Budget Message

Effective leadership is putting first things first. Effective management is discipline, carrying it out.
---Steven R. Covey

Chatham County Commissioners and County Residents,

Three main forces drive recommendations for the FY 2011-2012 budget:

- First, at the budget retreat the Board of Commissioners directed the County Manager to reduce the budget and to focus on eliminating unnecessary programs. The recommended FY 2012 budget is $1.5 million less than the originally adopted FY 2011 budget. Chatham County Schools was the only department exempt from identifying budget cuts.
- Second, the state's budget crisis remains unresolved. Both the Governor's and the State House's budgets propose to shift responsibilities to counties and take away revenue. To address state budget impacts, the recommended budget includes an increase in contingency and significantly reduces fund balance appropriation.
- Finally, in FY 2013 a new justice center and a new jail will increase operating expenses by an estimated $1.6 to $2.4 million. The reduction in the FY 2012 budget will place the County in a better position to absorb these costs in FY 2013 without a major tax increase.

Note that the Budget Message has not been updated to reflect approved changes in the budget. For those changes, please see the beginning of the Summary

We are pleased to report that Chatham County begins the long recovery from the Great Recession in good financial condition. FY 2012 revenues are projected to increase 2%, excluding fund balance and transfers. Property tax growth remains sluggish at 1.8% and new residential building permits give little promise for robust property tax growth in the near future. After three years of decline, sales tax revenues are projected to grow by 2.5%.

The budget does have an impact on employees and services, though the impact on core services is minimal. The budget eliminates 14 full and part-time positions. Five of these positions are currently filled (9 are vacant).

The divisions formerly organized under Sustainable Communities have been restructured. The divisions of Planning and Central Permitting have been restored to departments. The transportation planning function has been moved to the Planning Department. The divisions of Sedimentation and Erosion Control and Environmental Resources have been consolidated under the supervision of a new Environmental Services Department, which combines waste management and water quality. Finally, the Affordable Housing/Green Building Specialist position has been redesigned. While the position will continue to handle these functions, it will assume the role of ombudsman for new development projects, a need identified by Commissioners during the retreat.

In summary, the proposed budget places the County in a better position to handle unknown state budget impacts, continue to provide core services, and meet future obligations without over-burdening taxpayers. This focus on core services results in 75% of the County budget being mandated (versus 71% in FY 2011).

Major Revenue Highlights:

- The tax rate is recommended to remain at at 62.19 cents.
- In an effort to recoup costs, fee increases are proposed in Project Turnaround, Health Department, and Parks & Recreation.The fee increases would cumulatively generate **$**30,954 in additional revenue.
- Consistent with the Board of Commissioners Financial Policy, appropriated fund balance is earmarked for one-time items in the general fund. A modest amount of fund balance is used for operating expenses in the waste management fund.

Budget Reduction Strategy:

Immediately after taking office, the new Board of Commissioners approved reductions of $2 million over the next four years, including a $600,000 reduction in the FY 2012 budget. Reductions include:

- Eliminating the Human Relations Director
- Eliminating the Sustainable Communities Development Director
- Eliminating the Resource Conservation Manager (unfilled)
- Eliminating the Obesity Coordinator (unfilled)
- Discontinuing the Pittsboro-Chapel Hill bus effective June 30
- Postponing indefinitely the update of the land use plan

At their budget retreat Commissioners requested further cuts and adopted a budget reduction approach recommended by the County Manager. The budget reduction strategy consisted of the following steps:

1. First, Commissioners established two priority services: public (K-12) schools and public safety.
2. Second, Commissioners set reduction goals:

	Goal to Reduce	Cut List Amount
*Priority services	0%	2%
Mandated, non priority services	2%	4%
Other services	3%	5%
Noncore, non-mandated services	>5%	>5%
*Schools excluded from cut lists		

- Priority services remain at existing funding;
- Mandated, non-priority services be reduced by 2%;
- Other services be reduced by 3%; and
- Non-mandated, non-priority services that are determined not to be essential be reduced by more than 5% or eliminated.

The approach required that all departments develop prioritized cut lists, except Chatham County Schools. Cut lists had to exceed the reduction target by at least 2% to offer flexibility to the County Manager to cut some

departments less and others more, depending on needs. Commissioners further directed that "one-time" items in the FY 2011 budget were not eligible for the cuts lists. The approach is summarized in the table above.

The County Manager's office developed targets for each department based on the categories set by Commissioners.

3. Third, in addition to cut lists, departments also developed a prioritized list of non-mandated services. County Manager's office staff met with departments to review prioritized services lists and suggested services that might be considered for reduction or elimination.
4. Finally, the County Manager reviewed the proposed cuts and accepted those that did not impede the department from providing core services.

The continuation budget, meaning the budget required to continue delivering services at the same level as FY 2011, shrunk by 4% overall. Staff and departments worked hard to trim budgets while maintaining core services.

We are pleased to report that Chatham County continues to be in good financial condition despite the recession. The Recommended Budget makes prudent cuts, but does not employ risky strategies, such as appropriating the County's savings for operating costs or furloughing employees. Fund balance is used only for capital projects (which cost $100,000 or more).

In preparing the budget, we use several roadmaps, including the Capital Improvements Program (see Appendix E) and Chatham County Financial and Budgetary Policies (see Appendix A).

Goals: Board of Commissioners Goals

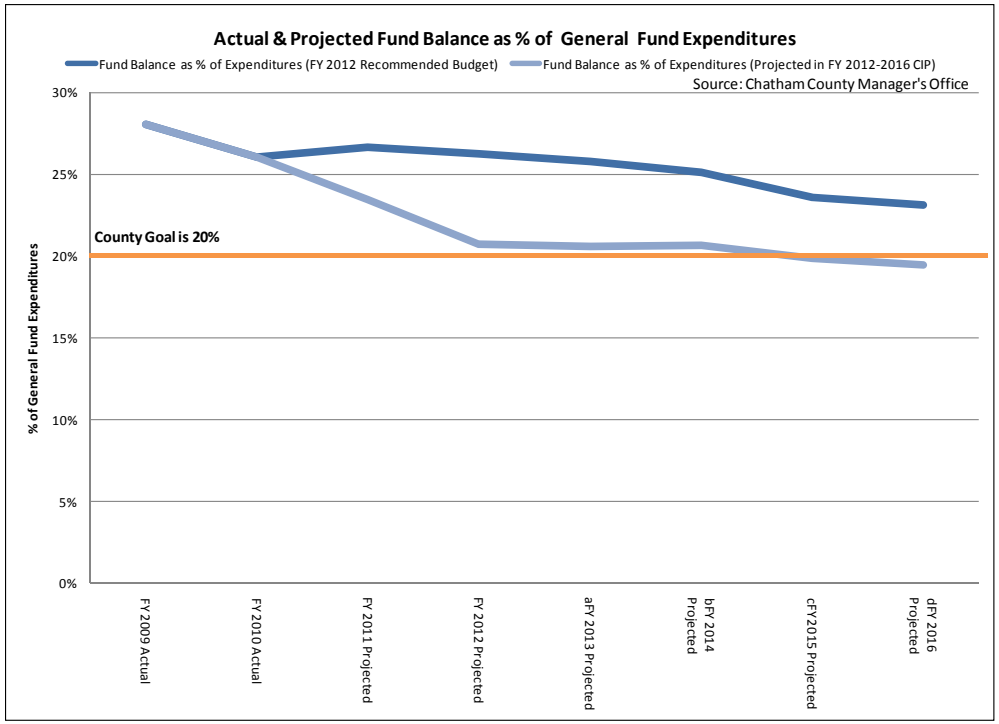
At their annual budget retreat, Commissioners discussed goals but have not had the opportunity to finalize them.

