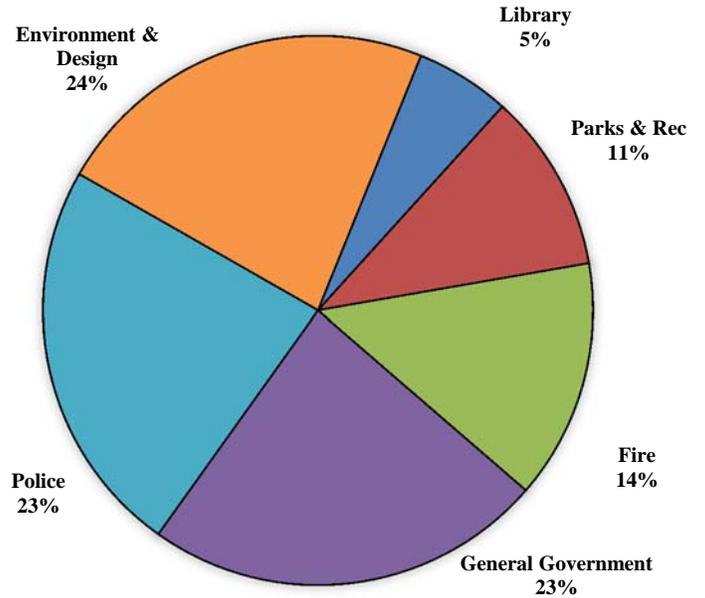


GENERAL FUND

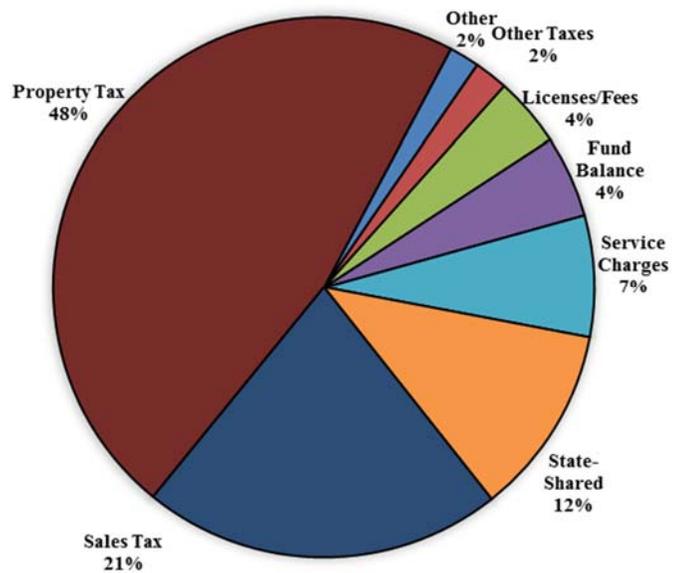
The General Fund is the general operating fund of the Town and is used to account for all revenues and expenditures except those required to be accounted for in another fund. The fund is established at the inception of a government and exists throughout the government's life.

General Fund Expenditures



Total \$68,483,000

General Fund Revenues



**GENERAL FUND
BUDGET SUMMARY**

EXPENDITURES

	2017-18 Actual	2018-19 Original Budget	2018-19 Revised Budget	2018-19 Estimated	2019-20 Adopted Budget	% Change from 2018-19
General Government	\$ 14,192,913	\$ 15,263,182	\$ 16,369,629	\$ 16,191,519	\$ 16,095,136	5.5%
Environment & Development	15,088,530	15,726,875	15,969,968	15,126,067	15,646,960	-0.5%
Public Safety	22,398,098	24,599,694	24,638,888	22,864,440	25,681,693	4.4%
Leisure	10,044,146	10,767,249	10,819,165	10,214,238	11,059,211	2.7%
Total	\$ 61,723,687	\$ 66,357,000	\$ 67,797,650	\$ 64,396,264	\$ 68,483,000	3.2%

