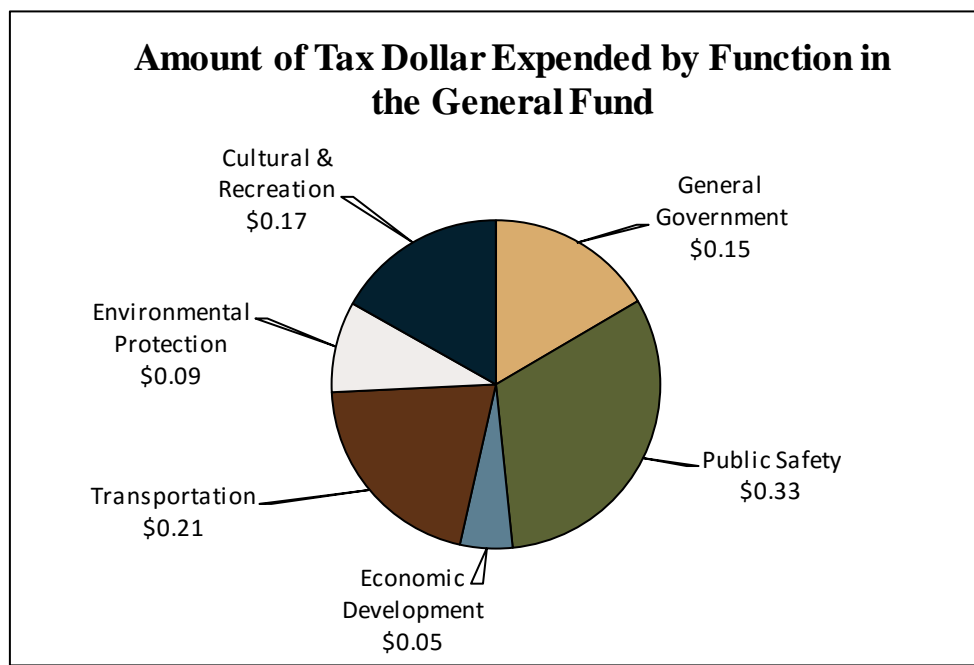




## Description

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

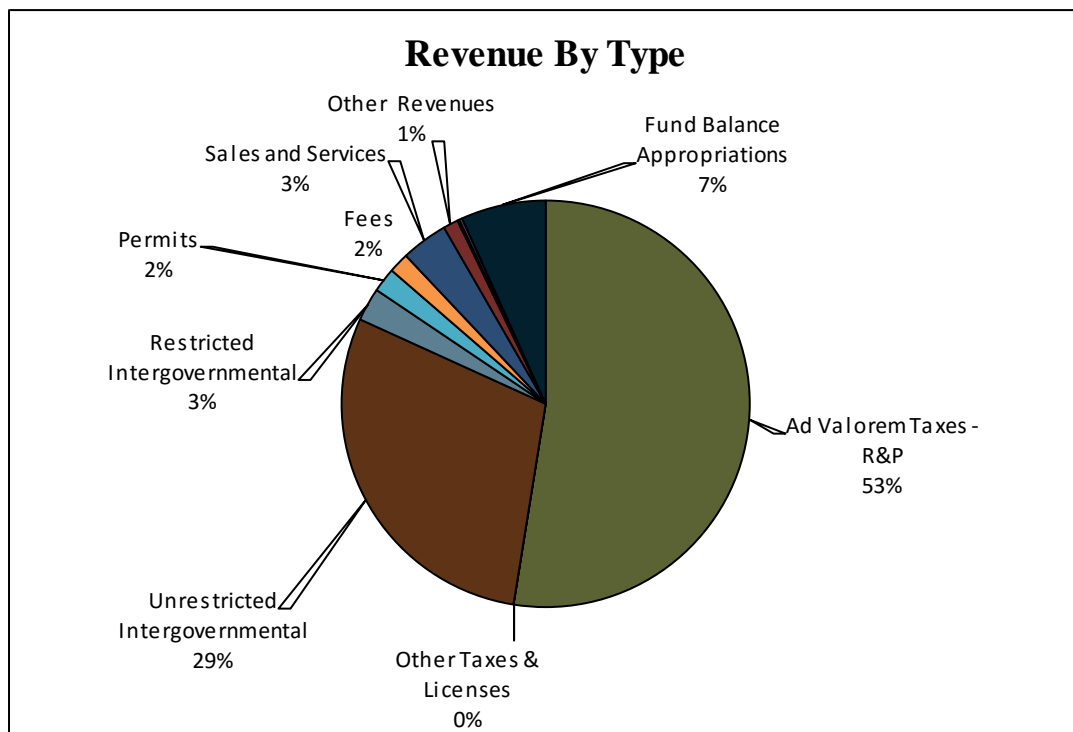




## General Fund Summary

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 53% of the Village of Pinehurst's total revenues.

Revenues by Type	FY 2016 Actual	FY 2017 Budget	FY 2017 Estimated	FY 2018 Budgeted	Percent Change
Ad Valorem Taxes	\$ 9,697,697	\$ 9,923,000	\$ 9,932,000	\$ 10,052,000	1.3%
Other Taxes & Licenses	8,745	500	500	1,000	100.0%
Unrestricted Intergovernmental Rev.	5,328,610	5,326,200	5,395,200	5,606,100	5.3%
Restricted Intergovernmental Rev.	509,245	505,200	506,276	505,400	0.0%
Permits & Fees	632,033	583,800	697,885	676,800	15.9%
Sales & Services	729,626	652,400	677,743	709,100	8.7%
Assessments	45,741	29,000	29,130	28,400	-2.1%
Other Revenues	253,254	202,800	238,975	226,780	11.8%
Investment Income	25,932	25,400	40,400	49,000	92.9%
Revenues	17,230,883	17,248,300	17,518,109	17,854,580	3.5%
Fund Balance Appropriations	-	1,786,430	-	1,284,513	-28.1%
<b>Total Revenues</b>	<b>\$ 17,230,883</b>	<b>\$ 19,034,730</b>	<b>\$ 17,518,109</b>	<b>\$ 19,139,093</b>	<b>0.5%</b>
<b>Per Capita</b>	<b>\$ 1,093</b>	<b>\$ 1,181</b>	<b>\$ 1,087</b>	<b>\$ 1,172</b>	

