



**Village Council  
Agenda for Regular of May 12, 2026  
Assembly Hall  
395 Magnolia Road, Pinehurst, NC 28374  
Pinehurst, North Carolina  
4:30 PM**

1. Call to Order
2. Invocation and Pledge of Allegiance
3. Reports
  - A. Manager
    1. Celebrate Your Elected Officials Day (May19, 2026)
  - B. Council
4. Motion to Approve Consent Agenda

All items listed below are considered routine or have been discussed at length in previous meetings and will be enacted by one motion. No separate discussion will be held unless requested by a member of the Village Council.

  - A. Approval of Village Council Meeting Minutes
    1. April 28, 2026, Regular Meeting Minutes
    2. April 28, 2026, Work Session Minutes

End of Consent Agenda
5. Mayoral Proclamation
  - A. 2026 National Public Works Week Proclamation (May 17–23, 2026)
6. Public Comments
7. Regular Business
  - A. Discussion on an Alternative Design Option for the Proposed Traffic Circle Improvements
  - B. Release of the Recommended FY 2027 Annual Budget and Strategic Operating Plan
  - C. FY 2026 Quarterly Strategic Operating Plan Update for the Quarter Ended March 31, 2026
8. Resolutions
  - A. Consider Resolution 26-20 Appointing Ms. Janet Farrell as the Chair for the Beautification

## Committee

- B. Consider Resolution 26-21 Opposing Legislation That Limits Local Planning and Zoning Authority

9. Other Business

10. 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.



**Celebrate Your Elected Officials Day (May19, 2026)**  
**ADDITIONAL AGENDA DETAILS:**

**FROM:** Shannon Bonecutter, Village Clerk  
**CC:** Village Council;  
**DATE OF MEMO:** 05/04/2026

**MEMO DETAILS**

A day to honor the Village's Mayor and Councilmembers for their service to the community.

**ATTACHMENTS**

None



**April 28, 2026, Regular Meeting Minutes**  
**ADDITIONAL AGENDA DETAILS:**

**FROM:** Shannon Bonecutter, Village Clerk  
**CC:** Village Council;  
**DATE OF MEMO:** 05/04/2026

**MEMO DETAILS**

**ATTACHMENTS**

1. 04.28.2026 DRAFT Regular Meeting Minutes





**Village Council  
Minutes for the Regular Meeting of April 28, 2026  
Assembly Hall  
395 Magnolia Road  
Pinehurst, North Carolina  
4:30 p.m.**

The Village of Pinehurst Village Council held a Regular Meeting at 04:30 p.m., Tuesday, April 28, 2026, in the Assembly Hall of Village Hall, 395 Magnolia Road, Pinehurst, North Carolina.

The following were present:

Mr. Patrick Pizzella, Mayor  
Mr. John Taylor, Mayor Pro Tem  
Ms. Barb Ficklin, Councilmember  
Mr. Kevin Fitzpatrick, Councilmember  
Mr. Jeramy Hooper, Councilmember

Mr. Doug Willardson, Village Manager  
Mr. Carlton Cole, Assistant Village Manager  
Ms. Shannon Bonecutter, Village Clerk  
Mr. Paul Conners, IT Systems Specialist

And approximately 2 members of the audience in attendance, in addition to 2 staff and 1 press. There were approximately 18 remote views.

**1. Call to Order**

Mayor Pizzella called the Village Council Regular Meeting to order at 04:30 p.m.

**2. Invocation and Pledge of Allegiance**

**A. Invocation by Reverend Trey Majure, Associate Pastor, The Village Chapel Pinehurst**

**B. Pledge of Allegiance by Village Council and Staff**

**3. Reports**

**A. Manager**

**1. 2026 Public Service Recognition Week (May 3-9, 2026)**

Mr. Doug Willardson reported on the May 02-03, 2026, Imagine Youth Theater's performance of "The Sound of Music – Youth Edition" in the Arboretum; the May 02, 2026, Kid's Saturday event at Given Memorial Library; the May 08, 2026, Live After 5 event in the Arboretum; and the burn ban still being in effect for the Village.

**B. Council**

- Mayor Pizzella reported on 2026 Public Service Recognition Week (May 3-9, 2026); the April 20, 2026, Neighborhood Advisory Committee meeting; the vacancies on several of the Village's Advisory Boards; the recent grand opening of the Moore County ABC Store near Moore County Regional Airport; and the April 22, 2026, Moore 100 meeting at the Moore County Regional Airport.
- Mayor Pro Tem Taylor thanked Reverend Trey Majure for his invocation and reported on the April 20, 2026, Neighborhood Advisory Committee meeting; the April 27, 2026, Senior Advisory Committee reception; the April 22, 2026, Moore 100 meeting at the Moore County Regional Airport; and continued research into alternative redesigns for the Pinehurst Traffic Circle.

- Councilmember Hooper reported on continued research into alternative redesigns for the Pinehurst Traffic Circle; a recent meeting with Village staff on the Pinehurst Development Ordinance items to be discussed later in the meeting; the April 27, 2026, Senior Advisory Committee reception; and the May 02-03, 2026, Imagine Youth Theater’s performance of “The Sound of Music – Youth Edition” in the Arboretum.
- Councilmember Ficklin reported on the April 22, 2026, Central Pines Regional Council Board Members meeting; the April 27, 2026, Pinehurst Business Partners meeting; the April 27, 2026, Senior Advisory Committee reception; a recent uptick in the theft of checks from mailboxes; and the May 05, 2026, Village Heritage Foundation Garden Party in the Arboretum.
- Councilmember Fitzpatrick reported on the April 27, 2026, Senior Advisory Committee reception; May 4, 2026, Senior Advisory meeting; and the continued success of the sidewalk installation in Pinehurst No. 6 noting the hard work Mr. Mike Apke, Public Services & Engineering Director, has put into the project.

**4. Motion to Approve Consent Agenda**

**All items listed below are considered routine or have been discussed at length in previous meetings and will be enacted by one motion. No separate discussion will be held unless requested by a member of the Village Council.**

**A. Approval of Village Council Meeting Minutes**

- 1. April 14, 2026, Regular Meeting Minutes**
- 2. April 14, 2026, Work Session Minutes**

**End of Consent Agenda**

Upon a motion by Mayor Pro Tem Taylor, seconded by Councilmember Ficklin, Council unanimously approved all items listed and considered routine on the Consent Agenda with the following amendment to the April 14, 2026, Regular Meeting Minutes Item 6.A., second paragraph: “and further discussed the request that NCDOT revise the projected 2050 traffic volume and calculate the performance of all possible designs using the revised projection;” by a vote of 5-0.

**5. Mayoral Proclamations**

**A. 2026 National Fallen Firefighters Memorial Weekend (May 2–3, 2026) and Fallen Firefighters Memorial Day (May 3, 2026)**

Mayor Pizzella read aloud the 2026 National Fallen Firefighters Memorial Weekend (May 2–3, 2026) and Fallen Firefighters Memorial Day Proclamation.

**Mayoral Proclamation**  
Village of Pinehurst

**Whereas**, firefighters across our nation courageously serve their communities—risking their lives to protect people, property, and natural resources; and

**Whereas**, each year, firefighters make the ultimate sacrifice in the line of duty, demonstrating unparalleled dedication, bravery, and selflessness; and

**Whereas**, the National Fallen Firefighters Foundation honors these heroes by hosting the National Fallen Firefighters Memorial Weekend on May 2–3, 2026, a time when communities across the country pause to remember and pay tribute to fallen firefighters; and

**Whereas**, on Sunday, May 3, 2026, Fallen Firefighters Memorial Day offers a solemn opportunity to reflect on the sacrifices made by firefighters and their families, and to express our collective gratitude for their unwavering commitment to public safety; and

**Whereas**, it is fitting that the Village of Pinehurst joins the nation in honoring these courageous

individuals, supporting their families and colleagues, and recognizing the essential service provided by firefighters every day; and

**Whereas**, our community is strengthened and safeguarded by the dedication of firefighters who stand ready at all hours to respond to emergencies, protect lives, and uphold the highest ideals of service.

**Now, therefore**, I, Patrick Pizzella, Mayor of the Village of Pinehurst, do hereby proclaim May 2–3, 2026, as National Fallen Firefighters Memorial Weekend, and May 3, 2026, as Fallen Firefighters Memorial Day in the Village of Pinehurst, and encourage all residents, businesses, and community organizations to join in honoring the memory of our fallen firefighters and expressing appreciation for all who continue to serve.

- B. 2026 National Police Week (May 10-16, 2026) and Peace Officers Memorial Day (May 15, 2026)**  
Mayor Pizzella read aloud the 2026 National Police Week and Peace Officers Memorial Day Proclamation.

**Mayoral Proclamation**  
Village of Pinehurst

**That Whereas**, in 1962 the United States Congress and the President of the United States designated May 15<sup>th</sup> as “Peace Officers’ Memorial Day” and the week in which May 15<sup>th</sup> falls as “National Police Week”; and

**Whereas**, the members of the Police Department of the Village of Pinehurst, North Carolina play an essential role in safeguarding the rights and freedoms of Pinehurst; and

**Whereas**, it is important that all citizens know and understand the duties, hazards, responsibilities, and sacrifices of their Police Department; and

**Whereas**, members of our Police Department recognize their duty to serve the people by safeguarding life and property, by protecting them against violence and disorder, and by protecting the innocent against deception and the weak against oppression; and

**Whereas**, the men and women of the Police Department of the Village of Pinehurst unceasingly provide a vital public service.

**Now, Therefore**, I, Patrick Pizzella, Mayor of the Village of Pinehurst, North Carolina call upon all our citizens, and upon all patriotic civic and educational organizations to observe the week of May 10<sup>th</sup> through May 16<sup>th</sup>, 2026, as “Police Week” in the Village of Pinehurst; and with appropriate ceremonies and observances in which all of our citizens may join in commemorating law enforcement officers past and present who by their faithful and loyal devotion to their responsibilities have rendered a dedicated service to their communities, and in so doing, have established for themselves an enviable and enduring reputation for preserving the rights and security of all citizens.

**Further**, I call upon all citizens of the Village of Pinehurst to observe, May 15<sup>th</sup>, 2026, as “Peace Officers’ Memorial Day” in honor of those Law Enforcement Officers who, through their courageous deeds, have made the ultimate sacrifice in service to their community or have become disabled in the performance of duty; and let us recognize and pay respect to the survivors of our fallen heroes.

- C. 2026 World Facilities Management Day**  
Mayor Pizzella read aloud the 2026 World Facilities Management Day Proclamation.

**Mayoral Proclamation**  
Village of Pinehurst

**Whereas,** World Facilities Management Day is observed annually to recognize the essential work of the dedicated professionals who ensure that public buildings, grounds, and facilities remain safe, functional, sustainable, and welcoming for all; and

**Whereas,** the Village of Pinehurst benefits daily from the expertise, commitment, and professionalism of its facilities management team, whose work directly supports our community's quality of life and the smooth operation of municipal services; and

**Whereas,** the Village's Buildings & Grounds Department provides exceptional stewardship of our public facilities, parks, and landscaped areas, maintaining environments that reflect Pinehurst's character, beauty, and high standards of excellence; and

**Whereas,** the Harness Track Department contributes uniquely to Pinehurst's heritage by maintaining and operating one of the community's most iconic and historic assets, ensuring it remains safe, well-cared-for, and accessible for trainers, horses, residents, and visitors; and

**Whereas,** facilities management professionals often work behind the scenes yet play a vital role in delivering reliable infrastructure, promoting safety and sustainability, and supporting community events, recreational amenities, and essential municipal operations; and

**Whereas,** it is fitting and proper to recognize and honor the individuals whose hard work, technical skill, and dedication strengthen our village every day.

**Now, Therefore,** I, Patrick Pizzella, Mayor of the Village of Pinehurst, do hereby proclaim May 13, 2026, as World Facilities Management Day in the Village of Pinehurst and encourage all residents to join me in expressing appreciation to our Buildings & Grounds Department, the Harness Track Department, and all facilities management professionals for their outstanding service to our community.

**6. Public Comments**

None.

**7. Resolutions**

**A. Consider Resolution 26-19 Approving the Lease for Barn 19 at the Harness Track**

Mr. Willardson reviewed and discussed a memo on the proposed 5-year lease of Barn 19 at the Harness Track and recommended Council consider approving the lease.

Council verified the 12-month Consumer Price Index adjustment of the rental amount is based on the Bureau of Labor Statistics calculation.

Upon a motion by Mayor Pro Tem Taylor, seconded by Councilmember Ficklin, Council unanimously approved Resolution 26-19 approving the lease for Barn 19 at the Harness Track to Scott Norris for the five-year term beginning July 1, 2026, and ending June 30, 2031, and further authorized the Village Manager to execute the lease agreement by a vote of 5-0.

**Resolution 26-19:**

**A Resolution Authorizing the Lease of Property for the Village of Pinehurst**

**Whereas,** the Village of Pinehurst, herein after referred to as the Landlord, owns property at 200 Beulah Hill Road South, Pinehurst, NC 28374 (Pinehurst Harness Track); and

**Whereas,** Scott Norris, doing business as Scott Norris Horse Transportation and herein after referred

to as the Tenant, has requested to lease Barn No. 19; and

**Whereas**, the Landlord and the Tenant have agreed to a 5-year lease, beginning on July 1, 2026, and expiring June 30, 2031. The Tenant will pay the Landlord \$13,572 (in equal monthly installments) for first year of the lease; and

**Whereas**, the amount will be adjusted annually as identified in the lease agreement; and

**Whereas**, North Carolina General Statute § 160A-272 authorizes the Village to enter into leases of up to 10 years upon resolution of the Village Council.

**Now, therefore, be it resolved** by the Village Council of the Village of Pinehurst, North Carolina in a Regular Meeting assembled this 28<sup>th</sup> day of April 2026 as follows:

The Village of Pinehurst Village Council hereby approves the lease of the Village property described above to Scott Norris and authorizes the Village Manager to execute any instruments necessary for the lease.

**This Resolution** passed and adopted this 28<sup>th</sup> day of April 2026.

## **8. Ordinance**

### **A. Consider Ordinance 26-10 Amending the FY 2026 General Fund Budget for the GIS Software Subscription**

Mr. Willardson reviewed and discussed a memo on the proposed amendment to the FY 2026 General Fund Budget to account for the new 3-year Geographic Information System (GIS) software subscription.

Council verified the amendment is due to a slightly higher than anticipated subscription cost.

Upon a motion by Mayor Pro Tem Taylor, seconded by Councilmember Hooper, Council approved as Ordinance 26-10 Amending the FY 2026 General Fund Budget for the Geographic Information System (GIS) Software Subscription by a vote of 5-0.

#### **Ordinance #26-10:**

**An Ordinance Amending the Ordinance Appropriating Funds for Operations of the Village of Pinehurst for Fiscal Year 2026, Regarding Revenues and Expenditures of the General Fund (Subscription-Based Information Technology Arrangements Reporting Requirements under GASB Statement No. 96)**

**That whereas**, the Governmental Accounting Standards Board (GASB) released Statement No. 96 entitled *Subscription-Based Information Technology Arrangements* which was adopted in the fiscal year beginning July 1, 2022 (FY 2023); and

**Whereas**, Ordinance 25-09, adopted on June 9, 2025, appropriated funds for the FY 2026 General Fund budget based on the subscription-based information technology arrangements (SBITAs) known at the time; and

**Whereas**, an amendment is needed to increase expenditure appropriations and amend anticipated revenues in the General Fund for a SBITA that was not included in Ordinance 25-09 for the Village's geographic information system (GIS) software subscription.

**Now, therefore**, be it ordained and established by the Village Council of the Village of Pinehurst, North Carolina, in the regular meeting assembled this 28<sup>th</sup> day of April 2026, as follows:

**Section 1.** To amend the FY 2026 General Fund budgeted expenditures, the following amounts are to be added to the expenditure appropriations:

**General Fund Expenditures:**

|                                |              |
|--------------------------------|--------------|
| Administration                 | \$ 5,430     |
| Financial Services             | 1,810        |
| Human Resources                | 5,430        |
| Police                         | 13,880       |
| Fire                           | 12,070       |
| Inspections                    | 1,810        |
| Public Services Administration | 3,020        |
| Streets & Grounds              | 2,410        |
| Solid Waste                    | 1,810        |
| Planning                       | 4,830        |
| Recreation                     | 3,620        |
| Library & Archives             | 2,410        |
| Harness Track                  | 600          |
| Fair Barn                      | <u>1,210</u> |

Total Expenditures Amendment      \$ 60,340

**Section 2.** To amend the General Fund budgeted revenues, the following amount should be added to the estimated revenues for FY 2026:

**General Fund Revenues:**

Other Financing Sources      \$ 60,340

**Section 3.** Copies of this budget amendment shall be furnished to the Village Clerk, Village Manager, and Financial Services Director for their direction and implementation.

**This Ordinance** passed and adopted this 28<sup>th</sup> day of April 2026.

**9. Regular Business**

**A. Discussion Regarding the Tufts Archives and Fundraising Naming Opportunities**

Mr. Willardson reviewed and discussed a memo on the Renovation Design – Building Envelope vs. Expansion and Fundraising and Naming Opportunities.

Council and Mr. Willardson discussed the fact that existing issues, such as water penetration in the basement, are being addressed by the architect as part of the renovation process.

Council deliberated on the options for fundraising and naming opportunities as presented in the draft “Village of Pinehurst Library & Archives Project: Community Fundraising & Naming Opportunities” document, verified donations would be submitted to a grant account with the Village and would be tax deductible, and discussed the intention behind the fundraising being to provide amenities above and beyond what is already planned.

Council agreed to increase the donation amount for bricks to \$250 and to send the draft proposal to Given Tufts Foundation for review before finalizing the fundraising and naming opportunities.

**B. Discussion of Real Estate Advisory Services Proposals**

Mr. Willardson reviewed and discussed a memo on the request for Request for Qualifications (RFQ)

proposals received from real estate and financial advisory services related to the Village Place area redevelopment and the recommendation to enter into a time and materials contract with HR&A.

Council and Mr. Willardson discussed the redevelopment process and phases, the next step being to have an appraisal of the Village-owned properties in the Village Place area done (anticipated valuation approximately \$1.9M), the importance of forecasting the types of businesses and development for Village Place so as not to compete with existing businesses in the Downtown area, and the reasons for selecting HR&A.

Council agreed to have Mr. Willardson negotiate a contract or terms sheet with HR&A.

**10. Other Business**

None.

**11. Motion to Adjourn**

Upon a motion by Mayor Pro Tem Taylor, seconded by Councilmember Fitzpatrick, Council unanimously approved to adjourn the Regular Meeting by a vote of 5-0 at 05:31 p.m.

Respectfully Submitted,

Shannon Bonecutter  
Village Clerk

*A recording of this meeting is located on the Village website: [www.vopnc.org](http://www.vopnc.org)  
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*



**April 28, 2026, Work Session Minutes**  
**ADDITIONAL AGENDA DETAILS:**

**FROM:** Shannon Bonecutter, Village Clerk  
**CC:** Village Council;  
**DATE OF MEMO:** 05/04/2026

**MEMO DETAILS**

**ATTACHMENTS**

1. 04.28.2026 DRAFT Work Session Minutes





**Village Council**  
**Minutes for the Work Session of April 28, 2026**  
**Assembly Hall**  
**395 Magnolia Road**  
**Pinehurst, North Carolina**  
**04:30 p.m.**

The Village of Pinehurst Village Council held a Work Session Meeting at 05:31 p.m., Tuesday, April 28, 2026, in the Assembly Hall of Village Hall, 395 Magnolia Road, Pinehurst, North Carolina.

The following were present:

Mr. Patrick Pizzella, Mayor

Mr. John Taylor, Mayor Pro Tem

Ms. Barb Ficklin, Councilmember

Mr. Kevin Fitzpatrick, Councilmember

Mr. Jeramy Hooper, Councilmember

Mr. Doug Willardson, Village Manager

Mr. Carlton Cole, Assistant Village Manager

Ms. Shannon Bonecutter, Village Clerk

Mr. Paul Conners, IT Systems Specialist

And approximately 1 member of the audience in attendance, in addition to 2 staff and 1 press. There were approximately 18 remote views.

**1. Call to Order.**

Mayor Pizzella called the Village Council Work Session to order at 05:40 p.m.

**2. General Business.**

**A. Discussion of Permit Compliance and Unpermitted Work Enforcement Practices**

Mr. Willardson reviewed and discussed a memo on Permit Compliance Snapshot (Past 12 Months), Proactive Identification and Compliance Measures, Enforcement Process and Tools, Opportunities for Improvement: Education and Awareness, Common Projects That Typically Require a Permit, Common Projects That Typically Do Not Require a Permit, Board of Adjustment Consideration, and Conclusion.

Council deliberated on what measures to take to improve education and awareness to help prevent work being done without permits and requests for approval after the fact (such as variances or modifications to a previously issued Historic Preservation Commission Certificate of Appropriateness), making adjustments to the zoning / inspections process to try to catch deviations from approved plans before work is completed, making adjustments to what modifications may be approved by Planning staff to streamline the approval process, and whether to increase fees for violations.

Council agreed to pursue additional training for the Advisory Boards and Council and to consider a specific proposal for adjustments to the fee schedule regarding violation fees at a future meeting.

**B. Discussion of Short-Term Rentals in the Pinehurst Development Ordinance**

**1. Intensification**

Mr. Willardson stated the Village Attorney will meet with Councilmembers Ficklin and Hooper to clarify what constitutes intensification before considering further discussion with Council as a whole.

## **2. Non-conforming Use Certificates**

Mr. Willardson reviewed and discussed a memo on the recommendation to formalize the continued issuance of Letter of Zoning Certifications instead of reopening the process for issuing Non-Conforming Use Certificates (NCUC).

Council deliberated whether to reopen the process for issuing NCUCs or to formalize sending letters.

Council agreed to formalize the issuance of Letter of Zoning Certifications and to post information on the Village's website regarding the process.

## **3. Homestays**

Mr. Willardson reviewed and discussed a memo on the definition and regulation of homestays and how this aligns with the broader Short-Term Rental regulation framework.

Council deliberated whether to further define what a homestay use is or to continue with the current definition and treatment of homestays.

Council agreed to continue with the current definition and treatment of homestays until clarification on what is an intensification of Short-Term Rental use has been given.

## **4. Accessory Dwelling Units**

Mr. Willardson reviewed and discussed a memo on "What is an ADU?" and ADUs and Short-Term Rentals.

Mr. Willardson noted currently only one parcel in the Village allows both ADUs and short-term rentals, therefore no ADU may be used as a short-term rental unless it was in operation as such prior to the 2022 ordinance regulating short-term rentals going into effect.

## **C. Discussion of Regulation of Accessory Dwelling Units (ADUs) in the Pinehurst Development Ordinance**

Mr. Willardson reviewed and discussed a memo on "What is an ADU?", Regulatory Authority, Current PDO Framework, and Key Legal Limitations.

Council deliberated whether to make any adjustments to how ADUs are regulated, setback requirements for ADUs, or the calculation used to determine allowable ADU size.

Council agreed to wait until legislation at the state level has been decided regarding regulation of ADUs before considering any adjustments at the local level.

## **D. Discussion of Landscape Buffers in the Pinehurst Development Ordinance**

Mr. Willardson reviewed and discussed a memo on how the Village incorporated the 2021 tree buffer ordinance into the recently updated PDO, which simplified the tree buffer requirements to a minimum number of trees required per dwelling based on the zoning district.

Mr. Willardson clarified the focus of the landscape buffer is on the retention of mature trees on infill, residential lots to try to protect the tree canopy. Larger residential and commercial developments have different landscape requirements.

Council deliberated whether to increase the number of mature trees that are required to be preserved and to decrease the tree credit values.

Council agreed to continue with the current landscape buffer requirements for a year or two and reassess if a negative impact to the tree canopy occurs as the result of the requirements being too lenient.

**E. Update on the New Given Memorial Library and other Construction Projects**

Mr. Cole reviewed and discussed a Construction Projects – Update PowerPoint presentation highlighting Given Memorial Library – Past 30 Days, Given Memorial Library – Next 30 Days, Phase II – Juniper Creek Blvd. Sidewalk Project, and Cherokee Road – Parking Improvements.

Council verified installation of new / additional streetlights will begin within the next few months.

Council and Mr. Willardson discussed potential agenda items for future meetings, which include the FY 2027 Budget.

Councilmember Fitzpatrick stated he and Councilmember Hooper have begun work on reviewing and potentially revising the Village Council Code of Ethics.

Mayor Pro Tem stated he and Councilmember Hooper have been working on an Op-Ed piece regarding the Pinehurst Traffic Circle that they hope to run in The Pilot soon.

**3. Motion to Adjourn.**

Upon a motion by Mayor Pro Tem Taylor, seconded by Councilmember Ficklin, Council unanimously approved to adjourn the Work Session by a vote of 5-0 at 07:10 p.m.

Respectfully submitted,

Shannon Bonecutter  
Village Clerk

*A recording of this meeting is located on the Village website: [www.vopnc.org](http://www.vopnc.org)*

*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*



**2026 National Public Works Week Proclamation (May 17–23, 2026)**  
**ADDITIONAL AGENDA DETAILS:**

**FROM:** Shannon Bonecutter, Village Clerk  
**CC:** Village Council;  
**DATE OF MEMO:** 04/27/2026

**MEMO DETAILS**

**ATTACHMENTS**

1. National Public Works Week DRAFT Proclamation 2026

# Mayoral Proclamation

## Village of Pinehurst

**WHEREAS**, public works professionals focus on infrastructure, facilities, and services that are of vital importance to sustainable and resilient communities and to public health, high quality of life, and well-being of the people of the Village of Pinehurst; and

**WHEREAS**, these infrastructure, facilities, and services could not be provided without the dedicated efforts of public works professionals, who are engineers, managers, and employees at all levels of government and the private sector, who are responsible for rebuilding, improving, and protecting our nation's transportation, water supply, water treatment and solid waste systems, public buildings, and other structures and facilities essential for our citizens; and

**WHEREAS**, it is in the public interest for the citizens, civic leaders, and children in the Village of Pinehurst to gain knowledge of and maintain an ongoing interest and understanding of the importance of public works and public works programs in their respective communities; and

**WHEREAS**, the year 2026 marks the 66th annual National Public Works Week sponsored by the American Public Works Association.

**Now, therefore**, I, Patrick Pizzella, Mayor of the Village of Pinehurst, do hereby proclaim May 17–23, 2026, as National Public Works Week. I urge all citizens to join with representatives of the American Public Works Association and government agencies in activities, events, and ceremonies designed to pay tribute to our public works professionals, engineers, managers, and employees, and to recognize the substantial contributions they make to protecting our national health, safety, and advancing quality of life for all.

**In Witness Whereof**, I have hereunto set my hand and caused to be affixed the official seal of the Village of Pinehurst, this the 12<sup>th</sup> day of May 2026.

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Patrick Pizzella, Mayor



## **Discussion on an Alternative Design Option for the Proposed Traffic Circle Improvements**

### **ADDITIONAL AGENDA DETAILS:**

**FROM:** Doug Willardson, Village Manager  
**CC:** Village Council;  
**DATE OF MEMO:** 05/06/2026

### **MEMO DETAILS**

### **ATTACHMENTS**

None



## **Release of the Recommended FY 2027 Annual Budget and Strategic Operating Plan**

### **ADDITIONAL AGENDA DETAILS:**

**FROM:** Dana Van Nostrand, Financial Services Director  
**CC:** Village Council;  
**DATE OF MEMO:** 05/04/2026

### **MEMO DETAILS**

The recommended FY 2027 Strategic Operating Plan, including the annual budget, is now available for public review. Since the April 14 budget work session, the only change is Council's reduction of the proposed tax rate from \$0.225 to \$0.22.

The FY 2027 Strategic Operating Plan document can be accessed by the public from the Village's website at [www.vopnc.org/sop](http://www.vopnc.org/sop) or by coming to Village Hall during normal business hours to view a printed copy. The formal budget presentation and the public hearing will be during the regular Village Council meeting on May 26 at 4:30pm in Assembly Hall. Public comments can also be submitted via email to [publiccomments@vopnc.org](mailto:publiccomments@vopnc.org).

### **ATTACHMENTS**

1. Proposed FY 2027 Strategic Operating Plan





*Given Memorial Library Groundbreaking*

# 2027 Strategic Operating Plan

*Proposed*

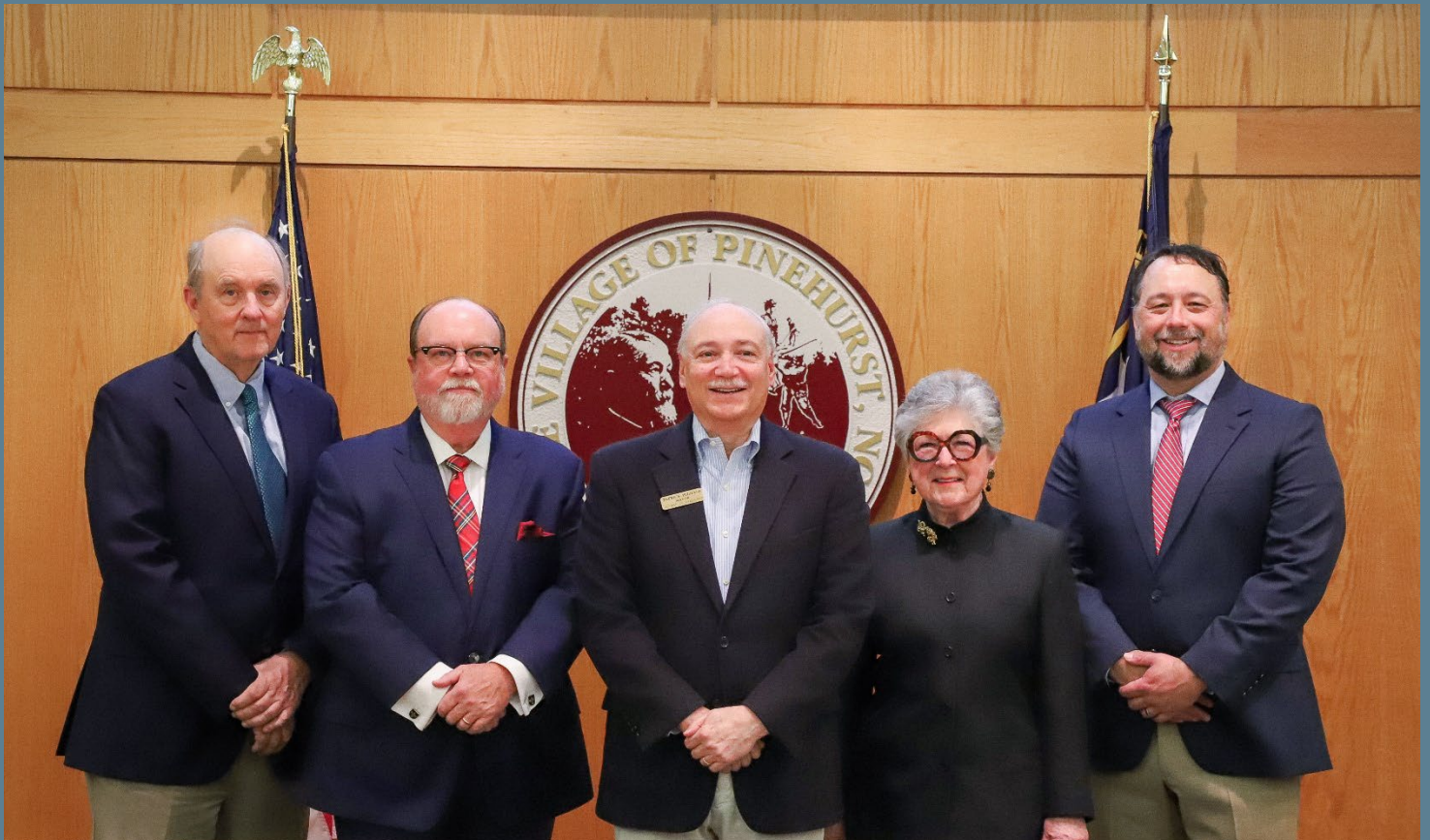
*Village of Pinehurst, North Carolina*





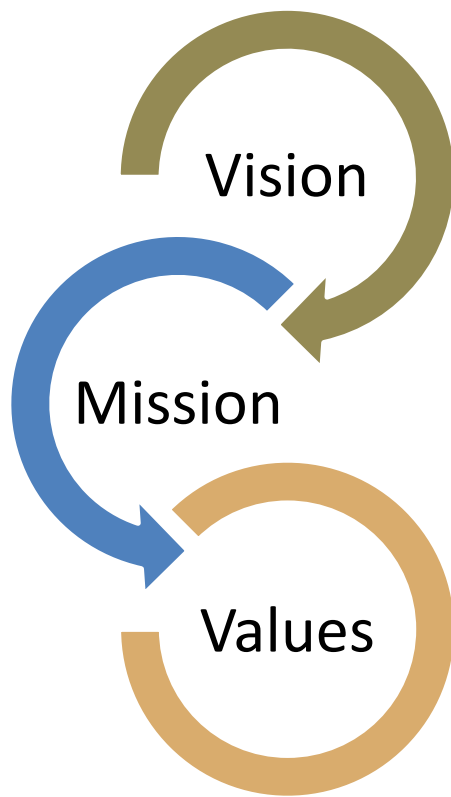
# VILLAGE OF PINEHURST

## Proposed FY 2027 STRATEGIC OPERATING PLAN



*From left to right: John Taylor, Mayor Pro Tem; Kevin Fitzpatrick, Councilmember; Patrick Pizzella, Mayor; Barb Ficklin, Treasurer; Jeremy Hooper, 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](http://www.vopnc.org)

[www.facebook.com/vopnc](https://www.facebook.com/vopnc)

[www.twitter.com/vopnc](https://www.twitter.com/vopnc)

[www.instagram.com/vopnc](https://www.instagram.com/vopnc)

**VILLAGE SENIOR LEADERSHIP**

Village Manager

Doug Willardson

Assistant Village Manager

Carlton Cole

Village Clerk

Shannon Bonecutter

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

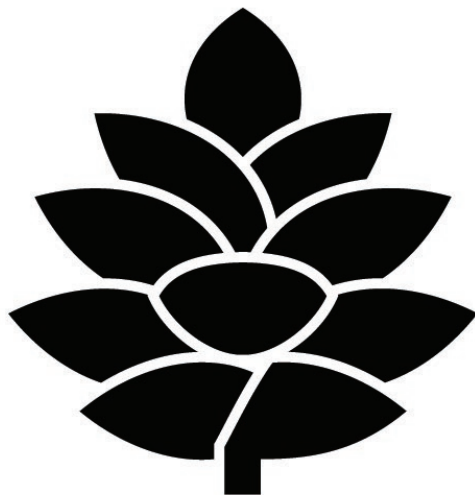
Mike Apke

Parks and Recreation Director

Angie Whisnant

Library and Archives Director

Audrey Moriarty



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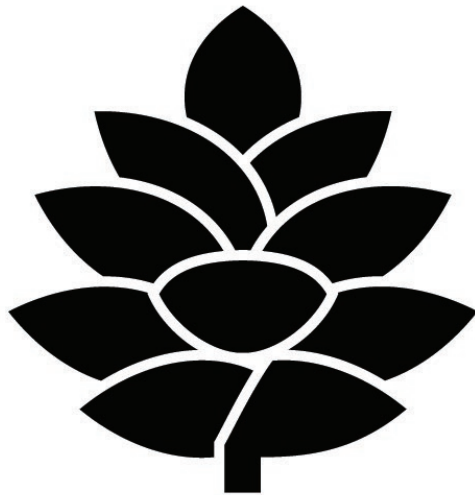
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# INTRODUCTION

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. Portions of the content were drafted with the assistance of artificial intelligence.

***Budget in Brief*** – The Budget in Brief provides an overview of the FY 2027 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.

***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 2027, 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 descriptions of their duties and responsibilities and 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.

**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.

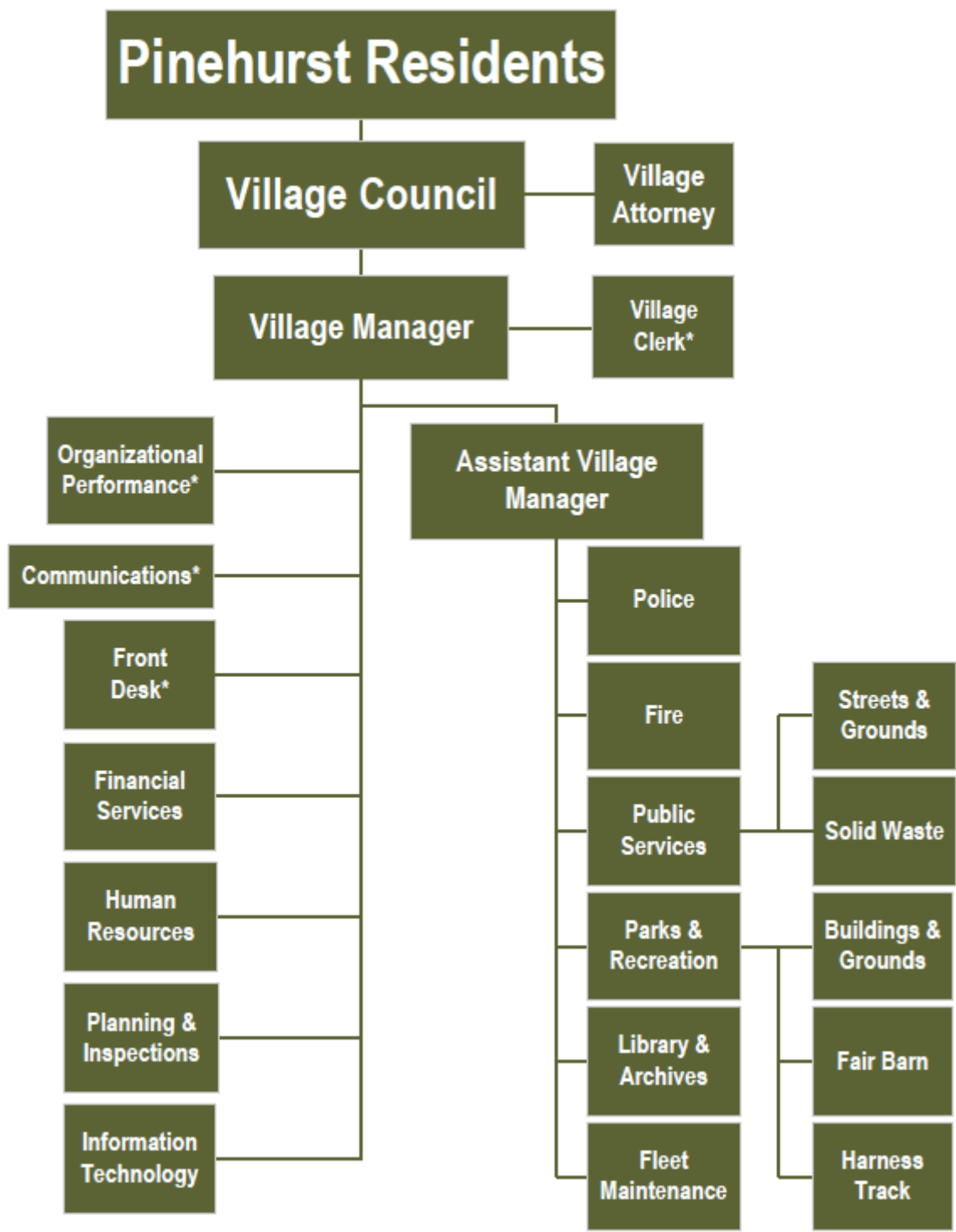
**Capital Improvement Plan (CIP)** – The CIP outlines the Village’s plan for the replacement, improvement, acquisition, and construction of capital assets over the five-year planning period. Capital assets include vehicles, equipment, infrastructure, and facilities. The Village uses this plan to ensure that these investments are aligned with the Village’s strategic direction. This section also includes information on capital project funds that are or will be used to account for major capital projects.

**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* on the next page 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 2027 budget. The 170.4 FTEs projected for FY 2027 consist of 161 full-time and 9.4 part-time FTEs.

### Fiscal Year 2027 Staffing by Function in Full-Time Equivalents (FTEs)

| Classification Plan Summary                    | Budgeted<br>FY 2023 | Budgeted<br>FY 2024 | Budgeted<br>FY 2025 | Budgeted<br>FY 2026 | FY 2027<br>Change | Projected<br>FY 2027 | Projected<br>FY 2031 |
|------------------------------------------------|---------------------|---------------------|---------------------|---------------------|-------------------|----------------------|----------------------|
| <b>General Government</b>                      |                     |                     |                     |                     |                   |                      |                      |
| Administration                                 |                     |                     |                     |                     |                   |                      |                      |
| Administration                                 | 8.5                 | 8.5                 | 8.5                 | 8.5                 | (2.0)             | 6.5                  | 6.5                  |
| Financial Services                             | 5.0                 | 5.0                 | 5.0                 | 5.0                 | (1.0)             | 4.0                  | 4.0                  |
| Human Resources                                | 3.0                 | 3.0                 | 3.0                 | 3.0                 | -                 | 3.0                  | 3.0                  |
| Fleet Maintenance                              | 3.0                 | 3.0                 | 4.0                 | 4.0                 | -                 | 4.0                  | 4.0                  |
| Buildings and Grounds Maintenance              | 8.0                 | 8.0                 | 8.0                 | 9.0                 | -                 | 9.0                  | 9.0                  |
| Information Technology                         | 6.0                 | 6.0                 | 6.0                 | 6.0                 | -                 | 6.0                  | 6.0                  |
| <b>Total General Government</b>                | <b>33.5</b>         | <b>33.5</b>         | <b>34.5</b>         | <b>35.5</b>         | <b>(3.0)</b>      | <b>32.5</b>          | <b>32.5</b>          |
| <b>Public Safety</b>                           |                     |                     |                     |                     |                   |                      |                      |
| Police                                         | 33.3                | 34.0                | 34.5                | 34.5                | 1.0               | 35.5                 | 37.5                 |
| Fire                                           | 33.0                | 35.0                | 35.0                | 41.0                | -                 | 41.0                 | 41.0                 |
| Inspections                                    | 3.0                 | 3.0                 | 3.0                 | 3.0                 | -                 | 3.0                  | 3.0                  |
| <b>Total Public Safety</b>                     | <b>69.3</b>         | <b>72.0</b>         | <b>72.5</b>         | <b>78.5</b>         | <b>1.0</b>        | <b>79.5</b>          | <b>81.5</b>          |
| <b>Economic and Physical Development</b>       |                     |                     |                     |                     |                   |                      |                      |
| Planning                                       | 8.5                 | 8.5                 | 8.5                 | 8.5                 | (1.0)             | 7.5                  | 7.5                  |
| <b>Total Economic and Physical Development</b> | <b>8.5</b>          | <b>8.5</b>          | <b>8.5</b>          | <b>8.5</b>          | <b>(1.0)</b>      | <b>7.5</b>           | <b>7.5</b>           |
| <b>Transportation</b>                          |                     |                     |                     |                     |                   |                      |                      |
| Public Services Administration                 | 4.0                 | 4.0                 | 5.0                 | 5.0                 | -                 | 5.0                  | 5.0                  |
| Streets and Grounds                            | 15.0                | 15.0                | 15.0                | 15.0                | -                 | 15.0                 | 15.0                 |
| <b>Total Transportation</b>                    | <b>19.0</b>         | <b>19.0</b>         | <b>20.0</b>         | <b>20.0</b>         | <b>-</b>          | <b>20.0</b>          | <b>20.0</b>          |
| <b>Environmental Protection</b>                |                     |                     |                     |                     |                   |                      |                      |
| Solid Waste                                    | 10.0                | 10.0                | 10.0                | 10.0                | -                 | 10.0                 | 10.0                 |
| <b>Total Environmental Protection</b>          | <b>10.0</b>         | <b>10.0</b>         | <b>10.0</b>         | <b>10.0</b>         | <b>-</b>          | <b>10.0</b>          | <b>10.0</b>          |
| <b>Cultural and Recreation</b>                 |                     |                     |                     |                     |                   |                      |                      |
| Parks and Recreation                           | 7.7                 | 9.3                 | 9.3                 | 9.3                 | -                 | 9.3                  | 10.3                 |
| Library and Archives                           | 4.5                 | 4.5                 | 4.5                 | 4.5                 | 1.0               | 5.5                  | 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                  |
| <b>Total Cultural and Recreation</b>           | <b>18.3</b>         | <b>19.9</b>         | <b>19.9</b>         | <b>19.9</b>         | <b>1.0</b>        | <b>20.9</b>          | <b>24.9</b>          |
| <b>GRAND TOTAL</b>                             | <b>158.6</b>        | <b>162.9</b>        | <b>165.4</b>        | <b>172.4</b>        | <b>(2.0)</b>      | <b>170.4</b>         | <b>176.4</b>         |

|                                       |               |               |               |               |            |               |               |
|---------------------------------------|---------------|---------------|---------------|---------------|------------|---------------|---------------|
| <b>Population</b>                     | <b>18,074</b> | <b>18,416</b> | <b>18,747</b> | <b>19,038</b> | <b>N/A</b> | <b>19,364</b> | <b>20,501</b> |
| <b>Employees per 1,000 Population</b> | <b>8.8</b>    | <b>8.8</b>    | <b>8.8</b>    | <b>9.1</b>    | <b>N/A</b> | <b>8.8</b>    | <b>8.6</b>    |

The FY 2027 budget includes a net decrease of two FTEs. Four vacant positions were eliminated and two positions were added: a police officer and a library associate. The police officer will add capacity to patrol and respond to calls. The library associate will ensure adequate staffing of the new library when it opens and programming is expanded.

