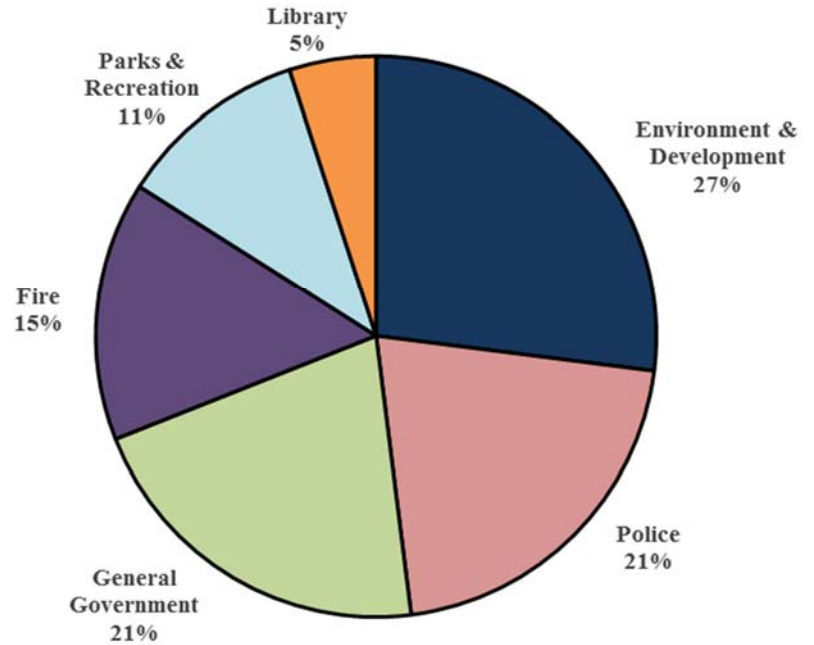


GENERAL FUND

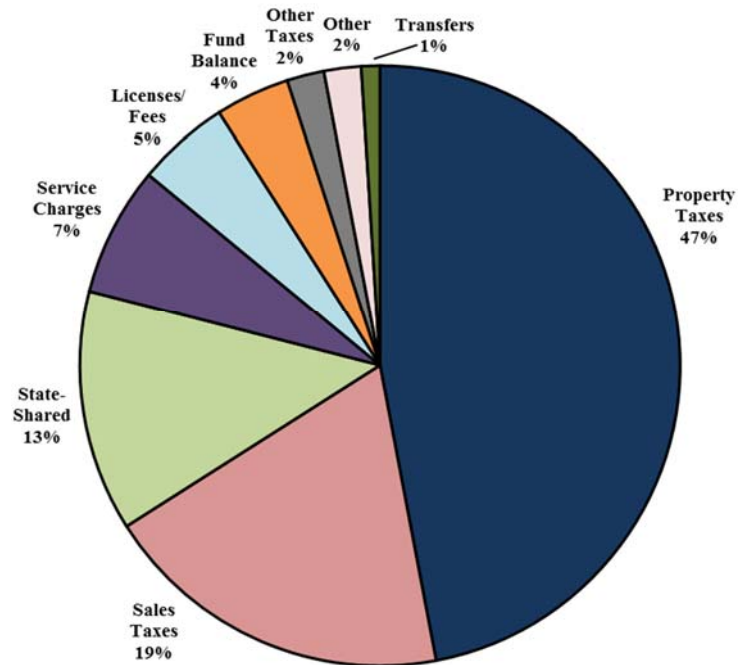
The General Fund is the general operating fund of the Town and is used to account for all revenues and expenditures except those required to be accounted for in another fund. The fund is established at the inception of a government and exists throughout the government's life.

