

EXECUTIVE SUMMARY

BUDGET OVERVIEW

The economic outlook for North Carolina continues to be positive. As noted in the February Carolinas Survey of Business Activity by the Federal Reserve Bank of Richmond: “. . . the region’s economy continued to expand in 2017 and respondents expect much of the same over the coming six months.” The current general business conditions index is at its highest reading since April 2016.

The statewide seasonally adjusted unemployment rate for February 2017 was 5.1%, unchanged from January 2016 and 0.2 of a percentage-point decrease over the year. Nationally, the seasonally adjusted unemployment rate in February 2017 was 4.7%. In terms of job growth, the North Carolina Department of Commerce, Labor & Economic Analysis Division, reports total nonfarm employment level (not seasonally adjusted) for February 2017 at 4,386,100, an increase of 9,100 since (0.2%) since January 2017 and 76,800 (1.8%) since February 2016. Since February 2016 the industries that added the largest number of jobs were: Professional & Business Services, (20,200;3.4%); Trade, Transportation & Utilities, (13,500; 1.7%); Leisure and Hospitality Services, (11,800;2.5%); Education and Health Services, (11,000; 1.9%); Construction, (7,600; 3.8%); Government, (6,000; 0.8%); Other Services, (5,900; 4.0%); Financial Activities, (5,600; 0.8%); and Mining & Logging, (300; 5.4%).

North Carolina sales tax collections remain a strong point for revenues at both the state and local levels with continued activity in the construction sector. Through the first half of FY 2016-17, distributions were about 5.2% ahead of FY 2015-16 for Article 39 and 40 combined. This is after the statutory reallocation. (It should be noted that the state and local sales tax base was expanded as of March 1, 2015, and beginning with the July 2016 distribution, there was a statutory reallocation of almost \$90 million in local sales tax revenue.)

Consumer confidence in the economy is high at present, and sales tax revenue for the remainder of the fiscal year is to continue a growth pattern. There does not seem to be any immediate slowdown ahead in this growth; however given the nature and base of sales tax revenues this can change quickly.

Local signs of economic strength include the low unemployment rate and increased taxable sales. Orange County’s unemployment rate in February 2017 was 4.1%, second lowest in the state. This is related to the dominance of the professional services sector and close proximity to the University of North Carolina and Research Triangle Park.

While the total number of commercial building permits decreased in 2016 from the prior year almost 98% of the permits were related to new construction and renovation. For residential permits, 79% of the total were related to new construction and renovation.

COMMERCIAL AND RESIDENTIAL TOWN PERMITS, 2016

<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>
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
2016	348	6,449,249	607	17,125,298

Through March general fund revenue collections for FY 2016-17 total \$17.3 million or 81% of the adopted budget. Last year at this time, total general fund revenue collections were \$17.2 million or 82% of adopted budget. Property tax revenue collections to date are \$11.7 million or 95% of budget. Local sales tax revenues through January total \$2.1 million compared to \$1.9 million at the same time last year. Unrestricted and restricted intergovernmental revenues year-to-date are 55% and 80% of budget, respectively. (Note: In terms of distribution, the North Carolina Department of Revenue distributes local sale tax revenues to localities three months after the month in which they are earned; and intergovernmental revenues three month after the end of the quarter.) Overall, total general fund revenue collections for FY 2016-17 are anticipated to exceed the adopted budget.

While most economic indicators for the state continue to be strong with high consumer confidence in the economy, the Town continues to take a conservative approach in estimating revenues. As noted above the state and local sales tax base has been expanded and statutory reallocation of sales tax revenues to certain rural areas are now in effect. For the FY 2017-18 budget the Town assumes that the General Assembly will make no changes during its 2017 “long-session” that would negatively impact the Town’s existing revenues. However, legislation has been introduced in the NC General Assembly that could affect some of the local revenue sources. These include:

- A. SB 126, Change the LOST Adjustment Factor, which would eliminate per capita adjustment factors currently applied to Article 401/2 cents sales tax;
- B. HB 63, Citizens Protection Act of 2017, which would make municipalities ineligible to receive distributions of natural gas, telecommunication, and video programming sales taxes; beer and wine taxes; and Powell Bill funds while in violation of so-called “sanctuary city” statutes; and,
- C. HB 21, Study Solid Waste Disposal Tax, which would require the General Assembly to study the solid waste disposal tax.

