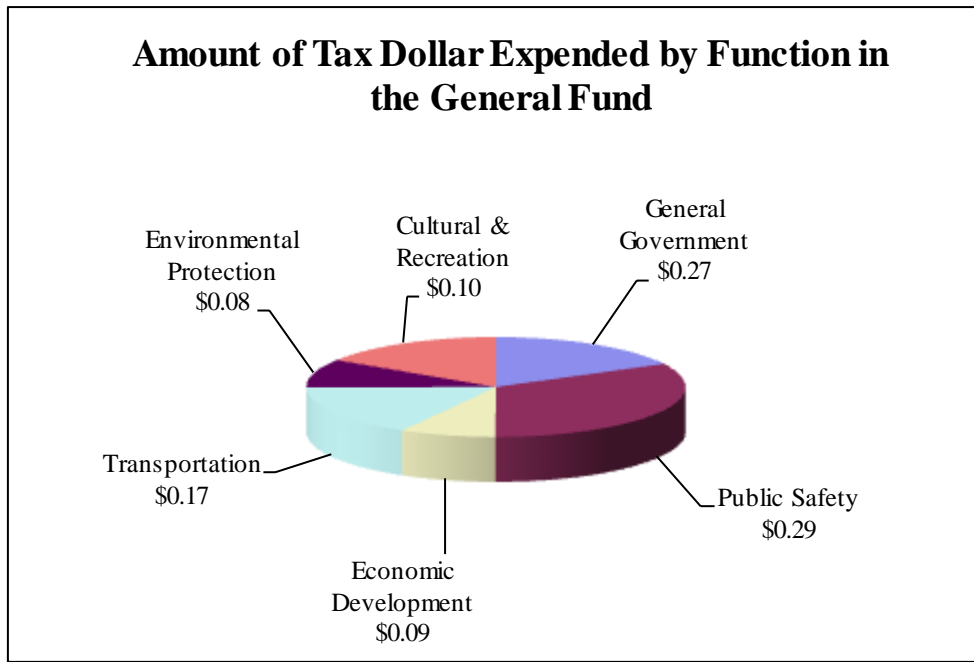




Description

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





General Fund Summary

The Functional Expenditure Trend Summary in the Consolidated Budget Summary section provides the detail as to the departmental roll-up for each functional area. The following table provides a summary of expenditures by department for FY 2014-2015.

General Fund Expenditures by Type	FY 2012-13 Actual	FY 2013-14 Budget	FY 2013-14 Estimated	FY 2014-15 Budgeted	Percent Change
Governing Body	\$ 297,644	\$ 236,500	\$ 230,895	\$ 233,000	-1.5%
Administration	989,685	1,205,140	1,174,844	1,177,180	-2.3%
Finance	535,720	587,910	579,881	611,190	4.0%
HR	283,229	388,755	372,682	462,345	18.9%
Police	2,618,971	2,833,090	2,729,478	2,916,570	2.9%
Fire	2,367,077	3,163,477	3,091,989	2,662,500	-15.8%
Planning	669,556	642,885	641,203	660,445	2.7%
Inspections	211,332	227,920	220,271	227,735	-0.1%
Public Services Admin.	335,517	376,855	374,791	472,530	25.4%
Streets & Grounds	1,160,202	1,750,510	1,641,114	1,693,195	-3.3%
Powell Bill	682,866	801,800	801,800	788,300	-1.7%
Community Development	1,461,639	956,577	946,577	792,400	-17.2%
Solid Waste	1,347,682	1,667,125	1,489,046	1,633,875	-2.0%
Recreation	1,271,761	1,502,543	1,474,166	1,451,090	-3.4%
Library	140,000	360,000	360,000	380,000	5.6%
Harness Track	577,783	637,220	633,744	633,285	-0.6%
Fair Barn	291,361	275,405	254,250	365,895	32.9%
Contingency	-	38,200	38,200	100,000	161.8%
Debt Service	569,449	468,220	468,220	494,525	5.6%
Total Expenditures	\$ 15,811,474	\$ 18,120,132	\$ 17,523,151	\$ 17,756,060	-2.0%

Summary

The General Fund continues to reflect the overall economy with moderate revenue growth from both locally generated revenues to statewide intergovernmental revenues. The growth in the national housing market is starting to have a positive impact on new home construction and this budget reflects moderate growth in the related revenues.

