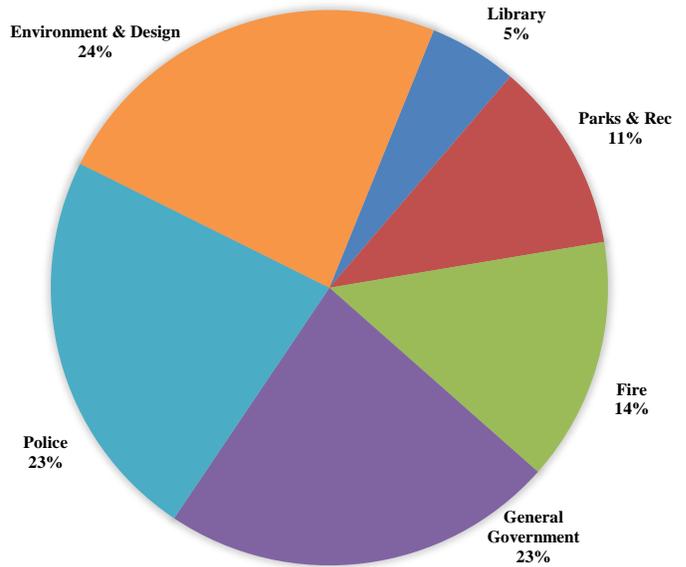


# GENERAL FUND

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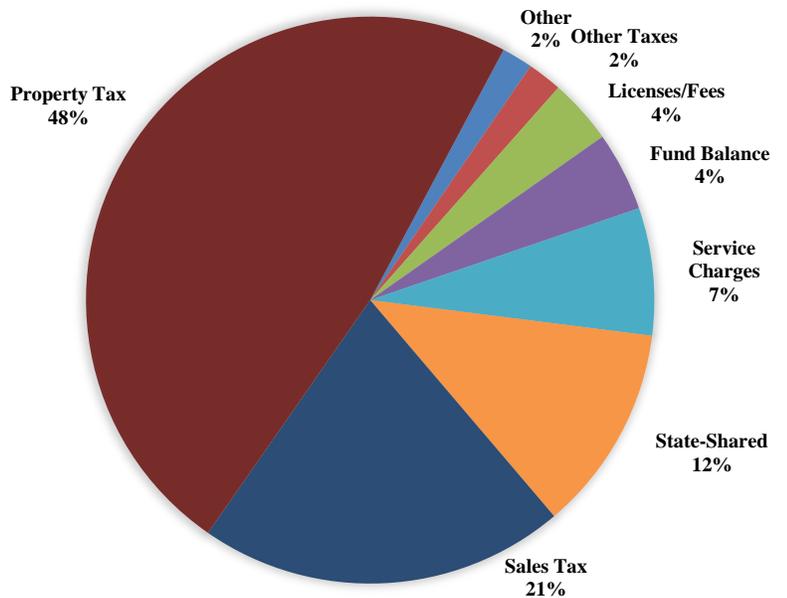
The General Fund is the general operating fund of the Town and is used to account for all revenues and expenditures except those required to be accounted for in another fund. The fund is established at the inception of a government and exists throughout the government's life.

## General Fund Expenditures



**Total \$66,357,000**

## General Fund Revenues



**GENERAL FUND  
BUDGET SUMMARY**

**EXPENDITURES**

	<b>2016-17 Actual</b>	<b>2017-18 Original Budget</b>	<b>2017-18 Revised Budget</b>	<b>2017-18 Estimated</b>	<b>2018-19 Adopted Budget</b>	<b>% Change from 2017-18</b>
General Government	\$ 20,310,073	\$ 13,381,597	\$ 14,178,852	\$ 14,944,909	\$ 15,263,182	14.1%
Environment & Development	17,076,637	15,233,639	16,035,700	15,418,704	15,726,875	3.2%
Public Safety	20,546,434	24,403,771	24,523,589	23,095,732	24,599,694	0.8%
Leisure	9,799,053	10,511,993	10,740,630	10,124,804	10,767,249	2.4%
<b>Total</b>	<b>\$ 67,732,197</b>	<b>\$ 63,531,000</b>	<b>\$ 65,478,771</b>	<b>\$ 63,584,149</b>	<b>\$ 66,357,000</b>	<b>4.4%</b>