In developing the FY 2017-18 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 development of the 2017-18 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 2017-18 is \$ 22,869,686, an increase of \$837,329 or 3.8% over the adopted budget for 2016-17. By state law, municipalities are required to have a balanced budget where revenues must equal budgeted expenditures.

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 2009. State law requires units of local government, 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 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 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 revalued 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 owner of real property may pay more following a revaluation.

The reappraisal produced a property tax base of \$2,260,808,687 for Carrboro. Using the formula mandated by state law, the revenue-neutral tax rate for Carrboro is 57.17 cents, or 1.77 cents less than the 2009 reappraisal rate of 58.94 cents. Based on past collection rate of 99.28%, the reappraisal produces an estimated revenue of \$12,831,983 for FY 2017-18. Each penny on the tax rate produces approximately \$224,453. The growth factor over the past three years since the last general reappraisal is 1.1%. Given that Carrboro has not increased its real property tax rate in seven years, the recommended property tax rate for FY 2017-18 is for it to remain at 58.94 cents.

BUDGET PROCESS

The budget process is similar to past years. Departments are required to justify their operating budget for the continuation of services. Proposed new or expanded services are to be kept to a minimum or none at all. The continuing budget includes adjustments for price increases in the cost of goods and services; and may include projects and infrastructure expenditures reflected in

the annual Capital Improvement 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 2017-18 total recurring revenues are projected to increase by 3.9% over FY 2016-17. This increase stems primarily from revalued real property base, expected local sales tax growth, and other taxes and licenses.

The projected 30.3% 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 revenues, which comprise 8.1% of general fund revenues, are expected to decrease slightly by 2.2%. This slight decrease is due to the continuing change in consumer demand for traditional video and telecommunications. Subsequently, the amount of revenue available from video sales programming, home satellite sales, and telecommunications sales tax will be reduced.

Recurring Revenues

	FY 2016-17 ADOPTED BUDGET	FY 2017-18 ADOPTED BUDGET	\$ CHANGE	% CHANGE
Property Taxes	\$ 12,393,363	\$ 12,729,642	\$ 336,279	2.7%
Local Sales Taxes	3,978,713	4,018,500	\$39,787	1.0%
Other Taxes & Licenses	1,417,527	1,846,809	\$429,283	30.3%
Intergovernmental	1,896,336	1,854,017	(\$42,320)	-2.2%
Total Recurring Revenues	\$ 19,685,939	\$ 20,448,968	\$ 763,029	3.9%

Of the total general fund revenues, property and sales tax revenues make up 73.2% of total revenues and are projected to increase 2.7% and 1.0%, respectively, in FY 2017-18. The total property tax valuation is estimated to be \$2,260,808,687 based on revaluation by the Orange County Tax Administrator. This is a 1.71% growth over the past three years. In FY 2017-18 each penny on the tax rate is projected to generate approximately \$224,453. 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 (\$2.1 million), reflecting six months of collections for the year, are 54% of the FY 2016-17 adopted budget (\$3.9 million). According to the FY 2017-18

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 2016-17 were up approximately 5.2% over the same period in FY 2015-16. The League of Municipalities anticipates that sales tax revenues statewide for the current fiscal year 2016-17 will be 4.75% above the FY 2015-16 distributions. For next fiscal year 2017-18 local sales tax revenues statewide are expected to increase by 4.25% over the FY 2016-17 actuals. While retail sales in North Carolina are trending upward and consumer confidence is high a conservative estimate of local sales tax revenue growth is projected to be 1.0% over the FY 2016-17 adopted budget.

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 2016-17 were up more than 2.3% from the prior year. Projections for statewide electricity revenues for FY 2016-17 are expected to increase slightly by 1.0%. For FY 2017-18 these revenues are projected to increase by 2.0%.

