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 2011-12 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 final sale, delayed until the fall of 2010 due to the economic downturn, was for the balance of the authorized general obligation debt and included the following:

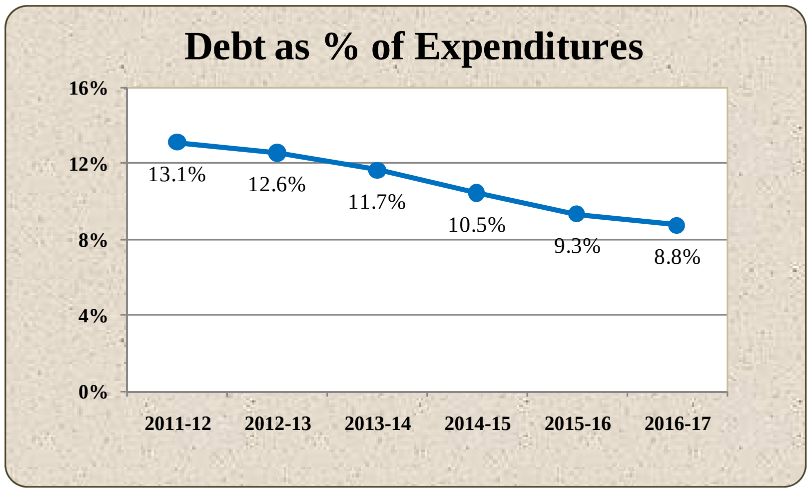
	Amount
Library	$14,260,000
Sidewalk/Street	2,450,000
Parks & Recreation	3,700,000
Total	$ 20,410,000

The bonds were issued in two forms, $12,250,000 in Build America Bonds (BABs) and $8,160,000 in traditional general obligation debt. Annual debt service payment on the combined issuance totals $1.76 million, but the BABs have a federal subsidy that will refund 35% of interest costs through the American Recovery and Reinvestment Act. The net debt service on the new bond issuance is $1,573,140 annually.

In addition to the recent bonds, the Council 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. Construction is currently under way on the project. With the developer’s recent construction estimates, the Town’s portion is estimated at $5.5 million, with the first debt service payment of about $438,000 anticipated to be 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.

FIVE-YEAR REVENUE AND COST PROJECTIONS FOR MAJOR OPERATING FUNDS

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 13.1% in 2011-12. 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 large Town Operations Center project in 2007 and issuance of the bonds that were approved in 2003.



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.

The adopted budget for 2011-12 includes moving a portion of the Debt Fund's tax rate ($1.8 cents per $100 valuation) to the General Fund. Even with this change, the debt fund is able to make the new debt service payments and will begin rebuilding reserves in 2014-15. Based on current projections, debt service will fall below 10% of expenditures again in 2015-16.

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-valorem basis. Changing from a per capita basis to an ad-valorem distribution would reduce the Town's Sales Tax revenues by approximately $2.5 million. The County has indicated that they will not make a change to the distribution for 2011-12, but they will revisit this option 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.

FIVE-YEAR REVENUE AND COST PROJECTIONS FOR MAJOR OPERATING FUNDS

As the budget increases, the total 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.

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 73% 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 2011-12 is about $7.24 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 for FY13-14 is 1.5% and is expected to return to about 1.8% annually thereafter. Assuming a revenue-neutral tax rate, these projections do not reflect an increase in property tax estimates based on revaluation in the next five years.

