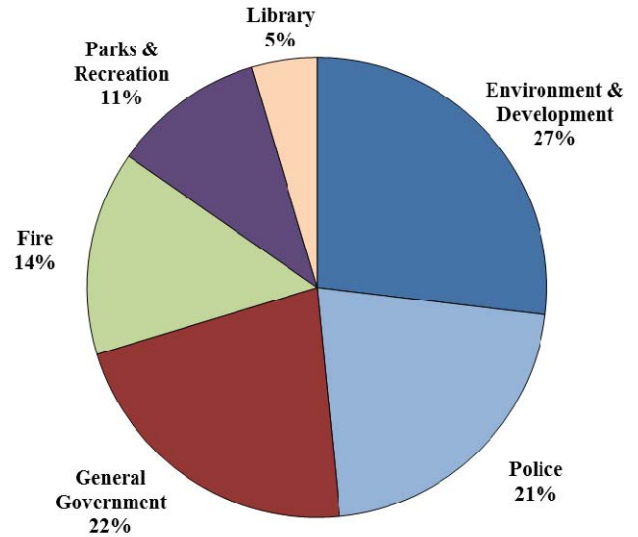


GENERAL FUND

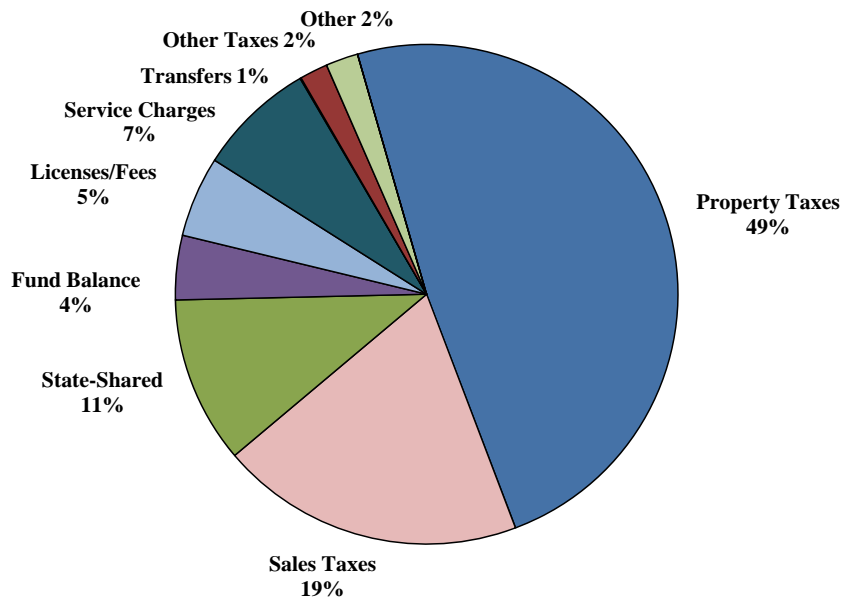
The General Fund is the general operating fund of the Town and is used to account for all revenues and expenditures except those required to be accounted for in another fund. The fund is established at the inception of a government and exists throughout the government's life.

General Fund Expenditures



Total \$61,701,000

General Fund Revenues



**GENERAL FUND
BUDGET SUMMARY**

EXPENDITURES

	2013-14 Actual	2014-15 Original Budget	2014-15 Revised Budget	2014-15 Estimated	2015-16 Adopted Budget	% Change from 2014-15
General Government	\$ 12,035,657	\$ 12,827,060	\$ 16,377,763	\$ 13,364,943	\$ 13,498,226	5.2%
Environment & Development	13,585,179	14,681,331	16,052,352	14,902,850	16,584,791	13.0%
Public Safety	19,876,000	21,634,269	21,919,283	20,758,652	22,163,345	2.4%
Leisure	8,277,166	9,131,340	9,387,862	8,965,999	9,454,638	3.5%
Total	\$ 53,774,002	\$ 58,274,000	\$ 63,737,260	\$ 57,992,444	\$ 61,701,000	5.9%

