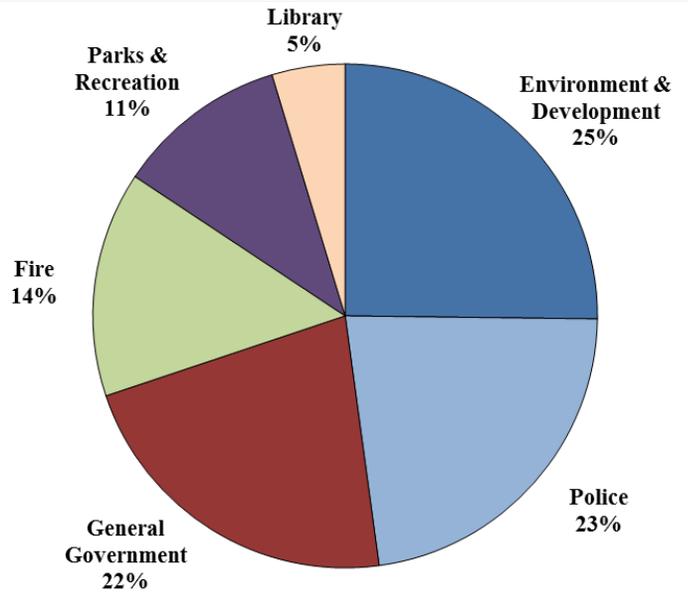


GENERAL FUND

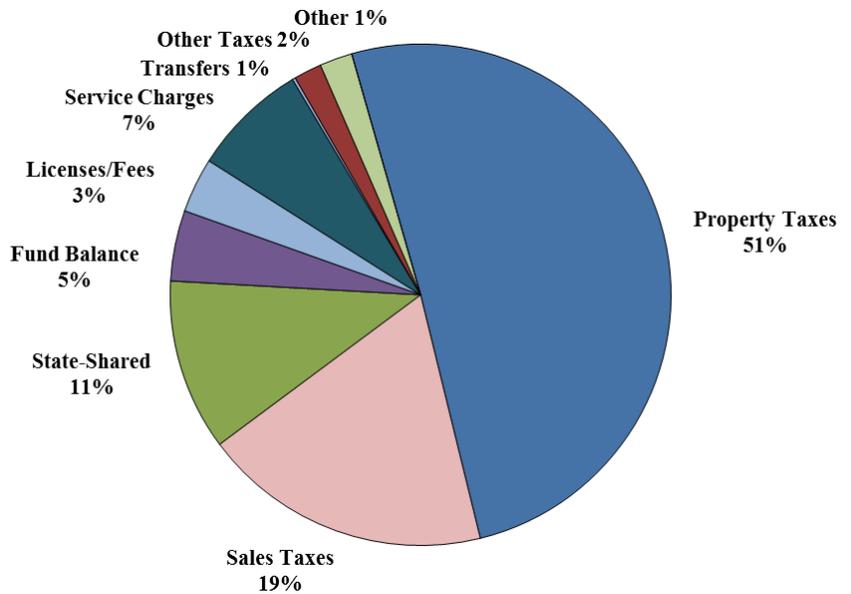
The General Fund is the general operating fund of the Town and is used to account for all revenues and expenditures except those required to be accounted for in another fund. The fund is established at the inception of a government and exists throughout the government's life.

General Fund Expenditures



Total \$58,274,000

General Fund Revenues



**GENERAL FUND
BUDGET SUMMARY**

EXPENDITURES

	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
General Government	\$ 11,274,675	\$ 11,658,692	\$ 14,411,783	\$ 13,807,217	\$ 12,827,060	10.0%
Environment & Development	12,586,543	13,445,192	14,984,209	13,731,645	14,681,331	9.2%
Public Safety	19,516,891	20,907,614	21,056,669	20,426,924	21,634,269	3.5%
Leisure	8,001,158	8,777,002	9,044,729	8,733,861	9,131,340	4.0%
Total	\$ 51,379,267	\$ 54,788,500	\$ 59,497,390	\$ 56,699,647	\$ 58,274,000	6.4%

