Legislation Text

File #: 22-169, **Version:** 1

TITLE:

Amendment to FY22 Adopted Budget

PURPOSE: The purpose of this item is to request that the Town Council approve a budget amendment to the General Fund Operating Budget and the Affordable Housing Special Revenue based on year-to-date actual revenue collections and trends.

DEPARTMENT: Town Manager, Finance

CONTACT INFORMATION: Richard J. White III, 919.918.7315; Arche McAdoo, 919.918.7439

INFORMATION: The Town Council adopted its annual General Fund Budget for the current fiscal year ending June 30, 2022. Using a conservative revenue estimation approach, total revenues for the year were estimated at $25,347,801. The impact of the pandemic on state and local revenues have not been as severe as previously anticipated. As shown in the Third Quarter Budget Status to Council on April 19, 2022, the Town collected over 85% of the total adopted revenue budget. Some revenues like ad valorem and hotel occupancy taxes as examples, exceeded the budget projection. Local sales tax collections have continued to grow above those of last year. Through March 31, 2022 the Town has collected 66% of local sales tax revenues. (There is a three-month lag period between the collection and distribution of sales tax revenues to localities.)

Below is a summary chart showing the revenue budget compared to actual revenue receipts.

	FY22 Adopted Budget	FY22 Actual To Date	% of Budget Collected
Revenues			
Ad Valorem Taxes	$ 14,063,175	$ 15,428,591	109.7%
Local Sales Taxes	$ 4,895,670	$ 3,231,129	66.0%
Other Taxes/Licenses	$ 1,454,496	$ 1,034,086	71.1%
Occupancy Taxes	$ 103,093	$ 107,737	104.5%
Intergovernmental	$ 2,038,398	$ 695,335	34.1%
Permits & Fees	$ 1,238,860	$ 744,443	60.1%
Other Revenues	$ 464,389	$ 360,919	77.7%
Fund Balance	$ 1,089,720	$ 80,422	7.4%
Total Revenues	**$ 25,347,801**	**$ 21,682,662**	**85.5%**

Based on the revenues collected to date, sales tax collection trends and the general economic trends, we project an increase of $1.1 million in the General Fund through June 30, 2022. The adopted budget will increase from $25.3 million to $26.5 million. Below is a summary of the proposed revenue changes.

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	FY22 Adopted Budget	FY22 Proposed Changes	FY22 Amended Adopted Budget
Revenues			
Ad Valorem Taxes	$ 14,063,175	$ 1,436,825	$ 15,500,000
Local Sales Taxes	$ 4,895,670	$ 578,558	$ 5,474,228
Other Taxes/Licenses	$ 1,454,496	$ 75,504	$ 1,530,000
Occupancy Taxes	$ 103,093	$ 76,907	$ 180,000
Intergovernmental	$ 2,038,398	$ -	$ 2,038,398
Permits & Fees	$ 1,238,860	$ -	$ 1,238,860
Other Revenues	$ 464,389	$ (24,000)	$ 440,389
Fund Balance	$ 1,089,720	$ (1,001,654)	$ 88,066
Total Revenues	**$ 25,347,801**	**$ 1,142,140**	**$ 26,489,941**

With the additional revenues, it is appropriate to amend the FY22 Budget for the General Fund Operating and Affordable Housing Special Revenue Fund. Proposed adjustments in the General Fund operating budget include the following

a) Expenses related to hiring the new Town Manager, e.g., moving expenses, housing stipend, office furniture, vehicle, etc. ($25,000);
b) Additional Race and Equity training and implementation ($150,000);
c) Reserve established in non-Departmental for position classification and pay plan study implementation ($660,220);
d) Financial software enhancements (Cashiering and Debt Management) and bank fees ($100,000)
e) Town Council video ($2,320);
f) Distribution of additional occupancy tax revenues Carrboro Tourism Development Authority ($74,600);
g) Equipment to outfit new fire truck ($75,000);
h) Replacement for Public Works truck ($55,000)

	FY22 Adopted Budget	FY22 Budget Balance	FY22 Proposed Changes	FY22 Amended Adopted Budget
Expenditures				
General Government	$ 6,046,823	$ 2,029,932	$ 201,920	$ 6,248,743
Public Safety	$ 7,207,887	$ 2,021,610	$ 75,000	$ 7,282,887
Planning	$ 1,668,342	$ 763,261	$ -	$ 1,668,342
Transportation	$ 2,011,768	$ 763,763	$ -	$ 2,011,768
Public Works	$ 4,026,756	$ 1,341,984	$ 55,000	$ 4,081,756
Recreation, Parks, & Cultural Res	$ 1,908,568	$ 672,301	$ 150,000	$ 2,058,568
Non-Departmental	$ 1,600,867	$ 1,088,544	$ 660,220	$ 2,261,087
Debt Service	$ 876,790	$ 50,736	$ -	$ 876,790
Total Expenditures	**$ 25,347,801**	**$ 8,732,131**	**$ 1,142,140**	**$ 26,489,941**

With increased property tax revenues, there will also be additional funding for the Affordable Housing Special

Revenue Fund. We anticipate additional tax receipts of $43,625 for the Affordable Housing Special Revenue Fund. These funds will be added to the uncommitted or reserve funds for Affordable Housing Special Revenue Fund.

	Adopted Budget FY 2021-22	Change	Revised Adopted FY 2021-22
Affordable Housing	$ 338,525	$ 43,625	$ 382,150

FISCAL & STAFF IMPACT: The adopted general fund budget will increase from $25,347,801 to $26,489,941 and allow the Town to adjust expenses to cover unbudgeted items and increased cost of supplies and materials. These additional revenues will also allow the Town to set aside funds for implementation of recommendations resulting from the Position Classification and Pay Plan Study. Any unexpended study implementation funds at year end will be designated in fund balance to carry over to the next fiscal year.

The Affordable Housing Special Revenue Fund will increase from $338,525 to $382,150.

RECOMMENDATION: Staff recommends that the Town Council adopt the amended budget ordinance to the Adopted FY22 General Fund and Affordable Housing Special Revenue Fund budgets (Attachment A).

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