

EXECUTIVE SUMMARY

BUDGET OVERVIEW

The budgeting process involves analysis and review of historical data and trends and the use of economic indicators and forecasting to estimate revenues for the upcoming fiscal year. At this time of year, the Town has typically collected the first six months of various revenues that are distributed by the State quarterly and/or monthly. Much of the narrative, on the following pages, speaks to the trends related to the first two quarters of revenues received by the Town, which was during the most prevalent period of the COVID-19 pandemic.

The pandemic has had a significant effect on the local, state, and national economy. Although it appears that the pandemic is subsiding and the economy is bouncing back to some degree, there is still much uncertainty ahead, which has made it challenging for forecasting revenues for the upcoming fiscal year. Because of this, we have tried to be conservative in our approach but still optimistic that the economy will steadily improve in the months ahead.

Economic indicators are that North Carolina will continue its slow, steady economic growth once the effects of the pandemic have dissipated. The most recent data from the Federal Reserve Bank of Richmond indicates housing starts in the United States declined 2.3% from the same period 12 months ago. In North Carolina, housing starts were down 1.5%. Single-family home building permits in North Carolina, which typically lead housing starts by two to three months, increased 24.3 percent between January 2020 and 2021. The housing price index in North Carolina for the fourth quarter of 2020, compared to the fourth quarter of 2019, grew by 6.6 percent vs 6.0 percent for the United States.

North Carolina's unemployment rate was 5.2% as of March 2021, compared to 6.0% nationally. Similar figures for the same time last year were 3.9% and 4.4% respectively, which was at the beginning of the pandemic. The dominance of the professional services sector and close proximity to the University of North Carolina and Research Triangle Park helps keep the unemployment levels lower in the Carrboro area.

In his March 5, 2021 report, The University of North Carolina-Charlotte Economic Forecast, Dr. John Connaughton predicts that the state's Gross State Product (GSP) will finish 2020 with a decrease of 2.6 percent but will grow 5.1 percent above that in 2021. He predicts that construction (3.6 percent) will grow slower than overall GSP, while retail trade will outpace overall growth at 6.7 percent.

North Carolina sales tax collections remained a strong point for revenues at both the state and local levels. Grocery and home improvement stores were some of the largest sales tax drivers. Through the first half of FY 2020-21, distributions were almost 10% ahead of FY 2019-20. 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.*)

The total number of residential building permits increased in 2020 from the prior year, but the total value of those permits slightly decreased. Commercial permits remained steady, but total value decreased sharply in 2020 from the prior year.

COMMERCIAL AND RESIDENTIAL TOWN PERMITS, 2020

<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
2019	120	10,858,919	631	22,566,174
2020	121	2,287,336	673	21,710,878

Through March, general fund revenue collections for FY 2020-21 total \$19.5 million or 85.8% of the adopted budget. Last year at this time, total general fund revenue collections were \$19.8 million or 86.0% of adopted budget. Property tax revenue collections to date are \$13.3 million, which exceeds budget by 1.8%. Local sales tax revenues total \$2.7 million compared to \$2.6 million at the same time last year. Unrestricted and restricted intergovernmental revenues year-to-date are 47% and 75% of budget, respectively.

A key factor related to collection of sales tax and intergovernmental revenues is the lag period between collection by the State and distribution to local governments. 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.

The Town continues to maintain its conservative approach in estimating revenues. The FY 2021-22 budget is based on revenue projections that are not overly optimistic, nor unduly pessimistic. The Town assumes that the North Carolina General Assembly will take no actions during its 2021 session that would negatively impact the Town’s existing revenue stream.

REVALUATION

The Orange County Tax Assessor's Office has undertaken a revaluation of assessed real property throughout the County, including property located in Carrboro. The last reappraisal of real property was in 2017. State law requires units of local governments, including public authorities, to publish a revenue-neutral tax rate in the budget following the completion of a reappraisal of real property. The purpose of the revenue-neutral tax rate is to provide residents with comparative information.

The revenue-neutral tax rate as set forth in the NCGS 159-11(e) is the rate that is estimated to produce revenues for the next fiscal year as if no reappraisal had occurred. The rate is then adjusted by a growth factor equal to the average annual percentage increase in the tax base due to improvements or new construction since the last general reappraisal. The revenue-neutral tax rate suggests taxes paid will be the same as in the previous year. However, taxes paid may vary by taxpayer based on the fair market value assessed on real property in the countywide reappraisal and the amount of personal property owned. Because real property is required to be revalued at least every seven years, and personal property is revalued annually, the reappraisal of real property re-equalizes real and personal property values. The reappraisal also re-equalizes the tax burden where some owners of real property may pay more, or less, following a revaluation.

