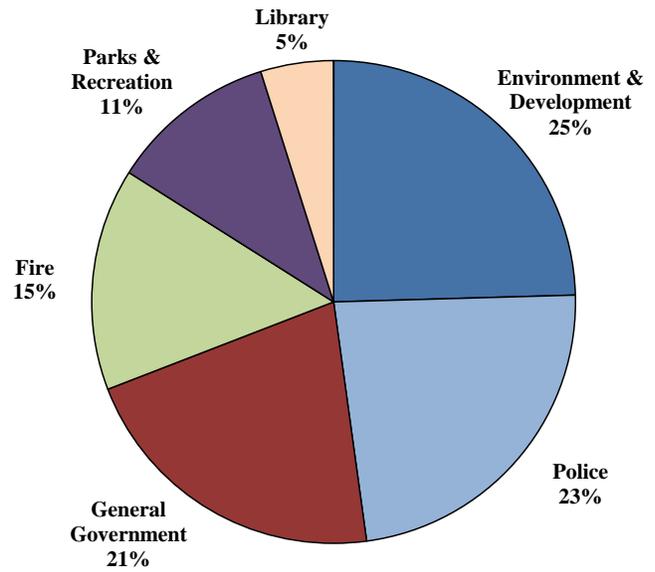


GENERAL FUND

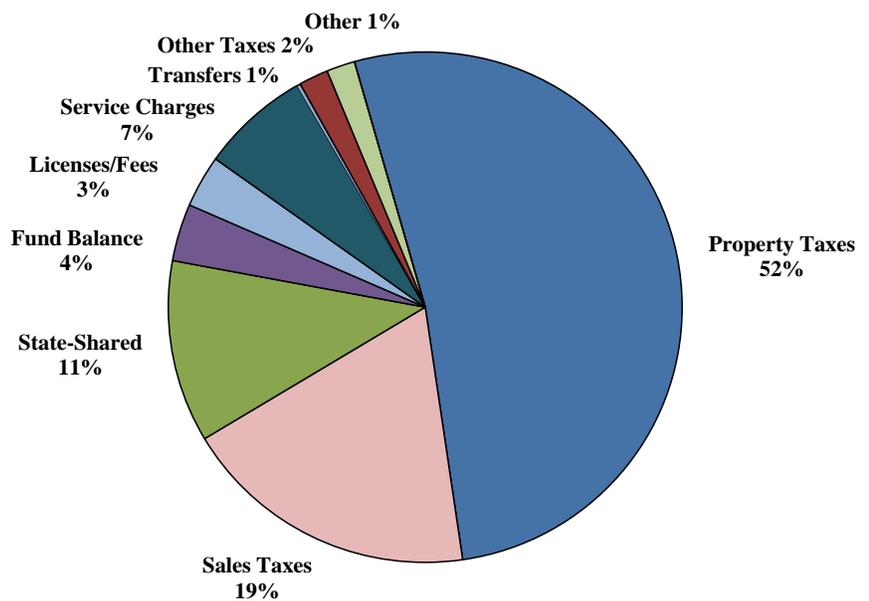
The General Fund is the general operating fund of the Town and is used to account for all revenues and expenditures except those required to be accounted for in another fund. The fund is established at the inception of a government and exists throughout the government's life.

General Fund Expenditures



Total \$54,788,500

General Fund Revenues



**GENERAL FUND
BUDGET SUMMARY**

EXPENDITURES

	2011-12 Actual	2012-13 Original Budget	2012-13 Revised Budget	2012-13 Estimated	2013-14 Adopted Budget	% Change from 2012-13
General Government	\$ 9,515,435	\$ 10,846,159	\$ 13,855,357	\$ 12,853,949	\$ 11,658,692	7.5%
Environment & Development	12,443,628	12,904,050	13,868,717	13,213,595	13,445,192	4.2%
Public Safety	18,982,493	20,433,094	20,836,463	20,851,803	20,907,614	2.3%
Leisure	8,033,609	8,380,697	8,735,311	8,314,474	8,777,002	4.7%
Total	\$ 48,975,165	\$ 52,564,000	\$ 57,295,848	\$ 55,233,821	\$ 54,788,500	4.2%