**REVENUES**

	<b>2016-17 Actual</b>	<b>2017-18 Original Budget</b>	<b>2017-18 Revised Budget</b>	<b>2017-18 Estimated</b>	<b>2018-19 Adopted Budget</b>	<b>% Change from 2017-18</b>
General Revenues:						
Property Taxes	\$ 29,273,287	\$ 29,635,000	\$ 29,635,000	\$ 30,012,500	\$ 31,771,000	7.2%
Sales Taxes	12,673,856	13,677,177	13,677,177	13,194,120	13,853,827	1.3%
Other Tax and Licenses	1,264,913	1,300,000	1,300,000	1,306,000	1,357,500	4.4%
State-Shared Revenues	7,815,359	8,069,340	8,069,340	7,831,148	7,820,590	-3.1%
Interest on Investments	39,099	50,000	50,000	50,000	50,000	0.0%
Other Revenues	515,367	413,053	428,341	570,983	398,600	-3.5%
Grants	732,892	779,963	799,963	690,355	680,899	-12.7%
Charges for Services	4,717,949	4,748,308	4,748,308	4,573,180	4,820,808	1.5%
Licenses/Permits/Fines	2,420,667	2,129,153	2,129,153	2,426,597	2,461,890	15.6%
Transfers/Other Sources	45,000	45,000	45,000	45,000	45,000	0.0%
Appropriated Fund Balance	8,233,808	2,684,006	4,596,489	2,884,266	3,096,886	15.4%
<b>Total</b>	<b>\$ 67,732,197</b>	<b>\$ 63,531,000</b>	<b>\$ 65,478,771</b>	<b>\$ 63,584,149</b>	<b>\$ 66,357,000</b>	<b>4.4%</b>

# **GENERAL FUND**

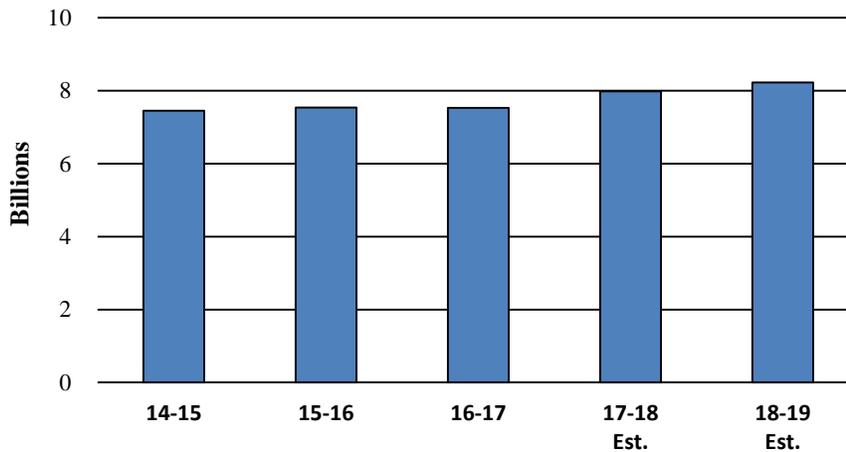
## **Major Revenue Sources - Descriptions and Estimates**

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### **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 2018-19 is estimated to be \$8,225,444,551 with 1 cent on the tax rate equivalent to about \$819,000.

### **Property Tax Base**



The combined property tax revenue we anticipate for 2018-19 totals about \$44.1 million, with \$31.8 million of that supporting the General Fund.

### **Other Local Taxes**

Revenue from the 3 percent Hotel/Motel occupancy tax is expected to total \$1,225,000 in the current year and a slight increase to \$1,275,000 for 2018-19. Revenue trends are affected by University events and general economic conditions.

