

## GENERAL FUND REVENUES

Account Description	FY 2020-21 Actuals	FY 2021-22 Adopted Budget	FY 2022-23 Recommended Budget	FY22 to FY23 Percent Change
<b>AD VALOREM TAXES</b>				
PRIOR YEAR TAXES	68,556	65,000	60,000	-7.69%
CURRENT YEAR TAXES	13,350,692	13,969,675	15,248,000	9.15%
PENALTY AND INTEREST	32,776	28,500	32,000	12.28%
<b>AD VALOREM TAXES Total</b>	<b>13,452,024</b>	<b>14,063,175</b>	<b>15,340,000</b>	<b>9.08%</b>

### LOCAL SALES TAXES

LOCAL OPTION SALES TAX 1% 39	1,745,530	1,536,947	1,701,000	10.67%
LOCAL OPTION SALES TAX 1/2% 40	1,345,387	1,211,427	1,344,600	10.99%
LOCAL OPTION SALES TAX 1/2% 42	875,762	790,621	867,000	9.66%
LOCAL OPTION SALES TAX 1/2% 44	30,849	30,904	32,400	4.84%
CITY HOLD HARMLESS	1,470,039	1,325,771	1,474,200	11.20%
<b>LOCAL SALES TAXES Total</b>	<b>5,467,567</b>	<b>4,895,670</b>	<b>5,419,200</b>	<b>10.69%</b>

### OTHER TAXES/LICENSES

MOTOR VEHICLE LICENSES	396,648	386,000	386,000	0.00%
MOTOR VEHICLE LIC - TRANS ONLY	79,349	68,000	78,000	14.71%
MOTOR VEHICLE TAXES	1,150,094	1,070,000	1,100,000	2.80%
MOTOR VEHICLE GROSS RECEIPTS	47	46	47	2.17%
REFUNDS - NCVTS	(35,893)	(31,800)	(32,500)	2.20%
COLLECTION FEES - NCVTS	(40,403)	(39,000)	(40,000)	2.56%
BEER & WINE LICENSE	1,190	1,250	1,275	2.00%
HOTEL/MOTEL OCCUPANCY TAX	85,883	3,093	160,000	5072.97%
<b>OTHER TAXES/LICENSES Total</b>	<b>1,636,915</b>	<b>1,457,589</b>	<b>1,652,822</b>	<b>13.39%</b>

### UNRESTRICTED INTERGOVERNMENTAL

FRANCHISE TAX	966,688	990,000	960,000	-3.03%
PIPED NATURAL GAS TAX	54,731	42,000	45,000	7.14%
VIDEO SALES PROGRAMMING	66,024	61,000	62,000	1.64%
DIRECT-TO-HOME SATELLITE SALES	50,148	54,000	50,000	-7.41%
WINE AND BEER	86,743	91,000	87,000	-4.40%
NC DOT RIGHT-OF WAY REIM	2,388	5,000	-	-100.00%
SALES TAX-TELECOMMUNICATIONS	142,714	155,000	120,000	-22.58%
EMS LOCATION	12,000	15,000	27,000	80.00%
<b>UNRESTRICTED INTERGVMT Total</b>	<b>1,381,436</b>	<b>1,413,000</b>	<b>1,351,000</b>	<b>-4.39%</b>

## GENERAL FUND REVENUES

Account Description	FY 2020-21 Actuals	FY 2021-22 Adopted Budget	FY 2022-23 Recommended Budget	FY22 to FY23 Percent Change
<b>RESTRICTED INTERGVMT</b>				
SUPPLEMENTAL PEG CHANNEL SUPPORT	52,901	54,400	53,000	-2.57%
POWELL BILL	456,561	460,000	-	-100.00%
PLANNING WORK GRANT	14,650	25,000	20,000	-20.00%
SOLID WASTE DISPOSAL TAX DIST	15,545	15,500	15,800	1.94%
RECREATION-MUNICIPAL SUPPLEM	35,898	35,898	35,898	0.00%
SEIZURES REVENUE STATE	706	5,000	5,000	0.00%
SCHOOL TRAFFIC CONTROL	-	10,000	10,000	0.00%
ABC BOARD GRANT	16,000	19,000	19,000	0.00%
DEPT JUSTICE BLOCK GRANT	751	600	600	0.00%
<b>RESTRICTED INTERGVMT Total</b>	<b>593,012</b>	<b>625,398</b>	<b>159,298</b>	<b>-74.53%</b>