REVENUES

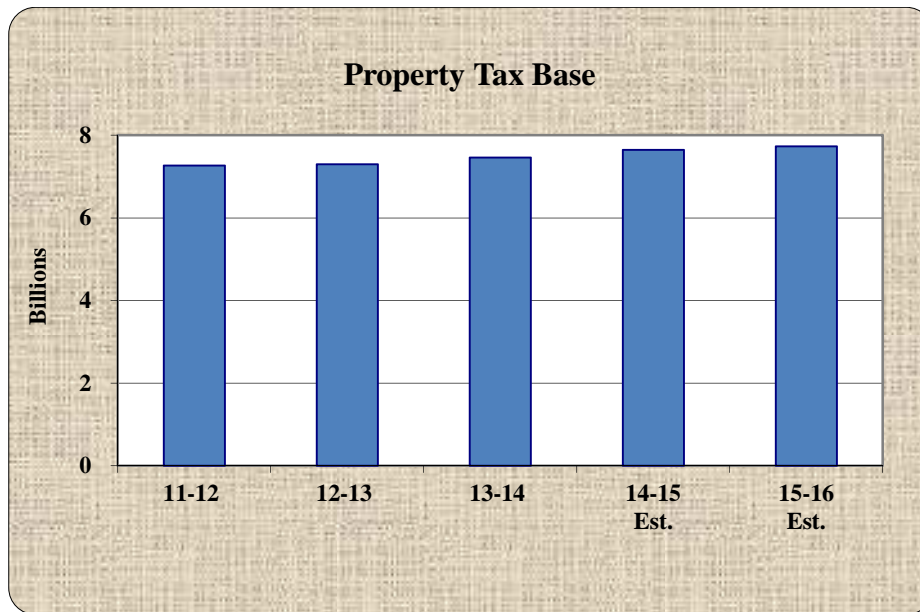
	2013-14 Actual	2014-15 Original Budget	2014-15 Revised Budget	2014-15 Estimated	2015-16 Adopted Budget	% Change from 2014-15
General Revenues:						
Property Taxes	\$ 29,044,174	\$ 29,495,000	\$ 29,495,000	\$ 29,696,000	\$ 29,970,000	1.6%
Sales Taxes	10,548,127	10,875,600	10,875,600	11,376,880	12,059,494	10.9%
Other Tax and Licenses	1,104,552	1,044,000	1,044,000	1,114,000	1,114,000	6.7%
State-Shared Revenues	6,582,802	6,439,590	6,439,590	6,657,265	6,649,590	3.3%
Interest on Investments	25,551	21,000	21,000	26,255	22,500	7.1%
Other Revenues	823,074	417,360	557,117	755,990	472,950	13.3%
Grants	1,371,187	791,407	883,571	872,778	782,114	-1.2%
Charges for Services	3,745,771	4,353,948	4,353,948	4,121,872	4,666,537	7.2%
Licenses/Permits/Fines	2,970,002	2,062,092	2,069,592	2,071,322	3,213,451	55.8%
Transfers/Other Sources	170,424	119,910	45,000	45,000	45,000	-62.5%
Appropriated Fund Balance	(2,611,662)	2,654,093	7,952,842	1,255,082	2,705,364	1.9%
Total	\$ 53,774,002	\$ 58,274,000	\$ 63,737,260	\$ 57,992,444	\$ 61,701,000	5.9%

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 2015-16 is estimated to be about \$7,725,370,000 with 1 cent on the tax rate equivalent to about \$765,000.



The combined property tax revenue we anticipate for 2015-16 totals about \$40.2 million, with \$30 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 \$1,050,000 in the current year and about \$1,050,000 in 2015-16. Revenue trends are affected by University events and general economic conditions.