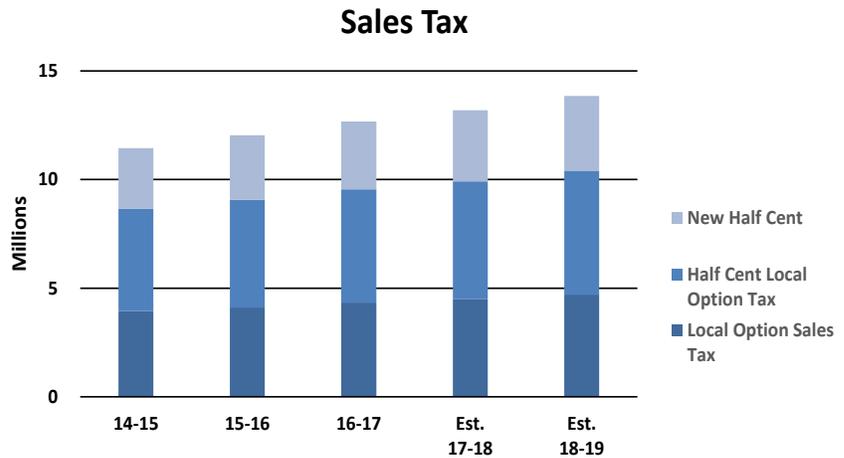
# GENERAL FUND

## Major Revenue Sources - Descriptions and Estimates

### State-Collected Revenues

#### Sales Taxes

Sales tax revenue is expected to come in slightly under budget in 2017-18. Based on recent trends, growth was budgeted at 6% for FY18. However, sales tax receipts have been closer to 4.5% for the current year. Based on this information, we are estimating an overall growth rate of 5% in sales taxes for FY19. We estimate combined sales taxes of about \$13,194,120 for 2017-18. Orange County has the option to change the allocation method for sales taxes from per capita to ad valorem, which would result in a significant reduction in 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 \$1,457,558 in 2017-18, about \$5,000 less than last year. For 2018-19, we anticipate revenues will drop slightly for FY19 at around \$1,447,000.

#### State Fire Protection Funds

We are expecting about \$1,115,590 in State Fire Protection Funds in the current year, and we expect that figure to hold at 1,115,590 in 2018-19.

#### Utility Sales Tax

Utility sales 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 sales tax distribution. We estimate that we will receive approximately \$4,950,000 in the current year in utility sales taxes. We anticipate that revenues will hold the line in 2018-19.

# 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 \$38,000 for the current year and \$38,000 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 \$270,000 for the current year and \$270,000 next year.

In summary, we estimate State-collected revenues would total about \$21,674,417 for next year.

### Other Revenue Sources

#### Grants

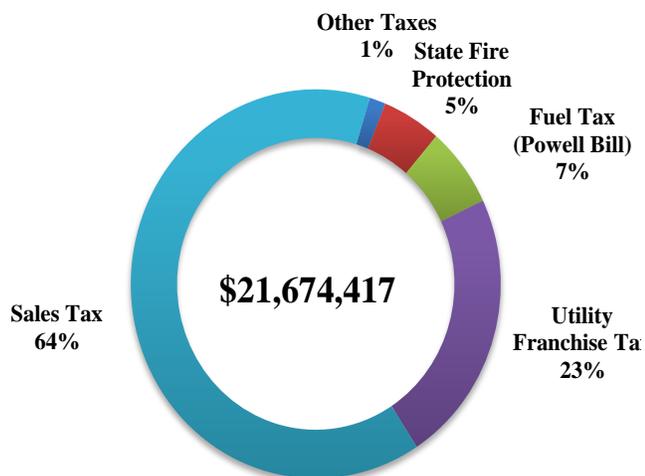
This category of revenue includes certain recurring local and State grants totaling about \$680,899 for 2018-19. Beginning in 2004-05, we began using a separate Grants Fund for non-recurring grants.

Local grants include an appropriation from Orange County to supplement the Town's Parks and Recreation programs and the Town's Library. The recommended budget for 2018-19 includes level funding from the County at \$83,760 for the Parks and Recreation supplement. The recommended 2018-19 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 \$29,000.

#### 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 \$235,000. This can mainly be attributed to a decrease in expected revenues in development for Planning & Sustainability and athletic field & picnic shelter rentals in Parks & Recreation. Charges for services are expected to increase from a budgeted amount of \$4,748,308 in 2017-18 to \$4,820,808 for 2018-19 due to fee increases and projected activity.

### State Collected Revenues



# ***GENERAL FUND***

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

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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 2017-18, these include estimates of \$75,329 from Parking Enterprise Funds, \$114,093 from the Stormwater Management Fund, and \$1,192,483 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 \$297,000 due to higher than expected revenues in inspection permits. Total licenses and permits are expected to increase from about \$2.1 million in 2017-18 to \$2.5 million in 2018-19.

### *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 \$50,000 and generate about \$50,000 next year.

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

#### *Miscellaneous Revenues*

The primary miscellaneous revenues include mutual aid reimbursements, court cost reimbursements, and donations (Carol Woods). Miscellaneous revenues are expected to total about \$570,983 for 2017-18 (approximately \$90,000 was received for revenue-in-lieu for streets and traffic signs that was not budgeted) and \$398,600 for 2018-19.