Goals: Financial and Budgetary Policies

Long-term goals include those adopted by the Board of Commissioners in its Financial and Budgetary Policies.

- Meeting or exceeding revenue projections. In general, revenues are budgeted conservatively so that projections will be exceeded by 2% in FY 2012.
- Maintaining or enhancing the County's AA+/Aa2 bond rating. Current and future debt obligations, especially for school facilities, make it critical that the County receive the best possible interest rate to keep the cost of borrowing funds low. Maintaining adequate savings (fund balance) and not using it for operating expenses is crucial for this goal.

- Developing self-supporting enterprise funds. One goal of establishing an enterprise fund is to eliminate the need for tax dollars to subsidize particular activities by paying for the activity through fees. An enterprise fund should support all costs, including depreciation, capital improvements, and equipment. The budget furthers this goal by continuing to fund operating costs in the enterprise funds from fees and other non-tax revenue sources. The FY 2011 budget eliminated the roughly one-cent contribution to the water capital reserve and the FY 2012 budget does the same.
- Fund balance. The stated goal of the Board of Commissioners is to maintain General Fund savings (fund balance) equal to at least 20% of the budget. A fund balance at this level allows the County to meet its financial obligations, gives Commissioners and staff an adequate reserve for emergencies and opportunities, and positively affects the County's bond rating.



- The $1.5 million reduction in the FY 2012 budget has a dramatic effect on fund balance levels. Instead of a projected drop to 19.5% in FY 2016, the fund balance projection shows levels well above the stated 20% goal over the next five years, while allowing the County to implement its aggressive capital improvements program, including transfer 1.2 cents in additional property tax reserve in FY 2013 to cover debt service for a new northeast high school.
- As of June 30, 2011, staff estimates the fund balance (including restricted amounts) will be at 27% of FY 2011 budgeted expenditures. At the retreat staff projected that $850,000 of fund balance would be used in FY 2011. Updated figures show that $168,612 will be added to fund balance, a difference of about $1 million. Most of the difference can be explained because of changes to two capital projects. The $365,000 emergency communications narrow-banding project will be paid for from 911 funds, instead of fund balance. The $451,254 law enforcement site improvements scheduled to be completed in FY 2011 will not begin until FY 2012. This results in $816,254 not being spent in FY 2011 that was anticipated at the retreat.
- The table below shows the change in fund balance since FY 2010 and the projected fund balance for the next five years. All assumptions upon which the fund balance projection is based are listed below.

	FY 2010 Actual	FY 2011 Projected	FY 2012 Projected	[a]FY 2013 Projected	[b]FY 2014 Projected	[c]FY 2015 Projected	[d]FY 2016 Projected
1. Budgeted Revenues (natural growth)	71,977,521	73,901,801	75,394,309	76,902,195	79,209,261	81,585,539	84,033,105
2. Budgeted Revenues (increase for CIP)			0	0	0	0	203,335
3. Total Revenues	71,977,521	73,901,801	75,394,309	76,902,195	79,209,261	81,585,539	84,236,440
4. Debt Transfer In	6,450,719	6,065,963	6,524,344	8,323,701	11,458,592	12,149,330	14,435,831
5. Other Transfer In		477,736	284,750	0	0	0	0
6. Total Transfers In	6,450,719	6,543,699	6,809,094	8,323,701	11,458,592	12,149,330	14,435,831
7. Budgeted Expenditures	66,664,335	69,469,435	68,864,446	70,241,735	74,698,760	78,054,682	81,437,095
8. Operating expenditures per CIP (net increase)		0	0	1,583,996	353,819	250,217	203,335
9. CIP Projects	1,073,608	2,773,093	1,034,245	1,484,574	1,728,767	1,168,672	0
10. General Fund Capital Outlay	0	803,476	392,930	803,476	843,650	885,832	930,124
11. School Capital Outlay	999,668	800,000	1,779,391	1,782,402	1,785,412	1,788,422	1,791,433
12. New Debt Service	6,450,719	6,065,963	6,524,344	8,323,701	11,458,592	12,149,330	14,435,831
13. Budgeted Expenditures	75,188,330	79,911,967	78,595,356	84,219,884	90,869,000	94,297,156	98,797,818
14. Transfers Out	4,537,130	4,308,058	4,305,616	5,612,430	5,752,741	5,896,559	6,043,973
15. Projected Revenues	74,177,352	76,768,169	76,902,195	79,978,283	82,377,631	84,848,960	87,605,897
16. Projected Expenditures	75,270,260	78,133,453	77,906,712	81,346,855	87,866,897	91,164,960	95,532,201
17. Revenues over Expenditures	(1,092,908)	(1,365,284)	(1,004,516)	(1,368,572)	(5,489,265)	(6,316,000)	(7,926,304)
18. Transfers/other financing sources/uses	638,435	1,533,896	2,503,478	2,711,271	5,705,851	6,252,771	8,391,858
19. Fund Balance Beginning of Year	22,388,988	21,934,515	22,103,127	23,602,089	24,944,788	25,161,374	25,098,145
20. Increase in Fund Balance	(454,473)	168,612	1,498,962	1,342,700	216,586	(63,229)	465,554
21. Fund Balance End of Year	21,934,515	22,103,127	23,602,089	24,944,788	25,161,374	25,098,145	25,563,699
22. Fund Balance as % of Expenditures	26.04%	26.66%	26.27%	25.82%	25.11%	23.94%	23.35%

Assumptions and methodology:

a. Staff assumes recessionary impacts will continue in FY 2013. The rate of growth in revenue is estimated at 2%. Growth in expenditures is estimated at 2%.

b-d. Staff assumes the economy will recover somewhat in FY 2014 and revenue growth will be more robust, though not as high as pre-recessionary levels. For FY 2014 to 2016, the rate of growth in revenues is estimated at 3%. Growth in expenditures is estimated at 4%. Assumes tax rate in revaluation years is revenue neutral.

1. See a-d above for how revenue projections are determined. Transfers and fund balance are excluded from revenue.
2. The revenue needed to fund additional operating expenses required by projects (usually new facilities) in the approved Capital Improvements Program (CIP).
3. Total of #1 and #2.
4. Funds are transferred in from the capital improvements reserve to cover debt service incurred after FY 2005.
5. Other funds are transferred from capital reserve to fund replacement vehicles and capital. No transfers are factored into future years, as capital reserves are being depleted during this economy.
6. Total of #4 and #5.
7. See a-d above for how expenditures are determined. Includes operating expenditures. Debt, transfers to other funds, capital outlay, and CIP are shown separately and are not included in this amount.
8. Additional operating expenses required by projects (usually new facilities) in the approved Capital Improvements Program (CIP).
9. The cost of capital projects approved in the 2012-2016 CIP.
10. Uses FY 2011 as base and increases 5% per year. Uses actual amount recommended for FY 2012.
11. Assumes school capital outlay returns to normal (non-recessionary) appropriations in FY 2012.
12. Matches #4 above.
13. Total of 5 through 10.
14. Reflects transfer to the capital improvements reserve, equivalent to five cents on the tax rate in FY 2012 and 6.2 cents in FY 2013-2016.
15. During FY 201, revenues are expected to be 2% above budget to reflect increased uncertainty in state funding. During FY 2013 to 2016, revenues are expected to be 4% above budget.
16. Assumes that funds budgeted for capital expenditures and all debt is 100% spent. Assumes operating funds are reverted as follows: 1% in FY 2012, 2% in FY 2013 and 4% in FY 2014 to 2016.
17. #13 minus #14.
18. #6 minus #14.
19. Fund balance at the beginning of the year.
20. Total of 17 and 18.
21. Total of 19 and 20.
22. 21 divided by the next year's budgeted expenditures (#13).

