

GENERAL FUND REVENUE	2009-10 ACTUAL	2010-11 ACTUAL	2011-12 ADOPTED BUDGET	2011-12 ESTIMATED	2012-13 ADOPTED BUDGET	% CHANGE
<b>AD VALOREM TAX</b>						
PRIOR YEAR	\$ 35,169	\$ 97,569	84,000	\$ 173,708	90,000	7%
CURRENT YEAR	11,161,989	11,252,923	11,138,626	11,411,139	11,424,637	3%
PENALTY & INTEREST	27,394	24,868	23,407	39,513	24,000	3%
<b>TOTAL AD VALOREM TAX</b>	<b>11,224,552</b>	<b>11,375,360</b>	<b>11,246,033</b>	<b>11,624,360</b>	<b>11,538,637</b>	<b>2.6%</b>

#### LOCAL SALES TAXES

LOCAL OPTION SALES TAX 1% Art 39	1,077,020	1,058,115	1,110,855	1,019,686	1,100,863	-1%
LOCAL OPTION SALES TAX 1/2% Art 40	729,086	756,344	742,622	791,328	826,555	11%
LOCAL OPTION SALES TAX 1/2% Art 42	573,166	528,228	658,907	510,522	550,432	-16%
LOCAL OPTION SALES TAX 1/2% Art 44	46,556	770,669		11,478	-	N/A
SALES TAX - CITY HOLD HARMLESS	635,359	-	453,669	759,191	809,395	78%
<b>TOTAL LOCAL SALES TAXES</b>	<b>3,039,932</b>	<b>3,113,356</b>	<b>2,966,053</b>	<b>3,092,205</b>	<b>3,287,245</b>	<b>11%</b>

#### OTHER TAXES/LICENSES

MOTOR VEHICLE LICENSES	345,605	284,883	271,000	284,883	271,000	0%
MOTOR VEHICLE LIC - TRANS ONLY	58,262	61,799	55,000	61,799	55,000	0%
MOTOR VEHICLE LIC - GROSS RECEIPTS	303	-	750		750	0%
PRIVILEGE LICENSES	72,117	81,917	79,326	81,917	81,040	2%
BEER & WINE PRIVILEGE LICENSE		700		700	700	N/A
TIME WARNER FRANCHISE	34,765	6,223	-	-	-	N/A
<b>TOTAL OTHER TAXES/LICENSES</b>	<b>511,052</b>	<b>435,522</b>	<b>406,076</b>	<b>429,299</b>	<b>408,490</b>	<b>1%</b>

#### UNRESTRICTED INTERGV

FRANCHISE TAX-ELECTRIC	351,181	377,986	326,006	326,006	332,526	2%
PIPED NATURAL GAS TAX	53,880	53,614	46,274	46,274	46,274	0%
VIDEO SALES PROGRAMMING	210,729	212,649	225,123	225,123	229,625	2%
WINE AND BEER	27,782	87,667	29,571	29,571	29,571	0%
TELECOMMUNICATIONS SALES TAX	227,041	215,347	218,357	218,357	220,541	1%
NC DOT REIMBURSEMENT	4,517	4,556	4,200	4,200	4,200	0%
<b>TOTAL UNRESTRICTED INTERGV</b>	<b>875,130</b>	<b>951,820</b>	<b>849,531</b>	<b>849,531</b>	<b>862,737</b>	<b>2%</b>

#### RESTRICTED INTERGVMT

POWELL BILL	441,079	450,033	431,943	461,696	461,696	7%
SOLID WASTE DISPOSAL TAX DIST.	13,274	13,483	10,434	10,434	10,434	0%
PLANNING WORK GRANT	42,868	10,844	22,740	22,740	22,740	0%
RECREATION-MUNICIPAL SUPPLEM	35,898	35,898	35,898	35,898	35,898	0%
RECREATION - ARTS COMM GRANT-MUS	1,500	-	1,500	3,500	1,500	0%
RECREATION - ORANGE CO ARTS GRANT -POE	750	-	750	-	-	-100%
NC RISK MGMT AGENCY GRANT	-	-	-	750	-	N/A
FIRE FIGHTERS GRANT	-	-	-	10,218	10,410	N/A
SAFER GRANT	87,999	58,817	-	20,410	-	N/A
PEG CHANNEL SUPPORT				32,520	32,520	N/A
RE-INSURANCE PROGRAM	-	-	-	60,368	-	N/A
BYRNE GRANT	32,944	2,702				N/A
BYRNE GRANT	-	-	-	8,597	-	N/A
ABC BOARD GRANT	6,605	9,450	6,500	12,500	12,500	92%
SEIZURES REVENUE, STATE	8,385	4,248	-	10,502	10,502	N/A
<b>TOTAL RESTRICTED INTERGVMT</b>	<b>678,992</b>	<b>585,475</b>	<b>509,765</b>	<b>690,133</b>	<b>598,200</b>	<b>17%</b>

