

GENERAL FUND REVENUE	FY 2013-14 ACTUAL	FY 2014-15 ADOPTED BUDGET	FY 2015-16 ADOPTED REVENUES	% CHANGE
AD VALOREM TAX				
PRIOR YEAR	186,549	103,500	314,047	203.4%
CURRENT YEAR	11,543,856	12,039,185	11,977,183	-0.5%
PENALTY & INTEREST	61,829	24,079	24,240	0.7%
TOTAL AD VALOREM TAX	11,792,234	12,166,764	12,315,470	1.2%
LOCAL SALES TAXES				
LOCAL OPTION SALES TAX 1% Art 39	1,222,387	1,125,906	1,209,881	7.5%
LOCAL OPTION SALES TAX 1/2% Art 40	859,157	825,579	971,828	17.7%
LOCAL OPTION SALES TAX 1/2% Art 42	613,742	576,078	609,093	5.7%
LOCAL SALES TAX REALLOCATION	(298)	(1,167)	-	-100.0%
LOCAL OPTION SALES TAX 1/2% Art 44	2,300	674	737	9.3%
SALES TAX - CITY HOLD HARMLESS	869,836	844,467	1,034,147	22.5%
TOTAL LOCAL SALES TAXES	3,567,124	3,371,537	3,825,686	13.5%
OTHER TAXES/LICENSES				
MOTOR VEHICLE LICENSES	426,895	283,973	286,910	1.0%
MOTOR VEHICLE LIC - TRANS ONLY	142,211	59,558	94,907	59.4%
MOTOR VEHICLE TAXES	601,737	-	384,082	N/A
MOTOR VEHICLE LIC - GROSS RECEIPTS	181	1,500	-	-100.0%
PRIVILEGE LICENSES	69,304	57,433	-	-100.0%
BEER & WINE PRIVILEGE LICENSE	965	1,500	958	-36.1%
REFUNDS - NCVTS	(8,393)	-	(14,115)	N/A
COLLECTION FEES - NCVTS	(19,683)	-	(16,209)	N/A
HOTEL/MOTEL OCCUPANCY TAX	103,661	115,764	142,845	23.4%
TOTAL OTHER TAXES/LICENSES	1,316,878	519,728	879,378	69.2%
UNRESTRICTED INTERGOVERNMENTAL				
FRANCHISE TAX-ELECTRIC	435,824	446,891	446,891	0.0%
PIPED NATURAL GAS TAX	60,862	34,152	34,152	0.0%
VIDEO SALES PROGRAMMING	189,997	173,136	57,871	-66.6%
HOME SATELLITE SALES	-	-	68,914	N/A
WINE AND BEER	88,182	40,000	80,000	100.0%
TELECOMMUNICATIONS SALES TAX	187,290	206,375	187,766	-9.0%
TOTAL UNRESTRICTED INTERGV	962,155	900,554	875,593	-2.8%
RESTRICTED INTERGOVERNMENTAL				
POWELL BILL	487,937	487,937	499,163	2.3%
SOLID WASTE DISPOSAL TAX DIST.	12,317	10,538	11,973	13.6%
PLANNING WORK GRANT	17,779	20,915	46,467	122.2%
RECREATION-MUNICIPAL SUPPLEM	35,898	28,269	27,193	-3.8%
STROWD ROSES GRANT-MUSIC	-	-	10,514	0%
DEPT OF JUSTICE BLOCK GRANT	3,381	-	3,039	N/A
PEG CHANNEL SUPPORT	63,691	36,000	101	-99.7%
NC DOT RIGHT-OF-WAY REIMBURSEMENT	4,388	-	-	N/A
ABC BOARD GRANT	15,000	13,300	13,300	0.0%
TOTAL RESTRICTED INTERGVMT	641,891	596,959	611,751	2.5%

