

GENERAL FUND REVENUES

<u>Account Description</u>	<u>FY 2018-19 Actuals</u>	<u>FY 2019-20 Adopted Budget</u>	<u>FY 2020-21 Adopted Budget</u>	<u>FY20 to FY21 Percent Change</u>
AD VALOREM TAXES				
PRIOR YEAR TAXES	107,215	-	78,000	#DIV/0!
CURRENT YEAR TAXES	12,974,215	12,950,000	13,050,000	0.77%
PENALTY AND INTEREST	32,091	28,367	28,500	0.47%
AD VALOREM TAXES Total	13,113,521	12,978,367	13,156,500	1.37%

LOCAL SALES TAXES

LOCAL OPTION SALES TAX 1% 39	1,647,930	1,571,502	1,433,374	-8.79%
LOCAL OPTION SALES TAX 1/2% 40	1,154,298	1,099,086	1,002,454	-8.79%
LOCAL OPTION SALES TAX 1/2% 42	824,500	786,110	716,996	-8.79%
LOCAL OPTION SALES TAX 1/2% 44	28,922	28,051	27,406	-2.30%
CITY HOLD HARMLESS	1,225,031	1,164,341	1,061,972	-8.79%
LOCAL SALES TAXES Total	4,880,681	4,649,090	4,242,202	-8.75%

OTHER TAXES/LICENSES

MOTOR VEHICLE LICENSES	386,805	353,806	386,800	9.33%
MOTOR VEHICLE LIC - TRANS ONLY	68,975	117,926	70,000	-40.64%
MOTOR VEHICLE TAXES	1,041,887	1,016,697	1,042,000	2.49%
MOTOR VEHICLE GROSS RECEIPTS	47	22	45	104.55%
REFUNDS - NCVTS	(23,263)	(24,687)	(24,500)	-0.76%
COLLECTION FEES - NCVTS	(35,162)	(37,858)	(37,500)	-0.95%
BEER & WINE LICENSE	1,192	1,535	1,200	-21.82%
HOTEL/MOTEL OCCUPANCY TAX	190,358	183,000	165,000	-9.84%
OTHER TAXES/LICENSES Total	1,630,839	1,610,441	1,603,045	-0.46%

UNRESTRICTED INTERGOVERNMENTAL

FRANCHISE TAX	1,043,665	940,000	973,888	3.61%
PIPED NATURAL GAS TAX	50,842	43,000	47,600	10.70%
VIDEO SALES PROGRAMMING	58,413	57,500	56,500	-1.74%
DIRECT-TO-HOME SATELLITE SALES	60,001	62,000	57,800	-6.77%
WINE AND BEER	90,426	90,000	90,000	0.00%
NC DOT RIGHT-OF WAY REIM	-	6,200	6,300	1.61%
SALES TAX-TELECOMMUNICATIONS	176,680	190,000	145,600	-23.37%
EMS LOCATION	12,000	12,000	12,000	0.00%
UNRESTRICTED INTERGVT Total	1,492,027	1,400,700	1,389,688	-0.79%

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RESTRICTED INTERGVMT				
SUPPLEMNTL PEG CHANNEL SUPPORT	54,054	53,500	53,750	0.47%
POWELL BILL	484,000	485,000	475,000	-2.06%
PLANNING WORK GRANT	18,275	25,000	25,000	0.00%
SOLID WASTE DISPOSAL TAX DIST	15,549	13,800	14,500	5.07%
RECREATION-MUNICIPAL SUPPLEM	35,898	35,898	35,898	0.00%
SEIZURES REVENUE STATE	4,182	5,000	5,000	0.00%
SCHOOL TRAFFIC CONTROL	10,000	10,000	10,000	0.00%
ABC BOARD GRANT	18,650	17,000	19,000	11.76%
SOFD FUND BALANCE	48,000	-	-	#DIV/0!
FEDERAL CARES ACT	-	-	57,500	#DIV/0!
RESTRICTED INTERGVMT Total	688,608	645,198	695,648	7.82%

