



BUDGET WORK SESSION I

April 16th, 2024
Bret Greene, Finance Director



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AGENDA

Agenda

- Finance update
- Macroeconomic conditions
- Budgeting process and timeline
- Budget considerations and guidance



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FINANCE DEPARTMENT UPDATE

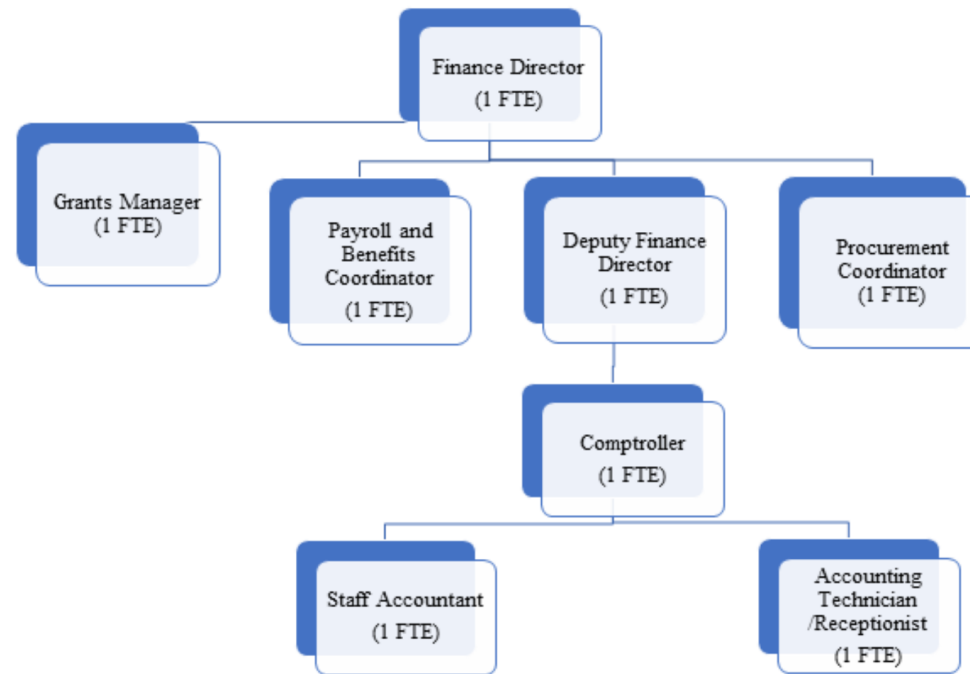
Finance Department

- Fully staffed as of 3/25/2024
- BUDGET OFFICE HOURS
 - Thursdays, 10-11:30 AM
 - Appointments as needed
- Goals, deliverables, and expectations
- Duties include, but not limited to:
 - General fiscal responsibility
 - Reporting
 - Insurance
 - Payroll
 - Grants solicitation and administration
 - Reception
 - Upkeep and maintenance of financially related Town policies

Organizational Chart

FINANCE

8 FTE



Perspective

- 552 Municipalities in North Carolina
 - Oldest – Bath, NC (1705)
 - Newest – Butner, NC (2007)
- Unit Assistance List [UAL](#) municipalities account for 25-30% of total ~(140-160)
- Carrboro is not on nor close to becoming on this list



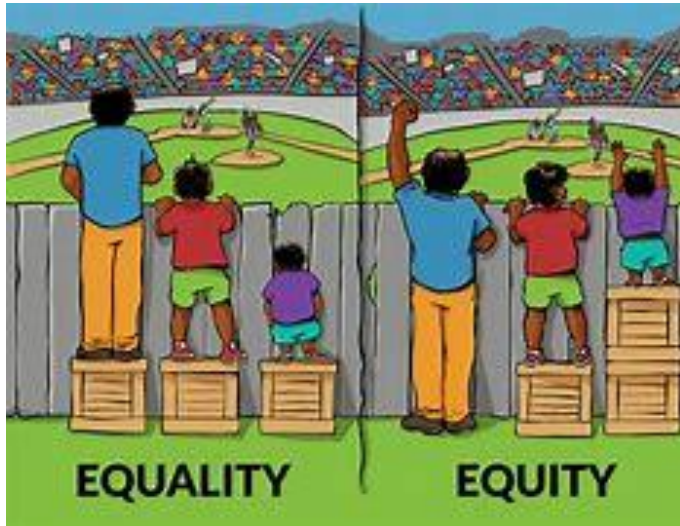


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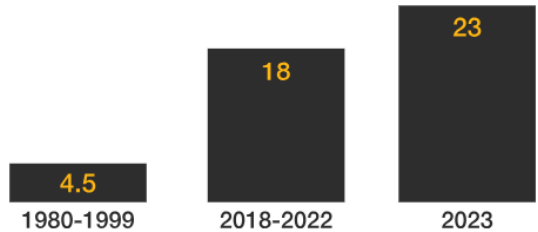


