



**Village Council
Agenda for Special Meeting of November 19, 2025
Fallon Council Conference Room
Village Hall
395 Magnolia Road, Pinehurst, NC 28374
Pinehurst, North Carolina
12:00 PM**

1. Call to Order
2. Regular Business
 - A. Finance Overview
 - B. Property Revaluation Discussion
3. Motion to Adjourn

Vision: The Village of Pinehurst is a charming, vibrant community which reflects our rich history and traditions.
Mission: Promote, enhance, and sustain the quality of life for residents, businesses, and visitors.
Values: Service, Initiative, Teamwork, and Improvement.



Finance Overview

ADDITIONAL AGENDA DETAILS:

FROM: Dana Van Nostrand, Financial Services Director
CC: Village Council;
DATE OF MEMO: 11/07/2025

MEMO DETAILS

We will cover the following topics to provide an orientation to the new council members and introduce the new five-year forecast format:

- Budget legal framework
- Village policies related to budget and financial planning
- Five-year financial forecast review
- Ongoing versus one-time revenues and expenditures (structural budget balancing)

We will discuss the assumptions that are currently in the forecast to provide an understanding of how the forecast is built and how changing certain assumptions impact the forecast. This meeting is not intended to make decisions on which assumptions to include in the forecast. That will be the goal of the December and January SOP meetings. The forecast reviewed in this meeting will serve as a baseline for future discussions.

The baseline five-year financial forecast attached has been updated for the following items compared to the version in the FY 2026 SOP document:

- Beginning FY 2026 fund balance is the actual
- FY 2026 has been updated to the current budget as amended, most significantly adding the \$2.6 million reappropriation amendment
- SAFER grant assumptions have been updated based on the projections presented to Council when the grant acceptance was approved. The Village's share during the grant period is presented as an Other Financing Use which represents transfers to the special revenue fund that will be created for the grant funds. The 6 firefighters' salaries and benefits are added to the forecast as General Fund expenditures starting mid-way through FY 2029 when the grant ends.
- Splitting expenditures between ongoing and one-time changed projected operating expenditures and estimated budget-to-actual variance.

The forecast materials also include a scenario where Pinewild Phase 4 is not annexed so Council can see the impact.

ATTACHMENTS

1. Financial Briefing Presentation
2. Five-Year Forecast FY 2026-2030 Baseline
3. Five-Year Forecast FY 2026-2030 No Phase 4 Annexation

4. Capital Improvement Plans
5. FY 2026 Strategic Operating Plan



Village Council Special Meeting

Financial Briefing

November 19, 2025

Agenda



- Budget Legal Framework
- Village Policies Related to Budget and Financial Planning
- Financial Forecast Review
 - Revenues
 - Expenditures
 - Assumptions
 - Key Metrics
- Ongoing vs. One-Time (Structural Budget Balancing)
- Revaluation Discussion
- SOP Calendar

Objectives



- Learn the budget legal requirements and the Village's budget principles and key financial metrics
- Gain insight into how the budget and five-year forecast are developed and the role of Council in the process
- Understand how forecast elements and Council decisions influence the tax rate and financial metrics

Budget Legal Framework

- Subject to the NC Budget and Fiscal Control Act ([N.C.G.S. Chapter 159 Article 3](#))
- Balanced budget must be adopted by June 30th
- Funds expended must meet the “public purpose” requirement
 - Most local government activities clearly meet this requirement
 - If a government undertakes an activity not typically performed by a government, there could be risk of it not meeting this requirement
 - Activity cannot serve only a "private" purpose
 - The primary beneficiary of the activity cannot be private
 - Contracting work to a private entity must meet the public purpose requirement

Budget Legal Framework



- Budget is appropriated at the department level for annual funds
- Budget must include appropriations for debt service payments and obligations under continuing contracts
- All budget amendments must be completed by June 30 for that year
- Council delegates some authority to amend the budget to the Manager as allowed by statute (specified in each year's budget ordinance):

Village Manager Approves	Village Council Approves
Transfers of any amount between line items within a single department	Any budget transfers between funds
Transfers up to \$25,000 between departments in the same fund (Required to report to Council)	Transfers greater than \$25,000 between departments in the same fund
	Amendments to estimated revenues

- The Village uses fund accounting for its budget and actuals
 - General Fund – annual budget, accounts for day-to-day operations
 - Special Revenue Funds – annual or multi-year budget, accounts for specific revenue sources (SMPO)
 - Capital Project Funds – multi-year budget for a specific capital project (Library Expansion)
- Budget for each fund needs to be balanced
 - Estimated revenues, including fund balance appropriated (planned use of fund balance), equal appropriations (expenditures)
- Accountability is the foundation for governmental budgeting and accounting



- The Village uses the *modified accrual* basis of accounting and *current financial resources* measurement focus in its budgets and actuals
- These provide a short-term view, only including transactions that will be cash flow in or out in the near term (generally within 90 days)
- Focus is on whether current resources were sufficient to cover current costs

Includes	Does Not Include
Payments due for goods received or services rendered	Non-cash items (value of capital assets, depreciation)
Debt service payments due	Long-term liabilities (debt, pensions)
Revenues earned that we receive payment for within 90 days	Monies owed to the Village that we do not expect to collect within 90 days
All cash transactions	

Budget & Financial Planning Policy

Budget & Financial Planning Policy



- Formally adopted July 1, 2025, but the policies had been in practice for many years
- Defines a framework for the development, adoption, and management of the Village's budget and long-term financial plans
- Combines statutory requirements, best practices, and Village procedures
- Designed to ensure the effective use of public resources, enhance transparency, promote fiscal responsibility, and maintain the financial health and stability of the Village

Budget & Financial Planning Policy



Budget Principles

Fiscal Responsibility and Stability

- Recurring revenues support operations and routine capital replacements
- Major capital projects are funded through fund balance or other sources

Transparency and Accountability

- Open, transparent, and inclusive process
- Financial information is readily available in understandable formats

Long-Term Financial Planning

- Five-year financial forecast
- Five-year capital improvement plans
- Address future growth and needs
- Ensure financial sustainability

Strategic Alignment

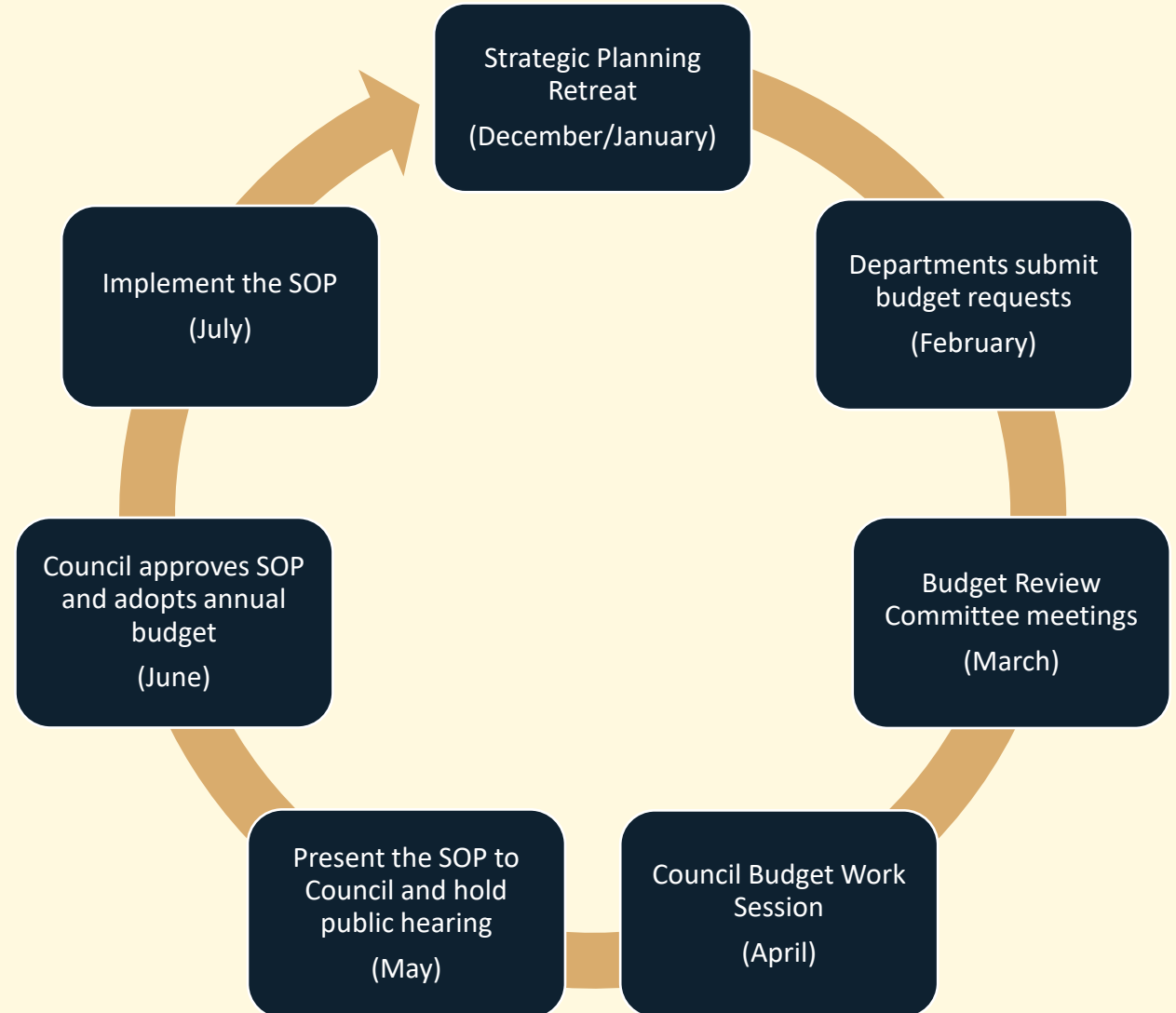
- Make progress on community's goals
- Comprehensive plan, master plans, community and business surveys
- Expenditures align with priorities

Key Elements:

- Revenues
 - Consider funding alternatives (taxes, fees and charges, grants, donations, debt, etc.)
 - Diversification
- Expenditures
 - Salaries & benefits
 - Consider cost/benefit of providing services internally vs. outsourcing
 - Capital outlays are planned in the Capital Improvement Plan (CIP)
- Budget Balancing
 - Structurally balanced budget (ongoing revenues cover ongoing expenditures)
 - Operating margin
 - Fund balance should only be used for capital, other financing uses (transfers to other funds), or one-time expenditures

Strategic Operating Plan (SOP)

- The SOP includes:
 - Annual budget
 - Five-year financial forecast
 - CIP
- Only the annual budget is required by statute
- The forecast and CIP are prudent and support our budget principles



Budget Performance Measures

- Operating Margin
 - % of operating revenues used to fund operating expenditures
 - Target range of 90%-93% (0.90-0.93)
 - Remainder of operating revenues are used to fund capital and other financing uses (transfers to other funds)
- Budget-to-Actual Variance (BAV)
 - % of actuals over or under the budget
 - Historical trend is used to estimate the BAV in the forecast
- Amended budget as a % of original budget
 - Gauge of how much we needed to change the budget during the year

Fund Balance Policy



Part 1 Measured when <u>budgeting</u> the year	Parts 2 & 3 Measured at the <u>end</u> of the year
When preparing the annual General Fund (GF) budget, the amount of appropriated fund balance should result in an anticipated ending <u>total</u> fund balance at a minimum of 30% of <u>budgeted</u> expenditures	<u>Unassigned</u> fund balance must be greater than 15% of <u>actual</u> GF expenditures as reported in the ACFR - When total fund balance in the ACFR exceeds 40% of <u>actual</u> GF expenditures, Council may commit excess fund balance for future capital needs. In no instance shall this commitment cause unassigned fund balance to drop below 15% (Part 2).

- 30% of budgeted expenditures is about \$10 million

- The Fund Balance Policy also contains a provision that management is expected to manage the budget so that revenue shortfalls or expenditure increases do not impact the Village's ability to maintain the target fund balance levels
- If a catastrophic economic event occurs that requires a deviation from total budgeted revenues or expenditures of 5% or more, Council can reduce the target fund balances levels
- Adjusting the target fund balance levels for this reason also requires Council adoption of a plan to return fund balances to the required levels per the policy

Five-Year Financial Forecast

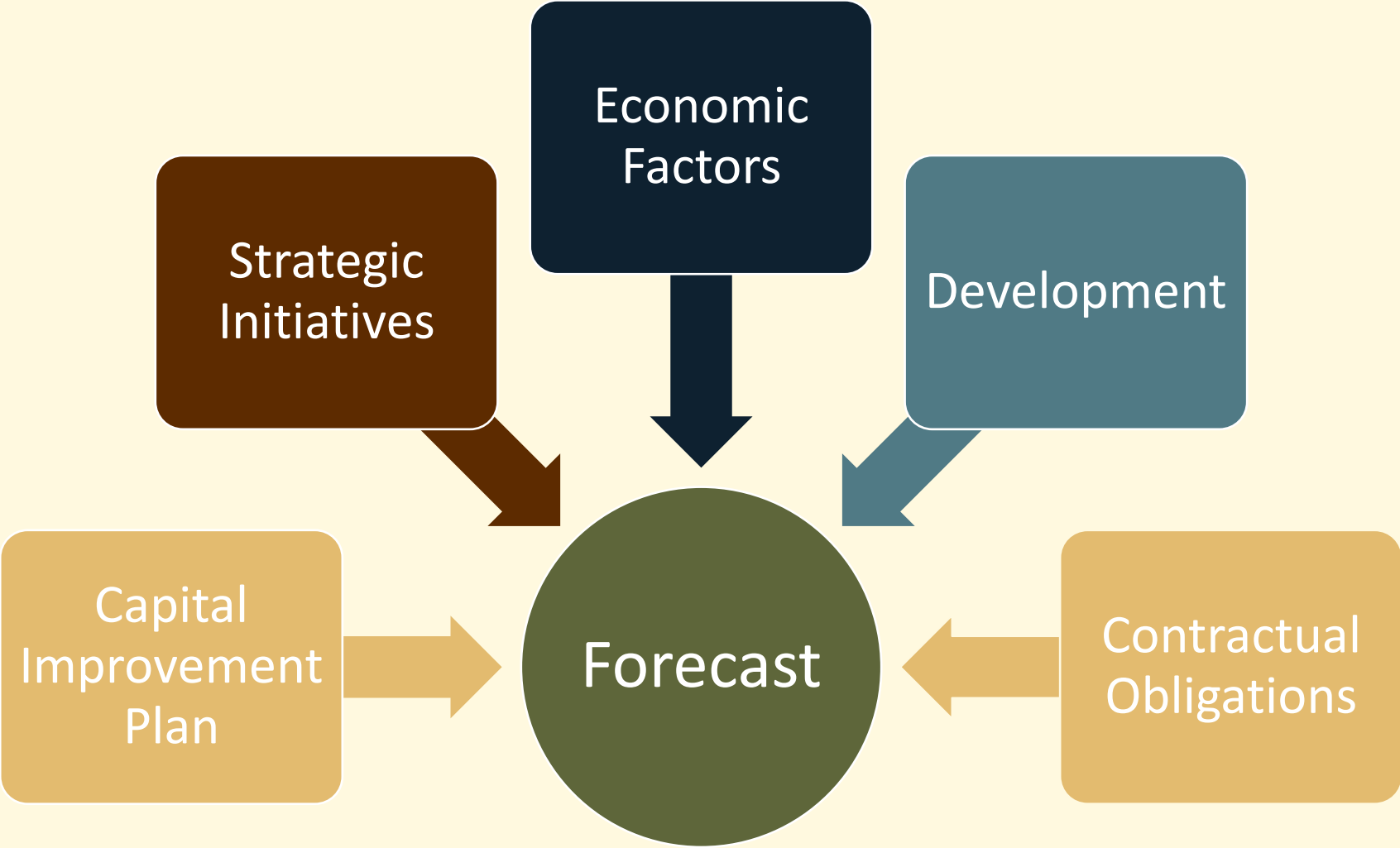
**Why do we prepare
a forecast?**

Five-Year Financial Forecast



- Supports the Village's goal to maintain a healthy financial condition
- Tool to ensure adequate resources are available to meet future financial obligations and plans, or reveal where there may be a shortfall
- Provides transparency into the Village's plans
- Informs decision makers of the longer-range financial implications of decisions made in the near term
- Required for the General Fund by the Budget & Financial Planning Policy. Optional for other funds.

Five-Year Financial Forecast



Five-Year Financial Forecast



- Estimates the revenue and expenditure impacts (both operating and capital) of initiatives in the plan to make it as complete as possible
- Only prepared for the General Fund
 - Does not include revenues and expenditures that have a separate special revenue or capital project fund (SMPO, Library Expansion)
 - If General Fund fund balance is being used to cover expenditures in another fund, it is shown as an Other Financing Use in the forecast (transfer to the other fund)

Five-Year Financial Forecast



- Key assumptions:
 - Pinewild Phase 5 build-out added to tax base in FY 2027 and 2028
 - Pinewild Phase 4 annexed and starting to add to tax base in FY 2029
 - 1 Library & Archives FTE added in FY 2027 when new library opens
 - 3 Library & Archives FTEs added in FY 2028 when renovated archives opens
 - 1 cent tax increase in FY 2028 to fund the new FTEs and library & archives operating costs, and a modest inflation-adjusted tax increase
 - Salaries & benefits for 6 firefighters added to General Fund in FY 2029 when the SAFER grant ends. Village cost share of grant is an Other Financing Use from FY 2027-2029 during the grant period.
 - 1 cent tax increase in FY 2030 to fund the first full year of the 6 firefighters in the General Fund budget
 - \$400K to fund the design of a third fire facility in FY 2029

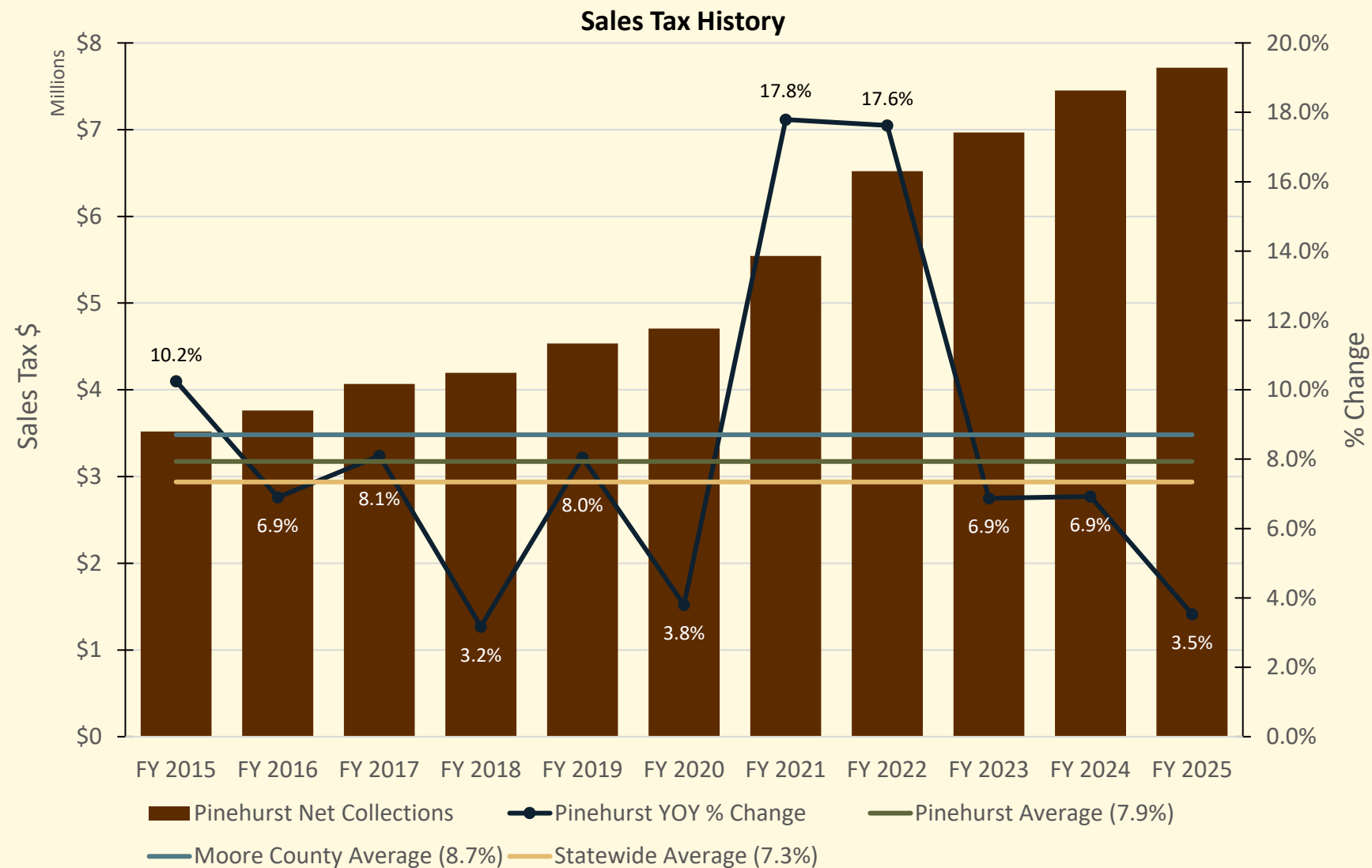
Property Tax Revenues

- Includes real & personal (R&P) and motor vehicle (MV) taxes
- Assumptions:
 - 1% annual growth in R&P and 1.5% annual growth in MV assessed valuation
 - Pinewild Phase 5 and Phase 4 incrementally added to tax base at \$1M/home
 - 99.9% collection rate for R&P (same that has been used in the annual budget)

Intergovernmental Revenues

- Unrestricted – sales taxes, wine and beer tax
- Restricted – Powell Bill, solid waste disposal tax, grants
- Assumptions:
 - 2% annual growth in local option sales taxes
 - 1.5%-2% annual growth in electricity taxes
 - 2% annual decline in telecommunications and video programming sales taxes
 - 1% annual growth in wine & beer tax, with an additional estimate in FY 2029 for the US Open
 - Powell Bill funds remain flat at \$711K per year
 - 1% annual growth in solid waste disposal tax
 - State Aid Library funding remains flat at \$9K per year

Five-Year Financial Forecast



Permits and Fees

- Includes permit and inspection fees, planning and zoning fees, fire district revenues, and US Open licensing fees
- Assumptions:
 - Pinewild Phase 5 plan review fees collected in FY 2026-FY 2027 and inspection fees collected in FY 2027-FY 2028
 - No annual growth in permit and inspection and planning and zoning fees
 - 1% annual growth in fire district fees
 - \$600K in US Open licensing fees in FY 2029 for Men's and Women's Championships (one-time revenue)

Sales and Services

- Includes space rentals, recreation fees, library and archives sales, Welcome Center sales, and SMPO revenue for serving as the LPA
- Assumptions:
 - 3% annual growth in facility rentals
 - 1% annual growth in Harness Track stall rentals
 - 4% annual growth in shows and events
 - 2% annual growth in Fair Barn rentals
 - 2% annual growth in recreation fees
 - Other items stay flat

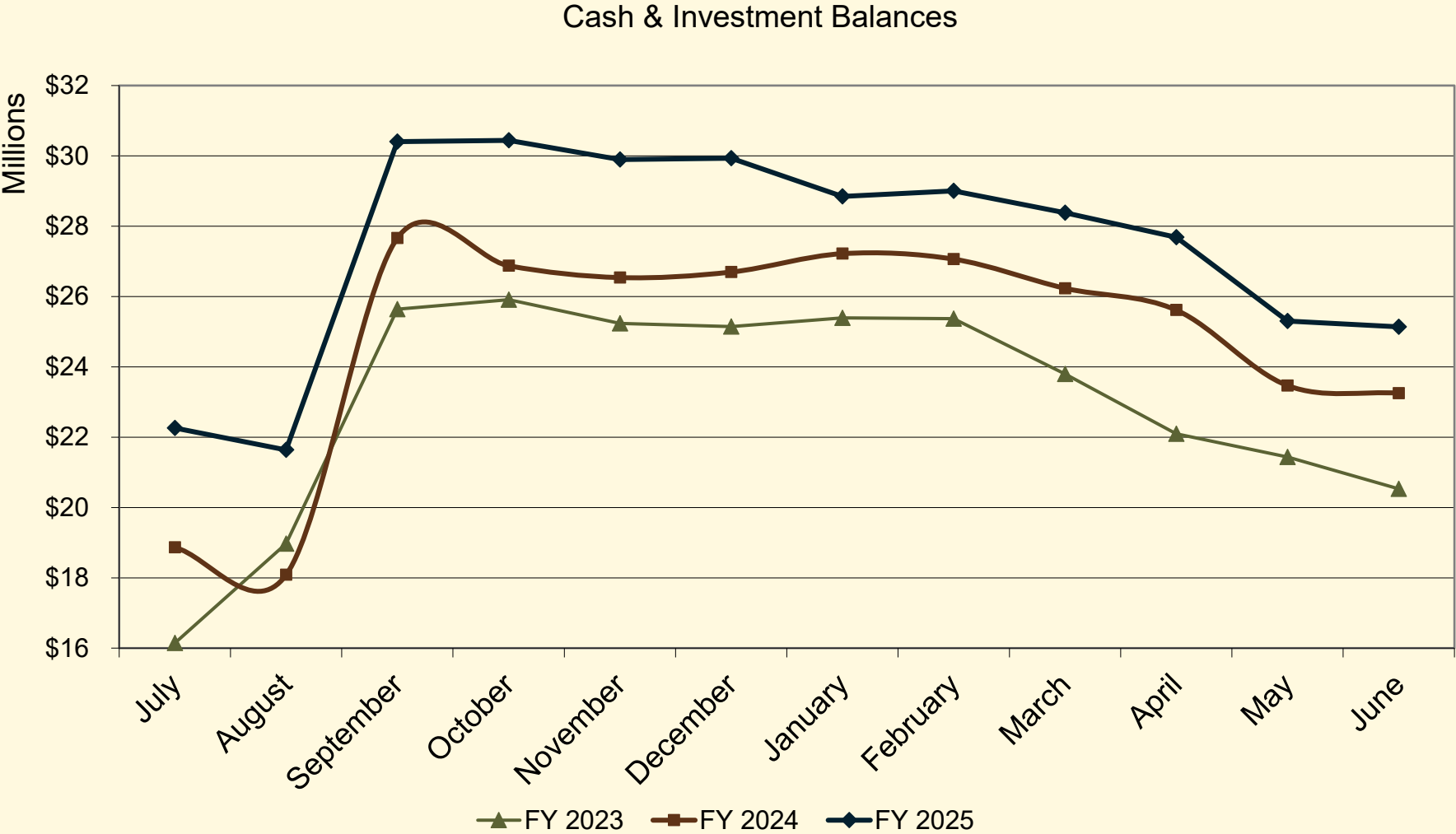
Other Operating Revenues

- Includes ABC revenues, library endowment income, donations, p-card rebate revenue, and miscellaneous items
- Assumptions:
 - 2% annual growth in ABC revenues + \$50K of additional revenue in FY 2029 from the US Opens
 - Other items stay flat

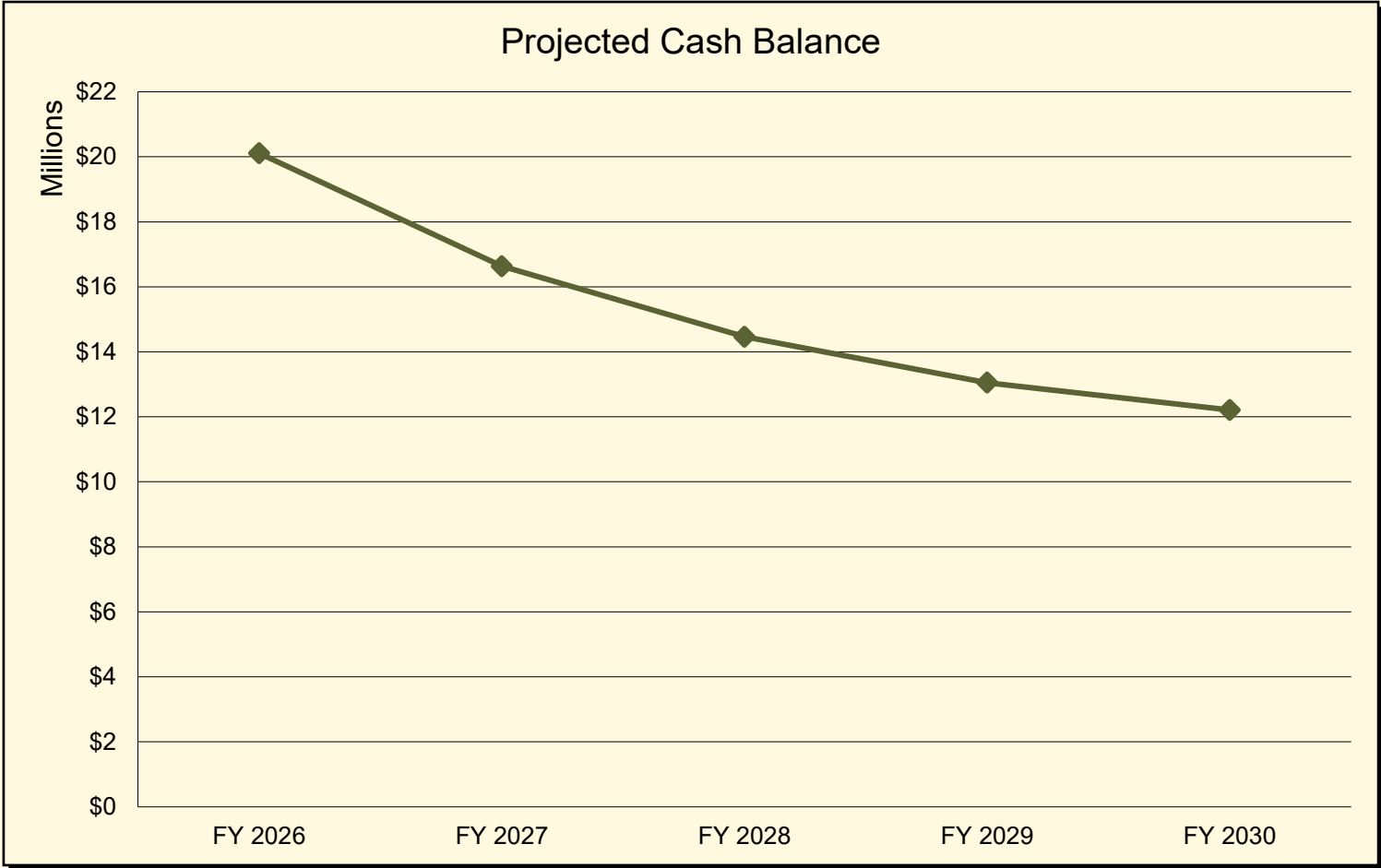
Investment Income

- Income earned on cash invested in the NC Capital Management Trust (NCCMT) and NC Investment Pool (NCIP)
- Assumptions:
 - 3.5% annual yield tapers down to 2% over the forecast period based on federal funds rates estimated in the FOMC's dot plot
 - Average of the beginning and ending estimated fund balance for each fiscal year is used to estimate the cash balance in the portfolio
 - Expenditures for capital, most significantly the library and archives, drive the cash balance down as fund balance is used

Five-Year Financial Forecast



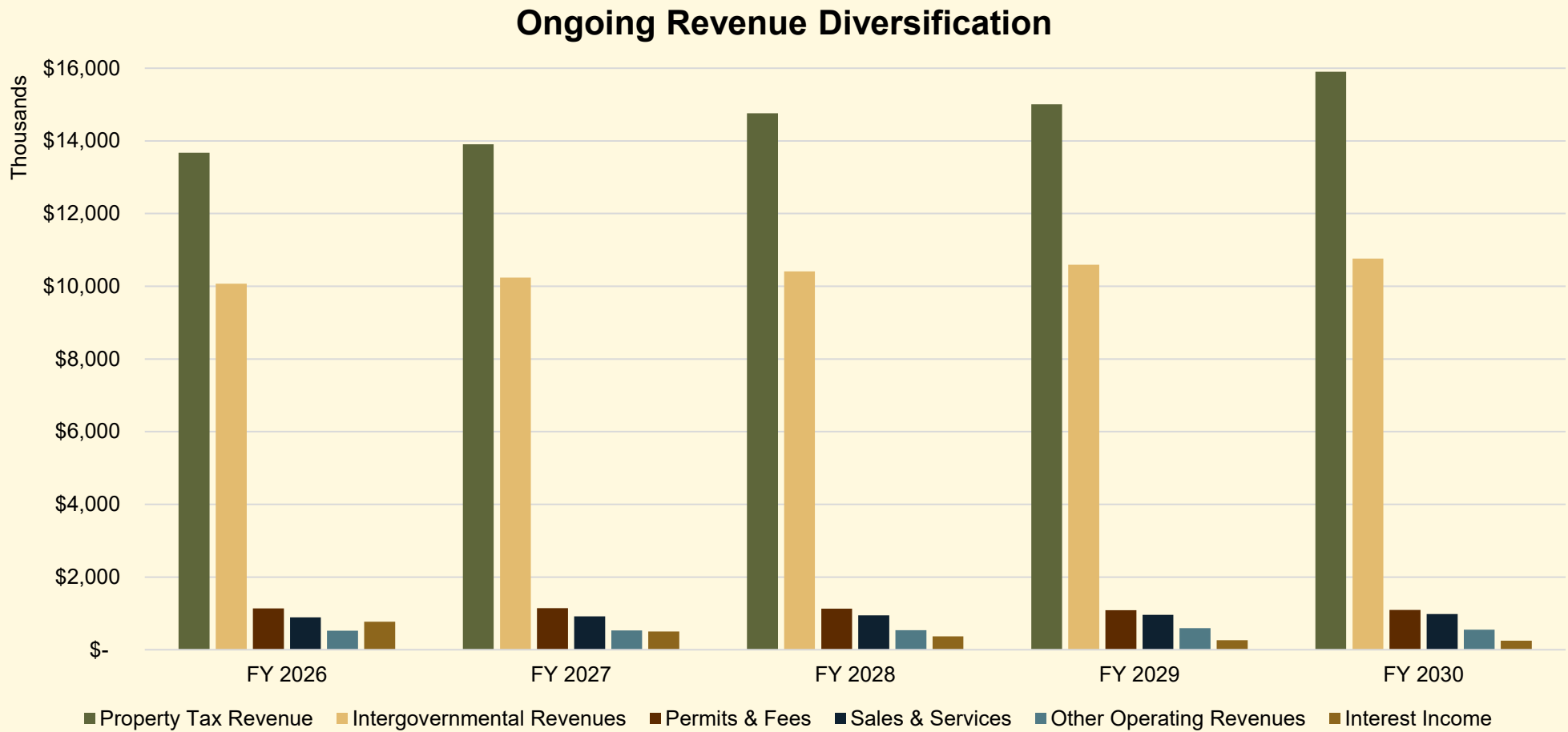
Five-Year Financial Forecast



Other Financing Sources

- Includes sales of surplus assets, debt issuances for assets acquired that are accounted for in the General Fund, including lease and software subscription liabilities, and transfers into the General Fund from other funds
- Assumptions:
 - Sales of assets primarily consist of vehicle sales
 - Lease liabilities are estimated for the vehicles that are planned to be acquired each year under the Enterprise Fleet Management program
 - 2% annual cost inflation for the value of the vehicles being leased

Five-Year Financial Forecast



Questions or
takeaways regarding
revenues?

Salaries & Benefits

- Includes all approved positions, COLA, merit and market increases, overtime, and associated benefits (FICA, group insurance, retirement, and workers compensation insurance)
 - The Village pays 100% of employee coverage for medical, dental, and vision group insurance
- Adds anticipated new positions or other changes in FTEs
- Turnover rates account for the portion that is estimated to not be realized due to vacant positions, promotions, and prorations per policy based on historical actual realization rates for COLA and merit

Five-Year Financial Forecast



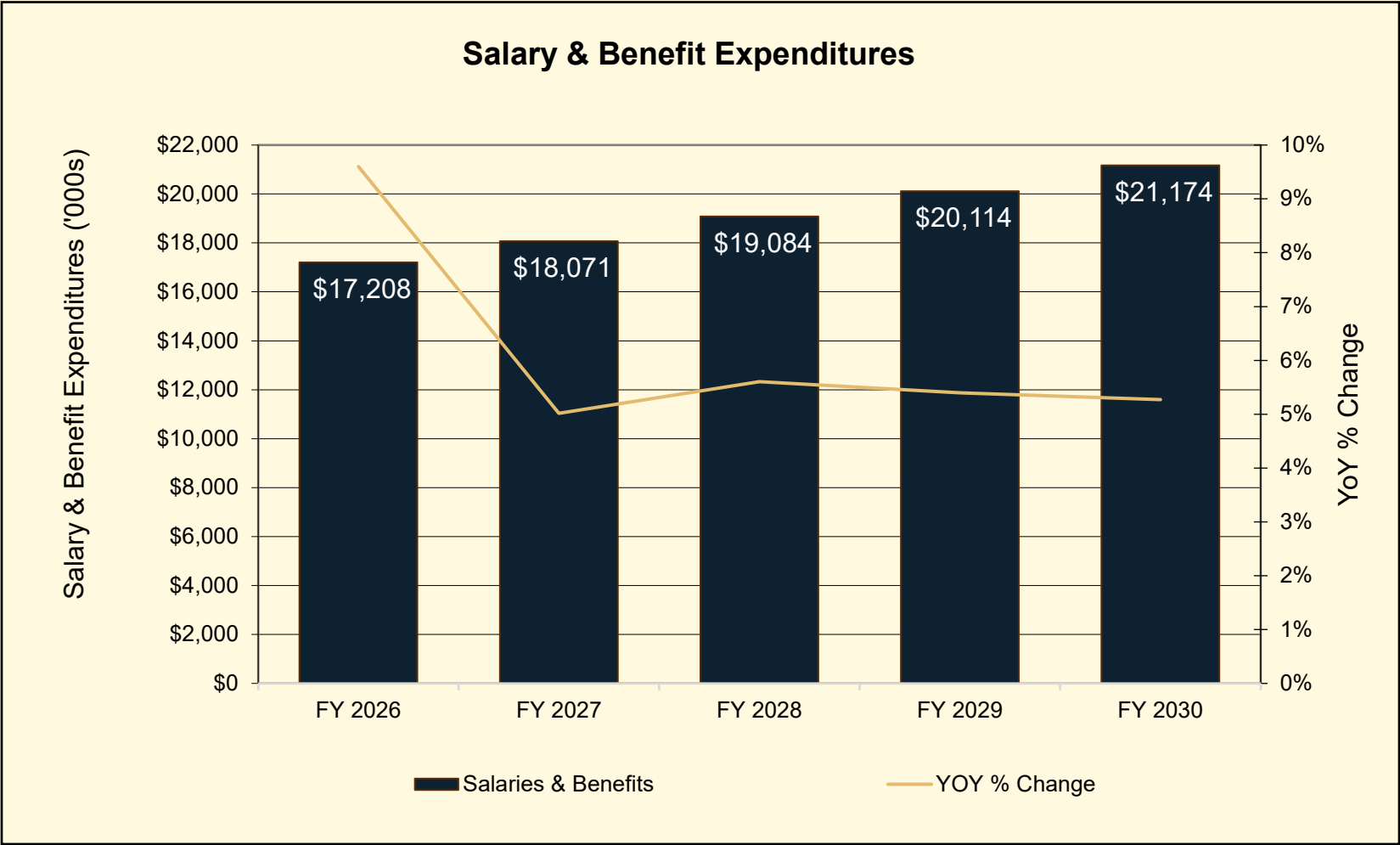
Salaries & Benefits (continued)

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Total FTEs	165.3	172.6	173.6	176.6	176.6	176.6
<i>Changes:</i>						
Fire		+6				
Planning		+0.3				
Buildings & Grounds		+1				
Library & Archives			+1	+3		

Salaries & Benefits (continued)

- Assumptions:
 - 2% annual COLA increases effective July 1 with a 5% turnover rate
 - 2% average annual merit increases effective October 1 (3/4 of the year) with a 10% turnover rate
 - 0.5% increase in FY 2028 and FY 2030 for biennial compensation study
 - Insurance benefits are 15% of eligible salaries based on 5-year average historical trend
 - 401(k) benefit is 5% of eligible salaries per policy
 - Pension benefit for non-LEO employees is 14.39% of salaries in FY 2026, increasing by 0.75% each year based on past trend of annual rate increases
 - Pension benefit for LEO employees is 16.08% of salaries in FY 2026, increasing by 1% each year based on past trend of annual rate increases

Five-Year Financial Forecast



- Benefits range from 41% to 43% of salaries

Operating Expenditures

- Includes expenditures that are not salaries and benefits or capital, such as property and liability insurance, contracted and professional services, uniforms, supplies, repairs and maintenance, service charges, travel and training, and utilities
- Adjustments are made for expenditures that are normal but don't occur every year, such as election costs, community surveys, and compensation study services
- Costs or savings associated with new initiatives are factored into the appropriate year, such as new operating costs for the library building or new software subscription costs
- One-time (non-recurring) costs are shown separately

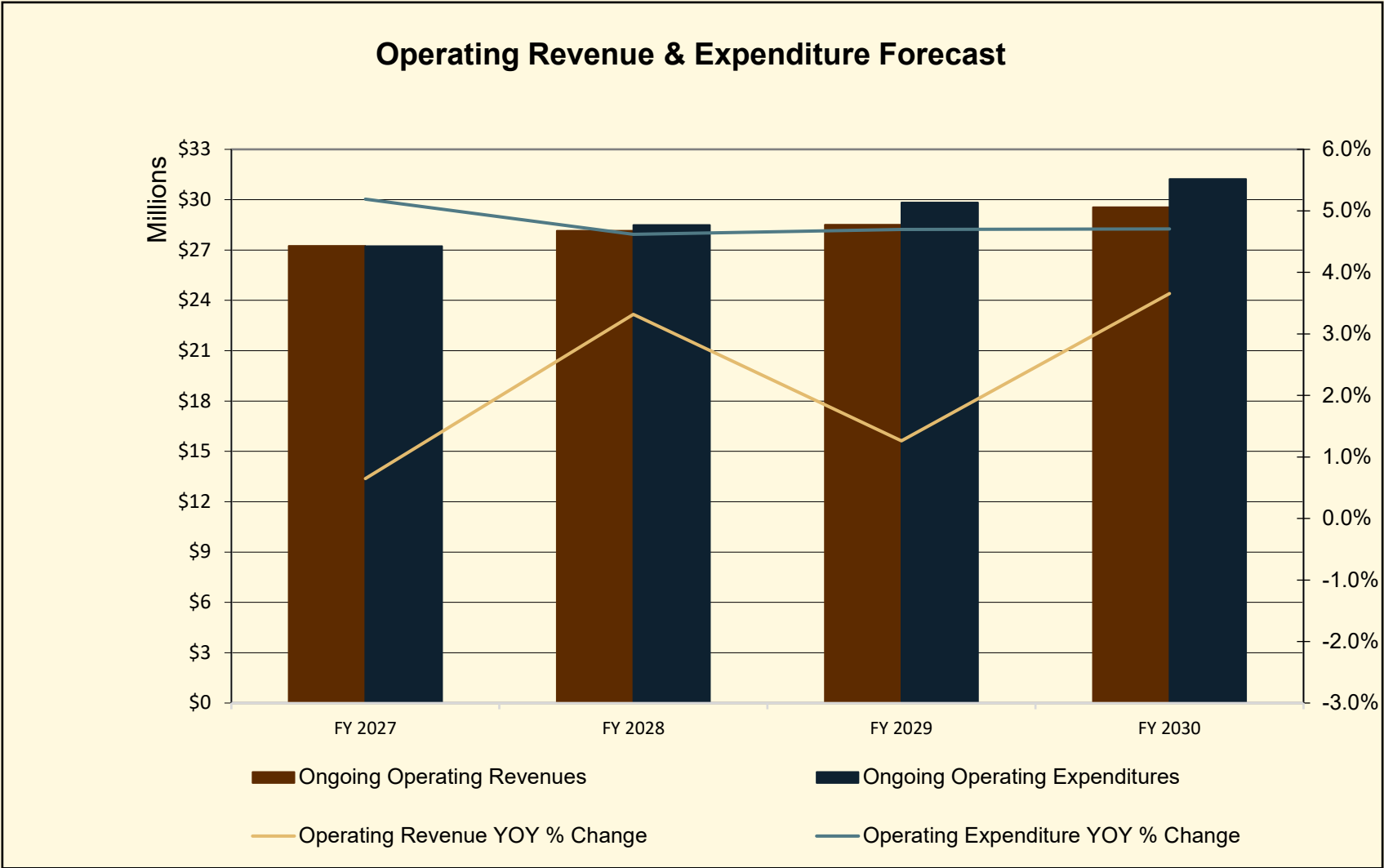
Operating Expenditures (continued)

- Assumptions:
 - 2% annual increase in baseline ongoing operating expenditures
 - \$125K in operating costs for the new library building, such as utilities and maintenance, are added in FY 2027
 - \$60K estimate each for a new HR system in FY 2028 and a new accounting system in FY 2030
 - \$21K per year in operating costs for 6 new firefighters
 - \$17K+ savings per year in fleet fuel and maintenance costs from the Enterprise Fleet Management program
 - \$150K in US Open Experience expenditures in FY 2029 (one-time)

Debt Service

- Includes principal and interest payments on long-term debt
 - Lease and software subscription liabilities
 - Installment financing contracts
 - Bonds
- Assumptions:
 - Debt service payments on the existing lease and subscription liabilities
 - Estimated debt service payments on the projected new vehicle leases under the Enterprise Fleet Management program
 - No installment financing contracts or bonds are currently in the forecast

Five-Year Financial Forecast



Capital Expenditures

- Includes expenditures to purchase or improve assets that cost \$5K or more per unit
- Does not include repairs and maintenance to keep assets in working condition
- All capital items in the forecast are detailed in the CIP schedules
- Budget is for the full cost (capital outlay)
- One-time (non-recurring) costs are shown separately:
 - New software implementations
 - Village Place development (road infrastructure)
 - Library sidewalk connections
 - Trail bridge restoration
 - Master Plan implementations
 - New buildings or building improvements

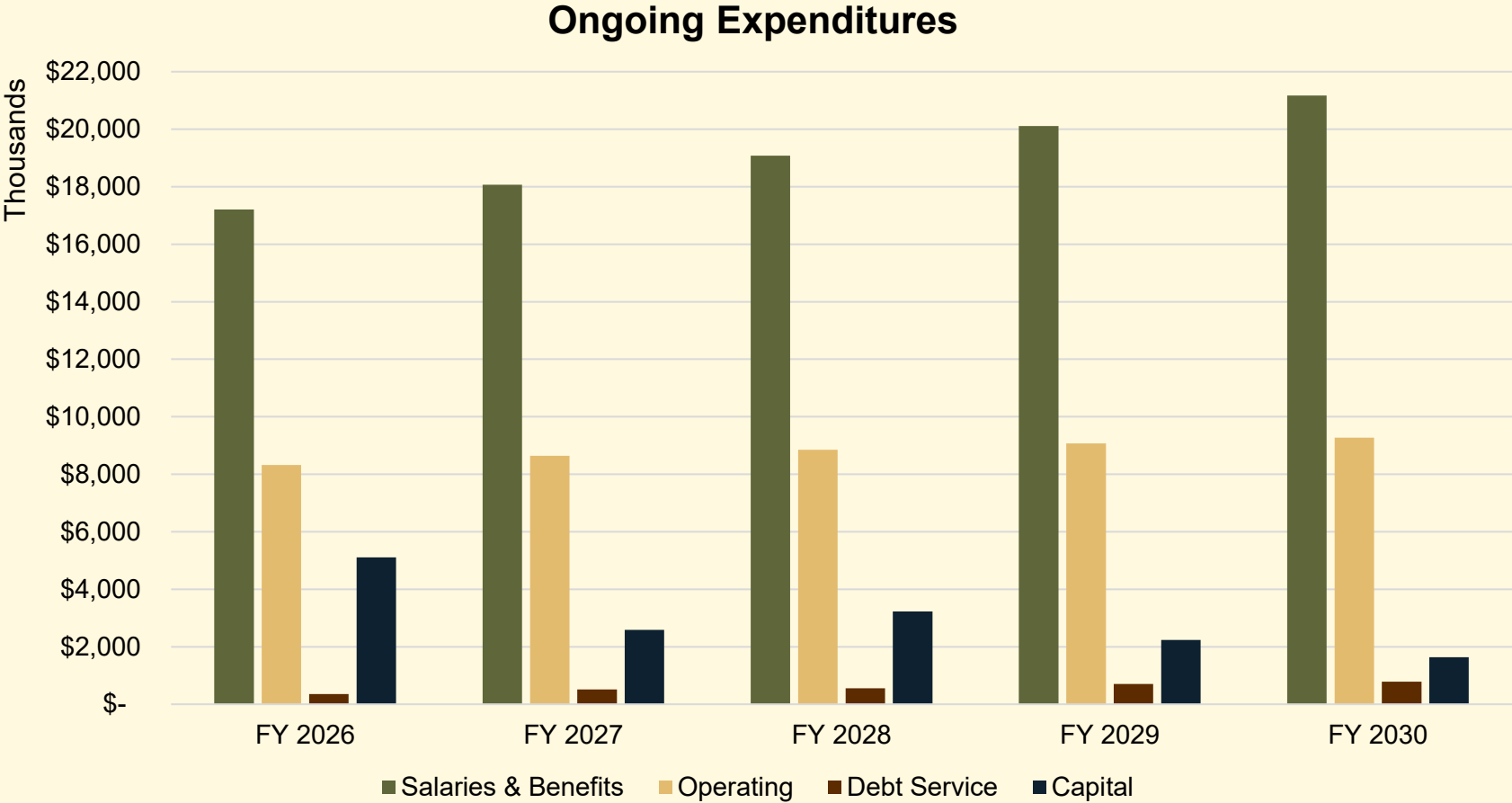


Other Financing Uses

- Includes transfers to other funds, which is use of General Fund resources (revenues or fund balance) to pay for expenditures of another fund
- Assumptions (in thousands):

Fund	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Library Expansion Capital Project Fund	\$1,910	\$2,150			
SAFER Grant Special Revenue Fund	53	126	\$242	\$198	
Fire Facility Capital Project Fund				400	
Total OFU	\$1,963	\$2,276	\$242	\$598	-

Five-Year Financial Forecast



- Salaries & benefits make up 65-67% of ongoing operating expenditures and are growing 5% per year

Questions or
takeaways regarding
expenditures?

Summary

- Revenues Over (Under) Expenditures
 - If revenues are more than expenditures, the amount is positive and it is a projected addition to fund balance
 - If revenues are less than expenditures, the amount is negative and it is a projected use of fund balance (fund balance appropriation in the budget year)
- Capital as a Percent of Total Expenditures
 - Target range is 7-11%
 - Can have outliers, particularly if there is a large one-time project
 - Later years in the forecast tend to be lower since we're not able to accurately project capital needs that far out. Things are added as the years get closer.

Fund Balance Projection

- Beginning fund balance for FY 2026 is the actual
- Revenues Over (Under) Expenditures is the estimated addition to or use of fund balance from the revenue and expenditure projections
- Budget to Actual Variance (BAV) is an estimate of how much actual revenues and expenditures will differ from projected amounts
 - BAV assumes actual operating revenues are 1% higher than projected and actual operating expenditures are 7% under the projection
 - Assumptions are based on historical trends of BAV achieved
 - Assumes debt service and capital are fully spent
 - Gives us a better estimate of ending fund balance

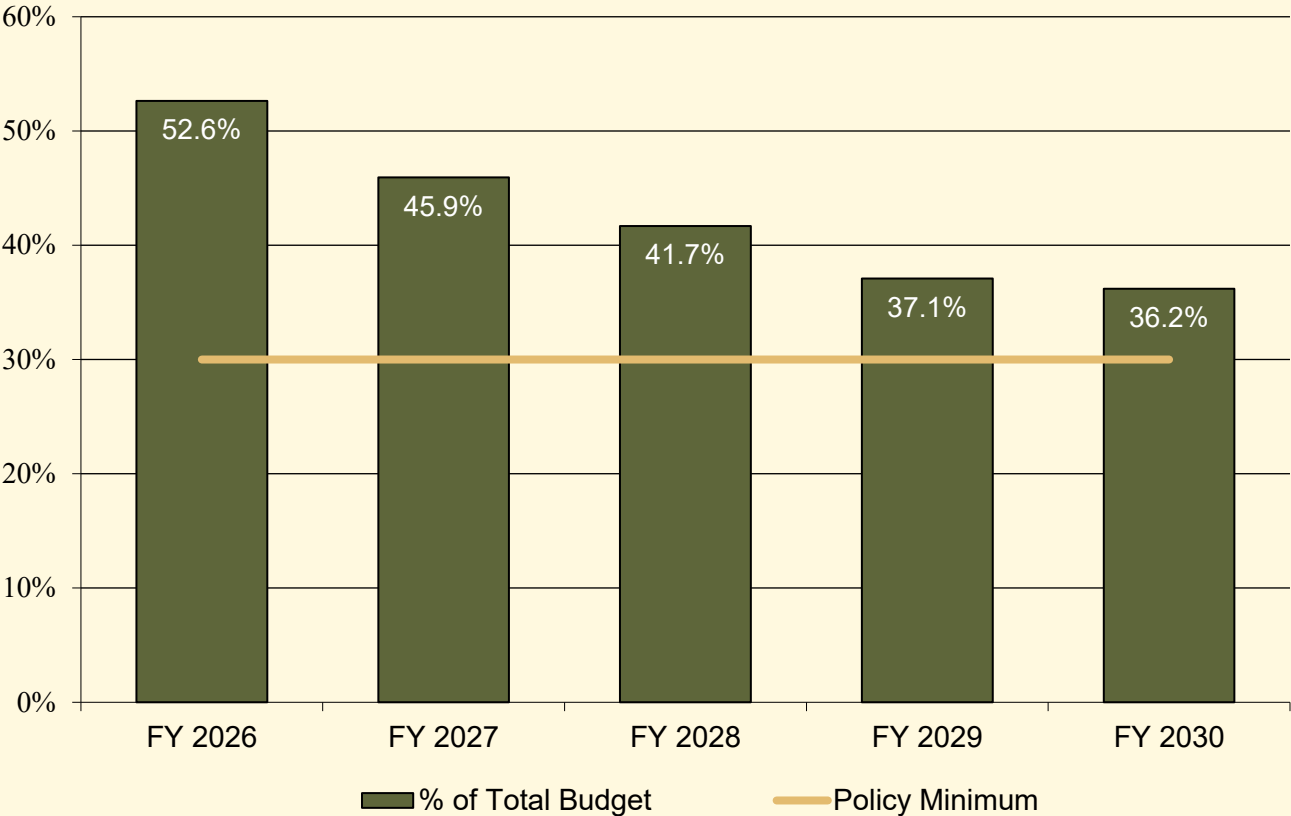
Fund Balance Projection (continued)

- Projected ending fund balance is used to calculate Part 1 of our Fund Balance Policy – Fund Balance as a % of total budgeted expenditures should be at least 30%
- Total budgeted expenditures includes Other Financings Uses (transfers to other funds)
- This has been double the required 30% the last few years as fund balance was built up to pay for the new library and archives
- Fund balance is projected to go down over the forecast as it is used for the library, archives, other capital, and structural deficits in the latter years

Five-Year Financial Forecast



Fund Balance as a % of Budgeted Expenditures



Questions or
takeaways regarding
fund balance?

