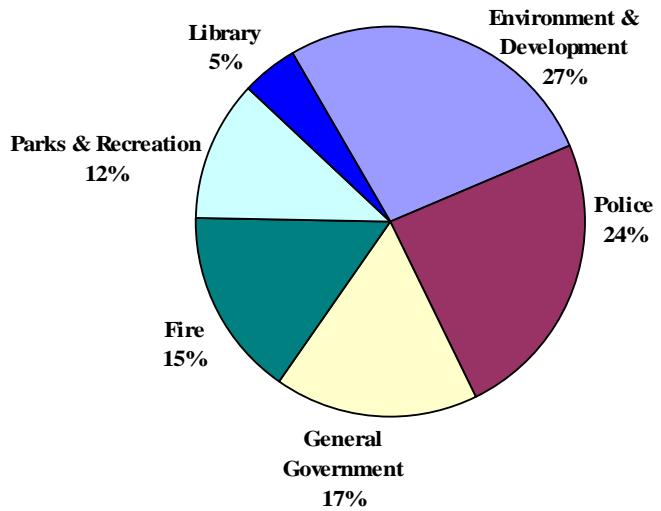


# GENERAL FUND

---

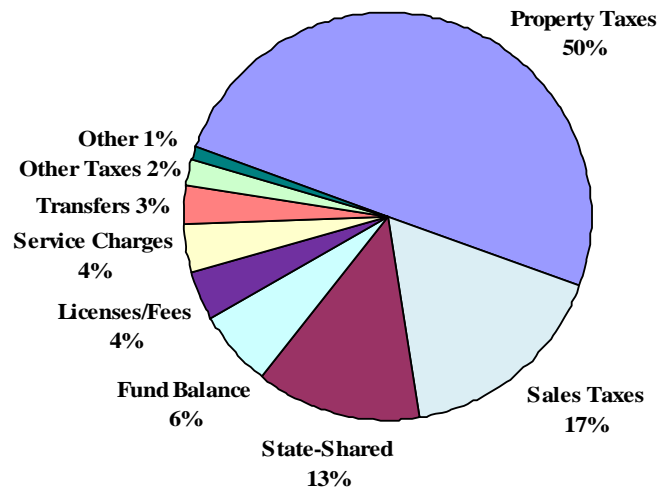
The General Fund is the general operating fund of the Town and is used to account for all revenues and expenditures except those required to be accounted for in another fund. The fund is established at the inception of a government and exists throughout the government's life.

## General Fund Expenditures



**Total \$49,759,000**

## General Fund Revenues



**GENERAL FUND  
BUDGET SUMMARY**

**EXPENDITURES**

	<b>2007-08 Actual</b>	<b>2008-09 Original Budget</b>	<b>2008-09 Revised Budget</b>	<b>2008-09 Estimated</b>	<b>2009-10 Recommended Budget</b>	<b>% Change from 2008-09</b>
General Government	13,252,707	9,269,763	10,673,683	9,877,969	8,788,125	-5.2%
Environment & Development	14,008,290	13,286,985	13,956,295	13,370,172	13,338,480	0.4%
Public Safety	17,842,728	19,155,021	19,208,136	18,268,470	19,434,467	1.5%
Leisure	4,718,198	7,909,231	8,063,036	7,695,036	8,197,928	3.7%
<b>Total</b>	<b>49,821,923</b>	<b>49,621,000</b>	<b>51,901,150</b>	<b>49,211,647</b>	<b>49,759,000</b>	<b>0.3%</b>

