



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.

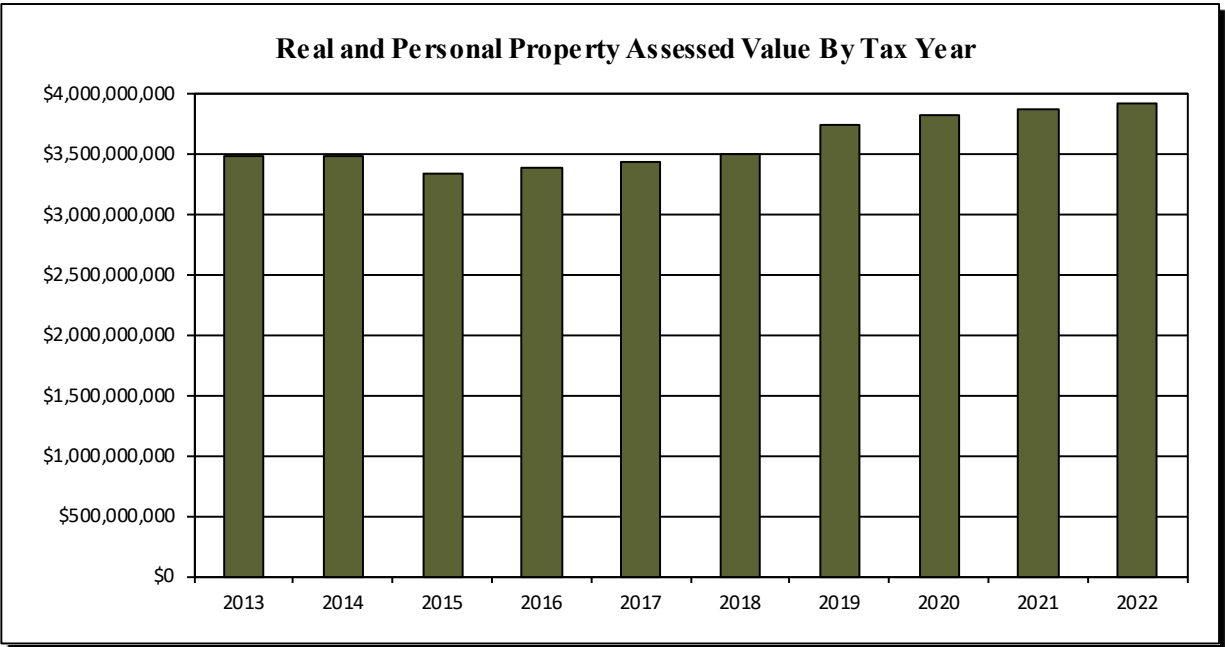
The Village contracts with the Moore County Tax Department to levy and collect ad valorem taxes on behalf of the Village. Amounts collected by Moore County on behalf of the Village are remitted to the Village on a monthly basis.

Historically, ad valorem taxes have comprised approximately 55% of all Village General Fund operating revenues. This includes current year’s collections, prior year’s collections, penalties and interest, and refunds.

Table with 6 columns: Ad Valorem Taxes, FY 2021 Actual, FY 2022 Budget, FY 2022 Estimated, FY 2023 Budgeted, Percent Change. Rows include Real & Personal - Current Year, Real & Personal - Prior Years, Motor Vehicles - Current Year, Discounts/Reliefs/Refunds, Tax Interest, and Total Ad Valorem Tax Revenue.

Revenue Assumptions

- The ad valorem tax rate for the Village of Pinehurst will decrease from \$0.315 to \$0.31 per \$100 valuation for the fiscal year ending June 30, 2023. This one-half cent reduction is related to higher local option sales tax revenue projections. The ad valorem tax rate is expected to generate \$12,176,000 in ad valorem tax revenue.
The total estimated valuation of real and personal property is \$3,931,000,000 of which \$3,665,000,000 is real property valuation and \$266,000,000 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 2022 is 1.24%. The number of new homes constructed in the Village in FY 2021 was 136, and the Village experienced a slight increase in growth in FY 2022 with an estimated 150 new homes constructed. Based on remaining lot availability, we are expecting to permit 150 homes in FY 2023.
Although it varies from year to year, we are expecting the motor vehicle valuation to increase by 1.0% next fiscal year.
The collection rates used to estimate actual ad valorem tax revenue are 99.9% for real and personal property and 100.0% for motor vehicles. These have historically been some of the highest tax collection rates in the State.