#### FEES AND PERMITS

RETURNED CHECK FEE	100	150	100	125	100	0%
TIME WARNER PEG FEES	11,939	2,876	8,900	-	8,900	0%
TOWER REVENUE	119,986	123,548	125,112	125,112	125,112	0%
PRIVILEGE LICENSE, LATE FEE	2,319	1,956	1,886	1,522	1,886	0%
COURT COST OFFICER FEES	4,740	4,184	3,000	3,000	3,000	0%
PARKING VIOLATIONS	5,135	416	3,500	3,500	3,500	0%
CHCCS -SRO CONTRACT	107,624	107,624	107,624	107,624	107,624	0%
DOG FEES	7,099	5,418	5,000	5,000	5,000	0%
ANIMAL VIOLATIONS	-	-	300	-	300	0%
FIRE DIST. FEES	427,517	427,785	420,878	420,878	420,878	0%
CAR SEAT SALES	1,040	565	-	900	-	N/A
FALSE ALARM FEES	225	1,386	-	500	500	N/A
FIRE PERMIT FEES	8,147	10,115	5,000	10,000	8,000	60%

GENERAL FUND REVENUE	2009-10 ACTUAL	2010-11 ACTUAL	2011-12 ADOPTED BUDGET	2011-12 ESTIMATED	2012-13 ADOPTED BUDGET	% CHANGE
RE-INSPECTION FEE	875	2,125	-	2,125	1,500	N/A
REPORTS	229	160	100	135	100	0%
SIGN PERMITS	1,015	880	500	600	500	0%
SIGN PERMITS	135	135	-	300	200	N/A
ENGINEERING FEE	24,594	25,830	26,000	26,000	26,000	0%
DEV REVIEW FEE	25,328	38,396	20,000	46,484	25,000	25%
TECHNICAL REVIEW -FUTURE EQPMT	18,200	13,600	10,000	15,000	12,000	20%
BUILDING PERMITS	95,164	57,818	55,000	112,332	65,000	18%
ELECTRIC PERMITS	87,630	70,853	50,000	85,000	55,000	10%
MECH. PERMITS	67,839	43,163	40,000	60,000	45,000	13%
RE-INSPECTION FEE	750	375	600	750	600	0%
PLUMBING	56,084	30,379	36,000	69,225	36,000	0%
HOMEOWNERS RECOVER FEES	127	116	150	150	150	0%
RECYCLING FEES	7,708	5,277	4,800	26,764	4,800	0%
STREET CUTS	938	960	-	480	500	N/A
STREET SIGNS	178	1,864	-	305	-	N/A
DRIVEWAY PERMIT FEES	80	160	-	480	-	N/A
BLDG STRUCTURE MOVING PERMIT FEE				80		N/A
STREET CLOSING	1,185	240	500	60	500	0%
REFUSE COLLECTION FEES	812	839	1,500	1,500	1,500	0%
REFUSE COLLECTION - DUMPSTER	90,587	111,044	88,788	105,000	95,000	7%
<b>TOTAL FEES &amp; PERMITS</b>	<b>1,175,449</b>	<b>1,090,236</b>	<b>1,015,238</b>	<b>1,230,931</b>	<b>1,054,150</b>	<b>4%</b>

#### SALES & SERVICES

RECREATION FEES	189,893	198,114	168,587	168,587	168,587	0%
DISCOUNT -RECREATION FEES	(8,099)	(12,315)	(11,644)	(11,644)	(11,644)	N/A
SALES- MERCH & CONCESSIONS-CARRBORO DAY		149				N/A
SALES- MERCH & CONCESSIONS-MUSIC	-	1,060		1,026		N/A
SALES- MERCH & CONCESSIONS-POETRY	-	15		56		N/A
SALES- MERCH & CONCESSIONS-JULY	487	-	1,000	510	1,000	0%
SALES- MERCH & CONCESSIONS-HALLO	158	274	150	171	150	0%
SALES- MERCH & CONCESSIONS-FILM	-	1,948		1,928		N/A
TOWN CENTER FEES	74,500	70,586	80,000	70,367	80,000	0%
DISCOUNT - TOWN CENTER FEES	(300)	(1,452)	(8,248)	(4,406)	(8,248)	N/A
<b>TOTAL SALES &amp; SERVICES</b>	<b>256,639</b>	<b>258,379</b>	<b>229,846</b>	<b>226,595</b>	<b>229,846</b>	<b>0%</b>

