

GENERAL FUND REVENUE	2012-13 ACTUAL	2013-14 ADOPTED BUDGET	2013-14 ESTIMATED	ADOPTED 2014-15 BUDGET	% CHANGE
AD VALOREM TAX					
PRIOR YEAR	121,244	\$ 95,000	\$ 126,000	103,500	8.9%
CURRENT YEAR	11,607,319	11,861,266	11,861,266	12,039,185	1.5%
PENALTY & INTEREST	25,736	23,723	26,820	24,079	1.5%
TOTAL AD VALOREM TAX	11,754,299	11,979,989	12,014,086	12,166,764	1.6%

LOCAL SALES TAXES

LOCAL OPTION SALES TAX 1% Art 39	1,183,608	1,109,267	1,109,267	1,125,906	1.5%
LOCAL OPTION SALES TAX 1/2% Art 40	818,606	813,378	813,378	825,579	1.5%
LOCAL OPTION SALES TAX 1/2% Art 42	598,597	567,565	567,565	576,078	1.5%
LOCAL SALES TAX REALLOCATION	(2,507)	(1,167)	(1,167)	(1,167)	N/A
LOCAL OPTION SALES TAX 1/2% Art 44	3,517	667	667	674	1.0%
SALES TAX - CITY HOLD HARMLESS	825,857	836,106	836,106	844,467	1.0%
TOTAL LOCAL SALES TAXES	3,427,678	3,325,816	3,325,816	3,371,537	1.4%

OTHER TAXES/LICENSES

MOTOR VEHICLE LICENSES	269,021	281,161	715,831	283,973	1.0%
MOTOR VEHICLE LIC - TRANS ONLY	89,243	58,968	58,968	59,558	1.0%
MOTOR VEHICLE LIC - GROSS RECEIPTS	1,499	926	926	1,500	62.0%
PRIVILEGE LICENSES	99,296	79,348	67,894	57,433	-27.6%
BEER & WINE PRIVILEGE LICENSE	1,955	1,025	1,955	1,500	46.3%
HOTEL/MOTEL OCCUPANCY TAX	-	114,618	70,102	115,764	1.0%
TOTAL OTHER TAXES/LICENSES	461,014	536,046	915,676	519,728	-3.0%

UNRESTRICTED INTERGOVERNMENTAL

FRANCHISE TAX-ELECTRIC	419,259	440,287	440,287	446,891	1.5%
PIPED NATURAL GAS TAX	54,116	33,647	33,647	34,152	1.5%
VIDEO SALES PROGRAMMING	198,390	174,884	174,884	173,136	-1.0%
WINE AND BEER	80,366	29,867	80,366	40,000	33.9%
TELECOMMUNICATIONS SALES TAX	200,265	208,460	208,460	206,375	-1.0%
TOTAL UNRESTRICTED INTERGV	952,396	887,145	937,644	900,554	1.5%

RESTRICTED INTERGOVERNMENTAL

POWELL BILL	477,977	482,757	487,937	487,937	1.1%
SOLID WASTE DISPOSAL TAX DIST.	11,212	10,538	10,538	10,538	0.0%
PLANNING WORK GRANT	20,915	14,506	20,915	20,915	44.2%
RECREATION-MUNICIPAL SUPPLEM	38,269	35,898	26,924	28,269	-21.3%
RECREATION - ARTS COMM GRANT-MUS		1,500	-	-	-100.0%
RECREATION - ORANGE CO ARTS GRANT-FIL		-	1,500	-	N/A
FIRE FIGHTERS GRANT		10,410	-	-	-100.0%
PEG CHANNEL SUPPORT	23,999	36,000	72,000	36,000	0.0%
ABC BOARD GRANT	13,300	13,300	13,300	13,300	0.0%
TOTAL RESTRICTED INTERGVMT	585,672	604,909	633,114	596,959	-1.3%

