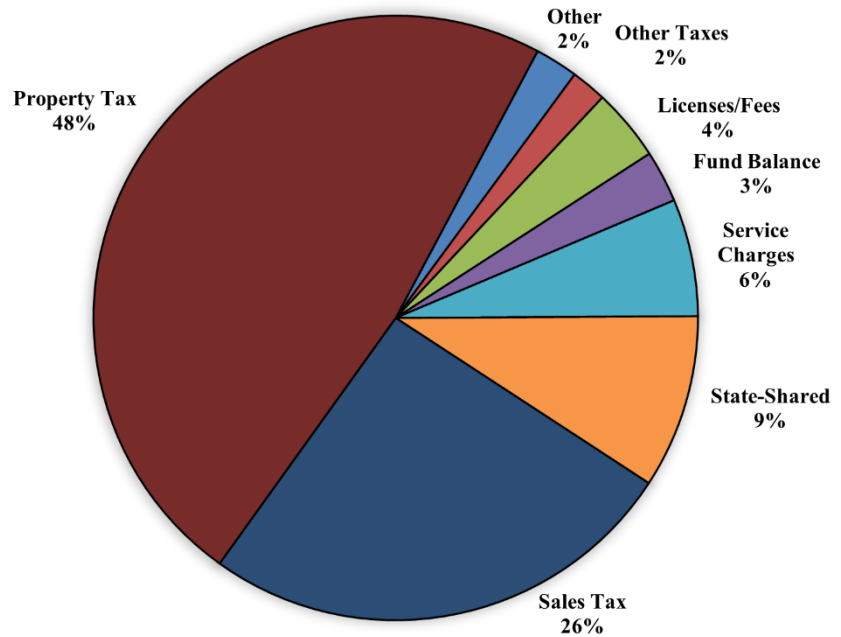


GENERAL FUND

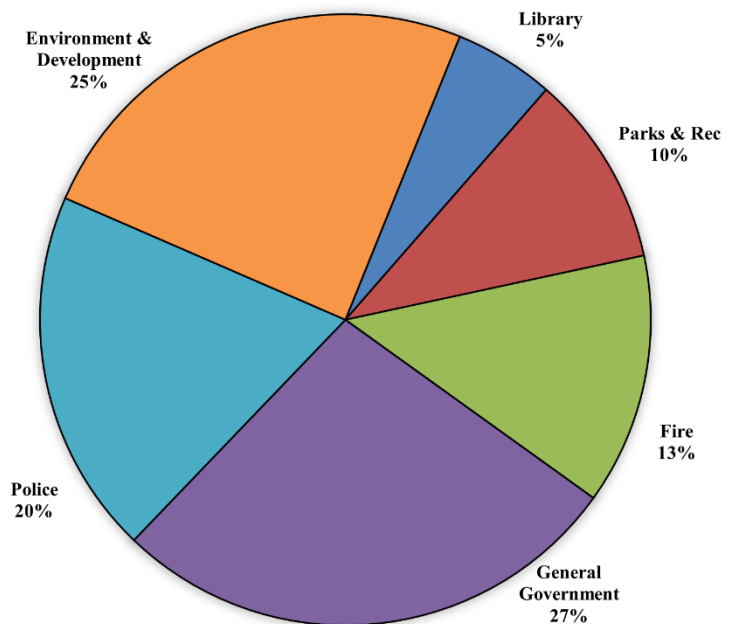
The General Fund is the general operating fund of the Town and is used to account for all revenues and expenditures except those required to be accounted for in another fund. The fund is established at the inception of a government and exists throughout the government's life.

