



May 3, 2016

To: Mayor and Board of Aldermen:

I am pleased to submit for your consideration a recommended budget for Fiscal Year 2016-17. This budget represents the careful and balanced choices that were required among the Town's competing needs and demands. The major goals in developing the FY 2016-17 budget were to: 1) implement the Board's strategic priorities; 2) manage costs while improving services to the citizens; and, 3) develop a balanced budget with no property tax rate increase.

The proposed general fund budget for FY 2016-17 totals \$22.0 million, an increase of 2.1% over the current adopted budget. Some of the priorities in the upcoming fiscal year include funding for:

- Affordable housing at a level equal to a penny of the property tax rate,
- Human services programs,
- Implementation of last phase of Minimum Housing Wage Strategy,
- Orange County Living Wage Program Certification,
- Continued capital investments in Town infrastructure.

In addition to maintaining the existing services, funds are budgeted for Employee and Organizational Development activities (e.g., risk management/safety, racial sensitivity/racial equity training); and, Citizen Outreach (e.g., Carrboro Citizens Academy, Citizen Survey, Youth Advisory Board and UNC Good Neighbor Program).

Several initiatives begun in the current fiscal year will continue into FY 2016-17. These include parking study and analysis, comprehensive solid waste study, gold level bicycle designation, facility and space needs analysis, new permitting software for planning, body worn cameras for police, evaluating options for stormwater management and flooding mitigation.

The Town will continue with its Strategic Energy and Climate Protection Plan. Efforts will be undertaken in FY 2016-17 to identify strategies and costs for implementation of this plan. As new projects are considered, efforts will be made to incorporate energy savings strategies which will reduce operating costs.

In FY 2017-18 fire and police will need to replace all Motorola radios (136) at an estimated cost of \$819,000. To minimize the financial impact, the Town set aside \$273,000 of assigned fund balance in the Capital Reserve Fund in FY 2015-16 and will do the same in FY 2016-17 and FY 2017-18.

In the GO Sidewalk and Greenways Fund, all planned sidewalks, except for Rogers Road, have been completed. Using the bond fund, the Town has been able to leverage state/federal funding for several of the sidewalk and greenway projects.

Total full-time equivalent positions in FY 2016-17 increase from 158.5 to 159.5. A temporary contractual position will be converted to a full-time Capital Projects Manager position in the Public Works Department. This new position will coordinate and oversee all planning, design and construction of capital projects.

The accompanying Executive Summary provides additional highlights of overall budget priorities and strategies for fiscal year 2016-17.

On behalf of all Town of Carrboro employees, I want to thank the Mayor and Board of Aldermen for your leadership and dedication to the community. Your efforts are vitally important to Carrboro's unique identity and quality of life. I would also like to recognize and thank Arche McAdoo, Sandy Svoboda, and the entire Finance Team for their dedicated efforts in the development of the FY 2016-17 Town budget.

Sincerely,



David L. Andrews, ICMA-CM  
Town Manager

# EXECUTIVE SUMMARY

## BUDGET OVERVIEW

The economic outlook for North Carolina continues to be generally positive. The statewide seasonally adjusted unemployment rate for February 2016 was 5.5%, unchanged from January 2016 and 0.2 of a percentage-point decrease over the year. Nationally, the seasonally adjusted unemployment rate in February 2016 was 4.9%. Orange County's unemployment rate of 4.7% in February 2015 was considerably less than the State and nation.

In terms of job growth, the North Carolina Department of Commerce, Labor & Economic Analysis Division, reports total nonfarm employment level (not seasonally adjusted) for March 2016 of 4,292,500. This was an increase of 38,800 or 0.9% over the employment level in February 2016. Among the major industries, the largest over-the-month increase in employment was in Trade, Transportation & Utilities at 1.4%. Over the year, the Service Providing sector (all industries except Mining & Logging, Construction and Manufacturing showed an increase of 98,000 jobs (2.8%). Professional & Business Services experienced the largest employment increase at 29,800 or 5.2%, followed by Trade, Transportation & Utilities at 238,800 or 3.7%.

North Carolina sales taxes remained a strong point for revenues at both the state and local levels through the first half of FY 2015-16. As of January 2016, sales tax distributions by the state to localities were up approximately 4.6 percent from the same point in FY 2014-15. However, there are concerns about a potential slowdown of the construction industry. As noted in the NC League of Municipalities FY 2016-17 Revenue Projections, there may be sufficient housing inventory leading buyers to purchase existing homes. Although this would not be bad for the economy as a whole, it could mean slower sales tax growth should there be a slowdown in housing construction.

Local signs of an economic strength include the low unemployment rate, increased taxable sales, and increased value of residential building permits. As the table below shows, the number of commercial building permits increased in 2015 from the prior year with a small decrease in the value of these permits. During this same time, the number and value of residential building permits increased.

| <u>Fiscal Year</u><br><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> |
| 2008                                       | 298                       | \$ 4,469,526 | 468                        | \$ 2,796,800 |
| 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   |

Through March general fund revenue collections for FY 2015-16 total \$17.7 million or 82% of the adopted budget. Last year at this time, total general fund revenue collections were \$16.7 million or 79% of adopted budget. Property tax revenue collections are \$11.7 million or 95% of budget. Local sales tax

revenues through January total \$1.9 million. Unrestricted intergovernmental revenues year-to-date are 81% of budget. Overall, total general fund revenue collections for FY 2015-16 are expected to exceed the adopted budget.