Ongoing vs. One-Time (Structural Budget Balancing)



Ongoing vs. One-Time

- One-time = non-recurring
- Anything else is ongoing

Type	Description	Examples
Ongoing Revenues	Revenues received each year, typically in consistent and reliable amounts	Nearly all operating revenues, Powell Bill and Library State Aid grants
One-Time Revenues	Revenues received once or for a limited time and limited purpose	US Open licensing fees, grant for a specific purpose
Ongoing Expenditures	Expenditures incurred each year to maintain service delivery and assets	Most operating costs, routine vehicle and equipment replacements
One-Time Expenditures	Costs that will not occur each year, expenditures funded from one-time revenues, new capital purchases	Discrete projects (i.e. PDO rewrite), \$25K in funding above normal maintenance level for track, new fleet purchase, Village Place infrastructure

Ongoing vs. One-Time (Continued)

- Ongoing expenditures should be supported by ongoing revenues per our policy and best practices (ensures stability)
 - Ongoing operating deficits will need to be addressed (this is a structural deficit)
 - Total ongoing deficits may be ok as long as we are comfortable using fund balance to pay for some ongoing capital
- One-time expenditures can be funded from any source (ongoing revenues, one-time revenues, or fund balance)
 - One-time deficits are ok as long as we intend to use ongoing revenues or fund balance for those expenditures

Ongoing vs. One-Time (Continued)

- The estimated BAV affects the ongoing operating surplus (deficit)
- Operating Margin and Fund Balance as a % of Budget are important metrics to assess overall compliance with our policy

Operating Margin

- % of ongoing revenues used to fund ongoing operating expenditures, including the BAV assumptions
- We tend to present it in decimal form (0.90 is 90%)
- Target range is 0.90-0.93
- Lower means we have more operating surplus to fund capital and other financing uses or add to fund balance
- Higher means operating revenues and expenditures are close and we have less surplus and will use more fund balance for capital
- Greater than 1 means we have an operating deficit including the BAV

Revaluation Discussion

SOP Calendar

SOP Calendar



- December 12 – Council Brainstorming Session
- January 29 – Council Strategic Planning Retreat
- February-March – Village Staff develop the draft FY 2027 SOP, including the FY 2027-2031 forecast
- April 14 – VM presents the budget preview to Council
- April 28 – Council budget work session
- May 12 – VM presents the proposed SOP
- May 26 – FY 2027 budget public hearing
- June 9 – Council adopts the FY 2027 budget

Five-Year Financial Forecast
Council Dashboard

Scenario:
Baseline

<i>\$ in Thousands</i>	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Total Revenues & OFS	\$ 27,995	\$ 28,205	\$ 29,058	\$ 29,856	\$ 30,328
Operating Expenditures	26,435	27,232	28,490	30,043	31,232
<i>Operating Income (Loss)</i>	1,560	973	568	(187)	(904)
Capital Expenditures	5,855	3,649	4,115	2,836	1,935
Other Financing Uses	1,963	2,276	242	598	-
Total Expenditures & OFU	\$ 34,253	\$ 33,157	\$ 32,847	\$ 33,477	\$ 33,167

<i>\$ in Thousands</i>	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Beginning Fund Balance	\$ 22,183	\$ 18,031	\$ 15,231	\$ 13,688	\$ 12,412
Revenues Over (Under) Expenditures	(6,258)	(4,952)	(3,789)	(3,621)	(2,839)
Budget to Actual Variance	2,106	2,152	2,246	2,345	2,435
Projected Actual Gain/(Loss)	(4,152)	(2,800)	(1,543)	(1,276)	(404)
Projected Ending GF Fund Balance	18,031	15,231	13,688	12,412	12,008
% of Total Budget	52.6%	45.9%	41.7%	37.1%	36.2%
<i>Baseline</i>	52.6%	45.9%	41.7%	37.1%	36.2%
<i>Change vs. Baseline</i>	0.0%	0.0%	0.0%	0.0%	0.0%
Estimated Operating Margin	0.85	0.89	0.90	0.94	0.95
<i>Baseline</i>	0.85	0.89	0.90	0.94	0.95
<i>Change vs. Baseline</i>	-	-	-	-	-

Whole \$

Ad Valorem Taxes:

	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Tax Rate Change	\$ -	\$ -	\$ 0.010	\$ -	\$ 0.010
<i>Tax Rate</i>	\$ 0.225	\$ 0.225	\$ 0.235	\$ 0.235	\$ 0.245
<i>Average residential tax bill (\$500K value)</i>	\$ 1,125	\$ 1,125	\$ 1,175	\$ 1,175	\$ 1,225
<i>Change to average residential tax bill</i>	\$ -	\$ -	\$ 50	\$ -	\$ 50
<i>Value of \$0.01 Tax Rate</i>	\$ 608,000	\$ 618,000	\$ 628,000	\$ 639,000	\$ 649,000
<i>Property Tax Revenues</i>	\$ 13,675,000	\$ 13,904,000	\$ 14,758,000	\$ 15,007,000	\$ 15,905,000
<i>Baseline</i>	\$ 13,675,000	\$ 13,904,000	\$ 14,758,000	\$ 15,007,000	\$ 15,905,000
<i>Change vs. Baseline</i>	\$ -	\$ -	\$ -	\$ -	\$ -

Five-Year Financial Forecast Council Dashboard

Scenario:
Baseline

Whole \$

Development:

	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Pinewild Phase 5 homes built	-	40	37	-	-
Pinewild Phase 5 average home value	\$ -	\$ 1,000,000	\$ 1,000,000	\$ -	\$ -
Pinewild Phase 5 P&I fees	\$ -	\$ 28,800	\$ 26,640	\$ -	\$ -
Pinewild Phase 5 P&Z fees	\$ -	\$ 15,510	\$ -	\$ -	\$ -
Pinewild Phase 4 annexation	No	No	No	Yes	Yes
Pinewild Phase 4 homes built				40	40
Pinewild Phase 4 average home value				\$ 1,000,000	\$ 1,000,000

Improve Fire Response Times IAP:

# Firefighter FTEs added	6.00	-	-	-	-
Salaries & Benefits Cost per Firefighter	\$ 35,500	\$ 78,900	\$ 82,800	\$ 86,500	\$ 90,700
SAFER grant received	Yes	Yes	Yes	Yes	No
SAFER grant amount (in SRF)	\$ 159,668	\$ 347,019	\$ 254,537	\$ 76,270	\$ -
SAFER grant Village share	\$ 53,223	\$ 125,960	\$ 242,175	\$ 442,716	\$ 544,200
Operating Costs - One-Time	\$ 104,000	\$ -	\$ -	\$ -	\$ -
Operating Costs - Ongoing	\$ -	\$ 21,000	\$ -	\$ -	\$ -
Capital Costs	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Financed (Capital Project Fund)	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Fund Balance Financed (OFU)	\$ -	\$ -	\$ -	\$ 400,000	\$ -

Downtown Parking Facility:

# spaces	-	-	-	-	-
Construction cost per space	\$ 33,000	\$ 33,700	\$ 34,400	\$ 35,100	\$ 35,800
Operating Costs	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Costs	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Financed (Capital Project Fund)	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balance Financed (OFU)	\$ -	\$ -	\$ -	\$ -	\$ -

Five-Year Financial Forecast Council Dashboard

Scenario:
Baseline

Whole \$

Multi-Modal Plan/Golf Cart Paths:

	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Baseline annual capital funding	\$ 460,000	\$ 460,000	\$ 460,000	\$ 460,000	\$ 460,000
Additional funding	\$ -	\$ -	\$ -	\$ -	\$ -
Total funding	\$ 460,000	\$ 460,000	\$ 460,000	\$ 460,000	\$ 460,000

Stormwater Improvements:

Baseline annual capital funding	\$ 450,000	\$ 450,000	\$ 450,000	\$ 450,000	\$ 450,000
Additional funding	\$ -	\$ -	\$ -	\$ -	\$ -
Total funding	\$ 450,000	\$ 450,000	\$ 450,000	\$ 450,000	\$ 450,000

Parks & Recreation Master Plan:

Operating	\$ -	\$ -	\$ -	\$ -	\$ -
Capital	\$ -	\$ -	\$ 750,000	\$ -	\$ -

Other Significant Capital:

Fire Ladder Truck	\$ -	\$ -	\$ -	\$ -	\$ -
Camelot Playground	\$ -	\$ -	\$ -	\$ -	\$ -
Village Place Development (Infrastructure)	\$ -	\$ 500,000	\$ -	\$ -	\$ 300,000
Library Sidewalk Connections	\$ 350,000	\$ -	\$ -	\$ -	\$ -
Trail Bridges	\$ 200,000	\$ 145,000	\$ -	\$ -	\$ -
Salt/Brine Storage Building	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -	\$ -

Village of Pinehurst
Five-Year Income and Expense Projections
Summary of Revenues and Expenditures
FY 2026-2030

Five-Year Financial Forecast FY 2026-2030

	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Property Tax Rate	\$ 0.225	\$ 0.225	\$ 0.235	\$ 0.235	\$ 0.245
Ongoing Revenues					
Property Tax Revenue	\$ 13,675,000	\$ 13,904,000	\$ 14,758,000	\$ 15,007,000	\$ 15,905,000
Intergovernmental Revenues	10,069,400	10,242,700	10,412,700	10,590,700	10,762,700
Permits & Fees	1,136,800	1,144,000	1,131,000	1,087,000	1,092,000
Sales & Services	892,830	918,000	943,000	958,000	985,000
Other Operating Revenues	524,200	530,000	536,000	593,000	550,000
Interest Income	768,000	503,000	365,000	265,000	248,000
Ongoing Operating Revenues	27,066,230	27,241,700	28,145,700	28,500,700	29,542,700
Sales of Assets (OFS)	100,000	151,100	224,000	162,900	483,100
Vehicle Lease Liabilities Issued (OFS)	828,800	812,400	687,800	592,000	302,500
Total Ongoing Revenues	27,995,030	28,205,200	29,057,500	29,255,600	30,328,300
Ongoing Expenditures					
Personnel in FTEs	172.6	173.6	176.6	176.6	176.6
Ongoing Salaries and Benefits	\$ 17,172,300	\$ 18,002,500	\$ 18,855,500	\$ 19,752,700	\$ 20,906,300
New Positions Salaries and Benefits	35,500	68,600	228,300	296,000	267,800
Operating	8,323,590	8,645,100	8,848,200	9,070,700	9,274,100
Debt Service	357,050	516,000	558,000	709,000	784,000
Ongoing Operating Expenditures	25,888,440	27,232,200	28,490,000	29,828,400	31,232,200
Operating Surplus (Deficit)	1,177,790	9,500	(344,300)	(1,327,700)	(1,689,500)
Ongoing Asset Replacements (Capital)	5,106,500	2,581,400	3,229,500	2,231,000	1,635,000
Total Ongoing Expenditures	30,994,940	29,813,600	31,719,500	32,059,400	32,867,200
Ongoing Surplus (Deficit)	(2,999,910)	(1,608,400)	(2,662,000)	(2,803,800)	(2,538,900)
One-Time Revenues					
Grants	\$ -	\$ -	\$ -	\$ -	\$ -
Permits & Fees	-	-	-	600,000	-
Other Financing Sources (OFS)	-	-	-	-	-
Total One-Time Revenues	-	-	-	600,000	-
One-Time Expenditures					
Salaries and Benefits	\$ -	\$ -	\$ -	\$ 65,000	\$ -
Operating	546,280	-	-	150,000	-
Capital	748,100	1,068,000	885,000	605,000	300,000
Transfers/Other Financing Uses (OFU)	1,963,000	2,276,000	242,000	598,000	-
Total One-Time Expenditures	3,257,380	3,344,000	1,127,000	1,418,000	300,000
One-Time Surplus (Deficit)	\$ (3,257,380)	\$ (3,344,000)	\$ (1,127,000)	\$ (818,000)	\$ (300,000)
Summary	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Total Revenues	\$ 27,066,230	\$ 27,241,700	\$ 28,145,700	\$ 29,100,700	\$ 29,542,700
Total Other Financing Sources (OFS)	928,800	963,500	911,800	754,900	785,600
Total Revenues & OFS	27,995,030	28,205,200	29,057,500	29,855,600	30,328,300
Total Operating Expenditures	26,434,720	27,232,200	28,490,000	30,043,400	31,232,200
Total Capital Expenditures	5,854,600	3,649,400	4,114,500	2,836,000	1,935,000
Total Other Financing Uses (OFU)	1,963,000	2,276,000	242,000	598,000	-
Total Expenditures & OFU	34,252,320	33,157,600	32,846,500	33,477,400	33,167,200
Revenues Over (Under) Expenditures	\$ (6,257,290)	\$ (4,952,400)	\$ (3,789,000)	\$ (3,621,800)	\$ (2,838,900)

Village of Pinehurst
Five-Year Income and Expense Projections
Summary of Revenues and Expenditures
FY 2026-2030

Five-Year Financial Forecast FY 2026-2030

Capital As a Percent of Total Expenditures:

	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Total Expenditures & OFU	\$ 34,252,320	\$ 33,157,600	\$ 32,846,500	\$ 33,477,400	\$ 33,167,200
Total Capital Expenditures	5,854,600	3,649,400	4,114,500	2,836,000	1,935,000
% of Total Expenditures	17.1%	11.0%	12.5%	8.5%	5.8%

Projected Impact on Fund Balance in the General Fund:

	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Beginning Fund Balance	\$ 22,183,312	\$ 18,031,422	\$ 15,231,222	\$ 13,688,022	\$ 12,412,222
Revenues Over (Under) Expenditures	(6,257,290)	(4,952,400)	(3,789,000)	(3,621,800)	(2,838,900)
Budget to Actual Variance ¹	2,105,400	2,152,200	2,245,800	2,346,000	2,434,700
Projected Increase (Decrease)	(4,151,890)	(2,800,200)	(1,543,200)	(1,275,800)	(404,200)
Projected Ending GF Fund Balance	\$ 18,031,422	\$ 15,231,222	\$ 13,688,022	\$ 12,412,222	\$ 12,008,022
% of Total Budget	52.6%	45.9%	41.7%	37.1%	36.2%
Required Reserve (30% of Expenditures)	\$ 10,275,696	\$ 9,947,280	\$ 9,853,950	\$ 10,043,220	\$ 9,950,160
Balance Above (Below) Reserve	\$ 7,755,726	\$ 5,283,942	\$ 3,834,072	\$ 2,369,002	\$ 2,057,862

¹ Assumes actual ongoing revenues of 101% of budget and actual operating expenditures of 93% of budget

Estimated Operating Margin ¹	0.85	0.89	0.90	0.94	0.95
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Five-Year Financial Forecast
Council Dashboard

Scenario:
No Pinewild Phase 4 Annexation

<i>\$ in Thousands</i>	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Total Revenues & OFS	\$ 27,995	\$ 28,205	\$ 29,058	\$ 29,756	\$ 30,119
Operating Expenditures	26,435	27,232	28,490	30,043	31,232
<i>Operating Income (Loss)</i>	1,560	973	568	(287)	(1,113)
Capital Expenditures	5,855	3,649	4,115	2,836	1,935
Other Financing Uses	1,963	2,276	242	598	-
Total Expenditures & OFU	\$ 34,253	\$ 33,157	\$ 32,847	\$ 33,477	\$ 33,167

<i>\$ in Thousands</i>	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Beginning Fund Balance	\$ 22,183	\$ 18,031	\$ 15,231	\$ 13,688	\$ 12,311
Revenues Over (Under) Expenditures	(6,258)	(4,952)	(3,789)	(3,721)	(3,048)
Budget to Actual Variance	2,106	2,152	2,246	2,344	2,433
Projected Actual Gain/(Loss)	(4,152)	(2,800)	(1,543)	(1,377)	(615)
Projected Ending GF Fund Balance	18,031	15,231	13,688	12,311	11,696
% of Total Budget	52.6%	45.9%	41.7%	36.8%	35.3%
<i>Baseline</i>	52.6%	45.9%	41.7%	37.1%	36.2%
<i>Change vs. Baseline</i>	0.0%	0.0%	0.0%	-0.3%	-0.9%
Estimated Operating Margin	0.85	0.89	0.90	0.94	0.96
<i>Baseline</i>	0.85	0.89	0.90	0.94	0.95
<i>Change vs. Baseline</i>	-	-	-	0.00	0.01

Whole \$

Ad Valorem Taxes:

	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Tax Rate Change	\$ -	\$ -	\$ 0.010	\$ -	\$ 0.010
<i>Tax Rate</i>	\$ 0.225	\$ 0.225	\$ 0.235	\$ 0.235	\$ 0.245
<i>Average residential tax bill (\$500K value)</i>	\$ 1,125	\$ 1,125	\$ 1,175	\$ 1,175	\$ 1,225
<i>Change to average residential tax bill</i>	\$ -	\$ -	\$ 50	\$ -	\$ 50
<i>Value of \$0.01 Tax Rate</i>	\$ 608,000	\$ 618,000	\$ 628,000	\$ 634,000	\$ 641,000
<i>Property Tax Revenues</i>	\$ 13,675,000	\$ 13,904,000	\$ 14,758,000	\$ 14,908,000	\$ 15,700,000
<i>Baseline</i>	\$ 13,675,000	\$ 13,904,000	\$ 14,758,000	\$ 15,007,000	\$ 15,905,000
<i>Change vs. Baseline</i>	\$ -	\$ -	\$ -	\$ (99,000)	\$ (205,000)

Five-Year Financial Forecast Council Dashboard

Scenario:
No Pinewild Phase 4 Annexation

Whole \$

Development:

Pinewild Phase 5 homes built
Pinewild Phase 5 average home value
Pinewild Phase 5 P&I fees
Pinewild Phase 5 P&Z fees
Pinewild Phase 4 annexation
Pinewild Phase 4 homes built
Pinewild Phase 4 average home value

	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
	-	40	37	-	-
\$	-	\$ 1,000,000	\$ 1,000,000	\$ -	\$ -
\$	-	\$ 28,800	\$ 26,640	\$ -	\$ -
\$	-	\$ 15,510	\$ -	\$ -	\$ -
	No	No	No	No	No

Improve Fire Response Times IAP:

Firefighter FTEs added
Salaries & Benefits Cost per Firefighter
SAFER grant received
SAFER grant amount (in SRF)
SAFER grant Village share
Operating Costs - One-Time
Operating Costs - Ongoing
Capital Costs
Debt Financed (Capital Project Fund)
Capital Fund Balance Financed (OFU)

	6.00	-	-	-	-
\$	35,500	\$ 78,900	\$ 82,800	\$ 86,500	\$ 90,700
	Yes	Yes	Yes	Yes	No
\$	159,668	\$ 347,019	\$ 254,537	\$ 76,270	\$ -
\$	53,223	\$ 125,960	\$ 242,175	\$ 442,716	\$ 544,200
\$	104,000	\$ -	\$ -	\$ -	\$ -
\$	-	\$ 21,000	\$ -	\$ -	\$ -
\$	-	\$ -	\$ -	\$ -	\$ -
\$	-	\$ -	\$ -	\$ -	\$ -
\$	-	\$ -	\$ -	\$ 400,000	\$ -

Downtown Parking Facility:

spaces
Construction cost per space
Operating Costs
Capital Costs
Debt Financed (Capital Project Fund)
Fund Balance Financed (OFU)

	-	-	-	-	-
\$	33,000	\$ 33,700	\$ 34,400	\$ 35,100	\$ 35,800
\$	-	\$ -	\$ -	\$ -	\$ -
\$	-	\$ -	\$ -	\$ -	\$ -
\$	-	\$ -	\$ -	\$ -	\$ -
\$	-	\$ -	\$ -	\$ -	\$ -

**Five-Year Financial Forecast
Council Dashboard**

**Scenario:
No Pinewild Phase 4 Annexation**

Whole \$

Multi-Modal Plan/Golf Cart Paths:

	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Baseline annual capital funding	\$ 460,000	\$ 460,000	\$ 460,000	\$ 460,000	\$ 460,000
Additional funding	\$ -	\$ -	\$ -	\$ -	\$ -
Total funding	\$ 460,000	\$ 460,000	\$ 460,000	\$ 460,000	\$ 460,000

Stormwater Improvements:

Baseline annual capital funding	\$ 450,000	\$ 450,000	\$ 450,000	\$ 450,000	\$ 450,000
Additional funding	\$ -	\$ -	\$ -	\$ -	\$ -
Total funding	\$ 450,000	\$ 450,000	\$ 450,000	\$ 450,000	\$ 450,000

Parks & Recreation Master Plan:

Operating	\$ -	\$ -	\$ -	\$ -	\$ -
Capital	\$ -	\$ -	\$ 750,000	\$ -	\$ -

Other Significant Capital:

Fire Ladder Truck	\$ -	\$ -	\$ -	\$ -	\$ -
Camelot Playground	\$ -	\$ -	\$ -	\$ -	\$ -
Village Place Development (Infrastructure)	\$ -	\$ 500,000	\$ -	\$ -	\$ 300,000
Library Sidewalk Connections	\$ 350,000	\$ -	\$ -	\$ -	\$ -
Trail Bridges	\$ 200,000	\$ 145,000	\$ -	\$ -	\$ -
Salt/Brine Storage Building	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -	\$ -

Village of Pinehurst
Five-Year Income and Expense Projections
Summary of Revenues and Expenditures
FY 2026-2030

No Pinewild Phase 4 Annexation

Five-Year Financial Forecast FY 2026-2030

	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Property Tax Rate	\$ 0.225	\$ 0.225	\$ 0.235	\$ 0.235	\$ 0.245
Ongoing Revenues					
Property Tax Revenue	\$ 13,675,000	\$ 13,904,000	\$ 14,758,000	\$ 14,908,000	\$ 15,700,000
Intergovernmental Revenues	10,069,400	10,242,700	10,412,700	10,590,700	10,762,700
Permits & Fees	1,136,800	1,144,000	1,131,000	1,087,000	1,092,000
Sales & Services	892,830	918,000	943,000	958,000	985,000
Other Operating Revenues	524,200	530,000	536,000	593,000	550,000
Interest Income	768,000	503,000	365,000	264,000	244,000
Ongoing Operating Revenues	27,066,230	27,241,700	28,145,700	28,400,700	29,333,700
Sales of Assets (OFS)	100,000	151,100	224,000	162,900	483,100
Vehicle Lease Liabilities Issued (OFS)	828,800	812,400	687,800	592,000	302,500
Total Ongoing Revenues	27,995,030	28,205,200	29,057,500	29,155,600	30,119,300
Ongoing Expenditures					
Personnel in FTEs	172.6	173.6	176.6	176.6	176.6
Ongoing Salaries and Benefits	\$ 17,172,300	\$ 18,002,500	\$ 18,855,500	\$ 19,752,700	\$ 20,906,300
New Positions Salaries and Benefits	35,500	68,600	228,300	296,000	267,800
Operating	8,323,590	8,645,100	8,848,200	9,070,700	9,274,100
Debt Service	357,050	516,000	558,000	709,000	784,000
Ongoing Operating Expenditures	25,888,440	27,232,200	28,490,000	29,828,400	31,232,200
Operating Surplus (Deficit)	1,177,790	9,500	(344,300)	(1,427,700)	(1,898,500)
Ongoing Asset Replacements (Capital)	5,106,500	2,581,400	3,229,500	2,231,000	1,635,000
Total Ongoing Expenditures	30,994,940	29,813,600	31,719,500	32,059,400	32,867,200
Ongoing Surplus (Deficit)	(2,999,910)	(1,608,400)	(2,662,000)	(2,903,800)	(2,747,900)
One-Time Revenues					
Grants	\$ -	\$ -	\$ -	\$ -	\$ -
Permits & Fees	-	-	-	600,000	-
Other Financing Sources (OFS)	-	-	-	-	-
Total One-Time Revenues	-	-	-	600,000	-
One-Time Expenditures					
Salaries and Benefits	\$ -	\$ -	\$ -	\$ 65,000	\$ -
Operating	546,280	-	-	150,000	-
Capital	748,100	1,068,000	885,000	605,000	300,000
Transfers/Other Financing Uses (OFU)	1,963,000	2,276,000	242,000	598,000	-
Total One-Time Expenditures	3,257,380	3,344,000	1,127,000	1,418,000	300,000
One-Time Surplus (Deficit)	\$ (3,257,380)	\$ (3,344,000)	\$ (1,127,000)	\$ (818,000)	\$ (300,000)
Summary	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Total Revenues	\$ 27,066,230	\$ 27,241,700	\$ 28,145,700	\$ 29,000,700	\$ 29,333,700
Total Other Financing Sources (OFS)	928,800	963,500	911,800	754,900	785,600
Total Revenues & OFS	27,995,030	28,205,200	29,057,500	29,755,600	30,119,300
Total Operating Expenditures	26,434,720	27,232,200	28,490,000	30,043,400	31,232,200
Total Capital Expenditures	5,854,600	3,649,400	4,114,500	2,836,000	1,935,000
Total Other Financing Uses (OFU)	1,963,000	2,276,000	242,000	598,000	-
Total Expenditures & OFU	34,252,320	33,157,600	32,846,500	33,477,400	33,167,200
Revenues Over (Under) Expenditures	\$ (6,257,290)	\$ (4,952,400)	\$ (3,789,000)	\$ (3,721,800)	\$ (3,047,900)

Village of Pinehurst
Five-Year Income and Expense Projections
Summary of Revenues and Expenditures
FY 2026-2030

No Pinewild Phase 4 Annexation

Five-Year Financial Forecast FY 2026-2030

Capital As a Percent of Total Expenditures:

	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Total Expenditures & OFU	\$ 34,252,320	\$ 33,157,600	\$ 32,846,500	\$ 33,477,400	\$ 33,167,200
Total Capital Expenditures	5,854,600	3,649,400	4,114,500	2,836,000	1,935,000
% of Total Expenditures	17.1%	11.0%	12.5%	8.5%	5.8%

Projected Impact on Fund Balance in the General Fund:

	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Beginning Fund Balance	\$ 22,183,312	\$ 18,031,422	\$ 15,231,222	\$ 13,688,022	\$ 12,311,222
Revenues Over (Under) Expenditures	(6,257,290)	(4,952,400)	(3,789,000)	(3,721,800)	(3,047,900)
Budget to Actual Variance ¹	2,105,400	2,152,200	2,245,800	2,345,000	2,432,600
Projected Increase (Decrease)	(4,151,890)	(2,800,200)	(1,543,200)	(1,376,800)	(615,300)
Projected Ending GF Fund Balance	\$ 18,031,422	\$ 15,231,222	\$ 13,688,022	\$ 12,311,222	\$ 11,695,922
% of Total Budget	52.6%	45.9%	41.7%	36.8%	35.3%
Required Reserve (30% of Expenditures)	\$ 10,275,696	\$ 9,947,280	\$ 9,853,950	\$ 10,043,220	\$ 9,950,160
Balance Above (Below) Reserve	\$ 7,755,726	\$ 5,283,942	\$ 3,834,072	\$ 2,268,002	\$ 1,745,762

¹ Assumes actual ongoing revenues of 101% of budget and actual operating expenditures of 93% of budget

Estimated Operating Margin ¹	0.85	0.89	0.90	0.94	0.96
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VILLAGE OF PINEHURST
Capital Improvement Plan
Capital Asset Outlay Forecast Detail Worksheet (\$5,000 and above)

Fleet Purchase Plan

Description	Year	Life	Budget	CIP				Capital Category
			FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	
Buildings & Grounds								
John Deere Zero Turn Mower	2013	7	21,000	-	-	-	-	Ongoing
Kubota Tractor	2005	15	-	-	-	55,000	-	Ongoing
Fire								
Ford F450 - Brushtruck	2007	20	-	-	-	128,000	-	Ongoing
Kme Custom Pumper	2009	20	-	-	1,000,000	-	-	Ongoing
Fleet Maintenance								
Fuel Pumps	2018		32,000	-	-	-	-	Ongoing
Harness Track								
John Deere Zero Turn Mower	2019	7	-	-	19,000	-	-	Ongoing
John Deere Zero Turn Mower	2013	7	19,000	-	-	-	-	Ongoing
JD 4720 Tractor	2012	20	61,000	-	-	-	-	Ongoing
Solid Waste								
Freightliner Garbage Truck	2016	7	270,000	-	-	-	-	Ongoing
Freightliner Garbage Truck	2016	7	270,000	-	-	-	-	Ongoing
Freightline Garbage Truck	2021		-	-	-	-	285,000	Ongoing
Chevy Garbage Truck	2011	6	70,000	-	-	-	-	Ongoing
Freightliner Garbage Truck	2018	7	-	-	-	285,000	-	Ongoing
Freightliner Garbage Truck	2018	7	-	280,000	-	-	-	Ongoing
Freightliner Garbage Truck	2020	7	-	-	285,000	-	-	Ongoing
Streets & Grounds								
Grasshopper Mower	2015	7	-	22,000	-	-	-	Ongoing
International Dump Truck	2006	20	-	150,000	-	-	-	Ongoing
Chevy Dump Truck-1 Ton	2007	20	-	-	-	85,000	-	Ongoing
John Deere Zero Turn Mower	2021	7	-	-	-	-	20,000	Ongoing
John Deere Zero Turn Mower	2013	7	22,000	-	-	-	-	Ongoing
John Deere 5085 Tractor	2012	20	-	-	65,000	-	-	Ongoing
Flint Salt Spreader	2014	5	-	16,000	-	-	-	Ongoing
Side by Side	New	5	15,000	-	-	-	-	Ongoing
Tow Behind Loader	New	5	-	-	-	10,000	-	Ongoing
Total Fleet Purchase Plan			\$ 780,000	\$ 468,000	\$ 1,369,000	\$ 563,000	\$ 305,000	

Fleet Lease Plan

Description	Year	Life	Budget		CIP				Capital Category		
			FY 2026	FY 2027	FY 2028	FY 2029	FY 2030				
Buildings & Grounds											
Chevy Express Van	2018	20	\$	40,800	\$	-	\$	-	\$	-	Ongoing
Ford Maverick	2023	15		-		-		33,900		-	Ongoing
Ford F-150	2008	15		38,600		-		-		-	Ongoing
Chevy Colorado	2009	15		32,600		-		-		-	Ongoing
Chevy Colorado	2011	15		32,600		-		-		-	Ongoing
Chevy 1500	2023	20		-		-		50,700		-	Ongoing
Chevy 2500 HD	2019	15		-		-		68,300		-	Ongoing
Dodge Ram	2018	20		-		-		50,700		-	Ongoing
Fire											
Chevy Traverse AWD	2016	12		-		65,000		-		-	Ongoing
Chevy 2500	2011	15		49,900		-		-		-	Ongoing
Chevy Tahoe	2011	15		-		65,000		-		-	Ongoing
Chevy Tahoe	2013	15		-		65,000		-		-	Ongoing
Fleet Maintenance											
Chevy Silverado 2500HD	2015	12		65,600		-		-		-	Ongoing
Chevy C15004X4 Truck	2015	20		-		49,700		-		-	Ongoing
Harness Track											
Chevy 1500	2018	20		-		-		40,100		-	Ongoing
Ford F250	2008	15		48,700		-		-		-	Ongoing
Ford F250	2009	15		48,700		-		-		-	Ongoing
Inspections											
Chevy 1500	2016	15		-		33,300		-		-	Ongoing
Chevy Colorado	2022	15		-		-		33,900		-	Ongoing
Ford Ranger	2023	12		-		-		33,900		-	Ongoing
Planning											
Chevy Malibu	2008	15		26,400		-		-		-	Ongoing
Ford Fusion	2011	20		26,400		-		-		-	Ongoing
Recreation											
Chevy Tahoe	2013	10		-		-		56,300		-	Ongoing
Chevy Tahoe	2011	10		-		55,000		-		-	Ongoing

Fleet Lease Plan

Description	Year	Life	Budget	CIP				Capital Category
			FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	
Police								
Ford Interceptor	2023	6	-	-	-	67,700	-	Ongoing
Ford Interceptor	2023	6	-	-	-	67,700	-	Ongoing
Ford Interceptor	2023	6	-	-	-	67,700	-	Ongoing
Ford Interceptor	2023	6	-	-	-	67,700	-	Ongoing
Ford Interceptor	2023	6	-	-	-	67,700	-	Ongoing
Ford Interceptor	2023	6	-	-	-	67,700	-	Ongoing
Ford Interceptor	2023	6	-	-	-	67,700	-	Ongoing
Ford Interceptor	2023	6	-	-	-	67,700	-	Ongoing
Ford Interceptor	2023	6	-	-	-	67,700	-	Ongoing
Ford Interceptor	2025	6	-	-	-	-	69,000	Ongoing
Ford Interceptor	2025	6	-	-	-	-	69,000	Ongoing
Ford Interceptor	2025	6	-	-	-	-	69,000	Ongoing
Ford Interceptor	2025	6	-	-	-	-	69,000	Ongoing
Ford Interceptor	2025	6	-	-	-	-	69,000	Ongoing
Dodge Durango	2022	6	-	-	66,300	-	-	Ongoing
Dodge Charger	2016	10	-	-	66,300	-	-	Ongoing
Dodge Charger	2010	10	-	-	66,300	-	-	Ongoing
Dodge Charger	2013	10	63,800	-	-	-	-	Ongoing
Dodge Charger	2016	10	63,800	-	-	-	-	Ongoing
Dodge Durango	2020	6	-	65,000	-	-	-	Ongoing
Dodge Durango	2020	6	-	65,000	-	-	-	Ongoing
Dodge Durango	2020	6	-	65,000	-	-	-	Ongoing
Dodge Durango	2020	6	-	65,000	-	-	-	Ongoing
Dodge Durango	2020	6	-	65,000	-	-	-	Ongoing
Dodge Durango	2019	6	63,800	-	-	-	-	Ongoing
Dodge Durango	2019	6	63,800	-	-	-	-	Ongoing
Dodge Durango	2020	6	-	65,000	-	-	-	Ongoing
Chevy 1500	2018	10	-	-	40,100	-	-	Ongoing
Toyota Camry	2018	10	63,800	-	-	-	-	Ongoing
Public Services Administration								
Chevy C1500	2016	15	-	49,700	-	-	-	Ongoing
Solid Waste								
Ford F-150 Pickup	2023	15	-	-	50,700	-	-	Ongoing
Ford F-150 Pickup	2009	15	38,600	-	-	-	-	Ongoing
Streets & Grounds								
Ford F250 4X4	2006	15	48,700	-	-	-	-	Ongoing
Chevy C1500	2016	15	-	49,700	-	-	-	Ongoing
Chevy C1500	2013	15	-	39,300	-	-	-	Ongoing
Ford F150	2023	15	-	-	40,100	-	-	Ongoing
Dodge Ram 1500	2010	15	40,300	-	-	-	-	Ongoing
Chevy 2500	2011	15	48,700	-	-	-	-	Ongoing
Chevy C1500	2016	15	-	49,700	-	-	-	Ongoing
Ford F 250 4X4	2023	20	-	-	51,900	-	-	Ongoing
Total Fleet Lease Plan			\$ 905,600	\$ 911,400	\$ 749,500	\$ 677,000	\$ 345,000	
Total Fleet			\$ 1,685,600	\$ 1,379,400	\$ 2,118,500	\$ 1,240,000	\$ 650,000	

	Budget	CIP			
	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Total Fleet Lease Plan	\$ 905,600	\$ 911,400	\$ 749,500	\$ 677,000	\$ 345,000
Less Other Financing Source for Leases	(828,800)	(812,400)	(687,800)	(592,000)	(302,500)
Lease Upfront Costs Paid with Cash	\$ 76,800	\$ 99,000	\$ 61,700	\$ 85,000	\$ 42,500
Plus Total Fleet Purchase Plan	780,000	468,000	1,369,000	563,000	305,000
Total Fleet Capital Paid with Cash	\$ 856,800	\$ 567,000	\$ 1,430,700	\$ 648,000	\$ 347,500
Ongoing	1,685,600	1,379,400	2,118,500	1,240,000	650,000
One-Time	-	-	-	-	-
Total	1,685,600	1,379,400	2,118,500	1,240,000	650,000

VILLAGE OF PINEHURST
Capital Improvement Plan

Information Technology Purchase Plan

Description	Year	Life	Budget		CIP				Capital Category
			FY 2026	FY 2027	FY 2028	FY 2029	FY 2030		
Administration									
Assembly Hall Projector	2021	5	\$ -	\$ 16,000	\$ -	\$ -	\$ -	Ongoing	
Assembly Hall Camera System	2022	5	-	12,000	-	-	-	Ongoing	
Financial Services									
Accounting Software (GP)	2004	3	-	-	-	80,000	-	One-Time	
Human Resources									
HRIS	2019		-	80,000	-	-	-	One-Time	
Information Technology									
Server - PD Hyper-V Host	2017	7	-	13,000	-	-	-	Ongoing	
Server - Vrtx (Blade Servers)	2018	8	70,000	-	-	-	-	Ongoing	
Village Wide Phone System	2011	13	-	45,000	-	-	-	One-Time	
Village Hall Firewall	2021	5	-	-	15,000	-	-	Ongoing	
HP Procurve Core Switch	2013	14	-	35,000	-	-	-	Ongoing	
Canon Designjet Plotter	2020	7	-	-	15,000	-	-	Ongoing	
Library									
Fiber to New Library	New		25,000	-	-	-	-	One-Time	
Planning									
Planning Software (Accela)	2019	10	-	-	120,000	-	-	One-Time	
Police									
CCTV Surveillance System	2021	7	-	-	45,000	-	-	Ongoing	
Interview Room Camera Upgrades			-	15,500	-	-	-	Ongoing	
Training/Conference Room AV Upgrade	2016	10	-	16,000	-	-	-	Ongoing	
Recreation									
CivicRec Replacement			-	25,000	-	-	-	One-Time	
Total			\$ 95,000	\$ 257,500	\$ 195,000	\$ 80,000	\$ -		
Ongoing			70,000	107,500	75,000	-	-		
One-Time			25,000	150,000	120,000	80,000	-		
Total			95,000	257,500	195,000	80,000	-		

VILLAGE OF PINEHURST
Capital Improvement Plan
Capital Asset Outlay Forecast Detail Worksheet (\$5,000 and above)

Other Capital Additions Purchase Plan

Description	Budget	CIP				Capital Category
	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	
Administration						
Replace HVAC	\$ -	\$ 60,000	\$ -	\$ 6,000	\$ -	Ongoing
Reseal Parking Lot	-	6,000	-	-	-	Ongoing
Streets & Grounds						
Stormwater Drainage Projects	450,000	450,000	450,000	450,000	450,000	Ongoing
Pedestrian Facilities	460,000	460,000	460,000	460,000	460,000	Ongoing
Restoration of Historical Pathways	50,000	50,000	50,000	50,000	50,000	Ongoing
Village Place Development	-	500,000	-	-	300,000	One-Time
Library Sidewalk Connections	350,000	-	-	-	-	One-Time
Fair Barn						
50 & 30 Amp Outlets	7,000	-	-	-	-	Ongoing
Replace HVAC	50,000	-	-	-	-	Ongoing
Replace Dimmer Panel	-	98,000	-	-	-	One-Time
Floor Scrubber/Buffer	8,000	-	-	-	-	Ongoing
Fire						
Vehicle Command Area Storage Cabinet	9,000	-	-	-	-	Ongoing
Paratech Rescue Impact Hammer	7,000	-	-	-	-	Ongoing
HVAC Station 92	-	-	-	6,000	5,000	Ongoing
HVAC Station 91	16,000	17,000	18,000	19,000	20,000	Ongoing
Harness Track						
Grooms Quarters Improvements Barn 15	45,000	-	-	-	-	Ongoing
Gable Ends - Barn 6, 9, 10 & 14	-	25,000	-	-	-	Ongoing
Resurface Harness Track Road	-	65,000	-	-	-	One-Time
Stormwater Master Plan Implementation	-	15,000	15,000	-	-	One-Time
Sewer Connections	-	95,000	-	-	-	One-Time
Waste Containment Bins	32,000	-	-	-	-	Ongoing
Remodel Restrooms	-	7,500	8,000	-	-	Ongoing
Police						
Fire Sprinkler Valve Pits	46,000	-	-	-	-	One-Time
Replace HVAC	-	-	50,000	-	-	Ongoing
Public Services Administration						
Building 4 Renovation	55,000	-	-	-	-	One-Time

Description	Budget	CIP				Capital Category
	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	
Recreation						
Timmel Pavilion Patio Expansion	25,000	-	-	-	-	One-Time
Rassie Wicker Parking Lot	-	11,000	-	-	-	Ongoing
Splash Pad Feature Pump	-	8,000	-	-	-	Ongoing
Pergola Improvement in Arboretum	-	-	-	25,000	-	One-Time
Parks & Recreation Master Plan	-	-	750,000	500,000	-	One-Time
Trail Bridge Restoration	200,000	145,000	-	-	-	One-Time
	\$ 1,810,000	\$ 2,012,500	\$ 1,801,000	\$ 1,516,000	\$ 1,285,000	

Ongoing	1,134,000	1,094,500	1,036,000	991,000	985,000
One-Time	676,000	918,000	765,000	525,000	300,000
Total	<u>1,810,000</u>	<u>2,012,500</u>	<u>1,801,000</u>	<u>1,516,000</u>	<u>1,285,000</u>



2026 Strategic Operating Plan

Village of Pinehurst, North Carolina



VILLAGE OF PINEHURST

FY 2026

STRATEGIC OPERATING PLAN



Patrick Pizzella
Mayor



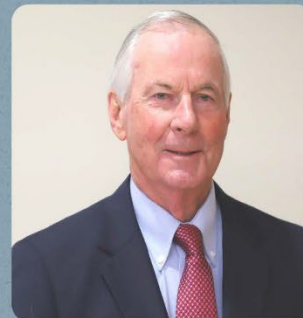
John Taylor
Mayor Pro Tem



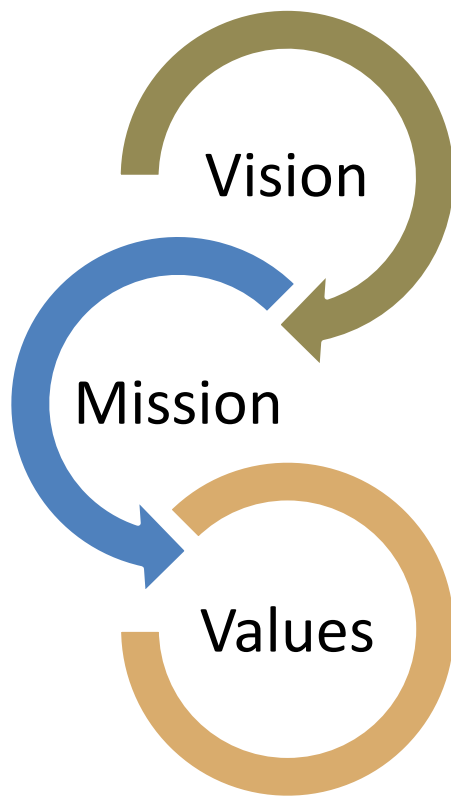
Barb Ficklin
Treasurer



Jeff Morgan
Councilmember



Jack Farrell
Councilmember



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 OF PINEHURST
395 MAGNOLIA ROAD
PINEHURST, NC 28374
910.295.1900

www.vopnc.org
www.facebook.com/vopnc
www.twitter.com/vopnc
www.instagram.com/vopnc

VILLAGE SENIOR LEADERSHIP

Village Manager

Doug Willardson

Assistant Village Manager

Carlton Cole

Village Clerk

Shannon Konstantinou

Financial Services Director

Dana Van Nostrand

Human Resources Director

Angela Kantor

Chief Information Officer

Jason Whitaker

Police Chief

Glen Webb

Fire Chief

Derrick Clouston

Planning and Inspections Director

Alex Cameron

Public Services and Engineering Director

Mike Apke

Parks and Recreation Director

Angie Whisnant

Library and Archives Director

Audrey Moriarty

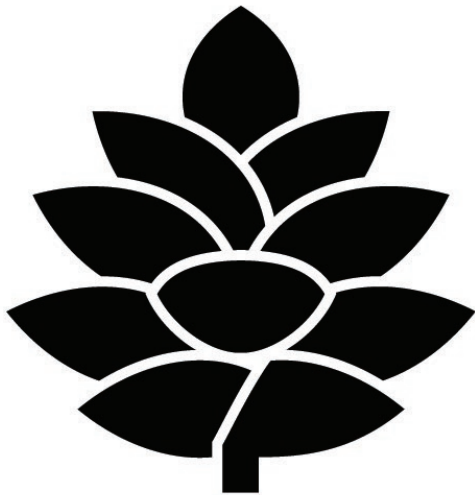


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Annual Budget Ordinance

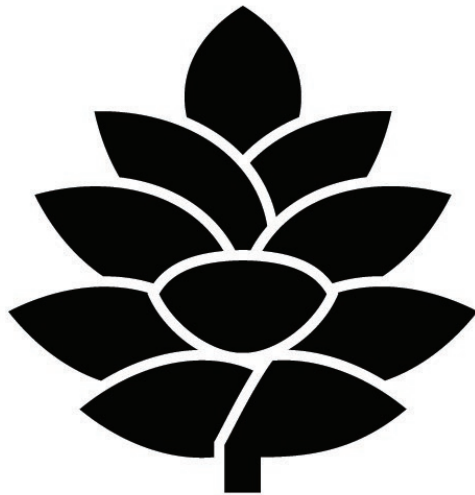
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INTRODUCTION

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 residents, businesses, visitors, Council, and staff.

Strategic Operating Plans can be very complex and confusing. Please contact the Financial Services Department at 910.295.1900 if you have any questions about the information in this document.

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

Budget in Brief – The Budget in Brief provides an overview of the FY 2026 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 planning phases. 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 budget calendar for FY 2026, the Village’s Balanced Scorecard (BSC), and contains the Council’s strategic goals and objectives, along with key initiatives aimed at achieving those performance targets.

General Fund – This section includes detailed information about General Fund revenues and expenditures with assumptions used to determine budgeted amounts. Each Village department or division appears with individual budget summaries. This section also provides information on debt service and capital expenditures included in the current year’s budget.

Special Revenue Funds – This section includes an overview of the special revenue funds and their funding sources. Each Special Revenue Fund budget is also presented separately.

Capital Project Funds – This section includes an overview of the capital projects and their funding sources. Each Capital Project Fund budget is also presented separately.

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.

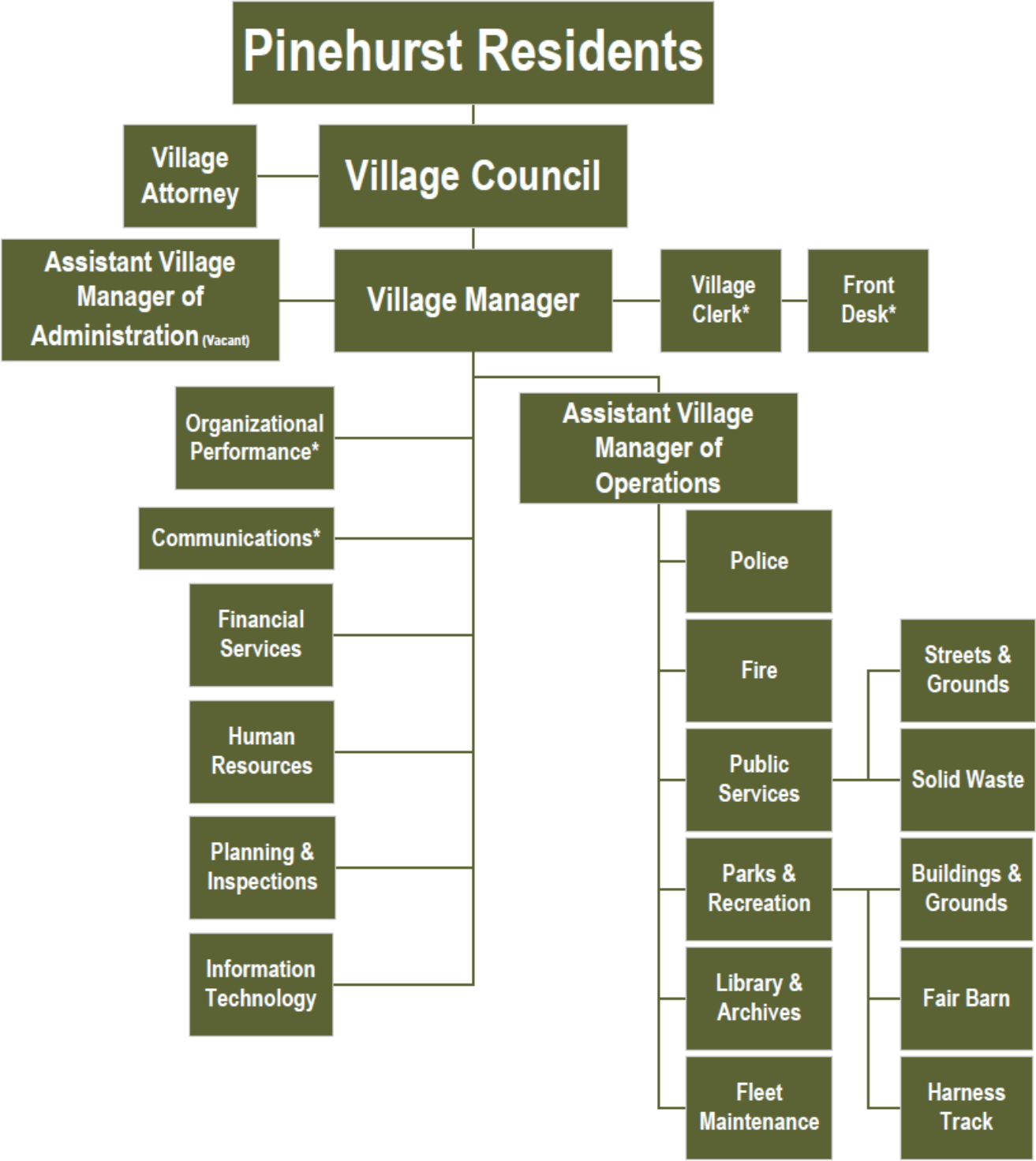
Capital Improvement Plan (CIP) – The CIP outlines the Village’s plan for the replacement and acquisition of capital assets over the five-year planning period. Capital assets include vehicles, equipment, infrastructure, and new facilities. The Village uses this plan to ensure that these investments are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

Annual Budget Ordinance – The Budget Ordinance is the legally binding ordinance that establishes the annual budget for the fiscal year.

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

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.





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

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

Personnel (salaries and benefits) expenditures comprise 55% of the Village's General Fund budget. The Personnel Classification Plan Summary below represents a five-year trend of staffing by function as well as a snapshot of the FTEs included in the FY 2026 budget. The 166.7 FTEs projected for FY 2026 consist of 160 full-time and 6.7 part-time FTEs.

