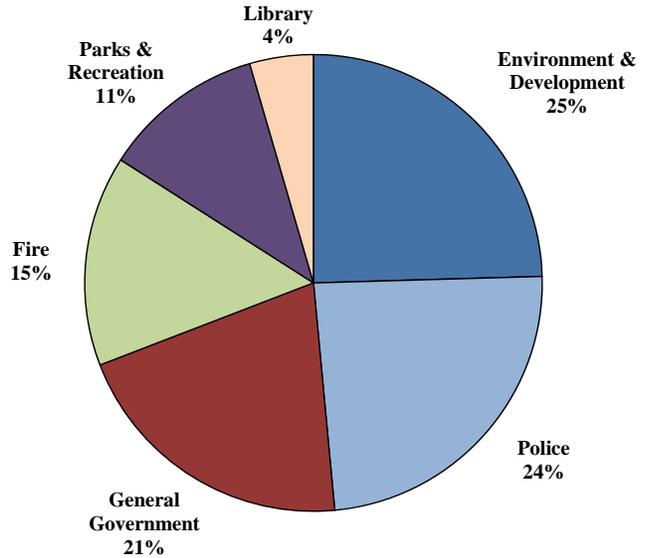


# GENERAL FUND

---

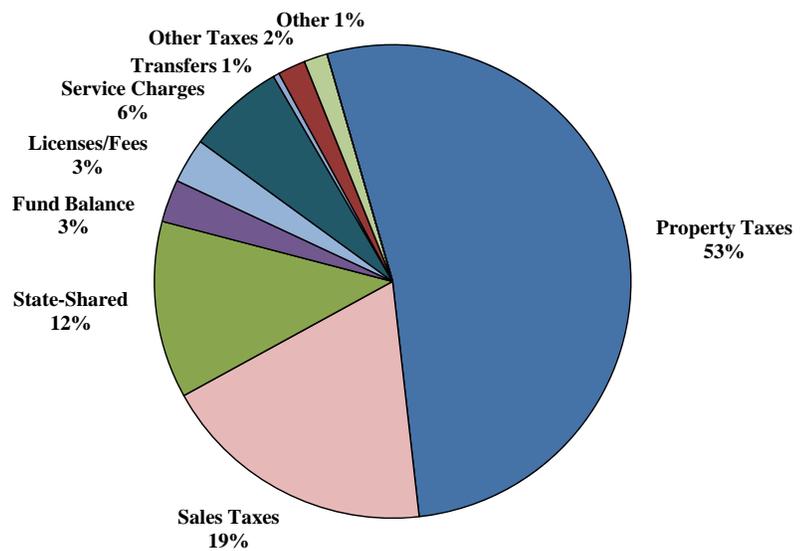
The General Fund is the general operating fund of the Town and is used to account for all revenues and expenditures except those required to be accounted for in another fund. The fund is established at the inception of a government and exists throughout the government's life.

### General Fund Expenditures



**Total \$52,564,000**

### General Fund Revenues



**GENERAL FUND  
BUDGET SUMMARY**

**EXPENDITURES**

	<b>2010-11 Actual</b>	<b>2011-12 Original Budget</b>	<b>2011-12 Revised Budget</b>	<b>2011-12 Estimated</b>	<b>2012-13 Adopted Budget</b>	<b>% Change from 2011-12</b>
General Government	\$ 10,144,183	\$ 9,931,696	\$ 11,945,678	\$ 11,351,893	\$ 10,846,159	9.2%
Environment & Development	12,584,361	13,000,796	13,199,243	12,925,076	12,904,050	-0.7%
Public Safety	19,059,817	19,412,433	19,539,201	19,194,196	20,433,094	5.3%
Leisure	7,986,798	8,195,075	8,367,631	8,185,376	8,380,697	2.3%
<b>Total</b>	<b>\$ 49,775,159</b>	<b>\$ 50,540,000</b>	<b>\$ 53,051,753</b>	<b>\$ 51,656,541</b>	<b>\$ 52,564,000</b>	<b>4.0%</b>