Budget Process

The County's budget process has evolved over many years and is considered a model in the state. The last two editions of ICMA's reference book on capital budgets have included Chatham County's capital budgeting process. Staff also frequently presents on the budget process at the School of Government. Finally, the FY 2010-2011 budget won the Government Finance Officers Association Distinguished Budget Presentation Award. The FY 2012 budget includes improvements requested by Commissioners during a budget critique held immediately after the FY 2011 budget process:

- The budget document should include a summary of all departments and their budgets, including prior year information given in the expenditure section of the budget message below.
- Commissioners gave staff the option of removing the explanation of one-time expenses. Because one-time expenses had to be subtracted from department base budgets, this information is retained in the document. (See highlighted section in the Parks & Recreation Budget.)

Parks & Recreation

The mission of the Chatham County Parks and Recreation Department is to provide all residents with a variety of recreational opportunities through well-managed programs and facilities that are accessible, safe and well maintained.

Major responsibilities:

1. Provide recreational events and activities for families and individuals
2. Provide information and educational materials for residents, organizations and schools about recreational resources outside structured programming
3. Operate recreational facilities
4. Develop new parks and recreational facilities
5. Coordinate programs with primary sports providers

Budget Summary:	A 2009 Actual	B 2010 Actual	C 2011 Amended	D 2011 Estimated	E 2012 Total Req.	F 2012 Rec. Cont.	G 2012 Rec. Exp.	H 2012 Total Rec.	I Cont. % Inc./Dec.	J Total % Inc./Dec.
Revenues										
Intergovernmental	0	5,000	0	0	0	0	0	0	0%	0%
Grants/Donations	0	0	0	0	0	0	0	0	0%	0%
Sales & Service	42,403	39,204	42,350	43,750	42,895	47,170	(775)	46,395	11%	10%
Transfers	848,672	0	0	0	0	0	0	0	0%	0%
Total Revenues:	891,075	44,204	42,350	43,750	42,895	47,170	(775)	46,395	11%	10%
Expenditures										
Salaries	144,173	143,578	174,785	173,132	182,476	182,476	0	182,476	4%	4%
Other Personnel Costs	145,931	136,369	191,155	171,341	215,307	216,268	775	217,043	13%	14%
Operating	110,159	78,824	246,531	161,564	217,033	212,729	(7,027)	205,702	(14%)	(17%)
Debt	13,319	13,320	13,330	13,330	0	0	0	0	(100%)	(100%)
Transfers	522,266	500,000	300,000	300,000	0	300,000	(300,000)	0	0%	(100%)
Public Assistance/Grants/Special Programs	155,302	142,716	156,872	144,051	92,300	156,872	(33,536)	123,336	0%	(21%)
Capital Outlay	763,933	0	125,268	111,867	8,000	0	8,000	8,000	(100%)	(94%)
Total Expenditures:	1,855,083	1,014,807	1,207,941	1,075,285	715,116	1,068,345	(331,788)	736,557	(12%)	(39%)
Net Cost	**964,008**	**970,603**	**1,165,591**	**1,031,535**	**672,221**	**1,021,175**	**(331,013)**	**690,162**	**(12%)**	**(41%)**
Number of County Employees	**6.00**	**4.00**	**5.50**	**5.50**	**5.50**	**5.50**	**0.00**	**5.50**	**0%**	**0%**

One-time Expenses: The FY 2011 budget includes one-time expenses of $130,768. The FY 2012 budget includes one-time expenses of $8,000. If one-time expenses are subtracted, the percent difference between the FY 2011 and 2012 budgets is (32.36%).

The County uses a comprehensive budget process with the following goals:

- Commissioner leadership
- Input from all agencies and departments receiving funding
- Team approach to budget development
- Community input
- Full information, including performance data

The process begins in the fall with preparation of the Capital Improvements Program (CIP). Staff presents the CIP document to Commissioners and the public in the fall. Commissioners hold a public hearing on the CIP, usually in December. Commissioners usually adopt the CIP during their retreat in January.

Prior to the budget retreat, departments prepare the "Heads Up" document, a list of issues or services impacting the budget in the upcoming year. Staff presents Heads Up and financial trends to Commissioners before the retreat. Every two years, staff also conducts a survey of community priorities that is also distributed to Commissioners before the retreat.

Commissioners review this information and set goals for preparation of the recommended budget, including expenditure priorities and revenue constraints.

Department work plans and requests for new positions are due in early February. The budget staff reviews these items carefully and works with departments to refine them.

All other budget forms are due from departments in March. For a description of the budget reduction strategies used in FY 2012, please see the section with that title above.

The County Manager presents the recommended budget to Commissioners and the public usually at the first meeting in May. This year staff recommended that this be delayed by two weeks to allow more information to be received on the state budget.

Commissioners hold two public input sessions, including the required public hearing, to gain public feedback on the budget.

Commissioners hold three to five budget work sessions in early June to review the budget. Staff incorporates changes approved by Commissioners and prepares the budget ordinance for adoption at the second June meeting.

Historically, Chatham County has funded County non-profits that provide important services to our citizens. Agencies are able to use one application to apply jointly to United Way and Chatham County. The Board of Commissioners approved evaluation criteria for non-profits and appointed citizens to review the applications, using a standardized scoring sheet also approved by the board. Following the numerical ranking, evaluators discussed and reached consensus on funding recommendations. The County Manager made minor revisions to the recommendations, which are explained more fully in the Human Services Agencies budget. Commissioners approve the funding and also have $10,000 to allocate directly.

Chatham County 2011-2012 Budget Calendar

Deadline	Actions
20 December 2010	• Manager submits recommended CIP to the Board of Commissioners
18 January 2011	• Hold public hearing on the proposed CIP
21 January 2011	• Budget summit materials (survey results, financial trends, and departmental "Heads Up" document) submitted to Board of Commissioners • Work plan and new position forms distributed to departments
January 31, February 1 and 8	• Budget Summit: Board of Commissioners sets goals and guidelines for FY 2012 budget; Commissioners adopt CIP
14 February 2011	• Love Your Budget Kickoff Meeting
15 February 2011	• Requests for new positions and work plans (with goals, objectives, and performance targets) due from departments • Remaining budget forms distributed to departments/agencies (after retreat)
21 February 2011	• Prioritized list of services due
28 February 2011	• Email Don Metcalf any maintenance issues you need to be addressed in the budget, and email Mark Ellington and MIS issues.
16 March 2011	• Budgets due from departments and agencies
16 May 2011	• Budget submitted to Board of Commissioners and public
May 23 and 24, 2011	• Official public hearings held in Pittsboro and Siler City
1June, 2 June, 6 June, 7 June	• Board of Commissioners holds budget work sessions
By 30 June 2011	• Board of Commissioners adopts budget (legal deadline)

General Fund Revenue Summary:

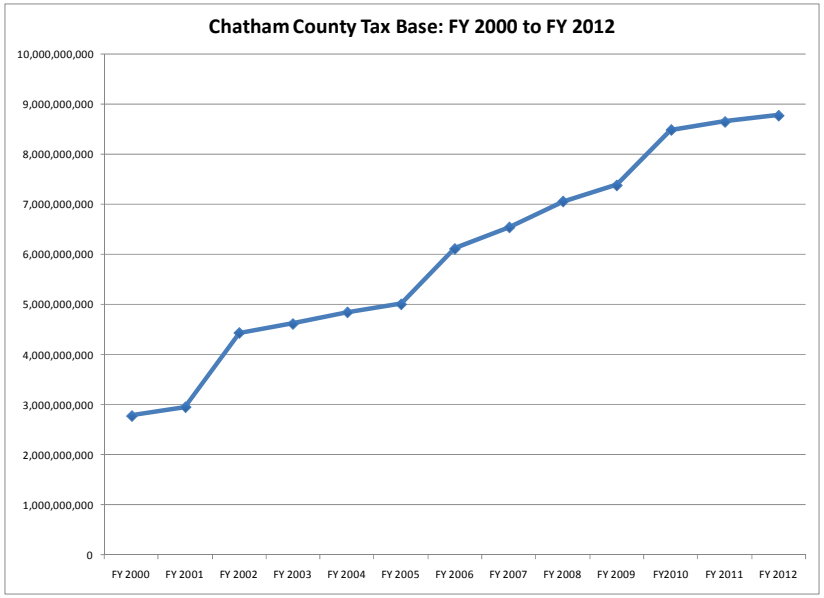
	2011 Amended	2011 Estimated	2012 Total Rec.	Inc./Dec.
Fees & Permits	815,600	964,781	902,900	11%
Intergovernmental	9,401,247	10,754,229	9,559,064	2%
Interest	325,000	75,000	75,000	(77%)
Grants/Donations	294,196	459,712	278,715	(5%)
Miscellaneous	(46,200)	92,744	(56,000)	21%
Other Taxes/Licenses	607,000	661,046	640,000	5%
Property Tax	53,152,163	53,921,000	54,045,000	2%
Sales & Service	2,158,519	2,044,057	1,962,630	(9%)
Sales Tax	7,243,400	7,795,600	7,970,000	10%
Transfers	6,543,699	6,313,896	6,731,611	3%
Fund Balance	5,569,582	0	775,052	(86%)
Total Revenues	86,064,206	83,082,065	82,883,972	(4%)

More in-depth information regarding economic assumptions and background information can be found in the Summary Information section.

Property Taxes:

Assumptions:

- Real property values are estimated to grow 2% in FY 2012, much lower than the average growth of 7% between FY 2006 and FY 2009.
- The 2% decrease in personal property results from Uniboard putting equipment into operation and values being depreciated $7 million. Last year, most of Uniboard's equipment was listed as "construction in progress" equipment, which is valued at 100%.
- A majority of the $36 million increase in exemptions (or reduction in the tax base) results from Uniboard receiving an exemption from DENR for pollution abatement equipment.
- The Department of Revenue (DOR) advised the County to budget $235,000,000 for utilities in FY 2011. Actual values for FY 2011 were $250 million. DOR recommended budgeting between $240 and $250 million in utility values for FY 2012. Because the DOR



reduction recommended in FY 2011 did not materialize, staff estimated utility values at FY 2011 levels.

- After two years of decline, motor vehicle values are stabilizing and are projected at estimated FY 2011 levels, which are 3.7% above FY 2011 budgeted amounts.

The graph shows the increase in Chatham County's tax base since 2000. Notice the dramatic flattening of growth in the last two years. The table below shows the growth or decline in each part of the tax base.

Overall, the tax base is expected to grow 1.8%, resulting in additional revenue of $930,000 over the amount budgeted in FY 2011.

In developing the estimate for property tax, staff used the following factors:

- Tax base: $8.8 billion—Staff used actual numbers for real property values as of April 30, 2011, reflecting reductions by the Board of Equalization and Review. Staff used estimated numbers for personal property, utilities, and motor vehicles since these values have not yet been finalized.
- Tax rate: 62.19 cents, the same tax rate as FY 2011.
- Staff again used conservative collection percentages recommended by the Chatham County Tax Collector: Real and personal property collection percentage: 97.5%. Motor vehicle collection percentage: 89.7%.

	FY 2011 Budgeted	**FY 2012 Projected**	**% Increase/ (Decrease)**
Real Property	8,104,062,211	8,271,865,859	2.1%
Personal	526,749,733	517,571,049	-1.7%
Exemptions	(709,065,734)	(744,944,548)	-5.1%
Utilities	235,000,000	250,159,010	6.5%
Motor Vehicles	462,831,546	479,733,419	3.7%
Total	8,619,577,756	8,774,384,789	1.8%

Fire District Tax Rates:

As part of its annual operating budget, the Chatham County Board of Commissioners establishes tax rates for the 12 fire districts in the County. Recommended rates and contract amounts are as follows:

Fire District	FY 2011 Tax Rate	FY 2012 Requested	FY 2012 Recommended	Contract Amount Requested/ Recommended	Increase/Decrease In Fire Tax
Bells Annex (North Chatham FD)	0.06600	0.06600	0.06600	Included in North Chatham	
Bennett (Bennett FD)	0.07000	0.07000	0.07000	87,738	0.0000
Bonlee (Bonlee FD)	0.06500	0.07000	0.07000	196,915	0.0050
Central Chatham (Siler City FD)	0.08000	0.08000	0.08000	255,096	0.0000
Circle City (Pittsboro FD)	0.10000	0.10820	0.10820	928,260	0.0082
Goldston (Goldston FD)	0.08000	0.08000	0.08000	196,688	0.0000
Hope (Silk Hope FD)*	0.06000	0.07000	0.06670	325,738	0.0067
Moncure (Moncure FD)	0.08420	0.08420	0.08420	503,524	0.0000
North Chatham (North Chatham FD)	0.06600	0.06600	0.06600	2,655,583	0.0000
Northview (Northview FD)	0.08350	0.08350	0.08350	30,700	0.0000
Parkwood (Parkwood FD)	0.09600	0.10000	0.10000	257,759	0.0040
Staley (Staley FD)	0.10000	0.10000	0.10000	50,713	0.0000

Note the department has requested more than what has been recommended. The County has requested an audit and is awaiting that information.

Staff reviews budgets presented by the fire departments. Four departments requested an increase in their fire tax rates. Expenditures are increasing in these departments as follows:

- **Bonlee Volunteer Fire Department:** The chief explained the reason for the requested increase is to purchase new turnout equipment and to maintain the level of services currently provided. Fuel expenditures have increased by 250% in the past two years. Review of the budget indicates an 18% increase in the "Paid Personnel" line item as the department has hired a full-time person.
- **Parkwood Volunteer Fire Department:** The chief explained the reason for the requested increase is rising fuel costs (they have already depleted their original fuel allotment for this year) and setting aside funds to construct a new sub-station within Chatham County. Review of the budget indicates substantial increases in the "fuel" line item and "Departmental Supply" line item.

- **Pittsboro Fire & Rescue Department:** The chief explained the reason for the requested increase is due to the future operating costs of the new sub-station under construction. He also advised that the three paid staff for the new station was a factor, which increased salaries by 12%. Review of the budget indicates a 75% increase in the "Capital Outlay" line item which includes the purchase of turnout equipment, two gas meters, and funds to be set aside for the purchase of new vehicles. The "Telephone and Postage" line item increased by 39% and the "Utilities" line item increased by 28%.

- **Silk Hope Volunteer Fire Department:** The chief explained the reason for the requested increase is to maintain the current level of services provided. He also stated that the current litigation between the fire department and the general contractor that constructed the new fire station is going to result in increased legal fees. Review of the budget indicates that the "Attorney Fees" line item increased by 582%. "Equipment" line item increased by 500%, due to the purchase of nozzles, valves, and foam. The "Communication Equipment" line item increased by 467% due to the purchase of new radios, pagers, and chargers.

