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Memo

To: Village Council
From: Dana Van Nostrand
CC: Village Managers
Date: February 12, 2024
Re: FY 2024 Projected Year-End Financial Results and Mid-Year Budget Amendment

Projected Year-End Financial Results

Based upon my review of the quarterly financial statements through the end of December 2023, budget-to-actual reports through January 31, 2024, and discussions with Senior Management and Department Heads, I have formulated my estimate of the Village's projected year-end financial results. At this time, I estimate that the Village's expenditures will exceed its revenues at year-end by approximately \$541 thousand. This deficit, which will draw from fund balance if it comes to fruition, is \$59 thousand less than the fund balance appropriation of \$600 thousand that was in the original FY 2024 budget. This means the Village's projections are sufficient to cover the \$2.0 million of additional fund balance appropriation approved to date in FY 2024. The reason for this is discussed below.

The projected expenditures include a large reappropriation of approximately \$1.9 million related to purchases and projects that were incomplete as of June 30, 2023 and continued into FY 2024. These reappropriations are covered by fund balance appropriation when they are approved. Additional projected revenues of \$786 thousand coupled with projected savings of \$914 thousand in salaries and benefits and an additional \$410 thousand in other operating expenditure savings offset the fund balance appropriation for the expenditure reappropriation.

Rollforward of Fund Balance Appropriation (FBA):

FY 2024 FBA in SOP	\$ 600,100
Plus reappropriation from FY 2023	1,938,457
Plus GASB 96 amendment	112,800
Current FBA budgeted	<u>\$2,651,357</u>
Less additional projected revenues	(786,102)
Less projected expenditure savings	<u>(1,324,518)</u>
Estimated FY 2024 FBA	<u><u>\$ 540,737</u></u>

In addition to specific revenue and expenditure projections for significant accounts, the estimate also includes an assumption that the Village will achieve additional favorable budget-to-actual variances. Based on the Village's historical budget-to-actual variances, it is probable the estimated budget-to-actual variances will be



attained. The estimate assumes all budgeted capital outlays will be expended in FY 2024 since whatever is not spent in FY 2024 will likely be reappropriated in FY 2025 and not truly be an addition to fund balance.

Total fund balance for the General Fund at the beginning of this fiscal year was over \$20.3 million. I am projecting that fund balance will increase to nearly \$20.6 million by the close of this fiscal year. This estimate will leave the ending fund balance for the General Fund at 74% of budgeted expenditures (excluding other financing uses). This percentage is well above our policy minimum and positions us well to address initiatives identified in the FY 2025 Village Council Strategic Planning Retreat, particularly the funding of the library and archives capital projects.

Fund Balance	FY 2022 Actual	FY 2023 Actual	FY 2024 Budgeted*	FY 2024 Estimated*
Beginning	\$ 13,288,868	\$ 15,239,959	\$ 16,706,724	\$ 20,362,064
Ending	15,239,959	20,362,064	18,412,049	20,570,478
Increase/(Decrease)	1,951,091	5,122,105	1,705,325	208,414
% Change	14.7%	33.6%	10.2%	1.0%
% of Expenditures**	73.5%	83.1%	68.6%	74.0%

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

** Excludes Other Financing Uses

Budget Amendment

When evaluating our projected actual amounts compared to the current budget, I identified several of the more significant items that have deviated from our original budget projections. We propose the Village revise the budget for these items to bring the budgeted amounts closer to the expected year-end amounts. I have detailed the proposed changes below:

Revenues

- I project real and personal property tax revenues to be \$90 thousand lower than budgeted. This projection is based on the actual tax levy for this fiscal year. The actual levy is lower than our budget due to the growth assumptions that were added on top of the revaluation in the FY 2024 budget.
- Motor vehicle property tax revenues are estimated to be approximately \$140 thousand higher than originally anticipated. These projections are based on the taxes collected to date and historical collections from January-June.
- Upon adoption of the FY 2024 North Carolina state budget in October, the NC Department of Transportation (NC DOT) Powell Bill program funding was finalized. We received \$65,223 more than originally anticipated, thus we recommend increasing revenue by this amount.
- The annual State Aid allocation for Given Memorial Library was also finalized for FY 2024, with an increase of \$1,361 compared to the preliminary allocation used in the budget.
- The actual fire district revenue due from Taylortown and Moore County in FY 2024 is \$29 thousand higher than estimated for the FY 2024 budget. The tax revaluation was the primary driver of the increase.
- Stall rentals at the Harness Track are trending lower than anticipated in the FY 2024 budget. Projected revenues based on current stall rentals are about \$25 thousand lower than the original budget. The budget included optimistic growth due to the improvements that have been made at the Harness Track.



- Fair Barn rentals and reservations are slightly higher than FY 2023 actuals, coupled with an increased fee rate compared to last year. We expect to collect \$275 thousand for fair barn rentals in FY 2024, \$20 thousand higher than the budget.
- Sales of fixed assets have already exceeded the FY 2024 budget due to approximately \$50 thousand in surplus asset sales in December 2023 plus the proceeds from the land swap with the County. Based on the actuals to date, I propose increasing this budget by \$290 thousand to a total of \$310 thousand for FY 2024.
- The Village received the first payment for the Given Bookshop surplus in December 2023 in accordance with the Library Transfer Agreement. The bookshop surplus for calendar year 2022 was \$30 thousand. The bookshop surplus payment of \$77 thousand for calendar year 2023 will also be received in FY 2024. No funds were anticipated for this in the FY 2024 budget to be conservative. I recommend increasing the library donations budget by \$106 thousand to account for these payments.
- Interest rates have remained high in FY 2024 to date, driving investment income to be significantly higher than budgeted. The January 2024 investment yield was 5.29%, compared to 4.29% in January of the prior year and a budgeted yield of 3.00%. Approximately 99% of the Village's cash is invested in the North Carolina Capital Management Trust (NCCMT) money market fund and yields in this fund are tracking with relevant indices. I recommend conservatively amending the investment income budget to increase it by \$214 thousand, which equates to an annual yield of approximately 4% through the end of the fiscal year.

Expenditures

- The FY 2024 budget included additional professional services funds in the Governing Body department for legal services. Based on expenditures to date and the status of known legal proceedings at this time, I recommend reducing this budget by \$40 thousand.
- The Administration appropriation included \$15 thousand as an estimate of the Village's share of the Sandhills Metropolitan Planning Organization (SMPO) member dues in FY 2024. We now know the SMPO will not need to collect any member dues for FY 2024, therefore this appropriation can be removed.
- In Human Resources, \$50 thousand was originally appropriated for salary market adjustments. When the market adjustments for FY 2024 were implemented, it was determined that they could be absorbed within the affected departments due to various position changes and temporary vacancies. We are recommending removing the \$50 thousand appropriation from the budget.
- At the time the FY 2024 budget was developed, gas prices were high and it was uncertain how long that trend would last. Fortunately, gas prices have been lower than anticipated in the budget. We recommend reducing the gas budget for Fleet Maintenance by \$40 thousand based on projections through the end of the fiscal year. The related department fleet allocations for Police, Streets & Grounds, and Solid Waste will be decreased accordingly.
- The Streets & Grounds appropriation includes funds for pavement patching and small drainage projects each year. Based on historical spending trends and plans for patching and drainage projects in FY 2024, I recommend reducing this budget by \$50 thousand.
- The Harness Track was planning to rent a skid steer in FY 2024 at an estimated cost of \$15 thousand. The skid steer will not be rented, therefore this appropriation can be removed.



In total, these adjustments will increase anticipated revenues by \$750 thousand, reduce the Village's FY 2024 expenditure appropriations by \$210 thousand, and reduce fund balance appropriated by \$960 thousand. Adopting the above adjustments within the revenue and expenditure accounts will enable the Village to prepare more accurate budget estimates for the next fiscal year and maintain statutory compliance required by the Local Government Budget and Fiscal Control Act.