**REVENUES**

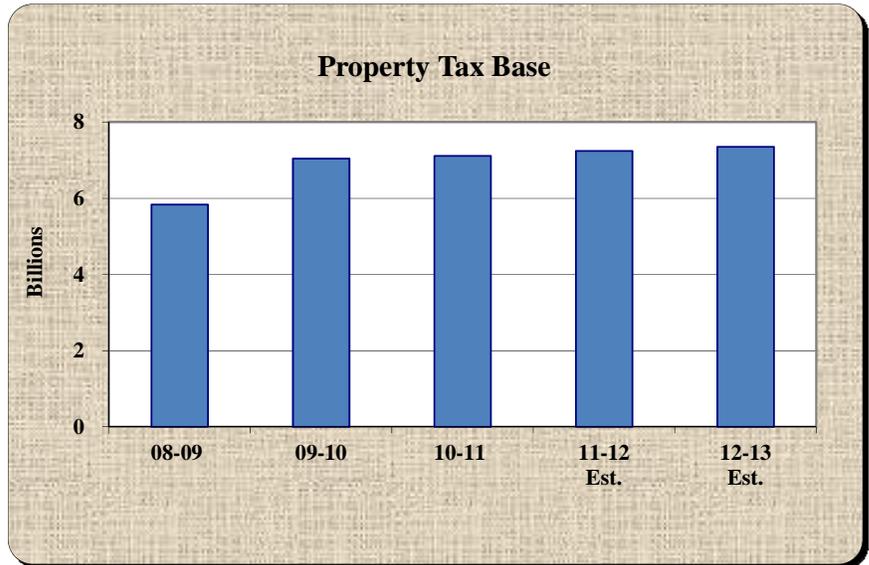
	<b>2010-11 Actual</b>	<b>2011-12 Original Budget</b>	<b>2011-12 Revised Budget</b>	<b>2011-12 Estimated</b>	<b>2012-13 Adopted Budget</b>	<b>% Change from 2011-12</b>
General Revenues:						
Property Taxes	\$ 25,805,698	\$ 27,264,000	\$ 27,264,000	\$ 27,292,000	\$ 27,680,000	1.5%
Sales Taxes	8,941,462	9,004,500	9,155,049	9,485,500	9,870,000	9.6%
Other Tax and Licenses	923,823	852,000	852,000	937,000	987,000	15.8%
State-Shared Revenues	6,481,587	6,406,050	6,406,050	6,348,758	6,360,630	-0.7%
Interest on Investments	37,166	45,000	45,000	12,000	20,000	-55.6%
Other Revenues	586,268	251,250	317,036	241,880	233,240	-7.2%
Grants	524,622	201,550	548,629	465,523	582,253	188.9%
Charges for Services	3,644,964	3,321,806	3,234,806	3,080,146	3,471,081	4.5%
Licenses/Permits/Fines	1,512,344	1,712,320	1,712,320	1,531,950	1,609,663	-6.0%
Transfers/Other Sources	192,876	359,919	206,919	95,773	221,511	-38.5%
Appropriated Fund Balance	1,124,349	1,121,605	3,309,944	2,166,011	1,528,622	36.3%
<b>Total</b>	<b>\$ 49,775,159</b>	<b>\$ 50,540,000</b>	<b>\$ 53,051,753</b>	<b>\$ 51,656,541</b>	<b>\$ 52,564,000</b>	<b>4.0%</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 based our estimate on historic trends and current information from Orange and Durham Counties for the overall tax base. The tax base for 2012-13 is estimated to be about \$7,353,675,000 with 1 cent on the tax rate equivalent to about \$728,000.



The combined property tax revenue we anticipate for 2012-13 totals about \$36.1 million, with \$28 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 \$900,000 in the current year and about \$950,000 in 2012-13. Revenue trends are affected by University events and general economic conditions.

