

EXECUTIVE SUMMARY

BUDGET OVERVIEW

Economic indicators are that North Carolina will continue its slow, steady economic growth in the coming months. The most recent data from the Federal Reserve Bank of Richmond indicates housing starts in the United States declined by over 14% from the same period 12 months ago. In North Carolina, however, housing starts were up 5.56%. The housing price index in North Carolina for the fourth quarter of 2018 grew by 7.5 percent compared to 6.0 percent for the United States. The down side is that single-family home building permits in North Carolina declined 5.3 percent between January 2018 and 2019.

North Carolina's unemployment remains under 4 percent and that of the country as a whole. Total payroll employment increased by 1.7 percent in January 2019; wages and salaries and real personal income grew year over year for the third quarter of 2018. Dr. John Connaughton at the University of North Carolina-Charlotte, Economic Forecast, predicts the state's Gross State Product (GSP) will finish 2018 with growth of 2.6 percent and will grow 3.3 percent above that in 2019. Two of the major economic sectors for growth in 2019 will be construction (4.8 percent) and retail trade (4.5 percent).

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 2018-19, distributions were about 5.1% ahead of FY 2017-18 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 by the North Carolina General Assembly as of March 1, 2015. Also, of particular note is the June 2018 Supreme Court ruling that gives states the authority to require online retailers without a physical presence in the state to collect and remit sales taxes (*South Dakota v. Wayfair, Inc.*)

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 2019 was 3.7%, below the statewide rate of 3.9%. This is related to the dominance of the professional services sector and close proximity to the University of North Carolina and Research Triangle Park. The total number of residential building permits decreased in 2018 from the prior year, however, the total value of those permits increased. Commercial permits and values both increased.

COMMERCIAL AND RESIDENTIAL TOWN PERMITS, 2018

<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>
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
2018	303	27,118,248	579	23,384,464

Through March, general fund revenue collections for FY 2018-19 total \$19.6 million or 86% of the adopted budget. Last year at this time, total general fund revenue collections were \$19.2 million or 84% of adopted budget. Property tax revenue collections to date are \$12.9 million or 108% of budget. Local sales tax revenues through January total \$2.3 million compared to \$2.2 million at the same time last year. Unrestricted and restricted intergovernmental revenues year-to-date are 50% 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 2018-19 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 2019-20 budget the Town assumes that the North Carolina General Assembly will make no changes during its 2019 session that would negatively impact the Town’s existing revenue stream.

TOTAL TOWN BUDGET

In developing the FY 2019-20 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 2019-20 budget were to:

- Implement the Board’s strategic priorities,
- Manage costs while improving services to the citizens,
- Develop a balanced budget,
- Increase funding for affordable housing
- Adjust compensation for employees to be more competitive with local labor market, as well as retention purposes, and,
- Conceptualize a long term financial sustainability plan for the Town.

The total Adopted General Fund budget for FY 2019-20 is \$24,577,008, which is a 7.5% increase from the adopted budget of \$22.8 million last year. When all other funds are considered, the total Town budget for FY 2019-20 is \$58.0 million as follows:

BUDGET SUMMARY

	2018-19 Adopted Budget	FY 2019-20 Adopted Budget	Amount Change	Pct Change
General Fund	22,862,722	24,577,008	1,714,286	7.5%
Special Revenue Funds	2,097,939	2,145,252	47,313	2.3%
Capital Project Funds	23,403,462	30,472,938	7,069,476	30.2%
<i>Total Governmental Funds</i>	<i>48,364,123</i>	<i>57,195,198</i>	<i>8,831,075</i>	<i>18.3%</i>
Storm Water Utility Fund	900,000	798,775	(101,225)	-11.2%
Grand Total	49,264,123	57,993,973	8,729,850	17.7%

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 Plan (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 87% of general fund revenues.

For FY 2019-20 total recurring revenues are projected to increase by 6.0% over the FY 2018-19 Adopted Budget. The projection for property tax revenues were increased over last year’s budget to be more in line with historical trends. Other Taxes and Licenses are expected to remain steady now that the 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 8.3% of general fund revenues, are expected to decrease by 0.5% due to lower estimates on sales tax collections from satellite sales and telecommunications. Sales tax revenues, which represent 18.9% of general fund revenues, are expected to continue positive growth trends as consumer confidence remains high.