The reappraisal produced a property tax base value at January 1, 2021 of \$2,806,444,019 for Carrboro. Using the formula mandated by state law, the revenue-neutral tax rate for Carrboro is 52.32 cents per \$100 compared to the existing tax rate of 59.94 cents. Both rates produce annual tax revenues of \$14,683,149. The growth factor over the past four years since the last general reappraisal is 1.24% for an adjusted revenue neutral tax rate adjusted for growth of 52.97 cents. The updated property tax base values will produce total revenues for real property and personal property taxes of \$16,821,825 for the Town. Given that Carrboro has not increased its real property tax rate, for the General Fund, in more than a decade, it is recommended that the overall tax rate be increased by a half cent, and that additional amount be dedicated towards funding for the Affordable Housing Fund.

TOTAL TOWN BUDGET

In developing the FY 2021-22 budget, some operating expenses, such as training and conferences, were restored to pre-pandemic levels; capital item requests were re-prioritized, and some vehicle/equipment purchases deferred to future years. The major goals in developing the 2021-22 budget were to:

- Implement the Town Council's strategic priorities,
- Manage costs while improving services to the citizens,
- Develop a balanced budget,
- Retain valued town employees, and,
- Conceptualize a long-term financial sustainability plan for the Town.

The total General Fund Adopted budget for FY 2021-22 is \$25,347,801, which is a 1.1% increase from the adopted budget of \$25.1 million last year. When all other funds are considered, the total Town budget for FY 2021-22 is \$78.1 million as follows:

BUDGET SUMMARY

	2020-21 Adopted Budget	2021-22 Adopted Budget	Amount Change	Pct Change
General Fund	25,063,106	25,347,801	284,695	1.1%
Special Revenue Funds	2,832,922	9,567,341	6,734,419	237.7%
Capital Project Funds	42,150,375	41,985,403	(164,972)	-0.4%
<i>Total Governmental Funds</i>	<i>70,046,403</i>	<i>76,900,545</i>	<i>6,854,142</i>	<i>9.8%</i>
Enterprise Funds	1,340,775	1,261,754	(79,021)	-5.9%
Grand Total	71,387,178	78,162,299	6,775,121	9.5%

BUDGET PROCESS

The budget process is similar to past years. Departments are required to justify their operating budget for the continuation of services. There are no new or expanded services proposed for 2021-22. 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.

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 92.9% of general fund revenues.

For FY 2021-22, total recurring revenues are projected to increase by 6.5% over the FY 2020-21 Adopted Budget. The projection for property tax revenues were increased over last year’s budget due to the Orange County property assessment revaluation that is effective January 1, 2021. Local sales tax was reduced last year due to the expected downturn in the economy due to the pandemic, but are anticipated to rebound in the coming year. Other Taxes and Licenses are decreasing due to a change in an accounting procedure related to occupancy tax, whereas the payment of these funds to the Carrboro Tourism Development Authority will now be netted with revenues instead of being shown as an expenditure.

Intergovernmental revenues, which comprise 8.4% of general fund revenues, are expected to decrease by 2.3% due to a reduction in federal grant funds, combined with lower estimates on sales tax collections from satellite sales and telecommunications.

Recurring Revenues – General Fund

	2020-21	2021-22		
	Adopted	Adopted	Amount	Pct
	Budget	Budget	Change	Change
Property Taxes	13,156,500	14,063,175	906,675	6.9%
Local Sales Tax	4,242,202	4,895,670	653,468	15.4%
Other Taxes & Licenses	1,603,045	1,457,589	(145,456)	-9.1%
Intergovernmental	2,085,336	2,038,398	(46,938)	-2.3%
Grand Total	21,087,083	22,454,832	1,367,749	6.5%

Property and sales tax revenues make up 78.5% of total general fund revenues in FY 2021-22. The total property tax valuation is estimated to be \$2,806,444,019 based on valuation by the Orange County Tax Administrator. This is a 23.4% growth over the past year due to the county’s revaluation of property assessments. In FY 2021-22 each penny on the tax rate is projected to generate approximately \$280,644. 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 continue to trend upward and consumer confidence is gaining momentum thanks to stimulus funds from the federal government and the development of the vaccines for COVID-19. Overall local sales tax revenues (\$2.73 million to date), reflecting six months of collections for the year, are 64.4% of the Town’s FY 2020-21 adopted sales tax revenue budget (\$4.24 million). According to the FY 2021-22 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 2020-21 were up approximately 10.0% over the same period in FY 2019-20. The League of Municipalities anticipates that sales tax revenues statewide for the current fiscal year 2020-21 will be 8.0% above the FY 2019-20 distributions. For next fiscal year, 2021-22 local sales tax revenues statewide are expected to decrease by 3.1% of the FY 2020-21 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 2020-21 were down approximately 5.4% from the previous year. Yearly projections for statewide electricity revenues for FY 2020-21 are expected to decrease by 1.0%. For FY 2021-22, they are projected to increase by 1.25%.

