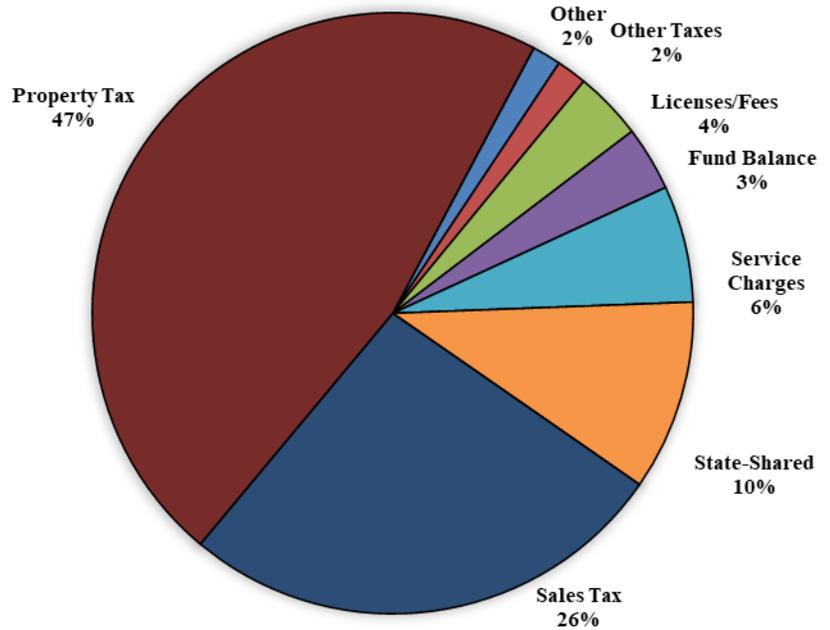


GENERAL FUND

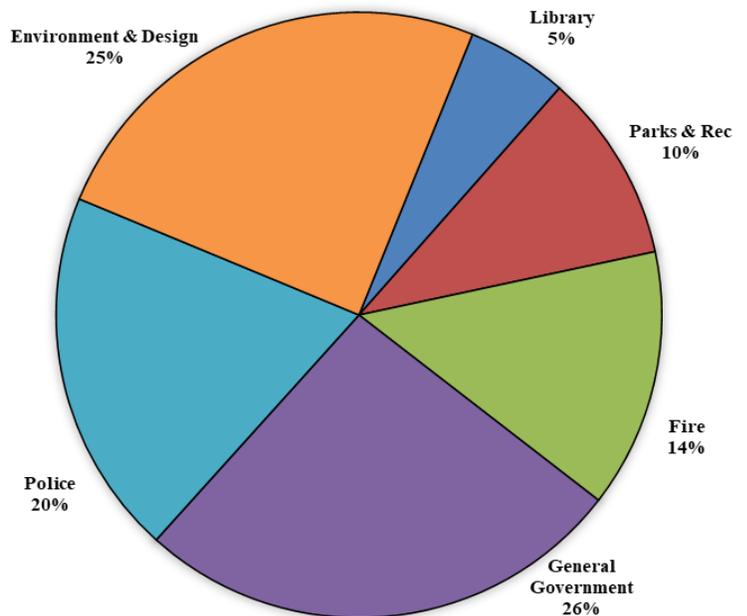
The General Fund is the general operating fund of the Town and is used to account for all revenues and expenditures except those required to be accounted for in another fund. The fund is established at the inception of a government and exists throughout the government's life.

