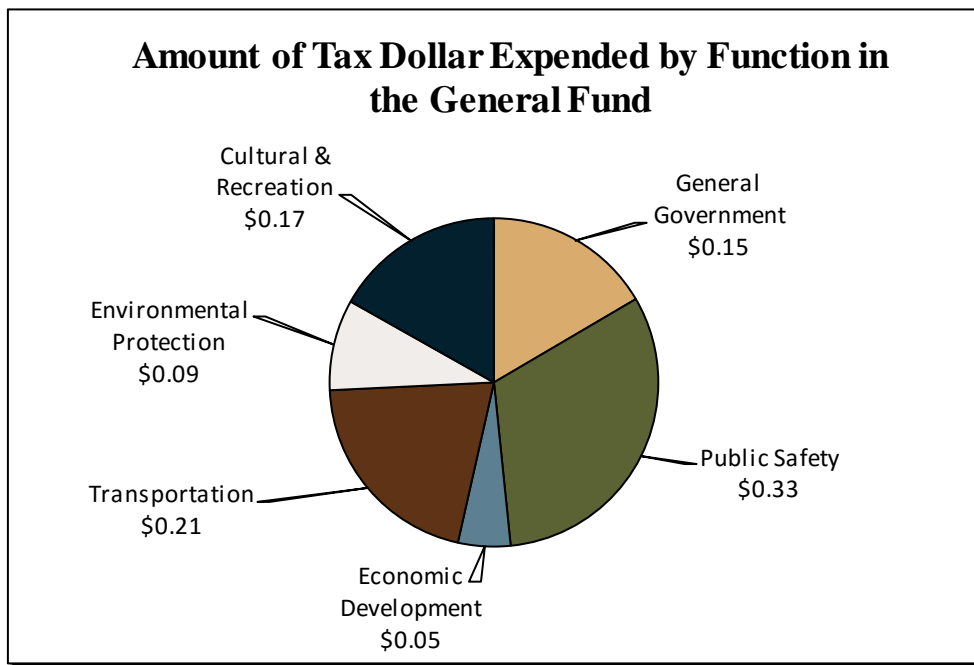
Key Performance Indicators (KPIs) – Meet or exceed Village established financial targets																																				
Maintain General Fund unassigned fund balance as a % of actual expenditures above 20%																																				
<div style="text-align: center;"> <p>Unassigned fund balance as a % of expenditures</p> <table border="1" style="margin: 0 auto; border-collapse: collapse; text-align: center;"> <caption>Unassigned Fund Balance Data</caption> <thead> <tr> <th>Year</th> <th>Comp 1 (%)</th> <th>Comp 2 (%)</th> <th>Comp 3 (%)</th> <th>Goal (%)</th> </tr> </thead> <tbody> <tr> <td>FY 14</td> <td>60</td> <td>38</td> <td>58</td> <td>20</td> </tr> <tr> <td>FY 15</td> <td>75</td> <td>38</td> <td>55</td> <td>20</td> </tr> <tr> <td>FY 16</td> <td>72</td> <td>40</td> <td>62</td> <td>20</td> </tr> <tr> <td>FY 17 Est</td> <td>-</td> <td>32</td> <td>-</td> <td>20</td> </tr> <tr> <td>FY 18 Goal</td> <td>-</td> <td>20</td> <td>-</td> <td>20</td> </tr> <tr> <td>FY 22 Goal</td> <td>-</td> <td>20</td> <td>-</td> <td>20</td> </tr> </tbody> </table> </div>	Year	Comp 1 (%)	Comp 2 (%)	Comp 3 (%)	Goal (%)	FY 14	60	38	58	20	FY 15	75	38	55	20	FY 16	72	40	62	20	FY 17 Est	-	32	-	20	FY 18 Goal	-	20	-	20	FY 22 Goal	-	20	-	20	<p>This KPI measures the amount of available financial resources in proportion to the size of the overall budget. The Village’s Fund Balance Policy requires the Village to maintain unassigned fund balance as a % of expenditures greater than 15%, which the Village has consistently exceeded.</p>
Year	Comp 1 (%)	Comp 2 (%)	Comp 3 (%)	Goal (%)																																
FY 14	60	38	58	20																																
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Maintain a capital asset condition ratio of 46%																																				
<div style="text-align: center;"> <p>Capital asset condition ratio</p> <table border="1" style="margin: 0 auto; border-collapse: collapse; text-align: center;"> <caption>Capital Asset Condition Ratio Data</caption> <thead> <tr> <th>Year</th> <th>Comp 1 (%)</th> <th>Comp 2 (%)</th> <th>Comp 3 (%)</th> <th>Goal (%)</th> </tr> </thead> <tbody> <tr> <td>FY 14</td> <td>68</td> <td>52</td> <td>68</td> <td>46</td> </tr> <tr> <td>FY 15</td> <td>65</td> <td>50</td> <td>65</td> <td>46</td> </tr> <tr> <td>FY 16</td> <td>62</td> <td>50</td> <td>62</td> <td>46</td> </tr> <tr> <td>FY 17 Est</td> <td>-</td> <td>46</td> <td>-</td> <td>46</td> </tr> <tr> <td>FY 18 Goal</td> <td>-</td> <td>46</td> <td>-</td> <td>46</td> </tr> <tr> <td>FY 22 Goal</td> <td>-</td> <td>46</td> <td>-</td> <td>46</td> </tr> </tbody> </table> </div>	Year	Comp 1 (%)	Comp 2 (%)	Comp 3 (%)	Goal (%)	FY 14	68	52	68	46	FY 15	65	50	65	46	FY 16	62	50	62	46	FY 17 Est	-	46	-	46	FY 18 Goal	-	46	-	46	FY 22 Goal	-	46	-	46	<p>The capital asset condition ratio is an indication of the level of investment in capital and represents the remaining life of the Village’s depreciable capital assets. Comparable communities have less depreciated assets than the Village.</p>
Year	Comp 1 (%)	Comp 2 (%)	Comp 3 (%)	Goal (%)																																
FY 14	68	52	68	46																																
FY 15	65	50	65	46																																
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FY 17 Est	-	46	-	46																																
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FY 22 Goal	-	46	-	46																																



Description

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

- ❖ General Government
- ❖ Public Safety
- ❖ Transportation
- ❖ Environmental Protection
- ❖ Economic and Physical Development
- ❖ Cultural and Recreation
- ❖ Debt Service

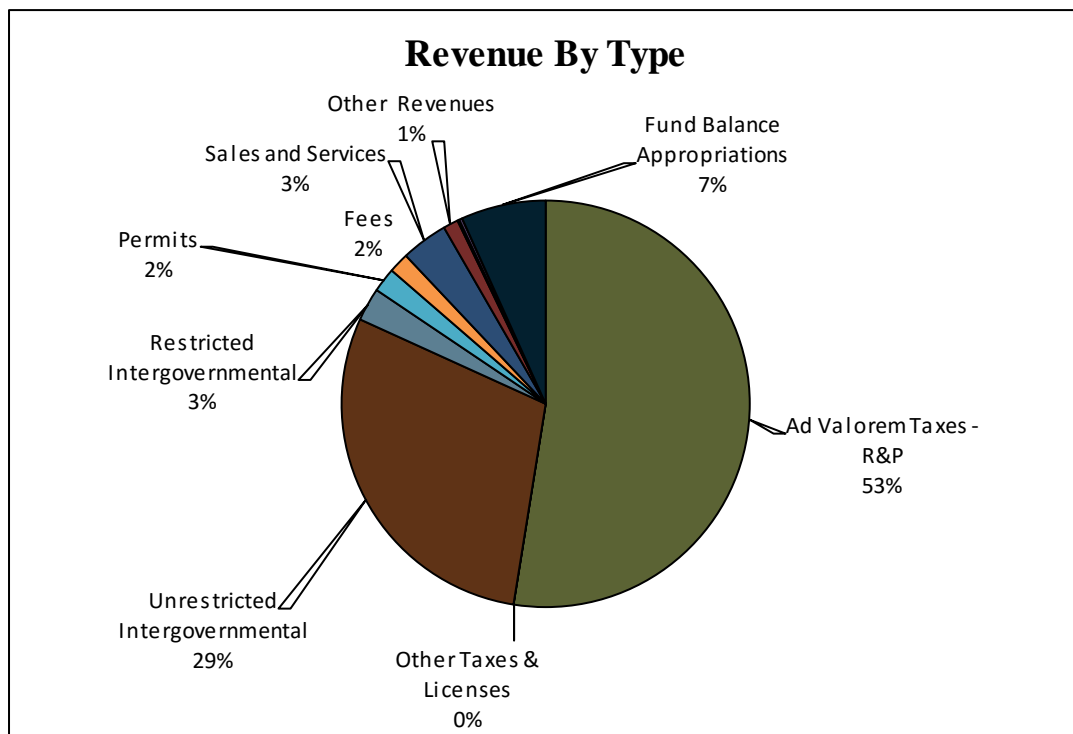




General Fund Summary

The major revenues as well as other financing sources budgeted by the Village of Pinehurst are summarized in the table and chart below. Ad Valorem Taxes account for approximately 53% of the Village of Pinehurst's total revenues.

Revenues by Type	FY 2016 Actual	FY 2017 Budget	FY 2017 Estimated	FY 2018 Budgeted	Percent Change
Ad Valorem Taxes	\$ 9,697,697	\$ 9,923,000	\$ 9,932,000	\$ 10,052,000	1.3%
Other Taxes & Licenses	8,745	500	500	1,000	100.0%
Unrestricted Intergovernmental Rev.	5,328,610	5,326,200	5,395,200	5,606,100	5.3%
Restricted Intergovernmental Rev.	509,245	505,200	506,276	505,400	0.0%
Permits & Fees	632,033	583,800	697,885	676,800	15.9%
Sales & Services	729,626	652,400	677,743	709,100	8.7%
Assessments	45,741	29,000	29,130	28,400	-2.1%
Other Revenues	253,254	202,800	238,975	226,780	11.8%
Investment Income	25,932	25,400	40,400	49,000	92.9%
Revenues	17,230,883	17,248,300	17,518,109	17,854,580	3.5%
Fund Balance Appropriations	-	1,786,430	-	1,284,513	-28.1%
Total Revenues	\$ 17,230,883	\$ 19,034,730	\$ 17,518,109	\$ 19,139,093	0.5%
Per Capita	\$ 1,093	\$ 1,181	\$ 1,087	\$ 1,172	

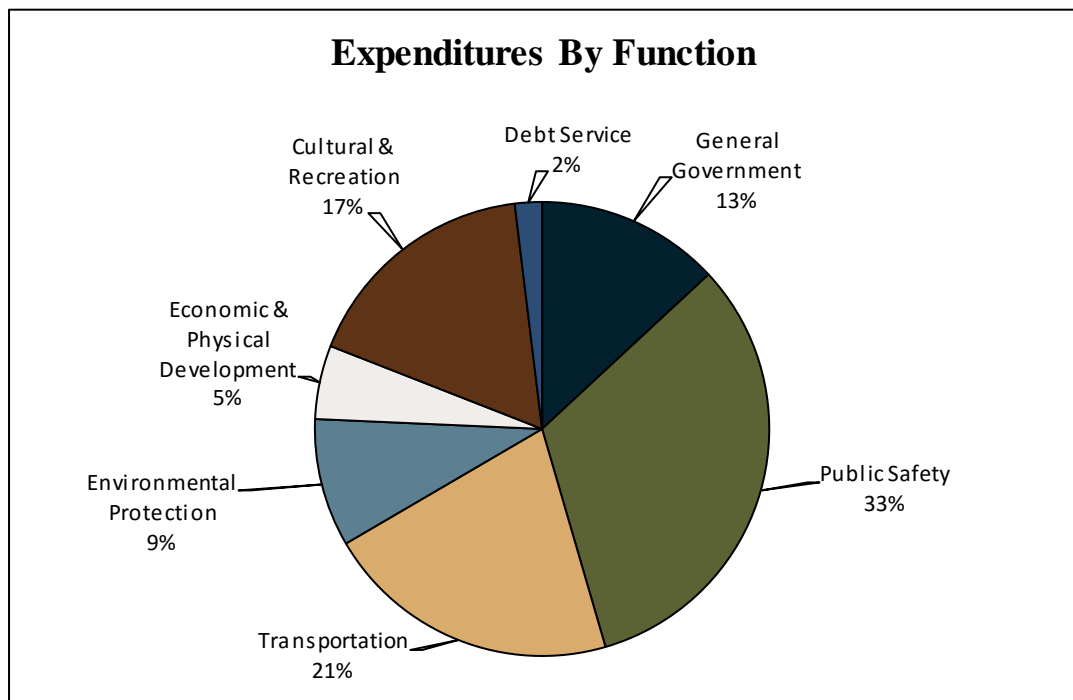




General Fund Summary

While the Village of Pinehurst's budget contains multiple departments and divisions, each conducts Village government activities as part of a functional area. For example, the Fire Department and the Police Department are part of the functional area known as Public Safety, as both share the common theme of protecting citizens. Grouping activities by these themes (functions), allows the decision-making process to be managed at a broader, more comprehensive level. The following table and chart present the trends for all of the Village of Pinehurst's different functions.

Expenditures by Function	FY 2016 Actual	FY 2017 Budget	FY 2017 Estimated	FY 2018 Budgeted	Percent Change
General Government	\$ 2,142,750	\$ 2,432,199	\$ 2,208,861	\$ 2,459,967	1.1%
Public Safety	5,443,314	6,697,306	6,247,171	6,090,795	-9.1%
Transportation	2,774,071	3,542,489	3,401,352	3,963,083	11.9%
Environmental Protection	1,576,998	1,376,626	1,339,429	1,713,848	24.5%
Economic & Physical Dev	874,566	953,530	902,912	986,416	3.4%
Cultural & Recreation	2,854,719	3,569,858	3,374,411	3,218,471	-9.8%
Debt Service	464,223	412,722	412,722	362,513	-12.2%
Contingency	-	50,000	-	-	-100.0%
Expenditures	16,130,641	19,034,730	17,886,858	18,795,093	-1.3%
Other Financing Uses	-	-	-	344,000	100.0%
Total Expenditures	\$ 16,130,641	\$ 19,034,730	\$ 17,886,858	\$ 19,139,093	0.5%
Per Capita	\$ 1,023	\$ 1,181	\$ 1,109	\$ 1,172	





General Fund Summary

The Village also summarizes expenditures by type and department to facilitate further analysis of expenditure trends. The following tables provide a summary of expenditures by Expenditure Type and Department for Fiscal Year 2018.

Expenditures by Type	FY 2016 Actual	FY 2017 Budget	FY 2017 Estimated	FY 2018 Budgeted	Percent Change
Salaries & Benefits	\$ 8,885,661	\$ 9,689,338	\$ 9,134,837	\$ 9,904,550	2.2%
Operating	4,782,803	6,058,945	5,522,574	6,323,430	4.4%
Capital	1,997,954	2,873,725	2,816,725	2,204,600	-23.3%
Debt Service	464,223	412,722	412,722	362,513	-12.2%
Other Financing Uses	-	-	-	344,000	100.0%
Total Expenditures	\$ 16,130,641	\$ 19,034,730	\$ 17,886,858	\$ 19,139,093	0.5%

Expenditures by Department	FY 2016 Actual	FY 2017 Budget	FY 2017 Estimated	FY 2018 Budgeted	Percent Change
Governing Body	\$ 166,703	\$ 209,400	\$ 139,650	\$ 180,800	-13.7%
Administration	1,056,737	1,179,239	1,132,056	1,164,782	-1.2%
Finance	610,051	611,300	587,452	661,135	8.2%
HR	309,259	432,260	349,703	453,250	4.9%
Police	2,653,205	3,049,889	2,766,563	3,128,669	2.6%
Fire	2,582,053	3,430,580	3,269,562	2,743,766	-20.0%
Planning	527,678	669,498	626,882	713,541	6.6%
Inspections	208,056	216,837	211,046	218,360	0.7%
Public Services Admin.	642,266	849,544	825,869	549,784	-35.3%
Streets & Grounds	1,436,018	1,792,645	1,675,183	2,512,899	40.2%
Powell Bill	695,787	900,300	900,300	900,400	0.0%
Community Development	346,888	284,032	276,030	272,875	-3.9%
Solid Waste	1,576,998	1,376,626	1,339,429	1,713,848	24.5%
Recreation	1,706,662	2,152,011	2,027,468	1,929,610	-10.3%
Library	225,000	200,000	200,000	200,000	0.0%
Harness Track	610,576	796,231	764,732	640,861	-19.5%
Fair Barn	312,481	421,616	382,211	448,000	6.3%
Contingency	-	50,000	-	-	-100.0%
Debt Service	464,223	412,722	412,722	362,513	-12.2%
Total Expenditures	\$ 16,130,641	\$ 19,034,730	\$ 17,886,858	\$ 18,795,093	-1.3%
Other Financing Uses	-	-	-	344,000	100.0%
Total Expenditures	\$ 16,130,641	\$ 19,034,730	\$ 17,886,858	\$ 19,139,093	0.5%
Per Capita	\$ 1,023	\$ 1,181	\$ 1,109	\$ 1,172	-0.7%



General Fund Summary

The General Fund continues to reflect the overall economy with moderate revenue growth from both locally generated revenues and statewide intergovernmental revenues. The continued recovery in the national housing market is having a positive impact on new home construction and this budget reflects the associated growth in Property Tax and Local Option Sales Tax revenues. There is also a significant increase in Electricity Sales Tax due to a favorable change in the tax rate and distribution formula.

The proposed General Fund budget for FY 2018 is \$19,139,093, an increase of approximately 0.5% from the previous year's amended budget.

The following table indicates the Village's results from operations before any other financing sources or uses for the past five years:

	<u>Revenues</u>	<u>Expenditures</u>	<u>Income (Loss)</u>
6/30/2013 Actual	\$15,616,884	\$15,811,474	\$ (194,590)
6/30/2014 Actual	16,654,796	16,867,090	(212,294)
6/30/2015 Actual	16,748,558	16,290,525	458,033
6/30/2016 Actual	17,230,883	16,130,641	1,100,242
6/30/2017 Estimated	17,518,109	17,886,858	(368,749)
6/30/2018 Budgeted	17,854,580	18,795,093	(940,513)

After accounting for an Other Financing Use of \$344,000 and adding Appropriated Fund Balance of \$1,284,513 to revenues, the Village's FY 2018 Recommended Budget is balanced in accordance with North Carolina General Statutes.



Revenue Highlights

The approved budget for FY 2018 represents a 0.5% increase from the FY 2017 amended budget. Revenues are estimated to increase by approximately 3.5% over FY 2017. The recommended budget as presented results in a per capita expenditure of \$1,172 based on a projected population of 16,328.

The projected ad valorem tax revenues, which represent roughly 53% of total revenues, are expected to grow by 1.3% over the prior year. This is due to the increase in single-family home construction over the past two years. The proposed budget calls for the current property tax rate to remain at 29.5 cents per \$100 of property valuation.

Unrestricted Intergovernmental Revenues which are distributed by the North Carolina Department of Revenue are expected to increase at varying rates over the prior year. Local Option Sales Taxes, which provide approximately 17% of the Village's total General Fund budget, are expected to increase by 7.6% over the previous year's budget. This solid increase is based on higher than expected levels of retail sales over the last two fiscal years. Utility sales taxes are expected to increase and decrease over the prior year at varying rates. Overall, we are expecting to see unrestricted intergovernmental revenues increase approximately 5.3% over the FY 2017 budget.

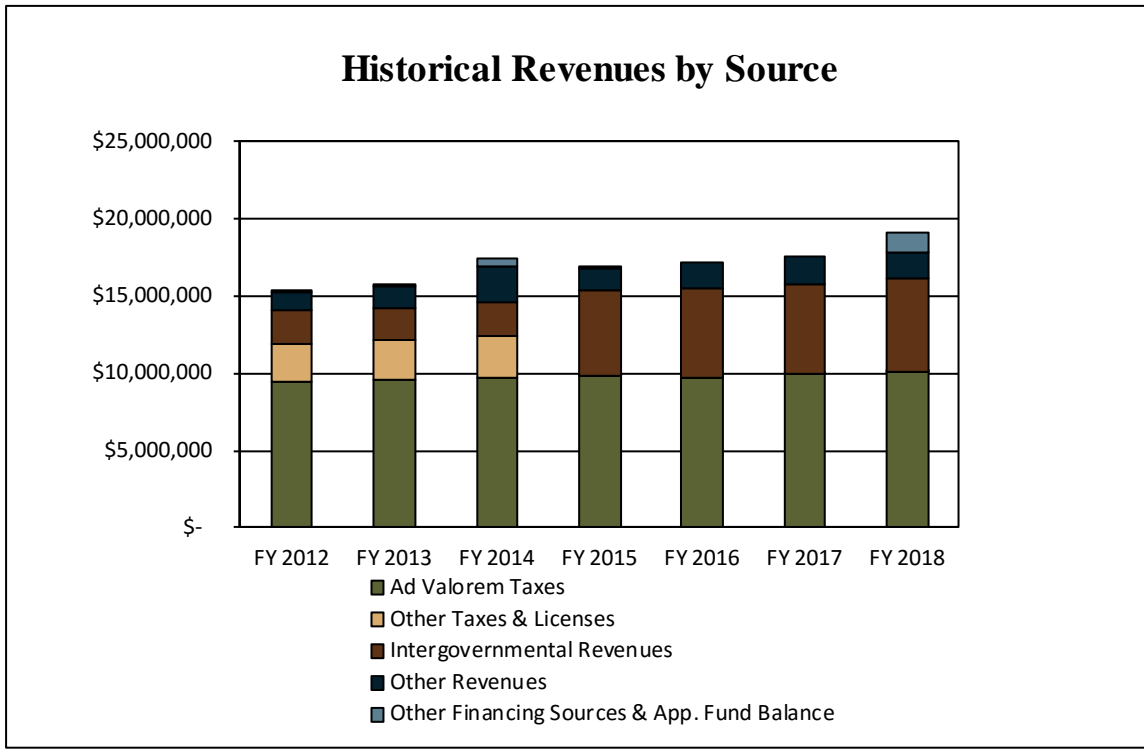
Permits and Fees are expected to increase by 15.9% in FY 2018 over the prior year budgeted levels. This increase is primarily due to a 19% increase in Fire District revenues. The increase is based on the implementation of Moore County's new fire protection funding formula and projected funding from the Town of Taylortown due to an increase in the property value in the area covered under the contract.

Sales and Services revenues, which are derived from various Parks and Recreation fees, are expected to increase by 8.7% over prior year levels. The largest increases are coming from recreation fees and facility rentals. This forecast is based on current year revenue collections which reflect increasing participation in recreation programs and high demand for rentals of the Village Arboretum venue.

Assessment revenues are expected to yield \$28,400 for FY 2018 from two special assessments. The revenue budget for FY 2018 anticipates \$9,800 from the Municipal Service District assessment and \$18,600 from the Cotswold assessment.

Other Revenues are planned to increase by \$24,000, or 11.8% compared to the previous year. The primary factor contributing to the increase is increased proceeds from the sale of the Village's surplus capital assets at auction.

Investment income is estimated to grow by 92.9% as interest rates have risen and funds available to invest have also increased. The average rate of return expected in Fiscal Year 2018 is 0.42%. This rate, although low, is nearly double the rate of return for FY 2017.



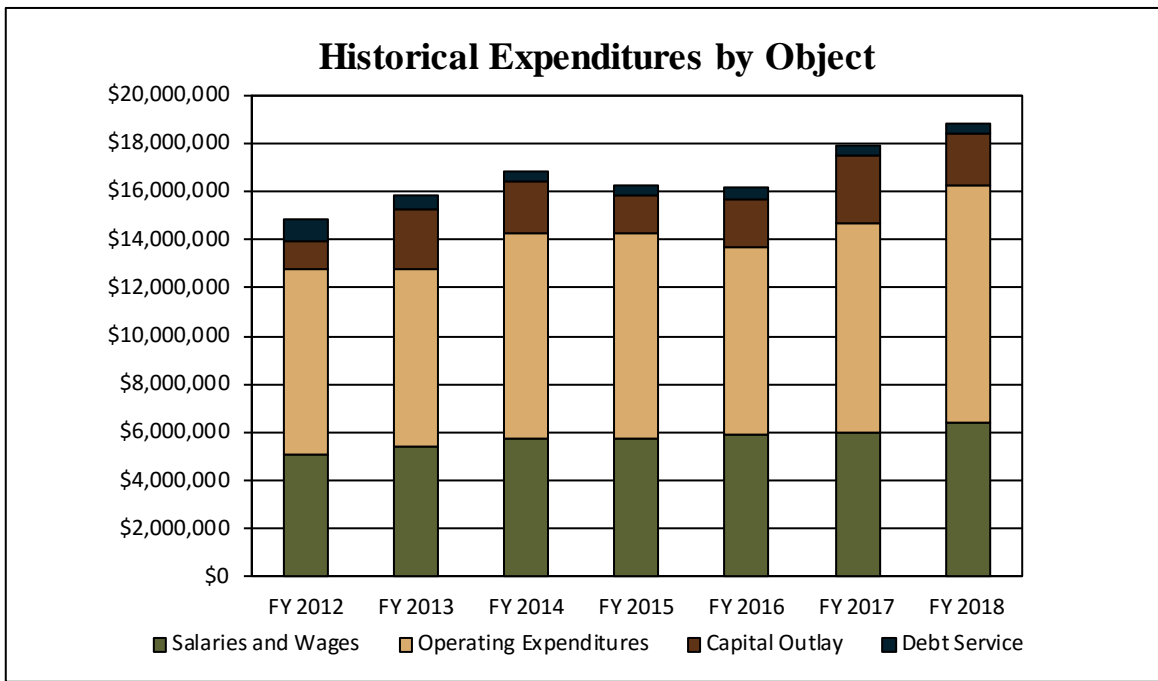


Expenditure Highlights

Salaries & Benefits are expected to increase by 2.2% in FY 2018. This is affected by an average merit increase for employees of 0%-3% and a projected 10% increase in group insurance. Also, in FY 2018 there are 2.5 new employee FTEs added to the budget. The cost for these increases is offset to some extent by a significant number of employee retirements, which have lowered payroll expenditures slightly.

Village Department Heads are focused on achieving the strategic objectives and performance targets established by the Council that are reflected on the Balanced Scorecard (BSC). The 4.4% increase in operating expenditures is reflective of several new initiatives and their associated expenditures in FY 2018. Current year Operating Expenditures include funding for strategic initiatives supporting the Council's goals and objectives as listed in the *Strategic Priorities* section of this document. These include developing a land use plan and Planning & Inspections automation.

Capital spending in the General Fund decreased by 23.3% compared to the previous year. The inclusion of \$600,000 for the replacement of a fire engine in the prior year contributed to this variance. Significant items in the current plan include pedestrian facilities, streetscape improvements, two solid waste vehicles, and paving of the parking lot at Cannon Park.





Fund Balance

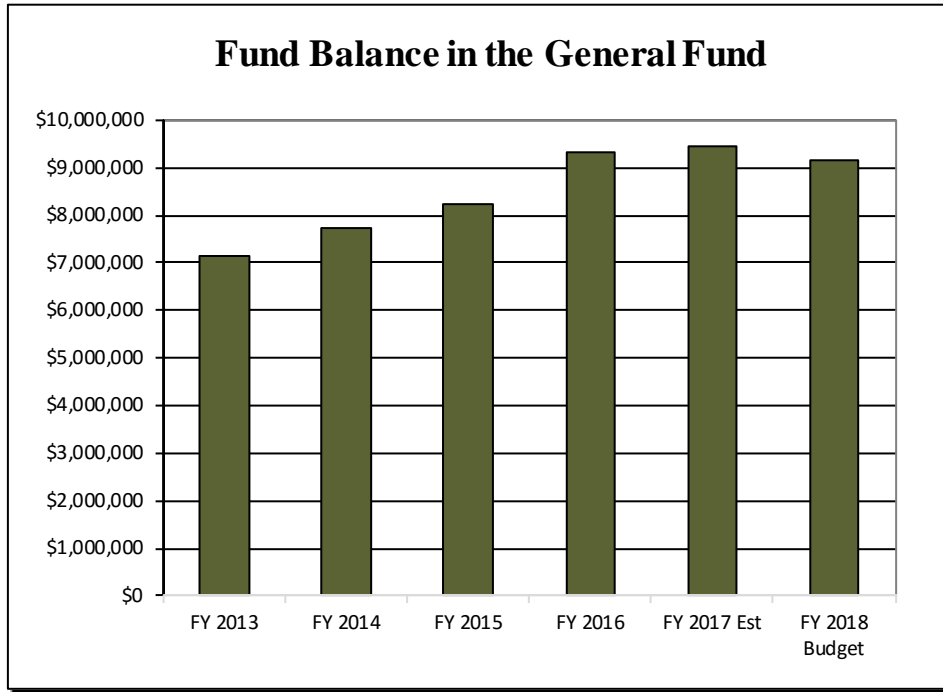
Fund balance refers to the difference between current financial assets and liabilities reported in a fund. It is also referred to as surplus funds. The North Carolina Local Government Commission recommends that units of government retain an amount of unreserved fund balance in the General Fund of at least equal to 8% of appropriations of the fund. The Village Council has a financial policy recommending that the total fund balance in the General Fund remain between 30% and 40% of budgeted expenditures to avoid cash flow interruptions, generate investment income, eliminate the need for short-term borrowing, and have a reserve available for emergencies or opportunities.

The following schedules outline the percentage increase or decrease for the Village’s fund balance for the FY 2018 budget and three prior fiscal years.