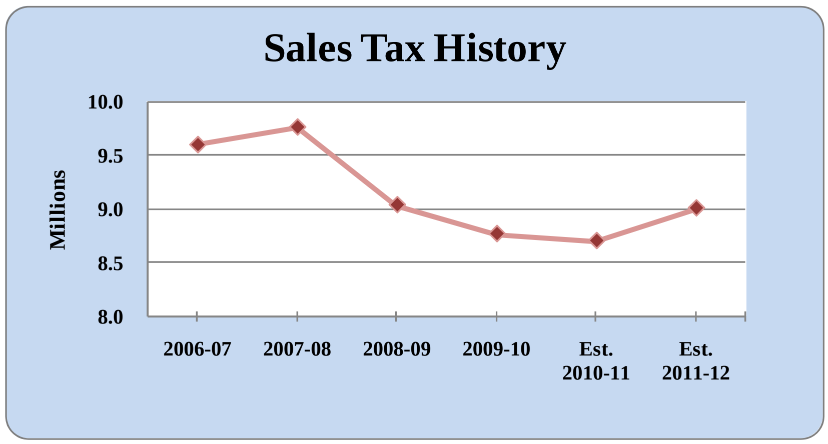
The tax levy projections assume that the General Fund tax rate will continue to be split with the Debt Service Fund. The adopted budget for FY11-12 changes the split by moving $1.8 cents of the tax rate from the Debt Fund to the General Fund.

Tax Rate	Cents per $100 valuation		
	FY10-11	FY11-12	$ Change
General Fund	$ 36.0	$ 37.8	$ 1.8
Debt Fund	9.3	7.5	(1.8)
Transit Fund	4.1	4.1	-
Total Tax Rate	$ 49.4	$ 49.4	$ (0.0)

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 replaced its tax collection software system in the fall of 2010. The new system is still in implementation stage, but should improve our ability to obtain reports and analyze data. It also requires the Town to pay an additional subsidy for a portion of the system installation and maintenance.

The second factor relates to the change in State law that will move the responsibility for motor vehicle tax collection from the County to the State. 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 through normal growth, at a tax rate for 2011-12 of $37.8 cents for the General Fund, would yield increases in property tax revenues of about $510,000 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 decrease when the economy is slow. With the economic downturn, sales tax revenues declined each year from their high point in FY2007-08. Based on FY11 receipts, it appears that sales tax revenues have leveled off and we estimate FY11 receipts at about $8.7 million, slightly less than prior year. Based on local trends and state forecasts, we anticipate modest growth of about 3.5% for FY2011-12.

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.

These State-shared revenues include revenue from utility franchise taxes (estimated at about $2.8 million in 2010-11 and 2011-12) and Video Programming Tax, estimated to fall slightly from FY11 to FY12. Although the State predicts a decline in FY12, based on collections in Chapel Hill we are projecting very slow growth over the next 5 years for utility franchise taxes.

State-shared revenues also include revenue from fuel tax funds for street maintenance (about $1.37 million in 2011-12) with no projected growth over the next five years, and Beer and Wine Taxes. The State withheld two-thirds of its distribution of beer and wine tax to municipalities in 2009-10 but is now indicating we will receive the full share in FY10-11 and thereafter.

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. There are potential changes arising from ongoing State budget proposals that could impact the Town negatively, but most likely we will not know the full impact until after the budget is adopted.

Operating and Capital Improvement Costs

Projected costs for general operations are based on a continuation of most service levels and programs for 2011-12. 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 FY2011-12 the amount of capital funding is decreased by more than $700,000 and allows for the most critical projects. We anticipate that funding levels will return to established levels in FY2012-13 and will remain at approximately $1.0 million annually. 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 FY2011-12, we have estimated changes in personnel costs, including salaries and medical insurance, totaling 2% and 10.1% respectively, with increases of about 3% and 10% annually thereafter. Operating costs are estimated to increase about 3% annually.

Our analysis indicates projected costs for basic operations and the proposed additions to operations would exceed revenues in each of the next five years. As we come closer to the actual projected years, we will 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 2011-12 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 FY2011-12 as the state struggles with the impact of the recession, and is expected to remain at about $3.3 million each year. Federal assistance is estimated to continue at $1.9 million each year, a reduction from recent years' receipts as the Federal Government reduced public transportation investments as part of the economic stimulus initiative.

The estimates for expenses for 2011-12 include reductions in routes and services to streamline operations and reduce costs of less productive routes. Concerns regarding the adequacy of revenues to cover costs in future years remains. The adopted budget for 2011-12 is balanced with a continuing tax rate at 4.1 cents and the use of about $1,398,000 in fund balance. Subsequent years show the need for a tax increase from 0.3 to 1.0 cents each year through 2016-17.

