

EXECUTIVE SUMMARY

BUDGET OVERVIEW

While recent news indicates key business trends such as employment, business returns, and investments are improving, public sector revenues, which rely on property and sales tax receipts, lag behind the private sector in economic recovery. For North Carolina local governments the economic challenges are compounded as the State seeks to address its budget deficit. Thus, the FY 2011-12 budget process presented more challenges than the prior years.

Like other local governments, The Town of Carrboro is still experiencing sluggishness with revenues. Staff has, however, continued to maintain a course of budget strategies to protect the short and long-term positive fiscal condition of the Town. The FY 2011-12 budget requires ongoing use of fiscal tools currently in place to adapt the budget and capital plans and financing to maintain the current level of services to the citizens. Town staff continues to delay capital projects, freeze vacant positions, and cut less vital operating expenses. Frozen positions include a Planner/Zoning Development Specialist, Landscape and Grounds Supervisor, and two new Police Officers that were approved to begin in January 2009, as well as a number of seasonal positions. These efforts are part of an overall strategy to avoid increasing the tax burden for Town residents in this time of economic difficulty.

The FY 2011-12 recommended budget, which substantially maintains the current revenue level, is focused on the primary interests that were included in the FY 2010-11 budget process:

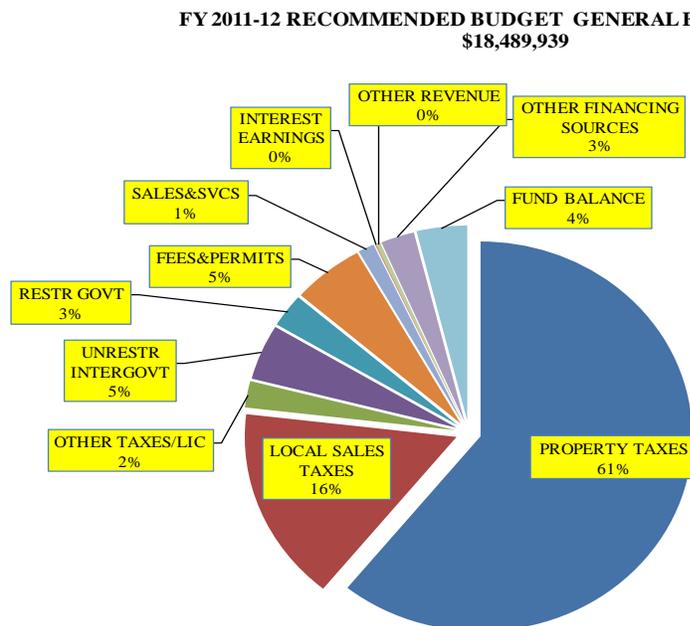
- Avoid a property tax rate increase,
- Maintain current service delivery levels,
- Maintain current active employees' jobs and benefits,
 - Set aside the pay-for-performance plan for third year in a row,
 - Provide for a lump sum payment for employee job performance (prorated for part-time permanent employees) with the amount based whether employee is above the Housing Minimum Wage level,
 - Continue current health insurance plan,
 - Continue with freeze on specific vacant positions, and,
- Continue to extent possible with planned long-term capital initiatives.

By tightening the operating expenditures, the Town can continue to fund capital initiatives underway, including the Weaver Street reconstruction project, sidewalk and greenways bond initiatives, and street repaving. The Town is also able to fund light vehicle replacements that are considered critical to providing day-to-day services. Some equipment items remain unfunded and must be considered in future years. For FY 2011-12 major equipment items scheduled for replacement have been postponed to a later time, including the Fire-Rescue Pumper and Front End Loader for Public Works. An attempt has been made to balance the significant pressure to hold down expenditures while acknowledging the danger of delaying the replacement of capital items that will become more costly in the long run-both on the capital side and the operating budget.

The total recommended general fund budget is \$18,489,939, a slight decrease of \$35,747 over the prior year budget. By law, municipalities are required to have a balanced budget where revenues must equal budgeted expenditures. Highlights of Town revenues and expenditures follow.

REVENUE REALITIES

Carrboro's revenue stream has two broad types of revenues: recurring revenues and other financing sources which represent certain one-time inflows of revenue that might otherwise distort a governmental fund's regular ongoing revenue trends. Recurring revenues consist of property taxes, sales taxes and intergovernmental revenues and comprise approximately 85% of general fund revenues. While the recurring revenues from property taxes are expected to increase slightly due to increased valuations, recurring revenues from sales taxes, and intergovernmental revenues, are down by over \$150,000 over the current year budget.



Other Financing Sources and Fund Balance comprise 7% of general fund revenues. There is overall decrease in Other Financing Sources due to the need for less installment financing to replace vehicles and equipment in FY 2011-12. The transfer from the Capital Reserve Fund of \$176,945 will be continued to partially offset the increase in debt service for the new fire station and to offset the first year of debt service for installment financing for replacement vehicles.

	CHANGES OVER PRIOR YEAR	FY 2011-12 RECOMMENDED REVENUE	FY 2010-11 ADOPTED REVENUE
INTERFUND TRANSFERS	\$0	\$176,945	\$176,945
INSTALLMENT FINANCING	(\$261,650)	\$298,850	\$560,500
FUND BALANCE	\$185,572	\$712,163	\$526,591
TOTAL OTHER FINANCING SOURCES	(\$76,078)	\$1,187,958	\$1,264,036

Installment financing represents the full cost of vehicles and equipment that the Town is planning to finance through a loan. Following generally accepted accounting practices, the full cost of the financed equipment is budgeted (equipment purchased in that fiscal year) in addition to the lease payment. However, an offsetting entry equal to the full cost value of the equipment is budgeted on the revenue side as lease proceeds. Thus, the true tax impact of the financed equipment is the lease value only. The full cost of financed equipment being purchased in FY 2011-12 equals \$298,850; the budgeted lease proceeds on the revenue side are also equal to this same amount. The projected installment financing revenue is \$261,650 less than the previous year. The debt expenditure associated with borrowing the funds for the equipment and vehicles recommended for replacement is \$65,740 and is offset by the Capital Reserve Fund transfer as mentioned above.

Fund Balance Appropriations are conservatively budgeted and increase by \$185,572 from the prior year. Overall fund balance appropriations make-up 4% of total revenues.

The two largest sources of revenue, property taxes and sales taxes, remain essentially flat. The property tax base is estimated at \$1,930,004,544 for FY 2011-12, representing a \$14,131,751 increase in value, or growth of less than 1% over the June 30, 2010 value of \$1,915,872,793. Each penny on the tax rate generates approximately \$188,947. In addition, property tax relief is available to taxpayers that meet specific guidelines. Relief is available for the elderly, permanently-disabled persons, and veterans who meet income and other specific exemption requirements. These relief benefits are expected to reduce the tax base available for taxation by an estimated \$6,555,628, resulting in a reduction of \$38,639 in property tax income to Carrboro.