Description of Revenue Source

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

Golf cart stickers are issued to license the use of personal golf carts on Village streets. In 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 2021 Actual	FY 2022 Budget	FY 2022 Estimated	FY 2023 Budgeted	Percent Change
Golf Cart Stickers	\$ 4,455	\$ 3,000	\$ 3,500	\$ 3,800	26.7%
Total Other Taxes & Licenses	\$ 4,455	\$ 3,000	\$ 3,500	\$ 3,800	26.7%

Revenue Assumptions

- In 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 continue to increase.



Description of Revenue Source

Unrestricted intergovernmental revenue consists of local option sales taxes, telecommunications tax, electricity sales tax, video programming sales tax, hold harmless sales tax, and wine and beer tax. These six state-collected local revenues make up approximately 34% of General Fund operating revenues.

The local option sales tax is levied by the Moore County Board of Commissioners and is collected by the State of North Carolina on behalf of the County. The local option sales tax rate of 2.25% consists of four separate taxes that are authorized by the North Carolina General Statutes: Article 39 at 1%, 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%.

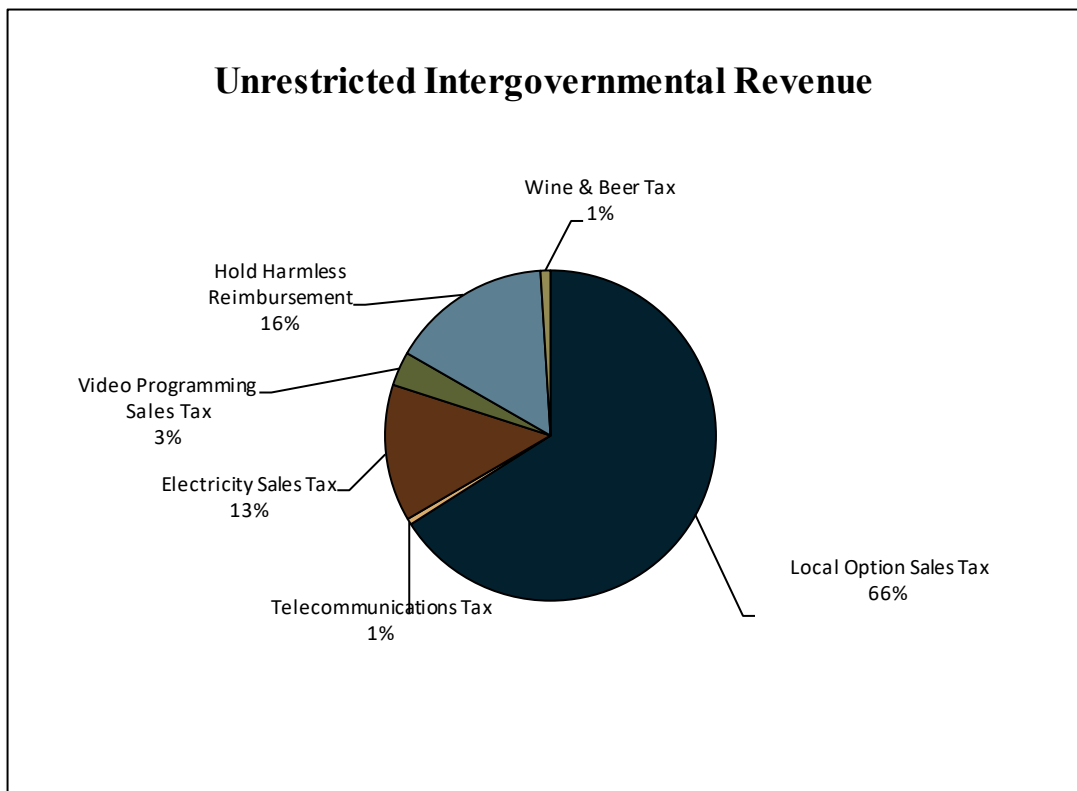
The hold harmless reimbursement is based on taxable sales made in the county and is allocated among the county and the local government jurisdictions within the county based upon a per capita basis. These hold harmless reimbursements were granted to municipalities to replace the Article 44 sales tax 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 2021 Actual	FY 2022 Budget	FY 2022 Estimated	FY 2023 Budgeted	Percent Change
Local Option Sales Tax	\$ 4,480,466	\$ 4,323,000	\$ 4,953,000	\$ 5,104,000	18.1%
Telecommunications Tax	56,583	61,000	58,000	46,000	-24.6%
Electricity Sales Tax	993,777	1,002,000	1,020,000	1,037,000	3.5%
Video Programming Sales Tax	267,537	268,000	265,000	258,000	-3.7%
Hold Harmless Reimbursement	1,062,515	1,049,000	1,189,000	1,216,000	15.9%
Wine & Beer Tax	73,023	75,700	75,700	75,100	-0.8%
Total Unrest. Intergovernmental Rev.	\$ 6,933,901	\$ 6,778,700	\$ 7,560,700	\$ 7,736,100	14.1%