Recurring Revenues – General Fund

	2018-19 Adopted Budget	FY 2019-20 Adopted Budget	Amount Change	Pct Change
Property Taxes	11,945,655	12,978,367	1,032,712	8.6%
Local Sales Tax	4,475,980	4,649,090	173,110	3.9%
Other Taxes & Licenses	1,604,757	1,610,441	5,684	0.4%
Intergovernmental	2,056,081	2,045,898	(10,183)	-0.5%
Grand Total	20,082,473	21,283,796	1,201,323	6.0%

Property and sales tax revenues continues to make up 72% of total general fund revenues in FY 2019-20. The total property tax valuation is estimated to be \$2,269,860,965 based on valuation by the Orange County Tax Administrator. This is a 0.2% growth over the past year. In FY 2019-20 each penny on the tax rate is projected to generate approximately \$226,986. 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 (\$2.3 million to date), reflecting six months of collections for the year, are 19.6% of the Town’s FY 2018-19 adopted budget (\$4.5 million). According to the FY 2019-20 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 2018-19 were up approximately 5.1% over the same period in FY 2017-18. The League of Municipalities anticipates that sales tax revenues statewide for the current fiscal year 2018-19 will be 5.1% above the FY 2017-18 distributions. For next fiscal year 2019-20 local sales tax revenues statewide are expected to increase by 4.5% above the FY 2018-19 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 2018-19 were up approximately 17.9% from the previous year. Projections for statewide electricity revenues for FY 2018-19 are expected to increase by 4.8%. For FY 2019-20, they are projected to increase by 1.5%.

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 2018-19, natural gas revenues have been 7.4% higher over the same period in FY 2017-18. The N. C. League of Municipalities has projected that statewide distributions to municipalities for FY 2018-19 will be 18.3% lower than the past year; and, for FY 2019-20 the projection is expected be 1.3% below that of FY 2018-19.

For FY 2018-19, the Town has collected \$542,838 (58% of budget) in electricity tax revenues, and \$13,305 (31% 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 2018-19 are expected to decrease by 3.3% with an additional decline of 3.9% in FY 2019-20. For the first two quarters of this fiscal year 2018-19 the Town has received revenue of \$89,684 or 42.0% 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 1.3% in FY 2018-19, and continue to decline in FY 2019-20. For the first two quarters of FY 2018-19, the Town has received revenue of \$29,823 or 54.0% 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 2018-19 is approximately \$27,027 and is expected to remain the same for FY 2019-20.

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 2018-19 state officials have indicated that beer and wine sales tax distributions will be 2.1% higher than last year and a 1.0% increase is expected for FY 2019-20.

