

Town of Carrboro Carrboro, NC

FY 2016-2017

Adopted
Budget



TOWN OF CARRBORO
NORTH CAROLINA

ADOPTED BUDGET
FISCAL YEAR 2016-17

BOARD OF ALDERMEN

LYDIA LAVELLE, MAYOR

MICHELLE JOHNSON, MAYOR PRO-TEMPORE

BETHANY CHANEY

JACQUELYN GIST

RANDEE HAVEN-O'DONNELL

DAMON SEILS

SAMMY SLADE

TOWN MANAGER

DAVID L. ANDREWS, ICMA-CM

DEPARTMENT HEADS

CATHY DORANDO, TOWN CLERK

CAROL DORSEY, HUMAN RESOURCES

JAMES FREEMAN, PUBLIC WORKS

WALTER HORTON, POLICE

ANITA JONES-McNAIR, RECREATION & PARKS

ARCHE L. McADOO, FINANCE

PATRICIA McGUIRE, PLANNING

ANNETTE STONE, ECONOMIC AND COMMUNITY DEVELOPMENT

SUSANNA WILLIAMS, FIRE-RESCUE

ANDY VOGEL, INFORMATION TECHNOLOGY

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DISTINGUISHED BUDGET PRESENTATION AWARD

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the Town of Carrboro, North Carolina for its annual budget for the fiscal year beginning July 1, 2015.

In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device. This award is valid for a period of one year only. It is believed our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**Town of Carrboro
North Carolina**

For the Fiscal Year Beginning
July 1, 2015

A handwritten signature in black ink, appearing to read 'Jeffrey R. Egan'.

Executive Director

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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, 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, Business 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.
- 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 2015-16 Through FY 2020-21*" (CIP)

describes capital improvement projects and identifies funding sources for the next six fiscal years and is available at <http://www.townofcarrboro.org/250/Financial-Documents>.

- ☐ **Glossary** – A list of common budgeting terms defined and explained.

Please direct comments or questions to:

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Finance Director
Town of Carrboro
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Telephone: (919) 942-8541
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Email: amcadoo@townofcarrboro.org

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



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> <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

	FY 2015-16 Adopted Budget	FY 2016-17 Recommended Budget	\$ CHANGE	% CHANGE
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%
Total Recurring Revenues	\$ 18,519,878	\$ 19,685,939	\$ 1,166,061	6.3%

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

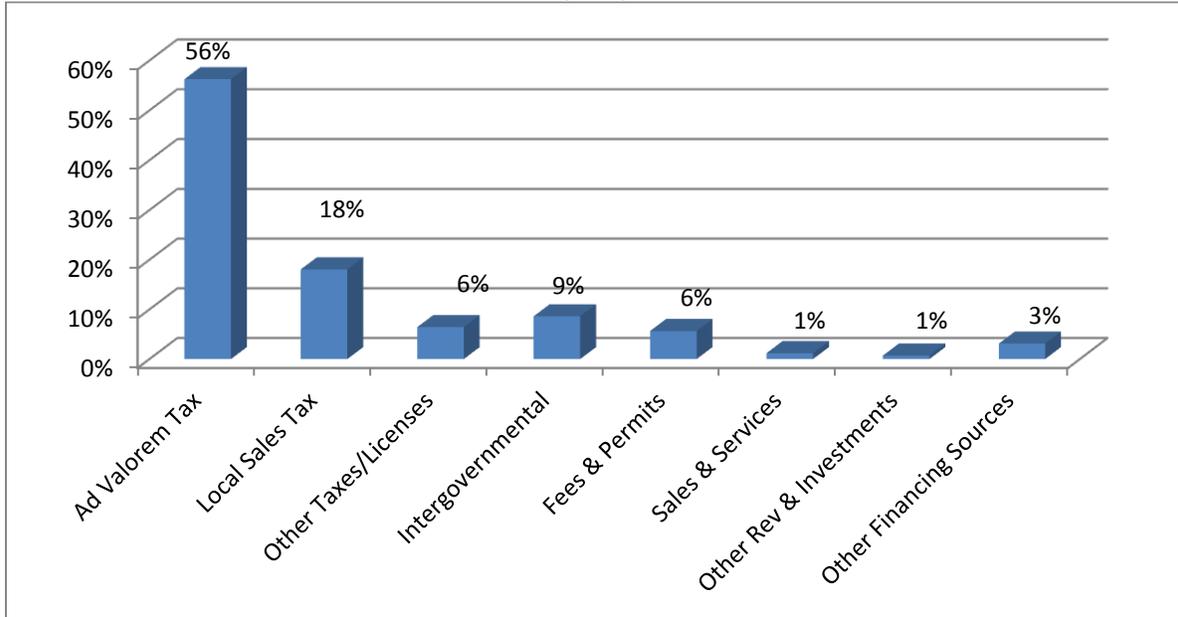
	FY 2015-16 Adopted Budget	FY 2016-17 Recommended Budget	\$ CHANGE	% CHANGE
Inter-Fund Transfers	\$ 176,945	\$ -	\$ (176,945)	-100.0%
Installment Financing	621,180	411,306	\$ (209,874)	-33.8%
Fund Balance	624,916	275,559	\$ (349,357)	-55.9%
Total Other Financing	\$ 1,423,041	\$ 686,865	\$ (736,176)	-51.7%

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.

	FY 2015-16 ADOPTED BUDGET	FY 2016-17 RECOMMENDED BUDGET	\$ CHANGE	% CHANGE
PERSONNEL	\$ 11,918,907	\$ 12,594,270	\$ 675,363	5.7%
OPERATIONS	8,942,810	8,921,498	(21,312)	-0.2%
CAPITAL OUTLAY	710,930	516,589	(194,341)	-27.3%
TOTAL	\$ 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.

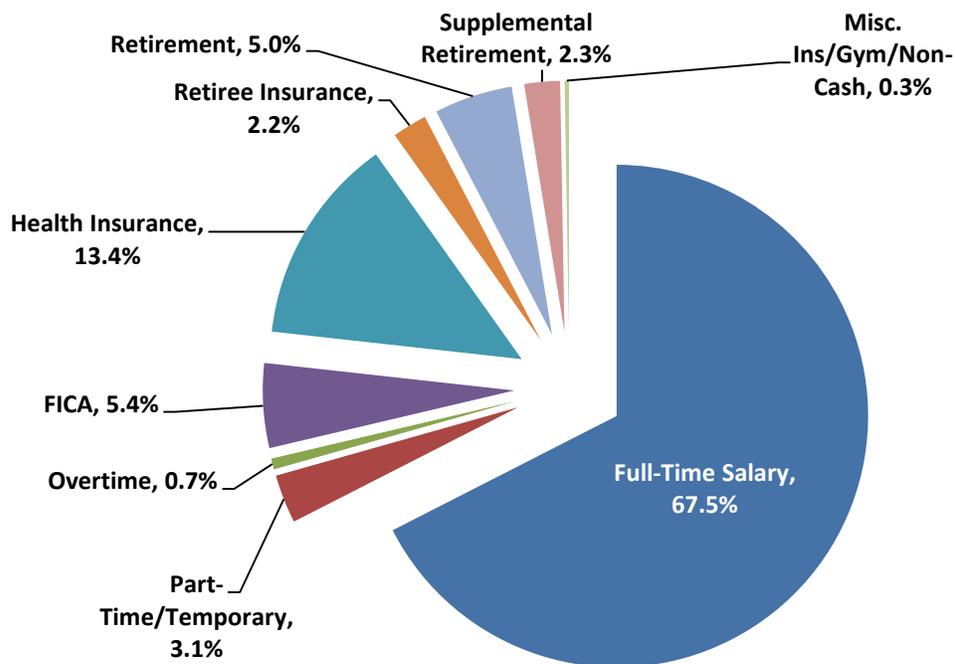
Contribution rates for the Local Government Employees' Retirement System (LGERS) will increase from 6.67% to 7.25% for general employees; and, will increase from 7.15% to 8.0% for law enforcement officers in FY 2016-17. Below is the schedule of contribution rates through FY 2020-21.

LGERS Employer Contribution Rate		
Fiscal Year	General Employees	Law Enforcement Officers
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
	TOTAL	\$ 411,306

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.

	2015-16 ADOPTED BUDGET	2016-17 BUDGET	\$ CHANGE	% CHANGE
CAPITAL PROJECTS	\$ 2,671,733	\$ 2,457,683	\$ (214,050)	-8%
GO SIDEWALK & 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%
SUBTOTAL	\$ 7,065,382	\$ 8,194,024	\$ 1,128,642	16%

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.

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%

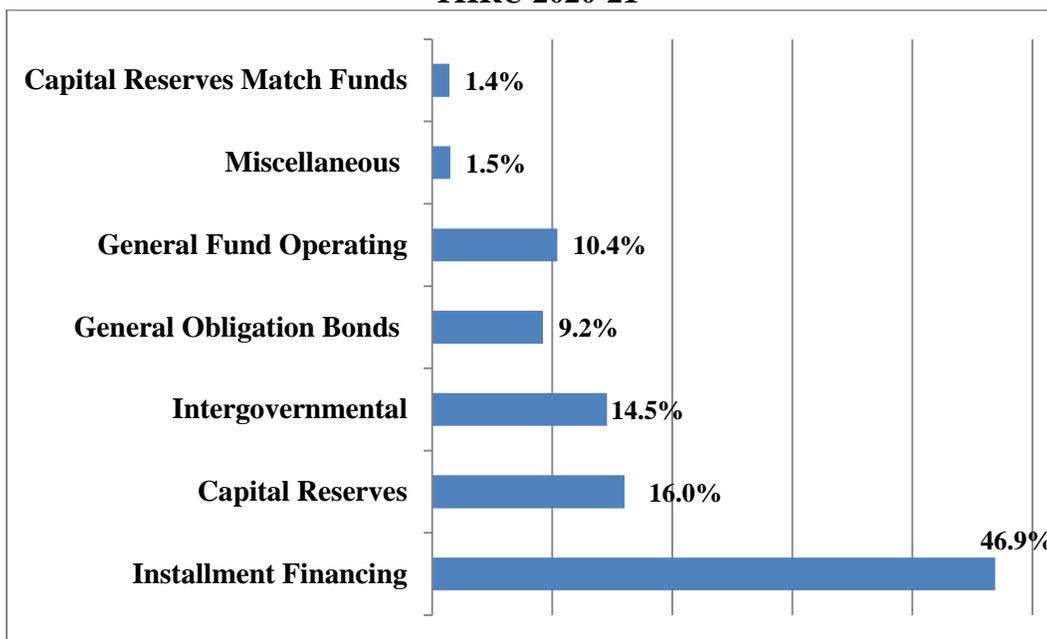
Because capital projects can affect all categories of spending in the operating budget, it is important to have a systematic planning process to prioritize needs, as well as identify possible financing plan. The Town Manager is responsible for developing and maintaining a six-year capital improvement 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 COST THRU 2020-21	% OF 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

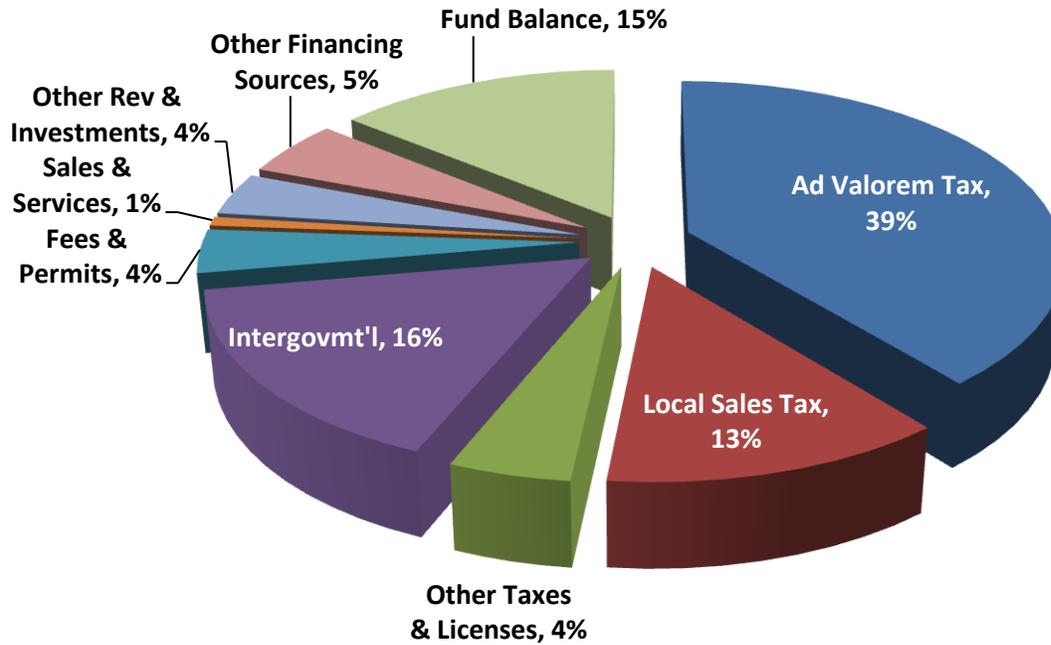
revenues which represent 89% of the total general fund budget are projected to grow by 6.3% in FY 2016-17.

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.

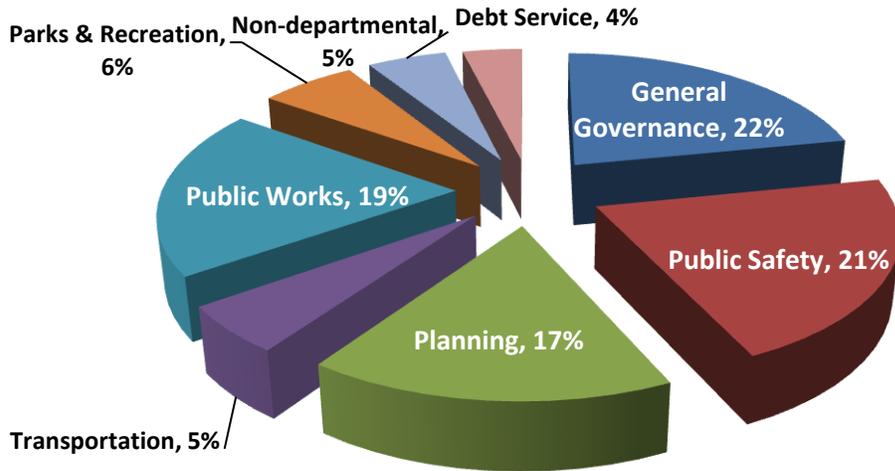
Revenue Summary - All Funds by Fund Type

	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
Total Revenues	\$ 22,032,357	\$ 1,439,365	\$ 8,194,024	\$ 31,665,745



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
Total Expenditures	\$ 22,032,357	\$ 1,439,364	\$ 8,194,024	\$ 31,665,745



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

GENERAL GOVERNMENT		\$4,792,472
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	
PUBLIC SAFETY		\$6,647,295
Police	\$3,811,230	
Fire	\$2,836,065	
PLANNING		\$1,384,881
TRANSPORTATION		\$1,720,288
PUBLIC WORKS		\$3,727,696
PARKS & RECREATION		\$1,667,581

NONDEPARTMENTAL	\$871,451
DEBT SERVICE	\$1,220,693
TOTAL GENERAL FUND	\$22,032,357

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
TOTAL GENERAL FUND	\$22,032,357

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 21st day of June, 2016

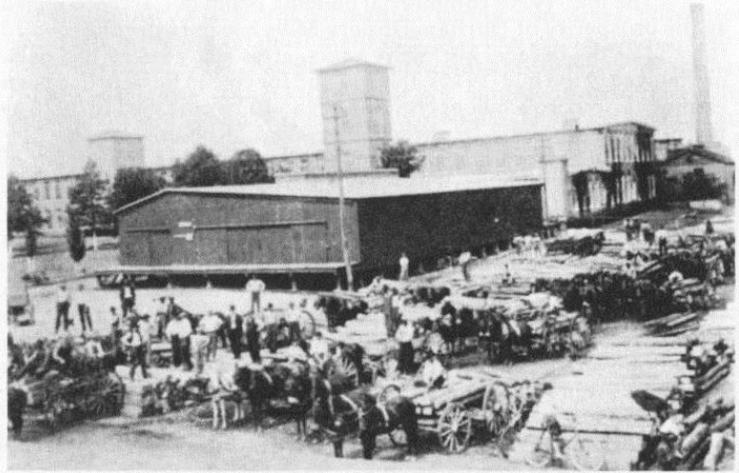
The motion carried by the following vote:

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

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ABOUT THE TOWN OF CARRBORO

Carrboro was first settled in 1882 around a University of North Carolina railroad spur. It was originally known as West End, due to its geographic location directly west of Chapel Hill. In 1911, the town was incorporated under the name Venable, for chemistry professor and University of North Carolina president Francis Preston Venable. It wasn't until 1913 that the town made its final name change in honor of Julian Shakespeare Carr, owner of the local textile mill, after Carr expanded the mill and provided electricity to the community.



Circa 1920 view of the cross tie market on East Main Street, in front of Durham Hosiery Mill No. 4. The frame cotton warehouse and the upper stories of the brick towers have been removed, and the east end of the mill has been extended with a brick addition. From copy in North Carolina Collection, UNC Library, Chapel Hill.

For the first fifty years after its incorporation, Carrboro remained a small mill town with a slow, steady pace of growth. In 1960, approximately 2,000 people lived in the town. In the late 1960s the town's population began to increase stemming from the growth occurring at UNC-Chapel Hill and growth in the Research Triangle Park. Enrollment at the University has decreased slightly from 29,136 in 2014 to 29,090 in 2015.



The Town of Carrboro is a small local government entity overseen by a Mayor and Board of Aldermen and professionally managed by a Town Manager. The Town is a growing community located within Orange County in the north central portion of North Carolina. The area's topography is characterized by rolling hills. The Town is situated next to Chapel Hill, the University of North

Carolina and is near the Research Triangle Park.

The American Community Survey (ACS) provides detailed information on population, housing occupancy and ownership, educational attainment, employment and travel. The ACS, a method of continuously collecting data on these characteristics by sampling three million households each year, has been underway since 2005. Aggregated estimates for the period 2010 to 2014 for smaller communities, including Carrboro, are used in this section. More frequent data collection is considered a viable method of providing more up-to-date information about the US population, particularly at the local community level.

POPULATION

Carrboro's population in 2014 was 20,337, a decrease of 173 people from 2013 (less than a 1 percent decrease). These residents constitute approximately 14.5 percent of the Orange County population.

ETHNIC COMPOSITION

The chart below shows the changes in ethnic composition since the 2010 Census. The groups that have seen the most change is the Other (two or more races) population (decreased 50%) and the American Indian and Alaska Native population which saw a decrease of 67%.

Ethnic Composition of Carrboro			
Race	2010	2014	Percent Change
Other (two or more races)	1,518	759	-50%
Asian	1,225	1,688	38%
American Indian and Alaska Native	189	63	-67%
Black or African American	1,949	1,905	-2%
White	10,217	12,566	23%
Hispanic or Latino	2,485	3,356	35%



AGE COMPOSITION

The combined age groups of the years 20 to 54 make up 61 percent of Carrboro’s total population. The biggest increase took place in the 60 to 64 age group, with an increase of 33%. The largest age group in Carrboro continues to be the 25 to 34 age group, at 22.5 percent of the population. The greatest decrease was with the age groups of under 5 and 5 to 9, showing a decrease of 9%.

Age	Number	% of Population	% Change from Prior Year
Under 5 Years	1,540	7.5	-9%
5 to 9 Years	1,643	8.0	-9%
10 to 14 Years	1,252	6.1	0%
15 to 19 Years	843	4.1	2%
20 to 24 Years	2,114	10.3	6%
25 to 34 Years	4,616	22.5	-2%
35 to 44 Years	3,036	14.8	-7%
45 to 54 Years	2,790	13.6	0%
55-59 Years	1,130	5.5	2%
60 to 64 Years	494	2.4	33%
65 to 74 Years	556	2.7	13%
75 to 84 Years	330	1.6	-8%
85 Years and Over	166	0.8	10%
Source: U. S. Census Bureau 2010-2014 American Community Survey			

HOUSING

Carrboro continues to be mostly a community consisting of rental units as 63 percent of the housing stock is renter occupied. Owner occupied housing is 37 percent of occupied housing units. The total housing stock of 9,205 housing units had a vacancy rate of 6.8 percent. Of the total housing units, 49 percent was in single-unit structures, 50 percent was in multi-unit structures, and 1.3 percent was mobile homes. There have been 1.7 percent of the housing units built since 2010.

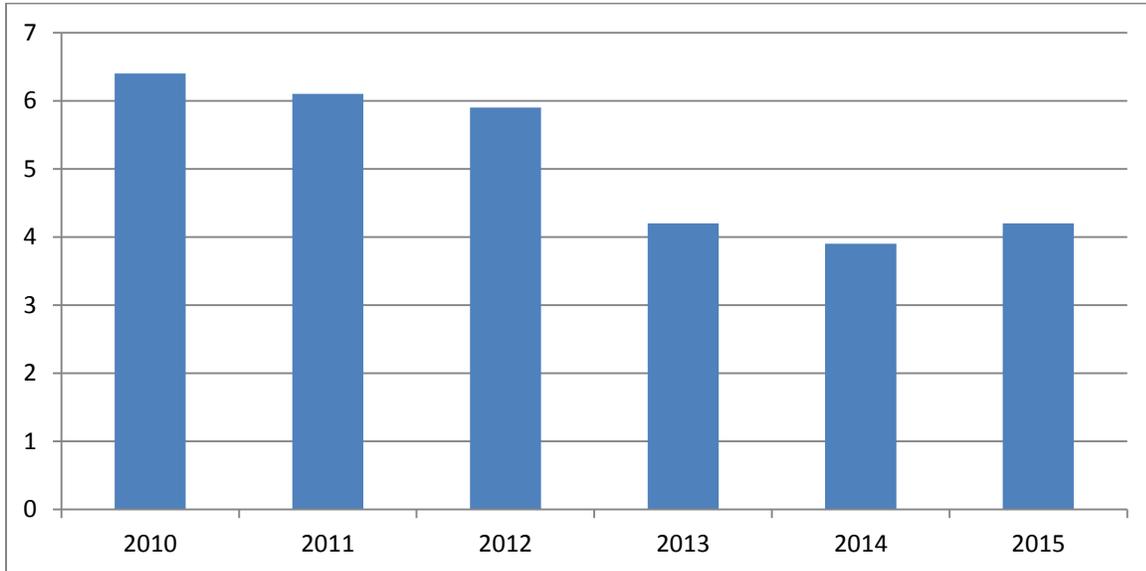
The median value of a housing unit in Carrboro in 2010-2014 was \$334,700, which is an 8.8 percent increase from \$307,600 in 2010.

INCOME

The 2010-2014 median household income is \$51,310. Twenty four percent of the households earn less than \$25,000 a year. Twenty five percent of the households make between \$25,000 and \$50,000 a year, while fifty one percent of households make more than \$50,000 a year.

EMPLOYMENT

Employment levels in Carrboro reflect an increase in the unemployment rate from 3.9% in 2014 to 4.2 % in 2015, which is well below the state unemployment rate of 5.3%.



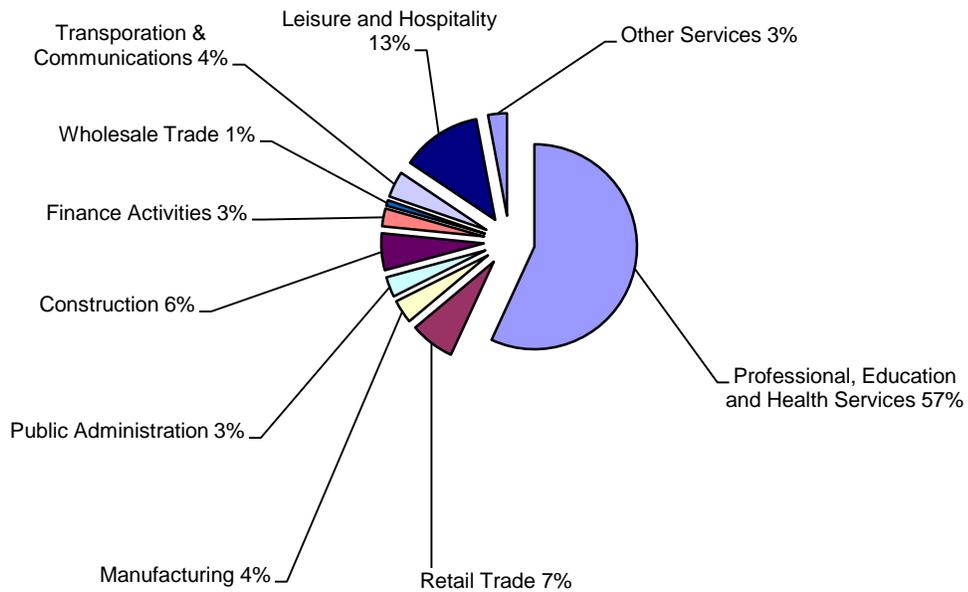
Source: homefacts.com

The major employers within Orange County in 2015 (those with 450 or more employees) reflect the dominance of the professional services sector.

Employer	# of Employees
University of North Carolina at Chapel Hill	11,964
UNC Health Care System	8,190
Chapel Hill-Carrboro City Schools	1,886
Orange County Schools	810
Orange County Government	894
Town of Chapel Hill	714

Source: Employer websites

Employment by Sector, 2015



Source: American Community Survey

Key Intergovernmental Relationships

The Town of Carrboro has many relationships with surrounding communities and with other State and regional organizations that affect the services provided to the community. A summary of these relationships follows:

State of North Carolina

- Established the Town by granting a municipal charter
- Grants and imposes powers to the Town
- Constructs and maintains a road network within the Town limits
- Is the conduit for transportation improvement funds used to maintain roads
- Collects and distributes certain taxes to the Town (sales taxes, beer and wine taxes, etc.)

Triangle J Council of Governments (TJCOG)

- Provides planning and other services to towns that are members of this voluntary organization that represents a region of municipal and county governments, including Carrboro
- Includes one delegate and one alternate to its board of delegates

City of Durham

- Provides staff for the Durham/Chapel Hill/Carrboro Metropolitan Planning Organization (Transportation Advisory Committee)

Chatham County

- Meets with town staff via Orange-Chatham Work Group on occasion to review development issues. Development at the border affects each community.

University of North Carolina

- Has mutual aid agreement for police services and emergencies
- Involves town in planning for Carolina North
- Allows use of easement for Libba Cotten bikeway

Orange Water and Sewer Authority

- Provides a mutual aid agreement for emergency response
- Extends water and sewer services in Carrboro zoning jurisdiction in accordance with policies of the Board
- Maintains fire hydrants used by the Carrboro Fire Department

Orange County

- Provides mutual aid agreement for police services
- Provides recycling services to Carrboro
- Participates in Joint Planning Agreement
- Plans jointly with Town for use of Housing and Urban Development Funds (HUD) and receives local contribution from Town toward affordable housing initiatives

- Has community, elected board members, and other Carrboro residents serve on numerous boards, commissions, and work groups including: Solid Waste Advisory Board, Orange County Economic Development Commission, JOCCA, EMS Council, Intergovernmental Parks Work Group, and the Orange County Housing and Land Trust
- Operates 911 emergency communications system; dispatches fire and police service units
- Provides jail services for Carrboro
- Provides tax assessing and collection services for Carrboro
- Provides grants to Carrboro for recreation
- Enforces soil and erosion control ordinance in the Town
- Program cooperative recreational and educational ventures with Orange County

Town of Chapel Hill

- Provides fixed-route, E-Z rider and Shared Ride transit services via an interlocal agreement with Town of Carrboro and the University of North Carolina
- Has a mutual aid agreement for fire protection
- Provides use of Chapel Hill's fire training facilities
- Provides regular staff communications regarding services and policies
- Share resources with Chapel Hill, i.e., protective gear and hose tester in the Fire Department; special events staffing
- Program cooperative recreational and educational ventures with Chapel Hill

Town of Hillsborough

- Provides mutual aid agreement for fire and police protection

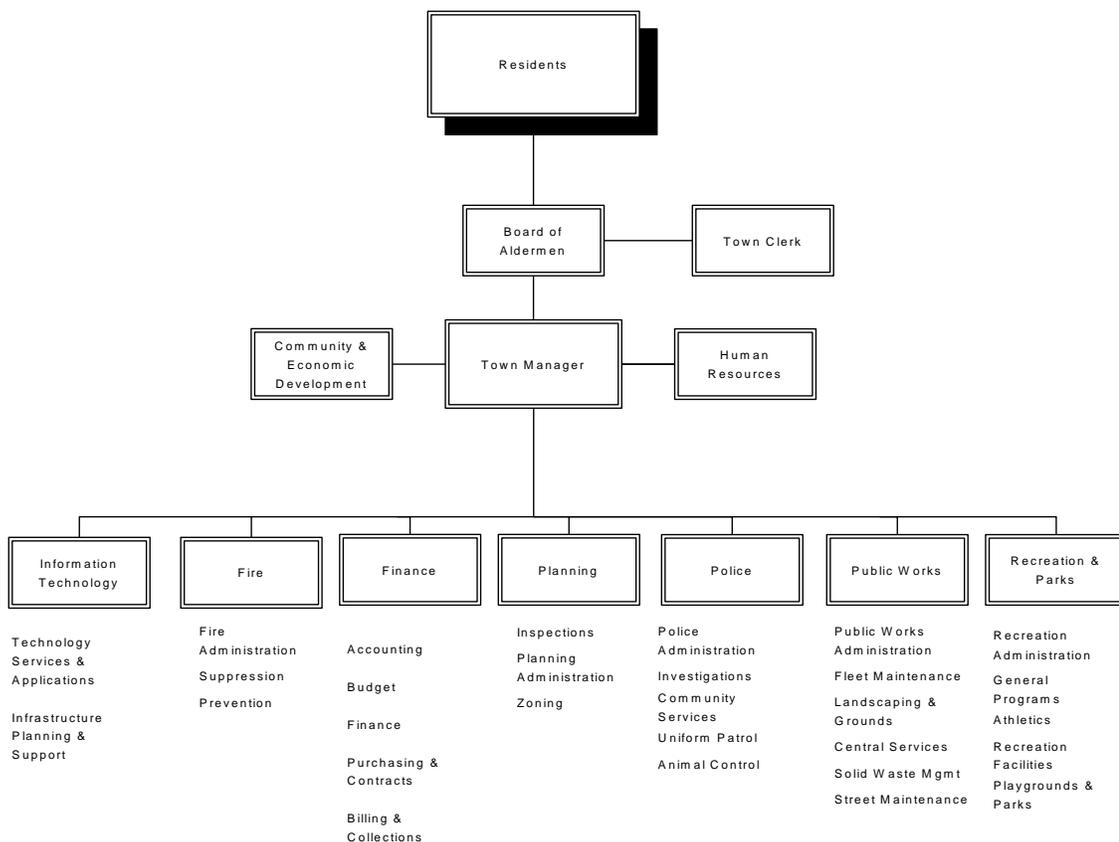
Chapel Hill-Carrboro School System

- Engages in joint use agreements for use of some recreation facilities
- Uses town services to provide school resource officer

GOVERNMENTAL STRUCTURE

The Town of Carrboro has a council/manager form of municipal government. Under the council/manager form of government, the Board of Aldermen performs the legislative functions of the town: establishing laws and policies. The Board of Aldermen is an elected body representing the residents of Carrboro. Under the current electoral system, the Board of Aldermen consists of a mayor and six aldermen. The mayor and the aldermen are elected by the voters of the entire town. The mayor is elected to serve a term of two years and the aldermen are elected to serve staggered terms of four years. The mayor acts as the official head of town government and presides at board meetings. The mayor is a voting member of the board. He or she also appoints council members to advisory boards and committees.

The Board also appoints a manager who carries out the laws and policies enacted by the board. The Town Manager is responsible for managing the town's employees, finances, and resources. The Town has 158 full-time and part-time employees with 9 departments reporting to the Town Manager (see chart below). The Board of Aldermen also appoints a Town Clerk to maintain important town records, and an attorney, who represents the town administration and board in all legal matters.



Local governments in North Carolina exist to provide a wide range of basic services on which we all depend: police and fire protection; public works (garbage collection, street resurfacing, fleet maintenance, landscaping and building and grounds); planning; inspections and zoning; economic and community development; and parks and recreation programming. The major

services provided by the Town include all of the services above but exclude water and sewer services and tax collections. Certain large costs assumed by the Town reflect key services that are contracted with other governmental jurisdictions such as transit services, recycling, and landfill fees. The town also has administrative support units (personnel, technology, finance, budget, purchasing, town clerk, etc.) that provide both direct services as well as indirect support services.

The General Fund is the primary operating budget for the Town. The Town has a Special Revenue Fund and Capital Projects Fund. These are multi-year funds and dedicated to specific programs/activities.

The budget for the Town is largely supported by property taxes. The Town, facing growth in the Northern Transition Area, envisions the potential increase in the town's population to 24,000. The Town, in an effort to reduce the tax burden on residential property owners, is exploring ways to increase its commercial tax base as a percentage of its tax base.

BOARD PRIORITIES

The Board has not undertaken a formal strategic planning process. However, the Board of Aldermen has adopted and annually reviews strategic priorities for the Town with the ultimate goal of creating and maintaining Carrboro as a sustainable community that is a highly desirable place to live.

The current Board priorities (in bold) and departmental goals and work plans (in italics) are listed below:

A. Diversify revenue stream to maintain ethnic and economic diversity

- 1. Maximize use and revenue at recreation facilities.(Recreation & Parks)*
- 2. Diversify and expand the commercial the tax base, to create more high paying jobs in town, and to promote the town's image as a place for businesses.(Economic and Community Development)*
- 3. Create public/private partnerships for various special programs to maximize revenue and the marketing potential of the programming while minimizing program costs. (Recreation & Parks)*
- 4. Offer diversified programs reflective of citizen needs and promotes sensitivity to cultural diversity. (Recreation & Parks)*

B. Protect historic neighborhoods and maintain Carrboro's unique identity

- 1. Evaluate and schedule completion of Comprehensive LUO review/update and evaluate need for strategic or comprehensive planning/update.(Planning)*

C. Improve walkability and public transportation

- 1. Improve Quality of public transportation service. (Transportation)*
- 2. Improve level of public transportation service. (Transportation)*
- 3. Work with Chapel Hill Transit to more effectively manage current level of public transportation service in Carrboro, to extend service into areas of Carrboro not*

- served by fixed route service, and evaluate the shared-ride service in Carrboro (number of participants). (Transportation)*
- 4. Improve access to public transportation. (Transportation)*

D. Encourage development that is compact, dense, and appeals to diverse lifestyles and incomes

- 1. Increase the number of affordable energy efficient housing units in the Town. (Economic and Community Development)*

E. Enhance and sustain quality of life/place issues for everyone

- 1. Reduce the number of known drug houses and street-level drug sales locations. (Police)*
- 2. Maintain index crime clearance rates at or above the national average for comparable towns. (Police)*
- 3. Ensure the safety of all employees and citizens on town property. (Police)*
- 4. Provide fire suppression, light duty rescue, and emergency medical technician services on a 24-hour basis covering the Town of Carrboro and the South Orange Fire District. (Fire-Rescue)*
- 5. Provide fire education for schools, day care centers, and special interest groups. (Fire-Rescue)*
- 6. Achieve a well-balanced public infrastructure. (Planning)*
- 7. Help citizens develop a human environment that promotes trust, mutual respect, acceptance, happiness and well being. (Planning)*
- 8. Develop innovative approaches to support the community, particularly with regard to housing, transportation, energy production and consumption, and ecological restoration and protection. (Planning)*
- 9. Provide timely, cost-effective maintenance of public streets, bike paths, storm drainage system and right-of-way. (Public Works)*
- 10. Provide cost effective, reliable solid waste collection and disposal. (Public Works)*
- 11. Provide park facility and ball field maintenance. (Public Works)*
- 12. Provide classes, workshops, trips, camps and other general recreational activities to meet the varied leisure interests and needs of the community. (Recreation & Parks)*
- 13. Operates 10 parks and 1 indoor community facility. (Recreation & Parks)*

Budgeting in Carrboro has become a year-round event. After adoption of the operating budget in June, work on the CIP begins in September. Much of the work presented in the annual operating budget draws from the CIP, reports and assessments, community needs identified by residents, advisory boards, staff, and the Board.

Departmental budgets are prepared and justified using two components - a continuation budget with proposed change and/or expansion budget. In recognition that some costs incurred by the Town reflect increases beyond normal inflation, the continuation budget, includes those costs, as well as expenditures where the Town or Board has made a legal or budgetary commitment. The inclusion of these costs in the continuation budget will allow the Town to maintain the same high levels of service provided in the current year with similar operating funds. These costs include

projects and infrastructure expenditures reflected in the annual Capital Improvements Plan which includes street resurfacing costs, vehicles, equipment, various specific capital projects and debt service payments for capital commitments. Other ongoing annual costs in the continuation budget includes any pay adjustments for employees, and dependent and retiree health insurance, and numerous operating costs needed to provide daily services.

All other requests are defined as “proposed changes” and are budgeted in a separate column and are categorized in a manner such that the Board and residents can understand the various dynamics involved in making funding decisions. Dynamics include improved service levels, and capital outlay – recurring capital outlay that does not meet the capital thresholds for consideration in the CIP. Justifications for proposed changes are based on the Board’s adopted goals as well as individual departmental goals and objectives.

Budget Development Calendar

Notice of Public Hearing for Community Input	January 19, 2016
FY 2015-16 Mid-Year Budget Status Report	January 22, 2016
Public Hearing to Receive Community Input on FY 2016-17 Budget	January 26, 2016
FY 2016-17 Budget Instructions Distribution	January 28, 2016
Budget Requests from Departments	February 19, 2016
Manager Meets with Department Heads on Requested Budget	March 7 - 11, 2016
Finance Compiles Manager's Recommended 2016-17 Budget Document	March 14-21, 2016
Manager Reviews Draft Recommended Budget and Makes Revisions	March 22- 28, 2016
<i>Manager Meets One-On-One with Board of Aldermen</i>	<i>April 4-13, 2016</i>
Public Notice of Required Public Hearing	May 2, 2016
Manager Submits FY2016-17 Recommended Budget to Board	May 3, 2016
First Budget Work Session - Board	May 10, 2016
Public Hearing on Recommended Budget	May 17, 2016
Second Budget Work Session (if needed) - Board	May 24, 2016
Board Adopts FY 2016-17 Budget	June 21, 2016

FINANCIAL POLICIES

Among the responsibilities of municipalities to its residents are the care of public funds and the wise and prudent management of municipal finances while providing service delivery to the public and the maintenance of public facilities. These financial management policies adopted by the Board are designed to ensure the fiscal stability of the Town and guide the development and administration of the annual operating and capital budgets. Except for the revision of the fund

balance policy on April 5, 2011 to comply with Governmental Accounting Standards Board Statement 54 (GASB 54), *Fund Balance Reporting and Government Fund Type Definitions*, no major changes have been made in the Town's Financial Policies.

The Town's financial policies address revenues, cash management, expenditures, debt and risk management, capital needs and budgeting and management. The specific policy objectives are to:

1. Protect the policy-making ability of the Board of Aldermen by ensuring that important policy decisions are not controlled by financial problems or emergencies.
2. Assist Town management by providing accurate and timely information on financial conditions.
3. Provide sound principles to guide the important decisions of the Board of Aldermen and of management which have significant fiscal impact.
4. Provide essential public facilities and prevent deterioration of the Town's public facilities and its capital plant.
5. Set forth-operational principles that minimize the cost of government and financial risk, to the extent consistent with services desired by the public.
6. Enhance the policy-making ability of the Board of Aldermen by providing accurate information on program costs.
7. Employ revenue policies that prevent undue or unbalanced reliance on certain revenues, which distribute the costs of municipal services fairly, and which provide adequate funds to operate desired programs.
8. Ensure the legal use of all Town funds through a system of financial security and internal controls.

Town staff shall develop and maintain methods of forecasting future revenues and expenditures. These methods shall project the Town's future revenues and expenditures through a variety of methods including but not limited to forecasts of the economy and future development of the Town. Town staff will estimate General Fund revenues using an objective and analytical process, as well as documenting and maintaining specific assumptions. In instances where there is uncertainty as to assumptions, conservative revenue projections shall be provided.

REVENUE POLICIES

Important issues to consider in revenue analysis are growth, flexibility, elasticity, dependability, diversity, and administration. Under ideal situations, revenues grow at a rate equal to or greater than the combined effects of inflation and expenditures. Revenues should be sufficiently flexible to allow adjustments to changing conditions.

The Town uses the following policies to govern its operations and methods regarding revenues that are used for operations.

Sources of revenue

The Town will strive to maintain a diversified and stable revenue system to shelter the government from short-run fluctuations in any single revenue source and ensure its ability to provide for ongoing service. A balance will be sought in the revenue structure between the

proportions of elastic and inelastic revenues. New sources of revenue will be sought to achieve the desirable balance.

Restricted revenue shall only be used for the purpose intended and in a fiscally responsible manner. Programs and services funded by restricted revenue will be clearly designated as such.

Intergovernmental assistance may be in the form of restricted or unrestricted revenue.

Unrestricted intergovernmental revenues generally support operational expenses; and restricted intergovernmental revenues are used for the designated purpose, activity and/or service.

Fees and cost recovery

User fees and charges shall be reviewed annually. Town departments that generate a user fee revenue regularly monitor their fees by comparing them to other local area jurisdictions. Fees shall be adjusted where appropriate to reflect these increases.

Engineering Fees represent an exception to user fees whereby applicants are responsible for paying 80% of fees assessed by the Town's engineers. The engineers, who perform under a contractual agreement with the Town, bill the Town and the Town, in turn, sends a bill to the applicant for all such fees.

