

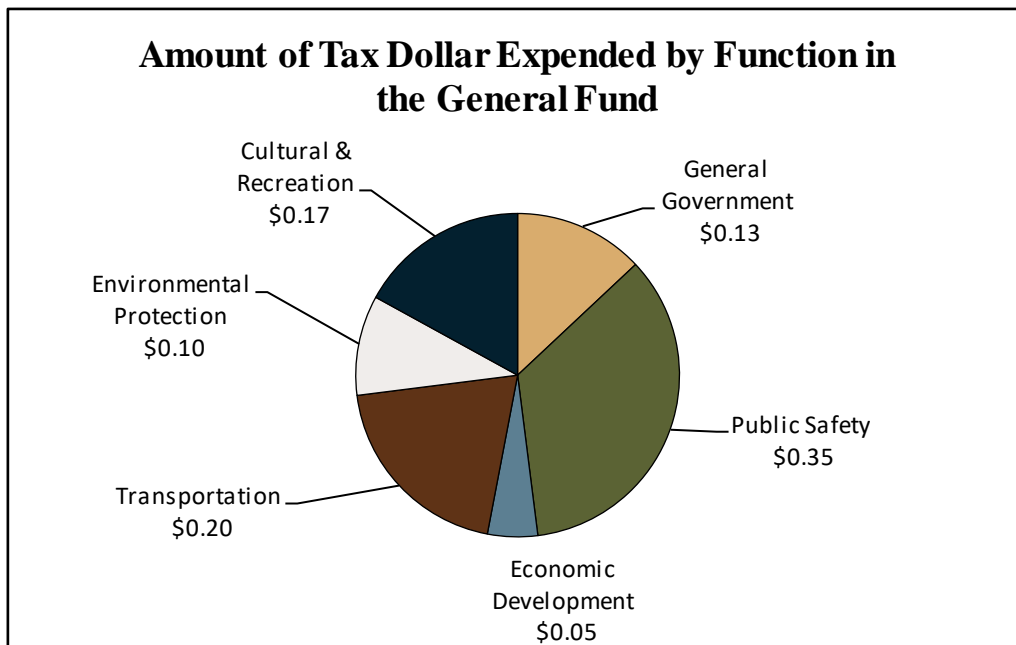


# GENERAL FUND SUMMARY

## Description

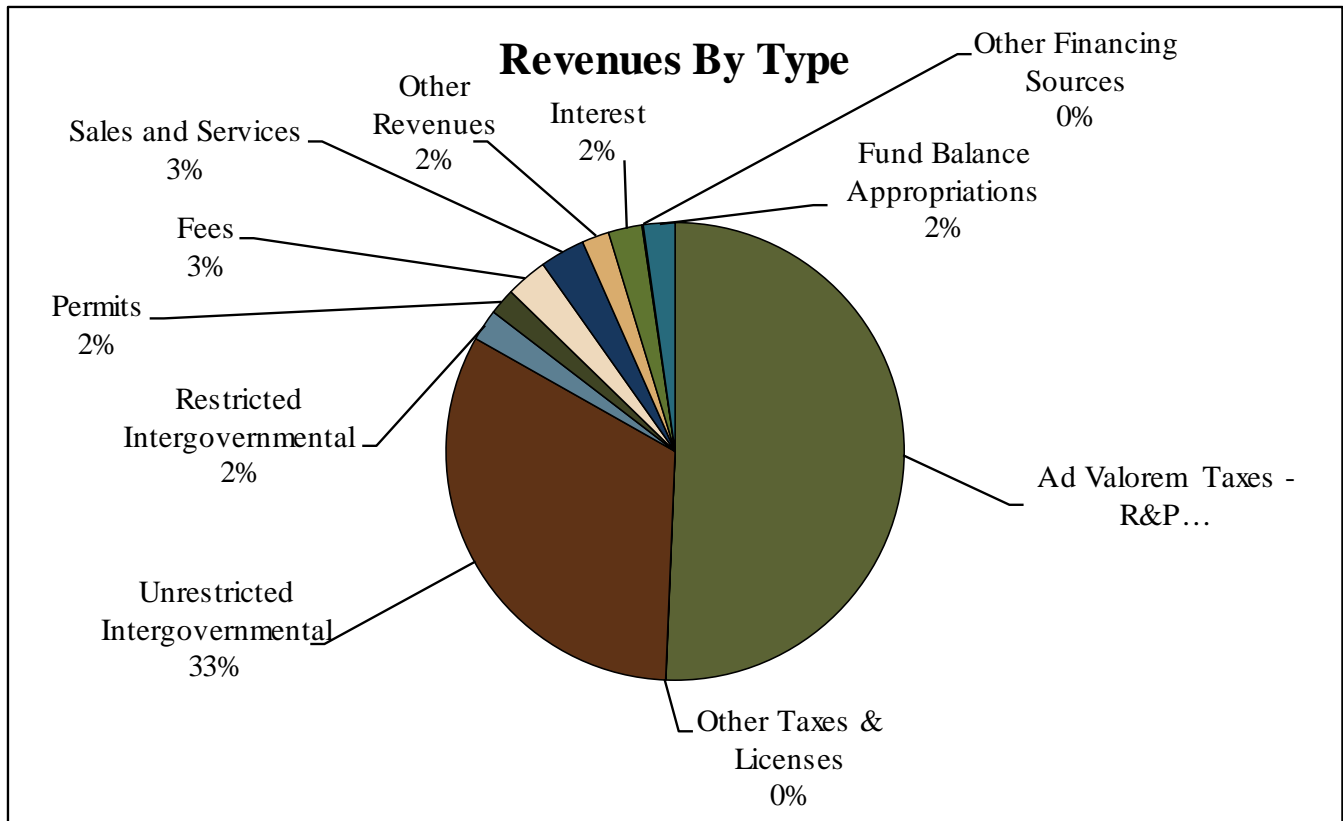
The General Fund is used to account for resources traditionally associated with government which are not required legally, or by sound financial management, to be accounted for in another fund. The following functional areas are included in the General Fund:

- General Government
- Public Safety
- Transportation
- Environmental Protection
- Economic and Physical Development
- Cultural and Recreation
- Debt Service



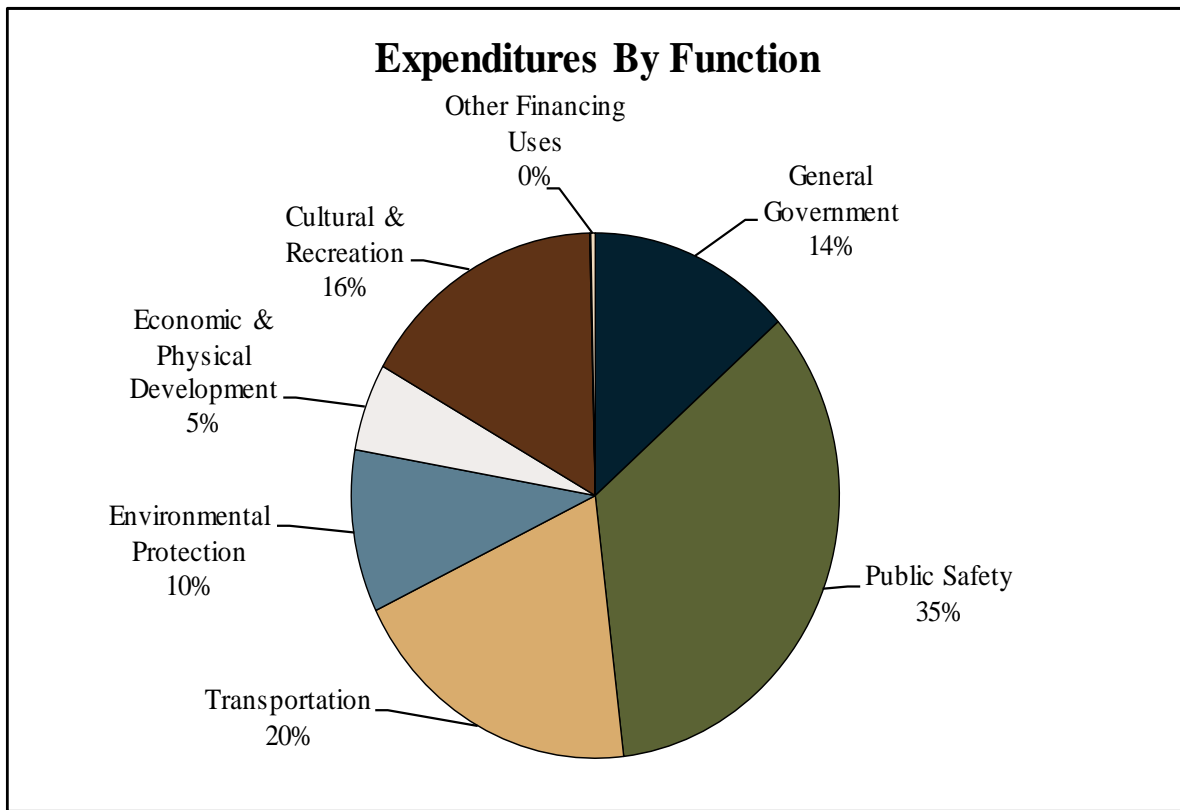
The major revenues as well as other financing sources budgeted by the Village of Pinehurst are summarized in the table and chart below. Ad valorem taxes account for approximately 51% of the Village of Pinehurst’s total revenues.