General Fund Revenues



Total \$76,689,000

General Fund Expenditures



**GENERAL FUND
BUDGET SUMMARY**

EXPENDITURES

	2020-21 Actual	2021-22 Original Budget	2021-22 Revised Budget	2021-22 Estimated	2022-23 Adopted Budget	% Change from 2021-22
General Government	\$ 13,311,609	\$ 18,473,780	\$ 22,619,941	\$ 20,229,318	\$ 20,086,773	8.7%
Environment & Development	15,382,205	17,931,425	19,822,582	17,893,599	19,054,575	6.3%
Public Safety	21,414,836	23,351,115	23,701,965	23,051,450	25,640,864	9.8%
Leisure	9,267,797	11,263,680	11,395,390	10,049,361	11,906,788	5.7%
Total	\$ 59,376,447	\$ 71,020,000	\$ 77,539,878	\$ 71,223,728	\$ 76,689,000	8.0%

REVENUES

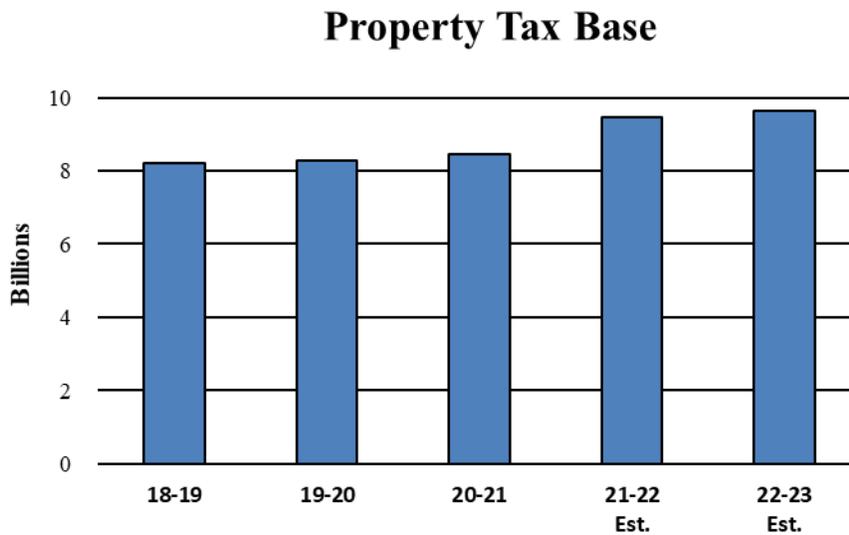
	2020-21 Actual	2021-22 Original Budget	2021-22 Revised Budget	2021-22 Estimated	2022-23 Adopted Budget	% Change from 2021-22
General Revenues:						
Property Taxes	\$ 32,783,393	\$ 35,147,500	\$ 35,147,500	\$ 35,208,500	\$ 35,828,500	1.9%
Sales Taxes	16,844,132	16,560,488	16,560,488	19,100,266	20,246,281	22.3%
Occupancy Tax	608,599	750,000	750,000	1,150,000	1,250,000	66.7%
Other Tax and Licenses	75,030	78,500	78,500	87,000	87,000	10.8%
State-Shared Revenues	7,654,239	7,717,442	7,717,442	7,732,554	7,864,098	1.9%
Interest on Investments	8,512	25,000	25,000	3,600	10,000	-60.0%
Other Revenues	886,225	397,900	453,764	503,272	365,000	-8.3%
Grants	985,730	681,997	687,997	694,102	687,997	0.9%
Charges for Services	3,392,466	4,305,852	4,305,852	4,035,832	4,815,824	11.8%
Licenses/Permits/Fines	3,121,575	2,800,100	2,800,100	3,046,076	2,825,910	0.9%
Transfers/Other Sources	45,000	45,000	45,000	45,000	45,000	0.0%
Appropriated Fund Balance	(7,028,454)	2,510,221	8,968,235	(382,474)	2,663,390	6.1%
Total	\$ 59,376,447	\$ 71,020,000	\$ 77,539,878	\$ 71,223,728	\$ 76,689,000	8.0%

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 2022-23 is estimated to be \$9,620,619,000 with 1 cent on the tax rate equivalent to about \$958,000.



The combined property tax revenue we anticipate for 2022-23 totals about \$49.3 million, with \$35.66 million of that supporting the General Fund.

Other Local Taxes

Revenue from the 3 percent Hotel/Motel occupancy tax is expected to total \$1,150,000 in the current year and \$1,250,000 in 2022-23. 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.