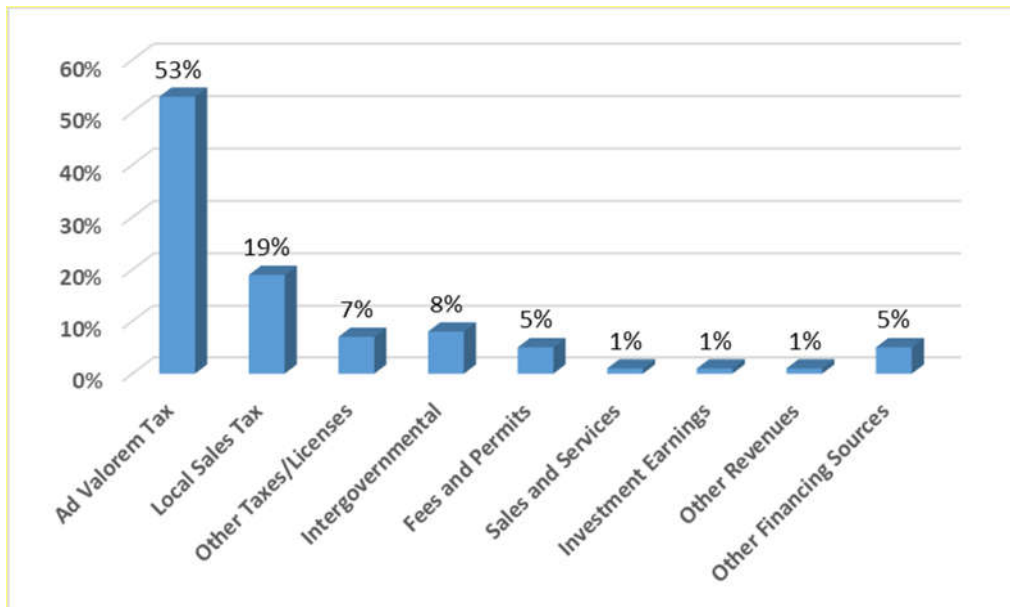
OTHER FINANCING

Other financing sources in the General Fund include inter-fund transfers, installment financing and fund balance appropriation. Revenues from other financing sources in FY 2019-20 are from Fund Balance Appropriation and total \$1,500,753 or 6.1% of the total adopted budget. This is an increase of \$412,362 or 37.9% over the adopted FY 2018-19 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 2019-20

	2018-19 Adopted Budget	FY 2019-20 Adopted Budget	Amount Change	Pct Change
Interfund Transfers	-	-	-	#DIV/0!
Fund Balance	1,088,391	1,500,753	412,362	37.9%
Grand Total	1,088,391	1,500,753	412,362	37.9%

FY 2019-20 GENERAL FUND REVENUE SOURCES
% of Total \$24,279,533



EXPENDITURES

For FY 2019-20 total General Fund operating expenses are essentially unchanged from FY 2018-19. Of the total budget, personnel costs account for 60%, while operating costs account for 37%. Capital outlay and transfers account for the remaining 3%.