PERMITS & FEES

STREET CUTS	-	100	100	0.00%
ENCROACHMENT FEE	2,010	3,000	2,000	-33.33%
RETURNED CHECK FEE	57	200	-	-100.00%
TECHNICAL REVIEW-FUTURE EQUIPMT	48,205	30,000	30,000	0.00%
COURT COST OFFICER FEES	3,142	2,500	2,750	10.00%
PARKING VIOLATIONS	3,065	2,000	-	-100.00%
ANIMAL VIOLATIONS	7,103	7,000	7,000	0.00%
FIRE PERMITTING FEES	4,486	1,200	1,600	33.33%
FIRE DISTRICT FEES	567,376	568,695	568,695	0.00%
SCHOOL RESOURCE OFFICER FEES	153,839	157,743	163,394	3.58%
CAR SEAT SALES	395	400	200	-50.00%
BUILDING PERMITS	66,886	57,000	60,000	5.26%
ELECTRICAL PERMITS	62,205	57,000	60,000	5.26%
MECHANICAL PERMITS	70,730	59,000	62,000	5.08%
RE-INSPECTION FEES	975	1,000	900	-10.00%
PLUMBING PERMITS	39,243	30,000	33,000	10.00%
HOMEOWNERS RECOVER FEES	126	-	-	#DIV/0!
SIGN PERMITS	1,045	500	500	0.00%
REFUSE COLLECTION FEES	2,037	2,500	2,200	-12.00%
ENGINEERING FEES	7,479	15,000	6,000	-60.00%
RECYCLING FEES	-	3,800	-	-100.00%
STOCKING FEE	535	-	-	#DIV/0!
REFUSE COLLECTION-DUMPSTER	54,524	65,000	54,000	-16.92%
DEVELOPMENT REVIEW FEES	32,393	30,000	30,000	0.00%
STREET SIGNS	150	-	100	#DIV/0!
DRIVEWAY PERMIT FEES	850	800	800	0.00%
STREET CLOSING	1,120	500	600	20.00%
TOWER REVENUE	123,586	127,081	130,890	3.00%
NETWORK HUT LEASE	10,400	5,200	5,200	0.00%
PERMITS & FEES Total	1,263,962	1,227,219	1,221,929	-0.43%

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SALES & SERVICES				
BANNER REVENUES	87	-	-	#DIV/0!
RECREATION FEES	188,540	204,000	95,000	-53.43%
DISCOUNT-RECREATION FEES	(5,896)	(15,000)	(2,750)	-81.67%
SALES-MERCHANDISE & CONCESSION	2,874	3,050	1,500	-50.82%
TOWN CENTER FEES	85,330	95,000	46,000	-51.58%
DISCOUNT-TOWN CENTER FEES	(17,824)	(14,000)	(8,500)	-39.29%
SALES & SERVICES Total	253,111	273,050	131,250	-51.93%

INVESTMENT EARNINGS

INTEREST EARNED	202,849	150,000	140,000	-6.67%
INVESTMENT EARNINGS Total	202,849	150,000	140,000	-6.67%

OTHER REVENUES

RENT-FARMERS MARKET	2,370	2,370	2,370	0.00%
ATM FEES	(129)	1,200	700	-41.67%
RENTAL INCOME	1,500	1,220	-	-100.00%
MISCELLANEOUS	177,011	12,100	12,300	1.65%
RISK MANAGEMENT/SAFETY REVENUE	100,159	-	25,000	#DIV/0!
REFUSE CART SALES	3,619	4,300	4,400	2.33%
YARD WASTE CONTAINERS	3,619	3,600	3,700	2.78%
LARGE COMPOST BIN	-	-	900	#DIV/0!
SMALL COMPOST BIN	-	-	100	#DIV/0!
DONATIONS	50,571	92,400	98,800	6.93%
SALE OF LOTS	34,775	25,000	30,000	20.00%
SALE OF FIXED ASSETS	27,413	-	60,000	#DIV/0!
SALE OF NON-FIXED ASSETS	90	-	5,000	#DIV/0!
OTHER REVENUES Total	400,998	142,190	243,270	71.09%