#### *Transfers*

Transfers include a transfer of \$45,000 for 2018-19 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 about \$4.6 million of fund balance in 2017-18, but through cost-cutting measures, will use only about \$2.9 million. The annual budget includes the use of about \$3,096,886 in 2018-19 to maintain service levels.

# **GENERAL FUND**

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

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### **Summary of Revenues**

In summary, the annual budget includes \$66.4 million in General Fund revenues, including the use of \$3,096,886 of fund balance.

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

	<b>17-18 Revised Budget</b>	<b>17-18 Estimated</b>	<b>18-19 Adopted Budget</b>
Property Taxes	\$ 29,635,000	\$ 30,012,500	\$ 31,771,000
Sales Taxes	13,677,177	13,194,120	13,853,827
Other State-Collected	8,069,340	7,831,148	7,820,590
Other Revenues	2,578,304	2,617,338	2,486,999
Licenses/Permits	2,129,153	2,426,597	2,461,890
Service Charges	4,748,308	4,573,180	4,820,808
Interfund Transfers	45,000	45,000	45,000
Fund Balance	4,596,489	2,884,266	3,096,886
<b>Total</b>	<b>\$ 65,478,771</b>	<b>\$ 63,584,149</b>	<b>\$ 66,357,000</b>

# ***GENERAL FUND***

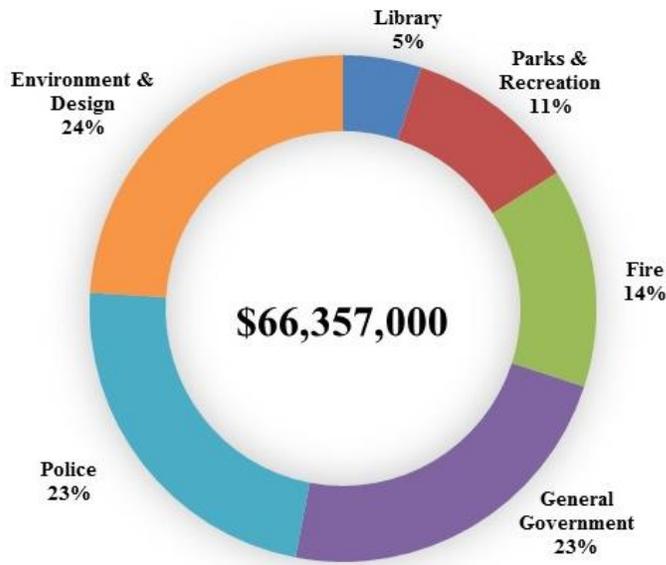
## ***Major Expenditures - Descriptions and Estimates***

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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 \$66,357,000 for the 2018-19 budget.

The largest category of expenditures for the General Fund is Public Safety services, with Police Department expenditures of about \$15.2 million and Fire Department expenditures of about \$9.4 million.



Environment and Development is the second largest category in the General Fund at about \$15.7 million, including Planning & Development Services, Housing & Community and Public Works which provide services of affordable housing, planning for growth, engineering, solid waste collection, maintenance of streets, and maintenance of Town facilities.

Police, Fire and Public Works together comprise about 56.4% of total General Fund expenditures.

Other General Fund services include Parks and Recreation programs totaling about \$7.4 million, Library services of \$3.4 million, and General Governmental activities (Administration, Communications & Public Affairs, Business Management, Human Resources, Attorney, and Non-Departmental) totaling about \$15.1 million.

Non-departmental expenditures total \$5.5 million. Non-departmental expenditures include a transfer for capital improvements of \$237,500. \$1,127,547 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 “penny for housing” (\$688,395) and legal/investigations/demolition funds (\$100,000). The budget for liability and property insurance totals \$425,000. Liability insurance for the Town increased by \$25,000.

# **GENERAL FUND**

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

The 2018-19 budget includes changes to medical insurance rates. The adopted budget includes a 1.5% decrease in rates for active employees and under-65 retirees, or about a \$73,957 increase. The Town's contribution to employee retirement increased by \$77,104, which reflects a 0.25% increase to the contribution over the prior year.