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 2020-21, natural gas revenues have been 2.0% higher over the same period in FY 2019-20. The N. C. League of Municipalities has

projected that statewide distributions to municipalities for FY 2020-21 will be 9.75% higher than the past year; and, for FY 2021-22 the projection is expected be 2.0% below that of FY 2020-21.

For FY 2020-21, the Town has collected \$494,519 (51% of budget) in electricity tax revenues, and \$12,254 (26% 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 have declined every year since FY 2008-09, however, so far this year we have seen a 2.65% increase, possibly due to the effects of the pandemic and the flexibility of delaying customer payments. Consumers are continuing to move away from landline telephone service to mobile telephone service. Annual statewide telecommunications revenues for FY 2020-21 are expected to increase by 3.75% but it is expected to be a one-time exception to the long-running historical trend. Revenues are expected to decline 9.5% in FY 2021-22. For the first two quarters of this fiscal year 2020-21 the Town has received revenue of \$80,666 or 55.4% 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 remain flat in FY 2020-21 compared to FY 2019-20, but will continue to decline in FY 2021-22 by 1.25%. For the first two quarters of FY 2020-21, the Town has received revenue of \$32,084 or 56.8% of the adopted budget

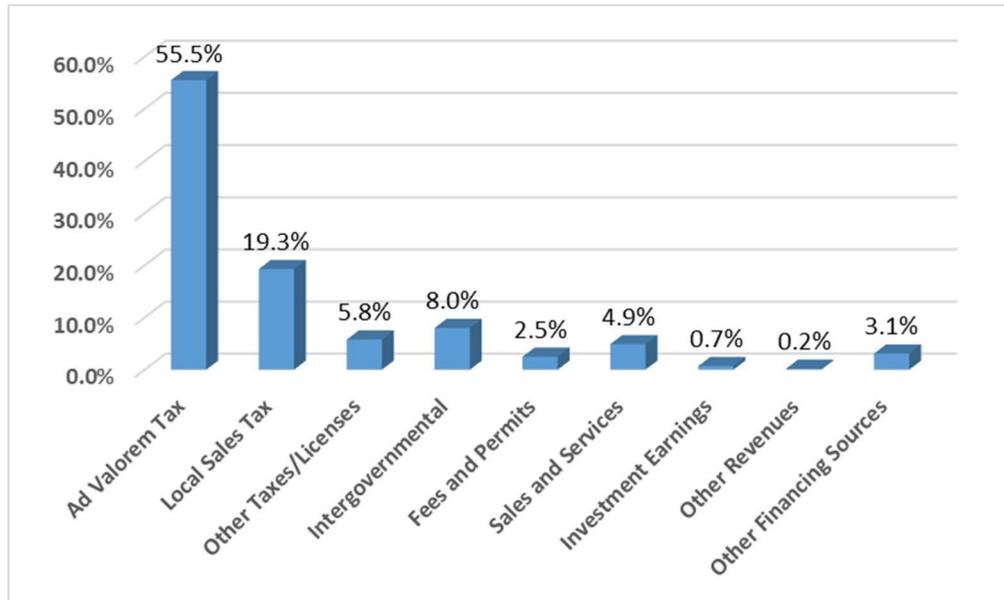
Municipalities with qualifying Public, Educational, and Governmental (PEG) channels are entitled to supplemental PEG channel support funds for up to three channels. The amount per channel for FY 2020-21 is approximately \$26,316 and is expected to remain the same for FY 2021-22.

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 2020-21 state officials have indicated that beer and wine sales tax distributions will be 2.5% higher than last year and a 1.0% increase is expected for FY 2021-22.

OTHER FINANCING

Other financing sources in the General Fund include inter-fund transfers, installment financing and fund balance appropriation. Revenues in FY 2020-21 from Fund Balance Appropriation were \$1,189,720 or 3.1% of the total General Fund adopted budget. The Town has adopted a policy that “fund balance appropriation is not to exceed 10.0% of the total General Fund operating budget in any given year”. For FY 2021-22 the fund balance appropriation decreased by \$1,049,854 or 46.9% over the adopted FY 2020-21 budget.

FY 2021-22 GENERAL FUND REVENUE SOURCES
% of Total \$25,347,801



EXPENDITURES

For FY 2021-22, total General Fund operating expenses slightly increased by 1.1% over FY 2020-21. Of the total budget, personnel costs account for 59.9%, while operating costs account for 36.7%. Capital outlay and transfers account for the remaining 3.4%.