Sales tax on piped natural gas statewide, on a percentage basis, have declined sharply under the new distribution formula. Through the first two quarters of FY 2016-17 natural gas revenues have declined more than 22% from the past year. The N. C. League of Municipalities has projected that statewide distributions to municipalities for FY 2016-17 will be 17.5% lower than the past year. For FY 2017-18 the projection is an additional decrease of 8.5% 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 2016-17 are expected to decrease by 1.0% with an additional decline of 7.0% in FY 2017-18. For the first two quarters of this fiscal year 2016-17, the Town has received revenue of \$52,893 or 61.2% of the adopted budget.

Local Video Programming revenue distributions statewide have decreased year over year for four of the last five fiscal years. These declines have been primarily related 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 varies. The N. C. League of Municipalities expects video programming distributions statewide will increase by 2.5% for FY 2016-17, but decrease by 1.0% in FY 2017-18. For the first two quarters of FY 2016-17, the Town has received revenue of \$13,904 or 74.5% 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 2016-17 is \$27,587 and is expected to remain the same for FY 2017-18.

Beer and wine sales taxes collected by the state in FY 2015-16 increased, but distributions to local governments decreased by more than 6% from the previous year. For FY 2016-17 state

officials have indicated that beer and wine sales tax distributions will be unchanged from the past year. Accordingly, no increase is expected for FY 2016-17, but a minor increase of 1% is projected for FY 2017-18.

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 2017-18 total \$900,276 or 3.9% of total budget. This is an increase of \$213,411 or 31.0% over the adopted FY 2016-17 budget.

OTHER FINANCING FY 2017-18

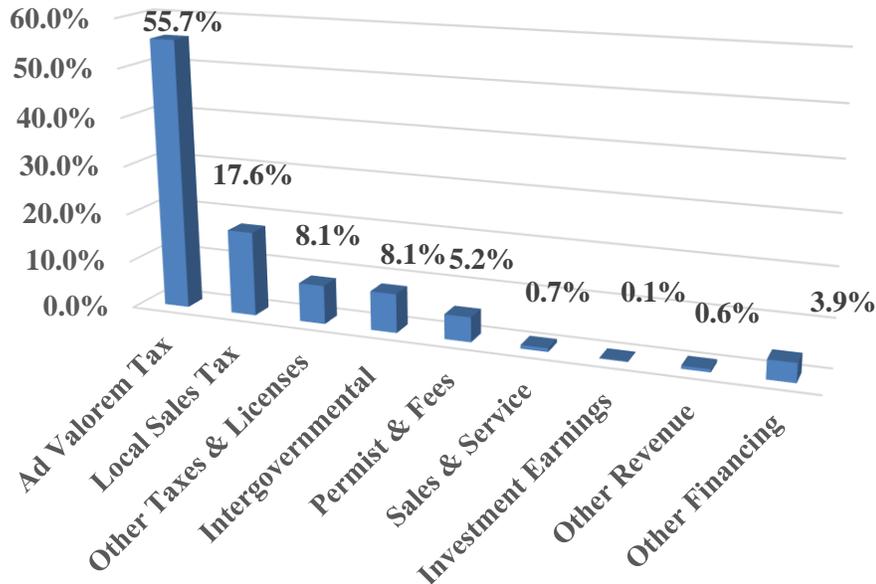
	FY 2016-17 ADOPTED BUDGET	FY 2017-18 ADOPTED BUDGET	\$ CHANGE	% CHANGE
Inter-Fund Transfers	-	-	-	0%
Installment Financing	411,306	301,872	(109,434)	-27%
Fund Balance	275,559	598,404	322,845	117%
Total Other Financing	686,865	900,276	213,411	31%

The transfer from the Capital Reserve Fund of \$176,945 was discontinued in FY 2016-17 since it was 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 \$109,434 less than that in FY 2016-17. In FY 2017-18 this financing will be used to purchase five police patrol vehicles. 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 total cost of this debt service is \$314,056 for 5 years assuming a 2% annual interest rate.

