

Town of Carrboro Carrboro, NC

FY 2017-18

Adopted
Budget



TOWN OF CARRBORO
NORTH CAROLINA

ADOPTED BUDGET
FISCAL YEAR 2017-18

BOARD OF ALDERMEN

LYDIA LAVELLE, MAYOR
DAMON SEILS, MAYOR PRO-TEMPORE
BETHANY CHANEY
JACQUELYN GIST
RANDEE HAVEN-O'DONNELL
SAMMY SLADE

TOWN MANAGER

DAVID L. ANDREWS, ICMA-CM

DEPARTMENT HEADS

CATHY DORANDO, TOWN CLERK
CAROL DORSEY, HUMAN RESOURCES
WALTER HORTON, POLICE
ANNETTE LAFFERTY, ECONOMIC AND COMMUNITY DEVELOPMENT
ANITA JONES-McNAIR, INTERIM PUBLIC WORKS
ANITA JONES-McNAIR, RECREATION & PARKS
ARCHE L. McADOO, FINANCE
PATRICIA McGUIRE, PLANNING
SUSANNA WILLIAMS, FIRE-RESCUE
ANDY VOGEL, INFORMATION TECHNOLOGY

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DISTINGUISHED BUDGET PRESENTATION AWARD

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the Town of Carrboro, North Carolina for its annual budget for the fiscal year beginning July 1, 2015.

In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications devise. This award is valid for a period of one year only. It is believed our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

Town of Carrboro

North Carolina

For the Fiscal Year Beginning

July 1, 2016

A handwritten signature in black ink, appearing to read 'Jeffrey R. Egan'.

Executive Director

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Reader's Guide to the Budget Document

The Mayor and Board of Aldermen adopt an annual operating budget ordinance for the Town as required by the North Carolina General Statutes (GS 159-13). The budget document describes the economic, financial, and environmental factors that translate community values into a dynamic web of services that contribute to the town's desired quality of living.

In addition to presenting the town's annual budget, the budget document includes the multi-year special revenue, capital budget, and five-year fiscal projections for general fund revenues and expenditures to present a complete picture of the Board's commitments. The purpose of presenting this holistic picture is to assist the Board, town staff, and the community in understanding the impact of current decisions on the future and to plan for expected changes or problems.

The budget document is divided into the following sections.

- Budget Message** – This section includes the Executive Summary that describes the fiscal environment faced by the Town and identifies the expenditure and revenue budget actions to be considered by the elected governing board. This section also includes the Town's budget ordinance outlining proposed revenues and expenditures for various funds as appropriated by the Board, the largest operational budget being the Town's General Fund.
- Community and Organizational Profile** – This section of the document highlights the demographic, economic and cultural features of the Carrboro community, and the goals of the community expressed by the elected Board. It also describes the public budget process, financial policies and information pertinent to the Town's operations.
- General Fund** - This is the Town's major operating fund. The general fund is divided into operational functions that represent a department or expenditure category that is authorized within the budget ordinance, except for General Government, which includes numerous departments. Larger departments show divisions for each distinctive service provided. The reader is also provided information on each department with a description of the department's purpose, service activities, coming year work plan goals, objectives, and projects, table of authorized positions, performance measures and financial spending history and budget.
- Special Revenue Fund** – The Town currently maintains the following special revenue funds: Revolving Loan Fund, Energy Efficiency Revolving Loan Fund, Business Loan Fund, Affordable Housing Fund, and Grants Fund.
- Capital Projects Fund** – This fund includes all active capital projects, Bond Fund, Capital Reserve Fund, and the Payment-in-Lieu Fund.
- Financial Trends - Past, Present, and Future** – This section provides information on the Town's financial trends, past, present, and future. A companion document, "*Adopted Capital Improvement Program for FY 2015-16 Through FY 2020-21*" (CIP)

describes capital improvement projects and identifies funding sources for the next six fiscal years and is available at <http://www.townofcarrboro.org/250/Financial-Documents>.

- ☐ **Glossary** – A list of common budgeting terms defined and explained.

Please direct comments or questions to:

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Budget information is also available for viewing on the Internet at:
<http://www.townofcarrboro.org/250/Financial-Documents>



May 2, 2017

To: Mayor and Board of Aldermen:

The major goals in developing the FY 2017-18 budget were to: 1) implement the Board's strategic priorities; 2) manage costs while improving services to the citizens; and, 3) develop a balanced budget with no property tax rate increase. The accompanying Executive Summary provides additional highlights of overall budget priorities and strategies for fiscal year 2017-18.

The proposed general fund budget for FY 2017-18 totals \$22.8 million, an increase of 3.8% over the current year adopted budget. Some of the priorities in the upcoming fiscal year include funding for:

- Affordable housing at a level equal to a penny of the property tax rate,
- Human services programs,
- Storm Water Utility Enterprise, and
- Capital investments for renovation, repair and/or construction of Town buildings.

Several initiatives implemented in previous fiscal years will continue into FY 2017-18. These include implementation of a parking plan, comprehensive solid waste study, gold level bicycle designation, facility and space renovations, repair or construction, new permitting software for planning, body worn cameras for police, and replacement of public safety radios. The Town will continue with implementation of its Strategic Energy and Climate Protection Plan. Particular attention will be given to new projects to incorporate energy savings strategies with the goal of reducing operating costs.

In FY 2017-18 fire and police will need to replace all Motorola radios (136) because the manufacturer is discontinuing them. Over the past two years, the Town set aside \$546,000 in the Capital Reserve Fund for this purpose. Unfortunately, the cost for replacement of these radios has increased from a previous estimate of \$819,000 to \$927,370. Thus, the Town will need to provide additional funding of \$391,000. .

The proposed hiring of a Storm Water Utility Manager will increase total full-time equivalent positions from 159.5 to 160.5. By combining the Engineer Technician in Public Works with the Capital Improvement Projects Manager position, one FTE is freed up and will be used to provide an additional planner for Planning, Zoning, and Inspections.

Additionally, Orange County has undergone a revaluation of assessed real property that affects all Carrboro property owners. The tax rate, adjusted for general reappraisal of real property to a

“revenue-neutral rate” equals 57.17 cents compared to the 2009 rate of 58.94 cents. A revenue-neutral tax rate, however, does not mean all taxpayers will see a decrease in their taxes. Some owners of real property may pay more following a revaluation.

The recommended budget for Fiscal Year 2017-18 is the result of careful and balanced choices among the Town’s competing operating and capital needs. By limiting increases in operating expenditures, the Town can continue the capital initiatives that affect the operating budget, such as sidewalk and greenway initiatives, Rogers Road and Community Development, parks and Town Commons (with bathroom) construction and renovations, and installation of fiber optics conduit.

Also, we have determined that the Town cannot afford \$42.1 million for building improvements over the next five years. Rather, the Town can only afford \$10 million for such improvements and this will be included in a revised Capital Improvements Plan that will be forthcoming to the Board for approval.

The Town will continue to make careful and balanced choices in providing for day-to-day services to the citizens, its employees, and capital spending to protect our commitment to quality service delivery and strong fiscal health.

On behalf of all Town of Carrboro employees, I want to thank the Mayor and Board of Aldermen for your leadership, vision and dedication to Carrboro’s unique identity and quality of life. I would also like to recognize and thank Arche McAdoo, Sandy Svoboda, and the entire Finance Team for their dedicated efforts in the development of the FY 2017-18 Town budget.

Sincerely,



David L. Andrews, ICMA-CM
Town Manager

EXECUTIVE SUMMARY

BUDGET OVERVIEW

The economic outlook for North Carolina continues to be positive. As noted in the February Carolinas Survey of Business Activity by the Federal Reserve Bank of Richmond: “. . . the region’s economy continued to expand in 2017 and respondents expect much of the same over the coming six months.” The current general business conditions index is at its highest reading since April 2016.

The statewide seasonally adjusted unemployment rate for February 2017 was 5.1%, unchanged from January 2016 and 0.2 of a percentage-point decrease over the year. Nationally, the seasonally adjusted unemployment rate in February 2017 was 4.7%. In terms of job growth, the North Carolina Department of Commerce, Labor & Economic Analysis Division, reports total nonfarm employment level (not seasonally adjusted) for February 2017 at 4,386,100, an increase of 9,100 since (0.2%) since January 2017 and 76,800 (1.8%) since February 2016. Since February 2016 the industries that added the largest number of jobs were: Professional & Business Services, (20,200;3.4%); Trade, Transportation & Utilities, (13,500; 1.7%); Leisure and Hospitality Services, (11,800;2.5%); Education and Health Services, (11,000; 1.9%); Construction, (7,600; 3.8%); Government, (6,000; 0.8%); Other Services, (5,900; 4.0%); Financial Activities, (5,600; 0.8%); and Mining & Logging, (300; 5.4%).

North Carolina sales tax collections remain a strong point for revenues at both the state and local levels with continued activity in the construction sector. Through the first half of FY 2016-17, distributions were about 5.2% ahead of FY 2015-16 for Article 39 and 40 combined. This is after the statutory reallocation. (It should be noted that the state and local sales tax base was expanded as of March 1, 2015, and beginning with the July 2016 distribution, there was a statutory reallocation of almost \$90 million in local sales tax revenue.)

Consumer confidence in the economy is high at present, and sales tax revenue for the remainder of the fiscal year is to continue a growth pattern. There does not seem to be any immediate slowdown ahead in this growth; however given the nature and base of sales tax revenues this can change quickly.

Local signs of economic strength include the low unemployment rate and increased taxable sales. Orange County’s unemployment rate in February 2017 was 4.1%, second lowest in the state. This is related to the dominance of the professional services sector and close proximity to the University of North Carolina and Research Triangle Park.

While the total number of commercial building permits decreased in 2016 from the prior year almost 98% of the permits were related to new construction and renovation. For residential permits, 79% of the total were related to new construction and renovation.

COMMERCIAL AND RESIDENTIAL TOWN PERMITS, 2016

<u>Fiscal Year</u> <u>Ended June 30</u>	<u>COMMERCIAL PERMITS</u>		<u>RESIDENTIAL PERMITS</u>	
	<u>Number</u>	<u>Value</u>	<u>Number</u>	<u>Value</u>
2008	298	\$ 4,469,526	468	\$ 2,796,800
2009	320	1,581,608	425	19,858,118
2010	228	14,177,902	547	23,614,500
2011	123	2,794,123	556	16,089,505
2012	531	18,534,892	594	20,328,808
2013	395	6,926,461	539	21,670,200
2014	319	8,424,490	564	16,305,265
2015	370	8,098,185	621	20,965,551
2016	348	6,449,249	607	17,125,298

Through March general fund revenue collections for FY 2016-17 total \$17.3 million or 81% of the adopted budget. Last year at this time, total general fund revenue collections were \$17.2 million or 82% of adopted budget. Property tax revenue collections to date are \$11.7 million or 95% of budget. Local sales tax revenues through January total \$2.1 million compared to \$1.9 million at the same time last year. Unrestricted and restricted intergovernmental revenues year-to-date are 55% and 80% of budget, respectively. (Note: In terms of distribution, the North Carolina Department of Revenue distributes local sale tax revenues to localities three months after the month in which they are earned; and intergovernmental revenues three month after the end of the quarter.) Overall, total general fund revenue collections for FY 2016-17 are anticipated to exceed the adopted budget.

While most economic indicators for the state continue to be strong with high consumer confidence in the economy, the Town continues to take a conservative approach in estimating revenues. As noted above the state and local sales tax base has been expanded and statutory reallocation of sales tax revenues to certain rural areas are now in effect. For the FY 2017-18 budget the Town assumes that the General Assembly will make no changes during its 2017 “long-session” that would negatively impact the Town’s existing revenues. However, legislation has been introduced in the NC General Assembly that could affect some of the local revenue sources. These include:

- A. SB 126, Change the LOST Adjustment Factor, which would eliminate per capita adjustment factors currently applied to Article 401/2 cents sales tax;
- B. HB 63, Citizens Protection Act of 2017, which would make municipalities ineligible to receive distributions of natural gas, telecommunication, and video programming sales taxes; beer and wine taxes; and Powell Bill funds while in violation of so-called “sanctuary city” statutes; and,
- C. HB 21, Study Solid Waste Disposal Tax, which would require the General Assembly to study the solid waste disposal tax.

In developing the FY 2017-18 budget, operating expenses were identified for reduction, capital item requests were re-prioritized and some vehicle/equipment purchases deferred to future years. The major goals in development of the 2017-18 budget were to:

- implement the Board’s strategic priorities,
- manage costs while improving services to the citizens,
- develop a balanced budget with no property tax rate increase, and,
- provide salary adjustments for Town employees.

The total recommended general fund operating budget for FY 2017-18 is \$ 22,869,686, an increase of \$837,329 or 3.8% over the adopted budget for 2016-17. By state law, municipalities are required to have a balanced budget where revenues must equal budgeted expenditures.

REVALUATION

The Orange County Tax Assessor’s Office has undertaken a revaluation of assessed real property throughout the County, including property located in Carrboro. The last reappraisal of real property was in 2009. State law requires units of local government, including public authorities, to publish a revenue-neutral tax rate in the budget following the completion of a reappraisal of real property. The purpose of the revenue-neutral tax rate is to provide residents with comparative information.

The revenue-neutral tax rate as set forth in NCGS 159-11(e) is the rate that is estimated to produce revenues for the next fiscal year as if no reappraisal had occurred. The rate is then adjusted by a growth factor equal to the average annual percentage increase in the tax base due to improvements since the last general reappraisal. The revenue-neutral tax rate suggests taxes paid will be the same as in the previous year. However, taxes paid may vary by taxpayer based on the fair market value assessed on real property in the countywide reappraisal and the amount of personal property owned. Because real property is revalued every seven years and personal property is revalued annually, the reappraisal of real property re-equalizes real and personal property values. The reappraisal also re-equalizes the tax burden where some owner of real property may pay more following a revaluation.

The reappraisal produced a property tax base of \$2,260,808,687 for Carrboro. Using the formula mandated by state law, the revenue-neutral tax rate for Carrboro is 57.17 cents, or 1.77 cents less than the 2009 reappraisal rate of 58.94 cents. Based on past collection rate of 99.28%, the reappraisal produces an estimated revenue of \$12,831,983 for FY 2017-18. Each penny on the tax rate produces approximately \$224,453. The growth factor over the past three years since the last general reappraisal is 1.1%. Given that Carrboro has not increased its real property tax rate in seven years, the recommended property tax rate for FY 2017-18 is for it to remain at 58.94 cents.

BUDGET PROCESS

The budget process is similar to past years. Departments are required to justify their operating budget for the continuation of services. Proposed new or expanded services are to be kept to a minimum or none at all. The continuing budget includes adjustments for price increases in the cost of goods and services; and may include projects and infrastructure expenditures reflected in

the annual Capital Improvement Program (CIP) which includes street resurfacing costs, replacement of vehicles and equipment, and debt service payments for capital commitments. All other requests defined as “new program or service initiative” are evaluated and, if approved, added to the continuation budget.

REVENUES

Carrboro’s revenue stream has two broad types of revenues: recurring revenues and other financing sources which represent certain one-time inflows of revenue. Recurring revenues consist of property taxes, local sales taxes, other taxes/licenses, and intergovernmental revenues. Together these revenues comprise approximately 89% of general fund revenues.

For FY 2017-18 total recurring revenues are projected to increase by 3.9% over FY 2016-17. This increase stems primarily from revalued real property base, expected local sales tax growth, and other taxes and licenses.

The projected 30.3% increase in other taxes and licenses is due to the new Tax & Tag System implemented by the North Carolina Department of Motor Vehicles. The tax on a motor vehicle is collected by NC DMV at the time of registration. Previously motor vehicles could be registered and then taxes billed and collected by the County Tax Administrator in which the vehicle was registered.

Intergovernmental revenues, which comprise 8.1% of general fund revenues, are expected to decrease slightly by 2.2%. This slight decrease is due to the continuing change in consumer demand for traditional video and telecommunications. Subsequently, the amount of revenue available from video sales programming, home satellite sales, and telecommunications sales tax will be reduced.

Recurring Revenues

	FY 2016-17 ADOPTED BUDGET	FY 2017-18 ADOPTED BUDGET	\$ CHANGE	% CHANGE
Property Taxes	\$ 12,393,363	\$ 12,729,642	\$ 336,279	2.7%
Local Sales Taxes	3,978,713	4,018,500	\$39,787	1.0%
Other Taxes & Licenses	1,417,527	1,846,809	\$429,283	30.3%
Intergovernmental	1,896,336	1,854,017	(\$42,320)	-2.2%
Total Recurring Revenues	\$ 19,685,939	\$ 20,448,968	\$ 763,029	3.9%

Of the total general fund revenues, property and sales tax revenues make up 73.2% of total revenues and are projected to increase 2.7% and 1.0%, respectively, in FY 2017-18. The total property tax valuation is estimated to be \$2,260,808,687 based on revaluation by the Orange County Tax Administrator. This is a 1.71% growth over the past three years. In FY 2017-18 each penny on the tax rate is projected to generate approximately \$224,453. In addition, property tax relief is available for the elderly, permanently-disabled persons, and veterans who meet income and other specific exemption requirements.

Overall local sales tax revenues (\$2.1 million), reflecting six months of collections for the year, are 54% of the FY 2016-17 adopted budget (\$3.9 million). According to the FY 2017-18

Revenue Projections Report by N. C. League of Municipalities, sales tax distributions to local governments by the state during the first six months of FY 2016-17 were up approximately 5.2% over the same period in FY 2015-16. The League of Municipalities anticipates that sales tax revenues statewide for the current fiscal year 2016-17 will be 4.75% above the FY 2015-16 distributions. For next fiscal year 2017-18 local sales tax revenues statewide are expected to increase by 4.25% over the FY 2016-17 actuals. While retail sales in North Carolina are trending upward and consumer confidence is high a conservative estimate of local sales tax revenue growth is projected to be 1.0% over the FY 2016-17 adopted budget.

In FY 2014-15 the state changed the method of distribution to localities for electricity and piped natural gas sales. This change required general sales tax collected by the state to be allocated to municipalities based on 44% and 20% for electricity and natural gas, respectively. In the past these revenues have been distributed based on the services within municipal boundaries.

Electricity distributions to municipalities in the state for the first two quarters of FY 2016-17 were up more than 2.3% from the prior year. Projections for statewide electricity revenues for FY 2016-17 are expected to increase slightly by 1.0%. For FY 2017-18 these revenues are projected to increase by 2.0%.

Sales tax on piped natural gas statewide, on a percentage basis, have declined sharply under the new distribution formula. Through the first two quarters of FY 2016-17 natural gas revenues have declined more than 22% from the past year. The N. C. League of Municipalities has projected that statewide distributions to municipalities for FY 2016-17 will be 17.5% lower than the past year. For FY 2017-18 the projection is an additional decrease of 8.5% in natural gas tax revenues from the current fiscal year.

Telecommunications Sales Tax revenues statewide continue to show decreases. Annual statewide telecommunications revenues for FY 2016-17 are expected to decrease by 1.0% with an additional decline of 7.0% in FY 2017-18. For the first two quarters of this fiscal year 2016-17, the Town has received revenue of \$52,893 or 61.2% of the adopted budget.

Local Video Programming revenue distributions statewide have decreased year over year for four of the last five fiscal years. These declines have been primarily related to TV customers “cutting the cord” in favor of streaming services. The cable TV industry has responded with more streamlined cable packages that are more attractive to customers and seems to be slowing the decline rate. Projections of future video programming revenue varies. The N. C. League of Municipalities expects video programming distributions statewide will increase by 2.5% for FY 2016-17, but decrease by 1.0% in FY 2017-18. For the first two quarters of FY 2016-17, the Town has received revenue of \$13,904 or 74.5% of the adopted budget

Municipalities with qualifying Public, Educational, and Governmental (PEG) channels are entitled to supplemental PEG channel support funds for up to three channels. The amount per channel for FY 2016-17 is \$27,587 and is expected to remain the same for FY 2017-18.

Beer and wine sales taxes collected by the state in FY 2015-16 increased, but distributions to local governments decreased by more than 6% from the previous year. For FY 2016-17 state

officials have indicated that beer and wine sales tax distributions will be unchanged from the past year. Accordingly, no increase is expected for FY 2016-17, but a minor increase of 1% is projected for FY 2017-18.

OTHER FINANCING

Other financing sources in the General Fund include inter-fund transfers, installment financing and fund balance appropriation. Revenues from other financing sources in FY 2017-18 total \$900,276 or 3.9% of total budget. This is an increase of \$213,411 or 31.0% over the adopted FY 2016-17 budget.

OTHER FINANCING FY 2017-18

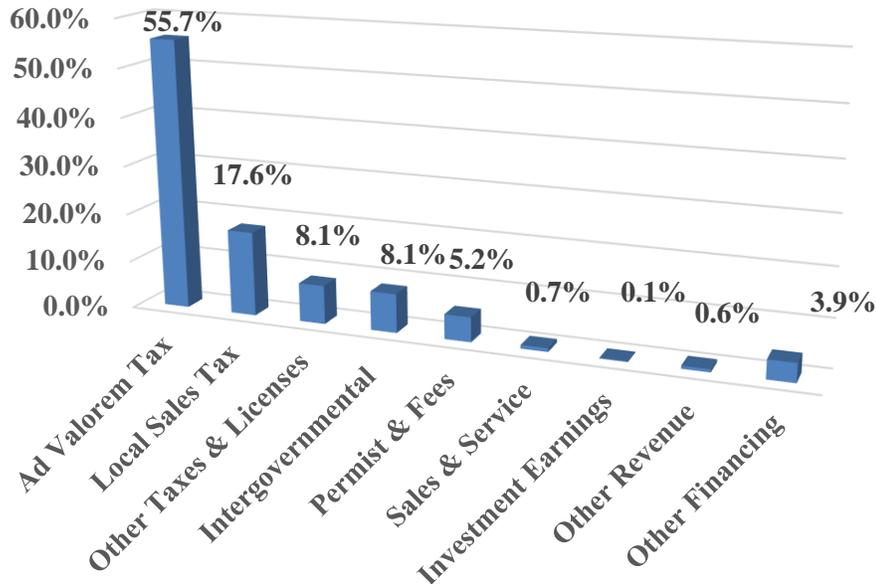
	FY 2016-17 ADOPTED BUDGET	FY 2017-18 ADOPTED BUDGET	\$ CHANGE	% CHANGE
Inter-Fund Transfers	-	-	-	0%
Installment Financing	411,306	301,872	(109,434)	-27%
Fund Balance	275,559	598,404	322,845	117%
Total Other Financing	686,865	900,276	213,411	31%

The transfer from the Capital Reserve Fund of \$176,945 was discontinued in FY 2016-17 since it was no longer necessary to help with debt service for the construction of fire station #2.

Installment financing that is used to replace vehicles and equipment will be \$109,434 less than that in FY 2016-17. In FY 2017-18 this financing will be used to purchase five police patrol vehicles. The Town’s general goal is to maintain installment financing at the same level from year to year in order to control financing costs. The estimated total cost of this debt service is \$314,056 for 5 years assuming a 2% annual interest rate.

Fund balance use is increased by 117% over the FY 2016-17 adopted budget, but represents roughly 2.6% of the total budget for 2017-18. The Town’s policy is to limit fund balance use to no more than 10%.

FY 2017-18 GENERAL FUND REVENUE SOURCES
% of Total \$22,869,686



EXPENDITURES

For FY 2017-18 total operating expenses increase by 3.8% to a total of \$22,869,686. Personnel costs account for 57% of the total budget with operations and capital outlays comprising 40% and 3%, respectively. Personnel expenses are projected to increase by 5.5% while operations increase by 2.3% and capital outlay are expected to decrease by 12.1%.

	2015-16 ACTUAL	2016-17 ADOPTED BUDGET	2017-18 ADOPTED BUDGET	\$ CHANGE	% CHANGE
PERSONNEL	11,376,803	12,554,270	13,244,463	690,193	5.5%
OPERATING	8,211,813	8,961,498	9,168,046	206,548	2.3%
CAPITAL OUTLAY	666,422	516,589	457,377	-59,412	-12.1%
TOTAL	\$20,255,038	\$22,032,357	\$22,869,686	\$837,329	3.8%

PERSONNEL

Personnel cost are expected to increase by 5.5%. Factors that affect personnel cost include: a) 1.5% across the board pay adjustment provided to permanent employees in FY 2016-17; b) proposed 3.0% pay adjustment for employees in FY 2017-18; c) projected 15% increase in health insurance premiums; and increase in employer contribution rate to Local Government Employees Retirement System. Contribution rates for the Local Government Employees' Retirement System (LGERS) will increase from 7.25% to 7.56% for general employees; and, will increase from 8.0% to 8.25% for law enforcement officers in FY 2017-18. Below is the schedule of contribution rates through FY 2020-21.

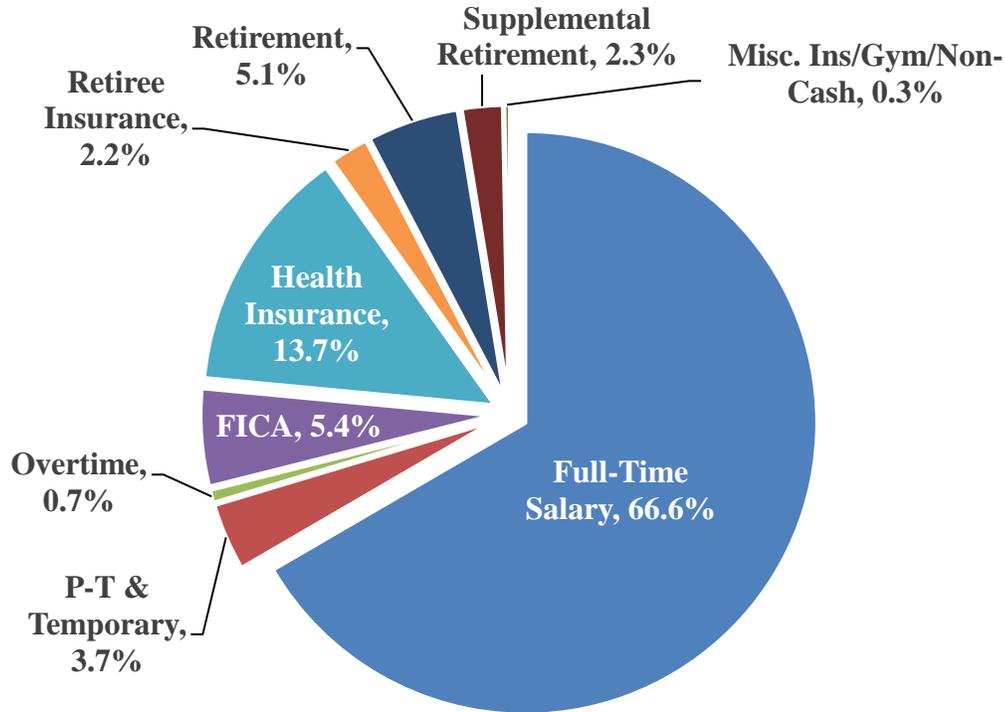
LGERS Employer Contribution Rate		
Fiscal Year	General Employees	Law Enforcement Officers
2016-17	7.25%	8.00%
2017-18	7.56%	8.25%
2018-19	7.75%	8.50%
2019-20	8.00%	8.75%
2020-21	8.25%	9.00%

No merit or performance pay will be provided for employees in FY 2017-18. When the Board of Aldermen approved the pay-for-performance plan, it was understood that performance pay amounts may vary from year to year depending on budget availability and labor market conditions. The Town has contracted for a market pay and classification study that should be completed later this year. In anticipation of any recommended market pay adjustments, the Town has included funds in Non-Departmental to address such recommendations.

The proposed hiring of a Storm Water Utility Manager will increase total full-time equivalent positions from 159.5 to 160.5. By combining the Engineer Technician in Public Works with the Capital Improvement Projects Manager position, one FTE is freed up and will be used to provide an addition planner for Planning, Zoning, and Inspections.

Funds to cover the proposed across the board pay adjustments; health insurance premium increases, and other proposed pay and classification changes have been budgeted in Non-Departmental.

FY 2017-18 Pay and Benefit



OPERATIONS EXPENSES

Operating expenses in the General Fund will increase by 2.3% from \$8,961,498 to \$9,168,046. In addition to maintaining the existing service levels, funds are budgeted for Employee and Organizational Development activities (e.g., risk management/safety, racial sensitivity/racial equity training, supervisor training, etc.). Several initiatives begun in previous fiscal years will be continued in FY 2017-18. These include implementation of parking plan, completion of comprehensive solid waste study and implementation of pilot programs, gold level bicycle designation, facility and space renovations, repair or construction, new permitting software for planning, body worn cameras for police, replacement of public safety radios, and a proposed storm water utility enterprise fund to include flooding mitigation. The Town will continue with implementation of its Strategic Energy and Climate Protection Plan, which will be guided by the Assistant to the Manager for Strategic Initiatives. Particular attention will be given to new projects to incorporate energy savings strategies with the goal of reducing operating costs.

CAPITAL OUTLAY

Capital outlays will decrease by 12.1% from \$516,589 to \$457,177 in FY 2017-18. Outlays will be for replacement vehicles and equipment purchases, and street resurfacing.

Department	Vehicle	Cost
Police	Patrol Vehicle Replacements - 6 @ \$	\$ 301,8742
	TOTAL	\$ 301,872

As part of the Town’s strategic energy and climate protection plan, police patrol vehicles will be equipped with a Havis Idle Manager. This will allow officers to operate mission critical electrical loads such as lights, radio, lap top and in-car video system without the engine running. This idle manager will also reduce unnecessary engine idling, save fuel, reduce wear and tear on engine, and reduce greenhouse gas emissions. The Town will continue to evaluate alternatives and options to convert its entire fleet to a fuel source other than gas to reduce greenhouse gas emissions.

SPECIAL REVENUE FUND

While the general fund is the major operating budget for the Town, the annual budget includes the Special Revenue Fund and Capital Projects Fund. The Special Revenue Fund accounts for revenues and expenditures legally restricted or designated by the Board of Aldermen for specific program activities or services. Included in the Special Revenue Fund are: revolving loans for economic development or energy efficiency, business loan program, affordable housing, and grants administration.

A major priority for the Special Revenue Fund is to maintain a budget for the Affordable Housing Fund at a level equal to a penny of the Town’s property tax rate. In FY 2017-18 a penny on the tax rate produces approximately \$224,453. The total budget for the Special Revenue Fund in FY 2017-18 is \$2,287,784. The Affordable Housing Fund has a budget of \$585,562 which comprises 25.6% of the total Special Revenue Fund. Unlike the zero dollar budget last year, the Grant Administration Fund has a budget for FY 2017-18 of \$938,096. This is primarily due to the NC and FEMA Hazard Mitigation Program grant awards.

CAPITAL PROJECTS FUND

The Capital Projects Fund accounts for capital projects that are financed by the general obligation bonds, other debt instruments and pay-go for the construction or acquisition of a capital asset. Included in the Capital Projects Fund are: capital projects, capital reserve, general obligation bonds for sidewalks and greenways, and payment in lieu.

Capital projects (i.e., those costing more than \$100,000 or take more than one year to complete) are generally established in the Capital Improvements Plan (CIP) may be appropriated in the annual operating budget based on affordability. Most capital projects are funded by the adoption of a Capital Project Ordinance by the Board of Aldermen that requires a balanced budget (i. e. expenses equal anticipated revenues) and is in effect until completion of the project.

Contingent upon fund balance ratios in the Town’s general fund being within the stated policy goal of 22.5% to 35%, funds may be assigned or committed for funding through fund balance appropriation if the fund balance exceeds 35%. At June 30, 2016, unassigned fund balance in the general fund exceeded 35% and the Town Manager, in accordance with Town policy, assigned \$2.0 million for future capital projects. The Board of Aldermen is required to take

formal action to commit the use of fund balance for projects or purposed in any current or future year's budget.

The total Capital Project Fund budget for FY 2017-18 is \$10.8 million. This does not include the anticipated \$10.0 million that will be needed for building g improvements over the next five years. The recently completed space and facilities study identified numerous facilities that need renovation to upgrade them to a more modern and efficient operating environment, which should lead to a reduction in operating costs. The Town anticipates issuing debt for this \$10.0 million which will result in an increase in debt service for the Town. With the exception of the GO Bonds issued for sidewalk and greenways, all current projects are funded using Town cash reserves.

	2016-17	2017-18		
	ADOPTED	ADOPTED	\$ CHANGE	% CHANGE
	BUDGET	BUDGET		
CAPITAL PROJECTS	\$ 2,457,683	\$ 4,689,135	\$ 2,231,452	91%
GO SIDEWALK & GREENWAYS	4,828,568	4,828,568	-	0%
CAPITAL RESERVES	757,993	1,364,744	606,751	80%
PAYMENT IN-LIEU	149,780	-	(149,780)	-100%
SUBTOTAL	\$ 8,194,024	\$ 10,882,447	\$ 2,688,423	33%

In FY 2017-18 fire and police will need to replace all Motorola radios (136) at an estimated cost of \$819,000. To minimize the financial impact, the Town set aside \$273,000 of assigned fund balance in the Capital Reserve Fund in FY 2015-16 and FY 2016-17 for a total capital reserve of \$546,000. Unfortunately, the cost for replacement of these radios has increased from the previous estimate to \$927,370. This means the Town will need to provide an additional \$391,000.

In the GO Bond Sidewalk and Greenways Fund, all planned sidewalks, except for Rogers Road, have been completed. Using the bond fund, the Town has been able to leverage state/federal funding for several of the sidewalk and greenway projects.

Project	Federal/State	Local	Other	Total Funding
Homestead Road-CHHS MU Path	\$ 830,230	\$ 147,500	\$ 48,046	\$ 1,025,776
Jones Creek Greenway	336,000	84,000	-	420,000
Morgan Creek Greenway	1,210,000	302,500	-	1,512,500
Rogers Road Sidewalk	542,510	829,058		1,371,568
South Greensboro Street Design	84,000	21,000	-	105,000
Total	\$ 3,002,740	\$ 1,384,058	\$ 48,046	\$ 4,434,844
% of Total	67.7%	31.2%	1.1%	100.0%

Because capital projects can affect all categories of spending in the operating budget, it is important to have a systematic planning process to prioritize needs, as well as identify possible financing plan. The Town Manager is responsible for developing and maintaining a six-year CIP that includes long-term maintenance, infrastructure needs and technology needed for the

community. As part of the Town's Strategic Energy and Climate Protection Plan, all capital projects are to be evaluated for energy savings which will reduce operating costs.

The CIP through FY 2022 is in the process of being updated. It was last updated in December 2015 through FY 2020-21 and totaled \$49.9 million. The only new project expected to be included in the updated CIP is the \$10.0 million for facility infrastructure improvements.

Details of the CIP can be reviewed on the Town's web site at:
<http://www.townofcarrboro.org/DocumentCenter/Home/view/4675>.

CONCLUSION

Economic conditions in North Carolina continue to be positive with low unemployment rate, increased taxable sales and increased employment. Total nonfarm employment has increased above last year's level. The professional and business services sector continues its rapid growth.

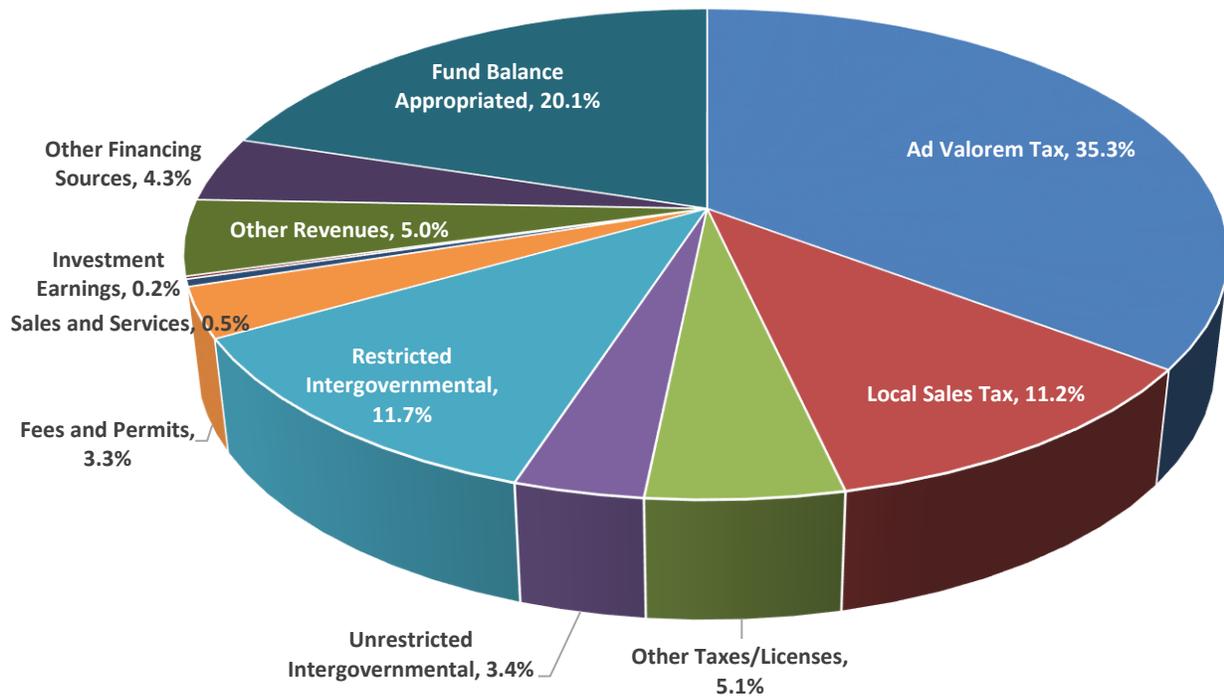
Locally, economic improvements are reflected in the low unemployment rate, taxable sales and increased value of building permits. Town revenues are projected to meet budget for the year ending June 30, 2017. The overall revenue outlook for FY 2017-18 is expected to be 3.8% above FY 2016-17 adopted budget. Recurring revenues which represent 89% of the total general fund budget are projected to grow by 3.9% in FY 2017-18.

The Town has begun to implement its strategic energy and climate protection plan with the goal of not only saving energy, but to reduce operating costs as well. All capital projects, including vehicles and equipment, will be considered for energy saving measures that will also lead to reduced operating costs. As in the past, all investments in capital equipment will be scrutinized from a cost-benefit analysis and to gain maximum use of the asset to the fullest extent possible.

Careful and balanced choices are presented in the FY 2017-18 budget that provide for continued delivery of quality services, carrying out Board priorities, acquiring needed capital items, adjusting the compensation for Town's employees, and no property rate tax increase.

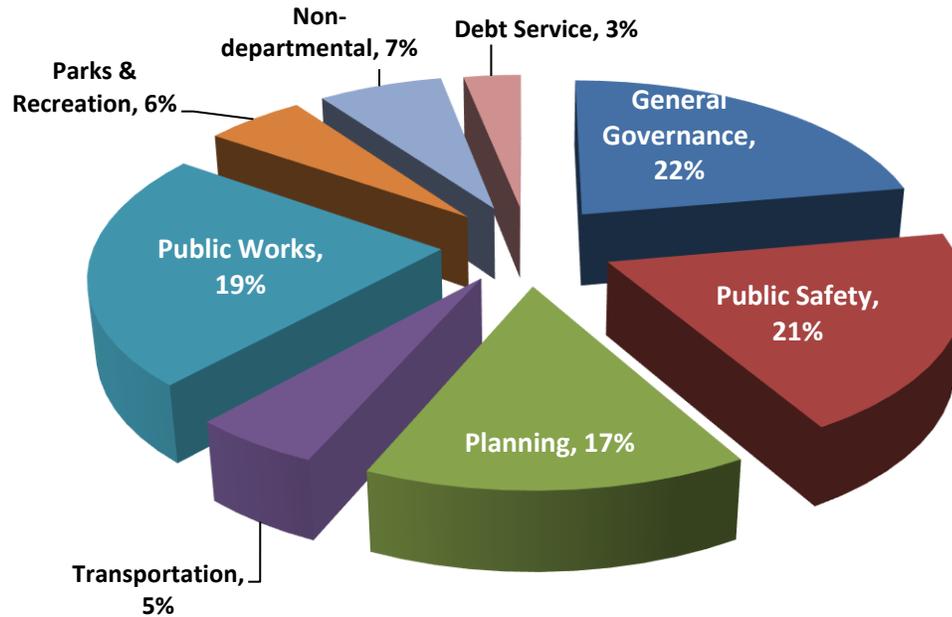
FY 2017-18 Revenue Summary - All Funds by Major Fund

	General Fund	Special Revenue Funds	Capital Funds	Total
Ad Valorem Tax	\$12,729,642			\$ 12,729,642
Local Sales Tax	\$4,018,500			\$ 4,018,500
Other Taxes/Licenses	\$1,846,809			\$ 1,846,809
Unrestricted Intergovernmental	\$1,219,773		\$ -	\$ 1,219,773
Restricted Intergovernmental	\$663,070	\$ 938,096	\$ 2,647,939	\$ 4,249,105
Fees and Permits	\$1,178,867			\$ 1,178,867
Sales and Services	\$170,870			\$ 170,870
Investment Earnings	\$27,089	\$ -	\$ 39,834	\$ 66,923
Other Revenues	\$143,615	\$ 716,003	\$ 999,373	\$ 1,858,991
Other Financing Sources	\$301,872	\$ -	\$ 1,188,477	\$ 1,490,349
Fund Balance Appropriated	\$569,579	\$ 633,685	\$ 6,006,824	\$ 7,210,087
Total Revenues	\$ 22,869,686	\$ 2,287,784	\$ 10,882,447	\$ 36,039,916



FY 2017-18 Expense Summary - All Funds by Fund

	General Fund	Special Revenue Funds	Capital Funds	Total All Funds
Mayor and Board of Aldermen	\$ 368,404		\$ -	\$ 368,404
Advisory Boards	\$ 17,350			\$ 17,350
Governance Support	\$ 743,124			\$ 743,124
Town Manager	\$ 393,399			\$ 393,399
Economic and Community Development	\$ 253,470	\$ 2,287,784	\$ -	\$ 2,541,254
Town Clerk	\$ 134,971			\$ 134,971
Management Services	\$ 1,076,915			\$ 1,076,915
Human Resources	\$ 624,467			\$ 624,467
Information Technology	\$ 1,420,389		\$ 688,753	\$ 2,109,142
Police	\$ 3,986,893		\$ 91,000	\$ 4,077,893
Fire	\$ 2,924,332	\$ -	\$ -	\$ 2,924,332
Planning	\$ 1,476,764	\$ -	\$ 3,891,795	\$ 5,368,559
Transportation	\$ 1,834,856		\$ -	\$ 1,834,856
Public Works	\$ 3,606,915	\$ -	\$ 4,689,135	\$ 8,296,050
Parks and Recreation	\$ 1,650,042	\$ -	\$ 306,800	\$ 1,956,842
Non-departmental	\$ 1,232,885		\$ 1,214,964	\$ 2,447,849
Debt Service	\$ 1,124,510		\$ -	\$ 1,124,510
Total Expenditures	\$ 22,869,686	\$ 2,287,784	\$ 10,882,447	\$ 36,039,917



A motion was made by Alderman Seils, seconded by Alderman Gist, that this ordinance be approved.

**ANNUAL BUDGET ORDINANCE FY 2017-18
Town of Carrboro, North Carolina
Ordinance No. 23/2016-17**

WHEREAS, the recommended budget for FY 2017-18 was submitted to the Board of Aldermen on May 2, 2017 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 23, 2017, the Board of Aldermen held a public hearing on the budget pursuant to G.S. 159-12;

WHEREAS, on June 20, 2017, 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, 2017 and ending June 30, 2018, according to the following schedule.

SCHEDULE A - GENERAL FUND

GENERAL GOVERNMENT		\$5,032,489
Mayor & Board of Alderman	\$368,404	
Advisory Boards	\$17,350	
Governance Support	\$743,124	
Town Manager	\$393,399	
Economic & Community Development	\$253,470	
Town Clerk	\$134,971	
Finance	\$1,076,915	
Human Resources	\$624,467	
Information Technology	\$1,420,389	
PUBLIC SAFETY		\$6,911,225
Police	\$3,986,893	
Fire	\$2,924,332	
PLANNING		\$1,476,764
TRANSPORTATION		\$1,834,856
PUBLIC WORKS		\$3,606,915
PARKS & RECREATION		\$1,650,042
NONDEPARTMENTAL		\$1,232,885

DEBT SERVICE

\$1,124,510

TOTAL GENERAL FUND

\$22,869,686

A)

Section 2. It is estimated that revenues from the following major sources will be available during the fiscal year beginning July 1, 2017 and ending June 30, 2018 to meet the foregoing schedule:

SCHEDULE A - GENERAL FUND

Ad Valorem Tax	\$12,729,642
Local Sales Taxes	\$4,018,500
Other Taxes & Licenses	\$1,846,809
Unrestricted Intergovernmental	\$1,219,773
Restricted Intergovernmental	\$663,070
Fees & Permits	\$1,178,867
Sales & Services	\$170,870
Investment Earnings	\$27,089
Other Revenue	\$143,615
Other Financing	\$301,872
Fund Balance Appropriated	\$569,579
TOTAL GENERAL FUND	\$22,869,686

Section 3. Pursuant to GS 159-13.2, the Board of Aldermen may authorize and budget for capital projects and multi-year special revenue funds in its annual budget or project ordinance. The project ordinance shall clearly identify the project and authorize its undertaking, identify the revenues that will finance the project, and make the appropriations necessary to complete the project.

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 may transfer funds between departments and functions within the General Fund for pay adjustments; service level benefits; law enforcement separation allowance; unemployment insurance; retiree, dependent, permanent part-time health benefits; and, for other purposes deemed necessary by the Town Manager without further action by the Board.
- b. The Town Manager may transfer funds within departments and functions.
- c. When unassigned fund balance exceeds 35% in the General Fund, the Town Manager, in accordance with the Town’s Fund Balance Policy, may set aside an amount in assigned fund balance for transfer to the Capital Projects Fund for future projects.

