

# EXECUTIVE SUMMARY

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## *Budget Overview*

The recent economic slowdown within the State places the Town of Carrboro, like many jurisdictions, in a situation of fiscal uncertainty and in a difficult position attempting to forecast financial projections for the upcoming FY2001-02 budget. The economic uncertainty has required the Town to submit a budget that remains focused on providing basic services, retaining employees, and buying land for capital infrastructure in accordance with the capital program promoted by the community and by the Board. At the same time, the budget delivers a high quality of services to the Carrboro community that is fiscally responsible and prepares the Town for its future. The budget, while limited in terms of expansion of service levels, is aligned with the Board goals and represents an incremental step toward implementation of the Vision 2020 long-range plan approved by the Board in December 2000.

Providing basic services includes a sizable commitment to Board directives aimed at upgrading computer technology and improving transit services within the Town as desired in the Vision 2020. The Town will become a “Community on the Web” providing access to public documents and community updates. Transit services funded within the adopted budget will provide for enhanced access to employment opportunities and realization of a true “community bus system” as desired in the Vision2020 plan.

Also funded within the budget are significant operational increases for maintaining current service levels. Rate increases in various areas such as utility costs for town buildings, worker’s compensation insurance, and increases in the landfill fees and in the amount of solid waste going to the landfill have increased at rates that require additional support within the adopted budget.

Another important investment contained in the adopted budget is an attempt to stem the employee turnover rate that has plagued the Town over the past two years. A notable highlight of budget discussions in June was addressing the high turnover in the Police and Fire Departments. The Board, in response to the impact of this turnover on the ability of the departments to provide quality services, invested significant town resources to provide additional pay adjustments for the firefighters and certified police officers in an effort to address salary compression and to retain the current staff.

In addition, the Board is preserving a key benefit currently enjoyed by all town employees – individual health insurance coverage as well as the 50% subsidy for dependent coverage that is used by a majority of employees. To stay within reach of the labor market and peer jurisdictions, the Board also approved a 2.5% increase in employees’ salaries and funded the salary adjustments affected by reclassification of job duties and the biennial market comparison. The Board, cognizant of limited resources, modified the current merit program to allow a 2.5%

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maximum merit versus the previous year maximum of 5%. The Board plans to revisit its pay plan and compensation philosophy in the upcoming year.

Discussions about capital infrastructure are a topic within the Vision 2020 plan as well as with the Board of Aldermen. Carrboro has grown to a sizeable community where the Town is at a point in its history that it needs to make significant investments to prepare for future decades. However, with limited resources, it is clear that much work lies ahead in prioritizing projects that are most critical to the Town.

Focusing on community priorities in light of an economic slowdown, a limited commercial tax base, and limited revenue options, balancing the adopted budget required a property tax increase of 5.78 cents.

While the overall property tax rate is going down, the tax bill is actually increasing. The recent revaluation shows that the residential and commercial portions of the property tax base increased in value by 21.8%, which means in the upcoming year, the Town could reduce the tax rate from the current year's rate of 71.2 cents per \$100 valuation to 59.9 cents and collect an equal amount of money. Meeting all of the needs recommended for the upcoming year, however, the tax rate of 65.68 cents is 5.78 cents higher than the equalization rate of 59.9 cents.

#### *Fiscal Year 2001-2002 Budget Process*

The Board, as part of the annual budget process, considers community plans (capital improvement plan, Vision 2020, and other needs assessments) and reviews its goals to develop a two-year "Action Agenda" for the Town. Within the budget document, departments itemize numerous projects as part of their work plans. Those that are part of the "Action Agenda" are identified in *italics*.

The FY01-02 budget process follows a familiar process in that the primary mission continues to be the development of an annual financial plan for the Town. However, just as important, the budget is a strategic plan whereby departmental missions and objectives are aligned with the Board goals.

As in past years, departments prepared and justified their budget into two components – a continuation budget and a proposed change or expansion budget. Continuation budgets are defined as expenditures needed to conduct ongoing operations at the same level; in some cases these costs may exceed the \$5,000 threshold that is considered for expansion items. Where the increase is significant, it will be noted in the line-item detail for each departmental cost center. A proposed change is budgeted in a separate column on the financial spreadsheet and is defined as a new program, initiative, or equipment that costs more than \$5,000. Justifications for proposed changes are based on the Board's adopted goals as well as individual departmental goals.

Readers of this document will also see that Town staff continues to use and add performance measures to assess the effectiveness of departmental programs. The Police Department, for example, has added a survey to measure citizen satisfaction with police performance and will

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begin to track citizen complaints. The Fire Department has added response times for fire and EMS calls as a measure of service effectiveness.

Replication of such measures produces historical data that can be useful in assessing how service performance and cost change from year to year. Using performance measures to compare with other jurisdictions will enable Carrboro to learn from its counterparts and to achieve desired standards in service delivery.

### **Other Funds**

While the General Fund is the major operating budget for the Town, numerous other funds are used to track expenditures funded with legally restricted revenues including reserves for capital projects as designated by the Board; trust funds (for cemetery); revolving loans for economic development; and capital projects.

The Adopted Budget for FY2001-2002 for the General Fund totals \$12,751,013. Listed below are the highlights of the budget that build upon the Vision 2020 plan and the Board's goals and objectives.

### **Expenditure Highlights**

#### **General Fund**

##### **Promote Environmentally Responsible Policies and Practices**

The environmental planner, budgeted for 6 months in the current year, will assist the Town in ensuring consistency with the Town's environmental protection policies and regulations. Annualizing this position in the recommended budget (\$29,500), the community's desire for expertise in environmental management, protection, and planning are realized. The adopted budget, at \$6,900, funds the final phase of the Bolin Creek analysis begun in the current year to assess the environmental health of the creek area.

A significant increase in the adopted budget is the continued support for transit services (\$91,286) designed to reduce air pollution, encourage and increase bus ridership, and provide transit access to areas of employment and recreation such as the university, hospital and downtown. Additional services provided this fiscal year include fare free transit effective in January 2002 and upgrades to the F route to improve transit access within the Town.

##### **Provide Effective and Efficient and Responsible Government**

Other increases funded within the adopted budget are required in order to continue delivering the same level of services to the community. An additional \$52,500 is required to pay landfill fees for the Town's trash load of approximately 8,000 tons per year. This total includes a \$3 fee increase to \$45 per ton dumped at the landfill. Utility fees, as a result of the increased prices for natural gas, represent another significant operating increase for the Town. Approximately \$54,343 additional dollars will be needed to heat and cool three town facilities – Public Works, Town Hall (including Fire Department), and the new Century Center.

The cost for property and liability and workers' compensation insurance has also increased (\$19,257). Small increases are expected in property coverage due to the addition of network and

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phone infrastructure, the new bandstand, and the Century Center. The increase in worker's compensation is a result of properly reclassifying a number of fire department personnel into the appropriate higher risk categories and increased loss ratios due to an increased number of worker injury claims. The Town, wanting to improve and promote safe work practices, has hired a safety officer in a joint arrangement with Chapel Hill to promote safe work practices. This position, hired mid-year in the current year, requires an additional \$20,000 of funding within the adopted budget.

The Board, in the current year, responding to the increased workload demands faced by the Management Services Department and to improve internal controls in maintaining the general ledger and fiscal transactions, funded a staff accountant position in March 2001. The annualized cost of this position is equal to \$30,000. In another quality improvement effort, \$2,500 in additional funds is needed to continue implementation of a procurement card program designed to streamline paperwork and time spent by departments and finance staff to conduct the purchasing and cash disbursement processes.

In addition, a significant investment, for the upcoming year, is being made in the Town's technological infrastructure to complete the core infrastructure work that was started in the current fiscal year. The necessary core data and telephone network infrastructure has been created. This has provided a base technological installation from which effective, efficient and timely technology services can be delivered to all Town departments.

As part of long-range technology planning, however, some key pieces of hardware and software must be in place to ensure effective management and administration of local area networks (LANs) and wide area network (WAN), telephone network, and user workstations. The end result of such an investment is reliability and end user service will continue to promote an "enabling technology environment" for the Town of Carrboro. This is necessary to promote an effective, efficient, high quality and timely flow of information to the citizens of Carrboro.

Long range technological planning suggests that the replacement of Town staff workstations should occur every three years to maintain compatibility and usability with standard applications and staff needs. However, due to limited financial resources, the current budget only allows for staff workstations to be replaced approximately every five years. The budget replaces thirteen computers at a total cost of \$34,450. As outlined in the original technology plan, these staff workstation replacements are budgeted within the departmental budgets. This figure includes all necessary network and application licenses.