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 2026, which began July 1, 2025. 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 2026 budget document and is valid for a period of one year. The Village has received this award for nineteen consecutive years. The Fiscal Year 2026 budget document also received GFOA's Special Recognition for Strategic Goals and Strategies, marking the first time the Village received this distinction. We plan to submit the Fiscal Year 2027 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, 2025**

*Christopher P. Morill*

Executive Director





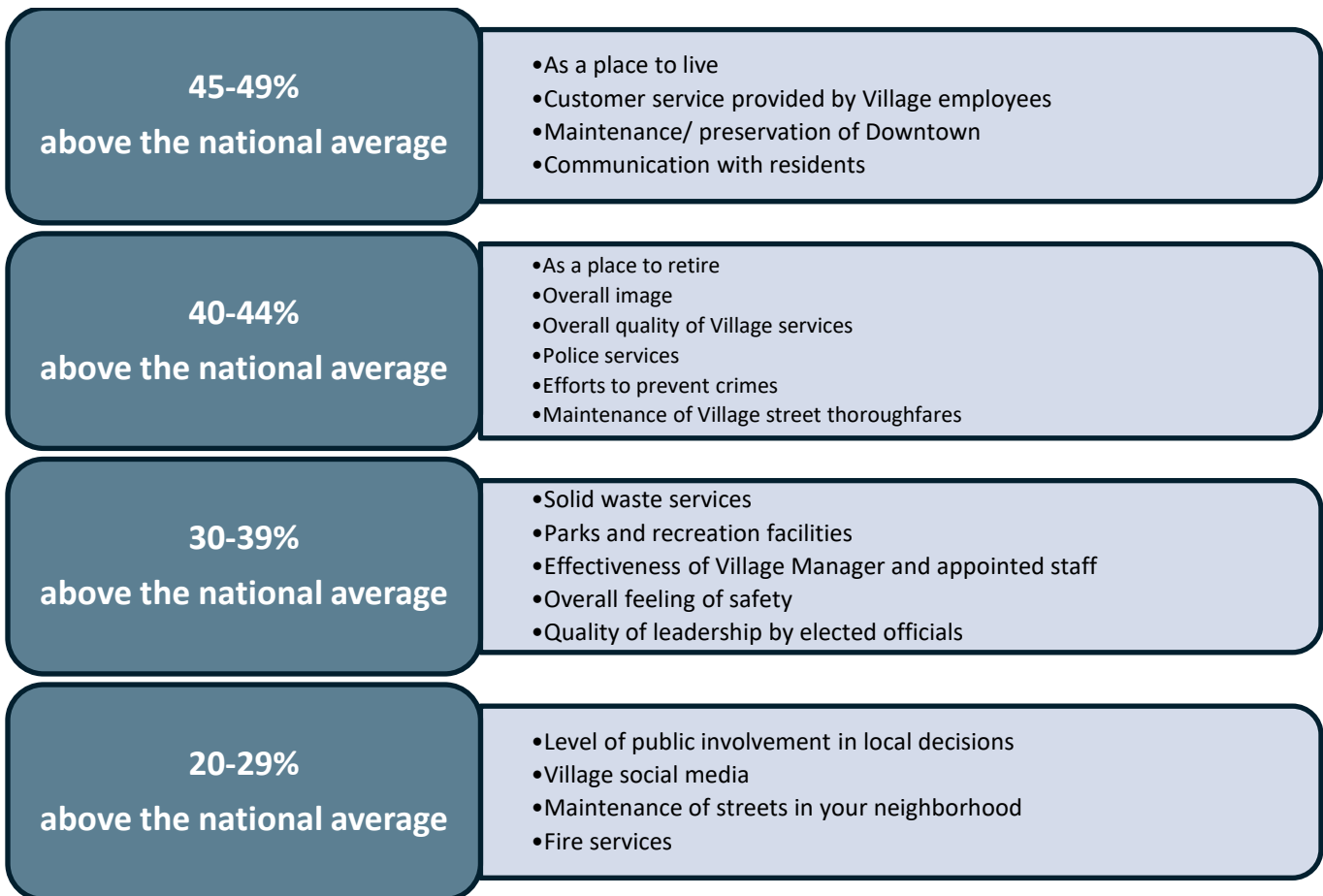
## ETC INSTITUTE LEADING THE WAY AWARD

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. Every other 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) 2027 budget and Strategic Operating Plan.

Annually, the Council identifies areas of focus to improve Village services. Village management develops plans to advance these priorities, called Initiative Action Plans. The Initiative Action Plans, sometimes revised, are phased projects with significant investments over multiple fiscal years which are incorporated into the FY 2027 budget and five-year financial forecast.

The \$33 million FY 2027 budget is \$1.5 million, or 4.7%, more than the original FY 2026 budget and \$1.8 million, or 5.2%, less than the FY 2026 amended budget. The budget also results in a small decrease of staff. The budget contains a \$0.22 per \$100 valuation property tax rate, a half-cent reduction from the FY 2026 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 2027 budget reflects the Village of Pinehurst's commitment to expand the Given Memorial Library and Tufts Archives by completing the new library building that will allow it to more fully enrich our community with resources and programming, as well as beginning the renovation of the existing building on the Village Green to expand the Tufts Archives. The five-year financial forecast in our 2027 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 2027 Strategic Operating Plan considers making strategic investments in public safety and transportation assets as we look through FY 2031.

We continue to keep a watchful eye on our operating environment, on the Village, and its taxpayers. I believe we have prepared an FY 2027 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 2027 budget and Strategic Operating Plan.

Sincerely,



Mayor Patrick Pizzella

### Quick Facts

**\$33.0 M**  
Total Budget

**\$0.22**  
Per \$100 of Valuation  
Tax Rate

**6**  
Initiative Action Plans

**-2.0**  
Net Decrease in Staff  
Full Time Equivalents (FTEs)

## Fiscal Year 2027 Initiative Action Plans

The FY 2027 budget includes six Initiative Action Plans (IAPs) at a net cost of over \$5.7 million to address the Village's nine strategic goals. In the five-year planning period, investment in these IAPs totals \$16.5 million. Additional information on IAPs, including costs planned after FY 2027, can be found in the *Strategic Priorities* section of the 2027 Strategic Operating Plan.

The FY 2027 Initiative Action Plans and the funding incorporated in the FY 2027 budget include:

### 1. **Expand and Renovate Given Memorial Library and Tufts Archives (\$4,574,750)**

The Village began construction on the new library facility in January 2026 with completion anticipated in the spring of 2027. Design of the Tufts Archives renovation began in the spring of 2026. The Village anticipates approximately \$4.5 million in construction and design costs in FY 2027 which will be funded from the existing fund balance in the Library Expansion Capital Project Fund plus an additional transfer of \$912 thousand from the General Fund in FY 2027. Additional salaries, benefits, and other operating costs for the new library will also be added in FY 2027.

### 2. **Implement the Multi-Modal Transportation Plan (\$460,000)**

The multi-modal plan projects planned for FY 2027 will be funded from the annual allocation of \$460,000. The Village has received grant funding that will offset 80% of the cost of the Airport Road greenway project.

### 3. **Implement the Stormwater Master Plan (\$460,000)**

In FY 2026, the Village hired a stormwater technician who will focus on implementing the improvements in the Stormwater Master Plan that was adopted in 2023. \$460,000 per year is planned for investment in these improvements.

### 4. **Improve Fire Response Times (\$147,000)**

This IAP is designed to meet the growing demand for fire and rescue services and improve response times. In FY 2026, the Village added six firefighter positions (two per shift) to staff a Quick Response Unit (QRU). The impact of the QRU on response times and service levels will be evaluated over time. A portion of the salaries and benefits for the six firefighters added are paid by a grant for three years, with 75% of the costs covered by the grant in FY 2027. The plan also includes \$400,000 for the design of a potential third fire facility in FY 2029 in anticipation of the need in future years beyond the scope of the forecast.

### 5. **Redevelop Village Place (\$50,000)**

This IAP is designed to redevelop Village Place according to the Small Area Plan. The Village plans to use a phased redevelopment strategy, partnering with property owners and developers to begin development in the west side of Village Place. In FY 2027, the Village will engage a real estate advisor to provide redevelopment strategy recommendations. The Village intends to invest in the infrastructure (roads and sidewalks) in future years that are essential to the Small Area Plan.

### 6. **Monitor and Enforce the Short-Term Rental (STR) Ordinance (\$47,000)**

The Village will continue to utilize the STR monitoring software at an annual cost of \$47,000 to monitor and enforce STRs in accordance with the Pinehurst Development Ordinance and North Carolina law.



## How will your tax dollars be spent in FY 2027?

The FY 2027 budget for salaries and benefits for the Village's 170.4 full-time equivalents (FTEs) accounts for 55% of total expenditures, or \$18.3 million. The budget includes a 2.6% cost of living adjustment and merit raises at an average of 2% per employee. The Village pays for 100% of health, dental, and vision insurance premiums for employee-only coverage.

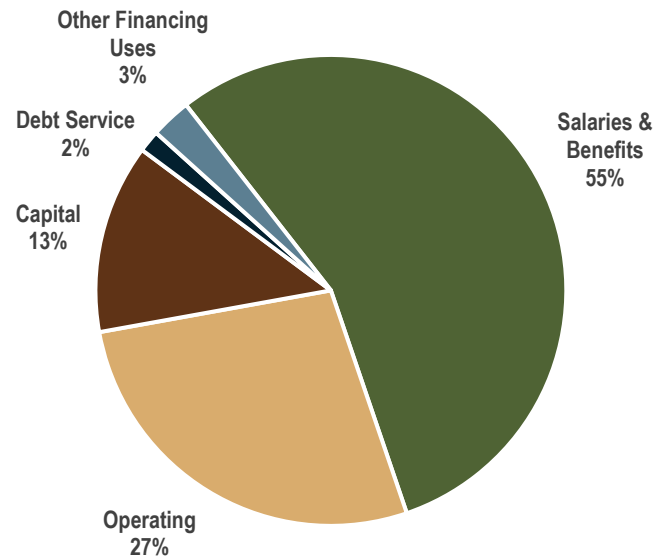
### New Positions Funded

Police Officer  
Library Associate

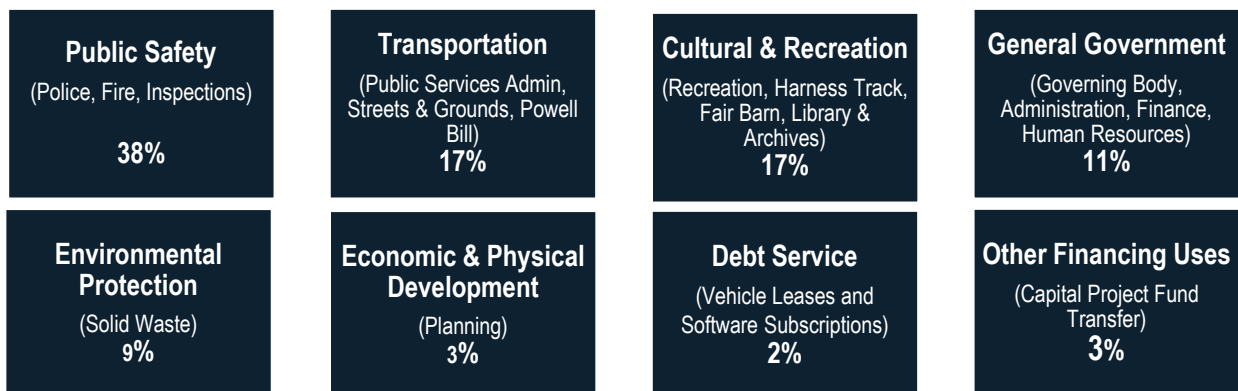
The FY 2027 budget includes a net decrease of 2 FTEs. Four vacant positions were eliminated and two positions are added: a police officer and a library associate. These changes will add capacity to provide public safety and support operations and expanded programming at the new library building. For more details, see the *Personnel Classification Summary*.

The FY 2027 budget includes \$4.3 million in capital investment, or 13% of total expenditures. Significant operating costs include funding for the IAPs supporting the Council's goals and objectives. The operating expenditures also include a \$1.5 million investment in street resurfacing devoted to improving the quality of Village streets (see the *Powell Bill* section for additional details).

### \$33.0 Million Budgeted Expenditures



## Expenditures by Function



## View the Budget Online

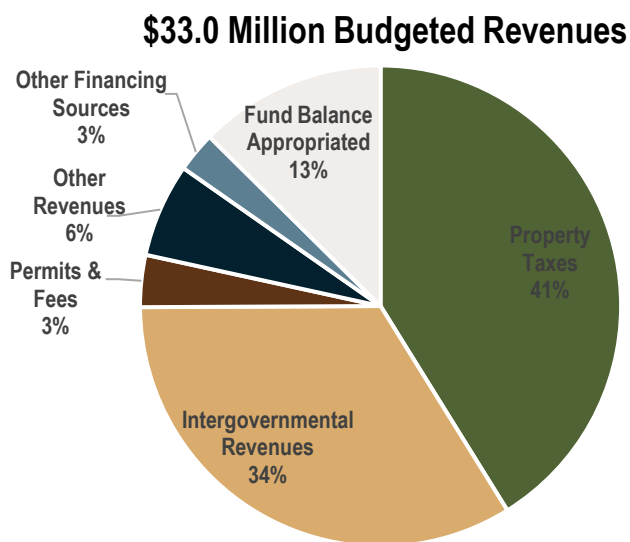
To view the FY 2027 Budget online, go to [www.vopnc.org/sop](http://www.vopnc.org/sop). On the Strategic Operating Plan launch page, you can open the entire FY 2027 Strategic Operating Plan document with a linked table of contents.

In FY 2027, the Village has \$496 thousand in debt service expenditures related to leases of capital assets, primarily vehicles, and software subscriptions. The other financing uses of \$912 thousand is a transfer from the General Fund to the Library Expansion Capital Project Fund to cover anticipated design and construction expenditures in FY 2027.

Overall, the FY 2027 budget totals \$33.0 million or 5.2% less than the prior year's amended General Fund budget as of December 31, 2025. The FY 2027 budget as presented results in a per capita expenditure of \$1,704 based on a projected population of 19,364.

## How is the Village of Pinehurst Funded in FY 2027?

The primary revenue source for the Village is property taxes, accounting for 41% of total revenues, or \$13.6 million. In FY 2027, the Village elected to adopt a tax rate of \$0.22 per \$100 of valuation, which is a half-cent less than the FY 2026 tax rate.



Intergovernmental revenues, which make up 34% of total General Fund revenues, include local option sales taxes, utility sales taxes, and grant funds. Of these, local option sales taxes are the largest revenue source for the Village, representing 20% of the total budget. Sales tax revenue for FY 2027 is projected to increase 4% compared to FY 2026.

The FY 2027 budget includes a fund balance appropriation of \$4.1 million to cover the library capital project fund transfer and other one-time capital. After accounting for the budget-to-actual variance the Village historically achieves, we estimate the Village will use nearly \$2.0 million of fund balance in FY 2027 resulting in an ending fund balance of \$16.2 million, or 49% of General Fund expenditures. This is above the Council's policy minimum of 30% and positions the Village to fund future capital plans.





# BUDGET MESSAGE



May 12, 2026

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) 2027 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 2027 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. Overall, the FY 2027 recommended budget maintains service levels, advances strategic priorities, and invests in critical infrastructure while preserving financial health and sustainability. It is a balanced, conservative budget that lowers the tax rate while investing in Pinehurst's future.

## **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. Actions and policies at the federal level are creating uncertainty in the national economy which could slow economic growth in the upcoming year and drive inflation up. Below is a summary of key economic factors that could impact the Village's operations:



### Sticky inflation

- 3.3% as of March 2026, up from 2.6% for calendar year 2025
- Increases salary and benefit costs since the cost-of-living adjustment (COLA) is based on the consumer price index (CPI)
- Increases other operating costs, such as service contracts that go up by CPI each year

### Fuel costs rose sharply in recent months

- Unleaded fuel is up 32% and diesel is up 59% from July 2025 to April 2026
- The Village's fleet uses over 130,000 gallons of unleaded and over 60,000 gallons of diesel per year
- The price of oil and fuel also affects the cost of other services, such as street resurfacing and solid waste collection contracts

### Sales tax growth continues to be volatile

- Over 17% growth experienced in FY 2021 and 2022 which dropped down to 6.9% in FY 2023 and 2024
- 3.5% growth in FY 2025 compared to statewide average of 1.7%
- 7.8% growth through seven months in FY 2026 versus statewide average of 4.5%
- Sales taxes are driven by consumer spending. Higher inflation and fuel prices could put pressure on household budgets and reduce sales tax revenues.
- Low, stable unemployment rate in Moore County of 3.2% supports consumer spending

### Tourism remains strong

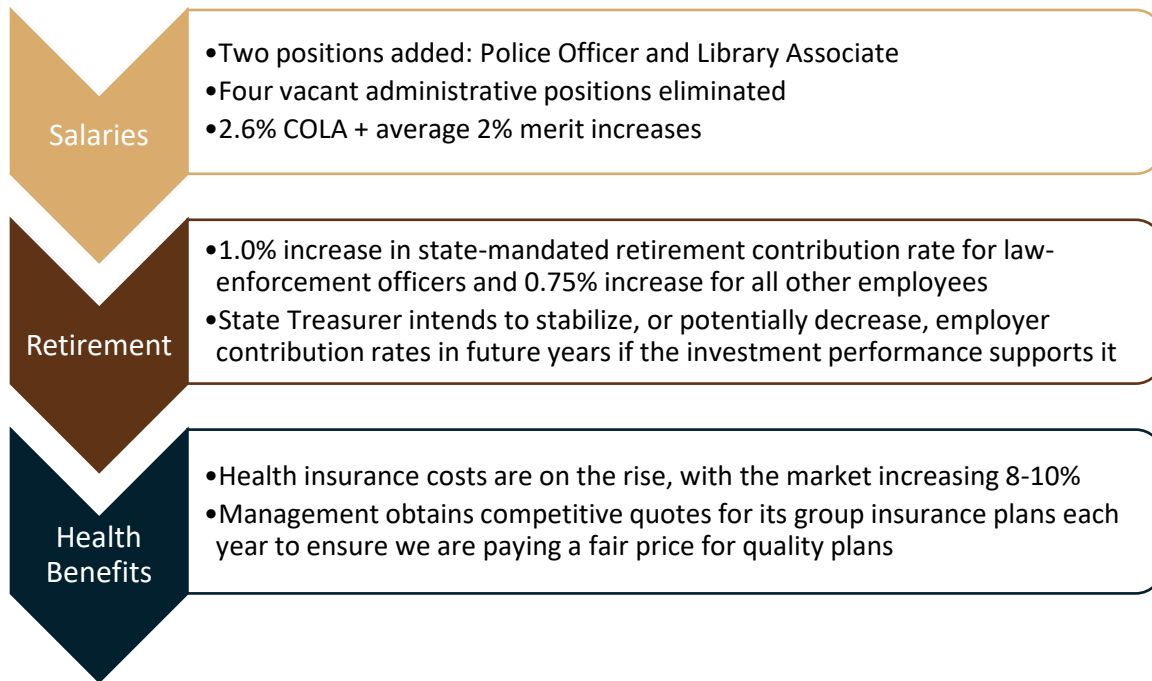
- United States Golf Association (USGA) anchor site in Pinehurst, with Pinehurst No. 2 hosting five U.S. Open Championships by 2047
- The June 2024 U.S. Open generated an estimated \$242.5 million in economic activity. The next U.S. Open is in June 2029.
- Long-term economic impact of the USGA presence in North Carolina is an estimated \$2 billion
- FirstHealth Moore Regional Hospital creates stable jobs and brings patients and their loved ones to the area from across the region to receive care at its highly rated facilities

### Population growth is steady

- According to the North Carolina State Demographer, Pinehurst's population grew 9% from 2020 to 2024, with annual increases peaking at 3% in 2021 and 2022 and tapering down to 1% in 2024
- Annual growth is projected to remain steady at 1% per year in coming years based on available lots and planned subdivisions
- Growth drives our need to plan for the long-term future, managing the impact of growth on the Village's unique character, infrastructure, transportation, staff capacity, and ability to provide high-quality services

The Village must ensure that it remains financially postured to respond to the effects of economic downturns, 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.

Personnel costs are the most significant portion of the Village's budget, accounting for 55% of expenditures. This is typical of governments as our workforce is essential to the quality services we provide. Critical factors impacting the Village's personnel costs are noted below, combining to increase the Village's salaries and benefits budget by over \$1 million compared to the FY 2026 original budget:



### **Budget Priorities**

The recommended FY 2027 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 affirmed nine strategic goals:



Safeguard the community



Support high quality neighborhoods, development, and appearance



Support a thriving business community



Support and promote transportation mobility and connectivity



Preserve the quality of the environment



Promote active living and cultural opportunities



Professionally manage a high-performing organization



Attract and retain an engaged workforce



Maintain a healthy financial condition

In FY 2026, Village Council approved the addition of six firefighter positions to staff a quick-response unit (QRU) with the goal of reducing fire and rescue response times. These positions were filled in January 2026 and 75% of the salaries and benefits are funded by a federal grant. We will monitor the effect on response times to determine the impact of the QRU and what next steps may be necessary to achieve our goal.

Balancing development with the preservation of our community's character and level of service remains a priority in budget planning and decision making. 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 monitoring of short-term rentals, redevelopment of Village Place, and implementing the Multi-Modal Transportation Plan, Stormwater Master Plan and Parks and Recreation Master Plan. These strategies will ensure the Village grows in a way that helps us remain a charming, historic, and vibrant community.

In April 2022, the Given Memorial Library and Tufts Archives were transferred to the Village. A condition of the transfer agreement was future expansion of the library and archives. Construction of a new library is underway and the renovation of the Tufts Archives in the existing building is in the design phase. The new Given Memorial Library building is expected to open by the end of FY 2027. The Tufts Archives renovation would follow the opening of the new library.

The five-year planning period includes six Initiative Action Plans (IAPs) with incremental funding of \$16,455,850 to achieve the target performance levels on the BSC. The *Strategic Priorities* section of this document provides more 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                                   | 2026-2031      |
| Support high quality neighborhoods, development, and appearance | Ensure codes and ordinances protect the character of Village neighborhoods | Monitor and enforce the short-term rental ordinance           | 2026-2031      |
| Support a thriving business community                           | Support the business community                                             | Redevelop Village Place                                       | 2027-2030      |
| Support and promote transportation mobility and connectivity    | Provide a safe and effective multi-modal transportation system             | Implement the Multi-Modal Transportation Plan                 | 2026-2031      |
| Preserve the quality of the environment                         | Manage stormwater systems                                                  | Implement the Stormwater Master Plan                          | 2026-2031      |
| Promote active living and cultural opportunities                | Provide Library and Archive services                                       | Expand and renovate Given Memorial Library and Tufts Archives | 2023-2031      |

Funding to maintain current service levels has been provided. Service level improvements are focused in public safety and transportation with targeted investments of resources.

The following pages provide details of the FY 2027 recommended General Fund budget, including context that is helpful in understanding budget decisions and changes in the budget from the prior year.



## **FY 2027 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 2027 SOP, Village Management adhered to its budget and financial planning policy, 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 2027 recommended General Fund budget totals \$32,988,340. This is a 5% decrease from the FY 2026 amended General Fund Budget as of December 31, 2025 of \$34,800,503, 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 \$1,704 based on a projected population of 19,364.

Approximately 85% 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 \$4,143,180 of appropriated fund balance to fund significant capital investments in FY 2027, primarily the new library and archives renovation and a fire truck replacement. 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 2027, we will draw approximately \$1,954,000 from fund balance, which will cause fund balance to decrease to 49% of budgeted expenditures. This is above the Council's adopted policy minimum of 30%. This positions the Village well to fund Initiative Action Plans and other 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.

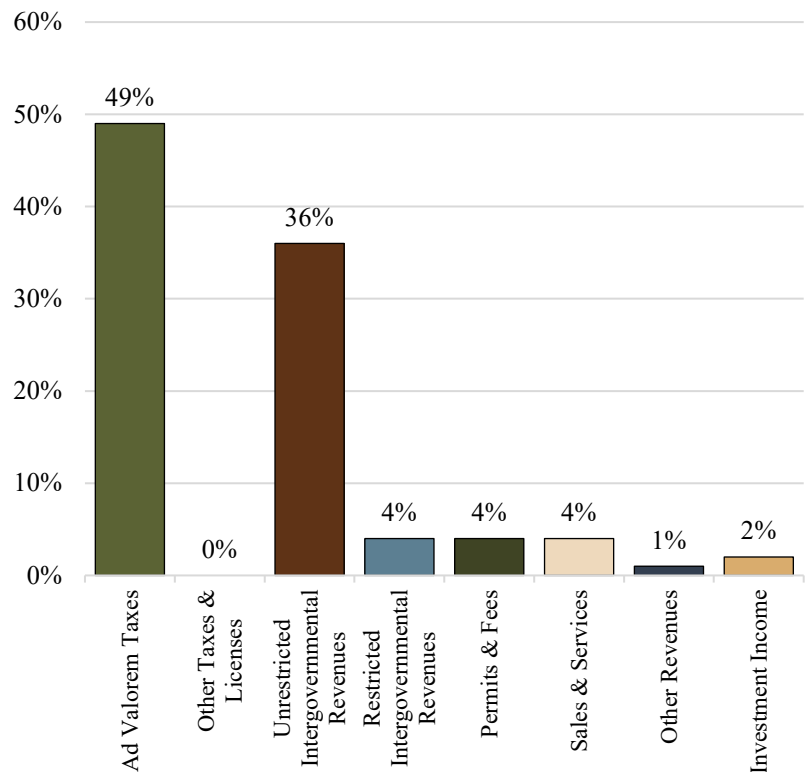
### Ad Valorem Taxes (Property Taxes)

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."

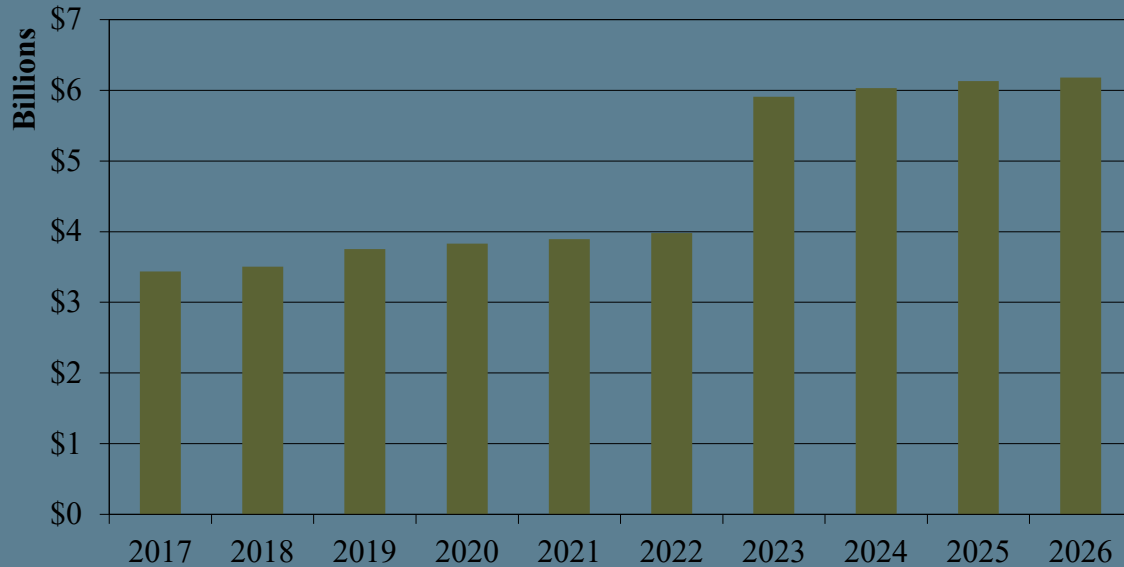
In North Carolina, property tax rates are customarily expressed in dollars per \$100 of valuation. The maximum property tax rate allowed in North Carolina is \$1.50 per \$100 of valuation. This proposed budget recommends a property tax rate of \$0.22 per \$100 of valuation, which is the lowest municipal tax rate in Moore County. This tax rate is a half-cent less than the previous year and the tax rate planned for FY 2027 in the FY 2026 SOP. This means that for every \$100,000 in value of property, \$220 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 2027 property tax revenue is based on property values as of January 1, 2026.

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 \$608,000 in revenue, net of collection fees. Total ad valorem tax revenues are projected to be \$13,591,000 in FY 2027. 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 49% of the General Fund's operating revenues.

Operating Revenues By Type

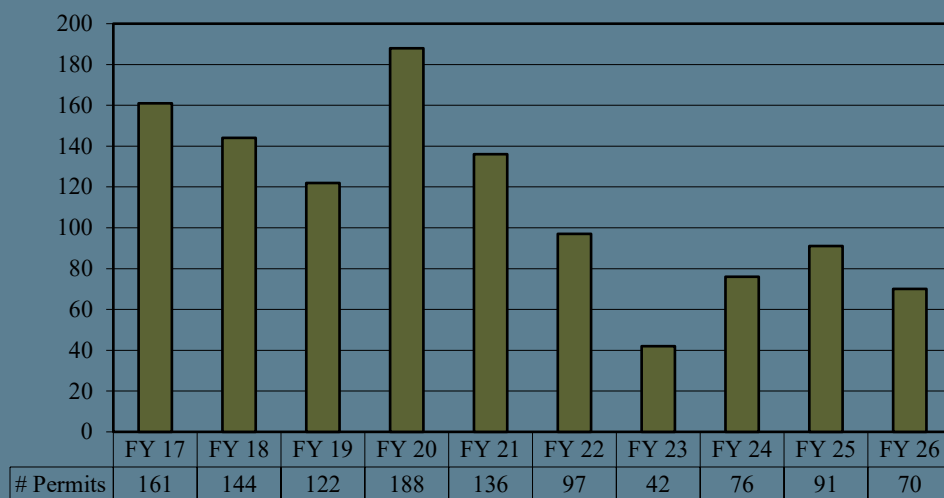


### Real and Personal Property Assessed Value By Tax Year



Our budget estimates assume an average growth in the property tax base of 0.7% for real property and 4.0% for motor vehicles for FY 2027. 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 slowed to 42 homes in FY 2023 and has steadily increased the last few years with 76 in FY 2024 and 91 in FY 2025. Seventy (70) new homes are projected in FY 2026.

### New Home Construction Permits



## Intergovernmental Revenues

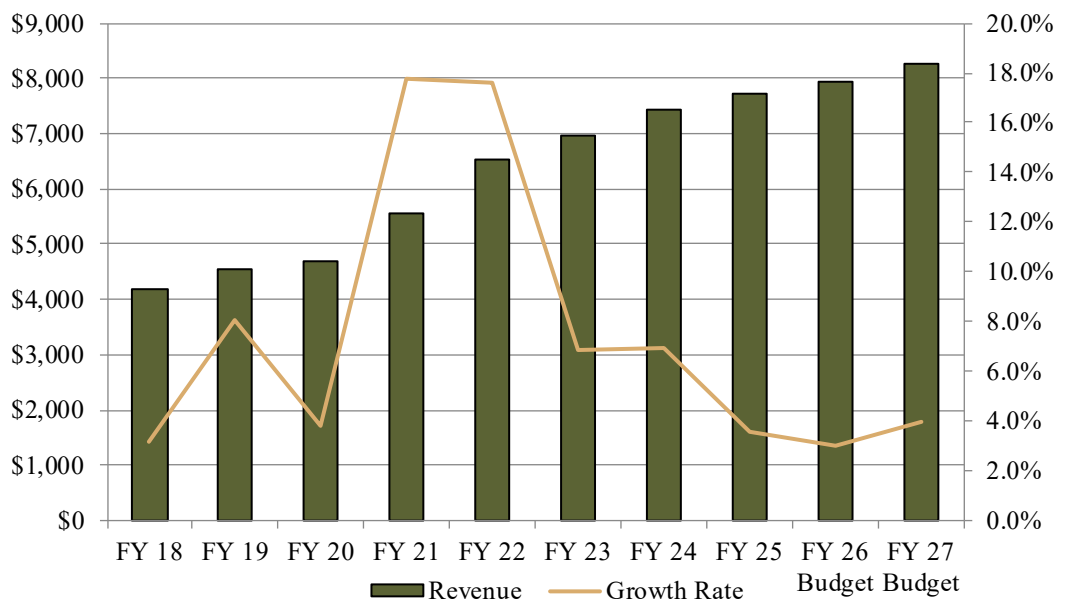
Intergovernmental revenues consist primarily of the local option sales taxes, utility sales taxes, hold harmless sales tax reimbursements, the Powell Bill allocation, and other grant revenues.

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. 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 (per capita) 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 30% of the Village's operating revenues, or \$8,258,000 in FY 2027. This represents an increase of 4.0% from the previous year's budget. FY 2026 local option sales tax revenues are up 7.8% year-over-year, compared to the statewide average growth of 4.5%. Moore County's sales tax growth typically outpaces the statewide average as its golf and healthcare tourism economy tends to be stable through economic changes. 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.

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



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 \$704,000 in FY 2027, which is consistent with the FY 2026 actual Powell Bill allocation. The Village also plans to receive approximately \$479,000 in other grants restricted for firefighter salaries and benefits and the design of a greenway trail.

Total intergovernmental revenue is estimated to be \$11,138,700 for FY 2027, an increase of approximately 2.6% over budgeted intergovernmental revenues in FY 2026, and they account for approximately 40% of General Fund operating revenues.



**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 \$1,147,500 in FY 2027, or approximately 4% of total General Fund operating revenues. This is an increase of 0.9% over budgeted permits and fees revenue in FY 2026.

**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 (SMPO) for the Village's role as the lead planning agency. Total revenues in this category are expected to be \$987,750, or approximately 4% of total General Fund operating revenues. This is an increase of 6.8% from budgeted sales and services revenue in FY 2026, driven by Harness Track facility rentals and the SMPO fees.



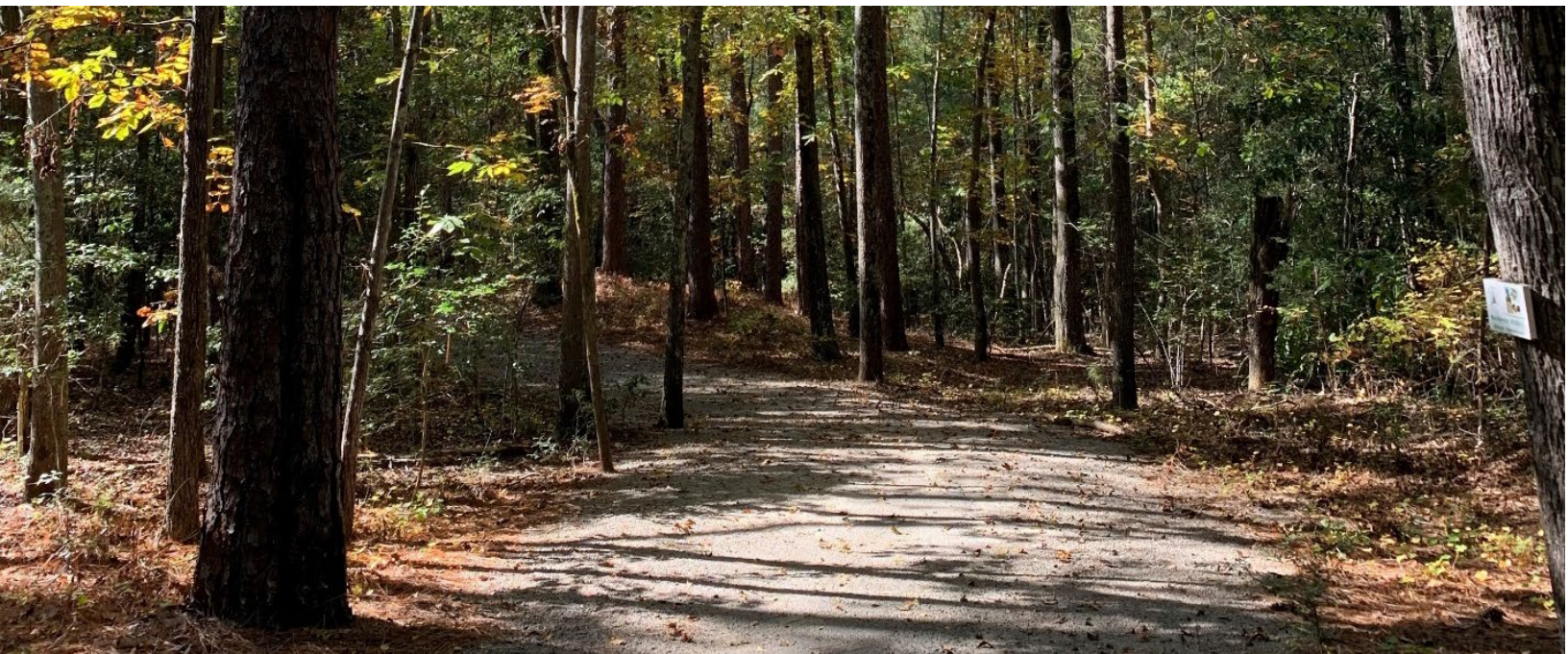


**Investment Income**

Investment income consists primarily of earnings on cash and investments in the North Carolina Capital Management Trust (NCCMT) and North Carolina Investment Pool (NCIP). These portfolios focus on preservation of principal and liquidity and returns closely track 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 25% from the FY 2026 amended budget down to \$634,800 in FY 2027.

**Other Financing Sources**

In FY 2026, the Village began its partnership with Enterprise Fleet Management to optimize its fleet. Passenger vehicles are leased with Enterprise in a phased approach over five years. The Other Financing Sources of \$889,100 in FY 2027 represents \$739,100 for the estimated lease obligations that will be incurred to replace 18 vehicles plus \$150,000 for estimated proceeds from the sales of assets, including the vehicles replaced with leases.



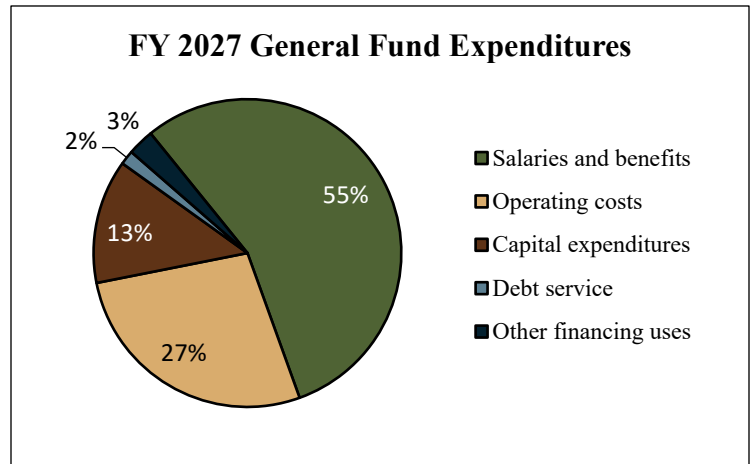
## Expenditures by Category

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

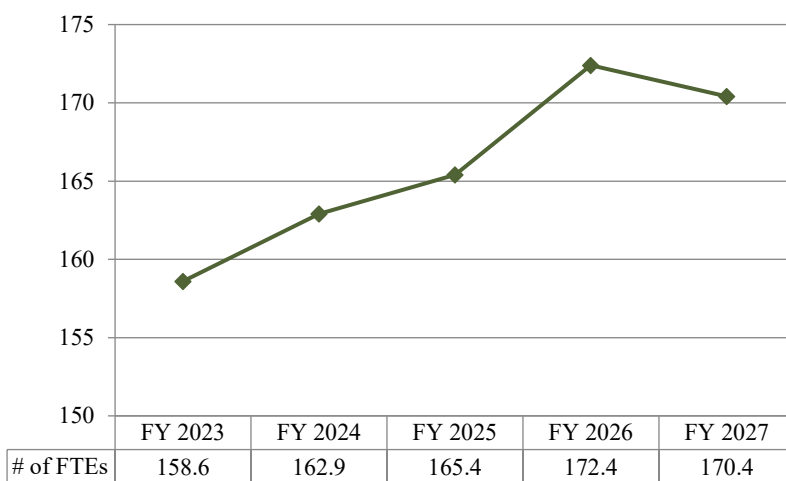
### Salaries and Benefits

Salaries and benefits for the Village's 170.4 full-time equivalents (FTEs) account for \$18,251,800, or 55%, of the total General Fund budget in FY 2027. 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, then calendar 2026 premiums were flat. 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 2027 renewal. The Village pays for 100% of employee coverage.

### Budgeted Number of Full-Time Equivalents



The FY 2027 budget recommends a net reduction of two FTEs. Four vacant full-time positions were eliminated, and two full-time positions are recommended to be added: a police officer and a library associate. These positions have an estimated cost of \$128,000 for salary and benefits in FY 2027. The chart to the left illustrates the budgeted number of FTEs for the past five years and shows the increased staff capacity needed to serve a growing population, as well as diligent position control to ensure Village resources are used effectively. More information on the Village's authorized positions can be found in the *Personnel Classification Summary* section of this document.

The Village provides an annual cost of living adjustment (COLA). A total of \$389,400 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 2027, this equates to 2.6%. Adjustments are effective July 1 on a pro-rated basis for employees employed during the prior fiscal year.

An additional \$275,400 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 and merit increases result in an estimated increase in salaries and benefits of \$665,800.

### **Operating Costs**

This category of expenditures accounts for \$9,034,840 or 27% of the total General Fund budget. This is an increase of 3.4% from the FY 2026 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 \$4,294,000, or 13% of the total General Fund budget. This represents a decrease of 38% from the previous year's General Fund capital expenditures, largely due to funding for major sidewalk and stormwater projects and a land acquisition in FY 2026. 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 2027 can be found in the *Capital Improvement Plan* section of this document. The list below highlights the notable capital items:

- Seven (7) leased Police vehicles,
- Eleven (11) other leased vehicles,
- One (1) garbage truck,
- One (1) fire pumper truck,
- Sidewalks to the new library,
- Stormwater drainage projects,
- Sidewalks and walkways,
- Harness Track and Fair Barn improvements, and
- Restoration of trail bridges.

### **Debt Service**

In FY 2027, the Village estimates \$495,700 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 67% over the FY 2026 budgeted debt service due to the addition of vehicle leases through Enterprise Fleet Management.

