



2019 Strategic Operating Plan

Village of Pinehurst, North Carolina



VILLAGE OF PINEHURST

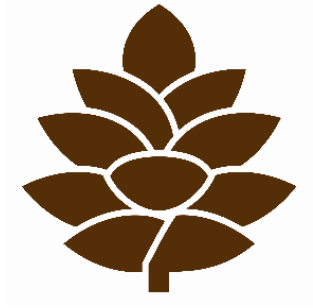
2019 Strategic Operating Plan

Including the

FY 2019 Budget



**Council Member Kevin Drum, Treasurer John Bouldry, Mayor Nancy Roy Fiorillo,
Council Member Judy Davis, 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

Service, Initiative, Teamwork, 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

Will Deaton

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 2019 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 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.

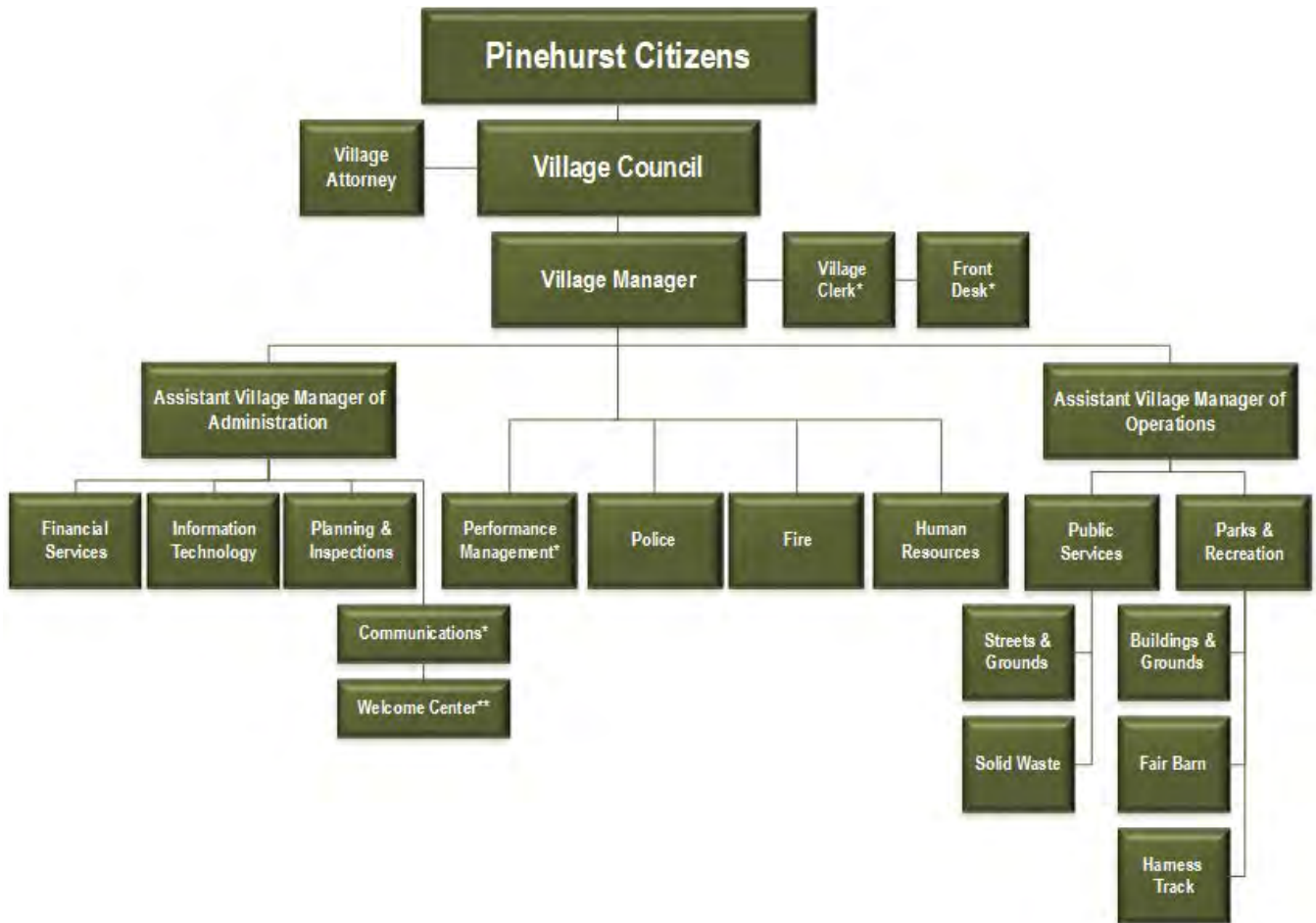
Budget Glossary - This section includes a list of common terms, acronyms and abbreviations used throughout the document. A detailed definition of these terms is provided to aid the reader in understanding the budget and strategic planning process.

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



*This function is included in the Administration Department for budget purposes.

**This function is included in the Community Development Department for budget purposes.

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



Personnel Classification Summary

Personnel expenditures make up 46% of the Village's General Fund 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 2019 Budget is based.

Fiscal Year 2019 Staffing By Function in Full-Time Equivalents

Classification Plan Summary	Budgeted FY 2015	Budgeted FY 2016	Budgeted FY 2017	Budgeted FY 2018	Budgeted FY 2019	FTE Change
General Government						
Administration						
Administration	7.0	7.0	7.0	7.0	8.0	1.0
Financial Services	3.5	3.5	3.5	4.0	4.0	-
Human Resources	2.5	2.5	2.5	2.8	2.8	-
Fleet Maintenance	3.0	3.0	3.0	3.0	3.0	-
Buildings and Grounds Maintenance	6.0	6.0	6.0	7.0	8.0	1.0
Information Technology	4.8	4.8	4.8	4.8	4.8	-
Total General Government	26.8	26.8	26.8	28.6	30.6	2.0
Public Safety						
Police	28.0	28.0	31.3	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	63.3	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	0.5	0.5	0.5	-
Total Economic and Physical Development	6.0	6.0	6.5	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	15.7	15.7	-
Total Transportation	18.0	18.0	18.0	18.7	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	6.7	6.7	6.7	6.7	-
Harness Track	4.3	4.3	4.3	4.3	4.3	-
Fair Barn	1.8	1.8	1.8	1.8	1.8	-
Total Cultural and Recreation	12.1	12.8	12.8	12.8	12.8	-
GRAND TOTAL	131.9	132.6	136.4	138.9	140.9	2.0

Population	15,525	15,763	16,123	16,452	16,669
Employees per 1,000 Population	8.5	8.4	8.5	8.4	8.4

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 2018, which began July 1, 2017. 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 2018 budget document and is good for a period of one year. We plan to submit the Fiscal Year 2019 Budget to the 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, 2017

Christopher P. Morrill

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. Each year, you give 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 2019 Strategic Operating Plan that includes the FY 2019 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 2019 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 \$22.6 million FY 2019 Budget contains the same \$0.295 per \$100 valuation property tax rate as last year. The Council's four Areas of Focus for the Village for FY 2019 include: 1) ensuring quality residential development, 2) ensuring quality business development, 3) maintaining high quality streets, and 4) providing recreation programs and events for all ages.

In support of our goals and objectives, we have several Initiative Action Plans (IAPs) included in the five-year planning period of FY 2019–2023. This *Budget in Brief* describes those action plans and other key items included in the FY 2019 Budget. For more information on action plans, please see the *Strategic Priorities* section of the 2019 Strategic Operating Plan, which may be found on our website at www.vopnc.org.

This year, the budget includes \$4.1 million in funding for the construction of a new 19,555 square foot community center at Cannon Park that is currently in the design phase. Construction is planned to commence in the fall of 2018 and the center is scheduled to open in the fall of 2019. This project is funded with existing Village funds and no debt will be issued to finance the project. The Village will also significantly engage the community in FY 2019 to develop the 2035 Long-Range Comprehensive Plan and I hope you will provide your input.

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 2019 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 2019, and I encourage you to read further about those in the 2019 Strategic Operating Plan.

Nancy Fiorillo, Mayor
Village of Pinehurst, NC



Fiscal Year (FY) 2019 Initiative Action Plans

The FY 2019 Budget includes eight (8) Initiative Action Plans (IAPs) at a cost of \$4.6 million to address the Village’s nine strategic goals, four of which are designated as an Area of Focus (AOF). In the five-year planning period there are a total of ten (10) IAPs at a cost of \$7.3 million. Additional information on action plans can be found in the *Strategic Priorities* section of the 2019 Strategic Operating Plan. Initiative Action Plans in the FY 2019 Budget and their cost are as follows:

Customer Perspective

Safeguard the Community (\$18,450)

1. **Police Department Accreditation** – Implement law enforcement standards of the Commission on Accreditation for Law Enforcement Agencies (CALEA)- **\$18,450**
2. **Emergency Medical Services (EMS) Facility Relocation** – Partner with Moore County to develop a plan for an EMS base at Fire Station 91 in Rassie Wicker Park - **\$0**

Ensure an Attractive Residential Community (\$205,000)

3. **Long-Range Comprehensive Plan AOF** – Prepare the 2035 Long-Range Comprehensive Plan - **\$205,000**

Provide multimodal transportation systems (\$3,610)

4. **Street Lighting AOF** – Install approximately 20 street lights within Village neighborhoods - **\$3,610**

Maintain an active, healthy community (\$4,355,880)

5. **Recreation & Cultural Facilities AOF** – Construct a *NEW* Community Center at Cannon Park, renovate the Rassie Wicker Park playground, and improve parking facilities at Cannon Park - **\$4,355,880**

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

Internal Perspective

Professionally manage a high performing organization (\$41,400)

6. **Planning & Inspection Process Improvements** – Implement new Planning & Inspections software and other process improvements to enhance the efficiency and effectiveness of services - **\$36,400**
7. **National Baldrige Application** – Begin preparing an application for the nation’s highest quality award for submittal in FY 2020 - **\$5,000**

Workforce Perspective

Attract and retain an engaged workforce (\$0)

8. **Workforce Development & Succession Planning** – Train and develop Village employees and develop a formal Village-wide succession plan - **\$0**

Note: The costs outlined above are only for IAPs that begin in FY 2019. For the five-year cost for these IAPs and the other IAPs included in the five-year period, see the *Strategic Priorities* section.



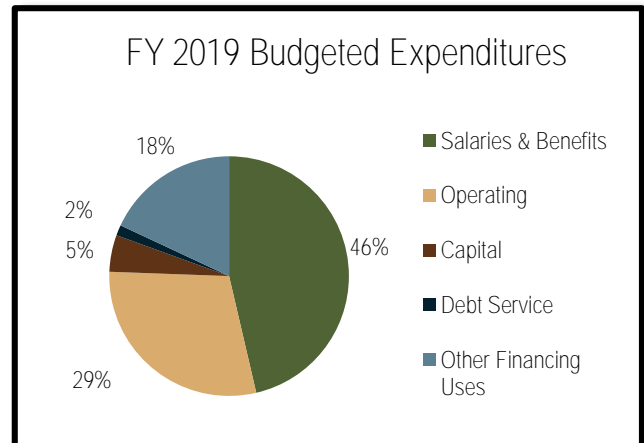
Fiscal Year (FY) 2019 General Fund Expenditures

The FY 2019 Budget for salaries and wages, excluding benefits, for the Village’s 141 full-time equivalents (FTEs) accounts for 46% of total expenditures, or \$10.5 million. Funding for average merit raises of 3% available to employees are funded at \$158,000. Also, the FY 2019 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 10% 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 full time equivalents (FTEs) for 2 positions. A full time Maintenance Technician and a new Performance Management Director are included.

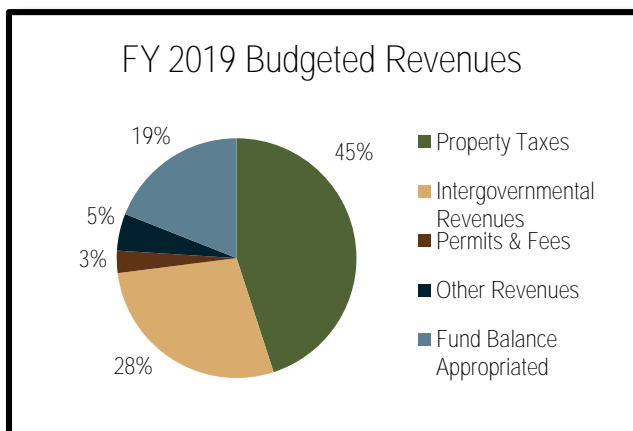
In FY 2019, the recommended budget includes \$1.1 million in capital investment, or 5% of total expenditures. In addition, the budget also includes a transfer of \$4.1 million from the General Fund to a capital project fund to cover the construction cost for the new Community Center. This Other Financing Use represents 18% of total expenditures.

In addition, the Village will increase its spending on annual road resurfacing and maintenance by \$270,000, or 26% in FY 2019. This \$1.3 million investment in street resurfacing and patching is devoted to improving the quality of Village streets.



Overall, the FY 2019 Budget totals \$22,552,000 or 12% above the prior year’s amended General Fund budget at December 31, 2017. The recommended budget as presented results in a per capita expenditure of \$1,353 based on a projected population of 16,669.

Fiscal Year (FY) 2019 General Fund Revenues



The primary revenue source for the Village is property taxes, accounting for 45% of total revenues, or \$10.2 million. In FY 2019, the Village will maintain the current \$0.295 per \$100 valuation property tax rate.

At \$6.2 million, intergovernmental revenues are the second largest revenue category, making up 28% 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 15% of the total budget.

The Village is also budgeting to use \$4.2 million of appropriated fund balance (or Village savings), which represents 19% of total revenues. Because revenues historically come in at 101% of budget and expenditures typically fall 5% below budget, we estimate the Village will actually only use \$3.2 million of appropriated fund balance in FY 2019. This will result in an ending fund balance of approximately 32%, which is within the Council’s target fund balance policy range of 30%-40%.



Long Term Debt

The Village continues to pay down its debts and currently has only \$738,000 in long-term debt outstanding. Total required principal and interest payments for FY 2019 amount to \$320,000, or 2% of the total annual budget, bringing outstanding debt down to \$418,000 at the end of FY 2019. The Village does not plan to issue any new debt in FY 2019 and will pay off the only significant remaining debt for the fire station in FY 2020.

Capital Expenditures

Capital expenditures total \$1.1 million in FY 2019, or 5% of the annual budget. In addition to routine vehicle and equipment replacements, significant capital expenditures include:

- Wicker park playground equipment (\$95,000)
- Paving of Cannon Park parking lot (\$100,000)
- Sewer jet and vacuum trailer (\$121,000)
- Storm drainage projects (\$190,000)

NEW! Community Center

In FY 2019, the Village will begin construction of a new 19,555 square feet community center located in Cannon Park. Construction will commence in the fall of 2018, and the center will open in the fall of 2019. The new facility will contain a gymnasium, office space, a kitchen, and four activity rooms of varying sizes.



Viewing the Budget Online

To view the FY 2019 Budget online, go to www.vopnc.org.

On the Budget “launch” page, citizens can open the entire FY 2019 Budget and Strategic Operating Plan document or an individual section, with a linked table of contents.



May 8, 2018

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 2019 Strategic Operating Plan, including the recommended budget for Fiscal Year (FY) 2019, 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 2019 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 2019 marks the sixth 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 2019 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 24 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 vision, mission, goals, and objectives. 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

Growth in population, increased development, and an improving economy are the the primary issues facing the Village in developing the FY 2019 SOP. This impacts our need to construct additional community facilities, plan for the long-term future of the Village, address traffic and transportation related issues, and ensure adequate staff capacity and capabilities to provide high quality services.

This year, the Village has seen continued growth in 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 rebounded over the past few years. Prior to the housing crisis, the Village averaged 200 new single family homes per year, which dropped to a low of 51 in 2010. We



project approximately 140 homes will be constructed in FY 2018, and 120 in FY 2019. Both of these estimates are lower than the 161 homes constructed in FY 2017. The lower estimates are due to mortgage interest rate increases and the depletion of buildable lots. The growth experienced over the past two years has added to our tax base and resulted in additional revenue available to provide and expand high quality municipal services. The Village has also seen significant commercial development over the past two years which is reflected in our tax base estimate.

The improving economy has also resulted in a recovery of local sales tax revenues in the past two years, providing additional revenue that was not previously available. The projections for FY 2019 are approximately 4.3% higher than the prior year.

The local unemployment rate has improved to 4.5% compared to 5.0% the previous year. This rate is reflective of the state and national rates and highlights the continued improvement over the past few years in the local economy that has impacted our ability to attract capable staff.

With an increasing population and changing demographics that are getting younger, the FY 2019 Budget proposes to allocate a significant amount of resources to address the needs of our residents with recreation amenities. Specifically, this budget proposes \$4.1 million to fund the construction of a Community Center at Cannon Park. Last year's five-year financial forecast anticipated needing \$1 million in financing to complete the project. The Village elected not to construct additional sidewalks in FY 2018 and FY 2019. These savings of \$830,000, combined with other savings in the budget, have eliminated the need to borrow funds for the Community Center. This also freed up approximately \$100,000 per year from debt service to use toward the operational costs of the new facility.

To address current and projected growth and development, the FY 2019 Budget also includes development of the 2035 Long-Range Comprehensive Plan. As community needs change due to growth and demographic changes, updating the 2010 Long-Range Comprehensive Plan will help ensure the Village is positioned to grow in a way that helps us remain a charming, historic, and vibrant community.

Increasing community desires for higher quality street surfaces has created the need to invest more heavily in annual street resurfacing and maintenance. As a result, the FY 2019 Budget includes a 26% increase to pave and maintain Village roads, or an increase of \$270,000.

Other external economic factors have affected our budget planning process. Hosting the U.S. Open over the years has proven to positively impact golf-related tourism. Pinehurst Resort has also continued to invest in its properties adding amenities to attract a much wider and younger demographic. Military relocations are also supporting growth in the housing market. The Village's name recognition and proximity to Fort Bragg make it an attractive location for families with military ties.

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 2019 budget includes the addition of 2.0 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 year's legislative short session, like any session, could impact the Village's revenues or increase our expenses. Since it is unclear at this time what impact, if any, might come from this session, no provision for changes have been included in this budget.



PRIORITIES AND AREAS OF FOCUS

The recommended FY 2019 Budget 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.

Based on identified strategic challenges and opportunities, resident priorities, and a review of performance levels relative to benchmark comparisons, the Village Council identified four strategic objectives as Areas of Focus (AOF) for FY 2019 at the annual strategic planning retreat. These include:

1. Ensure quality residential development
2. Ensure quality business development
3. Maintain high quality streets
4. Provide recreation programs and events for all ages

The 2019 SOP includes 10 initiative action plans (IAPs) with incremental funding of \$7,303,965 to achieve the target performance levels on the BSC and address Areas of Focus over the five-year period:

Strategic Goal	Strategic Objective	Initiative Action Plans (IAPs)
Safeguard the community	Deliver effective public safety services	EMS Facility Relocation
		Police Department Accreditation
Ensure an attractive residential community	Ensure quality residential development AOF	Long-Range Comprehensive Plan
Ensure a thriving business community	Ensure quality business development AOF	Commercial Streetscape Enhancements
Provide multimodal transportation systems	Provide interconnected pedestrian facilities	Pedestrian Connectivity
	Maintain high quality streets AOF	Street Lighting
Maintain an active, healthy community	Provide recreation programs and events for all ages AOF	Recreation and Cultural Facilities
Professionally manage a high performing organization	Continuously improve and innovate	National Baldrige Application
		Permit & Inspection Process Improvements
Attract & retain an engaged workforce	Provide a supportive and rewarding work environment	Workforce Development & Succession Planning

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



Of the 10 initiatives in the five-year period, 8 are scheduled to begin in FY 2019 (or continue from FY 2018) at a cost of \$4,624,340. 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 10 IAPs planned for the five-year period, only three were added this year: EMS facility relocation, Police Department accreditation, and National Baldrige Application. The remaining 7 IAPs were either previously scheduled in the five-year financial plan to begin in FY 2019 or were ongoing initiatives from FY 2018. 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 2019 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 2019 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 2019 recommended General Fund budget totals \$22,552,000. This is an increase of 12% above the FY 2018 amended General Fund Budget at December 31, 2017 of \$20,051,584 due to the construction of the Community Center. The recommended budget as presented results in a per capita expenditure of \$1,353 based on a projected population of 16,669.

Approximately 75% of all General Fund operating 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 \$4,249,380 of appropriated fund balance. The amount of fund balance appropriated this year is higher due to the transfer of \$4,068,900 to the Community Center Capital Project Fund. If the projected budget to actual variance is achieved in FY 2019, we will subtract approximately \$3,214,000 from fund balance, which will cause fund balance to decrease to 32.3% of General Fund expenditures. This is within the Council's adopted policy range for fund balance is 30%-40% of General Fund expenditures.



SOURCES OF REVENUE

The General Fund's primary sources of revenue include:

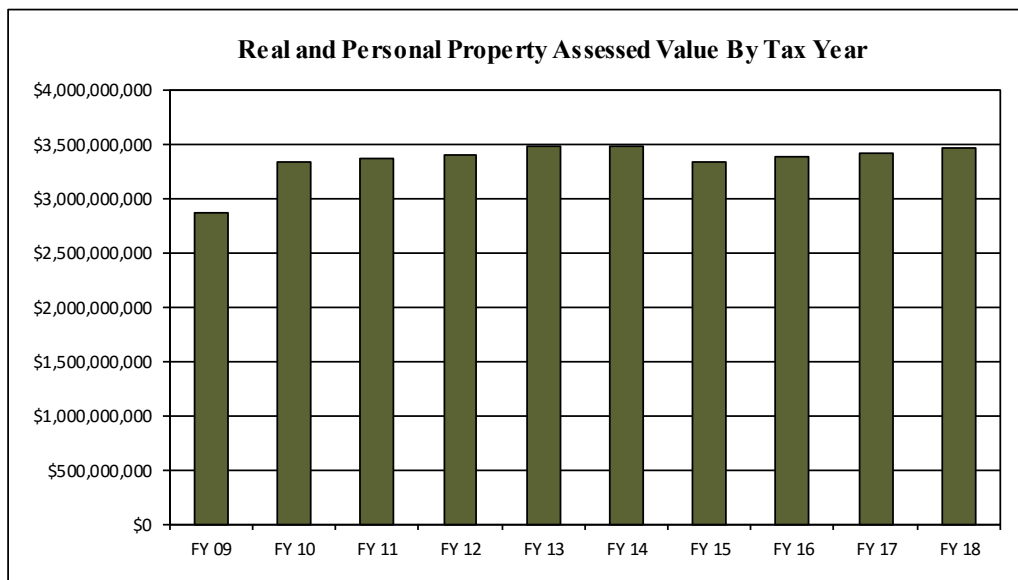
- Ad valorem taxes,
- Local option sales taxes,
- Intergovernmental revenues,
- Permits and fees, and
- Sales and service revenues.

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".

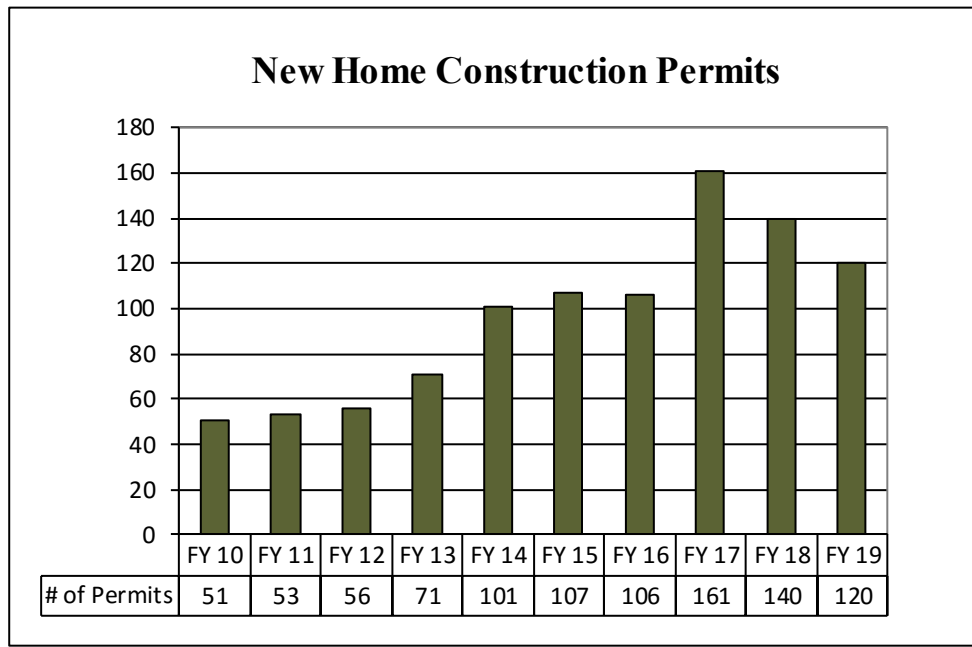
In North Carolina, property tax rates are customarily expressed in dollars per \$100 valuation. The maximum property tax rate allowed in North Carolina is \$1.50 per \$100 of valuation. This proposed budget recommends retaining the current property tax rate of \$0.295 per \$100 of valuation, which is the lowest municipal tax rate in Moore County. Robust growth in other operating revenues during FY 2018 have allowed the Village to maintain its current property tax rate for FY 2019. 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 \$342,000 in revenue. Total ad valorem tax revenues are projected to be \$10,250,000 in FY 2019. 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 56% of the General Fund's operating 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% from the values of January 1, 2007. Property values are expected to increase approximately 6% at the revaluation scheduled for January 1, 2019, which will impact the FY 2020 Budget.





Our budget estimates assume an average growth in the real property tax base of 1.55% for real property and motor vehicles. Since the majority 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 with 161 homes constructed. Because of expected increases in mortgage interest rates and decreasing lot availability, we are expecting to permit 140 homes in FY 2018 and 120 in FY 2019.

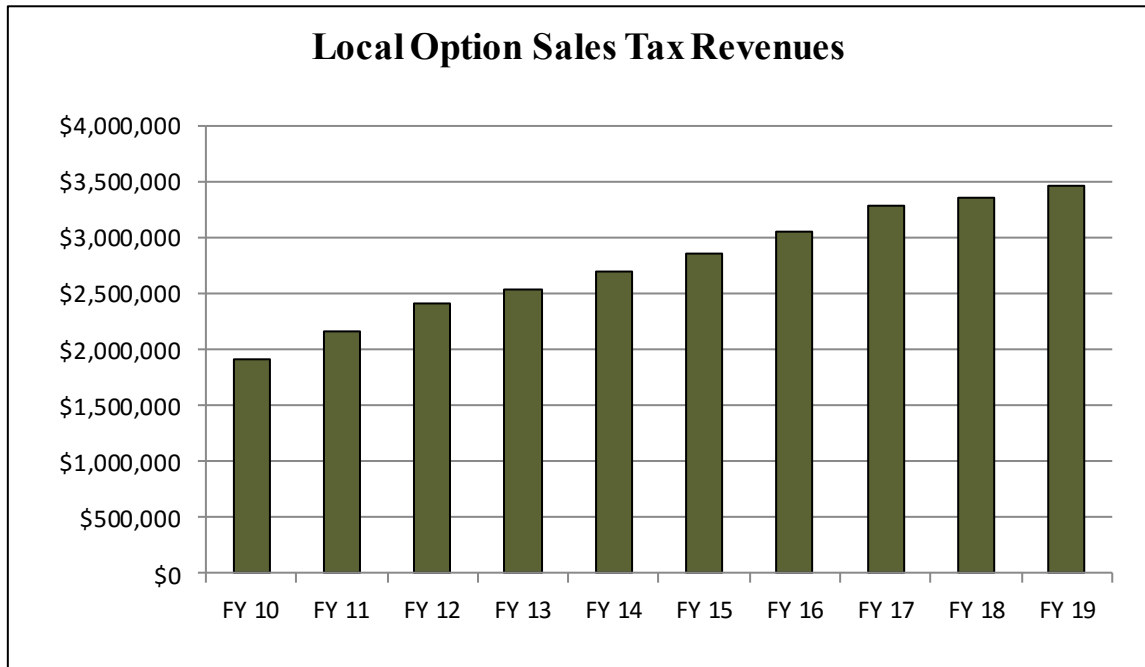


Intergovernmental Revenues

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 ³/₄) 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 19% of the Village's operating revenues, or \$3,451,000 in FY 2019. This represents an increase of 4.3% 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 has improved, especially in the areas of construction and tourism. As the following chart illustrates, sale tax revenues have returned to average 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 \$6,256,100 for FY 2019, or approximately 34% of General Fund operating revenues. This is an increase of approximately 2.4% over estimated intergovernmental revenues in FY 2018.

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 \$717,500 in FY 2019, or approximately 4% of total General Fund operating 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 \$719,600, or approximately 4% of total General Fund operating revenues.



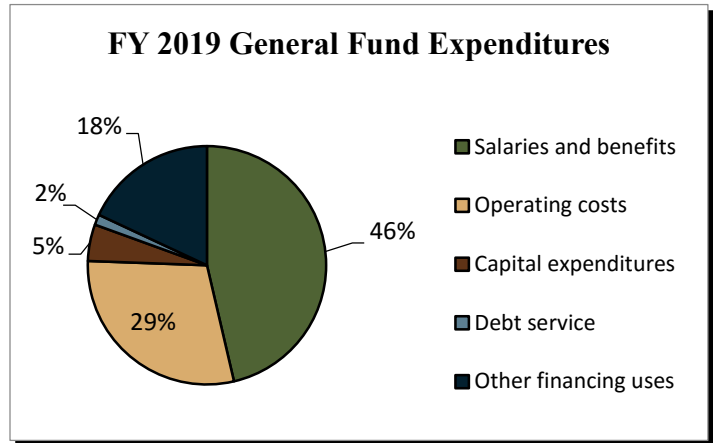
EXPENDITURES BY CATEGORY

General Fund Expenditures fall into one of four categories:

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

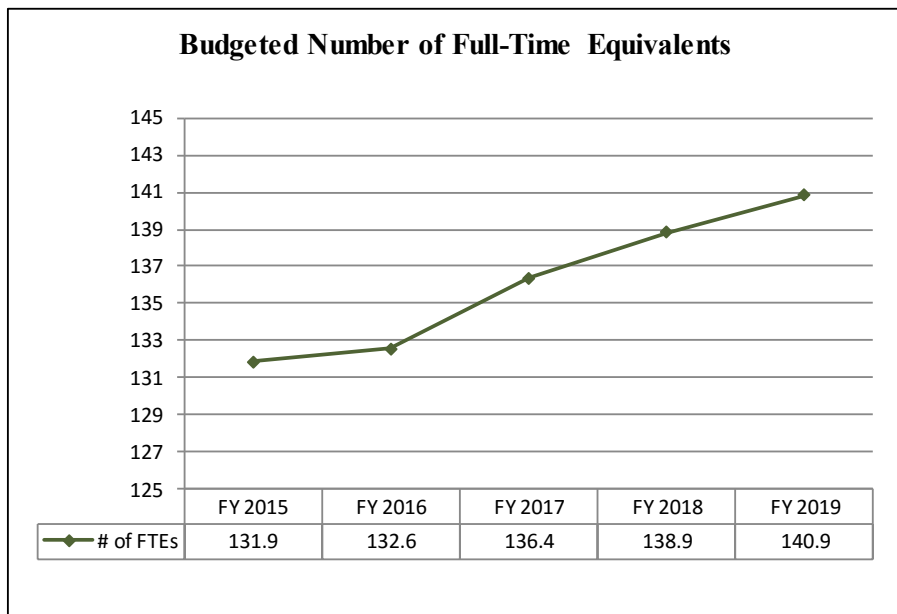
Salaries and Benefits

Salaries and benefits for the Village’s 141 full-time equivalents (FTEs) accounts for \$10,454,400, or 46%, of the total General Fund Budget. This amount includes all employees, however, salaries and benefits for internal service department employees are allocated to the direct service departments as an operating expenditure.



Group insurance costs have historically escalated at a very rapid pace. This past year, the Village had an increase of 10% 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 also assumes a 10% increase in group insurance costs at our January 2019 renewal. The Village currently pays for 100% of employee coverage and subsidizes 10% 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.

For FY 2019, the budget recommends the increase of 2.0 FTEs for two positions. A new Performance Management Director position is added to Administration and a Maintenance Technician will be added to the Buildings & Grounds Division, mid-year. The following chart indicates the budgeted number of FTEs for the past five years.





A total of \$158,000 has been included in the recommended budget to fund the Village's merit pay system. Merit pay raises available to employees are funded to average 3% and are effective October 1. The Village does not fund cost of living adjustments or longevity raises.

Operating Costs

This category of expenditures accounts for \$6,590,100 or 29% of the total General Fund Budget. These expenditures include all costs other than salaries and benefits, debt service, and capital 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 increased road resurfacing, developing a Long-Range Comprehensive Plan, implementing Planning & Inspections automation software, and operating costs associated with the new Community Center. It is estimated that the first full year of operating costs for the Community Center, in FY 2020, will equal approximately \$137,000. Contingency funding of \$100,000 has also been set aside to potentially fund all or part of the transition to a next generation of library service delivery in the Village.

