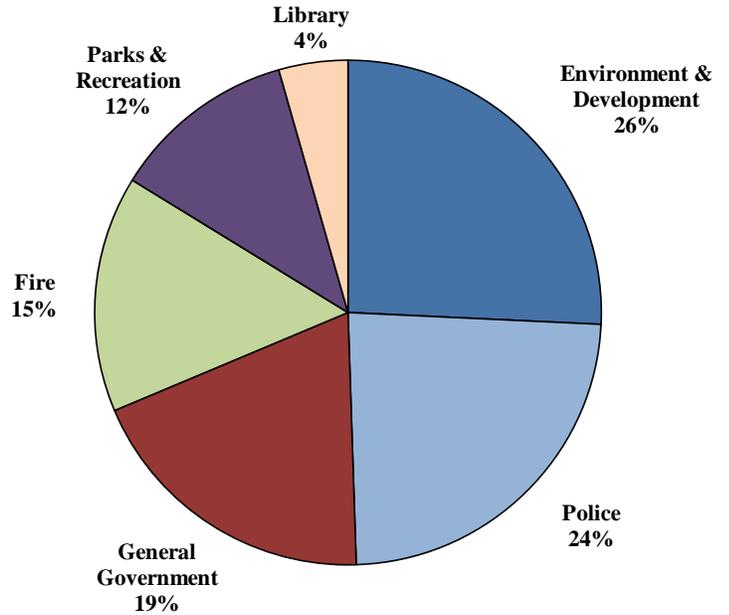


GENERAL FUND

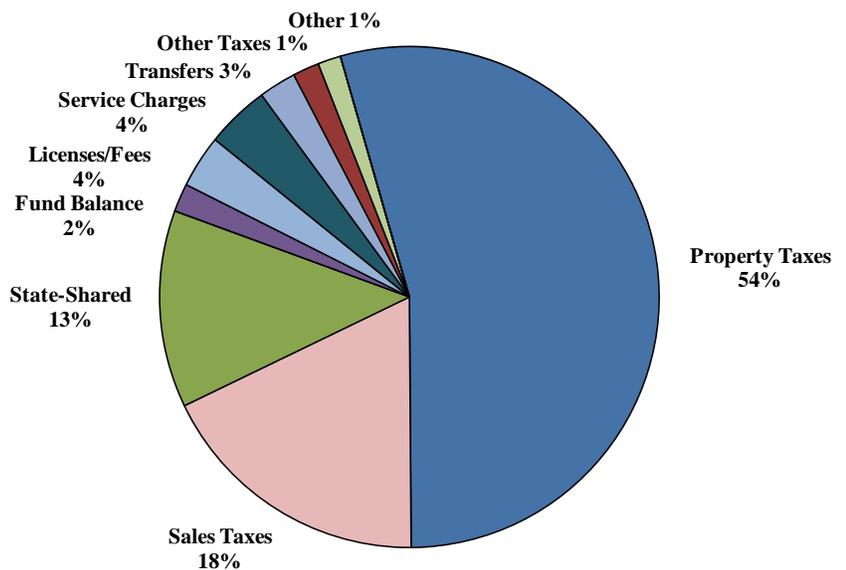
The General Fund is the general operating fund of the Town and is used to account for all revenues and expenditures except those required to be accounted for in another fund. The fund is established at the inception of a government and exists throughout the government's life.

General Fund Expenditures



Total \$50,540,000

General Fund Revenues



**GENERAL FUND
BUDGET SUMMARY**

EXPENDITURES

	2009-10 Actual	2010-11 Original Budget	2010-11 Revised Budget	2010-11 Estimated	2011-12 Adopted Budget	% Change from 2010-11
General Government	\$ 8,375,722	\$ 11,300,504	\$ 13,021,566	\$ 11,607,950	\$ 9,931,696	-12.1%
Environment & Development	12,594,142	13,351,009	13,705,859	12,853,745	13,000,796	-2.6%
Public Safety	18,170,158	19,352,451	19,645,936	19,254,016	19,412,433	0.3%
Leisure	8,024,023	8,600,036	8,739,097	8,361,307	8,195,075	-4.7%
Total	\$ 47,164,045	\$ 52,604,000	\$ 55,112,458	\$ 52,077,018	\$ 50,540,000	-3.9%