#### INVESTMENT EARNINGS

INTEREST EARNED	24,253	37,925	25,000	35,000	35,000	40%
<b>TOTAL INVESTMENT EARNINGS</b>	<b>24,253</b>	<b>37,925</b>	<b>25,000</b>	<b>35,000</b>	<b>35,000</b>	<b>40%</b>

#### OTHER REVENUES

RENT-FARMER'S MKT	2,370	2,370	2,370	2,370	2,370	0%
MISCELLANEOUS	3,277	1,689	1,500	959	1,500	0%
MISC INVENTORY	-	364	-	(141)	-	N/A
SALES OF CEMETERY LOTS	6,040	9,730	6,000	4,750	6,000	0%
SALE/ FIXED ASSETS	26,610	73,860	20,000	24,054	30,000	50%
DONATIONS-ADVISORY BOARDS & COMM				486		N/A
DONATIONS - CD & MEMORABILIA	2,425	2,860	1,200	2,430	2,295	91%
DONATIONS		211		-		N/A
MISCELLANEOUS - MANAGEMENT SERVICES	59	1,799	500	2,800	500	0%
POLICE MISCELLANEOUS	3,924	4,745	2,500	3,255	2,500	0%
FIRE MISCELLANEOUS	3,311	2,132	1,000	1,568	1,200	20%
MISCELLANEOUS-PW	6,849	1,872	500	4,316	1,000	100%
REFUSE CART SALES	5,209	5,452	3,500	4,263	4,200	20%
YARD WASTE CONTAINERS	2,662	2,713	2,600	2,600	2,600	0%
MISCELLANEOUS R & P	31	808	-	150	-	N/A
DONATIONS	458	1,768				N/A
DONATIONS - CARRBORO DAY	-	30	50		50	0%
DONATIONS - MUSIC FESTIVAL	8,100	7,717	10,439	8,966	9,000	-14%
DONATIONS - JULY 4TH	270	865	-		-	N/A
DONATIONS - FILM FESTIVAL	3,036	1,657	1,890	2,615	2,000	6%
DONATIONS ARTS COMMITTEE	167	55	390	400	390	0%
PLANNING MISC.	-	1,331	-	-	-	N/A
<b>TOTAL OTHER REVENUES</b>	<b>76,240</b>	<b>124,029</b>	<b>54,439</b>	<b>65,841</b>	<b>65,605</b>	<b>21%</b>

#### OTHER FINANCING SOURCES

INSTALLMENT FINANCING PROCEEDS	617,955	476,399	298,850	298,850	397,320	33%
FUND BALANCE APPROPRIATED	-	-	712,163	-	787,316	11%
TRANSFER FR CAP RESERVE FUND	544,806	176,945	176,945	176,945	176,945	0%
<b>TOTAL OTHER FINANCING SRCE</b>	<b>1,162,761</b>	<b>653,344</b>	<b>1,187,958</b>	<b>475,795</b>	<b>1,361,581</b>	<b>15%</b>
<b>TOTAL REVENUES</b>	<b>\$19,025,000</b>	<b>\$18,625,445</b>	<b>\$18,489,939</b>	<b>\$18,719,690</b>	<b>\$19,441,491</b>	<b>5%</b>

## **GENERAL FUND REVENUE DESCRIPTIONS**

The following information briefly explains the major sources of revenue for the Town of Carrboro in the FY 2012-13 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 \$1,977,908,582. Each penny on the tax rate generates approximately \$193,835.

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 cost increases paid by the Town for the transit partnership with Chapel Hill and UNC-Chapel Hill.

*Time Warner Franchise Agreement* - The largest revenue in this category was the franchise revenues received from Time Warner franchise agreement where the Town is paid five percent of the gross

revenues collected on Carrboro subscribers. Given the legislative changes, this revenue capacity became limited.

