



Description of Revenue Source

Ad valorem taxes are paid on real and personal property located within the Village’s corporate limits. Taxes for real and personal property, excluding motor vehicles, are levied based upon the preceding January 1 valuations of the property and the tax rate established by the Village Council in the Budget Ordinance. These taxes are levied each year and are due on January 6 of the year following the levy. Real and personal property is revalued by the Moore County Tax Department at least every eight years, with the last revaluation completed in the 2019 tax year, or FY 2020.

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

Historically, ad valorem taxes have comprised approximately 57% of all Village General Fund operating revenues. This includes current year’s collections, prior year’s collections, penalties and interest, and refunds.

Ad Valorem Taxes	FY 2020 Actual	FY 2021 Budget	FY 2021 Estimated	FY 2022 Budgeted	Percent Change
Real & Personal - Current Year	\$ 10,548,393	\$ 10,679,000	\$ 10,679,000	\$ 11,386,000	6.6%
Real & Personal - Prior Years	5,209	5,000	5,000	5,000	0.0%
Motor Vehicles - Current Year	701,419	717,000	771,000	819,000	14.2%
Motor Vehicles - Prior Years	359	2,000	-	-	-100.0%
Discounts/Reliefs/Refunds	(3,505)	(5,000)	(5,000)	(5,000)	0.0%
Tax Interest	9,268	5,000	5,000	5,000	0.0%
Total Ad Valorem Tax Revenue	\$ 11,261,143	\$ 11,403,000	\$ 11,455,000	\$ 12,210,000	7.1%

Revenue Assumptions

- The ad valorem tax rate for the Village of Pinehurst will increase from \$0.30 to \$0.315 per \$100 valuation for the fiscal year ending June 30, 2022. This increase includes one cent for assuming operations of the Given Memorial Library and Tufts Archives and one-half cent for operating expenditure pressures related to state mandated retirement contribution rates and increasing recycling and tipping fees. This rate is expected to generate \$12,210,000 in ad valorem tax revenue.
- The total estimated valuation of real and personal property is \$3,879,000,000 of which \$3,619,000,000 is real property valuation and \$260,000,000 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 2021 is 1.54%. The number of new homes constructed in the Village in FY 2020 was 189, and the Village experienced a slight decline in growth in FY 2021 with an estimated 150 new homes constructed. Based on remaining lot availability, we are expecting to permit 150 homes in FY 2022.
- Although it varies from year to year, we are expecting the motor vehicle valuation to increase by 1.0% next fiscal year.



Ad Valorem Taxes

- The collection rates used to estimate actual ad valorem tax revenue are 99.9% for real and personal property and 100.0% for motor vehicles. These have historically been some of the highest tax collection rates in the State.





Description of Revenue Source

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

Golf cart stickers are issued to license the use of personal golf carts on Village streets. In January of 2016, the Village converted the golf cart registration process from an annual registration to a one-time registration. This 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 2020 Actual	FY 2021 Budget	FY 2021 Estimated	FY 2022 Budgeted	Percent Change
Golf Cart Stickers	\$ 3,215	\$ 2,000	\$ 3,000	\$ 3,000	50.0%
Total Other Taxes & Licenses	\$ 3,215	\$ 2,000	\$ 3,000	\$ 3,000	50.0%

Revenue Assumptions

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



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 32% 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%, 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, with the exception of 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 on a monthly basis.

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 on a quarterly basis.

