

# TOWN OF CARRBORO, NORTH CAROLINA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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As management of the Town of Carrboro, we offer readers of the Town of Carrboro's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2024. We encourage readers to read the information presented here in the Management Discussion and Analysis section in conjunction with the additional information that we have furnished in the Town's financial statements which follow this narrative.

### ***Financial Highlights***

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$47,905,849 (net position).
- The total net position of the Town increased by \$8,526,308 from the amount previously reported at June 30, 2023.
- At June 30, 2024, the Town's governmental funds had combined ending fund balances of \$34,764,669, a decrease of 1.7% or \$590,733 in comparison with the prior year. Approximately 40.6% or \$14,106,322 of this total amount is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the year unassigned fund balance for the General Fund was \$14,106,322 or 44.6% of total General Fund expenditures and transfers out of \$31,637,782.
- Long-term debt obligations for the Town decreased by 1.3% or \$541,617 from \$42,612,938 at June 30, 2023, to \$42,071,320 at June 30, 2024. This is primarily due a decrease in direct borrowing installment purchases.
- The Town of Carrboro maintained its AAA bond rating with Standard and Poor's; and Aa1 by Moody's.

### ***Overview of the Financial Statements***

This discussion and analysis are intended to serve as an introduction to Town of Carrboro's basic financial statements. The Town's basic financial statements consist of three components (see Figure 1):

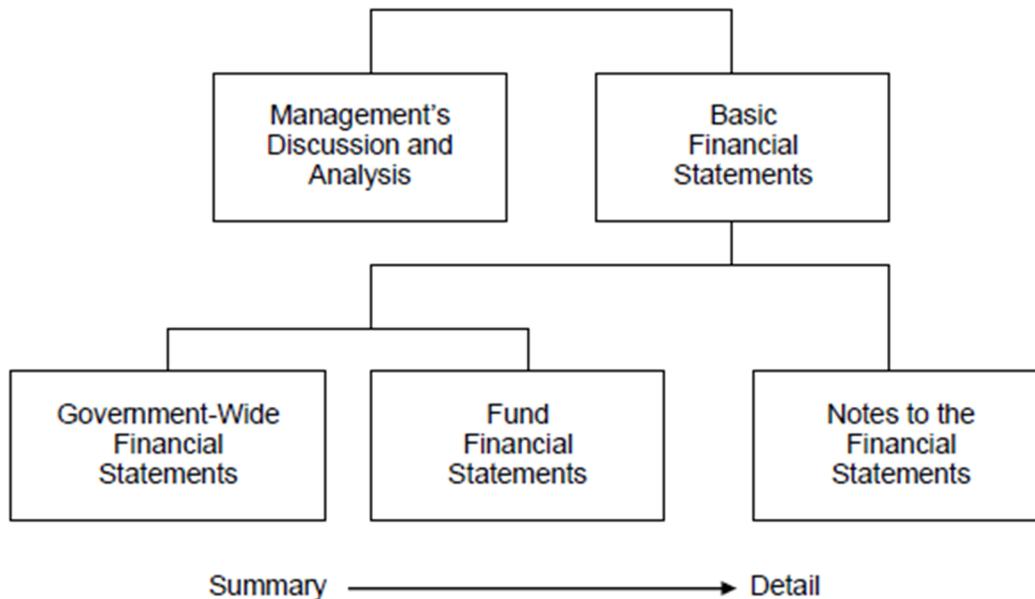
1. Government-wide financial statements,
2. Fund financial statements, and
3. Notes to the financial statements.

The basic financial statements present two different views of the Town through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the Town, including a statistical section.

# TOWN OF CARRBORO, NORTH CAROLINA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Required Components of Annual Financial Report  
Figure 1



### ***Basic Financial Statements***

The first two statements in the basic financial statements are the **Government-wide Financial Statements**. Exhibit 1 presents the Statement of Net Position and Exhibit 2 presents the Statement of Activities. They provide information about the Town's current financial position.

The next statements (Exhibits 3 through 8) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government at a more detailed level than the government-wide statements. There are three parts to the Fund Financial Statements: (1) the governmental funds statements; (2) the proprietary fund statements; and (3) the budgetary comparison statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the Town's individual funds. Budgetary information required by the General Statutes also can be found in this part of the statements.