Long range technological planning also dictates the need for expanding core data infrastructure, protecting the data resources located on the Town's computer network and the necessity to provide the computational resources inherent in a database centric organization.

Currently, the Town is at or very near capacity in the Town Hall, Century Center and the Fire Station in terms of the ability to add additional network devices (computers, print servers, etc.). A network device cannot be added at Town Hall without unplugging a currently used/functioning device. These second year additions will complete the core infrastructure and

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will absorb any needed growth for the next three to four years. The total cost of these core infrastructure additions is \$24,080.

To date, the Town has minimally protected its' networked data assets. Protection of these data assets, documents, spreadsheets and other publications, are key to the trust employees place in the reliability and accessibility of their data on a day to day basis and determines the true usefulness of a computer network. Various anti-virus software and fire walling technology is being purchased at the cost of \$43,804 to adequately protect the Town's network from virus and outside (and inside) malicious network disruption ("hacking"). Of this total, \$7,600 reflects an ongoing commitment to the Town wide use of GIS – Geographic Information Systems at both the staff (Intranet) and citizen (Internet) levels. Most of these software purchases are being made at a first-time, full product purchase price that should be substantially reduced in coming years when upgrade pricing or ongoing support pricing is purchased for these products.

Finally, two database servers are being purchased at a cost of \$29,000 to support the heavy backend database processing required by the Police Department's crime management software, specialized database applications created within the Planning Department, GIS (internal and external), a dynamic WEB site presence and the daily operations of the Town.

The fiber-optic infrastructure for the Town's phone and data network currently connecting the Town Hall, Fire Station, Community Center and Public Works buildings has also introduced new ongoing obligations that will serve to protect the integrity of the fiber-optic cabling amounting to \$7,349. Approximately \$4,500 of this amount will be yearly ongoing costs reflecting the occupancy of Bell South inner duct by Town fiber-optic cabling as well as employing a professional fiber-optic locating service to locate Town fiber during construction projects.

#### *Build a Strong Sense of Community*

Establishing the core technology infrastructure of the Town also has far-reaching implications for the community. Carrboro residents will see the Town's website come to life, realizing the first steps of what the Vision 2020 envisions of Carrboro: a "Community on the Web."

The introduction of the Town's intranet and internet sites is beginning to have a significant impact on operations and improves the technical skills of employees. The Management Services Department and Fire Department have teamed together to enable a town firefighter to spend substantial work hours to assist with developing the Town's web site which is now available on-line.

The use of GIS benefits the community in many ways – from its applications on the website to cost-effective service delivery. For over a decade, a developing GIS has served as an important component of the town's information database regarding land use, ownership, value, damage assessment (Hurricane Fran), and development potential. Some of the projects conducted by the Planning Department in the current year include analyzing downtown surface parking and building height/buildout, completion of cost-estimates of proposed sidewalk improvements, data entry application for an inventory of the Town's storm water infrastructure. Planning staff also completed the Town's fire grid project (fire districts, hydrant location, response radii) and a

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suitability analysis of the proposed County district park, and are analyzing forest cover changes between 1987 and 1998 and updating the 1998 planimetric data on residential dwelling units.

As a result of the development of a Town Intranet and recent expenditures in partnership with other Orange County governments for digital data, as well as new software products, GIS-based data is now available to a large number of Town staff. The expanded accessibility of GIS benefits the community in many ways – from its applications on the website to cost-effective service delivery.

In the Planning Department, GIS data informs the development review process. Planning staff uses this data on a daily basis to assist citizens in determining infrastructure plans that may affect a property, development constraints, and existing land use. Police officers, at their desktops, are now accessing GIS via the Town's Intranet to identify property owners and notify them of illegal activities taking place on their property and to make them aware of their liabilities for such activities. GIS data is helpful in identifying property attributes that assist the Department with strategies in executing search warrants and conducting arrests. The Public Works Department is developing a database to support cemetery plot graphics files, bringing in-house a service that was conducted by a consultant in previous years. Planimetric data of utility pole locations, street rights-of-way, manholes and principal drainage structures are already available. Data development for these features and others, such as bus shelters and signage, will serve to inform and expedite maintenance and upgrade schedules. Recreation and Parks staff use map and database information for verifying addresses of participants in recreation programs and planning special events.

These data increase the efficiency of staff in serving residents and business owners in both day-to-day operations, and through better planning for activities and programs.

Another community project, the long-awaited Century Center, which opened its doors in March 2001, will enrich the artistic culture that flourishes in the community and jumpstart the economic engine and vitality desired in the downtown area that will “remain a center for the community where people work, gather, shop, socialize, and recreate.” The Center is now fully operational and will require a small amount of additional town resources (\$42,831) to operate for a full year. Of this total, \$23,400 will pay for contracted services to operate the sound and lighting systems at the Center. These costs will be fully recovered through fees charged to patrons who desire to use the Center's sound and lighting system.

The remainder of the increase primarily represents additional salary funds for temporary staff that will be needed to keep the Center open for a full operational year. It should be noted that the Center could be rented for a total of 5,460 hours if all available hours for rental are used. The funding provided in this budget represents an estimated minimum operation of three nights per week night versus four, and limited weekend hours. This equates to a core total of 3,848 hours and provides for only one temporary, part-time personnel to be present at the Center during evening and weekend hours.

In addition, the Town expects to generate \$52,000 for programs offered at the Center, an increase of \$16,600 in program revenues budgeted in the current year. Other operational costs

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not directly related to the recreational programs at the Century Center include copier and postage meter leases for the Police and Recreation departments (\$13,618) for conducting daily business.

The Board, responding to residents' requests and concerns cited at budget work sessions, approved funding for the placement of playground equipment in Wilson and Anderson Parks. The playgrounds, costing approximately \$28,000 in lease costs, are considered a means of fostering a network of neighbors across the entire Carrboro community.

*Encourage Economic and Social Diversity*

Annually, the Board of Aldermen appropriates approximately one penny of the tax rate to various nonprofit organizations. Nonprofit organizations are considered an extension of the town resources, providing services that promote the safety, health, and general welfare of all residents in Carrboro. The recent revaluation of the ad valorem tax base, increased the revenue generated per penny, from \$80,000 to approximately \$100,000, increasing Carrboro's contribution to nonprofit organizations by \$20,000.

*Promote a Safe, Efficient, and Viable Infrastructure for the Town's Healthy Growth*

As mentioned earlier in this message, promoting the Town's capital needs is a significant cost within the FY2001-02 budget and will continue to play a significant role in the Town's financial considerations as the Capital Improvement Program unfolds in future years. Within the current year budget, \$171,788 is available to pay for debt service on land purchases. The adopted budget sets aside an additional \$40,000 to assist with the debt payments. The Board in adopting the budget, also allocated an additional \$21,000 to be transferred to the capital reserve fund for future capital needs. The Town is in the midst of considering several options for land purchases. The Board has flexibility to determine the scope of its capital improvements programming following consideration of long-term debt costs that the Town will face.

In the current year, overall debt payments, including lease installment financing for vehicles and other equipment replacements, is at \$1,092,369. The projected debt, should the Board decide to build the Northern Area Fire Station, buy land for the Public Works facility (27 acres versus 17 acres initially considered), and purchase a parking lot in the downtown, will increase to levels identified in the chart on the following page.

The additional debt estimated for the FY01-02 land bank debt is \$189,606. Funds set aside in the current year and the \$40,000 appropriated for debt in the adopted budget are sufficient to cover the FY01-02 debt levels that will be required should the Board decide to pursue all of the options described above. However, commitment to these purchases will require significant additional resources in the next few years, with debt levels peaking in FY02-03. The purchases identified above are limited in scope in comparison with the needs projected in the Town's Capital Improvement Plan and do not consider the construction of the Public Works facility within the next five years.

As illustrated in the chart, the adopted budget also allots an additional \$88,908 in lease payment debt within the General Fund for prior year lease-purchase commitments and ongoing equipment and vehicle replacements scheduled for purchase in FY01-02.

