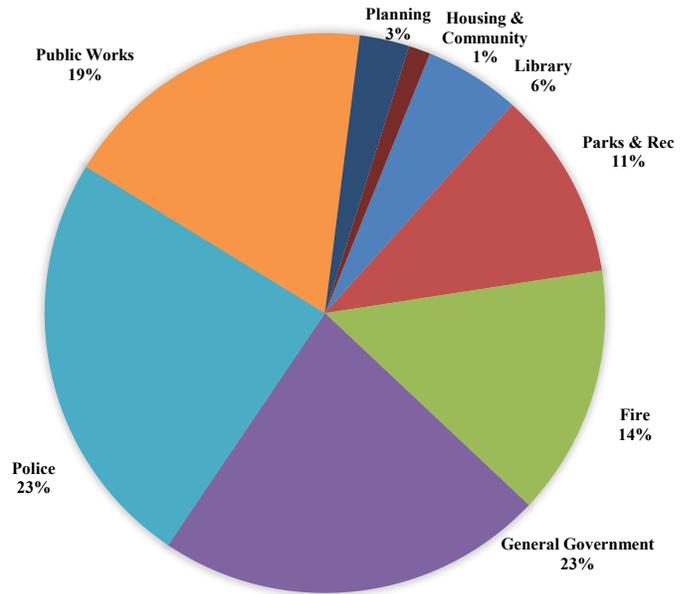


GENERAL FUND

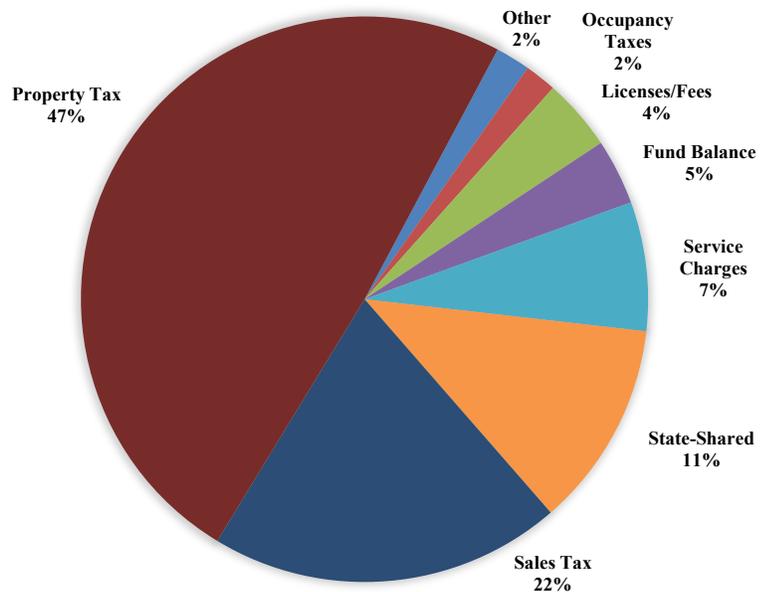
The General Fund is the general operating fund of the Town and is used to account for all revenues and expenditures except those required to be accounted for in another fund. The fund is established at the inception of a government and exists throughout the government's life.

General Fund Expenditures



Total \$66,389,000

General Fund Revenues



**GENERAL FUND
BUDGET SUMMARY**

EXPENDITURES

	2018-19 Actual	2019-20 Original Budget	2019-20 Revised Budget	2019-20 Estimated	2020-21 Recommended Budget	% Change from 2019-20
General Government	\$ 16,058,171	\$ 16,095,136	\$ 16,810,175	\$ 16,129,208	\$ 14,887,526	-7.5%
Environment & Development	14,657,984	15,646,960	16,376,336	15,562,612	14,832,278	-5.2%
Public Safety	22,712,000	25,681,693	25,685,574	24,016,323	25,746,311	0.3%
Leisure	9,840,249	11,059,211	11,159,520	10,190,496	10,922,885	-1.2%
Total	\$ 63,268,404	\$ 68,483,000	\$ 70,031,605	\$ 65,898,639	\$ 66,389,000	-3.1%