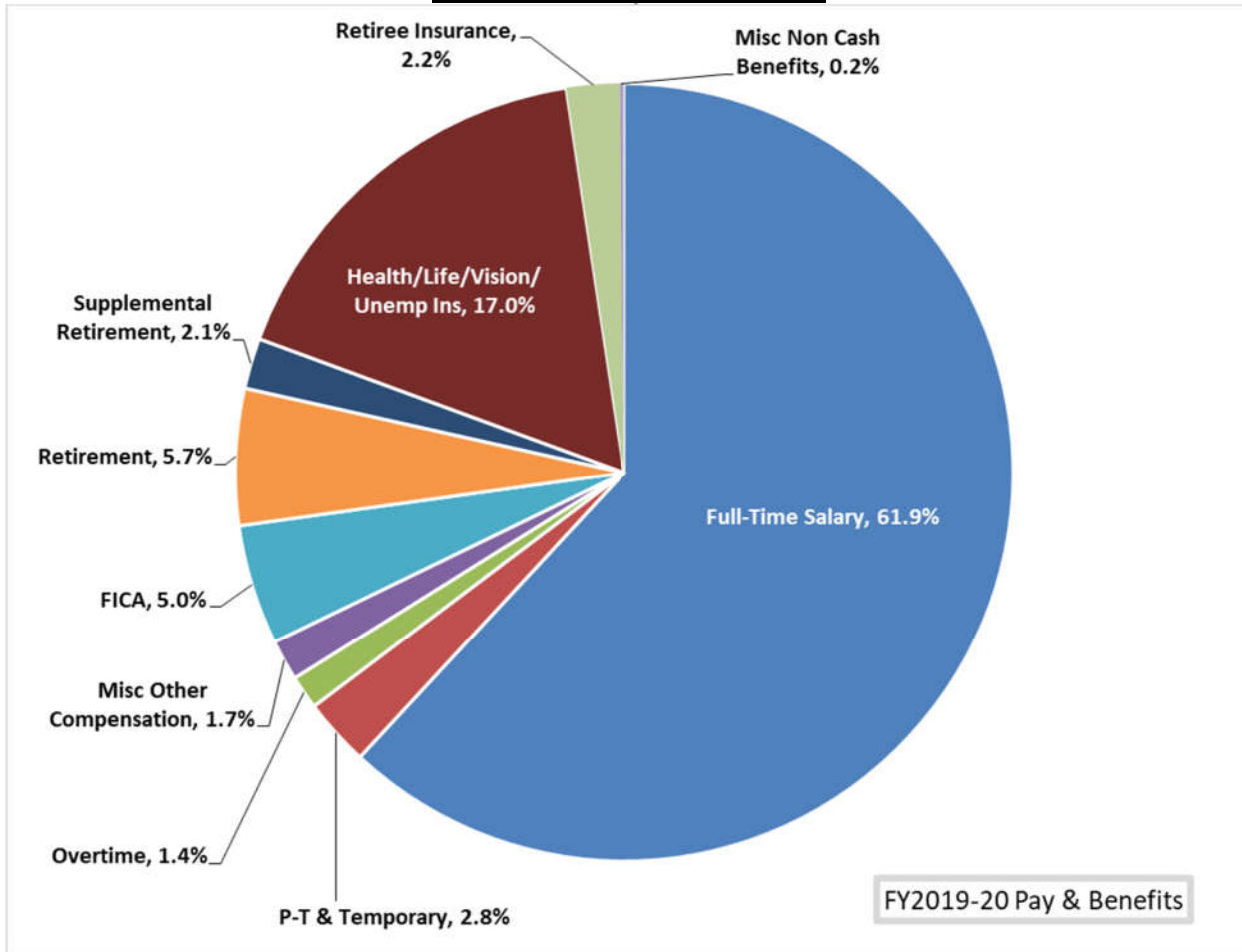
General Fund Budget Summary

	2018-19 Adopted Budget	FY 2019-20 Adopted Budget	Pct Change
Personnel	13,549,281	14,630,474	8.0%
Operating	8,764,062	9,203,734	5.0%
Capital Outlay	299,379	285,600	-4.6%
Transfers	250,000	457,200	82.9%
TOTAL	\$22,862,722	\$24,577,008	7.5%

PERSONNEL

Personnel cost are expected to increase by 8.0%. Factors that affect personnel cost include: a) 4.0% across the board pay adjustment to permanent employees in FY 2019-20; b) projected 15% increase in health insurance premiums; and increase in employer contribution rate to Local Government Employees Retirement System.

FY 2019-20 Pay and Benefits



Contribution rates for the Local Government Employees' Retirement System (LGERS) will increase from 7.75% to 8.95% for general employees; and, from 8.50% to 9.70% for law enforcement officers in FY 2019-20. Below is the schedule of contribution rates through FY 2022-23.

Fiscal Year	LGERS Employer Contribution Rate	
	General Employees	Law Enforcement Officers
2018-19	7.75%	8.50%
2019-20	8.95%	9.70%
2020-21	10.15%	10.90%
2021-22	11.35%	12.10%
2022-23	12.45%	13.20%

No merit or performance pay will be provided for employees in FY 2019-20. 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. In order to increase retention and become more competitive with the local labor market, the Town will provide a 4 percent across the board compensation adjustment for all regular employees.

The number of full-time equivalent positions will increase from 163.5 to 167.0 (these totals include two positions funded by Stormwater Utility Enterprise Fund). An additional Groundskeeper I and one Engineering Technician will be added to the Public Works Department; an Associate Planner will be added to the Planning Department; and a permanent part-time Program Support Assistant I will be changed to a full-time Program Support Assistant II in Recreation and Parks. 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 2019-20 will increase by 2.66% from \$8,964,869 to \$9,203,734. 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. The Town will continue with implementation of its Strategic Energy and Climate Protection Plan. Particular attention will be given to new projects to incorporate energy savings strategies with the goal of reducing operating costs.

CAPITAL OUTLAY

Capital outlays in the General Fund will decrease by 4.6% from \$299,379 to \$285,600 in FY 2019-20. In the Capital Projects Fund, the Town is looking to finance a major building in 2019-20 as well as lease purchase the following vehicles and equipment.