General Fund Revenues



Total \$89,473,000

General Fund Expenditures



**GENERAL FUND
BUDGET SUMMARY**

EXPENDITURES

	2022-23 Actual	2023-24 Original Budget	2023-24 Revised Budget	2023-24 Estimated	2024-25 Adopted Budget	% Change from 2023-24
General Government	\$ 22,730,016	\$ 23,613,279	\$ 25,011,278	\$ 24,341,101	\$ 24,389,825	3.3%
Environment & Development	19,184,143	20,387,054	21,913,791	20,464,736	22,004,866	7.9%
Public Safety	25,353,594	27,766,413	28,030,848	27,970,102	29,201,360	5.2%
Leisure	11,579,471	13,112,254	13,272,691	13,085,253	13,876,949	5.8%
Total	\$ 78,847,224	\$ 84,879,000	\$ 88,228,608	\$ 85,861,192	\$ 89,473,000	5.4%

REVENUES

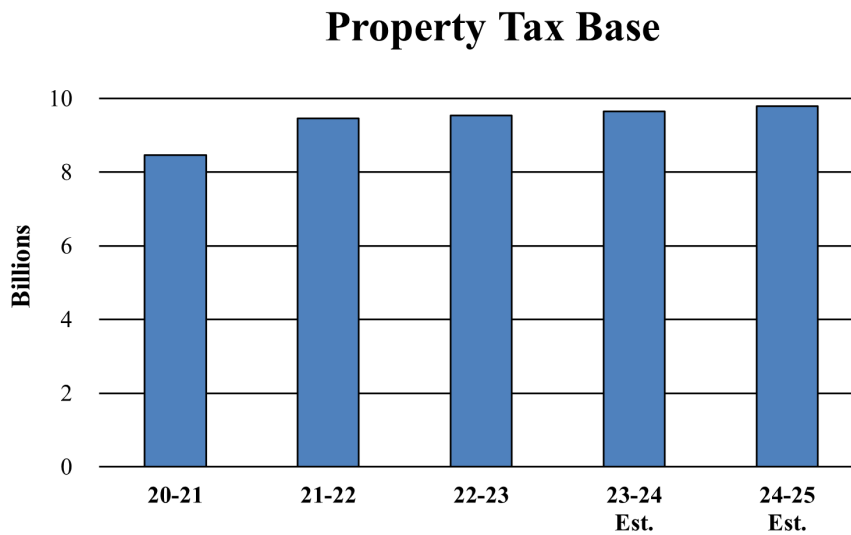
	2022-23 Actual	2023-24 Original Budget	2023-24 Revised Budget	2023-24 Estimated	2024-25 Adopted Budget	% Change from 2023-24
General Revenues:						
Property Taxes	\$ 35,562,611	\$ 41,128,500	\$ 41,128,500	\$ 40,685,000	\$ 42,835,000	4.1%
Sales Taxes	20,646,299	21,993,943	21,993,943	22,108,800	22,993,152	4.5%
Occupancy Tax	1,514,877	1,500,000	1,500,000	1,700,000	1,700,000	13.3%
Other Tax and Licenses	126,365	110,000	110,000	100,000	100,000	-9.1%
State-Shared Revenues	8,042,965	7,817,600	7,828,600	8,213,894	8,313,708	6.3%
Interest on Investments	598,665	100,000	100,000	1,004,850	750,000	650.0%
Other Revenues	968,523	412,485	471,504	625,664	421,100	2.1%
Grants	801,078	775,748	832,170	787,944	749,862	-3.3%
Charges for Services	5,888,472	5,413,705	5,413,705	4,754,209	5,616,827	3.8%
Licenses/Permits/Fines	4,181,180	3,112,660	3,112,660	3,270,834	3,462,693	11.2%
Transfers/Other Sources	45,000	45,000	295,000	45,000	45,000	0.0%
Appropriated Fund Balance	471,189	2,469,359	5,442,526	2,564,997	2,485,658	0.7%
Total	\$ 78,847,224	\$ 84,879,000	\$ 88,228,608	\$ 85,861,192	\$ 89,473,000	5.4%

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 2024-25 is estimated to be \$9,787,420,000 with 1 cent on the tax rate equivalent to about \$976,000.



The combined property tax revenue we anticipate for 2024-25 totals about \$57.8 million, with \$42.65 million of that supporting the General Fund. Also for 2024-25, there is a 1.5 cent increase to the property tax rate for the General Fund, following the guidelines set by the five-year budget strategy.