General Fund Expenditures



Total \$63,039,000

General Fund Revenues



**GENERAL FUND
BUDGET SUMMARY**

EXPENDITURES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
General Government	\$ 12,587,371	\$ 13,498,226	\$ 19,138,072	\$ 14,120,932	\$ 13,354,476	-1.1%
Environment & Development	14,132,513	16,584,791	17,403,242	15,987,131	16,848,036	1.6%
Public Safety	20,318,411	22,163,345	22,370,496	20,655,216	22,662,273	2.3%
Leisure	8,671,419	9,454,638	9,766,609	9,426,407	10,174,215	7.6%
Total	\$ 55,709,714	\$ 61,701,000	\$ 68,678,419	\$ 60,189,686	\$ 63,039,000	2.2%

REVENUES

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
General Revenues:						
Property Taxes	\$ 29,012,124	\$ 29,970,000	\$ 29,970,000	\$ 29,268,500	\$ 29,535,000	-1.5%
Sales Taxes	11,444,088	12,059,494	12,059,494	12,066,789	12,790,797	6.1%
Other Tax and Licenses	1,165,861	1,114,000	1,114,000	1,221,500	1,224,000	9.9%
State-Shared Revenues	7,939,845	6,649,590	6,649,590	8,066,190	8,079,590	21.5%
Interest on Investments	29,780	22,500	22,500	26,000	25,000	11.1%
Other Revenues	669,112	472,950	472,950	436,854	332,035	-29.8%
Grants	773,683	782,114	800,549	775,549	780,614	-0.2%
Charges for Services	4,139,505	4,666,537	4,678,537	3,926,352	4,602,428	-1.4%
Licenses/Permits/Fines	2,175,317	3,213,451	3,249,523	2,602,803	2,917,986	-9.2%
Transfers/Other Sources	45,000	45,000	2,245,000	45,000	45,000	0.0%
Appropriated Fund Balance	(1,684,601)	2,705,364	7,416,276	1,754,149	2,706,550	0.0%
Total	\$ 55,709,714	\$ 61,701,000	\$ 68,678,419	\$ 60,189,686	\$ 63,039,000	2.2%

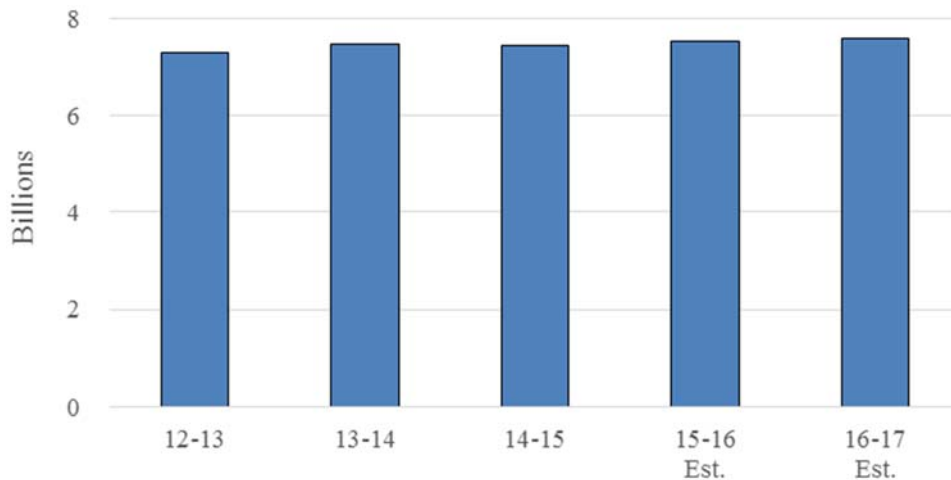
GENERAL FUND

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 2016-17 is estimated to be \$7,601,203,443 with 1 cent on the tax rate equivalent to about \$753,000.

Property Tax Base



The combined property tax revenue we anticipate for 2016-17 totals about \$39.7 million, with \$29.4 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 \$1,159,500 in the current year and about \$1,160,000 in 2016-17. Revenue trends are affected by University events and general economic conditions.