DEPARTMENT	VEHICLES/EQUIPMENT	COST ESTIMATE
Police	6 Vehicles @ \$55,469	\$332,814
Planning	Vehicle for Admin Staff	\$30,000
Public Works	Garbage Truck	\$430,000
	TOTAL	\$792,814

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 2019-20 is \$2.1 million dollars.

SPECIAL REVENUE FUND SUMMARY

	Adopted Budget FY2018-19	Adopted Budget FY2019-20	Amount Change	Pct Change
Fund:				
Affordable Housing	337,500	358,500	21,000	6.2%
Grant Administration	975,360	998,096	22,736	2.3%
Revolving Loans for Energy Efficiency	111,277	267,388	156,111	140.3%
Revolving Loans for Economic Development	558,331	521,268	-37,063	-6.6%
Business Loan Fund *	115,471	0	-115,471	-100.0%
Totals	\$2,097,939	\$2,145,252	\$47,313	2.3%

The Business Loan Fund was closed in FY 2019 *

For FY 2019, the Town’s property tax rate increased by ½ cents and was dedicated to funding the Affordable Housing Fund. For FY 2020, the property tax rate will increase by another ½

cents and be dedicated to the Affordable Housing Fund. An additional, and final, ½ cent increase for the Affordable Housing property tax is planned to occur in FY 2021.

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, 2018, 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 2019-20 is \$30.5 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 \$15.7 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.

BUDGET SUMMARY - TOTAL CAPITAL PROJECTS FUND

	Adopted Budget FY2018-19	Adopted Budget FY2019-20	Amount Change	Pct Change
Fund:				
Capital Projects	\$ 20,293,393	\$ 22,566,145	\$ 2,272,752	11.2%
GO Bonds, Sidewalks and Greenways	7,206,175	7,499,643	293,468	4.1%
Capital Reserves	250,000	406,200	156,200	62.5%
Payment In Lieu Reserves	-	950	950	#DIV/0!
Totals	\$ 27,749,568	\$ 30,472,938	\$ 2,723,370	9.8%

In the GO Bond Sidewalk and Greenways Fund, the Town has been able to leverage state/federal funding for several of the sidewalk and greenway projects.

Project	Federal/State	Local	Other	Total Funding
Homestead Road-CHHS MU Path	\$ 1,149,912	\$ 323,812	\$ 48,046	\$ 1,521,770
Jones Creek Greenway	680,200	170,050	-	850,250
Morgan Creek Greenway	1,254,000	114,663	199,837	1,568,500
Rogers Road Sidewalk	542,600	829,058		1,371,658
South Greensboro Street Design	1,154,626	43,153	552,340	1,750,119
Total	\$ 4,781,338	\$ 1,480,736	\$ 800,223	\$ 7,062,297
% of Total	67.7%	21.0%	11.3%	100.0%

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 five-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 2024 can be reviewed on the Town’s web site at:

<http://www.townofcarrboro.org/250/Financial-Documents>.

CONCLUSION

Economic conditions in North Carolina continue to be positive with low unemployment rate, increased taxable sales and increased employment. Total non-farm employment has increased above last year’s level. The professional and business services sector continues its rapid growth.

