

SPECIAL REVENUE FUNDS

Affordable Housing Fund – This fund was created to advance the Town’s goal of increasing the stock of affordable, safe and decent housing within the Town and its’ planning jurisdiction. The fund was established by a resolution approved on June 26, 2007. Payments to the fund, made by developers, in lieu of providing affordable housing under the applicable provisions of the Land Use Ordinance, are deposited into the fund in addition to other revenues such as grants, donations, loans, interest payments, or other contributions that are received.

Economic Development Initiative (EDI) Grant Fund – The Board of Aldermen, FY04-05, agreed to serve as the fiscal agent for the Grape Arbor Development Corporation. A grant fund was established so that the Town may receive the grant funds and ensure that the funds are spent in accordance with federal guidelines. The funds have been used by the Grape Arbor Development Corporation to purchase a permanent site for a youth enhancement center.

Grant Fund – Two grants are currently recorded in the Grant Fund. The Paul Coverdell Forensic Science Improvements Grant was used to create and finance a fingerprint identification network in and around Orange County. The grant was completed in FY09-10.

The Clean Water Act Grant issued by the NC Department of Environmental and Natural Resources is for the purpose of continuing watershed restoration work in the Bolin Creek watershed. Activities will include installation of a demonstration cistern and rain garden at McDougale School, stream stabilization and restoration at a site on Dry Gulch Creek, and continued monitoring of stormwater at the Pacifica neighborhood.

Revolving Loan Fund - The Revolving Loan Fund is used to encourage economic and community development in Carrboro by offering loans to new businesses, encouraging businesses to locate in Carrboro. Annually, the fund is updated (following the audit) to reflect estimated annual interest and principal payments on loans from the various businesses.

Capital Reserve Funds - By law, capital reserve funds are designed to enable public municipalities to set aside funds for any purpose for which it may issue bonds. Amounts that accumulate in this fund cannot be withdrawn without board approval. Upon board approval, funds are transferred from the reserve fund to another fund, typically the General Fund or Capital Projects Fund, for direct expenditure. Currently the Town has two reserve funds – **Capital Reserve Fund and Recreation Payment-in-Lieu Capital Reserve Fund.**

SUMMARY

| SPECIAL REVENUE FUNDS, SUMMARY | | | | | |
|---------------------------------------|--------------------|--------------------|------------------|------------------|---------------------|
| <i>REVENUE</i> | | | | | |
| | 2007-08 | 2008-09 | 2009-10 | 2010-11 | % CHANGE |
| | ACTUAL | ACTUAL | ADOPTED | ADOPTED | 2010/11 FROM |
| | | | BUDGET | BUDGET | 2009/10 |
| BEGINNING FUND BALANCE | 1,687,064 | 1,091,397 | N/A | N/A | N/A |
| OTHER FINANCING SOURCES | 351,914 | 1,169,099 | 138,000 | 129,750 | -6% |
| INVESTMENT EARNINGS | 55,475 | 30,624 | 488,775 | 488,865 | 0% |
| GRANT REVENUES | 198,820 | 76,710 | 82,515 | 200,000 | 142% |
| OTHER REVENUES | (15,069) | 39,963 | 533,193 | 539,575 | 1% |
| FUND BAL APPROP | - | - | 544,806 | 176,945 | -68% |
| TOTAL REVENUE | 591,140 | 1,316,396 | 1,787,289 | 1,535,135 | -14% |
| <i>EXPENDITURE</i> | | | | | |
| | 2007-08 | 2008-09 | 2009-10 | 2010-11 | % CHANGE |
| | ACTUAL | ACTUAL | ADOPTED | ADOPTED | 2010/11 FROM |
| | | | BUDGET | BUDGET | 2009/10 |
| COMMUNITY DEVELOPMENT | 198,820 | - | 36,250 | 28,000 | -23% |
| GENERAL GOVERNMENT | 2,988 | 58,824 | 94,994 | 229,397 | 141% |
| OTHER APPROPRIATIONS | 30,000 | 413,790 | 917,073 | 867,073 | -5% |
| TRANSFERS TO OTHER FUNDS | 955,000 | 14,200 | 698,006 | 315,945 | -55% |
| RESERVES | - | - | 40,966 | 94,720 | 131% |
| TOTAL EXPENDITURES | 1,186,808 | 486,814 | 1,787,289 | 1,535,135 | -14% |
| ENDING FUND BALANCE | \$1,091,396 | \$1,920,979 | N/A | N/A | N/A |