REVENUES

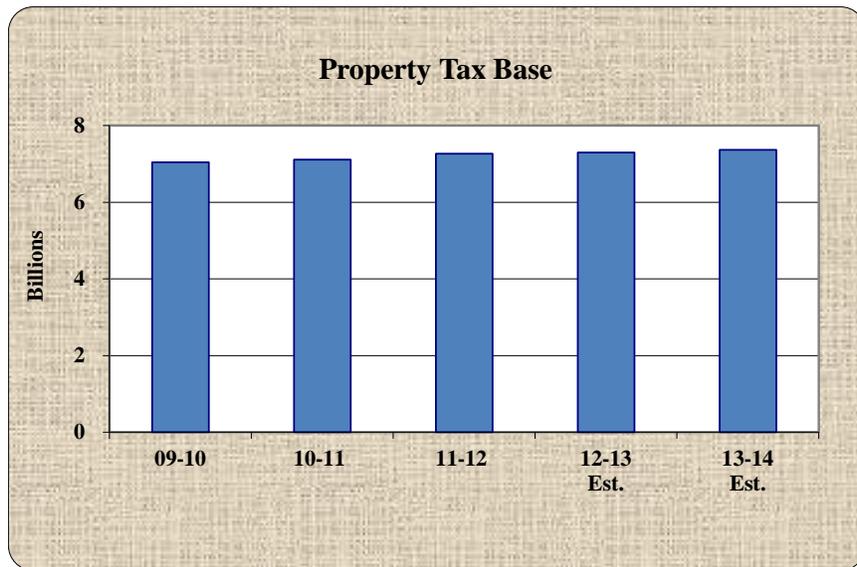
	2011-12 Actual	2012-13 Original Budget	2012-13 Revised Budget	2012-13 Estimated	2013-14 Adopted Budget	% Change from 2012-13
General Revenues:						
Property Taxes	\$ 27,421,495	\$ 27,680,000	\$ 27,680,000	\$ 27,550,000	\$ 28,550,000	3.1%
Sales Taxes	9,765,972	9,870,000	9,870,000	10,050,000	10,260,000	4.0%
Other Tax and Licenses	1,012,948	987,000	987,000	1,019,000	1,019,000	3.2%
State-Shared Revenues	6,411,555	6,360,630	6,360,630	6,370,764	6,318,630	-0.7%
Interest on Investments	14,679	20,000	20,000	20,000	20,000	0.0%
Other Revenues	386,472	233,240	595,907	307,826	252,300	8.2%
Grants	509,546	582,253	682,421	631,421	699,386	20.1%
Charges for Services	3,376,318	3,471,081	3,621,081	3,317,162	3,759,619	8.3%
Licenses/Permits/Fines	1,830,359	1,609,663	1,868,269	1,822,975	1,801,190	11.9%
Transfers/Other Sources	72,148	221,511	221,511	45,000	122,225	-44.8%
Appropriated Fund Balance	(1,826,327)	1,528,622	5,389,029	4,099,673	1,986,150	29.9%
Total	\$ 48,975,165	\$ 52,564,000	\$ 57,295,848	\$ 55,233,821	\$ 54,788,500	4.2%

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 2013-14 is estimated to be about \$7,368,520,000 with 1 cent on the tax rate equivalent to about \$729,000.



The combined property tax revenue we anticipate for 2013-14 totals about \$37.5 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 \$975,000 in the current year and about \$975,000 in 2013-14. Revenue trends are affected by University events and general economic conditions.

