

## Description of Revenue Source

Ad valorem taxes are paid on real and personal property located within the Village’s corporate limits. Taxes for real and personal property, excluding motor vehicles, are levied based upon the preceding January 1 valuations of the property and the tax rate established by the Village Council in the Budget Ordinance. These taxes are levied each year and are due on January 6 of the year following the levy. Real and personal property is revalued by the Moore County Tax Department at least every eight years, with the last revaluation completed in the 2023 tax year, or FY 2024.

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

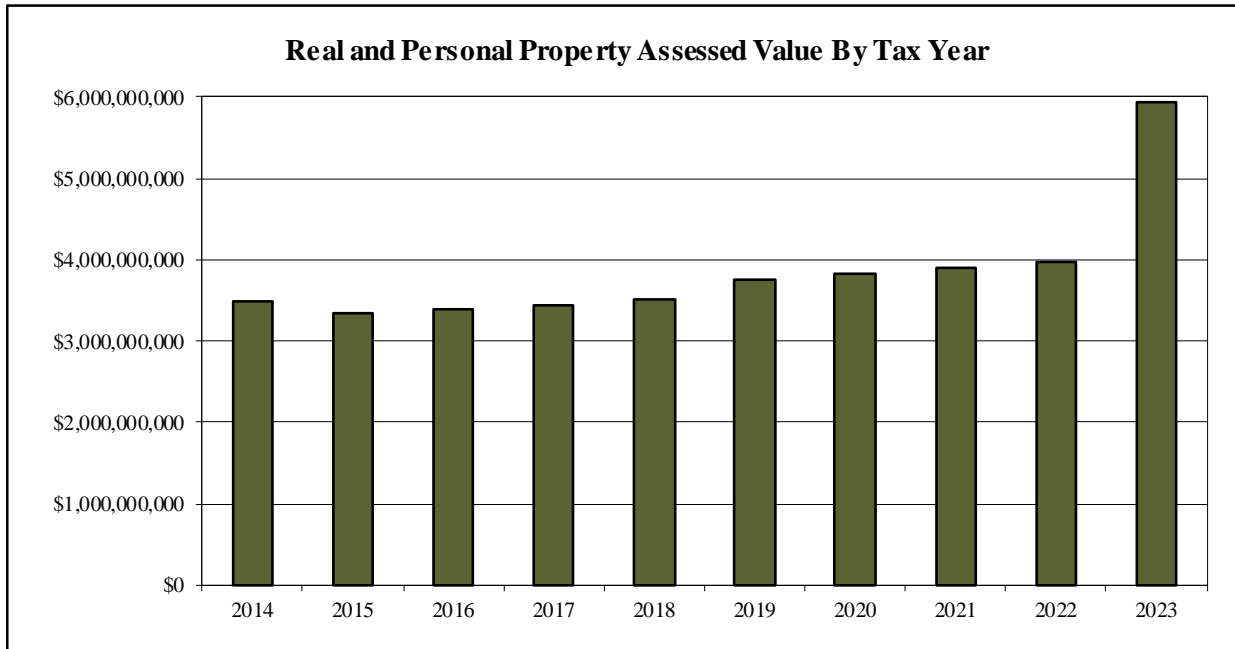
Historically, ad valorem taxes have comprised approximately 52% of all Village General Fund operating revenues. This includes current year’s collections, prior year’s collections, penalties and interest, and refunds.

Ad Valorem Taxes	FY 2022 Actual	FY 2023 Budget	FY 2023 Estimated	FY 2024 Budgeted	Percent Change
Real & Personal - Current Year	\$ 11,393,019	\$ 11,347,000	\$ 11,347,000	\$ 12,979,000	14.4%
Real & Personal - Prior Years	6,507	5,000	5,000	5,000	0.0%
Motor Vehicles - Current Year	851,934	910,000	910,000	660,000	-27.5%
Discounts/Reliefs/Refunds	(3,709)	(5,000)	(5,000)	(10,000)	100.0%
Tax Interest	10,002	5,000	5,000	5,000	0.0%
Total Ad Valorem Tax Revenue	\$ 12,257,753	\$ 12,262,000	\$ 12,262,000	\$ 13,639,000	11.2%