Revenues by Type	FY 2022 Actual	FY 2023 Budget	FY 2023 Estimated	FY 2024 Budgeted	Percent Change
Ad Valorem Taxes	\$ 12,257,753	\$ 12,262,000	\$ 12,262,000	\$ 13,639,000	11.2%
Other Taxes & Licenses	4,755	3,800	3,800	4,500	18.4%
Unrestricted Intergovernmental Revenues	7,955,501	8,267,100	8,296,200	8,762,900	6.0%
Restricted Intergovernmental Revenues	604,104	714,919	714,919	599,500	-16.1%
Permits & Fees	944,902	924,500	947,500	1,290,300	39.6%
Sales & Services	762,888	792,900	796,900	853,100	7.6%
Other Revenues	504,001	546,277	549,077	516,800	-5.4%
Investment Income	24,570	433,000	434,000	640,100	47.8%
Operating Revenues	23,058,474	23,944,496	24,004,396	26,306,200	9.9%
Other Financing Sources	36,123	5,297,720	5,297,720	25,100	-99.5%
Fund Balance Appropriations	-	15,371	-	600,100	3804.1%
<b>Total Revenues</b>	<b>\$ 23,094,597</b>	<b>\$ 29,257,587</b>	<b>\$ 29,302,116</b>	<b>\$ 26,931,400</b>	<b>-8.0%</b>
<b>Per Capita</b>	<b>\$ 1,321</b>	<b>\$ 1,627</b>	<b>\$ 1,621</b>	<b>\$ 1,470</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. The following table and chart present the trends for all of the Village of Pinehurst’s different functions.