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| DEBT SCHEDULE                                     | ISSUE \$           | FY99-00          | FY00-01            | FY01-02            | FY02-03            | FY03-04            | FY04-05            | FY05-06            |
|---|--------------------|------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| <b>TOTAL BOND DEBT</b>                            | <b>\$3,513,000</b> | <b>\$232,798</b> | <b>\$226,812</b>   | <b>\$220,411</b>   | <b>\$214,597</b>   | <b>\$209,265</b>   | <b>\$182,312</b>   | <b>\$138,241</b>   |
| CENTURY CENTER                                    | \$3,080,000        | \$255,623        | \$255,623          | \$255,623          | \$255,623          | \$255,623          | \$255,623          | \$255,623          |
| SMALL PARK, HILLSBOROUGH RD                       | \$274,000          |                  | \$27,161           | \$27,161           | \$27,161           | \$27,161           | \$27,161           | \$27,161           |
| LAND BANK   | \$2,060,000        | \$0              | \$0                | \$189,606          | \$236,471          | \$229,261          | \$222,051          | \$214,841          |
| FIRE STATION CONSTRUCTION                         | \$1,500,000        | \$0              | \$0                | \$0                | \$150,750          | \$196,250          | \$189,250          | \$182,250          |
| <b>TOTAL LONG TERM DEBT</b>                       |                    | <b>\$488,421</b> | <b>\$509,596</b>   | <b>\$692,801</b>   | <b>\$884,602</b>   | <b>\$917,560</b>   | <b>\$876,397</b>   | <b>\$818,116</b>   |
| <b>ONGOING EQUIPMENT/VEHICLE REPLACEMENT DEBT</b> |                    | <b>\$458,696</b> | <b>\$582,773</b>   | <b>\$671,681</b>   | <b>\$726,323</b>   | <b>\$627,068</b>   | <b>\$696,666</b>   | <b>\$586,793</b>   |
| <b>TOTAL DEBT</b>                                 |                    | <b>\$947,117</b> | <b>\$1,092,369</b> | <b>\$1,364,482</b> | <b>\$1,610,925</b> | <b>\$1,544,628</b> | <b>\$1,573,063</b> | <b>\$1,404,909</b> |

Recognizing the difficulty in funding all capital improvements at desired levels, the budget provides expansion funds of \$33,000 to enable the Town’s firefighters to perform some renovations to the Fire Department. This represents a significant savings from the original proposal within the Town’s Capital Improvements Program that is currently unfunded. The renovations, while not at the same scale as originally proposed, will include construction of a shower and locker room for female firefighters, modifications of sleeping quarters and enlargement of kitchen to accommodate growth in number of firefighters over the past five years, and addition of office space for the safety officer and fire captain positions.

Employee Compensation

Over the past two years, the organization has experienced a higher employee turnover rate than in past years. With small staffs, turnover of experienced employees has a disruptive impact on operations. The Planning and Management Services departments are now more fully staffed and are rebounding from significant turnover in the previous year.

The Police Department, due to a turnover rate of 25%, has not had the ability to staff a community policing division, instead directing staffing resources to patrol and investigations. The Board, as the result of budget deliberations, addressed the impact of the high turnover in the Police and Fire departments and funded additional pay adjustments to address market factors and to manage the internal salary compression in an effort to recruit and retain police officers and firefighters in these departments.

Departments also continue to look for job growth and training opportunities (GIS, intranet and internet programming) to build skills of current staff through cross training of job duties, improvement of core work skills via professional and computer training, career development opportunities, and job satisfaction. To acknowledge and maintain this technical skill building momentum within the organization and to keep pace with peer jurisdictions, the adopted budget funds a two and one-half percent pay adjustment for all employees and continuation of the merit system, albeit at lower rates than in prior years.

The 2.5% pay adjustment provided to all employees not only assists in maintaining salaries at the market rate but also helps to offset the increases in benefits premiums that are also effective July 1. For example, the average employee who elects dependent health insurance coverage will

experience a net loss in take home income without this pay adjustment. This situation includes the anticipated cost increases to continue the Town's subsidy for retiree health insurance (\$10,000), individual employees (\$72,600) and 50% dependent health insurance coverage (\$20,000).

The merit program is also considered a significant issue in retaining employees – the ability to move staff up in the salary range as they obtain more work experience. The Board, facing limited resources, modified the merit program, eliminating the previous practice of a two-tiered merit program whereby meritorious employees could earn 2.5% or 5% merit. The merit program for FY01-02 provides for the potential of all meritorious employees to earn 2.5% merit. Those below midpoint who perform their jobs satisfactorily, meeting minimum standards in all job performance review categories, receive a 2½% merit. For employees above midpoint in their salary ranges, a stricter standard is applied. A merit of 2½% shall be awarded when the employee exceeds 25% of performance review categories and does not fall below minimum standards in any category.

Continuing a practice of previous years, the Town hired a personnel consultant to review job reclassification requests made by Department Heads. A total of \$44,000 was used to fund position upgrades where job duties have significantly changed and where market factors pushed the minimum salary range to a level higher than the employee in the position was currently earning.

All of these benefits are critical components of retaining employees with experience in the midst of a competitive job market.

## **All Other Funds**

### ***Capital Reserve Funds***

By law, capital reserve funds are designed to enable public municipalities to set aside funds for any purposes for which it may issue bonds. Amounts that accumulate in this fund cannot be withdrawn without board approval. Upon board approval, funds are transferred from the reserve fund to another fund, typically the General Fund or Capital Projects Fund, for direct expenditure.

### ***Payment-in-Lieu Capital Reserve Fund***

The Town, in its joint agreement with the Chapel Hill-Carrboro School System, committed to funding \$116,500 for the Smith Middle School project, an increase of \$41,500 over the original \$75,000 allocated. Sufficient funds are available within the Payment-in-Lieu Capital Reserve Fund to transfer the \$41,500 to the Smith Middle School project within the Capital Projects Fund. Approximately \$28,866 is available in payment-in-lieu revenues set aside for the legally designated North of Homestead quadrant; the remainder of funds is available from interest earned within the fund.

### ***Capital Reserve Fund***

The cash in this fund reserved for future projects will increase by \$227,100 as result of the annual transfers from the general fund for street resurfacing (\$150,000); Public Works construction projects (\$56,100); and for future capital projects or debt (\$21,000). Currently, the

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Town is faced with several water drainage problems and future sidewalk projects that will require town resources.

In the current year and for future years, all of the revenue projected from the intangibles tax reimbursement revenue stream will be set aside for capital projects. In the adopted budget, this amount totals \$56,100; this amount is budgeted as a transfer to the Capital Reserve Fund for Public Works projects. If the state legislature chooses to keep the local reimbursements for previously repealed local taxes (business inventory tax (\$56,100) and intangibles tax (\$193,498), the transfers to capital reserves for Public Works and street resurfacing will be eliminated. The remainder will represent cuts to be determined during the upcoming fiscal year.

The adopted budget within the Capital Reserve Fund also transfers \$40,000 to the General Fund to address storm water drainage issues at the Gary/Oleander Road intersection.

### ***Home Fund***

The Carrboro Board of Aldermen, as a member of the Orange County HOME Consortium, approves project activities for the HOME program on an annual basis. As part of this process, the Board also provides a local match to Orange County to administer and fund the program projects. Given that the annual subsidy is designed to support capital improvements that may span more than one year, the funds are set-aside in a multi-year fund, called the HOME Fund. The adopted budget appropriates \$13,149 to this fund.

### ***Capital Projects Fund***

The Capital Projects Fund is increased by \$41,500 as the result of the transfer from the Payment-in-Lieu Capital Project Fund to support the increased commitment by the Town for the Smith Middle School project.

## **Revenue Outlook**

With signs of a pending recession, the uncertainty around the state budget crisis and its impact on the local government revenue stream, and with the uncertain impact of the Census on the distribution of state-shared revenues, the revenue outlook is one of caution.

Showing the most growth in the revenue stream is the continued strong growth in the Town's property tax base. Normal growth shows an increase of 6.9% over adopted FY00-01 budget and the recent revaluation shows the market assessment of property within the Town increased by 19%.

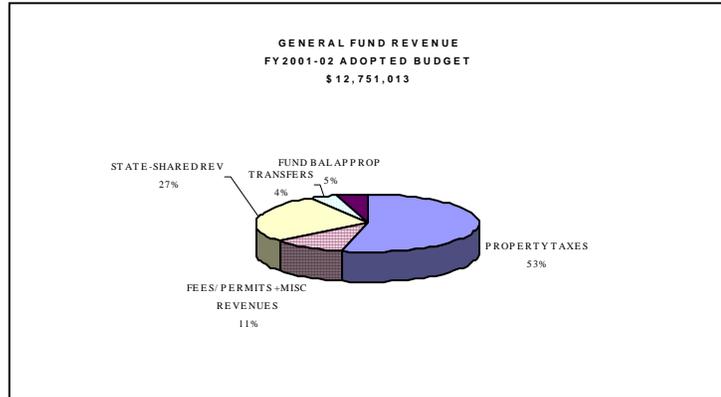
The next largest stream of revenue, state-shared revenues, is difficult to project and the small projected increases averaging two to three percent growth reflect the uncertainty identified above.