GENERAL FUND REVENUE	2012-13 ACTUAL	2013-14 ADOPTED BUDGET	2013-14 ESTIMATED	ADOPTED 2014-15 BUDGET	% CHANGE
FEES AND PERMITS					
RETURNED CHECK FEE	25	101	100	101	0.0%
TOWER REVENUE	130,463	126,364	130,592	130,463	3.2%
PRIVILEGE LICENSE, LATE FEE	1,626	1,481	1,138	1,481	0.0%
COURT COST OFFICER FEES	4,165	3,030	3,264	3,030	0.0%
PARKING VIOLATIONS	3,365	3,535	6,850	3,535	0.0%
DONATIONS	1,512	-	2,000	-	N/A
SCHOOL TRAFFIC CONTROL	10,000	10,000	10,000	10,000	0.0%
CHCCS -SRO CONTRACT	110,852	107,624	110,852	110,852	3.0%
DOG FEES	5,568	353	353	-	-100.0%
ANIMAL VIOLATIONS	3,664	2,200	5,000	3,000	36.4%
FIRE DIST. FEES	429,778	446,280	540,270	540,270	21.1%
CAR SEAT SALES	515	364	1,851	500	37.4%
FALSE ALARM FEES	-	505	-	-	-100.0%
FIRE PERMIT FEES	10,718	10,566	10,566	10,566	0.0%
RE-INSPECTION FEE	150	202	-	202	0.0%
REPORTS	263	334	250	334	0.0%
SIGN PERMITS	1,200	916	760	916	0.0%
ENGINEERING FEE	12,640	26,058	25,046	26,058	0.0%
DEV REVIEW FEE	72,671	45,450	48,830	45,450	0.0%
TECHNICAL REVIEW -FUTURE EQPMT	34,860	21,210	20,314	21,210	0.0%
BUILDING PERMITS	151,058	135,973	113,637	135,973	0.0%
ELECTRIC PERMITS	82,993	71,923	71,923	71,923	0.0%
MECH. PERMITS	59,839	54,641	59,839	54,641	0.0%
RE-INSPECTION FEE	1,808	2,132	1,543	2,132	0.0%
PLUMBING	49,654	46,199	46,199	46,199	0.0%
HOMEOWNERS RECOVER FEES	166	163	144	163	0.0%
RECYCLING FEES	2,148	13,556	13,556	13,556	0.0%
STOCKING FEE	-	-	11,667	8,000	N/A
STREET CUTS	720	862	123	862	0.0%
ENCROACHMENT FEE	480	162	1,400	-	-100.0%
STREET SIGNS	45	-	176	-	N/A
DRIVEWAY PERMIT FEES	480	242	770	242	0.0%
STREET CLOSING	2,586	2,612	4,512	2,612	0.0%
PERM RGT OF WAY CLOSING FEE	-	-	48	83	N/A
REFUSE COLLECTION FEES	714	380	1,327	1,500	294.7%
REFUSE COLLECTION - DUMPSTER	71,228	90,877	71,228	90,877	0.0%
TOTAL FEES & PERMITS	1,257,954	1,226,295	1,316,128	1,336,731	9.0%
SALES & SERVICES					
RECREATION FEES	198,619	170,273	172,689	170,273	0.0%
DISCOUNT -RECREATION FEES	(11,888)	(11,760)	(9,294)	(11,760)	N/A
SALES- MERCH & CONCESSIONS-MUSIC	1,352	1,821	1,967	1,821	0.0%
SALES- MERCH & CONCESSIONS-POETRY	47	47	108	47	0.0%
SALES- MERCH & CONCESSIONS-JULY	43	-	-	-	N/A
SALES- MERCH & CONCESSIONS-HALLO	191	193	226	193	0.0%
SALES- MERCH & CONCESSIONS-FILM	100	101	1,811	101	0.0%
TOWN CENTER FEES	82,538	80,800	80,800	80,800	0.0%
DISCOUNT - TOWN CENTER FEES	(10,101)	(8,330)	(12,585)	(8,330)	N/A
TOTAL SALES & SERVICES	260,901	233,145	235,722	233,145	0.0%