AFFORDABLE HOUSING FUND

This fund was created to advance the Town's goal of increasing the stock of affordable, safe and decent housing within the Town and its planning jurisdiction. The fund was established by a resolution approved on June 26, 2007. Payments to the fund, made by developers, in lieu of

providing affordable housing under the applicable provisions of the Land Use Ordinance, are deposited into the fund in addition to other revenues such as grants, donations, loans, interest payments, or other contributions that are received.

| AFFORDABLE HOUSING FUND | 2007-08 | 2008-09 | 2009-10 | 2010-11 | % CHANGE |
|--------------------------------|----------------|----------------|----------------|----------------|---------------------|
| <i>REVENUE</i> | ACTUAL | ACTUAL | ADOPTED | ADOPTED | 2010/11 FROM |
| | | | BUDGET | BUDGET | 2009/10 |
| BEGINNING FUND BALANCE | - | - | - | N/A | N/A |
| INVESTMENT EARNINGS | | 297 | | | 0% |
| TRANSFERS | - | 48,000 | 48,000 | 39,750 | -17% |
| <i>SUBTOTAL</i> | - | 48,297 | 48,000 | 39,750 | -17% |
| | | | | | |
| | | | | | |
| <i>EXPENDITURE</i> | 2007-08 | 2008-09 | 2009-10 | 2010-11 | % CHANGE |
| | ACTUAL | ACTUAL | ADOPTED | ADOPTED | 2010/11 FROM |
| | | | BUDGET | BUDGET | 2009/10 |
| 105 COBB ST. | - | 8,250 | 8,250 | | -100% |
| 109 JONES FERRY ROAD | - | - | 28,000 | 28,000 | 0% |
| UNEXPENDED RESERVES | | | 11,750 | 11,750 | 0% |
| <i>SUBTOTAL</i> | | 8,250 | 48,000 | 39,750 | -17% |
| | | | | | |
| ENDING FUND BALANCE | - | 40,047 | - | N/A | N/A |

ECONOMIC DEVELOPMENT INITIATIVE GRANT FUND

Grant projects are approved via a balanced project ordinance as required by the North Carolina General Statutes (GS 159-13.2) whereby the Town budgets for the life of the grant.

In FY 04-05, the Board of Aldermen agreed to serve as the fiscal agent for the Grape

Arbor Development Corporation. A grant fund was established so that the Town may receive the grant funds and ensure that the funds are spent in accordance with federal guidelines. The funds were spent in FY07-08 by the Grape Arbor Development Corporation purchasing a permanent site for a youth enhancement center in Chapel Hill.

| ECONOMIC DEVELOPMENT INITIATIVE GRANT FUND | | | | | |
|---|----------------|----------------|----------------|----------------|---------------------|
| <i>REVENUE</i> | | | | | |
| | 2007-08 | 2008-09 | 2009-10 | 2010-11 | % CHANGE |
| | ACTUAL | ACTUAL | ADOPTED | ADOPTED | 2010/11 FROM |
| | | | BUDGET | BUDGET | 2009/10 |
| BEGINNING FUND BALANCE | - | - | N/A | N/A | N/A |
| RESTRICTED INTERGOVERNMENTAL | 198,820 | | | - | 0% |
| <i>SUBTOTAL</i> | 198,820 | - | - | - | 0% |
| <i>EXPENDITURE</i> | | | | | |
| | 2007-08 | 2008-09 | 2009-10 | 2010-11 | % CHANGE |
| | ACTUAL | ACTUAL | ADOPTED | ADOPTED | 2010/11 FROM |
| | | | BUDGET | BUDGET | 2009/10 |
| COMMUNITY DEVELOPMENT | 198,820 | | - | - | 0% |
| <i>SUBTOTAL</i> | 198,820 | - | - | - | 0% |
| ENDING FUND BALANCE | \$0 | \$0 | N/A | N/A | N/A |

GRANT FUND

The Grant Fund represents grants that generally reflect multi-year capital efforts. The Paul Coverdell Forensic Science Improvements Grant funds, approved in FY08-09, were used to create and finance a fingerprint identification network in and around Orange County. The Carrboro Police Department purchased and distributed equipment to the Burlington, Chapel Hill and Hillsborough Police Departments and the Orange County Sheriff's Office. This effort was completed in FY09-10.