The Town's adopted operating budget for FY2001-02 is \$12,751,013. As illustrated, 53% of the Town's General Fund revenue is derived from property tax. The next largest source of revenue is state-shared revenue that amounts to approximately 27% of General Fund monies.

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**Ad Valorem Taxes**

The town, like the rest of Orange County, has undergone a revaluation of assessed property valuation by the Orange County Tax Assessor's Office. The total assessed valuation of real and personal property in Carrboro is at \$872,071,684, up from the \$815,402,720 prior year budget estimates, representing growth of \$56,668,960 or a 6.9% increase.



The remainder and largest portion of this increase (19%) in valuation is due to the recent revaluation.

With this increase in market valuation and without an increase in property taxes, the property tax rate, or "revenue neutral" tax rate equals 59.9 cents, a decrease from the current 71.20 tax rate. The computation of the "revenue neutral" tax rate is described below.

|  | 2000-01 Budgeted Valuation | Increase due to Growth | 2001-02 Projected Valuation (Not Including Recent Revaluation Figures) |
|--|----------------------------|------------------------|--|
| <b>Assessed Valuation of Real &amp; Personal Property (only)</b> | <b>\$815,402,724</b>       | <b>6.9%</b>            | <b>\$872,071,684</b>   |
| <b>Adjusted for Collection Rate (98.16%)</b>                     | <b>\$800,420,514</b>       |                        | <b>\$856,051,845</b>   |
| <b>Tax Rate (cents)</b>  | <b>0.7120</b>              |                        | <b>0.7120</b>  |
| <b>Dollars Generated from tax base</b>                           | <b>\$5,698,994</b>         |                        | <b>\$6,095,089</b>   |
| <b>Levy per Penny</b>  | <b>\$80,042</b>            |                        | <b>\$85,605</b>  |

*Formula for computation of equalized rate:*

$$\frac{\text{Dollars to be generated in 2001-02 at current tax rate}}{\text{New Assessed Valuation for 2001-02 (after revaluation)}} \times 100$$

**Computation of Equalized Tax Rate:**

$$\frac{\$6,095,089}{\$1,018,337,230} \times 100 = \$0.599$$

The corresponding percentage changes and increase in levy per penny (at a “revenue neutral” or equalization rate) are listed below.

|                                     | Before<br>Revaluation | After<br>Revaluation   | Percentage<br>Change | \$ Difference        |
|-------------------------------------|-----------------------|------------------------|----------------------|----------------------|
| <b>Tax Base</b>                     | <b>\$872,071,684</b>  | <b>\$1,035,475,012</b> | <b>19%</b>           | <b>\$163,403,328</b> |
| <b>Adjusted for Collection Rate</b> | <b>\$856,051,845</b>  | <b>\$1,018,337,230</b> | <b>19%</b>           | <b>\$162,285,385</b> |
| <b>Tax Rate (cents)</b>             | <b>0.712</b>          | <b>0.599</b>           | <b>-16%</b>          | <b>-0.113</b>        |
| <b>Dollars Generated</b>            | <b>\$ 6,095,089</b>   | <b>\$ 6,095,089</b>    | <b>0%</b>            | <b>\$ -</b>          |
| <b>Levy per Penny</b>               | <b>\$85,605</b>       | <b>\$101,834</b>       | <b>19%</b>           | <b>\$16,229</b>      |

The adopted budget is based on a tax rate of 65.68 cents and an overall tax collection rate of 98.2%. This represents a tax rate increase of 5.78 cents resulting in projected FY01-02 property tax revenues totaling \$6,688,337. Each \$1,000,000 increase in assessed valuation at a \$0.6568 tax rate produces \$6,450 in additional property tax revenue. Each penny on the tax rate produces approximately \$101,834.

**Miscellaneous Revenue and Fees and Permits**

Other General Fund revenue is derived from building permit fees, service charges, fire district fees, interest on investments, recreation programming fees, and miscellaneous sources. The revenue projection for Miscellaneous Revenues and Fees and Permit Revenues categories totals \$1,374,548 an increase of 4.6% over the adopted FY2000-01 budget.

Driving the increase in fees is the fire district fee paid by the South Orange Fire District. A total of \$316,659 is budgeted for fire district revenues equaling 23.5% of the total fire department budget. The South Orange Fire District is expected to reimburse the Town approximately \$301,659 in tax revenue and the remainder is appropriated from fund balance representing excess fire district revenues received by the Town in the previous fiscal year.

Another noteworthy change within the fees and permit schedule is the increase in revenues projected for programming at the new Century Center. Approximately \$52,000 will be generated for Century Center programs. Another \$23,400 is budgeted to recover 100% of costs associated with technical services provided by the Town in managing the lighting and sound systems at the Center.

These increases, however, belie the lack of growth in projected permitting activity associated with development activity. Revenue generating permitting activity remains at the same level as the adopted current year budget, a testimony to the overall economic slowdown.

**State-shared Revenue**

As with permitting activity, the 3.8% projected increase in state-shared revenue does not beckon the strong growth of past years.

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Grant funding, overall, remains at the same level as the previous year, albeit for different projects. Grant funding of \$81,626 from the North Carolina Department of Transportation will support sidewalk projects on S. Greensboro St and on Old Fayetteville Road.

The Police Department fared less favorably this year, losing the second year of grant funding from the Governor's Crime Commission that supported an investigator position and some equipment, presumably a casualty of the state budget woes. This loss of funding has resulted in the elimination of a vacant position in the Police Department. The funding for a school resource officer, representing the second of a three-year COPs (Community-Oriented Policing) grant, is expected to continue. In addition, two equipment grants awarded by the Bureau of Justice that were budgeted in the prior year have been carried over and are budgeted in the new fiscal year.

The remainder of state-shared revenues, totaling \$3,323,198, is expected to show minimal increases due to the economic slowdown project in FY01-02. Included in this category of revenue, are six state-wide revenues whose estimates depend on economic forces: the Beer and Wine Tax, the two Utility Franchise Taxes, the Piped Natural Gas Excise Tax, the Local Option Sales Tax, and the Powell Bill.

The largest component of state-shared revenue, the sales tax, is estimated to increase 1.02% over adopted FY00-01 budget estimates. The distribution of this revenue stream was significantly affected by the 2000 Census. Orange County, as a whole, benefited from the new census figures for the two one-half cent sales taxes as that distribution is based on statewide distribution of population. The sales tax revenues, once distributed to Orange County, are then distributed to the municipalities based on population per capita distribution. The new census figures, however, adversely affect Carrboro, with Chapel Hill getting a larger share of the revenue stream. The League of Municipalities, using the new 2000 Census figures and audited June 2000 combined sales taxes, showed that Carrboro's share of sales tax would have decreased by \$51,921. Using this adjusted audit figure, the projected sales tax revenue for FY01-02 reflects an increase of approximately 4.2% over the adjusted audited figures sent by the League. Similarly difficult to project are the other revenues dependent on statewide per capita distribution (Beer and Wine Tax, and Powell Bill).

The next largest state-shared revenue, utility franchise taxes, underwent slight legislative changes in 1998. The utility franchise tax is a franchise tax on the total gross receipts of all businesses within the state that furnish electricity and local telephone services (including cellular).

The General Assembly has replaced the existing utility franchise tax and sales and use tax on piped natural gas with a new excise tax on piped natural gas. Rates are based on monthly therm volumes received by the end user of the gas. However, the amount distributed to a municipality may not exceed the city's benchmark amount until each city receives its benchmark amount. The League of Municipalities, because of uncertainties involved with the changed method of taxation continues to recommend that towns not budget more than their benchmark; the Town's benchmark amount is \$42,557.

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For the remainder of the utility franchise base, the League estimates that the statewide growth in the utility franchise tax will be 3.5 to 4.0%. Again, the League advises caution to local governments estimating utility franchise taxes because they are not only sensitive to the economy but also to weather and rate changes charged by the utility companies. The Town's utility franchise tax estimates are slightly higher at 5%, slightly lower than historical growth trends.

### **Other Financing Sources**

Lease-purchase financing, as in the current year, represents the full cost of equipment that the Town is planning to purchase through installment financing. Following generally accepted accounting practices; the full cost of the financed equipment is budgeted as an expenditure (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 value only. The full cost of financed equipment being purchased in FY2001-02 equals \$407,550; the budgeted lease proceeds on the revenue side also equals this same amount.