### ***Government-wide Financial Statements***

The government-wide financial statements are designed to provide the reader with a broad overview of the Town's finances, similar in format to financial statements of a private-sector business. The statement of net position presents information on all of the Town's assets, liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

# TOWN OF CARRBORO, NORTH CAROLINA

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The two government-wide statements report the Town's net position and how they have changed. Net position reported on the *statement of net position* is the difference between the Town's total assets and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the Town's financial condition. The *statement of activities* presents information showing how the Town's net position has changed during the fiscal year.

The government-wide statements contain a category called governmental activities that include most of the Town's basic services such as public safety, public works, parks and recreation, and general government. Property taxes as well as state-collected local revenues including sales tax, electric franchise and state telecommunications monies, finance most of these activities.

The government-wide statements are divided into three categories: (1) governmental activities; (2) business-type activities; and (3) component units. The governmental activities include most of the Town's basic services such as public safety, fire, street maintenance, solid waste collection, planning, public spaces, parks, cemetery and general administration. The business-type activities are those that the Town charges customers for certain services such as stormwater services. This includes stormwater services offered by the Town. The final category is the Town's component unit, Carrboro Tourism Development Authority. Although legally separate from the Town, the Town Council exercises control over this entity through appointment of the Chair and members of the Authority.

The government-wide financial statements are on pages 16 through 18 of this report.

### ***Fund Financial Statements***

The fund financial statements (see Figure 1) provide a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of the Town can be divided into two categories: governmental funds and proprietary funds.

**Governmental funds** - Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. The Town's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* that provides a short-term spending focus. As a result, the governmental fund financial statements are focused on a detailed, short-term view that helps the reader determine if there are more or less financial resources available to finance the Town's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

# TOWN OF CARRBORO, NORTH CAROLINA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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The Town adopts an annual budget for its General Fund, as required by the North Carolina General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the Council about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. Exhibit 5 shows four columns: (1) the original budget as adopted by the Council; (2) the final budget as amended by the Council; (3) the actual resources, charges to appropriations, and ending balances in the General Fund; and (4) the difference or variance between the final budget and the actual resources and charges.

**Proprietary funds** - As of July 1, 2018, the Town implemented a user fee schedule for stormwater operations and program expenses. Recognizing that the current user fee may not be sufficient to address the numerous stormwater capital improvements and repairs, the Town has developed a ten-year financing plan and model.

In 2021, the Town Council authorized the creation of a Parking Enterprise Fund to account for parking expenses. The Parking Enterprise Fund is currently funded by General Fund revenues to support free parking throughout the Town, until such time the Town implements a fee structure for parking facilities.

**Notes to the financial statements** - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 27 through 71 of this report.

**Required Supplementary information** - In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town's progress in funding its obligation to provide pension and other post-employment benefits to its employees. Required supplementary information can be found beginning on page 72 of this report.

# TOWN OF CARRBORO, NORTH CAROLINA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Government-wide Financial Analysis

#### Town of Carrboro's Net Position

Figure 2

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 37,857,197	\$ 45,739,867	\$ 2,656,080	\$ 2,096,021	\$ 40,513,277	\$ 47,835,888
Capital assets, net	67,015,935	50,145,237	602,083	657,418	67,618,018	50,802,655
Total assets	<u>104,873,132</u>	<u>95,885,104</u>	<u>3,258,163</u>	<u>2,753,439</u>	<u>108,131,295</u>	<u>98,638,543</u>
Deferred outflows of resources	<u>7,666,121</u>	<u>8,002,640</u>	<u>142,723</u>	<u>127,817</u>	<u>7,808,844</u>	<u>8,130,457</u>
Total assets and deferred outflows of resources	<u>112,539,253</u>	<u>103,887,744</u>	<u>3,400,886</u>	<u>2,881,256</u>	<u>115,940,139</u>	<u>106,769,000</u>
Long-term liabilities outstanding	41,585,092	42,217,672	486,228	395,266	42,071,320	42,612,938
Other liabilities	18,313,328	15,796,520	84,708	48,663	18,398,036	15,845,183
Total liabilities	<u>59,898,420</u>	<u>58,014,192</u>	<u>570,936</u>	<u>443,929</u>	<u>60,469,356</u>	<u>58,458,121</u>
Deferred inflows of resources	<u>7,424,307</u>	<u>8,914,332</u>	<u>140,627</u>	<u>123,784</u>	<u>7,564,934</u>	<u>9,038,116</u>
Net position:						
Net investment in capital assets	52,051,757	44,431,872	602,083	657,418	52,653,840	45,089,290
Restricted	5,862,594	3,914,681	-	-	5,862,594	3,914,681
Unrestricted	(12,697,825)	(11,387,333)	2,087,240	1,656,125	(10,610,585)	(9,731,208)
Total net position, ending	<u>\$ 45,216,526</u>	<u>\$ 36,959,220</u>	<u>\$ 2,689,323</u>	<u>\$ 2,313,543</u>	<u>\$ 47,905,849</u>	<u>\$ 39,272,763</u>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and the deferred outflows of resources of the Town exceeded liabilities and deferred inflows of resources by \$47,905,849 as of June 30, 2024. The majority of net position reflects the Town's investment in capital assets (e.g., land, buildings, machinery, equipment, etc.); less any related debt still outstanding that was issued to acquire those items. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion (\$5,862,594 or 13%) of the Town's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of (\$10,610,585 or 22%) is unrestricted.