Fund balance use is increased by 117% over the FY 2016-17 adopted budget, but represents roughly 2.6% of the total budget for 2017-18. The Town’s policy is to limit fund balance use to no more than 10%.

FY 2017-18 GENERAL FUND REVENUE SOURCES
% of Total \$22,869,686



EXPENDITURES

For FY 2017-18 total operating expenses increase by 3.8% to a total of \$22,869,686. 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 5.5% while operations increase by 2.3% and capital outlay are expected to decrease by 12.1%.

	2015-16 ACTUAL	2016-17 ADOPTED BUDGET	2017-18 ADOPTED BUDGET	\$ CHANGE	% CHANGE
PERSONNEL	11,376,803	12,554,270	13,244,463	690,193	5.5%
OPERATING	8,211,813	8,961,498	9,168,046	206,548	2.3%
CAPITAL OUTLAY	666,422	516,589	457,377	-59,412	-12.1%
TOTAL	\$20,255,038	\$22,032,357	\$22,869,686	\$837,329	3.8%

PERSONNEL

Personnel cost are expected to increase by 5.5%. Factors that affect personnel cost include: a) 1.5% across the board pay adjustment provided to permanent employees in FY 2016-17; b) proposed 3.0% pay adjustment for employees in FY 2017-18; c) projected 15% increase in health insurance premiums; and increase in employer contribution rate to Local Government Employees Retirement System. Contribution rates for the Local Government Employees' Retirement System (LGERS) will increase from 7.25% to 7.56% for general employees; and, will increase from 8.0% to 8.25% for law enforcement officers in FY 2017-18. Below is the schedule of contribution rates through FY 2020-21.

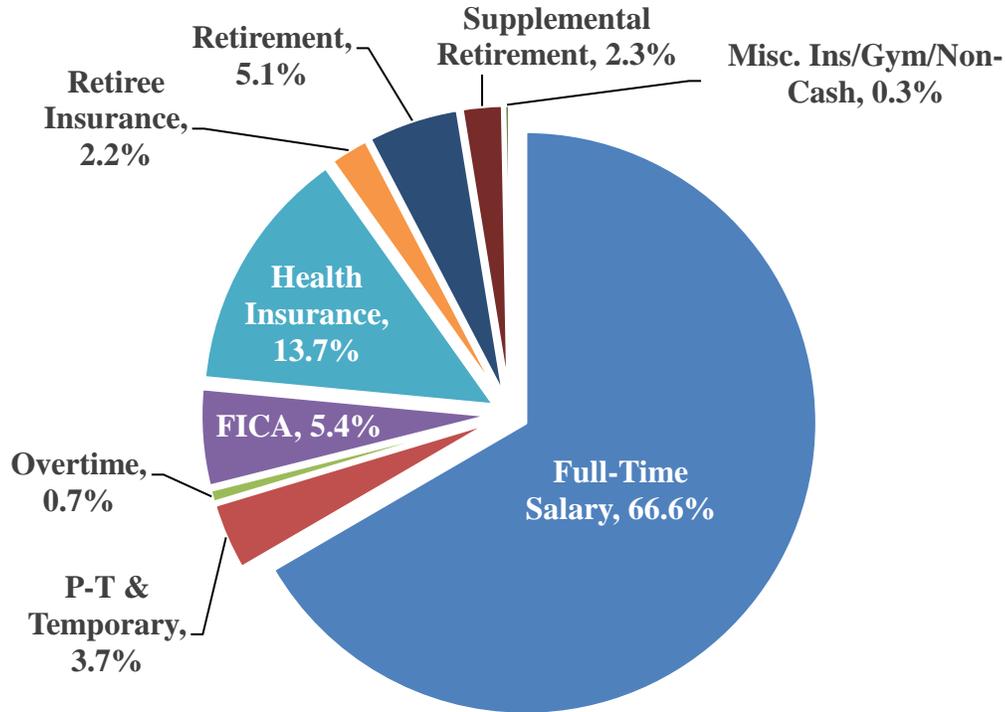
LGERS Employer Contribution Rate		
Fiscal Year	General Employees	Law Enforcement Officers
2016-17	7.25%	8.00%
2017-18	7.56%	8.25%
2018-19	7.75%	8.50%
2019-20	8.00%	8.75%
2020-21	8.25%	9.00%

No merit or performance pay will be provided for employees in FY 2017-18. 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 has contracted for a market pay and classification study that should be completed later this year. In anticipation of any recommended market pay adjustments, the Town has included funds in Non-Departmental to address such recommendations.