### **Fund Balance**

The FY01-02 adopted budget appropriates \$580,000 as a result of budget deliberations. The Manager's recommended budget appropriated \$500,000 in accordance with the Five-Year Plan and with the idea that the Town will strive to maintain or improve undesignated fund balance levels. During budget deliberations, an additional \$65,000 was appropriated to address the turnover problems in the Police and Fire Departments. As mentioned earlier, \$15,000 was also appropriated to for fire protection services provided to the South Orange Fire District. The fund balance appropriated in the adopted budget, with current fund balance projections, should result in a 20.1% fund balance at year-end, slightly below the goal of 22.5%.

### **Conclusion**

The budget proposed is a significant one, both in terms of the 5.78-cent tax rate approved and the investments recommended for the community. This is a budget that recognizes that Carrboro has grown to a sizeable community of 16,782 people where the Town is at a point in its history, as illustrated in the Vision 2020 Plan, that it needs to make significant capital and service delivery investments to meet current needs and to prepare for future decades.

It is also a budget of caution on the revenue outlook and one that is focused on, as mentioned throughout this message, providing basic services, retaining employees, and buying land for capital infrastructure. The budget, to afford these investments, takes a departure from the Town's Five-Year Plan for FY01-02 and projects a tax-rate of 5.78 cents instead of the 5.5 cents originally estimated.

The Town will continue to monitor the state actions and keep the Board and residents informed and will adjust the budget in a balanced and proactive fashion as required by state law and approved by the Board of Aldermen.

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PROPOSED  
CHANGES  
FY2001-02 ADOPTED BUDGET

| DESCRIPTION OF ITEM                                  | BOARD GOAL  | APPROVED BUDGET<br>CHANGES | TAX RATE |
|--|---|----------------------------|----------|
| FARE FREE TRANSIT SERVICES, EFFECTIVE JAN 1, 2002    | PROMOTE ENVIRONMENTAL RESPONSIBLE PRACTICES                                     | \$25,000                   | 0.245    |
| TRANSIT SERVICE UPGRADES (F-ROUTE)                   | PROMOTE ENVIRONMENTAL RESPONSIBLE PRACTICES                                     | \$20,783                   | 0.204    |
| TRANSIT CONTRACT - NEW BUSES (CARRBORO'S SHARE)      | PROMOTE ENVIRONMENTAL RESPONSIBLE PRACTICES                                     | \$17,043                   | 0.167    |
| TRANSIT CONTRACT - NEW SUPERVISOR (CARRBORO'S SHARE) | PROMOTE ENVIRONMENTAL RESPONSIBLE PRACTICES                                     | \$6,016                    | 0.059    |
| EMPLOYEES, ACROSS-THE-BOARD MARKET ADJUSTMENT        | PROVIDE EFFECTIVE AND EFFICIENT AND RESPONSIBLE GOVT                            | \$175,096                  | 1.719    |
| POLICE/FIRE- SPECIAL MARKET ADJUSTMENT               | PROVIDE EFFECTIVE AND EFFICIENT AND RESPONSIBLE GOVT                            | \$160,803                  | 1.579    |
| MERIT PROGRAM, SINGLE-TIERED, 2.5%                   | PROVIDE EFFECTIVE AND EFFICIENT AND RESPONSIBLE GOVT                            | \$83,046                   | 0.816    |
| POSITION RECLASSIFICATIONS                           | PROVIDE EFFECTIVE AND EFFICIENT AND RESPONSIBLE GOVT                            | \$44,252                   | 0.435    |
| PLAYGROUND EQUIPMENT, WILSON AND ANDERSON PARK       | BUILD STRONG SENSE OF COMMUNITY   | \$27,500                   | 0.270    |
| RENOVATIONS TO FIRE STATION                          | PROMOTE SAFE, EFFICIENT AND VIABLE INFRASTRUCTURE FOR THE TOWN'S HEALTHY GROWTH | \$33,000                   | 0.324    |
| <b>GRAND TOTAL</b>                                   |   | <b>\$592,539</b>           |          |

**GENERAL FUND REVENUE**

| 98-99<br>ACTUAL | 99-2000<br>ACTUAL | 2000-01<br>YTD<br>03/30/01 | 2000-01<br>ADOPTED<br>BUDGET | %<br>COLLECTED<br>YTD | 2000-01<br>EST. | 2001-02<br>ADOPTED<br>BUDGET |
|-----------------|-------------------|----------------------------|------------------------------|-----------------------|-----------------|------------------------------|
|-----------------|-------------------|----------------------------|------------------------------|-----------------------|-----------------|------------------------------|

**AD VALOREM TAX**

|            |                   |             |              |             |             |       |             |             |
|------------|-------------------|-------------|--------------|-------------|-------------|-------|-------------|-------------|
| 660-431910 | PRIOR YEAR        | \$50,446    | \$ 56,455    | \$57,172    | \$69,248    | 82.6% | \$71,347    | \$74,449    |
| 660-431920 | CURRENT YEAR      | \$3,905,419 | \$ 4,351,091 | \$5,546,677 | \$5,701,644 | 97.3% | \$5,787,625 | \$6,688,337 |
| 660-431921 | INVENTORY CREDIT  | \$50,586    | \$ 55,268    | \$28,050    | \$52,000    | 53.9% | \$28,050    | \$56,100    |
| 660-431922 | PENALTY & INTREST | \$13,065    | \$ 12,170    | \$8,514     | \$13,000    | 65.5% | \$15,320    | \$13,500    |
| 660-431930 | HOMESTEAD EXEM    | \$3,575     | \$ 3,467     | \$0         | \$3,575     | 0.0%  | \$3,467     | \$3,575     |
|            |                   |             |              |             |             |       |             |             |
|            | SUBTOTAL          | \$4,023,090 | \$ 4,478,450 | \$5,640,413 | \$5,839,467 | 96.6% | \$5,905,809 | \$6,835,961 |

**FEES AND PERMITS**

|            |                                    |             |              |           |           |        |             |             |
|------------|------------------------------------|-------------|--------------|-----------|-----------|--------|-------------|-------------|
| 445-432500 | PRIVILEGE LICENSE                  | \$10,778    | \$ 17,755    | \$43,144  | \$48,777  | 88.5%  | \$45,074    | \$50,000    |
| 518-433501 | DOG FEES                           | \$3,468     | \$ 4,954     | \$3,731   | \$5,000   | 74.6%  | \$5,099     | \$5,000     |
| 530-435300 | FIRE DIST. FEES                    | \$265,078   | \$ 280,441   | \$227,729 | \$288,320 | 79.0%  | \$303,639   | \$301,659   |
| 541-435902 | ENGINEERING FEE                    | \$27,601    | \$ 39,182    | \$34,557  | \$37,000  | 93.4%  | \$54,778    | \$37,000    |
| 541-436000 | DEV REVIEW FEE                     | \$51,373    | \$ 91,225    | \$53,192  | \$40,000  | 133.0% | \$60,704    | \$45,000    |
| 542-435500 | BUILDING PERMITS                   | \$114,994   | \$ 87,474    | \$65,066  | \$55,500  | 117.2% | \$105,432   | \$55,500    |
| 542-435502 | ELECTRIC PERMITS                   | \$65,360    | \$ 48,746    | \$40,542  | \$40,000  | 101.4% | \$60,192    | \$40,000    |
| 542-435503 | MECH. PERMITS                      | \$55,520    | \$ 42,314    | \$34,050  | \$35,000  | 97.3%  | \$51,463    | \$35,000    |
| 542-435800 | SIGN PERMITS                       | \$0         | \$ 175       | \$850     | \$400     | 212.5% | \$1,050     | \$400       |
| 542-435600 | PLUMBING                           | \$56,708    | \$ 48,161    | \$33,138  | \$35,000  | 94.7%  | \$49,813    | \$35,000    |
| 542-435700 | HOMEOWNERS'RE                      | \$0         | \$ 185       | \$610     | \$0       | N/A    | \$0         | \$0         |
| 542-535504 | RE-INSPECTION FEE                  | \$17,100    | \$ 26,820    | \$15,845  | \$20,000  | 79.2%  | \$22,746    | \$20,000    |
| 560-432300 | STREET CUTS                        | \$5,396     | \$ 5,518     | \$2,189   | \$5,000   | 43.8%  | \$2,189     | \$0         |
| 560-438501 | DRIVEWAY PIPE INSTALLATION         | \$0         | \$ 84        | \$0       | \$0       | N/A    | \$0         | \$0         |
| 560-438503 | DRIVEWAY PERMITS                   | \$0         | \$ 30        | \$440     | \$0       | N/A    | \$450       | \$0         |
| 560-438504 | BLDG STRUCTURE MVG PERMIT FEE      | \$0         | \$0          | \$0       | \$0       | N/A    | \$50        | \$0         |
| 580-435900 | REFUSE COLLECTION                  | \$14,605    | \$ 16,696    | \$15,598  | \$22,000  | 70.9%  | \$17,465    | \$17,000    |
| 620-436500 | RECREATION FEES                    | \$108,100   | \$ 102,230   | \$60,458  | \$104,000 | 58.1%  | \$110,000   | \$110,000   |
| 620-436502 | RECREATION ETRD.                   | \$4,188     | \$ -         | \$0       | \$6,000   | 0.0%   | \$0         | \$0         |
| 620-439502 | TOWN CENTER FEES                   | \$0         | \$0          | \$1,073   | \$0       | N/A    | \$0         | \$52,000    |
| 624-433500 | MISC FEES                          | \$0         | \$0          | \$0       | \$0       | N/A    | \$0         | \$23,400    |
| 660-431900 | MOTOR VEHICLE<br>LICENSES          | \$133,960   | \$ 140,921   | \$109,489 | \$145,000 | 75.5%  | \$151,610   | \$148,000   |
| 660-432800 | TIME WARNER PRIMARY<br>FRANCHISE   | \$95,758    | \$ 108,201   | \$2,500   | \$100,546 | 2.5%   | \$111,112   | \$113,459   |
| 660-432801 | TIME WARNER<br>SECONDARY FRANCHISE | \$5,722     | \$ 5,771     | \$0       | \$6,931   | 0.0%   | \$8,735     | \$6,931     |
|            | SUBTOTAL                           | \$1,035,709 | \$ 1,066,882 | \$744,201 | \$994,474 | 74.8%  | \$1,161,601 | \$1,095,349 |

