



Description of Revenue Source

Ad Valorem Taxes are taxes 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 2007 tax year, or FY 2007-2008.

Historically, motor vehicles were either registered in North Carolina under the annual system or the staggered system. However, effective in Fiscal Year 2014, North Carolina has changed its billing and collection process to a “Tax-and-Tag-Together” system. In the new system, tax bills for vehicles will be included with an “invitation to renew” vehicle registrations. Vehicle taxes will be collected by the Department of Motor Vehicles at the same time as the vehicle registration. The motor vehicle tax portion will be distributed to the counties by the Department of Transportation on the 10th of each month.

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 revenues. This includes current year’s collections, prior year’s collections, penalties and interest, and refunds.

Ad Valorem Taxes	FY 2012-13 Actual	FY 2013-14 Budget	FY 2013-14 Estimated	FY 2014-15 Budgeted	Percent Change
Real & Personal - Current Year	\$ 9,077,129	\$ 9,110,000	\$ 9,110,000	\$ 9,224,000	1.3%
Real & Personal - Prior Years	2,348	5,000	5,000	5,000	0.0%
Motor Vehicles - Current Year	457,757	565,000	565,000	536,000	-5.1%
Motor Vehicles - Prior Years	8,801	2,000	2,000	2,000	0.0%
Discounts/Reliefs/Refunds	(3,879)	(5,000)	(5,000)	(5,000)	0.0%
Tax Interest	15,296	5,000	5,000	5,000	0.0%
Total Ad Valorem Tax Revenue	\$ 9,557,452	\$ 9,682,000	\$ 9,682,000	\$ 9,767,000	0.9%

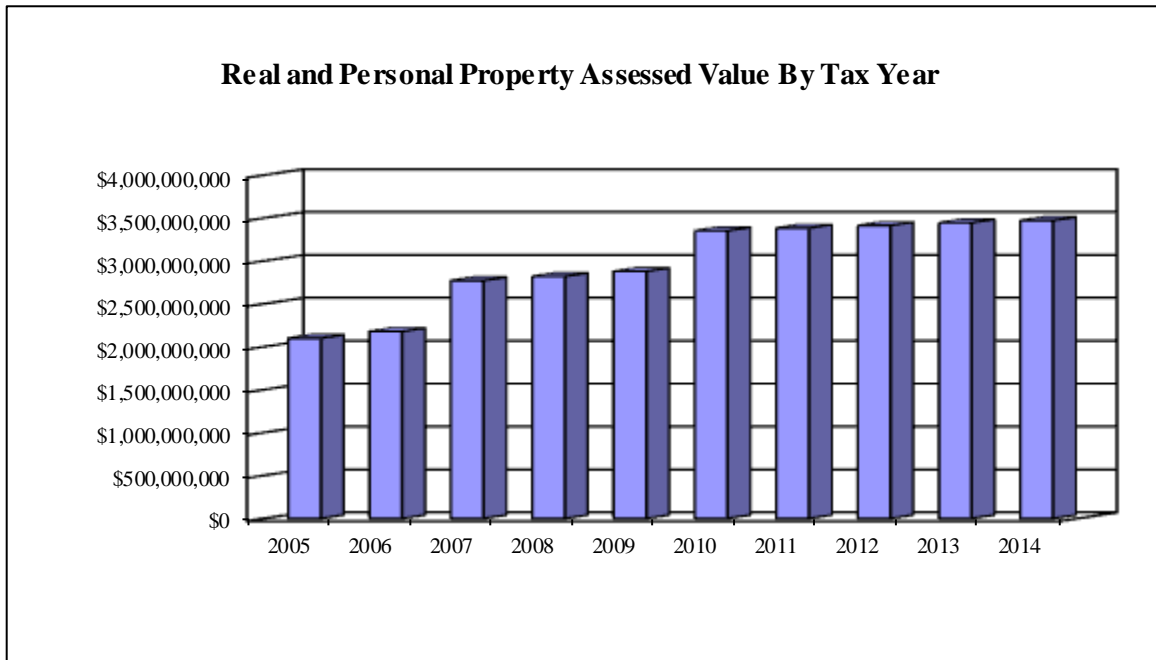
Revenue Assumptions

- The ad valorem tax rate for the Village of Pinehurst will remain at a rate of \$0.28 per \$100 valuation for the fiscal year ending June 30, 2015. This is expected to generate \$9,767,000 in ad valorem tax revenue. Ad valorem tax revenue increased by approximately \$60,000 due to the annexation of Cotswold of Pinehurst that is expected to be effective July 1, 2014.



Ad Valorem Taxes

- The total estimated valuation of real and personal property is \$3,492,000,000, of which \$3,296,000,000 is real property valuation and \$196,000,000 is motor vehicle valuation. The Moore County Tax Administrator provides the Village with estimates of valuation annually.
- Due to the change in the motor vehicle billing and collection system, the motor vehicle valuation in FY 14 includes an additional four months of valuation and levy. This is a total of \$44,000,000 and \$123,300 respectively.
- The growth factor used to estimate the total real property valuation is 0.8%. The number of new homes constructed in the Village increased significantly in fiscal year 2013-2014, from 71 to 90, and we are expecting this level to increase by approximately 2% in FY 2015. The historical growth factor for the motor vehicles valuation has been 1% and we are expecting it to be the same in the next fiscal year.
- The historical collection rates used to determine actual ad valorem tax revenue are 99.9% for real and personal property and 96.9% 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 consist of Local Option Sales Tax and Golf Cart Stickers.