Other Local Taxes

Revenue from the 3 percent Hotel/Motel occupancy tax is expected to total \$1,700,000 in the current year and \$1,700,000 in 2024-25. Generally, revenue trends are affected by University events and overall economic conditions.

GENERAL FUND

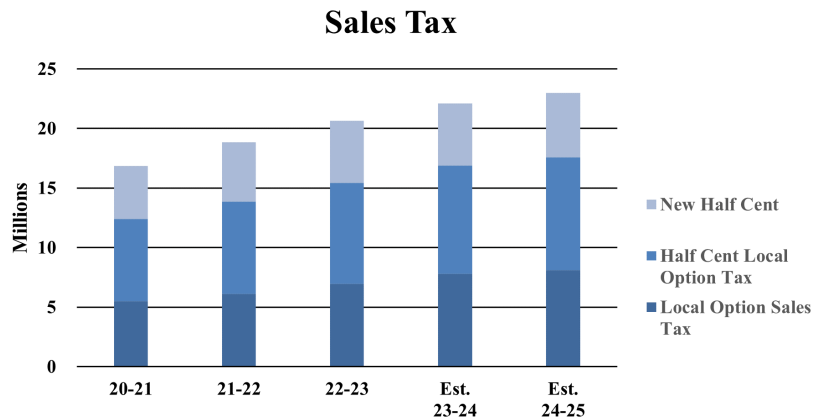
Major Revenue Sources - Descriptions and Estimates

State-Collected Revenues

Sales Taxes

Sales tax revenue is expected to come in just slightly over budget in 2023-24. Based on strong growth, an increase of 6% was budgeted for FY24. Sales tax receipts are growing at a slower rate versus the previous year through the first ten months. Based on this trend, we anticipate average growth through the remainder of the fiscal year. We are

estimating continued growth of 4% in sales taxes for FY25. We estimate combined sales taxes of about \$22,108,800 for 2023-24. 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 \$1,787,208 in 2023-24, about \$170,000 more than last year. For 2024-25, we anticipate revenues will remain flat at \$1,787,208.

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 2024-25.

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 \$4,400,000 in the current year in utility sales taxes. We anticipate that revenues will increase slightly to \$4,500,000 in 2024-25.

GENERAL FUND

Major Revenue Sources - Descriptions and Estimates

Solid Waste Disposal Tax

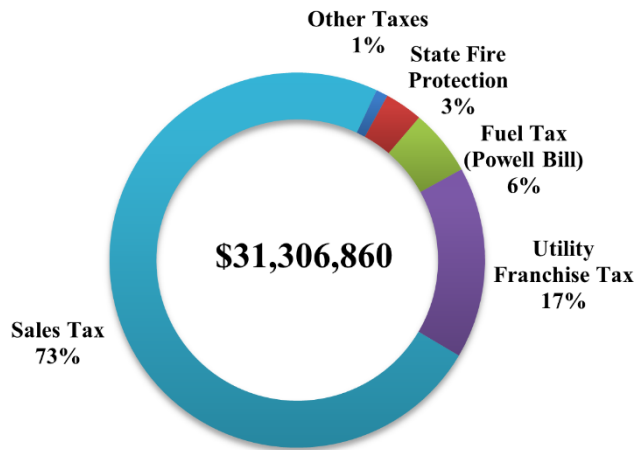
The Solid Waste Disposal Tax went into effect on July 1, 2008. This \$2 per-ton tax is charged on municipal solid waste and construction debris that is deposited in a landfill in the state or transferred at a transfer station for disposal outside of the state. 18.75% of this tax is distributed to cities and towns on a per capita basis. We anticipate receiving around \$46,500 for the current year and \$46,500 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 \$31,306,860 for next year.

State Collected Revenues



Other Revenue Sources

Grants

This category of revenue includes certain recurring local and State grants totaling about \$749,862 for 2024-25. 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 2024-25 includes level funding from the County at \$83,760 for the Parks and Recreation supplement. The adopted 2024-25 budget includes \$621,323 in Orange County funding to support the Chapel Hill Library, which has decreased from the current year's allocation. The State appropriation for Library services is budgeted at \$38,779.