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 2022 of 10.25% and 3.75% in FY 2023. Thus far in FY 2022, most local government sales tax distributions have grown by about 16% above FY 2021. Based on this strong forecast, the FY 2023 local option sales tax revenue budget will increase by approximately 18.1% over the FY 2022 budget.
- Telecommunications taxes are projected based upon growth assumptions provided by the NCLM. The telecommunication industry continues to experience a decline in the total number of landlines. The NCLM is projecting this revenue to decrease 13% in FY 2022 and decrease 7.5% in FY 2023. Based on this forecast and actual revenues collected so far in FY 2022, the Village's telecommunications tax revenue will decrease by approximately 24.6% in FY 2023 below the FY 2022 budgeted amount.
- 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 increase 1.25% in FY 2022 and 1% in FY 2023. We are increasing the electricity sales tax revenue budget for FY 2023 by approximately 3.5% over the prior year budget.
- Thus far, distributions of video programming sales taxes for FY 2022 are lower than the amounts collected in FY 2021 as the industry continues to face competition from other video content providers. The NCLM is projecting this revenue to decrease 3% change in FY 2022 and decrease 1.75% in FY 2023. Based on this forecast, the Village's video programming sales tax revenue will decrease by approximately 3.7% in FY 2023 as compared to the FY 2022 budgeted amount.
- Wine and beer tax revenues are expected to remain stable and decrease by only 0.8% to \$75,100 in FY 2023, due to slightly decreased 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.

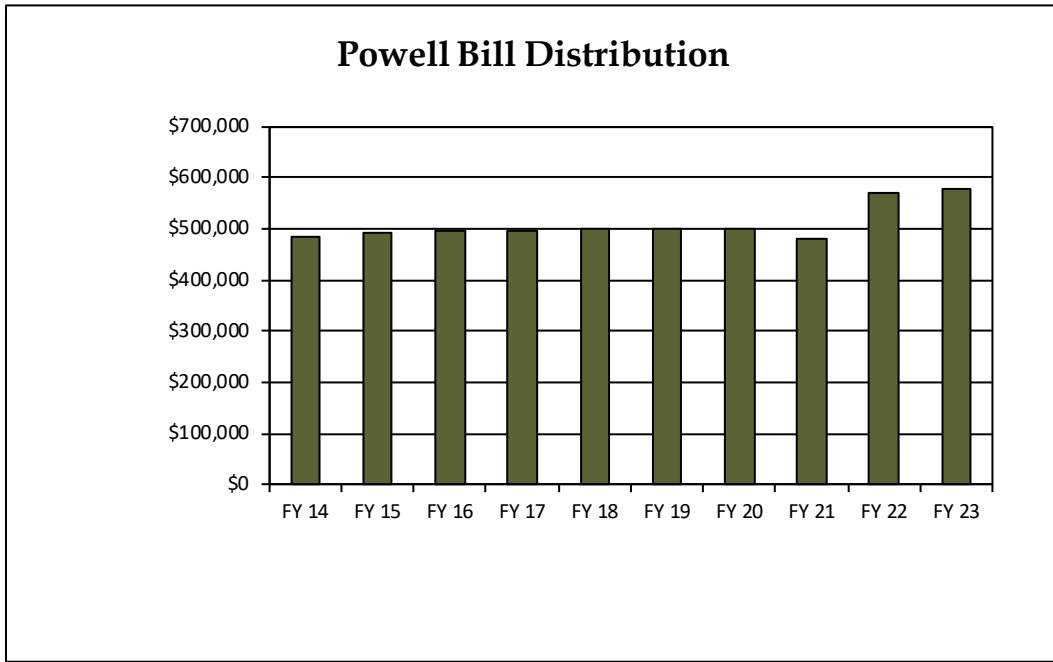
Restricted Intergovernmental Revenue	FY 2021 Actual	FY 2022 Budget	FY 2022 Estimated	FY 2023 Budgeted	Percent Change
Powell Bill	\$ 480,555	\$ 465,000	\$ 568,000	\$ 569,000	22.4%
Controlled Substance Tax Distribution	222	1,000	1,000	500	-50.0%
Solid Waste Disposal	13,086	13,000	13,000	13,700	5.4%
Other Grants	296,632	-	-	44,400	100.0%
Library State Aid	-	5,250	1,200	7,500	42.9%
Total Rest. Intergovernmental Rev.	\$ 790,495	\$ 484,250	\$ 583,200	\$ 635,100	31.2%