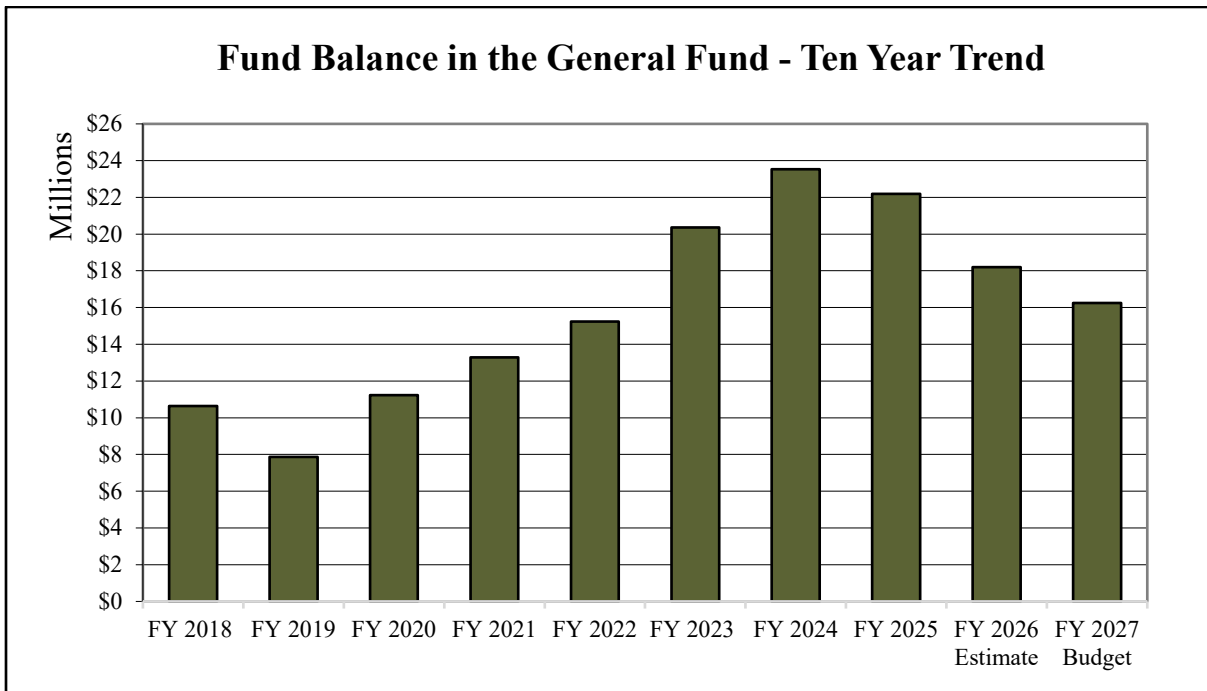
### **Other Financing Uses**

Other financing uses represent transfers out of the General Fund to other funds. The budget for FY 2027 includes a transfer of \$912,000 to the Library Expansion Capital Project Fund to cover the design and construction expenditures anticipated in FY 2027 for the archives renovation and new library building, less the available fund balance in the capital project fund from prior year transfers.



### Fund Balance

At June 30, 2026, the Village's fund balance in the General Fund is projected to be nearly \$18.2 million, or 52% of the FY 2026 budget. The budget as proposed for FY 2027 will decrease the fund balance by \$2.0 million to approximately \$16.2 million, or 49% 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 savings in salaries and benefits from vacant positions. The projected decrease in fund balance is driven by the planned use of fund balance for the library and archives and other significant one-time capital investments.



### Balanced Recommended General Fund Budget

As required by North Carolina General Statutes, the recommended budget is balanced. In other words, total revenues and fund balance appropriations equal total expenditures. The budget is based on an ad valorem tax rate of \$0.22 per \$100 valuation for the General Fund and a fund balance appropriation (i.e. use of fund balance to balance the budget) of \$4,143,180. The recommended budget projects an ending fund balance of 49% of FY 2027 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 \$1.0 million in developing the FY 2027 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 2027 General Fund budget:

| Revenues by Type                        | FY 2027<br>Budgeted | Expenditures by Function        | FY 2027<br>Budgeted |
|-----------------------------------------|---------------------|---------------------------------|---------------------|
| Ad Valorem Taxes                        | \$ 13,591,000       | General Government              | \$ 3,778,153        |
| Other Taxes & Licenses                  | 5,000               | Public Safety                   | 12,420,278          |
| Unrestricted Intergovernmental Revenues | 9,931,000           | Transportation                  | 5,655,831           |
| Restricted Intergovernmental Revenues   | 1,207,700           | Environmental Protection        | 3,042,610           |
| Permits & Fees                          | 1,147,500           | Economic & Physical Development | 1,150,140           |
| Sales & Services                        | 987,750             | Cultural & Recreation           | 5,533,628           |
| Other Revenues                          | 451,310             | Debt Service                    | 495,700             |
| Investment Income                       | 634,800             | Operating Expenditures          | 32,076,340          |
| Operating Revenues                      | 27,956,060          | Other Financing Uses            | 912,000             |
| Other Financing Sources                 | 889,100             | Total Expenditures              | \$ 32,988,340       |
| Fund Balance Appropriations             | 4,143,180           |                                 |                     |
| Total Revenues                          | \$ 32,988,340       |                                 |                     |

### **FY 2027 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 \$698,077 for FY 2027. The expenditures are funded from a combination of federal and state grants and member dues. 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 26, 2026 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](http://www.vopnc.org/sop).

I wish to express my thanks to the Village Council and senior leadership for their support in developing this FY 2027 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



# 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 nineteen consecutive years and has been awarded the Special Recognition for Performance Measures in six of those years. The Village also received the Long-Range Operating Financial Plans Special Recognition for the first time for the Fiscal Year 2025 SOP and the Strategic Goals and Strategies Special Recognition for the first time for the Fiscal Year 2026 SOP.

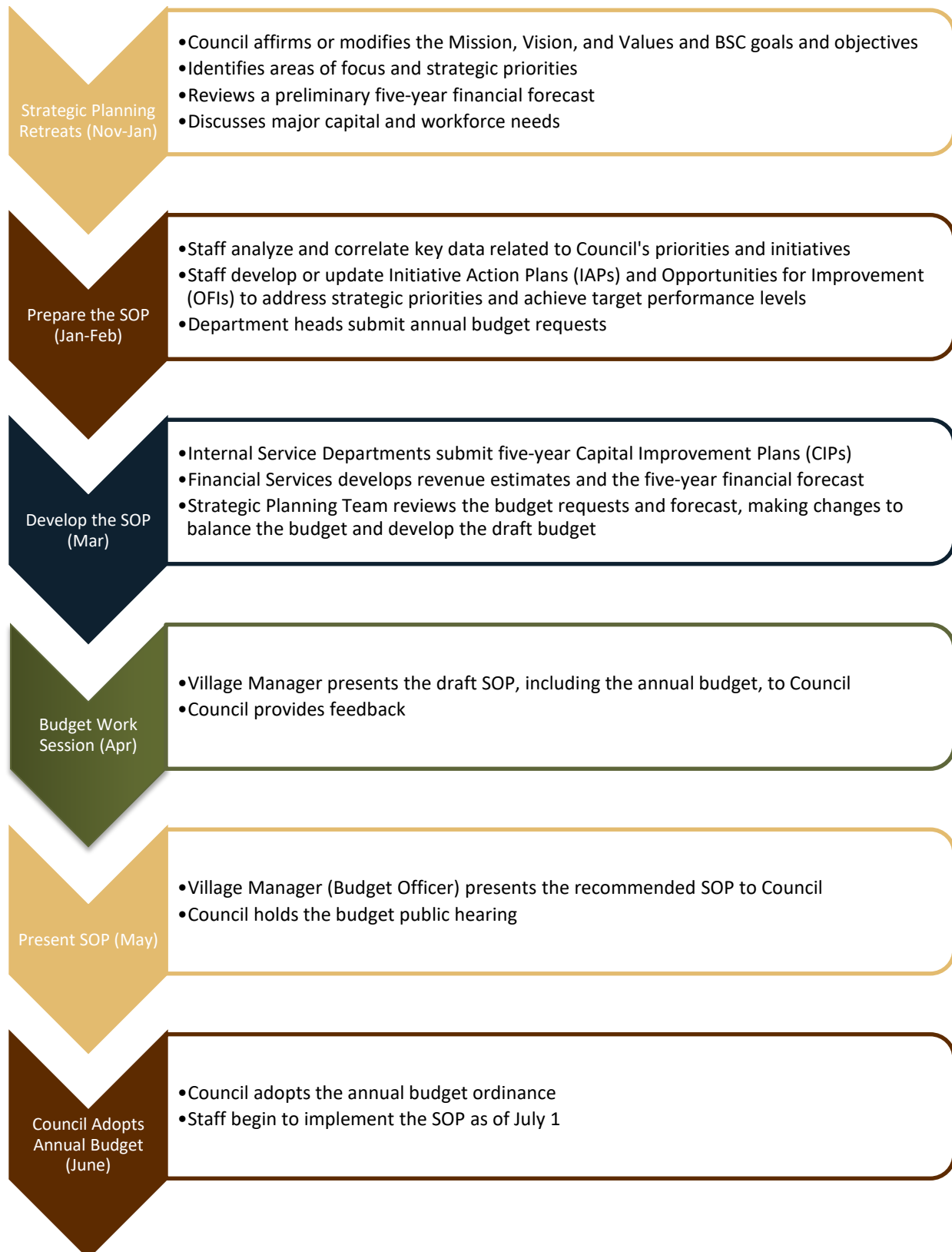
## **What's New in the Document This Year?**

In the spirit of continuous improvement, several enhancements have been made to the 2027 SOP. The most significant changes made in this year's document to make it more useful to the reader include:

- The *About Village Services* section has been combined into the *General Fund* section to reduce redundancy and consolidate information related to functions and departments, including staffing, responsibilities, services provided, budgets, and contact information, into one place. This makes it easier to tie the recommended budget to the needs of each department.
- The *Capital Project Funds* section has been combined into the *Capital Improvement Plan* section to reduce redundancy and consolidate information related to capital projects and plans into one place.
- More tables, graphics and other 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](mailto: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*

### Budget and Financial Planning Policy

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                                                                                                                                                                                              |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>• Recurring revenues support operations and routine capital replacements</li> <li>• Major capital projects are funded through fund balance or other sources</li> </ul> | <ul style="list-style-type: none"> <li>• Open, transparent, and inclusive process</li> <li>• Financial information is readily available in understandable formats</li> </ul> | <ul style="list-style-type: none"> <li>• Five-year financial forecast</li> <li>• Five-year capital improvement plans</li> <li>• Address future growth and needs</li> <li>• Ensure financial sustainability</li> </ul> | <ul style="list-style-type: none"> <li>• Make progress on community's goals</li> <li>• Comprehensive plan, master plans, community and business surveys</li> <li>• Expenditures align with priorities</li> </ul> |

This policy also provides the framework for budgeting revenues and expenditures, budget balancing, the budget development calendar, long-term financial planning, and accountability for compliance with the adopted budget. This policy was formally adopted effective July 1, 2025 based on principles and guidelines that have existed in practice at the Village for many years. Some key guidelines contained in the Budget and Financial Planning Policy are described below.

### *Operating Budget Guidelines*

Pursuant to the NCGS §159-8 the Village will adopt a balanced budget, which provides a work program and an operational plan for the upcoming 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 Generally Accepted Accounting Principles (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 90%-93% of operating revenues to be spent on operating expenditures. This ensures that 7%-10% 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. Funding source alternatives (tax revenues, fees and charges, grants, debt, etc.) are considered when appropriate to fund certain expenditures.

#### *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.

#### **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.

#### **Accounting and Financial Reporting Policy**

The Accounting and Financial Reporting Policy establishes the guidelines and procedures for accounting and financial reporting for the Village of Pinehurst. It aims to ensure transparency, accuracy, consistency, and accountability in the Village's financial operations. This policy is designed to comply with GAAP, NCGS, and other relevant regulatory requirements. It defines the measurement focus and basis of accounting for financial reporting, audit requirements, internal control expectations, and accountability.

### **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.

### **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 2026 with the changes effective July 1, 2026 for FY 2027.

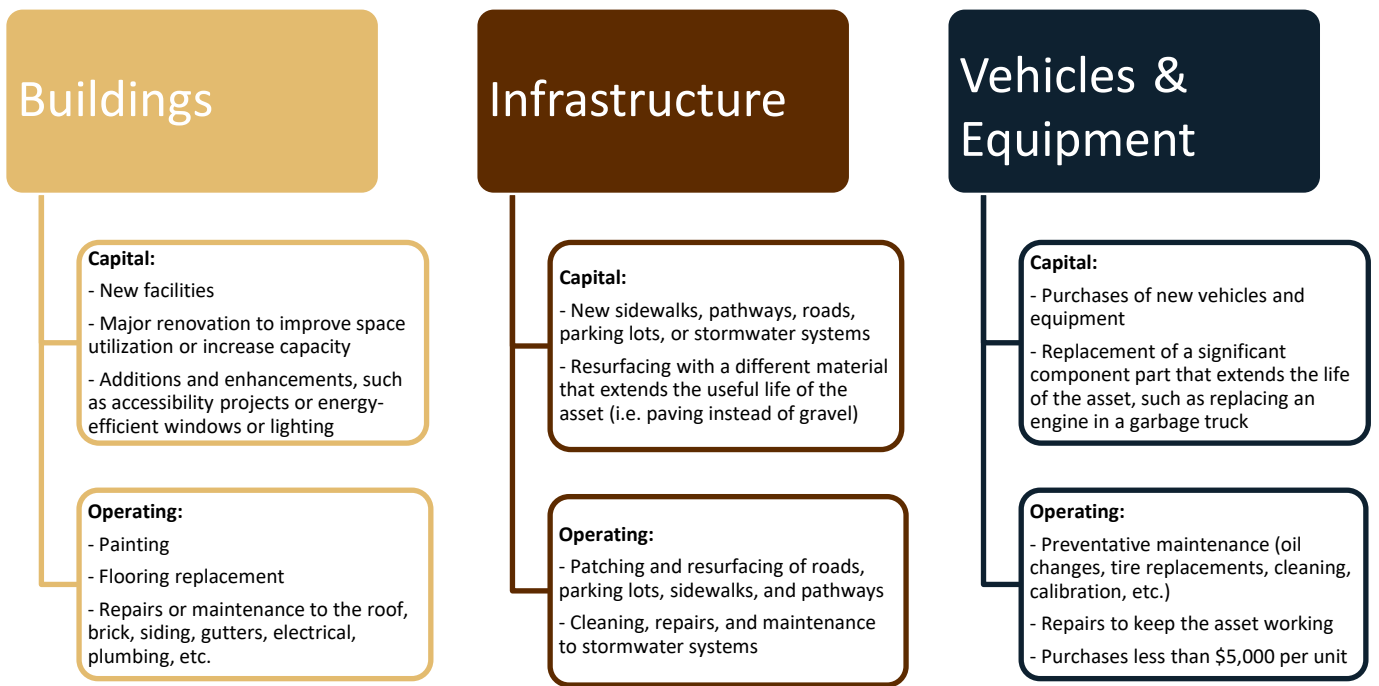
### **Purchasing and Contracting Policy**

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 2025.

### **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 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 and have a total cost of \$50,000 or more. 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 2025.



### Debt Policy

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. Per the Debt Policy, 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 asset, and
- The asset will benefit both current and future citizens of the Village.

The policy identifies four key debt capacity indicators that are evaluated on a regular basis. By state law the Village must limit the total of all debt issued to no more than 8% of the total assessed valuation. The Village also 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. The Village may utilize the authority granted within the NCGS for lease or installment purchase contracts when deemed appropriate.

This policy was formally adopted effective July 1, 2025 based on principles and guidelines that have existed in practice at the Village for many years.

## 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 for budgeting, accounting, and financial reporting. 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 Village does not currently have any enterprise, proprietary, or fiduciary funds that require the use of the full accrual basis of accounting.

The full cost of capital asset acquisitions is 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).

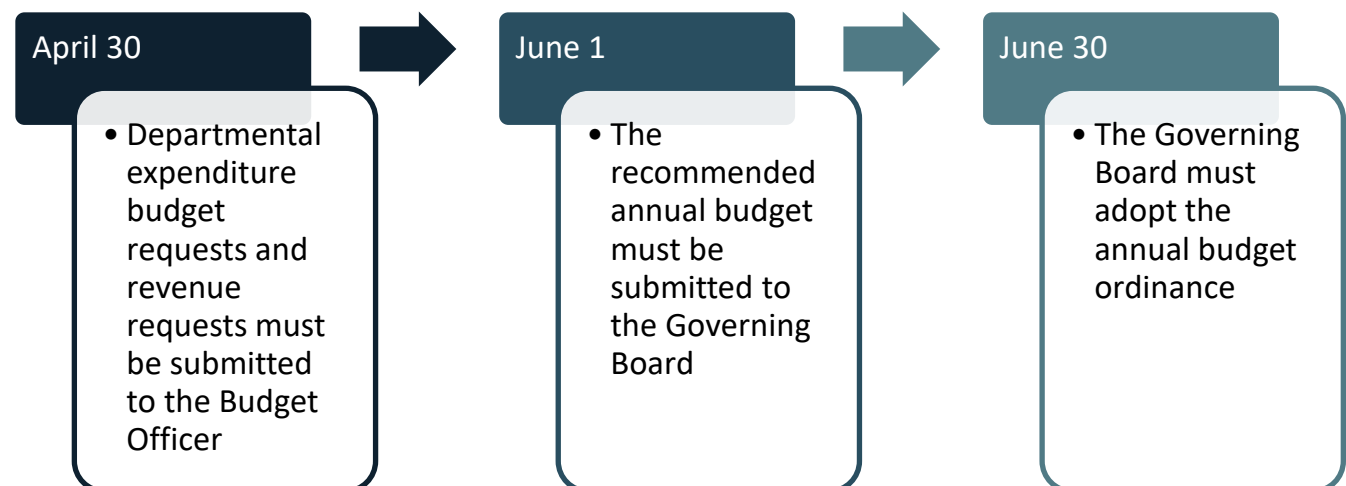
All revenues and expenditures must be included in the annual budget ordinance or the appropriate capital and/or grant project ordinances. Any operational appropriations that are not expended or encumbered shall lapse at the end of the fiscal year.

### 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.

## 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 contain the appropriations, the estimated revenues, and the property tax levy as well as the tax rate. 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 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 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 surveys every other year to gather input from residents and businesses on a broad spectrum of Village services. The community survey had been completed annually for thirteen years through 2024, giving the Village a wealth of historical data to observe trends and compare to benchmarks. The Village switched to bi-annual surveys after 2024 to reduce costs and give the Village time to make progress on initiatives before conducting another survey. The next survey will be completed in 2026. 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-two 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 of 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. See the *General Fund* section for definitions of the functions and more information on the departments.

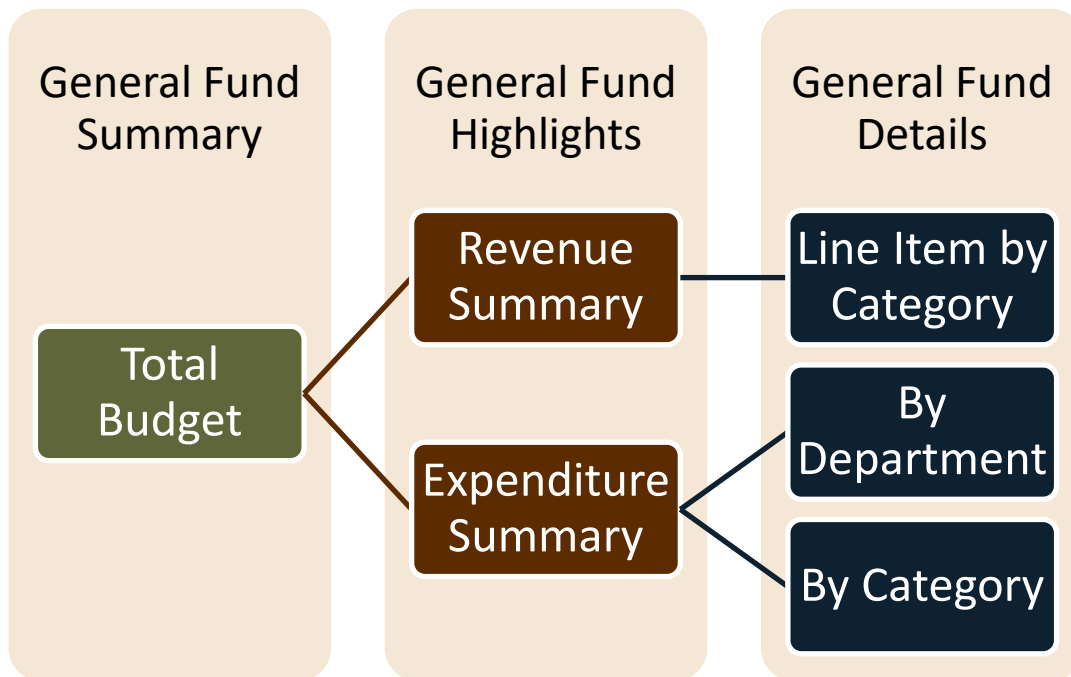
How do the individual departments fit into the functional and fund accounting process? Each department is a subsection of both a function and a fund. Each department or division belongs to one function and its activities are funded by one or more funds. A fund can include any number of departments, including 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 &amp; Physical Development</i>   |                                                                                       |                                                                                       |
| Planning                                     |  |                                                                                       |
| <i>Cultural &amp; 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 2027 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.

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 2025 Actual                                                                                                                      | FY 2026 Budget | FY 2026 Estimated                                                | FY 2027 Budgeted | Percent Change                                            |
| Salaries & Benefits  | \$ 277,192                                                                                                                          | \$ 318,300     | \$ 319,600                                                       | \$ 336,300       | 5.7%                                                      |
| Operating            | 318,622                                                                                                                             | 421,039        | 413,869                                                          | 458,090          | 8.8%                                                      |
| Capital              | 195,715                                                                                                                             | 317,660        | 311,996                                                          | 360,828          | 13.6%                                                     |
| Expenditures Total   | \$ 791,529                                                                                                                          | \$ 1,056,999   | \$ 1,045,465                                                     | \$ 1,155,218     | 9.3%                                                      |

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

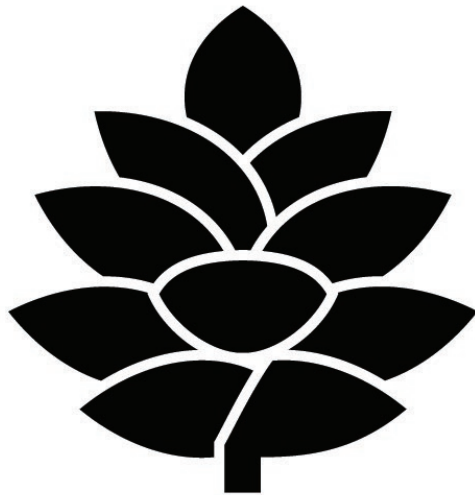
All expenditures not directly related to Salaries & Benefits or Capital

Includes expenditures for land, buildings, equipment, vehicles, and other expenditures exceeding \$5,000 for tangible assets or \$50,000 intangible assets, 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 *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. These sections include information regarding capital project funds underway, and future plans for capital project funds that are included in the SOP for each of the Village's existing or planned capital project funds. 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. 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 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.



**FY 2027 Strategic Operating Plan Calendar**

The Village utilized the following schedule in identifying strategic priorities, which drove the preparation and adoption of the 2027 Strategic Operating Plan and FY 2027 budget:

| Dates                 | Activity                                                                                                                                                                           |
|-----------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| September 9, 2025     | State of the Village reviewed with Council                                                                                                                                         |
| November 19, 2025     | Presented five-year financial forecast to Council at financial briefing                                                                                                            |
| December 12, 2025     | Village Council held Strategic Planning Retreat Brainstorming Session                                                                                                              |
| January 21, 2026      | Village Council held Strategic Planning Retreat                                                                                                                                    |
| January 29, 2026      | FY 2027 Strategic Operating Plan (SOP) Kickoff Meeting for Senior Leadership                                                                                                       |
| February 20, 2026     | Senior leaders submitted departmental SOP forms to Financial Services Department after consultation with their respective Village Manager                                          |
| February – March 2026 | Financial Services Department estimated revenues in conjunction with senior leader input, prepared centrally budgeted expenditure requests, and consolidated departmental requests |
| March 16-20, 2026     | Strategic Planning Team held Strategic Operating Plan Workshops with senior leaders to discuss their submitted plans                                                               |
| March 26, 2026        | Strategic Planning Team held Strategic Operating Plan Workshop for budget balancing                                                                                                |
| April 14, 2026        | Village Manager presented the draft budget to Council and held the budget work session with the Village Council                                                                    |
| May 7, 2026           | Village Manager submitted the recommended Strategic Operating Plan to the Village Council                                                                                          |
| May 12, 2026          | Village Manager presented the recommended Strategic Operating Plan to the Village Council                                                                                          |
| May 26, 2026          | Village Council held a public hearing on the FY 2027 Budget                                                                                                                        |
| June 9, 2026          | Village Council adopted the FY 2027 Budget Ordinance and the Strategic Operating Plan                                                                                              |
| July 1, 2026          | FY 2027 SOP implemented                                                                                                                                                            |

## FY 2027 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)<br>Cost                                                                                                                   |
|---------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|
| Expand and Renovate 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 with enhanced resources and programming.                                                | The library is currently under construction with expected completion in FY 2027. The Tufts Archives renovation is currently being designed with the design completion and construction bidding planned during FY 2027.                                                                                                                    | Library,<br>Administration<br><br><i>Cost:</i><br><i>\$8,459,000</i>                                                                    |
| Implement the Multi-Modal Transportation Plan                 | The Village Council adopted the comprehensive Multi-Modal Transportation Plan in 2025 aimed at improving accessibility for bicycles, pedestrians, and golf carts.                                                   | Sidewalk construction along Juniper Creek Boulevard in the Pinehurst No. 6 neighborhood will be completed by the end of FY 2026. Future projects are focused in the Lake Pinehurst area and Airport Road.                                                                                                                                 | Planning,<br>Streets &<br>Grounds<br><br><i>Cost:</i><br><i>\$3,213,000</i>                                                             |
| Implement the Stormwater Master Plan                          | Implement improvements in the Stormwater Master Plan adopted in 2023.                                                                                                                                               | The Village hired a stormwater technician who will focus on implementing the adopted Stormwater Master Plan.                                                                                                                                                                                                                              | Administration,<br>Planning,<br>Inspections<br><br><i>Cost:</i><br><i>\$460,000 per year</i>                                            |
| 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 hired six (6) additional firefighters in FY 2026 to staff the QRU. A portion of the salaries and benefits are funded by a grant. Staff and Village Council will monitor metrics to measure the impact of the QRU and assess the need to move to the next phase of the recommended plan which would add a third fire facility. | Fire<br><br><i>Cost:</i><br><i>\$494,000-</i><br><i>\$594,000 per year in operating</i><br><i>\$400,000 for design of fire facility</i> |

| Project                                           | Description                                                                                                         | Status                                                                                                                                                                                                                 | Department(s)<br>Cost                                                                                    |
|---------------------------------------------------|---------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|
| Redevelop Village Place                           | This redevelopment is poised to support continued growth and vibrancy in the area according to the Small Area Plan. | The Village will engage a real estate advisor to provide redevelopment strategy recommendations for future investment. The Village plans to invest in the infrastructure (roads and sidewalks) to promote development. | Administration, Streets & Grounds<br><br><i>Cost: \$50,000 for advisor; \$800,000 for infrastructure</i> |
| Short-Term Rental (STR) Monitoring and Compliance | Continue to enforce Ordinance #22-15, which prohibits new short-term rentals.                                       | The Village has STR monitoring software. This tool helps identify STRs and provides staff with information to enforce compliance.                                                                                      | Administration, Planning, Inspections<br><br><i>Cost: Approximately \$47,000 per year</i>                |

**Additional Noteworthy Projects:**

- **Fair Barn Improvements:** The Fair Barn will receive upgrades totaling \$170,000 to its light dimmer panel, window coverings, and bridal suite. This work is partially funded by a \$75,000 grant from the Convention and Visitor's Bureau One-Time Capital Project Fund received in FY 2026.
- **Harness Track Improvements:** The main Harness Track road will be paved to reduce maintenance costs and improve the visitor experience traveling around the Harness Track. Additionally, two barns will have sewer connections installed and ongoing improvements to grooms quarters, restrooms, and waste containment bins will be completed in FY 2027, totaling \$350,000 in investments in the Harness Track.
- **Fire Pumper Truck Replacement:** The Village will replace a pumper truck that is at the end of its twenty-year life at an estimated cost of \$1 million.
- **Document Imaging:** Staff are being trained on new software to digitize documents, streamlining workflows and improving efficiency.
- **Historical Pathways Restoration:** \$50,000 will be invested in the restoration of historical pathways within the Village.

### 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. 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 for FY 2027-2031, which is described more fully in the *Five-Year Financial Forecast* section, is summarized below.

| Five-Year Financial Forecast             |                   |                 |                 |                   |                   |
|------------------------------------------|-------------------|-----------------|-----------------|-------------------|-------------------|
| <i>\$ in thousands</i>                   | FY 2027           | FY 2028         | FY 2029         | FY 2030           | FY 2031           |
| <b>Tax Rate per \$100 valuation</b>      | <b>\$ 0.22</b>    | <i>Note 1</i>   | <i>Note 1</i>   | <i>Note 1</i>     | <i>Note 1</i>     |
| General Fund Operating Revenues          | \$ 27,956         | \$ 29,431       | \$ 29,608       | \$ 29,276         | \$ 29,652         |
| General Fund Operating Expenditures      | 27,782            | 28,840          | 29,957          | 30,816            | 31,831            |
| Operating Income                         | \$ 174            | \$ 591          | \$ (349)        | \$ (1,540)        | \$ (2,179)        |
| Other Financing Sources                  | 889               | 788             | 579             | 466               | 1,494             |
| Capital Expenditures                     | 4,294             | 3,455           | 2,347           | 2,506             | 3,911             |
| Transfer to Capital Project Funds        | 912               | 1,118           | 400             | -                 | -                 |
| Total Expenditures                       | \$ 32,988         | \$ 33,413       | \$ 32,704       | \$ 33,322         | \$ 35,742         |
| Budget-to-Actual Variance                | 2,190             | 2,280           | 2,357           | 2,411             | 2,479             |
| <b>Projected Change in Fund Balance</b>  | <b>\$ (1,954)</b> | <b>\$ (914)</b> | <b>\$ (160)</b> | <b>\$ (1,168)</b> | <b>\$ (2,117)</b> |
| <b>Fund Balance as a % of Total Exp.</b> | <b>49.2%</b>      | <b>45.9%</b>    | <b>46.4%</b>    | <b>42.0%</b>      | <b>33.2%</b>      |
| <b>Estimated Operating Margin</b>        | <b>0.90</b>       | <b>0.90</b>     | <b>0.93</b>     | <b>0.96</b>       | <b>0.94</b>       |

**Note 1:** Property values should be reassessed by Moore County as of January 1, 2027 for the FY 2028 tax revenues. The Village will change the tax rate based on the results of the revaluation which are unknown at this time. Projected tax rates are not displayed for this reason. The estimated property tax revenues needed to support the five-year financial forecast are displayed.

### 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.
- Two police officer positions are added in FY 2028.
- Completion and additional staffing of the new Given Memorial Library and renovated Tufts Archives in FY 2028.
- Other capital investments as detailed in the *Capital Improvement Plan* section.



## Background

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 elected 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 the delivery of municipal services accordingly.

## 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 – encompasses departments that are administrative in nature and broadly support the operations of the other functions that provide services directly to the community.



- Public Safety – includes departments that protect the people and property within the Village limits.
- Transportation – covers planning, developing, and maintaining public roadways and infrastructure to ensure safe, efficient, and accessible mobility for the community.
- Environmental Protection – involves implementing polices and programs to preserve natural resources, manage solid waste, and promote sustainability within the community.
- Economic and Physical Development – focuses on land use planning, managing growth, and enforcing codes and ordinances to support a thriving, well-organized, and sustainable community.
- Cultural and Recreation – responsible for providing and maintaining facilities, programs, and events that promote heritage, leisure, arts and community well-being.
- Debt Service – cost of repaying long-term debt obligations using general revenues.
- Other Financing Uses – non-operating uses of financial resources, primarily transfers to other funds to support capital projects, debt service, and other strategic priorities to reflect commitment to sound financial planning and long-term sustainability.

General Fund Summary

The General Fund reflects the overall economy with revenue growth from both locally generated revenues and statewide intergovernmental revenues. Development 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 option 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 2027 is \$32,988,340, representing an 5% decrease from the prior year’s amended budget. This reduction is primarily due to decreased capital spending and Other Financing Uses to fund capital projects.

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.

|                   | Revenues<br>Over (Under) |                     |                     |
|-------------------|--------------------------|---------------------|---------------------|
|                   | <u>Revenues</u>          | <u>Expenditures</u> | <u>Expenditures</u> |
| 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 Actual    | 27,683,344               | 26,461,557          | 1,221,787           |
| FY 2026 Estimated | 27,913,306               | 32,098,161          | (4,184,855)         |
| FY 2027 Budgeted  | 27,956,060               | 32,076,340          | (4,120,280)         |

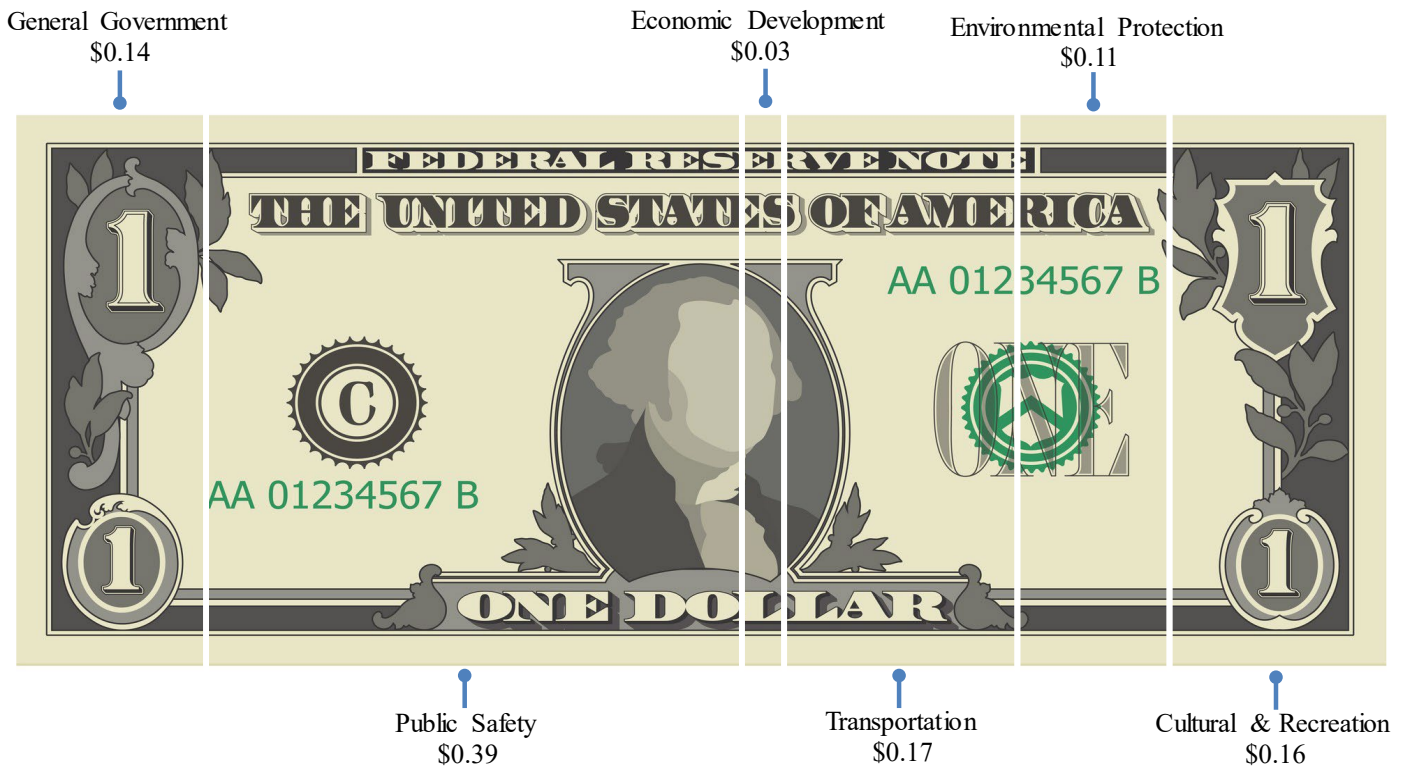
## GENERAL FUND SUMMARY

After accounting for Other Financing Sources, Other Financing Uses, and adding Appropriated Fund Balance to revenues, the Village's FY 2027 recommended budget is balanced in accordance with North Carolina General Statutes.

|                                     | <u>Estimated</u> | <u>Budgeted</u> |
|-------------------------------------|------------------|-----------------|
| Revenues Over (Under) Expenditures  | \$ (4,184,855)   | \$ (4,120,280)  |
| Other Financing Sources             | 1,083,000        | 889,100         |
| Other Financing Uses                | (1,910,000)      | (912,000)       |
| Fund Balance Appropriation          | -                | 4,143,180       |
| Net Budget                          | (5,011,855)      | -               |
| Estimated Budget to Actual Variance | 1,025,126        | 2,189,625       |
| Estimated Change in Fund Balance    | (3,986,729)      | (1,953,555)     |

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

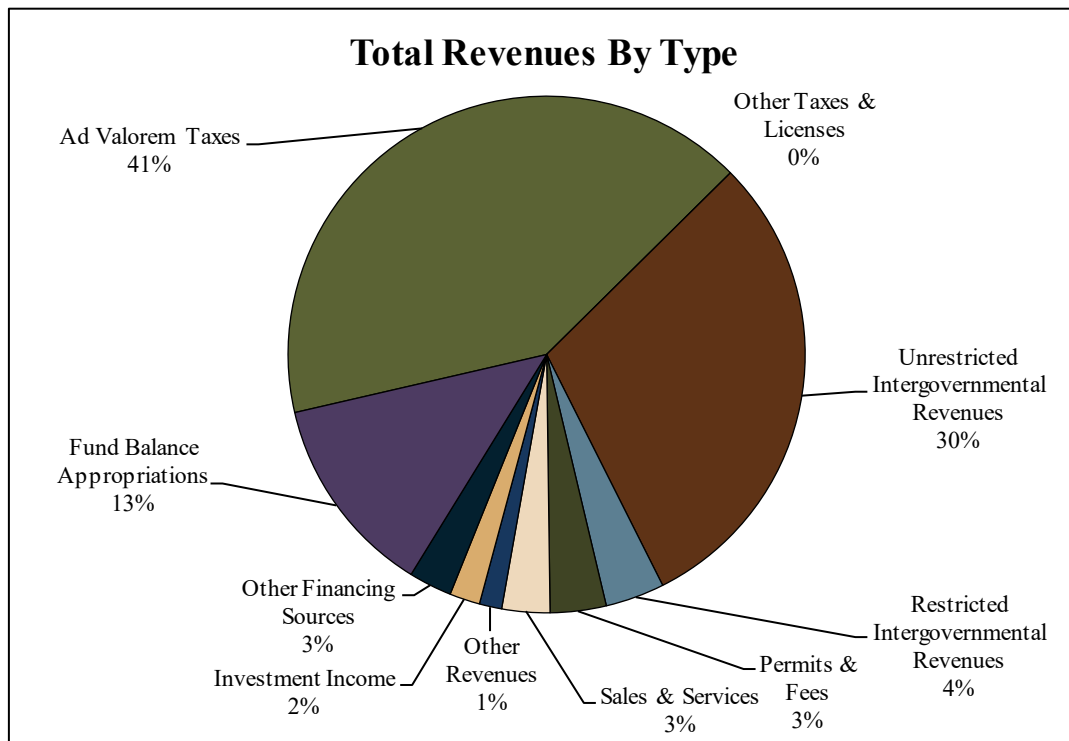
### Amount of Tax Dollar Support by Function



## GENERAL FUND SUMMARY

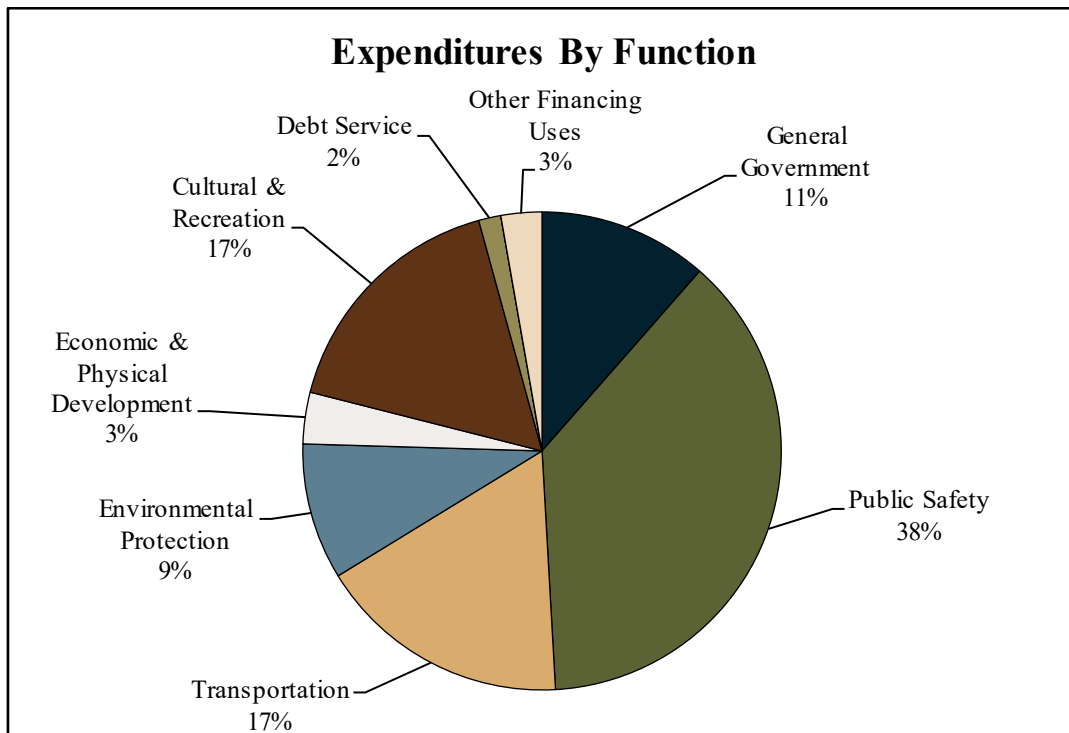
The major revenues as well as other financing sources budgeted by the Village of Pinehurst are summarized in the table and chart below. Ad valorem taxes account for approximately 49% of the Village of Pinehurst's total operating revenues. When fund balance appropriated and other financing sources are included, ad valorem taxes equal 41% of total revenues.

| Revenues by Type                        | FY 2025<br>Actual    | FY 2026<br>Budget    | FY 2026<br>Estimated | FY 2027<br>Budgeted  | Percent<br>Change |
|-----------------------------------------|----------------------|----------------------|----------------------|----------------------|-------------------|
| Ad Valorem Taxes                        | \$ 13,564,482        | \$ 13,775,000        | \$ 13,789,600        | \$ 13,591,000        | -1.3%             |
| Other Taxes & Licenses                  | 5,120                | 5,000                | 5,000                | 5,000                | 0.0%              |
| Unrestricted Intergovernmental Revenues | 9,387,924            | 9,583,700            | 9,655,000            | 9,931,000            | 3.6%              |
| Restricted Intergovernmental Revenues   | 756,552              | 1,005,800            | 1,005,892            | 1,207,700            | 20.1%             |
| Permits & Fees                          | 1,332,000            | 1,136,800            | 1,144,935            | 1,147,500            | 0.9%              |
| Sales & Services                        | 955,272              | 924,830              | 948,500              | 987,750              | 6.8%              |
| Other Revenues                          | 529,607              | 482,200              | 508,279              | 451,310              | -6.4%             |
| Investment Income                       | 1,152,387            | 853,000              | 856,100              | 634,800              | -25.6%            |
| Operating Revenues                      | 27,683,344           | 27,766,330           | 27,913,306           | 27,956,060           | 0.7%              |
| Other Financing Sources                 | 227,925              | 1,083,000            | 1,083,000            | 889,100              | -17.9%            |
| Fund Balance Appropriations             | -                    | 5,951,173            | -                    | 4,143,180            | -30.4%            |
| <b>Total Revenues</b>                   | <b>\$ 27,911,269</b> | <b>\$ 34,800,503</b> | <b>\$ 28,996,306</b> | <b>\$ 32,988,340</b> | <b>-5.2%</b>      |
| <b>Per Capita</b>                       | <b>\$ 1,516</b>      | <b>\$ 1,828</b>      | <b>\$ 1,523</b>      | <b>\$ 1,704</b>      |                   |



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. At the beginning of this section under the General Fund Description, the functional areas of the Village are described. The following table and chart present the trends for all the Village of Pinehurst's different functions.

