

EXECUTIVE SUMMARY

BUDGET OVERVIEW

The budgeting process traditionally 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 few pages, speaks to the trends related to the first two quarters of revenues received by the Town, which was prior to the arrival of the COVID-19 pandemic which has had a significant effect on the local, state, and national economy. The unknown factors of this pandemic, such as how long it will last, and how quickly the economy will bounce back once the pandemic has subsided, creates a challenge for forecasting revenues for the upcoming fiscal year. As a result, some of the budgeted revenues have been reduced in order to reflect the downturn of the economy.

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 Trading Economics indicates housing starts in the United States increased by over 25% from January 2019 to January 2020. Single-family home building permits in North Carolina increased 31.6 percent between January 2019 and 2020. The housing price index in North Carolina for the fourth quarter of 2019, compared to the fourth quarter of 2018, grew by 5.6 percent vs 7.6 percent for the United States.

North Carolina's unemployment rate was 3.5% as of December 2019, compared to 3.6% nationally. Orange County's unemployment rate was 2.9% below the statewide rate of 3.5%. 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 unemployment rate rose to 4.4% for March 2020 for both North Carolina and the overall country.

Dr. John Connaughton at the University of North Carolina-Charlotte, Economic Forecast, predicted prior to the pandemic, that the state's Gross State Product (GSP) would finish 2019 with growth of 2.2 percent and grow 2.3 percent above that in 2020. Two of the major economic sectors for growth in 2020 will be agriculture (8.8 percent) and retail trade (3.1 percent).

North Carolina sales tax collections remained 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 2019-20, distributions were almost 1% ahead of FY 2018-19 for Article 39 and 40 combined. 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 2019 from the prior year, but the total value of those permits slightly decreased. Commercial permits and values both decreased in 2019 from the prior year.

COMMERCIAL AND RESIDENTIAL TOWN PERMITS, 2019

<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

Through March, general fund revenue collections for FY 2019-20 total \$19.8 million or 86.0% of the adopted budget. Last year at this time, total general fund revenue collections were \$19.6 million or 86.0% of adopted budget. Property tax revenue collections to date are \$13.1 million, which exceeds budget by 1.0%. Local sales tax revenues total \$2.6 million compared to \$2.3 million at the same time last year. Unrestricted and restricted intergovernmental revenues year-to-date are 51% and 90% 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.

Because of the pandemic’s economic effects, local sales tax revenue collections for the last quarter of 2019-20 are anticipated to be under budget by 1.5%. However, because of the strong revenue collections in the first half of the year, there should be minimal impact on total revenue collections at June 30, 2020.

The Town continues to maintain its conservative approach in estimating revenues. The FY 2020-21 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 2020 session that would negatively impact the Town’s existing revenue stream.

TOTAL TOWN BUDGET

In developing the FY 2020-21 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 2020-21 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 2020-21 is \$25,063,106, which is a 2.0% increase from the adopted budget of \$24.6 million last year. When all other funds are considered, the total Town budget for FY 2020-21 is \$71.3 million as follows:

BUDGET SUMMARY

	2019-20 Adopted Budget	FY 2020-21 Adopted Budget	Amount Change	Pct Change
General Fund	24,577,008	25,063,106	486,098	2.0%
Special Revenue Funds	2,145,252	2,832,922	687,670	32.1%
Capital Project Funds	30,472,938	42,150,375	11,677,437	38.3%
<i>Total Governmental Funds</i>	<i>57,195,198</i>	<i>70,046,403</i>	<i>12,851,205</i>	<i>22.5%</i>
Enterprise Funds	798,775	1,340,775	542,000	67.9%
Grand Total	57,993,973	71,387,178	13,393,205	23.1%

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 2020-21. 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 84.0% of general fund revenues.

For FY 2020-21 total recurring revenues are projected to decrease by 0.9% over the FY 2019-20 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 increase by 1.9% due to added CARES Act grant funds, combined with lower estimates on sales tax collections from satellite sales and telecommunications. Sales tax revenues, which represent 16.9% of general fund revenues, are expected to decrease by 8.8% due to the recent economic impact from the COVID-19 pandemic.