The Town's total unrestricted governmental net position was influenced by increased property tax revenues, increased local option sales tax revenues, and stability of other tax and unrestricted intergovernmental revenues.

# TOWN OF CARRBORO, NORTH CAROLINA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**Town of Carrboro's Changes in Net Position**  
**Figure 3**

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 1,513,526	\$ 1,720,019	\$ 1,013,980	\$ 1,002,080	\$ 2,527,506	\$ 2,722,099
Operating grants and contributions	7,500,051	829,670	-	-	7,500,051	829,670
Capital grants and contributions	104,923	128,951	-	-	104,923	128,951
General revenues:						
Property taxes	16,207,932	16,104,146	-	-	16,207,932	16,104,146
Local option sales taxes	7,184,467	7,076,695	-	-	7,184,467	7,076,695
Other taxes	1,924,913	1,864,150	-	-	1,924,913	1,864,150
Grants and contributions not restricted	1,695,440	1,534,669	-	45,000	1,695,440	1,579,669
Other	1,763,393	1,213,173	86,004	46,129	1,849,397	1,259,302
<b>Total revenues</b>	<b>37,894,645</b>	<b>30,471,473</b>	<b>1,099,984</b>	<b>1,093,209</b>	<b>38,994,629</b>	<b>31,564,682</b>
<b>Expenses:</b>						
General government	7,927,182	6,405,007	-	-	7,927,182	6,405,007
Public safety	8,746,519	8,469,830	-	-	8,746,519	8,469,830
Planning	1,878,167	1,612,729	-	-	1,878,167	1,612,729
Transportation	2,248,855	2,148,148	-	-	2,248,855	2,148,148
Public works	5,452,203	5,427,544	-	-	5,452,203	5,427,544
Parks and recreation	2,191,810	1,966,773	-	-	2,191,810	1,966,773
Economic and physical development	624,128	618,648	-	-	624,128	618,648
Interest on long-term debt	409,250	468,434	-	-	409,250	468,434
Parking	-	-	149,033	155,610	149,033	155,610
Stormwater	-	-	734,396	598,232	734,396	598,232
<b>Total expenses</b>	<b>29,478,114</b>	<b>27,117,113</b>	<b>883,429</b>	<b>753,842</b>	<b>30,361,543</b>	<b>27,870,955</b>
Increase (decrease) in net position before transfers	8,416,531	3,354,360	216,555	339,367	8,633,086	3,693,727
Transfers	(159,225)	(132,385)	159,225	132,385	-	-
<b>Change in net position</b>	<b>8,257,306</b>	<b>3,221,975</b>	<b>375,780</b>	<b>471,752</b>	<b>8,633,086</b>	<b>3,693,727</b>
Net position, beginning	36,959,220	33,842,622	2,313,543	1,843,192	39,272,763	35,685,814
<b>Net position, ending</b>	<b>\$ 45,216,526</b>	<b>\$ 37,064,597</b>	<b>\$ 2,689,323</b>	<b>\$ 2,314,944</b>	<b>\$ 47,905,849</b>	<b>\$ 39,379,541</b>
* restated in 2024						