# GENERAL FUND

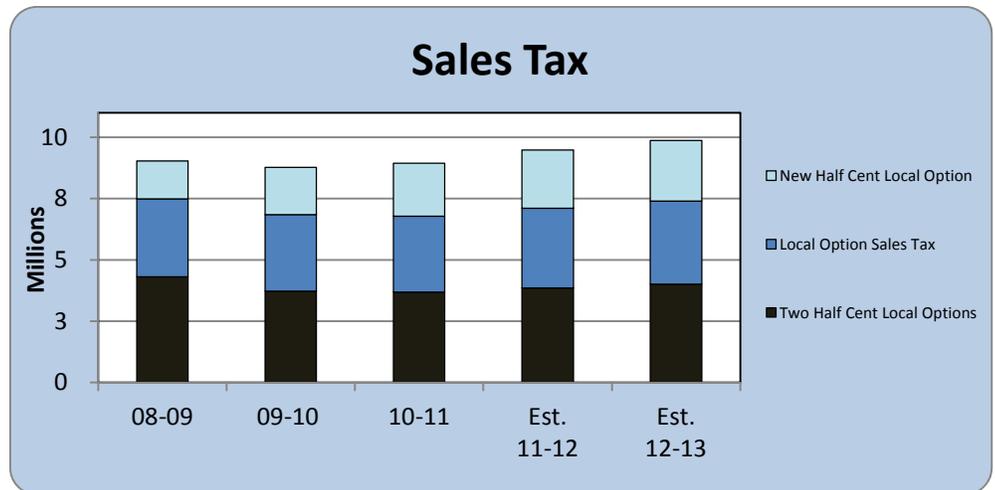
## Major Revenue Sources - Descriptions and Estimates

### State-Collected Revenues

#### Sales Taxes

Due to the recent economic upturn, sales tax revenue is expected to come in about \$480,000 over budget in 2011-12. This can be attributed to uncertainties that we faced with budget preparation for FY12.

Recent 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% in sales taxes for FY13. We estimate combined sales taxes of about \$9,870,000 for 2012-13. 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 \$1,408,128 in 2011-12, about the same as prior year. For 2012-13, we anticipate revenues will hold the line at around \$1,400,000.

#### State Fire Protection Funds

We are expecting about \$1,088,630 in State Fire Protection Funds in the current year, and we expect about the same level of funding from this source in 2012-13.

#### 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 2011-12, and we expect no increase in 2012-13.

# 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 \$35,000 next year.

### 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 \$237,000 for the current year and next year.

In summary, we estimate State-collected revenues would total about \$16,230,630 for next year.

### Other Revenue Sources

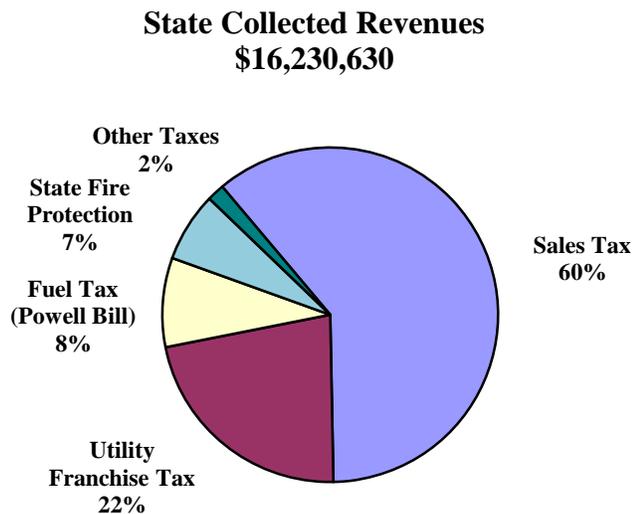
#### Grants

This category of revenue includes certain recurring local and State grants totaling about \$582,000 for 2012-13. 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 and the Town's Library. The adopted budget for 2012-13 includes level funding from the County at \$83,700 for the Parks and Recreation supplement. The adopted 2012-13 budget includes \$353,276 in Orange County funding to support the Chapel Hill Library, a 3% increase over the FY12 allocation per the new agreement with the County. The State appropriation for Library services is budgeted at \$32,217. Local grants also include a reimbursement from the NC DOT for a portion of the costs of the Traffic Signal Analyst position that has been added for FY13.