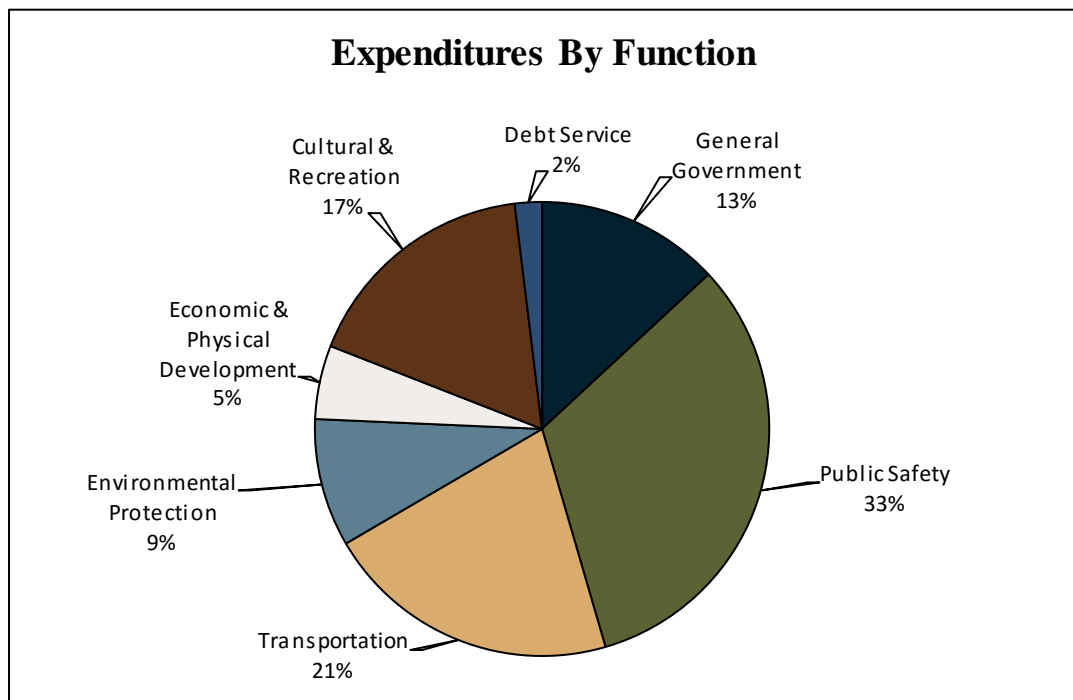




## General Fund Summary

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 2016 Actual	FY 2017 Budget	FY 2017 Estimated	FY 2018 Budgeted	Percent Change
General Government	\$ 2,142,750	\$ 2,432,199	\$ 2,208,861	\$ 2,459,967	1.1%
Public Safety	5,443,314	6,697,306	6,247,171	6,090,795	-9.1%
Transportation	2,774,071	3,542,489	3,401,352	3,963,083	11.9%
Environmental Protection	1,576,998	1,376,626	1,339,429	1,713,848	24.5%
Economic & Physical Dev	874,566	953,530	902,912	986,416	3.4%
Cultural & Recreation	2,854,719	3,569,858	3,374,411	3,218,471	-9.8%
Debt Service	464,223	412,722	412,722	362,513	-12.2%
Contingency	-	50,000	-	-	-100.0%
Expenditures	16,130,641	19,034,730	17,886,858	18,795,093	-1.3%
Other Financing Uses	-	-	-	344,000	100.0%
<b>Total Expenditures</b>	<b>\$ 16,130,641</b>	<b>\$ 19,034,730</b>	<b>\$ 17,886,858</b>	<b>\$ 19,139,093</b>	<b>0.5%</b>
<b>Per Capita</b>	<b>\$ 1,023</b>	<b>\$ 1,181</b>	<b>\$ 1,109</b>	<b>\$ 1,172</b>	





## General Fund Summary

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 2018.

Expenditures by Type	FY 2016 Actual	FY 2017 Budget	FY 2017 Estimated	FY 2018 Budgeted	Percent Change
Salaries & Benefits	\$ 8,885,661	\$ 9,689,338	\$ 9,134,837	\$ 9,904,550	2.2%
Operating	4,782,803	6,058,945	5,522,574	6,323,430	4.4%
Capital	1,997,954	2,873,725	2,816,725	2,204,600	-23.3%
Debt Service	464,223	412,722	412,722	362,513	-12.2%
Other Financing Uses	-	-	-	344,000	100.0%
<b>Total Expenditures</b>	<b>\$ 16,130,641</b>	<b>\$ 19,034,730</b>	<b>\$ 17,886,858</b>	<b>\$ 19,139,093</b>	<b>0.5%</b>