The proposed General Fund budget for FY 2014-2015 is \$17,756,060, a decrease of approximately 2.0% from the previous year's budget. The primary reason for the \$364,000 decrease in the budget was the inclusion of a \$550,000 fire engine in last year's General Fund capital budget.



General Fund Summary

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>Income (Loss)</u>
6/30/10 Actual	\$13,436,914	\$13,796,560	\$ (359,646)
6/30/11 Actual	15,247,997	14,407,809	840,188
6/30/12 Actual	15,311,703	14,803,571	508,132
6/30/13 Actual	15,616,884	15,811,474	(194,590)
6/30/14 Estimated	17,305,569	17,523,151	(217,582)
6/30/15 Budgeted	16,068,350	17,756,060	(1,687,710)

The FY 2014-2015 Budget recommends maintaining the current ad valorem tax rate of \$0.28 per \$100 valuation. This is expected to generate \$9,767,000 in ad valorem tax revenues. After adding Appropriated Fund Balance of \$1,687,710 to revenues, the Village's FY 2014-2015 Recommended Budget is balanced in accordance with North Carolina General Statutes.

Revenues

General Fund Revenue by Type	FY 2012-13 Actual	FY 2013-14 Budget	FY 2013-14 Estimated	FY 2014-15 Budgeted	Percent Change
Ad Valorem Taxes	\$ 9,557,452	\$ 9,682,000	\$ 9,682,000	\$ 9,767,000	0.9%
Other Taxes & Licenses	2,575,258	2,591,700	2,671,700	2,800,700	8.1%
Unrestricted Intergovernmental Rev.	1,589,133	1,617,200	1,621,200	1,664,900	2.9%
Restricted Intergovernmental Rev.	503,816	546,255	545,420	506,760	-7.2%
Permits & Fees	535,247	1,241,250	1,233,250	557,750	-55.1%
Assessments	-	12,410	12,410	31,110	150.7%
Sales & Services	517,744	514,015	524,015	532,500	3.6%
Other Revenues	324,892	460,597	445,074	193,530	-58.0%
Investment Income	13,342	20,500	20,500	14,100	-31.2%
Revenues	15,616,884	16,685,927	16,755,569	16,068,350	-3.7%
Other Financing Sources	111,883	557,933	550,000	-	-100.0%
Fund Balance Appropriations	-	876,272	-	1,687,710	92.6%
Total Revenues	\$ 15,728,767	\$ 18,120,132	\$ 17,305,569	\$ 17,756,060	-2.0%

Budget Highlights

The approved budget for FY 2014-2015 represents a 2.0% decrease from the FY 2013-2014 amended budget. Revenues are estimated to decrease by approximately 3.7% over FY 2013-2014. Ad Valorem taxes, which represent roughly 55% of total revenues, are estimated to increase by approximately 1.0%. The Village of Pinehurst is expecting the annexation of Cotswold of Pinehurst effective July 1, 2014 which will increase ad valorem taxes by approximately \$60,000. The Village also projects an increase of approximately \$70,000 due to the number and value of new homes constructed in the prior calendar year. However, these increases will be offset by a reduction in motor vehicle collections as an additional four months of levy was collected in FY 2014 that will not be received in FY 2014-15 due to the change in the motor vehicle billing and collection system in North Carolina.