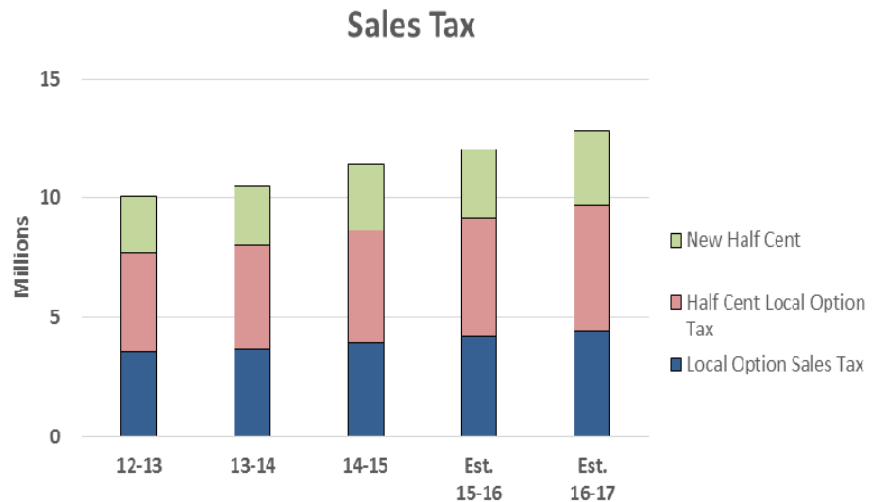
GENERAL FUND

Major Revenue Sources - Descriptions and Estimates

State-Collected Revenues

Sales Taxes

Sales tax revenue is expected to come in slightly over budget in 2015-16. Growth was budgeted at 6% for FY16 and sales tax receipts have been in line with our projections. Based on this information, we are estimating an overall growth rate of 6% in sales taxes for FY17. We estimate combined sales taxes of about \$12,066,789 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 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 \$1,488,600 in 2015-16, about the same as the prior year. For 2016-17, 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 2016-17.

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 \$5,172,000 in the current year in utility sales taxes, which is an increase of \$1,382,000 from what was budgeted in 2015-16. We anticipate that revenues will hold the line in 2016-17.

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 \$33,000 for the current year and \$33,000 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 \$275,000 for the current year and \$275,000 next year.

In summary, we estimate State-collected revenues would total about \$20,870,387 for next year.

Other Revenue Sources

Grants

This category of revenue includes certain recurring local and State grants totaling about \$780,614 for 2016-17. Beginning in 2004-05, we began using a separate Grants Fund for non-recurring grants.

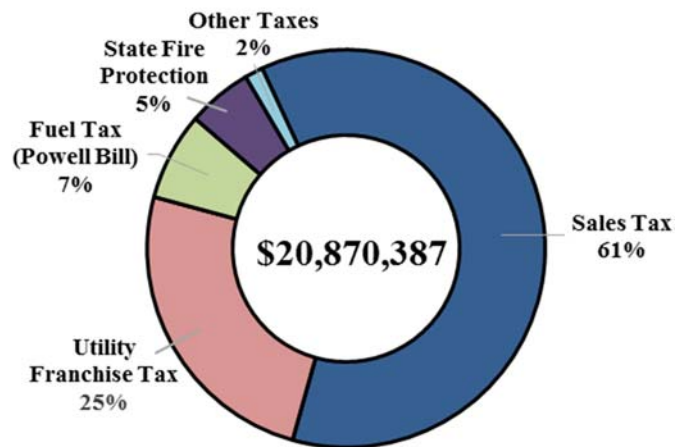
Local grants include an appropriation from Orange County to supplement the Town's Parks and Recreation programs and the Town's Library. The recommended budget for 2016-17 includes level funding from the County at \$83,760 for the Parks and Recreation supplement. The recommended 2016-17 budget includes \$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 \$740,000. This can mainly be attributed to revenue related to the Ephesus Fordham project not coming in as expected. Charges for services are expected to decrease from \$4,666,537 to \$4,602,428 for 2016-17.