Expenditures by Department	FY 2016 Actual	FY 2017 Budget	FY 2017 Estimated	FY 2018 Budgeted	Percent Change
Governing Body	\$ 166,703	\$ 209,400	\$ 139,650	\$ 180,800	-13.7%
Administration	1,056,737	1,179,239	1,132,056	1,164,782	-1.2%
Finance	610,051	611,300	587,452	661,135	8.2%
HR	309,259	432,260	349,703	453,250	4.9%
Police	2,653,205	3,049,889	2,766,563	3,128,669	2.6%
Fire	2,582,053	3,430,580	3,269,562	2,743,766	-20.0%
Planning	527,678	669,498	626,882	713,541	6.6%
Inspections	208,056	216,837	211,046	218,360	0.7%
Public Services Admin.	642,266	849,544	825,869	549,784	-35.3%
Streets & Grounds	1,436,018	1,792,645	1,675,183	2,512,899	40.2%
Powell Bill	695,787	900,300	900,300	900,400	0.0%
Community Development	346,888	284,032	276,030	272,875	-3.9%
Solid Waste	1,576,998	1,376,626	1,339,429	1,713,848	24.5%
Recreation	1,706,662	2,152,011	2,027,468	1,929,610	-10.3%
Library	225,000	200,000	200,000	200,000	0.0%
Harness Track	610,576	796,231	764,732	640,861	-19.5%
Fair Barn	312,481	421,616	382,211	448,000	6.3%
Contingency	-	50,000	-	-	-100.0%
Debt Service	464,223	412,722	412,722	362,513	-12.2%
<b>Total Expenditures</b>	<b>\$ 16,130,641</b>	<b>\$ 19,034,730</b>	<b>\$ 17,886,858</b>	<b>\$ 18,795,093</b>	<b>-1.3%</b>
Other Financing Uses	-	-	-	344,000	100.0%
<b>Total Expenditures</b>	<b>\$ 16,130,641</b>	<b>\$ 19,034,730</b>	<b>\$ 17,886,858</b>	<b>\$ 19,139,093</b>	<b>0.5%</b>
<b>Per Capita</b>	<b>\$ 1,023</b>	<b>\$ 1,181</b>	<b>\$ 1,109</b>	<b>\$ 1,172</b>	<b>-0.7%</b>