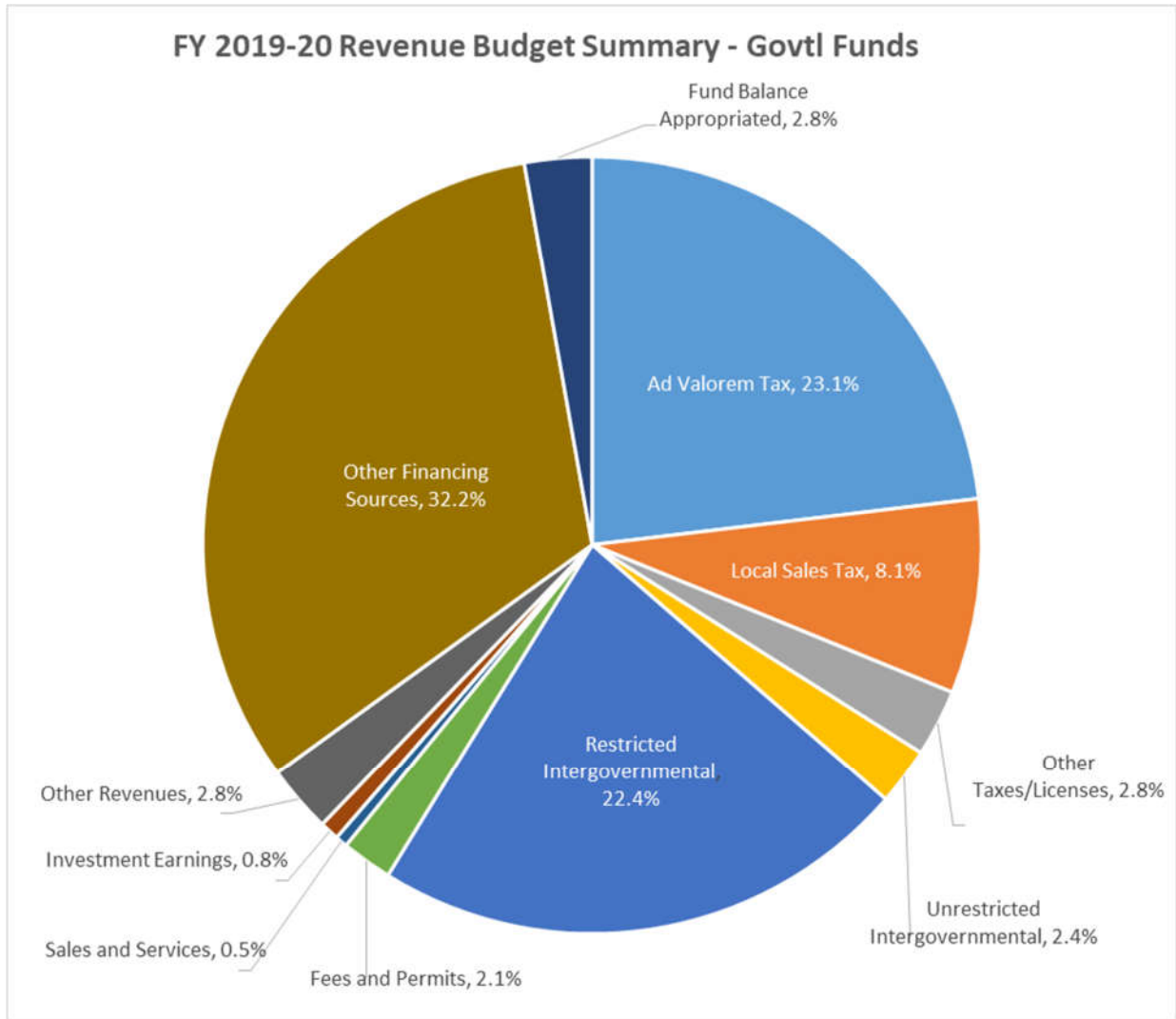
Locally, economic improvements are reflected in the low unemployment rate, taxable sales and increased value of building permits. Town revenues are projected to meet or exceed budget for the year ending June 30, 2019. Overall revenues for FY 2019-20 are expected to remain flat. The Town has begun to 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 2019-20 budget that provide for continued delivery of quality services, carrying out Board priorities, acquiring needed capital items, and adjusting the compensation for Town’s employees.