DEBT SERVICE FUND

The adopted budget for the Debt Service Fund includes a reduced tax rate of 7.5 cents, with 1.8 cents of the FY11 rate being allocated to the General Fund in FY12. This tax rate will generate about $5.38 million in revenues, which, along with the use of fund balance and a transfer from Parking, will provide for projected debt service costs. Cost projections include debt service on the new $20.41 million in bonds sold in the fall of 2010 and for the $5.5 million of anticipated debt related to the Downtown Initiative. Our projections indicate no increase needed in the tax rate for debt service for the next five years, although new debt would require additional revenues.

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)

	2011-12 Estimated Increase	2012-13 Estimated Increase	2013-14 Estimated Increase	2014-15 Estimated Increase	2015-16 Estimated Increase	2016-17 Estimated Increase
General Fund	0.0	3.2	2.4	1.5	1.8	1.7
Debt Service	0.0	0.0	0.0	0.0	0.0	0.0
Transportation Fund	0.0	0.0	0.6	1.0	0.3	0.4
Total	0.0	3.2	3.0	2.5	2.1	2.1

The largest concern in the budget projection is the expected imbalance between revenues and expenditures in the General Fund. In past years, fund balance has been available to supplement revenues and eliminate or reduce the need to increase taxes. We will need to balance spending with available revenues in future budget years due to the lack of fund balance available for appropriation.

GENERAL FUND
PROJECTED TAX BASE
2011/2012- 2016/2017

Category	2011-12 Adopted	2012-13 Estimated	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
Assessed Valuation (Real & Personal Property)	$7,245,483,000	$7,375,900,000	$7,508,670,000	$7,643,830,000	$7,781,420,000	$7,921,490,000
Tax Levy - General Fund Only*	27,388,000	27,881,000	28,383,000	28,894,000	29,414,000	29,943,000
Estimated Collections at 99%	27,114,000	27,600,000	28,100,000	28,610,000	29,120,000	29,640,000
Estimated Prior Year Collections	150,000	150,000	150,000	150,000	150,000	150,000
TOTALS	$ 27,264,000	$ 27,750,000	$ 28,250,000	$ 28,760,000	$ 29,270,000	$ 29,790,000

* Based on moving $1.8 cents from the Debt Fund tax rate, for a General Fund of $37.8 cents, with estimated growth of 1.5% in FY12 and 1.8% each year thereafter. Does not consider the effects of revaluation of real property in future years.

GENERAL FUND
PROJECTED STATE-SHARED REVENUES
2011/2012- 2016/2017

Category	2011-12 Adopted	2012-13 Estimated	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
Franchise Tax [1]	$ 2,800,000	$ 2,814,000	$ 2,828,000	$ 2,842,000	$ 2,856,000	$ 2,870,000
Video Programming Tax [2]	718,000	725,000	725,000	725,000	725,000	725,000
Supplemental PEG support	50,000	50,000	50,000	50,000	50,000	50,000
Beer, Wine Tax [3]	237,000	239,000	241,000	243,000	245,000	247,000
1% Local Option Sales Tax (Article 39) [4]	2,946,000	3,064,000	3,187,000	3,314,000	3,447,000	3,585,000
1/2% Local Option Sales Tax (Article 40) [4]	2,263,000	2,331,000	2,401,000	2,473,000	2,547,000	2,623,000
1/2% Local Option Sales Tax (Article 42) [4]	1,476,000	1,520,000	1,566,000	1,613,000	1,661,000	1,711,000
1/2% Local Option Sales Tax (Article 44 Hold Harmless) [4]	2,319,000	2,412,000	2,508,000	2,608,000	2,712,000	2,820,000
Total Local Option Sales Taxes	9,004,000	9,327,000	9,662,000	10,008,000	10,367,000	10,739,000
Fuel Tax (Powell Bill) [5]	1,371,000	1,371,000	1,371,000	1,371,000	1,371,000	1,371,000
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	$ 15,410,000	$ 15,756,000	$ 16,107,000	$ 16,469,000	$ 16,844,000	$17,232,000

[1] Utility franchise tax distribution has been changed in recent years and was impacted by the change in distribution of cable franchise revenues. Revenues are affected by weather, and are expected to remain relatively flat.