## Revenue Assumptions

- Property revaluation by the Moore County Tax Department resulted in an estimated 49.5% increase in property values. Village Council elected to adopt a tax rate of \$0.23 per \$100 of property valuation. This rate is slightly less than the “inflation-adjusted revenue neutral tax rate”, not to be confused with the revenue neutral tax rate defined by the North Carolina Local Government Budget and Fiscal Control Act. The “inflation-adjusted revenue neutral tax rate” concept was developed by Village staff and recognizes that the cost of doing business has increased since the last revaluation period. It is calculated by modifying the traditional revenue neutral tax rate of \$0.21 by inflation that has occurred since the last revaluation date of January 1, 2019. The ad valorem tax rate is expected to generate \$13,639,000 in ad valorem tax revenue.
- The total estimated valuation of real and personal property is \$5,937,000,000 of which \$5,650,000,000 is real property valuation and \$287,000,000 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 2024 is 0.71%. The number of new homes constructed in the Village in FY 2022 was 97, and the Village experienced a slight decrease in growth in FY 2023 with an estimated 75 new homes constructed. Based on remaining lot availability, the Village is expecting to permit 100 homes in FY 2024.
- 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 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 2022 Actual	FY 2023 Budget	FY 2023 Estimated	FY 2024 Budgeted	Percent Change
Golf Cart Stickers	\$ 4,755	\$ 3,800	\$ 3,800	\$ 4,500	18.4%
Total Other Taxes & Licenses	\$ 4,755	\$ 3,800	\$ 3,800	\$ 4,500	18.4%

### Revenue Assumptions

- In 2016, the Village adopted a one-time registration fee of \$20 for golf carts.
- The Village estimates 225 golf carts will be registered in FY 2024 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 33% 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.

The telecommunications tax represents a 7.0% sales tax on telecommunications sales within the Village's corporate limits. The State of North Carolina distributes a percentage of this tax collected to the Village based upon the Village's past share of the old telephone franchise tax that was repealed.

In North Carolina, electricity sales are taxed at the combined general statewide sales tax rate of 7.0%. The State allocates 44% of the proceeds to cities within the state. Each city receives a franchise tax share and an ad valorem share of these proceeds. The franchise tax share is based on the electricity franchise revenues received in FY 2014. The ad valorem share is based on the city's ad valorem taxes levied as a percentage of all cities' ad valorem taxes levied. The State of North Carolina distributes this tax to municipalities quarterly.

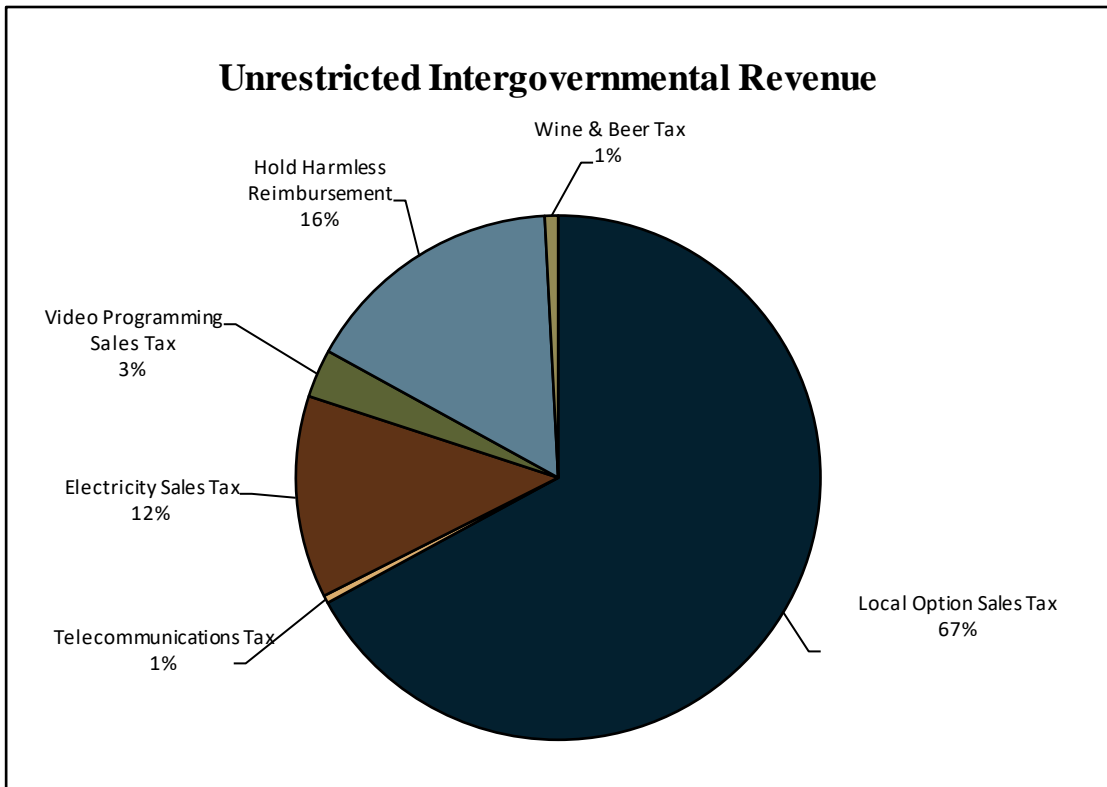
Video programming sales tax is applied to the gross receipts of cable service and direct-to-home satellite service retailers on the video programming provided to subscribers in the State. Programming provided by, or generally considered comparable to programming provided by, a television broadcast station,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