Overall sales tax receipts, reflecting seven months of collections (\$1.7 million) for the year, are 50% of FY 2010-11 adopted budget (\$3.0 million) with actual collections estimated to be \$2.7 million. Compared to the same time period in FY 2009-10 sales tax receipt collections show a 1% decline. Statewide the N. C. League of Municipalities anticipates sales tax revenue distributions in the current fiscal year will be at least 2.5% higher than the FY 2009-10 collections.

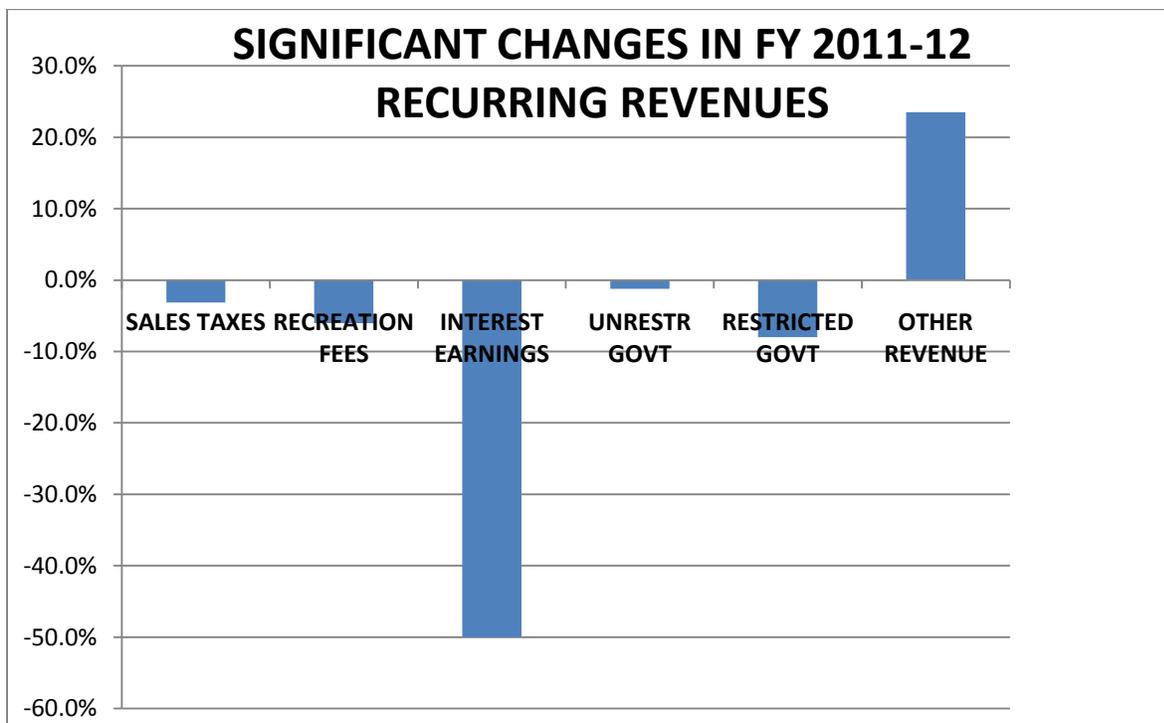
However, sales tax refund activity this year is at a higher level than in past years. While some of the higher level tax refunds are due to the reduction of a refund backlog by the state there appears to be increased refund claims activity by non-profits.

CATEGORY	% change	CHANGES OVER PRIOR YEAR	FY 2011-12 RECOMMENDED REVENUE	FY 2010-11 ADOPTED REVENUE
PROPERTY TAXES	2.0%	\$224,811	\$11,246,033	\$11,021,222
LOCAL SALES TAXES	-3.1%	(\$96,083)	\$2,966,053	\$3,062,136
OTHER TAXES/LIC	0.8%	\$3,326	\$406,076	\$402,750
UNRESTR INTERGOVT	-1.2%	(\$10,488)	\$849,531	\$860,019
RESTR GOVT	-8.0%	(\$44,216)	\$509,765	\$553,981
FEES & PERMITS	-0.7%	(\$7,629)	\$1,015,238	\$1,022,867
SALES & SVCS	-6.0%	(\$14,760)	\$229,846	\$244,606
INTEREST EARNINGS	-50.0%	(\$25,000)	\$25,000	\$50,000
OTHER REVENUE	23.5%	\$10,370	\$54,439	\$44,069
TOTAL EARNED REVENUE	0.2%	\$40,331	\$17,301,981	\$17,261,650

For FY 2011-12 the League anticipates statewide sales tax growth of 3-4%. While national sales growth has been positive since the end of 2009, sales in North Carolina have only flirted with growth the past couple of years. Sales tax revenues are not expected to rise quickly without a recovery of the housing market, which is not expected during FY 2011-12. Assuming that sales tax refunds from non-profits do not decline and local sales tax distributions continue to decline as the past two years, sales tax revenues for FY 2011-12 are projected to be 3% less.

Given the economy, the Town is seeing no growth in the majority of revenues across the board. The decrease in interest earnings is due to historically low interest rates. Intergovernmental revenues, recreation programming, rentals, and donations (reported in the Other Revenue category) have all been affected.

The Recreation Department estimates a drop in recreation programming fees based on current activity. The department plans to continue assisting residents with low incomes and qualifying groups with its scholarships and subsidies that, in FY 2009-10, equaled \$8,099. Through March 2011, the department has provided \$9,983 in similar support. The FY 2011-12 budget estimates that \$11,644 will be provided in support.



Other significant budget shortfalls include a 10% decrease in restricted Intergovernmental Revenues. The planned graduated annual reduction in the Staffing for Adequate Fire and Emergency Response (SAFER) grant for three firefighters that began in FY08-09 explains the bulk of the decrease in Restricted Intergovernmental revenues. Offsetting this decrease is \$8,500 from the relatively new excise tax imposed on municipal solid waste and construction debris that is deposited in a landfill. The excise tax on solid waste is returned to local governments to

support solid waste management programs and services. The Town expects to continue to receive the Alcoholic Beverage Control (ABC) Board grant for the Police Department to provide supplies for the enforcement of alcohol violations. While the Other Revenue category reflects an increase, these revenues are primarily donations and comprise 0.3% of the total revenues.

For Unrestricted Intergovernmental Revenues, the Town is expecting the beer and wine tax distributions to remain flat. In FY 2009-10 the State reduced the local share of beer and wine taxes resulting in a reduction of these revenues by 2/3. The Town expects that the State will continue this reduction for the next year.