Capital Expenditures

This category of expenditures accounts for \$1,118,500, or 5% of the total General Fund Budget. This represents a decrease of 62.5% from the previous year, largely because a fire engine and other capital items were carried over from FY 2017 into FY 2018. The FY 2019 Budget includes the construction of a new Community Center that will significantly impact operating expenditures, outlined above. 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 2019 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 2019:

- Three Police vehicles,
- Wicker Park playground equipment,
- Paving of Cannon Park parking lot,
- Sewer jet and vacuum trailer,
- Skid-steer loader/mower, and
- Storm drainage projects

Debt Service

This category of expenditures accounts for \$320,000, or 2% of the total General Fund budget. This represents a decrease of \$42,000 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.

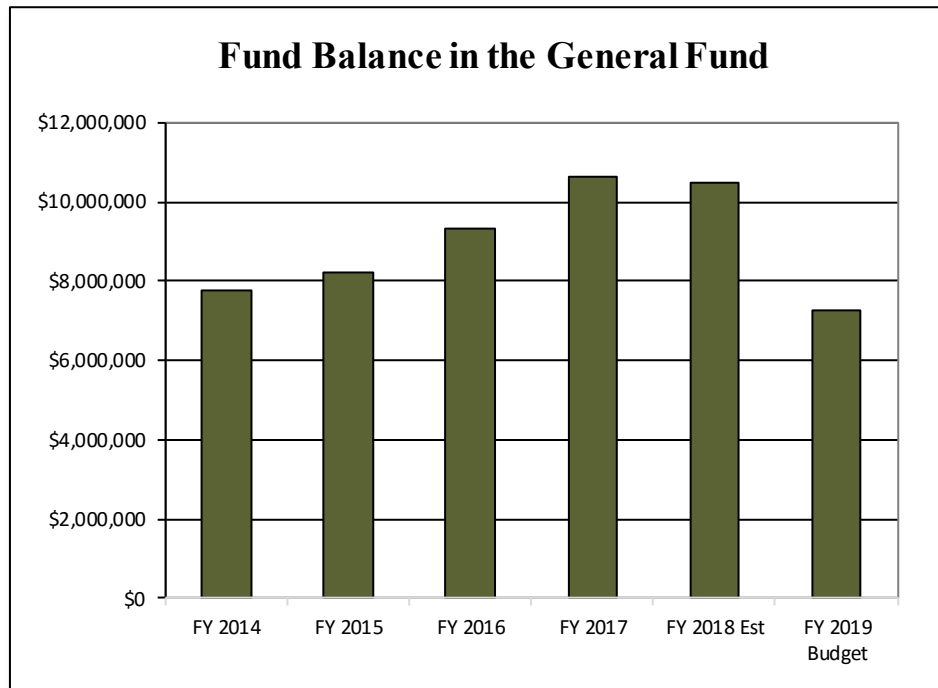
Other Financing Uses

Other financing uses represent transfers out of the General Fund to other funds. The budget for FY 2019 includes a \$4,068,900 transfer to the Community Center Capital Project Fund for construction. This category accounts for \$4,068,900, or 18%, of the total FY 2019 General Fund Budget.



FUND BALANCE

At June 30, 2018, the Village's fund balance in the General Fund is projected to be approximately \$10.5 million, or 52.4% of the FY 2018 Budget. The budget as proposed for FY 2019 will reduce the level of fund balance to approximately \$7.3 million, or 32.3% of expenditures due to investment in the Community Center Capital Project Fund. The return of \$1 million from the Given Memorial Library capital campaign trust account in FY 2020 will increase fund balance significantly. The Village expects the \$1 million the Village previously contributed to the trust account over the past few years will be returned due to the library's inability to meet its requirements under the agreement. By FY 2022, fund balance is expected to increase to 44% 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. In other words, 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 32.3% of FY 2019 General Fund budgeted expenditures, which is within our policy range of 30% to 40%. The budget as proposed, should also enable us to construct the Community Center without incurring additional long-term debt.

Departmental requests were reduced by approximately \$700,000 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 2019:

Revenues by Type	Budgeted FY 2019
Ad Valorem Taxes	\$ 10,250,000
Other Taxes & Licenses	1,000
Unrestricted Intergovernmental Rev.	5,711,000
Restricted Intergovernmental Rev.	545,100
Permits & Fees	717,500
Sales & Services	719,600
Assessments	25,900
Other Revenues	236,580
Investment Income	96,000
Revenues	18,302,680
Fund Balance Appropriations	4,249,380
Total Revenues	\$ 22,552,060

Expenditures by Function	Budgeted FY 2019
General Government	\$ 2,636,446
Public Safety	6,411,845
Transportation	3,527,410
Environmental Protection	1,455,253
Economic & Physical Dev	1,070,953
Cultural & Recreation	2,961,093
Debt Service	320,160
Contingency	100,000
Expenditures	18,483,160
Other Financing Uses	4,068,900
Total Expenditures	\$ 22,552,060

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 22, 2018. 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 Village Council and senior leadership for their support in developing this FY 2019 Budget. I also want to recognize all of 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.

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."



Village Council

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 (jfrve@vopnc.org)

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 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 Human Resources Director 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.



Elementary School Children Visit the Pinehurst Police Department

Inspections (wdeaton@vopnc.org)

The Inspections Division reports directly to the Planning and Inspections Director. 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 Public Services Director 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 & Grounds (wmorgan@vopnc.org)

The Streets & Grounds Division of the Public Services Department reports directly to the Public Services Director. The Streets & 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.



Streets & Grounds Employee at Work

ENVIRONMENTAL PROTECTION

Solid Waste (wmorgan@vopnc.org)

The Solid Waste Division of the Public Services Department reports to the Assistant Public Services Director. 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 (wdeaton@vopnc.org)

The Planning and Inspections Director reports directly to the Assistant Village Manager of Administration 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 Parks & Recreation Director 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 at Rassie Wicker Park

Fair Barn (mwagner@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 labor, 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 Fleet Maintenance Director 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 & 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.



Greenway Trail at Rassie Wicker Park

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 (wdeaton@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”.



Historic Downtown

Planning And Zoning Board (wdeaton@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 (wdeaton@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.



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



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 eleven consecutive years and been awarded the Special Performance Measures Recognition in two of those years.

What's New in the Document This Year?

In the spirit of continuous improvement, several enhancements have been made to the 2019 Strategic Operating Plan. The most significant changes made in this year's document to make it more useful to the reader include:

- The Introduction section has been updated to include the following:
 - The Organizational Chart has been modified to more clearly depict organizational reporting relationships.
 - We have added a column to the Personnel Classification Summary, which indicates the change in full-time equivalents from the prior year.
- The *Strategic Priorities* section has been updated to provide the following:
 - The Balanced Scorecard (BSC) goals have been color coded by perspective for easy identification.
 - The BSC now indicates the FY 2019 goal and projected performance as well as the FY 2023 goal and projected performance.
 - We have expanded discussion of key inputs into the 2019 Strategic Operating Plan.
- The *General Fund* section of expenditures has been modified as follows:
 - We have added a pie chart that illustrates General Fund expenditures by type to help readers better understand our expenditures.
 - The departmental expenditure pages have been updated to more accurately describe our departments and divisions.
- The *Capital Project Fund* has been enhanced to provide additional information regarding operating expenditures for the Community Center to be constructed in FY 2019.

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, Financial Services Director at jfrye@vopnc.org.



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 SOAR analysis, and affirms goals and objectives.

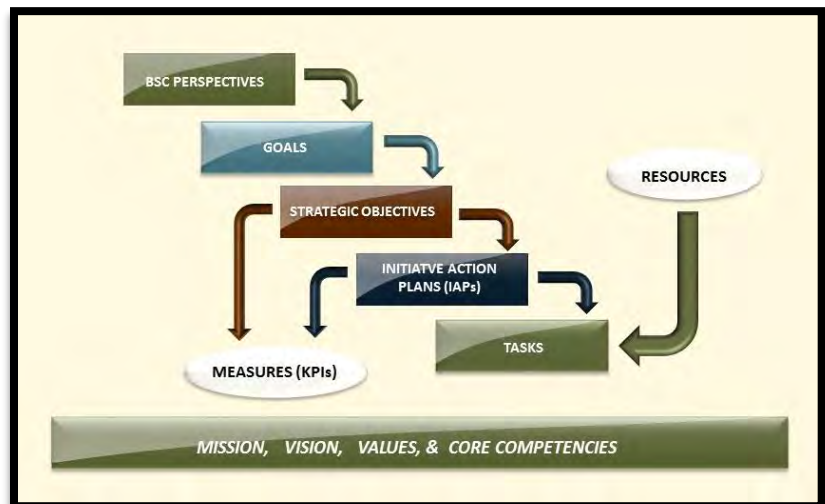
Using these key inputs into the SPP, the Council sets target performance levels, based on comparisons to benchmark communities, for each of the Key Performance Indicators (KPIs) on the Balanced Scorecard (BSC). The senior leadership team, along with Council-approved committee chairs, identify Initiative Action Plans (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, address strategic challenges and opportunities, 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 expected operating revenues and costs for 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 2019 Strategic Operating Plan and FY 2019 Budget:

Dates	Activity
December 14 – 15, 2017	Village Council holds Strategic Planning Retreat
January 24, 2018	Village Council approves Balanced Scorecard with Key Performance Indicators target performance levels
February 8, 2018	FY 2019 Strategic Operating Plan (SOP) training session and forms release date
March 9, 2018	Department heads submit completed departmental SOP forms to the Financial Services Department after consultation with their respective Village Manager
March and April 2018	Financial Services Department estimates revenues in conjunction with department head input and consolidates departmental requests
March 22 – 29, 2018	Strategic Planning Team holds Strategic Operating Plan Workshops with department heads to discuss their submitted plans
April 2 – 6, 2018	Strategic Planning Team prioritizes Initiative Action Plans and develops Strategic Operating Plan with long-term staffing and capital plan included
May 4, 2018	Village Manager submits the draft Strategic Operating Plan to the Village Council
May 8, 2018	Village Manager presents the Strategic Operating Plan to the Village Council at a Council work session
May 14 – 16, 2018	Village Council holds work sessions to review Strategic Operating Plan and FY 2019 Budget
May 22, 2018	Village holds a public hearing on the FY 2019 Budget
June 12, 2018	Village Council adopts the Strategic Operating Plan and the FY 2019 Budget Ordinance
July 1, 2018	2019 SOP is implemented
July 11, 2018	Financial Services Department publishes the final 2019 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 target range of no more than 89%-91% of operating revenues to be spent on operating expenditures. This ensures that 9%-11% 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 Plan (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, operating expenditures, or revenues 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 uses the modified accrual method as the basis for budgeting, accounting, and for financial reporting.

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 at this time; the **Community Center Capital Project Fund**. The Village Council established the fund in FY 2018.



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:

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

Expenditures by Type	FY 2017 Actual	FY 2018 Budget	FY 2018 Estimated	FY 2019 Budgeted	Percent Change
Salaries & Benefits	\$ 188,386	\$ 202,000	\$ 201,488	\$ 210,700	4.3%
Operating	265,363	333,760	319,307	317,080	-5.0%
Capital	223,108	131,829	131,829	117,802	-10.6%
Expenditures Total	\$ 676,857	\$ 667,589	\$ 652,624	\$ 645,582	-3.3%

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 2019 is to “Complete 99% of building inspections within one business day.”

The FY 2019 and FY 2023 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 Goal: Ensure an attractive residential community

KPI	Type	FY 2016 Actual	FY 2017 Actual	FY 2018 Est.	FY 2019 Proj.	FY 2023 Proj.
Department Goal: Inspect residential and non-residential development to ensure compliance with building codes						
% of building inspections completed within one business day	Effectiveness	100%	100%	100%	99%	99%
# of building inspections completed per inspector FTE per day	Efficiency	12.9	13.3	14.5	14.6	15.2



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 opportunities, advantages, and challenges; completes a SOAR analysis (Strengths, Opportunities, Aspirations, and Results); and identifies strategic goals and objectives. This year, the Village sought input from all Village employees and volunteers to the strategic planning process by asking them to identify what changes they saw impacting the Village over the five-year planning period and what opportunities may exist to innovate (e.g. make meaningful change to create new value for stakeholders) and improve the services they provide.

Taking all of the inputs from the Council retreat, the Village Council then identifies Areas of Focus (AOF) for the upcoming fiscal year based on the Village's historical performance levels relative to benchmarks and comparisons, strategic challenges, strategic opportunities, and resident priorities for improvement as indicated in the annual community survey. Areas of Focus include those strategic objectives where increased resource allocation is needed to enhance performance levels articulated with Key Performance Indicators (KPIs) on the Village Balanced Scorecard. In January of each year, the Village Council then sets short-term and long-term performance goals for the KPIs included on the BSC based on a review of benchmark communities' performance relative to the Village's historical and desired performance levels.



With goals, objectives, and target performance levels set by the Council, management develops Initiative Action Plans (IAPs) to address strategic objectives for community goals needed to ultimately achieve 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 associated risks based on the severity and likelihood of occurrence. Mitigating actions intended to minimize risks are then incorporated into action plan steps. Finally, any workforce training needs associated with an IAP are programmed into the internal TOPS training program for staff and any additional workforce capacity needed is included in the five-year staffing plan.

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 include the five-year Capital Improvements Plan (CIP) and address all projected costs associated with Council approved IAPs. The five-year financial forecast is developed to ensure fund balance remains within the target range of 30%-40% of budgeted expenditures in accordance with the Village Council's adopted Fund Balance Policy. In addition, the five-year financial forecast is developed to ensure projected operating margins fall within acceptable levels to allow for adequate levels of future capital reinvestment.



Strategic Planning Process

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.

The five-year financial forecast for FY 2019-2023, which is described more fully in the *Five-Year Financial Forecast* section of the SOP, is summarized below. The projected tax rate in FY 2020 is the projected revenue neutral tax rate in the year of county-wide property revaluation.

Five Year Financial Forecast					
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Tax Rate per \$100 valuation	\$0.295	\$0.28	\$0.28	\$0.28	\$0.28
General Fund Operating Revenues	\$ 18,302,680	\$ 19,627,000	\$ 18,928,000	\$ 19,151,000	\$ 19,449,000
General Fund Operating Expenditures	17,364,660	17,695,596	18,110,191	18,467,168	18,961,272
Operating Income(Loss)	\$ 938,020	\$ 1,931,404	\$ 817,809	\$ 683,832	\$ 487,728
Transfer to Community Center Capital Fund	4,068,900	-	-	-	-
Capital Expenditures	1,118,500	1,632,000	2,346,500	1,344,500	1,290,500
Total Expenditures	\$ 22,552,060	\$ 19,327,596	\$ 20,456,691	\$ 19,881,668	\$ 20,251,772
Budget to Actual Variance *	1,035,252	1,065,450	1,089,990	1,112,268	1,142,554
Projected Actual Gain/(Loss)	\$ (3,214,128)	\$ 1,364,854	\$ (438,701)	\$ 451,601	\$ 339,781
Projected GF Balance as a % of Total Exp.	32.3%	44.8%	40.1%	43.7%	44.5%

**Assumes actual operating revenues of 101% of budget and actual operating 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 Village also provides residents an opportunity each year to provide input on the SOP electronically using the Village's online public engagement platform, Open Village Hall.

The following diagram indicates the key steps and timing of the Strategic Planning Process:





Key Inputs into the 2019 Strategic Operating Plan

Mission, Vision, and Values

At the December 2017 Council Retreat, the Council affirmed the Village’s Mission, Vision, and core values. The Vision is what we aspire for our Village to be, while the mission provides purpose to our Village Council, staff and volunteers. The Village core values are the guiding principles and behaviors that embody how Village employees are expected to operate as they provide services to Pinehurst residents, businesses, and visitors.

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 2017 retreat, the Council reviewed and amended the core competencies of the Village to include:

1. Improve continuously
2. Leverage technology
3. Utilize volunteers



Strategic Advantages

Strategic advantages are those benefits that exert a significant positive influence on the Village’s likelihood of future success and are our source of competitive success. The strategic advantages identified by the Village Council for FY 2019 are:

1. Integrated and extensive use of technology
2. Culture of continuous improvement
3. Talented employees and volunteers
4. Strong financial condition

Strategic Challenges & Opportunities

Strategic challenges are pressures that exert an influence on the likelihood of our Village’s future success. Strategic opportunities are those prospects for new or changed services or processes. The strategic challenges and strategic opportunities identified by the Village Council for FY 2019 are indicated below. The FY 2019 SOP was developed to address each of these challenges and opportunities.

Strategic Challenges	Strategic Opportunities (In Order of Priority)
<ol style="list-style-type: none"> 1. Responding to increased demand for services and changing needs due to growth 2. Managing the impact of growth on the character of the Village 3. Financial pressures for library support and potential school relocation 4. Changes in the housing market 5. Attracting and retaining workforce members 6. Create a walkable community 	<ol style="list-style-type: none"> 1. Plan for the long term future of the Village 2. Create a vibrant retail center in the Village 3. Expand cultural & recreational programs and activities 4. Partner and collaborate with others on regional issues 5. Utilize technology to improve services 6. Create a pedestrian friendly community 7. Develop future leaders



SOAR (Strengths, Opportunities, Aspirations, and Results) Analysis

The Council also conducted a SOAR analysis at their December 2017 Strategic Planning Retreat and identified organizational and community strengths, opportunities, aspirations, and results. Village Council and senior staff used this analysis to determine key strategic advantages, opportunities, and results to monitor.

Environmental Scan

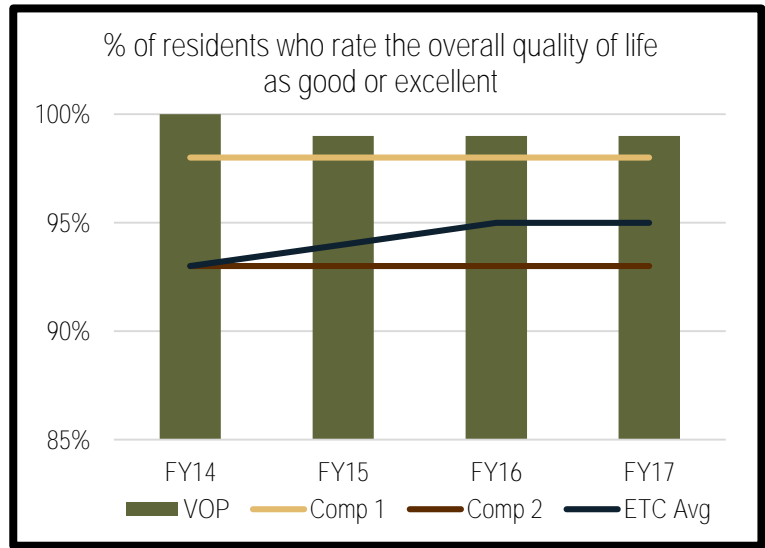
The environmental scan consists of a review of critical data and information that can impact service delivery. During the December 2017 Strategic Planning Retreat management conducted an external scan and reviewed key community and societal trends, customer satisfaction results, economic trends, and uncertainties or potential blind spots. The Village Council and senior staff also conducted an internal scan and reviewed leadership & governance results, financial conditions, workforce results, input from employees and volunteers on opportunities for innovation and improvement, effectiveness of key work systems, and a gap analysis of the Village’s historical performance results relative to benchmarks and comparisons. Community survey results were segmented by neighborhood, resident age, and length of residence to facilitate further analysis. Workforce results are also segmented by employee roles.

FY 2019 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 2019 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 2017 survey, **99% of residents rated the overall quality of life as good or excellent** for the third consecutive year, which exceeds all benchmark comparisons.

All Key Performance Indicators (KPIs) on the Balanced Scorecard are considered “lag” performance measures that indicate performance levels at the end of the fiscal year. The vast majority of customer perspective KPIs are annual resident satisfaction survey results from the community survey. Department Balanced Scorecards contain “lead” performance measures that measure key Village processes and are monitored either daily, weekly, monthly, or quarterly by senior staff to ensure the Village achieves the desired “lag” performance targets set on the Balanced Scorecard.



Department Balanced Scorecards contain “lead” performance measures that measure key Village processes and are monitored either daily, weekly, monthly, or quarterly by senior staff to ensure the Village achieves the desired “lag” performance targets set on the Balanced Scorecard.

The BSC community survey, workforce survey, and volunteer survey results include the percentage of respondents who indicate “neutral.”



Balanced Scorecard

The FY 2019 Village of Pinehurst Balanced Scorecard (BSC), by perspective, is shown below:

FY 2019 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...	FY 17 Actual	FY 18 Proj	FY 19		FY 23		
						Goal	Proj	Goal	Proj	
Customer	Safeguard the community	Deliver effective public safety services	% of residents whose overall feeling of safety in the Village is good or excellent	100%	99%	95%	99%	95%	99%	
			% of residents satisfied with how quickly fire personnel respond to emergencies	100%	99%	95%	99%	95%	99%	
			% of residents satisfied with the enforcement of local traffic laws	91%	89%	90%	90%	90%	90%	
	Ensure an attractive residential community	Maintain and enhance the appearance of public spaces	% of residents who rate the overall appearance of the Village as good or excellent	99%	99%	95%	99%	95%	99%	
			Ensure compliance with Village codes and ordinances	84%	85%	85%	85%	85%	85%	
			<i>Ensure quality residential development AOF</i>	% of residents satisfied with Village efforts to maintain the quality of neighborhoods	87%	89%	90%	88%	90%	88%
	Ensure a thriving business community	<i>Ensure quality business development AOF</i>	1st floor occupancy rate in the Village Center	95%	90%	90%	90%	90%	90%	
			% of businesses likely to recommend the Village as a business location	95%	90%	90%	90%	90%	90%	
	Provide multimodal transportation systems	Provide interconnected pedestrian facilities	% of residents satisfied with the availability of sidewalks	71%	70%	70%	70%	75%	75%	
			% of residents satisfied with the availability of greenway/walking trails	95%	90%	90%	93%	90%	93%	
			<i>Maintain high quality streets AOF</i>	% of residents satisfied with the adequacy of street lighting	72%	72%	70%	72%	75%	75%
			% residents satisfied with street and right of way maintenance	84%	87%	90%	90%	90%	90%	
	Protect the environment	Provide effective and efficient solid waste collection services	% of residents satisfied with solid waste services	96%	96%	95%	96%	95%	96%	
		Reduce, reuse, and recycle resources	% of refuse diverted from the landfill	34%	35%	35%	35%	35%	35%	
Maintain an active, healthy community	<i>Provide recreation programs and events for all ages AOF</i>	% of residents satisfied with P&R programs	98%	95%	95%	96%	95%	96%		
		% of residents satisfied with Village sponsored cultural arts events	98%	95%	95%	95%	95%	95%		
Internal	Professionally manage a high performing organization	Enhance community engagement	% of residents satisfied with Village communications	94%	95%	95%	95%	95%	95%	
		% of residents satisfied with the level of public involvement in local decisions	79%	85%	85%	85%	85%	85%		
	Continuously improve and innovate	Full time equivalents per million \$ of revenue	7.62	7.26	8.00	7.70	8.00	7.33		
		% of residents satisfied with the value received for taxes paid	94%	91%	90%	92%	90%	92%		
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	97%	95%	95%	95%	95%	95%	
		% of volunteers satisfied with the volunteer experience	100%	96%	95%	97%	95%	97%		
Financial	Maintain a healthy financial condition	Meet or exceed established financial targets	Unassigned GF fund balance as a % of actual expenditures	43%	28%	30%	40%	30%	32%	
		Maintain capital assets	Capital asset condition ratio	45%	44%	50%	44%	50%	46%	

Items in red are Areas of Focus (AOF) for FY 2019 based on VOP performance levels relative to benchmarks and comparisons, strategic challenges, strategic opportunities, and resident priorities for improvement.



Initiative Action Plans (IAPs)

The total costs below for the 10 FY 2019-2023 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 2019-2023 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 2019 Funding	FY 2019- 2023 Funding	
Customer	Safeguard the community	Deliver effective public safety services	Police Department Accreditation	2019 -2022	\$18,450	\$35,715	
			Emergency Medical Services (EMS) Facility Relocation	2019-2020	\$0	\$281,000	
	Ensure an attractive residential community	Maintain a high level of overall appearance of public spaces Ensure compliance with Village codes and ordinances					
			Ensure quality residential development <i>AOF</i>	Long-Range Comprehensive Plan Update	2019-2020	\$205,000	\$210,000
	Ensure a thriving business community	Ensure quality business development <i>AOF</i>	Commercial Streetscape Enhancements	2020-2023	\$0	\$369,000	
	Provide multimodal transportation systems	Provide interconnected pedestrian facilities	Pedestrian Connectivity	2021-2023	\$0	\$1,240,000	
		Maintain high quality streets <i>AOF</i>	Street Lighting	2019-2023	\$3,610	\$65,980	
	Protect the environment	Provide effective and efficient solid waste collection services					
Reduce, reuse, and recycle resources							
Maintain an active, healthy community	Provide recreation programs and events for all ages <i>AOF</i>	Recreational & Cultural Facilities	2019-2023	\$4,355,880	\$4,852,970		
Internal	Professionally manage a high performing organization	Enhance community engagement					
		Continuously improve and innovate	P&I Process Improvements	2019	\$36,400	\$93,600	
			National Baldrige Application	2019-2021	\$5,000	\$56,000	
Workforce	Attract & retain an engaged workforce	Provide a supportive and rewarding work environment	Workforce Learning & Development	2019	\$0	\$0	
Financial	Maintain a healthy financial condition	Meet or exceed established financial targets					
		Maintain capital assets					
Total Funding for Initiative Action Plans					\$4,624,340	\$7,303,965	
<i>Items in red are Areas of Focus (AOF) for FY 2019 based on VOP performance levels relative to benchmarks and comparisons, strategic challenges, strategic opportunities, and resident priorities for improvement.</i>							



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 2019 Strategic Operating Plan are aimed at process improvements. More significant process improvements follow a systematic six step performance improvement process called BIRDIE. In the five-year planning period, the Village plans to conduct three BIRDIE evaluations:



1. Fire Department emergency response (FY 2019-2020)
2. Insourcing solid waste (FY 2020)
3. Document imaging (FY 2021)

BIRDIE Process	
B	Bring the opportunity forward
I	Investigate the opportunity
R	Review potential solutions
D	Determine the solution
I	Implement the solution
E	Evaluate the solution

Less significant process improvements follow a simple three step process called ACE (Analyze, Change, and Evaluate). The following table indicates the planned ACEs for FY 2019-2023.

FY 2019 – 2023 ACEs	
FY 19-20	Maintenance of diesel vehicles
FY 20	Police dispatch processes
FY 20	Fair Barn part-time staffing
FY 20	Solid waste return pickups
FY 20	Automated timesheets
FY 20	Insourcing road patching
FY 20	Agenda software
FY 21	Meeting facility rentals
FY 21	Purchasing processes
FY 22	Mobile technology for Public Services
FY 22	Automation of accounts payable
FY 22	Performance evaluation system

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 majority of Council’s objectives have IAPs aimed at achieving them, resources have been allocated in the 2019 Strategic Operating Plan to higher priority strategic objectives and Areas of Focus. 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 projected FY 2019 and FY 2023 performance levels are indicated by the blue bars in the graphs, were prepared using trend analysis and are reflective of resource allocations over the planning period. 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% unless additional resources are being applied as a part of this plan. The Village’s surveys typically have a margin of error close to 5%. When applicable and available, the graphs also include comparable information indicating the Village’s performance relative to others, as described below:

- Comp – A comparable benchmark community
- ETC Avg – Average of cities using the Direction Finder Survey by ETC Institute in the United States
- SHRM Avg – Society of Human Resources Management survey average



Goal: Safeguard the Community



Safeguarding the community means to protect the lives and property of residents, businesses, and visitors. Departments and divisions 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 2019-2023 Funding	Department/ Division
Police Department Accreditation – Implement law enforcement standards of the Commission on Accreditation for Law Enforcement Agencies (CALEA) and apply for Police Department accreditation.	FY 2019–2022	\$35,715	Police
Emergency Medical Services (EMS) Facility Relocation – Partner with Moore County to establish an EMS base at Fire Station 91 in Rassie Wicker Park. This involves the Village constructing an addition to the building with a lease arrangement with Moore County. It also includes the Village assuming ownership of the Moore County property on McCaskill Rd where the EMS base is currently located.	FY 2019-2020	\$281,000	Fire



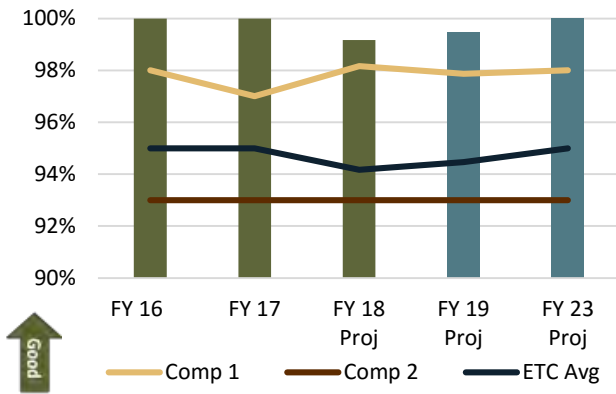
Pinehurst Police Car



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

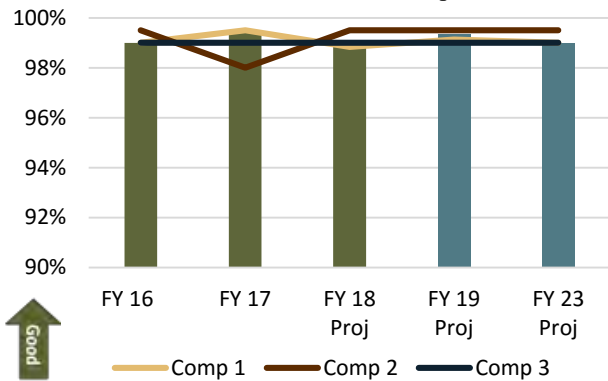
Overall Feeling of Safety - Good or Excellent



The Village has consistently exceeded comparable communities with resident satisfaction of the overall feeling of safety. Projected satisfaction levels indicate the Village will exceed its goal to achieve a 95% satisfaction rating over the five-year period. In FY 2019, the Police Department will begin the process to seek accreditation in an effort to ensure the most efficient and effective police services. In addition, *residents indicated a 92% satisfaction level with Village efforts to prevent crime in 2017, setting an ETC high satisfaction rating in our benchmark group for the 3rd year in a row.*

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

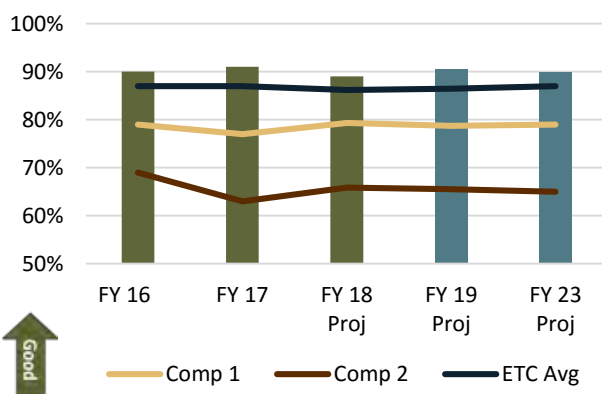
Satisfaction with Fire Response



Resident satisfaction with fire response is comparable to benchmark communities at approximately 99%. The Village projects that satisfaction ratings will continue to exceed the goal of 95% over the five-year period. 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. The Village plans to finish installation of traffic preemption devices at all signalized intersections in the next two years, helping to ensure that as traffic volumes increase the Fire Department can maintain prompt response times to emergency calls.

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

Satisfaction with Enforcement of Traffic Laws



The Village has consistently exceeded benchmarks for resident satisfaction with traffic enforcement. In FY 2017, the Village added two additional police officers to increase traffic enforcement efforts with a dedicated traffic team. With resident satisfaction ratings with the enforcement of local traffic laws hovering around 90% historically and no plans to increase traffic enforcement efforts, the Village projects it will be able to achieve its goal to maintain a 90% satisfaction rating over the five-year planning period.



Goal: Ensure an Attractive Residential Community



Ensuring 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 and divisions primarily responsible include Planning, Streets & Grounds, and Buildings & Grounds. Applicable volunteer committees include the Beautification Committee, Planning & Zoning Board, Board of Adjustment, Historic Preservation Commission and 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 public spaces,
2. Ensure compliance with Village codes and ordinances, and
3. Ensure quality residential development.

The objective to ensure quality residential development is an Area of Focus (AOF) for FY 2019.

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

Strategic Objective: Ensure quality residential development ^{AOF}			
Initiative Action Plans	Timeline	FY 2019-2023 Funding	Department/ Division
<i>Long-Range Comprehensive Plan Update</i> ^{AOF} – Conduct a 10 year update to the Village’s Comprehensive Long Range Plan.	FY 2019-2020	\$210,000	Planning

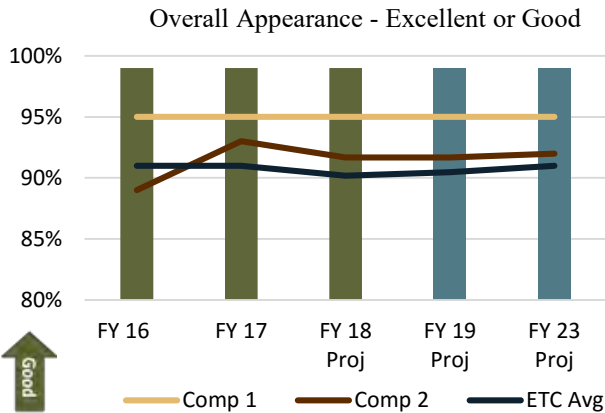


Historic Pinehurst Cottage



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

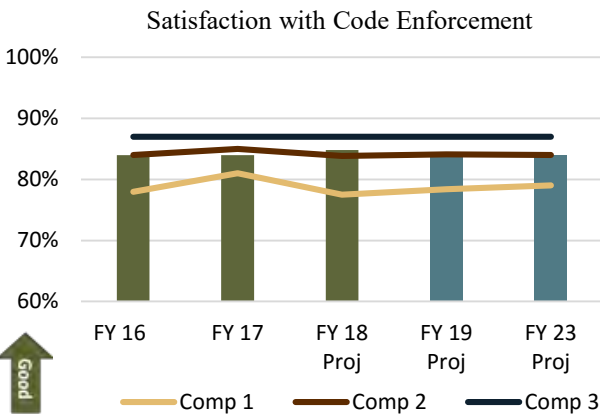
Maintain a 95% resident rating of the overall appearance in the Village as good or excellent



Historically, Pinehurst residents have been extremely satisfied with the overall appearance of the Village, exceeding comparable communities by a healthy margin. 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. In addition, in FY 2017, the Village increased seasonal staff levels to help maintain the appearance of right-of-ways during the growing season, as the result of a BIRDIE evaluation.