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

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

UNRESTRICTED INTERGOVERNMENTAL REVENUES

Unrestricted Intergovernmental Revenue	FY 2022 Actual	FY 2023 Budget	FY 2023 Estimated	FY 2024 Budgeted	Percent Change
Local Option Sales Tax	\$ 5,261,285	\$ 5,520,000	\$ 5,520,000	\$ 5,878,000	6.5%
Telecommunications Tax	50,360	46,000	46,000	42,000	-8.7%
Electricity Sales Tax	1,044,075	1,037,000	1,070,000	1,093,000	5.4%
Video Programming Sales Tax	271,201	258,000	258,000	261,000	1.2%
Hold Harmless Reimbursement	1,258,527	1,331,000	1,331,000	1,417,000	6.5%
Wine & Beer Tax	70,053	75,100	71,200	71,900	-4.3%
Total Unrest. Intergovernmental Revenue	\$ 7,955,501	\$ 8,267,100	\$ 8,296,200	\$ 8,762,900	6.0%



## 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 2023 of 11.0% and 6.3% in FY 2024. Thus far in FY 2023, most local government sales tax distributions have grown by approximately 15% above FY 2022. Based on this forecast, the FY 2024 local option sales tax and associated hold harmless revenue budgets will increase by approximately 6.5% over the FY 2023 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 0.3% in FY 2023 and 9.4% in FY 2024. Based on this forecast and actual revenues collected so far in FY 2023, the Village's telecommunications tax revenue will decrease by approximately 8.7% in FY 2024 below the FY 2023 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 2.1% in FY 2023 and 1.0% in FY 2024. The Village is increasing the electricity sales tax revenue budget for FY 2024 by approximately 5.4% over the prior year budget. This estimated growth is higher than the NCLM projection because the growth in the Village's actual receipts has outpaced the NCLM statewide averages.
- Thus far, distributions of video programming sales taxes for FY 2023 are lower than the amounts collected in FY 2022 as the industry continues to face competition from other video content providers, such as streaming services. The NCLM is projecting this revenue to decrease 4.7% in FY 2023 and 2.9% in FY 2024. The Village's video programming sales tax revenue will increase slightly in FY 2024 as compared to the FY 2023 budgeted amount based on the Village's actuals trend compared to NCLM's statewide projections.
- Wine and beer tax revenues are dependent on the proportion of beer and wine sold in North Carolina. We are expecting a decrease of 4.3% in FY 2024 below the FY 2023 budgeted amount based on the actuals trend for the Village. These revenues are collected during a period of April through March of the following year, with revenues typically distributed to municipalities by June.

