FIVE-YEAR REVENUE AND COST PROJECTIONS FOR MAJOR OPERATING FUNDS

INTRODUCTION AND OVERVIEW

This section of the budget outlines in summary form projected revenues and costs for the five fiscal years beyond 2010-11 for the Town's General Fund, Transit Fund and Debt Service Fund. A summary schedule is provided for each fund identifying differences between the projected revenues and costs in each year.

The Projections section of the budget is an important tool in developing long-range financial strategies for the Town's major operations and in maintaining sound financial condition. We believe our projections include all the vital elements and principal drivers of revenue and costs. In short, we have included in the projections the important elements that are "big enough to matter," on both the revenue and cost sides of the budgets presented. Our presentation includes projections for operations and for additions and adjustments to ongoing operations. The largest additions relate to capital programs and related debt service.

Capital Programs and Related Debt Service

The Council authorized the sale of the first two issuances of the $29.36 million of General Obligation bonds approved by voters in November 2003: $4 million in 2004-05 and $4.95 million in 2006-07. The sale originally scheduled for FY2008-09 was rescheduled to fall of 2009-10 due to turmoil in the debt markets due to the global economic crisis. The sale remains on hold pending concerns about revenue shortfalls resulting from the ongoing recession. A continued delay will require LGC approval to extend the time to sell the bonds beyond November 2010. The following projections assume the sale will move forward by the spring of 2011.

The balance of the authorized general obligation debt scheduled to be sold by spring of 2011 includes the following:

Year	Amount
Library	$14,260,000
Sidewalk/Street	2,450,000
Parks & Recreation	3,700,000
Total	$ 20,410,000

In addition, the Council has approved a plan to borrow funds in an amount not to exceed $7.245 million to pay for underground parking on the current Parking Lot 5 as part of a mixed use development. We currently project that the first debt service payment of about $770,000, or 1.1 cents on the tax rate, would come due in 2012-13. The projections assume that the Parking Fund would provide for the cost of this debt service as a transfer to the Debt Fund.

We show the full debt service for each issuance beginning in the year following the year of the borrowing. The full year cost of the new debt issued in 2010-11 would be approximately

$2,143,000 or 3.06 cents on the current tax rate.

While the Town has historically had low debt as a percentage of budgeted expenditures, recent borrowings have significantly increased the Town's debt load. Although the Town's measures of debt capacity, including debt per capita and debt as a percent of assessed value, are close to the average for our peer group (Triple A rated Municipalities), measures of affordability present a different picture. The Town has traditionally tried to keep debt service below 10% of budgeted expenditures, but with the recent investment in public facilities this ratio has risen to 11.19% in 2009-10. The increase in debt service as a percent of budget in excess of the 10% target was an anticipated result of the financing of the Town Operations Center project.

In response to the added debt burden, a Debt Management Plan was adopted for the FY2008-09 budget that includes dedicating a portion of the property tax rate to pay debt service instead of transferring funds for debt service needs from the General Fund. Previously, debt service costs competed with other priorities for General Fund revenues, but now have a dedicated revenue source, which also provides for future debt as existing debt is paid off. Maintaining affordable levels of debt is an important factor in retaining the Town's current AAA ratings.

With the delay in the sale of the remaining bonds authorized, the 2010-11 budget meets the goal of limiting debt service to 10% of the budget. Based on current projections, debt service (including installment debt) will be 9.73% of budget in 2010-11. The debt to expenditure ratio would rise to 13.03% in 2011-12 with the issuance of the bonds.

Some of the other key factors affecting revenues and costs are outside the Town's control, such as State-shared revenues affected by State legislation, and numerous State and federal regulations which affect funding for the Transit system and the Housing Department, primarily. We project no significant withholding of State-shared revenues, however, the county has the option each year to change the sales tax distribution formula from the current per capita basis to an ad-valorum basis. Changing from a per capita basis to an ad-valorum distribution would reduce the Town's Sales Tax revenues by approximately $2.5 million. The time period during which the County can change the distribution basis has passed for FY2010-11, however the County will be able to make this selection in subsequent fiscal years.