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

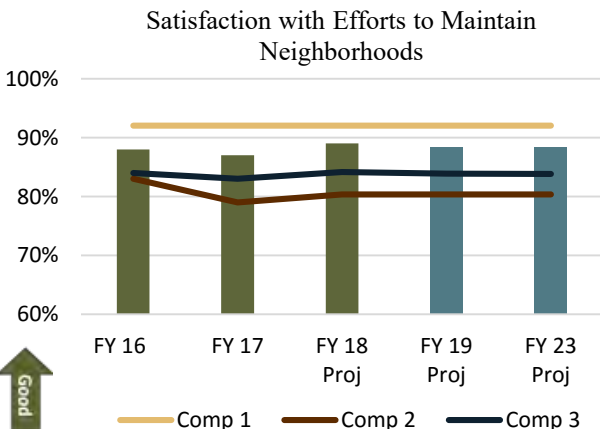
Achieve an 85% resident satisfaction rating with the enforcement of codes and ordinances



Resident satisfaction with the enforcement of codes and ordinances has been historically lower relative to other satisfaction ratings in the annual community survey. To address this, in FY 2017, the Village’s code enforcement officer began routine patrols of neighborhoods to identify code enforcement issues proactively. Also, the Villages has strived to improve these satisfaction ratings with additional public education on Village codes and ordinances published in the quarterly Village Newsletter that is mailed to all residents. The Village projects code enforcement satisfaction ratings will near 84% over the planning period, or just short of the 85% goal.

Key Performance Indicators (KPIs) – Ensure quality residential development AOF

Achieve a 90% resident satisfaction rating with efforts to maintain the quality of 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 the Long-Range Comprehensive Plan Update, Pedestrian Connectivity, and Street Lighting. Historically, satisfaction levels with the efforts to maintain quality neighborhoods has fallen just short of the 90% satisfaction goal and is projected to continue to fall just short of the goal. In FY 2019, the Beautification Committee will lead a litter campaign and begin routine neighborhood litter pickups to help address this satisfaction rating.



Goal: Ensure a Thriving Business Community



Ensuring a thriving business community means to support economic and business development. Departments and divisions 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: Ensure quality business development. This objective is an Area of Focus (AOF) for FY 2019.

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

Strategic Objective: Ensure quality business development <small>AOF</small>			
Initiative Action Plans	Timeline	FY 2019-2023 Funding	Department/ Division
<i>Commercial Streetscape Enhancements AOF</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 Magnolia Road and McCaskill Road.	FY 2020-2023	\$369,000	Streets & Grounds

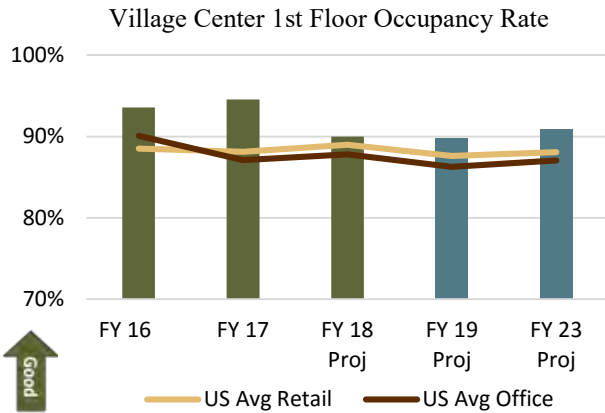


Village Center



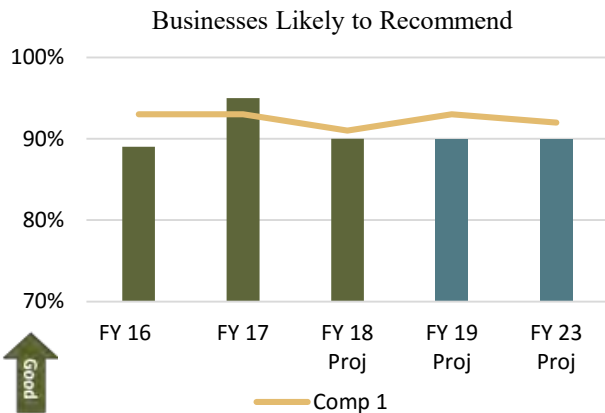
Key Performance Indicators (KPIs) – Ensure quality business development AOF

Maintain at least a 90% occupancy rate for 1st floor space in the Village Center



First floor occupancy rates in the Village Center is an indicator of the economic health of Village businesses. Occupancy rates have increased in the Village Center in recent years and are on track with the US average retail and office occupancy rates. Recent residential and commercial development of the surrounding areas around the Village Center should help to spur economic growth and maintain occupancy rates at or near the goal of 90% in the planning period.

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. This falls below the one benchmark community who performs a Business Survey. The projection is that the Village will achieve its goal to maintain a 90% likely to recommend rating over the next five years.



Goal: Provide Multi-Modal Transportation Systems 

Providing 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. Divisions 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 pedestrian facilities, and
2. Maintain high quality streets.

To maintain high quality streets is an Area of Focus (AOF) for FY 2019.

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

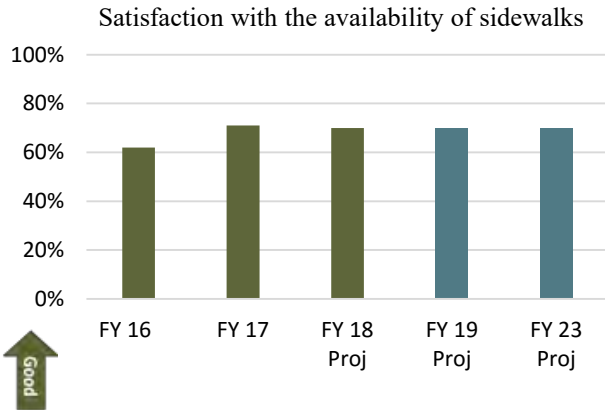
Strategic Objective: Provide interconnected pedestrian facilities			
Initiative Action Plans	Timeline	FY 2019-2023 Funding	Department/ Division
Pedestrian Connectivity – Construct approximately 1 mile of pedestrian facilities in the each of the three years following the adoption of the Long-Range Comprehensive Plan. Residents will be able to express their desires for neighborhood pedestrian facilities during the planning process, as different neighborhoods may desire different facilities.	FY 2021-2023	\$1,240,000	Streets & Grounds

Strategic Objective: Maintain high quality streets _{AOF}			
Initiative Action Plans	Timeline	FY 2019-2023 Funding	Department/ Division
Street Lighting _{AOF} - Install approximately 20 street lights in neighborhoods each year to address high resident dissatisfaction with the adequacy of street lighting.	FY 2019-2023	\$65,980	Streets & Grounds



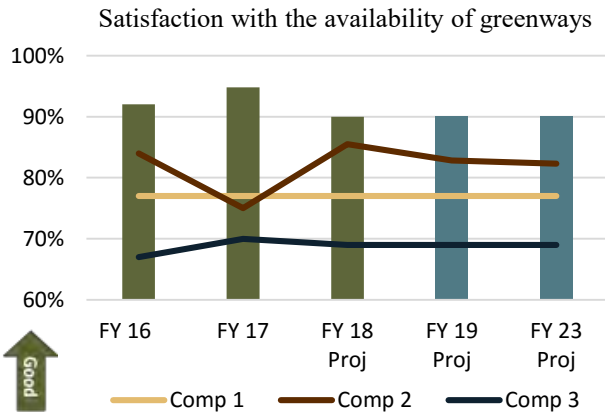
Key Performance Indicators (KPIs) – Provide interconnected pedestrian facilities

Maintain resident satisfaction with the availability of sidewalks at 70%



Using the 2015 Comprehensive Pedestrian Master plan and community survey results segmented by neighborhood, the Village installed approx. 1 mile of sidewalks in the Village Acres neighborhood in FY 2017 which helped to increase sidewalk satisfaction ratings from 62% to 71%. No additional sidewalks were constructed in FY 2018 due to opposition in the Lake Pinehurst neighborhood. The Village plans to construct approx. 3 miles of pedestrian facilities in FY 2021–2023 to help improve resident satisfaction ratings after input is received from residents during the Long-Range Comprehensive Plan. This should help to achieve the goal of 70% satisfaction. The Village is not able to locate comparable satisfaction ratings for this KPI.

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

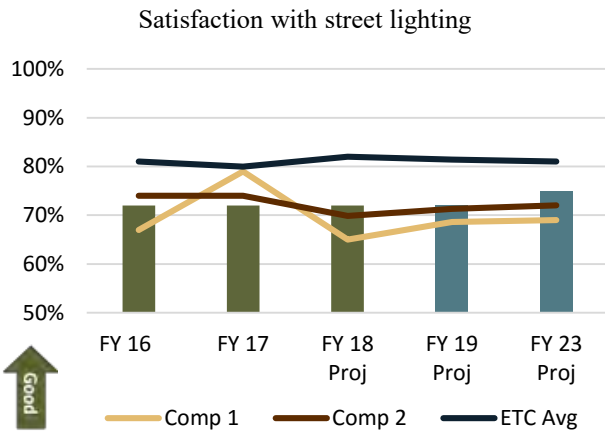


The Village began construction greenways as a result of resident input in the Village’s first Comprehensive Long Range Plan in 2003. Over time, the Village has constructed over 7 miles of greenways and has achieved high resident satisfaction levels with the availability of greenways that exceed comparable communities. There are no major expansion of the existing greenway system planned in the five-year planning period and the Village projects it will continue to maintain a satisfaction rating of 90%, or achieve the goal.



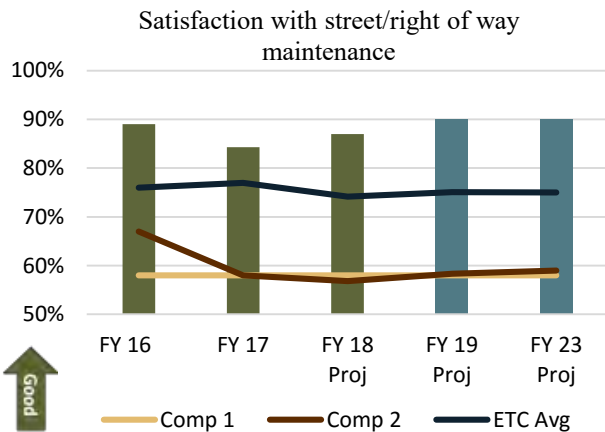
Key Performance Indicators (KPIs) – Maintain high quality streets AOF

Maintain resident satisfaction with adequacy of street lighting at 70%



Resident satisfaction with street lighting is among the lowest ratings on the community survey. To address this, the Village began a multi-year plan to install approximately 20 neighborhood street lights per year based on neighborhood input. After installation of street lights in the Village Acres neighborhood in FY 2017, their satisfaction levels increased. In FY 2018, Lake Pinehurst residents opposed street lights so none were installed. In FY 2019, the Village will seek the input of Pinehurst No. 6 neighborhood on their desires for additional street lighting and the projection is the Village will exceed its goal of a 70% satisfaction rating, which is near 2 of 3 community benchmarks.

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



Overall, the Village has achieved high levels of satisfaction with street and right of way maintenance that are well above comparable benchmark communities. To achieve the goal of 90% satisfaction with street/right of way maintenance, the Village has increased the amount of funding by \$270,000, or 26%, in each of the five years in the planning period.



Goal: Protect the Environment



Protecting the environment means to provide efficient and effective collection of solid waste collection and conserve natural resources. The division primarily responsible is Solid Waste. Applicable volunteers include 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.

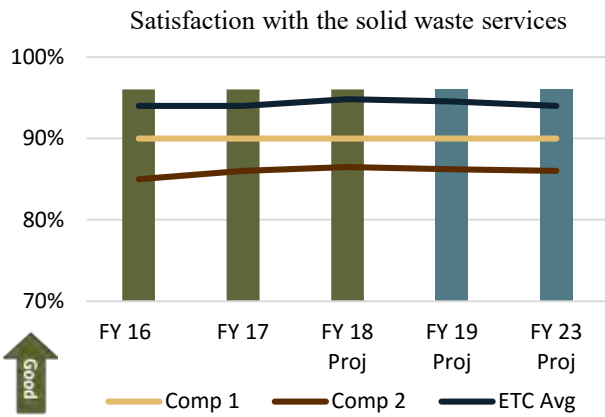


“One and Done” Solid Waste Same Day Collection



Key Performance Indicators (KPIs) – Provide effective and efficient solid waste collection services

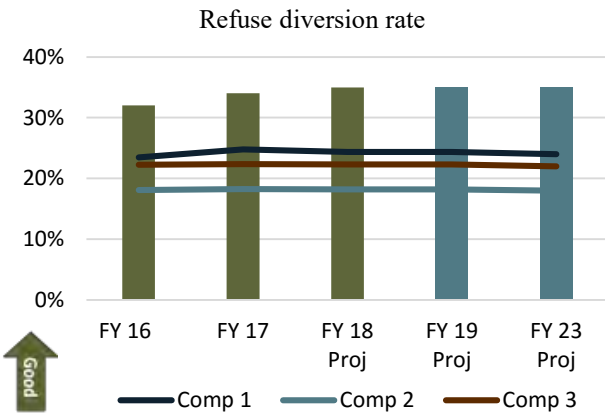
Maintain resident satisfaction with the solid waste services at 95%



The Village has historically achieved excellent satisfaction ratings for solid waste services. In FY 2015, the Village modified its collection services to once a week, same day pickup for trash, recycling, and yard debris to improve operating efficiencies. The Village projects satisfaction ratings of 96% for the five-year planning period, which exceeds the goal of 95%. *For each of the last two years, Village residents have indicated satisfaction levels with yard waste services that set an ETC high satisfaction rating in our benchmark group.*

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 6% in the state of NC for solid waste diversion rates, consistently exceed comparable communities. With a refuse diversion rate (e.g. the % of refuse that is recycled and diverted from the landfill) of approximately 35%, the Village projects it will meet its goal and continue to significantly exceed the diversion rates of comparable benchmark communities. In addition, *residents indicated a 94% satisfaction level with curbside recycling services in FY 2017, setting an ETC high satisfaction rating in our benchmark group for the 4th time in 6 years.*



Goal: Maintain an Active, Healthy Community 

Maintaining 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 Parks & Recreation. Applicable volunteers include numerous recreation 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 and events for all ages. This objective is an Area of Focus (AOF) for FY 2019.

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

Strategic Objective: Provide recreation programs and events for all ages ^{AOF}			
Initiative Action Plans	Timeline	FY 2019-2023 Funding	Department/ Division
Recreation & Cultural Facilities ^{AOF} – Construct a new 19,555 sq. foot Community Center in FY19-20; renovate the Rassie Wicker Park playground in FY19; make parking improvements at Cannon Park in FY19; and develop a master plan for West Pinehurst Community Park in FY21.	FY 2019-2023	\$4,852,970	Recreation

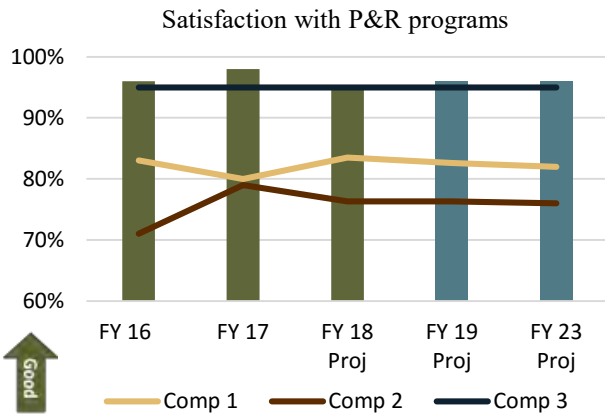


Live After Five in Tufts Park



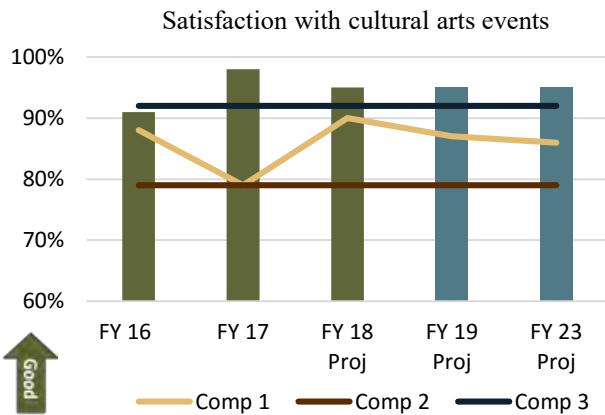
Key Performance Indicators (KPIs) – Provide recreation programs and events for all ages AOF

Maintain resident satisfaction with parks & recreation programs at 95%



Village residents indicate consistently high satisfaction ratings with Parks and Recreation programs. In FY 2016, the Village began leasing dedicated indoor recreation space to expand programming opportunities and will construct a new Community Center in FY19-20. The Village projects continued high satisfaction ratings of 96% over the five-year planning period that exceed the goal of 95%.

Maintain resident satisfaction with Village-sponsored cultural arts events at 95%



In FY 15, 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. In FY 19, the Village will add one more Live After Five music event to further expand this popular community event. A dedicated focus on event programming with dedicated staff has allowed the Village to achieve high satisfaction ratings that exceed comparable communities. Staff projects satisfaction rates will be at the goal of 95% over the planning period.



Goal: Professionally Manage a High Performing Organization



Professionally managing a high performing organization means to continually improve service delivery to both internal and external customers. ALL departments and divisions 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 and innovate

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

Strategic Objective: Continuously improve and innovate			
Initiative Action Plans	Timeline	FY 2019-2023 Funding	Department/ Division
Planning & Inspection Process Improvements – Implement recommendations of the P&I BIRDIE team, including the implementation of new technology and other process improvements.	FY 2019	\$93,600	Planning
National Baldrige Application – Complete and submit an application for the National Malcolm Baldrige Quality Award in FY 2020.	FY 2019-2021	\$56,000	Administration

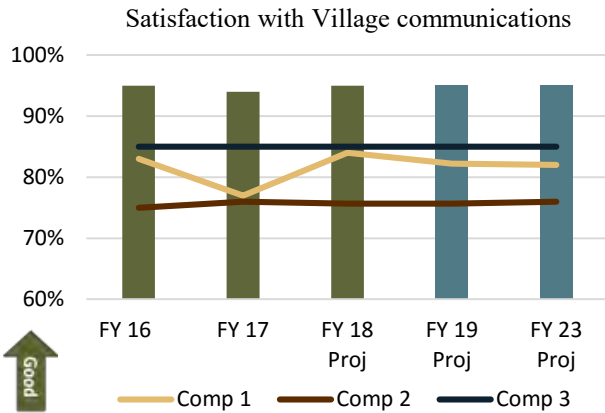


Village Hall



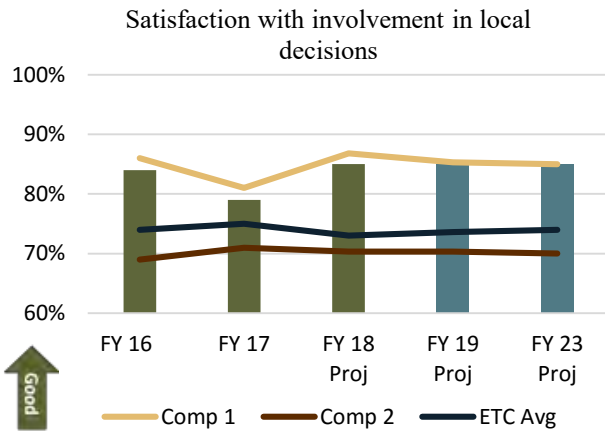
Key Performance Indicators (KPIs) – Enhance community engagement

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 and Planning Board meeting videos online, MY VOP mobile app, monthly e-News, and social media enhancements. In addition, the Village reorganized to create a Communications Specialist position in FY17. As a result, the Village achieves high satisfaction ratings that greatly exceed comparable communities. The Village projects continued high ratings of 95%, or the Village’s goal.

Increase resident satisfaction with the level of public involvement in local decisions to 85%

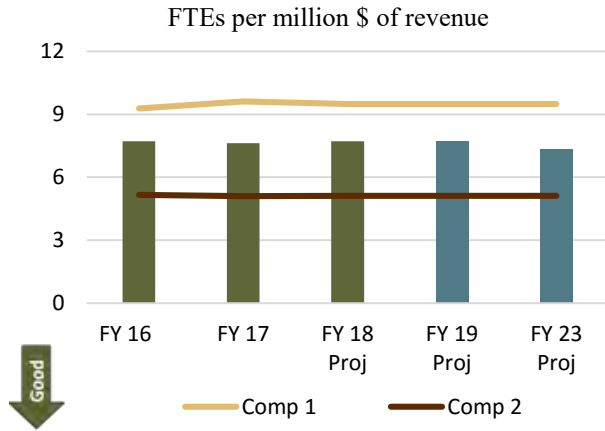


In FY17, the Village saw a decline in satisfaction ratings with the level of public involvement in local decisions. This is likely due to a controversial development in the community that many residents expressed their dissatisfaction with. To address this and increase transparency, the Village began posting Planning Board agendas online in advance of meetings and began a Council eNews that is sent out five days prior to meetings. This informs residents about development and other issues being considered. In addition, the Village also began publishing Learning Guides to help communicate opportunities for the public to get involved in local decisions. Even despite this dip, the Village exceeds two of the three comparables. The Village projects that satisfaction levels will return to historical levels around 85% with these changes in place and will be able to achieve the goal.



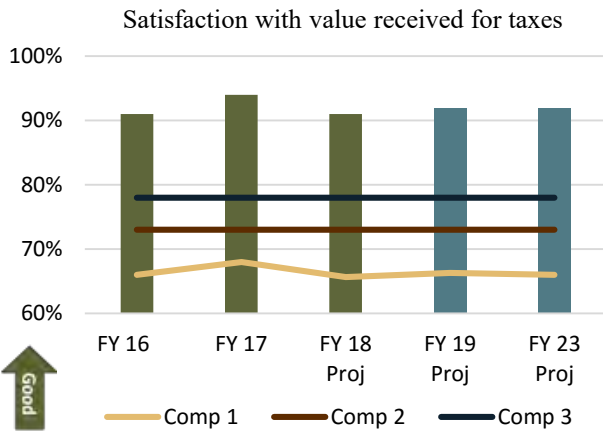
Key Performance Indicators (KPIs) – Continuously improve and innovate

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. Projections that are based on the Five Year Financial and Staffing Forecasts indicate the Village will achieve its goal to maintain fewer than 8 FTEs per million \$ of revenue in the planning period, with a projection of 7.7 in FY19 and 7.33 in FY23. This places the Village in the range of two 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. The Village projects satisfaction ratings will be approximately 92% over the planning period, exceeding the goal of 90%. These projections greatly exceed comparable communities.



Goal: Attract & Retain an Engaged Workforce



Attracting and retaining an engaged workforce means to select, retain, and develop a qualified and diverse workforce of employees and volunteers. ALL departments and divisions 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 2019-2023 Funding	Department/ Division
<i>Workforce Learning & Development</i> – Implement a formalized Village-wide succession plan for Village staff.	FY 2019	\$0	Human Resources

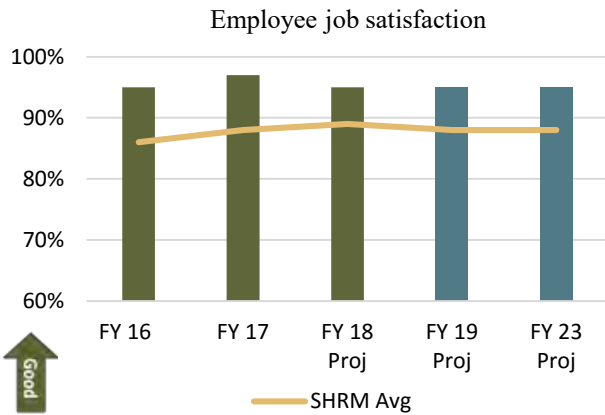


Employee Picnic



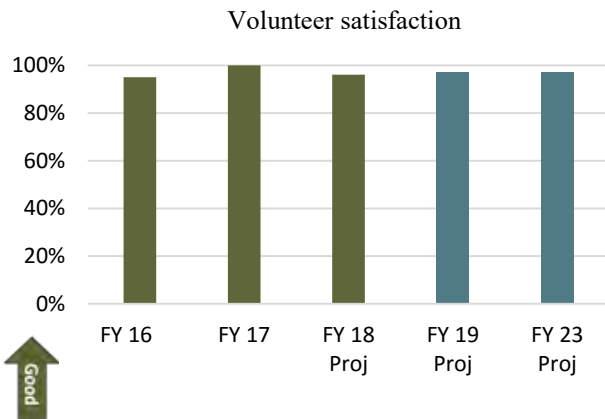
Key Performance Indicators (KPIs) – Provide a supportive & rewarding work environment

Maintain employee job satisfaction at 95%



The Village surveys its employees each year in the Annual Workforce Survey to determine employee satisfaction levels in a variety of areas. Employee job satisfaction is a key indicator of employee engagement. Village employee satisfaction ratings are historically above the national SHRM averages and have been consistently around 95%. The Village projects job satisfaction levels will continue to remain around 95% over the five-year planning period, achieving the goal.

Maintain volunteer satisfaction at 95%



Volunteers are a critical extension of the Village workforce. 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 and projects 97% volunteer satisfaction ratings over the planning period, which exceeds the goal of 95%.



Goal: Maintain a Healthy Financial Condition \$

Maintaining a healthy financial condition means to ensure financial sustainability and strength by achieving financial targets and maintaining capital assets. ALL departments and divisions 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. 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.

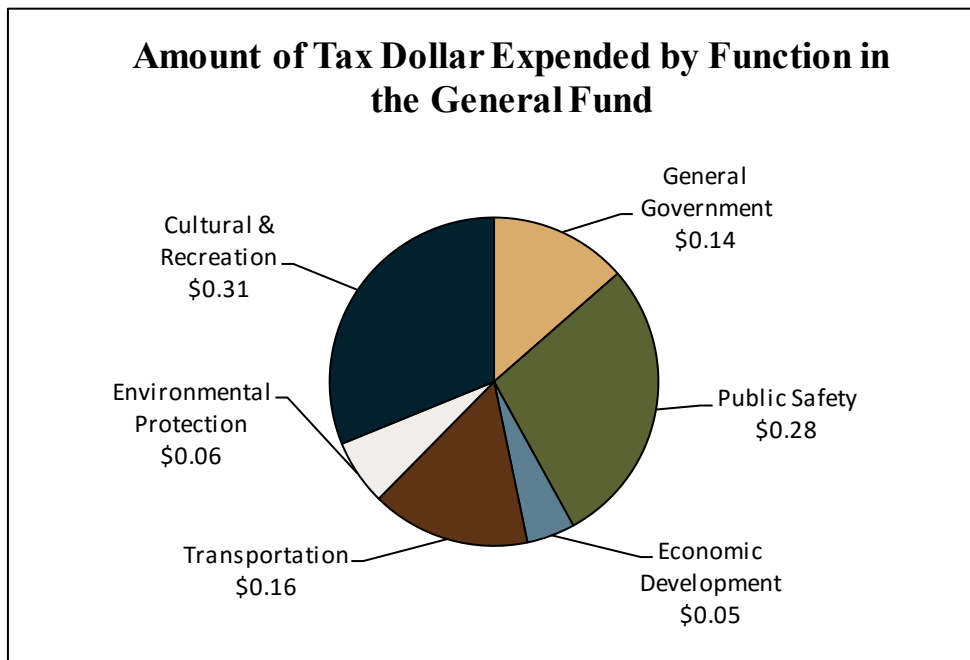
Key Performance Indicators (KPIs) – Meet or exceed Village established financial targets																									
<p>Maintain General Fund unassigned fund balance as a % of actual expenditures above 30%</p> <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p>Unassigned fund balance as a % of expenditures</p> <table border="1"> <caption>Unassigned fund balance as a % of actual expenditures</caption> <thead> <tr> <th>Year</th> <th>Comp 1 (%)</th> <th>Comp 2 (%)</th> <th>Comp 3 (%)</th> </tr> </thead> <tbody> <tr> <td>FY 16</td> <td>40</td> <td>65</td> <td>28</td> </tr> <tr> <td>FY 17</td> <td>40</td> <td>65</td> <td>25</td> </tr> <tr> <td>FY 18 Proj</td> <td>40</td> <td>68</td> <td>25</td> </tr> <tr> <td>FY 19 Proj</td> <td>40</td> <td>58</td> <td>25</td> </tr> <tr> <td>FY 23 Proj</td> <td>38</td> <td>60</td> <td>28</td> </tr> </tbody> </table> </div> <div style="width: 50%;"> <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. In FY19, unassigned fund balance will fall due to the planned use of \$4 million to fund the construction of the Community Center. The Village has historically maintained a smaller fund balance than those communities we benchmark our financial performance against.</p> </div> </div>		Year	Comp 1 (%)	Comp 2 (%)	Comp 3 (%)	FY 16	40	65	28	FY 17	40	65	25	FY 18 Proj	40	68	25	FY 19 Proj	40	58	25	FY 23 Proj	38	60	28
Year	Comp 1 (%)	Comp 2 (%)	Comp 3 (%)																						
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FY 19 Proj	40	58	25																						
FY 23 Proj	38	60	28																						
Key Performance Indicators (KPIs) – Maintain capital assets																									
<p>Maintain a capital asset condition ratio of 50%</p> <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p>Capital asset condition ratio</p> <table border="1"> <caption>Capital asset condition ratio</caption> <thead> <tr> <th>Year</th> <th>Comp 1 (%)</th> <th>Comp 2 (%)</th> <th>Comp 3 (%)</th> </tr> </thead> <tbody> <tr> <td>FY 16</td> <td>55</td> <td>65</td> <td>65</td> </tr> <tr> <td>FY 17</td> <td>55</td> <td>65</td> <td>65</td> </tr> <tr> <td>FY 18 Proj</td> <td>55</td> <td>65</td> <td>65</td> </tr> <tr> <td>FY 19 Proj</td> <td>55</td> <td>65</td> <td>60</td> </tr> <tr> <td>FY 23 Proj</td> <td>55</td> <td>68</td> <td>65</td> </tr> </tbody> </table> </div> <div style="width: 50%;"> <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. During the five-year period the capital asset condition ratio will increase with the addition of the new Community Center in FY20 and then begin to decline so that by FY23, it is comparable to the FY16 ratio.</p> </div> </div>		Year	Comp 1 (%)	Comp 2 (%)	Comp 3 (%)	FY 16	55	65	65	FY 17	55	65	65	FY 18 Proj	55	65	65	FY 19 Proj	55	65	60	FY 23 Proj	55	68	65
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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

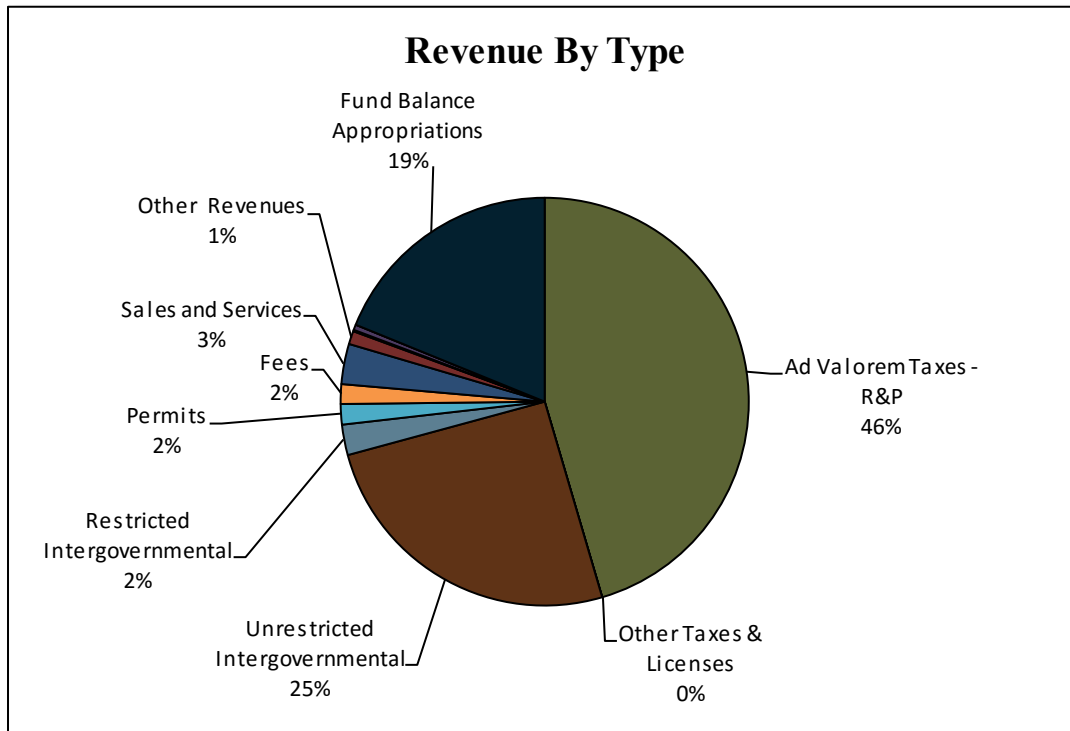




General Fund Summary

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 56% of the Village of Pinehurst's total operating revenues. When fund balance appropriated is included, ad valorem taxes equal 46% of total revenues.