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

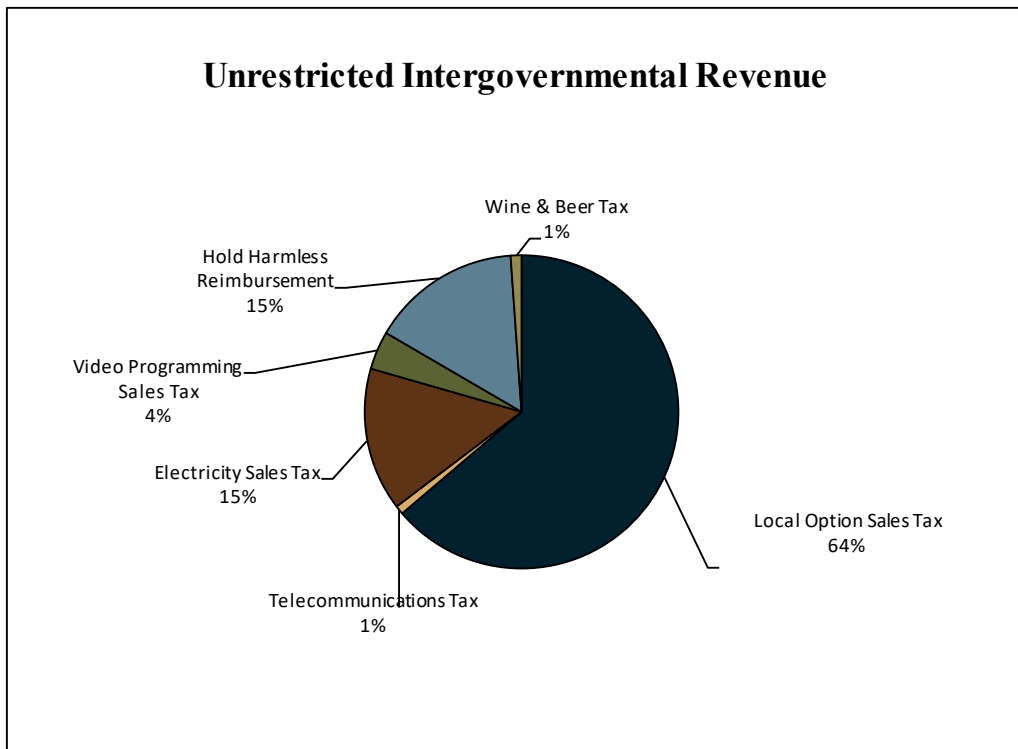
The hold harmless reimbursement is based on taxable sales made in the county and is allocated among the county and the local government jurisdictions within the county based upon a per capita basis. These hold harmless reimbursements were granted to municipalities to replace the Article 44 sales tax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

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



Unrestricted Intergovernmental Revenues

Unrestricted Intergovernmental Revenue	FY 2020 Actual	FY 2021 Budget	FY 2021 Estimated	FY 2022 Budgeted	Percent Change
Local Option Sales Tax	\$ 3,762,600	\$ 3,716,000	\$ 4,030,000	\$ 4,323,000	16.3%
Telecommunications Tax	70,147	65,000	71,000	61,000	-6.2%
Electricity Sales Tax	1,038,805	1,052,000	1,007,000	1,002,000	-4.8%
Video Programming Sales Tax	263,094	273,000	270,000	268,000	-1.8%
Hold Harmless Reimbursement	943,179	907,000	990,000	1,049,000	15.7%
Wine & Beer Tax	73,548	74,500	74,500	75,700	1.6%
Total Unrest. Intergovernmental Rev.	\$ 6,151,373	\$ 6,087,500	\$ 6,442,500	\$ 6,778,700	11.4%