- d. All operating funds encumbered or designated within fund balance for project expenditures as confirmed in the annual audit for the year ending June 30, 2017 shall be re-appropriated to the Fiscal Year 2017-18 Adopted Budget without further action by the Board.
- e. The Finance Officer may approve intradepartmental transfer requests between appropriation units and between programs or organizational units within the departmental budget.
- f. Transfers between Funds may be authorized only by the Board of Aldermen.
- g. The Orange County Tax Collector, is authorized, empowered, and commanded to collect the 2016 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.
- h. Pursuant to NCGS 160A-314.1 and 160A-317 the Town of Carrboro authorizes Orange County to provide recycling collection services within the Town and to impose and administer a basic annual services fee of \$128 per household for recycling services and a solid waste convenience center fee for residents within the Town.
- i. Under GS143-64.32, architectural, engineering, and surveying services with fees less than thirty thousand dollars (\$30,000) may 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, 2017 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.

This the 20th day of June, 2017

The motion carried by the following vote:

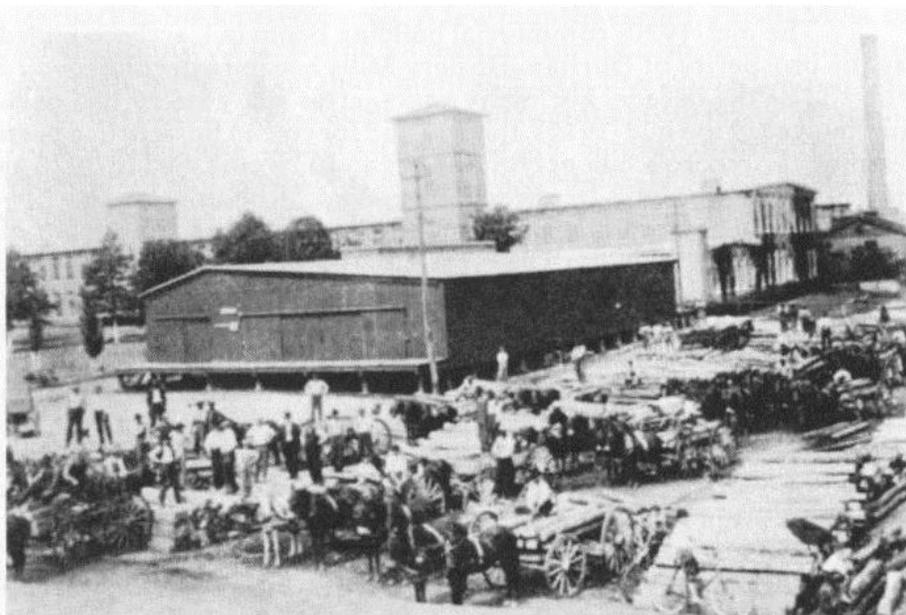
Aye: Alderman Seils, Alderman Slade, Mayor Lavelle, Alderman Gist, Alderman Haven-O'Donnell

Absent: Alderman Chaney

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ABOUT THE TOWN OF CARRBORO

Carrboro was first settled in 1882 around a University of North Carolina railroad spur. It was originally known as West End, due to its geographic location directly west of Chapel Hill. In 1911, the town was incorporated under the name Venable, for chemistry



Circa 1920 view of the cross tie market on East Main Street, in front of Durham Hosiery Mill No. 4. The frame cotton warehouse and the upper stories of the brick towers have been removed, and the east end of the mill has been extended with a brick addition. From copy in North Carolina Collection, UNC Library, Chapel Hill.

professor and University of North Carolina president Francis Preston Venable. It wasn't until 1913 that the town made its final name change in honor of Julian Shakespeare Carr, owner of the local textile mill, after Carr expanded the mill and provided electricity to the community.

For the first fifty years after its incorporation, Carrboro remained a small mill town with a slow, steady pace of growth. In 1960, approximately 2,000 people lived in the town. In the late 1960s the town's population began to increase stemming from the growth occurring at UNC-Chapel Hill and growth in the Research Triangle Park. Enrollment at the University has decreased slightly from 29,090 in 2015 to 29,084 in 2016.



The Town of Carrboro is a small local government entity overseen by a Mayor and Board of Aldermen and professionally managed by a Town Manager. The Town is located within Orange County in the north central portion of North Carolina. The area's topography is characterized by rolling hills. The Town is situated next to

Chapel Hill, the University of North Carolina and is near the Research Triangle Park.

The American Community Survey (ACS) provides detailed information on population, housing occupancy and ownership, educational attainment, employment and travel. The ACS, a method of continuously collecting data on these characteristics by sampling three million households

each year, has been underway since 2005. Aggregated estimates for the period 2011 to 2015 for smaller communities, including Carrboro, are used in this section. More frequent data collection is considered a viable method of providing more up-to-date information about the US population, particularly at the local community level.

POPULATION

Carrboro’s population in 2015 was 20,639, an increase of 302 people from 2014 (approx. 1.5 percent increase). These residents constitute approximately 14.7 percent of the Orange County population.

ETHNIC COMPOSITION

The chart below shows the changes in ethnic composition since the 2010 Census. The groups that have seen the most change is the Asian population (increased 70%), the American Indian and Alaska Native population which saw a decrease of 74%, Other (2 or more races) with a decrease of 36% and African American which decreased 14%.

Ethnic Composition of Carrboro			
Race	2010	2015	% Change
Other (2 or more races)	1,518	966	-36%
Asian	1,225	2,082	70%
American Indian and Alaska Native	189	50	-74%
Black of African American	1,949	1,669	-14%
White	10,217	13,023	27%
Hispanic or Latino	2,485	2,849	15%



AGE COMPOSITION

The combined age groups of the years 20 to 54 make up 61 percent of Carrboro's total population (highlighted section). The biggest increase took place in the 60 to 64 age group, with an increase of 44%. The largest age group in Carrboro continues to be the 25 to 34 age group, at 4,144 or 22.3 percent of the population. The greatest decrease was with the age group of Under 5, showing a decrease of 20%.

Age	Number	% of Population	% Change from Prior Year
Under 5 Years	1,231	6.9	-20%
5 to 9 Years	1,509	7.4	-8%
10 to 14 Years	1,413	6.2	13%
15 to 19 Years	1,085	4.2	29%
20 to 24 Years	2,447	11	16%
25 to 34 Years	4,144	22.3	-10%
35 to 44 Years	3,055	13.9	1%
45 to 54 Years	2,706	13.8	-3%
55-59 Years	1,249	5.6	11%
60 to 64 Years	709	3.2	44%
65 to 74 Years	580	3.1	4%
75 to 84 Years	376	1.5	14%
85 Years and Over	135	0.9	-19%
Source: U. S. Census Bureau 2011-2015 American Community Survey			

HOUSING

Carrboro continues to be mostly a community consisting of rental units as 60 percent of the housing stock is renter occupied. Owner occupied housing is 40 percent of occupied housing units. The total housing stock of 9,225 housing units had a vacancy rate of 5.4 percent. Of the total housing units, 50 percent are in single-unit structures, 49 percent are in multi-unit structures, and 1 percent is mobile homes. There have been 2.7 percent housing units built since 2010.

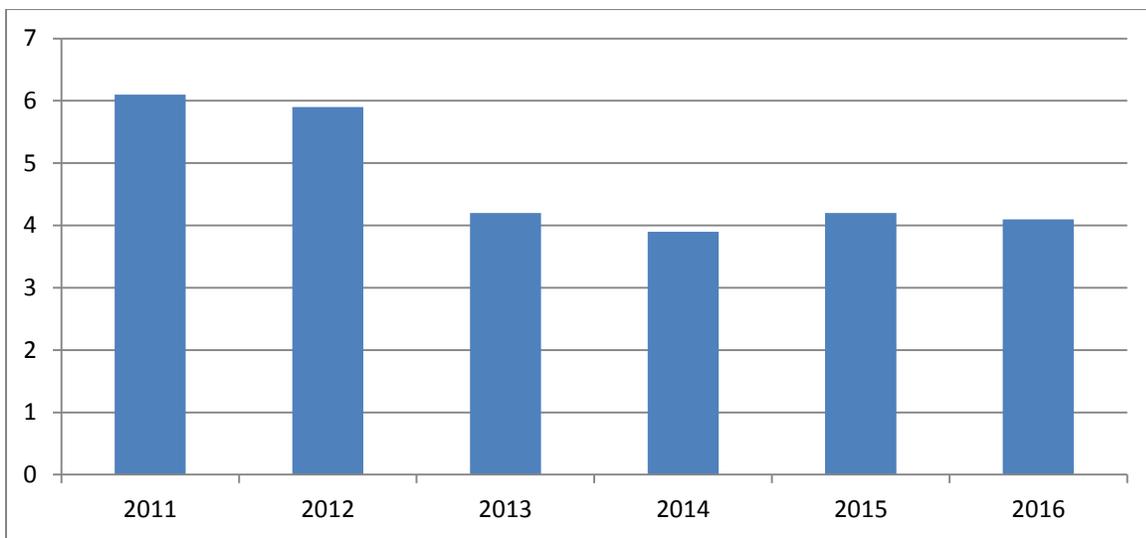
The median value of a housing unit in Carrboro in 2011-2015 was \$324,500, which is a 5.2 percent increase from \$307,600 in 2010.

INCOME

The 2011-2015 median household income is \$51,182. Twenty four percent of the households earn less than \$25,000 a year. Twenty five percent of the households make between \$25,000 and \$50,000 a year, while fifty one percent of households make more than \$50,000 a year.

EMPLOYMENT

Employment levels in Carrboro reflect a slight decrease in the unemployment rate from 4.2% in 2015 to 4.1 % in 2016, which is well below the state unemployment rate of 5.0%.



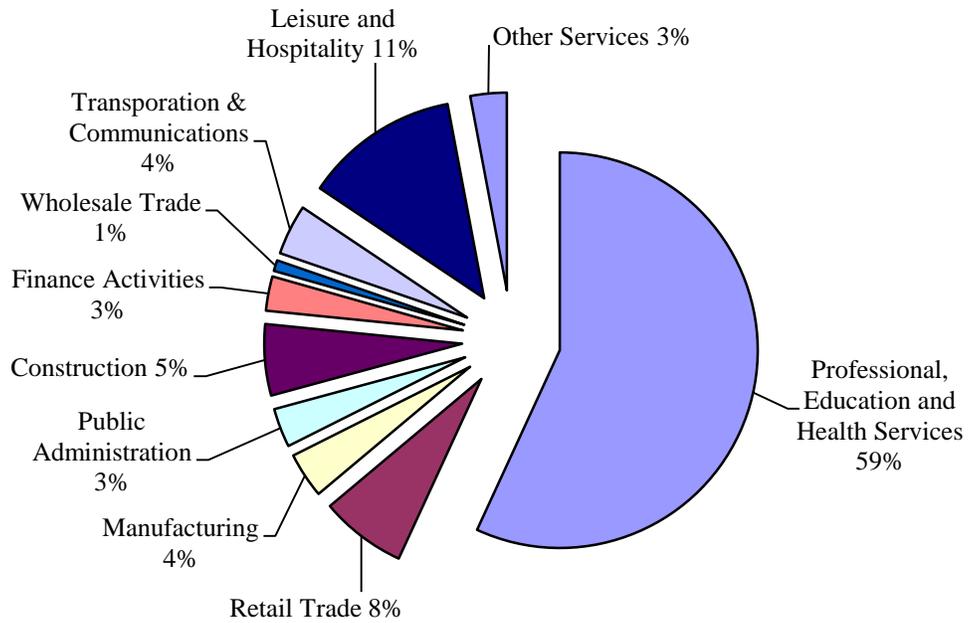
Source: homefacts.com

The major employers within Orange County in 2016 (those with 450 or more employees) reflect the dominance of the professional services sector

Employer	# of Employees
University of North Carolina at Chapel Hill	12,467
UNC Health Care System	12,095
Chapel Hill-Carrboro City Schools	2,000
Orange County Schools	1,100
Orange County Government	982
Town of Chapel Hill	761
General Electric	502

Source: Orange Co.gov (AFIR)

Employment by Sector, 2015



Source: American Community Survey

Key Intergovernmental Relationships

The Town of Carrboro has many relationships with surrounding communities, State, and regional organizations that affect the services provided to the community. A summary of these relationships follows:

State of North Carolina

- Established the Town by granting a municipal charter
- Grants and imposes powers to the Town
- Constructs and maintains a road network within the Town limits
- Is the conduit for transportation improvement funds used to maintain roads
- Collects and distributes certain revenues to the Town (sales taxes, beer and wine taxes, etc.)

Triangle J Council of Governments (TJCOG)

- Provides planning and other services to towns that are members of this voluntary organization that represents a region of municipal and county governments, including Carrboro
- Includes one delegate and one alternate to its board of delegates

City of Durham

- Provides staff for the Durham/Chapel Hill/Carrboro Metropolitan Planning Organization (Transportation Advisory Committee)

Chatham County

- Meets with town staff via Orange-Chatham Work Group on occasion to review development issues. Development at the border affects each community.

University of North Carolina

- Has mutual aid agreement for police services and emergencies
- Involves town in planning for Carolina North
- Allows use of easement for Libba Cotten bikeway

Orange Water and Sewer Authority

- Provides a mutual aid agreement for emergency response
- Extends water and sewer services in Carrboro zoning jurisdiction in accordance with policies of the Board
- Maintains fire hydrants used by the Carrboro Fire Department

Orange County

- Provides mutual aid agreement for police services
- Provides recycling services to Carrboro
- Participates in Joint Planning Agreement
- Plans jointly with Town for use of Housing and Urban Development Funds (HUD) and receives local contribution from Town toward affordable housing initiatives

- Has community, elected board members, and other Carrboro residents serve on numerous boards, commissions, and work groups including: Solid Waste Advisory Board, Orange County Economic Development Commission, JOCCA, EMS Council, Intergovernmental Parks Work Group, and the Orange County Housing and Land Trust
- Operates 911 emergency communications system; dispatches fire and police service units
- Provides jail services for Carrboro
- Provides tax assessing and collection services for Carrboro
- Provides grants to Carrboro for recreation
- Enforces soil erosion control ordinance in the Town
- Program cooperative recreational and educational ventures with Orange County

Town of Chapel Hill

- Provides fixed-route, E-Z rider and Shared Ride transit services via an interlocal agreement with Town of Carrboro and the University of North Carolina
- Has a mutual aid agreement for fire protection
- Provides use of Chapel Hill's fire training facilities
- Provides regular staff communications regarding services and policies
- Share resources with Chapel Hill - special events staffing
- Program cooperative recreational and educational ventures with Chapel Hill

Town of Hillsborough

- Provides mutual aid agreement for fire and police protection

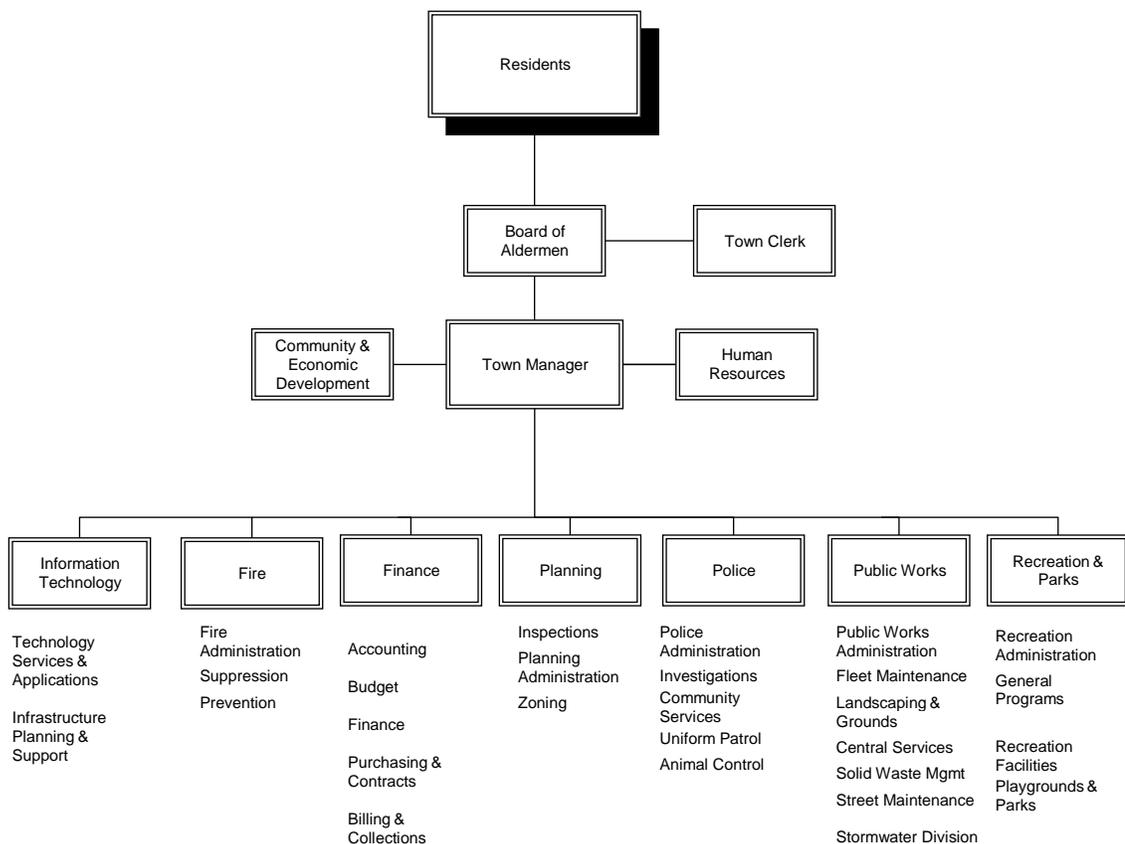
Chapel Hill-Carrboro School System

- Engages in joint use agreements for use of some recreation facilities
- Uses town services to provide school resource officer

GOVERNMENTAL STRUCTURE

The Town of Carrboro has a council/manager form of municipal government. Under the council/manager form of government, the Board of Aldermen performs the legislative functions of the town: establishing laws and policies. The Board of Aldermen is an elected body by the residents of Carrboro which consists of a mayor and six aldermen. The mayor and the aldermen are elected by the voters of the entire town. The mayor is elected to serve a term of two years and the aldermen are elected to serve staggered terms of four years. The mayor acts as the official head of town government and presides at board meetings. The mayor is a voting member of the board. He or she also appoints council members to advisory boards and committees.

The Board also appoints a manager who carries out the laws and policies enacted by the board. The Town Manager is responsible for managing the town's employees, finances, and resources. The Town has 159 full-time and part-time employees with 9 departments reporting to the Town Manager (see chart below). The Board of Aldermen also appoints a Town Clerk to maintain official town records; and an attorney, who represents the town administration and board in all legal matters.



Local governments in North Carolina exist to provide a wide range of basic services on which we all depend: police and fire protection; public works (garbage collection, street resurfacing, fleet maintenance, landscaping and building and grounds); planning; inspections and zoning; economic and community development; and parks and recreation programming. The major

services provided by the Town include all of the services above but exclude water and sewer services and tax collections. Certain large costs assumed by the Town reflect key services that are contracted with other governmental jurisdictions such as transit services, recycling, and landfill fees. The town also has administrative support units (personnel, technology, finance, budget, purchasing, town clerk, etc.) that provide both direct services as well as indirect support services.

The General Fund is the primary operating budget for the Town. The Town has a Special Revenue Fund and Capital Projects Fund. These are multi-year funds and dedicated to specific programs/activities.

The budget for the Town is largely supported by property and local sales taxes. The Town, facing growth in the Northern Transition Area, envisions the potential increase in the town's population to 24,000. The Town, in an effort to reduce the tax burden on residential property owners, is exploring ways to increase its commercial tax base as a percentage of its tax base.

BOARD PRIORITIES

The Board has not undertaken a formal strategic planning process. However, the Board of Aldermen has adopted and annually reviews strategic priorities for the Town with the ultimate goal of creating and maintaining Carrboro as a sustainable community that is a highly desirable place to live.

The current Board priorities (in bold) and departmental goals and work plans (in italics) are listed below:

A. Diversify revenue stream to maintain ethnic and economic diversity

- 1. Maximize use and revenue at recreation facilities.(Recreation & Parks)*
- 2. Diversify and expand the commercial the tax base, to create more high paying jobs in town, and to promote the town's image as a place for businesses.(Economic and Community Development)*
- 3. Create public/private partnerships for various special programs to maximize revenue and the marketing potential of the programming while minimizing program costs. (Recreation & Parks)*
- 4. Offer diversified programs reflective of citizen needs and promotes sensitivity to cultural diversity. (Recreation & Parks)*

B. Protect historic neighborhoods and maintain Carrboro's unique identity

- 1. Evaluate and schedule completion of Comprehensive LUO review/update and evaluate need for strategic or comprehensive planning/update.(Planning)*

C. Improve walkability and public transportation

- 1. Improve Quality of public transportation service. (Transportation)*
- 2. Improve level of public transportation service. (Transportation)*
- 3. Work with Chapel Hill Transit to more effectively manage current level of public transportation service in Carrboro, to extend service into areas of Carrboro not*

- served by fixed route service, and evaluate the shared-ride service in Carrboro (number of participants). (Transportation)*
- 4. Improve access to public transportation. (Transportation)*

D. Encourage development that is compact, dense, and appeals to diverse lifestyles and incomes

- 1. Increase the number of affordable energy efficient housing units in the Town. (Economic and Community Development)*

E. Enhance and sustain quality of life/place issues for everyone

- 1. Reduce the number of known drug houses and street-level drug sales locations. (Police)*
- 2. Maintain index crime clearance rates at or above the national average for comparable towns. (Police)*
- 3. Ensure the safety of all employees and citizens on town property. (Police)*
- 4. Provide fire suppression, light duty rescue, and emergency medical technician services on a 24-hour basis covering the Town of Carrboro and the South Orange Fire District. (Fire-Rescue)*
- 5. Provide fire education for schools, day care centers, and special interest groups. (Fire-Rescue)*
- 6. Achieve a well-balanced public infrastructure. (Planning)*
- 7. Help citizens develop a human environment that promotes trust, mutual respect, acceptance, happiness and well-being. (Planning)*
- 8. Develop innovative approaches to support the community, particularly with regard to housing, transportation, energy production and consumption, and ecological restoration and protection. (Planning)*
- 9. Provide timely, cost-effective maintenance of public streets, bike paths, storm drainage system and right-of-way. (Public Works)*
- 10. Provide cost effective, reliable solid waste collection and disposal. (Public Works)*
- 11. Provide park facility and ball field maintenance. (Public Works)*
- 12. Provide classes, workshops, trips, camps and other general recreational activities to meet the varied leisure interests and needs of the community. (Recreation & Parks)*
- 13. Operates 10 parks and 1 indoor community facility. (Recreation & Parks)*

Budgeting in Carrboro has become a year-round event. After adoption of the operating budget in June, work on the CIP begins in September. Much of the work presented in the annual operating budget draws from the CIP, reports and assessments, community needs identified by residents, advisory boards, staff, and the Board.

Departmental budgets are prepared and justified using two components - a continuation budget with proposed change and/or expansion budget. In recognition that some costs incurred by the Town reflect increases beyond normal inflation, the continuation budget, includes those costs, as well as expenditures where the Town or Board has made a legal or budgetary commitment. The inclusion of these costs in the continuation budget will allow the Town to maintain the same high levels of service provided in the current year with similar operating funds. These costs include

projects and infrastructure expenditures reflected in the annual Capital Improvements Plan which includes street resurfacing costs, vehicles, equipment, various specific capital projects and debt service payments for capital commitments. Other ongoing annual costs in the continuation budget includes any pay adjustments for employees, and dependent and retiree health insurance, and numerous operating costs needed to provide daily services.

All other requests are defined as “proposed changes” and are budgeted in a separate column and are categorized in a manner such that the Board and residents can understand the various dynamics involved in making funding decisions. Dynamics include improved service levels, and capital outlay – recurring capital outlay that does not meet the capital thresholds for consideration in the CIP. Justifications for proposed changes are based on the Board’s adopted goals as well as individual departmental goals and objectives.

Budget Development Calendar

Notice of Public Hearing for Community Input	Thursday, January 19, 2017
Public Hearing to Receive Community Input on FY 2017-18 Budget	Tuesday, January 24, 2017
FY 2017-18 Budget Instructions Distribution	Friday, January 27, 2017
FY 2016-17 Mid-Year Budget Status Report	Friday, January 27, 2017
Budget Requests from Departments	Monday, February 20, 2017
Finance Compiles Preliminary Budget Based on Department Requests	February 18 - March 3, 2017
Manager Meets with Department Heads on Requested Budget	March 6 - 10, 2017
Finance Compiles Manager's Recommended 2017-18 Budget	March 13-20, 2017
Manager Meets One-On-One with Board of Aldermen	April 3-14, 2017
Manager Submits FY 2017-18 Recommended Budget to Board	Tuesday, May 02, 2017
Public Notice of Required Public Hearing	Tuesday, May 02, 2017
First Budget Work Session - Board	Tuesday, May 09, 2017
Public Hearing on Recommended Budget	Monday, May 23, 2107
Second Budget Work Session (if needed) - Board	Monday, May 23, 2107
Board Adopts FY 2017-18 Budget	Tuesday, June 20, 2017

FINANCIAL POLICIES

Among the responsibilities of municipalities to its residents are the care of public funds and the wise and prudent management of municipal finances while providing service delivery to the public and the maintenance of public facilities. These financial management policies adopted by the Board are designed to ensure the fiscal stability of the Town and guide the development and administration of the annual operating and capital budgets. Except for the revision of the fund balance policy on April 5, 2011 to comply with Governmental Accounting Standards Board Statement 54 (GASB 54), *Fund Balance Reporting and Government Fund Type Definitions*, no major changes have been made in the Town's Financial Policies.

The Town's financial policies address revenues, cash management, expenditures, debt and risk management, capital needs and budgeting and management. The specific policy objectives are to:

1. Protect the policy-making ability of the Board of Aldermen by ensuring that important policy decisions are not controlled by financial problems or emergencies.
2. Assist Town management by providing accurate and timely information on financial conditions.
3. Provide sound principles to guide the important decisions of the Board of Aldermen and of management which have significant fiscal impact.
4. Provide essential public facilities and prevent deterioration of the Town's public facilities and its capital plant.
5. Set forth-operational principles that minimize the cost of government and financial risk, to the extent consistent with services desired by the public.
6. Enhance the policy-making ability of the Board of Aldermen by providing accurate information on program costs.
7. Employ revenue policies that prevent undue or unbalanced reliance on certain revenues, which distribute the costs of municipal services fairly, and which provide adequate funds to operate desired programs.
8. Ensure the legal use of all Town funds through a system of financial security and internal controls.

Town staff shall develop and maintain methods of forecasting future revenues and expenditures. These methods shall project the Town's future revenues and expenditures through a variety of methods including but not limited to forecasts of the economy and future development of the Town. Town staff will estimate General Fund revenues using an objective and analytical process, as well as documenting and maintaining specific assumptions. In instances where there is uncertainty as to assumptions, conservative revenue projections shall be provided.

REVENUE POLICIES

Important issues to consider in revenue analysis are growth, flexibility, elasticity, dependability, diversity, and administration. Under ideal situations, revenues grow at a rate equal to or greater than the combined effects of inflation and expenditures. Revenues should be sufficiently flexible to allow adjustments to changing conditions.

The Town uses the following policies to govern its operations and methods regarding revenues that are used for operations.

Sources of revenue

The Town will strive to maintain a diversified and stable revenue system to shelter the government from short-run fluctuations in any single revenue source and ensure its ability to provide for ongoing service. A balance will be sought in the revenue structure between the proportions of elastic and inelastic revenues. New sources of revenue will be sought to achieve the desirable balance.

Restricted revenue shall only be used for the purpose intended and in a fiscally responsible manner. Programs and services funded by restricted revenue will be clearly designated as such.

Intergovernmental assistance may be in the form of restricted or unrestricted revenue.

Unrestricted intergovernmental revenues generally support operational expenses; and restricted intergovernmental revenues are used for the designated purpose, activity and/or service.

Fees and cost recovery

User fees and charges shall be reviewed annually. Town departments that generate a user fee revenue regularly monitor their fees by comparing them to other local area jurisdictions. Fees shall be adjusted where appropriate to reflect these increases.

Engineering Fees represent an exception to user fees whereby applicants are responsible for paying 80% of fees assessed by the Town's engineers. The engineers, who perform under a contractual agreement with the Town, bill the Town and the Town, in turn, sends a bill to the applicant for all such fees.

The Recreation and Parks Department, establishes recreation fees based on numerous factors, depending upon the program or services offered. Services offered may be available at no cost (a town-sponsored event), partially subsidized based on financial need, or may be based on 80%-100% direct cost recovery. Fees for nonresident users of recreation programs shall be established after the Board of Aldermen approves the upcoming fiscal year budget. The fee shall be established by dividing the annual appropriation for the Recreation and Parks Department by the number of town residents. This will provide for a per capita cost for recreation services

Grants and federal funds

The Town shall aggressively pursue all grant opportunities; however, before accepting grants, the Town will consider the current and future implications of both accepting and rejecting the monies, including:

- a. Amount of matching funds required;
- b. Any in-kind services that are to be provided;
- c. Impact on operating expenses; and
- d. Length of grant and whether the Town is obliged to continue the services after the grant ends.

Payment-in-Lieu financing

Payment-in-lieu revenue represents payments from developers or property owners for the purpose of providing open space areas or recreational facilities that serves or benefits residents of the development generating the funds. The Town's ordinance allows developers of certain types of projects to either provide open space and recreational facilities according to standards set forth in the ordinance or pay a fee in accordance with the Town-established fee schedule.

Developers are also able to make payment-in-lieu of providing affordable housing under the applicable provisions of the Land Use Ordinance. Revenue is deposited in the Affordable Housing Fund.

Operating transfers

To the maximum extent feasible and appropriate, General Fund transfers to other funds shall be defined as payments intended for the support of specific programs or services. Amounts transferred but not needed to support such specific program or service expenses shall revert back to the General Fund.

OPERATING BUDGET POLICIES

The Town uses the following policies to govern its operations and methods regarding operating budget expenditures.

Fund Balance

To maintain the Town's credit rating, meet seasonal cash flow shortfalls, economic downturns or a local disaster, the Town shall maintain and present fund balance for the general fund in accordance with the requirements of GASB 54. The Town will maintain an unassigned fund balance in the general fund at a level ranging from 22.5% to 35% of the General Fund budget. Unassigned fund balance will generally not be used for operating expenses.

Fund balance shall be confirmed at the end of each fiscal year by the annual independent audit and if the:

- 1) Unassigned fund balance falls below 20%, the Town Manager shall develop and implement a plan to rebuild the balance to 22.5% within one year; or
- 2) Unassigned fund balance exceeds 35%; the Town Manager may set aside an amount in assigned fund balance for transfer to the capital projects fund for future projects, unless the Town Manager determines it necessary to maintain fund balance at the current level due to existence of other fiscal, economic and/or operating conditions.

The Board of Aldermen shall take formal action to commit the use of fund balance for projects or purposes in any current year or future year's budget.

Absence a commitment of fund balance by the Board, the Town Manager has the authority to express intended uses of unrestricted or unassigned fund balance that will result in assigned funds for specific purpose.

Where an expenditure is incurred for which restricted and unrestricted fund balance is available, the restricted fund balance, to the extent feasible, should be used first.

When expenditure is incurred for which there is unrestricted fund balance available, funds should be spent in the following order: committed, assigned and unassigned.

- a. Committed fund balances are amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally.
- b. Assigned fund balances are amounts intended to be used by the government for specific purposes and so expressed by the governing body or by an official or body to which the governing body delegates the authority.
- c. Unassigned fund balance is the residual classification of the general fund that includes all amounts not contained in other fund balance classifications. Unassigned amounts are technically available for any purpose.

Budget Process and Procedures

The North Carolina Local Government Budget and Fiscal Control Act requires that the Town Manager submit a recommended budget and budget message to the Mayor and Board of Aldermen no later than June 1st, that the Board hold a public hearing on the budget, and that the Board adopt an annual budget or interim budget each year by July 1st. The budget must be balanced which is defined by the Fiscal Control Act as "the sum of estimated net revenues and appropriated fund balance in each fund shall be equal to appropriations in that fund."

State laws also determine the types of services and regulatory authority, which the Town can provide as well as the revenue sources available to the Town. For example, the Town is authorized to provide police and fire protection, refuse collection, and street maintenance services, but is not authorized by the State to levy income taxes or to raise the local sales tax which is capped at the existing two and one-half (2.5) percent. In North Carolina, county governments are responsible for public health, education, and social services. County and state government decisions govern funding for the Chapel Hill- Carrboro School System.

While the budget process seeks to develop an annual financial plan for the Town, the budget is also a strategic plan whereby departmental goals and objectives are aligned with the Board's strategic priorities, goals and commitments.

The budget is prepared by the Town Manager for a one-year fiscal cycle beginning July 1 and ending June 30 of the following year and must be adopted by the Board of Aldermen prior to the beginning of each fiscal year.

The recommended budget, as presented by the Town Manager, shall reflect the continuation of current service levels wherever appropriate and/or shall include an explanation of any decreases and increases. Any reprogramming or budget shifts from the previous budget shall be clearly identified in the budget document. The recommended budget shall be a balanced budget; recommended allocations shall not exceed projected revenues.

Public input and review of the recommended budget is encouraged. In addition to the required statutory public hearing, the Board generally holds a public hearing at the beginning of the budget development process to get input from the citizens. The entire budget document shall be available at the Town Clerk's Office and the Town's website for review.

General Fund Budgeting

The basic format of the budget shall identify functional programs within organizational structures defined primarily by department. Programs are defined as specific services provided to the public by a specific department. All assumptions, transfers, and other relevant budget data shall be clearly stated. The Town will avoid budgetary procedures that balance current expenditures at the expense of meeting future years' expenses, such as postponing expenditures, accruing future years' revenues, or rolling over short-term debt.

Requests for human services and nonprofit funding shall coincide with the budget process. The Town shall set aside funds for external organizational or program services through the grant application process. The amount recommended for funding shall increase each year based on the consumer price index (CPI) over the previous twelve months, or any amount determined by the Board. If the CPI remains flat or decreases, nonprofit funding shall remain unaffected. Requests from external organizations are reviewed by the Town's Human Services Commission which in turn submits a funding recommendation to the Board of Aldermen.

Transfers between funds may be authorized only by the Board of Aldermen. All other transfers may be approved by the Town Manager.

In instances where specific activities or purchases are authorized by the Board of Aldermen in a certain fiscal year and remain incomplete, these funds may be carried forward into the next fiscal year to support such activities or purchases at Board of Aldermen's discretion.

Budgetary and accounting procedures will conform to Generally Accepted Accounting Principles (GAAP) for governmental agencies. Where possible, the budget and subsequent status reports will integrate performance measurement and productivity indicators.

Special Fund Budgeting

The term "Special Funds" shall be used to identify all funds other than the General Fund or Capital Project Fund, inclusive of the following fund types: Grants Administration Fund, Affordable Housing Fund, Revolving Loan Fund, Energy Efficiency Revolving Loan Fund, and Business Loan Fund. Special Funds shall be created when legally required, requested by the Board of Aldermen, or to facilitate internal accounting and financial reporting procedures.

The annual budget for each Special Fund shall be prepared in conjunction with the General Fund budget and shall be submitted to the Board of Aldermen for adoption prior to the beginning of the fiscal year. Special Funds budgetary and accounting procedures will conform to GAAP.

Capital Fund Budgeting

A local government may in its discretion, authorize and budget for a capital or grant project, either in its annual budget ordinance or in a project ordinance. At any time during the year, a capital project or grant project ordinance may be established. A project ordinance is for the life of the project and must be adopted by the governing board prior to commencement of the project.

A project ordinance must be balanced with the revenues estimated to be available for the project equal to appropriations for the project. A project ordinance shall clearly identify the project and

authorize its undertaking, identify the revenues that will finance the project, and make the appropriations necessary to complete the project. An amendment is required when the budget established for the project is not sufficient to complete the project in its entirety. A project ordinance amending the project budget will require approval by the Board of Aldermen.

Major capital decisions tend to have a fiscal and operational impact more extensive than that required of annual operating and maintenance decisions and require different planning and budgetary methods. For projects that cost over \$100,000 and will require more than one year to accomplish, departments should use a project ordinance rather than the General Fund operating budget.

Transfers

Line-item adjustments within one project will be allowed via an internal budget adjustment request form, as long as the scope of the project is substantially the same and total funding for the project will not increase as a result of the transfer.

Transfer requests are prepared and signed by the department head of the requesting department and submitted to Finance for review. When transfers occur, the project manager or department head will state that the project scope can still be achieved without increasing the total funding of the project. Finance will ensure that sufficient funds are available in the authorized budget and the transfer does not increase the total appropriation for the project. All transfer requests are approved by the Finance Director and Town Manager.

A transfer of funds between projects within the same fund is only allowed with formal board approval. This process ensures transparency and keeps the Board up-to-date regarding budget changes in capital projects.

Maintenance of Capital Assets

Provisions will be made for adequate maintenance of the capital plant and equipment and for their orderly rehabilitation and replacement, within available revenue and budgetary limits. The General Fund budget should provide sufficient funds for the regular repair and maintenance of all Town capital assets.

The budget shall incorporate and recognize the importance and necessity of maintaining and updating the installed technological infrastructure. End-user workstations are to be replaced on a five year cycle, servers to be replaced on a four year cycle and other network infrastructure and business applications to be replaced as dictated by financial, technical, and business criteria defined in the Technology Plan.

As with technology, town vehicles are also replaced on a predetermined schedule. Through a planned approach the Town looks to minimize fleet capital cost and operational cost. Age and usage criteria provide general guidance for replacement and there can be other circumstances that factor in the decision to replace a vehicle or piece of equipment either sooner or later than the recommended guidelines. These factors may include high maintenance cost, excessive down time, standardization of fleet, or change of operation. All vehicles and capital equipment that exceeds \$25,000 per item shall be considered for installment financing.

CAPITAL IMPROVEMENT PROJECT POLICIES

The Town uses the following policies to govern its capital improvement program that address particular community needs.

Capital Improvement Program

The Town Manager shall develop and maintain a projection of capital improvement projects (Capital Improvement Program) for the next six years based on the previous capital improvement plans, community needs assessments, and projects approved by the Board of Aldermen. The Capital Improvement Program (CIP) should be tied to projected revenue and expenditure constraints. Future planning should consider periods of revenue surplus and shortfall and adjust future programs accordingly. The CIP includes long-term maintenance and other operational requirements for proposed projects that meet the following criteria: 1) requested item is equipment costing more than \$25,000, or is a vehicle, and 2) requested project is multi-year in nature and exceeds \$100,000 over the life of the project. The CIP also includes information technology projects with costs equal to or greater than \$15,000. Each fiscal year, the Town Manager will update the CIP to include current information for review by the Board of Aldermen. The CIP plan is incorporated into the annual operating budget request process. Provisions are made for adequate maintenance of capital infrastructure and equipment and for their orderly replacement within available revenue and budgetary limits. Items are appropriated into the budget by the board upon adoption of the budget.

The CIP budget process shall include a financial analysis and narrative of the impact of the CIP on the Town's financial condition, including but not limited to, debt levels and operating budget.

The Town shall actively pursue outside funding sources for all projects for the CIP funding. The Town's capital program will recognize the borrowing limitation and debt tolerance of the Town.

Capital Improvement Financing

Within the limitation of existing law, various funding sources may be utilized for capital improvements. Capital projects shall not be dictated by the nature of funding available except to the extent that the projects meet an initial test of being required to achieve Town goals or to the extent that projects must be placed in priority dictated by the nature of the funds available.

Unspent capital project funds shall revert to undesignated capital reserves within the Capital Reserve Fund for future capital funding. In no case shall projects incur a funding deficit without the express approval of the Board of Aldermen.

DEBT MANAGEMENT POLICY

POLICY STATEMENTS

Debt policies are written guidelines and restrictions affecting the amount, issuance, process, and type of debt issued by a governmental entity. The important functions of a debt policy are to:

- Provide guidance on the types and levels of the Town's outstanding debt obligations so as not to exceed acceptable levels of indebtedness and risk. Debt policies also serve as a framework within which the Town can evaluate each potential debt issuance;

- Direct staff on objectives to be achieved, both before bonds are sold and for the ongoing management of the debt program;
- Facilitate the debt issuance process by making important decisions ahead of time;
- Assist the Town in the management of its financial affairs, ensuring that the Town maintains a sound debt position and that its credit quality is protected;
- Allow for an appropriate balance between the established debt parameters and providing flexibility to respond to unforeseen circumstances and new opportunities; and
- Serve as a means of stimulating an open debate about the government's outstanding obligations and lead to an informed decision by elected officials.

Purpose and Type of Debt

Purpose:

Debt is only to be incurred for financing capital assets that, because of their long-term nature or because of budgetary constraints, cannot be acquired from current or budgeted resources. Debt is not to be used for operational needs or normal recurring maintenance. Ideally, the Town will strive to restrict debt issuance to capital needs identified and formalized in a capital improvement program (CIP).

Types of Debt:

The types of debt instruments can include general obligation bonds, bond anticipation notes, revenue bonds, lease-installment financings, certificates of participation, special obligation bonds, or any other financing instrument allowed under North Carolina statutes. The Town will strive to use the least costly and most appropriate form of financing for its project needs.

All debt issued, including short-term installment purchase financing that the Town incurs for recurring equipment, will be repaid within a period not to exceed the expected useful life of the improvements, equipment, or vehicles financed by the debt.

Debt Limits and Affordability

Debt policies should define limits or acceptable ranges for each type of debt. Limits are set for legal, financial, and policy reasons. State law dictates legal limits. Financial limits may be established to achieve a desired credit rating or to exist within budgetary or other resource constraints. Debt limits alone will not result in desired ratings, but limits on debt levels can have a material impact if the local government demonstrates adherence to the policy over time. Policy limits can include the purposes for which debt may be used, the types of debt that may be issued, and minimum credit ratings.

The Town will use an objective, analytical approach to determine the amount of debt to be considered for authorization and issuance.

Several standards or guidelines are available for establishing limits:

Outstanding Debt as a Percentage of Assessed Valuation

This ratio measures debt levels against assessed valuation and assumes that property taxes are the primary source of debt repayment.

Statutorily, the Town is subject to the Local Government Bond Act of North Carolina which limits the amount of net bonded debt the Town may have outstanding to 8% of the appraised value of property subject to taxation. However, this is not considered a realistic ratio as other ratios that measure ability to pay (described below) would exceed the Town's desired debt levels.

The Town will also strive to avoid maintaining a "high" debt burden as measured by the Local Government Commission. This analysis is updated annually by the LGC.

Debt per Capita

This ratio reflects the philosophy that all taxes, and therefore the total principal on outstanding debt, are paid by the residents (as measured by population count). This ratio is widely used by analysts as a measure of an issuer's ability to repay debt.

The Town will also strive to avoid maintaining a "high" debt burden as measured by the Local Government Commission. This analysis is updated annually by the LGC.

Debt Service as a Percentage of Operating Expenditures

The ratio that measures the percentage of debt service to the general fund expenditures reflects the Town's budgetary flexibility to change spending and respond to economic downturns.

Annual debt service payments (like a house payment), can be a major fixed part of a government's fixed costs and its increase may indicate excessive debt and fiscal strain.

The North Carolina Local Government Commission (LGC) advises that local governments should have a reasonable debt burden. A heavy debt burden may be evidenced by a ratio of General Fund Debt Service to General Fund Expenditures exceeding 15%, or Debt per Capita or Debt to Appraised Property Value exceeding that of similar units. Credit rating agencies, on the other hand, consider debt exceeding 20% of operating budget to be excessive. Ten percent is considered acceptable. The Town will maintain this ratio at or below 12%, considering this to be a moderate level of debt.

Use of Debt Ratios

This measure of debt service expenditures as a percentage of operating expenditures will be the primary ratio used to relay the impact of debt to the Board, both in terms of tax rate and ability to pay debt within budgetary constraints. No project will be included in the CIP that increases the debt ratio above 12%. Any project that is considered outside of the Capital Improvement Plan shall be revisited in context of the plan to monitor the project's impact on the Town's debt ratios. Projects shall be considered for recommendation as long as the debt service expenditures as a percentage of operating expenditures remain at or below the 12% debt ratio.

The aforementioned measures, while defined with targets in mind, shall also be judged against the necessity of and benefits derived from the proposed acquisitions. The Town will continue to

update its debt affordability analyses annually along with a review of peer groups to continue to analyze and control its debt effectively.

By establishing comparative debt ratios and targets over a period of time, the Town is demonstrating that there is an analytical and informed process for monitoring and making decisions about the Town's debt burden and maintaining the Town's fiscal position on behalf of the community.

Bond Ratings

The Town's current bond ratings are: Standard and Poor's AAA; and, Moody's Aa1. The Town will maintain continuing disclosure and good communications with bond rating agencies and financial institutions on the Town's financial condition and operations.

Debt Issuance and Structure

The Town will strive to issue general obligation bonds no more frequently than once in any fiscal year. The scheduling of bond sales and installment purchase decisions and the amount will be determined each year by the Board of Aldermen. These decisions will be based upon the identified cash flow requirements for each project financed, market conditions, and other relevant factors.

The Board may fund upfront project costs and reimburse these costs when bonds are sold. In these situations, the Board will adopt reimbursement resolutions prior to the expenditure of project funds.

For most debt issues, the actual structure and sale is conducted in conjunction with the Local Government Commission (LGC), a division of the Office of State Treasurer. The LGC functions as the financial advisor to local governments when issuing debt. Structuring must take into consideration current conditions and practices in the municipal finance market.

