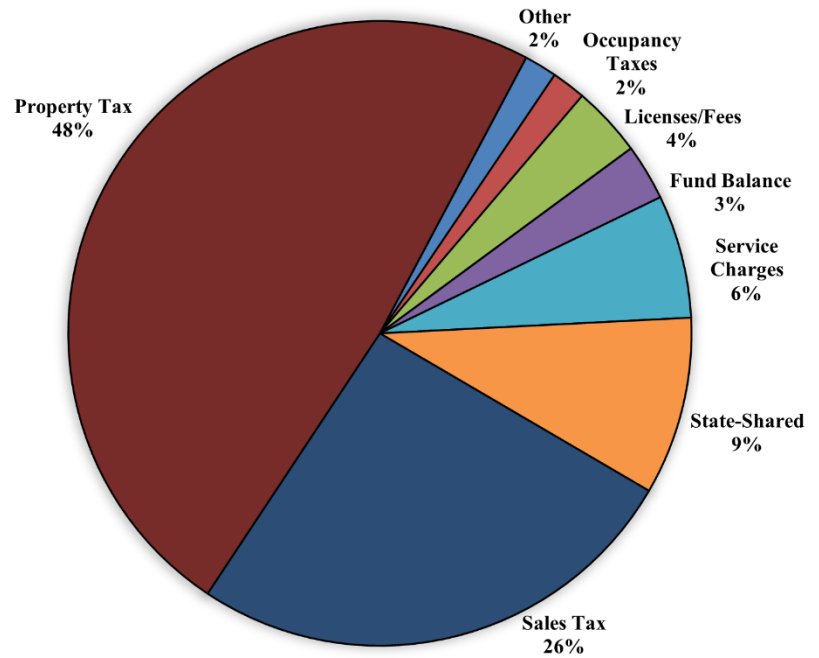


GENERAL FUND

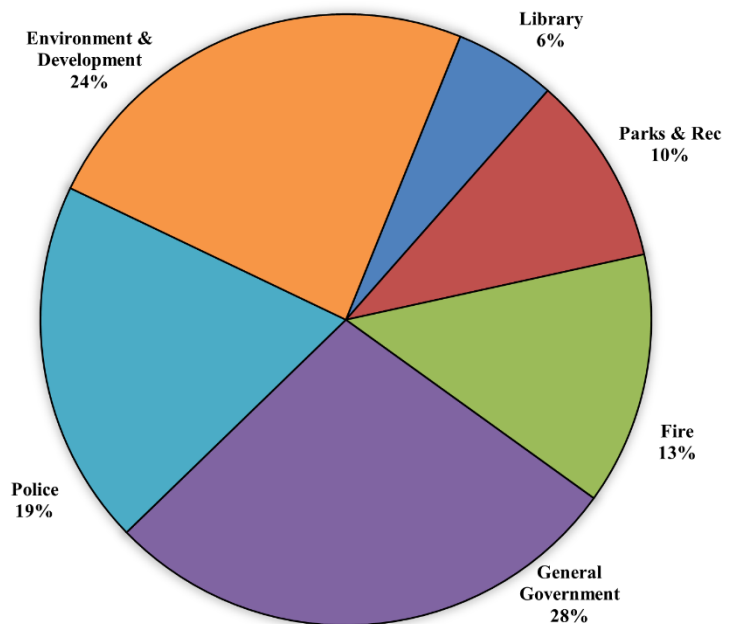
The General Fund is the general operating fund of the Town and is used to account for all revenues and expenditures except those required to be accounted for in another fund. The fund is established at the inception of a government and exists throughout the government's life.