The main points included in the revenue and cost projections for the General Fund, Transit Fund and the Debt Service Fund are summarized on the following pages. The differences between revenues and expenditures are expressed as tax rate equivalents. As the budget increases, the amount of reserved fund balance needs to increase proportionally to retain fund balance reserves at a minimum of 12% of the budget. The gap between revenues and costs could be closed by service reductions, revenue enhancements, tax rate adjustments, or any combination of these options.

FIVE-YEAR REVENUE AND COST PROJECTIONS FOR MAJOR OPERATING FUNDS

GENERAL FUND

Revenues

The most important revenue sources for General Fund operations continue to be property taxes and sales tax revenues that, combined, comprise about 68% of total General Fund revenues. The growth in property tax revenues has decreased in the past few years and it is anticipated that growth will be below normal during the current recovery period. The estimate of assessed valuation for the tax base in 2010-11 is about $7.11 billion. The most recent revaluation of property assessments went into effect the FY2009-10 Budget Year. Real property values increased by approximately 24% and the motor vehicle and personal property valuations were decreased by about 10%. The Council adopted a property tax rate slightly below the revenue neutral rate for the FY2009-10 Budget.

Estimated growth in assessed valuation over the next five years will be about 1.8% annually. The tax levy projections assume that the General Fund tax rate will continue to be split with the Debt Service Fund. The split will allocate 9.3 cents of the 2010-11 General Fund tax rate to the Debt Service Fund for payment of annual debt service.

Two factors may affect our ability to project and collect property taxes in the future. The first relates to Orange County's tax system. The Town relies on Orange County to assess and record most property tax. (A small portion is collected by Durham County for the citizens that reside in Chapel Hill and Durham County.) Orange County is in the process of replacing its current collection system. The new system should improve our ability to analyze data, but will also require the Town to pay an additional subsidy to pay for a portion of the system installation and maintenance. The second relates to the change in State law that moves the responsibility for motor vehicle tax collection from the County to the State, that began on January 1, 2009. Orange County has been efficient and effective in collecting motor vehicle taxes. The collection rate and charges for the service may change once the State assumes the responsibility of collecting motor vehicle taxes.

Estimated additions to the tax base, at a tax rate for 2010-11 of $36.0 cents for the General Fund, would yield increases in property tax revenues of about $450,000 each year. Projections do not include the potential impacts of general property revaluations scheduled to occur for fiscal year 2014 and every four years thereafter.

The second largest source of Town revenue, sales tax, is a more volatile source than property tax. Revenues increase when the economy is good and grow at a slower pace, or may actually decrease, when the economy is slow. During the current recessionary economy sales tax revenues declined approximately $658,000 from their high point in FY2007-08. For FY2009-10, it appears that sales tax revenues have leveled-off and we anticipate modest growth of about 1.5% for FY2010-11. Based on forecasts of a slow economic recovery, we are projecting sales taxes to recover to pre-FY2008-09 levels by FY2012-13 with the point of sale portion of sales taxes recovering faster than the portion distributed based on population that more closely mirrors the state economy.

FIVE-YEAR REVENUE AND COST PROJECTIONS FOR MAJOR OPERATING FUNDS

Based on legislation adopted in 2002-03 by the North Carolina General Assembly (providing greater but not absolute protection for certain State-shared revenues withheld in past years), we believe it is reasonable to include full State-shared revenues in our five year projections for the General Fund. The exception to this expectation is the Beer and Wine Tax. The State withheld two-thirds of its distribution to municipalities in FY2009-10 and has indicated it will withhold two-thirds for FY2010-11 as well.

These State-shared revenues include revenue from utility franchise taxes (estimated at about $3.6 million in 2010-11). We are projecting an increase of 2% per year over the next 5 years for utility franchise taxes. State-shared revenues also include revenue from fuel tax funds for street maintenance (about $1.35 million in 2010-11) with no projected growth over the next five years, and the beer and wine tax, two-thirds of which has been withheld by the State. We anticipate the State will resume 100% distribution of the Beer and Wine Tax in FY2011-12.

