

# EXECUTIVE SUMMARY

## BUDGET OVERVIEW

North Carolina’s economic outlook, as with the national economy, is good. GDP is up by 2.9 percent from last year. The Consumer Confidence Index in February found that consumer confidence was at its highest level since 2000. An average of 9,900 jobs were added during each of the last three months of 2017. The two challenges on the state’s economy are: 1) state unemployment rate is up to 4.5 percent compared to 4.1 nationally; and, 2) some firms are reportedly having difficulty finding employees with required skills.

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 2017-18, distributions were about 5.0% ahead of FY 2016-17 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 expected 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 could change quickly.

Local signs of economic strength include the low unemployment rate and increased taxable sales. Orange County’s unemployment rate in February 2018 was 3.8%, below the statewide rate of 4.5%. 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 2017 from the prior year, residential permits and values both increased.

### COMMERCIAL AND RESIDENTIAL TOWN PERMITS, 2017

<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
2017	297	3,489,324	624	19,431,014

Through March, general fund revenue collections for FY 2017-18 total \$19.2 million or 84% of the adopted budget. Last year at this time, total general fund revenue collections were \$17.3 million or 81% of adopted budget. Property tax revenue collections to date are \$12.8 million or

101% of budget. Local sales tax revenues through January total \$2.2 million compared to \$2.1 million at the same time last year. Unrestricted and restricted intergovernmental revenues year-to-date are 52% and 90% 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 2017-18 are anticipated to meet or 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 2018-19 budget the Town assumes that the North Carolina General Assembly will make no changes during its 2018 session that would negatively impact the Town's existing revenue stream.

On the national level, however, there are concerns beyond the coming year due to significant policy changes made by the Tax Cuts and Jobs Act of 2017. At this point it is uncertain as to the impact these changes will have on local government revenue projections, especially for sales tax. The Act almost doubles standard deductions and lowers corporate income tax rate to 21%. The Act may yield a reduction in individual federal taxes that will increase spending potential; and, the corporate tax cuts may be an incentive for hiring and wage growth. However, the lower corporate tax rate could make municipal bonds and loans less competitive when compared to other types of investments; thus, increasing municipal interest rates and cost of municipal debt. This Act also caps State and Local Tax deductions at \$10,000 which may make it more difficult for local governments to raise taxes.

### **TOTAL TOWN BUDGET**

In developing the FY 2018-19 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 developing the 2018-19 budget were to:

- Implement the Board's strategic priorities,
- Manage costs while improving services to the citizens,
- Develop a balanced budget,
- Establish a fee system for the Storm Water Utility Enterprise Fund, and,
- Conceptualize a long term financial sustainability plan for the Town.

The total recommended General Fund budget for FY 2018-19 is \$22,862,722, which is essentially unchanged from the adopted budget of \$22.8 million last year. When all other funds are considered, the total Town budget for FY 2018-19 is \$49.2 million as follows:

## BUDGET SUMMARY

	<u>FY 2017-18</u> <u>ADOPTED</u> <u>BUDGET</u>	<u>FY 2018-19</u> <u>ADOPTED</u> <u>BUDGET</u>	<u>\$ Change</u>	<u>% Change</u>
General Fund	22,869,686	22,862,722	(6,964)	0.0%
Capital Projects Fund	10,882,447	23,403,462	12,521,015	115.1%
Special Revenue Fund	2,287,784	2,097,939	(189,845)	-8.3%
Stormwater Utility Enterprise Fund	-	900,000	900,000	N/A
Total	36,039,917	49,264,123	13,224,206	36.7%

### 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 88% of general fund revenues.

For FY 2018-19 total recurring revenues are projected to decrease by 2.0% over the FY 2017-18 Adopted Budget. The projection for property tax revenues were revised downward slightly to be more in line with historical trends. Other Taxes and Licenses are expected to decrease now that Tax and Tag System has eliminated the backlog of unpaid vehicle taxes and registration fees which had resulted in additional revenues over the past 2-3 years. This system was implemented by the North Carolina Department of Motor Vehicles that requires the collection of the motor vehicle tax and registration fee at the time of renewal. 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 9.0% of general fund revenues, are expected to increase by 11% due to increase sales tax collections on utility franchises. Sales tax revenues, which represent 7.0% of general fund revenues, are expected to continue positive growth trends as consumer confidence remains high.