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 \$660,000. This is driven by lower than anticipated development-related revenues. Charges for services are expected to increase from a budgeted amount of \$5,413,705 in 2023-24 to \$5,616,827 for 2024-25 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 2024-25, these include \$95,417 from Parking, \$163,155 from the Stormwater Management Fund, and \$1,726,822 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 \$158,000, mainly due to larger than anticipated revenues from Fire and Inspections. Total licenses and permits are expected to increase from about \$3.27 million in 2023-24 to \$3.46 million in 2024-25.

Interest on Investments

The General Fund share of interest earned on the Town's investments is recorded in this category. Investment income in the current year's budget was originally estimated at \$100,000. Due to several factors, interest is anticipated to come in significantly over budget at \$1 million for 2023-24. The Town anticipates \$750,000 in interest income in 2024-25 based on current trends.

Miscellaneous, Transfers, Net Assets (Fund Balance)

Miscellaneous Revenues

The primary miscellaneous revenues include mutual aid reimbursements, court cost reimbursements, and donations. Miscellaneous revenues are expected to total about \$625,000 for 2023-24 and \$421,000 for 2024-25.

Transfers

Transfers include a transfer of \$45,000 for 2024-25 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 \$5.4 million of fund balance in 2023-24, but through cost-cutting measures, we anticipate using \$2.6 million in 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 \$2,485,658 in 2024-25 to maintain service levels.

GENERAL FUND

Major Revenue Sources - Descriptions and Estimates

Summary of Revenues

In summary, the annual budget includes \$89.4 million in General Fund revenues, including the use of \$2,485,658 of fund balance.

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

	23-24 Revised Budget	23-24 Estimated	24-25 Adopted Budget
Property Taxes	\$ 41,128,500	\$ 40,685,000	\$ 42,835,000
Sales Taxes	21,993,943	22,108,800	22,993,152
Occupancy Tax	1,500,000	1,700,000	1,700,000
Other State-Collected	110,000	100,000	100,000
Other Revenues	8,400,104	9,844,408	9,484,808
Grants	832,170	787,944	749,862
Licenses/Permits	3,112,660	3,270,834	3,462,693
Service Charges	5,413,705	4,754,209	5,616,827
Interfund Transfers	295,000	45,000	45,000
Fund Balance	<u>5,442,526</u>	<u>2,564,997</u>	<u>2,485,658</u>
Total	\$ 88,228,608	\$ 85,861,192	\$ 89,473,000

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 \$89,473,000 for the 2024-25 budget.

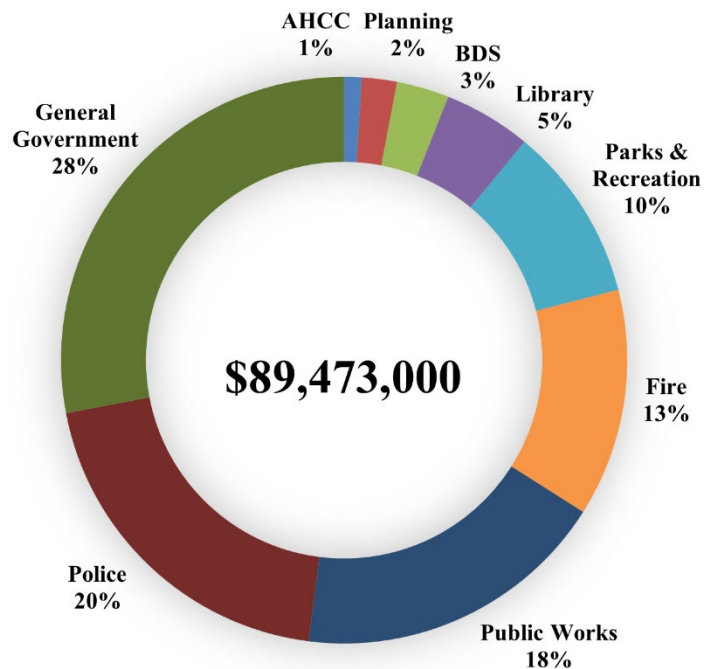
The largest category of expenditures for the General Fund is Public Safety services, with Police Department expenditures of about \$17.3 million and Fire Department expenditures of about \$11.9 million.

