

**ANNUAL BUDGET ORDINANCE
Town of Carrboro, North Carolina
FY 2002-03**

WHEREAS, the recommended budget for FY 2002-03 was submitted to the Board of Aldermen on April 23, 2002 by the Town Manager and filed with the Town Clerk on that date pursuant to G.S. 159-11;

WHEREAS, on May 7, 2002, the Board of Aldermen held a public hearing on the budget pursuant to G.S. 159-12;

WHEREAS, on June 25, 2002, the Board of Aldermen adopted an interim budget ordinance effective through July 23, 2002 in anticipation of having more information on state legislative action that may affect the Town's budget;

WHEREAS, on July 23, 2002, the Board of Aldermen adopted an annual budget ordinance superseding the interim 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 entire fiscal year beginning July 1, 2002 and ending June 30, 2003, according to the following schedules.

SCHEDULE A - GENERAL FUND

Mayor & Board of Aldermen	\$156,592
Advisory Boards.....	\$10,120
Governance Support.....	\$169,756
Town Manager	\$198,457
Economic & Community Development.....	\$85,229
Town Clerk.....	\$86,523
Management Services	\$1,043,392
Personnel	\$193,248
Police.....	\$2,444,119
Fire	\$1,345,873
Planning.....	\$949,710
Transportation	\$730,740
Public Works.....	\$3,124,572
Parks & Recreation	\$1,001,208
Nondepartmental	\$296,927
Debt Service	\$580,877
TOTAL GENERAL FUND.....	\$12,417,343

SCHEDULE B – SPECIAL REVENUE FUNDS

Capital Reserve Fund

Transfer to General Fund	\$197,023
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Section 2. It is estimated that revenues from the following major sources will be available during the fiscal year beginning July 1, 2002 and ending June 30, 2003 to meet the foregoing schedules:

SCHEDULE A - GENERAL FUND

Ad Valorem Taxes	\$7,315,005
Licenses and Permits	\$1,221,592
Revenues from other Agencies	\$2,611,435
Other Revenue.....	\$236,103
Other Financing Sources	\$538,210
Fund Balance Appropriated	\$494,998
TOTAL GENERAL FUND.....	\$12,417,343

SCHEDULE B – SPECIAL REVENUE FUNDS

Capital Reserve Fund

Fund Balance Appropriated	\$197,023
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Section 3. Pursuant to GS 159-13.2 (a), 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 the projects.

Special Revenue Fund- HOME FUND

Project	YTD Project Authorization	Changes	Adopted Budget Project Authorization
Expenditures			
Home Program Expenditures	\$61,448	\$15,152	\$76,600
Revenues			
Transfer From General Fund	\$61,448	\$15,152	\$76,600

Special Revenue Fund- REVOLVING LOAN FUND

Project	YTD Project Authorization	Changes	Adopted Budget Project Authorization
Expenditures			
Reserves	\$369,589	(\$50,000)	\$319,589
PlacesMedia, Inc Loan	\$ 0	\$50,000	\$ 50,000

Section 4. The Board of Aldermen, in adopting the FY02-03 budget, is authorizing a transfer of \$40,000 from the Town's Cemetery Fund to support maintenance costs associated with the Town's cemeteries. In addition, all cemetery lot sales and other revenue will now accrue directly to the General Fund in support of cemetery operations.

Section 5. Charges for services and fees by Town Departments are levied in the amounts set forth in the Fee Schedule approved on June 25, 2002.

Section 6. The following authorities shall apply to transfers and adjustments within the budget:

- a. The Finance Officer may approve intradepartmental transfer requests between appropriation units and between departmental programs within the limits of the approved budget.

- b. Capital project ordinances are approved at the project level. The Town Manager may approve transfers between line items within a capital project up to \$10,000 cumulatively.
- c. Transfers between funds and transfers from the contingency account may be executed **only** by the Board of Aldermen. The Carrboro Board of Aldermen will appropriate funds from the Contingency Fund exclusively for government operations.

Section 7. There is hereby levied the following rates of tax on each one hundred (\$100) valuation of taxable property as listed for taxes as of January 1, 2002, 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 \$.6852

Section 8. 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.