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 \$0.02 consists of three separate taxes that are authorized by the North Carolina General Statutes: Article 39 at \$0.01, Article 40 at \$0.005, and Article 42 at \$0.005. This local government sales and use tax is applied to 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. The State of North Carolina distributes this tax to the Village on a monthly basis.

Golf cart stickers are issued annually to license the use of personal golf carts on Village streets. The Village charges a fee of \$5 per cart, per year to license personal golf carts.

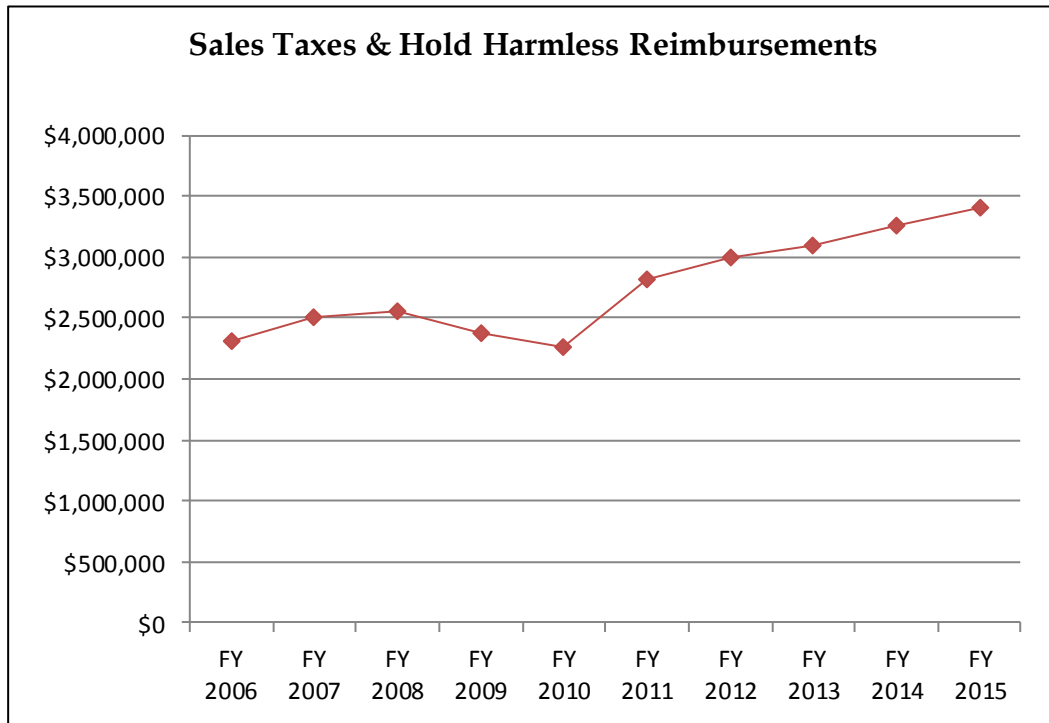
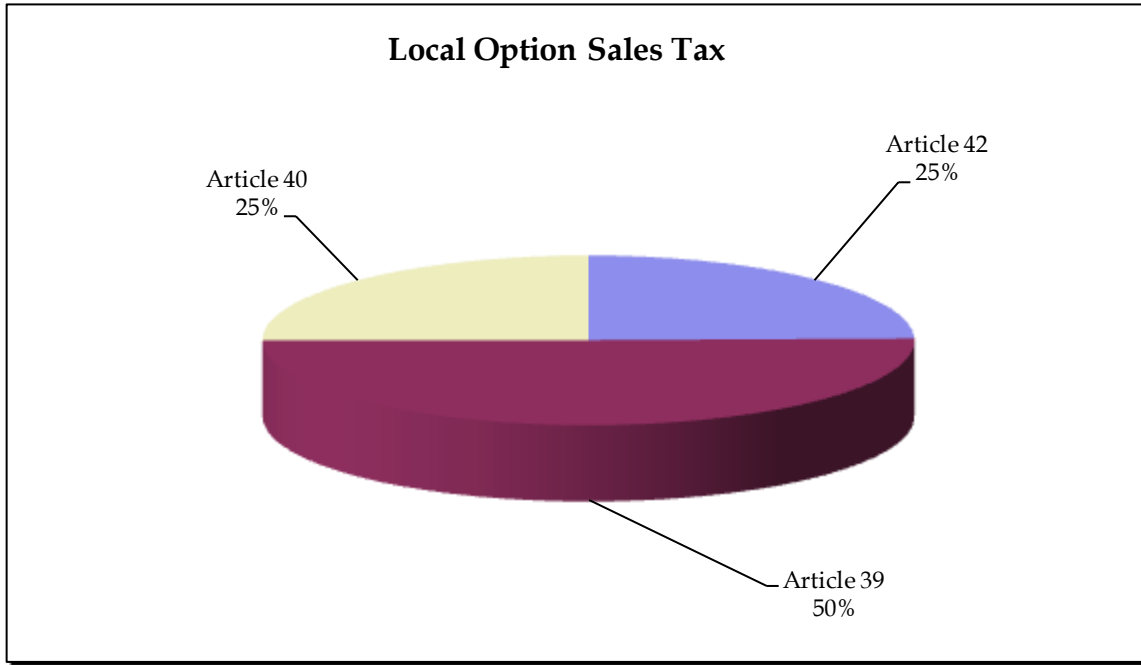
Other Taxes & Licenses	FY 2012-13 Actual	FY 2013-14 Budget	FY 2013-14 Estimated	FY 2014-15 Budgeted	Percent Change
Local Option Sales Tax	\$ 2,573,483	\$ 2,590,000	\$ 2,670,000	\$ 2,799,000	8.1%
Golf Cart Stickers	1,775	1,700	1,700	1,700	0.0%
Total Other Taxes & Licenses	\$ 2,575,258	\$ 2,591,700	\$ 2,671,700	\$ 2,800,700	8.1%

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 in conjunction with economists from the North Carolina General Assembly. These estimates are communicated to all municipalities to aid them in budgeting state-collected revenues. Locally, tourism and construction is up slightly and the Village expects to annex Cotswold of Pinehurst effective July 1, 2014. As a result we estimate that local option sales taxes will increase by approximately 4.8% in addition to a gain of 3.3% in the current fiscal year.