REVENUES

	2018-19 Actual	2019-20 Original Budget	2019-20 Revised Budget	2019-20 Estimated	2020-21 Recommended Budget	% Change from 2019-20
General Revenues:						
Property Taxes	\$ 31,779,093	\$ 32,117,500	\$ 32,117,500	\$ 32,270,000	\$ 32,587,500	1.5%
Sales Taxes	14,048,261	14,741,869	14,741,869	14,038,255	13,336,343	-9.5%
Occupancy Tax	1,348,893	1,300,000	1,300,000	1,000,000	1,200,000	-7.7%
Other Tax and Licenses	88,634	86,000	86,000	90,000	92,500	7.6%
State-Shared Revenues	7,872,625	7,791,256	7,791,256	7,843,656	7,829,256	0.5%
Interest on Investments	111,625	80,000	80,000	100,000	100,000	25.0%
Other Revenues	540,999	441,243	499,382	777,161	399,100	-9.6%
Grants	705,206	679,399	733,399	808,423	679,399	0.0%
Charges for Services	5,211,114	5,002,662	5,002,662	4,601,135	4,899,000	-2.1%
Licenses/Permits/Fines	3,093,580	2,842,305	2,842,305	3,331,611	2,731,390	-3.9%
Transfers/Other Sources	45,000	45,000	45,000	45,000	45,000	0.0%
Appropriated Fund Balance	(1,576,626)	3,355,766	4,792,232	993,398	2,489,512	-25.8%
Total	\$ 63,268,404	\$ 68,483,000	\$ 70,031,605	\$ 65,898,639	\$ 66,389,000	-3.1%

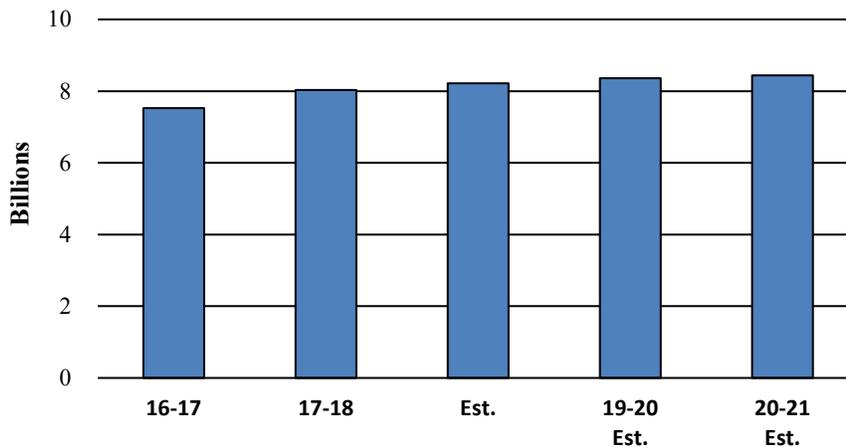
GENERAL FUND

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 2020-21 is estimated to be \$8,441,580,000 with 1 cent on the tax rate equivalent to about \$840,000.

Property Tax Base



The combined property tax revenue we anticipate for 2020-21 totals about \$45.7 million, with \$32.42 million of that supporting the General Fund.

Other Local Taxes

Revenue from the 3 percent Hotel/Motel occupancy tax is expected to total \$1,200,000 in the current year and the same level in 2020-21. Revenue trends are affected by University events and general economic conditions.