Fiscal Year 2026 Staffing by Function in Full-Time Equivalents (FTEs)

Classification Plan Summary	Budgeted FY 2022	Budgeted FY 2023	Budgeted FY 2024	Budgeted FY 2025	FY 2026 Change	Projected FY 2026	Projected FY 2030
General Government							
Administration							
Administration	8.5	8.5	8.5	8.5	-	8.5	8.5
Financial Services	5.0	5.0	5.0	5.0	-	5.0	5.0
Human Resources	3.0	3.0	3.0	3.0	-	3.0	3.0
Fleet Maintenance	3.0	3.0	3.0	4.0	-	4.0	4.0
Buildings and Grounds Maintenance	8.0	8.0	8.0	8.0	1.0	9.0	9.0
Information Technology	6.0	6.0	6.0	6.0	-	6.0	6.0
Total General Government	33.5	33.5	33.5	34.5	1.0	35.5	35.5
Public Safety							
Police	31.3	33.3	34.0	34.5	-	34.5	34.5
Fire	33.0	33.0	35.0	35.0	-	35.0	41.0
Inspections	3.0	3.0	3.0	3.0	-	3.0	3.0
Total Public Safety	67.3	69.3	72.0	72.5	-	72.5	78.5
Economic and Physical Development							
Planning	8.5	8.5	8.5	8.5	0.3	8.8	8.8
Total Economic and Physical Development	8.5	8.5	8.5	8.5	0.3	8.8	8.8
Transportation							
Public Services Administration	4.0	4.0	4.0	5.0	-	5.0	5.0
Streets and Grounds	15.0	15.0	15.0	15.0	-	15.0	15.0
Total Transportation	19.0	19.0	19.0	20.0	-	20.0	20.0
Environmental Protection							
Solid Waste	10.0	10.0	10.0	10.0	-	10.0	10.0
Total Environmental Protection	10.0	10.0	10.0	10.0	-	10.0	10.0
Cultural and Recreation							
Parks and Recreation	7.7	7.7	9.3	9.3	-	9.3	9.3
Library and Archives	4.5	4.5	4.5	4.5	-	4.5	8.5
Harness Track	4.3	4.3	4.3	4.3	-	4.3	4.3
Fair Barn	1.8	1.8	1.8	1.8	-	1.8	1.8
Total Cultural and Recreation	18.3	18.3	19.9	19.9	-	19.9	23.9
GRAND TOTAL	156.6	158.6	162.9	165.4	1.3	166.7	176.7
Population	17,651	18,074	18,416	18,747	N/A	19,038	20,175
Employees per 1,000 Population	8.9	8.8	8.8	8.8	N/A	8.8	8.8

The FY 2026 budget includes an increase of 1.3 FTEs for a new full-time parks maintenance specialist and an increase in hours for a part-time code compliance technician. The parks maintenance specialist will add capacity to maintain Village properties as the new library is added. Increasing the hours for the code compliance technician will provide additional time for code enforcement.

See the *General Fund* section for departmental staffing expenditures.

The average employee has worked for the Village for nearly 8 years.

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 2025, which began July 1, 2024. 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 2025 budget document and is valid for a period of one year. The Village has received this award for eighteen consecutive years. The Fiscal Year 2025 budget document also received GFOA's Special Performance Measures Recognition, marking the sixth time the Village received this distinction, and the Long-Range Operating Financial Plans Recognition for the first time. We plan to submit the Fiscal Year 2026 Budget to the GFOA for award consideration.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

Distinguished Budget Presentation Award

PRESENTED TO

**Village of Pinehurst
North Carolina**

For the Fiscal Year Beginning

July 01, 2024

Christopher P. Morill

Executive Director



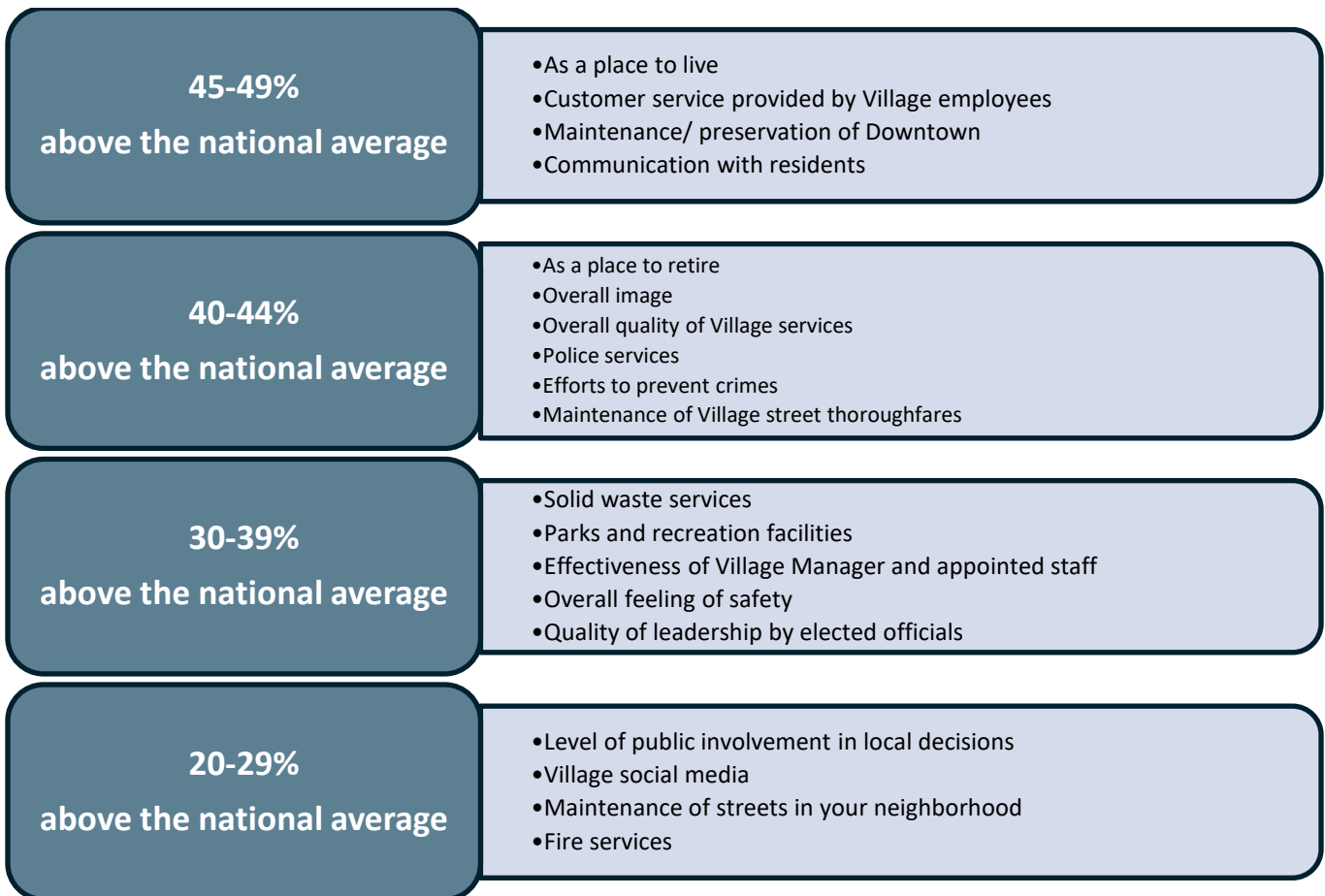
ETC INSTITUTE LEADING THE WAY AWARD

The Village of Pinehurst was selected as a winner of the Leading the Way Award in the Fall of 2024 by ETC Institute, a national survey and research firm.

As a recipient, Pinehurst has ranked in the top 10 percent of over 450 communities surveyed in the U.S. in three core areas:

- satisfaction with the overall quality of services,
- satisfaction with customer service provided by employees, and
- satisfaction with the value residents think they receive for local taxes and fees.

The Village of Pinehurst sets the standard in many areas. In addition to ranking in the top 10 percent for all cities in the United States, the Village's ratings exceeded the national average by 20 percent or more in 30 areas. Some of the highest and most notable areas are:



The award was created by ETC Institute to recognize local governments for outstanding achievement in the delivery of services to residents. ETC Institute has been conducting the Village of Pinehurst's Community Survey annually since 2013, which provides an assessment of resident satisfaction with village services. The Village of Pinehurst has used these results as a tool for strategic planning and benchmarking over the years.

BUDGET IN BRIEF

Letter from the Mayor

The Village Council is committed to ensuring the Village of Pinehurst is a charming, vibrant community that reflects our rich history and traditions. Each year, we ask residents and businesses for feedback on our services through the community and business surveys. Council and senior leaders used that feedback, along with other relevant data, to prepare the Fiscal Year (FY) 2026 budget and Strategic Operating Plan.

Annually, the Council identifies strategic objectives as Areas of Focus to improve Village services. The three Areas of Focus for FY 2026 are:

- Deliver effective fire and rescue services,
- Ensure codes and ordinances protect the character of Village neighborhoods, and
- Provide a safe and effective multi-modal transportation system.

The \$31.5 million FY 2026 budget is \$1 million less than the original FY 2025 budget and 8% less than the FY 2025 amended budget. The budget contains a \$0.225 per \$100 valuation property tax rate, which is the same as the FY 2025 tax rate and is the lowest in the county, along with several initiatives and projects that are sure to enhance the quality of life in the Village of Pinehurst.

The FY 2026 budget reflects the Village of Pinehurst's commitment to expand the Given Memorial Library by building a dedicated space for the library in a new location that will allow it to more fully enrich our community with resources and programming. The five-year financial forecast in our 2026 Strategic Operating Plan is largely a non-binding roadmap that gets reviewed and updated every year as we adopt our statutorily required budget. The FY 2026 Strategic Operating Plan considers making strategic investments in public safety, development, and recreation assets as we look through FY 2030.

We continue to keep a watchful eye on our operating environment, on the Village, and its taxpayers. I believe we have prepared a FY 2026 budget and Strategic Operating Plan that will promote, enhance, and sustain the quality of life in the Village of Pinehurst. I encourage you to carefully review our FY 2026 budget and Strategic Operating Plan.

Sincerely,



Quick Facts

\$31.5 M

Total Budget

\$0.225

Per \$100 of Valuation
Tax Rate

3

Initiative Action Plans

1.3

Increase in Staff
Full Time Equivalents (FTEs)

Fiscal Year 2026 Initiative Action Plans

The FY 2026 budget includes three Initiative Action Plans (IAPs) at a cost of over \$5 million to address the Village's nine strategic goals. Two of these IAPs are designated to address an Area of Focus (AOF). In the five-year planning period, there are five IAPs totaling \$10.8 million. Additional information on IAPs, including costs planned after FY 2026, can be found in the *Strategic Priorities* section of the 2026 Strategic Operating Plan.

The FY 2026 Initiative Action Plans and the funding incorporated in the FY 2026 budget include:

1. Update the Pinehurst Development Ordinance AOF (\$0)

The Village will continue to conduct a comprehensive update to the Pinehurst Development Ordinance to reflect priorities of the 2019 Comprehensive Plan and revisions required by changes in NC legislation. Funding for this IAP was budgeted in FY 2022 and the consultant contract was executed in FY 2025.

2. Expand and Renovate Given Memorial Library and Tufts Archives (\$5,360,000)

The Village is scheduled to begin construction on a new Library facility in the summer of 2026. The Village anticipates approximately \$5.4 million in construction costs in FY 2026 which will be funded from the existing fund balance in the Library Expansion Capital Project Fund plus an additional transfer of \$1.9 million from the General Fund in FY 2026.

3. Develop and Implement a Consolidated Multi-Modal Transportation Plan AOF (\$0)

This IAP will consolidate the Village's multi-modal transportation plans into one document that incorporates bicycle, pedestrian, and golf cart accessibility. This work will be completed by Village staff and committees at no additional cost to the budget.

Future Year IAPs:

- **Improve Fire Response Times AOF**

This IAP is designed to meet the growing demand for fire and rescue services and improve response times. The FY 2025 BIRDIE re-evaluated the building and staffing needs for a third fire facility. The resulting recommendation from the BIRDIE was to add a Quick Response Unit (QRU) to respond from Station 91 in the near term. Six (6) additional firefighters are planned to be added in FY 2027 to staff the QRU (two per shift). The impact of the QRU on response times and service levels will be evaluated over time. The plan also includes \$400,000 for the design of a third fire facility in FY 2029 in anticipation of the need in future years beyond the scope of the forecast.

- **Redevelopment of Village Place**

This IAP is designed to redevelop Village Place according to the Small Area Plan. The Village intends to invest in the infrastructure (roads and sidewalks) that are essential to the Small Area Plan. The Village intends to move forward with a phased redevelopment strategy, partnering with property owners and developers to begin development in the west side of Village Place.

How will your tax dollars be spent in FY 2026?

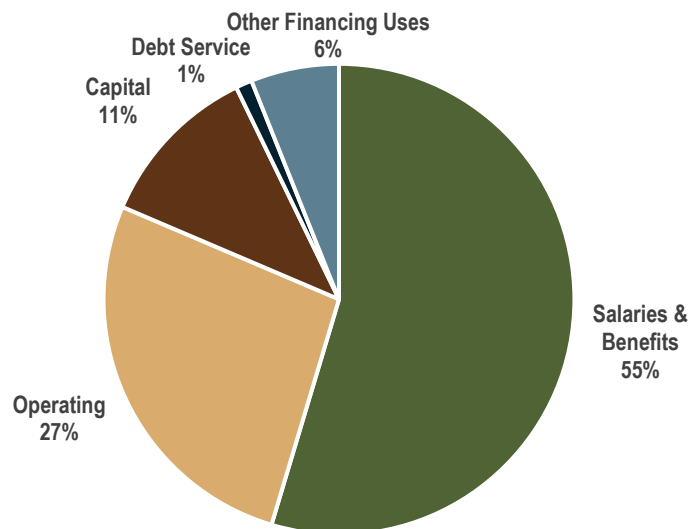
The FY 2026 budget for salaries and benefits for the Village's 166.7 full-time equivalents (FTEs) accounts for 55% of total expenditures, or \$17.2 million. The budget includes a 2.9% cost of living adjustment, merit raises at an average of 2% per employee, and compensation study adjustments at an average of 5%. The Village currently pays for 100% of health, dental, and vision insurance premiums for employee-only coverage.

New Positions Funded
Parks Maintenance Specialist

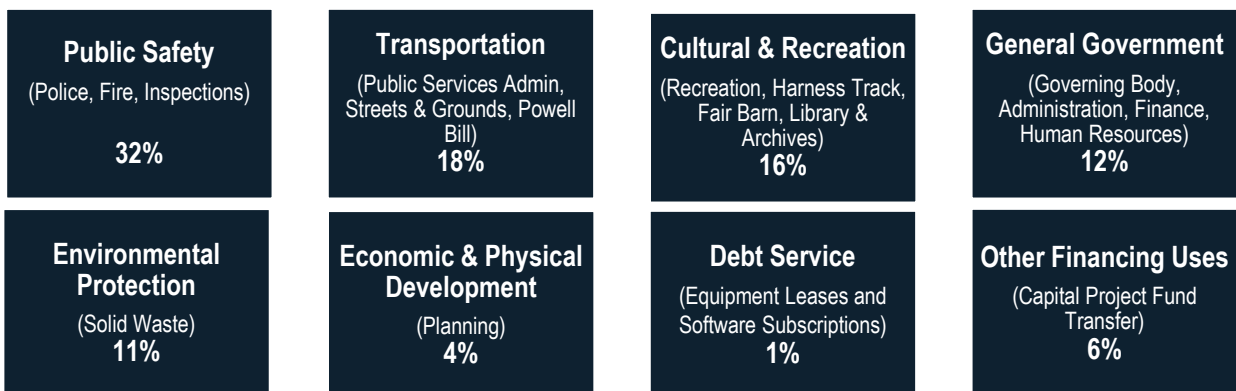
The FY 2026 budget includes an increase of 1.3 FTEs for one full-time Parks Maintenance Specialist and an increase in hours for a part-time code compliance technician. These changes will add capacity to maintain Village properties and provide code enforcement. For more details, see the *Personnel Classification Summary* section.

The FY 2026 budget includes \$3.6 million in capital investment, or 11% of total expenditures. Significant operating costs include funding for Initiative Action Plans supporting the Council's goals and objectives. The operating expenditures also include a \$1.5 million investment in street resurfacing and patching devoted to improving the quality of Village streets (see the *Powell Bill* section for additional details).

\$31.5 Million Budgeted Expenditures



Expenditures by Function



View the Budget Online

To view the FY 2026 Budget online, go to www.vopnc.org/sop. On the Strategic Operating Plan launch page, you can open the entire FY 2026 Strategic Operating Plan document with a linked table of contents.

In FY 2026, the Village has \$357 thousand in debt service expenditures related to leases of capital assets, primarily vehicles, and software subscriptions. The other financing uses of \$1.9 million is a transfer from the General Fund to the Library Expansion Capital Project Fund to cover anticipated construction expenditures in FY 2026.

Overall, the FY 2026 budget totals \$31.5 million or 8% less than the prior year's amended General Fund budget as of December 31, 2024. The FY 2026 budget as presented results in a per capita expenditure of \$1,655 based on a projected population of 19,038.

How is the Village of Pinehurst Funded in FY 2026?

The primary revenue source for the Village is property taxes, accounting for 43% of total revenues, or \$13.7 million. In FY 2026, the Village elected to adopt a tax rate of \$0.225 per \$100 of valuation, which is unchanged from the FY 2025 tax rate.

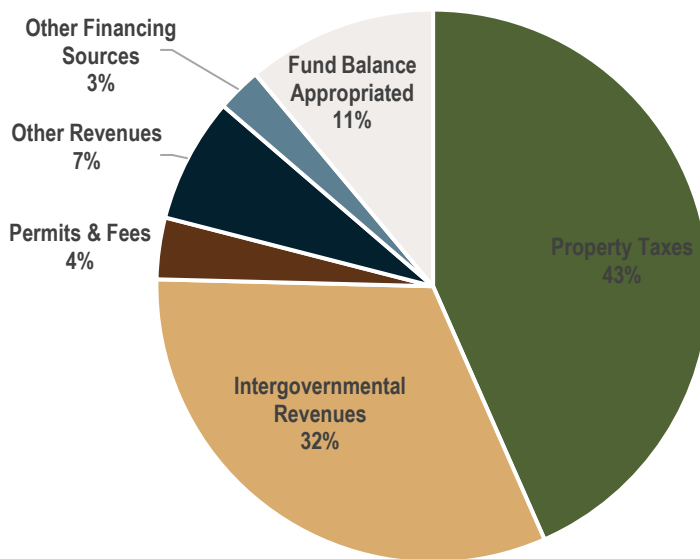
Other key revenues that make up 32% of total General Fund revenues include local option sales taxes, utility sales

taxes, and other state-collected revenues. Of these, local option sales taxes are the largest intergovernmental revenue source for the Village, representing 20% of the total budget. Sales tax revenue for FY 2026 is projected above FY 2025 estimates.

The FY 2026 budget includes a fund balance appropriation of \$3.5 million to cover the library capital project fund transfer and other significant capital.

After accounting for the budget-to-actual variance the Village historically achieves, we estimate the Village will use \$1.4 million of fund balance in FY 2026. This will result in an ending fund balance of approximately \$17.4 million, or 55% of General Fund expenditures. This is above the Council's adopted policy minimum of 30% and positions the Village well to complete the library and archives project and other significant future capital plans.

\$31.5 Million Budgeted Revenues



BUDGET MESSAGE



May 13, 2025

The Honorable Patrick Pizzella, Mayor
Members of the Village Council
Pinehurst, North Carolina

Dear Mayor Pizzella and Members of the Village Council:

In accordance with Section 159-11 of the North Carolina General Statutes, I am pleased to submit the Fiscal Year (FY) 2026 Strategic Operating Plan (SOP), including the recommended budget, for your review and consideration. This document meets the standards of the Government Finance Officers Association's Distinguished Budget Award program by serving as a policy document, financial plan, operational guide, and communications tool.

The FY 2026 budget was developed through a deliberate and data-informed strategic planning process designed to align our financial resources with community priorities. At the heart of this process is our Balanced Scorecard (BSC), which outlines nine strategic goals, 20 objectives, and 55 Key Performance Indicators (KPIs). These guideposts ensure that every dollar in this budget is working toward our shared vision: to be a charming, vibrant community that honors Pinehurst's unique history and traditions.

This message outlines how the SOP turns vision into action, connecting strategy to service delivery in a clear, measurable, and fiscally responsible way.

ECONOMIC FACTORS CONSIDERED IN DEVELOPING THE SOP

The Village continues to benefit from a stable economic environment, bolstered by a strong tourism sector and resilient labor market. Federal tariff policies are creating uncertainty in the national economy. These tariffs could significantly slow economic growth in the upcoming year and drive inflation up. A drag on the economy most significantly impacts the Village's sales tax revenues, which are driven by consumer spending and make up 28% of operating revenues, and costs for goods and materials. Sales tax revenues saw uncommon double-digit growth from 2020-2022 as the economy roared. Growth in this important revenue source has waned to 2.6% through the first half of fiscal year 2025, and the outlook for fiscal year 2026 is uncertain. The tariffs could also increase prices and potentially cause supply chain disruptions, increasing expenditures for the Village and drawing out the timeline for receiving items.

The rate of inflation declined slightly over the past year, with the consumer price index (CPI) changing 2.4% in March 2025 as compared to 3.5% in March 2024. The CPI averaged 2.9% for calendar year 2024, down from 4.1% for calendar year 2023. As with all other consumers, the rate of inflation places operating pressures on the Village's budget, particularly the cost-of-living salary increases which are tied to the CPI. It has also caused the cost of capital items to be higher than originally planned, as wage increases and the higher price of materials are passed to the consumer by suppliers. The federal tariffs could cause inflation to rise again which would intensify the pressure on the Village's budget.

The Village must ensure that it remains financially postured to respond to the effects of negative economic shocks, natural disasters, or other major unanticipated events. To do so, it is important to maintain a healthy fund balance level that provides a temporary source of financial stability to protect against reducing service levels or raising taxes because of unexpected changes in revenues or expenditures.

The local economy is driven by tourism and hospitality, primarily for golf and healthcare. Moore County ranks tenth among North Carolina counties for tourism revenue. Hosting the U.S. Open Championship over the years has proven to positively impact golf-related tourism. In September 2020, the USGA announced that it would expand its operations into Pinehurst. The facilities, called Golf House Pinehurst, opened in May 2024 and include a golf equipment research and testing center, museum and visitor center, and offices. In addition, the USGA committed to hosting five Men's U.S. Open Championships in Pinehurst by 2047, with the first in June 2024. The June 2024 U.S. Open Championship generated an estimated \$242.5 million in economic impact for the state of North Carolina. According to independent studies, the total economic impact of the USGA's long-term presence is estimated to exceed \$2 billion in North Carolina. To promote this economic development opportunity, the Village committed to ten years of incentive payments to the USGA equaling 90% of property taxes paid to the Village starting in fiscal year 2025.

The local healthcare economy is anchored by FirstHealth Moore Regional Hospital, the flagship hospital for FirstHealth of the Carolinas and the referral center for a 15-county region. FirstHealth continues to invest in and grow its Moore Regional Hospital campus in Pinehurst, with the opening of the FirstHealth Cancer Center in 2023 and plans to build a women's and children's center in the coming years. This creates stable jobs and brings patients and their loved ones to the area from across the region to receive care at these highly rated facilities. The Moore County unemployment rate has remained steady at 3.3% as of February 2025 compared to 3.5% the previous year. This is slightly lower than the state (3.7%) and national (4.2%) levels. This rate reflects a stable labor market, contributes to steady consumer spending, and supports local businesses, reinforcing the Village's sales tax revenues.

Growth in population and increased development are other key issues considered when developing the FY 2026 SOP. According to the North Carolina State Demographer's Office, Pinehurst's population increased 34% from 2010 to 2020, making the Village the 57th fastest growing municipality in the state. The Village's population has grown an additional 6% from 2020 to 2023. While much of this growth resulted from annexation, this growth drives our need to plan for the long-term future of the Village, manage the impact of growth on what makes our village unique, address infrastructure, traffic and transportation related issues, and ensure adequate staff capacity and capabilities to continue to provide high quality services. Balancing development with the preservation of our community's character and level of service remains a priority in budget planning and decision making.

Military relocations are also supporting growth in the housing market. The Village's name recognition and proximity to the largest U.S. military base, Fort Bragg, make it an attractive location for families with military ties.

In FY 2024, new construction for both single-family homes and non-residential construction picked up, with 76 new residential building permits issued compared to 42 in FY 2023. We project approximately 75 homes will be constructed in FY 2025 and FY 2026. The Village has also seen significant commercial development over the past five years, which is reflected in our tax base estimate. Much of the commercial development was driven by FirstHealth, Pinehurst Resort, and the United States Golf Association (USGA). The level of commercial development is expected to slow in the coming years as these significant projects are completed, though continued commercial growth and redevelopment in areas like Pinehurst South will occur.

To address current and projected growth and development in the Village, several strategies identified in the Comprehensive Plan have been programmed over the five-year planning period, including the development and implementation of a comprehensive multi-modal plan, monitoring of short-term rentals, working with the Sandhills Metropolitan Planning Organization to improve transportation, parking enforcement, and implementing the Stormwater Master Plan and Parks and Recreation Master Plan. These strategies will ensure the Village is positioned to grow in a way that helps us remain a charming, historic, and vibrant community.

In April 2022, the Village of Pinehurst Council and Given Memorial Library and Tufts Archives Board signed an agreement to transfer assets and operations of the privately-funded library and archives to the Village. A condition of that agreement was future expansion of the library and archives. The Village is currently planning for the construction of a new library on Magnolia Road and the renovation of the Tufts Archives in the existing building. Construction on the new library building is expected to start in the summer of 2025 with an anticipated opening in 2026. The Tufts Archives renovation would follow the opening of the new library.

Another principal issue affecting 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 2026 budget includes the addition of one new full-time position: a Parks Maintenance Specialist in the Buildings and Grounds division. The Parks Maintenance Specialist will add capacity to maintain Village properties as the new library building is added.

Increases to the North Carolina Local Government Employees' Retirement System (LGERS) employer contribution rates continue to place operating pressures on the Village. In January 2022, the LGERS Board voted to increase state-mandated local government retirement contribution rates over the next five years, with guardrails in place that allow for potential decreases in the rate beginning in FY 2026 if certain criteria are met. The retirement contribution rates were increased for FY 2026 and these rates are included in the FY 2026 budget and the five-year forecast.

PRIORITIES AND AREAS OF FOCUS

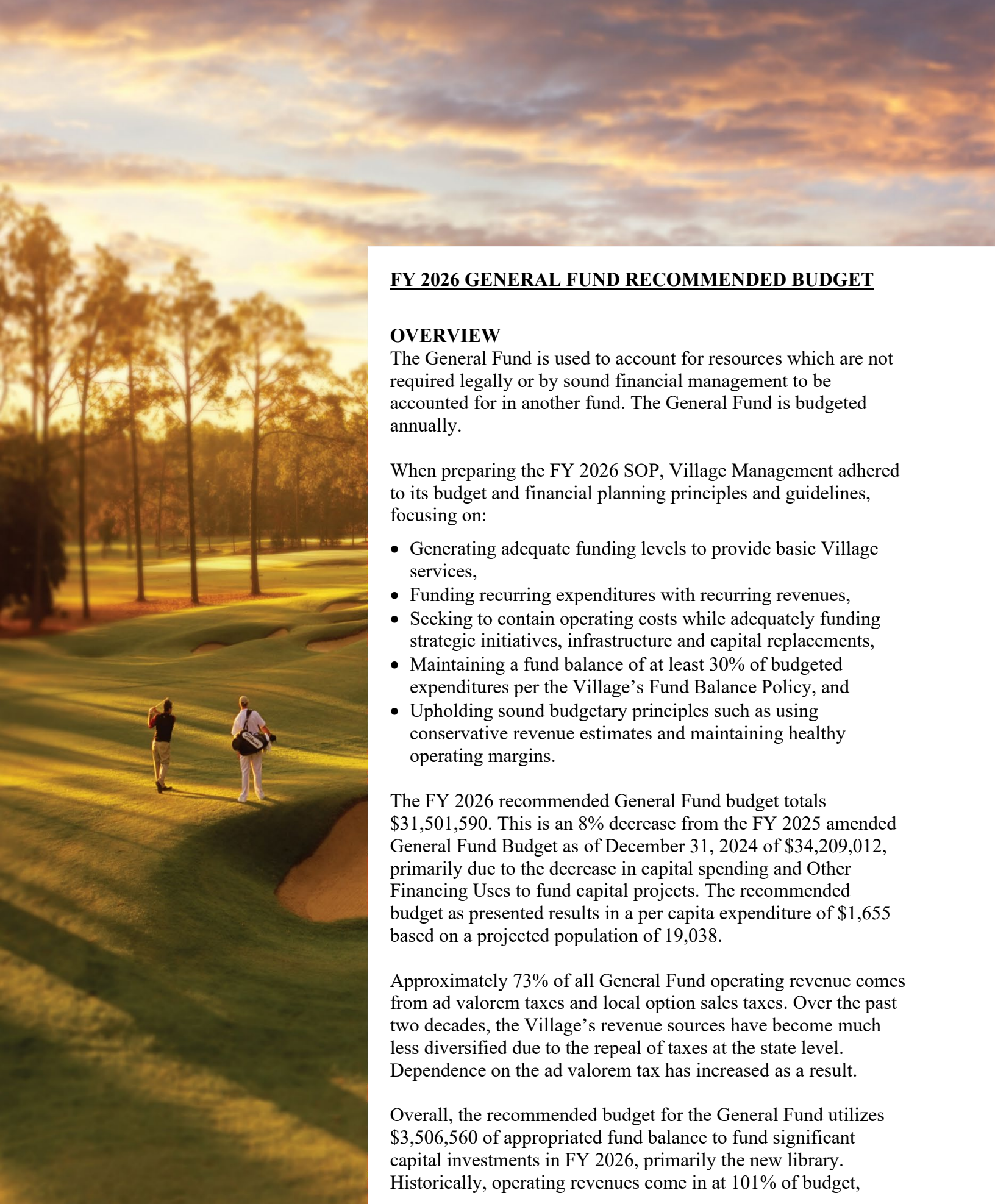
The recommended FY 2026 budget provides a financial plan for the ensuing fiscal year and has been developed in accordance with the Village's financial policies and the Balanced Scorecard (BSC). At the annual strategic planning retreat, the Village Council identified nine strategic goals:

1. Safeguard the community,
2. Support high quality neighborhoods, development, and appearance,
3. Support a thriving business community,
4. Support and promote transportation mobility and connectivity,
5. Preserve quality of the environment,
6. Promote active living and cultural opportunities,
7. Professionally manage a high-performing organization,
8. Attract and retain an engaged workforce, and
9. Maintain a healthy financial condition.

The five-year planning period includes five Initiative Action Plans (IAPs) with incremental funding of \$10,845,600 to achieve the target performance levels on the BSC and address AOF. Of the five IAPs in the five-year period, three are scheduled to begin in FY 2026 (or continue from prior years) and two are scheduled to begin in FY 2027. The *Strategic Priorities* section of this document provides additional details on these initiatives.

Strategic Goal	Strategic Objective	Initiative Action Plans (IAPs)	Fiscal Year(s)
Safeguard the community	Deliver effective fire and rescue services	Improve Fire Response Times	2027-2030
Support high quality neighborhoods, development, and appearance	Ensure codes and ordinances protect the character of Village neighborhoods	Update the Pinehurst Development Ordinance	2024-2026
Support a thriving business community	Support the downtown business community	Redevelopment of Village Place	2027-2030
Support and promote transportation mobility and connectivity	Provide a safe and effective multi-modal transportation system	Develop and implement a consolidated multi-modal transportation plan	2026-2030
Promote active living and cultural opportunities	Provide Library and Archive services	Expand and renovate Given Memorial Library and Tufts Archives	2023-2030

Funding to maintain current service levels has been provided and service level improvements are focused in planning & development and cultural & recreation services with targeted investments of resources.



FY 2026 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. The General Fund is budgeted annually.

When preparing the FY 2026 SOP, Village Management adhered to its budget and financial planning principles and guidelines, focusing on:

- Generating adequate funding levels to provide basic Village services,
- Funding recurring expenditures with recurring revenues,
- Seeking to contain operating costs while adequately funding strategic initiatives, infrastructure and capital replacements,
- Maintaining a fund balance of at least 30% of budgeted expenditures per the Village's Fund Balance Policy, and
- Upholding sound budgetary principles such as using conservative revenue estimates and maintaining healthy operating margins.

The FY 2026 recommended General Fund budget totals \$31,501,590. This is an 8% decrease from the FY 2025 amended General Fund Budget as of December 31, 2024 of \$34,209,012, primarily due to the decrease in capital spending and Other Financing Uses to fund capital projects. The recommended budget as presented results in a per capita expenditure of \$1,655 based on a projected population of 19,038.

Approximately 73% of all General Fund operating revenue comes from ad valorem taxes and local option sales taxes. Over the past two decades, the Village's revenue sources have become much less diversified due to the repeal of taxes at the state level. Dependence on the ad valorem tax has increased as a result.

Overall, the recommended budget for the General Fund utilizes \$3,506,560 of appropriated fund balance to fund significant capital investments in FY 2026, primarily the new library. Historically, operating revenues come in at 101% of budget,

while operating expenditures typically fall 7% below budget. If the projected budget to actual variance is achieved in FY 2026, we will draw approximately \$1,440,000 from fund balance, which will cause fund balance to decrease to 55% of budgeted expenditures. This is above the Council's adopted policy minimum of 30%. This positions the Village well to fund planned significant future capital projects.

SOURCES OF REVENUE

The General Fund's primary sources of revenue include:

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

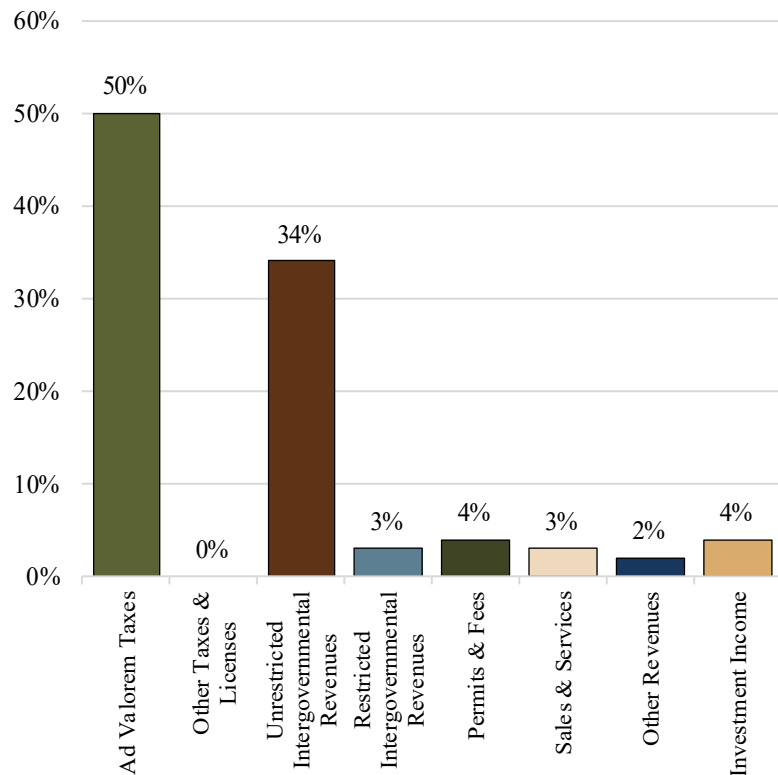
Ad Valorem Taxes (Property Taxes)

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

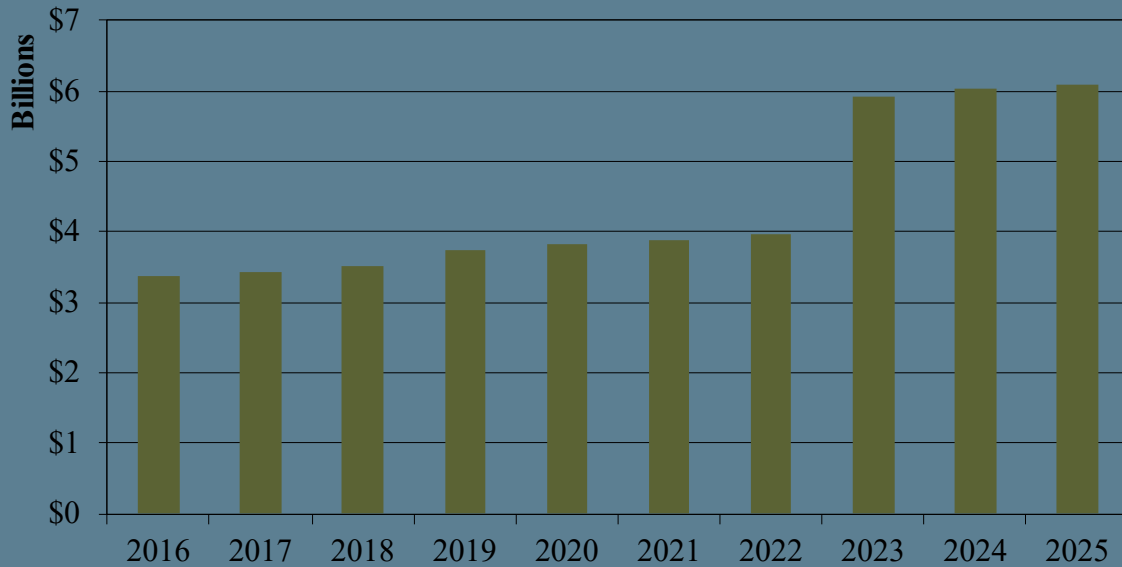
In North Carolina, property tax rates are customarily expressed in dollars per \$100 valuation. The maximum property tax rate allowed in North Carolina is \$1.50 per \$100 of valuation. This proposed budget recommends a property tax rate of \$0.225 per \$100 of valuation, which is the lowest municipal tax rate in Moore County. This tax rate is unchanged from the previous year and is the tax rate planned for FY 2026 in the FY 2025 SOP. This means that for every \$100,000 in value of property, \$225 of ad valorem tax is due. All property in the county was revalued by Moore County as of January 1, 2023, with the Village's property tax base increasing by nearly 50%. The FY 2026 property tax revenue is based on property values as of January 1, 2025.

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 \$598,000 in revenue. Total ad valorem tax revenues are projected to be \$13,675,000 in FY 2026. 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 50% of the General Fund's operating revenues.

Operating Revenues By Type

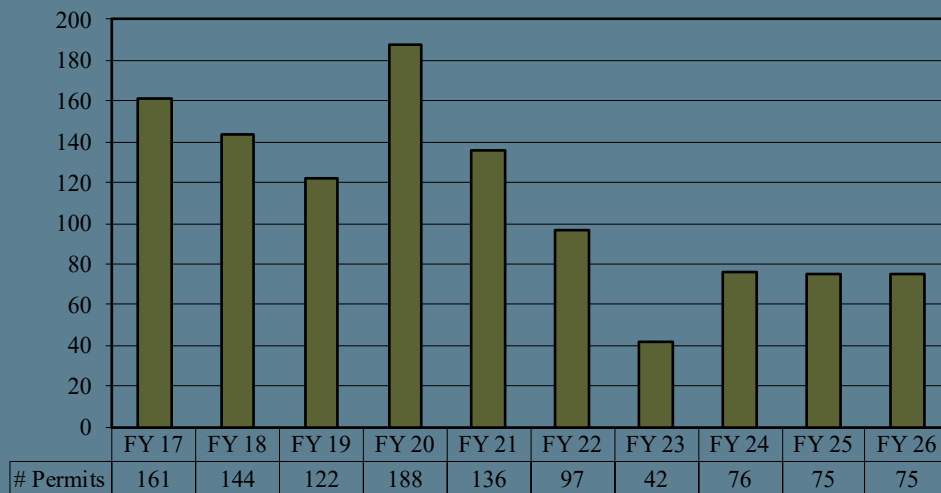


Real and Personal Property Assessed Value By Tax Year



Our budget estimates assume an average growth in the property tax base of 0.8% for real property and 4.0% for motor vehicles for FY 2026. Since the majority of the Village’s property tax base is residential property, our new home construction projection is a critical component of the financial forecast. The housing market experienced significant growth in FY 2020 with 188 homes constructed. This is the highest number of homes constructed since FY 2007 before the Great Recession. Despite the COVID-19 pandemic, the housing market remained strong with 136 homes constructed in FY 2021 and 97 in FY 2022. New home construction has been slowing with 42 homes constructed in FY 2023, 76 in FY 2024 and an estimated 75 homes in FY 2025. Seventy-five (75) new homes are projected in FY 2026.

New Home Construction Permits



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.

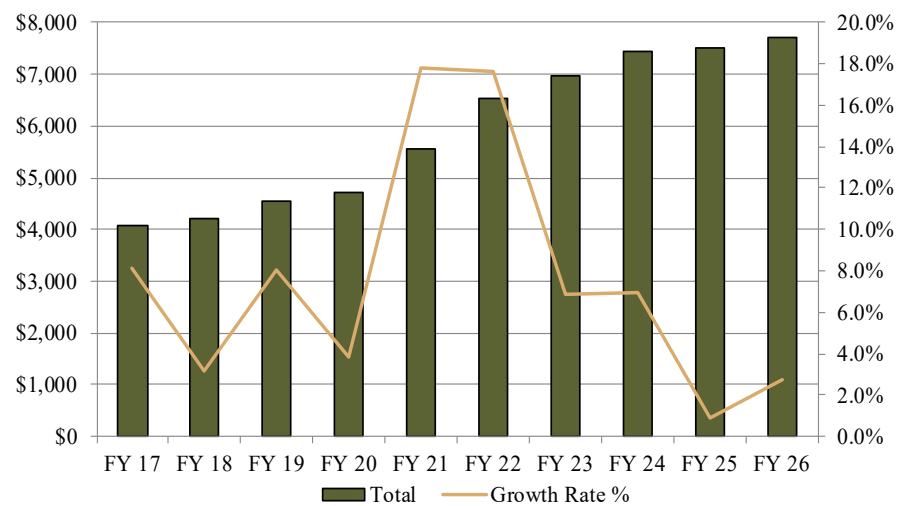
Two and one-quarter (2.25) percent of the seven (7) percent paid in sales tax on retail sales in North Carolina represents the local share of this tax. This tax consists of a one percent tax that was first levied in 1971, a one-half percent tax levied in 1983, a one-half percent tax levied in 1986, and a one-quarter percent tax levied in 2019. The state collects the sales taxes and distributes them to local governmental jurisdictions, except for the one-quarter percent tax, which remains with Moore County to support education. Sales tax revenues are distributed on a proportional population basis to municipalities within Moore County.

As the Village's second largest revenue source, local option sales tax, including the hold harmless reimbursement, is expected to generate approximately 28% of the Village's operating revenues, or \$7,721,700 in FY 2026. This represents a modest increase of 1.7% from the previous year's budget and 2.7% from the FY 2025 projection. The growth in sales tax revenues has slowed considerably from recent years, as shown in the graph below.

Utility sales taxes are collected by the State and are distributed to the Village based on 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, which is restricted to maintaining, repairing, or constructing Village-owned streets and rights of way, is estimated to be \$711,000 in FY 2026, which is consistent with the FY 2025 actual Powell Bill allocation. Total intergovernmental revenue is estimated to be \$10,069,400 for FY 2026, or approximately 37% of General Fund operating revenues, an increase of approximately 2.6% over budgeted intergovernmental revenues in FY 2025.

**Local Option Sales Tax Revenues
(In Thousands)**



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 \$1,136,800 in FY 2026, or approximately 4% of total General Fund operating revenues. This is a decrease of 2.4% over budgeted permits and fees revenue in FY 2025 due to one-time fire district funding for radios in FY 2025.

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. This category also includes revenue for facilities and administrative services provided to the Sandhills Metropolitan Planning Organization for the Village's role as the lead planning agency. Total revenues in this category are expected to be \$892,830, or approximately 3% of total General Fund operating revenues. This is an increase of 3% from budgeted sales and services revenue in FY 2025, driven by Harness Track stall rentals and facility rentals.

Investment Income

Investment income consists primarily of earnings on cash and investments in the North Carolina Capital Management Trust (NCCMT). The NCCMT portfolio closely tracks federal interest rates. Interest rates have decreased slightly, and the Village expects its cash balance to decrease during the fiscal year as payments are made for the library construction. Investment income is expected to decrease over 23% from the FY 2025 amended budget down to \$768,000 in FY 2026.

Other Financing Sources

In FY 2026, the Village will begin partnering with Enterprise Fleet Management to optimize its fleet. Vehicles will be leased with Enterprise in a phased approach over five years. The Other Financing Sources of \$828,800 in FY 2026 represent the estimated lease obligations that will be incurred to replace 19 vehicles.



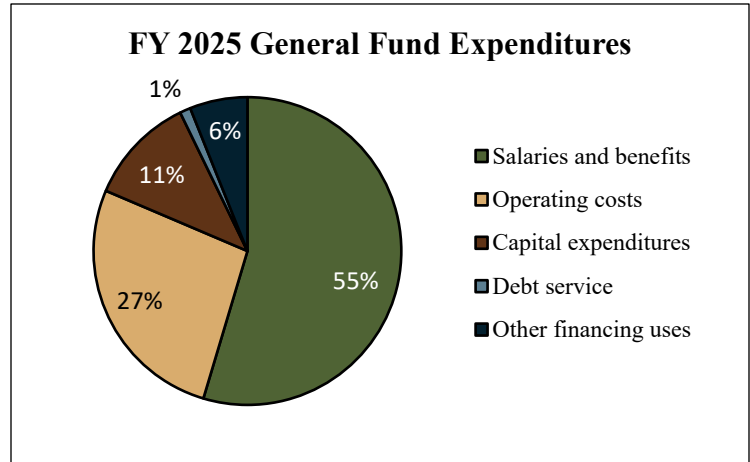
EXPENDITURES BY CATEGORY

General Fund Expenditures fall into one of five categories:

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

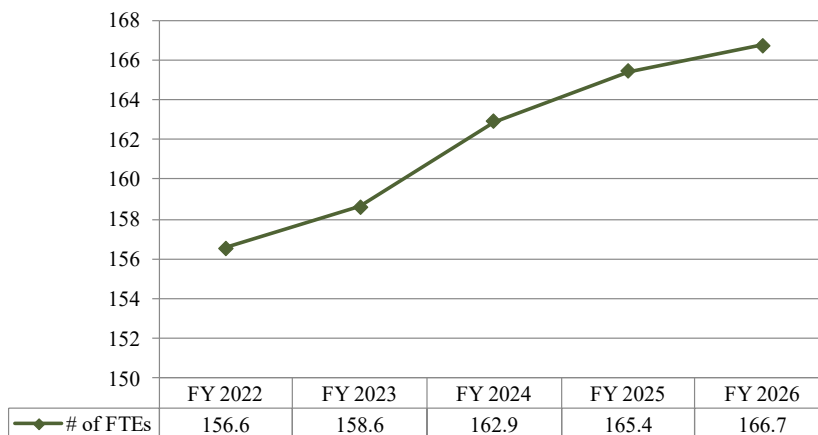
Salaries and Benefits

Salaries and benefits for the Village's 166.6 full-time equivalents (FTEs) account for \$17,207,800, or 55%, of the total General Fund budget in FY 2026. This amount includes all employees, however, salaries and benefits for internal service departments are allocated to the other departments as an operating cost.



Group insurance costs have historically escalated at a very rapid pace. In 2023, the Village changed group insurance providers, resulting in a decrease of 7.0% for employee medical coverage. The Village also introduced a high-deductible health savings account option for employees which contributed to reducing the cost of group insurance. The calendar year 2025 group insurance plan premiums increased nearly 10% which was consistent with the market. The Village's Risk Management Committee evaluates the group insurance plan each year and recommends an insurance program for the next calendar year. This year's budget assumes a 10% increase in group insurance costs for our January 2026 renewal. The Village pays for 100% of employee coverage.

Budgeted Number of Full-Time Equivalents



The FY 2026 budget recommends 1.3 additional FTEs for a new full-time parks maintenance specialist and an increase in hours for a part-time code compliance technician resulting in an increase of 1.3 FTEs. The full-time position is budgeted to start mid-year with an estimated cost of \$37,000 for salary and benefits. The chart illustrates the budgeted number of FTEs for the past five years and shows the increased staff capacity needed to serve a growing population.

The Village provides an annual cost of living adjustment (COLA). A total of \$379,500 has been included in the recommended budget to fund COLA (salary and associated benefits), which are based on the annual average consumer price index percentage for the prior calendar year. For FY 2026, this equates to 2.9%. Adjustments are effective July 1 on a pro-rated basis for employees employed during the prior fiscal year.

In FY 2025, the Village hired a consultant to conduct a pay and classification study of all employees. The study evaluated our pay and classification system to ensure it aligns with current market standards and meets the needs of our organization. An estimated 5% increase was included in the FY 2026 budget to implement the results of the study effective July 1 at a cost of \$696,200 for salaries and benefits.

An additional \$242,800 of salary and associated benefits has been included to fund the Village's merit pay system. Merit pay raises are funded at an average of 2% and are effective October 1. The Village does not provide longevity raises. In total, the COLA, pay study, and merit increases result in an estimated increase in salaries and benefits of over \$1.3 million.

Operating Costs

This category of expenditures accounts for \$8,436,140 or 27% of the total General Fund budget. This is a decrease of over 5% from the FY 2025 budget. These expenditures include all costs other than salaries and benefits, debt service, and capital costs. Notable operating costs include \$1.5 million for street resurfacing and patching, as well as funding for strategic initiatives supporting the Council's goals and objectives as listed in the *Strategic Priorities* section of this document.

Capital Expenditures

This category of expenditures accounts for \$3,590,600, or 11% of the total General Fund budget. This represents a decrease of 45% from the previous year's General Fund capital expenditures, largely due to the installation of synthetic turf at Wicker Park and funding for major sidewalk and stormwater projects in FY 2025. Estimated operating costs associated with significant non-routine capital expenditures are detailed in the *Capital Improvement Plan* section and are incorporated into the *Five-Year Financial Forecast*.

Capital expenditures are for the purchase of vehicles, equipment, land, infrastructure, and other items that have a value greater than \$5,000 and a useful life of at least one year. Capital expenditures also include the value of leased vehicles and equipment in the year they are acquired. Detailed information on capital expenditures for FY 2026 can be found in the *General Fund Capital Expenditures* section of this document. The list below highlights the notable capital items:

- Five (5) leased hybrid Police vehicles,
- Fourteen (14) other leased vehicles,
- Two (2) garbage trucks,
- Sidewalks to the new library,
- Stormwater drainage projects,
- Pedestrian facilities, and
- Restoration of trail bridges.

Debt Service

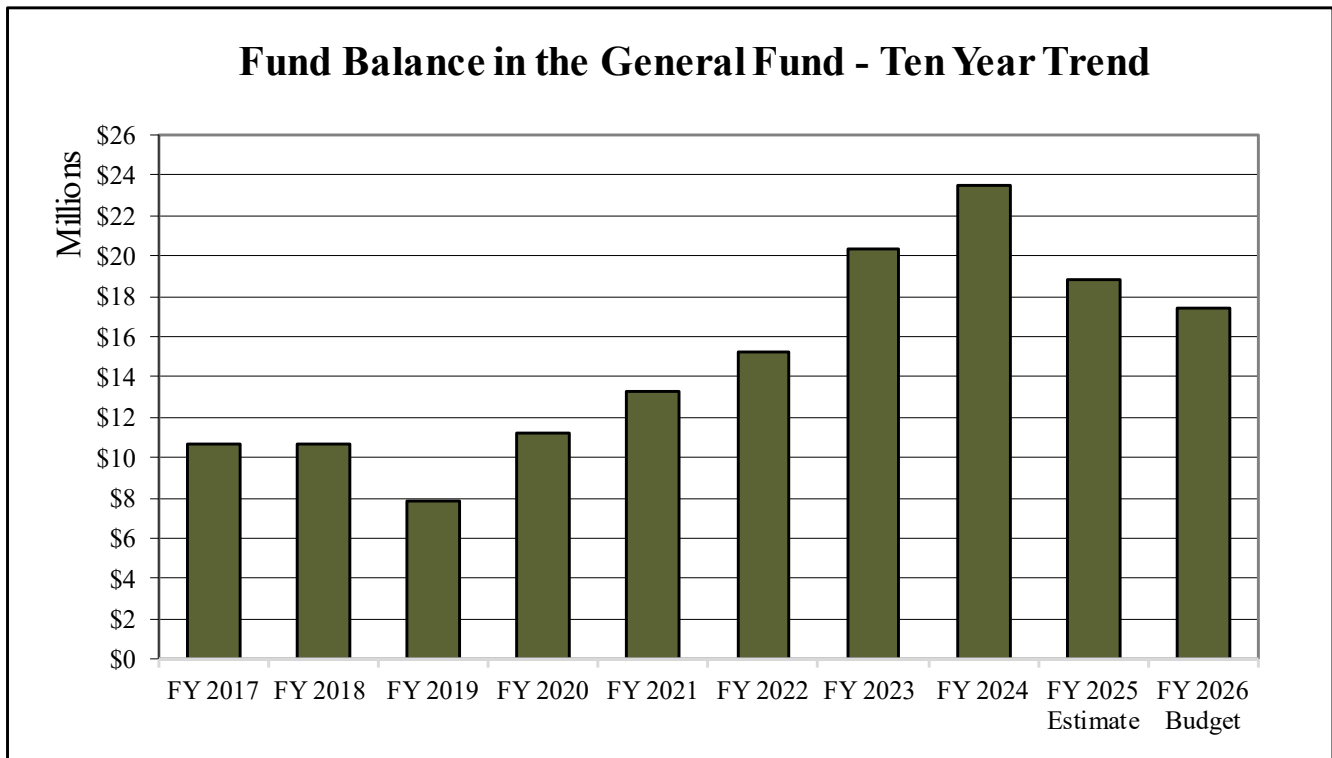
In FY 2026, the Village estimates \$357,050 in debt service expenditures which represent the principal and interest payments on multi-year leases of office equipment, vehicles, and software subscriptions. This is an increase of 65% over the FY 2025 budgeted debt service due to the addition of vehicle leases through Enterprise Fleet Management beginning in FY 2026.