#### Charges for Services

Service Charges for various Town services and programs (including zoning compliance review and Parks and Recreation programs) are estimated to come in short of budget in the current year by about \$150,000. This can be attributed to revenues shortfalls in street cuts, traffic signals, library fines and various planning and zoning fees. However, charges for services are expected to increase from \$3,322,000 to about \$3,470,000 in



# ***GENERAL FUND***

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

---

2012-13 due in large part to continued increases in Parks & Recreation program usage and fee increases.

This category also 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 2012-13, these include estimates of \$76,000 from Parking Enterprise Funds, \$106,000 from the Stormwater Management Fund, and \$1,018,000 from the Transit Enterprise Fund.

### *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 \$230,000 due to further decline in inspection permits. Total licenses and permits are expected to rebound slightly in 2012-13, with a budget of about \$1.6 million.

### *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 \$33,000 in the current year and to generate only about \$20,000 next year.

### **Miscellaneous, Transfers, Net Assets (Fund Balance)**

#### *Miscellaneous Revenues*

The primary miscellaneous revenues include the sale of cemetery plots and equipment, court cost reimbursements, and donations (Carol Woods). Miscellaneous revenues are expected to total about \$242,000 for 2011-12 and \$233,000 for 2012-13.

#### *Transfers*

Transfers include a transfer of \$45,000 for 2012-13 from the Library Gift Fund for Library purposes. This section also includes a transfer from On-Street Parking in the amount of \$177,000 for 2012-13, which represents the amount of anticipated revenues in excess of expenditures.

#### *Fund Balance*

This appropriation represents a use of net assets (fund balance) for general operations. We are currently budgeted to use \$3.1 million of fund balance in 2011-12, but through cost-cutting measures, will use only about \$2.1 million. The annual budget includes the use of about \$1,528,000 in 2012-13 to maintain service levels.

# **GENERAL FUND**

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

---

### **Summary of Revenues**

In summary, the annual budget includes \$52.6 million in General Fund revenues, including the use of about \$1,528,000 of fund balance.

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

	<b>11-12 Revised Budget</b>	<b>11-12 Estimated</b>	<b>12-13 Adopted Budget</b>
Property Taxes	\$ 27,264,000	\$ 27,292,000	\$ 27,680,000
Sales Taxes	9,004,500	9,485,500	9,870,000
Other State-Collected	6,406,050	6,348,758	6,360,630
Other Revenues	1,702,879	1,656,403	1,822,493
Licenses/Permits	1,712,320	1,531,950	1,609,663
Service Charges	3,234,806	3,080,146	3,471,081
Interfund Transfers	206,919	95,773	221,511
Fund Balance	3,139,944	2,075,462	1,528,622
<b>Total</b>	<b>\$ 52,671,418</b>	<b>\$ 51,565,992</b>	<b>\$ 52,564,000</b>

# **GENERAL FUND**

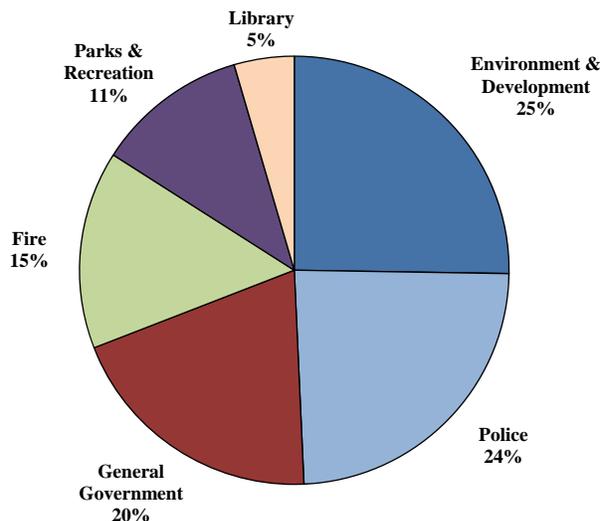
## ***Major Expenditures - Descriptions and Estimates***

---

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 \$52,564,000 for the 2012-13 budget.

The largest category of expenditures for the General Fund is Public Safety services, with Police Department expenditures of about \$12.6 million and Fire Department expenditures of about \$7.8 million.