[2] Video Programming fees are expected to decline in FY12 and FY13, and to level off thereafter.

[3] Beer and Wine taxes, initially expected to be withheld by the state, are expected to be slightly down from the FY09 levels, and are expected to grow at 1% in future years.

[4] Estimate a continuing slow recovery with local components expected to recover before State-wide, and normal slow growth of about 3.5% in FY13 and thereafter.

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

GENERAL FUND

REVENUE PROJECTIONS
2011/2012 - 2016/2017

Category	2011-12 Adopted	2012-13 Estimated	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
Property Taxes*	$ 27,264,000	$ 27,750,000	$ 28,250,000	$28,760,000	$29,270,000	$29,790,000
Other Taxes & Licenses	852,000	877,000	902,000	927,000	952,000	977,000
Licenses/Permits/Fines/ Forfeitures	1,712,000	1,712,000	1,712,000	1,712,000	1,712,000	1,712,000
State-Shared Revenues	15,410,000	15,756,000	16,107,000	16,469,000	16,844,000	17,232,000
Grants	202,000	202,000	202,000	202,000	202,000	202,000
Service Charges	2,160,000	2,170,000	2,180,000	2,190,000	2,200,000	2,210,000
Interest on Investments	45,000	45,000	40,000	35,000	30,000	30,000
Other Revenues	251,000	251,000	251,000	251,000	251,000	251,000
Interfund Transfers	1,522,000	1,568,000	1,615,000	1,663,000	1,713,000	1,764,000
TOTAL	$ 49,418,000	$ 50,331,000	$ 51,259,000	$52,209,000	$53,174,000	$54,168,000

* Based on moving $1.8 cents of the tax rate from the Debt Fund, for a total tax rate to 37.8 cents for the General Fund through 2016-17.

GENERAL FUND PROJECTED COSTS 2011/2012 - 2016/2017

	2011-12 Adopted	2012-13 Estimated	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
Personnel Services[1]	$ 36,184,000	$ 37,737,000	$ 39,418,000	$ 41,153,000	$ 42,951,000	$44,834,000
Operations						
Operating & Maintenance[2]	12,982,000	13,773,000	14,730,000	15,019,000	15,434,000	15,742,000
Capital						
Equipment[3]	132,000	136,000	140,000	144,000	148,000	152,000
Transfer to Capital Improvements Program[4]	432,000	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	810,000	800,000	800,000	800,000	800,000	800,000
Other Post Employment Benefits	0	400,000	400,000	400,000	400,000	400,000
TOTAL COSTS OF CURRENT PROGRAMS AND ADDITIONS/						
TOTALS	$ 50,540,000	$53,846,000	$ 56,488,000	$ 58,516,000	$ 60,733,000	$62,928,000

Assumptions for years after 2012, reflected on base cost estimates for 2011-12:

[1] Assumptions include increase 2% in FY13 and 3% each year after, 15% increase in medical insurance for FY13 and 10% annual increase in each year thereafter, and from 7% to 9% for retirement increases as projected by the State Treasurer through 2016-17.

[2] Increase in operating costs of 2% in FY13 and 3% annually thereafter.

[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
2011/2012 - 2016/2017

	2011-12 Adopted	2012-13 Estimated	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
Estimated Total Costs	$ 50,540,000	$ 53,846,000	$ 56,488,000	$ 58,516,000	$ 60,733,000	$ 62,928,000
Estimated Total Revenues	49,418,000	50,331,000	51,259,000	52,209,000	53,174,000	54,168,000
Revenues Needed	1,122,000	3,515,000	5,229,000	6,307,000	7,559,000	8,760,000
Fund Balance Available	1,122,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
One-time use of Fund Balance	-	-	-	-	-	-
Additional Revenue Needed/ (Available)	$ -	$ 2,515,000	$ 4,229,000	$ 5,307,000	$ 6,559,000	$ 7,760,000
Change in Tax Rate in cents in Specific Years*	-	3.5	2.4	1.5	1.7	1.7

