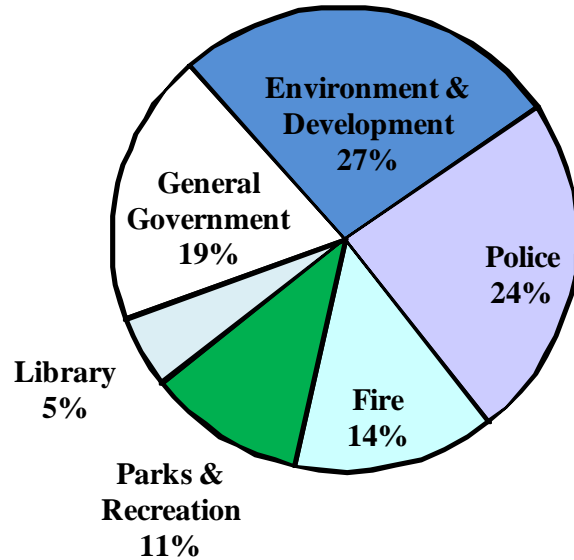


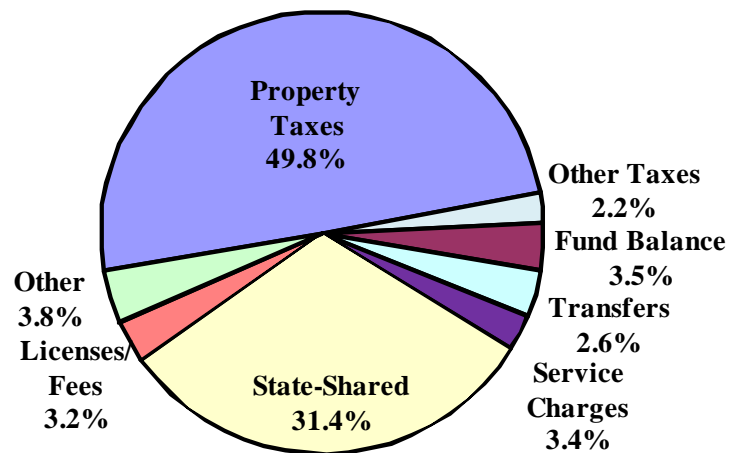
GENERAL FUND

The General Fund is the general operating fund of the Town and is used to account for all revenues and expenditures except those required to be accounted for in another fund. The fund is established at the inception of a government and exists throughout the government's life.

General Fund Expenditures



General Fund Revenues



Total \$49,621,000

**GENERAL FUND
BUDGET SUMMARY**

EXPENDITURES

	2006-07 Actual	2007-08 Original Budget	2007-08 Revised Budget	2007-08 Estimated	2008-09 Adopted Budget	% Change from 2007-08
General Government	13,933,052	13,593,216	14,578,123	14,186,026	9,269,763	-31.8%
Environment & Development	13,065,335	14,939,792	15,729,084	15,312,762	13,286,985	-11.1%
Public Safety	17,334,429	18,474,069	18,600,081	18,289,769	19,155,021	3.7%
Leisure	4,224,254	5,121,923	5,191,866	4,914,161	7,909,231	54.4%
Total	48,557,070	52,129,000	54,099,154	52,702,718	49,621,000	-4.8%