While most economic indicators for the state remain strong with positive projections for the future, the Town continues its conservative approach in estimating revenues. The North Carolina General Assembly has enacted legislation that expands the local sales tax to repair, installation and maintenance services. Also, provisions have been enacted by the General Assembly to reallocate sales tax revenues to certain rural areas of the state. The underlying question is whether the expanded sales tax base will generate sufficient revenues to cover the cost of the proposed reallocation of sales taxes to the targeted rural areas. For the FY 2016-17 budget the Town assumes that the General Assembly will make no changes during its 2016 “short-session” that would negatively impact the Town’s existing revenues.

In developing the FY 2016-17 budget, the Town continued its conservative fiscal approach used over the past several years. 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 development of the 2016-17 budget were to:

- implement the Board’s strategic priorities,
- manage costs while improving services to the citizens,
- develop a balanced budget with no property tax rate increase, and,
- provide salary adjustments for Town employees.

The total recommended general fund operating budget for FY 2016-17 is \$ 22,032,357, an increase of \$459,711 or 2.1% over the adopted budget for 2015-16. By state law, municipalities are required to have a balanced budget where revenues must equal budgeted expenditures.

## **BUDGET PROCESS**

The budget process is similar to past years, requiring departments to justify their operating budget for the continuation of services as well as any proposed new or expanded services. The continuation 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 Program (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 89% of general fund revenues.

For FY 2016-17 total recurring revenues are projected to increase by 6.3% over FY 2015-16. This increase stems primarily from expected local sales tax growth, other taxes and licenses, and intergovernmental. The projected 61.2% increase in other taxes and licenses is due to the new Tax & Tag System implemented by the North Carolina Department of Motor Vehicles. The tax on a motor vehicle is collected by NC DMV at the time of registration. Previously motor vehicles could be registered and then taxes billed and collected by the County Tax Administrator in which the vehicle was registered. Intergovernmental revenue increase is due to anticipated increase in electricity sales tax and wine and beer tax collections.

## Recurring Revenues

|                                 | <b>FY 2015-16<br/>Adopted<br/>Budget</b> | <b>FY 2016-17<br/>Recommended<br/>Budget</b> | <b>\$<br/>CHANGE</b> | <b>%<br/>CHANGE</b> |
|---------------------------------|--|--|----------------------|---------------------|
| Property Taxes                  | \$ 12,315,470                            | \$ 12,393,363                                | \$ 77,893            | 0.6%                |
| Local Sales Taxes               | 3,825,686                                | 3,978,713                                    | \$ 153,027           | 4.0%                |
| Other Taxes & Licenses          | 879,378                                  | 1,417,527                                    | \$ 538,148           | 61.2%               |
| Intergovernmental               | 1,499,344                                | 1,896,337                                    | \$ 396,993           | 26.5%               |
| <b>Total Recurring Revenues</b> | <b>\$ 18,519,878</b>                     | <b>\$ 19,685,939</b>                         | <b>\$ 1,166,061</b>  | <b>6.3%</b>         |

Of the total general fund revenues, property and sales tax revenues make up 74% of total revenues and are projected to increase 0.6% and 4.0%, respectively, in FY 2016-17. The total property tax valuation at June 30, 2015 was \$2,113,902,961. For FY 2016-17 total tax valuations are expected to grow to \$2,153,392,411. In FY 2016-17 each penny on the tax rate is projected to generate approximately \$213,483. In addition, property tax relief is available for the elderly, permanently-disabled persons, and veterans who meet income and other specific exemption requirements.

Overall local sales tax revenues (\$1.9 million), reflecting six months of collections for the year, are 50% of the FY 2015-16 adopted budget (\$3.8 million). According to the FY 2016-17 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 2015-16 were up approximately 4.6% over the same period in FY 2014-15. The League of Municipalities anticipates that sales tax revenues for the current fiscal year will be 4.5% above the FY 2014-15 distributions. In FY 2016-17 local sales tax revenues are expected to increase by 3.75% over the FY 2015-16 actuals. Retail sales in North Carolina are trending upward and consumer confidence is high. Locally, sales tax revenue is expected to grow by 4.0% in the FY 2016-17 due to increased demands for goods and services.

Intergovernmental revenues, which comprise 8.6% of general fund revenues, are expected to increase roughly 26.5%. This increase is driven by expected increase in electricity sales taxes and wine and beer tax revenues. Other intergovernmental revenues are expected to remain flat, and in some instances (e.g. telecommunications sales tax, video sales programming, etc.), revenues are expected to decline.

In FY 2014-15 the state changed the method of distribution to localities for electricity and piped natural gas sales. This change required general sales tax collected by the state to be 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 in the state for the first two quarters of FY 2015-16 were up more than 20% on an average from the prior year. Projections for statewide electricity revenues for FY 2015-16 are expected to be 9.0 percent above last year. For FY 2016-17 these revenues are projected to increase by 3.5%.