The proposed hiring of a Storm Water Utility Manager will increase total full-time equivalent positions from 159.5 to 160.5. By combining the Engineer Technician in Public Works with the Capital Improvement Projects Manager position, one FTE is freed up and will be used to provide an addition planner for Planning, Zoning, and Inspections.

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.

FY 2017-18 Pay and Benefit



OPERATIONS EXPENSES

Operating expenses in the General Fund will increase by 2.3% from \$8,961,498 to \$9,168,046. In addition to maintaining the existing service levels, funds are budgeted for Employee and Organizational Development activities (e.g., risk management/safety, racial sensitivity/racial equity training, supervisor training, etc.). Several initiatives begun in previous fiscal years will be continued in FY 2017-18. These include implementation of parking plan, completion of comprehensive solid waste study and implementation of pilot programs, gold level bicycle designation, facility and space renovations, repair or construction, new permitting software for planning, body worn cameras for police, replacement of public safety radios, and a proposed storm water utility enterprise fund to include flooding mitigation. The Town will continue with implementation of its Strategic Energy and Climate Protection Plan, which will be guided by the Assistant to the Manager for Strategic Initiatives. Particular attention will be given to new projects to incorporate energy savings strategies with the goal of reducing operating costs.

CAPITAL OUTLAY

Capital outlays will decrease by 12.1% from \$516,589 to \$457,177 in FY 2017-18. Outlays will be for replacement vehicles and equipment purchases, and street resurfacing.

Department	Vehicle	Cost
Police	Patrol Vehicle Replacements - 6 @ \$	\$ 301,8742
	TOTAL	\$ 301,872

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

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.

A major priority for the Special Revenue Fund is to maintain a budget for the Affordable Housing Fund at a level equal to a penny of the Town’s property tax rate. In FY 2017-18 a penny on the tax rate produces approximately \$224,453. The total budget for the Special Revenue Fund in FY 2017-18 is \$2,287,784. The Affordable Housing Fund has a budget of \$585,562 which comprises 25.6% of the total Special Revenue Fund. Unlike the zero dollar budget last year, the Grant Administration Fund has a budget for FY 2017-18 of \$938,096. This is primarily due to the NC and FEMA Hazard Mitigation Program grant awards.

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 Capital Improvements Plan (CIP) may be appropriated in the annual operating budget based on affordability. Most capital projects are funded by the adoption of a Capital Project Ordinance by the Board of Aldermen that requires a balanced budget (i. e. expenses equal anticipated revenues) and is in effect until completion of the project.

Contingent upon fund balance ratios in the Town’s general fund being within the stated policy goal of 22.5% to 35%, funds may be assigned or committed for funding through fund balance appropriation if the fund balance exceeds 35%. At June 30, 2016, unassigned fund balance in the general fund exceeded 35% and the Town Manager, in accordance with Town policy, assigned \$2.0 million for future capital projects. The Board of Aldermen is required to take

formal action to commit the use of fund balance for projects or purposed in any current or future year's budget.

The total Capital Project Fund budget for FY 2017-18 is \$10.8 million. This does not include the anticipated \$10.0 million that will be needed for building g improvements over the next five years. The recently completed space and facilities study identified numerous facilities that need renovation to upgrade them to a more modern and efficient operating environment, which should lead to a reduction in operating costs. The Town anticipates issuing debt for this \$10.0 million which will result in an increase in debt service for the Town. With the exception of the GO Bonds issued for sidewalk and greenways, all current projects are funded using Town cash reserves.