**REVENUES**

	<b>2007-08 Actual</b>	<b>2008-09 Original Budget</b>	<b>2008-09 Revised Budget</b>	<b>2008-09 Estimated</b>	<b>2009-10 Recommended Budget</b>	<b>% Change from 2008-09</b>
General Revenues:						
Property Taxes	27,621,574	24,733,000	24,733,000	24,658,300	24,971,000	1.0%
Sales Taxes	9,578,126	9,623,000	9,623,000	8,979,044	8,660,730	-10.0%
Other Tax and Licenses	1,126,226	1,084,000	1,084,000	990,965	989,500	-8.7%
State-Shared Revenues	6,577,251	5,952,000	6,112,000	6,112,600	6,196,000	4.1%
Interest on Investments	524,678	200,000	200,000	101,500	100,000	-50.0%
Other Revenues	872,099	313,150	339,123	363,401	393,450	25.6%
Grants	510,034	374,363	381,234	371,600	371,600	-0.7%
Charges for Services	1,861,851	1,693,741	1,693,741	1,622,672	1,735,797	2.5%
Licenses/Permits/Fines	1,915,433	1,601,400	1,601,400	1,719,200	1,812,100	13.2%
Transfers/Other Sources	1,239,439	1,302,472	1,302,472	1,319,951	1,399,896	7.5%
Appropriated Fund Balance	(2,004,788)	2,743,874	4,831,180	2,972,414	3,128,927	14.0%
<b>Total</b>	<b>49,821,923</b>	<b>49,621,000</b>	<b>51,901,150</b>	<b>49,211,647</b>	<b>49,759,000</b>	<b>0.3%</b>

# GENERAL FUND

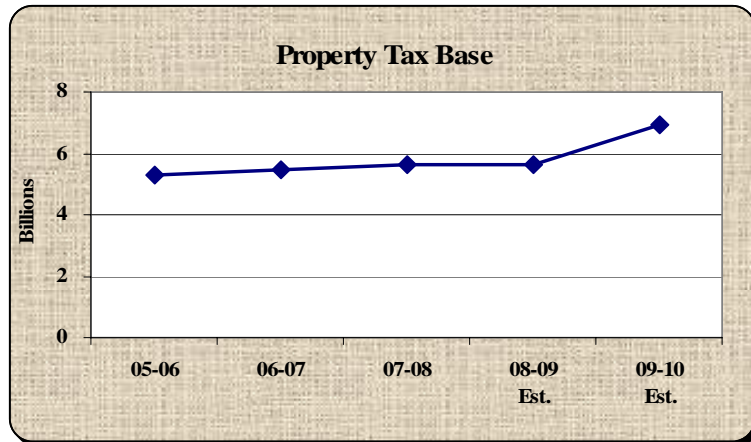
## Major Revenue Sources - Descriptions and Estimates

### 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 received preliminary estimates from Orange County on the revaluation that is under

way, but have not received final values as the County is experiencing a high number of appeals. We have based our estimate on their information together with historic trends for the overall tax base. The tax base for 2009-10 is estimated to be about \$6,926,000,000 with 1 cent on the tax rate equivalent to about \$685,000.



Revenue neutral tax rate – The Council has indicated the intention to establish a revenue neutral tax rate for 2009-10. A revenue neutral rate is the rate that will yield the same amount of tax as the prior year, as if the valuation never changed. That calculation includes the addition of normal growth to the tax base. The Town is experiencing growth at different rates in the two counties, with the much smaller Durham County portion exhibiting growth above 20%, while the Orange County portion has been growing at about 1.8%. The combination yields an average growth over the last few years of 3.1%. The Manager’s Recommended Budget provides for establishing a tax rate at the lower (1.8%) rate of growth. Using these estimates, the Manager is recommending a tax rate of \$36.2 cents per \$100 in valuation for the General Fund, yielding property taxes of \$25.27 million in 2009-10 as compared to \$24.82 million in 2008-09. The rates for the Debt Service Fund and Transit Fund are \$9.4 and \$4.1 cents per \$100 in valuation, for a combined tax rate of \$49.7 cents in 2009-10, as opposed to \$58.1 cents for 2008-09.

The combined property tax revenues we anticipate for 2009-10 total about \$34 million, with \$25.3 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

# GENERAL FUND

## Major Revenue Sources - Descriptions and Estimates

previously received in this revenue line are now allocated in the utility franchise tax.