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

State Collected Revenues



GENERAL FUND

Major Revenue Sources - Descriptions and Estimates

and services. For 2016-17, these include estimates of \$89,669 from Parking Enterprise Funds, \$117,977 from the Stormwater Management Fund, and \$1,248,734 from the Transit Enterprise Fund.

Licenses/Permits/Fines & Forfeitures

Revenue from licenses, permits, and fines, are expected to miss the current year's budget by about \$610,000 due to lower than expected revenues in fire inspection fees and special use permits. Compared to 2015-16, total licenses and permits are expected to decrease from about \$3.2 million in 2015-16 to \$2.9 million in 2016-17 upon further re-evaluation of the fire inspections program and revenues associated with it.

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 \$22,500 and generate about \$25,000 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 \$437,000 for 2015-16 and \$332,000 for 2016-17 due to a sharp decrease in availability of cemetery lots.

Transfers

Transfers include a transfer of \$45,000 for 2016-17 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 \$7.4 million of fund balance in 2015-16, but through cost-cutting measures, will use only about \$1.8 million. The annual budget includes the use of about \$2,706,550 in 2016-17 to maintain service levels.

GENERAL FUND

Major Revenue Sources - Descriptions and Estimates

Summary of Revenues

In summary, the annual budget includes \$63 million in General Fund revenues, including the use of about \$2,688,550 of fund balance.

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

	15-16 Revised Budget	15-16 Estimated	16-17 Adopted Budget
Property Taxes	\$ 29,970,000	\$ 29,268,500	\$ 29,535,000
Sales Taxes	12,059,494	12,066,789	12,790,797
Other State-Collected	6,649,590	8,066,190	8,079,590
Other Revenues	2,409,999	2,459,903	2,361,649
Licenses/Permits	3,249,523	2,602,803	2,917,986
Service Charges	4,678,537	3,926,352	4,602,428
Interfund Transfers	2,245,000	45,000	45,000
Fund Balance	7,416,276	1,754,149	2,706,550
Total	\$ 68,678,419	\$ 60,189,686	\$ 63,039,000

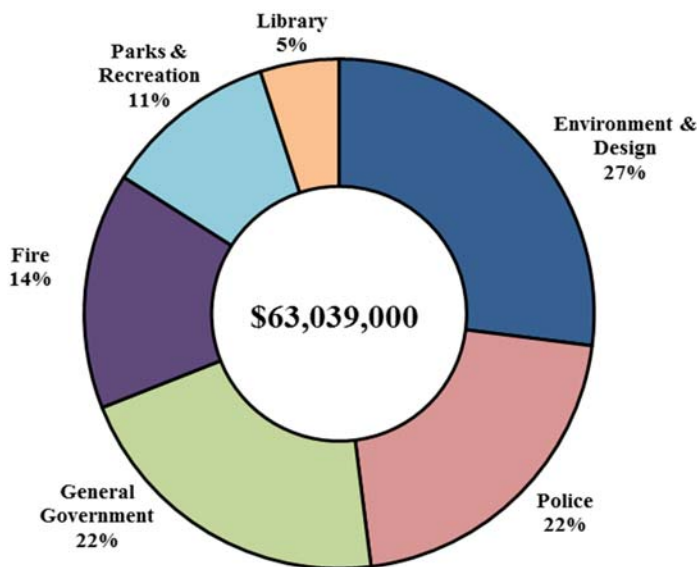
GENERAL FUND

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 \$63,039,000 for the 2016-17 budget.

The largest category of expenditures for the General Fund is Public Safety services, with Police Department expenditures of about \$13.4 million and Fire Department expenditures of about \$9.3 million.



Environment and Development is the second largest category in the General Fund at about \$17 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 55% of total General Fund expenditures.

Other General Fund services include Parks and Recreation programs totaling about \$7.1 million, Library services of \$3.1 million, and General Governmental activities (Administration, Communications & Public Affairs, Business Management, Human Resources, Technology Solutions, Attorney, and Non-Departmental) totaling about \$13.4 million.