General Fund Revenues



Total \$84,879,000

General Fund Expenditures



**GENERAL FUND
BUDGET SUMMARY**

EXPENDITURES

	2021-22 Actual	2022-23 Original Budget	2022-23 Revised Budget	2022-23 Estimated	2023-24 Adopted Budget	% Change from 2022-23
General Government	\$ 19,496,793	\$ 20,086,773	\$ 24,314,831	\$ 22,871,393	\$ 23,613,279	17.6%
Environment & Development	17,061,802	19,054,575	21,681,664	19,737,143	20,387,054	7.0%
Public Safety	23,833,501	25,640,864	25,901,832	25,453,013	27,766,413	8.3%
Leisure	10,309,300	11,906,788	12,239,777	11,870,357	13,112,254	10.1%
Total	\$ 70,701,396	\$ 76,689,000	\$ 84,138,104	\$ 79,931,906	\$ 84,879,000	10.7%

REVENUES

	2021-22 Actual	2022-23 Original Budget	2022-23 Revised Budget	2022-23 Estimated	2023-24 Adopted Budget	% Change from 2022-23
General Revenues:						
Property Taxes	\$ 35,316,583	\$ 35,828,500	\$ 35,828,500	\$ 35,633,500	\$ 41,128,500	14.8%
Sales Taxes	18,843,327	20,246,281	20,246,281	20,749,003	21,993,943	8.6%
Occupancy Tax	1,297,315	1,250,000	1,250,000	1,500,000	1,500,000	20.0%
Other Tax and Licenses	95,800	87,000	87,000	114,000	110,000	26.4%
State-Shared Revenues	7,868,846	7,864,098	7,864,098	7,817,630	7,817,600	-0.6%
Interest on Investments	6,414	10,000	10,000	100,275	100,000	900.0%
Other Revenues	648,793	365,000	367,000	481,719	412,485	13.0%
Grants	695,376	687,997	765,619	783,211	775,748	12.8%
Charges for Services	4,565,493	4,815,824	4,815,824	5,040,154	5,413,705	12.4%
Licenses/Permits/Fines	3,256,414	2,825,910	2,825,910	2,997,562	3,112,660	10.1%
Transfers/Other Sources	45,000	45,000	45,000	45,000	45,000	0.0%
Appropriated Fund Balance	(1,937,965)	2,663,390	10,032,872	4,669,852	2,469,359	-7.3%
Total	\$ 70,701,396	\$ 76,689,000	\$ 84,138,104	\$ 79,931,906	\$ 84,879,000	10.7%

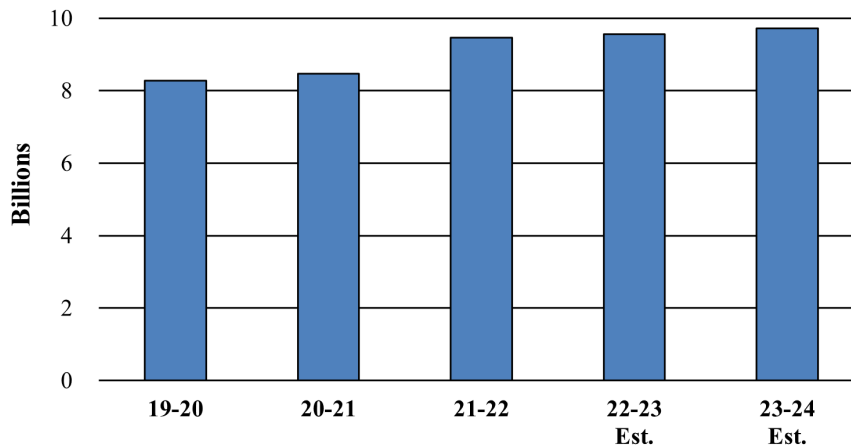
GENERAL FUND

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 2023-24 is estimated to be \$9,734,070,000 with 1 cent on the tax rate equivalent to about \$971,000.

Property Tax Base



The combined property tax revenue we anticipate for 2023-24 totals about \$55.5 million, with \$40.96 million of that supporting the General Fund.

Other Local Taxes

Revenue from the 3 percent Hotel/Motel occupancy tax is expected to total \$1,500,000 in the current year and \$1,500,000 in 2023-24. Occupancy Tax is expected to rebound in 2022-23 as we continue to return to normal conditions post COVID-19. Generally, revenue trends are affected by University events and general economic conditions.