### Description of Revenue Source

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

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

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

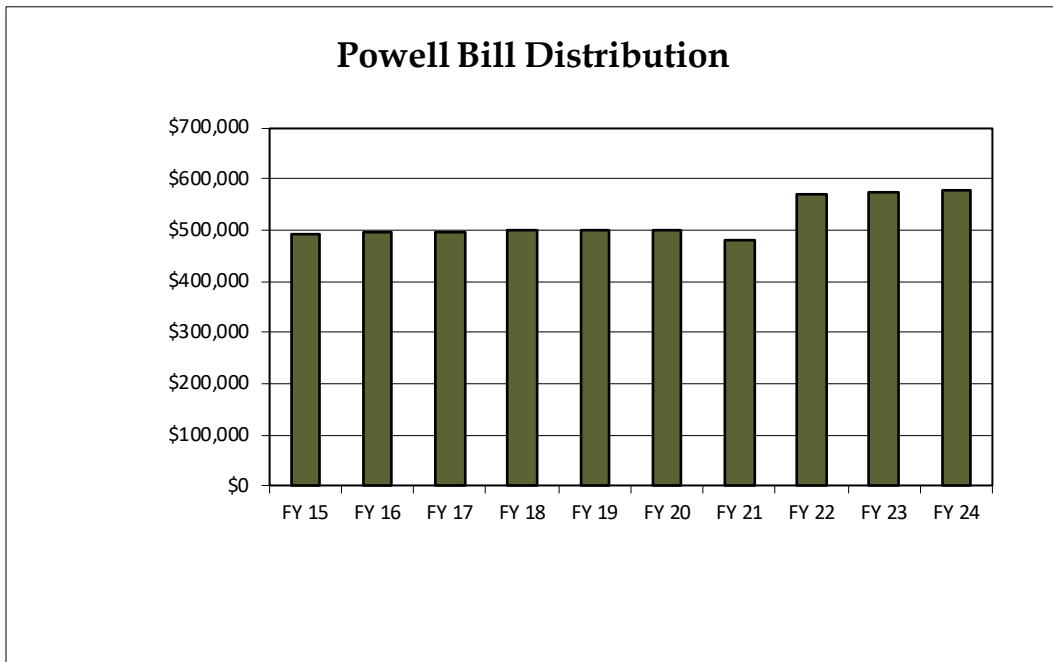
The Given Memorial Library receives funding from the state’s Aid to Public Libraries Fund. The allocation to each public library is determined by the State Library based upon a formula approved by the North Carolina Library Commission. The library’s service area population and per capita income have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

Restricted Intergovernmental Revenues	FY 2022 Actual	FY 2023 Budget	FY 2023 Estimated	FY 2024 Budgeted	Percent Change
Powell Bill	\$ 568,939	\$ 572,245	\$ 572,245	\$ 577,000	0.8%
Controlled Substance Tax Distribution	4,920	500	500	700	40.0%
Solid Waste Disposal	13,308	13,700	13,700	14,300	4.4%
Other Grants	15,694	120,974	120,974	-	-100.0%
Library State Aid	1,243	7,500	7,500	7,500	0.0%
Total Rest. Intergovernmental Revenues	\$ 604,104	\$ 714,919	\$ 714,919	\$ 599,500	-16.1%

### Revenue Assumptions

- The per capita rate used in the estimation of Powell Bill revenue is \$21.69, which is the same as the previous year’s actual distribution rate. The street mile rate utilized to project the allocation is \$1,675 per street mile maintained, the same allocation per street mile as from the FY 2023 distribution. These estimated distribution rates are based on the prior year’s rate. The Powell Bill funding for FY 2024 has not been agreed upon by North Carolina and must still be negotiated with the North Carolina Senate and signed by the Governor. Based on this forecast, the FY 2024 Powell Bill revenue will increase by approximately 0.8% over the FY 2023 budgeted amounts.
- The NCLM projects that solid waste disposal revenue will increase by 6.9% for FY 2023 and will increase by 2.0% in FY 2024. The Village is increasing the budget for this revenue by 4.4% over the FY 2023 levels as a result of these projections and the Village’s actuals trend.
- The Village does not budget for other grant revenues until a grant award notification has been received. In FY 2023, the Village received three separate grants related to various functions. No grant award notifications have been received for FY 2024.

- The Village is projecting level funding for Library State Aid from FY 2023 to FY 2024 as the service area population and per capita income are not expected to change significantly.





## 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. 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.

In June 2024, Pinehurst is hosting the Men’s U.S. Open Championship. The United States Golf Association (USGA) will pay the Village \$350,000 for use of Village spaces and services and the cost of fees and permits in accordance with the licensing agreement.