The distribution and trend of the local option sales tax revenue by tax type is depicted in the following graphs.





Unrestricted Intergovernmental Revenues

Description of Revenue Source

Unrestricted Intergovernmental Revenue consists of Telecommunications Tax, Electricity Franchise Tax, Video Programming Sales Tax, Hold Harmless Sales Tax and Wine & Beer Tax. All five of these taxes are state-collected local revenues.

The Telecommunications Tax represents a 6.0% 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.

Electricity Franchise Tax represents 3.09% of the taxable gross receipts of the sales of electric power derived within the Village’s corporate limits. The State of North Carolina distributes this tax to the Village 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.

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 & 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.

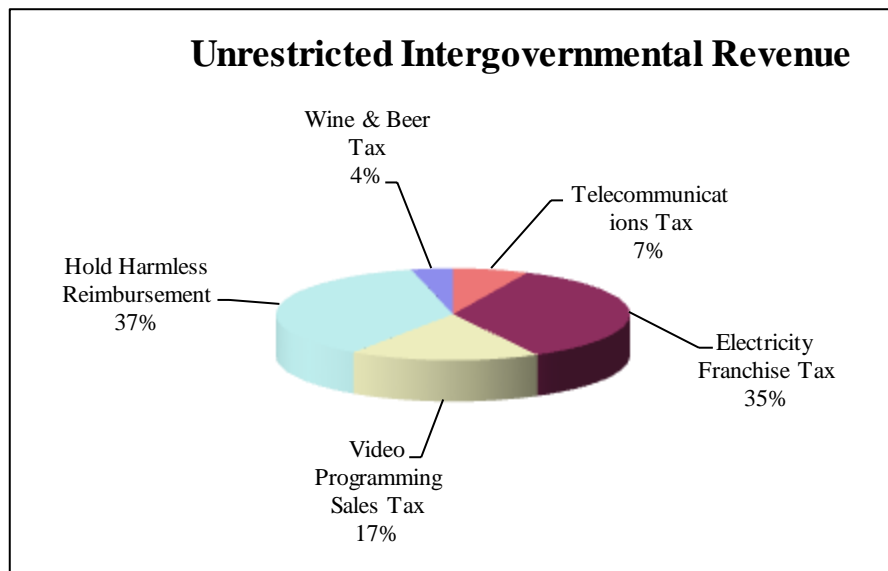
Unrestricted Intergovernmental Revenue	FY 2012-13 Actual	FY 2013-14 Budget	FY 2013-14 Estimated	FY 2014-15 Budgeted	Percent Change
Telecommunications Tax	\$ 114,189	\$ 125,000	\$ 115,000	\$ 115,000	-8.0%
Electricity Franchise Tax	553,832	565,000	565,000	586,000	3.7%
Video Programming Sales Tax	295,237	280,000	290,000	289,000	3.2%
Hold Harmless Reimbursement	565,398	580,000	584,000	612,000	5.5%
Wine & Beer Tax	60,477	67,200	67,200	62,900	-6.4%
Total Unrest. Intergovernmental Rev.	\$ 1,589,133	\$ 1,617,200	\$ 1,621,200	\$ 1,664,900	2.9%



Revenue Assumptions

- Telecommunications Taxes are projected based upon growth assumptions provided by the North Carolina League of Municipalities. The telecommunication industry is continuing to experiencing a decline in the number of landlines in fiscal year 2014 resulting in a 6.5% decline between the fiscal year 2013 actual and 2014 estimate. While wireless revenue is expected to continue growing, such growth will be offset by continued declines in landline revenue. Therefore, we are estimating a 4.5% decrease in revenue for Telecommunications Taxes in FY 2014-15 for a total decrease of 8.0% between the FY 2014 and FY 2015 budgets.
- Electricity Franchise Taxes are also projected based upon growth assumptions provided by the North Carolina League of Municipalities. The Energy Information Administration forecasts indicate an expected increase in usage due to warmer temperatures. In addition, distributions will be affected by the annexation of Cotswold. Therefore, Electricity Franchise Taxes is estimated to increase by 3.7% in FY 2014-2015.
- Video Programming Sales Taxes are reflecting greater cable and satellite competition with internet-based programming. Thus far, distributions for fiscal year 2014 are ahead of estimates. However industry projections indicate that the competitive trends will continue to depress subscriber revenue and the North Carolina League of Municipalities expect that video programming revenues will decrease an additional 1.0% in fiscal year 2015. As a result, we are projecting that Video Programming Sales Tax will increase by 3.2% from the FY 2013-14 budget.
- Beer and Wine Tax revenues are projected to decrease by 6.4% in FY 2014-2015. The Village expects sales and state distributed revenues to decrease in FY 2015 as sales return to normal levels after hosting the U.S. Open Championships in June, 2014.

The following graph shows that the Village receives approximately 59% of unrestricted intergovernmental revenue from telecommunications, electricity, and video programming taxes.