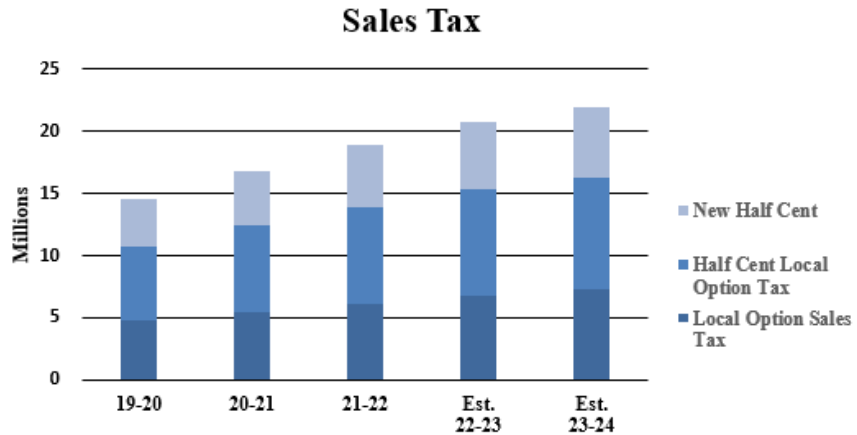
GENERAL FUND

Major Revenue Sources - Descriptions and Estimates

State-Collected Revenues

Sales Taxes

Sales tax revenue is expected to come in over budget in 2022-23. Based on strong growth, an increase of 6% was budgeted for FY23. However, sales tax receipts are at a 9% 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 FY24. We estimate combined sales taxes of about \$20,749,003 for 2022-23. 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 \$1,619,600 in 2022-23, about \$25,000 less than last year. For 2023-24, we anticipate revenues will remain flat for FY24 at around \$1,620,000.

State Fire Protection Funds

We are expecting about \$1,025,000 in State Fire Protection Funds in the current year, and we expect that figure to hold at 1,025,000 in 2023-24.

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 \$4,200,000 in the current year in utility sales taxes. We anticipate that revenues will hold the line in 2023-24.

GENERAL FUND

Major Revenue Sources - Descriptions and Estimates

Solid Waste Disposal Tax

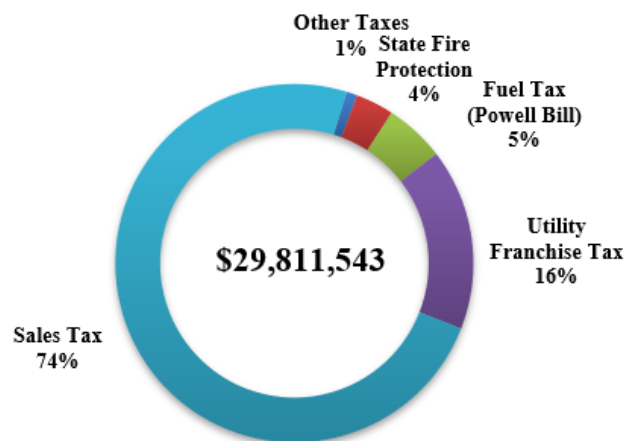
The Solid Waste Disposal Tax went into effect on July 1, 2008. This \$2 per-ton tax is charged on municipal solid waste and construction debris that is deposited in a landfill in the state or transferred at a transfer station for disposal outside of the state. 18.75% of this tax is distributed to cities and towns on a per capita basis. We anticipate receiving around \$43,000 for the current year and \$43,000 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 \$250,000 for the current year and \$250,000 next year.

In summary, we estimate State-collected revenues would total about \$29,811,543 for next year.

State Collected Revenues



Other Revenue Sources

Grants

This category of revenue includes certain recurring local and State grants totaling about \$690,748 for 2023-24. 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 2023-24 includes level funding from the County at \$83,760 for the Parks and Recreation supplement. The 2023-24 budget also includes \$653,139 in Orange County funding to support the Chapel Hill Library, which represents an \$85,000 increase over the current year's allocation. The State appropriation for Library services is budgeted at \$32,849.

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 over budget in the current year by about \$224,000. This is largely due to larger than anticipated revenues from Parks & Rec and Planning. Charges for services are expected to increase from a budgeted amount of \$4,815,824 in 2022-23 to \$5,413,705 for 2023-24 due to projected activity.

