

Reader's Guide to the Budget Document

The Mayor and Town Council adopt a balanced 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 funds, the capital budget, and financial trends and projections for general fund revenues and expenditures to present a complete picture of the Council's commitments. The purpose of presenting this holistic picture is to assist the Town Council, town staff, and the community in understanding the impact that current decisions have on future resources and to assist with development of strategies to address potential 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 council. This section also includes the Town's budget ordinance appropriating projected revenues and expenditures for various funds.
- ☐ **Community and Organizational Profile** – This section of the budget document highlights the demographic, economic and cultural characteristics of the Carrboro community, and the goals of the community expressed by the elected Council. It also describes the Town's budget process, financial policies, and other pertinent information.
- ☐ **General Fund** - This is the Town's operating fund. The General Fund is organized around functional areas and sub-divided by department or expenditure category that is authorized within the budget ordinance. The General Government section includes numerous departments that support the Town's operations and other departments. Larger departments show divisions based on distinctive service provided along 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 spending history and budget.
- ☐ **Special Revenue Fund** – The Town currently maintains the following Special Revenue Funds: Revolving Loan Fund, Energy Efficiency Revolving Loan Fund, Emergency Loan Fund, Affordable Housing Fund, Powell Bill Fund, American Rescue Plan Act Fund, and Grants Fund.
- ☐ **Capital Projects Fund** – This fund includes all active capital projects of the Capital Projects Fund, Bond Fund, Facilities Rehabilitation projects, Capital Reserve Fund, and the Payment-in-Lieu Fund.

- ❑ **Enterprise Funds** – These are business type funds that are intended to generate sufficient revenues to become self-supporting. The Town has two Enterprise Funds: 1) Stormwater Utility Enterprise Fund supported by user fees for stormwater management and flood remediation activities; and 2) Parking Enterprise Fund currently supported by the General Fund for parking management.

- ❑ **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 2022-23 Through FY 2026-27*” (CIP) describes capital improvement projects and identifies funding sources and expenditures for the next five fiscal years. This document is available at the following link. <http://www.ci.carrboro.nc.us/250/Financial-Documents>

- ❑ **Line-Item Budget** – This section provides a detailed listing of proposed expenditures by departments for the current and upcoming budget year, along with actual amounts from the previous fiscal year audit.

- ❑ **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:
www.ci.carrboro.nc.us/250/Financial-Documents



To: Mayor and Council Members:

I am pleased to submit the FY2023-24 Budget for the Town of Carrboro. This budget totals \$81.1 million for all Funds as follows:

General Fund	\$	29,330,449
Capital Projects	\$	41,465,910
Special Revenue	\$	9,122,838
Total Governmental Funds	\$	79,919,197
Storm Water Enterprise	\$	1,062,746
Parking Enterprise	\$	141,000
Total	\$	81,122,943

As we adjust to a post-pandemic environment, our lives continue to be affected by an uncertain economic future. The U.S. Congress must raise the country's debt limit to avoid a possible default on its obligations with the potential for increased economic consequences. There continues to be talk of a possible recession. Competition for people, supply chain issues, rising fuel costs, and overall inflationary pressures continue to influence the state and local economies and in turn, local government budgets.

As we continue to make operating adjustments in the post-pandemic landscape, budgeting continues to be a challenge. We have, however, produced, as best we can, a balanced budget based on revenue projections that are not overly aggressive, nor unduly regressive. Since the national economy is still a bit uncertain, the Town may be required to make budget adjustments as the year progresses, depending upon the direction of the economy.

The General Fund is the Town's operating budget. This FY24 budget is expected to increase by 3.8% over the FY23 budget. This increase is attributable to additional debt service, increases in personnel salary and benefits, and inflation factors for supplies and materials.

Property and sales tax revenues make up 75.0% of total general fund revenues in FY24. There is no proposed property tax rate increase for FY24. The property tax rate will remain at 0.5894 per \$100 of valuation for the General Fund, and 0.0150 per \$100 of valuation for the Affordable Housing Fund. Through thoughtful and careful planning and execution, the Town continues to remain in strong financial condition.

The Adopted Budget for FY24 is centered round the Town Council's 13 Strategic Priorities adopted in February 2023 that addresses implementing *Carrboro Connects*. Employee recruitment and retention continues to be a high priority in the upcoming fiscal year due to the increased

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competition for talent in the local government employment sector. In the fall of 2023, the Town implemented the recommendations of the compensation and classification study. For FY24, the adopted budget includes a 5% across-the-board salary increase.