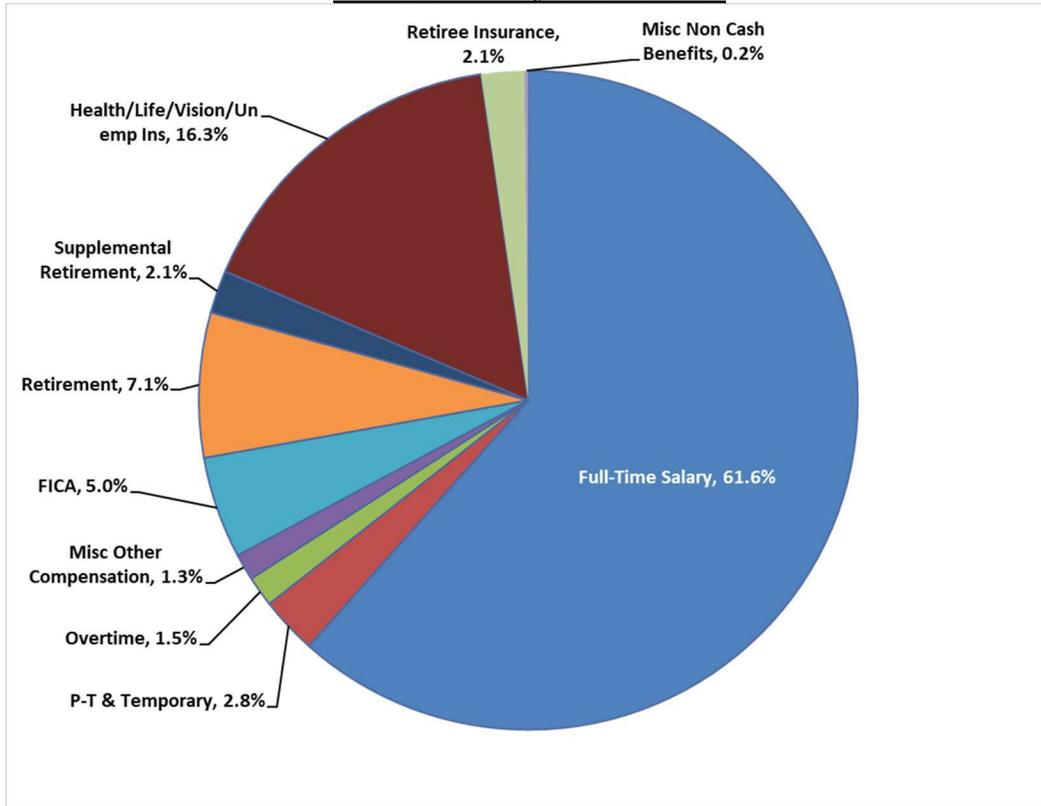
General Fund Budget Summary

	2020-21 Adopted Budget	2021-22 Adopted Budget	Pct Change
Personnel	14,965,571	15,173,947	1.4%
Operating	9,072,885	9,308,954	2.6%
Capital Outlay	118,600	189,400	59.7%
Transfers	906,050	675,500	-25.4%
TOTAL	\$25,063,106	\$25,347,801	1.1%

PERSONNEL

Personnel cost are expected to increase by 1.4%. For FY 2021-22, across the board pay adjustments to permanent employees is 3.3%. Factors that affect personnel cost include: a) projected 9.6% decrease in health insurance premiums as a result of a shift to a high-deductible health plan; b) increases in employer contribution rate to Local Government Employees Retirement System.

FY 2020-21 Pay and Benefits



Contribution rates for the Local Government Employees’ Retirement System (LGERS) will increase from 10.20% to 11.35% for general employees; and, from 10.84% to 12.10% for law enforcement officers in FY 2021-22. Below is the schedule of contribution rates through FY 2022-23.

Fiscal Year	LGERS Employer Contribution Rate	
	General Employees	Law Enforcement Officers
2019-20	9.01%	9.70%
2020-21	10.20%	10.84%
2021-22	11.35%	12.10%
2022-23	12.45%	13.20%

A 3.3% salary adjustment has been approved for Town employees in FY 2021-22. The percent of adjustment is in line with other area government agencies. When the Town Council 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.

The number of full-time equivalent positions will increase by one to 169.5 (these totals include 3.5 FTE positions funded by Stormwater Utility Enterprise Fund). Details on employee position changes can be found on page 173. Funds to cover the salary adjustments and changes in

insurance premiums, and other proposed pay and classification changes have been budgeted in Non-Departmental.

OPERATIONS EXPENSES

General Fund operating expenses in FY 2021-22 will increase by 2.6% from \$9,072,885 to \$9,308,954. 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.). 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 increase by 59.7% from \$118,600 to \$189,400 in FY 2021-22, and include snow removal equipment, IT equipment, ballfield groomer, fire rescue equipment, and transit vehicle replacement cost. In the Capital Projects Fund, the Town is looking to finance a major building in 2021-22 as well as lease purchases for the following vehicles and equipment. For more information on capital projects, see the Capital Projects Fund section on page 141.