| Expenditures by Function        | FY 2025<br>Actual    | FY 2026<br>Budget    | FY 2026<br>Estimated | FY 2027<br>Budgeted  | Percent<br>Change |
|---------------------------------|----------------------|----------------------|----------------------|----------------------|-------------------|
| General Government              | \$ 3,203,878         | \$ 3,529,763         | \$ 3,343,378         | \$ 3,778,153         | 7.0%              |
| Public Safety                   | 8,871,375            | 10,337,692           | 10,155,412           | 12,420,278           | 20.1%             |
| Transportation                  | 4,398,731            | 8,820,863            | 8,730,370            | 5,655,831            | -35.9%            |
| Environmental Protection        | 2,653,178            | 3,473,017            | 3,391,281            | 3,042,610            | -12.4%            |
| Economic & Physical Development | 1,116,082            | 1,296,132            | 1,264,209            | 1,150,140            | -11.3%            |
| Cultural & Recreation           | 6,017,129            | 5,135,986            | 4,920,611            | 5,533,628            | 7.7%              |
| Debt Service                    | 201,184              | 297,050              | 292,900              | 495,700              | 66.9%             |
| Expenditures                    | 26,461,557           | 32,890,503           | 32,098,161           | 32,076,340           | -2.5%             |
| Other Financing Uses            | 2,800,000            | 1,910,000            | 1,910,000            | 912,000              | -52.3%            |
| <b>Total Expenditures</b>       | <b>\$ 29,261,557</b> | <b>\$ 34,800,503</b> | <b>\$ 34,008,161</b> | <b>\$ 32,988,340</b> | <b>-5.2%</b>      |
| <b>Per Capita</b>               | <b>\$ 1,589</b>      | <b>\$ 1,828</b>      | <b>\$ 1,786</b>      | <b>\$ 1,704</b>      |                   |





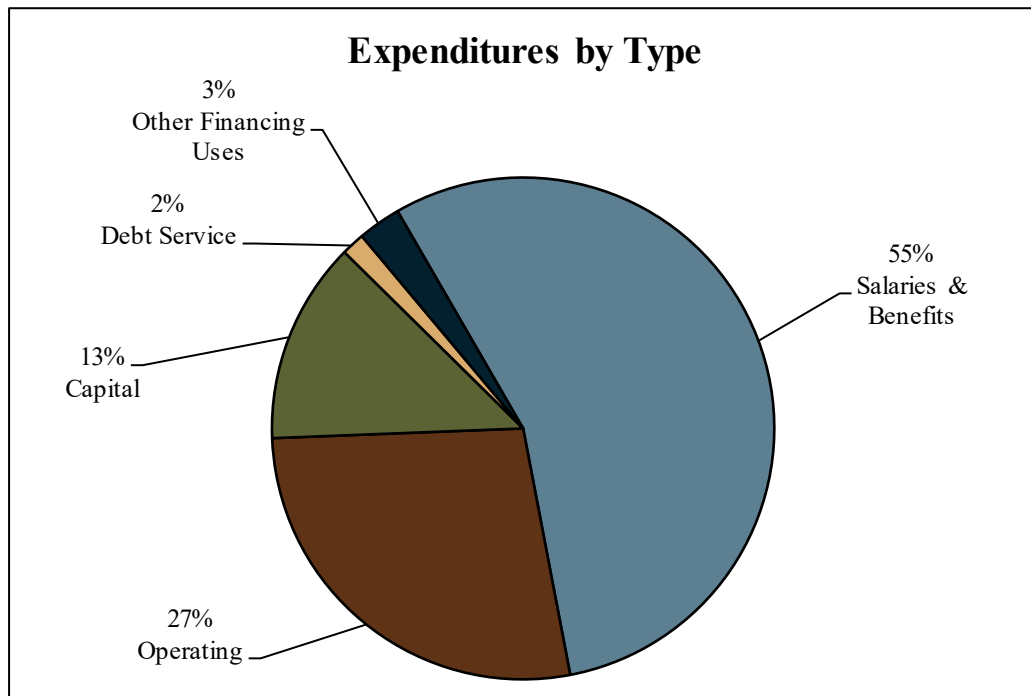
## GENERAL FUND SUMMARY

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

| Expenditures by Department<br>Totalled by Function | FY 2025<br>Actual    | FY 2026<br>Budget    | FY 2026<br>Estimated | FY 2027<br>Budgeted  | Percent<br>Change | FY 2027<br>% Total |
|----------------------------------------------------|----------------------|----------------------|----------------------|----------------------|-------------------|--------------------|
| <b>General Government</b>                          |                      |                      |                      |                      |                   |                    |
| Governing Body                                     | \$ 121,637           | \$ 162,580           | \$ 161,600           | \$ 161,800           | -0.5%             | 0.5%               |
| Administration                                     | 1,497,468            | 1,675,239            | 1,529,984            | 1,775,903            | 6.0%              | 5.4%               |
| Finance                                            | 952,202              | 1,004,811            | 983,041              | 987,870              | -1.7%             | 3.0%               |
| Human Resources                                    | 632,571              | 687,133              | 668,753              | 852,580              | 24.1%             | 2.6%               |
| <b>Total General Government</b>                    | <b>3,203,878</b>     | <b>3,529,763</b>     | <b>3,343,378</b>     | <b>3,778,153</b>     | <b>7.0%</b>       | <b>11.5%</b>       |
| <b>Public Safety</b>                               |                      |                      |                      |                      |                   |                    |
| Police                                             | 4,274,693            | 5,071,066            | 4,978,863            | 5,604,917            | 10.5%             | 17.0%              |
| Fire                                               | 4,163,348            | 4,776,945            | 4,687,727            | 6,269,111            | 31.2%             | 19.0%              |
| Inspections                                        | 433,334              | 489,681              | 488,822              | 546,250              | 11.6%             | 1.7%               |
| <b>Total Public Safety</b>                         | <b>8,871,375</b>     | <b>10,337,692</b>    | <b>10,155,412</b>    | <b>12,420,278</b>    | <b>20.1%</b>      | <b>37.7%</b>       |
| <b>Transportation</b>                              |                      |                      |                      |                      |                   |                    |
| Public Services Administration                     | 650,124              | 1,355,944            | 1,329,155            | 934,711              | -31.1%            | 2.8%               |
| Streets & Grounds                                  | 2,389,948            | 5,964,819            | 5,901,115            | 3,220,920            | -46.0%            | 9.8%               |
| Powell Bill                                        | 1,358,659            | 1,500,100            | 1,500,100            | 1,500,200            | 0.0%              | 4.5%               |
| <b>Total Transportation</b>                        | <b>4,398,731</b>     | <b>8,820,863</b>     | <b>8,730,370</b>     | <b>5,655,831</b>     | <b>-35.9%</b>     | <b>17.1%</b>       |
| <b>Environmental Protection</b>                    |                      |                      |                      |                      |                   |                    |
| Solid Waste                                        | 2,653,178            | 3,473,017            | 3,391,281            | 3,042,610            | -12.4%            | 9.2%               |
| <b>Total Environmental Protection</b>              | <b>2,653,178</b>     | <b>3,473,017</b>     | <b>3,391,281</b>     | <b>3,042,610</b>     | <b>-12.4%</b>     | <b>9.2%</b>        |
| <b>Economic &amp; Physical Development</b>         |                      |                      |                      |                      |                   |                    |
| Planning                                           | 1,116,082            | 1,296,132            | 1,264,209            | 1,150,140            | -11.3%            | 3.5%               |
| <b>Total Economic &amp; Physical Dev.</b>          | <b>1,116,082</b>     | <b>1,296,132</b>     | <b>1,264,209</b>     | <b>1,150,140</b>     | <b>-11.3%</b>     | <b>3.5%</b>        |
| <b>Cultural &amp; Recreation</b>                   |                      |                      |                      |                      |                   |                    |
| Recreation                                         | 4,202,061            | 2,878,064            | 2,785,271            | 3,050,618            | 6.0%              | 9.2%               |
| Library                                            | 523,725              | 650,069              | 592,106              | 684,094              | 5.2%              | 2.1%               |
| Harness Track                                      | 791,529              | 1,056,999            | 1,045,465            | 1,155,218            | 9.3%              | 3.5%               |
| Fair Barn                                          | 499,814              | 550,854              | 497,769              | 643,698              | 16.9%             | 2.0%               |
| <b>Total Cultural &amp; Recreation</b>             | <b>6,017,129</b>     | <b>5,135,986</b>     | <b>4,920,611</b>     | <b>5,533,628</b>     | <b>7.7%</b>       | <b>16.8%</b>       |
| <b>Debt Service</b>                                | <b>201,184</b>       | <b>297,050</b>       | <b>292,900</b>       | <b>495,700</b>       | <b>66.9%</b>      | <b>1.5%</b>        |
| <b>Total Expenditures</b>                          | <b>26,461,557</b>    | <b>32,890,503</b>    | <b>32,098,161</b>    | <b>32,076,340</b>    | <b>-2.5%</b>      | <b>97.3%</b>       |
| <b>Other Financing Uses (OFU)</b>                  | <b>2,800,000</b>     | <b>1,910,000</b>     | <b>1,910,000</b>     | <b>912,000</b>       | <b>-52.3%</b>     | <b>2.7%</b>        |
| <b>Total Expenditures &amp; OFU</b>                | <b>\$ 29,261,557</b> | <b>\$ 34,800,503</b> | <b>\$ 34,008,161</b> | <b>\$ 32,988,340</b> | <b>-5.2%</b>      | <b>100.0%</b>      |

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 FY 2027.

| Expenditures by Type      | FY 2025<br>Actual    | FY 2026<br>Budget    | FY 2026<br>Estimated | FY 2027<br>Budgeted  | Percent<br>Change |
|---------------------------|----------------------|----------------------|----------------------|----------------------|-------------------|
| Salaries & Benefits       | \$ 14,666,856        | \$ 16,894,300        | \$ 16,478,860        | \$ 18,251,800        | 8.0%              |
| Operating                 | 7,426,647            | 8,737,570            | 8,387,556            | 9,034,840            | 3.4%              |
| Capital                   | 4,166,870            | 6,961,583            | 6,938,845            | 4,294,000            | -38.3%            |
| Debt Service              | 201,184              | 297,050              | 292,900              | 495,700              | 66.9%             |
| Other Financing Uses      | 2,800,000            | 1,910,000            | 1,910,000            | 912,000              | -52.3%            |
| <b>Total Expenditures</b> | <b>\$ 29,261,557</b> | <b>\$ 34,800,503</b> | <b>\$ 34,008,161</b> | <b>\$ 32,988,340</b> | <b>-5.2%</b>      |



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 2027 represents a 5% decrease from the FY 2026 amended budget. Operating revenues are estimated to increase by approximately 0.7% over FY 2026. The recommended budget as presented results in a per capita expenditure of \$1,704 based on a projected population of 19,364.

The projected ad valorem tax revenues, which represent roughly 49% of total operating revenues, are expected to decrease by 1.3% over the prior year. The Village Council elected to adopt a tax rate of \$0.22 per \$100 of property valuation. The adopted tax rate is a reduction of a half-cent per \$100 of property valuation compared to the previous year. The \$0.22 tax rate is expected to generate \$13,591,000 in ad valorem tax revenues.

Unrestricted intergovernmental revenues distributed by the North Carolina Department of Revenue are expected to increase by 3.6% over FY 2026. Local option sales taxes, comprising approximately 24% of the Village's operating revenues, are expected to increase by 4.2% over the previous year's amended budget. Given slowing growth trends and economic uncertainty, FY 2027 projections reflect a more conservative outlook. Electricity sales taxes and telecommunications are anticipated to increase with rising rates, while video programming is projected to decline as consumer preferences shift toward streaming and alternative services.

Restricted intergovernmental revenues, which consist primarily of the Powell Bill funding from the state and other restricted grant funding, are projected to increase by 20% compared to the prior year's amended budget. This is primarily due to additional grant funds from the SAFER grant and a new transportation grant in FY 2027. Powell Bill funding 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. The Village's Powell Bill funding is expected to remain flat. FY 2027 includes the first full year of the Staffing for Adequate Fire and Emergency Response (SAFER) grant funding for the six firefighter positions added to staff the quick response unit, as well as funding from the Department of Transportation for the Airport Road greenway design.

Permits and fees are expected to increase by 0.9% in FY 2027 over the prior year budgeted levels. This increase is primarily due to an increase in the fire district fees expected to be received in FY 2027.

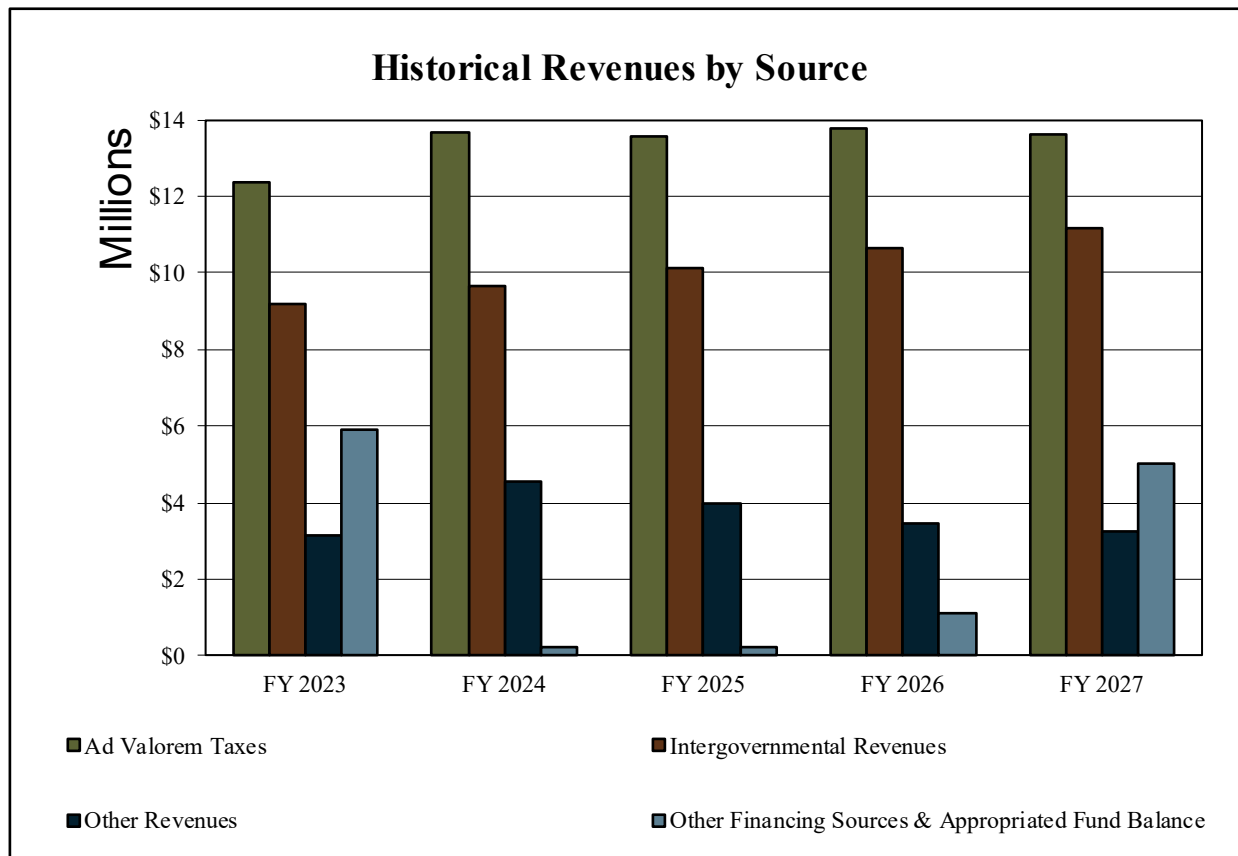
Sales and services revenues, which are primarily derived from facility rentals, recreation fees, logo merchandise sales, library and archives revenues, and the Sandhills Metropolitan Planning Organization (SMPO) Lead Planning Agency service fee, are expected to increase by 6.8% over the prior year budget. The Village collects indirect cost revenues for its role as the Lead Planning Agency from the SMPO based on a percentage of expenditures of the SMPO. This revenue source is increasing as the SMPO activities and expenditures ramp up. See the *Special Revenue Funds* section for more information on the Village's relationship with the SMPO. Revenue sources including facility rentals and recreation fees, which collectively account for the majority of sales and services revenues, are projected to increase moderately.

Other revenues are expected to decrease by 6.4%, compared to the prior year. This decrease is primarily due to library donations from the Given Bookshop proceeds received in FY 2026. The FY 2027 budget assumes there will be no proceeds from the bookshop operations to be conservative.

Investment income is estimated to decrease by \$218,200, or 25.6%, 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 and the North Carolina Investment Pool which are comprised primarily of U.S. government securities and commercial paper and returns closely track the federal funds rate. Projections from the Federal Reserve expect interest rates to be around 3.4% and 3.1% by the end of 2026 and 2027, respectively. These interest rates are trending downward from the FY 2026 projected rate of return of nearly 3.7% on the Village's investments. Additionally, the Village's cash balance is expected to decline as significant payments are made for the library construction and other capital projects and purchases.

Other financing sources include \$739,100 for vehicle lease liabilities expected to be issued in FY 2027 and \$150,000 in estimated proceeds from selling surplus assets, primarily vehicles and equipment. Fund Balance Appropriated of \$4,143,180 is being added to revenues to balance the budget. The Village has been anticipating the use of fund balance in FY 2027 to fund the new library construction and Tufts Archives renovations 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:





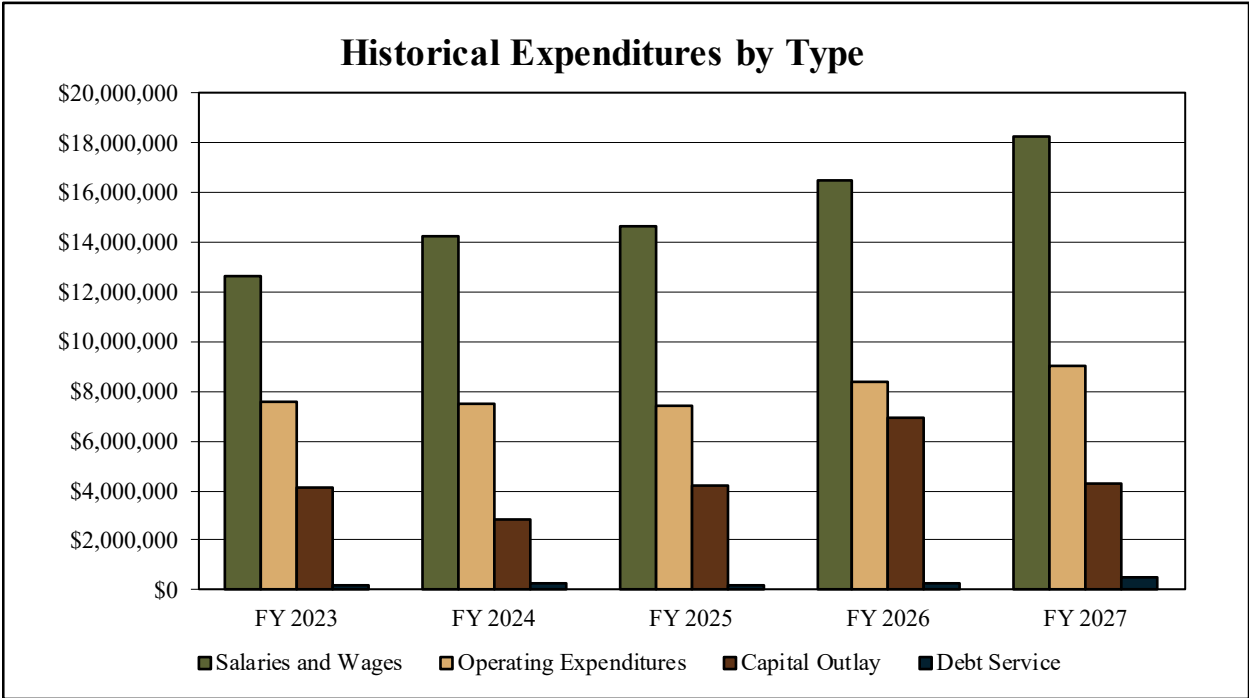
Expenditure Highlights

Salaries and benefits are expected to increase by 8.0% in FY 2027. This is affected by a cost-of-living adjustment of 2.6%, an average 2% merit increase, and pension contribution rate and group insurance premium increases. In FY 2027, there is a net decrease of 2 full-time equivalents (FTEs) consisting of four vacant positions being eliminated and two new positions added to the budget for a full-time police officer and a library associate.

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 38.3% compared to the previous year. Notable reductions to capital spending for FY 2027 include approximately \$1,500,000 for stormwater and sidewalk projects that was rolled forward from FY 2025 to FY 2026, and approximately \$400,000 for the downtown intersection project. Significant items included in the current capital plan include funding for multi-modal projects, stormwater drainage improvements, a solid waste vehicle replacement, a fire truck replacement and various other smaller equipment purchases. Capital spending also includes \$918,300 for leasing 18 vehicles.

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

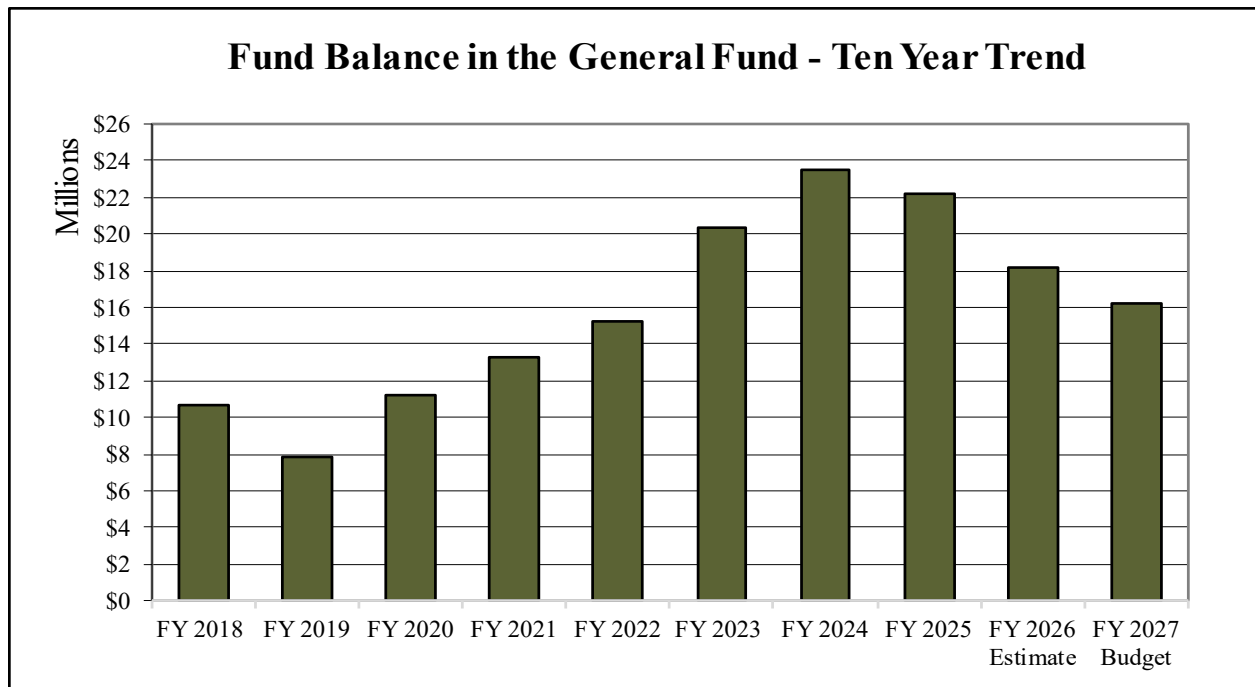


## Fund Balance

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 2027 budget and prior fiscal years. The Village has intentionally grown fund balance over the last several years for 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 and FY 2025 had approximately \$2 million in unfinished projects causing significant increases in fund balance each year. For FY 2025, these funds were included in fund balance and reappropriated from fund balance for spending in FY 2026.



| Fund Balance        | FY 2022<br>Actual | FY 2023<br>Actual | FY 2024<br>Actual | FY 2025<br>Actual | FY 2026<br>Estimated* | FY 2027<br>Budgeted* |
|---------------------|-------------------|-------------------|-------------------|-------------------|-----------------------|----------------------|
| Beginning           | \$ 13,288,868     | \$ 15,239,959     | \$ 20,362,064     | \$23,533,600      | \$22,183,312          | \$18,196,583         |
| Ending              | 15,239,959        | 20,362,064        | 23,533,600        | 22,183,312        | 18,196,583            | 16,243,028           |
| Increase/(Decrease) | 1,951,091         | 5,122,105         | 3,171,536         | (1,350,288)       | (3,986,729)           | (1,953,555)          |
| % Change            | 14.7%             | 33.6%             | 15.6%             | -5.7%             | -18.0%                | -10.7%               |
| % of Expenditures   | 73.5%             | 83.2%             | 96.2%             | 90.6%             | 52.3%                 | 49.2%                |

\* Assumes an estimated budget-to-actual variance for operating 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 2027, the Village has appropriated \$4,143,180 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 and Tufts Archives renovations (budgeted as Other Financing Uses), the fire truck replacement costing \$1,000,000, and the estimated budget-to-actual variance of \$2,189,625.

Fund balance is estimated to be \$18,196,583 at June 30, 2026. This is 52.3% of the budgeted FY 2026 expenditures of \$34,800,503. The Village's fund balance policy is to maintain a minimum of 30% of expenditures in fund balance. Fund balance at June 30, 2027 is estimated to be \$16,243,028 or 49.2% of budgeted expenditures, which is above Council's adopted policy minimum of 30% of budgeted expenditures in fund balance. This positions the Village well for 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. A revaluation (also known as a reappraisal) is a routine update to property tax values to bring them back in line with the current sale price of properties. 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 next revaluation is expected to be completed for the 2027 tax year, or FY 2028.

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.

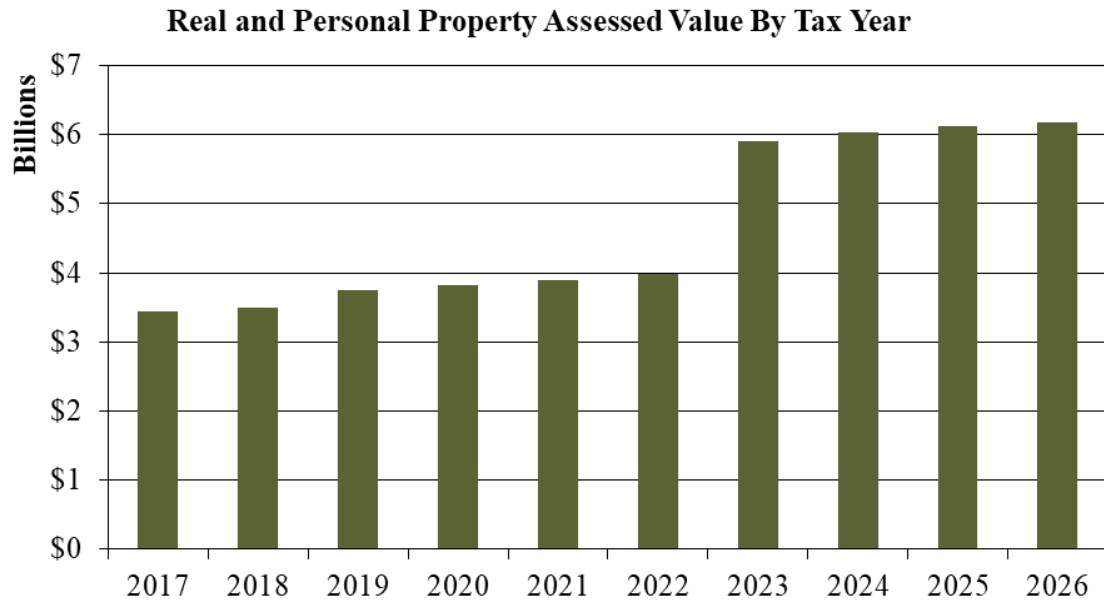
Historically, ad valorem taxes have comprised approximately 50% of all Village General Fund operating revenues. This includes the current year's collections, prior year's collections, penalties, interest, and refunds.

| Ad Valorem Taxes               | FY 2025<br>Actual | FY 2026<br>Budget | FY 2026<br>Estimated | FY 2027<br>Budgeted | Percent<br>Change |
|--------------------------------|-------------------|-------------------|----------------------|---------------------|-------------------|
| Real & Personal - Current Year | \$ 12,779,442     | \$ 12,975,000     | \$ 12,985,000        | \$ 12,778,000       | -1.5%             |
| Real & Personal - Prior Years  | 4,469             | 5,000             | 9,600                | 5,000               | 0.0%              |
| Motor Vehicles - Current Year  | 781,887           | 796,000           | 796,000              | 809,000             | 1.6%              |
| Discounts/Reliefs/Refunds      | (12,112)          | (11,000)          | (11,000)             | (11,000)            | 0.0%              |
| Tax Interest                   | 10,796            | 10,000            | 10,000               | 10,000              | 0.0%              |
| Total Ad Valorem Tax Revenue   | \$ 13,564,482     | \$ 13,775,000     | \$ 13,789,600        | \$ 13,591,000       | -1.3%             |

## Revenue Assumptions

- The ad valorem tax rate for the Village of Pinehurst will be \$0.22 per \$100 valuation for the fiscal year ending June 30, 2027. This rate is a decrease of a half-cent (\$0.005) per \$100 valuation from the previous year's tax rate of \$0.225.
- The ad valorem tax rate is expected to generate \$13,591,000 in ad valorem tax revenue.
- The total estimated valuation of real and personal property is \$6,184,000,000, of which \$5,816,000,000 is real property valuation and \$368,000,000 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 2027 is 0.69%. The number of new homes constructed in the Village in FY 2025 was 97, and the Village estimates 70 new homes being constructed by the end of 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.





## 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 2025<br>Actual | FY 2026<br>Budget | FY 2026<br>Estimated | FY 2027<br>Budgeted | Percent<br>Change |
|------------------------------|-------------------|-------------------|----------------------|---------------------|-------------------|
| Golf Cart Stickers           | \$ 5,120          | \$ 5,000          | \$ 5,000             | \$ 5,000            | 0.0%              |
| Total Other Taxes & Licenses | \$ 5,120          | \$ 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 2027 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 36% 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.

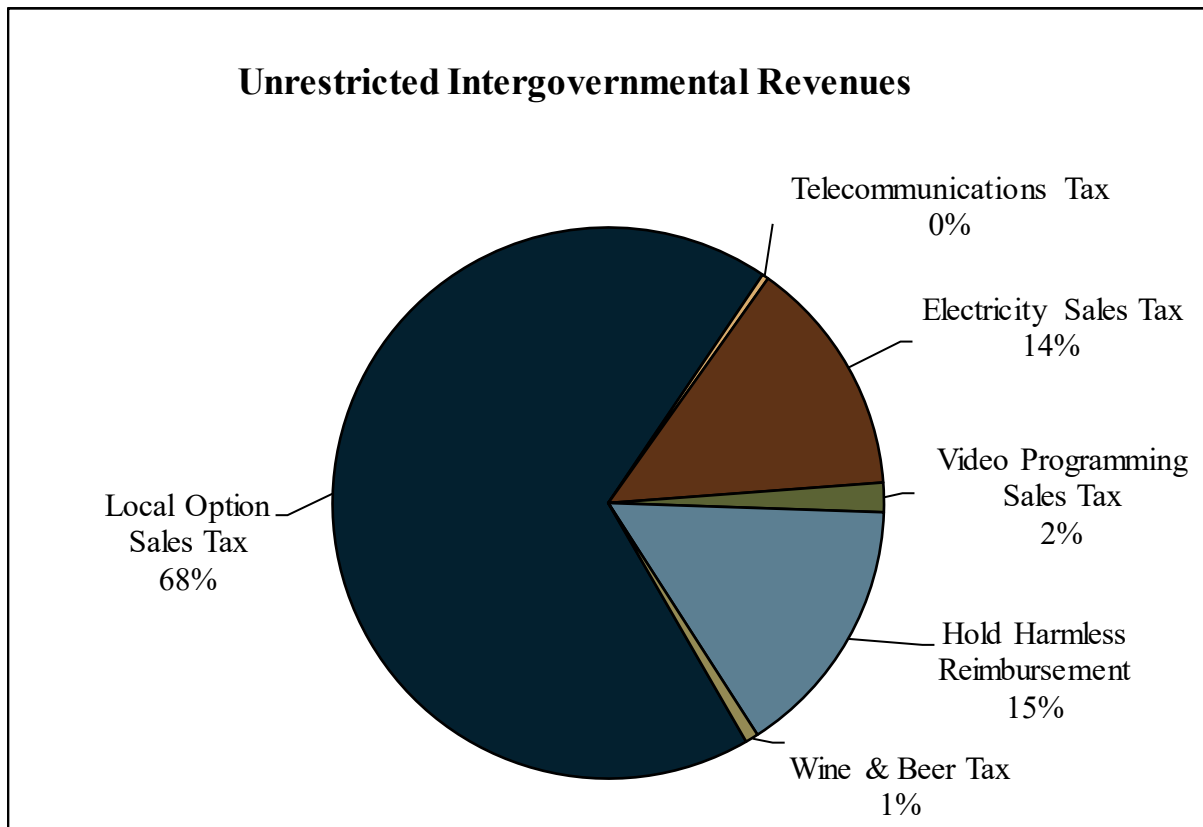
Video programming sales tax is applied to the gross receipts of cable service and direct-to-home satellite service retailers on the video programming provided to subscribers in the State. Programming provided by, or generally considered comparable to programming provided by, a television broadcast station, 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%. This does not include streaming service subscriptions.

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 based on population.

## UNRESTRICTED INTERGOVERNMENTAL REVENUES

| Unrestricted Intergovernmental Revenues  | FY 2025<br>Actual | FY 2026<br>Budget | FY 2026<br>Estimated | FY 2027<br>Budgeted | Percent<br>Change |
|------------------------------------------|-------------------|-------------------|----------------------|---------------------|-------------------|
| Local Option Sales Tax                   | \$ 6,292,678      | \$ 6,462,000      | \$ 6,501,000         | \$ 6,732,000        | 4.2%              |
| Telecommunications Tax                   | 42,597            | 37,000            | 40,000               | 38,000              | 2.7%              |
| Electricity Sales Tax                    | 1,339,900         | 1,340,000         | 1,363,000            | 1,388,000           | 3.6%              |
| Video Programming Sales Tax              | 216,902           | 190,000           | 190,000              | 171,000             | -10.0%            |
| Hold Harmless Reimbursement              | 1,420,527         | 1,479,700         | 1,486,000            | 1,526,000           | 3.1%              |
| Wine & Beer Tax                          | 75,320            | 75,000            | 75,000               | 76,000              | 1.3%              |
| Total Unrest. Intergovernmental Revenues | \$ 9,387,924      | \$ 9,583,700      | \$ 9,655,000         | \$ 9,931,000        | 3.6%              |





## 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, as provided by the North Carolina League of Municipalities (NCLM), and adjusted for local economic conditions. These statewide estimates are developed in coordination with economists from the North Carolina General Assembly and are communicated to all municipalities to support revenue forecasting. The Village's strong tourism sector for golf and healthcare supports sales tax revenue growth that typically meets or exceeds the statewide average.
- Telecommunications taxes are projected based upon assumptions provided by the NCLM and historical trend data. The telecommunication industry continues to experience a decline in the total number of landlines. The Village's collections have been steadily declining 5-7% per year for the last several years. This trend is expected to continue.
- Electricity sales taxes are projected based upon NCLM growth assumptions but are adjusted to reflect local trends. This revenue source is directly influenced by 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 Village's estimated growth is higher than the NCLM projection because the growth in the Village's actual receipts has outpaced the NCLM statewide averages.
- Video programming sales taxes are projected to decline in FY 2027. Year-to-date FY 2026 distributions are below FY 2025 levels, reflecting ongoing industry shifts and increased competition from streaming and other digital content providers. The Village's actual declines in this tax have been higher than the statewide averages and this trend is expected to continue.
- Wine and beer tax revenues are collected during the period of April through March of the following year, with revenues typically distributed to municipalities by June.
- The table below summarizes the NCLM projections for each sales tax for FY 2027 and the Village's projections of the FY 2027 revenue compared to the FY 2026 estimated collections.

| Revenue Source                      | NCLM Projection | Pinehurst Projection | Key Assumptions/Drivers                                                    |
|-------------------------------------|-----------------|----------------------|----------------------------------------------------------------------------|
| <b>Local Option Sales Tax</b>       | 3.10%           | 3%                   | Statewide growth factors; stable local economic activity                   |
| <b>Telecommunications Sales Tax</b> | -3.25%          | -6%                  | Continued decline in landline usage; industry contraction                  |
| <b>Electricity Sales Tax</b>        | 0.85%           | 3%                   | Growth tied to consumption patterns, new homes, and utility rate increases |
| <b>Video Programming Tax</b>        | -6.75%          | -10%                 | Ongoing decline due to streaming services                                  |
| <b>Wine &amp; Beer Tax</b>          | 0.75%           | 1%                   | Growth tied to stable consumption patterns                                 |

## 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. The Village does not budget for other grant revenues until a grant award notification has been received.

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.

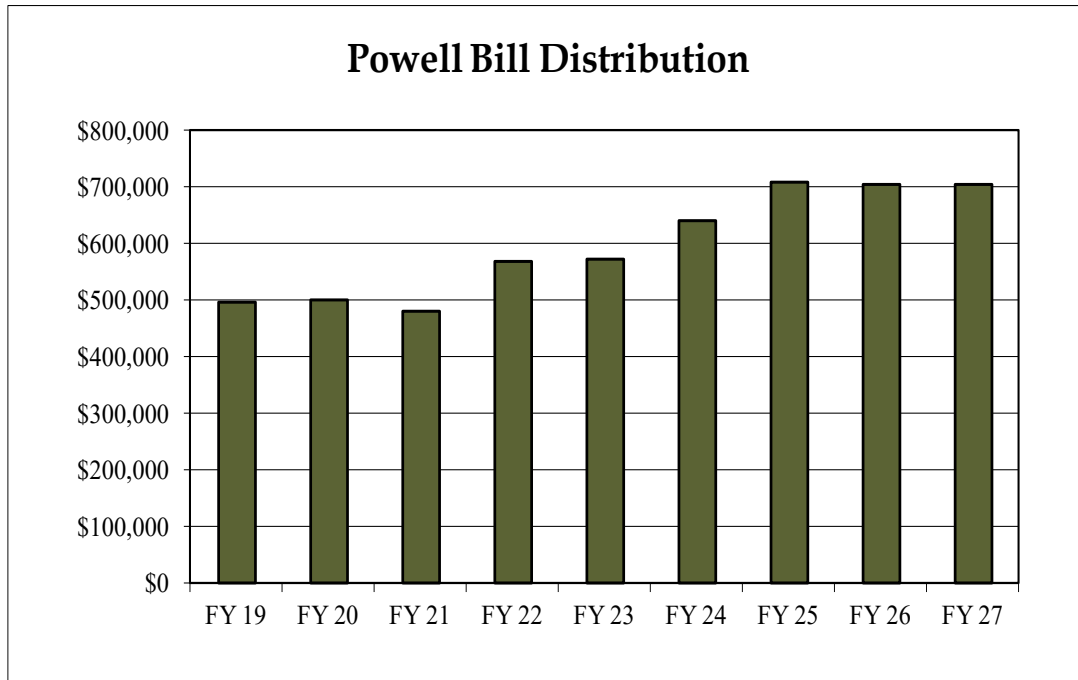
The Given Memorial Library receives funding from the state's Aid to Public Libraries Fund. The allocation to each public library is determined by the State Library based upon a formula approved by the North Carolina Library Commission. The library's service area population and per capita income have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

In FY 2026, the Village received a three-year grant under the Staffing for Adequate Fire and Emergency Response (SAFER) program administered by the Federal Emergency Management Agency. This grant funds a portion of the salaries and benefits for six firefighter positions added in January 2026 to staff a quick response unit with the goal of reducing fire and emergency response times.

| Restricted Intergovernmental Revenues  | FY 2025<br>Actual | FY 2026<br>Budget | FY 2026<br>Estimated | FY 2027<br>Budgeted | Percent<br>Change |
|----------------------------------------|-------------------|-------------------|----------------------|---------------------|-------------------|
| Powell Bill                            | \$ 707,787        | \$ 704,700        | \$ 704,708           | \$ 704,000          | -0.1%             |
| Controlled Substance Tax Distribution  | 780               | 1,000             | 1,000                | 1,000               | 0.0%              |
| Solid Waste Disposal                   | 14,538            | 14,700            | 14,500               | 14,700              | 0.0%              |
| SAFER Grant                            | -                 | 156,300           | 156,300              | 328,000             | 109.9%            |
| Other Grants                           | 24,424            | 120,100           | 120,158              | 151,000             | 25.7%             |
| Library State Aid                      | 9,023             | 9,000             | 9,226                | 9,000               | 0.0%              |
| Total Rest. Intergovernmental Revenues | \$ 756,552        | \$ 1,005,800      | \$ 1,005,892         | \$ 1,207,700        | 20.1%             |

## Revenue Assumptions

- The per capita rate used in the estimation of Powell Bill revenue is \$25.20, which is the same as the previous year's actual distribution rate. The street mile rate utilized to project the allocation is \$2,005 per street mile maintained, the same allocation per street mile as from the FY 2026 distribution. The FY 2027 budget also assumes the same population and street miles as FY 2026. Based on this forecast, the FY 2027 Powell Bill revenue will be flat compared to the FY 2026 budgeted amount.



- The NCLM projects that solid waste disposal revenue will increase by 7.5% for FY 2026 and 3.25% in FY 2027. The Village's budget is remaining stable for this revenue over the FY 2026 budget as a result of the Village's actuals trend.
- The SAFER grant covers 75% of the salary and benefit costs for these six positions in FY 2027, equating to an estimated \$328,000 in grant revenue.
- The Village received a grant award notification for FY 2027 from the Department of Transportation Carbon Reduction Program. This program funds projects that reduce transportation-related emissions. This grant will be used to fund 80% of the design costs for the Airport Road greenway project that is in the Village's Multi-Modal Transportation Plan. The Village expects to use the full federal funding amount of \$151,000 in FY 2027.
- The Village is projecting stable funding for Library State Aid from FY 2026 to FY 2027 based on the Village's actual allocation in 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.

## 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 2026 in the fees and charges schedule that becomes effective July 1, 2026 for FY 2027.

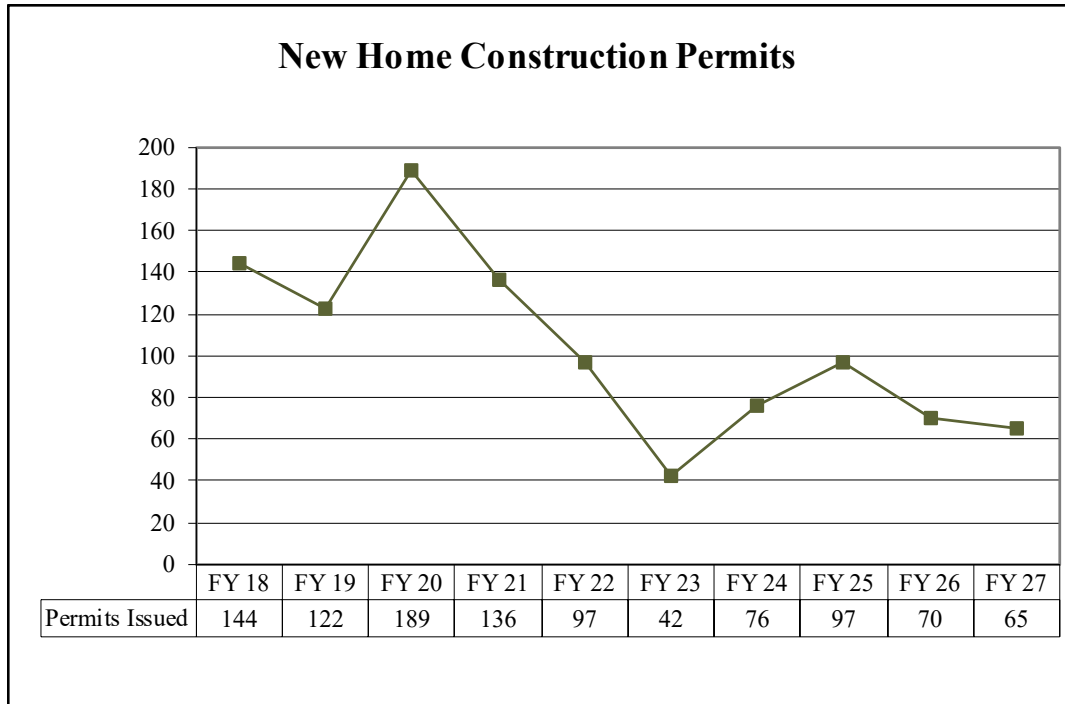
Fire district revenue represents funding paid to the Village by Moore County for the Village's Fire Department to provide fire protection, rescue services, and medical first response in a geographic district outside of the Village limits. The Village also contracts with Taylortown, a neighboring town, 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 2025<br>Actual | FY 2026<br>Budget | FY 2026<br>Estimated | FY 2027<br>Budgeted | Percent<br>Change |
|--------------------------|-------------------|-------------------|----------------------|---------------------|-------------------|
| Permit & Inspection Fees | \$ 448,093        | \$ 285,000        | \$ 285,000           | \$ 285,000          | 0.0%              |
| Planning & Zoning Fees   | 261,958           | 250,000           | 250,100              | 230,000             | -8.0%             |
| Fire District Revenue    | 606,026           | 586,000           | 596,000              | 618,000             | 5.5%              |
| Other Fees               | 15,923            | 15,800            | 13,835               | 14,500              | -8.2%             |
| Total Permit & Fees      | \$ 1,332,000      | \$ 1,136,800      | \$ 1,144,935         | \$ 1,147,500        | 0.9%              |

## Revenue Assumptions

- Permit and inspection fees are expected to remain stable with the prior year's budget. The number of new homes being constructed is expected to be 70 homes in FY 2026 and 65 homes in FY 2027. The new home construction is stabilizing as shown in the graph below.
- Planning and zoning fees are budgeted to decrease compared to FY 2026 as fewer subdivisions and commercial projects are expected to go through the planning and zoning process in FY 2027.