GENERAL FUND

Major Revenue Sources - Descriptions and Estimates

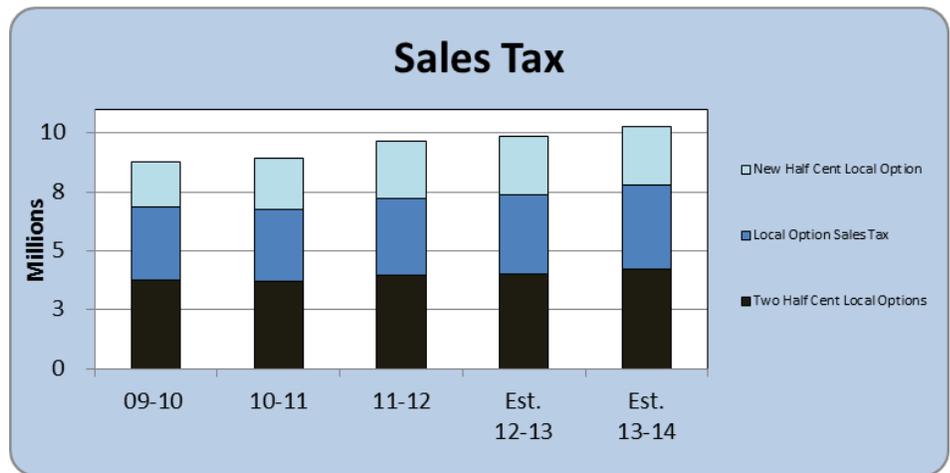
State-Collected Revenues

Sales Taxes

Due to the recent economic upturn, sales tax revenue is expected to come in about \$180,000 over budget in 2012-13. This can be attributed to uncertainties that we faced with budget preparation for FY13. 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 2% in sales taxes for FY14. We estimate combined sales taxes of about \$10,260,000 for 2013-14. 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 \$1,452,134 in 2012-13, about the same as prior year. For 2013-14, 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 2013-14.

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 2012-13, and we expect no increase in 2013-14.

GENERAL FUND

Major Revenue Sources - Descriptions and Estimates

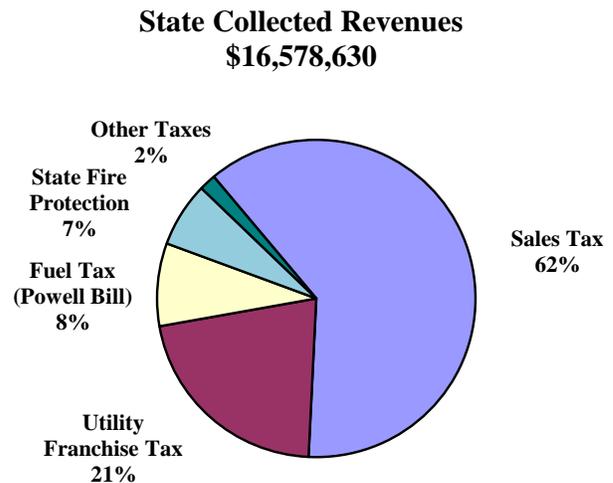
Solid Waste Disposal Tax

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 \$35,000 for the current year and \$40,000 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 \$240,000 next year.

In summary, we estimate State-collected revenues would total about \$16,578,630 for next year.



Other Revenue Sources

Grants

This category of revenue includes certain recurring local and State grants totaling about \$634,960 for 2013-14. 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 2013-14 includes level funding from the County at \$83,700 for the Parks and Recreation supplement. The adopted 2013-14 budget includes \$483,000 in Orange County funding to support the Chapel Hill Library, a 3% increase over the FY13 allocation per the new agreement with the County. The State appropriation for Library services is budgeted at \$15,000. Local grants also include a reimbursement from the NC DOT for a portion of the costs of the Traffic Signal Analyst position that was added in 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 parks programs. However, charges for services are expected to increase from \$3,471,000 to about \$3,760,000 in 2013-14 due in large part to an increase of \$280,000 for the Greater Chapel Hill Fire District.

GENERAL FUND

Major Revenue Sources - Descriptions and Estimates

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 2013-14, these include estimates of \$76,000 from Parking Enterprise Funds, \$105,000 from the Stormwater Management Fund, and \$1,030,000 from the Transit Enterprise Fund.

Licenses/Permits/Fines & Forfeitures

Revenue from licenses, permits, and fines, including privilege licenses and vehicle licenses, are expected to exceed the current year's budget by about \$75,000 due to an increase in inspection permits. Total licenses and permits are expected to continue this trend in 2013-14, with a budget of about \$1.8 million.

Interest on Investments

The General Fund share of interest earned on the Town's investments is recorded in this category. Investment income is expected to meet the current year's budget estimate of \$20,000 and generate 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 \$308,000 for 2012-13 and \$252,000 for 2013-14.

Transfers

Transfers include a transfer of \$45,000 for 2013-14 from the Library Gift Fund for Library purposes. This section also includes a transfer from On-Street Parking in the amount of \$77,225 for 2013-14, 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 \$5.4 million of fund balance in 2012-13, but through cost-cutting measures, will use only about \$4.1 million. The annual budget includes the use of about \$1,986,000 in 2013-14 to maintain service levels.

GENERAL FUND

Major Revenue Sources - Descriptions and Estimates

Summary of Revenues

In summary, the annual budget includes \$54.79 million in General Fund revenues, including the use of about \$1,986,000 of fund balance.