Fund Balance	FY 2015 Actual	FY 2016 Actual	FY 2017 Estimated	FY 2018 Budgeted
Beginning	\$ 7,748,844	\$ 8,225,102	\$ 9,325,344	\$ 9,444,044
Ending	8,225,102	9,325,344	9,444,044	9,149,475
Increase/(Decrease)	476,258	1,100,242	118,700	(294,568)
% Change	6.1%	13.4%	1.3%	-3.1%
% of Expenditures	48.8%	57.8%	49.6%	47.8%

N. C. General Statutes require that municipal budgets be balanced. They also require that expenditure budgets not be overspent, even by a small amount. A common way that municipalities deal with these requirements is to over-budget expenditures slightly and appropriate some of their savings (fund balance) as an off-setting revenue source. Revenues are conservatively estimated as well. For FY 2018, we have appropriated \$1,284,513 of the Village’s fund balance as a revenue source. This amount is \$501,917 less than the previous fiscal year due to strong revenue growth and lower capital expenditure levels.

Fund balance is estimated to be \$9,444,044 at June 30, 2017. This is 49.6% of the budgeted FY 2017 expenditures of \$19,034,730. The Village’s fund balance policy is to maintain 30%-40% of expenditures in fund balance. Fund balance at June 30, 2018 is estimated to be \$9,149,475 or 47.8% of budgeted expenditures. Due to investment in the Community Center Capital Project Fund in FY 2018 and FY 2019, fund balance will reduce to the bottom of the policy range in FY 2019. After that, fund balance is expected to increase to 40% by 2021 and stabilize at that level for the remainder of the plan.





Description of Revenue Source

Ad Valorem Taxes are taxes paid on real and personal property located within the Village’s corporate limits. Taxes for real and personal property, excluding motor vehicles, are levied based upon the preceding January 1 valuations of the property and the tax rate established by the Village Council in the Budget Ordinance. These taxes are levied each year and are due on January 6 of the year following the levy. Real and personal property is revalued by the Moore County Tax Department at least every eight years, with the last revaluation completed in the 2015 tax year, or FY 2016.

In Fiscal Year 2014, North Carolina changed its billing and collection process to a “Tax-and-Tag-Together” system. Under this system, tax bills for vehicles are included with an “invitation to renew” vehicle registration. Vehicle taxes are collected by the Department of Motor Vehicles at the same time as the vehicle registration. The motor vehicle tax portion is then distributed to counties by the Department of Transportation on the 10th of each month and further distributed to municipalities.

The Village contracts with the Moore County Tax Department to levy and collect ad valorem taxes on behalf of the Village. Amounts collected by Moore County on behalf of the Village are remitted to the Village on a monthly basis.

Historically, ad valorem taxes have comprised approximately 53% of all Village General Fund revenues. This includes current year’s collections, prior year’s collections, penalties and interest, and refunds.

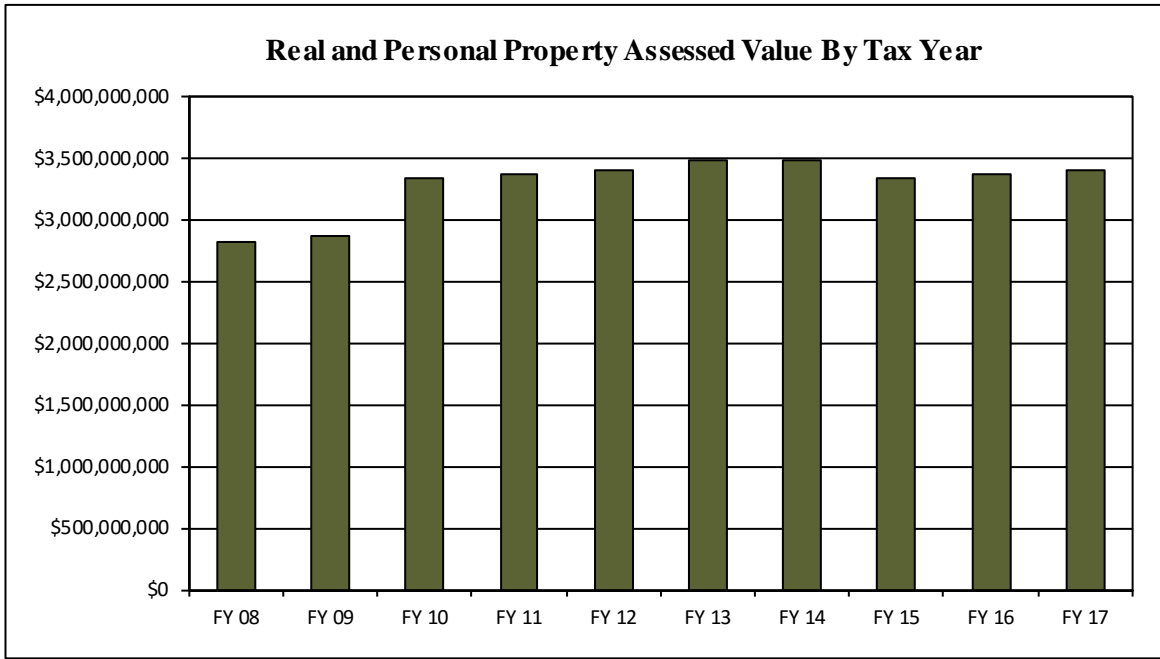
Ad Valorem Taxes	FY 2016 Actual	FY 2017 Budget	FY 2017 Estimated	FY 2018 Budgeted	Percent Change
Real & Personal - Current Year	\$ 9,121,999	\$ 9,359,000	\$ 9,359,000	\$ 9,450,000	1.0%
Real & Personal - Prior Years	3,992	5,000	5,000	5,000	0.0%
Motor Vehicles - Current Year	565,561	557,000	566,000	595,000	6.8%
Motor Vehicles - Prior Years	1,057	2,000	2,000	2,000	0.0%
Discounts/Reliefs/Refunds	(5,346)	(5,000)	(5,000)	(5,000)	0.0%
Tax Interest	10,434	5,000	5,000	5,000	0.0%
Total Ad Valorem Tax Revenue	\$ 9,697,697	\$ 9,923,000	\$ 9,932,000	\$ 10,052,000	1.3%

Revenue Assumptions

- The total estimated valuation of real and personal property is \$3,410,000,000, of which \$3,208,000,000 is real property valuation and \$202,000,000 is motor vehicle valuation. The Moore County Tax Administrator provides the Village with estimates of valuation annually.
- The combined growth factor used to estimate the real property valuation for FY 2018 is 1.2%. The number of new homes constructed in the Village in FY 2016 was 106, and we are expecting to see 130 constructed in FY 2017. Based on remaining lot availability and anticipated mortgage interest rates for next year, we are projecting 120 homes to be constructed in FY 2018.



- Although it varies from year to year, we are expecting the motor vehicle valuation to increase by 1.5% next fiscal year.
- The collection rates used to estimate actual ad valorem tax revenue are 99.9% for real and personal property and 100.0% for motor vehicles. These have historically been some of the highest tax collection rates in the State.





Description of Revenue Source

Other Taxes and Licenses currently consists only of Golf Cart Sticker fees.

Golf cart stickers are issued to license the use of personal golf carts on Village streets. In January of 2016, the Village converted the golf cart registration process from an annual registration to a one-time registration. This new system is working well to accomplish the goals of the program while reducing the time and cost to issue the stickers.

Other Taxes & Licenses	FY 2016 Actual	FY 2017 Budget	FY 2017 Estimated	FY 2018 Budgeted	Percent Change
Golf Cart Stickers	\$ 8,745	\$ 500	\$ 500	\$ 1,000	100.0%
Total Other Taxes & Licenses	\$ 8,745	\$ 500	\$ 500	\$ 1,000	100.0%

Revenue Assumptions

- In January 2016, the Village adopted a one-time registration fee of \$20 for golf carts.
- The new system has proven to be more convenient for residents and less costly for the Village. The resulting revenues, however, are lower under the new system.



Description of Revenue Source

Unrestricted Intergovernmental Revenue consists of Local Option Sales Taxes, Telecommunications Tax, Electricity Sales Tax, Video Programming Sales Tax, Hold Harmless Sales Tax, and Wine & Beer Tax. These six state-collected local revenues make up approximately 29% of all General Fund revenues.

The Local Option Sales Tax is levied by the Moore County Board of Commissioners and is collected by the State of North Carolina on behalf of the County. The local option sales tax rate of \$0.02 consists of three separate taxes that are authorized by the North Carolina General Statutes: Article 39 at \$0.01, Article 40 at \$0.005, and Article 42 at \$0.005. These local government sales and use taxes are applied to sales made in the state and are allocated to each county based on various legislated formulas. The total amount allocated to Moore County is then distributed among the county and the local government jurisdictions within the county on a per capita basis. The State of North Carolina distributes the Village's share of these taxes to the Village on a monthly basis.

The Telecommunications Tax represents an 8.0% sales tax on telecommunications sales within the Village's corporate limits. The State of North Carolina distributes a percentage of this tax collected to the Village based upon the Village's past share of the old telephone franchise tax that was repealed.

In North Carolina, Electricity Sales are taxed at the combined general statewide sales tax rate of 7%. The State allocates 44% of the proceeds to cities within the state. Each city receives a franchise tax share and an ad valorem share of these proceeds. The franchise tax share is based on the electricity franchise revenues received in FY 2014. The ad valorem share is based on the city's ad valorem taxes levied as a percentage of all cities' ad valorem taxes levied. The State of North Carolina distributes this tax to municipalities on a quarterly basis.

Video programming sales tax is applied to the gross receipts of cable service and direct-to-home satellite service retailers on the video programming provided to subscribers in the State. Programming provided by, or generally considered comparable to programming provided by, a television broadcast station, regardless of the method of delivery is subject to the tax. Gross receipts are taxed at the combined general sales tax rate of 7.0%.

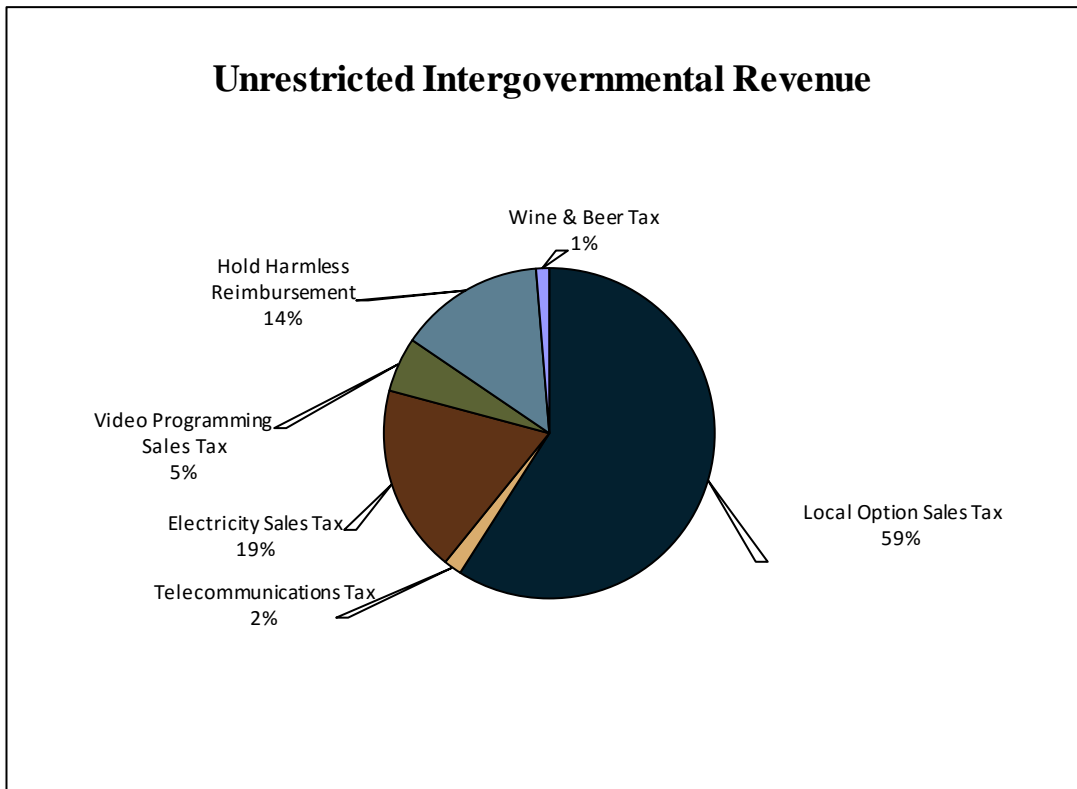
The Hold Harmless Reimbursement is based on taxable sales made in the county and is allocated among the county and the local government jurisdictions within the county based upon a per capita basis. These Hold Harmless Reimbursements were granted to municipalities to replace the Article 44 sales tax that was repealed as part of the Medicaid relief program for counties. The State of North Carolina distributes these funds to the Village on a monthly basis.

The Wine & Beer Tax is levied by the State of North Carolina on the sale of malt beverages, fortified wine and unfortified wine. A percentage of the tax on the sales of these beverages that are generated from within the Village's corporate limits is distributed to the Village by the state on an annual basis.



Unrestricted Intergovernmental Revenues

Unrestricted Intergovernmental Revenue	FY 2016 Actual	FY 2017 Budget	FY 2017 Estimated	FY 2018 Budgeted	Percent Change
Local Option Sales Tax	\$ 3,045,953	\$ 3,076,000	\$ 3,146,000	\$ 3,310,000	7.6%
Telecommunications Tax	94,353	105,000	90,000	98,000	-6.7%
Electricity Sales Tax	1,105,975	1,089,000	1,055,000	1,030,000	-5.4%
Video Programming Sales Tax	297,131	274,000	274,000	300,000	9.5%
Hold Harmless Reimbursement	715,857	712,000	760,000	796,000	11.8%
Wine & Beer Tax	69,341	70,200	70,200	72,100	2.7%
Total Unrest. Intergovernmental Rev.	\$ 5,328,610	\$ 5,326,200	\$ 5,395,200	\$ 5,606,100	5.3%





Revenue Assumptions

- Local Option Sales Tax estimates are based on a combination of the expected statewide growth or loss factor for Articles 39, 40, and 42, adjusted for local economic conditions. The statewide rates are estimated by the North Carolina League of Municipalities (NCLM) in conjunction with economists from the North Carolina General Assembly. These estimates are communicated to all municipalities to aid them in budgeting these state-collected revenues. This year, the NCLM is projecting sales tax growth in FY 2017 of 4.75% and 4.25% in FY 2018. Based on this stronger forecast, the FY 2018 local option sales tax revenue budget will increase by approximately 7.6% over the FY 2017 budgeted amounts.
- Telecommunications Taxes are projected based upon growth assumptions provided by the NCLM. The telecommunication industry continues to experience a decline in the total number of landlines. The NCLM is projecting this revenue to decrease 1.0% in FY 2017 and 7.0% in FY 2018. Based on this forecast, the Village's telecommunications tax revenue will decrease by approximately 6.7% in FY 2018 over the FY 2017 budgeted amount.
- Electricity Sales Taxes are also projected based upon growth assumptions provided by the NCLM. This revenue is directly related to electricity usage and is impacted by the number of heating and cooling days each year. The NCLM is projecting this revenue to increase 1.0% in FY 2017 and 2.0% in FY 2018. However, FY 2017 revenues did not reach the anticipated budget projection. Based on this, the Village's electricity sale tax revenue budget will decrease by approximately 5.4% in FY 2018.
- Thus far, distributions of Video Programming Sales Taxes for FY 2017 are lower than the amounts collected in FY 2016 as the industry continues to face competition from other video content providers. The NCLM is projecting an increase in FY 2017 of 2.5% and a decrease of 1.0% in FY 2018. Based on this forecast, telecommunications tax revenue will increase by approximately 0.9% in FY 2018 as compared to the FY 2017 budgeted amount.
- Beer and Wine Tax revenues are expected to increase by 2.7% to \$72,100 in FY 2018 due to increased sales.



Restricted Intergovernmental Revenues

Description of Revenue Source

Restricted Intergovernmental Revenues include Powell Bill funds, solid waste disposal tax, and may include other miscellaneous federal or state grants that are restricted for a specific purpose.

Powell Bill revenue is the annual appropriation from the North Carolina State Highway Fund. The Village’s annual distribution of Powell Bill revenue is calculated based upon two factors: a per capita rate and the number of street miles maintained within the Village’s corporate limits.

The State levies a \$2 per-ton “tipping tax” on municipal solid waste and construction and demolition debris that is deposited in a landfill in the state or transferred at a transfer station for disposal outside the state. Cities in North Carolina receive 18.75 percent of this State collected revenue which is distributed based on a per capita basis for solid waste management programs and services. The Village uses these funds primarily to fund its recycling program.

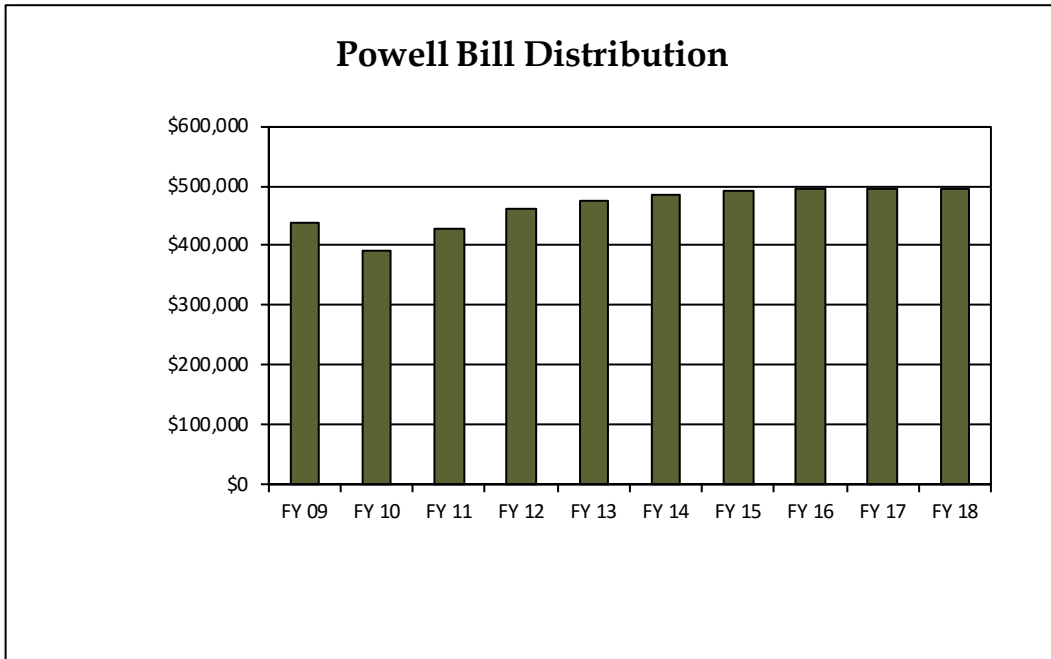
Restricted Intergovernmental Revenue	FY2016 Actual	FY2017 Budget	FY2017 Estimated	FY2018 Budgeted	Percent Change
Powell Bill	\$ 495,083	\$ 494,000	\$ 495,621	\$ 494,000	0.0%
BAB Interest Rebates	1,367	300	255	-	-100.0%
Controlled Substance Tax Distribution	1,217	1,000	500	500	-50.0%
Solid Waste Disposal	10,217	9,900	9,900	10,900	10.1%
Other Grants	1,361	-	-	-	0.0%
Total Rest. Intergovernmental Rev.	\$ 509,245	\$ 505,200	\$ 506,276	\$ 505,400	0.0%

Revenue Assumptions

- The per capita rate used in the estimation of Powell Bill revenue is \$19.74, which is a 2.0% decrease from the previous year’s actual distribution rate. The street mile rate utilized to project the allocation is \$1,613 per street mile maintained, which decreased by \$11 from the FY 2017 distribution. Both of these estimated distribution rates were provided by the North Carolina League of Municipalities. These lower rates, combined with a small increase in population should yield the Village the same revenue in FY 2018 as the current year.
- The Village purchased a fire engine with a Build America Bond (BAB) in FY 2010. We received a 35% interest rebate on each semi-annual payment until the debt obligation was satisfied in FY 2017.
- The North Carolina League of Municipalities projects that Solid Waste Disposal revenue for FY 2017 will increase by 7.0% over FY 2016. In addition, construction continues to be strong and revenues for FY 2018 are projected to increase 4.5% over FY 2017. Based on these projections, we are increasing the budget for this revenue by 10% over the FY 2017 levels.
- The Village does not normally budget for other grant revenues until a grant award notification has been received.



Restricted Intergovernmental Revenues





Description of Revenue Source

Permits and Fees consist primarily of Permit & Inspection Fees, Planning & Zoning Fees, and Fire District Revenue. There are also several other minor fees that are included in Permits and Fees revenue.

Permit and Inspection Fees and Planning & Zoning Fees are established by the Village Council, reviewed annually, and modified if needed. These permits and fees are charged to builders, developers, and homeowners for new construction and additions/alterations to property. The Village’s growth is generated primarily by new residential construction; therefore it is new home construction that really drives this revenue source.

Fire District Revenue represents funding paid to the Village by Moore County for the Village’s fire department to provide fire protection, rescue services, and medical first response in a geographic district outside of the Village limits. The Village also contracts with Taylortown, a neighboring town, to provide fire protection services under an annual contract. Both of these funding sources are included in Fire District Revenue. Moore County provides funding through a formula that is calculated based on the level of fire service provided. The amount of funds paid to the Village by Taylortown is based upon the taxable value in Taylortown and the tax rate established by Moore County that is applied to the real and personal property in the unincorporated areas of the county. Moore County remits payment to the Village monthly while Taylortown pays quarterly.

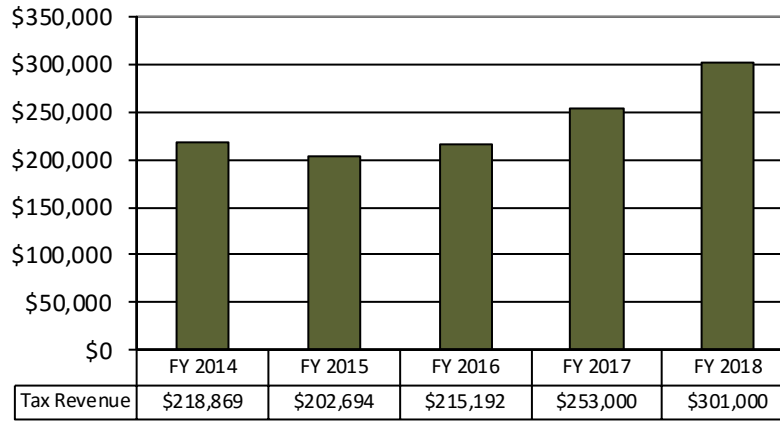
Permits & Fees	FY 2016 Actual	FY 2017 Budget	FY 2017 Estimated	FY 2018 Budgeted	Percent Change
Permit & Inspection Fees	\$ 329,589	\$ 280,000	\$ 375,000	\$ 310,000	10.7%
Planning & Zoning Fees	53,991	46,500	55,050	60,000	29.0%
Fire District Revenue	215,192	253,000	257,000	301,000	19.0%
Other Fees	33,261	4,300	10,835	5,800	34.9%
Total Permit & Fees	\$ 632,033	\$ 583,800	\$ 697,885	\$ 676,800	15.9%

Revenue Assumptions

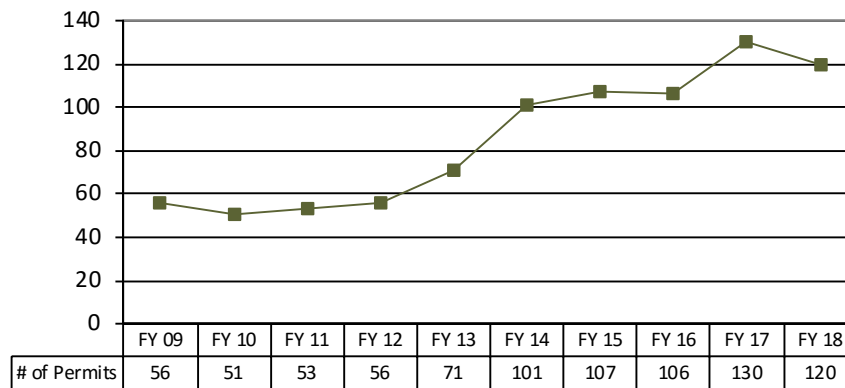
- Permit & Inspection Fees and Planning & Zoning Fees for residential construction are expected to increase in FY 2018 as the number and value of new homes being constructed continue to increase. The Village expects approximately 130 homes to be constructed in FY 2017 and 120 in FY 2018. Fees related to non-residential projects are expected decline from FY 2017 actual levels due to two major commercial projects permitted that year.
- Planning and Zoning Fees are also expected to rise 29% over FY 2017 budgeted levels due to increased construction related activities.
- Fire District Revenues are expected to increase \$48,000, or 19%, due to the implementation of the County’s fire protection funding formula and commercial tax base increases in the Town of Taylortown.



Fire District Revenue



New Home Construction Permits





Description of Revenue Source

As allowed by state statute, the Village of Pinehurst may assess property owners for expenditures that directly benefit specific property owners. Currently, the Village has two active assessments. The first assessed property owners for improvements made to dams in FY 2007 in the Municipal Service District (MSD). The Village expects to collect \$9,800 for the 12th installment of this 15-year assessment in FY 2018. Also in FY 2016, the Village assessed property owners in the newly annexed Cotswold of Pinehurst area for a stormwater project. These assessments are planned to be paid in five equal installments without interest. In FY 2016, the first year of the assessment, several Cotswold property owners chose to pay off their assessment in full. This increased actual revenues in FY 2016 significantly. The Cotswold assessment should generate revenues of \$18,600 in FY 2018.

Assessments	FY 2016 Actual	FY 2017 Budget	FY 2017 Estimated	FY 2018 Budgeted	Percent Change
Assessments	\$ 45,741	\$ 29,000	\$ 29,130	\$ 28,400	-2.1%
Total Assessments	\$ 45,741	\$ 29,000	\$ 29,130	\$ 28,400	-2.1%



Stormwater improvement project



Description of Revenue Source

Sales and Services revenue consists primarily of three separate revenue sources for Parks and Recreation Fees and Charges. The first source is Harness Track revenue for horse stall and other facility rentals, as well as revenues generated from shows and special events held on the property. The Harness Track is owned and operated by the Village and is the oldest continuously operating equine sports facility in North Carolina.

The second primary revenue source in this category is revenue generated from the Village’s Fair Barn. The Fair Barn is the oldest surviving early twentieth-century fair exhibition hall in North Carolina. It was built in 1917 and has been completely renovated and serves as a multi-purpose community gathering place. Revenue consists of rental fees and admission fees for Village-sponsored special events.

The third major category of Sales and Services revenue is Recreation Fees. These are the fees charged to participants in programs and athletic leagues sponsored by the Recreation Department.

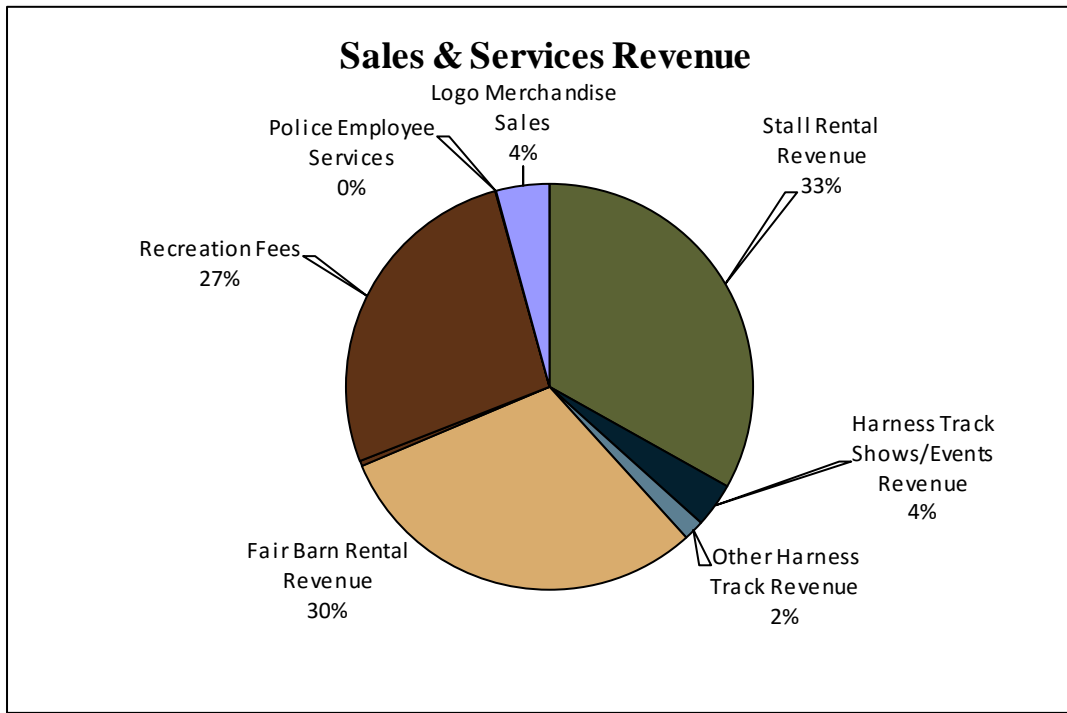
Sales & Services	FY 2016 Actual	FY 2017 Budget	FY 2017 Estimated	FY 2018 Budgeted	Percent Change
Stall Rental Revenue	\$ 244,605	\$ 230,000	\$ 225,000	\$ 235,000	2.2%
Harness Track Shows/Events Revenue	35,046	37,000	37,000	25,000	-32.4%
Other Harness Track Revenue	11,769	11,400	11,743	11,600	1.8%
Fair Barn Rental Revenue	249,785	215,000	225,000	215,000	0.0%
Fair Barn Shows/Events Revenue	4,555	3,000	3,500	3,000	0.0%
Recreation Fees	183,866	156,000	175,500	189,000	21.2%
Police Employee Services	-	-	-	500	100.0%
Logo Merchandise Sales	-	-	-	30,000	100.0%
Total Sales & Services	\$ 729,626	\$ 652,400	\$ 677,743	\$ 709,100	8.7%

Revenue Assumptions

- Harness Track Stall Rental revenues are projected to increase by 2.2% for FY 2018 due to continued demand for stall space in the facility.
- Harness Track Shows and Events revenues have trended downward recently and are expected to decrease by 32% in FY 2018. This decline is due to fewer shows being scheduled for FY 2018.
- Demand for event space at the Fair Barn continues to be strong. Revenues, however, are expected to decrease slightly from FY 2017 actual levels due to discounts that are now being offered for non-profit events.
- Recreation Fees are expected to increase 21.2% due to increasing participation in recreation programs and high demand for event rentals in the Village Arboretum.
- Police Employee Services is a new revenue source paid to the Village under contract for the use of uniforms and equipment by Police Officers providing off-duty services.
- Logo Merchandise Sales is also a new category of revenue. The Village began selling logo merchandise in March of 2017 to expand overall awareness of the Village’s brand.