Revenue Assumptions

- Local option sales tax estimates are based on a combination of the expected statewide growth or loss factor for Articles 39, 40, and 42, adjusted for local economic conditions. The statewide rates are estimated by the North Carolina League of Municipalities (NCLM) in conjunction with economists from the North Carolina General Assembly. These estimates are communicated to all municipalities to aid them in budgeting these state-collected revenues. This year, the NCLM is projecting sales tax growth in FY 2021 of 13.5% and 2.5% in FY 2022. Thus far in FY 2021, most local government sales tax distributions have grown by more than 10% above FY 2020. Based on this strong forecast, the FY 2022 local option sales tax revenue budget will increase by approximately 16.3% over the FY 2021 budgeted amount.
- Telecommunications taxes are projected based upon growth assumptions provided by the NCLM. The telecommunication industry continues to experience a decline in the total number of landlines. The NCLM is projecting this revenue to increase 3.75% in FY 2021 and decrease 9.5% in FY 2022. Based on this forecast, the Village's telecommunications tax revenue will decrease by approximately 6.2% in FY 2022 below the FY 2021 budgeted amount, since the growth in FY 2021 revenue is predicted to be a one-time exception to a long-term downward historical trend.
- Electricity sales taxes are also projected based upon growth assumptions provided by the NCLM. This revenue is directly related to electricity usage and is impacted by the number of heating and cooling days each year. The NCLM is projecting this revenue to decrease 1.0% in FY 2021 and increase 1.25% in FY 2022. We are decreasing the electricity sales tax revenue budget for FY 2022 by approximately 4.8% since FY 2021 revenues have not reached previously budgeted levels.
- Thus far, distributions of video programming sales taxes for FY 2021 are lower than the amounts collected in FY 2020 as the industry continues to face competition from other video content providers. The NCLM is projecting no change in FY 2021 and decreases in FY 2022 of 1.25%. Based on this forecast, the Village's video programming sales tax revenue will decrease by approximately 1.8% in FY 2022 as compared to the FY 2021 budgeted amount.
- Wine and beer tax revenues are expected to increase by 1.6% to \$75,700 in FY 2022, due to increased sales.



Restricted Intergovernmental Revenues

Description of Revenue Source

Restricted intergovernmental revenues include Powell Bill funds, solid waste disposal tax, Library State Aid, and may include other miscellaneous federal or state grants that are restricted for a specific purpose.

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

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

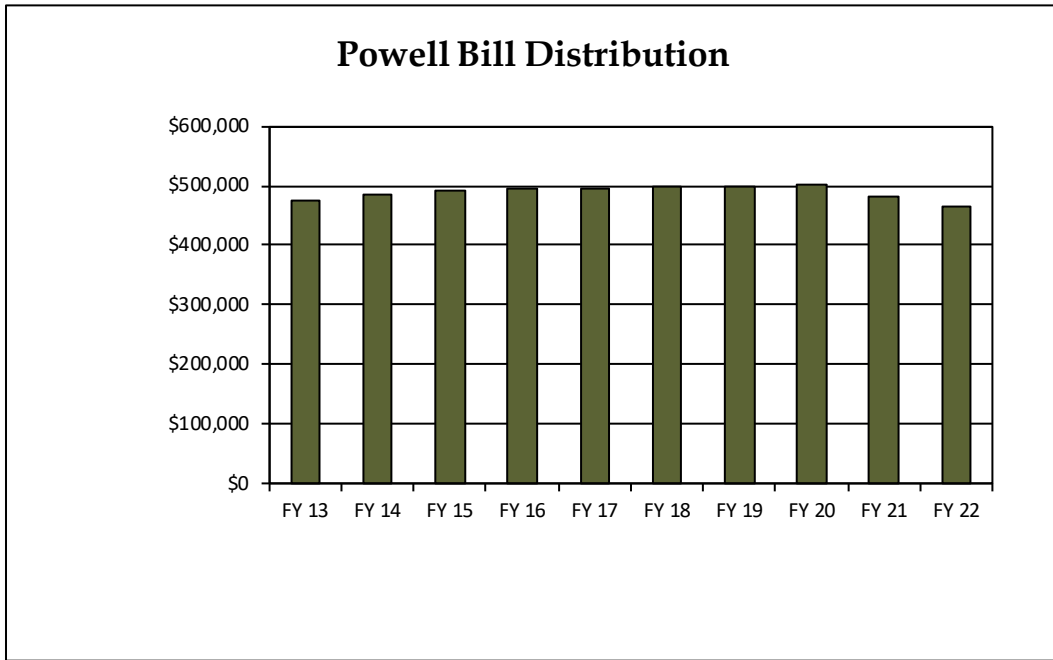
Restricted Intergovernmental Revenue	FY 2020 Actual	FY 2021 Budget	FY 2021 Estimated	FY 2022 Budgeted	Percent Change
Powell Bill	\$ 501,098	\$ 500,000	\$ 480,555	\$ 465,000	-7.0%
Controlled Substance Tax Distribution	1,390	1,000	1,000	1,000	0.0%
Solid Waste Disposal	12,940	12,600	12,600	13,000	3.2%
Other Grants	62,077	252,000	252,033	-	-100.0%
Library State Aid	-	-	-	5,250	100.0%
Total Rest. Intergovernmental Rev.	\$ 577,505	\$ 765,600	\$ 746,188	\$ 484,250	-36.7%