REVENUES

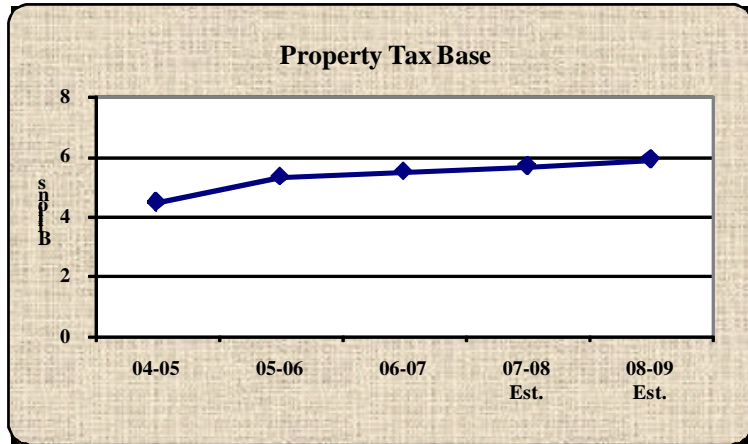
	2006-07 Actual	2007-08 Original Budget	2007-08 Revised Budget	2007-08 Estimated	2008-09 Adopted Budget	% Change from 2007-08
General Revenues:						
Property Taxes	25,957,597	26,130,100	26,191,100	27,478,740	24,733,000	-5.3%
Other Tax and Licenses	1,359,155	1,524,000	1,524,000	1,081,000	1,084,000	-28.9%
State-Shared Revenues	15,012,438	14,581,553	14,604,053	15,519,234	15,575,000	6.8%
Interest on Investments	801,536	361,868	434,021	354,000	200,000	-44.7%
Other Revenues	650,817	282,400	314,651	401,784	313,150	10.9%
Grants	434,100	415,300	476,641	482,362	374,363	-9.9%
Charges for Services	1,634,072	1,664,476	1,676,162	1,629,046	1,693,741	1.8%
Licenses/Permits/Fines	1,781,395	1,604,425	1,691,490	1,606,050	1,601,400	-0.2%
Transfers/Other Sources	1,221,909	1,249,878	1,249,878	1,286,477	1,302,472	4.2%
Appropriated Fund Balance	(295,949)	4,315,000	5,937,158	2,864,025	2,743,874	-36.4%
Total	48,557,070	52,129,000	54,099,154	52,702,718	49,621,000	-4.8%

GENERAL FUND

Major Revenue Sources - Descriptions and Estimates

Property Tax

The largest component of the property tax is the levy on real property. We have received preliminary estimates from Orange County and have based our estimate on their information together with historic trends for the overall tax base. For 2008-09 the adopted budget splits the General Fund tax rate into two components. The first part will go to the



Debt Service Fund to pay the debt service expense that had previously been funded through a transfer from the General Fund to the Debt Service Fund. The second part will go to the General Fund to pay for operating costs. We estimate the combined property tax levy for the Debt Service Fund and the General Fund will continue to grow by about 1.8% per year. The tax base for 2008-09 is estimated to be about \$5,880,000,000, with 1 cent on the tax rate equivalent to about \$582,000.

The adopted budget is balanced with a 5.9 cent increase in the property tax rate for these combined funds. The combined property tax revenues we anticipate for 2008-09 total about \$31 million, with \$24.6 million of that supporting the General Fund.

Other Local Taxes

- Cable franchise revenues represent a tax on local Time Warner gross receipts. We are projecting revenues to be about \$107,000 in the current year, and \$110,000 in 2008-09. Effective January 1, 2007, the Department of Revenue changed the distribution calculation for cable franchise revenues, and the majority of the funds we previously received in this revenue line are now allocated in the utility franchise tax.
- Revenue from the 3 percent Hotel/Motel occupancy tax is expected to total \$935,000 in the current year and is expected to stay flat in 2008-09. Revenue trends are affected by University events and general economic trends.

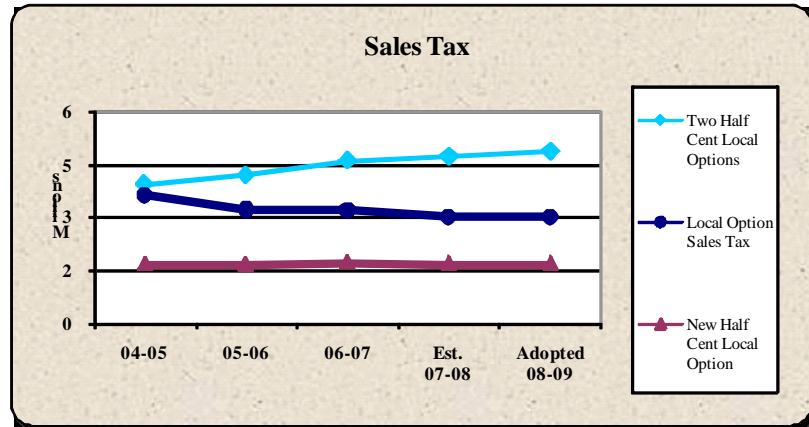
GENERAL FUND

Major Revenue Sources - Descriptions and Estimates

State-Shared Revenues

Sales Taxes

Sales tax revenue is expected to fall just short of budget in 2007-08 by about \$39,000. While we estimate that the two State-wide ½ percent taxes will continue to grow in 2008-09, we expect the 1 percent tax on Orange County sales to decrease; the latter tax is the cause of the decline in overall sales tax revenues for 2007-08. Combined, sales tax is estimated to increase about 1.4% over the 2007-08 estimate of \$9.49 million, to \$9.62 million in 2008-09.