Environment and Development is the second largest category in the General Fund at about \$12.9 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 \$6.0 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 \$10.8 million.

Non-departmental expenditures total \$4 million. Non-departmental expenditures include a transfer for capital improvements of \$594,000. \$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 \$421,000. For FY13, a transfer to the Transit Fund in the amount of \$364,000 has been included to cover increases to the Transit operation. 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 2012-13 budget include a 3% decrease, or about \$166,000 in group medical insurance for General Fund employees and retirees. The budget also includes a decrease to the employer contribution to the state retirement system from 6.88% to 6.74%, or about \$33,000, for General Fund employees.

Additional expenses in the budget include a 3% salary increase (\$621,000), increased costs for a partial year at the expanded Library (\$154,000), restoration of a portion of the street paving funds (\$111,000), increases to the transfer to CIP fund (\$160,000) for costs associated with the Fiber Network, increases in costs associated with becoming compliant with Federal Narrowbanding Regulations (\$91,000), increases due to the rise in fuel costs (\$120,000), restoration of funding for the 4<sup>th</sup> of July event (\$43,000), Public Safety software, equipment, and maintenance increases (\$159,000) and funds dedicated to the implementation of the Comprehensive Plan (\$170,000).

The 2012-13 Adopted Budget doesn't entirely restore the \$661,000 in street paving that was removed in FY2012 due to the use of two-thirds bonds. This budget also continues to suspend contributions for other post-employment benefits (\$400,000). The 2012-13 budget also fails to completely restore the pay-as-you-go CIP fund to the \$1 million level that has been historically budgeted (\$350,000).

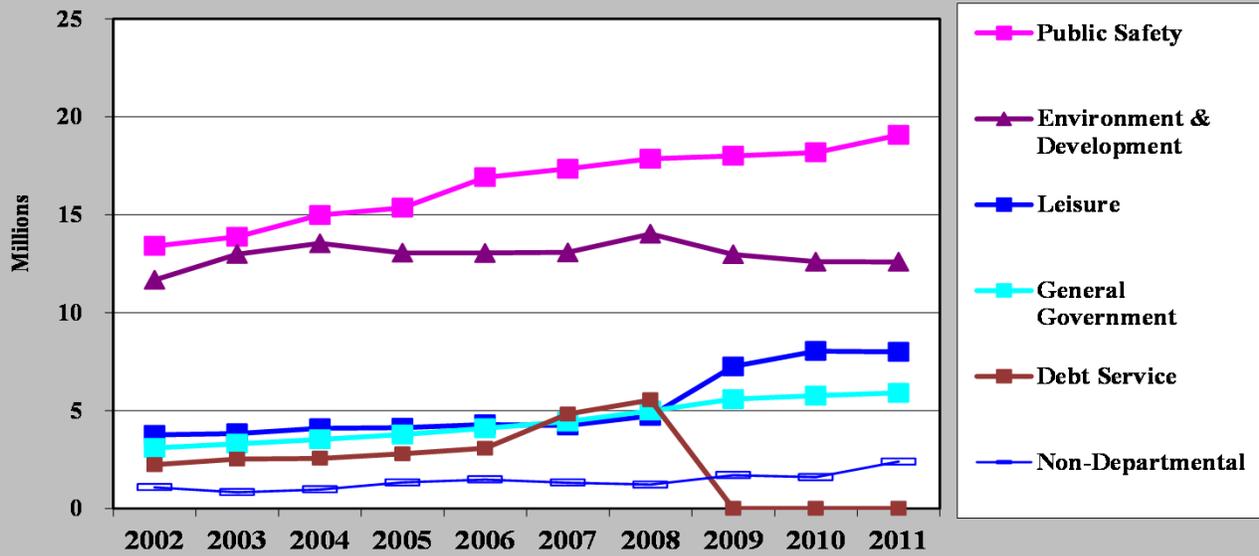
The table below shows expenditure levels for General Fund personnel, operating costs and capital outlay.