Revenue Assumptions

- The per capita rate used in the estimation of Powell Bill revenue is \$17.48, which is a 6.9% decrease from the previous year’s actual distribution rate. The street mile rate utilized to project the allocation is \$1,458 per street mile maintained, which increased by \$39 from the FY 2021 distribution. Both of these estimated distribution rates were provided by the North Carolina League of Municipalities. Based on this forecast, the FY 2022 Powell Bill revenue will decrease by approximately 7.0% over the FY 2021 budgeted amounts.
- The North Carolina League of Municipalities projects that solid waste disposal revenue will decrease by 3.6% for FY 2021 and will increase by 1.5% in FY 2022. Since FY 2020 actual revenue exceeded the anticipated budget projection, we are increasing the budget for this revenue by 3.2% over the FY 2021 levels.
- Included in other grants, the Village received Coronavirus Relief Fund grant revenue in FY 2020 and FY 2021 to reimburse the Village for expenditures incurred in response to the public health emergency.
- Library State Aid is financial assistance to local library systems from the Aid to Public Libraries Fund. The library’s service area population and per capita income have an impact in determining the amount of State Aid allocated to the Village’s newly acquired library.
- The Village does not normally budget for other grant revenues until a grant award notification has been received.



Restricted Intergovernmental Revenues





Description of Revenue Source

Permits and fees consist primarily of permit and inspection fees, planning and zoning fees, and fire district revenue. There are also several other minor fees that are included in Permits and Fees revenue.

Permit and inspection fees and planning and zoning fees are established by the Village Council, reviewed annually, and modified if needed. These permits and fees are charged to builders, developers, and homeowners for new construction and additions/alterations to property. The Village’s growth is generated primarily by new residential construction; therefore it is new home construction that really drives this revenue source. In FY 2019, Village staff 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. A majority of these planning and inspection fees had not been modified since 2004, and the analysis revealed that most of them should be increased to cover actual costs.

