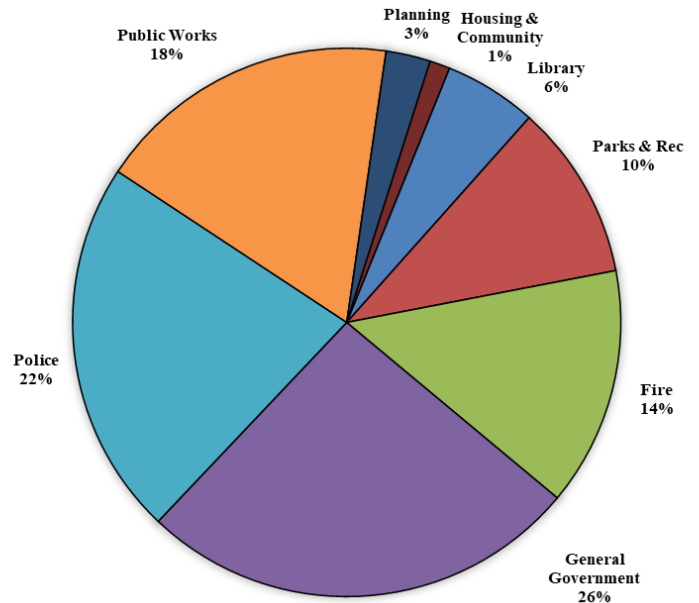


GENERAL FUND

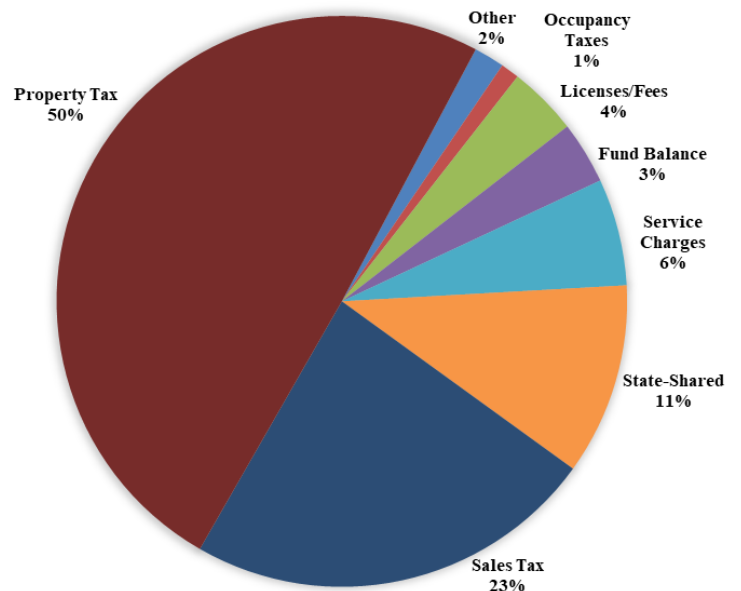
The General Fund is the general operating fund of the Town and is used to account for all revenues and expenditures except those required to be accounted for in another fund. The fund is established at the inception of a government and exists throughout the government's life.

General Fund Expenditures



Total \$71,020,000

General Fund Revenues



**GENERAL FUND
BUDGET SUMMARY**

EXPENDITURES

	2019-20 Actual	2020-21 Original Budget	2020-21 Revised Budget	2020-21 Estimated	2021-22 Adopted Budget	% Change from 2020-21
General Government	\$ 15,567,308	\$ 14,958,553	\$ 15,906,461	\$ 14,137,036	\$ 18,473,780	23.5%
Environment & Development	14,491,948	14,726,275	15,449,748	13,730,482	15,506,557	5.3%
Public Safety	23,775,797	25,696,100	26,085,178	23,919,110	25,775,983	0.3%
Leisure	9,759,028	10,907,072	10,973,786	9,186,504	11,263,680	3.3%
Total	\$ 63,594,081	\$ 66,288,000	\$ 68,415,173	\$ 60,973,132	\$ 71,020,000	7.1%