## Recurring Revenues

	<b>FY 2017-18 ADOPTED BUDGET</b>	<b>FY 2018-19 ADOPTED BUDGET</b>	<b>\$ CHANGE</b>	<b>% CHANGE</b>
Property Taxes	\$ 12,729,642	\$ 11,945,655	\$ (783,987)	-6.2%
Local Sales Tax	4,018,500	4,475,980	457,480	11%
Other Taxes & Licenses	1,846,809	1,604,757	(242,052)	-13%
Intergovernmental	1,854,017	2,056,081	202,064	11%
<b>Total Recurring Revenues</b>	<b>\$ 20,448,968</b>	<b>\$ 20,082,473</b>	<b>\$ (366,495)</b>	<b>-2%</b>

Property and sales tax revenues continues to make up 72% of total general fund revenues in FY 2018-19. The total property tax valuation is estimated to be \$2,265,330,304 based on valuation by the Orange County Tax Administrator. This is a 0.2% growth over the past year. In FY 2018-19 each penny on the tax rate is projected to generate approximately \$222,000. In addition, property tax relief is available for the elderly, permanently-disabled persons, and veterans who meet income and other specific exemption requirements.

Retail sales statewide in North Carolina are trending upward and consumer confidence is high. Overall local sales tax revenues (\$2.2 million to date), reflecting six months of collections for the year, are 20% of the Town's FY 2017-18 adopted budget (\$4.0 million). According to the FY 2018-19 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 2017-18 were up approximately 5.2% over the same period in FY 2016-17. The League of Municipalities anticipates that sales tax revenues statewide for the current fiscal year 2017-18 will be 5.0% above the FY 2016-17 distributions. For next fiscal year 2018-19 local sales tax revenues statewide are expected to increase by 4.5% above the FY 2017-18 actuals.

In FY 2014-15 municipalities experienced growth in electricity tax revenues due to a change by the General Assembly in the method of distribution for electricity and piped natural gas sales. This change required general sales tax to be collected by the state and then get 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 statewide for the first two quarters of FY 2017-18 were down approximately 4.0% from the previous year. Projections for statewide electricity revenues for FY 2017-18 are expected to decrease slightly by 1.0%. For FY 2018-19, they are projected to increase by 1.0%.

Sales tax on piped natural gas statewide, on a percentage basis, declined sharply under the new distribution formula. Through the first two quarters of FY 2017-18 natural gas revenues have been 23% higher over the same period in FY 2015-16. The N. C. League of Municipalities has projected that statewide distributions to municipalities for FY 2017-18 will be 5.5% higher than the past year; and, for FY 2018-19 the projection are expected be 1.0% above that of FY 2017-18.

For FY 2017-18, the Town has collected \$406,605 (53% of budget) in electricity tax revenues, and \$123,392 (38% of budget) in piped natural gas. In projecting electricity and natural gas tax revenues, it is important to remember that these revenues will depend on weather, consumption, and price of the utility. Significant fluctuations in local weather patterns and conditions directly affect consumption and may not mirror the statewide trend.

Telecommunications Sales Tax revenues statewide continue to show decreases. Consumers are continuing to move away from landline telephone service to mobile telephone service. Annual statewide telecommunications revenues for FY 2017-18 are expected to decrease by 5.0% with an additional decline of 4.0% in FY 2018-19. For the first two quarters of this fiscal year 2017-18 the Town has received revenue of \$95,562 or 72.0% of the adopted budget.

Local Video Programming revenue distributions continue to decrease statewide. The continuing revenue declines are due primarily 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 vary. The N. C. League of Municipalities expects that video programming distributions statewide will decrease by 1.0% in FY 2017-18, and continue to decline in FY 2018-19. For the first two quarters of FY 2017-18, the Town has received revenue of \$27,326 or 79.0% 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 2017-18 is approximately \$27,027 and is expected to remain the same for FY 2018-19.

Beer and wine sales taxes is an excise tax charged on the production of alcohol in North Carolina, and a portion is distributed to municipalities based on population. For FY 2017-18 state officials have indicated that beer and wine sales tax distributions will be 5% less than last year and no increase is expected for FY 2018-19.