The Town will seek level or declining debt repayment schedules on long-term bonded debt, as encouraged by the LGC. Debt requiring balloon principal payments reserved at the end of the issue term will be avoided. General obligation bonds will be generally competitively bid with no more than a 20-year life.

For short-term installment financings on capital items and equipment, the Town will rely on a competitive bidding process and the debt term will not exceed the useful life of the asset.

Capital Planning and Debt Determination

The Town will adopt a six-year capital improvements plan (CIP) annually. Debt financing and the associated policies will be considered in conjunction with the CIP with approval of funding and projects by the Board of Aldermen.

Any capital item that has not been included in the CIP, but because of its critical or emergency need where timing was not anticipated in the CIP or budgetary process, or is mandated immediately by either State or Federal requirements, will be considered for approval for debt financing.

BUDGETARY ACCOUNTING AND REPORTING

Budget Adoption

The Town operates under an annual budget ordinance in accordance with the Local Government Budget and Fiscal Control Act (North Carolina General Statutes Section 159). These statutes require that the Board of Aldermen adopt a balanced budget in which estimated revenues and appropriated fund balances equal expenditures. The Town Manager must submit a balanced budget proposal to the Board by June 1 of each year, and the Board must adopt the Budget Ordinance by July 1. A formal public hearing is required to obtain community comments of the proposed budget before the Board adopts the budget. By state law, the fiscal year begins on July 1 and ends on June 30.

An annual budget is adopted for the General Fund. All annual appropriations lapse at the fiscal year end. Project ordinances are adopted for the remaining Special Revenue Funds, and the Capital Projects Fund.

Basis of Accounting and Budgeting

The budget is adopted using the modified accrual method of accounting. Under this basis, revenues are recognized in the period received and accrued if considered to be both measurable and available to pay current liabilities. The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Those revenues susceptible to accrual include: investments, sales tax, and grants-in-aids earned. Expenditures are recognized when a liability is incurred. On a budgetary basis, revenues are recorded by source of revenue (property tax, intergovernmental, taxes and licenses, etc) and expenditures are recorded by department, function or project. Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds and at the fund level for multi-year funds.

Fund Type	Fund Category	Basis of Accounting	Budgetary Accounting
General Fund Group	Governmental	Modified Accrual	Modified Accrual
Special Revenue	Governmental	Modified Accrual	Modified Accrual
Capital Projects	Governmental	Modified Accrual	Modified Accrual

Within the budget ordinance, the general fund is further divided into functions, which represent the level of authorization, by the governing board. Revenue functions include Ad Valorem (Property Taxes), Local Sales Taxes, Other Taxes/Licenses, Restricted and Unrestricted Intergovernmental Revenues, Permit and Fees, Sales and Services, Investment Earnings, Other Revenues, Other Financing Sources, and Fund Balance Appropriated.

Expenditure functions are primarily budgeted at the departmental level and include: Mayor and Board of Aldermen, Advisory Boards, Governance Support, Town Manager, Economic and Community Development, Town Clerk, Management Services, Personnel, Police, Fire, Planning, Transportation, Public Works, Parks and Recreation, Non-departmental, and Debt Service.

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 projects.

Amending the Budget

The Board of Aldermen must approve all transfers between funds, transfers from non-fuel contingency, and amendments to capital project ordinances.

The Town Manager can transfer between departments and functions within the General Fund without further action by the Board. In addition, all operating funds encumbered or designated within fund balance for project expenditures as confirmed in the annual June 30 audit of the previous year shall be re-appropriated to the next fiscal year without further action by the Board. All other types of amendments within the General Fund must be approved by the Board (i.e., approving revenues and expenditures associated with a grant, transferring operating funds from one function to another that is not related to pay adjustments).

Capital project ordinances are approved at the project level. The Town Manager may approve line item transfers within a project as long as the project can still be achieved without increasing the total funding of the project. An amendment is required when the budget established for the project is not sufficient to complete the project in its entirety.

Line Item Transfers

While budgets are approved at the functional level within the budget ordinance, line-item budgets are controlled at three broad levels (categories) within a departmental cost center: salaries, operating, and capital outlay. Departments are only required to do a budget transfer form if there is a need to transfer funds between the broad categories of expenditures. The Finance Officer can process the transfers within a department at the request of the department head.

Purchase Orders

Purchase orders must be issued for purchases exceeding \$500 with exception of purchases specifically exempted by the Town's purchasing policy. Purchase requisitions under \$500 do not require approval by the Purchasing Officer.

Capital Outlay

All capital items (items exceeding \$5,000 and having a useful life of more than one year) must be approved in accordance with the adopted budget. With GASB 34, the definition of capital outlay was refined to include infrastructure inventory including roads, bridges, and sidewalks, amongst other assets). Thresholds exist for buildings (\$20,000 minimum) and for infrastructure inventory (\$100,000 minimum). The annual budget document outlines those capital outlay items approved for purchase. Any changes must be approved through the transfer process outlined above.

Position Control

The annual pay plan adopted by the Board in conjunction with the budget lists authorized permanent positions.

FINANCIAL FUND STRUCTURE

The accounts of the Town are organized on the basis of funds or account groups with each fund constituting a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts reflecting its assets, liabilities, fund balance, revenues and expenditures. Town resources are allocated to and accounted for individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The multiple Town funds are classified as General Governmental Funds and are grouped into three generic fund types as described below.

General Governmental Funds

General Fund – The General Fund is the primary operating fund of the Town, which accounts for normal recurring town functions such as public works, planning, public safety, recreation, debt service, and administration. All authorized positions are funded entirely within the General Fund. Activities within the general fund are funded by revenue sources such as property tax, sales tax, and user fees.

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes. Funds include the Revolving Loan Fund, Energy Efficiency Revolving Loan Fund, Affordable Housing Fund, Business Loan Fund, and the Grant Administration Fund.

Capital Projects Fund – The Capital Projects Fund is used to account for financial resources dedicated to the acquisition or construction of capital facilities and equipment. Include in the Capital Projects Fund are: Capital Reserve Fund, Capital Projects Fund, Bond Fund, Capital Reserve Fund and Payment-in-Lieu Fund.

GENERAL FUND REVENUES

	FY 2015-16 ACTUAL REVENUES	FY 2016-17 ADOPTED BUDGET	FY 2017-18 ADOPTED REVENUES	% CHANGE
AD VALOREM TAX				
PRIOR YEAR	290,158	335,647	70,252	-79.1%
CURRENT YEAR (ReValuation)	11,503,488	12,033,476	12,635,150	5.0%
PENALTY & INTEREST	35,790	24,240	24,240	0.0%
TOTAL AD VALOREM TAX	11,829,436	12,393,363	12,729,642	2.7%

LOCAL SALES TAXES

LOCAL OPTION SALES TAX 1% Art 39	1,372,600	1,258,276	1,270,859	1.0%
LOCAL OPTION SALES TAX 1/2% Art 40	1,000,778	1,010,701	1,020,808	1.0%
LOCAL OPTION SALES TAX 1/2% Art 42	688,823	633,456	639,791	1.0%
LOCAL OPTION SALES TAX 1/2% Art 44	2,586	766	774	1.0%
SALES TAX - CITY HOLD HARMLESS	1,040,498	1,075,513	1,086,268	1.0%
TOTAL LOCAL SALES TAXES	4,105,285	3,978,713	4,018,500	1.0%

**OTHER
TAXES/LICENSES**

MOTOR VEHICLE LICENSES	357,304	375,379	482,364	28.5%
MOTOR VEHICLE LIC - TRANS ONLY	119,101	125,126	125,126	0.0%
MOTOR VEHICLE TAXES	766,640	721,937	1,044,235	44.6%
BEER & WINE PRIVILEGE LICENSE	2,192	1,000	1,000	0.0%
REFUNDS - NCVTS	(19,763)	-	-	N/A
COLLECTION FEES - NCVTS	(27,405)	-	-	N/A
HOTEL/MOTEL OCCUPANCY TAX	183,025	194,085	194,085	0.0%
TOTAL OTHER TAXES/LICENSES	1,381,094	1,417,527	1,846,809	30.3%

GENERAL FUND REVENUES

	FY 2015-16 ACTUAL REVENUES	FY 2016-17 ADOPTED BUDGET	FY 2017-18 ADOPTED REVENUES	% CHANGE
UNRESTRICTED INTERGOVERNMENTAL				
FRANCHISE TAX- ELECTRIC	975,682	850,000	867,000	2.0%
PIPED NATURAL GAS TAX	43,041	31,660	32,293	2.0%
VIDEO SALES PROGRAMMING	83,404	54,472	34,760	-36.2%
HOME SATELLITE SALES	69,723	68,170	44,488	-34.7%
WINE AND BEER	90,328	95,000	95,000	0.0%
TELECOMMUNICATIO NS SALES TAX	184,133	138,208	132,233	-4.3%
NC DOT REIMBURSEMENT	5,910	5,010	-	-100.0%
EMS LOCATION RENT	12,000	12,000	14,000	16.7%
TOTAL UNRESTRICTED INTERGV	1,464,221	1,254,520	1,219,773	-2.8%

RESTRICTED INTERGOVERNMENTAL

POWELL BILL	494,257	494,257	504,143	2.0%
SOLID WASTE DISPOSAL TAX DIST.	13,309	12,093	7,244	-40.1%
PLANNING WORK GRANT	31,159	27,000	27,000	0.0%
RECREATION- MUNICIPAL SUPPLEM	35,898	27,193	27,193	0.0%
STROWD ROSES GRANT-MUSIC	600	10,514	192	-98.2%
NC RISK MGMT AGENCY GRANT	1,500	1,515	-	-100.0%
DOJ BLOCK GRANT	2,544	-	-	N/A
PEG CHANNEL SUPPORT	55,944	55,944	55,172	-1.4%
ABC BOARD GRANT	16,000	13,300	13,300	0.0%
TOTAL RESTRICTED INTERGVMT	651,211	641,816	634,244	-1.2%

GENERAL FUND REVENUES

	FY 2015-16 ACTUAL REVENUES	FY 2016-17 ADOPTED BUDGET	FY 2017-18 ADOPTED REVENUES	% CHANGE
FEES AND PERMITS				
RETURNED CHECK FEE	75	25	25	0.0%
TOWER REVENUE	140,694	135,378	136,732	1.0%
NETWORK HUT LEASE	-	-	5,200	N/A
COURT COST OFFICER FEES	3,621	2,394	2,418	1.0%
PARKING VIOLATIONS	1,475	2,805	2,833	1.0%
SCHOOL TRAFFIC CONTROL	10,000	10,000	10,000	0.0%
CHCCS - SRO CONTRACT	126,396	110,852	110,852	0.0%
ANIMAL VIOLATIONS	7,344	5,964	11,375	90.7%
FIRE DIST. FEES	527,741	540,270	540,270	0.0%
CAR SEAT SALES	87	695	470	-32.4%
FALSE ALARM FEES	272	275	-	-100.0%
FIRE PERMIT FEES	2,072	5,000	1,000	-80.0%
RE-INSPECTION FEE	1,500	1,500	1,500	0.0%
REPORTS	90	100	-	-100.0%
SIGN PERMITS	1,120	900	500	-44.4%
ENGINEERING FEE	31,054	18,554	20,166	8.7%
DEV REVIEW FEE	53,241	33,832	26,780	-20.8%
TECHNICAL REVIEW-FUTURE EQPMT	33,296	14,413	14,123	-2.0%
BUILDING PERMITS	68,395	76,035	51,366	-32.4%
ELECTRIC PERMITS	67,082	80,281	62,464	-22.2%
MECH. PERMITS	67,359	67,337	60,597	-10.0%
RE-INSPECTION FEE	975	1,854	1,600	-13.7%
PLUMBING	46,453	50,623	38,451	-24.0%
HOMEOWNERS RECOVER FEES	143	168	115	-31.6%
RECYCLING FEES	6,525	7,506	7,033	-6.3%
STOCKING FEE	460	1,110	543	-51.0%
STREET CUTS	395	422	-	-100.0%
ENCROACHMENT FEE	2,900	1,803	4,242	135.3%
STREET SIGNS	-	288	-	-100.0%
DRIVEWAY PERMIT FEES	880	1,113	333	-70.0%
STREET CLOSING	425	5,527	-	-100.0%
REFUSE COLLECTION FEES	1,276	1,019	2,439	139.3%
REFUSE COLLECTION - DUMPSTER	66,844	67,051	65,438	-2.4%
TOTAL FEES & PERMITS	1,270,190	1,245,095	1,178,867	-5.3%

GENERAL FUND REVENUES

	FY 2015-16 ACTUAL REVENUES	FY 2016-17 ADOPTED BUDGET	FY 2017-18 ADOPTED REVENUES	% CHANGE
SALES & SERVICES				
RECREATION FEES	195,537	188,222	116,308	-38.2%
DISCOUNT -RECREATION FEES	(12,418)	(8,168)	(8,062)	-1.3%
SALES- MERCH & CONCESSIONS-MUSIC	20	1,125	1,663	47.8%
SALES- MERCH & CONCESSIONS-POETRY	-	60	15	-74.8%
SALES- MERCH & CONCESSIONS-JULY	305	305	516	69.2%
SALES- MERCH & CONCESSIONS-HALLO	373	376	696	85.1%
SALES- MERCH & CONCESSIONS-FILM	2,772	2,771	-	-100.0%
TOWN CENTER FEES	90,679	86,524	72,924	-15.7%
DISCOUNT - TOWN CENTER FEES	(13,824)	(11,619)	(13,190)	13.5%
TOTAL SALES & SERVICES	263,444	259,596	170,870	-34.2%

**INVESTMENT
EARNINGS**

INTEREST EARNED	20,278	1,110	27,089	2340.4%
TOTAL INVESTMENT EARNINGS	20,278	1,110	27,089	2340.4%

GENERAL FUND REVENUES

	FY 2015-16 ACTUAL REVENUES	FY 2016-17 ADOPTED BUDGET	FY 2017-18 ADOPTED REVENUES	% CHANGE
OTHER REVENUES				
RENT-FARMER'S MKT	2,370	2,370	2,370	0.0%
ATM FEES	1,556	1,662	2,406	44.8%
PARKING CONTRIBUTION - CTDA	43,370	26,842	0	-100.0%
MISCELLANEOUS	7,430	978	102	-89.6%
SALES OF CEMETERY LOTS	17,215	12,145	22,375	84.2%
SALE/ FIXED ASSETS	491,287	30,000	13,219	-55.9%
RENTAL INCOME - CSFP UNDER 6	1,200	1,500	1,500	0.0%
RENTAL INCOME - CARRBORO COMM SOLAR	-	20	20	0.0%
DONATIONS - CD & MEMORABILIA	2,815	3,000	20	-99.3%
MISCELLANEOUS - TOWN MANAGER	15,000	-	-	N/A
MISCELLANEOUS - MANAGEMENT SERVICES	9,642	2,836	6,232	119.7%
SEIZURE REVENUE- STATE	2,494	-	3,683	N/A
POLICE MISCELLANEOUS	2,853	2,511	1,345	-46.4%
FIRE MISCELLANEOUS	1,304	1,125	263	-76.7%
MISCELLANEOUS-PW	2,280	2,302	-	-100.0%
REFUSE CART SALES	4,240	3,262	1,136	-65.2%
YARD WASTE CONTAINERS	2,869	2,457	2,325	-5.4%
MISCELLANEOUS R & P	1,185	1,172	18	-98.4%
DONATIONS	705	343	4,257	1139.7%
DONATIONS - CARRBORO DAY	215	-	-	N/A
DONATIONS - MUSIC FESTIVAL	17,233	34,989	45,989	31.4%
FREIGHT TRAIN BLUES SERIES	8,100	-	0	N/A
DONATIONS-POETRY ALIVE IN CARRBORO	2,060	3,060	5,060	65.4%
DONATIONS - JULY 4TH	995	-	-	N/A
DONATIONS - FILM FESTIVAL	14,655	18,746	27,946	49.1%
DONATIONS ARTS COMMITTEE	300	75	76	1.0%
OPEN STREETS	2,404	2,110	2,131	1.0%
PLANNING MISC.	-	47	1,141	2332.0%
TOTAL OTHER REVENUES	655,777	153,752	143,615	-6.6%

	FY 2015-16 ACTUAL REVENUES	FY 2016-17 ADOPTED BUDGET	FY 2017-18 ADOPTED REVENUES	% CHANGE
OTHER FINANCING SOURCES				
INSTALLMENT FINANCING PROCEEDS	621,180	411,306	301,872	-26.6%
FUND BALANCE APPROPRIATED	-	275,559	598,404	117.2%
TRANSFER FR CAP RESERVE FUND	176,945	-	-	N/A
TOTAL OTHER FINANCING SRCE	798,125	686,865	900,276	31.1%
TOTAL REVENUES	22,439,060	22,032,357	\$ 22,869,686	3.8%

GENERAL FUND REVENUE DESCRIPTIONS

The following information briefly explains the major sources of revenue for the Town of Carrboro in the FY 2016-17 Budget.

AD VALOREM TAXES

The largest single source of revenue to municipalities in North Carolina is the Ad Valorem revenue which represents a tax paid by those owning property within the municipality. Ad Valorem Taxes or property tax income includes real property, motor vehicle and business personal property taxes. The General Assembly has approved various higher exemptions for senior citizens aged 65 or older and for citizens, including veterans, who are 100% disabled and subsist on a specified household income.

LOCAL SALES TAXES

The State collects and distributes the proceeds from the local levied tax on retail sales consisting of a 1% sales tax (Article 39); and three ½% sales tax (Articles 40, 42 & 44). The Article 44 sales tax was implemented in 2002. Food is exempted from this tax. In exchange for Article 44, the General Assembly repealed local government reimbursements for inventory tax, intangibles tax, tax on food stamp purchases, and homestead exemption. In 2007, the General Assembly passed legislation to have the State assume county Medicaid costs and eliminate the Article 44 local sales tax. Effective October 1, 2008, the state took over one quarter cent of the Article 44 local options sales tax and effective October 1, 2009, the state took over the remaining one-quarter cent of that local tax. The legislation provides for municipalities to be completely reimbursed for the loss of their share of these tax revenues, including growth. The first one-quarter cent was replaced by a payment equal to 50% of the amount each municipality receives from the Article 40 local sales tax and the second one-quarter cent will be replaced by a payment equal to 25% of the amount each municipality receives for the Article 39 local sales tax.

Funds for the hold harmless payment to municipalities come from the counties' share of sales tax revenues. There is no expiration date on the hold harmless payments. The legislation also changes the distribution for the Article 42 local option sales tax from per capita to point of delivery distribution. A hold harmless provision ensures that this change will not affect municipal distributions.

OTHER TAXES AND LICENSES

This category of revenue is comprised of motor vehicle licenses, privilege licenses, and the Time-Warner Franchise.

Privilege Licenses – The NC General Assembly eliminated Privilege Licenses as of July 1, 2015.

Motor Vehicle License Tax –The vehicle license tax is \$30 per car. The Town allocates \$5 of this motor vehicle license fee to offset costs paid by the Town for the transit partnership with Chapel Hill and UNC-Chapel Hill.

Hotel and Motel Room Occupancy Tax – The occupancy tax implemented in 2013 is 3% of the gross receipts derived from the rental of any room, lodging, or accommodation furnished by a

hotel, motel, inn, tourist camp, or similar place within the Town that is subject to sales tax imposed by the State under G.G. 105-164.4(a)(3). The Town is required to distribute these receipts to the Carrboro Tourism Development Authority.

UNRESTRICTED INTERGOVERNMENTAL REVENUE

This category of revenue is primarily comprised of state-collected *local* revenues that are not directed to specific programs or services. This category of revenue was previously known as utility franchise tax.

Local Video Programming Revenues- Beginning January 1, 2007, local governments were no longer able to impose franchise taxes on video programming services. A sales tax on video programming services was added by the State that covered some of the same revenue received directly by local governments.

Electricity Sales Tax – As part of the tax reform legislation approved by the General Assembly in 2013, effective July 1, 2014, the general sales tax rate is applied to the sale of electricity. From the proceeds of that tax, 44 percent is allocated to be distributed to cities and towns. Each city receives a franchise tax share and an ad valorem share of these proceeds. The franchise tax share is equivalent to the electricity franchise tax distribution that each city received as its quarterly distribution in Fiscal Year 2013-14. If there is insufficient revenue to provide each municipality with the same distribution that it received in FY 2013-14, then every municipality’s distribution will be reduced proportionally. If there is excess sales tax revenue after distributing every municipality’s franchise tax share, then each municipality will receive an ad valorem share. The excess sales tax revenue will be distributed based on each city’s ad valorem taxes levied as a percentage of all cities’ ad valorem taxes levied [G.S. 105-164.44K].

Piped Natural Gas Sales Tax - As part of the tax reform legislation approved by the General Assembly in 2013, effective July 1, 2014, the general sales tax rate is applied to the sale of piped natural gas. From the proceeds of that tax, 20 percent is allocated to be distributed to cities and towns. Each city receives a franchise tax share and an ad valorem share of these proceeds. The franchise tax share is equivalent to the piped natural gas franchise tax distribution that each city received as its quarterly distribution in Fiscal Year 2013-14. If there is insufficient revenue to provide each municipality with the same distribution that it received in FY 2013-14, then every municipality’s distribution will be reduced proportionally. If there is excess sales tax revenue after distributing every municipality’s franchise tax share, then each municipality will receive an ad valorem share. The excess sales tax revenue will be distributed based on each city’s ad valorem taxes levied as a percentage of all cities’ ad valorem taxes levied [G.S. 105-164.44L]. .

Wine and Beer Tax – provides for the distribution of state beer tax collections to local governmental units in which beer is legally sold. It further provides for taxes on unfortified wine and 22% of collections for taxes on fortified wine to local governmental units in which wine is legally sold. This revenue is distributed on a per capita basis.

Telecommunication Sales Tax- In 2001, the General Assembly replaced the utility franchise tax on local telephone service with a new sales tax on telecommunications.

RESTRICTED INTERGOVERNMENTAL REVENUE

Restricted intergovernmental revenues represent state and federal grants or other local governmental revenues received for specific purposes by the Town, the largest of which is the recurring Powell Bill grant funds for street resurfacing.

Powell Bill – These grant revenues are generated from the State’s gasoline tax and a percentage of this tax is returned to the municipality through a formula based on population and street mileage. Powell Bill funds can only be used for street maintenance, construction, traffic signs, sidewalks, curbs, gutters, drainage and other related needs.

Durham-Chapel Hill-Carrboro Urban Area Planning Work Program Grant – This grant provides support toward the Transportation Planner salary costs.

Recreation Municipal Supplement – Orange County provides a supplement to the Town for recreation programs in recognition of Town services offered to county residents.

ABC (Alcoholic Beverage Control) Board Grant – The Police Department applies annually for a grant to assist the ABC Board in managing alcohol violation programs.

FEES AND PERMITS

The Town charges various types of permits and fees to residences and commercial establishments needing specific services. A large portion of the fees and permits received by the Town relate to development and growth within the Town.

Fire District Fees - The Carrboro Fire Department provides fire protection services to the South Orange Fire District located in Orange County and outside of the Town’s limits. A three-member fire district board meets annually and approves the tax rate for the fire district based on a formula developed by the County and the Town of Carrboro. Orange County pays the Town for the fire protection services based on the approved fire district tax rate.

Chapel Hill-Carrboro School District - It is anticipated that the Chapel Hill Carrboro School District will continue to contract with the Town to provide two School Resource Officers and traffic control management. One office is stationed at McDougle Middle School and one at Carrboro High School.

Engineering Fees - Applicants are responsible for paying 80% of fees assessed by the Town's Engineers (Sungate Design Group). Sungate bills the Town and the Town, in turn, sends a bill to the applicant for such fees.

Development Review Fees - Applicants wishing to receive a Zoning Permit, Special Use Permit, or Conditional Use Permit must pay the appropriate fee for the Town to review plans for adherence to the Land Use Ordinance before a permit may be issued. The fee is paid one-time even though the plans may be reviewed multiple times before a permit is issued.

Building Permits are issued on new and existing buildings when the buildings are renovated or newly constructed for commercial property, single-family dwellings, townhouses, condominiums and duplexes.

Electric Permits are issued on new and existing buildings for service changes, premises wiring and commercial up-fits.

Mechanical Permits are issued on new installation of residential and commercial buildings and replacement of heating and cooling equipment.

Plumbing Permits are issued on new and renovated buildings i.e. water and sewer, irrigation and backflow.

Dumpster Collection Fees represent the full cost of pickup and disposal of all refuse the Town collects from all commercial dumpsters in Town.

Tower Revenue - The Town owns a cell tower and leases space via a multi-year contract for antennas.

SALES AND SERVICES

Recreational Fees and Town Center Fees represent fees for a variety of recreational services and activities offered to town residents. The Town's Park facilities, such as picnic shelters, ball fields and the multi-purpose areas are also available for rent. The Town also offers for rent meeting rooms and facility space within the Century Center to the public for various functions.

INVESTMENT EARNINGS

Interest Income - The Town generates interest income by investing idle cash in interest paying checking accounts and money market accounts.

OTHER REVENUES

Representing a very small portion of the overall revenue stream, this revenue is comprised of donations, rent, reimbursements for town services provided to other jurisdictions, fixed asset sales, and other sundry sales.

OTHER FINANCING SOURCES

This category of revenue represents debt proceeds received by the Town or funds that are transferred from another fund into the General Fund. Highlights include:

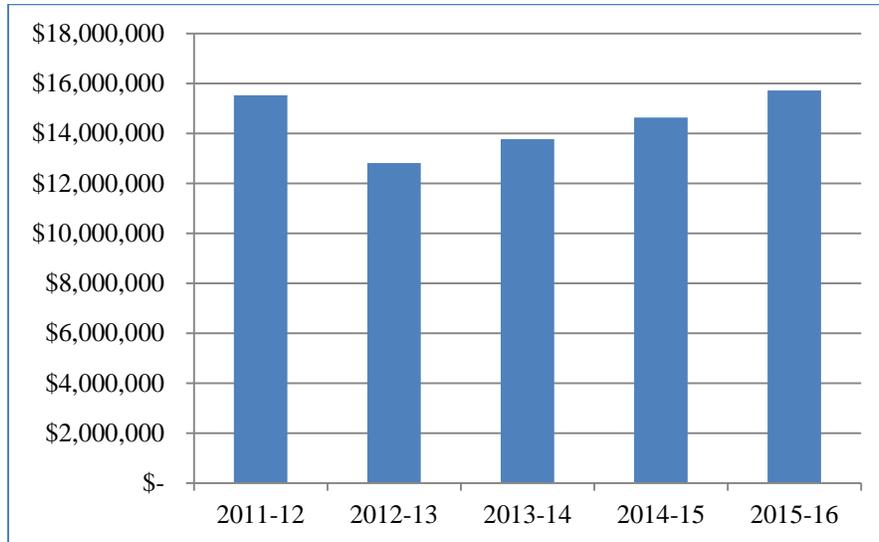
Lease-purchase or Bond Proceeds – This represents the full cost of equipment or other capital purchase that the Town has obtained through installment or bond financing. Following generally accepted accounting practices, the full cost of the financed equipment is budgeted (equipment purchased in that 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 or debt service payment only.

Transfers from Other Funds – While the General Fund is the major operating budget for the Town, several other funds exist where the Town may choose to transfer resources from those funds to the General Fund.

Fund Balance Appropriated

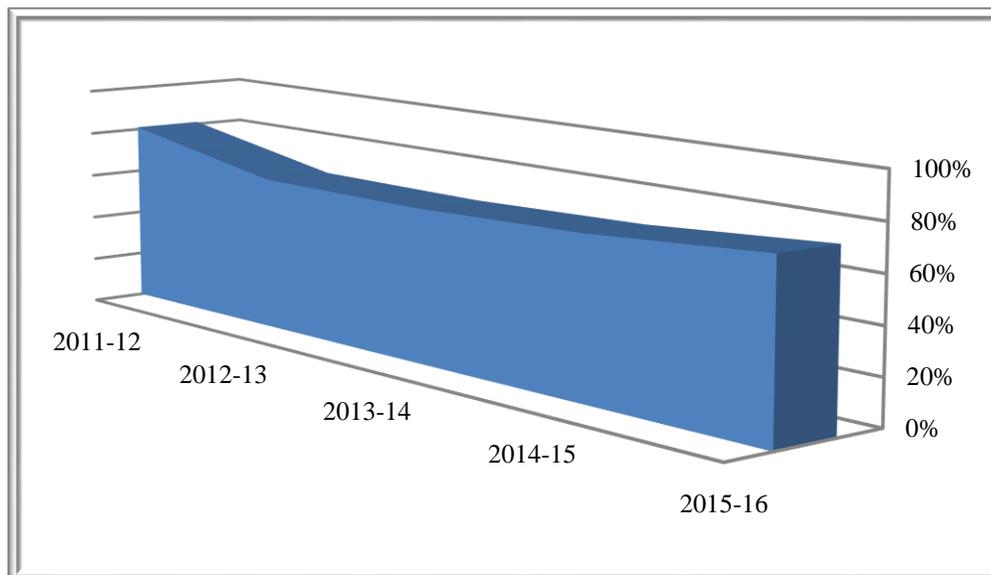
Funds accumulated through the under-expenditure of budgeted appropriations and the receipt of revenues that exceed budgeted projections result in fund balance or reserves. An appropriation of fund balance is sometimes necessary to balance projected revenues with expenditures. The level of appropriation is determined by the differences between estimated expenditures and the expected revenues.

General Fund Balance as of June 30



Fund balance at the end of FY 2015-16 was \$15,715,341, which was an increase of \$1,089,911 from FY 2014-15.

General Fund Balance as a Percentage of Operating Revenues



Fund balance as a percentage of operating revenues increased 5.4% from 68.7% in FY 2014-15 to 74.1% for FY 2015-16.

GENERAL FUND SUMMARY OF EXPENDITURES

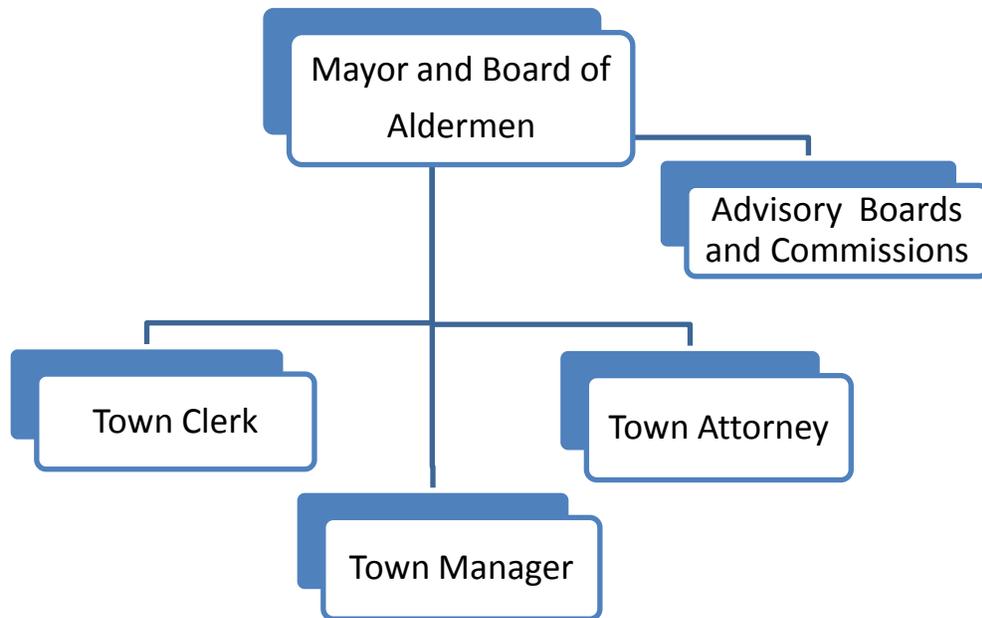
	2015-16 ACTUAL	2016-17 ADOPTED BUDGET	2017-18 ADOPTED BUDGET	PCT CHANGE
PERSONNEL	11,376,803	12,554,270	13,244,463	5.5%
OPERATING	8,211,813	8,961,498	9,168,046	2.3%
CAPITAL OUTLAY	666,422	516,589	457,177	-12.1%
TOTAL	\$20,255,038	\$22,032,357	\$22,869,686	3.8%

GENERAL FUND EXPENDITURES BY DEPARTMENT

DEPARTMENT	PERSONNEL SERVICES	OPERATING COSTS	CAPITAL OUTLAY	TOTAL
MAYOR & ALDERMEN	116,304	252,100	0	368,404
ADVISORY BOARDS	0	17,350	0	17,350
GOVERNANCE SUPPORT	0	743,124	0	743,124
TOWN MANAGER	344,410	48,989	0	393,399
ECONOMIC & COMM DEV.	131,121	122,349	0	253,470
TOWN CLERK	116,071	18,900	0	134,971
FINANCE	514,243	562,672	0	1,076,915
HUMAN RESOURCES	538,617	85,850	0	624,467
INFORMATION TECHNOLOGY	269,791	1,034,598	116,000	1,420,389
POLICE	3,165,946	519,075	301,872	3,986,893
FIRE	2,636,833	287,499	0	2,924,332
PLANNING	1,222,430	254,334	0	1,476,764
TRANSPORTATION	0	1,834,856	0	1,834,856
PUBLIC WORKS	2,039,918	1,527,692	39,305	3,606,915
PARKS & RECREATION	1,215,894	434,148	0	1,650,042
NON-DEPARTMENTAL	932,885	300,000	0	1,232,885
DEBT SERVICE	0	1,124,510	0	1,124,510
TOTAL	\$13,244,463	\$9,168,046	\$457,177	\$22,869,686

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MAYOR AND BOARD OF ALDERMEN



PURPOSE

As elected officials within the framework of the council/manager form of town government, members of the Board of Aldermen make decisions and set policies to ensure the safety, health, attractiveness and social well-being of the community.

GOALS

- Diversify revenue stream to maintain ethnic and economic diversity.
- Protect historic neighborhoods and maintain Carrboro's unique identity.
- Improve walkability and public transportation.
- Encourage development that is compact, dense, and appeals to diverse lifestyles and incomes.
- Enhance and sustain quality of life / place issues for everyone.

SERVICES PROVIDED & ACTIVITIES

- Establishes annual goals for the organization.
- Reviews, reinforces, or alters public policies and long-range planning governing municipal operations and functions.
- Establishes priorities and funding limits through adoption of an annual budget.
- Grants or denies requests for conditional use permits.
- Responds to and communicates with citizens regarding their concerns, perspectives, and initiatives.
- Supervises work and responsibilities of Town Manager, Town Attorney, and Town Clerk.
- Makes appointments to and serves on committees and task forces.
- Participates in county and regional-wide planning and establishment of public policy.

PREVIOUS YEAR ACCOMPLISHMENTS

- Received Standard and Poor upgrade to AAA (“triple A”)
- Tree City USA for 31st year
- Held annual Arbor Day Observance
- Continued work on Historic Rogers Road Infrastructure
- Maintained Silver Level Designation from the League of American Bicyclists
- Maintained certification as Orange County Certified Living Wage Employer
- Conducted First Comprehensive Citizen Survey, Received A-

UPCOMING FISCAL YEAR OBJECTIVES

- Continue to review downtown parking situation.
- Encourage commercial development, especially local, “green collar”, and arts-related businesses, through zoning changes, the Revolving Loan Fund, the Local Living Economy Task Force, and other initiatives identified at the annual retreat.
- Work to improve housing affordability.
- Work to improve stormwater/flooding problems
- Continue to partner with Orange County for library building.

BUDGET SUMMARY

	2015-16 ACTUAL	2016-17 ADOPTED BUDGET	FY 2017-18 ADOPTED BUDGET	PCT CHANGE
PERSONNEL	108,691	101,027	116,304	15%
OPERATING	223,717	177,100	252,100	42%
TOTAL	\$332,408	\$278,127	\$368,404	32%

CHANGES IN BUDGET FROM PRIOR YEAR ADOPTED BUDGET

Changes in personnel are due to an increase in insurance costs. Changes in operating cost are associated with the cost of elections and increase in legal services.

ADVISORY BOARDS AND COMMISSIONS

PURPOSE

The Advisory Boards and Commissions advise the Board of Aldermen on issues and policy decisions as provided for in the Carrboro Town Code.

SERVICES PROVIDED & ACTIVITIES

- Review and make comments to the Board of Aldermen on proposed policies, plans and ordinances.
- Make recommendations to the Board of Aldermen as to the need for policies and ordinances.

BUDGET SUMMARY

	2015-16 ACTUAL	2016-17 ADOPTED BUDGET	2017-18 ADOPTED BUDGET	PCT CHANGE
OPERATING	9,766	17,850	17,350	-3%
TOTAL	\$9,766	\$17,850	\$17,350	-3%

CHANGES IN BUDGET FROM PRIOR YEAR ADOPTED BUDGET

The Advisory Board and Commissions budget decreased slightly with the reduction in training costs.

GOVERNANCE SUPPORT

PURPOSE

This budget supports local and regional agencies providing community services or information vital to the execution of Board of Aldermen priorities.

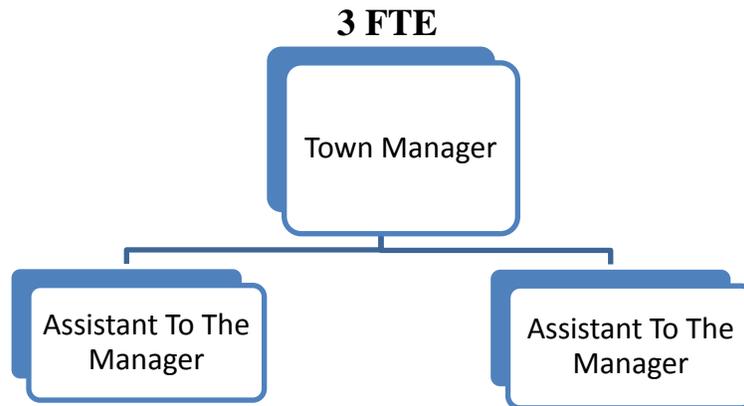
BUDGET SUMMARY

	2015-16 ACTUAL	2016-17 ADOPTED BUDGET	2017-18 ADOPTED BUDGET	PCT CHANGE
OPERATING	493,677	650,815	744,124	14%
TOTAL	\$493,677	\$650,815	\$744,124	14%

CHANGES IN BUDGET FROM PRIOR YEAR ADOPTED BUDGET

The increase in operating is due to increases in the Human Services Grant Program.

TOWN MANAGER



PURPOSE

The Town Manager serves as primary advisor to, and implements the policies of, the Mayor and Board of Aldermen. The Town Manager communicates these policies to residents and staff, and effectively organizes and manages town staff and resources to respond to the community and residents' needs.

GOALS

- To lead an organization that functions well internally and implements Board policies in a timely, effective, efficient, and friendly manner.
- To give well-informed, helpful advice to the Board on policy options and other matters.
- To facilitate effective Board action through the presentation of clear, concise agendas.
- To adhere to the professional code of ethics and always work towards the long-term best interests of the Town.
- To ensure staff satisfaction and retention.

SERVICES PROVIDED & ACTIVITIES

- Provides general guidance and support to town departments in achieving town-wide goals and objectives.
- Seeks capital improvement strategies to meet the needs of the town and organization.
- Studies, develops, and implements policy and program recommendations at the direction of the Board of Aldermen.
- Provides support for the Board of Aldermen.
- Represents the town's interests on local, regional, and state-wide bodies dealing with issues important to Carrboro.
- Conducts and facilitates public communication with the Mayor and Board of Aldermen, residents, employees, and other users of town services.

PREVIOUS YEAR ACCOMPLISHMENTS

- Received Tree City USA designation for 31st Year
- Received GFOA Distinguished Budget Presentation
- Received GFOA Award for Excellence in Financial Reporting

UPCOMING FISCAL YEAR OBJECTIVES

- Look for ways to continue providing quality services in ways that minimize the impact on the property tax rate.
- Focus on Board’s economic development initiatives.

BUDGET SUMMARY

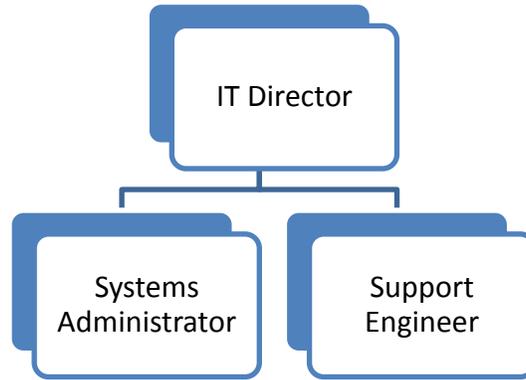
	2015-16 ACTUAL	2016-17 ADOPTED BUDGET	2017-18 ADOPTED BUDGET	PCT CHANGE
PERSONNEL	328,244	336,198	344,410	2%
OPERATING	47,161	86,645	48,989	-43%
TOTAL	\$375,405	\$422,843	\$393,399	-7%

CHANGES IN BUDGET FROM PRIOR YEAR ADOPTED BUDGET

The Town Manager’s budget decreased due to the one-time costs of consultant services for a citizen survey and climate action plan the previous year.

INFORMATION TECHNOLOGY

3 FTE



PURPOSE

To deliver technology-based solutions that are cost-effective and increase the effectiveness and efficiency of many Town services. To work with various external and community organizations, as directed by the Town Manager, to discover mutually beneficial relationships, sharing technology infrastructure, resources and strengths.

GOALS

- To provide the technology to enhance the delivery of Town services and to increase the access to and the quality of vital government data.
- To partner with our customers to understand their business processes and needs and then identify activities that can be effectively streamlined through the application of technology in a manner that is cost-effective, convenient and satisfactory.
- To align technology to business processes throughout Town government.
- To increase business continuity and limit service interruption through the application of technology and infrastructure redundancy.
- To work with county, municipal, educational and other agencies to share, cooperatively build and leverage existing infrastructure.

SERVICES PROVIDED & ACTIVITIES

- Create a Town wide Information Technology Budget and facilitate long term planning through the Capital Improvements Program.
- Provide technology support services for computer, voice and web presence to all departments.
- Provide technology project support and management for departments.
- Manage ongoing departmental application upgrade, patching and security. Manage ongoing operating system upgrades, patching and security.
- Maintain a replacement cycle for desktops and emergency services mobile computers through ongoing replacement cycles of aging inventory.

- Facilitate the collection, storage, security and integrity of electronic data while ensuring appropriate access.
- Provide, maintain and upgrade a reliable, scalable and secure infrastructure.
- Maintain reliable historical data backups for discrete data loss incidents and catastrophic events.
- Maintain, expand and upgrade Town wide phone system.
- Provide technology purchasing expertise to all departments.

PREVIOUS YEAR ACCOMPLISHMENTS

- Completed implementation of new records management system for Recreation and Parks Department. This included program registration and facilities booking as well as online registration and credit card processing.
- Continued implementation of a software package to automate and manage land use planning and project review, regulatory management, inspections, code enforcement, citizen requests, asset management and work order management for the Planning Department.
- Developed new joint efforts by the Town of Carrboro and UNC at Chapel Hill to interconnect fiber optic infrastructure for the purpose of fiber optic cable plant path diversity and redundancy.
- Completed joint project with OWASA that connected OWASA to the MCNC point of presence on UNC-Chapel Hill campus through Town owned fiber optics. This provides OWASA with lower cost high bandwidth and highly reliable internet connectivity.
- As part of the NCNGN initiative, completed installation of 1 Gbps AT&T Gigapower connections at five NCNGN selected Carrboro non-profits. These connections are at no cost for seven years with no obligations.
- Continued working with Google Fiber and AT&T through NCNGN to bring more competition to the high speed broadband market in the triangle.

UPCOMING FISCAL YEAR OBJECTIVES

- Complete implementation of land use planning and project review software, regulatory management, inspections, code enforcement, citizen requests, asset management and work order management for the Planning Department.
- Continue to work with Chapel Hill Carrboro City Schools to interconnect school campuses located in Carrboro with fiber optic cabling. CHCCS will build out to and leverage existing Town of Carrboro owned fiber-optic infrastructure to greatly reduce the construction costs of the interconnectivity.
- Continue to work with Orange County, OWASA, UNC-Chapel Hill, Town of Chapel Hill and Chapel Hill-Carrboro City Schools to interconnect and expand fiber optic networks and share knowledge.
- Continue to work with various NCNGN initiatives. NCNGN is a regional effort by four leading Universities and six municipalities seeking to accelerate the deployment of ultra-high-speed networks to their surrounding communities.
- Continue to work with Google to bring Google Fiber to the Carrboro Community.
- Continue to work with AT&T to bring U-verse with AT&T GigaPower to the Carrboro Community.

BOARD PRIORITIES

IT supports all departments in their effort to meet board priorities & objectives. IT, as directed by the Town Manager, partners with local community organizations and other regional governmental bodies to leverage and share the Town’s existing technology and technological knowledge to assist the underserved or unserved in the community.

OBJECTIVES

1. Identify activities that can be effectively streamlined through the application of technology in a manner that is cost-effective, convenient and satisfactory.
2. Increase access to and the quality of vital government data.
3. Provide the technology to enhance the delivery of town services.
4. Improve business continuity.
5. Maintain reliable historical data backups for discrete data loss incidents and catastrophic events.