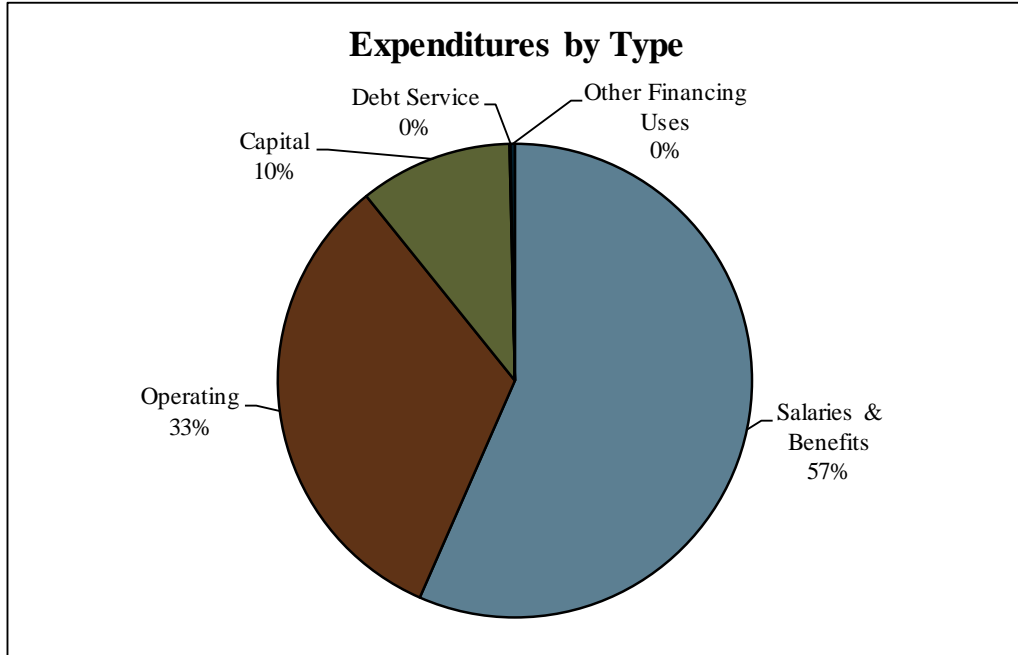
Expenditures by Function	FY 2022 Actual	FY 2023 Budget	FY 2023 Estimated	FY 2024 Budgeted	Percent Change
General Government	\$ 3,005,708	\$ 3,383,295	\$ 3,267,495	\$ 3,630,765	7.3%
Public Safety	7,552,785	9,363,806	9,022,947	9,334,391	-0.3%
Transportation	3,794,494	5,693,777	5,605,527	5,292,858	-7.0%
Environmental Protection	1,901,761	2,604,922	2,583,722	2,695,710	3.5%
Economic & Physical Development	967,626	1,635,960	1,571,510	1,451,110	-11.3%
Cultural & Recreation	3,509,789	6,563,327	6,467,536	4,427,466	-32.5%
Debt Service	11,343	12,500	12,500	19,100	52.8%
Expenditures	20,743,506	29,257,587	28,531,237	26,851,400	-8.2%
Other Financing Uses	400,000	-	-	80,000	0.0%
<b>Total Expenditures</b>	<b>\$ 21,143,506</b>	<b>\$ 29,257,587</b>	<b>\$ 28,531,237</b>	<b>\$ 26,931,400</b>	<b>-8.0%</b>
<b>Per Capita</b>	<b>\$ 1,209</b>	<b>\$ 1,627</b>	<b>\$ 1,579</b>	<b>\$ 1,470</b>	



The Village also summarizes expenditures by type and department to facilitate further analysis of expenditure trends. The following tables provide a summary of expenditures by expenditure type and department for Fiscal Year 2024.

Expenditures by Type	FY 2022 Actual	FY 2023 Budget	FY 2023 Estimated	FY 2024 Budgeted	Percent Change
Salaries & Benefits	\$ 11,549,322	\$ 13,730,400	\$ 13,201,700	\$ 15,235,300	11.0%
Operating	6,747,972	9,091,654	8,894,004	8,792,500	-3.3%
Capital	2,434,869	6,423,033	6,423,033	2,804,500	-56.3%
Debt Service	11,343	12,500	12,500	19,100	52.8%
Other Financing Uses	400,000	-	-	80,000	0.0%
<b>Total Expenditures</b>	<b>\$ 21,143,506</b>	<b>\$ 29,257,587</b>	<b>\$ 28,531,237</b>	<b>\$ 26,931,400</b>	<b>-8.0%</b>