Revenues by Type	FY 2017 Actual	FY 2018 Budget	FY 2018 Estimated	FY 2019 Budgeted	Percent Change
Ad Valorem Taxes	\$ 9,996,412	\$ 10,052,000	\$ 10,126,000	\$ 10,250,000	2.0%
Other Taxes & Licenses	2,180	1,000	1,500	1,000	0.0%
Unrestricted Intergovernmental Rev.	5,478,926	5,606,100	5,629,000	5,711,000	1.9%
Restricted Intergovernmental Rev.	603,437	505,400	512,458	545,100	7.9%
Permits & Fees	801,574	677,300	682,870	717,500	5.9%
Sales & Services	719,515	708,600	694,500	719,600	1.6%
Assessments	39,102	28,400	28,400	25,900	-8.8%
Other Revenues	275,646	228,730	249,780	236,580	3.4%
Investment Income	63,189	49,000	99,000	96,000	95.9%
Revenues	17,979,981	17,856,530	18,023,508	18,302,680	2.5%
Fund Balance Appropriations	-	2,195,054	-	4,249,380	100.0%
Total Revenues	\$ 17,979,981	\$ 20,051,584	\$ 18,023,508	\$ 22,552,060	12.5%
Per Capita	\$ 1,115	\$ 1,219	\$ 1,096	\$ 1,353	

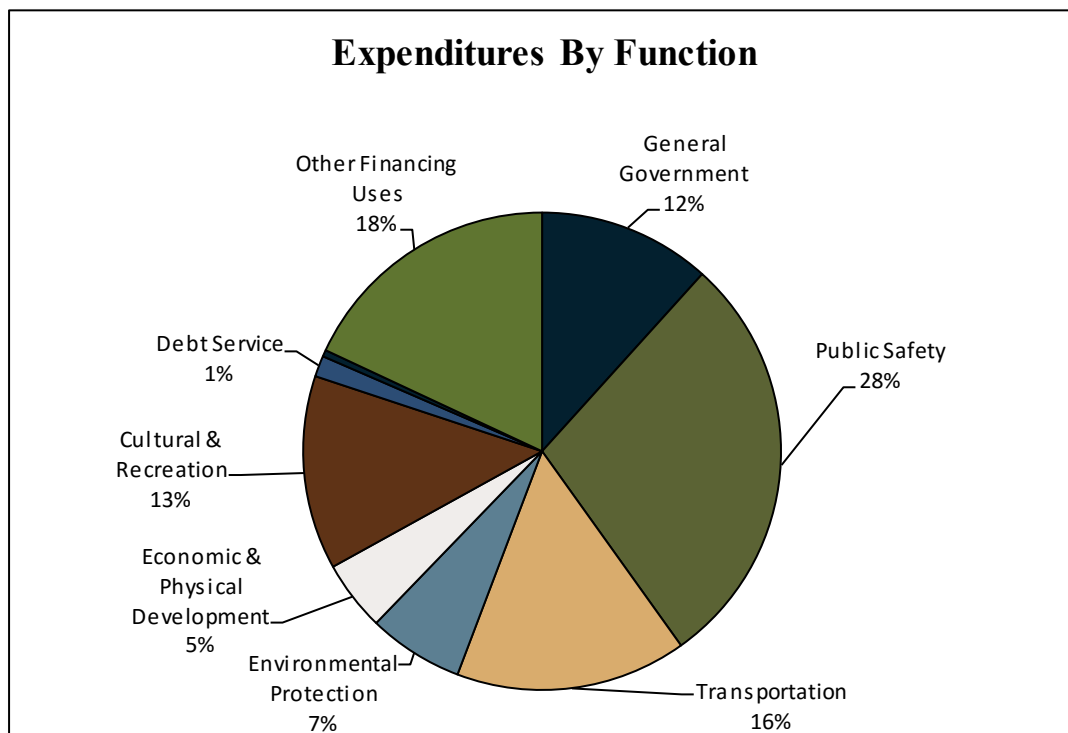




General Fund Summary

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 2017 Actual	FY 2018 Budget	FY 2018 Estimated	FY 2019 Budgeted	Percent Change
General Government	\$ 2,164,459	\$ 2,473,467	\$ 2,289,110	\$ 2,636,446	6.6%
Public Safety	5,564,978	6,734,956	6,499,626	6,411,845	-4.8%
Transportation	3,276,715	4,138,539	3,596,739	3,527,410	-14.8%
Environmental Protection	1,312,900	1,713,848	1,661,628	1,455,253	-15.1%
Economic & Physical Dev	764,595	986,416	800,485	1,070,953	8.6%
Cultural & Recreation	3,176,328	3,297,845	3,109,125	2,961,093	-10.2%
Debt Service	412,248	362,513	362,513	320,160	-11.7%
Contingency	-	-	-	100,000	100.0%
Expenditures	16,672,223	19,707,584	18,319,226	18,483,160	-6.2%
Other Financing Uses	-	344,000	344,000	4,068,900	1082.8%
Total Expenditures	\$ 16,672,223	\$ 20,051,584	\$ 18,663,226	\$ 22,552,060	12.5%
Per Capita	\$ 1,034	\$ 1,219	\$ 1,134	\$ 1,353	





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 2019.

Expenditures by Type	FY 2017 Actual	FY 2018 Budget	FY 2018 Estimated	FY 2019 Budgeted	Percent Change
Salaries & Benefits	\$ 9,174,340	\$ 9,904,550	\$ 9,498,760	\$ 10,454,400	5.6%
Operating	5,166,691	6,454,396	5,921,922	6,590,100	2.1%
Capital	1,918,944	2,986,125	2,536,031	1,118,500	-62.5%
Debt Service	412,248	362,513	362,513	320,160	-11.7%
Other Financing Uses	-	344,000	344,000	4,068,900	1082.8%
Total Expenditures	\$ 16,672,223	\$ 20,051,584	\$ 18,663,226	\$ 22,552,060	12.5%

Expenditures by Department	FY 2017 Actual	FY 2018 Budget	FY 2018 Estimated	FY 2019 Budgeted	Percent Change
Governing Body	\$ 120,834	\$ 180,800	\$ 124,727	\$ 150,100	-17.0%
Administration	1,103,736	1,178,282	1,133,355	1,293,486	9.8%
Finance	581,531	661,135	635,425	675,080	2.1%
HR	358,358	453,250	395,603	517,780	14.2%
Police	2,796,366	3,131,953	3,030,127	3,384,561	8.1%
Fire	2,562,742	3,384,643	3,258,931	2,798,627	-17.3%
Planning	560,141	713,541	594,700	835,793	17.1%
Inspections	205,870	218,360	210,568	228,657	4.7%
Public Services Admin.	784,979	555,589	532,208	502,011	-9.6%
Streets & Grounds	1,677,754	2,595,550	2,077,131	1,925,399	-25.8%
Powell Bill	813,982	987,400	987,400	1,100,000	11.4%
Community Development	204,454	272,875	205,785	235,160	-13.8%
Solid Waste	1,312,900	1,713,848	1,661,628	1,455,253	-15.1%
Recreation	1,956,706	1,970,610	1,831,672	1,803,529	-8.5%
Library	200,000	200,000	200,000	100,000	-50.0%
Harness Track	676,857	667,589	652,624	645,582	-3.3%
Fair Barn	342,765	459,646	424,829	411,982	-10.4%
Contingency	-	-	-	100,000	100.0%
Debt Service	412,248	362,513	362,513	320,160	-11.7%
Total Expenditures	\$ 16,672,223	\$ 19,707,584	\$ 18,319,226	\$ 18,483,160	-6.2%
Other Financing Uses	-	344,000	344,000	4,068,900	1082.8%
Total Expenditures	\$ 16,672,223	\$ 20,051,584	\$ 18,663,226	\$ 22,552,060	12.5%
Per Capita	\$ 1,034	\$ 1,219	\$ 1,134	\$ 1,353	11.0%



General Fund Summary

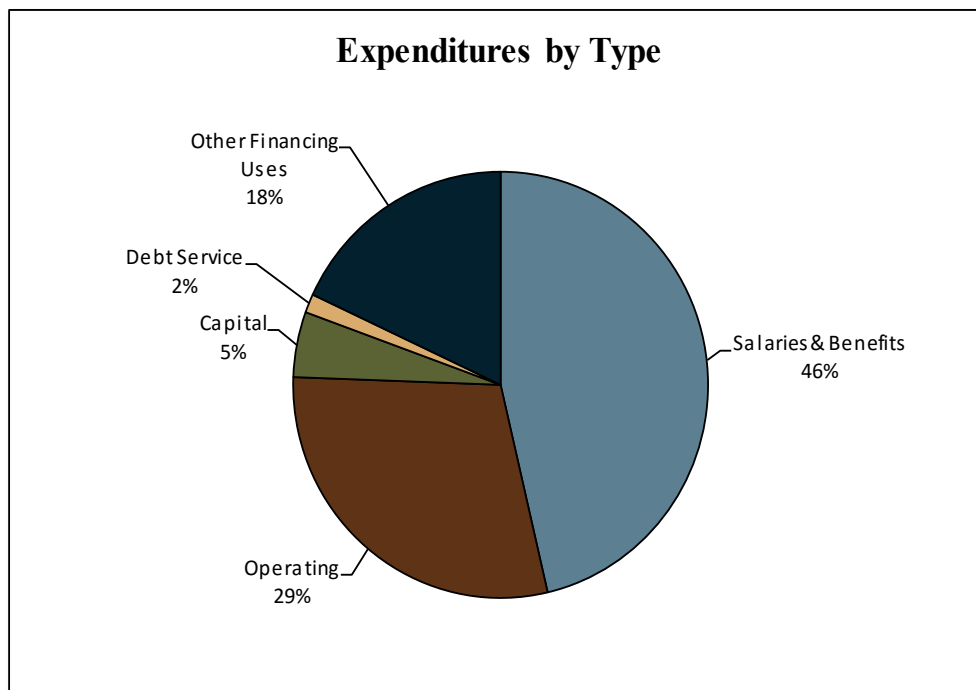
The General Fund continues to reflect the overall economy with moderate revenue growth from both locally generated revenues and statewide intergovernmental revenues. The recovery in local housing market, over the past few years, is having a positive impact on property tax and local option sales tax revenues. The Village's state-collected utility taxes, however, have leveled off and started to decline slightly as consumers move away from traditional landline telephone and cable television services.

The proposed General Fund budget for FY 2019 is \$22,552,060, an increase of approximately 12% from the previous year's amended budget. The majority of this increase is due to the transfer of \$4,068,900 to the Community Center Capital Project Fund to fund the construction of this new facility.

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>
6/30/2014 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 Actual	17,979,981	16,672,223	1,307,758
6/30/2018 Estimated	18,023,508	18,319,226	(295,718)
6/30/2019 Budgeted	18,302,680	18,483,160	(180,480)

After accounting for an other financing use of \$4,068,900 and adding appropriated fund balance of \$4,249,380 to revenues, the Village's FY 2019 recommended budget is balanced in accordance with North Carolina General Statutes.





Revenue Highlights

The approved budget for FY 2019 represents a 12% increase from the FY 2018 amended budget. Operating revenues are estimated to increase by approximately 2.5% over FY 2018. The recommended budget as presented results in a per capita expenditure of \$1,353 based on a projected population of 16,669.

The projected ad valorem tax revenues, which represent roughly 56% of total operating revenues, are expected to grow by 2% over the prior year. This is due to the increase in single-family home construction over the past three years. The proposed budget calls for the current property tax rate to remain at 29.5 cents per \$100 of property valuation. At the revaluation scheduled for FY 2020, the tax rate is expected to fall to the revenue neutral rate of \$0.28 per \$100 valuation.

Unrestricted intergovernmental revenues, which are distributed by the North Carolina Department of Revenue, are expected to increase or decrease at varying rates over the prior year. Local option sales taxes, which provide approximately 19% of the Village's operating revenues, are expected to increase by 4.3% over the previous year's budget. This increase is based on strong levels of retail sales over the last two fiscal years. Utility sales taxes are expected to decrease over the prior year at varying rates. Overall, we are expecting to see unrestricted intergovernmental revenues increase approximately 1.9% over the FY 2018 budget.

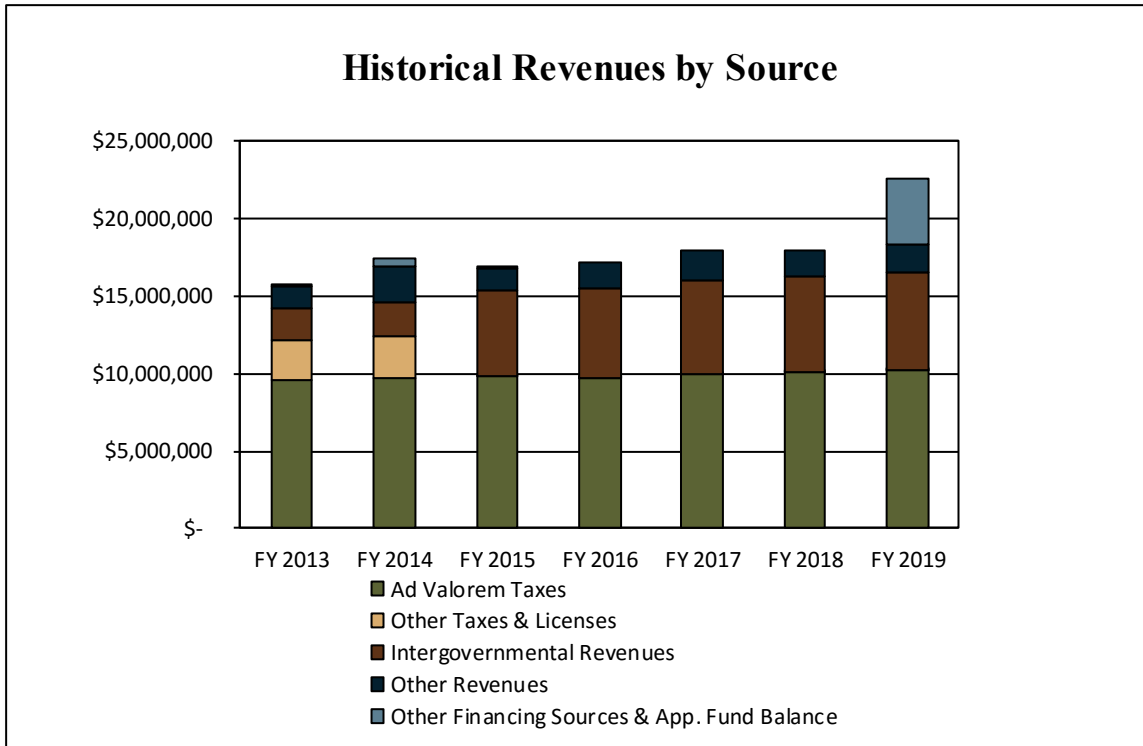
Permits and fees are expected to increase by 5.9% in FY 2019 over the prior year budgeted levels. This increase is primarily due to a 12% increase in fire district revenues. This increase is based on the continued phase-in of Moore County's fire protection funding formula adopted in 2017.

Assessment revenues are expected to yield \$25,900 for FY 2019 from two special assessments. The revenue budget for FY 2019 anticipates \$8,100 from the Municipal Service District assessment and \$17,800 from the Cotswold assessment.

Sales and services revenues, which are derived from various Parks and Recreation fees, are expected to increase by 1.6% 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. Harness Track stall revenues, however, are down 8.5% due to lower occupancy rates in FY 2018.

Other revenues are planned to increase by 3.4% compared to the previous year. The primary factors contributing to this increase are increased proceeds from the sale of surplus capital assets and modest increases in ABC revenues.

Investment income is estimated to grow by 95.9% as interest rates have risen and funds available to invest have also increased. The average rate of return expected in Fiscal Year 2019 is 0.99%. This rate, although low, is more than double the rate of return for FY 2018.



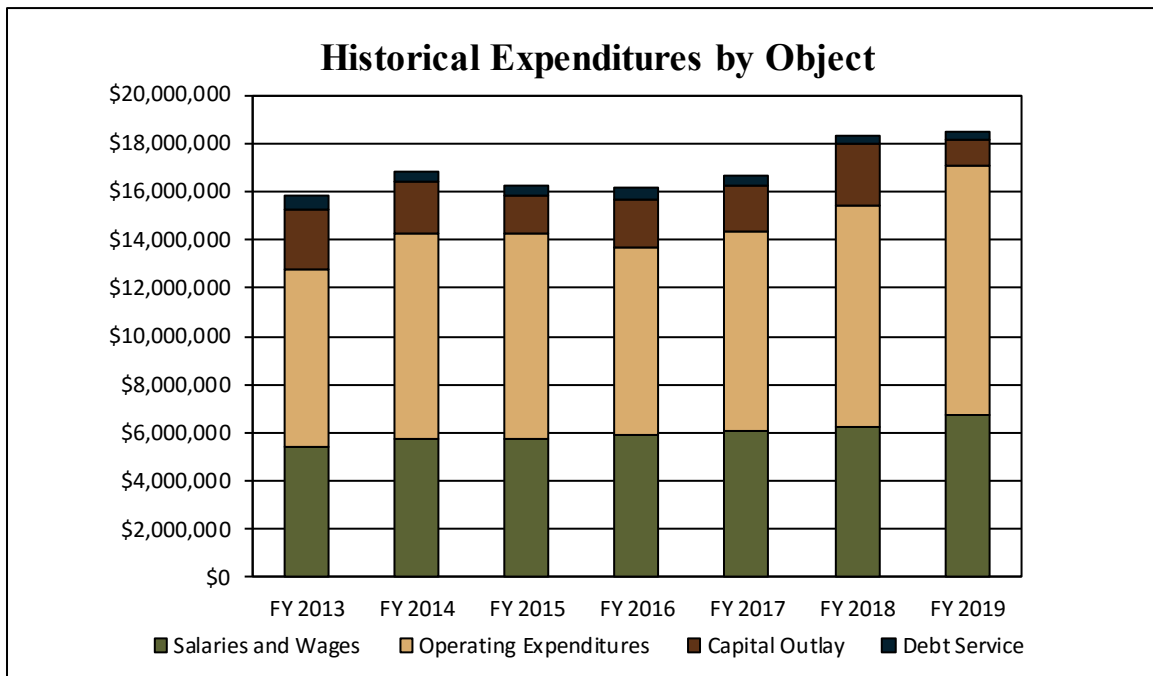


Expenditure Highlights

Salaries and benefits are expected to increase by 5.6% in FY 2019. This is affected by an average merit increase for employees of 3% and a projected 10% increase in group insurance. Also, in FY 2019 there are 2.0 new employee FTEs added to the budget. A new Performance Management Director position is added to the Administration Department and a Maintenance Technician will be added to the Buildings and Grounds Division, mid-year.

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 0.6% increase in operating expenditures is reflective of increases and offsetting decreases throughout the budget. 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 increased road resurfacing, developing a Long-Range Comprehensive Plan and implementing Planning & Inspections automation software. Offsetting operating expenditure reductions were realized in debt service, support for the library's capital campaign, and buildings and grounds maintenance costs.

Capital spending in the General Fund decreased by 11.7% 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 streetscape improvements, paving the parking lot at Cannon Park, and additional street and drainage maintenance equipment.





Fund Balance

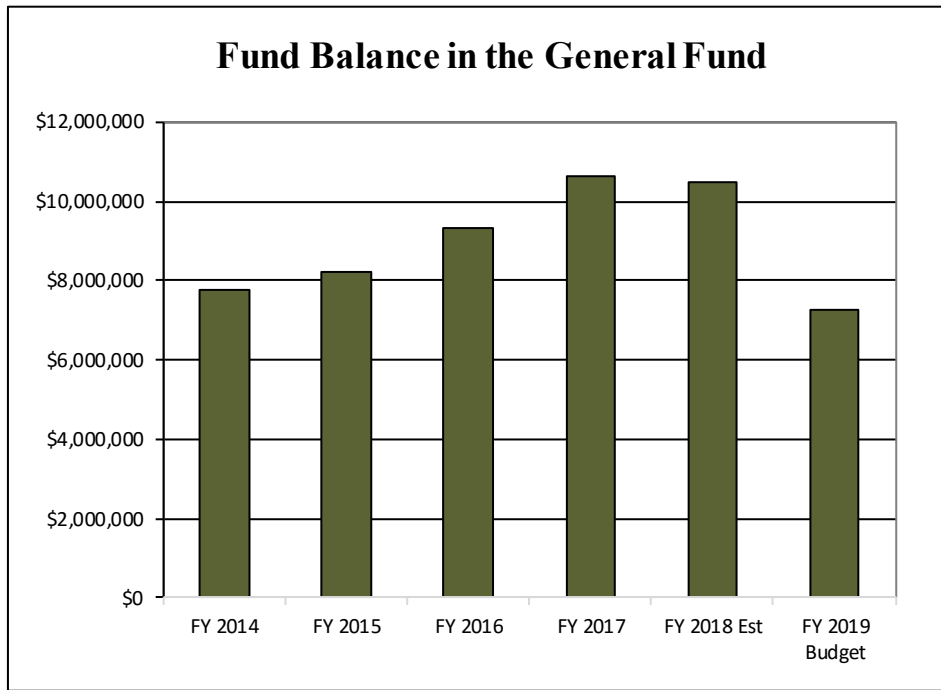
Fund balance refers to the difference between current financial assets and liabilities reported in a fund. It is also referred to as surplus funds. The North Carolina Local Government Commission recommends that units of government retain an amount of unreserved fund balance in the General Fund of at 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 2019 budget and three prior fiscal years.

Fund Balance	FY 2016 Actual	FY 2017 Actual	FY 2018 Estimated	FY 2019 Budgeted
Beginning	\$ 8,225,102	\$ 9,325,344	\$ 10,633,102	\$ 10,499,128
Ending	9,325,344	10,633,102	10,499,128	7,285,000
Increase/(Decrease)	1,100,242	1,307,758	(133,974)	(3,214,128)
% Change	13.4%	14.0%	-1.3%	-30.6%
% of Expenditures	57.8%	63.8%	52.4%	32.3%

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 2019, we have appropriated \$4,249,380 of the Village’s fund balance as a revenue source. This amount includes the transfer of \$4,068,900 for the construction phase of the Community Center project at Cannon Park.

Fund balance is estimated to be \$10,499,128 at June 30, 2018. This is 52.4% of the budgeted FY 2018 expenditures of \$20,051,584. The Village’s fund balance policy is to maintain 30%-40% of expenditures in fund balance. Fund balance at June 30, 2019 is estimated to be \$7,285,000 or 32.3% of budgeted expenditures. Due to continued investment in the Community Center Capital Project Fund, fund balance will fall to near the bottom of the policy range in FY 2019. The anticipated return of \$1,000,000 from the Given Memorial Library capital campaign trust account in FY 2020 will increase fund balance significantly. By FY 2022, fund balance is expected to increase to 44% 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. Moore County has scheduled the next revaluation for the 2019 tax year, or FY 2020.

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 56% of all Village General Fund operating revenues. This includes current year’s collections, prior year’s collections, penalties and interest, and refunds.

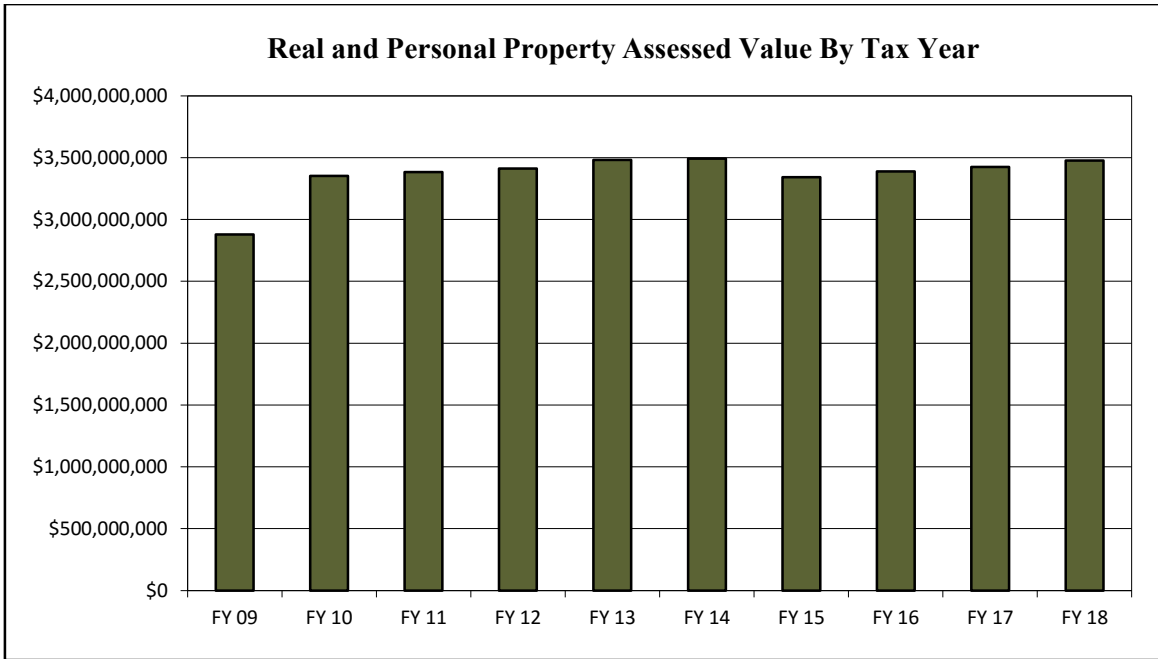
Ad Valorem Taxes	FY 2017 Actual	FY 2018 Budget	FY 2018 Estimated	FY 2019 Budgeted	Percent Change
Real & Personal - Current Year	\$ 9,373,784	\$ 9,450,000	\$ 9,506,000	\$ 9,642,000	2.0%
Real & Personal - Prior Years	3,561	5,000	5,000	5,000	0.0%
Motor Vehicles - Current Year	612,166	595,000	613,000	601,000	1.0%
Motor Vehicles - Prior Years	251	2,000	2,000	2,000	0.0%
Discounts/Reliefs/Refunds	(3,251)	(5,000)	(5,000)	(5,000)	0.0%
Tax Interest	9,901	5,000	5,000	5,000	0.0%
Total Ad Valorem Tax Revenue	\$ 9,996,412	\$ 10,052,000	\$ 10,126,000	\$ 10,250,000	2.0%

Revenue Assumptions

- The total estimated valuation of real and personal property is \$3,477,000,000, of which \$3,273,000,000 is real property valuation and \$204,000,000 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 1.5%. The number of new homes constructed in the Village in FY 2017 was 161, and we are expecting to see 140 constructed in FY 2018. Based on remaining lot availability and anticipated mortgage interest rates for next year, we are projecting 120 homes to be constructed in FY 2019.



- 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 2017 Actual	FY 2018 Budget	FY 2018 Estimated	FY 2019 Budgeted	Percent Change
Golf Cart Stickers	\$ 2,180	\$ 1,000	\$ 1,500	\$ 1,000	0.0%
Total Other Taxes & Licenses	\$ 2,180	\$ 1,000	\$ 1,500	\$ 1,000	0.0%

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 and beer tax. These six state-collected local revenues make up approximately 31% of General Fund operating 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%.

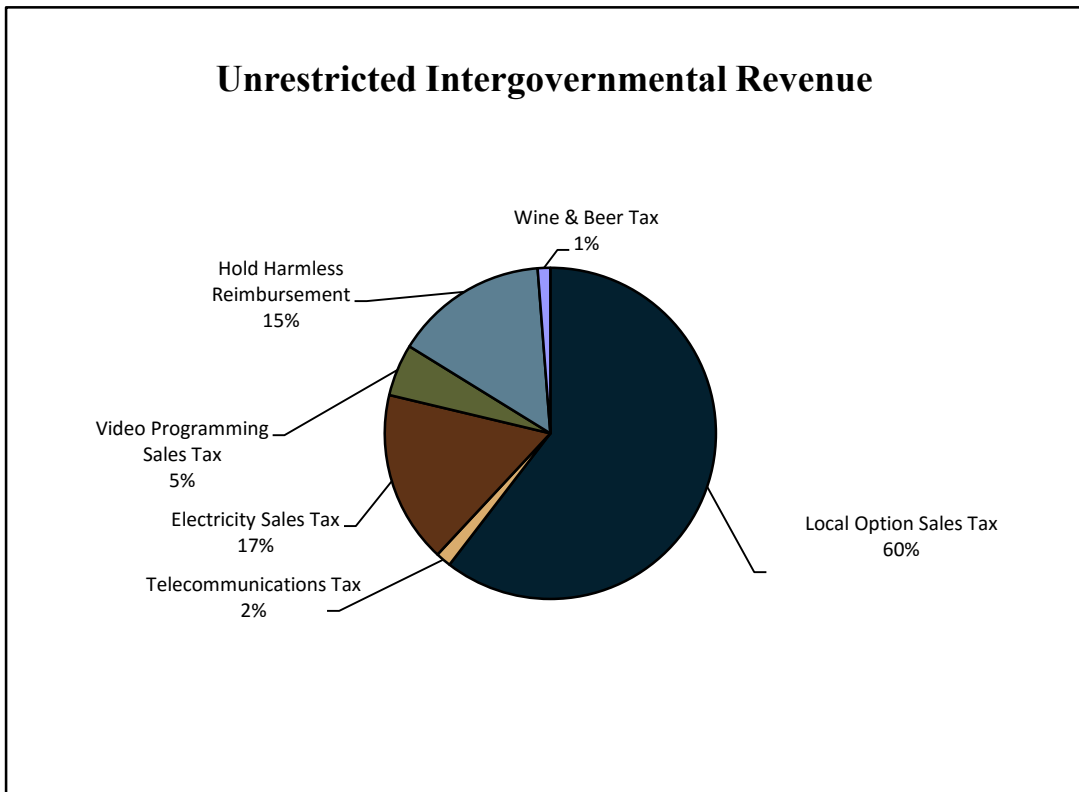
The hold harmless reimbursement is based on taxable sales made in the county and is allocated among the county and the local government jurisdictions within the county based upon a per capita basis. These hold harmless reimbursements were granted to municipalities to replace the Article 44 sales tax 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 and 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 2017 Actual	FY 2018 Budget	FY 2018 Estimated	FY 2019 Budgeted	Percent Change
Local Option Sales Tax	\$ 3,283,276	\$ 3,310,000	\$ 3,344,000	\$ 3,451,000	4.3%
Telecommunications Tax	88,866	98,000	93,000	86,000	-12.2%
Electricity Sales Tax	954,540	1,030,000	1,000,000	959,000	-6.9%
Video Programming Sales Tax	296,032	300,000	297,000	290,000	-3.3%
Hold Harmless Reimbursement	783,237	796,000	822,000	855,000	7.4%
Wine & Beer Tax	72,975	72,100	73,000	70,000	-2.9%
Total Unrest. Intergovernmental Rev.	\$ 5,478,926	\$ 5,606,100	\$ 5,629,000	\$ 5,711,000	1.9%





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 2018 of 5.0% and 4.5% in FY 2019. Based on this forecast, the FY 2019 local option sales tax revenue budget will increase by approximately 4.3% over the FY 2018 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 5.0% in FY 2018 and 4.0% in FY 2019. Based on this forecast, the Village's telecommunications tax revenue will decrease by approximately 12.2% in FY 2019 below the FY 2018 budgeted amount, since FY 2018 revenues are not reaching the previously budgeted levels.
- 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 decrease 1.0% in FY 2018 and increase 1.0% in FY 2019. Since FY 2018 revenues did not reach the anticipated budget projection, we are decreasing the electricity sale tax revenue budget for FY 2019 by approximately 6.9%.
- Thus far, distributions of video programming sales taxes for FY 2018 are lower than the amounts collected in FY 2017 as the industry continues to face competition from other video content providers. The NCLM is projecting decreases in FY 2018 of 1.5% and 1.0% in FY 2019. Based on this forecast, the Village's video programming sales tax revenue will decrease by approximately 3.3% in FY 2019 as compared to the FY 2018 budgeted amount.
- Wine and beer tax revenues are expected to decrease by 2.9% to \$70,000 in FY 2019 due in part to the closure of a major N.C. brewery in 2018.



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.