Final Budget Worksheet

ITEM	DEPARTMENT	AMOUNT	TAX RATE IMPACT
DECISION PACKAGES			
HAZARDOUS LIQUIDS STORAGE	PUBLIC WORKS	\$ 5,000	0.047
ENCLOSE SAND/SALT STORAGE BINS	PUBLIC WORKS	\$ 5,000	0.047
INCREASE PSA II SUPPORT, 20 TO 30 HRS	RECREATION	\$ 8,514	0.081
CENTURY CENTER CYBRARY	MANAGEMENT SERVICES	\$ 28,415	0.270
EMAIL BRIDGEHEAD SERVER	MANAGEMENT SERVICES	\$ 5,000	0.047
MAIN ST PARKING LOT UPGRADES	PUBLIC WORKS	\$ 16,650	0.158
MAIN ST PARKING LOT ANNUAL RENT	PUBLIC WORKS	\$ 3,000	0.028
TOTAL TAX IMPACT:			
ADJUSTMENTS RESULTING FROM BUDGET WORKSESSIONS			
REDUCE CONTINGENCY TO PRIOR YEARS	RECOMMENDED TAX RATE:	\$ 12,880	
FUND BALANCE APPROPRIATED	NONDEPTL	\$ (10,000)	(0.095)
PROPERTY/LIABILITY INSURANCE LOWER THAN ANTICIPATED	NONDEPTL	\$ (155,000)	(1.471)
HEALTH INSURANCE LOWER THAN ANTICIPATED	MANAGEMENT SERVICES	\$ (5,377)	(0.051)
SEPARATION ALLOWANCE (DUE TO RETIREMENT)	ALL DEPARTMENTS	\$ (14,600)	(0.139)
LANDFILL FEES (NO TIPPING FEE INCREASES)	POLICE	\$ 8,700	0.083
FIRE DISTRICT FEES - SO. ORANGE FIRE DISTRICT	PUBLIC WORKS	\$ (16,000)	(0.152)
ADJUST RECREATION FEES TO MARKET RATES	FIRE	\$ (6,490)	(0.062)
AIR CONDITIONING UNIT FOR COMPUTER ROOM + WIRING	RECREATION	\$ (8,000)	(0.076)
JULY 4TH, 2003 FIREWORKS, PURCHASE FROM FY03-04 BUDGET	MANAGEMENT SERVICES	\$ (5,000)	(0.047)
GIS, SPLIT PAYMENTS OVER 2 YEARS	RECREATION	\$ (3,000)	(0.028)
ESCHEAT MONEY OWED TO CARRBORO (FUND BALANCE)	PLANNING	\$ (10,000)	(0.095)
UTILITY COSTS FOR TOWN FACILITIES	NONDEPTL	\$ (12,436)	(0.118)
TULIP BEDS (USE DIFFERENT, LESS EXPENSIVE PLANT)	PUBLIC WORKS	\$ (5,000)	(0.047)
ELIMINATE HOLIDAY SPORTS CAMP	PUBLIC WORKS	\$ (2,500)	(0.024)
DROP PONY BASEBALL AFFILIATION	RECREATION	\$ (3,140)	(0.030)
ELIMINATE ONE SEASON OF DROP-IN VOLLEYBALL	RECREATION	\$ (1,740)	(0.017)
REDUCE # OF HORSE SHOE TOURNAMENTS FROM 4 TO 1	RECREATION	\$ (1,300)	(0.014)
ELIMINATE POLICE VEHICLE	POLICE	\$ (483)	(0.005)
AC FITNESS	POLICE	\$ (9,792)	(0.093)
N GREENVILLE FITNESS HEALTH SCREENINGS	POLICE	\$ (6,766)	(0.064)
MEDIATION	POLICE	\$ (6,290)	(0.060)
MUSIC FESTIVAL	GOVERNANCE SUPPORT	\$ (750)	(0.007)
COMMUNITY DINNER	GOVERNANCE SUPPORT	\$ (1,175)	(0.011)
HUMAN SERVICES GRANT - CIS PROGRAM	GOVERNANCE SUPPORT	\$ (500)	(0.005)
TRAVEL - BOARD OF ALDERMEN	GOVERNANCE SUPPORT	\$ (5,000)	(0.047)
CYBRARY	BOARD OF ALDERMEN	\$ (1,000)	(0.009)
FUND PUBLIC WORKS MKT ADJUSTMENT	MANAGEMENT SERVICES	\$ (28,415)	(0.270)
TELECOMMUNICATIONS FRANCHISE TAX - FUND	PUBLIC WORKS	\$ 23,775	0.226
BALANCE APPROP		\$ (28,969)	(0.275)
SW DUMPSTER FEE	PUBLIC WORKS	\$ (122,000)	(1.158)
TOTAL		\$ (438,448)	(4.16)
REVISED TAX RATE:		\$ 68.52	
FY01-02 TAX RATE:		65.68	
TAX RATE INCREASE:		2.84	