The distribution of sales and services revenue by source is depicted in the following graph.





Description of Revenue Source

Other Revenues include Alcoholic Beverage Control (ABC) Revenues and Other Miscellaneous Revenues. ABC revenue is based on a percentage of the sale of mixed beverages from local merchants and the net profits from counter sales of alcoholic beverages in Pinehurst at ABC Stores. Other Miscellaneous Revenues include sales of surplus assets, donations made to the Village, fees generated by the Police Department, and various other minor fees.

Other Revenues	FY 2016 Actual	FY 2017 Budget	FY 2017 Estimated	FY 2018 Budgeted	Percent Change
ABC Revenues	\$ 120,944	\$ 113,320	\$ 113,320	\$ 134,800	19.0%
Other Miscellaneous Revenues	132,310	89,480	125,655	91,980	2.8%
Total Other Revenues	\$ 253,254	\$ 202,800	\$ 238,975	\$ 226,780	11.8%

Revenue Assumptions

- ABC revenue is projected to increase by 19% for FY 2018 due to strong local store profits in the current year.
- Other miscellaneous revenues are expected to be similar to the budgeted levels for FY 2017. The higher actual revenue levels in FY 2017 were due to the sale of several large pieces of surplus equipment during that year.



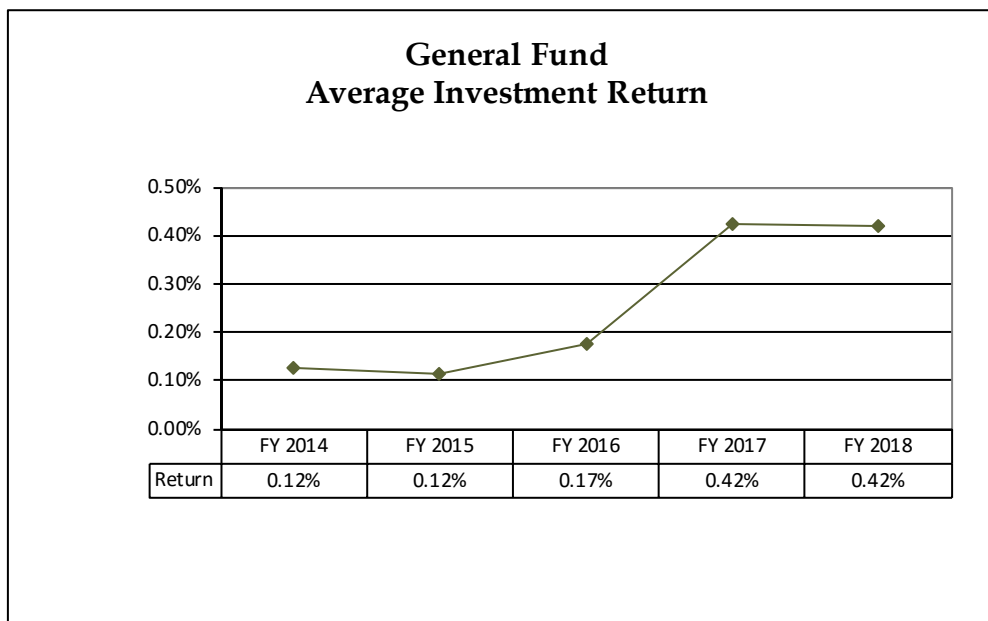
Description of Revenue Source

Investment Income includes the return earned on cash and investment balances. Interest is earned on the cash balances invested with the North Carolina Capital Management Trust (NCCMT), an SEC-registered (2a7) money market mutual fund, bank certificates of deposit, U. S. Treasury and Agency securities, and high grade commercial paper.

Investment Income	FY 2016 Actual	FY 2017 Budget	FY 2017 Estimated	FY 2018 Budgeted	Percent Change
Investment Income	\$ 25,932	\$ 25,400	\$ 40,400	\$ 49,000	92.9%
Total Investment Income	\$ 25,932	\$ 25,400	\$ 40,400	\$ 49,000	92.9%

Revenue Assumptions

- Investment income is estimated to grow by 92.9% as investment rates have increased and funds available to invest have also increased. The average rate of return expected in Fiscal Year 2018 is 0.42%.
- In FY 2017, the Village began investing in the NCCMT Term Portfolio, which increased investment yields without significantly impacting liquidity.





Description of Revenue Source

Revenue from Fund Balance Appropriations is the use of equity (net position), which has been accumulated from previous fiscal years, to pay for current fiscal year expenditures.

Fund Balance Appropriations	FY 2016 Actual	FY 2017 Budget	FY 2017 Estimated	FY 2018 Budgeted	Percent Change
Fund Balance Appropriated	\$ -	\$ 1,786,430	\$ -	\$ 1,284,513	-28.1%
Total Fund Balance Appropriations	\$ -	\$ 1,786,430	\$ -	\$ 1,284,513	-28.1%

Revenue Assumptions

- For FY 2018 we have appropriated \$1,284,513 of the Village’s fund balance as a revenue source. Historically, operating revenues come in at 101% of budget while operating expenditures typically fall 5% below budget. The amount of fund balance appropriated this year is slightly higher than this budget variance amount. If historical trends continue for FY 2018 we will subtract approximately \$295,000 from Fund Balance which will cause fund balance to decrease slightly to 47.8% of General Fund expenditures, or just above the Council’s adopted policy range of 30%-40%.
- The amount of fund balance appropriated in FY 2018 is \$501,917, or 28%, lower than the previous fiscal year due to strong revenue growth and slightly lower capital expenditure levels.



Department Profile

The Governing Body of the Village consists of a five-member council that includes a directly elected Mayor. The Council provides leadership and strategic vision for the Village. The Council considers and adopts local ordinances and resolutions to provide for the health, safety, and overall quality of life for the residents, businesses, and visitors of Pinehurst. Other responsibilities include:

- Providing governance for a population of approximately 16,000
- Setting strategic direction for approximately 135 full-time employees
- Adopting the Strategic Operating Plan which includes the annual budget and five-year financial forecast
- Approving policies that provide guidance for all municipal operations

There are no KPIs for the Governing Body Department, as Council’s goals, objectives, and KPIs are identified on the VOP Balanced Scorecard. Additional information about the Governing Body Department may be obtained by contacting Lauren Craig, Village Clerk, at 910.295.1900 or lcraig@vopnc.org.

Budget Summary

Expenditures by Type	FY 2016 Actual	FY 2017 Budget	FY 2017 Estimated	FY 2018 Budgeted	Percent Change
Salaries & Benefits	\$ 29,980	\$ 31,000	\$ 30,100	\$ 31,000	0.0%
Operating	136,723	178,400	109,550	149,800	-16.0%
Expenditures Total	\$ 166,703	\$ 209,400	\$ 139,650	\$ 180,800	-13.7%



Village Council Members



Department Profile

The Administration Department, which includes the Village Manager, Assistant Village Managers, the Village Clerk, and Administrative support staff, executes the mission of the Council to promote, enhance, and sustain the quality of life for residents, businesses, and visitors. Areas of focus for FY 2018 include:

- Providing vision and leadership to 17 other departments and divisions of the Village
- Effectively communicating with and engaging residents and businesses through Open Village Hall, social media, and public input meetings
- Overseeing the development and implementation of the annual Strategic Operating Plan
- Managing and monitoring department performance and developing on-line performance dashboards for FY 2019 publication on the VOP website
- Recruiting, training, engaging, and rewarding over 200 volunteers
- Providing customer service and administrative support to both internal and external customers
- Preparing and submitting an application for the NC Awards for Excellence, using the Baldrige Performance Excellence Framework

Additional information about the Administration Department may be obtained by contacting Jeff Sanborn, Village Manager, at 910.295.1900 or jsanborn@vopnc.org.

Budget Summary

Expenditures by Type	FY 2016 Actual	FY 2017 Budget	FY 2017 Estimated	FY 2018 Budgeted	Percent Change
Salaries & Benefits	\$ 686,252	\$ 729,450	\$ 728,367	\$ 747,250	2.4%
Operating	346,901	379,960	342,860	391,700	3.1%
Capital	23,584	69,829	60,829	25,832	-63.0%
Expenditures Total	\$ 1,056,737	\$ 1,179,239	\$ 1,132,056	\$ 1,164,782	-1.2%

FY 2018 Department Goals, Objectives, and Key Performance Indicators

Strategic Goal: Professionally Manage a High Performing Organization

KPI	Type	FY 2015 Actual	FY 2016 Actual	FY 2017 Est.	FY 2018 Proj.	FY 2022 Proj.
Department Goal: Oversee the implementation of the Village's Strategic Operating Plan and manage the overall operations of the Village						
% of residents satisfied with customer service provided by Village employees	Effectiveness	99%	98%	95%	95%	95%
% of residents likely to recommend the Village as a place to live	Effectiveness	97%	94%	95%	95%	95%
% of Initiative Action Plans (IAPs) that achieve targeted results ¹	Effectiveness	n/a	n/a	90%	90%	90%
Notes: ¹ In FY17, VOP began tracking metrics associated with IAPs in order to monitor the achievement and effectiveness of action plans aimed to improve VOP performance.						
Department Goal: Identify, analyze, and mitigate risks to the Village						
Cost of risk (premiums, legal fees, & losses) as a % of General Fund expenditures	Effectiveness	2.46%	2.30%	2.20%	2.10%	2.00%
Notes: As VOP has focused on improving employee safety, worker's compensation premiums have declined in recent years. In addition, VOP has not been engaged in any recent significant litigation that has resulted in a decrease in legal fees.						



Strategic Goal: Professionally Manage a High Performing Organization

KPI	Type	FY 2015 Actual	FY 2016 Actual	FY 2017 Est.	FY 2018 Proj.	FY 2022 Proj.
Department Goal: Use electronic tools and other methods to communicate with and obtain actionable feedback from customers						
Total # of followers on all social media sites ¹	Output	3,826	7,975	12,200	13,420	19,648
Total # of Facebook users reached with VOP posts ¹	Output	503,111	771,517	1,798,184	1,977,580	2,895,375
# of Facebook engaged users who click, comment, and/or share ¹	Output	42,346	49,357	90,676	97,900	143,335
# of Open Village Hall topics posted	Output	3	13	12	12	12
# of subscribers who view Open Village Hall topics	Output	544	3,154	3,150	3,600	3,600
# of website sessions ²	Output	132,360	152,385	109,800	120,000	170,000
# of mobile app downloads (cumulative) ²	Output	314	735	1,100	1,300	2,100
% of residents satisfied with Village efforts to keep residents informed on local issues ³	Effectiveness	92%	90%	90%	92%	95%
% of Council agendas with supporting materials posted to the Village website 5 days in advance of meetings	Effectiveness	100%	100%	100%	100%	100%
Notes: ¹ In FY17, VOP consolidated social media accounts and began daily management to increase social media followers & engaged users. ² VOP launched a new service request mobile app and a newly designed website in FY17. ³ VOP has a FY18-19 IAP (Transparent Operations) to create online performance dashboards to inform residents of VOP performance.						

Strategic Goal: Attract & Retain an Engaged Workforce

KPI	Type	FY 2015 Actual	FY 2016 Actual	FY 2017 Est.	FY 2018 Proj.	FY 2022 Proj.
Department Goal: Recruit, train, engage, and reward volunteers						
% of volunteers who would recommend volunteering for the Village to a friend	Effectiveness	96%	100%	95%	95%	95%
Department Goal: Ensure effective two-way communication with the workforce						
% of workforce who attend the bi-annual State of the Village meetings	Output	n/a	47%	50%	50%	50%
% of workforce who are satisfied with bi-annual State of the Village meetings	Effectiveness	100%	100%	95%	95%	95%
Notes: VOP conducts bi-annual State of the Village meetings for all employees and volunteers to effectively communicate VOPs goals, objectives, performance, and other employee information. In FY18, VOP began tracking employee and volunteer attendance with State of the Village Meetings. Approximately 97% of employees and 30% of volunteers attend these meetings and indicate high levels of satisfaction with these meetings.						

FY 2018-2022 Initiative Action Plans

Initiative Action Plans	FY	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Transparent Operations – Create online performance dashboards to better inform the public of VOP performance using existing Balanced Scorecard software and VOP website. This IAP has no incremental costs to VOP.	FY 2018-2019	\$0	\$0	\$0	\$0	\$0



Department Profile

The Financial Services Director reports directly to the Assistant Village Manager of Administration and serves as a member of the senior leadership team. The Financial Services Department includes three full-time and one part-time financial professionals. Two staff members who oversee the fiscal operations of the Village are Certified Public Accountants. Areas of focus for FY 2018 include:

- Managing an average cash and investments balance of \$10.9 million dollars to ensure appropriate liquidity and maximize investment earnings
- Monitoring compliance with Council approved financial policies and guidelines
- Managing debt to achieve acceptable debt service objectives
- Preparing the \$19.1 million annual budget and five-year financial forecast in accordance with the GFOA Distinguished Budget award requirements
- Processing accounts payable, accounts receivable, and payroll in a timely and accurate manner
- Preparing accurate internal and external financial reports
- Overseeing the purchasing and contracting functions

Additional information about the Financial Services Department may be obtained by contacting John G. Frye, CPA, Financial Services Director, at 910.295.1900 or jfrye@vopnc.org.

Budget Summary

Expenditures by Type	FY 2016 Actual	FY 2017 Budget	FY 2017 Estimated	FY 2018 Budgeted	Percent Change
Salaries & Benefits	\$ 329,350	\$ 315,450	\$ 306,692	\$ 355,350	12.6%
Operating	280,701	294,090	279,000	304,360	3.5%
Capital	-	1,760	1,760	1,425	-19.0%
Total Expenditures	\$ 610,051	\$ 611,300	\$ 587,452	\$ 661,135	8.2%

FY 2018 Department Goals, Objectives, and Key Performance Indicators

Strategic Goal: Maintain a Healthy Financial Condition

KPI	Type	FY 2015 Actual	FY 2016 Actual	FY 2017 Est.	FY 2018 Proj.	FY 2022 Proj.
Department Goal: Produce accurate and timely financial reports						
GFOA Certificate of Achievement in Financial Reporting received ¹	Effectiveness	Yes	Yes	Yes	Yes	Yes
A "clean" audit opinion received by external auditors ²	Effectiveness	Yes	Yes	Yes	Yes	Yes
% of time month end expenditures closing entries are posted by the 10th day of the following month ³	Effectiveness	n/a	92%	92%	92%	92%
% of employees satisfied with the availability of financial information	Effectiveness	100%	100%	100%	95%	95%
Notes: ¹ VOP has received the GFOA Certificate of Achievement in Financial Reporting for 24 consecutive years. ² VOP has received a "clean" audit opinion from external auditors for 17 consecutive years. ³ Month end expenditure closing entries are posted by the 10 th day of the following month to provide department heads with timely financial information. At year end, closing entries are not able to be completed in 10 days, so 11/12 months, or 92% are completed by the deadline.						



Strategic Goal: Maintain a Healthy Financial Condition

KPI	Type	FY 2015 Actual	FY 2016 Actual	FY 2017 Est.	FY 2018 Proj.	FY 2022 Proj.
Department Goal: Develop a five-year strategic operating plan and annual budget in accordance with Council's financial policies						
Actual revenues as a % of forecasted revenues ¹	Effectiveness	103.6%	102.6%	103.0%	101.0%	101.0%
% of "Outstanding" ratings received through GFOA Distinguished Budget Presentation Award ²	Effectiveness	29%	36%	32%	36%	40%
<p>Notes: ¹ VOP actual revenues have exceeded forecasted revenues at a rate higher than the desired and projected 101% for the past few years due to greater than expected state shared revenues and property tax value increases due to revaluation. ² Each year, VOP strives to improve its Strategic Operating Plan document to improve its ratings received through the GFOA Distinguished Budget Presentation Award. Last year, VOP focused on the five year financial plan section. In FY18, VOP is focusing on the capital improvement plan section.</p>						
Department Goal: Process financial transactions efficiently and effectively						
# of accounts payable invoices and payments processed per accounts payable FTE	Efficiency	833	838	842	850	870
% of purchase orders processed within 1 business day of submission	Effectiveness	100%	100%	98%	95%	95%
% of employees satisfied with the timeliness of purchasing services ¹	Effectiveness	98%	100%	100%	95%	95%
# of payroll transactions processed per payroll technician FTE	Efficiency	1,100	1,262	1,280	1,300	1,340
% of employees satisfied with the accuracy of payroll services ¹	Effectiveness	100%	98%	100%	95%	95%
# of other financial transactions processed per finance technician FTE	Efficiency	400	419	410	410	430
<p>Notes: ¹ VOP employees have consistently indicated very high levels of satisfaction with purchasing and payroll services provided by the Finance department.</p>						
Department Goal: Maximize investment earnings while ensuring adequate cash flow						
# of basis points by which investment yield exceeds the average annual rate of return for the NCCMT Government Portfolio	Effectiveness	10.00	-5.00	7.00	10.00	10.00
<p>Notes: In FY17, VOP began investing in the NC Capital Management Trust Term Portfolio. Using the Term Portfolio has allowed the Village to increase investment yields without significantly impacting liquidity.</p>						



Department Profile

The Human Resources Director reports directly to the Village Manager and serves as a member of the senior leadership team. Along with the Director, one full-time Human Resources Generalist and one part-time Human Resources Assistant, provide a strategic service for recruitment, retention and recognition of competent staff. Areas of focus for FY 2018 include:

- Selecting and configuring a new job applicant tracking software to expedite the recruiting process
- Leading the development of a new formal Village-wide succession plan
- Developing a new incentive reward program for implementation in FY 2019
- Managing the Champion’s Club and Applause Award reward and recognition programs
- Reviewing and updating employee policies and benefits
- Engaging outside firms to conduct the annual compensation survey and annual workforce survey that has previously been conducted in-house
- Overseeing the newly revised TOPS Training program for all employees

Additional information about the Human Resources Department may be obtained by contacting Angela Kantor, Human Resources Director, at 910.295.1900 or akantor@vopnc.org.

Budget Summary

Expenditures by Type	FY 2016 Actual	FY 2017 Budget	FY 2017 Estimated	FY 2018 Budgeted	Percent Change
Salaries & Benefits	\$ 216,652	\$ 229,550	\$ 225,993	\$ 248,850	8.4%
Operating	92,607	200,510	121,510	203,260	1.4%
Capital	-	2,200	2,200	1,140	-48.2%
Expenditures Total	\$ 309,259	\$ 432,260	\$ 349,703	\$ 453,250	4.9%

FY 2018 Department Goals, Objectives, and Key Performance Indicators

Strategic Goal: Attract & Retain an Engaged Workforce

KPI	Type	FY 2015 Actual	FY 2016 Actual	FY 2017 Est.	FY 2018 Proj.	FY 2022 Proj.
Department Goal: Reward and recognize employees						
% of employees who agree they are satisfied with reward & recognition programs	Effectiveness	80%	89%	90%	90%	90%
% of unique employees recognized in Village-wide award programs	Effectiveness	8%	87%	88%	85%	85%
Notes: To more effectively reward and recognize employees for performance, the Village launched the Champion’s Club and Applause Award programs in FY16. Under the Applause Award program, employees receive on the spot recognition from co-workers and customers. Quarterly nominations for the Champion’s Club awards are scored by an employee committee with financial awards ranging from \$250 - \$3,000.						
Department Goal: Provide competitive salaries and benefits						
% of positions reviewed for competitive salaries ¹	Output	36%	37%	33%	33%	33%
% of employees who receive compensation adjustments (if needed) based on market salary reviews ¹	Effectiveness	100%	100%	100%	100%	100%
% of unique employees who participate in Wellness Committee activities ²	Effectiveness	n/a	n/a	50%	55%	65%
Notes: ¹ Each year, VOP conducts a market salary review for at least 33% of positions and adjusts employee compensation, if needed to remain competitive. ² In FY17, VOP began tracking employee participation in Wellness Committee initiatives to determine the effectiveness of wellness programs and events.						



Strategic Goal: Attract & Retain an Engaged Workforce

KPI	Type	FY 2015 Actual	FY 2016 Actual	FY 2017 Est.	FY 2018 Proj.	FY 2022 Proj.
Department Goal: Maintain a safe work environment						
% of Safety Committee inspection violations corrected within 90 days ¹	Effectiveness	n/a	n/a	75%	75%	75%
% of injuries that are preventable ²	Effectiveness	33%	47%	55%	55%	45%
% of accidents that are preventable ²	Effectiveness	71%	71%	75%	72%	65%
# of recordable Worker's Compensation claims per 100 FTEs	Effectiveness	3.2	3.1	3	<5	<5
DART (Days away from work, restriction, or transfer) rate	Effectiveness	2.23	1.47	2.22	2.50	2.50
<p>Notes: ¹ In FY17, VOP began tracking the correction of internally identified safety violations to ensure a safe work environment. Some violations require additional funding to correct and are therefore not able to be corrected within 90 days. ² The VOP Safety and Risk Management Committees analyze injuries and accidents to determine trends and root causes. VOP is projecting the % that are preventable to decline as we implement actions to address injury and accident root causes.</p>						
Department Goal: Effectively fill vacant positions						
Average # of days to recruit (requisition to start date) ¹	Effectiveness	67	73	65	65	60
% of positions filled within target date ¹	Effectiveness	n/a	n/a	75%	80%	90%
% of turnover (all) ²	Effectiveness	14%	13%	10%	< 10%	< 10%
Average tenure of employees	Output	n/a	n/a	9.30	8.00	9.00
Sick leave hours used per 1,000 hours worked	Effectiveness	34	29	29	29	25
<p>Notes: ¹ To reduce the average # of days to recruit and fill a higher % of positions within the target date, VOP will implement applicant tracking software in FY18. ² In FY15 and FY16, VOP experienced higher than normal turnover rates due to several retirements of tenured employees.</p>						
Department Goal: Provide training and development opportunities						
% of employees who agree they are offered training and development to enhance their skills	Effectiveness	92%	93%	93%	90%	90%
% of employees who agree they have input into their personal development plan	Effectiveness	95%	90%	92%	90%	90%
% of vacancies filled with internal candidates ¹	Effectiveness	35%	59%	42%	35%	40%
<p>Notes: ¹ VOP has a <i>FY18-22 IAP (Workforce Learning & Development)</i> to prepare employees for advancement opportunities. In FY16 and FY17, there were several retirements of tenured staff in police and fire (departments that had structured succession plans in place) that accounted for the increase in vacancies filled with internal candidates.</p>						

FY 2018-2022 Initiative Action Plans

Initiative Action Plans	FY	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Workforce Learning & Development – Train and develop VOP employees; develop a formal VOP-wide succession planning system. Incremental funding is for training.	FY 2018-2019	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Incentive Reward – Develop and implement a financial incentive reward program for VOP employee performance. Incremental funding is for incentive rewards.	FY 2018-2019	\$0	\$40,000	\$40,000	\$40,000	\$40,000



Department Profile

The Police Chief reports directly to the Village Manager and serves as a member of the senior leadership team. In addition to the Chief, the Police Department consists of 22 sworn police officers, four dispatchers, one administrative assistant and six reserve auxiliary officers to protect the life and property of nearly 16,000 residents. Areas of focus for FY 2018 include:

- Patrolling three response areas
- Increasing traffic enforcement with the 2 new traffic enforcement officer added in FY 2017
- Improving crime clearance rates with the new Investigator position added in FY 2017
- Promoting strong community engagement through the Citizen’s Police Academy and recruitment of volunteer Citizens on Patrol (COPS) that are used to augment the paid Police force

Additional information about the Police Department may be obtained by contacting Earl Phipps, Police Chief, at 910.295.3141 or ephipps@vopnc.org.

Budget Summary

Expenditures by Type	FY 2016 Actual	FY 2017 Budget	FY 2017 Estimated	FY 2018 Budgeted	Percent Change
Salaries & Benefits	\$ 1,928,501	\$ 2,226,038	\$ 1,994,262	\$ 2,242,550	0.7%
Operating	635,722	736,136	684,586	760,680	3.3%
Capital	88,982	87,715	87,715	125,439	43.0%
Expenditures Total	\$ 2,653,205	\$ 3,049,889	\$ 2,766,563	\$ 3,128,669	2.6%

Revenues by Type	FY 2016 Actual	FY 2017 Budget	FY 2017 Estimated	FY 2018 Budgeted	Percent Change
Controlled Substance Tax Distribution	\$ 1,217	\$ 1,000	\$ 500	\$ 500	-50.0%
Miscellaneous Police Revenues	5,370	6,500	4,125	4,500	-30.8%
Revenues Total	\$ 6,587	\$ 7,500	\$ 4,625	\$ 5,000	-33.3%

FY 2018 Department Goals, Objectives, and Key Performance Indicators

Strategic Goal: Safeguard the Community

KPI	Type	FY 2015 Actual	FY 2016 Actual	FY 2017 Est.	FY 2018 Proj.	FY 2022 Proj.
Department Goal: Enforce traffic laws						
% of collisions with an injury ¹	Effectiveness	9%	7%	11%	11%	7%
% of collisions with a fatality ¹	Effectiveness	0.00%	0.00%	0.24%	0.15%	0.12%
# of collisions per 1,000 population	Output	34	32	39	40	43

Notes: ¹ In FY17, VOP added two traffic enforcement officers to the Police force in order to more effectively enforce traffic laws to minimize collisions. Therefore, projections assume fewer collisions will result in injuries or fatalities.



Strategic Goal: Safeguard the Community

KPI	Type	FY 2015 Actual	FY 2016 Actual	FY 2017 Est.	FY 2018 Proj.	FY 2022 Proj.
Department Goal: Solve crimes						
% of Part 1 - Violent crimes solved	Effectiveness	67%	100%	33%	55%	55%
% of Part 1 - Property crimes solved	Effectiveness	45%	40%	15%	30%	30%
% of Part 2 crimes solved	Effectiveness	70%	67%	52%	70%	70%
<p>Notes: In FY17, VOP reorganized its Police force to add an additional Investigator position and Impact Team to allocate additional resources to crime investigation. The projections assume these additional resources will increase the % of crimes solved in the future.</p>						
Department Goal: Protect lives and property by responding promptly to calls for service and proactively preventing criminal activity						
% of officer hours spent on patrol ¹	Effectiveness	n/a	n/a	84%	80%	80%
# of citizen initiated calls for service per patrol officer	Efficiency	326	415	345	356	356
# of officer initiated calls for service per patrol officer ¹	Efficiency	247	316	470	500	500
# of calls for service per 1,000 population ¹	Output	737	929	999	1,010	1,090
% of calls for service that are citizen initiated ¹	Output	57%	57%	41%	40%	40%
% of calls for service that are officer initiated ¹	Output	43%	43%	59%	60%	60%
% of total time spent on calls for service that are citizen initiated ¹	Effectiveness	64%	67%	12%	12%	12%
% of total time spent on calls for service that are officer initiated ¹	Effectiveness	36%	33%	88%	88%	88%
<p>Notes: ¹ In FY17, the Police force made a change to how officers log their time in the Computer Aided Dispatch (CAD) system in order to more accurately reflect officer initiated activities and the amount of officer time spent on those activities. As a result, the FY17 KPI amounts related to officer initiated activities are more reflective of the true % of calls and time. In addition, the FY17 Police force reorganization created an Impact Team that swings shifts in order to better allocate officers to peak demand times and allow for more proactive patrols and officer initiated activities.</p>						

Strategic Goal: Attract & Retain an Engaged Workforce

KPI	Type	FY 2015 Actual	FY 2016 Actual	FY 2017 Est.	FY 2018 Proj.	FY 2022 Proj.
Department Goal: Utilize Citizen on Patrol volunteers to supplement police staff						
# of Citizen on Patrol (COP) volunteer hours	Output	2,323	2,967	3,000	3,200	3,920
# of COP volunteer hours per volunteer	Effectiveness	70	92	109	90	90
\$ value of COP volunteer hours	Effectiveness	\$46,463	\$59,348	\$60,000	\$64,000	\$78,400
<p>Notes: Each year, VOP holds a Citizen Police Academy and several participants join the Police force as a Citizen on Patrol (COP). COPs actively patrol, direct traffic, and perform other duties to augment the Police force. Their volunteer hours are valued at \$20 per hour. VOP expects an increase in volunteer hours over the five-year planning period as the COP program is expanded.</p>						
Department Goal: Develop a competent, professional police force						
% of full-time sworn officers who obtain intermediate or advanced certifications	Effectiveness	n/a	n/a	77%	75%	75%
<p>Notes: In FY17, VOP began tracking the % of officers who obtain advanced certifications to determine the effectiveness of Police force professional development activities.</p>						



Department Profile

The Fire Chief reports directly to the Village Manager and serves as a member of the senior leadership team. Twenty-nine firefighters and one fire/life safety educator protect the Village and rural district from two stations with four engines, two brush trucks, and a rescue truck. Areas of focus for FY 2018 include:

- Increasing staff resources through overtime for commercial fire inspections and evaluating the best way to allocate resources for commercial fire inspections in future years
- Working with the NCDOT to install traffic pre-emption devices at Village intersections
- Continuing to improve response times to calls for service for the 28.91 square miles service area that includes the Village limits, a rural county district, and the nearby Town of Taylortown
- Educating the public to promote preparedness for all hazards
- Ensuring all full-time staff obtain EMT certifications
- Providing medical first response and rescue services through contract with Moore County

Additional information about the Fire Department may be obtained by contacting J. Carlton Cole, Fire Chief, at 910.295.5575 or jccole@vopnc.org.