	2016-17	2017-18		
	ADOPTED	ADOPTED	\$ CHANGE	% CHANGE
	BUDGET	BUDGET		
CAPITAL PROJECTS	\$ 2,457,683	\$ 4,689,135	\$ 2,231,452	91%
GO SIDEWALK & GREENWAYS	4,828,568	4,828,568	-	0%
CAPITAL RESERVES	757,993	1,364,744	606,751	80%
PAYMENT IN-LIEU	149,780	-	(149,780)	-100%
SUBTOTAL	\$ 8,194,024	\$ 10,882,447	\$ 2,688,423	33%

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 FY 2016-17 for a total capital reserve of \$546,000. Unfortunately, the cost for replacement of these radios has increased from the previous estimate to \$927,370. This means the Town will need to provide an additional \$391,000.

In the GO Bond 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.

Project	Federal/State	Local	Other	Total Funding
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
Total	\$ 3,002,740	\$ 1,384,058	\$ 48,046	\$ 4,434,844
% of Total	67.7%	31.2%	1.1%	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 six-year 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 2022 is in the process of being updated. It was last updated in December 2015 through FY 2020-21 and totaled \$49.9 million. The only new project expected to be included in the updated CIP is the \$10.0 million for facility infrastructure improvements.

Details of the CIP can be reviewed on the Town's web site at:
<http://www.townofcarrboro.org/DocumentCenter/Home/view/4675>.

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.

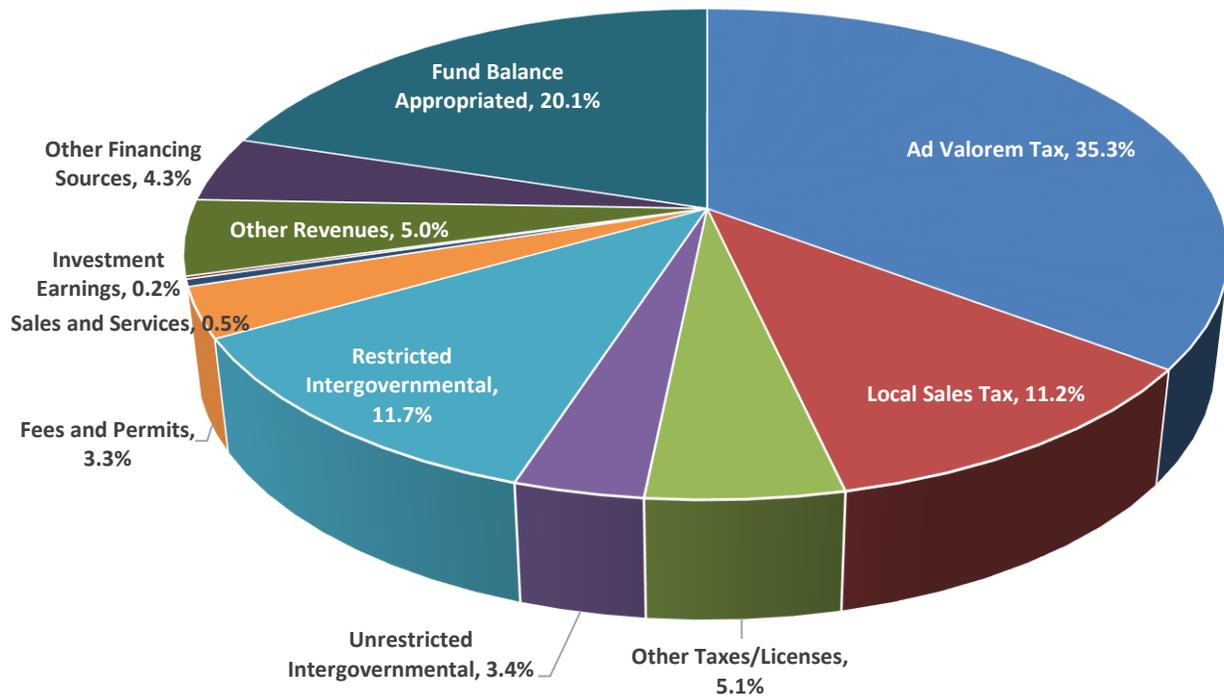
Locally, economic improvements are reflected in the low unemployment rate, taxable sales and increased value of building permits. Town revenues are projected to meet budget for the year ending June 30, 2017. The overall revenue outlook for FY 2017-18 is expected to be 3.8% above FY 2016-17 adopted budget. Recurring revenues which represent 89% of the total general fund budget are projected to grow by 3.9% in FY 2017-18.