#### **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 2018-19 are from Fund Balance Appropriation and total \$1,088,391 or 4.8% of total recommended budget. This is an increase of \$489,987 or 81.9% over the adopted FY 2017-18 budget. The Town has adopted a policy that “fund balance appropriation is not to exceed 10% of the total General Fund operating budget in any given year.”

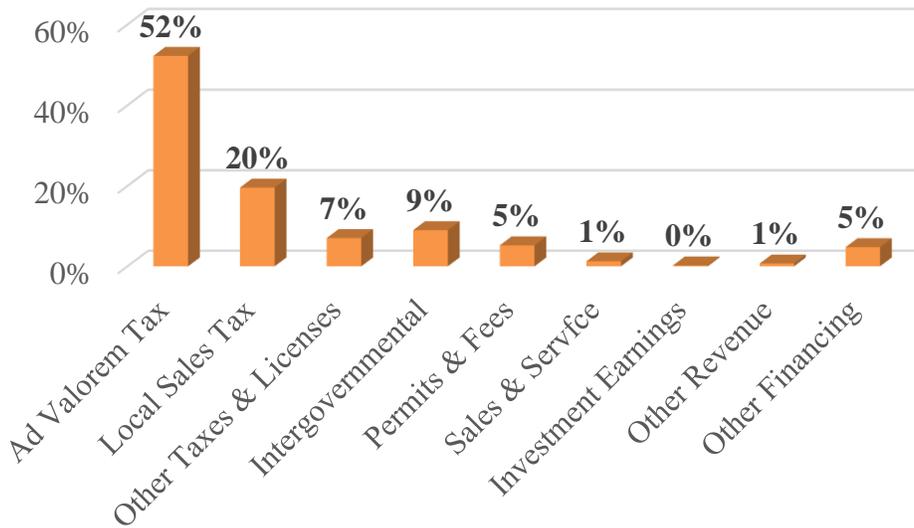
**OTHER FINANCING FY 2018-19**

	<b>FY 2017-18 ADOPTED BUDGET</b>	<b>FY 2018-19 ADOPTED BUDGET</b>	<b>\$ CHANGE</b>	<b>% CHANGE</b>
Interfund Transfers	-	-	-	0.0%
Installment Financing	304,292	-	(304,292)	-100.0%
Fund Balance	598,404	1,088,391	489,987	81.9%
<b>Total Other Financing</b>	<b>902,696</b>	<b>1,088,391</b>	<b>185,695</b>	<b>20.6%</b>

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 has been used in the past to replace vehicles and equipment. In anticipation of some future major financing, the Town has elected to use \$443,814 of cash reserves to acquire replacement vehicles and equipment in FY 2018-19.

**FY 2018-19 GENERAL FUND REVENUE SOURCES**  
**% of Total \$22,862,722**



**EXPENDITURES**

For FY 2018-19 total General Fund operating expenses are unchanged from FY 2017-18. Personnel costs account for 60% of the total budget with operations and capital outlays comprising 40% and less than 1% for capital.