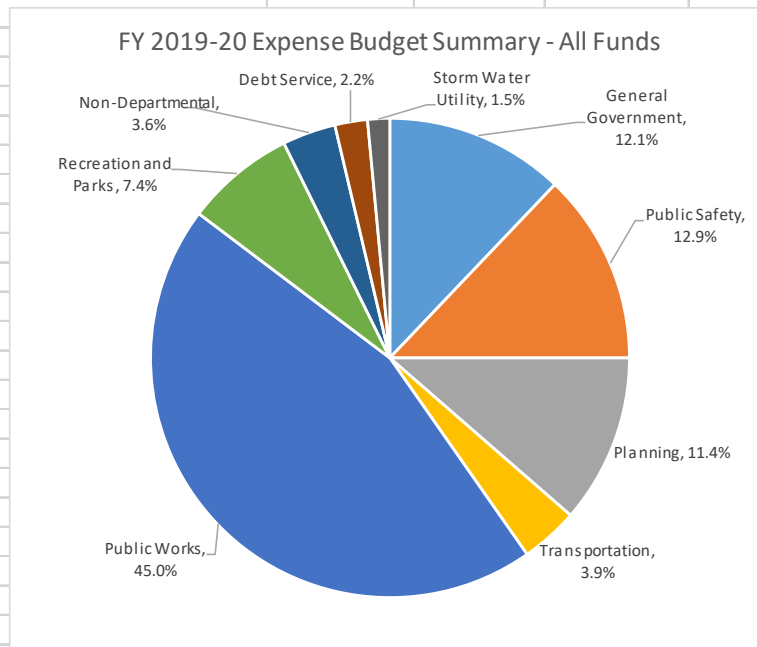
FY 2019-20 Revenue Budget Summary - All Funds by Major Fund

	General Fund	Special Revenue Funds	Capital Funds	Total All Govtl Funds	Percent All Govtl Funds	Storm Water Utility Fund
Ad Valorem Tax	\$ 12,978,367	\$ 225,000		13,203,367	23.1%	
Local Sales Tax	4,649,090			4,649,090	8.1%	
Other Taxes/Licenses	1,610,441			1,610,441	2.8%	
Unrestricted Intergovernmental	1,400,700			1,400,700	2.4%	
Restricted Intergovernmental	645,198		12,166,746	12,811,944	22.4%	
Fees and Permits	1,227,219			1,227,219	2.1%	792,975
Sales and Services	273,050			273,050	0.5%	
Investment Earnings	150,000	212,368	74,409	436,777	0.8%	5,800
Other Revenues	142,190	1,381,756	60,000	1,583,946	2.8%	
Other Financing Sources	-	246,128	18,171,783	18,417,911	32.2%	
Fund Balance Appropriated	1,500,753	80,000		1,580,753	2.8%	
	\$ 24,577,008	\$ 2,145,252	\$ 30,472,938	\$ 57,195,198	100.0%	\$ 798,775

FY 2019-20 Revenue Budget Summary - Govtl Funds



FY 2019-20 Expense Budget Summary - All Funds					
	General	Special		Total	Storm Water
	Fund	Revenue	Capital	All	Utility
	Fund	Funds	Funds	Govtl Funds	Fund
Mayor and Board of Aldermen	\$ 371,261			\$ 371,261	
Advisory Boards	29,950			29,950	
Governance Support	657,052			657,052	
Town Manager	562,914	\$ 358,500		921,414	
Economic and Community Development	251,371	788,656		1,040,027	
Town Clerk	150,975			150,975	
Finance	1,248,854			1,248,854	
Human Resources	625,752			625,752	
Information Technology	1,738,777		\$ 250,000	1,988,777	
Police	3,931,908		148,841	4,080,749	
Fire	3,087,637		314,924	3,402,561	
Planning	1,649,897	70,000	4,862,866	6,582,763	
Transportation	2,002,600		288,000	2,290,600	
Public Works	3,971,369	928,096	21,198,147	26,097,612	
Recreation and Parks	1,735,881		2,562,146	4,298,027	
Non-Departmental	1,315,566		792,814	2,108,380	
Debt Service	1,245,244		55,200	1,300,444	
Storm Water Utility				-	\$ 798,775
Total Expenditure Budget	\$ 24,577,008	\$ 2,145,252	\$ 30,472,938	\$ 57,195,198	\$ 798,775
General Government	\$ 5,636,906	\$ 1,147,156	\$ 250,000	\$ 7,034,062	
Public Safety	7,019,545	-	463,765	7,483,310	
Planning	1,649,897	70,000	4,862,866	6,582,763	
Transportation	2,002,600	-	288,000	2,290,600	
Public Works	3,971,369	928,096	21,198,147	26,097,612	
Recreation and Parks	1,735,881	-	2,562,146	4,298,027	
Non-Departmental	1,315,566	-	792,814	2,108,380	
Debt Service	1,245,244	-	55,200	1,300,444	
Storm Water Utility	-	-	-	-	\$ 798,775
	\$ 24,577,008	\$ 2,145,252	\$ 30,472,938	\$ 57,195,198	\$ 798,775