The Town's definition of "gross revenues" or "gross receipts" is broader than the state's for its sales tax, and is eligible to collect franchise taxes on those items not covered by the state definition. The town, like numerous other municipalities, expected to collect these revenues until franchise agreement expired. The Town's agreement ends in 2011. These revenues are available so long as no other cable competitor identifies Carrboro as a service area. At this time, the Town does not expect to earn revenue under the Time Warner Cable Franchise.

## **UNRESTRICTED INTERGOVERNMENTAL REVENUE**

This category of revenue is primarily comprised of state-collected local revenues that are not directed to specific programs or services. Primarily comprised of state-collected local revenues that once was simply known as the utility franchise tax, this category of revenue shows an increase due to growth despite the effects of a recession.

*Local Video Programming Revenues-* Beginning January 1, 2007, local governments were no longer able to impose franchise taxes on video programming services. In conjunction, a sales tax on video programming services was added by the State that covered some of the same revenue received directly by local governments. The first distribution of the state video programming revenues to local governments was in early June 2007.

*Electricity Franchise Tax* – represents actual receipts from electric services within the municipal boundaries. This revenue source is affected by changes in population and highly sensitive to weather.

*Piped Natural Gas Excise Tax* - This revenue represents an excise tax on piped natural gas. Amounts received are based on monthly therm volumes received by the end-user of the gas. This revenue was separated from electric franchise tax (formerly called utility franchise revenue) in 1998 and is distributed by a formula that establishes a “benchmark” or minimum revenue to be received by the municipality. Additional revenue may accrue to the jurisdiction once all municipalities receive their share of the benchmark.

*Wine and Beer Tax* – provides for the distribution of 23.75% 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, on a per capita basis. The Town's share of these revenues has been reduced by two-thirds, the difference representing the portion retained by the State of North Carolina as a measure to balance the state budget. The Town expects the State to continue with this reduction for the next fiscal year.

*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. One shall be stationed at McDougle Middle School and one at the new Carrboro High.

*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 all 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. In the past few years, the town has been able to offer meeting rooms and facility space within the Century Center to the public for rental for various functions. The Town sponsors various team sports and programs for the Town's citizens.

### **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.

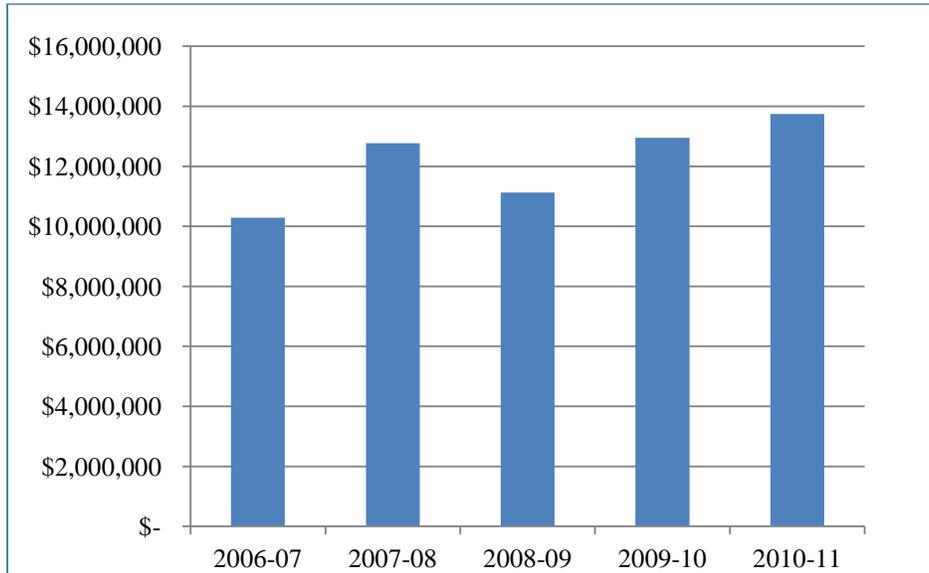
*Transfers from Other Funds* – While the General Fund is the major operating budget for the Town, several other funds exist where the Town may choose to transfer resources from those funds to the General Fund. The most common transfers seen are from the capital reserve fund or from the capital projects 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. The FY 2012-13 budget appropriates \$787,316 in fund balance reserves.