REVENUES

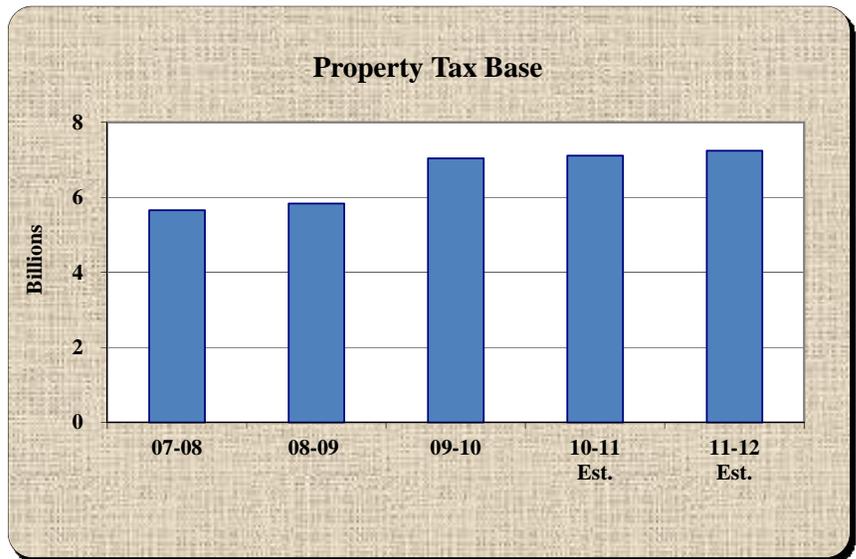
	2009-10 Actual	2010-11 Original Budget	2010-11 Revised Budget	2010-11 Estimated	2011-12 Adopted Budget	% Change from 2010-11
General Revenues:						
Property Taxes	\$ 25,488,679	\$ 25,485,000	\$ 25,485,000	\$ 25,647,200	\$ 27,264,000	7.0%
Sales Taxes	8,765,035	9,055,000	9,055,000	8,700,000	9,004,500	-0.6%
Other Tax and Licenses	847,859	783,000	788,100	853,020	852,000	8.8%
State-Shared Revenues	6,256,437	6,268,180	6,437,242	6,407,221	6,406,050	2.2%
Interest on Investments	61,241	60,000	60,000	35,000	45,000	-25.0%
Other Revenues	479,927	306,000	357,896	490,710	251,250	-17.9%
Grants	405,108	423,468	527,115	463,476	201,550	-52.4%
Charges for Services	1,889,534	2,068,864	2,068,864	2,269,091	2,159,728	4.4%
Licenses/Permits/Fines	1,795,988	1,738,900	1,738,900	1,540,550	1,712,320	-1.5%
Transfers/Other Sources	1,433,034	1,351,358	1,380,779	1,272,219	1,521,997	12.6%
Appropriated Fund Balance	(258,797)	5,064,230	7,213,562	4,398,531	1,121,605	-77.9%
Total	\$ 47,164,045	\$ 52,604,000	\$ 55,112,458	\$ 52,077,018	\$ 50,540,000	-3.9%

GENERAL FUND

Major Revenue Sources - Descriptions and Estimates

Property Tax

The largest component of the property tax is the levy on real property. The property tax consists of three components – General Fund, Debt Service Fund and Transit Fund. We have based our estimate on historic trends and current information from Orange and Durham Counties for the overall tax base. The tax base for 2011-12 is estimated to be about \$7,245,000,000 with 1 cent on the tax rate equivalent to about \$717,000.



The combined property tax revenue we anticipate for 2011-12 totals about \$35.4 million, with \$27 million of that supporting the General Fund.

Other Local Taxes

- Cable franchise revenues represent a tax on local Time Warner gross receipts. 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 \$815,000 in the current year and about \$815,000 in 2011-12. Revenue trends are affected by University events and general economic conditions.