GENERAL FUND

Major Revenue Sources - Descriptions and Estimates

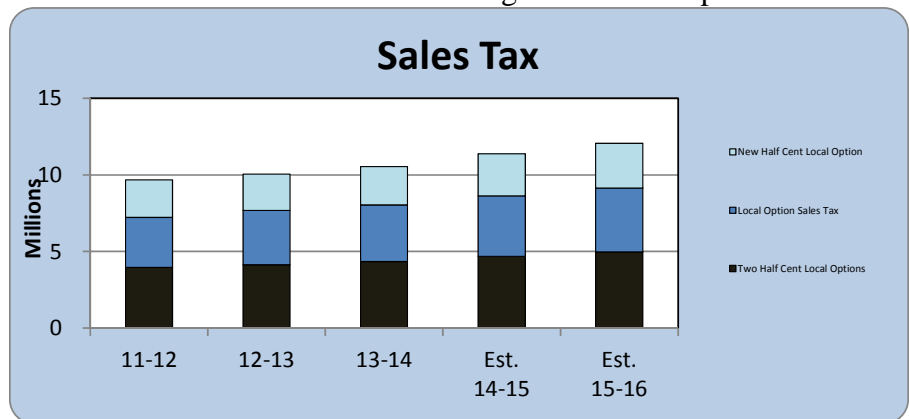
State-Collected Revenues

Sales Taxes

Sales tax revenue is expected to come in at around \$500,000 over budget in 2014-15. Growth was budgeted at 6% for FY15 and sales tax receipts have exceeded growth projections. 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 FY16. We estimate combined sales taxes of about \$11,376,900 for 2015-16.

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 2014-15, about the same as prior year. For 2015-16, 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 2015-16.

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 slightly higher the current year's budget for a total of about \$3.7 million in 2014-15, and we expect no increase in 2015-16.

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

In summary, we estimate State-collected revenues would total about \$18,709,084 for next year.

Other Revenue Sources

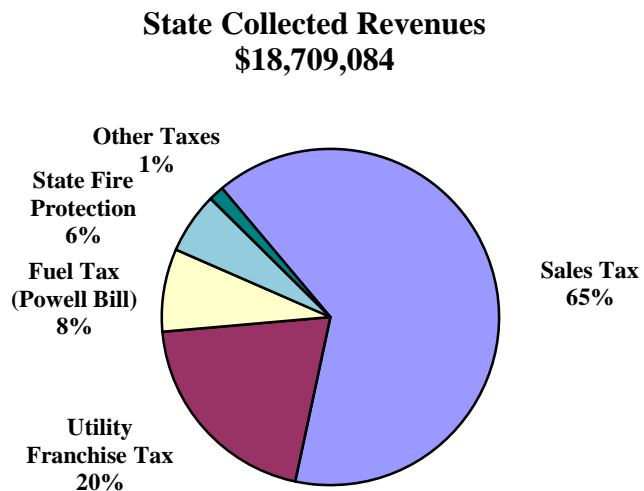
Grants

This category of revenue includes certain recurring local and State grants totaling about \$780,614 for 2015-16. 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 2015-16 includes level funding from the County at \$83,700 for the Parks and Recreation supplement. The adopted 2015-16 budget includes \$568,139 in Orange County funding to support the Chapel Hill Library, which is equal to the current year's allocation. The State appropriation for Library services is budgeted at \$28,715.

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 under budget in the current year by about \$230,000. This can be attributed to revenue related to the Ephesus Fordham Project not coming in as expected. Charges for services are expected to increase from \$4,354,000 to about \$4,667,000 in 2015-16 due to continued growth.



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 2015-16, these include estimates of \$82,000 from Parking Enterprise Funds, \$114,000 from the Stormwater Management Fund, and \$1,196,000 from the Transit Enterprise Fund.

Licenses/Permits/Fines & Forfeitures

Revenue from licenses, permits, and fines, are expected to exceed the current year's budget by about \$9,000 due to an increase in inspection permits offset by the elimination of the privilege license revenue. Total licenses and permits are expected to increase significantly in 2015-16 due to further growth in inspection permits and the addition of a fee for fire inspections, with a budget of about \$3.2 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 exceed the current year's budget estimate of \$21,000 and generate about \$22,500 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 \$417,000 for 2014-15 and \$467,000 for 2015-16.