The Recreation and Parks Department, establishes recreation fees based on numerous factors, depending upon the program or services offered. Services offered may be available at no cost (a town-sponsored event), partially subsidized based on financial need, or may be based on 80%-100% direct cost recovery. Fees for nonresident users of recreation programs shall be established after the Board of Aldermen approves the upcoming fiscal year budget. The fee shall be established by dividing the annual appropriation for the Recreation and Parks Department by the number of town residents. This will provide for a per capita cost for recreation services

Grants and federal funds

The Town shall aggressively pursue all grant opportunities; however, before accepting grants, the Town will consider the current and future implications of both accepting and rejecting the monies, including:

- a. Amount of matching funds required;
- b. Any in-kind services that are to be provided;
- c. Impact on operating expenses; and
- d. Length of grant and whether the Town is obliged to continue the services after the grant ends.

Payment-in-Lieu financing

Payment-in-lieu revenue represents payments from developers or property owners for the purpose of providing open space areas or recreational facilities that serves or benefits residents of the development generating the funds. The Town's ordinance allows developers of certain types of projects to either provide open space and recreational facilities according to standards set forth in the ordinance or pay a fee in accordance with the Town-established fee schedule.

Developers are also able to make payment-in-lieu of providing affordable housing under the applicable provisions of the Land Use Ordinance. Revenue is deposited in the Affordable Housing Fund.

Operating transfers

To the maximum extent feasible and appropriate, General Fund transfers to other funds shall be defined as payments intended for the support of specific programs or services. Amounts transferred but not needed to support such specific program or service expenses shall revert back to the General Fund.

OPERATING BUDGET POLICIES

The Town uses the following policies to govern its operations and methods regarding operating budget expenditures.

Fund Balance

To maintain the Town’s credit rating, meet seasonal cash flow shortfalls, economic downturns or a local disaster, the Town shall maintain and present fund balance for the general fund in accordance with the requirements of GASB 54. The Town will maintain an unassigned fund balance in the general fund at a level ranging from 22.5% to 35% of the General Fund budget. Unassigned fund balance will generally not be used for operating expenses.

Fund balance shall be confirmed at the end of each fiscal year by the annual independent audit and if the:

- 1) Unassigned fund balance falls below 20%, the Town Manager shall develop and implement a plan to rebuild the balance to 22.5% within one year; or
- 2) Unassigned fund balance exceeds 35%; the Town Manager may set aside an amount in assigned fund balance for transfer to the capital projects fund for future projects, unless the Town Manager determines it necessary to maintain fund balance at the current level due to existence of other fiscal, economic and/or operating conditions.

The Board of Aldermen shall take formal action to commit the use of fund balance for projects or purposes in any current year or future year’s budget.

Absence a commitment of fund balance by the Board, the Town Manager has the authority to express intended uses of unrestricted or unassigned fund balance that will result in assigned funds for specific purpose.

Where an expenditure is incurred for which restricted and unrestricted fund balance is available, the restricted fund balance, to the extent feasible, should be used first.

When expenditure is incurred for which there is unrestricted fund balance available, funds should be spent in the following order: committed, assigned and unassigned.

- a. Committed fund balances are amounts that can be used only for the specific purposes determined by a formal action of the government’s highest level of decision-making authority. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally.

- b. Assigned fund balances are amounts intended to be used by the government for specific purposes and so expressed by the governing body or by an official or body to which the governing body delegates the authority.
- c. Unassigned fund balance is the residual classification of the general fund that includes all amounts not contained in other fund balance classifications. Unassigned amounts are technically available for any purpose.

Budget Process and Procedures

The North Carolina Local Government Budget and Fiscal Control Act requires that the Town Manager submit a recommended budget and budget message to the Mayor and Board of Aldermen no later than June 1st, that the Board hold a public hearing on the budget, and that the Board adopt an annual budget or interim budget each year by July 1st. The budget must be balanced which is defined by the Fiscal Control Act as “the sum of estimated net revenues and appropriated fund balance in each fund shall be equal to appropriations in that fund.”

State laws also determine the types of services and regulatory authority, which the Town can provide as well as the revenue sources available to the Town. For example, the Town is authorized to provide police and fire protection, refuse collection, and street maintenance services, but is not authorized by the State to levy income taxes or to raise the local sales tax which is capped at the existing two and one-half (2.5) percent. In North Carolina, county governments are responsible for public health, education, and social services. County and state government decisions govern funding for the Chapel Hill- Carrboro School System.

While the budget process seeks to develop an annual financial plan for the Town, the budget is also a strategic plan whereby departmental goals and objectives are aligned with the Board’s strategic priorities, goals and commitments.

The budget is prepared by the Town Manager for a one-year fiscal cycle beginning July 1 and ending June 30 of the following year and must be adopted by the Board of Aldermen prior to the beginning of each fiscal year.

The recommended budget, as presented by the Town Manager, shall reflect the continuation of current service levels wherever appropriate and/or shall include an explanation of any decreases and increases. Any reprogramming or budget shifts from the previous budget shall be clearly identified in the budget document. The recommended budget shall be a balanced budget; recommended allocations shall not exceed projected revenues.

Public input and review of the recommended budget is encouraged. In addition to the required statutory public hearing, the Board generally holds a public hearing at the beginning of the budget development process to get input from the citizens. The entire budget document shall be available at the Town Clerk’s Office and the Town’s website for review.

General Fund Budgeting

The basic format of the budget shall identify functional programs within organizational structures defined primarily by department. Programs are defined as specific services provided to the public by a specific department. All assumptions, transfers, and other relevant budget data shall be clearly stated. The Town will avoid budgetary procedures that balance current

expenditures at the expense of meeting future years' expenses, such as postponing expenditures, accruing future years' revenues, or rolling over short-term debt.

Requests for human services and nonprofit funding shall coincide with the budget process. The Town shall set aside funds for external organizational or program services through the grant application process. The amount recommended for funding shall increase each year based on the consumer price index (CPI) over the previous twelve months, or any amount determined by the Board. If the CPI remains flat or decreases, nonprofit funding shall remain unaffected. Requests from external organizations are reviewed by the Town's Human Services Commission which in turn submits a funding recommendation to the Board of Aldermen.

Transfers between funds may be authorized only by the Board of Aldermen. All other transfers may be approved by the Town Manager.

In instances where specific activities or purchases are authorized by the Board of Aldermen in a certain fiscal year and remain incomplete, these funds may be carried forward into the next fiscal year to support such activities or purchases at Board of Aldermen's discretion.

Budgetary and accounting procedures will conform to Generally Accepted Accounting Principles (GAAP) for governmental agencies. Where possible, the budget and subsequent status reports will integrate performance measurement and productivity indicators.

Special Fund Budgeting

The term "Special Funds" shall be used to identify all funds other than the General Fund or Capital Project Fund, inclusive of the following fund types: Grants Administration Fund, Affordable Housing Fund, Revolving Loan Fund, Energy Efficiency Revolving Loan Fund, and Business Loan Fund. Special Funds shall be created when legally required, requested by the Board of Aldermen, or to facilitate internal accounting and financial reporting procedures.

The annual budget for each Special Fund shall be prepared in conjunction with the General Fund budget and shall be submitted to the Board of Aldermen for adoption prior to the beginning of the fiscal year. Special Funds budgetary and accounting procedures will conform to GAAP.

Capital Fund Budgeting

A local government may in its discretion, authorize and budget for a capital or grant project, either in its annual budget ordinance or in a project ordinance. At any time during the year, a capital project or grant project ordinance may be established. A project ordinance is for the life of the project and must be adopted by the governing board prior to commencement of the project.

A project ordinance must be balanced with the revenues estimated to be available for the project equal to appropriations for the project. A 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. An amendment is required when the budget established for the project is not sufficient to complete the project in its entirety. A project ordinance amending the project budget will require approval by the Board of Aldermen.

Major capital decisions tend to have a fiscal and operational impact more extensive than that

required of annual operating and maintenance decisions and require different planning and budgetary methods. For projects that cost over \$100,000 and will require more than one year to accomplish, departments should use a project ordinance rather than the General Fund operating budget.

Transfers

Line-item adjustments within one project will be allowed via an internal budget adjustment request form, as long as the scope of the project is substantially the same and total funding for the project will not increase as a result of the transfer.

Transfer requests are prepared and signed by the department head of the requesting department and submitted to Finance for review. When transfers occur, the project manager or department head will state that the project scope can still be achieved without increasing the total funding of the project. Finance will ensure that sufficient funds are available in the authorized budget and the transfer does not increase the total appropriation for the project. All transfer requests are approved by the Finance Director and Town Manager.

A transfer of funds between projects within the same fund is only allowed with formal board approval. This process ensures transparency and keeps the Board up-to-date regarding budget changes in capital projects.

Maintenance of Capital Assets

Provisions will be made for adequate maintenance of the capital plant and equipment and for their orderly rehabilitation and replacement, within available revenue and budgetary limits. The General Fund budget should provide sufficient funds for the regular repair and maintenance of all Town capital assets.

The budget shall incorporate and recognize the importance and necessity of maintaining and updating the installed technological infrastructure. End-user workstations are to be replaced on a five year cycle, servers to be replaced on a four year cycle and other network infrastructure and business applications to be replaced as dictated by financial, technical, and business criteria defined in the Technology Plan.

As with technology, town vehicles are also replaced on a predetermined schedule. Through a planned approach the Town looks to minimize fleet capital cost and operational cost. Age and usage criteria provide general guidance for replacement and there can be other circumstances that factor in the decision to replace a vehicle or piece of equipment either sooner or later than the recommended guidelines. These factors may include high maintenance cost, excessive down time, standardization of fleet, or change of operation. All vehicles and capital equipment that exceeds \$25,000 per item shall be considered for installment financing.

CAPITAL IMPROVEMENT PROJECT POLICIES

The Town uses the following policies to govern its capital improvement program that address particular community needs.

Capital Improvement Program

The Town Manager shall develop and maintain a projection of capital improvement projects (Capital Improvement Program) for the next six years based on the previous capital improvement plans, community needs assessments, and projects approved by the Board of Aldermen. The Capital Improvement Program (CIP) should be tied to projected revenue and expenditure constraints. Future planning should consider periods of revenue surplus and shortfall and adjust future programs accordingly. The CIP includes long-term maintenance and other operational requirements for proposed projects that meet the following criteria: 1) requested item is equipment costing more than \$25,000, or is a vehicle, and 2) requested project is multi-year in nature and exceeds \$100,000 over the life of the project. The CIP also includes information technology projects with costs equal to or greater than \$15,000. Each fiscal year, the Town Manager will update the CIP to include current information for review by the Board of Aldermen. The CIP plan is incorporated into the annual operating budget request process. Provisions are made for adequate maintenance of capital infrastructure and equipment and for their orderly replacement within available revenue and budgetary limits. Items are appropriated into the budget by the board upon adoption of the budget.

The CIP budget process shall include a financial analysis and narrative of the impact of the CIP on the Town's financial condition, including but not limited to, debt levels and operating budget.

The Town shall actively pursue outside funding sources for all projects for the CIP funding. The Town's capital program will recognize the borrowing limitation and debt tolerance of the Town.

Capital Improvement Financing

Within the limitation of existing law, various funding sources may be utilized for capital improvements. Capital projects shall not be dictated by the nature of funding available except to the extent that the projects meet an initial test of being required to achieve Town goals or to the extent that projects must be placed in priority dictated by the nature of the funds available.

Unspent capital project funds shall revert to undesignated capital reserves within the Capital Reserve Fund for future capital funding. In no case shall projects incur a funding deficit without the express approval of the Board of Aldermen.

DEBT MANAGEMENT POLICY

POLICY STATEMENTS

Debt policies are written guidelines and restrictions affecting the amount, issuance, process, and type of debt issued by a governmental entity. The important functions of a debt policy are to:

- Provide guidance on the types and levels of the Town's outstanding debt obligations so as not to exceed acceptable levels of indebtedness and risk. Debt policies also serve as a framework within which the Town can evaluate each potential debt issuance;
- Direct staff on objectives to be achieved, both before bonds are sold and for the ongoing management of the debt program;
- Facilitate the debt issuance process by making important decisions ahead of time;
- Assist the Town in the management of its financial affairs, ensuring that the Town maintains a sound debt position and that its credit quality is protected;

- Allow for an appropriate balance between the established debt parameters and providing flexibility to respond to unforeseen circumstances and new opportunities; and
- Serve as a means of stimulating an open debate about the government's outstanding obligations and lead to an informed decision by elected officials.

Purpose and Type of Debt

Purpose:

Debt is only to be incurred for financing capital assets that, because of their long-term nature or because of budgetary constraints, cannot be acquired from current or budgeted resources. Debt is not to be used for operational needs or normal recurring maintenance. Ideally, the Town will strive to restrict debt issuance to capital needs identified and formalized in a capital improvement program (CIP).

Types of Debt:

The types of debt instruments can include general obligation bonds, bond anticipation notes, revenue bonds, lease-installment financings, certificates of participation, special obligation bonds, or any other financing instrument allowed under North Carolina statutes. The Town will strive to use the least costly and most appropriate form of financing for its project needs.

All debt issued, including short-term installment purchase financing that the Town incurs for recurring equipment, will be repaid within a period not to exceed the expected useful life of the improvements, equipment, or vehicles financed by the debt.

Debt Limits and Affordability

Debt policies should define limits or acceptable ranges for each type of debt. Limits are set for legal, financial, and policy reasons. State law dictates legal limits. Financial limits may be established to achieve a desired credit rating or to exist within budgetary or other resource constraints. Debt limits alone will not result in desired ratings, but limits on debt levels can have a material impact if the local government demonstrates adherence to the policy over time. Policy limits can include the purposes for which debt may be used, the types of debt that may be issued, and minimum credit ratings.

The Town will use an objective, analytical approach to determine the amount of debt to be considered for authorization and issuance.

Several standards or guidelines are available for establishing limits:

Outstanding Debt as a Percentage of Assessed Valuation

This ratio measures debt levels against assessed valuation and assumes that property taxes are the primary source of debt repayment.

Statutorily, the Town is subject to the Local Government Bond Act of North Carolina which limits the amount of net bonded debt the Town may have outstanding to 8% of the appraised value of property subject to taxation. However, this is not considered a realistic ratio as other

ratios that measure ability to pay (described below) would exceed the Town's desired debt levels.

The Town will also strive to avoid maintaining a "high" debt burden as measured by the Local Government Commission. This analysis is updated annually by the LGC.

Debt per Capita

This ratio reflects the philosophy that all taxes, and therefore the total principal on outstanding debt, are paid by the residents (as measured by population count). This ratio is widely used by analysts as a measure of an issuer's ability to repay debt.

The Town will also strive to avoid maintaining a "high" debt burden as measured by the Local Government Commission. This analysis is updated annually by the LGC.

Debt Service as a Percentage of Operating Expenditures

The ratio that measures the percentage of debt service to the general fund expenditures reflects the Town's budgetary flexibility to change spending and respond to economic downturns.

Annual debt service payments (like a house payment), can be a major fixed part of a government's fixed costs and its increase may indicate excessive debt and fiscal strain.

The North Carolina Local Government Commission (LGC) advises that local governments should have a reasonable debt burden. A heavy debt burden may be evidenced by a ratio of General Fund Debt Service to General Fund Expenditures exceeding 15%, or Debt per Capita or Debt to Appraised Property Value exceeding that of similar units. Credit rating agencies, on the other hand, consider debt exceeding 20% of operating budget to be excessive. Ten percent is considered acceptable. The Town will maintain this ratio at or below 12%, considering this to be a moderate level of debt.

Use of Debt Ratios

This measure of debt service expenditures as a percentage of operating expenditures will be the primary ratio used to relay the impact of debt to the Board, both in terms of tax rate and ability to pay debt within budgetary constraints. No project will be included in the CIP that increases the debt ratio above 12%. Any project that is considered outside of the Capital Improvement Plan shall be revisited in context of the plan to monitor the project's impact on the Town's debt ratios. Projects shall be considered for recommendation as long as the debt service expenditures as a percentage of operating expenditures remain at or below the 12% debt ratio.

The aforementioned measures, while defined with targets in mind, shall also be judged against the necessity of and benefits derived from the proposed acquisitions. The Town will continue to update its debt affordability analyses annually along with a review of peer groups to continue to analyze and control its debt effectively.

By establishing comparative debt ratios and targets over a period of time, the Town is demonstrating that there is an analytical and informed process for monitoring and making decisions about the Town's debt burden and maintaining the Town's fiscal position on behalf of the community.

Bond Ratings

The Town's current bond ratings are: Standard and Poor's AAA; and, Moody's Aa1. The Town will maintain continuing disclosure and good communications with bond rating agencies and financial institutions on the Town's financial condition and operations.

Debt Issuance and Structure

The Town will strive to issue general obligation bonds no more frequently than once in any fiscal year. The scheduling of bond sales and installment purchase decisions and the amount will be determined each year by the Board of Aldermen. These decisions will be based upon the identified cash flow requirements for each project financed, market conditions, and other relevant factors.

The Board may fund upfront project costs and reimburse these costs when bonds are sold. In these situations, the Board will adopt reimbursement resolutions prior to the expenditure of project funds.

For most debt issues, the actual structure and sale is conducted in conjunction with the Local Government Commission (LGC), a division of the Office of State Treasurer. The LGC functions as the financial advisor to local governments when issuing debt. Structuring must take into consideration current conditions and practices in the municipal finance market.

The Town will seek level or declining debt repayment schedules on long-term bonded debt, as encouraged by the LGC. Debt requiring balloon principal payments reserved at the end of the issue term will be avoided. General obligation bonds will be generally competitively bid with no more than a 20-year life.

For short-term installment financings on capital items and equipment, the Town will rely on a competitive bidding process and the debt term will not exceed the useful life of the asset.

Capital Planning and Debt Determination

The Town will adopt a six-year capital improvements plan (CIP) annually. Debt financing and the associated policies will be considered in conjunction with the CIP with approval of funding and projects by the Board of Aldermen.

Any capital item that has not been included in the CIP, but because of its critical or emergency need where timing was not anticipated in the CIP or budgetary process, or is mandated immediately by either State or Federal requirements, will be considered for approval for debt financing.

BUDGETARY ACCOUNTING AND REPORTING

Budget Adoption

The Town operates under an annual budget ordinance in accordance with the Local Government Budget and Fiscal Control Act (North Carolina General Statutes Section 159). These statutes require that the Board of Aldermen adopt a balanced budget in which estimated revenues and appropriated fund balances equal expenditures. The Town Manager must submit a balanced

budget proposal to the Board by June 1 of each year, and the Board must adopt the Budget Ordinance by July 1. A formal public hearing is required to obtain community comments of the proposed budget before the Board adopts the budget. By state law, the fiscal year begins on July 1 and ends on June 30.

An annual budget is adopted for the General Fund. All annual appropriations lapse at the fiscal year end. Project ordinances are adopted for the remaining Special Revenue Funds, and the Capital Projects Fund.

Basis of Accounting and Budgeting

The budget is adopted using the modified accrual method of accounting. Under this basis, revenues are recognized in the period received and accrued if considered to be both measurable and available to pay current liabilities. The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Those revenues susceptible to accrual include: investments, sales tax, and grants-in-aids earned. Expenditures are recognized when a liability is incurred. On a budgetary basis, revenues are recorded by source of revenue (property tax, intergovernmental, taxes and licenses, etc) and expenditures are recorded by department, function or project. Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds and at the fund level for multi-year funds.

Fund Type	Fund Category	Basis of Accounting	Budgetary Accounting
General Fund Group	Governmental	Modified Accrual	Modified Accrual
Special Revenue	Governmental	Modified Accrual	Modified Accrual
Capital Projects	Governmental	Modified Accrual	Modified Accrual

Within the budget ordinance, the general fund is further divided into functions, which represent the level of authorization, by the governing board. Revenue functions include Ad Valorem (Property Taxes), Local Sales Taxes, Other Taxes/Licenses, Restricted and Unrestricted Intergovernmental Revenues, Permit and Fees, Sales and Services, Investment Earnings, Other Revenues, Other Financing Sources, and Fund Balance Appropriated.

Expenditure functions are primarily budgeted at the departmental level and include: Mayor and Board of Aldermen, Advisory Boards, Governance Support, Town Manager, Economic and Community Development, Town Clerk, Management Services, Personnel, Police, Fire, Planning, Transportation, Public Works, Parks and Recreation, Non-departmental, and Debt Service.

The Board of Aldermen may authorize and budget for capital projects and multi-year special revenue funds in its annual budget ordinance. The project ordinance authorizes all appropriations necessary for the completion of projects.

Amending the Budget

The Board of Aldermen must approve all transfers between funds, transfers from non-fuel contingency, and amendments to capital project ordinances.

The Town Manager can transfer between departments and functions within the General Fund without further action by the Board. In addition, all operating funds encumbered or designated within fund balance for project expenditures as confirmed in the annual June 30 audit of the previous year shall be re-appropriated to the next fiscal year without further action by the Board. All other types of amendments within the General Fund must be approved by the Board (i.e., approving revenues and expenditures associated with a grant, transferring operating funds from one function to another that is not related to pay adjustments).

Capital project ordinances are approved at the project level. The Town Manager may approve line item transfers within a project as long as the project can still be achieved without increasing the total funding of the project. An amendment is required when the budget established for the project is not sufficient to complete the project in its entirety.

Line Item Transfers

While budgets are approved at the functional level within the budget ordinance, line-item budgets are controlled at three broad levels (categories) within a departmental cost center: salaries, operating, and capital outlay. Departments are only required to do a budget transfer form if there is a need to transfer funds between the broad categories of expenditures. The Finance Officer can process the transfers within a department at the request of the department head.

Purchase Orders

Purchase orders must be issued for purchases exceeding \$500 with exception of purchases specifically exempted by the Town's purchasing policy. Purchase requisitions under \$500 do not require approval by the Purchasing Officer.

Capital Outlay

All capital items (items exceeding \$5,000 and having a useful life of more than one year) must be approved in accordance with the adopted budget. With GASB 34, the definition of capital outlay was refined to include infrastructure inventory including roads, bridges, and sidewalks, amongst other assets). Thresholds exist for buildings (\$20,000 minimum) and for infrastructure inventory (\$100,000 minimum). The annual budget document outlines those capital outlay items approved for purchase. Any changes must be approved through the transfer process outlined above.

Position Control

The annual pay plan adopted by the Board in conjunction with the budget lists authorized permanent positions.

FINANCIAL FUND STRUCTURE

The accounts of the Town are organized on the basis of funds or account groups with each fund constituting a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts reflecting its assets, liabilities, fund balance, revenues and expenditures. Town resources are allocated to and accounted for individual funds

based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The multiple Town funds are classified as General Governmental Funds and are grouped into three generic fund types as described below.

General Governmental Funds

General Fund – The General Fund is the primary operating fund of the Town, which accounts for normal recurring town functions such as public works, planning, public safety, recreation, debt service, and administration. All authorized positions are funded entirely within the General Fund. Activities within the general fund are funded by revenue sources such as property tax, sales tax, and user fees.

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes. Funds include the Revolving Loan Fund, Energy Efficiency Revolving Loan Fund, Affordable Housing Fund, Business Loan Fund, and the Grant Administration Fund.

Capital Projects Fund – The Capital Projects Fund is used to account for financial resources dedicated to the acquisition or construction of capital facilities and equipment. Include in the Capital Projects Fund are: Capital Reserve Fund, Capital Projects Fund, Bond Fund, Capital Reserve Fund and Payment-in-Lieu Fund.

GENERAL FUND REVENUES

	FY 2014-15 ACTUAL	FY 2015-16 ADOPTED BUDGET	FY 2016-17 ADOPTED REVENUES	% CHANGE
AD VALOREM TAX				
PRIOR YEAR	335,647	314,047	335,647	6.9%
CURRENT YEAR	11,398,097	11,977,183	12,033,476	0.5%
PENALTY & INTEREST	38,049	24,240	24,240	0.0%
TOTAL AD VALOREM TAX	11,771,793	12,315,470	12,393,363	0.6%

LOCAL SALES TAXES

LOCAL OPTION SALES TAX 1% Art 39	1,314,851	1,209,881	1,258,276	4.0%
LOCAL OPTION SALES TAX 1/2% Art 40	948,129	971,828	1,010,701	4.0%
LOCAL OPTION SALES TAX 1/2% Art 42	660,239	609,093	633,456	4.0%
LOCAL OPTION SALES TAX 1/2% Art 44	348	737	766	4.0%
SALES TAX - CITY HOLD HARMLESS	973,633	1,034,147	1,075,513	4.0%
TOTAL LOCAL SALES TAX	3,897,200	3,825,686	3,978,713	4.0%

OTHER TAXES/LICENSES

MOTOR VEHICLE LICENSES	375,379	286,910	375,379	30.8%
MOTOR VEHICLE LIC - TRANS ONLY	125,126	94,907	125,126	31.8%
MOTOR VEHICLE TAXES	721,938	353,758	721,937	104.1%
PRIVILEGE LICENSES	55,029	-	-	N/A
BEER & WINE PRIVILEGE LICENSE	1,470	958	1,000	4.4%
HOTEL/MOTEL OCCUPANCY TAX	160,381	142,845	194,085	35.9%
TOTAL OTHER TAXES/LICENSES	1,439,323	879,378	1,417,527	61.2%

UNRESTRICTED

INTERGOVERNMENTAL

FRANCHISE TAX-ELECTRIC	923,327	446,891	850,000	90.2%
PIPED NATURAL GAS TAX	80,406	34,152	31,660	-7.3%
VIDEO SALES PROGRAMMING	57,038	57,871	54,472	-5.9%
HOME SATELLITE SALES	68,272	68,914	68,170	-1.1%
WINE AND BEER	97,820	80,000	95,000	18.8%
TELECOMMUNICATIONS SALES TAX	250,269	187,766	138,208	-26.4%
NC DOT REIMBURSEMENT	4,498	-	5,010	N/A
EMS LOCATION RENT	12,000	12,000	12,000	0.0%
TOTAL UNRESTRICTED INTERGOVERNMENTAL	1,493,630	887,593	1,254,520	41.3%

RESTRICTED

INTERGOVERNMENTAL

POWELL BILL	494,221	499,163	494,257	-1.0%
SOLID WASTE DISPOSAL TAX DIST.	13,235	11,973	12,093	1.0%
PLANNING WORK GRANT	47,296	46,467	27,000	-41.9%
RECREATION-MUNICIPAL SUPPL.	35,898	27,193	27,193	0.0%
STROWD ROSES GRANT-MUSIC	-	10,514	10,514	0.0%
DEPT OF JUSTICE BLOCK GRANT	3,009	3,039	-	-100.0%
NC RISK MGMT GRANT	-	-	1,515	N/A
PEG CHANNEL SUPPORT	56,839	101	55,944	55290.1%
ABC BOARD GRANT	16,000	13,300	13,300	0.0%
TOTAL RESTRICTED INTERGOVERNMENTAL	666,499	611,751	641,816	4.9%

	FY 2014-15 ACTUAL	FY 2015-16 ADOPTED BUDGET	FY 2016-17 ADOPTED REVENUES	% CHANGE
FEES AND PERMITS				
RETURNED CHECK FEE	103	25	25	0.0%
TOWER REVENUE	139,909	134,038	135,378	1.0%
PRIVILEGE LICENSE, LATE FEE	1,266	-	-	N/A
COURT COST OFFICER FEES	3,198	2,370	2,394	1.0%
PARKING VIOLATIONS	3,735	2,778	2,805	1.0%
SCHOOL TRAFFIC CONTROL	10,000	10,000	10,000	0.0%
CHCCS - SRO CONTRACT	127,605	110,852	110,852	0.0%
ANIMAL VIOLATIONS	10,092	5,964	5,964	0.0%
FIRE DIST. FEES	516,460	540,270	540,270	0.0%
CAR SEAT SALES	1,175	695	695	0.0%
FALSE ALARM FEES	-	-	275	N/A
FIRE PERMIT FEES	4,592	4,828	5,000	3.6%
RE-INSPECTION FEE	-	-	1,500	N/A
REPORTS	65	71	100	40.3%
SIGN PERMITS	1,250	984	900	-8.5%
ENGINEERING FEE	28,783	18,190	18,554	2.0%
DEV REVIEW FEE	30,668	33,169	33,832	2.0%
TECHNICAL REVIEW-FUTURE EQPMT	13,860	14,130	14,413	2.0%
BUILDING PERMITS	79,708	74,544	76,035	2.0%
ELECTRIC PERMITS	80,189	78,707	80,281	2.0%
MECH. PERMITS	67,385	66,017	67,337	2.0%
RE-INSPECTION FEE	1,425	1,818	1,854	2.0%
PLUMBING	56,960	49,630	50,623	2.0%
HOMEOWNERS RECOVER FEES	161	165	168	2.0%
RECYCLING FEES	2,783	7,359	7,506	2.0%
STOCKING FEE	1,581	1,088	1,110	2.0%
STREET CUTS	410	414	422	2.0%
ENCROACHMENT FEE	2,750	1,768	1,803	2.0%
STREET SIGNS	280	283	288	2.0%
DRIVEWAY PERMIT FEES	1,300	1,091	1,113	2.0%
STREET CLOSING	5,700	5,419	5,527	2.0%
REFUSE COLLECTION FEES	1,216	999	1,019	2.0%
REFUSE COLLECTION - DUMPSTER	66,250	65,736	67,051	2.0%
TOTAL FEES & PERMITS	1,260,861	1,233,402	1,245,095	0.9%

SALES & SERVICES

RECREATION FEES	200,222	188,222	188,222	0.0%
DISCOUNT -RECREATION FEES	(10,020)	(8,168)	(8,168)	0.0%
SALES- MERCH & CONCESSIONS- MUSIC	1,150	1,125	1,125	0.0%
SALES- MERCH & CONCESSIONS- POETRY	-	58	60	3.4%
SALES- MERCH & CONCESSIONS- JULY	506	440	305	-30.7%
SALES- MERCH & CONCESSIONS- HALLO	193	386	376	-2.6%
SALES- MERCH & CONCESSIONS- FILM	2,473	3,846	2,771	-28.0%
TOWN CENTER FEES	89,210	89,385	86,524	-3.2%
DISCOUNT - TOWN CENTER FEES	(9,384)	(11,504)	(11,619)	1.0%
TOTAL SALES & SERVICES	274,349	263,790	259,596	-1.6%

INVESTMENT EARNINGS

INTEREST EARNED	1,992	1,078	1,110	3.0%
TOTAL INVESTMENT EARNINGS	1,992	1,078	1,110	3.0%

	FY 2014-15 ACTUAL	FY 2015-16 ADOPTED BUDGET	FY 2016-17 ADOPTED REVENUES	% CHANGE
OTHER REVENUES				
RENT-FARMER'S MKT	2,370	2,370	2,370	0.0%
ATM FEES	970	388	1,662	328.4%
PARKING CONTRIBUTION - CTDA	30,000	-	-	N/A
CTDA PPROGRAM SUPPORT	-	-	26,842	N/A
MISCELLANEOUS	191	193	978	406.8%
SALES OF CEMETERY LOTS	16,550	12,145	12,145	0.0%
SALE/ FIXED ASSETS	47,412	49,756	30,000	-39.7%
SALE/NON-FIXED ASSETS	1,851	-	-	N/A
RENTAL INCOME - CSFP UNDER 6	1,200	1,200	1,500	25.0%
RENTAL INCOME - FLEET FEET	23,111	-	-	N/A
RENTAL INCOME - CARRBORO COMM SOLAR	20	20	20	0.0%
DONATIONS - CD & MEMORABILIA	2,815	3,000	3,000	0.0%
MICELLANEOUS - ECD	-	-	-	N/A
MISCELLANEOUS - TOWN MANAGER	-	-	-	N/A
MISCELLANEOUS - FINANCE	4,816	2,835	2,835	0.0%
SEIZURE REVENUE-STATE	2,146	-	-	N/A
PRECIOUS METAL DEALER FEE	-	-	200	N/A
POLICE MISCELLANEOUS	3,686	2,656	2,511	-5.5%
FIRE MISC ELLANEOUS	1,529	12,680	1,125	-91.1%
MISCELLANEOUS-PW	2,566	1,014	2,302	127.0%
REFUSE CART SALES	3,710	3,230	3,262	1.0%
YARD WASTE CONTAINERS	3,527	2,433	2,457	1.0%
MISCELLANEOUS R & P	73	43	1,172	2597.7%
DONATIONS	-	-	343	N/A
DONATIONS - CARRBORO DAY	480	141	-	N/A
DONATIONS - MUSIC FESTIVAL	23,989	23,989	34,989	45.9%
DONATIONS-POETRY FESTIVAL	1,060	1,060	3,060	188.7%
DONATIONS - JULY 4TH	760	-	-	N/A
DONATIONS - FILM FESTIVAL	9,546	9,546	18,746	96.4%
DONATIONS ARTS COMMITTEE	104	75	75	1.0%
OPEN STREETS	2,068	2,089	2,110	1.0%
PLANNING MISC.	106	46	47	1.0%
TOTAL OTHER REVENUES	186,657	131,459	153,751	17.0%
OTHER FINANCING SOURCES				
INSTALLMENT FINANCING PROCEEDS	717,102	621,180	411,306	-33.8%
FUND BALANCE APPROPRIATED	-	624,916	275,559	-55.9%
TRANSFER FR CAP RESERVE FUND	176,945	176,945	-	-100.0%
TOTAL OTHER FINANCING SERVICES	894,047	1,423,041	686,865	-51.7%
TOTAL REVENUES	21,886,351	\$21,572,647	\$22,032,357	2.1%

GENERAL FUND REVENUE DESCRIPTIONS

The following information briefly explains the major sources of revenue for the Town of Carrboro in the FY 2016-17 Budget.

AD VALOREM TAXES

The largest single source of revenue to municipalities in North Carolina is the Ad Valorem revenue which represents a tax paid by those owning property within the municipality. Ad Valorem Taxes or property tax income includes real property, motor vehicle and business personal property taxes. The General Assembly has approved various higher exemptions for senior citizens aged 65 or older and for citizens, including veterans, who are 100% disabled and subsist on a specified household income.

LOCAL SALES TAXES

The State collects and distributes the proceeds from the local levied tax on retail sales consisting of a 1% sales tax (Article 39); and three ½% sales tax (Articles 40, 42 & 44). The Article 44 sales tax was implemented in 2002. Food is exempted from this tax. In exchange for Article 44, the General Assembly repealed local government reimbursements for inventory tax, intangibles tax, tax on food stamp purchases, and homestead exemption. In 2007, the General Assembly passed legislation to have the State assume county Medicaid costs and eliminate the Article 44 local sales tax. Effective October 1, 2008, the state took over one quarter cent of the Article 44 local options sales tax and effective October 1, 2009, the state took over the remaining one-quarter cent of that local tax. The legislation provides for municipalities to be completely reimbursed for the loss of their share of these tax revenues, including growth. The first one-quarter cent was replaced by a payment equal to 50% of the amount each municipality receives from the Article 40 local sales tax and the second one-quarter cent will be replaced by a payment equal to 25% of the amount each municipality receives for the Article 39 local sales tax.

Funds for the hold harmless payment to municipalities come from the counties' share of sales tax revenues. There is no expiration date on the hold harmless payments. The legislation also changes the distribution for the Article 42 local option sales tax from per capita to point of delivery distribution. A hold harmless provision ensures that this change will not affect municipal distributions.

OTHER TAXES AND LICENSES

This category of revenue is comprised of motor vehicle licenses, privilege licenses, and the Time-Warner Franchise.

Privilege Licenses – The NC General Assembly eliminated Privilege Licenses as of July 1, 2015.

Motor Vehicle License Tax –The vehicle license tax is \$30 per car. The Town allocates \$5 of this motor vehicle license fee to offset costs paid by the Town for the transit partnership with Chapel Hill and UNC-Chapel Hill.

Hotel and Motel Room Occupancy Tax – The occupancy tax implemented in 2013 is 3% of the gross receipts derived from the rental of any room, lodging, or accommodation furnished by a hotel, motel, inn, tourist camp, or similar place within the Town that is subject to sales tax imposed by the State under G.G. 105-164.4(a)(3). The Town is required to distribute these receipts to the Carrboro Tourism Development Authority.

UNRESTRICTED INTERGOVERNMENTAL REVENUE

This category of revenue is primarily comprised of state-collected *local* revenues that are not directed to specific programs or services. This category of revenue was previously known as utility franchise tax.

Local Video Programming Revenues- Beginning January 1, 2007, local governments were no longer able to impose franchise taxes on video programming services. A sales tax on video programming services was added by the State that covered some of the same revenue received directly by local governments.

Electricity Sales Tax – As part of the tax reform legislation approved by the General Assembly in 2013, effective July 1, 2014, the general sales tax rate is applied to the sale of electricity. From the proceeds of that tax, 44 percent is allocated to be distributed to cities and towns. Each city receives a franchise tax share and an ad valorem share of these proceeds. The franchise tax share is equivalent to the electricity franchise tax distribution that each city received as its quarterly distribution in Fiscal Year 2013-14. If there is insufficient revenue to provide each municipality with the same distribution that it received in FY 2013-14, then every municipality's distribution will be reduced proportionally. If there is excess sales tax revenue after distributing every municipality's franchise tax share, then each municipality will receive an ad valorem share. The excess sales tax revenue will be distributed based on each city's ad valorem taxes levied as a percentage of all cities' ad valorem taxes levied [G.S. 105-164.44K].

Piped Natural Gas Sales Tax - As part of the tax reform legislation approved by the General Assembly in 2013, effective July 1, 2014, the general sales tax rate is applied to the sale of piped natural gas. From the proceeds of that tax, 20 percent is allocated to be distributed to cities and towns. Each city receives a franchise tax share and an ad valorem share of these proceeds. The franchise tax share is equivalent to the piped natural gas franchise tax distribution that each city received as its quarterly distribution in Fiscal Year 2013-14. If there is insufficient revenue to provide each municipality with the same distribution that it received in FY 2013-14, then every municipality's distribution will be reduced proportionally. If there is excess sales tax revenue after distributing every municipality's franchise tax share, then each municipality will receive an ad valorem share. The excess sales tax revenue will be distributed based on each city's ad valorem taxes levied as a percentage of all cities' ad valorem taxes levied [G.S. 105-164.44L]. .

Wine and Beer Tax – provides for the distribution of state beer tax collections to local governmental units in which beer is legally sold. It further provides for taxes on unfortified wine and 22% of collections for taxes on fortified wine to local governmental units in which wine is legally sold. This revenue is distributed on a per capita basis.

Telecommunication Sales Tax- In 2001, the General Assembly replaced the utility franchise tax on local telephone service with a new sales tax on telecommunications.

RESTRICTED INTERGOVERNMENTAL REVENUE

Restricted intergovernmental revenues represent state and federal grants or other local governmental revenues received for specific purposes by the Town, the largest of which is the recurring Powell Bill grant funds for street resurfacing.

Powell Bill – These grant revenues are generated from the State's gasoline tax and a percentage of this tax is returned to the municipality through a formula based on population and street mileage. Powell Bill funds can only be used for street maintenance, construction, traffic signs, sidewalks, curbs, gutters, drainage and other related needs.

Durham-Chapel Hill-Carrboro Urban Area Planning Work Program Grant – This grant provides support toward the Transportation Planner salary costs.

Recreation Municipal Supplement – Orange County provides a supplement to the Town for recreation programs in recognition of Town services offered to county residents.

ABC (Alcoholic Beverage Control) Board Grant – The Police Department applies annually for a grant to assist the ABC Board in managing alcohol violation programs.

FEES AND PERMITS

The Town charges various types of permits and fees to residences and commercial establishments needing specific services. A large portion of the fees and permits received by the Town relate to development and growth within the Town.

Fire District Fees - The Carrboro Fire Department provides fire protection services to the South Orange Fire District located in Orange County and outside of the Town's limits. A three-member fire district board meets annually and approves the tax rate for the fire district based on a formula developed by the County and the Town of Carrboro. Orange County pays the Town for the fire protection services based on the approved fire district tax rate.

Chapel Hill-Carrboro School District - It is anticipated that the Chapel Hill Carrboro School District will continue to contract with the Town to provide two School Resource Officers and traffic control management. One office is stationed at McDougle Middle School and one at Carrboro High School.

Engineering Fees - Applicants are responsible for paying 80% of fees assessed by the Town's Engineers (Sungate Design Group). Sungate bills the Town and the Town, in turn, sends a bill to the applicant for such fees.

Development Review Fees - Applicants wishing to receive a Zoning Permit, Special Use Permit, or Conditional Use Permit must pay the appropriate fee for the Town to review plans for adherence to the Land Use Ordinance before a permit may be issued. The fee is paid one-time even though the plans may be reviewed multiple times before a permit is issued.

Building Permits are issued on new and existing buildings when the buildings are renovated or newly constructed for commercial property, single-family dwellings, townhouses, condominiums and duplexes.

Electric Permits are issued on new and existing buildings for service changes, premises wiring and commercial up-fits.

Mechanical Permits are issued on new installation of residential and commercial buildings and replacement of heating and cooling equipment.

Plumbing Permits are issued on new and renovated buildings i.e. water and sewer, irrigation and backflow.

Dumpster Collection Fees represent the full cost of pickup and disposal of all refuse the Town collects from all commercial dumpsters in Town.

Tower Revenue - The Town owns a cell tower and leases space via a multi-year contract for antennas.

SALES AND SERVICES

Recreational Fees and Town Center Fees represent fees for a variety of recreational services and activities offered to town residents. The Town's Park facilities, such as picnic shelters, ball fields and the multi-purpose areas are also available for rent. The Town also offers for rent meeting rooms and facility space within the Century Center to the public for various functions.

INVESTMENT EARNINGS

Interest Income - The Town generates interest income by investing idle cash in interest paying checking accounts and money market accounts.

OTHER REVENUES

Representing a very small portion of the overall revenue stream, this revenue is comprised of donations, rent, reimbursements for town services provided to other jurisdictions, fixed asset sales, and other sundry sales.