- Fire district revenues are expected to increase by \$32,000, or 5.5%, over the FY 2026 budget. FY 2027 fire district revenue from Moore County also includes 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 \$0.0925 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.

The fee rates necessary to cover the Village's costs of providing these services are determined by the Parks & Recreation Department. Market rates for rentals are also considered in determining the appropriate fees. These rates are reviewed annually, with the most recent update to fee rates approved by the Village Council in February 2026 in the fees and charges schedule that becomes effective July 1, 2026 for FY 2027.

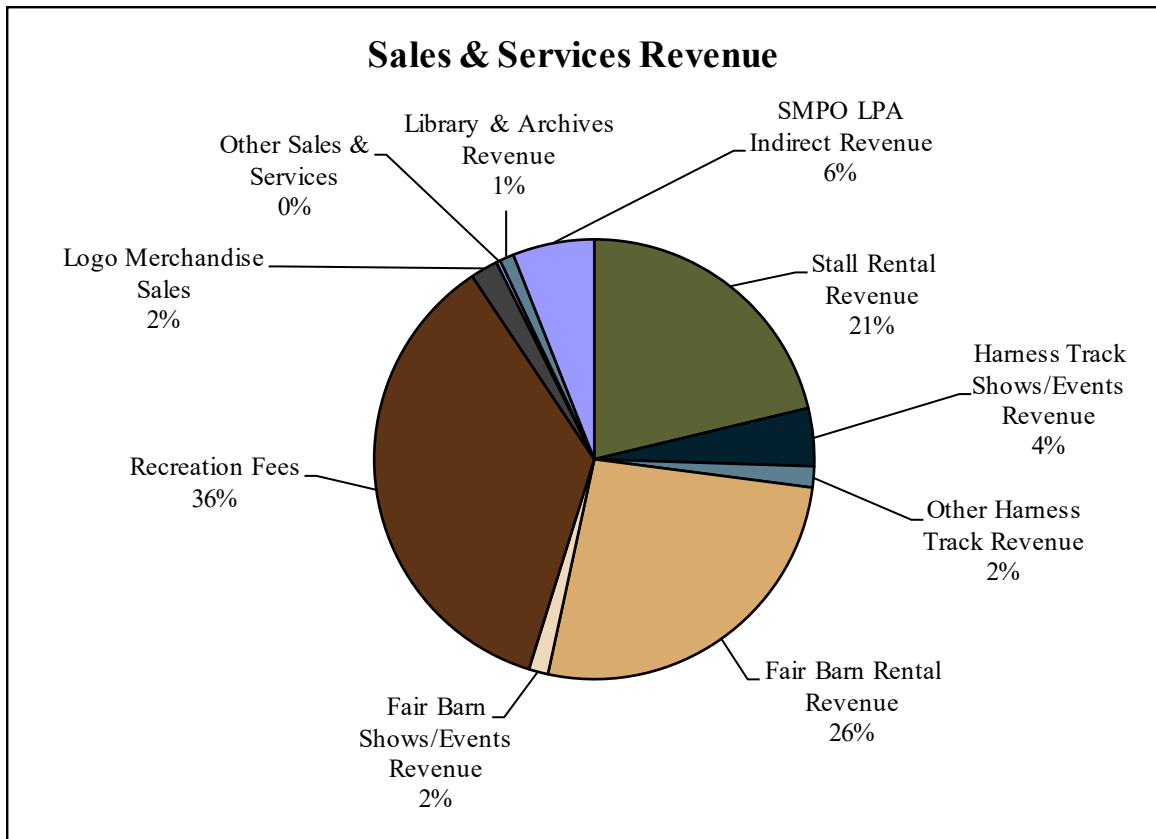
| Sales & Services                   | FY 2025<br>Actual | FY 2026<br>Budget | FY 2026<br>Estimated | FY 2027<br>Budgeted | Percent<br>Change |
|------------------------------------|-------------------|-------------------|----------------------|---------------------|-------------------|
| Stall Rental Revenue               | \$ 197,034        | \$ 220,400        | \$ 224,000           | \$ 210,000          | -4.7%             |
| Harness Track Shows/Events Revenue | 42,960            | 27,000            | 40,000               | 42,000              | 55.6%             |
| Other Harness Track Revenue        | 17,652            | 16,430            | 15,500               | 15,300              | -6.9%             |
| Fair Barn Rental Revenue           | 267,700           | 260,000           | 260,000              | 260,000             | 0.0%              |
| Fair Barn Shows/Events Revenue     | 16,012            | 13,500            | 13,500               | 14,000              | 3.7%              |
| Recreation Fees                    | 349,351           | 343,000           | 347,000              | 354,000             | 3.2%              |
| Logo Merchandise Sales             | 21,771            | 20,000            | 20,000               | 20,000              | 0.0%              |
| Other Sales & Services             | 25,442            | 3,000             | 3,000                | 3,000               | 0.0%              |
| Library & Archives Revenue         | 13,161            | 6,500             | 10,500               | 10,250              | 57.7%             |
| SMPO LPA Indirect Revenue          | 4,189             | 15,000            | 15,000               | 59,200              | 294.7%            |
| Total Sales & Services             | \$ 955,272        | \$ 924,830        | \$ 948,500           | \$ 987,750          | 6.8%              |

## Revenue Assumptions

- Harness Track stall rental revenues are projected to decrease by 4.7% below the FY 2026 budget. FY 2026 actual occupancy for the October – April training season was very strong and the highest it has been in several years. While staff are hopeful that the FY 2027 occupancy will continue this trend, the FY 2027 revenue was budgeted conservatively at about \$10,000 less.
- Harness Track show and event revenue projections increase 55.6% above the FY 2026 budget to align with the FY 2026 estimated revenues. There has been an increase in athletic teams using the Harness Track facilities for various events.

- Fair Barn rental revenue is expected to remain flat from FY 2026 budgeted levels. FY 2027 fee rates are consistent with the prior year and the number of events is expected to be similar.
- Recreation fees are expected to increase by 3.2% from the prior year's budget as the Village continues to expand recreation and athletic program offerings. Fee rates were also increased slightly for FY 2027.
- Library and archives revenue primarily includes book and photo sales by the Tufts Archives. The FY 2027 budget is an increase of 57.7% based on historical revenue trends.
- 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 \$59,200 from the SMPO in FY 2027 based on the terms of the LPA agreement and the SMPO budget for FY 2027. The revenue received from the SMPO is 15% of the SMPO expenditures which have been increasing as the SMPO activities ramp up. 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.

The library endowment income calculation was established in the Transfer Agreement between the Given Memorial Library Board and the Village of Pinehurst. Library endowment income is received from the Given Tufts Foundation annually based on the endowment spending policy formula which is 4% of the three-year rolling average balance in the endowment fund held by the Given Tufts Foundation. Additionally, the Transfer Agreement requires the Given Tufts Foundation to remit the net proceeds from the Given Bookshop to the Village annually to support the library and archives operations.

Other miscellaneous revenues include insurance proceeds, donations made to the Village, fees generated by the Police Department, solid waste cart fees, and purchasing card program rebates.

| Other Revenues               | FY 2025<br>Actual | FY 2026<br>Budget | FY 2026<br>Estimated | FY 2027<br>Budgeted | Percent<br>Change |
|------------------------------|-------------------|-------------------|----------------------|---------------------|-------------------|
| ABC Revenues                 | \$ 327,459        | \$ 246,680        | \$ 255,000           | \$ 260,100          | 5.4%              |
| Library Endowment Income     | 110,000           | 119,400           | 119,459              | 110,000             | -7.9%             |
| Other Miscellaneous Revenues | 92,148            | 116,120           | 133,820              | 81,210              | -30.1%            |
| Total Other Revenues         | \$ 529,607        | \$ 482,200        | \$ 508,279           | \$ 451,310          | -6.4%             |

## Revenue Assumptions

- ABC revenues for FY 2027 are based on modest growth anticipated for the Village resulting in a projected increase of approximately \$5,000 compared to the FY 2026 estimated revenue.
- The FY 2027 library endowment income is expected to decrease slightly compared to FY 2026 as interest rates are projected to decline compared to the prior year.
- Other miscellaneous revenues decrease by 30.1% in FY 2027 compared to the FY 2026 budget, primarily due to library donations received in FY 2026 from the Given Bookshop proceeds. To be conservative, the Village does not anticipate bookshop proceeds in the budget.



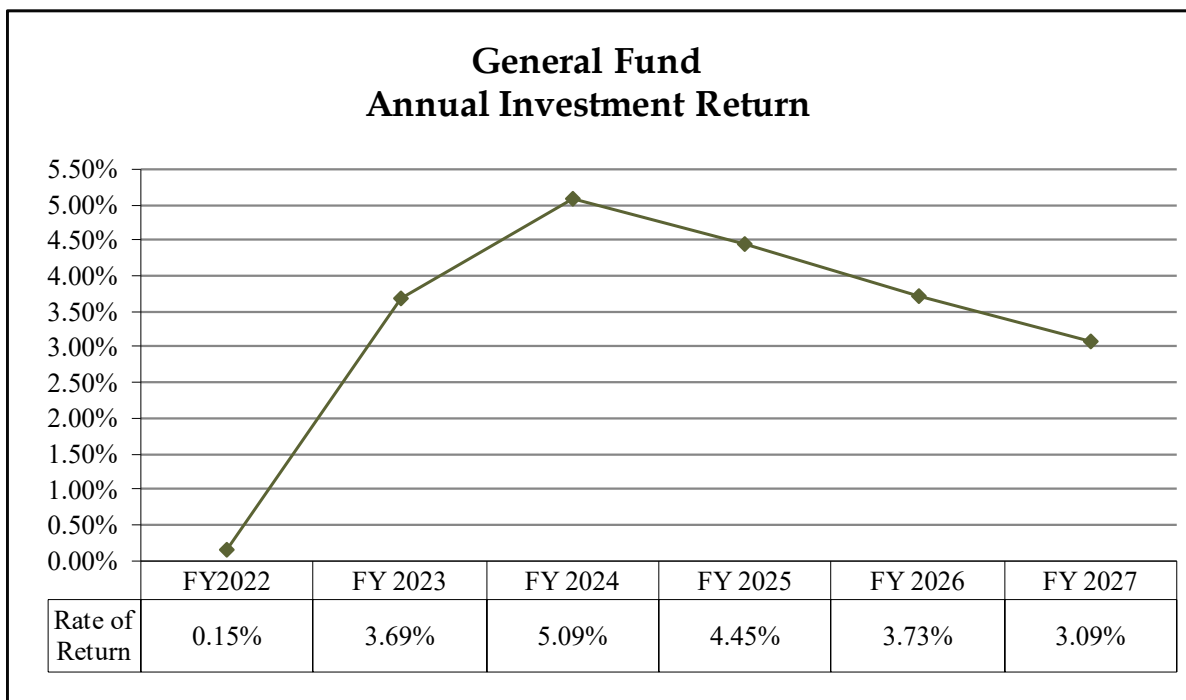
## Description of Revenue Source

Investment income includes the return on cash and investment balances. Interest is earned on the cash balances invested with the North Carolina Capital Management Trust (NCCMT) and the North Carolina Investment Pool (NCIP). NCCMT is 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. NCIP was established under North Carolina General Statute 159-30(c)(10) as a commingled local government investment pool and operates as a statutory trust for local governments managed by an SEC-registered investment adviser. Both provide safe and liquid investment options for public funds.

| Investment Income       | FY 2025<br>Actual | FY 2026<br>Budget | FY 2026<br>Estimated | FY 2027<br>Budgeted | Percent<br>Change |
|-------------------------|-------------------|-------------------|----------------------|---------------------|-------------------|
| Investment Income       | \$ 1,152,387      | \$ 853,000        | \$ 856,100           | \$ 634,800          | -25.6%            |
| Total Investment Income | \$ 1,152,387      | \$ 853,000        | \$ 856,100           | \$ 634,800          | -25.6%            |

## Revenue Assumptions

- Investment income of \$634,800 is expected in FY 2027. This is based on estimates of the monthly cash and investment balances and rates of return. The NCCMT and the NCIP portfolios closely track the federal funds rate established by the Federal Open Market Committee (FOMC). The FOMC is projecting interest rates will be at approximately 3.4% in 2026 and 3.1% in 2027. 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 2027 is 3.09%.



## Description of Revenue Source

Other Financing Sources are comprised of lease liabilities issued under GASB Statement No. 87, software subscription liabilities issued under GASB Statement No. 96, and proceeds from the sale of surplus assets. This revenue source can also include transfers into the General Fund from other funds.

| Other Financing Sources         | FY 2025<br>Actual | FY 2026<br>Budget | FY 2026<br>Estimated | FY 2027<br>Budgeted | Percent<br>Change |
|---------------------------------|-------------------|-------------------|----------------------|---------------------|-------------------|
| Lease Liabilities Issued        | \$ -              | \$ 700,000        | \$ 700,000           | \$ 739,100          | 5.6%              |
| Subscription Liabilities Issued | 216,091           | -                 | -                    | -                   | 0.0%              |
| Sales of Assets                 | 11,834            | 383,000           | 383,000              | 150,000             | -60.8%            |
| Total Other Financing Sources   | \$ 227,925        | \$ 1,083,000      | \$ 1,083,000         | \$ 889,100          | -17.9%            |

## Revenue Assumptions

- Lease liabilities issued are projected to be \$739,100 in FY 2027 for 18 new vehicle leases through the Enterprise Fleet Management program.
- The Village may enter into new software subscription agreements in FY 2027, 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 2027. Budget amendments will be approved by the Village Council if the need arises based on the specific contract terms.
- Proceeds from the sale of assets is estimated to be \$150,000 in FY 2027, generated primarily from the sale of vehicles replaced by leases. This is a significant decrease from FY 2026 when several surplus vacant lots were sold. No land sales are anticipated in FY 2027.

## Description of Revenue Source

Revenue from fund balance appropriations is the use of fund balance (“savings” or “reserves”), which has been accumulated from previous fiscal years, to pay for current fiscal year expenditures. Per the Village’s Budget and Financial Planning Policy, fund balance generally should be used to pay for one-time capital or other non-recurring expenditures.

| Fund Balance Appropriations       | FY 2025<br>Actual | FY 2026<br>Budget | FY 2026<br>Estimated | FY 2027<br>Budgeted | Percent<br>Change |
|-----------------------------------|-------------------|-------------------|----------------------|---------------------|-------------------|
| Fund Balance Appropriated         | \$ -              | \$ 5,951,173      | \$ -                 | \$ 4,143,180        | -30.4%            |
| Total Fund Balance Appropriations | \$ -              | \$ 5,951,173      | \$ -                 | \$ 4,143,180        | -30.4%            |

## Revenue Assumptions

- For FY 2027, \$4,143,180 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 of \$2,189,625, the Village’s fund balance will decrease by \$1,953,555. The estimated decrease in fund balance represents the planned use of fund balance to support the \$912,000 transfer from the General Fund to the Library Expansion Capital Project Fund, the purchase of the replacement fire truck for \$1,000,000, and other one-time capital investments.



## Governing Body

The Village of Pinehurst operates under the council-manager form of government, meaning the council appoints a professional village manager to carry out the council’s policy goals and initiatives, oversee the budget adopted by council, and manage the delivery of municipal services. The Governing Body of the Village consists of a five-member council that includes a directly elected Mayor. The Council provides leadership in establishing the Village’s mission and long-term strategic vision, as well as overall policy direction 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.”

The Council considers and adopts local ordinances and resolutions that promote the health, safety, and overall quality of life for residents, businesses and visitors of Pinehurst. It also determines the level of services that the Village will provide to its citizens.

In fulfilling its governance responsibilities, the Council:

- Provides governance for a population of 19,364 residents,
- Sets strategic direction for approximately 170 full-time equivalent (FTE) positions,
- Adopts the Strategic Operating Plan, which includes the annual budget and five-year financial forecast,
- Approves policies that guide all municipal operations,
- Determines the level of services the Village will provide to its citizens,
- Appoints members to various volunteer boards and commissions that act in advisory and quasi-judicial capacities, and
- Selects and contracts with the Village Manager and Village Attorney for services.

Additional information about the Governing Body Department may be obtained by contacting Shannon Bonecutter, Village Clerk, at 910.295.1900 or [sbonecutter@vopnc.org](mailto:sbonecutter@vopnc.org).

## Budget Summary

| Expenditures by Type | FY 2025<br>Actual | FY 2026<br>Budget | FY 2026<br>Estimated | FY 2027<br>Budgeted | Percent<br>Change |
|----------------------|-------------------|-------------------|----------------------|---------------------|-------------------|
| Salaries & Benefits  | \$ 29,819         | \$ 31,000         | \$ 30,100            | \$ 31,000           | 0.0%              |
| Operating            | 91,818            | 131,580           | 131,500              | 130,800             | -0.6%             |
| Expenditures Total   | \$ 121,637        | \$ 162,580        | \$ 161,600           | \$ 161,800          | -0.5%             |





## Administration Department

The Administration Department, which includes the Village Manager, Assistant Village Manager, 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.

The Village Manager and Assistant Village Manager lead the Village's senior leadership team. The department:

- Serves as leadership, 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, including the Welcome Center,
- Administers the community and business surveys,
- Monitors the balanced scorecard and execution of the Strategic Operating Plan, and
- Is responsible for the overall operations of the Village.

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

## Budget Summary

| Expenditures by Type | FY 2025<br>Actual | FY 2026<br>Budget | FY 2026<br>Estimated | FY 2027<br>Budgeted | Percent<br>Change |
|----------------------|-------------------|-------------------|----------------------|---------------------|-------------------|
| Salaries & Benefits  | \$ 915,090        | \$ 979,900        | \$ 896,900           | \$ 966,700          | -1.3%             |
| Operating            | 469,436           | 598,653           | 536,183              | 732,500             | 22.4%             |
| Capital              | 112,942           | 96,686            | 96,901               | 76,703              | -20.7%            |
| Expenditures Total   | \$ 1,497,468      | \$ 1,675,239      | \$ 1,529,984         | \$ 1,775,903        | 6.0%              |

| Revenues by Type       | FY 2025<br>Actual | FY 2026<br>Budget | FY 2026<br>Estimated | FY 2027<br>Budgeted | Percent<br>Change |
|------------------------|-------------------|-------------------|----------------------|---------------------|-------------------|
| Logo Merchandise Sales | \$ 21,771         | \$ 20,000         | \$ 20,000            | \$ 20,000           | 0.0%              |
| Revenues Total         | \$ 21,771         | \$ 20,000         | \$ 20,000            | \$ 20,000           | 0.0%              |

## Budget Highlights

- Two vacant positions eliminated in FY 2027: Assistant Village Manager for Administration and Organizational Performance Director
- Community and business surveys will be conducted in FY 2027
- Real estate advisor will be engaged in FY 2027 to consult on the redevelopment of Village Place

## Financial Services Department

The Financial Services Department is responsible for processing all budget and accounting transactions for the Village, including cash management, purchasing, accounts payable, accounts receivable, and payroll, preparing the budget and financial reports, and ensuring that the Village of Pinehurst achieves its mission by maintaining a healthy financial condition. The Financial Services Director reports directly to the Village Manager and is a member of the senior leadership team. The department consists of the Director, Assistant Director, Supervisor, and Financial Services Technician.

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](mailto:dvannostrand@vopnc.org).

### Budget Summary

| Expenditures by Type | FY 2025<br>Actual | FY 2026<br>Budget | FY 2026<br>Estimated | FY 2027<br>Budgeted | Percent<br>Change |
|----------------------|-------------------|-------------------|----------------------|---------------------|-------------------|
| Salaries & Benefits  | \$ 514,754        | \$ 574,900        | \$ 545,500           | \$ 547,500          | -4.8%             |
| Operating            | 401,059           | 427,460           | 435,090              | 440,370             | 3.0%              |
| Capital              | 36,389            | 2,451             | 2,451                | -                   | -100.0%           |
| Total Expenditures   | \$ 952,202        | \$ 1,004,811      | \$ 983,041           | \$ 987,870          | -1.7%             |

### Budget Highlights

- One vacant position eliminated in FY 2027: Financial Services Technician

## Human Resources Department

The Human Resources Department furthers the Village of Pinehurst's mission by attracting and retaining an engaged workforce. The Human Resources Director reports directly to the Village Manager and is a member of the senior leadership team. Along with the Director, one full-time Human Resources Generalist and one full-time Human Resources Technician provide a strategic service for recruitment, retention, training and recognition of competent staff, including the design and implementation of services and programs to enhance employee job satisfaction.

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](mailto:akantor@vopnc.org).

### Budget Summary

| Expenditures by Type | FY 2025<br>Actual | FY 2026<br>Budget | FY 2026<br>Estimated | FY 2027<br>Budgeted | Percent<br>Change |
|----------------------|-------------------|-------------------|----------------------|---------------------|-------------------|
| Salaries & Benefits  | \$ 372,763        | \$ 392,800        | \$ 403,100           | \$ 449,900          | 14.5%             |
| Operating            | 242,222           | 286,980           | 258,300              | 315,180             | 9.8%              |
| Capital              | 17,586            | 7,353             | 7,353                | 87,500              | 1090.0%           |
| Expenditures Total   | \$ 632,571        | \$ 687,133        | \$ 668,753           | \$ 852,580          | 24.1%             |

### Budget Highlights

- Implementation of a new human resources information system

## Police Department

The Police Department supports the Village of Pinehurst's mission by promoting a safe and secure environment for residents, businesses, and visitors. The Chief of Police reports directly to the Assistant Village Manager and serves as a member of the Village's senior leadership team.

The Department includes the Police Chief, Deputy Chief, 26 sworn Police Officers, four Telecommunication Specialists, one Administrative Coordinator, reserve Officers and Telecommunication Specialists, and a part-time Parking Attendant. Together, these personnel are responsible for protecting the life and property of over 19,000 residents plus visitors.

Patrol officers serve as the primary responders for police services and:

- Respond to calls for service initiated by citizens and other agencies,
- Proactively initiate service calls when necessary,
- Issue citations,
- Provide traffic direction and control as needed, and
- Conduct follow-up investigations on reported and unreported crimes.

Telecommunications personnel monitor, receive, and dispatch both emergency and non-emergency calls for service through coordination with the Moore County E911 system. Investigative personnel conduct criminal investigations, including interviews and the collection of physical evidence.

The Police Department is committed to providing dedicated and compassionate service by promoting leadership, cooperation, creativity, and strives to enhance the quality of life through strong partnerships with the community.

Additional information about the Police Department may be obtained by contacting Glen Webb, Police Chief, at 910.295.3141 or [gwebb@vopnc.org](mailto:gwebb@vopnc.org).

## Budget Summary

| Expenditures by Type | FY 2025<br>Actual | FY 2026<br>Budget | FY 2026<br>Estimated | FY 2027<br>Budgeted | Percent<br>Change |
|----------------------|-------------------|-------------------|----------------------|---------------------|-------------------|
| Salaries & Benefits  | \$ 3,053,018      | \$ 3,528,500      | \$ 3,467,900         | \$ 3,956,000        | 12.1%             |
| Operating            | 826,318           | 1,041,808         | 1,010,961            | 1,128,870           | 8.4%              |
| Capital              | 395,357           | 500,758           | 500,002              | 520,047             | 3.9%              |
| Expenditures Total   | \$ 4,274,693      | \$ 5,071,066      | \$ 4,978,863         | \$ 5,604,917        | 10.5%             |

| Revenues by Type                      | FY 2025<br>Actual | FY 2026<br>Budget | FY 2026<br>Estimated | FY 2027<br>Budgeted | Percent<br>Change |
|---------------------------------------|-------------------|-------------------|----------------------|---------------------|-------------------|
| Controlled Substance Tax Distribution | \$ 780            | \$ 1,000          | \$ 1,000             | \$ 1,000            | 0.0%              |
| Parking Fines                         | -                 | 2,500             | 500                  | 200                 | 0.0%              |
| Miscellaneous Police Revenues         | 29,915            | 7,500             | 7,500                | 8,000               | 6.7%              |
| Revenues Total                        | \$ 30,695         | \$ 11,000         | \$ 9,000             | \$ 9,200            | -16.4%            |

## Budget Highlights

- One Police Officer position added in FY 2027
- Continued investment in training and technology

## Fire Department

The Fire Department supports the Village of Pinehurst's mission by protecting life, property, and the environment within the Village, the Town of Taylortown, and the Moore County Longleaf Fire District. The Fire Chief reports directly to the Assistant Village Manager and serves as a member of the Village's senior leadership team.

The Department includes the Fire Chief, Deputy Fire Chief, 37 Firefighters, one Fire/Life Safety Educator, one Assistant Fire Marshal, and reserve Firefighters. These personnel operate from two stations equipped with four engines, two brush trucks, and one rescue truck, providing services to both the Village and its surrounding rural district.

The Department delivers a full range of emergency response and prevention services, including fire and life safety education, fire prevention inspections, fire suppression, technical rescue, and medical first response. In addition, the Department maintains a comprehensive continuing education program to ensure personnel are trained in the most current emergency services standards and best practices.

Additional information about the Fire Department may be obtained by contacting Derrick Clouston, Fire Chief, at 910.295.5575 or [dclouston@vopnc.org](mailto:dclouston@vopnc.org). To view more information on the Fire Department's goals, visit the Fire Department's webpage at [www.vopnc.org/our-government/departments/fire](http://www.vopnc.org/our-government/departments/fire).

## Budget Summary

| Expenditures by Type | FY 2025<br>Actual | FY 2026<br>Budget | FY 2026<br>Estimated | FY 2027<br>Budgeted | Percent<br>Change |
|----------------------|-------------------|-------------------|----------------------|---------------------|-------------------|
| Salaries & Benefits  | \$ 3,236,305      | \$ 3,760,700      | \$ 3,709,160         | \$ 4,303,100        | 14.4%             |
| Operating            | 685,751           | 872,848           | 834,652              | 814,780             | -6.7%             |
| Capital              | 241,292           | 143,397           | 143,915              | 1,151,231           | 702.8%            |
| Expenditures Total   | \$ 4,163,348      | \$ 4,776,945      | \$ 4,687,727         | \$ 6,269,111        | 31.2%             |

| Revenues by Type            | FY 2025<br>Actual | FY 2026<br>Budget | FY 2026<br>Estimated | FY 2027<br>Budgeted | Percent<br>Change |
|-----------------------------|-------------------|-------------------|----------------------|---------------------|-------------------|
| Fire District Revenue       | \$ 606,026        | \$ 586,000        | \$ 596,000           | \$ 618,000          | 5.5%              |
| Fire Grants                 | -                 | 156,300           | 156,300              | 328,000             | 109.9%            |
| Miscellaneous Fire Revenues | 13,143            | 11,000            | 11,000               | 12,000              | 9.1%              |
| Revenues Total              | \$ 619,169        | \$ 753,300        | \$ 763,300           | \$ 958,000          | 27.2%             |

## Budget Highlights

- Six firefighter positions added in FY 2026 to staff the quick response unit with the goal of improving fire and rescue response times. FY 2027 is the first full budget year for these positions.
- SAFER grant offsets 75% of the salaries and benefits for the six new positions
- Lifecycle replacement of a pumper truck for \$1,000,000



## Inspections – Planning Department

The Inspections Division of the Planning Department furthers the mission of the Village of Pinehurst by promoting high-quality development and ensuring compliance with State building standards throughout the community. Operating under the direction of the Planning and Inspections Director, the Inspections Division includes three Building Inspectors and serves both Village residents and commercial development.

Inspection personnel are responsible for reviewing plans and conducting on-site inspections to enforce compliance with the North Carolina Building Codes for all residential and commercial construction and development activities. Through these efforts, the division helps ensure that new homes and businesses are safe, compliant, and constructed to current building code standards, while also preserving the overall character and quality of development within the Village.

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](mailto:acameron@vopnc.org).

## Budget Summary

| Expenditures by Type | FY 2025<br>Actual | FY 2026<br>Budget | FY 2026<br>Estimated | FY 2027<br>Budgeted | Percent<br>Change |
|----------------------|-------------------|-------------------|----------------------|---------------------|-------------------|
| Salaries & Benefits  | \$ 378,727        | \$ 423,300        | \$ 428,200           | \$ 450,800          | 6.5%              |
| Operating            | 48,693            | 63,490            | 57,690               | 63,410              | -0.1%             |
| Capital              | 5,914             | 2,891             | 2,932                | 32,040              | 1008.3%           |
| Expenditures Total   | \$ 433,334        | \$ 489,681        | \$ 488,822           | \$ 546,250          | 11.6%             |

| Revenues by Type           | FY 2025<br>Actual | FY 2026<br>Budget | FY 2026<br>Estimated | FY 2027<br>Budgeted | Percent<br>Change |
|----------------------------|-------------------|-------------------|----------------------|---------------------|-------------------|
| Permit and Inspection Fees | \$ 448,093        | \$ 285,000        | \$ 285,000           | \$ 285,000          | 0.0%              |
| Revenues Total             | \$ 448,093        | \$ 285,000        | \$ 285,000           | \$ 285,000          | 0.0%              |

## Budget Highlights

- One truck will be replaced in FY 2027

## Public Services Administration – Public Services Department

The Public Services and Engineering Director reports directly to the Assistant Village Manager and is a member of the senior leadership team. The Director provides management oversight and support to all divisions in the department—Public Services Administration, Streets and Grounds, and Solid Waste. The Public Services Administration Division consists of the Public Services and Engineering Director, Assistant Director, Engineering Technician, Stormwater Technician, and Administrative Assistant.

Public Services Administration’s responsibilities include establishing department priorities, developing plans and specifications for infrastructure projects, and interacting with citizens and regulatory agencies. The division supports the coordination of engineering and public services functions that contribute to infrastructure planning, maintenance, and service delivery throughout the Village.

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](mailto:mapke@vopnc.org).

### Budget Summary

| Expenditures by Type | FY 2025<br>Actual | FY 2026<br>Budget | FY 2026<br>Estimated | FY 2027<br>Budgeted | Percent<br>Change |
|----------------------|-------------------|-------------------|----------------------|---------------------|-------------------|
| Salaries & Benefits  | \$ 427,489        | \$ 592,200        | \$ 569,900           | \$ 661,100          | 11.6%             |
| Operating            | 173,028           | 222,790           | 218,490              | 233,880             | 5.0%              |
| Capital              | 49,607            | 540,954           | 540,765              | 39,731              | -92.7%            |
| Expenditures Total   | \$ 650,124        | \$ 1,355,944      | \$ 1,329,155         | \$ 934,711          | -31.1%            |

## Powell Bill – Public Services Department

The Powell Bill Division is managed by the Public Services and Engineering Director and is used to separately account for the expenditure of restricted State Powell Bill funds. These funds are dedicated to the construction, repair, and maintenance of over 108 miles of Village-owned streets and right of ways.

To determine annual resurfacing priorities, Village staff review the pavement condition ratings of all Village-owned roads. These evaluations are conducted every three years by an independent outside agency using standardized rating methodologies, ensuring objective assessment and consistent planning for roadway maintenance needs.

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](mailto:mapke@vopnc.org).

### Budget Summary

| Expenditures by Type | FY 2025<br>Actual | FY 2026<br>Budget | FY 2026<br>Estimated | FY 2027<br>Budgeted | Percent<br>Change |
|----------------------|-------------------|-------------------|----------------------|---------------------|-------------------|
| Operating            | \$ 1,358,659      | \$ 1,500,100      | \$ 1,500,100         | \$ 1,500,200        | 0.0%              |
| Expenditures Total   | \$ 1,358,659      | \$ 1,500,100      | \$ 1,500,100         | \$ 1,500,200        | 0.0%              |

| Revenues by Type    | FY 2025<br>Actual | FY 2026<br>Budget | FY 2026<br>Estimated | FY 2027<br>Budgeted | Percent<br>Change |
|---------------------|-------------------|-------------------|----------------------|---------------------|-------------------|
| Powell Bill Revenue | \$ 707,787        | \$ 704,700        | \$ 704,708           | \$ 704,000          | -0.1%             |
| Revenues Total      | \$ 707,787        | \$ 704,700        | \$ 704,708           | \$ 704,000          | -0.1%             |

## 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 community appearance, preserving our environment, and enhancing transportation mobility and connectivity throughout the Village. The division reports to the Assistant Director of Public Services.

The division is responsible for maintaining safe and accessible public transportation routes and managing more than 108 miles of Village-maintained streets – the largest local government street network in Moore County. Serving over 19,000 residents across 17.2 square miles, the division ensures that public right-of-way and transportation infrastructure remain in safe and functional condition.

The Streets & Grounds team consists of 15 employees, organized into two crews: Street Maintenance and Ground Maintenance. Core responsibilities include asphalt patching, installation and maintenance of storm drains, traffic and street name signage, construction and maintenance of sidewalks and pathways, maintenance of Village-owned rights-of-way and common areas, street sweeping, and tree trimming.

Funding for major resurfacing projects is supported through Powell Bill allocations, while street patching and routine maintenance are funded through 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](mailto:mapke@vopnc.org).

## Budget Summary

| Expenditures by Type | FY 2025<br>Actual | FY 2026<br>Budget | FY 2026<br>Estimated | FY 2027<br>Budgeted | Percent<br>Change |
|----------------------|-------------------|-------------------|----------------------|---------------------|-------------------|
| Salaries & Benefits  | \$ 957,741        | \$ 1,092,000      | \$ 1,093,900         | \$ 1,152,200        | 5.5%              |
| Operating            | 648,401           | 797,153           | 730,852              | 819,900             | 2.9%              |
| Capital              | 783,806           | 4,075,666         | 4,076,363            | 1,248,820           | -69.4%            |
| Expenditures Total   | \$ 2,389,948      | \$ 5,964,819      | \$ 5,901,115         | \$ 3,220,920        | -46.0%            |

| Revenues by Type      | FY 2025<br>Actual | FY 2026<br>Budget | FY 2026<br>Estimated | FY 2027<br>Budgeted | Percent<br>Change |
|-----------------------|-------------------|-------------------|----------------------|---------------------|-------------------|
| Transportation Grants | \$ -              | \$ -              | \$ -                 | \$ 151,000          | 0.0%              |
| Revenues Total        | \$ -              | \$ -              | \$ -                 | \$ 151,000          | 0.0%              |

## Budget Highlights

- FY 2027 capital funding includes Multi-Modal Transportation Plan and Stormwater Master Plan implementation. This decreased significantly from FY 2026 which included nearly \$2.0 million in budget carryforward from FY 2025 to be spent on the Juniper Creek Boulevard sidewalk, downtown intersection, and stormwater projects which were completed in FY 2026.
- The Airport Road greenway project, which is part of the Multi-Modal Transportation Plan, has \$151,000 of grant funding from the Department of Transportation's Carbon Reduction Program to pay 80% of the estimated design costs. The total design cost is in the Capital expenditure budget.

### Solid Waste – Public Services Department

The Solid Waste Division of the Public Services Department supports the mission of the Village of Pinehurst by preserving and protecting 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](mailto:mapke@vopnc.org).

### Budget Summary

| Expenditures by Type | FY 2025<br>Actual | FY 2026<br>Budget | FY 2026<br>Estimated | FY 2027<br>Budgeted | Percent<br>Change |
|----------------------|-------------------|-------------------|----------------------|---------------------|-------------------|
| Salaries & Benefits  | \$ 767,429        | \$ 859,000        | \$ 852,300           | \$ 907,700          | 5.7%              |
| Operating            | 1,577,948         | 1,772,330         | 1,701,880            | 1,848,640           | 4.3%              |
| Capital              | 307,801           | 841,687           | 837,101              | 286,270             | -66.0%            |
| Expenditures Total   | \$ 2,653,178      | \$ 3,473,017      | \$ 3,391,281         | \$ 3,042,610        | -12.4%            |

### Budget Highlights

- FY 2027 capital funding includes the lifecycle replacement of one solid waste truck. The FY 2026 budget included the replacement of three solid waste trucks.

## Planning Department

The Planning and Inspections Director reports directly to the Village Manager and serves as a member of the Village's senior leadership team. The Planning Department supports the Village of Pinehurst's mission by promoting high-quality development, preserving the community's unique character, and guiding growth in a manner that enhances the overall quality of life. The Department provides planning services for both the Village and its extraterritorial jurisdiction (ETJ), serving residents, businesses, and property owners throughout these areas.

The Department includes a Director, Senior Planner, Planner, two Planning and Zoning Specialists, a Code Compliance Specialist, an Administrative Specialist, and a part-time Code Compliance Technician.

Through its work, the Department ensures that development and land use activities comply with the Pinehurst Development Ordinance and other applicable Village codes, while balancing growth with the preservation of the Village's character and appearance.

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](mailto:acameron@vopnc.org).

## Budget Summary

| Expenditures by Type | FY 2025<br>Actual | FY 2026<br>Budget | FY 2026<br>Estimated | FY 2027<br>Budgeted | Percent<br>Change |
|----------------------|-------------------|-------------------|----------------------|---------------------|-------------------|
| Salaries & Benefits  | \$ 753,589        | \$ 854,300        | \$ 834,400           | \$ 879,700          | 3.0%              |
| Operating            | 346,839           | 382,816           | 371,026              | 270,420             | -29.4%            |
| Capital              | 15,654            | 59,016            | 58,783               | 20                  | -100.0%           |
| Expenditures Total   | \$ 1,116,082      | \$ 1,296,132      | \$ 1,264,209         | \$ 1,150,140        | -11.3%            |

| Revenues by Type       | FY 2025<br>Actual | FY 2026<br>Budget | FY 2026<br>Estimated | FY 2027<br>Budgeted | Percent<br>Change |
|------------------------|-------------------|-------------------|----------------------|---------------------|-------------------|
| Planning & Zoning Fees | \$ 264,688        | \$ 252,300        | \$ 252,400           | \$ 232,300          | -7.9%             |
| Revenues Total         | \$ 264,688        | \$ 252,300        | \$ 252,400           | \$ 232,300          | -7.9%             |

## Budget Highlights

- One vacant position was eliminated in FY 2027: Planning Supervisor
- FY 2027 operating expenditures are budgeted to decrease significantly due to the funds for the Pinehurst Development Ordinance rewrite in prior years that was completed in FY 2026



## Library and Archives Department

The Library and Archives Department furthers the mission of the Village of Pinehurst by promoting active living and cultural enrichment for the community through the Given Memorial Library and Tufts Archives. The Library and Archives Director reports directly to the Assistant Village Manager and is a member of the senior leadership team. The department is staffed by a Director, Supervisor, full-time Associate, and four part-time Associates.

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, offering a collection of more than 23,000 items, including fiction, non-fiction, audio book, e-books, and reference materials. In addition, the department serves as curator of the Tufts Archives and the Pinehurst History Museum, preserving and sharing the history of the community.

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](mailto:amoriarty@vopnc.org).

## Budget Summary

| Expenditures by Type | FY 2025<br>Actual | FY 2026<br>Budget | FY 2026<br>Estimated | FY 2027<br>Budgeted | Percent<br>Change |
|----------------------|-------------------|-------------------|----------------------|---------------------|-------------------|
| Salaries & Benefits  | \$ 373,119        | \$ 430,200        | \$ 396,600           | \$ 473,600          | 10.1%             |
| Operating            | 142,451           | 200,064           | 186,694              | 206,420             | 3.2%              |
| Capital              | 8,155             | 19,805            | 8,812                | 4,074               | -79.4%            |
| Expenditures Total   | \$ 523,725        | \$ 650,069        | \$ 592,106           | \$ 684,094          | 5.2%              |

| Revenues by Type               | FY 2025<br>Actual | FY 2026<br>Budget | FY 2026<br>Estimated | FY 2027<br>Budgeted | Percent<br>Change |
|--------------------------------|-------------------|-------------------|----------------------|---------------------|-------------------|
| Library State Aid              | \$ 9,023          | \$ 9,000          | \$ 9,226             | \$ 9,000            | 0.0%              |
| Library Donations              | 14,254            | 46,000            | 47,000               | 7,500               | -83.7%            |
| Library Endowment Income       | 110,000           | 119,400           | 119,459              | 110,000             | -7.9%             |
| Miscellaneous Library Revenues | 13,161            | 6,500             | 10,500               | 10,250              | 57.7%             |
| Revenues Total                 | \$ 146,438        | \$ 180,900        | \$ 186,185           | \$ 136,750          | -24.4%            |

## Budget Highlights

- One Library Associate position is being added in FY 2027 to staff the new library building with expanded programming

## 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 Parks and Recreation Director reports directly to the Assistant Village Manager and is a member of the senior leadership team. The Director provides management oversight and support to all department divisions—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, such as classes, workshops, special events, athletic leagues, camps, and facility rentals, that enrich the quality of life for the participants.

The department also coordinates activities and programming at Cannon Park, Rassic Wicker Park (including the Arboretum), West Pinehurst Park, Tufts Park, and the Cannon Park Community Center.

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](mailto:awhisnant@vopnc.org).

## Budget Summary

| Expenditures by Type | FY 2025<br>Actual | FY 2026<br>Budget | FY 2026<br>Estimated | FY 2027<br>Budgeted | Percent<br>Change |
|----------------------|-------------------|-------------------|----------------------|---------------------|-------------------|
| Salaries & Benefits  | \$ 810,727        | \$ 943,300        | \$ 900,900           | \$ 952,500          | 1.0%              |
| Operating            | 1,511,068         | 1,683,322         | 1,633,092            | 1,809,880           | 7.5%              |
| Capital              | 1,880,266         | 251,442           | 251,279              | 288,238             | 14.6%             |
| Expenditures Total   | \$ 4,202,061      | \$ 2,878,064      | \$ 2,785,271         | \$ 3,050,618        | 6.0%              |

| Revenues by Type  | FY 2025<br>Actual | FY 2026<br>Budget | FY 2026<br>Estimated | FY 2027<br>Budgeted | Percent<br>Change |
|-------------------|-------------------|-------------------|----------------------|---------------------|-------------------|
| Athletic Programs | \$ 100,273        | \$ 100,000        | \$ 100,000           | \$ 100,000          | 0.0%              |
| Recreation Fees   | 178,815           | 173,000           | 177,000              | 184,000             | 6.4%              |
| Facility Rentals  | 70,263            | 70,000            | 70,000               | 70,000              | 0.0%              |
| Revenues Total    | \$ 349,351        | \$ 343,000        | \$ 347,000           | \$ 354,000          | 3.2%              |

## Budget Highlights

- Operating expenditures are increasing for one-time costs related to parks maintenance and the July 4<sup>th</sup> fireworks display celebrating the 250<sup>th</sup> anniversary of the United States of America
- Two vehicles are planned for replacement in FY 2027

## 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 and is responsible for the operation and maintenance of the historic Harness Track. The Harness Track Division is staffed by a Track Supervisor, three full-time Track Specialists, and part-time seasonal personnel responsible for the operations and maintenance of the Harness Track facility.