Other Financing Uses

Other financing uses represent transfers out of the General Fund to other funds. The budget for FY 2026 includes a transfer of \$1,910,000 to the Library Expansion Capital Project Fund to cover the construction expenditures anticipated in FY 2026 for the new library building, less the available fund balance in the capital project fund from prior year transfers.

FUND BALANCE

At June 30, 2025, the Village's fund balance in the General Fund is projected to be nearly \$18.9 million, or 55% of the FY 2025 budget. The budget as proposed for FY 2026 will decrease the fund balance to approximately \$17.4 million, or 55% of expenditures. In recent years, the Village realized increases in fund balance because of higher sales tax revenue, the one-time infusion of ARPA funds, and expenditure control. The projected decrease in fund balance is driven by the planned use of fund balance for the new library building.



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 \$0.225 per \$100 valuation for the General Fund and a fund balance appropriation (i.e. use of fund balance to balance the budget) of \$3,506,560. This use of fund balance is in accordance with the Village's plans to use fund balance for the library construction and other significant capital items in FY 2026. The recommended budget projects an ending fund balance of 55% of FY 2026 General Fund budgeted expenditures, which is above the Council's adopted policy minimum of 30%. The fund balance policy includes a provision to commit fund balance in excess of 40% for future capital needs. The projected level of fund balance positions the Village well to complete the library expansion capital project and other significant capital investments that are incorporated in the five-year planning period.

Departmental requests were reduced by over \$1.3 million in developing the FY 2026 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 tables are a summary of the balanced recommended FY 2026 General Fund budget:

Revenues by Type	FY 2026 Budgeted
Ad Valorem Taxes	\$ 13,675,000
Other Taxes & Licenses	5,000
Unrestricted Intergovernmental Revenues	9,333,700
Restricted Intergovernmental Revenues	735,700
Permits & Fees	1,136,800
Sales & Services	892,830
Other Revenues	619,200
Investment Income	768,000
Operating Revenues	27,166,230
Other Financing Sources	828,800
Fund Balance Appropriations	3,506,560
Total Revenues	\$ 31,501,590

Expenditures by Function	FY 2026 Budgeted
General Government	\$ 3,645,099
Public Safety	10,082,043
Transportation	5,821,099
Environmental Protection	3,345,460
Economic & Physical Development	1,219,200
Cultural & Recreation	5,121,639
Debt Service	357,050
Operating Expenditures	29,591,590
Other Financing Uses	1,910,000
Total Expenditures	\$ 31,501,590

FY 2026 SMPO SPECIAL REVENUE FUND RECOMMENDED BUDGET

The Sandhills Metropolitan Planning Organization (SMPO) Special Revenue Fund accounts for the revenues and expenditures of the SMPO since the Village is serving as its Lead Planning Agency (LPA). The SMPO exists to perform the transportation planning for the Pinehurst-Southern Pines Urban Area as defined by the United States Department of Transportation. The SMPO Special Revenue Fund budget totals \$494,197 for FY 2026. The SMPO Special Revenue Fund is budgeted annually and is included in the Village's annual budget ordinance after the budget is approved by the SMPO Governing Board. See the *Special Revenue Funds* section for more information.

CONCLUSION

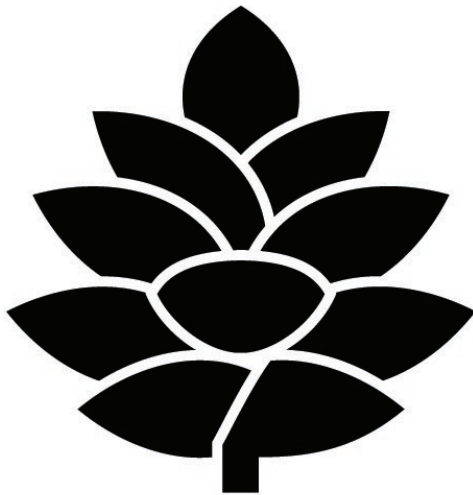
A Public Hearing to receive citizen input on the recommended budget will be held on Tuesday, May 27, 2025 at 4:30 pm in the Assembly Hall of the Pinehurst Village Hall. A copy of the proposed budget is available for inspection at Village Hall and on the Village's website at www.vopnc.org/sop.

I wish to express my thanks to the Village Council and senior leadership for their support in developing this FY 2026 budget. I also want to recognize all the Village employees who have accomplished so much this past year. Please let me know if I can be of any further assistance as you review this proposal.

Respectfully Submitted,



Doug Willardson
Village Manager



Pinehurst

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

This section was created to aid the reader in learning the duties and responsibilities of the Village government as a whole and those 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 “Mayor and Village Council” heading.

The Village of Pinehurst operates under a charter granted by the North Carolina General Assembly in 1980. It exercises powers and authorities provided through state laws and the North Carolina Constitution. In North Carolina, municipalities do not possess home rule authority. This means that local governments can only perform functions explicitly authorized by the state legislature. Unlike many other states, North Carolina does not confer broad local governance powers through its constitution or a single legislative act. Instead, local governments draw their authority from a combination of general statutes and local laws. These include various state statutes that outline the general powers of municipalities, along with local acts that apply to specific towns or regions. In certain instances, a municipality's charter may also grant additional authority.

According to general state law, municipalities are only required to provide one service initially—enforcement of the State Building Code. While they are permitted to offer a wide range of services, they are not legally obligated to do so beyond building code enforcement. Even then, municipalities are not required to perform inspections themselves; this task can be outsourced to counties or private companies.

Municipalities in North Carolina may operate under either a council-manager or a mayor-council form of government. The Village of Pinehurst uses the council-manager model. In this structure, the council, including the mayor, appoints a professional village manager to carry out the council's policy goals and initiatives. The manager is responsible for overseeing daily operations and hiring staff. While the council adopts the budget, the manager oversees the budget and delivering municipal services accordingly.

The Village of Pinehurst, like most municipalities, provides services in addition to what is required by statute. 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 summarizes the responsibilities of each function and department. We have also provided an email address for each department contact and a phone list for common requests and services at the end of this section.

GENERAL GOVERNMENT

The General Government function encompasses departments that are administrative in nature and broadly support the operations of the other functions that provide services directly to the community.

Governing Body (skonstantinou@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. All Council actions are made to advance the Village’s vision to be a “charming, vibrant community which reflects our rich history and traditions.” 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,
- Determines the level of services the Village will provide to its citizens,
- Makes appointments to various volunteer boards and commissions that act in an advisory and quasi-judicial role for the Village, and
- Selects and contracts with the Village Manager and Village Attorney for services.

Administration (dwillardson@vopnc.org)

The Administration Department provides top-level support to the Village Council and Village Manager. The Village Manager, Assistant Village Manager of Administration (vacant), and Assistant Village Manager of Operations lead the Village’s senior leadership team. The department:

- 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,
- Manages communications, marketing, and promotion, and
- Is responsible for the overall operations of the Village.

Financial Services (dvannostrand@vopnc.org)

The Financial Services Director reports directly to the Village Manager and serves as a member of the senior leadership team. The Financial Services Department oversees and performs the fiscal operations of the Village, which includes:

- Cash, investment, and debt management,
- Financial accounting and reporting, and
- Preparation of the annual budget and five-year financial forecast.

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 employees and volunteers which are critical to the success of our organization.



PUBLIC SAFETY

The Public Safety function includes departments that protect the people and property within the Village limits.

Police (gwebb@vopnc.org)

The Police Chief reports directly to the Assistant Village Manager of Operations 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.

Telecommunicators 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.

Fire (dclouston@vopnc.org)

The Fire Chief reports directly to the Assistant Village Manager of Operations and serves as a member of the senior leadership team. The Fire Department is responsible for the protection of life, property, and the environment of the Village, the Town of Taylortown, and the Longleaf fire district through fire and life safety educational programs, fire prevention inspections, fire suppression, technical rescue, medical first response, and related services. In addition, the department has a comprehensive continuing education program to keep personnel trained to the most current emergency services standards and best practices.

Inspections (acameron@vopnc.org)

The Inspections Department reports directly to the Planning and Inspections Director. It is the mission of the Inspections 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

The Transportation function covers planning, developing, and maintaining public roadways and infrastructure to ensure safe, efficient, and accessible mobility for the community.

Public Services (mapke@vopnc.org)

The Public Services and Engineering 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 (mapke@vopnc.org)

The Streets & Grounds Division of the Public Services Department reports to the Assistant 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 108 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 and traffic and street name signs,
- Constructing and maintaining sidewalks and pathways,
- Maintenance of the Village-owned right of ways and common areas,
- Street sweeping, and
- Tree trimming.

ENVIRONMENTAL PROTECTION

The Environmental Protection function involves implementing policies and programs to preserve natural resources, manage solid waste, and promote sustainability within the community.

[Solid Waste](mailto:mapke@vopnc.org) (mapke@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 periodic storm debris collection.



ECONOMIC & PHYSICAL DEVELOPMENT

The Economic and Physical Development function focuses on land use planning, managing growth, and enforcing codes and ordinances to support a thriving, well-organized, and sustainable community.

[Planning](mailto:acameron@vopnc.org) (acameron@vopnc.org)

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

CULTURAL AND RECREATION

The Cultural and Recreation function is responsible for providing and maintaining facilities, programs, and events that promote heritage, leisure, arts and community well-being.

Recreation (awhisnant@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, Tufts Park, and the Cannon Park Community Center.



Fair Barn (awhisnant@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.



[Harness Track \(awhisnant@vopnc.org\)](mailto:awhisnant@vopnc.org)

The Harness Track Division of the Parks and Recreation Department provides the labor, 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 244 horse stalls in 17 barns. In 2015, the Village celebrated the Harness Track's 100th anniversary.



[Library and Archives \(amoriarty@vopnc.org\)](mailto:amoriarty@vopnc.org)

The Library and Archives Director reports directly to the Assistant Village Manager of Operations and is a member of the senior leadership team. In April 2022, the assets and operations of the Given Memorial Library and Tufts Archives were transferred into the Village's suite of services. 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. The library also serves as the curator of the Tufts Archives and the Pinehurst History Museum.



INTERNAL SERVICE DEPARTMENTS

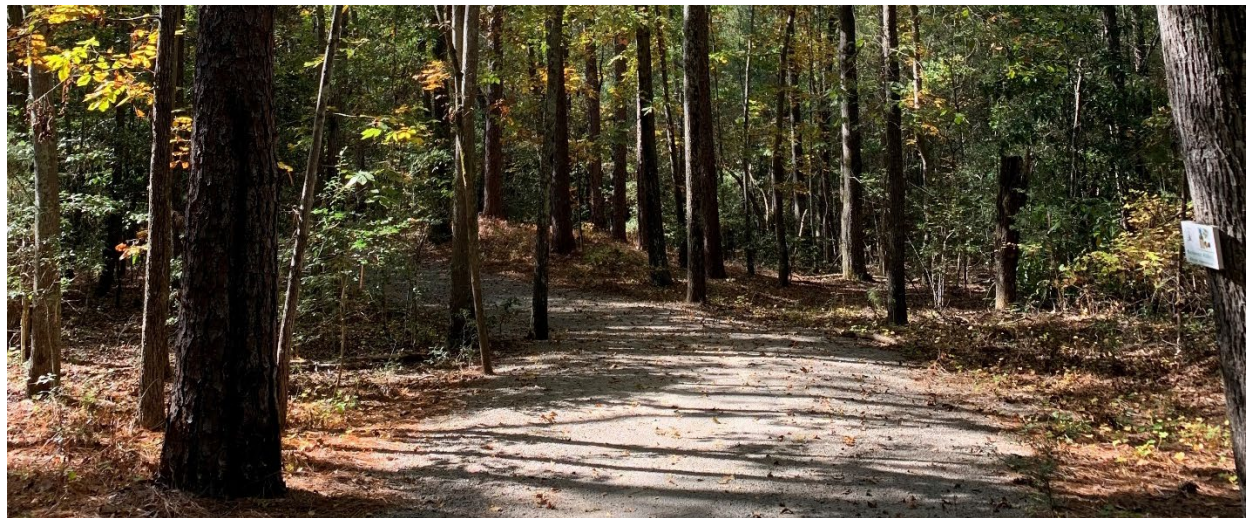
The Internal Service Departments are responsible for managing and maintaining the Village's assets that are used in providing services to the public, such as buildings, vehicles, equipment, and technology. Since the work of these internal service departments supports the operations of all other functions, their expenditures are allocated to the other departments and divisions in proportion to the level of service provided to each department.

Fleet Maintenance (jccole@vopnc.org)

The Fleet Maintenance Department reports directly to the Assistant Village Manager of Operations. 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 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.



Information Technology (jwhitaker@vopnc.org)

The Chief Information Officer reports directly to the Village Manager. 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 PLANNING BOARDS AND COMMISSIONS

[Historic Preservation Commission \(acameron@vopnc.org\)](mailto:acameron@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.”



[Planning and Zoning Board \(acameron@vopnc.org\)](mailto:acameron@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 \(acameron@vopnc.org\)](mailto:acameron@vopnc.org)

The Board of Adjustment (BOA) has jurisdiction to hear cases regarding variance requests from the provisions of the 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.

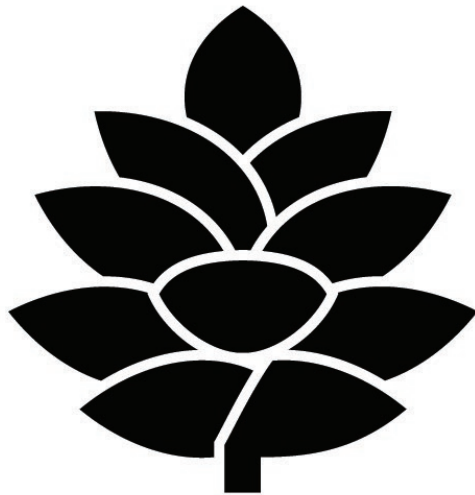
NEED MORE INFORMATION?

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.

ANIMAL CONTROL (MOORE COUNTY ANIMAL SERVICES).....	910.947.2858
ATHLETICS.....	910.295.2817
BILL INQUIRIES.....	910.295.1900
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 COLLECTION.....	910.295.5021
GENERAL VILLAGE INFORMATION.....	910.295.1900
GEOGRAPHIC INFORMATION SYSTEM (GIS).....	910.295.1900
GIVEN MEMORIAL LIBRARY & TUFTS ARCHIVES.....	910.295.6022
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
NUISANCE WILDLIFE (NC WILDLIFE RESOURCES COMMISSION).....	866.318.2401
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 OPERATING PLAN GUIDE

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 (SOP). It is inclusive of the required annual balanced budget, the five-year financial forecast, and the five-year Capital Improvement Plan (CIP). 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 eighteen consecutive years and has been awarded the Special Performance Measures Recognition in six of those years. The Village also received the Long-Range Operating Financial Plans Recognition for the first time for the Fiscal Year 2025 SOP.

What's New in the Document This Year?

In the spirit of continuous improvement, several enhancements have been made to the 2026 SOP. The most significant changes made in this year's document to make it more useful to the reader include:

- More graphics and visual representations of content have been added throughout the SOP document this year to aid readers in understanding key information.

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 Dana Van Nostrand, Financial Services Director at dvannostrand@vopnc.org.

Strategic Planning Process Overview



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 Village's major financial policies are summarized below. The Village follows a policy of full disclosure in every financial report and monitors and maintains compliance with these policies.

Council-Adopted Policies

Investment Policy

The Investment Policy states the Village will consolidate cash balances to ensure 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 as allowed by the North Carolina Local Government Budget and Fiscal Control Act and the Village's Investment Policy. The Finance Officer reports on the investment portfolio to the Village Council on a quarterly basis. This policy is reviewed annually and updated as needed. It was last updated in 2025.

Fund Balance Policy

The Fund Balance Policy states the Village will maintain operating reserves by maintaining a healthy fund balance. The Fund Balance Policy requires management to maintain unassigned General Fund fund balance, as reported in the Village's Annual Comprehensive Financial Report (ACFR), of greater than 15% of actual General Fund expenditures as reported in the ACFR 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 at a minimum of 30% of budgeted expenditures. This policy was last updated in FY 2021, amending it to include a provision allowing Council to commit fund balance in excess of 40% of actual General Fund expenditures for future capital needs.

Purchasing and Contracting Policy

The Purchasing and Contracting Policy guides procurement processes and decisions to ensure they comply with the NCGS and strive to receive the maximum value for each dollar spent. Procurement is decentralized at the Village. Each department procures goods and services in accordance with this policy, with the Financial Services Department and others reviewing and approving purchase requests and contracts based on the approval limits. Village Council delegates some of its authority to approve purchases and contracts to the Village Manager as allowed by the NCGS. This delegation of authority is adopted by the Council each fiscal year in the annual budget ordinance. The Village Manager further delegates some of this authority to the department heads and Financial Services Director each fiscal year. This policy was last updated in 2020.

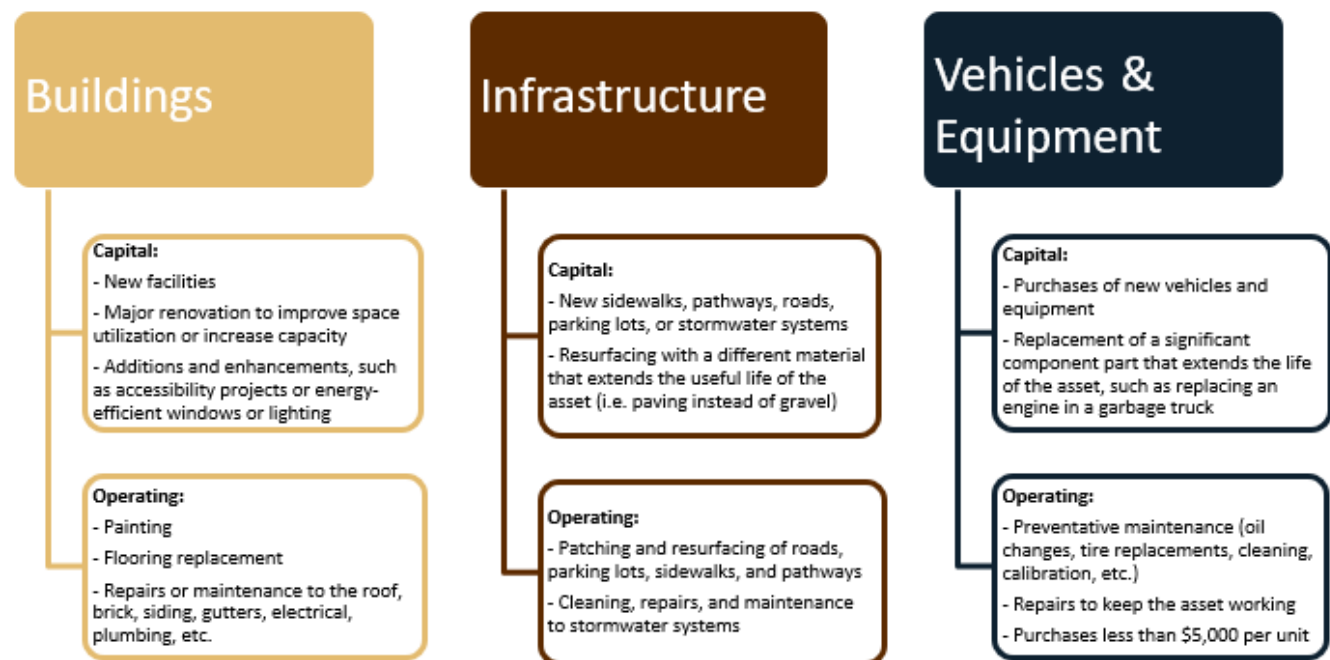
Fees and Charges Policy

The 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 Village's Fees and Charges Policy requires the Financial Services staff to evaluate and update the fee schedule each year. It was last updated in February 2025 with the changes effective July 1, 2025 for FY 2026.

Capital Assets Policy

The Capital Assets Policy defines capital assets for financial reporting and budgeting purposes, suggests the estimated useful life ranges for each asset class, and sets the capitalization threshold as allowed by Generally Accepted Accounting Principles (GAAP). Capital assets are tangible assets that have a useful life more than one year and a per unit cost of \$5,000 or more. Tangible capital assets are classified as land, land improvements, infrastructure, buildings, furniture and fixtures, equipment, vehicles, and construction in progress. Capital assets also include intangible assets, such as right-to-use lease and subscription assets. The useful life is estimated for each asset, using the ranges in the policy as a guideline. Capital assets are depreciated on a straight-line basis over the useful life of the asset, except for land, certain land improvements, and construction in progress. The policy also includes expectations for the custody, safekeeping, and inventory of assets.

Purchases of assets that do not meet the definition of a capital asset per the policy and repairs to and maintenance of assets are budgeted and reported as operating expenditures. Purchases or construction of capital assets and costs that enhance, upgrade, expand the capacity, or extend the useful life of an existing capital asset are budgeted and reported as capital outlay expenditures. Examples of what qualifies as a capital item versus an operating expenditure are in the table below (the Capital items assume the cost is at least \$5,000 per unit). This policy was last updated in 2023.



Other Financial Guidelines

Budget and Financial Planning Principles

The Village is guided by four key principles when developing its budget and long-term financial plans. These principles serve as the foundation for making informed financial decisions, allocating resources in alignment with community priorities, and fostering public trust through transparency and accountability.

Fiscal Responsibility and Stability	Transparency and Accountability	Long-Term Financial Planning	Strategic Alignment
• Recurring revenues support operations and routine capital replacements • Major capital projects are funded through fund balance or other sources	• Open, transparent, and inclusive process • Financial information is readily available in understandable formats	• Five-year financial forecast • Five-year capital improvement plans • Address future growth and needs • Ensure financial sustainability	• Make progress on community's goals • Comprehensive plan, master plans, community and business surveys • Expenditures align with priorities

Operating Budget Guidelines

Pursuant to the North Carolina General Statutes §159-8 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 the appropriations in that fund.

Further, the Village develops and adopts a structurally balanced budget where the operating revenues are sufficient to cover the operating expenditures. The Village maintains a program of budgetary controls to ensure adherence to the budget. Budget-to-actual reports are available to department heads and management electronically 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 retains an independent accounting firm to perform annual financial and compliance audits in accordance with GAAP and Governmental Accounting, Auditing, and Financial Reporting 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. The 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 expenditures.

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 and rarely uses debt to finance a project or purchase. The Village will consider the use of long-term debt financing only when it meets the following criteria:

- The capital project has been included in the Village's approved Capital Improvement Plan,
- 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. The effect of debt service on operations is projected and considered in the five-year financial forecast. 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 may utilize the authority granted within the General Statutes for lease or installment purchase contracts 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 strategic planning process. 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 operating budget and five-year financial forecast. The Village will protect and maintain its capital investments to reduce replacement costs. As part of the CIP, the Village will project its revenues and expenditures from operations for a five-year planning horizon.



Budget Requirements

Basis of Accounting and Budgeting

The Village adheres to generally accepted accounting principles as promulgated by the Government Accounting Standards Board and uses fund accounting to ensure compliance with legal requirements. The current financial resources measurement focus and the modified accrual basis of accounting are used for all of the Village's funds. This approach to accounting recognizes revenues when they become measurable and available. Revenues are available when they are collected in the current fiscal year or soon enough thereafter to pay obligations of the current fiscal year. The Village considers revenues to be available if they are collected within 90 days of the fiscal year end. Expenditures are recognized at the time liability is incurred (i.e. the goods or services are received), except for principal and interest on long-term debt which is recognized when due.

The full cost of capital asset acquisitions are budgeted and reported as expenditures when they are purchased or constructed. Depreciation expense (calculated on a straight-line basis over the estimated useful life of the asset) is not budgeted. Additionally, compensated absences (including vacation and sick time earned but not used) are not budgeted. These items are reported in the government-wide financial statements of the Village's Annual Comprehensive Financial Report (ACFR).

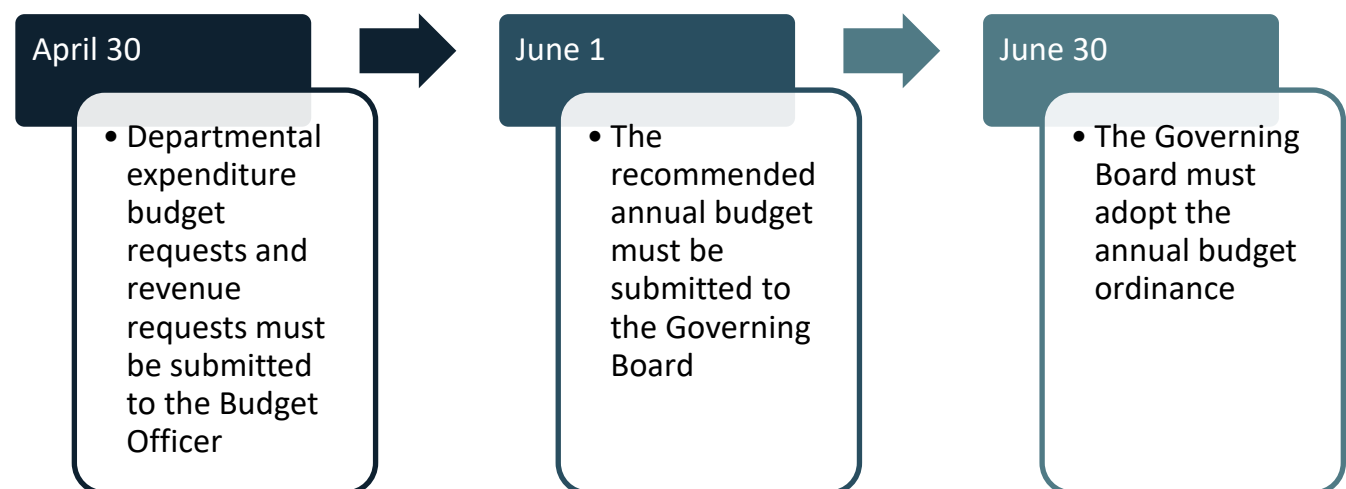
All revenues and expenditures must be included in the annual budget ordinance or the appropriate capital and/or grant project ordinances. Any operational appropriations that are not expended or encumbered shall lapse at the end of the fiscal year. The Village of Pinehurst uses the modified accrual method as the basis for budgeting, accounting, and financial reporting for all its existing funds. The Village does not currently have any enterprise, proprietary, or fiduciary funds that require the use of the full accrual basis of accounting.

North Carolina Local Government and Fiscal Control Act

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:



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 the budget request show actual revenues and expenditures for the prior year, estimated amounts in the current year, and requested amounts 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 anticipates collecting 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 LGBFCA is when the sum of estimated net revenues and appropriated fund balance in each fund is equal to the 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 budget 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.
- 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 on the recommended budget 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 the tax 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 LGBFCA. 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.

The Village's budget ordinance includes the delegation of authority to amend the budget appropriations in certain circumstances. After the adoption of the budget ordinance, the Budget Officer (Village Manager) is authorized to transfer appropriations between line-item expenditures within a department's appropriation without making an official report to the Village Council. He may also transfer amounts between functional areas, including contingency appropriations, within the same fund to increase an appropriation up to \$25,000 in a single budget amendment. These transfers, however, require an official report at the next regular meeting of the Village Council. In the event a State of Emergency is declared by the Mayor or designee, the Budget Officer is granted unlimited budget amendment authority within the same fund for expenditures directly related to the emergency. These transfers also 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 (ordinance).

Public Involvement

The Village strives to be transparent and encourage engagement with the public in the strategic planning and budgeting process.

Community and Business Surveys

The Village conducts an annual community survey to gather input from residents on a broad spectrum of Village services. Business surveys are also conducted annually. The community survey has been completed thirteen years in a row, giving the Village a wealth of historical data to observe trends and compare to benchmarks. Survey results are presented to Council at public meetings and are used during the strategic planning retreat to aid leadership in:

- Setting community priorities and areas of focus,
- Determining programs or services that need improvement,
- Identifying future needs, and
- Aligning staffing and budget requests to address priorities and needs.

Committee Communications

The Neighborhood Advisory Committee (NAC) is comprised of a representative from each of the twenty neighborhoods within the Village. The NAC serves as a means of communication between the Village and its residents, including collecting input and feedback from residents that informs the strategic planning and budgeting process.

Public Meetings

The Council's strategic planning retreat meetings and the budget work sessions are open to the public. A press release is issued in May to notify the public that the recommended budget and SOP are available for review online or in Village Hall for public inspection. The press release invites the public to provide feedback and directs them to the various channels they can use, such as public meetings, emailing comments, or submitting input through the website or one of the Village's mobile applications. This information is also posted on the Village's website homepage and social media accounts to reach a broad audience.

Budget Format

The accounts of the Village are organized and operated based on funds and account groups. 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 flow of revenues and expenditures in each fund is similar to a checking account. Revenues are deposits into the account that are used to pay for expenditures throughout the fiscal year. Any unspent balance in the fund at the end of the fiscal year remains in the fund and becomes fund balance. Fund balance is like a savings account for that fund. Village Council can commit or assign fund balance to be used for a particular purpose, such as a future capital project or the completion of initiatives from the prior fiscal year. Council must authorize the use of fund balance, which is typically done through adopting the budget ordinance or a budget amendment.

The Village maintains the minimum number of funds necessary to adhere to legal and managerial requirements. Currently, the Village maintains three funds, all of which are considered major funds: the General Fund, the Sandhills Metropolitan Planning Organization (SMPO) Special Revenue Fund, and the Library Expansion Capital Project Fund. Additional capital project funds will be established in the future based on current plans. The Village's need for different funds is subject to change in any year.

A fund is one of two types: an operational fund or a project fund. Operational funds are appropriated on an annual basis and the 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. The LGBFCA allows the Village Council to make appropriations by department, function, or project, whichever the Council considers most efficient in enabling it to make fiscal policy decisions. The Village appropriates its operational funds at the department level.

The **General Fund** is the operational fund 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 appropriated annually by department.

Special revenue funds are used to account for special revenues that are legally restricted to expenditure for a particular purpose, such as grants. A special revenue fund's budget can be adopted annually or as a multi-year project budget depending on the nature of the project and funding source. The Village has one special revenue fund, the **SMPO Special Revenue Fund**, which is appropriated annually to align with the annual grant funding that is received to fund the activities of the SMPO department.

Capital project funds are used to account for the acquisition and construction of major capital assets, other than those financed by proprietary funds and trust funds. The Village has one capital project fund established at this time: the **Library Expansion Capital Project Fund**. The Village expects to create the **Fire Facility Capital Project Fund** in FY 2029 based on the planned timeline of the project in the five-year forecast.

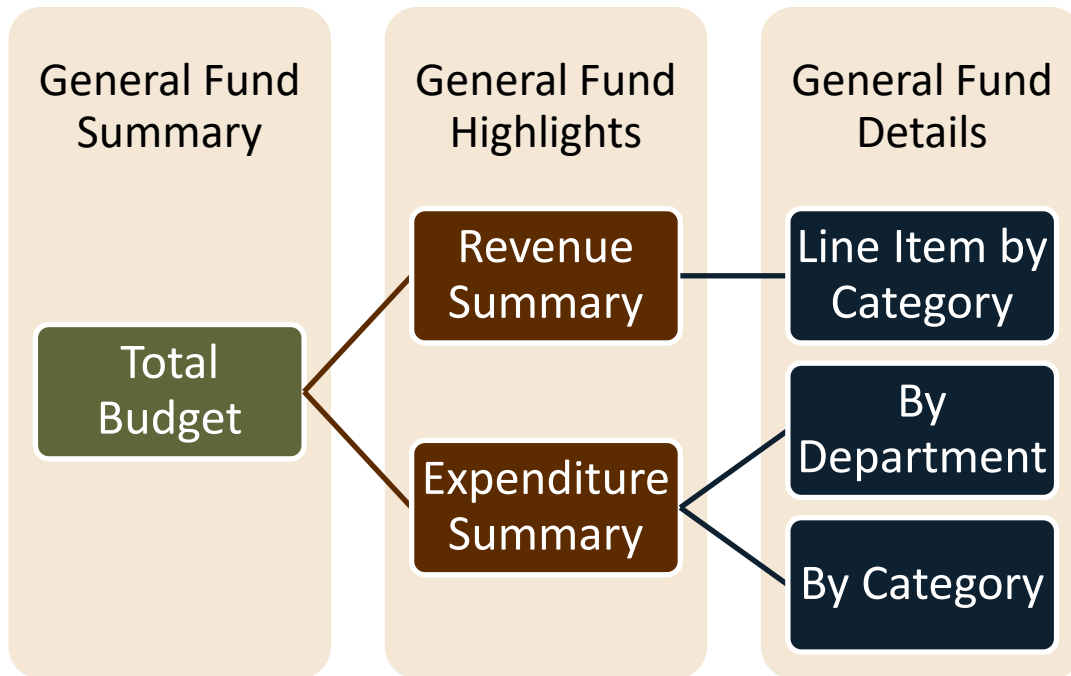
Budgets, while managed by funds, are also managed by functions. The functions designate the actual use of the funds. For example, the function of the Police Department is Public Safety, and the function of the Financial Services Department is General Government.

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 function and its activities are funded by one or more funds. A fund can include any number of departments, including departments of different functions. A function can include departments from multiple funds, such as the Transportation function. The matrix below reflects the relationship between the functions/departments and the Village's operating funds, showing which funds provide resources to each department.

Function/Department	Operational Funds	
	General Fund	SMPO Special Revenue Fund
<i>General Government</i>		
Governing Body		
Administration		
Financial Services		
Human Resources		
<i>Public Safety</i>		
Police		
Fire		
Inspections		
<i>Transportation</i>		
Public Services Administration		
Streets & Grounds		
Powell Bill		
Sandhills Metropolitan Planning Organization		
<i>Environmental Protection</i>		
Solid Waste		
<i>Economic & Physical Development</i>		
Planning		
<i>Cultural & Recreation</i>		
Parks & Recreation		
Library & Archives		
Harness Track		
Fair Barn		

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 people who are charged with the duty of providing services to citizens. The annual budget is also appropriated at the department level, which means the Village must spend within that department's appropriation during the fiscal year, unless the budget is amended. The individual department revenues and expenditure totals are consolidated for each fund, which presents the "bottom line" of the budget for that fund. The graphic below illustrates how the structure of the General Fund budget is presented in the *General Fund* section.



In the *General Fund* section, the reader will find information on the FY 2026 budget for each of the Village's revenue sources, department profiles and expenditure budget summaries, debt service schedules, and capital expenditure funding. 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.

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 2024 Actual	FY 2025 Budget	FY 2025 Estimated	FY 2026 Budgeted	Percent Change
Salaries & Benefits	\$ 249,744	\$ 282,500	\$ 292,500	\$ 318,300	12.7%
Operating	309,469	356,947	338,422	430,340	20.6%
Capital	195,911	205,709	205,709	276,940	34.6%
Expenditures Total	\$ 755,124	\$ 845,156	\$ 836,631	\$ 1,025,580	21.3%

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

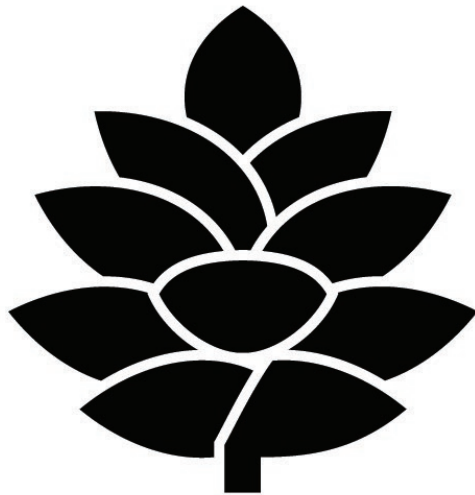
Includes expenditures for land, buildings, equipment, vehicles, and other expenditures exceeding \$5,000, with a life expectancy of more than 1 year

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 only certain departments generate revenues to support their activities. If no revenues are presented for a department, it is fully funded from the general revenues of the Village (property taxes, unrestricted intergovernmental revenues, etc.).

The *Special Revenue Funds* section of this document describes the project or activities accounted for in each special revenue fund, the expenditure and revenue budget, and amounts spent or received to date. Key budget highlights are also provided for each fund.

The *Capital Project Funds* section of this document includes a description of the project, historical information if the project is underway, and the future plans for the project that are included in the SOP for each of the Village's existing or planned capital project funds. The projected expenditures and revenues are presented by type, along with the amount spent or received to date. Information on the project's impact to the Village's General Fund operating budget is also provided.

The *Five-Year Financial Forecast* and *Capital Improvement Plan* sections include information on the process and assumptions used to develop the five-year financial forecast and CIP, as well as schedules that illustrate the Village's plans for the next five fiscal years. While these plans are subject to change, they represent the priorities and decisions made by the Village Council and management based on the conditions and information available at the time they were developed.





STRATEGIC PRIORITIES

Strategic Planning Process

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

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. 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 the achievement of organizational strategy:



The BSC has nine goals with each goal aligned to one of the four perspectives. Each goal has strategic objectives (20 in total) that will achieve the goal. Each strategic objective has Key Performance Indicators (KPIs) (55 in total) that aid in monitoring progress toward the objectives and identifying areas for improvement.

Key Performance Indicators

To ensure progress toward our strategic goals, each department maintains its own Balanced Scorecard with clearly defined Key Performance Indicators (KPIs). Senior leaders regularly review measures (daily, weekly, monthly, quarterly, or annually) to ensure the organization remains aligned, agile, and on track. This ongoing monitoring enables timely adjustments and reinforces our commitment to continuous improvement.

Mission, Vision, and Values

Each year, the Council affirms the Village's mission and vision. 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, established by management, are the guiding principles and behaviors that are critical to ensuring that the Village of Pinehurst is a high performing organization.

 VALUES Service Initiative Teamwork Improvement	VISION The Village of Pinehurst is a charming, vibrant community which reflects our rich history and traditions. MISSION Promote, enhance, and sustain the quality of life for residents, businesses, and visitors.
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FY 2026 Strategic Operating Plan Calendar

The Village utilized the following schedule in identifying strategic priorities, which drove the preparation and adoption of the 2026 Strategic Operating Plan and FY 2026 budget:

Dates	Activity
October 8, 2024	State of the Village and survey data reviewed with Council
October 22, 2024	Council provided direction to staff on issues/projects for the five-year forecast
December 3, 2024	Village Council held Strategic Planning Retreat
December 10, 2024	Staff present the five-year financial forecast based on the Strategic Planning Retreat and request public input
January 15, 2025	FY 2026 Strategic Operating Plan (SOP) Kickoff Meeting and training session for Senior Leadership
February 21, 2025	Senior leaders submitted departmental SOP forms to the Financial Services Department after consultation with their respective Village Manager
February – March 2025	Financial Services Department estimated revenues in conjunction with senior leader input, prepared centrally budgeted expenditure requests, and consolidated departmental requests
March 17-24, 2025	Strategic Planning Team held Strategic Operating Plan Workshops with senior leaders to discuss their submitted plans
March 27, 2025	Strategic Planning Team prioritized Initiative Action Plans and developed Strategic Operating Plan with long-term staffing and capital plan included (budget balancing)
April 8, 2025	Village Manager presented budget preview to Council
April 22, 2025	Village Council held its budget work session
May 8, 2025	Village Manager submitted the draft Strategic Operating Plan to the Village Council
May 13, 2025	Village Manager presented the recommended Strategic Operating Plan
May 27, 2025	Village held a public hearing on the FY 2026 Budget
June 10, 2025	Village Council adopted the Strategic Operating Plan and the FY 2026 Budget Ordinance
July 1, 2025	FY 2026 SOP implemented

FY 2026 Balanced Scorecard

FY 2026 Balanced Scorecard	
Customer Perspective	
Goal 1: Safeguard the Community	
Strategic Objective	Key Performance Indicator (KPI)
Deliver effective fire and rescue services	% of residents satisfied with fire services
	% of residents satisfied with how quickly fire personnel respond to emergencies
	90th percentile response time for first unit arrival
	Five-year rolling average of property value saved, as a percentage of property value at risk in fires
Deliver effective police services	% of residents satisfied with police services
	% of residents whose overall feeling of safety in the Village is good or excellent
	Crime rate per 1,000 residents
	90th Percentile response time to high-priority calls
Goal 2: Support high-quality neighborhoods, development, and appearance	
Ensure codes and ordinances protect the character of Village Neighborhoods	% of residents satisfied with the quality of new residential development
	% of residents satisfied with the quality of new commercial development
	% of residents satisfied with Village efforts to maintain the quality of their neighborhoods
Enforce codes and ordinances to protect the character of Village neighborhoods	% of residents satisfied with the enforcement of Village codes and ordinances
	Median number of days to close a code violation
Maintain and enhance the appearance of public spaces	% of residents who rate the overall appearance of public spaces across the Village as good or excellent
Goal 3: Support a thriving business community	
Support the business community	% of downtown businesses satisfied with the overall quality of Village services
	% of businesses outside of downtown satisfied with the overall quality of Village services
	% of downtown businesses likely to recommend the Village as a business location
	% businesses outside of downtown likely to recommend the Village as a business location
Goal 4: Support and promote transportation mobility and connectivity	
Provide a safe and effective multi-modal transportation system	% of residents satisfied with the availability of walkways in their neighborhood
	% of residents satisfied with the availability of greenway/walking trails across the Village
	# of collisions per 1,000 residents
Maintain high-quality streets	% of residents satisfied with the adequacy of street lighting
	% of residents satisfied with street and right of way maintenance
	Pavement Condition Rating
Goal 5: Preserve the quality of the environment	
Manage stormwater systems	% of residents satisfied with the quality of stormwater management
	% of MyVOP stormwater requests addressed on time
Provide effective and efficient solid waste collection services	% of residents satisfied with solid waste services
	# of solid waste collection complaints per 1,000 collection points
Conserve natural resources	% of refuse diverted from the landfill

Goal 6: Promote active living and cultural opportunities	
Provide recreation programs and facilities	% of residents satisfied with P&R programs
	% of residents satisfied with P&R facilities
	% of recreation participants satisfied with athletic and recreation programs
Provide cultural events and opportunities	% of residents satisfied with Village sponsored events
Provide library and archive services	% of residents satisfied with Given Memorial Library services
	% of residents satisfied with the Tufts Archives
	# of library and archives visitors
	# of books and e-books checked out

Internal Perspective	
Goal 7: Professionally manage a high-performing organization	
Strategic Objective	Key Performance Indicator (KPI)
Communicate with and engage the community	% of residents satisfied with Village communications
	% of residents satisfied with the level of public involvement in local decisions
Provide a high level of customer service	% of residents satisfied with customer service provided by VOP staff
	% of MyVOP requests and complaints addressed on time
Continuously improve and innovate	% of residents satisfied with the value received for taxes paid
Maintain Village assets	% of depreciable life remaining on capital assets

Workforce Perspective	
Goal 8: Attract and retain an engaged workforce	
Strategic Objective	Key Performance Indicator (KPI)
Provide a supportive and rewarding work environment	Turnover rate (includes voluntary and involuntary separations)
	% of employees who agree that overall they like their job
	% of volunteers who agree that overall they like their role

Financial Perspective	
Goal 9: Maintain a Healthy Financial Condition	
Strategic Objective	Key Performance Indicator (KPI)
Meet or exceed established financial targets	Total General Fund fund balance as a % of actual expenditures
	General Fund operating margin
	General Fund debt service ratio
	YTD actual expenditures as a % of the budget
	YTD actual revenues as a % of the budget
	YTD actual operating expenditures as a % of the budget
	% of Fair Barn operating expenditures recovered with fees
	% of Harness Track operating expenditures recovered with fees
	% of direct costs recovered through recreation fees

Key Initiatives

The Village of Pinehurst continues to demonstrate its commitment to improving the community with a wide range of exciting and impactful projects. From infrastructure enhancements to community services, the Village is making significant strides to meet the evolving needs of its residents. Below are some of the key initiatives the Village is currently undertaking.

Project	Description	Status	Department(s) Cost
Expansion and Renovation of Given Memorial Library and Tufts Archives	The expansion of the Given Memorial Library and Tufts Archives aims to create a larger, more accessible space for residents.	The project is currently under review by the Technical Review Committee, and it is expected to be bid in the near future.	Library Administration <i>Cost:</i> \$5,600,000 – \$8,000,000
Update the Pinehurst Development Ordinance (PDO)	The Village is updating the PDO to align with the priorities outlined in the 2019 Comprehensive Plan and to create a unified development ordinance.	The contract for the project has been approved, a focus group has been selected, and a consultant is set to tour the Village with staff to gather insights and guide the update.	Planning <i>Cost:</i> \$216,625
Redevelopment of Village Place	This redevelopment is poised to support continued growth and vibrancy in the area.	To facilitate additional development within Village Place, the Village plans to add essential infrastructure (roads and sidewalks).	Administration <i>Cost:</i> \$800,000
Improve Fire Response Times	The BIRDIE report in FY 2025, recommended a phased approach to improve fire response times. This begins with adding a Quick Response Unit (QRU) at Station 91 and tracking the impact the QRU has on response times.	The Village plans to hire six (6) additional firefighters in FY 2027 to staff the QRU. Staff and Village Council will agree on metrics to measure the impact of the QRU and monitor the need to move to the next phase of the recommended plan which would add a third fire facility.	Fire <i>Cost:</i> \$600,000 per year in operating \$400,000 for design of fire facility
Multi-Modal Transportation Improvements	The Village is combining its transportation plans into one comprehensive multi-modal document aimed at improving accessibility for bicycles, pedestrians, and golf carts.	The plan was developed in-house and is currently under review by the Bicycle and Pedestrian Advisory Committee. Additionally, as part of the plan, sidewalk construction along Juniper Creek Boulevard in the Pinehurst No. 6 neighborhood will begin in May 2025.	Planning Streets & Grounds <i>Cost:</i> \$460,000 per year

Project	Description	Status	Department(s) Cost
Short-Term Rental (STR) Monitoring and Compliance	Enforce the recently adopted Ordinance #22-15, which prohibits new short-term rentals.	The Village has implemented STR monitoring software. This tool will help identify STRs and provide staff with the information necessary to enforce compliance with the ordinance. The software was launched in April 2025.	Administration Planning Inspections <i>Cost: \$40,000 per year</i>

Additional Noteworthy Projects:

- **Downtown Parking:** The Village is developing a comprehensive plan to address parking needs in the downtown area.
- **Document Imaging:** Staff is being trained on new software to digitize documents, streamlining workflows and improving efficiency.
- **Highway 5 Improvements:** The Village is collaborating with NCDOT to plan future improvements to the Highway 5 corridor.
- **Traffic Circle Improvements:** Ongoing discussions with NCDOT are taking place as alternatives and improvements for the traffic circle are being developed.
- **Cannon Park Lighting:** In an effort to reduce energy consumption and light pollution, the Village replaced the field lights at Cannon Park with energy-efficient LEDs, cutting electricity usage by nearly 50%.
- **Fleet Vehicle Leasing Program:** Beginning in FY 2026, the Village is partnering with Enterprise Fleet Management (EFM) to optimize its fleet. This program involves entering into open-ended (equity) leases for vehicles instead of purchasing them for cash and replacing them on a shorter cycle (approximately five years) than the Village has been doing. Having a younger fleet ensures all vehicles have standard safety features, reduces fuel and maintenance costs over time, and maximizes the resale value of the vehicles.

Five-Year Financial Forecast Summary

To determine the Village's financial capacity to fund the Strategic Operating Plan and meet the strategic priorities, staff prepares a financial forecast that is included in the *Five-Year Financial Forecast* section of the SOP. Assumptions are made relative to revenues and expenditures based on historical trends and future projections. The five-year projections include the items in the *Capital Improvement Plan* (CIP) section and address all projected costs associated with Council approved IAPs. The Strategic Planning Team determines what funding sources (current revenues, fund balance, debt, etc.) are appropriate for new capital investments in the plan. The five-year financial forecast is developed to ensure fund balance remains at a minimum of 30% of budgeted expenditures in accordance with the Village Council's adopted Fund Balance Policy and to evaluate the impact the plans have on long-term financial sustainability by monitoring the operating margin.

The five-year financial forecast for the General Fund FY 2026-2030, which is described more fully in the *Five-Year Financial Forecast* section of the SOP, is summarized below.

Five-Year Financial Forecast					
\$ in thousands	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Tax Rate per \$100 valuation	\$ 0.225	\$ 0.225	\$ 0.235	\$ 0.235	\$ 0.245
General Fund Operating Revenues	\$ 27,166	\$ 27,923	\$ 28,919	\$ 29,843	\$ 30,058
General Fund Operating Expenditures	26,001	27,840	29,070	30,320	31,237
Operating Income	\$ 1,165	\$ 83	\$ (151)	\$ (477)	\$ (1,179)
Other Financing Sources	829	812	688	592	303
Transfer to Capital Project Funds	1,910	2,150	-	400	-
Capital Expenditures	3,591	3,649	4,115	2,836	1,935
Total Expenditures	\$ 31,502	\$ 33,640	\$ 33,184	\$ 33,556	\$ 33,172
Budget to Actual Variance ¹	2,067	2,192	2,285	2,371	2,432
Projected Change in Fund Balance	\$ (1,440)	\$ (2,712)	\$ (1,292)	\$ (749)	\$ (379)
Fund Balance as a % of Total Exp.	59.6%	47.8%	44.5%	41.8%	41.1%
Estimated Operating Margin	0.88	0.92	0.93	0.94	0.96

Key Assumptions in the Five-Year Financial Forecast

- The Budget to Actual Variance assumes actual operating revenues of 101% of budget and actual operating expenditures (excluding debt service) of 93% of budget.
- Completion and staffing of the new Given Memorial Library and renovated Tufts Archives. The \$0.01 tax rate increase projected in FY 2028 would fund the additional staffing and other operating expenditures for the completed library and archives.
- Adding six firefighters in FY 2027 to staff the Quick Response Unit with the first three years of salaries and benefits covered by a grant. The \$0.01 tax rate increase projected in FY 2030 would fund the salaries and benefits after the grant funding ends.
- Other capital investments as detailed in the *Capital Improvement Plan* section.



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
- Other Financing Uses

General Fund Summary

The General Fund reflects the overall economy with revenue growth from both locally generated revenues and statewide intergovernmental revenues. Growth continues to have a beneficial impact on property tax revenues. As our largest statewide intergovernmental revenue, local option sales tax experienced significant growth in prior years. Consumer spending, which drives local options sales tax, has been slowing, likely driven by inflation and economic uncertainty. Local option sales tax revenues will continue to grow, but much more moderately than experienced in previous years.

The proposed General Fund budget for FY 2026 is \$31,501,590, representing an 8% decrease from the prior year's amended budget. This reduction is partially due to a decrease of \$890,000 in the transfer to the Library Expansion Capital Project Fund, which supports the design and construction of a new library. Additionally, the budget reflects lower capital expenditures outside the regular replacement cycle, including projects like synthetic turf, athletic field lights, and sidewalk and stormwater improvements that had significant capital budgets in the prior year.

The following table indicates the Village's results from operations, including capital expenditures, *before any other financing sources or uses* for the past five years. It is also before the Village's budget to actual variance is considered for the Estimated and Budgeted amounts.

GENERAL FUND SUMMARY

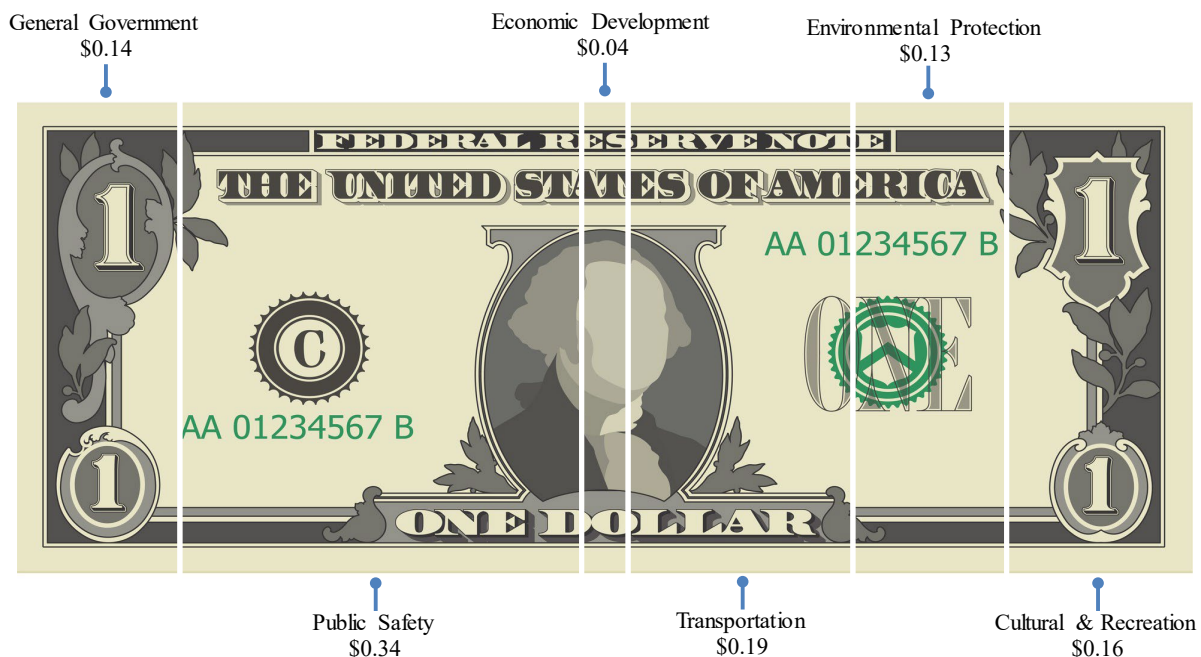
	<u>Revenues</u>	<u>Expenditures</u>	Revenues Over (Under) <u>Expenditures</u>
FY 2021 Actual	\$ 21,091,095	\$ 19,276,496	\$ 1,814,599
FY 2022 Actual	23,058,474	20,743,506	2,314,968
FY 2023 Actual	24,674,263	24,475,038	199,225
FY 2024 Actual	27,853,675	24,892,904	2,960,771
FY 2025 Estimated	26,951,100	30,052,329	(3,101,229)
FY 2026 Budgeted	27,166,230	29,591,590	(2,425,360)

After accounting for Other Financing Sources, Other Financing Uses, and adding Appropriated Fund Balance to revenues, the Village's FY 2026 recommended budget is balanced in accordance with North Carolina General Statutes.