REVENUES

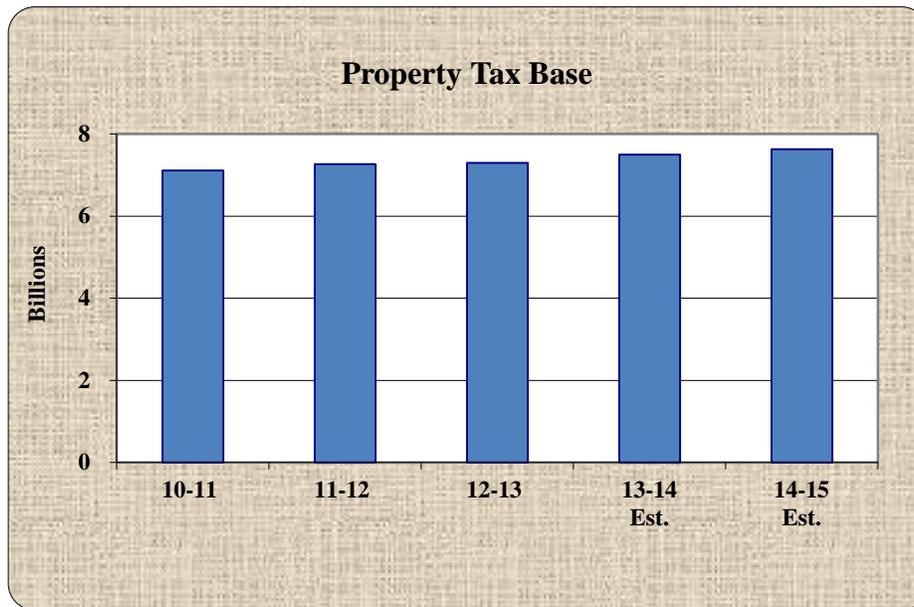
	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
General Revenues:						
Property Taxes	\$ 27,608,930	\$ 28,550,000	\$ 28,550,000	\$ 29,050,865	\$ 29,495,000	3.3%
Sales Taxes	10,049,246	10,260,000	10,260,000	10,260,000	10,875,600	6.0%
Other Tax and Licenses	1,040,208	1,019,000	1,019,000	1,043,600	1,044,000	2.5%
State-Shared Revenues	6,540,363	6,318,630	6,318,630	6,439,590	6,439,590	1.9%
Interest on Investments	19,293	20,000	20,000	21,104	21,000	5.0%
Other Revenues	729,698	252,300	283,599	499,628	417,360	65.4%
Grants	567,665	699,386	1,441,255	689,994	791,407	13.2%
Charges for Services	3,524,282	3,759,619	3,759,619	3,809,381	4,353,948	15.8%
Licenses/Permits/Fines	2,397,928	1,801,190	1,976,190	2,278,700	2,062,092	14.5%
Transfers/Other Sources	175,137	122,225	122,225	139,159	119,910	-1.9%
Appropriated Fund Balance	(1,273,483)	1,986,150	5,746,872	2,467,626	2,654,093	33.6%
Total	\$ 51,379,267	\$ 54,788,500	\$ 59,497,390	\$ 56,699,647	\$ 58,274,000	6.4%

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 2014-15 is estimated to be about \$7,627,590,000 with 1 cent on the tax rate equivalent to about \$755,000.



The combined property tax revenue we anticipate for 2014-15 totals about \$39.7 million, with \$29.4 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 \$985,000 in the current year and about \$985,000 in 2014-15. Revenue trends are affected by University events and general economic conditions.

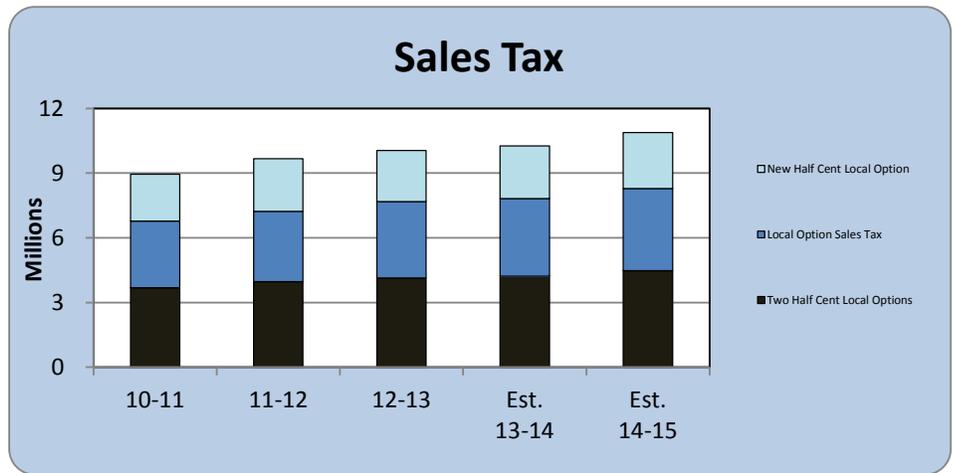
GENERAL FUND

Major Revenue Sources - Descriptions and Estimates

State-Collected Revenues

Sales Taxes

Sales tax revenue is expected to come in at budget in 2013-14. 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 6% in sales taxes for FY15. We estimate combined sales taxes of about \$10,875,600 for 2014-15. 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 \$1,490,000 in 2013-14, about the same as prior year. For 2014-15, we anticipate revenues will hold the line at around \$1,490,000.