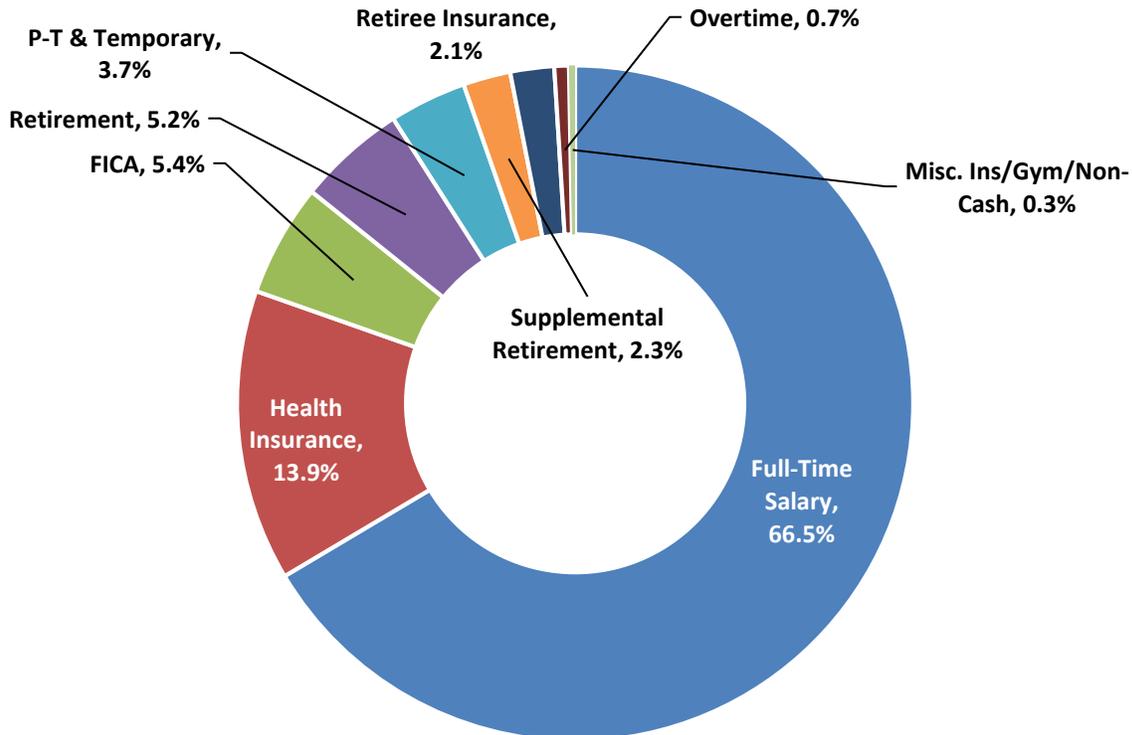
## GENERAL FUND BUDGET SUMMARY

	FY 2017-18 ADOPTED BUDGET	FY 2018-19 ADOPTED BUDGET	% CHANGE
<b>PERSONNEL</b>	13,244,463	13,598,474	2.67%
<b>OPERATING</b>	9,168,046	9,048,469	-1.30%
<b>CAPITAL OUTLAY</b>	457,177	215,779	-52.80%
<b>TOTAL</b>	<b>\$22,869,686</b>	<b>\$22,862,722</b>	<b>-0.03%</b>

### PERSONNEL

Personnel cost are expected to increase by 2.67%. Factors that affect personnel cost include: a) 2.0% across the board pay adjustment to permanent employees in FY 2017-18; b) proposed 3.0% pay adjustment for employees in FY 2018-19; c) projected 15% increase in health insurance premiums; and increase in employer contribution rate to Local Government Employees Retirement System. Additionally, based on the results of the compensation study completed in FY 2017-18, several employees received salary adjustments because they lagged behind the market.

### FY 2018-19 Pay and Benefit



Contribution rates for the Local Government Employees' Retirement System (LGERS) will increase from 7.56% to 7.81% for general employees; and, from 8.25% to 8.50% for law enforcement officers in FY 2018-19. Below is the schedule of contribution rates through FY 2020-21.

Fiscal Year	LGERS Employer Contribution Rate	
	General Employees	Law Enforcement Officers
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 2018-19. 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 number of full-time equivalent positions will increase from 160.5 to 162.5 (this includes the Storm Water Utility Manager). A Project Manager has been established in Town Manager's Office and a full-time Accounting Technician/Receptionist has been established in Finance.

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.

### **OPERATIONS EXPENSES**

General Fund operating expenses in FY 2018-19 will decrease by 1.30% from \$9,168,046 to \$9,048,469. In addition to maintaining the existing service levels, funds are budgeted for Employee and Organizational Development activities (e.g., risk management/safety, racial sensitivity and equity training, supervisor training, etc.). Several initiatives begun in previous fiscal years will be continued in FY 2018-19. These include implementation of parking plan, implementation of solid waste study pilot programs, gold level bicycle designation, facility and space renovations, repair or construction, new permitting software for planning, body worn cameras for police, and implementation of a fee for storm water utility enterprise fund. 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 52.8% from \$457,177 to \$215,779 in FY 2018-19. These outlays will be for the replacement of Board room audio/video equipment that is beyond its replacement schedule. The Town also plans to implement and integrate a Human Resources

Management System with its existing payroll system, including establishment of a Self-Service component for employees.