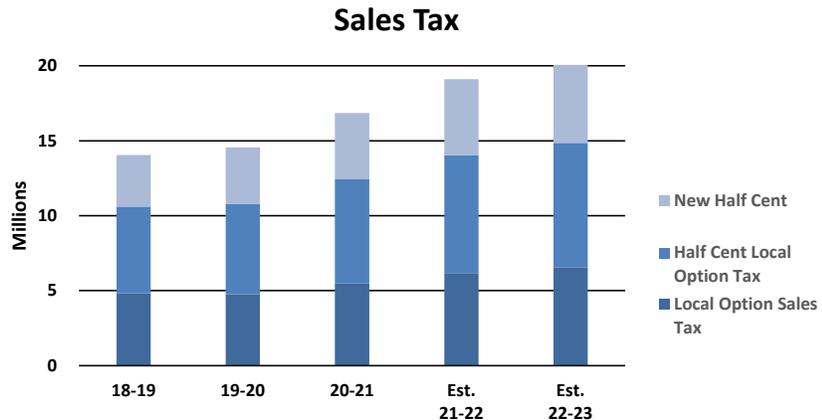
GENERAL FUND

Major Revenue Sources - Descriptions and Estimates

State-Collected Revenues

Sales Taxes

Sales tax revenue is expected to come insignificantly over budget in 2021-22. Based on the uncertainty surrounding the pandemic, a slight increase of 2.5% was budgeted for FY22. However, sales tax receipts



are at a 11% 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 6% in sales taxes for FY23. We estimate combined sales taxes of about \$19,100,266 for 2021-22. 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 \$1,644,298 in 2021-22, about \$214,000 more than last year. For 2022-23, we anticipate revenues will increase for FY23 at around \$1,776,000 due to an increase at the state level.

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 2022-23.

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 \$4,000,000 in the current year in utility sales taxes. We anticipate that revenues will hold the line in 2022-23.

GENERAL FUND

Major Revenue Sources - Descriptions and Estimates

Solid Waste Disposal Tax

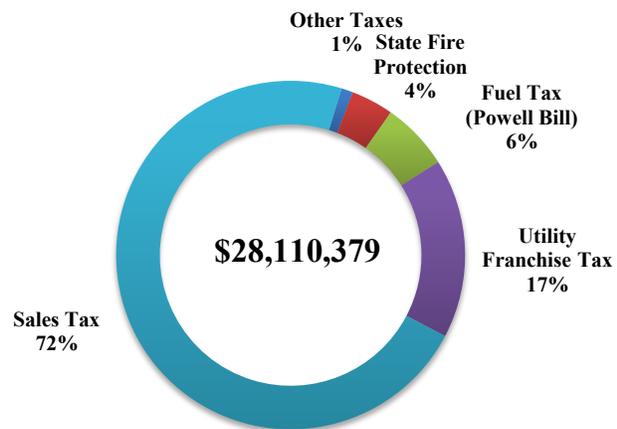
The Solid Waste Disposal Tax went into effect on July 1, 2008. This \$2 per-ton tax is charged on municipal solid waste and construction debris that is deposited in a landfill in the state or transferred at a transfer station for disposal outside of the state. 18.75% of this tax is distributed to cities and towns on a per capita basis. We anticipate receiving around \$42,000 for the current year and \$42,000 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 \$28,110,379 for next year.

State Collected Revenues



Other Revenue Sources

Grants

This category of revenue includes certain recurring local and State grants totaling about \$687,997 for 2022-23. 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 budget for 2022-23 includes level funding from the County at \$83,760 for the Parks and Recreation supplement. The 2022-23 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 under budget in the current year by about \$270,000. This is largely because of closures and cancellations of Parks and Recreation activities for a portion of the fiscal year due to COVID-19. Charges for services are expected to increase from a budgeted amount of \$4,305,852 in 2021-22 to \$4,746,384 for 2022-23 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 2022-23, these include \$91,198 from Parking Enterprise Funds, \$139,156 from the Stormwater Management Fund, and \$1,542,984 from the Transit Enterprise Fund.