We assume continuation of State Fire Protection funds at the level received in 2009-10, $1,210,000. We recommend that the Council continue to seek additional fire protection funding consistent with the costs associated with providing fire protection for state owned property located in the Town.

The most important revenue sources for the General Fund are shown in the two tables which follow, titled Projected Tax Base and Projected State-Shared Revenues.

Operating and Capital Improvement Costs

Projected costs for general operations are based on a continuation of current service levels and programs for 2010-11. Personnel and operating costs are based on assumptions as noted on the attached tables. The projections also include estimated contributions required to provide needed capital maintenance for future years. For FY2010-11 the amount of capital funding is increased by $867,000 in order to compensate for the reduction in planned capital maintenance expenditures in the FY2009-10 budget. The availability of undesignated fund balance in excess of 15% allows for this one-time increase in capital expenditures for FY2010-11. We anticipate that funding levels will return to established levels in FY2010-11 and will remain at approximately $1.0 million. While the project requests reflected in the capital plan are usually in excess of the projected available amounts, the funding demonstrates a commitment to maintaining and renovating Town properties.

For FY2010-11, we have estimated changes in personnel costs, including salaries and benefits, totaling 2% and 13.9% respectively, and increased operations costs of approximately 3% annually. In subsequent years we are projecting cost increases returning to historical levels with annual salary, benefits and total costs increasing 3%, 10% and 3% respectively.

Our analysis indicates projected costs for basic operations and the proposed additions to operations would exceed revenues in each of the next five years. However, as we come closer to the actual projected years, we may need to update assumptions. Under the current projection assumptions, the Council would need to increase revenues or decrease costs for each of the next five years.

A chart is included in the conclusion of the projections sections showing the projected marginal tax rate increase each year necessary to balance the projected budget.

TRANSIT FUND

The budget for 2010-11 assumes the continuation of fare-free transit services as well as the continuation of the cost-sharing arrangement with the University of North Carolina and Carrboro. State operating assistance is declining for FY2010-11 as the state struggles with the impact of the recession. Federal assistance is increasing for FY2009-10 as the Federal Government increases public transportation investments as part of the economic stimulus initiative. No provision is included for expansion of service levels or additional routes. Despite the short-term impact of stimulus funding, concerns regarding the adequacy of revenues to cover costs in future years remains. The adopted budget for 2010-11 is balanced with a tax rate at 4.1 cents, however subsequent years show the need for a tax increase of approximately 1.2 to 0.3 cents each year through 2015-16.

DEBT SERVICE FUND

The funding structure for the Debt Service Fund is projected to continue in FY2010-11 with a tax rate of 9.3 cents dedicated to debt service. Cost projections include debt service on the sale of the remainder of the $20.41 million in bonds authorized in 2003 and for the $7 million of anticipated debt related to the Downtown Initiative. With anticipated cost of this new debt starting in FY2010-11 and FY2011-12, our projections indicate no increase needed in the tax rate for debt service for currently planned debt.

CONCLUSION

Based on the assumptions contained in the analysis of projected revenues and costs for the Town's tax-funded operating funds for the next five years, differences between revenues and costs for future years could require cost or service reductions, revenue enhancements, or tax rate adjustments. The differences expressed as tax rate equivalents are summarized as follows:

Tax Rate Equivalents of Needed Revenue (in cents)

	2010-11	2011-12 Estimated Increase	2012-13 Estimated Increase	2013-14 Estimated Increase	2014-15 Estimated Increase	2015-16 Estimated Increase
General Fund	0.0	6.7	1.4	2.0	2.4	2.8
Debt Service	0.0	0.0	0.0	0.0	0.0	0.0
Transportation Fund	0.0	1.2	0.3	0.3	0.3	0.4
Total	0.0	7.9	1.7	2.3	2.7	3.2

The largest concern in the budget projection is the expected imbalance between revenues and expenditures in the General Fund in FY2011-12. In past years fund balance has been available to supplement revenues and eliminate or reduce the need to increase taxes. Due to the drop-off in revenues due to economic factors, the availability of fund balance in future years is less certain.