Restricted Intergovernmental Revenues

Description of Revenue Source

Restricted Intergovernmental Revenues include Powell Bill funds, solid waste disposal tax 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 State Highway Fund for the proceeds from a one and three-fourth (1³/₄) cents tax on each gallon of motor fuel sold within the state. 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.

Restricted Intergovernmental Revenue	FY 2012-13 Actual	FY 2013-14 Budget	FY 2013-14 Estimated	FY 2014-15 Budgeted	Percent Change
Powell Bill	\$ 476,150	\$ 485,000	\$ 485,000	\$ 494,000	1.9%
BAB Interest Rebates	4,799	3,555	3,555	2,760	-22.4%
Controlled Substance Tax Distribution	774	2,500	2,500	1,000	-60.0%
Solid Waste Disposal	8,438	9,700	8,865	9,000	-7.2%
Other Grants	13,655	45,500	45,500	-	-100.0%
Total Rest. Intergovernmental Rev.	\$ 503,816	\$ 546,255	\$ 545,420	\$ 506,760	-7.2%

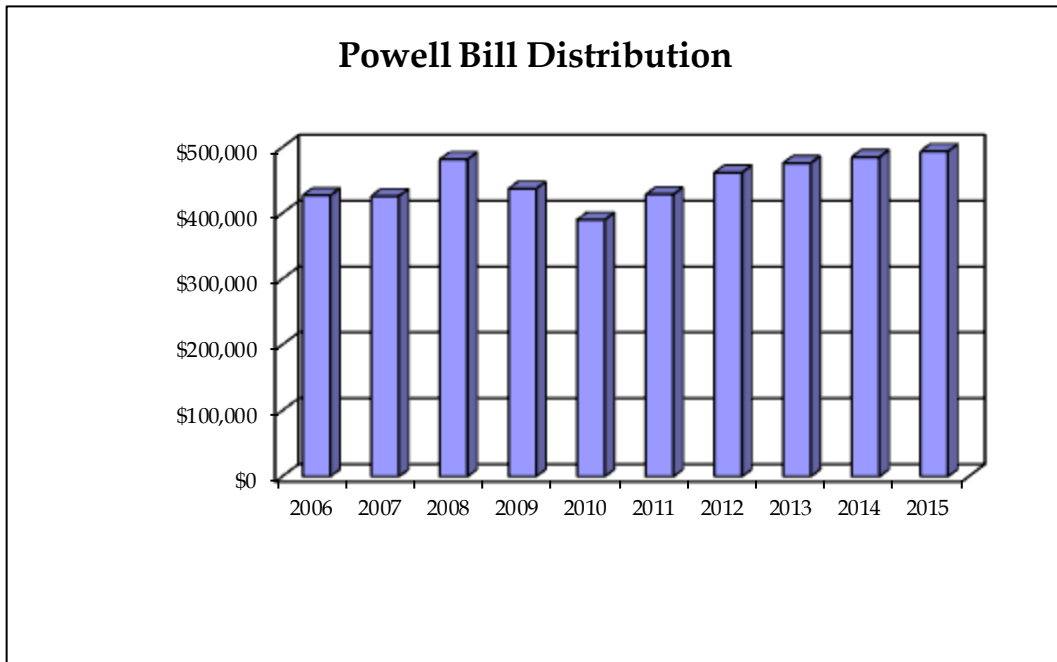
Revenue Assumptions

- The per capita rate used in the estimation of Powell Bill revenue is \$20.71, which is 2.7% increase from the previous year's actual distribution rate. Sales of gasoline in North Carolina are expected to decrease as consumers continue to purchase more fuel efficient vehicles. The street mile rate utilized to project the allocation is \$1,596 per street mile maintained, which is has also increased by \$44 from the FY 2013-14 distribution. Both of these estimated distribution rates were provided by the North Carolina League of Municipalities.
- The Village purchased a fire engine with a Build America Bond (BAB) in fiscal year 2010. We receive a 35% interest rebate on each semi-annual payment until the debt obligation is satisfied in FY 2017. The rebate will decline each year as the amount of interest paid decreases.
- The North Carolina League of Municipalities projects that Solid Waste Disposal revenue for fiscal year 2014-15 will increase by 2% over FY 2013-2014. However, FY 14 actual results are significantly less than budgeted revenues resulting in a 7.2% percentage change between fiscal years 2014 and 2015. The Village uses these funds primarily to fund its recycling program.



Restricted Intergovernmental Revenues

- The Village does not normally budget for other grant revenues until a grant award notification has been received.





Description of Revenue Source

Permits and Fees consist primarily of Permit & Inspection Fees, Planning & Zoning Fees and Fire District Revenue. There are also several other minor fees that are included in Permits and Fees revenue.