*Value of a cent = $717,000

TRANSIT FUND

REVENUE PROJECTIONS
2011/2012 - 2016/2017

	2011-12 Adopted	2012-13 Estimated	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
Taxes[1]	$ 2,943,000	$ 2,994,000	$ 3,048,000	$ 3,103,000	$ 3,158,000	$ 3,216,000
Vehicle Taxes[2]	415,000	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	1,900,000
State Operating Assistance[3]	3,320,000	3,300,000	3,300,000	3,300,000	3,300,000	3,300,000
UNC Contract (Net)[4]	5,930,000	6,019,000	6,109,000	6,201,000	6,294,000	6,388,000
Carrboro Contract (Net)[4]	1,033,000	1,035,000	1,037,000	1,039,000	1,041,000	1,043,000
Service Charges[5]	742,000	764,000	787,000	811,000	835,000	860,000
Other	27,000	27,000	27,000	27,000	27,000	27,000
TOTAL	$ 16,310,000	$16,454,000	$16,627,000	$16,804,000	$16,982,000	$17,165,000

Revenue Notes:

1 Based on the property tax rate of 4.1 cents through 2016-17.

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

3 Assumes continuing level of State and Federal Operating Assistance.

4 Assumes continued participation by the University and Carrboro, including assumptions on cost sharing for adopted fare-free services.

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

TRANSIT FUND

COST PROJECTIONS
2011/2012 - 2016/2017

	2011-12 Adopted	2012-13 Estimated	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
Personnel Services[1]	$ 10,741,000	$ 11,238,000	$ 11,794,000	$ 12,401,000	$ 13,065,000	$ 13,794,000
Operations[2]	6,967,000	7,188,000	7,425,000	7,670,000	7,923,000	8,185,000
Capital Reserve Fund[3]	-	300,000	300,000	300,000	300,000	300,000
TOTAL	$ 17,708,000	$ 18,726,000	$ 19,519,000	$ 20,371,000	$ 21,288,000	$ 22,279,000

Assumptions for years after 2011-12:

[1] Assumptions include increase 2% in FY13 and 3% each year after, 10% increase in medical insurance for FY13 and 10% annual increase in each year thereafter, and from 7% to 9% for retirement increases as projected by the State Treasurer through 2016-17.

[2] Increase in operating costs of 3% annually for most operating costs and 4% for fuel.

[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
2011/2012 - 2016/17

	2011-12 Adopted	2012-13 Estimated	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
Estimated Costs	$ 17,708,000	$18,726,000	$19,519,000	$20,371,000	$21,288,000	$22,279,000
Estimated Revenues	16,310,000	16,454,000	16,627,000	16,804,000	16,982,000	17,165,000
Revenue Needed/(Excess)	1,398,000	2,272,000	2,892,000	3,567,000	4,306,000	5,114,000
Fund Balance Available	1,398,000	2,272,000	1,500,000	-	-	-
Additional Revenue Needed	$ -	$ -	$ 1,392,000	$ 3,567,000	$ 4,306,000	$ 5,114,000
Change in Tax Rate in Specific Years	-	-	0.6	1.0	0.3	0.4

1 cent on the tax rate = $717,000

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.
- Directed service cuts beginning in FY12.
- Includes estimated adjustments of about 3% in salaries and operating costs after FY11.