Established in 1915 and listed on the National Register of Historic Places, the Harness Track provides a unique recreational and economic asset for the Village. The facility includes multiple tracks, show rings, and 244 horse stalls across 17 barns. In 2015, the Village celebrated the Harness Track's 100<sup>th</sup> anniversary.

The Village rents the Harness Track's horse training facilities to show promoters, trainers, and other outside groups. The infields and grounds are available for rental to both equestrian and non-equestrian uses, including athletic events. The division also manages major and minor capital improvements while providing labor, expertise, equipment, and oversight for all facility operations.

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](mailto:awhisnant@vopnc.org).

## Budget Summary

| Expenditures by Type | FY 2025<br>Actual | FY 2026<br>Budget | FY 2026<br>Estimated | FY 2027<br>Budgeted | Percent<br>Change |
|----------------------|-------------------|-------------------|----------------------|---------------------|-------------------|
| Salaries & Benefits  | \$ 277,192        | \$ 318,300        | \$ 319,600           | \$ 336,300          | 5.7%              |
| Operating            | 318,622           | 421,039           | 413,869              | 458,090             | 8.8%              |
| Capital              | 195,715           | 317,660           | 311,996              | 360,828             | 13.6%             |
| Expenditures Total   | \$ 791,529        | \$ 1,056,999      | \$ 1,045,465         | \$ 1,155,218        | 9.3%              |

| Revenues by Type     | FY 2025<br>Actual | FY 2026<br>Budget | FY 2026<br>Estimated | FY 2027<br>Budgeted | Percent<br>Change |
|----------------------|-------------------|-------------------|----------------------|---------------------|-------------------|
| Stall Rental         | \$ 197,034        | \$ 220,400        | \$ 224,000           | \$ 210,000          | -4.7%             |
| Tack Shop Rental     | 5,400             | 6,600             | 6,400                | 6,600               | 0.0%              |
| Restaurant Rent      | 8,292             | 7,730             | 7,000                | 6,600               | -14.6%            |
| Trailer Space Rent   | 3,960             | 2,100             | 2,100                | 2,100               | 0.0%              |
| Shows/Events Revenue | 42,960            | 27,000            | 40,000               | 42,000              | 55.6%             |
| Revenues Total       | \$ 257,646        | \$ 263,830        | \$ 279,500           | \$ 267,300          | 1.3%              |

## Budget Highlights

- Continued investment in the maintenance and improvement of this historic property, such as paving the road, upgrading two barns to sewer, and renovating grooms quarters and restrooms

## 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 maintaining a strong financial condition for the facility. The division operates under the direction of the Parks and Recreation Director and is responsible for the operation, maintenance, and promotion of the Fair Barn. The Fair Barn Division is staffed by a Fair Barn Coordinator, several part-time assistants, and part-time laborers who provide the labor, supplies, expertise, and management necessary for the operations and maintenance of the Fair Barn. The division also manages capital improvements to the facility and is responsible for marketing and promoting to ensure continued community use and financial sustainability.

The Fair Barn is a renovated 6,400 square foot facility located at the Harness Track. Originally built in 1917 as an exhibition hall for the Sandhills Fair, it is recognized as the oldest surviving early twentieth-century fair exhibition hall in North Carolina. The facility has been restored as a multi-purpose community venue and can accommodate up to 600 guests, making it a popular site for weddings, receptions, and other large events.

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](mailto:awhisnant@vopnc.org).

### Budget Summary

| Expenditures by Type | FY 2025<br>Actual | FY 2026<br>Budget | FY 2026<br>Estimated | FY 2027<br>Budgeted | Percent<br>Change |
|----------------------|-------------------|-------------------|----------------------|---------------------|-------------------|
| Salaries & Benefits  | \$ 150,834        | \$ 174,100        | \$ 155,100           | \$ 171,900          | -1.3%             |
| Operating            | 232,594           | 274,937           | 242,477              | 273,300             | -0.6%             |
| Capital              | 116,386           | 101,817           | 100,192              | 198,498             | 95.0%             |
| Expenditures Total   | \$ 499,814        | \$ 550,854        | \$ 497,769           | \$ 643,698          | 16.9%             |

| Revenues by Type     | FY 2025<br>Actual | FY 2026<br>Budget | FY 2026<br>Estimated | FY 2027<br>Budgeted | Percent<br>Change |
|----------------------|-------------------|-------------------|----------------------|---------------------|-------------------|
| Fair Barn Rental     | \$ 267,700        | \$ 260,000        | \$ 260,000           | \$ 260,000          | 0.0%              |
| Shows/Events Revenue | 16,012            | 13,500            | 13,500               | 14,000              | 3.7%              |
| Grants               | -                 | 75,000            | 75,000               | -                   | -100.0%           |
| Revenues Total       | \$ 283,712        | \$ 273,500        | \$ 273,500           | \$ 274,000          | 0.2%              |

### Budget Highlights

- Investment in the improvement of this historic property, including upgrades to the light dimmer panel, window coverings, and bridal suite
- \$75,000 of the capital improvements in FY 2027 are funded by a grant received from the Convention and Visitor's Bureau One-Time Project Fund in FY 2026

### 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 effective stewardship and maintenance of Village-owned facilities and grounds. The division operates under the direction of the Parks and Recreation Director and is responsible for providing regular and preventative maintenance for all Village-owned buildings, parks, and related properties. The Buildings & Grounds Division is staffed by a Building & Grounds Superintendent, two Maintenance Technicians, and seven Grounds Specialists who support the upkeep of Village facilities and properties.

Core responsibilities include maintenance and repair of building systems such as heating and electrical systems, as well as routine services such as replacing light bulbs, cleaning system filters, mowing turf areas, and maintaining parks, greenway trails, trees, and shrubs. The division also coordinates repairs and maintenance for all facility systems as needed to ensure safe and functional operations.

All expenditures are recovered through internal service charges allocated to other departments and included within their respective operating and capital budgets.

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](mailto:awhisnant@vopnc.org).

### Budget Summary

| Expenditures by Type | FY 2025<br>Actual | FY 2026<br>Budget | FY 2026<br>Estimated | FY 2027<br>Budgeted | Percent<br>Change |
|----------------------|-------------------|-------------------|----------------------|---------------------|-------------------|
| Salaries & Benefits  | \$ 634,358        | \$ 746,900        | \$ 709,400           | \$ 775,400          | 3.8%              |
| Operating            | 900,748           | 1,043,640         | 1,031,171            | 1,119,340           | 7.3%              |
| Capital              | 2,163,525         | 706,758           | 701,376              | 847,270             | 19.9%             |
| Expenditures Total   | \$ 3,698,631      | \$ 2,497,298      | \$ 2,441,947         | \$ 2,742,010        | 9.8%              |



## Fleet Maintenance Department

The Fleet Maintenance Department reports directly to the Assistant Village Manager and is responsible for providing regular and preventative maintenance for all Village-owned vehicles and motorized equipment (tractors, mowers, etc.). The department supports the Village's mission by ensuring a safe, reliable, and high-performing fleet that enables efficient delivery of municipal services. The department is staffed by a Superintendent, two technicians, and an apprentice.

Fleet Maintenance personnel perform a wide range of services, including, lube, oil and filter changes, tire replacement and repair, and engine and pump repairs. Staff also maintain, repair, and replace pumps, motors, and generators located at Village Hall and the police and fire stations.

All expenditures are recovered through internal service charges that are allocated to other departments and included within their respective operating and capital budgets.

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](mailto:jccole@vopnc.org).

### Budget Summary

| Expenditures by Type | FY 2025<br>Actual | FY 2026<br>Budget | FY 2026<br>Estimated | FY 2027<br>Budgeted | Percent<br>Change |
|----------------------|-------------------|-------------------|----------------------|---------------------|-------------------|
| Salaries & Benefits  | \$ 306,721        | \$ 394,400        | \$ 386,200           | \$ 419,900          | 6.5%              |
| Operating            | 534,619           | 625,450           | 604,050              | 635,460             | 1.6%              |
| Capital              | 930,474           | 1,878,038         | 1,873,291            | 2,236,300           | 19.1%             |
| Expenditures Total   | \$ 1,771,814      | \$ 2,897,888      | \$ 2,863,541         | \$ 3,291,660        | 13.6%             |

## Information Technology Department

The Information Technology Department (IT) furthers the Village's mission by ensuring it professionally manages a high-performing organization. The Chief Information Officer (CIO) reports directly to the Village Manager and is a member of the senior leadership team. In addition to the CIO, IT includes an infrastructure administrator, IT systems specialist, GIS analyst, and two IT technicians. These positions are responsible for the support, maintenance, and security of hardware, software, and network infrastructure. IT is also responsible for the Village's internet and intranet web sites. 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 IT Department may be obtained by contacting Jason Whitaker, CIO, at 910.295.1900 or [jwhitaker@vopnc.org](mailto:jwhitaker@vopnc.org).

### Budget Summary

| Expenditures by Type | FY 2025<br>Actual | FY 2026<br>Budget | FY 2026<br>Estimated | FY 2027<br>Budgeted | Percent<br>Change |
|----------------------|-------------------|-------------------|----------------------|---------------------|-------------------|
| Salaries & Benefits  | \$ 707,181        | \$ 798,500        | \$ 779,700           | \$ 816,500          | 2.3%              |
| Operating            | 713,188           | 831,387           | 816,897              | 977,790             | 17.6%             |
| Capital              | 195,398           | 153,182           | 142,451              | 95,500              | -37.7%            |
| Expenditures Total   | \$ 1,615,767      | \$ 1,783,069      | \$ 1,739,048         | \$ 1,889,790        | 6.0%              |

## 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 Policy. 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), subscription-based software services, and vehicle leases through the Enterprise Fleet Management program. The vehicle leases are structured as routine open-ended lease agreements. In accordance with the Governmental Accounting Standard Board (GASB) Statements No. 87 and 96, these lease and software subscription agreements are classified as long-term debt obligations.

The FY 2027 debt service budget reflects the annual payments associated with existing office equipment leases, subscription-based agreements, and estimated monthly vehicle lease payments. These payments are allocated between principal and interest in accordance with amortization schedules required under applicable 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](mailto:dvannostrand@vopnc.org).

## Budget Summary

| Expenditures by Type | FY 2025<br>Actual | FY 2026<br>Budget | FY 2026<br>Estimated | FY 2027<br>Budgeted | Percent<br>Change |
|----------------------|-------------------|-------------------|----------------------|---------------------|-------------------|
| Principal            | \$ 193,143        | \$ 256,600        | \$ 255,000           | \$ 401,400          | 56.4%             |
| Interest             | 8,041             | 40,450            | 37,900               | 94,300              | 133.1%            |
| Expenditures Total   | \$ 201,184        | \$ 297,050        | \$ 292,900           | \$ 495,700          | 66.9%             |

## Budget Highlights

- The Village anticipates continuing an existing postage meter lease agreement, maintaining vehicle leases executed in FY 2026 and entering into 18 new vehicle lease agreements in FY 2027. The FY 2027 vehicle leases are budgeted as other financing sources to recognize the issuance of the lease liabilities totaling \$739,100, along with corresponding capital outlay of \$918,300 for the acquisition of the right-to-use asset. Associated principal and interest payments are included within debt service expenditures.
- The Village may enter into new software subscription agreements that meet the criteria in GASB Statement No. 96. However, because specific software selections and contract terms have not yet been determined, no amounts have been budgeted for new subscription liabilities or related debt service in FY 2027. Instead, anticipated costs for new subscriptions are included within capital expenditures. Should qualifying agreements be executed during the fiscal year, the Village Council will adopt the necessary budget amendments to recognize the associated subscription liabilities and debt service when deemed necessary.

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 2027 budget:

| Description                                                                                                                                                                                                                                                                       | Fiscal Year      |                   |                   |                   |                   |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|-------------------|-------------------|-------------------|-------------------|
|                                                                                                                                                                                                                                                                                   | 2027             | 2028              | 2029              | 2030              | 2031              |
| <b>Office Equipment</b><br>Lease of one (1) postage meter<br>Five-year agreement from 04/30/2024 through 04/29/2029.<br>Quarterly fixed payments with an implicit interest rate of 2.312%.                                                                                        | \$ 2,400         | \$ 2,300          | \$ 1,800          | \$ -              | \$ -              |
| <b>Vehicles</b><br>Vehicles Leases<br>Open-ended lease agreements with various start and end dates to be determined upon lease execution.<br>Monthly fixed payments with interest rates to be determined upon lease execution.                                                    | 335,100          | 449,400           | 509,300           | 560,200           | 658,500           |
| <b>Subscriptions</b><br>Subscriptions for eight (8) software applications<br>Three-year to five-year agreements with various start and end dates ranging from 07/01/2022 through 05/05/2028.<br>Annual fixed payments with implicit interest rates ranging from 2.024% to 3.631%. | 158,200          | 24,223            | -                 | -                 | -                 |
| <b>Total Debt Service</b>                                                                                                                                                                                                                                                         | <b>\$495,700</b> | <b>\$ 475,923</b> | <b>\$ 511,100</b> | <b>\$ 560,200</b> | <b>\$ 658,500</b> |

The chart below indicates the total principal and interest due until maturity by type and by fiscal year for the long-term debt included in the FY 2027 budget:

| Project/Type    | FY 2027           |                  | FY 2028           |                   | FY 2029           |                   |
|-----------------|-------------------|------------------|-------------------|-------------------|-------------------|-------------------|
|                 | Principal         | Interest         | Principal         | Interest          | Principal         | Interest          |
| Equipment Lease | \$ 2,200          | \$ 200           | \$ 2,200          | \$ 100            | \$ 1,700          | \$ 100            |
| Vehicle Leases  | 245,700           | 89,400           | 335,600           | 113,800           | 387,400           | 121,900           |
| Subscriptions   | 153,500           | 4,700            | 23,623            | 600               | -                 | -                 |
| <b>Totals</b>   | <b>\$ 401,400</b> | <b>\$ 94,300</b> | <b>\$ 361,423</b> | <b>\$ 114,500</b> | <b>\$ 389,100</b> | <b>\$ 122,000</b> |

| Project/Type    | FY 2030           |                   | FY 2031           |                   | Thereafter  |             |
|-----------------|-------------------|-------------------|-------------------|-------------------|-------------|-------------|
|                 | Principal         | Interest          | Principal         | Interest          | Principal   | Interest    |
| Equipment Lease | \$ -              | \$ -              | \$ -              | \$ -              | \$ -        | \$ -        |
| Vehicle Leases  | 433,100           | 127,100           | 483,300           | 175,200           | -           | -           |
| Subscriptions   | -                 | -                 | -                 | -                 | -           | -           |
| <b>Totals</b>   | <b>\$ 433,100</b> | <b>\$ 127,100</b> | <b>\$ 483,300</b> | <b>\$ 175,200</b> | <b>\$ -</b> | <b>\$ -</b> |

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, 2025 is 0% compared to the legal debt limit of 8%.

| <b>Computation of Legal Debt Limit</b>                   |                       |
|----------------------------------------------------------|-----------------------|
| Net Assessed Value - June 30, 2025                       | \$ 6,029,600,520      |
|                                                          | 8.0%                  |
| Debt Limit - Eight Percent (8.0%) of Assessed Value      | \$ 482,368,042        |
| Gross Debt:                                              |                       |
| Installment Purchase Agreements                          | -                     |
| Total Amount of Debt Applicable to Debt Limit (Net Debt) | -                     |
| <b>Legal Debt Margin</b>                                 | <b>\$ 482,368,042</b> |

### Other Financing Uses

Other financing uses represent transfers out of the General Fund to other funds. The budget for FY 2027 includes a transfer from the General Fund to the Library Expansion Capital Project Fund to support anticipated expenditures for the new library construction and Tufts Archives renovation in excess of the projected fund balance in the Library Expansion Capital Project Fund for FY 2027.

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](mailto:dvannostrand@vopnc.org).

### Budget Summary

| Type                 | FY 2025<br>Actual | FY 2026<br>Budget | FY 2026<br>Estimated | FY 2027<br>Budgeted | Percent<br>Change |
|----------------------|-------------------|-------------------|----------------------|---------------------|-------------------|
| Other Financing Uses | \$ 2,800,000      | \$ 1,910,000      | \$ 1,910,000         | \$ 912,000          | -52.3%            |
| Total                | \$ 2,800,000      | \$ 1,910,000      | \$ 1,910,000         | \$ 912,000          | -52.3%            |

### Budget Highlights

- The new library building construction should be substantially complete in the spring of 2027
- Design of the Tufts Archives renovation in the existing building on the Village Green will be completed in FY 2027

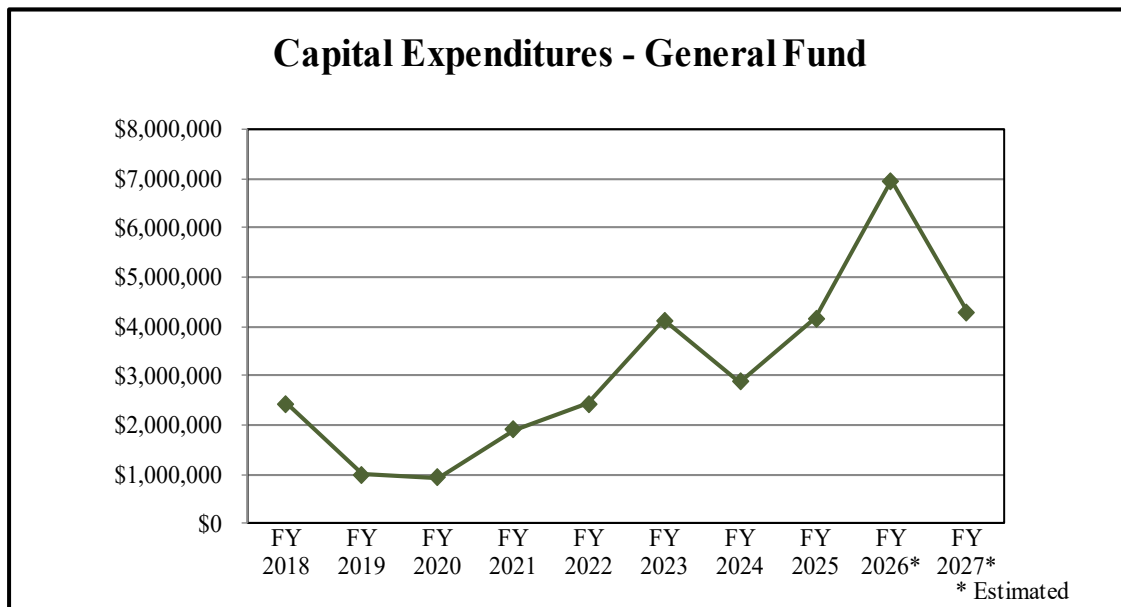


## Capital Expenditures

This section provides the reader capital expenditure trend data related to capital expenditures in the General Fund. The Village is committed to protecting and maintaining its capital investments. Assets are replaced based on regular replacement cycles and maintenance inspections. New assets are purchased or constructed when approved through the Strategic Operating Plan process or when approved by the Village Council if opportunities arise outside of the normal budget cycle.

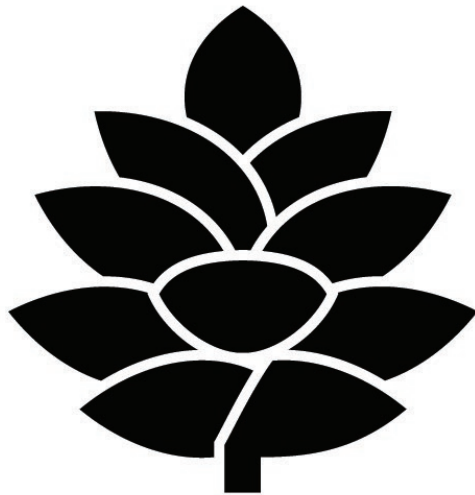
Capital expenditures are typically accounted for in either the General Fund or capital project funds, depending on the scope and duration of the project. In the General Fund, appropriations are made on an annual basis and the items funded are expected to be completed within the fiscal year. These capital outlays are reflected within each department's summary in the *General Fund* section.

The chart below illustrates the historical capital expenditure levels in the General Fund.



Capital expenditures tend to be irregular based on the timing of routine replacement cycles, significant one-time projects, and the impacts of inflation and supply chain delays. FY 2023 and FY 2025 included one-time costs associated with the installation of synthetic turf at Cannon Park and Wicker Park athletic fields, respectively. A more significant rise in capital expenditures is estimated for FY 2026, driven by multi-modal plan and stormwater projects that have taken several years to plan and build up funding for. The Juniper Creek Boulevard sidewalk project and downtown intersection and stormwater improvement project will be completed in FY 2026, utilizing funding carried forward from prior fiscal years' appropriations in addition to current year funds. Capital expenditures are expected to decline in FY 2027 as investments in new projects return to a normal level.

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. See the *Capital Improvement Plan* section for more information on capital expenditures in all funds over the five-year planning period.





# 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

In December 2022, the U.S. Census Bureau designated the Pinehurst-Southern Pines area in southern Moore County as an Urban Area with a population of 50,319, requiring the establishment of a metropolitan planning organization since population had exceeded 50,000. The SMPO exists to perform the transportation planning for the Pinehurst-Southern Pines Urban Area as defined by the United States Department of Transportation (USDOT). The USDOT, through the North Carolina Department of Transportation (NCDOT), provides grants to fund the SMPO programs and operations.

In October 2023, the Village Council entered into the 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 NCDOT designated the SMPO as the metropolitan planning agency for the Pinehurst-Southern Pines Urban Area on December 22, 2023, making the SMPO responsible for regional transportation planning in accordance with federal and state requirements.

The Lead Planning Agency (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 serves as the LPA and provides these administrative services to the SMPO. 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 specifies the SMPO will charge indirect costs to applicable 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 financial activity for the SMPO operations.

### **Budget Highlights**

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.

The SMPO Special Revenue Fund is funded by federal and/or State grants, and members' dues. Each year the SMPO develops a Unified Planning Work Program (UPWP) outlining planned activities and funding which is approved by the SMPO Governing Board. 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. Grant revenues are reimbursed quarterly, while member dues are allocated annually based on each jurisdiction's population share within the SMPO boundaries. 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. Expenditures in the SMPO Special Revenue Fund primarily include salary and benefits for the SMPO Director (one full-time position), consultant services for the development of the Metropolitan Transportation Plan and a consolidated bike and pedestrian plan, and applicable indirect costs. Additional operating expenditures include insurance, supplies, travel, and training.

The SMPO budget is approved annually by the SMPO Governing Board through the Governing Board's adoption of the UPWP. The SMPO budget is then incorporated into the Village's annual budget ordinance. The following reflects the budget adopted in the FY 2027 UPWP for inclusion in the Village's FY 2027 annual budget ordinance. To view the UPWP in more detail, please visit the SMPO website at [www.sandhillssmpo.org](http://www.sandhillssmpo.org).

**SMPO Expenditures and Revenues**

| Expenditures by Type | FY 2025<br>Actual | FY 2026<br>Budget | FY 2026<br>Estimated | FY 2027<br>Budgeted | Percent<br>Change |
|----------------------|-------------------|-------------------|----------------------|---------------------|-------------------|
| Salaries & Benefits  | \$ 39,550         | \$ 190,736        | \$ 52,000            | \$ 161,311          | -15.4%            |
| Operating            | 6,530             | 303,461           | 122,000              | 536,766             | 76.9%             |
| Expenditures Total   | \$ 46,080         | \$ 494,197        | \$ 174,000           | \$ 698,077          | 41.3%             |

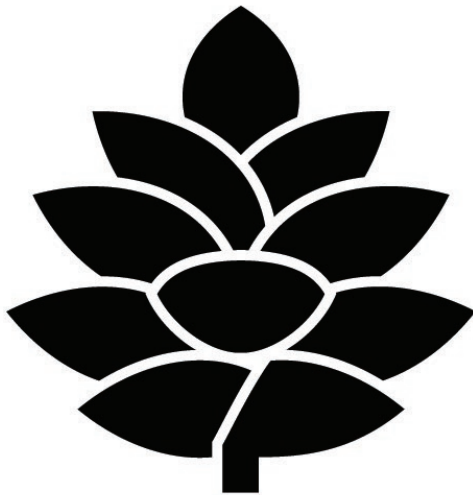
| Revenues by Type | FY 2025<br>Actual | FY 2026<br>Budget | FY 2026<br>Estimated | FY 2027<br>Budgeted | Percent<br>Change |
|------------------|-------------------|-------------------|----------------------|---------------------|-------------------|
| Federal Grants   | \$ 36,865         | \$ 395,677        | \$ 133,835           | \$ 558,781          | 41.2%             |
| State Grants     | -                 | 6,706             | 6,706                | 14,708              | 119.3%            |
| Members Dues     | 9,215             | 91,814            | 33,459               | 124,588             | 35.7%             |
| Total Revenues   | \$ 46,080         | \$ 494,197        | \$ 174,000           | \$ 698,077          | 41.3%             |

**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's time providing administrative services to the SMPO and the use of Village facilities and equipment 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 \$36,144 (approximately 29% of the total local match) in FY 2027 and is budgeted in the Administration department's operating expenditures.







# FIVE-YEAR FINANCIAL FORECAST FY 2027-2031

## 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 ensures adequate resources are available to meet future financial obligations and supports 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 that set forth basic guidance for the financial management of the Village. These policies, provided in the *Strategic Operating Plan Guide* section of this document, are based upon long-standing principles of public stewardship. The forecast serves to inform decision makers of the 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 being 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 anticipated need to increase tax revenue through the tax rate to support additional expenditures in the plan. 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 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. These projections are considered in combination with the Village's historical trends and other assumptions that could impact state-collected local revenue, such as significant population changes for revenues that are distributed on a per capita basis.

Financial Services staff include non-recurring revenues, such as the U.S. Open licensing fees and grants, 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 more than 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 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.

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 (CPI) 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.

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 Council's priorities. 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 current operating expenditures, which are not related to personnel or a significant one-time item, are projected 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 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 2027-2031 Five-Year Financial Forecast

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 2027 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.

### Revenue Forecast and Significant Assumptions

The FY 2027-2031 forecast projects ongoing operating revenue ranging from \$27.5 million to \$29.7 million, an increase of \$2.2 million over the next five years. The table below summarizes the assumptions, financial impact, and risks associated with the Village's key revenue sources:

| Revenue Source         | Key Assumptions                                                                                                                                                                                                           | Financial Impact                                                                                                                                                                                               | Risks/Constraints                                                                                                                                                                                              |
|------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Property Taxes         | <ul style="list-style-type: none"> <li>— Half-cent rate decrease in FY 2027</li> <li>— Increase in FY 2028</li> <li>— 1% annual growth from normal development + \$10 million per year from major subdivisions</li> </ul> | <ul style="list-style-type: none"> <li>— \$200K decrease in FY 2027</li> <li>— \$1.1 million in additional revenue needed in FY 2028 to fund new positions and catch up for inflation since FY 2024</li> </ul> | <ul style="list-style-type: none"> <li>— Dependent on valuation growth and Council adoption of tax rates necessary to raise required revenue</li> <li>— Draft legislation to impose tax levy limits</li> </ul> |
| Local Option Sales Tax | 3% growth in FY 2027 tapering down to 2%                                                                                                                                                                                  | Stable, moderate growth of \$721K over five years                                                                                                                                                              | Sensitive to broader economic impacts and legislative changes                                                                                                                                                  |
| Other Sales Taxes      | Annual changes ranging from -10% to 3% guided by NCLM projections                                                                                                                                                         | Relatively flat revenue with \$106K growth over five years                                                                                                                                                     | Legislative changes (repeal, changes in taxable items or distribution methods)                                                                                                                                 |
| Sales & Services       | Annual growth ranging from 1% to 4%                                                                                                                                                                                       | 5% total growth over five years of \$48K                                                                                                                                                                       | Dependent on demand for services                                                                                                                                                                               |
| Investment Income      | <ul style="list-style-type: none"> <li>— Annual yield of 3% in FY 2027 stepping down to 2%</li> <li>— Declining investment balance due to use of fund balance for capital</li> </ul>                                      | Declines by more than 50% from \$635K in FY 2027 to \$263K in FY 2031                                                                                                                                          | Sensitive to economic changes and federal funds rate                                                                                                                                                           |
| One-Time Revenue       | \$600K in FY 2029 for the U.S. Open Championships                                                                                                                                                                         | Offsets estimated costs of hosting the U.S. Open, such as permits and inspections, facilities rental, and public safety overtime                                                                               | Actual licensing fee agreement 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 being 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

The FY 2027-2031 forecast projects ongoing operating expenditures ranging from \$27.6 million to \$31.8 million, an increase of \$4.2 million over the next five years. The table below summarizes the assumptions, financial impact, and risks associated with the Village's key expenditure categories:

| Category           | Key Assumptions                                                                                                                                                                                                                                                                                                                                                                                                           | Financial Impact                                                                                                                                                                                                                                                  | Risks/Constraints                                                                                                                                                                                                                                                                                                        |
|--------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Salaries           | <ul style="list-style-type: none"> <li>— Staffing changes in table below</li> <li>— 2.6% COLA in FY 2027 decreases to 2% thereafter</li> <li>— 2% merit in all years</li> <li>— 0.5% increase for salary studies in even years</li> </ul>                                                                                                                                                                                 | <ul style="list-style-type: none"> <li>— Largest cost driver (70% of total salaries &amp; benefits)</li> <li>— Annual increases range from 3% to 6%</li> <li>— \$2.3 million increase over five years (18%) is by far the most significant in the plan</li> </ul> | <ul style="list-style-type: none"> <li>— COLA is tied to inflation per policy</li> <li>— Tax rate typically is not adjusted until revaluation years to cover cost increases</li> </ul>                                                                                                                                   |
| Insurance Benefits | 14.9% of benefit-eligible salaries based on historical actuals                                                                                                                                                                                                                                                                                                                                                            | Increases \$251K (13%) over five years                                                                                                                                                                                                                            | Insurance market increases may cause this cost to grow faster than salaries                                                                                                                                                                                                                                              |
| Retirement         | <ul style="list-style-type: none"> <li>— FY 2027 pension rates are known: 17.08% for law enforcement officers (LEO) and 15.14% for non-LEO employees</li> <li>— Flat rates in FY 2028-2029 based on State Treasurer's plan to raise investment income and curb rate hikes</li> <li>— 1% increase in FY 2030 for LEO and 0.75% for non-LEO, remaining flat in FY 2031</li> <li>— 401(k) contribution flat at 5%</li> </ul> | Increases \$561K (22%) over five years. Total retirement costs are 20% of salaries.                                                                                                                                                                               | Pension contribution rates are set by the Local Government Employees Retirement System Board of Trustees each year. The State Treasurer's investment and governance reforms are intended to moderate future contribution rate increases, but that is dependent on the actual investment performance and Board decisions. |

## FIVE-YEAR FINANCIAL FORECAST FY 2027-2031

| Category        | Key Assumptions                                                                                                                                                                                            | Financial Impact                                                                                                                                                                                                                                                                                                          | Risks/Constraints                                                                                        |
|-----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|
| Other Operating | 2% annual inflation in ongoing expenditures +/- one-time expenditures and impacts to ongoing operating from initiatives in the forecast                                                                    | Stable, relatively predictable growth of \$789K (9%) over five years                                                                                                                                                                                                                                                      | Broader economic impacts to certain costs, such as paving and fuel, could create pressure and volatility |
| Debt Service    | <ul style="list-style-type: none"> <li>Existing leases and software subscriptions + estimated debt service on new vehicles planned to be leased in the Fleet CIP</li> <li>No new debt issuances</li> </ul> | <ul style="list-style-type: none"> <li>Grows \$163K over five years to \$658K in FY 2031 as the entire passenger fleet is phased into leasing. FY 2031 should be the maximum debt service in the future.</li> <li>Long term, cash flows from the leasing program are favorable compared to purchasing outright</li> </ul> | Interest rate for vehicle leases is sensitive to changes in Treasury Bill rates                          |

Salaries and benefits make up more than half of the Village's total expenditures. The annual increase in base salaries and benefits before adding new positions is approximately 3-4% per year. Benefits range from 41% to 43% of salaries over the course of the forecast, with this percentage increasing over time as some benefit costs grow faster than salaries.

The table below summarizes the full-time equivalent (FTE) staffing changes included in the plan. Overall, these changes result in a net increase of 4.0 FTEs over the five-year forecast period.

| Fiscal Year  | FTE Change | Positions                                                                             | Impact                                                                                                                                            |
|--------------|------------|---------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|
| 2027         | - 2        | Removed 4 vacancies + 1 police officer + 1 library associate                          | Cost control in administrative positions; add capacity to improve service delivery                                                                |
| 2028         | + 5        | 2 police officers + 1 library & archives supervisor + 2 library & archives associates | Equally staff all four police shifts; fully staff library and archives after expansion and renovation to support additional space and programming |
| 2029         | + 1        | 1 recreation assistant for athletics                                                  | Support growth in athletic programs                                                                                                               |
| 2030         | -          | No changes planned                                                                    |                                                                                                                                                   |
| 2031         | -          | No changes planned                                                                    |                                                                                                                                                   |
| <b>Total</b> | <b>+ 4</b> |                                                                                       | \$1.9 million in salaries & benefits over the five-year plan                                                                                      |

## Capital Forecast

The forecast incorporates capital investments in the General Fund with an estimated cost of \$16.5 million over the next five years, excluding capital project fund expenditures. Details on planned capital investments are provided in the *Capital Improvement Plan* section of this document. The table below highlights the key assumptions and impacts related to the capital and financing plan:

| Category           | Key Assumptions                                                                                                                                                                                                                             | Financial Impact                                                                                                                                                                                                   |
|--------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Capital Investment | <ul style="list-style-type: none"> <li>— \$13.5 million in routine replacements</li> <li>— \$3.0 million in one-time investments in new assets and non-recurring replacements, including \$1 million for a fire truck in FY 2027</li> </ul> | <ul style="list-style-type: none"> <li>— Annual capital investment ranges from 7% to 13% of total expenditures which is within the target range</li> </ul>                                                         |
| Fleet Strategy     | <ul style="list-style-type: none"> <li>— Leasing passenger vehicles, with the full fleet phased into leasing by FY 2031</li> <li>— Purchasing solid waste trucks, dump trucks, fire apparatus, and equipment in cash</li> </ul>             | <ul style="list-style-type: none"> <li>— Leasing spreads the cost over the life of the vehicles, maximizes value for resale, and reduces future debt service costs by putting equity into future leases</li> </ul> |
| Cash Financing     | \$13.7 million paid in cash, either from current year revenues or fund balance                                                                                                                                                              | Reduces reserves, but the plan is within capital spending targets and fund balance policy                                                                                                                          |
| Debt               | <ul style="list-style-type: none"> <li>— \$2.8 million funded with open-ended leases</li> <li>— No capital assets are funded with traditional debt (bonds or loans)</li> </ul>                                                              | <ul style="list-style-type: none"> <li>— Debt service is limited to leases</li> <li>— Could be missing the opportunity to spread costs to future taxpayers for long-lived assets</li> </ul>                        |

## 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 \$2.4 million from the General Fund to capital project funds. Details on existing and potential capital projects funds are provided in the *Capital Improvement Plan* section of this document.

## Forecast Summary

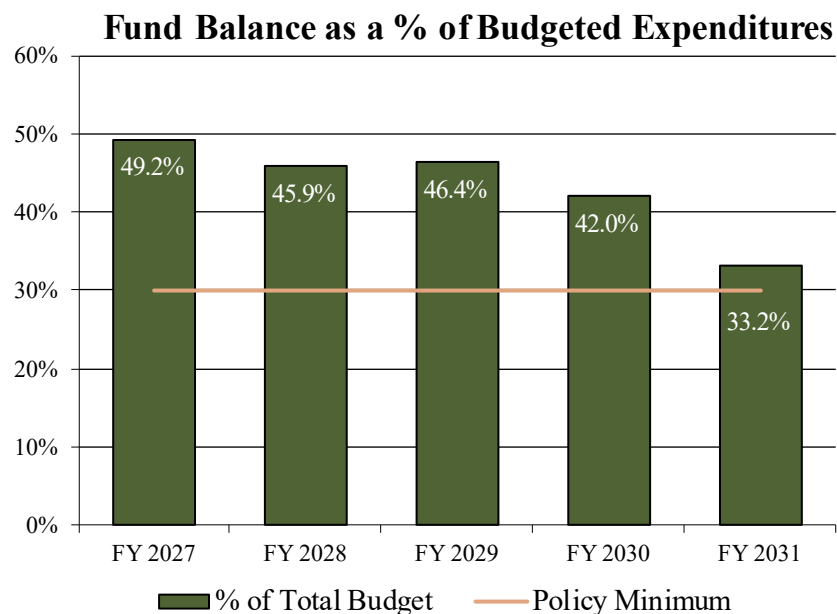
The pages at the end of this section summarize the five-year financial forecast. Management relies heavily on this forecast to make decisions on which programs, initiatives, and capital investments can be afforded within available revenues, or when additional tax revenues need to be raised to fund operations. To monitor compliance with the budget principles established in the Budget and Financial Planning Policy, the forecast splits revenues and expenditures between ongoing and one-time/non-recurring. The general definitions and examples of these categories are shown below:

## FIVE-YEAR FINANCIAL FORECAST FY 2027-2031

| 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, US Open Experience), requirements above normal maintenance level for assets (i.e. repaving parking lots, additional clay for the Harness Track), addition to fleet, new facility |

Two key financial management concepts guide management in developing the forecast: operating margin and fund balance ratio. The operating margin ratio measures how much of available operating revenues are required to support operating expenditures. For example, if the operating margin is 0.90, that means for each dollar in operating revenues received, approximately 90 cents will be used to support operating expenditures. This leaves the remaining 10 cents 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 for future investment.

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 (fund balance ratio). Details on this policy are provided in the *Strategic Operating Plan Guide* section of this document. The graph to the right shows the fund balance ratio trend in the forecast.

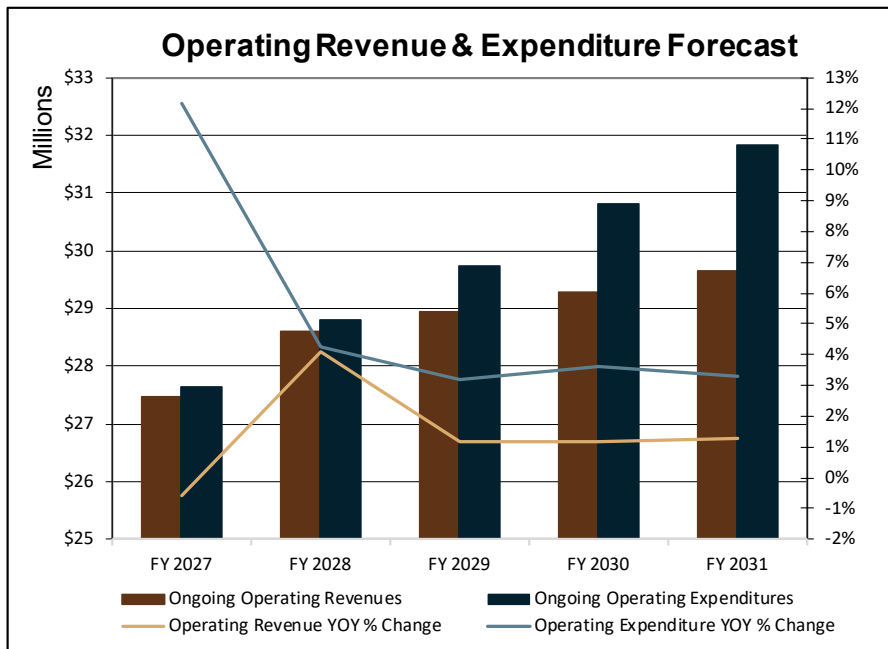


## FIVE-YEAR FINANCIAL FORECAST FY 2027-2031

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 (BAV), is incorporated in each year of the forecast to most accurately predict ending fund balance and operating margin.

The table below summarizes these key financial metrics in the forecast and the implications of the results:

| Metric                                 | Target                            | Forecast                          | Interpretation                                                                                                                                                                  |
|----------------------------------------|-----------------------------------|-----------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Operating Margin</b>                | 0.90-0.93                         | 0.90-0.96                         | Exceeds the target in FY 2030 and 2031. This is typical and management will refine the plan each year to resolve the structural deficit and ensure adequate funding of capital. |
| <b>Fund Balance Ratio</b>              | ≥ 30%                             | 49% to 33%                        | Complies with policy, with \$1.2 million in reserves that could be used and stay compliant, providing flexibility in the plan                                                   |
| <b>Budget-to-Actual Variance (BAV)</b> | Revenues 101%<br>Expenditures 93% | Revenues 101%<br>Expenditures 93% | Offsets operating deficits until FY 2030 and 2031. Historically we have achieved the budgeted BAV.                                                                              |



The chart to the left illustrates the ongoing operating revenues and operating expenditures in each year of the forecast, before adjusting for one-time revenues or expenditures and the estimated BAV. Expenditure growth has been outpacing revenue growth, with ongoing operating expenditures exceeding ongoing operating revenues in FY 2030 and beyond after accounting for the estimated BAV. This is typical for the out-years of the forecast, but is one of the more challenging issues facing the Village's financial decisions in the future. Village management

is mindful of this in our strategic planning process and refines the plans 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.



# FIVE-YEAR FINANCIAL FORECAST FY 2027-2031

## Five-Year Financial Forecast FY 2027-2031

|                                        | FY 2027               | FY 2028               | FY 2029             | FY 2030             | FY 2031             |
|----------------------------------------|-----------------------|-----------------------|---------------------|---------------------|---------------------|
| <b>Property Tax Rate</b>               | \$ 0.220              | Note 1                | Note 1              | Note 1              | Note 1              |
| <b>Ongoing Revenues</b>                |                       |                       |                     |                     |                     |
| Property Tax Revenue                   | \$ 13,591,000         | \$ 14,690,000         | \$ 14,864,000       | \$ 15,040,000       | \$ 15,218,000       |
| Intergovernmental Revenues             | 10,659,700            | 10,887,500            | 11,081,300          | 11,285,100          | 11,486,900          |
| Permits & Fees                         | 1,147,500             | 1,153,500             | 1,159,500           | 1,165,500           | 1,172,500           |
| Sales & Services                       | 987,750               | 1,004,750             | 1,001,750           | 1,018,750           | 1,035,750           |
| Other Operating Revenues               | 456,310               | 461,200               | 516,000             | 471,000             | 476,000             |
| Interest Income                        | 634,800               | 398,900               | 309,300             | 296,100             | 263,300             |
| <b>Ongoing Operating Revenues</b>      | <b>27,477,060</b>     | <b>28,595,850</b>     | <b>28,931,850</b>   | <b>29,276,450</b>   | <b>29,652,450</b>   |
| Sales of Assets (OFS)                  | 150,000               | 202,100               | 276,000             | 215,900             | 537,100             |
| Vehicle Lease Liabilities Issued (OFS) | 739,100               | 586,200               | 302,500             | 250,400             | 957,100             |
| <b>Total Ongoing Revenues</b>          | <b>28,366,160</b>     | <b>29,384,150</b>     | <b>29,510,350</b>   | <b>29,742,750</b>   | <b>31,146,650</b>   |
| <b>Ongoing Expenditures</b>            |                       |                       |                     |                     |                     |
| Personnel in FTEs                      | 170.4                 | 175.4                 | 176.4               | 176.4               | 176.4               |
| Ongoing Salaries and Benefits          | \$ 18,098,632         | \$ 18,896,400         | \$ 19,822,100       | \$ 20,755,400       | \$ 21,492,300       |
| New Positions Salaries and Benefits    | 153,168               | 288,600               | 71,400              | -                   | -                   |
| Operating                              | 8,891,440             | 9,154,300             | 9,337,600           | 9,500,300           | 9,680,300           |
| Debt Service                           | 495,700               | 475,930               | 511,100             | 560,200             | 658,500             |
| <b>Ongoing Operating Expenditures</b>  | <b>27,638,940</b>     | <b>28,815,230</b>     | <b>29,742,200</b>   | <b>30,815,900</b>   | <b>31,831,100</b>   |
| <b>Operating Surplus (Deficit)</b>     | <b>(161,880)</b>      | <b>(219,380)</b>      | <b>(810,350)</b>    | <b>(1,539,450)</b>  | <b>(2,178,650)</b>  |
| Ongoing Asset Replacements (Capital)   | 3,279,500             | 2,702,800             | 1,977,200           | 1,926,000           | 3,665,650           |
| <b>Total Ongoing Expenditures</b>      | <b>30,918,440</b>     | <b>31,518,030</b>     | <b>31,719,400</b>   | <b>32,741,900</b>   | <b>35,496,750</b>   |
| <b>Ongoing Surplus (Deficit)</b>       | <b>(2,552,280)</b>    | <b>(2,133,880)</b>    | <b>(2,209,050)</b>  | <b>(2,999,150)</b>  | <b>(4,350,100)</b>  |
| <b>One-Time Revenues</b>               |                       |                       |                     |                     |                     |
| Grants                                 | \$ 479,000            | \$ 835,000            | \$ 76,200           | \$ -                | \$ -                |
| Permits & Fees                         | -                     | -                     | 600,000             | -                   | -                   |
| Other Financing Sources (OFS)          | -                     | -                     | -                   | -                   | -                   |
| <b>Total One-Time Revenues</b>         | <b>479,000</b>        | <b>835,000</b>        | <b>676,200</b>      | <b>-</b>            | <b>-</b>            |
| <b>One-Time Expenditures</b>           |                       |                       |                     |                     |                     |
| Salaries and Benefits                  | \$ -                  | \$ -                  | \$ 64,600           | \$ -                | \$ -                |
| Operating                              | 143,400               | 25,000                | 150,000             | -                   | -                   |
| Capital                                | 1,014,500             | 752,000               | 370,000             | 580,000             | 245,000             |
| Transfers/Other Financing Uses (OFU)   | 912,000               | 1,118,300             | 400,000             | -                   | -                   |
| <b>Total One-Time Expenditures</b>     | <b>2,069,900</b>      | <b>1,895,300</b>      | <b>984,600</b>      | <b>580,000</b>      | <b>245,000</b>      |
| <b>One-Time Surplus (Deficit)</b>      | <b>\$ (1,590,900)</b> | <b>\$ (1,060,300)</b> | <b>\$ (308,400)</b> | <b>\$ (580,000)</b> | <b>\$ (245,000)</b> |

**Note 1:** Property values should be reassessed by Moore County as of January 1, 2027 for the FY 2028 tax revenues. The Village will change the tax rate based on the results of the revaluation which are unknown at this time. Projected tax rates are not displayed for this reason. The estimated property tax revenues needed to support the five-year financial forecast are displayed.