PERFORMANCE MEASURES

	FY2014-15 ACTUAL	FY2015-16 ACTUAL	FY2016-17 ESTIMATED	FY2017-18 PROJECTED
# of Workstations Supported	175	180	184	184
# of Emergency Services Mobile Terminals Supported	48	50	50	50
Average Hours per Month of Unplanned Application Downtime During Business Hours	<1	<1	<1	<1
# Unsuccessful Backups per Month	2	0	0	0

BUDGET SUMMARY

	2015-16 ACTUAL	2016-17 ADOPTED BUDGET	2017-18 ADOPTED BUDGET	PCT CHANGE
PERSONNEL	271,873	275,494	269,791	-2%
OPERATING	981,462	983,808	1,034,598	5%
CAPITAL OUTLAY	41,318	92,000	116,000	26%
TOTAL	\$1,294,653	\$1,351,302	\$1,420,389	5%

CHANGES IN BUDGET FROM PRIOR YEAR ADOPTED BUDGET

Operations increased due to the increase of annual software and hardware support contracts. Capital outlay increased with the replacement of Board Room recording equipment.

ECONOMIC AND COMMUNITY DEVELOPMENT



PURPOSE

To support the creative economy, arts and culture; foster a business friendly and supportive environment that encourages local for-profit, social enterprises and non-profit businesses to expand in and new businesses to locate in Carrboro; increase awareness of Carrboro as a arts and entertainment destination; support the travel and tourism industry; and encourage light manufacturing enterprises.

GOALS

- Diversify and expand the commercial tax base, to create more high paying jobs in town, and to promote the town's image as a place for businesses.
- Create synergy in the downtown through support for the arts and cultural events, promoting and supporting healthy lifestyles and creating a positive business environment for merchants and customers.
- Promote and support locally owned expanding and new start-up business with an emphasis on green and sustainable ventures.
- Seek to provide adequate parking in the downtown to support existing and potential businesses.
- Support the non-profit organizations that provide unmet human services for low-moderate income persons through the Human Services Grant program.
- Promote travel and tourism in Carrboro and raise awareness of Carrboro as a destination.
- Help establish the Carrboro Business Alliance as a self-supporting organization.
- Expand opportunities for Light Manufacturing in the manufacturing zoning districts.

SERVICES PROVIDED & ACTIVITIES

- Work with all developers and new or expanding businesses to facilitate the project review process and project implementation.
- Administer the Revolving Business Loan Funds including the application processing and billing.
- Provide staffing to the Economic Sustainability Commission.
- Provide staffing and administrative support to the Human Services Advisory Board.
- Provide staffing and administrative support to the Carrboro Tourism Development Authority.

- Provide support to the Carrboro Business Alliance.
- Serve on the Chapel Hill Orange County Visitor Bureau Board as Town staff liaison.
- Promote the Economic Development goals and strategies of the Town.
- Promote Carrboro through implementation of Town adopted branding.
- Provide business counseling and support to new and expanding businesses.
- Manage leases for town leased parking lots.

PREVIOUS YEAR ACCOMPLISHMENTS

- Facilitated a parking option deal with Main Street Partners that helped in moving forward approval of the new Hilton Garden Inn.
- Introduced a concept plan for an affordable light manufacturing business park on Old 86.
- Worked with the Human Services Advisory Task Force to revise the Outside Agency Funding Application.
- Represented the Town and volunteered to serve meals with the Food for Summer Program.
- Represented the Town on the Master Plan on Aging initiative.
- Assisted with DFI study projects for final reporting to the Board of Aldermen.
- Worked with the CBA to increase capacity, and coordinate business events, including Christmas business promotion and CBA networking opportunities.
- Ran February For the Love of Carrboro campaign pairing businesses with non-profits to encourage partnerships within the community and grow brand awareness.
- Grew social media communications outreach For the Love of Carrboro Facebook page has 2614 followers (25% growth) and 877 Twitter followers (22% growth).
- Worked with Bee Muralist Matt Willey to complete mural on Fire Station 1.

UPCOMING FISCAL YEAR OBJECTIVES

- Submit the Economic Sustainability Plan to the Board of Aldermen for consideration and approval.
- Begin implementing recommendations and strategies of the Economic Sustainability Plan.
- Create an RFP for development of the Old 86 property to be developed as a light manufacturing/makers space.
- Work with the TDA in administration of the local occupancy tax and develop tools for measuring success.
- Continue to automate the Outside Agency Funding Application process and establish funding priorities.
- Work with planning staff on implementation of the downtown parking plan when completed.
- Continue to support the Carrboro Business Alliance and work toward a self-sustaining organization.
- Work with Orange County Economic Development on bringing economic development incentives to Carrboro.
- Create a database of existing office/retail/commercial space and begin tracking vacancy rates.
- Continue outreach to entrepreneurs, encourage makers, and support freelance workers.

BOARD PRIORITIES

Diversify revenue stream to maintain ethnic and economic diversity.
Enhance and sustain quality of life/place issues for everyone.

OBJECTIVES

1. Diversify and expand the commercial tax base to create more high paying jobs in town and to promote the town’s image as a place for businesses.
2. Support entrepreneurs, makers and freelancers development, including services, infrastructure, and job development.
3. Support locally owned and operated businesses for a strong local economy.
4. Support the outside agency organizations that provide unmet human services for low-moderate income persons.

PERFORMANCE MEASURES

	FY2014-15 ACTUAL	FY2015-16 ACTUAL	FY 2016-17 ESTIMATED	FY 2017-18 PROJECTED
Increase the Commercial Space Square Footage	1,961,786	1,991,786	1,930,820	2,020,820
Annual Savings on the EERLF	\$25,000	\$25,000	\$25,000	\$25,000
Funds Allocated to Non-profits	\$200,000	\$230,000	\$250,000	\$300,000
Number of Non-profits applying	52	53	53	55
Growth in the Commercial Tax Base of the Center Business District	\$144,046,246	\$147,132,039	\$148,387,889	\$149,574,992

BUDGET SUMMARY

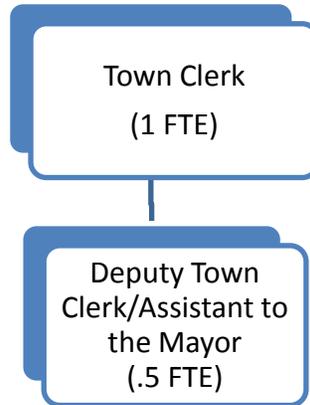
	2015-16 ACTUAL	2016-17 ADOPTED BUDGET	2017-18 ADOPTED BUDGET	PCT CHANGE
PERSONNEL	128,844	128,790	131,121	2%
OPERATING	162,446	122,190	122,349	0%
TOTAL	\$291,290	\$250,980	\$253,470	1%

CHANGES IN BUDGET FROM PRIOR YEAR ADOPTED BUDGET

The change in the Economic and Community Development Personnel budget is due to increased insurance costs.

TOWN CLERK

1.5 FTE



PURPOSE

Prepares Board of Aldermen meeting agendas and minutes and make them available to citizens and town staff; maintain official town documents; prepare and make available updates to the Town Code and provide support for the Mayor and Board of Aldermen.

GOALS

- Serve the Board and the public by facilitating the production of meeting agendas and minutes in a clear, timely fashion.
- Provide complete, accurate, and error free minutes to the Board of Aldermen so they can be approved without amendments.
- Maintain and organize official town documents, including the Town Code and all Town Contracts, for the use of the Board, staff, and the public.
- Provide multiple public access points for all minutes and agendas.
- Increase the use of available technology in storage and retrieval of all town documents.

SERVICES PROVIDED & ACTIVITIES

- Prepares minutes and agendas of Board of Aldermen meetings and makes these documents available electronically through the Town's website and stores the documents permanently.
- Posts video and audio of all Board of Aldermen meetings to the website.
- Maintains updated Town Code and posts on the town website.
- Maintains an accurate record of all ordinances approved by the Board of Aldermen.
- Prepares and distributes the monthly Calendar of Meetings.
- Prepares the Calendar of Agenda Items for review by the Town Manager.
- Maintains a roster of advisory boards and commissions and facilitates the application and appointment process.
- Plans the annual advisory board recognition dinner.
- Researches town records upon request.
- Indexes and stores all Town Contracts and/or agreements.
- Intergovernmental Affairs Liaison with State and Federal Delegates

PREVIOUS YEAR ACCOMPLISHMENTS

- Continued North Carolina Certified Municipal Clerk Designation
- Increased training for International Institute of Municipal Clerks Master Municipal Clerks Designation
- Filed 100% of executed Town Contracts
- Posted 100% of the updates to the Town Code on the Town's website within one week of adoption.
- Prepared agendas and minutes for Board of Aldermen meetings.

UPCOMING FISCAL YEAR OBJECTIVES

- To increase the number of electronically indexed contracts.
- Continue to seek Master Municipal Clerk Designation from the International Institute of Municipal Clerks.
- To continue scanning back-up files for pre-1982 Board of Aldermen's meetings and make them searchable on the town's website.
- To increase the number of scanned contracts from 65% to 70%.
- To continue using Granicus agenda, meeting, and minute management software.

BOARD PRIORITIES

Enhance and sustain quality of life/place issues for everyone.

OBJECTIVES

1. Index and store all Town contracts and/or agreements.
2. Prepare minutes and make available on the website.
3. Increase the number of scanned contracts.
4. Increase the number of electronically indexed contracts.
5. Continue Granicus agenda, meeting, and minute management software.

PERFORMANCE MEASURES

	FY2014-15 ACTUAL	FY2015-16 ACTUAL	FY2016-17 ACTUAL	FY2017-18 PROJECTED
# of Town Contracts on file with the Town Clerk	1,925	2,025	2,125	2,250
# of Board of Aldermen Minutes Prepared by Town Clerk	42	42	42	42
# Employee Hours Spent Electronically Indexing Contracts	120	120	120	120
# of Town Contracts Electronically Indexed	1,855	1,890	1,920	1,990
Employee Hours Per Set of Aldermen Minutes Prepared	2.0	2.0	2.0	2.0

BUDGET SUMMARY

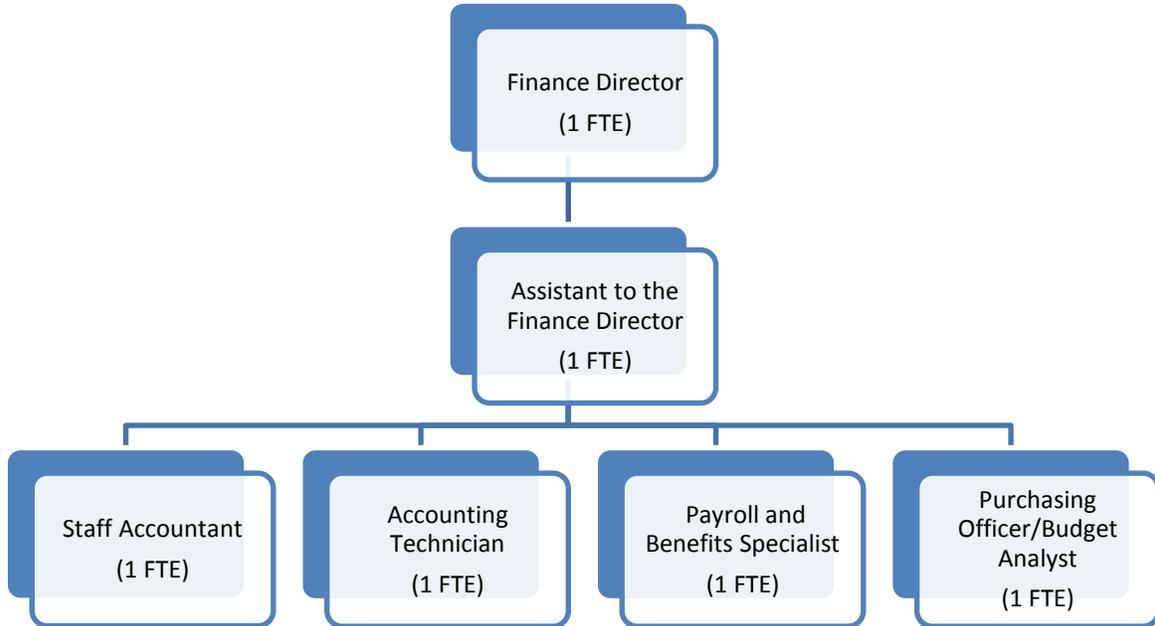
	2015-16 ACTUAL	2016-17 ADOPTED BUDGET	2017-18 ADOPTED BUDGET	PCT CHANGE
PERSONNEL	114,076	114,072	116,071	2%
OPERATING	15,933	19,400	18,900	-3%
TOTAL	\$130,008	\$133,472	\$134,971	1%

CHANGES IN BUDGET FROM PRIOR YEAR ADOPTED BUDGET

Personnel change is due to increase cost of insurance. Operating costs decrease with the decrease in Citizens Academy costs.

FINANCE

6.0 FTE



PURPOSE

To provide financial management support for the delivery of town-wide services through the administration of financial, budget, payroll, accounts payables, billing and collections, and project development through best business practices.

SERVICES PROVIDED & ACTIVITIES

- Coordinate the annual independent audit and CAFR.
- Coordinate development of operating and capital budgets.
- Provide financial reporting as required by state and federal law.
- Process payroll and accounts payables.
- General Billing for various Town delivered services (i.e. - Dumpster, Retiree Health Insurance, etc.).
- Manage cash and investments to ensure sufficient cash is available to pay current obligations and that idle cash is invested in accordance with state law.
- Issue purchase orders for goods and services, solicit bids, manage procurement card program, and manage service contracts.
- Manage risk and insurance program, including claims management, general liability, police, and public officials, and auto/property liability.

GOALS

- To strengthen financial accountability throughout the organization.
- To process and record all transactions accurately and timely.
- To make financial information available to decision makers on a regular and timely basis.

- To evaluate and implement strategies to utilize technology for increased operating efficiency, effectiveness, and cost savings.

PREVIOUS YEAR ACCOMPLISHMENTS

- Completed successful audit for year ending June 30, 2016 with no audit findings.
- Received Distinguished Budget Presentation Award from the Government Finance Officers Association.
- Received Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association.
- Upgraded to MUNIS Version 11.1.
- WORKS program for P-Card accounting implemented.
- Initiated use of the Contract Module in MUNIS.
- Coordinated successful public auction for sale of surplus property.
- Implemented Amazon Business account.

UPCOMING FISCAL YEAR ACTIVITIES

- Continue to increase knowledge among departments on the use of MUNIS financial system.
- Identify and develop on-line time and attendance system for payroll processing.
- Secure favorable financing for vehicles and equipment replacement.
- Continue to identify strategies for streamlining administrative processes.
- Review and update policies and procedures.
- Coordinate annual audit and prepare CAFR.
- File all required financial reports with state and/or federal agencies.
- Increase use of EFTs with vendors.
- Initiate fuel card program.

BOARD PRIORITIES

The Finance Department supports all departments in their effort to meet board priorities & objectives.

OBJECTIVES

1. Process and record all transactions accurately and in a timely manner.
2. Utilize technology to ensure best business practices are effective and efficient.
3. Insure Town's internal control system safeguards the Town's assets.
4. Ensure all grant and project ordinances are approved by the Board of Aldermen.
5. Ensure all transactions are completed and posted by the 5th working day of each month.
6. Monitor the Town's revenues and expenditures for compliance with the annual budget ordinance.
7. Complete development of annual operating and multi-year budgets by June 30.
8. Complete annual independent audit and prepare Comprehensive Annual Financial Report.

PERFORMANCE MEASURES

	FY2014-15 ACTUAL	FY2015-16 ACTUAL	FY2016-17 ESTIMATED	FY2017-18 PROJECTED
Process Bi-Weekly Payroll for Town Employees	26	26	26	26
Number of Invoices Processed Annually	6933	5684	5800	5800
Number of Purchase Orders Issued Annually	525	425	415	420
Number of Contracts Issued Annually	NA	NA	60	70
Close Each Accounting Period by the 5 th of each Month	12	12	12	12
Produce and Distribute Monthly Financial Statement by the 10 th of each Month	100%	100%	100%	100%
Receive less than 2 audit findings & response comments by Independent Auditors Each Year	0	0	0	0
Expenditures at year-end are within +/-5% of the Original Budget	(5.0%)	(5.14)	(6.3)	(5.0)
Actual Revenues at year-end are within +/-5% of Original Budget	5.0%	5.14	6.3	5.0

BUDGET SUMMARY

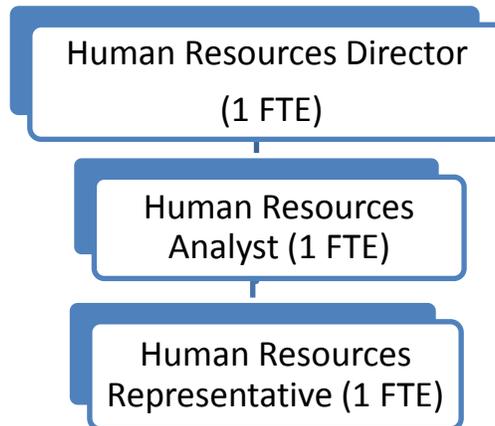
	2015-16 ACTUAL	2016-17 ADOPTED BUDGET	2017-18 ADOPTED BUDGET	PCT CHANGE
PERSONNEL	541,266	500,124	514,243	3%
OPERATING	484,905	562,672	562,672	0%
TOTAL	\$1,026,171	\$1,062,796	\$1,076,915	1%

CHANGES IN BUDGET FROM PRIOR YEAR ADOPTED BUDGET

The change in Personnel is due to insurance cost increase.

HUMAN RESOURCES

3 FTE



PURPOSE

Partner with the management team to recruit, hire, develop, and retain a highly qualified diverse staff dedicated to delivering exemplary customer service and to creating an atmosphere of positive employee relations that focuses on the health and well-being of all employees.

GOALS

- Work with Manager and Management Team to maintain a fair, respectful, and effective work environment through Organizational Development work and initiatives, training, and communication.
- Research, review, and recommend competitive and cost-effective benefits.
- Continue providing Diversity Training to Management Team and all Town employees.
- Research and review pay and position classification policies and programs that support the Board's goals for competitive, living wages that also provide employees with an affordable housing wage.
- Continue Wellness Education for employees in keeping with the Board's goal of enhancing quality of life for everyone.
- Provide a fair and equitable process for attracting applicants and retaining employees who have the education and experience commensurate with position requirements.
- Participate in the Club Nova Education Program for people in our community who strive to overcome the challenges of mental illness.

SERVICES PROVIDED & ACTIVITIES

- Provides Organizational Development assistance to Town Manager and Management Team
- Provides comprehensive Safety Program through Town-wide Safety Committee, training sessions, audits, accident investigations, etc.
- Responsible for Worker's Compensation administration and OSHA compliance and reporting

- Advertises vacant positions, receives and screens employment applications, assists departments with interview process, background checks, and verifies employment eligibility (E-Verify)
- Conducts new employee orientations, including benefits enrollment sessions and surveys
- Administers town provided and voluntary benefits, including counseling all employees on benefits plan(s) and options
- Coordinates administration of DOT substance abuse testing
- Coordinates administration of workers compensation benefits
- Coordinates administration of family medical leave (FMLA) benefits
- Coordinates employee assistance program (EAP) services
- Coordinates COBRA administration services
- Counsels supervisors and employees on performance issues
- Conducts and responds to salary surveys
- Provides staff development training to management and employees
- Assists departments with personnel and employee relations issues
- Administers and monitors the performance evaluation process
- Monitors third party vendor/consultant services to insure compliance with contractual performance standards, terms and conditions
- Keeps supervisors and department heads abreast of legislative changes and guidelines that affect personnel administration
- Maintains confidential personnel files in accordance with the General Statutes and completes reports according to state and federal regulations

PREVIOUS YEAR ACCOMPLISHMENTS

- Health Insurance Loss Ratio lowest in 5 years
- Racial Equity Training for all Department Directors
- Instituted New Life Insurance Program for employees at significantly lower rates and higher benefits, improved customer service
- Individual Health Assessments and Physical Strength testing for employees with full Blood Work Panel - with comparison tracking of results year by year
- Employee Spring Picnic and Wellness (Physical Activities) Event
- New February 'Employee Appreciation & Wellness' Outdoor Luncheon
- Provided EEOC Training Workshops for all Employees
- Hosted a Retirement, 401k, and Medicare Education Workshop and invited all employees from Carrboro, Chapel Hill, Hillsborough, OWASA, and Orange County
- Flu Shot Clinic for Employees (>60 participants)
- Implemented On-Line Benefit portal for 24 hour access to all benefits information
- Conducted new employee orientation sessions and benefits enrollment seminars
- Employee Holiday Party that also included Wellness Component (physical activity)
- Recognized and Rewarded Employee Service Milestones
- Conducted Coaching and Counseling Sessions for Department Directors
- Attend monthly Area HR Meetings; host once a year

UPCOMING FISCAL YEAR OBJECTIVES

- Create ‘Safety Culture’ – every employee responsible for safety, every day
- Continue providing education for all employees in Diversity/Racial Sensitivity/Multiculturalism
- Partner with the Town’s benefits broker and insurance providers to seek ways to reduce town-provided and voluntary benefits costs while maintaining a comprehensive and competitive benefits package
- Continue with the 5-year Wellness Education Program
- Provide Training and Development for Department Directors and Supervisors that will enhance their leadership, operations management, and employee development skills.
- Provide Computer Skills, Character Building, and Leadership Training for Employees so job performance and job satisfaction will improve

BOARD PRIORITIES

Enhance quality of life/place issues for everyone.

OBJECTIVES

1. Provide wellness education opportunities.

PERFORMANCE MEASURES

	FY2014-15 ACTUAL	FY2015-16 ACTUAL	FY2016-17 ESTIMATED	FY2017-2018 PROJECTED
Positions Filled	8 F/T	32 FT&PT	TBD	TBD
Employee Appreciation Events and Rewards	4	4	4	6
Trainings, Orientations Information Sessions, Individual Coaching Sessions	28	34	35	50
Wellness Events	3	12	5	5
Individual Wellness Sessions, Referrals, Interventions	24	12	24	24
Safety Trainings, Events, and Internal Safety Audits	5	16	16	16
New Policies/Procedures/ Programs Revised or Developed *	*	4	4	2
HR Staff - Trainings *	*	4	4	4

* These new Performance Measures created FY 2015-16.

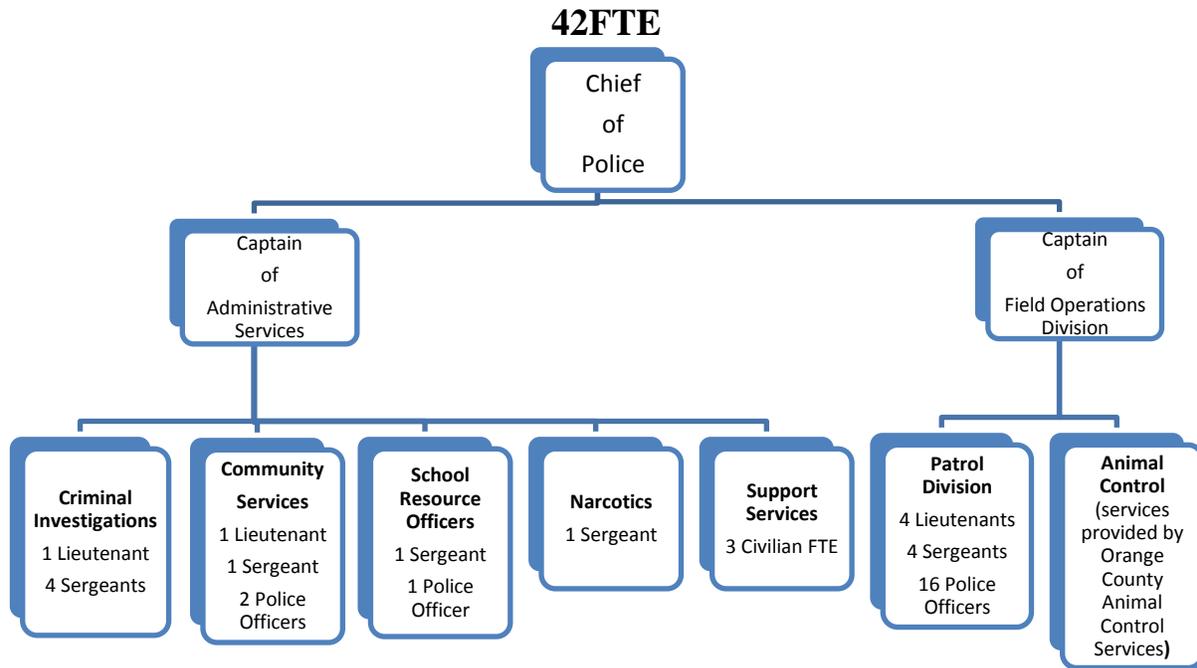
BUDGET SUMMARY

	2015-16 ACTUAL	2016-17 ADOPTED BUDGET	2017-18 ADOPTED BUDGET	PCT CHANGE
PERSONNEL	382,131	525,937	538,617	2%
OPERATING	74,348	98,350	85,850	-13%
TOTAL	\$456,479	\$624,287	\$624,467	0%

CHANGES IN BUDGET FROM PRIOR YEAR ADOPTED BUDGET

The increase in personnel is due to the increase in insurance costs. Operations decreased with the decrease in training and advertising.

POLICE DEPARTMENT



PURPOSE

The Police Department maintains public safety and contributes to improving the quality of life through the enforcement of criminal and traffic laws. Police Department personnel utilize and maximize all available resources, technological advances, and educational opportunities in an effort to provide professional police services.

GOALS

- Ensure Carrboro will continue to be a safe community for all residents, business owners/operators, and guests.
- Monitor and address traffic and pedestrian safety issues.
- Meet mandated training requirements.
- Develop and retain personnel who effectively deal with emergency, crisis, and/or complex situations and handle routine duties carefully and professionally.
- Train and develop employees for advancement and/or for expanding job responsibilities.
- Continue Naloxone program.
- Increase our efforts in Community Policing.
- Continue to use social media to inform and involve the community.
- Maintain and provide two Citizen’s Academies.

SERVICES PROVIDED & ACTIVITIES

- The Uniform Patrol Division provides 24-hour service and emergency response; effectively answers and initiates calls for service; conducts preliminary criminal investigations and

initiates arrests; provides necessary traffic control and enforcement; investigates traffic accidents; and provides basic business/residential security checks.

- The Criminal Investigations Division investigates major criminal cases and offenses involving juveniles, sexual assault, and domestic violence; processes crime scenes; coordinates efforts with relevant area authorities and service providers; maintains the evidence/ property room; conducts prospective employee background investigations; and provides on-call service.
- The Community Services Division provides law enforcement and other community-related services; partners with the community to meet specific neighborhood-driven requests for assistance; follows-up on complaints of suspected gang-related activity; initiates narcotics investigations; provides School Resource Officers at McDougle Middle and Carrboro High Schools and works with other schools to enhance safety and security; provides general crime prevention and community watch services; works with business owners to enhance safety and security; and provides other community outreach activities.
- The Administrative Division provides direct service to walk-in visitors, email requests, and telephone inquiries; maintains incident reports and multiple departmental records (including but not limited to warrants, monthly FBI and SBI data reporting, etc.); administers Department budget; answers requests for statistics and analysis; ensures that Department personnel receive appropriate training and adhere to the Department's, Federal, and State policies and procedures; and provides support services to Board of Aldermen, Town staff and other agencies.

PREVIOUS YEAR ACCOMPLISHMENTS

- Met all mandated training goals.
- Continued the Fit for Duty Program to ensure that all officers are physically and mentally prepared to protect and serve.
- Partnered with local law enforcement agencies, NC SBI, NC National Guard Narcotics Task Force, US Marshals, US Drug Enforcement Agency, and US Alcohol, Tobacco and Firearms during narcotics investigations thus reducing the number of drug houses and street-level drug sales locations.
- Provided police services during all special events that required them.
- Maintained the number of directed patrols and speed enforcement campaigns involving Uniform Patrol Division.
- Maintained the number of pedestrian safety operations involving Community Services Division.
- Obtained new or enhanced revenue sources.
- Maintained staffing levels.
- Partnered with Public Works and Recreation and Parks staff to provide a safe setting for 4th of July Celebration, Carrboro Day, Carrboro Music Festival, Easter Egg Hunt and several road races.
- Implementation of Firearms Training Simulator (FATS)
- All officers trained on Fair and Impartial Policing.
- Continued implementation of Mobile Video Recording Devices in patrol cars.
- Maintained Coffee with A Cop Program for citizens.
- Implemented Pizza with a Cop at Carrboro High School

- Hosted Know Your Rights forums
- Continued Citizen Police Academy, adding one more date.
- Participated in the NCWatch4Me program concerning pedestrian and bicycle safety.
- Successfully filled vacant Police Officer positions.
- Utilization of Crime Analyst to provide data and statistical information on police operations.

UPCOMING FISCAL YEAR OBJECTIVES

- Maintain current fuel consumption.
- Continue to outfit new vehicles with Havis Idle Managers.
- Meet mandated training goals.
- Finalize Policy Manual update.
- Maintain Carrboro's Safety for residents, business owners/operators and visitors.
- Increase the number of directed patrols and speed enforcement campaigns involving Uniform Patrol Division personnel.
- Maintain the number of pedestrian safety operations involving Community Services Division personnel.
- Reduce the number of traffic accidents.
- Implement management/leadership training for supervisors.
- Reduce the number of known drug houses and street-level drug sales locations.
- Obtain new or enhanced revenue sources.
- Maintain current staffing levels
- Continue partnership with Public Works and Recreation and Parks staff to provide a safe setting for all special events.
- Utilization of Crime Analyst to provide data and statistical information on police operations.
- Implementation of Body Worn Camera Program (BWCP).

BOARD PRIORITIES

Enhance and sustain quality of life/place issues for everyone.
 Improve walkability and public transportation.

OBJECTIVES

1. Maintain Carrboro's safety for residents.
2. Reduce number of traffic accidents.
3. Increase pedestrian safety operations.
4. Increase bicycle safety operations.
5. Maintain Carrboro's safety for residents by reducing open air drug market.
6. Increase Community Service outreach.

PERFORMANCE MEASURES

	FY 2014-15 ACTUAL	FY 2015-16 ACTUAL	FY2016-17 ESTIMATED	FY2017-18 PROJECTED
Calls for Service	23,811	23,983	23,894	23,807
Motor Vehicle Accidents	453	540	504	490
Criminal Arrests	664	550	530	570
Pedestrian Crossing Citations Issued	17	42	28	32
Bicycle Safety Ops Conducted	0	0	0	2
Pedestrian Safety Operations	4	6	12	12
Narcotics Arrests	143	93	103	98
Community Events Involvement	66	56	94	85
Percent Change in Pedestrian Safety Operations	76.5% Decrease	50% Increase	100% Increase	0% Change
Percent Change in Pedestrian Crossing Citations Issued	72% Decrease	147% Increase	33% Decrease	14% Increase
Percent Change in Bicycle Safety Operations Conducted	100% Decrease	0% Change	0% Change	^ Increase

DEPARTMENT BUDGET SUMMARY

	2015-16 ACTUAL	2016-17 ADOPTED BUDGET	2017-18 ADOPTED BUDGET	PCT CHANGE
PERSONNEL	3,033,860	3,055,209	3,165,946	4%
OPERATING	406,877	468,525	519,075	11%
CAPTIAL OUTLAY	251,060	287,496	301,872	5%
TOTAL	\$3,691,797	\$3,811,230	\$3,986,893	5%

CHANGES IN BUDGET FROM PRIOR YEAR ADOPTED BUDGET

The increase in personnel is due to the increase in insurance costs. The operations budget increased based on increases in conferences and rent. Increase in capital outlay reflects the increased cost of replacement vehicles.

Division Level Summaries

ADMINISTRATION

	2015-16 ACTUAL	2016-17 ADOPTED BUDGET	2017-18 ADOPTED BUDGET	PCT CHANGE
PERSONNEL	556,888	548,563	560,303	2%
OPERATING	40,842	65,956	72,875	10%
TOTAL	\$597,731	\$614,519	\$633,178	3%

CHANGES IN BUDGET FROM PRIOR YEAR ADOPTED BUDGET

The increase in the Administrative Support Division operating budget is due to conferences, and rent increased costs.

PATROL

	2015-16 ACTUAL	2016-17 ADOPTED BUDGET	2017-18 ADOPTED BUDGET	PCT CHANGE
PERSONNEL	1,608,956	1,580,528	1,674,631	6%
OPERATING	227,033	250,144	267,237	7%
CAPITAL OUTLAY	251,060	287,496	311,872	8%
TOTAL	\$2,087,048	\$2,118,168	\$2,253,740	6%

CHANGES IN BUDGET FROM PRIOR YEAR ADOPTED BUDGET

The Patrol Division personnel budget increased with early separation costs. Changes in operating include increases in motor vehicle repair and contractual services. Capital outlay increased based on increase in replacement vehicle costs.

COMMUNITY SERVICES

	2015-16 ACTUAL	2016-17 ADOPTED BUDGET	2017-18 ADOPTED BUDGET	PCT CHANGE
PERSONNEL	455,640	498,773	507,574	2%
OPERATING	29,391	34,212	40,078	17%
TOTAL	\$485,030	\$532,985	\$547,652	3%

CHANGES IN BUDGET FROM PRIOR YEAR ADOPTED BUDGET

The Community Services Division personnel budget reflects an increase in overtime. Operations budget changed due to an increase in training and conferences.

INVESTIGATIONS

	2015-16 ACTUAL	2016-17 ADOPTED BUDGET	2017-18 ADOPTED BUDGET	PCT CHANGE
PERSONNEL	412,376	427,345	423,438	-1%
OPERATING	30,307	39,385	42,885	9%
TOTAL	\$442,683	\$466,730	\$466,323	0%

CHANGES IN BUDGET FROM PRIOR YEAR ADOPTED BUDGET

The Investigations Division personnel budget reflects a decrease in retirement costs. Operations budget increased in contractual services.

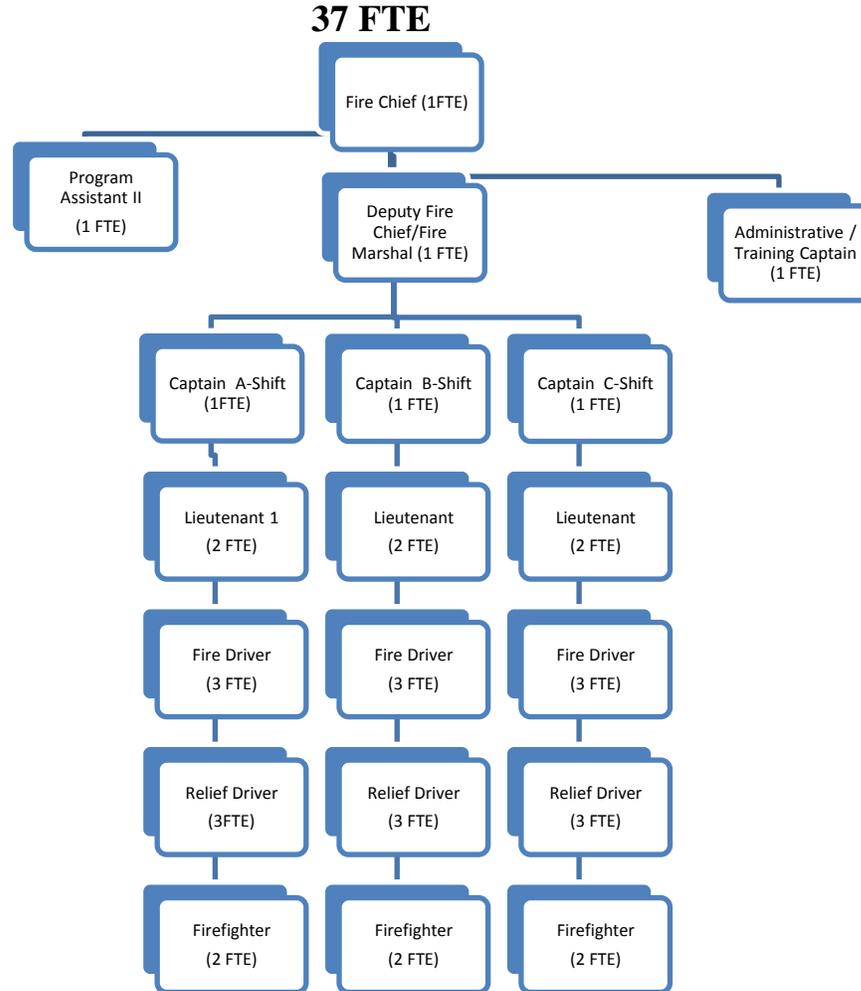
ANIMAL CONTROL

	2015-16 ACTUAL	2016-17 ADOPTED BUDGET	2017-18 ADOPTED BUDGET	PCT CHANGE
OPERATING	79,305	78,828	86,000	9%
TOTAL	\$79,305	\$78,828	\$86,000	9%

CHANGES IN BUDGET FROM PRIOR YEAR ADOPTED BUDGET

The decrease in the Animal Control budget is due to the implementation of the fifth phase of the contract with Orange County Animal Control Services for the Town.

FIRE AND RESCUE DEPARTMENT



PURPOSE

The Carrboro Fire-Rescue Department is dedicated to protecting the lives, property, and the community from the destructive effects of all hazards by providing community risk reduction and emergency response services.

GOAL

- To provide all hazard response and community risk reduction in accordance with industry best practices, at a level desired by the community, in order to enhance and sustain quality of life/place issues for everyone.

SERVICES PROVIDED & ACTIVITIES

- Provide 24-hour all hazards response: fire suppression, light rescue, and emergency medical services for the Town of Carrboro and the South Orange Fire District.
- Conduct fire investigations in order to effectively determine the cause and origin of fires within the Town and the South Orange Fire District.

- Provide community risk reduction programs: fire prevention education, CPR and First Aid classes, Child Safety Seat program, and smoke alarm installations - to citizens, visitors, schools, day cares, businesses and community groups.
- Partner with Orange County EMS on risk reduction programs related to EMS.
- Provide fire prevention and code enforcement by performing fire inspections throughout the Town and South Orange Fire District in accordance with the NC Fire Code.

PREVIOUS YEAR ACCOMPLISHMENTS

- Established a community risk reduction committee which will be charged with conducting a community risk analysis to identify the top two to three risks in the community.
 - *Risk analysis conducted. CFRD has programs in place to address the risks identified. CFRD will continue on an annual basis to conduct a risk analysis for risk reduction.*
- Developed a comprehensive training plan with learning objectives and corresponding evaluations to ensure the department meets or exceeds ISO training requirements.
 - *Captain Mills was promoted into the Training Captain position in November 2016. He has created a comprehensive training plan and is working on the corresponding evaluation piece.*
- Conducted monthly review of training records to ensure department stays on target for ISO training hour requirements.
 - *Monthly reviews are conducted. Only 80% of personnel met the ISO training requirements for CY2015. Shift Commanders are being held accountable on annual evaluations for the shift personnel not meeting training requirements.*
- Developed a written re-inspection procedure to ensure life safety violations identified during initial schedule inspections are corrected and documented properly.
 - *Procedure has been created and correlating policy developed and implemented.*
- Researched alternative apparatus deployment models.
 - *Current deployment is working. Discussions with personnel regarding alternative deployment reveals the organization is not at a point where it is ready to accept a change.*
- Researched continued response to Alpha and Bravo level medical calls.
 - *CFRD response to Alpha and Bravo calls provide an enhanced level of service to the community. However, CFRD has implemented potentially responding non-emergency to enhance safety during response. The decision is at the officer's discretion based upon information received at the time of dispatch.*
- Two personnel completed the final class of the Managing Officer Program at the National Fire Academy. They are working on their capstone projects.
- One member completed year three of the four year Executive Fire Officer Program at the National Fire Academy.

UPCOMING FISCAL YEAR OBJECTIVES

- Develop Standards of Cover and Strategic Plan documents to guide the department in fiscal decisions and aid in decision making while providing service to the community by June 30, 2019.
- Annually conduct community risk analysis to identify hazards and develop / adjust community risk reduction interventions to address identified risks.
- Annually meet or exceed ISO training requirements and conduct quarterly training with mutual/auto aid organizations to maintain or improve the current ISO rating for the Town of Carrboro and the South Orange Fire District.
- Annually conduct all scheduled inspections to identify and address life safety violations in order to maintain a safe environment for those who live, work, and play in the Town of Carrboro and South Orange Fire District.

BOARD PRIORITIES

Protect historic neighborhoods and maintain Carrboro's unique identity.
Enhance and sustain quality of life/place issues for everyone.

OBJECTIVES

1. Quarterly and annually review total call volume in the Town of Carrboro and the South Orange Fire District to identify trends in call volume.
2. Quarterly and annually review property loss from fire, total property value, and the percentage of property saved to be a piece of analyzing fire ground performance of the department.
3. Annually conduct a community risk analysis to identify hazards and develop / adjust community risk reduction interventions to address identified risks.
4. 90% of calls within the Town of Carrboro limits will have a response time of 6 minutes and 30 seconds or less.
5. 90% of calls within the South Orange Fire District will have a response time of 10 minutes or less.
6. 100% of fire-rescue personnel will meet the annual ISO training requirements.
7. 100% of life safety violations will be documented and the occupant owner charged with repairing them within 90 days.

PERFORMANCE MEASURES

	FY2014-15 ACTUAL	FY2015-16 ACTUAL	FY2016-17 ESTIMATED	FY2017-18 PROJECTED
Fire Inspections	1,900	1,050	947	1,000
Total Responses*	2,232	2,227	2,314	2,260
Fire & EMS Responses - Town	1,836	1,871	1,791	1,915
Fire & EMS Responses - County	340	234	270	284
Property Loss (Fire)	\$485,500	\$1,084,537	\$287,720***	\$2,700,000****
Property Value (Fire)**	\$20,516,123	\$17,961,445	\$1,364,946***	\$18,000,000****
Property Saved %**	97.63%	93.96%	78.92%***	85%****
Conduct CRR analysis	0%	30% complete	80% Complete	100% Complete
90% of calls within Town limits will have a response time of 6:30 or less	6:45	6:11	6:23	6:20
90% of calls within the SO District will have a response time of 10:00 or less	10:55	10:08	9:45	9:53
100% of fire-rescue personnel will meet the ISO training requirements	ISO training requirements changed Jan 2015	60%	80%	100%
100% of life safety violations repaired and documented w/in 90 days		100%	100%	100%

* Includes all Calls for Service (CFS) with a response by Carrboro Fire-Rescue Department. This includes CFS that Carrboro Fire-Rescue resources were requested by a Mutual-Aid agency.

** Property Value is the dollar figure for all property involved in a fire. Property Saved % is the percent of property saved based on the property loss and property saved for all property involved in a fire.

*** Figures represent Fiscal YTD values as of 14 FEB 17.

****Figures represent the best estimate based upon available data and fire trends. Projection of fire loss can vary greatly based on numerous factors making this difficult to project.

DEPARTMENT BUDGET SUMMARY

	2015-16 ACTUAL	2016-17 ADOPTED BUDGET	2017-18 ADOPTED BUDGET	PCT CHANGE
PERSONNEL	2,543,307	2,559,566	2,636,833	3%
OPERATING	232,823	276,499	287,499	4%
TOTAL	\$2,776,130	\$2,836,065	\$2,924,332	3%

CHANGES IN BUDGET FROM PRIOR YEAR ADOPTED BUDGET

The change in personnel is due to increased insurance costs. Changes in Operations include an increase in conferences.

Division Level Summaries

SUPERVISION

	2015-16 ACTUAL	2016-17 ADOPTED BUDGET	FY 2017-18 ADOPTED BUDGET	PCT CHANGE
PERSONNEL	147,359	219,030	335,391	53%
OPERATING	37,292	38,488	46,152	20%
TOTAL	\$184,651	\$257,518	\$381,543	48%

CHANGES IN BUDGET FROM PRIOR YEAR ADOPTED BUDGET

The change in personnel reflects a reorganization of personnel. The increased operating budget is due to an increase in conference costs.

SUPPRESSION

	2015-16 ACTUAL	2016-17 ADOPTED BUDGET	FY 2017-18 ADOPTED BUDGET	PCT CHANGE
PERSONNEL	2,303,076	2,340,536	2,301,442	-2%
OPERATING	187,787	217,367	241,347	11%
TOTAL	\$2,490,863	\$2,557,903	\$2,542,789	-1%

CHANGES IN BUDGET FROM PRIOR YEAR ADOPTED BUDGET

The change in personnel reflects a reorganization of personnel. Changes in the operating budget are due to the replacement of SCBA masks.

PREVENTION AND SAFETY

	2015-16 ACTUAL	2016-17 ADOPTED BUDGET	FY 2017-18 ADOPTED BUDGET	PCT CHANGE
PERSONNEL	92,871	0	0	N/A
OPERATING	7,745	19,542	0	0.0%
TOTAL	\$100,616	\$19,542	\$0	0.0%

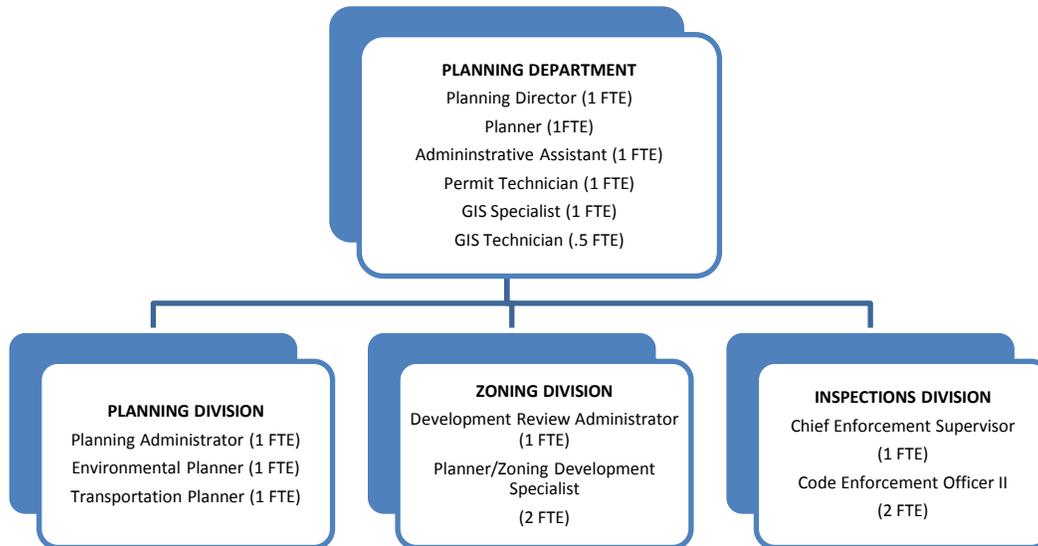
CHANGES IN BUDGET FROM PRIOR YEAR ADOPTED BUDGET

The change in Prevention and Safety budget is due to reorganization. Operating costs moved to Supervision and Suppression.