BUDGET PROCESS

The budget process is similar to past years, requiring departments to justify their operating budget, the continuation of services as well as any expansions. The continuation budget includes adjustments for price increases in the cost of goods and services; and may include projects and infrastructure expenditures reflected in the annual CIP which includes street resurfacing costs, vehicles, equipment, various specific capital projects and debt service payments for capital commitments. All other requests are defined as “proposed changes” and are budgeted in a separate column.

EXPENDITURES

Town staff, in preparing budget requests, was asked to limit requests for expenditure increases to those things that are considered critical to have in FY 2011-12. The reduced flexibility in the revenue portfolio has required a sharp focus on what is important and necessary to performing day-to-day services. No expansion requests are funded.

As shown in the chart below, the recommended budget equals \$18,489,939, representing a \$35,747 decrease from the current year adopted budget. Much of this decrease is due to decreases in operations costs. The current year budget also includes continuation of the Town’s street resurfacing program, but at a reduced level. The annual transfer of \$200,000 for street resurfacing will not be made in FY 2011-12.

EXPENDITURE CATEGORY	2010-11 ADOPTED BUDGET	2011-12 RECOMMENDED BUDGET	CHANGES OVER PRIOR YEAR BUDGET	% CHANGE
PERSONNEL	\$ 10,671,236	\$ 10,752,733	\$ 81,497	0.8%
OPERATIONS	\$ 7,227,439	\$ 6,958,116	\$ (269,324)	-3.7%
CAPITAL OUTLAY	\$ 627,010	\$ 779,090	\$ 152,080	24.3%
TOTAL	\$ 18,525,685	\$ 18,489,939	\$ (35,747)	-0.2%

PERSONNEL

The increased personnel costs provide for the following:

- maintaining employee benefits at current levels
- providing for a small lump sum payment (equal to 1.7% of total budgeted payroll) to reward employee performance

Maintaining employee benefits includes the unfunded mandate to increase the employer contribution to the Local Government Employees' Retirement System (LGERS) from 6.35% to 6.88% for general employees and 6.41% to 7.35% for law enforcement personnel. This will cost an additional \$51,702 in FY 2011-12. The LGERS rate was increased last year for the first time since 1983. The State Treasurer's Office also anticipates an additional increase each year for the next several fiscal years to keep the pension fund solvent.

Town staff worked with its benefits broker to review health insurance benefits and was able to maintain the current benefits level and negotiate an increase of 8.2% (after anticipating an increase in excess of 15%) for the upcoming year (\$129,971). Retiree health insurance is expected to increase as well by \$30,000 due to the increased number of retirements. There were no increases in the costs of other benefits.

The continuing financial situation makes it impossible in FY 2011-12 to consider a return to the pay-for-performance plan in its original form where employees are rewarded for varying levels of performance. When the Board of Aldermen approved the plan, it was explained that performance pay amounts may vary from year to year depending on budget availability and labor market conditions. However, the recommended budget does include a one-time lump sum payment at a total cost of \$196,319 for all permanent full-time and part-time employees based on their performance level and whether they are earning above or below the Minimum Housing Wage of \$15.31 per hour. Below is the schedule for the lump sum payment.

Minimum Housing Wage	Outstanding Performance Rating	Proficient Performance Rating
Below \$15.31/Hour	\$ 1,250	\$ 1,000
At or Above \$15.31/Hour	\$ 1,000	\$ 750

Permanent part-time employees will receive a prorated amount based on hours worked.

It will be important in future budget years to return to properly funding the pay-for-performance system which financially rewards individual employees based on their actual levels of performance. Routinely providing no performance increases can affect our competitiveness with other jurisdictions and can create morale problems. Use of a lump sum payment that is essentially the same for everyone is an acceptable compensation strategy if used on a very infrequent basis. Otherwise, it can hurt employee morale because there is little to differentiate between levels of performance. In addition, there is no recognition of the different levels of job responsibilities, skill levels, education and licensing requirements, supervisory responsibilities, consequences of employee decisions, etc. that would normally afford a larger increase to employees with greater job responsibilities. This compensation strategy can also negatively impact our competitiveness.

Overall, the increase in personnel costs is offset by freezing several vacant positions for the upcoming year, saving the Town \$237,211. These positions have been frozen for two years and

there is no expectation that they will be filled during FY 2011-12. In addition, the Town opened the new fire station last year with existing fire personnel and continues to await word on a grant application to fund the final three firefighter positions planned for the new fire station.

OPERATING EXPENSES

The General Fund total operating budget for FY 2011-12 remains essentially flat with an overall expense reduction of \$35,747 (0.2%). Operating expenses are down overall by \$269,324; and capital outlays are up by \$152,080. Operating decreases occur when one-time expenses such as capital outlay or transfers are budgeted in the current year and are not reflected in the upcoming year. It is important to note a \$5,000 appropriation is in the Economic and Community Development Department to support the Local Living Economy Initiative. For FY 2011-12 the debt service decrease is 9% or \$146,804 (after some debt is retired and the initiation of new). The one-time allocation (\$151,883) in the General Fund for Weaver Street Reconstruction budgeted in the prior year is not needed for the FY 2011-12 budget.

CAPITAL OUTLAY

As mentioned earlier in the budget message, capital initiatives are an important component of this budget. In accordance with the Town’s financial policies, the Town Manager develops and maintains a six-year capital improvement program (CIP) plan that includes long-term maintenance, infrastructure needs and technology needed for the community. The CIP is incorporated into the annual operating budget request process. Items are appropriated into the budget by the Board of Aldermen upon adoption of the budget. The CIP plan can affect all categories of spending in the budget, including personnel and operating costs in addition to capital outlay costs.

The total \$799,090 budgeted for capital outlay reflects curtailed capital spending that is largely limited to the annual vehicle and equipment needs (\$298,850).

Department	Vehicle	Cost	Debt Svc
Rec & Parks	Full Size Pick up -Replace #016	\$ 16,000	3,520
Rec & Parks	Small Pick up -Replace #015	\$ 15,800	3,476
Planning	Mid size SUV - Replace #135	\$ 28,000	6,159
Police	Administration-Replace vehicle #190	\$ 28,000	6,159
Police	Patrol Vehicle-Replace vehicle #205	\$ 33,600	7,391
Police	Patrol Vehicle-Replace vehicle #206	\$ 33,600	7,391
Police	Patrol Vehicle-Replace vehicle #207	\$ 33,600	7,391
Police	Patrol Vehicle-Replace vehicle #208	\$ 33,600	7,391
Police	Patrol Vehicle-Replace vehicle #235	\$ 33,600	7,391
Police	Investigations-Replace vehicle #204	\$ 27,300	6,005
Police	Animal Control vehicle - Replace K-9	\$ 15,750	3,465
	TOTAL	\$ 298,850	\$ 65,740

Other capital initiatives are funded including the annual street resurfacing allocation (\$451,490), and operating and debt service costs for the bond-funded sidewalk program and the new fire substation previously discussed.