GENERAL FUND REVENUE	2012-13 ACTUAL	2013-14 ADOPTED BUDGET	2013-14 ESTIMATED	ADOPTED 2014-15 BUDGET	% CHANGE
INVESTMENT EARNINGS					
INTEREST EARNED	11,565	7,036	2,450	7,036	0.0%
TOTAL INVESTMENT EARNINGS	11,565	7,036	2,450	7,036	0.0%
OTHER REVENUES					
RENT-FARMER'S MKT	2,370	2,394	2,370	2,394	0.0%
ATM FEES	-	-	100	100	N/A
MISCELLANEOUS	4,245	3,955	15,291	3,955	0.0%
SALES OF CEMETERY LOTS	17,925	16,589	9,000	16,589	0.0%
SALE/ FIXED ASSETS	20,528	70,733	24,076	70,733	0.0%
DONATIONS-ADVISORY BOARDS & COMM	255	258	1,180	258	0.0%
BB&T SECURITY DEPOSITS	-	-	4,502	-	N/A
RENTAL INCOME - CSFP UNDER 6	-	-	1,000	1,200	N/A
RENTAL INCOME - FLEET FEET	-	-	45,022	27,013	N/A
RENTAL INCOME - CARRBORO COMM SOLAR	-	-	40	40	N/A
DONATIONS - CD & MEMORABILIA	3,210	3,000	2,180	3,000	0.0%
BANNER REVENUES	3,150	3,182	-	-	-100.0%
MISCELLANEOUS - MANAGEMENT SERVICES	7,593	4,768	4,768	4,768	0.0%
SEIZURE REVENUE-STATE	2,546	10,607	10,607	10,607	0.0%
SEIZURE REVENUE-FEDERAL	3,057	-	5,478	3,000	N/A
POLICE MISCELLANEOUS	12,843	4,203	6,420	6,000	42.8%
FIRE MISCELLANEOUS	6,286	5,753	1,345	5,753	0.0%
MISCELLANEOUS-PW	482	356	709	356	0.0%
REFUSE CART SALES	4,963	4,453	3,988	4,453	0.0%
YARD WASTE CONTAINERS	3,405	2,507	3,720	2,507	0.0%
MISCELLANEOUS R & P	305	274	26	274	0.0%
DONATIONS	2,115	1,980	165	1,980	0.0%
DONATIONS - CARRBORO DAY	450	424	1,140	424	0.0%
DONATIONS - MUSIC FESTIVAL	7,698	7,634	13,357	7,634	0.0%
DONATIONS-POETRY ALIVE IN CARRBORO	60	61	75	61	0.0%
DONATIONS - JULY 4TH	785	-	280	-	N/A
DONATIONS - FILM FESTIVAL	3,882	3,921	1,883	2,000	-49.0%
DONATIONS ARTS COMMITTEE	-	54	-	-	-100.0%
PLANNING MISC.	53	-	54	54	N/A
TOTAL OTHER REVENUES	108,206	147,106	158,776	175,153	19.1%
OTHER FINANCING SOURCES					
INSTALLMENT FINANCING PROCEEDS	397,320	745,176	745,176	745,176	0.0%
FUND BALANCE APPROPRIATED	-	866,048	866,048	1,084,075	25.2%
TRANSFER FR CAP RESERVE FUND	176,945	176,945	176,945	176,945	0.0%
TOTAL OTHER FINANCING SRCE	574,265	1,788,169	1,788,169	2,006,196	12.2%
TOTAL REVENUES	\$19,393,950	\$20,735,656	\$21,327,581	\$21,313,803	2.8%

GENERAL FUND REVENUE DESCRIPTIONS

The following information briefly explains the major sources of revenue for the Town of Carrboro in the FY 2014-15 Budget.