Fee Increases:

The County Manager is proposing to institute or change the following fees:

Department	Fee Name	Current Fee Amount	Proposed Fee Amount	Justification	Projected Revenue
Project Turnaround	Drug screens for non-participating juveniles	$0	$25	In juvenile court judges and court counselors often request that Project Turnaround provide drug screening. Currently, that service is performed free-of-charge. Staff is proposing to charge for that service.	$0
Project Turnaround	Out-of-County fee	$0	$100	Staff is proposing to charge an extra $100 fee to out-of-County clients because of increased costs associated with monitoring these clients.	$900
Project Turnaround	Project Turnaround participation fee	$275	$300	Staff is recommending that client fees by increased by $25 to cover more of the program costs associated with Project Turnaround. The District Attorney's office has approved the increase.	$2,000
Parks & Recreation	Youth basketball registration fee	$25	$30	Increase participation fee to recoup approximately 50% of the program direct cost (goal of last year's department evaluation).	$4,000
Parks & Recreation	T-ball registration fee	$25	$30	Increase participation fee to recoup approximately 50% of the program direct cost (goal of last year's department evaluation).	$400
Parks & Recreation	Summer camp weekly fee	$35	$50	Increase participation fee to recoup approximately 90% of the program direct cost. Because fees have already been advertised	$1,125

Department	Fee Name	Current Fee Amount	Proposed Fee Amount	Justification	Projected Revenue
				for 2011, the fee increase would be effective June, 2012.	
Parks & Recreation	Youth wrestling registration fee	$25	$30	Increase participation fee to recoup approximately 100% of the program direct cost.	$100
Parks & Recreation	Youth track and field registration fee	$25	$30	Increase participation fee to recoup approximately 100% of the program direct cost.	$100
Parks & Recreation	Adult Team registration fee	$350	$375	Increase participation fee to recoup approximately 100% of the program direct cost (goal of last year's department evaluation).	$275
Parks & Recreation	Tennis clinic registration fee	$45	$50	Increase participation fee to recoup approximately 100% of the program direct cost.	$50
Health--Preventive Division	Adult health co-pay	$0	$15	Currently no fee is charged for adult health primary care services, but the industry standard is to charge a small co-pay fee to recoup some of the cost of providing the service.	$12,870
*Health--Preventive Division	Contraceptive pill for birth control	$5	$6	Recover cost of service and maximize Medicaid and insurance reimbursements.	$2,032
*Health--Preventive Division	Depo Provera injection contraceptive	$54	$60	Recover cost of service and maximize Medicaid and insurance reimbursements.	$1,206
*Health--Preventive Division	Developmental Test for child	$10	$11	Recover cost of service and maximize Medicaid and insurance reimbursements.	$446
*Health--Preventive Division	Etonogestrel Implant System--contraceptive method	$589	$648	Recover cost of service and maximize Medicaid and insurance reimbursements.	$124
*Health--Preventive Division	Glucose tolerance test--blood test for diabetes in pregnancy	$18	$20	Recover cost of service and maximize Medicaid and insurance reimbursements.	$37
*Health--Preventive Division	Glucose tolerance test--blood test for diabetes in pregnancy--additional samples	$6	$7	Recover cost of service and maximize Medicaid and insurance reimbursements.	$43
*Health--Preventive Division	IUD--intrauterine contraceptive device	$359	$395	Recover cost of service and maximize Medicaid and insurance reimbursements.	$17
*Health--Preventive Division	Levonorgestrel IUD--intrauterine contraceptive device	$472	$520	Recover cost of service and maximize Medicaid and insurance reimbursements.	$124
*Health--Preventive Division	Lipid panel--cholesterol test	$19	$21	Recover cost of service and maximize Medicaid and insurance reimbursements.	$814
*Health--Preventive Division	Medical nutrition individual counseling	$25	$28	Recover cost of service and maximize Medicaid and insurance reimbursements.	$604
*Health--Preventive Division	Nutrition follow-up visit	$22	$25	Recover cost of service and maximize Medicaid and insurance reimbursements.	$263

Department	Fee Name	Current Fee Amount	Proposed Fee Amount	Justification	Projected Revenue
*Health--Preventive Division	Pap smear--test for cervical cancer	$13	$34	Recover cost of service and maximize Medicaid and insurance reimbursements.	$2,656
*Health--Preventive Division	Preventive visit--established patient 1-4 years	$90	$99	Recover cost of service and maximize Medicaid and insurance reimbursements.	$239
*Health--Preventive Division	Preventive visit--new patient 1-4 years	$102	$113	Recover cost of service and maximize Medicaid and insurance reimbursements.	$24
*Health--Preventive Division	Preventive visit new patient infant	$97	$107	Recover cost of service and maximize Medicaid and insurance reimbursements.	$62
*Health--Preventive Division	Pure tone hearing test	$10	$11	Recover cost of service and maximize Medicaid and insurance reimbursements.	$442
*Health--Preventive Division	Thyroxine-free blood test for thyroid function	$30	$34	Recover cost of service and maximize Medicaid and insurance reimbursements.	$1
				Total:	$30,954

*Projected revenue is based on actual reimbursements, which are often prorated amounts.

Medicaid Relief:

Beginning with FY 2008, the state has gradually taken over counties' share of Medicaid expense in exchange for a portion of County sales tax revenue and other sales tax changes. Chatham County will lose more from sales tax revenue reductions and changes than we will gain from Medicaid relief. However, the Medicaid relief legislation guarantees counties a $500,000 benefit annually.

The hold harmless payment is based on the actual sales tax revenue and Medicaid expense if the changes had not been made. A bad economy means that sales tax revenues are way down and Medicaid expenses are way up, decreasing the overall benefit to counties. Staff has been very conservative in budgeting this revenue since FY 2010, when early projections showed the County receiving $600,000 but only $261,690 was actually realized. For FY 2011, staff recommended budgeting $588,486. It appears that receipts will be about $960,000. For FY 2012, staff is recommending that $1 million be budgeted to reflect modest growth in sales tax expected for FY 2012.

Elements of the Medicaid "swap" include:

- County loses all of Article 44 sales tax.
- Article 42, switches from being shared statewide on a per capita basis to being distributed based on local collections.
- State takes over 100% of County's Medicaid costs.
- County must reimburse towns for their share of lost sales tax revenues.
- County must hold schools harmless for portion of Article 42 earmarked for school capital.
- Guaranteed "hold harmless" amount: +$500,000.

Sales Tax:

Because of changes brought about by Medicaid relief and a slower economy, sales tax is down as a percent of general fund revenues from 14% in FY 2009 to a projected 10% in FY 2012. The three parts of sales tax are:

Article 39: One cent on every dollar – comes back to the County where it is collected.

Article 40: One-half cent on every dollar – goes into a statewide pot and is distributed back based on population. Thirty percent must be spent on school capital or debt.

Article 42: One-half cent on every dollar –comes back to the County based on where it is collected. Sixty percent must be spent on school capital or debt.

The North Carolina League of Municipalities is recommending that cities and counties budget between a 3 and 4% increase. Staff is recommending 2.5%.

The NC State House budget proposal to retain 0.02% of sales tax for Department of Revenue expenses associated with local government has a minimal effect on revenue and would reduce sales tax by approximately $15,000. Staff did not reduce revenue to reflect this.

Intergovernmental:

Intergovernmental revenues are those that the state and federal government "share" with counties, generally to fund specific programs. Intergovernmental revenues are expected to increase by 2%. Intergovernmental revenues have historically been declining as a portion of total revenue.