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

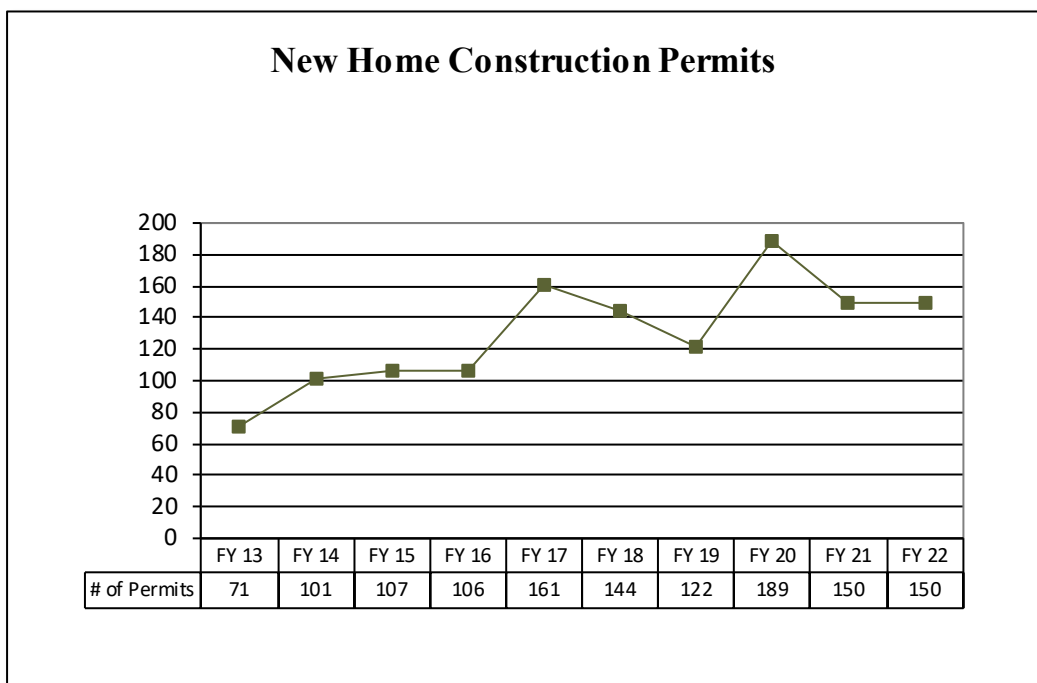
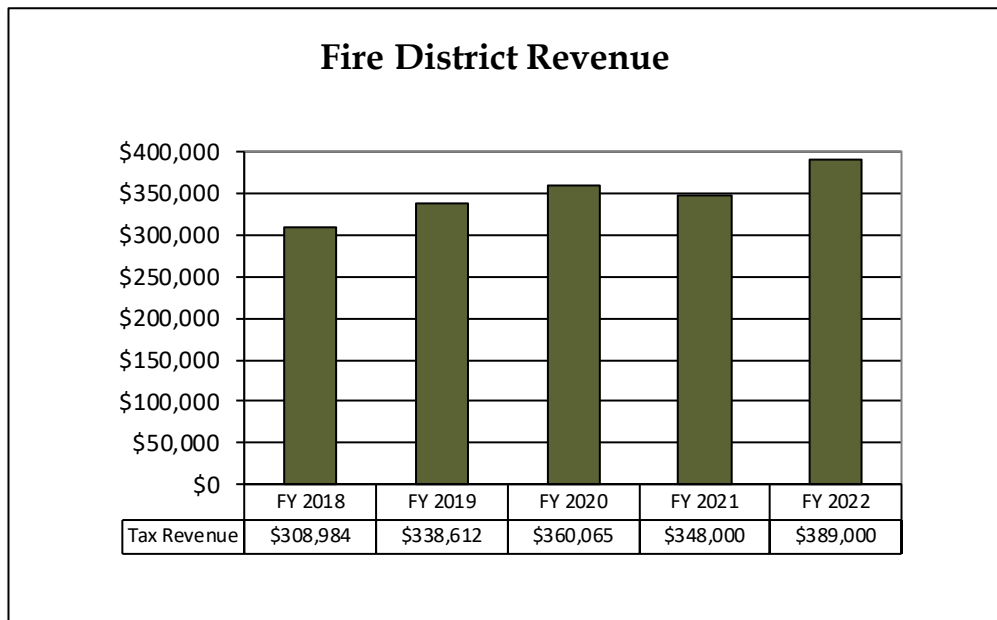
Permits & Fees	FY 2020 Actual	FY 2021 Budget	FY 2021 Estimated	FY 2022 Budgeted	Percent Change
Permit & Inspection Fees	\$ 313,305	\$ 149,000	\$ 250,000	\$ 250,000	67.8%
Planning & Zoning Fees	261,167	115,000	254,000	250,000	117.4%
Fire District Revenue	360,065	361,000	348,000	389,000	7.8%
Other Fees	4,243	1,600	3,250	5,000	212.5%
Total Permit & Fees	\$ 938,780	\$ 626,600	\$ 855,250	\$ 894,000	42.7%

Revenue Assumptions

- Permit and inspection fees and planning and zoning fees for residential construction are both expected to increase in FY 2022. The number of new homes being constructed is expected to remain flat at approximately 150 homes in FY 2021 and in FY 2022. Several larger commercial projects, updated fees, and an economic turnaround from the COVID-19 pandemic are factors contributing to an expected increase of 67.8% in permit and inspection fees and an expected increase of 117.4% in planning and zoning fees in FY 2022 over the prior year budget.