As we enter the strategic planning and budgeting season, the Village is well positioned to carry out the objectives in our Strategic Operating Plan. The Village continues to remain in a solid financial position because of our conservative financial policies, disciplined financial planning, and diligent budget oversight by all departments. Should you have any questions, please feel free to contact me.



**VILLAGE OF PINEHURST
BUDGET AMENDMENTS APPROVED BY BUDGET OFFICER
FOR THE PERIOD FEBRUARY 13 - FEBRUARY 20, 2024**

Under Village of Pinehurst Ordinance #23-14, the Village Council grants the Budget Officer (the Village Manager) the ability to transfer appropriations under specific conditions. These conditions allow transfers between departments (including contingency) of the same fund to increase an appropriation up to \$25,000 in a single budget amendment for the FY 2024 Budget. The Budget Officer may not transfer monies between funds at any time.

According to Section 159-15 of The Local Government Budget and Fiscal Control Act, "any such transfers shall be reported to the governing board at its next regular meeting and shall be entered in the minutes." Listed below are the amendments authorized by the Budget Officer for the period specified above.

Note: Since appropriations are made at the department level, line item adjustments within the same department may be made without limit and do not require a report since they do not actually amend the adopted budget ordinance.

<u>ACCOUNT NUMBER</u>	<u>DESCRIPTION</u>	<u>DEBIT</u>	<u>CREDIT</u>	<u>APPROVED DATE</u>
1	Rebalance Utilities budgets between departments based on actual costs to date:			2/20/2024
10-20-420-6400	Utilities - Streets & Grounds	\$ 8,000		
10-80-610-6400	Utilities - Recreation	7,000		
10-80-615-6400	Utilities - Library	2,000		
10-80-620-6400	Utilities - Harness Track	1,000		
10-00-220-6400	Utilities - Administration		\$ 8,000	
10-80-640-6400	Utilities - Fair Barn		10,000	
		<u>\$ 18,000</u>	<u>\$ 18,000</u>	

RESOLUTION #24-01:

RESOLUTION HONORING THE SERVICE OF MR. JOHN STRICKLAND AS MAYOR OF PINEHURST, NORTH CAROLINA

WHEREAS, the Village Council of Pinehurst, North Carolina wishes to acknowledge and express its appreciation to Mr. John Strickland for his dedicated service to the citizens of Pinehurst as Mayor; and

WHEREAS, Mr. Strickland served the Village of Pinehurst as Mayor from December 2019 to December 2023; and

WHEREAS, Mr. Strickland dedicated his time, knowledge, and abilities to the Village and provided unwavering leadership and thoughtful consideration to all matters; and

WHEREAS, Mr. Strickland was a key partner in negotiating the development of the USGA Golf House Pinehurst facilities and the establishment of the Village of Pinehurst as the first US Open anchor site; and

WHEREAS, Mr. Strickland played an integral role in notable projects such as the acquisition of the Given Memorial Library and Tufts Archives, the formation of the Sandhills Metropolitan Planning Organization, and the creation of the Co-Operative Liaison of Mutual Benevolence Agreement with Dornoch, Scotland; and

WHEREAS, Mr. Strickland actively participated in the formalization of the Neighborhood Advisory Committee; and

WHEREAS, Mr. Strickland contributed to the development and adoption of the Downtown Amenity Plan, 2023 Parks & Recreation Master Plan, Tree Buffer Ordinance, 2023 Stormwater Management and Master Plan, and Village Place and Pinehurst South Small Area Plans and Form Based Guidance Plans; and

WHEREAS, Mr. Strickland was, and continues to be, a strong advocate for the community of the Village of Pinehurst.

NOW, THEREFORE, BE IT RESOLVED by the Village Council of Pinehurst, North Carolina in a Regular Meeting assembled this 27th day of February 2024 as follows:

Section 1. That, on behalf of the citizens of Pinehurst, the Village Council expresses deep appreciation and gratitude to Mr. Strickland for the gifts of time, ability, and commitment in carrying out his duties as Mayor for the Village of Pinehurst.