Expenditures by Department Totalled by Function	FY 2022 Actual	FY 2023 Budget	FY 2023 Estimated	FY 2024 Budgeted	Percent Change	FY 2024 % Total
<b>General Government</b>						
Governing Body	\$ 138,585	\$ 200,300	\$ 193,900	\$ 253,000	26.3%	0.9%
Administration	1,637,303	1,771,125	1,708,025	1,767,285	-0.2%	6.6%
Finance	791,971	855,320	839,370	903,920	5.7%	3.4%
HR	437,849	556,550	526,200	706,560	27.0%	2.6%
<b>Total General Government</b>	<b>3,005,708</b>	<b>3,383,295</b>	<b>3,267,495</b>	<b>3,630,765</b>	<b>7.3%</b>	<b>13.5%</b>
<b>Public Safety</b>						
Police	3,444,443	4,907,499	4,743,049	4,745,547	-3.3%	17.6%
Fire	3,770,256	4,025,577	3,850,668	4,151,224	3.1%	15.4%
Inspections	338,086	430,730	429,230	437,620	1.6%	1.6%
<b>Total Public Safety</b>	<b>7,552,785</b>	<b>9,363,806</b>	<b>9,022,947</b>	<b>9,334,391</b>	<b>-0.3%</b>	<b>34.6%</b>
<b>Transportation</b>						
Public Services Administration	560,893	1,090,822	1,075,272	694,968	-36.3%	2.6%
Streets & Grounds	2,103,109	3,129,980	3,057,280	3,097,790	-1.0%	11.5%
Powell Bill	1,130,492	1,472,975	1,472,975	1,500,100	1.8%	5.6%
<b>Total Transportation</b>	<b>3,794,494</b>	<b>5,693,777</b>	<b>5,605,527</b>	<b>5,292,858</b>	<b>-7.0%</b>	<b>19.7%</b>
<b>Environmental Protection</b>						
Solid Waste	1,901,761	2,604,922	2,583,722	2,695,710	3.5%	10.0%
<b>Total Environmental Protection</b>	<b>1,901,761</b>	<b>2,604,922</b>	<b>2,583,722</b>	<b>2,695,710</b>	<b>3.5%</b>	<b>10.0%</b>
<b>Economic &amp; Physical Dev.</b>						
Planning	839,867	1,268,240	1,210,690	1,284,290	1.3%	4.8%
Community Development	127,759	367,720	360,820	166,820	-54.6%	0.6%
<b>Total Economic &amp; Physical Dev.</b>	<b>967,626</b>	<b>1,635,960</b>	<b>1,571,510</b>	<b>1,451,110</b>	<b>-11.3%</b>	<b>5.4%</b>
<b>Cultural &amp; Recreation</b>						
Recreation	2,202,269	3,656,124	3,601,278	2,439,553	-33.3%	9.1%
Library	352,402	1,615,267	1,597,017	635,435	-60.7%	2.3%
Harness Track	657,317	862,516	853,521	869,953	0.9%	3.2%
Fair Barn	297,801	429,420	415,720	482,525	12.4%	1.8%
<b>Total Cultural &amp; Recreation</b>	<b>3,509,789</b>	<b>6,563,327</b>	<b>6,467,536</b>	<b>4,427,466</b>	<b>-32.5%</b>	<b>16.4%</b>
<b>Debt Service</b>	<b>11,343</b>	<b>12,500</b>	<b>12,500</b>	<b>19,100</b>	<b>52.8%</b>	<b>0.1%</b>
<b>Total Expenditures</b>	<b>20,743,506</b>	<b>29,257,587</b>	<b>28,531,237</b>	<b>26,851,400</b>	<b>-8.2%</b>	
<b>Other Financing Uses (OFU)</b>	<b>400,000</b>	<b>-</b>	<b>-</b>	<b>80,000</b>	<b>0.0%</b>	<b>0.3%</b>
<b>Total Expenditures &amp; OFU</b>	<b>\$ 21,143,506</b>	<b>\$ 29,257,587</b>	<b>\$ 28,531,237</b>	<b>\$ 26,931,400</b>	<b>-8.0%</b>	<b>100.0%</b>



### General Fund Summary

The General Fund reflects the overall economy with revenue growth from both locally generated revenues and statewide intergovernmental revenues. The housing market, over the past few years, is having a positive impact on property tax revenues. As our largest statewide intergovernmental revenue, local option sales tax has experienced growth in prior years. As high levels of inflation continue, local option sales tax revenues are expected to continue growth that is higher than normal.

The proposed General Fund budget for FY 2024 is \$26,931,400, a decrease of approximately 8% from the previous year’s amended budget when the Village, along with other local governments, received financial assistance in response to the pandemic from the American Rescue Plan Act.

The following table indicates the Village’s results from operations *before any other financing sources or uses* for the past five years:

	<u>Revenues</u>	<u>Expenditures</u>	<u>Revenues Over (Under) Expenditures</u>
6/30/2019 Actual	\$19,326,193	\$17,526,893	\$1,799,300
6/30/2020 Actual	20,947,524	17,590,227	3,357,297
6/30/2021 Actual	21,091,095	19,276,496	1,814,599
6/30/2022 Actual	23,058,474	20,743,506	2,314,968
6/30/2023 Estimated	24,004,396	28,531,237	(4,526,841)
6/30/2024 Budgeted	26,306,200	26,851,400	(545,200)

After accounting for an Other Financing Source of \$25,100, an Other Financing Use of \$80,000, and adding Appropriated Fund Balance of \$600,100 to revenues, the Village’s FY 2024 recommended budget is balanced in accordance with North Carolina General Statutes.