GENERAL FUND
PROJECTED TAX BASE
2010/2011 - 2015/2016

Category	2010-11 Adopted	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated
Assessed Valuation (Real & Personal Property)	$7,110,000,000	$7,237,980,000	$7,368,260,000	$7,500,890,000	$7,635,910,000	$7,773,360,000
Tax Levy - General Fund Only*	25,596,000	26,057,000	26,526,000	27,003,000	27,489,000	27,984,000
Estimated Collections at 99%	25,340,000	25,800,000	26,260,000	26,730,000	27,210,000	27,700,000
Estimated Prior Year Collections	150,000	150,000	150,000	150,000	150,000	150,000
TOTALS	$ 25,490,000	$ 25,950,000	$ 26,410,000	$ 26,880,000	$ 27,360,000	$ 27,850,000

* Based on continuation of a tax rate of 36.0 cents for the General Fund for FY11, with estimated growth of 1.8% each year thereafter. Does not consider the effects of revaluation of real property in future years.

GENERAL FUND
PROJECTED STATE-SHARED REVENUES
2010/2011 - 2015/2016

Category	2010-11 Adopted	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated
Franchise Tax [1]	$ 2,800,000	$ 2,856,000	$ 2,913,000	$ 2,971,000	$ 3,030,000	$ 3,091,000
Video Programming Tax [1]	757,000	772,000	787,000	803,000	819,000	835,000
Supplemental PEG support [1]	50,000	51,000	52,000	53,000	54,000	55,000
Beer, Wine Tax [2]	81,000	246,000	246,000	246,000	246,000	246,000
1% Local Option Sales Tax (Article 39) 3	3,263,000	3,354,000	3,421,000	3,489,000	3,559,000	3,630,000
1/2% Local Option Sales Tax (Article 40) 3	2,101,000	2,143,000	2,175,000	2,219,000	2,263,000	2,308,000
1/2% Local Option Sales Tax (Article 42) 3	1,886,000	1,924,000	1,953,000	1,992,000	2,032,000	2,073,000
1/2% Local Option Sales Tax (Article 44) 3	1,805,000	1,859,000	1,915,000	1,972,000	2,031,000	2,092,000
Total Local Option Sales Taxes	9,055,000	9,280,000	9,464,000	9,672,000	9,885,000	10,103,000
Fuel Tax (Powell Bill) [4]	1,350,000	1,350,000	1,350,000	1,350,000	1,350,000	1,350,000
State Fire Protection	1,210,000	1,210,000	1,210,000	1,210,000	1,210,000	1,210,000
Solid Waste Disposal Tax	20,000	20,000	20,000	20,000	20,000	20,000
TOTAL	$ 15,323,000	$ 15,785,000	$ 16,042,000	$ 16,325,000	$ 16,614,000	$ 16,910,000

[1] Utility franchise tax distribution has been changed in recent years and was impacted by the change in distribution of cable franchise revenues. Revenues after 2011 are estimated to grow at 2% annually.

[2] The State has indicated an intention to withhold 2/3 of municipal beer and wine taxes to balance the state budget in FY10 and the likelihood of continuing that process in FY11. We estimate revenues to return to prior levels thereafter.

[3] Estimate a slow recovery from 2009-10 with local components expected to recover before State-wide, and normal slow growth of 2-3% in FY12 and thereafter.

[4] Powell Bill revenues are distributed by a formula that is based on both street miles and population.