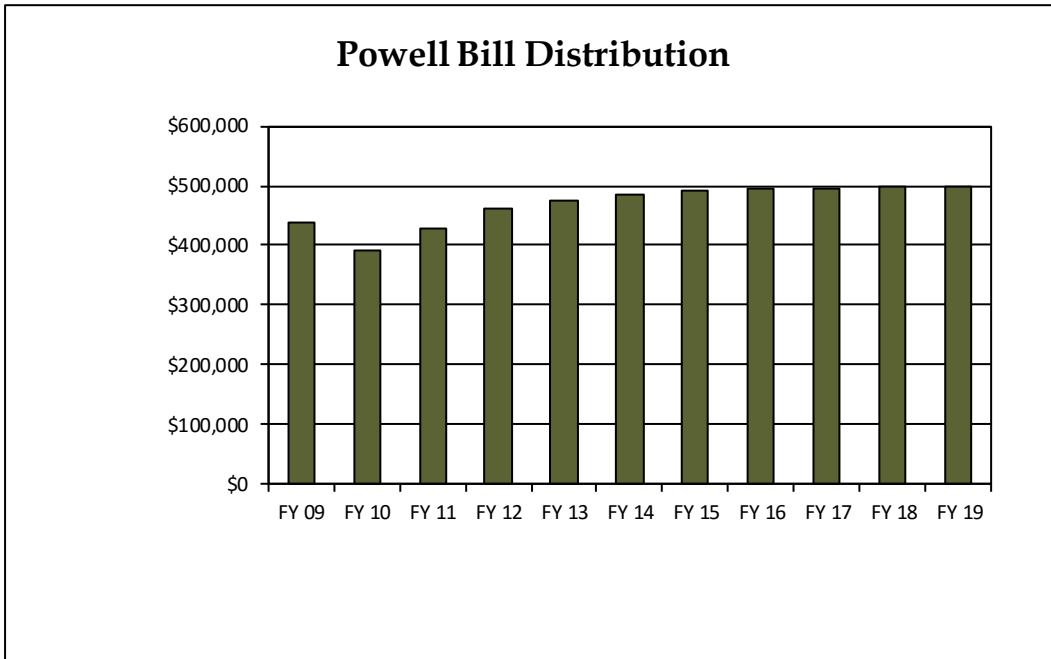
Restricted Intergovernmental Revenue	FY 2017 Actual	FY 2018 Budget	FY 2018 Estimated	FY 2019 Budgeted	Percent Change
Powell Bill	\$ 495,621	\$ 494,000	\$ 498,958	\$ 498,000	0.8%
BAB Interest Rebates	255	-	-	-	0.0%
Controlled Substance Tax Distribution	784	500	2,500	1,000	100.0%
Solid Waste Disposal	10,821	10,900	11,000	11,100	1.8%
Other Grants	95,956	-	-	35,000	100.0%
Total Rest. Intergovernmental Rev.	\$ 603,437	\$ 505,400	\$ 512,458	\$ 545,100	7.9%

Revenue Assumptions

- The per capita rate used in the estimation of Powell Bill revenue is \$19.60, which is a 1.0% decrease from the previous year’s actual distribution rate. The street mile rate utilized to project the allocation is \$1,610 per street mile maintained, which decreased by \$3 from the FY 2018 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 approximately the same revenue in FY 2019 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 2018 will increase by 2.0% over FY 2017. In addition, construction continues to be strong and revenues for FY 2019 are projected to increase 1.5% over FY 2018. Based on these projections, we are increasing the budget for this revenue by 1.8% over the FY 2018 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 and inspection fees, planning and 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 and 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.

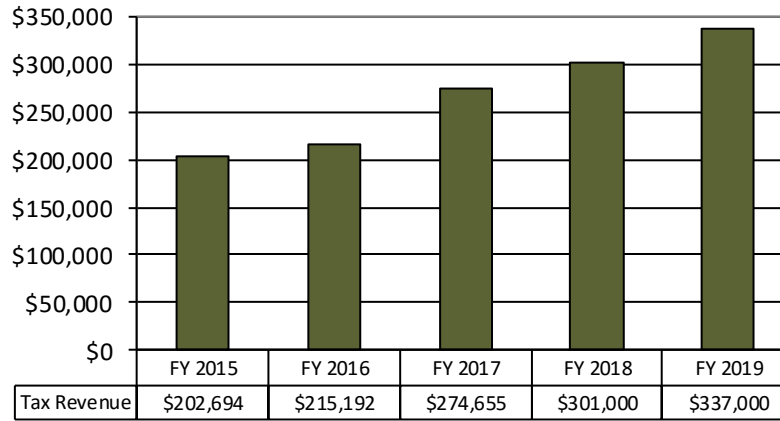
Permits & Fees	FY 2017 Actual	FY 2018 Budget	FY 2018 Estimated	FY 2019 Budgeted	Percent Change
Permit & Inspection Fees	\$ 444,435	\$ 310,000	\$ 310,000	\$ 300,000	-3.2%
Planning & Zoning Fees	70,350	60,000	60,100	65,000	8.3%
Fire District Revenue	274,655	301,000	301,000	337,000	12.0%
Other Fees	12,134	6,300	11,770	15,500	146.0%
Total Permit & Fees	\$ 801,574	\$ 677,300	\$ 682,870	\$ 717,500	5.9%

Revenue Assumptions

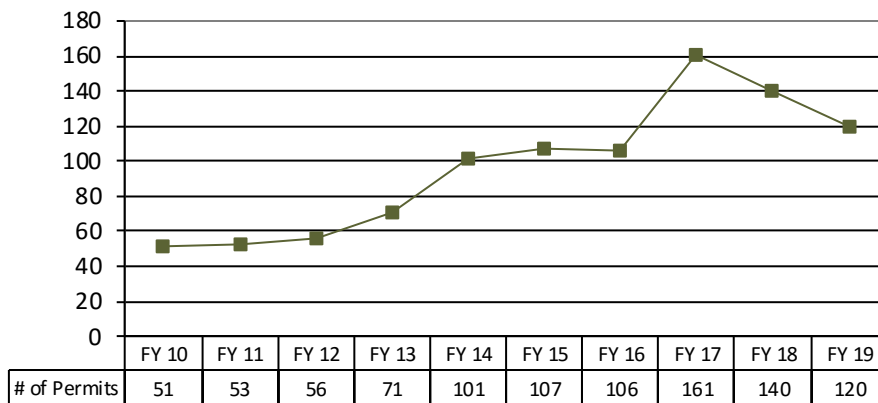
- Permit and inspection fees and planning and zoning fees for residential construction are expected to decrease in FY 2019 as the number and value of new homes being constructed decreases slightly from the prior year’s level. The Village expects approximately 140 homes to be constructed in FY 2018 and 120 in FY 2019.
- Planning and zoning fees are expected to rise 8% over FY 2018 budgeted levels due to increased non-residential construction related activities.
- Fire district revenues are expected to increase \$36,000, or 12%, due to the phased-in 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 \$8,100 for the 13th installment of this 15-year assessment in FY 2019. Also in FY 2016, the Village assessed property owners in the newly annexed Cotswold of Pinehurst area for a storm water project. These assessments are planned to be paid in five equal installments without interest. The Cotswold assessment should generate revenues of \$17,800 in FY 2019.

Assessments	FY 2017 Actual	FY 2018 Budget	FY 2018 Estimated	FY 2019 Budgeted	Percent Change
Assessments	\$ 39,102	\$ 28,400	\$ 28,400	\$ 25,900	-8.8%
Total Assessments	\$ 39,102	\$ 28,400	\$ 28,400	\$ 25,900	-8.8%



Stormwater improvement project



Description of Revenue Source

Sales and services revenue consists primarily of three separate revenue sources for Parks & 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.

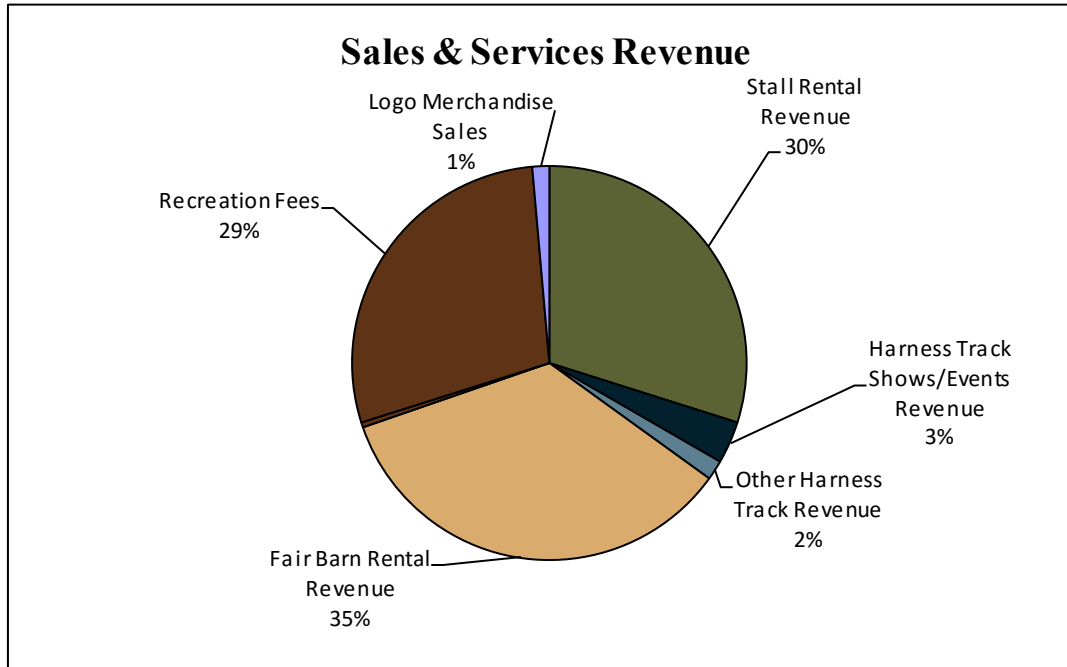
Sales & Services	FY 2017 Actual	FY 2018 Budget	FY 2018 Estimated	FY 2019 Budgeted	Percent Change
Stall Rental Revenue	\$ 239,811	\$ 235,000	\$ 210,000	\$ 215,000	-8.5%
Harness Track Shows/Events Revenue	30,200	25,000	25,000	25,000	0.0%
Other Harness Track Revenue	11,743	11,600	11,600	11,600	0.0%
Fair Barn Rental Revenue	230,408	215,000	250,000	250,000	16.3%
Fair Barn Shows/Events Revenue	10,240	3,000	3,500	3,000	0.0%
Recreation Fees	195,456	189,000	184,400	205,000	8.5%
Logo Merchandise Sales	1,657	30,000	10,000	10,000	-66.7%
Total Sales & Services	\$ 719,515	\$ 708,600	\$ 694,500	\$ 719,600	1.6%

Revenue Assumptions

- Harness Track stall rental revenues are projected to decrease by 8.5% for FY 2019 due to the lower occupancy rates experienced in FY 2018.
- Harness Track shows and events revenues that have trended downward over the past few years are expected to remain flat in FY 2019.
- Demand for event space at the Fair Barn continues to be strong. Revenues are expected to increase 16.3% from FY 2018 budgeted levels.
- Recreation fees are expected to increase 8.5% due to increasing participation in recreation programs and high demand for event rentals in the Village Arboretum.
- 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 2017 Actual	FY 2018 Budget	FY 2018 Estimated	FY 2019 Budgeted	Percent Change
ABC Revenues	\$ 130,965	\$ 134,800	\$ 134,800	\$ 139,600	3.6%
Other Miscellaneous Revenues	144,681	93,930	114,980	96,980	3.2%
Total Other Revenues	\$ 275,646	\$ 228,730	\$ 249,780	\$ 236,580	3.4%

Revenue Assumptions

- ABC revenue is projected to increase by 3.6% for FY 2019 due to moderate growth in local store profits in the current year.
- Other miscellaneous revenues are expected to be up slightly over the budgeted levels for FY 2018.



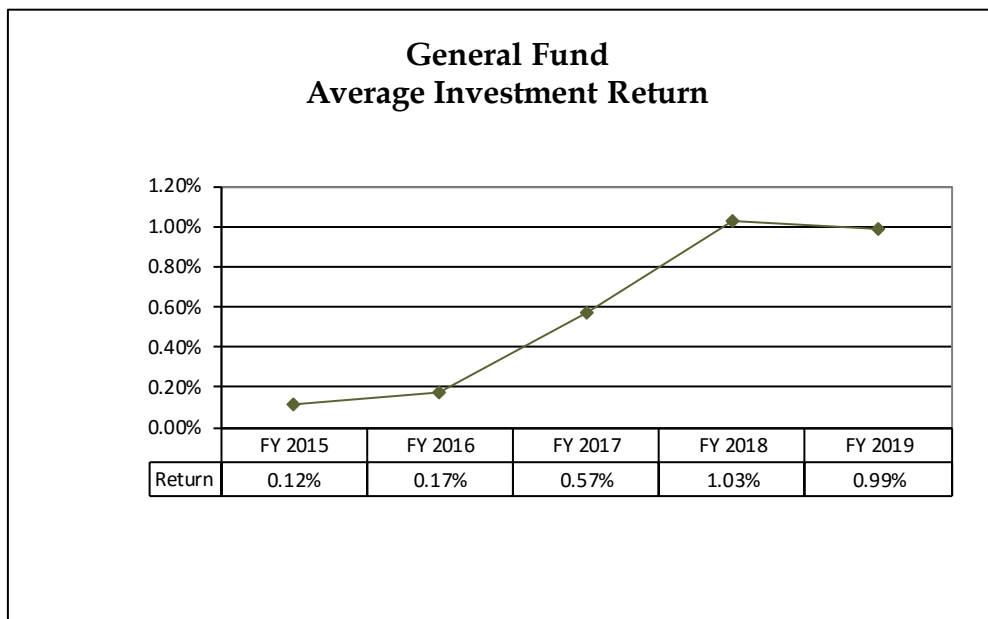
Description of Revenue Source

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 2017 Actual	FY 2018 Budget	FY 2018 Estimated	FY 2019 Budgeted	Percent Change
Investment Income	\$ 63,189	\$ 49,000	\$ 99,000	\$ 96,000	95.9%
Total Investment Income	\$ 63,189	\$ 49,000	\$ 99,000	\$ 96,000	95.9%

Revenue Assumptions

- Investment income is estimated to grow by 95.9% as investment rates have increased and funds available to invest have also increased. The average rate of return expected in Fiscal Year 2019 is 0.99%.
- In FY 2017, the Village began investing in the NCCMT Term Portfolio, which has 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 2017 Actual	FY 2018 Budget	FY 2018 Estimated	FY 2019 Budgeted	Percent Change
Fund Balance Appropriated	\$ -	\$ 2,195,054	\$ -	\$ 4,249,380	100.0%
Total Fund Balance Appropriations	\$ -	\$ 2,195,054	\$ -	\$ 4,249,380	100.0%

Revenue Assumptions

- For FY 2019 we have appropriated \$4,249,380 of the Village’s fund balance as a revenue source. The amount of fund balance appropriated this year is higher due to the transfer of \$4,068,900 to the Community Center Capital Project Fund. If historical budget to actual variance trends continue for FY 2019 we will subtract approximately \$3,214,000 from fund balance, which will cause fund balance to decrease to 32.3% of General Fund expenditures. The Council’s adopted policy range for fund balance is 30%-40% of General Fund expenditures.



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 16,700
- Setting strategic direction for approximately 141 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 2017 Actual	FY 2018 Budget	FY 2018 Estimated	FY 2019 Budgeted	Percent Change
Salaries & Benefits	\$ 30,050	\$ 31,000	\$ 30,063	\$ 31,000	0.0%
Operating	90,784	149,800	94,664	119,100	-20.5%
Expenditures Total	\$ 120,834	\$ 180,800	\$ 124,727	\$ 150,100	-17.0%



Village Council Members



Department Profile

The Administration Department, which includes the Village Manager, Assistant Village Managers, Performance Management Director, Village Clerk, Communications Specialist, 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 2019 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
- Overseeing the 2035 Long-Range Comprehensive Plan development
- Working collaboratively with Moore County and other agencies on long term planning issues (i.e. transportation, water & sewer, development, etc.)
- Recruiting, training, engaging, and rewarding over 200 volunteers
- Providing customer service and administrative support to both internal and external customers

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 2017 Actual	FY 2018 Budget	FY 2018 Estimated	FY 2019 Budgeted	Percent Change
Salaries & Benefits	\$ 721,506	\$ 747,250	\$ 733,525	\$ 879,960	17.8%
Operating	361,056	405,200	373,998	384,750	-5.0%
Capital	21,174	25,832	25,832	28,776	11.4%
Expenditures Total	\$ 1,103,736	\$ 1,178,282	\$ 1,133,355	\$ 1,293,486	9.8%

FY 2019 Department Goals, Objectives, and Key Performance Indicators

Strategic Goal: Professionally Manage a High Performing Organization

KPI	Type	FY 2016 Actual	FY 2017 Actual	FY 2018 Est.	FY 2019 Proj.	FY 2023 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	98%	96%	95%	95%	95%
% of residents likely to recommend the Village as a place to live	Effectiveness	94%	94%	95%	95%	95%
% of Initiative Action Plans (IAPs) that achieve targeted results ¹	Effectiveness	n/a	77%	80%	80%	80%
Department Goal: Identify, analyze, and mitigate risks to the Village						
Cost of risk (premiums, legal fees, & losses) as a % of General Fund expenditures ²	Effectiveness	2.30%	1.99%	1.71%	1.75%	2.11%
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. ² As VOP has focused on improving employee safety, workers' 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. Cost of risk overall is projected to increase due to addition of insurance requirements on the new Community Center and a slight expansion of the vehicles and equipment projected.						



Strategic Goal: Professionally Manage a High Performing Organization

KPI	Type	FY 2016 Actual	FY 2017 Actual	FY 2018 Est.	FY 2019 Proj.	FY 2023 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	7,975	12,447	14,500	16,000	23,400
Total # of Facebook users reached with VOP posts ¹	Output	771,517	2,184,704	954,000	1,049,400	1,536,400
# of Facebook engaged users who click, comment, and/or share ¹	Output	49,357	100,833	74,200	81,600	119,500
# of Open Village Hall (OVH) topics posted ²	Output	13	10	6	6	6
# of subscribers who view Open Village Hall topics ²	Output	3,154	3,867	1,800	1,800	1,800
# of mobile app downloads (cumulative) ³	Output	735	1,147	4,000	4,200	5,000
% of residents satisfied with Village efforts to keep residents informed on local issues	Effectiveness	90%	91%	90%	90%	90%
% of Council agendas with supporting materials posted to the Village website 5 days in advance of meetings	Effectiveness	100%	100%	100%	100%	100%
% of P&Z/BOA and HPC agendas with supporting materials posted to the Village website 5 days in advance of meetings ⁴	Output	n/a	n/a	100%	100%	100%
Notes: ¹ In FY17, VOP consolidated social media accounts and began daily management to increase social media followers and engaged users. With changes in Facebook policies limiting the posts users see, FY18 users reached and engaged have declined. ² To ensure quality OVH topics, VOP elected to post fewer, higher quality topics in FY18. ³ VOP launched a new service request mobile app and a newly designed website in FY17. ⁴ In FY18, VOP began posting agendas and materials of planning boards to increase transparency.						

Strategic Goal: Attract & Retain an Engaged Workforce

KPI	Type	FY 2016 Actual	FY 2017 Actual	FY 2018 Est.	FY 2019 Proj.	FY 2023 Proj.
Department Goal: Recruit, train, engage, and reward volunteers						
% of volunteers who would recommend volunteering for the Village to a friend	Effectiveness	100%	93%	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 ¹	Output	47%	60%	56%	50%	50%
% of workforce who are satisfied with bi-annual State of the Village meetings ¹	Effectiveness	100%	100%	100%	95%	95%
Notes: ¹ VOP conducts bi-annual State of the Village meetings for all employees and volunteers to effectively communicate VOP's goals, objectives, performance, and other employee information. In FY17, 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.						

FY 2019-2023 Initiative Action Plans

Initiative Action Plans	FY	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
National Baldrige Application – Complete and submit an application for the National Malcolm Baldrige Quality Award in FY 2020.	FY 2019-2021	\$5,000	\$16,000	\$35,000	\$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 consists of the Director, the Assistant Director, and two Financial Services Technicians. Areas of focus for FY 2019 include:

- Managing an average cash and investments balance of \$11.6 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 \$22.5 million annual budget and five-year financial forecast in accordance with the Government Finance Officers Association (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 2017 Actual	FY 2018 Budget	FY 2018 Estimated	FY 2019 Budgeted	Percent Change
Salaries & Benefits	\$ 312,202	\$ 355,350	\$ 343,478	\$ 361,050	1.6%
Operating	267,510	304,360	290,522	312,350	2.6%
Capital	1,819	1,425	1,425	1,680	17.9%
Total Expenditures	\$ 581,531	\$ 661,135	\$ 635,425	\$ 675,080	2.1%

FY 2019 Department Goals, Objectives, and Key Performance Indicators

Strategic Goal: Maintain a Healthy Financial Condition

KPI	Type	FY 2016 Actual	FY 2017 Actual	FY 2018 Est.	FY 2019 Proj.	FY 2023 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	92%	92%	92%	92%	92%
% of employees satisfied with the availability of financial information	Effectiveness	100%	100%	95%	95%	95%
Notes: ¹ VOP has received the GFOA Certificate of Achievement in Financial Reporting for 25 consecutive years. ² VOP has received a "clean" audit opinion from external auditors for 18 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 2016 Actual	FY 2017 Actual	FY 2018 Est.	FY 2019 Proj.	FY 2023 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	102.6%	103.4%	101.0%	101.0%	101.0%
Composite rating received through GFOA Distinguished Budget Presentation Award ²	Effectiveness	313	305	305	307	315
Department Goal: Process financial transactions efficiently and effectively						
# of accounts payable invoices and payments processed per accounts payable FTE	Efficiency	838	831	800	805	825
% of purchase orders processed within 1 business day of submission	Effectiveness	100%	100%	100%	95%	95%
% of employees satisfied with the timeliness of purchasing services ³	Effectiveness	100%	100%	92%	95%	95%
# of payroll transactions processed per payroll technician FTE	Efficiency	1,262	1,332	640	650	670
% of employees satisfied with the accuracy of payroll services ³	Effectiveness	98%	100%	100%	95%	95%
# of other financial transactions processed per finance technician FTE	Efficiency	419	436	320	320	330
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 ⁴	Effectiveness	-5.00	-5.00	10.00	10.00	10.00
<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 above expectations. Staff continue to refine revenue projections and expectations to achieve a 101% revenue variance. ² Each year, VOP strives to improve its Strategic Operating Plan document to improve its ratings received through the GFOA Distinguished Budget Presentation Award. This KPI is a composite score of the ratings received from the GFOA program. ³ VOP employees have consistently indicated very high levels of satisfaction with purchasing and payroll services provided by the Finance Department. ⁴ 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 2019 include:

- Selecting and configuring a new training software to manage the Village’s learning and development system
- Implementing a formalized Village-wide succession plan
- 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 2017 Actual	FY 2018 Budget	FY 2018 Estimated	FY 2019 Budgeted	Percent Change
Salaries & Benefits	\$ 227,204	\$ 248,850	\$ 244,785	\$ 263,310	5.8%
Operating	128,880	203,260	149,678	251,530	23.7%
Capital	2,274	1,140	1,140	2,940	157.9%
Expenditures Total	\$ 358,358	\$ 453,250	\$ 395,603	\$ 517,780	14.2%

FY 2019 Department Goals, Objectives, and Key Performance Indicators

Strategic Goal: Attract & Retain an Engaged Workforce

KPI	Type	FY 2016 Actual	FY 2017 Actual	FY 2018 Est.	FY 2019 Proj.	FY 2023 Proj.
Department Goal: Reward and recognize employees						
% of employees who agree they are satisfied with reward & recognition programs ¹	Effectiveness	89%	88%	88%	90%	90%
% of unique employees recognized in Village-wide award programs ¹	Effectiveness	87%	95%	65%	65%	72%
Department Goal: Provide competitive salaries and benefits						
% of positions reviewed within 3 years ²	Output	100%	100%	100%	100%	100%
% of employees who receive compensation adjustments (if needed) based on market salary reviews ²	Effectiveness	100%	100%	100%	100%	100%
% of unique employees who participate in Wellness Committee activities ³	Effectiveness	n/a	76%	65%	60%	70%
Notes: ¹ 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. ² Each year, VOP conducts a market salary review for approx. 1/3 of positions and adjusts employee compensation, if needed to remain competitive, ensuring all positions are reviewed at least every 3 years. ³ 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 2016 Actual	FY 2017 Actual	FY 2018 Est.	FY 2019 Proj.	FY 2023 Proj.
Department Goal: Maintain a safe work environment						
% of Safety Committee inspection violations corrected within 90 days ¹	Effectiveness	n/a	76%	60%	65%	75%
% of injuries that are preventable ²	Effectiveness	47%	53%	55%	55%	50%
% of accidents that are preventable ²	Effectiveness	71%	80%	70%	70%	65%
# of recordable Worker's Compensation claims per 100 FTEs	Effectiveness	3.1	2.0	3.5	3.0	3.0
Department Goal: Effectively fill vacant positions						
Average # of days to recruit (requisition to start date) ³	Effectiveness	73	59	90	85	60
% of positions filled within target date ³	Effectiveness	n/a	81%	85%	85%	90%
% of turnover (all) ⁴	Effectiveness	13%	13%	8%	10%	10%
Average tenure of employees (in years)	Output	n/a	7.12	7.90	8.00	9.00
Sick leave hours used per 1,000 hours worked	Effectiveness	29	28	35	30	25
Department Goal: Provide training and development opportunities						
% of employees who agree they are offered training and development to enhance their skills	Effectiveness	93%	95%	90%	90%	90%
% of employees satisfied with TOPS training programs	Effectiveness	96%	95%	96%	95%	95%
% of vacancies filled with internal candidates ⁵	Effectiveness	59%	41%	40%	35%	40%
<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. ³ To reduce the average # of days to recruit and fill a higher % of positions within the target date, VOP implemented applicant tracking software in FY18. This expedited recruitment for many postings; however, recruitment for department head positions in FY18 increased the total average # of days to recruit. ⁴ In FY16 and FY17, VOP experienced higher than normal turnover rates due to several retirements of tenured employees. ⁵ VOP has an FY19 IAP (Workforce Learning & Development) to prepare employees for advancement opportunities.</p>						

FY 2019-2023 Initiative Action Plans

Initiative Action Plans	FY	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Workforce Learning & Development – Implement a formalized Village-wide succession plan for Village staff.	FY 2019	\$0	\$0	\$0	\$0	\$0



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 24 sworn police officers, four dispatchers, one administrative assistant and six reserve auxiliary officers to protect the life and property of nearly 16,700 residents. Areas of focus for FY 2019 include:

- Beginning the process to achieve national accreditation for the Police Department by FY 2022
- Patrolling three response areas and enforcing traffic laws
- Improving crime clearance rates
- 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 2017 Actual	FY 2018 Budget	FY 2018 Estimated	FY 2019 Budgeted	Percent Change
Salaries & Benefits	\$ 2,069,422	\$ 2,242,550	\$ 2,202,317	\$ 2,402,850	7.1%
Operating	655,242	763,964	702,371	822,430	7.7%
Capital	71,702	125,439	125,439	159,281	27.0%
Expenditures Total	\$ 2,796,366	\$ 3,131,953	\$ 3,030,127	\$ 3,384,561	8.1%

Revenues by Type	FY 2017 Actual	FY 2018 Budget	FY 2018 Estimated	FY 2019 Budgeted	Percent Change
Police Grants	\$ -	\$ -	\$ -	\$ 35,000	100.0%
Controlled Substance Tax Distribution	784	500	2,500	1,000	100.0%
Miscellaneous Police Revenues	4,018	4,500	5,800	7,000	55.6%
Revenues Total	\$ 4,802	\$ 5,000	\$ 8,300	\$ 43,000	760.0%

FY 2019 Department Goals, Objectives, and Key Performance Indicators

Strategic Goal: Safeguard the Community

KPI	Type	FY 2016 Actual	FY 2017 Actual	FY 2018 Est.	FY 2019 Proj.	FY 2023 Proj.
Department Goal: Enforce traffic laws						
% of collisions with an injury ¹	Effectiveness	7%	12%	11%	10%	10%
% of collisions with a fatality ¹	Effectiveness	0.00%	0.15%	0.30%	0.15%	0.12%
# of collisions per 1,000 population ¹	Output	39	41	42	46	54

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. With increasing traffic volumes due to growth, the Village projects the # of collisions per 1,000 to increase over the planning period. Over time, Village speed limits have been reduced to 25 MPH unless otherwise posted to help minimize the % of collisions with an injury or fatality.



Strategic Goal: Safeguard the Community

KPI	Type	FY 2016 Actual	FY 2017 Actual	FY 2018 Est.	FY 2019 Proj.	FY 2023 Proj.
Department Goal: Solve crimes						
% of Part 1 - Violent crimes solved ¹	Effectiveness	67%	44%	50%	55%	55%
% of Part 1 - Property crimes solved ¹	Effectiveness	22%	16%	60%	35%	50%
% of Part 2 crimes solved ¹	Effectiveness	47%	43%	40%	40%	45%
# of cases investigated	Output	557	661	902	920	996
# of open cases remaining	Output	226	262	235	240	259
Department Goal: Protect lives and property by responding promptly to calls for service and proactively preventing criminal activity						
% of officer hours spent on patrol ²	Effectiveness	n/a	76%	78%	80%	80%
# of citizen initiated calls for service per patrol officer ²	Efficiency	415	356	330	343	343
# of officer initiated calls for service per patrol officer ²	Efficiency	316	530	525	528	528
# of citizen initiated calls for service per 1,000 population ²	Output	527	414	396	400	400
% of calls for service that are officer initiated ²	Output	43%	60%	60%	60%	60%
% of total time spent on calls for service that are officer initiated ²	Effectiveness	33%	89%	89%	80%	80%
UCR index crime rate	Effectiveness	6.15	6.82	11.67	10.44	13.90
<p>Notes: ¹ In FY17, VOP reorganized to add an additional Investigator position and Impact Team to allocate additional resources to crime investigation. This has positively impacted the % of crimes solved in FY18. The FY19 budget includes additional investigative resources including a canine unit and evidence processing resources to increase the % of crimes solved. ² 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. Additional improvements in how officers CAD their time are planned for FY19 to even more accurately reflect officer versus citizen initiated activities.</p>						

Strategic Goal: Attract & Retain an Engaged Workforce

KPI	Type	FY 2016 Actual	FY 2017 Actual	FY 2018 Est.	FY 2019 Proj.	FY 2023 Proj.
Department Goal: Utilize Citizen on Patrol volunteers to supplement police staff						
# of Citizen on Patrol (COP) volunteer hours ¹	Output	2,967	3,100	3,700	3,200	3,200
# of COP volunteer hours per volunteer ¹	Effectiveness	92	167	176	100	100
\$ value of COP volunteer hours ¹	Effectiveness	\$59,348	\$62,007	\$74,140	\$64,000	\$64,000
<p>Notes: ¹ 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 a slight decline in volunteer hours over the five-year planning period as some key COP volunteers are expected to “retire” from the program.</p>						

FY 2019-2023 Initiative Action Plans

Initiative Action Plans	FY	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Police Department Accreditation –Implement law enforcement standards of the Commission on Accreditation for Law Enforcement Agencies (CALEA) and apply for Police Department accreditation.	FY 2019-2022	\$18,450	\$3,300	\$3,300	\$3,300	\$7,365



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 2019 include:

- Conducting a BIRDIE evaluation of staffing to optimize personnel for medical response calls and commercial fire inspections
- Covering routine staffing shortages with the use of additional reserve firefighters
- 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
- Partnering with Moore County on plan to construct an EMS base at Fire Station 91
- 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 2017 Actual	FY 2018 Budget	FY 2018 Estimated	FY 2019 Budgeted	Percent Change
Salaries & Benefits	\$ 2,080,216	\$ 2,164,650	\$ 2,079,824	\$ 2,281,570	5.4%
Operating	446,547	545,587	504,795	475,450	-12.9%
Capital	35,979	674,406	674,312	41,607	-93.8%
Expenditures Total	\$ 2,562,742	\$ 3,384,643	\$ 3,258,931	\$ 2,798,627	-17.3%

Revenues by Type	FY 2017 Actual	FY 2018 Budget	FY 2018 Estimated	FY 2019 Budgeted	Percent Change
Fire District Revenue	\$ 274,655	\$ 301,000	\$ 301,000	\$ 337,000	12.0%
Miscellaneous Fire Revenues	407	600	2,100	500	-16.7%
Revenues Total	\$ 275,062	\$ 301,600	\$ 303,100	\$ 337,500	11.9%

FY 2019 Department Goals, Objectives, and Key Performance Indicators

Strategic Goal: Safeguard the Community

KPI	Type	FY 2016 Actual	FY 2017 Actual	FY 2018 Est.	FY 2019 Proj.	FY 2023 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	80%	85%	85%	85%	89%
% of emergency calls with a response time of 6 minutes and 30 seconds for first due apparatus ¹	Effectiveness	71%	70%	68%	69%	71%
% of calls for fire incidents	Output	3.0%	4.5%	4.0%	3.6%	3.6%
% of calls for service for rescue and EMS ²	Output	27%	27%	29%	30%	30%
% of signalized intersections with preemption controls ¹	Effectiveness	15%	15%	54%	69%	100%

Notes: ¹ To help improve response times, a key area of focus for the department, VOP has begun a program to install traffic preemption devices at all 13 signalized intersections in the Village in the planning period. 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 2016 Actual	FY 2017 Actual	FY 2018 Est.	FY 2019 Proj.	FY 2023 Proj.
Department Goal: Prevent fires and injuries						
# of commercial business fire inspections completed ¹	Output	184	186	280	380	380
% of commercial businesses inspected ¹	Effectiveness	43%	44%	64%	88%	86%
# of commercial business fire inspections per inspector per month ¹	Output	18	14	14	14	15
% of businesses satisfied with fire prevention inspection services	Effectiveness	96%	96%	95%	95%	95%
% of ISO credit received for fire hydrant testing	Effectiveness	100%	100%	100%	100%	100%
# of participants in Fire & Life Safety Education Programs	Output	24,423	23,223	24,000	22,500	22,500
Fire incident rates per 1,000 population served	Effectiveness	0.22	0.57	0.50	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 FY19 budget includes additional funding for overtime and reserve firefighters to perform inspections at previous levels. In addition, the Fire Department will begin a BIRDIE in FY19 to evaluate how the department is staffed to complete inspections and address the increase in calls for EMS and rescue services to determine the best long term staffing solution. 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 15 consecutive years.</p>						

Strategic Goal: Attract & Retain an Engaged Workforce

KPI	Type	FY 2016 Actual	FY 2017 Actual	FY 2018 Est.	FY 2019 Proj.	FY 2023 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	97%	97%	100%	100%	100%
% of full-time uniformed staff who obtain advanced training ²	Effectiveness	76%	100%	65%	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, with 100% of staff certified by the end of 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 2019-2023 Initiative Action Plans

Initiative Action Plans	FY	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Emergency Medical Services (EMS) Facility Relocation – Partner with Moore County to establish an EMS base at Fire Station 91 in Rassie Wicker Park.	FY 2019-2020	\$0	\$380,000	(\$33,000)	(\$33,000)	(\$33,000)



Department Profile

The Inspections Division of the Planning Department operates under direction of the Planning and Inspections Director. The Inspections Division 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 2019 include:

- Implementing the recommendations from the Permitting & Inspections BIRDIE evaluation to improve the efficiency and effectiveness of inspection processes, including implementing software to allow building inspectors to remotely update the status of inspections in the field
- Continuing to be responsive to building inspection requests within one business day

Additional information about the Inspections Division may be obtained by contacting Will Deaton, Planning and Inspections Director, at 910.295.8659 or wdeaton@vopnc.org.