REVENUES

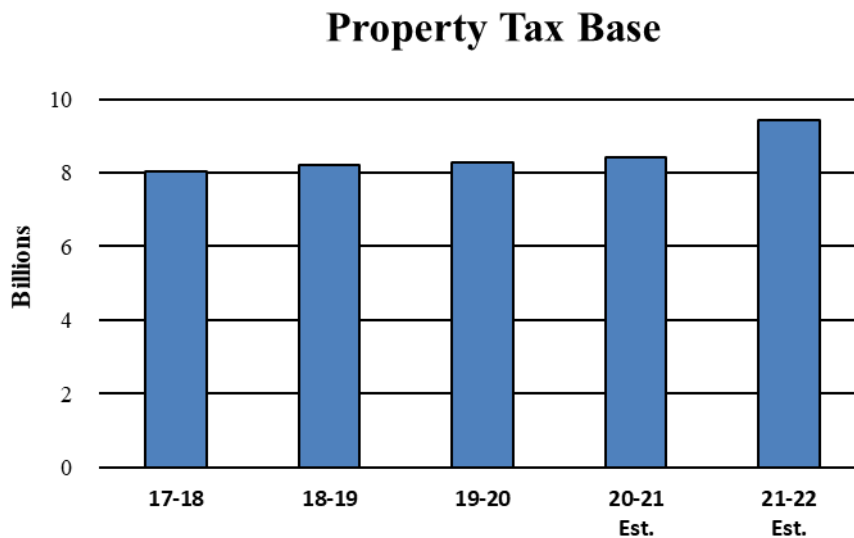
	2019-20 Actual	2020-21 Original Budget	2020-21 Revised Budget	2020-21 Estimated	2021-22 Adopted Budget	% Change from 2020-21
General Revenues:						
Property Taxes	\$ 31,960,930	\$ 32,587,500	\$ 32,587,500	\$ 32,488,311	\$ 35,147,500	7.9%
Sales Taxes	14,562,458	13,336,343	13,336,343	16,156,574	16,560,488	24.2%
Occupancy Tax	986,188	1,200,000	1,200,000	460,000	750,000	-37.5%
Other Tax and Licenses	79,667	92,500	92,500	73,500	78,500	-15.1%
State-Shared Revenues	7,749,969	7,829,256	7,829,256	7,712,442	7,717,442	-1.4%
Interest on Investments	81,887	100,000	100,000	10,000	25,000	-75.0%
Other Revenues	786,958	399,100	962,848	836,035	397,900	-0.3%
Grants	1,010,285	679,399	691,899	950,914	681,997	0.4%
Charges for Services	4,546,422	4,899,000	4,899,000	3,096,951	4,305,852	-12.1%
Licenses/Permits/Fines	2,860,066	2,731,390	2,731,390	2,644,819	2,800,100	2.5%
Transfers/Other Sources	45,000	45,000	45,000	45,000	45,000	0.0%
Appropriated Fund Balance	(1,075,749)	2,388,512	3,939,437	(3,501,414)	2,510,221	5.1%
Total	\$ 63,594,081	\$ 66,288,000	\$ 68,415,173	\$ 60,973,132	\$ 71,020,000	7.1%

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 2021-22 is estimated to be \$9,443,201,995 with 1 cent on the tax rate equivalent to about \$940,000.



The combined property tax revenue we anticipate for 2021-22 totals about \$49.3 million, with \$35.92 million of that supporting the General Fund.

Other Local Taxes

Revenue from the 3 percent Hotel/Motel occupancy tax is expected to total \$460,000 in the current year and \$750,000 in 2021-22. Occupancy Tax is expected to rebound in 2021-22 as we continue to return to normal conditions post COVID-19. Generally, revenue trends are affected by University events and general economic conditions.