### General Fund Summary

The General Fund continues to reflect the overall economy with moderate revenue growth from both locally generated revenues and statewide intergovernmental revenues. The continued recovery in the national housing market is having a positive impact on new home construction and this budget reflects the associated growth in Property Tax and Local Option Sales Tax revenues. There is also a significant increase in Electricity Sales Tax due to a favorable change in the tax rate and distribution formula.

The proposed General Fund budget for FY 2018 is \$19,139,093, an increase of approximately 0.5% from the previous year's amended budget.

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>
6/30/2013 Actual	\$15,616,884	\$15,811,474	\$ (194,590)
6/30/2014 Actual	16,654,796	16,867,090	(212,294)
6/30/2015 Actual	16,748,558	16,290,525	458,033
6/30/2016 Actual	17,230,883	16,130,641	1,100,242
6/30/2017 Estimated	17,518,109	17,886,858	(368,749)
6/30/2018 Budgeted	17,854,580	18,795,093	(940,513)

After accounting for an Other Financing Use of \$344,000 and adding Appropriated Fund Balance of \$1,284,513 to revenues, the Village's FY 2018 Recommended Budget is balanced in accordance with North Carolina General Statutes.



### Revenue Highlights

The approved budget for FY 2018 represents a 0.5% increase from the FY 2017 amended budget. Revenues are estimated to increase by approximately 3.5% over FY 2017. The recommended budget as presented results in a per capita expenditure of \$1,172 based on a projected population of 16,328.

The projected ad valorem tax revenues, which represent roughly 53% of total revenues, are expected to grow by 1.3% over the prior year. This is due to the increase in single-family home construction over the past two years. The proposed budget calls for the current property tax rate to remain at 29.5 cents per \$100 of property valuation.

Unrestricted Intergovernmental Revenues which are distributed by the North Carolina Department of Revenue are expected to increase at varying rates over the prior year. Local Option Sales Taxes, which provide approximately 17% of the Village's total General Fund budget, are expected to increase by 7.6% over the previous year's budget. This solid increase is based on higher than expected levels of retail sales over the last two fiscal years. Utility sales taxes are expected to increase and decrease over the prior year at varying rates. Overall, we are expecting to see unrestricted intergovernmental revenues increase approximately 5.3% over the FY 2017 budget.