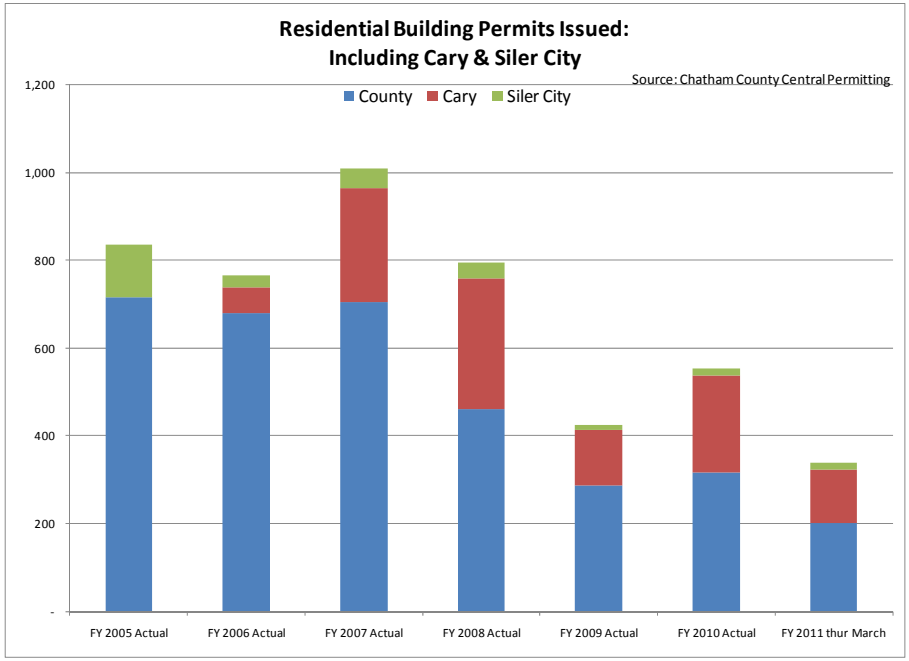
- **Hold Harmless Payment:** Explained above.
- **Social Services Reimbursements:** State and federal government reimburse us partially for the salaries and operating costs of social services programs. All federal and state reimbursements are based on estimates provided by the NC Department of Health and Human Services and adjusted for local conditions. These reimbursements are linked directly to expenditures in Social Services. This revenue source is expected to decline by 2% to reflect reduced expenditures in foster care.
- **Safe Havens Grant:** Federal funding for the Safe Havens Program, which provides secure court-ordered visitation services for families, was renewed for three years in October 2009. The expense and revenue offset in this program.
- **State-shared Corporate Income Tax (ADM):** Both proposals for the budget withhold this source; no revenue is projected for FY 2012.
- **Lottery Proceeds:** Both proposals for the state budget reduce counties' share of lottery proceeds. This revenue does not affect the general fund directly, as revenues are budgeted in the debt reserve. However, $618,095 of lottery proceeds is being transferred in from the CIP reserve to cover school debt.
- **ABC Revenue:** The finance officer has reviewed the financial statements from the ABC Board and believes it can continue its contribution of $100,000 in FY 2012.

- **Court Facility Fees:** Court facility fees continue to increase along with court activity in the County. Staff recommends a 6% increase over amounts budgeted in FY 2011.
- **Beer and Wine Tax:** The NC League of Municipalities recommends budgeting a 1% increase in beer and wine tax. Staff budgeted the estimated receipt for FY 2011 with no increase.

Fees & Permits:

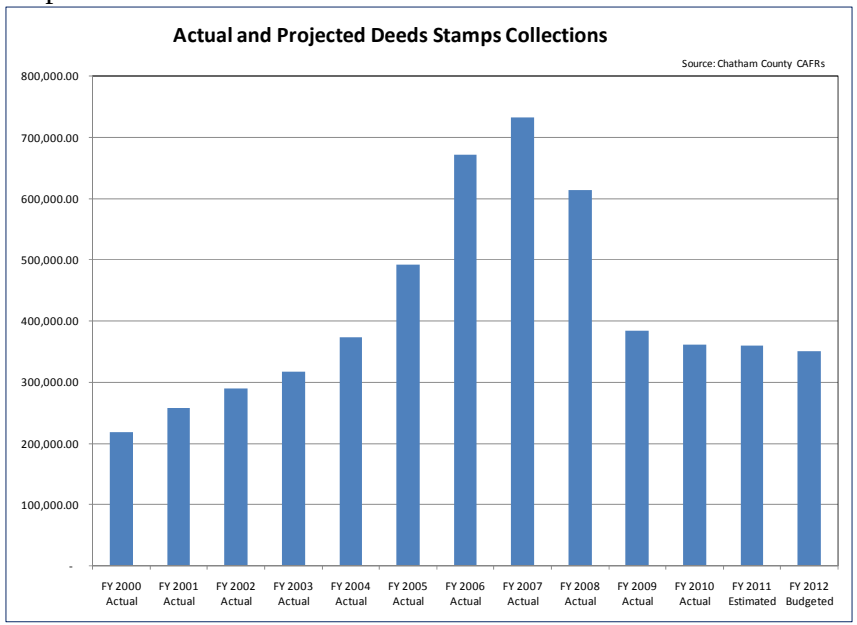
Fees are generated when County residents and others pay for permits charged for regulations the County is required to enforce. Some fees, such as Register of Deeds recording fees, are set by state law. Most other fees are established locally and can be set at various levels. Overall, this source of revenue category is expected to increase 11%, which is good news after declining substantially in FY 2010.

- **Register of Deeds Fees:** Recording fees are charged when legal documents, such as deeds, plats, and marriage licenses, are recorded. Staff estimates that FY 2011 receipts will be about 1% less than budgeted. For FY 2012 this revenue is budgeted more conservatively at a 4% decrease.
- **Building Inspection Fees:** Staff estimates that the revenues for FY 2011 will be $150,000 more than budgeted, even though the number of building permits Countywide is expected to decline. The number of permits is not the best predictor of revenues, as permit amounts are based on the square footage of housing. Staff recommends budgeting $550,000, less than the $600,000 estimated for FY 2011.



Other Taxes and Licenses:

Other Taxes and Licenses represent locally collected taxes, other than the property tax. Overall, this revenue category is expected to increase 5%.



- **Register of Deeds Revenue Stamps:** Revenue stamps are charged when properties are sold within the County. We are required to share half of the revenue generated with the state. For FY 2011, this revenue source is expected to be about the same as FY 2010 levels. Since 2008, this revenue is down 41%. Projections for FY 2012 are slightly more conservative than FY 2011 estimated.
- **Occupancy Tax:** The closing of Governor's Club golf cottages and the economic downturn have had a dramatic effect on occupancy tax revenues. FY 2012 is projected at about the same amount as FY 2011 estimated. As a practical matter, the expenses of the Pittsboro-Siler City Convention and Visitors Bureau are set equal to occupancy tax revenues. Any deficit is subtracted from the occupancy tax reserve, while any excess contributes to the reserve. At the end of FY 2011, the reserve balance is estimated at approximately $183,000.

Other Revenues:

Interest: With interest rates at all-time lows, the amount of interest the County earns on its funds has declined by more than 93% from FY 2008 levels. As a result, a shortfall of $250,000 is expected in FY 2011. Staff recommends budgeting $75,000 for FY 2012, the same amount estimated for FY 2011.

Grants/Donations: This revenue source is projected to decline by 5% because the County does not budget Briar Chapel Affordable Housing Funds until actual amounts are known. Accounting for this difference, revenues are up 6%.