In the past the Town has used installment financing for replacement of vehicles and equipment. In anticipation of some future major financing, the Town has elected to use \$443,814 of cash reserves to acquire the following vehicles and equipment in FY 2018-19.

DEPARTMENT	VEHICLES/EQUIPMENT	COST ESTIMATE
Police	6 Vehicles @ \$55,469	\$332,814
Public Works	Skid Steer	\$70,000
Public Works	Broom Attachment for Skid Steer	\$5,000
Public Works	Bush Hog	\$6,000
Public Works	10-Ton Trailer	\$25,000
Public Works	Post Puller	\$5,000
	<b>TOTAL</b>	<b>\$443,814</b>

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**

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.

The total budget for the Special Revenue Fund in FY 2018-19 is \$2.1 million dollars.

**SPECIAL REVENUE FUND SUMMARY**

	FY 2017-18	FY 2018-19		
	ADOPTED	ADOPTED	\$	%
	BUDGET	BUDGET	CHANGE	CHANGE
REVOLVING LOAN FUND	\$ 566,351	\$ 558,331	\$ (8,020)	-1.4%
GRANT FUND	\$ 938,096	\$ 975,360	\$ 37,264	4.0%
AFFORDABLE HOUSING FUND	\$ 1,170,771	\$ 337,500	\$(833,271)	-71.2%
ENERGY EFFICIENCE REVOLVING LOANS	\$ 83,902	\$ 111,277	\$ 27,375	32.6%
BUSINESS LOAN FUND	\$ 118,499	\$ 115,471	\$ (3,028)	-2.6%
<b>TOTAL</b>	<b>\$ 2,877,619</b>	<b>\$ 2,097,939</b>	<b>\$(779,680)</b>	<b>-27.1%</b>

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. (Note: In FY 2017-18 a penny on the tax rate produces approximately \$224,453.) The current source(s) of funding for the Affordable Housing Fund is expected to be exhausted in the next year or two. In order to create a more permanent funding stream for affordable housing it has been proposed that the Town's property tax rate be increased by ½ cents for each of the next three years and be dedicated to the Affordable Housing Fund.

### **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; GO bonds for sidewalks and greenway; 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). 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%, fund balance may be assigned or committed for future capital projects if the fund balance exceeds 35%. At June 30, 2017, 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 proposed in any current or future year's budget.

The total Capital Project Fund budget for FY 2018-19 is \$23.4 million. The largest project is the planned joint development of 203 South Greensboro Street by Orange County and the Town at an anticipated cost of \$15.0 million. This project is to construct a facility to house the Orange County Southern Branch Library and Town administrative offices with the potential for also accommodating other compatible uses. The Town expects to do debt financing for its share of the costs; however, the actual amount is not known at this time. Further, the Town will also have to develop a financing plan to undertake needed building improvements over the next five years.

**CAPITAL PROJECT FUND SUMMARY**

	<b>FY 2017-18 ADOPTED</b>	<b>FY 2018-19 ADOPTED</b>	<b>\$ CHANGE</b>	<b>% CHANGE</b>
	<b>BUDGET</b>	<b>BUDGET</b>		
CAPITAL PROJECTS	\$ 4,000,106	\$ 17,943,078	\$13,942,972	349%
GO SIDEWALK & GREENWAYS	4,828,568	\$ 4,078,710	\$ (749,858)	-16%
CAPITAL RESERVES	1,903,993	\$ 1,231,894	\$ (672,099)	-35%
PAYMENT IN-LIEU	149,780	\$ 149,780	\$ -	0%
<b>SUBTOTAL</b>	<b>\$ 10,882,447</b>	<b>\$ 23,403,462</b>	<b>\$12,521,015</b>	<b>115%</b>

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

<b>Project</b>	<b>Federal/State</b>	<b>Local</b>	<b>Other</b>	<b>Total Funding</b>
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
<b>Total</b>	<b>\$ 3,002,740</b>	<b>\$ 1,384,058</b>	<b>\$ 48,046</b>	<b>\$ 4,434,844</b>
<b>% of Total</b>	<b>67.7%</b>	<b>31.2%</b>	<b>1.1%</b>	<b>100.0%</b>

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 Capital Improvement Plan (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 2023 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.