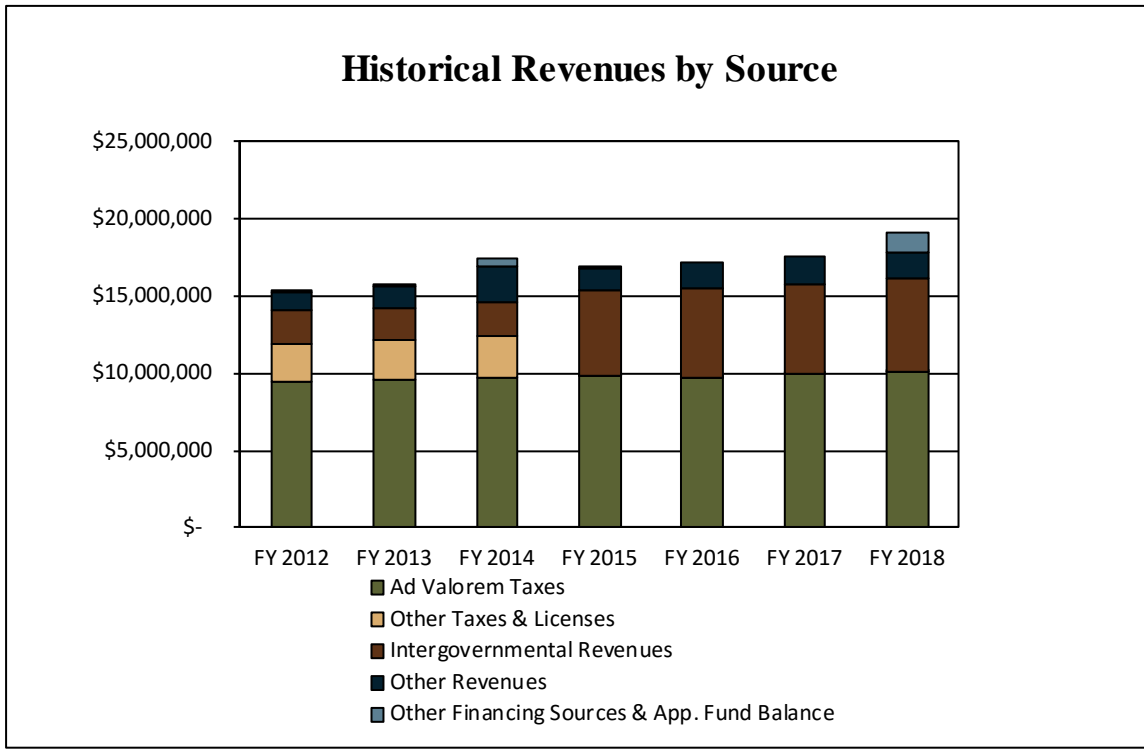
Permits and Fees are expected to increase by 15.9% in FY 2018 over the prior year budgeted levels. This increase is primarily due to a 19% increase in Fire District revenues. The increase is based on the implementation of Moore County's new fire protection funding formula and projected funding from the Town of Taylortown due to an increase in the property value in the area covered under the contract.

Sales and Services revenues, which are derived from various Parks and Recreation fees, are expected to increase by 8.7% over prior year levels. The largest increases are coming from recreation fees and facility rentals. This forecast is based on current year revenue collections which reflect increasing participation in recreation programs and high demand for rentals of the Village Arboretum venue.

Assessment revenues are expected to yield \$28,400 for FY 2018 from two special assessments. The revenue budget for FY 2018 anticipates \$9,800 from the Municipal Service District assessment and \$18,600 from the Cotswold assessment.

Other Revenues are planned to increase by \$24,000, or 11.8% compared to the previous year. The primary factor contributing to the increase is increased proceeds from the sale of the Village's surplus capital assets at auction.

Investment income is estimated to grow by 92.9% as interest rates have risen and funds available to invest have also increased. The average rate of return expected in Fiscal Year 2018 is 0.42%. This rate, although low, is nearly double the rate of return for FY 2017.