Budget Summary

Expenditures by Type	FY 2017 Actual	FY 2018 Budget	FY 2018 Estimated	FY 2019 Budgeted	Percent Change
Salaries & Benefits	\$ 180,443	\$ 188,400	\$ 182,752	\$ 194,420	3.2%
Operating	24,558	29,520	27,376	33,150	12.3%
Capital	869	440	440	1,087	147.0%
Expenditures Total	\$ 205,870	\$ 218,360	\$ 210,568	\$ 228,657	4.7%

Revenues by Type	FY 2017 Actual	FY 2018 Budget	FY 2018 Estimated	FY 2019 Budgeted	Percent Change
Inspection Permit Revenue	\$ 444,435	\$ 310,000	\$ 310,000	\$ 300,000	-3.2%
Revenues Total	\$ 444,435	\$ 310,000	\$ 310,000	\$ 300,000	-3.2%

FY 2019 Department Goals, Objectives, and Key Performance Indicators

Strategic Goal: Maintain a Healthy Financial Condition

KPI	Type	FY 2016 Actual	FY 2017 Actual	FY 2018 Est.	FY 2019 Proj.	FY 2023 Proj.
Department Goal: Recover the cost of inspection services						
% of inspections operating costs recovered through inspection fees ¹	Effectiveness	158%	217%	150%	150%	150%
Average cost per building inspection	Efficiency	\$37	\$31	\$30	\$31	\$33
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 the vast majority of inspections occurring in FY18.						



Strategic Goal: Ensure an Attractive Residential Community

KPI	Type	FY 2016 Actual	FY 2017 Actual	FY 2018 Est.	FY 2019 Proj.	FY 2023 Proj.
Department Goal: Inspect residential development to ensure compliance with building codes						
# of building inspections completed ¹	Output	5,648	6,633	7,095	7,170	7,450
% of building inspections completed within one business day ²	Effectiveness	100%	100%	100%	99%	99%
% of building inspections compliant upon initial inspection	Effectiveness	94%	93%	93%	90%	90%
# of building inspections completed per inspector FTE per day	Efficiency	12.9	13.3	14.5	14.6	15.2
# of building inspections completed per 1,000 population served	Output	358	415	431	430	416
# of residential Certificates of Occupancy (CO) issued ³	Output	94	192	225	170	181
Estimated residential construction cost for Certificates of Occupancy ³	Output	\$21.6 million	\$34.1 million	\$37.1 million	\$32.3 million	\$34.4 million
<p>Notes: ¹ The # of building inspections includes both residential and non-residential inspections. VOP has seen sizable increases in development in FY17 and FY18, with a healthy increase in the # of single-family new construction permits and multi-family developments. ² To provide a high level of service, building inspectors strive to complete building inspections within one business day of the request. In FY19, VOP will implement new permitting & inspection (P&I) software, as a result of the P&I BIRDIE conducted in FY18, which will significantly streamline the inspection process to allow the two building inspectors to handle the increased workload and maintain responsive turnaround times to inspection requests. ³ Residential COs include both new construction and additions/alterations. FY18 projections are more than double just two years ago as the housing market and economy improve.</p>						

Strategic Goal: Ensure a Thriving Business Community

KPI	Type	FY 2016 Actual	FY 2017 Actual	FY 2018 Est.	FY 2019 Proj.	FY 2023 Proj.
Department Goal: Inspect non-residential development to insure compliance with building codes						
# of non-residential Certificates of Occupancy issued ¹	Output	4	22	10	10	10
Estimated non-residential construction cost for Certificates of Occupancy ¹	Output	\$3.9 million	\$10.2 million	\$12.2 million	\$11.3 million	\$3.0 million
% of businesses satisfied with building inspections	Effectiveness	100%	100%	100%	95%	95%
<p>Notes: ¹ Projections for non-residential COs are based on known projects that are in the preliminary stages of development that staff expect to receive. Non-residential property values only equate to 1% of the total tax base and historically do not represent a large % of new development in the Village.</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 2019 include:

- Managing Streets & Grounds and Solid Waste staff response to resident service requests and complaints through the MY VOP service request system
- Assisting the Beautification Committee to implement a new litter pickup program
- Overseeing implementation of landscape improvements on Highway 211

KPIs for this department are identified in the Solid Waste and Streets & 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 2017 Actual	FY 2018 Budget	FY 2018 Estimated	FY 2019 Budgeted	Percent Change
Salaries & Benefits	\$ 288,347	\$ 311,550	\$ 294,944	\$ 320,050	2.7%
Operating	73,156	148,239	141,464	120,230	-18.9%
Capital	423,476	95,800	95,800	61,731	-35.6%
Expenditures Total	\$ 784,979	\$ 555,589	\$ 532,208	\$ 502,011	-9.6%



Public Services Department



Department Profile

The Streets & 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 15.7 members of the Streets & Grounds team organized into two crews: Street Maintenance, led by an Infrastructure Superintendent, and Grounds Maintenance. This division serves approximately 16,700 residents encompassing an area of 14.9 square miles. Areas of focus for FY 2019 include:

- Installing approximately 20 neighborhood streetlights
- Monitoring and evaluating traffic levels at six key intersections in the Village
- Investing in additional street and storm drain maintenance equipment
- Maintaining roadways, signage, sidewalks and other public landscape areas at a high level

Additional information about Streets & 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	FY 2017 Actual	FY 2018 Budget	FY 2018 Estimated	FY 2019 Budgeted	Percent Change
Salaries & Benefits	\$ 620,715	\$ 728,300	\$ 704,354	\$ 756,440	3.9%
Operating	599,428	702,420	657,947	780,020	11.0%
Capital	457,611	1,164,830	714,830	388,939	-66.6%
Expenditures Total	\$ 1,677,754	\$ 2,595,550	\$ 2,077,131	\$ 1,925,399	-25.8%

FY 2019 Department Goals, Objectives, and Key Performance Indicators

Strategic Goal: Ensure an Attractive Residential Community

KPI	Type	FY 2016 Actual	FY 2017 Actual	FY 2018 Est.	FY 2019 Proj.	FY 2023 Proj.
Department Goal: Maintain Village right of ways						
% of right of way lane (ROW) miles shoulders inspected	Effectiveness	60%	38%	38%	42%	42%
# of ROW lane miles maintained per FTE ¹	Efficiency	16	16	16	15	15
% of ROW mowing performed according to schedule ¹	Effectiveness	n/a	70%	95%	85%	85%

Notes: ¹ The FY18 budget included the addition of .7 FTEs for seasonal staff to assist with ROW mowing and maintenance in the growing season. These FTEs were added mid-year and the full impact of the staffing addition will be felt in FY19. This will reduce the # of ROW lane miles maintained per FTE and assist with ensuring ROW mowing is performed according to schedule. With significant landscaping enhancements planned for the HWY 211 median, a significant Village gateway, staff projects the % of ROW mowing performed according to schedule will decline over the planning period.



Strategic Goal: Provide Multimodal Transportation Systems

KPI	Type	FY 2016 Actual	FY 2017 Actual	FY 2018 Est.	FY 2019 Proj.	FY 2023 Proj.
Department Goal: Maintain storm water facilities						
% of residents satisfied with storm water management	Effectiveness	80%	86%	84%	85%	85%
Department Goal: Install neighborhood street lights						
# of street lights per mile ¹	Effectiveness	2.9	3.1	3.2	3.6	4.8
Department Goal: Maintain directional and regulatory street signs						
% of regulatory reflective signs inspected per NHTSA standards ²	Output	100%	100%	100%	100%	100%
Department Goal: Monitor traffic congestion						
% of intersections studied with a level of service (LOS) rating of "C" or higher ³	Effectiveness	86%	92%	92%	92%	77%
Department Goal: Maintain Village roadways						
% of centerline miles of Village roadways resurfaced ⁴	Effectiveness	1.94%	2.91%	5.23%	5.60%	5.58%
5-year rolling average of the # of miles of roadways resurfaced ⁴	Effectiveness	3.89	3.66	4.05	4.25	6.00
% of roadways with a Pavement Condition rating of 85 or better ⁴	Effectiveness	51%	51%	51%	53%	60%
Pavement Condition Rating ⁴	Effectiveness	80.00	80.00	80.00	82.00	83.00
% of residents satisfied with maintenance of streets in neighborhoods	Effectiveness	86%	84%	85%	85%	86%
Department Goal: Provide safe pedestrian facilities with interconnectivity						
% of lane miles with walkways ⁵	Effectiveness	8.00%	7.59%	8.40%	8.41%	10.66%
<p>Notes: ¹ The <i>FY19-23 IAP (Street Lighting AOF)</i>, which began in FY17 includes the installation of approximately 20 neighborhood streetlights per year to address resident dissatisfaction. Neighborhood streetlights were not installed in FY18 due to resident opposition, but VOP expects to resume streetlight installations in FY19-23 in other neighborhoods. ² VOP inspects regulatory reflective signs every three years per NHTSA standards. ³ 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. ⁴ In FY16, VOP resurfaced fewer miles of streets in order to resurface many neglected cul-de-sacs. Miles resurfaced in FY18 more closely approached historical levels due to VOP applying a more economical slurry seal treatment to extend the useful life of Village roads. The FY19 budget includes an additional \$200,000 in resurfacing funding and \$70,000 for road patching to help improve Pavement Condition Ratings that are conducted every three years. ⁵ The <i>FY21-23 IAP (Pedestrian Connectivity)</i> and <i>FY20-23 IAP (Commercial Streetscape Enhancements)</i> includes the construction of walkways to enhance pedestrian mobility and increase the % of lane miles with walkways.</p>						

FY 2019-2023 Initiative Action Plans

Initiative Action Plans	FY	FY 2019	FY 2019	FY 2020	FY 2021	FY 2023
<i>Pedestrian Connectivity</i> – Construct approximately 1 mile of pedestrian facilities each year following adoption of the Long-Range Comprehensive Plan.	FY 2021-2023	\$0	\$0	\$440,000	\$400,000	\$400,000
<i>Street Lighting AOF</i> - Install approximately 20 street lights in neighborhoods each year to address high resident dissatisfaction.	FY 2019-2023	\$3,610	\$12,630	\$13,700	\$16,580	\$19,460
<i>Commercial Streetscape Enhancements AOF</i> – Expand brick sidewalks and streetscape improvements along Magnolia and McCaskill Roads.	FY 2020-2023	\$0	\$115,000	\$46,000	\$76,500	\$131,500



Department Profile

The Powell Bill Division 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 2019 include:

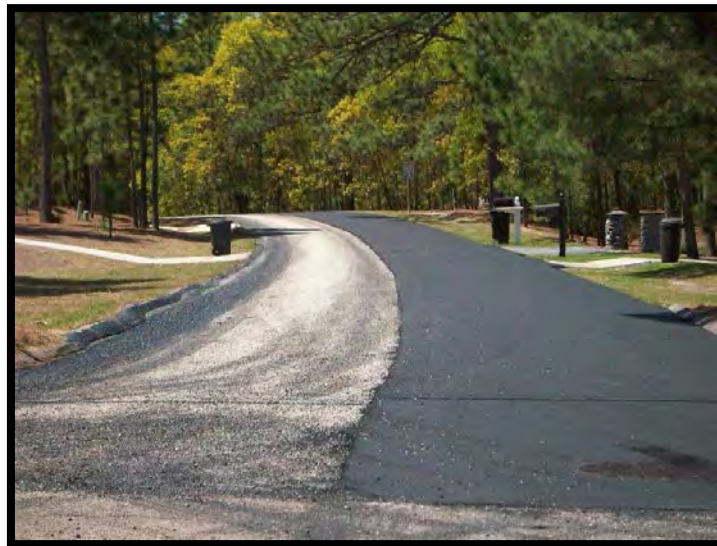
- Resurfacing approximately 5 miles of Village maintained streets
- Increasing resurfacing funding by \$200,000, or 22%, in FY 2019 and each year thereafter
- Maintaining a 15-25 year life cycle for Village maintained streets

KPIs for the Powell Bill Division are provided in the Streets & Grounds Division. The Powell Bill Division does not contain any staff. However, additional information about the Powell Bill 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 2017 Actual	FY 2018 Budget	FY 2018 Estimated	FY 2019 Budgeted	Percent Change
Operating	\$ 813,982	\$ 987,400	\$ 987,400	\$ 1,100,000	11.4%
Expenditures Total	\$ 813,982	\$ 987,400	\$ 987,400	\$ 1,100,000	11.4%

Revenues by Type	FY 2017 Actual	FY 2018 Budget	FY 2018 Estimated	FY 2019 Budgeted	Percent Change
Powell Bill Revenue	\$ 495,621	\$ 494,000	\$ 498,958	\$ 498,000	0.8%
Revenues Total	\$ 495,621	\$ 494,000	\$ 498,958	\$ 498,000	0.8%



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 8,300 households with weekly same-day automated pickup of garbage, recycling, and yard debris under the “One and Done” program. Areas of focus for FY 2019 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 2017 Actual	FY 2018 Budget	FY 2018 Estimated	FY 2019 Budgeted	Percent Change
Salaries & Benefits	\$ 471,595	\$ 493,350	\$ 469,452	\$ 512,850	4.0%
Operating	837,963	894,550	866,228	934,330	4.4%
Capital	3,342	325,948	325,948	8,073	-97.5%
Expenditures Total	\$ 1,312,900	\$ 1,713,848	\$ 1,661,628	\$ 1,455,253	-15.1%

FY 2019 Department Goals, Objectives, and Key Performance Indicators

Strategic Goal: Protect the Environment

KPI	Type	FY 2016 Actual	FY 2017 Actual	FY 2018 Est.	FY 2019 Proj.	FY 2023 Proj.
Department Goal: Maintain a high level of recycling participation						
# of households participating in curbside recycling ¹	Output	6,690	6,951	7,203	7,305	7,679
% of households participating in curbside recycling ¹	Effectiveness	82%	84%	85%	85%	85%
# of tons of recycling collected per solid waste FTE ¹	Efficiency	543	546	534	541	573
Total # of tons recycled per household (including collection by outside vendors)	Output	0.29	0.30	0.30	0.31	0.31
Percentile ranking for solid waste diversion of NC municipalities ²	Effectiveness	4%	5%	5%	5%	5%

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. The # of households participating in curbside recycling is projected to increase based on new home construction estimates over the five-year planning period. 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 2016 Actual	FY 2017 Actual	FY 2018 Est.	FY 2019 Proj.	FY 2023 Proj.
Department Goal: Provide efficient and effective weekly solid waste collection						
# of tons of yard debris collected per solid waste FTE ¹	Efficiency	802	884	727	804	848
# of tons of household trash collected per solid waste FTE ²	Efficiency	1,141	1,155	1,140	1,145	1,219
Total # of tons of yard debris collected per household (including collection by outside vendors) ¹	Output	0.24	0.26	0.22	0.23	0.23
Total # of tons of household trash collected per household (including collection by outside vendors)	Output	0.53	0.49	0.48	0.50	0.50
# of solid waste collection complaints per 1,000 collection points ³	Effectiveness	n/a	0.65	0.60	0.63	0.55
% of solid waste routes completed on schedule	Effectiveness	n/a	100%	99%	99%	99%
Refuse collection cost per household per year ¹	Effectiveness	\$161	\$161	\$161	\$166	\$187
% of safety checks on solid waste vehicles completed daily	Effectiveness	n/a	99%	99%	99%	99%
% of time cart inventory levels remain above minimum stock threshold ³	Effectiveness	n/a	83%	96%	96%	96%
<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, only 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. The collection cost, however, is projected to increase with anticipated increase in landfill fees charged to the Village. 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 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 Assistant Village Manager of Administration and serves as a member of the senior leadership team. The Planning Department consists of two Senior 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 2019 include:

- Coordinating the completion of the 2035 Long-Range Comprehensive Plan
- Implementing the recommendations from the Permitting & Inspections BIRDIE evaluation to improve the efficiency and effectiveness of permitting processes
- Conducting timely plan review of residential and non-residential development submittals
- Conducting routine patrols of neighborhoods to identify code violations and promptly investigating code violations to ensure timely resolution

Additional information about the Planning Department may be obtained by contacting Will Deaton, Planning and Inspections Director, at 910.295.2581 or wdeaton@vopnc.org.

Budget Summary

Expenditures by Type	FY 2017 Actual	FY 2018 Budget	FY 2018 Estimated	FY 2019 Budgeted	Percent Change
Salaries & Benefits	\$ 456,669	\$ 473,550	\$ 425,896	\$ 470,500	-0.6%
Operating	101,065	238,710	167,523	362,950	52.0%
Capital	2,407	1,281	1,281	2,343	82.9%
Expenditures Total	\$ 560,141	\$ 713,541	\$ 594,700	\$ 835,793	17.1%

Revenues by Type	FY 2017 Actual	FY 2018 Budget	FY 2018 Estimated	FY 2019 Budgeted	Percent Change
Planning Permit Revenue	\$ 72,650	\$ 61,200	\$ 61,900	\$ 67,000	9.5%
Engineering Fees	8,781	4,000	6,000	10,000	150.0%
Revenues Total	\$ 81,431	\$ 65,200	\$ 67,900	\$ 77,000	18.1%

FY 2019 Department Goals, Objectives, and Key Performance Indicators

Strategic Goal: Ensure a Thriving Business Community

KPI	Type	FY 2016 Actual	FY 2017 Actual	FY 2018 Est.	FY 2019 Proj.	FY 2023 Proj.
Department Goal: Process non-residential permit applications in a timely manner						
# of non-residential permits issued ¹	Output	8	29	13	12	12
% of time non-residential development applicant receives initial staff comments within 21 days ²	Effectiveness	78%	100%	50%	95%	95%
\$ value of non-residential development permitted ¹	Output	\$26.8 million	\$15.5 million	\$11.4 million	\$10 million	\$10 million
Single family home average sales price ¹	Output	\$304,266	\$271,186	\$279,300	\$288,000	\$324,000
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. Non-residential permits are projected to return to historical levels in FY18 forward. 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 FY18, plan review turnaround times suffered due to staff vacancies in the department. New software will be implemented with the FY19 IAP (Permitting & Inspection Process Improvements) that will allow staff to receive and review plans electronically to improve plan review cycle times.						



Strategic Goal: Ensure an Attractive Residential Community

KPI	Type	FY 2016 Actual	FY 2017 Actual	FY 2018 Est.	FY 2019 Proj.	FY 2023 Proj.
Department Goal: Increase compliance with Village codes and ordinances						
# of code violations investigated	Output	812	1,251	960	1,000	810
% of code violations that are valid	Output	86%	85%	89%	87%	87%
% of code violations investigated within 2 business days ¹	Effectiveness	n/a	93%	94%	95%	95%
% of code violations resolved within 45 days ¹	Effectiveness	95%	95%	95%	95%	95%
# of code violations investigated per FTE ¹	Efficiency	812	1,251	960	1,000	810
% of neighborhoods patrolled according to schedule for code violations ¹	Effectiveness	n/a	123%	100%	98%	98%
Department Goal: Process residential permit applications in a timely manner						
# of new single family residential permits issued	Output	110	160	140	120	100
% of single family residential new construction and addition/alteration plans reviewed within 14 days ²	Effectiveness	84%	99%	99%	97%	97%
Average # of days to issue single family permits for new construction and additions/alterations ²	Effectiveness	4	9	8	8	4
\$ value of residential development permitted	Output	\$49 million	\$56.1 million	\$59.5 million	\$51 million	\$42.5 million
% of Certificates of Appropriateness issued by staff within 7 days	Effectiveness	73%	100%	95%	95%	95%
% of Certificates of Appropriateness issued by the Historic Preservation Commission within 45 days	Effectiveness	96%	100%	100%	95%	95%
<p>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. ² The <i>FY18 IAP (Permitting and Inspections Process Improvements)</i> is expected to reduce the turnaround time for single family permits (i.e. avg. # of days to issue). Once improvements are made in FY19, VOP will begin tracking the % of plans reviewed within fewer days than the current 14 days tracked now.</p>						

Strategic Goal: Maintain a Healthy Financial Condition

KPI	Type	FY 2016 Actual	FY 2017 Actual	FY 2018 Est.	FY 2019 Proj.	FY 2023 Proj.
Department Goal: Recover the cost of development services						
% of planning operating costs recovered through planning fees ¹	Effectiveness	12%	15%	14%	15%	20%
<p>Notes: ¹ The FY17 increase in the % of planning costs recovered is a result of increased residential and non-residential development. VOP plans to conduct a comprehensive analysis of planning fees by the end of FY18 to be implemented in FY19 to ensure adequate cost recovery.</p>						

FY 2019-2023 Initiative Action Plans

Initiative Action Plans	FY	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
<i>Long-Range Comprehensive Plan Update</i> AOF – Conduct a 10 year update to the Village’s Comprehensive Long Range Plan.	FY 2019-2020	\$205,000	\$5,000	\$0	\$0	\$0
<i>Planning & Inspection Process Improvements</i> – Implement recommendations of the P&I BIRDIE team, including the implementation of new technology and other process improvements.	FY 2019	\$36,400	\$37,500	\$38,600	\$39,800	\$41,000



Department Profile

The Community Development Division is co-managed by the Assistant Village Manager of Operations and the Assistant Village Manager of Administration. This division oversees marketing, economic development, the Village’s Welcome Center, and engineering services. The division has one part-time employee, the Welcome Center Coordinator, who reports to the Communications Specialist in the Administration Department. Areas of focus for FY 2019 include:

- Promoting and marketing the Village as a place to visit, live, and do business with print and digital advertising
- Formalizing a contract for joint operations of the Welcome Center with the Convention and Visitors Bureau – Pinehurst, Southern Pines, Aberdeen Area of North Carolina (CVB)
- Operating the George P. Lane Welcome Center to serve visitors

Additional information about the Community Development Division 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 2017 Actual	FY 2018 Budget	FY 2018 Estimated	FY 2019 Budgeted	Percent Change
Salaries & Benefits	\$ 20,274	\$ 31,100	\$ 13,154	\$ 22,480	-27.7%
Operating	174,815	241,490	192,346	212,260	-12.1%
Capital	9,365	285	285	420	47.4%
Expenditures Total	\$ 204,454	\$ 272,875	\$ 205,785	\$ 235,160	-13.8%

Revenues by Type	FY 2017 Actual	FY 2018 Budget	FY 2018 Estimated	FY 2019 Budgeted	Percent Change
Logo Merchandise Sales	\$ 1,657	\$ 30,000	\$ 10,000	\$ 10,000	-66.7%
CVB Welcome Center Participation	-	-	-	5,000	100.0%
Revenues Total	\$ 1,657	\$ 30,000	\$ 10,000	\$ 15,000	-50.0%

FY 2019 Department Goals, Objectives, and Key Performance Indicators

Strategic Goal: Ensure a Thriving Business Community

KPI	Type	FY 2016 Actual	FY 2017 Actual	FY 2018 Est.	FY 2019 Proj.	FY 2023 Proj.
Department Goal: Provide a welcoming environment for Pinehurst visitors						
# of Welcome Center visitors served ¹	Output	1,491	3,362	3,911	4,100	4,100
% of Welcome Center shifts filled ¹	Effectiveness	N/A	N/A	86%	90%	95%
Department Goal: Support Partners in Progress economic development activities						
\$ spent to support Partners in Progress ²	Input	\$27,000	\$27,000	\$27,000	\$27,000	\$27,000
<p>Notes: ¹ In 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. In addition, VOP partnered with the Moore Co. Convention and Visitors Bureau on a trial basis in FY18 to consolidate Welcome Center services. Determinations about a longer term partnership will be made in FY19. In FY18, VOP began tracking the % of Welcome Center shifts filled to evaluate the staffing model of PT staffing combined with volunteers. Future improvements to staffing have been identified as a result.</p> <p>² 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.</p>						



Strategic Goal: Professionally Manage a High Performing Organization

KPI	Type	FY 2016 Actual	FY 2017 Actual	FY 2018 Est.	FY 2019 Proj.	FY 2023 Proj.
Department Goal: Market and promote the Village and its services						
# of print ads distributed Village-wide ¹	Output	26	85	82	75	75
# of digital ads placed Village-wide ¹	Output	16	70	109	85	85
Marketing \$ invested Village-wide ²	Input	\$39,950	\$52,477	\$75,000	\$98,800	\$98,800

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 FY19-23 includes funds for professional photography and video needed to help better market the Village and its services. It also includes an annual digital marketing campaign to promote “Moving to Pinehurst.”



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 2019 include:

- Constructing a new Community Center at Cannon Park
- Overseeing the paving of the parking lot at Cannon Park
- Replacing playground equipment at Wicker Park in a partnership with Moore County Schools
- Coordinating the temporary relocation of Pinehurst Elementary School to Wicker Park
- Enhancing marketing of recreation programs and events with redesign of the Recreation Programmer
- 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 2017 Actual	FY 2018 Budget	FY 2018 Estimated	FY 2019 Budgeted	Percent Change
Salaries & Benefits	\$ 426,435	\$ 485,450	\$ 433,027	\$ 473,890	-2.4%
Operating	940,777	1,163,296	1,076,781	1,091,350	-6.2%
Capital	589,494	321,864	321,864	238,289	-26.0%
Expenditures Total	\$ 1,956,706	\$ 1,970,610	\$ 1,831,672	\$ 1,803,529	-8.5%

Revenues by Type	FY 2017 Actual	FY 2018 Budget	FY 2018 Estimated	FY 2019 Budgeted	Percent Change
Athletic Programs	\$ 31,221	\$ 31,000	\$ 29,000	\$ 30,000	-3.2%
Recreation Fees	112,987	109,000	106,400	123,000	12.8%
Facility Rentals	51,248	49,000	49,000	52,000	6.1%
Revenues Total	\$ 195,456	\$ 189,000	\$ 184,400	\$ 205,000	8.5%

FY 2019 Department Goals, Objectives, and Key Performance Indicators

Strategic Goal: Provide Multi-Modal Transportation Systems

KPI	Type	FY 2016 Actual	FY 2017 Actual	FY 2018 Est.	FY 2019 Proj.	FY 2023 Proj.
Department Goal: Provide interconnected greenway trails, bike paths, and other pedestrian facilities						
# of miles of greenway trails per 1,000 population ¹	Effectiveness	0.45	0.48	0.46	0.46	0.42
Notes: ¹ With no planned additions to greenway trails in the five-year period, the ratio of miles to population is projected to decline as population increases.						



Strategic Goal: Maintain an Active, Healthy Community

KPI	Type	FY 2016 Actual	FY 2017 Actual	FY 2018 Est.	FY 2019 Proj.	FY 2023 Proj.
Department Goal: Provide adequate parks and recreation facilities						
# of acres of developed parks per 1,000 population	Effectiveness	9.09	8.98	8.71	8.60	8.01
# of developed acres of parks maintained per FTE	Efficiency	35.84	35.84	30.16	28.67	28.67
% of residents satisfied with the quality of Village parks	Effectiveness	97%	100%	95%	95%	95%
% of residents satisfied with P&R facilities	Effectiveness	94%	95%	90%	90%	90%
# of days the Arboretum is used	Output	104	114	118	110	110
Department Goal: Provide a variety of athletic and recreation programs for all ages						
Resident participation rate as a % of total participants in athletic and recreation programs ¹	Effectiveness	69%	71%	71%	71%	75%
% of athletic and recreation program participants who are adults	Output	42%	41%	40%	40%	36%
% of athletic and recreation programs offered that meet or exceeded minimum registration requirements	Effectiveness	72%	80%	88%	81%	81%
# of athletic and recreation program participants per Recreation Coordinator FTE	Efficiency	2,167	2,436	2,343	2,350	2,811
Residents recreation program participants as a % of population ¹	Effectiveness	19%	22%	19%	20%	24%
% of residents satisfied with the quality of youth recreation programs ¹	Effectiveness	94%	93%	90%	90%	95%
% of residents satisfied with the quality of adult recreation programs ¹	Effectiveness	92%	91%	90%	90%	95%
Department Goal: Provide cultural arts events						
# of Village sponsored cultural arts events	Output	74	63	60	61	65
Notes: ¹ The <i>FY19-23 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 in FY20. With the creation of dedicated indoor recreation space, VOP expects resident participation and satisfaction ratings to increase over the five-year period. The <i>FY19-23 IAP (Recreation Facilities)</i> also includes the development of a master plan for the 67.04 acre West Pinehurst Park in FY21.						

Strategic Goal: Maintain a Healthy Financial Condition

KPI	Type	FY 2016 Actual	FY 2017 Actual	FY 2018 Est.	FY 2019 Proj.	FY 2023 Proj.
Department Goal: Recover program and event costs through fees						
% of direct costs recovered through recreation fees	Effectiveness	n/a	120%	90%	90%	90%
\$ of revenues obtained for Village sponsored cultural arts events ¹	Output	\$9,666	\$14,521	\$13,745	\$14,000	\$16,000
Notes: ¹ With the expansion of cultural events to larger audiences, VOP has been successful in obtaining increased sponsorship funding.						

FY 2019-2023 Initiative Action Plans

Initiative Action Plans	FY	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
<i>Recreation & Cultural Facilities AOF</i> – Construct a new Community Center; renovate a playground; improve Cannon Park parking; and develop a master plan for West Pinehurst Community Park.	FY 2019-2023	\$4,355,880	\$103,460	\$167,170	\$111,180	\$115,280



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, in FY 2013-2018, the Village contributed \$1,000,000 into a trust account toward the Library’s \$4,500,000 capital expansion campaign. If, as expected, the library does not meet the capital campaign fundraising requirements, the \$1 million of Village funds contributed to date to the trust will revert back to the Village in FY 2020.

Most recently, the Given Memorial Library Board has initiated discussions with the Village Council on the future of their organization and potential changes they foresee on the horizon. Based on these discussions, the Village Council formed a working group to examine the current public/private partnership for the provision of public library services in the Village. The proposed budget includes a contingency appropriation of \$100,000 to potentially fund the transition to a next generation of public library service delivery in the Village. After the working group reports its findings, the Village Council will then have the opportunity to appropriate these funds as needed.