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PLANNING DEPARTMENT

13.5 FTE



PURPOSE

The Planning Department's mission is to help the Town define and carry out its vision for sustaining existing and future populations. The department monitors the availability and use of resources needed to maintain a balance desired by the community as a whole. The department fulfills this mission by offering professional planning, zoning, building code, and engineering and geographic information services to residents, property owners, and businesses.

GOALS

- To deliver excellent service in a timely and responsive manner, ensuring effective and efficient use of financial, human and physical resources, innovative and engaging support for community initiatives, and clear and successful communication strategies.
- To emphasize the protection of existing neighborhoods, development that is compact, energy-considerate and ecologically appropriate, therefore promoting trust, mutual respect, acceptance, happiness, and well-being.
- To coordinate development of a well- balanced public infrastructure, including green infrastructure which improves walkability and access to transit.
- To evaluate and support commercial/ office/business/residential mixed use developments in new or redeveloping areas in support of strategic priorities to diversify revenue streams and maintain ethnic and economic diversity.

SERVICES PROVIDED & ACTIVITIES

- Development Review and Permitting
- Minimum Housing and Vacant Non-Residential Buildings Code Enforcement
- Multi-Trade Inspections of New Construction and Renovations/Additions
- Intergovernmental Relations
- Geographic Information Services

- Land Use Planning
- Transportation Planning – bikeways, greenways, sidewalks, streets
- Environmental Planning
- Engineering Review Services
- Storm Water, Floodplain, and Watershed Management
- Energy Planning and climate protection/resiliency
- Staff Support for Advisory Boards

PREVIOUS YEAR ACCOMPLISHMENTS

- Completion of Parking Planning process
- Bolin Creek, Phase 1B multi-use construction underway
- Certificates of Occupancy for 55 new residential units valued at \$15.5 M; 33153 square feet of square feet of new commercial permit activity valued at \$2.3 M.
- Completion of Community climate Action Plan, including GHG reduction goal.
- Participation in Metropolitan Planning Organization.
- Continued recognition of Earth Hour.
- Continued Bee City activities.
- Selection, purchase and initial setup of online permitting software for Inspections and Zoning.

UPCOMING FISCAL YEAR OBJECTIVES

- Hire one new Planner to meet demands for project completion
- Parking Plan adoption and preparation of an associated Implementation Plan
- Support County and Town development process for siting Southern Branch Library and other uses at 203 S. Greensboro property
- Coordinate completion of Bolin Creek Phase 1B greenway and final design and permitting/construction of Phases 1 and 2 of Morgan Creek greenway
- Complete design process for sidewalk on South Greensboro Street
- Coordinate preparation of implementation strategies for Community Climate Action Plan
- Launch of land use permit, building permit, and code enforcement software and web portal system
- Monitor proposed changes in NCGA update/reorganization of city and county planning and development regulations and schedule necessary amendments
- Support the Board of Aldermen in the evaluation of Carrboro Vision2020, including advancing equity and social justice and considering mid-and long-range land use planning strategies
- Assist with development of stormwater utility, to improve management of stormwater and water resources, and maximize resiliency in relation to rainfall and other weather events

BOARD PRIORITIES

Diversify revenue stream.

Enhance and sustain quality of life/place issues for everyone.

Protect historic neighborhoods and maintain Carrboro’s unique identity.

OBJECTIVES

1. Evaluate and schedule completion of Comprehensive LUO review/update.
2. Evaluate need for strategic or comprehensive planning/update.

PERFORMANCE MEASURES

	FY2013-14 ACTUAL	FY2014-15 ACTUAL	FY2015-16 ACTUAL	FY 2016-2017 ESTIMATED	FY 2017-2018 PROJECTED
# of LUO Amendments	13	9	4	7	7
# of Conditional Use Permits	1	1	3	2	2
# of Special Use Permits	2	1	0	2	1
# of Zoning Permits	93	96	63	75	75
# of Bldg Permits for New Residential Units in Town	50	59	45	47	35-124
Building Permit Construction Value for New Residential in Town	\$10.3 M	\$13.3M	\$9.5M	\$12.4M	\$9.5-21M
Building Permit Value for New Commercial in Town	\$4.7 M	\$ 4.8M	\$2.8M	\$2M	\$16.2M
# of Cos Issued for New Residential Units in Town	67	53	70	55	52
Inspections per day per Inspector FTE	10.4	8.8	9.5	9.9	10

DEPARTMENT BUDGET SUMMARY

	2015-16 ACTUAL	2016-17 ADOPTED BUDGET	2017-18 ADOPTED BUDGET	PCT CHANGE
PERSONNEL	1,101,855	1,123,016	1,222,430	9%
OPERATING	232,044	261,865	254,334	-3%
TOTAL	\$1,333,900	\$1,384,881	\$1,476,764	7%

CHANGES IN BUDGET FROM PRIOR YEAR ADOPTED BUDGET

Personnel increased with the addition of a planner position. Operations decreased slightly with a decrease in contractual services.

Division Level Summaries

SUPERVISION

	2015-16 ACTUAL	2016-17 ADOPTED BUDGET	FY 2017-18 ADOPTED BUDGET	PCT CHANGE
PERSONNEL	517,491	536,395	625,379	17%
OPERATING	220,309	240,815	232,684	-3%
TOTAL	\$737,800	\$777,210	\$858,063	10%

CHANGES IN BUDGET FROM PRIOR YEAR ADOPTED BUDGET

The change in personnel reflects the addition of a Planner position. Operations decreased due to a decrease in departmental supplies.

ZONING

	2015-16 ACTUAL	2016-17 ADOPTED BUDGET	FY 2017-18 ADOPTED BUDGET	PCT CHANGE
PERSONNEL	305,370	305,429	311,731	2%
OPERATING	3,248	7,645	8,245	8%
TOTAL	\$308,618	\$313,074	\$319,976	2%

CHANGES IN BUDGET FROM PRIOR YEAR ADOPTED BUDGET

The change in personnel reflects an increase in insurance costs. Increased cost of professional services is reflected in the increase of the operations budget.

INSPECTIONS

	2015-16 ACTUAL	2016-17 ADOPTED BUDGET	FY 2017-18 ADOPTED BUDGET	PCT CHANGE
PERSONNEL	278,995	281,192	285,320	1%
OPERATING	8,488	13,405	13,405	0%
TOTAL	\$287,482	\$294,597	\$298,725	1%

CHANGES IN BUDGET FROM PRIOR YEAR ADOPTED BUDGET

The change in personnel reflects an increase in insurance costs.

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TRANSPORTATION

PURPOSE

The Transportation Cost Center is used to account for expenditures associated with the partnership with the Town of Chapel Hill and the University of North Carolina for the provision of public transportation services throughout the Chapel Hill, Carrboro, and UNC community.

GOALS

- Improve quality of public transportation service.
- Improve level of public transportation service.
- Improve access to public transportation.

SERVICES PROVIDED & ACTIVITIES

- Fixed route transit encompasses all regular bus service to Carrboro residents.
- EZ Rider is a special demand-response service using lift-equipped vehicles to transport individuals with mobility limitations that prevent them from using regular fixed route buses.
- Tar Heel Express is a special service for UNC home basketball and football games.
- Bike-on-bus allows transit riders to put their bicycle on the front of any bus.

PREVIOUS YEAR ACCOMPLISHMENTS

Chapel Hill Transit overall:

- Service area of approximately 62 square miles.
- Statistics for calendar year 2016 are provided in the table below.

Service Consumption FY2016	Fixed Route	Demand Response
Annual Passenger Miles	12,500,541	278,131
Annual Unlinked Trips	6,299,994	60,825
Average Weekday Unlinked Trips	24,395	212
Average Saturday Unlinked Trips	2,023	79
Average Sunday Unlinked Trips	1,187	19
Service Supplied		
Annual Vehicle Revenue Miles	1,790,266	243,964
Annual Vehicle Revenue Hours	158,220	30,333
Vehicles Operated in Maximum Service	81	15
Vehicles Available for Maximum Service	98	19

Source: National Transit Database, 2016 data

- In FY2016, the total system ridership was 6.4 million, which was a decrease of 3 percent from FY2015.
- Most recent surveying, completed in 2016, found that 89% of riders surveyed rate the overall quality of Chapel Hill Transit as either excellent or good.

UPCOMING FISCAL YEAR OBJECTIVES

- Work with Chapel Hill Transit to more effectively manage current level of public transportation service in Carrboro.
- Work with Chapel Hill Transit to extend service into areas of Carrboro that are currently not served by fixed route service.
- Work with Chapel Hill Transit, Triangle Transit, and Orange County jurisdictions to continue planning for transit investments in the county, including service extensions to or within Carrboro.

PERFORMANCE MEASURES

	FY2014-15 ACTUAL	FY2015-16 ACTUAL	FY2016-17 ESTIMATED	FY2017-18 PROJECTED
Average Daily Ridership (Boarding)	3,759	3,612	3,466	3,535
Average Daily Ridership (Alighting)	3,495	3,357	3,219	3,283

BUDGET SUMMARY

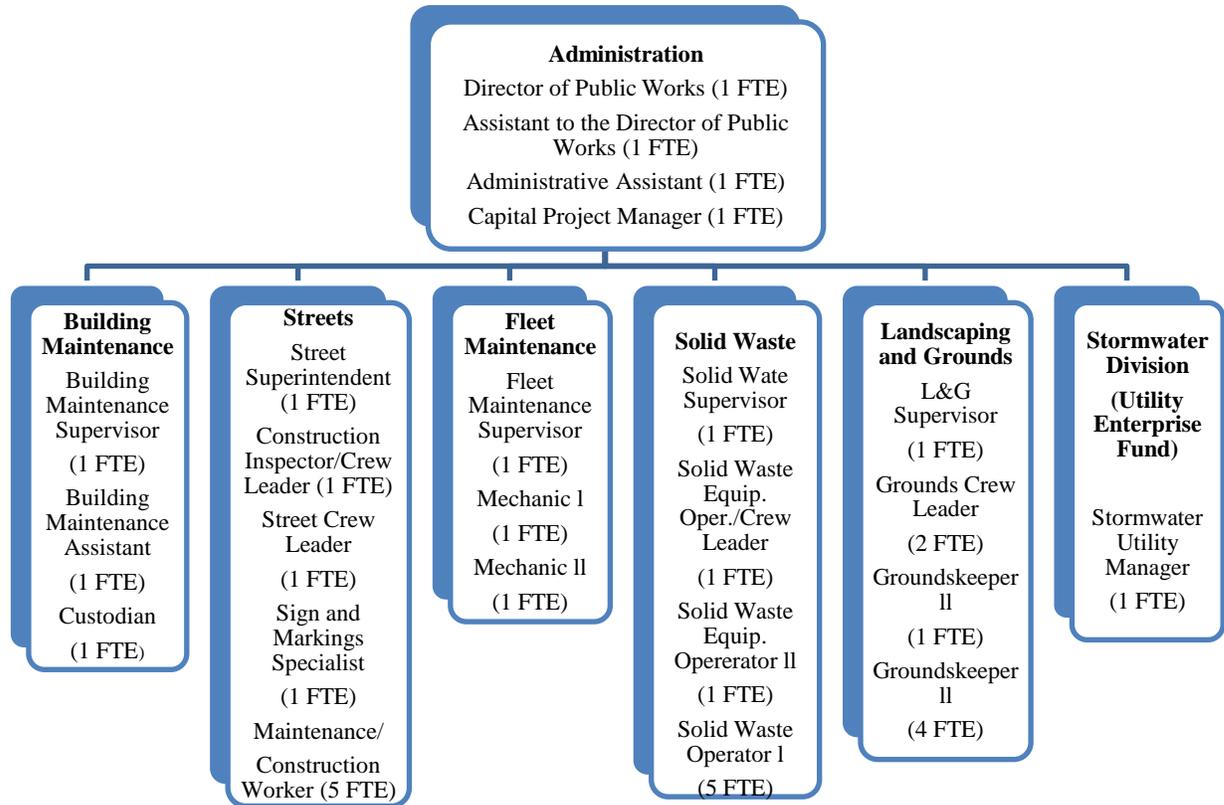
	2015-16 ACTUAL	2016-17 ADOPTED BUDGET	2017-18 ADOPTED BUDGET	PCT CHANGE
OPERATING	1,540,288	1,720,288	1,834,856	7%
TOTAL	\$1,540,288	\$1,720,288	\$1,834,856	7%

CHANGES IN BUDGET FROM PRIOR YEAR ADOPTED BUDGET

The transportation budget increased due to increased debt service costs for purchasing new buses.

PUBLIC WORKS DEPARTMENT

36 FTE



PURPOSE

The Public Works Department provides basic municipal services that promote a healthy and safe environment for the residents of Carrboro and the general public.

GOALS

- Provide timely, cost effective maintenance of public street system, including signage, storm drainage system, bike paths, and right-of-way.
- Provide cost effective, reliable solid waste collection and disposal services.
- Maintain public buildings and grounds in an environmentally friendly manner so they are pleasant and safe gathering spaces.
- Provide cost effective maintenance of the town's motor vehicle fleet and equipment.
- Administer construction projects within budget and on schedule.

SERVICES PROVIDED & ACTIVITIES

- Provide administration and general support for service delivery and construction projects.
- Provide general street and right-of-way maintenance services which include street repair, street sweeping, sign installations, pavement markings, mowing, and litter control.
- Responsible for inclement weather street maintenance, e.g. ice and snow removal, hurricane and other types of storm clean-up.

- Provide municipal solid waste collection to single family residences and multi-family units. Solid Waste collection is also provided to commercial users who elect to use the town's service. Yard waste collection and bulky waste collection is provided to single family residences.
- Provide building maintenance and repair for Town Hall, Century Center complex, Fire Department, Public Works facility, bus shelters, and park facilities.
- Manage cemetery operations which include selling and marking plots at the town's two cemeteries.
- Maintain and repair town vehicles and equipment. Maintenance activities include preventative maintenance and inspections.
- Beautify the town's parks and planting areas with landscaping and ornamental design.
- Provide annual leaf collection program.
- Provide park facility and ball field maintenance at the town's parks, and assist the Recreation and Parks Department with special annual events such as Carrboro and Independence Day celebrations, Halloween, and the Carrboro Music Festival.
- Provide construction monitoring and inspection of public improvements within private development projects.
- Provide Stormwater services to the Town to address both the quality and quantity of Stormwater within Town.

PREVIOUS YEAR ACCOMPLISHMENTS

- Provided routine municipal services – solid waste collection, street and right-of-way maintenance, mowing of town properties, tree trimming and removal, ball field preparation, leaf collection, facility maintenance, vehicle and equipment maintenance, cemetery maintenance and burials.
- Completed easement acquisition for Rogers Road sidewalk.
- Provided administration for large fiber optic line build outs by utility companies.
- Provided support for 10 special events within Town (6 races – St. Paul AME 5K, Kidney Care Run, Not So 5K, 4 on the 4th).
- Continued implementation of invasive aquatic vegetation control in Anderson Park Pond. Non-evasive method of Duck Carp was implemented as a pilot program this year.
- Carrboro re-certified as a Tree City USA for its 32nd year.
- Continued leaf mulch pile configuration adjustments and oversight to be in compliance with DENR requirements.
- Continued pollinator promoting vegetation plan, installing water wise, native, pollinator producing perennials as primary vegetation throughout Town properties to include a rain garden at Anderson Park.
- Provided administration of design and installation of new outdoor signs to include park and Town entrance signs.
- Administered technical oversight for Century Center HVAC system and controls energy saving and sustainable upgrades.
- Construction of three separate bicycle repair stations throughout Town.
- Completed in-house repair of Town sidewalks that were rendered unusable due to defects caused by heat expansion.

- Continued training for and implementation of street and sidewalk snow removal utilizing Town owned equipment and personnel.
- Combined Engineering Technician and Capital Improvements Manager into a single position to reduce the FTE's required to perform project management.
- Provided construction monitoring and inspection for the Ballentine development.

UPCOMING FISCAL YEAR OBJECTIVES

- Enhance service levels and efficiencies of existing operations by improving knowledge in and usage of already owned PubWorks software and Town's GIS capabilities . (Ex. Solid waste collection, leaf collection, mowing, street sweeping, street and ROW maintenance, street sign maintenance, building maintenance)
- Hire Stormwater manager to assist with creation and implementation of Town Stormwater utility to include funding and operational bylaws plus regulations.
- Administer Rogers Road sidewalk construction project within budget.
- Administer construction contract for Homestead Rd. Chapel Hill HS greenway project within budget.
- Administer completion of Town Commons engineering design and construction.
- Administer installation of electric vehicle charging stations funded by Duke Energy grant.
- Continue replacement of T-12 bulbs with T-8 bulbs in various facilities to reduce energy consumption and replace bulbs that are on 24/7 with LED fixtures.
- Further investigate options to replace Town streetlights, leased from Duke Energy, with LED fixtures.
- Reduce costs for leaf collection program with further implementation of fully automated leaf loader. Visit Durham to observe and utilize operation efficiencies.
- Continue to look for ways to reduce fuel consumption. Monitor fuel savings with implementation of the hybrid solid waste vehicle and route analysis data from solid waste study.
- Design and implement solid waste operational reduction pilots to include single side of the road and every other week collection. Continue to investigate organic disposal options.
- Improve interior appearance of various facilities – wall repair, painting and routine cleaning. Use low VOL paints where possible.
- Continue to provide administration for large fiber optic line build outs by utility companies.
- Increase usability of sign shop by providing updated software and additional personnel training.

BOARD PRIORITIES

Improve walkability and public transportation.

Enhance and sustain quality of life.

OBJECTIVES

1. Improve service levels of existing operations. (Ex. Solid waste collection, leaf collection, mowing, street sweeping, street and row maintenance, building maintenance).
2. Oversee satisfactory installation of fiber infrastructure and associated appurtenances by third party vendors throughout Town.
3. Continue replacement of T-12 bulbs with T-8 bulbs in various facilities to reduce energy consumption and further investigate LED streetlights

4. Improve interior appearance of various facilities. Wall repair, painting and routine cleaning. Use low VOL paints where possible.
5. Collect energy data to validate return on investment for Century Center mechanical upgrades and new smart control system.
6. Design and implement alternative solid waste collection pilots based on results from solid waste study.

PERFORMANCE MEASURES

	FY2013-14 ACTUAL	FY2014-15 ACTUAL	FY2015-16 ACTUAL	FY 2016-17 ESTIMATED	FY 2017-18 PROJECTED
# of Construction Contracts Administered	2	3	2	3	4
Miles of Road Maintained	44.22	46.17	46.93	47.40	47.40
# of Rollout Containers	4268	4370	4370	4400	4450
Square feet of Building Space Maintained	61,317	61,317	61,317	61,317	61,317 (pending space study update)
Cost of Centerline Mile Resurfaced (every 2 yrs)	0	\$138,000	0	\$125,000	0
Refuse Tons per 1,000 Population (all sources)	393	482	487	500	500
Century Center Energy Cost Reductions (\$ Spent)		\$45,156	\$40,623	\$38,000	\$38,000
Solid waste mileage reduction tracker (Residential mileage driven/customer?)	7.3	7.1	7.09	7.4	6.9

DEPARTMENT BUDGET SUMMARY

	2015-16 ACTUAL	2016-17 ADOPTED BUDGET	2017-18 ADOPTED BUDGET	PCT CHANGE
PERSONNEL	1,670,443	2,036,953	2,039,918	0%
OPERATING	1,463,947	1,553,650	1,530,692	-1%
CAPITAL OUTLAY	368,139	137,093	36,305	-74%
TOTAL	\$3,502,529	\$3,727,696	\$3,606,915	-3%

CHANGES IN BUDGET FROM PRIOR YEAR ADOPTED BUDGET

Operating costs decreased due to one-time small equipment costs from the prior year. Capital Outlay costs decreased with the one-time backhoe replacement cost from the previous fiscal year. Details of the changes are highlighted in the division descriptions.

Division Level Summaries

SUPERVISION

	2015-16 ACTUAL	2016-17 ADOPTED BUDGET	2017-18 ADOPTED BUDGET	PCT CHANGE
PERSONNEL	253,454	329,033	350,369	6%
OPERATING	117,234	34,504	37,204	8%
TOTAL	\$370,687	\$363,537	\$387,573	7%

CHANGES IN BUDGET FROM PRIOR YEAR ADOPTED BUDGET

The change in personnel is due to personnel changes. Operating costs increased due to increases in advertising and uniform costs.

STREET MAINTENANCE

	2015-16 ACTUAL	2016-17 ADOPTED BUDGET	2017-18 ADOPTED BUDGET	PCT CHANGE
PERSONNEL	236,744	464,903	463,241	0%
OPERATING	357,709	366,810	363,767	0%
CAPITAL OUTLAY	285,662	96,040	39,305	-62%
TOTAL	\$880,115	\$927,753	\$866,313	-7%

CHANGES IN BUDGET FROM PRIOR YEAR ADOPTED BUDGET

Capital Outlay costs decreased with the one-time replacement equipment cost from the previous fiscal year.

SOLID WASTE

	2015-16 ACTUAL	2016-17 ADOPTED BUDGET	2017-18 ADOPTED BUDGET	PCT CHANGE
PERSONNEL	383,999	432,735	393,152	-9%
OPERATING	443,775	470,256	468,400	0%
TOTAL	\$827,774	\$902,991	\$861,552	-5%

CHANGES IN BUDGET FROM PRIOR YEAR ADOPTED BUDGET

The change in personnel is due to personnel changes.

CENTRAL SERVICES

	2015-16 ACTUAL	2016-17 ADOPTED BUDGET	2017-18 ADOPTED BUDGET	PCT CHANGE
PERSONNEL	182,331	180,254	183,307	2%
OPERATING	290,667	340,580	341,070	0%
TOTAL	\$472,998	\$520,834	\$524,377	1%

CHANGES IN BUDGET FROM PRIOR YEAR ADOPTED BUDGET

The change in personnel reflects an increase in insurance costs.

FLEET MAINTENANCE

	2015-16 ACTUAL	2016-17 ADOPTED BUDGET	2017-18 ADOPTED BUDGET	PCT CHANGE
PERSONNEL	193,041	184,805	188,469	2%
OPERATING	27,368	37,127	38,875	5%
CAPITAL OUTLAY	0	34,885	0	-100%
TOTAL	\$220,409	\$256,817	\$227,344	-11%

CHANGES IN BUDGET FROM PRIOR YEAR ADOPTED BUDGET

The change in personnel is due insurance cost increase. The operating costs increased due to a training cost increase. Capital Outlay costs decreased with the one-time vehicle replacement cost from the previous fiscal year.

LANDSCAPING

	2015-16 ACTUAL	2016-17 ADOPTED BUDGET	2017-18 ADOPTED BUDGET	PCT CHANGE
PERSONNEL	420,874	445,223	461,380	4%
OPERATING	227,194	304,373	278,376	-9%
CAPITAL OUTLAY	82,477	6,168	0	-100%
TOTAL	\$730,544	\$755,764	\$739,756	-2%

CHANGES IN BUDGET FROM PRIOR YEAR ADOPTED BUDGET

The change in personnel reflects an increase in retirement costs. Operating costs decreased due to decrease in park supplies and small equipment. Capital Outlay reflects a decrease based on the purchase of equipment in the previous fiscal year.

StormWater Management Utility Enterprise Fund

Stormwater Division

Over the past several years, the Town has seen an increase in the frequency and severity of storms, leading to higher level of stormwater impact on residences and existing infrastructure. At the same time, state and federal regulators have required new and increased levels of stormwater management practices. These circumstances have led to the need for increased stormwater management activities.

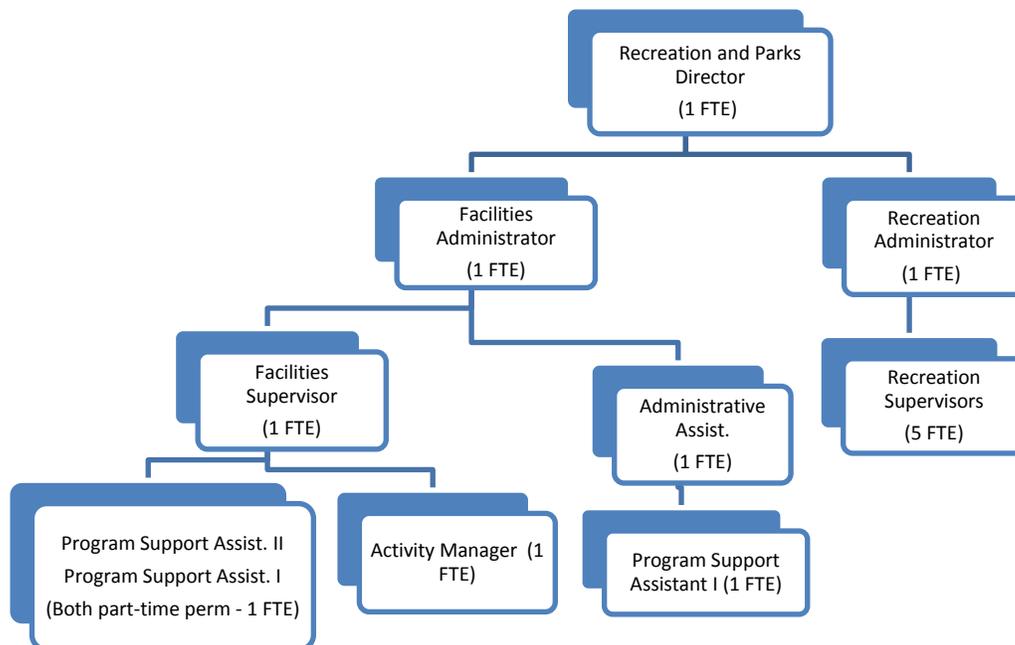
On June 6, 2017 the Carrboro Board of Aldermen amended the Town Code to establish a storm water utility enterprise fund effective July 1, 2017. As established in Chapter 18 of the Town Code, the purpose of the stormwater management utility fund is to comprehensively address the storm water management of the town

- (1) through programs designed to protect and manage water quality and quantity by controlling the level of pollutants in stormwater runoff, and the quantity and rate of stormwater received and conveyed by structural and natural stormwater and drainage systems of all types,*
- (2) by establishing a schedule of charges,*
- (3) by defining the control, collection, and disbursement of funds, and*
- (4) by setting forth penalties, methods of appeals and exemptions.*

The Utility Enterprise Fund will initially be staffed by a Stormwater Utility Manager for full implementation of the fund over the next three years. Start-up operating funds will be provided from reserves in the General Fund.

RECREATION AND PARKS DEPARTMENT

13 FTE



PURPOSE

Enrich the leisure needs and quality of life for citizens by providing accessible facilities, creative and diverse recreation opportunities and a safe public park system.

GOALS

- Continue to enhance department marketing strategies for the purpose of enhancing communication and to better inform local citizens of events, programs, and resources.
- Increase citizen and public involvement in the creation and coordination of recreation programs and events.
- Expand the utilization of volunteers and department staff in effective program leadership roles.
- Provide diverse recreational programs that address the needs of all residents.
- Complete CIP projects.
- Continue to provide excellent customer service which will encourage patrons to continue to participate in recreation programs and use recreation facilities.
- Continue to manage facilities in a manner which minimizes usage conflicts, overcrowding, and costs.
- Continue to ensure the attractiveness of the Century Center and parks by providing properly functioning equipment and facilities that are properly maintained to ensure they are aesthetically pleasing, clean, sanitary and safe.

SERVICES PROVIDED & ACTIVITIES

- Develop, market, and implement recreation and leisure programs such as leagues, classes and other events that improve the quality of life for the citizens of Carrboro.
- Oversee parks and facilities that provide space to enjoy nature, build family unity, meet friends and build strong bodies.
- Demonstrate excellent customer service to citizens who register for programs and reserve or use recreation and park facilities.
- Facilitate in planning and staging community events that enhance the Paris of the Piedmont philosophy and community pride.
- Operate a variety of indoor and outdoor facilities which help bring the community together by providing space, promoting values, community activity and healthy living.

PREVIOUS YEAR ACCOMPLISHMENTS

- Created a new comprehensive marketing plan.
- Increased marketing of programs that do not require pre-registration by creating a calendar of events for distribution around the Town in an effort to bring in new participants and visitors.
- Partnered with the Carrboro Farmer's Market to set up a Department information booth at the start of each new programming session.
- Installed new marketing distribution boxes at Anderson Park and Wilson Park.
- One Recreation and Parks Commission seat is now designated for a member of the Carrboro Youth Council.
- Revised the Department's working agreement with The ArtsCenter to strengthen our partnership to offer co-sponsored programming.
- Partnered with The ArtsCenter to enhance the Carrboro Film Festival.
- Created a new Field Preparation Manual to enhance cooperation with the Public Works Department in maintaining high-quality athletic facilities.
- Implemented a number of new programs, including a new Spring Adult Ultimate League and new multi-generational programs.
- Worked with a number of planning committees and advisory boards on the implementation of a variety of programs and special events (Carrboro Music Festival, Carrboro Film Festival, Open Streets, Carrboro Day, West End Poetry Festival)
- Co-sponsored a spring concert series with Music Maker Relief Foundation.
- Staff attended a wide-range of seminars and conferences for professional development.
- Expanded the number of staff members that are certified in First Aid/CPR, Certified Crowd Managers, and Certified Parks and Recreation Professionals.
- Worked with the Recreation & Parks Commission on the installation of a 'Little Free Library' box at Wilson Park.
- Re-opened the renovated Anderson Park Multipurpose Field #1 with new turf and lighting.
- Completed replacement of fencing on all baseball/softball fields at Anderson Park.
- Implemented new Vermont Systems Inc. RecTrac program registration/facility registration software.
- Coordinated efforts of the Town's Special Events Committee to increase coordination among department's in evaluating and providing support for local community events.

UPCOMING FISCAL YEAR OBJECTIVES

- Begin implementation of the updated Town-wide Communications Plan to ensure efficient and effective communication.
- Examine current social media usage and trends to refine the Department's approach to increase engagement with the community.
- Increase utilization of cross-program publicity to help introduce current participants to other opportunities within our Department.
- Promote Department opportunities/processes such as Program Service Proposals, needs for contractual instructors, etc.
- Conduct an inventory of local off-site marketing events (school activity fairs, UNC wellness expos, etc.) to provide increased opportunity for personal interaction with potential participants.
- Complete ongoing Capital Improvement Projects.
- Develop private, public, and neighborhood partnerships and sponsorships to support the recreational facilities and programs.
- Complete construction design of Martin Luther King Jr. Park.
- Promote creativity through opportunities in arts and cultural programs. Encourage a basic understanding and appreciation of arts and culture through the recognition of local artists and art facilities.
- Increase involvement of the Carrboro Youth Council in community activities, including the establishment of a tutoring program for area youth.
- Expand opportunities for citizens to participate in activities that will allow them to engage with the one another while strengthening the community (Ex. Expand litter sweeps, community improvement projects, etc.)
- Collaborate with event planning committees and the business community to continue to expand and improve programs and special events (Ex: 20th Anniversary of the Carrboro Music Festival)
- Examine youth and adult volunteerism in parks and programs to identify areas for new volunteer opportunities.
- To increase training opportunities for Department staff and volunteers in specific areas pertaining to programming needs and leadership.
- Maintain an inventory of staff, volunteer and instructor knowledge, certifications and skills and analyze how these resources may be utilized to enhance operations and service delivery.
- Collaborate with local partners to create multi-purpose, outdoor programs that provide educational opportunities and increase environmental awareness.
- Identify new funding sources, such as community partnerships and grants, to broaden the Department's revenue stream to maintain and enhance service levels.
- Utilize a broad range of evaluation criteria to ensure program offerings are meeting the needs of the participants.
- Expand recreational opportunities for underserved populations (teens, seniors, immigrants/refugees).

BOARD PRIORITIES

Enhance and sustain quality of life/place issues for everyone.
Diversify revenue stream to maintain ethnic and economic diversity.

OBJECTIVES

1. Examine youth and adult volunteerism in parks and programs to identify areas for new volunteer opportunities.
2. Utilize Town owned and other area parks, and nature sites.
3. Complete ongoing Capital Improvement Projects.
4. Research local funding resources to assist with healthy programs such as Eat Smart Move More.
5. Develop private, public, and neighborhood partnerships and sponsorships to support the recreational facilities and programs.

PERFORMANCE MEASURES

	FY2014-15 ACTUAL	FY2015-16 ACTUAL	FY2016-17 ESTIMATED	FY2017-18 PROJECTED
% Change in Volunteer Hours Supporting Programs	-7%	-7%	3%	1%
Revenue Driven Facility Usage Hours (External, Courses, Administrative)	13,240	16,213	16,500	16,700
Revenue Driven Facility Usage Hours Percent Change (External, Courses, Administrative)	-14%	18%	2%	2%
Non-Revenue Facility Usage Hours (Partnerships, Community/Informational Meetings)	398	495	520	530
Non-Revenue Facility Usage Hours Percent Change (Partnerships, Community/Informational Meetings)	-35%	48%	2%	2%
% Change in Program Division Revenue	-2%	-8%	4%	1%
% Change in Programming Hours	14%	-22%	4%	9%
% Change of Operational Budget Supported by Program Revenue Generated	-2%	-5%	0%	4%
% Change of Fees Waived for Low Income Participants	-24%	24%	3%	0%
% Change in Enrolled participants	-1%	-11%	1%	4%

DEPARTMENT BUDGET SUMMARY

	2015-16 ACTUAL	2016-17 ADOPTED BUDGET	2017-18 ADOPTED BUDGET	PCT CHANGE
PERSONNEL	1,152,213	1,216,433	1,215,894	0%
OPERATING	377,121	451,148	434,148	-4%
CAPITAL OUTLAY	5,906	0	0	N/A
TOTAL	\$1,535,240	\$1,667,581	\$1,650,042	-1%

CHANGES IN BUDGET FROM PRIOR YEAR ADOPTED BUDGET

Operations decreased due to the decrease in furniture replacement costs.

Division Level Summaries

SUPERVISION

	2015-16 ACTUAL	2016-17 ADOPTED BUDGET	2017-18 ADOPTED BUDGET	PCT CHANGE
PERSONNEL	124,019	123,161	125,451	2%
OPERATING	14,080	21,304	21,304	0%
TOTAL	\$138,099	\$144,465	\$146,755	2%

CHANGES IN BUDGET FROM PRIOR YEAR ADOPTED BUDGET

The change in personnel reflects an increase in insurance.

PLAYGROUNDS AND PARKS

	2015-16 ACTUAL	2016-17 ADOPTED BUDGET	2017-18 ADOPTED BUDGET	PCT CHANGE
OPERATING	3,088	12,078	12,078	0%
CAPITAL OUTLAY	5,906	0	0	N/A
TOTAL	\$8,994	\$12,078	\$12,078	0%

CHANGES IN BUDGET FROM PRIOR YEAR ADOPTED BUDGET

There is no change in the Playground and Parks budget.

GENERAL PROGRAMS

	2015-16 ACTUAL	2016-17 ADOPTED BUDGET	2017-18 ADOPTED BUDGET	PCT CHANGE
PERSONNEL	615,053	668,856	660,670	-1%
OPERATING	307,782	332,916	335,916	1%
TOTAL	\$922,836	\$1,001,772	\$996,586	-1%

CHANGES IN BUDGET FROM PRIOR YEAR ADOPTED BUDGET

The change in personnel reflects a change in personnel. Operations increased due to the Music Festival costs.

**RECREATION
FACILITIES**

	2015-16 ACTUAL	2016-17 ADOPTED BUDGET	2017-18 ADOPTED BUDGET	PCT CHANGE
PERSONNEL	413,141	424,416	429,773	1%
OPERATING	52,170	84,850	64,850	-24%
TOTAL	\$465,311	\$509,266	\$494,623	-3%

CHANGES IN BUDGET FROM PRIOR YEAR ADOPTED BUDGET

The change in personnel reflects an increase in insurance costs. Operations expenses decreased due to one-time contractual services and furniture costs.

NONDEPARTMENTAL

PURPOSE

Non-Departmental appropriations are used to account for items not readily identified with other organizational departments or functions.

SERVICES PROVIDED & ACTIVITIES

- Budgeted funds, when necessary and available, are set aside for:
 - Compensation Adjustments
 - Dependent Health Insurance
 - Unemployment Insurance Reserves
 - Transfers to Other Funds

Non-department funds are allocated to departments as needed.

BUDGET SUMMARY

	2015-16 ACTUAL	2016-17 ADOPTED BUDGET	2017-18 ADOPTED BUDGET	PCT CHANGE
PERSONNEL	0	581,451	932,885	60.4%
OPERATING	0	40,000	0	-100.0%
TRANSFERS	301,000	250,000	300,000	20.0%
TOTAL	\$301,000	\$871,451	\$1,232,885	41.5%

CHANGES IN BUDGET FROM PRIOR YEAR ADOPTED BUDGET

The personnel budget sets aside funds for a salary adjustment and minimum housing wage adjustments for employees, anticipated increase in health insurance costs and required unemployment insurance reserve.

The operating cost includes a \$300,000 transfer of funds from the General Fund to Capital Reserve Fund for street resurfacing.

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DEBT SERVICE

PURPOSE

The Debt Service cost center accounts for expenditures used for the payment of principal and interest associated with the Town’s general obligation bonds and other financings.

BACKGROUND

In North Carolina, the Local Government Commission in the State Treasurer’s Office oversees local government bonded debt and assists local governments in all areas of fiscal management. This agency conducts all bond sales, and ensures that local units have sufficient fiscal capacity to repay debt. The Town is subject to the Local Government Bond Act of North Carolina which limits the amount of net bonded debt the Town may have outstanding to 8% of the appraised value of property subject to taxation.

Like most municipalities, the Town of Carrboro uses debt to finance long-term capital projects and it is the Town’s policy that the financing period shall not exceed the useful life of the asset. As of June 30, 2016, the Town had approximately \$16.7 million in long term debt.

Approximately \$6.8 million or 41.1% of this debt is for infrastructure development to acquire major equipment and vehicles, land and buildings.

	Long Term Debt 6/30/2015	Long Term Debt 6/30/2016
General Obligation debt	\$ 4,100,000	\$ 3,850,000
Premium on bond	\$ 80,296	\$ 75,430
Installment purchases - improvements & equipment	\$ 3,148,164	\$ 3,046,275
Compensated absences	\$ 617,651	\$ 631,373
Other Post-employment benefits	\$ 7,278,554	\$ 8,147,822
Net pension liability (LGERS)	\$ -	\$ 664,576
Net pension obligation	\$ 349,530	\$ 359,080
Total	\$ 15,574,195	\$ 16,774,556

The NC General Statutes 160A-20 allows local governments to enter into installment contracts to finance the purchase of equipment and land, or for construction projects. Under this method of financing, the unit enters into a contract with a financial institution in which the financial institution provides funding for the purchase of equipment, land, or for construction projects. The financial institution maintains a security interest in the equipment or project until the governmental unit repays the loan. For these contracts, local units pledge to pay the installments from any revenues available, but do not pledge the “full faith and credit” of the unit. Contracts under \$500,000 and less than a five-year maturity do not require approval by the Local Government Commission (LGC). Installment contracts for equipment greater than \$500,000 or maturities over five years require approval by the LGC, except the purchase of vehicles and rolling stock which may be purchased in any amount without LGC approval. Installment

contracts involving improvements to land or buildings require approval by the LGC regardless of the dollar amount or maturity involved.

In January 2013 the Town issued \$4.6 million of general obligation bonds for construction of sidewalks and greenways. These general obligation bonds were authorized by the voters in November 2003. The Town began construction of projects in FY 2005-06 by issuing a series of bond anticipation notes requiring only interest payments until the issuance of the general obligation bonds in January 2013. General obligation bonds are collateralized by the full faith, credit, and taxing power of the Town and generally allow for longer loan terms than other types of financing (up to 20 years) and require a lower interest rate than other types of financing.

Other long term debt noted above includes reserves for compensated absences which is the amount the Town owes for future payments for employee vacation. Net pension obligations represent the annual required contribution for retirement benefit to law enforcement officers.

CURRENT AND FUTURE DEBT

The Town does not anticipate acquiring any additional major debt in the next three to five years, except for installment financing for vehicles and equipment.

Project	Issue \$	Principal	Interest	Total
SIDEWALKS & GREENSWAYS GO BONDS	\$ 4,600,000	\$ 250,000	\$ 82,500	\$ 332,500
TOTAL GENERAL OBLIGATION BONDS		\$ 250,000	\$ 82,500	\$ 332,500
FIRE SUBSTATION	\$ 3,250,000	\$ 216,667	\$ 40,685	\$ 257,352
TOTAL LONG-TERM INSTALLMENT DEBT		\$ 216,667	\$ 40,685	\$ 257,352

EQUIPMENT/VEHICLES		\$ 217,808	\$ 16,850	\$ 534,658
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Actual FY 2014 through 2017 plus 2017-18 principal payment only.

BUDGET SUMMARY

	2015-16 ACTUAL	2016-17 ADOPTED BUDGET	2017-18 ADOPTED BUDGET	PCT CHANGE
OPERATING	1,164,298	1,220,693	1,124,510	-7.9%
TOTAL	\$1,164,298	\$1,220,693	\$1,124,510	-7.9%

CHANGES IN BUDGET FROM PRIOR YEAR ADOPTED BUDGET

Debt Service costs decreased due to retiring some of the debt.

FY 2017-18 PURCHASES TO BE FUNDED WITH INSTALLMENT DEBT:

Department	Vehicle	Cost
Police	Patrol Vehicle Replacements -6 @ \$50,312	\$ 301,872
	TOTAL	\$ 301,872

SPECIAL REVENUE FUNDS

The Special Revenue Fund accounts for revenues and expenditures legally restricted or designated by the Board of Aldermen for specific program activities or services. The Special Revenue Fund was restructured in 2011 to comply with GASB 54. Included in the Special Revenue Fund are the following funds:

- Affordable Housing,
- Revolving Loans for economic development,
- Revolving Loans for energy efficiency,
- Business Loan Program, and
- Grants Administration.

BUDGET SUMMARY

	TOTAL	PRIOR	2016-17	2017-18	PCT
<i>REVENUE</i>	APPROP.	YEARS	ADOPTED	ADOPTED	CHANGE
		ACTUAL	BUDGET	BUDGET	
INVESTMENT EARNINGS	654,760	654,885	19,337	-	-100%
GRANT REVENUES	938,096	-	-	938,096	N/A
OTHER REVENUES	850,128	962,945	545,464	650,253	19%
PAYMENT IN LIEU	-	96,501	-	-	N/A
FUND BALANCE	-	-	340,963	633,685	86%
TRANSFERS	172,707	408,940	533,600	65,750	-88%
TOTAL REVENUE	2,615,691	2,123,271	1,439,364	2,287,784	59%
<i>EXPENDITURE</i>					
COMMUNITY DEVELOPMENT	-	149,193	187,900	160,505	-15%
GENERAL GOVERNMENT	30,386	26,679	-	-	N/A
OTHER APPROPRIATIONS (LOANS)	850,128	882,128	109,603	118,499	8%
TRANSFERS TO OTHER FUNDS	-	-	-	-	N/A
GRANT EXPENDITURES	938,096	-	-	938,096	N/A
RESERVES	797,081	653,081	1,141,861	1,070,684	-6%
TOTAL EXPENDITURES	2,615,691	1,711,081	1,439,364	2,287,784	59%

AFFORDABLE HOUSING FUND

This fund was created in 2007 with the goal of increasing the stock of affordable, safe and decent housing within the Town and its planning jurisdiction. Funding for the fund is from developers that make a cash payment, in lieu of providing affordable housing under the applicable provisions of the Land Use Ordinance, and other revenues such as grants, donations, loans, interest payments, or other contributions that are received.

GOALS

- Increase number of homeownership and rental units that are permanently affordable in Carrboro.
- Evaluate and reduce housing density restrictions to slow the climb of housing prices and diversify housing stock, particularly in high transit areas.
- Decrease barriers to first-time homeownership and to homeownership retention, particularly among seniors.
- Reduce negative effects of parking requirements on rental prices.
- Slow the pressure on rental prices by increasing rental housing stock, particularly in high-transit areas.
- Reduce erosion of rental housing quality and affordability.
- Improve opportunities for developers and potential partners to identify affordability in a project.
- Ensure implementation of the Affordable Housing Strategy.
- Acquisition of land/property for the creation of affordable housing.

SERVICES PROVIDED & ACTIVITIES

- Provide staffing for the Affordable Housing Task Force.
- Town liaison with the Orange County Partnership to End Homelessness.
- Town liaison with the Orange County Affordable Housing Coalition.
- Coordinate housing efforts and implement housing plans as an Orange County HOME Consortium member.
- Market Carrboro's Affordable Housing Fund.
- Review applications to the Affordable Housing Fund and ensure proper use of funds.

PREVIOUS YEAR ACCOMPLISHMENTS

- Approved funding to support seven affordable housing projects, by far the most of any year since the creation of the Affordable Housing Fund.
- Approved funding for the first time for projects related to deposit assistance, housing acquisition, and land banking.
- Approved almost \$85,000 in funding support for affordable housing projects, more than three times what had been approved in any previous year.
- Provided over \$200,000 of total affordable housing support for local affordable housing partners.
- Added \$500,000 to the Affordable Housing Fund.
- Implemented quarterly Affordable Housing Task Force meeting schedule.