FY 2024-2025 MACROECONOMIC CONDITIONS

Macroeconomic Considerations



Number of billion \$ climate events in U.S. rising



Source: National Centers for Environmental Information (NCEI)



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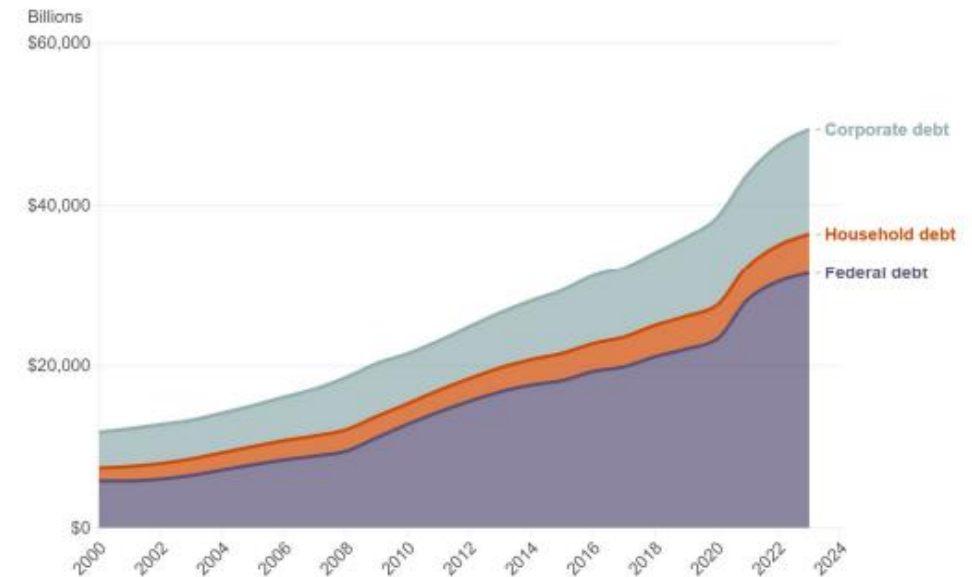
Macroeconomic Considerations

	2023 latest*	2024 target
U.S. GDP growth ¹	1.9% (Q3)	1.3%
U.S. inflation ²	3.2% (Oct.)	2.8% (Dec.)
U.S. unemployment rate ³	3.8% (Oct.)	4.7% (Dec.)

Fed Rate Hikes 2022-2023: Taming Inflation

FOMC Meeting Date	Rate Change (bps)	Federal Funds Rate
July 26, 2023	+25	5.25% to 5.50%
May 3, 2023	+25	5.00% to 5.25%
March 22, 2023	+25	4.75% to 5.00%
Feb 1, 2023	+25	4.50% to 4.75%
Dec 14, 2022	+50	4.25% to 4.50%
Nov 2, 2022	+75	3.75% to 4.00%
Sept 21, 2022	+75	3.00% to 3.25%
July 27, 2022	+75	2.25% to 2.50%
June 16, 2022	+75	1.50% to 1.75%
May 5, 2022	+50	0.75% to 1.00%
March 17, 2022	+25	0.25% to 0.50%

Quarterly U.S. Debt Levels, 2000–2023



Source: Federal Reserve Bank of St. Louis.



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BUDGETING PROCESS

Myths and Realities

Common Associations

- Tedious
- Numbers
- Who's listening?
- When? Where? How? Why?
- What's next?