Combined, sales tax is estimated to increase about 1.4% over the 2007-08 estimate of \$9.49 million, to \$9.62 million in 2008-09.

Motor Fuel Taxes (known as Powell Bill funds)

Motor fuel tax revenue is based on receipts of 1¾ cents of the State gasoline tax allocated to local governments, based on population and local street mileage in each jurisdiction. This revenue is anticipated to total \$1,650,000 in 2007-08, an increase of about \$190,000 from 2006-07. This increase is a one-time allocation from the State. For 2008-09, we anticipate revenues will return closer to previous levels, at about \$1,500,000.

State Fire Protection Funds

We have received an increase of about \$150,000 in State Fire Protection Funds in the current year, totaling about \$1,210,000. We are expecting the same level of funding from this source in 2008-09.

Utility Franchise Tax

Utility franchise taxes are derived from a 3 percent tax on gross revenues from public utilities in each jurisdiction, and are collected by the State for distribution to cities and towns. Because the fees are dependent upon utility charges, they are affected by weather conditions and can vary from year to year. We estimate that utility franchise fee distributions will significantly exceed the current year budget of \$2,300,000 at \$2,940,000 and will be slightly higher next year at \$3,010,000. The increases are the result of the new allocation formula used by the State to distribute cable franchise fees, and that revenue source shows a commensurate decrease.

GENERAL FUND

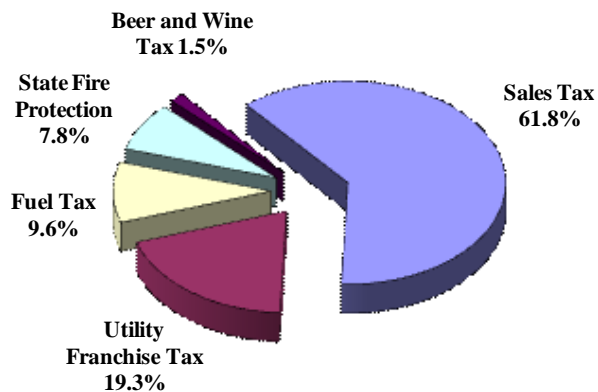
Major Revenue Sources - Descriptions and Estimates

Beer and Wine Taxes

Assuming full receipt of the Beer and Wine tax revenue normally distributed in May to cities and counties, we estimate allocations from this source of about \$230,000 for the current year and next year.

In summary, we estimate State-shared revenues would total about \$15,575,000 for next year.

State Shared Revenues \$15,575,000



Other Revenue Sources

Grants

This category of revenue includes certain recurring local and State grants totaling about \$374,000 for 2008-09. Beginning in 2004-05, we began using a separate Grants Fund for non-recurring grants.

Local grants include appropriations from Orange County to supplement the Town's Parks and Recreation programs and the Town's Library. Both supplements have remained constant over the last few years. We expect the 2008-09 appropriation from the County to remain at \$83,700 for the Parks and Recreation supplement and \$249,000 for the Library supplement. The State appropriation for Library services is budgeted at \$39,000, about \$3,000 higher than in 2007-08.

Charges for Services

Service Charges for various Town services and programs (including zoning compliance permits and Parks and Recreation programs) are estimated to increase from the current year's estimated revenues of about \$1,629,000 to about \$1,694,000. The increase from current year revenues is expected as the net result of several incremental increases and decreases throughout various charges.

GENERAL FUND

Major Revenue Sources - Descriptions and Estimates

Licenses/Permits/Fines & Forfeitures

Revenue from most licenses, permits, and fines, including privilege licenses and vehicle licenses, are expected to remain about the same as budgeted in 2007-08, with the exceptions of slight decreases in inspection and re-inspection permits. Total licenses and permits are expected to be about \$1.6 million in 2007-08 and to remain essentially flat in 2008-09.