### PERMITS & FEES

STREET CUTS	-	100	-	-100.00%
ENCROACHMENT FEE	2,810	1,900	2,200	15.79%
TECHNICAL REVIEW-FUTURE EQUPMT	55,570	50,000	60,000	20.00%
COURT COST OFFICER FEES	4,023	3,000	3,500	16.67%
PARKING VIOLATIONS	535	1,400	1,400	0.00%
ANIMAL VIOLATIONS	6,620	7,000	6,800	-2.86%
FIRE PERMITTING FEES	1,620	1,700	1,850	8.82%
FIRE DISTRICT FEES	586,324	570,000	600,000	5.26%
SCHOOL RESOURCE OFFICER FEES	21,168	163,394	179,622	9.93%
CAR SEAT SALES	120	200	200	0.00%
BUILDING PERMITS	58,865	60,000	60,000	0.00%
ELECTRICAL PERMITS	54,822	58,000	58,000	0.00%
MECHANICAL PERMITS	75,813	65,000	68,000	4.62%
RE-INSPECTION FEES	150	300	225	-25.00%
PLUMBING PERMITS	27,013	26,000	30,000	15.38%
HOMEOWNERS RECOVER FEES	92	100	100	0.00%
SIGN PERMITS	470	-	300	#DIV/0!
REFUSE COLLECTION FEES	2,132	2,000	500	-75.00%
REFUSE COLLECTION-DUMPSTER	53,737	54,000	53,600	-0.74%
DEVELOPMENT REVIEW FEES	46,767	32,500	25,000	-23.08%
DRIVEWAY PERMIT FEES	110	800	500	-37.50%
STREET CLOSING	85	600	500	-16.67%
TOWER REVENUE	96,525	135,666	142,316	4.90%
NETWORK HUT LEASE	5,200	5,200	5,200	0.00%
<b>PERMITS &amp; FEES Total</b>	<b>1,100,571</b>	<b>1,238,860</b>	<b>1,299,813</b>	<b>4.92%</b>

## GENERAL FUND REVENUES

Account Description	FY 2020-21 Actuals	FY 2021-22 Adopted Budget	FY 2022-23 Adopted Budget	FY22 to FY23 Percent Change
<b>SALES &amp; SERVICES</b>				
BANNER REVENUES	-	-	-	#DIV/0!
RECREATION FEES	68,986	142,319	152,000	6.80%
DISCOUNT-RECREATION FEES	(1,063)	(10,000)	(7,000)	-30.00%
SALES-MERCHANDISE & CONCESSION	874	1,500	2,700	80.00%
TOWN CENTER FEES	57,384	45,000	55,000	22.22%
DISCOUNT-TOWN CENTER FEES	(38,075)	(7,000)	(18,000)	157.14%
<b>SALES &amp; SERVICES Total</b>	<b>88,106</b>	<b>171,819</b>	<b>184,700</b>	<b>7.50%</b>
<b>INVESTMENT EARNINGS</b>				
INTEREST EARNED	1,916	40,000	15,000	-62.50%
<b>INVESTMENT EARNINGS Total</b>	<b>1,916</b>	<b>40,000</b>	<b>15,000</b>	<b>-62.50%</b>
<b>OTHER REVENUES</b>				
RENT-FARMERS MARKET	2,370	2,370	2,370	0.00%
ATM FEES	(1,169)	700	700	0.00%
CTDA CONTRIBUTION	77,454	98,400	98,400	0.00%
MISCELLANEOUS	29,039	12,600	18,600	47.62%
RISK MANAGEMENT/SAFETY REVENUE	16,458	25,000	20,000	-20.00%
REFUSE CART SALES	3,667	4,400	4,000	-9.09%
YARD WASTE CONTAINERS	4,150	3,700	4,000	8.11%
LARGE COMPOST BIN	-	200	-	-100.00%
SMALL COMPOST BIN	25	100	-	-100.00%
DONATIONS	-	100	50	-50.00%
SALE OF LOTS	79,150	40,000	48,000	20.00%
SALE OF FIXED ASSETS	82,606	60,000	60,000	0.00%
SALE OF NON-FIXED ASSETS	17,889	5,000	5,000	0.00%
<b>OTHER REVENUES Total</b>	<b>311,639</b>	<b>252,570</b>	<b>261,120</b>	<b>3.39%</b>
<b>OTHER FINANCING SOURCES</b>				
TRF FROM CAPITAL PROJECTS FUND	125,168	-	-	#DIV/0!
FUND BALANCE APPROPRIATED	-	1,189,720	1,984,722	66.82%
<b>OTHER FINANCING SRCE Total</b>	<b>125,168</b>	<b>1,189,720</b>	<b>1,984,722</b>	<b>66.82%</b>
<b>Totals</b>	<b>\$ 24,158,354</b>	<b>\$ 25,347,801</b>	<b>\$ 27,667,675</b>	<b>9.15%</b>