Section 2. That a copy of this resolution be spread upon the permanent minutes of the Village of Pinehurst and a copy thereof, duly executed by the Mayor and Village Clerk, be presented to Mr. John Strickland as a token of our gratitude.

This Resolution passed and adopted on this 27th day of February 2024.

VILLAGE OF PINEHURST
VILLAGE COUNCIL

(Municipal Seal)

By: _____
Patrick Pizzella, Mayor

Attest:

Approved as to Form:

Shannon Konstantinou, Village Clerk

Michael J. Newman, Village Attorney

RESOLUTION #24-03:

RESOLUTION HONORING THE SERVICE OF MS. JANE HOGEMAN AS COUNCILMEMBER OF PINEHURST, NORTH CAROLINA

WHEREAS, the Village Council of Pinehurst, North Carolina wishes to acknowledge and express its appreciation to Ms. Jane Hogeman's family for her dedicated service to the citizens of Pinehurst as Councilmember; and

WHEREAS, Ms. Hogeman served the Village of Pinehurst as Councilmember from December 2019 until her death on July 19, 2023; and

WHEREAS, Ms. Hogeman dedicated her time, knowledge, and abilities to the Village and provided thoughtful consideration to all matters; and

WHEREAS, Ms. Hogeman was a key partner in negotiating the development of the USGA Golf House Pinehurst facilities and the establishment of the Village of Pinehurst as the first US Open anchor site; and

WHEREAS, Ms. Hogeman played an integral role in notable projects such as the acquisition of the Given Memorial Library and Tufts Archives; and

WHEREAS, Ms. Hogeman actively participated in the formalization of the Neighborhood Advisory Committee; and

WHEREAS, Ms. Hogeman contributed to the development and adoption of the Downtown Amenity Plan, 2023 Parks & Recreation Master Plan, Tree Buffer Ordinance, 2023 Stormwater Management and Master Plan, and Village Place and Pinehurst South Small Area Plans and Form Based Guidance Plans; and

WHEREAS, Ms. Hogeman was always a strong advocate for the community of the Village of Pinehurst.

NOW, THEREFORE, BE IT RESOLVED by the Village Council of Pinehurst, North Carolina in a Regular Meeting assembled this 27th day of February 2024 as follows:

Section 1. That, on behalf of the citizens of Pinehurst, the Village Council expresses deep appreciation and gratitude for Ms. Hogeman's gifts of time, ability, and commitment in carrying out her duties as Councilmember for the Village of Pinehurst.

Section 2. That a copy of this resolution be spread upon the permanent minutes of the Village of Pinehurst and a copy thereof, duly executed by the Mayor and Village Clerk, be presented to the family of Ms. Jane Hogeman as a token of our gratitude.

This Resolution passed and adopted on this 27th day of February 2024.

VILLAGE OF PINEHURST
VILLAGE COUNCIL

(Municipal Seal)

By: _____
Patrick Pizzella, Mayor

Attest:

Approved as to Form:

Shannon Konstantinou, Village Clerk

Michael J. Newman, Village Attorney

RESOLUTION #24-11:

RESOLUTION HONORING THE SERVICE OF DR. TOM HENNIE AS COUNCILMEMBER OF PINEHURST, NORTH CAROLINA

WHEREAS, the Village Council of Pinehurst, North Carolina wishes to acknowledge and express its appreciation to Dr. Tom Hennie for his dedicated service to the citizens of Pinehurst as Councilmember; and

WHEREAS, Dr. Hennie served the Village of Pinehurst as Councilmember from September 2023 to December 2023; and

WHEREAS, Dr. Hennie dedicated his time, knowledge, and abilities to the Village and provided thoughtful consideration to all matters; and

WHEREAS, Dr. Hennie contributed to the adoption of the 2023 Stormwater Management and Master Plan; and

WHEREAS, Dr. Hennie was, and continues to be, a strong advocate for the community of the Village of Pinehurst.