- Fire district revenues are expected to increase by \$28,000, or 7.8%, over the FY 2021 budget. Since it is not certain whether the County will increase the fire district tax rate to its originally planned level for FY 2022, we based our projection on a \$0.005 rate increase over the prior year. The County-wide fire district tax rate affects our County distribution and our fire services contract with the Town of Taylortown.





Description of Revenue Source

As allowed by state statute, the Village of Pinehurst may assess property owners for expenditures that directly benefit specific property owners. Currently, the Village does not have any active assessments. In FY 2020 the final installment of the Cotswold community stormwater project assessment was received, and in FY 2021 the final installment of the Municipal Service District (MSD) for improvements made to dams was collected.

Assessments	FY 2020 Actual	FY 2021 Budget	FY 2021 Estimated	FY 2022 Budgeted	Percent Change
Assessments	\$ 26,103	\$ 5,170	\$ 5,170	\$ -	-100.0%
Total Assessments	\$ 26,103	\$ 5,170	\$ 5,170	\$ -	-100.0%



Stormwater improvement project



Description of Revenue Source

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

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

The third major category of sales and services revenue is recreation fees. These are the fees charged to participants in programs, athletic leagues, and events sponsored by the Recreation Department, rental fees charged for park facilities, and event sponsorships.

Table with 6 columns: Sales & Services, FY 2020 Actual, FY 2021 Budget, FY 2021 Estimated, FY 2022 Budgeted, Percent Change. Rows include Stall Rental Revenue, Harness Track Shows/Events Revenue, Other Harness Track Revenue, Fair Barn Rental Revenue, Fair Barn Shows/Events Revenue, Recreation Fees, Logo Merchandise Sales, Other Sales & Services, Library Revenue, and Total Sales & Services.

Revenue Assumptions

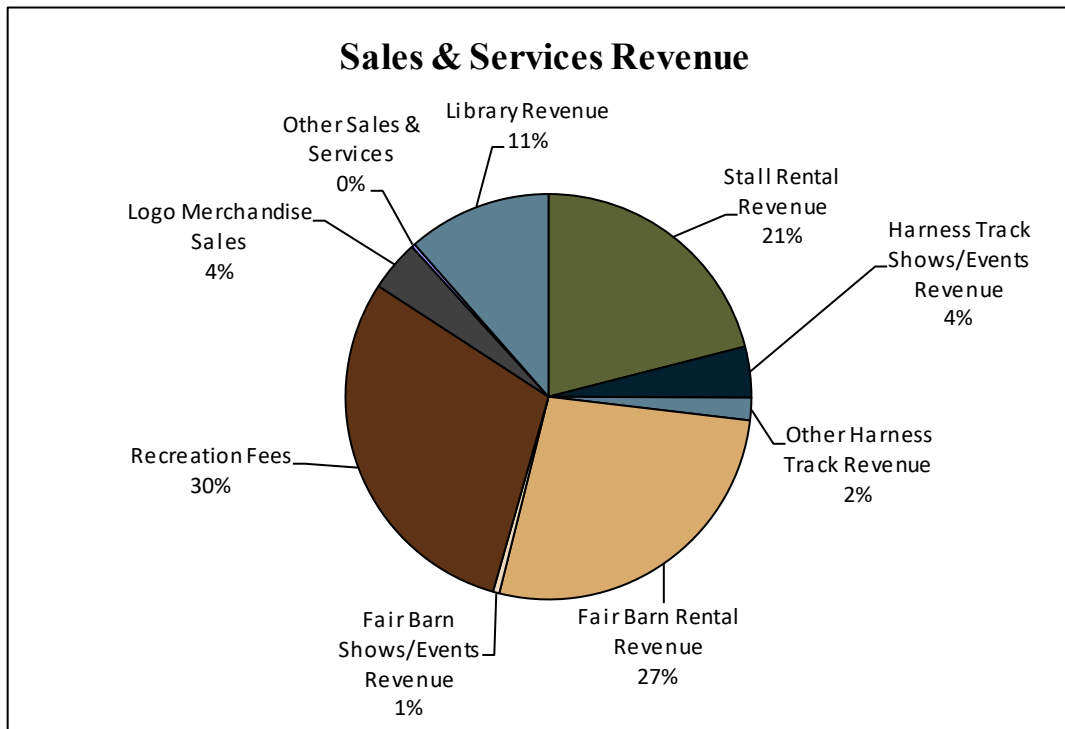
- Harness Track stall rental revenues are projected to decrease by 28.2% for FY 2022 due to the lower occupancy rates experienced in FY 2021.
• Fair Barn rental revenues are expected to decrease 22.3% from FY 2021 budgeted levels due to lower rentals of the facility resulting from state-mandated facility and gathering restrictions caused by COVID-19.
• Recreation fees are expected to decrease by 4.6% from the prior year budget. In FY 2021, revenues were significantly lower than originally budgeted due to COVID-19-related gathering restrictions. As restrictions loosen, the Village is offering additional recreation and athletic programs.
• The Village began selling logo merchandise in FY 2017 to expand overall awareness of the Village’s brand. Logo merchandise sales have grown in FY 2021 and the same is expected for FY 2022.
• The Village plans to assume operations of the Given Memorial Library and Tufts Archives in FY 2022, likely during the second quarter of the fiscal year. Revenue estimates for book/photo sales