Budget Summary

Expenditures by Type	FY 2016 Actual	FY 2017 Budget	FY 2017 Estimated	FY 2018 Budgeted	Percent Change
Salaries & Benefits	\$ 2,121,001	\$ 2,236,150	\$ 2,122,472	\$ 2,164,650	-3.2%
Operating	363,031	503,724	456,384	512,310	1.7%
Capital	98,021	690,706	690,706	66,806	-90.3%
Expenditures Total	\$ 2,582,053	\$ 3,430,580	\$ 3,269,562	\$ 2,743,766	-20.0%

Revenues by Type	FY 2016 Actual	FY 2017 Budget	FY 2017 Estimated	FY 2018 Budgeted	Percent Change
Fire District Revenue	\$ 215,192	\$ 253,000	\$ 257,000	\$ 301,000	19.0%
Fire Grants	25,000	-	-	-	0.0%
Miscellaneous Fire Revenues	483	600	600	600	0.0%
Revenues Total	\$ 240,675	\$ 253,600	\$ 257,600	\$ 301,600	18.9%

FY 2018 Department Goals, Objectives, and Key Performance Indicators

Strategic Goal: Safeguard the Community

KPI	Type	FY 2015 Actual	FY 2016 Actual	FY 2017 Est.	FY 2018 Proj.	FY 2022 Proj.
Department Goal: Promptly respond to fire calls for service						
% of dispatched emergency calls with a reaction time of 90 seconds or less ¹	Effectiveness	76%	80%	82%	82%	85%
% of emergency calls with a response time of 6 minutes and 30 seconds for first due apparatus ¹	Effectiveness	73%	71%	70%	71%	73%
% of calls for fire incidents	Output	6.2%	3.0%	3.6%	3.6%	3.6%
% of calls for service for rescue and EMS calls for service ²	Output	8%	27%	28%	30%	30%
% of signalized intersections with preemption controls ¹	Effectiveness	15%	15%	23%	46%	100%

Notes: ¹ The *FY18-21 IAP (Traffic Pre-emption)* is expected to help improve response times, an area of focus for the department. ² In FY16, VOP began providing medical first response and rescue calls under contract with Moore County. Since expanding service levels, the # of calls have increased and EMS calls now represent approximately 30% of all calls.



Strategic Goal: Safeguard the Community

KPI	Type	FY 2015 Actual	FY 2016 Actual	FY 2017 Est.	FY 2018 Proj.	FY 2022 Proj.
Department Goal: Prevent fires and injuries						
# of commercial business fire inspections completed ¹	Output	353	184	150	380	380
% of commercial businesses inspected ¹	Effectiveness	84%	43%	35%	80%	90%
# of commercial business fire inspections per inspector per month ¹	Output	19	18	13	14	15
% of businesses satisfied with fire prevention inspection services	Effectiveness	96%	95%	95%	95%	95%
% of fire hydrants tested	Effectiveness	100%	100%	98%	98%	98%
# of participants in Fire & Life Safety Education Programs	Output	25,911	24,423	20,000	20,000	20,000
Fire incident rates per 1,000 population served	Effectiveness	0.77	0.22	0.60	0.61	0.57
ISO (Insurance Services Office) Rating ²	Effectiveness	4	4	4	4	3
Life Safety Achievement Award for zero fire deaths ³	Effectiveness	Yes	Yes	Yes	Yes	Yes
<p>Notes: ¹ Historically, VOP Fire staff have inspected commercial businesses more frequently than required by law. In FY 16, VOP began providing medical first response and rescue services which resulted in fewer commercial business inspections due to department workload. The FY18 budget includes additional overtime funding to perform inspections at previous levels. In addition, the Fire department will evaluate how inspections are completed in FY18 to develop a long term solution to increase the # of inspections completed annually. ² In FY17, the Fire department achieved international accreditation. As the department implements recommendations for improvement from the review team, VOP projects its ISO Rating will decrease. ³ The department has received the Life Safety Achievement Award for zero fire deaths for 14 consecutive years.</p>						

Strategic Goal: Attract & Retain an Engaged Workforce

KPI	Type	FY 2015 Actual	FY 2016 Actual	FY 2017 Est.	FY 2018 Proj.	FY 2022 Proj.
Department Goal: Train and develop a professional, competent firefighting force						
% of full-time uniformed staff who pass the OSHA/NFPA medical clearance test	Effectiveness	100%	100%	100%	100%	100%
% of full-time staff certified as an Emergency Medical Technician ¹	Effectiveness	67%	97%	97%	100%	100%
% of full-time uniformed staff who obtain advanced training ²	Effectiveness	62%	76%	75%	60%	60%
% of firefighters meeting or exceeding NFPA firefighter competencies	Effectiveness	100%	100%	100%	100%	100%
<p>Notes: ¹ With the addition of medical first response duties in FY 16, Fire department staff are required to obtain EMT certification within 2 years, so 100% of staff would be certified by FY18. ² Due to the incremental workload from medical first response, VOP projects fewer staff will be able to obtain advanced training in the future.</p>						

FY 2018-2022 Initiative Action Plans

Initiative Action Plans	FY	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
<i>Traffic Pre-emption</i> – Installation of traffic pre-emption devices at 7 VOP signalized intersections. This will result in all 13 intersections being configured with traffic pre-emption devices.	FY 2018-2021	\$15,000	\$15,000	\$15,000	\$7,500	\$0



Department Profile

The Inspections Department is a division of the Planning Department and reports directly to the Planning and Inspections Director. The Inspections Department includes two building inspectors. Inspections personnel both review and enforce compliance with the North Carolina Building Codes for all types of residential and commercial building and development. Areas of focus for FY 2018 include:

- Participating in the Permit and Inspections Process Improvement BIRDIE to identify and acquire inspection software that will allow inspectors to remotely update the status of inspections in the field
- Continuing to be responsive to building inspection requests within one business day, despite an anticipated higher demand due to commercial construction

Additional information about the Inspections Department may be obtained by contacting Kevin Reed, Planning and Inspections Director, at 910.295.8659 or kreed@vopnc.org.

Budget Summary

Expenditures by Type	FY 2016 Actual	FY 2017 Budget	FY 2017 Estimated	FY 2018 Budgeted	Percent Change
Salaries & Benefits	\$ 160,962	\$ 183,000	\$ 182,479	\$ 188,400	3.0%
Operating	24,230	32,955	27,685	29,520	-10.4%
Capital	22,864	882	882	440	-50.1%
Expenditures Total	\$ 208,056	\$ 216,837	\$ 211,046	\$ 218,360	0.7%

Revenues by Type	FY 2016 Actual	FY 2017 Budget	FY 2017 Estimated	FY 2018 Budgeted	Percent Change
Inspection Permit Revenue	\$ 329,589	\$ 280,000	\$ 375,000	\$ 310,000	10.7%
Revenues Total	\$ 329,589	\$ 280,000	\$ 375,000	\$ 310,000	10.7%

FY 2018 Department Goals, Objectives, and Key Performance Indicators

Strategic Goal: Maintain a Healthy Financial Condition

KPI	Type	FY 2015 Actual	FY 2016 Actual	FY 2017 Est.	FY 2018 Proj.	FY 2022 Proj.
Department Goal: Recover the cost of inspection services						
% of inspections operating costs recovered through inspection fees ¹	Effectiveness	128%	158%	243%	125%	125%
Average cost per building inspection ²	Efficiency	\$41	\$37	\$33	\$35	\$37
Notes: ¹ Inspection fees are set to recover 100% of the full cost of building inspections. However, indirect costs related to inspections also sit in the Planning Department and are not reflected in this KPI. In FY17, VOP permitted a large apartment complex and the inspection fees were collected in advance with a substantial # of inspections to occur in FY18. ² The average cost per building inspection has declined considerable from FY15 due to the retirement of a tenured building inspector who was replaced with a less tenured inspector in FY16.						



Strategic Goal: Ensure an Attractive Residential Community

KPI	Type	FY 2015 Actual	FY 2016 Actual	FY 2017 Est.	FY 2018 Proj.	FY 2022 Proj.
Department Goal: Inspect residential and non-residential development to ensure compliance with building codes						
# of building inspections completed ¹	Output	5,622	5,648	6,300	6,400	6,800
% of building inspections completed within one business day ³	Effectiveness	99%	100%	100%	99%	99%
% of building inspections compliant upon initial inspection	Effectiveness	94%	94%	92%	90%	90%
# of building inspections completed per inspector FTE per day	Efficiency	11.3	12.9	12.5	13.1	13.9
# of building inspections completed per 1,000 population served	Output	362	358	390	391	391
# of residential Certificates of Occupancy (CO) issued ²	Output	169	94	160	170	181
# of non-residential Certificates of Occupancy (CO) issued ¹	Output	8	4	18	10	10
Estimated residential construction cost for Certificates of Occupancy ²	Output	\$27.0 million	\$21.6 million	\$30.4 million	\$32.3 million	\$34.4 million
Estimated non-residential construction cost for Certificates of Occupancy ¹	Output	\$6.6 million	\$3.9 million	\$9.2 million	\$15.2 million	\$10.0 million
% of businesses satisfied with building inspections	Effectiveness	100%	100%	99%	95%	95%
<p>Notes: ¹ VOP saw an increase in both residential and non-residential development in FY17, with a healthy increase in the # of single-family new construction permits. The total # of inspections completed has increased primarily, however, due to the significant uptick in non-residential construction activity, as indicated by the increase in the estimated cost of non-residential COs. ² Residential COs include both new construction and additions/alterations. In FY15, there were a significant # of additions/alterations, while FY17 COs are primarily new single-family home construction. ³ To provide a high level of service, building inspectors strive to complete building inspections within one business day of the request.</p>						



Department Profile

Public Services Administration is a division of the Public Services Department. The Director of the Public Services Department reports directly to the Assistant Village Manager of Operations and is a member of the senior leadership team. The Public Services Administration Division consists of the Director, the Assistant Director, and an Administrative Assistant. Areas of focus for FY 2018 include:

- Overseeing the renovation of the employee break room to provide a more comfortable and suitable space for staff
- Managing Streets and Grounds and Solid Waste staff response to resident service requests and complaints through the MY VOP service request system

KPIs for this department are identified in the Solid Waste and Streets and Grounds divisions. Additional information about Public Services Administration may be obtained by contacting Walt Morgan, Public Services Director, at 910.295.5021 or wmorgan@vopnc.org.

Budget Summary

Expenditures by Type	FY 2016 Actual	FY 2017 Budget	FY 2017 Estimated	FY 2018 Budgeted	Percent Change
Salaries & Benefits	\$ 284,902	\$ 309,350	\$ 298,375	\$ 311,550	0.7%
Operating	72,271	104,365	91,665	148,670	42.5%
Capital	285,093	435,829	435,829	89,564	-79.4%
Expenditures Total	\$ 642,266	\$ 849,544	\$ 825,869	\$ 549,784	-35.3%



Public Services Department



Department Profile

The Streets and Grounds Division of the Public Services Department operates under the direction of the Assistant Director of Public Services and reports up to the Assistant Village Manager of Operations. There are 15 members of the Streets and Grounds team, led by an Infrastructure Superintendent, and organized into three crews: Infrastructure, Grounds, and Streets. This division serves over 16,000 residents encompassing an area of 14.9 square miles. Areas of focus for FY 2018 include:

- Adding 2 seasonal FTEs that total 0.7 FTEs to assist with ROW mowing and maintenance
- Utilizing GIS data to track routine maintenance of stormwater facilities
- Construct approximately 1 mile of pedestrian facilities (Note: This project is being managed by the Parks & Recreation Director)
- Installing approximately 20 neighborhood streetlights
- Monitoring and evaluating traffic levels at six key intersections in the Village
- Making commercial streetscape enhancements to McIntyre and McCaskill Roads
- Maintaining roadways, signage, sidewalks and other public landscape areas at a high level

Additional information about Streets and Grounds Division may be obtained by contacting Walt Morgan, Public Services Director, at 910.295.5021 or wmorgan@vopnc.org.

Budget Summary

Expenditures by Type	FY2016 Actual	FY2017 Budget	FY2017 Estimated	FY2018 Budgeted	Percent Change
Salaries & Benefits	\$ 638,522	\$ 701,600	\$ 610,671	\$ 728,300	3.8%
Operating	525,283	624,164	597,631	701,780	12.4%
Capital	272,213	466,881	466,881	1,082,819	131.9%
Expenditures Total	\$ 1,436,018	\$ 1,792,645	\$ 1,675,183	\$ 2,512,899	40.2%

FY 2018 Department Goals, Objectives, and Key Performance Indicators

Strategic Goal: Ensure an Attractive Residential Community

KPI	Type	FY 2015 Actual	FY 2016 Actual	FY 2017 Est.	FY 2018 Proj.	FY 2022 Proj.
Department Goal: Maintain Village right of ways						
% of right of way lane miles shoulders inspected	Effectiveness	12%	60%	48%	54%	54%
# of right of way lane miles maintained per FTE ¹	Efficiency	16	16	16	15	15
% of ROW mowing performed according to schedule ¹	Effectiveness	n/a	n/a	67%	80%	84%
Notes: ¹ The FY18 budget includes the addition of .7 FTE for seasonal staff to assist with ROW mowing and maintenance, which will reduce the # of ROW lane miles maintained per FTE. The <i>FY18-21 IAP (Community Aesthetics)</i> includes funding to install landscaping on HWY 211, which will reduce mowing time significantly and will result in a greater % of ROW mowing performed according to schedule.						

Strategic Goal: Provide Multimodal Transportation Systems

KPI	Type	FY 2015 Actual	FY 2016 Actual	FY 2017 Est.	FY 2018 Proj.	FY 2022 Proj.
Department Goal: Maintain stormwater facilities						
% of stormwater facilities inspected and cleared ¹	Effectiveness	n/a	n/a	n/a	85%	85%
% of residents satisfied with stormwater management	Effectiveness	86%	80%	83%	80%	80%
Notes: ¹ VOP plans to have all stormwater facilities mapped in GIS at the end of FY17, so staff can begin to systematically track the maintenance of stormwater facilities in FY18.						



Strategic Goal: Provide Multimodal Transportation Systems

KPI	Type	FY 2015 Actual	FY 2016 Actual	FY 2017 Est.	FY 2018 Proj.	FY 2022 Proj.
Department Goal: Install neighborhood street lights						
# of street lights per mile	Effectiveness	2.8	2.9	3.2	3.3	4.1
Notes: The <i>FY18-22 IAP (Street Lighting AOF)</i> , which began in FY17 includes the installation of approximately 20 neighborhood streetlights per year to address high levels of resident dissatisfaction as indicated on the VOP Balanced Scorecard.						
Department Goal: Maintain directional and regulatory street signs						
% of regulatory reflective signs inspected per NHTSA standards	Output	100%	100%	100%	100%	100%
Notes: VOP inspects regulatory reflective signs every three years per NHTSA standards.						
Department Goal: Monitor traffic congestion						
% of intersections studied with a level of service (LOS) rating of "C" or higher	Effectiveness	86%	86%	86%	85%	80%
Notes: Each year, VOP conducts intersection studies for 6 of 12 key intersections to assess traffic congestion and determine any needed intersection/transportation improvements to minimize congestion. The <i>FY18-22 IAP (Traffic Congestion)</i> includes funding for needed improvements.						
Department Goal: Maintain Village roadways						
% of centerline miles of Village roadways resurfaced ¹	Effectiveness	4.23%	1.94%	4.78%	4.68%	4.66%
5-year rolling average of the # of miles of roadways resurfaced ¹	Effectiveness	4.42	3.89	4.05	4.33	5.00
% of roadways with a Pavement Condition rating of 85 or better ²	Effectiveness	60%	49%	49%	49%	55%
Pavement condition Rating ²	Effectiveness	82.90	80.00	80.00	80.00	83.00
% of residents satisfied with maintenance of streets in neighborhoods	Effectiveness	85%	86%	86%	85%	85%
Notes: ¹ In FY16, VOP resurfaced fewer miles of streets in order to resurface many of the neglected cul-de-sacs. ² The Pavement Condition Rating is conducted every three years and is projected to improve due to VOP applying slurry seal in FY18 to extend the useful life of Village roads.						
Department Goal: Provide safe pedestrian facilities with interconnectivity						
% of lane miles with walkways	Effectiveness	7.78%	8.00%	8.54%	9.24%	11.12%
Notes: The <i>FY18-22 IAP (Pedestrian Connectivity AOF)</i> and <i>FY18 IAP (Commercial Streetscape Enhancements)</i> includes the construction of walkways to enhance pedestrian mobility and increase the % of lane miles with walkways.						

FY 2018-2022 Initiative Action Plans

Initiative Action Plans	FY	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
<i>Pedestrian Connectivity AOF</i> – Construct approx. 1 mile of pedestrian facilities per year.	FY 2018-2022	\$433,500	\$407,000	\$407,000	\$407,000	\$407,000
<i>Community Aesthetics</i> – Develop & implement a multi-year plan to incrementally add landscaping on Hwy 211 in conjunction with NCDOT.	FY 2018-2021	\$25,000	\$24,000	\$23,000	\$22,000	(\$4,000)
<i>Street Lighting AOF</i> - Install approximately 20 street lights in neighborhoods each year.	FY 2018-2022	\$9,500	\$11,900	\$14,300	\$16,700	\$19,100
<i>Commercial Streetscape Enhancements</i> – Construct McCaskill/McIntyre Road streetscape enhancements (sidewalks, street lights, etc.).	FY 2018	\$145,000	\$2,500	\$2,500	\$2,500	\$2,500
<i>Transportation Improvements AOF</i> - Collaborate with NCDOT and fund state road improvements.	FY 2018-2022	\$0	\$0	\$50,000	\$0	\$0



Department Profile

The Powell Bill Department is managed by the Public Services Director and is used to separately identify the expenditure of restricted State Powell Bill Funds that are used for the purpose of construction, repair, and maintenance of Village-owned streets and right of ways. Areas of focus for FY 2018 include:

- Resurfacing on average 3-5 miles of Village maintained streets annually
- Maintaining a 15-25 year life cycle for Village maintained streets

KPIs for the Powell Bill Department are provided in the Streets & Grounds division. The Powell Bill Department does not contain any staff. However, additional information about the Powell Bill Department may be obtained by contacting Walt Morgan, Public Services Director, at 910.295.5021 or wmorgan@vopnc.org.

Budget Summary

Expenditures by Type	FY 2016 Actual	FY 2017 Budget	FY 2017 Estimated	FY 2018 Budgeted	Percent Change
Operating	\$ 646,835	\$ 900,300	\$ 900,300	\$ 900,400	0.0%
Capital	48,952	-	-	-	0.0%
Expenditures Total	\$ 695,787	\$ 900,300	\$ 900,300	\$ 900,400	0.0%

Revenues by Type	FY 2016 Actual	FY 2017 Budget	FY 2017 Estimated	FY 2018 Budgeted	Percent Change
Powell Bill Revenue	\$ 495,083	\$ 494,000	\$ 495,621	\$ 494,000	0.0%
Revenues Total	\$ 495,083	\$ 494,000	\$ 495,621	\$ 494,000	0.0%



Village Street Resurfacing



Department Profile

The Solid Waste Division of the Public Services Department operates under the direction of the Assistant Director of Public Services. There are nine members of the Solid Waste team, led by a Solid Waste Superintendent. This division provides over 8,000 households with weekly same-day automated pickup of garbage, recycling, and yard debris under the “One and Done” program. Areas of focus for FY 2018 include:

- Better managing cart inventory levels to ensure adequate inventory is maintained
- Coordinating with Moore County and other municipalities on the Annual Household Hazardous Waste event
- Continuing to promote recycling efforts and expand recycling participation

Additional information about Solid Waste Division may be obtained by contacting Walt Morgan, Public Services Director, at 910.295.5021 or wmorgan@vopnc.org.

Budget Summary

Expenditures by Type	FY 2016 Actual	FY 2017 Budget	FY 2017 Estimated	FY 2018 Budgeted	Percent Change
Salaries & Benefits	\$ 449,752	\$ 476,450	\$ 469,003	\$ 493,350	3.5%
Operating	807,613	896,240	866,490	894,550	-0.2%
Capital	319,633	3,936	3,936	325,948	8181.2%
Expenditures Total	\$ 1,576,998	\$ 1,376,626	\$ 1,339,429	\$ 1,713,848	24.5%

FY 2018 Department Goals, Objectives, and Key Performance Indicators

Strategic Goal: Protect the Environment

KPI	Type	FY 2015 Actual	FY 2016 Actual	FY 2017 Est.	FY 2018 Proj.	FY 2022 Proj.
Department Goal: Maintain a high level of recycling participation						
# of households participating in curbside recycling ¹	Output	6,275	6,690	6,985	7,086	7,477
% of households participating in curbside recycling ¹	Effectiveness	77%	82%	84%	84%	86%
# of tons of recycling collected per solid waste FTE ¹	Efficiency	307	543	551	547	581
Total # of tons recycled per household (including collection by outside vendors)	Output	0.34	0.29	0.30	0.30	0.30
Percentile ranking for solid waste diversion of NC municipalities ²	Effectiveness	4%	5%	4%	5%	5%
# of lbs of paint collected at annual Household Hazardous Waste event	Output	34,438	42,620	46,711	48,757	48,757
# of lbs of pesticides, insecticides, etc. collected at annual Household Hazardous Waste event	Output	2,625	2,355	2,490	2,625	2,625
Notes: ¹ In FY15, VOP implemented “One and Done” where trash, recycling, and yard debris collection was fully automated and collected on the same day for each household. As a result of VOP issued recycling carts and a reassignment of staff to more efficient solid waste routes, VOP has seen an increase in the % of households participating in curbside recycling and the # of tons collected per solid waste FTE has increased dramatically. ² With a focus on diverting waste from the landfill through recycling efforts, VOP has consistently ranked in the top 5% of NC municipalities for diversion rates.						



Strategic Goal: Protect the Environment

KPI	Type	FY 2015 Actual	FY 2016 Actual	FY 2017 Est.	FY 2018 Proj.	FY 2022 Proj.
Department Goal: Provide efficient and effective weekly solid waste collection						
# of tons of yard debris collected per solid waste FTE ¹	Efficiency	147	802	926	864	918
# of tons of household trash collected per solid waste FTE ²	Efficiency	611	1,141	1,184	1,163	1,240
Total # of tons of yard debris collected per household (including collection by outside vendors)	Output	0.22	0.24	0.27	0.26	0.26
Total # of tons of household trash collected per household (including collection by outside vendors)	Output	0.51	0.53	0.50	0.52	0.52
# of solid waste collection complaints per 1,000 collection points ³	Effectiveness	n/a	n/a	0.67	0.67	0.67
% of solid waste routes completed on schedule	Effectiveness	n/a	n/a	100%	99%	99%
Refuse collection cost per household per year ¹	Effectiveness	\$178	\$161	\$164	\$169	\$190
% of safety checks on solid waste vehicles completed daily	Effectiveness	n/a	n/a	99%	99%	99%
% of time cart inventory levels remain above minimum stock threshold ³	Effectiveness	n/a	n/a	75%	88%	88%
<p>Notes: ¹ In FY15, VOP implemented “One and Done” where trash, recycling, and yard debris collection was fully automated and collected on the same day for each household. Previously, recycling and household trash collection was automated. Yard debris collection was fully automated for the first time with the issuance of yard debris carts in order to improve efficiencies. As a result, the # of yard debris tons collected per solid waste FTE has increased dramatically. In addition, the refuse collection cost per household has decreased due to the removal of several solid waste vehicles in the fleet and the reduction of staff hours needed to collect solid waste. In FY17, VOP yard debris tonnage collected was significantly impacted by the aftermath of Hurricane Matthew. ² The # of tons of household trash collected per solid waste FTE has been positively impacted by the implementation of “One and Done” in FY15. ³ With the implementation of the MY VOP service request system in FY17, all solid waste complaints are now logged, with less than 1 complaint for every 1,000 collection points. ³ In FY17, VOP began tracking the % of time cart inventory levels remain above minimum stock threshold for the 8 solid waste cart types/sizes kept in inventory. Because of this, VOP modified its process in FY17 and adjusted inventory thresholds and order lead time in order to ensure an adequate inventory of carts on hand.</p>						



Department Profile

The Planning and Inspections Director reports directly to the Village Manager and serves as a member of the senior leadership team. The Planning Department consists of two Planners, a Planning Technician, a Code Enforcement Officer, and an Administrative Assistant. The Department provides planning services for the Village as well as its extra territorial jurisdiction (ETJ). Areas of focus for FY 2018 include:

- Coordinating the development of a Village Land Use Plan
- Conducting a BIRDIE evaluation of the permit and inspection process in order to reduce cycle time of plan review
- Conducting timely plan review of residential and non-residential development submittals
- Conducting routine patrols of neighborhoods to identify code violations and timely investigating code violations to ensure timely resolution

Additional information about the Planning Department may be obtained by contacting Kevin Reed, Planning and Inspections Director, at 910.295.2581 or kreed@vopnc.org.

Budget Summary

Expenditures by Type	FY 2016 Actual	FY 2017 Budget	FY 2017 Estimated	FY 2018 Budgeted	Percent Change
Salaries & Benefits	\$ 422,756	\$ 455,850	\$ 451,654	\$ 473,550	3.9%
Operating	104,922	186,300	147,880	238,710	28.1%
Capital	-	27,348	27,348	1,281	-95.3%
Expenditures Total	\$ 527,678	\$ 669,498	\$ 626,882	\$ 713,541	6.6%

Revenues by Type	FY 2016 Actual	FY 2017 Budget	FY 2017 Estimated	FY 2018 Budgeted	Percent Change
Planning Permit Revenue	\$ 55,806	\$ 47,700	\$ 56,250	\$ 61,200	28.3%
Engineering Fees	5,873	2,500	9,000	4,000	60.0%
Revenues Total	\$ 61,679	\$ 50,200	\$ 65,250	\$ 65,200	29.9%

FY 2018 Department Goals, Objectives, and Key Performance Indicators

Strategic Goal: Ensure a Thriving Business Community

KPI	Type	FY 2015 Actual	FY 2016 Actual	FY 2017 Est.	FY 2018 Proj.	FY 2022 Proj.
Department Goal: Process non-residential permit applications in a timely manner						
# of non-residential permits issued ¹	Output	10	8	25	14	15
% of time non-residential development applicant receives initial staff comments within 21 days ²	Effectiveness	100%	78%	95%	95%	95%
\$ value of non-residential development permitted ¹	Output	\$11.8 million	\$26.8 million	\$15.9 million	\$7.7 million	\$7.9 million
Notes: ¹ In FY17, VOP saw a significant increase in the # of non-residential permits issued. These include new construction as well as additions/alterations. The FY17 permits were primarily additions/alterations, with the exception of two significant new multi-family projects that included the Greens at the Arboretum apartment complex and the Pinehurst Senior Apartments. ² Non-residential development applications are reviewed by the Village’s Technical Review Committee that consists of VOP staff, Moore County staff, and a contracted engineer. In FY16, VOP experienced delays in receiving comments from outside agencies. Steps were taken to increase the response rate, so VOP saw an improvement in FY17 in the % of time non-residential development applicants received initial staff comments.						



Strategic Goal: Ensure an Attractive Residential Community

KPI	Type	FY 2015 Actual	FY 2016 Actual	FY 2017 Est.	FY 2018 Proj.	FY 2022 Proj.
Department Goal: Increase compliance with Village codes and ordinances						
% of code violations that are valid	Output	87%	86%	80%	80%	85%
% of code violations investigated within 2 business days ¹	Effectiveness	n/a	n/a	90%	95%	95%
% of code violations resolved within 45 days ¹	Effectiveness	93%	95%	95%	95%	95%
# of code violations investigated per FTE ¹	Efficiency	662	812	925	1,000	810
% of neighborhoods patrolled according to schedule for code violations ¹	Effectiveness	n/a	n/a	100%	95%	95%
Notes: ¹ In FY17, VOP began routine patrols of neighborhoods to identify code violations before residents submitted a complaint. VOP also implemented a practice to investigate complaints within 2 business days to ensure timely resolution and compliance with Village codes and ordinances.						
Department Goal: Process residential permit applications in a timely manner						
# of new single family residential permits issued	Output	105	110	135	120	100
% of single family residential new construction and addition/alteration plans reviewed within 14 days ¹	Effectiveness	95%	84%	95%	95%	95%
Average # of days to issue single family permits for new construction and additions/alterations ¹	Effectiveness	4	4	10	10	5
\$ value of residential development permitted	Output	\$44.6 million	\$49.0 million	\$51.3 million	\$49.5 million	\$41.3 million
% of Certificates of Appropriateness issued by staff within 7 days	Effectiveness	89%	73%	95%	95%	95%
% of Certificates of Appropriateness issued by the Historic Preservation Commission within 45 days	Effectiveness	90%	96%	95%	95%	95%
Notes: ¹ The <i>FY18 IAP (Planning and Inspections Process Improvements)</i> is being done in order to reduce the turnaround time for single family permits (i.e. avg. # of days to issue). Once improvements are made, VOP will begin tracking the % of plans reviewed within fewer days than the current 14 days tracked now.						

Strategic Goal: Maintain a Healthy Financial Condition

KPI	Type	FY 2015 Actual	FY 2016 Actual	FY 2017 Est.	FY 2018 Proj.	FY 2022 Proj.
Department Goal: Recover the cost of development services						
% of planning operating costs recovered through planning fees	Effectiveness	9%	12%	15%	8%	7%
Notes: The FY16 and FY17 increase in the % of planning costs recovered is a result of increased residential and non-residential development.						