**MISCELLANEOUS**

|            |                                   |           |            |          |           |        |           |           |
|------------|-----------------------------------|-----------|------------|----------|-----------|--------|-----------|-----------|
| 418-436201 | DONATIONS- FETE                   | \$0       | \$ -       | \$2,182  | \$0       | N/A    | \$3,682   | \$0       |
| 418-436203 | DONATIONS-VISIONING               | \$0       | \$ -       | \$5,000  | \$0       | N/A    | \$6,000   | \$0       |
| 511-435200 | PARKING VIOLATIONS                | \$3,600   | \$ 3,972   | \$2,400  | \$3,000   | 80.0%  | \$3,475   | \$3,000   |
| 511-433500 | POLICE MISC                       | \$0       | \$ 8,227   | \$0      | \$0       | N/A    | \$1,320   | \$0       |
| 511-433502 | POLICE SALARY REIMB               | \$0       | \$ 6,113   | \$4,959  | \$0       | N/A    | \$6,353   | \$5,000   |
| 530-433500 | FIRE MISC                         | \$0       | \$ -       | \$428    | \$0       | N/A    | \$489     | \$0       |
| 531-433505 | FIRE DEPT WORKER COMP REIMB       | \$0       | \$ 17,923  | \$0      | \$0       | N/A    | \$0       | \$0       |
| 560-434700 | DOT REIMBURSEMENT                 | \$0       | \$ 6,944   | \$11,144 | \$10,000  | 111.4% | \$9,414   | \$10,000  |
| 540-433500 | MISCELLANEOUS                     | \$0       | \$ -       | \$1,025  | \$2,000   | 51.3%  | \$693     | \$1,500   |
| 540-433506 | REPORTS                           | \$0       | \$ 35      | \$436    | \$500     | 87.1%  | \$523     | \$300     |
| 542-438500 | STREET INSPECTION FEE             | \$2,196   | \$ 5,601   | \$4,833  | \$2,000   | 241.7% | \$11,434  | \$2,000   |
| 560-433500 | MISCELLANEOUS                     | \$0       | \$ 179     | \$0      | \$0       | N/A    | \$0       | \$0       |
| 580-435901 | REFUSE CART SALES                 | \$9,794   | \$ 10,465  | \$6,328  | \$12,100  | 52.3%  | \$10,444  | \$12,000  |
| 580-503306 | YARD WASTE CARTS                  | \$0       | \$ 368     | \$754    | \$3,450   | 21.9%  | \$1,382   | \$1,000   |
| 592-434701 | DOT REIMBURSE R/W                 | \$0       | \$ -       | \$0      | \$2,000   | 0.0%   | \$2,000   | \$2,000   |
| 620-436501 | RECREATION SUPPLMT                | \$28,776  | \$ 32,270  | \$26,139 | \$28,776  | 90.8%  | \$34,852  | \$34,852  |
| 620-439502 | TOWN CENTER FEES                  | \$0       | \$ -       | \$0      | \$35,333  | 0.0%   | \$5,000   | \$0       |
| 624-436201 | DONATIONS-OPENING                 | \$0       | \$ -       | \$2,700  | \$0       | N/A    | \$2,700   | \$0       |
| 660-432900 | INTEREST EARNINGS                 | \$139,566 | \$ 141,404 | \$0      | \$130,000 | 0.0%   | \$160,000 | \$130,000 |
| 660-432902 | INTEREST EARNINGS- LEASE PROCEEDS | \$0       | \$0        | \$0      | \$0       | N/A    | \$13,000  | \$0       |
| 660-433100 | RENT-FARMER'S MKT                 | \$2,000   | \$ 2,025   | \$1,095  | \$2,000   | 54.8%  | \$2,000   | \$2,000   |
| 660-433500 | MISCELLANEOUS                     | \$9,108   | \$ 19,609  | \$0      | \$5,000   | 0.0%   | \$14,735  | \$2,000   |
| 660-436200 | FARMERS MKT DONATIONS             | \$120     | \$ 1,000   | \$1,050  | \$0       | N/A    | \$1,000   | \$0       |
| 660-436700 | SALES TAX REFUND                  | \$20,861  | \$ 25,068  | \$0      | \$0       | N/A    | \$0       | \$0       |
| 660-436702 | GAS TAX REFUND                    | \$13,157  | \$ 9,323   | \$0      | \$10,000  | 0.0%   | \$0       | \$0       |

**GENERAL FUND REVENUE**

|            |                    | 98-99<br>ACTUAL | 99-2000<br>ACTUAL | 2000-01<br>YTD<br>03/30/01 | 2000-01<br>ADOPTED<br>BUDGET | %<br>COLLECTED<br>YTD | 2000-01<br>EST. | 2001-02<br>ADOPTED<br>BUDGET |
|------------|--------------------|-----------------|-------------------|----------------------------|------------------------------|-----------------------|-----------------|------------------------------|
| 660-43800  | SALE OF MATERIAL   | \$1,164         | \$ -              |                            | \$1,493                      | 0.0%                  | \$0             | \$0                          |
| 660-438300 | SALE/ FIXED ASSETS | \$18,354        | \$ 11,461         | \$25,897                   | \$5,000                      | 517.9%                | \$25,897        | \$5,000                      |
| 660-439500 | TOWER LEASES       | \$88,091        | \$ 64,638         | \$53,045                   | \$66,551                     | 79.7%                 | \$66,551        | \$68,547                     |
| NA         | ALERT CABLE        | \$454           | \$ -              |                            | \$0                          | N/A                   | \$0             | \$0                          |
|            | SUBTOTAL           | \$337,240       | \$ 366,626        | \$149,414                  | \$319,203                    | 46.8%                 | \$382,942       | \$279,199                    |