Recurring Revenues – General Fund

	2019-20 Adopted Budget	FY 2020-21 Adopted Budget	Amount Change	Pct Change
Property Taxes	12,978,367	13,156,500	178,133	1.4%
Local Sales Tax	4,649,090	4,242,202	(406,888)	-8.8%
Other Taxes & Licenses	1,610,441	1,603,045	(7,396)	-0.5%
Intergovernmental	2,045,898	2,085,336	39,438	1.9%
Grand Total	21,283,796	21,087,083	(196,713)	-0.9%

Property and sales tax revenues make up 69.4% of total general fund revenues in FY 2020-21. The total property tax valuation is estimated to be \$2,274,811,835 based on valuation by the Orange County Tax Administrator. This is a 0.2% growth over the past year. In FY 2020-21 each penny on the tax rate is projected to generate approximately \$227,481. 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 were trending upward and consumer confidence was high prior to the recent pandemic. Overall local sales tax revenues (\$2.57 million to date), reflecting six months of collections for the year, are 55.3% of the Town’s FY 2019-20 adopted sales tax revenue budget (\$4.65 million). According to the FY 2020-21 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 2019-20 were up approximately 8.1% over the same period in FY 2018-19. When factoring in the effects of the pandemic related to sales for March through June, 2020, the League of Municipalities anticipates that sales tax revenues statewide for the current fiscal year 2019-20 will be 0 to 2% above the FY 2018-19 distributions. For next fiscal year 2020-21 local sales tax revenues statewide are expected to decrease by 2 or 3% of the FY 2019-20 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 2019-20 were up approximately 1.9% from the previous year. Projections for statewide electricity revenues for FY 2019-20 are expected to increase by 1.7%. For FY 2020-21, they are projected to increase by 1.0%.

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 2019-20, natural gas revenues have been 10.0% lower over the same period in FY 2018-19. The N. C. League of Municipalities has projected that statewide distributions to municipalities for FY 2019-20 will be 10.0% lower than the past year; and, for FY 2020-21 the projection is expected be 1.5% below that of FY 2019-20.

For FY 2019-20, the Town has collected \$549,771 (58% of budget) in electricity tax revenues, and \$11,562 (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 continue to show decreases. Consumers are continuing to move away from landline telephone service to mobile telephone service. Annual statewide telecommunications revenues for FY 2019-20 are expected to decrease by 7.5% with an additional decline of 9.2% in FY 2020-21. For the first two quarters of this fiscal year 2019-20 the Town has received revenue of \$78,847 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 have a slight growth of 1.0% in FY 2019-20, but will continue to decline in FY 2020-21 by 1.7%. For the first two quarters of FY 2019-20, the Town has received revenue of \$31,951 or 55.6% of the adopted budget

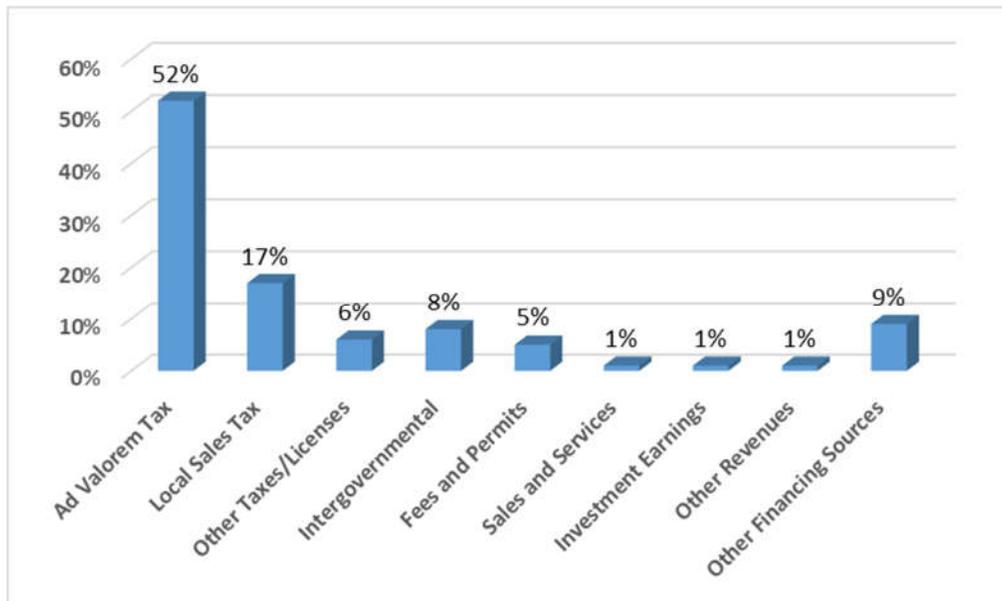
Municipalities with qualifying Public, Educational, and Governmental (PEG) channels are entitled to supplemental PEG channel support funds for up to three channels. The amount per channel for FY 2019-20 is approximately \$27,494 and is expected to remain the same for FY 2020-21.