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 2017 Actual	FY 2018 Budget	FY 2018 Estimated	FY 2019 Budgeted	Percent Change
Operating	\$ 200,000	\$ 200,000	\$ 200,000	\$ 100,000	-50.0%
Expenditures Total	\$ 200,000	\$ 200,000	\$ 200,000	\$ 100,000	-50.0%



FY 2019 Department Goals, Objectives, and Key Performance Indicators

Strategic Goal: Maintain an Active, Healthy Community

KPI	Type	FY 2016 Actual	FY 2017 Actual	FY 2018 Est.	FY 2019 Proj.	FY 2023 Proj.
Department Goal: Support the provision of public library services						
# of books checked out ¹	Output	36,264	34,676	47,209	45,000	45,000
# of e-books checked out ¹	Output	8,168	9,203	10,831	11,000	11,800
\$ spent to support Given Memorial Library ²	Input	\$225,000	\$200,000	\$200,000	\$100,000	\$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 contributed the final \$100,000 installment on its \$1 million pledge to the Given Memorial Library capital expansion campaign. Under the terms of the pledge agreement, the \$1 million VOP has contributed to an escrow account will revert to the Village in FY20 if the Library does not meet its fundraising goals. VOP staff anticipate the Village will receive the reverted \$1 million in FY20 due to the Library’s inability to raise the required funds. The FY19 budget and five-year plan includes the current annual operating support funding of \$100,000 annually.</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 2019 include:

- Continue maintaining three sand-clay training tracks (a 1/2 mile track, a 5/8 mile track, and a 1 mile track) totaling 2.25 miles on 111 acres at a high level
- Increasing marketing efforts 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 \$240,000 and \$260,000 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 2017 Actual	FY 2018 Budget	FY 2018 Estimated	FY 2019 Budgeted	Percent Change
Salaries & Benefits	\$ 188,386	\$ 202,000	\$ 201,488	\$ 210,700	4.3%
Operating	265,363	333,760	319,307	317,080	-5.0%
Capital	223,108	131,829	131,829	117,802	-10.6%
Expenditures Total	\$ 676,857	\$ 667,589	\$ 652,624	\$ 645,582	-3.3%

Revenues by Type	FY 2017 Actual	FY 2018 Budget	FY 2018 Estimated	FY 2019 Budgeted	Percent Change
Stall Rental	\$ 239,811	\$ 235,000	\$ 210,000	\$ 215,000	-8.5%
Tack Shop Rental	5,088	5,000	5,000	5,000	0.0%
Restaurant Rent	6,655	6,600	6,600	6,600	0.0%
Shows/Events Revenue	30,200	25,000	25,000	25,000	0.0%
Revenues Total	\$ 281,754	\$ 271,600	\$ 246,600	\$ 251,600	-7.4%



Harness Track Matinee Races



FY 2019 Department Goals, Objectives, and Key Performance Indicators

Strategic Goal: Maintain a Healthy Financial Condition

KPI	Type	FY 2016 Actual	FY 2017 Actual	FY 2018 Est.	FY 2019 Proj.	FY 2023 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%
Department Goal: Maximize utilization of the Harness Track						
# of stalls available for rent	Input	260	260	250	260	260
Cumulative # of stalls rented	Output	256	252	213	235	235
% of capacity reached for stall rentals ¹	Effectiveness	98%	97%	85%	90%	90%
# of days the Harness Track is rented for equestrian events	Output	21	20	20	21	25
# of days the Harness Track is rented for non-equestrian events ²	Output	31	20	18	30	20
% of days the Harness Track is rented ²	Effectiveness	31%	23%	22%	29%	26%
Department Goal: Maximize profitability of the Harness Track						
% of Harness Track operating expenditures recovered with fees ³	Effectiveness	65%	62%	54%	60%	62%

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 infield. This also resulted in a decrease in the % of days the Harness Track is rented. ³ 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 Parks and Recreation Director. The Fair Barn Division is comprised of the Fair Barn Coordinator, several part-time assistants, and part-time laborers who provide the labor, 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 2019 include:

- Promoting the use of recently enhanced outdoor space to provide additional 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 \$250,000 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 2017 Actual	FY 2018 Budget	FY 2018 Estimated	FY 2019 Budgeted	Percent Change
Salaries & Benefits	\$ 104,788	\$ 129,000	\$ 108,589	\$ 128,150	-0.7%
Operating	161,653	215,040	200,634	218,300	1.5%
Capital	76,324	115,606	115,606	65,532	-43.3%
Expenditures Total	\$ 342,765	\$ 459,646	\$ 424,829	\$ 411,982	-10.4%

Revenues by Type	FY 2017 Actual	FY 2018 Budget	FY 2018 Estimated	FY 2019 Budgeted	Percent Change
Fair Barn Rental	\$ 230,408	\$ 215,000	\$ 250,000	\$ 250,000	16.3%
Shows/Events Revenue	10,240	3,000	3,500	3,000	0.0%
Revenues Total	\$ 240,648	\$ 218,000	\$ 253,500	\$ 253,000	16.1%



Fair Barn



FY 2019 Department Goals, Objectives, and Key Performance Indicators

Strategic Goal: Maintain a Healthy Financial Condition

KPI	Type	FY 2016 Actual	FY 2017 Actual	FY 2018 Est.	FY 2019 Proj.	FY 2023 Proj.
Department Goal: Provide a high quality event venue						
% of customers satisfied with the Fair Barn facility	Effectiveness	100%	100%	100%	95%	95%
Department Goal: Maximize utilization of the Fair Barn						
# of weekdays the Fair Barn is used ¹	Output	31	65	43	46	58
# of weekend days the Fair Barn is used ²	Output	108	94	97	98	102
Fair Barn weekday utilization rate ¹	Effectiveness	15%	31%	21%	22%	28%
Fair Barn weekend utilization rate ²	Effectiveness	69%	60%	61%	62%	65%
Department Goal: Market and promote the Fair Barn						
# of client leads for weekday rentals ³	Input	n/a	42	45	48	52
# of client leads for weekend rentals ³	Input	n/a	711	643	675	675
Department Goal: Maximize profitability of the Fair Barn						
% of Fair Barn operating expenditures recovered with fees ⁴	Effectiveness	97%	90%	90%	95%	99%
<p>Notes: ¹ In FY18, VOP improved the north end of the property by adding additional outdoor venue space and enhancing landscaping in an effort to make the Fair Barn more marketable for rentals. Staff project these improvements will help to increase weekday rentals in partnership with Pinehurst Resort, who in FY18 began marketing the Fair Barn as a venue for corporate rentals. ² 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. ³ VOP staff began tracking the # of client leads in FY17 in order to more effectively monitor and follow up on them. ⁴ 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 & Grounds Superintendent, two Maintenance Technicians, and five 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 2019 include:

- Hiring an additional full-time Maintenance Technician 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 Harness Track facility
- Conducting quarterly inspections of buildings, playgrounds, and greenway trail bridges
- Participating in the design and construction of the new Community Center
- Overseeing renovations to segments of the greenway trail system in the Arboretum
- Improving the storage of holiday decorations

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 2017 Actual	FY 2018 Budget	FY 2018 Estimated	FY 2019 Budgeted	Percent Change
Salaries & Benefits	\$ 329,891	\$ 394,600	\$ 368,525	\$ 437,260	10.8%
Operating	694,934	820,190	755,975	718,770	-12.4%
Capital	733,801	1,114,565	694,565	450,950	-59.5%
Expenditures Total	\$ 1,758,626	\$ 2,329,355	\$ 1,819,065	\$ 1,606,980	-31.0%



FY 2019 Department Goals, Objectives, and Key Performance Indicators

Strategic Goal: Professionally Manage a High Performing Organization

KPI	Type	FY 2016 Actual	FY 2017 Actual	FY 2018 Est.	FY 2019 Proj.	FY 2023 Proj.
Department Goal: Respond promptly to Building and Grounds work order requests						
# of B&G work order requests	Input	294	281	254	276	286
% of B&G work order requests closed within 14 days ¹	Effectiveness	81%	81%	88%	90%	95%
% of B&G work order requests that are an emergency	Effectiveness	5%	7%	11%	8%	5%
Average # of days to close B&G work orders ¹	Effectiveness	3.86	7.01	9.92	6.81	4.81
% of employees satisfied with the quality of B&G work performed	Effectiveness	97%	88%	97%	95%	95%
Notes: ¹ The FY19 budget includes the addition of a Maintenance Technician, which is projected to improve both the % of work orders closed within 14 days and the average # of days to close work orders. 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 the use of outside vendors.						

Strategic Goal: Maintain a Healthy Financial Condition

KPI	Type	FY 2016 Actual	FY 2017 Actual	FY 2018 Est.	FY 2019 Proj.	FY 2023 Proj.
Department Goal: Effectively maintain Village buildings and grounds						
# of square feet of buildings maintained ¹	Output	108,802	108,802	111,928	114,603	134,158
# of square feet of buildings maintained per facilities maintenance FTE ²	Efficiency	108,802	108,802	111,928	114,603	67,079
% of Village buildings inspected quarterly	Effectiveness	99%	99%	100%	100%	100%
% of playground inspections completed according to schedule	Effectiveness	88%	100%	100%	100%	100%
% of greenway/trail bridges inspected according to schedule	Effectiveness	100%	95%	100%	100%	100%
Notes: ¹ The # of square feet of buildings increased in FY18 due to the addition of maintenance space at the Public Services complex and the inclusion of leased space at the Recreation Room and Welcome Center that is also maintained by B&G staff. Total square footage (sf) maintained is projected to increase further in FY20 with the addition of a 19,555 sf Community Center. 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 Maintenance 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 2019 include:

- Overseeing the installation of new fuel pumps and associated software and equipment
- Analyzing alternatives for diesel vehicle maintenance
- Acquiring new fleet diagnostic equipment and increasing diagnostic training for staff
- 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 Maintenance Director, at 910.295.0005 or rkuhn@vopnc.org.

Budget Summary

Expenditures by Type	FY 2017 Actual	FY 2018 Budget	FY 2018 Estimated	FY 2019 Budgeted	Percent Change
Salaries & Benefits	\$ 233,889	\$ 247,050	\$ 240,413	\$ 255,250	3.3%
Operating	382,846	439,480	421,865	459,720	4.6%
Capital	369,875	1,486,874	1,456,874	381,740	-74.3%
Expenditures Total	\$ 986,610	\$ 2,173,404	\$ 2,119,152	\$ 1,096,710	-49.5%



Fleet Maintenance Department



FY 2019 Department Goals, Objectives, and Key Performance Indicators

Strategic Goal: Professionally Manage a High Performing Organization

KPI	Type	FY 2016 Actual	FY 2017 Actual	FY 2018 Est.	FY 2019 Proj.	FY 2023 Proj.
Department Goal: Respond promptly to fleet work order requests						
% of fleet work orders completed within 2 days of receipt ¹	Effectiveness	83%	83%	95%	90%	90%
% of mechanic time spent on repairs & maintenance ²	Effectiveness	32%	38%	48%	50%	60%
Notes: ¹ In FY18, fleet staff began more closely monitoring work order requests for timely response in order to improve response times, resulting in an increase in the % of fleet work orders completed within 2 days of receipt. ² 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. Based on a review of time allocations, there is still room for improvement in more accuracy of allocating time to repairs. Staff projects an increased focus on accurate time recording in the future, therefore the projections for increased % of mechanic time spent on repairs & maintenance.						

Strategic Goal: Maintain a Healthy Financial Condition

KPI	Type	FY 2016 Actual	FY 2017 Actual	FY 2018 Est.	FY 2019 Proj.	FY 2023 Proj.
Department Goal: Effectively maintain Village vehicles and equipment to maximize availability						
# of vehicles maintained ¹	Output	108	105	98	99	99
# of equipment items maintained ²	Output	62	64	72	75	75
# of vehicles and equipment items maintained per FTE	Efficiency	57	56	72	85	85
# of PMs completed	Output	139	250	255	262	262
% of PMs completed on time	Effectiveness	100%	90%	90%	90%	90%
% of rolling stock available	Effectiveness	98%	97%	98%	98%	98%
% of employees satisfied that repairs are made correctly the first time ³	Effectiveness	94%	93%	85%	90%	90%
Scheduled maintenance work orders as a % of total maintenance work orders	Effectiveness	35%	27%	25%	27%	27%
Department Goal: Replace vehicles and equipment based on the predetermined life-cycle expectancy						
Average age of police sedans fleet (in years) ⁴	Effectiveness	5.9	5.8	5.2	4.6	3.8
Average age of automated garbage trucks fleet (in years) ⁴	Effectiveness	7.4	5.4	5.2	4.8	5.0
Average age of fire pumpers fleet (in years) ⁴	Effectiveness	10.8	11.8	7.8	8.8	7.8
Notes: ¹ The projected # of vehicles and equipment maintained are based on the five-year Fleet Replacement schedule. Over time, VOP has reduced the size of its fleet in an effort to operate more fiscally responsible. The majority of the reduction in the fleet has been a result of the ability to eliminate garbage trucks as a result of the One and Done BIRDIE. Only one addition to the fleet is planned in the five-year period. ² VOP has acquired and plans to acquire additional equipment to improve the efficiency of Village operations, especially for streets and grounds maintenance. ³ To address decreasing employee satisfaction levels with repairs being made the first time, fleet staff plan to evaluate alternatives for outsourcing maintenance of diesel vehicles and acquire additional fleet diagnostic equipment and training in FY19. ⁴ The average age of police sedans, automated garbage trucks and fire pumpers are based on the Fleet Replacement Plan's scheduled 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 2019 include:

- Coordinating the implementation of new permitting and inspections software
- Increasing efforts to ensure a secure network with cybersecurity preventative measures
- Seeking ways to expand staff utilization of Geographical Information Systems (GIS) utilization
- 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 Welcome Center and downtown kiosks
- Managing an extensive network infrastructure with multiple WAN connections and over 320 devices including computers, physical and virtual servers, Wi-Fi, printers, and other technology equipment
- Responding promptly to IT work orders

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 2017 Actual	FY 2018 Budget	FY 2018 Estimated	FY 2019 Budgeted	Percent Change
Salaries & Benefits	\$ 412,308	\$ 430,550	\$ 422,174	\$ 452,670	5.1%
Operating	399,596	569,300	519,756	566,350	-0.5%
Capital	155,310	28,500	28,500	42,000	47.4%
Expenditures Total	\$ 967,214	\$ 1,028,350	\$ 970,430	\$ 1,061,020	3.2%

FY 2019 Department Goals, Objectives, and Key Performance Indicators

Strategic Goal: Professionally Manage a High Performing Organization

KPI	Type	FY 2016 Actual	FY 2017 Actual	FY 2018 Est.	FY 2019 Proj.	FY 2023 Proj.
Department Goal: Support technology users						
% of IT help desk tickets closed within 2 days	Effectiveness	87%	87%	90%	88%	88%
Average # of days to close IT help desk tickets	Effectiveness	0.40	0.57	0.45	0.50	0.50
# of IT help desk tickets closed per FTE per month	Efficiency	29	30	30	29	31
% of employees satisfied with the quality of IT help desk services ¹	Effectiveness	99%	98%	98%	95%	95%
% of employees satisfied with the timeliness of IT help desk services ¹	Effectiveness	100%	98%	100%	95%	95%
Notes: ¹ Because leveraging technology is one of VOP's key strategic advantages, the IT Department strives to seek ways to utilize technology to improve the efficiency and effectiveness of Village services. Historically, IT staff have received very high satisfaction ratings from Village employees for the quality and timeliness of IT help desk services.						



Strategic Goal: Professionally Manage a High Performing Organization

KPI	Type	FY 2016 Actual	FY 2017 Actual	FY 2018 Est.	FY 2019 Proj.	FY 2023 Proj.
Department Goal: Provide user access to a safe and secure network						
% of computers with current antivirus protection ¹	Effectiveness	n/a	98%	98%	95%	95%
Department Goal: Conduct efficient backups and disaster recovery						
% of time automatic backups are successful ²	Effectiveness	n/a	100%	99%	97%	97%
Department Goal: Provide high availability of network resources						
% of network uptime ³	Effectiveness	n/a	100%	99%	99%	99%
% of Internet Service Provider (ISP) uptime	Effectiveness	100%	100%	99%	99%	99%
Average # of lost IT staff work hours due to viruses or malware per month ⁴	Effectiveness	n/a	n/a	n/a	4	4
Notes: ¹ VOP began tracking the % of computers with current antivirus protection in FY17 to help improve network security. ² VOP conducts automatic backups of data to ensure data availability and began tracking the % of time automatic backups are successful in FY17. ³ Availability of network resources is routinely monitored by IT staff, who began tracking network uptime in FY17. Based on results, IT staff maintain a high level of uptime for the VOP network and Internet due to redundant connectivity and VOP fiber installed at main Village facilities. ⁴ In FY19, VOP will begin monitoring the # of lost IT staff work hours due to responses to cybersecurity issues in an effort to determine VOP effectiveness at ensuring cybersecurity.						

Strategic Goal: Attract & Retain an Engaged Workforce

KPI	Type	FY 2016 Actual	FY 2017 Actual	FY 2018 Est.	FY 2019 Proj.	FY 2023 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	18%	5%	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 2016 Actual	FY 2017 Actual	FY 2018 Est.	FY 2019 Proj.	FY 2023 Proj.
Department Goal: Maintain the Village’s technology infrastructure						
% of computers and servers that are 5 years old or less ¹	Effectiveness	96%	96%	95%	95%	95%
Notes: ¹ 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.

Based on discussions between the Village Council and the Given Memorial Library Board, the FY 2019 Budget includes a contingency appropriation of \$100,000 to potentially fund the transition to a next generation of public library service delivery in the Village. After the library working group, formed in 2018, reports its findings, the Village Council will then have the opportunity to appropriate these funds as needed. See Library, page 114 for additional information.

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 2017 Actual	FY 2018 Budget	FY 2018 Estimated	FY 2019 Budgeted	Percent Change
Operating	\$ -	\$ -	\$ -	\$ 100,000	100.0%
Expenditures Total	\$ -	\$ -	\$ -	\$ 100,000	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, 2018 will be \$737,570. This is a very small amount of direct debt compared to our taxable property of \$3,477,000,000. All of the Village’s debt is in the form of installment purchase agreements, which will be fully paid off in FY 2022.

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 Poor’s.

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 2017 Actual	FY 2018 Budget	FY 2018 Estimated	FY 2019 Budgeted	Percent Change
Principal	\$ 368,531	\$ 329,212	\$ 329,212	\$ 297,282	-9.7%
Interest	43,717	33,301	33,301	22,878	-31.3%
Expenditures Total	\$ 412,248	\$ 362,513	\$ 362,513	\$ 320,160	-11.7%

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				
	2019	2020	2021	2022	2023
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.	\$ 84,835	\$ 83,835	\$ 41,917	\$ -	\$ -
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.	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.	58,625	56,325	54,025	51,725	-
Total Debt Service	\$ 320,160	\$ 311,127	\$ 95,942	\$ 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 2019		FY 2020		FY 2021	
	Principal	Interest	Principal	Interest	Principal	Interest
Fire Station	\$ 166,667	\$ 10,033	\$ 166,667	\$ 4,300	\$ -	\$ -
Firetruck 914	80,615	4,220	82,032	1,803	41,589	328
Fair Barn	50,000	8,625	50,000	6,325	50,000	4,025
Totals	\$ 297,282	\$ 22,878	\$ 298,699	\$ 12,428	\$ 91,589	\$ 4,353

Project	FY 2022		FY 2023-2027		FY 2028-2032	
	Principal	Interest	Principal	Interest	Principal	Interest
Fair Barn	\$ 50,000	\$ 1,725	\$ -	\$ -	\$ -	\$ -
Totals	\$ 50,000	\$ 1,725	\$ -	\$ -	\$ -	\$ -

Project	Total Balance by Project		
	Principal	Interest	Total
Fire Station	\$ 333,334	\$ 14,333	\$ 347,667
Firetruck 914	204,236	6,351	210,587
Fair Barn	200,000	20,700	220,700
Totals	\$ 737,570	\$ 41,384	\$ 778,954

Fiscal Year(s)	Total by Fiscal Year(s)		
	Principal	Interest	Total
FY 2019	\$ 297,282	\$ 22,878	\$ 320,160
FY 2020	298,699	12,428	311,127
FY 2021	91,589	4,353	95,942
FY 2022	50,000	1,725	51,725
FY 2023-2027	-	-	-
Totals	\$ 737,570	\$ 41,384	\$ 778,954



Computation of Legal Debt Limit

Net Assessed Value - June 30, 2017	\$ 3,386,880,572	
	<u>8.0%</u>	
Debt Limit - Eight Percent (8.0%) of Assessed Value	\$ 270,950,446	
Gross Debt:		
Installment Purchase Agreements	<u>1,066,792</u>	
Total Amount of Debt Applicable to Debt Limit (Net Debt)	<u>1,066,792</u>	0.03%
Legal Debt Margin	<u><u>\$ 269,883,654</u></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, 2017 is 0.03% 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 2019 includes a \$4,068,900 transfer to the Community Center Capital Project Fund for construction.

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

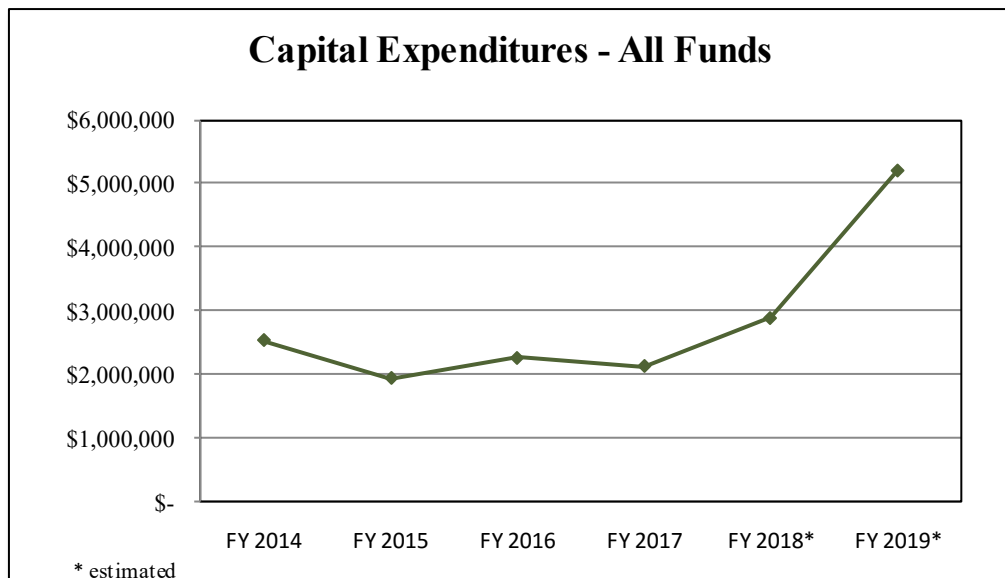
Expenditures by Type	FY 2017 Actual	FY 2018 Budget	FY 2018 Estimated	FY 2019 Budgeted	Percent Change
Operating	\$ -	\$ 344,000	\$ 344,000	\$ 4,068,900	1082.8%
Expenditures Total	\$ -	\$ 344,000	\$ 344,000	\$ 4,068,900	1082.8%



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 2019 Budget. In addition to routine vehicle and equipment replacements, the Village intends to make storm drainage improvements; build a sidewalk at Marshall Park; renovate and repair structures at the Fair Barn and Harness Track; replace playground equipment at Wicker Park; pave the Public Services Complex; pave the Cannon Park parking lot; and purchase new Streets & Grounds equipment. Please refer to the *General Fund* section for additional information on these items.

General Fund Capital Items	Budget Department/Division	FY 2019 Funded Amount
Public Safety		
Emergency Rescue Air Bag	Fire	\$ 5,800
SCBA Air Packs	Fire	11,500
Spreader/Cutter	Fire	11,000
Total Public Safety		28,300
Transportation		
Public Services Complex Paving	Public Services	30,800
Construct Pole Barn	Public Services	25,000
Small Drainage Projects	Streets & Grounds	75,000
Lake Forest Drive - Storm Drainage Project	Streets & Grounds	30,000
Glen Abbey Trail - Storm Drainage Project	Streets & Grounds	20,000
Azalea Road & Carolina Vista - Storm Drainage Project	Streets & Grounds	35,000
Shaw Road/Marshall Park Sidewalk	Streets & Grounds	25,000
Total Transportation		240,800
Cultural & Recreation		
Dance Floor Replacement	Fair Barn	12,000
Enclosed Storage Trailer	Recreation	7,000
Total Cultural & Recreation		19,000
Buildings & Grounds Maintenance		
Replace HVAC in Village Hall	Administration	14,000
Repair Stucco Exterior	Fair Barn	18,000
Replace HVAC	Fair Barn	8,000
Reseal/Recoat Annex Floors	Fair Barn	6,500
Gutters for Annex	Fair Barn	7,000
Replace Exterior Doors	Fair Barn	6,000
Replace Siding	Harness Track	40,000
Surface Water Runoff	Harness Track	25,000
Remodel Barn Bathrooms	Harness Track	7,500
Track Restaurant Floor	Harness Track	6,000
Sewer Connections	Harness Track	30,000
Evidence Holding/Forensics Lab	Police	5,500
Replace HVAC	Police	14,000
Wicker Park Playground Replacement	Recreation	95,000
Cannon Park Parking Lot	Recreation	100,000
Wicker Park Maintenance Building Expansion	Recreation	25,000
Total Buildings & Grounds Maintenance		407,500



Capital Expenditures

General Fund Capital Expenditures (continued)

General Fund Capital Items	Budget Department/Division	FY 2019 Funded Amount
Information Technology		
Server - Vrtx (Blade Server)	Information Technology	\$ 42,000
Total Information Technology		42,000
Fleet Maintenance		
Work Van	Buildings & Grounds	30,000
Zero Turn Mower	Buildings & Grounds	12,000
Fuel Pumps & Software	Fleet Maintenance	40,000
Dodge Charger	Police	35,000
Dodge Charger	Police	35,000
Dodge Charger	Police	35,000
Skid-steer Loader	Streets & Grounds	65,000
Skid-steer Brush Cutter	Streets & Grounds	7,900
Sewer Jet Trailer	Streets & Grounds	59,000
Vac Trailer	Streets & Grounds	62,000
Total Fleet Maintenance		380,900
General Fund Total		\$ 1,118,500
% of Expenditures		6.1%

Multi-Year Capital Project Fund Capital Items	FY 2019 Funded Amount
Capital Projects	
Community Center	\$ 4,068,900
Capital Project Fund Total	\$ 4,068,900

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 currently has one capital project fund, the Community Center Capital Project Fund, which is detailed later in this section.

This section provides 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 will construct a community center to provide additional indoor space for recreational programs and other activities. The facility will be located in Cannon Park. Project design began in FY 2018, with construction starting in FY 2019.



Community Center at 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 will provide approximately 19,555 square feet of indoor recreation space including a gymnasium and multiple classrooms. The facility will also provide office space for the Parks and Recreation staff. The \$4,412,900 project will be funded with cash from the General Fund.

The project began in FY 2018, with \$25,240 expended to date. Design and engineering costs of \$344,000 were funded in FY 2018 with the \$4.1 million dollar construction of the facility funded in FY 2019. The capital project estimates are provided below.

Community Center Expenditures and Revenues

Expenditures by Type	Projected Budget	Amount Spent to Date	Balance Remaining
Design/Engineering Costs	\$ 4,412,900	\$ 25,240	\$ 4,387,660
Total Expenditures	\$ 4,412,900	\$ 25,240	\$ 4,387,660

Revenues by Type	Projected Budget	Amount Received to Date	Balance Remaining
Transfer from General Fund	\$ 4,412,900	\$ 25,240	\$ 4,387,660
Total Revenues	\$ 4,412,900	\$ 25,240	\$ 4,387,660

Impact on Operating Budget

There will be no impact on the General Fund operating budget for the FY 2019 fiscal year, other than the transfer of \$4,068,900 as an “other financing use”. Once the facility is completed in FY 2020, 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 a rented facility and additional programming revenues. The revenue and expenditure changes, summarized below, have been incorporated into the Village’s *Capital Improvement Plan* section and are also reflected in the *Five-Year Financial Forecast* section.

	Fiscal Year Ending June 30					
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	Total
Revenues:						
Recreation Fees	\$ -	\$ 35,000	\$ 36,100	\$ 37,200	\$ 38,300	\$ 146,600
Operating Costs:						
Salaries & Benefits	\$ 8,480	\$ 62,000	\$ 63,800	\$ 65,800	\$ 67,800	\$ 267,880
Operating Costs	2,200	100,960	103,970	107,080	110,280	424,490
Reduction in Lease Exp	-	(26,000)	(26,000)	(26,000)	(26,000)	(104,000)
Total Operating Costs	\$ 10,680	\$ 136,960	\$ 141,770	\$ 146,880	\$ 152,080	\$ 588,370
Net Operating Impact	\$ 10,680	\$ 101,960	\$ 105,670	\$ 109,680	\$ 113,780	\$ 441,770



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 achieving the long-term financial targets on our Balanced Scorecard.

Each year, the Financial Services Department prepares a five-year financial 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 Initiative Action Plans 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 an Initiative Action Plan, 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 2019-2023

The Village also relies heavily on information provided by the North Carolina League of Municipalities (NCLM). In conjunction with economists at the North Carolina General Assembly, the NCLM issues a revenue forecast memo each spring, 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 approximately 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 staffing forecast. The Strategic Planning Team reviews these requests and determines which positions to include in the final plan. All positions included in the staffing forecast are incorporated into the five-year forecast. Part-time staffing requirements and overtime are also estimated and included.

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) and Opportunities for Innovation and Improvement (OFIs) that are designed to improve performance levels indicated on the Village's BSC. These initiatives may include operating and capital expenditures. Each IAP or OFI has its own five-year financial plan that indicates the operating and capital expenditures related to the initiative by year. If there are revenues or cost savings associated with an 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 2019-2023

Capital Expenditure Forecasting

The Village's *Capital Improvement Plan (CIP)* 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 2019-2023 Five-Year Financial Forecast

Revenue Forecast and Significant Assumptions

The FY 2019-2023 forecast projects operating revenues to grow from \$18,302,680 to \$19,449,000 over the next five years. The property tax rate is planned to remain at \$0.295 cents per \$100 valuation for FY 2019. The rate is then projected to drop to the revenue neutral rate of \$0.28 per \$100 valuation with the property revaluation effective for FY 2020. Real property taxes are estimated to grow at 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% 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. Although merit pay raises of 3% account for the majority of this increase, projected continued increases in health insurance premiums are also a contributing factor. Beyond the FY 2019 budget year, there are two new FTEs planned. An Administrative Assistant position, related to recreation facilities, is planned for FY 2020. The remaining position, a GIS Analyst, is also planned for FY 2020.

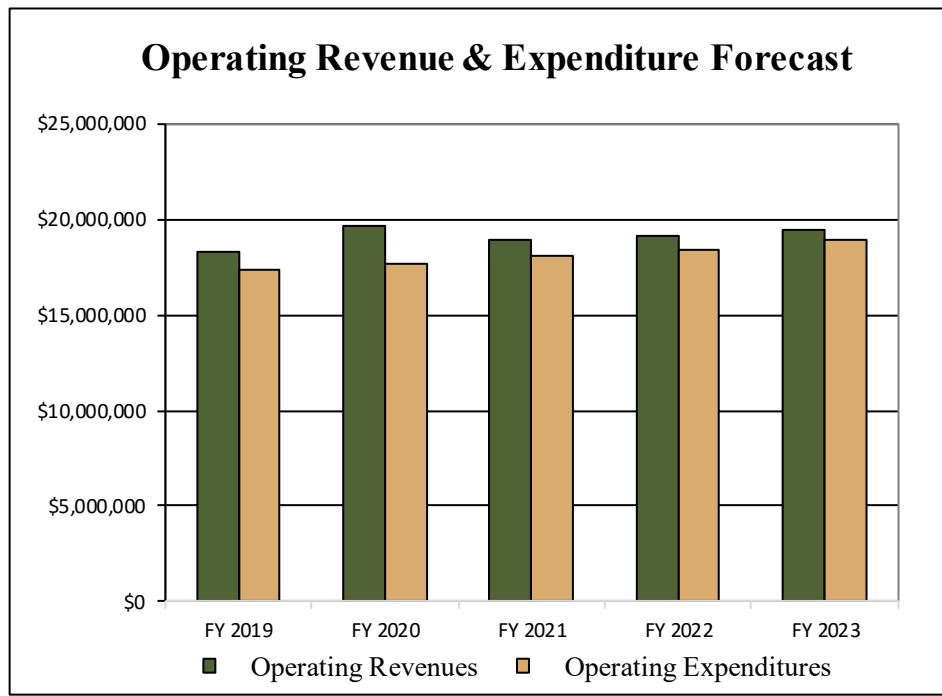
The Village's \$1 million commitment to the Given Memorial Library capital campaign was completed in FY 2018. This removed \$100,000 per year from the operating expenditure plan. If, as expected, the library does not meet the capital campaign fund raising requirement, the \$1 million of Village funds contributed to date to the trust will revert back to the Village in FY 2020. These funds are included as a revenue in FY 2020.

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.



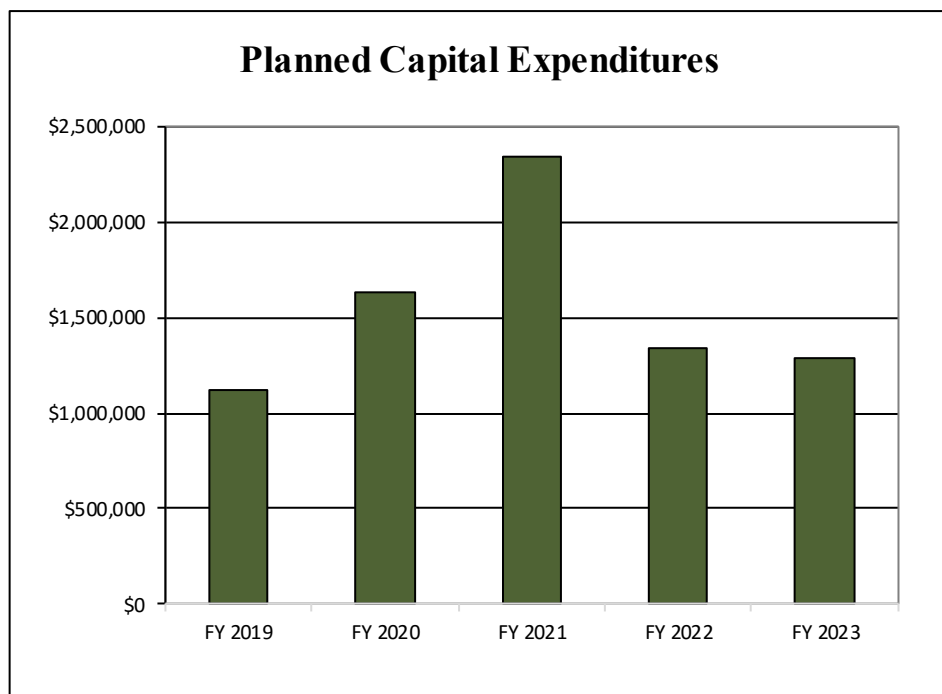
Five-Year Financial Forecast FY 2019-2023

After adjusting for the incremental operating expenditures from new initiatives and capital additions, actual operating expenditure increases in the plan range from 1.9% to 2.6%.