Revenue Assumptions

- The per capita rate used in the estimation of Powell Bill revenue is \$21.66, which is a 1.4% decrease from the previous year’s actual distribution rate. The street mile rate utilized to project the allocation is \$1,675 per street mile maintained, which decreased by \$12 from the FY 2022 distribution. Both of these estimated distribution rates were provided by the North Carolina League of Municipalities. For FY 2022, once the North Carolina state budget was adopted in November, Powell Bill funding was significantly increased, and the Village received more than originally anticipated. Based on this forecast, the FY 2023 Powell Bill revenue will increase by approximately 22.4% over the FY 2022 budgeted amounts.
- The North Carolina League of Municipalities projects that solid waste disposal revenue will increase by 2% for FY 2022 and will increase by 2.5% in FY 2023. We are increasing the budget for this revenue by 5.4% over the FY 2022 levels.
- The Village does not normally budget for other grant revenues until a grant award notification has been received. For FY 2023, the Village received award notifications for two separate grants related to Public Safety and Environmental Protection. The Village received Coronavirus Relief Fund grant revenue in 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.



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 recent years, 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.

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.

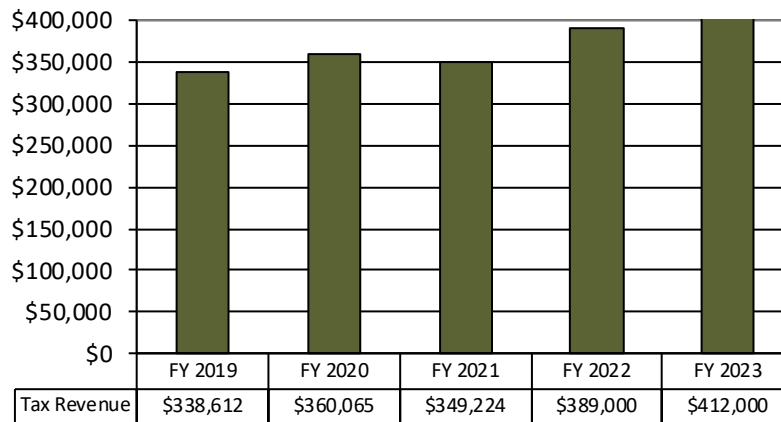
Permits & Fees	FY 2021 Actual	FY 2022 Budget	FY 2022 Estimated	FY 2023 Budgeted	Percent Change
Permit & Inspection Fees	\$ 376,296	\$ 250,000	\$ 250,000	\$ 250,000	0.0%
Planning & Zoning Fees	300,238	250,000	250,000	250,000	0.0%
Fire District Revenue	349,224	389,000	387,000	412,000	5.9%
Other Fees	4,075	5,000	12,500	12,500	150.0%
Total Permit & Fees	\$ 1,029,833	\$ 894,000	\$ 899,500	\$ 924,500	3.4%

