

GENERAL FUND REVENUE	2011-12 ACTUAL	2012-13 ADOPTED BUDGET	2012-13 ESTIMATED	ADOPTED 2013-14 BUDGET	% CHANGE
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AD VALOREM TAX

PRIOR YEAR	\$ 178,893	90,000	\$ 101,641	95,000	6%
CURRENT YEAR	11,489,648	11,424,637	11,743,828	11,861,266	4%
PENALTY & INTEREST	40,201	24,000	24,000	23,723	-1%
TOTAL AD VALOREM TAX	11,708,742	11,538,637	11,869,469	11,979,989	3.8%

LOCAL SALES TAXES

LOCAL OPTION SALES TAX 1% Art 39	1,116,295	1,100,863	1,098,284	1,109,267	1%
LOCAL OPTION SALES TAX 1/2% Art 40	794,602	826,555	805,325	813,378	-2%
LOCAL OPTION SALES TAX 1/2% Art 42	551,464	550,432	561,946	567,565	3%
LOCAL SALES TAX REALLOCATION	(7,353)	-	(1,155)	(1,167)	N/A
LOCAL OPTION SALES TAX 1/2% Art 44	44,350	-	660	667	N/A
SALES TAX - CITY HOLD HARMLESS	808,702	809,395	827,827	836,106	3%
TOTAL LOCAL SALES TAXES	3,308,060	3,287,245	3,292,887	3,325,816	1%

OTHER TAXES/LICENSES

MOTOR VEHICLE LICENSES	310,019	271,000	278,377	281,161	4%
MOTOR VEHICLE LIC - TRANS ONLY	54,782	55,000	58,384	58,968	7%
MOTOR VEHICLE LIC - GROSS RECEIPTS	-	750	917	926	23%
PRIVILEGE LICENSES	83,992	81,040	78,562	79,348	-2%
BEER & WINE PRIVILEGE LICENSE	830	700	1,015	1,025	46%
HOTEL/MOTEL OCCUPANCY TAX	-	-	-	114,618	N/A
TOTAL OTHER TAXES/LICENSES	449,623	408,490	417,255	536,046	31%

UNRESTRICTED INTERGOVERNMENTAL

FRANCHISE TAX-ELECTRIC	393,183	332,526	435,928	440,287	32%
PIPED NATURAL GAS TAX	43,156	46,274	33,314	33,647	-27%
VIDEO SALES PROGRAMMING	210,594	229,625	173,152	174,884	-24%
WINE AND BEER	85,203	29,571	29,571	29,867	1%
TELECOMMUNICATIONS SALES TAX	210,898	220,541	206,396	208,460	-5%
NC DOT REIMBURSEMENT	-	4,200	-	-	-100%
TOTAL UNRESTRICTED INTERGV	943,034	862,737	878,361	887,145	3%

RESTRICTED INTERGOVERNMENTAL

POWELL BILL	461,696	461,696	477,977	482,757	5%
SOLID WASTE DISPOSAL TAX DIST.	10,040	10,434	10,434	10,538	1%
PLANNING WORK GRANT	37,027	22,740	14,363	14,506	-36%
RECREATION-MUNICIPAL SUPPLEM	35,898	35,898	35,898	35,898	0%
RECREATION - ARTS COMM GRANT-MUS	3,500	1,500	1,500	1,500	0%
STROWD ROSES GRANT-MUSIC	2,000	-	-	-	N/A
NC RISK MGMT AGENCY GRANT	750	-	-	-	N/A
FIRE FIGHTERS GRANT	-	10,410	10,410	10,410	0%
SAFER GRANT	41,268	-	-	-	N/A
ECON DEV GRANT FR ORG COUNTY	-	-	-	-	N/A
FIRE GRANT FOR CAR SEATS	-	-	-	-	N/A
PEG CHANNEL SUPPORT	16,260	32,520	35,999	36,000	11%
RE-INSURANCE PROGRAM	60,368	-	-	-	N/A
NC DOT RIGHT-OF-WAY REIMBURSEMENT	3,057	-	-	-	N/A
BYRNE GRANT	8,597	-	-	-	N/A
K-9 DONATION GSRA	-	-	1,512	-	N/A
ABC BOARD GRANT	12,500	12,500	13,300	13,300	6%
SEIZURES REVENUE, STATE	-	10,502	-	-	-100%
SEIZURES REVENUE, FEDERAL	-	-	-	-	0%
TOTAL RESTRICTED INTERGVMT	692,961	598,200	601,393	604,909	1%