	<u>FY 2025 Estimated</u>	<u>FY 2026 Budgeted</u>
Revenues Over (Under) Expenditures	\$ (3,101,229)	\$ (2,425,360)
Other Financing Sources	223,270	828,800
Other Financing Uses	(2,800,000)	(1,910,000)
Fund Balance Appropriation	-	3,506,560
Net Budget	(5,677,959)	-
Estimated Budget to Actual Variance	1,011,944	2,066,738
Estimated Change in Fund Balance	(4,666,015)	(1,439,822)

The graph below illustrates how one dollar of property tax revenue supports each function, after accounting for revenues that specifically support each function:

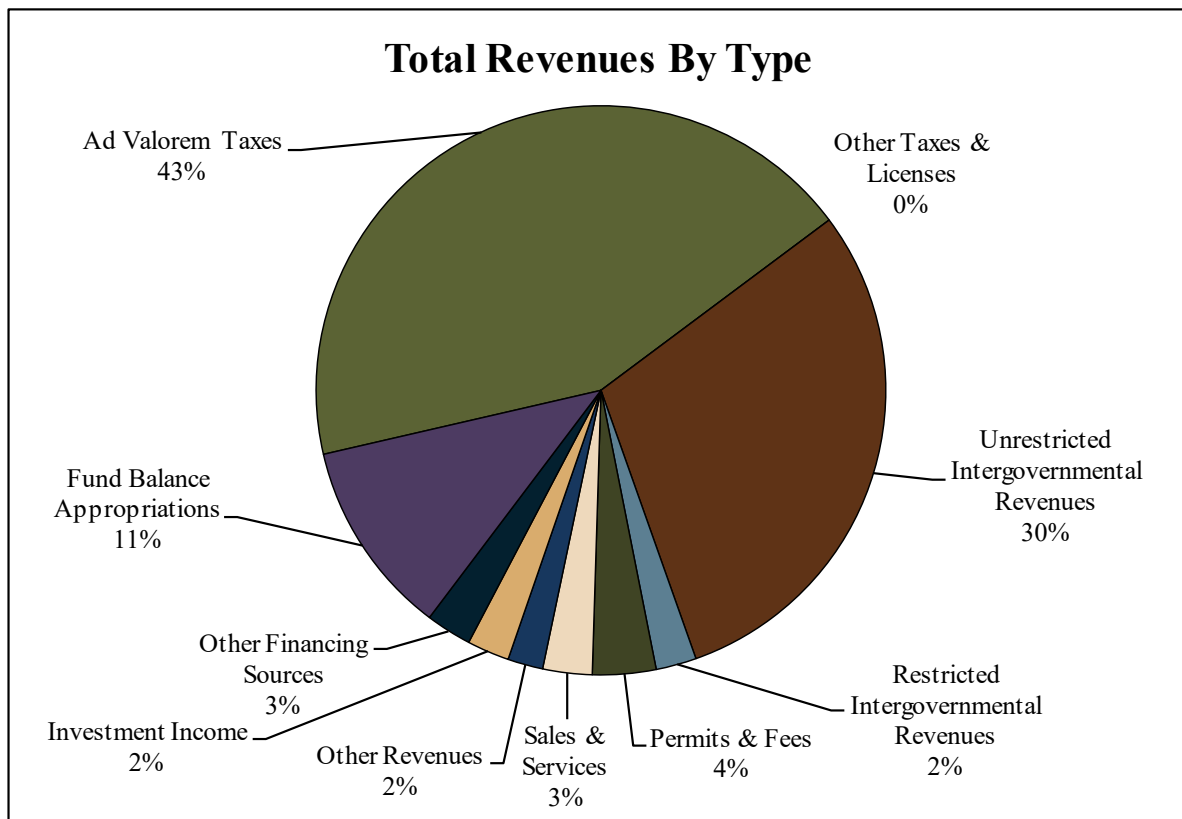
Amount of Tax Dollar Support by Function



GENERAL FUND SUMMARY

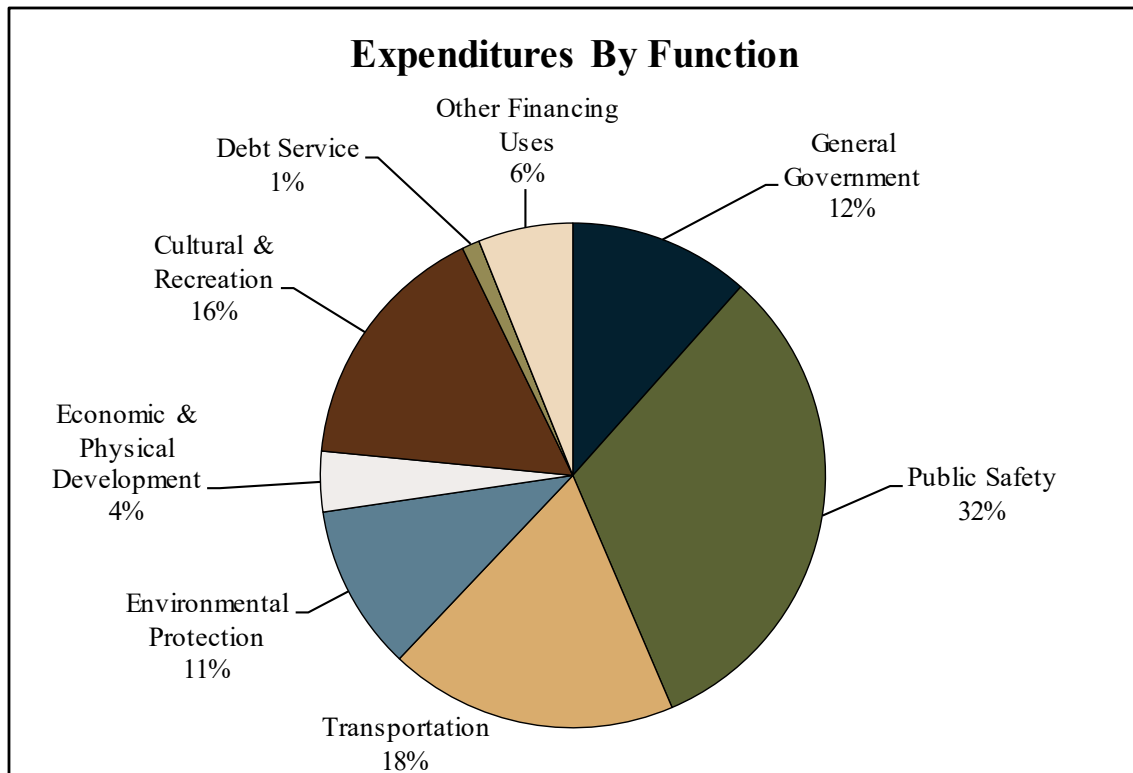
The major revenues as well as other financing sources budgeted by the Village of Pinehurst are summarized in the table and chart below. Ad valorem taxes account for approximately 50% of the Village of Pinehurst's total operating revenues. When fund balance appropriated and other financing sources are included, ad valorem taxes equal 44% of total revenues.

Revenues by Type	FY 2024 Actual	FY 2025 Budget	FY 2025 Estimated	FY 2026 Budgeted	Percent Change
Ad Valorem Taxes	\$ 13,649,608	\$ 13,486,000	\$ 13,503,000	\$ 13,675,000	1.4%
Other Taxes & Licenses	6,555	5,000	5,000	5,000	0.0%
Unrestricted Intergovernmental Revenues	9,001,677	9,080,300	9,099,200	9,333,700	2.8%
Restricted Intergovernmental Revenues	672,194	732,740	732,740	735,700	0.4%
Permits & Fees	1,414,264	1,164,300	1,165,350	1,136,800	-2.4%
Sales & Services	890,346	863,330	897,230	892,830	3.4%
Other Revenues	1,023,103	535,980	542,380	619,200	15.5%
Investment Income	1,195,928	1,003,100	1,006,200	768,000	-23.4%
Operating Revenues	27,853,675	26,870,750	26,951,100	27,166,230	1.1%
Other Financing Sources	210,765	223,270	223,270	828,800	271.2%
Fund Balance Appropriations	-	7,114,992	-	3,506,560	-50.7%
Total Revenues	\$ 28,064,440	\$ 34,209,012	\$ 27,174,370	\$ 31,501,590	-7.9%
Per Capita	\$ 1,524	\$ 1,825	\$ 1,450	\$ 1,651	



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. See the *About Village Services* sections for explanations of each function. The following table and chart present the trends for all the Village of Pinehurst's different functions.

Expenditures by Function	FY 2024 Actual	FY 2025 Budget	FY 2025 Estimated	FY 2026 Budgeted	Percent Change
General Government	\$ 3,235,529	\$ 3,671,245	\$ 3,452,154	\$ 3,645,099	-0.7%
Public Safety	8,536,715	9,590,710	9,085,619	10,082,043	5.1%
Transportation	4,931,831	6,961,567	6,697,981	5,821,099	-16.4%
Environmental Protection	2,767,012	3,038,215	2,964,365	3,345,460	10.1%
Economic & Physical Development	1,120,042	1,433,785	1,339,875	1,219,200	-15.0%
Cultural & Recreation	3,997,514	6,497,085	6,295,930	5,121,639	-21.2%
Debt Service	304,261	216,405	216,405	357,050	65.0%
Expenditures	24,892,904	31,409,012	30,052,329	29,591,590	-5.8%
Other Financing Uses	-	2,800,000	2,800,000	1,910,000	-31.8%
Total Expenditures	\$ 24,892,904	\$ 34,209,012	\$ 32,852,329	\$ 31,501,590	-7.9%
Per Capita	\$ 1,352	\$ 1,825	\$ 1,752	\$ 1,651	

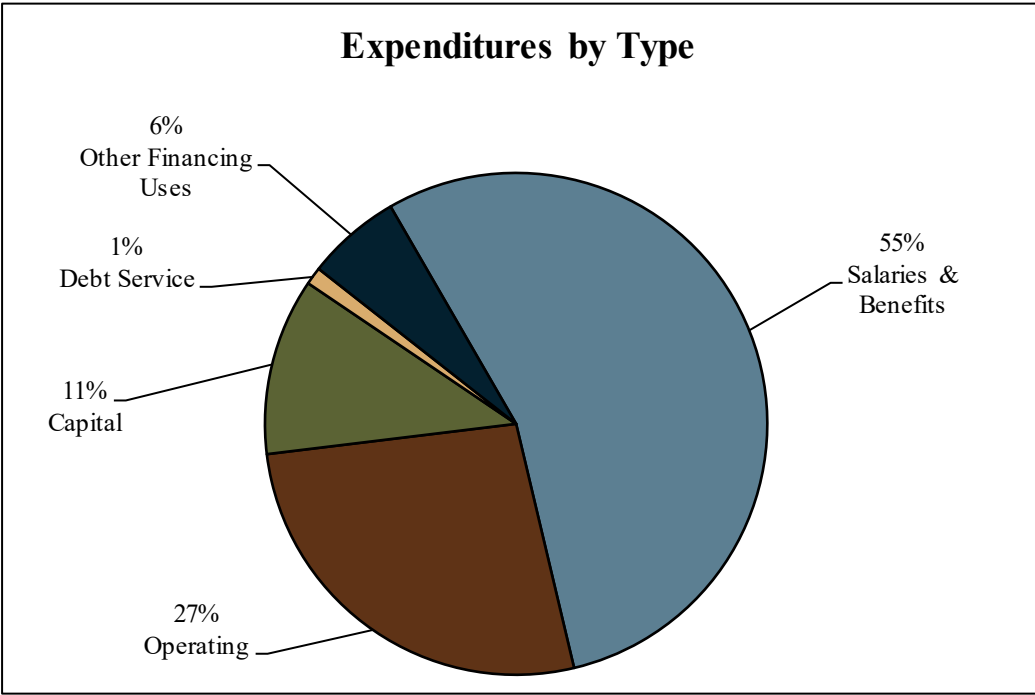


The following table presents the trends for the Village's departments, grouped by function:

Expenditures by Department Totalled by Function	FY 2024 Actual	FY 2025 Budget	FY 2025 Estimated	FY 2026 Budgeted	Percent Change	FY 2026 % Total
General Government						
Governing Body	\$ 143,850	\$ 138,076	\$ 134,320	\$ 141,500	2.5%	0.4%
Administration	1,668,042	1,855,534	1,670,844	1,816,759	-2.1%	5.8%
Finance	873,330	973,660	973,485	1,003,440	3.1%	3.2%
Human Resources	550,307	703,975	673,505	683,400	-2.9%	2.2%
Total General Government	3,235,529	3,671,245	3,452,154	3,645,099	-0.7%	11.6%
Public Safety						
Police	4,238,483	4,680,073	4,430,102	5,081,268	8.6%	16.1%
Fire	3,894,875	4,451,202	4,208,302	4,512,495	1.4%	14.3%
Inspections	403,357	459,435	447,215	488,280	6.3%	1.6%
Total Public Safety	8,536,715	9,590,710	9,085,619	10,082,043	5.1%	32.0%
Transportation						
Public Services Administration	625,179	853,778	687,143	921,999	8.0%	2.9%
Streets & Grounds	2,819,827	4,607,689	4,510,738	3,399,000	-26.2%	10.8%
Powell Bill	1,486,825	1,500,100	1,500,100	1,500,100	0.0%	4.8%
Total Transportation	4,931,831	6,961,567	6,697,981	5,821,099	-16.4%	18.5%
Environmental Protection						
Solid Waste	2,767,012	3,038,215	2,964,365	3,345,460	10.1%	10.6%
Total Environmental Protection	2,767,012	3,038,215	2,964,365	3,345,460	10.1%	10.6%
Economic & Physical Development						
Planning	971,327	1,433,785	1,339,875	1,219,200	-15.0%	3.9%
Total Economic & Physical Dev.	1,120,042	1,433,785	1,339,875	1,219,200	-15.0%	3.9%
Cultural & Recreation						
Recreation	2,310,105	4,466,540	4,345,926	2,891,610	-35.3%	9.2%
Library	534,508	597,865	554,730	662,056	10.7%	2.1%
Harness Track	755,124	845,156	836,631	1,025,580	21.3%	3.3%
Fair Barn	397,777	587,524	558,643	542,393	-7.7%	1.7%
Total Cultural & Recreation	3,997,514	6,497,085	6,295,930	5,121,639	-21.2%	16.3%
Debt Service	304,261	216,405	216,405	357,050	65.0%	1.1%
Total Expenditures	24,892,904	31,409,012	30,052,329	29,591,590	-5.8%	94.0%
Other Financing Uses (OFU)	-	2,800,000	2,800,000	1,910,000	-31.8%	6.0%
Total Expenditures & OFU	\$ 24,892,904	\$ 34,209,012	\$ 32,852,329	\$ 31,501,590	-7.9%	100.0%

The Village also summarizes expenditures by type and department to facilitate further analysis of expenditure trends. The following table and chart provide a summary of expenditures by expenditure type for fiscal year 2026.

Expenditures by Type	FY 2024 Actual	FY 2025 Budget	FY 2025 Estimated	FY 2026 Budgeted	Percent Change
Salaries & Benefits	\$ 14,256,540	\$ 15,698,025	\$ 14,652,900	\$ 17,207,800	9.6%
Operating	7,465,499	8,929,892	8,620,848	8,436,140	-5.5%
Capital	2,866,604	6,564,690	6,562,176	3,590,600	-45.3%
Debt Service	304,261	216,405	216,405	357,050	65.0%
Other Financing Uses	-	2,800,000	2,800,000	1,910,000	-31.8%
Total Expenditures	\$ 24,892,904	\$ 34,209,012	\$ 32,852,329	\$ 31,501,590	-7.9%



See the departmental pages later in this section for information on the expenditures by type for each department.

Revenue Highlights

The approved budget for FY 2026 represents an 8% decrease from the FY 2025 amended budget. Operating revenues are estimated to increase by approximately 1.1% over FY 2025. The recommended budget as presented results in a per capita expenditure of \$1,655 based on a projected population of 19,038.

The projected ad valorem tax revenues, which represent roughly 50% of total operating revenues, are expected to increase by 1.4% over the prior year. The Village Council elected to adopt a tax rate of \$0.225 per \$100 of property valuation. The adopted tax rate remains the same as the previous year. The \$0.225 tax rate is expected to generate \$13,675,000 in ad valorem tax revenues.

Unrestricted intergovernmental revenues, which are distributed by the North Carolina Department of Revenue, are expected to increase by 2.8% over FY 2025. Local option sales taxes, which provide nearly 23% of the Village's operating revenues, are expected to increase by 1.7% over the previous year's amended budget. Prior fiscal years have experienced significant increases in local option sales tax revenue. As sales tax revenue growth has been declining over the last several years compared to the record highs and economic uncertainty may reduce consumer spending, the Village used a more moderate projection for local option sales tax in FY 2026. As electricity rates increase, electricity sales taxes are projected to grow, while video programming and telecommunication taxes are expected to decline as consumers are selecting streaming services and other alternatives for telecommunications.

Restricted intergovernmental revenues, which consist primarily of the Powell Bill funding from the state and other restricted grant funding, are projected to increase by 0.4% compared to the prior year's amended budget. The estimate is based on a formula set by the North Carolina General Statutes with 75% of the formula based on population and 25% based on the number of municipality-maintained street miles.

Permits and fees are expected to decrease by 2.4% in FY 2026 over the prior year budgeted levels. This decrease is primarily due to an expected reduction in the levels of commercial permits and fees as experienced in the previous year.

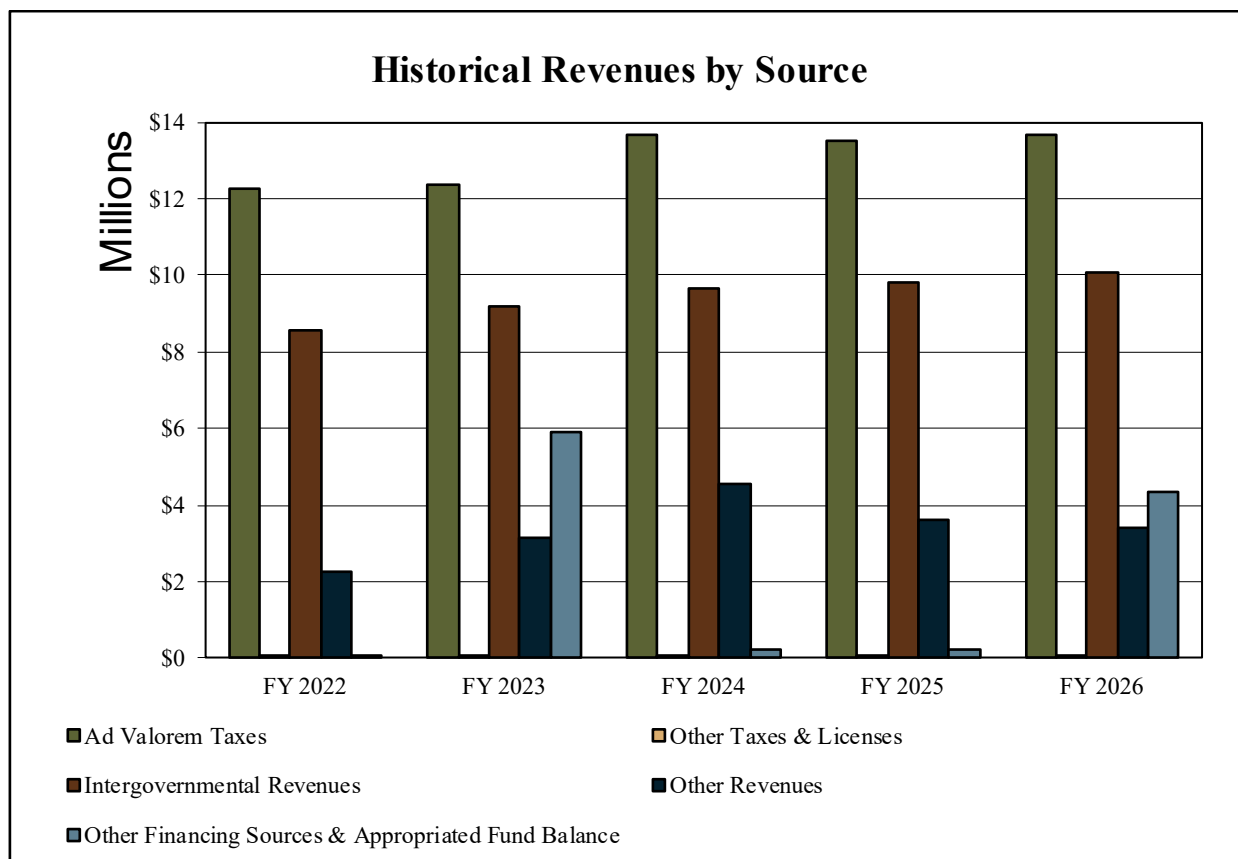
Sales and services revenues, which are primarily derived from facility rentals, recreation fees, logo merchandise sales, library and archives revenues, and the Sandhills Metropolitan Planning Organization (SMPO) Lead Planning Agency service fee, are expected to increase by 3.4% over the prior year budget. Facility rentals, primarily for the Harness Track and Fair Barn, are budgeted to increase \$16,700 as facility rental rates have been adjusted to reflect current market economic levels beginning in FY 2026 and Harness Track stall occupancy has increased from prior years. Recreation fees are expected to increase slightly over the prior year's budget as programming continues to expand. Logo merchandise sales are expected to decrease by \$10,000 as the focus of the Welcome Center is shifted from retail sales to being a resource for visitors to the area. The Village will continue to collect indirect cost revenues for its role as the Lead Planning Agency from the SMPO based on a percentage of expenditures of the SMPO. See the *Special Revenue Funds* section for more information on the Village's relationship with the SMPO.

Other revenues are expected to increase by approximately \$83,000 or 15.5%, compared to the prior year. This increase is primarily due to revenue from the sale of vehicles that will be replaced in FY 2026. ABC revenues provide approximately 55% of the Village's other revenues and are expected to grow by 5.0% over the previous year's budget based on historical trends.

Investment income is estimated to decrease by \$235,100 over the prior's year budget. On average, approximately 99% of the Village's cash and investments are invested in the North Carolina Capital Management Trust which is comprised primarily of U.S. government securities and returns closely track the federal funds rate. Projections from the Federal Reserve expect interest rates to be around 3.5% and 2.5% by the end of 2025 and 2026, respectively. These interest rates are trending downward from the FY 2025 projected rate of return of nearly 5.0% on the Village's investments.

Other financing sources include \$828,800 for lease liabilities expected to be issued in FY 2026. Fund Balance Appropriated of \$3,506,560 is being added to revenues to balance the budget. The Village has been anticipating the use of fund balance in FY 2026 to fund the new library construction and other significant capital investments after several years of purposely growing fund balance for these key initiatives.

The chart below shows the five-year trend of revenues by major source:



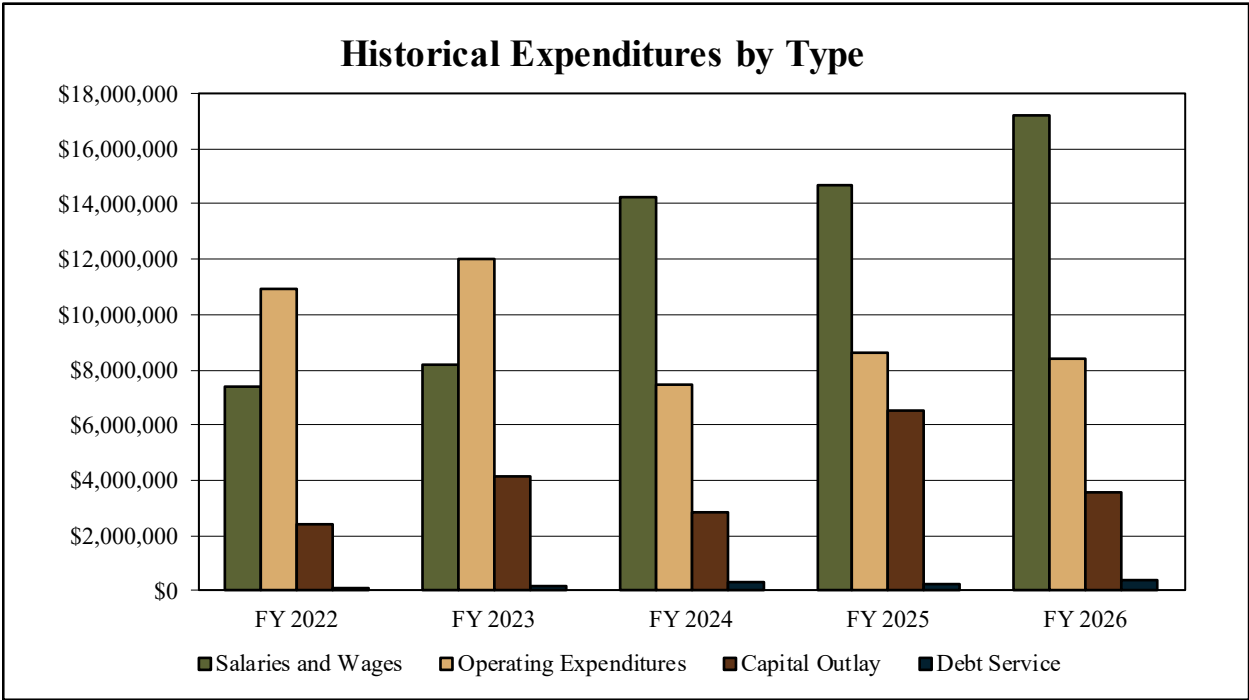
Expenditure Highlights

Salaries and benefits are expected to increase by 9.6% in FY 2026. This is affected by a cost-of-living adjustment of 2.9%, an average 2% merit increase, pension contribution rate increases, and a projected increase from the results of a pay and classification study being conducted currently. In FY 2026, there are 1.3 new employee full-time equivalents (FTE) added to the budget for the following: a full-time parks maintenance specialist and a planning code compliance specialist increasing hours from 20 to 30 hours per week.

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). 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.

Capital spending in the General Fund decreased by 45.3% compared to the previous year. Notable reductions to capital spending for FY 2026 include \$1,416,000 for the upgrade to synthetic turf on the Wicker Park soccer field, approximately \$1,205,000 for sidewalk and stormwater projects, and \$345,000 for athletic field lighting upgrades. Significant items included in the current capital plan include funding for pedestrian projects, stormwater drainage improvements, sidewalk connections, two solid waste vehicle replacements and various other smaller equipment purchases. Capital spending also includes \$905,600 for leasing 19 vehicles.

The graph below illustrates the trend in the Village’s expenditures (excluding other financing uses) for the last five years.

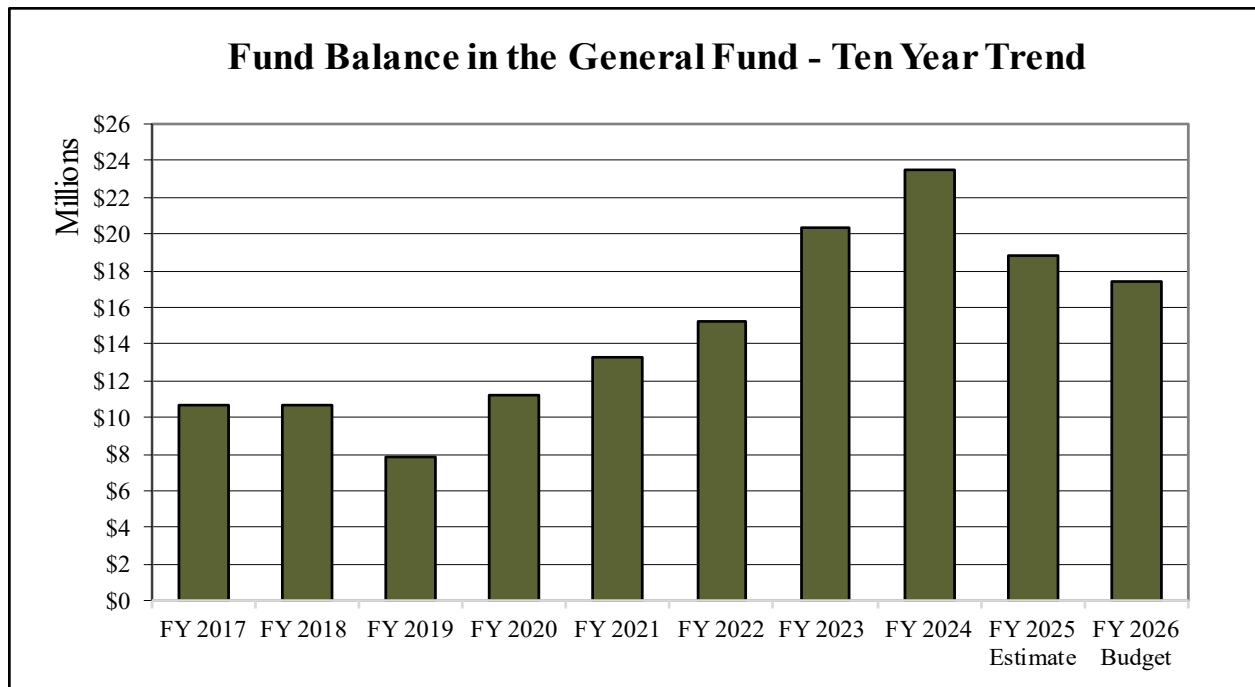


Fund Balance

Fund balance refers to the difference between current financial assets and liabilities reported in a fund. It is also referred to as reserve funds or reserves. The Village Council has a financial policy recommending that the amount of appropriated fund balance in the General Fund should result in an anticipated ending total fund balance at a minimum of 30% 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.

Council's fund balance policy also includes a provision that allows Council to commit a portion of fund balance for future capital needs. Each year, the Council may commit fund balance in excess of 40% of actual General Fund expenditures as reported in the Village's Annual Comprehensive Financial Report by approving a separate resolution. If Council adopts the resolution, that portion of fund balance is "earmarked" to only be used for capital expenditures in the future and it would require another resolution adopted by Council to change or remove the commitment. The funds are not committed for specific capital items or projects, but broadly for the purpose of funding capital expenditures.

The following schedules outline the ending fund balance trend as well as the percentage increase or decrease for the Village's General Fund fund balance for the FY 2026 budget and prior fiscal years. The Village has intentionally been growing fund balance over the last several years in anticipation of funding the library and archives expansion and renovation projects from fund balance. The American Rescue Plan Act (ARPA) COVID-19 recovery funding of over \$5.4 million in FY 2023 supplanted other General Fund resources that would have been used to pay salaries and benefits, causing a significant increase in fund balance in FY 2023. FY 2024 had approximately \$2 million in unfinished projects causing a significant increase in fund balance. These funds were included in FY 2024 fund balance and reappropriated from fund balance in FY 2025.



Fund Balance	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Actual	FY 2025 Estimated*	FY 2026 Budgeted*
Beginning	\$11,229,270	\$13,288,868	\$15,239,959	\$20,362,064	\$23,533,600	\$18,867,585
Ending	13,288,868	15,239,959	20,362,064	23,533,600	18,867,585	17,427,763
Increase/(Decrease)	2,059,598	1,951,091	5,122,105	3,171,536	(4,666,015)	(1,439,822)
% Change	18.3%	14.7%	33.6%	15.6%	-19.8%	-7.6%
% of Expenditures	68.9%	73.5%	83.2%	96.2%	55.2%	55.3%

* Assumes an estimated budget-to-actual variance for revenues and expenditures

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 as an off-setting revenue source (fund balance appropriation). Revenues are conservatively estimated as well. For FY 2026, the Village has appropriated \$3,506,560 of the General Fund fund balance as a revenue source to cover the transfer from the General Fund to the Library Expansion Capital Project Fund for construction expenditures for the new library building (budgeted as Other Financing Uses) and the estimated budget-to-actual variance.

Fund balance is estimated to be \$18,867,585 at June 30, 2025. This is 55.2% of the budgeted FY 2025 expenditures of \$34,209,012. The Village's fund balance policy is to maintain a minimum of 30% of expenditures in fund balance. Fund balance at June 30, 2026 is estimated to be \$17,427,763 or 55.3% of budgeted expenditures, which is above Council's adopted policy minimum of 30% of budgeted expenditures in fund balance. This positions the Village well to fund the completion of the library and archives expansion project and other significant capital investments that are planned in the five-year forecast.



Description of Revenue Source

Ad valorem taxes are 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 2023 tax year, or FY 2024.

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 monthly, less a collection fee.

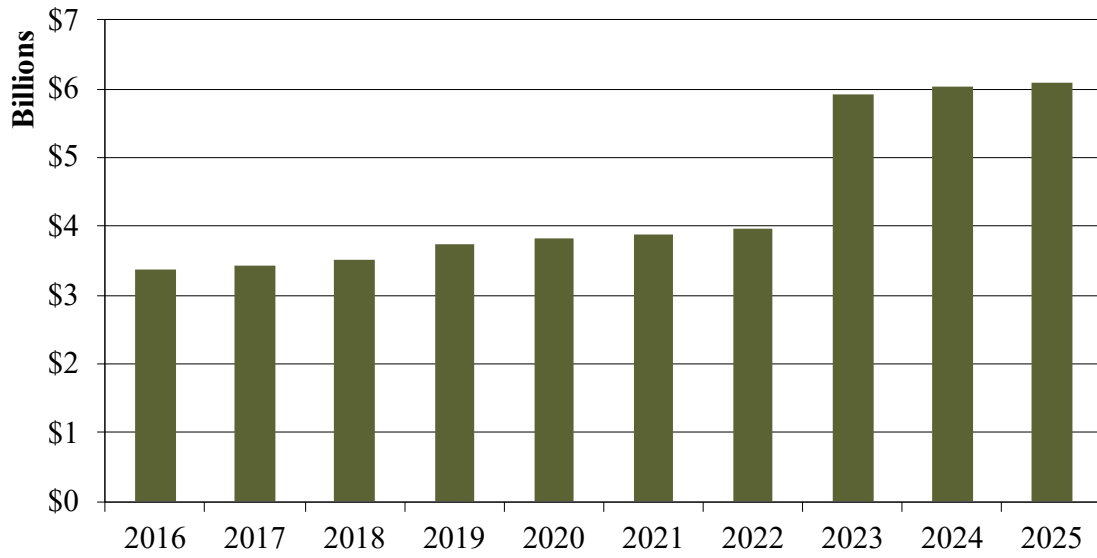
Historically, ad valorem taxes have comprised approximately 50-52% of all Village General Fund operating revenues. This includes the current year's collections, prior year's collections, penalties and interest, and refunds.

Ad Valorem Taxes	FY 2024 Actual	FY 2025 Budget	FY 2025 Estimated	FY 2026 Budgeted	Percent Change
Real & Personal - Current Year	\$ 12,888,670	\$ 12,784,000	\$ 12,784,000	\$ 12,875,000	0.7%
Real & Personal - Prior Years	9,517	5,000	5,000	5,000	0.0%
Motor Vehicles - Current Year	752,937	708,000	725,000	796,000	12.4%
Discounts/Reliefs/Refunds	(13,587)	(16,000)	(16,000)	(11,000)	-31.3%
Tax Interest	12,071	5,000	5,000	10,000	100.0%
Total Ad Valorem Tax Revenue	\$ 13,649,608	\$ 13,486,000	\$ 13,503,000	\$ 13,675,000	1.4%

Revenue Assumptions

- The ad valorem tax rate for the Village of Pinehurst will be \$0.225 per \$100 valuation for the fiscal year ending June 30, 2026. This rate remains the same as the previous year's tax rate.
- The ad valorem tax rate is expected to generate \$13,675,000 in ad valorem tax revenue.
- The total estimated valuation of real and personal property is \$6,084,000,000 of which \$5,730,000,000 is real property valuation and \$354,000,000 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 2026 is 0.79%. The number of new homes constructed in the Village in FY 2024 was 76, and the Village estimates 75 new homes being constructed by the end of FY 2025. Based on remaining lot availability and known residential development planned for the next year, the Village is expecting to permit 75 homes in FY 2026.
- 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.

Real and Personal Property Assessed Value By Tax Year



Description of Revenue Source

Other taxes and licenses currently consist only of golf cart sticker fees.

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

Other Taxes & Licenses	FY 2024 Actual	FY 2025 Budget	FY 2025 Estimated	FY 2026 Budgeted	Percent Change
Golf Cart Stickers	\$ 6,555	\$ 5,000	\$ 5,000	\$ 5,000	0.0%
Total Other Taxes & Licenses	\$ 6,555	\$ 5,000	\$ 5,000	\$ 5,000	0.0%

Revenue Assumptions

- In 2016, the Village adopted a one-time registration fee of \$20 for golf carts.
- The Village estimates 250 golf carts will be registered in FY 2026 based on historical actuals.



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 34% 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 2.25% consists of four separate taxes that are authorized by the North Carolina General Statutes: Article 39 at 1.0%, Article 40 at 0.5%, Article 42 at 0.5%, and Article 46 at 0.25%. These local government sales and use taxes are applied to sales made in the state, including most online transactions, 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, except for Article 46, which remains with Moore County to support education. The State of North Carolina distributes the Village's share of these taxes to the Village monthly on a three month lag from the month the sales tax was collected by the vendor.

The telecommunications tax represents a 7.0% 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 7.0%. 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 quarterly.

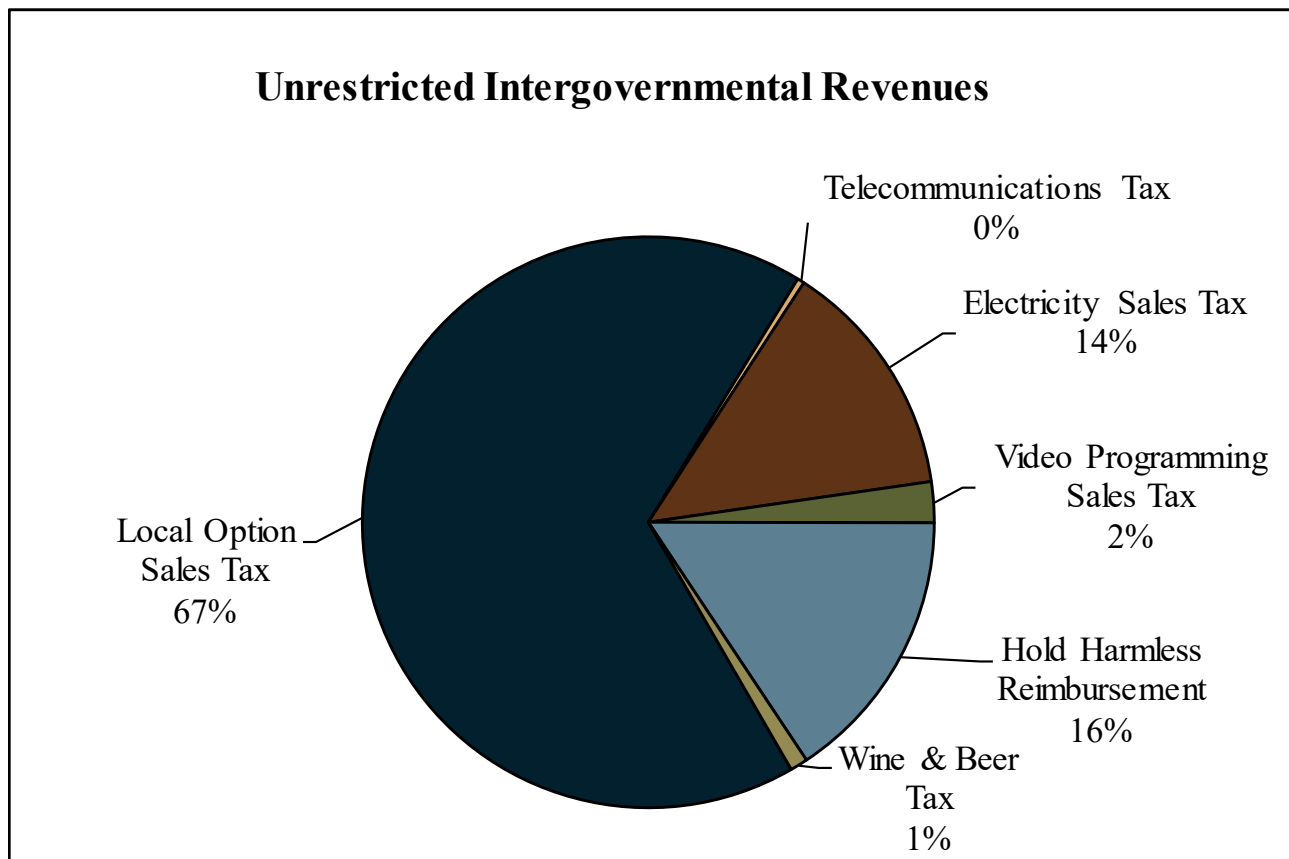
Video programming sales tax is applied to the gross receipts of cable service and direct-to-home satellite service retailers on the video programming provided to subscribers in the State. Programming provided by, or generally considered comparable to programming provided by, a television broadcast station, 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 monthly at the same time as the local option sales tax.

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 annually.

UNRESTRICTED INTERGOVERNMENTAL REVENUES

Unrestricted Intergovernmental Revenues	FY 2024 Actual	FY 2025 Budget	FY 2025 Estimated	FY 2026 Budgeted	Percent Change
Local Option Sales Tax	\$ 6,042,660	\$ 6,160,300	\$ 6,093,000	\$ 6,262,000	1.7%
Telecommunications Tax	45,135	40,000	40,000	37,000	-7.5%
Electricity Sales Tax	1,178,289	1,128,000	1,221,000	1,266,000	12.2%
Video Programming Sales Tax	237,419	236,000	227,000	216,000	-8.5%
Hold Harmless Reimbursement	1,407,587	1,429,400	1,424,000	1,459,700	2.1%
Wine & Beer Tax	90,587	86,600	94,200	93,000	7.4%
Total Unrest. Intergovernmental Revenues	\$ 9,001,677	\$ 9,080,300	\$ 9,099,200	\$ 9,333,700	2.8%



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 2025 of 2.4% and 2.8% in FY 2026. Thus far in FY 2025, the Village's sales tax distributions have flattened as compared to FY 2024. FY 2025 total growth is projected to be 1.8%. Economic trends are indicating sales tax revenue growth has slowed and future uncertainty about the economy may impact consumer spending which drives the local option sales tax collections. Typically, Moore County's growth tends to be higher than the statewide averages due to its strong tourism economy. Based on this forecast, the FY 2026 local option sales tax and associated hold harmless revenue are projected to increase by approximately 1.7% over the FY 2025 budget to be conservative.
- Telecommunications taxes are projected based upon 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 7.7% in FY 2025 and 6.6% in FY 2026. Based on this forecast and actual revenues collected so far in FY 2025, the Village's telecommunications tax revenue will decrease by approximately 7.5% in FY 2026 below FY 2025 budgeted amount.
- Electricity sales taxes are also projected based upon growth assumptions provided by the NCLM. This revenue is directly related to electricity usage, the number of heating and cooling days each year and electricity rates, which are projected to increase in the coming fiscal year. The NCLM is projecting this revenue to increase 9.8% in FY 2025 and 6.3% in FY 2026. The Village is increasing the electricity sales tax revenue budget for FY 2026 by approximately 12.2% over FY 2025 budget. This estimated growth is higher than the NCLM projection because the growth in the Village's actual receipts has outpaced the NCLM statewide averages.
- Thus far, distributions of video programming sales taxes for FY 2025 are lower than the amounts collected in FY 2024 as the industry continues to face competition from other video content providers, such as streaming services. The NCLM is projecting this revenue to decrease 3.7% in FY 2025 and 4.4% in FY 2026. The Village's video programming sales tax revenue is budgeted to decrease 8.5%, more than the NCLM's statewide projections, in FY 2026 as compared to the FY 2025 budgeted amount based on the Village's historical actuals.
- Wine and beer tax revenues are dependent on the proportion of beer and wine sold in North Carolina. Levied by the state, a percentage of the tax on the sales of these beverages generated from within the Village's corporate limits is distributed to the Village by the state. We are expecting an increase of 7.4% in FY 2026 above the FY 2025 budgeted amount based on historical trends. These revenues are collected during the period of April through March of the following year, with revenues typically distributed to municipalities by June.

Description of Revenue Source

Restricted intergovernmental revenues include Powell Bill funds, solid waste disposal tax, controlled substance tax, Library State Aid, 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.

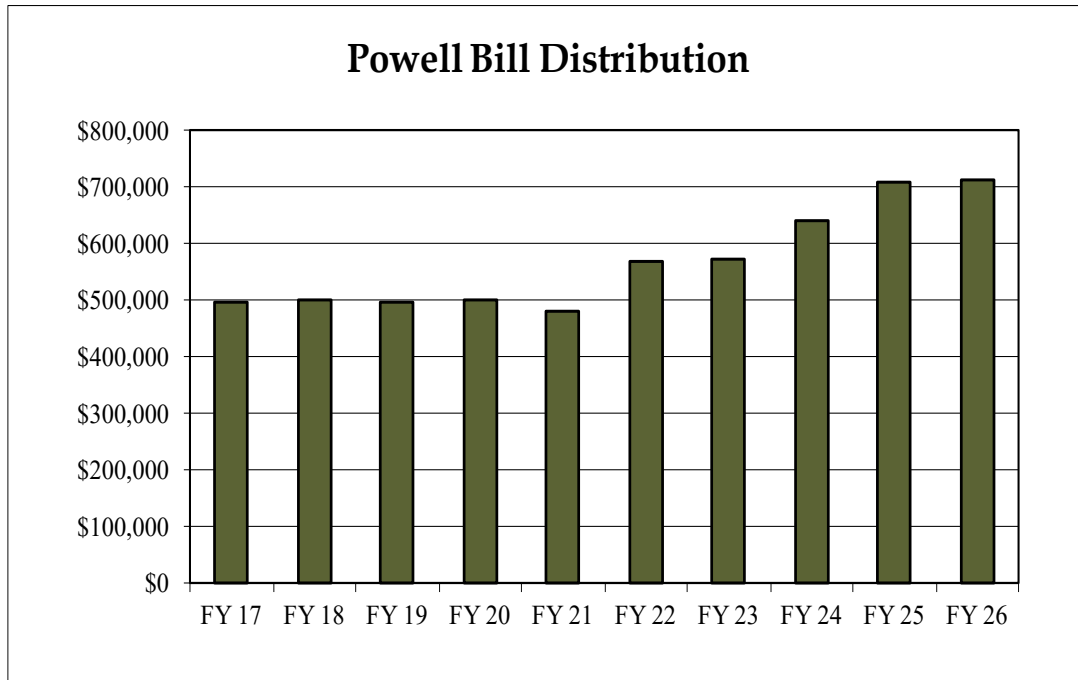
The State levies a \$2 per-ton "tipping tax" on municipal solid waste and construction and demolition debris that is deposited in a landfill in the state or transferred at a transfer station for disposal outside the state. Cities in North Carolina receive 18.75% of this State collected revenue which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

The Given Memorial Library receives funding from the state's Aid to Public Libraries Fund. The allocation to each public library is determined by the State Library based upon a formula approved by the North Carolina Library Commission. The library's service area population and per capita income have an impact on the funding formula.

Restricted Intergovernmental Revenues	FY 2024 Actual	FY 2025 Budget	FY 2025 Estimated	FY 2026 Budgeted	Percent Change
Powell Bill	\$ 642,223	\$ 707,787	\$ 707,787	\$ 711,000	0.5%
Controlled Substance Tax Distribution	4,037	1,000	1,000	1,000	0.0%
Solid Waste Disposal	14,869	14,600	14,600	14,700	0.7%
Other Grants	2,204	330	330	-	-100.0%
Library State Aid	8,861	9,023	9,023	9,000	-0.3%
Total Rest. Intergovernmental Revenues	\$ 672,194	\$ 732,740	\$ 732,740	\$ 735,700	0.4%

Revenue Assumptions

- The per capita rate used in the estimation of Powell Bill revenue is \$25.85, which is the same as the previous year's actual distribution rate. The street mile rate utilized to project the allocation is \$2,031 per street mile maintained, the same allocation per street mile as from the FY 2024 distribution. Based on this forecast, the FY 2026 Powell Bill revenue will increase slightly over the FY 2025 budgeted amount due to a small increase in population.



- The NCLM projects that solid waste disposal revenue will decrease by 0.7% for FY 2025 and 0.2% in FY 2026. The Village is increasing the budget for this revenue by 0.7% over the FY 2025 budget as a result of these projections and the Village's actuals trend.
- The Village does not budget for other grant revenues until a grant award notification has been received. In prior years, the Village received grants related to various functions. No grant award notifications have been received for FY 2026. Grants received by the Village for the Sandhills Metropolitan Planning Organization (SMPO) are budgeted and reported in the SMPO Special Revenue Fund to properly segregate them from the Village's General Fund based on the restrictions. See the *Special Revenue Funds* section for more information.
- The Village is projecting a decrease of 0.3% for Library State Aid from FY 2025 to FY 2026 based on the Village's actual allocation in FY 2025. The FY 2026 budget assumes the Library State Aid allocation will be about the same as the FY 2025 funding.

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.

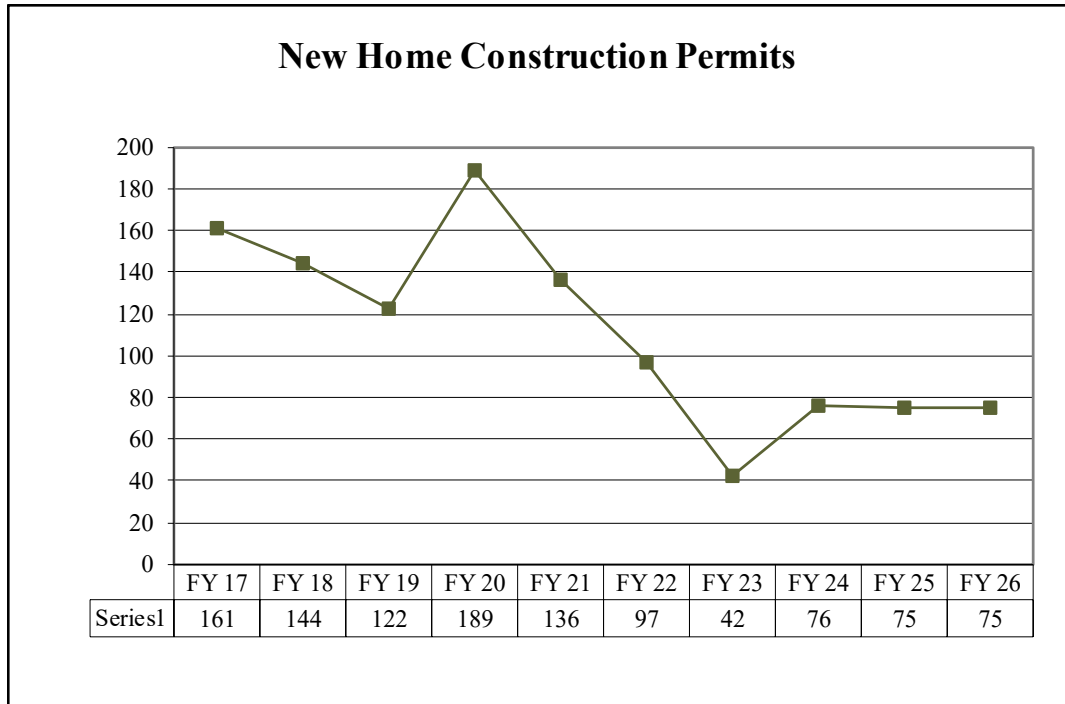
Permit and inspection fees and planning and zoning fees are established by the Village Council, reviewed annually, and modified if needed. These permits and fees are charged to builders, developers, and homeowners for new construction and additions/alterations to property. The Village's growth is generated primarily by new residential construction; therefore, it is new home construction that really drives this revenue source. Village staff, in prior years, performed a comprehensive cost analysis of permitting, inspections, planning, and engineering fees to determine the rates necessary to cover the Village's costs of providing these services. These rates continue to be reviewed periodically, with the most recent update to fee rates approved by the Village Council in February 2025 in the fees and charges schedule that becomes effective July 1, 2025 for FY 2026.

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. These funding sources are included in the fire district revenue. Moore County provides funding through a formula that is calculated based on the level of fire service provided. Moore County also provides a funding allocation annually for capital purchases. 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 and Taylortown remit payment to the Village on a quarterly basis.