Transfers

Transfers include a transfer of \$45,000 for 2015-16 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 \$6.8 million of fund balance in 2014-15, but through cost-cutting measures, will use only about \$1.4 million. The annual budget includes the use of about \$2,705,000 in 2015-16 to maintain service levels.

GENERAL FUND

Major Revenue Sources - Descriptions and Estimates

Summary of Revenues

In summary, the annual budget includes \$61.7 million in General Fund revenues, including the use of about \$2,705,000 of fund balance.

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

	14-15 Revised Budget	14-15 Estimated	15-16 Adopted Budget
Property Taxes	\$ 29,495,000	\$ 29,696,000	\$ 29,970,000
Sales Taxes	10,875,600	11,376,880	12,059,494
Other State-Collected	6,439,590	6,657,265	6,649,590
Other Revenues	2,505,688	2,769,023	2,391,564
Licenses/Permits	2,069,592	2,071,322	3,213,451
Service Charges	4,353,948	4,121,872	4,666,537
Interfund Transfers	45,000	45,000	45,000
Fund Balance	7,952,842	1,255,082	2,705,364
Total	\$ 63,737,260	\$ 57,992,444	\$ 61,701,000

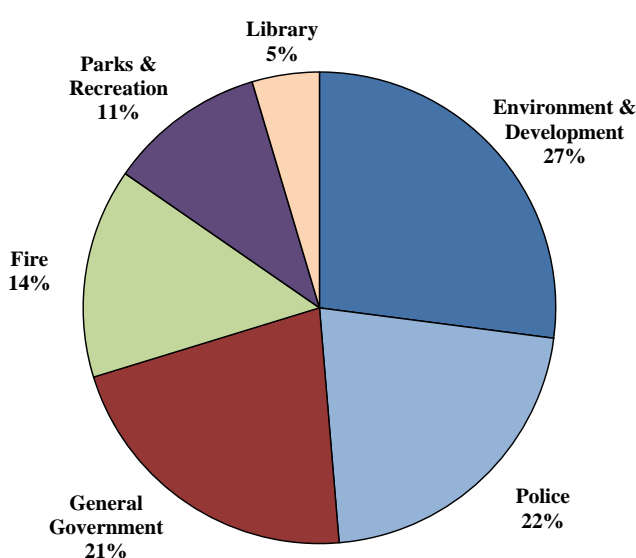
GENERAL FUND

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 \$61,701,000 for the 2015-16 budget.

The largest category of expenditures for the General Fund is Public Safety services, with Police Department expenditures of about \$13.3 million and Fire Department expenditures of about \$8.9 million.



Environment and Development is the second largest category in the General Fund at about \$16.6 million, including Planning & Sustainability, Housing & Community and Public Works which provide services of affordable housing, planning for growth, engineering, solid waste collection, maintenance of streets, inspections, and maintenance of Town facilities.

Police, Fire and Public Works together comprise about 56% of total General Fund expenditures.

Other General Fund services include Parks and Recreation programs totaling about \$6.6 million, Library services of \$2.8 million, and General Governmental activities (Administration, Communications & Public Affairs, Business Management, Human Resources, Attorney, and Non-Departmental) totaling about \$13.5 million.

Non-departmental expenditures total \$5.1 million. Non-departmental expenditures include a transfer for capital improvements of \$778,000. \$969,838 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 non-departmental budget also includes funding for the “penny for housing” (\$688,395), legal/investigations/demolition funds (\$100,000) and the Technology Fund (\$270,407). The budget for liability and property insurance totals \$400,000.

GENERAL FUND

Major Expenditures - Descriptions and Estimates

Significant changes in the 2015-16 budget includes changes to medical insurance rates. The adopted budget includes an 8.5% decrease in rates for active employees and under-65 retirees, or about \$359,000. The budget also includes a decrease to the employer contribution to the state retirement system from 7.07% to 6.67%, or about \$93,000, for General Fund employees.