GENERAL FUND

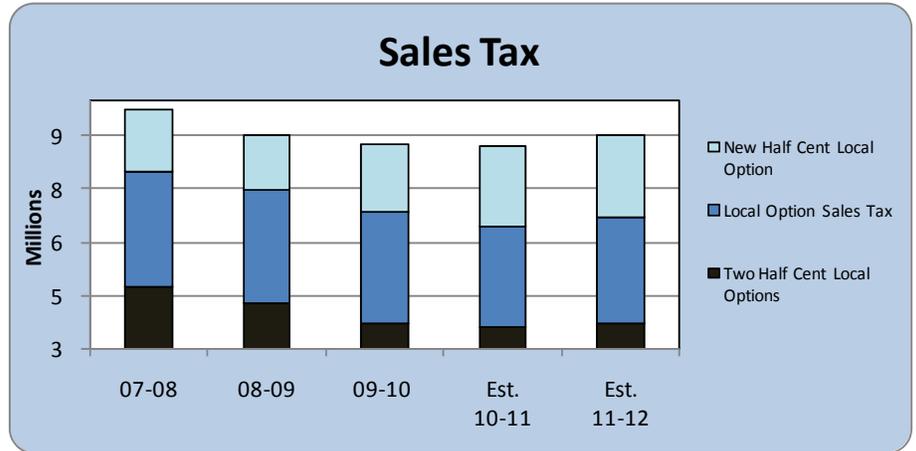
Major Revenue Sources - Descriptions and Estimates

State-Collected Revenues

Sales Taxes

Due to the slower than expected economic recovery, sales tax revenue is expected to come in about \$350,000 under budget in 2010-11. This can be attributed to uncertainties that we faced with budget preparation for FY11. However, information from the North Carolina

League of Municipalities suggests that we should see greater gains in sales tax in the coming fiscal year. Based on this information, we are estimating an overall growth rate of 3.5% in sales taxes for FY12. We estimate combined sales taxes of about \$9,004,000 for 2011-12. Orange County has the option to change the allocation method for sales taxes from per capita to ad valorem, which would result in about \$2.5 million in reduced sales tax receipts for the Town.



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 \$1,364,574 in 2010-11, about the same as prior year. For 2011-12, we anticipate revenues will increase slightly to about \$1,371,300.

State Fire Protection Funds

We are expecting about \$1,210,000 in State Fire Protection Funds in the current year, and we expect about the same level of funding from this source in 2011-12.

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. In 2007, the State changed the distribution method for cable franchise fees and included them in the utility franchise tax distribution. Indications are that utility franchise fees will be in line with the current year's budget for a total of about \$3.5 million in 2010-11, and we expect no increase in 2011-12.

GENERAL FUND

Major Revenue Sources - Descriptions and Estimates

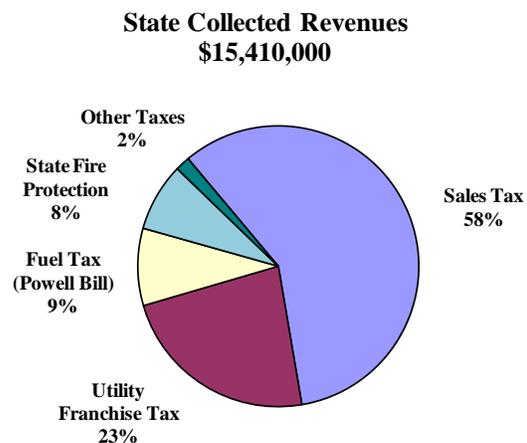
Solid Waste Disposal Tax

The Solid Waste Disposal Tax went into effect on July 1, 2008. This \$2 per-ton tax is charged on municipal solid waste and construction debris that is deposited in a landfill in the state or transferred at a transfer station for disposal outside of the state. 18.75% of this tax is distributed to cities and towns on a per capita basis. We anticipate receiving around \$20,000 for the current year and next year.

Beer and Wine Taxes

During 2010-11 budget preparation, Beer & Wine Taxes were expected to be withheld to help balance the state budget. However, indications show that we should receive the complete allocation of about \$237,000 for the current year and next year.

In summary, we estimate State-collected revenues would total about \$15,410,000 for next year.



Other Revenue Sources

Grants

This category of revenue includes certain recurring local and State grants totaling about \$450,000 for 2011-12. Beginning in 2004-05, we began using a separate Grants Fund for non-recurring grants.

Local grants include an appropriation from Orange County to supplement the Town's Parks and Recreation programs. The adopted budget for 2011-12 includes level funding from the County at \$83,700 for the Parks and Recreation supplement. In past years, Orange County has included an appropriation of \$249,000 for the Town's Library. The 2011-12 budget was adopted without the inclusion of the Orange County supplement for the library due to ongoing negotiations, but an adjustment will be made with a mid-year amendment. The State appropriation for Library services is budgeted at \$38,900.

