

BUDGET ORDINANCE

Appendix 1

AN ORDINANCE CONCERNING THE ESTABLISHMENT OF THE TOWN BUDGET FOR THE FISCAL YEAR BEGINNING JULY 1, 2017 (2017-06-12/O-0.1)

BE IT ORDAINED by the Council of the Town of Chapel Hill, the following appropriations are hereby made:

ARTICLE I

GENERAL FUND

<u>Department</u>	<u>Department Total</u>
Mayor/Council	\$ 489,019
Town Manager	1,726,860
CAPA	854,919
Human Resources Development	1,742,803
Business Management	2,208,315
Technology Solutions	1,951,215
Attorney	348,947
Planning & Sustainability	2,185,755
Housing & Community	774,487
Public Works	12,273,397
Police	15,156,873
Fire	9,246,898
Parks and Recreation	7,375,935
Library	3,136,058
Non-Departmental	4,059,549
GENERAL FUND TOTAL	\$ 63,531,000

OTHER FUNDS

Transit Fund	\$ 22,875,992
Transit Capital Reserve Fund	1,067,000
Debt Service Fund	7,542,793
Vehicle Replacement Fund	1,446,395
Vehicle Maintenance Fund	1,409,849
Computer Replacement Fund	146,125
Public Housing Fund	2,304,199
On-Street Parking Fund	723,527
Off-Street Parking Facilities Fund	1,945,235
Library Gift Fund	244,505
Capital Improvements Fund	561,260
Downtown Service District Fund	382,838
Stormwater Management Fund	2,722,030
Grants Fund	404,640
TOTAL ALL FUNDS	\$ 107,307,388

ARTICLE II

It is estimated that the following revenues will be available during the fiscal year beginning July 1, 2017 and ending June 30, 2018 to meet the foregoing appropriations. It is determined that where estimated revenues are higher than the previous year, the increases were warranted.

GENERAL FUND

Property Taxes	\$ 29,635,000
Other Taxes & Licenses	1,300,000
State-Shared Revenues	21,746,517
Grants	779,963
Charges for Services	4,748,308
Licenses/Permits/Fines	2,129,153
Interest on Investments	50,000
Other Revenues	413,053
Transfers/Other Sources	45,000
Fund Balance Appropriated	2,684,006
General Fund Total	\$ 63,531,000

OTHER FUNDS

Transit Fund	\$ 22,875,992
Transit Capital Reserve Fund	1,067,000
Debt Service Fund	7,542,793
Vehicle Replacement Fund	1,446,395
Vehicle Maintenance Fund	1,409,849
Computer Replacement Fund	146,125
Public Housing Fund	2,304,199
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Downtown Service District Fund	382,838
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TOTAL ALL FUNDS	\$ 107,307,388

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ARTICLE III

There is hereby levied the following tax on each one hundred dollars (\$100) valuation of taxable property, located within the Town of Chapel Hill, as listed for taxes as of January 1, 2017 for the purpose of raising revenue from property tax as set forth in the foregoing estimates of revenues, and in order to finance the foregoing appropriations.

General Fund (for the payment of expenses of the Town of Chapel Hill)	\$0.376/\$100
Debt Service Fund (for the payment of expenses of the Town of Chapel Hill)	\$0.082/\$100
Transit Fund (for the payment of expenses related to transportation approved by referendum)	\$0.050/\$100
TOTAL	\$0.508/\$100

ARTICLE IV

There is hereby levied the following tax on each one hundred dollars (\$100) valuation of taxable property located in the Downtown Revitalization Municipal Service District established by the Town Council's resolution of June 12, 1989:

Downtown Service District Fund	\$0.070/\$100
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This the 12th day of June, 2017.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**Town of Chapel Hill
North Carolina**

For the Fiscal Year Beginning

July 1, 2016

A handwritten signature in black ink, reading "Jeffrey R. Emswiler".