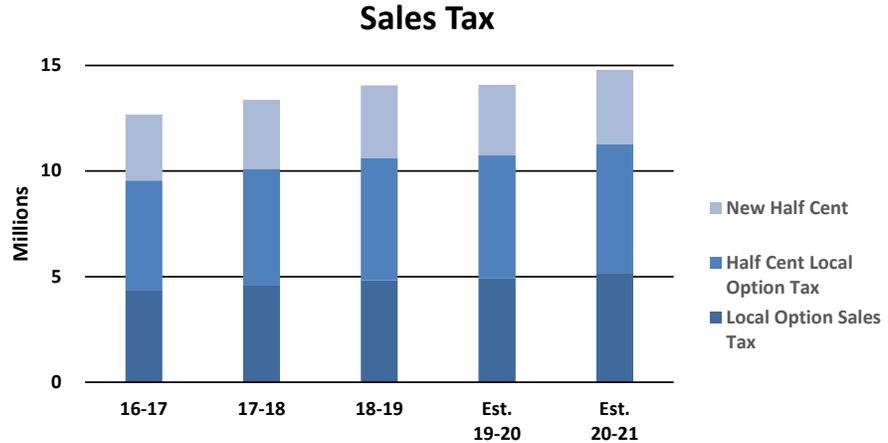
GENERAL FUND

Major Revenue Sources - Descriptions and Estimates

State-Collected Revenues

Sales Taxes

Sales tax revenue is expected to come in under budget in 2019-20. Based on recent trends, growth was budgeted at 5% for FY20. Sales tax receipts are at 5.95% increase over the previous year through the first seven months, however, due to the



anticipated effects of COVID-19, we are estimating a 10% reduction for the remaining final 4 months of the fiscal year, which would result in a 5% decrease at year end. Based on this information, we are estimating a further reduction of 5% in sales taxes for FY21. We estimate combined sales taxes of about \$14,038,255 for 2019-20. 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 \$1,486,900 in 2019-20, about \$51,000 more than last year. For 2020-21, we anticipate revenues will drop slightly for FY21 at around \$1,467,000.

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 2020-21.

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 \$4,951,500 in the current year in utility sales taxes. We anticipate that revenues will hold the line in 2020-21.

GENERAL FUND

Major Revenue Sources - Descriptions and Estimates

Solid Waste Disposal Tax

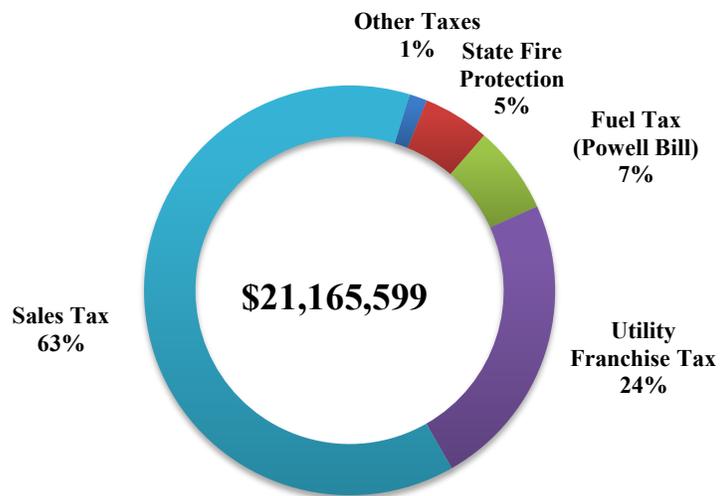
The Solid Waste Disposal Tax went into effect on July 1, 2008. This \$2 per-ton tax is charged on municipal solid waste and construction debris that is deposited in a landfill in the state or transferred at a transfer station for disposal outside of the state. 18.75% of this tax is distributed to cities and towns on a per capita basis. We anticipate receiving around \$39,000 for the current year and \$39,000 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 \$21,165,599 for next year.

State Collected Revenues



Other Revenue Sources

Grants

This category of revenue includes certain recurring local and State grants totaling about \$679,399 for 2020-21. 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 2020-21 includes level funding from the County at \$83,760 for the Parks and Recreation supplement. The recommended 2020-21 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 significantly under budget in the current year by about \$400,000. Charges for services are expected to decrease from a budgeted amount of \$5,002,662 in 2019-20 to \$4,899,00 for 2020-21 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 2020-21, these include \$83,056 from Parking Enterprise Funds, \$128,470 from the Stormwater Management Fund, and \$1,371,500 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 \$489,000 due to higher than expected revenues in inspection permits. Total licenses and permits are expected to decrease from about \$2.8 million in 2019-20 to \$2.7 million in 2020-21.