REVENUES

	2017-18 Actual	2018-19 Original Budget	2018-19 Revised Budget	2018-19 Estimated	2019-20 Adopted Budget	% Change from 2018-19
General Revenues:						
Property Taxes	\$ 30,273,964	\$ 31,771,000	\$ 31,771,000	\$ 31,800,000	\$ 32,117,500	1.1%
Sales Taxes	13,364,922	13,853,827	13,853,827	14,039,875	14,741,869	6.4%
Occupancy Tax	1,281,461	1,275,000	1,275,000	1,300,000	1,300,000	2.0%
Other Tax and Licenses	86,182	82,500	82,500	86,250	86,000	4.2%
State-Shared Revenues	7,781,256	7,820,590	7,820,590	7,782,181	7,791,256	-0.4%
Interest on Investments	72,812	50,000	50,000	80,000	80,000	60.0%
Other Revenues	526,074	398,600	451,503	536,810	441,243	10.7%
Grants	713,355	680,899	690,899	691,301	679,399	-0.2%
Charges for Services	4,538,954	4,820,808	4,820,808	4,798,433	5,002,662	3.8%
Licenses/Permits/Fines	3,211,232	2,461,890	2,461,890	2,781,955	2,842,305	15.5%
Transfers/Other Sources	45,000	45,000	45,000	45,000	45,000	0.0%
Appropriated Fund Balance	(171,525)	3,096,886	4,474,633	454,459	3,355,766	8.4%
Total	\$ 61,723,687	\$ 66,357,000	\$ 67,797,650	\$ 64,396,264	\$ 68,483,000	3.2%

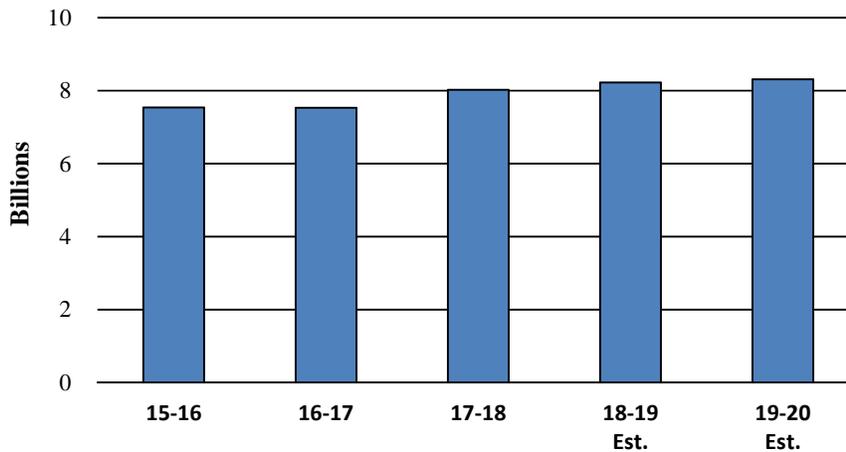
GENERAL FUND

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 2019-20 is estimated to be \$8,307,698,997 with 1 cent on the tax rate equivalent to about \$828,000.

Property Tax Base



The combined property tax revenue we anticipate for 2019-20 totals about \$45 million, with \$31.95 million of that supporting the General Fund.

Other Local Taxes

Revenue from the 3 percent Hotel/Motel occupancy tax is expected to total \$1,300,000 in the current year and the same level in 2019-20. Revenue trends are affected by University events and general economic conditions.

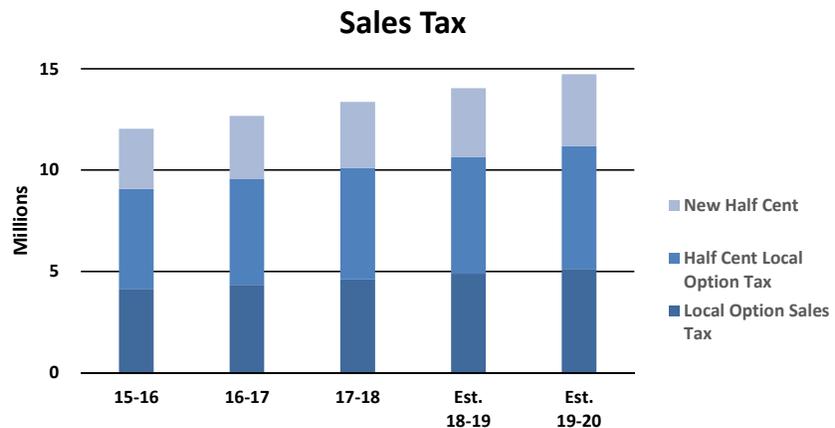
GENERAL FUND

Major Revenue Sources - Descriptions and Estimates

State-Collected Revenues

Sales Taxes

Sales tax revenue is expected to come in over budget in 2018-19. Based on recent trends, growth was budgeted at 5% for FY19. Sales tax receipts are at 3.25% increase over the previous year through the first seven months, however typically



Chapel Hill ends the year with strong growth (6-7%), that should bring the Town to a 5.2% overall increase at year end. Based on this information, we are estimating an overall growth rate of 5.3% in sales taxes for FY20. We estimate combined sales taxes of about \$14,039,875 for 2018-19. 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 \$1,437,425 in 2018-19, about \$20,000 less than last year. For 2019-20, we anticipate revenues will drop slightly for FY20 at around \$1,431,500.