The Clean Water Act Grant, approved by the Board in FY09-10, issued by the NC Department of Environmental and Natural Resources will be used to continue watershed restoration work in the Bolin Creek watershed. Activities will include installation of a demonstration cistern and rain garden at McDougle School, stream stabilization and restoration at a site on Dry Gulch Creek, and continues monitoring of stormwater at the Pacifica neighborhood.

| GRANT FUND | 2007-08 | 2008-09 | 2009-10 | 2010-11 | % CHANGE |
|----------------------------|----------------|----------------|----------------|----------------|---------------------|
| <i>REVENUE</i> | ACTUAL | ACTUAL | ADOPTED | ADOPTED | 2010/11 FROM |
| | | | BUDGET | BUDGET | 2009/10 |
| BEGINNING FUND BALANCE | - | - | - | N/A | N/A |
| INTEREST EARNED | | 100 | | | 0% |
| COVERDELL | - | 76,710 | 82,515 | | -100% |
| CLEAN WATER | | | | 200,000 | 0% |
| SUBTOTAL | | 76,810 | 82,515 | 200,000 | 142% |
| | | | | | |
| | | | | | |
| | | | | | |
| <i>EXPENDITURE</i> | 2007-08 | 2008-09 | 2009-10 | 2010-11 | % CHANGE |
| | ACTUAL | ACTUAL | ADOPTED | ADOPTED | 2010/11 FROM |
| | | | BUDGET | BUDGET | 2009/10 |
| TRANSFERS | | 14,200 | 14,200 | | -100% |
| OTHER | | 56,556 | 68,315 | 200,000 | 193% |
| SUBTOTAL | - | 70,756 | 82,515 | 200,000 | 142% |
| | | | | | |
| ENDING FUND BALANCE | - | 5,954 | - | N/A | N/A |

REVOLVING LOAN FUND

The Revolving Loan Fund sustains itself with the interest earned on loans provided to businesses. With this interest, a reserve is created that enables the Town to continue loaning funds to businesses. When a loan is made, the Board amends the Revolving Loan Fund to acknowledge the loan of funds and decrease the available reserves to reflect

the outflow of cash. The Fund is updated annually to reflect total interest and principal repayments that will accrue to the Town for that year. As loans are paid off, the Town closes the loans and removes them from financial records.

The Revolving Loan Fund contains the following active loans to businesses:

| Loan | Amount Borrowed | Date of Original Loan |
|-------------------------------|-----------------|-----------------------|
| Alphabet Soup | \$48,000 | 2001 |
| Science Learning Resources | \$75,000 | 2004 |
| Bryan's Guitar and Music, Inc | \$90,000 | 2004 |
| Blue Icon Hair Stylists | \$18,000 | 2005 |
| Cycling Specifics | \$45,000 | 2006 |
| Art in a Pickle | \$105,000 | 2007 |
| Carrboro Co-Working | \$90,000 | 2008 |
| Beehive | \$56,000 | 2009 |
| Cycle 9 | \$68,540 | 2009 |
| Original Ornament | \$70,000 | 2009 |
| Carrboro Citizen | \$50,000 | 2009 |
| Carrboro Raw | \$40,000 | 2009 |
| The Kind Coffee | \$57,000 | 2009 |

| REVOLVING LOAN FUND | | | | | |
|--------------------------------|------------------|-----------------|------------------|------------------|---------------------|
| <i>REVENUE</i> | 2007-08 | 2008-09 | 2009-10 | 2010-11 | % CHANGE |
| | ACTUAL | ACTUAL | ADOPTED | ADOPTED | 2010/11 FROM |
| | | | BUDGET | BUDGET | 2009/10 |
| BEGINNING FUND BALANCE | 451,362 | 416,651 | N/A | N/A | N/A |
| INVESTMENT EARNINGS | 15,431 | 13,820 | 488,775 | 488,865 | 0% |
| OTHER REVENUE(LOAN REPAYMENTS) | (17,155) | 32,813 | 533,193 | 539,575 | 1% |
| OTHER FINANCING SOURCES | - | | 90,000 | 90,000 | 0% |
| SUBTOTAL | (1,724) | 46,633 | 1,111,968 | 1,118,440 | 1% |
| | | | | | |
| <i>EXPENDITURE</i> | 2007-08 | 2008-09 | 2009-10 | 2010-11 | % CHANGE |
| | ACTUAL | ACTUAL | ADOPTED | ADOPTED | 2010/11 FROM |
| | | | BUDGET | BUDGET | 2009/10 |
| GENERAL GOVERNMENT | 2,988 | 2,268 | 26,679 | 29,397 | 10% |
| OTHER APPROPRIATIONS | 30,000 | 405,540 | 917,073 | 867,073 | -5% |
| OTHER FINANCING SOURCES | | | 139,000 | 139,000 | 0% |
| RESERVES | - | - | 29,216 | 82,970 | 184% |
| SUBTOTAL | 32,988 | 407,808 | 1,111,968 | 1,118,440 | 1% |
| | | | | | |
| ENDING FUND BALANCE | \$416,651 | \$55,476 | N/A | N/A | N/A |