## FIVE-YEAR FINANCIAL FORECAST FY 2027-2031

| Summary                                    | FY 2027        | FY 2028        | FY 2029        | FY 2030        | FY 2031        |
|--------------------------------------------|----------------|----------------|----------------|----------------|----------------|
| <b>Total Revenues</b>                      | \$ 27,956,060  | \$ 29,430,850  | \$ 29,608,050  | \$ 29,276,450  | \$ 29,652,450  |
| <b>Total Other Financing Sources (OFS)</b> | 889,100        | 788,300        | 578,500        | 466,300        | 1,494,200      |
| <b>Total Revenues &amp; OFS</b>            | 28,845,160     | 30,219,150     | 30,186,550     | 29,742,750     | 31,146,650     |
| <b>Total Operating Expenditures</b>        | 27,782,340     | 28,840,230     | 29,956,800     | 30,815,900     | 31,831,100     |
| <b>Total Capital Expenditures</b>          | 4,294,000      | 3,454,800      | 2,347,200      | 2,506,000      | 3,910,650      |
| <b>Total Other Financing Uses (OFU)</b>    | 912,000        | 1,118,300      | 400,000        | -              | -              |
| <b>Total Expenditures &amp; OFU</b>        | 32,988,340     | 33,413,330     | 32,704,000     | 33,321,900     | 35,741,750     |
| <b>Revenues Over (Under) Expenditures</b>  | \$ (4,143,180) | \$ (3,194,180) | \$ (2,517,450) | \$ (3,579,150) | \$ (4,595,100) |

### Capital As a Percent of Total Expenditures:

|                                     | FY 2027       | FY 2028       | FY 2029       | FY 2030       | FY 2031       |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|
| <b>Total Expenditures &amp; OFU</b> | \$ 32,988,340 | \$ 33,413,330 | \$ 32,704,000 | \$ 33,321,900 | \$ 35,741,750 |
| <b>Total Capital Expenditures</b>   | 4,294,000     | 3,454,800     | 2,347,200     | 2,506,000     | 3,910,650     |
| <b>% of Total Expenditures</b>      | 13.0%         | 10.3%         | 7.2%          | 7.5%          | 10.9%         |

### Projected Impact on Fund Balance in the General Fund:

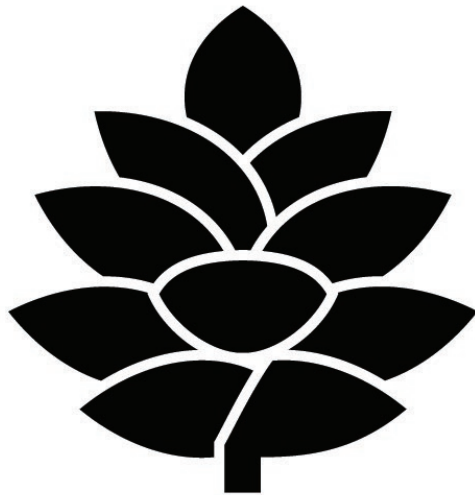
|                                               | FY 2027       | FY 2028       | FY 2029       | FY 2030       | FY 2031       |
|-----------------------------------------------|---------------|---------------|---------------|---------------|---------------|
| <b>Beginning Fund Balance</b>                 | \$ 18,196,583 | \$ 16,243,028 | \$ 15,328,648 | \$ 15,168,498 | \$ 14,000,048 |
| Revenues Over (Under) Expenditures            | (4,143,180)   | (3,194,180)   | (2,517,450)   | (3,579,150)   | (4,595,100)   |
| Budget-to-Actual Variance <sup>1</sup>        | 2,189,625     | 2,279,800     | 2,357,300     | 2,410,700     | 2,478,600     |
| Projected Increase (Decrease)                 | (1,953,555)   | (914,380)     | (160,150)     | (1,168,450)   | (2,116,500)   |
| <b>Projected Ending GF Fund Balance</b>       | \$ 16,243,028 | \$ 15,328,648 | \$ 15,168,498 | \$ 14,000,048 | \$ 11,883,548 |
| <b>% of Total Budget</b>                      | 49.2%         | 45.9%         | 46.4%         | 42.0%         | 33.2%         |
| <b>Required Reserve (30% of Expenditures)</b> | \$ 9,896,502  | \$ 10,023,999 | \$ 9,811,200  | \$ 9,996,570  | \$ 10,722,525 |
| <b>Balance Above (Below) Reserve</b>          | \$ 6,346,526  | \$ 5,304,649  | \$ 5,357,298  | \$ 4,003,478  | \$ 1,161,023  |

<sup>1</sup> Assumes actual ongoing revenues of 101% of budget and actual operating expenditures of 93% of budget

|                                               |      |      |      |      |      |
|-----------------------------------------------|------|------|------|------|------|
| <b>Estimated Operating Margin<sup>1</sup></b> | 0.90 | 0.90 | 0.93 | 0.96 | 0.94 |
|-----------------------------------------------|------|------|------|------|------|

### Structural Budget Balance:

|                                             | FY 2027        | FY 2028        | FY 2029        | FY 2030        | FY 2031        |
|---------------------------------------------|----------------|----------------|----------------|----------------|----------------|
| <b>Ongoing Surplus (Deficit)</b>            | \$ (2,552,280) | \$ (2,133,880) | \$ (2,209,050) | \$ (2,999,150) | \$ (4,350,100) |
| Plus Budget-to-Actual Variance <sup>1</sup> | 2,189,625      | 2,279,800      | 2,357,300      | 2,410,700      | 2,478,600      |
| <b>Structural Budget Surplus (Deficit)</b>  | \$ (362,655)   | \$ 145,920     | \$ 148,250     | \$ (588,450)   | \$ (1,871,500) |





# CAPITAL IMPROVEMENT PLAN FY 2027-2031

## 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 leased vehicles) and equipment, significant infrastructure improvements, new facility construction, and other capital asset additions 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 2027-2031 CIP represents a \$22.1 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 the CIP at the proposed tax rate of \$0.22 per \$100 of valuation for FY 2027 and the estimated property tax revenue levels needed to support the out years in the 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 funding 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 2027 of the CIP, however, does represent the amount of capital spending appropriated in the FY 2027 budget.

## Summary

In summary, the FY 2027-2031 CIP represents an investment of \$22.1 million for fleet, information technology, other capital additions, and two capital projects funded from the General Fund (cash) and lease financing. The list below highlights some of the more notable items included in the five-year plan:

- Library Expansion and Archives Renovation (FY 2027-2028)
- Design of Fire Facility (FY 2029)
- Library sidewalk connections (FY 2027)
- Village Place Development (FY 2028; FY 2030)
- Multi-Modal Transportation Plan implementation (all years)
- Stormwater Master Plan implementation (all years)
- Restoration of historical pathways (all years)
- Fire truck replacement (FY 2027)
- Police vehicle replacements (all years)
- Garbage truck replacements (all years)

### Total CIP By Type and Funding Source

|                                     |                      | Fiscal Year Ending June 30 |                     |                     |                     |                     |
|-------------------------------------|----------------------|----------------------------|---------------------|---------------------|---------------------|---------------------|
|                                     |                      | FY 2027                    | FY 2028             | FY 2029             | FY 2030             | FY 2031             |
| <b>General Fund Cash</b>            |                      |                            |                     |                     |                     |                     |
| Library Expansion                   | \$ 2,030,300         | \$ 912,000                 | \$ 1,118,300        | \$ -                | \$ -                | \$ -                |
| Fire Facility                       | 400,000              | -                          | -                   | 400,000             | -                   | -                   |
| Fleet                               | 4,755,650            | 1,497,200                  | 403,600             | 545,700             | 594,600             | 1,714,550           |
| IT                                  | 653,500              | 95,500                     | 173,000             | 248,000             | 92,000              | 45,000              |
| Other Capital Additions             | 7,601,200            | 1,811,200                  | 1,776,000           | 1,251,000           | 1,569,000           | 1,194,000           |
| <b>Subtotal</b>                     | <b>15,440,650</b>    | <b>4,315,900</b>           | <b>3,470,900</b>    | <b>2,444,700</b>    | <b>2,255,600</b>    | <b>2,953,550</b>    |
| <b>Grant</b>                        |                      |                            |                     |                     |                     |                     |
| Other Capital Additions             | 667,000              | 151,000                    | 516,000             | -                   | -                   | -                   |
| <b>Subtotal</b>                     | <b>667,000</b>       | <b>151,000</b>             | <b>516,000</b>      | <b>-</b>            | <b>-</b>            | <b>-</b>            |
| <b>Lease</b>                        |                      |                            |                     |                     |                     |                     |
| Fleet                               | 2,835,300            | 739,100                    | 586,200             | 302,500             | 250,400             | 957,100             |
| <b>Subtotal</b>                     | <b>2,835,300</b>     | <b>739,100</b>             | <b>586,200</b>      | <b>302,500</b>      | <b>250,400</b>      | <b>957,100</b>      |
| <b>Capital Project Fund Balance</b> |                      |                            |                     |                     |                     |                     |
| Library Expansion                   | 3,155,000            | 3,155,000                  | -                   | -                   | -                   | -                   |
| <b>Subtotal</b>                     | <b>3,155,000</b>     | <b>3,155,000</b>           | <b>-</b>            | <b>-</b>            | <b>-</b>            | <b>-</b>            |
| <b>Total</b>                        | <b>\$ 22,097,950</b> | <b>\$ 8,361,000</b>        | <b>\$ 4,573,100</b> | <b>\$ 2,747,200</b> | <b>\$ 2,506,000</b> | <b>\$ 3,910,650</b> |



## Capital Improvement Plan

The FY 2027-2031 CIP includes capital investments with a total estimated cost of \$22,097,950 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        | \$ 5,585,300         | 25%         |
| Fleet                   | 7,590,950            | 34%         |
| Information Technology  | 653,500              | 3%          |
| Other Capital Additions | 8,268,200            | 38%         |
| Total                   | <u>\$ 22,097,950</u> | <u>100%</u> |

## 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 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(s) 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 2027-2031 projected capital investments:

**Table 2 - CIP Funding Sources Summary**

| Funding Source                    | Cost of Capital      |
|-----------------------------------|----------------------|
| General Fund Cash                 | \$ 15,440,650        |
| Grant                             | 667,000              |
| Leases                            | 2,835,300            |
| Total Funding in Forecast         | \$ 18,942,950        |
| Capital Project Fund Fund Balance | 3,155,000            |
| Total                             | <u>\$ 22,097,950</u> |

Capital improvements in the CIP are expected to be funded through a combination of available fund balance and leases.

The Library Expansion Capital Project Fund expenditures are funded from available fund balance of approximately \$3.2 million and future transfers from the General Fund. The design of a potential new fire facility will also be funded from the General Fund.

The Village has been awarded funding through the Carbon Reduction Program (CRP), a federal initiative authorized under the Infrastructure Investment and Jobs Act and administered at the state level through the North Carolina Department of Transportation. This program provides funding to support projects that reduce transportation-related carbon emissions and improve environmental sustainability. This grant will fund 80% of the cost of the design and construction of a multi-use greenway trail on Airport Road, connecting the Village to the Southern Pines greenway system. This project is part of the Multi-Modal Transportation Plan implementation and is included in the Other Capital Additions schedule.

The majority of vehicle replacements are being funded through lease agreements rather than direct purchases, allowing for more flexible management of cash and capital resources.

There are no plans to issue debt in the form of installment financing contracts or bonds in the CIP.

## Capital Project Funds

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

## 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 2027-2031 CIP which are detailed on the following pages.



## Library Expansion

|                                   |                                                                        |
|-----------------------------------|------------------------------------------------------------------------|
| <b>Function</b>                   | Cultural and Recreation                                                |
| <b>Strategic Goal</b>             | Promote active living and cultural opportunities                       |
| <b>Strategic Objective</b>        | Provide library and archive services                                   |
| <b>Key Performance Indicators</b> | 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. In FY 2022, the Village began the design process for construction of a new building for Given Memorial Library. The new library construction started in 2026 with opening anticipated by the end of FY 2027. Renovations of the existing building for the expansion of the Tufts Archives will have design completed in 2026 and construction will begin after the opening of the new library.

| Project Budget  | Total               | Fiscal Year Ending June 30 |                     |                     |             |             |             |
|-----------------|---------------------|----------------------------|---------------------|---------------------|-------------|-------------|-------------|
|                 |                     | Prior Periods              | 2027                | 2028                | 2029        | 2030        | 2031        |
| Appropriations  | \$ 8,459,000        | \$ 6,246,300               | \$ 2,212,700        | \$ -                | \$ -        | \$ -        | \$ -        |
| <b>TOTAL</b>    | <b>\$ 8,459,000</b> | <b>\$ 6,246,300</b>        | <b>\$ 2,212,700</b> | <b>\$ -</b>         | <b>\$ -</b> | <b>\$ -</b> | <b>\$ -</b> |
| Funding Source: |                     |                            |                     |                     |             |             |             |
| Cash            | \$ 8,459,000        | \$ 6,428,700               | \$ 912,000          | \$ 1,118,300        | \$ -        | \$ -        | \$ -        |
| <b>TOTAL</b>    | <b>\$ 8,459,000</b> | <b>\$ 6,428,700</b>        | <b>\$ 912,000</b>   | <b>\$ 1,118,300</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ -</b> |

| Cash Flow Impact       | Total                  | Fiscal Year Ending June 30 |                       |                       |                     |                     |                     |
|------------------------|------------------------|----------------------------|-----------------------|-----------------------|---------------------|---------------------|---------------------|
|                        |                        | Prior Periods              | 2027                  | 2028                  | 2029                | 2030                | 2031                |
| Project Expenditures   | \$ (8,459,000)         | \$ (3,273,700)             | \$ (4,067,000)        | \$ (1,118,300)        | \$ -                | \$ -                | \$ -                |
| Operating Expenditures | (1,560,450)            | -                          | (62,750)              | (291,100)             | (395,600)           | (408,400)           | (402,600)           |
| Revenue                | (60,000)               | -                          | -                     | -                     | (20,000)            | (20,000)            | (20,000)            |
| <b>TOTAL</b>           | <b>\$ (10,079,450)</b> | <b>\$ (3,273,700)</b>      | <b>\$ (4,129,750)</b> | <b>\$ (1,409,400)</b> | <b>\$ (415,600)</b> | <b>\$ (428,400)</b> | <b>\$ (422,600)</b> |

## Impact on the General Fund Operating Budget

Completion of the Given Memorial Library in FY 2027 will increase operating costs in the General Fund through 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.

Following completion of the Tufts Archives renovation in FY 2028, operating costs will rise further with the addition of three FTEs to fully staff both facilities. These changes and all other operating impacts are reflected in the five-year financial forecast.



## Fire Facility

|                                   |                                                                  |
|-----------------------------------|------------------------------------------------------------------|
| <b>Function</b>                   | Public Safety                                                    |
| <b>Strategic Goal</b>             | Safeguard the community                                          |
| <b>Strategic Objective</b>        | Deliver effective fire and rescue services                       |
| <b>Key Performance Indicators</b> | 90 <sup>th</sup> 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, in anticipation of the potential need for a third fire facility beyond FY 2031. 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 added a Quick Response Unit (QRU) in FY 2026. The implementation of the QRU is intended to reduce response times, 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 are included in FY 2029.

| <b>Project Budget</b> |                   | <b>Fiscal Year Ending June 30</b> |             |                   |             |             |
|-----------------------|-------------------|-----------------------------------|-------------|-------------------|-------------|-------------|
|                       |                   | <b>2027</b>                       | <b>2028</b> | <b>2029</b>       | <b>2030</b> | <b>2031</b> |
| Appropriations        | \$ 400,000        | \$ -                              | \$ -        | \$ 400,000        | \$ -        | \$ -        |
| <b>TOTAL</b>          | <b>\$ 400,000</b> | <b>\$ -</b>                       | <b>\$ -</b> | <b>\$ 400,000</b> | <b>\$ -</b> | <b>\$ -</b> |
| Funding Source:       |                   |                                   |             |                   |             |             |
| Cash                  | \$ 400,000        | \$ -                              | \$ -        | \$ 400,000        | \$ -        | \$ -        |
| <b>TOTAL</b>          | <b>\$ 400,000</b> | <b>\$ -</b>                       | <b>\$ -</b> | <b>\$ 400,000</b> | <b>\$ -</b> | <b>\$ -</b> |

| <b>Cash Flow Impact</b> |                     | <b>Fiscal Year Ending June 30</b> |             |                     |             |             |
|-------------------------|---------------------|-----------------------------------|-------------|---------------------|-------------|-------------|
|                         |                     | <b>2027</b>                       | <b>2028</b> | <b>2029</b>         | <b>2030</b> | <b>2031</b> |
| Project Expenditures    | \$ (400,000)        | \$ -                              | \$ -        | \$ (400,000)        | \$ -        | \$ -        |
| <b>TOTAL</b>            | <b>\$ (400,000)</b> | <b>\$ -</b>                       | <b>\$ -</b> | <b>\$ (400,000)</b> | <b>\$ -</b> | <b>\$ -</b> |

### Impact on the General Fund Operating Budget

The design of the fire facility will have no impact on the General Fund operating budget during the five-year financial forecast period. Once construction is completed beyond FY 2031, operating costs in the General Fund will increase to support additional personnel, utilities, insurance, equipment, maintenance, supplies, training, and other operating costs. These projected costs will be incorporated into the Village's CIP and five-year financial forecast once the construction timeline is finalized and falls within the planning period.



## Fleet

The Fleet Maintenance Department is responsible for the purchase, replacement, and maintenance of the Village's fleet and motorized equipment (backhoes, mowers, etc.). This includes over 200 assets and represents the Village's largest ongoing capital investment. 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 supports the Village's Strategic Operating Plan.

Beginning in FY 2026, the Village partners with Enterprise Fleet Management (EFM) to optimize its passenger fleet. This entails leasing vehicles as they are replaced over a five-year cycle. Garbage trucks, fire apparatus, specialty vehicles, and equipment 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 on the following pages.



## Fleet Purchase Plan

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

| Description                | Year | Life | Budget       |            | CIP        |            |              |  |
|----------------------------|------|------|--------------|------------|------------|------------|--------------|--|
|                            |      |      | FY 2027      | FY 2028    | FY 2029    | FY 2030    | FY 2031      |  |
| Buildings & Grounds        |      |      |              |            |            |            |              |  |
| Kubota Tractor             | 2004 | 20   | \$ 28,000    | \$ -       | \$ -       | \$ -       | \$ -         |  |
| John Deere Z970R Mower     | 2025 | 15   | -            | -          | -          | -          | 55,000       |  |
| John Deere Zero Turn Mower | 2018 | 7    | -            | -          | 18,000     | -          | -            |  |
| Kubota Tractor             | 2005 | 15   | -            | -          | 55,000     | -          | -            |  |
| Fire                       |      |      |              |            |            |            |              |  |
| Ford F450 - Brushtruck     | 2007 | 20   | -            | -          | 128,000    | -          | -            |  |
| KME Predator Pumper        | 2013 | 20   | -            | -          | -          | -          | 1,200,000    |  |
| KME Predator Pumper        | 2009 | 20   | 1,000,000    | -          | -          | -          | -            |  |
| Fleet Maintenance          |      |      |              |            |            |            |              |  |
| Chevy Silverado 2500 HD    | 2015 | 15   | 10,000       | -          | -          | -          | -            |  |
| Harness Track              |      |      |              |            |            |            |              |  |
| John Deere Zero Turn Mower | 2019 | 7    | -            | 22,000     | -          | -          | -            |  |
| John Deere Backhoe         | 2003 | 25   | -            | -          | -          | 75,000     | -            |  |
| Solid Waste                |      |      |              |            |            |            |              |  |
| Freightliner Garbage Truck | 2016 | 7    | -            | -          | -          | -          | 290,000      |  |
| Freightline Garbage Truck  | 2021 | 7    | -            | -          | -          | 285,000    | -            |  |
| Chevy Garbage Truck        | 2011 | 6    | -            | -          | -          | -          | -            |  |
| 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     | -          | -          | -            |  |
| Hako Vacuum Sweeper        | 2022 | 7    | -            | -          | -          | 160,000    | -            |  |
| John Deere 5085 Tractor    | 2012 | 20   | -            | -          | -          | -          | 65,000       |  |
| Total Fleet Purchase Plan  |      |      | \$ 1,318,000 | \$ 329,000 | \$ 486,000 | \$ 520,000 | \$ 1,610,000 |  |

## 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 aftermarket upfit.

| Description         | Year | Life | Budget  | CIP     |         |         |         |           |
|---------------------|------|------|---------|---------|---------|---------|---------|-----------|
|                     |      |      | FY 2027 | FY 2028 | FY 2029 | FY 2030 | FY 2031 |           |
|                     |      |      |         |         |         |         |         |           |
| Buildings & Grounds |      |      |         |         |         |         |         |           |
| Chevy Express Van   | 2025 | 20   | \$ -    | \$ -    | \$ -    | \$ -    | \$ -    | \$ 40,750 |
| Ford Maverick       | 2023 | 15   | -       | 33,900  | -       | -       | -       | -         |
| Ford F-150          | 2025 | 15   | -       | -       | -       | -       | -       | 35,000    |
| Chevy Colorado      | 2009 | 15   | 32,000  | -       | -       | -       | -       | -         |
| Chevy Colorado      | 2011 | 15   | 32,000  | -       | -       | -       | -       | -         |
| Chevy 1500          | 2023 | 20   | -       | 50,700  | -       | -       | -       | -         |
| Chevy 2500 HD       | 2019 | 15   | -       | -       | 68,300  | -       | -       | -         |
| Dodge Ram           | 2018 | 20   | -       | 68,300  | -       | -       | -       | -         |
| Fire                |      |      |         |         |         |         |         |           |
| Chevy Traverse AWD  | 2016 | 12   | -       | 57,000  | -       | -       | -       | -         |
| Chevy 2500          | 2011 | 15   | 57,000  | -       | -       | -       | -       | -         |
| Chevy 1500          | 2025 | 5    | -       | -       | -       | -       | -       | 65,000    |
| Chevy 2500          | 2025 | 5    | -       | -       | -       | -       | -       | 63,500    |
| Chevy Tahoe         | 2011 | 15   | 57,000  | -       | -       | -       | -       | -         |
| Fleet Maintenance   |      |      |         |         |         |         |         |           |
| Chevy 2500          | 2026 | 12   | -       | -       | -       | -       | -       | 79,800    |
| Harness Track       |      |      |         |         |         |         |         |           |
| Chevy 2500          | 2025 | 15   | -       | -       | -       | -       | -       | 53,250    |
| Chevy 2500          | 2025 | 15   | -       | -       | -       | -       | -       | 53,250    |
| Inspections         |      |      |         |         |         |         |         |           |
| Chevy 1500          | 2016 | 15   | 32,000  | -       | -       | -       | -       | -         |
| Chevy Colorado      | 2022 | 15   | -       | 33,900  | -       | -       | -       | -         |
| Ford Ranger         | 2023 | 12   | -       | -       | 33,900  | -       | -       | -         |
| Planning            |      |      |         |         |         |         |         |           |
| Ford Escape         | 2025 | 15   | -       | -       | -       | -       | -       | 24,800    |
| Ford Escape         | 2025 | 20   | -       | -       | -       | -       | -       | 24,800    |
| Recreation          |      |      |         |         |         |         |         |           |
| Chevy Tahoe         | 2013 | 10   | 51,000  | -       | -       | -       | -       | -         |
| Chevy Tahoe         | 2011 | 10   | 56,300  | -       | -       | -       | -       | -         |

## Fleet Lease Plan (continued)

| Description                    | Year | Life | Budget       | CIP        |            |            |              |
|--------------------------------|------|------|--------------|------------|------------|------------|--------------|
|                                |      |      | FY 2027      | FY 2028    | FY 2029    | FY 2030    | FY 2031      |
| Police                         |      |      |              |            |            |            |              |
| Ford Interceptor               | 2023 | 6    | -            | -          | 65,000     | -          | -            |
| Ford Interceptor               | 2023 | 6    | -            | -          | -          | 65,000     | -            |
| Ford Interceptor               | 2023 | 6    | -            | -          | -          | 65,000     | -            |
| Ford Interceptor               | 2023 | 6    | -            | -          | -          | 65,000     | -            |
| Ford Interceptor               | 2023 | 6    | -            | -          | 65,000     | -          | -            |
| Ford Interceptor               | 2023 | 6    | -            | -          | 65,000     | -          | -            |
| Ford Interceptor               | 2023 | 6    | -            | -          | -          | 65,000     | -            |
| Ford Interceptor               | 2023 | 6    | -            | -          | -          | 65,000     | -            |
| Ford Interceptor               | 2023 | 6    | -            | -          | 65,000     | -          | -            |
| Ford Interceptor               | 2025 | 6    | -            | -          | -          | -          | 65,000       |
| Ford Interceptor               | 2025 | 6    | -            | -          | -          | -          | 65,000       |
| Ford Interceptor               | 2025 | 6    | -            | -          | -          | -          | 57,000       |
| Ford Interceptor               | 2025 | 6    | -            | -          | -          | -          | 57,000       |
| Ford Interceptor               | 2025 | 6    | -            | -          | -          | -          | 65,000       |
| Ford Interceptor               | 2025 | 6    | -            | -          | -          | -          | 65,000       |
| Ford Interceptor               | 2025 | 6    | -            | -          | -          | -          | 65,000       |
| Ford Interceptor               | New  | 6    | 65,000       | -          | -          | -          | -            |
| Ford Interceptor               | New  | 6    | -            | 65,000     | -          | -          | -            |
| Ford Interceptor               | New  | 6    | -            | 65,000     | -          | -          | -            |
| Dodge Durango                  | 2021 | 6    | -            | 65,000     | -          | -          | -            |
| Dodge Charger                  | 2021 | 10   | -            | 65,000     | -          | -          | -            |
| Dodge Durango                  | 2020 | 6    | 57,000       | -          | -          | -          | -            |
| Dodge Durango                  | 2020 | 6    | 57,000       | -          | -          | -          | -            |
| Dodge Durango                  | 2020 | 6    | 65,000       | -          | -          | -          | -            |
| Dodge Durango                  | 2021 | 6    | -            | 65,000     | -          | -          | -            |
| Dodge Durango                  | 2020 | 6    | 65,000       | -          | -          | -          | -            |
| Dodge Durango                  | 2020 | 6    | 65,000       | -          | -          | -          | -            |
| Dodge Durango                  | 2020 | 6    | 65,000       | -          | -          | -          | -            |
| Public Services Administration |      |      |              |            |            |            |              |
| Chevy C1500                    | 2016 | 15   | 34,000       | -          | -          | -          | -            |
| Solid Waste                    |      |      |              |            |            |            |              |
| Ford F-150 Pickup              | 2023 | 15   | -            | -          | -          | -          | 39,000       |
| Streets & Grounds              |      |      |              |            |            |            |              |
| Chevy C1500                    | 2016 | 15   | 34,000       | -          | -          | -          | -            |
| Chevy C1500                    | 2013 | 15   | 60,000       | -          | -          | -          | -            |
| Ford F150                      | 2023 | 15   | -            | 40,100     | -          | -          | -            |
| Chevy C1500                    | 2016 | 15   | 34,000       | -          | -          | -          | -            |
| Chevy 2500                     | 2025 | 5    | -            | -          | -          | -          | 53,000       |
| Chevy 2500                     | 2025 | 5    | -            | -          | -          | -          | 53,000       |
| Ford F150                      | 2025 | 5    | -            | -          | -          | -          | 37,500       |
| Ford F 250 4X4                 | 2023 | 20   | -            | 51,900     | -          | -          | -            |
| Total Fleet Lease Plan         |      |      | \$ 918,300   | \$ 660,800 | \$ 362,200 | \$ 325,000 | \$ 1,061,650 |
| Total Fleet                    |      |      | \$ 2,236,300 | \$ 989,800 | \$ 848,200 | \$ 845,000 | \$ 2,671,650 |

The Fleet Lease Plan contains vehicle costs, which encompass upfront expenditures paid in cash such as taxes, tags and title fees, and aftermarket upfit (light bars, custom paint/wrap, interior equipment, etc.). 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 2027      | FY 2028    | FY 2029    | FY 2030    | FY 2031      |
| Total Fleet Lease Plan                 | \$ 918,300   | \$ 660,800 | \$ 362,200 | \$ 325,000 | \$ 1,061,650 |
| Less Other Financing Source for Leases | (739,100)    | (586,200)  | (302,500)  | (250,400)  | (957,100)    |
| Lease Upfront Costs Paid with Cash     | \$ 179,200   | \$ 74,600  | \$ 59,700  | \$ 74,600  | \$ 104,550   |
| Plus Total Fleet Purchase Plan         | 1,318,000    | 329,000    | 486,000    | 520,000    | 1,610,000    |
| Total Fleet Capital Paid with Cash     | \$ 1,497,200 | \$ 403,600 | \$ 545,700 | \$ 594,600 | \$ 1,714,550 |

### Impact on the General Fund Operating Budget

The Fleet Purchase Plan is not expected to have an impact on the Village's General Fund operating budget as vehicles, apparatus, and equipment are replaced with similar items that are expected to require similar maintenance.

The Fleet Lease Plan creates principal and interest debt service expenditures over the life of the leases. When leased vehicles are sold and replaced with another leased vehicle, the Village intends to use the proceeds from the sale with EFM as equity in the new lease to reduce debt service payments. Leasing vehicles and shortening the replacement cycle to approximately five years is expected to reduce fuel usage and fleet maintenance costs for tires, brakes, and other service needs. This reduction in operating expenditures is estimated in the five-year financial forecast.



## Information Technology Purchase Plan

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.

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 2027 | FY 2028   | FY 2029    | FY 2030    | FY 2031   |    |           |
|                                      |      |      |         |           |            |            |           |    |           |
| Administration                       |      |      |         |           |            |            |           |    |           |
| Assembly Hall Projector              | 2021 | 5    | \$      | -         | \$ 16,000  | \$         | -         | \$ | -         |
| Assembly Hall Camera System          | 2022 | 5    |         | -         | 12,000     |            | -         |    | -         |
| Financial Services                   |      |      |         |           |            |            |           |    |           |
| Accounting Software (GP)             | 2004 | 3    |         | -         | -          | 80,000     |           | -  | -         |
| Fleet Maintenance                    |      |      |         |           |            |            |           |    |           |
| Gasboy Fuel Software Replacement     | 2017 | 3    |         | -         | 25,000     |            | -         |    | -         |
| Human Resources                      |      |      |         |           |            |            |           |    |           |
| HRIS                                 | 2019 |      |         | 87,500    | -          | -          | -         |    | -         |
| Information Technology               |      |      |         |           |            |            |           |    |           |
| Server - Phone System Host           | 2017 | 7    |         | -         | -          | 12,000     |           | -  | -         |
| Server Backup Secondary AACore 4     | 2017 | 4    |         | -         | -          | -          | 12,000    |    | -         |
| Village Wide Phone System            | 2011 | 13   |         | -         | -          | -          | -         |    | 45,000    |
| Village Hall Firewall                | 2021 | 5    |         | -         | -          | 20,000     |           | -  | -         |
| HP Procurve Core Switch              | 2013 | 14   |         | -         | 35,000     | -          | -         |    | -         |
| Scale Computing Cluster and Backbone | 2025 | 5    |         | -         | -          | -          | 80,000    |    | -         |
| Canon Designjet Plotter              | 2020 | 7    |         | -         | 15,000     | -          | -         |    | -         |
| Planning                             |      |      |         |           |            |            |           |    |           |
| Planning Software (Accela)           | 2019 | 10   |         | -         | -          | 120,000    |           | -  | -         |
| Police                               |      |      |         |           |            |            |           |    |           |
| CCTV Surveillance System             | 2021 | 7    |         | -         | 45,000     | -          | -         |    | -         |
| Interview Room Camera Upgrades       |      |      |         | 8,000     | -          | -          | -         |    | -         |
| Training/Conference Room AV Upgrade  | 2016 | 10   |         | -         | -          | 16,000     |           | -  | -         |
| Recreation                           |      |      |         |           |            |            |           |    |           |
| CivicRec Replacement                 | 2019 |      |         | -         | 25,000     | -          | -         |    | -         |
| Total                                |      |      |         | \$ 95,500 | \$ 173,000 | \$ 248,000 | \$ 92,000 |    | \$ 45,000 |

## Impact on the General Fund Operating Budget

The IT Purchase Plan is not expected to have a material impact on the Village's General Fund operating budget.

## 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                                    | Purpose/ Justification                                              | Budget    | CIP       |         |         |         |
|------------------------------------------------|---------------------------------------------------------------------|-----------|-----------|---------|---------|---------|
|                                                |                                                                     | FY 2027   | FY 2028   | FY 2029 | FY 2030 | FY 2031 |
| Administration                                 |                                                                     |           |           |         |         |         |
| Replace HVAC                                   | Maintain facility                                                   | \$ 55,000 | \$ -      | \$ -    | \$ -    | \$ -    |
| Streets & Grounds                              |                                                                     |           |           |         |         |         |
| Stormwater Drainage Projects                   | Locations to be determined                                          | 450,000   | 450,000   | 450,000 | 450,000 | 450,000 |
| Multi-Modal Transportation Plan Implementation | Phased implementation of Multi-Modal Plan                           | 460,000   | 1,194,000 | 556,000 | 543,000 | 460,000 |
| Restoration of Historical Pathways             | Restore historical pathways per National Park Service               | 50,000    | 50,000    | 50,000  | 50,000  | 50,000  |
| Village Place Development                      | Roads and infrastructure to facilitate development of Village Place | -         | 500,000   | -       | 300,000 | -       |
|                                                | Implementation of Multi-Modal Plan                                  | 160,000   | -         | -       | -       | -       |
| Library Sidewalk Connections                   |                                                                     |           |           |         |         |         |
| Fair Barn                                      |                                                                     |           |           |         |         |         |
| Bridal Suite Upgrades                          | Improve facility                                                    | 20,000    | -         | -       | -       | -       |
| Window Coverings                               | Maintain facility                                                   | 50,000    | -         | -       | -       | -       |
| Replace Dimmer Panel                           | Maintain facility                                                   | 100,000   | -         | -       | -       | -       |
| Ice Machine                                    | Maintain equipment                                                  | 15,000    | -         | -       | -       | -       |
| Resurface Parking Lot                          | Maintain facility                                                   | -         | -         | 100,000 | -       | -       |
| Skylight Inspection/Resealing                  | Maintain facility                                                   | -         | 7,000     | 30,000  | -       | -       |
| Fire                                           |                                                                     |           |           |         |         |         |
| Emergency Rescue Air Bag                       | Rescue emergency equipment                                          | 12,000    | -         | -       | -       | -       |
| Replace HVAC Station 92                        | Maintain facility                                                   | -         | -         | 6,000   | 6,000   | -       |
| Replace HVAC Station 91                        | Maintain facility                                                   | 17,000    | 18,000    | 19,000  | 20,000  | 10,000  |
| Harness Track                                  |                                                                     |           |           |         |         |         |
| Grooms Quarters Improvements Barn 8            | Improve facilities                                                  | 15,000    | -         | -       | -       | -       |
| Resurface Harness Track Road                   | Maintain facility                                                   | 175,000   | -         | -       | -       | -       |
| Stormwater Master Plan Implementation          | Improve facilities and track                                        | -         | 15,000    | 15,000  | -       | -       |
| Sewer Connections Barns 9 & 10                 | Connect to sewer and                                                | 115,000   | -         | -       | -       | -       |
| One Mile Track Improvements                    | Improve facilities                                                  | -         | -         | -       | 200,000 | -       |
| Waste Containment Bins                         | Improve facilities                                                  | 22,000    | -         | -       | -       | -       |
| Remodel Restrooms Barns 9 & 7                  | Improve facilities                                                  | 23,000    | -         | -       | -       | -       |
| Police                                         |                                                                     |           |           |         |         |         |
| In-Car Radios                                  | Maintain equipment                                                  | 34,000    | -         | -       | -       | -       |
| Portable Radios                                | Maintain equipment                                                  | 26,000    | -         | -       | -       | -       |
| Replace HVAC                                   | Maintain facility                                                   | -         | -         | -       | -       | 7,000   |
| Water Heater Replacment                        | Maintain facility                                                   | -         | 8,000     | -       | -       | -       |
| Public Services Administration                 |                                                                     |           |           |         |         |         |
| Replace HVAC                                   | Maintain facility                                                   | -         | -         | -       | -       | 17,000  |

## Other Capital Additions Purchase Plan (continued)

| Description                             | Purpose/ Justification       | Budget<br>FY 2027 | CIP         |             |             |             |
|-----------------------------------------|------------------------------|-------------------|-------------|-------------|-------------|-------------|
|                                         |                              |                   | FY 2028     | FY 2029     | FY 2030     | FY 2031     |
| Recreation                              |                              |                   |             |             |             |             |
| Archery Course Expansion West Pinehurst | Improve facility             | 10,000            | -           | -           | -           | -           |
| Splash Pad Feature Pump                 | Maintain facility            | 8,200             | -           | -           | -           | -           |
| Pergola Improvement in Arboretum        | Maintain facility            | -                 | -           | 25,000      | -           | -           |
| West Pinehurst Park Restrooms/Pavilion  | Improvements to facility     | -                 | -           | -           | -           | 200,000     |
| Park Improvements                       | Improvements to facility     | -                 | 50,000      | -           | -           | -           |
| Trail Bridge Restoration                | Safety and maintain facility | 145,000           | -           | -           | -           | -           |
| Total                                   |                              | \$1,962,200       | \$2,292,000 | \$1,251,000 | \$1,569,000 | \$1,194,000 |

## Impact on the General Fund Operating Budget

The Other Capital Additions Purchase Plan is not expected to have a material impact on the Village's General Fund operating budget.





## 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 use 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 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;
- Revenues currently received that would no longer be received or that would be reduced (removal of a revenue-generating service, no longer leasing a facility, etc.);
- 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 2027             | FY 2028             | FY 2029             | FY 2030             | FY 2031             | Total                |
|-----------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|
| Capital Projects                  | \$ 912,000          | \$ 1,118,300        | \$ 400,000          | \$ -                | \$ -                | \$ 2,430,300         |
| Fleet                             | 1,497,200           | 403,600             | 545,700             | 594,600             | 1,714,550           | 4,755,650            |
| Information Technology            | 95,500              | 173,000             | 248,000             | 92,000              | 45,000              | 653,500              |
| Other Capital Additions           | 1,811,200           | 1,776,000           | 1,251,000           | 1,569,000           | 1,194,000           | 7,601,200            |
| <b>Capital Paid with Cash</b>     | <b>4,315,900</b>    | <b>3,470,900</b>    | <b>2,444,700</b>    | <b>2,255,600</b>    | <b>2,953,550</b>    | <b>15,440,650</b>    |
| Additional Debt Service           | 174,200             | 114,100             | 348,300             | 399,000             | 595,600             | 1,631,200            |
| Net Annual Operating Impact       | 62,750              | 277,100             | 381,600             | 399,800             | 414,000             | 1,535,250            |
| <b>General Fund Impact</b>        | <b>\$ 4,552,850</b> | <b>\$ 3,862,100</b> | <b>\$ 3,174,600</b> | <b>\$ 3,054,400</b> | <b>\$ 3,963,150</b> | <b>\$ 18,607,100</b> |
| \$0.01 of the Tax Rate            | \$ 618,000          | \$ 625,000          | \$ 633,000          | \$ 640,000          | \$ 648,000          |                      |
| <b>Tax Rate Equivalent of CIP</b> | <b>\$ 0.07</b>      | <b>\$ 0.06</b>      | <b>\$ 0.05</b>      | <b>\$ 0.05</b>      | <b>\$ 0.06</b>      | <b>\$ 0.06</b>       |

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 |                   |                   |                   |                   |                     |
|-----------------------------|----------------------------|-------------------|-------------------|-------------------|-------------------|---------------------|
|                             | 2027                       | 2028              | 2029              | 2030              | 2031              | Total               |
| Revenues:                   |                            |                   |                   |                   |                   |                     |
| General Fund                | \$ -                       | \$ -              | \$ (20,000)       | \$ (20,000)       | \$ (20,000)       | \$ (60,000)         |
| Total Operating Revenues    | \$ -                       | \$ -              | \$ (20,000)       | \$ (20,000)       | \$ (20,000)       | \$ (60,000)         |
| Operating Costs:            |                            |                   |                   |                   |                   |                     |
| Salaries & Benefits         | \$ 31,500                  | \$ 163,600        | \$ 282,600        | \$ 292,400        | \$ 303,600        | \$ 1,073,700        |
| Operating Costs             | 31,250                     | 127,500           | 93,000            | 96,000            | 99,000            | 446,750             |
| Total Operating Costs       | \$ 62,750                  | \$ 291,100        | \$ 375,600        | \$ 388,400        | \$ 402,600        | \$ 1,520,450        |
| <b>Net Operating Impact</b> | <b>\$ 62,750</b>           | <b>\$ 291,100</b> | <b>\$ 395,600</b> | <b>\$ 408,400</b> | <b>\$ 422,600</b> | <b>\$ 1,580,450</b> |

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. Logo merchandise sales revenues will be significantly reduced when the Welcome Center is scaled down and moved to the renovated archives building.