A motion was made by Alderman Gist, seconded by Alderman Haven-O'Donnell, that the following ordinance be approved:

**ANNUAL BUDGET ORDINANCE FY 2019-20
Town of Carrboro, North Carolina
Ordinance No.22/2019-20**

WHEREAS, the recommended budget for FY 2019-20 was submitted to the Board of Aldermen on May 7, 2019 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 28, 2019, the Board of Aldermen held a public hearing on the budget pursuant to G.S. 159-12;

WHEREAS, on June 18, 2019, 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 – GENERALL 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, 2019 and ending June 30, 2020:

GENERAL GOVERNMENT		\$ 5,636,906
Mayor & Board of Aldermen	\$ 371,261	
Advisory Boards	\$ 29,950	
Governance Support	\$ 657,052	
Town Manager	\$ 562,914	
Economic & Community Development	\$ 251,371	
Town Clerk	\$ 150,975	
Finance	\$ 1,248,854	
Human Resources	\$ 625,752	
Information Technology	\$ 1,738,777	
PUBLIC SAFETY		\$ 7,019,545
Police	\$ 3,931,908	
Fire	\$ 3,087,637	
PLANNING		\$ 1,649,897
TRANSPORTATION		\$ 2,002,600
PUBLIC WORKS		\$ 3,971,369
RECREATION & PARKS		\$ 1,735,881
NONDEPARTMENTAL		\$ 1,315,566
DEBT SERVICE		\$ 1,245,244
TOTAL GENERAL		<u>\$ 24,577,008</u>

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, 2019 and ending June 30, 2020 to meet the general fund expenditures:

Ad Valorem Tax	\$	12,978,367
Local Sales Tax		4,649,090
Other Taxes/Licenses		1,610,441
Intergovernmental		2,045,898
Fees and Permits		1,227,219
Sales and Services		273,050
Investment Earnings		150,000
Other Revenues		142,190
Other Financing Sources		1,500,753
Total General Fund	\$	24,577,008

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	\$	73,783
Center for Community Self Help	\$	20,000
Home Consortium Match	\$	13,545
Human Services Grants	\$	21,000
Partnership to End Homelessness	\$	35,232
Deferred Loan Expense	\$	20,000
Affordable Housing Advisory Board	\$	500
Critical Home Repair	\$	90,000
Rental Deposits Program	\$	6,000
Acquisition and Development	\$	68,000
Unexpended Reserves	\$	10,440
TOTAL APPROPRIATION	\$	358,500

Section 2. Affordable Housing Fund Revenues

There is hereby levied a tax rate of \$.0100 (1 cent) on each one hundred dollars (\$100) valuation of taxable property as listed for taxes on January 1, 2019 that shall be devoted solely to the affordable housing activities noted above.

ARTICLE III – 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 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 \$798,775 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 2018-19 may be carried forward to fiscal year 2019-20.

ARTICLE V – 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 VI – 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, health insurance benefits; and, for any other purpose 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 funds encumbered or designated within fund balance for expenditures as confirmed in the annual audit for the year ending June 30, 2019 shall be re-appropriated to the Fiscal Year 2019-20 Adopted Budget without further action by the Board.
- e. The Finance Officer may approve transfer requests between programs or organizational units within the adopted general fund 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 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, 2019 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 cent of the total tax rate shall be devoted exclusively to the Affordable Housing Fund.

General Fund	\$.5894
Affordable Housing Fund.....	<u>\$.0100</u>
Total Tax Rate	\$.5994

Section 3. The Finance Officer shall distribute property tax collections to the appropriate fund(s) at least monthly as levied in Article I, 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 the 18th day of June, 2019.

The motion carried by the following vote:

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

Noes: Alderman Sammy Slade

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