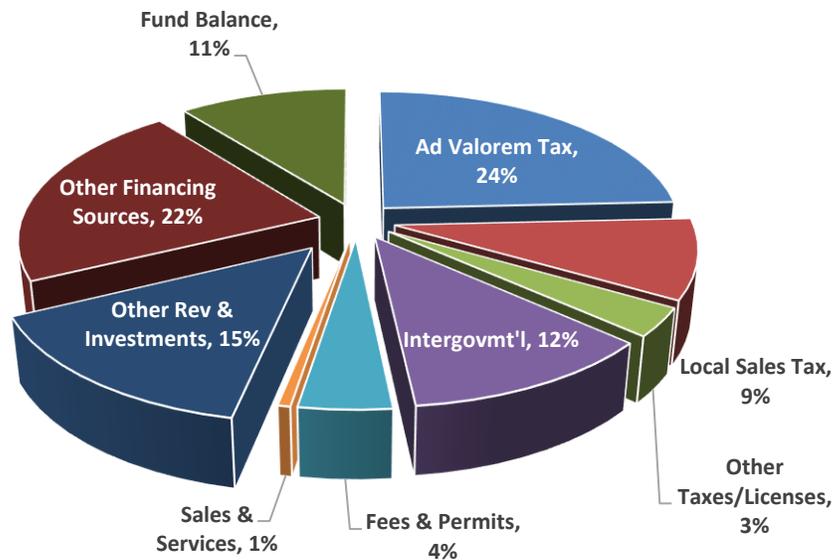
Locally, economic improvements are reflected in the low unemployment rate, taxable sales and increased value of building permits. Town revenues are projected to meet or exceed budget for the year ending June 30, 2018. Overall revenues for FY 2018-19 are expected to remain flat.

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 2018-19 budget that provide for continued delivery of quality services, carrying out Board priorities, acquiring needed capital items, adjusting the compensation for Town's employees.

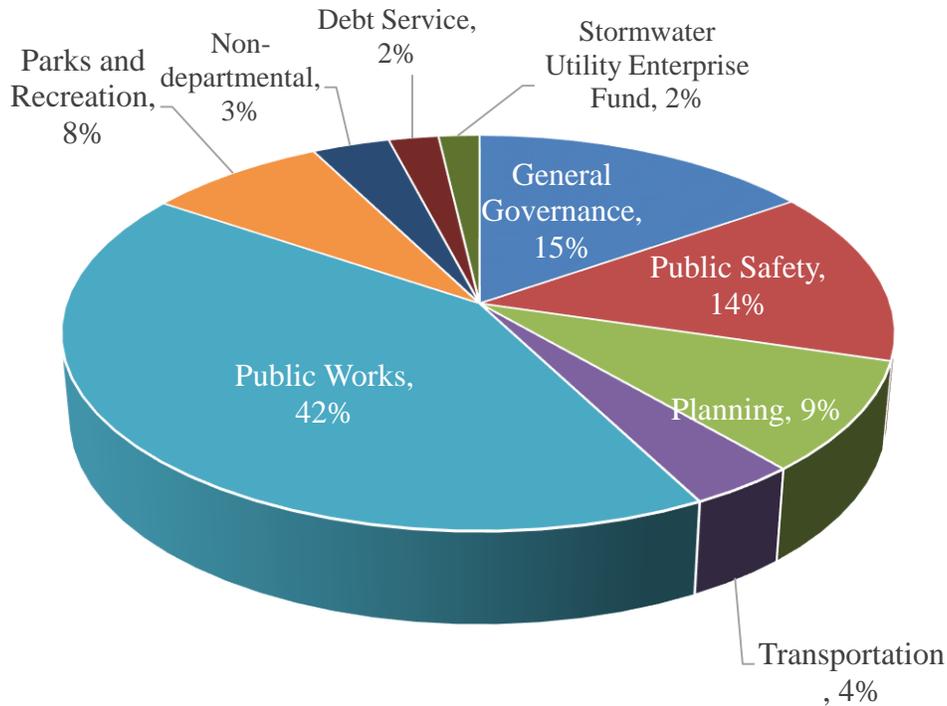
## FY 2018-19 Revenue Summary - All Funds by Major Fund