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FEES AND PERMITS

RETURNED CHECK FEE	160	101	25	-75.0%
TOWER REVENUE	137,494	130,463	134,038	2.7%
PRIVILEGE LICENSE, LATE FEE	1,170	1,481	-	-100.0%
COURT COST OFFICER FEES	4,290	3,030	2,370	-21.8%
PARKING VIOLATIONS	4,906	3,535	2,778	-21.4%
SCHOOL TRAFFIC CONTROL	10,000	10,000	10,000	0.0%
CHCCS -SRO CONTRACT	111,664	110,852	110,852	0.0%
ANIMAL VIOLATIONS	4,065	3,000	5,964	98.8%
FIRE DIST. FEES	509,684	540,270	540,270	0.0%
CAR SEAT SALES	2,089	500	695	39.0%
FIRE PERMIT FEES	11,056	10,566	4,828	-54.3%
RE-INSPECTION FEE	-	202	-	-100.0%
REPORTS	54	334	71	-78.7%
SIGN PERMITS	920	916	984	7.4%
ENGINEERING FEE	17,462	26,058	18,190	-30.2%
DEV REVIEW FEE	32,456	45,450	33,169	-27.0%
TECHNICAL REVIEW-FUTURE EQPMT	15,905	21,210	14,130	-33.4%
BUILDING PERMITS	83,463	135,973	74,544	-45.2%
ELECTRIC PERMITS	73,046	71,923	78,707	9.4%
MECH. PERMITS	61,111	54,641	66,017	20.8%
RE-INSPECTION FEE	1,275	2,132	1,818	-14.7%
PLUMBING	48,710	46,199	49,630	7.4%
HOMEOWNERS RECOVER FEES	124	163	165	1.0%
RECYCLING FEES	11,494	13,556	7,359	-45.7%
STOCKING FEE	6,806	8,000	1,088	-86.4%
STREET CUTS	123	862	414	-52.0%
ENCROACHMENT FEE	1,600	-	1,768	N/A
STREET SIGNS	1,303	242	283	16.9%
DRIVEWAY PERMIT FEES	880	-	1,091	N/A
STREET CLOSING	4,907	2,612	5,419	107.5%
PERM RGT OF WAY CLOSING FEE	148	83	-	-100.0%
REFUSE COLLECTION FEES	1,783	1,500	999	-33.4%
REFUSE COLLECTION - DUMPSTER	87,027	90,877	65,736	-27.7%
TOTAL FEES & PERMITS	1,247,175	1,336,731	1,233,402	-7.7%

SALES & SERVICES

RECREATION FEES	212,226	170,273	188,222	10.5%
DISCOUNT -RECREATION FEES	(11,365)	(11,760)	(8,168)	-30.5%
SALES- MERCH & CONCESSIONS-MUSIC	1,967	1,821	1,125	-38.2%
SALES- MERCH & CONCESSIONS-POETRY	108	47	58	23.4%
SALES- MERCH & CONCESSIONS-JULY	-	-	440	N/A
SALES- MERCH & CONCESSIONS-HALLO	226	193	386	100.0%
SALES- MERCH & CONCESSIONS-FILM	1,811	101	3,846	3707.9%
TOWN CENTER FEES	96,226	80,800	89,385	10.6%
DISCOUNT - TOWN CENTER FEES	(17,588)	(8,330)	(11,504)	38.1%
TOTAL SALES & SERVICES	283,611	233,145	263,790	13.1%

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INVESTMENT EARNINGS			-	
INTEREST EARNED	2,145	7,036	1,078	-84.7%
TOTAL INVESTMENT EARNINGS	2,145	7,036	1,078	-84.7%