Non-departmental expenditures total \$4.5 million. Non-departmental expenditures include a transfer for capital improvements of \$778,000. \$1,095,057 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), 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 2016-17 budget includes changes to medical insurance rates. The adopted budget includes a 15.5% increase in rates for active employees and under-65 retirees, or about a \$638,000 increase. The budget also includes an increase to the employer contribution to the state retirement system from 6.67% to 7.25%, or about \$155,000, for General Fund employees.

Additional expenses in the budget include a 2% of market rate salary adjustment, once on the first payroll of July 2016, and a 1.5% market rate salary adjustment on the first payroll of January 2016 (\$1,007,000). Further additional expenses include a new Assistant Fire Chief of Operations (\$183,113) in the Fire department and a Principal Planner for Housing & Community. There is a contract for an Open Data Analyst (\$55,000) to improve Town communication with Chapel Hill citizens, and a \$30,000 contract for snow removal. Licensing and service costs are anticipated to increase for 2016-17 which is reflected in \$136,740 dedicated to those areas.

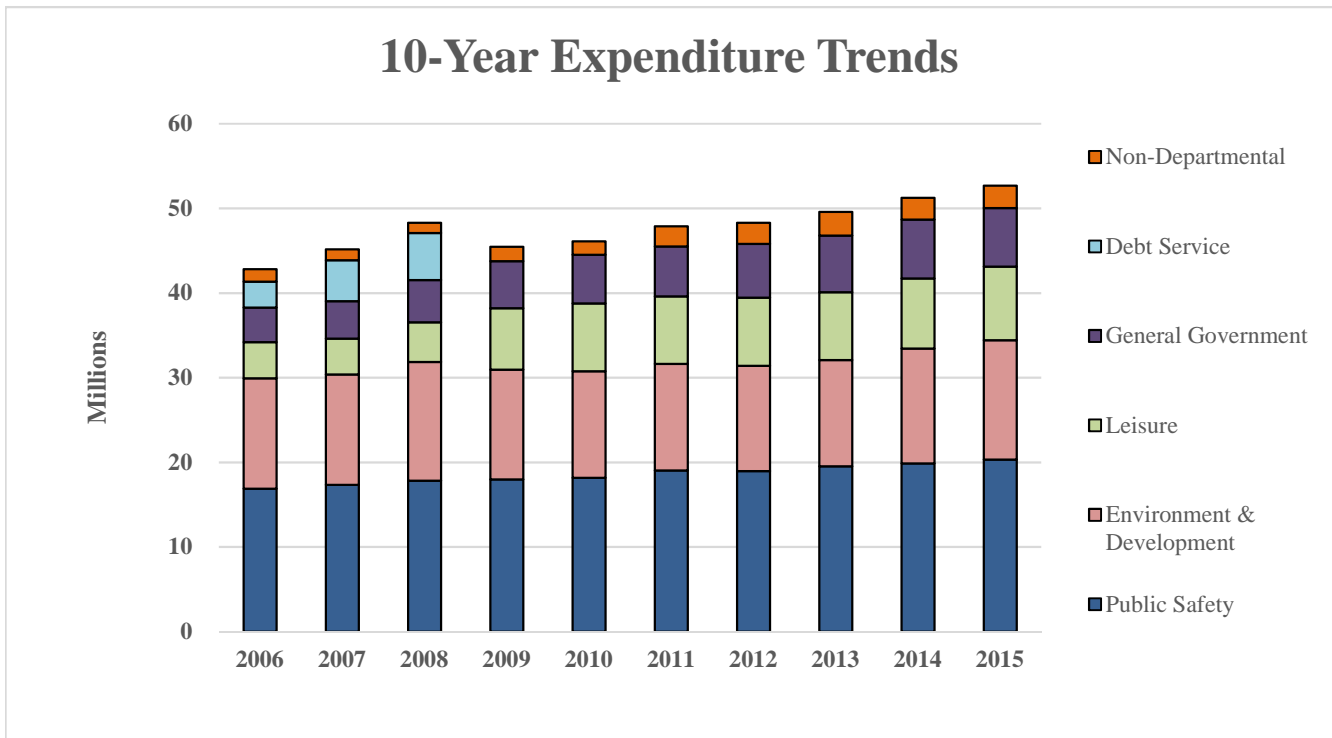
The 2016-17 Adopted Budget continues to fund retiree medical costs on a pay-as-you-go basis (\$925,000), and contributes \$525,000 towards the post-employment benefit (OPEB) liability. The budget increases funding for the Orange Community Housing & Loan Trust by \$28,000 and the Human Services Advisory Board by \$74,400.