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 2017-18 budget that provide for continued delivery of quality services, carrying out Board priorities, acquiring needed capital items, adjusting the compensation for Town's employees, and no property rate tax increase.

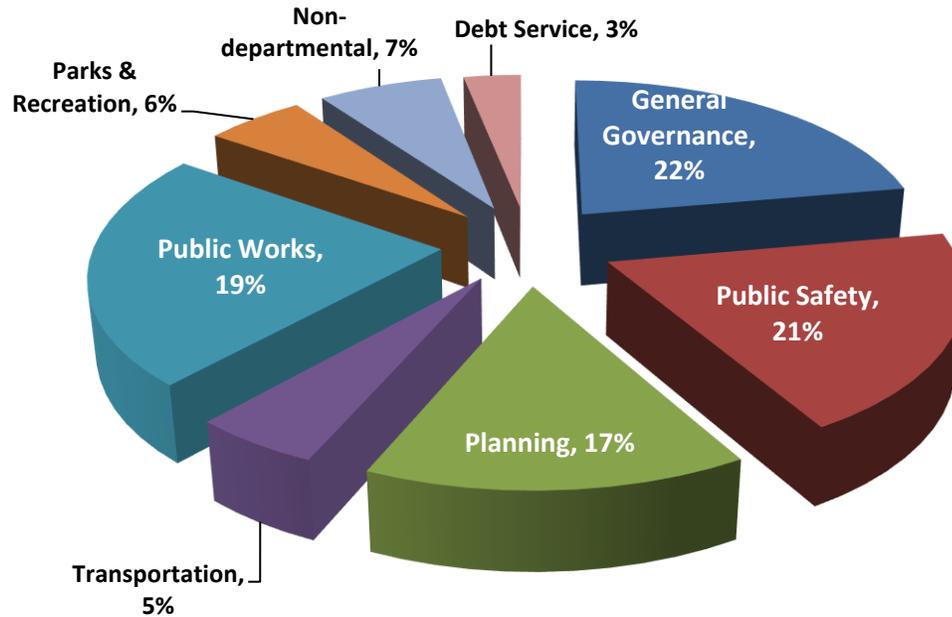
FY 2017-18 Revenue Summary - All Funds by Major Fund

	General Fund	Special Revenue Funds	Capital Funds	Total
Ad Valorem Tax	\$12,729,642			\$ 12,729,642
Local Sales Tax	\$4,018,500			\$ 4,018,500
Other Taxes/Licenses	\$1,846,809			\$ 1,846,809
Unrestricted Intergovernmental	\$1,219,773		\$ -	\$ 1,219,773
Restricted Intergovernmental	\$663,070	\$ 938,096	\$ 2,647,939	\$ 4,249,105
Fees and Permits	\$1,178,867			\$ 1,178,867
Sales and Services	\$170,870			\$ 170,870
Investment Earnings	\$27,089	\$ -	\$ 39,834	\$ 66,923
Other Revenues	\$143,615	\$ 716,003	\$ 999,373	\$ 1,858,991
Other Financing Sources	\$301,872	\$ -	\$ 1,188,477	\$ 1,490,349
Fund Balance Appropriated	\$569,579	\$ 633,685	\$ 6,006,824	\$ 7,210,087
Total Revenues	\$ 22,869,686	\$ 2,287,784	\$ 10,882,447	\$ 36,039,916