AD VALOREM TAXES

The largest single source of revenue to municipalities in North Carolina is the Ad Valorem revenue which represents a tax paid by those owning property within the municipality. Ad Valorem Taxes or property tax income includes real property, motor vehicle and business personal property taxes. The property tax

base is estimated at \$2,033,220,055. Each penny on the tax rate generates approximately \$201,243. The General Assembly has approved various higher exemptions for senior citizens aged 65 or older and for citizens, including veterans, who are 100% disabled and subsist on a specified household income.

LOCAL SALES TAXES

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

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

OTHER TAXES AND LICENSES

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

Privilege Licenses - Privilege Licenses are issued annually to entities conducting business within the Town of Carrboro. The type of business conducted determines the fee charged. Businesses, where not restricted by state law, are assessed a fee based on gross receipts earnings.

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

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

UNRESTRICTED INTERGOVERNMENTAL REVENUE

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

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

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

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

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

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

RESTRICTED INTERGOVERNMENTAL REVENUE

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

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

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

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

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

FEES AND PERMITS

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

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

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

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

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

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

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

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

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

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

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

SALES AND SERVICES

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

INVESTMENT EARNINGS

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

OTHER REVENUES

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

OTHER FINANCING SOURCES

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

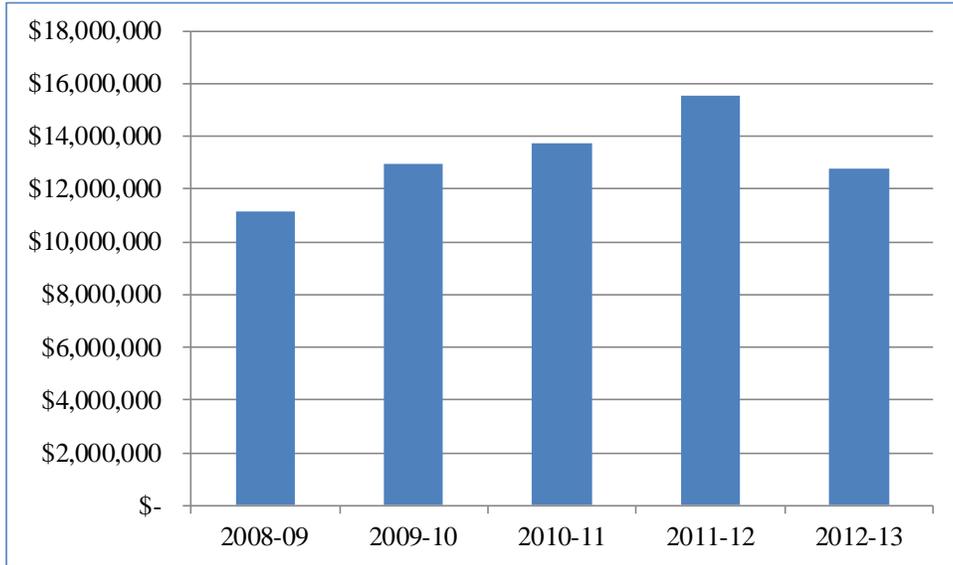
Lease-purchase or Bond Proceeds – This represents the full cost of equipment or other capital purchase that the Town has obtained through installment or bond financing. Following generally accepted accounting practices, the full cost of the financed equipment is budgeted (equipment purchased in that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