CAPITAL RESERVE FUND

By North Carolina General Statutes (GS159-18), local governments may establish and maintain a capital reserve fund for any purposes for which it may issue bonds. A capital reserve fund is established via an ordinance of the board, where funds are accumulated for each purpose. The Town has set aside funds for specific purposes as identified in the chart on the financial page. Below is a description of each project with a reserve account that has an existing balance in FY09-10.

Teal Place Sidewalk Installation

Brewer Lane Signal Crossings – The Town has been advised to setup signal crossings on Brewer Lane.

Streets – The Town sets aside reserves annually for street resurfacing.

Debt Service- funds set aside for future debt related to the Town's Capital Plan. The remainder of this allocation is used in the

FY10-11 budget to support debt service for the Fire Station.

PEG Funds – These are revenues transferred from the General Fund that are collected through the Time Warner Franchise. These funds support boardroom technology improvements.

Weaver St. Reconstruction – In FY09-10, following review of the annual CIP, the Board allocated additional reserves to support this project.

Rogers Road and Smith Level sidewalk projects – In FY09-10, following review of the annual CIP, the Board allocated additional reserves to support these sidewalk projects planned with the bond-funded sidewalk program.

Undesignated – Reserves generated from unexpended project funds and interest earnings within the fund that are not currently designated by the Board.

| CAPITAL RESERVE FUND | | | | | |
|--|------------------|------------------|------------------|------------------|---------------------|
| <i>REVENUE</i> | 2007-08 | 2008-09 | 2009-10 | 2010-11 | % CHANGE |
| | ACTUAL | ACTUAL | ADOPTED | ADOPTED | 2010/11 FROM |
| | | | BUDGET | BUDGET | 2009/10 |
| BEGINNING FUND BALANCE | 1,104,849 | 539,105 | N/A | N/A | N/A |
| INVESTMENT EARNINGS | 35,255 | 14,737 | - | - | 0% |
| OTHER REVENUES | 2,087 | 1,721 | - | - | 0% |
| OTHER FINANCING SOURCES | 351,914 | 1,121,099 | - | - | 0% |
| FUND BAL APPROP | - | - | 544,806 | 176,945 | -68% |
| SUBTOTAL | 389,256 | 1,137,557 | 544,806 | 176,945 | -68% |
| <i>EXPENDITURE</i> | | | | | |
| | 2007-08 | 2008-09 | 2009-10 | 2010-11 | % CHANGE |
| | ACTUAL | ACTUAL | ADOPTED | ADOPTED | 2010/11 FROM |
| | | | BUDGET | BUDGET | 2009/10 |
| OTHER FINANCING SOURCES | 955,000 | | 544,806 | 176,945 | -68% |
| SUBTOTAL | 955,000 | - | 544,806 | 176,945 | -68% |
| ENDING FUND BALANCE | 539,105 | 1,676,662 | N/A | N/A | N/A |
| RESERVES AVL FOR: | | | | | |
| | 6/30/2008 | 6/30/2009 | 6/30/2010 | 6/30/2011 | |
| TEAL PLACE SIDEWALK INSTALLATION | 2,000 | 2,000 | 2,000 | 2,000 | |
| BREWER LANE SIGNAL CROSSINGS STREETS | 15,000 | 15,000 | 15,000 | 15,000 | |
| WEAVER ST RECONSTRUCTION | 251,809 | 453,531 | 150,510 | 451,190 | |
| PEG FUNDS FOR BOARD ROOM EQUIPMENT | - | - | 370,117 | 370,117 | |
| SMITH LEVEL ROAD SIDEWALKS, LOCAL MATCH | - | 6,099 | 18,099 | 30,099 | |
| ROGERS ROAD SIDEWALK | | | 207,000 | 207,000 | |
| DEBT SERVICE | - | - | 143,823 | 143,823 | |
| MISC CAPITAL PROJECTS | 50,868 | 50,868 | 50,868 | - | |
| UNDESIGNATED | 19,776 | 19,776 | - | - | |
| TOTAL RESERVES | 199,652 | 1,126,588 | 399,631 | 172,894 | |
| | 539,105 | 1,673,862 | 1,357,048 | 1,392,123 | |