## Revenue Highlights

The approved budget for FY 2024 represents an 8.0% decrease from the FY 2023 amended budget. Operating revenues are estimated to increase by approximately 9.9% over FY 2023. The recommended budget as presented results in a per capita expenditure of \$1,470 based on a projected population of 18,314.

The projected ad valorem tax revenues, which represent roughly 52% of total operating revenues, are expected to increase by 11.2% over the prior year. The property revaluation by the Moore County Tax Department resulted in an estimated 49.5% increase in property values. The Village Council elected to adopt a tax rate of \$0.23 per \$100 of property valuation, a half cent less than the “inflation-adjusted revenue neutral tax rate” of \$0.235 per \$100 of property valuation. The “inflation-adjusted revenue neutral tax rate” recognizes the cost of doing business has increased since the last revaluation period. The \$0.23 tax rate is expected to generate \$13,639,000 in ad valorem revenues. This year’s eight cent property tax rate reduction is offset in part by the increase in property values.

Unrestricted intergovernmental revenues, which are distributed by the North Carolina Department of Revenue, are expected to increase by 6.0% overall over FY 2023. Local option sales taxes, which provide approximately 22% of the Village’s operating revenues, are expected to increase by 6.5% over the previous year’s amended budget. The past two previous fiscal years have experienced significant increases in local option sales tax revenue. As inflation continues to be a part of North Carolina’s economy, strong projections remain for local option sales tax in FY 2024. Electricity sales taxes are expected to moderately grow, while video programming taxes remain stable and telecommunication taxes are likely to decline as consumers are selecting alternative telephone and television services.

Restricted intergovernmental revenues, which consist primarily of the Powell Bill funding from the state and other restricted grant funding, are projected to decrease by 16.1% compared to the prior year’s amended budget. This is due to approximately \$121,000 in other grants received in FY 2023 while there are no grants expected in FY 2024.

Permits and fees are expected to increase by 39.6% in FY 2024 over the prior year budgeted levels. This increase is primarily due to a one-time licensing fee from the United States Golf Association for the Men’s U.S. Open Championship to be held in Pinehurst in June 2024.