Sales tax on piped natural gas, as with electricity sales, is being distributed to municipalities under a new formula. Due to the sensitivity of natural gas taxes to temperatures, along with the number of amended returns filed with the state during the last two quarter of FY 2014-15, these revenues were down by 40 percent in the final quarter. The N. C. League of Municipalities has projected that statewide distributions

to municipalities for FY 2015-16 will be 2.0% lower than FY 2014-15. For FY 2016-17 the projection is a decrease of 2% in natural gas tax revenues from the current fiscal year.

Telecommunications Sales Tax revenues statewide continue to show decreases. Annual statewide telecommunications revenues for FY 2015-16 are expected to decrease by 12.00%. For FY 2016-17 these revenues are expected to decline by 2.0%. For the first two quarters of FY 2015-16, the Town has received revenue of \$69,104 or 37% of the adopted budget.

Local Video Programming revenue distributions statewide are projected to be 5.5% below FY 2014-15 levels and decrease by 2.0% in FY 2016-17. This trend in the cable industry has been away from set-top TV provides to more reliance on streaming services. For the first two quarters of FY 2015-16, the Town has received revenue of \$27,236 or 47% of the adopted budget.

Beer and Wine Tax distributions to the Town have been under budgeted in the past. Based on historical trends and the opening of new outlets, these revenues are expected to increase significantly. We have made adjustments in the FY 2016-17 budget to bring these revenues more in line with past actual revenue trends.

**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 2016-17 total \$686,865 or 3% of total budget. This is a decrease of \$736,176 or 51.7% reduction over the adopted FY 2015-16 budget.

**OTHER FINANCING FY 2016-17**

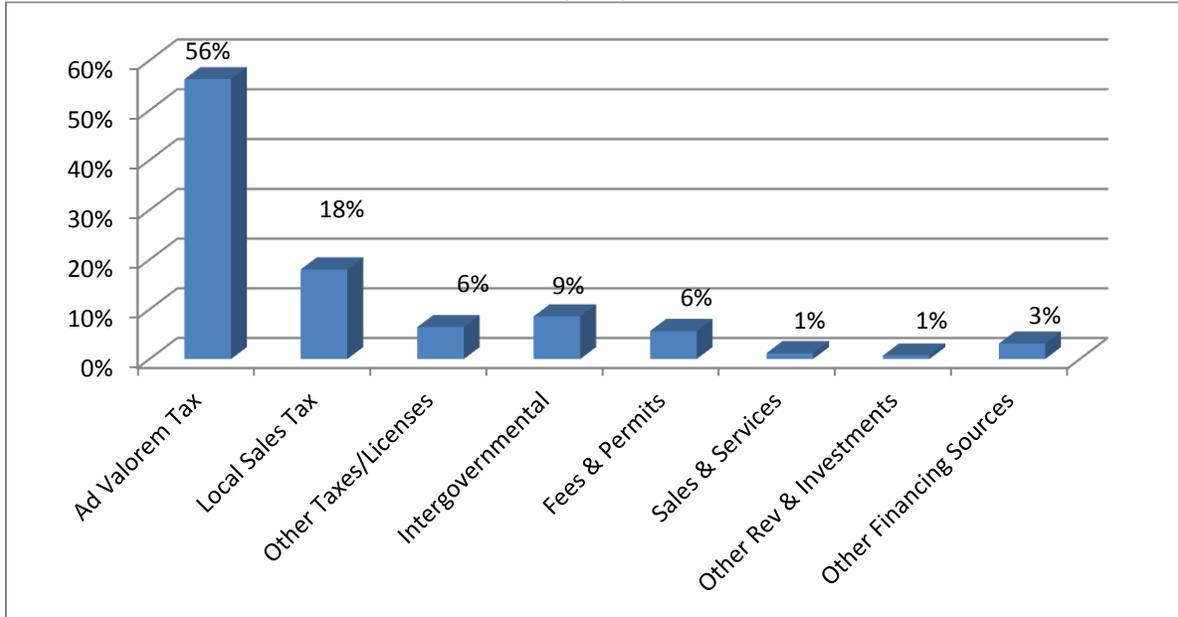
|                              | <b>FY 2015-16<br/>Adopted Budget</b> | <b>FY 2016-17<br/>Recommended<br/>Budget</b> | <b>\$ CHANGE</b>    | <b>%<br/>CHANGE</b> |
|------------------------------|--------------------------------------|--|---------------------|---------------------|
| Inter-Fund Transfers         | \$ 176,945                           | \$ -   | \$ (176,945)        | -100.0%             |
| Installment Financing        | 621,180                              | 411,306                                      | \$ (209,874)        | -33.8%              |
| Fund Balance                 | 624,916                              | 275,559                                      | \$ (349,357)        | -55.9%              |
| <b>Total Other Financing</b> | <b>\$ 1,423,041</b>                  | <b>\$ 686,865</b>                            | <b>\$ (736,176)</b> | <b>-51.7%</b>       |

The transfer from the Capital Reserve Fund of \$176,945 is no longer necessary to help with debt service for the construction of fire station #2.

Installment financing that is used to replace vehicles and equipment will be \$209,874 less than that in FY 2015-16. In FY 2016-17 this financing will be used to purchase of six police patrol vehicles, one back hoe, and one pick-up truck. The Town’s general goal is to maintain installment financing at the same level from year to year in order to control financing costs. The estimated debt service cost for this financing is \$16,601 for 5 years assuming a 2.0% annual interest rate.