Environment and Development comprises about \$22 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 \$9.1 million, Library services of \$4.8 million, and General Governmental activities (Administration, Governance Services, Human Resources, Business Management, Technology Solutions, and Attorney) totaling about \$14 million.

Non-departmental expenditures total \$10.4 million. \$2,019,975 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” (\$722,003) and legal funds (\$100,000). The budget for liability and property insurance totals \$575,000.



GENERAL FUND

Major Expenditures - Descriptions and Estimates

The 2024-25 budget includes changes to the Town’s contribution to employee retirement. The amount went up by \$298,191, which reflects a 0.75% increase to the contribution over the prior year. Other personnel increases to the budget include a 6% of market rate salary adjustment starting July 1, 2024 (\$2,656,939). The 2024-25 budget also absorbs compression adjustments that were made during FY24.

The 2024-25 budget includes increased funding for vehicle replacement (\$500,000) and additional funding in various areas for cost of services increases (\$579,218). The adopted budget includes an increase of \$7,974 for the Interfaith Council, \$110,642 for the Community Home Trust, and \$123,876 for the Orange County Partnership to End Homelessness.

Additional increases to the FY25 budget include \$250,000 for increased facility maintenance and \$250,000 for streets maintenance. Vehicle Maintenance is up over FY24, by about \$302,000, and liability insurance is also up by \$225,000 over the prior year.

The 2024-25 budget continues to fund retiree medical costs on a pay-as-you-go basis (\$1,675,000) and contributes \$250,000 towards the post-employment benefit (OPEB) liability.

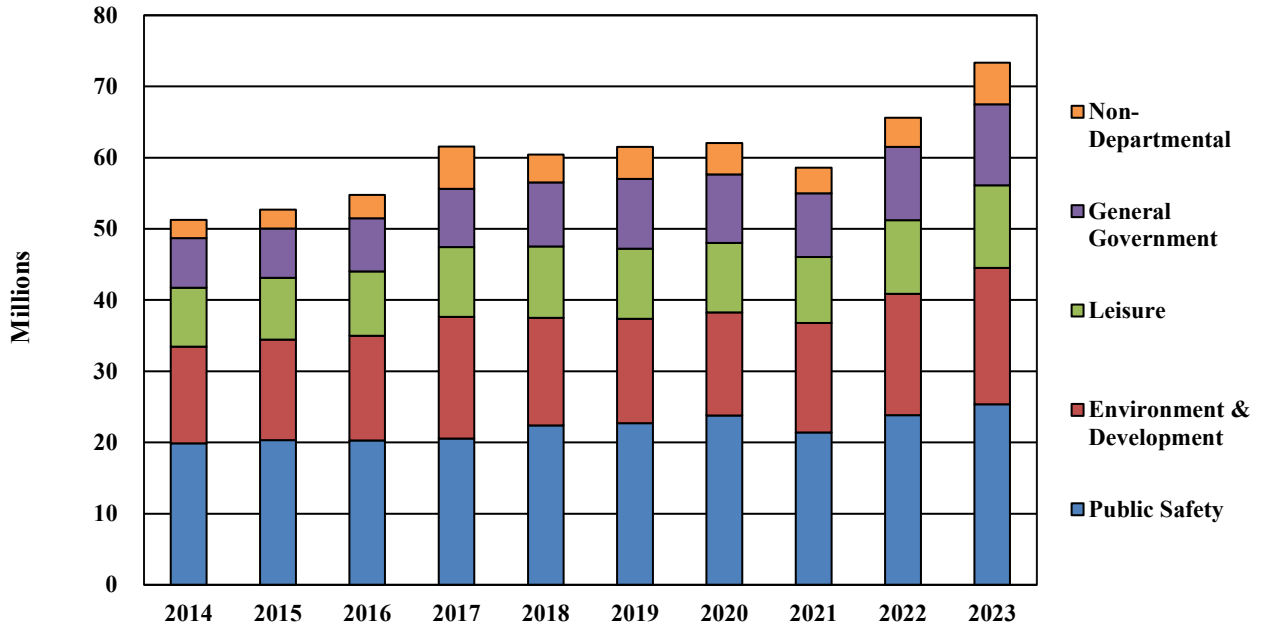
The table below shows expenditure levels for General Fund personnel, operating costs, and capital outlay.