	General Fund	Special Revenue Funds	Capital Funds	Stormwater Utility Enterprise Fund	Total
Ad Valorem Tax	\$ 11,945,655				\$ 11,945,655
Local Sales Tax	4,475,980				4,475,980
Other Taxes/Licenses	1,604,757				1,604,757
Unrestricted Intergovernmental	1,422,090		-		1,422,090
Restricted Intergovernmental	633,991	975,360	2,752,669	-	4,362,020
Fees and Permits	1,193,085			900,000	2,093,085
Sales and Services	285,520				285,520
Investment Earnings	51,812	52,805	2,000		106,617
Other Revenues	161,441	74,528	6,852,581		7,088,550
Other Financing Sources	-	-	10,649,643		10,649,643
Fund Balance Appropriated	1,088,391	995,246	3,146,569		5,230,206
<b>Total Revenues</b>	<b>\$ 22,862,722</b>	<b>\$ 2,097,939</b>	<b>\$ 23,403,462</b>	<b>\$ 900,000</b>	<b>\$ 49,264,123</b>



## FY 2018-19 Expense Summary - All Funds by Fund

	General Fund	Special Revenue Funds	Capital Funds	Stormwater Utility Enterprise Fund	Total All Funds
Mayor and Board of Aldermen	\$ 356,941		\$ -		\$ 356,941
Advisory Boards	17,350				17,350
Governance Support	633,904				633,904
Town Manager	511,658	337,500			849,158
Economic and Community Development	248,619	1,760,439	-		2,009,058
Town Clerk	161,981		100,000		261,981
Finance	1,147,641				1,147,641
Human Resources	560,982				560,982
Information Technology	1,588,387		128,840		1,717,227
Police	3,865,788		82,523		3,948,311
Fire	3,070,325	-	14,644		3,084,969
Planning	1,477,419	-	2,996,988		4,474,407
Transportation	1,811,000		-		1,811,000
Public Works	3,657,432	-	17,081,090		20,738,522
Parks and Recreation	1,604,901	-	2,349,070		3,953,971
Non-departmental	1,054,109		650,307		1,704,416
Debt Service	1,094,285		-		1,094,285
Stormwater Utility Enterprise Fund				900,000	900,000
<b>Total Expenditures</b>	<b>\$ 22,862,722</b>	<b>\$ 2,097,939</b>	<b>\$ 23,403,462</b>	<b>\$ 900,000</b>	<b>\$ 49,264,123</b>



**A motion was made by Alderman Seils, seconded by Alderman Haven-O'Donnell, that this ordinance be approved.**

**ANNUAL BUDGET ORDINANCE FY 2018-19  
Town of Carrboro, North Carolina  
Ordinance No. 26/2017-18**

WHEREAS, the recommended budget for FY 2018-19 was submitted to the Board of Aldermen on May 1, 2018 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 22, 2018, the Board of Aldermen held a public hearing on the budget pursuant to G.S. 159-12;

WHEREAS, on June 19, 2018, 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:

**ARTICLE I – GENERAL FUND**

**Section 1. General Fund Appropriations**

The General Fund is the Town of Carrboro’s operating account. The following amounts are hereby appropriated by function for the operation of the Town and its activities for the fiscal year beginning July 1, 2018 and ending June 30, 2019:

<b>GENERAL GOVERNMENT</b>		<b>\$ 5,237,626</b>
Mayor & Board of Aldermen	\$	356,941
Advisory Boards	\$	17,350
Governance Support	\$	643,067
Town Manager	\$	511,658
Economic & Community Development	\$	248,619
Town Clerk	\$	162,981
Finance	\$	1,147,641
Human Resources	\$	560,982
Information Technology	\$	1,588,387
<b>PUBLIC SAFETY</b>		<b>\$ 6,936,113</b>
Police	\$	3,865,788
Fire	\$	3,070,325

<b>PLANNING</b>	<b>\$</b>	<b>1,477,419</b>
<b>TRANSPORTATION</b>	<b>\$</b>	<b>1,811,000</b>
<b>PUBLIC WORKS</b>	<b>\$</b>	<b>3,705,212</b>
<b>RECREATION &amp; PARKS</b>	<b>\$</b>	<b>1,604,901</b>
<b>NONDEPARTMENTAL</b>	<b>\$</b>	<b>996,166</b>
<b>DEBT SERVICE</b>	<b>\$</b>	<b>1,094,285</b>
<b>TOTAL GENERAL FUND</b>	<b>\$</b>	<b><u>22,862,722</u></b>