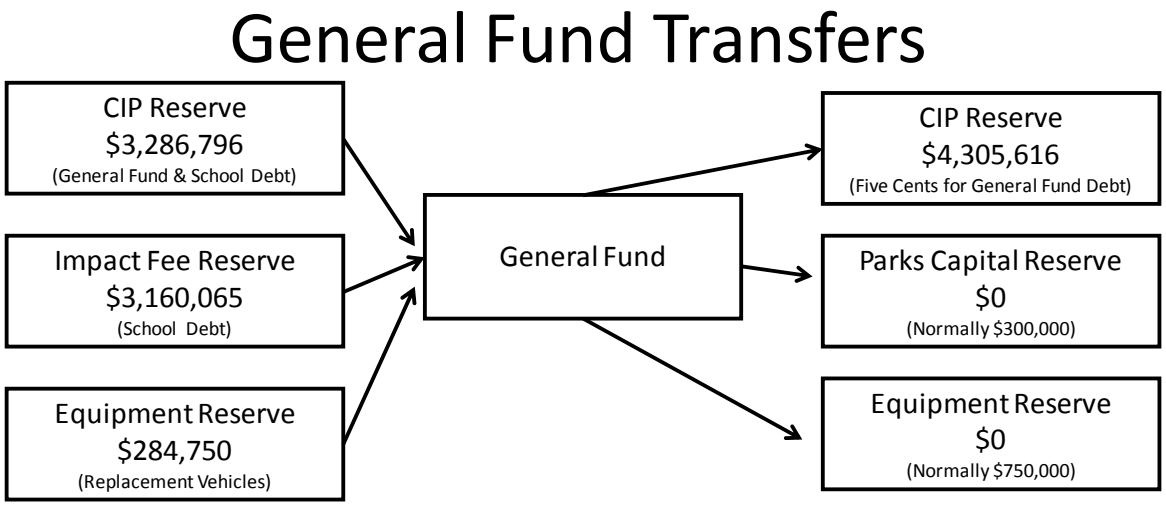
Insurance Reimbursements: Staff is budgeting $70,500 for reimbursement of known operating courthouse fire expenses, including rent for the District Attorney and Probation.

General Fund Sales and Service: Sales and service revenue is generated when County departments provide services directly to residents and are reimbursed either directly from residents or from a third party, such as Medicaid. In general, the County has more control over the "prices" of its services than any other revenue type, besides property taxes. The exception is Medicaid, because reimbursement rates are set by the Federal government. In the general fund, this revenue source is expected to decline 9%, largely because of changes in how Health—Family Outreach and Support Services will be billed. Instead of a fee for service, the state will provide monthly funding based on the number of clients.

Enterprise Fund Sales and Service: Sales and service account for a greater portion of the Water and Waste Management Funds. Water revenues are expected to increase 7% and Waste Management revenues are expected to be flat.

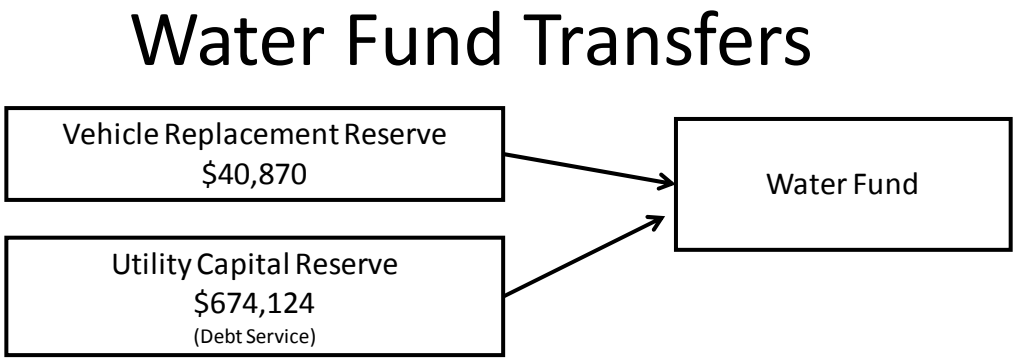
Transfers:

Transfers of revenues generally occur from special revenue funds to the operating funds for one-time expenditures. Overall, this revenue source is expected to increase by 4% in the General Fund because of the transfer needed from the CIP reserve to cover additional debt service expense.



- **CIP Reserve:** This reserve was established as part of the County's financial plan to fund capital improvements. Five cents on the property tax rate, plus the decrease in debt service on school general obligation bonds, is transferred annually to this reserve to pay for debt service on general County projects. In turn, funds to cover principal and interest on the County's debt-financed CIP projects are transferred to the general fund each year. This approach avoids large increases in property taxes to pay for debt service. A transfer of $2,668,701 is needed to cover debt service for the Social Services Addition, Central Carolina Business Campus, Chatham Community Library, Sustainable Technologies Building, and the Siler City Campus of Central Carolina Community College. A transfer of $618,095 in lottery proceeds is needed for school debt.

- **Parks Reserve:** This reserve was established to accumulate funds for constructing parks on a pay-as-go basis. No transfer is recommended out of the reserve, which is almost depleted with work at Northeast and Northwest parks.
- **School Impact Fee Reserve:** This reserve accumulates school impact fees to pay for capital and debt service for Chatham County Schools. A transfer of $3,160,065 is needed to cover debt for Virginia Cross Elementary, Northwood High School Renovations, and Margaret Pollard Middle School.
- **Equipment Capital Reserve:** Funds are accumulated in the reserve to pay for replacement vehicles and one-time capital items requested during the budget process. The budget recommends a total transfer of $284,750 to fund replacement vehicles.
- **Utility Capital Reserve:** This reserve accumulates funds from the General Fund transfer (previously two cents, reduced to one cent in FY 2010, and eliminated in FY 2011), availability fees paid when new meters are installed, and transfers from the water operating fund. A transfer of $674,124 into the Water Operating Fund is needed to pay for debt service for the Western Transmission project.
- **Utility Vehicle Replacement Reserve:** Funds are accumulated in the reserve for replacement utility vehicles. The budget recommends a total transfer of $40,870 to fund replacement vehicles.
- **Waste Management Fund:** No transfers into the Waste Management Fund are recommended.



Fund Balance:

General Fund One-time Expenses:

Capital Improvements Program	1,034,245
Other Capital Outlay	108,180
Total	1,142,425
Fund Balance Appropriated	$775,052

Fund balance is typically used as "revenue" to balance the budget. Consistent with the Commissioners adopted financial policy, in the general fund, the use of fund balance is tied to one-time or capital expenditures, as shown in the table. Overall, the general fund appropriation from fund balance is down 86% from FY 2011; the water fund appropriation is 0; and the waste management appropriation is down 22%.

Fund Balance available for appropriation:	General Fund	Utility Fund	Waste Management Fund
Cash and Investments	20,382,513	4,927,316	3,333,094
Less:			
Liabilities	2,195,746	780,329	141,554
Deferred revenues arising from cash receipts	370,208		
Fund balance available for appropriation	17,816,559	4,146,987	3,191,540

The table above shows the amount of fund balance available for appropriation in FY 2012 in the three major operating funds. Note that this fund balance calculation differs from the fund balance model above. The fund balance available for appropriation considers only cash and investments. The fund balance model includes receivables, such as sales tax and federal reimbursements for social services that are due but not in hand. Staff believes the latter approach provides a more realistic picture of the County's financial condition.

General Fund Expenditure Summary:

	2011 Amended	2011 Estimated	2012 Recommended	% Inc./ Dec.
Salaries & Benefits	23,827,863	23,657,439	23,006,845	-3%
Chatham County Schools	26,400,973	26,400,973	26,813,088	2%
Nonschool Operating	20,006,708	18,892,472	18,327,516	-8%
Debt Service	7,770,565	7,787,490	9,202,732	18%
Transfers to Reserve	4,840,000	4,780,000	4,305,616	-11%
Capital	3,218,097	1,395,079	1,228,175	-62%
Total	86,064,206	82,913,453	82,883,972	-4%

Salaries & Benefits: The decrease in salaries and benefits results from the elimination of 13 positions in the general fund. This decrease is offset somewhat by a mandated increase in the employer share of retirement benefits. The NC Local Government Employees' Retirement System approved a 0.53% increase in the employer contribution effective July 1, 2011. This results in an increase of $87,102 in retirement costs.

Chatham County Schools: Overall, funding for Chatham County Schools is increasing 2%. Current expense funding is down slightly from the FY 2011 amended budget because of the one-time payment of $485,000 to charter schools. Capital outlay has increased 122%, as the appropriation is recommended to be restored to pre-recessionary levels.