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

GENERAL FUND

Major Revenue Sources - Descriptions and Estimates

and services. For 2023-24, these include \$93,494 from Parking, \$147,791 from the Stormwater Management Fund, and \$1,660,264 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 \$172,000 mainly due to larger than anticipated revenues from inspections. Total licenses and permits are expected to increase from about \$3 million in 2022-23 to \$3.1 million in 2023-24.

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 hold steady from the current year's budget estimate of \$100,000 for 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 \$482,000 for 2022-23 and \$412,485 for 2023-24.

Transfers

Transfers include a transfer of \$45,000 for 2023-24 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 \$10 million of fund balance in 2022-23, 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 \$2,469,359 in 2023-24 to maintain service levels.

GENERAL FUND

Major Revenue Sources - Descriptions and Estimates

Summary of Revenues

In summary, the annual budget includes \$84.9 million in General Fund revenues, including the use of \$2,469,359 of fund balance.

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

	22-23 Revised Budget	22-23 Estimated	23-24 Adopted Budget
Property Taxes	\$ 35,828,500	\$ 35,633,500	\$ 41,128,500
Sales Taxes	20,246,281	20,749,003	21,993,943
Occupancy Tax	1,250,000	1,500,000	1,500,000
Other State-Collected	87,000	114,000	110,000
Other Revenues	8,241,098	8,399,624	8,330,085
Grants	765,619	783,211	775,748
Licenses/Permits	2,825,910	2,997,562	3,112,660
Service Charges	4,815,824	5,040,154	5,413,705
Interfund Transfers	45,000	45,000	45,000
Fund Balance	<u>10,032,872</u>	<u>4,669,852</u>	<u>2,469,359</u>
Total	\$ 84,138,104	\$ 79,931,906	\$ 84,879,000

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 \$84,879,000 for the 2023-24 budget.

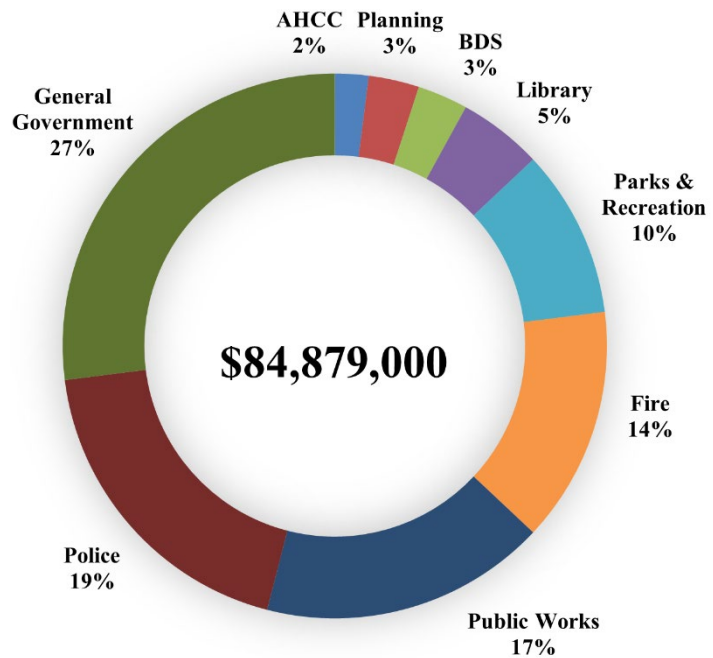
The largest category of expenditures for the General Fund is Public Safety services, with Police Department expenditures of about \$16.4 million and Fire Department expenditures of about \$11.3 million.

Environment and Development comprises about \$20.4 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 50% of total General Fund expenditures.

Other General Fund services include Parks and Recreation programs totaling about \$8.5 million, Library services of \$4.6 million, and General Governmental activities (Administration, Governance Services, Business Management, Human Resources, and Attorney) totaling about \$13 million.

Non-departmental expenditures total \$10.6 million. \$1,777,483 is included in the 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” (\$826,850) and legal funds (\$100,000). The budget for liability and property insurance totals \$350,000.