FEES AND PERMITS

RETURNED CHECK FEE	125	100	100	101	1%
TIME WARNER PEG FEES	-	8,900	-	-	-100%
TOWER REVENUE	125,185	125,112	125,113	126,364	1%
PRIVILEGE LICENSE, LATE FEE	1,560	1,886	1,466	1,481	-21%
COURT COST OFFICER FEES	3,853	3,000	3,000	3,030	1%
PARKING VIOLATIONS	3,700	3,500	3,500	3,535	1%
SCHOOL TRAFFIC CONTROL	-	-	10,000	10,000	N/A
CHCCS -SRO CONTRACT	107,624	107,624	107,624	107,624	0%
DOG FEES	7,315	5,000	349	353	-93%
ANIMAL VIOLATIONS	-	300	2,179	2,200	633%
FIRE DIST. FEES	426,563	420,878	420,878	446,280	6%
CAR SEAT SALES	1,038	-	360	364	N/A
FALSE ALARM FEES	500	500	500	505	1%
FIRE PERMIT FEES	10,052	8,000	10,461	10,566	32%

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RE-INSPECTION FEE	1,625	1,500	200	202	-87%
REPORTS	135	100	331	334	234%
SIGN PERMITS	768	500	907	916	83%
SIGN PERMITS	270	200	-	-	-100%
ENGINEERING FEE	24,255	26,000	25,800	26,058	0%
DEV REVIEW FEE	40,354	25,000	45,000	45,450	82%
TECHNICAL REVIEW-FUTURE EQPMT	19,010	12,000	21,000	21,210	77%
BUILDING PERMITS	135,763	65,000	134,627	135,973	109%
ELECTRIC PERMITS	107,848	55,000	71,211	71,923	31%
MECH. PERMITS	73,191	45,000	54,100	54,641	21%
RE-INSPECTION FEE	1,500	600	2,111	2,132	255%
PLUMBING	80,410	36,000	45,741	46,199	28%
HOMEOWNERS RECOVER FEES	208	150	161	163	9%
RECYCLING FEES	17,338	4,800	13,421	13,556	182%
STREET CUTS	487	500	853	862	72%
ENCROACHMENT FEE	-	-	160	162	N/A
STREET SIGNS	341	-	-	-	N/A
DRIVEWAY PERMIT FEES	640	-	240	242	N/A
BLDG STRUCTURE MOVING PERMIT FEE	80	-	-	-	N/A
STREET CLOSING	240	501	2,586	2,612	421%
REFUSE COLLECTION FEES	1,324	1,500	376	380	-75%
REFUSE COLLECTION - DUMPSTER	98,902	95,000	89,977	90,877	-4%
TOTAL FEES & PERMITS	1,292,204	1,054,151	1,194,332	1,226,295	16%

SALES & SERVICES

RECREATION FEES	196,676	168,587	168,587	170,273	1%
DISCOUNT -RECREATION FEES	(13,350)	(11,644)	(11,644)	(11,760)	N/A
SALES- MERCH & CONCESSIONS-CARRBORO DAY	-	-	-	-	N/A
SALES- MERCH & CONCESSIONS-MUSIC	1,026	-	1,803	1,821	N/A
SALES- MERCH & CONCESSIONS-POETRY	56	-	47	47	N/A
SALES- MERCH & CONCESSIONS-JULY	510	1,000	-	-	-100%
SALES- MERCH & CONCESSIONS-HALLO	171	150	191	193	29%
SALES- MERCH & CONCESSIONS-FILM	1,928	-	100	101	N/A
TOWN CENTER FEES	76,888	80,000	80,000	80,800	1%
DISCOUNT - TOWN CENTER FEES	(3,680)	(8,248)	(8,248)	(8,330)	N/A
TOTAL SALES & SERVICES	260,225	229,845	230,836	233,145	1%