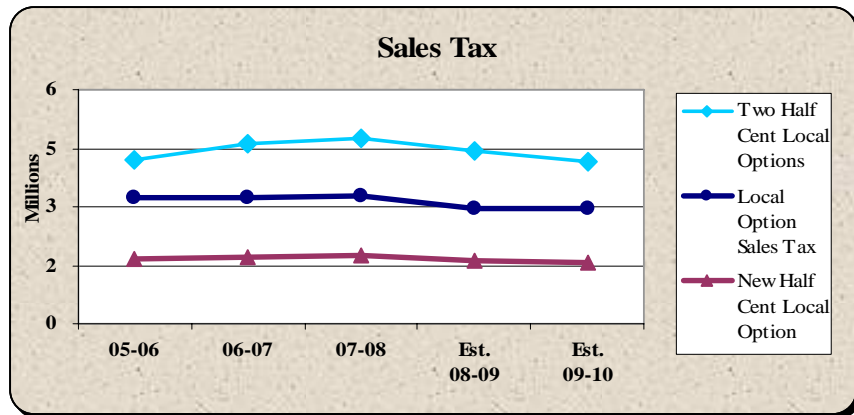
- Revenue from the 3 percent Hotel/Motel occupancy tax is expected to total \$902,000 in the current year and about \$950,000 in 2009-10. Revenue trends are affected by University events and general economic trends.

### State-Collected Revenues

#### Sales Taxes

Sales tax revenue is expected to fall significantly short of budget in 2008-09 by about \$644,000 due to the economic downturn. We estimate that the downturn will continue

into 2009-10, with a slow recovery beginning in 2010 and with the local portion of the sales tax recovering quicker than the state-wide. We estimate combined sales taxes of about \$8,661,000 for 2009-10, a drop of about 3.5% overall from current year estimates.



#### 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 \$1,500,600 in 2008-09, about the same as prior year. For 2009-10, we anticipate revenues will fall slightly to about \$1,450,000.

#### State Fire Protection Funds

We are expecting about \$1,210,000 in State Fire Protection Funds in the current year, and expect about the same level of funding from this source in 2009-10.

#### 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. Despite the economic downturn, indications are that utility franchise fees will slightly exceed the current year's budget for a total of about \$3,170,000 in 2008-09, and will grow to about \$3,290,000 in 2009-10.

# **GENERAL FUND**

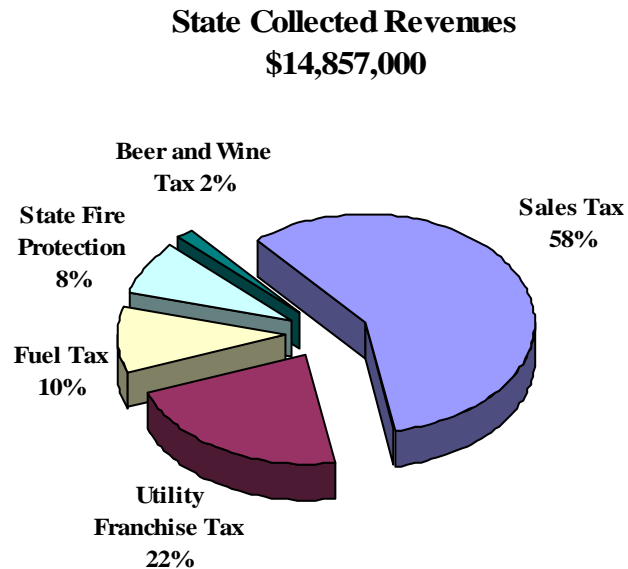
## ***Major Revenue Sources - Descriptions and Estimates***

---

### **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 \$246,000 for the current year and next year.

In summary, we estimate State-collected revenues would total about \$14,857,000 for next year.



### **Other Revenue Sources**

#### *Grants*

This category of revenue includes certain recurring local and State grants totaling about \$372,000 for 2009-10. 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 2009-10 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 \$36,700, slightly less than in 2007-08.

#### *Charges for Services*

Service Charges for various Town services and programs (including zoning compliance review and Parks and Recreation programs) are estimated to fall short of budget in the current year by about \$70,000, but are expected to increase from \$1,623,000 to about \$1,736,000 in 2009-10. The increase from current year revenues is expected as the result of the new Parks and Recreation facilities and from development-related fees. Included

# ***GENERAL FUND***

## ***Major Revenue Sources - Descriptions and Estimates***

---

is a preliminary estimate of fees related to Carolina North, the public-private development begun by the University.