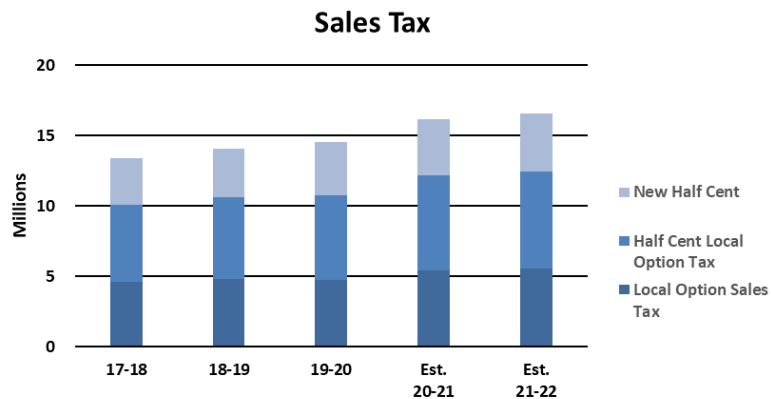
GENERAL FUND

Major Revenue Sources - Descriptions and Estimates

State-Collected Revenues

Sales Taxes

Sales tax revenue is expected to come insignificantly over budget in 2020-21. Based on the uncertainty surrounding the pandemic, a reduction was budgeted at 5% for FY21. However, sales tax receipts are at a 19.27% increase over the previous year through the first seven months. Based on this



trend, we anticipate steady growth through the remainder of the fiscal year. We are estimating continued growth of 2.5% in sales taxes for FY22. We estimate combined sales taxes of about \$16,156,574 for 2020-21. 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 \$1,430,186 in 2020-21, about \$57,000 less than last year. For 2021-22, we anticipate revenues will remain flat for FY22 at around \$1,430,000.

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 2021-22.

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 \$4,877,000 in the current year in utility sales taxes. We anticipate that revenues will hold the line in 2021-22.

GENERAL FUND

Major Revenue Sources - Descriptions and Estimates

Solid Waste Disposal Tax

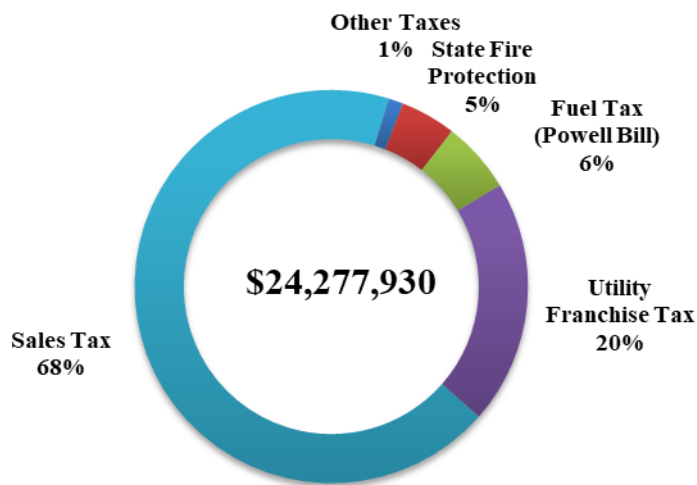
The Solid Waste Disposal Tax went into effect on July 1, 2008. This \$2 per-ton tax is charged on municipal solid waste and construction debris that is deposited in a landfill in the state or transferred at a transfer station for disposal outside of the state. 18.75% of this tax is distributed to cities 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 \$24,277,930 for next year.

State Collected Revenues



Other Revenue Sources

Grants

This category of revenue includes certain recurring local and State grants totaling about \$681,997 for 2021-22. 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 2021-22 includes level funding from the County at \$83,760 for the Parks and Recreation supplement. The adopted 2021-22 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 \$30,098.

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 \$1,802,000. This is largely because of closures and cancellations of Parks and Recreation activities for the majority of the fiscal year due to COVID-19. Charges for services are expected to decrease from a budgeted amount of \$4,899,000 in 2020-21 to \$4,305,852 for 2021-22 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 2021-22, these include \$84,019 from Parking Enterprise Funds, \$131,731 from the Stormwater Management Fund, and \$1,392,621 from the Transit Enterprise Fund.