NOW, THEREFORE, BE IT RESOLVED by the Village Council of Pinehurst, North Carolina in a Regular Meeting assembled this 27th day of February 2024 as follows:

Section 1. That, on behalf of the citizens of Pinehurst, the Village Council expresses deep appreciation and gratitude to Dr. Hennie for the gifts of time, ability, and commitment in carrying out his duties as Councilmember for the Village of Pinehurst.

Section 2. That a copy of this resolution be spread upon the permanent minutes of the Village of Pinehurst and a copy thereof, duly executed by the Mayor and Village Clerk, be presented to Dr. Tom Hennie as a token of our gratitude.

This Resolution passed and adopted on this 27th day of February 2024.

VILLAGE OF PINEHURST
VILLAGE COUNCIL

(Municipal Seal)

By: _____
Patrick Pizzella, Mayor

Attest:

Approved as to Form:

Shannon Konstantinou, Village Clerk

Michael J. Newman, Village Attorney

ORDINANCE #24-05:

AN ORDINANCE AMENDING ORDINANCE #23-14 APPROPRIATING FUNDS FOR OPERATIONS OF THE VILLAGE OF PINEHURST FOR FISCAL YEAR 2024, REGARDING REVENUES AND EXPENDITURES OF THE GENERAL FUND (MID-YEAR BUDGET AMENDMENTS).

THAT WHEREAS, the Village budgeted for revenues and expenditures in FY 2024 for the General Fund; and

WHEREAS, the estimates for FY 2024 revenues and expenditures have been calculated and there are some variations between the amounts budgeted and the amounts expected,

NOW, THEREFORE, BE IT RESOLVED by the Village Council of the Village of Pinehurst, North Carolina, in the regular meeting assembled this 27th day of February 2024, as follows:

SECTION 1. To amend the General Fund with regard to revenues and expenditures, the revenue and expenditure accounts are to be changed as follows:

<u>Account No.</u>	<u>Account Name</u>	<u>Debit</u>	<u>Credit</u>
<i>Revenues:</i>			
10-00-100-3023	2023 Ad Valorem Taxes	\$ 90,000	
10-00-100-3123	2023 MV Tax		\$ 140,000
10-20-170-3350	Powell Bill		65,223
10-80-170-3364	State Aid Library System		1,361
10-10-100-3210	Fire District		29,000
10-80-130-3412	Stall Rental	25,000	
10-80-130-3417	Fair Barn Rental		20,000
10-00-120-3820	Sale of Fixed Assets		290,000
10-80-120-3888	Library Donations		106,000
10-00-120-3890	Interest on Investments		214,000
10-00-190-3905	FB Appropriation – General	960,584	
<i>Expenditures:</i>			
10-00-210-5800	Professional Services – Governing Body		40,000
10-00-220-5500	Dues & Subscriptions – Administration		15,000
10-00-240-4990	Salary Adjustments – Human Resources		50,000
10-00-960-5600	Gas – Fleet		40,000
10-00-960-3560	Charges to Other Departments – Fleet	40,000	
10-10-320-5903	Fleet ISF – Police		20,000
10-20-420-5903	Fleet ISF – Streets & Grounds		12,500
10-30-510-5903	Fleet ISF – Solid Waste		7,500
10-20-420-5300	Contracted Services – Streets & Grounds		50,000
10-80-620-6000	Rentals – Harness Track		15,000
TOTAL		<u>\$ 1,115,584</u>	<u>\$ 1,115,584</u>

SECTION 2. Copies of this budget amendment shall be furnished to the Village Clerk, Village Manager, and Financial Services Director for their direction and implementation.

THIS ORDINANCE passed and adopted this 27th day of February 2024.

VILLAGE OF PINEHURST
VILLAGE COUNCIL

(Municipal Seal)

By: _____
Patrick Pizzella, Mayor

Attest:

Approved as to Form:

Shannon Konstantinou, Village Clerk

Michael J. Newman, Village Attorney

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