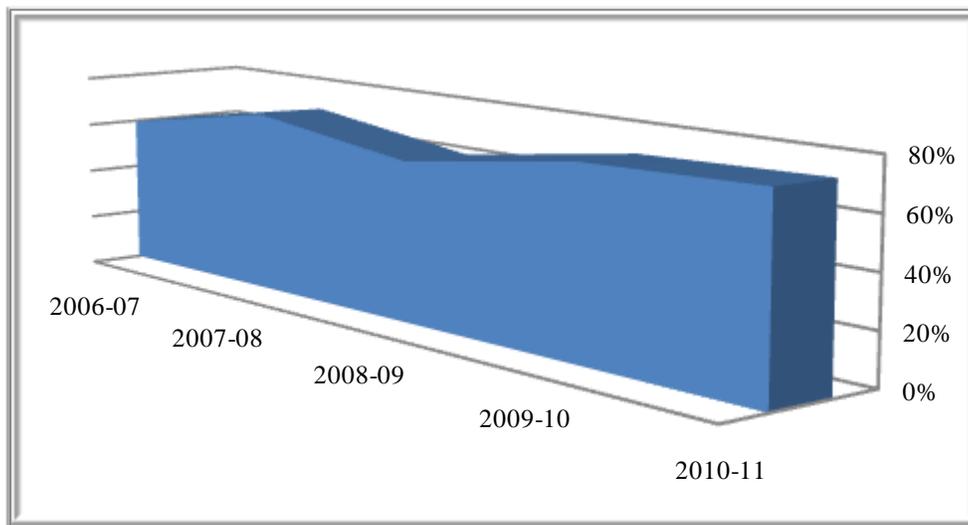
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## General Fund Balance as of June 30



Fund balance at the end of FY 2010-11 was \$13,739,846, which was an increase of \$792,805 from FY 2009-10.

## General Fund Balance as a Percentage of Operating Revenues



Fund balance as a percentage of operating revenues increased 1.8% from 72.3% in FY 2009-10 to 74.1% for FY 2010-11.

**GENERAL FUND SUMMARY OF EXPENDITURES**

2009-10 ACTUAL	2010-11 ACTUAL	2011-12 ADOPTED BUDGET	% SPENT YTD	2012-13 BASE BUDGET	2012-13 PROPOSED CHANGES	2012-13 RECOMMENDED BUDGET	% CHANGE 2013 FROM 2012
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**SUMMARY**

PERSONNEL	9,938,975	10,322,676	10,752,733	73.0%	10,732,620	228,078	10,960,698	2%
OPERATIONS	6,650,937	6,653,316	6,958,116	66.0%	6,977,059	902,633	7,879,693	13%
CAPITAL OUTLAY	601,486	809,965	779,090	65.0%	625,004	-23,904	601,100	-23%
<b>TOTAL</b>	<b>17,191,399</b>	<b>17,785,956</b>	<b>18,489,939</b>	<b>70.0%</b>	<b>18,334,683</b>	<b>1,106,807</b>	<b>19,441,491</b>	<b>5%</b>

<p align="center"><b>GENERAL FUND FY 2012-13 BUDGET CATEGORY OF EXPENDITURE BY DEPARTMENT</b></p>				
DEPARTMENT	PERSONNEL SERVICES	OPERATING COSTS	CAPITAL OUTLAY	TOTAL
MAYOR & ALDERMEN	120,902	162,650	0	283,552
ADVISORY BOARDS	0	11,800	0	11,800
GOVERNANCE SUPPORT	0	327,445	0	327,445
TOWN MANAGER	239,376	22,750	0	262,126
ECONOMIC & COMM DEV.	110,353	44,043	0	154,396
TOWN CLERK	71,967	18,450	0	90,417
MANAGEMENT SERVICES	483,918	544,034	0	1,027,952
HUMAN RESOURCES	443,554	63,720	0	507,274
INFORMATION TECHNOLOGY	262,779	755,596	108,750	1,127,125
POLICE	2,774,400	366,255	141,120	3,281,775
FIRE	2,219,345	286,414	25,200	2,530,959
PLANNING	1,033,654	201,334	9,190	1,244,178
TRANSPORTATION	0	1,240,000	0	1,240,000
PUBLIC WORKS	1,881,686	1,571,821	281,725	3,735,232
PARKS & RECREATION	1,043,764	346,999	35,115	1,425,878
NON-DEPARTMENTAL	275,001	485,700	0	760,701
DEBT SERVICE	0	1,430,681	0	1,430,681
<b>TOTALS</b>	<b>10,960,699</b>	<b>7,879,692</b>	<b>601,100</b>	<b>19,441,491</b>