Licenses/Permits/Fines & Forfeitures

Revenue from licenses, permits, and fines, are expected to come in under the current year's budget by about \$87,000 mainly due to a reduction in fire inspection permits due to the pandemic. Total licenses and permits are expected to decrease from about \$2.6 million in 2020-21 to \$2.5 million in 2021-22.

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 fall significantly below the current year's budget estimate of \$100,000 and generate about \$25,000 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 \$836,000 for 2020-21 and \$397,900 for 2021-22.

Transfers

Transfers include a transfer of \$45,000 for 2021-22 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 \$3.9 million of fund balance in 2020-21, but through cost-cutting measures, do not anticipate using any fund balance in the current fiscal year. This is based on conservative revenue estimates and departmental end-of-year expenditure estimates. The annual budget includes the use of \$2,298,221 in 2021-22 to maintain service levels.

GENERAL FUND

Major Revenue Sources - Descriptions and Estimates

Summary of Revenues

In summary, the annual budget includes \$70.7 million in General Fund revenues, including the use of \$2,510,221 of fund balance.

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

	20-21 Revised Budget	20-21 Estimated	21-22 Adopted Budget
Property Taxes	\$ 32,587,500	\$ 32,488,311	\$ 35,147,500
Sales Taxes	13,336,343	16,156,574	16,560,488
Occupancy Tax	1,200,000	460,000	750,000
Other State-Collected	92,500	73,500	78,500
Other Revenues	8,892,104	8,558,477	8,140,342
Grants	691,899	950,914	681,997
Licenses/Permits	2,731,390	2,644,819	2,500,100
Service Charges	4,899,000	3,096,951	4,305,852
Interfund Transfers	45,000	45,000	45,000
Fund Balance	<u>3,939,437</u>	<u>-</u>	<u>2,510,221</u>
Total	\$ 68,415,173	\$ 64,474,546	\$ 70,720,000

GENERAL FUND

Major Expenditures - Descriptions and Estimates

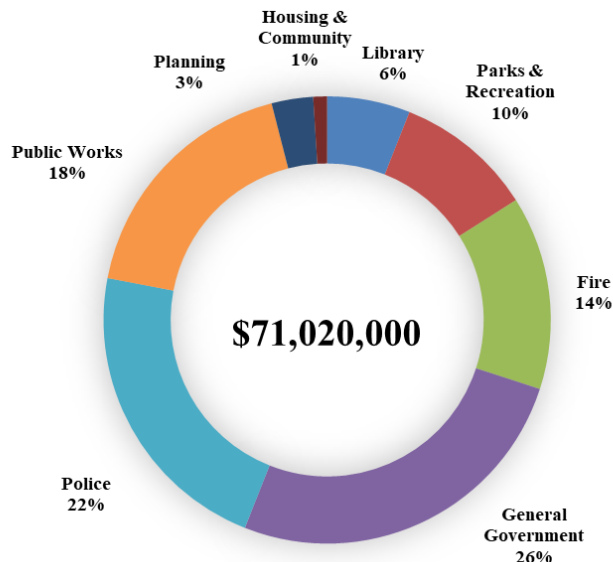
The General Fund provides basic services for Town citizens including police and fire protection, environment and development services (including planning, public works, engineering, and inspections), general administration and planning for growth and development in the community.

The pie chart below shows the relative proportions of expenditures for the various functions and departments in the General Fund budget totaling \$71,020,000 for the 2021-22 budget.

The largest category of expenditures for the General Fund is Public Safety services, with Police Department expenditures of about \$15.8 million and Fire Department expenditures of about \$10 million.

Environment and Development is the second largest category in the General Fund at about \$15.5 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 54% of total General Fund expenditures.



Other General Fund services include Parks and Recreation programs totaling about \$7.4 million, Library services of \$3.9 million, and General Governmental activities (Administration, Communications & Public Affairs, Business Management, Human Resources, Attorney, and Non-Departmental) totaling about \$18.5 million.