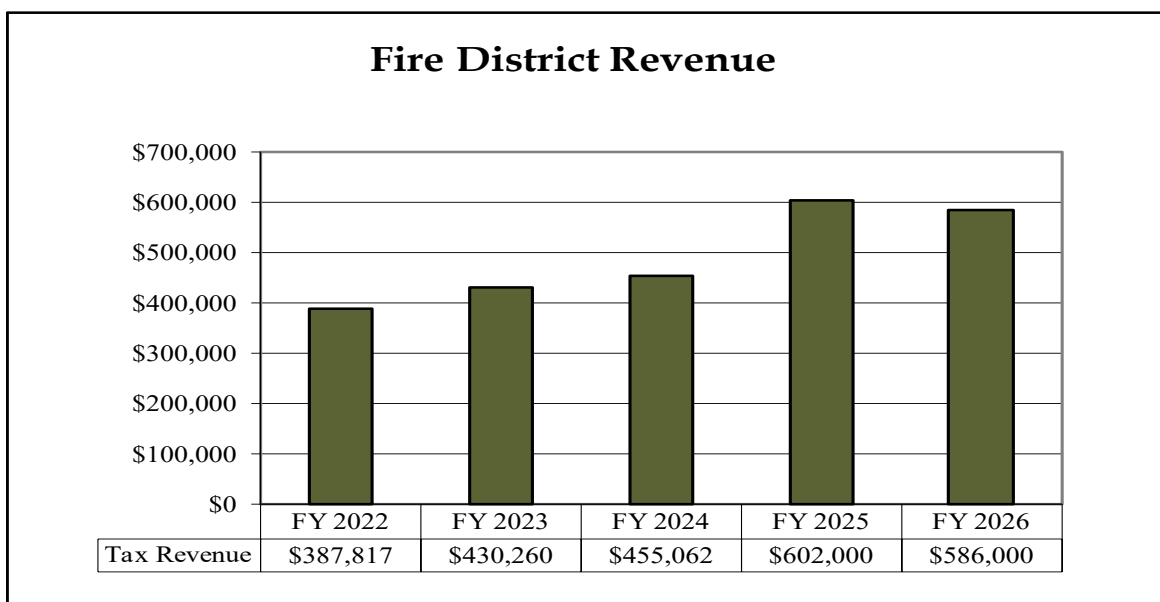
Permits & Fees	FY 2024 Actual	FY 2025 Budget	FY 2025 Estimated	FY 2026 Budgeted	Percent Change
Permit & Inspection Fees	\$ 316,850	\$ 300,000	\$ 300,000	\$ 285,000	-5.0%
Planning & Zoning Fees	275,963	250,000	250,400	250,000	0.0%
Fire District Revenue	455,062	602,000	602,000	586,000	-2.7%
U.S. Open Licensing Fees	350,000	-	-	-	0.0%
Other Fees	16,389	12,300	12,950	15,800	28.5%
Total Permit & Fees	\$ 1,414,264	\$ 1,164,300	\$ 1,165,350	\$ 1,136,800	-2.4%

Revenue Assumptions

- Permit and inspection fees expect a 5.0% decrease in FY 2026 over the prior year budget. FY 2025 includes significant non-residential building that will not continue in FY 2026. The number of new homes being constructed is expected to be 75 homes in FY 2025 and FY 2026. Planning and zoning fees are expected to be consistent with the prior year's budget.



- Fire district revenues are expected to decrease by \$16,000, or 2.7%, over the FY 2025 budget. This reduction is primarily due to the absence of a one-time funding from the County that was provided in FY 2025 for fire department radio replacements. FY 2025 fire district revenue from Moore County also included approximately \$42,000 for annual capital replacement allocations. This funding will be received each year as opposed to when requested and approved by the Moore County Fire Commission as was done in the past. Revenue estimates are based on the proposed County-wide fire district tax rate of \$0.0875 and the assessed tax base for the Town of Taylortown. The County-wide fire district tax rate impacts both the Village's County distribution and revenues received through the fire services contract with the Town of Taylortown.



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, athletic leagues, and events sponsored by the Recreation Department, rental fees charged for park facilities, and event sponsorships.

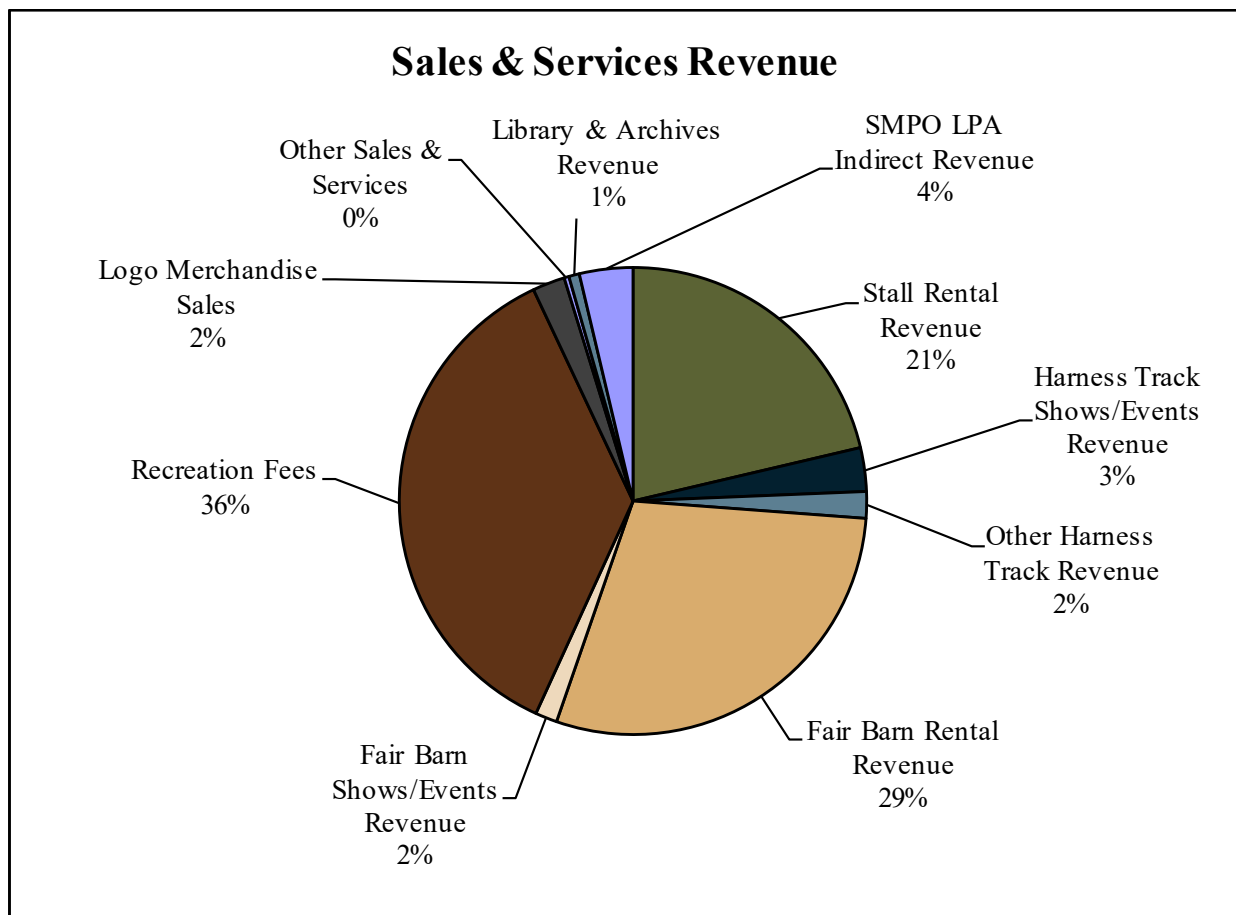
Sales & Services	FY 2024 Actual	FY 2025 Budget	FY 2025 Estimated	FY 2026 Budgeted	Percent Change
Stall Rental Revenue	\$ 158,570	\$ 170,000	\$ 180,000	\$ 190,400	12.0%
Harness Track Shows/Events Revenue	28,884	27,000	27,000	27,000	0.0%
Other Harness Track Revenue	15,405	16,230	16,230	16,430	1.2%
Fair Barn Rental Revenue	284,776	265,000	265,000	260,000	-1.9%
Fair Barn Shows/Events Revenue	11,453	9,500	12,000	13,500	42.1%
Recreation Fees	334,159	304,300	333,000	323,000	6.1%
Logo Merchandise Sales	34,447	30,000	20,000	20,000	-33.3%
Other Sales & Services	3,330	3,800	24,000	3,000	-21.1%
Library & Archives Revenue	19,322	10,500	6,500	6,500	-38.1%
SMPO LPA Indirect Revenue	-	27,000	13,500	33,000	22.2%
Total Sales & Services	\$ 890,346	\$ 863,330	\$ 897,230	\$ 892,830	3.4%

Revenue Assumptions

- Harness Track stall rental revenues are projected to increase by 12.0% above the FY 2025 budget due to higher occupancy anticipated in FY 2026 based on FY 2025 actual occupancy from the October – April training season.
- Harness Track show and event revenue projections remain stable as events scheduled at the Harness Track are unchanged. Currently, there are no known new events scheduled to occur at the Harness Track facilities.
- Fair Barn rental revenue is expected to decrease 1.9% from FY 2025 budgeted levels due to a projected decrease in the number of rentals and an increase in nonprofit use, which have a reduced rate compared to other renter categories. This decrease is offset by an expected increase in Fair Barn events revenue based on historical actuals and planned events for FY 2026.
- Recreation fees are expected to increase by 6.1% from the prior year's budget as the Village continues to expand recreation and athletic program offerings.
- The Village began selling logo merchandise at its Welcome Center in FY 2017 to expand overall awareness of the Village's brand. The Village is projecting a decrease of \$10,000, or 33.3%, in FY 2026 in anticipation of a reduction in inventory of logo merchandise in FY 2026.

- Library and archives revenue primarily includes book and photo sales by the Tufts Archives. Income projections are based on historical revenue trends. A decrease of 38.1% in revenue is anticipated for FY 2026 due to reduced operations and disruptions associated with the relocation to the new library facility as the capital project progresses. See the *Capital Projects Funds* section for more information related to the Library Expansion Capital Project Fund.
- In FY 2024, the Village became the Lead Planning Agency (LPA) for the Sandhills Metropolitan Planning Organization (SMPO) and provides facilities and administrative services to support the SMPO. In exchange for these services, the Village expects to receive \$33,000 from the SMPO in FY 2026 based on the terms of the LPA agreement and the SMPO budget for FY 2026. See the *Special Revenue Funds* section for more information on the Village's relationship with the SMPO.

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, library endowment income, 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. Library endowment income is received from the Given Tufts Foundation based on the endowment spending policy formula. Other miscellaneous revenues include sales of surplus assets, insurance proceeds, donations made to the Village, fees generated by the Police Department, and other minor fees.

Other Revenues	FY 2024 Actual	FY 2025 Budget	FY 2025 Estimated	FY 2026 Budgeted	Percent Change
ABC Revenues	\$ 401,665	\$ 322,000	\$ 322,000	\$ 338,080	5.0%
Library Endowment Income	109,739	110,000	110,000	110,000	0.0%
Other Miscellaneous Revenues	511,699	103,980	110,380	171,120	64.6%
Total Other Revenues	\$ 1,023,103	\$ 535,980	\$ 542,380	\$ 619,200	15.5%

Revenue Assumptions

- ABC revenues for FY 2026 are based on anticipated growth for the Village resulting in a projected increase of 5.0% for FY 2026.
- Library endowment income is calculated as 4% of an anticipated three-year average balance of Given Tufts Foundation's endowment fund. The library endowment income calculation was established in the Transfer Agreement between the Given Memorial Library Board and the Village of Pinehurst. The FY 2026 endowment income is expected to be consistent with the last two years.
- Other miscellaneous revenues reflect an increase of 64.6% in FY 2026 compared to the FY 2025 budget. The increase is primarily attributed to higher proceeds from the sale of surplus vehicles since 19 vehicles will be replaced in FY 2026 which is more than double the typical number of vehicles sold in a year.

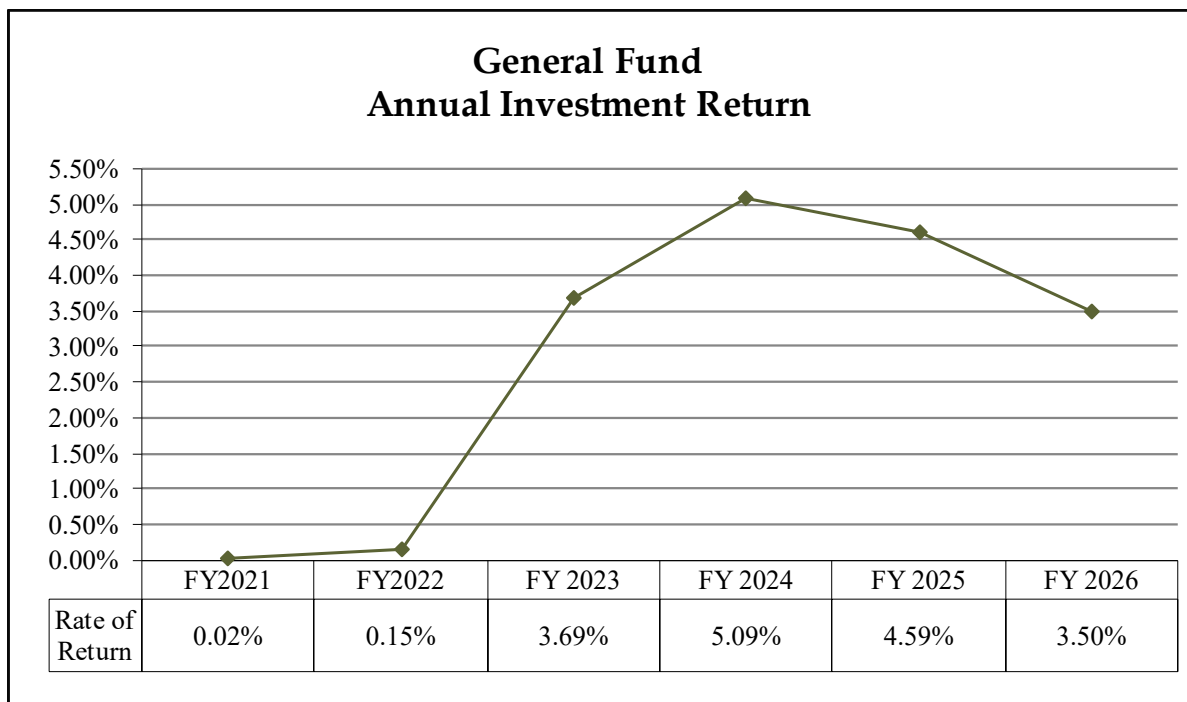
Description of Revenue Source

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

Investment Income	FY 2024 Actual	FY 2025 Budget	FY 2025 Estimated	FY 2026 Budgeted	Percent Change
Investment Income	\$ 1,195,928	\$ 1,003,100	\$ 1,006,200	\$ 768,000	-23.4%
Total Investment Income	\$ 1,195,928	\$ 1,003,100	\$ 1,006,200	\$ 768,000	-23.4%

Revenue Assumptions

- Investment income of \$768,000 is expected in FY 2026. This is based on estimates of the monthly cash and investment balances and rates of return. The NCCMT portfolio closely tracks the federal funds rate established by the Federal Open Market Committee (FOMC). The FOMC is projecting interest rates will be at approximately 3.5% in 2025 and 2.5% in 2026. The projected decreases in interest rates and the Village's cash balances as funds are spent for capital projects are factored into the investment income estimate. The annual rate of return expected in FY 2026 is 3.5%.



Description of Revenue Source

Other Financing Sources is comprised of lease liabilities issued under GASB Statement No. 87 and software subscription liabilities issued under GASB Statement No. 96. This revenue source can also include transfers into the General Fund from other funds (such as from the ARPA Special Revenue Fund in FY 2023).

Other Financing Sources	FY2024 Actual	FY2025 Budget	FY2025 Estimated	FY2026 Budgeted	Percent Change
Lease Liabilities Issued	\$ 10,799	\$ 7,000	\$ 7,000	\$ 828,800	11740.0%
Subscription Liabilities Issued	199,966	216,270	216,270	-	-100.0%
Total Other Financing Sources	\$ 210,765	\$ 223,270	\$ 223,270	\$ 828,800	271.2%

Revenue Assumptions

- Lease liabilities issued are projected to be \$828,800 in FY 2026 for 19 new vehicle leases through the Enterprise Fleet Management program.
- The Village may enter into new software subscription agreements in FY 2026, however, since the terms of each contract are unique and need to be analyzed to determine whether the criteria in GASB Statement No. 96 apply, the Village did not estimate an amount for subscription liabilities that may be issued in FY 2026. Budget amendments will be approved by the Village Council if the need arises based on the specific contract terms.



Description of Revenue Source

Revenue from fund balance appropriations is the use of net position (“savings” or “reserves”), which has been accumulated from previous fiscal years, to pay for current fiscal year expenditures.

Fund Balance Appropriations	FY 2024 Actual	FY 2025 Budget	FY 2025 Estimated	FY 2026 Budgeted	Percent Change
Fund Balance Appropriated	\$ -	\$ 7,114,992	\$ -	\$ 3,506,560	-50.7%
Total Fund Balance Appropriations	\$ -	\$ 7,114,992	\$ -	\$ 3,506,560	-50.7%

Revenue Assumptions

- For FY 2026, \$3,506,560 of the Village’s fund balance has been appropriated as a revenue source. Historically, operating revenues come in at 101% of the budget while operating expenditures typically fall at least 7% below budget. After accounting for this estimated budget-to-actual variance, the Village’s fund balance will decrease by approximately \$1,439,822, which will result in a projected ending fund balance of 55% of General Fund expenditures. This is above the Council’s adopted policy minimum of 30% and positions the Village well to fund projects in the five-year forecast. The estimated decrease in fund balance of \$1,439,822 represents the majority of the funding of the \$1,910,000 transfer from the General Fund to the Library Expansion Capital Project Fund from fund balance as planned.



Governing Body

The Governing Body of the Village consists of a five-member council that includes a directly elected Mayor. The Council provides leadership to achieve the Village's mission and strategic vision for the future. 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 the following:

- Provide governance for a population of approximately 18,900
- Sets strategic direction for approximately 167 full-time equivalents (FTEs)
- Adopts the Strategic Operating Plan, which includes the annual budget and five-year financial forecast
- Approves policies that provide guidance for all municipal operations

Additional information about the Governing Body Department may be obtained by contacting Shannon Konstantinou, Village Clerk, at 910.295.1900 or skonstantinou@vopnc.org.

Budget Summary

Expenditures by Type	FY 2024 Actual	FY 2025 Budget	FY 2025 Estimated	FY 2026 Budgeted	Percent Change
Salaries & Benefits	\$ 29,153	\$ 31,000	\$ 30,100	\$ 31,000	0.0%
Operating	114,697	107,076	104,220	110,500	3.2%
Expenditures Total	\$ 143,850	\$ 138,076	\$ 134,320	\$ 141,500	2.5%



Administration Department

The Administration Department, which includes the Village Manager, Assistant Village Managers, Organizational Performance 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.

Additional information about the Administration Department may be obtained by contacting Doug Willardson, Village Manager, at 910.295.1900 or dwillardson@vopnc.org.

Budget Summary

Expenditures by Type	FY 2024 Actual	FY 2025 Budget	FY 2025 Estimated	FY 2026 Budgeted	Percent Change
Salaries & Benefits	\$ 1,139,033	\$ 1,090,700	\$ 925,200	\$ 1,179,900	8.2%
Operating	385,354	574,031	554,841	590,560	2.9%
Capital	143,655	190,803	190,803	46,299	-75.7%
Expenditures Total	\$ 1,668,042	\$ 1,855,534	\$ 1,670,844	\$ 1,816,759	-2.1%

Revenues by Type	FY 2024 Actual	FY 2025 Budget	FY 2025 Estimated	FY 2026 Budgeted	Percent Change
Logo Merchandise Sales	\$ 34,447	\$ 30,000	\$ 20,000	\$ 20,000	-33.3%
Revenues Total	\$ 34,447	\$ 30,000	\$ 20,000	\$ 20,000	-33.3%

Financial Services Department

The Financial Services Department is responsible for processing all budget and accounting transactions for the Village, including purchasing, accounts payable, accounts receivable, and payroll, prepares the budget and financial reports, and ensures that the Village of Pinehurst achieves its mission by maintaining a healthy financial condition. The department consists of the Director, Assistant Director, Supervisor, and two Financial Services Technicians.

Additional information about the Financial Services Department may be obtained by contacting Dana Van Nostrand, CPA, Financial Services Director, at 910.295.1900 or dvannostrand@vopnc.org.

Budget Summary

Expenditures by Type	FY 2024 Actual	FY 2025 Budget	FY 2025 Estimated	FY 2026 Budgeted	Percent Change
Salaries & Benefits	\$ 475,194	\$ 514,150	\$ 516,300	\$ 574,900	11.8%
Operating	397,786	422,825	420,500	426,440	0.9%
Capital	350	36,685	36,685	2,100	-94.3%
Total Expenditures	\$ 873,330	\$ 973,660	\$ 973,485	\$ 1,003,440	3.1%

Human Resources Department

The Human Resources Department furthers the Village of Pinehurst's mission by attracting and retaining an engaged workforce. Along with the Director, one full-time Human Resources Generalist and one full-time Human Resources Technician provide a strategic service for recruitment, retention, and recognition of competent staff.

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 2024 Actual	FY 2025 Budget	FY 2025 Estimated	FY 2026 Budgeted	Percent Change
Salaries & Benefits	\$ 335,285	\$ 378,050	\$ 378,700	\$ 392,800	3.9%
Operating	214,047	307,685	276,565	284,300	-7.6%
Capital	975	18,240	18,240	6,300	-65.5%
Expenditures Total	\$ 550,307	\$ 703,975	\$ 673,505	\$ 683,400	-2.9%

Information Technology Department

The Information Technology Department furthers the mission of the Village of Pinehurst by ensuring the Village professionally manages a high-performing organization. In addition to the Chief Information Officer (CIO), the Information Technology Department (IT) includes an infrastructure administrator, IT systems specialist, GIS analyst, and two IT technicians. 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 which are included in the operating and capital budgets of the other departments.

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 2024 Actual	FY 2025 Budget	FY 2025 Estimated	FY 2026 Budgeted	Percent Change
Salaries & Benefits	\$ 657,169	\$ 738,750	\$ 711,800	\$ 813,500	10.1%
Operating	641,556	925,341	853,599	808,000	-12.7%
Capital	57,416	282,670	282,670	95,000	-66.4%
Expenditures Total	\$ 1,356,141	\$ 1,946,761	\$ 1,848,069	\$ 1,716,500	-11.8%

Police Department

The Police Department furthers the Village of Pinehurst's mission by ensuring the community is safe for residents, businesses, and visitors. In addition to the Chief, the Police Department consists of a Deputy Chief, 25 sworn Police Officers, four Telecommunications Specialists, one Administrative Coordinator, two reserve Telecommunication Specialists, two reserve Officers and a part-time Parking Attendant to protect the life and property of approximately 18,900 residents.

Additional information about the Police Department may be obtained by contacting Glen Webb, Police Chief, at 910.295.3141 or gwebb@vopnc.org.

Budget Summary

Expenditures by Type	FY 2024 Actual	FY 2025 Budget	FY 2025 Estimated	FY 2026 Budgeted	Percent Change
Salaries & Benefits	\$ 2,801,690	\$ 3,231,550	\$ 3,033,800	\$ 3,628,500	12.3%
Operating	836,800	989,029	941,808	1,033,650	4.5%
Capital	599,993	459,494	454,494	419,118	-8.8%
Expenditures Total	\$ 4,238,483	\$ 4,680,073	\$ 4,430,102	\$ 5,081,268	8.6%

Revenues by Type	FY 2024 Actual	FY 2025 Budget	FY 2025 Estimated	FY 2026 Budgeted	Percent Change
Controlled Substance Tax Distribution	\$ 4,037	\$ 1,000	\$ 1,000	\$ 1,000	0.0%
Miscellaneous Police Revenues	9,688	8,300	28,500	7,500	-9.6%
Revenues Total	\$ 13,725	\$ 9,300	\$ 29,500	\$ 11,000	18.3%

Fire Department

The Fire Department furthers the Village of Pinehurst's mission by protecting life and property. In addition to the Fire Chief, the Fire Department consists of a Deputy Fire Chief, 31 Firefighters, one Fire/Life Safety Educator, one Assistant Fire Marshal, one part-time Fire Inspector, and two reserve Firefighters to protect the Village and rural district from two stations with four engines, two brush trucks, and a rescue truck.

Additional information about the Fire Department may be obtained by contacting Derrick Clouston, Fire Chief, at 910.295.5575 or dclouston@vopnc.org.

Budget Summary

Expenditures by Type	FY 2024 Actual	FY 2025 Budget	FY 2025 Estimated	FY 2026 Budgeted	Percent Change
Salaries & Benefits	\$ 3,180,911	\$ 3,386,850	\$ 3,156,100	\$ 3,646,200	7.7%
Operating	678,438	805,273	788,123	754,270	-6.3%
Capital	35,526	259,079	264,079	112,025	-56.8%
Expenditures Total	\$ 3,894,875	\$ 4,451,202	\$ 4,208,302	\$ 4,512,495	1.4%

Revenues by Type	FY 2024 Actual	FY 2025 Budget	FY 2025 Estimated	FY 2026 Budgeted	Percent Change
Fire District Revenue	\$ 455,062	\$ 602,000	\$ 602,000	\$ 586,000	-2.7%
Miscellaneous Fire Revenues	13,639	10,000	10,600	11,000	10.0%
Revenues Total	\$ 468,701	\$ 612,000	\$ 612,600	\$ 597,000	-2.5%

Planning Department

The Planning Department furthers the mission of the Village of Pinehurst by promoting high-quality development and appearance within the community. The Planning Department consists of the Director, Planning Supervisor, a Senior Planner, a Planner, two Planning and Zoning Specialists, a Code Compliance Specialist, an Administrative Specialist, and a part-time Code Compliance Technician. The department provides planning services for the Village as well as its extra territorial jurisdiction (ETJ).

Additional information about the Planning Department may be obtained by contacting Alex Cameron, Planning and Inspections Director, at 910.295.8664 or acameron@vopnc.org.

Budget Summary

Expenditures by Type	FY 2024 Actual	FY 2025 Budget	FY 2025 Estimated	FY 2026 Budgeted	Percent Change
Salaries & Benefits	\$ 797,925	\$ 831,825	\$ 764,500	\$ 904,300	8.7%
Operating	162,448	585,715	559,130	256,320	-56.2%
Capital	10,954	16,245	16,245	58,580	260.6%
Expenditures Total	\$ 971,327	\$ 1,433,785	\$ 1,339,875	\$ 1,219,200	-15.0%

Revenues by Type	FY 2024 Actual	FY 2025 Budget	FY 2025 Estimated	FY 2026 Budgeted	Percent Change
Planning & Zoning Fees	\$ 278,713	\$ 252,300	\$ 252,700	\$ 252,300	0.0%
Revenues Total	\$ 278,713	\$ 252,300	\$ 252,700	\$ 252,300	0.0%

Inspections – Planning Department

The Inspections Division of the Planning Department furthers the mission of the Village of Pinehurst by promoting high-quality development and appearance throughout the community. The division operates under the direction of the Planning and Inspections Director. The Inspections Division includes three 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.

Additional information about the Inspections Division may be obtained by contacting Alex Cameron, Planning and Inspections Director, at 910.295.8664 or acameron@vopnc.org.

Budget Summary

Expenditures by Type	FY 2024 Actual	FY 2025 Budget	FY 2025 Estimated	FY 2026 Budgeted	Percent Change
Salaries & Benefits	\$ 356,658	\$ 386,000	\$ 381,900	\$ 423,300	9.7%
Operating	46,349	67,275	59,155	62,440	-7.2%
Capital	350	6,160	6,160	2,540	-58.8%
Expenditures Total	\$ 403,357	\$ 459,435	\$ 447,215	\$ 488,280	6.3%

Revenues by Type	FY 2024 Actual	FY 2025 Budget	FY 2025 Estimated	FY 2026 Budgeted	Percent Change
Inspection Permit Revenue	\$ 316,850	\$ 300,000	\$ 300,000	\$ 285,000	-5.0%
Revenues Total	\$ 316,850	\$ 300,000	\$ 300,000	\$ 285,000	-5.0%

Public Services Administration – Public Services Department

Public Services Administration is a division of the Public Services Department. The Public Services Administration Division consists of the Director, the Assistant Director, an Engineering Technician, a Stormwater Technician, and an Administrative Assistant.

Additional information about Public Services Administration may be obtained by contacting Mike Apke, Public Services and Engineering Director, at 910.295.5021 or mapke@vopnc.org.

Budget Summary

Expenditures by Type	FY 2024 Actual	FY 2025 Budget	FY 2025 Estimated	FY 2026 Budgeted	Percent Change
Salaries & Benefits	\$ 449,615	\$ 592,850	\$ 435,900	\$ 632,200	6.6%
Operating	166,217	212,345	202,660	220,930	4.0%
Capital	9,347	48,583	48,583	68,869	41.8%
Expenditures Total	\$ 625,179	\$ 853,778	\$ 687,143	\$ 921,999	8.0%

Solid Waste – Public Services Department

The Solid Waste Division of the Public Services Department furthers the mission of the Village of Pinehurst by preserving the community's environment. The division operates under the direction of the Assistant Director of Public Services. There are 10 members of the Solid Waste team, led by a Solid Waste Superintendent. This division provides over 9,000 households with weekly same-day automated pickup of garbage, recycling, and yard debris under the "One and Done" program.

Additional information about Solid Waste Division may be obtained by contacting Mike Apke, Public Services and Engineering Director, at 910.295.5021 or mapke@vopnc.org.

Budget Summary

Expenditures by Type	FY 2024 Actual	FY 2025 Budget	FY 2025 Estimated	FY 2026 Budgeted	Percent Change
Salaries & Benefits	\$ 696,039	\$ 793,800	\$ 795,100	\$ 859,000	8.2%
Operating	1,509,615	1,746,765	1,671,615	1,773,730	1.5%
Capital	561,358	497,650	497,650	712,730	43.2%
Expenditures Total	\$ 2,767,012	\$ 3,038,215	\$ 2,964,365	\$ 3,345,460	10.1%

Streets & Grounds – Public Services Department

The Streets & Grounds Division of the Public Services Department furthers the mission of the Village of Pinehurst by promoting high-quality development and appearance, preserving our environment, and promoting transportation mobility and connectivity throughout the community. The division operates under the direction of the Assistant Director of Public Services and reports up to the Assistant Village Manager of Operations. There are 15 members of the Streets & Grounds team organized into two crews: Street Maintenance and Grounds Maintenance. This division serves approximately 18,900 residents encompassing an area of 17.2 square miles, with over 108 miles of Village-maintained streets and right-of-ways. Annual resurfacing costs and state funding to municipalities from the restricted state Powell Bill funds for street maintenance are included in the Powell Bill Division. Costs for street patching are included in the Streets & Grounds Division.

Additional information about Streets & Grounds Division may be obtained by contacting Mike Apke, Public Services and Engineering Director, at 910.295.5021 or mapke@vopnc.org.

Budget Summary

Expenditures by Type	FY 2024 Actual	FY 2025 Budget	FY 2025 Estimated	FY 2026 Budgeted	Percent Change
Salaries & Benefits	\$ 935,633	\$ 1,023,300	\$ 967,900	\$ 1,092,000	6.7%
Operating	683,942	838,900	799,863	811,330	-3.3%
Capital	1,200,252	2,745,489	2,742,975	1,495,670	-45.5%
Expenditures Total	\$ 2,819,827	\$ 4,607,689	\$ 4,510,738	\$ 3,399,000	-26.2%

Powell Bill – Public Services Department

The Powell Bill Division is managed by the Public Services and Engineering 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 over 108 miles of Village-owned streets and right of ways. To determine which roads will be resurfaced each year, Village staff review the pavement condition ratings of all Village-owned roads that are rated every three years by an independent outside agency using standardized rating methodologies.

The Powell Bill Division does not contain any staff. However, additional information about the Powell Bill Division may be obtained by contacting Mike Apke, Public Services and Engineering Director, at 910.295.5021 or mapke@vopnc.org.

Budget Summary

Expenditures by Type	FY 2024 Actual	FY 2025 Budget	FY 2025 Estimated	FY 2026 Budgeted	Percent Change
Operating	\$ 1,486,825	\$ 1,500,100	\$ 1,500,100	\$ 1,500,100	0.0%
Expenditures Total	\$ 1,486,825	\$ 1,500,100	\$ 1,500,100	\$ 1,500,100	0.0%

Revenues by Type	FY 2024 Actual	FY 2025 Budget	FY 2025 Estimated	FY 2026 Budgeted	Percent Change
Powell Bill Revenue	\$ 642,223	\$ 707,787	\$ 707,787	\$ 711,000	0.5%
Revenues Total	\$ 642,223	\$ 707,787	\$ 707,787	\$ 711,000	0.5%

Fleet Maintenance Department

The Fleet Maintenance Department furthers the mission of the Village of Pinehurst by ensuring the Village maintains a high-performing fleet of vehicles and equipment. The Fleet Maintenance Department consists of the Superintendent, two technicians, and an apprentice 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 which are included in the operating and capital budgets of the other departments.

Additional information about the Fleet Maintenance Department may be obtained by contacting Carlton Cole, Assistant Village Manager, at 910.295.1900 or jccole@vopnc.org.

Budget Summary

Expenditures by Type	FY 2024 Actual	FY 2025 Budget	FY 2025 Estimated	FY 2026 Budgeted	Percent Change
Salaries & Benefits	\$ 281,929	\$ 336,700	\$ 300,500	\$ 402,400	19.5%
Operating	522,103	616,400	603,070	632,450	2.6%
Capital	1,013,888	1,233,501	1,233,501	1,687,000	36.8%
Expenditures Total	\$ 1,817,920	\$ 2,186,601	\$ 2,137,071	\$ 2,721,850	24.5%

Library and Archives Department

The Library and Archives Department furthers the mission of the Village of Pinehurst by promoting active living and cultural opportunities for the community through the Given Memorial Library and Tufts Archives. The department consists of a Director, Supervisor, full-time Associate, and four part-time Associates.

Additional information about the Library and Archives Department may be obtained by contacting Audrey Moriarty, Library and Archives Director, at 910.295.6022 or amoriarty@vopnc.org.

Budget Summary

Expenditures by Type	FY 2024 Actual	FY 2025 Budget	FY 2025 Estimated	FY 2026 Budgeted	Percent Change
Salaries & Benefits	\$ 351,781	\$ 391,350	\$ 372,200	\$ 430,200	9.9%
Operating	175,773	191,035	167,050	195,250	2.2%
Capital	6,954	15,480	15,480	36,606	136.5%
Expenditures Total	\$ 534,508	\$ 597,865	\$ 554,730	\$ 662,056	10.7%

Revenues by Type	FY 2024 Actual	FY 2025 Budget	FY 2025 Estimated	FY 2026 Budgeted	Percent Change
Library State Aid	\$ 8,861	\$ 9,023	\$ 9,023	\$ 9,000	-0.3%
Library Donations	107,390	13,000	13,600	1,000	-92.3%
Library Endowment Income	109,739	110,000	110,000	110,000	0.0%
Miscellaneous Library Revenues	19,322	10,500	6,500	6,500	-38.1%
Revenues Total	\$ 245,312	\$ 142,523	\$ 139,123	\$ 126,500	-11.2%

Parks and Recreation Department

The Parks and Recreation Department furthers the mission of the Village of Pinehurst by promoting active living and cultural opportunities for the community. The Director provides management support to all divisions in the department—Recreation, Harness Track, Fair Barn, and Buildings & Grounds. The Recreation Division includes a Recreation Superintendent, Program Coordinator, Special Events Coordinator, Athletics Coordinator, Recreation Assistant, Administrative Assistant, and part-time seasonal personnel who, in conjunction with the Director, are charged with providing the residents of Pinehurst with a variety of recreational pursuits that enrich the life quality of the participants.

Additional information about the Recreation Division may be obtained by contacting Angie Whisnant, Parks and Recreation Director, at 910.295.2817 or awhisnant@vopnc.org.

Budget Summary

Expenditures by Type	FY 2024 Actual	FY 2025 Budget	FY 2025 Estimated	FY 2026 Budgeted	Percent Change
Salaries & Benefits	\$ 770,491	\$ 870,350	\$ 798,700	\$ 943,300	8.4%
Operating	1,457,631	1,667,551	1,608,151	1,686,070	1.1%
Capital	81,983	1,928,639	1,939,075	262,240	-86.4%
Expenditures Total	\$ 2,310,105	\$ 4,466,540	\$ 4,345,926	\$ 2,891,610	-35.3%

Revenues by Type	FY 2024 Actual	FY 2025 Budget	FY 2025 Estimated	FY 2026 Budgeted	Percent Change
Athletic Programs	\$ 85,729	\$ 78,000	\$ 90,000	\$ 80,000	2.6%
Recreation Fees	177,833	173,000	173,000	173,000	0.0%
Facility Rentals	70,597	53,300	70,000	70,000	31.3%
Revenues Total	\$ 334,159	\$ 304,300	\$ 333,000	\$ 323,000	6.1%

Buildings & Grounds – Parks and Recreation Department

The Buildings & Grounds Division of the Parks and Recreation Department furthers the mission of the Village of Pinehurst by ensuring the Village professionally manages a high-performing organization. The division operates under the direction of the Parks and Recreation Director. This division includes a Building & Grounds Superintendent, two Maintenance Technicians, and seven Grounds Specialists that provide regular and preventive 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 which are included in the operating and capital budgets of the other departments.

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

Budget Summary

Expenditures by Type	FY 2024 Actual	FY 2025 Budget	FY 2025 Estimated	FY 2026 Budgeted	Percent Change
Salaries & Benefits	\$ 600,505	\$ 658,100	\$ 638,200	\$ 761,900	15.8%
Operating	873,760	1,011,073	976,493	1,058,900	4.7%
Capital	361,214	2,265,620	2,265,620	644,630	-71.5%
Expenditures Total	\$ 1,835,479	\$ 3,934,793	\$ 3,880,313	\$ 2,465,430	-37.3%

Harness Track – Parks and Recreation Department

The Harness Track Division of the Parks and Recreation Department furthers the mission of the Village of Pinehurst by promoting active living and cultural opportunities while ensuring it maintains a healthy financial condition. The division 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 Harness Track, established in 1915, is listed in the National Register of Historic Places. The Village rents the Harness Track horse training facilities to show promoters, trainers, and other outside groups. The infields and grounds are also rented to outside groups for non-equestrian uses, such as athletics.

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

Budget Summary

Expenditures by Type	FY 2024 Actual	FY 2025 Budget	FY 2025 Estimated	FY 2026 Budgeted	Percent Change
Salaries & Benefits	\$ 249,744	\$ 282,500	\$ 292,500	\$ 318,300	12.7%
Operating	309,469	356,947	338,422	430,340	20.6%
Capital	195,911	205,709	205,709	276,940	34.6%
Expenditures Total	\$ 755,124	\$ 845,156	\$ 836,631	\$ 1,025,580	21.3%

Revenues by Type	FY 2024 Actual	FY 2025 Budget	FY 2025 Estimated	FY 2026 Budgeted	Percent Change
Stall Rental	\$ 158,570	\$ 170,000	\$ 180,000	\$ 190,400	12.0%
Tack Shop Rental	6,134	6,500	6,500	6,600	1.5%
Restaurant Rent	7,671	7,730	7,730	7,730	0.0%
Trailer Space Rent	1,600	2,000	2,000	2,100	5.0%
Shows/Events Revenue	28,884	27,000	27,000	27,000	0.0%
Revenues Total	\$ 202,859	\$ 213,230	\$ 223,230	\$ 233,830	9.7%

Fair Barn – Parks and Recreation Department

The Fair Barn Division of the Parks and Recreation Department furthers the mission of the Village of Pinehurst by promoting active living and cultural opportunities while ensuring it maintains a healthy financial condition. The division is 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 facility 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.

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

Budget Summary

Expenditures by Type	FY 2024 Actual	FY 2025 Budget	FY 2025 Estimated	FY 2026 Budgeted	Percent Change
Salaries & Benefits	\$ 147,785	\$ 160,200	\$ 153,500	\$ 174,100	8.7%
Operating	231,146	290,890	279,145	277,710	-4.5%
Capital	18,846	136,434	125,998	90,583	-33.6%
Expenditures Total	\$ 397,777	\$ 587,524	\$ 558,643	\$ 542,393	-7.7%

Revenues by Type	FY 2024 Actual	FY 2025 Budget	FY 2025 Estimated	FY 2026 Budgeted	Percent Change
Fair Barn Rental	\$ 284,776	\$ 265,000	\$ 265,000	\$ 260,000	-1.9%
Shows/Events Revenue	11,453	9,500	12,000	13,500	42.1%
Revenues Total	\$ 296,229	\$ 274,500	\$ 277,000	\$ 273,500	-0.4%

Debt Service

The Village of Pinehurst utilizes long-term debt to finance long-term capital purchases and projects. 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 and the Local Government Commission, but also by management guidelines. See the *Strategic Operating Plan Guide* Financial Policies section for the Debt Guidelines. For information on any anticipated debt, please refer to the *Capital Improvement Plan* section.

The Village has entered into routine multi-year agreements to lease certain office equipment (such as postage meters) and multi-year agreements for subscription-based software services. In FY 2026, the Village will begin entering into routine open-ended lease agreements for vehicles through the Enterprise Fleet Management program. In accordance with the Governmental Accounting Standard Board (GASB) Statements No. 87 and 96, these agreements are classified as long-term debt obligations. The debt service expenditures budgeted in FY 2026 represent the annual payments for the existing office equipment lease and subscription agreements and the estimated monthly vehicle lease payments, which are allocated between principal and interest in accordance with the amortization schedules required by GASB standards.

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, Standard and Poor's, or Fitch.

Additional information about Debt Service expenditures may be obtained by contacting Dana Van Nostrand, CPA, Financial Services Director, at 910.295.1900 or dvannostrand@vopnc.org.

Budget Summary

Expenditures by Type	FY 2024 Actual	FY 2025 Budget	FY 2025 Estimated	FY 2026 Budgeted	Percent Change
Principal	\$ 295,162	\$ 207,815	\$ 207,815	\$ 296,600	42.7%
Interest	9,099	8,590	8,590	60,450	603.7%
Expenditures Total	\$ 304,261	\$ 216,405	\$ 216,405	\$ 357,050	65.0%

The Village anticipates continuing an existing postage meter lease agreement and entering into nineteen new vehicle lease agreements in FY 2026. The vehicle leases have been budgeted as other financing sources for the issuance of the lease liability of \$828,800, a capital outlay for the acquisition of the right-to-use asset for \$905,600, and principal and interest debt service payments. The Village may enter into new software subscription agreements that meet the criteria in GASB Statement No. 96, however, since the software has not been selected and the terms of the agreements are not known at this time, no amounts have been estimated in the FY 2026 budget for new subscription liabilities or debt service. The new subscriptions are budgeted as operating expenditures in FY 2026 and the Village Council will adopt budget amendments in FY 2026 for new software subscriptions if needed.

The chart below indicates the total debt service payments due over the next five-year period for the long-term debt included in the FY 2026 budget:

Description	Fiscal Year				
	2026	2027	2028	2029	2030
Office Equipment Lease of one (1) postage meter Five-year agreement from 04/30/2024 through 04/29/2029. Quarterly fixed payments with an implicit interest rate of 2.312%.	\$ 2,300	\$ 2,400	\$ 2,300	\$ 1,800	\$ -
Vehicles Leases of nineteen (19) vehicles Open-ended lease agreements with various start and end dates to be determined upon lease execution. Monthly fixed payments with interest rates to be determined upon lease execution.	179,800	179,800	179,800	179,800	179,800
Subscriptions Subscriptions for eight (8) software applications Three-year to five-year agreements with various start and end dates ranging from 07/01/2022 through 05/05/2028. Annual fixed payments with implicit interest rates ranging from 2.024% to 3.631%.	174,950	137,500	3,300	-	-
Total Debt Service	\$357,050	\$ 319,700	\$ 185,400	\$ 181,600	\$ 179,800

The charts below indicate the total principal and interest due until maturity by type and by fiscal year for the long-term debt included in the FY 2026 budget:

Project/Type	FY 2026		FY 2027		FY 2028	
	Principal	Interest	Principal	Interest	Principal	Interest
Equipment Lease	\$ 2,100	\$ 200	\$ 2,200	\$ 200	\$ 2,200	\$ 100
Vehicle Leases	128,000	51,800	138,000	41,800	148,700	31,100
Subscriptions	166,500	8,450	133,800	3,700	3,200	100
Totals	\$ 296,600	\$ 60,450	\$ 274,000	\$ 45,700	\$ 154,100	\$ 31,300

Project/Type	FY 2029		FY 2030		Thereafter	
	Principal	Interest	Principal	Interest	Principal	Interest
Equipment Lease	\$ 1,700	\$ 100	\$ -	\$ -	\$ -	\$ -
Vehicle Leases	160,200	19,600	172,700	7,100	-	-
Subscriptions	-	-	-	-	-	-
Totals	\$ 161,900	\$ 19,700	\$ 172,700	\$ 7,100	\$ -	\$ -

Total Balance by Project/Type			
Project/Type	Principal	Interest	Total
Equipment Lease	\$ 8,200	\$ 600	\$ 8,800
Vehicle Leases	747,600	151,400	899,000
Subscriptions	303,500	12,250	315,750
Totals	\$ 1,059,300	\$ 164,250	\$ 1,223,550

Total by Fiscal Year(s)			
Fiscal Year(s)	Principal	Interest	Total
FY 2026	\$ 296,600	\$ 60,450	\$ 357,050
FY 2027	274,000	45,700	319,700
FY 2028	154,100	31,300	185,400
FY 2029	161,900	19,700	181,600
FY 2030	172,700	7,100	179,800
Thereafter	-	-	-
Totals	\$ 1,059,300	\$ 164,250	\$ 1,223,550

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. Leases and subscription obligations are not considered bonded debt and are excluded from the Gross Debt balance in the calculation. The Village's net debt as a percentage of assessed valuation at June 30, 2024 is 0% compared to the legal debt limit of 8%.

Computation of Legal Debt Limit	
Net Assessed Value - June 30, 2024	\$ 5,909,964,752
	8.0%
Debt Limit - Eight Percent (8.0%) of Assessed Value	\$ 472,797,180
Gross Debt:	
Installment Purchase Agreements	-
Total Amount of Debt Applicable to Debt Limit (Net Debt)	-
Legal Debt Margin	\$ 472,797,180

Other Financing Uses

Other financing uses represent transfers out of the General Fund to other funds. The budget for FY 2026 includes a transfer out of the General Fund to the Library Expansion Capital Project Fund for the FY 2026 estimated construction expenditures for the new library.

Additional information about other financing uses may be obtained by contacting Dana Van Nostrand, CPA, Financial Services Director, at 910.295.1900 or dvannostrand@vopnc.org.

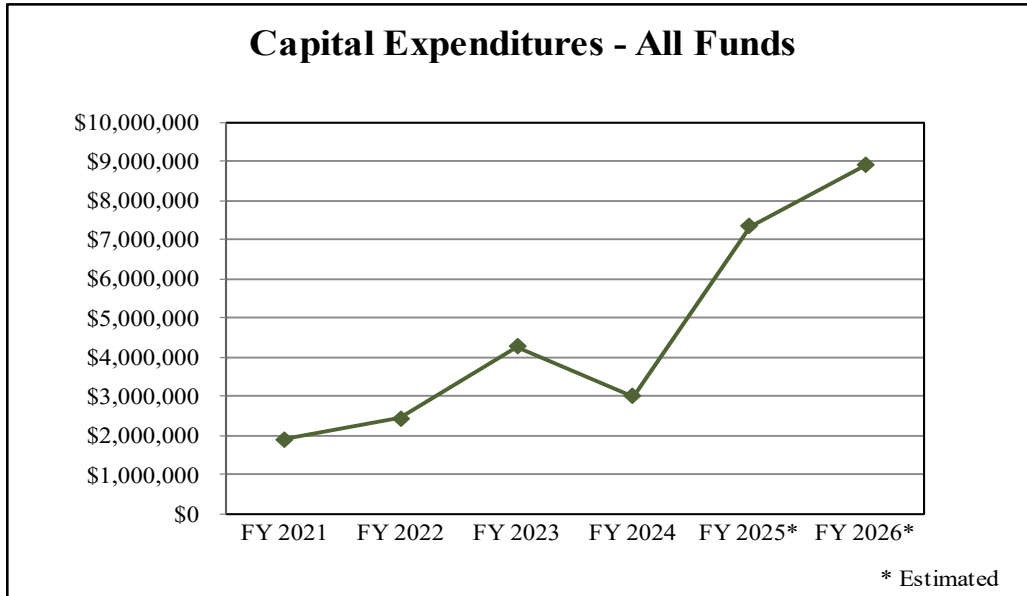
Budget Summary

Type	FY 2024 Actual	FY 2025 Budget	FY 2025 Estimated	FY 2026 Budgeted	Percent Change
Other Financing Uses	\$ -	\$ 2,800,000	\$ 2,800,000	\$ 1,910,000	-31.8%
Total	\$ -	\$ 2,800,000	\$ 2,800,000	\$ 1,910,000	-31.8%

Capital Expenditures

Capital expenditures are appropriated within each fund, typically in the General Fund or capital project funds, when applicable. This section is provided to give the reader a summary of all capital expenditures budgeted in FY 2026 and to provide trend data related to capital expenditures.

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



Capital expenditures in FY 2024 were lower compared to FY 2023, which included one-time costs associated with the installation of synthetic turf at Cannon Park athletic field. In FY 2025, expenditures are increasing due to installation of synthetic turf at Wicker Park athletic field, the addition of field lighting at Cannon Park and additional sidewalk and stormwater projects. A more significant rise in capital expenditures is projected for FY 2026, largely driven by the construction of a new library, funded in the Library Expansion Capital Project Fund.

Summary

Capital expenditures are typically accounted for in either the General Fund or capital project funds, depending on the scope and duration of the project. In the General Fund, appropriations are made on an annual basis and the items funded are expected to be completed within the fiscal year. These capital outlays are reflected within each department's section of the *General Fund*. Capital project funds are established when a project requires substantial work in multiple fiscal years and significant costs. In a capital project fund, a project ordinance is adopted for a multi-year period and remains in effect until the project is completed. For FY 2026, the Village has one capital project fund established and has plans to create one additional capital project fund within the five-year capital improvement plan. This section highlights capital expenditures in the General Fund and capital project funds.

General Fund Capital Expenditures

The schedules below detail the specific capital items funded in the FY 2026 budget. In addition to routine vehicle and equipment replacements, the Village plans to continue investments in stormwater drainage projects, sidewalk projects, construction of new pedestrian facilities, and restoration of historical pathways as guided by the multi-modal plan. In addition to these recurring capital items, the Village has budgeted for trail bridge improvements, grooms quarters renovations at the Harness Track, and other purchases and improvements.

General Fund Capital Items	Budget Department/Division	FY 2026 Funded Amount
Public Safety		
Vehicle Command Area Storage Cabinet	Fire	9,000
Paratech Rescue Impact Hammer	Fire	7,000
Total Public Safety		16,000
Transportation		
Restoration of Historical Pathways	Streets & Grounds	50,000
Pedestrian Facilities	Streets & Grounds	460,000
Stormwater Drainage Projects	Streets & Grounds	450,000
Sidewalk Connections on Rattlesnake/Magnolia Road	Streets & Grounds	350,000
Total Transportation		1,310,000
Cultural & Recreation		
Floor Buffer	Fair Barn	8,000
Total Cultural & Recreation		8,000
Buildings & Grounds		
Add 30/50 AMP Outlets	Fair Barn	7,000
Replace HVAC	Fair Barn	50,000
Replace HVAC - Station 91	Fire	16,000
Grooms Quarters Improvements	Harness Track	45,000
Waste Containment Bins	Harness Track	32,000
Fire Sprinkler Valve Pit Upgrades	Police	46,000
Renovate Building 4	Public Services	55,000
Timmel Pavilion - Expand Patio	Recreation	25,000
Trail Bridge Improvements	Recreation	200,000
Total Buildings & Grounds		476,000
Information Technology		
Server - Vrtx (Blade Servers)	Information Technology	\$ 70,000
Fiber to New Library	Library	25,000
Total Information Technology		95,000

General Fund Capital Expenditures (continued)

General Fund Capital Items	Budget Department/Division	FY 2026 Funded Amount
Fleet		
Zero Turn Mower	Buildings & Grounds	\$ 21,000
Chevy Express Van*	Buildings & Grounds	40,800
Ford F-150*	Buildings & Grounds	38,600
Chevy Colorado*	Buildings & Grounds	32,600
Chevy Colorado*	Buildings & Grounds	32,600
Chevy 2500*	Fire	49,900
Chevy Silverado 2500 HD*	Fleet	65,600
Fuel Pumps	Fleet	32,000
Zero Turn Mower	Harness Track	19,000
Tractor	Harness Track	61,000
Ford F-250*	Harness Track	48,700
Ford F-250*	Harness Track	48,700
Chevy Malibu*	Planning	26,400
Ford Fusion*	Planning	26,400
Patrol Vehicle*	Police	63,800
Patrol Vehicle*	Police	63,800
Patrol Vehicle*	Police	63,800
Patrol Vehicle*	Police	63,800
Patrol Vehicle*	Police	63,800
Freightliner Garbage Truck	Solid Waste	270,000
Freightliner Garbage Truck	Solid Waste	270,000
Chevy Garbage Truck	Solid Waste	70,000
Ford F-150 *	Solid Waste	38,600
Ford F250 4X4*	Streets & Grounds	48,700
Dodge Ram 1500*	Streets & Grounds	40,300
Chevy 2500*	Streets & Grounds	48,700
Side by Side	Streets & Grounds	15,000
Zero Turn Mower	Streets & Grounds	22,000
Total Fleet		1,685,600
General Fund Total		\$ 3,590,600
% of Expenditures		12.1%
* Will be replaced with a leased vehicle		

Capital Project Fund Capital Expenditures

In FY 2026, the Village anticipates beginning construction of the new library building at the Magnolia Road site, with projected expenditures totaling \$5,310,000. This project is being funded through a combination of existing resources in the capital project fund and new funding from the General Fund. The Library Expansion Capital Project Fund, which was funded through prior transfers from the General Fund and will have an estimated fund balance of \$3,400,000 at the end of FY 2025, will require an additional transfer from the General Fund in FY 2026 of \$1,910,000 to fund the estimated construction expenditures.

