



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. **Baldrige Excellence Framework** – 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.



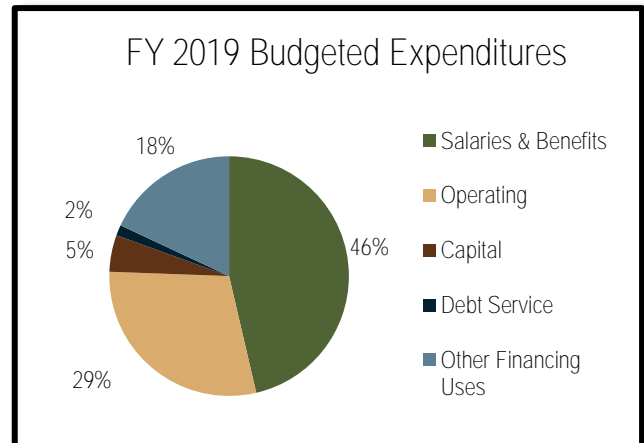
Fiscal Year (FY) 2019 General Fund Expenditures

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 (see *Personnel Classification Summary* for more details).

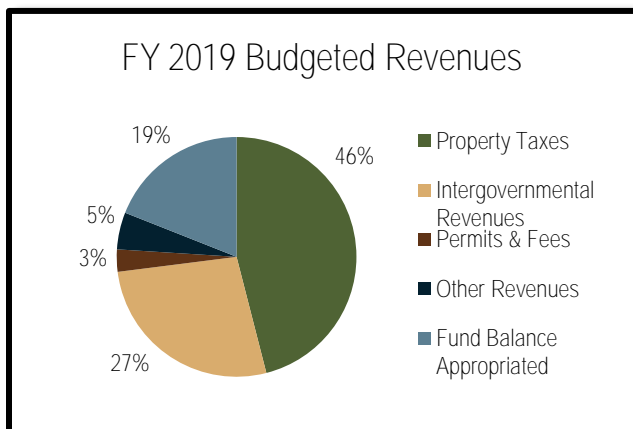
In FY 2019, the recommended budget includes \$1.1 million in capital investment, or 5% of total expenditures. In addition, the budget also includes a transfer of \$4.1 million from the General Fund to a capital project fund to cover the construction cost for the new Community Center. This Other Financing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

In addition, the Village will increase its spending on annual road resurfacing and maintenance by \$200,000, or 22% in FY 2019. This \$1.1 million investment in street resurfacing and patching is devoted to improving the quality of Village streets (see *Powell Bill* section for additional details).



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/sop.

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.