Charges for Services

Service Charges for various Town services and programs (including zoning compliance review and Parks and Recreation programs) are estimated to exceed budget in the current year by about \$200,000. This can be attributed to revenues in excess of budget in street cuts and various parks programs. However, charges for services are expected to decrease from \$2,269,000 to about \$2,159,000 in 2011-12 due in large part to the decrease in one-time fees related to Carolina North.

GENERAL FUND

Major Revenue Sources - Descriptions and Estimates

Licenses/Permits/Fines & Forfeitures

Revenue from licenses, permits, and fines, including privilege licenses and vehicle licenses, are expected to fall short of budget by about \$200,000 due to a decline in inspection permits. However, total licenses and permits are expected to return to the 2010-11 budgeted amount of about \$1.7 million in 2011-12.

Interest on Investments

The General Fund share of interest earned on the Town's investments is recorded in this category. With the plunge in interest rates from the current recession and the spending down of the Town's fund balance, investment income is expected to fall short of budget by about \$25,000 in the current year and to generate only about \$45,000 next year.

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 (Carol Woods). Miscellaneous revenues are expected to total about \$490,000 for 2010-11 and \$251,000 for 2011-12. This decline is due to one-time revenue in lieu for sidewalks, traffic signals, traffic study, and recreation/open space.

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 2011-12, these include estimates of \$78,000 from Parking Enterprise Funds, \$103,000 from the Stormwater Management Fund, and \$980,000 from the Transit Enterprise Fund. The 2011-12 budget also includes a transfer of \$53,000 from the Library Gift Fund for Library purposes.

Fund Balance

This appropriation represents a use of net assets (fund balance) for general operations. We are currently budgeted to use \$7.2 million of fund balance in 2010-11, but through cost-cutting measures, will use only about \$4.4 million. The annual budget includes the use of about \$1,121,000 in 2011-12 to maintain service levels.

GENERAL FUND

Major Revenue Sources - Descriptions and Estimates

Summary of Revenues

In summary, the annual budget includes \$50.5 million in General Fund revenues, including the use of about \$1,121,000 of fund balance.

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

	10-11 Revised Budget	10-11 Estimated	11-12 Adopted Budget
Property Taxes	\$ 25,485,000	\$ 25,647,200	\$ 27,264,000
Sales Taxes	9,055,000	8,700,000	9,004,500
Other State-Collected	6,268,180	6,407,221	6,406,050
Other Revenues	1,632,340	1,842,206	1,349,800
Licenses/Permits	1,738,900	1,540,550	1,712,320
Service Charges	2,068,864	2,269,091	2,159,728
Interfund Transfers	1,380,779	1,272,219	1,521,997
Fund Balance	7,200,624	4,398,531	1,121,605
Total	\$ 54,829,687	\$ 52,077,018	\$ 50,540,000

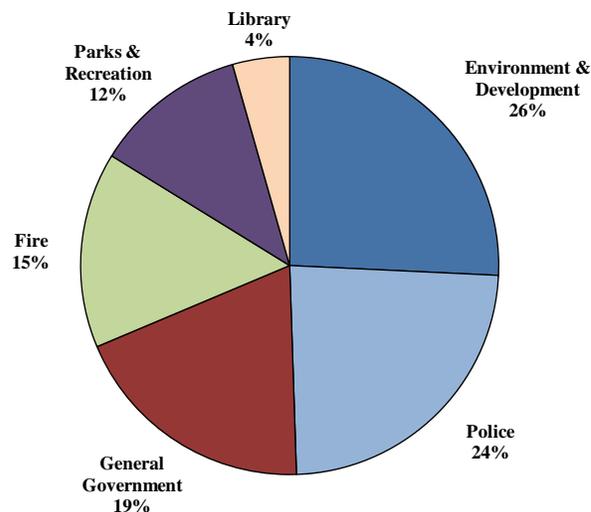
GENERAL FUND

Major Expenditures - Descriptions and Estimates

The General Fund provides basic services for Town citizens including police and fire protection, environment and 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 \$50,540,000 for the 2011-12 budget.

The largest category of expenditures for the General Fund is Public Safety services, with Police Department expenditures of about \$12.0 million and Fire Department expenditures of about \$7.4 million.