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

EXPENDITURES						
	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
Personnel	\$ 36,701,660	\$ 42,440,519	\$ 41,840,026	\$ 38,905,266	\$ 44,853,276	5.7%
Operating Costs	18,819,821	19,199,953	24,293,668	21,000,115	17,571,605	-8.5%
Capital Outlay	188,233	60,528	2,544,725	284,305	614,119	914.6%
Total	\$ 55,709,714	\$ 61,701,000	\$ 68,678,419	\$ 60,189,686	\$ 63,039,000	2.2%

GENERAL FUND

Major Expenditures - Descriptions and Estimates



**GENERAL FUND
EXPENDITURES BY DEPARTMENT**

	2014-15 Actual	2015-16 Original Budget	2015-16 Revised Budget	2015-16 Estimated	2016-17 Adopted Budget	% Change from 2015-16
General Government						
Mayor/Council	\$ 405,588	\$ 471,270	\$ 471,270	\$ 440,511	\$ 440,634	-6.5%
Town Manager	1,258,613	1,500,529	1,510,629	1,354,012	1,577,458	5.1%
Communications & Public Affairs	748,229	864,178	948,188	837,082	808,501	-6.4%
Human Resource Dev't	1,220,801	1,708,151	1,969,496	1,783,033	1,684,747	-1.4%
Business Management	1,696,900	1,996,679	2,012,915	1,989,856	2,102,382	5.3%
Technology Solutions	1,278,666	1,491,763	1,523,876	1,301,197	1,898,579	27.3%
Town Attorney	302,847	320,132	320,132	307,602	339,184	6.0%
Non-Departmental	5,675,727	5,145,524	10,381,566	6,107,639	4,502,991	-12.5%
Subtotal	\$ 12,587,371	\$ 13,498,226	\$ 19,138,072	\$ 14,120,932	\$ 13,354,476	-1.1%
Environment & Development						
Planning & Sustainability	\$ 2,448,016	\$ 3,743,215	\$ 4,169,638	\$ 3,596,345	\$ 3,868,967	3.4%
Housing & Community	343,087	599,491	661,329	581,194	720,525	20.2%
Public Works	11,341,410	12,242,085	12,572,275	11,809,592	12,258,544	0.1%
Subtotal	\$ 14,132,513	\$ 16,584,791	\$ 17,403,242	\$ 15,987,131	\$ 16,848,036	1.6%
Public Safety						
Police	\$ 12,350,683	\$ 13,304,491	\$ 13,393,721	\$ 12,313,669	\$ 13,377,095	0.5%
Fire	7,967,728	8,858,854	8,976,775	8,341,547	9,285,178	4.8%
Subtotal	\$ 20,318,411	\$ 22,163,345	\$ 22,370,496	\$ 20,655,216	\$ 22,662,273	2.3%
Leisure						
Parks and Recreation	\$ 6,192,412	\$ 6,622,483	\$ 6,753,117	\$ 6,479,941	\$ 7,122,261	7.5%
Library	2,479,007	2,832,155	3,013,492	2,946,466	3,051,954	7.8%
Subtotal	\$ 8,671,419	\$ 9,454,638	\$ 9,766,609	\$ 9,426,407	\$ 10,174,215	7.6%
General Fund Total	\$ 55,709,714	\$ 61,701,000	\$ 68,678,419	\$ 60,189,686	\$ 63,039,000	2.2%