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

	12-13 Revised Budget	12-13 Estimated	13-14 Adopted Budget
Property Taxes	\$ 27,680,000	\$ 27,550,000	\$ 28,550,000
Sales Taxes	9,870,000	10,050,000	10,260,000
Other State-Collected	6,360,630	6,370,764	6,318,630
Other Revenues	2,285,328	1,978,247	1,990,686
Licenses/Permits	1,868,269	1,822,975	1,801,190
Service Charges	3,621,081	3,317,162	3,759,619
Interfund Transfers	221,511	45,000	122,225
Fund Balance	5,389,029	4,099,673	1,986,150
Total	\$ 57,295,848	\$ 55,233,821	\$ 54,788,500

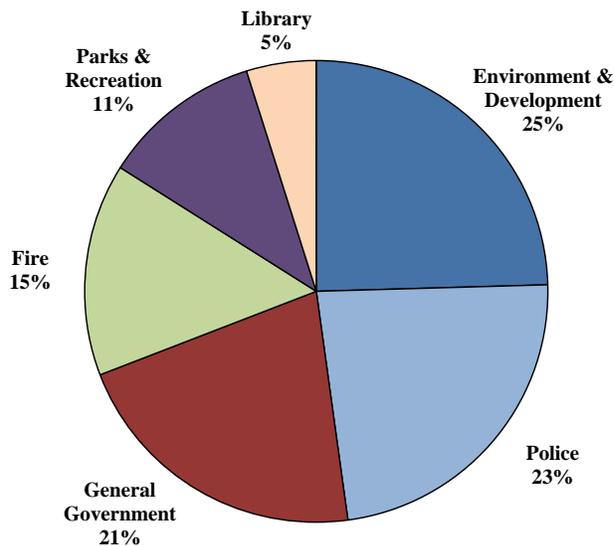
GENERAL FUND

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 \$54,788,500 for the 2013-14 budget.

The largest category of expenditures for the General Fund is Public Safety services, with Police Department expenditures of about \$12.8 million and Fire Department expenditures of about \$8.1 million.



Environment and Development is the second largest category in the General Fund at about \$13.4 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 60% of total General Fund expenditures.

Other General Fund services include Parks and Recreation programs totaling about \$6.1 million, Library services of \$2.6 million, and General Governmental activities (Administration, Communications & Public Affairs, Business Management, Human Resources, Attorney, and Non-Departmental) totaling about \$11.7 million.

Non-departmental expenditures total \$4.2 million. Non-departmental expenditures include a transfer for capital improvements of \$758,500. \$852,850 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 \$450,000. 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 2013-14 budget includes changes to medical insurance rates. The adopted budget includes an allowance for a 4% increase in rates for active employees and under-65 retirees, netted with a rate reduction for over-65 retirees of 12.4%. The total allowance is about \$63,000 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 6.74% to 7.07%, or about \$137,000, for General Fund employees.

Additional expenses in the budget include an allowance for a 2% salary increase (\$443,000), implementation of Phase I & II of the Class & Compensation Study (\$149,000), the establishment of a technology fund (\$270,000), increased costs for 10 additional hours at the expanded Library (\$248,746), increases to the transfer to CIP fund (\$164,500) for costs associated to the Ephesus Church/Fordham Construction Engineering, increases due to the expanded Library (\$115,000), increases due to transporting solid waste to Durham (\$355,000) and an increase funds dedicated to the implementation of the Comprehensive Plan (\$80,000).

The 2013-14 Adopted Budget doesn't 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 2013-14 budget also fails to completely restore the pay-as-you-go CIP fund to the \$1 million level that has been historically budgeted (\$171,500).