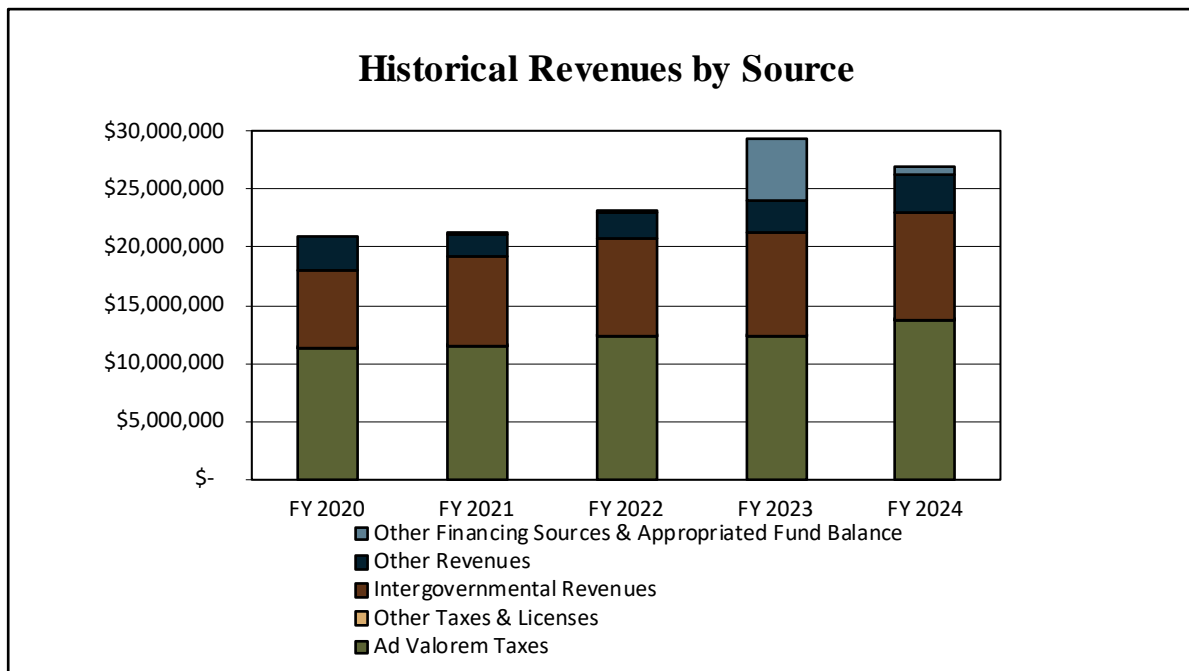


Sales and services revenues, which are primarily derived from various Parks and Recreation fees, logo merchandise sales, and Library and Archives revenue are expected to increase overall by 7.6% over prior year levels. The largest increases include Harness Track stall rentals, logo merchandise sales and Library and Archives revenue which are 12.1%, 28.6% and 31.6%, respectively higher than the prior year budget. Harness Track stall rental increases are primarily due to improvements to on-site housing facilities for trainers at the Harness Track making the site more attractive to those in the equestrian industry that travel. The Harness Track will hold fewer events in FY 2024, causing a decrease in show and event revenue, since its grounds will be used for the U.S. Open. Increases are expected for logo merchandise sales and Library and Archives revenue from photo sales as a greater number of visitors come to Pinehurst during the U.S. Open in June 2024.

Other revenues are expected to decrease by 5.4% compared to the prior year. One other revenue source, a forfeited bond, is not expected again in FY 2024 accounting for the decrease compared to the prior year. ABC revenues provide approximately 61% of the Village’s other revenues. ABC revenues are expected to increase by 4.9% over the previous year’s budget.

Investment income is estimated to increase by \$207,100 over the prior’s year budget. Projections from the Federal Reserve expect interest rates to be between 5.1% and 4.1% by the end of 2023 and 2024, respectively. This is a significant increase from the average rate of return in FY 2022 of 0.15%. On average, approximately 97% of the Village’s cash and investments are invested in the North Carolina Capital Management Trust which is comprised primarily of U.S. government securities.

Other financing sources include \$25,100 for lease liabilities issues. Appropriated Fund Balance of \$600,100 is being added to revenues to balance the budget.