State Fire Protection Funds

We are expecting about \$1,106,256 in State Fire Protection Funds in the current year, and we expect that figure to hold at 1,106,256 in 2019-20.

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 \$4,940,500 in the current year in utility sales taxes. We anticipate that revenues will hold the line in 2019-20.

GENERAL FUND

Major Revenue Sources - Descriptions and Estimates

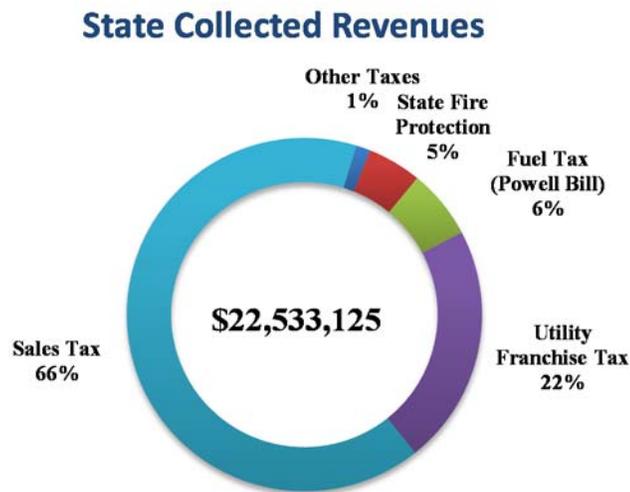
Solid Waste Disposal Tax

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 \$260,000 for the current year and \$260,000 next year.

In summary, we estimate State-collected revenues would total about \$22,533,125 for next year.



Other Revenue Sources

Grants

This category of revenue includes certain recurring local and State grants totaling about \$679,399 for 2019-20. 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 2019-20 includes level funding from the County at \$83,760 for the Parks and Recreation supplement. The adopted 2019-20 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 \$27,500.

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 slightly under budget in the current year by about \$22,000. Charges for services are expected to increase from a budgeted amount of \$4,798,433 in 2018-19 to \$5,002,662 for 2019-20 due to projected activity.

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 2019-20, these include \$83,472 from Parking Enterprise Funds, \$130,337 from the Stormwater Management Fund, and \$1,388,884 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 \$320,000 due to higher than expected revenues in inspection permits. Total licenses and permits are expected to increase from about \$2.5 million in 2018-19 to \$2.8 million in 2019-20.

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 far exceed the current year's budget estimate of \$50,000 and generate about \$80,000 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 \$536,810 for 2018-19 (approximately \$40,000 was received for revenue-in-lieu for recreation & open space and traffic signs that was not budgeted) and \$440,681 for 2019-20.

Transfers

Transfers include a transfer of \$45,000 for 2019-20 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 \$4.5 million of fund balance in 2018-19, but through cost-cutting measures, will use only about \$450,000 based on conservative revenue estimates and departmental end-of-year expenditure estimates. The annual budget includes the use of about \$3,321,328 in 2019-20 to maintain service levels.

GENERAL FUND

Major Revenue Sources - Descriptions and Estimates

Summary of Revenues

In summary, the annual budget includes \$68.4 million in General Fund revenues, including the use of \$3,321,328 of fund balance.

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

	18-19 Revised Budget	18-19 Estimated	19-20 Adopted Budget
Property Taxes	\$ 31,771,000	\$ 31,800,000	\$ 32,117,500
Sales Taxes	13,853,827	14,039,875	14,741,869
Other State-Collected	82,500	86,250	86,000
Other Revenues	9,544,190	10,390,292	9,657,499
Licenses/Permits	2,461,890	2,781,955	5,002,662
Service Charges	4,820,808	4,798,433	679,399
Interfund Transfers	45,000	45,000	2,842,305
Fund Balance	4,474,633	454,459	3,355,766
Total	\$ 67,053,848	\$ 64,396,264	\$ 68,483,000