FY 2017-18 Expense Summary - All Funds by Fund

	General Fund	Special Revenue Funds	Capital Funds	Total All Funds
Mayor and Board of Aldermen	\$ 368,404		\$ -	\$ 368,404
Advisory Boards	\$ 17,350			\$ 17,350
Governance Support	\$ 743,124			\$ 743,124
Town Manager	\$ 393,399			\$ 393,399
Economic and Community Development	\$ 253,470	\$ 2,287,784	\$ -	\$ 2,541,254
Town Clerk	\$ 134,971			\$ 134,971
Management Services	\$ 1,076,915			\$ 1,076,915
Human Resources	\$ 624,467			\$ 624,467
Information Technology	\$ 1,420,389		\$ 688,753	\$ 2,109,142
Police	\$ 3,986,893		\$ 91,000	\$ 4,077,893
Fire	\$ 2,924,332	\$ -	\$ -	\$ 2,924,332
Planning	\$ 1,476,764	\$ -	\$ 3,891,795	\$ 5,368,559
Transportation	\$ 1,834,856		\$ -	\$ 1,834,856
Public Works	\$ 3,606,915	\$ -	\$ 4,689,135	\$ 8,296,050
Parks and Recreation	\$ 1,650,042	\$ -	\$ 306,800	\$ 1,956,842
Non-departmental	\$ 1,232,885		\$ 1,214,964	\$ 2,447,849
Debt Service	\$ 1,124,510		\$ -	\$ 1,124,510
Total Expenditures	\$ 22,869,686	\$ 2,287,784	\$ 10,882,447	\$ 36,039,917



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

**ANNUAL BUDGET ORDINANCE FY 2017-18
Town of Carrboro, North Carolina
Ordinance No. 23/2016-17**

WHEREAS, the recommended budget for FY 2017-18 was submitted to the Board of Aldermen on May 2, 2017 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 23, 2017, the Board of Aldermen held a public hearing on the budget pursuant to G.S. 159-12;

WHEREAS, on June 20, 2017, 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, 2017 and ending June 30, 2018, according to the following schedule.

SCHEDULE A - GENERAL FUND

GENERAL GOVERNMENT		\$5,032,489
Mayor & Board of Alderman	\$368,404	
Advisory Boards	\$17,350	
Governance Support	\$743,124	
Town Manager	\$393,399	
Economic & Community Development	\$253,470	
Town Clerk	\$134,971	
Finance	\$1,076,915	
Human Resources	\$624,467	
Information Technology	\$1,420,389	
PUBLIC SAFETY		\$6,911,225
Police	\$3,986,893	
Fire	\$2,924,332	
PLANNING		\$1,476,764
TRANSPORTATION		\$1,834,856
PUBLIC WORKS		\$3,606,915
PARKS & RECREATION		\$1,650,042
NONDEPARTMENTAL		\$1,232,885

DEBT SERVICE

\$1,124,510

TOTAL GENERAL FUND

\$22,869,686

A)

Section 2. It is estimated that revenues from the following major sources will be available during the fiscal year beginning July 1, 2017 and ending June 30, 2018 to meet the foregoing schedule:

SCHEDULE A - GENERAL FUND

Ad Valorem Tax	\$12,729,642
Local Sales Taxes	\$4,018,500
Other Taxes & Licenses	\$1,846,809
Unrestricted Intergovernmental	\$1,219,773
Restricted Intergovernmental	\$663,070
Fees & Permits	\$1,178,867
Sales & Services	\$170,870
Investment Earnings	\$27,089
Other Revenue	\$143,615
Other Financing	\$301,872
Fund Balance Appropriated	\$569,579
TOTAL GENERAL FUND	\$22,869,686

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 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, 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 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 operating funds encumbered or designated within fund balance for project expenditures as confirmed in the annual audit for the year ending June 30, 2017 shall be re-appropriated to the Fiscal Year 2017-18 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 annual services fee of \$128 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 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, 2017 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 20th day of June, 2017

The motion carried by the following vote:

Aye: Alderman Seils, Alderman Slade, Mayor Lavelle, Alderman Gist, Alderman Haven-O'Donnell

Absent: Alderman Chaney