Interest on Investments

The General Fund share of interest earned on the Town's investments is recorded in this category. Investment income is expected to decrease from about \$354,000 in the current year to \$200,000 next year due to the recent decline in interest rates along with the spending down of our fund balance.

Miscellaneous, Transfers, Net Assets (Fund Balance)

Miscellaneous Revenues

The primary miscellaneous revenues include the sale of cemetery lots and equipment, court cost reimbursements, and donations. Miscellaneous revenues are expected to total about \$402,000 for 2007-08 and \$313,000 for 2008-09.

Transfers and Charges

This category reflects amounts transferred from other Town funds to the General Fund, primarily to recover administrative and indirect costs from other Town enterprise funds and services. For 2008-09, these include estimates of \$195,000 from Parking Enterprise Funds, \$59,000 from the Stormwater Management Fund, and \$1 million from the Transportation Enterprise Fund. These transfers also include the continued contribution of \$45,000 from the Library Gift Fund for Library purposes.

Fund Balance

This appropriation represents a use of net assets (fund balance) for general operations. We budgeted to use \$4.3 million of fund balance in 2007-08. The adopted budget includes the use of \$2.74 million in 2008-09 to prevent service cuts and to provide for some priority additions to the budget. The \$2.74 million is available largely from a one-time, multi-year tax settlement from Durham County, resulting in an increase of property tax revenues over budgeted amounts in 2007-08.

GENERAL FUND

Major Revenue Sources - Descriptions and Estimates

Summary of Revenues

In summary, we have budgeted General Fund revenues, including the use of \$2.74 million of fund balance, for a total of about \$49.6 million.

The table below shows comparative estimates of total General Fund revenues for the current year and next year.

	07-08 Revised Budget	07-08 Estimated	08-09 Adopted Budget
Property Taxes	26,191,000	27,479,000	24,733,000
Other Taxes	1,524,000	1,081,000	1,084,000
Licenses/Permits	1,691,000	1,606,000	1,601,000
State-Shared	14,604,000	15,519,000	15,575,000
Grants	477,000	482,000	374,000
Service Charges	1,676,000	1,629,000	1,694,000
Interest	434,000	354,000	200,000
Other	315,000	402,000	313,000
Interfund Transfers	1,250,000	1,286,000	1,302,000
Fund Balance	5,937,000	2,864,000	2,744,000
Total	54,099,000	52,702,000	49,620,000

(Rounded to nearest thousand.)

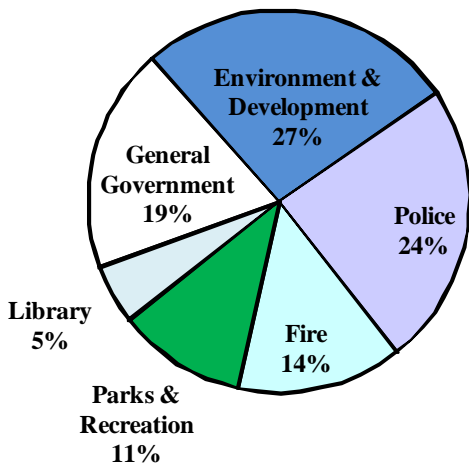
GENERAL FUND

Major Expenditures - Descriptions and Estimates

The General Fund provides basic services for Town citizens including police and fire protection, environment & development services (including planning, public works, engineering, and inspections), general administration and planning for growth and development in the community.

The pie chart below shows the relative proportions of expenditures for the various functions and departments in the General Fund budget totaling \$49,621,000 for the adopted 2008-09 budget.

The largest category of expenditures for the General Fund is Public Safety services, with Police Department expenditures of about \$12.1 million and Fire Department expenditures of about \$7.1 million.



The Public Works Department is the second largest department in the General Fund at about \$9.67 million, including services for solid waste collection, maintenance of streets, inspections, and maintenance for Town properties. There are three major organizational changes in the 2008-09 Public Works Budget. Two divisions are moving to other departments. The Landscaping and Drainage divisions are moving to Parks & Recreation and Stormwater, respectively. Also, the Inspections Department is being added to Public Works as a new division, the net impact of this realignment is a 15.8% decrease in the 2008-09 Public Works Budget.