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

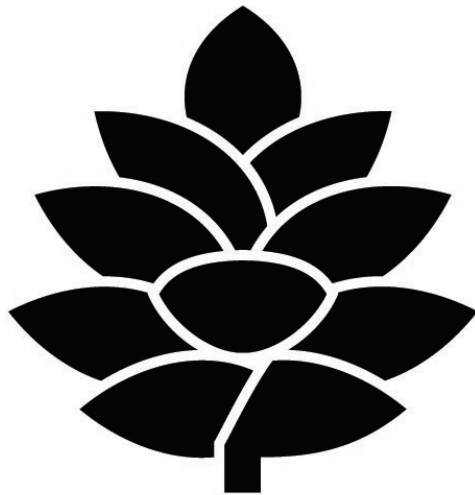
## Debt Service

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 1.84% in FY 2031, 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 |                   |                   |                   |                   |
|---------------------------|----------------------------|-------------------|-------------------|-------------------|-------------------|
|                           | 2027                       | 2028              | 2029              | 2030              | 2031              |
| Debt Service              |                            |                   |                   |                   |                   |
| Vehicle Leases            | \$ 337,500                 | \$ 451,700        | \$ 511,100        | \$ 560,200        | \$ 658,500        |
| Subscriptions             | 158,200                    | 24,223            | -                 | -                 | -                 |
| Subtotal                  | 495,700                    | 475,923           | 511,100           | 560,200           | 658,500           |
| <b>Total Debt Service</b> | <b>\$ 495,700</b>          | <b>\$ 475,923</b> | <b>\$ 511,100</b> | <b>\$ 560,200</b> | <b>\$ 658,500</b> |
| Estimated Expenditures    | \$32,988,340               | \$33,413,330      | \$32,704,000      | \$33,321,900      | \$35,741,750      |
| <b>% of Expenditures</b>  | <b>1.50%</b>               | <b>1.42%</b>      | <b>1.56%</b>      | <b>1.68%</b>      | <b>1.84%</b>      |





# ANNUAL BUDGET ORDINANCE

## PINEHURST

### Village of Pinehurst Budget Ordinance Fiscal Year 2027

**Be it ordained and established** by the Village Council of Pinehurst, North Carolina, in the Regular Meeting assembled this 9<sup>th</sup> day of June 2026 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, 2026 and ending June 30, 2027, in accordance with the chart of accounts heretofore established for this Village:

**General Fund Expenditures:**

|                                |            |
|--------------------------------|------------|
| Governing Body                 | \$ 161,800 |
| Administration                 | 1,775,903  |
| Finance                        | 987,870    |
| Human Resources                | 852,580    |
| Police                         | 5,604,917  |
| Fire                           | 6,269,111  |
| Planning                       | 1,150,140  |
| Inspections                    | 546,250    |
| Public Services Administration | 934,711    |
| Streets/Grounds                | 3,220,920  |
| Powell Bill                    | 1,500,200  |
| Solid Waste                    | 3,042,610  |
| Recreation                     | 3,050,618  |
| Library                        | 684,094    |
| Harness Track                  | 1,155,218  |
| Fair Barn                      | 643,698    |
| Debt Service                   | 495,700    |
| Other Financing Uses           | 912,000    |

|                                 |                      |
|---------------------------------|----------------------|
| Total General Fund Expenditures | <u>\$ 32,988,340</u> |
|---------------------------------|----------------------|

**Section 2.** It is estimated that the following revenues will be available in the General Fund for the fiscal year beginning July 1, 2026 and ending June 30, 2027:

General Fund Revenues:

|                                |                      |
|--------------------------------|----------------------|
| Ad Valorem Taxes               | \$ 13,591,000        |
| Other Taxes and Licenses       | 5,000                |
| Unrestricted Intergovernmental | 9,931,000            |
| Restricted Intergovernmental   | 1,207,700            |
| Permits and Fees               | 1,147,500            |
| Sales and Services             | 987,750              |
| Other Revenues                 | 451,310              |
| Investment Income              | 634,800              |
| Other Financing Sources        | 889,100              |
| Fund Balance Appropriations    | <u>4,143,180</u>     |
| Total General Fund Revenues    | <u>\$ 32,988,340</u> |

**Section 3.** There is hereby levied a tax at the rate of twenty-two cents (\$0.22) per one hundred dollars (\$100) valuation of property as listed for taxes as of January 1, 2026, 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 \$6,184,000,000 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, 2026 and ending June 30, 2027, in accordance with the chart of accounts heretofore established for this Village:

SMPO Special Revenue Fund Expenditures:

|                                              |            |
|----------------------------------------------|------------|
| Sandhills Metropolitan Planning Organization | \$ 698,077 |
|----------------------------------------------|------------|

**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, 2026 and ending June 30, 2027:

SMPO Special Revenue Fund Expenditures:

|                |                |
|----------------|----------------|
| Federal Grants | \$ 558,781     |
| State Grants   | 14,708         |
| Member Dues    | <u>124,588</u> |

|                                          |                   |
|------------------------------------------|-------------------|
| Total SMPO Special Revenue Fund Revenues | <u>\$ 698,077</u> |
|------------------------------------------|-------------------|

**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:

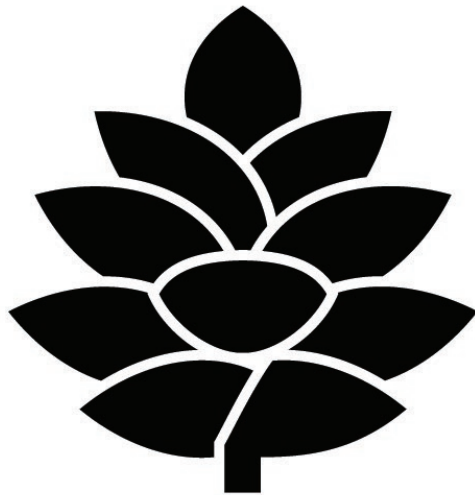
- a. Purchase of apparatus, supplies, and materials where formal bids are not required by law;
- b. Leases of normal and routine business equipment and vehicles;
- c. Construction or repair work where formal bids are not required by law; and
- d. Consultant services, professional services, contracted 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.

**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 9<sup>th</sup> day of June, 2026.

**ADD SIGNATURE/SEAL SECTION**





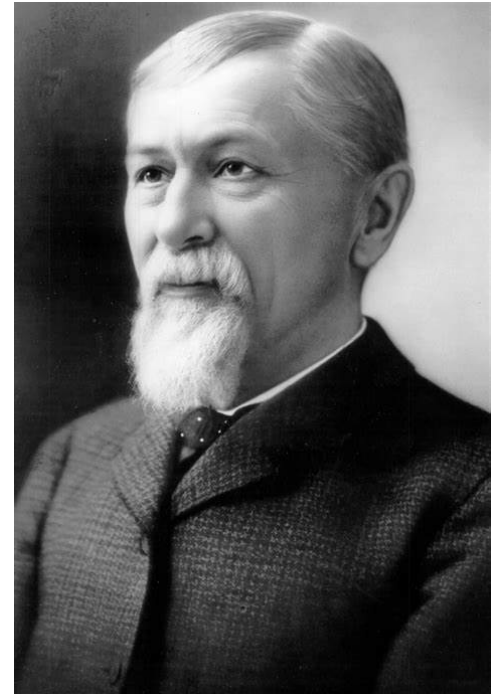
# SUPPLEMENTARY INFORMATION

## 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 19,000, 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) |
|-------------|---------------|----------------|-----------------|-----------------------|----------------|-----------------------|
| 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%                  |
| 2025        | 2024          | 18,747         | 1,217,036,493   | 64,919                | 58.8           | 3.7%                  |

### 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                                 | 2025                         |                                                        | 2016                         |                                                        |
|------------------------------------------|------------------------------|--------------------------------------------------------|------------------------------|--------------------------------------------------------|
|                                          | Taxable<br>Assessed<br>Value | Percentage<br>of Total<br>Taxable<br>Assessed<br>Value | Taxable<br>Assessed<br>Value | Percentage<br>of Total<br>Taxable<br>Assessed<br>Value |
| Pinehurst LLC                            | \$ 254,035,517               | 4.21%                                                  | \$ 166,587,331               | 4.98%                                                  |
| Pinehurst Surgical Clinic                | 36,115,720                   | 0.60%                                                  | 25,473,350                   | 0.76%                                                  |
| Pinehurst Medical Group Inc              | 35,192,830                   | 0.58%                                                  | 24,510,010                   | 0.73%                                                  |
| Duke Energy Progress, Inc.               | 29,153,662                   | 0.48%                                                  | 12,548,486                   | 0.38%                                                  |
| Country Club of North Carolina           | 27,854,490                   | 0.46%                                                  | 17,324,070                   | 0.52%                                                  |
| Drain the Swamp, LLC                     | 19,360,740                   | 0.32%                                                  | -                            | -                                                      |
| The Greens at Arboretum LLC              | 16,019,170                   | 0.27%                                                  | -                            | -                                                      |
| Quail Haven Properties of Pinehurst, LLC | 13,967,360                   | 0.23%                                                  | 10,020,530                   | 0.30%                                                  |
| AEP Pinewild Holding, LLC                | 11,630,020                   | 0.19%                                                  | -                            | -                                                      |
| MTMM Associates (Carolina Eye Assoc.)    | 11,396,530                   | 0.19%                                                  | 8,677,480                    | 0.26%                                                  |
| Pinewild Project Limited PTNS            | -                            | 0.00%                                                  | 10,234,391                   | 0.31%                                                  |
| Pinehurst Nursing Center                 | -                            | 0.00%                                                  | 5,649,311                    | 0.17%                                                  |
| SCOP (Surgery Center of Pinehurst)       | -                            | -                                                      | 5,622,480                    | 0.17%                                                  |
| Branch Banking and Trust Co.             | -                            | -                                                      | 4,914,230                    | 0.15%                                                  |
| Total                                    | <u>\$ 454,726,039</u>        | <u>7.53%</u>                                           | <u>\$ 291,561,669</u>        | <u>8.73%</u>                                           |

**Sources:** Moore County Tax Department.

**Notes:** FY 2025 and FY 2016 data are for tax years 2024 and 2015, 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                          | 2025      |                                | 2016      |                                |
|-----------------------------------|-----------|--------------------------------|-----------|--------------------------------|
|                                   | Employees | Percentage of Total Employment | Employees | Percentage of Total Employment |
| First Health of the Carolinas (1) | 4,530     | 74.79%                         | 3,502     | 62.97%                         |
| Pinehurst, LLC (2)                | 1,355     | 22.37%                         | 1,306     | 23.48%                         |
| Total                             |           | 97.16%                         |           | 86.45%                         |

Sources:

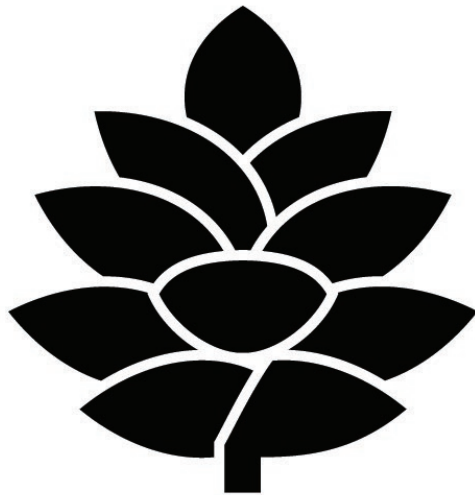
- (1) Human Resources Department at First Health of the Carolinas.
- (2) Human Resources Department at Pinehurst, LLC f/n/a Resorts of Pinehurst Inc.

Notes:

2025 employment is based on calendar year 2024.

GASB 44 requires comparative data for the current calendar year and nine years prior. 2020 adjusted Census Data was used for 2016 and 2025 to estimate the percentage of total employment.







# BUDGET GLOSSARY

| A                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|-----------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Accrual Basis of Accounting</b>                  | 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.                                                                                                                                                                                                                                                                                                                                       |
| <b>Ad Valorem Tax</b>                               | A tax levied in proportion to the value of a property.                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Amortization</b>                                 | 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.                                                                                                                                                                                                                                                                                                                                      |
| <b>Annual Comprehensive Financial Report (ACFR)</b> | 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.<br>View the Village's ACFRs here: <a href="https://www.vopnc.org/our-government/departments/financial-services/comprehensive-annual-financial-report">https://www.vopnc.org/our-government/departments/financial-services/comprehensive-annual-financial-report</a> |
| <b>Appropriation</b>                                | An authorization made by the Village Council that permits the Village to incur obligations and to make expenditures of resources.                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Area of Focus (AOF)</b>                          | Strategic objectives from the balanced scorecard where the organization develops initiative action plans to improve performance levels.                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Assessed Valuation</b>                           | The value established for real or personal property for use as a basis to levy property taxes.                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Audit</b>                                        | An independent examination of the financial statements of an organization to ensure the records are fairly and accurately represented.                                                                                                                                                                                                                                                                                                                                                                           |
| B                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Balanced Budget</b>                              | 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.                                                                                                                                                                                                       |
| <b>Balanced Scorecard (BSC)</b>                     | 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.                                                                                                                                                                                                         |
| <b>Basis of Accounting</b>                          | 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.                                                                                                                                    |

|                                       |                                                                                                                                                                                                                                                                                                                                                                                   |
|---------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Benchmark</b>                      | 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.                                                                                                        |
| <b>BIRDIE</b>                         | 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.                                     |
| <b>Bond</b>                           | 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. |
| <b>Budget</b>                         | A statement in dollar terms of the Village's program of service delivery for the ensuing fiscal year.                                                                                                                                                                                                                                                                             |
| <b>Budget Amendment</b>               | A legal procedure utilized by the Village staff and the Village Council to revise a budget appropriation.                                                                                                                                                                                                                                                                         |
| <b>Budget Document</b>                | The instrument used by the budget-making authority to present a comprehensive financial program to the Village Council.                                                                                                                                                                                                                                                           |
| <b>Budget Message</b>                 | 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.                                                                                                              |
| <b>Budget Ordinance</b>               | The official enactment by the Village Council to establish legal authority for Village officials to obligate and expend resources.                                                                                                                                                                                                                                                |
| <b>Budgetary Control</b>              | 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.                                                                                                                                                                         |
| <b>C</b>                              |                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Capital Assets</b>                 | 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.                                                                                                                                                      |
| <b>Capital Improvement Plan (CIP)</b> | A plan for capital expenditures which provides long-lasting physical improvements or acquisitions to be incurred over a fixed period of five future years.                                                                                                                                                                                                                        |
| <b>Capital Outlay</b>                 | 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.                                                            |
| <b>Capital Project Fund</b>           | A fund used to account for the acquisition and construction of major capital facilities that spans more than one fiscal year.                                                                                                                                                                                                                                                     |
| <b>Cash Management</b>                | 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.                                                             |



|                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|--------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Category</b>                      | A consolidation of expenditures to measure personnel, operations, capital, contingency, special appropriations, debt services, and transfers.                                                                                                                                                                                                                                                                                   |
| <b>Contingency</b>                   | A budgetary reserve set aside for emergencies or unforeseen expenditures not otherwise budgeted.                                                                                                                                                                                                                                                                                                                                |
| <b>Comprehensive Long-Range Plan</b> | 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.<br>View the Village's Comprehensive Long-Range Plan here: <a href="https://www.vopnc.org/our-government/codes-regulations-and-plans/comprehensive-long-range-plan">https://www.vopnc.org/our-government/codes-regulations-and-plans/comprehensive-long-range-plan</a> |
| <b>D</b>                             |                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Debt Service</b>                  | The Village's obligation to pay the principal and interest of all debt instruments according to a pre-determined payment schedule.                                                                                                                                                                                                                                                                                              |
| <b>Department</b>                    | An organizational unit responsible for carrying out a major governmental function.                                                                                                                                                                                                                                                                                                                                              |
| <b>Depreciation</b>                  | 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.                                                                                            |
| <b>E</b>                             |                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Encumbrance</b>                   | The commitment of appropriated funds to purchase an item or services. To encumber funds is to set aside or commit funds for future expenditures.                                                                                                                                                                                                                                                                                |
| <b>Estimated Revenue</b>             | The amount of projected revenue to be collected during the fiscal year.                                                                                                                                                                                                                                                                                                                                                         |
| <b>ETJ</b>                           | The acronym used for extraterritorial jurisdiction.                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Expenditure</b>                   | 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.                                                                                                                                                                                                                                                               |
| <b>F</b>                             |                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Financial Forecast</b>            | A five-year projection of budgeted revenues and expenditures, including operating and capital expenditures.                                                                                                                                                                                                                                                                                                                     |
| <b>Fiscal Policy</b>                 | The financial plan embracing the general goals and acceptable procedures of a governmental unit.                                                                                                                                                                                                                                                                                                                                |
| <b>Fiscal Year (FY)</b>              | 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.                                                                                                                                                                                                                                                |
| <b>Full-Time Equivalent (FTE)</b>    | 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.                                                                                                                                                                                            |
| <b>Function</b>                      | A group of related programs crossing organizational (departmental) boundaries and aimed to accomplishing a broad goal or providing a major service.                                                                                                                                                                                                                                                                             |
| <b>Fund</b>                          | An accounting entity that possesses a set of self-balancing accounts and records all financial transactions for specific activities or government functions.                                                                                                                                                                                                                                                                    |
| <b>Fund Balance</b>                  | 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.                                                                                                                                                                                                                                                                             |
| <b>Fund Balance Appropriated</b>     | 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.                                                                                     |

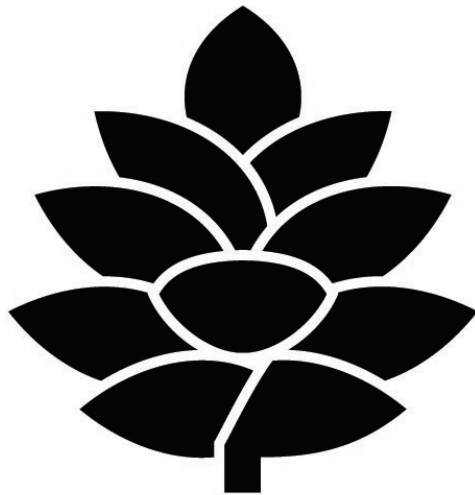
| G                                                      |                                                                                                                                                                                                                                                                                                                                                                                                            |
|--------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Generally Accepted Accounting Principles (GAAP)</b> | Uniform minimum standards of and guidelines for financial accounting and reporting. GAAP encompasses the conventions, rules and procedures necessary to define accepted accounting practices.                                                                                                                                                                                                              |
| <b>GS</b>                                              | The acronym used for the General Statutes adopted by the North Carolina General Assembly.                                                                                                                                                                                                                                                                                                                  |
| <b>General Fund</b>                                    | 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. |
| <b>General Ledger</b>                                  | A file that contains a listing of the various accounts necessary to reflect the financial position of the government.                                                                                                                                                                                                                                                                                      |
| <b>GFOA</b>                                            | The acronym used for Government Finance Officers Association of the United States and Canada. <a href="http://www.gfoa.org">www.gfoa.org</a>                                                                                                                                                                                                                                                               |
| <b>Goal</b>                                            | Future conditions or performance the Village intends or desires to attain; what the Village intends to accomplish.                                                                                                                                                                                                                                                                                         |
| <b>Governmental Accounting Standards Board (GASB)</b>  | The GASB establishes accounting and financial reporting standards for U.S. state and local governments that follow generally accepted accounting principles (GAAP). <a href="http://www.gasb.org">www.gasb.org</a>                                                                                                                                                                                         |
| <b>Governmental Fund</b>                               | 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.                                                                                                                                                                                         |
| <b>Grant</b>                                           | 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                                                      |                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Inflation-Adjusted Revenue Neutral Tax Rate</b>     | 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.                                                                                                               |
| <b>Initiative Action Plan (IAP)</b>                    | Specific activity undertaken to achieve a performance target related to a strategic objective.                                                                                                                                                                                                                                                                                                             |
| <b>Interfund Transfers</b>                             | Amounts transferred from one fund to another.                                                                                                                                                                                                                                                                                                                                                              |
| <b>Intergovernmental Revenue</b>                       | Revenue received from another government for a specified purpose.                                                                                                                                                                                                                                                                                                                                          |
| <b>Investment Earnings</b>                             | 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                                                      |                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Key Performance Indicator (KPI)</b>                 | A measure of a program's output, workload, efficiency, or effectiveness that is used to track operational performance.                                                                                                                                                                                                                                                                                     |

| L                                                              |                                                                                                                                                                                                                                                                                                                                                                                 |
|----------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Lead Planning Agency (LPA)</b>                              | 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.     |
| <b>Levy</b>                                                    | To impose taxes, special assessments, or services charged for the support of Village activities.                                                                                                                                                                                                                                                                                |
| <b>Local Government Budget and Fiscal Control Act (LGBFCA)</b> | This act governs all financial activities of local governments within the State of North Carolina.                                                                                                                                                                                                                                                                              |
| <b>Long Term Debt</b>                                          | Debt with a maturity of more than one year after the date of issuance.                                                                                                                                                                                                                                                                                                          |
| M                                                              |                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Maturities</b>                                              | The dates on which the principal or stated values of investments or debt obligations become due and/or may be reclaimed.                                                                                                                                                                                                                                                        |
| <b>Modified Accrual Accounting</b>                             | 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                                                              |                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>NC</b>                                                      | North Carolina                                                                                                                                                                                                                                                                                                                                                                  |
| <b>NCDOT</b>                                                   | The acronym for North Carolina Department of Transportation. <a href="http://www.ncdot.gov">www.ncdot.gov</a>                                                                                                                                                                                                                                                                   |
| <b>Net Budget</b>                                              | The total amount of revenues and expenditures for the General Fund and all special revenue funds.                                                                                                                                                                                                                                                                               |
| O                                                              |                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Objectives</b>                                              | A simply stated, readily measurable statement of aim or expected accomplishment. An objective should imply a specific standard of performance for a given program.                                                                                                                                                                                                              |
| <b>Operating Expenditures</b>                                  | 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.                                                                                                                                                        |
| <b>Operating Fund</b>                                          | 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.                                                                                             |
| <b>Operating Margin</b>                                        | 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. |
| <b>Operating Transfer</b>                                      | Routine and/or recurring transfer of assets between funds.                                                                                                                                                                                                                                                                                                                      |

|                                                            |                                                                                                                                                                                                                                                                                                                                                                   |
|------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Opportunities for Improvement and Innovation (OFIs)</b> | Opportunities for Improvement and Innovation identified during the strategic planning process and classified as evaluations, projects, and Initiative Action Plans (IAPs).                                                                                                                                                                                        |
| <b>P</b>                                                   |                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Peer Group</b>                                          | Other municipalities in the state of North Carolina with a population between 10,000 and 49,999.                                                                                                                                                                                                                                                                  |
| <b>Perspectives</b>                                        | These are the four categories for classifying strategic objectives on the balanced scorecard.                                                                                                                                                                                                                                                                     |
| <b>Powell Bill Allocation</b>                              | Funding from state-shared gasoline tax restricted for maintenance of local streets.                                                                                                                                                                                                                                                                               |
| <b>Project Fund</b>                                        | A multi-year fund used to account for the revenues and expenditures of a specified project that only exists until the project is completed.                                                                                                                                                                                                                       |
| <b>Program</b>                                             | 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.                                                                                                                                                                        |
| <b>Property Taxes</b>                                      | Property taxes are levied on both real and personal property according to the property's valuation and tax rate.                                                                                                                                                                                                                                                  |
| <b>Q</b>                                                   |                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Quick Response Unit (QRU)</b>                           | 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. |
| <b>R</b>                                                   |                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Reclassification</b>                                    | Change in a position title and/or the associated pay range based on changes in the job skills required for a given position.                                                                                                                                                                                                                                      |
| <b>Reserve</b>                                             | A portion of fund balance earmarked to indicate what is not available for expenditure, or is legally segregated for a specific future use.                                                                                                                                                                                                                        |
| <b>Restricted Intergovernmental Revenues</b>               | 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.                                                                                                                                                                                           |
| <b>Resources</b>                                           | Assets that can be used to fund expenditures. These can be such things as property taxes, user fees, beginning fund balance, or working capital.                                                                                                                                                                                                                  |
| <b>Revaluation</b>                                         | 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.                                                              |
| <b>Revenue</b>                                             | 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.                                                                                                                                                                         |
| <b>Revenue Neutral</b>                                     | 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.                                                                                                                                                                                      |

|                                       |                                                                                                                                                                                                                                                                                                                 |
|---------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Right-of-Way (ROW) Acquisition</b> | Purchase of property needed by the Village to perform road improvement projects and/or protection of right-of-way for future highway projects.                                                                                                                                                                  |
| <b>S</b>                              |                                                                                                                                                                                                                                                                                                                 |
| <b>SMPO</b>                           | 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.<br><a href="http://www.sandhillssmpo.org">www.sandhillssmpo.org</a> |
| <b>Source of Revenue</b>              | Revenues that are classified according to their source or point of origin.                                                                                                                                                                                                                                      |
| <b>Special Assessment</b>             | 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.                                                                                                                               |
| <b>Special Revenue Fund</b>           | A fund used to account for the revenues from specific sources that are to be used for legally specified expenditures.                                                                                                                                                                                           |
| <b>Strategic Advantages</b>           | Benefits that exert a decisive influence on the Village's likelihood of future success and are the source of our competitive success.                                                                                                                                                                           |
| <b>Strategic Challenges</b>           | External pressures that exert a decisive influence on the Village's likelihood of future success.                                                                                                                                                                                                               |
| <b>Strategic Goal</b>                 | Future condition the Village strives to attain.                                                                                                                                                                                                                                                                 |
| <b>Strategic Objective</b>            | A readily measurable statement of aim or expected accomplishment; how the Village will accomplish a goal.                                                                                                                                                                                                       |
| <b>T</b>                              |                                                                                                                                                                                                                                                                                                                 |
| <b>Target</b>                         | The desired achievement level of a particular performance measure.                                                                                                                                                                                                                                              |
| <b>Tax Base</b>                       | The assessed valuation of all taxable real and personal property within the Village's corporate limits.                                                                                                                                                                                                         |
| <b>U</b>                              |                                                                                                                                                                                                                                                                                                                 |
| <b>Unencumbered Balance</b>           | The amount of an appropriation that is neither expended nor encumbered. It is essentially the amount of money still available for expenditures.                                                                                                                                                                 |







## **FY 2026 Quarterly Strategic Operating Plan Update for the Quarter Ended March 31, 2026**

### **ADDITIONAL AGENDA DETAILS:**

**FROM:** Doug Willardson, Village Manager  
**CC:** Village Council;  
**DATE OF MEMO:** 05/06/2026

### **MEMO DETAILS**

#### **Overview**

This memorandum provides the FY 2026 Quarterly Strategic Operating Plan update for the quarter ended March 31, 2026, along with notable developments occurring since that reporting period. The update highlights continued progress on several of Council's priority initiatives and reflects a transition from planning into active implementation across multiple areas.

#### **Library Construction and Archives Renovation**

During the quarter, the Given Memorial Library project transitioned fully into the construction phase. The pre-construction meeting was completed, the building permit was issued, and the Notice to Proceed was formally executed, initiating the construction timeline. Site work advanced steadily throughout the quarter, including clearing and grubbing, installation of the construction entrance, establishment of tree protection zones, and mobilization of the contractor, including placement of the construction trailer. Since the close of the quarter, work has continued without major issues, with progress focused on site readiness, grading, and preparation for vertical construction, including the start of footings. Overall, the project remains on schedule and continues to be closely monitored through routine coordination meetings with the contractor and design team. Assistant Village Manager Carlton Cole has done a very impressive job managing this project.

In parallel, staff continued advancing plans for the renovation of the Tufts Archives. Work during the quarter focused on coordination with the design team to refine programming needs and evaluate options within the existing building footprint versus potential expansion. This effort includes balancing space needs with cost considerations and regulatory requirements. Staff has also begun laying the groundwork for a future fundraising effort to support the project.

#### **Village Place / Public Services Relocation**

During the quarter, staff advanced the Village Place redevelopment effort from early-stage exploration into a more structured evaluation phase. The Real Estate Advisory RFQ was issued, and staff engaged with multiple qualified firms to gauge interest and refine the scope of services. Responses were received and reviewed, and staff prepared to bring a contract recommendation forward to Council. Since the close of the quarter, staff has continued working to finalize a contract with the selected advisor and has obtained quotes for appraisal services to support redevelopment analysis. This work represents a clear shift toward detailed financial analysis, market validation, and development feasibility, which will inform future Council decisions.

#### **Improving Fire Response Times**

The Village successfully implemented the SAFER grant-funded staffing model during the quarter, with

new firefighters hired and deployed as part of the Quick Response Unit. The unit is now fully operational and focused on reducing response times for high-priority emergency calls. Baseline performance data is being collected and will be compared against post-deployment metrics to evaluate effectiveness and guide future operational decisions. Staff is currently reviewing and analyzing the first quarter data.

### **Planning & Development Ordinance (PDO) Rewrite**

The Planning & Development Ordinance Rewrite was completed and finalized during the prior quarter. Efforts this quarter have focused on implementation, interpretation, and application of the updated standards as new development proposals move through the review process. Staff continues to apply the updated ordinance through Technical Review Committee processes and ongoing development activity, ensuring consistency with the Village's long-term planning framework.

### **Short-Term Rental Monitoring & Compliance**

STR oversight remained active and increasingly data-driven during the quarter. Staff issued multiple notices of violation following the April compliance review and continued monitoring both new and existing STR activity. A key takeaway from recent analysis is that while approximately 520 properties are advertised as STRs, only 263 have exceeded the 14-day threshold within the past year, and a meaningful number have not rented at all. Additional actions during the quarter included continued monitoring of legal nonconforming STRs for potential intensification or discontinuance, deployment and testing of noise monitoring equipment in targeted areas, ongoing coordination with legal counsel on enforcement and inspection authority, and proactive communication with property owners regarding compliance expectations. Since the close of the quarter, staff has also updated the STR Hot Topics webpage to include the option for a Letter of Zoning Certification, providing a clearer pathway for property owners seeking formal confirmation of status.

### **Multi-Modal Improvements**

Multi-modal projects advanced significantly during the quarter, with several projects moving from planning into active construction. The Juniper Creek Boulevard (No. 6) sidewalk project progressed, with Phase II initiated and construction underway, along with supporting infrastructure work including survey and bridge-related components. Additional progress included continued work on the Dogwood brick sidewalk, advancement of crosswalk design and signalization studies including evaluation of flashing beacons, and ongoing coordination with NCDOT and advertisement for engineering services related to the Airport Road Greenway. Since the close of the quarter, construction activity has accelerated, with portions of the No. 6 project progressing ahead of schedule and additional design and permitting work underway for future improvements.

### **Conclusion**

Overall, the quarter reflects a meaningful shift from planning and procurement into execution across multiple priority initiatives. The Library project is fully under construction, Village Place has moved into formal financial analysis, STR enforcement is ongoing and data-driven, and multi-modal projects are actively being built. In short, things are no longer in progress—they are actively being implemented. Staff will continue to monitor progress, refine implementation, and bring forward items requiring Council direction as key milestones are reached.

### **ATTACHMENTS**

1. FY26 IAP Review

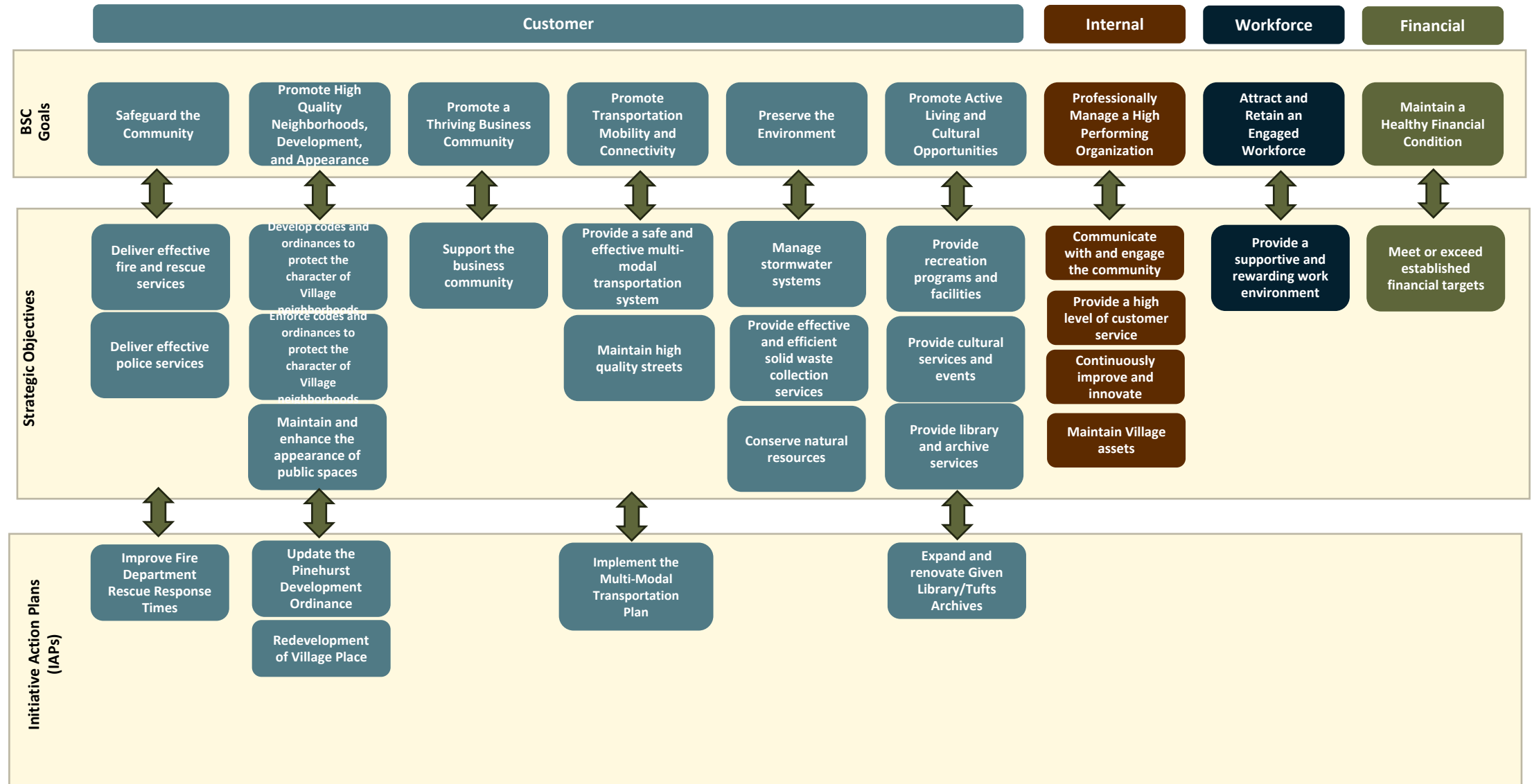
# FY26 Initiative Action Plan Review



# FY 2026 VOP Strategy Map

**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.





# FY26 Initiative Action Plans



- Update the Pinehurst Development Ordinance
- Redevelopment of Village Place
- Expand and renovate Given Memorial Library/Tufts Archives
- Improve Fire Department Rescue Response Times
- Implement Multi-Modal Transportation Plan
- STR Monitoring & Compliance

# Expand and Renovate Givens Library & Tufts Archives





# Redevelopment of Village Place





# Improve Fire Rescue Response Time



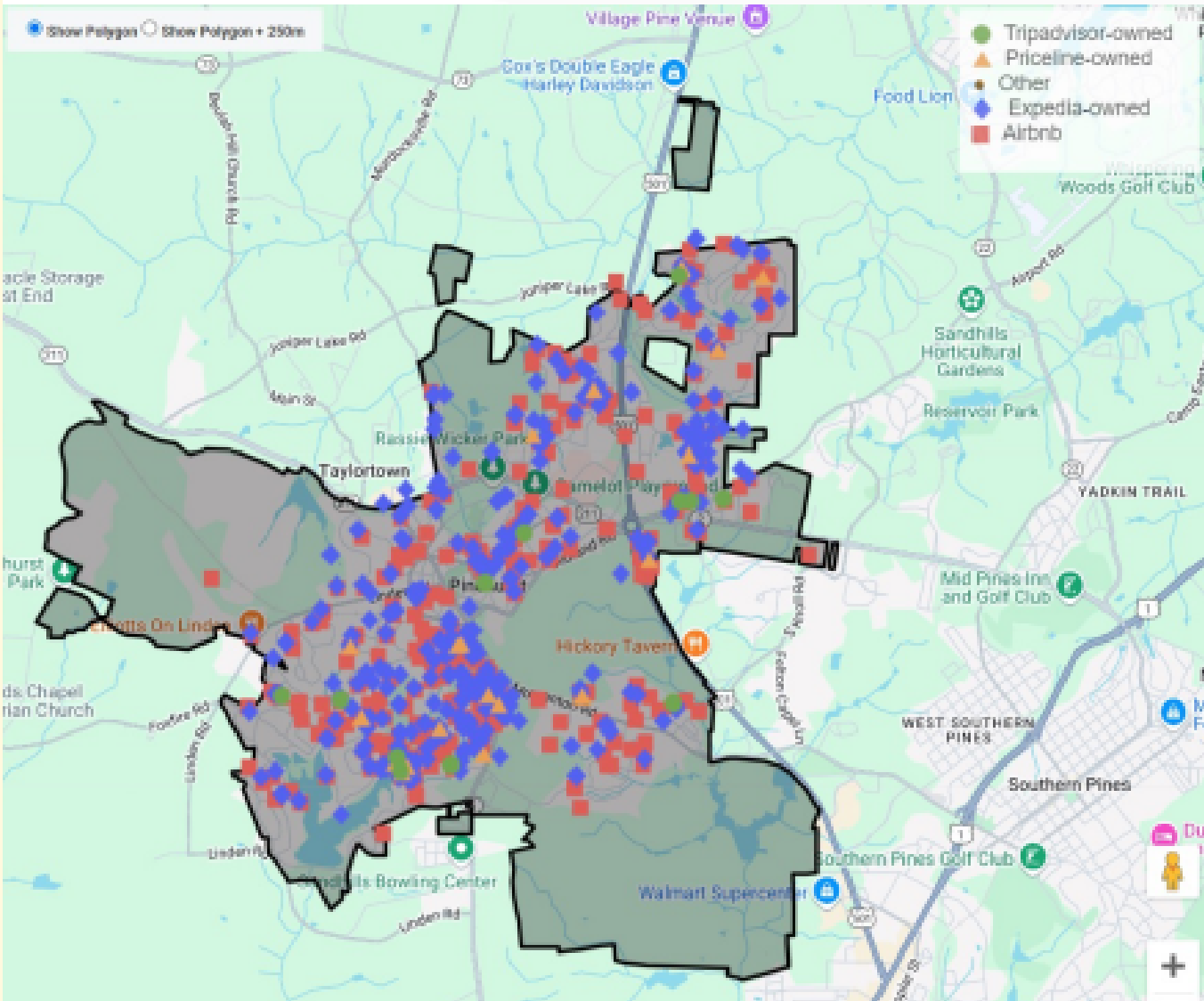


# Multi-Modal Transportation Improvements





# Short-term Rental Monitoring & Compliance



# Update the Pinehurst Development Ordinance





**Consider Resolution 26-20 Appointing Ms. Janet Farrell as the Chair for the  
Beautification Committee  
ADDITIONAL AGENDA DETAILS:**

**FROM:** Shannon Bonecutter, Village Clerk  
**CC:** Village Council;  
**DATE OF MEMO:** 05/05/2026

**MEMO DETAILS**

**ATTACHMENTS**

1. DRAFT Resolution 26-20 Appoint Beautification Chair (Farrell)

**Resolution #26-20:**

**A Resolution Appointing the Chair of the Village of Pinehurst Beautification Committee**

**Whereas,** the Village of Pinehurst established the Village of Pinehurst Beautification Committee by Resolution #10-35 on November 16, 2010; and

**Whereas,** Village Council adopted Resolution #17-24 on September 12, 2017, amending the Beautification Committee; and

**Whereas,** there is a need to appoint a new Chair for the Beautification Committee; and

**Whereas,** Ms. Janet Farrell and the Village Council of the Village of Pinehurst are desirous of her serving as the Chair of the Beautification Committee.

**Now, Therefore, Be It Resolved** by the Village Council of the Village of Pinehurst, North Carolina in the Regular Meeting assembled this 12<sup>th</sup> day of May 2026, as follows:

Ms. Janet Farrell shall be appointed as Chair of the Beautification Committee effective July 01, 2026, said term expiring on June 30, 2028.

**This Resolution** passed and adopted this 12<sup>th</sup> day of May 2026.

Village of Pinehurst  
Village Council

(Municipal Seal)

By: \_\_\_\_\_  
Patrick Pizzella, Mayor

Attest:

\_\_\_\_\_  
Shannon Bonecutter, Village Clerk



## **Consider Resolution 26-21 Opposing Legislation That Limits Local Planning and Zoning Authority**

### **ADDITIONAL AGENDA DETAILS:**

**FROM:** Doug Willardson, Village Manager  
**CC:** Village Council;  
**DATE OF MEMO:** 05/06/2026

### **MEMO DETAILS**

The attached resolution expresses the Village of Pinehurst's opposition to a series of legislative proposals currently under consideration in the North Carolina General Assembly that would limit municipal authority over planning and zoning decisions. The resolution also urges restoration of reasonable local authority to apply down-zoning, which was constrained by the adoption of Senate Bill 382.

Over the past two legislative sessions, the General Assembly has considered multiple bills aimed at standardizing or preempting local development regulations. Recent examples include House Bill 765 and Senate Bill 205, among others. While these bills vary in scope, they share a common theme of shifting land use decision-making away from local governments and toward statewide mandates.

Even where individual bills may not advance, the broader policy direction remains active. Elements of these proposals are often revised, reintroduced, or incorporated into other legislative vehicles as the session progresses. As a result, local governments across North Carolina have begun adopting resolutions to clearly communicate concerns and establish a consistent position with members of the General Assembly.

The timing of this resolution is intended to be proactive rather than reactive. Taking action now allows the Village to:

- Clearly articulate its position on preserving local planning authority;
- Reinforce the importance of local decision-making tied to infrastructure capacity, public safety, and community character;
- Advocate for a collaborative approach with state leaders on housing and development issues; and
- Align with peer municipalities that are expressing similar concerns.

The resolution does not oppose growth or development. Rather, it emphasizes that communities like Pinehurst are best positioned to manage growth in a manner that reflects local conditions, adopted plans, and citizen input.

### **ATTACHMENTS**

1. DRAFT Resolution 26-21 Opposing Limitations on Local Zoning Authority



## **RESOLUTION #26-21**

### **A Resolution Opposing Legislation That Limits Local Planning and Zoning Authority and Supporting the Restoration of Reasonable Local Down-Zoning Authority**

**Whereas**, the Village of Pinehurst has been granted authority by the North Carolina General Assembly to adopt and enforce planning and zoning regulations to protect the public health, safety, and welfare of its residents; and

**Whereas**, these regulations are developed locally through public input and reflect the unique character, infrastructure capacity, and long-term vision of the Pinehurst community; and

**Whereas**, the North Carolina General Assembly's adoption of Senate Bill 382 significantly limited the ability of municipalities to apply reasonable down-zoning and adjust development intensity in response to changing conditions, infrastructure constraints, or community needs; and

**Whereas**, the loss of this authority has reduced the ability of local governments to responsibly manage growth and align land use decisions with adopted plans and infrastructure capacity; and

**Whereas**, during the current legislative session, multiple additional bills have been introduced that would further restrict the ability of municipalities to manage growth and development, including but not limited to House Bill 765, Senate Bill 205, and similar legislation; and

**Whereas**, while differing in form, these bills share a common effect of shifting land use decision-making away from local governments and toward a one-size-fits-all statewide approach; and

**Whereas**, these proposals, if enacted, would:

- Further reduce the ability of municipalities to make locally informed planning and zoning decisions;
- Require increased density and development intensity without regard to infrastructure, traffic, or community character;
- Limit or eliminate key development standards related to design, parking, and site layout;
- Increase the risk of costly litigation and administrative burdens on local governments;
- Undermine the ability of municipalities to implement adopted plans and respond to changing local conditions; and

**Whereas**, municipalities are the level of government closest to the people and are best positioned to balance growth, economic development, and preservation of community character; and

**Whereas**, the Village of Pinehurst supports efforts to address housing and development challenges, but believes those efforts should be achieved through collaboration with local governments—not through broad preemption of local authority;

**Now, therefore, be it resolved** by the Village Council of the Village of Pinehurst, North Carolina, in a regular meeting assembled, as follows:

The Village of Pinehurst opposes House Bill 765, Senate Bill 205, and similar legislation that diminishes the authority of municipalities to plan for and manage growth within their communities; and

The Village of Pinehurst calls upon the North Carolina General Assembly to reject legislation that imposes uniform statewide development mandates without regard to local conditions, infrastructure capacity, or community input; and

The Village further urges the General Assembly to restore reasonable local authority to apply down-zoning and adjust development intensity, consistent with adopted plans and public input, that was limited by Senate Bill 382; and

The Village urges the General Assembly to engage directly with municipalities to develop practical, locally informed solutions to housing and development challenges; and

The Village Council encourages residents, businesses, and other municipalities to communicate with their elected representatives regarding legislation that affects local planning and zoning authority.

**This Resolution** passed and adopted this 12<sup>th</sup> day of May 2026.

(Municipal Seal)

Village of Pinehurst  
Village Council

By: \_\_\_\_\_  
Patrick Pizzella, Mayor

Attest:

\_\_\_\_\_  
Shannon Bonecutter, Village Clerk