State Fire Protection Funds

We are expecting about \$1,097,590 in State Fire Protection Funds in the current year, and we expect about the same level of funding from this source in 2014-15.

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 2013-14, and we expect no increase in 2014-15.

GENERAL FUND

Major Revenue Sources - Descriptions and Estimates

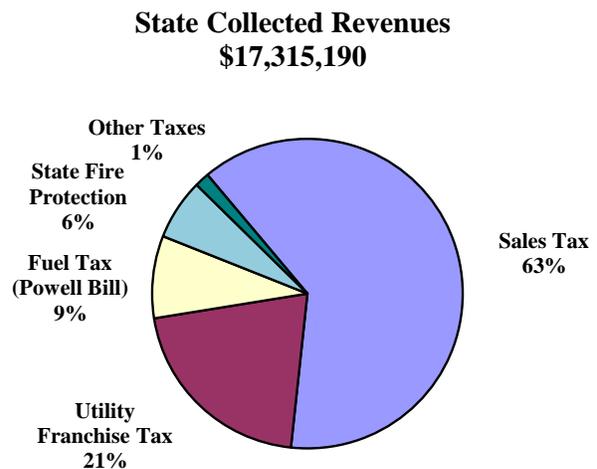
Solid Waste Disposal Tax

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 \$32,000 for the current year and \$32,000 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 \$230,000 for the current year and \$230,000 next year.

In summary, we estimate State-collected revenues would total about \$17,315,190 for next year.



Other Revenue Sources

Grants

This category of revenue includes certain recurring local and State grants totaling about \$721,197 for 2014-15. 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 2014-15 includes level funding from the County at \$83,700 for the Parks and Recreation supplement. The adopted 2014-15 budget includes \$498,000 in Orange County funding to support the Chapel Hill Library, a 3% increase over the FY14 allocation per the new agreement with the County. The State appropriation for Library services is budgeted at \$28,000. 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 exceed budget in the current year by about \$56,000. This can be attributed to revenue windfalls in police reimbursements, library fines and various parks programs. Charges for services are expected to increase from \$3,760,000 to about \$3,906,000 in 2014-15 due to continued growth and further increases in parks revenues.

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 2014-15, these include estimates of \$81,000 from Parking Enterprise Funds, \$110,000 from the Stormwater Management Fund, and \$1,143,000 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 \$303,000 due to an increase in inspection permits. Total licenses and permits are expected to continue this trend in 2014-15, with a budget of about \$2.1 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 \$21,000 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 \$500,000 for 2013-14 and \$417,000 for 2014-15.

Transfers

Transfers include a transfer of \$45,000 for 2014-15 from the Library Gift Fund for Library purposes. This section also includes a transfer from On-Street Parking in the amount of \$74,910 for 2014-15, 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 \$5.7 million of fund balance in 2013-14, but through cost-cutting measures, will use only about \$2.5 million. The annual budget includes the use of about \$2,655,000 in 2014-15 to maintain service levels.

GENERAL FUND

Major Revenue Sources - Descriptions and Estimates

Summary of Revenues

In summary, the annual budget includes \$58,274,000 in General Fund revenues, including the use of about \$2,654,000 of fund balance.

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

	13-14 Revised Budget	13-14 Estimated	14-15 Adopted Budget
Property Taxes	\$ 28,550,000	\$ 29,050,865	\$ 29,495,000
Sales Taxes	10,260,000	10,260,000	10,875,600
Other State-Collected	6,318,630	6,439,590	6,439,590
Other Revenues	2,032,385	2,254,326	2,273,767
Licenses/Permits	1,976,190	2,278,700	2,062,092
Service Charges	3,759,619	3,809,381	4,353,948
Interfund Transfers	122,225	139,159	119,910
Fund Balance	5,745,172	2,467,626	2,654,093
Total	\$ 58,764,221	\$ 56,699,647	\$ 58,274,000