Department	Vehicles/Equipment	Cost Estimate
Police	6 Vehicles @ \$56,000	\$ 336,000
Fire	Fire Engine	650,000
IT	Ford F-150	32,000
Public Works	Cat Mini-Excavator	72,000
Public Works	Cat 420 Backhoe Loader	155,000
	Total	\$ 1,245,000

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 Town Council for specific program activities or services. Included in the Special Revenue Fund are: revolving loans for economic development or energy efficiency, business loan programs, affordable housing, pandemic relief funding, and grants administration.

The total budget for the Special Revenue Fund in FY 2021-22 is \$9.6 million dollars.

SPECIAL REVENUE FUND SUMMARY

	Adopted Budget <u>FY2020-21</u>	Adopted Budget <u>FY2021-22</u>	Amount Change	Pct Change
Fund:				
Affordable Housing	338,000	338,525	525	0.2%
Grant Administration	893,249	1,723,249	830,000	92.9%
American Rescue Plan Act	0	6,200,000	6,200,000	#DIV/0!
Emergency Loans	508,405	584,473	76,068	15.0%
Revolving Loans for Energy Efficiency	240,572	241,703	1,131	0.5%
Revolving Loans for Economic Development	852,696	479,391	-373,305	-43.8%
Totals	<u>\$2,832,922</u>	<u>\$9,567,341</u>	<u>\$6,734,419</u>	<u>237.7%</u>

For FY 2022, the property tax rate will be increased from 1 cent to 1.5 cents and will be dedicated to the Affordable Housing Fund as the sole source of funding.

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; GO bonds for sidewalks and greenway; facilities rehab projects; capital reserves; 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 Town Council 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 35.0%, fund balance may be assigned or committed for future capital projects if the fund balance exceeds 35.0%. At June 30, 2020, unassigned fund balance in the general fund exceeded 35.0% and the Town Manager, in accordance with Town policy, assigned \$1.0 million for future capital projects. The Town Council 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 2021-22 is \$41.9 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 \$28.3 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

Fund:	Adopted Budget FY2020-21	Adopted Budget FY2021-22	Amount Change	Pct Change
Capital Projects	\$ 33,222,583	\$ 33,233,356	\$ 10,773	0.0%
GO Bonds, Sidewalks and Greenways	7,920,942	7,911,177	(9,765)	-0.1%
Facilities Rehab	1,005,750	840,670	(165,080)	-16.4%
Capital Reserves	400	100	(300)	-75.0%
Payment In Lieu Reserves	700	100	(600)	-85.7%
Totals	\$ 42,150,375	\$ 41,985,403	\$(164,972)	-0.4%

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
Morgan Creek Greenway Ph1	1,679,000	113,663	274,837	2,067,500
Homestead Rd CHHS Multi-use Path	1,149,912	323,812	48,046	1,521,770
S Greensboro St Sidewalk	1,154,626	43,153	552,340	1,750,119
Rogers Road Sidewalk	542,600	829,058	120,889	1,492,547
Jones Creek Greenway	680,200	170,050		850,250
Totals	5,206,338	1,479,736	996,112	7,682,186
% of Total	67.8%	19.3%	13.0%	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 2026 can be reviewed on the Town’s web site at:

www.ci.carrboro.nc.us/250/Financial-Documents

CONCLUSION

After more than a year of enduring the COVID-19 pandemic, economic conditions in North Carolina appear to be on the rebound. Although the physical and emotional toll on the area citizens has been a challenge, the production of multiple vaccines has given hope of a brighter

tomorrow; and government subsidies from the national level have provided much needed relief to the economy.