Fund balance use is reduced significantly from FY 2015-16 and represents less than 2.0% of total revenues. The Town’s policy is to limit fund balance use to more than 10%.

**FY 2016-17 GENERAL FUND - ALL REVENUES (Percent of Total)  
\$22,032,357**



**EXPENDITURES**

For FY 2016-17 total operating expenses increase by 2.1% to a total of \$22,032,357. Personnel costs account for 57% of the total budget with operations and capital outlays comprising 40% and 3%, respectively. Personnel expenses are projected to increase by 5.7% while operations and capital outlay are expected to decrease.

|                       | <b>FY 2015-16<br/>ADOPTED<br/>BUDGET</b> | <b>FY 2016-17<br/>RECOMMENDED<br/>BUDGET</b> | <b>\$ CHANGE</b> | <b>% CHANGE</b> |
|-----------------------|--|--|------------------|-----------------|
| <b>PERSONNEL</b>      | \$ 11,918,907                            | \$ 12,594,270                                | \$ 675,363       | 5.7%            |
| <b>OPERATIONS</b>     | 8,942,810                                | 8,921,498                                    | (21,312)         | -0.2%           |
| <b>CAPITAL OUTLAY</b> | 710,930                                  | 516,589                                      | (194,341)        | -27.3%          |
| <b>TOTAL</b>          | \$ 21,572,647                            | \$ 22,032,357                                | \$ 459,710       | 2.1%            |

**PERSONNEL**

Factors that affect personnel cost include: a) 2% across the board pay adjustment provided to permanent employees in FY 2015-16; b) proposed 1.5% pay adjustment for employees in FY 2016-17; c) projected 15% increase in health insurance premiums; and implementation of a Minimum Housing Wage. 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.

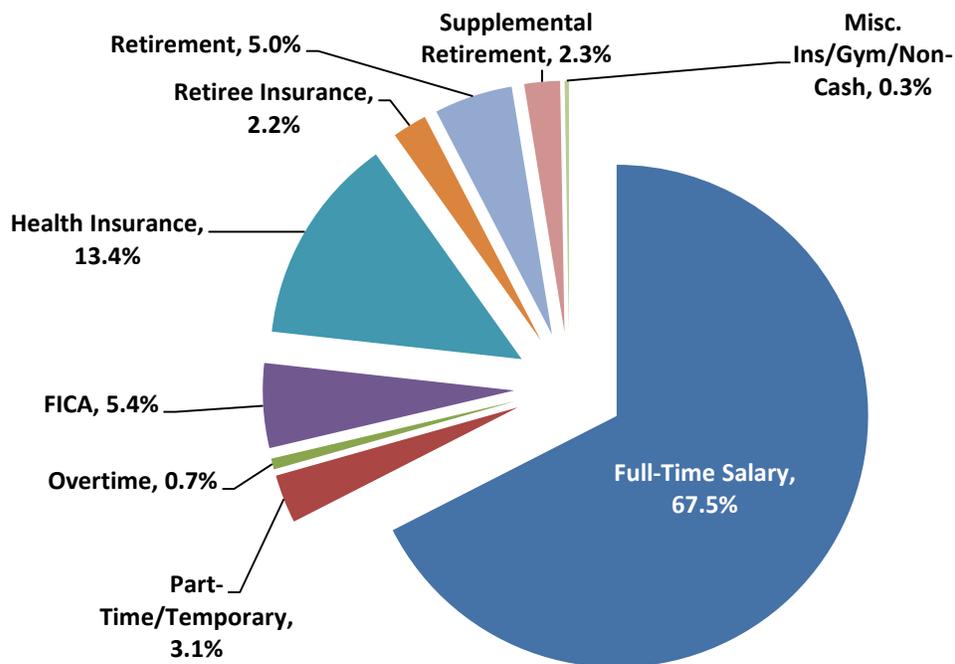
Contribution rates for the Local Government Employees' Retirement System (LGERS) will increase from 6.67% to 7.25% for general employees; and, will increase from 7.15% to 8.0% for law enforcement officers in FY 2016-17. Below is the schedule of contribution rates through FY 2020-21.

| <b>LGERS Employer Contribution Rate</b> |                          |                                 |
|---|--------------------------|---------------------------------|
| <b>Fiscal Year</b>                      | <b>General Employees</b> | <b>Law Enforcement Officers</b> |
| 2016-17                                 | 7.25%                    | 8.00%                           |
| 2017-18                                 | 7.50%                    | 8.25%                           |
| 2018-19                                 | 7.75%                    | 8.50%                           |
| 2019-20                                 | 8.00%                    | 8.75%                           |
| 2020-21                                 | 8.25%                    | 9.00%                           |

No merit pay will be provided for Town employees in FY 2016-17. 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. The Town will complete its implementation of the minimum housing wage strategy to provide all employees a salary equal to or greater than the Minimum Housing Wage of \$31,158. In FY2014-15 the Town had fifteen positions earning less than the housing wage. Through a combination of COLA and Merit pay all but four employees now have a salary greater than the minimum housing wage. In FY 2016-17 the Town will bring provide these four positions with a salary at or above the minimum housing wage.