Additional expenses in the budget include a 3.0% of market rate salary adjustment starting July 1, 2017 (\$1,023,564). Town-wide maintenance has been prioritized in the 2018-19 budget with the inclusion of a \$472,214 investment in repairing and maintaining Town buildings. Town maintenance needs were researched and identified by a Maintenance Task Force and a condition assessment study that was conducted through Public Works. The budget also includes increases to several existing programs to accommodate the increased cost of doing business. This includes increases to Town software programs (\$62,760), increases in landscaping contracts (\$24,799), as well as an increase in digital storage for Police body worn cameras (\$29,715) and Orange County Animal Control contract (\$7,611).

The General Fund budget includes reductions to departmental funding, which is reflected in many line-item decreases throughout the 2018-19 budget. These reductions total \$464,050 and include a variety of department-identified decreases. Examples include supplies, software licenses, overtime funding, and professional services. Lapsed Salaries were not budgeted in the 2018-19 budget, which shows a reduction of approximately \$1.25 million.

The 2018-19 Adopted Budget continues to fund retiree medical costs on a pay-as-you-go basis (\$1,260,000), and contributes \$630,000 towards the post-employment benefit (OPEB) liability. The budget increases funding for the Orange Community Housing & Loan Trust by \$7,317 and the Homelessness Initiative by \$15,410.

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

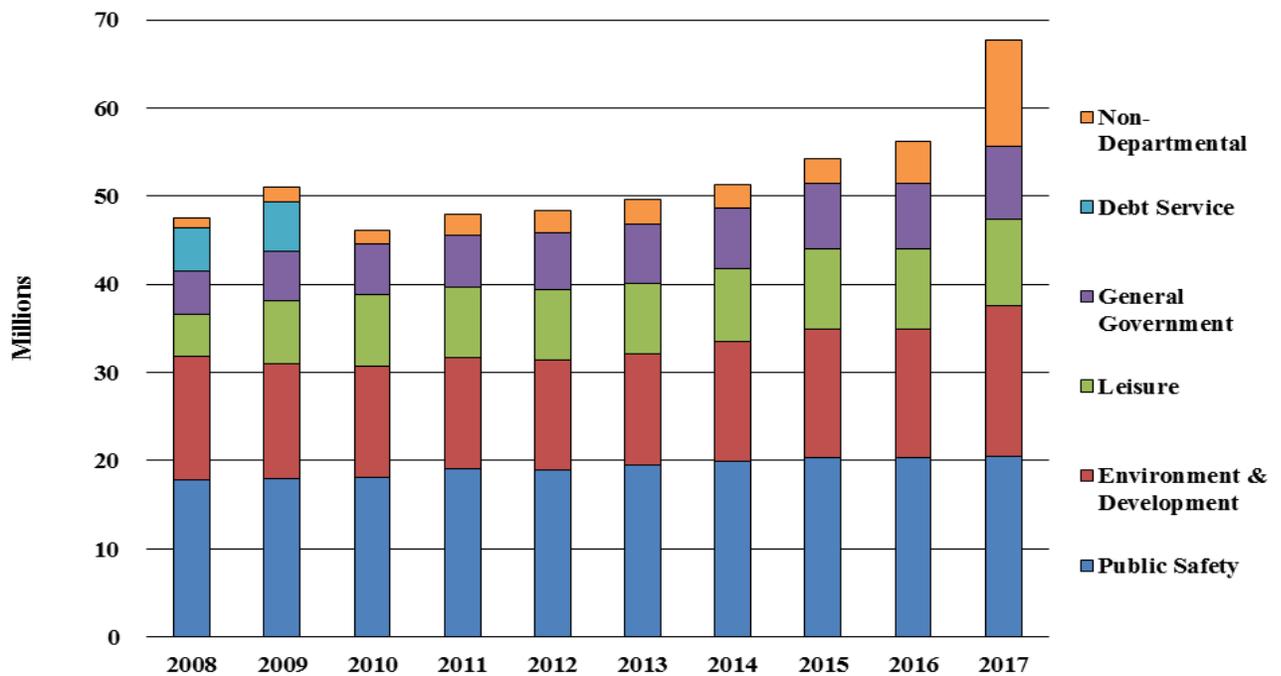
<b>EXPENDITURES</b>						
	<b>2016-17</b>	<b>2017-18</b>	<b>2017-18</b>		<b>2018-19</b>	<b>% Change</b>
	<b>Actual</b>	<b>Original</b>	<b>Revised</b>	<b>2017-18</b>	<b>Adopted</b>	<b>from</b>
		<b>Budget</b>	<b>Budget</b>	<b>Estimated</b>	<b>Budget</b>	<b>2017-18</b>
Personnel	\$ 44,254,684	\$ 46,773,297	\$ 46,745,058	\$ 45,311,047	\$ 48,981,421	4.7%
Operating Costs	18,890,260	16,180,770	18,126,928	17,612,902	16,580,365	2.5%
Capital Outlay	4,587,253	576,933	606,785	660,200	795,214	37.8%
<b>Total</b>	<b>\$ 67,732,197</b>	<b>\$ 63,531,000</b>	<b>\$ 65,478,771</b>	<b>\$ 63,584,149</b>	<b>\$ 66,357,000</b>	<b>4.4%</b>