OTHER FINANCING SOURCES

This category of revenue represents debt proceeds received by the Town or funds that are transferred from another fund into the General Fund. Highlights include:

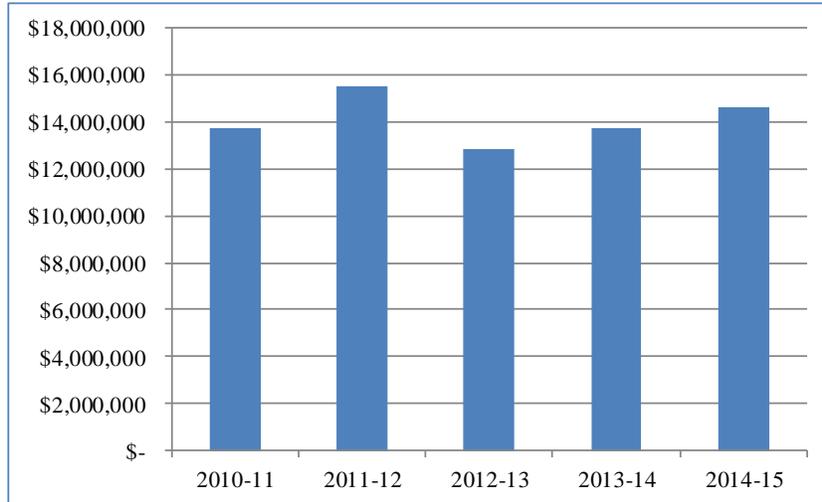
Lease-purchase or Bond Proceeds – This represents the full cost of equipment or other capital purchase that the Town has obtained through installment or bond financing. Following generally accepted accounting practices, the full cost of the financed equipment is budgeted (equipment purchased in that fiscal year) in addition to the lease payment. However, an offsetting entry equal to the full cost value of the equipment is budgeted on the revenue side as lease proceeds. Thus, the true tax impact of the financed equipment is the lease or debt service payment only.

Transfers from Other Funds – While the General Fund is the major operating budget for the Town, several other funds exist where the Town may choose to transfer resources from those funds to the General Fund.

Fund Balance Appropriated

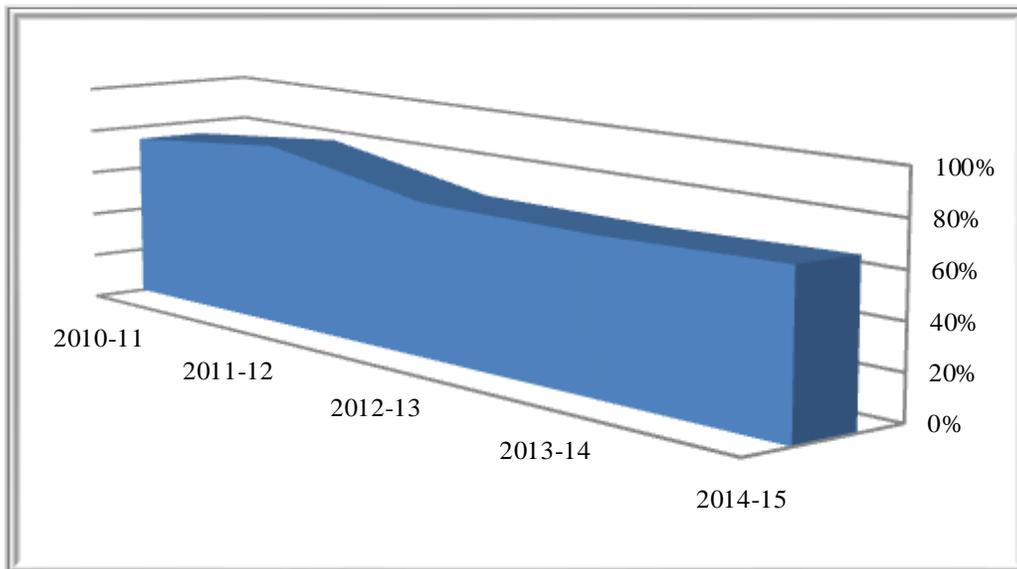
Funds accumulated through the under-expenditure of budgeted appropriations and the receipt of revenues that exceed budgeted projections result in fund balance or reserves. An appropriation of fund balance is sometimes necessary to balance projected revenues with expenditures. The level of appropriation is determined by the differences between estimated expenditures and the expected revenues.

General Fund Balance as of June 30



Fund balance at the end of FY 2014-15 was \$14,625,430, which was an increase of \$860,529 from FY 2013-14.

General Fund Balance as a Percentage of Operating Revenues



Fund balance as a percentage of operating revenues increased 2.2% from 66.5% in FY 2013-14 to 68.7% for FY 2014-15.

GENERAL FUND SUMMARY OF EXPENDITURES

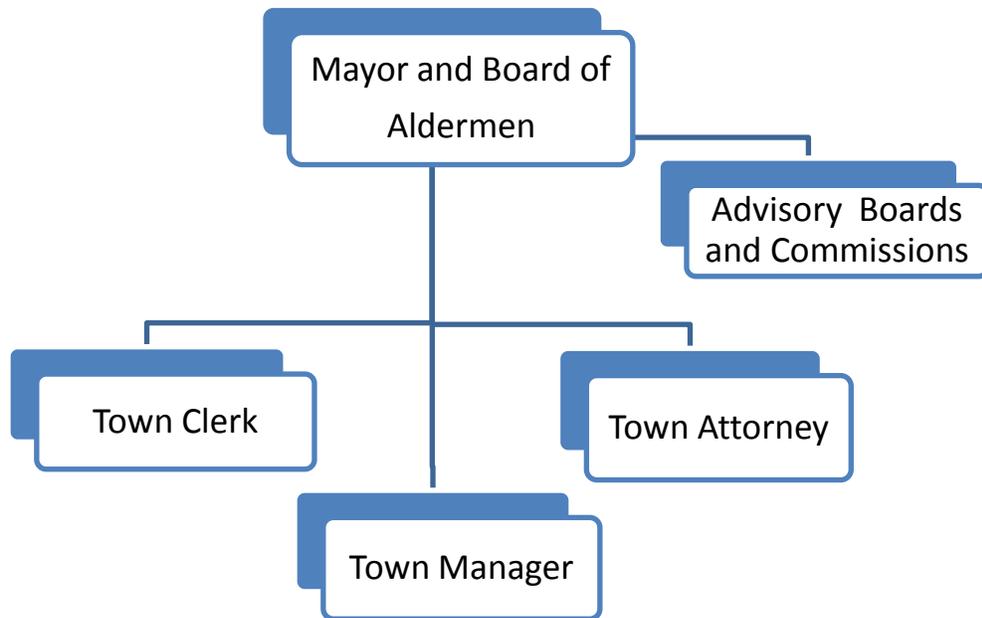
	2014-15 ACTUAL	2015-16 ADOPTED BUDGET	2016-17 ADOPTED BUDGET	PCT CHANGE
PERSONNEL	11,321,997	11,918,907	12,554,270	5.3%
OPERATING	7,925,831	8,942,810	8,961,498	0.2%
CAPITAL OUTLAY	1,167,057	710,930	516,589	-27.3%
TOTAL	\$20,414,885	\$21,572,647	\$22,032,357	2.1%

GENERAL FUND EXPENDITURES BY DEPARTMENT

DEPARTMENT	PERSONNEL SERVICES	OPERATING COSTS	CAPITAL OUTLAY	TOTAL
MAYOR & ALDERMEN	101,027	177,100	0	278,127
ADVISORY BOARDS	0	17,850	0	17,850
GOVERNANCE SUPPORT	0	650,815	0	650,815
TOWN MANAGER	336,198	86,645	0	422,843
ECONOMIC & COMM DEV.	128,790	122,190	0	250,980
TOWN CLERK	114,072	19,400	0	133,472
FINANCE	500,124	562,672	0	1,062,796
HUMAN RESOURCES	525,937	98,350	0	624,287
INFORMATION TECHNOLOGY	275,494	983,808	92,000	1,351,302
POLICE	3,055,209	468,525	287,496	3,811,230
FIRE	2,559,566	276,499	0	2,836,065
PLANNING	1,123,016	261,865	0	1,384,881
TRANSPORTATION	0	1,720,288	0	1,720,288
PUBLIC WORKS	2,036,953	1,553,650	137,093	3,727,696
PARKS & RECREATION	1,216,433	451,148	0	1,667,581
NON-DEPARTMENTAL	581,451	290,000	0	871,451
DEBT SERVICE	0	1,220,693	0	1,220,693
TOTAL	\$12,554,270	\$8,961,498	\$516,589	\$22,032,357

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MAYOR AND BOARD OF ALDERMEN



PURPOSE

As elected officials within the framework of the council/manager form of town government, members of the Board of Aldermen make decisions and set policies to ensure the safety, health, attractiveness and social well-being of the community.

GOALS

- Diversify revenue stream to maintain ethnic and economic diversity.
- Protect historic neighborhoods and maintain Carrboro's unique identity.
- Improve walkability and public transportation.
- Encourage development that is compact, dense, and appeals to diverse lifestyles and incomes.
- Enhance and sustain quality of life / place issues for everyone.

SERVICES PROVIDED & ACTIVITIES

- Establishes annual goals for the organization.
- Reviews, reinforces, or alters public policies and long-range planning governing municipal operations and functions.
- Establishes priorities and funding limits through adoption of an annual budget.
- Grants or denies requests for conditional use permits.
- Responds to and communicates with citizens regarding their concerns, perspectives, and initiatives.
- Supervises work and responsibilities of Town Manager, Town Attorney, and Town Clerk.
- Makes appointments to and serves on committees and task forces.
- Participates in county and regional-wide planning and establishment of public policy.

PREVIOUS YEAR ACCOMPLISHMENTS

- Received Standard and Poor upgrade to AAA ("triple A")
- Smith Level Road Project Completed
- Tree City USA for 30th year

- Held annual Arbor Day Observance
- Hybrid Solid Waste Truck secured by CFAT Grant Funds was put into use
- Continued work on Historic Rogers Road Infrastructure
- Maintained Silver Level Designation from the League of American Bicyclists
- MLK Park Master Plan Update Completed

UPCOMING FISCAL YEAR OBJECTIVES

- Review downtown parking situation.
- Encourage commercial development, especially local, “green collar”, and arts-related businesses, through zoning changes, the Revolving Loan Fund, the Local Living Economy Task Force, and other initiatives identified at the annual retreat.
- Work to improve housing affordability.

BUDGET SUMMARY

	<u>2014-15</u> <u>ACTUAL</u>	<u>2015-16</u> <u>ADOPTED</u> <u>BUDGET</u>	<u>2016-17</u> <u>ADOPTED</u> <u>BUDGET</u>	<u>PCT</u> <u>CHANGE</u>
PERSONNEL	93,031	90,560	101,027	11.6%
OPERATING	158,520	192,100	177,100	-7.8%
TOTAL	\$251,552	\$282,660	\$278,127	-1.6%

CHANGES IN BUDGET FROM PRIOR YEAR ADOPTED BUDGET

Changes in personnel are due to an increase in insurance costs. Changes in operating cost are associated with the cost for elections from the prior year.

ADVISORY BOARDS AND COMMISSIONS

PURPOSE

The Advisory Boards and Commissions advise the Board of Aldermen on issues and policy decisions as provided for in the Carrboro Town Code.

SERVICES PROVIDED & ACTIVITIES

- Review and make comments to the Board of Aldermen on proposed policies, plans and ordinances.
- Make recommendations to the Board of Aldermen as to the need for policies and ordinances.

BUDGET SUMMARY

	<u>2014-15</u> <u>ACTUAL</u>	<u>2015-16</u> <u>ADOPTED</u> <u>BUDGET</u>	<u>2016-17</u> <u>ADOPTED</u> <u>BUDGET</u>	<u>PCT</u> <u>CHANGE</u>
OPERATING	6,628	17,050	17,850	4.7%
TOTAL	\$6,628	\$17,050	\$17,850	4.7%

CHANGES IN BUDGET FROM PRIOR YEAR ADOPTED BUDGET

The Advisory Board and Commissions budget is increased slightly with the addition of the Youth Advisory Board.

GOVERNANCE SUPPORT

PURPOSE

This budget supports local and regional agencies providing community services or information vital to the execution of Board of Aldermen priorities.

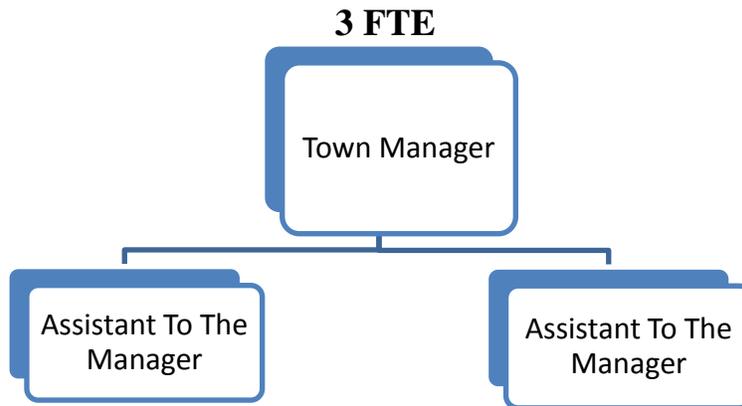
BUDGET SUMMARY

	<u>2014-15</u> <u>ACTUAL</u>	<u>FY 2015-16</u> <u>ADOPTED</u> <u>BUDGET</u>	<u>2016-17</u> <u>ADOPTED</u> <u>BUDGET</u>	<u>PCT</u> <u>CHANGE</u>
OPERATING	518,516	554,856	650,815	17.3%
TOTAL	\$518,516	\$554,856	\$650,815	17.3%

CHANGES IN BUDGET FROM PRIOR YEAR ADOPTED BUDGET

The increase in operating is due to increases in the Human Services Grant Program, Empowerment, Economic Development Incentive, and Orange County Housing.

TOWN MANAGER



PURPOSE

The Town Manager serves as primary advisor to, and implements the policies of, the Mayor and Board of Aldermen. The Town Manager communicates these policies to residents and staff, and effectively organizes and manages town staff and resources to respond to the community and residents' needs.

GOALS

- To lead an organization that functions well internally and implements Board policies in a timely, effective, efficient, and friendly manner.
- To give well-informed, helpful advice to the Board on policy options and other matters.
- To facilitate effective Board action through the presentation of clear, concise agendas.
- To adhere to the professional code of ethics and always work towards the long-term best interests of the Town.
- To ensure staff satisfaction and retention.

SERVICES PROVIDED & ACTIVITIES

- Provides general guidance and support to town departments in achieving town-wide goals and objectives.
- Seeks capital improvement strategies to meet the needs of the town and organization.
- Studies, develops, and implements policy and program recommendations at the direction of the Board of Aldermen.
- Provides support for the Board of Aldermen.
- Represents the town's interests on local, regional, and state-wide bodies dealing with issues important to Carrboro.
- Conducts and facilitates public communication with the Mayor and Board of Aldermen, residents, employees, and other users of town services.

PREVIOUS YEAR ACCOMPLISHMENTS

- Received Tree City USA designation for 30th Year
- Received GFOA Distinguished Budget Presentation
- Received GFOA Award for Excellence in Financial Reporting

UPCOMING FISCAL YEAR OBJECTIVES

- Look for ways to continue providing quality services in ways that minimize the impact on the property tax rate.
- Focus on Board's economic development initiatives.

BUDGET SUMMARY

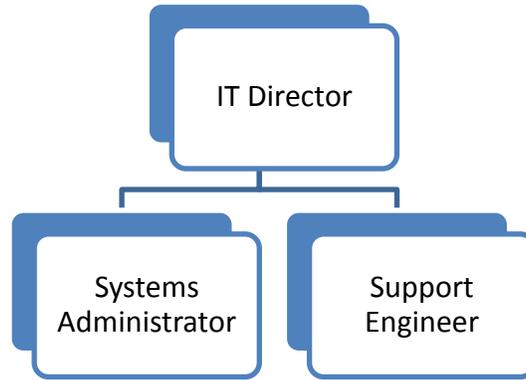
	<u>2014-15</u> <u>ACTUAL</u>	<u>2015-16</u> <u>ADOPTED</u> <u>BUDGET</u>	<u>2016-17</u> <u>ADOPTED</u> <u>BUDGET</u>	<u>PCT</u> <u>CHANGE</u>
PERSONNEL	321,687	315,435	336,198	6.6%
OPERATING	12,474	43,570	86,645	98.9%
TOTAL	\$334,161	\$359,005	\$422,843	17.8%

CHANGES IN BUDGET FROM PRIOR YEAR ADOPTED BUDGET

The Town Manager's budget increased due to the addition of consultant services for a citizen survey and climate action plan.

INFORMATION TECHNOLOGY

3 FTE



PURPOSE

To deliver technology-based solutions that are cost-effective and increase the effectiveness and efficiency of many Town services. To work with various external and community organizations, as directed by the Town Manager, to discover mutually beneficial relationships, sharing technology infrastructure, resources and strengths.

GOALS

- To provide the technology to enhance the delivery of Town services and to increase the access to and the quality of vital government data.
- To partner with our customers to understand their business processes and needs and then identify activities that can be effectively streamlined through the application of technology in a manner that is cost-effective, convenient and satisfactory.
- To align technology to business processes throughout Town government.
- To increase business continuity and limit service interruption through the application of technology and infrastructure redundancy.
- To work with county, municipal, educational and other agencies to share, cooperatively build and leverage existing infrastructure.

SERVICES PROVIDED & ACTIVITIES

- Create a Town wide Information Technology Budget and facilitate long term planning through the Capital Improvements Program.
- Provide technology support services for computer, voice and web presence to all departments.
- Provide technology project support and management for departments.
- Manage ongoing departmental application upgrade, patching and security. Manage ongoing operating system upgrades, patching and security.
- Maintain a replacement cycle for desktops and emergency services mobile computers through ongoing replacement cycles of aging inventory.
- Facilitate the collection, storage, security and integrity of electronic data while ensuring appropriate access.
- Provide, maintain and upgrade a reliable, scalable and secure infrastructure.
- Maintain reliable historical data backups for discrete data loss incidents and catastrophic events.

- Maintain, expand and upgrade Town wide phone system.
- Provide technology purchasing expertise to all departments.

PREVIOUS YEAR ACCOMPLISHMENTS

- Completed joint effort by the Town of Carrboro and UNC at Chapel Hill to interconnect fiber optic infrastructure for the purpose of fiber and technical resources sharing.
- Completed connection to MCNC NCREN network getting access to much faster and less expensive internet connectivity.
- Completed integration of Police and Fire records management system with Orange County emergency services computer aided dispatch (CAD) system.
- Began to see NCNGN selected Carrboro non-profits receive seven year no cost 1 Gbps AT&T Gigapower connections.
- Began implementation of a software package to automate and manage land use planning and project review, regulatory management, inspections, code enforcement, citizen requests, asset management and work order management for the Planning Department.
- Began implementation of new records management system for Recreation and Parks Department which will include program registration and facilities booking as well as online registration and credit card processing.
- Continued working with Google Fiber and AT&T through NCNGN to bring more competition to the high speed broadband market in the triangle.
- Completed implementing a professional Standards (Internal Affairs) module for the Police Department.

UPCOMING FISCAL YEAR OBJECTIVES

- Continue to work with Orange County, OWASA, UNC-Chapel Hill, Town of Chapel Hill and Chapel Hill-Carrboro City Schools to interconnect and expand fiber optic networks and share knowledge.
- Continue to work with national Gig.U and regional NCNGN initiatives. NCNGN is a regional effort by four leading Universities and six municipalities seeking to accelerate the deployment of ultra high-speed networks to their surrounding communities.
- Continue to work the Google to bring Google Fiber to the Carrboro Community.
- Continue to work the AT&T to bring U-verse with AT&T GigaPower to the Carrboro Community.
- Continue implementation of land use planning and project review software, regulatory management, inspections, code enforcement, citizen requests, asset management and work order management for the Planning Department.
- Continue implementation of Recreation and Parks new records management system.

BOARD PRIORITIES

IT supports all departments in their effort to meet board priorities & objectives.

OBJECTIVES

1. Identify activities that can be effectively streamlined through the application of technology in a manner that is cost-effective, convenient and satisfactory.
2. Increase access to and the quality of vital government data.
3. Provide the technology to enhance the delivery of town services.
4. Improve business continuity.
5. Maintain reliable historical data backups for discrete data loss incidents and catastrophic events.

PERFORMANCE MEASURES

	FY2013-14 ACTUAL	FY2014-15 ACTUAL	FY2015-16 ESTIMATED	FY2016-17 PROJECTED
# of Workstations Supported	175	175	180	180
# of Emergency Services Mobile Terminals Supported	48	48	50	50
Average Hours per Month of Unplanned Application Downtime During Business Hours	<1	<1	<1	<1
# Unsuccessful Backups per Month	2	0	0	0

BUDGET SUMMARY

	<u>2014-15 ACTUAL</u>	<u>2015-16 ADOPTED BUDGET</u>	<u>2016-17 ADOPTED BUDGET</u>	<u>PCT CHANGE</u>
PERSONNEL	268,789	266,671	275,494	3.3%
OPERATING	924,653	926,308	983,808	6.2%
CAPITAL OUTLAY	60,250	63,750	92,000	44.3%
TOTAL	\$1,253,692	\$1,256,729	\$1,351,302	7.5%

CHANGES IN BUDGET FROM PRIOR YEAR ADOPTED BUDGET

Operations increased due to addition of fiber-optics for various projects. Capital outlay increased with the replacement of servers and firewall.

ECONOMIC AND COMMUNITY DEVELOPMENT

1.5 FTE



PURPOSE

To support the creative economy, arts and culture; foster a business friendly and supportive environment that encourages local for-profit, social enterprises and non-profit businesses to expand in and new businesses to locate in Carrboro; increase awareness of Carrboro as a arts and entertainment destination; support the travel and tourism industry; and encourage light manufacturing enterprises.

GOALS

- Diversify and expand the commercial tax base, to create more high paying jobs in town, and to promote the town's image as a place for businesses.
- Create synergy in the downtown through support for the arts and cultural events, promoting and supporting healthy lifestyles and creating a positive business environment for merchants and customers.
- Promote and support locally owned expanding and new start-up business with an emphasis on green and sustainable ventures.
- Seek to provide adequate parking in the downtown to support existing and potential businesses.
- Support the non-profit organizations that provide unmet human services for low-moderate income persons through the Human Services Grant program.
- Promote travel and tourism in Carrboro and raise awareness of Carrboro as a destination.
- Help establish the Carrboro Business Alliance as a self-supporting organization.
- Expand opportunities for Light Manufacturing in the manufacturing zoning districts.

SERVICES PROVIDED & ACTIVITIES

- Work with all developers and new or expanding businesses to facilitate the project review process and project implementation.
- Administer the Revolving Business Loan Funds including the application processing and billing.
- Provide staffing to the Economic Sustainability Commission.
- Provide administrative support to the Human Services Advisory Board.
- Provide staffing and administrative support to the Carrboro Tourism Development Authority.
- Provide support to the Carrboro Business Alliance.
- Serve on the Chapel Hill Orange County Visitor Bureau Board as Town staff liaison.
- Serve on the Chamber of Commerce Economic and Public Policy Committee as Town staff liaison.
- Facilitate the implementation Local Living Economy Task Force Recommendations.
- Promote Carrboro through implementation of Town adopted branding.

- Provide business counseling and support to new and expanding businesses.
- Manage leases for town leased parking lots.

PREVIOUS YEAR ACCOMPLISHMENTS

- Helped to re-establish the Sunday crafts market, now known as The Bazaar.
- Facilitated the sale of 110 East Main Street condo above ACME.
- Created a brochure to market the town’s Business Loan funds.
- Continued work to build capacity within the Carrboro Business Alliance.
- Worked with the CBA to coordinate several business events, including Carrboro Cheer and Feel the Love campaign.
- Supported the TDA in reviewing 14 applications for events awarding \$44,865.00 in sponsorships including 2 Cat’s Cradle concerts.
- Worked with Public Works to replace town signage with new signage.
- Business retention of 4 Carrboro based businesses including Furniture Lab, New Media Campaigns, Perch Co-working and Wax Poetic.
- For the Love of Carrboro Facebook page has 1972 followers (25% growth) and 687 Twitter followers (12% growth).

UPCOMING FISCAL YEAR OBJECTIVES

- Complete the update of the Local Living Economy Task Force Recommendations and create a new Economic Development Plan.
- Continue marketing the Revolving Loan, the Energy Efficiency Revolving Loan Fund and the Carrboro Business Loan Fund.
- Work with planning staff to revise the program requirements for the EERLF.
- Work with the TDA in administration of the local occupancy tax and develop tools for measuring success.
- Work with the TDA to create a public arts/mural grant program.
- Work with planning staff on implementation of the downtown parking plan when completed.
- Explore second wave business development including services, infrastructure, and job development.
- Continue to support the Carrboro Business Alliance and work toward a self-sustaining organization.
- Work with Orange County Economic Development on bringing economic development incentives to Carrboro.
- Create a database of existing office/retail/commercial space and begin tracking vacancy rates.

BOARD PRIORITIES

Diversify revenue stream to maintain ethnic and economic diversity.
Enhance and sustain quality of life/place issues for everyone.

OBJECTIVES

1. Diversify and expand the commercial tax base to create more high paying jobs in town and to promote the town’s image as a place for businesses.
2. Explore second wave business development, including services, infrastructure, and job development.
3. Increase the number of affordable energy efficient housing units.
4. Support the outside agency organizations that provide unmet human services for low-moderate income persons.

PERFORMANCE MEASURES

	FY2013-14 ACTUAL	FY2014-15 ACTUAL	FY2015-16 ESTIMATED	FY 2016-17 PROJECTED
Increase the Commercial Space Square Footage	1,681,632	1,961,786	1,991,786	2,031,000
Business Contacts/Counseling	12	50	60	60
Annual Savings on the EERLF	\$19,332	\$25,000	\$25,000	\$25,000
Funds Allocated to Non-profits	\$175,000	\$200,000	\$230,000	\$230,000
Number of Non-profits applying	48	52	53	53
Growth in the Commercial Tax Base of the Center Business District	\$124,545,821	\$144,046,246	\$146,591,496	\$150,989,241

BUDGET SUMMARY

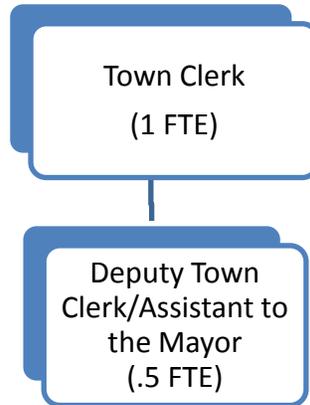
	<u>2014-15 ACTUAL</u>	<u>2015-16 ADOPTED BUDGET</u>	<u>2016-17 ADOPTED BUDGET</u>	<u>PCT CHANGE</u>
PERSONNEL	124,748	123,575	128,790	4.2%
OPERATING	114,201	121,680	122,190	0.4%
TOTAL	\$238,949	\$245,255	\$250,980	2.3%

CHANGES IN BUDGET FROM PRIOR YEAR ADOPTED BUDGET

The change in the Economic and Community Development Personnel budget is due to increased insurance costs. The Operations budget increased slightly due to costs for the CD and Memorabilia Show.

TOWN CLERK

1.5 FTE



PURPOSE

Prepares Board of Aldermen meeting agendas and minutes and make them available to citizens and town staff; maintain official town documents; prepare and make available updates to the Town Code and provide support for the Mayor and Board of Aldermen.

GOALS

- Serve the Board and the public by facilitating the production of meeting agendas and minutes in a clear, timely fashion.
- Provide complete, accurate, and error free minutes to the Board of Aldermen so they can be approved without amendments.
- Maintain and organize official town documents, including the Town Code and all Town Contracts, for the use of the Board, staff, and the public.
- Provide multiple public access points for all minutes and agendas.
- Increase the use of available technology in storage and retrieval of all town documents.

SERVICES PROVIDED & ACTIVITIES

- Prepares minutes and agendas of Board of Aldermen meetings and makes these documents available electronically through the Town's website and stores the documents permanently.
- Posts video and audio of all Board of Aldermen meetings to the website.
- Maintains updated Town Code and posts on the town website.
- Maintains an accurate record of all ordinances approved by the Board of Aldermen.
- Prepares and distributes the monthly Calendar of Meetings.
- Prepares the Calendar of Agenda Items for review by the Town Manager.
- Maintains a roster of advisory boards and commissions and facilitates the application and appointment process.
- Plans the annual advisory board recognition dinner.
- Researches town records upon request.
- Indexes and stores all Town Contracts and/or agreements.
- Intergovernmental Affairs Liaison with State and Federal Delegates

PREVIOUS YEAR ACCOMPLISHMENTS

- Obtained North Carolina Certified Municipal Clerk Designation
- Began the process for International Institute of Municipal Clerks Master Municipal Clerks Designation
- Filed 100% of executed Town Contracts
- Posted 100% of the updates to the Town Code on the Town's website within one week of adoption.
- Attended 42 Board of Aldermen meetings.
- Prepared agendas and minutes for 42 Board of Aldermen meetings.

UPCOMING FISCAL YEAR OBJECTIVES

- To increase the number of electronically indexed contracts.
- Continue to seek Master Municipal Clerk Designation from the International Institute of Municipal Clerks.
- To continue scanning back-up files for pre-1982 Board of Aldermen's meetings and make them searchable on the town's website.
- To increase the number of scanned contracts from 50% to 65%.
- To continue using Granicus agenda, meeting, and minute management software.

BOARD PRIORITIES

Enhance and sustain quality of life/place issues for everyone.

OBJECTIVES

1. Index and store all Town contracts and/or agreements.
2. Prepare minutes and make available on the website.
3. Increase the number of scanned contracts.
4. Increase the number of electronically indexed contracts.
5. Continue Granicus agenda, meeting, and minute management software.

PERFORMANCE MEASURES

	FY2013-14 ACTUAL	FY2014-15 ACTUAL	FY2015-16 ACTUAL	FY2016-17 PROJECTED
# of Town Contracts on file with the Town Clerk	1,870	1,925	2,025	2,125
# of Board of Aldermen Minutes Prepared by Town Clerk	35	42	42	42
# Employee Hours Spent Electronically Indexing Contracts	120	120	120	120
# of Town Contracts Electronically Indexed	1,800	1,855	1890	1920
Employee Hours Per Set of Aldermen Minutes Prepared	2.5	2.0	2.0	2.0

BUDGET SUMMARY

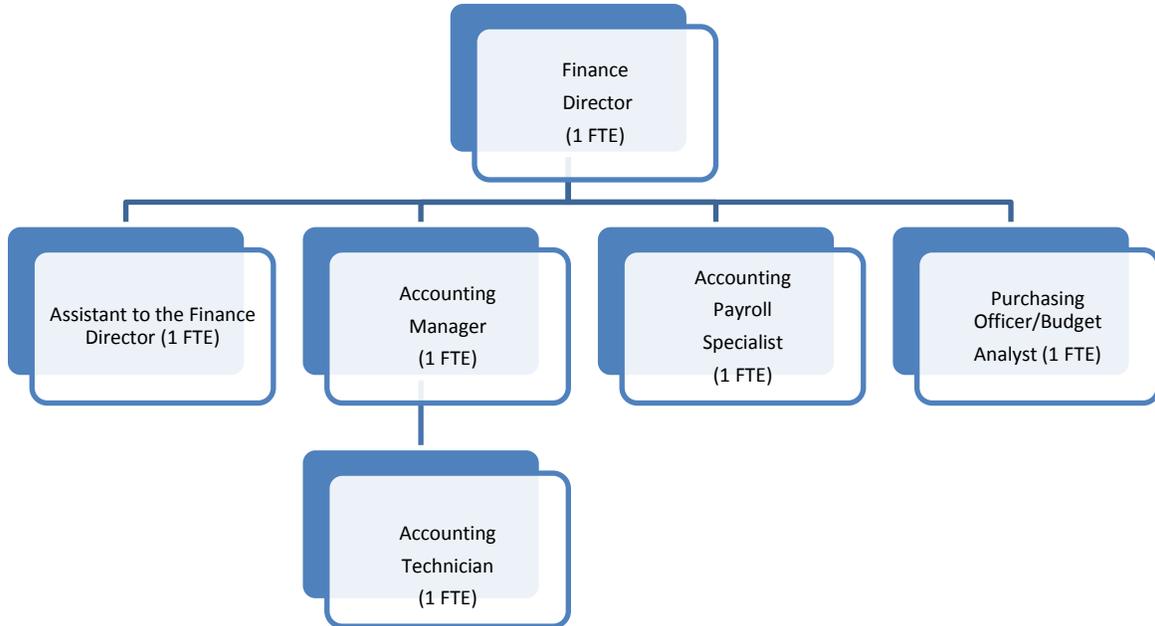
	<u>2014-15</u> <u>ACTUAL</u>	<u>2015-16</u> <u>ADOPTED</u> <u>BUDGET</u>	<u>2016-17</u> <u>ADOPTED</u> <u>BUDGET</u>	<u>PCT</u> <u>CHANGE</u>
PERSONNEL	110,159	110,616	114,072	3.1%
OPERATING	16,262	19,400	19,400	0.0%
TOTAL	\$126,421	\$130,016	\$133,472	2.7%

CHANGES IN BUDGET FROM PRIOR YEAR ADOPTED BUDGET

Personnel change is due to increase cost of insurance.

FINANCE

6.0 FTE



PURPOSE

To provide financial management support for the delivery of town-wide services through the administration of financial, budget, payroll, accounts payables, billing and collections, and project development through best business practices.

SERVICES PROVIDED & ACTIVITIES

- Coordinate the annual independent audit and CAFR.
- Coordinate development of operating and capital budgets.
- Provide financial reporting as required by state and federal law.
- Process payroll and accounts payables.
- General Billing for various Town delivered services (ie. Dumpster, Retiree Health Insurance, etc.).
- Manage cash and investments to ensure sufficient cash is available to pay current obligations and that idle cash is invested in accordance with state law.
- Issue purchase orders for goods and services, solicit bids, manage procurement card program, and manage service contracts.
- Manage risk and insurance program, including claims management, general liability, police, and public officials, and auto/property liability.

GOALS

- To strengthen financial accountability throughout the organization.
- To process and record all transactions accurately and timely.
- To make financial information available to decision makers on a regular and timely basis.
- To evaluate and implement strategies to utilize technology for increased operating efficiency, effectiveness, and cost savings.

PREVIOUS YEAR ACCOMPLISHMENTS

- Completed successful audit for year ending June 30, 2015 with no audit findings.
- Revised travel and cell phone policies.
- Received Distinguished Budget Presentation Award from the Government Finance Officers Association.
- Received Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association.
- Implemented on-line processing of accounts payable.
- Provided Department Heads access to review employee's leave accruals online.

UPCOMING FISCAL YEAR ACTIVITIES

- Continue to increase knowledge among departments on the use of MUNIS financial system.
- Identify and develop on-line time and attendance system for payroll processing.
- Secure favorable financing for vehicles and equipment replacement.
- Continue to identify strategies for streamlining administrative processes.
- Review and update policies and procedures.
- Coordinate annual audit and prepare CAFR.
- File all required financial reports with state and/or federal agencies.
- Increase use of EFTs with vendors.

BOARD PRIORITIES

The Finance Department supports all departments in their effort to meet board priorities & objectives.

OBJECTIVES

1. Process and record all transactions accurately and in a timely manner.
2. Utilize technology to ensure best business practices are effective and efficient.
3. Insure Town's internal control system safeguards the Town's assets.
4. Ensure all grant and project ordinances are approved by the Board of Aldermen.
5. Ensure all transactions are completed and posted by the 5th working day of each month.
6. Monitor the Town's revenues and expenditures for compliance with the annual budget ordinance.
7. Complete development of annual operating and multi-year budgets by June 30.
8. Complete annual independent audit and prepare Comprehensive Annual Financial Report.

PERFORMANCE MEASURES

	FY2013-14 ACTUAL	FY2014-15 ACTUAL	FY2015-16 ESTIMATED	FY2016-17 PROJECTED
Process Bi-Weekly Payroll for Town Employees	26	26	26	26
Number of Invoices Processed Annually	6049	6933	6,933	5487
Number of Purchase Orders Issued Annually	476	525	500	500
Close Each Accounting Period by the 5 th of each Month	12	12	12	12
Produce and Distribute Monthly Financial Statement by the 10 th of each Month	100%	100%	100%	100%
Receive less than 2 audit findings & response comments by Independent Auditors Each Year	0	0	0	0
Expenditures at year-end are within +/-5% of the Original Budget	(6.4%)	(5.0%)	(4.1%)	(5.0%)
Actual Revenues at year-end are within +/-5% of Original Budget	6.4%	5.0%	4.1%	5.0%

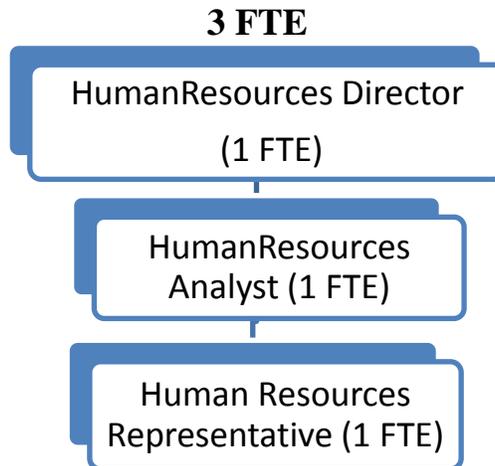
BUDGET SUMMARY

	<u>2014-145 ACTUAL</u>	<u>FY 2015-16 ADOPTED BUDGET</u>	<u>2016-17 ADOPTED BUDGET</u>	<u>PCT CHANGE</u>
PERSONNEL	528,753	545,318	500,124	-8.3%
OPERATING	488,482	535,179	562,672	5.1%
TOTAL	\$1,017,235	\$1,080,497	\$1,062,796	-1.6%

CHANGES IN BUDGET FROM PRIOR YEAR ADOPTED BUDGET

The change in Personnel is due to the transfer of one position to Human Resources. The increase in Operating is due to the addition of the vehicle tax and tags fees.

HUMAN RESOURCES



PURPOSE

Partner with the management team to recruit, hire, develop, and retain a highly qualified diverse staff dedicated to delivering exemplary customer service and to creating an atmosphere of positive employee relations that focuses on the health and well-being of all employees.

GOALS

- Work with Manager and Management Team to maintain a fair, respectful, and effective work environment through Organizational Development work and initiatives, training, and communication.
- Research, review, and recommend competitive and cost-effective benefits.
- Research and review pay and position classification policies and programs that support the Board's goals for competitive, living wages that also provide employees with an affordable housing wage.
- Continue Wellness Education for employees in keeping with the Board's goal of enhancing quality of life for everyone.
- Provide a fair and equitable process for attracting applicants and retaining employees who have the education and experience commensurate with position requirements.

SERVICES PROVIDED & ACTIVITIES

- Provides comprehensive Safety Program through Town-wide Safety Committee, training sessions, audits, accident investigations, etc.
- Responsible for Worker's Compensation administration and OSHA compliance and reporting
- Advertises vacant positions, receives and screens employment applications, assists departments with interview process, background checks, and verifies employment eligibility (E-Verify)
- Conducts new employee orientations, including benefits enrollment sessions and surveys
- Administers town provided and voluntary benefits, including counseling all employees on benefits plan(s) and options
- Coordinates administration of DOT substance abuse testing
- Coordinates administration of workers compensation benefits
- Coordinates administration of family medical leave (FMLA) benefits
- Coordinates employee assistance program (EAP) services
- Coordinates COBRA administration services

- Counsels supervisors and employees on performance issues
- Conducts and responds to salary surveys
- Provides staff development training to management and employees
- Assists departments with personnel and employee relations issues
- Administers and monitors the performance evaluation process
- Monitors third party vendor/consultant services to insure compliance with contractual performance standards, terms and conditions
- Keeps supervisors and department heads abreast of legislative changes and guidelines that affect personnel administration
- Maintains confidential personnel files in accordance with the General Statutes and completes reports according to state and federal regulations

PREVIOUS YEAR ACCOMPLISHMENTS

- Health Insurance Loss Ratio is 67.7% - - lowest it has been in 4 years.
- Comprehensive Wellness Screenings for Town Employees through ECU
- Employee Spring Picnic and Wellness (Physical Activities) Event
- Conducted search for new Public Works Director – hired September 2015
- Assisted in search for new Fire Chief – hired September 2015
- Provided EEOC Training Workshops for Management Team and all Supervisors
- Revised entire Employee File System: new folder types (pocket) and shelf cabinet style
- Flu Shot Clinic for Employees (>60 participants)
- Conducted Information Sessions for all Town Employees: “How Insurance Works”
- Conducted new employee orientation sessions and benefits enrollment seminars
- Sponsored special session on Planning for Retirement
- Kick-Off of Go Pass, Public Transit Event
- Employee Holiday Party that also included small Wellness Component (physical activity)
- Recognized and Rewarded Employee Service Milestones
- Develop Comprehensive Safety Program, Team, and Quarterly, Department Audit Plan
- Conducted Coaching and Counseling Sessions for Department Directors
- Partnered with peers from surrounding cities/counties; attend monthly Area HR Meetings (host in turn)
- Assisted Manager with Organizational Development projects
- Conducted another segment of Supervision Training Program for Police Department
- Coordinated the 2016 Town of Carrboro Combined Giving Campaign
- Combine Better Together with Wellness Initiative, creating a Better Wellness Together Team
- Provided Classes for Employee in various Computer Software

UPCOMING FISCAL YEAR OBJECTIVES

- Create ‘Safety Culture’ – every employee responsible for safety, every day
- Continue providing education for all employees in Diversity/Racial Sensitivity/Multiculturalism
- Partner with the Town’s benefits broker and insurance providers to seek ways to reduce town-provided and voluntary benefits costs while maintaining a comprehensive and competitive benefits package
- Continue with the 5-year Wellness Education Program

- Provide Training and Development for Department Directors and Supervisors that will enhance their leadership, operations management, and employee development skills.
- Wellness Sessions for Retirees
- Benefit Education Seminars for Employees and Retirees

BOARD PRIORITIES

Enhance quality of life/place issues for everyone.