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 2019-20 state officials have indicated that beer and wine sales tax distributions will be 0.5% higher than last year and no growth is expected for FY 2020-21.

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 2020-21 are from Fund Balance Appropriation and total \$2,239,574 or 8.9% of the total 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”. The fund balance appropriation increased by \$738,821 or 49.2% over the adopted FY 2019-20 budget, and is the result of the decrease in revenues due to the recent pandemic.

FY 2020-21 GENERAL FUND REVENUE SOURCES % of Total \$25,063,106



EXPENDITURES

For FY 2020-21, total General Fund operating expenses slightly increased by 2% over FY 2019-20. Of the total budget, personnel costs account for 59.7%, while operating costs account for 36.2%. Capital outlay and transfers account for the remaining 4.1%.

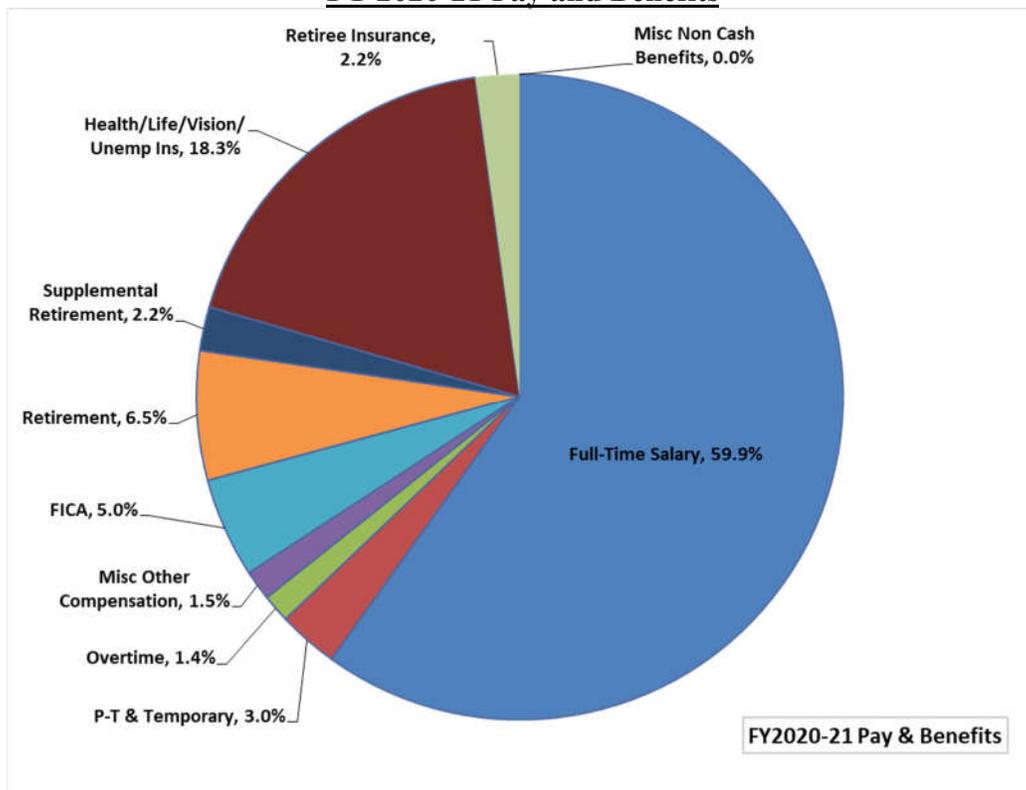
General Fund Budget Summary

	2019-20 Adopted Budget	FY 2020-21 Adopted Budget	Pct Change
Personnel	14,630,474	14,965,571	2.3%
Operating	9,203,734	9,072,885	-1.4%
Capital Outlay	285,600	118,600	-58.5%
Transfers	457,200	906,050	98.2%
TOTAL	\$24,577,008	\$25,063,106	2.0%