Licenses/Permits/Fines & Forfeitures

Revenue from licenses, permits, and fines, are expected to come in over the current year's budget by about \$245,000 mainly due to larger than anticipated revenues from special use planning permits. Total licenses and permits are expected to decrease from about \$3 million in 2021-22 to \$2.79 million in 2022-23.

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 \$25,000 and generate about \$10,000 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 \$1,055,000 for 2021-22 and \$364,100 for 2022-23.

Transfers

Transfers include a transfer of \$45,000 for 2022-23 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 \$9 million of fund balance in 2021-22, 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 \$2,663,390 in 2022-23 to maintain service levels.

GENERAL FUND

Major Revenue Sources - Descriptions and Estimates

Summary of Revenues

In summary, the annual budget includes \$76.69 million in General Fund revenues, including the use of \$2,663,390 of fund balance.

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

	21-22 Revised Budget	21-22 Estimated	22-23 Adopted Budget
Property Taxes	\$ 35,147,500	\$ 35,208,500	\$ 35,828,500
Sales Taxes	16,560,488	19,100,266	20,246,281
Occupancy Tax	750,000	1,150,000	1,250,000
Other State-Collected	78,500	87,000	87,000
Other Revenues	8,196,206	8,239,426	8,239,098
Grants	687,997	694,102	687,997
Licenses/Permits	2,800,100	3,046,076	2,825,910
Service Charges	4,305,852	4,035,832	4,815,824
Interfund Transfers	45,000	45,000	45,000
Fund Balance	<u>8,968,235</u>	<u>(382,474)</u>	<u>2,663,390</u>
Total	\$ 77,539,878	\$ 71,223,728	\$ 76,689,000

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 \$76,689,000 for the 2022-23 budget.

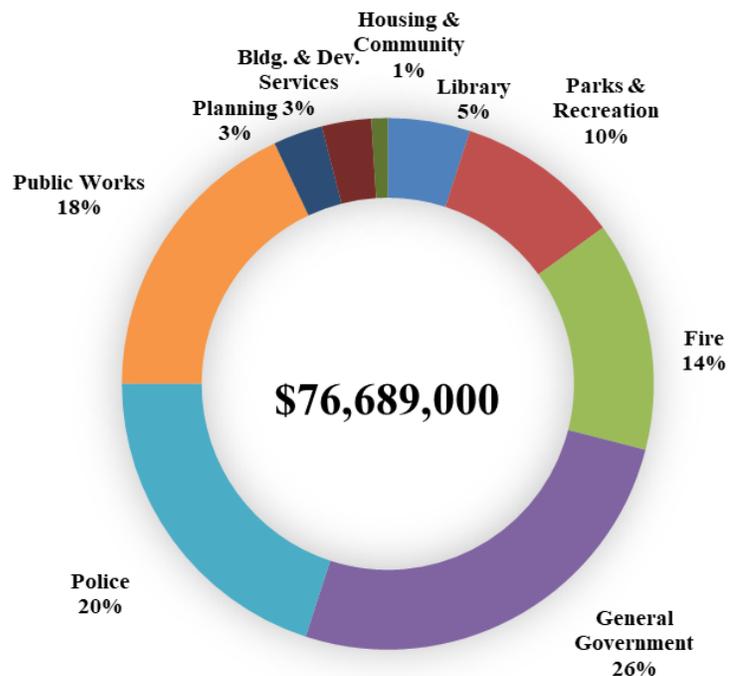
The largest category of expenditures for the General Fund is Public Safety services, with Police Department expenditures of about \$15 million and Fire Department expenditures of about \$10.6 million.

Environment and Development comprises about \$19.1 million, including Planning, Affordable Housing & Community Connections, Building & Development Services, 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 51% of total General Fund expenditures.

Other General Fund services include Parks and Recreation programs totaling about \$7.8 million, Library services of \$4.1 million, and General Governmental activities (Administration, Communications & Public Affairs, Business Management, Human Resources, and Attorney) totaling about \$11.8 million.