**Governmental activities.** Governmental activities increased the Town's net position by \$8,257,306. Key elements of this change are as follows:

- Ad valorem property tax revenues increased by \$103,786 or 0.64% above the prior year. This increase is related to an increase in assessed properties within the Town.
- Local option sales tax revenues increased by \$107,772 or 1.5% above the prior year. This increase is largely related to the continued growth in the local economy.
- Other tax revenues, primarily from motor vehicle license taxes, increased by \$60,763 or 3.3% above the prior year. This increase is related to an increase in assessed motor vehicles within the Town.
- Investment earnings increased by \$303,424 or 69.96% above the prior year, due to market performance on the Town's investments in the NCCMT government portfolio.

# TOWN OF CARRBORO, NORTH CAROLINA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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- Expenses for total governmental activities increased by 8% to \$29,478,114 in FY 2024.
- Expense for interest on long-term debt increased from \$468,434 in FY 2023 to \$409,250 in FY 2024. The Town borrowed \$12.5 million in April 2022 to complete the financing for construction of the new facility at 203 S. Greensboro Street.

**Business-type activities.** Business-type activities added \$375,780 to the Town's net position. These revenues are primarily from the collection of user fees for stormwater.

### ***Financial Analysis of the Town of Carrboro's Funds***

**Governmental Funds.** The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Town's financing requirements.

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$14,106,322, an increase of \$1,777,481 or 14.4% from \$12,328,841 in FY 2023. The total general fund balance for FY 2024 was \$24,428,517, a 24.98% increase from the FY 2023 amount of \$19,546,432.

As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures and transfers out. Unassigned fund balance represents 48.8% of total General Fund expenditures and transfers out of \$31,637,782. The Town fund balance policy requires that fund balance be between 22.3% and 35%. Total fund balance represents 77.6% of total General Fund expenditures.

The American Rescue Plan Act (ARPA) special revenue fund was created during fiscal year 2022 and includes projects to address the negative impacts of the COVID-19 pandemic. The fund balance for the fund increased by \$210,624, due to interest earnings.

The Capital Projects Fund, which includes construction or acquisition of capital assets, is primarily funded with operating transfers from the General Fund and notes or debt instruments. The fund balance for this fund decreased by \$6,094,940, or 43.2%. The decrease is largely attributable to capital outlays surrounding the facility on 203 S. Greensboro Street.

The Nonmajor Funds, which include the Affordable Housing Fund, the Energy Efficiency Revolving Loan Fund, the Small Business and Non-Profit Loan/Grant COVID-19 Emergency Fund, the Facilities Rehabilitation Fund, the Grants Administration Fund had an increase in fund balance of \$528,659, or 26.6% including a change in a reporting entity as disclosed in Note 5. The majority of the revenues and expenditure are related to the Affordable Housing Fund, which includes ad valorem taxes equal to 1.5 cents of the tax rate. Expenses in the Affordable Housing Fund are related to increasing the stock of affordable, safe and decent housing within the Town and providing housing assistance to the eligible citizens of Carrboro. The Energy Efficiency Revolving Loan was initially funded by a federal grant to provide loans to small businesses for energy improvements. This fund was relatively inactive during FY 2024.

# TOWN OF CARRBORO, NORTH CAROLINA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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At June 30, 2024, the governmental funds of the Town reported a combined fund balance of \$34,764,669. The reported combined fund balance of the governmental funds includes a fund balance within the American Rescue Plan Act Fund of \$365,35 and within the Capital Projects Fund of \$7,981,660. These fund balances are either restricted or committed for capital project purposes, net of any negative unassigned amounts.

**General Fund Budgetary Highlights.** During the fiscal year, the Town revised the General Fund budget on several occasions. Generally, these amendments fall into one of three categories: (1) to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; (2) to recognize new funding amounts from external sources, such as federal and state grants; or (3) increase appropriations that become necessary to maintain services. The General Fund budgeted expenditures were increased by \$4,153,216 (14.2%) from an original appropriation of \$29,252,440 to a final appropriation of \$33,405,656.

The comparison of revenue and expenditure financial activity with budgeted estimates suggests that the Town budgeted adequately for ongoing operations. Total revenue receipts were \$30,190,718, compared to budget of \$28,347,202.