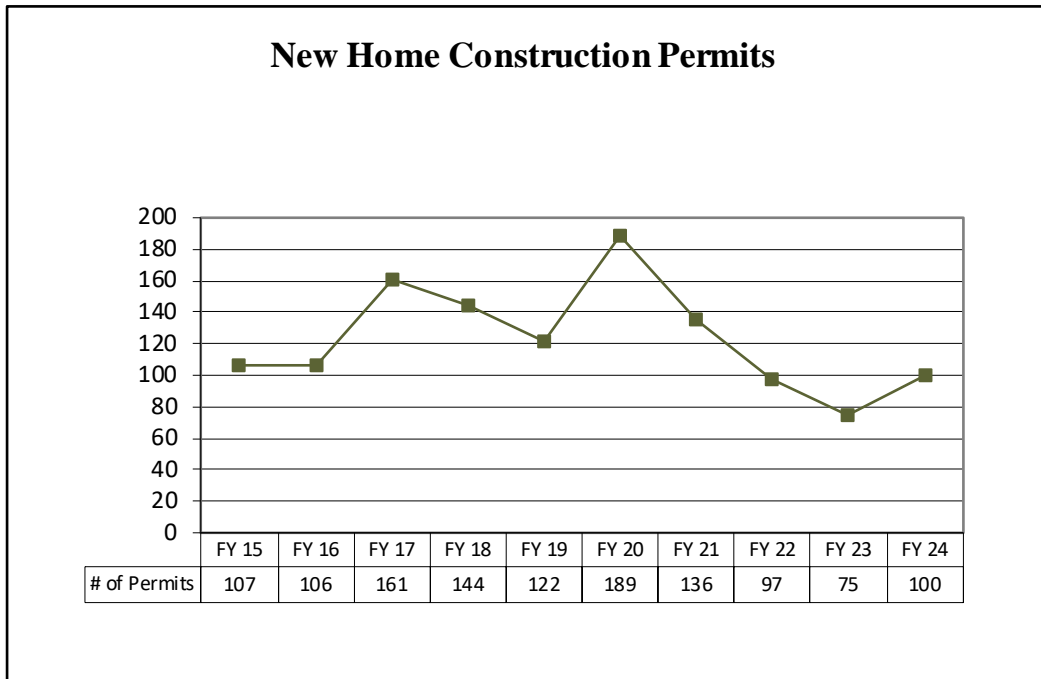
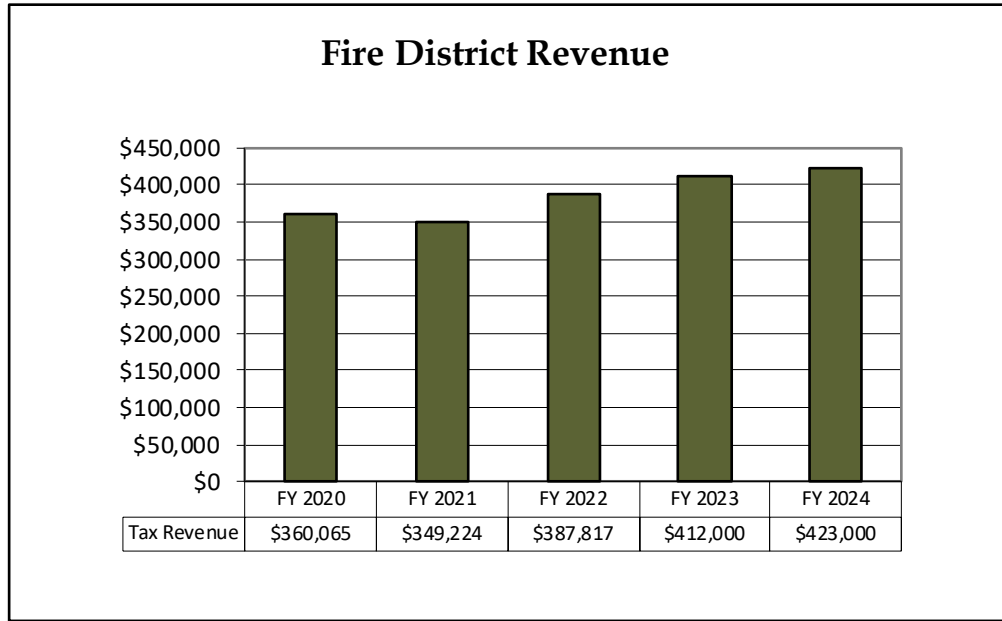
Permits & Fees	FY 2022 Actual	FY 2023 Budget	FY 2023 Estimated	FY 2024 Budgeted	Percent Change
Permit & Inspection Fees	\$ 278,999	\$ 250,000	\$ 260,000	\$ 250,000	0.0%
Planning & Zoning Fees	260,666	250,000	250,000	250,000	0.0%
Fire District Revenue	387,817	412,000	425,000	423,000	2.7%
U.S. Open Licensing Fees	-	-	-	350,000	0.0%
Other Fees	17,420	12,500	12,500	17,300	38.4%
<b>Total Permit &amp; Fees</b>	<b>\$ 944,902</b>	<b>\$ 924,500</b>	<b>\$ 947,500</b>	<b>\$ 1,290,300</b>	<b>39.6%</b>