PERSONNEL

Personnel cost are expected to increase by 2.3%. For FY 2020-21, across the board pay adjustments to permanent employees is zero. Factors that affect personnel cost include: a) projected 15.0% increase in health insurance premiums; 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 9.01% to 10.20% for general employees; and, from 9.70% to 10.84% for law enforcement officers in FY 2020-21. 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%

No merit or performance pay will be provided for employees in FY 2020-21. 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. Due to the COVID-19 budget concerns, the Town will not provide a compensation adjustment to its employees for FY21.

The number of full-time equivalent positions will increase from 167.0 to 168.5 (these totals include 3.5 FTE positions funded by Stormwater Utility Enterprise Fund). An additional Stormwater Administrator and a half time Stormwater GIS position will be added to, and funded in, the Stormwater Enterprise Fund. Funds to cover the proposed 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 2020-21 will decrease by 1.4% from \$9,203,734 to \$9,072,885. 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.). Due to the recent pandemic, most travel, training, and conference budgets were reduced to zero. Several initiatives begun in previous fiscal years will be continued in FY 2020-21. These include implementation of solid waste study pilot programs, gold level bicycle designation, and new payroll time and attendance software. 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 58.5% from \$285,600 to \$118,600 in FY 2020-21, and include snow removal equipment, a tire balancer for the fleet shop, and transit vehicle replacement cost. In the Capital Projects Fund, the Town is looking to finance a major building in 2020-21 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 139.

Department	Vehicles/Equipment	Cost Estimate
Police	6 Vehicles @ \$56,000	\$ 336,000
Fire	Fire Tanker Truck	350,000
Fire	Ford Explorer Hybrid	49,000
Public Works	Boom Truck	155,000
Public Works	2 Pickup Trucks	64,000
	Total	\$ 954,000

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, and grants administration.

The total budget for the Special Revenue Fund in FY 2020-21 is \$2.8 million dollars.

SPECIAL REVENUE FUND SUMMARY

	Adopted Budget FY2019-20	Adopted Budget FY2020-21	Amount Change	Pct Change
Fund:				
Affordable Housing	358,500	338,000	-20,500	-5.7%
Grant Administration	998,096	893,249	-104,847	-10.5%
Emergency Loans	0	508,405	508,405	#DIV/0!
Revolving Loans for Energy Efficiency	267,388	240,572	-26,816	-10.0%
Revolving Loans for Economic Development	902,101	852,696	-49,405	-5.5%
Totals	\$2,526,085	\$2,832,922	\$306,837	12.1%

For FY 2021, a property tax rate of 1 cent will remain in place to be dedicated to the Affordable Housing Fund, along with a subsidy from the General Fund of \$112,500.

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, 2019, unassigned fund balance in the general fund exceeded 35.0% and the Town Manager, in accordance with Town policy, assigned \$2.0 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 2020-21 is \$42.1 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 \$26.4 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 <u>FY2019-20</u>	Adopted Budget <u>FY2020-21</u>	Amount Change	Pct Change
Fund:				
Capital Projects	\$21,052,330	\$ 33,222,583	\$ 12,170,253	57.8%
GO Bonds, Sidewalks and Greenways	7,499,643	7,920,942	421,299	5.6%
Facilities Rehab	-	1,005,750	1,005,750	#DIV/0!
Capital Reserves	406,200	400	(405,800)	-99.9%
Payment In Lieu Reserves	950	700	(250)	-26.3%
Totals	\$28,959,123	\$ 42,150,375	\$ 13,191,252	45.6%

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 2025 can be reviewed on the Town’s web site at:

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

CONCLUSION

Prior to the COVID-19 pandemic, economic conditions in North Carolina continued to be positive with low unemployment rate, increased taxable sales and increased employment. The professional and business services sector continued its rapid growth, and the area economy was strong. The unknown factors of the pandemic make it difficult for financial forecasting, and national and state policies may affect the economy and consumer confidence in the coming months as the country begins to rebound from the effects of the pandemic.