OTHER REVENUES

RENT-FARMER'S MKT	2,370	2,394	2,370	-1.0%
ATM FEES	331	100	388	288.0%
MISCELLANEOUS	706	3,955	193	-95.1%
EMS LOCATION RENT	-	-	12,000	N/A
SALES OF CEMETERY LOTS	6,000	16,589	12,145	-26.8%
SALE/ FIXED ASSETS	5,923	70,733	49,756	-29.7%
DONATIONS-ADVISORY BOARDS & COMM	1,280	258	550	113.2%
BB&T SECURITY DEPOSITS	4,502	-	-	N/A
RENTAL INCOME - CSFP UNDER 6	1,100	1,200	1,200	0.0%
RENTAL INCOME - FLEET FEET	45,022	27,013	-	-100.0%
RENTAL INCOME - CARRBORO COMM SOLAR	40	40	20	-49.5%
DONATIONS - CD & MEMORABILIA	1,190	3,000	3,000	0.0%
MISCELLANEOUS - MANAGEMENT SERVICES	17,356	4,768	2,835	-40.5%
SEIZURE REVENUE-STATE	3,221	10,607	-	-100.0%
SEIZURE REVENUE-FEDERAL	153,712	3,000	-	-100.0%
POLICE MISCELLANEOUS	7,873	6,000	2,656	-55.7%
FIRE MISCELLANEOUS	2,227	5,753	12,680	120.4%
MISCELLANEOUS-PW	709	356	1,014	184.8%
REFUSE CART SALES	5,004	4,453	3,230	-27.5%
YARD WASTE CONTAINERS	2,314	2,507	2,433	-3.0%
MISCELLANEOUS R & P	126	274	43	-84.1%
DONATIONS	180	1,980	-	-100.0%
DONATIONS - CARRBORO DAY	615	424	141	-66.7%
DONATIONS - MUSIC FESTIVAL	13,497	7,634	23,989	214.2%
DONATIONS-POETRY ALIVE IN CARRBORO	75	61	1,060	1637.7%
DONATIONS - FILM FESTIVAL	2,023	2,000	9,546	377.3%
DONATIONS ARTS COMMITTEE	-	-	75	N/A
OPEN STREETS	500		2,089	N/A
PLANNING MISC.	-	54	46	-14.0%
TOTAL OTHER REVENUES	277,896	175,153	143,459	-18.1%

OTHER FINANCING SOURCES

INSTALLMENT FINANCING PROCEEDS	498,822	745,176	621,180	-16.6%
FUND BALANCE APPROPRIATED	-	1,084,075	624,916	-42.4%
TRANSFER FR CAP RESERVE FUND	477,945	176,945	176,945	0.0%
TOTAL OTHER FINANCING	976,767	2,006,196	1,423,041	-29.1%

TOTAL REVENUES	\$21,067,876	\$21,313,803	\$21,572,647	1.2%
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GENERAL FUND REVENUE DESCRIPTIONS

The following information briefly explains the major sources of revenue for the Town of Carrboro in the FY 2015-16 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 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 – The NC General Assembly eliminated Privilege Licenses as of July 1, 2015.

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:

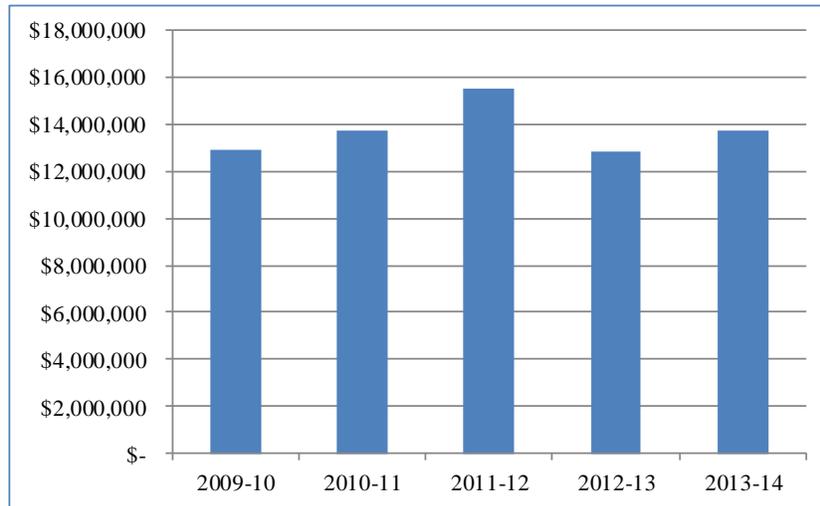
Lease-purchase or Bond Proceeds – This represents the full cost of equipment or other capital purchase that the Town has obtained through installment or bond financing. Following generally accepted accounting practices, the full cost of the financed equipment is budgeted (equipment purchased in that 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