Numerous capital projects currently on hold in FY 2011-12 (all of which have been on hold the past two years) are proposed for funding through designated fund balance contingent upon fund balance ratios remaining within the stated fiscal policy goal of 22.5% to 35%. These projects will remain in the designated fund balance to be considered for funding as signs of economic stability and improvement occur. Annually an agenda item is presented to the Board in late June designating funds for projects that are not yet completed. The items in the chart below will be added to that agenda item.

CAPITAL PROJECTS DELAYED - SET ASIDE IN DESIGNATED FUND BALANCE	
ADAMS TRACT PEDESTRIAN BRIDGE	\$ 30,000
REPLACE CARPET IN FIRE DEPT HALLWAY	\$ 4,000
DOG PARK FENCE RENOVATION	\$ 10,500
WILSON PARK PLAYGROUND EQUIPMENT FOR 2-5 YEAR OLDS, FY08-09 CIP (FULL COST = \$30k; DEBT SERVICE = \$10k)	\$ 10,000
TOTAL	\$ 54,500

Due to fiscal constraints, a few capital items and operating costs associated with capital items (firefighters) remain unfunded as indicated in the chart below. As done annually, the Town will revisit its CIP in November 2011 and will review the status of all capital needs. The items proposed above for funding with designated fund balance and in the six-year planning cycle will be reviewed in context of the economic environment and spending plans will be revised accordingly.

CIP INITIATIVES NOT FUNDED	
THREE FIREFIGHTERS	\$ 129,923
FIELD #4 RENOVATION AT ANDERSON PARK	\$ 48,510
MULTIPURPOSE FIELD RENOVATIONS AT ANDERSON PARK	\$ 42,130
ANDERSON PARK LIGHTS	\$ 99,907
FIRE RESCUE PUMPER	\$ 620,000
FRONT END LOADER	\$ 220,000
IT - CAR VIDEO INFRASTRUCTURE AND EQUIPMENT	\$ 64,330
TOTAL	\$ 1,224,800

ALL OTHER FUNDS

While the general fund is the major operating budget for the Town, numerous other funds are used to track expenditures funded with legally restricted revenues including reserves for capital projects as designated by the Board, revolving loans for economic development, grants and capital projects. The activities of these funds are budgeted when board action is needed.

A transfer of \$176,945 is budgeted to offset debt service costs for the fire substation and initial vehicle financing costs in the General Fund. The transfer from the capital reserve fund is recognized as revenue to the general fund as Other Financing Sources with a corresponding expense budget in the debt service budget.

CONCLUSION

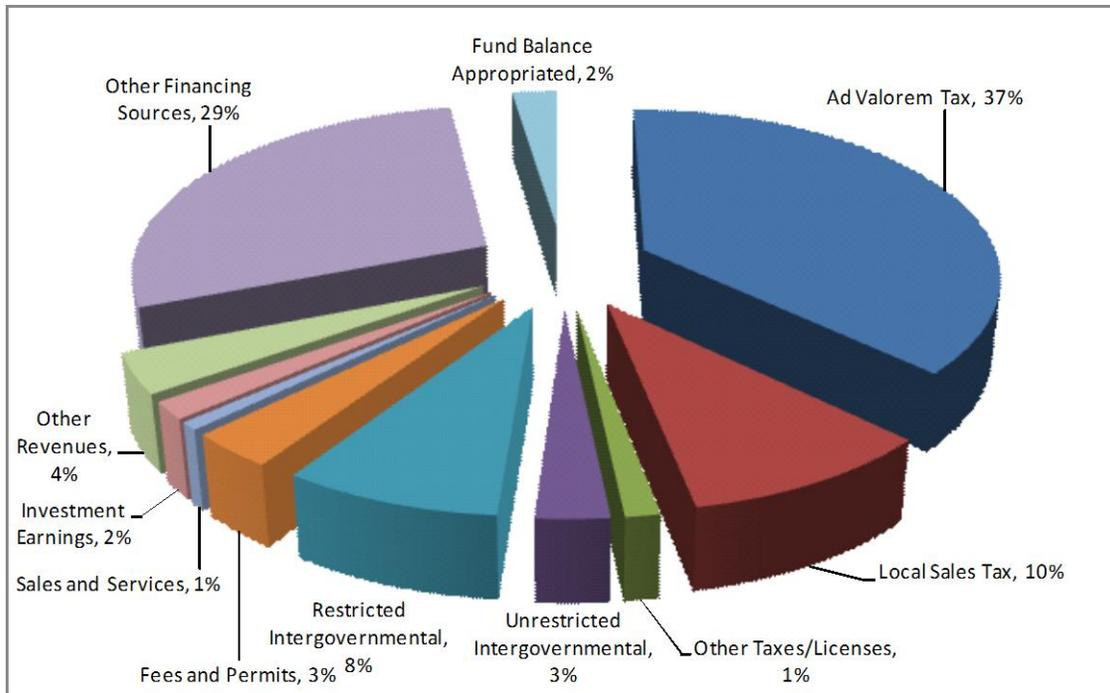
A significant concern is that the major revenues (property tax receipts and sales taxes) remain anemic, showing less than 1% growth over the FY10-11 adopted budget. Many other recurring revenues are also experiencing little or no growth, such as intergovernmental revenue, interest earnings, and recreation fees. These are revenues that represent a response to the economic conditions. The no growth in revenues in the slow economic recovery requires the Town to delay capital improvement projects and consider the use of fund balance to maintain the current level of services to the citizens. As capital projects and vehicle replacements are delayed, there may be increased costs in the future.

Understanding the limited growth of town revenues, a word of caution is needed in understanding that the interests of maintaining town services and employee benefits without increasing the tax rate in this recommended budget will require the Town to pay for short and long-term commitments in the future that can only be covered through growth in the revenue stream and/or future tax increases. Specific large ticket items to consider in addition to delayed capital initiatives discussed above may include paying additional mandated state retirement costs; restoring the pay-for-performance program; increased debt service costs for vehicles and bond-funded sidewalk and greenways program to be supported by the General Fund, and continued health insurance cost increases. These items could impact the FY 2012-13 budget by a minimum of \$500,000. Additionally, funding for three new fire fighters and current frozen positions could add another \$300,000 or more.