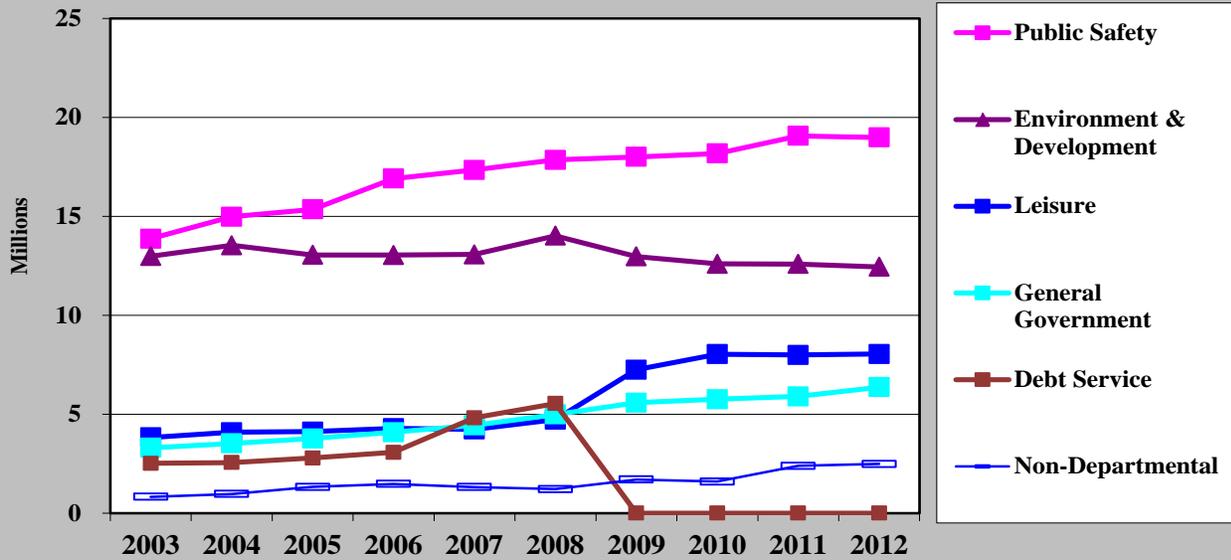
The table below shows expenditure levels for General Fund personnel, operating costs and capital outlay.

EXPENDITURES						
	2011-12 Actual	2012-13 Original Budget	2012-13 Revised Budget	2012-13 Estimated	2013-14 Adopted Budget	% Change from 2012-13
Personnel	34,804,711	36,836,767	37,122,931	36,455,063	38,441,118	4.4%
Operating Costs	13,594,861	14,951,933	18,264,244	16,936,565	15,441,882	3.3%
Capital Outlay	575,593	775,300	1,908,673	1,842,193	905,500	16.8%
Total	48,975,165	52,564,000	57,295,848	55,233,821	54,788,500	4.2%

GENERAL FUND

Major Expenditures - Descriptions and Estimates

10-Year Expenditure Trends



**GENERAL FUND
EXPENDITURES BY DEPARTMENT**

	2011-12 Actual	2012-13 Original Budget	2012-13 Revised Budget	2012-13 Estimated	2013-14 Adopted Budget	% Change from 2012-13
General Government						
Mayor/Council	\$ 396,947	\$ 393,010	\$ 406,126	\$ 387,367	\$ 436,573	11.1%
Manager/CaPA	1,688,491	1,905,924	2,165,181	2,086,375	2,410,088	26.5%
Human Resource Dev't	1,221,871	1,306,915	1,412,817	1,314,563	1,339,622	2.5%
Business Management	2,765,892	2,923,007	3,036,933	2,942,943	2,995,502	2.5%
Town Attorney	284,775	296,834	296,938	281,717	303,197	2.1%
Non-Departmental	3,157,459	4,020,469	6,537,362	5,840,984	4,173,710	3.8%
Subtotal	\$ 9,515,435	\$ 10,846,159	\$ 13,855,357	\$ 12,853,949	\$ 11,658,692	7.5%
Environment & Development						
Planning	\$ 1,320,735	\$ 1,481,340	\$ 1,594,795	\$ 1,382,163	\$ 1,425,972	-3.7%
Public Works	11,122,893	11,422,710	12,273,922	11,831,432	12,019,220	5.2%
Subtotal	\$ 12,443,628	\$ 12,904,050	\$ 13,868,717	\$ 13,213,595	\$ 13,445,192	4.2%
Public Safety						
Police	\$ 11,662,566	\$ 12,599,282	\$ 12,976,301	\$ 12,738,723	\$ 12,759,697	1.3%
Fire	7,319,927	7,833,812	7,860,162	8,113,080	8,147,917	4.0%
Subtotal	\$ 18,982,493	\$ 20,433,094	\$ 20,836,463	\$ 20,851,803	\$ 20,907,614	2.3%
Leisure						
Parks and Recreation	\$ 5,900,402	\$ 6,014,134	\$ 6,311,225	\$ 6,087,042	\$ 6,114,147	1.7%
Library	2,133,207	2,366,563	2,424,086	2,227,432	2,662,855	12.5%
Subtotal	\$ 8,033,609	\$ 8,380,697	\$ 8,735,311	\$ 8,314,474	\$ 8,777,002	4.7%
General Fund Total	\$ 48,975,165	\$ 52,564,000	\$ 57,295,848	\$ 55,233,821	\$ 54,788,500	4.2%