OBJECTIVES

1. Provide wellness education opportunities.

PERFORMANCE MEASURES

	FY2013-14 ACTUAL	FY2014-15 ACTUAL	FY2015-16 PROJECTED	FY 2016-17 PROJECTED
Positions Filled	*	8 F/T	32 FT&PT as of 2/19/16	TBD
Employee Appreciation Events and Rewards	2	4	4	4
Trainings, Orientations and other Information Sessions	25	28	34	55
Wellness Events *	*	3	12	16
Individual Wellness Sessions, Referrals, Interventions *	*	24	12	155
Safety Trainings, Events, and Internal Safety Audits *	*	5	16	60
New Policies/Procedures/ Programs Revised or Developed *	*	*	4	2
HR Staff - Trainings *	*	*	4	6

* These new Performance Measures created FY 2015-16.

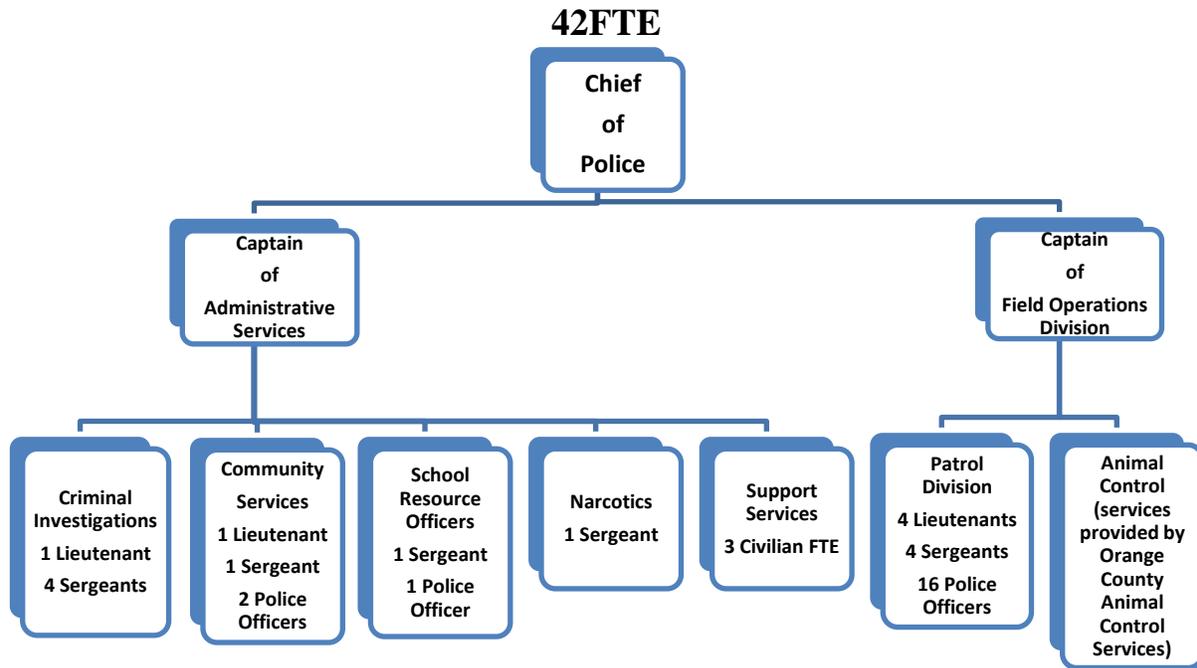
BUDGET SUMMARY

	<u>2014-15</u> <u>ACTUAL</u>	<u>2015-16</u> <u>ADOPTED</u> <u>BUDGET</u>	<u>2016-17</u> <u>ADOPTED</u> <u>BUDGET</u>	<u>PCT</u> <u>CHANGE</u>
PERSONNEL	326,718	471,664	525,937	11.5%
OPERATING	80,284	72,930	98,350	34.9%
TOTAL	\$407,003	\$544,594	\$624,287	14.6%

CHANGES IN BUDGET FROM PRIOR YEAR ADOPTED BUDGET

The increase in personnel is due to the addition of a Human Resources Representative (transferred from Finance). Operations increased with the increase in training and the addition of the Safety Program.

POLICE DEPARTMENT



PURPOSE

The Police Department maintains public safety and contributes to improving the quality of life through the enforcement of criminal and traffic laws. Police Department personnel utilize and maximize all available resources, technological advances, and educational opportunities in an effort to provide professional police services.

GOALS

- Ensure Carrboro will continue to be a safe community for all residents, business owners/operators, and guests.
- Monitor and address traffic and pedestrian safety issues.
- Meet mandated training requirements.
- Develop and retain personnel who effectively deal with emergency, crisis, and/or complex situations and handle routine duties carefully and professionally.
- Train and develop employees for advancement and/or for expanding job responsibilities.
- Continue Naloxone program.
- Increase our efforts in Community Policing.
- Continue to use social media to inform and involve the community.
- Maintain and provide two Citizen’s Academies.

SERVICES PROVIDED & ACTIVITIES

- The Uniform Patrol Division provides 24-hour service and emergency response; effectively answers and initiates calls for service; conducts preliminary criminal investigations and initiates arrests; provides necessary traffic control and enforcement; investigates traffic accidents; and provides basic business/residential security checks.

- The Criminal Investigations Division investigates major criminal cases and offenses involving juveniles, sexual assault, and domestic violence; processes crime scenes; coordinates efforts with relevant area authorities and service providers; maintains the evidence/ property room; conducts prospective employee background investigations; and provides on-call service.
- The Community Services Division provides law enforcement and other community-related services; partners with the community to meet specific neighborhood-driven requests for assistance; follows-up on complaints of suspected gang-related activity; initiates narcotics investigations; provides School Resource Officers at McDougle Middle and Carrboro High Schools and works with other schools to enhance safety and security; provides general crime prevention and community watch services; works with business owners to enhance safety and security; and provides other community outreach activities.
- The Administrative Division provides direct service to walk-in visitors, email requests, and telephone inquiries; maintains incident reports and multiple departmental records (including but not limited to warrants, monthly FBI and SBI data reporting, etc.); administers Department budget; answers requests for statistics and analysis; ensures that Department personnel receive appropriate training and adhere to the Department's, Federal, and State policies and procedures; and provides support services to Board of Aldermen, Town staff and other agencies.

PREVIOUS YEAR ACCOMPLISHMENTS

- Met all mandated training goals.
- Continued the Fit for Duty Program to ensure that all officers are physically and mentally prepared to protect and serve.
- Partnered with local law enforcement agencies, NC SBI, NC National Guard Narcotics Task Force, US Marshals, US Drug Enforcement Agency, and US Alcohol, Tobacco and Firearms during narcotics investigations thus reducing the number of drug houses and street-level drug sales locations.
- Provided police services during all special events that required them.
- Maintained the number of directed patrols and speed enforcement campaigns involving Uniform Patrol Division.
- Maintained the number of pedestrian safety operations involving Community Services Division.
- Obtained new or enhanced revenue sources.
- Partnered with Public Works and Recreation and Parks staff to provide a safe setting for 4th of July Celebration, Carrboro Day, Carrboro Music Festival, Easter Egg Hunt and several road races.
- Maintained Naloxone Program.
- All officers trained on Fair and Impartial Policing.
- Implemented 5 Mobile Video Recording Devices in patrol cars.
- Maintained Coffee with A Cop Program for citizens.
- Implemented Citizen Police Academy.
- Participated in the NCWatch4Me program concerning pedestrian and bicycle safety.
- Successfully filled seven vacant Police Officer positions.
- Maintained staffing levels

UPCOMING FISCAL YEAR OBJECTIVES

- Maintain current fuel consumption.
- Continue to outfit new vehicles with Havis Idle Managers.
- Meet mandated training goals.
- Finalize Policy Manual update.
- Maintain Carrboro's Safety for residents, business owners/operators and visitors.

- Increase the number of directed patrols and speed enforcement campaigns involving Uniform Patrol Division personnel.
- Maintain the number of pedestrian safety operations involving Community Services Division personnel.
- Reduce the number of traffic accidents.
- Implement management/leadership training for supervisors.
- Reduce the number of known drug houses and street-level drug sales locations.
- Obtain new or enhanced revenue sources.
- Maintain current staffing levels
- Continue partnership with Public Works and Recreation and Parks staff to provide a safe setting for all special events.
- Utilization of Crime Analyst to provide data and statistical information on police operations.

BOARD PRIORITIES

Enhance and sustain quality of life/place issues for everyone.
 Improve walkability and public transportation.

OBJECTIVES

1. Maintain Carrboro's safety for residents.
2. Reduce number of traffic accidents.
3. Increase pedestrian safety operations.
4. Increase bicycle safety operations.
5. Maintain Carrboro's safety for residents by reducing open air drug market.
6. Increase Community Service outreach.

PERFORMANCE MEASURES

	FY2013-14 ACTUAL	FY 2014-15 ACTUAL	FY2015-16 ESTIMATED	FY2016-17 PROJECTED
Calls for Service	18,832	23,811	24,244	23,807
Motor Vehicle Accidents	490	453	471	474
Criminal Arrests	829	664	562	600
Pedestrian Crossing Citations Issued	60	17	50	30
Bicycle Safety Ops Conducted	5	0	0	0
Pedestrian Safety Ops Conducted	17	4	8	10
Narcotics Arrests	243	143	80	70
Community Events Involvement	56	66	40	40
Percentage Change in Pedestrian Safety Ops Conducted	19% Decrease	76.5% Decrease	100% Increase	25% Increase
Percent Change in Pedestrian Crossing Citations Issued	41% Decrease	72% Decrease	194% Increase	40% Decrease
Percentage Change of Bicycle Safety Ops Conducted	100% Increase	100% Decrease	0%	0%

DEPARTMENT BUDGET SUMMARY

	<u>2014-15</u> <u>ACTUAL</u>	<u>2014-15</u> <u>ADOPTED</u> <u>BUDGET</u>	<u>2016-17</u> <u>ADOPTED</u> <u>BUDGET</u>	<u>PCT</u> <u>CHANGE</u>
PERSONNEL	2,909,447	2,992,428	3,055,209	2.1%
OPERATING	456,449	478,348	468,525	-2.1%
CAPTIAL OUTLAY	142,886	239,412	287,496	20.1%
TOTAL	\$3,508,783	\$3,710,188	\$3,811,230	2.7%

CHANGES IN BUDGET FROM PRIOR YEAR ADOPTED BUDGET

The operations budget decreased based on decreases in training and fuel. Increase in capital outlay reflects the increased cost of replacement vehicles.

Division Level Summaries

ADMINISTRATION

	<u>2014-15</u> <u>ACTUAL</u>	<u>2015-16</u> <u>ADOPTED</u> <u>BUDGET</u>	<u>2016-17</u> <u>ADOPTED</u> <u>BUDGET</u>	<u>PCT</u> <u>CHANGE</u>
PERSONNEL	569,393	532,938	548,563	2.9%
OPERATING	92,697	40,850	65,956	61.5%
TOTAL	\$662,090	\$573,788	\$614,519	7.1%

CHANGES IN BUDGET FROM PRIOR YEAR ADOPTED BUDGET

The increase in the Administrative Support Division operating budget is due to conferences, rent and dues increased costs.

PATROL

	<u>2014-15</u> <u>ACTUAL</u>	<u>2015-16</u> <u>ADOPTED</u> <u>BUDGET</u>	<u>2016-17</u> <u>ADOPTED</u> <u>BUDGET</u>	<u>PCT</u> <u>CHANGE</u>
PERSONNEL	1,456,731	1,583,198	1,580,528	-0.2%
OPERATING	223,787	278,896	250,144	-10.3%
CAPITAL OUTLAY	142,886	239,412	287,496	20.1%
TOTAL	\$1,823,403	\$2,101,506	\$2,118,168	0.8%

CHANGES IN BUDGET FROM PRIOR YEAR ADOPTED BUDGET

The Patrol Division personnel budget decreased in early separation costs. Changes in operating include a decrease in fuel costs. Capital outlay increased based on increase in replacement vehicle costs.

**COMMUNITY
SERVICES**

	<u>2014-15 ACTUAL</u>	<u>2015-16 ADOPTED BUDGET</u>	<u>2016-17 ADOPTED BUDGET</u>	<u>PCT CHANGE</u>
PERSONNEL	452,102	465,550	498,773	7.1%
OPERATING	31,539	38,712	34,212	-11.6%
TOTAL	\$483,641	\$504,262	\$532,985	5.7%

CHANGES IN BUDGET FROM PRIOR YEAR ADOPTED BUDGET

The Community Services Division personnel budget reflects an increase in overtime and early separation allowance. Operations budget changed due to a decrease in fuel costs.

INVESTIGATIONS

	<u>2014-15 ACTUAL</u>	<u>2014-15 ADOPTED BUDGET</u>	<u>2016-17 ADOPTED BUDGET</u>	<u>PCT CHANGE</u>
PERSONNEL	431,221	410,742	427,345	4.0%
OPERATING	38,102	40,585	39,385	-3.0%
TOTAL	\$469,323	\$451,327	\$466,730	3.4%

CHANGES IN BUDGET FROM PRIOR YEAR ADOPTED BUDGET

The Investigations Division personnel budget reflects an increase in insurance costs. Operations budget decreased in training costs.

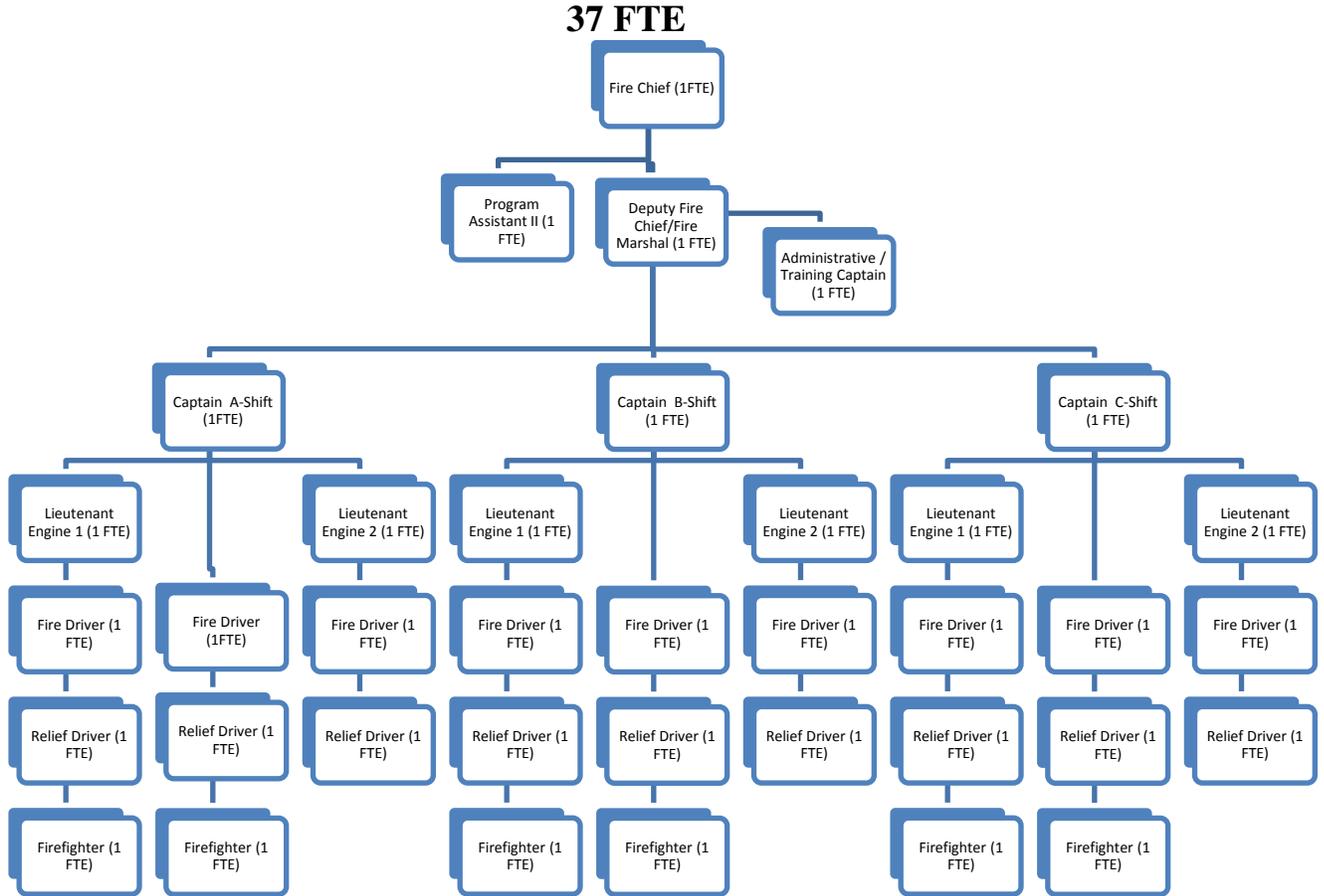
ANIMAL CONTROL

	<u>2014-15 ACTUAL</u>	<u>2015-16 ADOPTED BUDGET</u>	<u>2016-17 ADOPTED BUDGET</u>	<u>PCT CHANGE</u>
OPERATING	70,325	79,305	78,828	-0.6%
TOTAL	\$70,325	\$79,305	\$78,828	-0.6%

CHANGES IN BUDGET FROM PRIOR YEAR ADOPTED BUDGET

The decrease in the Animal Control budget is due to the implementation of the fourth phase of the contract with Orange County Animal Control Services for the Town.

FIRE AND RESCUE DEPARTMENT



PURPOSE

The Carrboro Fire-Rescue Department is dedicated to protecting the lives, property, and the community from the destructive effects of all hazards by providing community risk reduction and emergency response services.

GOALS

- Establish a community risk reduction committee to conduct a community risk analysis to determine risks.
- Develop community risk reduction interventions to address identified risks.
- Meet or exceed ISO training requirements and conduct quarterly training with mutual/auto aid organizations.
- Conduct all scheduled inspections and develop a written re-inspection procedure for violations.

SERVICES PROVIDED & ACTIVITIES

- Provide 24-hour all hazards response: fire suppression, light rescue, and emergency medical services for the Town of Carrboro and the South Orange Fire District.

- Conduct fire investigations in order to effectively determine the cause and origin of fires within the Town and the extra-territorial jurisdiction (ETJ).
- Provide community risk reduction programs: fire prevention education, CPR and First Aid classes, Child Safety Seat program, and smoke alarm installations - to citizens, visitors, schools, day cares, businesses and community groups.
- Provide fire prevention and code enforcement by performing fire inspections throughout the Town in accordance with the NC Fire Code.

PREVIOUS YEAR ACCOMPLISHMENTS

- j. Objective #1 – Provide OSHA mandated safety training. Conduct quarterly training session with mutual-aid partner.
 - *All required BBP, HazCom, HazMat training scheduled to be completed by April 2016.*
- k. Objective #2 – Move to unit dispatching with Orange County 911 to provide faster response.
 - *Objective met - Carrboro Fire-Rescue is now dispatched by unit utilizing the geoproximity technology within the dispatching software. This technology recommends the appropriate unit based upon the nature of the incident and the location.*
- l. Objective #3 – Conduct state mandated fire inspections.
 - *Objective met - Scheduled inspections are up to date completed with violations noted in the RMS.*
- m. Objective #4 – Provide 24-hour fire suppression, light rescue, and emergency medical services for the Town and South Orange Fire District.
 - *Objective met - This is the mission of Carrboro Fire-Rescue Department.*
- n. Objective #5 – Conduct OSHA mandated state inspections.
 - *OSHA mandated safety inspections fall under the safety program for the Town in HR.*
- o. Objective #6 – Contain at least half of all structure fires in the Town limits to the room of origin in order to reduce property damage.
 - *Objective not met - 33% of all structure fires were contained to the room of origin.*
- p. Two personnel obtained their Advanced Firefighter Certificate from the NC OSFM.
- q. Two personnel were accepted into and attended the first year of the National Fire Academy Managing Officer Program.
- r. One member was accepted into and attended the National Fire Academy Community Risk Reduction course.

UPCOMING FISCAL YEAR OBJECTIVES

- s. Establish a community risk reduction committee which will be charged with conducting a community risk analysis to identify the top two to three risks in the community.
 - *Develop interventions for the top two to three identified risks, to include specific goals and measurements for the interventions. Implement interventions by January 2017. Potential cost savings in reduction in calls. Potential for reduction in firefighter injuries.*
- t. Develop a comprehensive training plan with learning objectives and corresponding evaluations to ensure the department meets or exceeds ISO training requirements. This will maximize training points for ISO evaluation to maintain or improve ISO rating.
- u. Conduct monthly review of training records to ensure department stays on target for ISO training hour requirements. This will maximize training points for ISO evaluation to maintain or improve

ISO rating.

- v. Develop a written re-inspection procedure to ensure life safety violations identified during initial scheduled inspections are corrected and documented properly.
- w. Research alternative apparatus deployment models. Potential reduction in carbon footprint and extension of life of apparatus.
- x. Research continued medical call response to Alpha and Bravo level calls, especially to medical facilities. Potential reduction in carbon footprint and extension of life of apparatus.

BOARD PRIORITIES

Protect historic neighborhoods and maintain Carrboro's unique identity.

Enhance and sustain quality of life/place issues for everyone.

OBJECTIVES

1. Provide OSHA mandated safety training. Conduct quarterly training session with mutual-aid partner.
2. Move to unit dispatching with Orange County 9-1-1 to provide faster response.
3. Conduct state mandated fire inspections.
4. Provide 24-hour fire suppression, light rescue, and emergency medical services for the Town and South Orange Fire District.
5. Conduct OSHA mandated safety inspections.
6. Contain at least half of all structure fires in the Town limits to the room of origin in order to reduce property damage.

PERFORMANCE MEASURES

	FY2013-14 ACTUAL	FY2014-15 ACTUAL	FY2015-16 ESTIMATED	FY2016-17 PROJECTED
Training Hours	388	400	See below ****	N/A
Median Response Times	4:25	4:39	4:34	N/A
Plans Reviewed	44	42	35	N/A
Turnout time	69 seconds	80 seconds	*	N/A
Fire Inspections	1,617	1,900	1,711	1,300
Fire & EMS Responses - Town	1,416	1,836	1,871	1,926
Fire & EMS Responses - County	320	340	234	286
Safety Inspections	40	36	**	**
Cost per Response	\$1,532	\$1,500	***	***
Fire Loss	\$340,534	\$362,000	\$651,000	\$936,287
Conduct CRR analysis	0%	0%	20% complete	100% complete
90% of calls within Town limits will have a response time of 6:30 or less	6:35	6:45	6:22	6:30
90% of calls within the SO District will have a response time of 10:00 or less	10:10	10:55	10:42	10:30
100% of fire-rescue personnel will meet the ISO training requirements	N/A	ISO training requirements changed Jan 2015	60%	100%
100% of life safety violations repaired and documented w/in 90 days of inspection	N/A	N/A	100%	100%

*Turnout time is unable to be accurately measured due to how OC Communications tracks times in CAD. They begin the turnout time while they announce the pre-alert and dispatch. Utilizing the times as they are shows a 90% turnout time of 2:09, well above the 60 & 80 second recommendation by NFPA.

**We are unable to determine safety inspections as no one knows what this was tracking. Some ideas have been that this may be home inspections, foster home inspections, day care inspections, or OSHA facility inspections. However, any reports run to duplicate the numbers shown in previous performance measurements are unsuccessful.

***It was explained that costs per response were figured utilizing the total fire-rescue department budget divided by the total calls. This is an inaccurate number for the cost per call. If our budget stays the same and calls go up it would appear our costs per call are going down. When what truly is happening is costs per calls are staying the same or rising and the costs are being absorbed in the budget at the expense of other initiatives. We can provide a more accurate cost per response that would be based on the FEMA cost per hour per apparatus type, median hourly wage for each rank on the apparatus, length of call, and number/types of apparatus on each call.

****We are unable to determine what training hours were being utilized for this performance measure. We attempted to duplicate with total training hours and utilizing the topics as noted in the previous year first objective of OSHA mandated training and mutual aid training. Attempts for previous years were unsuccessful at duplication. Training hour's performance measures were overhauled to reflect ISO.

DEPARTMENT BUDGET SUMMARY

	<u>2014-15</u> <u>ACTUAL</u>	<u>2015-16</u> <u>ADOPTED</u> <u>BUDGET</u>	<u>2016-17</u> <u>ADOPTED</u> <u>BUDGET</u>	<u>PCT</u> <u>CHANGE</u>
PERSONNEL	2,603,212	2,401,396	2,559,566	6.6%
OPERATING	296,440	330,479	276,499	-16.3%
TOTAL	\$2,899,652	\$2,731,875	\$2,836,065	3.8%

CHANGES IN BUDGET FROM PRIOR YEAR ADOPTED BUDGET

The change in personnel is due to personnel changes within the divisions. Changes in Operations include decreases in fuel, training and office supplies.

Division Level Summaries

SUPERVISION

	<u>2014-15</u> <u>ACTUAL</u>	<u>2015-16</u> <u>ADOPTED</u> <u>BUDGET</u>	<u>2016-17</u> <u>ADOPTED</u> <u>BUDGET</u>	<u>PCT</u> <u>CHANGE</u>
PERSONNEL	180,461	150,758	219,030	45.3%
OPERATING	47,846	38,263	39,590	3.5%
TOTAL	228,307	189,021	258,620	36.8%

CHANGES IN BUDGET FROM PRIOR YEAR ADOPTED BUDGET

The change in personnel reflects a reorganization of personnel. The increased operating budget is due to an increase in contract services.

SUPPRESSION

	<u>2014-15</u> <u>ACTUAL</u>	<u>2015-16</u> <u>ADOPTED</u> <u>BUDGET</u>	<u>2016-17</u> <u>ADOPTED</u> <u>BUDGET</u>	<u>PCT</u> <u>CHANGE</u>
PERSONNEL	2,333,941	2,163,466	2,340,536	8.2%
OPERATING	235,843	270,055	217,367	-19.5%
TOTAL	\$2,569,783	\$2,433,521	\$2,557,903	5.1%

CHANGES IN BUDGET FROM PRIOR YEAR ADOPTED BUDGET

The change in personnel reflects a reorganization of personnel. Changes in the operating budget are due to decreased fuel and training costs.

**PREVENTION AND
SAFETY**

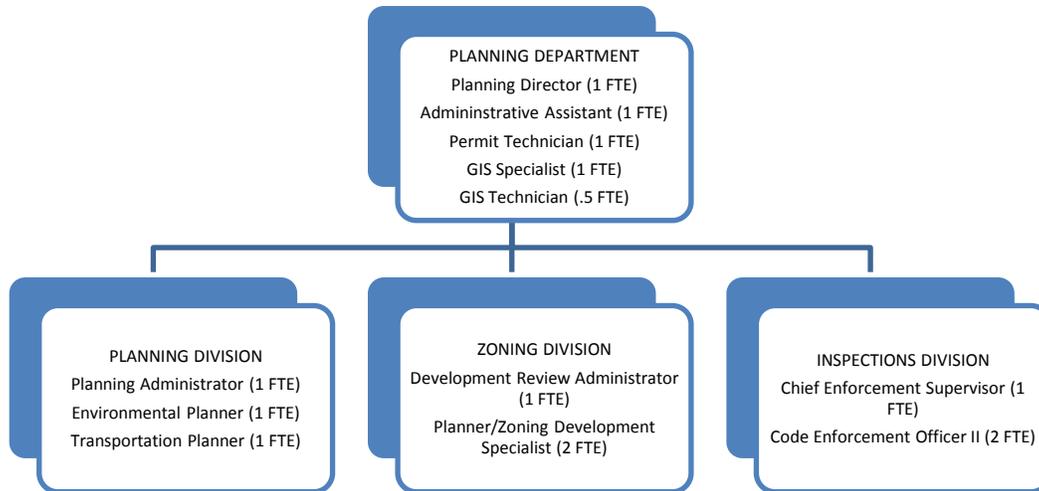
	<u>2014-15 ACTUAL</u>	<u>FY 2015-16 ADOPTED BUDGET</u>	<u>2016-17 ADOPTED BUDGET</u>	<u>PCT CHANGE</u>
PERSONNEL	88,811	87,172	0	-100.0%
OPERATING	12,751	22,161	19,542	-11.8%
TOTAL	\$101,562	\$109,333	\$19,542	-82.1%

CHANGES IN BUDGET FROM PRIOR YEAR ADOPTED BUDGET

The change in personnel reflects a reorganization of personnel. Changes in the operating budget are due to decreased fuel and office supply costs.

PLANNING DEPARTMENT

13.5 FTE



PURPOSE

The Planning Department's mission is to help the Town define and carry out its vision for sustaining existing and future populations. The department monitors the availability and use of resources needed to maintain a balance desired by the community as a whole. The department fulfills this mission by offering professional planning, zoning, building code, and engineering and geographic information services to residents, property owners, and businesses.

GOALS

- To deliver excellent service in a timely and responsive manner, ensuring effective and efficient use of financial, human and physical resources, innovative and engaging support for community initiatives, and clear and successful communication strategies.
- To emphasize the protection of existing neighborhoods, development that is compact, energy-considerate and ecologically appropriate, therefore promoting trust, mutual respect, acceptance, happiness, and well-being.
- To coordinate development of a well- balanced public infrastructure, including green infrastructure which improves walkability and access to transit.
- To evaluate and support commercial/ office/business/residential mixed use developments in new or redeveloping areas in support of strategic priorities to diversify revenue streams and maintain ethnic and economic diversity.

SERVICES PROVIDED & ACTIVITIES

- Development Review and Permitting
- Minimum Housing Code Enforcement
- Building Inspections and Code Enforcement
- Intergovernmental Relations
- Geographic Information Services
- Land Use Planning
- Transportation Planning – bikeways, greenways, sidewalks, streets

- Environmental Planning
- Engineering Review Services
- Storm Water, Floodplain, and Watershed Management
- Energy Planning and climate protection/resiliency
- Staff Support for Advisory Boards

PREVIOUS YEAR ACCOMPLISHMENTS

- Completion of Bolin Creek, Phase 1B multi-use path permitting and authorization to proceed with construction to begin May 16, 2016.
- Certificates of Occupancy for 54 new residential units valued at \$13.2 M; 51,273 square feet of renovated and 5,749 square feet of new commercial permit activity valued at \$4.2 M and \$448 K respectively.
- Initiation of community strategic energy planning initiative.
- Continued recognition of Earth Hour.
- Coordinated Town's Bee City designation and activities.
- Provided staff support to the mediation process led by the Dispute Settlement Center for the Lloyd Farm development.
- Developed and offered 'Zoning 101' to the Lloyd-Broad Neighborhood.
- Launch of social media presence via listserv, <http://www.townofcarrboro.org/list.aspx> and publishing information via Twitter: @CarrboroPZI.

UPCOMING FISCAL YEAR OBJECTIVES

- Complete a Parking Management planning process (*Priorities 2 and 5*).
- Support County and Town efforts to consider 203 S. Greensboro property as a potential location for the Southern Branch Library (*Priorities 2 and 5*).
- Coordinate construction of Bolin Creek Phase 1B greenway and design of Morgan Creek greenway (*Priorities 3 and 5*).
- Complete design process for sidewalk on South Greensboro Street (*Priority 3*).
- Coordinate follow-up related to Climate Action Plan to help the Town support ongoing sustainability of local energy efficiency efforts including outreach, new renewable energy projects, urban forestry, stormwater management, and reduced emissions from the transportation sector (*Priority 5*).
- Coordinate transition to and implementation of land use permit, building permit, and code enforcement software and web portal system.
- Evaluate changes in proposed update/reorganization of city and county planning and development regulations and schedule necessary amendments (*Priority 5*).
- Support the Board of Aldermen in its exploration of incorporating equity in the Town's policies and programs and its consideration of strategic or comprehensive planning and the ongoing role of Carrboro Vision2020 in decision-making (*Priorities 1 through 5*).
- Assist with evaluation of stormwater management options, such as a stormwater utility, to minimize private and public property impacts and maximize resiliency in relation to rainfall and other weather events (*Priority 5*).
- Continue the Town's efforts to address the requirements of the Jordan Lake Existing Development requirements (*Priority 5*).

BOARD PRIORITIES

Diversify revenue stream.

Enhance and sustain quality of life/place issues for everyone.

Protect historic neighborhoods and maintain Carrboro's unique identity.

OBJECTIVES

1. Evaluate and schedule completion of Comprehensive LUO review/update.
2. Evaluate need for strategic or comprehensive planning/update.

PERFORMANCE MEASURES

	FY2013-14 ACTUAL	FY2014-15 ACTUAL	FY2015-16 ESTIMATED	FY 2016-2017 PROJECTED
# of LUO Amendments	13	9	4	5
# of Conditional Use Permits	1	1	2	2
# of Special Use Permits	2	1	1	2
# of Zoning Permits	93	94	90	85
# of Bldg Permits for New Residential Units in Town	50	59	36	100
Estimated Building Permit Construction Value for New Residential in Town	\$10.3 M	\$13.2 M	\$8.5M	\$10M
Estimated Building Permit Value for New Commercial in Town	\$4.7 M	\$ 4.8M	\$1.9M	\$4.9M
# of Cos Issued for New Residential Units in Town	67	54	50	40
Inspections per day per Inspector FTE	10.4	8.8	9.2	10.0

DEPARTMENT BUDGET SUMMARY

	<u>2014-15</u> <u>ACTUAL</u>	<u>2015-16</u> <u>ADOPTED</u> <u>BUDGET</u>	<u>2016-17</u> <u>ADOPTED</u> <u>BUDGET</u>	<u>PCT</u> <u>CHANGE</u>
PERSONNEL	1,028,544	1,080,580	1,123,016	3.9%
OPERATING	175,445	269,667	261,865	-2.9%
TOTAL	<u>\$1,203,988</u>	<u>\$1,350,247</u>	<u>\$1,384,881</u>	<u>2.6%</u>

CHANGES IN BUDGET FROM PRIOR YEAR ADOPTED BUDGET

Operations decreased with decrease in fuel, uniform, conferences, travel and contractual services costs.

Division Level Summaries

SUPERVISION

	<u>2014-15</u> <u>ACTUAL</u>	<u>2015-16</u> <u>ADOPTED</u> <u>BUDGET</u>	<u>2016-17</u> <u>ADOPTED</u> <u>BUDGET</u>	<u>PCT</u> <u>CHANGE</u>
PERSONNEL	468,045	487,750	536,395	10.0%
OPERATING	162,551	240,015	240,815	0.3%
TOTAL	<u>\$630,596</u>	<u>\$727,765</u>	<u>\$777,210</u>	<u>6.8%</u>

CHANGES IN BUDGET FROM PRIOR YEAR ADOPTED BUDGET

The change in personnel reflects the addition of a part-time GIS Technician. Operations increased due to an increase in engineering services.

ZONING

	<u>2014-15</u> <u>ACTUAL</u>	<u>2015-16</u> <u>ADOPTED</u> <u>BUDGET</u>	<u>2016-17</u> <u>ADOPTED</u> <u>BUDGET</u>	<u>PCT</u> <u>CHANGE</u>
PERSONNEL	290,860	322,662	305,429	-5.3%
OPERATING	2,897	11,044	7,645	-30.8%
TOTAL	\$293,757	\$333,706	\$313,074	-6.2%

CHANGES IN BUDGET FROM PRIOR YEAR ADOPTED BUDGET

The change in personnel reflects changes in personnel. Decreased cost of fuel, conferences and uniforms are reflected in the decrease of the operations budget.

INSPECTIONS

	<u>2014-15</u> <u>ACTUAL</u>	<u>2015-16</u> <u>ADOPTED</u> <u>BUDGET</u>	<u>2016-17</u> <u>ADOPTED</u> <u>BUDGET</u>	<u>PCT</u> <u>CHANGE</u>
PERSONNEL	269,639	270,168	281,192	4.1%
OPERATING	9,996	18,608	13,405	-28.0%
TOTAL	\$279,636	\$288,776	\$294,597	2.0%

CHANGES IN BUDGET FROM PRIOR YEAR ADOPTED BUDGET

The change in personnel reflects an increase in insurance costs. The operating budget decreased due to a decrease in fuel, contractual services and travel.

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TRANSPORTATION

PURPOSE

The Transportation Cost Center is used to account for expenditures associated with the partnership with the Town of Chapel Hill and the University of North Carolina for the provision of public transportation services throughout the Chapel Hill, Carrboro, and UNC community.

GOALS

- Improve quality of public transportation service.
- Improve level of public transportation service.
- Improve access to public transportation.

SERVICES PROVIDED & ACTIVITIES

- Fixed route transit encompasses all regular bus service to Carrboro residents.
- EZ Rider is a special demand-response service using lift-equipped vehicles to transport individuals with mobility limitations that prevent them from using regular fixed route buses.
- Tar Heel Express is a special service for UNC home basketball and football games.
- Bike-on-bus allows transit riders to put their bicycle on the front of any bus.

PREVIOUS YEAR ACCOMPLISHMENTS

Chapel Hill Transit overall:

- Service area of approximately 62 square miles.
- Statistics for calendar year 2015 are provided in the table below.

Service Consumption 2015 (not final #s)	Amount
Annual Passenger Miles	12.7
Annual Unlinked Trips	6.6M
Average Weekday Unlinked Trips	25,520
Average Saturday Unlinked Trips	2,141
Average Sunday Unlinked Trips	1,011
Service Supplied	
Annual Vehicle Revenue Miles	1.9M
Annual Vehicle Revenue Hours	175,012
Vehicles Operated in Maximum Service	88
Vehicles Available for Maximum Service	117
Base Period Requirement	

Source: National Transit Database, 2012 data (www.ntdprogram.gov)

- In the 2014-2015 fiscal year, total system ridership was 6.6 million, which was a decrease of 4.3 percent from the 2013-2014 fiscal year.
- Most recent surveying, completed in 2010, found satisfaction levels of 88 to 91 percent

UPCOMING FISCAL YEAR OBJECTIVES

- Work with Chapel Hill Transit to more effectively manage current level of public transportation service in Carrboro.
- Work with Chapel Hill Transit to extend service into areas of Carrboro that are currently not served by fixed route service.

- Work with Chapel Hill Transit, Triangle Transit, and Orange County jurisdictions to continue planning for transit investments in the county, including service extensions to or within Carrboro

PERFORMANCE MEASURES

	FY2013-14 ACTUAL	FY2014-15 ACTUAL	FY2015-16 ESTIMATED	FY2016-17 PROJECTED
Average Daily Ridership (Boarding)	3,580	3,759	3,900	4,095
Average Daily Ridership (Alighting)	3,330	3,495	3,600	3,780

BUDGET SUMMARY

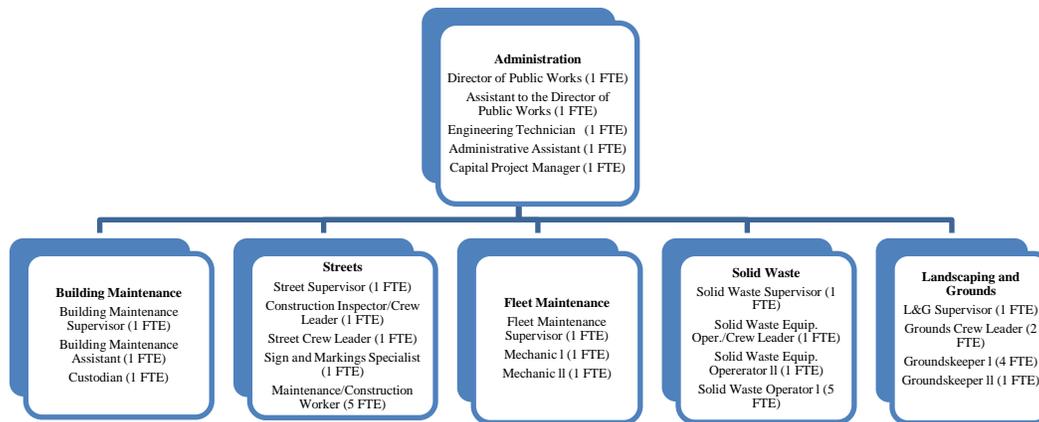
	<u>2014-15 ACTUAL</u>	<u>2014-15 ADOPTED BUDGET</u>	<u>2016-17 ADOPTED BUDGET</u>	<u>PCT CHANGE</u>
OPERATING	1,472,508	1,540,288	1,720,288	11.7%
TOTAL	\$1,472,508	\$1,540,288	\$1,720,288	11.7%

CHANGES IN BUDGET FROM PRIOR YEAR ADOPTED BUDGET

The transportation budget increased due to increased debt service costs for purchasing new buses.

PUBLIC WORKS DEPARTMENT

36 FTE



PURPOSE

The Public Works Department provides basic municipal services that promote a healthy and safe environment for the residents of Carrboro and the general public.

GOALS

- Provide timely, cost effective maintenance of public street system, including signage, storm drainage system, bike paths, and right-of-way.
- Provide cost effective, reliable solid waste collection and disposal services.
- Maintain public buildings and grounds in an environmentally friendly manner so they are pleasant and safe gathering spaces.
- Provide cost effective maintenance of the town's motor vehicle fleet and equipment.
- Administer construction projects within budget and on schedule.

SERVICES PROVIDED & ACTIVITIES

- Provide administration and general support for service delivery and construction projects.
- Provide general street and right-of-way maintenance services which include street repair, street sweeping, sign installations, pavement markings, mowing, and litter control.
- Responsible for inclement weather street maintenance, e.g. ice and snow removal, hurricane and other types of storm clean-up.
- Provide municipal solid waste collection to single family residences and multi-family units. Solid Waste collection is also provided to commercial users who elect to use the town's service. Yard waste collection and bulky waste collection is provided to single family residences.
- Provide building maintenance and repair for Town Hall, Century Center complex, Fire Department, Public Works facility, bus shelters, and park facilities.
- Manage cemetery operations which include selling and marking plots at the town's two cemeteries.
- Maintain and repair town vehicles and equipment. Maintenance activities include preventative maintenance and inspections.
- Beautify the town's parks and planting areas with landscaping and ornamental design.

- Provide annual leaf collection program.
- Provide park facility and ball field maintenance at the town's parks, and assist the Recreation and Parks Department with special annual events such as Carrboro and Independence Day celebrations, Halloween, and the Carrboro Music Festival.
- Provide construction monitoring and inspection of public improvements within private development projects.