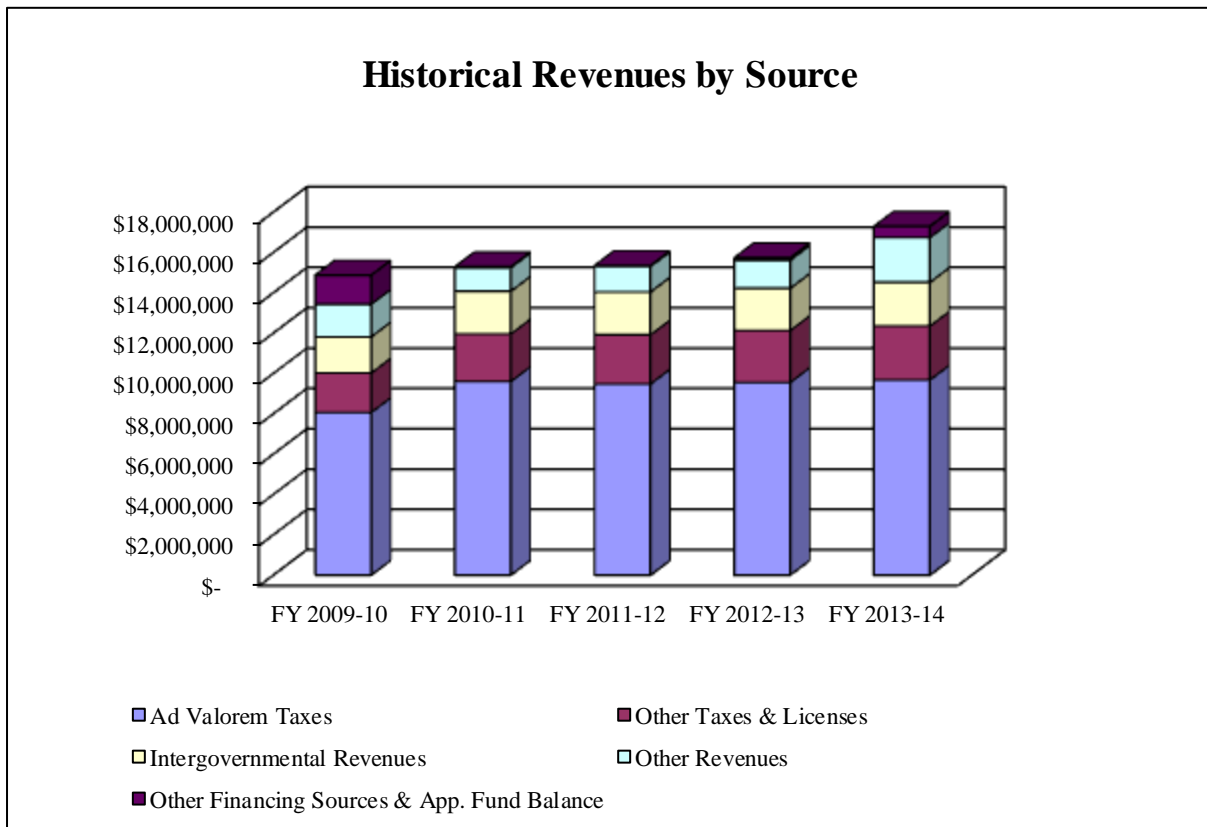
Other Taxes & Licenses and Unrestricted Intergovernmental Revenues, both of which are distributed by the North Carolina Department of Revenue based on population, are expected to increase due the annexation of Cotswold of Pinehurst.

The Village of Pinehurst will be host to both the 2014 U.S. Open and U.S. Women's Open Championships back-to-back in consecutive weeks on Pinehurst No. 2 in June 2014. Permits & Fees will decrease by \$700,000 in fiscal year 2015 due to compensation received in FY 2014 from the USGA for services and the use of facilities during the Championships.

Assessments are increasing by 150.7% for two reasons. First, \$12,410 in assessments previously reflected in the Municipal Service District Fund (closed in fiscal year 2013) are now reflected in the General Fund. Second, the annexation of Cotswold of Pinehurst will result in the assessment of \$18,700 to the property owners for a stormwater project.

The Village sold a vacant fire station for \$220,000 in FY 2014 that is reflected in the 58% reduction in Other Revenues.

Interest rates for the upcoming year are expected to remain low and the funds available to invest will decrease in FY 2015 causing investment income to decrease 31.2%. The low investment rates are due to the interest rates available in the market on both short and long term investments.





Expenditures

General Fund Expenditures by Type	FY 2012-13 Actual	FY 2013-14 Budget	FY 2013-14 Estimated	FY 2014-15 Budgeted	Percent Change
Salaries & Benefits	\$ 8,241,877	\$ 9,000,113	\$ 8,648,422	\$ 9,028,470	0.3%
Operating	4,535,034	6,326,578	6,096,288	6,258,665	-1.1%
Capital	2,465,114	2,325,221	2,310,221	1,974,400	-15.1%
Debt Service	569,449	468,220	468,220	494,525	5.6%
Total Expenditures	\$ 15,811,474	\$ 18,120,132	\$ 17,523,151	\$ 17,756,060	-2.0%