OTHER FINANCING SOURCES

TRF FROM BUSINESS LOAN FUND	115,471	-	-	#DIV/0!
TRF FROM BOND FUND	1,000	-	-	#DIV/0!
TRF FROM CAPITAL PROJECTS FUND	318,713	-	-	#DIV/0!
TRF FROM STORMWATER FUND	56,475	-	-	#DIV/0!
FUND BALANCE APPROPRIATED	-	1,500,753	2,239,574	49.23%
OTHER FINANCING SRCE Total	491,659	1,500,753	2,239,574	49.23%

Totals	\$ 24,418,255	\$ 24,577,008	\$ 25,063,106	1.98%
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GENERAL FUND REVENUE DESCRIPTIONS

The following information briefly explains the major sources of revenue for the Town of Carrboro in the FY 2020-21 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, and hotel and motel room occupancy tax.

Motor Vehicle License Tax –The vehicle license fee 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 and maintenance.

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.

Federal CARES Act – The Coronavirus Aid, Relief, and Economic Security Act, is a law intended to address the economic fallout of the COVID-19 pandemic in the United States.

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 officer 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 are for the 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. Highlights include:

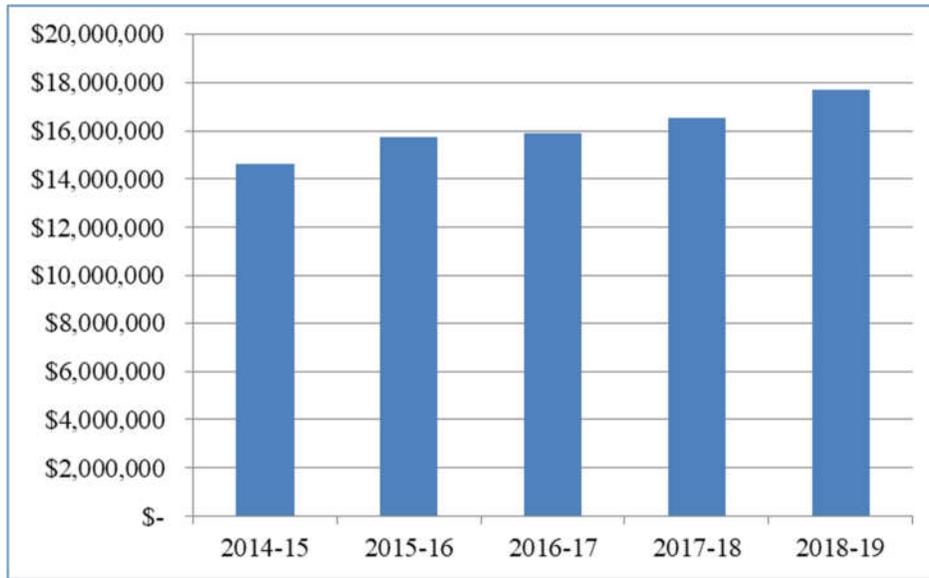
Lease-purchase – This represents the full cost of equipment or other capital purchase that the Town has obtained through installment financing. Following generally accepted accounting practices, the full cost of the financed equipment is budgeted (equipment purchased in that fiscal year) in addition 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 between funds.