The sales tax and the lackluster growth in the Town's property tax base are two large and important sources of funding for the Town that severely limit what can be afforded in the way of community services. The Town will continue to make careful and balanced choices in providing for, day-to-day services, longer term capital needs and the recognition of the valuable contributions made by all of our employees. It is important in our community to continue the commitment to quality service delivery and strong fiscal health in a manner that is sustainable for future generations.

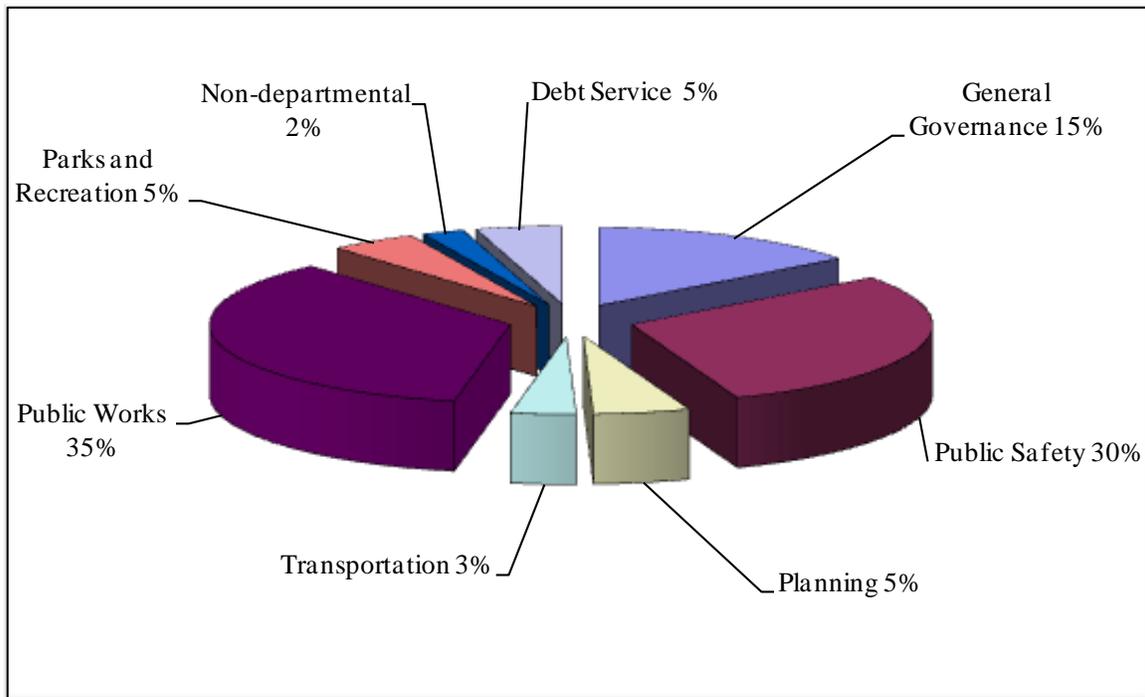
Revenue Summary - All Funds FY 2011-12 Budget by Fund Type

	General Fund	Special Revenue Funds	Capital Funds	Total All Funds
Ad Valorem Tax	\$11,246,033			\$ 11,246,033
Local Sales Tax	\$2,966,053			\$ 2,966,053
Other Taxes/Licenses	\$406,076			\$ 406,076
Unrestricted Intergovernmental	\$849,531			\$ 849,531
Restricted Intergovernmental	\$509,765	\$ 379,900	\$ 1,617,804	\$ 2,507,469
Fees and Permits	\$1,015,238			\$ 1,015,238
Sales and Services	\$229,846			\$ 229,846
Investment Earnings	\$25,000	\$ 305,000	\$ 179,507	\$ 509,507
Other Revenues	\$54,439	\$ 813,440	\$ 463,551	\$ 1,331,430
Other Financing Sources	\$475,795		\$ 8,173,228	\$ 8,649,023
Fund Balance Appropriated	\$712,163	\$ 11,750		\$ 723,913
Total Budgeted Revenues	\$ 18,489,939	\$ 1,510,090	\$ 10,434,090	\$ 30,434,119



Expense Summary - All Funds FY 2011-12 Budget by Fund Type

	General Fund	Special Revenue Funds	Capital Funds	Total All Funds
Mayor and Board of Aldermen	\$ 298,236			\$ 298,236
Advisory Boards	\$ 11,800			\$ 11,800
Governance Support	\$ 268,541			\$ 268,541
Town Manager	\$ 275,987			\$ 275,987
Economic and Community Development	\$ 150,604	\$ 1,130,190		\$ 1,280,794
Town Clerk	\$ 88,120			\$ 88,120
Management Services	\$ 1,001,601			\$ 1,001,601
Human Resources	\$ 376,731			\$ 376,731
Information Technology	\$ 868,785			\$ 868,785
Police	\$ 3,359,901			\$ 3,359,901
Fire	\$ 2,401,635		\$ 3,250,000	\$ 5,651,635
Planning	\$ 1,192,020	\$ 379,900		\$ 1,571,920
Transportation	\$ 1,064,150			\$ 1,064,150
Public Works	\$ 3,794,881		\$ 7,007,145	\$ 10,802,026
Parks and Recreation	\$ 1,428,198		\$ -	\$ 1,428,198
Non-departmental	\$ 506,639		\$ 176,945	\$ 683,584
Debt Service	\$ 1,402,111			\$ 1,402,111
Total Budgeted Expenditures	\$ 18,489,939	\$ 1,510,090	\$ 10,434,090	\$ 30,434,119