The combined Police, Fire and Public Works services comprise about 65% of total General Fund expenditures.

Other General Fund services include Parks and Recreation programs totaling about \$5.55 million, Library services of \$2.36 million, General Governmental activities (Administration, Communications & Public Affairs, Business Management, Human Resources, Attorney, and Non-Departmental) totaling about \$9.27 million, and Environment & Development activities (Planning, Engineering and Public Works) totaling about \$13.29 million. The Parks & Recreation Department is expanding to encompass the Landscaping function that was previously part of Public Works.

Non-departmental expenditures total \$3.34 million. Non-departmental expenditures include transfers for capital improvements of \$1.3 million and other miscellaneous

GENERAL FUND

Major Expenditures - Descriptions and Estimates

transfers of \$181,000, including a \$176,000 transfer to supplement the Housing Department's administrative budget. The non-departmental budget includes \$221,000 in matching funds for a federal Fire grant. \$812,500 is included in the adopted budget for investments in other agencies in support of human services, visitor services and tourism, cultural and arts programs, economic development and development of affordable housing as adopted by the Council. This amount has been reduced by \$150,000 for 2008-09 due to the transfer of the Public Arts Commission funding to the Town's General Fund budget. The budget for liability and property insurance totals \$494,000. Also included in non-departmental expenditures is a \$400,000 contribution toward funding the Town's liability for post-employment health benefits. Prior years included the transfer to the Debt Service Fund, but in 2008-09, a portion of the property tax is allocated to debt service instead.

Additional expenses in the 2008-09 budget include increases in group medical insurance (\$363,000) and workers compensation insurance (\$195,000) and employee pay adjustments needed to be competitive in the Triangle labor market (\$611,000) of 3% effective October 2008.

The adopted budget includes expenses for some new priorities. Some significant items include a web-hosting project (\$125,000) to improve the Town's web-site and e-government services; a groundskeeper position (\$41,000) for Southern Community Park ; operating costs for the new Aquatics Center (\$478,000) scheduled to open in summer of 2008 and a contribution (\$400,000) to begin funding the Town's liability for post-employment health care for retirees.

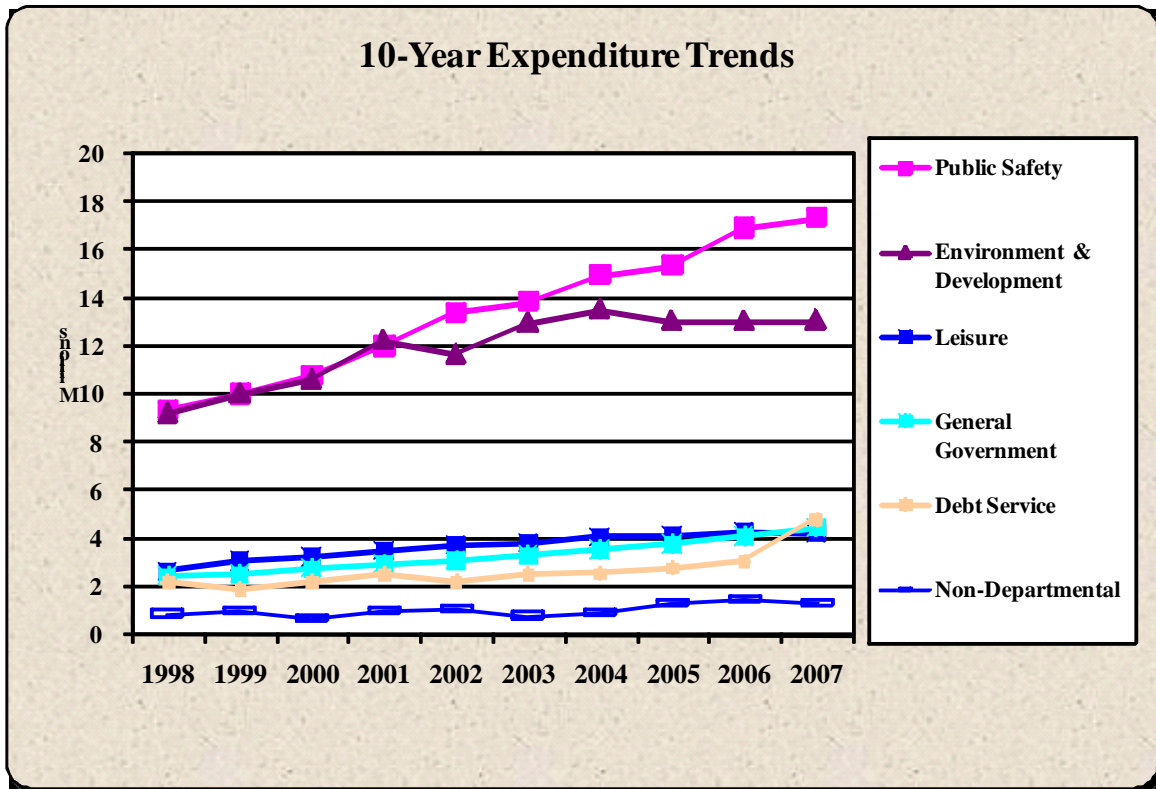
The table below shows expenditure levels for General Fund personnel, operating costs and capital outlay.