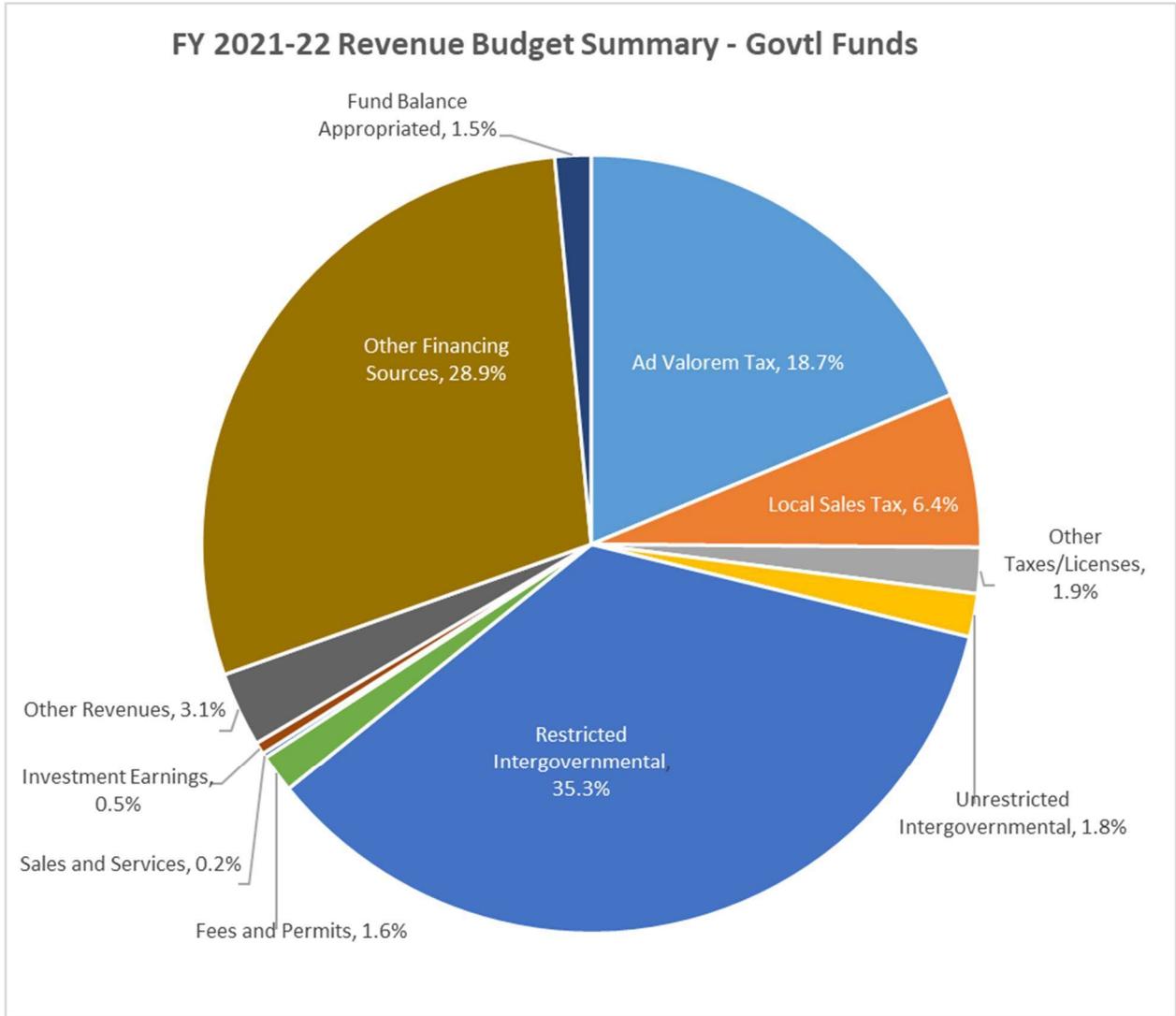
There are still uncertainties with the pandemic and how long the vaccines are effective, which does cause some apprehensiveness on how quick the economy will bounce back. Therefore, the budget was created with optimism that revenues will regain some momentum but was also developed using a conservative approach for the overall budget. Budgeted Town revenues for FY 2021-22 are above last year's figures, whereas Town expenditures are relatively flat compared to FY 2020-21.

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 2021-22 budget that provide for continued delivery of quality services, carrying out Town Council priorities, maintaining financial strength, and retaining qualified and productive employees.