GENERAL FUND

REVENUE PROJECTIONS 2010/2011 - 2015/2016

Category	2010-11 Adopted	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated
Property Taxes*	$ 25,490,000	$ 25,950,000	$ 26,410,000	$ 26,880,000	$27,360,000	$27,850,000
Other Taxes & Licenses	783,000	808,000	833,000	858,000	883,000	908,000
Licenses/Permits/Fines/ Forfeitures	1,889,000	1,889,000	1,889,000	1,889,000	1,889,000	1,889,000
State-Shared Revenues	15,323,000	15,785,000	16,042,000	16,325,000	16,614,000	16,910,000
Grants	423,000	423,000	423,000	423,000	423,000	423,000
Service Charges	1,919,000	1,929,000	1,939,000	1,949,000	1,959,000	1,969,000
Interest on Investments	60,000	60,000	60,000	60,000	60,000	60,000
Other Revenues	296,000	296,000	296,000	296,000	296,000	296,000
Interfund Transfers	1,354,000	1,395,000	1,437,000	1,480,000	1,524,000	1,570,000
TOTAL	$ 47,537,000	$ 48,535,000	$ 49,329,000	$ 50,160,000	$51,008,000	$51,875,000

* Based on continuation of revenue neutral tax rate of 36.0 cents for the General Fund through 2015-16.

GENERAL FUND PROJECTED COSTS 2010/2011 - 2015/2016

	2010-11 Adopted	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated
Personnel Services[1]	$ 35,891,000	$ 37,790,000	$ 39,742,000	$ 41,788,000	$ 43,954,000	$ 46,274,000
Operations						
Operating & Maintenance[2]	14,224,000	14,596,000	14,442,000	14,609,000	14,996,000	15,497,000
Capital						
Equipment[3]	94,000	96,000	98,000	100,000	102,000	104,000
Transfer to Capital Improvements Program[4]	1,173,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Other						
Human Service contracts, hotel/ motel allocations and grants to other agencies	822,000	822,000	822,000	822,000	822,000	822,000
Other Post Employment Benefits	400,000	400,000	400,000	400,000	400,000	400,000
TOTAL COSTS OF CURRENT PROGRAMS AND ADDITIONS/						
TOTALS	$ 52,604,000	$54,704,000	$56,504,000	$58,719,000	$61,274,000	$64,097,000

Assumptions for years after 2011, reflected on base cost estimates for 2010-11:

[1] Assumptions include increase 3% each year after FY11, 15% annual increase in medical insurance and from 32% to 1% for retirement increases as projected by the State Treasurer through 2015-16.

[2] Increase in operating costs of 3% annually.

[3] Estimated cost of routine replacement of miscellaneous non-vehicular capital equipment.

[4] General Fund contribution for Capital Improvements Program.

GENERAL FUND
ANALYSIS OF REVENUE AND COST PROJECTIONS
2010/2011 - 2015/2016

	2010-11 Adopted	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated
Estimated Total Costs	$ 52,604,000	$ 54,704,000	$ 56,504,000	$ 58,719,000	$ 61,274,000	$ 64,097,000
Estimated Total Revenues	47,537,000	48,535,000	49,329,000	50,160,000	51,008,000	51,875,000
Revenues Needed	5,067,000	6,169,000	7,175,000	8,559,000	10,266,000	12,222,000
Fund Balance Available	2,616,500	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
One-time use of Fund Balance	2,450,500	-	-	-	-	-
Additional Revenue Needed/ (Available)	$ -	$ 4,669,000	$ 5,675,000	$ 7,059,000	$ 8,766,000	$ 10,722,000
Change in Tax Rate in cents in Specific Years*	-	6.7	1.4	2.0	2.4	2.8

*Value of a cent = $700,000

TRANSIT FUND
REVENUE PROJECTIONS
2010/2011 - 2015/2016

	2010-11 Adopted	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated	2014-15 Estimated
Taxes[1]	$ 2,886,000	$ 2,938,000	$ 2,991,000	$ 3,045,000	$ 3,100,000
Vehicle Taxes[2]	415,000	419,000	423,000	427,000	431,000
Federal Operating Assistance[3]	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000
Other Federal Grants[4]	325,000	-	-	-	-
State Operating Assistance[3]	3,320,000	2,900,000	2,900,000	2,900,000	2,900,000
UNC Contract (Net)[5]	5,930,000	6,037,000	6,146,000	6,257,000	6,370,000
Carrboro Contract (Net)[5]	1,033,000	1,035,000	1,037,000	1,039,000	1,041,000
Service Charges[6]	715,000	736,000	758,000	781,000	804,000
Other	25,000	25,000	25,000	25,000	25,000
Fund Balance	-	-	-	-	-
TOTAL	$ 16,549,000	$ 15,990,000	$ 16,180,000	$ 16,374,000	$ 16,571,000