## Revenue Assumptions

- Permit and inspection fees and planning and zoning fees for residential construction expect no change in FY 2024 over prior year budget. The number of new homes being constructed is expected to increase slightly from approximately 75 homes in FY 2023 to 100 homes in FY 2024. Factors contributing to the zero percent change in FY 2024 include lot availability for residential construction.
- Fire district revenues are expected to increase by \$11,000, or 2.7%, over the FY 2023 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 the Village’s County distribution and the fire services contract with the Town of Taylortown.

- The U.S. Open Licensing Fees revenue is based on the agreed-upon amount from the licensing agreement. The Village does not anticipate billing the USGA for any additional fees in FY 2024 related to the U.S. Open Championship.



## 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.

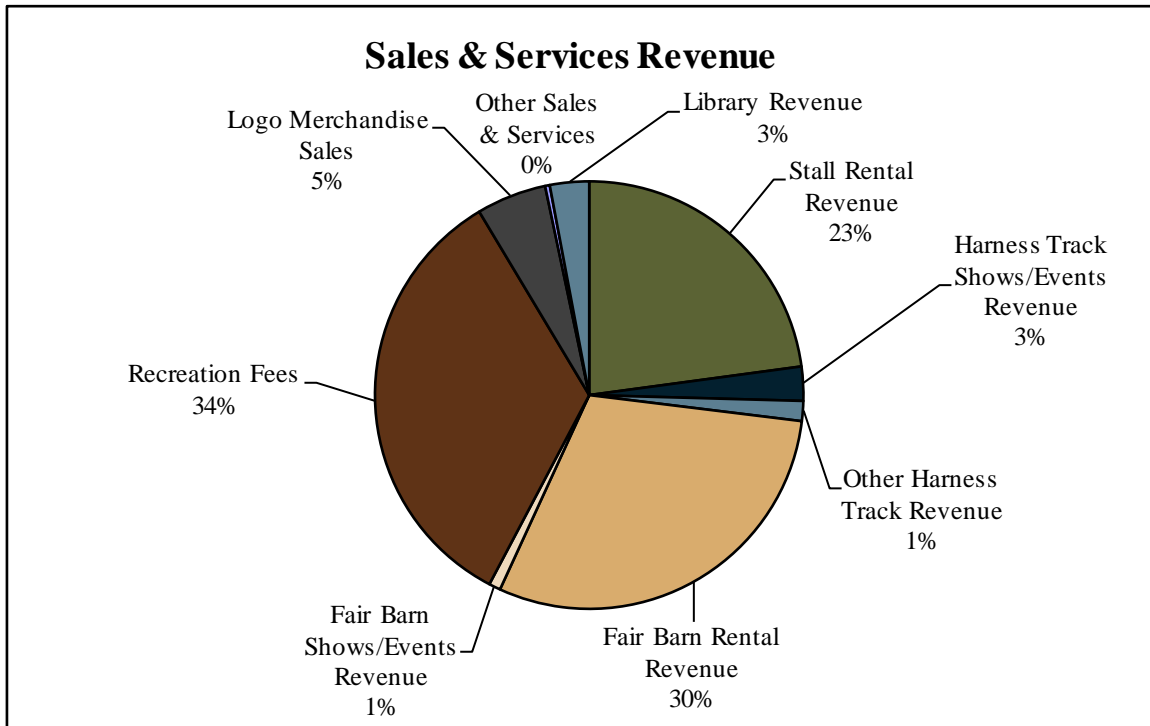
Sales & Services	FY 2022 Actual	FY 2023 Budget	FY 2023 Estimated	FY 2024 Budgeted	Percent Change
Stall Rental Revenue	\$ 149,202	\$ 174,000	\$ 174,000	\$ 195,000	12.1%
Harness Track Shows/Events Revenue	44,968	25,000	25,000	22,000	-12.0%
Other Harness Track Revenue	12,761	12,700	12,700	12,900	1.6%
Fair Barn Rental Revenue	254,477	250,000	250,000	255,000	2.0%
Fair Barn Shows/Events Revenue	5,305	5,000	10,000	7,500	50.0%
Recreation Fees	258,474	270,000	273,000	287,500	6.5%
Logo Merchandise Sales	32,687	35,000	30,000	45,000	28.6%
Other Sales & Services	2,280	2,000	3,000	3,000	50.0%
Library Revenue	2,734	19,200	19,200	25,200	31.3%
<b>Total Sales &amp; Services</b>	<b>\$ 762,888</b>	<b>\$ 792,900</b>	<b>\$ 796,900</b>	<b>\$ 853,100</b>	<b>7.6%</b>