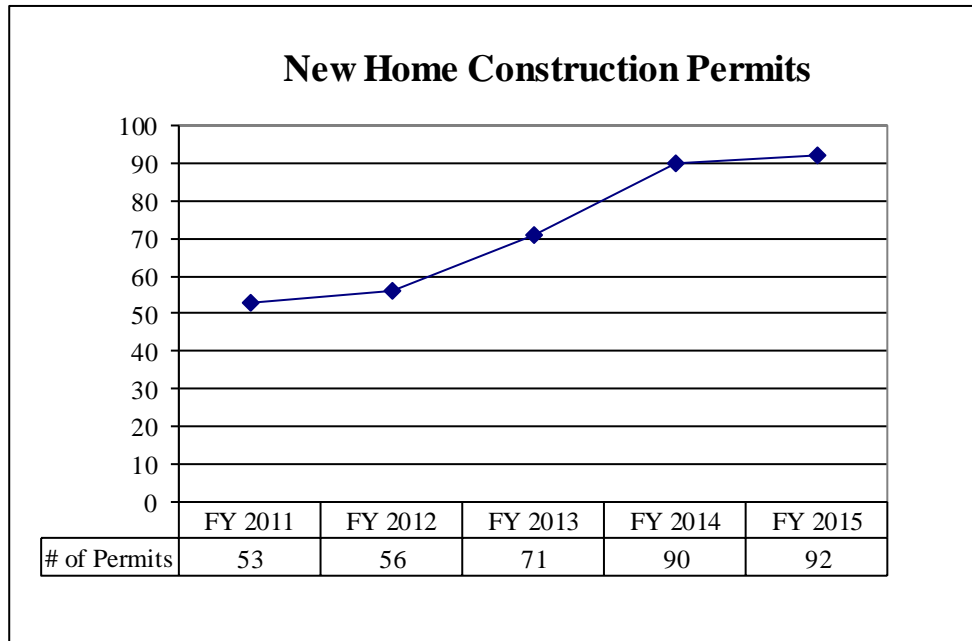
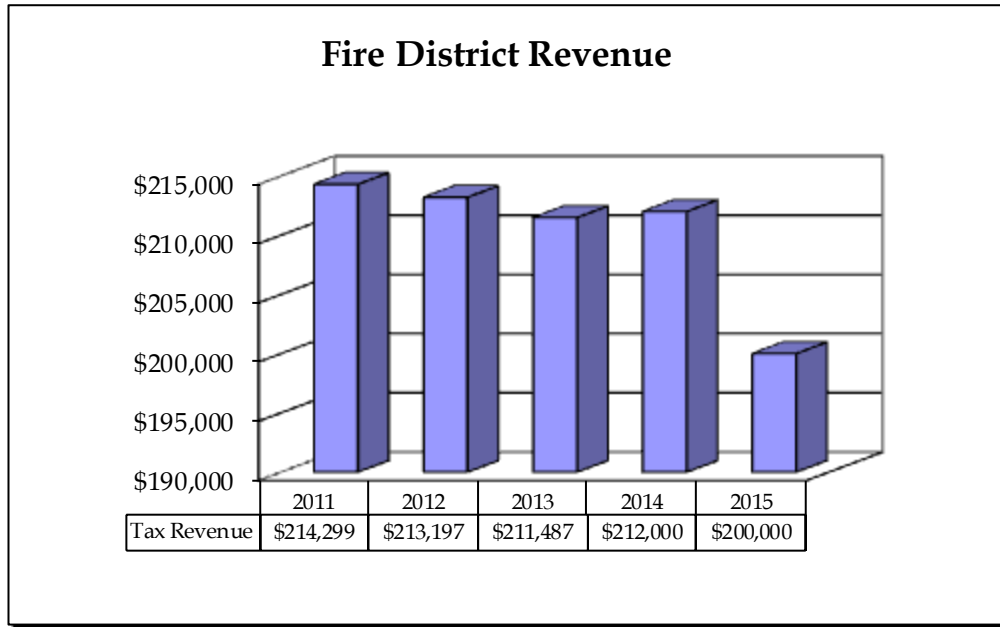
Permit and Inspection Fees and Planning & Zoning Fees are established by the Village Council, reviewed annually, and modified if needed. These permits and fees are charged to builders, developers, and homeowners for new construction and additions/alterations to property. The Village’s growth is generated primarily by new residential construction; therefore it is new home construction that really drives this revenue source.

Fire District Revenue represents the amount of funds paid to the Village by Moore County for the Village’s fire department to provide fire protection service to its extraterritorial jurisdiction (ETJ). The Village also contracts with a neighboring local government jurisdiction to provide fire protection services under an annual contract. This is also included in Fire District Revenue. The amount of funds paid to the Village is based upon a tax rate established by Moore County that is applied to the real and personal property valuation in the covered areas. The Moore County Tax Department levies and collects the fire district tax for the Village’s ETJ and then remits collections to the Village monthly.

Permits & Fees	FY 2012-13 Actual	FY 2013-14 Budget	FY 2013-14 Estimated	FY 2014-15 Budgeted	Percent Change
US Open Franchise Fees	\$ -	\$ 700,000	\$ 700,000	\$ -	-100.0%
Permit & Inspection Fees	251,511	260,000	260,000	294,500	13.3%
Planning & Zoning Fees	53,294	51,000	43,000	45,000	-11.8%
Fire District Revenue	211,487	212,000	212,000	200,000	-5.7%
Other Fees	18,955	18,250	18,250	18,250	0.0%
Total Permit & Fees	\$ 535,247	\$ 1,241,250	\$ 1,233,250	\$ 557,750	-55.1%

Revenue Assumptions

- U.S. Open Franchise Fees include \$700,000 in fiscal year 2014 from the USGA to provide services and facilities for the U.S. Open Championships hosted by the Village in June 2014.
- Permit & Inspection Fees and Planning & Zoning Fees for residential construction are expected to increase in FY 2014-2015 as the number and value of new homes being constructed rises. The Village expects approximately 90 homes to be constructed in FY 2014 in the Village limits and ETJ and increase to 92 in FY 2015. The rise in new home construction is being driven by a recovering real estate market across the country as well as the benefit of hosting the Men’s and Women’s U.S. Open in 2014.
- Fire district revenue is based upon a tax rate of \$0.084 per \$100 of property valuation, which is consistent with the current tax rate. The Cotswold community was part of the Village’s ETJ prior to its annexation on July, 1, 2014. Upon annexation, a Fire District tax is no longer levied on the Cotswold properties, which is reflected in the net decrease in this revenue.