Revenue Notes:

[1] Based on the property tax rate of 4.1 cents through 2015-16.

[2] Assumes levy of $15 vehicle tax for Transit (increased from $5 in 2009-10).

[3] Assumes continuing constant level of State Operating Assistance and Federal Assistance after stimulus funding runs

[4] Includes stimulus funding.

[5] Assumes continued participation by the University and Carrboro at an annual growth rate of 1.8%, including assumptions on cost sharing for adopted fare-free services. (Amounts net of federal and State rebates for operating assistance.)

[6] Based on continuing fare-free services, with remaining service charge revenue generated primarily by Tarheel Express.

TRANSIT FUND
COST PROJECTIONS
2010/2011 - 2015/2016

	2010-11 Adopted	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated
Personnel Services[1]	$ 11,602,000	$ 12,225,000	$ 12,868,000	$ 13,543,000	$ 14,260,000	$ 15,030,000
Operations[2]	5,834,000	6,009,000	6,189,000	6,375,000	6,566,000	6,763,000
Capital Reserve Fund[3]	-	300,000	300,000	300,000	300,000	300,000
TOTAL	$ 17,436,000	$ 18,534,000	$ 19,357,000	$ 20,218,000	$ 21,126,000	$ 22,093,000

Assumptions for years after 2010-11:

[1] Increase of 3% in most salaries, 15% in medical and increases for retirement between 32% and 1% as projected by the State Treasurer.

[2] Increase in operating costs of 3% annually.

[3] Amounts allocated for Capital Equipment Reserve Fund for replacement of buses, purchase of capital equipment, and local cost of Transit facilities.

TRANSIT FUND
REVENUE AND COST PROJECTIONS
2010/2011 - 2015/16

	2010-11 Adopted	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated
Estimated Costs	$ 17,436,000	$18,534,000	$19,357,000	$20,218,000	$21,126,000	$22,093,000
Estimated Revenues	16,549,000	15,990,000	16,180,000	16,374,000	16,571,000	16,772,000
Revenue Needed/(Excess)	887,000	2,544,000	3,177,000	3,844,000	4,555,000	5,321,000
Fund Balance Available	887,000	-	-	-	-	-
Additional Revenue Needed	$ -	$ 2,544,000	$ 3,177,000	$ 3,844,000	$ 4,555,000	$ 5,321,000
Change in Tax Rate in Specific Years	-	1.2	0.3	0.3	0.3	0.4

1 cent on the tax rate = $700,000

Assumptions on future revenues and costs:

- Same revenue sources as available in 2009-10 (assumes current level of State funding for operating assistance).

- Assumes constant level of federal operating assistance after stimulus funding ends.

- Same routes and service levels as 2009-10.

- Includes estimated adjustments of 3% in salaries and operating costs after FY11.