**STATE/COUNTY SHARED**

|                  |                                |             |              |             |             |        |             |             |
|------------------|--------------------------------|-------------|--------------|-------------|-------------|--------|-------------|-------------|
| 510-435100       | COURT OFF FEES                 | \$2,431     | \$ 3,800     | \$4,214     | \$2,000     | 210.7% | \$4,669     | \$3,500     |
| 510-436600       | COPS                           | \$61,000    | \$ 37,913    | \$0         | \$26,141    | 0.0%   | \$756       | \$27,588    |
| 511-436620-51000 | BJA GRANT                      | \$0         | \$ -         | \$19,490    | \$19,490    | 100.0% | \$19,490    | \$0         |
| 511-436620-51001 | BJA GRANT                      | \$0         | \$ -         | \$18,968    | \$18,968    | 100.0% | \$11,647    | \$7,321     |
| 511-436620-51002 | BJA GRANT                      | \$0         | \$ -         | \$15,647    | \$0         | N/A    | \$0         | \$15,647    |
| 511-436610       | HIGHWAY PATROL GRT             |             | \$ 8,940     | \$0         | \$0         | N/A    | \$0         | \$0         |
| 511-436640-51202 | PEACE HAVEN GRANT              |             |              | \$0         | \$0         | N/A    | \$0         | \$1,600     |
| 515-436630-51201 | CRIME COMMISSION GRT           | \$0         | \$ -         | \$15,035    | \$45,019    | 33.4%  | \$34,067    | \$0         |
| 515-436601       | FINES AND FORFEITURE           | \$0         | \$ -         | \$2,253     | \$0         | N/A    | \$2,253     | \$0         |
| 660-437201       | FEMA GRANTS                    | \$0         | \$ 27,634    | \$313       | \$0         | N/A    | \$313       | \$0         |
| 540-434708-50001 | FORESTRY GRANT                 | \$0         | \$ -         | \$0         | \$0         | N/A    | \$3,000     | \$0         |
| 540-434703       | PLANNING WORK PRG              | \$0         | \$ 22,090    | \$11,279    | \$18,481    | 61.0%  | \$15,000    | \$23,416    |
| 543-434705       | CHAPEL HILL-BUS SVCS           |             | \$ -         | \$79,489    | \$0         | N/A    | \$79,489    | \$0         |
| 560-434702       | POWELL BILL                    | \$421,981   | \$ 434,246   | \$462,427   | \$447,274   | 103.4% | \$462,427   | \$476,622   |
| 560-434700-50501 | NC DOT REIMB-OLD FAY SIDEWALK  |             |              |             | \$0         | N/A    | \$0         | \$73,035    |
| 560-434700-50502 | NC DOT REIMB-S. GRNB SIDEWALK  |             |              |             | \$0         | N/A    | \$0         | \$8,591     |
| 560-434707       | CHAPEL HILL-MIDWAY PARKING LOT |             |              | \$34,635    | \$0         | N/A    | \$34,635    | \$0         |
| 560-4xxxx        | OWASA CONTRIBUTION             |             |              | \$0         | \$0         | N/A    | \$0         | \$10,000    |
| 592-434706       | LANDSCAPING GRANT              |             | \$ -         | \$1,200     | \$0         | N/A    | \$1,200     | \$0         |
| 620-437200       | SMART START GRANT              | \$8,000     | \$ -         | \$0         | \$0         | N/A    | \$0         | \$0         |
| 660-433700       | UTILITY FRANCHISE TX           | \$392,558   | \$ 432,797   | \$208,112   | \$396,661   | 52.5%  | \$ 408,857  | \$416,224   |
| 660-433701       | PIPED NATL GAS TAX             | \$0         | \$ -         | \$12,188    | \$42,557    | 28.6%  | \$ 48,823   | \$42,557    |
| 660-433900       | INTANGIBLES                    | \$145,498   | \$ 149,446   | \$189,704   | \$189,258   | 100.2% | \$189,704   | \$193,498   |
| 660-434100       | WINE AND BEER                  | \$63,929    | \$ 66,618    | \$0         | \$66,486    | 0.0%   | \$69,753    | \$69,283    |
| 660-434500       | SALES TAX @ 1%                 | \$779,177   | \$ 792,550   | \$415,115   | \$831,903   | 49.9%  | \$830,230   | \$841,057   |
| 660-434501       | SALES TAX @ 1/2%               | \$560,506   | \$ 602,361   | \$318,749   | 628,211     | 50.7%  | \$637,489   | \$639,747   |
| 660-434502       | SALES TAX @ 1/2%               | \$560,604   | \$ 597,400   | \$316,020   | 628,211     | 50.3%  | \$632,039   | \$640,189   |
| 660-434504       | FOOD STAMPS                    | \$3,787     | \$ 7,645     | \$0         | \$3,954     | 0.0%   | \$3,954     | \$4,000     |
|                  | SUBTOTAL                       | \$2,999,470 | \$ 3,183,442 | \$2,124,839 | \$3,364,613 | 63.2%  | \$3,489,796 | \$3,493,875 |

**TRANSFERS/OTHER FINANCING SOURCES**

|            |                      |           |           |           |           |        |           |           |
|------------|----------------------|-----------|-----------|-----------|-----------|--------|-----------|-----------|
| 660-439704 | INTRAFUND/COPIES     | \$10,161  | \$ 20,999 | \$13,175  | \$12,800  | 102.9% | \$23,625  | \$10,000  |
| N/A        | INTRAF/VEH. MAINT.   | \$11,384  |           | \$0       | \$0       | N/A    | \$0       | \$0       |
| N/A        | TRFR FR PMT IN LIEU  |           |           |           | \$0       | N/A    | \$15,240  | \$0       |
| N/A        | TRANSFER CAP RESERVE |           |           | \$0       | \$30,000  | 0.0%   | \$37,409  | \$40,000  |
| N/A        | TRANSFER FROM RLF    | \$90,000  |           | \$0       | \$14,000  | 0.0%   | \$14,000  | \$0       |
| 660-491000 | LEASE-PURCHASE       | \$0       |           | \$196,315 | \$661,885 | 29.7%  | \$760,000 | \$416,629 |
|            | SUBTOTAL             | \$111,545 | \$ 20,999 | \$209,490 | \$718,685 | 29.1%  | \$850,274 | \$466,629 |

**FUND BALANCE APPROPRIATION**

|            |              |     |      |     |           |      |     |           |
|------------|--------------|-----|------|-----|-----------|------|-----|-----------|
| 660-450000 | FUND BALANCE | \$0 | \$ - | \$0 | \$628,457 | 0.0% | \$0 | \$580,000 |
|            | SUBTOTAL     | \$0 | \$ - | \$0 | \$628,457 | 0.0% | \$0 | \$580,000 |

**TOTAL REVENUES**

|             |              |             |              |       |              |              |
|-------------|--------------|-------------|--------------|-------|--------------|--------------|
| \$8,507,056 | \$ 9,116,400 | \$8,868,358 | \$11,864,898 | 74.7% | \$11,790,422 | \$12,751,013 |
|-------------|--------------|-------------|--------------|-------|--------------|--------------|

## Budget Summary

### BEGINNING FUND BALANCES

|                       | 1998-1999<br>ACTUAL | 1999-2000<br>ACTUAL | 30/31/01<br>YTD | 2000-2001<br>ADOPTED<br>BUDGET | 2000-2001 EST.<br>BUDGET | 2001-2002 ADOPTED<br>BUDGET |
|-----------------------|---------------------|---------------------|-----------------|--------------------------------|--------------------------|-----------------------------|
| <b>GENERAL FUND</b>   | \$2,837,838         | \$3,273,744         | \$3,803,450     | \$3,803,450                    | \$3,803,450              | \$4,119,309                 |
| <b>DEBT SERVICE</b>   | \$14,242            | \$26,719            | \$21,274        | \$21,274                       | \$21,274                 | \$0                         |
| <b>TRANSPORTATION</b> | \$139,727           | \$133,695           | \$72,734        | \$72,734                       | \$72,734                 | \$0                         |

### REVENUE

#### GENERAL FUND

|                 |                    |                    |                    |                     |                     |                     |
|-----------------|--------------------|--------------------|--------------------|---------------------|---------------------|---------------------|
| PROPERTY TAXES  | \$4,023,090        | \$4,478,450        | \$5,640,413        | \$5,839,467         | \$5,905,809         | \$6,835,961         |
| FEES/PERMITS    | \$1,035,709        | \$1,066,882        | \$744,201          | \$994,474           | \$1,161,601         | \$1,095,349         |
| MISC. REVENUES  | \$337,240          | \$366,626          | \$149,414          | \$319,203           | \$382,942           | \$279,199           |
| STATE-SHARED    | \$2,999,470        | \$3,183,442        | \$2,124,839        | \$3,364,613         | \$3,489,796         | \$3,493,875         |
| TRANSFERS       | \$111,545          | \$20,999           | \$209,490          | \$718,685           | \$850,274           | \$466,629           |
| FUND BAL APPROP | \$0                | \$0                | \$0                | \$628,457           | \$0                 | \$580,000           |
| <b>SUBTOTAL</b> | <b>\$8,507,056</b> | <b>\$9,116,400</b> | <b>\$8,868,358</b> | <b>\$11,864,898</b> | <b>\$11,790,422</b> | <b>\$12,751,013</b> |