Capital Project Funds Capital Items	FY 2026 Funded Amount
Capital Projects	
Library Expansion Construction	\$ 5,310,000
Capital Project Funds Total	\$ 5,310,000

See the *Capital Project Funds* and *Capital Improvement Plan* sections for more information on the projects in the Village's five-year Capital Improvement Plan that are not included in the annual General Fund budget.



SPECIAL REVENUE FUNDS

Summary

Special revenue funds are used to account for revenues that are legally restricted to expenditures with a specific purpose. A special revenue fund is approved through the Village Council adopting a grant project ordinance for a special revenue fund to be used to account for the revenues and expenditures of that particular fund. This section provides information regarding special revenue funds for the Village of Pinehurst, the revenues by type, the expenditures by type, and a brief description of each special revenue fund, as well as the anticipated impact of the fund on the operating budget.

The Village of Pinehurst has adopted one grant project ordinance for a special revenue fund. The fund serves a distinctive purpose to properly segregate and account for the revenues and expenditures separately from the Village's General Fund. The special revenue fund detailed in this section is the Sandhills Metropolitan Planning Organization (SMPO) Special Revenue Fund.

Sandhills Metropolitan Planning Organization

The Sandhills Metropolitan Planning Organization (SMPO) Special Revenue Fund was established by Village Council in February 2024 to account for the revenues and expenditures of the SMPO since the Village is serving as the Lead Planning Agency (LPA) for the SMPO. The SMPO exists to perform the transportation planning for the Pinehurst-Southern Pines Urban Area as defined by the United States Department of Transportation. The United States Department of Transportation, through the North Carolina Department of Transportation (NCDOT), provides grants to fund the SMPO programs and operations. The LPA for the SMPO is responsible for the accounting, budgeting, cash management, financial processing, and reporting of the SMPO's activities as contractually agreed upon with the NCDOT. The Village of Pinehurst will provide these administrative services to the SMPO.

The SMPO Special Revenue Fund is used to account for the grant and member dues revenues received by the SMPO and the expenditures for its activities and operations, including salaries, benefits, planning expenditures, indirect costs, and other allowable costs. The SMPO operates as a distinct department within the Village and is only funded from the special revenue fund.

Since the SMPO revenues are based on actual expenditures that have been incurred, the SMPO Special Revenue Fund is not expected to have fund balance.

Budget Highlights

In December 2022, the U.S. Census Bureau recognized the Pinehurst-Southern Pines area in southern Moore County as an Urban Area with a population of over 50,000. The Pinehurst-Southern Pines Urban Area was determined to have a population of 50,319. Federal regulations require that a metropolitan planning organization (MPO) be designated to represent this urban area.

In October 2023, the Village Council entered into the Sandhills Metropolitan Planning Organization (SMPO) Memorandum of Understanding (MOU) with the Town of Aberdeen, County of Moore, Town of Pinebluff, Town of Southern Pines, Town of Taylortown, Village of Whispering Pines, and the North Carolina Department of Transportation. The Village of Foxfire is within the metropolitan planning area of the SMPO but is represented by the county on the SMPO Governing Board. The Secretary of the North Carolina Department of Transportation designated the SMPO as the metropolitan planning agency for the Pinehurst-Southern Pines Urban Area on December 22, 2023. The SMPO is responsible for conducting the metropolitan transportation planning program in accordance with applicable laws, regulations, and agreements.

The Village executed an LPA agreement with the SMPO to define the authorities and responsibilities of each party and manage risk for the Village in its role as the LPA. The LPA agreement also specifies that the SMPO will charge indirect costs to the grants and remit the indirect cost funds collected to the Village for its services as LPA. In February 2024, the Village Council adopted an ordinance establishing the SMPO Special Revenue Fund to ensure appropriate accountability of revenues and expenditures related to the SMPO.

The SMPO Special Revenue Fund is funded by federal and/or State grants, and members' dues. In February the SMPO is informed of its grant allocations for the upcoming fiscal year so the Unified Planning Work Program (UPWP) can be developed and approved by the SMPO Governing Board. The UPWP outlines the priorities and activities to be completed in the fiscal year and includes a table of planned expenditures by task and funding source. The grant funds generally require a 20% local match, meaning 80% of the total SMPO budget in the UPWP is covered by grants and 20% is covered by the SMPO member dues as the local match. The revenues are received on a reimbursement basis, with the grant funds being reimbursed after the submission of quarterly invoicing packages and the member dues being reimbursed annually based on the actual match required and each member's percentage share as specified in the MOU. The percentage shares are based on the population in each member's jurisdiction that is within the SMPO boundaries from the 2020 decennial census. As different grant revenue sources are received to fund specific projects, different match requirements by member may be negotiated.

Allowable costs are appropriated annually in the SMPO budget. The SMPO Special Revenue Fund expenditures primarily consist of the salary and benefits for the SMPO Director (one full-time position), consultant expenditures for the development of the Metropolitan Transportation Plan, and indirect costs. The SMPO will also incur other operating expenditures, such as insurance, supplies, travel, and training. The budget for the SMPO is approved on an annual basis by the SMPO Governing Board and included in the Village's annual budget ordinance. Below is the budget that has been approved by the SMPO Governing Board in the FY 2026 UPWP for inclusion in the Village's FY 2026 annual budget ordinance. To view the UPWP in more detail, please visit the SMPO website at www.sandhillssmpo.org.

SMPO Expenditures and Revenues

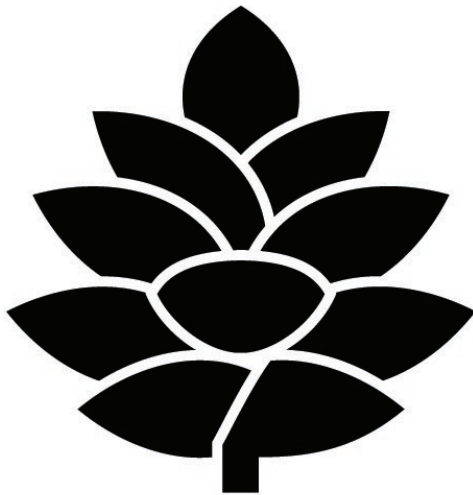
Expenditures by Type	FY 2024 Actual	FY 2025 Budget	FY 2025 Estimated	FY 2026 Budgeted	Percent Change
Salaries & Benefits	\$ 19,615	\$ 59,300	\$ 59,300	\$ 190,736	221.6%
Operating	3,437	220,100	29,050	303,461	37.9%
Expenditures Total	\$ 23,052	\$ 279,400	\$ 88,350	\$ 494,197	76.9%

Revenues by Type	FY 2024 Actual	FY 2025 Budget	FY 2025 Estimated	FY 2026 Budgeted	Percent Change
Federal Grants	\$ 18,442	\$ 223,840	\$ 71,000	\$ 395,677	76.8%
State Grants	-	-	-	6,706	0.0%
Members Dues	4,610	55,560	17,350	91,814	65.3%
Total Revenues	\$ 23,052	\$ 279,400	\$ 88,350	\$ 494,197	76.9%

Impact on General Fund Operating Budget

The indirect cost recovery the Village receives from the SMPO is budgeted and reported as Sales and Services operating revenue in the Village's General Fund. This revenue will offset Village staff time providing administrative services to the SMPO and the use of Village facilities by the SMPO.

The Village will also pay its share of the local match member dues to the SMPO from the General Fund. This is estimated to be \$26,634 (approximately 29% of the total local match) in FY 2026 and is budgeted in the Administration department's operating expenditures.





CAPITAL PROJECT FUNDS

Summary

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 more than one fiscal year. This section provides information regarding the existing or upcoming capital project funds 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.

The Village of Pinehurst adopted one capital project fund for the library expansion and plans to adopt a capital project fund for one additional project in the five-year planning period. These capital project funds are detailed in this section and include:

- ❖ Library Expansion Capital Project Fund
- ❖ Fire Facility Capital Project Fund

Library Expansion Capital Project Fund

The Village will construct a new building for the Given Memorial Library on Magnolia Road and renovate the existing building to expand the Tufts Archives. These projects will increase the space available for expanding the collection and library programming. This expansion is based on the needs Pinehurst residents expressed for expanded or enhanced library services during a Library Needs Assessment. Design for the library expansion project began in FY 2022 and was completed in the spring of 2025. Construction of the new library building will commence in the summer of 2025 and renovation of the existing building for the Tufts Archives is expected to follow after the opening of the new library in FY 2027.

Budget Highlights

The Library Expansion Capital Project Fund accounts for the cost of the design and construction of a new building for the Given Memorial Library and renovating the existing building to expand the Tufts Archives. The \$8,460,000 project will be funded by \$8,260,000 in cash from the General Fund and \$200,000 in estimated investment income. Transfers from the General Fund total \$4,200,000 at the end of FY 2025. The remaining transfers from the General Fund are estimated to be \$1,910,000 in FY 2026 and \$2,150,000 in FY 2027.

A capital project ordinance adopted in FY 2022 by the Village Council authorized design and engineering costs of \$400,000 to be funded. The capital project ordinance has been amended as deemed necessary by the Village Council as the project has progressed. In FY 2026, the Village Council will adopt an amendment to the capital project budget ordinance as estimated below to add the budget for construction which is planned to begin in FY 2026.

Library Expansion Expenditures and Revenues

Expenditures by Type	Projected Budget	Amount Spent to Date	Remaining Balance
Design/Engineering Costs	\$ 810,000	\$ 500,000	\$ 310,000
Construction Costs	7,650,000	500,000	7,150,000
Total Expenditures	\$ 8,460,000	\$ 1,000,000	\$ 7,460,000

Revenues by Type	Projected Budget	Amount Received to Date	Balance Remaining
Transfer from General Fund	\$ 8,260,000	\$ 4,200,000	\$ 4,060,000
Investment Income	200,000	200,000	-
Total Revenues	\$ 8,460,000	\$ 4,400,000	\$ 4,060,000

Impact on Operating Budget

When the new building for the Given Memorial Library is complete in FY 2027, operating costs in the General Fund will increase to support additional salaries and benefits, utilities, insurance, maintenance, supplies, and other programming costs. The Village anticipates hiring one new full-time equivalent (FTE) in FY 2027 for the new library while the Tufts Archives is closed for renovation.

Operating costs will also increase in FY 2028 once the renovations are complete to expand the Tufts Archives and three additional FTEs are hired to fully staff both buildings. These expenditure changes have been incorporated into the Village's capital improvement plan (CIP) and are detailed in that section. The significant use of cash to fund this project will also decrease the Village's investment income. The impacts on revenues and expenditures are reflected in the five-year financial forecast.

Fire Facility Capital Project Fund

The Village has identified a need to meet the growing demand for fire service delivery and emergency response times in the western part of Pinehurst. As part of the FY 2025 BIRDIE process, building and staffing needs for a third fire facility were re-evaluated. Based on the team's findings, the BIRDIE recommended deploying a Quick Response Unit (QRU). QRUs are commonly used in growing communities or areas undergoing development to improve response efficiency. The impact of the QRU on response times and service levels will be continuously monitored and re-evaluated to help guide future decisions beyond the scope of this forecast. In anticipation of future development and growth in service calls beyond what the QRU can address effectively, the five-year forecast includes plans to design a third fire facility. Construction would occur later when the need is sufficiently justified.

Budget Highlights

The Fire Facility Capital Project Fund, if adopted in the future, will be used to account for the costs associated with the design and engineering costs of a new fire facility. The design of a new fire facility is planned in anticipation of long-term service needs extending beyond the forecast period. A transfer from the General Fund is projected to fund the design phase.

The project is expected to begin in FY 2029. There have been no expenditures to date, and design costs of \$400,000 are planned in FY 2029. Any additional expenditures are beyond the scope of the five-year forecast period.

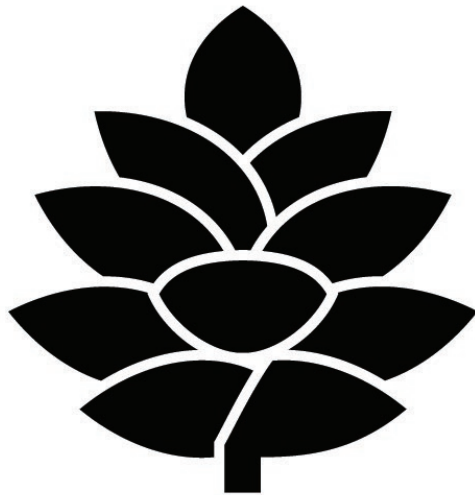
Facility Expenditures and Revenues

Expenditures by Type	Projected Budget	Amount Spent to Date	Remaining Balance
Design/Engineering Costs	\$ 400,000	\$ -	\$ 400,000
Total Expenditures	\$ 400,000	\$ -	\$ 400,000

Revenues by Type	Projected Budget	Amount Received to Date	Balance Remaining
Transfer from General Fund	\$ 400,000	-	\$ 400,000
Total Revenues	\$ 400,000	\$ -	\$ 400,000

Impact on Operating Budget

There will be no impact on the General Fund operating budget during the five-year financial forecast period from the design of the fire facility. When the construction is complete beyond FY 2030, operating costs in the General Fund will increase to support salaries and benefits for new FTEs, utilities, insurance, equipment, maintenance, supplies, training, and other operating costs. These increases in expenditures will be incorporated into the Village's CIP and five-year financial forecast when the anticipated year of construction is determined and the years enter the Village's five-year planning period.





FIVE-YEAR FINANCIAL FORECAST FY 2026-2030

Purpose

The Village of Pinehurst is a high-performing, results-oriented organization focused on fulfilling our mission and achieving the short-term and long-term performance goals 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 BSC.

Each year, the Financial Services Department prepares a five-year financial forecast using the Village Council’s input from the Strategic Planning Retreat and departments’ key initiatives to achieve the long-term performance target levels on the Village’s BSC and department goals while maintaining a healthy and sustainable financial position.

The Village has budgetary and financial policies and guidelines that set forth basic guidance for the financial management of the Village. These policies and guidelines, 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 mid-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 financed capital, and planned capital expenditures. It is inclusive of the key initiatives in the forecasted period and the impact those initiatives are projected to have on revenue, 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 revenue and costs associated with an initiative, capital addition, or program are included in the plan. This is done to ensure the plan is as complete and 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

The Village's revenue sources are forecast on a line-by-line basis. They are generally projected based on historical trends and other available information. For instance, property tax revenue is dependent on new construction trends and property revaluations. These factors are considered to forecast property tax revenue. Some revenue sources, like sales taxes, are directly linked to the overall economy. This makes them more difficult to predict on a long-term basis.

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 revenue reported within intergovernmental revenues.

Financial Services staff include non-recurring revenues, such as the U.S. Open licensing fees, in the appropriate years. Department heads and financial staff also review internal data on programs and activities to accurately forecast fees and charges revenue 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. Each department head projects staffing needs over the five-year period and completes a staffing request for the staffing forecast. Financial Services develops the personnel budget centrally for all departments based on the current authorized positions and staffing requests. 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.

Merit raise ranges are estimated for the five-year period in consultation with the Village Manager and the Human Resources Director. Cost of living adjustments (COLA) are based on the annual average consumer price index percentage for the prior calendar year and are projected in the forecast using the CPI inflation assumption used for other operating expenditures. Other benefit costs are estimated at their individual growth rates based upon information from the North Carolina Retirement System, our insurance providers, and our benefit 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, in consultation with the Village Managers and Strategic Planning Team.

Each year, the Village Managers and department heads develop key initiatives that are designed to improve performance and service levels indicated on the Village's BSC and address priorities identified at the Strategic Planning Retreat with Village Council. These initiatives may include operating and capital expenditures. Each key initiative has its own five-year financial plan that indicates the operating and capital expenditures as well as any revenue or cost savings impact related to the initiative by year. Financial Services staff incorporate the financial data contained in these plans into the five-year forecast. The *Strategic Priorities* section provides a description and the estimated net cost of key initiatives included in the five-year financial forecast.



The forecast for other operating expenditures is based on the current year's operating expenditures budget and estimates. The forecast takes current operating expenditures, which are not related to personnel or a significant one-time item, and projects them based on an inflation factor, plus or minus adjustments for key initiatives and other non-recurring costs that are not in the base.

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 per unit that meet the criteria in the Village's capital assets policy. More information on the capital assets policy can be found in the Financial Policies part of the *Strategic Operating Plan Guide* section. Capital expenditure planning is consistent with the implementation strategies detailed in the 2019 Comprehensive Plan.

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

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

FY 2026-2030 Five-Year Financial Forecast

Revenue Forecast and Significant Assumptions

The FY 2026-2030 forecast projects operating revenue ranging from \$27,166,230 to \$30,057,700 over the next five years. The property tax rate is projected to increase \$0.01 in FY 2028 to fund the additional staff and operating costs for the completed library and archives and another \$0.01 in FY 2030 to fund the six firefighters added in FY 2027 in the plan after the anticipated three-year grant funding ends. Real property values are estimated to grow at 1% over the planning period from the normal construction of new homes and commercial properties. The forecast includes assumptions for the development of two major subdivisions during the planning period which results in an overall property valuation growth of 1.7% per year.

Local option sales taxes are projected to increase by 2.8% in FY 2026 based upon the NCLM forecast and historical trends compared to the statewide average growth rates. Local option sales taxes are planned at 2.0% growth per year for all years in the plan to be conservative given the economic uncertainty at this time. Other unrestricted intergovernmental revenues are planned to increase or decrease at varying rates based upon the NCLM forecast and other available information.

FY 2029 includes an estimated \$600,000 in U.S. Open licensing fees for hosting the Men's and Women's U.S. Open Championships in June 2029. The actual licensing fee for the 2029 U.S. Open Championships has not yet been negotiated with the USGA.

Other Financing Sources Forecast

Other financing sources represent non-revenue items such as proceeds from loans, operating transfers to the General Fund from other funds, lease liabilities issued, or subscription liabilities issued. The forecast includes estimated lease liabilities each year based on the projected number and type of vehicles to be replaced with leased vehicles through the Enterprise Fleet Management program. The Village may enter into new multi-year contracts for other leases or software subscriptions that may need to be recorded as right-to-use assets and liabilities. However, the terms of each agreement are unique and the Village does not have enough information at this time to reliably forecast other lease or subscription liabilities that may be issued in the future.

Operating Expenditure Forecast and Significant Assumptions

Salaries and benefits are forecast to increase 17.4% in FY 2026 due to the estimated 5% pay and classification study increase on top of the normal pay increases. From FY 2027 – FY 2030 increases range from 3.6%-8.2%. New positions, cost of living increases, and merit pay raises account for the majority of the annual increases. Merit increases are assumed to be 2.0% each year and cost of living adjustments are projected to be 2.9% in FY 2026 and 2.0% in FY 2027 – 2030. Increased required retirement contributions and projected increases in health insurance premiums are also contributing factors. The annual increase in base salaries and benefits before adding new positions is approximately 4% per year. Benefits range from 41% to 44% of salaries over the course of the forecast, with this percentage increasing over time as benefit costs, particularly insurance and retirement, grow faster than the salaries.

FIVE-YEAR FINANCIAL FORECAST FY 2026-2030

Beyond the FY 2026 budget year, there are three planned changes to paid staff. As part of the library expansion project, four full-time equivalent (FTE) positions, one FTE in FY 2027 and three FTE in FY 2028, will be added to coincide with the opening of the new library facility and renovated archives. Six FTEs are projected to be added in FY 2027 to staff the QRU as part of a continued effort to improve fire response times. The net effect of these changes is an increase of 10.0 FTEs over the five-year span.

In January 2022, the North Carolina Local Government Employees' Retirement System Board voted to increase employer contribution rates over the next five years, with guardrails in place to potentially decrease rates if certain criteria are met. These contribution rates increase in each year of the five-year plan based on the historical trend of annual increases since 2022. The base contribution rate for non-law enforcement officers increases from 14.39% in FY 2026 by 0.75% each year. The law enforcement officer rate increases by 1.00% per year from a base rate of 16.08% in FY 2026.

Based on economists' predictions of inflation, other operating expenditures are based on a 2.0% projected inflation rate throughout the forecast. We believe these are reasonable and conservative estimates. Some operating expenditures are more volatile than others and not all operating expenditures are closely correlated with the consumer price index.

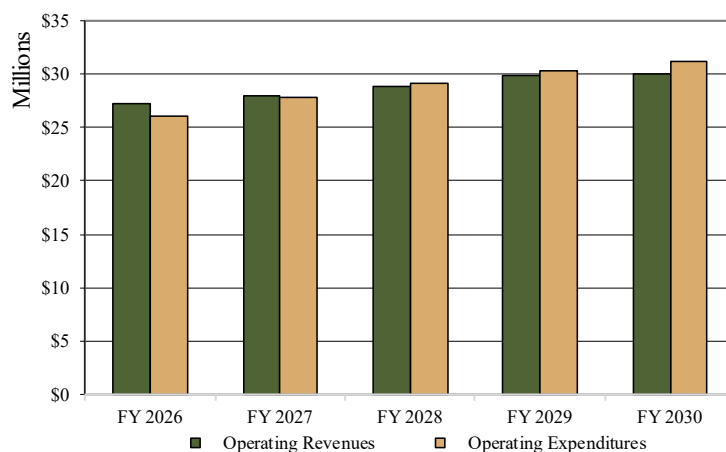
Debt service expenditures are projected using known amortization schedule payments for existing debts and estimated interest rates and terms for new debt projected to be issued in the five-year period. The Village currently has debt service payments on leases of office equipment and software subscriptions. These debt service payments end in FY 2029 and FY 2027, respectively. The Village will enter into vehicle leases each year of the planning period which are estimated based on the number and type of vehicles projected to be replaced in each year. See the *Capital Improvement Plan* section for more details on the projected debt issuances in the five-year forecast.

After adjusting for incremental operating expenditures from new initiatives and capital additions, annual total operating expenditure increases in the plan range from 3.0% to 7.1% during the forecast period. The salaries and benefits increases and addition of debt service each year drive the annual growth in total operating expenditures.

The chart to the right illustrates the operating revenues and operating expenditures in each year of the forecast, before adjusting for the estimated budget-to-actual variance.

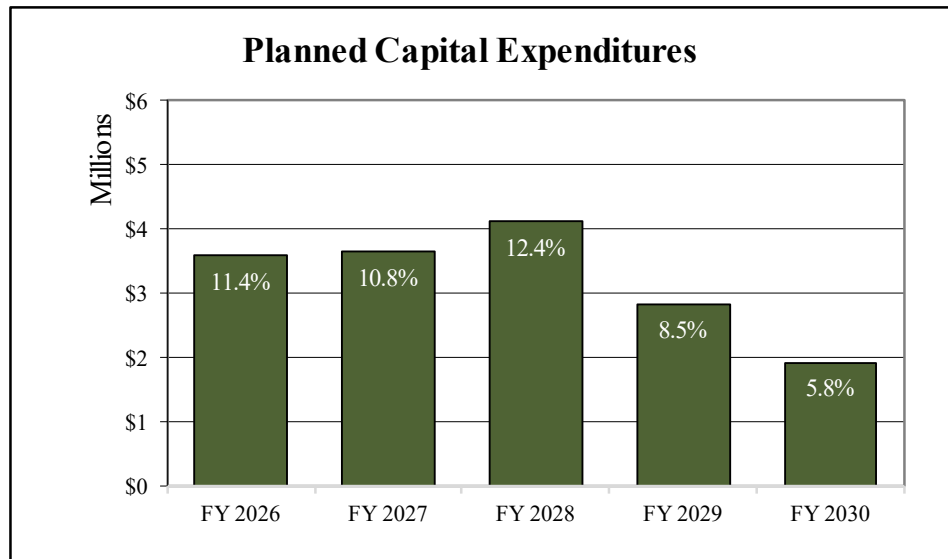
Expenditure growth has been outpacing revenue growth, with operating expenditures exceeding operating revenues in FY 2028. This is typical for the out-years of the forecast. Village management is mindful of this in our strategic planning process and the plans are refined each year to ensure the annual budget does not have a structural deficit. We are also diligent in controlling costs and identifying potential revenue sources other than property taxes when planning initiatives.

Operating Revenue & Expenditure Forecast



Capital Forecast

The forecast incorporates capital investments with an estimated cost of \$16,125,500 over the next five years, excluding capital project fund expenditures. These capital investments represent 5.8% to 12.4% of total expenditures across the plan. Details on planned capital investments are provided in the *Capital Improvement Plan* section of this document. The graph below shows the General Fund capital expenditures planned each year with the percentage of total expenditures for that year:



Other Financing Uses Forecast

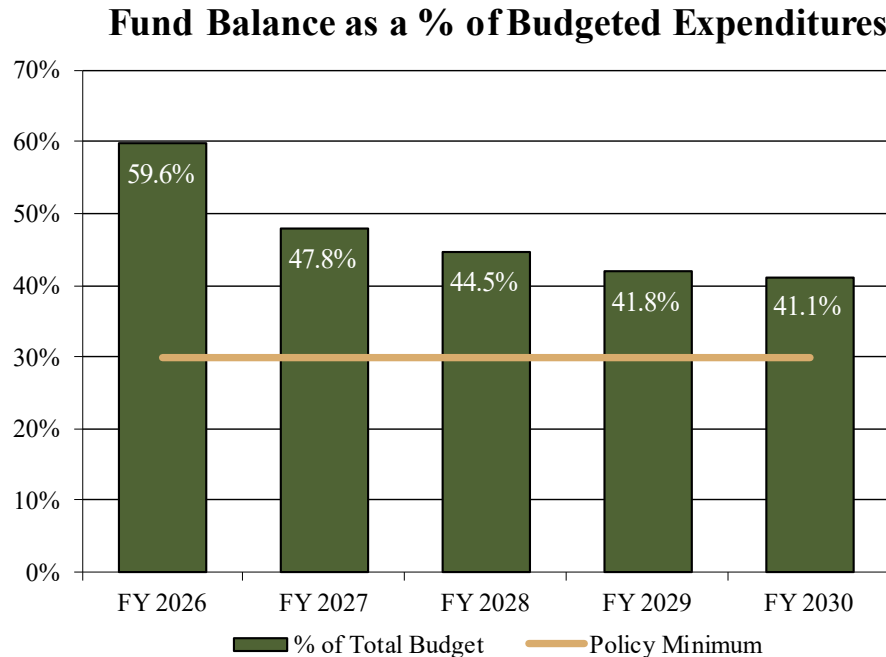
Other financing uses represent transfers out of the General Fund to other funds, typically capital project funds. The forecast includes total transfers of \$4,460,000 from the General Fund to the capital project funds. Details on existing and potential capital projects funds are provided in the *Capital Project Funds* section of this document.

Forecast Summary

The table at the end of this section summarizes the five-year financial forecast. Management relies heavily on this forecast to make decisions on which programs, initiatives, and capital investments 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 current funds will be available for capital improvements. An operating margin that is below the target range is favorable and means more current revenues are available to fund capital expenditures, other financing uses, or add to fund balance. In this year's forecast, estimated operating ratios range from 0.88 in FY 2026 to 0.96 in the final year of the

plan. The operating margins in later years of the forecast exceed our target range. This is driven by the expenditure growth outpacing the revenue growth which will be addressed by management as the annual budget and forecast is refined each year.



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 of at least 30% 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 end at 59.6% in FY 2026 and decrease to a low of 41.1% in FY 2030. The decreases over the planning period result from transfers from the General Fund to various capital project funds as well as capital purchases paid from fund balance. All years comply with Council's adopted minimum and positions the Village well for executing future plans while retaining flexibility in its fund balance.

Historically, operating revenues come in at 101% of budget, while operating expenditures typically fall at least 7% below budget. This concept, known as the Budget to Actual Variance, is incorporated in each year of the forecast to most accurately predict ending fund balance and operating margin. The operating loss in FY 2028 – FY 2030 of the Five-Year Financial Forecast indicates operating expenditures exceed operating revenues, however, when the Village's budget to actual variance is considered, the operating expenditures are expected to be lower than the operating revenues.

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 2026 Strategic Operating Plan. The forecast was developed based on sound financial management principles and will guide the Village well as we progress through the planning period.

FIVE-YEAR FINANCIAL FORECAST FY 2026-2030

Five-Year Financial Forecast FY 2026-2030

	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Property Tax Rate	\$ 0.225	\$ 0.225	\$ 0.235	\$ 0.235	\$ 0.245
Operating Revenues					
Property Tax Revenue	\$ 13,675,000	\$ 13,904,000	\$ 14,758,000	\$ 15,007,000	\$ 15,905,000
Intergovernmental Revenues	10,069,400	10,796,200	10,966,200	11,144,200	10,762,700
Permits & Fees	1,136,800	1,099,000	1,104,000	1,687,000	1,092,000
Sales & Services	892,830	918,000	943,000	958,000	985,000
Other Operating Revenues	619,200	676,000	755,000	751,000	1,028,000
Interest Income	768,000	525,000	388,000	291,000	280,000
Other Taxes & Licenses	5,000	5,000	5,000	5,000	5,000
Operating Revenues	27,166,230	27,923,200	28,919,200	29,843,200	30,057,700
Other Financing Sources (OFS)	828,800	812,400	687,800	592,000	302,500
Total GF Revenues & OFS	\$ 27,995,030	\$ 28,735,600	\$ 29,607,000	\$ 30,435,200	\$ 30,360,200
Operating Expenditures					
Personnel in FTEs	166.6	173.6	176.6	176.6	176.6
Salaries and Benefits	\$ 17,207,800	\$ 18,615,100	\$ 19,555,800	\$ 20,366,600	\$ 21,097,700
Operating	8,436,140	8,709,000	8,956,000	9,244,000	9,355,000
Debt Service	357,050	516,000	558,000	709,000	784,000
Operating Expenditures	26,000,990	27,840,100	29,069,800	30,319,600	31,236,700
Operating Income	1,165,240	83,100	(150,600)	(476,400)	(1,179,000)
Other Financing Uses (OFU)	1,910,000	2,150,000	-	400,000	-
Capital Expenditures in GF	3,590,600	3,649,400	4,114,500	2,836,000	1,935,000
Total GF Expenditures & OFU	\$ 31,501,590	\$ 33,639,500	\$ 33,184,300	\$ 33,555,600	\$ 33,171,700
Revenues Over (Under) Exp	\$ (3,506,560)	\$ (4,903,900)	\$ (3,577,300)	\$ (3,120,400)	\$ (2,811,500)

Capital As a Percent of Total Expenditures:

	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Total Expenditures	\$ 31,501,590	\$ 33,639,500	\$ 33,184,300	\$ 33,555,600	\$ 33,171,700
Total Capital Expenditures	3,590,600	3,649,400	4,114,500	2,836,000	1,935,000
% of Total Expenditures	11.4%	10.8%	12.4%	8.5%	5.8%

Projected Impact on Fund Balance in the General Fund:

	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Beginning Fund Balance	\$ 20,219,789	\$ 18,779,967	\$ 16,067,986	\$ 14,775,704	\$ 14,026,478
Revenues Over (Under) Exp	(3,506,560)	(4,903,900)	(3,577,300)	(3,120,400)	(2,811,500)
Budget to Actual Variance ¹	2,066,738	2,191,919	2,285,018	2,371,174	2,432,266
Projected Actual Gain/(Loss)	(1,439,822)	(2,711,981)	(1,292,282)	(749,226)	(379,234)
Projected Ending GF Bal	\$ 18,779,967	\$ 16,067,986	\$ 14,775,704	\$ 14,026,478	\$ 13,647,244
% of Total Budget	59.6%	47.8%	44.5%	41.8%	41.1%

¹ Assumes actual revenues of 101% of budget and actual operating expenditures of 93% of budget

Estimated Operating Margin¹	0.88	0.92	0.93	0.94	0.96
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CAPITAL IMPROVEMENT PLAN FY 2026-2030

Overview

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 generally in the *Strategic Operating Plan Guide* section of this document and in detail in the *Strategic Priorities* section. The CIP process is used to plan for the budgeting and financing of routine replacement of vehicles (including lease vehicles) and equipment, significant infrastructure improvements, new facility construction, and other capital asset additions greater than \$5,000 per unit that meet the Village’s definition of a capital asset per the Capital Asset Policy described in the *Strategic Operating Plan Guide* section. The Village uses this process to ensure that high-dollar, long-lived acquisitions are aligned with the Village’s strategic direction and that capital investments are financially sustainable. Capital items included in the plan are consistent with the implementation strategies detailed in the 2019 Comprehensive Plan. The CIP is developed in conjunction with the Village’s Five-Year Financial Forecast outlined in the previous section.

The FY 2026-2030 CIP represents a \$24 million plan to address the Council’s strategic objective to “Maintain Village assets” under the strategic goal to “Professionally manage a high performing organization.” 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 proposed tax rate of \$0.225 per \$100 valuation for FY 2026 and the projected tax rates shown in the five-year financial forecast.

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.

Approval 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 2026 of the CIP, however, does represent the amount of capital spending appropriated in the FY 2026 budget.

Capital Improvement Plan

The FY 2026-2030 CIP includes capital investments with a total estimated cost of \$23,985,500 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 illustrates the breakdown of capital investments by area:

Table 1 - Capital Cost By Major Area

Major Area	Cost of Capital	% of Total
Capital Projects	\$ 7,860,000	33%
Fleet	7,073,500	29%
Information Technology	627,500	3%
Other Capital Additions	8,424,500	35%
TOTAL	\$ 23,985,500	100%

Capital Projects

Specific criteria are used to determine whether a capital request is classified as a capital project. The criteria 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 usually require the use of a separate capital project fund.

The Village has two capital projects planned in the FY 2026-2030 CIP:

1. In FY 2022, the Village began the design process for construction of a new building for Given Memorial Library. The new library construction is expected to start in the summer of 2025 with an anticipated opening in 2026. Renovations of the existing building for the Tufts Archives are planned after the opening of the new library.
2. To address the growing demand for fire and rescue services and improve response times, a BIRDIE evaluation conducted in FY 2025 assessed the need for a third fire facility, including associated staffing requirements. The recommendation from this evaluation was to add a Quick Response Unit (QRU) in FY 2027. The implementation of the QRU is intended to enhance service delivery, and its impact on response times will be closely monitored to inform future decisions regarding facility expansion. In anticipation of long-term needs beyond the current planning scope, design costs of \$400,000 for a potential new fire facility have been included in FY 2029.



Fleet

The Fleet Maintenance Department is responsible for the purchase, replacement, and maintenance of the Village's fleet and motorized equipment (backhoes, mowers, etc.). The Village has typically purchased vehicles and equipment outright for cash and replaced them on a life cycle replacement schedule. If the vehicle or 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 equipment inventory can be expanded only if a new initiative is approved that is deemed to support the Village's Strategic Operating Plan.

Beginning in FY 2026, the Village is partnering with Enterprise Fleet Management (EFM) to optimize its fleet. This entails leasing vehicles as they are replaced over a five-year cycle. Garbage trucks, fire apparatus, and other specialty vehicles in the fleet will not be sourced and leased through EFM. EFM will make recommendations to reduce the overall fleet size or modify the types of vehicles used and leverage its extensive network to source vehicles at competitive

prices and sell them when their resale value is highest. EFM's program will reduce the cost of acquiring and maintaining the Village's fleet over time. The vehicles planned for replacement through the EFM program are shown in the Fleet Leasing Plan schedule and the vehicles and equipment planned for replacement through the Village's traditional outright purchasing program are shown in the Fleet Purchasing Plan schedule later in this section.

Information Technology (IT)

The IT 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.

Other Capital Additions

The purchase, replacement, and maintenance of all other infrastructure and fixed assets are other capital additions. Examples include land improvements, building improvements, pedestrian facilities, stormwater drainage projects, sidewalk projects and other smaller equipment not maintained by the Fleet Maintenance or IT Departments. Other capital additions that relate to the maintenance of Village buildings and properties, parks, and greenway trails are managed by the Buildings & Grounds Department. See the Capital Expenditures pages in the *General Fund* section for the list of capital additions managed by Buildings & Grounds.

Funding Sources

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

Revenues/Fund Balance:

- General Fund Cash – This is provided by appropriating operating revenues or fund balance and will generally be used for routine capital investments.
- Grant Funding – This refers to the Village submitting a grant application and being awarded funds from an external organization, typically a state or federal government agency, for a specific purpose.

Debt (Other Financing Sources):

- Leasing – This is a contractual agreement for the lessee to make rental payments to the owner of the property (lessor) in exchange for the right to use the asset for a period of time. The Village will use open-ended (equity) leasing to finance vehicles through the Enterprise Fleet Management program.
- 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, that does not exceed the life of the asset. Installment financing agreements must be approved by the Local Government Commission (LGC) and are amortized as fixed principal plus interest as required by the LGC.
- Limited Obligation Bonds (LOBs) – LOBs require LGC approval and are used to finance major capital projects with an expected life longer than assets that would be funded by installment financing. LOBs are secured by a lien on the asset being funded by the bonds.
- General Obligation Bonds (GO Bonds) – This funding source requires voter and LGC approval, is used to finance major capital projects with an expected life of 30 to 40 years and is backed by a promise to levy taxes sufficient to pay the debt service. The Village has not utilized GO bonds in the past as the size of debt issuances did not necessitate GO bonds.

Table 2 below shows a summary of the revenues and funding sources for the FY 2026-2030 projected capital investments:

Table 2 - CIP Funding Sources Summary

Funding Source	Cost of Capital
General Fund Cash	\$ 17,362,000
Leases	3,223,500
TOTAL	<u>\$ 20,585,500</u>

Capital improvements in the CIP are expected to be funded through a combination of available fund balance, leases or debt. The Library Expansion Capital Project Fund is being fully funded from fund balance, as will the design of a potential new fire facility. Beginning in FY 2026, most vehicle replacements will be funded through lease agreements rather than direct purchases, allowing for more flexible management of capital resources.

Impact on the General Fund

The CIP can impact the General Fund in the following ways:

- Transfers from the General Fund to a capital project fund to provide the resources for the capital project fund expenditures. This is appropriated as other financing uses in the General Fund and can use current General Fund revenues or fund balance.;
- Cash payments for construction or acquisitions which are funded by current General Fund revenues or fund balance, including the upfront costs for leased vehicles that are paid with cash (e.g. taxes, tags, title fees, and half of the cost of aftermarket upfit for vehicles);
- Debt service payments (principal and interest) for debt-financed assets;
- Additional revenues anticipated to be received as a result of the project;
- Additional operating expenditures to use and maintain the asset (salaries and benefits, utilities, property maintenance, etc.); or
- Operating expenditure savings or cost reductions expected to be realized (reduced utility or maintenance costs, etc.).

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

Table 3 - General Fund Impact of the CIP

	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	Total
Capital Projects	\$ 1,910,000	\$ 2,150,000	\$ -	\$ 400,000	\$ -	\$ 4,460,000
Fleet	856,800	567,000	1,430,700	648,000	347,500	3,850,000
Information Technology	95,000	257,500	195,000	80,000	-	627,500
Other Capital Additions	1,810,000	2,012,500	1,801,000	1,516,000	1,285,000	8,424,500
Capital Paid with Cash	4,671,800	4,987,000	3,426,700	2,644,000	1,632,500	17,362,000
Additional Debt Service	179,800	376,000	552,000	706,400	784,000	2,598,200
Net Annual Operating Impact	-	182,200	410,600	423,400	437,600	1,453,800
General Fund Impact	\$ 4,851,600	\$ 5,545,200	\$ 4,389,300	\$ 3,773,800	\$ 2,854,100	\$ 21,414,000
\$0.01 of the Tax Rate	\$ 600,133	\$ 607,778	\$ 617,956	\$ 628,000	\$ 638,596	
Tax Rate Equivalent of CIP	\$ 0.08	\$ 0.09	\$ 0.07	\$ 0.06	\$ 0.04	\$ 0.07

The Village manages its operating margin to ensure current operating revenues are sufficient to fund recurring capital replacements. Capital projects, new capital assets, or one-time capital investments may be funded from current revenues, fund balance, or one of the other funding sources described previously.

Operating Impact

Table 4 summarizes the operating impact of the significant non-recurring capital outlays in the CIP, including capital projects, key initiatives, and other significant projects. The operating impact of the following non-recurring capital outlays are included below: expansion of the library and archives. These operating impacts are forward-looking and only include incremental revenues and costs associated with capital items included in the five-year planning period.

Table 4 - Operating Impact of Significant Non-Recurring Capital Outlays in the CIP

	Fiscal Year Ending June 30					
	2026	2027	2028	2029	2030	Total
Operating Costs:						
Salaries & Benefits	\$ -	\$ 57,200	\$ 282,600	\$ 292,400	\$ 303,600	\$ 935,800
Operating Costs	-	125,000	128,000	131,000	134,000	518,000
Total Operating Costs	\$ -	\$ 182,200	\$ 410,600	\$ 423,400	\$ 437,600	\$ 1,453,800
Net Operating Impact	\$ -	\$ 182,200	\$ 410,600	\$ 423,400	\$ 437,600	\$ 1,453,800

Salaries and benefits are projected to increase with the addition of four full-time equivalents (FTEs) to staff the new Given Memorial Library building and renovated Tufts Archives. One additional FTE is planned in FY 2027 when the new library opens, and the Tufts Archives is closed for renovation. Three additional FTEs will be added in FY 2028 to fully staff both buildings upon the completion of the Tufts Archives renovation.

Operating costs include utilities, maintenance, insurance, contracted services, supplies, training, and other various costs related to the newly constructed library being fully operational. The additional square footage from the new complex will increase utility and maintenance costs starting in FY 2027 for the new library.

There is no operating impact of the design of the new fire facility planned for FY 2029 within the five-year planning period.

Debt Service

Table 5 shows the ratio of projected debt service to estimated total expenditures over the five years. During the planning horizon, the maximum debt service as a percentage of total General Fund expenditures is projected to be 2.36% in FY 2030, the year the annual debt service payments are the highest for the vehicle leases. The Village's goal is to keep debt service as a percentage of expenditures below 10%.

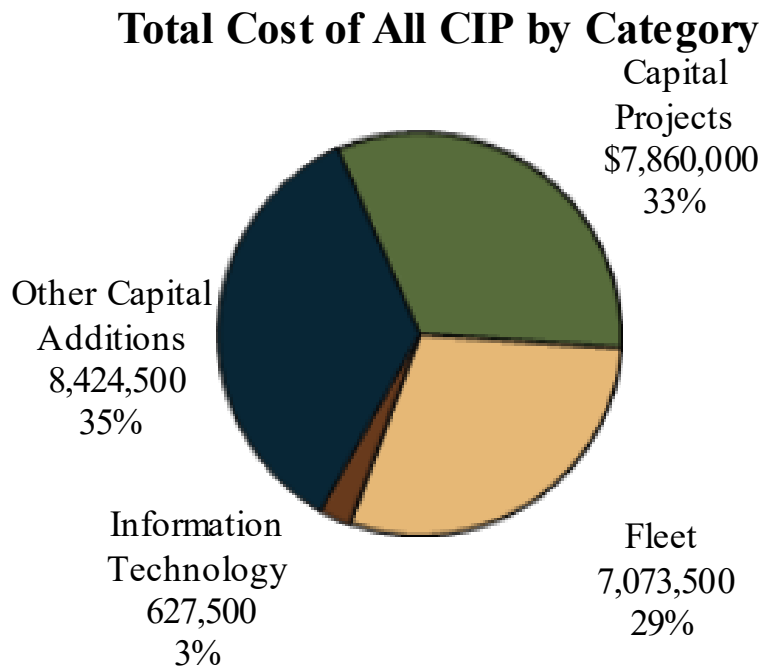
Table 5 - Impact of CIP Debt Issuances on Debt Ratios

	Fiscal Year Ending June 30				
	2026	2027	2028	2029	2030
Debt Service					
Equipment Lease	\$ 2,300	\$ 2,400	\$ 2,300	\$ 1,800	\$ -
Vehicle Leases	179,800	376,000	552,000	706,400	784,000
Subscriptions	174,950	137,500	3,300	-	-
Subtotal	357,050	515,900	557,600	708,200	784,000
Total Debt Service	\$ 357,050	\$ 515,900	\$ 557,600	\$ 708,200	\$ 784,000
Estimated Expenditures	\$ 31,501,590	\$ 33,639,500	\$ 33,184,300	\$ 33,555,600	\$ 33,171,700
% of Expenditures	1.13%	1.53%	1.68%	2.11%	2.36%

Summary

In summary, the FY 2026-2030 CIP represents an investment of nearly \$24 million for fleet, information technology, and other capital additions and includes two capital projects in the five-year planning period, funded from the General Fund (cash) and lease financing. The list below highlights some of the more notable items included the five-year plan:

- Library Expansion (FY 2026-2027)
- Design of Fire Facility (FY 2029)
- Library sidewalk connections
- Restoration of trail bridges (FY 2026-2027)
- Parks & Recreation Master Plan implementation (FY 2028-2029)
- Pedestrian facilities (all years)
- Stormwater drainage projects (all years)
- Restoration of historical pathways (all years)
- Police vehicle replacements (all years)
- Garbage truck replacements (all years)





Capital Projects

This section contains detail on the capital projects included in the FY 2026-2030 CIP. Specific criteria are used to determine whether a capital request is classified as a capital project. The criteria 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 usually require the use of a separate capital project fund.

Library Expansion – This capital project will construct a new Given Memorial Library building and renovate the existing building to expand the Tufts Archives.

Fire Facility – This capital project will design a third fire facility in the anticipation of the need for a fire facility outside the timespan of this forecast.

Library Expansion

Function	Cultural and Recreation
Strategic Goal	Promote active living and cultural opportunities
Strategic Objective	Provide library and archive services
Key Performance Indicators	Percentage of residents satisfied with Given Memorial Library services

Project Description/ Justification

This project includes the design and construction of a new building for Given Memorial Library on Magnolia Road and renovations to the existing building to expand and modernize the Tufts Archives. The project is based on the needs Pinehurst residents expressed for expanded or enhanced library services during a Library Needs Assessment. Design for the library expansion began in FY 2022, with construction of the new building commencing in FY 2026 to be completed in FY 2027 and renovations to the existing building commencing after the opening of the new library.

		Fiscal Year Ending June 30					
		Prior Periods	2026	2027	2028	2029	2030
Project Budget	Total						
Appropriations	\$ 8,460,000	\$ 1,400,000	\$ 5,060,000	\$ 2,000,000	\$ -	\$ -	\$ -
TOTAL	\$ 8,460,000	\$ 1,400,000	\$ 5,060,000	\$ 2,000,000	\$ -	\$ -	\$ -
Funding Source:							
Cash	\$ 8,460,000	\$ 4,400,000	\$ 1,910,000	\$ 2,150,000	\$ -	\$ -	\$ -
TOTAL	\$ 8,460,000	\$ 4,400,000	\$ 1,910,000	\$ 2,150,000	\$ -	\$ -	\$ -

		Fiscal Year Ending June 30					
		Prior Periods	2026	2027	2028	2029	2030
Cash Flow Impact	Total						
Project Expenditures	\$ (8,460,000)	\$ (1,000,000)	\$ (5,310,000)	\$ (2,150,000)	\$ -	\$ -	\$ -
Operating Expenditures	(1,453,800)	-	-	(182,200)	(410,600)	(423,400)	(437,600)
TOTAL	\$ (9,913,800)	\$ (1,000,000)	\$ (5,310,000)	\$ (2,332,200)	\$ (410,600)	\$ (423,400)	\$ (437,600)

Fire Facility

Function	Public Safety
Strategic Goal	Safeguard the community
Strategic Objective	Deliver effective fire and rescue services
Key Performance Indicators	90 th percentile response time for first unit arrival

Project Description/ Justification

This project includes the design of an additional fire facility in the Village in FY 2029. The design is being included in the anticipation of the need for a third fire facility in future years beyond FY 2030.

Project Budget		Fiscal Year Ending June 30				
		2026	2027	2028	2029	2030
Appropriations	\$ 400,000	\$ -	\$ -	\$ -	\$ 400,000	\$ -
TOTAL	\$ 400,000	\$ -	\$ -	\$ -	\$ 400,000	\$ -
Funding Source:						
Cash	\$ 400,000	\$ -	\$ -	\$ -	\$ 400,000	\$ -
TOTAL	\$ 400,000	\$ -	\$ -	\$ -	\$ 400,000	\$ -

Cash Flow Impact		Fiscal Year Ending June 30				
		2026	2027	2028	2029	2030
Project Expenditures	\$ (400,000)	\$ -	\$ -	\$ -	\$ (400,000)	\$ -
TOTAL	\$ (400,000)	\$ -	\$ -	\$ -	\$ (400,000)	\$ -

Fleet Purchase Plan

The Fleet Purchase Plan contains details on the purchase of new or replacement vehicles and motorized equipment that will be bought with cash. Vehicles and equipment are primarily replaced on a life cycle replacement schedule.

Description	Year	Life	Budget	CIP			
			FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Buildings & Grounds							
John Deere Zero Turn Mower	2013	7	21,000	-	-	-	-
Kubota Tractor	2005	15	-	-	-	55,000	-
Fire							
Ford F450 - Brushtruck	2007	20	-	-	-	128,000	-
Kme Custom Pumper	2009	20	-	-	1,000,000	-	-
Fleet Maintenance							
Fuel Pumps	2018		32,000	-	-	-	-
Harness Track							
John Deere Zero Turn Mower	2019	7	-	-	19,000	-	-
John Deere Zero Turn Mower	2013	7	19,000	-	-	-	-
JD 4720 Tractor	2012	20	61,000	-	-	-	-
Solid Waste							
Freightliner Garbage Truck	2016	7	270,000	-	-	-	-
Freightliner Garbage Truck	2016	7	270,000	-	-	-	-
Freightline Garbage Truck	2021		-	-	-	-	285,000
Chevy Garbage Truck	2011	6	70,000	-	-	-	-
Freightliner Garbage Truck	2018	7	-	-	-	285,000	-
Freightliner Garbage Truck	2018	7	-	280,000	-	-	-
Freightliner Garbage Truck	2020	7	-	-	285,000	-	-
Streets & Grounds							
Grasshopper Mower	2015	7	-	22,000	-	-	-
International Dump Truck	2006	20	-	150,000	-	-	-
Chevy Dump Truck-1 Ton	2007	20	-	-	-	85,000	-
John Deere Zero Turn Mower	2021	7	-	-	-	-	20,000
John Deere Zero Turn Mower	2013	7	22,000	-	-	-	-
John Deere 5085 Tractor	2012	20	-	-	65,000	-	-
Flint Salt Spreader	2014	5	-	16,000	-	-	-
Side by Side	New	5	15,000	-	-	-	-
Tow Behind Loader	New	5	-	-	-	10,000	-
Total Fleet Purchase Plan			\$ 780,000	\$ 468,000	\$ 1,369,000	\$ 563,000	\$ 305,000

Fleet Lease Plan

The Fleet Lease Plan contains details of the vehicles that are expected to be leased through the EFM program. The existing fleet vehicles listed will be phased into the leasing program over five years and replaced when optimal to maximize the resale value and minimize maintenance costs. The estimated term of the leases is five years. The costs in this table represent the total cost of the vehicles including upfront costs that will be paid in cash, such as taxes, tags, title fees, and half of the aftermarket upfit.