PAYMENT IN LIEU RESERVE FUND

By North Carolina General Statutes (GS159-18), local governments may establish and maintain a capital reserve fund for any purposes for which it may issue bonds. A capital reserve fund is established via an ordinance of the board, where funds are accumulated for each purpose.

The Payment-in-Lieu Reserve Fund was established in 1985. Developers whose residential developments are required to provide on-site active recreational areas and open space areas may choose to make a payment-in-lieu of providing such facilities with Town approval.

These funds are held in reserve for one of four geographically defined quadrants of the town (where the residential development is located) for use in acquisition and

development of recreational facilities, present or future. A requisite of the payment use is that the improvement be reasonably expected to serve the subdivision from which the payment was made.

To date, the payment-in-lieu fund has supported two major recreational efforts. Within the Central quadrant, the Town has used payment-in-lieu funds to purchase land on Hillsborough Road for a neighborhood park. Funds in the North quadrant subsidized the cost of designing soccer fields at the Smith Middle School – a collaborative intergovernmental effort with the Chapel Hill-Carrboro School System.

The project budget for these projects is located in the Capital Projects Fund.

| PAYMENT IN LIEU RESERVE FUND | | | | | |
|-------------------------------------|------------------|------------------|------------------|------------------|---------------------|
| <i>REVENUE</i> | 2007-08 | 2008-09 | 2009-10 | 2010-11 | % CHANGE |
| | ACTUAL | ACTUAL | ADOPTED | ADOPTED | 2010/11 FROM |
| | | | BUDGET | BUDGET | 2009/10 |
| BEGINNING FUND BALANCE | 130,853 | 135,641 | N/A | N/A | N/A |
| INVESTMENT EARNINGS | 4,788 | 1,670 | - | 0 | 0% |
| TRANSFERS | | | - | 0 | 0% |
| OTHER | | 5,429 | - | 0 | 0% |
| FUND BAL APPROP | | | - | 0 | 0% |
| SUBTOTAL | 4,788 | 7,099 | - | - | 0% |
| | | | | | |
| <i>EXPENDITURE</i> | 2007-08 | 2008-09 | 2009-10 | 2010-11 | % CHANGE |
| | ACTUAL | ACTUAL | ADOPTED | ADOPTED | 2010/11 FROM |
| | | | BUDGET | BUDGET | 2009/10 |
| TRANSFERS | | | - | 0 | 0% |
| UNEXPENDED RESERVES | | - | - | 0 | 0% |
| SUBTOTAL | - | - | - | - | 0% |
| | | | | | |
| ENDING FUND BALANCE | 135,641 | 142,740 | N/A | N/A | N/A |
| | | | | | |
| RESERVES AVL FOR: | 6/30/2008 | 6/30/2009 | 6/30/2010 | 6/30/2011 | |
| SIDEWALK: HARLAN GROUP | 3,062 | 3,062 | 3,062 | 3,062 | |
| SIDEWALK: WILSON PARK DEV | 5,180 | 5,180 | 5,180 | 5,180 | |
| SOUTH SECTOR | 16,530 | 16,530 | 16,530 | 16,530 | |
| CENTRAL SECTOR | 1,300 | 6,729 | 6,729 | 6,729 | |
| DOWNTOWN- UNDESIGNATED | 83,522 | 83,522 | 83,522 | 83,522 | |
| NORTH SECTOR | 2,442 | 2,442 | 2,442 | 2,442 | |
| UNRESERVED | 23,604 | 25,275 | 25,512 | 25,512 | |
| TOTAL RESERVES | 135,640 | 142,740 | 142,977 | 142,977 | |