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 \$80,000 and generate about \$100,000 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 \$777,161 for 2019-20 and \$399,100 for 2020-21.

Transfers

Transfers include a transfer of \$45,000 for 2020-21 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 \$4.8 million of fund balance in 2019-20, but through cost-cutting measures, will use only about \$993,000 based on conservative revenue estimates and departmental end-of-year expenditure estimates. The annual budget includes the use of about \$2,489,512 in 2020-21 to maintain service levels.

GENERAL FUND

Major Revenue Sources - Descriptions and Estimates

Summary of Revenues

In summary, the annual budget includes \$66.4 million in General Fund revenues, including the use of \$2,489,512 of fund balance.

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

	19-20 Revised Budget	19-20 Estimated	20-21 Recommended Budget
Property Taxes	\$ 32,117,500	\$ 32,270,000	\$ 32,587,500
Sales Taxes	14,741,869	14,038,255	13,336,343
Occupancy Tax	1,300,000	1,000,000	1,200,000
Other State-Collected	86,000	90,000	92,500
Other Revenues	8,370,638	8,720,817	8,328,356
Grants	733,399	808,423	679,399
Licenses/Permits	2,842,305	3,331,611	2,731,390
Service Charges	5,002,662	4,601,135	4,899,000
Interfund Transfers	45,000	45,000	45,000
Fund Balance	<u>4,792,232</u>	<u>993,398</u>	<u>2,489,512</u>
Total	\$ 70,031,605	\$ 65,898,639	\$ 66,389,000

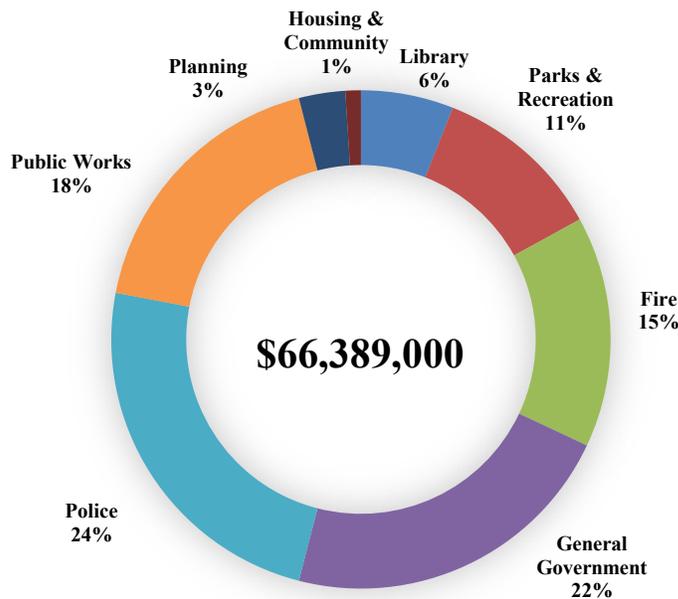
GENERAL FUND

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 \$66,389,000 for the 2020-21 budget.

The largest category of expenditures for the General Fund is Public Safety services, with Police Department expenditures of about \$16.1 million and Fire Department expenditures of about \$9.6 million.



Environment and Development is the second largest category in the General Fund at about \$14.8 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 57% of total General Fund expenditures.

Other General Fund services include Parks and Recreation programs totaling about \$7.2 million, Library services of \$3.7 million, and General Governmental activities (Administration, Communications & Public Affairs, Business Management, Human Resources, Attorney, and Non-Departmental) totaling about \$14.9 million.

Non-departmental expenditures total \$4.7 million. \$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 \$360,000.

GENERAL FUND

Major Expenditures - Descriptions and Estimates

The 2020-21 budget includes changes to medical insurance rates. The recommended budget includes a 4% increase in rates for active employees and under-65 retirees, or about a \$202,000 increase. The Town's contribution to employee retirement increased by about \$383,000, which reflects a 1.2% increase to the contribution over the prior year.