# GENERAL FUND

## Major Expenditures - Descriptions and Estimates

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### 10-Year Expenditure Trends



**GENERAL FUND  
EXPENDITURES BY DEPARTMENT**

	<b>2016-17 Actual</b>	<b>2017-18 Original Budget</b>	<b>2017-18 Revised Budget</b>	<b>2017-18 Estimated</b>	<b>2018-19 Adopted Budget</b>	<b>% Change from 2017-18</b>
<b>General Government</b>						
Mayor/Council	\$ 415,963	\$ 489,019	\$ 489,019	\$ 473,579	\$ 426,968	-12.7%
Town Manager	1,371,301	1,726,830	1,765,765	1,704,029	1,762,127	2.0%
Communications & Public Affairs	798,056	854,919	883,120	880,369	870,205	1.8%
Human Resource Dev't	1,702,071	1,742,803	2,001,169	1,833,300	1,768,953	1.5%
Business Management	1,991,563	2,208,315	2,218,404	2,162,511	2,254,949	2.1%
Technology Solutions	1,595,918	1,951,215	2,011,286	1,873,606	2,333,858	19.6%
Town Attorney	326,825	348,947	348,947	338,194	351,379	0.7%
Non-Departmental	12,108,376	4,059,549	4,461,142	5,679,321	5,494,743	35.4%
<b>Subtotal</b>	<b>\$ 20,310,073</b>	<b>\$ 13,381,597</b>	<b>\$ 14,178,852</b>	<b>\$ 14,944,909</b>	<b>\$ 15,263,182</b>	<b>14.1%</b>
<b>Environment &amp; Development</b>						
Planning & Development Services	\$ 3,396,770	\$ 2,185,755	\$ 2,936,919	\$ 2,522,434	\$ 2,115,477	-3.2%
Housing & Community	725,406	774,487	784,487	743,627	833,548	7.6%
Public Works	12,954,461	12,273,397	12,314,294	12,152,643	12,777,850	4.1%
<b>Subtotal</b>	<b>\$ 17,076,637</b>	<b>\$ 15,233,639</b>	<b>\$ 16,035,700</b>	<b>\$ 15,418,704</b>	<b>\$ 15,726,875</b>	<b>3.2%</b>
<b>Public Safety</b>						
Police	\$ 11,803,721	\$ 15,156,873	\$ 15,232,148	\$ 13,862,226	\$ 15,206,077	0.3%
Fire	8,742,713	9,246,898	9,291,441	9,233,506	9,393,617	1.6%
<b>Subtotal</b>	<b>\$ 20,546,434</b>	<b>\$ 24,403,771</b>	<b>\$ 24,523,589</b>	<b>\$ 23,095,732</b>	<b>\$ 24,599,694</b>	<b>0.8%</b>
<b>Leisure</b>						
Parks and Recreation	\$ 6,883,247	\$ 7,375,935	\$ 7,274,904	\$ 7,224,067	\$ 7,365,091	-0.1%
Library	2,915,806	3,136,058	3,465,726	2,900,737	3,402,158	8.5%
<b>Subtotal</b>	<b>\$ 9,799,053</b>	<b>\$ 10,511,993</b>	<b>\$ 10,740,630</b>	<b>\$ 10,124,804</b>	<b>\$ 10,767,249</b>	<b>2.4%</b>
<b>General Fund Total</b>	<b>\$ 67,732,197</b>	<b>\$ 63,531,000</b>	<b>\$ 65,478,771</b>	<b>\$ 63,584,149</b>	<b>\$ 66,357,000</b>	<b>4.4%</b>