Revenues from taxes (i.e., property, local option sales, and other) represent 85.0% of the total revenues. Property, sales and other tax revenues were above budget projections by \$1,308,556 or 5.5%.

Revenue from permits and fees represent 3.9% of total revenues but were above budget projections by \$78,724 or 6.7%. Total revenue for permits and fees this year exceeded a \$75 thousand increase.

Revenues from sales and services, and investment earnings were above budget projections by \$815,635 or 75.3%. This was primarily due to revenues exceeding projections of interest earnings due to strong performance of the Town's investment in the NCCMT Government portfolio.

The unrestricted intergovernmental revenue receipts were above budget projections by \$344,440 or 25.5% for electric franchise, piped natural gas, video sales programming, telecommunication, and wine and beer licenses or taxes. These revenues totaled \$1,695,440 compared to \$1,534,669 in FY 2023.

Expenditures, as required by budget ordinance, should not exceed appropriated levels. Total expenditures were \$28,717,399, which was \$4,688,257 less than the final budget of \$33,405,656. All spending by function was in compliance with budgetary requirements.

Expenditures were less than final budget at June 30, 2024, and were 14.1% more than the prior year. Expenditures for general government were 11.5% higher than the prior year, increasing from \$6,807,439 in FY 2023 to \$7,587,153 in FY 2024. Actual expenditures for public safety increased by 6.8% from \$7,540,883 in FY 2023 to \$8,052,480 in FY 2024. Actual expenditures for planning increased by 21.6% from \$1,499,093 in FY 2023 to \$1,822,343 in FY 2024. Transportation expenditures remained the same from \$2,148,148 in FY 2023 to \$2,148,148 in FY 2024. Public works expenditures decreased by 2.8% from \$4,402,125 in FY 2023 to \$4,280,486 in FY 2024. Recreation and parks expenditures increased by 10.9% from \$1,655,914 in FY 2023 to \$1,836,170 in FY 2024. Non-departmental expenditures increased by from \$0 in FY 2023 to \$1,124,683 in FY 2024. Debt service expenditures increased by 65.9% from \$1,125,066 in FY 2023 to \$1,865,936 in FY 2024.

# TOWN OF CARRBORO, NORTH CAROLINA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Capital Asset and Debt Administration

**Capital assets.** The Town's investment in capital assets for its governmental-type activities as of June 30, 2024, totaled \$67,015,935 (net of accumulated depreciation and amortization) and the Town's investment in capital assets for its business-type activities as of June 30, 2024, totaled \$602,083 (net of accumulated depreciation). These assets include buildings, roads, land, machinery and equipment, vehicles and right to use lease assets. Major capital asset transactions during the year include the replacement of vehicles related to Fire, Public Works, Rec & Park. As well as the continued investment in the 203 Project and various greenways.

**Town of Carrboro's Capital Assets (Net of Depreciation/Amortization)**  
Figure 4

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Capital assets not being depreciated:						
Land	\$ 14,747,956	\$ 14,747,956	\$ -	\$ -	\$ 14,747,956	\$ 14,747,956
Construction in progress	29,936,386	12,531,887	-	-	29,936,386	12,531,887
Total capital assets not being depreciated	44,684,342	27,279,843	-	-	44,684,342	27,279,843
Capital assets being depreciated/amortized:						
Buildings and systems	6,953,842	7,164,635	95,832	99,665	7,049,674	7,264,300
Improvements other than buildings	566,948	604,936	-	-	566,948	604,936
Infrastructure	11,448,603	11,514,680	462,377	477,953	11,910,980	11,992,633
Machinery and equipment	864,395	1,356,494	33,883	42,360	898,278	1,398,854
Vehicles	2,433,291	2,116,095	9,991	37,440	2,443,282	2,153,535
Right-to-use lease assets	64,514	108,554	-	-	64,514	108,554
Total capital assets being depreciated/amortized	22,331,593	22,865,394	602,083	657,418	22,933,676	23,522,812
Total capital assets	\$ 67,015,935	\$ 50,145,237	\$ 602,083	\$ 657,418	\$ 67,618,018	\$ 50,802,655

Additional information on the Town's capital assets can be found on pages 45 through 46 of this report.