Executive Director

Performance Agreements with Other Agencies

	2016-17 Adopted Budget	2017-18 Adopted Budget
Performance Agreements with Other Agencies		
Human Services		
Human Services Advisory Board Recommendations	\$ 411,500	\$ 419,500
Total Human Services	411,500	419,500
Environment		
Piedmont Wildlife	1,000	500
Total Arts	1,000	500
Arts		
Cultural Arts Dinner	500	1,000
ArtsCenter	12,500	12,500
Kidzu	10,000	-
Total Arts	23,000	13,500
Affordable Housing		
Orange Community Housing and Land Trust	328,561	339,831
Affordable Rentals Group/Empowerment Inc.	13,500	13,500
Homeless Initiative	37,496	45,306
Total Affordable Housing	379,557	398,637
Economic Development		
Chapel Hill/Orange County Visitors Bureau	200,000	200,000
North Carolina High School Athletic Association	10,000	10,000
Chapel Hill Downtown Partnership	70,000	70,000
Total Economic Development	280,000	280,000
Total Contributions to Agencies	\$ 1,095,057	\$ 1,112,137

GLOSSARY

Accrual – Revenues are recorded when earned and expenses are recorded as soon as they result in liabilities for benefits received.

Ad Valorem tax - A tax levied in proportion to the value of a property.

ADA - American Disabilities Act

Allocate - To set apart portions of budgeted expenditures which are specifically designated to organizations for special activities and purposes.

AMP - Asset Management Project. A division of the Town's public housing communities.

ARRA - American Recovery and Reinvestment Act.

Annual Budget - A budget covering a single fiscal year.

Appropriation - The amount budgeted on a yearly basis to cover projected expenditures which the Town Council legally authorizes through the Budget Ordinance.

Approved Budget - The budget as formally adopted by the Town Council for the upcoming fiscal year.

Assessed Valuation - The estimated dollar value placed upon real and personal property by the County Assessor as the basis for levying property taxes. The General Assembly exempted household personal property from taxation effective July 1, 1987.

Authorized Bonds - Bonds which have been legally authorized but may or may not have been sold.

Balanced Budget - Occurs when planned expenditures equal anticipated revenues. In North Carolina, it is required that the budget submitted to the Town Council be balanced.

Bond - A written promise to pay a specific amount of money with interest within a specific time period, usually long-term.

Bond Rating - A grade indicating a governmental unit's investment qualities. Generally speaking, the higher the bond rating, the more favorable the interest rate and the lower the cost of financing capital projects funded by bonds. A high rating is indicative of the government's strong financial position. Ratings range from AAA (highest) to D (lowest).

Bonds Issued - Bonds that are sold.

Budget - A financial plan for a specified period of time that matches planned revenues and expenditures with various Town services.

GLOSSARY

Budget Message - A written overview of the proposed budget from the Town Manager to the Town Council. This overview discusses the major budget items of the Manager's recommended budget.

Capital Improvements Plan - A long term plan of proposed capital improvements projects, which includes estimated project cost and funding sources, that the Town expects to undertake within a five year period. The plan is updated annually to reassess capital needs.

Capital Outlay - An expenditure which results in the acquisition of or addition to a fixed asset.

Capital Project - A project expected to have a useful life greater than 10 years and an estimated cost of \$10,000 or more. Capital projects include the construction, purchase or major renovation of buildings, utility systems, parks, or other physical structures or property; purchase of land; and purchase of large equipment.

Capital Project Fund - A fund used to account for the acquisition or construction of major capital facilities and equipment.

Category - Expenditure budgets are presented in one of three categories: Personnel Services, Operations and Capital Outlay.

CDBG – Community Development Block Grant

Community Development Fund - A fund used to account for block grant monies received from the federal government under Title I of the Housing and Community Development Act.

Compensated Absences – Paid time off made available to employees in connection with vacation leave, sick leave, and similar benefits.

Contingency - Appropriation intended for unanticipated expenditures. Transfer of these funds into an expendable account is controlled by the Town Council.

Debt Service - Principal, interest and administrative costs associated with the repayment of long-term debt.