SUMMARY OF REVENUES, EXPENDITURES, AND OTHER FINANCING SOURCES GENERAL FUND

	2009-10 Actual	2010-11 Adopted	2010-11 Estimated	2011-12 Adopted	% Change 2011/12 from 2010/11
Estimated Fiscal Year Beginning Fund Balance	\$ 11,819,860	\$ 14,975,070	\$ 17,256,817	n/a	n/a
Revenues					
Ad Valorem Taxes	\$ 11,213,669	\$ 11,021,222	\$ 11,264,500	\$ 11,246,033	2%
Local Option Sales Taxes	\$ 3,039,931	\$ 3,062,136	\$ 2,702,158	\$ 2,966,053	-3%
Other Taxes and Licenses	\$ 508,344	\$ 402,750	\$ 413,100	\$ 406,076	1%
Unrestricted Intergovernmental	\$ 875,129	\$ 860,018	\$ 858,819	\$ 849,531	-1%
Restricted Intergovernmental	\$ 731,165	\$ 553,981	\$ 594,882	\$ 509,765	-8%
Permits and Services	\$ 1,175,314	\$ 1,022,867	\$ 1,074,730	\$ 1,015,238	-1%
Sales and Services	\$ 256,639	\$ 244,606	\$ 238,090	\$ 229,846	-6%
Investment Earnings	\$ 49,174	\$ 50,000	\$ 15,000	\$ 25,000	-50%
Other	\$ 122,317	\$ 44,069	\$ 114,949	\$ 54,439	24%
Subtotal	\$ 17,971,682	\$ 17,261,649	\$ 17,276,228	\$ 17,301,981	0%
Transfers In:					
Installment Financing Proceeds	\$ 617,955	\$ 560,500	\$ 560,500	\$ 298,850	-47%
Fund Balance Appropriated	\$ -	\$ 526,591	\$ 526,591	\$ 712,163	35%
Transfer from General Fund	\$ -				
Transfer from Grant Fund	\$ -	\$ -	\$ -	\$ -	
Transfer from Capital Reserve Fund	\$ -	\$ 176,945	\$ 176,945	\$ 176,945	0%
Transfer from Non-Departmental	\$ (404,562)				
Bond Proceeds					
Other Financing	\$ 213,393	\$ 1,264,036	\$ 1,264,036	\$ 1,187,958	-6%
Revenues	\$ 18,185,075	\$ 18,525,685	\$ 18,540,264	\$ 18,489,939	0%
Expenditures					
General Government	\$ 2,980,135	\$ 3,348,354	\$ 3,009,429	\$ 3,340,405	0%
Public Safety	\$ 5,397,502	\$ 5,736,446	\$ 5,752,107	\$ 5,761,536	0%
Planning	\$ 1,098,192	\$ 1,159,198	\$ 1,129,139	\$ 1,192,020	3%
Transportation	\$ 1,032,835	\$ 1,064,150	\$ 1,064,150	\$ 1,064,150	0%
Public Works	\$ 2,958,684	\$ 3,608,031	\$ 3,805,155	\$ 3,794,881	5%
Parks and Recreation	\$ 1,243,416	\$ 1,372,343	\$ 1,235,829	\$ 1,428,198	4%
Economic and Physical Development	\$ 47,825	\$ -	\$ -	\$ -	#DIV/0!
Nondepartmental	\$ -	\$ 476,248	\$ -	\$ 506,638	6%
Capital Outlay	\$ 2,474,729	\$ -	\$ -		
Transfers To:					
General Fund					
Capital Reserve Fund	\$ -	\$ 212,000	\$ 212,000	\$ -	-100%
Capital Project Fund	\$ -	\$ -			
Bond Fund	\$ -				
Affordable Housing Fund	\$ -				
Debt Service:					
Principal	\$ 1,214,257	\$ 1,237,001	\$ 1,237,001	\$ 1,107,059	-11%
Interest and Other Charges	\$ 263,461	\$ 311,914	\$ 311,914	295,052	-5%
Total Expenditures	\$ 18,711,036	\$ 18,525,685	\$ 17,756,724	\$ 18,489,939	0%
Estimated Fiscal Year Ending Fund Balance	\$ 14,975,070	\$ 14,975,070	n/a	n/a	n/a

Notes: In North Carolina, adopted budgets must be balanced. In some cases, fund balance is appropriated as part of the adopted budget. The ending fund balance presented in this chart is not relevant on the columns showing adopted budget figures. The Town only has governmental funds.

General Government Accounting Principles require governmental fund data be presented separately for each individual major governmental fund. General Fund is always considered a major fund.

The change in the general fund balance is based on spending levels being at 83% of the total budget. Carrboro has maintained the fund balance level within the range stated in the Town's fiscal policy. In recent years, fund balance has exceeded the range ceiling of 35%.

SUMMARY OF REVENUES, EXPENDITURES, AND OTHER FINANCING SOURCES BOND FUND

	2009-10 Actual	2010-11 Estimated Projection	2010-11 Adopted	2011-12 Adopted	% Change 2011/12 from 2010/11
Estimated Fiscal Year Beginning Fund Balance	\$ (1,985,170)	\$ (2,127,006)	n/a	n/a	n/a
Revenues					
Ad Valorem Taxes					
Local Option Sales Taxes					
Other Taxes and Licenses					
Unrestricted Intergovernmental					
Restricted Intergovernmental	\$ 53,747	\$ 273,860	\$ 967,508	\$ 1,541,508	59.33%
Permits and Services					
Sales and Services					
Investment Earnings	\$ 1,163	\$ 22,971	\$ 155,757	\$ 179,507	15.25%
Other	\$ -	\$ 98,607	\$ 98,607	\$ 113,356	14.96%
Transfers In:					
Installment Financing Proceeds					
Fund Balance Appropriated					
Transfer from General Fund		\$ 12,700	\$ 12,700	\$ 12,700	0.00%
Transfer from Grant Fund					
Transfer from Capital Reserve Fund		\$ 239,988	\$ 239,988	\$ 239,988	0.00%
Transfer from Non-Departmental					
Bond Proceeds		\$ -	\$ 2,600,540	\$ 2,600,540	0.00%
Revenues	\$ 54,910	\$ 648,126	\$ 4,075,100	\$ 4,687,599	15.03%
Expenditures					
General Government					
Public Safety					
Planning					
Transportation					
Public Works					
Parks and Recreation					
Economic and Physical Development					
Nondepartmental					
Capital Outlay	\$ 196,746	\$ 1,212,526	\$ 3,835,112	\$ 4,687,599	22.23%
Transfers To:					
General Fund					
Capital Reserve Fund			\$ 239,988	\$ -	-100.00%
Capital Project Fund					
Bond Fund					
Affordable Housing Fund					
Debt Service:					
Principal					
Interest and Other Charges					
Total Expenditures	\$ 196,746	\$ 1,212,526	\$ 4,075,100	\$ 4,687,599	15.03%
Estimated Fiscal Year Ending Fund Balance	\$ (2,127,006)	\$ (2,691,406)	n/a	n/a	n/a

The Town continues to issue bond anticipation notes (BANS) to construct sidewalks and greenways. Upon completion of these bond-funded projects, the Town will issue bonds, eliminating the deficit currently recorded in the fund. GAAP requires short-term notes to be recorded as liabilities and not revenues.

At a minimum, governmental funds other than the general fund must be reported as major funds if they meet both of the following criteria:

- 10% criterion. An individual governmental fund reports at least 10% of any of the following: a) total governmental fund assets, b) total governmental fund liabilities, c) total governmental fund revenues, or d) total governmental fund expenditures
- 5% criterion. An individual governmental fund reports at least 5% of the aggregated total for both governmental funds and enterprise funds of any one of the items for which it met the 10% criterion.