Environment and Development is the second largest category in the General Fund at about \$13.0 million, including Planning and Public Works which provide services of planning for growth, engineering, inspections, solid waste collection, maintenance of streets, inspections, and maintenance of Town facilities.

Police, Fire and Public Works together comprise about 61% of total General Fund expenditures.

Other General Fund services include Parks and Recreation programs totaling about \$5.9 million, Library services of \$2.2 million, and General Governmental activities (Administration, Communications & Public Affairs, Business Management, Human Resources, Attorney, and Non-Departmental) totaling about \$9.9 million.

Non-departmental expenditures total \$3.2 million. Non-departmental expenditures include a transfer for capital improvements of \$432,300. The non-departmental budget also includes \$242,017 in matching funds for a federal Fire grant. \$809,700 is included in the annual budget for distribution to other agencies in support of human services, cultural and arts programs, economic development and development of affordable housing as adopted by the Council. The budget for liability and property insurance totals \$410,000. Prior years included the transfer to the Debt Service Fund, but in 2008-09, a portion of the property tax was allocated to debt service instead.

GENERAL FUND

Major Expenditures - Descriptions and Estimates

Significant changes in the 2011-12 budget include a 10.1% increase, or about \$520,000 in group medical insurance for General Fund employees and retirees. The budget also includes an increase to the employer contribution to the state retirement system from 6.35% to 6.88%, or \$128,620, for General Fund employees. Additional expenses in the budget include funding of previously unfunded & grant funded Planner positions (\$93,087), Ombudsman (\$75,000), and development of a Comprehensive Plan (\$250,000).

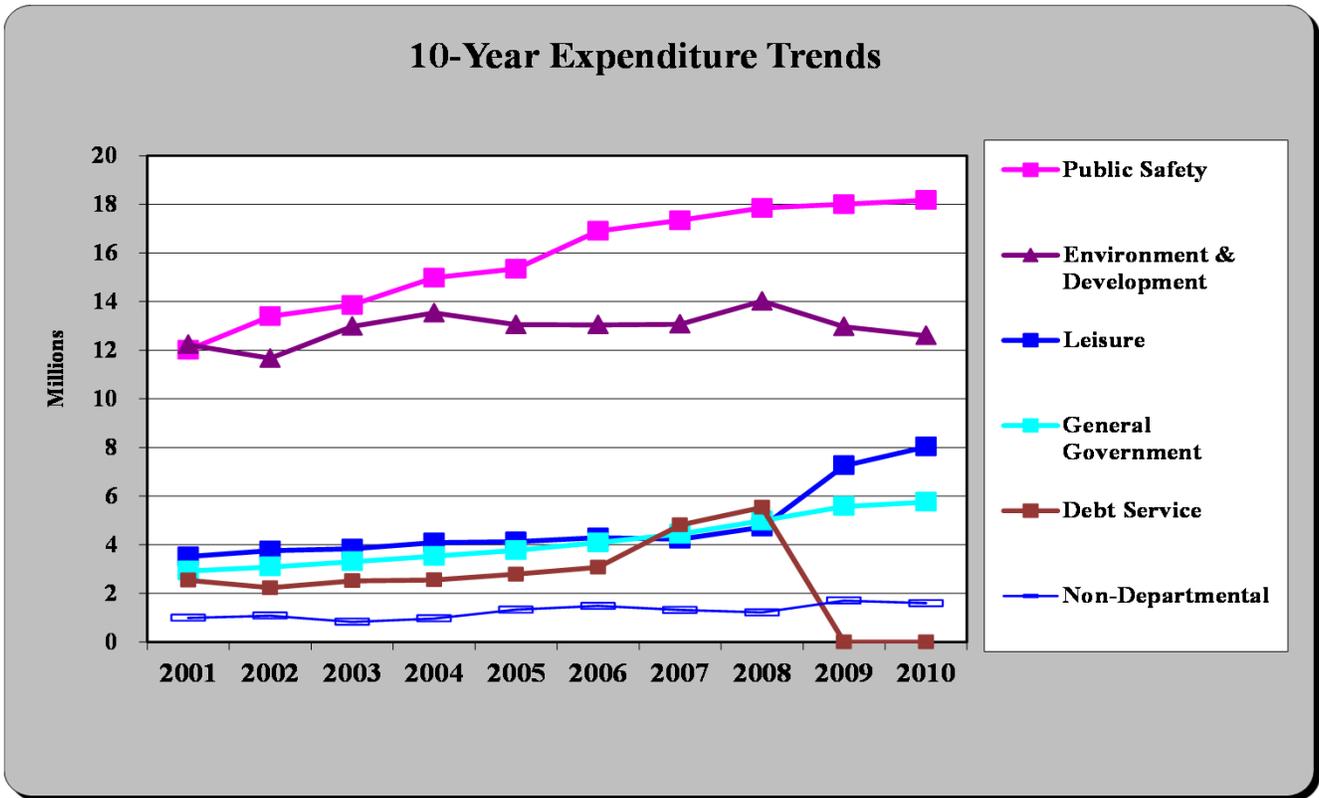
Major reductions to the 2011-12 budget include using bond funds for street paving (\$661,000), using bond funds for Library transition costs (\$229,700), reduction in CIP funding (\$740,500), elimination of 4th of July celebration (\$37,100), elimination of Project Turn Around (\$76,844), suspension of contributions for other post-employment benefits (\$400,000), reduction in matching funds for federal Fire grant (\$247,669), elimination of one-time Development Review funding (\$217,000), and miscellaneous budget cuts (\$520,894).