Non-departmental expenditures total \$7.6 million. \$1,323,419 is included in the adopted 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 \$350,000.

GENERAL FUND

Major Expenditures - Descriptions and Estimates

The 2021-22 budget includes changes to medical insurance rates. The adopted budget includes a 5.5% increase in rates for active employees and under-65 retirees, or about a \$285,000 increase. The Town's contribution to employee retirement increased by about \$387,000, which reflects a 1.2% increase to the contribution over the prior year. Other personnel increases to the budget include a 3.0% of market rate salary adjustment starting July 1, 2021 (\$992,256) as well as 3 new positions, an Assistant Town Attorney (\$209,510), a Crisis Counselor (\$91,434) and a Diversity, Equity, and Inclusion Officer (\$143,250). 15 Vacant Police Officer positions have been eliminated from the budget, generating \$1,000,365 in savings. The adopted budget also includes \$400,000 towards the implementation of the comprehensive pay study.

As we continue to recover from the budgetary effects of COVID-19, a number of operational reductions from 2020-21 have been restored in some capacity. Funding has been restored for building maintenance by \$350,000, vehicle replacement by \$344,660, and pay-go Capital Improvements by \$250,000. Funding for Library operations have also been restored by \$78,000. The 2021-22 adopted budget also reinstates the transfer to the Debt Service Fund for the Ephesus-Fordham (EF) tax increment financing (TIF) to the pre-pandemic level (\$445,100).

Additional increases to the FY22 budget include \$470,000 to begin implementing the Climate Action Plan and \$100,000 to implement recommendations from the Reimagining Community Safety Task Force.

The 2021-22 Adopted Budget continues to fund retiree medical costs on a pay-as-you-go basis (\$1,460,000) and contributes \$250,000 towards the post-employment benefit (OPEB) liability.

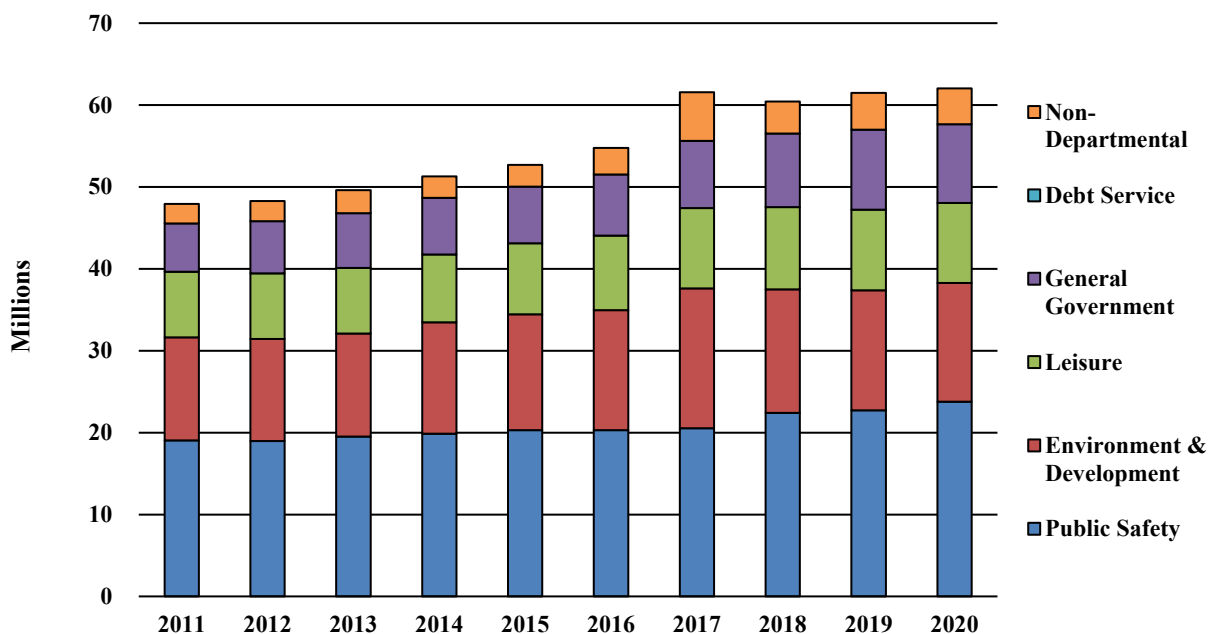
The table below shows expenditure levels for General Fund personnel, operating costs and capital outlay.