<b>EXPENDITURES</b>						
	<b>2010-11</b>	<b>2011-12</b>	<b>2011-12</b>	<b>2011-12</b>	<b>2012-13</b>	<b>% Change</b>
	<b>Actual</b>	<b>Original</b>	<b>Revised</b>	<b>Estimated</b>	<b>Adopted</b>	<b>from</b>
		<b>Budget</b>	<b>Budget</b>		<b>Budget</b>	<b>2011-12</b>
Personnel	34,547,873	36,183,810	35,599,137	35,107,145	36,836,767	1.8%
Operating Costs	13,979,528	13,794,271	16,828,810	15,901,090	14,951,933	8.4%
Capital Outlay	1,247,758	561,919	623,806	648,306	775,300	38.0%
<b>Total</b>	<b>49,775,159</b>	<b>50,540,000</b>	<b>53,051,753</b>	<b>51,656,541</b>	<b>52,564,000</b>	<b>4.0%</b>

# GENERAL FUND

## Major Expenditures - Descriptions and Estimates

### 10-Year Expenditure Trends



**GENERAL FUND  
EXPENDITURES BY DEPARTMENT**

	2010-11 Actual	2011-12 Original Budget	2011-12 Revised Budget	2011-12 Estimated	2012-13 Adopted Budget	% Change from 2011-12
<b>General Government</b>						
Mayor/Council	\$ 373,280	\$ 484,664	\$ 484,664	\$ 393,822	\$ 393,010	-18.9%
Manager/CaPA	1,672,367	1,818,297	1,861,131	1,777,969	1,905,924	4.8%
Human Resource Dev't	884,870	1,321,970	1,520,489	1,437,164	1,306,915	-1.1%
Business Management	2,685,780	2,766,889	3,034,319	2,929,654	2,923,007	5.6%
Town Attorney	278,496	294,448	295,461	294,655	296,834	0.8%
Non-Departmental	4,249,390	3,245,428	4,749,614	4,518,629	4,020,469	23.9%
<b>Subtotal</b>	<b>\$ 10,144,183</b>	<b>\$ 9,931,696</b>	<b>\$ 11,945,678</b>	<b>\$ 11,351,893</b>	<b>\$ 10,846,159</b>	<b>9.2%</b>
<b>Environment &amp; Development</b>						
Planning	\$ 1,204,203	\$ 1,530,158	\$ 1,637,209	\$ 1,420,407	\$ 1,481,340	-3.2%
Public Works	11,380,158	11,470,638	11,562,034	11,504,669	11,422,710	-0.4%
<b>Subtotal</b>	<b>\$ 12,584,361</b>	<b>\$ 13,000,796</b>	<b>\$ 13,199,243</b>	<b>\$ 12,925,076</b>	<b>\$ 12,904,050</b>	<b>-0.7%</b>
<b>Public Safety</b>						
Police	\$ 12,222,711	\$ 12,004,806	\$ 12,109,689	\$ 11,784,233	\$ 12,599,282	5.0%
Fire	6,837,106	7,407,627	7,429,512	7,409,963	7,833,812	5.8%
<b>Subtotal</b>	<b>\$ 19,059,817</b>	<b>\$ 19,412,433</b>	<b>\$ 19,539,201</b>	<b>\$ 19,194,196</b>	<b>\$ 20,433,094</b>	<b>5.3%</b>
<b>Leisure</b>						
Parks and Recreation	\$ 5,917,500	\$ 5,963,430	\$ 6,124,369	\$ 6,031,183	\$ 6,014,134	0.9%
Library	2,069,298	2,231,645	2,243,262	2,154,193	2,366,563	6.0%
<b>Subtotal</b>	<b>\$ 7,986,798</b>	<b>\$ 8,195,075</b>	<b>\$ 8,367,631</b>	<b>\$ 8,185,376</b>	<b>\$ 8,380,697</b>	<b>2.3%</b>
<b>General Fund Total</b>	<b>\$ 49,775,159</b>	<b>\$ 50,540,000</b>	<b>\$ 53,051,753</b>	<b>\$ 51,656,541</b>	<b>\$ 52,564,000</b>	<b>4.0%</b>