INVESTMENT EARNINGS

INTEREST EARNED	38,283	35,000	6,967	7,036	-80%
TOTAL INVESTMENT EARNINGS	38,283	35,000	6,967	7,036	-80%

OTHER REVENUES

RENT-FARMER'S MKT	2,370	2,370	2,370	2,394	1%
MISCELLANEOUS	1,453	1,500	3,916	3,955	164%
MISC INVENTORY	141	-	-	-	N/A
SALES OF CEMETERY LOTS	6,550	6,000	16,425	16,589	176%
SALE/ FIXED ASSETS	21,328	30,000	20,528	70,733	136%
DONATIONS-ADVISORY BOARDS & COMM	486	-	255	258	N/A
DONATIONS - CD & MEMORABILIA	2,970	2,295	2,970	3,000	31%
BANNER REVENUES	-	-	3,150	3,182	N/A
DONATIONS	211	-	-	-	N/A
MISCELLANEOUS - MANAGEMENT SERVICES	2,625	500	4,721	4,768	854%
SEIZURE REVENUE-STATE	11,476	10,502	10,502	10,607	1%
DONATIONS BULLETPROOF VEST	-	-	-	-	N/A
POLICE MISCELLANEOUS	4,940	2,500	4,161	4,203	68%
SALARY REIMBURSEMENT/SPEC EVT	-	-	-	-	N/A
FIRE MISC ELLANEOUS	1,563	1,200	5,696	5,753	379%
MISCELLANEOUS-PW	4,804	1,000	352	356	-64%
REFUSE CART SALES	5,065	4,200	4,409	4,453	6%
YARD WASTE CONTAINERS	2,341	2,600	2,483	2,507	-4%
MISCELLANEOUS R & P	153	-	271	274	N/A
DONATIONS	135	-	1,960	1,980	N/A
DONATIONS - CARRBORO DAY	95	50	420	424	748%
DONATIONS - MUSIC FESTIVAL	8,966	9,000	7,558	7,634	-15%
DONATIONS-POETRY ALIVE IN CARRBORO	60	-	60	61	N/A
DONATIONS - JULY 4TH	1,285	-	-	-	N/A
DONATIONS - FILM FESTIVAL	2,615	2,000	3,882	3,921	96%
DONATIONS ARTS COMMITTEE	359	390	-	-	-100%
PLANNING MISC.	45	-	53	54	N/A
TOTAL OTHER REVENUES	82,036	76,107	96,142	147,106	93%

OTHER FINANCING SOURCES

INSTALLMENT FINANCING PROCEEDS	298,850	397,320	397,320	745,176	88%
FUND BALANCE APPROPRIATED	-	787,316	787,316	866,048	10%
TRANSFER FR CAP RESERVE FUND	607,858	176,945	176,945	176,945	0%
TOTAL OTHER FINANCING SRCE	906,708	1,361,581	1,361,581	1,788,169	31%
TOTAL REVENUES	\$19,681,876	\$19,451,993	\$19,949,223	\$20,735,656	7%

GENERAL FUND REVENUE DESCRIPTIONS

The following information briefly explains the major sources of revenue for the Town of Carrboro in the FY 2013-14 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 \$2,032,355,685. Each penny on the tax rate generates approximately \$201,203.

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.

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).

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 – 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 in 1998 and is distributed by a formula that establishes a “benchmark” or minimum revenue to be received by the municipality.

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:

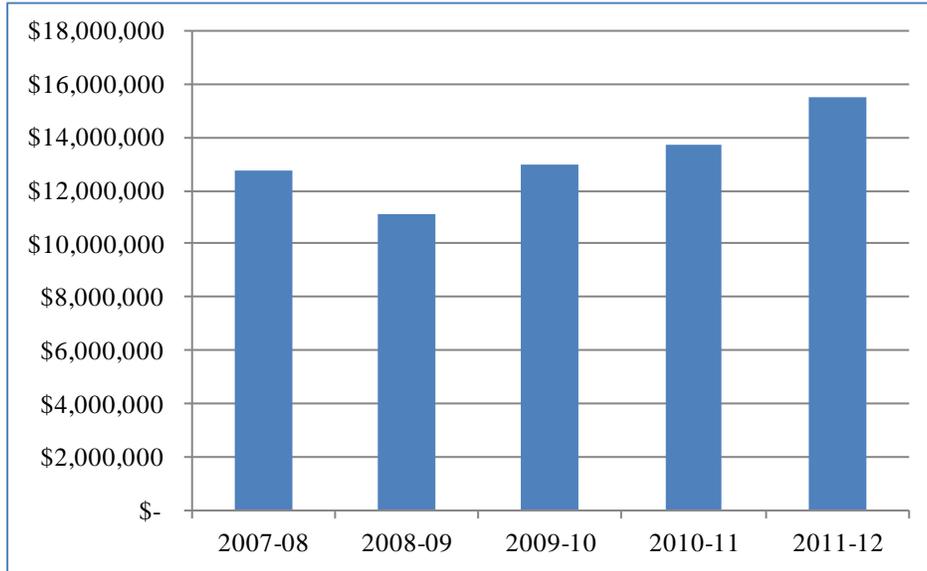
Lease-purchase or Bond Proceeds – This represents the full cost of equipment or other capital purchase that the Town has obtained through installment or bond financing. Following generally accepted accounting practices, the full cost of the financed equipment is budgeted (equipment purchased in that 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. The most common transfers seen are from the capital reserve fund or from the capital projects fund.