### *Licenses/Permits/Fines & Forfeitures*

Revenue from licenses, permits, and fines, including privilege licenses and vehicle licenses, are expected to remain about the same as budgeted in 2008-09, with the exceptions of increases in inspection and re-inspection permits related to development already in progress. Total licenses and permits are expected to be about \$1.7 million in 2008-09 and \$1.8 million in 2009-10.

### *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 \$100,000 in the current year and to generate only about \$100,000 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. Miscellaneous revenues are expected to total about \$402,000 for 2008-09 and \$393,000 for 2009-10.

#### *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 2009-10, these include estimates of \$196,000 from Parking Enterprise Funds, \$100,000 from the Stormwater Management Fund, and \$1 million from the Transit Enterprise Fund. These transfers include an increased contribution (from \$45,000 to \$75,000) 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 \$4.8 million of fund balance in 2008-09, but through cost-cutting measures, will use only about \$2.9 million. The recommended budget includes the use of \$3.1 million in 2009-10 to maintain service levels and retain a revenue neutral tax rate.

# **GENERAL FUND**

## **Major Revenue Sources - Descriptions and Estimates**

---

### **Summary of Revenues**

In summary, the recommended budget includes General Fund revenues, including the use of \$3.1 million of fund balance, of about \$49.76 million.

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

	<b>08-09 Revised Budget</b>	<b>08-09 Estimated</b>	<b>09-10 Recommended Budget</b>
Property Taxes	\$ 24,733,000	\$ 24,658,000	\$ 24,971,000
Sales Taxes	9,623,000	8,979,000	8,661,000
Other State-Collected	6,112,000	6,113,000	6,196,000
Other Revenues	2,004,000	1,827,000	1,854,000
Licenses/Permits	1,602,000	1,719,000	1,812,000
Service Charges	1,694,000	1,623,000	1,736,000
Interfund Transfers	1,302,000	1,320,000	1,400,000
Fund Balance	4,831,000	2,972,000	3,129,000
<b>Total</b>	<b>\$ 51,901,000</b>	<b>\$ 49,211,000</b>	<b>\$ 49,759,000</b>

(Rounded to nearest thousand.)

# **GENERAL FUND**

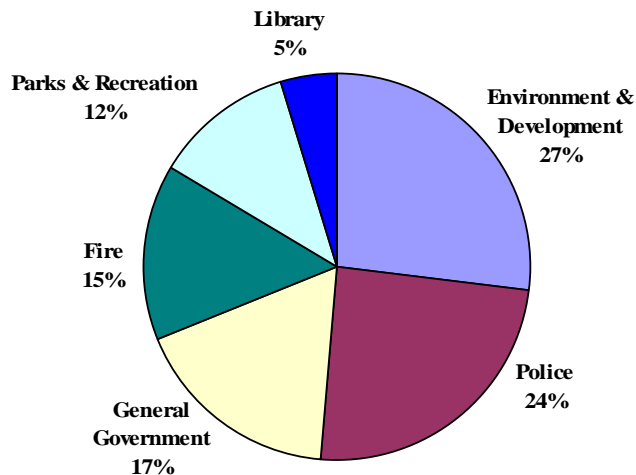
## ***Major Expenditures - Descriptions and Estimates***

---

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 \$49,759,000 for the recommended 2009-10 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 \$7.3 million.



Environment and Development is the second largest category in the General Fund at about \$13.3 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. As part of the organizational realignment, Engineering is budgeted with Public Works in the 2010 recommended budget.

Police, Fire and Public Works together comprise about 63% of total General Fund expenditures.

Other General Fund services include Parks and Recreation programs totaling about \$5.8 million, Library services of \$2.4 million, and General Governmental activities (Administration, Communications & Public Affairs, Business Management, Human Resources, Attorney, and Non-Departmental) totaling about \$8.8 million.