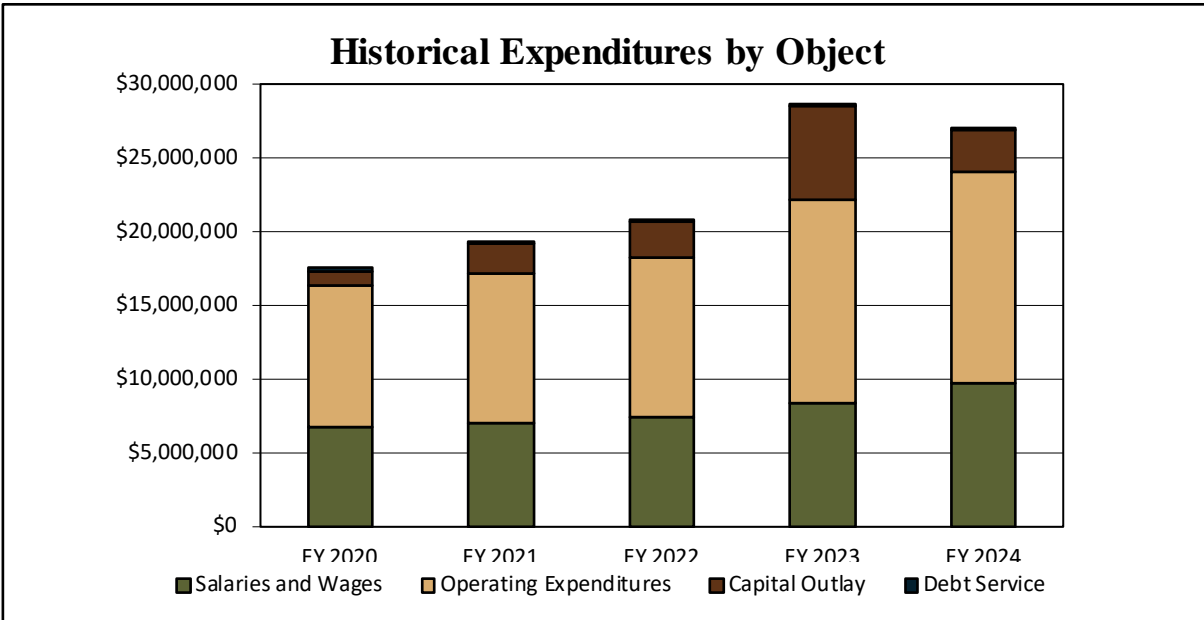


**Expenditure Highlights**

Salaries and benefits are expected to increase by 11.0% in FY 2024. This is affected by a cost-of-living adjustment of 8%, an average 2% merit increase, and a projected 10% increase in group insurance. In FY 2024, there are 4.3 new employee full-time equivalents (FTE) added to the budget for the following positions: a new Athletics Coordinator for the Recreation Department (1 FTE), a new Assistant Fire Marshal and Firefighter position in the Fire Department (2 FTE), 2 apprentices in the Police Department working fifteen hours per week (.7 FTE), and a recreation assistant in the Recreation Department working twenty-five hours per week (.6 FTE).

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 56.3% compared to the previous year. Capital spending for FY 2024 includes \$460,000 to construct pedestrian facilities, \$430,000 for storm drainage projects, \$200,000 for streetscape projects and \$160,000 for dispatch radios. Other significant items in the current plan include a solid waste vehicle replacement, four police vehicle replacements, a replacement Streets and Grounds dump truck, various Harness Track improvements, and a Village-wide imaging system.





**Fund Balance**

Fund balance refers to the difference between current financial assets and liabilities reported in a fund. It is also referred to as surplus funds. 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.

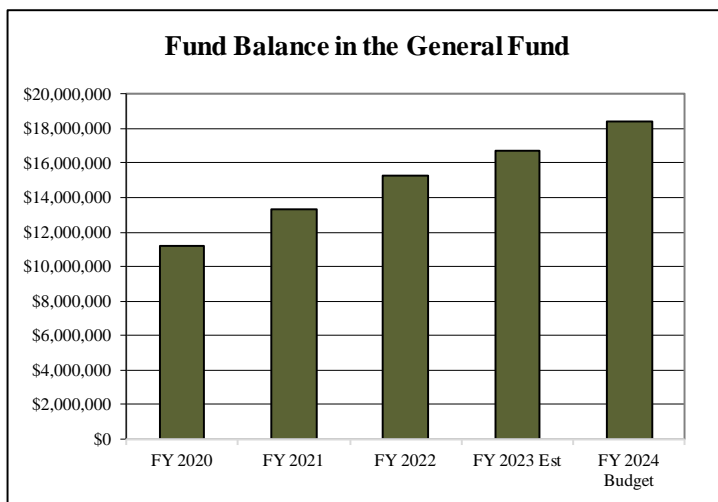
Council’s policy includes a provision to commit fund balance for future capital needs. Each year, Council may commit fund balance in excess of 40% of actual General Fund expenditures as reported in the Village’s Annual Comprehensive Financial Report by approving a separate resolution.

The following schedules outline the percentage increase or decrease for the Village’s General Fund fund balance for the FY 2024 budget and three prior fiscal years.

Fund Balance	FY 2021 Actual	FY 2022 Actual	FY 2023 Estimated*	FY 2024 Budgeted*
Beginning	\$ 11,229,270	\$ 13,288,868	\$ 15,239,959	\$ 16,706,724
Ending	13,288,868	15,239,959	16,706,724	18,412,049
Increase/(Decrease)	2,059,598	1,951,091	1,466,765	1,705,325
% Change	18.3%	14.7%	9.6%	10.2%
% of Expenditures	68.9%	73.5%	57.1%	68.4%

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

N.C. General Statutes require that municipal budgets be balanced. They also require that expenditure budgets not be overspent, even by a small amount. A common way that municipalities deal with these requirements is to over-budget expenditures slightly and appropriate some of their savings (fund balance) as an off-setting revenue source. Revenues are conservatively estimated as well. For FY 2024, the Village has appropriated \$600,100 of the General Fund fund balance as a revenue source.



Fund balance is estimated to be \$16,706,724 at June 30, 2023. This is 57.1% of the budgeted FY 2023 expenditures of \$29,257,587. The Village’s fund balance policy is to maintain a minimum of 30% of expenditures in fund balance. Fund balance at June 30, 2024 is estimated to be \$18,412,049 or 68.4% of budgeted expenditures, which is above Council’s adopted policy minimum of 30% of budgeted expenditures in fund balance. This positions the Village well to address significant future projects that are expected to arise in the five-year planning period.