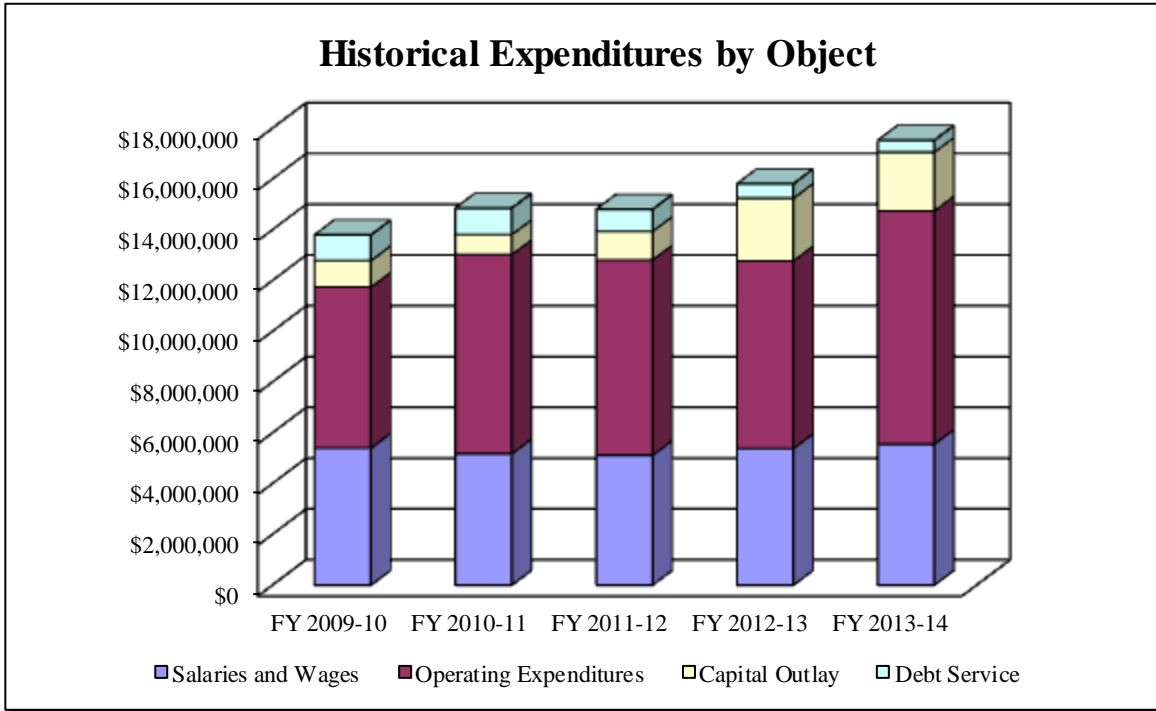
Budget Highlights

The increase in Salaries & Benefits in FY 2014-2015 is the result of the transition of a 30-hour employee to a full-time employee in the Harness Track division of the Recreation department to improve track maintenance. An average merit increase for employees of 0%-2%, a state-mandated increase in the employer retirement contributions, and a projected 10% increase in group insurance are also included in the approved budget.

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). A decrease in operating expenditures reflects the removal of expenditures in FY 2013-2014 that were related to the U.S. Open and U.S. Women's Open Championships. Operating expenditures include funding for other strategic initiatives supporting the Council's areas of focus listed in the *Council's Strategies & Priorities* section of this document.

The 5.6% increase in Debt Service reflects the payments due on the purchase of a fire truck in fiscal year 2014 on an installment basis.

Capital spending in the General Fund decreased by 15.1%. Fiscal Year 2014 included capital appropriations of \$550,000 for the replacement of a fire truck. Capital spending for FY 2014-2015 includes \$294,000 for drainage and stormwater projects, \$336,000 for Highway 211 sidewalks and enhanced light posts; and \$142,500 that supports economic development in the Village. The balance of the funding is for routine replacement of capital items.





Fund Balance

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 2014-2015 we have appropriated \$1,687,710 of the Village's fund balance as a revenue source. This amount is \$811,438 higher than the previous fiscal year. The amount of fund balance appropriated in FY 2014-2015 is higher than the previous fiscal year primarily due to the receipt of \$700,000 in fiscal year 2014 from the USGA to provide services and facilities for the U.S. Open Championships.

Fund balance is estimated to be \$7,410,763 at June 30, 2014. This is 40.9% of the budgeted FY 2013-2014 expenditures of \$18,120,132. The Village's fund balance policy is to maintain 30%-40% of expenditures in fund balance. Fund balance at June 30, 2015 is estimated to be \$6,648,094 or 37.4% of budgeted expenditures.