EXPENDITURES						
	2019-20	2020-21	2020-21	2020-21	2021-22	% Change
	Actual	Original Budget	Revised Budget	Estimated	Adopted Budget	from 2020-21
Personnel	\$ 46,507,294	\$ 50,530,836	\$ 50,917,713	\$ 45,178,422	\$ 51,793,274	2.5%
Operating Costs	16,941,835	15,672,164	17,326,268	15,691,010	19,141,726	22.1%
Capital Outlay	144,952	85,000	171,192	103,700	85,000	0.0%
Total	\$ 63,594,081	\$ 66,288,000	\$ 68,415,173	\$ 60,973,132	\$ 71,020,000	7.1%

GENERAL FUND

Major Expenditures - Descriptions and Estimates

10-Year Expenditure Trends



GENERAL FUND
EXPENDITURES BY DEPARTMENT

	2019-20 Actual	2020-21 Original Budget	2020-21 Revised Budget	2020-21 Estimated	2021-22 Adopted Budget	% Change from 2020-21
General Government						
Mayor/Council	\$ 444,024	\$ 418,280	\$ 419,020	\$ 387,703	\$ 492,520	17.7%
Town Manager	1,761,606	1,955,941	2,001,549	1,831,655	2,166,624	10.8%
Communications & Public Affairs	863,683	946,778	947,492	712,343	979,154	3.4%
Human Resource Dev't	1,650,037	1,769,797	1,902,810	1,664,417	1,766,539	-0.2%
Business Management	2,099,834	2,330,886	2,330,886	2,144,997	2,419,766	3.8%
Technology Solutions	2,431,142	2,379,166	2,386,765	2,282,359	2,456,616	3.3%
Town Attorney	383,430	390,963	391,747	394,721	577,687	47.8%
Non-Departmental	5,933,552	4,766,742	5,526,192	4,718,841	7,614,874	59.8%
Subtotal	\$ 15,567,308	\$ 14,958,553	\$ 15,906,461	\$ 14,137,036	\$ 18,473,780	23.5%
Environment & Development						
Planning	\$ 1,641,073	\$ 1,810,542	\$ 2,177,472	\$ 1,563,417	\$ 1,865,219	3.0%
Housing & Community	802,551	834,709	834,709	677,501	843,694	1.1%
Public Works	12,048,324	12,081,024	12,437,567	11,489,564	12,797,644	5.9%
Subtotal	\$ 14,491,948	\$ 14,726,275	\$ 15,449,748	\$ 13,730,482	\$ 15,506,557	5.3%
Public Safety						
Police	\$ 14,320,286	\$ 16,112,146	\$ 16,356,934	\$ 14,173,743	\$ 15,771,418	-2.1%
Fire	9,455,511	9,583,954	9,728,244	9,745,367	10,004,565	4.4%
Subtotal	\$ 23,775,797	\$ 25,696,100	\$ 26,085,178	\$ 23,919,110	\$ 25,775,983	0.3%
Leisure						
Parks and Recreation	\$ 6,272,636	\$ 7,234,154	\$ 7,258,077	\$ 5,893,539	\$ 7,374,790	1.9%
Library	3,486,392	3,672,918	3,715,709	3,292,965	3,888,890	5.9%
Subtotal	\$ 9,759,028	\$ 10,907,072	\$ 10,973,786	\$ 9,186,504	\$ 11,263,680	3.3%
General Fund Total	\$ 63,594,081	\$ 66,288,000	\$ 68,415,173	\$ 60,973,132	\$ 71,020,000	7.1%