**SUMMARY OF REVENUES, EXPENDITURES, AND OTHER FINANCING SOURCES
NONMAJOR FUNDS**

	2009-10 Actual	2010-11 Estimated Projection	2010-11 Adopted	2011-12 Adopted	% Change 2011/12 from 2010/11
Estimated Beginning Fund Balance	\$ 2,811,256	\$ 4,170,367	n/a	n/a	n/a
Revenues					
Ad Valorem Taxes					
Local Option Sales Taxes					
Other Taxes and Licenses					
Unrestricted Intergovernmental					
Restricted Intergovernmental	\$ (1,154)	\$ 456,196	\$ 276,296	\$ 456,196	65.11%
Permits and Services					
Sales and Services					
Investment Earnings	\$ 23,758	\$ 511,097	\$ 511,097	\$ 511,097	0.00%
Other	\$ 17,141	\$ 629,575	\$ 539,575	\$ 638,261	18.29%
Transfers In:					
Installment Financing Proceeds			\$ 4,017,000	\$ 4,017,000	0.00%
Fund Balance Appropriated					
Transfer from General Fund	\$ 3,401,883	\$ 3,401,883	\$ 1,634,028	\$ 1,634,028	0.00%
Transfer from Grant Fund					
Transfer from Capital Reserve Fund					
Transfer from Non-Departmental					
Bond Proceeds					
Revenues	\$ 3,441,628	\$ 4,998,751	\$ 6,977,996	\$ 7,256,582	3.99%
Expenditures					
General Government	\$ 2,719	\$ -	\$ 229,397	\$ 229,397	0.00%
Public Safety	\$ -				
Planning					
Transportation					
Public Works					
Parks and Recreation					
Economic and Physical Development	\$ 15,825	\$ 27,963	\$ 989,793	\$ 1,280,794	29.40%
Nondepartmental					
Capital Outlay	\$ 84,465	\$ 849,327	\$ 5,442,851	\$ 5,508,705	1.21%
Transfers To:					
General Fund	\$ 20,000	\$ 26,555	\$ 315,955	\$ 237,686	-24.77%
Capital Reserve Fund			\$ -		
Capital Project Fund					
Bond Fund					
Affordable Housing Fund					
Debt Service:					
Principal					
Interest and Other Charges					
Total Expenditures	\$ 123,009	\$ 903,845	\$ 6,977,996	\$ 7,256,582	3.99%
Estimated Ending Fund Balance	\$ 4,170,367	\$ 8,265,273	n/a	n/a	n/a

**SUMMARY OF REVENUES, EXPENDITURES, AND OTHER FINANCING SOURCES
TOTAL GOVERNMENTAL FUNDS**

	2009-10 Actual	2010-11 Estimated Projection	2010-11 Adopted	2011-12 Adopted	% Change 2011/12 from 2010/11
Fiscal Year Beginning Fund Balance	\$ 12,645,946	\$ 19,300,178	n/a	n/a	n/a

Revenues					
Ad Valorem Taxes	\$ 11,213,669	\$ 11,264,500	\$ 11,021,222	\$ 11,246,033	2.04%
Local Option Sales Taxes	\$ 3,039,931	\$ 2,702,158	\$ 3,062,136	\$ 2,966,053	-3.14%
Other Taxes and Licenses	\$ 508,344	\$ 413,100	\$ 402,750	\$ 406,076	0.83%
Unrestricted Intergovernmental	\$ 875,129	\$ 858,819	\$ 860,018	\$ 849,531	-1.22%
Restricted Intergovernmental	\$ 783,758	\$ 1,324,938	\$ 1,797,785	\$ 2,507,469	39.48%
Permits and Services	\$ 1,175,314	\$ 1,074,730	\$ 1,022,867	\$ 1,015,238	-0.75%
Sales and Services	\$ 256,639	\$ 238,090	\$ 244,606	\$ 229,846	-6.03%
Investment Earnings	\$ 74,095	\$ 549,068	\$ 716,854	\$ 715,604	-0.17%
Other	\$ 139,458	\$ 843,131	\$ 682,251	\$ 806,056	18.15%
Transfers In:					
Installment Financing Proceeds	\$ 617,955	\$ -	\$ 4,577,500	\$ 4,017,000	-12.24%
Fund Balance Appropriated	\$ -	\$ 560,500	\$ 526,591	\$ 298,850	-43.25%
Transfer from General Fund	\$ 3,401,883	\$ 3,941,174	\$ 1,646,728	\$ 2,358,891	43.25%
Transfer from Grant Fund	\$ -	\$ -	\$ -	\$ -	
Transfer from Capital Reserve Fund	\$ -	\$ 239,988	\$ 416,933	\$ 239,988	-42.44%
Transfer from Non-Departmental	\$ (404,562)	\$ 176,945	\$ -	\$ 176,945	
Bond Proceeds	\$ -	\$ -	\$ 2,600,540	\$ 2,600,540	0.00%
Revenues	\$ 21,681,613	\$ 24,187,141	\$ 29,578,781	\$ 30,434,119	2.89%

Expenditures					
General Government	\$ 2,982,854	\$ 6,305,361	\$ 3,577,751	\$ 3,569,802	-0.22%
Public Safety	\$ 5,397,502	\$ 5,752,107	\$ 5,736,446	\$ 5,761,536	0.44%
Planning	\$ 1,098,192	\$ 1,129,139	\$ 1,159,198	\$ 1,192,020	2.83%
Transportation	\$ 1,032,835	\$ 1,064,150	\$ 1,064,150	\$ 1,064,150	0.00%
Public Works	\$ 2,958,684	\$ 3,805,155	\$ 3,608,031	\$ 3,794,881	5.18%
Parks and Recreation	\$ 1,243,416	\$ 1,235,829	\$ 1,372,343	\$ 1,428,198	4.07%
Economic and Physical Development	\$ 63,650	\$ 27,963	\$ 989,793	\$ 1,280,794	29.40%
Nondepartmental	\$ -	\$ -	\$ 476,248	\$ 506,638	6.38%
Capital Outlay	\$ 2,755,940	\$ 2,061,853	\$ 9,277,963	\$ 10,196,304	9.90%
Transfers To:					
General Fund	\$ 20,000	\$ 26,555	\$ 315,955	\$ 237,686	-24.77%
Capital Reserve Fund	\$ -	\$ 212,000	\$ 451,988	\$ -	-100.00%
Capital Project Fund	\$ -	\$ -	\$ -	\$ -	0.00%
Bond Fund	\$ -	\$ -	\$ -	\$ -	
Affordable Housing Fund	\$ -	\$ -	\$ -	\$ -	
Debt Service:	\$ -	\$ -	\$ -	\$ -	
Principal	\$ 1,214,257	\$ 1,237,001	\$ 1,237,001	\$ 1,107,059	-10.50%
Interest and Other Charges	\$ 263,461	\$ 311,914	\$ 311,914	\$ 295,052	-5.41%
Total Expenditures	\$ 19,030,791	\$ 23,169,027	\$ 29,578,781	\$ 30,434,119	2.89%