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

EXPENDITURES						
	2009-10	2010-11	2010-11		2011-12	% Change
	Actual	Original	Revised	2010-11	Adopted	from
		Budget	Budget	Estimated	Budget	2010-11
Personnel	32,722,576	35,891,230	34,993,521	34,864,622	36,183,810	0.8%
Operating Costs	13,783,439	15,445,970	18,759,372	16,091,341	13,794,271	-10.7%
Capital Outlay	658,030	1,266,800	1,359,565	1,121,055	561,919	-55.6%
Total	47,164,045	52,604,000	55,112,458	52,077,018	50,540,000	-3.9%

GENERAL FUND

Major Expenditures - Descriptions and Estimates



**GENERAL FUND
EXPENDITURES BY DEPARTMENT**

	2009-10 Actual	2010-11 Original Budget	2010-11 Revised Budget	2010-11 Estimated	2011-12 Adopted Budget	% Change from 2010-11
General Government						
Mayor/Council	\$ 433,625	\$ 419,041	\$ 419,041	\$ 378,367	\$ 484,664	15.7%
Manager/CaPA	1,626,166	1,689,074	1,940,835	1,731,810	1,818,297	7.7%
Human Resource Dev't	802,431	1,308,397	1,294,808	1,002,622	1,321,970	1.0%
Business Management	2,609,282	2,735,241	3,007,743	2,840,126	2,766,889	1.2%
Town Attorney	276,393	293,945	295,461	286,478	294,448	0.2%
Non-Departmental	2,627,825	4,854,806	6,063,678	5,368,547	3,245,428	-33.2%
Subtotal	\$ 8,375,722	\$ 11,300,504	\$ 13,021,566	\$ 11,607,950	\$ 9,931,696	-12.1%
Environment & Development						
Planning	\$ 1,154,200	\$ 1,244,221	\$ 1,385,760	\$ 1,300,594	\$ 1,530,158	23.0%
Public Works	11,439,942	12,106,788	12,320,099	11,553,151	11,470,638	-5.3%
Subtotal	\$ 12,594,142	\$ 13,351,009	\$ 13,705,859	\$ 12,853,745	\$ 13,000,796	-2.6%
Public Safety						
Police	\$ 11,444,558	\$ 12,395,970	\$ 12,688,455	\$ 12,303,588	\$ 12,004,806	-3.2%
Fire	6,725,600	6,956,481	6,957,481	6,950,428	7,407,627	6.5%
Subtotal	\$ 18,170,158	\$ 19,352,451	\$ 19,645,936	\$ 19,254,016	\$ 19,412,433	0.3%
Leisure						
Parks and Recreation	\$ 5,692,308	\$ 6,202,801	\$ 6,319,328	\$ 6,175,048	\$ 5,963,430	-3.9%
Library	2,331,715	2,397,235	2,419,769	2,186,259	2,231,645	-6.9%
Subtotal	\$ 8,024,023	\$ 8,600,036	\$ 8,739,097	\$ 8,361,307	\$ 8,195,075	-4.7%
General Fund Total	\$ 47,164,045	\$ 52,604,000	\$ 55,112,458	\$ 52,077,018	\$ 50,540,000	-3.9%