Revenue Assumptions

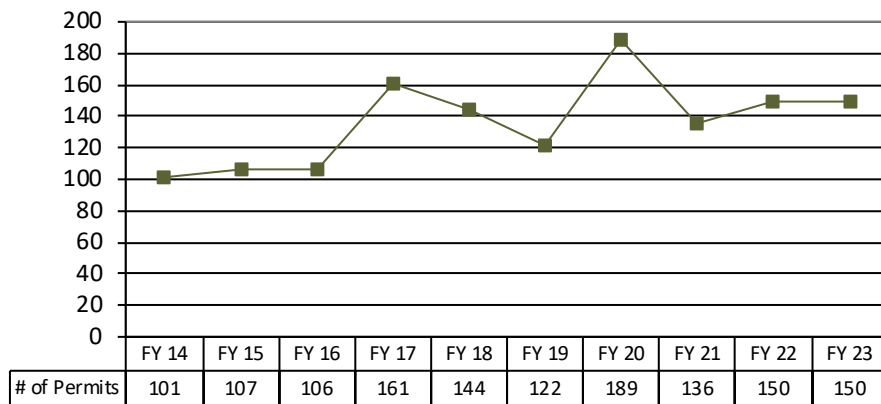
- Permit and inspection fees and planning and zoning fees for residential construction expect no change in FY 2023 over prior year budget. The number of new homes being constructed is expected to remain flat at approximately 150 homes in FY 2022 and FY 2023. Factors contributing to the zero percent change in FY 2023 include lot availability for residential construction and consistent projected rates of new construction.
- Fire district revenues are expected to increase by \$23,000, or 5.9%, over the FY 2022 budget. We based our projections on the current County-wide fire district tax rate of \$0.105. The County-wide fire district tax rate affects our County distribution and our fire services contract with the Town of Taylortown.



Fire District Revenue



New Home Construction Permits





Description of Revenue Source

As allowed by state statute, the Village of Pinehurst may assess property owners for expenditures that directly benefit specific property owners. Currently, the Village does not have any active assessments. The final installments of the Municipal Service District (MSD) for improvements made to dams were collected in FY 2021.

Assessments	FY 2021 Actual	FY 2022 Budget	FY 2022 Estimated	FY 2023 Budgeted	Percent Change
Assessments	\$ 5,179	\$ -	\$ -	\$ -	0.0%
Total Assessments	\$ 5,179	\$ -	\$ -	\$ -	0.0%



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.