EXPENDITURES						
	2006-07 Actual	2007-08 Original Budget	2007-08 Revised Budget	2007-08 Estimated	2008-09 Adopted Budget	% Change from 2007-08
Personnel	29,264,590	32,325,552	31,969,752	31,311,177	34,079,451	5.4%
Operating Costs	19,188,982	19,735,448	21,577,475	20,957,395	15,411,094	-21.9%
Capital Outlay	103,498	68,000	551,927	434,146	130,455	91.8%
Total	48,557,070	52,129,000	54,099,154	52,702,718	49,621,000	-4.8%

The table below shows expenditure trends for the General Fund for the past ten years.

GENERAL FUND

Major Expenditures - Descriptions and Estimates



**GENERAL FUND
EXPENDITURES BY DEPARTMENT**

	2006-07 Actual	2007-08 Original Budget	2007-08 Revised Budget	2007-08 Estimated	2008-09 Adopted Budget	% Change from 2007-08
General Government						
Mayor/Council	321,416	361,480	366,730	362,146	444,572	23.0%
Manager/Clerk	1,254,276	1,389,012	1,428,448	1,404,726	1,737,425	25.1%
Human Resource Development	676,769	854,627	859,137	740,017	875,446	2.4%
Finance	1,085,971	1,186,630	1,233,095	1,191,846	1,412,686	19.1%
Information Technology	837,707	1,049,922	1,446,607	1,446,100	1,161,933	10.7%
Town Attorney	257,898	285,354	308,709	290,756	295,591	3.6%
Non-Departmental	9,499,015	8,466,191	8,935,397	8,750,435	3,342,110	-60.5%
Subtotal	13,933,052	13,593,216	14,578,123	14,186,026	9,269,763	-31.8%
Environment & Development						
Planning	1,089,465	1,296,971	1,313,545	1,259,062	1,355,536	4.5%
Engineering	2,016,774	2,165,008	2,678,707	2,595,564	2,265,121	4.6%
Public Works	9,959,096	11,477,813	11,736,832	11,458,136	9,666,328	-15.8%
Subtotal	13,065,335	14,939,792	15,729,084	15,312,762	13,286,985	-11.1%
Public Safety						
Police	10,942,463	11,661,021	11,716,700	11,505,346	12,073,399	3.5%
Fire	6,391,966	6,813,048	6,883,381	6,784,423	7,081,622	3.9%
Subtotal	17,334,429	18,474,069	18,600,081	18,289,769	19,155,021	3.7%
Leisure						
Parks and Recreation	2,149,751	2,865,091	2,933,128	2,684,337	5,550,595	93.7%
Library	2,074,503	2,256,832	2,258,738	2,229,824	2,358,636	4.5%
Subtotal	4,224,254	5,121,923	5,191,866	4,914,161	7,909,231	54.4%
General Fund Total	48,557,070	52,129,000	54,099,154	52,702,718	49,621,000	-4.81%