Additional expenses in the budget include a 2% of market rate salary adjustment, once on the first payroll of July 2015 and again on the first payroll of January 2016 (\$1,030,000), increases in development related expenses in Planning & Sustainability, Public Works, Fire and Business Management (\$858,000), which includes 3 additional Inspectors, an additional Plans Reviewer, 2 Fire Inspectors, an additional Revenue Collector, Supplemental Development Plan Review and additional associated operating costs. Further additional expenses include an increase for staff dedicated to Risk Management (\$138,000), increased costs associated with the Parks & Recreation departmental reorganization (\$263,000), two additional IT Analyst positions (\$162,000), an additional position dedicated to Affordable Housing (\$100,000), a joint administrative position shared between Housing & Community and Planning & Sustainability (\$66,000), a new Customer Service Technician dedicated to the Permit Center (\$59,000), a new limited term Human Resources Consultant (\$83,000), a new Records Manager (\$69,000) and other various increases in training, equipment, supplies and technology (\$250,000).

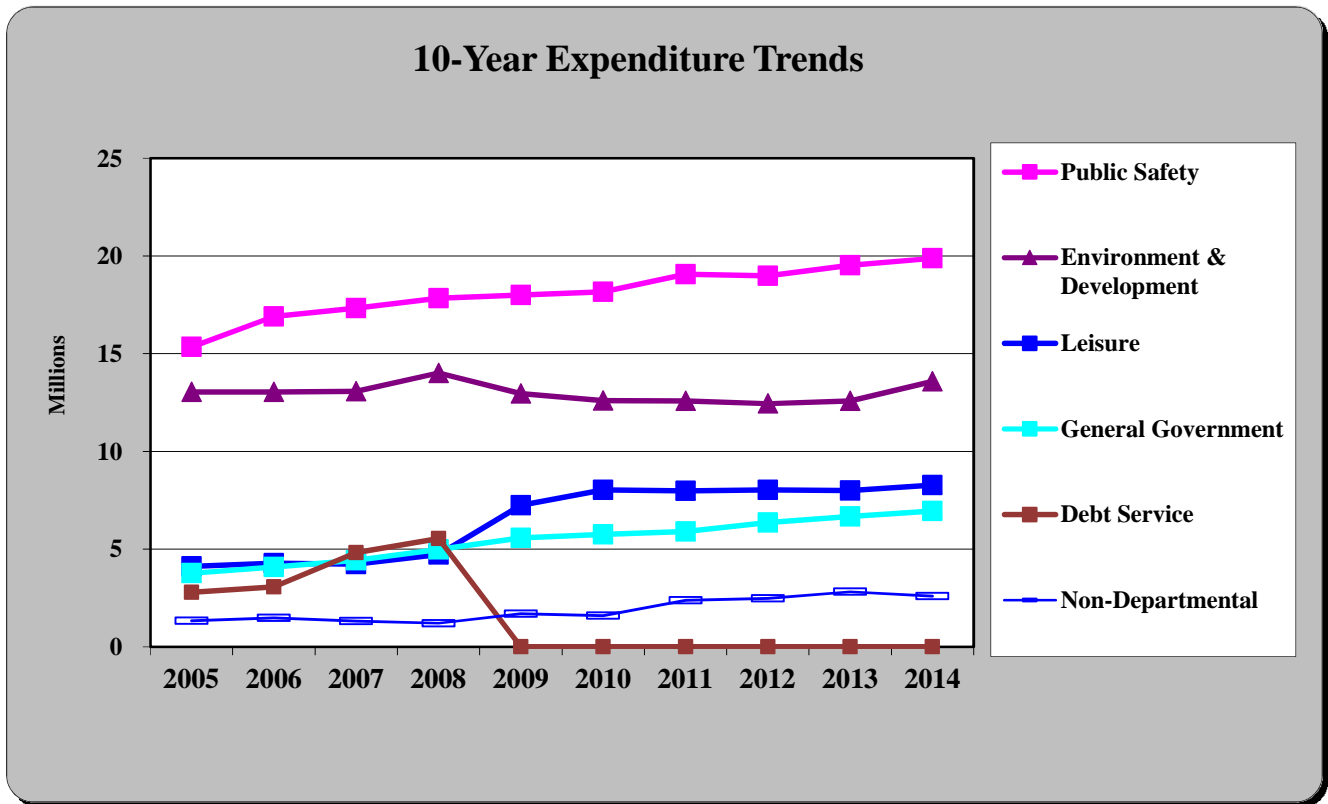
The 2015-16 Adopted Budget continues to fund retiree medical costs on a pay-as-you-go basis (\$925,000), but does not contribute towards the post-employment benefit liability. The budget increases funding for the Orange Community Housing & Loan Trust (\$100,000) and the Homeless Initiative (\$4,000). The budget also includes a transfer to the Transit Fund (\$116,000).