For FY 2016-17 total full-time equivalent positions increase from 158.5 to 159.5. A full-time Capital Projects Manager position will be created in the Public Works department. This position will provide more efficiency and effectiveness by coordinating and managing all capital projects from design to construction.

### FY 2016-17 Pay and Benefits



## OPERATIONS EXPENSES

Operating expenses in the General Fund will slightly decrease from \$8,942,810 to \$8,921,498. This is due primarily to no new major initiatives proposed for FY 2016-17. In addition to maintaining the existing services, funds are budgeted for Employee and Organizational Development activities (e.g., risk management/safety, racial sensitivity/racial equity training); and, Citizen Outreach (e.g., Carrboro Citizens Academy, Citizen Survey, Youth Advisory board and UNC Good Neighbor Program).

Several initiatives begun in FY 2015-16 will be continued into FY 2016-17. These include parking study and analysis, comprehensive solid waste study, gold level bicycle designation, facility and space needs analysis, new permitting software for planning, body worn cameras for police, evaluating options for stormwater management and flooding mitigation.

## CAPITAL OUTLAY

Capital outlays will decrease by 27% from \$710,930 to \$516,589 in FY 2016-17. Outlays will be for replacement vehicles and equipment purchases, and street resurfacing.

| Department   | Vehicle                                   | Cost              |
|--------------|---|-------------------|
| Police       | Patrol Vehicle Replacements -6 @ \$47,916 | \$ 287,496        |
| Public Works | Ford Ranger Pick Up                       | \$ 27,770         |
| Public Works | Backhoe                                   | \$ 96,040         |
|              | <b>TOTAL</b>                              | <b>\$ 411,306</b> |

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.

## SPECIAL REVENUE FUND

While the general fund is the major operating budget for the Town, the annual budget includes the Special Revenue Fund and Capital Projects 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 Town does not currently have any major grants to account for in the Grants Administration Fund.

A major priority for the Special Revenue Fund is to fund the Affordable Housing Fund at a level equal to a penny of the Town's property tax rate in FY 2016-17. The total budget for the Special Revenue Fund in FY 2016-17 is \$1.4 million. The Affordable Housing Fund comprises 53.2% or \$764,960 of this total.

## 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, general obligation bonds for sidewalks and greenways, 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 CIP and funds may be appropriated in the annual general fund operating budget based on affordability. Contingent upon fund balance ratios in the Town's general fund being

within the stated policy goal of 22.5% to 35%, funds may be assigned or committed for funding through fund balance appropriation. At June 30, 2015, 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.

For FY 2016-17 the total Capital Project Fund budget is \$8.1 million.

|                            | <b>2015-16<br/>ADOPTED<br/>BUDGET</b> | <b>2016-17<br/>BUDGET</b> | <b>\$ CHANGE</b>    | <b>% CHANGE</b> |
|----------------------------|---------------------------------------|---------------------------|---------------------|-----------------|
| CAPITAL PROJECTS           | \$ 2,671,733                          | \$ 2,457,683              | \$ (214,050)        | -8%             |
| GO SIDEWALK &<br>GREENWAYS | 2,735,531                             | 4,828,568                 | 2,093,037           | 77%             |
| CAPITAL RESERVES           | 1,508,338                             | 757,993                   | (750,345)           | -50%            |
| PAYMENT IN-LIEU            | 149,780                               | 149,780                   | -                   | 0%              |
| <b>SUBTOTAL</b>            | <b>\$ 7,065,382</b>                   | <b>\$ 8,194,024</b>       | <b>\$ 1,128,642</b> | <b>16%</b>      |

In FY 2017-18 fire and police will need to replace all Motorola radios (136) at an estimated cost of \$819,000. To minimize the financial impact, the Town set aside \$273,000 of assigned fund balance in the Capital Reserve Fund in FY 2015-16 and will do the same in FY 2016-17 and FY 2017-18.

In the GO Sidewalk and Greenways Fund, all planned sidewalks, except for Rogers Road, have been completed. Using the bond fund, the Town has been able to leverage state/federal funding for several of the sidewalk and greenway projects.

| <b>Project</b>                 | <b>Federal/State</b> | <b>Local</b>        | <b>Other</b>     | <b>Total Funding</b> |
|--------------------------------|----------------------|---------------------|------------------|----------------------|
| Homestead Road-CHHS MU Path    | \$ 830,230           | \$ 147,500          | \$ 48,046        | \$ 1,025,776         |
| Jones Creek Greenway           | 336,000              | 84,000              | -                | 420,000              |
| Morgan Creek Greenway          | 1,210,000            | 302,500             | -                | 1,512,500            |
| Rogers Road Sidewalk           | 542,510              | 829,058             |                  | 1,371,568            |
| South Greensboro Street Design | 84,000               | 21,000              | -                | 105,000              |
| <b>Total</b>                   | <b>\$ 3,002,740</b>  | <b>\$ 1,384,058</b> | <b>\$ 48,046</b> | <b>\$ 4,434,844</b>  |
| <b>% of Total</b>              | <b>67.7%</b>         | <b>31.2%</b>        | <b>1.1%</b>      | <b>100.0%</b>        |