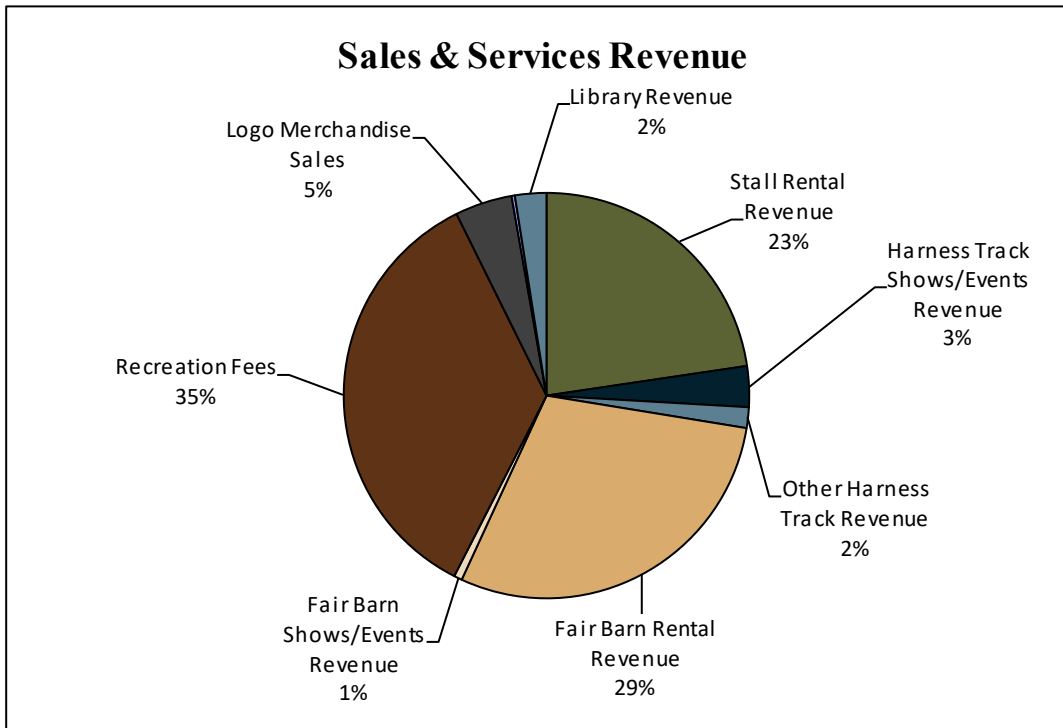
Sales & Services	FY 2021 Actual	FY 2022 Budget	FY 2022 Estimated	FY 2023 Budgeted	Percent Change
Stall Rental Revenue	\$ 128,452	\$ 145,000	\$ 142,000	\$ 174,000	20.0%
Harness Track Shows/Events Revenue	40,170	28,000	34,000	25,000	-10.7%
Other Harness Track Revenue	12,868	12,400	12,700	12,700	2.4%
Fair Barn Rental Revenue	81,538	186,500	225,000	225,000	20.6%
Fair Barn Shows/Events Revenue	1,440	3,500	5,500	5,000	42.9%
Recreation Fees	166,420	205,500	230,000	270,000	31.4%
Logo Merchandise Sales	28,124	28,000	30,000	35,000	25.0%
Other Sales & Services	888	2,000	2,000	2,000	0.0%
Library Revenue	-	79,050	2,020	19,200	-75.7%
Total Sales & Services	\$ 459,900	\$ 689,950	\$ 683,220	\$ 767,900	11.3%

Revenue Assumptions

- Harness Track stall rental revenues are projected to increase by 20% for FY 2023 due to expected higher occupancy rates and increases in full season rates beginning in FY 2023.
- Fair Barn rental revenues are expected to increase 20.6% from FY 2022 budgeted levels due to increased rentals of the facility resulting from gathering restrictions caused by COVID-19 in previous years being lifted and increased facility rental rates beginning in FY 2023.
- Recreation fees are expected to increase by 31.4% from the prior year budget. The Village has returned to pre-COVID programming levels and plans to offer additional recreation and athletic programs in FY 2023.
- 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 2022 and the same is expected for FY 2023.
- The Village assumed operations of the Given Memorial Library and Tufts Archives the last quarter of FY 2022. Library revenue primarily includes estimates for archives book and photo sales. Income estimates are based on prior year revenues generated by the library.



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 endowment income from the Foundation’s account is expected in FY 2023. Other miscellaneous revenues include sales of surplus assets, donations made to the Village, fees generated by the Police Department, and various other minor fees.

Other Revenues	FY 2021 Actual	FY 2022 Budget	FY 2022 Estimated	FY 2023 Budgeted	Percent Change
ABC Revenues	\$ 241,057	\$ 162,000	\$ 232,000	\$ 232,000	43.2%
Library Endowment Income	-	37,500	-	112,000	100.0%
Other Miscellaneous Revenues	133,186	195,480	163,680	91,980	-52.9%
Total Other Revenues	\$ 374,243	\$ 394,980	\$ 395,680	\$ 435,980	10.4%

Revenue Assumptions

- ABC revenue is projected to increase by 43.2% for FY 2023. In FY 2022, actual revenues have surpassed our original budget by a significant margin.
- Library endowment income is calculated as 4% of an anticipated three-year average balance of \$2.8 million in the Foundation’s endowment fund. This calculation is established in the Transfer Agreement between the Given Memorial Library Board and the Village of Pinehurst.
- Other miscellaneous revenues reflect a decrease in the FY 2023 budget. The majority of this decrease is related to adjusting the projected library donations budget downward, since the Foundation will primarily perform the fundraising efforts for the library.