#### DEBT SERVICE FUND

|                   |                  |                  |            |            |            |            |
|-------------------|------------------|------------------|------------|------------|------------|------------|
| PROPERTY TAXES    | \$487,839        | \$475,305        | NA         | NA         | NA         | NA         |
| STATE-SHARED      | \$17,822         | \$18,510         | NA         | NA         | NA         | NA         |
| TRANSFER/OWASA    | \$53,300         | \$0              | NA         | NA         | NA         | NA         |
| TRANSFER CAP PROJ |                  |                  | NA         | NA         | NA         | NA         |
| FUND BAL APPROP   |                  |                  | NA         | NA         | NA         | NA         |
| <b>SUBTOTAL</b>   | <b>\$558,961</b> | <b>\$493,815</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> |

#### TRANSPORTATION FUND

|                 |                  |                  |            |            |            |            |
|-----------------|------------------|------------------|------------|------------|------------|------------|
| PROPERTY TAXES  | \$361,875        | \$365,102        | NA         | NA         | NA         | NA         |
| STATE-SHARED    | \$14,899         | \$15,788         | NA         | NA         | NA         | NA         |
| MISCELLANEOUS   |                  | \$8,050          | NA         | NA         | NA         | NA         |
| FED/STATE GRANT | \$45,151         | \$0              | NA         | NA         | NA         | NA         |
| FUND BAL APPROP | \$0              |                  | NA         | NA         | NA         | NA         |
| <b>SUBTOTAL</b> | <b>\$421,925</b> | <b>\$388,940</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> |

|                      |                    |                    |                    |                     |                     |                     |
|----------------------|--------------------|--------------------|--------------------|---------------------|---------------------|---------------------|
| <b>TOTAL REVENUE</b> | <b>\$9,487,942</b> | <b>\$9,999,155</b> | <b>\$8,868,358</b> | <b>\$11,864,898</b> | <b>\$11,790,422</b> | <b>\$12,751,013</b> |
|----------------------|--------------------|--------------------|--------------------|---------------------|---------------------|---------------------|

### Budget Summary

|                     | 1998-1999<br>ACTUAL | 1999 -2000<br>ACTUAL | 30/31/01<br>YTD | 2000 -2001<br>ADOPTED<br>BUDGET | 2000-2001 EST.<br>BUDGET | 2001-2002 ADOPTED<br>BUDGET |
|---------------------|---------------------|----------------------|-----------------|---------------------------------|--------------------------|-----------------------------|
| <b>EXPENDITURES</b> |                     |                      |                 |                                 |                          |                             |

#### GENERAL FUND

|                      |                    |                    |                    |                     |                     |                     |
|----------------------|--------------------|--------------------|--------------------|---------------------|---------------------|---------------------|
| MAYOR & ALDERMEN     | \$123,347          | \$144,932          | \$126,705          | \$153,891           | \$172,124           | \$165,346           |
| ADVISORY BOARDS      | \$11,358           | \$8,118            | \$5,250            | \$12,895            | \$12,895            | \$12,895            |
| GOVERNANCE SUPPORT   | \$94,881           | \$79,200           | \$148,846          | \$173,503           | \$165,542           | \$171,745           |
| TOWN MANAGER         | \$140,611          | \$153,761          | \$121,982          | \$165,554           | \$190,160           | \$201,529           |
| ECONOMIC & COMM DEV. | \$217,037          | \$73,503           | \$59,492           | \$77,065            | \$83,010            | \$85,827            |
| TOWN CLERK           | \$72,537           | \$83,910           | \$63,725           | \$84,564            | \$93,248            | \$97,760            |
| MANAGEMENT SERVICES  | \$496,683          | \$587,285          | \$895,066          | \$883,220           | \$942,675           | \$1,012,570         |
| PERSONNEL            | \$114,167          | \$149,119          | \$119,331          | \$157,966           | \$163,557           | \$201,438           |
| POLICE               | \$1,647,024        | \$1,817,445        | \$1,466,456        | \$2,208,289         | \$2,332,184         | \$2,408,725         |
| FIRE                 | \$961,037          | \$1,108,741        | \$932,040          | \$1,175,497         | \$1,238,140         | \$1,404,123         |
| PLANNING             | \$781,246          | \$761,084          | \$602,040          | \$879,743           | \$911,020           | \$938,920           |
| TRANSPORTATION       | \$0                | \$0                | \$433,086          | \$612,724           | \$578,569           | \$703,760           |
| PUBLIC WORKS         | \$2,279,456        | \$2,386,143        | \$2,171,035        | \$3,012,056         | \$3,192,243         | \$3,141,124         |
| PARKS & RECREATION   | \$609,330          | \$678,250          | \$538,633          | \$906,736           | \$896,684           | \$1,127,852         |
| NON-DEPARTMENTAL     | \$525,393          | \$555,202          | \$58,768           | \$679,812           | \$262,000           | \$498,395           |
| DEBT SERVICE         | \$0                | \$0                | \$204,748          | \$681,385           | \$681,385           | \$579,004           |
| <b>SUBTOTAL</b>      | <b>\$8,074,107</b> | <b>\$8,586,694</b> | <b>\$7,947,201</b> | <b>\$11,864,900</b> | <b>\$11,915,436</b> | <b>\$12,751,013</b> |

#### DEBT SERVICE FUND

|                     |                  |                  |            |            |            |            |
|---------------------|------------------|------------------|------------|------------|------------|------------|
| PRINCIPAL/INTREST   | \$546,484        | \$488,415        | NA         | NA         | NA         | NA         |
| TRANSFER TO CAP. FD |                  | \$10,845         | NA         | NA         | NA         | NA         |
| <b>SUBTOTAL</b>     | <b>\$546,484</b> | <b>\$499,260</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> |

#### TRANSPORTATION FUND

|                  |                  |                  |            |            |            |            |
|------------------|------------------|------------------|------------|------------|------------|------------|
| TRANSIT CONTRACT | \$427,697        | \$446,483        | NA         | NA         | NA         | NA         |
| EZ WAIVER        | \$260            | \$3,418          | NA         | NA         | NA         | NA         |
| <b>SUBTOTAL</b>  | <b>\$427,957</b> | <b>\$449,901</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> |

#### TOTAL

|                     |                    |                    |                    |                     |                     |                     |
|---------------------|--------------------|--------------------|--------------------|---------------------|---------------------|---------------------|
| <b>EXPENDITURES</b> | <b>\$9,048,548</b> | <b>\$9,535,855</b> | <b>\$7,947,201</b> | <b>\$11,864,900</b> | <b>\$11,915,436</b> | <b>\$12,751,013</b> |
|---------------------|--------------------|--------------------|--------------------|---------------------|---------------------|---------------------|

#### ENDING FUND BALANCE

|                |             |             |     |     |             |             |
|----------------|-------------|-------------|-----|-----|-------------|-------------|
| GENERAL FUND   | \$3,273,744 | \$3,803,450 | N/A | N/A | \$4,119,309 | \$2,243,241 |
| DEBT SERVICE   | \$26,719    | \$21,274    | N/A | N/A | N/A         | N/A         |
| TRANSPORTATION | \$133,695   | \$72,734    | N/A | N/A | N/A         | N/A         |

#### GENERAL FUND ENDING FUND BALANCE - DETAIL

|  |                    |                    |            |            |                    |                    |
|--|--------------------|--------------------|------------|------------|--------------------|--------------------|
| RESERVED BALANCE   | \$668,365          | \$1,069,442        | N/A        | N/A        | \$990,000          |                    |
| DESIGNATED FOR PROJECT EXPD                                  | \$117,600          | \$192,191          | \$0        | \$0        | \$271,318          | \$0                |
| DESIGNATED FOR SUBSEQUENT YR                                 | \$410,542          | \$518,457          | N/A        | N/A        | \$580,000          | \$427,695          |
| UNDESIGNATED   | \$2,077,237        | \$2,023,360        | N/A        | N/A        | \$2,277,991        | \$1,815,546        |
| UNRESERVED FUND BALANCE                                      | \$2,605,379        | \$2,734,008        | N/A        | N/A        | \$3,129,309        | \$2,243,241        |
| <b>TOTAL FUND BALANCE</b>                                    | <b>\$3,273,744</b> | <b>\$3,803,450</b> | <b>N/A</b> | <b>N/A</b> | <b>\$4,119,309</b> | <b>\$2,243,241</b> |
| <i>UNDESIGNATED FUND BALANCE AS % OF EXPENDITURES (GAAP)</i> | <i>29.6%</i>       | <i>22.8%</i>       | <i>N/A</i> | <i>N/A</i> | <i>20.1%</i>       | <i>17.6%</i>       |