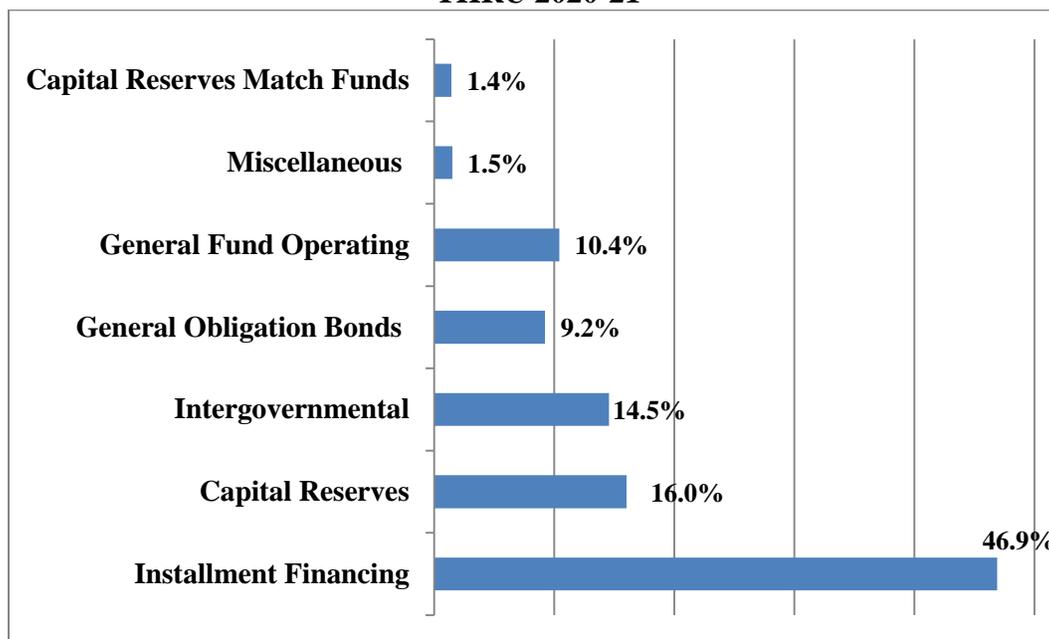
Because capital projects can affect all categories of spending in the operating budget, it is important to have a systematic planning process to prioritize needs, as well as identify possible financing plan. The Town Manager is responsible for developing and maintaining a six-year capital improvement program (CIP) plan 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.

In December 2015 the CIP Plan for FY 2016-17 through FY 2020-21 was updated and totaled \$49.9 million

|                                | ESTIMATED<br>COST THRU<br>2020-21 | % OF<br>TOTAL |
|--------------------------------|-----------------------------------|---------------|
| Current Projects               | \$ 22,093,754                     | 44.3%         |
| Mandated Stormwater Management | \$ 3,801,198                      | 7.6%          |
| Vehicles & Equipment           | \$ 6,463,164                      | 12.9%         |
| Technology                     | \$ 390,198                        | 0.8%          |
| New Projects                   | \$ 17,166,381                     | 34.4%         |
|                                | <u>\$ 49,914,695</u>              | <u>100.0%</u> |

Funding to undertake all projects in the CIP over the next six years would be from the following sources:

**PROPOSED FINANCING SOURCES FOR CAPITAL IMPROVEMENT PROJECTS  
THRU 2020-21**



Details of the CIP can be reviewed on the Town's web site at:  
<http://www.townofcarrboro.org/MS/CIP/2011/TableofContents.htm>.

**CONCLUSION**

Economic conditions in North Carolina continue to be positive with low unemployment rate, increased taxable sales and increased employment. Total nonfarm 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 budget for the year ending June 30, 2016. The overall revenue outlook for FY 2016-17 is expected to be 2.1% above FY 2015-16. Recurring

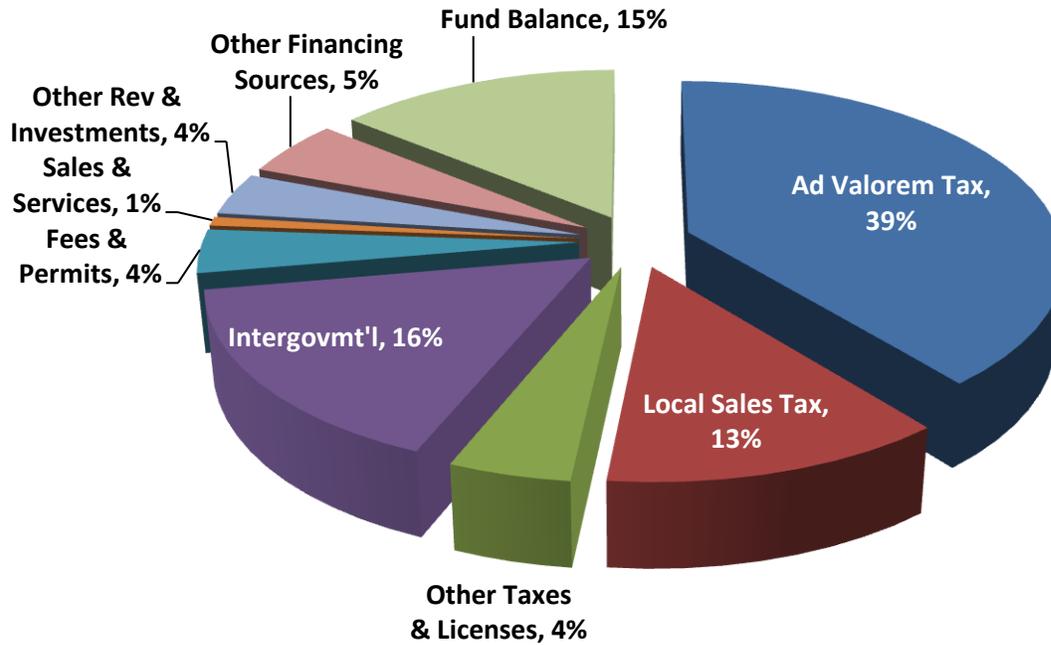
revenues which represent 89% of the total general fund budget are projected to grow by 6.3% in FY 2016-17.