- Better positioned the Town for future affordable housing opportunities by cultivating relationships with experienced nonprofit affordable housing professionals and developers.
- Increased the usefulness of the Affordable Housing Fund as a tool for achieving the Town's affordable housing goals by increasing the number of tools at its disposal.
- Played a leadership role at regional transit tables to ensure affordable housing goals are priorities.
- Decreased the barrier to first time homeownership and to homeownership retention by creating the Buyer Identified Housing Program and by providing staffing and funding for the Northside Neighborhood Initiative.
- Analyzed the inventory of publicly owned land for the possibility of creating affordable housing, and presented strategies for moving forwards.
- Analyzed plots of land for potential Low-Income Housing Tax Credit developments.
- Analyzed the inventory of abandoned properties to identify opportunities for the creation of affordable housing.

UPCOMING FISCAL YEAR OBJECTIVES

- Review and make changes to the Town's Land Use Regulations to better accommodate and promote affordable housing.
- Create opportunities for developing affordable housing on town-owned land.
- Work with nonprofit affordable housing providers to identify opportunities for developing affordable housing and/or transitioning market rate units to affordable units.
- Work with Low-Income Housing Tax Credit developers to identify potential projects.
- Analyze and, if appropriate, create opportunities for affordable housing on abandoned properties.
- Continue the trend of increased financial support for the creation and maintenance of affordable housing.

BUDGET SUMMARY

	TOTAL	PRIOR	2016-17	2017-18	
REVENUE	APPROP.	YEARS	ADOPTED	ADOPTED	PCT
		ACTUAL	BUDGET	BUDGET	CHANGE
INVESTMENT EARNINGS	-	-	-	-	N/A
PAYMENT IN LIEU	-	96,501	-	-	N/A
FUND BALANCE	-	-	231,360	519,812	125%
TRANSFERS	47,707	408,940	533,600	65,750	-88%
<i>SUBTOTAL</i>	47,707	505,441	764,960	585,562	-23%
<i>EXPENDITURE</i>					
COMMUNITY HOME TRUST	-	64,000	64,000	74,597	17%
HOME CONSORTIUM MATCH	-	10,525	10,525	9,716	-8%
PARTNERSHIP TO END HOMELESSNESS	-	16,068	16,068	15,068	-6%
HUMAN SERVICES GRANTS	-	33,600	33,600	65,750	96%
PEST CONTROL	3,707	-	3,707	-	-100%
RESERVES	44,000	25,000	637,060	420,431	-34%
<i>SUBTOTAL</i>	47,707	149,193	764,960	585,562	-23%

GRANT FUND

This fund accounts for grant awards made to the Town that are legally restricted to expenditures for specific programs, activities, and purposes. Recent grant awards include FEMA and North Carolina Hazard Mitigation Program for flooding remediation; and charging station grant from Duke Energy.

BUDGET SUMMARY

	TOTAL APPROP.	PRIOR YEARS ACTUAL	2016-17 ADOPTED BUDGET	2017-18 ADOPTED BUDGET	PCT CHANGE
REVENUE					
INVESTMENT EARNINGS	-	-	-	-	N/A
NC HAZARD MITIGATION PROGRAM	185,619	-	-	185,619	N/A
FEMA HAZARD MITIGATION PROGRAM	742,477	-	-	742,477	N/A
DUKE ENERGY TRANSFER	10,000	-	-	10,000	N/A
	-	-	-	-	N/A
SUBTOTAL	938,096	-	-	938,096	N/A
EXPENDITURE					
FLOODING MITIGATION	928,096	-	-	928,096	N/A
CHARGING STATIONS	10,000	-	-	10,000	N/A
TRANSFERS	-	-	-	-	N/A
SUBTOTAL	938,096	-	-	938,096	N/A

REVOLVING LOAN FUND

The Revolving Loan Fund is used to encourage economic and community development in Carrboro by offering loans to new businesses and encouraging businesses to locate in Carrboro. The Fund sustains itself with the interest earned on loans and repayment of the principal provided to businesses. With this interest, a reserve is created that enables the Town to continue loaning funds to businesses. As loans are paid off, the Town closes the loans and removes them from financial records.

The Revolving Loan Fund contains the following active loans to businesses:

Business	Amount Borrowed	Date of Original Loan
Alphabet Soup	\$48,000	2001
Bryan's Guitar and Music, Inc.	\$90,000	2004
Art in a Pickle	\$105,000	2007
Carrboro Co-Working	\$90,000	2008
Beehive	\$56,000	2009
Carrboro Citizen	\$50,000	2009
The Kind Coffee	\$57,000	2009
Second Wind, LLC	\$45,000	2012
PTA Thrift Store	\$24,000	2013
Cameron's	\$50,000	2014
Eden Food Group, LLC	\$36,239	2016

BUDGET SUMMARY

	TOTAL APPROP.	PRIOR YEARS ACTUAL	2016-17 ADOPTED BUDGET	2017-18 ADOPTED BUDGET	PCT CHANGE
REVENUE					
INVESTMENT EARNINGS	654,760	654,760	9,193	-	-100%
OTHER REVENUE - LOAN REPAYMENTS	743,000	743,000	136,121	57,182	-58%
OTHER FINANCING SOURCES	-	-	306,545	509,169	66%
SUBTOTAL	1,397,760	1,397,760	451,859	566,351	25%
EXPENDITURE					
GENERAL GOVERNMENT EXPENSE	26,679	26,679	-	-	N/A
ECONOMIC AND PHYSICAL DEVELOPMENT LOANS	743,000	743,000	-	-	N/A
RESERVES FOR LOANS	628,081	628,081	451,859	566,351	25%
SUBTOTAL	1,397,760	1,397,760	451,859	566,351	25%

ENERGY EFFICIENCY REVOLVING LOAN FUND

The Energy Efficiency Revolving Loan was started in 2010 with US Department of Energy funds through a grant to Southeastern Energy Efficiency Alliance (SEEA) for the Town to implement a small business energy efficiency revolving loan fund with the goal of increasing energy efficiency in commercial buildings.

BUDGET SUMMARY

	TOTAL	PRIOR	2016-17	2017-18	
<i>REVENUE</i>	APPROP.	YEARS	ADOPTED	ADOPTED	PCT
		ACTUAL	BUDGET	BUDGET	CHANGE
INVESTMENT EARNINGS	-	125	10,144		-100%
OTHER REVENUE - LOAN REPAYMENTS	7,128	36,673	36,673	3,004	-92%
OTHER FINANCING SOURCES	100,000	183,272	66,125	80,898	22%
<i>SUBTOTAL</i>	107,128	220,070	112,942	83,902	-26%
<i>EXPENDITURE</i>					
ECONOMIC AND PHYSICAL DEVELOPMENT LOANS	107,128	107,128	-	-	N/A
COMMUNITY SOLAR PROGRAM RESERVES	-	-	60,000		-100%
	-	-	52,942	83,902	58%
<i>SUBTOTAL</i>	107,128	107,128	112,942	83,902	-26%

Below is a list of active Energy Efficiency Revolving Loan Fund loans:

Business	Amount Borrowed
Surplus Sids	\$ 30,000.00
Sophie Piesse	\$ 7,000.00
LB Bradley	\$ 7,000.00
Dispute Settlement Center	\$ 35,000.00
The Arts Center	\$ 28,128.00

BUSINESS LOAN FUND

The Business Loan Fund was created to provide loans to supplement other financing where a project may not meet the requirement for job creation, but the Board believes the business would contribute to the Towns commercial growth.

BUDGET SUMMARY

	TOTAL	PRIOR	2015-16	2016-17	PCT
<i>REVENUE</i>	APPROP.	YEARS	ADOPTED	ADOPTED	CHANGE
		ACTUAL	BUDGET	BUDGET	
FUND BALANCE	-	32,000	109,603	113,873	4%
INVESTMENT EARNINGS	-	-	-	-	N/A
OTHER REVENUE - LOAN					
REPAYMENTS	-	-	-	4,626	N/A
TRANSFERS	125,000	-	-	-	N/A
<i>SUBTOTAL</i>	125,000	32,000	109,603	118,499	8%
<i>EXPENDITURE</i>					
ECONOMIC AND					
PHYSICAL					
DEVELOPMENT LOANS	-	32,000	-	-	N/A
RESERVE FOR LOANS	125,000	-	109,603	118,499	8%
<i>SUBTOTAL</i>	125,000	32,000	109,603	118,499	8%

Below is a list of active loans for the Business Loan Fund:

Business	Amount Borrowed
Surplus Sids	\$12,000
Eden Food Group	\$20,000

CAPITAL PROJECTS FUND

The Capital Projects Fund is comprised of the following funds:

- Capital Projects
- GO Bonds, Sidewalks and Greenways
- Capital Reserve
- Payment In Lieu

Capital projects are projects financed (in whole or in part) by the proceeds of bonds, notes or debt instruments involving the construction or acquisition of a capital asset. Capital projects are approved via a balanced project ordinance as required by the North Carolina General Statutes (GS 159-13.2) whereby the Town budgets for the life of the capital project. A project ordinance is balanced when revenues estimated to be available for the project equal appropriations for the project. Projects that show a zero balance are no longer active and considered completed and are removed from the general ledger one year following project completion.

BUDGET SUMMARY

	TOTAL	PRIOR	2016-17	2017-18	PCT
<i>REVENUE</i>	APPROP.	YEARS	ADOPTED	ADOPTED	CHANGE
		ACTUAL	BUDGET	BUDGET	
INVESTMENT EARNINGS	178,282	157,567	39,834	39,834	0%
OTHER FINANCING SOURCES RESTRICTED	9,515,000	5,609,560	1,188,477	1,188,477	0%
INTERGOVERNMENTAL	4,765,872	717,833	2,647,939	2,647,939	0%
OTHER FUND BALANCE	1,660,779	272,408	999,373	999,373	0%
APPROPRIATED	3,498,691	2,150,922	3,318,401	6,006,824	81%
<i>TOTAL REVENUES</i>	19,618,624	8,908,290	8,194,024	10,882,447	33%
<hr/>					
<i>EXPENDITURE</i>					
CAPITAL PROJECTS	9,452,328	3,983,224	2,457,683	4,689,135	91%
GO SIDEWALK & GREENWAYS	8,787,688	3,707,549	4,828,568	4,828,568	0%
CAPITAL RESERVES	1,235,338	544,806	757,993	1,364,744	80%
PAYMENT IN-LIEU	143,270	149,780	149,780	-	N/A
<i>TOTAL EXPENDITURES</i>	19,618,624	8,385,359	8,194,024	10,882,447	33%

Capital Projects

For FY 2016-17 the total Capital Project Fund budget is \$10.8 million. Funds are appropriated for capital projects via a balanced project ordinance as required by the North Carolina General Statutes (GS 159-13.2) whereby the Town budgets for the life of the capital project; or capital projects may be appropriated in the annual general fund budget.

BUDGET SUMMARY

<i>REVENUE</i>	TOTAL APPROP.	PRIOR YEAR ACTUALS	2016-17 ADOPTED BUDGET	2017-18 ADOPTED BUDGET	PCT CHANGE
INVESTMENT EARNINGS	22,232	25,548	9,555	9,555	0%
FUND BALANCE APPROP.	3,020,376	1,103,014	2,410,628	3,953,051	64%
OTHER FINANCING SOURCES RESTRICTED	4,096,000	2,750,285	-	-	N/A
INTERGOVERNMENTAL	805,627	479,119	30,000	30,000	0%
OTHER	1,508,093	270,611	7,500	7,500	0%
<i>TOTAL REVENUES</i>	9,452,328	4,628,577	2,457,683	4,000,106	63%
<i>EXPENDITURES</i>					
ANDERSON PARK BLEACHERS AND FENCE	95,000	-	-	95,000	N/A
ANDERSON PARK FENCING & PAVILION	156,880	156,880	156,880	-	-100%
ANDERSON PARK MULTI- PURPOSE FIELD RENOVATION AND LIGHTS	181,400	181,399	-	-	N/A
BICYCLE LOOP DECTECTORS	37,500	30,000	7,500	7,500	0%
COMPLETED PROJECTS	4,710,173	2,774,415	-	-	N/A
FIBER OPTICS PROJECT AT FIRE STATION #2	298,198	298,198	30,753	-	-100%
LED STREET LIGHTS PROJECT	100,000	-	96,250	100,000	4%
MLK PARK DESIGN	150,000	150,000	150,000	1,291,146	761%
PD BODY WORN CAMERAS	121,000	-	91,000	121,000	33%
PLANNING PERMITTING SOFTWARE	230,000	-	230,000	230,000	0%
PUBLIC SAFETY RADIO UPGRADES	819,000	-	273,000	937,370	243%
ROGERS ROAD CONDUIT	155,000	-	155,000	155,000	0%
ROGERS ROAD REMEDATION	900,000	-	900,000	-	N/A
STORM WATER MANAGEMENT PROJECTS (STATE MANDATE)	80,000	-	80,000	80,000	0%
TOWN COMMONS IMPROVEMENTS	1,070,090	87,000	107,300	983,090	816%
WILSON PARK TENNIS COURT REPLACEMENT	168,087	125,332	-	-	N/A
<i>TOTAL EXPENDITURES</i>	9,452,328	3,983,224	2,457,683	4,000,106	63%

GO Bond-Funded Sidewalks and Greenways

The Town continues its sidewalks and greenways construction program authorized by the voters in 2003. In January 2013, the Town discontinued the use of bond anticipation notes to finance this construction and issued \$4.6 million of general obligation bonds.

BUDGET SUMMARY

	TOTAL	PRIOR	2016-17	2017-18	
REVENUE	APPROP.	YEAR	ADOPTED	ADOPTED	PCT
		ACTUALS	BUDGET	BUDGET	CHANGE
INTEREST EARNINGS	155,757	127,873	30,279	30,279	0%
OTHER FINANCING SOURCES	4,600,000	2,853,228	1,188,477	1,188,477	0%
RESTRICTED INTERGOVERNMENTAL	3,960,245	238,714	2,617,939	2,617,939	0%
OTHER	152,686	-	991,873	991,873	0%
TOTAL REVENUE	8,868,688	3,219,815	4,828,568	4,828,568	0%
EXPENDITURES					
DAVIE STREET SIDEWALK	648,000	648,000	648,000	-	-100%
HOMESTEAD CHAPEL HILL HIGH SCHOOL MUP	1,242,730	410,068	1,001,807	832,662	-17%
JONES CREEK GREENWAY	420,000	-	337,957	420,000	24%
MORGAN CREEK GREENWAY	1,521,471	243,485	1,175,781	1,277,986	9%
PHASE IB SIDEWALK PROJECTS	1,410,786	1,227,620	67,567	67,567	0%
PROFESSIONAL SVCS	73,000	-	53,563	53,563	0%
PROJECTS COMPLETED	2,432,713	1,178,376	-	-	N/A
ROGERS ROAD SIDEWALK	1,371,568	-	1,013,011	1,371,568	35%
SHELTON STREET SIDEWALK	212,000	-	212,000	-	-100%
SOUTH GREENSBORO ST SIDEWALK DESIGN PHASE 1	-	-	-	105,000	N/A
TRANSFER TO CAP RES FD	239,988	-	318,882	700,222	120%
TOTAL EXPENDITURES	9,572,256	3,707,549	4,828,568	4,828,568	0%

CAPITAL RESERVE

The Town has established a capital reserve fund to set aside funds for specific purposes and future projects. The Town has set aside funds for specific purposes.

Teal Place Sidewalk Installation - The Town of Carrboro received \$2,000 from the Teal Place Townhouse Association towards construction of the sidewalk.

Brewer Lane Signal Crossings – The Town has been advised to setup signal crossings on Brewer Lane.

Street Resurfacing – The Town sets aside reserves annually for street resurfacing.

Smith Level Sidewalk project –To cover the cost of sidewalk construction for DOT planned project.

Fire and Police Radio Upgrade - In three years fire and police will need to replace all Motorola radios (136) at an estimated cost of \$819,000. To minimize the financial impact on the Town, the plan is to set aside \$273,000 of assigned fund balance in the Capital Reserve Fund over the next three years specifically to replace these radios.

Undesignated – Revenues generated from unexpended project funds and interest earnings within the fund that have not been designated by the Board.

BUDGET SUMMARY

	TOTAL APPROP.	PRIOR YEAR ACTUALS	2016-17 ADOPTED BUDGET	2017-18 ADOPTED BUDGET	PCT CHANGE
REVENUE					
INVESTMENT EARNINGS	-	3,683	-	-	N/A
OTHER FINANCING SOURCES	-	-	-	-	N/A
FUND BALANCE APPROPRIATION	1,235,338	904,638	757,993	1,903,993	151%
TOTAL REVENUES	1,235,338	910,118	757,993	1,903,993	151%
EXPENDITURE					
OTHER	1,235,338	544,806	757,993	1,903,993	151%
TOTAL EXPENDITURES	1,235,338	544,806	757,993	1,903,993	151%

RESERVES AUTHORIZED FOR FOLLOWING:

ADAMS TRACT PEDESTRIAN BRIDGE	30,000
BOARD ROOM EQUIPMENT	30,099
BREWER LANE SIGNAL CROSSINGS	15,000
SMITH LEVEL ROAD SIDEWALKS - LOCAL MATCH	207,000
STREET RE-SURFACING	301,000
TEAL PLACE SIDEWALK INSTALLATION	2,000
PUBLIC SAFETY RADIOS	546,000
UNDESIGNATED	772,894
TOTAL RESERVES	1,903,993

PAYMENT IN LIEU RESERVE

The Payment-in-Lieu Reserve Fund was established in 1985. Developers whose residential developments are required to provide on-site active recreational areas and open space areas may choose to make a payment-in-lieu of providing such facilities with Town approval.

These funds are held in reserve for one of four geographically defined quadrants of the town (where the residential development is located) for use in acquisition and development of recreational facilities, present or future. A requisite of the payment use is that the improvement be reasonably expected to serve the subdivision from which the payment was made.

BUDGET SUMMARY

	TOTAL	PRIOR	2016-17	2017-18	
<i>REVENUE</i>	APPROP.	YEAR	ADOPTED	ADOPTED	PCT
		ACTUALS	BUDGET	BUDGET	CHANGE
INVESTMENT EARNINGS	293	463	-	-	N/A
OTHER FINANCING SOURCES RESTRICTED INTERGOVERNMENTAL	-	6,047	-	-	N/A
<i>TOTAL REVENUE</i>	143,270	149,780	149,780	149,780	0%
<i>EXPENDITURE</i>					
TRANSFERS	-	-	-	-	N/A
UNEXPENDED RESERVES	143,270	149,780	149,780	149,780	0%
<i>TOTAL EXPENDITURE</i>	143,270	149,780	149,780	149,780	0%

RESERVES AUTHORIZED FOR FOLLOWING PURPOSES:

SIDEWALK: HARLAN GROUP	3,062
SIDEWALK: WILSON PARK DEV	5,180
SOUTH SECTOR	16,530
CENTRAL SECTOR	6,729
DOWNTOWN-UNDESIGNATED	89,569
NORTH SECTOR	2,442
UNRESERVED	26,268
TOTAL	149,780

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FINANCIAL TRENDS

PAST, PRESENT AND FUTURE

The Town monitors its financial condition in various ways, from forecasting future revenue and expenditure trends to aggregating financial information into ratios that provide meaningful data about the Town's fiscal health. The Town is considered to be on solid economic footing. The Town currently holds a credit rating of AAA with Standard and Poor's and Moody's Aa1. These are considered very favorable ratings, particularly for municipalities similar to Carrboro.

The Town's financial condition through the last audited year is evaluated using methodology recommended by the International City/County Management Association (ICMA). This analysis, formally known as FTMS (Financial Trends Monitoring System), offers governments a systematic way to monitor changes and to anticipate future problems.

The town also projects future financial activity based on the most current budget. In forecasting the future, the five-year plan is designed to show the tax rate impact of Town services over the long-term if growth continues at the current rates assumed in the model. The five-year plan provides information about underlying trends in the Town's fiscal position and budgetary trends monitoring key revenue and expenditures, debt and debt ratios, and the impact of capital investments and improvements on the Town's budget. It is used as a tool for reflecting trends rather than actual revenues, expenditures, and tax rates.

Historical Financial Trends

Incorporated in the FTMS analysis are indicators used by credit rating firms that analyze major components of governmental operations (revenue, expenditures, operating position, and debt) to quantify changes or trends in financial condition. Minimum standards are not declared for most indicators. Instead, potential "warning trends" are identified and suggestions for analysis are offered. In a few cases, however, relevant credit industry benchmarks are noted by the FTMS. These benchmarks are identified for each indicator, where relevant, within the report. When analyzing financial conditions, we are attempting to:

- ☆ Maintain existing service levels,
- ☆ Withstand local and regional economic disruption,
- ☆ Meet demands of natural growth, decline, and change,
- ☆ Maintain facilities to protect investment and keep in usable condition,
- ☆ Meet future obligations (debt, leases, etc.), and
- ☆ Take advantage of cost-effective opportunities that may arise.

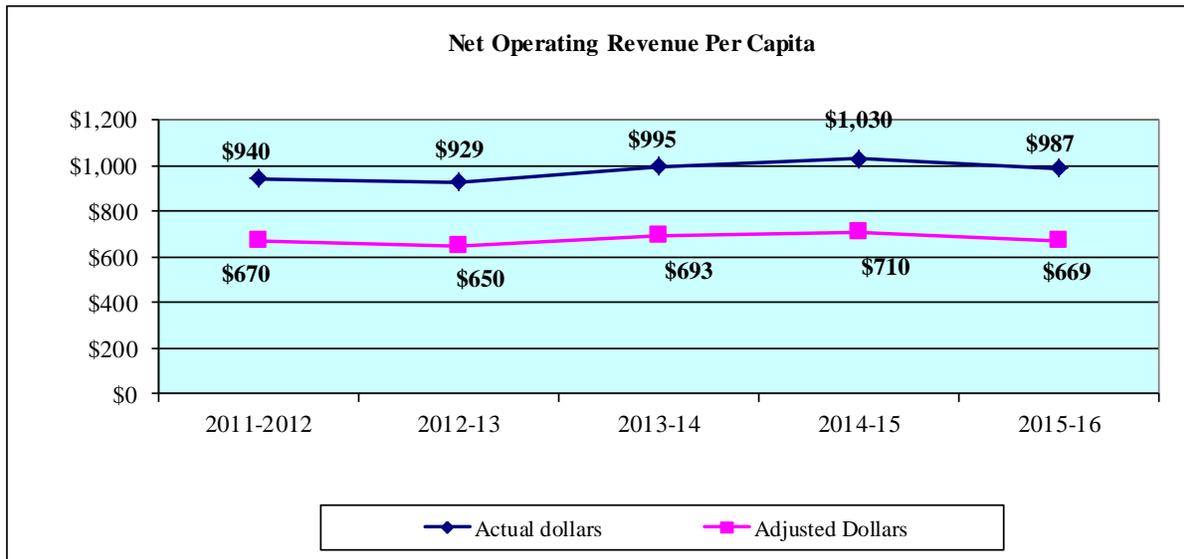
Included with every indicator is a description of the indicator, a table and graphical representation of the trend over the fiscal years for which we have audited budget reports, and an explanation of the implications of that trend for the government and residents of the Town. All the financial figures in the report are taken from the approved annual Town audit reports and other official Town records.

Several indicators used throughout the report present dollar figures that have been adjusted for inflation using the Consumer Price Index (CPI) provided by the Bureau of Labor Statistics. By illustrating figures in constant dollars the effects of inflation are removed. The analyses illustrate historical trends for the General Fund and Special Revenue Funds (Grant Funds and Revolving Loan Fund). All per capita figures were calculated using population figures used by the North Carolina Department of Revenue to distribute sales tax revenue. They, in turn, rely on Census and state demographics information.

Revenue Indicators

Revenues can be analyzed to determine the local government’s capacity to provide services. Important issues to consider in revenue analysis are growth, flexibility, elasticity, dependability, diversity, and administration. Under ideal situations revenues grow at a rate equal to or greater than the combined effects of inflation and expenditures. Revenues should be sufficiently flexible to allow adjustments to changing conditions.

Operating Revenue Per Capita



Year	2011-12	2012-13	2013-14	2014-15	2015-16
Net Operating Revenue (adjusted)	\$13,328,336	\$13,277,760	\$14,203,573	\$14,439,376	\$14,048,440
Population	19,905	20,433	20,510	20,337	20,984
Net Operating Revenue Per Capita (adjusted)	\$670	\$650	\$693	\$710	\$669

Warning Trend: Decreasing operating revenues per capita (constant dollars).

Formula: Operating Revenues per Capita (adjusted dollars)/Population

Description

Examining per capita revenues shows changes in revenues relative to changes in population size. As population increases, it might be expected that revenues and the need for services would

increase proportionally, and therefore the level of per capita revenues would remain at least constant in real terms. If per capita revenues are decreasing, the government may be unable to maintain existing service levels unless it finds new revenue sources or ways to provide existing services more efficiently. The reasoning in both cases assumes that the cost of services is directly related to population size.

Operating revenues, as defined in this chart, are that portion of gross revenues collected by the Town that is available for general municipal operations. Thus, revenues legally restricted to capital improvements or other special purposes are excluded. The only legally restricted revenue deducted to calculate operating revenue is Powell Bill revenue that is used for street resurfacing.

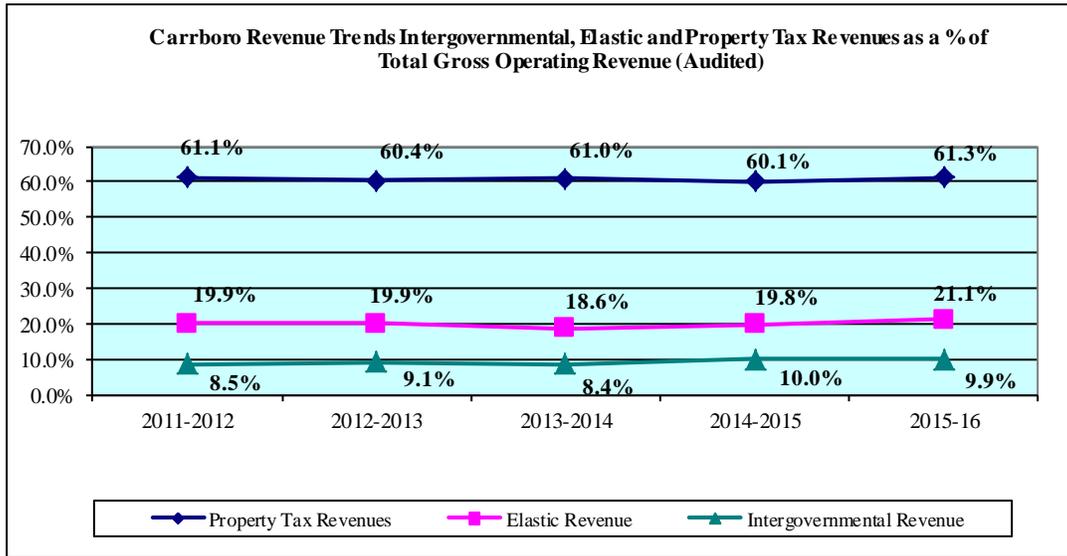
Discussion

In real terms (adjusted for inflation), revenues per capita in Carrboro have remained constant since FY2012. In actual dollars collected (adjusted for inflation), revenue increased by 5.4% percent. Local option sales tax, other taxes and licenses, and intergovernmental revenues, have increased in the past 5 years. The following chart shows distinct revenue trends as reflected in the Town’s audit reports.

Revenue Source	2016 Revenue Adjusted for Inflation	2012 Revenue Adjusted for Inflation	% Change in Revenue Since 2012	2016 per capita	2012 per capita	% Change Since 2012 (per capita)
Ad valorem taxes	\$ 8,025,942.06	\$ 8,338,997.93	-3.8%	\$ 382	\$ 419	-8.7%
Local option sales taxes	\$ 2,785,319.90	\$ 2,356,000.28	18.2%	\$ 133	\$ 118	12.1%
Other taxes and licenses	\$ 937,033.04	\$ 320,225.06	192.6%	\$ 45	\$ 16	177.6%
Intergovernmental revenues	\$ 1,091,780.31	\$ 972,165.09	12.3%	\$ 52	\$ 49	6.5%
Permits and fees	\$ 861,786.42	\$ 931,945.02	-7.5%	\$ 41	\$ 47	-12.3%
Sales and services	\$ 178,739.40	\$ 185,332.24	-3.6%	\$ 9	\$ 9	-8.5%
Investment earnings	\$ 19,551.53	\$ 34,078.77	-42.6%	\$ 1	\$ 2	-45.6%
Other	\$ 148,287.54	\$ 189,591.91	-21.8%	\$ 7	\$ 10	-25.8%
Total revenues by source	\$14,048,440.19	\$13,328,336.30	5.4%	\$ 669	\$ 670	0.0%

Having a significant impact on the revenue stream is the property tax and sales taxes revenue per capita, representing 77% of the total revenue per capita in 2016. The significant impact of property taxes as a source of revenue is largely a reflection of the state restrictions on the ability of local government to use other types of revenues to support community needs. Investment earnings had the most significant decrease due to the current economic conditions.

Major Revenue Sources



Revenues	2011-12	2012-13	2013-14	2014-15	2015-16
Property Tax	\$ 11,708,787	\$ 11,754,299	\$ 12,741,993	\$12,887,757	\$12,989,241
Elastic Revenue	\$ 3,820,856	\$ 3,870,059	\$ 3,894,719	\$4,251,370	\$4,467,684
Intergovernmental Revenue	\$ 1,631,211	\$ 1,779,137	\$ 1,757,458	\$2,148,129	\$2,103,432
Total Revenue	\$ 17,160,854	\$ 17,403,495	\$ 18,394,170	\$19,287,256	\$19,560,357

Description

This graph reflects the Town’s revenue base composition by property tax, elastic (economically responsive) revenue, and intergovernmental revenue. An increasing reliance on federal and state revenues may signal a warning trend. A balance between property tax and more elastic revenue sources such as sales tax is desirable and considered healthy.

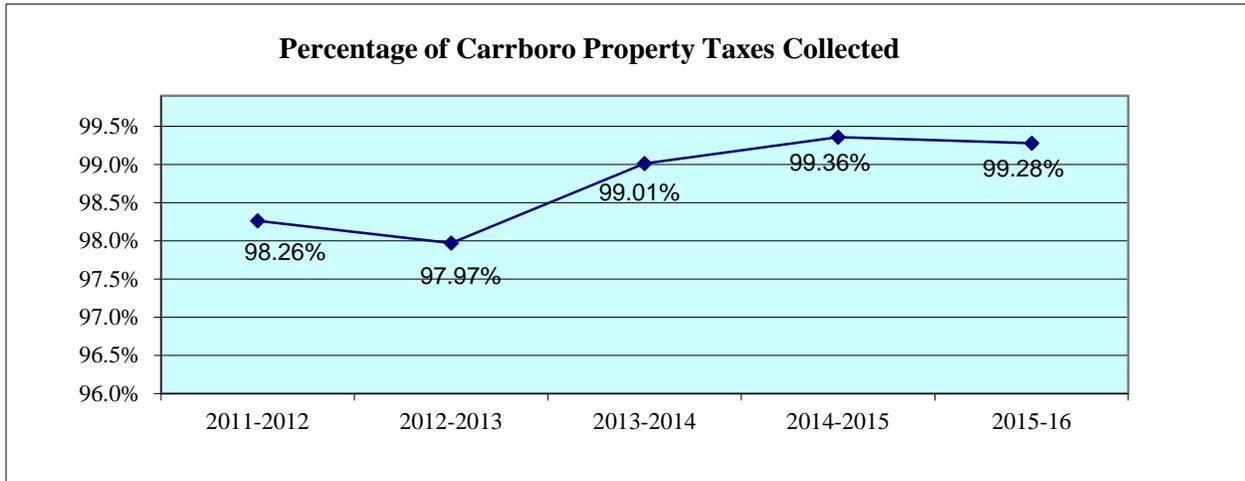
Discussion

As a percentage of total gross operating revenue, all revenues have remained fairly stable. Property tax increased by 1.2% and elastic revenues increased by 1.3%. Intergovernmental revenues decreased slightly by .1%.

Intergovernmental revenue, as a share of the revenue stream in FY15-16 decreased from FY14-15 mainly due to the decrease in the telecommunications sales tax. Other decreases in funding were the beer and wine tax and salary reimbursement for the Transit Planner.

Elastic revenue had an increase in sales tax, development review and interest earnings. The greatest decrease was in building, electrical and plumbing permits.

Property Tax Collection Rate



Warning Trend: Decreasing amount of collected property taxes as a percentage of net property tax levy.

Formula: Collected property taxes/Net property tax levy

Description

If the percentage of property tax collected decreases over time, it may indicate overall decline in the local government’s economic health. Additionally, as uncollected property taxes rise, liquidity is decreased, and there is less cash on hand to pay bills or to invest. Credit-rating firms assume that a local government normally will be unable to collect from 2 to 3 percent of its property taxes within the year that taxes are due. If uncollected property taxes rise to more than 5 to 8 percent, rating firms consider this a negative factor because it signals potential instability in the property tax base. An increase in the rate of delinquency for two consecutive years is also considered a negative factor.

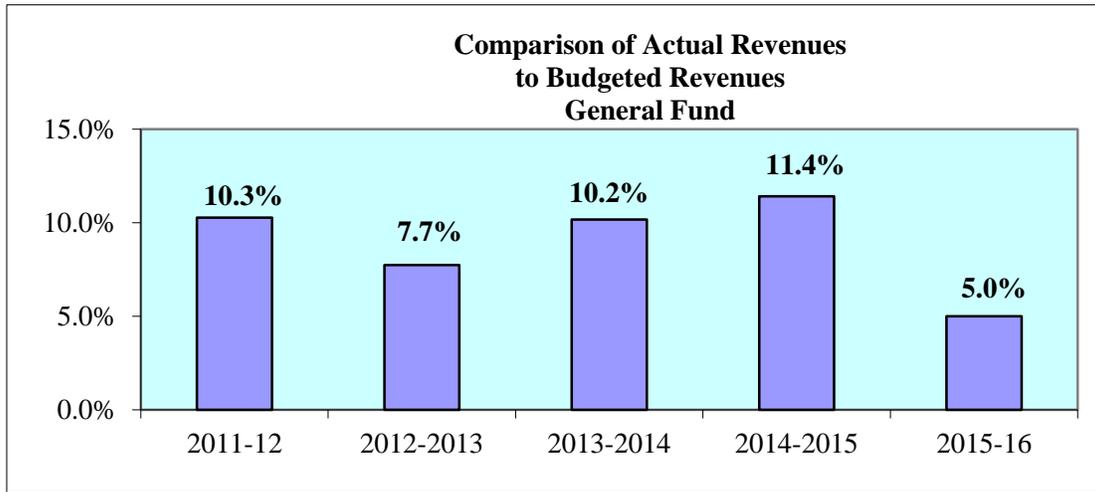
Discussion

The graph above shows that Orange County, which provides continuous assessment services, annual tax collections, and in-house revaluations every four years to both Carrboro and Chapel Hill, has a positive collection rate for the Town’s property tax base. Collections decreased slightly to 99.28% in FY2015-16.

Tax Collection Rates in Carrboro and Neighboring Cities

	2011-12	2012-13	2013-14	2014-15	2015-16
Carrboro	98.26%	97.97%	99.01%	99.36%	99.28%
Chapel Hill	99.21%	99.24%	99.36%	99.59%	99.62%
City of Durham	98.75%	98.83%	99.00%	99.57%	99.69%
Hillsborough	99.00%	97.61%	98.00%	98.11%	98.72%

Comparison of Actual Revenues to Budgeted Revenues



	2011-12	2012-13	2013-14	2014-15	2015-16
Budgeted Operating Revenue	\$17,391,017	\$18,055,160	\$18,970,318	\$19,236,874	\$20,189,109
Actual Operating Revenue	\$19,176,013	\$19,453,224	\$20,898,471	\$21,432,760	\$21,200,253
Revenue Variance	\$1,784,996	\$1,398,064	\$1,928,153	\$2,195,886	\$1,011,144
Revenue Variance as % of Budgeted Operating Revenues	10.3%	7.7%	10.2%	11.4%	5.0%

Warning Trend: Increase in revenue shortfalls or surpluses as a percentage of budgeted revenues.

Formula: Revenue Variance/Budgeted Operating Revenues

Description

This indicator examines the differences between revenue estimates and revenues actually received during the fiscal year. Major discrepancies that continue year after year can indicate a declining economy, inefficient collection procedures, changes in the law, or inaccurate estimating techniques. One of the criteria reviewed by Standard and Poor's for the quality of financial management in a local government is financial results compared against original expectations. Variances between budget and actual results are indicative of management's financial planning capabilities over time. The Town aims to have variances exceeding budgeted estimates no larger than 3-5 percent and seeks to avoid shortfalls to maintain the Town's fiscal health as surplus is one critical component of maintaining or improving fund balance levels.

Discussion

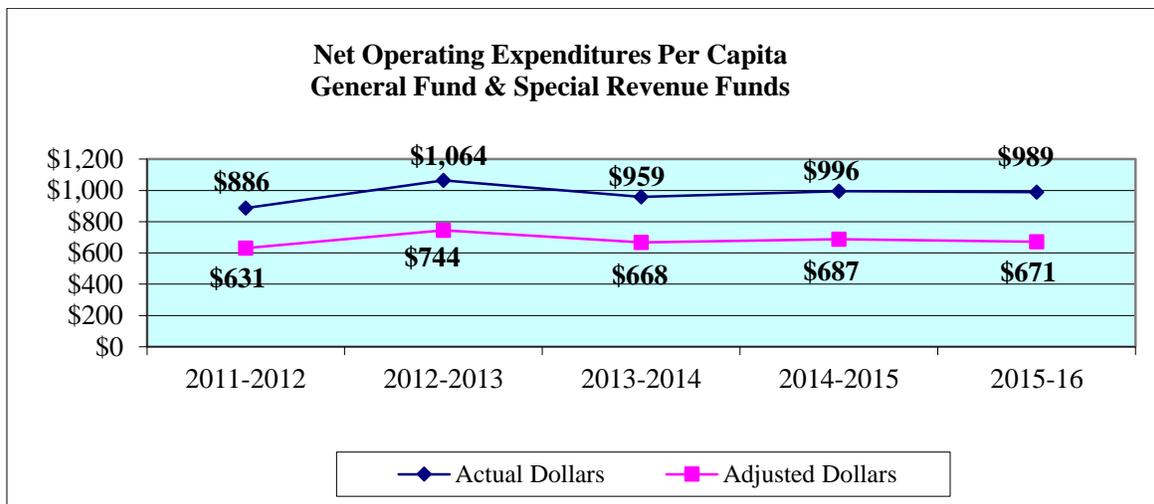
The variances in the graph indicate the Town's conservative approach to estimating revenues. In FY11-12 the major increases in actual revenue include property taxes (\$322,544), permits and fees (\$218,443), and sales tax (\$194,704). In FY 12-13, the main increases were with property taxes (\$215,662), sales tax (\$140,433), and permits and fees (\$201,779). In FY13-14, the main increases were with local option sales taxes (\$241,307), other taxes and licenses (\$780,830) and restricted intergovernmental revenues (\$134, 509). Fiscal year 14-15 had increases in local option sales taxes (\$525,663), other taxes and licenses (\$829,973) and restricted

intergovernmental revenues (\$581,077). Major increases in FY 15-16 include unrestricted intergovernmental revenues (\$576,627), other taxes and licenses (\$501,715) and local option sales taxes (\$279,597).

Expenditure Indicators

Expenditures are a rough measure of a local government’s service output. Generally, the more a government spends in constant dollars (adjusted for inflation), the more services it is providing. This formula does not take into account how effective the services are or how efficiently they are delivered.

Net Operating Expenditures per Capita



	2011-2012	2012-2013	2013-2014	2014-2015	2015-16
Net Operating Expenditures (Adjusted)	\$12,567,744	\$15,208,859	\$13,694,031	\$13,968,450	\$14,074,303
Population	19,905	20,433	20,510	20,337	20,984

Warning Trend: Increasing net operating expenditures per capita (constant dollars).

Formula: Net Operating Expenditures/Population

Description

Changes in per capita expenditures reflect changes in expenditures relative to changes in population. Increasing per capita expenditures can indicate the provision of new services, rising costs of providing services (or supporting the personnel who provide them), or changes in accounting practices (see next section). If expenditures are greater than can be accounted for by inflation or the addition of new services, it may indicate declining productivity – that is, the government is spending more real dollars to support the same level of services.

Discussion

Net operating expenditures, adjusted for inflation, show an increase in expenditures made by the Town since FY11-12, from \$12,567,744 to \$14,074,303 in FY15-16. When adjusted for the combined impact of inflation and population, per capita spending increased from \$631 in FY11-12 to \$671 in FY 15-16.

Over the past five years, expenditures per capita have fluctuated. The following highlights variations in fiscal years presented in the graph:

FY 2011-12 - Per capita expenditures decreased \$10 from the previous year.

FY 2012-13 – Per capita expenditures increased \$113 due mainly to the transfer of funds to the Capital Projects Fund.

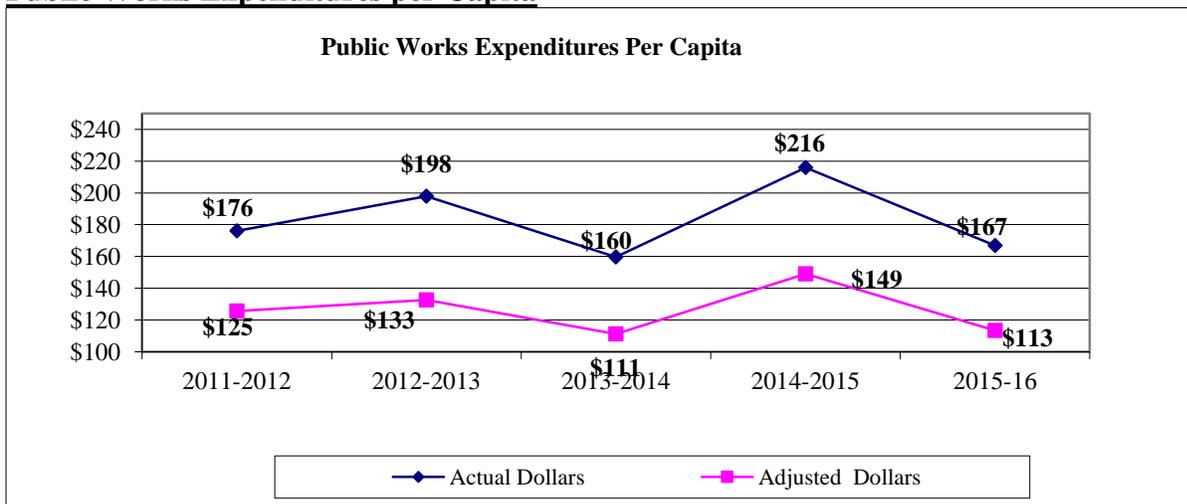
FY 2013-14 – Per capita expenditures decreased \$76 due to reduction in capital expenditures.

FY 2014-15 – Per capita expenditures changed slightly (\$19) from the previous year.

FY 2015-16 – Per capita expenditures decreased \$16 from the previous year due to reduction in Public Works expenditures.

Changes in net operating per capita expenditures can be explained by highlighting events that have contributed to changes in expenditure levels. The following section looks at the various components of expenditures and service levels.

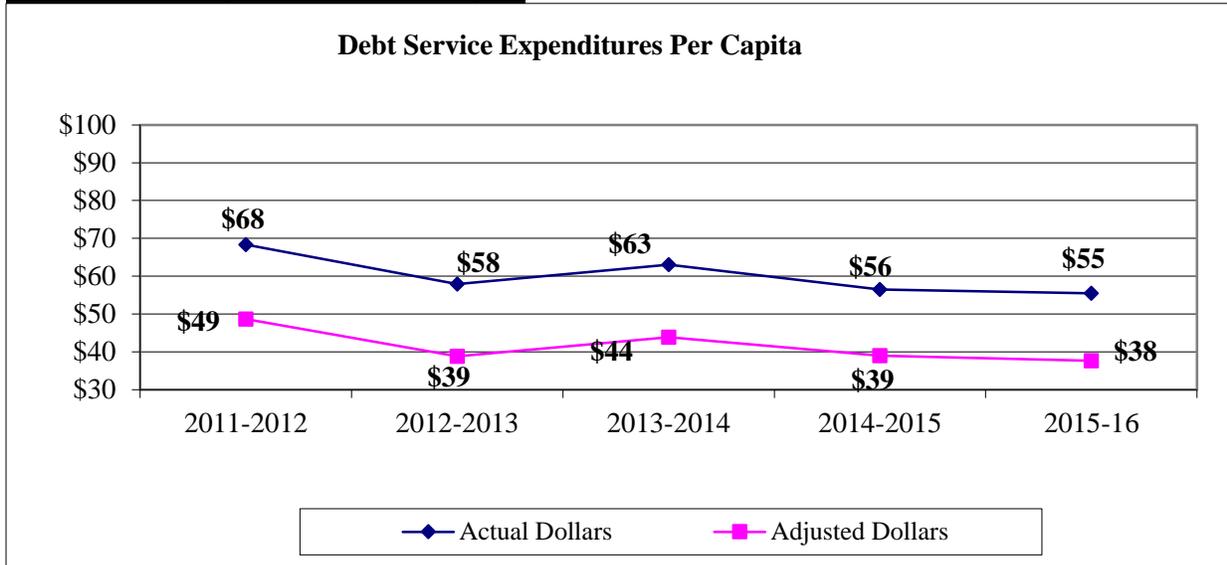
Public Works Expenditures per Capita



In inflation-adjusted dollars, Carrboro’s per capita expenditures on public works have varied. The variability of public works spending is related to ongoing capital and maintenance needs including street maintenance, storm water system repairs, and responding to major natural disasters. The increase in FY 12-13 is due to the purchase of replacement refuse vehicles and street resurfacing costs. The decrease in FY 13-14 is due to the one-time cost of equipment and

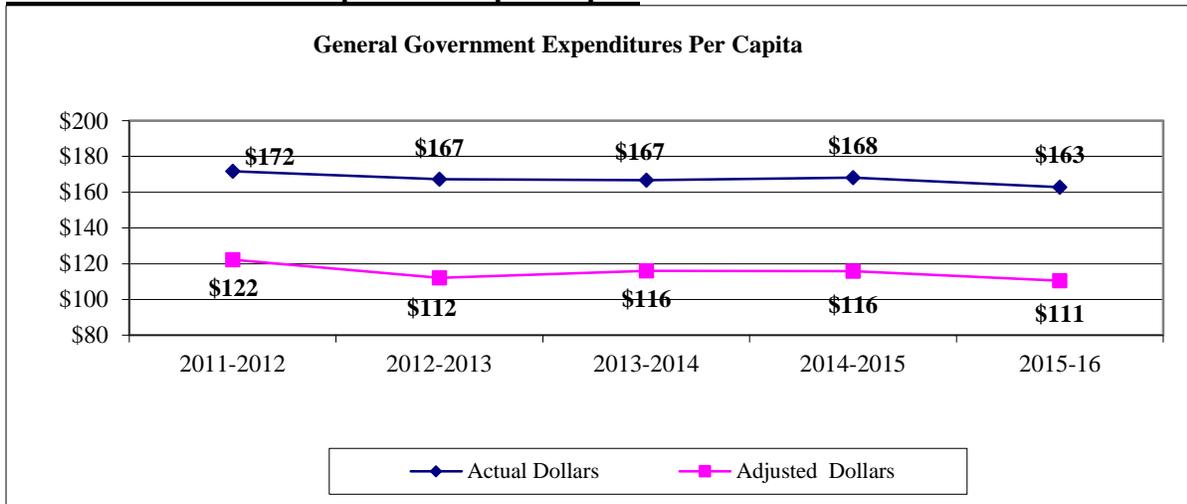
street resurfacing costs from the previous year. The increase in FY 14-15 is due to the purchase of new Town signs, contract services for the mulch pile relocation and the purchase of an automated leaf truck. The decrease in FY 15-16 is due to the one-time cost of equipment and contract services from the previous year and personnel changes.