## Revenue Assumptions

- Harness Track stall rental revenues are projected to increase by 12.1% for FY 2024 due to expected higher occupancy, improved facilities, and recreational vehicle hook-ups in FY 2024.
- Harness Track show and event revenue is projected to decrease slightly due to use of the Harness Track grounds and facilities by the USGA for the U.S. Open Championship in June 2024. The Harness Track will not be available for other events typically held in June. The fees for the USGA’s use are included in the U.S. Open Licensing Fees revenue.
- Fair Barn rental revenues are expected to increase 2.0% from FY 2023 budgeted levels due to increased rentals of the facility and higher facility rental rates beginning in FY 2024.
- Recreation fees are expected to increase by 6.5% from the prior year’s budget. The Village has plans to expand recreation and athletic program offerings in FY 2024.
- The Village began selling logo merchandise in FY 2017 to expand overall awareness of the Village’s brand. Logo merchandise sales have grown and an increase of \$10,000, or 28.6%, is expected in FY 2024 with the U.S. Open Championship being held in Pinehurst in June 2024.

- Library revenue primarily includes estimates for archives book and photo sales. Income estimates are based on prior year revenues. Photo sales are expected to increase causing a 31.3% increase in Library revenues due to the U.S. Open Championship being held in Pinehurst in June 2024.

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, library endowment income, and other miscellaneous revenues. ABC revenue is based on a percentage of the sale of mixed beverages from local merchants and the net profits from counter sales of alcoholic beverages in Pinehurst at ABC Stores. Library endowment income is received from the Given Tufts Foundation based on the endowment spending policy formula. Other miscellaneous revenues include sales of surplus assets, donations made to the Village, fees generated by the Police Department, and other minor fees.

Other Revenues	FY 2022 Actual	FY 2023 Budget	FY 2023 Estimated	FY 2024 Budgeted	Percent Change
ABC Revenues	\$ 298,625	\$ 301,700	\$ 301,700	\$ 316,500	4.9%
Library Endowment Income	-	106,000	106,000	105,000	-0.9%
Other Miscellaneous Revenues	205,376	138,577	141,377	95,300	-31.2%
Total Other Revenues	\$ 504,001	\$ 546,277	\$ 549,077	\$ 516,800	-5.4%

### Revenue Assumptions

- ABC revenue is projected to increase by 4.9% for FY 2024 due to strong growth in local store profits in the current year.
- 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 2024 budget. The majority of this decrease is related to a one-time forfeited bond received in FY 2023 and not expected again in FY 2024.