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 2016-17 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.

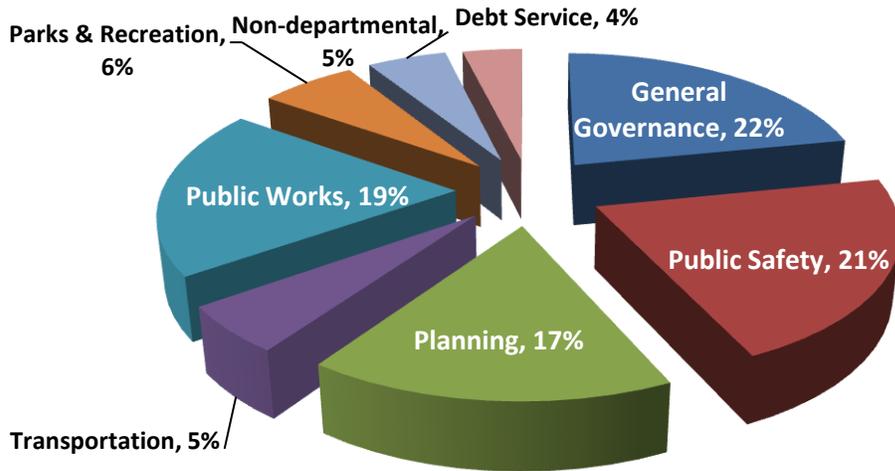
## Revenue Summary - All Funds by Fund Type

|                                | General Fund         | Special Revenue Funds | Capital Funds       | Total All Funds      |
|--------------------------------|----------------------|-----------------------|---------------------|----------------------|
| Ad Valorem Tax                 | \$12,393,363         |                       |                     | \$ 12,393,363        |
| Local Sales Tax                | \$3,978,713          |                       |                     | \$ 3,978,713         |
| Other Taxes/Licenses           | \$1,417,527          |                       |                     | \$ 1,417,527         |
| Unrestricted Intergovernmental | \$1,254,520          |                       |                     | \$ 1,254,520         |
| Restricted Intergovernmental   | \$641,816            | \$ 545,464            | \$ 2,647,939        | \$ 3,835,219         |
| Fees and Permits               | \$1,245,095          |                       |                     | \$ 1,245,095         |
| Sales and Services             | \$259,596            |                       |                     | \$ 259,596           |
| Investment Earnings            | \$1,110              | \$ 19,337             | \$ 39,834           | \$ 60,281            |
| Other Revenues                 | \$153,752            | \$ -                  | \$ 999,373          | \$ 1,153,125         |
| Other Financing Sources        | \$411,306            | \$ -                  | \$ 1,188,477        | \$ 1,599,783         |
| Fund Balance Appropriated      | \$275,559            | \$ 874,564            | \$ 3,318,401        | \$ 4,468,523         |
| <b>Total Revenues</b>          | <b>\$ 22,032,357</b> | <b>\$ 1,439,365</b>   | <b>\$ 8,194,024</b> | <b>\$ 31,665,745</b> |



## Expense Summary - All Funds by Fund Type

|                                    | General Fund         | Special Revenue Funds | Capital Funds       | Total All Funds      |
|------------------------------------|----------------------|-----------------------|---------------------|----------------------|
| Mayor and Board of Aldermen        | \$ 278,127           |                       | \$ -                | \$ 278,127           |
| Advisory Boards                    | \$ 17,850            |                       |                     | \$ 17,850            |
| Governance Support                 | \$ 650,815           |                       |                     | \$ 650,815           |
| Town Manager                       | \$ 422,843           |                       |                     | \$ 422,843           |
| Economic and Community Development | \$ 250,980           | \$ 1,439,364          | \$ -                | \$ 1,690,344         |
| Town Clerk                         | \$ 133,472           |                       |                     | \$ 133,472           |
| Management Services                | \$ 1,062,796         |                       |                     | \$ 1,062,796         |
| Human Resources                    | \$ 624,287           |                       |                     | \$ 624,287           |
| Information Technology             | \$ 1,351,302         |                       | \$ 688,753          | \$ 2,040,055         |
| Police                             | \$ 3,811,230         |                       | \$ 91,000           | \$ 3,902,230         |
| Fire                               | \$ 2,836,065         | \$ -                  | \$ -                | \$ 2,836,065         |
| Planning                           | \$ 1,384,881         | \$ -                  | \$ 3,891,795        | \$ 5,276,676         |
| Transportation                     | \$ 1,720,288         |                       | \$ -                | \$ 1,720,288         |
| Public Works                       | \$ 3,727,696         | \$ -                  | \$ 2,457,683        | \$ 6,185,379         |
| Parks and Recreation               | \$ 1,667,581         | \$ -                  | \$ 306,800          | \$ 1,974,381         |
| Non-departmental                   | \$ 871,451           |                       | \$ 757,993          | \$ 1,629,444         |
| Debt Service                       | \$ 1,220,693         |                       | \$ -                | \$ 1,220,693         |
| <b>Total Expenditures</b>          | <b>\$ 22,032,357</b> | <b>\$ 1,439,364</b>   | <b>\$ 8,194,024</b> | <b>\$ 31,665,745</b> |