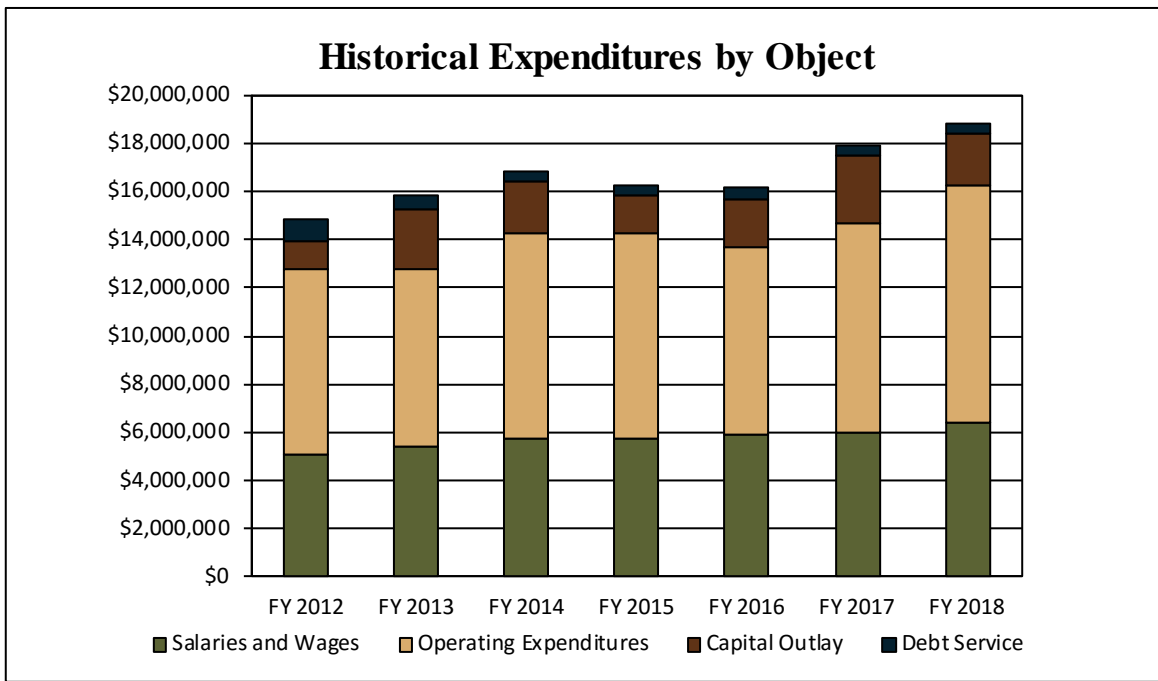


## Expenditure Highlights

Salaries & Benefits are expected to increase by 2.2% in FY 2018. This is affected by an average merit increase for employees of 0%-3% and a projected 10% increase in group insurance. Also, in FY 2018 there are 2.5 new employee FTEs added to the budget. The cost for these increases is offset to some extent by a significant number of employee retirements, which have lowered payroll expenditures slightly.

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). The 4.4% increase in operating expenditures is reflective of several new initiatives and their associated expenditures in FY 2018. 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. These include developing a land use plan and Planning & Inspections automation.

Capital spending in the General Fund decreased by 23.3% compared to the previous year. The inclusion of \$600,000 for the replacement of a fire engine in the prior year contributed to this variance. Significant items in the current plan include pedestrian facilities, streetscape improvements, two solid waste vehicles, and paving of the parking lot at Cannon Park.







**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 North Carolina Local Government Commission recommends that units of government retain an amount of unreserved fund balance in the General Fund of at least equal to 8% of appropriations of the fund. The Village Council has a financial policy recommending that the total fund balance in the General Fund remain between 30% and 40% 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.

The following schedules outline the percentage increase or decrease for the Village’s fund balance for the FY 2018 budget and three prior fiscal years.

<b>Fund Balance</b>	<b>FY 2015 Actual</b>	<b>FY 2016 Actual</b>	<b>FY 2017 Estimated</b>	<b>FY 2018 Budgeted</b>
Beginning	\$ 7,748,844	\$ 8,225,102	\$ 9,325,344	\$ 9,444,044
Ending	8,225,102	9,325,344	9,444,044	9,149,475
Increase/(Decrease)	476,258	1,100,242	118,700	(294,568)
% Change	6.1%	13.4%	1.3%	-3.1%
% of Expenditures	48.8%	57.8%	49.6%	47.8%

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 2018, we have appropriated \$1,284,513 of the Village’s fund balance as a revenue source. This amount is \$501,917 less than the previous fiscal year due to strong revenue growth and lower capital expenditure levels.

Fund balance is estimated to be \$9,444,044 at June 30, 2017. This is 49.6% of the budgeted FY 2017 expenditures of \$19,034,730. The Village’s fund balance policy is to maintain 30%-40% of expenditures in fund balance. Fund balance at June 30, 2018 is estimated to be \$9,149,475 or 47.8% of budgeted expenditures. Due to investment in the Community Center Capital Project Fund in FY 2018 and FY 2019, fund balance will reduce to the bottom of the policy range in FY 2019. After that, fund balance is expected to increase to 40% by 2021 and stabilize at that level for the remainder of the plan.