Sales and Services

and event income are based on prior year revenues generated by the library prorated for three-quarters of the year.

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 donations, and other miscellaneous revenues. ABC revenue is based on a percentage of the sale of mixed beverages from local merchants and the net profits from counter sales of alcoholic beverages in Pinehurst at ABC Stores. Library donations from private donors are expected in FY 2022 with the planned acquisition of the library and archives. Other miscellaneous revenues include sales of surplus assets, donations made to the Village, contributions of earnings from the library endowment account, fees generated by the Police Department, and various other minor fees.

Other Revenues	FY 2020 Actual	FY 2021 Budget	FY 2021 Estimated	FY 2022 Budgeted	Percent Change
ABC Revenues	\$ 159,430	\$ 179,800	\$ 159,800	\$ 162,000	-9.9%
Library Donations	-	-	-	112,500	100.0%
Other Miscellaneous Revenues	1,127,172	89,980	91,033	120,480	33.9%
Total Other Revenues	\$ 1,286,602	\$ 269,780	\$ 250,833	\$ 394,980	46.4%

Revenue Assumptions

- ABC revenue is projected to decrease by 9.9% for FY 2022. In FY 2021, revenues have not reached budgeted levels.
- Library donations revenue is a new source in FY 2022 with the acquisition of the Given Memorial Library and Tufts Archives. This projection is based on prior year revenues generated by the library prorated for three-quarters of the year.
- Other miscellaneous revenues reflect a significant increase due the inclusion of miscellaneous library revenues in the FY 2022 budget. In FY 2020, slightly over \$1 million was returned to the Village from the Given Memorial Library capital campaign trust account due to the library’s inability to meet its requirements under the agreement.