PREVIOUS YEAR ACCOMPLISHMENTS

- Provided routine municipal services – solid waste collection, street and right-of-way maintenance, mowing of town properties, tree trimming and removal, ball field preparation, leaf collection, facility maintenance, vehicle and equipment maintenance, cemetery maintenance and burials.
- Assisted in design and easement acquisition for Rogers Road sidewalk.
- Provided administration for large fiber optic line build outs by utility companies.
- Provided support for 10 special events (6 races – St. Paul AME 5K, Kidney Care Run, Not So 5K, 4 on the 4th).
- Implemented use of Hybrid Solid Waste Truck.
- Continued implementation of invasive aquatic vegetation control in Anderson Park Pond. Mechanical removal of vegetation and reducing water level during winter months.
- Carrboro re-certified as a Tree City USA for its 30th year.
- Continued implementing changes to mulch pile configuration to be in compliance with DENR requirements.
- Began Pollinator promoting vegetation plan, installing water wise, native, pollinator producing perennials as primary vegetation throughout Town properties.
- Provided administration of design and installation of new outdoor signs to include gateway metal planter signs at Town Hall and St Paul AME Church.
- Provided construction monitoring and inspection for the Ballentine development.

UPCOMING FISCAL YEAR OBJECTIVES

- Maintain service levels and efficiencies of existing operations. (Ex. Solid waste collection, leaf collection, mowing, street sweeping, street and row maintenance, building maintenance)
- Administer Rogers Road sidewalk construction project within budget.
- Administer construction contract for Homestead Rd. Chapel Hill HS greenway project within budget.
- Administer the bi-annual resurfacing project.
- Administer completion of Solid Waste Study and prepare to implement organic disposal pilot.
- Administer installation of updated HVAC controls for Century Center.
- Administer completion Facility Condition Study and Space Analysis.
- Administer completion of Town Commons engineering design and construction.
- Continue to support Town branding efforts with complete Installation of new outdoor signs incorporating new logo (building identification and gateway) at various locations depending on final design and available funding. Will replace existing signs.
- Continue replacement of T-12 bulbs with T-8 bulbs in various facilities to reduce energy consumption and replace bulbs that are on 24/7 with LED bulbs.
- Assist with implementation of painted mural on exit ramp of SR 54 near Jones Ferry Road.
- Reduce costs for leaf collection program with full implementation of fully automated leaf loader for full season.
- Continue to look for ways to reduce fuel consumption. Monitor fuel savings with implementation of the hybrid solid waste vehicle.
- Improve interior appearance of various facilities – wall repair, painting and routine cleaning. Use low VOL paints where possible.

- Continue to provide administration for large fiber optic line build outs by utility companies.
- Assist with implementation of the Town’s stormwater utility either alone or in conjunction with neighboring partners such as OWASA and/or Chapel Hill.

BOARD PRIORITIES

Improve walkability and public transportation.
 Enhance and sustain quality of life.

OBJECTIVES

1. Maintain service levels of existing operations. (Ex. Solid waste collection, leaf collection, mowing, street sweeping, street and row maintenance, building maintenance).
2. Oversee satisfactory installation of fiber infrastructure and associated appurtenances by third party vendors throughout Town.
3. Continue replacement of T-12 bulbs with T-8 bulbs in various facilities to reduce energy consumption.
4. Improve interior appearance of various facilities. Wall repair, painting and routine cleaning. Use low VOL paints where possible.
5. Contracts Administered:
 - a. Administer Rogers Road sidewalk construction project within budget.
 - b. Administer construction contract for Homestead Rd. Chapel Hill HS greenway project within budget,
 - c. Administer bi-annual resurfacing project, 1 year late, and pavement condition study.
 - d. Administer installation of updated Century Center HVAC system per HVAC analysis.
 - e. Administer completion of Facility Condition Assessment and Space Needs Study.
 - f. Administer completion of Town Commons engineering design and construction.
 - g. Administer completion of Solid Waste Study and prepare for organic disposal pilot project.

PERFORMANCE MEASURES

	FY2013-14 ACTUAL	FY2014-15 ACTUAL	FY2015-16 ESTIMATED	FY 2016-17 PROJECTED
# of Construction Contracts Administered	2	3	2	7
Miles of Road Maintained	44.22	46.17	46.93	47.40
# of Rollout Containers	4268	4370	4370	4400
# of Multi-family and Commercial Dumpsters	187	187	187	187
Square feet of Building Space Maintained	61,317	61,317	61,317	61,317
Cost of Centerline Mile Resurfaced (every 2 yrs)	0	\$138,000	0	\$125,000
Refuse Tons per 1,000 Population (all sources)	393	482	487	500

DEPARTMENT BUDGET SUMMARY

	<u>2014-15</u> <u>ACTUAL</u>	<u>2015-16</u> <u>ADOPTED</u> <u>BUDGET</u>	<u>2016-17</u> <u>ADOPTED</u> <u>BUDGET</u>	<u>PCT</u> <u>CHANGE</u>
PERSONNEL	1,932,336	2,027,256	2,036,953	0.5%
OPERATING	1,549,130	1,699,361	1,553,650	-8.6%
CAPITAL OUTLAY	912,102	407,768	137,093	-66.4%
TOTAL	\$4,393,567	\$4,134,385	\$3,727,696	-9.8%

CHANGES IN BUDGET FROM PRIOR YEAR ADOPTED BUDGET

The change in personnel reflects an increase in insurance. Operating costs decreased due to one-time contracts from the prior year. Capital Outlay costs decreased with the one-time replacement equipment cost from the previous fiscal year. Details of the changes are highlighted in the division descriptions.

Division Level Summaries

SUPERVISION

	<u>2014-15</u> <u>ACTUAL</u>	<u>2015-16</u> <u>ADOPTED</u> <u>BUDGET</u>	<u>2016-17</u> <u>ADOPTED</u> <u>BUDGET</u>	<u>PCT</u> <u>CHANGE</u>
PERSONNEL	292,461	342,438	329,033	-3.9%
OPERATING	71,706	37,863	34,504	-8.9%
TOTAL	\$364,167	\$380,301	\$363,537	-4.4%

CHANGES IN BUDGET FROM PRIOR YEAR ADOPTED BUDGET

The change in personnel is due to personnel changes. Operating costs decreased due to one-time contractual services from the prior year.

**STREET
MAINTENANCE**

	<u>2014-15 ACTUAL</u>	<u>2015-16 ADOPTED BUDGET</u>	<u>2016-17 ADOPTED BUDGET</u>	<u>PCT CHANGE</u>
PERSONNEL	463,591	479,804	464,903	-3.1%
OPERATING	408,515	470,608	366,810	-22.1%
CAPITAL OUTLAY	437,528	370,000	96,040	-74.0%
TOTAL	\$1,309,634	\$1,320,412	\$927,753	-29.7%

CHANGES IN BUDGET FROM PRIOR YEAR ADOPTED BUDGET

The change in personnel is due to personnel changes. Operations cost decreased due to reduced fuel, uniform and contract service costs. Capital Outlay costs decreased with the one-time replacement equipment cost from the previous fiscal year.

SOLID WASTE

	<u>2014-15 ACTUAL</u>	<u>2015-16 ADOPTED BUDGET</u>	<u>2016-17 ADOPTED BUDGET</u>	<u>PCT CHANGE</u>
PERSONNEL	381,470	418,501	432,735	3.4%
OPERATING	481,622	522,668	470,256	-10.0%
CAPITAL OUTLAY	298,957	0	0	0.0%
TOTAL	\$1,162,049	\$941,169	\$902,991	-4.1%

CHANGES IN BUDGET FROM PRIOR YEAR ADOPTED BUDGET

The change in personnel reflects an increase in insurance costs. Operations cost decreased due to reduced fuel costs.

CENTRAL SERVICES

	<u>2014-15 ACTUAL</u>	<u>2015-16 ADOPTED BUDGET</u>	<u>2016-17 ADOPTED BUDGET</u>	<u>PCT CHANGE</u>
PERSONNEL	175,415	174,102	180,254	3.5%
OPERATING	326,798	342,528	340,580	-0.6%
TOTAL	\$502,213	\$516,630	\$520,834	0.8%

CHANGES IN BUDGET FROM PRIOR YEAR ADOPTED BUDGET

The change in personnel reflects an increase in insurance costs. Operating costs decreased slightly due to reduced fuel costs.

FLEET MAINTENANCE

	<u>2014-15</u> <u>ACTUAL</u>	<u>2015-16</u> <u>ADOPTED</u> <u>BUDGET</u>	<u>2016-17</u> <u>ADOPTED</u> <u>BUDGET</u>	<u>PCT</u> <u>CHANGE</u>
PERSONNEL	192,045	192,255	184,805	-3.9%
OPERATING	18,692	37,581	37,127	-1.2%
CAPITAL OUTLAY	6,879	0	34,885	0.0%
TOTAL	\$217,616	\$229,836	\$256,817	11.7%

CHANGES IN BUDGET FROM PRIOR YEAR ADOPTED BUDGET

The change in personnel is due to personnel changes. The operating costs decreased slightly due to a decrease in fuel costs. Capital Outlay includes the purchase of a vehicle.

LANDSCAPING

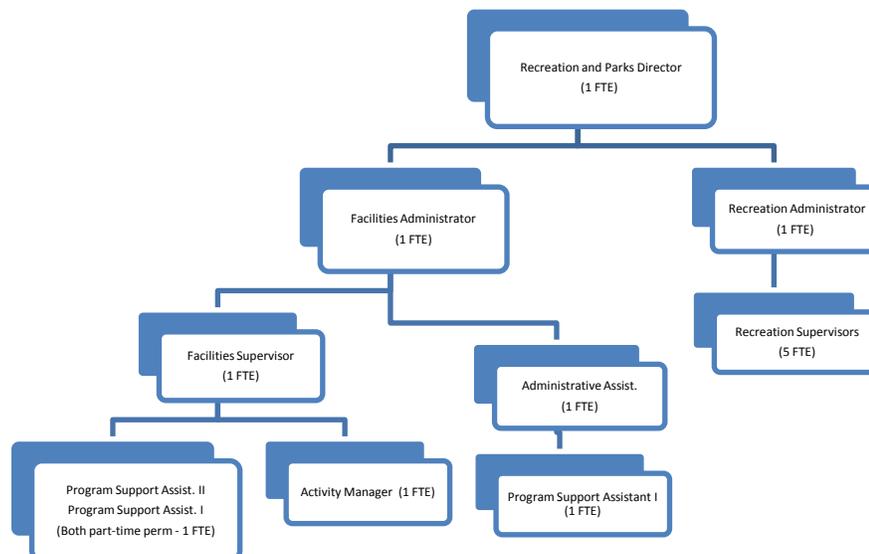
	<u>2014-15</u> <u>ACTUAL</u>	<u>2015-16</u> <u>ADOPTED</u> <u>BUDGET</u>	<u>2016-17</u> <u>ADOPTED</u> <u>BUDGET</u>	<u>PCT</u> <u>CHANGE</u>
PERSONNEL	427,353	420,156	445,223	6.0%
OPERATING	241,797	288,113	304,373	5.6%
CAPITAL OUTLAY	168,738	37,768	6,168	-83.7%
TOTAL	\$837,888	\$746,037	\$755,764	1.3%

CHANGES IN BUDGET FROM PRIOR YEAR ADOPTED BUDGET

The change in personnel reflects an increase in insurance costs. Operating costs increased due to increased motor vehicle repair and park supplies. Capital Outlay reflects a decrease based on the purchase of equipment in the previous fiscal year.

RECREATION AND PARKS DEPARTMENT

13 FTE



PURPOSE

Enrich the leisure needs and quality of life for citizens by providing accessible facilities, creative and diverse recreation opportunities and a safe public park system.

GOALS

- Continue to enhance department marketing strategies to better inform citizens of events, programs, and resources.
- Increase citizen and public involvement in the creation and coordination of recreation programs and events.
- Complete CIP projects.
- Continue to provide excellent customer service which will encourage patrons to continue to participate in recreation programs and use recreation facilities.
- Continue to manage facilities in a manner which minimizes usage conflicts, overcrowding, and costs.
- Increase the utilization of volunteers and department staff in effective program leadership roles.
- Continue to ensure the attractiveness of the Century Center and parks by providing properly functioning equipment and facilities that are properly maintained to ensure they are aesthetically pleasing, clean, sanitary and safe.
- Continue to provide recreational programs that address the needs of all residents.

SERVICES PROVIDED & ACTIVITIES

- Develop, market, and implement recreation and leisure programs such as leagues, classes and other events that improve the quality of life for the citizens of Carrboro.
- Oversee parks and facilities that provide space to enjoy nature, build family unity, meet friends and build strong bodies.

- Demonstrate excellent customer service to citizens who register for programs and reserve or use recreation and park facilities.
- Facilitate in planning and staging community events that enhance the Paris of the Piedmont philosophy and community pride.
- Operate a variety of indoor and outdoor facilities which help bring the community together by providing space, promoting values, community activity and healthy living.

PREVIOUS YEAR ACCOMPLISHMENTS

- Developed a new brochure design to enhance marketing programs.
- Presented Creative Carrboro Report to Board of Aldermen and community. The Arts Committee, ESC and Orange County Arts Commission are now working on a 5 year plan.
- Volunteer Plan and Strategy Guide was developed and implemented.
- Completed Capital Improvement Projects including the Anderson Community Park Multipurpose Field Renovation and ball field lights, Anderson Park Bathroom Replacement, basketball and tennis court resurfacing projects at Anderson, tennis court replacement at Wilson Park with Pickle Ball lines, and basketball court renovation at Baldwin Park.
- Worked with PW to install new pedestrian bridges around Anderson Disc Golf Course.
- Worked on MLK Jr Park master plan update with Alfred Benesch and Co. landscape architects.
- Co-sponsored an early summer concert series with Music Makers Relief Foundation.
- Coordinated Creative Canvas (art program for those of special needs) event.
- Partnered with Triangle Youth Ultimate and First Tee to offer youth athletic programs.
- Organized food vouchers with local businesses for patrons utilizing the transit buses into Town for the Carrboro Music Festival.
- Partnered w/ High Street Design to provide the Carrboro Bazaar at Town Commons.
- Utilized Peachjar program to promote programs within the school system.
- Staff collaborated with Art Center to offer the Film Festival.
- Developed a new Program Evaluation Plan and Strategy to solicit and obtain input from citizens and staff.
- Held department team-building event in April.

UPCOMING FISCAL YEAR OBJECTIVES

- Evaluate and develop a signage process to publicize programs, events, and facilities.
- Develop a Department-wide social media process to increase the use/regularity of social media accounts.
- Increase the utilization of photos and other enhancements to increase followers.
- Use more cross-marketing publicity resources to help introduce current participants to other opportunities within our Department.
- Develop private, public, and neighborhood partnerships and sponsorships to support the recreational facilities and programs.
- Research local funding resources to assist with healthy programs such as Eat Smart Move More.
- Promote Creativity through Opportunities in Arts and Culture. Encourage a basic understanding and appreciation of arts and culture through the recognition of local artists and art facilities.

- Provide intergenerational and multicultural opportunities for people to engage in the arts.
- Continue to Improve and promote training of staff and volunteers to provide better leadership and supervision in our programs.
- Complete ongoing Capital Improvement Projects.
- Increase utilization of existing parks or other town-owned property for programs.
- Examine youth and adult volunteerism in parks and programs to identify areas for new volunteer opportunities.
- Increase training opportunities for Department staff and volunteers in specific areas pertaining to programming needs and leadership.
- Conduct an inventory of staff, volunteer and instructor knowledge, certifications and talents and analyze how these resources can be better utilized.
- Offer family exercise programs in the park on the weekend. Examples include Yoga, Disc Golf Challenge, etc.
- Utilize the parks more in programming involving “being active and outdoors”.
- Hold alternative tournaments in parks such as Disc Golf or trail runs.
- Collaborate with local partners to create multi- purpose nature based programs. Such as clean-ups, education walks in Adams Preserve, etc.

BOARD PRIORITIES

Enhance and sustain quality of life/place issues for everyone.

Diversify revenue stream to maintain ethnic and economic diversity.

OBJECTIVES

1. Examine youth and adult volunteerism in parks and programs to identify areas for new volunteer opportunities.
2. Increase training opportunities for Department staff and volunteers in specific areas pertaining to programming needs and leadership.
3. Conduct an inventory of staff, volunteer and instructor knowledge, certifications and talents and analyze how these resources can be better utilized.
4. Utilize Town owned and other area parks, and nature sites.
5. Develop private, public, and neighborhood partnerships and sponsorships to support the recreational facilities and programs.
6. Research local funding resources to assist with healthy programs such as Eat Smart Move More.
7. Promote creativity through Opportunities in Arts and Culture. Encourage a basic understanding and appreciation of arts and culture through the recognition of local artist and art facilities.
8. Provide intergenerational and multicultural opportunities for people to engage in the arts.
9. Offer family exercise programs in the park on the weekends.
10. Utilize the parks more in programming involving “being active and outdoors”.
11. Hold alternative tournaments in the parks such as Disk Golf or trail runs.
12. Collaborate with local partners to create multi-purpose nature based programs. Such as clean ups, education walks in Adam Preserve, etc.
13. Use more cross-marketing publicity resources to help introduce current participants to other opportunities within our Department.
14. Evaluate and develop a signage process to publicize programs, events, and facilities.

PERFORMANCE MEASURES

	FY2013-14 ACTUAL	FY2014-15 ACTUAL	FY2015-16 ESTIMATED	FY2016-17 PROJECTED
% Change in Volunteer Hours Supporting Programs	1%	-7%	0%	5%
Revenue Driven Facility Usage Hours (External, Courses, Administrative)	15,411	13,240	15,833	16,149
Revenue Driven Facility Usage Hours Percent Change (External, Courses, Administrative)	-2%	-14%	20%	2%
Non-Revenue Facility Usage Hours (Partnerships, Community/Informational Meetings)	621	398	399	407
Non-Revenue Facility Usage Hours Percent Change (Partnerships, Community/Informational Meetings)	80%	-35%	1%	2%
% Change in Program Division Revenue	5%	-2%	-3%	2%
% Change in Programming Hours	0%	14%	-1%	2%
% Change of Operational Budget Supported by Program Revenue Generated	-1%	-2%	-1%	2%
% Change of Fees Waived for Low Income Participants	-4%	-24%	-9%	1%
% Change in Enrolled Participants	3%	-1%	-2%	2%

DEPARTMENT BUDGET SUMMARY

	<u>2014-15</u> <u>ACTUAL</u>	<u>2015-16</u> <u>ADOPTED</u> <u>BUDGET</u>	<u>2016-17</u> <u>ADOPTED</u> <u>BUDGET</u>	<u>PCT</u> <u>CHANGE</u>
PERSONNEL	1,074,572	1,175,120	1,216,433	3.5%
OPERATING	370,180	463,113	451,148	-2.6%
CAPITAL OUTLAY	51,820	0	0	0.0%
TOTAL	\$1,496,572	\$1,638,233	\$1,667,581	1.8%

CHANGES IN BUDGET FROM PRIOR YEAR ADOPTED BUDGET

The change in personnel reflects an increase in insurance costs. Operations decreased due to the decrease in fuel costs.

Division Level Summaries

SUPERVISION

	<u>2014-15</u> <u>ACTUAL</u>	<u>2015-16</u> <u>ADOPTED</u> <u>BUDGET</u>	<u>2016-17</u> <u>ADOPTED</u> <u>BUDGET</u>	<u>PCT</u> <u>CHANGE</u>
PERSONNEL	119,845	119,678	123,161	2.9%
OPERATING	16,400	22,704	21,304	-6.2%
TOTAL	\$136,246	\$142,382	\$144,465	1.5%

CHANGES IN BUDGET FROM PRIOR YEAR ADOPTED BUDGET

The change in personnel reflects an increase in insurance. Operations decreased due to the decrease in office supply costs.

PLAYGROUNDS AND PARKS

	<u>2014-15</u> <u>ACTUAL</u>	<u>2015-16</u> <u>ADOPTED</u> <u>BUDGET</u>	<u>2016-17</u> <u>ADOPTED</u> <u>BUDGET</u>	<u>PCT</u> <u>CHANGE</u>
OPERATING	3,958	17,078	12,078	-29.3%
CAPITAL OUTLAY	51,820	0	0	0.0%
TOTAL	\$55,778	\$17,078	\$12,078	-29.3%

CHANGES IN BUDGET FROM PRIOR YEAR ADOPTED BUDGET

Decrease in operating is due to a decrease in departmental supplies.

**GENERAL
PROGRAMS**

	<u>2014-15 ACTUAL</u>	<u>2015-16 ADOPTED BUDGET</u>	<u>2016-17 ADOPTED BUDGET</u>	<u>PCT CHANGE</u>
PERSONNEL	566,998	654,394	668,856	2.2%
OPERATING	277,155	352,838	332,916	-5.6%
TOTAL	\$844,152	\$1,007,232	\$1,001,772	-0.5%

CHANGES IN BUDGET FROM PRIOR YEAR ADOPTED BUDGET

The change in personnel reflects an increase in insurance costs. Operations decreased due to the decrease in fuel and office supplies.

**RECREATION
FACILITIES**

	<u>2014-15 ACTUAL</u>	<u>2015-16 ADOPTED BUDGET</u>	<u>2016-17 ADOPTED BUDGET</u>	<u>PCT CHANGE</u>
PERSONNEL	387,729	401,048	424,416	5.8%
OPERATING	72,667	70,493	84,850	20.4%
TOTAL	\$460,396	\$471,541	\$509,266	8.0%

CHANGES IN BUDGET FROM PRIOR YEAR ADOPTED BUDGET

The change in personnel reflects an increase in insurance costs. Operations expenses increased in non-capitalized furniture and equipment and contractual services.

NONDEPARTMENTAL

PURPOSE

Non-Departmental appropriations are used to account for items not readily identified with other organizational departments or functions.

SERVICES PROVIDED & ACTIVITIES

- Budgeted funds, when necessary and available, are set aside for:
 - Compensation Adjustments
 - Dependent Health Insurance
 - Unemployment Insurance Reserves
 - Transfers to Other Funds

Non-department funds are allocated to departments as needed.

BUDGET SUMMARY

	<u>2014-15</u> <u>ACTUAL</u>	<u>2015-16</u> <u>ADOPTED</u> <u>BUDGET</u>	<u>2016-17</u> <u>ADOPTED</u> <u>BUDGET</u>	<u>PCT</u> <u>CHANGE</u>
PERSONNEL	0	327,939	581,451	77.3%
OPERATING	0	198,070	40,000	-79.8%
TRANSFERS	\$136,704	301,000	250,000	-16.9%
TOTAL	<u>\$136,704</u>	<u>\$827,009</u>	<u>\$871,451</u>	<u>5.4%</u>

CHANGES IN BUDGET FROM PRIOR YEAR ADOPTED BUDGET

The personnel budget sets aside funds for a salary adjustment and minimum housing wage adjustments for employees, anticipated increase in health insurance costs and required unemployment insurance reserve.

The operating cost includes a \$250,000 transfer of funds from the General Fund to Capital Reserve Fund for street resurfacing.

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DEBT SERVICE

PURPOSE

The Debt Service cost center accounts for expenditures used for the payment of principal and interest associated with the Town’s general obligation bonds and other financings.

BACKGROUND

In North Carolina, the Local Government Commission in the State Treasurer’s Office oversees local government bonded debt and assists local governments in all areas of fiscal management. This agency conducts all bond sales, and ensures that local units have sufficient fiscal capacity to repay debt. The Town is subject to the Local Government Bond Act of North Carolina which limits the amount of net bonded debt the Town may have outstanding to 8% of the appraised value of property subject to taxation.

Like most municipalities, the Town of Carrboro uses debt to finance long-term capital projects and it is the Town’s policy that the financing period shall not exceed the useful life of the asset. As of June 30, 2015, the Town had approximately \$15.5 million in long term debt. Approximately \$7.2 million or 46% of this debt is for infrastructure development and/or to acquire major equipment and vehicles, land and buildings.

	Long Term Debt 6/30/2014	Long Term Debt 6/30/2015
General Obligation debt	\$4,350,000	\$4,100,000
Premium on bond	\$85,162	\$80,296
Installment purchases - improvements & equipment	\$3,127,109	\$3,148,164
Compensated absences	\$557,456	\$617,651
Other Post-employment benefits	\$6,218,861	\$7,278,554
Net pension obligation	\$348,032	\$349,530
Total	\$14,686,620	\$15,574,195

The NC General Statutes 160A-20 allows local governments to enter into installment contracts to finance the purchase of equipment and land, or for construction projects. Under this method of financing, the unit enters into a contract with a financial institution in which the financial institution provides funding for the purchase of equipment, land, or for construction projects. The financial institution maintains a security interest in the equipment or project until the governmental unit repays the loan. For these contracts, local units pledge to pay the installments from any revenues available, but do not pledge the “full faith and credit” of the unit. Contracts under \$500,000 and less than a five-year maturity do not require approval by the Local Government Commission (LGC). Installment contracts for equipment greater than \$500,000 or maturities over five years require approval by the LGC, except the purchase of vehicles and rolling stock which may be purchased in any amount without LGC approval. Installment contracts involving improvements to land or buildings require approval by the LGC regardless of the dollar amount or maturity involved.

In January 2013 the Town issued \$4.6 million of general obligation bonds for construction of sidewalks and greenways. These general obligation bonds were authorized by the voters in November 2003. The Town began construction of projects in FY 2005-06 by issuing a series of bond anticipation notes

requiring only interest payments until the issuance of the general obligation bonds in January 2013. General obligation bonds are collateralized by the full faith, credit, and taxing power of the Town and generally allow for longer loan terms than other types of financing (up to 20 years) and require a lower interest rate than other types of financing.

Other long term debt noted above includes reserves for compensated absences which is the amount the Town owes for future payments for employee vacation. Net pension obligations represent the annual required contribution for retirement benefit to law enforcement officers.

CURRENT AND FUTURE DEBT

The Town does not anticipate acquiring any additional major debt in the next three to five years, except for installment financing for vehicles and equipment.

CHANGES IN BUDGET FROM PRIOR YEAR ADOPTED BUDGET

Debt Service costs decreased due to retiring some of the debt.

Project	Issue \$	Principal	Interest	Total
SIDEWALKS & GREENSWAYS GO BONDS	\$ 4,600,000	\$ 250,000	\$ 90,000	\$ 340,000
TOTAL GENERAL OBLIGATION BONDS		\$ 250,000	\$ 90,000	\$ 340,000
FIRE SUBSTATION	\$ 3,250,000	\$ 216,667	\$ 46,297	\$ 262,964
TOTAL LONG-TERM INSTALLMENT DEBT		\$ 216,667	\$ 46,297	\$ 262,964

EQUIPMENT/VEHICLES		\$ 595,961	\$ 21,768	\$ 617,729
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Actual FY 2015-16 and prior Vehicle/Equipment plus 2016-17 principal payment only.

BUDGET SUMMARY

	<u>2014-15 ACTUAL</u>	<u>2015-16 ADOPTED BUDGET</u>	<u>2016-17 ADOPTED BUDGET</u>	<u>PCT CHANGE</u>
OPERATING	1,148,954	1,169,760	1,220,693	4.4%
TOTAL	\$1,148,954	\$1,169,760	\$1,220,693	4.4%

FY 2016-17 PURCHASES TO BE FUNDED WITH INSTALLMENT DEBT:

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
	TOTAL	\$ 411,306

SPECIAL REVENUE FUNDS

The Special Revenue Fund accounts for revenues and expenditures legally restricted or designated by the Board of Aldermen for specific program activities or services. The Special Revenue Fund was restructured in 2011 to comply with GASB 54. Included in the Special Revenue Fund are: revolving loans for economic development or energy efficiency, business loan program, affordable housing, and grants administration.

Affordable Housing Fund – This fund was created to advance the Town’s goal of increasing the stock of affordable, safe and decent housing within the Town and its’ planning jurisdiction. The fund was established by a resolution on June 26, 2007 and guidelines for allowable activities were revised March 3, 2015. Payments to the fund, made by developers, in lieu of providing affordable housing under the applicable provisions of the Land Use Ordinance, are deposited into the fund in addition to any other revenues such as grants, donations, loans, interest payments, or other contributions.

Grant Fund – This fund accounts for grant awards made to the Town that are legally restricted to expenditures for specific programs, activities, and purposes. The Town does not currently have any major grants to account for in the Grants Administration Fund.

Revolving Loan Fund - The Revolving Loan Fund is used to encourage economic and community development in Carrboro by offering loans to new businesses and encouraging businesses to locate in Carrboro.

Energy Efficiency Revolving Loan Fund – The Energy Efficiency Revolving Loan Fund was initially funded with grant funds from the US Department of Energy through a sub-grant from the Southeast Energy Efficiency Alliance to offer loans to businesses with the goal of increasing energy efficiency in commercial buildings.

Business Loan Fund – The Business Loan Fund was created to provide loans to supplement other financing where a project may not meet the requirement for job creation, but the Board believes the business would contribute to the Towns commercial growth.

BUDGET SUMMARY

	TOTAL APPROP.	PRIOR YEARS ACTUAL	2015-16 ADOPTED BUDGET	2016-17 ADOPTED BUDGET	CHANGE
REVENUE					
INVESTMENT EARNINGS	654,760	654,885	7,009	19,337	176%
GRANT REVENUES	912,901	815,137	162,237	-	-100%
OTHER REVENUES	850,128	962,945	429,522	545,464	27%
PAYMENT IN LIEU	-	96,501	-	-	N/A
FUND BALANCE	-	-	150,438	340,963	127%
TRANSFERS	326,246	435,240	26,300	533,600	1929%
TOTAL REVENUE	2,744,035	2,964,708	775,506	1,439,364	86%

EXPENDITURE

COMMUNITY DEVELOPMENT	-	158,193	-	187,900	N/A
GENERAL GOVERNMENT	30,386	26,679	-	-	N/A
OTHER APPROPRIATIONS (LOANS)	859,128	882,128	-	109,603	N/A
TRANSFERS TO OTHER FUNDS	69,200	-	-	-	N/A
GRANT EXPENDITURES	997,240	636,437	188,537	-	-100%
RESERVES	788,081	653,081	586,969	1,141,861	95%
TOTAL EXPENDITURES	2,744,035	2,356,518	775,506	1,439,364	86%

AFFORDABLE HOUSING FUND

This fund was created in 2007 with the goal of increasing the stock of affordable, safe and decent housing within the Town and its planning jurisdiction. Funding for the fund is from developers that make a cash payment, in lieu of providing affordable housing under the applicable provisions of the Land Use Ordinance, and other revenues such as grants, donations, loans, interest payments, or other contributions that are received.

GOALS

- Increase number of homeownership and rental units that are permanently affordable in Carrboro.
- Evaluate and reduce housing density restrictions to slow the climb of housing prices and diversify housing stock, particularly in high transit areas.
- Decrease barriers to first-time homeownership and to homeownership retention, particularly among seniors.
- Reduce negative effects of parking requirements on rental prices.
- Slow the pressure on rental prices by increasing rental housing stock, particularly in high-transit areas.
- Reduce erosion of rental housing quality and affordability.
- Improve opportunities for developers and potential partners to identify affordability in a project.
- Ensure implementation of the Affordable Housing Strategy.
- Acquisition of land/property for the creation of affordable housing.

SERVICES PROVIDED & ACTIVITIES

- Provide staffing for the Affordable Housing Task Force.
- Town liaison with the Orange County Partnership to End Homelessness.
- Town liaison with the Orange County Affordable Housing Coalition.
- Coordinate housing efforts and implement housing plans as an Orange County HOME Consortium member.
- Market Carrboro's Affordable Housing Fund.
- Review applications to the Affordable Housing Fund and ensure proper use of funds.

PREVIOUS YEAR ACCOMPLISHMENTS

- Created and adopted the Affordable Housing Goals and Strategies document.
- Set a ten year stretch goal for the number of permanently affordable rental and homeownership units in Carrboro.
- Implemented bi-monthly Affordable Housing Task Force meeting schedule.
- Better positioned the Town for future affordable housing opportunities by cultivating relationships with experienced nonprofit affordable housing professionals and developers.
- Increased the usefulness of the Affordable Housing Fund as a tool for achieving the Town's affordable housing goals by increasing the number of tools at its disposal.
- Allocated Affordable Housing Fund money for an emergency home repair
- Played a leadership role at regional transit tables to ensure affordable housing goals are priorities.
- Decreased the barrier to first time homeownership and to homeownership retention by providing staffing and funding for the Northside Initiative land banking and emergency home repairs program, as well as other emergency repair programs.
- Created an inventory of publicly owned land to be analyzed for the possibility of creating affordable housing.
- Identified plots of land for potential Low-Income Housing Tax Credit developments.

- Created an inventory of abandoned properties to identify opportunities for the creation of affordable housing.

UPCOMING FISCAL YEAR OBJECTIVES

- Develop guidelines that will better incentivize developers to create affordable housing.
- Increasing the usefulness of that Affordable Housing Fund as a tool for achieving the Town’s affordable housing goals.
- Work with nonprofit affordable housing providers to identify opportunities for developing affordable housing and/or transitioning market rate units to affordable units.
- Work with Low-Income Housing Tax Credit developers to identify potential projects.
- Analyze and, if appropriate, create opportunities for affordable housing on abandoned properties.
- Develop a parking plan that will incorporate affordable housing concerns.
- Review and make changes to the Town’s Land Use Regulations to better accommodate and promote affordable housing.

BUDGET SUMMARY

AFFORDABLE HOUSING FUND	TOTAL APPROP.	PRIOR YEARS ACTUAL	2015-16 ADOPTED BUDGET	2016-17 ADOPTED BUDGET	CHANGE
<i>REVENUE</i>					
INVESTMENT EARNINGS	-	-	-	-	N/A
PAYMENT IN LIEU	-	96,501	-	-	N/A
FUND BALANCE	-	-	34,750	231,360	566%
TRANSFERS	47,707	408,940	-	533,600	N/A
<i>SUBTOTAL</i>	47,707	505,441	34,750	764,960	2101%
<i>EXPENDITURE</i>					
HILLSBOROUGH HOUSING CO-OPERATIVE COMMUNITY HOME TRUST	9,000	9,000	-	-	N/A
HOME CONSORTIUM MATCH	-	64,000	-	64,000	N/A
PARTNERSHIP TO END HOMELESSNESS	-	10,525	-	10,525	N/A
HUMAN SERVICES GRANTS	-	16,068	-	16,068	N/A
PEST CONTROL	-	33,600	-	33,600	N/A
RESERVES	3,707	-	-	3,707	N/A
RESERVES	35,000	25,000	34,750	637,060	1733%
<i>SUBTOTAL</i>	47,707	158,193	34,750	764,960	2101%

GRANT FUND

The Town does not currently have any major grants to account for in the Grants Administration Fund.

BUDGET SUMMARY

GRANT FUND	TOTAL APPROP.	PRIOR YEARS ACTUAL	2015-16 ADOPTED BUDGET	2016-17 ADOPTED BUDGET	CHANGE
REVENUE					
INVESTMENT EARNINGS	-	-	-	-	N/A
CDBG - ROBERSON STREET SEWER	171,700	171,700	-	-	N/A
CDBG PRORAM/OTHER INCOME	7,000	7,000	-	-	N/A
ORANGE COUNTY CDBG MATCH	64,940	64,940	64,940	-	-100%
NC SOLAR CENTER - NCSU	97,297	97,297	97,297	-	-100%
TRANSFER	153,539	26,300	26,300	-	-100%
SUBTOTAL	1,066,440	815,137	188,537	-	-100%
EXPENDITURE					
WATER RESTORATION - CLEAN WATER	205,000	205,000	-	-	N/A
ENERGY EFFICIENCY PROGRAM	242,900	242,900	-	-	N/A
CDBG - ROBERSON STREET SEWER	312,979	64,940	64,940	-	-100%
CULTURAL A & E DISTRICT	26,300	26,300	26,300	-	-100%
HYBRID SOLID WASTE TRUCK	97,297	97,297	97,297	-	-100%
TRANSFERS	69,200	-	-	-	N/A
SUBTOTAL	1,066,440	636,437	188,537	-	-100%

REVOLVING LOAN FUND

The Revolving Loan Fund sustains itself with the interest earned on loans provided to businesses. With this interest, a reserve is created that enables the Town to continue loaning funds to businesses. As loans are paid off, the Town closes the loans and removes them from financial records.

The Revolving Loan Fund contains the following active loans to businesses:

Business	Amount Borrowed	Date of Original Loan
Alphabet Soup	\$48,000	2001
Bryan's Guitar and Music, Inc.	\$90,000	2004
Art in a Pickle	\$105,000	2007
Carrboro Co-Working	\$90,000	2008
Beehive	\$56,000	2009
Carrboro Citizen	\$50,000	2009
The Kind Coffee	\$57,000	2009
Second Wind, LLC	\$45,000	2012
PTA Thrift Store	\$24,000	2013
Cameron's	\$50,000	2014
Eden Food Group, LLC	\$36,239	2016

BUDGET SUMMARY

REVOLVING LOAN FUND	TOTAL APPROP.	PRIOR YEARS ACTUAL	2015-16 ADOPTED BUDGET	2016-17 ADOPTED BUDGET	CHANGE
<i>REVENUE</i>					
INVESTMENT EARNINGS	654,760	654,760	4,536	9,193	103%
OTHER REVENUE - LOAN REPAYMENTS	743,000	743,000	45,308	136,121	200%
OTHER FINANCING SOURCES	-	-	324,579	306,545	-6%
<i>SUBTOTAL</i>	1,397,760	1,397,760	374,423	451,859	21%

EXPENDITURE

GENERAL GOVERNMENT EXPENSE	26,679	26,679	-	-	N/A
ECONOMIC AND PHYSICAL DEVELOPMENT LOANS	743,000	743,000	-	-	N/A
RESERVES FOR LOANS	628,081	628,081	374,423	451,859	21%
<i>SUBTOTAL</i>	1,397,760	1,397,760	374,423	451,859	21%

ENERGY EFFICIENCY REVOLVING LOAN FUND

The Energy Efficiency Revolving Loan was started in 2010 with US Department of Energy funds through a grant to Southeastern Energy Efficiency Alliance (SEEA) for the Town to implement a small business energy efficiency revolving loan fund with the goal of increasing energy efficiency in commercial buildings.

BUDGET SUMMARY

ENERGY EFFICIENCY REVOLVING LOAN FUND		PRIOR	2015-16	2016-17	
<i>REVENUE</i>	TOTAL APPROP.	YEARS ACTUAL	ADOPTED BUDGET	ADOPTED BUDGET	CHANGE
INVESTMENT EARNINGS	-	125	2,274	10,144	346%
OTHER REVENUE - LOAN REPAYMENTS	7,128	36,673	9,668	36,673	279%
OTHER FINANCING SOURCES	100,000	183,272	45,896	66,125	44%
SUBTOTAL	107,128	220,070	57,838	112,942	95%

EXPENDITURE

ECONOMIC AND PHYSICAL DEVELOPMENT LOANS	107,128	107,128	-	-	N/A
COMMUNITY SOLAR PROGRAM	-	-	-	60,000	N/A
RESERVES	-	-	57,838	52,942	-8%
SUBTOTAL	107,128	107,128	57,838	112,942	95%

Below is a list of active Energy Efficiency Revolving Loan Fund loans:

Business	Amount Borrowed
Surplus Sids	\$ 30,000.00
Sophie Piesse	\$ 7,000.00
LB Bradley	\$ 7,000.00
Dispute Settlement Center	\$ 35,000.00
The Arts Center	\$ 28,128.00

BUSINESS LOAN FUND

The Business Loan Fund was created to provide loans to supplement other financing where a project may not meet the requirement for job creation, but the Board believes the business would contribute to the Towns commercial growth.

BUDGET SUMMARY

BUSINESS LOAN FUND	TOTAL APPROP.	PRIOR YEARS ACTUAL	2015-16 ADOPTED BUDGET	2016-17 ADOPTED BUDGET	CHANGE
<i>REVENUE</i>					
FUND BALANCE	-	32,000	115,688	109,603	-5%
INVESTMENT EARNINGS	-	-	199	-	-100%
OTHER REVENUE - LOAN REPAYMENTS	-	-	4,071	-	-100%
TRANSFERS	125,000	-	-	-	N/A
<i>SUBTOTAL</i>	125,000	32,000	119,958	109,603	-9%

EXPENDITURE

ECONOMIC AND PHYSICAL DEVELOPMENT LOANS	-	32,000	-	-	N/A
RESERVE FOR LOANS	125,000	-	119,958	109,603	-9%
<i>SUBTOTAL</i>	125,000	32,000	119,958	109,603	-9%

Below is a list of active loans for the Business Loan Fund:

Business	Amount Borrowed
Surplus Sids	\$12,000
Eden Food Group	\$20,000

CAPITAL PROJECTS FUND

The Capital Projects Fund is comprised of the following:

- Capital Projects
- GO Bonds, Sidewalks and Greenways
- Capital Reserve
- Payment In Lieu

Capital projects are projects financed (in whole or in part) by the proceeds of bonds, notes or debt instruments involving the construction or acquisition of a capital asset. Capital projects are approved via a balanced project ordinance as required by the North Carolina General Statutes (GS 159-13.2) whereby the Town budgets for the life of the capital project. A project ordinance is balanced when revenues estimated to be available for the project equal appropriations for the project. Projects that show a zero balance are no longer active and considered completed and are removed from the general ledger one year following project completion.

BUDGET SUMMARY

	TOTAL APPROP.	PRIOR YEARS ACTUAL	2015-16 ADOPTED BUDGET	2016-17 ADOPTED BUDGET	CHANGE
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REVENUE

INVESTMENT EARNINGS	178,282	157,567	9,555	39,834	317%
OTHER FINANCING SOURCES RESTRICTED	8,696,000	5,609,560	1,391,903	1,188,477	-15%
INTERGOVERNMENTAL	4,066,541	717,833	1,231,891	2,647,939	115%
OTHER FUND BALANCE APPROPRIATED	1,660,779	272,408	139,373	999,373	617%
	4,398,691	2,150,922	4,292,660	3,318,401	-23%
TOTAL	19,000,293	8,908,290	7,065,382	8,194,024	16%

EXPENDITURES

CAPITAL PROJECTS	8,752,997	4,322,260	2,671,733	2,457,683	-8%
GO SIDEWALK & GREENWAYS	8,868,688	2,988,351	2,735,531	4,828,568	77%
CAPITAL RESERVES	1,235,338	544,806	1,508,338	757,993	-50%
PAYMENT IN-LIEU	143,270	149,780	149,780	149,780	0%
TOTAL	19,000,293	8,005,197	7,065,382	8,194,024	16%

Capital Projects

For FY 2016-17 the total Capital Project Fund budget is \$8.1 million. Funds are appropriated for capital projects via a balanced project ordinance as required by the North Carolina General Statutes (GS 159-13.2) whereby the Town budgets for the life of the capital project.