Delinquent Taxes - Taxes that remain unpaid after the due date on which a penalty for nonpayment is incurred.

Department - A major administrative division of the Town that has overall management responsibility for an operation within a functional area.

Depreciation – An allowance made for the loss in the value of property over time.

District Tax - Taxes paid by those owning property in a special district of the Town.

GLOSSARY

Employee Benefits - For budgeting purposes, employee benefits include employer payments for social security, retirement, group health and life insurance, and workers' compensation and any similar form of employee compensation.

Encumbrances - A financial commitment for services, contracts, or goods which have not been delivered or performed.

Enterprise Fund - A grouping of activities whose expenditures are wholly or partially offset by revenues collected from consumers in the form of fees and charges.

Equivalent Rate Unit (ERU) – A unit of area of impervious surface.

Expenditures - The total cost of a program or capital project.

EZ Rider - A special service which uses lift equipped vehicles to transport individuals with mobility limitations that prevent them from using Chapel Hill Transit's regular bus service.

Fiscal Year - A 12 month period (July 1 through June 30) in which the annual operating budget applies and at the end of which an assessment is made of the Town's financial condition and performance of operations.

Fixed Asset - An asset of long-term character. For budgetary purposes, a fixed asset is defined as an item costing \$5,000 or more with an expected life of more than one year.

FTA – Federal Transit Administration

Full-time Equivalent - One F.T.E. refers to the equivalent of one permanent position.

Fund - An accounting entity created to record the financial activity for a selected financial group.

Fund Balance - Funds accumulated through the under-expenditure of appropriations and/or receiving revenues greater than anticipated and included in the budget.

Function - A broad grouping of activities and departments whose objectives and expenditures are inter-related. Examples of functions within the Town include General Government, Public Safety, Leisure, etc.

General Fund - A fund which provides for the accounting for most of the basic government services, such as police, fire, sanitation, inspections, recreation and other general services.

General Obligation Bonds - Bonds issued by a government which are backed by the full faith and credit of its taxing authority.

GLOSSARY

Goal - A broad statement of desired conditions to be maintained or achieved through the efforts of an organization.

Governmental Funds – Funds generally used to account for tax-supported activities.

Impervious Surface – Hard surfaces such as concrete, compressed gravel. Asphalt and rooftops. These surfaces increase the amount of stormwater runoff.

Indirect Cost - The component of the total cost for a service which is provided by one department but budgeted within another department or division. Indirect costs are budgeted to more accurately reflect the true total cost for such services.

Interest and Penalties Receivable on Taxes - Uncollected interest and penalties on property taxes.

Intergovernmental Revenues - Revenues from other governments (State, federal, and local) which can be in the form of grants, shared revenue, or entitlement.

Land Use Management Ordinance - The Chapel Hill Land Use Management Ordinance establishes standards and procedures for new development or redevelopment in the Town. The major purpose of the Land Use Management Ordinance is to implement the Town's adopted *Comprehensive Plan*. It is designed to provide clear rules about what is expected of applicants in order to gain approval to develop land in the Town.

Lease Purchase - A method of purchasing equipment in which payments are spread over a period of time.

Levy - The amount of tax, service charge, and assessments imposed by the government.

Line Item - A budgetary account representing a specific object of expenditure.

Modified Accrual - The basis of accounting for the Town. Under this system, expenditures are recognized when encumbered.

MPO/DA – Metropolitan Planning Organization/Direct Allocation

NCDOT – North Carolina Department of Transportation

Non-operating Expenses - Expenses which are not directly related to the provision of services such as debt service.

Non-operating Revenues - Revenues which are generated from other sources and are not directly related to service activities.