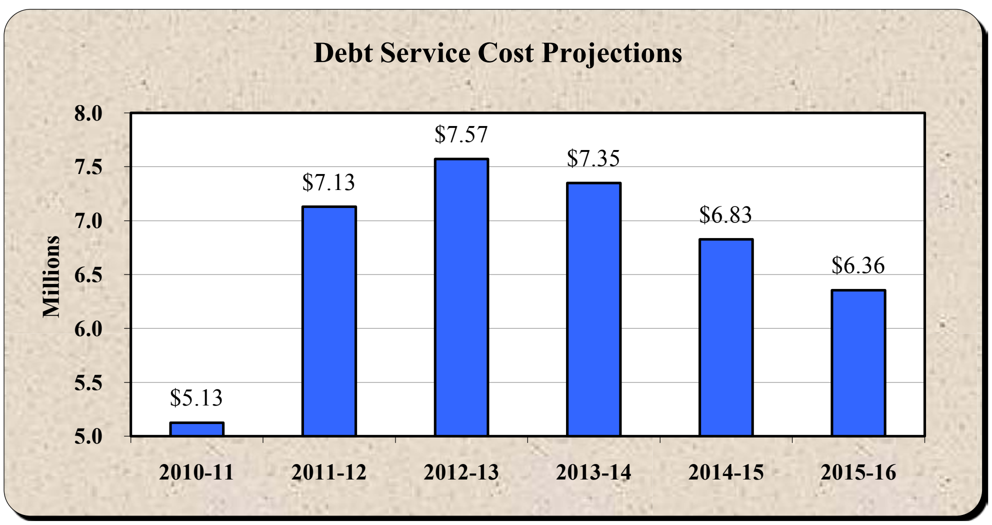
DEBT SERVICE FUND
PROJECTED TAX BASE
2009/2010 - 2015-16

Category	2010-11 Adopted	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated
Assessed Valuation (Real & Personal Property)	$7,110,000,000	$7,237,980,000	$7,368,260,000	$ 7,500,890,000	$7,635,910,000	$ 7,773,360,000
Tax Levy - Debt Service Fund Only*	6,612,000	6,731,000	6,852,000	6,976,000	7,101,000	7,229,000
Estimated Collections at 99%	6,546,000	6,660,000	6,780,000	6,910,000	7,030,000	7,160,000
Estimated Prior Year Collections	-	-	-	-	-	-
TOTALS	$ 6,546,000	$ 6,660,000	$ 6,780,000	$ 6,910,000	$ 7,030,000	$ 7,160,000

* Based on a revenue neutral tax rate of $9.3 cents for the General Fund through 2015-16, with estimated growth of 1.8% annually. Does not consider the effects of revaluation of real property in future years.

DEBT SERVICE FUND PROJECTED COSTS 2010/2016 - 2015/2016

	2010-11 Adopted	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated
Existing Debt	$ 4,496,000	$4,375,000	$4,243,000	$ 4,109,000	$ 3,780,000	$ 3,376,000
Debt Transferred from CIP Fund	630,000	610,000	472,000	458,000	340,000	329,000
New General Obligation Debt Service - Fall 2010 Issue $14,260,000	-	1,500,000	1,460,000	1,421,000	1,381,000	1,342,000
New General Obligation Debt Service - Fall 2010 Issue $6,150,000	-	643,000	626,000	609,000	593,000	576,000
New Installment Debt Service - $7,705,000 Downtown Initiative	-	-	771,000	751,000	732,000	732,000
TOTALS	$ 5,126,000	$7,128,000	$7,572,000	$ 7,348,000	$ 6,826,000	$ 6,355,000



DEBT SERVICE FUND
ANALYSIS OF REVENUE AND COST PROJECTIONS 2010/2011 - 2015/2016

	2010-11 Adopted	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated
Estimated Total Costs	$5,126,000	$ 7,128,000	$ 7,572,000	$ 7,348,000	$ 6,826,000	$ 6,355,000
Estimated Total Revenues	6,546,000	6,660,000	6,780,000	6,910,000	7,030,000	7,160,000
Fund Balance Available*	-	468,000	792,000	438,000	-	-
Revenue Needed/ (Available)	(1,420,000)	-	-	-	(204,000)	(805,000)
Reserved for future debt	1,420,000	-	-	-	204,000	805,000
Additional Revenue Needed/ (Available)	-	-	-	-	-	-
Change in Tax Rate in Specific Years*	0.0	0.0	0.0	0.0	0.0	0.0

Value of a cent = $700,000

* Includes transfer from Parking Fund to cover debts service for Lot 5 Project.