Debt Service Expenditures Per Capita



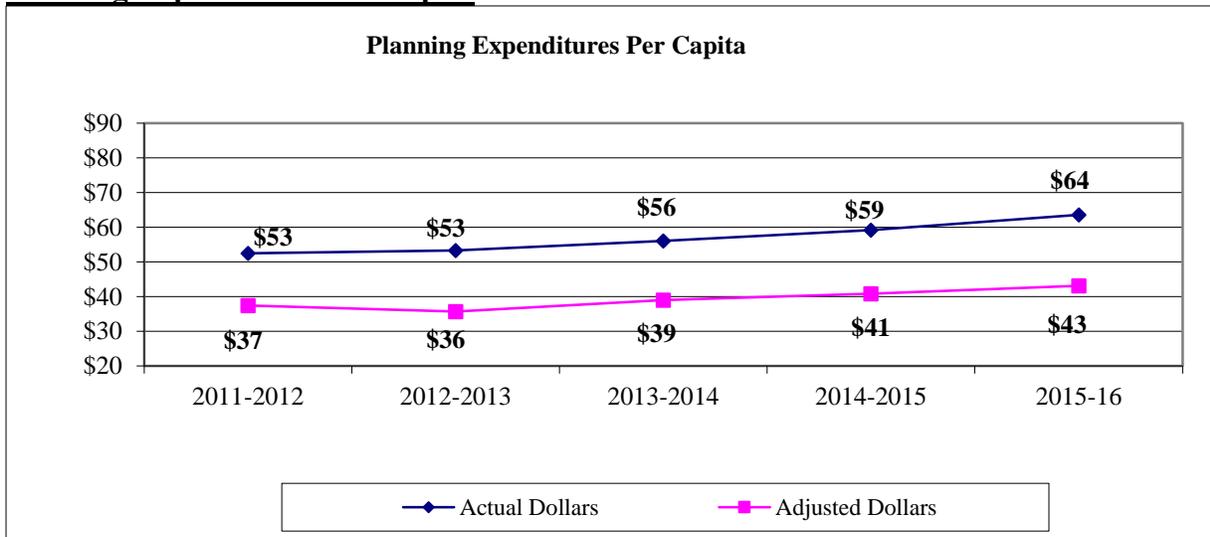
Debt costs include debt paid on general obligation bonds, installment financing for property and town infrastructure as well as equipment and vehicles. The Town has been able to take advantage of retiring debt and low interest rates to borrow for major infrastructure needs and maintain debt service at a relatively constant level. In FY12-13, per capita costs decreased with the payoff of several loans. FY13-14 per capita costs increased with the financing of the sidewalk bonds and increase in equipment and vehicle financing. The decrease in costs for FY 14-15 is due to a decrease in equipment and vehicle financing. There was very little change in per capita costs in FY 2015-16.

General Government Expenditures per Capita



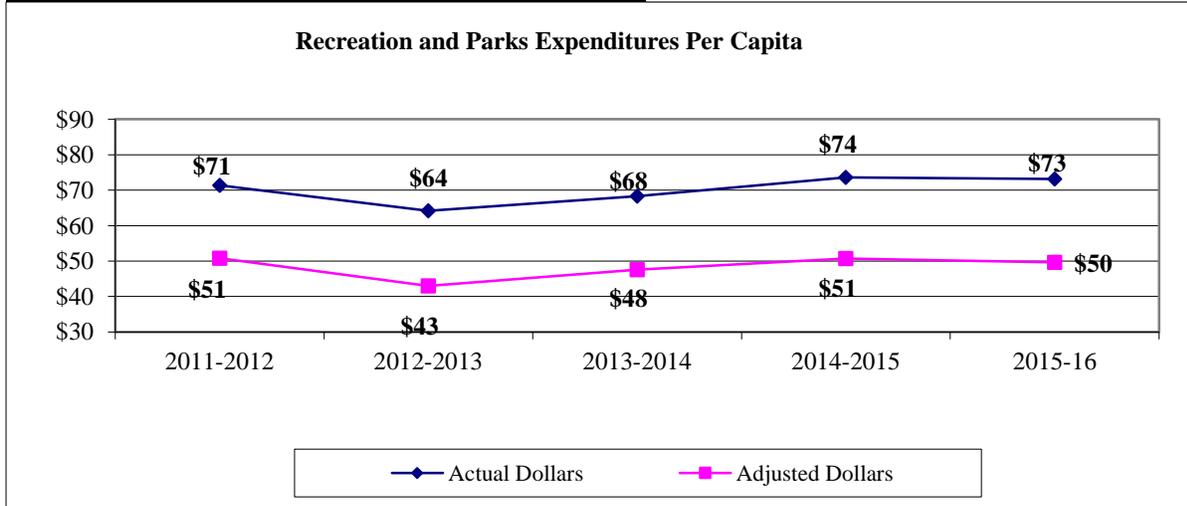
The Town continues to maintain regular replacement of technology infrastructure, support wireless technology, implement mobile laptop technology in police cars, and more recently, dashboard cameras for the Police Department. Per capita costs decreased in FY 12-13 with a decrease in property and liability insurance costs and personnel changes. FY 13-14 and FY 14-15 per capita costs have remained stable. The decrease in FY 15-16 is due to a decrease in property and liability insurance costs and personnel changes.

Planning Expenditures Per Capita



Per capita costs in FY 12-13 have remained constant. FY 13-14 and FY 14-15 per capita costs increased due to an increase in engineering services. The increase in per capita costs in FY 2015-16 is due to the addition of a part-time GIS technician.

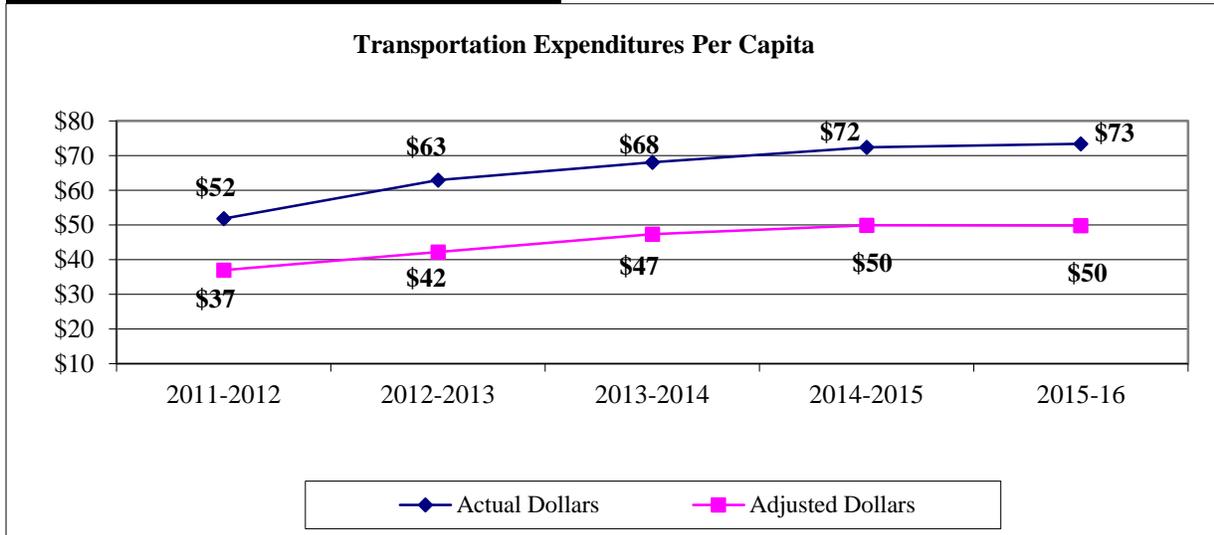
Recreation and Parks Expenditures per Capita



Per capita expenditures adjusted for inflation, have fluctuated over the past 5 years due to the completion of several capital projects and addition of special programs and events.

In FY 12-13 per capita expenditures decreased due to capital expenditures the previous year. FY 13-14 per capita expenditures increased with additions of special programs and events. The increase in per capita expenditures in FY 14-15 included the resurfacing of the tennis court and basketball court at Anderson Park and the basketball court renovation and expansion at Baldwin Park. FY 2015-16 per capita costs remained fairly constant.

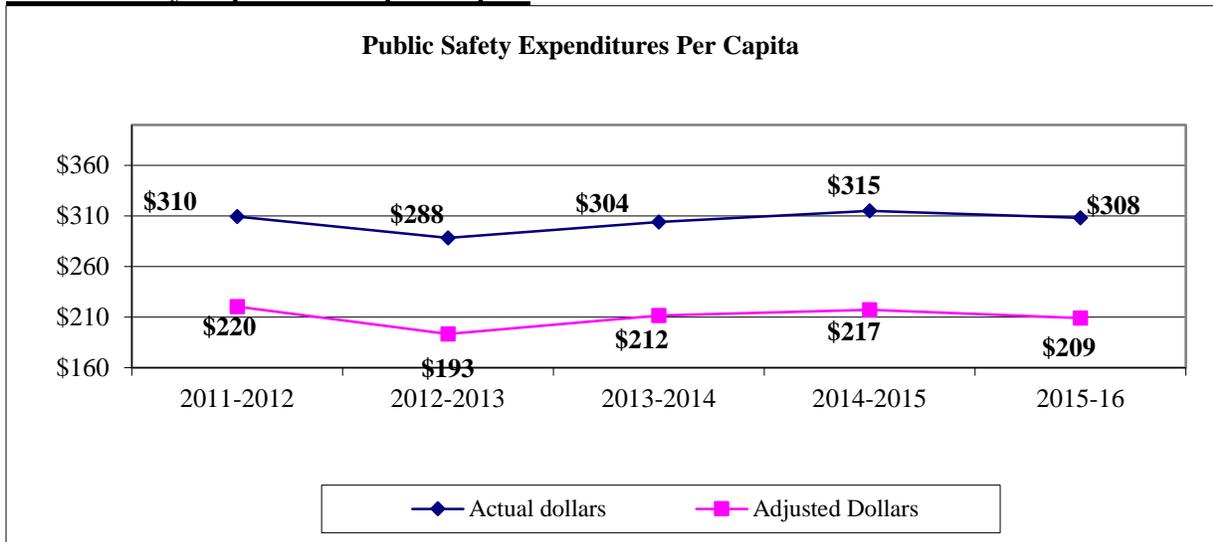
Transportation Expenditures Per Capita



The Town and UNC-Chapel Hill are partners in the transit system administered by the Town of Chapel Hill. Carrboro's contribution into this partnership, adjusted for inflation has continues to increase from FY 2011-12. The transit contract increased in FY12-13 and FY 13-14, due to increased fuel and other ongoing operational costs. The contract increased in FY 14-15 due to

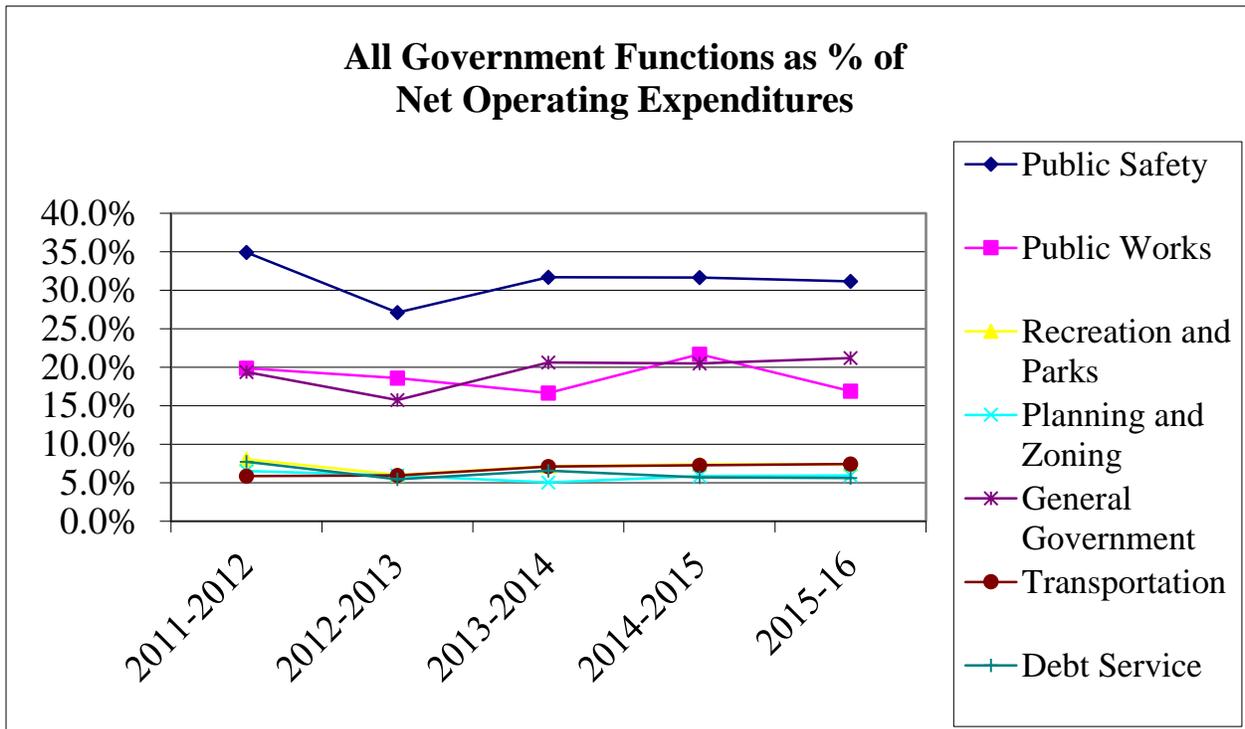
the necessity for bus replacements. Costs for FY 2015-16 have remained constant. These increases are primarily due to decreased state and federal pass-through funds that supported the transit, which affected the local match. With a grant and local funds, Shared Ride Feeder services were enabled in areas of Carrboro that do not have regular bus service. Trips are provided between designated bus stops in the “feeder” zones and the nearest bus routes or to another “feeder” service. This service extends largely to the northern areas of town.

Public Safety Expenditures per Capita



FY 12-13 per capita costs decreased due to deleting the Animal Control position and contracting with Orange County Animal Services. FY 13-14 costs increased with the upgrade of radios. The increase in per capita expenditures in FY 14-15 included the purchase of defibrillators for Century Center and Town Hall and increased cost for replacement vehicles. The decrease in FY 2015-16 is due to a decrease in fuel, uniform and training costs.

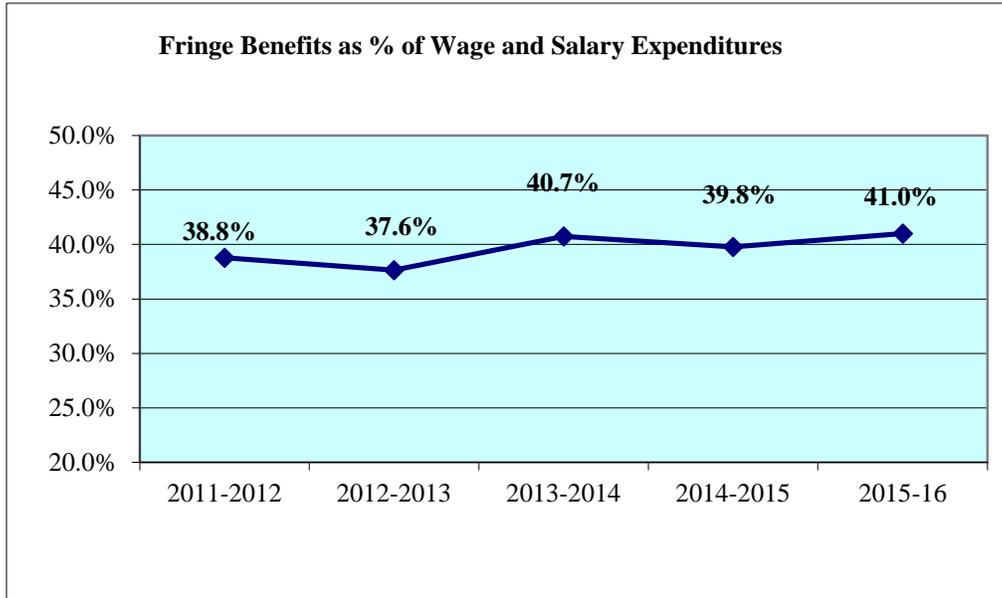
Net Operating Expenditures by Function



The chart above represents the allocation of funding for the various services provided by the Town. Approximately 49 percent of the Town’s spending is dedicated to public safety (fire protection and law enforcement services) and public works (street and sidewalk maintenance; solid waste collections; building, grounds, and parks maintenance; and fleet maintenance).

General government, which largely represents Board functions (Town Clerk, Mayor and Board of Aldermen, nonprofit and advisory boards) and support services (finance, technology, human services, Town Manager), represents approximately 23 percent of total spending. The remainder of the programs (debt service, transportation, planning and recreation programs) combined represent approximately 28 percent of the net operating expenses.

Fringe Benefits



	2011-2012	2012-13	2013-2014	2014-2015	2015-16
Expenditures for fringe benefits	\$2,876,753	\$2,818,270	\$3,201,670	\$3,215,876	\$3,307,824
Salaries/Wages (FT,PT,OT, Temp)	\$7,418,189	\$7,486,057	\$7,858,124	\$8,088,265	\$8,068,980
Fringe benefits as % of overall wage and salary expenditures	38.8%	37.6%	40.7%	39.8%	41.0%

Warning Trend: Unexplained, uncontrolled, or unanticipated increases in fringe benefit costs may signal a warning trend to credit rating industries.

Formula: Expenditures for Fringe Benefits/Salaries & Wages

Description

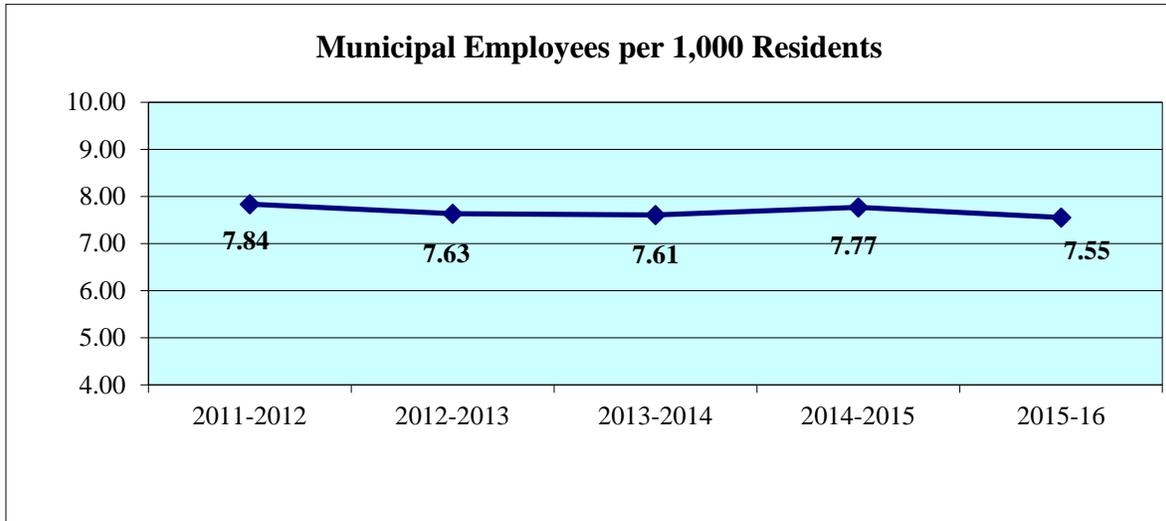
Fringe benefits represent the costs, in addition to salaries and wages, incurred by a jurisdiction to support the personnel it employs. The calculation in this indicator includes FICA payments, health insurance payments, retiree insurance payments, separation allowance payments for retired police officers, retirement payments, and supplemental retirement insurance payments. FICA, retirement, and supplemental retirement benefits are fixed as a certain percentage of salaries and will rise accordingly. Vacation pay and sick leave programs are not considered fringe benefits since both are usually paid out of regular salary expense line items.

Discussion

Fringe benefits, as a percentage of the overall wages and salaries paid in Carrboro, have risen from FY11-12 to FY 15-16. The increase in fringe benefits is largely due to double-digit increases in health insurance costs for employees and retirees. Other factors include an increase in the number of retirees benefiting from the Town’s insurance coverage subsidy therefore increasing retiree insurance costs, an increase in retiring police officers who are eligible for a

separation allowance benefit, additional positions in departments, and an increase in the Town's contribution to the State Retirement Fund.

Municipal Employees per 1,000 Residents



	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
Population	19,905	20,433	20,510	20,337	20,984
Number of municipal employees approved	156	156	156	158	158.5

Warning Trend: Increasing number of full-time municipal employees per (1,000) capita.

Formula: Number of Municipal Employees (approved)/Population/1000

Description

Because personnel costs are a major portion of a local government's operating budget, plotting changes in the number of employees per capita (or per thousand residents) is a good way to measure changes in expenditures. An increase in employees per capita might indicate that expenditures are rising faster than revenues that the government is becoming more labor intensive, or that personnel productivity is declining.

Discussion

The number of municipal employees per capita has remained relatively stable over the past five years. The changes in FY12-13 and FY 13-14 are based on changes in population. The changes in FY 14-15 and FY 15-16 are based on the combination of population and personnel changes.

Work Force Totals Permanent Full-time Equivalent

FY	Mayor & Board	Manager	Economic Development	Clerk	Management Services	Information Technology	Human Resource	Police	Fire	Planning	Public Works	Recreation & Parks	TOTAL
2011-12	.5	4	1.5	1	6.5		2	44	36.5	14	36	12.5	158.5
2012-13	.5	5	1.5	1	6.5		2	42	36.5	14	34	12.5	155.5
2013-14	0	5	1.5	1.5	6.5		2	41.5	36.5	14	35	12.5	156
2014-15	0	3	1.5	1.5	6.5	3	2	42	37	14	35	12.5	158
2015-16	0	3	1.5	1.5	7	3	2	42	37	13.5	35	13	158.5
2016-17	0	3	1.5	1.5	6	3	3	42	37	13.5	36	13	159.5
2017-18	0	3	1.5	1.5	6	3	3	42	37	14.5	36	13	160.5

Note: All positions are budgeted within the General Fund

Description of Position Changes

FY 11-12 – IT division has been reorganized to report to the Town Manager instead of Management Services. Reporting changed to FTE instead of positions.

FY 12-13 – Eliminate 4 frozen positions – Maintenance/Construction Worker, Groundskeeper, Police Officer I in Community Services, Police Officer I in Criminal Investigations. Add an Information Technology Support II position and unfreeze Planning/Zoning Specialist position.

FY13-14 – Part-time position moved from Mayor and Board of Aldermen to Town Clerk, eliminated the Animal Control Officer position and added a Solid Waste Operator in Public Works.

FY14-15 – Convert one part-time position in Police Department and one part-time position Fire Department to full-time. Add Assistant to Town Manager position. Move Information Technology from a division within the Manager’s office to a department.

FY15-16 - Two part-time administrative positions (one in Finance; and one in Recreation and Parks) will be converted to full-time. A full-time position in Planning has been converted to a part-time GIS position.

FY16-17 – Program Support Assistant II position transferred from Finance to Human Resources as Human Resources Representative. A Capital Projects Manager position was added to Public Works.

FY17-18 – Capital Projects Manager position added to Public Works in the previous year is being combined with the Engineering Tech position. A new Stormwater Utility Manager position is added to Public Works. Planning Department will add an additional Planner position.

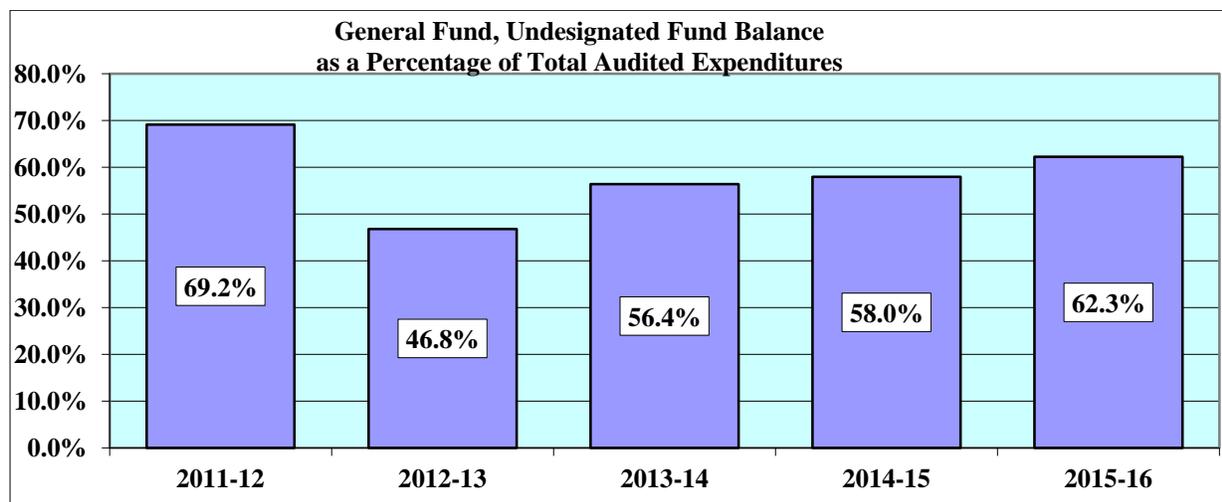
Operating Position Indicators

Revenues and Expenditures have a direct impact on a town's operating position. The term "operating position" refers to a local government's ability to: (1) balance its budget on a current basis, (2) maintain reserves for emergencies, and (3) have sufficient liquidity to pay its bills on time. The primary indicator that is tracked by the Town is fund balance.

Fund Balance

As an accounting calculation, fund balance is the difference between current assets and current liabilities. Unreserved fund balance, also called "*fund balance available for appropriation*," is the maximum amount that can be used to finance expenditures in next year's budget. Available fund balance is also considered a non-recurring financial resource that provides a local government with flexibility. Once used, it is difficult to replace. As a result, it should be protected and maintained at a reasonable level to provide for emergencies, unforeseen shortfalls in revenue, or to take advantage of unforeseen opportunities.

The Local Government Commission (LGC) considers the amount of unreserved fund balance to be one of the key indicators of the financial condition of a town. LGC, as part of the process of reviewing audited financial statements each year, calculates the amount of fund balance available for appropriation in the general fund and the amount of reserves in other funds. The LGC has an 8 percent minimum as a guideline for fund balance but this is not applicable to all governments, especially smaller governments like the Town of Carrboro. The 8 percent ratio is intended to represent 1/12th of a government's operating expenditures. However, 1/12th of a small government's budget is not considered an adequate reserve level due to the sheer small dollar amount that it reflects. The LGC uses, as its guideline for Carrboro, the average unreserved fund balance (commonly referred to as "fund balance available for appropriation (FBAA)" for units with similar populations. If a jurisdiction's unreserved fund balance falls to half of the group average, the LGC will write a letter to alert the Board of Aldermen and Town administration and to advise them that the municipality review the current level of fund balance and determine what fund balance level the municipality should have. Using the latest year available from LGC (year ending June 30, 2016), unreserved fund balance that includes designated and undesignated reserves is at 65.76% in Carrboro. This ratio is higher than the 53.95% average but well below the highest range of 393.52 for municipalities with populations of 10,000-49,999.



The graph above illustrates the five-year undesignated fund balance trends. The Town policy is to maintain undesignated reserves within a range of 22.5% to 35% as in its financial policy on fund balance.

Debt / Liability Indicators

Another large expenditure that credit rating industries monitor is the debt load. Debt is an obligation resulting from the borrowing of money. Under favorable conditions, debt:

- ☆ Is proportionate in size and growth to the government’s tax base,
- ☆ Does not extend past the facilities useful life which it finances,
- ☆ Is not used to balance the operating budget,
- ☆ Does not put excessive burdens on operating expenditures, and
- ☆ Is not so high as to jeopardize the credit rating.

The Board has approved a debt policy that addresses guidelines and restrictions affecting the amount, issuance, process, and type of debt issued by a governmental entity. The policy also requires Town staff to monitor various debt ratios that are used to evaluate ability to repay as well as the government’s capacity to incur debt (see Town’s fiscal policies within the Community and Organizational Profile section). The Town’s debt structure primarily consists of installment financing and GO bond debt to support its capital improvements and equipment and vehicle replacements. Debt load is a large expenditure that credit rating industries monitor.

Debt ratios are considered by the LGC and credit rating agencies to ascertain the fiscal health of a municipality. High debt ratios may adversely affect the ability of the Town to obtain the lowest possible interest rate when borrowing funds.

One measure of a unit’s debt capacity is debt expressed in terms of assessed or market valuation.

It is important to note, however, the Town’s

Town of Carrboro, North Carolina Computation of Legal Debt Margin June 30 ,2016	
Total assessed valuation at June 30, 2015	\$2,135,604,701
Debt limit – eight percent (8%) of assessed value	\$ 170,848,376
Amount of debt applicable to debt limit	
Net Bonded Debt	\$ 6,896,275
Legal Debt Margin	\$ 163,952,101

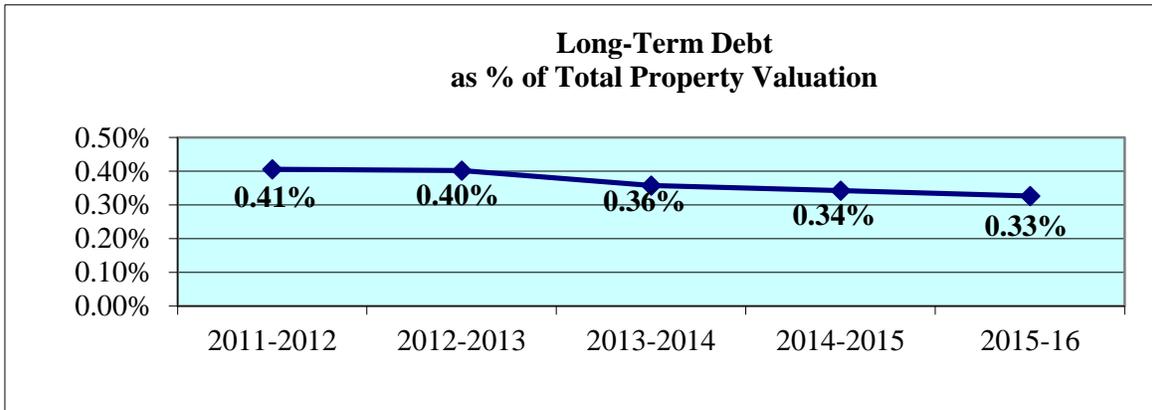
debt is far below the legal limit in the NC General Statutes (GS 159-55) that limits net debt to eight percent (8%) or less of a local government’s total property valuation. Outstanding debt in most governmental units falls well below this limit, and typically ranges from about 1% to 4% for most governments. The legal margin or the maximum amount of outstanding debt allowable by law, based on the June 30, 2016 audited valuation is \$163,952,101.

Debt service, annual interest and principal payments, can be a major part of a government’s fixed costs, and its increase may indicate excessive debt and fiscal strain; credit firms consider debt exceeding 20% of operating revenues as a potential problem. Ten percent is considered acceptable (footnote1). The North Carolina Local Government Commission (LGC) advises that a heavy debt burden may be evidenced by a ratio of General Fund Debt Service to General Fund

¹ “Evaluating Financial Condition, A Handbook for Local Government,” ICMA, Sanford M. Groves and Maureen Godsey Valente, pp 83

Expenditures exceeding 15%. The Town will maintain this ratio at or below 12%, considering this to be a moderate level of debt. In the last audited year, the Town shows that debt expenditures are approximately 5.8% of the total expenditures for the year ending June 30, 2016. The Five-Year Plan shows the percentage of debt service expenditures remaining at or below this level.

Long-Term Debt



	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
Long-Term Debt	\$7,995,219	\$8,044,436	\$7,477,109	\$7,248,164	\$6,971,705
Property Valuation	\$1,972,777,796	\$2,003,172,468	\$2,088,514,087	\$2,113,902,961	\$2,135,604,701

Warning Trend: Increasing ratio of long-term debt to total property valuation.

Formula: Long-term Debt/Total Property Valuation.

Description

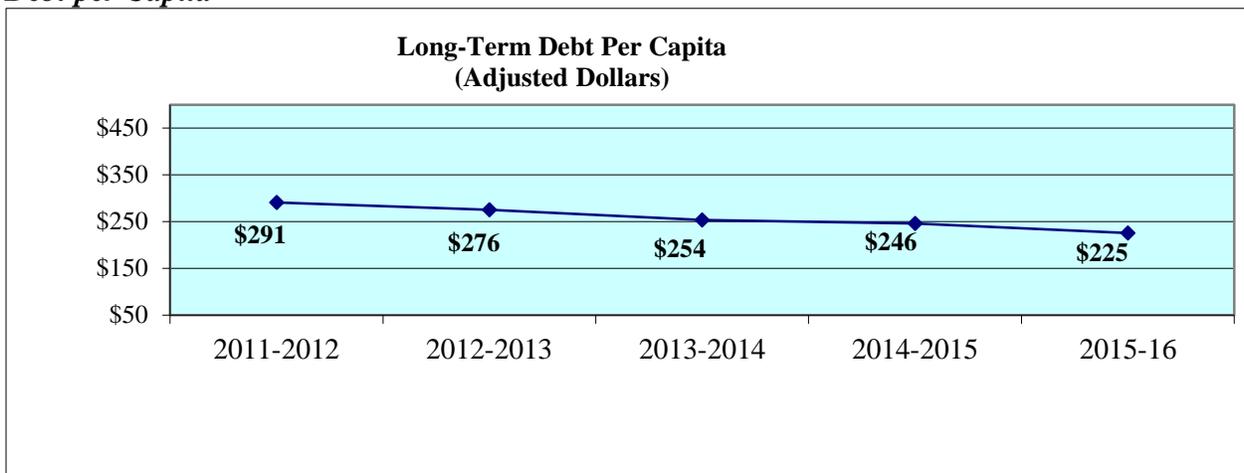
The definition of debt considered by rating agencies is generally limited to bonded debt because of the fact that this debt is backed by the full faith and credit of the town which is represented by the Town's property valuation. However, given that all debt by the Town is considered a fixed cost and property taxes are the primary revenue source for the Town, the analysis of debt above includes long-term installment financing for infrastructure and land as well as equipment and vehicle debt. An increase in total long-term debt as a percentage of taxable assessed valuation can mean that the government's ability to repay debt is diminishing - assuming that the government depends on the property tax to repay its debts.

Standard and Poor's (S&P) reviews the level of long-term debt, recognizing that accelerated debt issuance can overburden a municipality. However, S&P also recognizes that a low debt profile may not be a positive credit factor since it may indicate underinvestment in capital facilities. Investment in public infrastructure is believed to enhance the growth prospects of the private sector.

Discussion

For municipalities comparable to Carrboro (populations ranging from 10,000 to 24,999), the average debt-to-assessed valuation ratio (computed by the Local Government Commission) in FY15-16 was .303 percent; a high level is considered 1.463 percent. The debt-to-assessed valuation ratio for Carrboro in the last audited year was .266 percent, which is below the average valuation for jurisdictions of similar size. The LGC includes authorized but unissued debt in its debt ratio formula. The graph above reflects the historical perspective that credit-rating agencies and audit reports consider; only issued debt is calculated in the debt ratio and thus Town debt ratios in the presented graphs are slightly different.

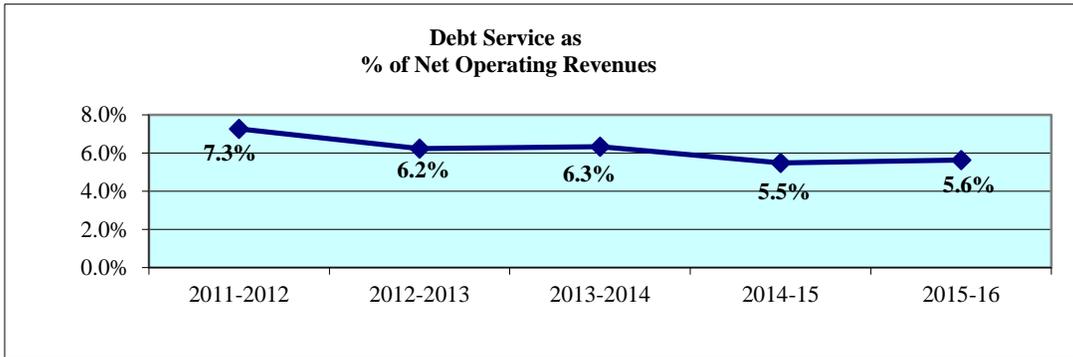
Debt per Capita



Debt can also be monitored on a per capita basis. It is especially useful for communities that do not rely heavily on property taxes and that cannot easily compute a substitute revenue base for comparison (footnote²). This is an indicator that is monitored by the LGC and is useful for comparison with other similar jurisdictions. The average for comparable jurisdictions in FY15-16 was \$300 per capita; \$1,686 per capita is considered a high ratio. According to the LGC, the Town's ratio of outstanding general obligation bond debt which includes authorized and unissued general obligation bond debt and installment purchase debt is \$277 per capita. The graph above shows a lower per capita figure that is based on different assumptions than LGC. This figure is adjusted for inflation, relies on actual audited valuation, and does not include authorized but unissued debt. However, the message is the same as the LGC; the outstanding debt owed (principal) is increasing. The decrease in FY12-13 is due to the payoff of several loans. The decreases in FY13-14 through FY15-16 are due to lease-purchase of fewer vehicles and equipment.

² Evaluating Financial Condition, A Handbook for Local Government," ICMA, Sanford M. Groves and Maureen Godsey Valente, pp 81

Debt Service



	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
Debt Service	\$1,360,087	\$1,183,033	\$1,292,484	\$1,148,954	\$1,164,298
Net Operating Revenue	\$18,714,317	\$18,975,247	\$20,410,534	\$20,801,526	\$20,705,996

Warning Trend: Increasing debt service as a percentage of operating revenue.

Formula: Debt Service/Operating Revenue

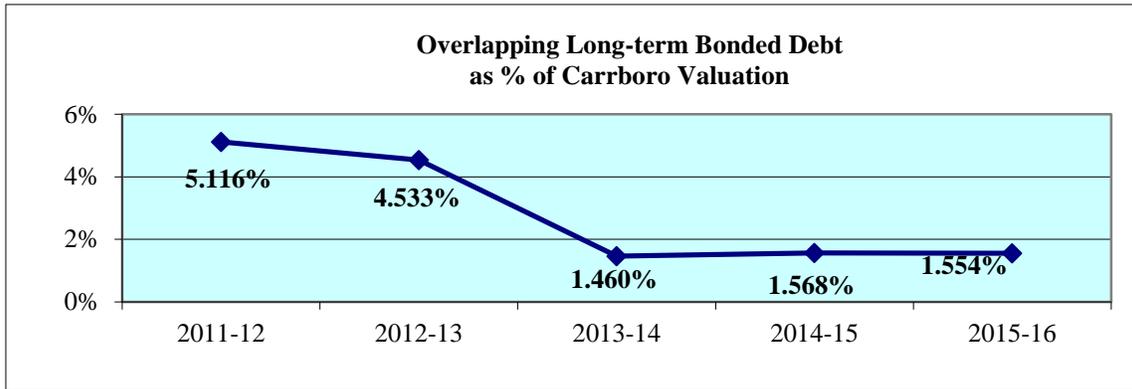
Description

Debt service is defined here as the amount of principal and interest that a local government must pay each year on its long-term debt plus the interest it must pay on short-term debt. Increasing debt service reduces expenditure flexibility by adding to the government's obligations. According to the ICMA, debt service under 10 percent of net operating revenue is considered acceptable while anything approaching 20 percent is considered excessive. Debt service can be a major part of a government's fixed costs, and increases may indicate excessive debt and fiscal strain.

Discussion

The graph shows that debt expenditures are approximately 5.6 percent of net operating revenues in FY15-16. This ratio, while different in focus than the Town's debt policy which monitors debt service as a percentage of expenditures, tells a similar story of relatively stable debt service that is below the stated ceiling of 12%. In January 2013 the Town issued \$4.6 million of general obligation bonds which required principal and interest payment beginning in FY 2013-14.

Overlapping Debt



	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
Carrboro Debt	\$5,405,219	\$4,600,000	\$4,350,000	\$4,100,000	\$3,850,000
Orange County Debt	\$95,520,000	\$86,205,000	\$26,132,240	\$29,040,646	\$29,340,697

Warning Trend: Increasing overlapping debt as a percentage of total assessed property valuation.

Formula: Carrboro Long-Term Debt Plus Orange County Long-Term Debt/Carrboro Assessed Property Valuation

Description

Overlapping debt is the net direct bonded debt of another jurisdiction that is issued against a tax base within part or all of the boundaries of the community. The level of overlapping debt is only that debt which is applicable to the property shared by the two jurisdictions. The overlapping debt indicator measures the ability of the community's tax base to repay the debt obligations issued by all of its governmental and quasi-governmental jurisdictions.

Discussion

The overlapping debt ratio does not present any warning signs. From FY11-12 to FY13-14, the overlapping debt rate for Orange County has decreased. Beginning in FY14-15 and continuing through FY15-16, the overlapping debt rate for Orange County has been increasing.

Current Town Financial Condition

The Town's current financial condition is very strong. The Town has consistently maintained a fund balance exceeding 35% of total expenditures. At June 30, 2016 the Town's unassigned fund balance was 55% of total expenditures. For the last eight years including the FY 2017-18 recommended budget, the Town has been able to maintain service levels without a property tax increase.

Future Trends

The Town makes projections about future costs based on the most recent adopted budget and the Capital Improvements Plan (CIP). This is a tool for reflecting trends rather than actual revenues, expenditures, and tax rates. The five-year plan is designed to show the tax rate impact of town services over the long-term if growth continues at the current rates assumed in the model. The projections contained in the plan are best estimates based upon current information and the assumptions outlined within this section. The model is built with a fund balance objective of maintaining undesignated fund balance levels at a minimum of twenty-two and one-half percent (22.5%) of budgeted expenditures. The Town Manager's goal is to keep tax rates at the lowest possible level while continuing to provide a high quality level of services. The assumptions built into this model are very conservative, projecting slow growth in the revenue base while continuing to fund expenditures at historical levels or higher, creating a budgetary gap that in the model, is filled by anticipated revenue increases.

Revenues

The five-year projected tax rates in past years have been significant but have not generally materialized at projected levels. This has been due primarily to lower overall spending, lower debt services costs associated with various capital projects and vehicle financing due to lower interest rates, and changes in timing of capital projects (such as the fire substation, land acquisition, and parking lot purchases). In January 2013, the Town issued \$4.6 million of general obligation bonds for the construction of sidewalks and greenways.

In addition to property and sales tax revenues, the Town includes projections for certain intergovernmental revenues collected by the state that are distributed to local governments based upon a formula. These intergovernmental revenues include sales tax on electricity, natural piped gas, telecommunications sales tax, and beer and wine sales. The Town occasionally receives grant funding for specific projects or programs. In FY 2016-17 the Town received grant awards totaling \$928,096 from FEMA and NC Hazard Mitigation Program to address storm water management and flooding in the Town.

Fund balance is used to balance the budget and to minimize tax increases. Budgets are balanced with the goal of maintaining the undesignated fund balance within the range of 22.5% to 35% of total expenditures. Undesignated fund balance on June 30, 2016 was 53.4% of total expenditures. This reflects a healthy fund balance level above the established policy that may provide options to offset some of the capital costs in future years.