FY 2018-2022 Initiative Action Plans

Initiative Action Plans	FY	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
<i>Land Use Planning</i> ^{AOF} – Develop a comprehensive land use plan for the Village.	FY 2018-2019	\$65,000	\$0	\$0	\$0	\$0
<i>Comprehensive Long Range Plan Update</i> ^{AOF} – Conduct a 10 year update to the Village’s Comprehensive Long Range Plan.	FY 2019-2020	\$0	\$50,000	\$70,000	\$0	\$0
<i>Planning & Inspection Process Improvements</i> – Conduct a BIRDIE and implement new technology to improve the permit and inspection process.	FY 2018	\$53,600	\$10,000	\$10,000	\$10,000	\$10,000



Department Profile

The Community Development Department is co-managed by the Assistant Village Manager of Operations and the Assistant Village Manager of Administration. This department oversees marketing, economic development, the Village’s Welcome Center, and engineering services. The department has one part-time employee, the Welcome Center Coordinator who reports to the Communications Specialist. Areas of focus for FY 2018 include:

- Promoting and marketing the Village as a place to visit, live, and do business with print and digital advertising
- Operating the George P. Lane Welcome Center to serve visitors

Additional information about the Community Development Department may be obtained by contacting Jeff Batton, Assistant Village Manager of Operations, or Natalie Hawkins, Assistant Village Manager of Administration, at 910.295.1900 or jbatton@vopnc.org or nhawkins@vopnc.org.

Budget Summary

Expenditures by Type	FY 2016 Actual	FY 2017 Budget	FY 2017 Estimated	FY 2018 Budgeted	Percent Change
Salaries & Benefits	\$ -	\$ 24,700	\$ 21,098	\$ 31,100	25.9%
Operating	187,654	248,467	244,067	241,490	-2.8%
Capital	159,234	10,865	10,865	285	-97.4%
Expenditures Total	\$ 346,888	\$ 284,032	\$ 276,030	\$ 272,875	-3.9%

Revenues by Type	FY 2016 Actual	FY 2017 Budget	FY 2017 Estimated	FY 2018 Budgeted	Percent Change
Logo Merchandise Sales	\$ -	\$ -	\$ -	\$ 30,000	100.0%
Revenues Total	\$ -	\$ -	\$ -	\$ 30,000	100.0%

FY 2018 Department Goals, Objectives, and Key Performance Indicators

Strategic Goal: Ensure a Thriving Business Community

KPI	Type	FY 2015 Actual	FY 2016 Actual	FY 2017 Est.	FY 2018 Proj.	FY 2022 Proj.
Department Goal: Provide a welcoming environment for Pinehurst visitors						
# of Welcome Center visitors served	Output	2,312	1,491	2,800	3,200	3,200
Notes: In the fall of FY17, VOP hired a PT Welcome Center Coordinator to extend the operating hours of the George P. Lane Welcome Center. This was done to address the FY16 decline in the # of Welcome Center visitors served. Since expanding the operating hours, the # of visitors served has increased as expected and is projected to increase further in FY18-22 when the expanded hours are in place for a full fiscal year.						
Department Goal: Support Partners in Progress economic development activities						
\$ spent to support Partners in Progress	Input	\$27,000	\$27,000	\$27,000	\$27,000	\$27,000
Notes: VOP contracts with Moore Co. Partners in Progress for economic development services. Each year, VOP funds economic development in the amount of \$22,000 and another \$5,000 is provided to support the Moore Alive website and marketing campaign to recruit residents and businesses to relocate to Moore County.						



Strategic Goal: Professionally Manage a High Performing Organization

KPI	Type	FY 2015 Actual	FY 2016 Actual	FY 2017 Est.	FY 2018 Proj.	FY 2022 Proj.
Department Goal: Market and promote the Village and its services						
# of print ads distributed Village-wide ¹	Output	32	26	73	70	70
# of digital ads placed Village-wide ¹	Output	15	16	77	75	75
Marketing \$ invested Village-wide ²	Input	\$39,942	\$39,950	\$70,000	\$98,800	\$98,800
<p>Notes: ¹ In FY17, VOP Administration staff reorganized to create a dedicated Communications Specialist position to coordinate external communications, including marketing and social media management. This contributed to the increase in the # of both print and digital ads placed in FY17. ² In FY17, VOP deployed a marketing and promotions campaign aimed to market both Village services and the Village as a place to live. VOP staff developed a marketing plan in conjunction with the Village’s marketing firm and launched a very successful Google search and ad words campaign as well as a Facebook ad campaign. This accounts for the increase in marketing \$ invested Village-wide, which includes Community Development, Parks & Recreation, Fair Barn and Harness Track marketing budgets. The increase in marketing \$ invested in FY18-22 includes funds for professional photography and video needed to help better market the Village and its services.</p>						



George P. Lane Welcome Center



Department Profile

Recreation is a division within the Parks and Recreation Department. The Parks and Recreation Director reports directly to the Assistant Village Manager of Operations and is a member of the senior leadership team. The Director provides management support to all of the divisions in the department, which includes Recreation, Harness Track, Fair Barn, and Buildings & Grounds. In addition to the Director, the Recreation Division includes an Athletic Coordinator, Program Coordinator, Special Event Coordinator, and part-time Event Assistant who, in conjunction with the Director, are charged with providing the citizens of Pinehurst with a variety of recreational pursuits that enrich the quality of the lives of the participants. Areas of focus for FY 2018 include:

- Beginning design of a new Community Center
- Overseeing the paving of the existing dirt parking lot at Cannon Park
- Developing plans for a Pinehurst Fair to be held in FY 2019
- Expanding marketing of recreation programs and events
- Utilizing feedback from Point of Service surveys of participants to improve programs and facilities

Additional information about the Recreation Division may be obtained by contacting Mark Wagner, Parks and Recreation Director, at 910.295.2817 or mwagner@vopnc.org.

Budget Summary

Expenditures by Type	FY 2016 Actual	FY 2017 Budget	FY 2017 Estimated	FY 2018 Budgeted	Percent Change
Salaries & Benefits	\$ 417,901	\$ 448,950	\$ 430,452	\$ 485,450	8.1%
Operating	822,168	1,002,164	944,119	1,169,600	16.7%
Capital	466,593	700,897	652,897	274,560	-60.8%
Expenditures Total	\$ 1,706,662	\$ 2,152,011	\$ 2,027,468	\$ 1,929,610	-10.3%

Revenues by Type	FY 2016 Actual	FY 2017 Budget	FY 2017 Estimated	FY 2018 Budgeted	Percent Change
Athletic Programs	\$ 30,963	\$ 32,000	\$ 32,000	\$ 31,000	-3.1%
Recreation Fees	105,117	88,500	98,500	109,000	23.2%
Facility Rentals	47,786	35,500	45,000	49,000	38.0%
Revenues Total	\$ 183,866	\$ 156,000	\$ 175,500	\$ 189,000	21.2%

FY 2018 Department Goals, Objectives, and Key Performance Indicators

Strategic Goal: Maintain an Active, Healthy Community

KPI	Type	FY 2015 Actual	FY 2016 Actual	FY 2017 Est.	FY 2018 Proj.	FY 2022 Proj.
Department Goal: Provide adequate parks and recreation facilities						
# of acres of developed parks per 1,000 population ¹	Effectiveness	9.23	9.09	9.09	8.75	8.24
# of developed acres of parks maintained per FTE ²	Efficiency	35.84	35.84	35.84	28.67	28.67
% of residents satisfied with the quality of Village parks	Effectiveness	97%	97%	97%	95%	95%
% of residents satisfied with P&R facilities	Effectiveness	93%	94%	93%	90%	90%
# of days the Arboretum is used	Output	67	104	99	100	100

Notes: ¹ As the projected population increases and no new development of parks is planned, the # of acres of parks per 1,000 population is projected to decrease. The *FY18-22 IAP (Recreation Facilities)* includes the development of a master plan for West Pinehurst Park's in FY22. ² The FY18 budget includes the addition of a full-time Grounds Specialist position in B&G to help maintain parks, thus the FY18 projected decrease in # of developed acres of parks maintained per FTE.



Strategic Goal: Maintain an Active, Healthy Community

KPI	Type	FY 2015 Actual	FY 2016 Actual	FY 2017 Est.	FY 2018 Proj.	FY 2022 Proj.
Department Goal: Provide a variety of athletic and recreation programs for all ages						
Total # of participants in athletic and recreation programs ¹	Output	3,633	4,334	4,400	4,400	5,305
Resident participation rate as a % of total participants in athletic and recreation programs ¹	Effectiveness	74%	69%	74%	72%	75%
% of athletic and recreation program participants who are adults ¹	Output	34%	42%	37%	38%	36%
% of athletic and recreation program participants who are youth ¹	Output	66%	58%	63%	62%	64%
# of athletic and recreation program participants per Recreation Coordinator FTE	Efficiency	1,816	2,167	2,200	2,200	2,652
Residents recreation program participants as a % of population ¹	Effectiveness	17%	19%	20%	19%	23%
% of residents satisfied with the quality of youth recreation programs ¹	Effectiveness	90%	94%	92%	90%	95%
% of residents satisfied with the quality of adult recreation programs ¹	Effectiveness	89%	92%	93%	90%	95%
Notes: ¹ The <i>FY18-22 IAP (Recreation Facilities)</i> will impact these KPIs based on the projected resident/non-resident participation rates in expanded programs that will be offered with a new Community Center that is planned to open on FY20. With an expansion of recreation programs, VOP expects resident satisfaction ratings to increase over the five-year period.						
Department Goal: Provide cultural arts events						
# of Village sponsored cultural arts events ¹	Output	67	74	65	66	66
Notes: ¹ While the # of cultural events has declined, there has been a greater focus on expanding key events to larger audiences.						

Strategic Goal: Provide Multi-Modal Transportation Systems

KPI	Type	FY 2015 Actual	FY 2016 Actual	FY 2017 Est.	FY 2018 Proj.	FY 2022 Proj.
Department Goal: Provide interconnected greenway trails, bike paths, and other pedestrian facilities						
# of miles of greenway trails per 1,000 population	Effectiveness	0.44	0.45	0.48	0.46	0.44
Notes: With no planned additions to greenway trails in the five-year period, the ratio of miles to population will decline as population increases.						

Strategic Goal: Maintain a Healthy Financial Condition

KPI	Type	FY 2015 Actual	FY 2016 Actual	FY 2017 Est.	FY 2018 Proj.	FY 2022 Proj.
Department Goal: Recover program and event costs through fees						
% of direct costs recovered through recreation fees	Effectiveness	n/a	n/a	75%	75%	75%
\$ of revenues obtained for Village sponsored cultural arts events ¹	Output	\$2,800	\$9,666	\$11,000	\$12,000	\$38,000
Notes: ¹ With the expansion of cultural events to larger audiences, VOP has been successful in obtaining sponsorships.						

FY 2018-2022 Initiative Action Plans

Initiative Action Plans	FY	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
<i>Recreation Facilities AOF</i> – Construct a Community Center; Pave Cannon Park parking lot; Replace Rassie Wicker Park playground; Develop a West Pinehurst Park Master Plan	FY 2018-2022	\$533,200	\$3,904,900	\$179,760	\$186,000	\$390,300



Department Profile

The Library Department includes funds for contributions to the Given Memorial Library. Given Tufts is a non-profit 501(c)3 that operates the Given Memorial Library and the Tufts Archives in the Village Center. The Village provides public library services through an operating contract with the Given Memorial Library. In addition, starting FY 2013, the Village began making annual payments toward a \$1,000,000 pledge to the Library’s \$4,500,000 capital expansion campaign. The Library includes:

- A collection of over 23,000 items including fiction, non-fiction, audio books, e-books, reference, large print, and children’s books
- Free wireless internet, a laptop computer, and a printer for public use
- Children’s programs throughout the year
- Tufts Archives, the Pinehurst History Museum

Additional information about the Library Department may be obtained by contacting John G. Frye, CPA, Financial Services Director, at 910.295.1900 or jfrye@vopnc.org.

Budget Summary

Expenditures by Type	FY 2016 Actual	FY 2017 Budget	FY 2017 Estimated	FY 2018 Budgeted	Percent Change
Operating	\$ 225,000	\$ 200,000	\$ 200,000	\$ 200,000	0.0%
Expenditures Total	\$ 225,000	\$ 200,000	\$ 200,000	\$ 200,000	0.0%



FY 2018 Department Goals, Objectives, and Key Performance Indicators

Strategic Goal: Maintain an Active, Healthy Community

KPI	Type	FY 2015 Actual	FY 2016 Actual	FY 2017 Est.	FY 2018 Proj.	FY 2022 Proj.
Department Goal: Support the provision of public library services						
# of books checked out ¹	Output	36,264	35,542	34,298	35,000	35,000
# of e-books checked out ¹	Output	8,168	8,545	9,686	9,700	10,100
\$ spent to support Given Memorial Library ²	Input	\$405,000	\$225,000	\$200,000	\$200,000	\$100,000
<p>Notes: ¹ Estimates and projections of books and e-books checked out were provided by Given Memorial Library staff. ² In FY18, VOP will make the final \$100,000 installment on its \$1 million pledge to the Given Memorial Library capital expansion campaign. Under the terms of the agreement, if the Library does not meet its fundraising goals, the \$1 million VOP has contributed to an escrow account will revert to VOP in FY20. The FY18 budget and five-year plan include \$100,000 in annual operating support.</p>						



Given Memorial Library



Department Profile

The Harness Track Division of the Parks and Recreation Department reports to the Parks and Recreation Director. The Harness Track Division includes one Track Supervisor, three full-time Track Specialists, and part-time seasonal personnel responsible for the operations and maintenance of the Harness Track facility. The Village rents the Harness Track horse training facility to show promoters, trainers, and other outside groups. Areas of focus for FY 2018 include:

- Continue maintaining three sand-clay training tracks (a ½ mile track, a 5/8 mile track, and a 1 mile track) totaling 2.25 miles on 111 acres at a high level
- Increasing social media promotion of the Harness Track to maximize rentals of 260 stalls and utilization of the facility for events
- Maintaining a Track Restaurant and Tack Shop
- Seeking to generate between \$270,000 and \$290,000 in revenue annually

Additional information about the Harness Track Division of the Parks and Recreation Department may be obtained by contacting Mark Wagner, Parks and Recreation Director, at 910.295.2817 or mwagner@vopnc.org.

Budget Summary

Expenditures by Type	FY 2016 Actual	FY 2017 Budget	FY 2017 Estimated	FY 2018 Budgeted	Percent Change
Salaries & Benefits	\$ 186,969	\$ 199,500	\$ 184,951	\$ 202,000	1.3%
Operating	261,204	313,900	296,950	333,760	6.3%
Capital	162,403	282,831	282,831	105,101	-62.8%
Expenditures Total	\$ 610,576	\$ 796,231	\$ 764,732	\$ 640,861	-19.5%

Revenues by Type	FY 2016 Actual	FY 2017 Budget	FY 2017 Estimated	FY 2018 Budgeted	Percent Change
Stall Rental	\$ 244,605	\$ 230,000	\$ 225,000	\$ 235,000	2.2%
Tack Shop Rental	5,169	4,800	5,088	5,000	4.2%
Restaurant Rent	6,600	6,600	6,655	6,600	0.0%
Shows/Events Revenue	35,046	37,000	37,000	25,000	-32.4%
Revenues Total	\$ 291,420	\$ 278,400	\$ 273,743	\$ 271,600	-2.4%



Harness Track Matinee Races



FY 2018 Department Goals, Objectives, and Key Performance Indicators

Strategic Goal: Maintain a Healthy Financial Condition

KPI	Type	FY 2015 Actual	FY 2016 Actual	FY 2017 Est.	FY 2018 Proj.	FY 2022 Proj.
Department Goal: Provide a high quality equestrian training and event venue						
% of Harness Track building renovations completed on schedule	Effectiveness	100%	100%	100%	100%	100%
# of Harness Track facility acres	Input	111	111	111	111	111
# of Harness Track facility acres maintained per FTE	Efficiency	27.75	27.75	27.75	27.75	27.75
% of customers satisfied with the Harness Track facility	Effectiveness	100%	100%	95%	95%	95%
Notes: There are no significant changes planned for the Harness Track venue.						
Department Goal: Maximize utilization of the Harness Track						
# of stalls available for rent	Input	260	260	260	260	260
Cumulative # of stalls rented	Output	236	256	253	250	250
% of capacity reached for stall rentals ¹	Effectiveness	91%	98%	97%	96%	96%
# of days the Harness Track is rented for equestrian events	Output	25	21	15	17	17
# of days the Harness Track is rented for non-equestrian events ²	Output	13	31	8	10	14
% of days the Harness Track is rented ²	Effectiveness	22%	31%	13%	16%	18%
Notes: ¹ Each year, VOP strives to reach maximum capacity of harness track stalls that are rented to standardbred trainers. ² The FY17 decline in the # of days the Harness Track is rented for non-equestrian events is a result of the local youth soccer league moving their practices from the infields. This also resulted in a decrease in the % of days the Harness Track is rented.						
Department Goal: Maximize profitability of the Harness Track						
% of Harness Track operating expenditures recovered with fees	Effectiveness	54%	65%	57%	53%	57%
Notes: In FY15, VOP conducted an evaluation of the Harness Track operations to identify alternatives to increasing profitability. Some changes included the addition of show rings in the infield, a reduction in fleet, and increases in fees.						



Department Profile

The Fair Barn is a Division of the Parks and Recreation Department and operates under the direction of the Events Coordinator. The Fair Barn Department is comprised of the Fair Barn Coordinator, several part-time assistants, and part-time laborers who provide the manpower, supplies, expertise, and management for the operations and maintenance of the Fair Barn. The Fair Barn is a renovated 6,400 square foot National Historic Landmark located at the Harness Track that was designed as an exhibition hall for the Sandhills Fair in 1917. The Village rents the Fair Barn to outside groups as a venue for weddings and other large events that can accommodate up to 600 people. Areas of focus for FY 2018 include:

- Enhancing the outdoor hardscape and landscaping to provide outdoor entertainment space for renters
- Partnering with Pinehurst Resort to market the Fair Barn for weekday corporate events
- Maintaining 6,400 square feet of rental space at a high level
- Promoting and managing the facility to maximize its use and generate approximately \$220,000 in revenue

Additional information about the Fair Barn Division of the Parks and Recreation Department may be obtained by contacting Mark Wagner, Parks and Recreation Director, at 910.295.2817 or mwagner@vopnc.org.

Budget Summary

Expenditures by Type	FY 2016 Actual	FY 2017 Budget	FY 2017 Estimated	FY 2018 Budgeted	Percent Change
Salaries & Benefits	\$ 104,207	\$ 122,800	\$ 105,395	\$ 129,000	5.0%
Operating	157,892	206,770	184,770	215,040	4.0%
Capital	50,382	92,046	92,046	103,960	12.9%
Expenditures Total	\$ 312,481	\$ 421,616	\$ 382,211	\$ 448,000	6.3%

Revenues by Type	FY 2016 Actual	FY 2017 Budget	FY 2017 Estimated	FY 2018 Budgeted	Percent Change
Fair Barn Rental	\$ 249,785	\$ 215,000	\$ 225,000	\$ 215,000	0.0%
Shows/Events Revenue	4,555	3,000	3,500	3,000	0.0%
Revenues Total	\$ 254,340	\$ 218,000	\$ 228,500	\$ 218,000	0.0%



Fair Barn



FY 2018 Department Goals, Objectives, and Key Performance Indicators

Strategic Goal: Maintain a Healthy Financial Condition

KPI	Type	FY 2015 Actual	FY 2016 Actual	FY 2017 Est.	FY 2018 Proj.	FY 2022 Proj.
Department Goal: Provide a high quality event venue						
% of customers satisfied with the Fair Barn facility	Effectiveness	95%	100%	100%	95%	95%
<p>Notes: In FY16, the Fair Barn was awarded the prestigious WeddingWire’s Couples' Choice Awards 2016 for event venues nationwide. This award is given to the top five percent of wedding professionals in more than 20 service categories and is comprised of more than 400,000 professionals globally. Because of the unique nature of the venue and the exceptional service provided by staff, VOP achieves high satisfaction ratings with the facility.</p>						
Department Goal: Maximize utilization of the Fair Barn						
# of weekdays the Fair Barn is used ¹	Output	107	31	61	64	71
# of weekend days the Fair Barn is used	Output	98	108	89	91	99
Fair Barn weekday utilization rate ²	Effectiveness	51%	15%	28%	31%	34%
Fair Barn weekend utilization rate ³	Effectiveness	63%	69%	57%	58%	63%
<p>Notes: ¹ In FY15, the Recreation department utilized the Fair Barn for some programs, which accounts for the large # of weekdays used. ² In FY18, VOP will partner with Pinehurst Resort to help increase the weekday utilization rate by attracting corporate groups that are staying at the Pinehurst Resort. ³ Because the Fair Barn is such a popular event venue, weekends are typically booked well in advance and there are not a lot of opportunities to increase weekend utilization significantly.</p>						
Department Goal: Market and promote the Fair Barn						
# of client leads for weekday rentals	Output	n/a	n/a	40	45	52
# of client leads for weekend rentals	Output	n/a	n/a	522	527	547
<p>Notes: VOP staff began tracking the # of client leads in FY17 in order to more effectively monitor and follow up on them.</p>						
Department Goal: Maximize profitability of the Fair Barn						
% of Fair Barn operating expenditures recovered with fees	Effectiveness	92%	97%	95%	95%	99%
<p>Notes: In recent years, VOP staff have tried to recover operating expenditures associated with the Fair Barn with fees. In some instances, the Village Council waives fees for non-profit groups. If these groups had been charged the associated fees, over 100% of operating expenditures would have been recovered.</p>						



Department Profile

The Buildings & Grounds Division operates under the direction of the Parks and Recreation Director. This division includes a Building and Grounds Superintendent, a Maintenance Technician, and four Grounds Specialists that provide regular and preventative maintenance for all facilities owned by the Village as well as for selected Village-owned grounds and property. All expenditures of this department are charged back to other departments in the form of internal service charges. Areas of focus for FY 2018 include:

- Hiring an additional full-time Grounds Specialist II position
- Continuing to respond to work order requests in a timely fashion and striving to reduce the number of days to close work orders
- Overseeing several building improvement projects at the Police Station and the Public Services facility
- Conducting quarterly inspections of buildings, playgrounds, and greenway trail bridges
- Participating in the design of the new Community Center
- Overseeing renovations to segments of the greenway trail system in the Arboretum

Additional information about the Building & Grounds Division may be obtained by contacting Mark Wagner, Parks and Recreation Director, at 910.295.1900 or mwagner@vopnc.org.

Budget Summary

Expenditures by Type	FY 2016 Actual	FY 2017 Budget	FY 2017 Estimated	FY 2018 Budgeted	Percent Change
Salaries & Benefits	\$ 322,644	\$ 334,700	\$ 328,467	\$ 394,600	17.9%
Operating	558,042	712,985	665,010	817,190	14.6%
Capital	522,812	902,602	902,602	1,293,080	43.3%
Expenditures Total	\$ 1,403,498	\$ 1,950,287	\$ 1,896,079	\$ 2,504,870	28.4%



FY 2018 Department Goals, Objectives, and Key Performance Indicators

Strategic Goal: Professionally Manage a High Performing Organization

KPI	Type	FY 2015 Actual	FY 2016 Actual	FY 2017 Est.	FY 2018 Proj.	FY 2022 Proj.
Department Goal: Respond promptly to Building and Grounds work order requests						
# of B&G work order requests	Input	248	294	286	290	300
% of B&G work order requests closed within 14 days ¹	Effectiveness	83%	81%	90%	90%	95%
% of B&G work order requests that are an emergency	Effectiveness	6%	5%	8%	8%	5%
Average # of days to close B&G work orders ¹	Effectiveness	4.77	3.86	7.00	6.00	4.00
Notes: ¹ The average # of days to close B&G work order requests increased in FY17 due to a few requests that were delayed due to their complexity and outside vendors. The five-year financial plan includes the addition of a Maintenance Technician in FY19, which is projected to improve both the % of work orders closed within 14 days and the average # of days to close work orders.						

Strategic Goal: Maintain a Healthy Financial Condition

Department Goal: Effectively maintain Village buildings and grounds						
# of square feet of buildings maintained ¹	Output	108,802	108,802	108,802	108,802	126,802
# of square feet of buildings maintained per facilities maintenance FTE ²	Efficiency	108,802	108,802	108,802	108,802	63,401
% of Village buildings inspected quarterly	Effectiveness	94%	99%	97%	95%	95%
% of playground inspections completed according to schedule	Effectiveness	88%	88%	100%	100%	100%
% of greenway/trail bridges inspected according to schedule	Effectiveness	n/a	100%	95%	100%	100%
Notes: ¹ The # of square feet of buildings is projected to increase by the addition of an 18,000 sf Community Center in FY19. ² The # of square feet maintained per FTE is projected to be cut in ½ when the addition of a second Maintenance Technician position is added in FY19.						



Department Profile

The Fleet Director reports directly to the Assistant Village Manager of Operations and is a member of the Senior Leadership Team. The Fleet Maintenance Department consists of the Director and two Technicians who are responsible for providing regular and preventative maintenance for all vehicles and equipment operated by the Village. All expenditures of this department are charged back to other departments in the form of internal service charges. Areas of focus for FY 2018 include:

- Improving time record management by accurately logging time spent on maintaining vehicles and equipment
- Increase the # of preventative maintenance (PM) checks on vehicles to more effectively maintain vehicles
- Acquiring new vehicles and equipment according to the Fleet Replacement Plan
- Responding promptly to fleet work order requests

Additional information about the Fleet Maintenance Department may be obtained by contacting Randy Kuhn, Fleet Manager, at 910.295.0005 or rkuhn@vopnc.org.

Budget Summary

Expenditures by Type	FY 2016 Actual	FY 2017 Budget	FY 2017 Estimated	FY 2018 Budgeted	Percent Change
Salaries & Benefits	\$ 227,801	\$ 241,050	\$ 233,418	\$ 247,050	2.5%
Operating	317,347	428,750	386,450	439,480	2.5%
Capital	620,397	1,093,080	1,093,080	914,570	-16.3%
Expenditures Total	\$ 1,165,545	\$ 1,762,880	\$ 1,712,948	\$ 1,601,100	-9.2%



Fleet Maintenance Department



FY 2018 Department Goals, Objectives, and Key Performance Indicators

Strategic Goal: Professionally Manage a High Performing Organization

KPI	Type	FY 2015 Actual	FY 2016 Actual	FY 2017 Est.	FY 2018 Proj.	FY 2022 Proj.
Department Goal: Respond promptly to fleet work order requests						
% of fleet work orders completed within 2 days of receipt	Effectiveness	82%	83%	80%	80%	80%
% of mechanic time spent on repairs & maintenance ¹	Effectiveness	32%	29%	45%	50%	50%
Notes: ¹ In FY17, VOP began tracking the % of mechanic time spent on repairs & maintenance and discovered that technicians were likely not recording their time properly in prior years. Therefore, the FY17 % is a better representation of the amount of time spent.						

Strategic Goal: Maintain a Healthy Financial Condition

KPI	Type	FY 2015 Actual	FY 2016 Actual	FY 2017 Est.	FY 2018 Proj.	FY 2022 Proj.
Department Goal: Effectively maintain Village vehicles and equipment to maximize availability						
# of vehicles maintained ¹	Output	97	108	98	100	101
# of equipment items maintained ¹	Output	61	62	62	65	65
# of vehicles and equipment items maintained per FTE	Efficiency	53	57	57	55	55
# of PMs completed ²	Output	141	139	250	400	404
% of PMs completed on time	Effectiveness	85%	100%	90%	90%	90%
% of rolling stock available	Effectiveness	98%	98%	98%	98%	98%
% of employees satisfied that repairs are made correctly the first time	Effectiveness	100%	94%	93%	94%	94%
Scheduled maintenance work orders as a % of total maintenance work orders	Effectiveness	38%	35%	35%	35%	35%
Notes: ¹ The projected # of vehicles and equipment maintained are based on the Fleet Replacement schedule. In FY17, VOP reduced its fleet of vehicles in several departments in an effort to operate more fiscally responsible. New vehicles added for FY18 are associated with one new position and a new van for the Recreation department. ² An area of focus for the Fleet department in FY18 is to increase the # of PMs completed on vehicles.						
Department Goal: Replace vehicles and equipment based on the predetermined life-cycle expectancy						
Average age of police sedans fleet (in years)	Effectiveness	5.4	5.9	5.8	5.2	4.3
Average age of automated garbage trucks fleet (in years)	Effectiveness	6.3	7.4	5.4	3.8	5.0
Average age of fire pumpers fleet (in years)	Effectiveness	9.8	10.8	11.8	7.8	7.0
Notes: The average age of police sedans, automated garbage trucks and fire pumpers are based on the Fleet Replacement Plan's schedule replacement using predetermined useful lives.						



Department Profile

The Chief Information Officer (CIO) reports directly to the Assistant Village Manager of Administration and is a member of the senior leadership team. In addition to the CIO, the Information Technology Department (IT) includes a Network Administrator, IT Systems Specialist, Business Analyst, and IT Technician. All of these positions are responsible for the support, maintenance, and security of hardware, software, and network infrastructure. All expenditures of this department are charged back to other departments in the form of internal service charges. Areas of focus for FY 2018 include:

- Maintaining more than 20 software programs and applications that support municipal services as well as the Village website, mobile app (MY VOP), database servers, email servers, Enterprise Resource Planning (ERP) system, and the new Welcome Center and downtown kiosks
- Managing a secure network infrastructure that has multiple WAN connections and over 320 devices including computers, physical and virtual servers, Wi-Fi, printers, and other technology equipment
- Maintaining the audio visual technology used in meeting rooms across the Village campus
- Responding promptly to IT work orders
- Assisting in the selection and implementation of two new software programs: permit and inspection software and job applicant tracking software

Additional information about the Information Technology Department may be obtained by contacting Jason Whitaker, Chief Information Officer, at 910.295.1900 or jwhitaker@vopnc.org.