Fiscal Year Ending Fund Balance	\$ 17,018,431	n/a	n/a	n/a	n/a
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The following ordinance was introduced by Alderman Gist and seconded by Alderman Broun:

ANNUAL BUDGET ORDINANCE

Town of Carrboro, North Carolina

FY 2011-12

Ordinance No. 23/2010-11

WHEREAS, the recommended budget for FY 2011-12 was submitted to the Board of Aldermen on May 3, 2011 by the Town Manager pursuant to G.S. 159-11 and filed with the Town Clerk pursuant to G.S. 159-12;

WHEREAS, on May 24, 2011, the Board of Aldermen held a public hearing on the budget pursuant to G.S. 159-12;

WHEREAS, on June 21, 2011, the Board of Aldermen adopted a budget ordinance making appropriations and levying taxes in such sums as the Board of Aldermen considers sufficient and proper in accordance with G.S. 159-13;

BE IT ORDAINED BY THE BOARD OF ALDERMEN OF THE TOWN OF CARRBORO, NORTH CAROLINA:

Section 1. The following amounts are hereby appropriated for the operation of the Town of Carrboro and its activities for the fiscal year beginning July 1, 2011 and ending June 30, 2012, according to the following schedules.

SCHEDULE A - GENERAL FUND

GENERAL GOVERNMENT.....	\$3,340,405
Mayor & Board of Aldermen.....	\$ 298,236
Advisory Boards	\$ 11,800
Governance Support.....	\$ 268,541
Town Manager	\$ 275,987
Economic & Community Development.....	\$ 150,604
Town Clerk	\$ 88,120
Management Services	\$1,001,601
Human Resources	\$ 376,731
Information Technology	\$ 868,785
PUBLIC SAFETY	\$5,761,536
Police.....	\$3,359,901
Fire	\$2,401,635
PLANNING	\$1,192,020
TRANSPORTATION.....	\$1,064,150
PUBLIC WORKS.....	\$3,794,881
PARKS & RECREATION	\$1,428,198
NONDEPARTMENTAL.....	\$506,638
DEBT SERVICE	\$1,402,111
TOTAL GENERAL FUND.....	\$18,489,939

SCHEDULE B – SPECIAL REVENUE FUNDS

Capital Reserve Fund

Transfer to General Fund\$176,945

Section 2. It is estimated that revenues from the following major sources will be available during the fiscal year beginning July 1, 2011 and ending June 30, 2012 to meet the foregoing schedules:

SCHEDULE A - GENERAL FUND

Ad Valorem Taxes	\$11,246,033
Local Sales Taxes	\$2,966,053
Other Taxes/Licenses	\$406,076
Unrestricted Intergovernmental Revenue	\$849,531
Restricted Intergovernmental Revenue	\$509,765
Fees and Permits	\$1,015,238
Sales & Services	\$229,846
Investment Earnings.....	\$25,000
Other Revenues.....	\$54,439
Other Financing Sources.....	\$475,795
Fund Balance Appropriated	\$712,163
TOTAL GENERAL FUND.....	\$18,489,939

SCHEDULE B – SPECIAL REVENUE FUNDS

Capital Reserve Fund

Fund Balance Appropriated\$176,945

Section 3. Pursuant to GS 159-13.2 (a), the Board of Aldermen may authorize and budget for capital projects and multi-year special revenue funds in its annual budget ordinance. The project ordinance authorizes all appropriations necessary for the completion of the projects. No project ordinances are needed at this time.

Section 4. Charges for services and fees by Town Departments are levied in the amounts set forth in the Miscellaneous Fees and Charges Schedule.

Section 5. The following authorities shall apply:

- a. The Town Manager can transfer between departments and functions within the General Fund for pay plan adjustments, service level benefits, law enforcement separation allowance, unemployment insurance, and retiree, dependent, and permanent part-time health benefits without further action by the Board.
- b. The Town Manager can transfer within functions.

- c. The Town Manager, in accordance with the Town fiscal policy, may at the end of a fiscal year, upon confirming that the undesignated fund balance available in the annual audit exceeds the policy ceiling of 35%, set aside an amount in designated fund balance for transfer to the capital reserve fund for future projects.
- d. All operating funds encumbered or designated within fund balance for project expenditures as confirmed in the annual June 30, 2011 audit of the previous year shall be re-appropriated to the Fiscal Year 2011-12 without further action by the Board.
- e. The Finance Officer may approve intradepartmental transfer requests between appropriation units and between programs (formally called “organizational units”) within the departmental budget.
- f. Transfers between funds and transfers from the contingency account may be executed only by the Board of Aldermen. The Carrboro Board of Aldermen will appropriate funds from the Contingency account exclusively for government operations.
- g. In recognition of unpredictable fuel prices, a Fuel Contingency account has been established in the General Fund. The Town Manager may approve transfers from this Fuel Contingency account if needed by departments when their fuel line items are fully expended.
- h. The Orange County Tax Collector, is authorized, empowered, and commanded to collect the 2011 taxes set forth in the tax records filed in the office of the Orange County Tax Assessor, and in the tax receipts herewith delivered to the Tax Collector, in the amounts and from the taxpayers likewise set forth. Such taxes are hereby declared to be a first lien upon all real property of the respective taxpayers in the County of Orange. This section of the ordinance shall be a full and sufficient authority to direct, require, and enable the Orange County Tax Collector to levy on and sell any real or personal property of such taxpayers, for and on account thereof, in accordance with law.
- i. Under GS143-64.32, architectural, engineering, and surveying services with fees less than thirty thousand dollars (\$30,000) may in writing be exempt from the RFQ (Request for Qualification) process.

Section 6. There is hereby levied the following rates of tax on each one hundred dollars (\$100) valuation of taxable property as listed for taxes as of January 1, 2011 for the

purpose of raising the revenue constituting the general property taxes as set forth in the foregoing estimates of revenue and in order to finance the foregoing appropriations.

General Fund\$5894

Section 7. In accordance with G.S. 159-13, a copy of this ordinance shall be filed with the Town Manager, the Finance Officer, and the Town Clerk.

The foregoing resolution having been submitted to a vote received the following vote and was duly adopted this 21st day of June 2011;

Ayes: Sammy Slade, Lydia Lavelle, Joal Hall Broun, Jacquelyn Gist, Randee Haven-O’Donnell

Noes: None

Absent or Excused: Mark Chilton, Dan Coleman

I, Catherine C. Wilson, Town Clerk for the Town of Carrboro, NC do hereby certify that the foregoing is a true and correct copy of an ordinance approved by the Carrboro Board of Aldermen.


Town Clerk