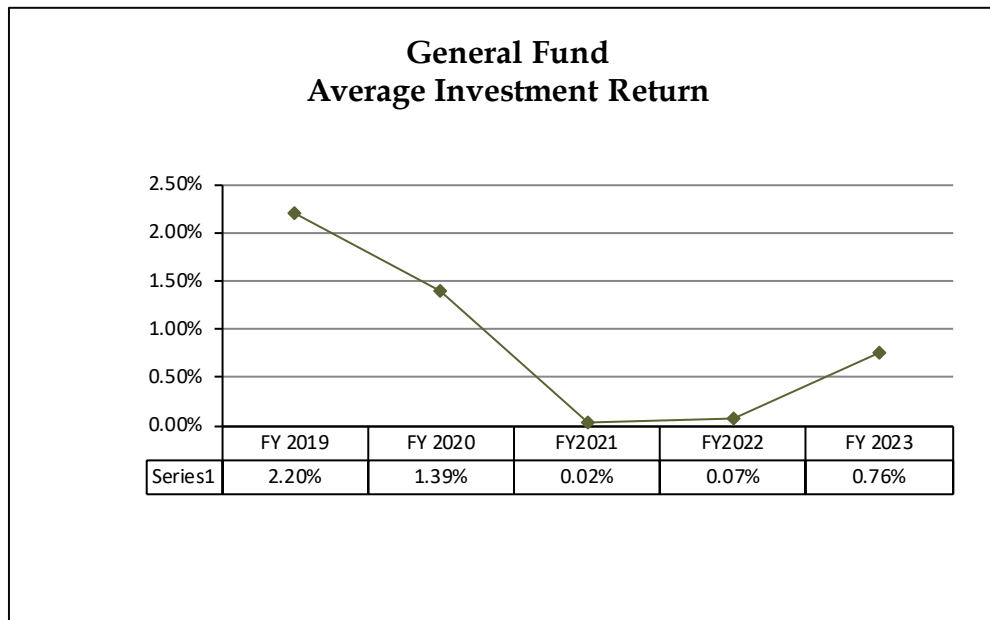
Description of Revenue Source

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 2021 Actual	FY 2022 Budget	FY 2022 Estimated	FY 2023 Budgeted	Percent Change
Investment Income	\$ 2,827	\$ 1,400	\$ 8,400	\$ 133,000	9400.0%
Total Investment Income	\$ 2,827	\$ 1,400	\$ 8,400	\$ 133,000	9400.0%

Revenue Assumptions

- Investment income of \$133,000 is expected in FY 2023 as investment rates increase in FY 2022 and continue to increase in FY 2023. The average rate of return expected in FY 2023 is 0.76%.





Description of Revenue Source

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

Other Financing Sources	FY 2021 Actual	FY 2022 Budget	FY 2022 Estimated	FY 2023 Budgeted	Percent Change
Transfer from Capital Project Fund	\$ 244,999	\$ -	\$ -	\$ -	0.0%
Transfer from Special Revenue Fund	-	-	-	4,286,720	100.0%
Total Other Financing Sources	\$ 244,999	\$ -	\$ -	\$ 4,286,720	100.0%

Revenue Assumptions

- The American Rescue Plan Act Special Revenue Fund will account for the \$5.3 million of federal grant funding received from the American Rescue Plan Act in response to the COVID-19 pandemic. In FY 2023, almost \$4.3 million will be transferred to the General Fund as a financing source.



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 2021 Actual	FY 2022 Budget	FY 2022 Estimated	FY 2023 Budgeted	Percent Change
Fund Balance Appropriated	\$ -	\$ 4,016,627	\$ -	\$ -	-100.0%
Total Fund Balance Appropriations	\$ -	\$ 4,016,627	\$ -	\$ -	-100.0%

Revenue Assumptions

- For FY 2023, there has been a 100% decrease in appropriating the Village's fund balance as a revenue source. This is due to the Village's receipt of American Rescue Plan Act funding, which is a one-time revenue source. Historically, operating revenues come in at 101% of budget while operating expenditures typically fall 7% below budget. If historical trends continue for FY 2023, we will increase fund balance by approximately \$1,757,000, which will result in a projected ending fund balance of 54.9% 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.