## Section 2. General Fund Revenues

It is estimated that revenues from the following major sources will be available during the fiscal year beginning July 1, 2018 and ending June 30, 2019 to meet the general fund expenditures:

Ad Valorem Tax	\$	11,945,655
Local Sales Tax	\$	4,475,980
Other Taxes & Licenses	\$	1,604,757
Intergovernmental	\$	2,056,081
Permits & Fees	\$	1,193,085
Sales & Service Fees	\$	285,521
Investment Earnings	\$	51,812
Other Revenue	\$	161,441
Other Financing	\$	1,088,391
<b>TOTAL GENERAL FUND</b>	<b>\$</b>	<b><u>22,862,722</u></b>

## ARTICLE II – AFFORDABLE HOUSING FUND

### Section 1. Affordable Housing Fund Appropriation

The Affordable Housing Fund is a special revenue fund created by the Town to increase the stock of affordable, safe and decent housing within the Town and its planning jurisdiction. The following amounts are hereby appropriated for Affordable Housing Fund activities:

Community Home Trust	\$	74,036
Center for Community Self Help	\$	20,000
Home Consortium Match	\$	10,970
Human Services Grants	\$	28,950
Partnership to End Homelessness	\$	23,378
Northside Neighborhood Initiative	\$	30,000
Deferred Loan Expense	\$	20,000
Unexpended Reserves	\$	130,166
<b>TOTAL APPROPRIATION</b>	<b>\$</b>	<b>337,500</b>

## **Section 2. Affordable Housing Fund Revenues**

There is hereby levied a tax rate of \$ .0050 (1/2 cents) on each one hundred dollars (\$100) valuation of taxable property as listed for taxes on January 1, 2018 that shall be devoted solely to the affordable housing activities noted above.

## **ARTICLE III – BUSINESS LOAN PROGRAM**

The Business Loan Program in the Special Revenue Fund is hereby terminated as of June 30, 2018 and any remaining revenues shall be transferred to the General Fund.

## **ARTICLE IV – STORMWATER UTILITY ENTERPRISE FUND**

### **Section 1. Stormwater Utility Enterprise Fund**

The Stormwater Utility Enterprise Fund was created for the purpose of comprehensively addressing stormwater management and flooding issues throughout the Town, including making sure the Town stays in compliance with state and federal rules and regulations. A total of \$900,000 is appropriated for stormwater activities.

### **Section 2. Revenues for Stormwater Utility Enterprise Fund**

Revenues to support stormwater activities are generated through the rate structure established in the Town Code, Chapter 18, Article II, Section 18-6. Unexpended budget amounts from fiscal year 2017-18 may be carried forward to fiscal year 2018-19.

## **ARTICLE V – CAPITAL PROJECTS**

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.

## **ARTICLE VI – MISCELLANEOUS FEES AND CHARGES**

Charges for services and fees by Town Departments are levied in the amounts set forth in the Miscellaneous Fees and Charges Schedule as adopted by the Board of Aldermen.

## **ARTICLE VII – GENERAL AUTHORITIES**

**Section 1.** 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 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 \$132 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 2.** 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, 2018 for the purpose of raising the revenue constituting the general property taxes as set forth in the foregoing estimates of revenue (Article I, Section 2), to finance the foregoing General Fund appropriations (Article I, Section 1). One half cents of the total tax rate shall be devoted exclusively to the Affordable Housing Fund.

General Fund ..... \$ .5894

Affordable Housing Fund.....	<u>\$ .0050</u>
Total Tax Rate .....	\$ .5944

**Section 3.** The Finance Officer shall distribute property tax collections to the appropriate fund(s) at least monthly as levied in Section 2 above.

**Section 4.** 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 19<sup>th</sup> day of June 2018.**

**The motion is carried by the following vote:**

**Aye:** Mayor Lydia Lavelle, Alderman Sammy Slade, Alderman Bethany Chaney, Alderman Barbara Foushee, Alderman Jacquelyn Gist, Alderman Haven-O'Donnell, Alderman Damon Seils

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



*Catherine Dorando*  
Town Clerk