Fleet Lease Plan

Description	Year	Life	Budget		CIP			
			FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	
Buildings & Grounds								
Chevy Express Van	2018	20	\$ 40,800	\$ -	\$ -	\$ -	\$ -	
Ford Maverick	2023	15	-	-	33,900	-	-	
Ford F-150	2008	15	38,600	-	-	-	-	
Chevy Colorado	2009	15	32,600	-	-	-	-	
Chevy Colorado	2011	15	32,600	-	-	-	-	
Chevy 1500	2023	20	-	-	50,700	-	-	
Chevy 2500 HD	2019	15	-	-	68,300	-	-	
Dodge Ram	2018	20	-	-	50,700	-	-	
Fire								
Chevy Traverse AWD	2016	12	-	65,000	-	-	-	
Chevy 2500	2011	15	49,900	-	-	-	-	
Chevy Tahoe	2011	15	-	65,000	-	-	-	
Chevy Tahoe	2013	15	-	65,000	-	-	-	
Fleet Maintenance								
Chevy Silverado 2500HD	2015	12	65,600	-	-	-	-	
Chevy C15004X4 Truck	2015	20	-	49,700	-	-	-	
Harness Track								
Chevy 1500	2018	20	-	-	40,100	-	-	
Ford F250	2008	15	48,700	-	-	-	-	
Ford F250	2009	15	48,700	-	-	-	-	
Inspections								
Chevy 1500	2016	15	-	33,300	-	-	-	
Chevy Colorado	2022	15	-	-	33,900	-	-	
Ford Ranger	2023	12	-	-	33,900	-	-	
Planning								
Chevy Malibu	2008	15	26,400	-	-	-	-	
Ford Fusion	2011	20	26,400	-	-	-	-	
Recreation								
Chevy Tahoe	2013	10	-	-	56,300	-	-	
Chevy Tahoe	2011	10	-	55,000	-	-	-	

Fleet Lease Plan (continued)

Description	Year	Life	Budget	CIP			
			FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Police							
Ford Interceptor	2023	6	-	-	-	67,700	-
Ford Interceptor	2023	6	-	-	-	67,700	-
Ford Interceptor	2023	6	-	-	-	67,700	-
Ford Interceptor	2023	6	-	-	-	67,700	-
Ford Interceptor	2023	6	-	-	-	67,700	-
Ford Interceptor	2023	6	-	-	-	67,700	-
Ford Interceptor	2023	6	-	-	-	67,700	-
Ford Interceptor	2023	6	-	-	-	67,700	-
Ford Interceptor	2023	6	-	-	-	67,700	-
Ford Interceptor	2023	6	-	-	-	67,700	-
Ford Interceptor	2025	6	-	-	-	-	69,000
Ford Interceptor	2025	6	-	-	-	-	69,000
Ford Interceptor	2025	6	-	-	-	-	69,000
Ford Interceptor	2025	6	-	-	-	-	69,000
Ford Interceptor	2025	6	-	-	-	-	69,000
Dodge Durango	2022	6	-	-	66,300	-	-
Dodge Charger	2016	10	-	-	66,300	-	-
Dodge Charger	2010	10	-	-	66,300	-	-
Dodge Charger	2013	10	63,800	-	-	-	-
Dodge Charger	2016	10	63,800	-	-	-	-
Dodge Durango	2020	6	-	65,000	-	-	-
Dodge Durango	2020	6	-	65,000	-	-	-
Dodge Durango	2020	6	-	65,000	-	-	-
Dodge Durango	2020	6	-	65,000	-	-	-
Dodge Durango	2020	6	-	65,000	-	-	-
Dodge Durango	2019	6	63,800	-	-	-	-
Dodge Durango	2019	6	63,800	-	-	-	-
Dodge Durango	2020	6	-	65,000	-	-	-
Chevy 1500	2018	10	-	-	40,100	-	-
Toyota Camry	2018	10	63,800	-	-	-	-
Public Services Administration							
Chevy C1500	2016	15	-	49,700	-	-	-
Solid Waste							
Ford F-150 Pickup	2023	15	-	-	50,700	-	-
Ford F-150 Pickup	2009	15	38,600	-	-	-	-
Streets & Grounds							
Ford F250 4X4	2006	15	48,700	-	-	-	-
Chevy C1500	2016	15	-	49,700	-	-	-
Chevy C1500	2013	15	-	39,300	-	-	-
Ford F150	2023	15	-	-	40,100	-	-
Dodge Ram 1500	2010	15	40,300	-	-	-	-
Chevy 2500	2011	15	48,700	-	-	-	-
Chevy C1500	2016	15	-	49,700	-	-	-
Ford F 250 4X4	2023	20	-	-	51,900	-	-
Total Fleet Lease Plan			\$ 905,600	\$ 911,400	\$ 749,500	\$ 677,000	\$ 345,000
Total Fleet			\$ 1,685,600	\$ 1,379,400	\$ 2,118,500	\$ 1,240,000	\$ 650,000

The Fleet Lease Plan contains vehicle costs, which encompass upfront expenditures paid in cash such as taxes, tags and title fees. Since these expenditures are paid at the outset, they are not part of the lease financing but instead represent a direct cash payment. The table below starts with the cost of the Fleet Lease Plan and subtracts the portion financed through leasing (other financing source). This difference represents the cash payment for the upfront costs. To this cash payment, the total cost from the Fleet Purchase Plan is added, resulting in the total Fleet capital paid in cash for each year in the CIP shown in Table 3.

	Budget	CIP			
	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Total Fleet Lease Plan	\$ 905,600	\$ 911,400	\$ 749,500	\$ 677,000	\$ 345,000
Less Other Financing Source for Leases	(828,800)	(812,400)	(687,800)	(592,000)	(302,500)
Lease Upfront Costs Paid with Cash	\$ 76,800	\$ 99,000	\$ 61,700	\$ 85,000	\$ 42,500
Plus Total Fleet Purchase Plan	780,000	468,000	1,369,000	563,000	305,000
Total Fleet Capital Paid with Cash	\$ 856,800	\$ 567,000	\$ 1,430,700	\$ 648,000	\$ 347,500

Information Technology Purchase Plan

The Information Technology (IT) Purchase Plan contains details 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.

Description	Year	Life	Budget	CIP				
			FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	
Administration								
Assembly Hall Projector	2021	5	\$ -	\$ 16,000	\$ -	\$ -	\$ -	
Building Access System	2020	6	-	-	-	-	-	
Assembly Hall Camera System	2022	5	-	12,000	-	-	-	
Financial Services								
Accounting Software (GP)	2004	3	-	-	-	80,000	-	
Fire								
Avigilon Door Control System	2020	6	-	-	-	-	-	
Human Resources								
HRIS	2019		-	80,000	-	-	-	
Information Technology								
Server - PD Hyper-V Host	2017	7	-	13,000	-	-	-	
Server - Vrtx (Blade Servers)	2018	8	70,000	-	-	-	-	
Village Wide Phone System	2011	13	-	45,000	-	-	-	
Village Hall Firewall	2021	5	-	-	15,000	-	-	
HP Procurve Core Switch	2013	14	-	35,000	-	-	-	
Canon Designjet Plotter	2020	7	-	-	15,000	-	-	
Library								
Fiber to New Library	New		25,000	-	-	-	-	
Planning								
Planning Software (Accela)	2019	10	-	-	120,000	-	-	
Police								
CCTV Surveillance System	2021	7	-	-	45,000	-	-	
Interview Room Camera Upgrades			-	15,500	-	-	-	
Training/Conference Room AV Upgrade	2016	10	-	16,000	-	-	-	
Recreation								
CivicRec Replacement			-	25,000	-	-	-	
Total			\$ 95,000	\$ 257,500	\$ 195,000	\$ 80,000	\$ -	

Other Capital Additions Purchase Plan

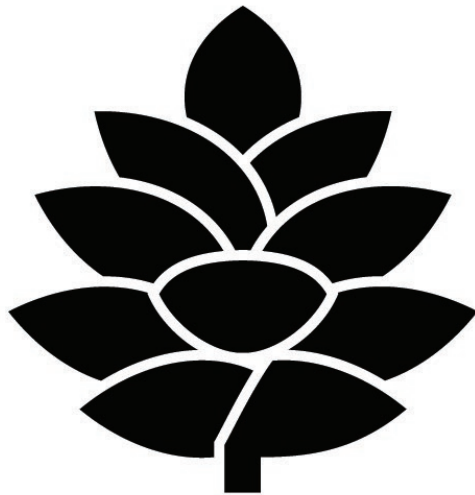
The Other Capital Additions Purchase Plan contains details on the purchase and replacement of all other capital assets and infrastructure that will be funded through the General Fund. Examples include land, building improvements, greenway trails, stormwater drainage improvements, and equipment not maintained by Fleet Maintenance or IT. Capital additions are made on an as-needed basis. The Buildings & Grounds Department manages items on this list that pertain to Village buildings and properties, parks, and greenway trails.

Description	Budget	CIP			
	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Administration					
Replace HVAC	\$ -	\$ 60,000	\$ -	\$ 6,000	\$ -
Reseal Parking Lot	-	6,000	-	-	-
Streets & Grounds					
Stormwater Drainage Projects	450,000	450,000	450,000	450,000	450,000
Pedestrian Facilities	460,000	460,000	460,000	460,000	460,000
Restoration of Historical Pathways	50,000	50,000	50,000	50,000	50,000
Village Place Development	-	500,000	-	-	300,000
Library Sidewalk Connections	350,000	-	-	-	-
Fair Barn					
50 & 30 Amp Outlets	7,000	-	-	-	-
Replace HVAC	50,000	-	-	-	-
Replace Dimmer Panel	-	98,000	-	-	-
Floor Scrubber/ Buffer	8,000	-	-	-	-
Fire					
Vehicle Command Area Storage Cabinet	9,000	-	-	-	-
Paratech Rescue Impact Hammer	7,000	-	-	-	-
HVAC Station 92	-	-	-	6,000	5,000
HVAC Station 91	16,000	17,000	18,000	19,000	20,000
Harness Track					
Grooms Quarters Improvements Barn 15	45,000	-	-	-	-
Gable Ends - Barn 6, 9, 10 & 14	-	25,000	-	-	-
Resurface Harness Track Road	-	65,000	-	-	-
Stormwater Master Plan Implementation	-	15,000	15,000	-	-
Sewer Connections	-	95,000	-	-	-
Waste Containment Bins	32,000	-	-	-	-
Remodel Restrooms	-	7,500	8,000	-	-

Other Capital Additions Purchase Plan (continued)

Description	Budget	CIP			
	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Police					
Fire Sprinkler Valve Pits	46,000	-	-	-	-
Replace HVAC	-	-	50,000	-	-
Public Services Administration					
Building 4 Renovation	55,000	-	-	-	-
Recreation					
Timmel Pavilion Patio Expansion	25,000	-	-	-	-
Rassie Wicker Parking Lot	-	11,000	-	-	-
Splash Pad Feature Pump	-	8,000	-	-	-
Pergola Improvement in Arboretum	-	-	-	25,000	-
Parks & Recreation Master Plan	-	-	750,000	500,000	-
Trail Bridge Restoration	200,000	145,000	-	-	-
	\$1,810,000	\$2,012,500	\$1,801,000	\$1,516,000	\$1,285,000





ANNUAL BUDGET ORDINANCE

PINEHURST

VILLAGE OF PINEHURST Budget Ordinance Fiscal Year 2026

BE IT ORDAINED AND ESTABLISHED by the Village Council of Pinehurst, North Carolina, in the Regular Meeting assembled this 10th day of June 2025 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, 2025 and ending June 30, 2026, in accordance with the chart of accounts heretofore established for this Village:

GENERAL FUND EXPENDITURES:

Governing Body	\$ 141,500
Administration	1,816,759
Finance	1,003,440
Human Resources	683,400
Police	5,081,268
Fire	4,512,495
Planning	1,219,200
Inspections	488,280
Public Services Administration	921,999
Streets/Grounds	3,399,000
Powell Bill	1,500,100
Solid Waste	3,345,460
Recreation	2,891,610
Library	662,056
Harness Track	1,025,580
Fair Barn	542,393
Debt Service	357,050
Other Financing Uses	1,910,000

TOTAL GENERAL FUND EXPENDITURES	<u>\$ 31,501,590</u>
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SECTION 2. It is estimated that the following revenues will be available in the General Fund for the fiscal year beginning July 1, 2025 and ending June 30, 2026:

GENERAL FUND REVENUES:

Ad Valorem Taxes	\$ 13,675,000
Other Taxes and Licenses	5,000
Unrestricted Intergovernmental	9,333,700
Restricted Intergovernmental	735,700
Permits and Fees	1,136,800
Sales and Services	892,830
Other Revenues	619,200
Investment Income	768,000
Other Financing Sources	828,800
Fund Balance Appropriations	<u>3,506,560</u>
TOTAL GENERAL FUND REVENUES	<u>\$ 31,501,590</u>

SECTION 3. There is hereby levied a tax at the rate of twenty-two and one-half cents (\$0.225) per one hundred dollars (\$100) valuation of property as listed for taxes as of January 1, 2025, 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 \$6,084,000,000 and an estimated collection rate of 99.9% for real and personal property and 100.0% for motor vehicles.

SECTION 4. The following amounts are hereby appropriated in the Sandhills Metropolitan Planning Organization (SMPO) Special Revenue Fund for the operation of the SMPO and its activities for the fiscal year beginning July 1, 2025 and ending June 30, 2026, in accordance with the chart of accounts heretofore established for this Village:

SMPO SPECIAL REVENUE FUND EXPENDITURES:

Sandhills Metropolitan Planning Organization	\$ 494,197
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SECTION 5. It is estimated that the following revenues will be available in the SMPO Special Revenue Fund for the fiscal year beginning July 1, 2025 and ending June 30, 2026:

SMPO SPECIAL REVENUE FUND REVENUES:

Federal Grants	\$ 395,677
State Grants	6,706
Member Dues	<u>91,814</u>

TOTAL SMPO SPECIAL REVENUE FUND REVENUES **\$ 494,197**

SECTION 6. 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 between departments, including contingency appropriations, within the same fund to increase an appropriation up to \$25,000 in a single budget amendment. He must make an official report on such transfers at the next regular meeting of the Village Council. In the event a State of Emergency is declared by the Mayor or designee, unlimited budget amendment authority within the same fund is granted for expenditures directly related to the emergency. He must make an official report on any such transfers authorized under a State of Emergency 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 7. 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 \$90,000. In the event a State of Emergency is declared by the Mayor or designee, unlimited contracting authority is granted for services directly related to the emergency. The Village Manager must report to the Village Council any executed contracts exceeding \$90,000 during the State of Emergency declaration;
- e. Agreements for acceptance of State and Federal grant funds; and
- f. Grant agreements with public and non-profit agencies.

SECTION 8. The SMPO Governing Board or its designee is authorized to execute the necessary agreements to complete the work of the SMPO within the SMPO Special Revenue Fund.

SECTION 9. Copies of this Budget Ordinance shall be furnished to the Village Clerk, Village Manager, and Financial Services Director for their direction and implementation.

THIS ORDINANCE passed and adopted this 10th day of June, 2025.



Attest:

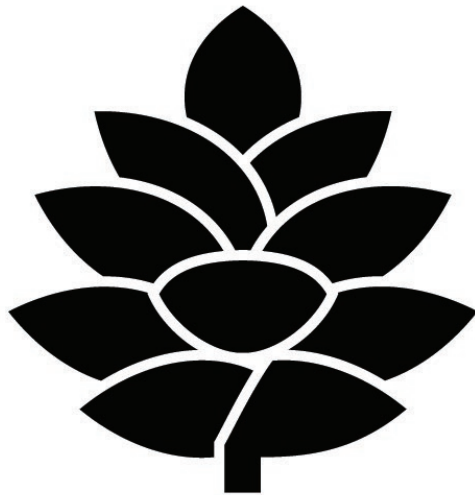
Shannon Konstantinou
Shannon Konstantinou, Village Clerk

VILLAGE OF PINEHURST
VILLAGE COUNCIL

By: *Patrick Pizzella*
Patrick Pizzella, Mayor

Approved as to Form:

Michael J. Newman
Michael J. Newman, Village Attorney



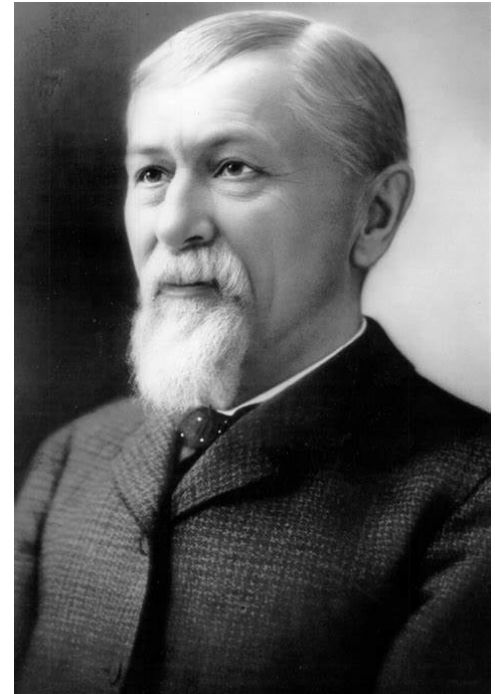
SUPPLEMENTARY INFORMATION

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.

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. 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.



Donald Ross
Photo courtesy of Tufts Archives

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.

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.

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, Pinehurst had a population of 17,581 people in the year 2020, compared to 14,206 in the year 2010 after adjusting for an annexed area effective March 31, 2010. The 2020 population is a 24% increase from 2010, and the 2010 population is a 61% increase from 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.



Old Diamondhead Logo

Demographic & Geographic Characteristics

With a current population of approximately 18,900, 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 ten championship golf courses in the Village, including the famous Pinehurst

No. 2 course (site of the 1999, 2005 and 2024 U.S. Open Championships). Pinehurst Resort also hosted 14 days of championship play in June 2014, with back to back U.S. Open and U.S. Women's Open Championships – for the first time in history.

The Village also provides other recreational opportunities for residents. The Village acquired the Given Memorial Library and Tufts Archives in FY 2022. The library is unique as it serves as a museum with historic archives connecting both residents and visitors with the history of Pinehurst. 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 three major parks that include an in-line hockey rink, tennis courts, ball diamonds and concession stands, splash pad, playgrounds and disc golf. The Cannon Park Community Center opened in 2020 and provides approximately 19,693 square feet

of indoor recreation space, including a gymnasium, a multi-purpose room, various classrooms for programs and offices for parks and recreation staff. The Village also has an extensive Greenway System. The Greenway System will eventually connect most of the Village via a pedestrian and bicycle pathway.

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)
2014	2013	15,150	\$ 650,586,450	\$ 42,943	60.9	6.3%
2015	2014	15,525	708,033,150	45,606	60.8	5.4%
2016	2015	15,763	778,093,206	49,362	61.1	5.1%
2017	2016	16,123	798,136,869	49,503	61.4	4.1%
2018	2017	16,452	729,679,104	44,352	60.1	4.2%
2019	2018	16,754	771,907,042	46,073	59.3	4.5%
2020	2019	17,100	824,117,400	48,194	61.2	7.3%
2021	2020	17,484	870,143,712	49,768	59.4	4.8%
2022	2021	17,651	922,211,797	52,247	60.3	4.1%
2023	2022	18,074	1,043,195,132	57,718	58.7	3.7%
2024	2023	18,416	1,147,721,952	62,322	60.3	4.0%

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.

Principal Property Tax Payers Current Year and Nine Years Ago

Taxpayer	2024		2015	
	Taxable Assessed Value	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Percentage of Total Taxable Assessed Value
Pinehurst LLC	\$ 250,360,485	4.24%	\$ 168,387,896	4.82%
Pinehurst Surgical Clinic	36,115,720	0.61%	23,614,600	0.68%
Pinehurst Medical Group Inc	34,618,040	0.59%	20,244,470	0.58%
Country Club of North Carolina	28,092,480	0.48%	22,019,470	0.63%
Duke Energy Progress, Inc.	26,096,273	0.44%	12,248,076	0.35%
Drain the Swamp, LLC	17,882,760	0.30%	-	-
The Greens at Arboretum LLC	16,019,170	0.27%	-	-
Quail Haven Properties of Pinehurst, LLC	13,967,360	0.24%	9,338,140	0.27%
MTMM Associates (Carolina Eye Assoc.)	11,396,530	0.19%	6,694,320	0.19%
AEP Pinewild Holding, LLC	11,291,950	0.19%	-	-
Pinewild Project Limited PTNS	-	0.00%	13,964,590	0.40%
East Lake Development, LLC	-	-	6,638,080	0.19%
SCOP (Surgery Center of Pinehurst)	-	-	5,148,450	0.15%
Total	<u>\$ 445,840,768</u>	<u>7.55%</u>	<u>\$ 288,298,092</u>	<u>8.26%</u>

Sources: Moore County Tax Department.

Notes: FY 2024 and FY 2015 data are for tax years 2023 and 2014, 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	2024		2015	
	Employees	Percentage of Total Employment	Employees	Percentage of Total Employment
First Health of the Carolinas (1)	4,615	63.01%	3,491	69.60%
Pinehurst, LLC (2)	1,370	18.71%	1,310	26.12%
Total		81.72%		95.72%

Sources:

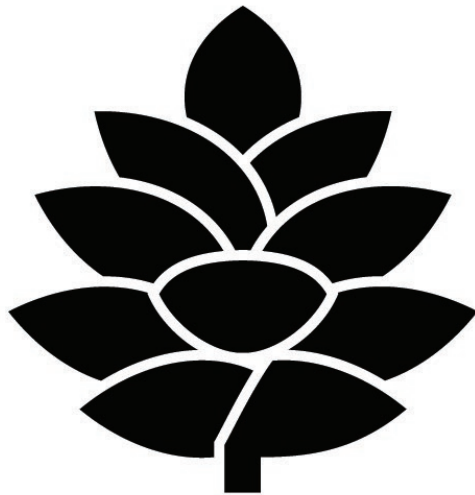
- (1) Human Resources Department at First Health of the Carolinas.
- (2) Human Resources Department at Pinehurst, LLC f/n/a Resorts of Pinehurst Inc.

Notes:

2024 employment is based on calendar year 2023.

GASB 44 requires comparative data for the current calendar year and nine years prior. 2020 adjusted Census Data was used for 2015 and 2024 to estimate the percentage of total employment.





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	The 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.
Annual Comprehensive Financial Report (ACFR)	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. View the Village's ACFRs here: https://www.vopnc.org/our-government/departments/financial-services/comprehensive-annual-financial-report
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.
Audit	An independent examination of the financial statements of an organization to ensure the records are fairly and accurately represented.
B	
Balanced Budget	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. 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. https://www.nist.gov/baldrige

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	The 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.
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 per unit 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 or acquisitions 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 per unit.
Capital Project Fund	A fund used to account for the acquisition and construction of major capital facilities that spans more than one fiscal year.

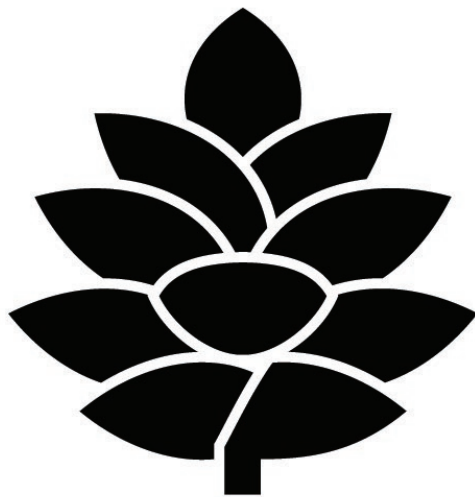
Cash Management	The management of cash necessary to pay for governmental services, while investing temporary cash excesses in order to earn interest revenue. Cash Management refers to the activities of forecasting cash flows, improving cash availability for investment, and establishing and maintaining 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 Long-Range Plan	A plan adopted by the Village Council in April of 2003 (updated in 2010 and 2019) that outlines the long-term goals of the Village over a 20-year period. View the Village's Comprehensive Long-Range Plan here: https://www.vopnc.org/our-government/codes-regulations-and-plans/comprehensive-long-range-plan
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.
Full-Time Equivalent (FTE)	A measure of the total workload of all employees with 1.0 equating to one full-time employee. For example, a part-time employee that works 20 hours per week would be 0.5 FTE based on a 40-hour work week for a full-time employee.

Function	A group of related programs crossing organizational (departmental) boundaries and aimed to accomplishing a broad goal or providing 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 appropriations for expenditures. It is also known as surplus or reserve funds.
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	
Generally 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, 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. www.gfoa.org
Goal	Future conditions or performance the Village intends or desires to attain; what the Village intends to accomplish.
Governmental Accounting Standards Board (GASB)	The GASB establishes accounting and financial reporting standards for U.S. state and local governments that follow generally accepted accounting principles (GAAP). www.gasb.org
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	
ICMA	The acronym used for International City/County Management Association. www.icma.org
Inflation-Adjusted Revenue Neutral Tax Rate	The tax rate calculation developed by Village staff that recognizes the cost of doing business has increased since the last revaluation period. The rate is calculated by modifying the traditional revenue neutral tax rate by inflation that has occurred since the last revaluation date.

Initiative Action Plan (IAP)	Specific activity undertaken to achieve a performance target related to a strategic objective.
Interfund 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)	A measure of a program's output, workload, efficiency, or effectiveness that is used to track operational performance.
L	
Lead Planning Agency (LPA)	The entity providing administrative and technical support to a Metropolitan Planning Organization (MPO) as required by the North Carolina Department of Transportation. The LPA is the recipient of the federal and state grant funds on behalf of the MPO and is ultimately responsible for ensuring all administrative and compliance requirements of the grants are met.
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. https://ies.ncsu.edu/ncafe/
NCDOT	The acronym for North Carolina Department of Transportation. www.ncdot.gov
Net Budget	The total amount of revenues and expenditures for the General Fund and all special revenue funds.
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. It includes all transactions and other events that are not identified as capital and related financing, noncapital financing, or investing activities.
Operating Margin	The ratio of operating expenditures to operating revenues, after accounting for the estimated budget to actual variance for operating revenues and operating expenditures (excluding debt service). The higher the ratio, the less current revenues are being used to fund capital expenditures which may require fund balance or other funding sources to be used for capital.
Operating Transfer	Routine and/or recurring transfer of assets between funds.
Opportunities for Improvement and Innovation (OFIs)	Opportunities for Improvement and Innovation identified during the strategic planning process and classified as evaluations, projects, and Initiative Action Plans (IAPs).
P	
Peer Group	Other municipalities in the state of North Carolina with a population between 10,000 and 49,999.
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.
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.
Q	
Quick Response Unit (QRU)	Specialized emergency response vehicle designed to provide rapid assistance to calls, particularly in situations where a full fire engine or ambulance is not immediately necessary. Staffed by trained firefighters or emergency medical personnel, the QRU is equipped to handle medical emergencies, minor fire incidents, and other urgent calls efficiently.
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. Moore County typically revalues its property every four 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	
SMPO	Acronym for the Sandhills Metropolitan Planning Organization which was established in 2023 to perform the transportation planning for the Pinehurst-Southern Pines Urban Area as defined by the United States Department of Transportation. www.sandhillsmmpo.org
SOAR Analysis	A strategic planning method used to evaluate an organization's Strengths and Opportunities and create a vision of future Aspirations and the Result they will bring.
Source of Revenue	Revenues that are classified according to their source or point of origin.
Special Assessment	A compulsory levy made against certain properties to defray part or all of the cost of a specific improvement or service, which are deemed to primarily benefit those properties.
Special Revenue Fund	A fund used to account for the revenues from specific sources that are to be used for legally specified expenditures.
Strategic Advantages	Benefits that exert a decisive influence on the Village's likelihood of future success and are the source of our competitive success.
Strategic Challenges	External pressures that exert a decisive influence on the Village's likelihood of future success.
Strategic Goal	Future condition the Village strives to attain.
Strategic Objective	A readily measurable statement of aim or expected accomplishment; how the Village will accomplish a goal.
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.
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.





Property Revaluation Discussion ADDITIONAL AGENDA DETAILS:

FROM: Dana Van Nostrand, Financial Services Director
CC: Village Council;
DATE OF MEMO: 11/07/2025

MEMO DETAILS

Please see the attached memo regarding the property revaluation and the forecast. Management's recommendation is to continue to exclude revaluation assumptions from the forecast.

ATTACHMENTS

1. Revaluation Memo



Memo

To: Village Council
From: Dana Van Nostrand
CC: Doug Willardson, Carlton Cole
Date: November 5, 2025
Re: Property Revaluation and the Five-Year Forecast

Executive Summary

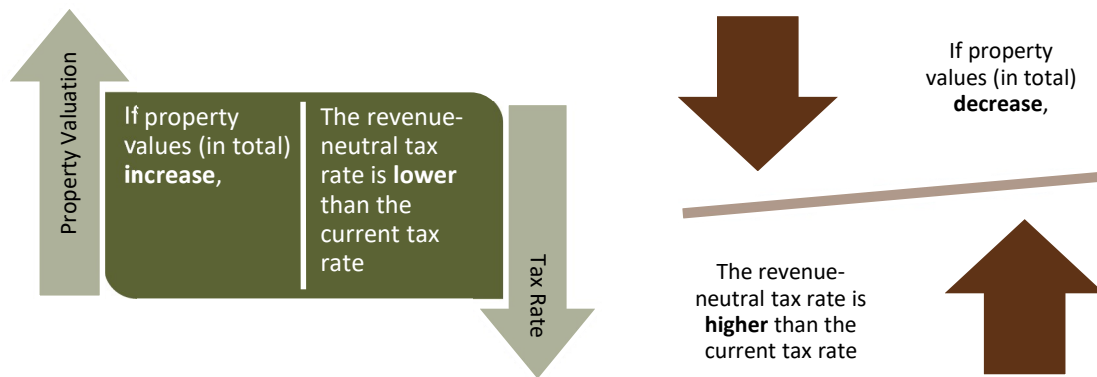
The topic of including a projection of the property revaluation in the five-year financial forecast has come up between Village Council and staff on multiple occasions over the last year. This memo seeks to explain:

1. The impact the revaluation of the Village's real property has on how the tax rate is set and the resulting revenue that funds the operating budget.
2. The reasons why the revaluation change has not been factored into the forecast in the past and why staff do not recommend doing so.

Our over-arching goal is to provide predictability and stability for our taxpayers and we want our five-year forecast to align with the Village's budget principles below.

Fiscal Responsibility and Stability	Transparency and Accountability	Long-Term Financial Planning	Strategic Alignment
•Recurring revenues support operations and routine capital replacements •Major capital projects are funded through fund balance or other sources	•Open, transparent, and inclusive process •Financial information is readily available in understandable formats	•Five-year financial forecast •Five-year capital improvement plans •Address future growth and needs •Ensure financial sustainability	•Make progress on community's goals •Comprehensive plan, master plans, community and business surveys •Expenditures align with priorities

Moore County reappraises property values every four years. In revaluation years, the Village receives updated values and calculates a revenue-neutral tax rate, the rate that would generate the same total tax revenue as the prior year. Council is not required to adopt this rate.



The change in property values has an inverse relationship with the revenue-neutral tax rate. The larger the change in the property values, the larger the change in the tax rate to generate the same revenue. The change in total property values from the revaluations has been inconsistent over the years and it does not strongly correlate with the change in market values, making it difficult to predict reliably.

In the past two revaluation years, the Village adopted a higher tax rate than the revenue-neutral tax rate, meaning it generated **more revenue** and effectively **increased taxes**, even though the adopted tax rate was **lower** than the previous year's tax rate. If taxpayers had been presented with a lower tax rate in the forecast in the past based on a prediction of the revaluation, it would have been misleading since the result was actually an increase in their tax bills.

A clear message to our taxpayers about our financial plans is paramount. Adding the complexity of a scenario where the tax rate appears to go down in the future, but it is really because of a prediction of the revaluation change in the forecast, would not provide a clear message.

Background

Reappraisal Process

North Carolina General Statutes (NCGS) require counties to reappraise the tax value of all real property within the county at least every eight years. The Appraisal Division of the Moore County Tax Department is responsible for the periodic reappraisal (revaluation). A summary of the reappraisal timing, from when the Appraisal Division performs the reappraisal to when the Village collects the tax revenues based on the reappraised values is shown in the table below:

Reappraisal Conducted	Effective Date	Tax Year	Village Fiscal Year
2022	1/1/2023	2023	2024
2026	1/1/2027	2027	2028

While the county is also responsible for the valuation of personal property (furniture and equipment) and motor vehicles, the reappraisal process focuses on real property (land and buildings) since real property values are not adjusted year-to-year between reappraisals unless alterations are made to the property or new construction occurs. According to the Appraisal Division's webpage:

The purpose of a revaluation is to equalize values for all real property. To do this, all real property values are determined based on market values for the year in which a revaluation is effective. Recorded property sales are reviewed and analyzed for all neighborhoods throughout the County to determine market values and adjustments are made to the recorded sales to determine values for surrounding properties. In determining values, the three recognized approaches to value are used: Cost, Sales Comparison (Market), and Income.

The Schedule of Values document on the Moore County Tax Department webpage contains detailed information on the reappraisal process and methods. The Village does not have input in the reappraisal process. The Moore County Tax Department communicates the total estimated property values to the Village's finance director (typically in March), and it is up to individual property owners to appeal to the county if they believe it is not fair. The total estimated property values provided by the county are used by the Village in determining the appropriate tax rate for the upcoming annual budget.

Revenue-Neutral Tax Rate

In a revaluation year, the Village is required by NCGS to calculate and disclose the revenue-neutral tax rate. The revenue-neutral tax rate is the tax rate that would generate the same *tax revenue* from the new property valuation as the government received in the prior year. The government does not need to adopt the revenue-neutral tax rate, but it is required to be disclosed for transparency. If the property valuation has *increased* due to the reappraisal, the revenue-neutral tax rate will be *lower* than the current tax rate. This is what the Village experienced in 2023. Conversely, if the property valuation has *decreased*, the revenue-neutral tax rate will be *higher* than the current tax rate to generate the same level of tax revenue. This situation is less common, but it occurred in 2015 when the Village's valuation decreased 6.25%.

Disclosing the revenue-neutral tax rate is important because it allows the public to easily determine whether the government has increased or decreased its overall tax revenue after the reappraisal. If the adopted tax rate is higher than the revenue-neutral tax rate, the government has effectively increased taxes (in the aggregate).

The UNC School of Government has two Coates' Canons posts that discuss the revenue-neutral tax rate: [The Revenue-Neutral Tax Rate - Coates' Canons NC Local Government Law](#) and [How Do Counties Respond to Revenue-Neutral Tax Rates? - Coates' Canons NC Local Government Law](#).

It is important to understand that the revenue-neutral tax rate concept is for the total tax revenue generated; the actual impact to each property owner's tax bill is dependent on the change in the value of their individual property and the tax rate adopted. Some could see increases in their tax bill while others see decreases and the magnitude of the increase or decrease will vary by property.

The reappraisal can also disproportionately impact different segments of the real property market. If lower priced homes experience a larger increase in values than higher priced homes, some of the tax burden is shifted to the lower priced properties. The owners of these properties may be less capable of absorbing the higher tax increase they experience compared to owners of higher priced properties. The table below illustrates this concept using actual results from the 2023 reappraisal:

	Property A Low	Property B Median	Property C High
2022 tax value	\$ 110,930	\$ 345,950	\$ 1,459,110
2023 tax value	182,270	505,030	2,115,260
% change in tax value	64.3%	46.0%	45.0%
2022 tax bill (\$0.31 tax rate)	\$ 344	\$ 1,072	\$ 4,523
2023 tax bill (\$0.23 tax rate)	419	1,162	4,865
\$ change in tax bill	75	89	342
% change in tax bill	21.9%	8.3%	7.6%

The lower priced property experienced a higher percentage increase in tax value and their tax bill than the other two properties, showing the disproportionate effect the reappraisal can have on individual tax burdens. The impact on each property will vary, even within segments of the market, but it is important to be aware that this is the reality our taxpayers face.

The Local Government Commission provides the template for calculating the revenue-neutral tax rate. The calculation adjusts for the normal growth in the tax base over the period (from new construction and alterations) and annexations/deannexations since the last revaluation, so normal growth and annexation activity does not skew the percentage change from the revaluation.

To illustrate, the results of the 2023 revaluation and resulting revenue-neutral tax rate are shown below:

	FY 2023 (2022 tax year)	After 2023 Revaluation	\$ Change	% Change
Tax rate	\$ 0.31			
Revenue-neutral tax rate		\$ 0.213	\$ (0.10)	-31%
Taxable valuation	3,979,885,845	5,909,964,752	1,930,078,907	48%
Tax revenue	12,334,369	12,557,925	223,556	2%
Median home value	345,000	515,775	170,775	50%
Median tax bill (at revenue-neutral rate)	1,070	1,097	28	3%
Normal growth %	2%			

The tax revenue after the 2023 revaluation is the calculated tax revenue based on the new taxable valuation and the revenue-neutral tax rate for comparison to the prior year's tax revenue. It is not the actual tax revenue collected since the revenue-neutral tax rate is not what was adopted in FY 2024. This illustrates that the revenue-neutral tax rate is what would result in the same tax revenue after adjusting for normal growth since the last reappraisal (2% normal growth in the tax base from 2019-2022 and the tax revenue changes 2%).

Inflation-Adjusted Revenue-Neutral Tax Rate

In the past, Village staff have also calculated and considered an inflation-adjusted revenue-neutral tax rate. This concept is not part of the NCGS. The inflation-adjusted revenue-neutral tax rate attempts to quantify the impact of inflation since the last revaluation. Some of the Village's costs, most significantly the cost-of-living adjustment to salaries which is based on the Consumer Price Index (CPI), increase with inflation and other economic trends. In setting the tax rate each year, these cost increases are factored into the expenditure budget but the tax rate is not adjusted solely due to inflationary increases. Tax rate increases have been tied to additions to the budget that expand or enhance Village services, not for incremental changes for existing services. For example, in FY 2022 (2021 tax year), the tax rate was increased 1.5 cents from \$0.30 to \$0.315 to fund the Given Memorial Library and Tufts Archives being added to the Village's services and facilities, including 4.5 full-time equivalent (FTE) employees. Additionally, 5.5 other new FTE were add to the budget. At that time, one cent on the tax rate generated approximately \$380 thousand in revenue, so the 1.5 cent increase equated to about \$570 thousand in tax revenue to cover the new expenditures.

Since the tax rate is not adjusted each year for inflationary cost increases, the inflation-adjusted revenue-neutral tax rate seeks to quantify the tax rate that would yield the same tax revenue adjusted for inflation since the last revaluation. This tax rate would "catch up" the tax revenues to the estimated impact of inflation on expenditures over the four-year period. Village staff use several methods to estimate the inflation-adjusted revenue-neutral tax rate using CPI as the measure of inflation. The resulting tax rates give a reference range for the Village to consider in setting the tax rate. The average of the methods is disclosed in the Strategic Operating Plan.

To illustrate, the calculated and adopted tax rates for tax year 2023 (FY 2024) are shown below, along with the tax revenue and tax bill for the median home value of approximately \$515 thousand for comparison. The CPI was 19.7% from January 2019-December 2022 in the inflation-adjusted revenue-neutral tax rate calculations.

	Revenue- Neutral	Inflation- Adjusted	Adopted
Tax rate	\$ 0.213	\$ 0.235	\$ 0.230
Change from FY 2023 tax rate (\$0.31)	(0.097)	(0.075)	(0.080)
Tax revenue	12,557,925	13,874,529	13,579,326
Median home tax bill	1,097	1,212	1,186
Change from FY 2023 median tax bill	28	143	117
% change from FY 2023 median tax bill	3%	13%	11%

This shows that while the tax rate dropped significantly, it increased the median taxpayer's bill by \$117, or 11%. This conundrum can make it difficult to clearly communicate to taxpayers the potential impact on their tax bill from the change in tax rate after a revaluation.

Revaluation and Setting the Tax Rate

The Village is not required to adopt the revenue-neutral tax rate or the inflation-adjusted tax rate. These calculated tax rates provide a frame of reference and a starting point for determining the appropriate tax rate for the upcoming year. The Village staff still perform the same budgetary process as any other year, which involves:

- Preparing expenditure budgets for salaries and benefits (with the COLA adjustment based on CPI already known), insurance, utilities, and other expenditures to maintain the level of service,
- Reviewing expenditure requests to enhance or expand services, including new positions, and capital expenditure requests,
- Incorporating funding needed for strategic priorities as directed by Council,
- Preparing anticipated revenue budgets, including sales taxes, permits and fees, and sales and services, and
- Determining the tax rate that generates sufficient tax revenue to meet the Village's budget and fund balance targets (a "budget-driven" system for determining the tax rate).

The Village staff and Council go through multiple iterative steps to review, prioritize, and refine the revenues and expenditures in the budget before it is finalized and the tax rate is adopted. Expenditure cuts are made during the process based on priorities and necessity. Once the expenditure budget is set and we're comfortable with the revenue estimates, the tax revenue is the only one we can control to balance the budget to our targets. Other revenue sources are too volatile and difficult to reliably predict (such as sales taxes) or are not significant enough for reasonable increases in the revenue source to be sufficient to balance the budget (such as sales and services).

The Village, like most municipalities, is highly reliant on property and sales tax revenues. Property taxes make up 50% of our operating revenues, followed by sales taxes at 34%. These percentages tend to be consistent from year-to-year, and the actual percentages are consistent with the budgeted percentages.

The changes to the forecast format improve the transparency of ongoing costs versus ongoing revenues and staff will work with Council during the upcoming budget cycle to develop strategies to control the ongoing expenditure growth and enhance ongoing revenues. If successful, these will reduce the pressure on property tax revenues, but it will not eliminate it completely. Plans to expand services, particularly adding FTEs, need to be funded by a reliable ongoing source to be sustainable. Tax revenues are the most reliable ongoing source of revenues we have, so eventually raising additional tax revenue from changing the tax rate is necessary. Over 75% of our residents are Very Satisfied or Satisfied with the value they receive for their Pinehurst tax dollars, with an additional 19% that are Neutral, according to the 2024 community survey results. With a majority of our taxpayers being satisfied with what they get for their tax dollars, they may not be resistant to periodic, predictable tax increases that continue to add value.

Modeling Revaluation Changes

I attempted to model the impact of a range of revaluation changes on the tax rate in the forecast. This demonstrates the sensitivity of the resulting tax rate to the percentage change in valuation assumption. The current forecast tax revenue assumptions for FY 2028 are used as the baseline:

- A tax rate of \$0.235, which is a one cent increase to fund new operating costs, primarily three new FTEs, for the library and archives after the Tufts Archives renovation is complete (approximately \$410 thousand) plus \$208 thousand of additional tax revenue as an inflationary adjustment from the revaluation.

- Real and personal (R&P) property valuation of \$5.92 million, including an assumption that all 77 homes in Pinewild Phase 5 are complete and in the tax base at \$1 million each.
- Normal growth in the R&P tax base (excluding Pinewild Phase 5) of 1% per year.
- R&P property tax revenue of \$13.9 million, assuming a 99.9% collection rate.

The average normal growth for calculating the revenue-neutral tax rate is 1.3%. This is calculated from the annual tax base change from FY 2024 through FY 2027 using the R&P valuations in the forecast.

The modeling uses the actual CPI of 8.57% from January 2023 to September 2025 (latest available) and assumes an additional 2.5% CPI for the remainder of the period from October 2025 through December 2026 in estimating the inflation-adjusted revenue-neutral tax rate.

The table below summarizes the results of the modeling with scenarios ranging from a 5% decrease from the reappraisal to a 30% increase. The model calculates the tax rate that would yield the same tax revenue in FY 2028 that is currently in the forecast. The estimate of the inflation-adjusted tax rate would yield \$409 thousand more in tax revenue than the \$13.9 million that is currently projected for FY 2028 in the forecast, meaning the total impact of inflation equates to about a penny on the tax rate using the current valuation.

	Baseline	Low End	High End
Revaluation change	0%	-5%	30%
Tax rate that yields the forecasted revenue	\$ 0.235	\$ 0.247	\$ 0.181
Inflation-adjusted tax rate	N/A	\$ 0.255	\$ 0.186

The modeling produces a wide range of potential tax rates that would *generate the same revenue*, from as low as \$0.18 to as high as almost \$0.25. The implications of incorporating an assumption for the revaluation, such as one of the scenarios modeled, when it would not change the revenue in the forecast is discussed in the next section. The estimated inflation-adjusted tax rates would be higher.

The details of the modeling calculations are in **Appendix A** at the end of this memo.

Why We Exclude Revaluation Assumptions from the Forecast

There are three key reasons we have not included assumptions about the change in the tax base from the revaluation in the forecast:

- Lack of reliable data to develop an estimate of the revaluation change,
- Challenges in clearly communicating our plans and intentions for raising tax revenue, and
- Perceptions and expectations the public may have if we assume the tax rate will decrease due to the revaluation.

Lack of Reliable Data

One challenge in adding revaluation assumptions to the forecast is finding reliable data that can be used to estimate the future change in the tax base. I looked back at the last four revaluations and observed the percentage changes in the R&P valuation varied widely. Market value of properties is one factor in the reappraisal process, and while the change in the market value of the median home in Pinehurst during the time between reappraisals was directionally the same as the revaluation change in each year, it does not closely correlate to the revaluation change to make it a reliable indicator. The median home market value information is averaged from Redfin, Zillow, and Realtor.com historical market data.

		R&P Valuation (in '000s)		% Change from Revaluation	% Change Median Market Value
Tax Year	Fiscal Year	Before	After		
2007	2007-2008	\$ 2,040,554	\$ 2,630,460	15%	Unknown
2011	2011-2012	Valuation deferred due to economic recession			
2015	2015-2016	3,306,206	3,146,547	-6.25%	-20%
2019	2019-2020	3,276,607	3,516,411	5.38%	12%
2023	2023-2024	3,680,774	5,605,298	49.50%	60%

It is important to note that a revaluation was supposed to occur in 2011 but the county deferred that reappraisal because other counties experienced significant depreciation in values in 2010, some up to 40%. This was due to the economic recession at the time. This means in addition to the wide range of possible outcomes from a revaluation, it is also possible that the county could defer the scheduled 2027 reappraisal if the political and economic consequences of reappraising would be too severe.

I considered other potential data sources or analyses that could be performed to provide a reliable projection for the revaluation. I asked ChatGPT how to predict the change in property values in 2027 for Moore County, NC. The suggestion was a very detailed and complex data analysis by parcel using Moore County's tax GIS data, market sales data available from Zillow, and economic indicators. While ChatGPT could assist in performing the analysis to save time, I question the value we would get from such an analysis. Our goal in the forecast is to project the tax revenue needed in each year to fund ongoing operations and priorities and maintain compliance with our policies and budget targets. We can do that reliably without a complex analysis that attempts to predict the revaluation. I am much more confident in the tax revenue projected in the forecast than I would be in predicting the revaluation change.

Given the lack of reliable data to make a prediction and the other two factors discussed below, I do not believe incorporating the revaluation into the forecast would add any value or make the forecast more accurate. It would only add a layer of complexity.

Challenges in Clearly Communicating Our Plans

The revaluation process, calculation of the revenue-neutral tax rate, and the justification for the adopted tax rate in relation to the revaluation are complex and difficult to communicate clearly to the public. The comparison of tax rates before and after the revaluation becomes convoluted. Simply stating that the tax rate decreased \$0.08 from the last revaluation is out of context and misleading, considering tax revenues increased 11%, or \$1.3 million in total, and some taxpayers' bills went up by more than 20%. Focusing on the tax rate alone does not tell the whole story of the impact the revaluation and the tax rate we adopt has on residents' tax bills.

The revenue-neutral tax rate helps taxpayers determine if the tax rate after the revaluation has effectively gone up or down compared to before. The way we forecast, leaving the revaluation change out of the equation, gives that clear picture of whether we are anticipating increasing or decreasing taxes in the five-year forecast. Transparency and clarity in the communication of our plans and intentions for taxes is more important than attempting to forecast a complex process that we do not control and that ultimately may not materially change the tax revenue we need to generate in that year.

Perceptions and Expectations of the Public

The tax rates are one of the most prominent items on the five-year forecast. The tax rates are subject to much discussion and debate by staff and Council throughout the budget cycle. We need to be mindful of how the tax rates presented in the forecast are perceived by the public, what message we are sending, and whether the perception matches our intention.

For example, the \$0.01 tax rate increase projected in FY 2028 in the forecast is clear to any observer. If we were to add an assumption for the revaluation in FY 2028, that tax rate presented could potentially be \$0.18 instead of \$0.235 based on the modeled scenarios. Meanwhile, the tax revenue generated from both

rates would be the same and would indicate an increase in taxes compared to the prior year. If the public sees a \$0.18 tax rate compared to \$0.225 the year before, what will they think? Most likely they will think that \$0.18 means a tax decrease and they will expect to pay less. Is this a transparent, clear, accessible way for us to share our financial plans with the public? Is it consistent with our goals and principles?

The table below shows the revenue-neutral tax rate as compared to the adopted tax rate from the last four reappraisals. The prior year's tax rate is also shown for reference. After the last two revaluations, the Village adopted a tax rate that was two cents higher than the revenue-neutral rate, meaning taxes went up even though the adopted tax rate may have been less than the prior year's tax rate. If the forecast had been developed with the revenue-neutral or adopted tax rate predicted in the out years, how different would the interpretation have been to the casual observer?

		Tax Rate			
Tax Year	Fiscal Year	Prior Year	Revenue-		Adopted vs. Revenue-Neutral
			Neutral	Adopted	
2007	2007-2008	\$ 0.31	\$ 0.27	\$ 0.27	\$ -
2015	2015-2016	0.28	0.30	0.30	-
2019	2019-2020	0.295	0.28	0.30	0.02
2023	2023-2024	0.31	0.21	0.23	0.02

The research conducted by the UNC School of Government and presented in [How Do Counties Respond to Revenue-Neutral Tax Rates? - Coates' Canons NC Local Government Law](#) indicates it is common for taxes to be increased after a reappraisal. Based on the research, 67% of reappraisals had a higher adopted tax rate than the revenue-neutral tax rate from 2008 to 2023 (134 out of 200 reappraisals). It is even more common to adopt a higher tax rate when the property value increased from the reappraisal, with 92% of reappraisals that resulted in appreciation in the tax base adopting a rate higher than the revenue-neutral rate (134 out of 141 reappraisals that increased the tax base).

If it is likely that the Village will effectively increase taxes in the next reappraisal, it is critical that the forecast and messaging around that be clear, consistent, and easy to understand. This will help our residents know what to expect in the coming years and build trust in Council, staff, and the process.

Conclusion

Setting tax rates is a sensitive issue and the revaluation makes it even more complex. It also offers an opportunity to reset the tax revenue to an appropriate level without having to make incremental changes to the tax rate every year. The communication with our taxpayers and simplicity and consistency in the financial materials they are provided are key to fostering trust in the planning process and understanding of the Village's priorities and intentions for the future.

The Government Finance Officers Association (GFOA) report *Rethinking Property Taxes* (Kavanagh and Berry, 2024, page 14) suggests one way to achieve the goal of providing predictable, stable tax bills to taxpayers is to "focus on the outcome taxpayers care about (their total bill), instead of trying to manipulate the inputs (rate and assessment) to get the outcome." Our current approach to the forecast is consistent with this guidance since it focuses on the tax revenue generated which more closely aligns with tax bills.

I believe adding assumptions for future revaluation changes to the forecast will not add value. More importantly, it would make the tax rate changes in the forecast more difficult to explain to the public and it could easily create a scenario where the tax rate changes shown on the face of the forecast would be deceiving. It would not be consistent with our goal to provide predictability and stability to our taxpayers or with our budget principles. I do not recommend changing the five-year financial forecast to include assumptions about future revaluations.

Appendix A

Revaluation Change Modeling

<i>Baseline (Current Forecast Assumptions):</i>							
Projected FY2028 Tax Rate ¹	\$	0.235					
Projected FY2028 R&P Valuation (in '000s) ²	\$	5,920,082					
Projected FY2028 R&P Tax Revenue ³	\$	13,898,000					
Median home value projected FY2028	\$	515,775					
Median home tax bill projected FY2028	\$	1,212					
¹ Assumes a 1 cent tax rate increase in FY2028 to fund the new library & archives staff and some inflation adjustment from revaluation.							
² Includes the full build out of Pinewild Phase 5 (77 homes at \$1 million each) in the tax base.							
³ Assumes a 99.9% collection rate.							
Revaluation change		1%	5%	10%	20%	30%	-1% -5%
Valuation (in '000s)	\$	5,979,000	\$ 6,216,000	\$ 6,512,000	\$ 7,104,000	\$ 7,696,000	\$ 5,861,000 \$ 5,624,000
Tax rate that yields the forecasted revenue	\$	0.232	\$ 0.224	\$ 0.213	\$ 0.196	\$ 0.181	\$ 0.237 \$ 0.247
R&P tax revenue	\$	13,898	\$ 13,898	\$ 13,898	\$ 13,898	\$ 13,898	\$ 13,898 \$ 13,898
Median home tax bill	\$	1,212	\$ 1,212	\$ 1,212	\$ 1,212	\$ 1,212	\$ 1,212 \$ 1,212
Change in median home tax bill	\$	-	\$ -	\$ -	\$ -	\$ -	\$ - \$ -
Inflation-adjusted tax rate	\$	0.240	\$ 0.231	\$ 0.220	\$ 0.202	\$ 0.186	\$ 0.245 \$ 0.255
R&P tax revenue	\$	14,342,858	\$ 14,342,858	\$ 14,342,858	\$ 14,342,858	\$ 14,342,858	\$ 14,342,858 \$ 14,342,858
\$ change in tax revenue from baseline	\$	444,858	\$ 444,858	\$ 444,858	\$ 444,858	\$ 444,858	\$ 444,858 \$ 444,858
% change in tax revenue from baseline		3.2%	3.2%	3.2%	3.2%	3.2%	3.2% 3.2%
Median home tax bill	\$	1,250	\$ 1,250	\$ 1,250	\$ 1,250	\$ 1,250	\$ 1,250 \$ 1,250
Change in median home tax bill	\$	38	\$ 38	\$ 38	\$ 38	\$ 38	\$ 38 \$ 38
% change in tax bill from baseline		3.1%	3.1%	3.1%	3.1%	3.1%	3.1% 3.1%
CPI January 2023 - September 2025		8.57%					
Projected CPI October 2025 - December 2026		2.50%					

The darker shading of the tax rates indicates the lower rates (higher revaluation change) and lighter shading indicates higher rates (lower revaluation change).