As allowed by state statute, the Village of Pinehurst may assess property owners for expenditures that directly benefit specific property owners. Currently, the Village has assessed property owners for improvements made to dams in FY 2006-2007 in the Municipal Service District (MSD). The Village expects to collect \$12,410 for the 9th installment of a 15 year assessment in FY 2015. The Village also intends to assess property owners in the newly annexed Cotswold of Pinehurst for a stormwater project in fiscal year 2015. The budget assumes that the assessment will be paid in five equal installments of approximately \$18,700 annually.

Assessments	FY 2012-13 Actual	FY 2013-14 Budget	FY 2013-14 Estimated	FY 2014-15 Budgeted	Percent Change
Assessments	\$ -	\$ 12,410	\$ 12,410	\$ 31,110	150.7%
Total Assessments	\$ -	\$ 12,410	\$ 12,410	\$ 31,110	150.7%



Description of Revenue Source

Sales and Services revenue consists of three separate revenue sources for Parks and Recreation Fees and Charges. The first source is Harness Track revenue for 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 and athletic leagues sponsored by the Recreation Department.

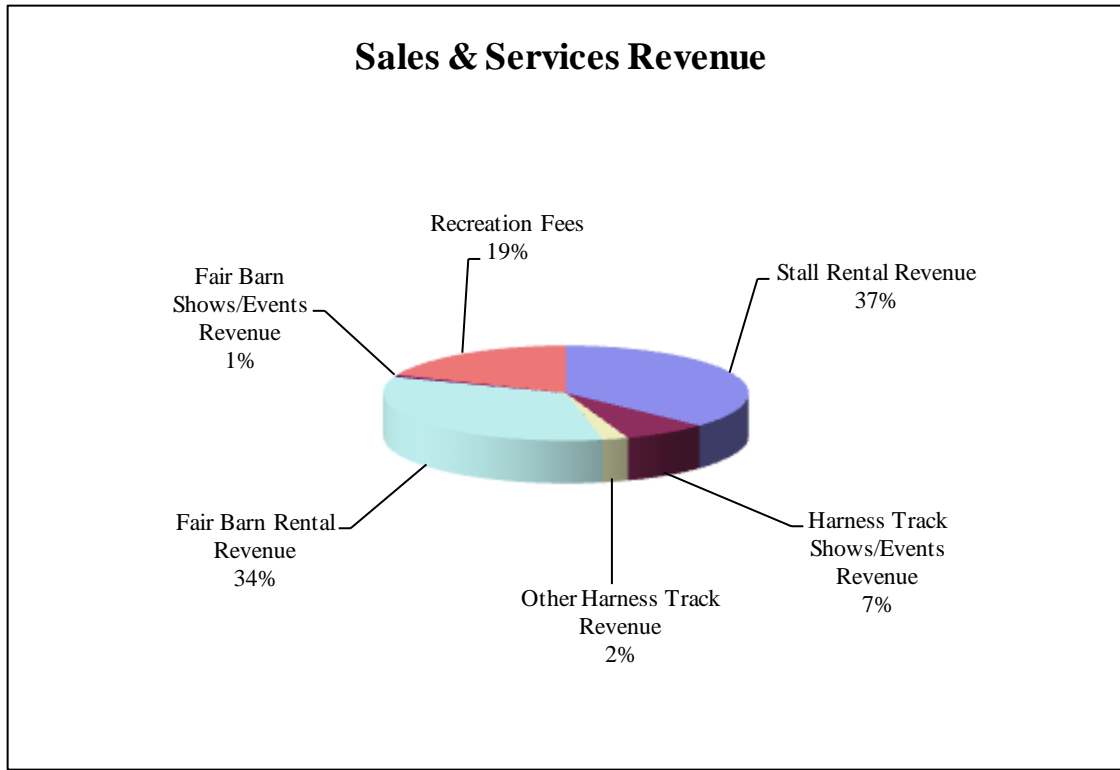
Sales & Services	FY 2012-13 Actual	FY 2013-14 Budget	FY 2013-14 Estimated	FY 2014-15 Budgeted	Percent Change
Stall Rental Revenue	\$ 189,372	\$ 185,000	\$ 197,000	\$ 197,000	6.5%
Harness Track Shows/Events Revenue	54,453	42,000	40,000	40,000	-4.8%
Other Harness Track Revenue	10,079	10,515	10,515	12,000	14.1%
Fair Barn Rental Revenue	148,192	180,000	180,000	180,000	0.0%
Fair Barn Shows/Events Revenue	9,768	3,000	3,000	3,000	0.0%
Recreation Fees	105,880	93,500	93,500	100,500	7.5%
Total Sales & Services	\$ 517,744	\$ 514,015	\$ 524,015	\$ 532,500	3.6%

Revenue Assumptions

- Harness Track fees are expected to increase for FY 2014-2015 as rental of the facility returns to normal levels as parts of the facility were used by the United States Golf Association (USGA) leading up to and during the U.S. Open Championships in June 2014.
- The events held at the Fair Barn continue to be successful. Revenues are expected to remain steady at \$180,000 for FY 2014-2015 as the number and types of events are expected to be similar to fiscal year 2013-2014.
- Recreation Fees are expected to increase by 7.5% as existing programs are expanded and new programs are added in fiscal year 2015. Expanded programming includes ballroom and line dancing, pottery classes and cooking classes. The Fair Barn is being used to increase capacity and revenue for recreation programs.



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 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. Other Miscellaneous Revenues include donations made to the Village, fees generated by the Police Department, and various other minor fees.