GENERAL FUND

Major Expenditures - Descriptions and Estimates

The 2023-24 budget includes changes to medical insurance rates. The budget includes a 2% decrease in rates for active employees and under-65 retirees, or about a \$109,000 savings. The Town’s contribution to employee retirement increased by about \$252,000, which reflects a 0.75% increase to the contribution over the prior year. Other personnel increases to the budget include a 5% of market rate salary adjustment starting July 1, 2023 (\$2,126,460) as well as 11 new positions: an Engineer, 3 Firefighters, Special Projects Planning Technician, Commercial Plans Reviewer, Crisis Counselor, Municipal Arborist, Maintenance Mechanic, Affordable Housing Manager, and a Greenways and Mobility Planning Manager. These 11 positions total \$954,258. The 2023-24 budget absorbs about \$400,000 in compression adjustments that were made during FY23. The budget also includes \$400,000 towards addressing compression and other benefit options.

The 2023-24 budget includes increased funding for vehicle replacement (\$750,000) and additional funding in various areas for cost of services increases (about \$264,000). The budget includes an increase of \$28,691 for Human Services, \$62,792 for the Interfaith Council, and \$35,330 for the Community Home Trust. The budget also includes funding for fire capital (\$250,000) and 2 apprentices in Building & Development Services (\$32,300).

Additional increases to the FY24 budget include \$250,000 for increased facility maintenance, about \$400,000 for Greenways, and \$911,000 for Parks capital. Fuel and Vehicle Maintenance are also up over FY23, by about \$348,000 in total. The budget also includes \$100,000 towards a tax relief program to address the impact of the tax increase on lower income property owners.

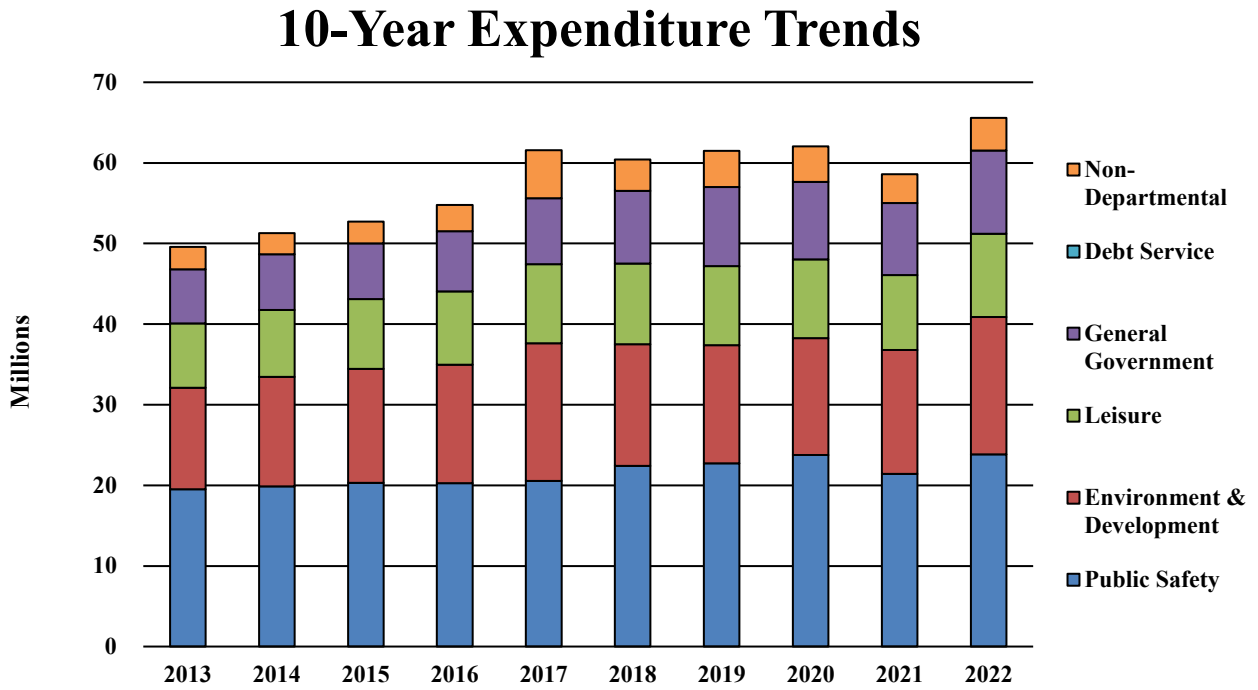
The 2023-24 Budget continues to fund retiree medical costs on a pay-as-you-go basis (\$1,697,000) and contributes \$250,000 towards the post-employment benefit (OPEB) liability.