Budget Summary

Expenditures by Type	FY 2016 Actual	FY 2017 Budget	FY 2017 Estimated	FY 2018 Budgeted	Percent Change
Salaries & Benefits	\$ 357,509	\$ 423,750	\$ 410,988	\$ 430,550	1.6%
Operating	395,533	503,860	465,860	566,800	12.5%
Capital	23,583	195,500	195,500	28,500	-85.4%
Expenditures Total	\$ 776,625	\$ 1,123,110	\$ 1,072,348	\$ 1,025,850	-8.7%

FY 2018 Department Goals, Objectives, and Key Performance Indicators

Strategic Goal: Professionally Manage a High Performing Organization

KPI	Type	FY 2015 Actual	FY 2016 Actual	FY 2017 Est.	FY 2018 Proj.	FY 2022 Proj.
Department Goal: Support technology users						
% of IT help desk tickets closed within 2 days	Effectiveness	88%	87%	89%	88%	88%
Average # of days to close IT help desk tickets	Effectiveness	0.45	0.40	0.50	0.50	0.50
# of IT help desk tickets closed per FTE per month	Efficiency	23	29	28	29	31
% of employees satisfied with the quality of IT help desk services	Effectiveness	100%	99%	98%	95%	95%
% of employees satisfied with the timeliness of IT help desk services	Effectiveness	98%	100%	98%	95%	95%
Notes: Because technology is one of VOP's core competencies, the IT department strives to promptly and competently respond to IT help desk tickets, which is reflective in the employee satisfaction ratings of the quality and timeliness of IT help desk services. Because of employee shift schedules, sometimes IT staff is not able to close tickets within the targeted 2 days.						



Strategic Goal: Professionally Manage a High Performing Organization

KPI	Type	FY 2015 Actual	FY 2016 Actual	FY 2017 Est.	FY 2018 Proj.	FY 2022 Proj.
Department Goal: Provide user access to a safe and secure network						
% of computers with current antivirus protection	Effectiveness	n/a	n/a	97%	95%	95%
Notes: VOP began tracking the % of computers with current antivirus protection in FY17 to help improve network security.						
Department Goal: Conduct efficient backups and disaster recovery						
% of time automatic backups are successful	Effectiveness	n/a	n/a	100%	97%	97%
Notes: VOP conducts automatic backups of data to ensure data availability and began tracking them in FY17.						
Department Goal: Provide high availability of network resources						
% of network uptime ¹	Effectiveness	n/a	n/a	99%	99%	99%
% of Internet Service Provider (ISP) uptime	Effectiveness	100%	100%	100%	99%	99%
Notes: ¹ Availability of network resources is routinely monitored by IT staff, who began tracking network uptime in FY17.						

Strategic Goal: Attract & Retain an Engaged Workforce

KPI	Type	FY 2015 Actual	FY 2016 Actual	FY 2017 Est.	FY 2018 Proj.	FY 2022 Proj.
Department Goal: Provide information technology training						
% of workforce with IT access who participate in IT orientation ¹	Effectiveness	100%	100%	100%	100%	100%
% of employees who participate in online IT training ²	Effectiveness	n/a	n/a	10%	10%	10%
Notes: ¹ All new employees with network access are required to attend mandatory IT orientation which includes an overview of VOP technology and the VOP Electronic Use Policy. ² VOP employees can take advantage of free online Microsoft software program training as a part of the VOP's Microsoft Licensing Agreement. VOP makes employees aware of this by including links on the VOP Intranet and sending periodic reminders through email that free online training is available.						

Strategic Goal: Maintain a Healthy Financial Condition

KPI	Type	FY 2015 Actual	FY 2016 Actual	FY 2017 Est.	FY 2018 Proj.	FY 2022 Proj.
Department Goal: Maintain the Village's technology infrastructure						
% of computers and servers that are 5 years old or less	Effectiveness	96%	96%	95%	95%	95%
Notes: VOP computers and servers are replaced on a 5-year life cycle in accordance with the Technology Replacement Plan. In some instances, however, individual computers may be utilized beyond the 5-year target replacement date depending on performance and organizational need.						



Department Profile

The Contingency Department includes a separate allocation of funds for unexpected items that may occur during a fiscal year. This practice of maintaining contingency funding is recommended by the Fiscal Management Staff of the N. C. Local Government Commission.

These funds may not legally exceed 5.0% of all other General Fund appropriations. Starting in FY 2018, the Village ended the practice of including a general contingency and rather, included a small amount of contingency within each departmental budget. The amount provided in each department is approximately 2% of the operating budget.

Additional information about the Contingency Department may be obtained by contacting John G. Frye, CPA, Financial Services Director, at 910.295.1900 or jfrye@vopnc.org.

Budget Summary

Expenditures by Type	FY 2016 Actual	FY 2017 Budget	FY 2017 Estimated	FY 2018 Budgeted	Percent Change
Operating	\$ -	\$ 50,000	\$ -	\$ -	-100.0%
Expenditures Total	\$ -	\$ 50,000	\$ -	\$ -	-100.0%



Department Profile

As a means to finance long-term capital purchases and projects, the Village of Pinehurst utilizes long-term debt. While simultaneously benefiting from its use, the Village has traditionally maintained a conservative position regarding the use of debt. Because of its importance to the Village’s financial solvency, debt is regulated not only by North Carolina statutes, but also by Council policy. See the *SOP Guide* section for the Debt Guidelines. For information on anticipated debt, please refer to the *Capital Improvement Plan* section.

The total amount of debt outstanding at June 30, 2017 will be \$1,066,354. This is a relatively small amount of direct debt compared to our taxable property of \$3,410,000,000. All of the Village’s debt is in the form of installment purchase agreements.

As the Village has not issued any General Obligation Bonds, we have not been rated by a national rating agency such as Moody’s Investment Service or Standard and Poors.

Additional information about Debt Service expenditures may be obtained by contacting John G. Frye, CPA, Financial Services Director, at 910.295.1900 or jfrye@vopnc.org.

Budget Summary

Expenditures by Type	FY 2016 Actual	FY 2017 Budget	FY 2017 Estimated	FY 2018 Budgeted	Percent Change
Principal	\$ 406,502	\$ 368,784	\$ 368,784	\$ 329,212	-10.7%
Interest	57,721	43,938	43,938	33,301	-24.2%
Expenditures Total	\$ 464,223	\$ 412,722	\$ 412,722	\$ 362,513	-12.2%



Debt Service

The chart below indicates the total debt service payments due under the terms of each of the Village's financing agreements over the next five-year period. It also offers financing details of each installment agreement:

Description	Fiscal Year				
	2018	2019	2020	2021	2022
Debt Service Payments on Installment Purchase Agreements					
Firetruck - Unit 914 \$550,000; due in 14 semi-annual payments of \$41,917 beginning on 2/1/14; final payment due on 8/1/20; interest @ 1.75%; collateralized by firetruck.	\$ 84,825	\$ 83,825	\$ 83,825	\$ 41,549	\$ -
Fire Station \$2,500,000; due in 30 semi-annual payments consisting of fixed principal of \$83,334 plus interest @ 3.44%; collateralized by Fire Station bldg; final payment due on 03/15/20.	182,434	176,700	170,967	-	-
Fair Barn \$1,000,000; due in 40 semi-annual payments consisting of fixed principal of \$25,000 plus interest @ 4.60%; collateralized by Fair Barn building; final payment due on 03/11/22.	60,925	58,625	56,325	54,025	51,725
67.04 Acres (Chicken Plant Road) \$500,000; due in 30 semi-annual payments consisting of fixed principal of \$16,667 plus interest @ 3.98%; collateralized by 67.04 acres of land; final payment due 04/15/18.	34,329	-	-	-	-
Total Debt Service	\$ 362,513	\$ 319,150	\$ 311,117	\$ 95,574	\$ 51,725



Debt Service

The charts below indicate the total principal and interest due under the terms of each of the Village's financing agreements until maturity by project and by fiscal year:

Project	FY 2018		FY 2019		FY 2020	
	Principal	Interest	Principal	Interest	Principal	Interest
Fire Station	\$ 166,667	\$ 15,767	\$ 166,667	\$ 10,033	\$ 166,667	\$ 4,300
Firetruck 914	79,211	5,614	80,603	3,222	82,020	1,805
Fair Barn	50,000	10,925	50,000	8,625	50,000	6,325
67.04 Acres	33,334	995	-	-	-	-
Totals	<u>\$ 329,212</u>	<u>\$ 33,301</u>	<u>\$ 297,270</u>	<u>\$ 21,880</u>	<u>\$ 298,687</u>	<u>\$ 12,430</u>

Project	FY 2021		FY 2022-2026		FY 2027-2031	
	Principal	Interest	Principal	Interest	Principal	Interest
Firetruck 914	\$ 41,185	\$ 364	\$ -	\$ -	\$ -	\$ -
Fair Barn	50,000	4,025	50,000	1,725	-	-
Totals	<u>\$ 91,185</u>	<u>\$ 4,389</u>	<u>\$ 50,000</u>	<u>\$ 1,725</u>	<u>\$ -</u>	<u>\$ -</u>

Project	Total Balance by Project		
	Principal	Interest	Total
Fire Station	\$ 500,001	\$ 30,100	\$ 530,101
Firetruck 914	283,019	11,005	294,024
Fair Barn	250,000	31,625	281,625
67.04 Acres	33,334	995	34,329
Totals	<u>\$ 1,066,354</u>	<u>\$ 73,725</u>	<u>\$ 1,140,079</u>

Fiscal Year(s)	Total by Fiscal Year(s)		
	Principal	Interest	Total
FY 2018	\$ 329,212	\$ 33,301	\$ 362,513
FY 2019	297,270	21,880	319,150
FY 2020	298,687	12,430	311,117
FY 2021	91,185	4,389	95,574
FY 2022-2026	50,000	1,725	51,725
Totals	<u>\$ 1,066,354</u>	<u>\$ 73,725</u>	<u>\$ 1,140,079</u>



Computation of Legal Debt Limit

Net Assessed Value - June 30, 2016	\$ 3,342,873,433	
	<u>8.0%</u>	
Debt Limit - Eight Percent (8.0%) of Assessed Value	\$ 267,429,875	
Gross Debt:		
Installment Purchase Agreements	<u>1,435,323</u>	
Total Amount of Debt Applicable to Debt Limit (Net Debt)	<u>1,435,323</u>	0.04%
Legal Debt Margin	<u>\$ 265,994,552</u>	

The Village is subject to the Local Government Bond Act of North Carolina, which limits the amount of net bonded debt the Village may have outstanding to 8% of the assessed value of the property subject to taxation. The Village's net debt as a percentage of assessed valuation at June 30, 2016 is 0.04% compared to the legal debt limit of 8%.



Other Financing Uses

Department Profile

Other Financing Uses represent transfers out of the General Fund to other funds. The budget for FY 2018 includes a \$344,000 transfer to the Community Center Capital Project Fund for design costs.

Additional information about Other Financing Uses may be obtained by contacting John G. Frye, CPA, Financial Services Director, at 910.295.1900 or jfrye@vopnc.org.

Budget Summary

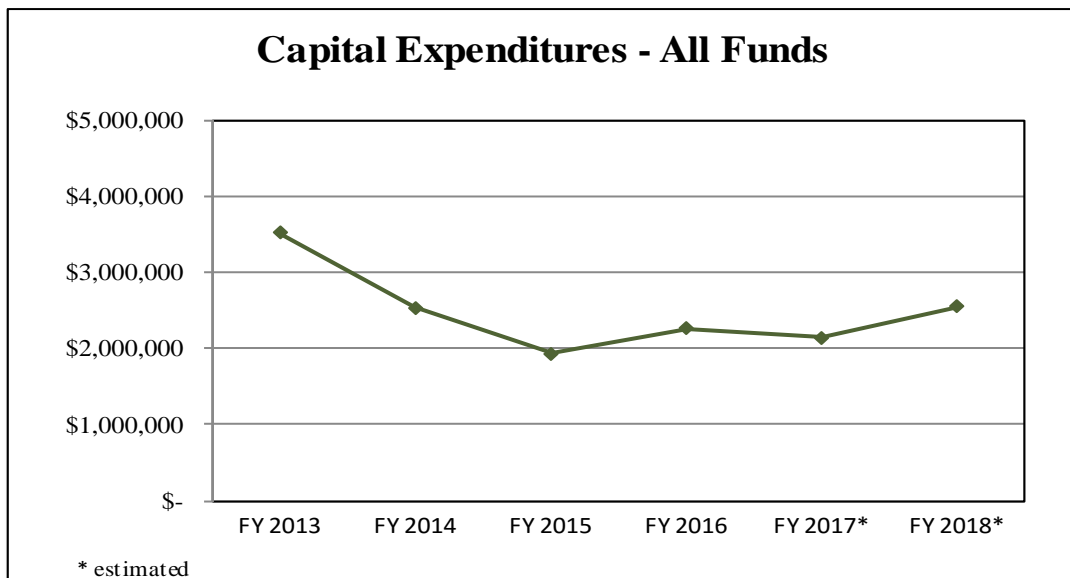
Expenditures by Type	FY 2016 Actual	FY 2017 Budget	FY 2017 Estimated	FY 2018 Budgeted	Percent Change
Operating	\$ -	\$ -	\$ -	\$ 344,000	100.0%
Expenditures Total	\$ -	\$ -	\$ -	\$ 344,000	100.0%



Description

Capital expenditures are appropriated within each fund, typically in the General Fund and Capital Project Funds, when applicable. This section is provided to give the reader a summary of all capital expenditures and to provide trend data related to capital expenditures.

The Village is committed to protect and maintain its capital investments. The chart below illustrates the historical capital expenditure levels by the Village.



Summary

Capital expenditures are typically accounted in either the General Fund or the Capital Project Funds. In the General Fund, appropriations are made on an annual basis. These capital outlays are included in the *General Fund* section by department. In the Capital Project Funds, a project ordinance is adopted for a multi-year period and remains in effect until the project is completed. The following sections highlight capital expenditures in both the General and Capital Project funds.



Capital Expenditures

General Fund Capital Expenditures

The schedule on the following pages details the specific capital items funded in the FY 2018 Budget. In addition to routine vehicle and equipment replacements, the Village intends to make improvements along McIntyre Road; build pedestrian facilities; make storm drainage improvements; renovate and repair structures at the Fair Barn and Harness Track; finalize the Public Services Complex redevelopment; and pave the Cannon Park parking lot. Please refer to the *General Fund* section for additional information on these items.

General Fund Capital Items	Budget Department	FY 2018 Funded Amount
Public Safety		
Opticom - Traffic Light Preemption System	Fire	\$ 15,000
Thermal Imager	Fire	9,500
Total Public Safety		24,500
Transportation		
Public Services Complex Paving	Public Services	44,100
Public Services Complex Gravel	Public Services	35,000
Small Drainage Projects	Streets & Grounds	85,000
St. Andrews Drive - Storm Drainage Project	Streets & Grounds	25,000
McIntyre Road - Business District Streetscapes	Streets & Grounds	145,000
Total Transportation		334,100
Buildings & Grounds Maintenance		
Replace HVAC in Village Hall	Administration	12,000
Refinish Bay Floor at Station 91	Fire	25,000
Repair Bay Floor at Station 92	Fire	8,500
Landscaping and Irrigation	Fair Barn	27,000
Repair Stucco Exterior	Fair Barn	27,000
Gutters for Annex	Fair Barn	5,000
Parking Lot Improvements	Fair Barn	37,000
Replace Siding	Harness Track	35,000
Barn Renovation	Harness Track	10,000
Irrigation Installation for Entrance	Harness Track	8,000
Sewer Connections	Harness Track	25,000
Break Room Renovation	Police	8,000
Construct Storage Room	Police	8,000
Replace HVAC	Police	12,000
Break Room Renovation	Public Services Admin	6,000
Wicker Park Irrigation	Recreation	30,000
Cannon Park Parking Lot	Recreation	120,000
Wicker Park Maintenance Building Expansion	Recreation	40,000
Greenway Trail Improvements	Recreation	30,000
Pedestrian Facilities	Streets & Grounds	430,000
Total Buildings & Grounds Maintenance		903,500



Capital Expenditures

General Fund Capital Expenditures (continued)

General Fund Capital Items	Budget Department	FY 2018 Funded Amount
Information Technology		
Server - Phone System Host	Information Technology	\$ 7,000
Server - VDI Renamed to System Center	Information Technology	7,000
Server - PD Hyper-V	Information Technology	14,500
Total Information Technology		28,500
Fleet Maintenance		
Chevy Express Van	Buildings & Grounds	25,000
Pickup Truck	Buildings & Grounds	20,000
Ford F250	Harness Track	20,000
Dodge Charger	Police	28,000
Dodge Charger	Police	28,000
Dodge Charger	Police	28,000
Passenger High Top Van	Recreation	44,000
International 4300	Solid Waste	180,000
Chevy 5500	Solid Waste	145,000
Ford 5610 Tractor	Streets & Grounds	56,000
Chevy Dump Truck - 2.5 Ton	Streets & Grounds	140,000
VMC Arm Mower	Streets & Grounds	40,000
John Deere 410G Loader Backhoe	Streets & Grounds	135,000
Salt/Sand Spreader	Streets & Grounds	10,000
Plow	Streets & Grounds	5,000
Forks	Streets & Grounds	10,000
Total Fleet Maintenance		914,000
General Fund Total		\$ 2,204,600
% of Expenditures		11.7%

Multi-Year Capital Project Fund Capital Items	FY 2018 Funded Amount
Capital Projects	
Community Center	\$ 344,000
Capital Project Fund Total	\$ 344,000

See the *Capital Project Fund* section for details on the current projects.



Description

Capital project funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds. Capital projects are approved through a separate Capital Project Ordinance as they usually span over more than one fiscal year. The Village of Pinehurst is currently planning for one capital project fund. This fund is detailed later in this section and includes:

❖ Community Center Capital Project Fund

This section will provide information regarding the major on-going or upcoming capital projects for the Village of Pinehurst, the revenues to date, the expenditures to date, a brief description of the project, as well as the anticipated impact of the project on the operating budget.

Summary

The Village intends to construct a Community Center to provide additional indoor space for recreational programs and other activities. The exact location of the facility is yet to be determined, but it will likely be located in either Cannon Park or Wicker Park. The project is scheduled to be designed in FY 2018 and constructed in FY 2019.



Potential Community Center Location - Cannon Park



Community Center Capital Project Fund

Budget Highlights

The Community Center Capital Project Fund was established to account for the costs incurred in the design and construction of a community center. The center would provide approximately 18,000 square feet of indoor recreation space including a gymnasium and multiple classrooms. The facility would also provide office space for the Parks and Recreation staff. The \$4,119,000 project will be funded by \$3,119,000 in cash from the General Fund and financing proceeds of \$1,000,000.

The project will begin in FY 2018 and there have been no expenditures to date. Design and engineering costs of \$344,000 are anticipated in FY 2018 with construction of the facility planned for FY 2019. A capital project budget ordinance outlined below will be adopted by the Village Council in FY 2018.

Community Center Expenditures and Revenues

Expenditures by Type	Project Budget	Amount Spent to Date	Balance Remaining
Design and Engineering Costs	\$ 344,000	\$ -	\$ 344,000
Construction Costs	3,775,000	-	3,775,000
Expenditures Total	\$ 4,119,000	\$ -	\$ 4,119,000

Revenues by Type	Project Budget	Amount Received to Date	Balance Remaining
Transfer from General Fund	\$ 3,119,000	\$ -	\$ 3,119,000
Loan Proceeds	1,000,000	-	1,000,000
Revenues Total	\$ 4,119,000	\$ -	\$ 4,119,000

Impact on Operating Budget

There will be no impact on the General Fund operating budget for the FY 2018 fiscal year, other than the transfer of \$344,000 as an “other financing use”. Once the facility is completed in FY 2019, operating costs in the General Fund will increase to support salaries, utilities, supplies, and other programming costs. These additional costs will be offset to some degree by savings from vacating rented facilities and additional programming revenues. These revenue and expenditure changes have been incorporated into the Village’s CIP and are detailed in that section. They are also reflected in the five-year financial forecast.



Introduction

Purpose

The Village of Pinehurst is a high performing, results oriented organization. We are focused on fulfilling our mission and achieving the short-term and long-term performance levels indicated on our Balanced Scorecard (BSC). A reliable long-term financial forecast is an important part of ensuring that adequate resources are available to meet future financial obligations. It also assists us in meeting the Council's strategic goal to "Maintain a Healthy Financial Condition" and achieve the long-term financial targets on our Balanced Scorecard.

Each year, the Financial Services Department prepares a Five-Year Financial Forecast (Forecast) to ensure the Village can achieve the long-term performance target levels on the Village's BSC and department balanced scorecards while maintaining a healthy and sustainable financial position.

The Village has budgetary and financial policies that set forth basic guidance for the financial management of the Village. These policies, provided in the *Strategic Operating Plan Guide* section of this document, are based upon long-standing principles of public stewardship. The Forecast serves to inform decision makers of the long-term financial implications of the decisions they are making today.

Methodology

The Forecast includes five-year projections of revenues, operating expenditures, anticipated debt service for capital financed, and planned capital expenditures. It is inclusive of the Strategic Initiatives in the forecasted period and the impact those initiatives are projected to have on both capital expenditures and ongoing operating costs.

Sound and conservative financial principles are utilized when preparing the plan. Much effort is taken to ensure that all costs associated with a Strategic Initiative, capital addition, or program are included in the plan. This is done to ensure the plan is as accurate as possible in predicting financial outcomes and to ensure that adequate resources are available to meet future obligations.

After the issuance of the Village's audit report each fall, Financial Services staff begin compiling the data needed to update the Forecast. Files containing historical financial information are updated to include the current year's audited data. This annual update ensures that the plan is based upon the most relevant data available.

Revenue Forecasting

Significant revenues of the Village are forecast on a line-by-line basis. They are generally projected based on historical trends and other available information. For instance, property tax revenues are dependent on new construction trends and property revaluations. All of these factors are taken into account to forecast property tax revenues. Some revenues, like sales taxes, are directly linked to the overall economy. This makes these revenues more difficult to predict on a long-term basis.



Five-Year Financial Forecast FY 2018-2022

The Village also relies heavily on information provided by the North Carolina League of Municipalities (NCLM). The NCLM issues a revenue forecast memo each spring, in conjunction with economists at the North Carolina General Assembly, which contains projected growth rates for state-collected local revenues.

Department Heads and financial staff also review internal data on programs and activities to accurately forecast fees and charges revenues over the five-year planning horizon.

Operating Expenditure Forecasting

Salaries and benefits make up more than half of the Village's budgeted expenditures each year, so forecasting them accurately is critical to producing a reliable plan. Staff begins by developing the current year personnel budget. Each Department Head also projects staffing needs over the five-year period and completes a staffing request for the Forecast. The Senior Leadership Team reviews these requests and determines which positions to include in the Forecast. The budget is based upon each approved position by department and also includes the new positions approved to be added. Part-time staffing requirements and overtime are also estimated.

Merit raise ranges are estimated for the five-year period in consultation with the Village Manager and the Human Resources department. Other benefit costs are estimated at their individual growth rates based upon information from the North Carolina Retirement System, our insurance providers, and our benefits consultants.

The current year forecast is then used to project the remaining four years of the plan using key assumptions set by the Financial Services Director.

Each year, departments develop Initiative Action Plans (IAPs) that are designed to improve performance levels indicated on the Village's BSC. These initiatives may include operating and capital expenditures. Each approved IAP has its own five-year financial plan that indicates the expenditures related to the initiative by year. If there are revenues or cost savings associated with the IAP, these are also included. Financial Services staff analyze the IAPs and incorporate the financial data contained in the plans into the five-year forecast. The *Strategic Priorities* section provides a description and the estimated net cost of IAPs included in the five-year financial forecast.

The forecast for other operating expenditures is based on the current year's operating expenditures budget. The forecast takes current operating expenditures, which are not related to personnel or a specific IAP, and forecasts them based on an inflation factor. To ensure the accuracy of the plan, a listing of adjustments by year is maintained to adjust for known additions or deductions from the plan. For instance, if the Village has a significant operating lease that expires in the second year of the plan, the item is removed from the plan in the third year. The forecast will not contain these costs in the third year and going forward. The financial plans for all IAPs are reviewed carefully to ensure that new operating costs that begin after the first year of the plan are included. Also, operating expenditures and revenues related to major capital additions are manually added to the forecast in the same manner.



Five-Year Financial Forecast FY 2018-2022

Capital Expenditure Forecasting

The Village's *Capital Improvement Plan (CIP)* that follows this section is a detailed plan of capital additions and replacements in the five-year period. The CIP is used to plan for the acquisition of vehicles, equipment, infrastructure, new facilities, and other capital assets valued at over \$5,000.

Adequate resources must be made available for the timely replacement of the Village's capital assets. The Forecast allows decision makers to monitor planned capital investment levels to ensure that the balance between operating needs and capital needs is being maintained across the planning horizon.

More details on how the capital forecast is developed is contained in the *Capital Improvement Plan* in the next section of this document.

FY 2018-2022 Five-Year Financial Forecast

Revenue Forecast and Significant Assumptions

The FY 2018-2022 Forecast projects operating revenues to grow from \$17,854,600 to \$19,077,000 over the next five years. The property tax rate is planned to remain at \$0.295 cents per \$100 valuation across the planning period. Real property taxes are estimated to grow at 1.1% over the planning period due to the construction of new homes and commercial properties. Local option sales taxes are planned to increase at 3.5% per year in the plan. Other unrestricted intergovernmental revenues are planned to increase or decrease at varying rates based upon the NCLM forecast and other available information.

Operating Expenditure Forecast and Significant Assumptions

Salaries and benefits are forecast to increase by approximately 3.2% per year on average across the planning period before accounting for the addition of new positions. Beyond the FY 2018 Budget year, there are four FTEs planned. Two of these positions are related to the Recreation Facilities IAP, and are planned for FY 2019 and 2020. The remaining two positions are for a GIS Analyst and a Performance Manager, both to be added in FY 2020.

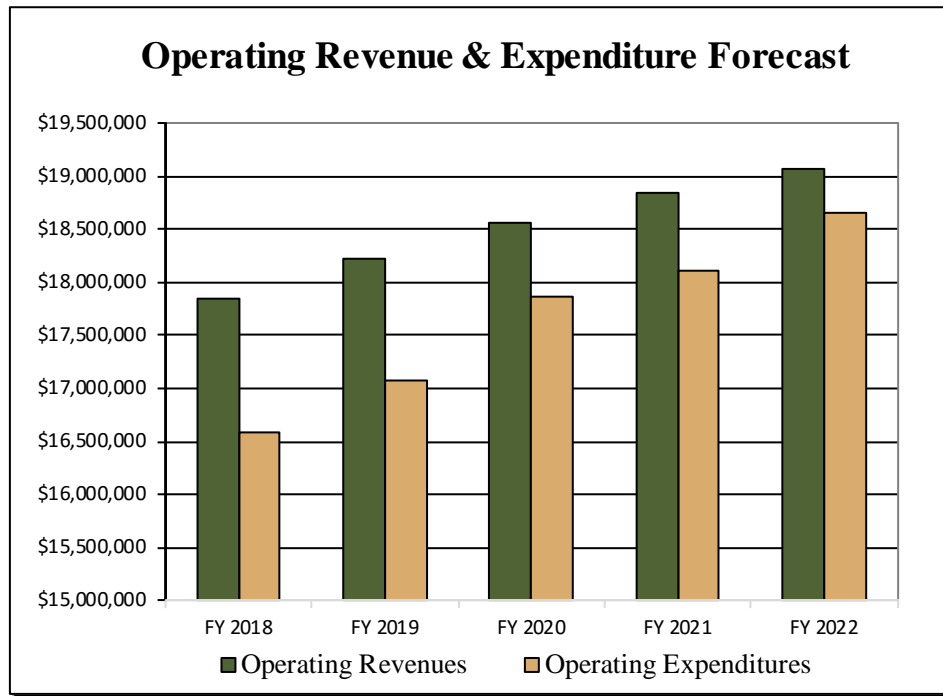
The Village's commitment to the Given Memorial Library capital campaign will be completed in FY 2018. This removes \$100,000 per year from the operating expenditure plan going forward. If the library does not meet the capital campaign fund raising requirement, the \$1 million of Village funds contributed to date to the trust will revert back to the Village in FY 2020. Due to the uncertainty of the return of these funds, they have not been included as a resource in the plan.

Other operating expenditures are expected to increase by 3% per year. We believe this is a reasonable and conservative estimate. Some operating expenditures such as energy and fuel are more volatile than others, and the plan must account for the possibility that actual costs could be slightly higher than the baseline consumer price index.

After adjusting for the incremental operating expenditures from new initiatives and capital additions, actual operating expenditure increases in the plan range from 1.8% to 4.0%.

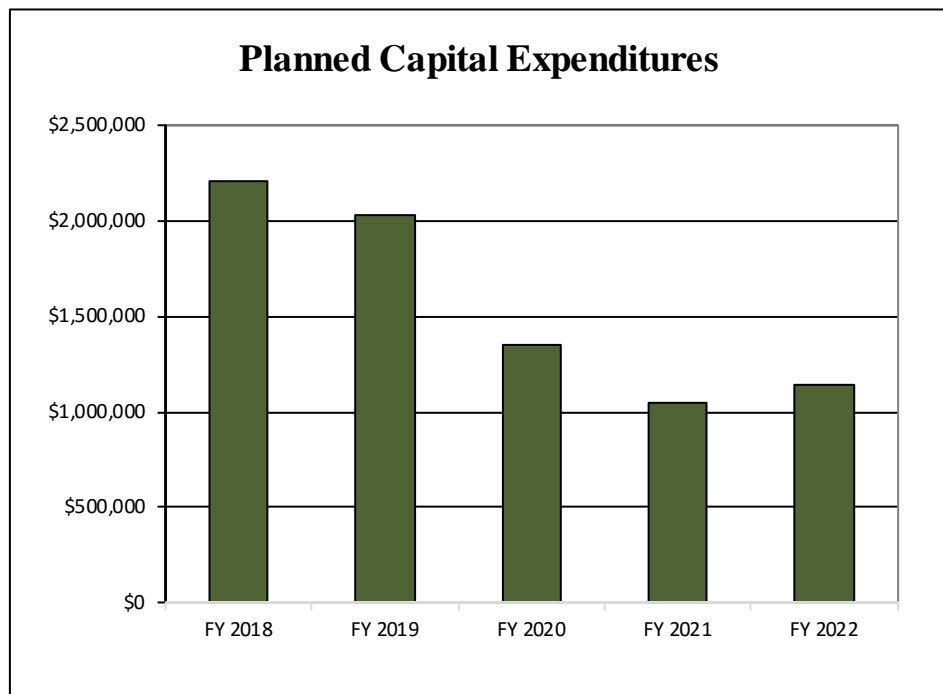


Five-Year Financial Forecast FY 2018-2022



Capital Forecast

The Forecast incorporates capital investments with an estimated cost of \$11,890,600 over the next five years. These capital investments represent of 5.5%-11.5% of total expenditures across the plan. Details on planned capital investments are provided in the *Capital Improvement Plan* section of this document.