Expectations

- Clear, transparent, guided
- Thoughtful, analyzed
- A guide, but still a guess
- A reference and resource tool to promote clarity and accountability
- On-going, “living,” flexible

Calendar

Operating Budget Development Schedule for FY 2024-25

TASK	Target Date
Town Council Strategic Planning Retreat	February 3, 2024
Management Team Retreat (Strategic Planning)	February 8, 2024
Town Manager Presents Budget Needs to Management Team	February 28, 2024
Preliminary Revenue Estimate by Finance	February 28, 2024
FY25 Budget Instructions Distribution	March 26, 2024
Good Friday Holiday	March 29, 2024
Department Directors submit Budget Requests to Finance	April 5, 2024
Department Directors present budget to Town Manager & Finance Officer	April 8-12, 2024
Town Council Budget Work Session on FY 2024-2025 Budget (1)	April 16, 2024
Finance Drafts Manager's Recommended Budget	April 26, 2024
Manager Finalizes Presentation for the Town Council	May 10, 2024
Town Council Budget Work Session on FY 2024-2025 Budget (2)	May 14, 2024
Manager Presents FY 2024-25 Recommended Budget to Town Council	May 21, 2024
Notice of Required Public Hearing	May 28, 2024
Memorial Day Holiday	May 27, 2024
Public Hearing on Recommended Budget	June 4, 2024
Juneteenth Holiday	June 19, 2024
Town Council Adopts FY 2023-24 Budget	June 18, 2024
Additional Town Council meeting if needed	June 25, 2024

Council Identified Budget Priorities

Key Priorities:

Short-term:

- Staff retention, recruitment, and fulfillment
- Land Use Ordinance & Economic Development
- Environment: Stormwater and infrastructure improvements and environmental protection and tree-canopy

Long-term:

- Race and Equity Initiatives: Implement Community Safety Task Force recommendations, race equity initiatives, and the accessible language plan
- Multi-Modal: Multi-Modal Connectivity and Bolin Creek Greenway
- Subsidization of Affordable Housing

Budget Challenges:

- Meeting inflationary obligations for goods and services with flat revenue growth

Town References

- [Financial Documents | Carrboro, NC - Official Website \(townofcarrboro.org\)](https://townofcarrboro.org/financial-documents)
- [Section-16-Line-Item-Budgets \(townofcarrboro.org\)](https://townofcarrboro.org/section-16-line-item-budgets)



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BUDGET CONSIDERATIONS

Revenue Trend

	FY 2021-2022	FY 2022-2023	FY 2023-2024	FY 2024-2025		
	Actual	Adopted	Projection	Preliminary	\$ Change	% Change
<u>Revenues:</u>						
Ad Valorem Taxes	\$ 15,527,154	\$ 15,340,000	\$ 15,800,200	\$ 16,037,203	\$ 237,003	1.5%
Local Sales Taxes	6,416,480	5,419,200	6,116,000	6,268,900	152,900	2.5%
Other Taxes/Licenses	1,726,261	1,652,822	1,726,261	1,760,786	34,525	2.0%
Intergovernmental	2,089,013	1,510,298	1,510,298	1,540,504	30,206	2.0%
Permit & Fees	1,127,067	1,299,813	1,312,811	1,339,067	26,256	2.0%
Sales & Services	227,120	184,700	184,700	188,394	3,694	2.0%
Other Revenues	444,430	276,120	276,120	281,642	5,522	2.0%
Fund Balance Appropriated	-	1,984,722	2,404,059	2,452,140	48,081	2.0%
Total Revenues	27,557,525	27,667,675	29,330,449	29,868,637	538,188	1.8%

Primary Budget Considerations

- Investment in Staffing, retention, and recruitment
 - Plan to increase existing salaries by X%
 - Accounting for increases in other benefits as outlined by Director of HR
 - Staffing Study – ongoing, anticipated completion Fall, 2024
 - Compensation study – planned to commence late summer, 2024 as part of 2024-2025 FY budget
- Transportation
- Rewrite of the Land Use Ordinance
- Capital planning
- Social services
 - IFC, OCPEH, Community Home
 - Convert to a % of operating budget to fund Affordable Housing Fund annually

Other Objectives

- ARPA spending timeline, expectations, reporting
- Update of the Capital Improvement Program
- Review and update of Town fee schedule



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APPENDIX

NCLM References

2) Budget Preparation & Adoption

- The statutory budget calendar is budget requests to budget officer by April 30;
- Proposed budget to governing board no later than June 1; and
- Adopted budget ordinance on or before July 1.

NCLM References

2) Budget Preparation & Adoption

Presentation to the Board and notice of availability for public inspection

10 days must pass before budget may be adopted

Public hearing must be held before budget ordinance is adopted

NCLM References

7) Capital Budgeting

- Rationale for capital budgeting
 - Policy decisions extend for years
 - Capital assets differ from year-to-year
 - Spending varies from year-to-year
 - Debt financing is often used
 - Implementation often extends beyond one fiscal year



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