Non-departmental expenditures total \$8.3 million. \$1,732,193 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 2022-23 budget includes changes to medical insurance rates. The adopted budget includes a 2% increase in rates for active employees and under-65 retirees, or about a \$92,000 increase. The Town’s contribution to employee retirement increased by about \$252,000, which reflects a 0.7% increase to the contribution over the prior year. The 2022-23 budget absorbs the annualized cost of Phase 1 of the comprehensive pay study (\$2,281,587). Other personnel increases to the budget include a 4/5% of market rate tiered salary adjustment starting July 1, 2022 (\$1,910,044) as well as 4 new positions, an Economic Development Administrative Coordinator, a Grants Administrator, a Planning Technician, and a Diversity, Equity, and Inclusion Project Manager. These 4 positions total \$355,540. The adopted budget also includes \$200,000 towards the implementation of Phase 2 of the comprehensive pay study.

The 2022-23 budget includes increased funding for vehicle replacement (\$95,600) and a set aside for cost of services increases (\$200,000). The adopted budget includes an increase of \$27,325 for Human Services, \$20,000 for Cultural Arts, and \$80,000 towards Affordable Housing/Homelessness Initiatives. The budget also includes funding for parks maintenance (\$50,000), Vision Zero (\$50,000), and Bike/Pedestrian improvements (\$75,000). There is also an additional \$98,000 in the adopted budget for cybersecurity.

Additional increases to the FY23 budget include \$80,000 towards the Climate Action Plan, bringing the total commitment to \$550,000, and \$100,000 for Downtown initiatives.

The 2022-23 adopted budget continues to fund retiree medical costs on a pay-as-you-go basis (\$1,615,000) and contributes \$250,000 towards the post-employment benefit (OPEB) liability.

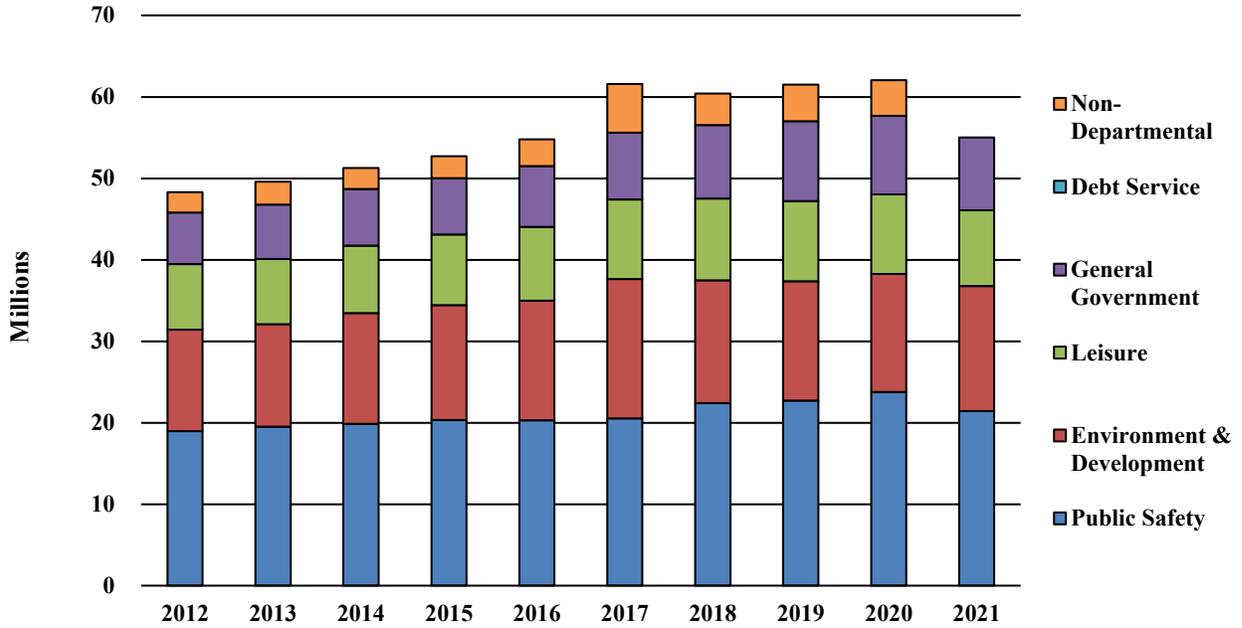
The table below shows expenditure levels for General Fund personnel, operating costs and capital outlay.

