

Reader's Guide to the Budget Document

The Mayor and Town Council adopt an annual operating budget ordinance for the Town as required by the North Carolina General Statutes (GS 159-13). The budget document describes the economic, financial, and environmental factors that translate community values into a dynamic web of services that contribute to the town's desired quality of living.

In addition to presenting the town's annual budget, the budget document includes the multi-year, special revenue funds, the capital budget, and five-year fiscal projections for general fund revenues and expenditures to present a complete picture of the Council's commitments. The purpose of presenting this holistic picture is to assist the Town Council, town staff, and the community in understanding the impact of current decisions on the future and to plan for expected changes or problems.

The budget document is divided into the following sections.

- Budget Message** – This section includes the Executive Summary that describes the fiscal environment faced by the Town and identifies the expenditure and revenue budget actions to be considered by the elected governing council. This section also includes the Town's budget ordinance outlining proposed revenues and expenditures for various funds as appropriated by the Council, the largest operational budget being the Town's General Fund.
- Community and Organizational Profile** – This section of the document highlights the demographic, economic and cultural features of the Carrboro community, and the goals of the community expressed by the elected Council. It also describes the public budget process, financial policies and information pertinent to the Town's operations.
- General Fund** - This is the Town's major operating fund. The general fund is divided into operational functions that represent a department or expenditure category that is authorized within the budget ordinance. The General Government section includes numerous departments. Larger departments show divisions based on distinctive service provided along with a description of the department's purpose, service activities, coming year work plan goals, objectives, and projects, table of authorized positions, performance measures and financial spending history and budget.
- Special Revenue Fund** – The Town currently maintains the following special revenue funds: Revolving Loan Fund, Energy Efficiency Revolving Loan Fund, Emergency Loan Fund, Affordable Housing Fund, and Grants Fund.
- Capital Projects Fund** – This fund includes all active capital projects of the Capital Projects Fund, Bond Fund, Facilities Rehabilitation projects, Capital Reserve Fund, and the Payment-in-Lieu Fund.
- Enterprise Funds** – These are business type funds that are to eventually generate sufficient revenues to become self-supporting. The Town has two Enterprise Funds:
1) Stormwater Utility Enterprise Fund supported by a fee schedule for stormwater and

flood remediation activities; and, 2) Parking Enterprise Fund currently supported by the General Fund for parking management.

- Financial Trends - Past, Present, and Future** – This section provides information on the Town’s financial trends, past, present, and future. A companion document, “*Adopted Capital Improvement Program for FY 2020-21 Through FY 2024-25*” (CIP) describes capital improvement projects and identifies funding sources for the next five fiscal years and is available at <http://www.townofcarrboro.org/2318/Capital-Improvement-Plans-2020-2025>
- Line Item Budget** – This section provides a detailed listing of proposed expenditures by departments for the current and upcoming budget year, along with actual amounts for the previously audited fiscal year.
- Glossary** – A list of common budgeting terms defined and explained.

Please direct comments or questions to:

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Budget information is also available for viewing on the Internet at:
<http://www.townofcarrboro.org/250/Financial-Documents>



June 23, 2020

To: Mayor and Council Members:

I am pleased to submit the Manager's Adopted FY 2020-21 Budget for the Town of Carrboro. This budget totals \$71.3 million for all Funds as follows:

General Fund	\$ 25,063,106
Capital Projects Fund	42,150,375
Special Revenue Fund	2,832,922
Enterprise Fund	1,340,775
Total	<u>\$ 71,387,178</u>

The COVID-19 Pandemic has created an environment for budget development that heretofore was unthinkable and unimaginable. It has caused thousands to die, millions to be infected, hundreds of millions dealing with lock-down at home, lack of income, loss of job, and concern about the safety of their families. The economic and health uncertainty surrounding us makes it impossible to make solid revenue predictions due to many unknown factors (e.g., length of pandemic mitigation efforts, economic recovery, availability of federal and state financial assistance for local governments, etc.).

The financial effects of COVID-19 on the country is yet to be determined. Locally, we have identified things we will need to forego for now in anticipation of reduced revenues. These include: no employee wage adjustments; no new employees, except for Stormwater Utility Enterprise Fund; no new program initiatives; and deferral of some building and grounds repairs.

Our past projection tools have been of little use this year. Nevertheless, we have produced, as best we can, a budget based on revenue projections that are not overly aggressive, nor unduly regressive. The primary goal was to maintain the current level of services for Town residents in FY 2020-21. We realize that the COVID-19 Pandemic is a fluid situation and the Town may be required to make future budget adjustments depending upon the direction of the pandemic.

The General Fund is the Town's operating budget. This budget remains basically unchanged from the current year.

Special Revenue Funds change from year to year depending upon revenues from grants, revolving loan funds, and other program specific revenues. The Affordable Housing Fund seeks to increase affordable housing in the Town continues to be a major goal of the Town Council. To provide a steady and reliable revenue stream for affordable housing, the FY 2018-19 and FY

2019-20 adopted budgets, each included a ½ cent property tax increase to be dedicated exclusively for affordable housing activities. We had intended to recommend another ½ cent property tax increase in FY 2020-21 (for a total of 1.5 cents). However, due to the current uncertain economic environment, this has been deferred. To maintain the Affordable Housing Fund at its current budget level, the Town proposes a general fund subsidy of \$112,500 which, when combined with an estimated \$225,500 in property tax and other revenue, provides \$338,000 for affordable housing activities.

The Capital Projects Fund at \$42.1 million includes projects that will add new or renovate existing Town infrastructure. These include construction of greenways throughout the Town, The 203 Project, and renovation of existing Town buildings. The 203 Project, a joint development of the Town and Orange County, will house the Orange County Southern Branch Library and Town Recreation and Parks Programs. After some delay, design work will continue for the facility that will be located at 203 S. Greensboro Street.

For renovation of existing Town buildings, a financing plan needs to be done to undertake these building improvements over the next five years. A comprehensive facility assessment is currently being conducted by the Public Works Department to identify the necessary renovations and cost estimates. This assessment is expected to be completed in the coming year.

The Stormwater Utility Enterprise Fund, was established in 2017 to comprehensively address stormwater management and flood remediation needs of the Town. This Enterprise fund is supported by user fees which were increased for FY 2020-21. Also, for FY 2020-21, a Parking Enterprise Fund will be created to better manage parking activities. These parking activities will continue to be supported by the General Fund.

On behalf of all Town of Carrboro employees, I want to thank the Mayor and Council Members for your leadership, vision and dedication to Carrboro's unique identity and quality of life. I would also like to recognize and thank Arche McAdoo, Cary McNallan, and the entire Finance Team for their dedicated efforts in the development of the FY 2020-21 Town budget.

The accompanying Executive Summary provides additional highlights of the overall budget and strategies for fiscal year 2020-21.

Sincerely,



David L. Andrews, ICMA-CM
Town Manager