Fund Balance Appropriated

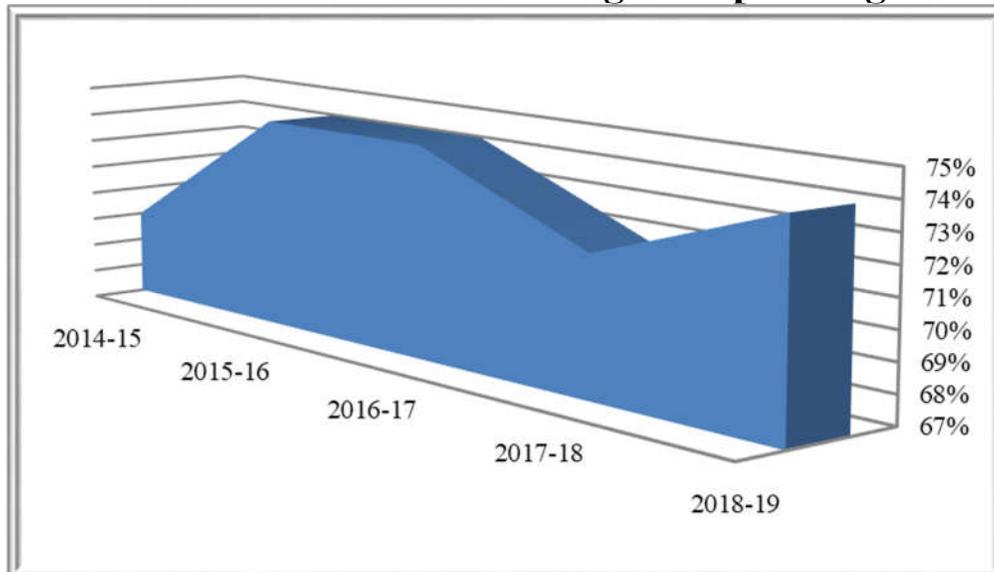
Funds accumulated through the under-expenditure of budgeted appropriations and the receipt of revenues that exceed budgeted projections result in fund balance or reserves. An appropriation of fund balance is sometimes necessary to balance projected revenues with expenditures. The level of appropriation 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 2018-19 was \$17,704,251, which was an increase of \$1,169,158 from FY 2017-18.

General Fund Balance as a Percentage of Operating Revenues



Fund balance as a percentage of operating revenues increased 2.3% from 71.8% in FY 2017-18 to 74.1% for FY 2018-19.

General Fund Summary of Expenditures

	2018-19 Actual	2019-20 Adopted Budget	FY 2020-21 Adopted Budget	Pct Change
Personnel	12,709,066	14,630,474	14,965,571	2.3%
Operating	8,753,137	9,203,734	9,072,885	-1.4%
Capital Outlay	199,364	285,600	118,600	-58.5%
Transfers	1,587,450	457,200	906,050	98.2%
TOTAL	\$23,249,017	\$24,577,008	\$25,063,106	2.0%

FY 2020-21 General Fund Expenditures by Department

	Personnel Costs	Operating Costs	Capital Outlay	Transfers Out	Total	% Change vs FY20 Orig Bdgt
Mayor and Board of Aldermen	\$ 108,004	283,309			\$ 391,313	5.40%
Advisory Boards	-	36,800			36,800	22.87%
Town Manager	313,191	71,748	-		384,939	-31.62%
Economic & Community Development	124,940	190,270			315,210	25.40%
Climate Action	88,240	41,351	-		129,591	#DIV/0!
Housing & Community Services	205,864	332,280			538,144	#DIV/0!
Town Clerk	137,327	18,820			156,147	3.43%
Finance	774,102	504,528			1,278,630	2.38%
Human Resources	578,187	69,720			647,907	3.54%
Information Technology	337,303	1,411,247	-		1,748,550	0.56%
Police	3,702,405	488,291	-		4,190,696	6.58%
Fire	2,940,069	246,114	-		3,186,183	3.19%
Planning	1,309,817	253,768			1,563,585	-5.23%
Transportation		1,946,000	83,600		2,029,600	1.35%
Public Works	2,579,674	1,498,900	35,000		4,113,574	3.58%
Recreation, Parks, & Cultural Resources	1,359,503	484,506	-		1,844,009	6.23%
Non-Departmental	406,945	90,000		906,050	1,402,995	6.65%
Debt Service		1,105,233			1,105,233	-11.24%
Total Expenditure Budget	\$ 14,965,571	\$ 9,072,885	\$ 118,600	\$ 906,050	\$ 25,063,106	1.98%

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