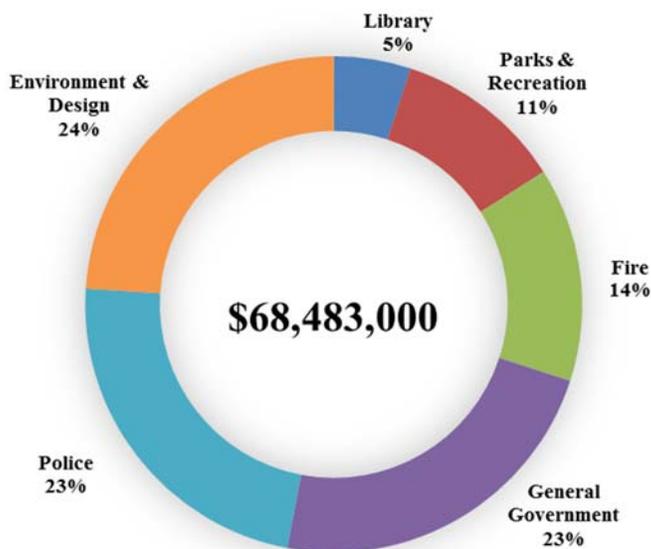
GENERAL FUND

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 \$68,483,000 for the 2019-20 budget.

The largest category of expenditures for the General Fund is Public Safety services, with Police Department expenditures of about \$16 million and Fire Department expenditures of about \$9.7 million.



Environment and Development is the second largest category in the General Fund at about \$15.7 million, including Planning, 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 56.6% of total General Fund expenditures.

Other General Fund services include Parks and Recreation programs totaling about \$7.2 million, Library services of \$3.8 million, and General Governmental activities (Administration, Communications & Public Affairs, Business Management, Human Resources, Attorney, and Non-Departmental) totaling about \$16 million.

Non-departmental expenditures total \$5.8 million. Non-departmental expenditures include a transfer for capital improvements of \$321,600. \$1,218,485 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 funds (\$100,000). The budget for liability and property insurance totals \$375,000.

GENERAL FUND

Major Expenditures - Descriptions and Estimates

The 2019-20 budget includes changes to medical insurance rates. The adopted budget includes a 4.9% increase in rates for active employees and under-65 retirees, or about a \$247,190 increase. The Town's contribution to employee retirement increased by about \$371,000, which reflects a 1.2% 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, 2019 (\$1,007,687). The FY20 budget also includes an emphasis to bringing our police salaries up to our regional market (\$200,000 increase) in an effort to remain competitive and continue to recruit and retain the best employees. This will bring our starting police officer salary up to \$42,000. The budget also includes a comprehensive pay study of the entire organization (\$100,000).

Additional increases to the FY20 budget include funding for an Urban Designer (\$100,000), initial investment for Climate Action Planning (\$50,000), and \$315,000 towards coal ash remediation at the site of the Police Department.

The 2019-20 Adopted Budget continues to fund retiree medical costs on a pay-as-you-go basis (\$1,620,000), and contributes \$500,000 towards the post-employment benefit (OPEB) liability, a reduction of \$130,000 from the current year.

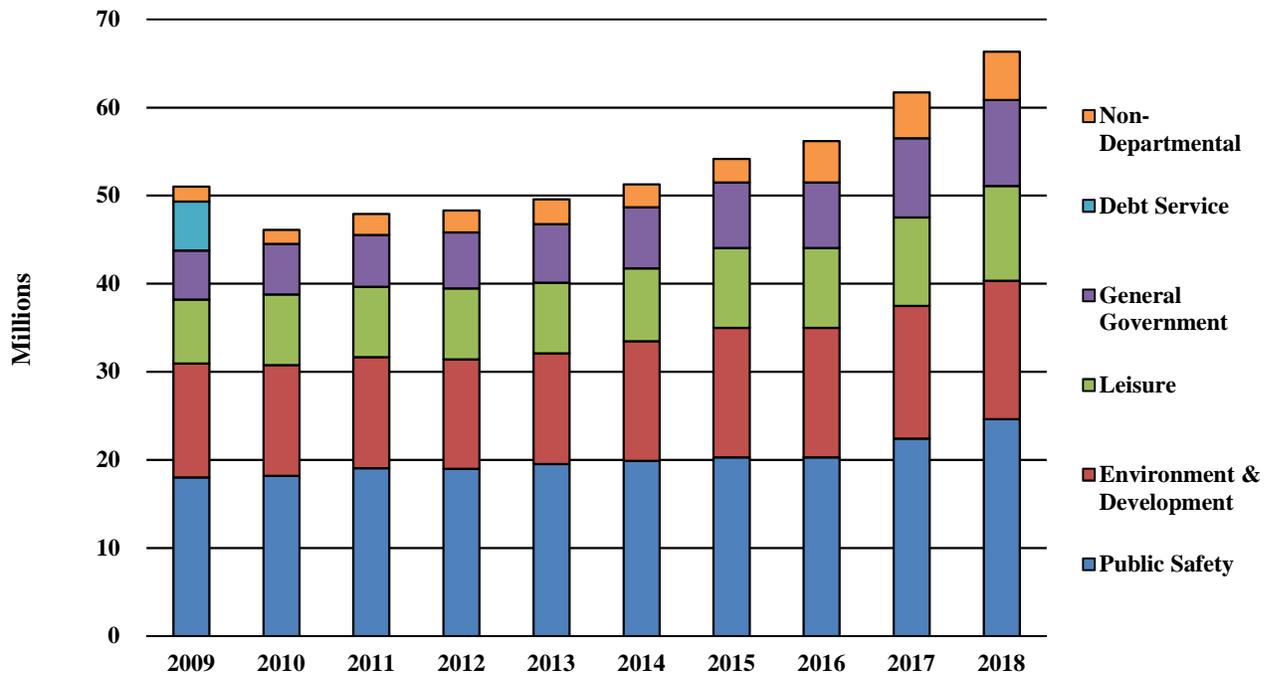
The table below shows expenditure levels for General Fund personnel, operating costs and capital outlay.

