

Reader's Guide to the Budget Document

The Mayor and Board of Aldermen 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 Board's commitments. The purpose of presenting this holistic picture is to assist the Board, 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 board. This section also includes the Town's budget ordinance outlining proposed revenues and expenditures for various funds as appropriated by the Board, 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 Board. 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, except for General Government, which includes numerous departments. Larger departments show divisions for each distinctive service provided. The reader is also provided information on each department 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, Affordable Housing Fund, and Grants Fund.
- ☐ **Capital Projects Fund** – This fund includes all active capital projects, Bond Fund, Capital Reserve Fund, and the Payment-in-Lieu Fund.

- ☐ **Stormwater Utility Enterprise Fund** – This fund comprehensively addresses the stormwater management needs of the Town. The Enterprise Fund establishes a fee schedule for dedication to funding local stormwater and flood remediation activities.
- ☐ **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 2019-20 Through FY 2023-24*” (CIP) describes capital improvement projects and identifies funding sources for the next five fiscal years and is available at <http://www.townofcarrboro.org/250/Financial-Documents>.
- ☐ **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:

Arche L. McAdoo
Finance Director
Town of Carrboro
301 W. Main Street
Carrboro, NC 27510
Telephone: (919) 942-8541
Fax: (919) 918-4456
Email: amcadoo@townofcarrboro.org

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



June 19, 2019

To: Mayor and Board of Aldermen:

I am pleased to submit the Manager's Adopted FY 2019-20 Budget for the Town of Carrboro. This budget is the largest and most challenging one during my tenure. It totals \$57.99 million as follows:

General Fund	\$ 24,577,008
Capital Projects Fund	30,472,938
Special Revenue Fund	2,145,252
Stormwater Utility Enterprise Fund	798,775
Total	<u>\$ 57,993,973</u>

As priorities were evaluated, careful and balanced choices are presented in the FY 2019-20 budget that provide for continued delivery of quality services, carrying out Board priorities, acquiring needed capital items, and adjusting compensation for employees for employee retention and to be more competitive with the local labor market.

The General Fund is the Town's operating budget and is proposed to be basically unchanged from the current year.

Special Revenue Funds change from year to year depending upon revenues from grants and the loan funds. The Affordable Housing Fund is included in this fund and increasing affordable housing is a major goal of the Board of Aldermen. To provide a steady and reliable revenue stream for affordable housing, the FY 2018-19 adopted budget included a ½ cent property tax increase to be dedicated exclusively for affordable housing activities. In the Adopted FY 2019-20 budget, another ½ cent property tax increase will be implemented for the Affordable Housing Fund. This will provide a total of 1 cent property tax increase exclusively for affordable housing activities. Based on the current budget for FY 2018-19 a penny on the tax rate yields \$227,000 in revenue. It is anticipated that another ½ cent increase in the property tax rate will be considered in the FY 2020-21 budget.

The Capital Projects Fund includes construction of greenways throughout the town and The 203 Project. The 203 Project is a joint development of the Town's 203 South Greensboro Street property by Orange County and the Town, which will be to construct a facility for Town program and administrative offices; and the Orange County Southern Branch Library. Other compatible uses may be considered for this project as well. The Town expects to do debt financing for its share of the costs; however, the actual amount is not known at this time.

The Town still needs to develop a financing plan to undertake needed building improvements throughout the Town over the next five years. A comprehensive facility assessment is currently being conducted by the Public Works Department and is expected to be completed in the coming year. This assessment will identify the necessary renovations and cost estimates.

The Stormwater Utility Enterprise Fund, established July 1, 2017, to comprehensively address stormwater management and flood remediation needs of the Town, implemented a schedule of fee charges in FY 2018-19. Revenue from the fee charges will be used exclusively for stormwater management.

On behalf of all Town of Carrboro employees, I want to thank the Mayor and Board of Aldermen 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 2019-20 Town budget.

The accompanying Executive Summary provides additional highlights of the overall budget priorities and strategies for fiscal year 2019-20.

Sincerely,



David L. Andrews, ICMA-CM
Town Manager