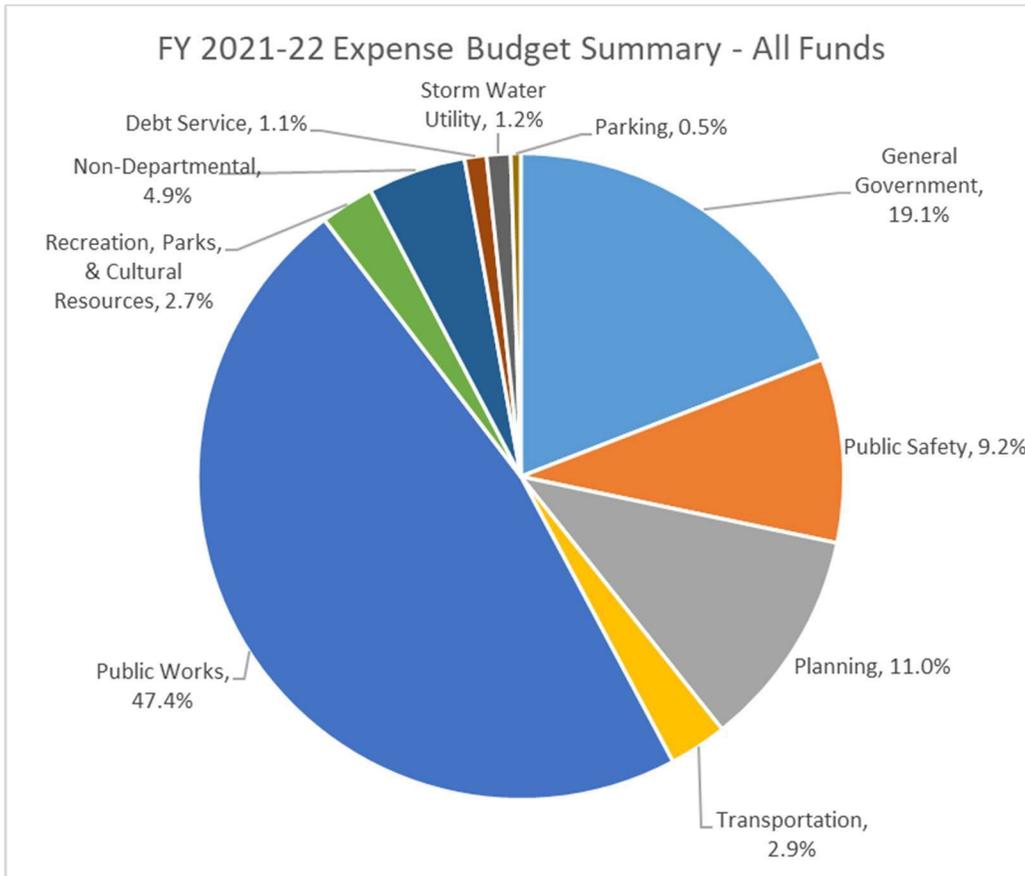
FY 2021-22 Revenue Budget Summary - All Funds by Major Fund

	General Fund	Special Revenue Funds	Capital Funds	Total All Govtl Funds	Percent All Govtl Funds	Enterprise Funds
Ad Valorem Tax	\$ 14,063,175	\$ 338,450		14,401,625	18.7%	
Local Sales Tax	4,895,670			4,895,670	6.4%	
Other Taxes/Licenses	1,457,589			1,457,589	1.9%	
Unrestricted Intergovernmental	1,413,000			1,413,000	1.8%	
Restricted Intergovernmental	625,398	6,233,890	20,310,499	27,169,787	35.3%	
Fees and Permits	1,239,160			1,239,160	1.6%	970,444
Sales and Services	171,819			171,819	0.2%	
Investment Earnings	40,000	244,903	61,341	346,244	0.5%	950
Other Revenues	252,270	2,146,970		2,399,240	3.1%	60
Other Financing Sources	-	603,128	21,613,563	22,216,691	28.9%	290,300
Fund Balance Appropriated	1,189,720			1,189,720	1.5%	
Totals	\$ 25,347,801	\$ 9,567,341	\$ 41,985,403	\$ 76,900,545	100.0%	\$ 1,261,754



FY 2021-22 Expense Budget Summary - All Funds

	General Fund	Special Revenue Funds	Capital Funds	Total All Govtl Funds	Enterprise Funds	
General Government	\$ 6,046,823	\$ 8,744,092	\$ 120,000	\$ 14,910,915		19.1%
Public Safety	7,207,887	-	-	7,207,887		9.2%
Planning	1,668,342	-	6,915,630	8,583,972		11.0%
Transportation	2,011,768	-	288,000	2,299,768		2.9%
Public Works	4,026,756	823,249	32,187,357	37,037,362		47.4%
Recreation, Parks, & Cultural Resources	1,908,568	-	220,100	2,128,668		2.7%
Non-Departmental	1,600,867	-	2,254,316	3,855,183		4.9%
Debt Service	876,790	-	-	876,790		1.1%
Storm Water Utility	-	-	-	-	\$ 971,254	1.2%
Parking	-	-	-	-	290,500	0.5%
Totals	\$ 25,347,801	\$ 9,567,341	\$ 41,985,403	\$ 76,900,545	\$ 1,261,754	100.0%



A motion was made by Council Member Seils, seconded by Council Member Haven-O'Donnell to approve the ordinance below:

**ANNUAL BUDGET ORDINANCE FY 2021-22
Town of Carrboro, North Carolina
Ordinance No. 20/20-21**

WHEREAS, the recommended budget for FY 2021-22 was submitted to the Town Council on May 25, 2021 by the Town Manager pursuant to G.S. 159-11 and filed with the Town Clerk pursuant to G.S. 159-12;

WHEREAS, on June 8, 2021, the Town Council held a public hearing on the budget pursuant to G.S. 159-12;

WHEREAS, on June 22, 2021, the Town Council adopted a budget ordinance making appropriations and levying taxes in such sums as the Town Council considers sufficient and proper in accordance with G.S. 159-13;