Other Revenues	FY 2012-13 Actual	FY 2013-14 Budget	FY 2013-14 Estimated	FY 2014-15 Budgeted	Percent Change
ABC Revenues	\$ 105,758	\$ 90,000	\$ 123,000	\$ 113,800	26.4%
Recycling Revenues	55,406	55,000	21,194	-	-100.0%
Other Miscellaneous Revenues	163,728	315,597	300,880	79,730	-74.7%
Total Other Revenues	\$ 324,892	\$ 460,597	\$ 445,074	\$ 193,530	-58.0%

Revenue Assumptions

- ABC revenue is projected to increase by 26.4% for the FY 2014–2015. This increase is due to fiscal year 2014 actual estimates are 37.0% higher than budgeted revenues as well as a return to normal growth in sales after the Men’s and Women’s U.S. Open held in June 2014.
- Prior to FY 2014-2015, the Village derived recycling revenues from a private contract between the Village and Pratt Industries. This relationship was discontinued in fiscal year 2014 and assumed by Moore County.
- Other miscellaneous revenues are expected to decrease by 74.7%. The primary factor contributing to this decrease is fixed asset sales. The Village sold a vacant fire station and received \$220,000 from the sale in FY 2014.



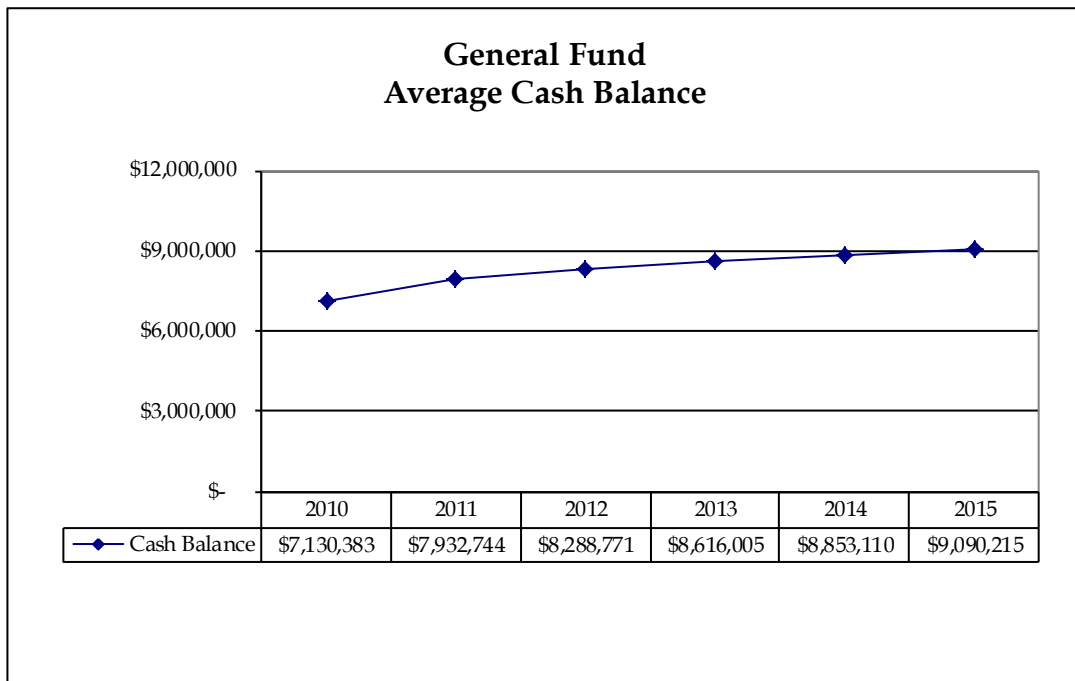
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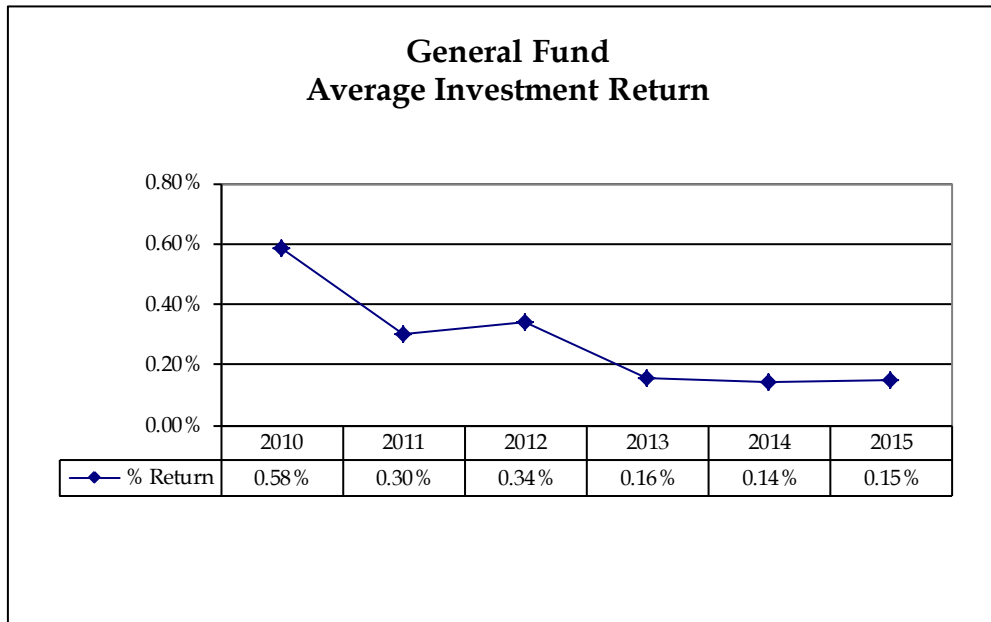
Investment Income includes the return earned on cash and investment balances. Interest is earned on the cash balances invested with the North Carolina Capital Management Trust (NCCMT), an SEC-registered (2a7) money market mutual fund, bank certificates of deposit, U. S. Treasury and Agency securities,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