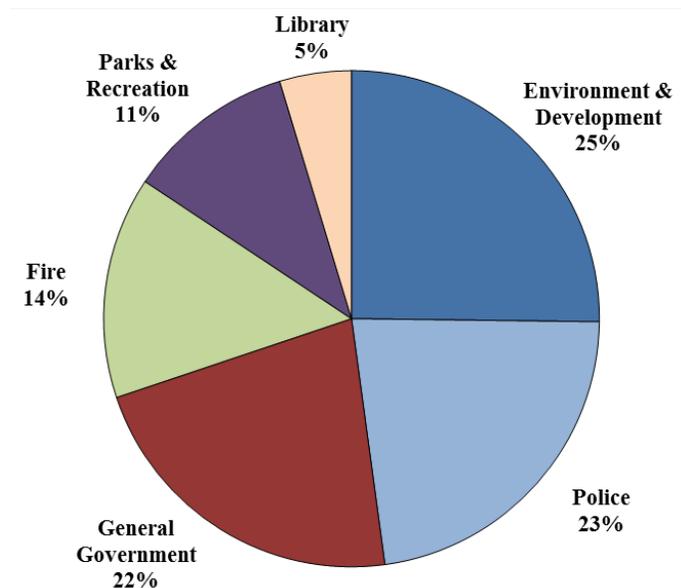
GENERAL FUND

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 \$58,274,000 for the 2014-15 budget.

The largest category of expenditures for the General Fund is Public Safety services, with Police Department expenditures of about \$13.2 million and Fire Department expenditures of about \$8.4 million.



Environment and Development is the second largest category in the General Fund at about \$14.7 million, including Planning, Inspections and Public Works which provide services of planning for growth, engineering, solid waste collection, maintenance of streets, inspections, and maintenance of Town facilities.

Police, Fire and Public Works together comprise about 58% of total General Fund expenditures.

Other General Fund services include Parks and Recreation programs totaling about \$6.4 million, Library services of \$2.7 million, and General Governmental activities (Administration, Communications & Public Affairs, Business Management, Human Resources, Attorney, and Non-Departmental) totaling about \$12.8 million.

Other General Fund services include Parks and Recreation

Non-departmental expenditures total \$4.9 million. Non-departmental expenditures include a transfer for capital improvements of \$779,000. \$865,674 is included in the annual budget for distribution to other agencies in support of human services, cultural and arts programs, economic development, and for development of affordable housing as adopted by the Council. The budget for liability and property insurance totals \$450,000.

GENERAL FUND

Major Expenditures - Descriptions and Estimates

Significant changes in the 2014-15 budget includes changes to medical insurance rates. The adopted budget includes a 7.0% increase in rates for active employees and under-65 retirees, or about \$340,000. The budget also includes an increase to the employer contribution to the state retirement system from 7.07% to 7.17%, or about \$26,000, for General Fund employees.

Additional expenses in the budget include a 3% of market rate salary adjustment (\$683,000), restoration of street paving funding (\$578,600), the establishment of a legal/investigations/demolition fund (\$100,000), increases to the transfer to CIP fund (\$20,500), increase of the equivalent of approximately 1 penny on the tax rate (\$688,395) for affordable housing initiatives such as the Northside community plan, five new positions in Finance, Fire, Inspections and Library (\$348,000), increases in training funds in various departments (\$75,000), increases for various one-time equipment purchases in Fire, Parks, and Public Works (\$83,000), additional funding for Halloween event safety (\$27,300), additional Library collections materials (\$25,000) and an increase in funding for solid waste disposal (\$24,000).

The 2014-15 Adopted Budget continues to fund retiree medical costs on a pay-as-you-go basis (\$941,850), but does not contribute towards the post-employment benefit liability. The budget completely restores the pay-as-you-go CIP to the \$1 million level that has been historically budgeted. The General Fund contribution is supplemented by 2/3 bonds proceeds (\$165,000).

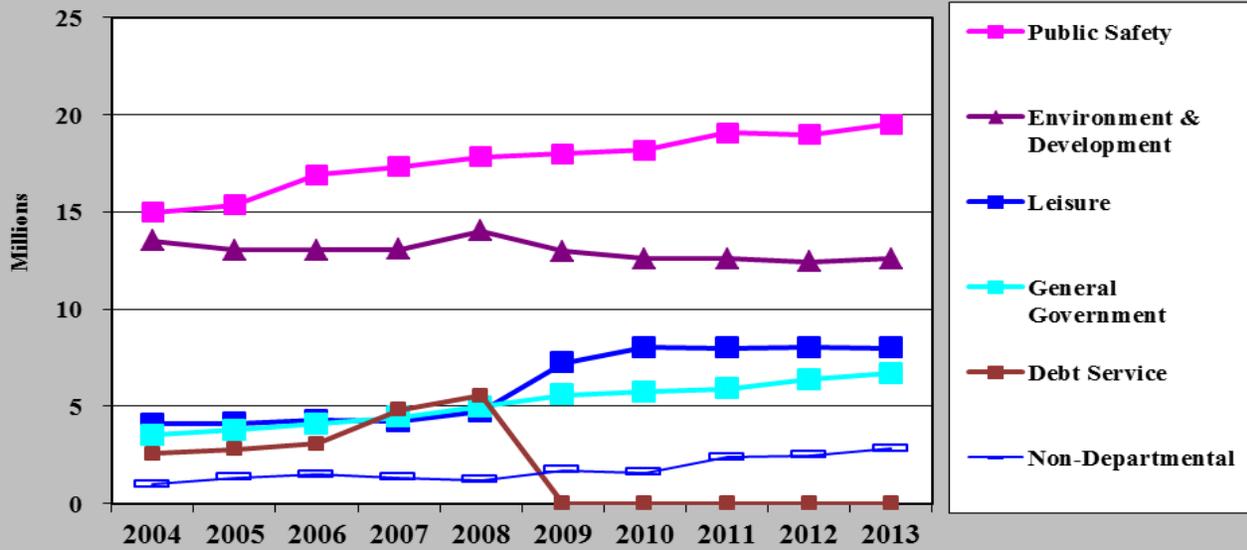
The table below shows expenditure levels for General Fund personnel, operating costs and capital outlay.