## **GENERAL FUND REVENUE DESCRIPTIONS**

The following information briefly explains the major sources of revenue for the Town of Carrboro in the FY23 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 property tax exemptions for senior citizens aged 65 or older, and for residents, 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. However, in FY22, an accounting change, adopted by the Town Council, moved this revenue source to a Special Revenue Fund so it is no longer being reported in the General Fund.

*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 street 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 officer is stationed at McDougale Middle School and one at Carrboro High School.

*Development Review Fees* - Applicants wishing to receive a Zoning Permit, Special Use Permit A, or Special Use Permit B 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**

Other Revenues are a very small portion of the Town's overall revenue stream. This revenue consists 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:

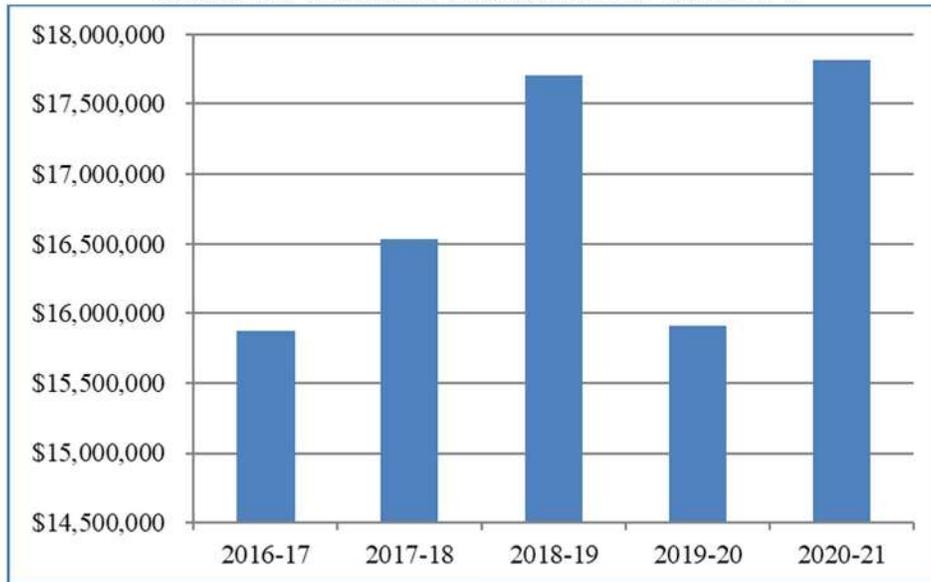
*Lease-purchase* This represents the full cost of equipment or other major capital purchases that the Town obtains through installment financing. Following generally accepted accounting practices, the full cost of the financed equipment is budgeted (equipment purchased in that fiscal year) in addition 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 and 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