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

EXPENDITURES						
	2021-22	2022-23	2022-23	2022-23	2023-24	% Change
	Actual	Original Budget	Revised Budget	Estimated	Adopted Budget	from 2022-23
Personnel	\$ 49,195,574	\$ 56,224,919	\$ 55,650,872	\$ 53,366,278	\$ 60,479,338	7.6%
Operating Costs	21,325,904	20,379,081	28,338,867	26,473,633	24,029,662	17.9%
Capital Outlay	179,918	85,000	148,365	91,995	370,000	335.3%
Total	\$ 70,701,396	\$ 76,689,000	\$ 84,138,104	\$ 79,931,906	\$ 84,879,000	10.7%

GENERAL FUND

Major Expenditures - Descriptions and Estimates



**GENERAL FUND
EXPENDITURES BY DEPARTMENT**

	2021-22 Actual	2022-23 Original Budget	2022-23 Revised Budget	2022-23 Estimated	2023-24 Adopted Budget	% Change from 2022-23
General Government						
Mayor/Council	\$ 462,818	\$ 498,793	\$ 531,793	\$ 495,413	\$ 590,376	18.4%
Town Manager	2,172,981	2,482,115	2,812,071	2,392,695	3,865,930	55.8%
Governance Services	1,067,470	1,051,359	1,051,359	1,112,340	854,859	-18.7%
Human Resource Dev't	1,543,670	1,809,332	1,856,149	1,638,364	1,577,361	-12.8%
Business Management	2,167,336	2,685,370	2,913,656	2,586,868	2,744,529	2.2%
Technology Solutions	2,456,098	2,691,695	2,730,530	2,646,464	2,801,996	4.1%
Town Attorney	439,610	598,125	619,904	585,470	600,992	0.5%
Non-Departmental	9,186,810	8,269,984	11,799,369	11,413,779	10,577,236	27.9%
Subtotal	\$19,496,793	\$20,086,773	\$24,314,831	\$22,871,393	\$23,613,279	17.6%
Environment & Development						
Planning	\$ 1,775,066	\$ 2,027,957	\$ 3,526,057	\$ 2,452,690	\$ 1,940,251	-4.3%
Affordable Housing and Community Connections	877,132	954,730	1,296,480	1,187,928	1,236,089	29.5%
Public Works	12,397,690	13,578,637	14,365,876	13,692,065	14,419,526	6.2%
Building & Development Services	2,011,914	2,493,251	2,493,251	2,404,460	2,791,188	11.9%
Subtotal	\$17,061,802	\$19,054,575	\$21,681,664	\$19,737,143	\$20,387,054	7.0%
Public Safety						
Police	\$13,650,516	\$15,024,867	\$15,152,701	\$15,307,822	\$16,418,764	9.3%
Fire	10,182,985	10,615,997	10,749,131	10,145,191	11,347,649	6.9%
Subtotal	\$23,833,501	\$25,640,864	\$25,901,832	\$25,453,013	\$27,766,413	8.3%
Leisure						
Parks and Recreation	\$ 6,509,743	\$ 7,763,651	\$ 8,021,304	\$ 7,655,503	\$ 8,543,493	10.0%
Library	3,799,557	4,143,137	4,218,473	4,214,854	4,568,761	10.3%
Subtotal	\$10,309,300	\$11,906,788	\$12,239,777	\$11,870,357	\$13,112,254	10.1%
General Fund Total	\$70,701,396	\$76,689,000	\$84,138,104	\$79,931,906	\$84,879,000	10.7%