EXPENDITURES						
	2020-21	2021-22	2021-22	2021-22	2022-23	% Change
	Actual	Original	Revised	Estimated	Adopted	from
		Budget	Budget		Budget	2021-22
Personnel	\$ 44,871,832	\$ 51,793,274	\$ 51,925,337	\$ 47,191,570	\$ 56,224,919	8.6%
Operating Costs	14,342,836	19,141,726	25,502,185	23,923,761	20,379,081	6.5%
Capital Outlay	161,779	85,000	112,356	108,397	85,000	0.0%
Total	\$ 59,376,447	\$ 71,020,000	\$ 77,539,878	\$ 71,223,728	\$ 76,689,000	8.0%

GENERAL FUND

Major Expenditures - Descriptions and Estimates

10-Year Expenditure Trends



**GENERAL FUND
EXPENDITURES BY DEPARTMENT**

	2020-21 Actual	2021-22 Original Budget	2021-22 Revised Budget	2021-22 Estimated	2022-23 Adopted Budget	% Change from 2021-22
General Government						
Mayor/Council	\$ 347,841	\$ 492,520	\$ 492,520	\$ 472,342	\$ 498,793	1.3%
Town Manager	1,873,282	2,166,624	2,219,124	2,110,736	2,482,115	14.6%
Communications & Public Affairs	669,066	979,154	1,055,154	932,498	1,051,359	7.4%
Human Resource Dev't	1,469,705	1,766,539	2,009,707	1,828,672	1,809,332	2.4%
Business Management	1,913,979	2,419,766	2,595,541	2,200,189	2,685,370	11.0%
Technology Solutions	2,273,223	2,456,616	2,547,572	2,366,436	2,691,695	9.6%
Town Attorney	396,602	577,687	577,687	414,686	598,125	3.5%
Non-Departmental	4,367,911	7,614,874	11,122,636	9,903,759	8,269,984	8.6%
Subtotal	\$ 13,311,609	\$ 18,473,780	\$ 22,619,941	\$ 20,229,318	\$ 20,086,773	8.7%
Environment & Development						
Planning	\$ 1,410,773	\$ 1,865,219	\$ 2,413,422	\$ 1,987,775	\$ 2,027,957	8.7%
Affordable Housing and Community Connections	763,516	843,694	1,293,694	1,188,707	954,730	13.2%
Public Works	11,292,686	12,797,644	13,596,800	12,683,973	13,578,637	6.1%
Building & Development Services	1,915,230	2,424,868	2,518,666	2,033,144	2,493,251	2.8%
Subtotal	\$ 15,382,205	\$ 17,931,425	\$ 19,822,582	\$ 17,893,599	\$ 19,054,575	6.3%
Public Safety						
Police	\$ 12,326,745	\$ 13,346,550	\$ 13,498,479	\$ 13,102,311	\$ 15,024,867	12.6%
Fire	9,088,091	10,004,565	10,203,486	9,949,139	10,615,997	6.1%
Subtotal	\$ 21,414,836	\$ 23,351,115	\$ 23,701,965	\$ 23,051,450	\$ 25,640,864	9.8%
Leisure						
Parks and Recreation	\$ 5,794,064	\$ 7,374,790	\$ 7,510,326	\$ 6,348,009	\$ 7,763,651	5.3%
Library	3,473,733	3,888,890	3,885,064	3,701,352	4,143,137	6.5%
Subtotal	\$ 9,267,797	\$ 11,263,680	\$ 11,395,390	\$ 10,049,361	\$ 11,906,788	5.7%
General Fund Total	\$ 59,376,447	\$ 71,020,000	\$ 77,539,878	\$ 71,223,728	\$ 76,689,000	8.0%