Due to the impacts of COVID-19, a number of operational reductions were made in order to balance the FY21 budget. Funding has been reduced for street resurfacing by \$300,000, the \$472,000 allocation for building maintenance has been removed, funding for vehicle replacement has been eliminated, and the transfer to the pay-go Capital Improvements Fund has been eliminated.

The 2020-21 Recommended Budget continues to fund retiree medical costs on a pay-as-you-go basis (\$1,690,000), and contributes \$250,000 towards the post-employment benefit (OPEB) liability, a reduction of \$250,000 from the current year.

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

EXPENDITURES						
	2018-19 Actual	2019-20 Original Budget	2019-20 Revised Budget	2019-20 Estimated	2020-21 Recommended Budget	% Change from 2019-20
Personnel	\$ 45,793,801	\$ 50,488,208	\$ 50,114,619	\$ 46,584,001	\$ 50,648,884	0.3%
Operating Costs	17,343,231	17,909,792	19,508,831	18,956,575	15,655,116	-12.6%
Capital Outlay	131,372	85,000	208,155	158,063	85,000	0.0%
Total	\$ 63,268,404	\$ 68,483,000	\$ 69,831,605	\$ 65,698,639	\$ 66,389,000	-3.1%

GENERAL FUND
EXPENDITURES BY DEPARTMENT

	2018-19 Actual	2019-20 Original Budget	2019-20 Revised Budget	2019-20 Estimated	2020-21 Recommended Budget	% Change from 2019-20
General Government						
Mayor/Council	\$ 398,937	\$ 475,446	\$ 475,446	\$ 448,766	\$ 418,966	-11.9%
Town Manager	1,991,049	1,911,919	1,919,221	1,780,643	1,958,135	2.4%
Communications & Public Affairs	850,352	922,142	930,804	889,760	948,213	2.8%
Human Resource Dev't	1,714,542	1,859,535	1,964,992	1,891,220	1,771,889	-4.7%
Business Management	2,118,625	2,310,602	2,311,665	2,127,521	2,334,435	1.0%
Technology Solutions	2,350,392	2,366,219	2,504,643	2,422,961	2,382,387	0.7%
Town Attorney	372,181	386,581	386,581	384,535	391,371	1.2%
Non-Departmental	6,262,093	5,862,692	6,316,823	6,183,802	4,682,130	-20.1%
Subtotal	\$ 16,058,171	\$ 16,095,136	\$ 16,810,175	\$ 16,129,208	\$ 14,887,526	-7.5%
Environment & Development						
Planning	\$ 1,848,577	\$ 1,743,331	\$ 2,097,143	\$ 1,875,461	\$ 1,897,768	8.9%
Housing & Community	767,243	837,649	846,475	863,001	836,011	-0.2%
Public Works	12,042,164	13,065,980	13,432,718	12,824,150	12,098,499	-7.4%
Subtotal	\$ 14,657,984	\$ 15,646,960	\$ 16,376,336	\$ 15,562,612	\$ 14,832,278	-5.2%
Public Safety						
Police	\$ 13,715,192	\$ 16,027,754	\$ 15,985,015	\$ 14,403,329	\$ 16,143,506	0.7%
Fire	8,996,808	9,653,939	9,700,559	9,612,994	9,602,805	-0.5%
Subtotal	\$ 22,712,000	\$ 25,681,693	\$ 25,685,574	\$ 24,016,323	\$ 25,746,311	0.3%
Leisure						
Parks and Recreation	\$ 6,451,220	\$ 7,236,607	\$ 7,273,099	\$ 6,537,509	\$ 7,244,012	0.1%
Library	3,389,029	3,822,604	3,886,421	3,652,987	3,678,873	-3.8%
Subtotal	\$ 9,840,249	\$ 11,059,211	\$ 11,159,520	\$ 10,190,496	\$ 10,922,885	-1.2%
General Fund Total	\$ 63,268,404	\$ 68,483,000	\$ 70,031,605	\$ 65,898,639	\$ 66,389,000	-3.1%