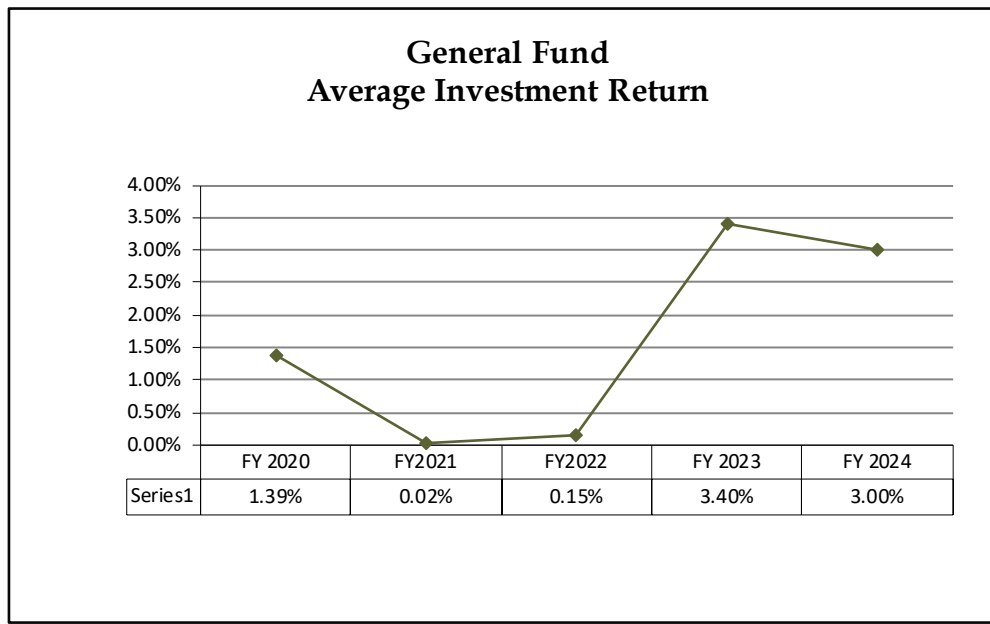
### Description of Revenue Source

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

Investment Income	FY 2022 Actual	FY 2023 Budget	FY 2023 Estimated	FY 2024 Budgeted	Percent Change
Investment Income	\$ 24,570	\$ 433,000	\$ 434,000	\$ 640,100	47.8%
Total Investment Income	\$ 24,570	\$ 433,000	\$ 434,000	\$ 640,100	47.8%

### Revenue Assumptions

- Investment income of \$640,100 is expected in FY 2024 as interest rates increased in FY 2023 and are projected to remain in the 4.1%-5.1% range during FY 2024. The average rate of return expected in FY 2024 is 3.0%.



**Description of Revenue Source**

Other Financing Sources is comprised of operating transfers from other funds and lease liabilities issued.

Other Financing Sources	FY 2022 Actual	FY 2023 Budget	FY 2023 Estimated	FY 2024 Budgeted	Percent Change
Lease Liabilities Issued	\$ 36,123	\$ -	\$ -	\$ 25,100	0.0%
Transfer from Special Revenue Fund	-	5,297,720	5,297,720	-	100.0%
Total Other Financing Sources	\$ 36,123	\$ 5,297,720	\$ 5,297,720	\$ 25,100	100.0%

**Revenue Assumptions**

- The American Rescue Plan Act Special Revenue Fund accounted for the \$5.3 million of federal grant funding received from the American Rescue Plan Act. The transfer to close the American Rescue Plan Act Special Revenue Fund occurred in FY 2023 and is not expected again in FY 2024.
- Lease liabilities will be issued in FY 2024 for \$25,100.



**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 2022 Actual	FY 2023 Budget	FY 2023 Estimated	FY 2024 Budgeted	Percent Change
Fund Balance Appropriated	\$ -	\$ 15,371	\$ -	\$ 600,100	3804.1%
Total Fund Balance Appropriations	\$ -	\$ 15,371	\$ -	\$ 600,100	3804.1%

**Revenue Assumptions**

- For FY 2024, \$600,100 of the Village’s fund balance has been appropriated as a revenue source. Historically, operating revenues come in at 101% of budget while operating expenditures typically fall 8% below budget. If historical trends continue for FY 2024, the Village’s fund balance will increase by approximately \$1,705,325, which will result in a projected ending fund balance of 68.4% 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.