CAPITAL PROJECTS	TOTAL APPROP.	PRIOR YEAR ACTUALS	2015-16 ADOPTED BUDGET	2016-17 ADOPTED BUDGET	CHANGE
REVENUE					
INVESTMENT EARNINGS	22,232	25,548	9,555	9,555	0%
FUND BALANCE APPROPR	3,020,376	1,103,014	2,634,542	2,410,628	-8%
OTHER FINANCING SOURCES	4,096,000	2,750,285	2,673	-	-100%
RESTRICTED					
INTERGOVERNMENTAL	106,296	479,119	17,463	30,000	72%
OTHER	1,508,093	270,611	7,500	7,500	0%
TOTAL	8,752,997	4,628,577	2,671,733	2,457,683	-8%
EXPENDITURES					
ROGERS ROAD REMEDIATION	900,000	-	900,000	900,000	0%
STORM WATER MANAGEMENT PROJECTS (STATE MANDATE)	80,000	-	-	80,000	N/A
LED STREET LIGHTS PROJECT	100,000	-	96,250	96,250	0%
FIBER OPTICS PROJECT AT FIRE STATION #2	298,198	279,828	18,216	30,753	69%
ANDERSON PARK FENCING & PAVILION	156,880	-	156,880	156,880	0%
CENTURY CENTER HVAC	180,000	-	180,000	180,000	0%
MLK PARK DESIGN	150,000	-	150,000	150,000	0%
PD BODY WORN CAMERAS	91,000	-	91,000	91,000	0%
PUBLIC SAFETY RADIO UPGRADES	273,000	-	-	273,000	N/A
PLANNING PERMITTING SOFTWARE	230,000	-	230,000	230,000	0%
ROGERS ROAD CONDUIT	155,000	-	155,000	155,000	0%
STORM WATER DRAINAGE IMPROVEMENT PROJECTS	-	-	-	-	N/A
TOWN COMMONS DESIGN	107,300	-	107,300	107,300	0%
BICYCLE LOOP DETECTORS	37,500	30,000	18,975	7,500	-60%
FIRE PUMPER TRUCK	683,000	683,000	-	-	N/A
WILSON PARK TENNIS COURT REPLACEMENT	168,087	125,332	168,087	-	-100%
ANDERSON PARK BATHROOM RENOVATIONS	251,459	248,286	251,459	-	-100%
ANDERSON PARK MULTI-PURPOSE FIELD RENOVATION AND LIGHTS	181,400	181,399	148,566	-	-100%
COMPLETED PROJECTS	4,710,173	2,774,415	-	-	N/A
TOTAL	8,752,997	4,322,260	2,671,733	2,457,683	-8%

GO Bond-Funded Sidewalks and Greenways

The Town continues its sidewalks and greenways construction program authorized by the voters in 2003. In January 2013, the Town discontinued the use of bond anticipation notes to finance this construction and issued \$4.6 million of general obligation bonds.

GO BOND, SIDEWALK AND GREENWAYS	TOTAL APPROP.	PRIOR YEAR ACTUALS	2015-16 ADOPTED BUDGET	2016-17 ADOPTED BUDGET	CHANGE
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REVENUE

INTEREST EARNINGS	155,757	127,873	-	30,279	N/A
OTHER FINANCING SOURCES	4,600,000	2,853,228	1,389,230	1,188,477	-14%
RESTRICTED INTERGOVERNMENTAL	3,960,245	238,714	1,214,428	2,617,939	116%
OTHER	152,686	-	131,873	991,873	652%
TOTAL	8,868,688	3,219,815	2,735,531	4,828,568	77%

EXPENDITURES

MORGAN CREEK GREENWAY HOMESTEAD CHAPEL HILL HIGH SCHOOL MUP	1,521,471	341,432	912,500	1,175,781	29%
JONES CREEK GREENWAY DESIGN	-	-	46,000	337,957	635%
PHASE IB SIDEWALK PROJECTS	1,410,786	1,227,620	67,567	67,567	0%
SHELTON STREET SIDEWALK	212,000	-	-	212,000	N/A
DAVIE STREET SIDEWALK	648,000	-	-	648,000	N/A
ROGERS ROAD SIDEWALK SOUTH GREENSBORO ST SIDEWALK DESIGN PHASE 1	1,088,000	-	1,013,011	1,013,011	0%
PROFESSIONAL SVCS	73,000	-	53,563	53,563	0%
PROJECTS COMPLETED	2,432,713	1,178,376	-	-	N/A
TRANSFER TO CAP RES FD	239,988	-	-	318,882	N/A
TOTAL	8,868,688	2,988,351	2,735,531	4,828,568	77%

CAPITAL RESERVE

The Town has established a capital reserve fund to set aside funds for specific purposes and future projects. The Town has set aside funds for specific purposes.

Teal Place Sidewalk Installation - The Town of Carrboro received \$2,000 from the Teal Place Townhouse Association towards construction of the sidewalk.

Brewer Lane Signal Crossings – The Town has been advised to setup signal crossings on Brewer Lane.

Street Resurfacing – The Town sets aside reserves annually for street resurfacing.

Debt Service- funds set aside for debt related to capital projects.

Smith Level Sidewalk project –To cover the cost of sidewalk construction for DOT planned project.

Fire and Police Radio Upgrade - In three years fire and police will need to replace all Motorola radios (136) at an estimated cost of \$819,000. To minimize the financial impact on the Town, the plan is to set aside \$273,000 of assigned fund balance in the Capital Reserve Fund over the next three years specifically to replace these radios.

Undesignated – Revenues generated from unexpended project funds and interest earnings within the fund that have not been designated by the Board.

CAPITAL RESERVE FUND

TOTAL APPROP.	PRIOR YEAR ACTUALS	2015-16 ADOPTED BUDGET	2016-17 ADOPTED BUDGET	CHANGE
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REVENUE

INVESTMENT EARNINGS	-	3,683	-	-	N/A
OTHER	-	1,797	-	-	N/A
FUND BALANCE APPROPRIATION	1,235,338	904,638	1,508,338	757,993	-50%
TOTAL	1,235,338	910,118	1,508,338	757,993	-50%

EXPENDITURE

OTHER	1,235,338	544,806	906,938	757,993	-16%
STREET RE-SURFACING	-	-	601,400	-	-100%
TOTAL	1,235,338	544,806	1,508,338	757,993	-50%

RESERVES AUTHORIZED FOR FOLLOWING:	TOTAL RESERVE
TEAL PLACE SIDEWALK INSTALLATION	2,000
ADAMS TRACT PEDESTRIAN BRIDGE	30,000
BREWER LANE SIGNAL CROSSINGS	15,000
STREET RE-SURFACING	301,000
BOARD ROOM EQUIPMENT	30,099
SMITH LEVEL ROAD SIDEWALKS - DOT LOCAL MATCH	207,000
DEBT SERVICE	-
UNDESIGNATED	172,894
TOTAL RESERVES	757,993

PAYMENT IN LIEU RESERVE

The Payment-in-Lieu Reserve Fund was established in 1985. Developers whose residential developments are required to provide on-site active recreational areas and open space areas may choose to make a payment-in-lieu of providing such facilities with Town approval.

These funds are held in reserve for one of four geographically defined quadrants of the town (where the residential development is located) for use in acquisition and development of recreational facilities, present or future. A requisite of the payment use is that the improvement be reasonably expected to serve the subdivision from which the payment was made.

PAYMENT IN LIEU RESERVE	TOTAL APPROP.	PRIOR YEAR ACTUALS	2015-16 ADOPTED BUDGET	2016-17 ADOPTED BUDGET	CHANGE
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REVENUE

INVESTMENT EARNINGS	293	463	-	-	N/A
OTHER FINANCING SOURCES	-	6,047	-	-	N/A
FUND BALANCE APPROPRIATION	142,977	143,270	149,780	149,780	0%
SUBTOTAL	143,270	149,780	149,780	149,780	0%

EXPENDITURE

TRANSFERS	-	-	-	-	N/A
UNEXPENDED RESERVES	143,270	149,780	149,780	149,780	0%
TOTAL	143,270	149,780	149,780	149,780	0%

RESERVES AUTHORIZED FOR FOLLOWING PURPOSES:	
SIDEWALK: HARLAN GROUP	3,062
SIDEWALK: WILSON PARK DEV	5,180
SOUTH SECTOR	16,530
CENTRAL SECTOR	6,729
DOWNTOWN- UNDESIGNATED	89,569
NORTH SECTOR	2,442
UNRESERVED	26,268
TOTAL	149,780

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FINANCIAL TRENDS

PAST, PRESENT AND FUTURE

The Town monitors its financial condition in various ways, from forecasting future revenue and expenditure trends to aggregating financial information into ratios that provide meaningful data about the Town's fiscal health. The Town is considered to be on solid economic footing. The Town currently holds a credit rating of AAA with Standard and Poor's and Moody's Aa1. These are considered very favorable ratings, particularly for municipalities similar to Carrboro.

The Town's financial condition through the last audited year is evaluated using methodology recommended by the International City/County Management Association (ICMA). This analysis, formally known as FTMS (Financial Trends Monitoring System), offers governments a systematic way to monitor changes and to anticipate future problems.

The town also projects future financial activity based on the most current budget. In forecasting the future, the five-year plan is designed to show the tax rate impact of Town services over the long-term if growth continues at the current rates assumed in the model. The five-year plan provides information about underlying trends in the Town's fiscal position and budgetary trends monitoring key revenue and expenditures, debt and debt ratios, and the impact of capital investments and improvements on the Town's budget. It is used as a tool for reflecting trends rather than actual revenues, expenditures, and tax rates.

Historical Financial Trends

Incorporated in the FTMS analysis are indicators used by credit rating firms that analyze major components of governmental operations (revenue, expenditures, operating position, and debt) to quantify changes or trends in financial condition. Minimum standards are not declared for most indicators. Instead, potential "warning trends" are identified and suggestions for analysis are offered. In a few cases, however, relevant credit industry benchmarks are noted by the FTMS. These benchmarks are identified for each indicator, where relevant, within the report. When analyzing financial conditions, we are attempting to:

- ☆ Maintain existing service levels,
- ☆ Withstand local and regional economic disruption,
- ☆ Meet demands of natural growth, decline, and change,
- ☆ Maintain facilities to protect investment and keep in usable condition,
- ☆ Meet future obligations (debt, leases, etc.), and
- ☆ Take advantage of cost-effective opportunities that may arise.

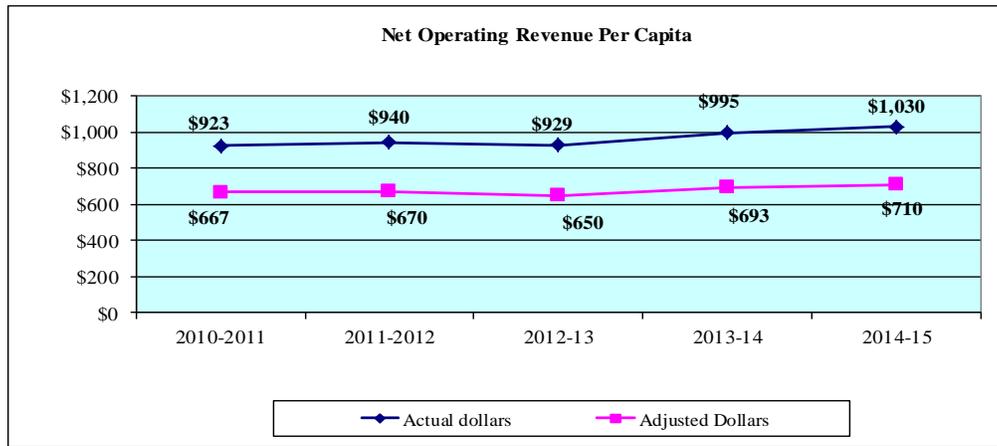
Included with every indicator is a description of the indicator, a table and graphical representation of the trend over the fiscal years for which we have audited budget reports, and an explanation of the implications of that trend for the government and residents of the Town. All the financial figures in the report are taken from the approved annual Town audit reports and other official Town records.

Several indicators used throughout the report present dollar figures that have been adjusted for inflation using the Consumer Price Index (CPI) provided by the Bureau of Labor Statistics. By illustrating figures in constant dollars the effects of inflation are removed. The analyses illustrate historical trends for the General Fund and Special Revenue Funds (Grant Funds and Revolving Loan Fund). All per capita figures were calculated using population figures used by the North Carolina Department of Revenue to distribute sales tax revenue. They, in turn, rely on Census and state demographics information.

Revenue Indicators

Revenues can be analyzed to determine the local government’s capacity to provide services. Important issues to consider in revenue analysis are growth, flexibility, elasticity, dependability, diversity, and administration. Under ideal situations revenues grow at a rate equal to or greater than the combined effects of inflation and expenditures. Revenues should be sufficiently flexible to allow adjustments to changing conditions.

Operating Revenue Per Capita



Year	2010-11	2011-12	2012-13	2013-14	2014-15
Net Operating Revenue (adjusted)	\$13,062,944	\$13,328,336	\$13,277,760	\$14,203,573	\$14,439,376
Population	19,582	19,905	20,433	20,510	20,337
Net Operating Revenue Per Capita (adjusted)	\$667	\$670	\$650	\$693	\$710

Warning Trend: Decreasing operating revenues per capita (constant dollars).

Formula: Operating Revenues per Capita (adjusted dollars)/Population

Description

Examining per capita revenues shows changes in revenues relative to changes in population size. As population increases, it might be expected that revenues and the need for services would increase proportionally, and therefore the level of per capita revenues would remain at least constant in real terms. If per capita revenues are decreasing, the government may be unable to

maintain existing service levels unless it finds new revenue sources or ways to provide existing services more efficiently. The reasoning in both cases assumes that the cost of services is directly related to population size.

Operating revenues, as defined in this chart, are that portion of gross revenues collected by the Town that is available for general municipal operations. Thus, revenues legally restricted to capital improvements or other special purposes are excluded. The only legally restricted revenue deducted to calculate operating revenue is Powell Bill revenue that is used for street resurfacing.

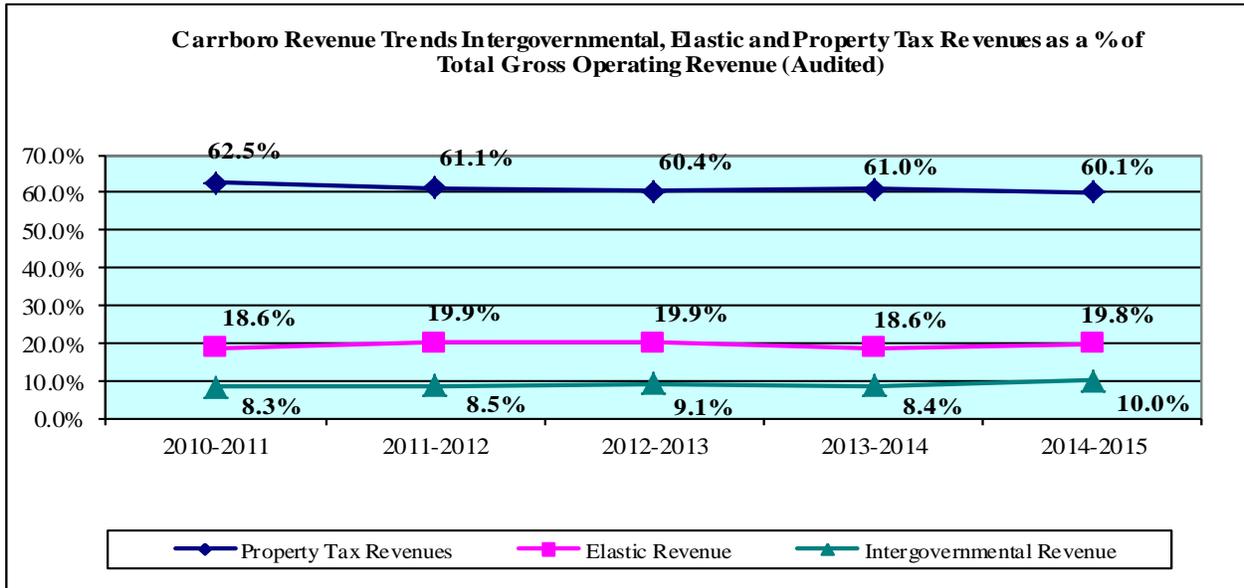
Discussion

In real terms (adjusted for inflation), revenues per capita in Carrboro have experienced a 3.2 percent increase in the past 5 fiscal years. In actual dollars collected (adjusted for inflation), revenue increased by 10.5 percent. Local option sales tax, other taxes and licenses, intergovernmental revenues, permits and fees, and sales and services have increased in the past 5 years. The following chart shows distinct revenue trends as reflected in the Town’s audit reports.

Revenue Source	2015 Revenue Adjusted for Inflation	2011 Revenue Adjusted for Inflation	% Change in Revenue Since 2011	2015 per capita	2011 per capita	% Change Since 2011 (per capita)
Ad valorem taxes	\$8,117,918.07	\$ 8,225,271.26	-1.3%	\$ 399	\$ 420	-5.0%
Local option sales taxes	\$2,687,538.79	\$ 2,249,047.17	19.5%	\$ 132	\$ 115	15.1%
Other taxes and licenses	\$ 955,971.31	\$ 316,570.83	202.0%	\$ 47	\$ 16	190.8%
Intergovernmental revenues	\$1,335,762.36	\$ 918,878.13	45.4%	\$ 66	\$ 47	40.0%
Permits and fees	\$ 869,497.97	\$ 787,474.54	10.4%	\$ 43	\$ 40	6.3%
Sales and services	\$ 189,193.85	\$ 184,160.95	2.7%	\$ 9	\$ 9	-1.1%
Investment earnings	\$ 7,225.02	\$ 45,393.34	-84.1%	\$ 0	\$ 2	-84.7%
Other	\$ 276,268.53	\$ 336,147.51	-17.8%	\$ 14	\$ 17	-20.9%
Total revenues by source	\$14,439,375.91	\$13,062,943.73	10.5%	\$ 710	\$ 667	6.4%

Having a significant impact on the revenue stream is the property tax and sales taxes revenue per capita, representing 75% of the total revenue per capita in 2015. The significant impact of property taxes as a source of revenue is largely a reflection of the state restrictions on the ability of local government to use other types of revenues to support community needs. Investment earnings had the most significant decrease due to the current economic conditions.

Major Revenue Sources



Revenues	2010-11	2011-12	2012-13	2013-14	2014-15
Property Tax	\$ 11,578,630	\$ 11,708,787	\$ 11,754,299	\$12,741,993	\$12,887,757
Elastic Revenue	\$ 3,445,133	\$ 3,820,856	\$ 3,870,059	\$3,894,719	\$4,251,370
Intergovernmental Revenue	\$ 1,537,295	\$ 1,631,211	\$ 1,779,137	\$1,757,458	\$2,148,129
Total Revenue	\$ 16,561,058	\$ 17,160,854	\$ 17,403,495	\$18,394,170	\$19,287,256

Description

This graph reflects the Town’s revenue base composition by property tax, elastic (economically responsive) revenue, and intergovernmental revenue. An increasing reliance on federal and state revenues may signal a warning trend. A balance between property tax and more elastic revenue sources such as sales tax is desirable and considered healthy.

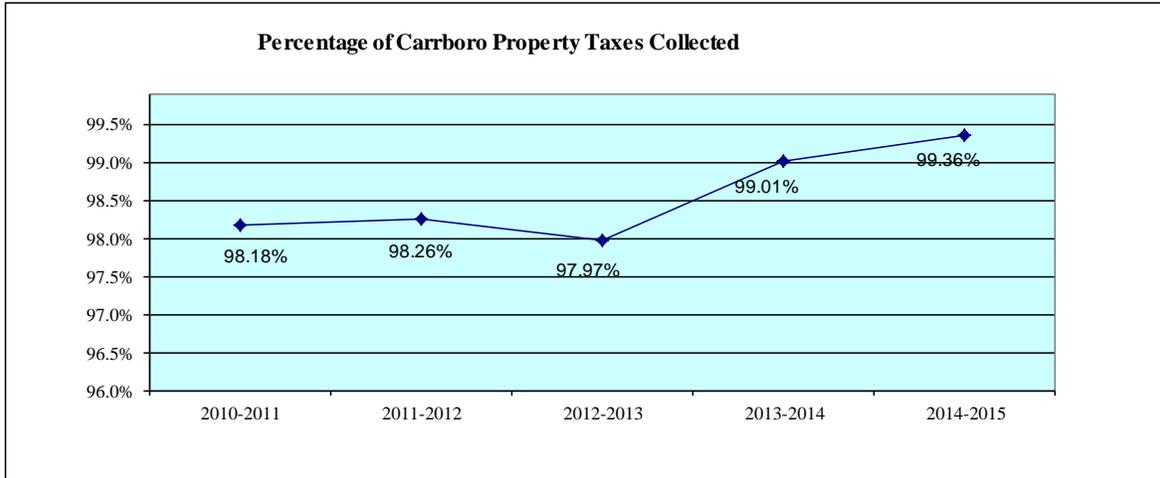
Discussion

As a percentage of total gross operating revenue, all revenues have remained fairly stable. While property tax revenue decreased slightly by .9%, elastic revenues increased 1.2% and intergovernmental revenues increased 1 .6%.

Intergovernmental revenue, as a share of the revenue stream in FY14-15 increased from FY13-14 mainly due to the increase in the utility franchise and the telecommunications sales tax. Other sources of grant funding that increased include the Powell Bill for street resurfacing and salary reimbursement for the Transit Planner.

Elastic revenue had an increase in sales tax; electrical, mechanical and plumbing permits; and engineering fee revenues. The greatest decrease was in building permits and development review fees.

Property Tax Collection Rate



Warning Trend: Decreasing amount of collected property taxes as a percentage of net property tax levy.

Formula: Collected property taxes/Net property tax levy

Description

If the percentage of property tax collected decreases over time, it may indicate overall decline in the local government’s economic health. Additionally, as uncollected property taxes rise, liquidity is decreased, and there is less cash on hand to pay bills or to invest. Credit-rating firms assume that a local government normally will be unable to collect from 2 to 3 percent of its property taxes within the year that taxes are due. If uncollected property taxes rise to more than 5 to 8 percent, rating firms consider this a negative factor because it signals potential instability in the property tax base. An increase in the rate of delinquency for two consecutive years is also considered a negative factor.

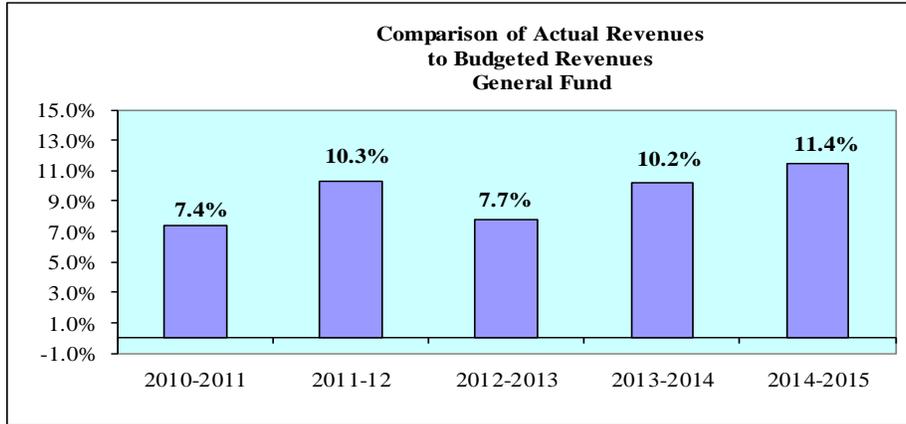
Discussion

The graph above shows that Orange County, which provides continuous assessment services, annual tax collections, and in-house revaluations every four years to both Carrboro and Chapel Hill, has a positive collection rate for the Town’s property tax base. Collections rose to 99.36% in FY2014-15.

Tax Collection Rates in Carrboro and Neighboring Cities

	2010-11	2011-12	2012-13	2013-14	2014-15
Carrboro	98.18%	98.26%	97.97%	99.01%	99.36%
Chapel Hill	99.10%	99.21%	99.24%	99.36%	99.59%
City of Durham	98.70%	98.75%	98.83%	99.00%	99.57%
Hillsborough	97.16%	99.00%	97.61%	98.00%	98.11%

Comparison of Actual Revenues to Budgeted Revenues



	2010-11	2011-12	2012-13	2013-14	2014-15
Budgeted Operating Revenue	\$17,253,999	\$17,391,017	\$18,055,160	\$18,970,318	\$19,236,874
Actual Operating Revenue	\$18,533,066	\$19,176,013	\$19,453,224	\$20,898,471	\$21,432,760
Revenue Variance	\$1,279,067	\$1,784,996	\$1,398,064	\$1,928,153	\$2,195,886
Revenue Variance as % of Budgeted Operating Revenues	7.4%	10.3%	7.7%	10.2%	11.4%

Warning Trend: Increase in revenue shortfalls or surpluses as a percentage of budgeted revenues.

Formula: Revenue Variance/Budgeted Operating Revenues

Description

This indicator examines the differences between revenue estimates and revenues actually received during the fiscal year. Major discrepancies that continue year after year can indicate a declining economy, inefficient collection procedures, changes in the law, or inaccurate estimating techniques. One of the criteria reviewed by Standard and Poor's for the quality of financial management in a local government is financial results compared against original expectations. Variances between budget and actual results are indicative of management's financial planning capabilities over time. The Town aims to have variances exceeding budgeted estimates no larger than 3-5 percent and seeks to avoid shortfalls to maintain the Town's fiscal health as surplus is one critical component of maintaining or improving fund balance levels.

Discussion

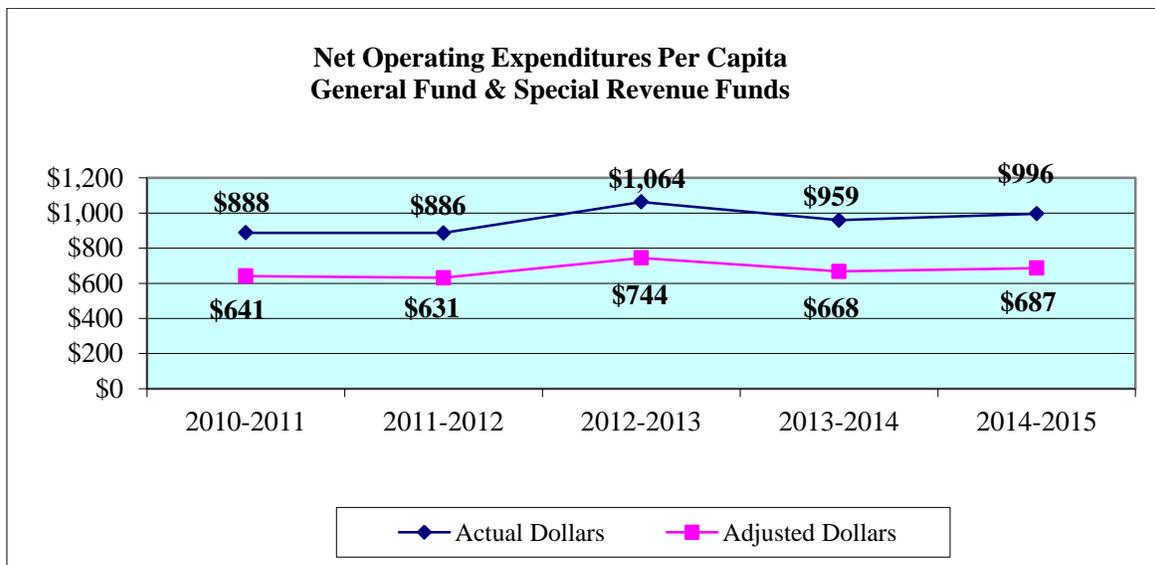
The variances in the graph indicate the Town's conservative approach to estimating revenues. The main increases in FY10-11 were with intergovernmental funds (\$160,115), investment earnings and other revenues (\$357,839). In FY11-12 the major increases in actual revenue include property taxes (\$322,544), permits and fees (\$218,443), and sales tax (\$194,704). In FY 12-13, the main increases were with property taxes (\$215,662), sales tax (\$140,433), and permits and fees (\$201,779). In FY13-14, the main increases were with local option sales taxes

(\$241,307), other taxes and licenses (\$780,830) and restricted intergovernmental revenues (\$134,509). Fiscal year 14-15 had increases in local option sales taxes (\$525,663), other taxes and licenses (\$829,973) and restricted intergovernmental revenues (\$581,077).

Expenditure Indicators

Expenditures are a rough measure of a local government’s service output. Generally, the more a government spends in constant dollars (adjusted for inflation), the more services it is providing. This formula does not take into account how effective the services are or how efficiently they are delivered.

Net Operating Expenditures per Capita



	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
Net Operating Expenditures (Adjusted)	\$12,557,753	\$12,567,744	\$15,208,859	\$13,694,031	\$13,968,450
Population	19,582	19,905	20,433	20,510	20,337

Warning Trend: Increasing net operating expenditures per capita (constant dollars).

Formula: Net Operating Expenditures/Population

Description

Changes in per capita expenditures reflect changes in expenditures relative to changes in population. Increasing per capita expenditures can indicate the provision of new services, rising costs of providing services (or supporting the personnel who provide them), or changes in accounting practices (see next section). If expenditures are greater than can be accounted for by inflation or the addition of new services, it may indicate declining productivity – that is, the government is spending more real dollars to support the same level of services.

Discussion

Net operating expenditures, adjusted for inflation, show an increase in expenditures made by the Town since FY10-11, from \$12,557,753 to \$13,968,450 in FY14-15. When adjusted for the combined impact of inflation and population, per capita spending increased from \$641 in FY10-11 to \$687 in FY 14-15.

Over the past five years, expenditures per capita have fluctuated. The following highlights variations in fiscal years presented in the graph:

FY 2010-11 – Per capita expenditures changed slightly (\$19) from the previous year.

FY 2011-12 - Per capita expenditures decreased \$10 from the previous year.

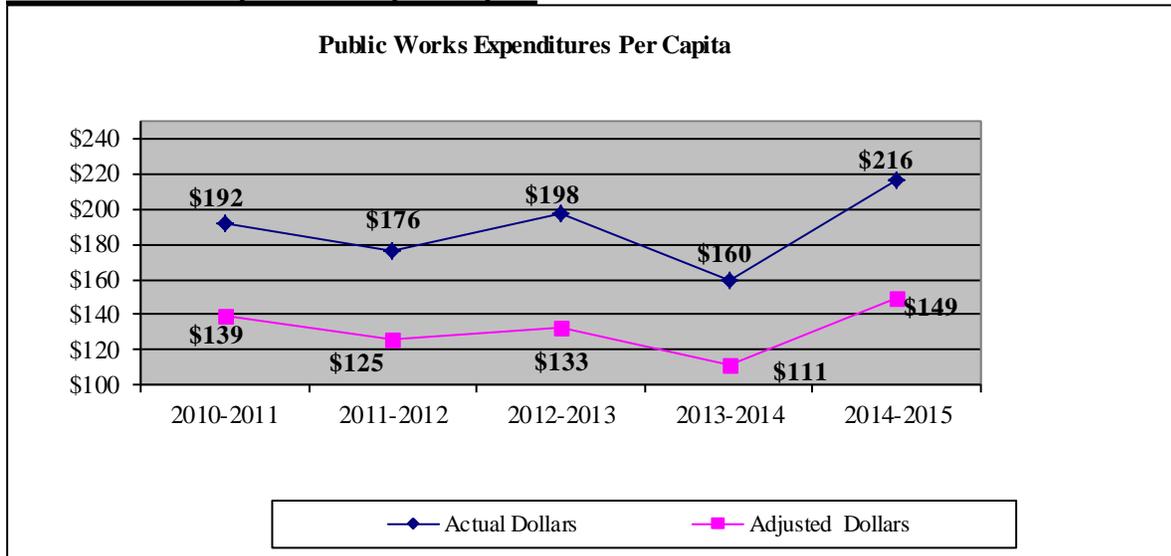
FY 2012-13 – Per capita expenditures increased \$113 due mainly to the transfer of funds to the Capital Projects Fund.

FY 2013-14 – Per capita expenditures decreased \$76 due to reduction in capital expenditures.

FY 2014-15 – Per capita expenditures changed slightly (\$19) from the previous year.

Changes in net operating per capita expenditures can be explained by highlighting events that have contributed to changes in expenditure levels. The following section looks at the various components of expenditures and service levels.

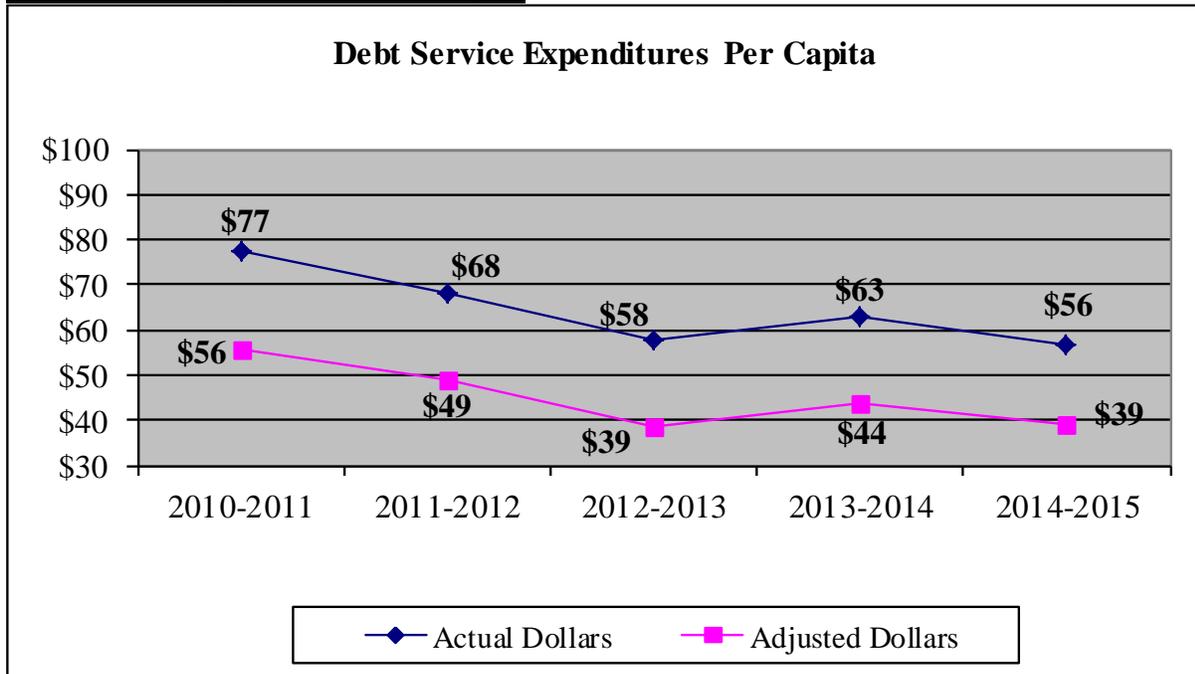
Public Works Expenditures per Capita



In inflation-adjusted dollars, Carrboro’s per capita expenditures on public works have varied. The variability of public works spending is related to ongoing capital and maintenance needs including street maintenance, storm water system repairs, and responding to major natural disasters. The decrease in FY 11-12 is due to the street resurfacing costs from the previous year.

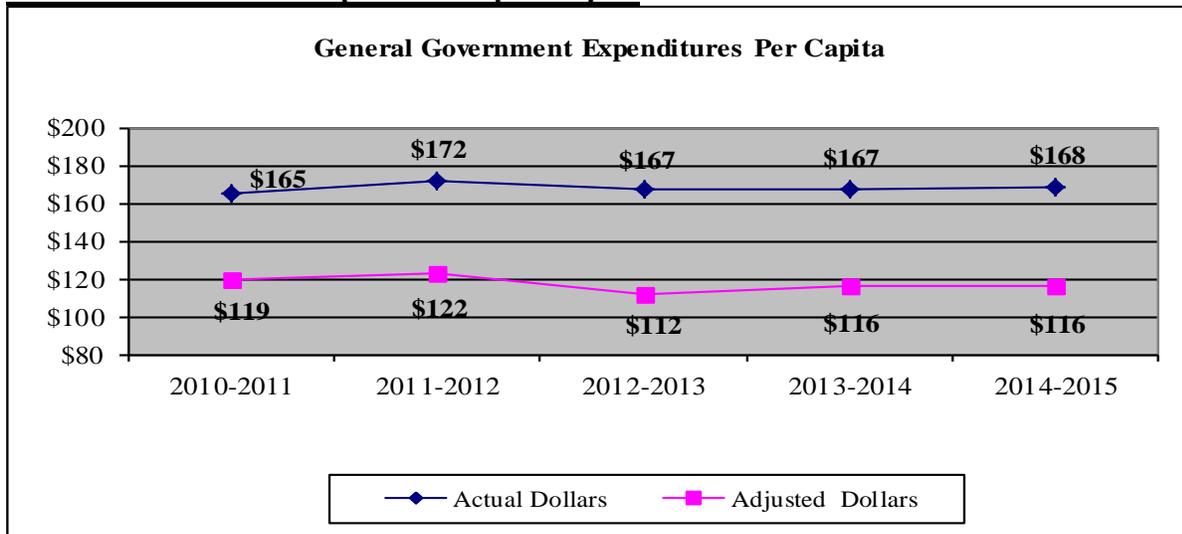
The increase in FY 12-13 is due to the purchase of replacement refuse vehicles and street resurfacing costs. The decrease in FY 13-14 is due to the one-time cost of equipment and street resurfacing costs from the previous year. The increase in FY 14-15 is due to the purchase of new Town signs, contract services for the mulch pile relocation and the purchase of an automated leaf truck.

Debt Service Expenditures Per Capita



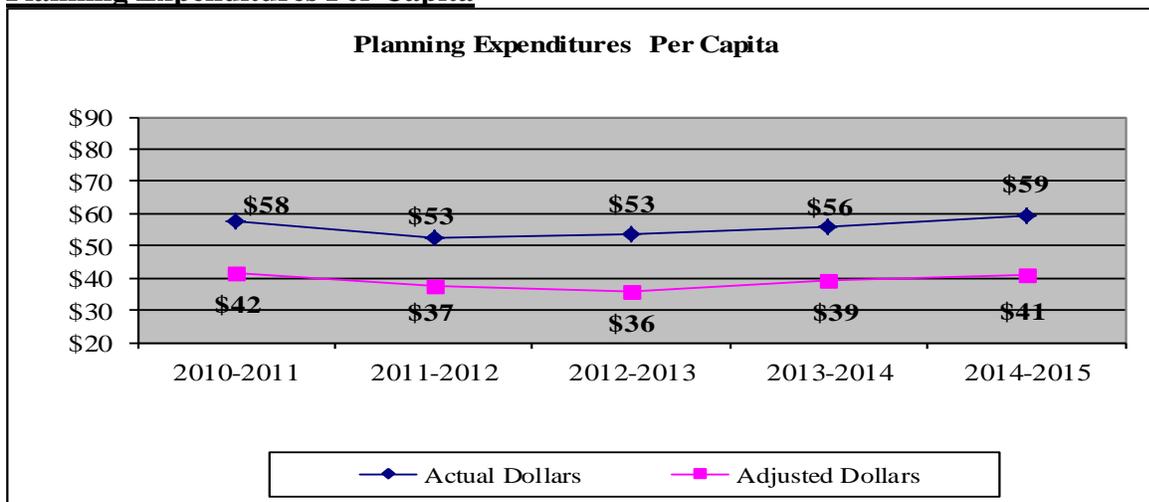
Debt costs include debt paid on general obligation bonds, installment financing for property and town infrastructure as well as equipment and vehicles. The Town has been able to take advantage of retiring debt and low interest rates to borrow for major infrastructure needs and maintain debt service at a relatively constant level. The decrease in costs for FY11-12 is due to a reduction in vehicle and equipment financing. In FY12-13, per capita costs decreased with the payoff of several loans. FY13-14 per capita costs increased with the financing of the sidewalk bonds and increase in equipment and vehicle financing. The decrease in costs for FY 14-15 is due to a decrease in equipment and vehicle financing.

General Government Expenditures per Capita



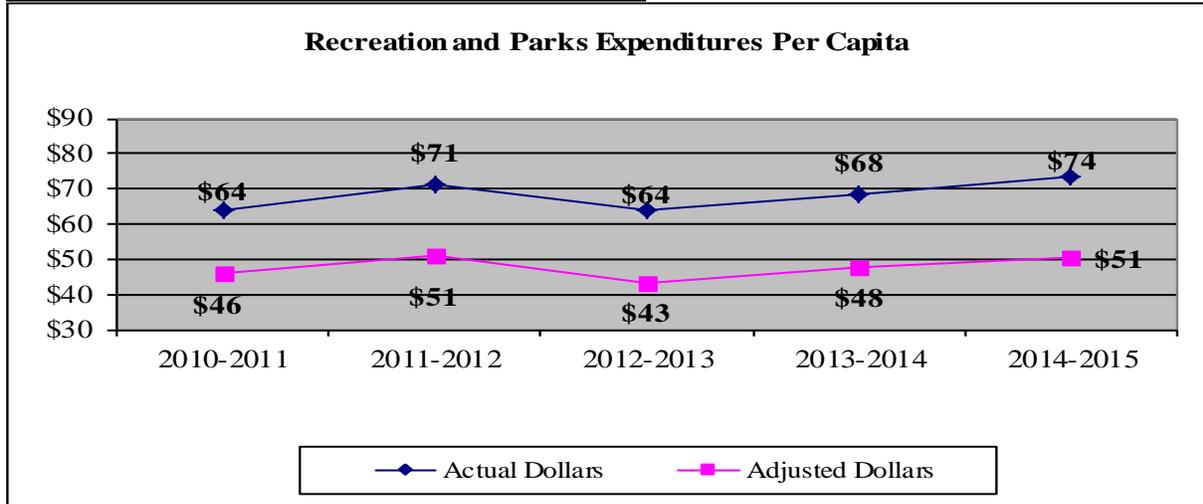
The Town continues to maintain regular replacement of technology infrastructure, support wireless technology, implement mobile laptop technology in police cars, and more recently, purchased an automated record management system for the Police Department. FY 11-12 per capita costs increased slightly due to property and liability insurance costs and various contract services. Per capita costs decreased in FY 12-13 with a decrease in property and liability insurance costs and personnel changes. FY 13-14 and FY 14-15 per capita costs have remained stable.