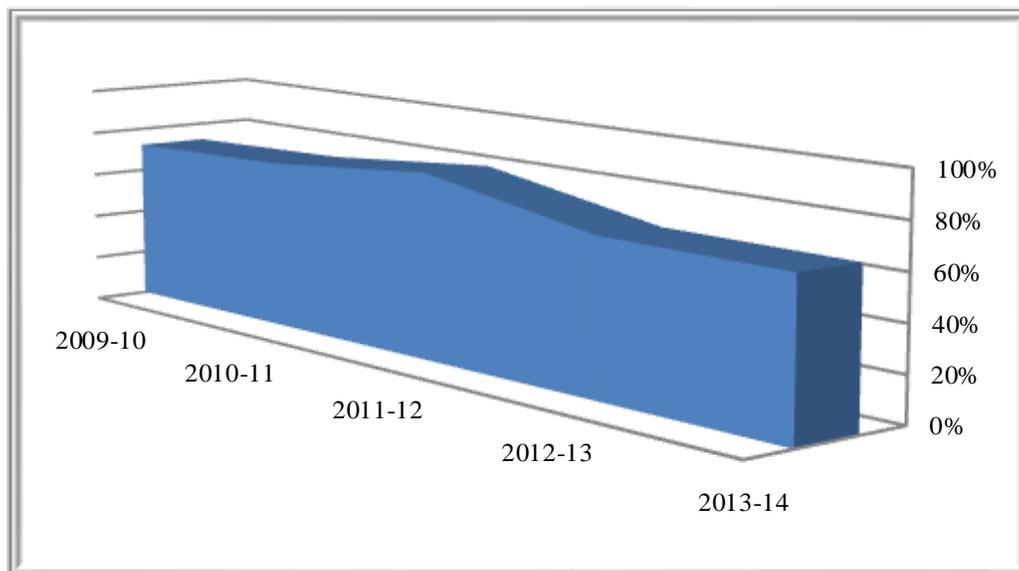
Funds accumulated through the under-expenditure of budgeted appropriations and the receipt of revenues that exceed budgeted projections result in fund balance or reserves. An appropriation of fund balance is sometimes necessary to balance projected revenues with expenditures. The level of appropriation 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 2013-14 was \$13,764,901, which was an increase of \$953,920 from FY 2012-13.

General Fund Balance as a Percentage of Operating Revenues



Fund balance as a percentage of operating revenues decreased .6% from 67.1% in FY 2012-13 to 66.5% for FY 2013-14.

GENERAL FUND SUMMARY OF EXPENDITURES

	<u>FY 2013-14</u> <u>ACTUAL</u>	<u>FY 2014-15</u> <u>ADOPTED</u> <u>BUDGET</u>	<u>FY 2015-16</u> <u>ADOPTED</u> <u>BUDGET</u>	<u>PCT</u> <u>CHANGE</u>
PERSONNEL	\$10,967,472	\$11,913,300	\$11,918,907	0.0%
OPERATING	6,858,844	8,383,607	8,942,810	6.7%
CAPITAL				
OUTLAY	2,300,829	1,016,896	710,930	-30.1%
TOTAL	\$20,127,145	\$21,313,803	\$21,572,647	1.2%

DEPARTMENT	PERSONNEL SERVICES	OPERATING COSTS	CAPITAL OUTLAY	TOTAL
MAYOR & ALDERMEN	90,560	192,100	0	282,660
ADVISORY BOARDS	0	17,050	0	17,050
GOVERNANCE SUPPORT	0	554,856	0	554,856
TOWN MANAGER	315,435	43,570	0	359,005
ECONOMIC & COMM DEV.	123,575	83,880	0	207,455
TOWN CLERK	110,616	19,400	0	130,016
FINANCE	545,318	535,179	0	1,080,497
HUMAN RESOURCES	471,664	72,930	0	544,594
INFORMATION TECHNOLOGY	266,671	926,308	63,750	1,256,729
POLICE	2,992,428	478,348	239,412	3,710,188
FIRE	2,401,396	330,479	0	2,731,875
PLANNING	1,080,580	269,667	0	1,350,247
TRANSPORTATION	0	1,540,288	0	1,540,288
PUBLIC WORKS	2,027,256	1,737,161	407,768	4,172,185
PARKS & RECREATION	1,175,120	463,113	0	1,638,233
NON-DEPARTMENTAL	318,288	508,721	0	827,009
DEBT SERVICE	0	1,169,760	0	1,169,760
TOTAL	\$11,918,907	\$8,942,810	\$710,930	\$21,572,647