**Long-term debt.** As of June 30, 2024 and 2023, the Town of Carrboro had the following long-term liabilities:

**Town of Carrboro's Outstanding Debt**  
Figure 5

	Governmental Activities		Business-type Activities		Total	
	2024	2023, restated	2024	2023, restated	2024	2023, restated
Government obligation bond	\$ 1,850,000	\$ 2,100,000	\$ -	\$ -	\$ 1,850,000	\$ 2,100,000
Premium on bonds	36,496	41,362	-	-	36,496	41,362
Direct borrowing installment purchases	13,110,542	14,253,810	-	-	13,110,542	14,253,810
Lease liabilities	67,998	112,404	-	-	67,998	112,404
Compensated absences	899,262	901,906	11,984	19,719	911,246	921,625
OPEB liability	16,121,510	16,286,837	329,010	246,770	16,450,520	16,533,607
LGERS net pension liability	7,116,450	6,516,261	145,234	128,777	7,261,684	6,645,038
Law enforcement officers' total pension liability	2,382,835	2,005,092	-	-	2,382,835	2,005,092
Total	\$ 41,585,093	\$ 42,217,672	\$ 486,228	\$ 395,266	\$ 42,071,321	\$ 42,612,938

# TOWN OF CARRBORO, NORTH CAROLINA

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Total long-term liabilities for the Town decreased by (\$541,617) or 1.3% during fiscal year 2024 primarily due to decreases in all outstanding debt except the LGERS net pension liability.

As mentioned in the financial highlights section of this document, the Town currently holds an AAA bond rating from Standard and Poor's and maintains Aa1 bond rating from Moody's Investor Service. These bond ratings are a clear indication of the Town's sound financial condition.

North Carolina General Statutes limit the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the Town is \$216,426,948. The Town has no general obligation bonds authorized but unissued at June 30, 2024.

Additional information regarding the Town's long-term debt can be found beginning on page 47 of this report.

### ***Economic Factors and Next Year's Budget and Rates***

The following key economic indicators will impact the Town:

- The property tax base is stable. The Town expects the property tax collection rate to be over 99%.
- The Town's local sales tax growth is expected to continue in fiscal year 2025.
- Should the North Carolina General Assembly propose additional revenue options for local governments, we will closely monitor any potential impact on the Town.

### ***Budget Highlights for the Fiscal Year Ending June 30, 2025***

**Governmental activities.** The Town has approved a General Fund budget in the amount of \$32,685,651 for fiscal year 2025, which is a 10.2% increase over the original adopted fiscal year 2024 budget. The primary goals in preparing the fiscal year 2025 budget will be:

- Implement the Town Council's strategic priorities
- Retention of valued Town staff
- Development of a balanced budget
- Manage costs while improving services to the residents
- Conceptualize a long-term financial sustainability plan for the Town

The two largest sources of revenues for the Town are property taxes and sales taxes. Property taxes are projected to increase 3.0%; while sales taxes are projected to moderately increase due to economic growth within the local economy. The tax rate for real property equals \$60.44 cents per one hundred dollars, with 1.5 cents dedicated for affordable housing.

The Town continues to scrutinize its operating expenses and seek more effective and productive methods for service delivery. While the overall total of operating expenses in fiscal year 2025 are expected to increase, the Town will continue to implement several initiatives that began in previous fiscal years. These include implementation of a parking plan, solid waste study, gold level bicycle designation, establishing the pillars of climate action and racial equity, and completion of the 203 S Greensboro Street Drakeford Library Project.

# TOWN OF CARRBORO, NORTH CAROLINA

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The Town has expressed the desire to create a 5-year financial plan to better understand the fiscal impacts of undertaking Town building improvements. The Town has contracted with a financial advisor to create a tool that will assist in modeling different costs.

**Business-type activities.** In 2019, the Town established a user fee structure for the storm water utility enterprise fund operations to address regulatory compliance and increased flooding issues in the Town. This user fee rate has remained the same for fiscal year 2024. Staff plans to complete a comprehensive stormwater infrastructure assessment in the coming fiscal years.

### ***Requests for Information***

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Interim Finance Director, 301 West Main Street, Carrboro North Carolina 27510. Other related financial documents may be reviewed online at the Town's website at: <http://www.townofcarrboro.org>.