Capital Forecast

The forecast incorporates capital investments with an estimated cost of \$11,800,900 over the next five years. These capital investments represent of 6.4%-23.1% of total expenditures across the plan. Details on planned capital investments are provided in the *Capital Improvement Plan* section of this document.



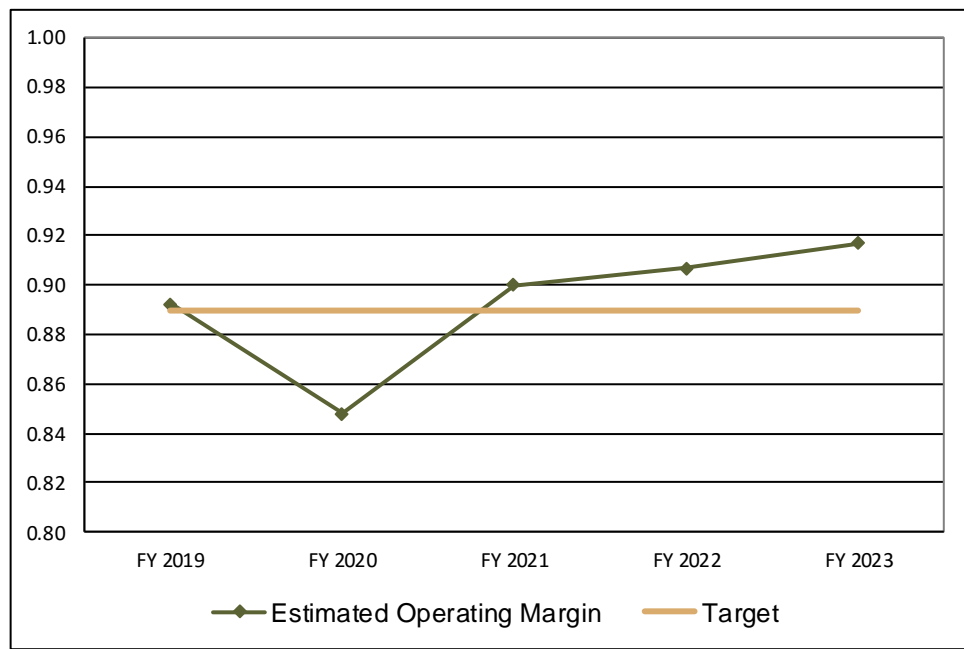


Five-Year Financial Forecast FY 2019-2023

Forecast Summary

Table 1 on page 142 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 between 0.89 and 0.91. For example, for each dollar in operating revenues received, approximately 89 cents will be used 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 0.85 in FY 2020 to 0.92 in the final year of the plan. This slight increase in the operating margin ratios in the out years is typical in the Village's forecast.

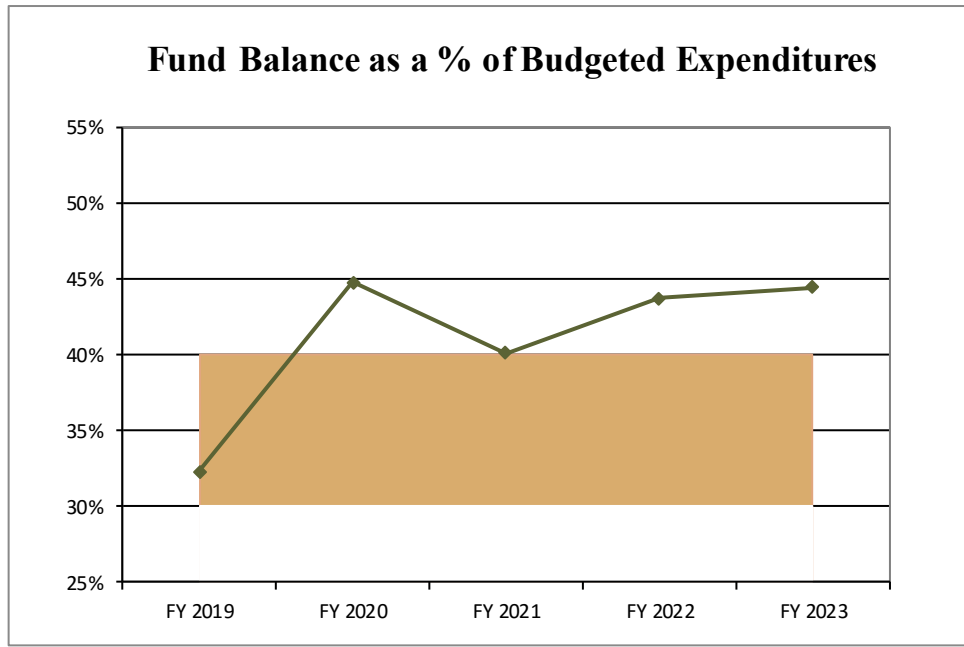


The second measure management uses to guide the development of the forecast is the fund balance ratio. The Village Council has adopted a Fund Balance Policy that requires management to develop budgets that maintain total fund balance in the range of 30%-40% of budgeted expenditures. Details on this policy are provided in the *Strategic Operating Plan Guide* section of this document. In the current plan, fund balance levels begin at 32.3% in FY 2019 due to the cash investment in the Community Center Capital Project. After that, fund balance is expected to increase to 44% by FY 2022 and stabilize at that level for the remainder of the plan.



Five-Year Financial Forecast FY 2019-2023

The return of the \$1,000,000 from the Library trust in FY 2020 increases fund balance in the General Fund above the current policy limit of 40%. These funds, however, may be committed to another capital purpose and not be available to support General Fund operations. Having additional fund balance in the out years of the plan also provides flexibility to fund items identified in the comprehensive long-range plan that is currently underway.



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 2019 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 2019-2023

Table 1 - Five-Year Financial Forecast FY 2019-2023

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Population	16,669	16,990	17,310	17,598	17,904
Property Tax Rate	0.295	0.280	0.280	0.280	0.280
Operating Revenues					
Property Tax Revenue	\$10,250,000	\$10,391,000	\$10,498,000	\$10,606,000	\$10,715,000
Intergovernmental Revenues	6,256,100	6,382,800	6,531,000	6,683,200	6,840,400
Permits & Fees	717,500	721,000	724,000	667,000	670,000
Sales & Services	719,600	775,000	795,000	815,000	836,000
Other Operating Revenues	262,480	1,266,000	284,000	278,000	281,000
Interest Income	96,000	90,000	95,000	100,000	105,000
Other Taxes & Licenses	1,000	1,000	1,000	1,000	1,000
Operating Revenues	\$18,302,680	\$19,627,000	\$18,928,000	\$19,151,000	\$19,449,000
Operating Expenditures					
Personnel in FTEs	141	143	143	143	143
Salaries and Benefits	\$10,454,400	\$10,789,057	\$11,153,677	\$11,492,813	\$11,835,800
Operating	6,590,100	6,594,539	6,860,514	6,922,355	7,125,472
Debt Service	320,160	312,000	96,000	52,000	-
Operating Expenditures	17,364,660	17,695,596	18,110,191	18,467,168	18,961,272
Operating Income	938,020	1,931,404	817,809	683,832	487,728
Other Financing Uses	4,068,900	-	-	-	-
Capital Expenditures in GF	1,118,500	1,632,000	2,346,500	1,344,500	1,290,500
Total GF Expenditures	22,552,060	19,327,596	20,456,691	19,811,668	20,251,772
Revenues Over (Under) Exp	\$ (4,249,380)	\$ 299,404	\$ (1,528,691)	\$ (660,668)	\$ (802,772)

Capital As a Percent of Total Expenditures

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Total Expenditures	22,552,060	19,327,596	20,456,691	19,811,668	20,251,772
Total Capital Expenditures	1,118,500	1,632,000	2,346,500	1,344,500	1,290,500
% of Total Expenditures	5.0%	8.4%	11.5%	6.8%	6.4%

Projected Impact on Fund Balance in the General Fund

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Beginning Fund Balance	\$10,499,128	\$ 7,285,000	\$ 8,649,854	\$ 8,211,152	\$ 8,662,753
Revenues Over (Under) Exp	(4,249,380)	299,404	(1,528,691)	(660,668)	(802,772)
Budget to Actual Variance*	1,035,252	1,065,450	1,089,990	1,112,268	1,142,554
Projected Actual Gain/(Loss)	(3,214,128)	1,364,854	(438,701)	451,601	339,781
Projected Ending GF Bal	\$ 7,285,000	\$ 8,649,854	\$ 8,211,152	\$ 8,662,753	\$ 9,002,534
% of Total Budget	32.3%	44.8%	40.1%	43.7%	44.5%

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

Estimated Operating Margin	0.89	0.85	0.90	0.91	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 2019-2023 CIP represents an \$11.8 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, or at the revenue neutral rate after the revaluation in FY 2020.

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 2019 of the CIP, however, does represent the amount of capital spending appropriated in the FY 2019 Budget.

Capital Improvement Program

Overview

The FY 2019-2023 CIP includes capital investments with a total estimated cost of \$11,800,900 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 2019-2023

Table 1 - Capital Cost By Major Area

Major Area	Cost of Capital	% of Total
Capital Projects	\$ 4,068,900	34%
Fleet	3,747,900	32%
Information Technology	350,000	3%
Other Capital Additions	3,634,100	31%
TOTAL	<u>\$ 11,800,900</u>	<u>100%</u>

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 2019-2023 CIP includes one capital project for the construction of a Community Center at Cannon Park. In FY 2018, the Village began designing the new 19,555 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 2019-2023

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 2019-2023 projected capital investments:

Table 2 - CIP Revenue/Funding Sources Summary

Funding Source	Cost of Capital
General Fund Cash	\$ 11,800,900
TOTAL	\$ 11,800,900

It is important to note that all of the capital improvements are funded with available Village funds or cash, with no reliance on debt financing.

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 2019	FY 2020	FY 2021	FY 2022	FY 2023	Total
Capital Projects	\$ 4,068,900	\$ -	\$ -	\$ -	\$ -	\$ 4,068,900
Fleet	380,900	708,000	1,482,000	584,000	593,000	3,747,900
Information Technology	42,000	64,000	92,000	135,000	17,000	350,000
Other Capital Additions	695,600	860,000	772,500	625,500	680,500	3,634,100
Capital Paid with Cash	5,187,400	1,632,000	2,346,500	1,344,500	1,290,500	11,800,900
Net Annual Operating Impact	16,980	103,460	75,170	79,680	83,780	359,070
General Fund Impact	\$ 5,204,380	\$ 1,735,460	\$ 2,421,670	\$ 1,424,180	\$ 1,374,280	\$ 12,159,970
\$0.01 of the Tax Rate	347,458	371,107	374,929	378,786	382,679	
Tax Rate Equivalent of CIP	\$ 0.15	\$ 0.05	\$ 0.06	\$ 0.04	\$ 0.04	\$ 0.07



Capital Improvement Plan FY 2019-2023

Operating Impact

Table 4 summarizes the operating impact of the significant non-recurring capital outlays in the CIP that are identified as IAPs. The operating impact of the following IAPs are included below: Recreation & Cultural Facilities, EMS Facility Relocation, Commercial Streetscape Enhancements, and Pedestrian Connectivity. 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. See the *Capital Project Fund* section for segregated information on the Community Center operating impact.

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

	Fiscal Year Ending June 30					Total
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	
Revenues:						
Rent Income	\$ -	\$ -	\$ 33,000	\$ 33,000	\$ 33,000	\$ 99,000
Recreation Fees	-	35,000	36,100	37,200	38,300	146,600
Total Revenues	\$ -	\$ 35,000	\$ 69,100	\$ 70,200	\$ 71,300	\$ 245,600
Operating Costs:						
Salaries & Benefits	\$ 8,480	\$ 62,000	\$ 63,800	\$ 65,800	\$ 67,800	\$ 267,880
Operating Costs	8,500	102,460	106,470	110,080	113,280	440,790
Reduction in Lease Exp	-	(26,000)	(26,000)	(26,000)	(26,000)	(104,000)
Total Operating Costs	\$ 16,980	\$ 138,460	\$ 144,270	\$ 149,880	\$ 155,080	\$ 604,670
Net Operating Impact	\$ 16,980	\$ 103,460	\$ 75,170	\$ 79,680	\$ 83,780	\$ 359,070

Revenues generated because of significant non-recurring capital include recreation fees from expanded programs at the new Community Center and rent income from Moore County for the EMS bay addition.

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. Based on an allocation of building square footage, 16% of the Maintenance Technician salaries and benefits are assigned to the Community Center. However, all of the Administrative Assistant salaries and benefits are allocated since this position will solely serve the Community Center.

Operating costs are primarily related to the new Community Center but also include costs associated with all other significant non-recurring capital. There are no operating costs in the CIP related to the EMS facility relocation, as these expenditures will be paid by the County.

Anticipated savings include the reduction in lease expenditures for the space that is currently rented for recreation programs and activities. Once the Community Center is operational, this leased space will no longer be needed. You will see that there is no additional debt service required across the planning timeline due to capital expenditures in the plan.



Capital Improvement Plan FY 2019-2023

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 0% of General Fund expenditures, as our remaining debts are paid off in FY 2022. 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

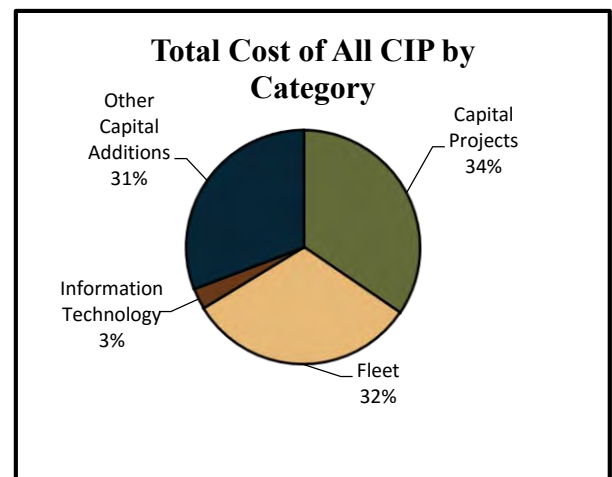
	Fiscal Year Ending June 30				
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Existing Debt Service	\$ 320,160	\$ 311,127	\$ 95,942	\$ 51,725	\$ -
Additional Debt Service	-	-	-	-	-
Total Debt Service	\$ 320,160	\$ 311,127	\$ 95,942	\$ 51,725	\$ -
Estimated Expenditures	\$ 22,552,060	\$ 19,327,596	\$ 20,456,691	\$ 19,811,668	\$ 20,251,772
% of Expenditures	1.42%	1.61%	0.47%	0.26%	0.00%

Summary

In summary, the FY 2019-2023 CIP represents an \$11.8 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:

- Community Center construction (FY 2019),
- Paving of Cannon Park parking lot (FY 2019),
- Additional street and storm drainage maintenance equipment (FY 2019),
- Replacement of three police vehicles each year (all years),
- Storm drainage projects (all years),
- Moore County EMS bay addition (FY 2020),
- Replacement of four solid waste vehicles (FY 2020-2023),
- Streetscape improvements (FY 2020-2023),
- Replacement of a fire engine and rescue vehicle (FY 2021), and
- Pedestrian facilities (FY 2021-2023).





Capital Projects

This section contains detail on the capital projects included in the FY 2019-2023 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 a 19,555 square foot facility at Cannon Park with a gymnasium, office space, and activity rooms. Transactions associated with the Community Center will be recorded in a separate multi-year Capital Project Fund. The *Capital Project Fund* section of this document provides additional details regarding this project.



Capital Improvement Plan FY 2019-2023

Community Center Facility

Department	Parks and Recreation
Strategic Goal	Maintain an Active, Healthy Community
Strategic Objective	Provide recreation programs and 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 at Cannon Park. The approximately 19,555 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 began 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	Prior Periods	Fiscal Year Ending June 30				
			FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Appropriations	\$ 4,412,900	\$ 344,000	\$ 4,068,900	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ 4,412,900	\$ 344,000	\$ 4,068,900	\$ -	\$ -	\$ -	\$ -
Funding Source:							
Cash	\$ 4,412,900	\$ 344,000	\$ 4,068,900	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ 4,412,900	\$ 344,000	\$ 4,068,900	\$ -	\$ -	\$ -	\$ -

Cash Flow Impact	Total	Prior Periods	Fiscal Year Ending June 30				
			FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Revenue	\$ 146,600	\$ -	\$ -	\$ 35,000	\$ 36,100	\$ 37,200	\$ 38,300
Project Expenditures	(3,724,900)	344,000	(4,068,900)	-	-	-	-
Net Operating Expenditures	(588,370)	-	(10,680)	(136,960)	(141,770)	(146,880)	(152,080)
TOTAL	\$ (4,166,670)	\$ (344,000)	\$ (4,079,580)	\$ (101,960)	\$ (105,670)	\$ (109,680)	\$ (113,780)

Key Performance Indicator:	Prior Periods	Fiscal Year Ending June 30				
		FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Residents program participants as a % of population		20.45%	22.25%	23.40%	23.79%	24.01%

See *Capital Project Fund* section for full detail of cash-flow impact of the Community Center.



Capital Improvement Plan FY 2019-2023

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 2019-2023

Fleet Purchase Plan

Description	Year	Life	Budget		CIP		
			FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Buildings & Grounds							
Ford F150	2004	15	\$ -	\$ -	\$ 22,000	\$ -	\$ -
Ford F150	2008	15	-	-	-	23,000	-
Ford Ranger	2010	15	-	-	-	-	25,000
Ventrac Mower	2012	15	-	42,000	-	-	-
Work Van	New	15	30,000	-	-	-	-
Zero Turn Mower	New	7	12,000	-	-	-	-
Fire							
KME Pumper Tanker	2001	20	-	-	650,000	-	-
Ford F650 Hackney Body	2004	20	-	-	310,000	-	-
Chevy Colorado	2008	15	-	-	-	25,000	-
Fleet Maintenance							
Chevy C1500	2006	12	-	30,000	-	-	-
Fuel Pumps & Software	New	20	40,000	-	-	-	-
Harness Track							
GMC Dump Truck	1991	20	-	45,000	-	-	-
Ford F250	2008	15	-	-	-	30,000	-
Ford F250	2009	15	-	-	-	-	23,000
John Deere Zero Turn Mower	2013	7	-	-	-	-	25,000
JD 4720 Tractor	2012	20	-	-	-	50,000	-
Snow Plow for 1 Ton Truck	New	20	-	10,000	-	-	-
Inspections							
Chevy Colorado	2011	15	-	-	-	25,000	-
Police							
Chevy Tahoe	2011	10	-	-	40,000	-	-
Chevy Tahoe	2011	10	-	-	-	42,000	-
Chevy Tahoe	2012	10	-	-	-	-	45,000
Dodge Charger	2007	10	-	38,000	-	-	-
Dodge Charger	2008	10	35,000	-	-	-	-
Dodge Charger	2008	10	-	-	40,000	-	-
Dodge Charger	2009	10	35,000	-	-	-	-
Dodge Charger	2009	10	-	38,000	-	-	-
Dodge Charger	2009	10	-	38,000	-	-	-
Dodge Charger	2010	10	35,000	-	-	-	-
Dodge Charger	2010	10	-	-	40,000	-	-
Dodge Charger	2013	10	-	-	-	42,000	-
Dodge Charger	2015	10	-	-	-	-	45,000
Dodge Charger	2015	10	-	-	-	42,000	-
Dodge Charger	2016	10	-	-	-	-	45,000
Recreation							
Ford F250 4X4	2004	15	-	-	-	25,000	-



Capital Improvement Plan FY 2019-2023

Fleet Purchase Plan (continued)

Description	Year	Life	Budget		CIP		
			FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Solid Waste							
Chevy C1500	2007	6	\$ -	\$ 50,000	\$ -	\$ -	\$ -
Chevy Garbage Truck	2011	6	-	-	50,000	-	-
Freightliner Garbage Truck	2012	7	-	200,000	-	-	-
Freightliner Garbage Truck	2013	7	-	-	-	220,000	-
Freightliner Garbage Truck	2015	7	-	-	-	-	230,000
Freightliner Garbage Truck	2014	7	-	-	210,000	-	-
Streets & Grounds							
John Deere Motor Grader	1992	20	-	130,000	-	-	-
Wood Chipper	2000	5	-	-	45,000	-	-
Chevy C1500	2013	15	-	-	-	-	25,000
Grasshopper Mower	2004	7	-	-	25,000	-	-
Chevy Dump Truck-1 Ton	2005	20	-	45,000	-	-	-
Compact Mower-Ventrac	2007	7	-	42,000	-	-	-
Ford F150	2008	15	-	-	25,000	-	-
Ford F150	2008	15	-	-	25,000	-	-
Johnston Vacuum Sweeper	2012	5	-	-	-	-	130,000
John Deere 5085 Tractor	2012	20	-	-	-	60,000	-
Skid-steer Loader	New	10	65,000	-	-	-	-
Skid-steer Brush Cutter	New	10	7,900	-	-	-	-
Sewer Jet Trailer	New	10	59,000	-	-	-	-
Vac Trailer	New	5	62,000	-	-	-	-
Total			\$ 380,900	\$ 708,000	\$ 1,482,000	\$ 584,000	\$ 593,000



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 2019-2023

Information Technology Purchase Plan

Description	Year	Life	Budget		CIP		
			FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Administration							
Assembly Hall Sound System Upgrade	2013	5	\$ -	\$ -	\$ -	\$ 6,000	
Video Streaming for Meetings	2015	5	-	15,000	-	-	-
Assembly Hall Projector	2015	5	-	6,000	-	-	-
Fair Barn							
A/V Projector	2017	5	-	-	-	-	5,000
Sound System	2015	5	-	12,000	-	-	-
Fire							
Projector Replacement	2016	5	-	-	5,000	-	-
Galaxy Door Control System	2017	6	-	-	-	-	12,000
Information Technology							
Server - Phone System Host	2017	4	-	-	7,000	-	-
Server - System Center Host	2017	4	-	-	7,000	-	-
Server Backup Primary AACore1	2016	4	-	7,000	-	-	-
Server Backup Secondary Aacore 2	2016	4	-	7,000	-	-	-
Server - PD Hyper-V	2017	4	-	-	7,000	-	-
Server - Vrtx (Blade Server)	2014	4	42,000	-	-	-	-
Village Wide Phone System	2011	5	-	-	35,000	-	-
Village Hall Firewall	2016	6	-	-	-	14,000	-
Village Hall Load Balancers (Fat Pipe)	2016	5	-	-	16,000	-	-
Hp Procurve Core Switch	2013	5	-	-	-	25,000	-
Planning							
Hp Designjet Plotter	2001	5	-	6,000	-	-	-
Police							
CCTV Surveillance System	2016	4	-	-	15,000	-	-
Body Camera Replacements	2017	3	-	11,000	-	-	-
Phone Recording Solution Upgrade	2016	5	-	-	-	24,000	-
Viper Radios	2014	8	-	-	-	66,000	-
Total			\$ 42,000	\$ 64,000	\$ 92,000	\$ 135,000	\$ 17,000



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 2019-2023

Other Capital Additions Purchase Plan

Description	Purpose/Justification	Budget		CIP		
		FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Administration						
Replace HVAC	Maintain facility	\$ 14,000	\$ 16,000	\$ 18,000	\$ 18,000	\$ 18,000
Streets & Grounds						
Small Drainage Projects	Paving Prep	75,000	85,000	85,000	85,000	85,000
Stormwater Project	Lake Forest Drive	30,000	-	-	-	-
Stormwater Project	Glen Abbey Trail	20,000	-	-	-	-
Stormwater Project	Azalea Road & Carolina Vista	35,000	-	-	-	-
DOT Road Improvements	Roundabout upgrades	-	50,000	-	-	-
Streetscape Improvements	Magnolia/McCaskill Road	-	115,000	45,000	75,000	130,000
Sidewalk	Shaw Road/Marshall Park	25,000	-	-	-	-
Sidewalk	Murdocksville Road	-	-	40,000	-	-
Pedestrian Facilities	Phased implementation of Pedestrian Plan	-	-	440,000	400,000	400,000
Fair Barn						
Repair Stucco Exterior	Improve facility	18,000	25,000	-	-	-
Replace Indoor Stage	Maintain equipment/furnishings	-	16,000	-	-	-
Replace HVAC	Maintain facility	8,000	8,000	9,000	-	-
Reseal/Recoat Annex Floors	Maintain facility	6,500	-	-	-	-
Gutters for Annex	Maintain facility	7,000	-	-	-	-
Replace Exterior Doors	Improve facility	6,000	-	-	-	-
Dance Floor Replacement	Maintain equipment/furnishings	12,000	-	-	-	-
Fire						
Opticom	Traffic control for emergency response	-	40,000	-	-	-
Emergency Rescue Air Bag	Rescue emergency response	5,800	-	-	-	-
SCBA Air Packs (4)	NFPA standard change	11,500	-	-	-	-
Spreader/Cutter	Rescue emergency response	11,000	-	-	-	-
Moore County EMS Bay Addition	Lease bay to Moore County	-	380,000	-	-	-



Capital Improvement Plan FY 2019-2023

Other Capital Additions Purchase Plan (continued)

Description	Purpose/Justification	Budget		CIP		
		FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Harness Track						
Replace Siding	Maintain facility	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000
Surface Water Runoff - Annual per Master Plan developed in FY18	Improve facilities and track condition	25,000	25,000	25,000	-	-
Monticello Gate Restructure	Rebuild entrance on Monticello for egress	-	5,000	45,000	-	-
Remodel Barn Bathrooms	Maintain facility	7,500	7,500	7,500	7,500	7,500
Track Restaurant Floor	Maintain facility	6,000	-	-	-	-
French Drains Project	Improve facilities and track condition	-	25,000	-	-	-
Sewer Connections	Connect to sewer and remove septic system	30,000	-	-	-	-
Police						
Evidence Holding/ Forensics Lab	Improve facility	5,500	-	-	-	-
Replace HVAC	Maintain facility	14,000	16,000	18,000	-	-
PS Administration						
Public Services Complex Paving	Improve and maintain facility	30,800	-	-	-	-
Construct Pole Barn	Improve facility	25,000	-	-	-	-
Recreation						
Dugout Replacement	Cannon Park Field 2	-	6,500	-	-	-
Playground Replacement	Wicker Park	95,000	-	-	-	-
Cannon Park Parking Lot	Pave main parking lot	100,000	-	-	-	-
Wicker Park Maintenance Building Parking Expansion	New gravel road from PD access road and new parking spaces	25,000	-	-	-	-
Enclosed Storage Trailer	Improve storage of holiday decorations	7,000	-	-	-	-
Total		\$ 695,600	\$ 860,000	\$ 772,500	\$ 625,500	\$ 680,500



**VILLAGE OF PINEHURST
Budget Ordinance
Fiscal Year 2019**

BE IT ORDAINED AND ESTABLISHED by the Village Council of Pinehurst, North Carolina, in the Regular Session assembled this 12th day of June 2018 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, 2018 and ending June 30, 2019, in accordance with the chart of accounts heretofore established for this Village:

OPERATING EXPENDITURES:

Governing Body	\$ 150,100
Administration	1,264,710
Financial Services	673,400
Human Resources	514,840
Police	3,225,280
Fire	2,757,020
Inspections	227,570
Public Services Administration	440,280
Streets & Grounds	1,536,460
Powell Bill	1,100,000
Solid Waste	1,447,180
Planning	833,450
Community Development	234,740
Recreation	1,565,240
Library	100,000
Harness Track	527,780
Fair Barn	346,450
Contingency	100,000
Debt Service	320,160
Other Financing Uses	<u>4,068,900</u>

Total Operating Expenditures \$ 21,433,560



Annual Budget Ordinance

CAPITAL EXPENDITURES:

Administration	\$ 28,776
Financial Services	1,680
Human Resources	2,940
Police	159,281
Fire	41,607
Inspections	1,087
Public Services Administration	61,731
Streets & Grounds	388,939
Solid Waste	8,073
Planning	2,343
Community Development	420
Recreation	238,289
Harness Track	117,802
Fair Barn	<u>65,532</u>
Total Capital Expenditures	<u>\$ 1,118,500</u>
TOTAL EXPENDITURES	<u>\$ 22,552,060</u>

SECTION 2. It is estimated that the following revenues will be available in the General Fund for the fiscal year beginning July 1, 2018 and ending June 30, 2019:

REVENUES:

Ad Valorem Tax Revenue	\$ 10,250,000
Other Taxes and Licenses	1,000
Unrestricted Intergovernmental Revenue	5,711,000
Restricted Intergovernmental Revenue	545,100
Permits and Fees	717,500
Sales and Services	719,600
Assessments	25,900
Other Revenues	236,580
Investment Income	96,000
Appropriated Fund Balance	<u>4,249,380</u>
TOTAL REVENUES	<u>\$ 22,552,060</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, 2018, 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 \$3,477,000,000 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 12th day of June, 2018.

VILLAGE OF PINEHURST
VILLAGE COUNCIL

(Municipal Seal)

By: _____
Nancy Roy Fiorillo, Mayor

Attest:

Approved as to Form:

Lauren M. Craig, Village Clerk

Michael J. Newman, Village Attorney



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.



Budget Glossary

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	
SHRM	This acronym is short for the Society of Human Resource Management.
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.



Budget Glossary

S	
Strategic Objective	A readily measurable statement of aim or expected accomplishment; how the Village will accomplish a goal.
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-oriented 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.

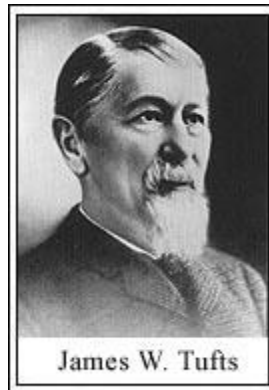


Photo courtesy of Tufts Archives

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

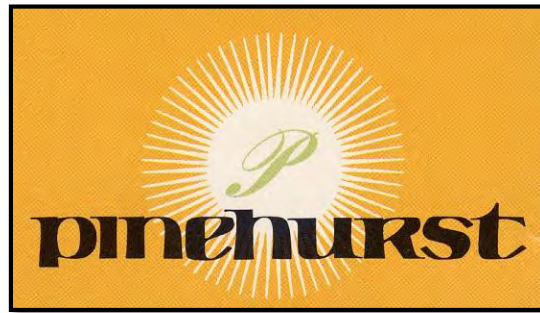
In 1920, a corporate form of ownership was established when a charter for Pinehurst, Inc. was obtained from the North Carolina Secretary of State. Tufts considered incorporating the village as a municipality in 1926, but he felt that a lack of year-round residents and state tax laws would not be able 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 16,452, 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 U.S. Open Championship is slated to return to Pinehurst in 2024.

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

Fiscal Year	Calendar Year	Population (1)	Personal Income	Per Capita Income (2)	Median Age (2)	Unemployment Rate (3)
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%
2017	2016	16,123	798,136,869	49,503	61.4	4.1%

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	2017		2008	
	Taxable Assessed Value	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Percentage of Total Taxable Assessed Value
Pinehurst LLC	\$ 168,670,273	4.98%	\$ 164,043,190	5.91%
Pinehurst Surgical Clinic	25,473,350	0.75%	25,323,092	0.91%
Pinehurst Medical	24,510,010	0.72%	19,784,083	0.71%
Country Club of North Carolina	17,324,070	0.51%	25,760,090	0.93%
Duke Energy Progress, Inc.	12,772,101	0.38%	11,187,561	0.40%
Pinewild Project Limited PTNS	10,074,130	0.30%	-	-
Quail Haven Properties of Pinehurst, LLC	10,020,530	0.30%	9,142,025	0.33%
MTMM Associates (Carolina Eye Assoc.)	8,888,030	0.26%	9,294,593	0.33%
Pinehurst Nursing Center	5,643,817	0.17%	-	-
SCOP (Surgery Center of Pinehurst)	5,622,480	0.17%	-	-
Francis Maser	-	-	7,859,330	0.28%
Branch Banking and Trust Co.	-	-	5,449,226	0.20%
Carolina Telephone and Telegraph	-	-	4,730,464	0.17%
Total	\$ 288,998,791	8.54%	\$ 282,573,654	10.17%

Sources: Moore County Tax Department.

Notes: 2017 and 2008 data are for tax years 2016 and 2007, 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	2017		2008	
	Employees	Percentage of Total Employment	Employees	Percentage of Total Employment
First Health of the Carolinas (1)	3,610	63.47%	2,615	58.06%
Pinehurst, LLC (2)	1,298	22.82%	1,229	27.29%
Total		86.29%		85.35%

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:

2017 employment is based on calendar year 2016.

GASB 44 requires comparative data for the current calendar year and nine years prior. 2010 adjusted Census Data was used for 2008 and 2017 to estimate the percentage of total employment.



The Carolina Hotel