NOTE: COUNTY HAS NOT BUDGETED FOR THIS

NOTE: USING CAPITAL RESERVES

ADDS	SUBTRACTS
\$ (10,000)	\$ (10,000)
\$ (155,000)	\$ (155,000)
\$ 8,700	\$ (16,000)
\$ (6,490)	\$ (6,490)
\$ (8,000)	\$ (8,000)
\$ (5,000)	\$ (5,000)
\$ (3,000)	\$ (3,000)
\$ (10,000)	\$ (10,000)
\$ (12,436)	\$ (12,436)
\$ (5,000)	\$ (5,000)
\$ (2,500)	\$ (2,500)
\$ (3,140)	\$ (3,140)
\$ (1,740)	\$ (1,740)
\$ (1,300)	\$ (1,300)
\$ (483)	\$ (483)
\$ (9,792)	\$ (9,792)
\$ (6,766)	\$ (6,766)
\$ (6,290)	\$ (6,290)
\$ (750)	\$ (750)
\$ (1,175)	\$ (1,175)
\$ (500)	\$ (500)
\$ (5,000)	\$ (5,000)
\$ (1,000)	\$ (1,000)
\$ (28,415)	\$ (28,415)
\$ 23,775	\$ (23,775)
\$ (28,969)	\$ (28,969)
\$ (122,000)	\$ (122,000)
\$ 32,475	\$ (438,448)
\$ (438,448)	\$ (438,448)

SUBTRACTS NET DECR

Additions to Budget If State-shared Revenues Become Available

Total state revenues, FY02-03: \$ 772,075
Utility Franchise/Wine & Beer Revenues: \$ 521,458

Description	Amount
Implement Market Study for Remaining Town Employees, effective March 1, 2003 (excl Police & Fire)	\$ 21,436
Replace Ballfield Lights (full cost: \$86k); lease value only	\$ 30,076
Replace tennis court fence at Anderson Park	\$ 17,500
Recreation Registration and reservations software + peripherals	\$ 17,966
Online registration for recreation programs enabling residents to pay for recreation programs by credit card	\$ 25,000
Streets dump truck (fy02-03 CIP), lease value only	\$ 19,235
Landscaping dump truck (fy02-03 CIP), lease value only	\$ 15,738
Landscaping, Pickup Truck (FY01-02 CIP), lease value only	\$ 8,044
Fleet Maintenance, pool car, alternative fuel, lease value	\$ 8,044
Reserve for future debt payments	\$ 91,903
Total commitments identified for Utility Franchise/Wine and Beer Revenue:	\$ 254,942
PORTION OF UTILITY FRANCHISE/WINE AND BEER REVENUES NOT COMMITTED	266,516

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July 18, 2002

House defeats accelerated local option sales tax bill

The House Wednesday on a 57 to 60 vote defeated **HB 1633 – Accelerate Local Option Sales Tax/Secure Local Revenues**. The vote was primarily along party lines, with most Republicans voting against giving local governments the authority to adopt a half-cent local sales tax to replace the reimbursements. All but six Democrats voted in favor of **HB 1633**.

Three Republicans voted to support the position of the League and the N.C. Association of County Commissioners. Voting in favor of **HB 1633** were Reps. Lyons Gray, Gene McCombs and Wilma Sherrill. We thank them for their support.

Six Democrats voted against **HB 1633**. They were Reps. Alma Adams, Bob Hensley, Howard Hunter, Mary McAllister, Mickey Michaux, and Martin Nesbitt.

Three members had excused absences and did not vote: Reps. Dan Blue, Flossie Boyd-McIntyre and Bill Hiatt.

The issue was, of course, all about raising taxes. Scheduled for a House vote on Wednesday afternoon, **HB 1633** was sent back to the House Finance Committee for consideration of an amendment by Rep. Nesbitt. Nesbitt proposed to eliminate the current state one-half cent sales tax so that the total statewide sales tax would remain 6.5 cents with the accelerated local sales tax (**HB 1633**) becoming effective immediately. His amendment was defeated in committee.

When **HB 1633** came back to the House for a vote, it failed to pass.

We understand that House Republicans and perhaps the Democrats who sided with them may still try to get the “Nesbitt amendment” adopted. This bill might also include the provisions to secure local revenues. While this sounds like it would solve the problems for local governments, it is not nearly that easy or simple.