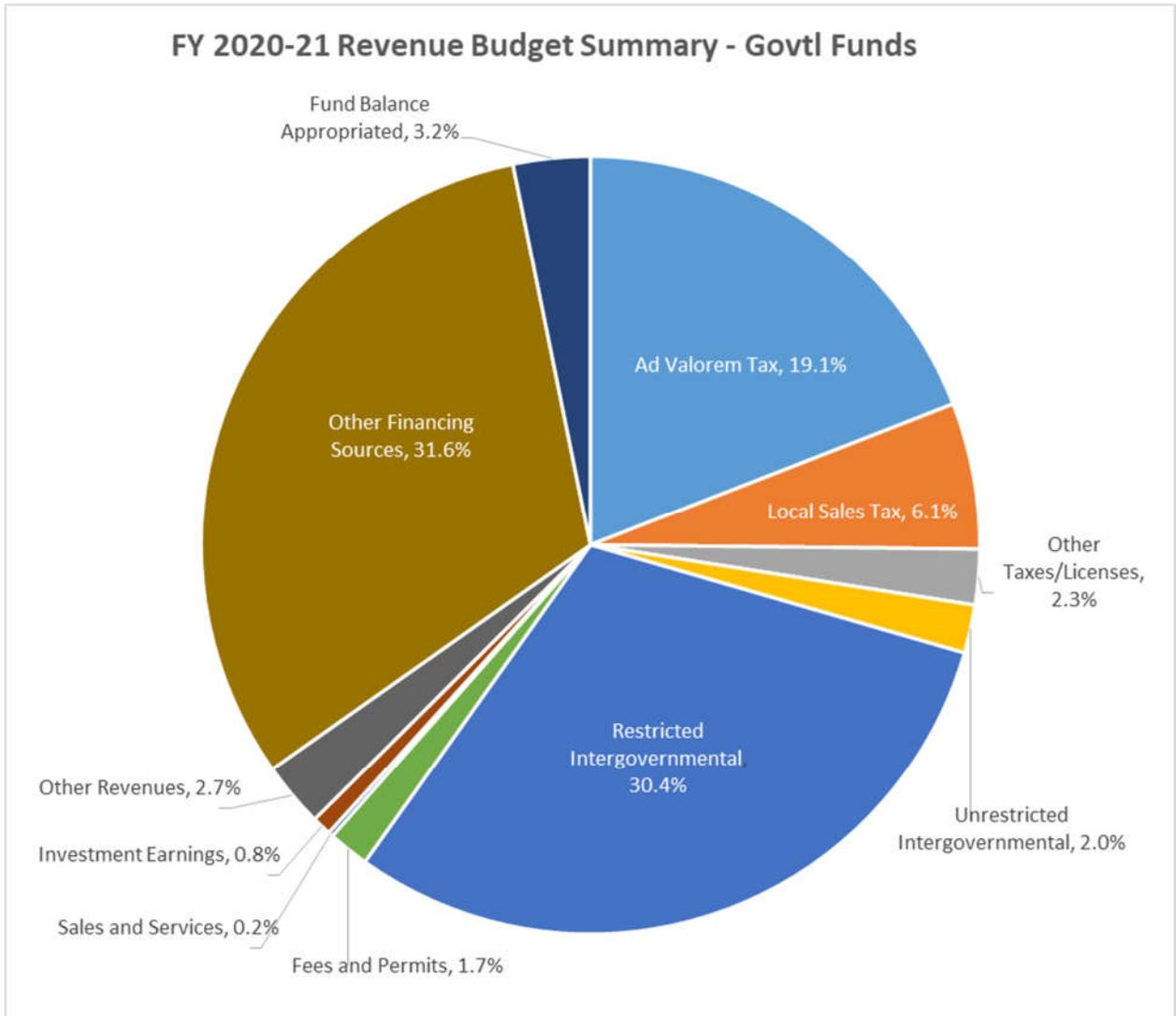
Once the pandemic subsides, hopefully our citizens, and potential visitors, will be able to revive our local economy to a level that resembles the pre-pandemic economy which included low unemployment rates and strong taxable sales. Town revenues are expected to fall slightly shy of the budget for the year ending June 30, 2020. Overall revenues for FY 2020-21 are budgeted to be less than FY20 as a result of the lingering effects of the pandemic.