EXPENDITURES						
	2022-23	2023-24	2023-24	2023-24	2024-25	% Change
	Actual	Original	Revised	Estimated	Adopted	from
		Budget	Budget		Budget	2023-24
Personnel	\$ 53,267,993	\$ 60,479,338	\$ 60,117,073	\$ 58,299,639	\$ 63,312,079	4.7%
Operating Costs	25,492,894	24,029,662	27,861,092	27,146,993	25,830,921	7.5%
Capital Outlay	86,337	370,000	250,443	414,560	330,000	-10.8%
Total	\$ 78,847,224	\$ 84,879,000	\$ 88,228,608	\$ 85,861,192	\$ 89,473,000	5.4%

GENERAL FUND

Major Expenditures - Descriptions and Estimates

10-Year Expenditure Trends



GENERAL FUND
EXPENDITURES BY DEPARTMENT

	2022-23 Actual	2023-24 Original Budget	2023-24 Revised Budget	2023-24 Estimated	2024-25 Adopted Budget	% Change from 2023-24
General Government						
Mayor/Council	\$ 523,133	\$ 590,376	\$ 608,776	\$ 634,128	\$ 598,708	1.4%
Town Manager	2,476,192	3,865,930	4,143,956	3,747,378	4,218,938	9.1%
Governance Services	1,096,815	854,859	850,089	853,333	893,545	4.5%
Human Resource Development	1,601,896	1,577,361	1,722,276	1,602,530	1,644,761	4.3%
Business Management	2,537,842	2,744,529	2,866,436	2,691,415	2,942,653	7.2%
Technology Solutions	2,532,792	2,801,996	2,863,772	2,793,996	3,007,190	7.3%
Town Attorney	603,052	600,992	600,992	607,712	675,203	12.3%
Non-Departmental	11,358,294	10,577,236	11,354,981	11,410,609	10,408,827	-1.6%
Subtotal	\$ 22,730,016	\$ 23,613,279	\$ 25,011,278	\$ 24,341,101	\$ 24,389,825	3.3%
Environment & Development						
Planning	\$ 2,357,057	\$ 1,940,251	\$ 2,809,201	\$ 2,394,150	\$ 2,198,321	13.3%
Affordable Housing and Community Connections	1,080,279	1,236,089	1,358,037	1,041,365	1,362,724	10.2%
Public Works	13,432,760	14,419,526	14,945,986	14,474,890	15,575,463	8.0%
Building & Development Services	2,314,047	2,791,188	2,800,567	2,554,331	2,868,358	2.8%
Subtotal	\$ 19,184,143	\$ 20,387,054	\$ 21,913,791	\$ 20,464,736	\$ 22,004,866	7.9%
Public Safety						
Police	\$ 15,126,350	\$ 16,418,764	\$ 16,594,347	\$ 16,532,457	\$ 17,307,866	5.4%
Fire	10,227,244	11,347,649	11,436,501	11,437,645	11,893,494	4.8%
Subtotal	\$ 25,353,594	\$ 27,766,413	\$ 28,030,848	\$ 27,970,102	\$ 29,201,360	5.2%
Leisure						
Parks and Recreation	\$ 7,547,178	\$ 8,543,493	\$ 8,615,044	\$ 8,444,304	\$ 9,123,072	6.8%
Library	4,032,293	4,568,761	4,657,647	4,640,949	4,753,877	4.1%
Subtotal	\$ 11,579,471	\$ 13,112,254	\$ 13,272,691	\$ 13,085,253	\$ 13,876,949	5.8%
General Fund Total	\$ 78,847,224	\$ 84,879,000	\$ 88,228,608	\$ 85,861,192	\$ 89,473,000	5.4%