Planning Expenditures Per Capita



Expenses in FY11-12 decreased due to personnel retirement. Per capita costs in FY 12-13 have remained constant. FY 13-14 and FY 14-15 per capita costs increased due to an increase in engineering services.

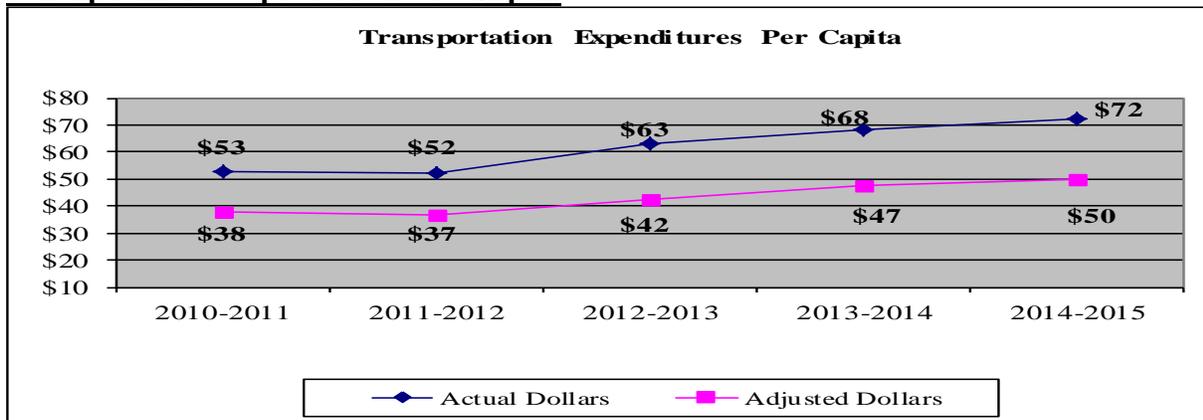
Recreation and Parks Expenditures per Capita



Per capita expenditures adjusted for inflation, have fluctuated over the past 5 years due to the completion of several capital projects and addition of special programs and events.

Expenditures per capita increased in FY11-12 with the construction of the Wilson Park Restroom. In FY 12-13 per capita expenditures decreased due to capital expenditures the previous year. FY 13-14 per capita expenditures increased with additions of special programs and events. The increase in per capita expenditures in FY 14-15 included the resurfacing of the tennis court and basketball court at Anderson Park and the basketball court renovation and expansion at Baldwin Park.

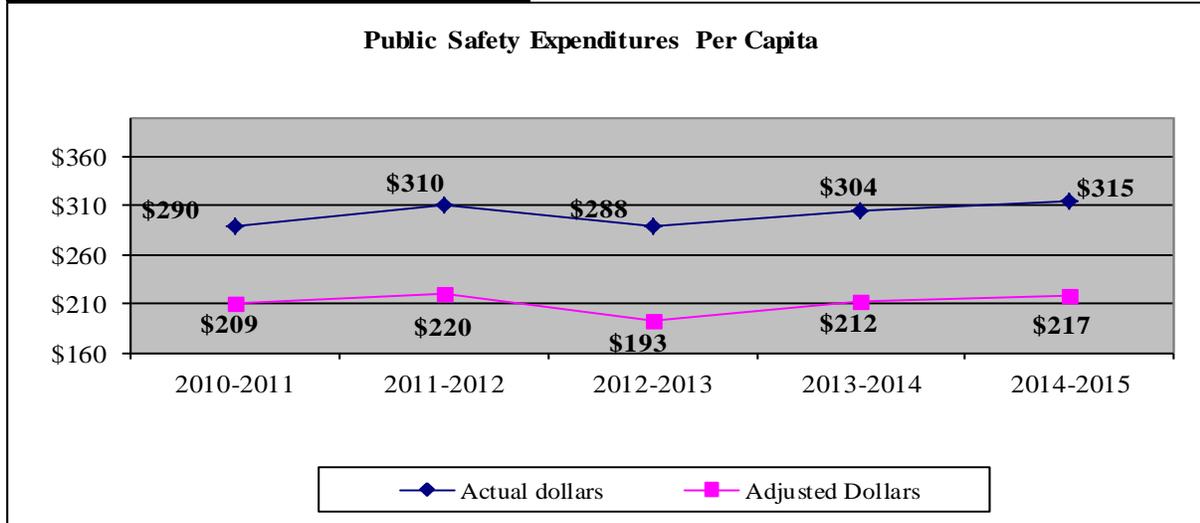
Transportation Expenditures Per Capita



The Town and UNC-Chapel Hill are partners in the transit system administered by the Town of Chapel Hill. Carrboro's contribution into this partnership, adjusted for inflation has remained fairly stable from FY 10-11 to FY 11-12. The transit contract increased in FY12-13 and FY 13-14, due to increased fuel and other ongoing operational costs. The contract increased in FY 14-15 due to the necessity for bus replacements. These increases are primarily due to decreased state and federal pass-through funds that supported the transit, which affected the local match. With a

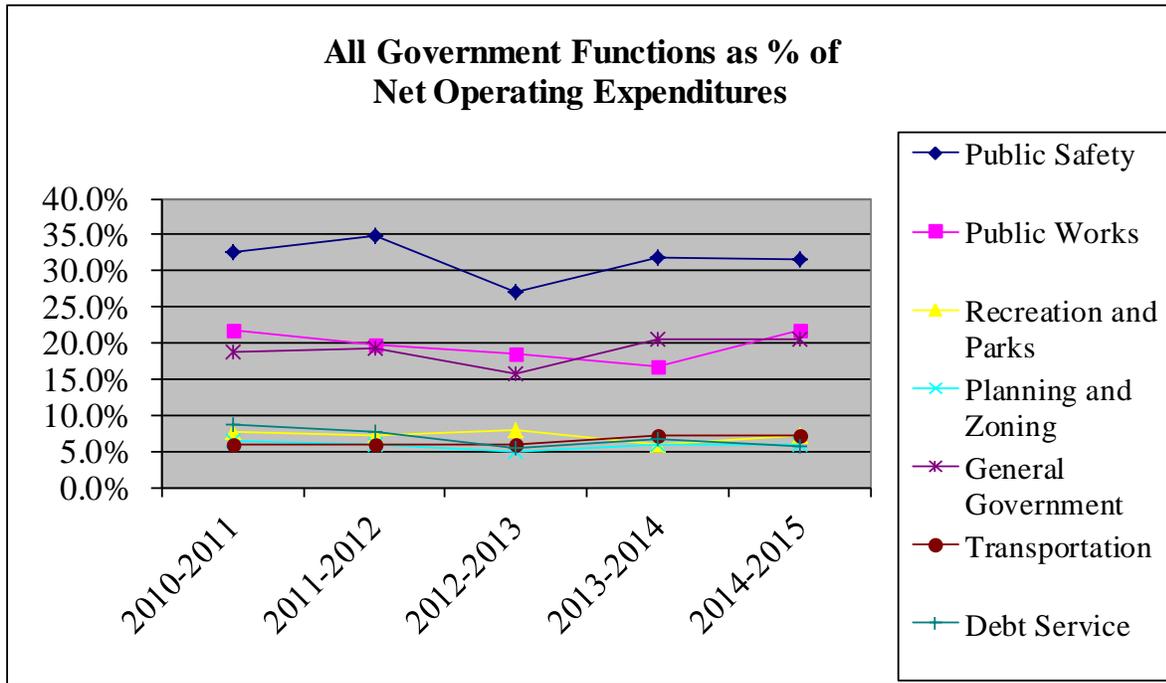
grant and local funds, Shared Ride Feeder services were enabled in areas of Carrboro that do not have regular bus service. Trips are provided between designated bus stops in the “feeder” zones and the nearest bus routes or to another “feeder” service. This service extends largely to the northern areas of town.

Public Safety Expenditures per Capita



Public safety expenditures per capita, adjusted for inflation experienced an increase of \$8 per capita total or an increase of about 4 percent in the past five years. FY 11-12 increased costs were for vehicle replacement, fuel and uniforms. FY 12-13 costs decreased due to deleting the Animal Control position and contracting with Orange County Animal Services. FY 13-14 costs increased with the upgrade of radios. The increase in per capita expenditures in FY 14-15 included the purchase of defibrillators for Century Center and Town Hall and increased cost for replacement vehicles.

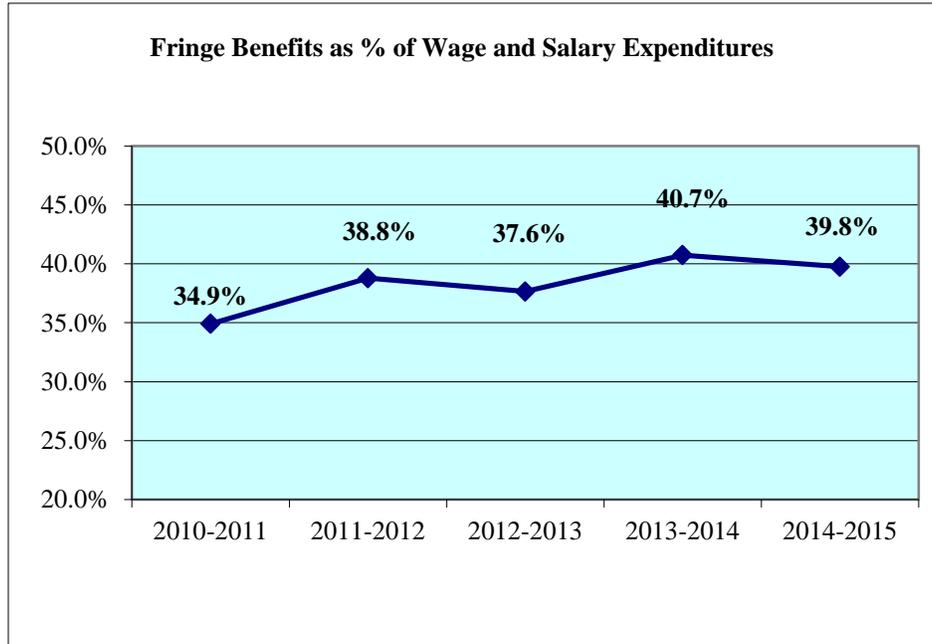
Net Operating Expenditures by Function



The chart above represents the allocation of funding for the various services provided by the Town. Approximately 53 percent of the Town’s spending is dedicated to public safety (fire protection and law enforcement services) and public works (street and sidewalk maintenance; solid waste collections; building, grounds, and parks maintenance; and fleet maintenance).

General government, which largely represents Board functions (Town Clerk, Mayor and Board of Aldermen, nonprofit and advisory boards) and support services (finance, technology, human services, Town Manager), represents approximately 21 percent of total spending. The remainder of the programs (debt service, transportation, planning and recreation programs) combined represent approximately 26 percent of the net operating expenses.

Fringe Benefits



	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
Expenditures for fringe benefits	\$2,662,896	\$2,876,753	\$2,818,270	\$3,201,670	\$3,215,876
Salaries/Wages (FT,PT,OT, Temp)	\$7,655,183	\$7,418,189	\$7,486,057	\$7,858,124	\$8,088,265
Fringe benefits as % of overall wage and salary expenditures	34.8%	38.8%	37.6%	40.7%	39.8%

Warning Trend: Unexplained, uncontrolled, or unanticipated increases in fringe benefit costs may signal a warning trend to credit rating industries.

Formula: Expenditures for Fringe Benefits/Salaries & Wages

Description

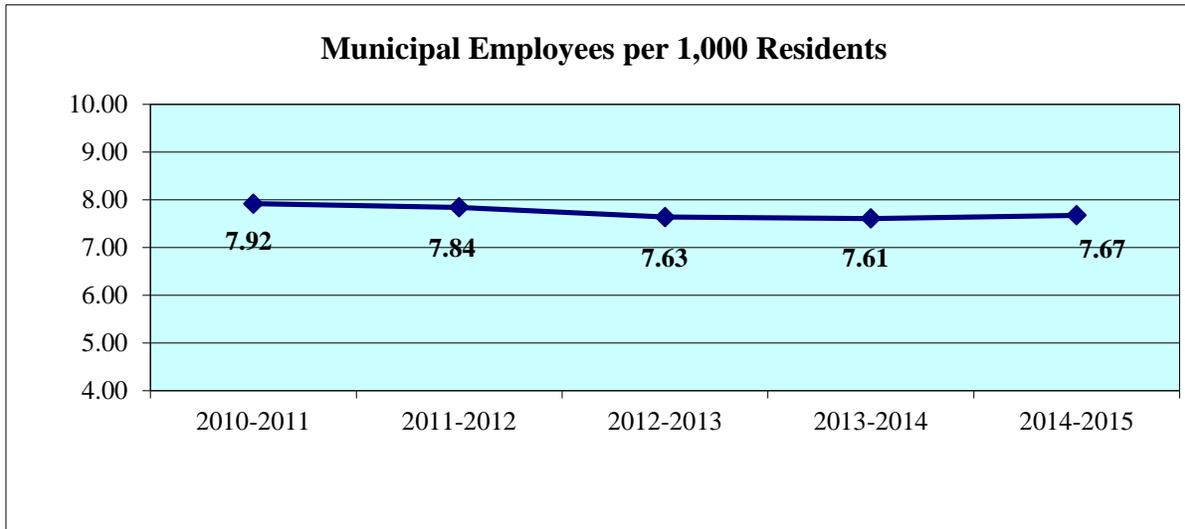
Fringe benefits represent the costs, in addition to salaries and wages, incurred by a jurisdiction to support the personnel it employs. The calculation in this indicator includes FICA payments, health insurance payments, retiree insurance payments, separation allowance payments for retired police officers, retirement payments, and supplemental retirement insurance payments. FICA, retirement, and supplemental retirement benefits are fixed as a certain percentage of salaries and will rise accordingly. Vacation pay and sick leave programs are not considered fringe benefits since both are usually paid out of regular salary expense line items.

Discussion

Fringe benefits, as a percentage of the overall wages and salaries paid in Carrboro, have risen from FY10-11 to FY 13-14. The increase in fringe benefits is largely due to double-digit increases in health insurance costs for employees and retirees. Other factors include an increase in the number of retirees benefiting from the Town’s insurance coverage subsidy therefore

increasing retiree insurance costs, an increase in retiring police officers who are eligible for a separation allowance benefit, additional positions in departments, and an increase in the Town's contribution to the State Retirement Fund. Even though the expenditures for fringe benefits increased in FY 14-15, fringe benefits, as a percentage of the overall wages and salaries decreased based on an increase in salaries and wages.

Municipal Employees per 1,000 Residents



	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
Population	19,582	19,905	20,433	20,510	20,337
Number of municipal employees approved	155	156	156	156	156

Warning Trend: Increasing number of full-time municipal employees per (1,000) capita.

Formula: Number of Municipal Employees (approved)/Population/1000

Description

Because personnel costs are a major portion of a local government's operating budget, plotting changes in the number of employees per capita (or per thousand residents) is a good way to measure changes in expenditures. An increase in employees per capita might indicate that expenditures are rising faster than revenues that the government is becoming more labor intensive, or that personnel productivity is declining.

Discussion

The number of municipal employees per capita has remained relatively stable over the past five years. A Systems Administrator position was added in Information Technology in FY11-12. The changes in FY12-13 and FY 14-15 are based on changes in population.

Work Force Totals Permanent Full-time Equivalent

FY	Mayor & Board	Manager	Economic Development	Clerk	Management Services	Information Technology	Human Resource	Police	Fire	Planning	Public Works	Recreation & Parks	TOTAL
2010-11	0	4	1	1	6		2	44	36	14	36	11	155
2011-12	.5	4	1.5	1	6.5		2	44	36.5	14	36	12.5	158.5
2012-13	.5	5	1.5	1	6.5		2	42	36.5	14	34	12.5	155.5
2013-14	0	5	1.5	1.5	6.5		2	41.5	36.5	14	35	12.5	156
2014-15	0	3	1.5	1.5	6.5	3	2	42	37	14	35	12.5	158
2015-16	0	3	1.5	1.5	7	3	2	42	37	13.5	35	13	158.5
2016-17	0	3	1.5	1.5	6	3	3	42	37	13.5	36	13	159.5

Note: All positions are budgeted within the General Fund

Description of Position Changes

FY10-11 – No position changes.

FY 2011-12 – IT division has been reorganized to report to the Town Manager instead of Management Services.

FY11-12 – No position changes. Reporting changed to FTE instead of positions.

FY 12-13 – Eliminate 4 frozen positions – Maintenance/Construction Worker, Groundskeeper, Police Officer I in Community Services, Police Officer I in Criminal Investigations. Add an Information Technology Support II position and unfreeze Planning/Zoning Specialist position. Began reporting FTEs instead of positions.

FY13-14 – Part-time position moved from Mayor and Board of Aldermen to Town Clerk, eliminated the Animal Control Officer position and added a Solid Waste Operator in Public Works.

FY14-15 – Convert one part-time position in Police Department and one part-time position Fire Department to full-time. Add Assistant to Town Manager position. Move Information Technology from a division within the Manager’s office to a department.

FY15-16 - Two part-time administrative positions (one in finance; and one in recreation and parks) will be converted to full-time. A full-time position in planning has been converted to a part-time GIS position.

FY16-17 – Program Support Assistant II position transferred to Human Resources as Human Resources Representative. A Capital Projects Manager position was added to Public Works.

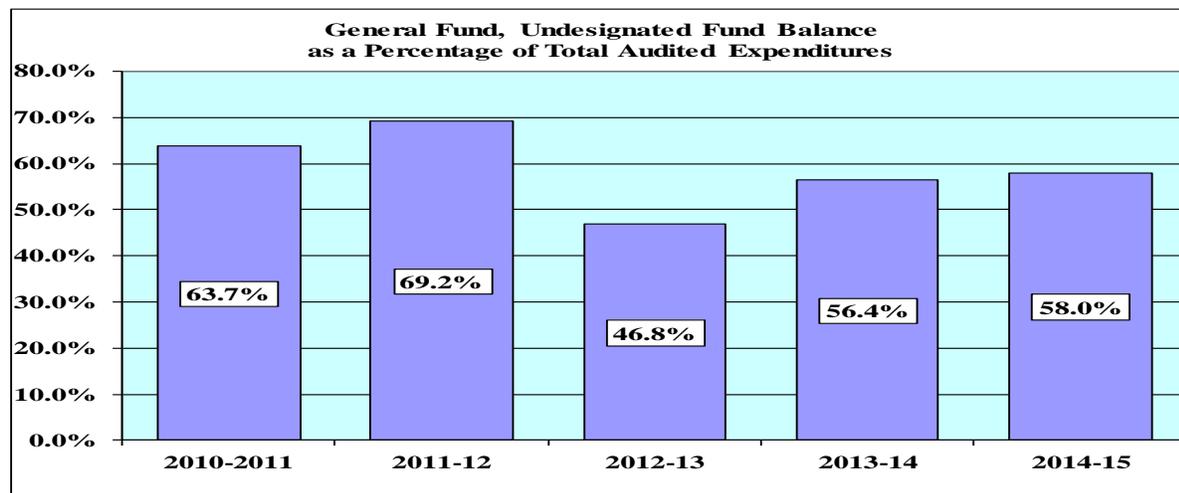
Operating Position Indicators

Revenues and Expenditures have a direct impact on a town's operating position. The term "operating position" refers to a local government's ability to: (1) balance its budget on a current basis, (2) maintain reserves for emergencies, and (3) have sufficient liquidity to pay its bills on time. The primary indicator that is tracked by the Town is fund balance.

Fund Balance

As an accounting calculation, fund balance is the difference between current assets and current liabilities. Unreserved fund balance, also called "*fund balance available for appropriation*," is the maximum amount that can be used to finance expenditures in next year's budget. Available fund balance is also considered a non-recurring financial resource that provides a local government with flexibility. Once used, it is difficult to replace. As a result, it should be protected and maintained at a reasonable level to provide for emergencies, unforeseen shortfalls in revenue, or to take advantage of unforeseen opportunities.

The Local Government Commission (LGC) considers the amount of unreserved fund balance to be one of the key indicators of the financial condition of a town. LGC, as part of the process of reviewing audited financial statements each year, calculates the amount of fund balance available for appropriation in the general fund and the amount of reserves in other funds. The LGC has an 8 percent minimum as a guideline for fund balance but this is not applicable to all governments, especially smaller governments like the Town of Carrboro. The 8 percent ratio is intended to represent 1/12th of a government's operating expenditures. However, 1/12th of a small government's budget is not considered an adequate reserve level due to the sheer small dollar amount that it reflects. The LGC uses, as its guideline for Carrboro, the average unreserved fund balance (commonly referred to as "fund balance available for appropriation (FBAA)" for units with similar populations. If a jurisdiction's unreserved fund balance falls to half of the group average, the LGC will write a letter to alert the Board of Aldermen and Town administration and to advise them that the municipality review the current level of fund balance and determine what fund balance level the municipality should have. Using the latest year available from LGC (year ending June 30, 2015), unreserved fund balance that includes designated and undesignated reserves is at 61.66% in Carrboro. This ratio is slightly higher than the 54.43% average for municipalities with populations of 10,000-49,999.



The graph above illustrates the five-year undesignated fund balance trends. The Town policy is to maintain undesignated reserves within a range of 22.5% to 35% as in its financial policy on fund balance.

Debt / Liability Indicators

Another large expenditure that credit rating industries monitor is the debt load. Debt is an obligation resulting from the borrowing of money. Under favorable conditions, debt:

- ☆ Is proportionate in size and growth to the government’s tax base,
- ☆ Does not extend past the facilities useful life which it finances,
- ☆ Is not used to balance the operating budget,
- ☆ Does not put excessive burdens on operating expenditures, and
- ☆ Is not so high as to jeopardize the credit rating.

The Board has approved a debt policy that addresses guidelines and restrictions affecting the amount, issuance, process, and type of debt issued by a governmental entity. The policy also requires Town staff to monitor various debt ratios that are used to evaluate ability to repay as well as the government’s capacity to incur debt (see Town’s fiscal policies within the Community and Organizational Profile section). The Town’s debt structure primarily consists of installment financing and GO bond debt to support its capital improvements and equipment and vehicle replacements. Debt load is a large expenditure that credit rating industries monitor.

Debt ratios are considered by the LGC and credit rating agencies to ascertain the fiscal health of a municipality. High debt ratios may adversely affect the ability of the Town to obtain the lowest possible interest rate when borrowing funds.

One measure of a unit’s debt capacity is debt expressed in terms of assessed or market valuation. It is important to note, however, the Town’s

Town of Carrboro, North Carolina Computation of Legal Debt Margin June 30 ,2015	
Total assessed valuation at June 30, 2014	\$2,113,902,961
Debt limit – eight percent (8%) of assessed value	\$ 169,112,237
Amount of debt applicable to debt limit	
Net Bonded Debt	\$ 7,248,164
Legal Debt Margin	\$ 161,864,073

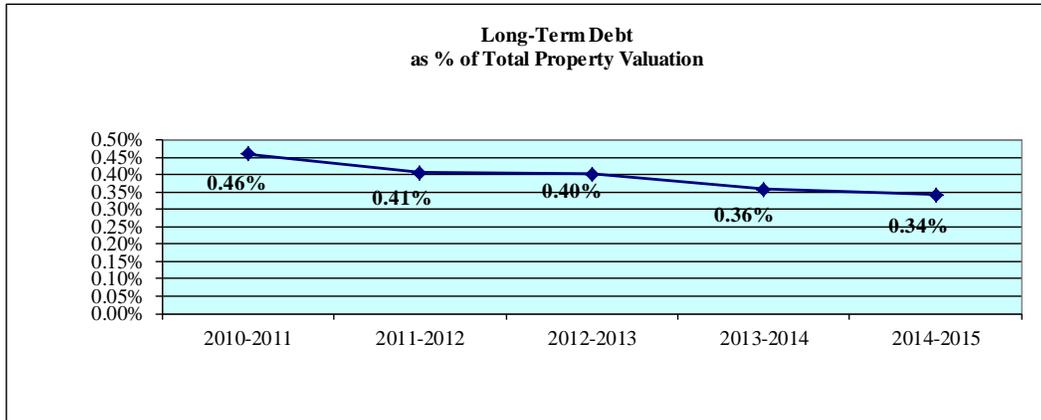
debt is far below the legal limit in the NC General Statutes (GS 159-55) that limits net debt to eight percent (8%) or less of a local government’s total property valuation. Outstanding debt in most governmental units falls well below this limit, and typically ranges from about 1% to 4% for most governments. The legal margin or the maximum amount of outstanding debt allowable by law, based on the June 30, 2015 audited valuation is \$161,864,073.

Debt service, annual interest and principal payments, can be a major part of a government’s fixed costs, and its increase may indicate excessive debt and fiscal strain; credit firms consider debt exceeding 20% of operating revenues as a potential problem. Ten percent is considered acceptable (footnote1). The North Carolina Local Government Commission (LGC) advises that a heavy debt burden may be evidenced by a ratio of General Fund Debt Service to General Fund

¹ “Evaluating Financial Condition, A Handbook for Local Government,” ICMA, Sanford M. Groves and Maureen Godsey Valente, pp 83

Expenditures exceeding 15%. The Town will maintain this ratio at or below 12%, considering this to be a moderate level of debt. In the last audited year, the Town shows that debt expenditures are approximately 5.6% of the total expenditures for the year ending June 30, 2015. The Five-Year Plan shows the percentage of debt service expenditures remaining at or below this level.

Long-Term Debt



	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
Long-Term Debt	\$8,909,304	\$7,995,219	\$8,044,436	\$7,477,109	\$7,248,164
Property Valuation	\$1,939,126,061	\$1,972,777,796	\$2,003,172,468	\$2,088,514,087	\$2,113,902,961

Warning Trend: Increasing ratio of long-term debt to total property valuation.

Formula: Long-term Debt/Total Property Valuation.

Description

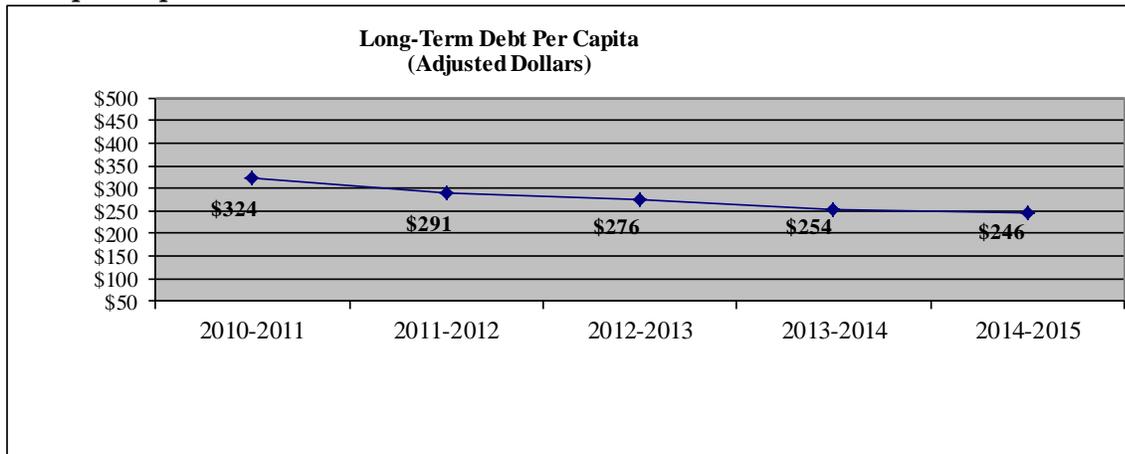
The definition of debt considered by rating agencies is generally limited to bonded debt because of the fact that this debt is backed by the full faith and credit of the town which is represented by the Town’s property valuation. However, given that all debt by the Town is considered a fixed cost and property taxes are the primary revenue source for the Town, the analysis of debt above includes long-term installment financing for infrastructure and land as well as equipment and vehicle debt. An increase in total long-term debt as a percentage of taxable assessed valuation can mean that the government's ability to repay debt is diminishing - assuming that the government depends on the property tax to repay its debts.

Standard and Poor’s (S&P) reviews the level of long-term debt, recognizing that accelerated debt issuance can overburden a municipality. However, S&P also recognizes that a low debt profile may not be a positive credit factor since it may indicate underinvestment in capital facilities. Investment in public infrastructure is believed to enhance the growth prospects of the private sector.

Discussion

For municipalities comparable to Carrboro (populations ranging from 10,000 to 24,999), the average debt-to-assessed valuation ratio (computed by the Local Government Commission) in FY14-15 was .318 percent; a high level is considered 1.656 percent. The debt-to-assessed valuation ratio for Carrboro in the last audited year was .293 percent, which is below the average valuation for jurisdictions of similar size. The LGC includes authorized but unissued debt in its debt ratio formula. The graph above reflects the historical perspective that credit-rating agencies and audit reports consider; only issued debt is calculated in the debt ratio and thus Town debt ratios in the presented graphs are slightly different.

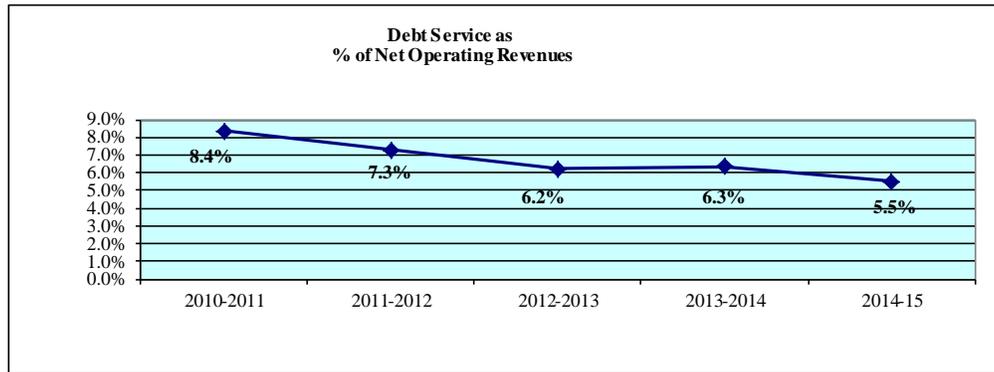
Debt per Capita



Debt can also be monitored on a per capita basis. It is especially useful for communities that do not rely heavily on property taxes and that cannot easily compute a substitute revenue base for comparison (footnote²). This is an indicator that is monitored by the LGC and is useful for comparison with other similar jurisdictions. The average for comparable jurisdictions in FY14-15 was \$313 per capita; \$2,707 per capita is considered a high ratio. According to the LGC, the Town's ratio of outstanding general obligation bond debt which includes authorized and unissued general obligation bond debt and installment purchase debt is \$300 per capita. The graph above shows a lower per capita figure that is based on different assumptions than LGC. This figure is adjusted for inflation, relies on actual audited valuation, and does not include authorized but unissued debt. However, the message is the same as the LGC; the outstanding debt owed (principal) is increasing. In FY11-12 the decrease is due to the expiration of lease-purchase commitments and debt. The decrease in FY12-13 is due to the payoff of several loans. The decreases in FY13-14 and FY14-15 are due to lease-purchase of fewer vehicles and equipment.

² Evaluating Financial Condition, A Handbook for Local Government," ICMA, Sanford M. Groves and Maureen Godsey Valente, pp 81

Debt Service



	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
Debt Service	\$1,511,630	\$1,360,087	\$1,183,033	\$1,292,484	\$1,148,954
Net Operating Revenue	\$18,083,033	\$18,714,317	\$18,975,247	\$20,410,534	\$20,801,526

Warning Trend: Increasing debt service as a percentage of operating revenue.

Formula: Debt Service/Operating Revenue

Description

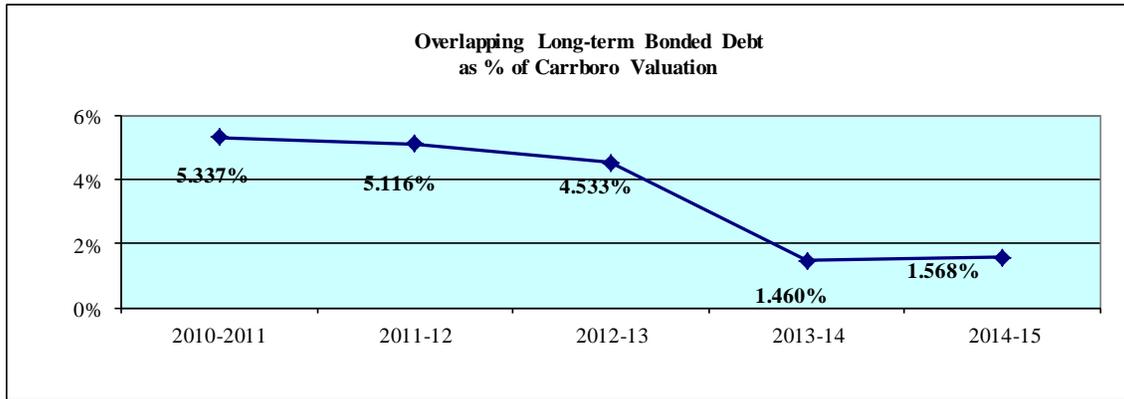
Debt service is defined here as the amount of principal and interest that a local government must pay each year on its long-term debt plus the interest it must pay on short-term debt. Increasing debt service reduces expenditure flexibility by adding to the government's obligations.

According to the ICMA, debt service under 10 percent of net operating revenue is considered acceptable while anything approaching 20 percent is considered excessive. Debt service can be a major part of a government's fixed costs, and increases may indicate excessive debt and fiscal strain.

Discussion

The graph shows that debt expenditures are approximately 5.5 percent of net operating revenues in FY14-15. This ratio, while different in focus than the Town's debt policy which monitors debt service as a percentage of expenditures, tells a similar story of relatively stable debt service that is below the stated ceiling of 12%. In January 2013 the Town issued \$4.6 million of general obligation bonds which required principal and interest payment beginning in FY 2013-14.

Overlapping Debt



	2010-11	2011-12	2012-13	2013-14	2014-15
Carrboro Debt	\$0	\$5,405,219	\$4,600,000	\$4,350,000	\$4,100,000
Orange County Debt	\$103,490,000	\$95,520,000	\$86,205,000	\$26,132,240	\$29,040,646

Warning Trend: Increasing overlapping debt as a percentage of total assessed property valuation.

Formula: Carrboro Long-Term Debt Plus Orange County Long-Term Debt/Carrboro Assessed Property Valuation

Description

Overlapping debt is the net direct bonded debt of another jurisdiction that is issued against a tax base within part or all of the boundaries of the community. The level of overlapping debt is only that debt which is applicable to the property shared by the two jurisdictions. The overlapping debt indicator measures the ability of the community’s tax base to repay the debt obligations issued by all of its governmental and quasi-governmental jurisdictions.

Discussion

The overlapping debt ratio does not present any warning signs. From FY10-11 to FY13-14, the overlapping debt rate for Orange County has decreased. In FY14-15 the overlapping debt rate for Orange County has begun to increase.

Current Town Financial Condition

The Town's current financial condition is very strong. The Town has consistently maintained a fund balance exceeding 35% of total expenditures. At June 30, 2015 the Town had an unassigned and assigned fund balance of 72% of total expenditures. For the last eight years including the FY 2016-17 recommended budget, the Town has been able to maintain service levels without a property tax increase.

Future Trends

The Town makes projections about future costs based on the most recent adopted budget and the Capital Improvements Plan (CIP). This is a tool for reflecting trends rather than actual revenues, expenditures, and tax rates. The five-year plan is designed to show the tax rate impact of town services over the long-term if growth continues at the current rates assumed in the model. The projections contained in the plan are best estimates based upon current information and the assumptions outlined within this section. The model is built with a fund balance objective of maintaining undesignated fund balance levels at a minimum of twenty-two and one-half percent (22.5%) of budgeted expenditures. The Town Manager's goal is to keep tax rates at the lowest possible level while continuing to provide a high level of services. The assumptions built into this model are very conservative, projecting slow growth in the revenue base while continuing to fund expenditures at historical levels or higher, creating a budgetary gap that in the model, is filled by anticipated revenue increases.

Revenues

The five-year projected tax rates in past years have been significant but have not generally materialized at projected levels. This has been due primarily to lower overall spending, and lower debt services costs associated various capital projects and vehicle financing due to lower interest rates, and changes in timing of capital projects (such as the fire substation, land acquisition, and parking lot purchases). In January 2013, the Town issued \$4.6 million of general obligation bonds for the construction of sidewalks and greenways.

In addition to property and sales tax revenues, the Town includes projections for certain intergovernmental revenues collected by the state that are distributed to local governments based upon a formula. These intergovernmental revenues include utility franchise, telecommunications sales tax, and natural piped gas taxes. The Town also receives occasional grant funding for specific projects or programs.

Fund balance is used to balance the budget and to minimize tax increases. Budgets are balanced with the goal of maintaining the undesignated fund balance within the range of 22.5% to 35% of total expenditures. Undesignated fund balance was 45% of total expenditures on June 30, 2015. This reflects a healthy fund balance level above the established policy that may provide some options to offset some of the committed capital costs in future years.

Below is a summary projected property tax rates and general fund revenues through FY 2020-21.

	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
	Adopted Budget	Adopted Budget	Projected			
ESTIMATED VALUE PER ONE CENT LEVY	208,831	213,186	215,253	219,558	223,949	228,428
REQUIRED RATE PER \$100 VALUATION	58.94	58.94	58.94	58.94	58.94	58.94

GENERAL FUND REVENUES

AD VALOREM TAXES	\$12,315,470	\$12,393,363	\$13,007,746	\$13,267,901	\$13,533,259	\$13,803,924
LOCAL SALES TAX	3,825,686	3,978,713	4,424,802	4,513,298	4,603,564	4,695,636
OTHER TAXES/LICENSES	879,378	1,417,527	1,445,878	1,474,795	1,504,291	1,534,377
UNRESTRICTED INTERGOVERNMENTAL	875,593	1,254,520	1,267,065	1,279,736	1,292,533	1,305,459
RESTRICTED INTERGOVERNMENTAL	611,751	641,816	648,234	654,717	661,264	667,876
FEES AND PERMITS	1,233,402	1,245,095	1,269,997	1,295,397	1,321,305	1,347,731
SALES AND SERVICES	263,790	259,596	264,788	270,084	275,485	280,995
INTEREST EARNINGS	1,078	1,110	1,121	1,132	1,144	1,155
OTHER REVENUES	143,458	153,752	158,365	163,115	168,009	173,049
LEASE PURCHASE PROCEEDS	621,180	411,306	750,000	750,000	750,000	750,000
OTHER TRANSFERS	176,945	0	0	0	0	0
FUND BAL APPROP	624,916	275,559	1,149,463	1,237,607	1,453,675	1,938,286
GENERAL FUND TOTAL REVENUES	\$21,572,647	\$ 22,032,357	\$24,387,459	\$24,907,782	\$25,564,530	\$26,498,488

Assumptions used in revenue projections are as follows:

Ad Valorem Tax Base	2% per year thereafter
Local Sales Tax	2% per year
Other Taxes and Licenses	2% per year
Unrestricted Intergovernmental	1% per year
Restricted Intergovernmental	1% per year
Fees and Permits	2% per year
Sales and Services	2% per year
Interest Earnings/Other Revenue	1% per year
Lease Purchase Proceeds	Assumes level amount each year
Fund Bal Appropriated	All other Fund Balance appropriated per financial policy.

General Fund Operating Expenditures

Personnel costs represent over half of the budget, which underscores the nature of government as a service industry and the primary asset is the people who work for it. Consequently, the five-year plan is impacted by assumptions regarding employee salaries and related expenses. For FY 2016-17 the Town has 159.5 full-time equivalent positions with no additional positions projected in future years. The assumptions within the plan assume an average 2% increase in salaries and a 10% increase in fringe benefits.

The five-year plan generally shows operating expenditures at rates that mirror historical trends and commitments of the Town for specific policy or capital initiatives.

	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
GENERAL FUND	Adopted Budget	Adopted Budget	Projected			
SALARY/WAGES	\$8,462,424	\$8,979,715	\$9,159,309	\$9,342,495	\$9,529,345	\$9,719,932
FRINGE BENEFITS	3,456,483	3,614,555	3,976,011	4,373,612	4,810,973	5,292,070
TOTAL PERSONNEL	\$11,918,907	\$12,594,270	\$13,135,319	\$13,716,107	\$14,340,318	\$15,012,002
GEN OPERATING COSTS	\$5,032,289	\$4,003,842	\$4,123,957	\$4,247,676	\$4,375,106	\$4,506,359
AFFORDABLE HOUSING	34,750	764,960	787,909	811,546	835,892	860,969
GOV'NANCE SUPPORT	334,856	400,815	412,839	425,225	437,981	451,121
LANDFILL FEES	309,867	310,900	326,445	342,767	359,906	377,901
TRANSPORTATION COSTS	1,540,288	1,720,288	1,806,302	1,896,618	1,991,448	2,091,021
HUMAN SERVICES	220,000	250,000	262,500	275,625	289,406	303,877
TRANSFERS TO OTHER FUNDS, MISC.	301,000	250,000	250,000	250,000	250,000	250,000
TOTAL OPERATING COSTS	\$7,773,050	\$7,700,805	\$7,969,953	\$8,249,456	\$8,539,740	\$8,841,248

The expenditure assumptions are:

- Salary and Wages* 2% per year and maintain current 158.5 FTEs
- Fringe Benefits* 10% increase per year
- General Operating Costs* 3% per year
- Affordable Housing* 3% per year
- Governance Support* 3% per year
- Landfill Fees* 5% per year
- Transportation Costs* 5% per year following recommended budget
- Human Services* 5% per year
- Transfers To Other Funds* Assume level funding of transfer to Capital Reserve for street re-surfacing

Capital Investments

The Board adopts a Capital Improvements Plan (CIP) annually and the five-year plan assumptions consider the capital needs identified in the CIP. The Town, due to limited resources, will continue to prioritize capital needs as opportunities and funding arises. In the adopted CIP for FY 2015-16 through FY 2021-22 the need for capital investment totals \$49.3 million. Below is the CIP identified capital investments by fiscal year.