BE IT ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF CARRBORO, NORTH CAROLINA:

ARTICLE I – GENERAL 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, 2021 and ending June 30, 2022:

GENERAL GOVERNMENT		\$ 6,046,823
Mayor and Town Council	\$ 441,282	
Advisory Boards	53,950	
Town Manager	292,690	
Economic Development	132,127	
Climate Action	308,249	
Communication & Engagement	177,288	
Housing & Community Services	588,904	
Town Clerk	154,450	
Finance	1,255,625	
Human Resources	724,265	
Information Technology	1,917,993	
PUBLIC SAFETY		\$7,207,887
Police	4,006,374	
Fire	3,201,513	
PLANNING		1,668,342
TRANSPORTATION		2,011,768
PUBLIC WORKS		4,026,756
RECREATION, PARKS, & CULTURAL RESOURCES		1,908,568
NONDEPARTMENTAL		1,600,867
DEBT SERVICE		876,790

TOTAL GENERAL FUND

\$25,347,801

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, 2021 and ending June 30, 2022 to meet the general fund expenditures:

Ad Valorem Tax	\$ 14,063,175
Local Sales Tax	4,895,670
Other Taxes/Licenses	1,457,589
Intergovernmental	2,038,398
Fees and Permits	1,239,160
Sales and Services	171,819
Investment Earnings	40,000
Other Revenues	252,270
Other Financing Sources	1,189,720
Total General Fund	\$ 25,347,801

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	\$ 70,582
Home Consortium Match	12,488
Partnership to End Homelessness	35,202
AHSRF Deferred Loan Program	10,000
Affordable Hsg Advisory Board	500
Critical Home Repair	65,000
Rental Deposits Program	33,258
Acquisition and Development	100,000
Unexpended Reserves	11,495
Total Appropriation	\$338,525

Section 2. Affordable Housing Fund Revenues

There is hereby levied a tax rate of \$.0150 (1.5 cent) on each one hundred dollars (\$100) valuation of taxable property as listed for taxes on January 1, 2021 that shall be devoted solely to the affordable housing activities noted above.

ARTICLE III – CAPITAL PROJECTS

Pursuant to GS 159-13.2, the Town Council may authorize and budget for capital projects and special revenue funds in its annual budget or project ordinance. The project ordinance

appropriates revenues and expenditures for however long it takes to complete the project rather than for a single fiscal year.

ARTICLE IV – STORMWATER UTILITY ENTERPRISE FUND

Section 1. Stormwater Utility Enterprise Fund

The purpose of the Stormwater Utility Enterprise Fund is to comprehensively address 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 \$971,254 is appropriated for stormwater activities.

Section 2. Revenues for Stormwater Utility Enterprise Fund

Revenues to support stormwater activities are generated through the fee structure established in the Town Code, Chapter 18, Article II, Section 18-6. Unexpended funds from fiscal year 2020-21 may be carried forward to fiscal year 2021-22.

ARTICLE V – PARKING ENTERPRISE FUND

Section 1. Parking Enterprise Fund

The purpose of the Parking Enterprise Fund is to manage parking facilities and services within the Town and monitor related expenses. A total of \$290,500 is appropriated for parking activities.

Section 2. Revenues for Parking Enterprise Fund

Revenues to support the Parking Enterprise Fund include a transfer of funds in the amount of \$290,500 from the General Fund to the Parking Enterprise Funds. Unexpended funds from fiscal year 2020-21 may be carried forward to fiscal year 2021-22.

ARTICLE VI – 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 Town Council.

ARTICLE VII – 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 Town Council.
- 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, 2021 shall be re-appropriated to the Fiscal Year 2021-22 Adopted Budget without further action by the Town Council.
 - 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 Town Council.
 - 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 if approved by the Town Manager.

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, 2021 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 and one half cents of the total tax rate shall be devoted exclusively to the Affordable Housing Fund.

General Fund	\$.5894
Affordable Housing Fund.....	<u>\$.0150</u>
Total Tax Rate	\$.6044

Section 3. The Finance Officer shall distribute property tax collections to the appropriate fund(s) at least monthly as levied in Article VII, 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.

The foregoing ordinance, having been submitted to a vote of the Town Council, received the following vote and was duly adopted this 22nd day of June 2021:

Ayes: Mayor Lydia Lavelle, Council Member Barbara Foushee, Council Member Jacquelyn 81 Gist, Council Member Randee Haven-O'Donnell, Council Member Susan Romaine, Council Member Damon Seils, Council Member 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 duly adopted by the Carrboro Town Council.



A handwritten signature in cursive script, reading "Catherine Dorando", is written over a horizontal line. Below the signature, the words "Town Clerk" are printed in a simple, sans-serif font.

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