- Dropping the state half-cent sales tax creates makes the FY 2002-2003 budget shortfall (already estimated between \$1.3 \$2.0 billion) worse – by about \$250 million. An unbalanced state budget puts other local government revenues (state-collected local revenues) in jeopardy.
- The Senate is not likely to enact legislation that makes the hole \$250 million deeper. The Senate already has adopted **SB 1292**, which includes authority for local governments to adopt a local sales tax this fiscal year to replace the reimbursements.

We do not see Nesbitt’s proposal as a viable option. We think that HB1633 is the legislation that will serve the best interests of local governments and the state.

Local officials turn out to secure local revenues

The outcome of yesterday’s vote had nothing to do with the amount of effort from local officials. More than 150 municipal and county officials came to Raleigh and walked the halls of the Legislative Building, many staying through the evening and through the twists and turns of the legislative procedures. Others made calls from home. You did a great job, but this is a particularly difficult issue. This is an election year; many legislators face running in a redrawn district, are reluctant to raise taxes for philosophical reasons, and see even a vote to let local governments raise sales taxes as an issue than can be used against them in a heated race. We are not yet through with this issue. Thanks for all you have done. We will be calling on you again.

Motion to Reconsider

The House at approximately 3 p.m. will take up a motion to reconsider **HB 1633**. We had the votes earlier for this motion to pass, but we may have lost some. Please call your representatives **immediately (today, July 18)**. Thank them for their desire to support local government, especially those who actually supported our position yesterday.

Please ask them to solve the revenue problems of local governments and get municipalities and counties out of this partisan crossfire – and vote for this motion to reconsider.



July 18, 2002

Gov. Easley moves on budget cuts for FY 2002-03; local money at risk again

Gov. Mike Easley today announced that because the General Assembly has not reached agreement on a budget, he has ordered his administration to move forward with spending cuts designed to balance the 2002-2003 state budget. According to remarks made at a news conference today (Thursday), that means that some payments to local governments are potentially at risk.

This includes upcoming payments for the following: Food stamp sales tax reimbursements – due on or about Aug. 22; Intangibles tax reimbursements – due on or about Aug. 30; Electric utility franchise tax—due on or about Sept. 15; Piped natural gas excise tax – due on or about Sept. 15; Inventory property tax reimbursement – due on or about Sept. 30; and Powell Bill – due on or about Oct. 1 (the governor did mention Powell Bill funds).

The governor's previously announced spending cuts will include reductions in force of 2,600 positions, including 1,300 vacant and 1,300 filled. Easley called for an end to the legislative stalemate and encouraged legislative leaders from both parties to find solutions to the budget crisis.

Our analysis of the situation

Local governments are caught right in the middle of a range of very partisan issues. Representatives of both sides say they want to "help" local governments, but certainly being stuck in the middle of this controversy does not help local governments or help us secure local revenues. Unless the General Assembly acts to balance the budget, Easley must find a way to make up a nearly \$1.5 billion shortfall and local revenues again will be targeted – first the reimbursements for previously repealed taxes and then the state-collected taxes. These are large sums of money that can be easily withheld to plug that gap.

We need a reasonable legislative solution to secure these essential local revenues soon. We will make it very clear to the governor that municipal officials will not accept the withholding of local revenues in the new fiscal year.

No vote on the motion to reconsider

The House adjourned until Monday without voting to reconsider **HB 1633 – Accelerate Local Option Sales Tax/Secure Local Revenues**. There were not enough votes to win on this motion. The bill is essentially dead unless revived by a two-thirds vote of the House.

Delaying final action on municipal budgets

We have had several questions about delaying adoption of municipal budgets. Here is what Lee Mandell, NCLM director of information technology and research, wrote on this subject a few months ago.

How long can we operate under an interim budget? How long do we have to adopt our property tax rate?

An interim appropriations ordinance is designed to provide short-term budgetary authority to continue current operations. Therefore, it should be used for the shortest possible period and definitely not used for an extended period. One month is the length recommended by the Local Government Commission, and two months should cover all but the most extraordinary circumstances.

G.S. 105-347 indicates that the property tax rate shall be set by August 1, in the absence of other applicable statutory provisions. The Local Government Budget and Fiscal Control Act requires the governing board to adopt a balanced budget and key taxes by July 1. Since the Act also gives local governments the authority to make interim appropriations and therefore delay the adoption of the budget, it appears that local governments can delay setting a tax rate for the period of the interim appropriations. There are also practical considerations in delaying property tax

billing and collection that will influence setting the tax rate. It is advisable that you check with your own attorney before deferring the property tax rate levy later than August 1.