GLOSSARY

- Objective** - A specific statement or objective that is to be accomplished or achieved for a particular program during the fiscal year.
- Ordinance** - A formal legislative enactment by the Town Council which has the full force and effect of law within the boundaries of the Town.
- Operating Budget** - The Town's financial plan which outlines proposed expenditures for the upcoming fiscal year and estimates revenues which will be used to finance them.
- Operating Expenses** - Those expenditures of a recurring nature, covering services and supplies necessary to operate individual departmental activities.
- Personal Property** - Movable property classified within two categories: tangible and intangible. "Tangible" or touchable, property includes items of visible and movable property not permanently affixed to real property. "Intangible" or non-touchable, property includes stocks, bonds, notes, cash, bank deposits, accounts receivable, patents, trademarks, copyrights and similar assets.
- Personnel Services** - Salaries and wages paid to employees for full-time, part-time and temporary work, including overtime and similar compensation. Also included in this account group are employee benefits paid for employees.
- Program** - A well-defined portion of the operating plan for which a distinct set of goals and objective may be developed.
- Property Tax Rate** - The rate at which real property in the Town is taxed in order to produce revenues sufficient to conduct necessary governmental activities.
- Property Tax** - Tax paid by those owning property in the Town.
- Proprietary Fund** - A fund used to account for the operations similar to those in the private sector. This includes enterprise funds. The focus is on determination of net income, financial position and changes in financial position.
- Public Safety** - A group of expenditures related to the provision and enforcement of law enforcement and fire and disaster protection.
- Real Property** - Land, buildings, and items permanently affixed to land or buildings.
- Real Property Value** - The value of land and buildings which are taxable.
- Reappraisal** - The process of revaluing a jurisdiction's real property in order to adjust the tax value to the market value; by North Carolina law, a revaluation must be conducted at a minimum of every eight years. Property was revalued as of January 1, 2001.

GLOSSARY

Reclassification - A change in the classification and corresponding job title of an existing position which results from a major change in assigned responsibilities.

Reserve - An account designated for a portion of the fund balance which is to be used for a specific purpose.

Revenue - All funds that the Town government receives as income, including items such as tax payments, fees for specific services, receipts from other governments, fines, forfeitures, shared revenues, and interest income.

Revenue Neutral Tax Rate – G.S. §159-11(e) states that “the revenue-neutral tax rate is the rate that is estimated to produce revenue for the next fiscal year equal to the revenue that would have been produced for the next fiscal year by the current tax rate if no reappraisal had occurred.”

Rolling Stock – Vehicles and other similar equipment which use wheels to move about.

Rural Buffer - Established by the 1987 Joint Planning Agreement between Carrboro, Chapel Hill and Orange County, the Rural Buffer is defined as a belt of land surrounding the Towns of Chapel Hill and Carrboro, that will remain rural in character, contain low-density residential uses (1 dwelling unit per two acres of land), and not require urban services (public water and sewer).

Sales Tax - Tax paid by retail consumers.

Service Level - The amount of service provided during the fiscal year as indicated by one or more performance indicators.

Shared Ride – An extension of transit service to designated areas of town which do not receive regular bus service.

Special Assessment - A levy on certain properties to defray part or all of the cost associated with improvements or services which will benefit those properties. For instance, a special assessment would be levied against property owners who have petitioned for paving a street.

Special Districts – A tax district approved by the voters to provide specified services. A special district in the Town is the Downtown Service District which provides improvements in the Town center.

Special Revenue Fund - A fund used to account for the revenues from specific sources which are to be used for legally specified expenditures.

Tax Levy - Revenue produced by applying a given tax rate to a property's assessed, or tax value.

TOC – Town Operations Center: Town property on Eubanks Road, site of Public Works and Transit Operations.

GLOSSARY

Town Council - Nine-member Council elected at large by the voters of the Town for four year terms.

Triangle – Chapel Hill is located in central North Carolina, in the area commonly referred to as the Triangle, including Orange, Durham and Wake Counties.

Two-Thirds Bonds - General obligation bonds that can be issued by a local government without voter authorization under a formula set by the State of two-thirds of the previous year's net debt reduction.

Urban Services Area - Defined as the area within which public utilities and services are currently available or will be provided in the future. The Urban Services Area includes not only the urban area of Chapel Hill, but also of Carrboro and several “transition areas” which are in the process of changing from rural to urban character.