EXPENDITURES						
	2012-13	2013-14	2013-14	2013-14	2014-15	% Change
	Actual	Original Budget	Revised Budget	Estimated	Adopted Budget	from 2013-14
Personnel	\$ 35,337,751	\$ 38,441,118	\$ 38,480,153	\$ 36,993,615	\$ 40,450,250	5.2%
Operating Costs	14,009,380	15,441,882	18,060,831	17,480,045	16,932,744	9.7%
Capital Outlay	2,032,136	905,500	2,223,237	2,225,987	891,006	-1.6%
Total	\$ 51,379,267	\$ 54,788,500	\$ 58,764,221	\$ 56,699,647	\$ 58,274,000	6.4%

GENERAL FUND

Major Expenditures - Descriptions and Estimates

10-Year Expenditure Trends



GENERAL FUND
EXPENDITURES BY DEPARTMENT

	2012-13 Actual	2013-14 Original Budget	2013-14 Revised Budget	2013-14 Estimated	2014-15 Adopted Budget	% Change from 2013-14
General Government						
Mayor/Council	\$ 390,585	\$ 436,573	\$ 442,073	\$ 437,869	\$ 417,068	-4.5%
Manager/CaPA	2,042,640	2,410,088	2,423,405	2,317,607	2,504,747	3.9%
Human Resource Dev't	1,158,268	1,339,622	1,427,545	1,320,050	1,468,795	9.6%
Finance	1,557,826	1,668,711	1,698,239	1,594,541	1,822,728	9.2%
Technology Solutions	1,254,127	1,326,791	1,394,203	1,367,697	1,428,111	7.6%
Town Attorney	272,643	303,197	353,197	348,133	308,660	1.8%
Non-Departmental	4,598,586	4,173,710	6,670,337	6,421,320	4,876,951	16.8%
Subtotal	\$ 11,274,675	\$ 11,658,692	\$ 14,408,999	\$ 13,807,217	\$ 12,827,060	10.0%
Environment & Development						
Planning	\$ 1,288,728	\$ 1,425,972	\$ 1,929,005	\$ 1,871,416	\$ 1,524,108	6.9%
Inspections	699,202	788,989	788,989	681,732	1,071,537	35.8%
Public Works	10,598,613	11,230,231	11,534,421	11,178,497	12,085,686	7.6%
Subtotal	\$ 12,586,543	\$ 13,445,192	\$ 14,252,415	\$ 13,731,645	\$ 14,681,331	9.2%
Public Safety						
Police	\$ 11,895,486	\$ 12,759,697	\$ 12,851,222	\$ 12,225,470	\$ 13,201,831	3.5%
Fire	7,621,405	8,147,917	8,205,447	8,201,454	8,432,438	3.5%
Subtotal	\$ 19,516,891	\$ 20,907,614	\$ 21,056,669	\$ 20,426,924	\$ 21,634,269	3.5%
Leisure						
Parks and Recreation	\$ 5,835,592	\$ 6,114,147	\$ 6,383,124	\$ 6,262,171	\$ 6,401,924	4.7%
Library	2,165,566	2,662,855	2,663,014	2,471,690	2,729,416	2.5%
Subtotal	\$ 8,001,158	\$ 8,777,002	\$ 9,046,138	\$ 8,733,861	\$ 9,131,340	4.0%
General Fund Total	\$ 51,379,267	\$ 54,788,500	\$ 58,764,221	\$ 56,699,647	\$ 58,274,000	6.4%