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

Fund Balance Appropriated

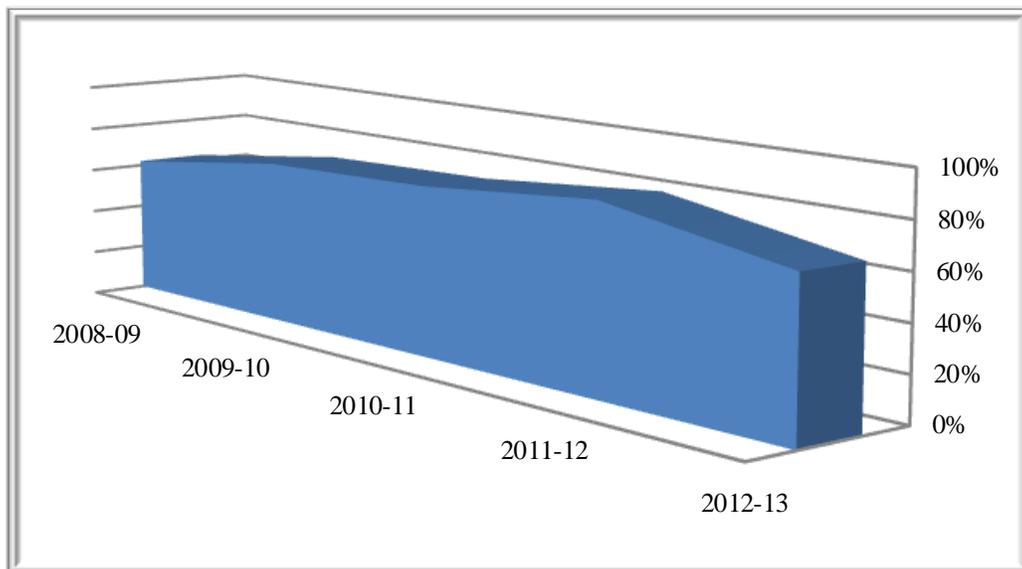
Funds accumulated through the under-expenditure of budgeted appropriations and the receipt of revenues that exceed budgeted projections result in fund balance or reserves. An appropriation of fund balance is sometimes necessary to balance projected revenues with expenditures. The level of appropriation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

General Fund Balance as of June 30



Fund balance at the end of FY 2012-13 was \$12,810,981, which was a decrease of \$97,288,172 from FY 2011-12.

General Fund Balance as a Percentage of Operating Revenues



Fund balance as a percentage of operating revenues decreased 13.8% from 80.9% in FY 2011-12 to 67.1% for FY 2012-13.

GENERAL FUND SUMMARY OF EXPENDITURES

2012-13 ACTUAL	2013-14 ADOPTED BUDGET	2014-15 ADOPTED BUDGET	CHANGE
-------------------	------------------------------	------------------------------	--------

SUMMARY

PERSONNEL	10,509,013	11,614,862	11,913,300	3%
OPERATIONS	7,093,194	8,183,399	8,383,607	2%
CAPITAL OUTLAY	899,354	937,495	1,016,896	8%
TOTAL	18,501,560	20,735,756	21,313,803	3%

DEPARTMENT	PERSONNEL SERVICES	OPERATING COSTS	CAPITAL OUTLAY	TOTAL
MAYOR & ALDERMEN	88,462	176,600	0	265,062
ADVISORY BOARDS	0	17,200	0	17,200
GOVERNANCE SUPPORT	0	495,867	0	495,867
TOWN MANAGER	325,715	14,585	0	340,300
ECONOMIC & COMM DEV.	120,748	93,850	0	214,598
TOWN CLERK	106,353	20,400	0	126,753
MANAGEMENT SERVICES	539,651	557,809	0	1,097,460
HUMAN RESOURCES	452,948	76,807	0	529,755
INFORMATION TECHNOLOGY	259,494	847,798	193,935	1,301,227
POLICE	2,907,621	445,023	224,425	3,577,069
FIRE	2,351,609	316,542	3,000	2,671,151
PLANNING	1,079,437	248,133	0	1,327,570
TRANSPORTATION	0	1,472,520	0	1,472,520
PUBLIC WORKS	1,965,945	1,790,811	524,275	4,281,031
PARKS & RECREATION	1,139,774	458,067	71,261	1,669,102
NON-DEPARTMENTAL	575,543	136,704	0	712,247
DEBT SERVICE	0	1,214,891	0	1,214,891
TOTALS	11,913,300	8,383,607	1,016,896	21,313,803