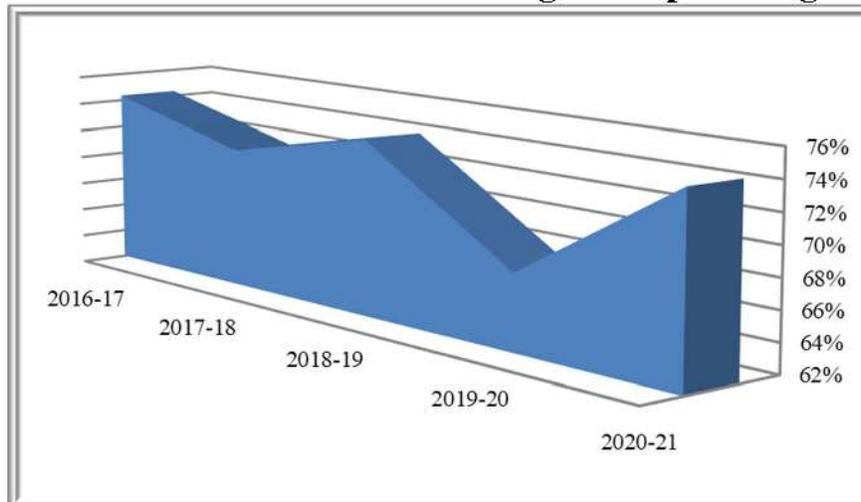
Funds accumulated when the receipt of total revenues exceed the total of actual expenditures results in the creation of fund balance or reserves. During the budget process, an appropriation of fund balance may sometimes be necessary to balance projected revenues with projected expenditures. An adjustment to fund balance may also occur during the fiscal year to account for unanticipated expenditures.

### General Fund Balance as of June 30



Fund balance at the end of FY 2020-21 was \$17,818,427, which was an increase of \$1,906,818 from FY 2019-20.

### General Fund Balance as a Percentage of Operating Revenues



Fund balance as a percentage of operating revenues increased 7.2% from 67.2% in FY 2019-20 to 74.4% for FY 2020-21.

**General Fund Expenditures**

**General Fund Budget Summary**

	2021-22 Adopted Budget	2022-23 Adopted Budget	Pct Change
Personnel	15,173,947	16,876,654	11.2%
Operating	9,308,954	10,140,068	8.9%
Capital Outlay	189,400	319,600	68.7%
Transfers	675,500	331,353	-50.9%
<b>TOTAL</b>	<b>\$25,347,801</b>	<b>\$27,667,675</b>	<b>9.2%</b>

**FY 2022-23 General Fund Expenditures by Organization code**

	Personnel Costs	Operating Costs	Capital Outlay	Transfers Out	Total	% Change vs FY22 Orig Bdgt
Mayor and Town Council	\$ 129,053	307,660			\$ 436,713	-1.04%
Advisory Boards		60,600			60,600	12.33%
Town Manager	618,192	129,575			747,767	155.48%
Economic Development	113,811	282,105			395,916	199.65%
Climate Action	177,785	40,061			217,846	-29.33%
Communication & Engagement	209,981	35,827			245,808	38.65%
Housing & Community Services	251,039	349,090			600,129	1.91%
Town Clerk	125,325	21,915			147,240	-4.67%
Finance	715,831	583,249			1,299,080	3.46%
Human Resources	612,589	99,505			712,094	-1.68%
Information Technology	441,901	1,537,181	174,000		2,153,082	12.26%
Police	3,932,339	539,336	27,000		4,498,675	12.29%
Fire	2,954,297	291,901			3,246,198	1.40%
Planning	1,386,339	260,059			1,646,398	-1.32%
Transportation		2,024,580	83,600		2,108,180	4.79%
Public Works	2,454,508	1,567,434	35,000		4,056,942	0.75%
Recreation, Parks, & Cultural Resources	1,423,910	556,773			1,980,683	3.78%
Non-Departmental	1,329,754	85,000		331,353	1,746,107	9.07%
Debt Service		1,368,217			1,368,217	56.05%
<b>Total Expenditure Budget</b>	<b>\$ 16,876,654</b>	<b>\$ 10,140,068</b>	<b>\$ 319,600</b>	<b>\$ 331,353</b>	<b>\$ 27,667,675</b>	<b>9.15%</b>

This page intentionally left blank