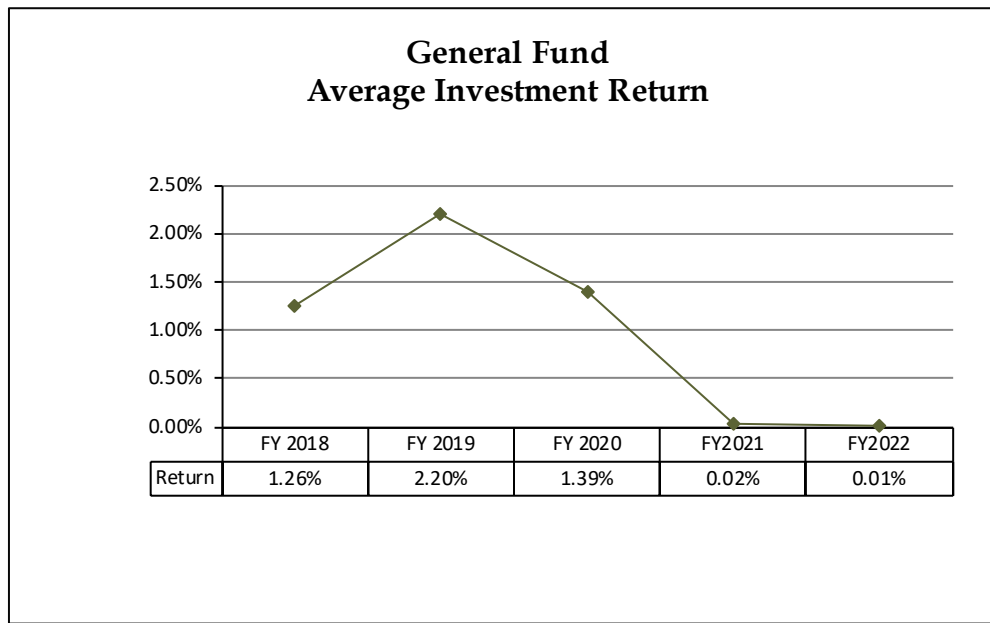
Description of Revenue Source

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

Investment Income	FY 2020 Actual	FY 2021 Budget	FY 2021 Estimated	FY 2022 Budgeted	Percent Change
Investment Income	\$ 159,539	\$ 25,400	\$ 2,800	\$ 1,400	-94.5%
Total Investment Income	\$ 159,539	\$ 25,400	\$ 2,800	\$ 1,400	-94.5%

Revenue Assumptions

- Investment income is estimated to be reduced by 94.5% as investment rates have decreased and are expected to remain low throughout FY 2022. The average rate of return expected in FY 2022 is 0.01%.
- In FY 2017, the Village began investing in the NCCMT Term Portfolio, which increased investment yields in prior years without significantly impacting liquidity. However, due to historically low interest rates following the outbreak of the COVID-19 pandemic, NCCMT closed the term account in FY 2021, as it was no longer beneficial to investors.





Description of Revenue Source

Other Financing Sources is comprised of Operating Transfers from other funds.

Other Financing Sources	FY 2020 Actual	FY 2021 Budget	FY 2021 Estimated	FY 2022 Budgeted	Percent Change
Transfer from Capital Project Fund	\$ -	\$ -	\$ 200,000	\$ -	0.0%
Total Other Financing Sources	\$ -	\$ -	\$ 200,000	\$ -	0.0%

Revenue Assumptions

- The Community Center Capital Project Fund was funded with transfers in cash from the General Fund in prior years. In FY 2021, unspent funds of approximately \$200,000 from the Community Center Capital Project Fund will be returned to the General Fund.



Fund Balance Appropriations

Description of Revenue Source

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

Fund Balance Appropriations	FY 2020 Actual	FY 2021 Budget	FY 2021 Estimated	FY 2022 Budgeted	Percent Change
Fund Balance Appropriated	\$ -	\$ 2,809,690	\$ -	\$ 2,530,950	-9.9%
Total Fund Balance Appropriations	\$ -	\$ 2,809,690	\$ -	\$ 2,530,950	-9.9%

Revenue Assumptions

- For FY 2022 we have appropriated \$2,530,950 of the Village’s fund balance as a revenue source. Historically, operating revenues come in at 101% of budget while operating expenditures typically fall 7% below budget. The amount of fund balance appropriated this year is higher than this budget variance amount, primarily due to the establishment of two capital project funds for the design of a downtown parking facility and library/archives expansion. If historical trends continue for FY 2022, we will reduce fund balance by approximately \$871,000, which will result in a projected ending fund balance of 42.2% of General Fund expenditures. This is above Council’s adopted policy minimum of 30% and positions the Village to address significant future projects and maintain service levels during a time of economic uncertainty.