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 2020-21 budget that provide for continued delivery of quality services, carrying out Town Council priorities, maintaining financial strength, and retaining qualified and productive employees.

FY 2020-21 Revenue Budget Summary - All Funds by Major Fund

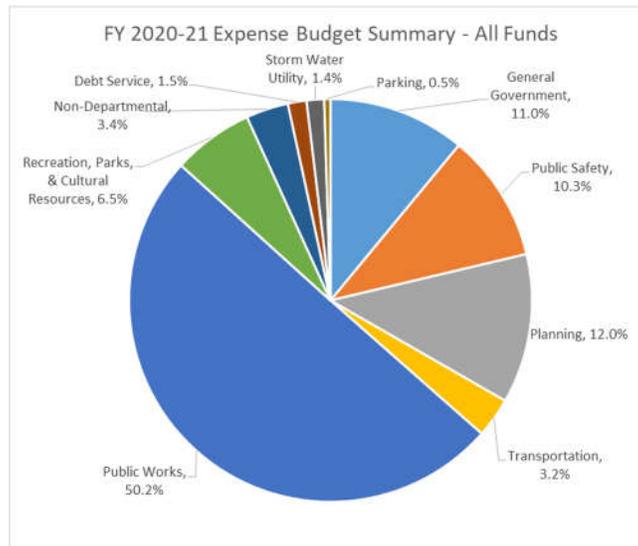
	General Fund	Special Revenue Funds	Capital Funds	Total All Govtl Funds	Percent All Govtl Funds	Enterprise Funds
Ad Valorem Tax	\$ 13,156,500	\$ 224,700		13,381,200	19.1%	
Local Sales Tax	4,242,202			4,242,202	6.1%	
Other Taxes/Licenses	1,603,045			1,603,045	2.3%	
Unrestricted Intergovernmental	1,389,688			1,389,688	2.0%	
Restricted Intergovernmental	695,648		20,573,499	21,269,147	30.4%	
Fees and Permits	1,222,929			1,222,929	1.7%	989,475
Sales and Services	131,250			131,250	0.2%	
Investment Earnings	140,000	253,875	156,413	550,288	0.8%	5,750
Other Revenues	242,270	1,617,719		1,859,989	2.7%	2,000
Other Financing Sources	-	736,628	21,420,463	22,157,091	31.6%	343,550
Fund Balance Appropriated	2,239,574			2,239,574	3.2%	
Totals	\$ 25,063,106	\$ 2,832,922	\$ 42,150,375	\$ 70,046,403	100.0%	\$ 1,340,775



FY 2020-21 Expense Budget Summary - All Funds

	General Fund	Special Revenue Funds	Capital Funds	Total All Govtl Funds	Enterprise Funds
Mayor and Town Council	\$ 391,313			\$ 391,313	
Advisory Boards	36,800			36,800	
Town Manager	384,939			384,939	
Economic Development	315,210	\$ 1,361,101		1,676,311	
Climate Action	129,591			129,591	
Housing & Community Services	538,144	578,572		1,116,716	
Town Clerk	156,147			156,147	
Finance	1,278,630			1,278,630	
Human Resources	647,907			647,907	
Information Technology	1,748,550		\$ 250,000	1,998,550	
Police	4,190,696			4,190,696	
Fire	3,186,183			3,186,183	
Planning	1,563,585	70,000	6,915,395	8,548,980	
Transportation	2,029,600		288,000	2,317,600	
Public Works	4,113,574	823,249	30,925,768	35,862,591	
Recreation, Parks, & Cultural Resources	1,844,009		2,761,896	4,605,905	
Non-Departmental	1,402,995		1,009,316	2,412,311	
Debt Service	1,105,233		-	1,105,233	
Storm Water Utility				-	\$ 994,475
Parking				-	346,300
Total Expenditure Budget	\$ 25,063,106	\$ 2,832,922	\$ 42,150,375	\$ 70,046,403	\$ 1,340,775