Non-departmental expenditures total \$2.8 million. Non-departmental expenditures include transfers for capital improvements of \$305,000 and other miscellaneous transfers of \$181,000, including a \$176,000 transfer to supplement the Housing Department's administrative budget. The non-departmental budget includes \$353,000 in matching funds for a federal Fire grant. In keeping with prior year, \$836,500 is included in the recommended budget for distribution to other agencies in support of human services,



# **GENERAL FUND**

## ***Major Expenditures - Descriptions and Estimates***

---

cultural and arts programs, economic development and development of affordable housing as adopted by the Council. The budget for liability and property insurance totals \$470,000. 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 was allocated to debt service instead.

Significant changes in the recommended 2009-10 budget include increases in group medical insurance of 17.4%, or \$721,000, for General Fund employees and retirees. The recommended budget includes funding to continue work toward Council priorities including technology initiatives, a citizen survey and funding for new Parks and Recreation facilities that opened in FY09.

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

---

<b>EXPENDITURES</b>						
	<b>2007-08</b>	<b>2008-09</b>	<b>2008-09</b>		<b>2009-10</b>	<b>% Change</b>
	<b>Actual</b>	<b>Original</b>	<b>Revised</b>	<b>2008-09</b>	<b>Recommended</b>	<b>from</b>
		<b>Budget</b>	<b>Budget</b>	<b>Estimated</b>	<b>Budget</b>	<b>2008-09</b>
Personnel	30,567,516	34,079,451	32,912,321	32,263,980	34,688,941	1.8%
Operating Costs	18,008,785	14,428,549	17,522,671	15,492,505	14,673,059	1.7%
Capital Outlay	1,245,622	1,113,000	1,466,158	1,455,162	397,000	-64.3%
Total	49,821,923	49,621,000	51,901,150	49,211,647	49,759,000	0.3%

---

**GENERAL FUND**  
**EXPENDITURES BY DEPARTMENT**

	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Recommended Budget	% Change from 2008-09
<b>General Government</b>						
Mayor/Council	355,295	444,572	444,572	446,349	529,378	19.1%
Manager/CaPA	1,414,149	1,737,425	1,939,716	1,790,750	1,666,042	-4.1%
Human Resource Dev't	697,325	875,446	891,419	807,339	877,714	0.3%
Business Management	2,225,045	2,574,619	2,952,820	2,768,100	2,556,376	-0.7%
Town Attorney	291,200	295,591	298,984	288,328	294,130	-0.5%
Non-Departmental	8,269,693	3,342,110	4,146,172	3,777,103	2,864,485	-14.3%
<b>Subtotal</b>	<b>13,252,707</b>	<b>9,269,763</b>	<b>10,673,683</b>	<b>9,877,969</b>	<b>8,788,125</b>	<b>-5.2%</b>
<b>Environment &amp; Development</b>						
Planning	1,053,196	1,355,536	1,423,702	1,303,248	1,291,492	-4.7%
Public Works	12,955,094	11,931,449	12,532,593	12,066,924	12,046,988	1.0%
<b>Subtotal</b>	<b>14,008,290</b>	<b>13,286,985</b>	<b>13,956,295</b>	<b>13,370,172</b>	<b>13,338,480</b>	<b>0.4%</b>
<b>Public Safety</b>						
Police	11,228,269	12,073,399	12,090,420	11,464,374	12,138,197	0.5%
Fire	6,614,459	7,081,622	7,117,716	6,804,096	7,296,270	3.0%
<b>Subtotal</b>	<b>17,842,728</b>	<b>19,155,021</b>	<b>19,208,136</b>	<b>18,268,470</b>	<b>19,434,467</b>	<b>1.5%</b>
<b>Leisure</b>						
Parks and Recreation	2,522,133	5,550,595	5,692,799	5,432,027	5,823,996	4.9%
Library	2,196,065	2,358,636	2,370,237	2,263,009	2,373,932	0.6%
<b>Subtotal</b>	<b>4,718,198</b>	<b>7,909,231</b>	<b>8,063,036</b>	<b>7,695,036</b>	<b>8,197,928</b>	<b>3.7%</b>
<b>General Fund Total</b>	<b>49,821,923</b>	<b>49,621,000</b>	<b>51,901,150</b>	<b>49,211,647</b>	<b>49,759,000</b>	<b>0.28%</b>