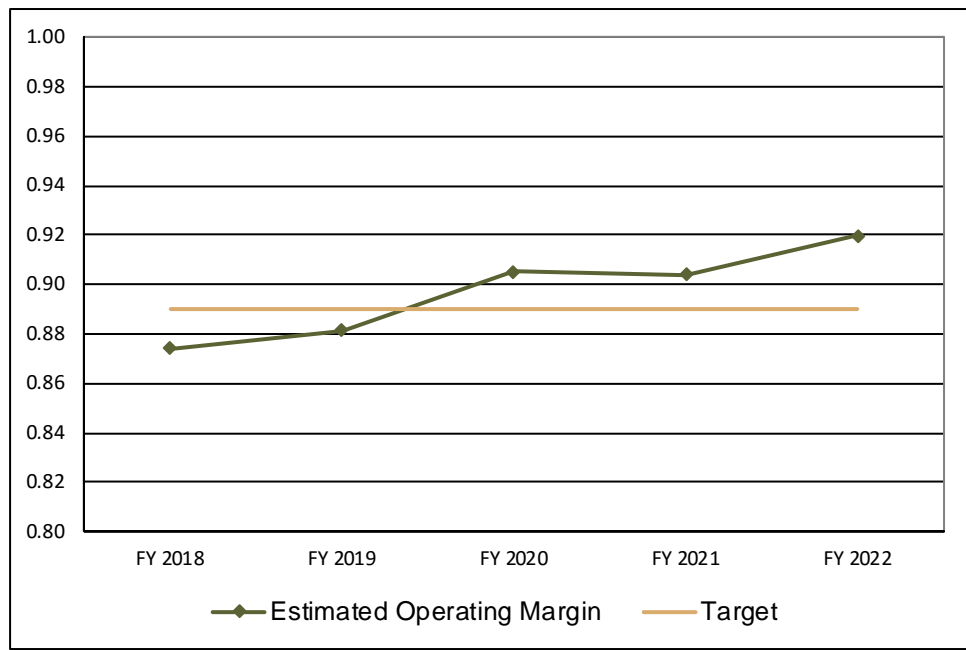


Five-Year Financial Forecast FY 2018-2022

Forecast Summary

Table 1 on page 145 summarizes the key information of the Five-Year Financial Forecast. Management relies heavily on this data to make decisions on which programs, initiatives, and capital can be afforded within available revenues.

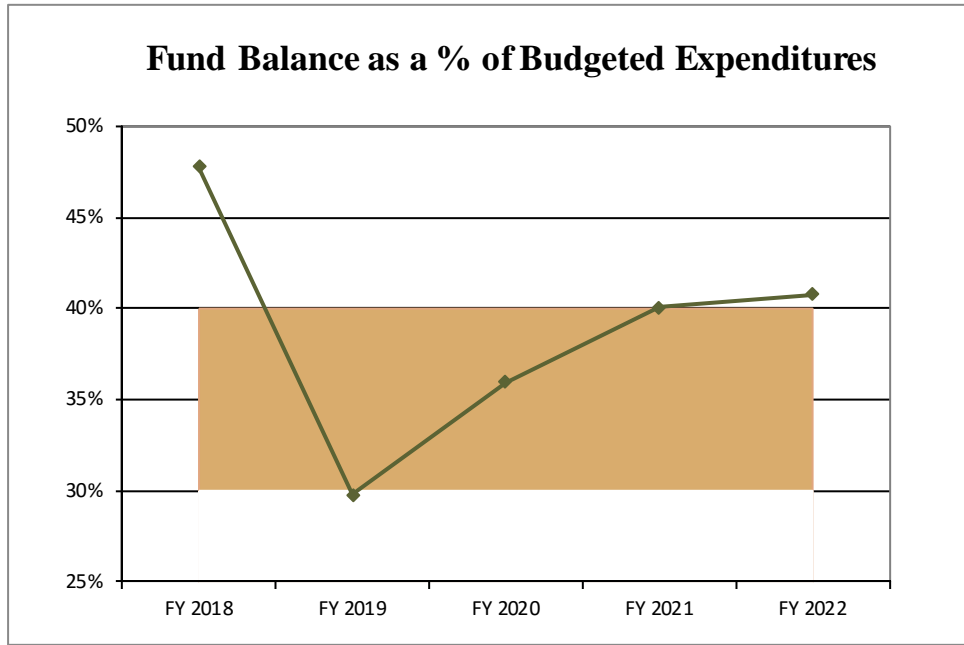
Two key financial management concepts guide management in these decisions. First, the Village strives to maintain a healthy operating margin. The operating margin ratio measures how much of available operating revenues are required to support operating expenditures. The Village strives to maintain an operating margin ratio of 0.89 or lower. This means that for every dollar in operating revenues received, only 89 cents is required to support operating expenditures. This leaves the remaining 11 cents available for current or future capital investments. Monitoring this key ratio ensures that operating expenditures are kept in check and that funds will be available for capital improvements. In this year's plan, estimated operating ratios range from 0.87 in the early years to 0.92 in the final years of the plan. This slight increase in the operating margin ratios in the out years is typical in the Village's Forecast.



The second measure management uses to guide the development of the Forecast is the fund balance ratio. The Village Council has adopted a Fund Balance Policy that requires management to develop budgets that maintain total fund balance in the range of 30%-40% of budgeted expenditures. Details on this policy are provided in the *Strategic Operating Plan Guide* section of this document. In the current plan, fund balance levels begin at 47.8% in FY 2018 and decline to the bottom of the policy range in FY 2019 due to the cash investment in the Community Center Capital Project. After that, fund balance is expected to increase to 40% by FY 2021 and stabilize at that level for the remainder of the plan.



Five-Year Financial Forecast FY 2018-2022



Overall, management believes that the Five-Year Financial Plan provides a clear path forward for the Village to accomplish the goals and objectives set forth in the FY 2018 Strategic Operating Plan. The Forecast was developed based on sound financial management principles and will guide the Village well throughout the planning period.



Five-Year Financial Forecast FY 2018-2022

Table 1 - Five-Year Financial Forecast FY 2018-2022

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Population	16,328	16,533	16,738	16,943	17,148
Operating Revenues					
Property Tax Revenue	\$10,052,000	\$10,164,000	\$10,279,000	\$10,394,000	\$ 10,511,000
Intergovernmental Revenues	6,111,500	6,254,700	6,402,900	6,555,200	6,711,500
Permits & Fees	676,800	680,000	683,000	686,000	627,000
Sales & Services	709,100	801,000	876,000	896,000	917,000
Other Operating Revenues	255,180	259,000	261,000	245,000	238,000
Interest Income	49,000	54,000	60,000	66,000	72,000
Other Taxes & Licenses	1,000	-	-	-	-
Other Financing Sources	-	-	-	-	-
Operating Revenues	\$17,854,580	\$18,213,000	\$18,562,000	\$18,843,000	\$ 19,077,000
Tax Rate	0.295	0.295	0.295	0.295	0.295
Operating Expenditures					
Personnel in FTEs	139	140	143	143	143
Salaries and Benefits	\$ 9,904,550	\$10,204,356	\$10,750,078	\$11,091,727	\$ 11,449,330
Operating	6,323,430	6,450,210	6,711,986	6,835,139	7,067,013
Other Financing Uses	344,000	2,775,000	-	-	-
Debt Service	362,513	414,000	404,000	187,000	141,000
Operating Expenditures	16,934,493	19,843,566	17,866,064	18,113,866	18,657,343
Operating Income	920,087	(1,630,566)	695,936	729,134	419,657
Capital Expenditures in GF	2,204,600	2,026,500	1,354,000	1,048,500	1,138,000
Total GF Expenditures	19,139,093	21,870,066	19,220,064	19,162,366	19,795,343
Revenues Over (Under) Exp	\$ (1,284,513)	\$ (3,657,066)	\$ (658,064)	\$ (319,366)	\$ (718,343)

Capital As a Percent of Total Expenditures

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Total Expenditures	19,139,093	21,870,066	19,220,064	19,162,366	19,795,343
Total Capital Expenditures	2,204,600	2,026,500	1,354,000	1,048,500	1,138,000
% of Total Expenditures	11.5%	9.3%	7.0%	5.5%	5.7%

Projected Impact on Fund Balance in the General Fund

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Beginning Fund Balance	\$ 9,444,044	\$ 9,149,475	\$ 6,507,268	\$ 6,907,927	\$ 7,673,334
Revenues Over (Under) Exp	(1,284,513)	(3,657,066)	(658,064)	(319,366)	(718,343)
Budget to Actual Variance*	989,945	1,014,858	1,058,723	1,084,773	1,116,587
Projected Actual Gain/(Loss)	(294,568)	(2,642,208)	400,659	765,407	398,244
Projected Ending GF Bal	\$ 9,149,475	\$ 6,507,268	\$ 6,907,927	\$ 7,673,334	\$ 8,071,579
% of Total Budget	47.8%	29.8%	35.9%	40.0%	40.8%

*Assumes actual revenues of 101% of budget and actual expenditures of 95% of budget

Estimated Operating Margin	0.87	0.88	0.91	0.90	0.92
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Introduction

The Village of Pinehurst's five-year Capital Improvement Plan (CIP) is an integral part of the Village's Strategic Planning Process, which is described in detail in the *Strategic Priorities* section of this document. The CIP process is used to plan for the budgeting and financing of routine replacement of vehicles and equipment, significant infrastructure improvements, new facility construction, and other capital asset additions greater than \$5,000. The Village uses this process to ensure that high-dollar, long-lived projects are aligned with the Village's strategic direction and that capital investments are financially sustainable. The CIP is developed in conjunction with the Village's Five-Year Financial Forecast outlined in the previous section.

The FY 2018-2022 CIP represents an \$11.9 million plan to address the Council's strategic objective to "Maintain Capital Assets" under the strategic goal to "Maintain a Healthy Financial Condition." Capital expenditures are driven by the types and levels of services provided to customers and the target performance levels established by the Village Council. The proposed plan represents maintaining all current service levels while enhancing others through increased capital investment.

This CIP was developed under the assumption that the Village will fund those items that are able to be included under the current tax rate of \$0.295 per \$100 valuation.

The Village Council updates the CIP annually as part of the Strategic Operating Plan to ensure it is reflective of the Council's current strategic goals and objectives. In addition, it is expanded annually to add a year of programming to replace the year previously completed.

Adoption of the CIP by the Village Council does not constitute a commitment to fund a particular item, but rather signifies Council's intention to fund capital expenditures at the indicated level during the five years. The capital investment shown in FY 2018 of the CIP, however, does represent the amount of capital spending appropriated in the FY 2018 Budget.

Capital Improvement Program

Overview

The FY 2018-2022 CIP includes capital investments with a total estimated cost of \$11,890,600 over the next five years. These costs are divided into four major areas – Capital Projects, Fleet, Information Technology (IT), and Other Capital Additions. Table 1 indicates the breakdown of capital investments by area:



Capital Improvement Plan FY 2018-2022

Table 1 - Capital Cost By Major Area

Major Area	Cost of Capital	% of Total
Capital Projects	\$ 4,119,000	35%
Fleet	3,034,000	25%
Information Technology	354,000	3%
Other Capital Additions	4,383,600	37%
TOTAL	\$ 11,890,600	100%

Capital Projects

Specific criterion is used to determine whether a capital request is classified as a capital project. The criterion are: (1) the total cost is estimated to exceed \$100,000, (2) substantial activity must occur over more than one fiscal year, and (3) the attributes of the project such as type, location, size, etc. must be specifically identified. Capital projects are typically for major facilities and may require the use of a separate capital project fund.

The FY 2018-2022 CIP includes one capital project for the construction of a Community Center. In FY 2018, the Village will begin designing a new 18,000 square foot facility to be constructed in FY 2019 and open in FY 2020. The new facility will contain a gymnasium, office space and activity rooms.

Fleet

The Fleet Maintenance Department is responsible for the purchase, replacement, and maintenance of the Village's fleet and large equipment (e.g. backhoes, dump trucks). Existing assets are primarily replaced on a life cycle replacement schedule. However, if the equipment is in good working condition at the end of its scheduled replacement, replacement is delayed and available funds are diverted to other capital needs. The fleet and large equipment inventory can be expanded only if a new initiative is approved that is deemed to support the Village's Strategic Operating Plan. Key Performance Indicators (KPIs) for Fleet Maintenance are included in the *General Fund* section of this document.

Information Technology (IT)

The Information Technology Department is responsible for the purchase, replacement, and maintenance of the Village's computer hardware, software, and communication infrastructure. Existing IT assets are replaced on a life cycle replacement schedule. Key Performance Indicators (KPIs) for Information Technology are included in the *General Fund* section of this document.

Other Capital Additions

The purchase, replacement, and maintenance of all other infrastructure and fixed assets are other capital additions. Examples include land, transportation improvement projects, pedestrian facilities, and storm water drainage improvements.



Capital Improvement Plan FY 2018-2022

Funding Sources

Funding for capital expenditures may be obtained from the following sources:

General Fund Cash – this is provided by appropriated operating revenues or fund balance and will generally be used for routine capital investments.

Installment Financing – this is provided by a banking institution and typically is collateralized by the asset being purchased. It is a contractual obligation specifying payment terms, including principal and interest to be paid over a period of time, generally 5 to 15 years. Most installment financing agreements are amortized as fixed principal plus interest.

Grant Funding – this refers to the Village making application and being awarded funds from typically a state or federal government agency for a specific purpose.

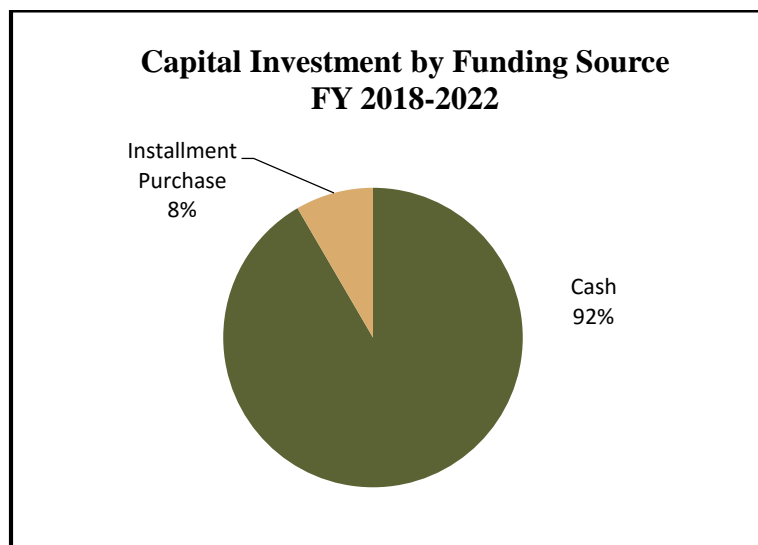
General Obligation Bonds – this funding source requires voter approval and is used to finance major capital projects with an expected life of 30 to 40 years. The Village has not utilized this funding source in the past due to the size of debt issuances.

Table 2 below shows a summary of the revenues and funding sources for the FY 2018-2022 projected capital investments:

Table 2 - CIP Revenue/Funding Sources Summary

Funding Source	Cost of Capital
General Fund Cash	\$ 10,890,600
Installment Financing	1,000,000
TOTAL	<u>\$ 11,890,600</u>

It is important to note that a majority of the capital improvements are funded with available Village funds or cash, while another 8%, or \$1 million, is funded with installment purchase financing.





Capital Improvement Plan FY 2018-2022

Impact on General Fund

Table 3 illustrates the total General Fund impact of the CIP over the five years.

Table 3 - General Fund Impact of the CIP

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	Total
Capital Projects	\$ 344,000	\$ 2,775,000	\$ -	\$ -	\$ -	\$ 3,119,000
Fleet	914,000	775,000	563,000	381,000	401,000	3,034,000
Information Technology	28,500	98,500	54,000	99,000	74,000	354,000
Other Capital Additions	1,262,100	1,153,000	737,000	568,500	663,000	4,383,600
Capital Paid with Cash	2,548,600	4,801,500	1,354,000	1,048,500	1,138,000	10,890,600
Additional Debt Service	-	94,167	92,333	90,500	88,667	365,667
Net Annual Operating Impact	3,500	149,867	226,393	229,200	232,067	841,027
General Fund Impact	\$ 2,552,100	\$ 5,045,534	\$ 1,672,726	\$ 1,368,200	\$ 1,458,734	\$ 12,097,294
\$0.01 of the Tax Rate	340,746	344,542	348,441	352,339	356,305	
Tax Rate Equivalent of CIP	\$ 0.07	\$ 0.15	\$ 0.05	\$ 0.04	\$ 0.04	\$ 0.07

Operating Impact

Table 4 summarizes the operating impact of the significant non-recurring capital outlays in the CIP. The majority of these expenditures and revenues are associated with the Community Center capital project, however, incremental operating cost increases as a result of other capital outlays are also included.

Table 4 - Operating Impact of Significant Non-Recurring Capital Outlays

	Fiscal Year Ending June 30					
	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	Total
Revenues	\$ -	\$ -	\$ 35,000	\$ 36,100	\$ 37,200	\$ 108,300
Operating Costs:						
Salaries & Benefits	-	46,200	91,000	93,800	96,600	327,600
Operating Costs	3,500	9,500	78,060	81,000	84,000	256,060
Debt Service	-	94,167	92,333	90,500	88,667	365,667
Total Operating Costs	\$ 3,500	\$ 149,867	\$ 261,393	\$ 265,300	\$ 269,267	\$ 949,327
Net Operating Impact	\$ 3,500	\$ 149,867	\$ 226,393	\$ 229,200	\$ 232,067	\$ 841,027

Revenues generated as a result of significant non-recurring capital include recreation fees from expanded programs at the new Community Center. Salaries and benefits are for the addition of two positions (a Maintenance Technician to maintain expanded facilities in FY 2019 and an Administrative Assistant associated with the Community Center in FY 2020). Operating costs are primarily related to the new Community Center but also include costs associated with other significant non-recurring capital. Debt service represents the expected principal and interest payments for the \$1 million financed for the Community Center.



Capital Improvement Plan FY 2018-2022

Debt Service

Table 5 shows the ratio of projected debt service to estimated total expenditures over the five years. During the planning horizon, the Village's debt service as a percentage of total expenditures is projected to decline to less than 1% of General Fund expenditures. The Village's policy is to keep debt service as a percentage of expenditures below 10%.

Table 5 - Impact of CIP Debt Issuances on Debt Ratios

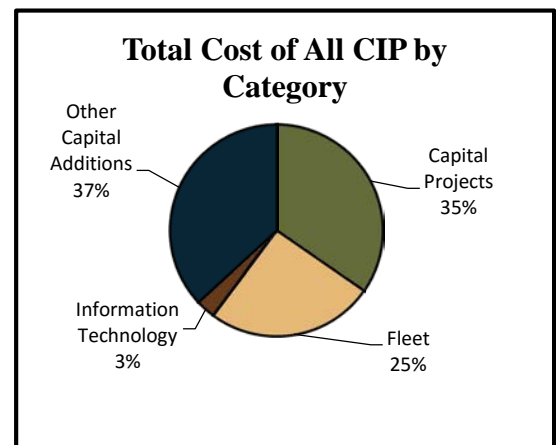
	Fiscal Year Ending June 30				
	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Existing Debt Service	\$ 362,513	\$ 319,150	\$ 311,118	\$ 95,574	\$ 51,725
Additional Debt Service:					
Community Center	-	94,167	92,333	90,500	88,667
Total Debt Service	\$ 362,513	\$ 413,317	\$ 403,451	\$ 186,074	\$ 140,392
Estimated Expenditures	\$19,139,093	\$21,870,066	\$19,220,064	\$19,162,366	\$19,795,343
% of Expenditures	1.89%	1.89%	2.10%	0.97%	0.71%

Summary

In summary, the FY 2018-2022 CIP represents an \$11.9 million investment in capital for fleet, information technology, and other capital additions, and includes one capital project in the five-year planning period.

The list below highlights some of the more notable items included the five year plan:

- Design and construction of a Community Center (FY 2018 & FY 2019),
- Pedestrian facilities (all years),
- Streetscape improvements on McIntyre Road (FY 2018),
- Paving of Cannon Park main parking lot (FY 2018),
- Moore County EMS bay addition (FY 2019),
- Roof replacement at the Fair Barn (FY 2019),
- Storm drainage projects (all years), and
- Replacement of one fire engine (FY 2019).





Capital Projects

This section contains detail on the capital projects included in the FY 2018-2022 CIP. Specific criterion is used to determine whether a capital request is classified as a capital project. The criterion are: (1) the total cost is estimated to exceed \$100,000, (2) substantial activity must occur over more than one fiscal year, and (3) the attributes of the project such as type, location, size, etc. must be specifically identified. Capital projects are typically for major facilities and may require the use of a separate capital project fund.

Community Center – This capital project will construct an approximately 18,000 square foot facility with a gymnasium, office space, and activity rooms.



Capital Improvement Plan FY 2018-2022

Community Center Facility

Department	Parks and Recreation
Strategic Goal	Maintain an Active, Healthy Community
Strategic Objective	Provide recreation programs, leisure activities, and cultural arts events for all ages
Key Performance Indicators	Resident recreation program participants as a % of the population

Project Description/ Justification

This project includes the design and construction of the Community Center facility. Various locations were evaluated, and two sites have been identified as top choices: Wicker Park and Cannon Park. The approximately 18,000 square foot facility will include a gymnasium, office space, and activity rooms of varying sizes. Each room will include a unique set of amenities for use by multiple programs and activities. Design is expected to occur in FY 2018, with construction beginning in FY 2019.

This project is being undertaken to address an area of high importance, but low satisfaction for residents which has been identified in the annual Community Survey.

Project Budget	Total	Fiscal Year Ending June 30				
		FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Appropriations	\$ 4,119,000	\$ 344,000	\$ 3,775,000	\$ -	\$ -	\$ -
TOTAL	\$ 4,119,000	\$ 344,000	\$ 3,775,000	\$ -	\$ -	\$ -
Funding Source:						
Cash	\$ 3,119,000	\$ 344,000	\$ 2,775,000	\$ -	\$ -	\$ -
Installment Financing	1,000,000	-	1,000,000	-	-	-
TOTAL	\$ 4,119,000	\$ 344,000	\$ 3,775,000	\$ -	\$ -	\$ -

Cash Flow Impact	Total	Fiscal Year Ending June 30				
		FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Debt Proceeds	\$ 1,000,000	\$ -	\$ 1,000,000	\$ -	\$ -	\$ -
Revenue	108,300	-	-	35,000	36,100	37,200
Project Expenditures	(4,119,000)	(344,000)	(3,775,000)	-	-	-
Operating Expenditures	(552,160)	-	(48,700)	(162,060)	(167,800)	(173,600)
Debt Service	(365,667)	-	(94,167)	(92,333)	(90,500)	(88,667)
TOTAL	\$ (3,928,527)	\$ (344,000)	\$ (2,917,867)	\$ (219,393)	\$ (222,200)	\$ (225,067)

Key Performance Indicators	Fiscal Year Ending June 30				
	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Residents program participants as a % of population	19.33%	18.98%	22.17%	22.49%	22.87%



Fleet

This section contains detail on the purchase of new or replacement vehicles and equipment. Vehicles and equipment are primarily replaced on a life cycle replacement schedule.



Capital Improvement Plan FY 2018-2022

Fleet Purchase Plan

Description	Year	Life	Budget		CIP		
			FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Buildings & Grounds							
Chevy Express Van	2004	15	\$ 25,000	\$ -	\$ -	\$ -	\$ -
Ford F150	2004	15	-	-	-	22,000	-
Ford F150	2008	15	-	-	-	-	23,000
Ventrac Mower	2012	15	-	-	42,000	-	-
Pickup Truck	New	15	20,000	-	-	-	-
Work Van	New	15	-	30,000	-	-	-
Fire							
Kme Pumper Tanker	2001	20	-	650,000	-	-	-
Chevy Colorado	2008	15	-	-	-	-	18,000
Fleet Maintenance							
Chevy C1500	2006	12	-	-	30,000	-	-
Generac Generator	New	20	-	35,000	-	-	-
Harness Track							
Ford F250	2006	15	20,000	-	-	-	-
Ford F250	2008	15	-	-	-	-	30,000
John Deere Zero Turn Mower	2013	7	-	-	25,000	-	-
Police							
Chevy Tahoe	2011	10	-	-	-	40,000	-
Chevy Tahoe	2011	10	-	-	-	-	42,000
Dodge Charger	2007	6	-	-	32,000	-	-
Dodge Charger	2007	6	28,000	-	-	-	-
Dodge Charger	2008	6	28,000	-	-	-	-
Dodge Charger	2008	6	28,000	-	-	-	-
Dodge Charger	2008	6	-	-	-	34,000	-
Dodge Charger	2008	6	-	-	-	-	34,000
Dodge Charger	2009	6	-	30,000	-	-	-
Dodge Charger	2009	6	-	-	32,000	-	-
Dodge Charger	2010	6	-	30,000	-	-	-
Dodge Charger	2009	6	-	-	32,000	-	-
Dodge Charger	2010	6	-	-	-	-	34,000
Recreation							
Passenger High Top Van	New	15	44,000	-	-	-	-
Solid Waste							
International 4300	2006	10	180,000	-	-	-	-
Chevy 5500 Semi-Automated	2007	10	145,000	-	-	-	-
Freightliner Garbage Truck	2012	7	-	-	200,000	-	-
Freightliner Garbage Truck	2013	7	-	-	-	-	220,000
Freightliner Garbage Truck	2014	7	-	-	-	210,000	-



Capital Improvement Plan FY 2018-2022

Fleet Purchase Plan (continued)

Description	Year	Life	Budget		CIP		
			FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Streets & Grounds							
Ford 5610 Tractor	1991	20	\$ 56,000	\$ -	\$ -	\$ -	\$ -
Chevy Dump Truck-2.5 Ton	1998	20	140,000	-	-	-	-
John Deere Motor Grader	1992	20	-	-	125,000	-	-
VMC Arm Mower	2003	5	40,000	-	-	-	-
J Deere 410G Loader Backhoe	2003	20	135,000	-	-	-	-
Grasshopper Mower	2004	7	-	-	-	30,000	-
Chevy Dump Truck-1 Ton	2005	20	-	-	45,000	-	-
Compact Mower-Ventrac	2007	7	-	-	-	45,000	-
Salt/Sand Spreader	New	5	10,000	-	-	-	-
Plow	New	5	5,000	-	-	-	-
Forks	New	5	10,000	-	-	-	-
Total			\$ 914,000	\$ 775,000	\$ 563,000	\$ 381,000	\$ 401,000



Information Technology

This section contains detail on the purchase, replacement, and maintenance of the Village's computer hardware, software, and communication infrastructure. These assets are primarily replaced on a life cycle replacement schedule.



Capital Improvement Plan FY 2018-2022

Information Technology Purchase Plan

Description	Year	Life	Budget		CIP		
			FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Administration							
Video Streaming for Meetings	2015	5	\$ -	\$ -	\$ 15,000	\$ -	\$ -
Assembly Hall Projector	2015	5	-	-	6,000	-	-
Village Hall Camera System	New	5	-	-	10,000	-	-
Village-wide Imaging System	New	10	-	-	-	-	50,000
Fair Barn							
Sound System	2015	5	-	-	12,000	-	-
Fire							
Projector Replacement	2016	5	-	-	-	5,000	-
Information Technology							
Server - Phone System Host	2011	4	7,000	-	-	-	-
Server - VDI Renamed to System Center	2011	4	7,000	-	-	-	-
Server Backup Primary AACore1	2017	4	-	-	-	7,000	-
Server Backup Secondary Aacore 2	2016	4	-	-	-	7,000	-
Server - PD Hyper-V	2011	4	14,500	-	-	-	-
Server - Vrtx (Blade Server)	2015	4	-	40,000	-	-	-
Dell Power Edge Server R710	2009	3	-	7,000	-	-	-
Village Wide Phone System	2011	5	-	-	-	35,000	-
Village Hall Firewall	2008	5	-	-	-	14,000	-
Village Hall Load Balancers (Fat Pipe)	2016	5	-	-	-	16,000	-
Hp Procurve Core Switch	2006	5	-	25,000	-	-	-
Website Redesign	2016	3	-	10,000	-	-	-
HP Plotter	2007	5	-	9,000	-	-	-
GPS Software	2005	3	-	7,500	-	-	-
Police							
CCTV Surveillance System	2016	4	-	-	-	15,000	-
Body Camera Replacements	2017	3	-	-	11,000	-	-
Phone Recording Solution Upgrade	2016	5	-	-	-	-	24,000
Total			\$ 28,500	\$ 98,500	\$ 54,000	\$ 99,000	\$ 74,000



Other Capital Additions

This section contains detail on the purchase, replacement, and maintenance of all other fixed assets and infrastructure. Examples include land, transportation improvements, greenway trails, and storm water drainage improvements. Capital additions are made on an as needed basis.