EXPENDITURES	2017-18	2018-19	2018-19	2018-19	2019-20	% Change
	Actual	Original	Revised	Estimated	Adopted	from
		Budget	Budget		Budget	2018-19
Personnel	\$ 44,925,349	\$ 48,981,421	\$ 48,870,846	\$ 45,959,839	\$ 48,982,406	0.0%
Operating Costs	16,179,795	16,580,365	18,184,524	17,653,246	19,027,480	14.8%
Capital Outlay	618,543	795,214	742,280	783,179	473,114	-40.5%
Total	\$ 61,723,687	\$ 66,357,000	\$ 67,797,650	\$ 64,396,264	\$ 68,483,000	3.2%

GENERAL FUND

Major Expenditures - Descriptions and Estimates

10-Year Expenditure Trends



**GENERAL FUND
EXPENDITURES BY DEPARTMENT**

	2017-18 Actual	2018-19 Original Budget	2018-19 Revised Budget	2018-19 Estimated	2019-20 Adopted Budget	% Change from 2018-19
General Government						
Mayor/Council	\$ 480,990	\$ 426,968	\$ 427,218	\$ 426,759	\$ 475,446	11.4%
Town Manager	1,710,908	1,762,127	2,046,727	2,043,366	1,911,919	8.5%
Communications & Public Affairs	814,291	870,205	879,243	850,258	922,142	6.0%
Human Resource Dev't	1,669,232	1,768,953	1,889,942	1,869,456	1,859,535	5.1%
Business Management	2,140,442	2,254,949	2,154,949	2,079,251	2,310,602	2.5%
Technology Solutions	1,849,164	2,333,858	2,361,621	2,315,531	2,366,219	1.4%
Town Attorney	337,189	351,379	376,289	375,367	386,581	10.0%
Non-Departmental	5,190,697	5,494,743	6,233,640	6,231,531	5,862,692	6.7%
Subtotal	\$ 14,192,913	\$ 15,263,182	\$ 16,369,629	\$ 16,191,519	\$ 16,095,136	5.5%
Environment & Development						
Planning	\$ 2,507,058	\$ 2,115,477	\$ 2,423,016	\$ 2,103,915	\$ 1,743,331	-17.6%
Housing & Community	733,577	833,548	843,548	796,458	837,649	0.5%
Public Works	11,847,895	12,777,850	12,703,404	12,225,694	13,065,980	2.3%
Subtotal	\$ 15,088,530	\$ 15,726,875	\$ 15,969,968	\$ 15,126,067	\$ 15,646,960	-0.5%
Public Safety						
Police	\$ 13,611,650	\$ 15,206,077	\$ 15,226,547	\$ 13,858,197	\$ 16,027,754	5.4%
Fire	8,786,448	9,393,617	9,412,341	9,006,243	9,653,939	2.8%
Subtotal	\$ 22,398,098	\$ 24,599,694	\$ 24,638,888	\$ 22,864,440	\$ 25,681,693	4.4%
Leisure						
Parks and Recreation	\$ 6,752,391	\$ 7,365,091	\$ 7,103,116	\$ 6,671,847	\$ 7,236,607	-1.7%
Library	3,291,755	3,402,158	3,716,049	3,542,391	3,822,604	12.4%
Subtotal	\$ 10,044,146	\$ 10,767,249	\$ 10,819,165	\$ 10,214,238	\$ 11,059,211	2.7%
General Fund Total	\$ 61,723,687	\$ 66,357,000	\$ 67,797,650	\$ 64,396,264	\$ 68,483,000	3.2%