We will change our Health insurance provider from BCBS to Aetna to minimize cost. BCBS provided a renewal rate increase of 20.1%. After bidding our insurance, Aetna provided a 9.9% increase, a cost savings of \$233,078.

With the adoption of *Carrboro Connects*, the five-year comprehensive plan, staff will continue to be engaged in implementing the new plan. The Town will continue to implement the Energy and Climate Protection Plan and the Community Climate Action Plan. The Energy and Climate Protection Plan seeks to reduce Town greenhouse gas emissions, become more energy efficient and generate more renewable energy. The Community Climate Action Plan articulates the Town's community greenhouse gas emissions reduction goals and emphasizes measures that the broader community is asked to take to achieve greenhouse gas reduction targets. Embedding race and equity in the organization and the community will continue.

Special Revenue Funds change from year to year depending upon revenues from grants, revolving loan funds, and other program specific revenues. The Affordable Housing Fund seeks to increase affordable housing in the Town, and this continues to be a major goal of the Town Council. To provide a steady and reliable revenue stream for affordable housing, the FY19, FY20, and FY22 adopted budgets, each included a ½ cent property tax increase to be dedicated exclusively for affordable housing activities. This 1.5 cent property tax provides 100% property tax funding for the fund and will continue for FY24.

The Town has received a subgrant award from Orange County Criminal Justice Resource Department to participate in the *Police and Mental Health Collaborations for Diversion Programs*. This is a comprehensive approach to Police and Mental Health Collaborations for Diversion Programs involving the Orange County Sheriff's Office, and the Police Departments of Chapel Hill, Carrboro and Hillsborough. Funds are provided for the hiring of a social worker by each police agency.

The American Rescue Plan Act (ARPA), signed into law on March 11, 2021, provides funding to state and local governments to help them meet COVID-19 pandemic public health emergency response needs and rebuild a stronger, more equitable economy as the country recovers. The Town has received \$6.7 million under this Act. The Town Council adopted a proposed spending plan in October 2022 which included the use of the total grant amount for the replacement of local government revenues for the provision of government services.

The Capital Projects Fund at \$41.4 million includes projects that will add new or renovate existing Town infrastructure. These include construction of greenways throughout the Town, the 203 Project, and renovation of existing Town buildings. The 203 Project, a joint development of the Town and Orange County, will house the Orange County Southern Branch Library, Orange County Skills Development Center, Town Recreation, Parks, and Cultural Programs, and other activities. Construction of this facility began in June 2022 at 203 S. Greensboro Street. The one addition to

this Fund in FY24 is the use of assigned fund balance for the planning and design of Town Hall renovations. This Fund also includes appropriations for the purchase of several replacement vehicles.

A financing plan needs to be created to undertake other Town building improvements over the next five years. A comprehensive facility assessment has been completed which will be the basis of defining the necessary renovations and cost estimates.

The Stormwater Utility Enterprise Fund, established in 2017, to comprehensively address stormwater management and flood remediation needs throughout the Town is supported by user fees. The current stormwater user fee uses a unit rate of \$90/lot which is then adjusted on a lot-by-lot basis based on the amount of impervious area on the lot. Staff plans to complete a comprehensive stormwater infrastructure assessment during FY24.

A Parking Enterprise Fund was created in FY21 to better manage and account for the costs to maintain “free parking” throughout the Town. A parking study has been completed and implementation recommendations have been prepared. These parking activities will continue to be supported by the General Fund in FY24. Funds are included in this budget to begin paid parking, parking enforcement, public engagement to consider establishing a downtown municipal service district.

On behalf of all Town of Carrboro employees, I want to thank the Mayor and Council Members for your leadership, vision and dedication to Carrboro’s unique identity and quality of life. I would also like to recognize and thank Department Directors, and especially Arche McAdoo, Finance Director, Langston Ramseur, Deputy Finance Director, and the entire Finance Team for their dedicated efforts in the development of the FY24 Town budget.

The accompanying Executive Summary provides additional highlights of the overall budget and strategies for fiscal year 2024.

Sincerely,



Richard J. White III, ICMA-CM
Town Manager