- FY 2015-16 \$4.0 million
- FY 2016-17 \$8.9 million
- FY 2017-18 \$5.6 million
- FY 2018-19 \$3.7 million
- FY 2019-20 \$1.9 million
- FY 2020-21 \$2.2 million
- Beyond FY 2021-22 \$17.0 million

The Board regularly allocates funding for street resurfacing and other construction projects. The amount needed to cover street resurfacing costs is anticipated to increase the next five years. The purchase of vehicles and equipment to maintain day-to-day services is expected to increase due to delayed replacements in prior years.

Past CIPs anticipated increased pressure on the tax rate when the Town issued the \$4.6 million general obligation bonds approved by the voters for construction of sidewalks and greenways. However, after evaluating its debt portfolio the Town elected to pay off some old debt before maturity that had interest rates higher than the current market. This allowed the Town to maintain a level rate of debt service. Other than vehicle and equipment installment financing, the Town does not plan to issue any major debt for the next three to five years.

In monitoring the Town’s financial position via fund balance ratios, it is clear that there are limited resources which will require prioritization of capital improvement and operating plans to meet the Town’s most pressing needs.

Below is a summary of the Town’s current debt service payments projected through FY 2020-21. Although the CIP includes proposed debt financing in future years, the Town does not anticipate issuing additional debt at this time.

DEBT PAYMENTS	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
LEASE-PURCHASE DEBT SERVICE - EQP/VEHICLES	533,237	617,729	669,044	645,081	671,067	540,336
INSTALLMENT PURCHASE, LONG TERM DEBT	298,237	262,964	280,600	271,781	262,963	254,145
SIDEWALKS & GREENWAYS - GO BONDS	338,286	340,000	332,500	327,500	322,500	317,500
TOTAL DEBT PAYMENTS	\$1,169,760	\$1,220,693	\$1,282,144	\$1,244,362	\$1,256,530	\$1,111,981

Current outstanding debt:

OUTSTANDING DEBT	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
INSTALLMENT PURCHASE, LONG TERM DEBT	1,841,667	1,625,000	1,408,333	1,191,667	975,000	758,333
CAPITAL LEASE (PROJECTED)	2,356,440	2,429,506	2,444,556	2,196,436	768,789	435,706
GO SIDEWALKS & GREENWAYS	3,850,000	3,600,000	3,350,000	3,100,000	2,850,000	2,600,000
TOTAL OUTSTANDING DEBT	\$8,048,107	\$7,654,506	\$7,202,889	\$6,488,103	\$4,593,789	\$3,794,039

	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
% DEBT TO ASSESSED VALUATION	0.38%	0.36%	0.33%	0.29%	0.20%	0.16%
DEBT PER CAPITA	\$280	\$268	\$250	\$223	\$197	\$172
% DEBT SVC TO TOTAL BUDGET	5.6%	5.6%	5.4%	5.2%	5.1%	4.3%
POPULATION	20,337	20,337	20,744	21,159	21,582	22,013
ASSESSED VALUATION	\$ 2,109,399,228	\$ 2,153,392,411	\$ 2,196,460,259	\$ 2,240,389,464	\$ 2,285,197,254	\$ 2,330,901,199

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LINE-ITEM BUDGET DETAIL...

Mayor and Board of Aldermen

DESCRIPTION	2014-15 ACTUAL	2015-16 ADOPTED BUDGET	2016-17 ADOPTED BUDGET	PCT CHANGE
PART TIME SALARIES	\$71,404	\$72,298	\$73,702	1.9%
TEMP. SALARY	1,019	5,000	5,000	0.0%
FICA	5,558	5,531	5,638	1.9%
INSURANCE	15,007	7,731	16,687	115.8%
TRAINING	304	2,000	2,000	0.0%
LEGAL SERVICES	135,721	140,000	140,000	0.0%
CONFERENCES	2,749	3,500	3,500	0.0%
POSTAGE	1,986	300	300	0.0%
TRAVEL	3,971	5,000	5,000	0.0%
PRINTING	300	500	500	0.0%
OFFICE SUPPLIES	269	300	300	0.0%
DEPARTMENTAL SUPPLIES	1,944	2,000	2,000	0.0%
CONTRACTUAL SERVICES	8,787	10,500	10,500	0.0%
ELECTIONS	0	15,000	0	0.0%
DUES AND SUBSCRIPTION	2,489	3,000	3,000	0.0%
CONTINGENCY	0	10,000	10,000	0.0%
TOTAL	251,552	282,660	278,127	-1.6%

Advisory Boards

DESCRIPTION	2014-15 ACTUAL	2015-16 ADOPTED BUDGET	2016-17 ADOPTED BUDGET	PCT CHANGE
TRAINING	\$0	\$500	\$500	0.0%
APPEARANCE COMMITTEE	22	200	200	0.0%
PLANNING BOARD	184	500	500	0.0%
BOARD OF ADJUSTMENT	0	200	500	150.0%
PARKS & RECREATION COMMITTEE	420	2,400	2,400	0.0%
TRANSPORTATION BOARD	486	500	500	0.0%
HUMAN SERVICES COMMISSION	300	300	300	0.0%
NORTHERN AREA TRANSITION BOARD	0	200	200	0.0%
RECOGNITION BANQUET	2,890	3,500	3,500	0.0%
ECONOMIC SUSTAINABILITY COMMISSION	0	500	500	0.0%
GREENWAY COMMISSION	0	500	500	0.0%
SAFE ROUTES TO SCHOOL	0	250	250	0.0%
ART COMMITTEE	1,836	7,000	7,000	0.0%
ENVIORNMENTAL ADVISORY BOARD	490	500	500	0.0%
YOUTH ADVISORY BOARD	0	0	500	N/A
TOTAL	6,628	17,050	17,850	4.7%

Governance Support

DESCRIPTION	2014-15 ACTUAL	FY 2015-16 ADOPTED BUDGET	2016-17 ADOPTED BUDGET	PCT CHANGE
TRIANGLE J COUNCIL	\$7,862	\$8,700	\$9,000	3.4%
NC LEAGUE OF MUNICIPALITIES	16,566	17,960	18,000	0.2%
INSTITUTE OF GOVERNMENT	2,304	2,450	2,450	0.0%
ART CENTER	15,000	15,300	15,300	0.0%
HUMAN SERVICES GRANTS	200,000	220,000	250,000	13.6%
EMPOWERMENT, INC	0	0	5,000	0.0%
LEAGUE OF WOMEN VOTERS	0	250	250	0.0%
COMMUNITY DINNER	500	500	500	0.0%
ORANGE COUNTY HOUSING	35,000	64,000	75,052	17.3%
LIBRARY PROJECT	4,000	4,000	4,000	0.0%
THE PEOPLES CHANNEL	7,143	32,000	32,000	0.0%
METROPOLITAN COALITION	2,679	7,853	8,009	2.0%
COMMUNITY OUTREACH	41,970	36,970	36,970	0.0%
HOME CONSORTIUM MATCH	9,823	10,525	9,716	-7.7%
CD & MEMORABILIA SHOW	2,297	0	0	0.0%
ECONOMIC DEVELOPMENT INCENTIVE	0	0	14,000	N/A
ALLIANCE FOR INNOVATION	1,860	2,000	2,000	0.0%
PARTNERSHIP TO END HOMELESS	15,942	16,068	16,068	0.0%
CARRBORO TOURISM AND DEVELOPMENT AUTHORITY	155,570	116,280	152,000	30.7%
UNC GOOD NEIGHBOR PROGRAM	0	0	500	N/A
TOTAL	518,516	554,856	650,815	17.3%

Town Manager

DESCRIPTION	2014-15 ACTUAL	2015-16 ADOPTED BUDGET	2016-17 ADOPTED BUDGET	PCT CHANGE
SALARIES	\$242,602	\$242,096	\$247,006	2.0%
SERVICE BENEFIT	868	868	868	0.0%
TEMP. SALARY	2,913	0	7,000	0.0%
FICA	17,081	16,305	16,574	1.6%
INSURANCE	26,801	26,518	33,195	25.2%
DISABILITY INS	237	237	237	0.0%
RETIREMENT	17,645	16,148	17,908	10.9%
SUPPLMENTAL RETIREMENT	7,490	7,263	7,410	2.0%
CAR ALLOWANCE	6,050	6,000	6,000	0.0%
TRAINING	493	4,030	4,030	0.0%
CONFERENCES	2,180	3,400	3,400	0.0%
POSTAGE	26	100	175	75.0%
TRAVEL	2,883	5,000	3,000	-40.0%
PRINTING	98	100	100	0.0%
OFFICE SUPPLIES	723	500	500	0.0%
DEPARTMENTAL SUPPLIES	2,976	1,200	1,200	0.0%
CONTRACTUAL SERVICES	1,470	2,000	47,000	2250.0%
DUES AND SUBSCRIPTION	1,625	2,240	2,240	0.0%
MISCELLANEOUS	0	25,000	25,000	0.0%
TOTAL	334,161	359,005	422,843	7.1%

Economic and Community Development

DESCRIPTION	2014-15 ACTUAL	2015-16 ADOPTED BUDGET	2016-17 ADOPTED BUDGET	PCT CHANGE
SALARIES	\$81,641	\$81,072	\$83,713	3.3%
SERVICE BENEFIT		0	248	0.0%
PART TIME SALARIES	18,346	18,374	18,711	1.8%
FICA	7,627	7,622	7,850	3.0%
INSURANCE	7,480	7,366	8,265	12.2%
DISABILITY INS	127	180	180	0.0%
RETIREMENT	7,077	6,529	7,312	12.0%
SUPPLMENTAL RETIREMENT	2,452	2,432	2,511	3.2%
TRAINING	665	2,000	0	-100.0%
CONFERENCES	0	0	2,800	0.0%
POSTAGE	153	600	600	0.0%
TRAVEL	984	1,000	200	-80.0%
PRINTING	297	600	600	0.0%
ADVERTISING	5,666	1,000	3,000	200.0%
OFFICE SUPPLIES	0	600	600	0.0%
DEPARTMENTAL SUPPLIES	290	2,050	1,000	-51.2%
CONTRACTUAL SERVICES	21,202	49,800	47,785	-4.0%
HOLIDAY EVENT	0	0	1,500	0.0%
CD & MEMORABILIA SHOW	0	2,400	2,800	16.7%
LOCAL LIVING ECONOMY INITIATIVE	6,864	10,000	6,000	-40.0%
ENTREPRENEURIAL INITIATIVE	5,000	4,000	4,000	0.0%
ECONOMIC DEVELOPMENT INCENTIVE	5,000	0	5,305	0.0%
300 E MAIN PARKING	67,500	46,630	45,000	-3.5%
DUES AND SUBSCRIPTION	579	1,000	1,000	0.0%
TOTAL	238,949	245,255	250,980	2.3%

Town Clerk

DESCRIPTION	2014-15 ACTUAL	2015-16 ADOPTED BUDGET	2016-17 ADOPTED BUDGET	PCT CHANGE
SALARIES	\$61,530	\$61,640	\$62,770	1.8%
SERVICE BENEFIT	0	0	248	0.0%
PART TIME SALARIES	26,355	26,443	26,902	1.7%
FICA	6,693	6,738	6,889	2.2%
INSURANCE	7,480	7,470	8,265	10.6%
DISABILITY INS	29	29	29	0.0%
RETIREMENT	6,222	5,722	6,344	10.9%
SUPPLMENTAL RETIREMENT	1,849	2,574	2,625	2.0%
TRAINING	894	1,200	1,200	0.0%
CONFERENCES	967	1,300	1,300	0.0%
POSTAGE	64	250	250	0.0%
TRAVEL	551	900	900	0.0%
PRINTING	0	500	500	0.0%
ADVERTISING	8,172	8,350	8,350	0.0%
OFFICE SUPPLIES	879	750	750	0.0%
DEPARTMENTAL SUPPLIES	1,955	2,750	2,250	0.0%
CONTRACTUAL SERVICES	2,531	3,000	3,000	0.0%
DUES AND SUBSCRIPTION	250	400	400	0.0%
CITIZENS ACADEMY	0	0	500	N/A
TOTAL	126,421	130,016	133,472	2.7%

Finance

DESCRIPTION	2014-145 ACTUAL	FY 2015-16 ADOPTED BUDGET	2016-17 ADOPTED BUDGET	PCT CHANGE
SALARIES	\$356,633	\$388,619	\$370,624	-4.6%
OVERTIME	0	1,035	1,035	0.0%
SERVICE BENEFIT	704	1,204	1,160	-3.7%
PART TIME SALARIES	24,277	23,868	0	-100.0%
FICA	28,130	29,651	28,140	-5.1%
INSURANCE	62,769	63,027	60,864	-3.4%
DISABILITY INS	648	510	510	0.0%
UNEMPLOYMENT INS RESERVE	17,856	0	0	0.0%
RETIREMENT	27,003	25,800	26,730	3.6%
SUPPLEMENTAL RETIREMENT	10,734	11,604	11,061	-4.7%
TRAINING	3,043	4,000	4,000	0.0%
CONFERENCES	2,861	4,500	3,500	-22.2%
POSTAGE	2,201	3,760	3,760	0.0%
TRAVEL	20	500	500	0.0%
RENT	6,784	10,000	10,000	0.0%
PRINTING	2,725	1,870	1,870	0.0%
ADVERTISING	789	2,000	2,000	0.0%
OFFICE SUPPLIES	1,549	2,000	2,000	0.0%
DEPARTMENTAL SUPPLIES	20,373	8,000	8,000	0.0%
CONTRACTUAL SERVICES	168,828	160,012	188,505	17.8%
BANK SERVICE CHARGES	7,082	0	0	0.0%
PENALTIES AND INTEREST	778	0	0	0.0%
DUES AND SUBSCRIPTION	2,153	2,100	2,100	0.0%
CASH OVER/SHORT	0	0	0	N/A
MISCELLANEOUS	431	700	700	0.0%
GENERAL INSURANCE	240,494	300,737	300,737	0.0%
PUBLIC OFFICIALS LIABILITY INSURANCE	28,372	35,000	35,000	0.0%
TOTAL	1,017,235	1,080,497	1,062,796	-1.6%

Human Resources

DESCRIPTION	2014-15 ACTUAL	2015-16 ADOPTED BUDGET	2016-17 ADOPTED BUDGET	PCT CHANGE
SALARIES	\$85,706	\$130,674	\$182,081	39.3%
SERVICE BENEFIT	0	0	0	0.0%
TEMP. SALARY	12,940	15,600	0	0.0%
FICA	7,517	11,206	13,954	24.5%
INSURANCE	7,480	20,496	29,609	44.5%
DISABILITY INS	215	102	175	71.6%
RETIREE INSURANCE	204,224	276,000	276,000	0.0%
UNEMPLOYMENT INSURANCE	0	5,000	5,000	0.0%
RETIREMENT	6,063	8,716	13,656	56.7%
SUPPLEMENTAL RETIREMENT	2,573	3,870	5,462	41.1%
TRAINING	5,497	2,000	5,800	190.0%
EMPLOYEE TUITION ASSISTANCE	3,000	2,250	2,250	0.0%
ORGANIZATIONAL DEVELOPMENT	13,313	15,000	15,000	0.0%
CONFERENCES	680	2,580	2,000	-22.5%
POSTAGE	43	300	300	0.0%
TRAVEL	1,448	500	1,200	140.0%
RENT	1,000	0	0	0.0%
PRINTING	152	300	300	0.0%
ADVERTISING	9,590	10,000	10,000	0.0%
OFFICE SUPPLIES	2,775	500	500	0.0%
DEPARTMENTAL SUPPLIES	8,754	1,500	1,500	0.0%
CONTRACTUAL SERVICES	24,066	20,000	40,000	100.0%
GO PASSES	0	2,500	1,500	-40.0%
DUES AND SUBSCRIPTION	119	500	1,000	100.0%
EMPLOYEE WELLNESS PROGRAM	8,628	5,000	5,000	0.0%
EMPLOYEE APPRECIATION EVENTS	1,219	10,000	12,000	20.0%
TOTAL	407,003	544,594	624,287	14.6%

Information Technology

DESCRIPTION	2014-15 ACTUAL	2015-16 ADOPTED BUDGET	2016-17 ADOPTED BUDGET	PCT CHANGE
SALARIES	\$203,768	\$202,554	\$207,624	2.5%
SERVICE BENEFIT	1,774	1,774	1,774	0.0%
FICA	15,208	15,648	16,036	2.5%
INSURANCE	26,839	26,675	28,345	6.3%
DISABILITY INS	450	433	433	0.0%
RETIREMENT	14,543	13,510	15,053	11.4%
SUPPLMENTAL RETIREMENT	6,178	6,077	6,229	2.5%
FIREMENS PENSION	30	0	0	0.0%
TRAINING	3,726	7,200	4,800	-33.3%
CONFERENCES	362	750	750	0.0%
TELEPHONE	51,656	75,580	75,580	0.0%
TRAVEL	480	500	500	0.0%
M & R EQUIPMENT	66,396	32,050	32,050	0.0%
MOTOR VEHICLE REPAIR	22	350	350	0.0%
FUEL	307	543	543	0.0%
OFFICE SUPPLIES	2,392	1,000	1,000	0.0%
DEPARTMENTAL SUPPLIES	41,794	25,125	25,125	0.0%
COMPUTER & PERIPHERALS	279,784	298,300	287,800	-3.5%
CONTRACTUAL SERVICES	477,329	480,810	551,210	14.6%
DUES AND SUBSCRIPTION	405	4,100	4,100	0.0%
EQUIPMENT	60,250	63,750	92,000	44.3%
TOTAL	1,253,692	1,256,729	1,351,302	7.5%

Police Department

Department Summary

DESCRIPTION	2014-15 ACTUAL	2014-15 ADOPTED BUDGET	2016-17 ADOPTED BUDGET	PCT CHANGE
SALARIES	\$1,950,332	\$2,011,804	\$2,029,980	0.9%
OVERTIME	32,937	\$41,625	41,625	0.0%
SERVICE BENEFIT	11,867	10,876	10,748	-1.2%
TEMP. SALARY	-95	0	0	0.0%
FICA	155,130	154,735	159,495	3.1%
INSURANCE	379,556	388,190	406,742	4.8%
DISABILITY INS	2,053	2,240	2,194	-2.1%
RETIREMENT	147,959	142,826	163,954	14.8%
SUPPLMENTAL RETIREMENT	98,037	98,375	103,548	5.3%
EARLY SEPARATION ALLOWANCE	131,672	141,757	136,923	-3.4%
TRAINING	50,108	58,400	41,750	-28.5%
CONFERENCES	685	2,300	3,000	30.4%
POSTAGE	658	650	650	0.0%
TELEPHONE	12,776	16,020	17,120	6.9%
TRAVEL	0	250	250	0.0%
M & R EQUIPMENT	6,827	7,670	7,670	0.0%
MOTOR VEHICLE REPAIR	49,793	42,670	45,992	7.8%
RENT	1,699	2,024	4,100	102.6%
PRINTING	63	1,140	1,140	0.0%
FUEL	70,821	104,798	65,000	-38.0%
OFFICE SUPPLIES	2,058	4,059	4,059	0.0%
CANINE SUPPLIES	3,450	3,500	3,500	0.0%
DEPARTMENTAL SUPPLIES	30,247	43,754	43,754	0.0%
DEPARTMENTAL SUPPLIES (ABC Grant)	16,000	0	0	0.0%
VEHICLE SUPPLIES	529	9,525	9,525	0.0%
UNIFORMS	36,540	53,122	56,096	5.6%
SEIZURES EXPENSE	8,962	0	0	0.0%
FEDERAL SEIZURE EXPENSES	60,742	0	0	0.0%
COFFEE WITH A COP	421	500	1,000	100.0%
CONTRACTUAL SERVICES	93,708	108,825	144,398	32.7%
DUES AND SUBSCRIPTION	3,164	4,476	4,656	4.0%
PRECIOUS METALS DEALERS	0	0	200	N/A
CASH OVER SHORT	0	0	0	N/A
MISCELLANEOUS	7,200	5,500	5,500	0.0%
MEDICAL EXAMS	0	9,165	9,165	0.0%
VEHICLES	142,886	239,412	287,496	20.1%
TOTAL	3,508,783	3,710,188	3,811,230	2.7%

Fire and Rescue

Department Summary

DESCRIPTION	2014-15 ACTUAL	2015-16 ADOPTED BUDGET	2016-17 ADOPTED BUDGET	PCT CHANGE
SALARIES	\$1,765,762	\$1,649,986	\$1,738,982	5.4%
OVERTIME	35,083	\$32,000	32,000	0.0%
SERVICE BENEFIT	11,984	11,488	11,488	0.0%
SHIFT WAGES	109,465	\$79,987	79,987	0.0%
PART TIME SALARIES	-124	\$0	0	N/A
FICA	139,077	127,114	134,128	5.5%
INSURANCE	348,539	337,540	376,354	11.5%
DISABILITY INS	1,967	1,384	1,394	0.7%
RETIREMENT	133,040	109,870	130,424	18.7%
SUPPLMENTAL RETIREMENT	56,551	49,417	52,169	5.6%
FIREMENS PENSION	1,869	\$2,610	2,640	1.1%
TRAINING	32,814	35,540	23,500	-33.9%
CONFERENCES	0	1,500	1,500	0.0%
POSTAGE	457	320	250	-21.9%
TELEPHONE	4,415	5,250	4,400	0.0%
TRAVEL	0	0	0	0.0%
M & R EQUIPMENT	31,258	37,615	35,150	-6.6%
MOTOR VEHICLE REPAIR	24,826	31,750	31,250	-1.6%
PRINTING	0	1,150	700	-39.1%
FUEL	32,786	41,693	25,000	-40.0%
OFFICE SUPPLIES	2,077	5,000	2,956	-40.9%
DEPARTMENTAL SUPPLIES	71,381	71,326	50,000	-29.9%
DEPT SUPPLIES-CAR SEATS	2,466	2,500	2,500	0.0%
VEHICLE SUPPLIES	1,006	0	0	N/A
FURNITURE & EQUIPMENT NON-CAP	0	4,500	3,000	-33.3%
MEDICAL SUPPLIES	9,425	13,560	10,000	-26.3%
UNIFORMS	32,162	46,622	47,017	0.8%
CONTRACTUAL SERVICES	35,143	14,029	20,732	47.8%
DUES AND SUBSCRIPTION	4,727	5,000	5,000	0.0%
MEDICAL EXAMS	10,259	10,080	10,500	4.2%
PROGRAM INSURANCE	1,240	3,044	3,044	0.0%
TOTAL	2,899,652	2,731,875	2,836,065	3.8%

Planning

Department Summary

DESCRIPTION	2014-15 ACTUAL	2015-16 ADOPTED BUDGET	2016-17 ADOPTED BUDGET	PCT CHANGE
SALARIES	\$760,455	\$803,691	\$804,393	0.1%
SERVICE BENEFIT	5,576	5,576	5,576	0.0%
PART TIME SALARIES	0	0	24,182	N/A
FICA	55,466	61,912	63,913	3.2%
INSURANCE	128,394	130,609	138,653	6.2%
DISABILITY INS	1,455	1,204	1,191	-1.1%
RETIREMENT	54,184	53,517	60,956	13.9%
SUPPLMENTAL RETIREMENT	23,014	24,071	24,152	0.3%
TRAINING	3,359	11,800	6,850	-41.9%
CONFERENCES	3,563	6,051	4,300	-28.9%
POSTAGE	457	1,100	1,100	0.0%
TELEPHONE	1,384	1,600	1,600	0.0%
TRAVEL	183	1,550	850	-45.2%
M & R EQUIPMENT	0	730	500	-31.5%
MOTOR VEHICLE REPAIR	931	1,900	1,700	-10.5%
RENT	5,068	5,500	5,500	0.0%
PRINTING	1,816	3,500	3,900	11.4%
ADVERTISING	1,231	3,000	2,900	-3.3%
FUEL	2,002	3,161	2,000	-36.7%
OFFICE SUPPLIES	0	1,575	1,575	0.0%
DEPARTMENTAL SUPPLIES	3,870	8,400	6,200	-26.2%
UNIFORMS	258	1,400	1,100	-21.4%
CONTRACTUAL SERVICES	48,272	54,670	55,000	0.6%
ENGINEERING SERVICES	99,716	100,000	135,000	35.0%
BICYCLE FRIENDLY COMMUNITY	0	0	28,050	N/A
DUES AND SUBSCRIPTION	3,337	3,730	3,740	0.3%
MISCELLANEOUS	0	60,000	0	-100.0%
TOTAL	1,203,988	1,350,247	1,384,881	2.6%

Transportation

DESCRIPTION	2014-15 ACTUAL	2014-15 ADOPTED BUDGET	2016-17 ADOPTED BUDGET	PCT CHANGE
CONTRACTUAL SERVICES	\$1,472,508	\$1,540,288	\$1,636,688	6.3%
VEHICLES	0	0	83,600	N/A
TOTAL	1,472,508	1,540,288	1,720,288	11.7%

Public Works

Department Summary

DESCRIPTION	2014-15 ACTUAL	2015-16 ADOPTED BUDGET	2016-17 ADOPTED BUDGET	PCT CHANGE
SALARIES	\$1,354,937	\$1,432,137	1,413,856	-1.3%
OVERTIME	14,007	11,800	12,000	1.7%
SERVICE BENEFIT	9,387	9,387	8,475	-9.7%
TEMP. SALARY	4,001	0	0	0.0%
FICA	98,815	111,318	110,142	-1.1%
INSURANCE	309,248	321,459	345,152	7.4%
DISABILITY INS	2,823	1,849	1,849	0.0%
RETIREMENT	97,656	96,358	103,008	6.9%
SUPPLEMENTAL RETIREMENT	41,462	42,948	42,471	-1.1%
TRAINING	3,778	11,750	9,000	-23.4%
COMMERCIAL DRIVERS LICENSE	155	425	1,050	147.1%
PROFESSIONAL SERVICES	26,910	20,000	17,000	-15.0%
CONFERENCES	0	1,000	1,000	0.0%
POSTAGE	66	200	200	0.0%
TELEPHONE	8,808	7,420	7,420	0.0%
M & R EQUIPMENT	43,663	29,200	27,000	-7.5%
M AND R BUILDINGS	113,154	118,400	118,700	0.3%
M & R PARKS	962	2,500	2,500	0.0%
M & R GROUNDS	1,490	1,200	1,200	0.0%
MOTOR VEHICLE REPAIR	122,335	95,390	105,444	10.5%
RENT	4,965	7,000	10,600	51.4%
PRINTING	2,040	4,595	4,595	0.0%
ADVERTISING	153	500	500	0.0%
UTILITIES	294,412	313,516	317,405	1.2%
PARK UTILITIES	34,767	41,850	41,850	0.0%
FUEL	114,401	151,988	80,000	-47.4%
FUEL SYSTEM	840	900	900	0.0%
OFFICE SUPPLIES	3,764	5,000	5,000	0.0%
DEPARTMENTAL SUPPLIES	111,550	154,460	131,305	-15.0%
PARK SUPPLIES	32,582	41,450	58,500	41.1%
PURCHASE FOR RESALE	0	9,530	9,700	1.8%
YARD WASTE CARTS	0	5,500	4,850	-11.8%
VEHICLE SUPPLIES	2,188	3,593	6,508	81.1%
FURNITURE & EQUIPMENT NON-CAP	0	0	21,219	N/A
UNIFORMS	10,578	14,538	15,738	8.3%
CONTRACTUAL SERVICES	288,484	345,189	241,366	-30.1%
LANDFILL FEES	295,374	309,867	310,900	0.3%
PENALTIES AND INTEREST	23,433	0	0	0.0%
DUES AND SUBSCRIPTION	1,986	2,400	2,200	-8.3%
MISCELLANEOUS	292	0	0	0.0%
OWASA SEWER FEE REIMBURSEMENT	6,000	0	0	0.0%
EQUIPMENT	204,477	407,768	110,898	-72.8%
VEHICLES	298,957	0	26,195	N/A
OTHER CAPITAL ASSETS	408,668	0	0	N/A
TOTAL	4,393,567	4,134,385	3,727,696	-9.8%

Recreation and Parks

Department Summary

DESCRIPTION	2014-15 ACTUAL	2015-16 ADOPTED BUDGET	2016-17 ADOPTED BUDGET	PCT CHANGE
SALARIES	\$559,136	\$611,921	\$630,229	3.0%
SERVICE BENEFIT	4,298	4,298	4,298	0.0%
PART TIME SALARIES	79,892	52,707	53,762	2.0%
TEMP. SALARY	186,883	251,038	251,038	0.0%
FICA	61,633	67,721	71,935	6.2%
INSURANCE	119,193	122,461	134,294	9.7%
DISABILITY INS	1,059	703	776	10.4%
RETIREMENT	45,545	44,331	49,584	11.8%
SUPPLMENTAL RETIREMENT	16,932	19,940	20,517	2.9%
TRAINING	1,131	5,300	3,529	-33.4%
PROFESSIONAL SERVICES	\$556	\$7,000	\$2,000	-71.4%
CONFERENCES	3,910	6,329	5,671	-10.4%
POSTAGE	7,307	7,440	7,440	0.0%
TELEPHONE	959	1,190	1,190	0.0%
TRAVEL	630	800	800	0.0%
M & R EQUIPMENT	615	1,790	1,790	0.0%
M AND R BUILDINGS	42,653	49,902	49,902	0.0%
M & R PARKS	1,372	3,920	\$3,920	0.0%
MOTOR VEHICLE REPAIR	967	1,050	\$1,050	0.0%
RENT	29,680	56,350	56,350	0.0%
PRINTING	9,641	19,515	15,000	-23.1%
ADVERTISING	2,407	3,910	3,910	0.0%
FUEL	1,268	1,916	1,000	-47.8%
OFFICE SUPPLIES	2,242	3,600	3,000	-16.7%
DEPARTMENTAL SUPPLIES	44,156	56,985	45,000	-21.0%
UNIFORMS	19,178	25,542	20,000	-21.7%
FURNITURE & EQUIPMENT NON-CAP	0	0	10,000	N/A
CONTRACTUAL SERVICES	104,724	113,696	123,696	8.8%
COMMUNITY EVENTS	185	0	0	0.0%
COMMUNITY EVENTS- CARRBORO DAY	6,700	9,200	9,200	0.0%
COMMUNITY EVENTS-MUSIC FEST	42,771	35,500	35,500	0.0%
COMMUNITY EVENTS- POETRY ALIVE	4,653	4,250	4,250	0.0%
COMMUNITY EVENTS-JULY 4TH	18,082	20,000	20,000	0.0%
COMMUNITY EVENTS-FILM FEST	17,974	13,950	13,950	0.0%
COMMUNITY EVENTS - OPEN STREETS	4,111	10,000	10,000	0.0%
DUES AND SUBSCRIPTION	2,306	3,978	3,000	-24.6%
CASH OVER/SHORT	1	0	0	0.0%
OTHER CAPITAL ASSETS	51,820	0	0	0.0%
TOTAL	1,496,572	1,638,233	1,667,581	1.8%

Nondepartmental

General

DESCRIPTION	2014-15 ACTUAL	2015-16 ADOPTED BUDGET	2016-17 ADOPTED BUDGET	PCT CHANGE
SALARIES	0	0	\$298,719	0.0%
DEPENDENT HEALTH INSURANCE	0	294,127	248,813	-15.4%
UNEMPLOYMENT INS RESERVE	0	33,812	33,919	0.3%
MISCELLANEOUS	0	198,070	0	-100.0%
CONTINGENCY FOR FUEL		0	40,000	N/A
TOTAL	0	526,009	621,451	18.1%

Transfers

DESCRIPTION	2014-15 ACTUAL	2015-16 ADOPTED BUDGET	2016-17 ADOPTED BUDGET	PCT CHANGE
TRANSFER TO CAPITAL RESERVE	\$136,704	\$301,000	\$250,000	-17%
TOTAL	\$136,704	301,000	250,000	-17%

Debt Service

DESCRIPTION	2014-15 ACTUAL	2015-16 ADOPTED BUDGET	2016-17 ADOPTED BUDGET	PCT CHANGE
LEASE PAYMENT PRINCIPAL	\$479,380	\$511,083	\$595,961	16.6%
LEASE PAYMENT INTEREST	12,519	22,154	21,768	-1.7%
GO BOND-SIDEWALKS- PRINCIPAL	250,000	250,000	250,000	0.0%
FIRE SUBSTATION PRINCIPAL	216,667	216,667	216,667	0.0%
GO BOND-SIDEWALKS- INTEREST	100,000	88,286	90,000	1.9%
FIRE SUBSTATION INTEREST	90,388	81,570	46,297	-43.2%
TOTAL	1,148,954	1,169,760	1,220,693	4.4%

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GLOSSARY

Ad Valorem tax - A tax levied in proportion to the value of a property.

Annual Budget - A budget covering a single fiscal year.

Appropriated Fund Balance – The amount of fund balance budgeted as revenue to offset expenses that exceed current revenue.

Appropriation - The amount budgeted on a yearly basis to cover projected expenditures which the Board of Aldermen legally authorizes through the budget ordinance.

Approved Budget - The budget as formally adopted by the Board of Aldermen for the upcoming fiscal year.

Assessed Valuation - The estimated dollar value placed upon real and personal property by the county assessor as the basis for levying property taxes. The General Assembly exempted household personal property from taxation effective July 1, 1987.

Audit – An examination, usually by an official or private accounting firm retained by the Board that reports on the accuracy of the annual financial report.

Authorized Positions - Employee positions that are authorized in the adopted budget to be filled during the fiscal year.

Balanced Budget - Occurs when planned expenditures equal anticipated revenues. In North Carolina, it is required that the budget submitted to the Board of Aldermen be balanced.

“Better Together” Initiative – an internal organizational development process begun in FY05-06 with the vision of growing a better organization: by promoting a quality work environment for all employees, and an effective organizational communication and teamwork in order to provide excellent service to the community.

Bond - A written promise to pay a specific amount of money with interest within a specific time period, usually long-term.

Bond Rating - A grade indicating a governmental unit’s investment qualities. Generally speaking, the higher bond rating, the more favorable the interest rate and the lower the cost of financing capital projects funded by bonds. A high rating is indicative of the government’s strong financial position. Ratings range from AAA (highest) to D (lowest).

Bond Anticipation Note (BAN) – The Town may issue bond anticipation notes to provide preliminary financing of bond-funded projects in anticipation of the later issuance of a portion of the previously-authorized bonds.

Budget - A financial plan for a specified period of time that matches planned revenues and expenditures with various Town services.

Budget Message - A written overview of the proposed budget from the Town Manager to the Board of Aldermen. This overview discusses the major budget items of the Manager's budget.

Comprehensive Annual Financial Report (CAFR) - The official annual report of a government.

Capital Improvements Plan (CIP) - A long term plan of proposed capital improvement projects including estimated project costs and funding sources the Town expects to undertake within a five year period. The plan is updated annually to reassess capital needs.

Capital Outlay - An expenditure that results in the acquisition of or addition to a fixed asset.

Capital Project Fund - A fund used to account for the acquisition or construction of major capital facilities and equipment.

Consumer Price Index (CPI) – A statistical description of price levels provided by the U.S. Department of Labor. The index is used as a measure of the increase in the cost of living (economic inflation).

Contingency - Appropriation intended for unanticipated expenditures. The Board of Aldermen controls transfer of these funds into an expendable account.

Debt Service - Principal, interest and administrative costs associated with the repayment of long-term debt.

Department - A major administrative division of the Town that has overall management responsibility for an operation within a functional area.

Encumbrances – An approved financial commitment for services, contracts, or goods which have not been delivered or performed.

Enterprise Fund - A grouping of activities whose expenditures are wholly or partially offset by revenues collected from consumers in the form of fees and charges.

Expenditures - The total cost of a program or capital project.

Fiscal Year (FY) - A 12 month period (July 1 through June 30) in which the annual operating budget applies and at the end of which an assessment is made of the Town's financial condition and performance of operations.

Fixed Asset – A capital item that has an acquisition cost of \$5,000 or more, is tangible, and has an expected minimum life of 1 year.

Fund - An accounting entity created to record the financial activity for a selected financial group.

Fund Balance - Funds accumulated through the under expenditure of appropriation and/or receiving revenues greater than anticipated and included in the budget.

General Fund - A fund which provides for the accounting for most of the basic government services, such as police, fire, sanitation, inspections, law enforcement, recreation, and other general services.

General Obligation Bonds - Bonds issued by a government which are backed by the full faith and credit of its taxing authority.

Geographic Information System (GIS) - An organized collection of computer hardware, software, geographic data, and personnel designed to efficiently capture, store, update, manipulate, analyze, and display all forms of geographically referenced information.

Goal - A board statement of desired conditions to be maintained or achieved through the efforts of an organization.

Governmental Funds – consists of the General Fund, Special Revenue Fund and Capital Project Fund.

Interest and Penalties Receivable on Taxes - Uncollected interest and penalties on property taxes.

Lease Purchase - A method of purchasing equipment in which payments are spread over a period of time.

Levy - The amount of tax, service charge, and assessment imposed by the government.

Line Item - A budgetary account representing a specific object of expenditure.

Local Government Commission (LGC) - The Local Government Commission, which is chaired by the State Treasurer, is an oversight body that ensures municipalities and other governmental units fulfill their statutory obligations with regard to State and local government finance.

Major Fund Reporting – General Government Accounting Principles require governmental fund data be presented separately for each individual major governmental fund. General Fund is always considered a major fund. The Non-major Funds include the Revolving Loan, Capital Projects, Grant, Capital Reserve, Payment in Lieu Reserve, and Affordable Housing Funds.

At a minimum, governmental funds other than the general fund must be reported as major funds if they meet both of the following criteria:

- 10% criterion. An individual governmental fund reports at least 10% of any of the following: a)total governmental fund assets, b)total governmental fund liabilities, c) total governmental fund revenues, or d) total governmental fund expenditures
- 5% criterion. An individual governmental fund reports at least 5% of the aggregated total for both governmental funds and enterprise funds of any one of the items for which it met the 10% criterion.

Modified Accrual - The basis of accounting for the Town. Under this system, expenditures are recognized when encumbered.

Midpoint of Salary – a rate that is half way between the minimum rate and maximum rate of a budgeted position.

National Fire Protection Association (NFPA) - An international nonprofit NFPA is to reduce the worldwide burden of fire and other hazards on the quality of life by providing and advocating consensus on codes and standards, research, training, and education.

Non-major Fund – see definition for Major Fund Reporting.

Objective - A specific statement of what is to be accomplished or achieved for a particular program during the fiscal year.

Operating Budget - The Town’s financial plan which outlines proposed expenditures for the upcoming fiscal year and estimates revenues which will be used to finance them.

Operating Expenses - Those expenditures of a recurring nature, covering services and supplies necessary to operate individual departmental activities.

Orange Water and Sewer Authority (OWASA) – OWASA is the public, nonprofit water and sewer utility serving the Carrboro-Chapel Hill community. OWASA’s nine-member Board of Directors is appointed by the Carrboro Board of Aldermen, the Chapel Hill Town Council, and the Orange County Board of Commissioners.

Ordinance - A formal legislative enactment by the Board of Aldermen which has the full force and effect of law within the boundaries of the Town.

Occupational Safety and Health Act

(OSHA) – Regulations passed by the US Department of Occupational Safety and Health Administration to assure safe and healthful working conditions for working men and women by authorizing enforcement of the standards developed under the Act.

Personal Property - Movable property classified within two categories; tangible and intangible. “Tangible” or touchable property includes items of visible and movable property not permanently affixed to real property. “Intangible” or non-touchable property includes stocks, bonds, notes, cash, bank deposits, accounts receivable, patents, trademarks, copyrights, and similar assets.

Personnel Services - Salaries and wages paid to employees for full-time, part-time, and temporary work, including overtime and similar compensation. Also included in this account group are fringe benefits paid for employees.

Program - A well-defined portion of the operating plan for which a distinct set of goals and objective may be developed.

Property Tax - Tax paid by those owning property in the Town.

Property Tax Rate - The rate at which real property in the Town is taxed in order to produce revenues sufficient to conduct necessary governmental activities.

Real Property - Land, buildings, and items permanently affixed to land or buildings.

Real Property Value - The value of land and buildings which are taxable.

Reclassification - A change in the classification and corresponding job title of an existing position which results from a major change in assigned responsibilities.

Reserve - An account designed for a portion of the fund balance which is to be used for a specific purpose.

Revaluation - The process of revaluing a jurisdiction's real property in order to adjust the tax value to the market value; by North Carolina law, a revaluation must be conducted at a minimum of every eight years. Orange County revalues property every four years. Property was revalued as of January 1, 2005.

Revenue - All funds that the Town government receives as income, including items such as tax payments, fees for specific services, receipts from other governments, fines, forfeitures, shared revenues, and interest income.

Revenue-neutral Tax Rate - The revenue-neutral tax rate, as defined by G.S. 159-11(e), is the rate that is estimated to produce revenue for the next fiscal year 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. State law requires that units of local government, including public authorities, publish a revenue-neutral tax rate in the budget immediately following the completion of the general reappraisal of real property. The purpose of the revenue-neutral tax rate is to provide residents with comparative information.

Sales Tax - Tax paid by retail consumers in the Town.

Service Level - The amount of service provided during the fiscal year as indicated by one or more performance indicators.

Special Revenue Funds – Specific revenue sources (other than major capital projects) that are legally restricted expenditures for specific purposes.

Tax Levy - Revenue produced by applying a given tax rate to a property's assessed, or tax value.