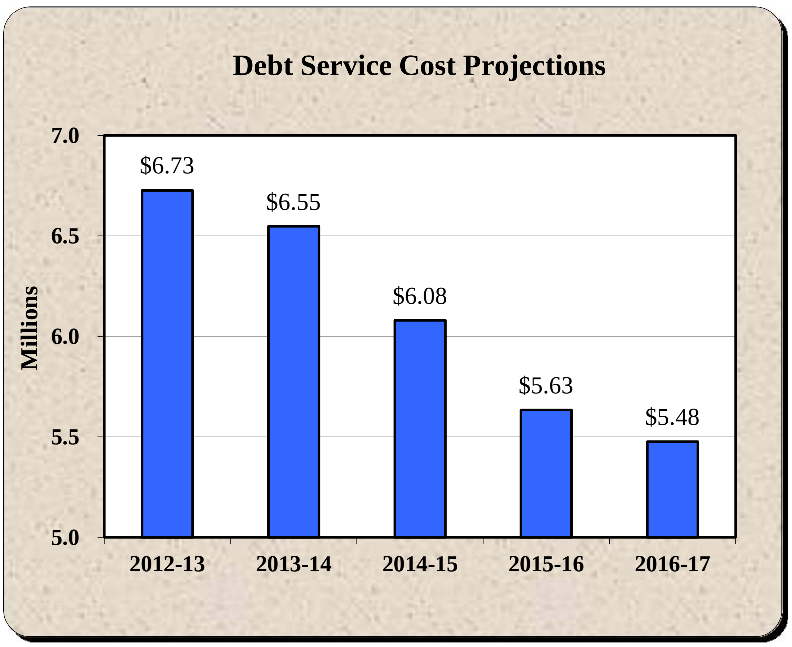
DEBT SERVICE FUND
PROJECTED TAX BASE AND OTHER REVENUES
2011/2012 - 2016/2017

Category	2011-12 Adopted	2012-13 Estimated	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
Assessed Valuation (Real & Personal Property)	$7,245,483,000	$7,375,902,000	$ 7,508,668,000	$7,643,824,000	$ 7,781,413,000	$ 7,921,478,000
Tax Levy - Debt Service Fund Only*	5,434,000	5,532,000	5,632,000	5,733,000	5,836,000	5,941,000
Estimated Collections at 99%	5,380,000	5,477,000	5,576,000	5,676,000	5,778,000	5,882,000
Estimated Prior Year Collections	-	-	-	-	-	-
TOTAL TAXES	$ 5,380,000	$ 5,477,000	$ 5,576,000	$ 5,676,000	$ 5,778,000	$ 5,882,000
Interest Income	3,000	-	-	-	-	-
Transfer from Parking	-	438,000	438,000	438,000	438,000	438,000
TOTAL REVENUES	$ 5,383,000	$ 5,915,000	$ 6,014,000	$ 6,114,000	$ 6,216,000	$ 6,320,000

* Based on a recommended tax rate of $7.5 cents for the Debt Fund through 2016-17, representing a transfer of 1.8 cents to the General Fund tax rate in FY12, with estimated growth of 1.5% in FY12 and 1.8% each year thereafter. Does not consider the effects of revaluation of real property in future years.

DEBT SERVICE FUND PROJECTED COSTS 2011/2012 - 2016/2017

	2011-12 Adopted	2012-13 Estimated	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
Existing Debt	$ 6,761,000	$ 6,471,000	$ 6,292,000	$ 5,824,000	$ 5,379,000	$ 5,222,000
Less BABS interest subsidy	(183,000)	(183,000)	(183,000)	(183,000)	(183,000)	(183,000)
New Installment Debt Service - $5,500,000 Downtown Initiative	-	438,000	438,000	438,000	438,000	438,000
TOTALS	$ 6,578,000	$ 6,726,000	$ 6,547,000	$ 6,079,000	$ 5,634,000	$ 5,477,000



DEBT SERVICE FUND

ANALYSIS OF REVENUE AND COST PROJECTIONS 2011/2012 - 2016/2017

	2011-12 Adopted	2012-13 Estimated	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
Estimated Total Costs	$ 6,578,000	$ 6,726,000	$ 6,547,000	$ 6,079,000	$ 5,634,000	$ 5,477,000
Estimated Total Revenues	5,383,000	5,915,000	6,014,000	6,114,000	6,216,000	6,320,000
Revenue (Needed)/Available	(1,195,000)	(811,000)	(533,000)	35,000	582,000	843,000
Fund Balance Available	1,195,000	811,000	533,000	-	-	-
Reserved for future debt	-	-	-	35,000	582,000	843,000
Change in Tax Rate in Specific Years*	0.0	0.0	0.0	0.0	0.0	0.0

Value of a cent = $717,000