	FY 2012-13 Actual	FY 2013-14 Budget	FY 2013-14 Estimated	FY 2014-15 Budgeted	Percent Change
Investment Income	\$ 13,342	\$ 20,500	\$ 20,500	\$ 14,100	-31.2%
Total Investment Income	\$ 13,342	\$ 20,500	\$ 20,500	\$ 14,100	-31.2%

Revenue Assumptions

- Investment income is estimated to decrease 31.2% as investment rates continue to remain at historically low levels. The average rate of return expected in fiscal year 2015 is 0.15% which is 1 basis point above the rate of return in FY 2013-2014.







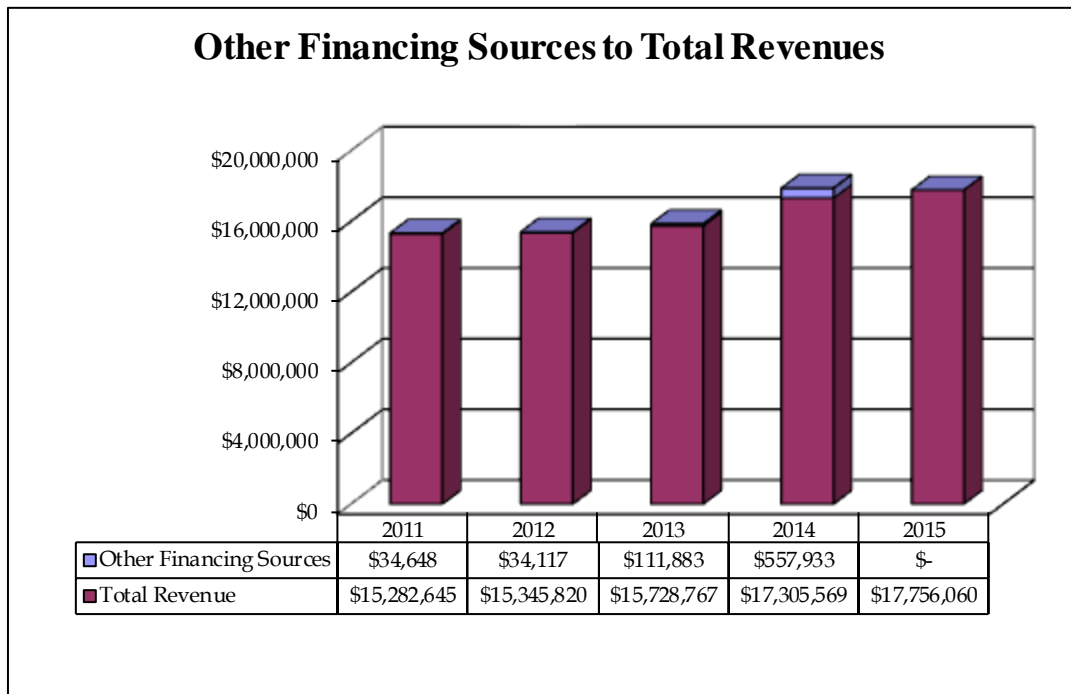
Description of Revenue Source

Other Financing Sources is comprised of Operating Transfers from other funds and occasionally debt proceeds. A common Operating Transfer from a Special Revenue Fund would be from a Capital Project Fund to reimburse the General Fund for capital expenditures.

Other Financing Sources	FY 2012-13 Actual	FY 2013-14 Budget	FY 2013-14 Estimated	FY 2014-15 Budgeted	Percent Change
Loan Proceeds	\$ 59,503	\$ 550,000	\$ 550,000	\$ -	-100.0%
Transfer from Capital Project Funds	24,982	-	-	-	0.0%
Transfer from Special Rev Funds	27,398	7,933	-	-	-100.0%
Total Other Financing Sources	\$ 111,883	\$ 557,933	\$ 550,000	\$ -	-100.0%

Revenue Assumptions

- Loan proceeds of \$550,000 were received to facilitate the purchase of a replacement fire truck in the 2013-2014 fiscal year.
- The Interest-Residential Assurance Special Revenue Fund was closed in FY2014 and all assets were transferred to the General Fund.
- No transfers to the General Fund are expected in fiscal year 2015.





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 2012-13 Actual	FY 2013-14 Budget	FY 2013-14 Estimated	FY 2014-15 Budgeted	Percent Change
Fund Balance Appropriated	\$ -	\$ 876,272	\$ -	\$ 1,687,710	92.6%
Total Fund Balance Appropriations	\$ -	\$ 876,272	\$ -	\$ 1,687,710	92.6%

Revenue Assumptions

- For FY 2014-2015 we have appropriated \$1,687,710 of the Village’s fund balance as a revenue source. Historically, operating revenues come in at 101% of budget while operating expenditures typically fall 5% below budget. The amount of fund balance that is appropriated this year does not exceed this budget variance amount. If this historical trend continues for FY 2014-15 we will subtract approximately \$762,670 from Fund Balance which will cause fund balance to decrease to approximately 37.4% of General Fund expenditures, well within the Council’s adopted range of 30%-40%.
- The amount of fund balance appropriated in FY 2014-2015 is 92.6% higher than the previous fiscal year as \$700,000 was received in fiscal year 2014 from the USGA to provide services and facilities for the U.S. Open Championships.