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

EXPENDITURES						
	2013-14 Actual	2014-15 Original Budget	2014-15 Revised Budget	2014-15 Estimated	2015-16 Adopted Budget	% Change from 2014-15
Personnel	\$ 36,186,994	\$ 40,450,250	\$ 40,084,055	\$ 38,270,718	\$ 43,090,519	6.5%
Operating Costs	15,089,756	16,932,744	21,220,611	17,320,732	17,771,953	5.0%
Capital Outlay	2,497,252	891,006	2,432,594	2,400,994	838,528	-5.9%
Total	\$ 53,774,002	\$ 58,274,000	\$ 63,737,260	\$ 57,992,444	\$ 61,701,000	5.9%

GENERAL FUND

Major Expenditures - Descriptions and Estimates



GENERAL FUND
EXPENDITURES BY DEPARTMENT

	2013-14 Actual	2014-15 Original Budget	2014-15 Revised Budget	2014-15 Estimated	2015-16 Adopted Budget	% Change from 2014-15
General Government						
Mayor/Council	\$ 433,204	\$ 417,068	\$ 424,468	\$ 423,919	\$ 471,270	13.0%
Manager/CaPA	2,228,917	2,504,747	2,230,188	2,145,938	2,364,707	-5.6%
Human Resource Dev't	1,128,773	1,468,795	1,558,545	1,440,286	1,708,151	16.3%
Business Management	1,546,311	1,822,728	1,826,454	1,723,182	1,996,679	9.5%
Technology Solutions	1,259,189	1,428,111	1,457,927	1,415,716	1,491,763	4.5%
Town Attorney	346,522	308,660	308,660	309,155	320,132	3.7%
Non-Departmental	5,092,741	4,876,951	8,571,521	5,906,747	5,145,524	5.5%
Subtotal	\$ 12,035,657	\$ 12,827,060	\$ 16,377,763	\$ 13,364,943	\$ 13,498,226	5.2%
Environment & Development						
Planning & Sustainability	\$ 2,226,704	\$ 2,595,645	\$ 3,143,679	\$ 2,671,949	\$ 3,743,215	44.2%
Housing & Community	-	-	465,000	393,597	599,491	N/A
Public Works	11,358,475	12,085,686	12,443,673	11,837,304	12,242,085	1.3%
Subtotal	\$ 13,585,179	\$ 14,681,331	\$ 16,052,352	\$ 14,902,850	\$ 16,584,791	13.0%
Public Safety						
Police	\$ 12,019,033	\$ 13,201,831	\$ 13,329,748	\$ 12,591,632	\$ 13,304,491	0.8%
Fire	7,856,967	8,432,438	8,589,535	8,167,020	8,858,854	5.1%
Subtotal	\$ 19,876,000	\$ 21,634,269	\$ 21,919,283	\$ 20,758,652	\$ 22,163,345	2.4%
Leisure						
Parks and Recreation	\$ 5,929,953	\$ 6,401,924	\$ 6,642,318	\$ 6,323,612	\$ 6,622,483	3.4%
Library	2,347,213	2,729,416	2,745,544	2,642,387	2,832,155	3.8%
Subtotal	\$ 8,277,166	\$ 9,131,340	\$ 9,387,862	\$ 8,965,999	\$ 9,454,638	3.5%
General Fund Total	\$ 53,774,002	\$ 58,274,000	\$ 63,737,260	\$ 57,992,444	\$ 61,701,000	5.9%