FUND BALANCE APPROPRIATED

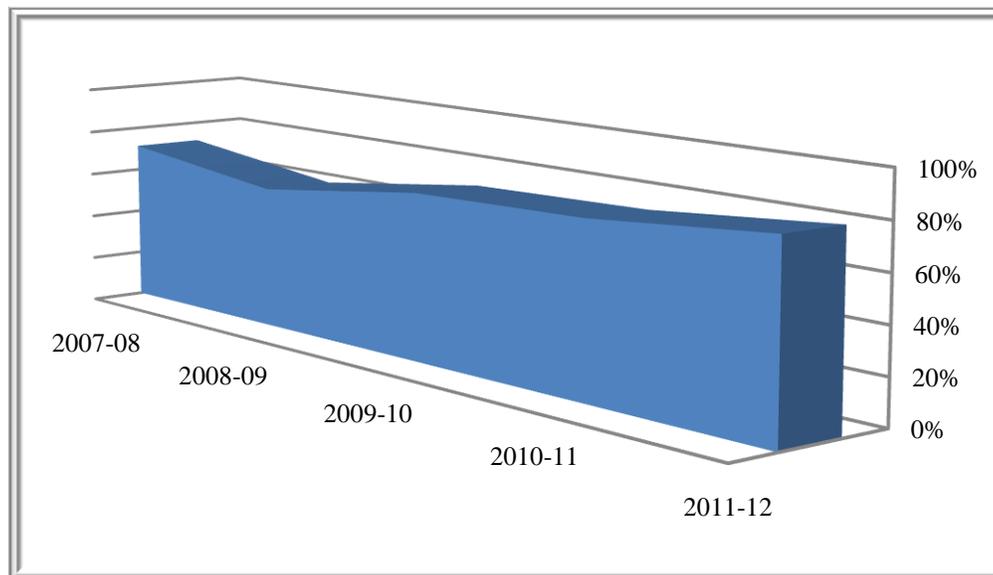
Funds accumulated through the under-expenditure of budgeted appropriations and the receipt of revenues that exceed budgeted projections result in fund balance or reserves. An appropriation of fund balance is sometimes necessary to balance projected revenues with expenditures. The level of appropriation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

General Fund Balance as of June 30



Fund balance at the end of FY 2011-12 was \$15,522,809, which was an increase of \$1,782,963 from FY 2010-11.

General Fund Balance as a Percentage of Operating Revenues



Fund balance as a percentage of operating revenues increased 6.8% from 74.1% in FY 2010-11 to 80.9% for FY 2011-12.

GENERAL FUND SUMMARY OF EXPENDITURES

2011-12 ACTUAL	2012-13 ADOPTED BUDGET	2013-14 ADOPTED BUDGET	CHANGE
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SUMMARY

PERSONNEL	10,488,016	10,940,699	11,614,862	6%
OPERATIONS	6,728,993	7,879,692	8,183,299	4%
CAPITAL OUTLAY	645,550	601,100	937,495	56%
 TOTAL	 17,862,560	 19,421,491	 20,735,656	 7%

DEPARTMENT	PERSONNEL SERVICES	OPERATING COSTS	CAPITAL OUTLAY	TOTAL
MAYOR & ALDERMEN	88,149	168,100	0	256,249
ADVISORY BOARDS	0	16,550	0	16,550
GOVERNANCE SUPPORT	0	444,468	0	444,468
TOWN MANAGER	260,570	10,600	1,000	272,170
ECONOMIC & COMM DEV.	118,141	141,793	0	259,934
TOWN CLERK	104,121	20,400	0	124,521
MANAGEMENT SERVICES	501,406	561,029	0	1,062,435
HUMAN RESOURCES	474,642	65,402	0	540,044
INFORMATION TECHNOLOGY	255,851	810,467	102,750	1,169,068
POLICE	2,853,401	464,469	241,576	3,559,446
FIRE	2,308,037	320,116	6,000	2,634,153
PLANNING	1,054,246	207,658	0	1,261,904
TRANSPORTATION	0	1,396,423	0	1,396,423
PUBLIC WORKS	1,961,898	1,603,294	586,169	4,151,361
PARKS & RECREATION	1,103,492	402,004	0	1,505,496
NON-DEPARTMENTAL	538,907	189,383	0	728,290
DEBT SERVICE	0	1,353,143	0	1,353,143
TOTALS	11,622,862	8,175,299	937,495	20,735,656