Below is a summary of projected property tax rates and general fund revenues through current fiscal year ending June 30, 2017.

PROPERTY TAX REVENUES						
	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
	Adopted Budget	Adopted Budget	Projected			
PROPERTY VALUATION	2,153,392,411	2,260,808,687	2,306,024,861	2,352,145,358	2,399,188,265	2,447,172,030
TAX COLLECTION RATE	99.00%	99.00%	98.00%	98.00%	98.00%	98.00%
COLLECTIBLE TAX BASE	2,131,858,487	2,238,200,600	2,259,904,364	2,305,102,451	2,351,204,500	2,398,228,590
TAX BASE PER \$100 LEVY	21,318,585	22,382,006	22,599,044	23,051,025	23,512,045	23,982,286
AD VALOREM REVENUE	12,565,174	13,191,954	13,319,876	13,586,274	13,857,999	14,135,159
TAX LEVEY PER PENNY	213,483	224,453	225,990	230,510	235,120	239,823
TAX RATE	0.5894	0.5894	0.5894	0.5894	0.5894	0.5894
CURRENT LEVY - AD VALOREM	12,033,476	12,635,150	13,319,876	13,586,274	13,857,999	14,135,159
PRIOR YEAR	335,647	70,252	72,360	74,530	76,766	79,069
PENALTY/INTEREST	24,240	24,240	24,967	25,716	26,488	27,282
TOTAL AD VALOREM REVENUES	\$12,393,363	\$12,729,642	\$13,417,203	\$13,686,520	\$13,961,253	\$14,241,511

Property tax valuation assumes growth of 2% per year.

GENERAL FUND REVENUES						
AD VALOREM TAXES	12,393,363	12,729,642	12,984,235	13,243,920	13,508,798	13,778,974
LOCAL SALES TAX	3,978,713	4,018,500	4,098,870	4,180,847	4,264,464	4,349,754
OTHER TAXES/LICENSES	1,417,527	1,846,809	1,883,745	1,921,420	1,959,848	1,999,045
UNRESTRICTED INTERGOVERNMENTAL	1,254,520	1,219,773	1,231,971	1,244,290	1,256,733	1,269,301
RESTRICTED INTERGOVERNMENTAL	641,816	634,244	640,586	646,992	653,462	659,997
FEES AND PERMITS	1,245,095	1,178,867	1,202,444	1,226,493	1,251,023	1,276,044
SALES AND SERVICES	259,596	170,870	174,287	177,773	181,329	184,955
INTEREST EARNINGS	1,110	27,089	27,360	27,633	27,910	28,189
OTHER REVENUES	153,752	143,615	146,487	149,417	152,405	155,453
LEASE PURCHASE PROCEEDS	411,306	301,872	750,000	750,000	750,000	750,000
OTHER TRANSFERS	0	0	0	0	0	0
FUND BAL APPROP	275,559	598,404	1,611,347	1,693,024	1,902,081	2,379,111
GENERAL FUND TOTAL REVENUES	\$22,032,357	\$22,869,685	\$24,751,333	\$25,261,811	\$25,908,055	\$26,830,823

Assumptions used in revenue projections are as follows:

Ad Valorem Tax Base	2% per year thereafter
Local Sales Tax	2% per year
Other Taxes and Licenses	2% per year
Unrestricted Intergovernmental	1% per year
Restricted Intergovernmental	1% per year
Fees and Permits	2% per year
Sales and Services	2% per year
Interest Earnings/Other Revenue	1% per year
Lease Purchase Proceeds	Assumes level amount each year
Fund Balance Appropriation	All other Fund Balance appropriated per financial policy.

General Fund Operating Expenditures

Personnel costs represent over half of the budget, which underscores the nature of government as a service industry and the primary asset is the people who work for it. Consequently, the five-year plan is impacted by assumptions regarding employee salaries and related expenses. For FY 2017-18 the Town has 160.5 full-time equivalent positions with no additional positions projected in future years. The assumptions within the plan assume an average 2% increase in salaries and a 10% increase in fringe benefits.

The five-year plan generally shows operating expenditures at rates that mirror historical trends and commitments of the Town for specific policy or capital initiatives.

	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
GENERAL FUND OPERATING	Adopted Budget	Adopted Budget	Projected			
SALARY/WAGES	\$8,462,424	\$8,979,715	\$9,159,309	\$9,342,495	\$9,529,345	\$9,719,932
FRINGE BENEFITS	3,456,483	3,614,555	3,976,011	4,373,612	4,810,973	5,292,070
TOTAL PERSONNEL	\$11,918,907	\$12,594,270	\$13,135,319	\$13,716,107	\$14,340,318	\$15,012,002
OPERATING COSTS						
GEN OPERATING COSTS	\$4,379,389	\$4,305,289	\$4,434,448	\$4,567,481	\$4,704,506	\$4,845,641
AFFORDABLE HOUSING	764,960	585,562	591,418	597,332	603,305	609,338
GOVERNANCE SUPPORT	400,815	442,189	451,033	460,053	469,255	478,640
LANDFILL FEES	310,900	311,000	320,330	329,940	339,838	350,033
TRANSPORTATION COSTS	1,720,288	1,834,856	1,926,599	2,022,929	2,124,075	2,230,279
HUMAN SERVICES	250,000	300,000	315,000	330,750	347,288	364,652
TRANSFERS TO OTHER FUNDS, MISC.	250,000	300,000	300,000	300,000	300,000	300,000
TOTAL OPERATING COSTS	\$8,076,352	\$8,078,896	\$8,338,827	\$8,608,485	\$8,888,266	\$9,178,583

The expenditure assumptions are:

Salary and Wages	<i>2% per year and maintain current 158 FTEs</i>
Fringe Benefits	<i>10% increase per year</i>
General Operating Costs	<i>3% per year beginning FY 12-13</i>
Affordable Housing	<i>3% per year</i>
Governance Support	<i>3% per year plus Greene Tract payment of \$29,524</i>
Landfill Fees	<i>5% per year</i>
Transportation Costs	<i>5% per year following recommended budget</i>
Human Services	<i>5% per year</i>
Transfers To Other Funds	<i>Assume level funding of transfer to Capital Reserve for street re-surfacing</i>

Capital Investments

The Board adopts a Capital Improvements Plan (CIP) annually and the five-year plan assumptions consider the capital needs identified in the CIP. The proposed CIP for FY 2017-18 included almost \$42.1 million of needed improvements to Town buildings identified in the space and facilities study commissioned by the Town in FY 2016-17. The Town has determined that it can only afford \$10 million for building improvements and the proposed CIP for FY 2017-18 through FY 2021-2022 is being revised for submission to the Board of Aldermen for adoption.

The Board regularly allocates funding for street resurfacing and other construction projects. The amount needed to cover street resurfacing costs is anticipated to increase the next five years. The purchase of vehicles and equipment to maintain day-to-day services is expected to increase due to delayed replacements in prior years.

Past CIPs anticipated increased pressure on the tax rate when the Town issued the \$4.6 million general obligation bonds approved by the voters for construction of sidewalks and greenways. However, after evaluating its debt portfolio the Town elected to pay off some old debt before maturity that had interest rates higher than the current market. This allowed the Town to maintain a level rate of debt service. Other than vehicle and equipment installment financing, the Town does not plan to issue any major debt for the next three to five years.

In monitoring the Town's financial position via fund balance ratios, it is clear that there are limited resources which will require prioritization of capital improvement and operating plans to meet the Town's most pressing needs.

Below is a summary of the Town's current debt service payments and outstanding debt projected through FY 2021-22. To undertake a \$10 million building improvements project would require the Town will need to evaluate financing options.

DEBT PAYMENTS	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
LEASE-PURCHASE DEBT SERVICE - EQP/VEHICLES	617,729	534,658	669,044	645,081	671,067	540,336
INSTALLMENT PURCHASE, LONG TERM DEBT	262,964	257,352	280,600	271,781	262,963	254,145
SIDEWALKS & GREENWAYS - GO BONDS	340,000	332,500	327,500	322,500	317,500	312,500
TOTAL DEBT PAYMENTS	\$1,220,693	\$1,124,510	\$1,277,144	\$1,239,362	\$1,251,530	\$1,106,981

OUTSTANDING DEBT	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
INSTALLMENT PURCHASE, LONG TERM DEBT	1,841,667	1,625,000	1,408,333	1,191,667	975,000	758,333
CAPITAL LEASE (PROJECTED)	2,356,440	2,429,506	2,444,556	2,196,436	768,789	435,706
GO SIDEWALKS & GREENWAYS	3,850,000	3,600,000	3,350,000	3,100,000	2,850,000	2,600,000
TOTAL OUTSTANDING DEBT	8,048,107	7,654,506	7,202,889	6,488,103	4,593,789	3,794,039
% DEBT TO ASSESSED VALUATION	0.37%	0.34%	0.31%	0.28%	0.19%	0.16%
DEBT PER CAPITA	\$280	\$268	\$250	\$223	\$197	\$172
% DEBT SERVICE TO TOTAL BUDGET	5.6%	5.0%	5.3%	5.1%	5.0%	4.2%
POPULATION	20,337	20,337	20,744	21,159	21,582	22,013
ASSESSED VALUATION	\$2,153,392,411	\$2,260,808,687	\$2,306,024,861	\$2,352,145,358	\$2,399,188,265	\$2,447,172,030

The Town historically has not carried a significant amount of debt. The heavier your debt burden means fewer dollars for operating expenses.

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LINE-ITEM BUDGET DETAIL...

Mayor and Board of Aldermen

DESCRIPTION	2015-16 ACTUAL	2016-17 ADOPTED BUDGET	2017-18 ADOPTED BUDGET	PCT CHANGE
PART TIME SALARIES	\$72,563	\$73,702	\$75,389	2%
TEMP. SALARY	1,931	5,000	5,000	0%
FICA	5,716	5,638	6,149	9%
INSURANCE	25,017	16,687	29,766	78%
RETIREMENT	3,464	0	0	N/A
TRAINING	1,998	2,000	2,000	0%
PROFESSIONAL SERVICES	0	0	0	N/A
LEGAL SERVICES	192,963	140,000	200,000	43%
CONFERENCES	1,163	3,500	3,500	0%
POSTAGE	373	300	300	0%
TRAVEL	24	5,000	5,000	0%
PRINTING	0	500	500	0%
OFFICE SUPPLIES	454	300	300	0%
DEPARTMENTAL SUPPLIES	274	2,000	2,000	0%
CONTRACTUAL SERVICES	9,832	10,500	10,500	0%
ELECTIONS	12,657	0	15,000	N/A
DUES AND SUBSCRIPTION	3,978	3,000	3,000	0%
CONTINGENCY	0	10,000	10,000	0%
TOTAL	332,408	278,127	368,404	32%

Advisory Boards

DESCRIPTION	2015-16 ACTUAL	2016-17 ADOPTED BUDGET	2017-18 ADOPTED BUDGET	PCT CHANGE
TRAINING	\$0	\$500	\$0	-100%
APPEARANCE COMMITTEE	5	200	200	0%
PLANNING BOARD	65	500	500	0%
BOARD OF ADJUSTMENT	53	500	500	0%
PARKS & RECREATION COMMITTEE	648	2,400	2,400	0%
TRANSPORTATION BOARD	108	500	500	0%
HUMAN SERVICES COMMISSION	174	300	300	0%
NORTHERN AREA TRANSITION BOARD	0	200	200	0%
RECOGNITION BANQUET	2,990	3,500	3,500	0%
ECONOMIC SUSTAINABILITY COMMISSION	0	500	500	0%
GREENWAY COMMISSION	0	500	500	0%
SAFE ROUTES TO SCHOOL	0	250	250	0%
ART COMMITTEE	5,566	7,000	7,000	0%
ENVIORNMENTAL ADVISORY BOARD	156	500	500	0%
YOUTH ADVISORY BOARD		500	500	0%
TOTAL	9,766	17,850	17,350	-3%

Governance Support

DESCRIPTION	2015-16 ACTUAL	2016-17 ADOPTED BUDGET	2017-18 ADOPTED BUDGET	PCT CHANGE
TRIANGLE J COUNCIL	\$7,999	\$9,000	\$9,000	0%
NC LEAGUE OF MUNICIPALITIES	17,388	18,000	18,000	0%
SCHOOL OF GOVERNMENT	2,410	2,450	2,450	0%
THE ARTS CENTER	15,000	15,300	20,000	31%
HUMAN SERVICES GRANTS	186,900	250,000	300,000	20%
EMPOWERMENT, INC	0	5,000	0	-100%
LEAGUE OF WOMEN VOTERS	0	250	0	-100%
COMMUNITY DINNER	500	500	500	0%
COMMUNITY HOME TRUST	0	75,052	74,597	-1%
LIBRARY PROJECT	4,000	4,000	4,000	0%
THE PEOPLES CHANNEL	35,263	32,000	32,000	0%
METRO MAYOR COALITION	7,853	8,009	8,009	0%
COMMUNITY OUTREACH	36,970	36,970	36,970	0%
HOME CONSORTIUM MATCH	0	9,716	10,970	13%
ECONOMIC DEVELOPMENT INCENTIVE	0	14,000	0	-100%
ALLIANCE FOR INNOVATION	1,860	2,000	2,000	0%
PARTNERSHIP TO END HOMELESS	0	16,068	16,575	3%
CARRBORO TOURISM AND DEVELOPMENT AUTHORITY	177,534	152,000	152,000	0%
UNC GOOD NEIGHBOR PROGRAM	0	500	500	0%
ROGERS ROAD INTERLOCAL	0	0	52,553	N/A
FOOD COUNCIL	0	0	3,000	N/A
TOTAL	493,677	650,815	743,124	14%

Town Manager

DESCRIPTION	2015-16 ACTUAL	2016-17 ADOPTED BUDGET	2017-18 ADOPTED BUDGET	PCT CHANGE
SALARIES	\$244,741	\$247,006	\$252,877	2%
SERVICE BENEFIT	868	868	868	0%
TEMP. SALARY	3,664	7,000	7,000	0%
FICA	16,952	16,574	16,666	1%
INSURANCE	30,999	33,195	34,372	4%
DISABILITY INS	0	237	0	-100%
RETIREMENT	17,280	17,908	19,077	7%
SUPPLEMENTAL RETIREMENT	7,660	7,410	7,550	2%
CAR ALLOWANCE	6,081	6,000	6,000	0%
TRAINING	3,914	4,030	2,090	-48%
CONFERENCES	2,365	3,400	4,149	22%
POSTAGE	158	175	100	-43%
TRAVEL	3,257	3,000	3,000	0%
PRINTING	0	100	100	0%
OFFICE SUPPLIES	447	500	500	0%
DEPARTMENTAL SUPPLIES	938	1,200	1,200	0%
CONTRACTUAL SERVICES	34,210	47,000	10,000	-79%
DUES AND SUBSCRIPTION	1,874	2,240	2,850	27%
MISCELLANEOUS	0	25,000	25,000	0%
TOTAL	375,405	422,843	393,399	-7%

Economic and Community Development

DESCRIPTION	2015-16 ACTUAL	2016-17 ADOPTED BUDGET	2017-18 ADOPTED BUDGET	PCT CHANGE
SALARIES	\$84,335	\$83,713	\$84,969	2%
SERVICE BENEFIT	-	248	248	0%
PART TIME SALARIES	18,838	18,711	18,968	1%
TEMP SALARIES	0	0	0	N/A
FICA	7,868	7,850	7,985	2%
INSURANCE	8,277	8,265	8,642	5%
DISABILITY INS	0	180	0	-100%
RETIREMENT	6,993	7,312	7,760	6%
SUPPLMENTAL RETIREMENT	2,533	2,511	2,549	2%
TRAINING	991	0	0	N/A
CONFERENCES	220	2,800	2,800	0%
POSTAGE	173	600	600	0%
TRAVEL	65	200	200	0%
PRINTING	291	600	600	0%
ADVERTISING	4,156	3,000	3,000	0%
OFFICE SUPPLIES	0	600	600	0%
DEPARTMENTAL SUPPLIES	1,233	1,000	1,000	0%
CONTRACTUAL SERVICES	53,111	47,785	47,785	0%
HOLIDAY EVENT	0	1,500	1,500	0%
CD & MEMORABILIA SHOW	2,331	2,800	2,800	0%
LOCAL LIVING ECONOMY INITIATIVE	1,670	6,000	6,000	0%
ENTREPRENEURIAL INITIATIVE	2,109	4,000	4,000	0%
ECONOMIC DEVELOPMENT INCENTIVE	5,150	5,305	5,464	3%
300 E MAIN PARKING	90,000	45,000	45,000	0%
DUES AND SUBSCRIPTION	944	1,000	1,000	0%
TOTAL	291,290	250,980	253,470	1%

Town Clerk

DESCRIPTION	2015-16 ACTUAL	2016-17 ADOPTED BUDGET	2017-18 ADOPTED BUDGET	PCT CHANGE
SALARIES	\$63,206	\$62,770	\$63,703	1%
SERVICE BENEFIT	248	248	248	0%
PART TIME SALARIES	27,494	26,902	27,282	1%
FICA	6,778	6,889	6,989	1%
INSURANCE	8,277	8,265	8,451	2%
DISABILITY INS	0	29	0	-100%
RETIREMENT	6,166	6,344	6,733	6%
SUPPLEMENTAL RETIREMENT	1,906	2,625	2,665	2%
TRAINING	415	1,200	1,200	0%
CONFERENCES	1,375	1,300	1,300	0%
POSTAGE	96	250	250	0%
TRAVEL	912	900	900	0%
PRINTING	0	500	500	0%
ADVERTISING	7,876	8,350	8,350	0%
OFFICE SUPPLIES	459	750	750	0%
DEPARTMENTAL SUPPLIES	2,240	2,250	2,250	0%
CONTRACTUAL SERVICES	2,338	3,000	3,000	0%
DUES AND SUBSCRIPTION	222	400	400	0%
CITIZENS ACADEMY	0	500	0	-100%
TOTAL	130,008	133,472	134,971	1%

Finance

DESCRIPTION	2015-16 ACTUAL	2016-17 ADOPTED BUDGET	2017-18 ADOPTED BUDGET	PCT CHANGE
SALARIES	\$402,354	\$370,624	\$379,790	2%
OVERTIME	0	1,035	1,035	0%
SERVICE BENEFIT	1,160	1,160	1,160	0%
PART TIME SALARIES	382	0	0	N/A
WORKER'S COMPENSATION	0	0	0	N/A
FICA	29,342	28,140	28,542	1%
INSURANCE	69,549	60,864	63,534	4%
DISABILITY INS	0	510	0	-100%
UNEMPLOYMENT INS RESERVE	0	0	0	N/A
RETIREMENT	27,346	26,730	28,788	8%
SUPPLMENTAL RETIREMENT	11,134	11,061	11,394	3%
TRAINING	3,990	4,000	4,000	0%
CONFERENCES	2,902	3,500	3,500	0%
POSTAGE	3,626	3,760	3,760	0%
TRAVEL	236	500	500	0%
RENT	6,861	10,000	10,000	0%
PRINTING	2,240	1,870	1,870	0%
ADVERTISING	470	2,000	2,000	0%
OFFICE SUPPLIES	751	2,000	2,000	0%
DEPARTMENTAL SUPPLIES	3,882	8,000	8,000	0%
CONTRACTUAL SERVICES	134,600	188,505	188,505	0%
BANK SERVICE CHARGES	6,449	0	0	N/A
DUES AND SUBSCRIPTION	1,345	2,100	2,100	0%
CASH OVER/SHORT	-39	0	0	N/A
MISCELLANEOUS	477	700	700	0%
GENERAL INSURANCE	289,185	300,737	300,737	0%
PUBLIC OFFICIALS LIABILITY INSURANCE	27,932	35,000	35,000	0%
TOTAL	1,026,171	1,062,796	1,076,915	1%

Human Resources

DESCRIPTION	2015-16 ACTUAL	2016-17 ADOPTED BUDGET	2017-18 ADOPTED BUDGET	PCT CHANGE
SALARIES	\$89,424	\$182,081	\$183,323	1%
SERVICE BENEFIT	248	0	0	N/A
TEMP. SALARY	25,507	0	10,400	N/A
FICA	8,556	13,954	14,049	1%
INSURANCE	12,822	29,609	30,449	3%
DISABILITY INS	0	175	0	-100%
RETIREE INSURANCE	235,606	276,000	276,000	0%
UNEMPLOYMENT INSURANCE	1,217	5,000	5,000	0%
RETIREMENT	6,072	13,656	13,896	2%
SUPPLMENTAL RETIREMENT	2,679	5,462	5,500	1%
TRAINING	8,127	5,800	2,000	-66%
EMPLOYEE TUITION ASSISTANCE	2,250	2,250	2,250	0%
ORGANIZATIONAL DEVELOPMENT	329	15,000	15,000	0%
CONFERENCES	550	2,000	3,000	50%
POSTAGE	499	300	300	0%
TRAVEL	2,489	1,200	1,000	-17%
RENT	0	0	0	N/A
PRINTING	20	300	300	0%
ADVERTISING	5,702	10,000	1,000	-90%
OFFICE SUPPLIES	412	500	500	0%
DEPARTMENTAL SUPPLIES	5,266	1,500	1,500	0%
CONTRACTUAL SERVICES	32,239	40,000	40,000	0%
GO PASSES	0	1,500	1,500	0%
DUES AND SUBSCRIPTION	3,743	1,000	500	-50%
EMPLOYEE WELLNESS PROGRAM	2,039	5,000	5,000	0%
EMPLOYEE APPRECIATION EVENTS	10,683	12,000	12,000	0%
TOTAL	456,479	624,287	624,467	0%

Information Technology

DESCRIPTION	2015-16 ACTUAL	2016-17 ADOPTED BUDGET	2017-18 ADOPTED BUDGET	PCT CHANGE
SALARIES	\$206,418	\$207,624	\$201,560	-3%
SERVICE BENEFIT	1,983	1,774	1,983	12%
FICA	15,480	16,036	15,572	-3%
INSURANCE	27,628	28,345	29,351	4%
DISABILITY INS	0	433	0	-100%
RETIREMENT	14,102	15,053	15,278	1%
SUPPLMENTAL RETIREMENT	6,262	6,229	6,047	-3%
TRAINING	695	4,800	4,800	0%
CONFERENCES	0	750	750	0%
TELEPHONE	70,649	75,580	75,580	0%
TRAVEL	0	500	500	0%
M & R EQUIPMENT	31,277	32,050	32,050	0%
MOTOR VEHICLE REPAIR	384	350	350	0%
FUEL	208	543	543	0%
OFFICE SUPPLIES	889	1,000	1,000	0%
DEPARTMENTAL SUPPLIES	52,791	25,125	25,125	0%
COMPUTER & PERIPHERALS	236,020	287,800	254,400	-12%
CONTRACTUAL SERVICES	586,125	551,210	635,400	15%
DUES AND SUBSCRIPTION	2,425	4,100	4,100	0%
EQUIPMENT	41,318	92,000	116,000	26%
TOTAL	1,294,653	1,351,302	1,420,389	5%

Police Department

Department Summary

DESCRIPTION	2015-16 ACTUAL	2016-17 ADOPTED BUDGET	2017-18 ADOPTED BUDGET	PCT CHANGE
SALARIES	\$2,014,051	\$2,029,980	\$2,075,496	2%
OVERTIME	51,286	\$41,625	43,125	4%
SERVICE BENEFIT	10,499	\$10,748	11,323	5%
WORKERS COMPENSATION	0	0	2,500	N/A
TEMP. SALARY	0	0	0	N/A
FICA	159,657	159,495	159,834	0%
INSURANCE	418,921	406,742	440,739	8%
DISABILITY INS	0	2,194	0	-100%
RETIREMENT	149,094	163,954	171,867	5%
SUPPLMENTAL RETIREMENT	101,572	103,548	101,553	-2%
EARLY SEPARATION ALLOWANCE	128,779	136,923	159,509	16%
TRAINING	33,183	41,750	32,907	-21%
CONFERENCES	200	3,000	8,690	190%
POSTAGE	722	650	650	0%
TELEPHONE	15,990	17,120	17,120	0%
TRAVEL	0	250	250	0%
M & R EQUIPMENT	3,469	7,670	7,670	0%
MOTOR VEHICLE REPAIR	38,889	45,992	50,086	9%
RENT	1,870	4,100	8,329	103%
PRINTING	201	1,140	1,140	0%
FUEL	71,200	65,000	65,000	0%
OFFICE SUPPLIES	3,403	4,059	4,235	4%
CANINE SUPPLIES	5,595	3,500	3,500	0%
DEPARTMENTAL SUPPLIES	24,845	43,754	43,754	0%
DEPARTMENTAL SUPPLIES (ABC Grant)	16,000	0	17,000	N/A
VEHICLE SUPPLIES	4,419	9,525	10,477	10%
FURNITURE & EQUIPMENT NON-CAP	0	0	10,000	N/A
UNIFORMS	36,425	56,096	56,596	1%
SEIZURES EXPENSE	14	0	0	N/A
FEDERAL SEIZURE EXPENSES	0	0	0	N/A
COMMUNITY EVENTS	407	1,000	1,500	50%
CONTRACTUAL SERVICES	133,567	144,398	160,650	11%
DUES AND SUBSCRIPTION	2,638	4,656	4,656	0%
PRECIOUS METALS DEALERS	76	200	200	0%
CASH OVER SHORT	20	0		N/A
MISCELLANEOUS	5,927	5,500	5,500	0%
MEDICAL EXAMS	7,820	9,165	9,165	0%
VEHICLES	251,060	287,496	301,872	5%
TOTAL	3,691,797	3,811,230	3,986,893	5%

Fire and Rescue

Department Summary

DESCRIPTION	2015-16 ACTUAL	2016-17 ADOPTED BUDGET	2017-18 ADOPTED BUDGET	PCT CHANGE
SALARIES	\$1,699,296	\$1,738,982	\$1,760,124	1%
OVERTIME	33,365	32,000	36,000	13%
SERVICE BENEFIT	12,604	11,488	12,648	10%
SHIFT WAGES	102,288	79,987	106,500	33%
PART TIME SALARIES	118	0	0	N/A
FICA	133,912	134,128	135,821	1%
INSURANCE	379,045	376,354	396,880	5%
DISABILITY INS	0	1,394	0	-100%
RETIREMENT	123,791	130,424	133,417	2%
SUPPLEMENTAL RETIREMENT	55,445	52,169	52,803	1%
FIREMENS PENSION	3,444	\$2,640	2,640	0%
TRAINING	23,451	23,500	20,800	-11%
CONFERENCES	685	1,500	3,500	133%
POSTAGE	1,411	250	300	20%
TELEPHONE	3,640	4,400	4,454	1%
TRAVEL	4,811	0	0	N/A
M & R EQUIPMENT	31,684	35,150	37,550	7%
MOTOR VEHICLE REPAIR	33,652	31,250	33,000	6%
PRINTING	0	700	200	-71%
FUEL	17,197	25,000	25,000	0%
OFFICE SUPPLIES	1,669	2,956	1,756	-41%
DEPARTMENTAL SUPPLIES	11,586	50,000	63,105	26%
DEPT SUPPLIES-CAR SEATS	890	2,500	2,500	0%
VEHICLE SUPPLIES	0	0	0	N/A
FURNITURE & EQUIPMENT NON-CAP	2,933	3,000	0	-100%
MEDICAL SUPPLIES	11,750	10,000	10,000	0%
UNIFORMS	55,127	47,017	42,798	-9%
CONTRACTUAL SERVICES	15,821	20,732	23,992	16%
DUES AND SUBSCRIPTION	3,179	5,000	5,000	0%
MEDICAL EXAMS	10,498	10,500	10,500	0%
PROGRAM INSURANCE	2,840	3,044	3,044	0%
TOTAL	2,776,130	2,836,065	2,924,332	3%

Planning

Department Summary

DESCRIPTION	2015-16 ACTUAL	2016-17 ADOPTED BUDGET	2017-18 ADOPTED BUDGET	PCT CHANGE
SALARIES	\$818,520	\$804,393	\$876,459	9%
SERVICE BENEFIT	6,394	5,576	4,252	-24%
PART TIME SALARIES	0	24,182	24,521	1%
FICA	59,940	63,913	69,460	9%
INSURANCE	136,673	138,653	153,267	11%
DISABILITY INS	0	1,191	0	-100%
RETIREMENT	55,790	60,956	68,176	12%
SUPPLMENTAL RETIREMENT	24,539	24,152	26,295	9%
TRAINING	4,315	6,850	7,000	2%
PROFESSIONAL SERVICES	0	0	600	N/A
CONFERENCES	2,235	4,300	4,300	0%
POSTAGE	922	1,100	1,350	23%
TELEPHONE	1,252	1,600	1,600	0%
TRAVEL	159	850	850	0%
M & R EQUIPMENT	0	500	500	0%
MOTOR VEHICLE REPAIR	519	1,700	1,700	0%
RENT	3,003	5,500	5,500	0%
PRINTING	2,944	3,900	3,600	-8%
ADVERTISING	2,324	2,900	2,900	0%
FUEL	1,389	2,000	2,050	2%
OFFICE SUPPLIES	472	1,575	1,575	0%
DEPARTMENTAL SUPPLIES	4,060	6,200	4,200	-32%
FURNITURE & EQUIPMENT NON-CAP		0	1,600	N/A
UNIFORMS	809	1,100	1,100	0%
CONTRACTUAL SERVICES	80,844	55,000	50,169	-9%
ENGINEERING SERVICES	123,597	135,000	135,000	0%
BICYCLE FRIENDLY COMMUNITY	0	28,050	25,000	-11%
DUES AND SUBSCRIPTION	3,201	3,740	3,740	0%
TOTAL	1,333,900	1,384,881	1,476,764	7%

Transportation

DESCRIPTION	2015-16 ACTUAL	2016-17 ADOPTED BUDGET	2017-18 ADOPTED BUDGET	PCT CHANGE
CONTRACTUAL SERVICES	\$1,540,288	\$1,636,688	\$1,751,256	7%
VEHICLES	0	83,600	83,600	0%
TOTAL	1,540,288	1,720,288	1,834,856	7%

Public Works

Department Summary

DESCRIPTION	2015-16 ACTUAL	2016-17 ADOPTED BUDGET	2017-18 ADOPTED BUDGET	PCT CHANGE
SALARIES	\$1,162,104	\$1,413,856	\$1,409,598	0%
OVERTIME	18,828	12,000	12,250	2%
SERVICE BENEFIT	8,892	8,475	8,475	0%
WORKERS COMPENSATION	0	0	0	N/A
FICA	84,859	110,142	109,096	-1%
INSURANCE	282,630	345,152	351,364	2%
DISABILITY INS	0	1,849	0	-100%
RETIREMENT	78,092	103,008	106,847	4%
SUPPLMENTAL RETIREMENT	35,037	42,471	42,288	0%
TRAINING	5,821	9,000	12,000	33%
COMMERCIAL DRIVERS LICENSE	490	1,050	870	-17%
PROFESSIONAL SERVICES	84,385	17,000	15,000	-12%
CONFERENCES	0	1,000	1,000	0%
POSTAGE	165	200	200	0%
TELEPHONE	9,838	7,420	7,420	0%
M & R EQUIPMENT	13,303	27,000	26,800	-1%
M AND R BUILDINGS	131,566	118,700	120,400	1%
M & R PARKS	0	2,500	2,500	0%
M & R GROUNDS	0	1,200	1,200	0%
MOTOR VEHICLE REPAIR	124,218	105,444	106,450	1%
RENT	4,469	10,600	9,800	-8%
PRINTING	57	4,595	4,600	0%
ADVERTISING	63	500	750	50%
UTILITIES	290,074	317,405	319,000	1%
PARK UTILITIES	37,887	41,850	41,900	0%
FUEL	58,786	80,000	80,047	0%
FUEL SYSTEM	840	900	900	0%
OFFICE SUPPLIES	2,994	5,000	5,000	0%
DEPARTMENTAL SUPPLIES	116,676	131,305	125,200	-5%
PARK SUPPLIES	13,356	58,500	51,900	-11%
PURCHASE FOR RESALE	8,680	9,700	9,700	0%
TRAFFIC CALMING DEVICES	0	0	0	N/A
YARD WASTE CARTS	5,500	4,850	4,850	0%
VEHICLE SUPPLIES	3,636	6,508	6,700	3%
FURNITURE & EQUIPMENT NON-CAP	4,221	21,219	3,250	-85%
UNIFORMS	7,102	15,738	17,300	10%
CONTRACTUAL SERVICES	226,446	241,366	242,355	0%
LANDFILL FEES	309,632	310,900	311,000	0%
DUES AND SUBSCRIPTION	1,450	2,200	2,600	18%
MISCELLANEOUS	290	0	0	N/A
OWASA SEWER FEE REIMBURSEMENT	2,000	0	0	N/A
EQUIPMENT	340,654	110,898	27,305	-75%
VEHICLES	0	26,195	9,000	-66%
OTHER CAPITAL ASSETS	27,485	0	0	N/A
TOTAL	3,502,529	3,727,696	3,606,915	-3%

Recreation and Parks

Department Summary

DESCRIPTION	2015-16 ACTUAL	2016-17 ADOPTED BUDGET	2017-18 ADOPTED BUDGET	PCT CHANGE
SALARIES	\$631,600	\$630,229	\$625,815	-1%
SERVICE BENEFIT	4,715	4,298	3,842	-11%
PART TIME SALARIES	57,001	53,762	54,569	2%
TEMP. SALARY	192,056	251,038	253,756	1%
FICA	65,585	71,935	70,982	-1%
INSURANCE	136,145	134,294	136,078	1%
DISABILITY INS	0	776	0	-100%
RETIREMENT	46,982	49,584	50,760	2%
SUPPLMENTAL RETIREMENT	18,128	20,517	20,092	-2%
TRAINING	566	3,150	3,150	0%
PROFESSIONAL SERVICES	\$0	\$2,000	2,000	0%
CONFERENCES	4,723	6,850	6,850	0%
POSTAGE	6,892	7,440	7,440	0%
TELEPHONE	945	1,190	1,190	0%
TRAVEL	165	0	0	N/A
M & R EQUIPMENT	735	1,790	1,790	0%
M AND R BUILDINGS	42,618	49,902	49,902	0%
M & R PARKS	287	3,920	3,920	0%
MOTOR VEHICLE REPAIR	427	1,050	1,050	0%
RENT	43,522	56,350	56,350	0%
PRINTING	11,447	15,000	15,000	0%
ADVERTISING	2,409	3,910	3,910	0%
FUEL	824	1,000	1,000	0%
OFFICE SUPPLIES	1,257	3,000	3,000	0%
DEPARTMENTAL SUPPLIES	41,394	45,000	44,500	-1%
UNIFORMS	21,757	20,000	20,000	0%
FURNITURE & EQUIPMENT NON-CAP	0	10,000	0	-100%
CONTRACTUAL SERVICES	79,153	123,696	113,696	-8%
COMMUNITY EVENTS	54	0	0	N/A
COMMUNITY EVENTS- CARRBORO DAY	6,872	9,200	9,200	0%
COMMUNITY EVENTS- MUSIC FEST	42,173	35,500	38,500	8%
COMMUNITY EVENTS- POETRY ALIVE	6,200	4,250	4,250	0%
COMMUNITY EVENTS - FREIGHT TRAIN BLUES	14,795	0	0	N/A
COMMUNITY EVENTS-JULY 4TH	18,675	20,000	20,000	0%
COMMUNITY EVENTS-FILM FEST	21,858	13,950	13,950	0%
COMMUNITY EVENTS - OPEN STREETS	3,916	10,000	10,000	0%
DUES AND SUBSCRIPTION	3,455	3,000	3,500	17%
OTHER CAPITAL ASSETS	5,906	0	0	N/A
TOTAL	1,535,240	1,667,581	1,650,042	-1%

Nondepartmental

General

DESCRIPTION	2015-16 ACTUAL	2016-17 ADOPTED BUDGET	2017-18 ADOPTED BUDGET	PCT CHANGE
SALARIES	0	\$298,719	\$306,065	2.5%
PAY PLAN STUDY ADJUSTMENTS	0	0	\$300,000	N/A
DEPENDENT HEALTH INSURANCE	0	248,813	293,836	18.1%
UNEMPLOYMENT INS RESERVE	0	33,919	32,984	0.0%
CONTINGENCY FOR FUEL		40,000	0	-100.0%
TOTAL	0	621,451	932,885	50.3%

Transfers

DESCRIPTION	2015-16 ACTUAL	2016-17 ADOPTED BUDGET	FY 2017-18 ADOPTED BUDGET	PCT CHANGE
TRANSFER TO CAPITAL RESERVE	\$301,000	\$250,000	\$300,000	20%
TOTAL	301,000	250,000	300,000	20%

Debt Service

DESCRIPTION	2015-16 ACTUAL	2016-17 ADOPTED BUDGET	2017-18 ADOPTED BUDGET	PCT CHANGE
LEASE PAYMENT PRINCIPAL	\$506,402	\$595,961	\$517,808	-13.1%
LEASE PAYMENT INTEREST	14,164	21,768	16,850	-22.6%
GO BOND-SIDEWALKS- PRINCIPAL	250,000	250,000	250,000	0.0%
FIRE SUBSTATION PRINCIPAL	216,667	216,667	216,667	0.0%
GO BOND-SIDEWALKS- INTEREST	95,000	90,000	82,500	-8.3%
FIRE SUBSTATION INTEREST	82,065	46,297	40,685	-12.1%
TOTAL	1,164,298	1,220,693	1,124,510	-7.9%

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GLOSSARY

Ad Valorem tax - A tax levied in proportion to the value of a property.

Annual Budget - A budget covering a single fiscal year.

Appropriated Fund Balance – The amount of fund balance budgeted as revenue to offset expenses that exceed current revenue.

Appropriation - The amount budgeted on a yearly basis to cover projected expenditures which the Board of Aldermen legally authorizes through the budget ordinance.

Approved Budget - The budget as formally adopted by the Board of Aldermen for the upcoming fiscal year.

Assessed Valuation - The estimated dollar value placed upon real and personal property by the county assessor as the basis for levying property taxes. The General Assembly exempted household personal property from taxation effective July 1, 1987.

Audit – An examination, usually by an official or private accounting firm retained by the Board that reports on the accuracy of the annual financial report.

Authorized Positions - Employee positions that are authorized in the adopted budget to be filled during the fiscal year.

Balanced Budget - Occurs when planned expenditures equal anticipated revenues. In North Carolina, it is required that the budget submitted to the Board of Aldermen be balanced.

“Better Together” Initiative – an internal organizational development process begun in FY05-06 with the vision of growing a better organization: by promoting a quality work environment for all employees, and an effective organizational communication and teamwork in order to provide excellent service to the community.

Bond - A written promise to pay a specific amount of money with interest within a specific time period, usually long-term.

Bond Rating - A grade indicating a governmental unit’s investment qualities. Generally speaking, the higher bond rating, the more favorable the interest rate and the lower the cost of financing capital projects funded by bonds. A high rating is indicative of the government’s strong financial position. Ratings range from AAA (highest) to D (lowest).

Bond Anticipation Note (BAN) – The Town may issue bond anticipation notes to provide preliminary financing of bond-funded projects in anticipation of the later issuance of a portion of the previously-authorized bonds.

Budget - A financial plan for a specified period of time that matches planned revenues and expenditures with various Town services.

Budget Message - A written overview of the proposed budget from the Town Manager to the Board of Aldermen. This overview discusses the major budget items of the Manager's budget.

Comprehensive Annual Financial Report (CAFR) - The official annual report of a government.

Capital Improvements Plan (CIP) - A long term plan of proposed capital improvement projects including estimated project costs and funding sources the Town expects to undertake within a five year period. The plan is updated annually to reassess capital needs.

Capital Outlay - An expenditure that results in the acquisition of or addition to a fixed asset.

Capital Project Fund - A fund used to account for the acquisition or construction of major capital facilities and equipment.

Consumer Price Index (CPI) – A statistical description of price levels provided by the U.S. Department of Labor. The index is used as a measure of the increase in the cost of living (economic inflation).

Contingency - Appropriation intended for unanticipated expenditures. The Board of Aldermen controls transfer of these funds into an expendable account.

Debt Service - Principal, interest and administrative costs associated with the repayment of long-term debt.

Department - A major administrative division of the Town that has overall management responsibility for an operation within a functional area.

Encumbrances – An approved financial commitment for services, contracts, or goods which have not been delivered or performed.

Enterprise Fund - A grouping of activities whose expenditures are wholly or partially offset by revenues collected from consumers in the form of fees and charges.

Expenditures - The total cost of a program or capital project.

Fiscal Year (FY) - A 12 month period (July 1 through June 30) in which the annual operating budget applies and at the end of which an assessment is made of the Town's financial condition and performance of operations.

Fixed Asset – A capital item that has an acquisition cost of \$5,000 or more, is tangible, and has an expected minimum life of 1 year.

Fund - An accounting entity created to record the financial activity for a selected financial group.

Fund Balance - Funds accumulated through the under expenditure of appropriation and/or receiving revenues greater than anticipated and included in the budget.

General Fund - A fund which provides for the accounting for most of the basic government services, such as police, fire, sanitation, inspections, law enforcement, recreation, and other general services.

General Obligation Bonds - Bonds issued by a government which are backed by the full faith and credit of its taxing authority.

Geographic Information System (GIS) - An organized collection of computer hardware, software, geographic data, and personnel designed to efficiently capture, store, update, manipulate, analyze, and display all forms of geographically referenced information.

Goal - A board statement of desired conditions to be maintained or achieved through the efforts of an organization.

Governmental Funds – consists of the General Fund, Special Revenue Fund and Capital Project Fund.

Interest and Penalties Receivable on Taxes - Uncollected interest and penalties on property taxes.

Lease Purchase - A method of purchasing equipment in which payments are spread over a period of time.

Levy - The amount of tax, service charge, and assessment imposed by the government.

Line Item - A budgetary account representing a specific object of expenditure.

Local Government Commission (LGC) - The Local Government Commission, which is chaired by the State Treasurer, is an oversight body that ensures municipalities and other governmental units fulfill their statutory obligations with regard to State and local government finance.

Major Fund Reporting – 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 Non-major Funds include the Revolving Loan, Capital Projects, Grant, Capital Reserve, Payment in Lieu Reserve, and Affordable Housing Funds.

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.

Modified Accrual - The basis of accounting for the Town. Under this system, expenditures are recognized when encumbered.

Midpoint of Salary – a rate that is half way between the minimum rate and maximum rate of a budgeted position.

National Fire Protection Association (NFPA) - An international nonprofit NFPA is to reduce the worldwide burden of fire and other hazards on the quality of life by providing and advocating consensus on codes and standards, research, training, and education.

Non-major Fund – see definition for Major Fund Reporting.

Objective - A specific statement of what is to be accomplished or achieved for a particular program during the fiscal year.

Operating Budget - The Town’s financial plan which outlines proposed expenditures for the upcoming fiscal year and estimates revenues which will be used to finance them.

Operating Expenses - Those expenditures of a recurring nature, covering services and supplies necessary to operate individual departmental activities.

Orange Water and Sewer Authority (OWASA) – OWASA is the public, nonprofit water and sewer utility serving the Carrboro-Chapel Hill community. OWASA’s nine-member Board of Directors is appointed by the Carrboro Board of Aldermen, the Chapel Hill Town Council, and the Orange County Board of Commissioners.

Ordinance - A formal legislative enactment by the Board of Aldermen which has the full force and effect of law within the boundaries of the Town.

Occupational Safety and Health Act

(OSHA) – Regulations passed by the US Department of Occupational Safety and Health Administration to assure safe and healthful working conditions for working men and women by authorizing enforcement of the standards developed under the Act.

Personal Property - Movable property classified within two categories; tangible and intangible. “Tangible” or touchable property includes items of visible and movable property not permanently affixed to real property. “Intangible” or non-touchable property includes stocks, bonds, notes, cash, bank deposits, accounts receivable, patents, trademarks, copyrights, and similar assets.

Personnel Services - Salaries and wages paid to employees for full-time, part-time, and temporary work, including overtime and similar compensation. Also included in this account group are fringe benefits paid for employees.

Program - A well-defined portion of the operating plan for which a distinct set of goals and objective may be developed.

Property Tax - Tax paid by those owning property in the Town.

Property Tax Rate - The rate at which real property in the Town is taxed in order to produce revenues sufficient to conduct necessary governmental activities.

Real Property - Land, buildings, and items permanently affixed to land or buildings.

Real Property Value - The value of land and buildings which are taxable.

Reclassification - A change in the classification and corresponding job title of an existing position which results from a major change in assigned responsibilities.

Reserve - An account designed for a portion of the fund balance which is to be used for a specific purpose.

Revaluation - The process of revaluing a jurisdiction's real property in order to adjust the tax value to the market value; by North Carolina law, a revaluation must be conducted at a minimum of every eight years. Orange County revalues property every four years. Property was revalued as of January 1, 2005.

Revenue - All funds that the Town government receives as income, including items such as tax payments, fees for specific services, receipts from other governments, fines, forfeitures, shared revenues, and interest income.

Revenue-neutral Tax Rate - The revenue-neutral tax rate, as defined by G.S. 159-11(e), is the rate that is estimated to produce revenue for the next fiscal year if no reappraisal had occurred. The rate is then adjusted by a growth factor equal to the average annual percentage increase in the tax base due to improvements since the last general reappraisal. State law requires that units of local government, including public authorities, publish a revenue-neutral tax rate in the budget immediately following the completion of the general reappraisal of real property. The purpose of the revenue-neutral tax rate is to provide residents with comparative information.

Sales Tax - Tax paid by retail consumers in the Town.

Service Level - The amount of service provided during the fiscal year as indicated by one or more performance indicators.

Special Revenue Funds – Specific revenue sources (other than major capital projects) that are legally restricted expenditures for specific purposes.

Tax Levy - Revenue produced by applying a given tax rate to a property's assessed, or tax value.