General Government	\$ 5,627,231	\$ 1,939,673	\$ 250,000	\$ 7,816,904	
Public Safety	7,376,879	-	-	7,376,879	
Planning	1,563,585	70,000	6,915,395	8,548,980	
Transportation	2,029,600	-	288,000	2,317,600	
Public Works	4,113,574	823,249	30,925,768	35,862,591	
Recreation, Parks, & Cultural Resources	1,844,009	-	2,761,896	4,605,905	
Non-Departmental	1,402,995	-	1,009,316	2,412,311	
Debt Service	1,105,233	-	-	1,105,233	
Storm Water Utility	-	-	-	-	\$ 994,475
Parking	-	-	-	-	346,300
Totals	\$ 25,063,106	\$ 2,832,922	\$ 42,150,375	\$ 70,046,403	\$ 1,340,775



A motion was made by Council Member Seils, seconded by Council Member Gist, to approve the following ordinance:

**ANNUAL BUDGET ORDINANCE FY 2020-21
Town of Carrboro, North Carolina
Ordinance No. 21/19-20**

WHEREAS, the recommended budget for FY 2020-21 was submitted to the Town Council on May 26, 2020 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 2, 2020, the Town Council held a public hearing on the budget pursuant to G.S. 159-12;

WHEREAS, on June 23, 2020, 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, 2020 and ending June 30, 2021:

⊕		GENERAL GOVERNMENT	\$ 5,627,231
		Mayor and Town Council	\$ 391,313
		Advisory Boards	36,800
		Town Manager	384,939
		Economic Development	315,210
		Climate Action	129,591
		Housing & Community Services	538,144
		Town Clerk	156,147
		Finance	1,278,630
		Human Resources	647,907
		Information Technology	1,748,550
		PUBLIC SAFETY	7,376,879
		Police	4,190,696
		Fire	3,186,183
		PLANNING	1,563,585
		TRANSPORTATION	2,029,600
		PUBLIC WORKS	4,113,574
		RECREATION, PARKS, & CULTURAL RESOURCES	1,844,009
		NONDEPARTMENTAL	1,402,995
		DEBT SERVICE	1,105,233
		TOTAL GENERAL FUND	<u>\$25,063,106</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, 2020 and ending June 30, 2021 to meet the general fund expenditures:

Ad Valorem Tax	\$ 13,156,500
Local Sales Tax	4,242,202
Other Taxes/Licenses	1,603,045
Intergovernmental	2,085,336
Fees and Permits	1,222,929
Sales and Services	131,250
Investment Earnings	140,000
Other Revenues	242,270
Other Financing Sources	2,239,574
Total General Fund	<u>\$ 25,063,106</u>

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	\$ 74,518
Home Consortium Match	14,057
Partnership to End Homelessness	35,232
AHSRF Deferred Loan Program	10,000
Affordable Hsg Advisory Board	500
Critical Home Repair	61,050
Rental Deposits Program	31,703
Acquisition and Development	100,000
Unexpended Reserves	10,940
Total Appropriation	<u>\$ 338,000</u>

Section 2. Affordable Housing Fund Revenues

There is hereby levied a tax rate of \$.0100 (1.0 cent) on each one hundred dollars (\$100) valuation of taxable property as listed for taxes on January 1, 2020 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 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 \$994,475 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 2019-20 may be carried forward to fiscal year 2020-21.

ARTICLE V – PARKING ENTERPRISE FUND

Section 1. Parking Enterprise Fund

The Parking Enterprise Fund was created for the purpose of managing parking related facilities within the Town and tracking related expenses. A total of \$346,300 is appropriated for parking activities.

Section 2. Revenues for Parking Enterprise Fund

Revenues to support parking activities include a transfer of funds from the General Fund that will fund all of the parking related expenditures.

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, 2020 shall be re-appropriated to the Fiscal Year 2020-21 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.

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, 2020 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.....	\$.0100
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.

The foregoing ordinance having been submitted to a vote received the following vote and was duly adopted this 23rd day of June 2020:

Ayes: Mayor Lydia Lavelle, Council Member Barbara Foushee, Council Member Jacquelyn Gist, Council Member Randee Haven-O'Donnell, Council Member Susan Romaine, Council Member Damon Seils

Nays: 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 adopted by the Carrboro Board of Aldermen.



A handwritten signature in cursive script that reads "Catherine Dorando". Below the signature, the words "Town Clerk" are printed in a small, sans-serif font.