**A motion was made by Alderman Seils, seconded by Alderman Slade, that this ordinance be approved.**

**ANNUAL BUDGET ORDINANCE FY 2016-17  
Town of Carrboro, North Carolina  
Ordinance No. 14/201516**

WHEREAS, the recommended budget for FY 2016-17 was submitted to the Board of Aldermen on May 3, 2016 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 17, 2016, the Board of Aldermen held a public hearing on the budget pursuant to G.S. 159-12;

WHEREAS, on June 21, 2016, 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:**

**Section 1.** The following amounts are hereby appropriated for the operation of the Town of Carrboro and its activities for the fiscal year beginning July 1, 2016 and ending June 30, 2017, according to the following schedule.

**SCHEDULE A - GENERAL FUND**

|                                  |             |                    |
|----------------------------------|-------------|--------------------|
| <b>GENERAL GOVERNMENT</b>        |             | <b>\$4,792,472</b> |
| Mayor & Board of Alderman        | \$278,127   |                    |
| Advisory Boards                  | \$17,850    |                    |
| Governance Support               | \$650,815   |                    |
| Town Manager                     | \$422,843   |                    |
| Economic & Community Development | \$250,980   |                    |
| Town Clerk                       | \$133,472   |                    |
| Finance                          | \$1,062,796 |                    |
| Human Resources                  | \$624,287   |                    |
| Information Technology           | \$1,351,302 |                    |
| <b>PUBLIC SAFETY</b>             |             | <b>\$6,647,295</b> |
| Police                           | \$3,811,230 |                    |
| Fire                             | \$2,836,065 |                    |
| <b>PLANNING</b>                  |             | <b>\$1,384,881</b> |
| <b>TRANSPORTATION</b>            |             | <b>\$1,720,288</b> |
| <b>PUBLIC WORKS</b>              |             | <b>\$3,727,696</b> |
| <b>PARKS &amp; RECREATION</b>    |             | <b>\$1,667,581</b> |

|                           |                     |
|---------------------------|---------------------|
| <b>NONDEPARTMENTAL</b>    | <b>\$871,451</b>    |
| <b>DEBT SERVICE</b>       | <b>\$1,220,693</b>  |
| <b>TOTAL GENERAL FUND</b> | <b>\$22,032,357</b> |

**Section 2.** It is estimated that revenues from the following major sources will be available during the fiscal year beginning July 1, 2016 and ending June 30, 2017 to meet the foregoing schedule:

**SCHEDULE A - GENERAL FUND**

|                                |                     |
|--------------------------------|---------------------|
| Ad Valorem Tax                 | \$12,393,363        |
| Local Sales Taxes              | \$3,978,713         |
| Other Taxes & Licenses         | \$1,417,527         |
| Unrestricted Intergovernmental | \$1,254,520         |
| Restricted Intergovernmental   | \$641,816           |
| Fees & Permits                 | \$1,245,095         |
| Sales & Services               | \$259,596           |
| Investment Earnings            | \$1,110             |
| Other Revenue                  | \$153,751           |
| Other Financing                | \$686,865           |
| <b>TOTAL GENERAL FUND</b>      | <b>\$22,032,357</b> |

**Section 3.** 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.

**Section 4.** Charges for services and fees by Town Departments are levied in the amounts set forth in the Miscellaneous Fees and Charges Schedule.

**Section 5.** The following authorities shall apply:

- a. The Town Manager can transfer funds between departments and functions within the General Fund for pay adjustments; service level benefits; law enforcement separation allowance; unemployment insurance; retiree, dependent, and permanent part-time health benefits; and, for other purposes deemed necessary by the Town Manager without further action by the Board.
- b. The Town Manager can 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 fiscal policy, may set aside an amount in assigned fund balance for transfer to the Capital Projects Fund for future projects.

- d. All operating funds encumbered or designated within fund balance for project expenditures as confirmed in the annual audit for the year ending June 30, 2016 shall be re-appropriated to the Fiscal Year 2016-17 Adopted Budget without further action by the Board.
- e. The Finance Officer may approve intradepartmental transfer requests between appropriation units and between programs or organizational units within the departmental 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 2016 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 services fee 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 6.** 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, 2016 for the purpose of raising the revenue constituting the general property taxes as set forth in the foregoing estimates of revenue and in order to finance the foregoing appropriations.

General Fund .....\$ .5894

**Section 7.** 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 21<sup>st</sup> day of June, 2016**

**The motion carried by the following vote:**

**Aye:** Alderman Seils, Alderman Slade, Alderman Chaney, Mayor Lavelle, Alderman Johnson  
Alderman Gist and Alderman Haven-O'Donnell