Capital Improvement Plan FY 2018-2022

Other Capital Additions Purchase Plan

Description	Purpose/Justification	Budget	CIP			
		FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Administration						
Replace HVAC	Maintain facility	\$ 12,000	\$ 14,000	\$ 16,000	\$ 18,000	\$ 18,000
Streets & Grounds						
Small Drainage Projects	Paving Prep	85,000	85,000	85,000	85,000	85,000
Stormwater Project	St. Andrews Drive	25,000	-	-	-	-
DOT Road Improvements	Roundabout upgrades	-	-	50,000	-	-
Streetscape Improvements	McIntyre Rd	145,000	-	-	-	-
Pedestrian Facilities	Phased implementation of Pedestrian Plan	430,000	400,000	400,000	400,000	400,000
Fair Barn						
Landscaping and Irrigation	Improve facility	27,000	-	-	-	-
Repair Stucco Exterior	Improve facility	27,000	-	25,000	-	-
Roof Repair/Replacement	Maintain facility	-	100,000	-	-	-
Gutters for Annex	Maintain facility	5,000	-	-	-	-
Dance Floor Replacement	Maintain equipment/furnishings	-	10,000	-	-	-
Parking Lot Improvements	Resurface side parking lot	37,000	-	-	-	-
Fire						
Opticom	Traffic control for emergency response	15,000	15,000	15,000	7,500	-
Thermal Imager	Routine replacement	9,500	-	-	-	-
Refinish Bay Floor at Station 91	Maintain facility	25,000	-	-	-	-
Repair/Touch Up Bay Floor at Station 92	Maintain facility	8,500	-	-	-	-
Moore County EMS Bay Addition	Lease bay to Moore County	-	350,000	-	-	-



Capital Improvement Plan FY 2018-2022

Other Capital Additions Purchase Plan (continued)

Description	Purpose/Justification	Budget		CIP		
		FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Harness Track						
Replace Siding	Maintain facility	\$ 35,000	\$ 45,000	\$ 30,000	\$ 30,000	\$ 20,000
Barn Renovations	Maintain facility	10,000	-	-	-	-
Surface Water Runoff - Annual per Master Plan developed in FY18	Improve facilities and track condition	-	25,000	-	-	-
Irrigation Installation for Entrance	Improve entrance	8,000	-	-	-	-
French Drains Project	Improve facilities and track condition	-	25,000	-	-	-
Sewer Connections	Connect to sewer and remove septic system	25,000	30,000	-	10,000	-
Pave Restaurant Parking	Provide designated parking and improve drainage issues	-	15,000	100,000	-	-
Police						
Break Room Renovation	Improve appearance and maintain facility	8,000	-	-	-	-
Construct Storage Room	Improve facility	8,000	-	-	-	-
Replace HVAC	Maintain facility	12,000	14,000	16,000	18,000	-
PS Administration						
Public Services Complex Paving	Improve and maintain facility	44,100	-	-	-	-
Public Services Complex Gravel	Improve and maintain facility	35,000	-	-	-	-
Break Room Renovation	Improve and maintain facility	6,000	-	-	-	-
Recreation						
Wicker Park Irrigation	Add on to and replace existing irrigation system - soccer field/arboretum	30,000	-	-	-	-
Playground Replacement	Rassie Wicker Park	-	-	-	-	140,000
Cannon Park Parking Lot	Pave main parking lot	120,000	-	-	-	-
Wicker Park Maintenance Building Parking Expansion	New gravel road from PD access road and new parking spaces	-	25,000	-	-	-
Wicker Park Maintenance Building Expansion	Add offices to accommodate staff	40,000	-	-	-	-
Greenway Trail Improvements	Woodland Garden Trail	30,000	-	-	-	-
Total		\$ 1,262,100	\$ 1,153,000	\$ 737,000	\$ 568,500	\$ 663,000



VILLAGE OF PINEHURST
Budget Ordinance
Fiscal Year 2018

BE IT ORDAINED AND ESTABLISHED by the Village Council of Pinehurst, North Carolina, in the Regular Session assembled this 23rd day of May 2017 as follows:

SECTION 1. The following amounts are hereby appropriated in the General Fund for the operation of Village government and its activities for the fiscal year beginning July 1, 2017 and ending June 30, 2018, in accordance with the chart of accounts heretofore established for this Village:

OPERATING EXPENDITURES:

Governing Body	\$ 180,800
Administration	1,138,950
Financial Services	659,710
Human Resources	452,110
Police	3,003,230
Fire	2,676,960
Inspections	217,920
Public Services	460,220
Streets & Grounds	1,430,080
Powell Bill	900,400
Solid Waste	1,387,900
Planning	712,260
Community Development	272,590
Recreation	1,655,050
Library	200,000
Harness Track	535,760
Fair Barn	344,040
Debt Service	362,513
Other Financing Uses	<u>344,000</u>

Total Operating Expenditures \$ 16,934,493



Annual Budget Ordinance

CAPITAL EXPENDITURES:

Administration	\$ 25,832
Financial Services	1,425
Human Resources	1,140
Police	125,439
Fire	66,806
Inspections	440
Public Services	89,564
Streets & Grounds	1,082,819
Solid Waste	325,948
Planning	1,281
Community Development	285
Recreation	274,560
Harness Track	105,101
Fair Barn	<u>103,960</u>
Total Capital Expenditures	\$ <u>2,204,600</u>
TOTAL EXPENDITURES	\$ <u>19,139,093</u>

SECTION 2. It is estimated that the following revenues will be available in the General Fund for the fiscal year beginning July 1, 2017 and ending June 30, 2018:

REVENUES:

Ad Valorem Tax Revenue	\$ 10,052,000
Other Taxes and Licenses	1,000
Unrestricted Intergovernmental Revenue	5,606,100
Restricted Intergovernmental Revenue	505,400
Permits and Fees	676,800
Sales and Services	709,100
Assessments	28,400
Other Revenues	226,780
Investment Income	49,000
Appropriated Fund Balance	<u>1,284,513</u>
TOTAL REVENUES	\$ <u>19,139,093</u>

SECTION 3. There is hereby levied a tax at the rate of twenty-nine and one-half cents (\$0.295) per one hundred dollars (\$100) valuation of property as listed for taxes as of January 1, 2017, for the purpose of raising revenue in the General Fund in Section 2 of this ordinance. This rate is based on a total valuation of property for the purposes of taxation of \$3,410,000,000 and an estimated collection rate of 99.9% for real and personal property and 100.0% for motor vehicles.



SECTION 4. The Village Manager is hereby authorized to transfer appropriations as contained herein under the following conditions:

- a. He may transfer amounts between line item expenditures within a department without limitation and without a report being required.
- b. He may transfer amounts up to \$10,000 between departments, including contingency appropriations, within the same fund. He must make an official report on such transfers at the next regular meeting of the Village Council.
- c. He may not transfer any amounts between funds, except as approved by the Village Council in the Budget Ordinance as amended.

SECTION 5. The Village Manager or his designee is hereby authorized to execute the necessary agreements within funds included in the Budget Ordinance for the following purposes:

- a. Purchase of apparatus, supplies, and materials where formal bids are not required by law;
- b. Leases of normal and routine business equipment;
- c. Construction or repair work where formal bids are not required by law;
- d. Consultant services, professional services, contracted services, or maintenance service agreements up to an anticipated contract amount of \$25,000;
- e. Agreements for acceptance of State and Federal grant funds; and
- f. Grant agreements with public and non-profit agencies.

SECTION 6. Copies of this Budget Ordinance shall be furnished to the Village Clerk, the Village Manager, and Financial Services Director for their direction and implementation.

THIS ORDINANCE passed and adopted this 23rd day of May, 2017.



Budget Glossary

A	
Accrual Basis of Accounting	Method of accounting that recognizes the financial effect of transactions, events, and interfund activity when they occur, regardless of the timing of related cash flows.
ACE	Is an acronym for one of the Village's informal process improvement methodologies. It stands for Analyze process requirements, Change the process, and Evaluate the change. For more significant process improvements, see BIRDIE.
Ad Valorem tax	A tax levied in proportion to the value of a property.
Amortization	Allocation of capital investment or cost over a period of years or time corresponding to the investment's terms or useful life, or allocation of debt over the debt's term.
Appropriation	An authorization made by the Village Council that permits the Village to incur obligations and to make expenditures of resources.
Area of Focus (AOF)	Strategic objectives from the balanced scorecard where the organization develops initiative action plans to improve performance levels.
Assessed Valuation	The value established for real or personal property for use as a basis to levy property taxes.
B	
Balanced Budget	A balanced budget as defined by the North Carolina Local Government Budget and Fiscal Control Act as when the sum of estimated net revenues and appropriated fund balance in each fund is equal to appropriations in that fund. In North Carolina, it is required that the recommended budget be balanced.
Balanced Scorecard (BSC)	An integrated framework for describing and translating strategy using linked performance measures, known as KPIs, in four balanced perspectives: Customer, Internal, Workforce, and Financial. The balanced scorecard acts as a measuring system, strategic management system, and a communication tool.
Baldrige Performance Excellence Framework	A national quality award program focused on achieving performance excellence built upon a set of interrelated core values and concepts.
Basis of Accounting	A term used to refer to when revenues, expenditures, expenses, and transfers--and the related assets and liabilities--are recognized in the accounts and reported in the financial statements. The Village of Pinehurst uses the modified accrual basis of accounting for budget preparation, as required by the North Carolina Local Government Budget and Fiscal Control Act.
Benchmark	Performance data from select comparable communities for similar services that are indicative of best practices. This data is obtained from individual community performance surveys or performance reports, state performance measurement projects, or industry standards.
BIRDIE	Is an acronym for one of the Village's process improvement methodologies used for significant process improvements. It stands for Bring the opportunity forward, Investigate the opportunity, Review potential solutions, Determine the solution, Implement the solution, and Evaluate the solution. For another informal methodology, see ACE.



B	
Bond	A written promise to pay a sum of money on a specific date at a specified interest rate. The interest payments and the repayments of the principal are detailed in a bond ordinance. The most common types of bonds are general obligation and revenue bonds. These are most frequently used for construction of large capital projects, such as buildings, streets, and bridges.
Budget	A statement in dollar terms of the Village's program of service delivery for the ensuing fiscal year.
Budget Amendment	A legal procedure utilized by the Village staff and the Village Council to revise a budget appropriation.
Budget Document	The instrument used by the budget-making authority to present a comprehensive financial program to the Village Council.
Budget Message	The opening section of the budget that provides the Village Council and the public with a general summary of the most important aspects of the budget, changes from the current and previous fiscal years, and the views and recommendations of the Village Manager.
Budget Ordinance	The official enactment by the Village Council to establish legal authority for Village officials to obligate and expend resources.
Budgetary Control	The control or management of a governmental unit in accordance with an approved budget for the purpose of keeping expenditures within the limitations of available appropriations and available revenues.
C	
Capital Assets	Assets of long-term character which have an initial cost greater than \$5,000 and are intended to continue to be held or used by the Village, including land, buildings, machinery, furniture, and other equipment.
Capital Improvement Plan (CIP)	A plan for capital expenditures which provides long-lasting physical improvements to be incurred over a fixed period of five future years.
Capital Outlay	Expenditures available for the acquisition of capital assets, including the cost of land, buildings, permanent improvements, machinery, large tools, rolling and stationary equipment. By Village policy these items must have a useful life of more than one year and an original cost greater than \$5,000.
Capital Project Fund	A fund used to account for the acquisition and construction of major capital facilities.
Cash Management	The management of cash necessary to pay for governmental services, while investing temporary cash excesses in order to earn interest revenue. Cash Management refers to the activities of forecasting cash flows, improving cash availability for investment, and establishing and maintaining banking relationships.
Category	A consolidation of expenditures to measure personnel, operations, capital, contingency, special appropriations, debt services, and transfers.
Contingency	A budgetary reserve set aside for emergencies or unforeseen expenditures not otherwise budgeted.
Comprehensive Annual Financial Report (CAFR)	A complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.



Budget Glossary

C	
Comprehensive Long-Range Plan	A plan adopted by the Village Council in April of 2003 (updated in 2010) that outlines the long-term goals of the Village over a 20 year period.
Core Competencies	The Village's areas of greatest expertise and are those strategically important capabilities that are central to fulfilling the Village's mission.
D	
Debt Service	The Village's obligation to pay the principal and interest of all debt instruments according to a pre-determined payment schedule.
Department	An organizational unit responsible for carrying out a major governmental function.
Department Balanced Scorecards	This is the department's version of a balanced scorecard. It is the single listing of all approved department key performance indicators and is used to monitor progress of achievement of department goals.
Depreciation	The process of estimating and recording the expired useful life, or diminution of service from a capital asset that cannot or will not be restored by repair and must be replaced. The cost of the capital asset's lost usefulness is the depreciation or the cost to the reserve to replace the item at the end of its useful life.
E	
Encumbrance	The commitment of appropriated funds to purchase an item or services. To encumber funds is to set aside, or commit funds for future expenditures.
Estimated Revenue	The amount of projected revenue to be collected during the fiscal year. The amount of revenue appropriated is the amount approved by the Village Council.
ETJ	The acronym used for extraterritorial jurisdiction.
Expenditure	The outflow of funds for assets that are incurred or goods and services obtained regardless of when the expense is actually paid. This term applies to all funds.
F	
Financial Forecast	A five-year projection of budgeted revenues and expenditures, including operating and capital expenditures.
Fiscal Policy	The financial plan embracing the general goals and acceptable procedures of a governmental unit.
Fiscal Year (FY)	The time period designating the beginning and the ending period for recording financial transactions. The Village of Pinehurst's fiscal year begins July 1st and ends June 30th.
FTE	The acronym used for Full-Time Equivalent as it relates to employees.
Function	A group of related programs crossing organizational (departmental) boundaries and aimed to accomplishing a broad goal, or a major service.
Fund	An accounting entity that possesses a set of self-balancing accounts and records all financial transactions for specific activities or government functions.
Fund Balance	Fund balance is the amount of assets in excess of the liabilities or appropriated for expenditures, and is therefore also known as surplus funds.



F	
Fund Balance Appropriated	A budgetary amount representing the fund's equity to be used to offset expenditures. Fund balance appropriated cannot exceed the sum of cash and investments less the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year preceding the budget year.
G	
General Accepted Accounting Principles (GAAP)	Uniform minimum standards of and guidelines for financial accounting and reporting. GAAP encompasses the conventions; rules and procedures necessary to define accepted accounting practices.
GS	The acronym used for the General Statutes adopted by the North Carolina General Assembly.
General Fund	The largest fund within the Village, the General Fund accounts for most of the financial resources of the government. General Fund revenues include property taxes, licenses and permits, local taxes, and other revenues. This fund includes basic governmental services, such as fire and police protection, finance, public services, general administration, planning and inspections, community development, and recreation.
General Ledger	A file that contains a listing of the various accounts necessary to reflect the financial position of the government.
GFOA	The acronym used for Government Finance Officers Association of the United States and Canada.
Goal	Future conditions or performance the Village intends or desires to attain; what the Village intends to accomplish.
Governmental Fund	Funds generally used to account for tax-supported activities. There are five types of governmental funds: the general fund, special revenue funds, debt service funds, capital project funds, and permanent funds.
Grant	A contribution by a government or other organization to support a particular function. Grants may be classified as either categorical or block, depending upon the amount of discretion allowed by the grantee.
I	
Initiative Action Plan (IAP)	Specific activity undertaken to achieve a performance target related to a strategic objective.
Inter-fund Transfers	Amounts transferred from one fund to another.
Intergovernmental Revenue	Revenue received from another government for a specified purpose.
Investment Earnings	Revenue earned on investments with a third party. The Village uses a pooled cash system, investing the total amount of cash regardless of boundaries. The interest earned is then allocated back to individual funds by average cash balance in the fund.
K	
Key Performance Indicator (KPI)	The acronym used for Key Performance Indicators that measure a program's output, workload, efficiency, or effectiveness and is used to track operational performance.



L	
Levy	To impose taxes, special assessments, or services charged for the support of Village activities.
Local Government Budget and Fiscal Control Act (LGBFCA)	This act governs all financial activities of local governments within the State of North Carolina.
Long Term Debt	Debt with a maturity of more than one year after the date of issuance.
M	
Maturities	The dates on which the principal or stated values of investments or debt obligations become due and/or may be reclaimed.
Modified Accrual Accounting	The accounting approach under which: 1) revenues are recognized in the accounting period in which they become measurable and available to pay liabilities of the current period; 2) expenditures are recognized in the accounting period in which a fund liability is incurred, and unmatured principal and interest on general long term debt is recognized when due.
N	
NC	North Carolina
NCAfE	This is the North Carolina Awards for Excellence program that recognizes an organization's progress on their performance excellence journey, utilizing the Baldrige Performance Excellence Framework.
NCDOT	This acronym is short for North Carolina Department of Transportation.
Net Budget	The total amount of revenues and expenditures for the General Fund and all special Revenue funds with the exceptions of the Capital Reserve Fund.
O	
Objectives	A simply stated, readily measurable statement of aim or expected accomplishment. An objective should imply a specific standard of performance for a given program.
Operating Expenses	The portion of the budget pertaining to the daily operations that provide basic governmental services. The operating budget contains appropriations for such expenditures as supplies, utilities, materials, and travel.
Operating Fund	A fund to account for operating activities that generally result from providing services and producing and delivering goods, and include all transactions and other events that are not identified as capital and related financing, noncapital financing, or investing activities.
Operating Transfer	Routine and/or recurring transfer of assets between funds.
P	
Peer Group	Other municipalities in the state of North Carolina with a population between 10,000 and 50,000.
Perspectives	These are the four categories for classifying strategic objectives on the balanced scorecard
Powell Bill Allocation	Funding from state-shared gasoline tax restricted for maintenance of local streets.



Budget Glossary

P	
Project Fund	A multi-year fund used to account for the revenues and expenditures of a specified project that only exists until the project is completed.
Program	An organized set of related work activities that are directed toward accomplishing a common goal. Each Village department is usually responsible for a number of related service programs.
Property Taxes	Property taxes are levied on both real and personal property according to the property's valuation and tax rate.
R	
Reclassification	Change in a position title and/or the associated pay range based on changes in the job skills required for a given position.
Reserve	A portion of fund balance earmarked to indicate what is not available for expenditure, or is legally segregated for a specific future use.
Restricted Intergovernmental Revenues	Grants, entitlements, and shared revenues which are recorded in the appropriate fund and classified both by source and function for which the revenues are to be spent.
Resources	Assets that can be used to fund expenditures. These can be such things as property taxes, user fees, beginning fund balance, or working capital.
Revaluation	Assignment of value to all real properties, including land, homes, and commercial buildings by the Moore County Tax Assessor's Office. Under State law, all property must be revalued no less frequently than once every eight years.
Revenue	Funds which the government receives as income, including tax payments, fees from specific services, receipts from other governments, fines, grants, shared revenues, and interest income.
Revenue Neutral	Is the revenue amount achieved after a property revaluation when the new property tax rate generates the same property tax revenue as the previous year, plus normal growth.
Right-of-Way (ROW) Acquisition	Purchase of property needed by the Village to perform road improvement projects and/or protection of right-of-way for future highway projects.
S	
Source of Revenue	Revenues that are classified according to their source or point of origin.
Special Assessment	A compulsory levy made against certain properties to defray part or all of the cost of a specific improvement or service, which are deemed to primarily benefit those properties.
Special Revenue Fund	A fund used to account for the revenues from specific sources that are to be used for legally specified expenditures.
Strategic Advantages	Benefits that exert a decisive influence on the Village's likelihood of future success and are the source of our competitive success.
Strategic Challenges	External pressures that exert a decisive influence on the Village's likelihood of future success.
Strategic Goal	Future condition the Village strives to attain.
Strategic Objective	A readily measurable statement of aim or expected accomplishment; how the Village will accomplish a goal.



Budget Glossary

S	
SWOT Analysis	A strategic planning method used to evaluate the Strengths, Weaknesses, Opportunities, and Threats in a decision-making or goal-setting process.
T	
Target	The desired achievement level of a particular performance measure.
Tax Base	The assessed valuation of all taxable real and personal property within the Village's corporate limits.
TOPS	Training of Pinehurst Staff; an internal training program for Village employees.
U	
Unencumbered Balance	The amount of an appropriation that is neither expended nor encumbered. It is essentially the amount of money still available for expenditures.
US	United States



History

Looking for a place to build a health-orientated resort, James Walker Tufts (head of the America Soda Foundation) stopped in the Sandhills area in the spring of 1895. Despite the fact that the area had been almost completely clear-cut by the timber industry, something about this area moved him, and in June 1895, he bought 598 acres of land for nearly \$1.25 per acre and makes up what is now the Village Center.

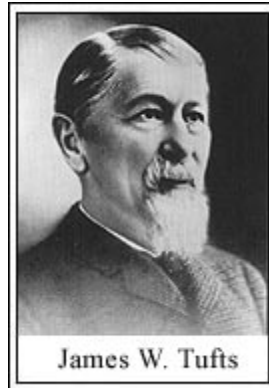


Photo courtesy of Tufts Archives

On June 20, 1895, Tufts contacted Frederick Law Olmsted, the designer of Central Park in New York and the landscape designer of the Biltmore Estate in Asheville, North Carolina, to help him create a first-rate resort. That summer, with the new plan in hand, 450 men began construction on what was originally referred to as "Tuftstown". Tufts selected the name Pinehurst for his resort out of a list of non-winning names for Martha's Vineyard.

On New Year's Eve 1895, the Holly Inn opened its doors and Pinehurst was on its way.



*Development of Village Center
Photos courtesy of Tufts Archives*

Since all of the early buildings of Pinehurst stood on barren land, Tufts hired Warren Manning to plant over 222,000 tree seedling and other plants (47,250 of these were imported from France) around Pinehurst to give the resort the natural beauty we all still enjoy today.

For many years, Pinehurst was a privately held resort under sole proprietorship of the Tufts family. The Tufts family controlled all aspects of the resort and closely monitored all types of activities, including the creation of its first 9-hole golf course in February 1898, and the continued acquisition of more land.



Tufts brought in a young Scotsman named Donald Ross to design golf courses, and his No. 2 (originally built in 1902 with only man and mule power and then redesigned by Ross) is still consistently listed among the worlds' finest golf courses. Donald Ross, the father of golf, was a huge part of our heritage and history, as he influenced many golf course designers such as Peter Tufts and Ellis Maples.



Donald Ross
Photo courtesy of Tufts Archives

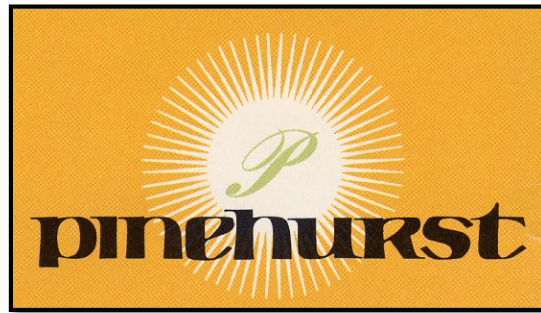
In 1920, a corporate form of ownership was established when a charter for Pinehurst, Inc. was obtained from the North Carolina Secretary of State. Tufts considered incorporating the village as a municipality in 1926, but he felt that a lack of year-round residents and state tax laws would not be able to sustain it.

During the Great Depression, as other resorts began to fail, property owners in Pinehurst agreed to pay more taxes in order to support the resort through the Depression and ensure that it would not fail like the surrounding resorts. During World War II, Pinehurst served as a support area for neighboring Fort Bragg and many servicemen were either residents or visitors.

It was not until 1960 that Pinehurst became a year-round resort with the introduction of air conditioning and swimming pools at the resort facilities. By the late 1960s, however, Pinehurst's days as a paternalistic resort under the Tufts were coming to an end.

Realizing that the resort was 75 years old and in need of significant investment to update and improve the resort facilities, the Tufts heirs sold Pinehurst, Inc., including the resort and approximately 7,500 acres of land, to the Diamondhead Corporation for \$9.2 million in January 1971. It was under Diamondhead's control that the creation and sale of lots with membership rights to the Pinehurst resort facilities began.

Advertisements were placed in newspapers around the country, and people were flown in to play golf and purchase a lot. Lake Pinehurst was created to enhance the residential neighborhood, new recreational improvements were made (including Course Number 6 in the late 1970s), and infrastructure was put into place to support the new development. However, all this activity was not considered to be progress by local residents.



Old Diamondhead Logo

Since Pinehurst was not a full municipality, there were no building inspections, no planning or zoning regulations, and no real means for the concerns of the residents to be acted upon. After several years of debate among residents over whether to seek incorporation as a full municipality or continue to allow Diamondhead to coordinate affairs, it was decided by a majority in 1980 that Pinehurst would function most effectively independently of the Diamondhead Corporation.

In 1980, with a population of 1,746 residents, Pinehurst was granted full incorporation as a municipality and was, for the first time, more than just a privately run resort.

According to the U.S. Census Bureau, adjusted for an annexed area effective March 31, 2010, Pinehurst had a population of 14,206 people in the year 2010. The 2010 population is a 61% increase from its population in 2000. Many of these new residents come from across the country, if not the world, to settle in this "village in the forest". When asked what brought them here, many cited ambiance, community character and spirit as their reasons for choosing the area.



Village of Pinehurst Logo



Demographic & Geographic Characteristics

Demographic Characteristics

With a current population of 16,123, the Village of Pinehurst is an integral part of the economy of Moore County, which is well diversified with significant healthcare, retirement, tourism, retail, agriculture, and manufacturing sectors. The Pinehurst area is largely a service-based economy focused on tourism/hospitality, healthcare-related activities, and retail trade.

Two of the largest employers in Moore County are located in Pinehurst and are service-related: FirstHealth of the Carolinas and Pinehurst Resort. FirstHealth of the Carolinas is a private, not-for-profit health care network serving 15 counties in the mid-Carolinas. Pinehurst Resort, owned by Pinehurst, LLC operates nine championship golf courses in the Village, including the famous Pinehurst No. 2 course (site of the 1999 and 2005 U.S. Open Championships). Pinehurst Resort also hosted 14 days of championship play in June 2014, with back to back U.S. Open and U.S. Women's Open Championships – for the first time in history.

The Village also provides other recreational opportunities for residents. The Village owns and operates a 111 acre Harness Track facility, which is used for winter training of standardbred horses and horse shows at various times throughout the year. The Village has 3 major parks that include an in-line hockey rink, tennis courts, ball diamonds and concession stands, playgrounds and disc golf. The Village also has an extensive Greenway System. The Greenway System will eventually connect most of the Village via a pedestrian and bicycle pathway.



Geographic Characteristics

The Village of Pinehurst is located in the Sandhills Region of North Carolina, 60 miles southwest of Raleigh and about 75 miles east of Charlotte. The city spans approximately 17 square miles and is locally recognized as an outstanding residential community and major golf resort. The central location of Pinehurst allows quick and easy access to the beautiful Blue Ridge Mountains and the white, sandy beaches of North and South Carolina.



Demographic and Economic Statistics Last Ten Calendar Years

<u>Fiscal Year</u>	<u>Calendar Year</u>	<u>Population (1)</u>	<u>Personal Income</u>	<u>Per Capita Income (2)</u>	<u>Median Age (2)</u>	<u>Unemployment Rate (3)</u>
2007	2006	11,026	\$ 542,145,667	\$ 49,170	60.4	4.8%
2008	2007	11,316	572,262,434	50,571	60.4	4.5%
2009	2008	11,632	610,890,250	52,518	60.4	6.2%
2010	2009	13,277	694,911,723	52,340	60.4	10.3%
2011	2010	13,601	434,198,324	31,924	58.4	9.5%
2012	2011	14,783	526,777,422	35,634	58.4	8.9%
2013	2012	14,979	608,671,665	40,635	60.6	8.6%
2014	2013	15,150	650,586,450	42,943	60.9	6.3%
2015	2014	15,525	708,033,150	45,606	60.8	5.4%
2016	2015	15,763	778,093,206	49,362	61.1	5.1%

Sources:

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

Notes:

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

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

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



Principal Property Tax Payers

Principal Property Tax Payers Current Year and Nine Years Ago

Taxpayer	2016		2007	
	Taxable Assessed Value	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Percentage of Total Taxable Assessed Value
Pinehurst LLC	\$ 166,587,331	4.98%	\$ 122,539,053	5.61%
Pinehurst Surgical Clinic	25,473,350	0.76%	-	-
Pinehurst Medical	24,510,010	0.73%	12,866,622	0.59%
Country Club of North Carolina	17,324,070	0.52%	19,753,635	0.90%
Duke Energy Progress, Inc.	12,548,486	0.38%	11,272,640	0.52%
Pinewild Project Limited PTNS	10,234,391	0.31%	-	-
Quail Haven Properties of Pinehurst, LLC	10,020,530	0.30%	-	-
MTMM Associates (Carolina Eye Assoc.)	8,677,480	0.26%	8,524,575	0.39%
Pinehurst Nursing Center	5,649,311	0.17%	-	-
SCOP (Surgery Center of Pinehurst)	5,622,480	0.17%	-	-
Branch Banking and Trust Co.	4,914,230	0.15%	4,356,157	0.20%
Pleasant Living Health Care (Quail Haven)	-	-	8,265,503	0.38%
FirstHealth of the Carolinas	-	-	7,037,500	0.32%
Francis Maser	-	-	5,876,600	0.27%
Carolina Telephone and Telegraph	-	-	4,790,254	0.22%
Total	\$ 291,561,669	8.72%	\$ 205,282,539	9.40%

Sources: Moore County Tax Department.

Notes: 2016 and 2007 data are for tax years 2015 and 2006, respectively.

Pinehurst, LLC includes: Resorts of Pinehurst, Inc., Pinehurst, Inc., Pinehurst LLC and Resorts of Pinehurst, Inc.



Principal Employers Current Year and Nine Years Ago

Employer	2016		2007	
	Employees	Percentage of Total Employment	Employees	Percentage of Total Employment
First Health of the Carolinas (1)	3,502	62.97%	2,567	53.22%
Pinehurst, LLC (2)	1,306	23.49%	1,178	24.43%
Total		86.46%		77.65%

Sources:

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

Notes:

2016 employment is based on calendar year 2015.

GASB 44 requires comparative data for the current calendar year and nine years prior. 2010 adjusted Census Data was used for 2007 and 2016 to estimate the percentage of total employment.



The Carolina Hotel