Nonschool Operating Costs: These costs declined 8% as a result of tight budgeting by departments and decreased human services costs.

Debt Service: Debt service is increasing 18% over the FY 2011 budget for interest payments on the new library, community college buildings, Margaret Pollard Middle, and Qualified School Construction Bonds.

Transfers to Reserve: This category is down 11% because the transfer to the parks capital reserve has been suspended.

Capital: Capital is decreasing 62%.

Department Summary

General Fund:

Department	FY 2010 Actual	FY 2011 Amended	FY 2011 Estimated	FY 2012 Requested	FY 2012 Rec Cont	FY 2012 Rec Exp	FY 2012 Total Rec	Total % Inc/Dec
Central Carolina Community College	1,011,354	1,113,215	1,113,215	1,857,654	1,926,167	0	1,926,167	73%
Central Permitting	183,810	190,507	195,810	265,067	197,639	67,680	265,319	39%
Central Permitting—Building Inspections	417,597	454,365	348,173	435,435	455,454	(20,000)	435,454	-4%
Central Permitting—Fire Marshal	318,352	315,028	266,012	234,765	293,044	(56,427)	236,617	-25%
Chatham County Schools	31,753,865	32,283,191	32,300,117	33,392,917	32,693,701	199,000	32,892,701	2%
Chatham Trades	104,230	108,000	108,000	104,760	108,000	(5,400)	102,600	-5%
Chatham Transit	42,500	55,000	55,000	52,250	55,000	0	55,000	0%
Community Development/Ombudsman	0	58,119	66,642	61,845	78,265	(16,420)	61,845	6%
Cooperative Extension Service	278,267	342,932	301,108	325,182	344,571	(18,500)	326,071	-5%
Council on Aging	878,221	876,677	884,390	824,420	876,821	(46,333)	830,488	-5%
County Attorney	329,790	360,096	356,032	356,568	331,611	(2,400)	329,211	-9%
County Manager's Office	855,492	951,928	841,716	764,207	828,958	(64,369)	764,589	-20%

Department	FY 2010 Actual	FY 2011 Amended	FY 2011 Estimated	FY 2012 Requested	FY 2012 Rec Cont	FY 2012 Rec Exp	FY 2012 Total Rec	Total % Inc/Dec
Court Facilities	115,040	94,298	85,041	78,437	94,917	(16,000)	78,917	-16%
Court-related Programs	552,732	519,228	654,533	482,808	486,573	(1,900)	484,673	-7%
Economic Development Corporation	706,927	1,304,110	1,158,160	1,243,936	1,262,542	(18,500)	1,244,042	-5%
Elections Office	295,976	344,983	310,216	286,886	318,839	(7,374)	311,465	-10%
Emergency Management—Em. Medical	2,034,706	2,100,633	2,100,101	2,161,860	2,162,587	0	2,162,587	3%
Emergency Management—Emergency Ops	376,820	501,731	444,076	396,250	444,966	(49,258)	395,708	-21%
Emergency Management—Telecomm.	1,147,092	1,724,406	1,117,267	1,153,122	1,147,124	0	1,147,124	-33%
Environmental Resources	135,058	127,670	133,477	121,426	121,788	(121,788)	0	-100%
Environmental Services—Water Quality	129,803	146,198	79,744	141,258	151,194	(8,099)	143,095	-2%
Family Resource Center	74,626	0	0	0	0	0	0	0%
Finance Office	626,386	659,643	624,330	581,487	645,450	(5,681)	639,769	-3%
Governing Board	338,988	332,375	341,416	372,449	329,029	43,423	372,452	12%
Health—Administration	464,719	471,219	470,354	463,556	465,976	(2,100)	463,876	-2%
Health—Animal Control	477,692	543,554	509,712	539,957	545,883	(9,276)	536,607	-1%
Health—Community Health & Surveillance	651,849	656,727	630,012	437,981	566,777	(128,357)	438,420	-33%
Health—Community Health Promotion	464,042	484,601	489,162	413,439	474,865	(61,248)	413,617	-15%
Health—Environmental	977,612	1,183,809	1,142,468	1,143,958	1,143,467	(5,500)	1,137,967	-4%
Health—Family Outreach	457,347	520,723	426,970	439,934	466,053	(70,660)	395,393	-24%
Health—Preventive	1,969,031	2,065,554	2,124,555	2,249,240	2,008,219	242,680	2,250,899	9%
Human Services Agencies	587,040	357,287	375,612	507,993	344,527	0	344,527	-4%
Human Services—Pass Through	194,518	0	131,950	0	0	0	0	-100%
Library Services	1,165,241	1,676,315	1,503,350	1,933,794	2,031,810	(99,148)	1,932,662	15%
Management Information Services	1,102,007	1,280,023	1,216,668	1,030,599	1,099,769	(57,890)	1,041,879	-19%
Non-departmental	4,968,005	4,779,528	4,779,590	5,519,328	4,866,190	229,967	5,096,157	7%
OPC Mental Health	572,580	559,685	561,969	534,535	535,169	0	535,169	-4%
Parks & Recreation	1,014,807	1,207,941	1,075,285	715,116	1,068,345	(331,788)	736,557	-39%

Department	FY 2010 Actual	FY 2011 Amended	FY 2011 Estimated	FY 2012 Requested	FY 2012 Rec Cont	FY 2012 Rec Exp	FY 2012 Total Rec	Total % Inc/Dec
Pittsboro-Siler City CVB	81,964	86,606	90,529	81,731	86,772	(5,000)	81,772	-6%
Planning	507,332	631,436	479,081	464,411	483,686	(18,830)	464,856	-26%
Planning—Transportation	0	78,081	70,492	64,513	0	29,344	29,344	-62%
Public Works –Facilities	2,585,046	4,487,452	3,038,291	2,196,856	1,813,753	485,886	2,299,639	-49%
Public Works—Fleet	13,728	42,800	1,509	(9,714)	(9,049)	0	(9,049)	-121%
Register of Deeds	375,699	415,164	374,740	397,532	415,482	(9,253)	406,229	-2%
Sheriff's Office	5,247,808	5,638,527	5,686,121	5,284,250	5,411,507	25,886	5,437,393	-4%
Sheriff's Office—Jail	1,346,264	1,349,472	1,434,107	1,346,796	1,598,041	63,914	1,661,955	23%
Social Services	10,332,803	10,865,053	10,541,066	10,408,531	10,760,888	(202,358)	10,558,530	-3%
Soil & Water Conservation Service	180,048	209,670	563,781	190,107	200,776	(1,800)	198,976	-5%
Sustainable Communities—Administration	182,359	167,286	106,132	0	0	0	0	-100%
Sustainable Communities—Resource Cons.	0	63,287	11,546	0	0	0	0	-100%
Tax—Administration	794,341	807,158	776,684	778,556	806,352	(13,000)	793,352	-2%
Tax—Assessment & Revaluation	279,014	355,873	304,746	321,991	378,201	(57,582)	320,619	-10%
Tax—Land Records	106,862	115,042	112,395	114,439	112,682	(1,950)	110,732	-4%
Utility Capital Reserve Transfer	769,779	0	0	0	0	0	0	0%
Waste Management Fund								
Environmental Services—Waste Management	**2,971,629**	**3,194,653**	**2,892,847**	**2,862,516**	**3,042,183**	**(18,770)**	**3,023,413**	**-5%**
Water Fund								
Water—Distribution	4,089,517	4,501,933	6,122,760	4,292,854	4,529,275	(78,121)	4,451,154	-1%
Water—Wastewater	30,055	33,773	28,471	34,773	34,842	-	34,842	3%
Water—Treatment	1,044,026	1,152,829	1,070,171	1,075,950	1,167,098	(40,000)	1,127,098	-2%

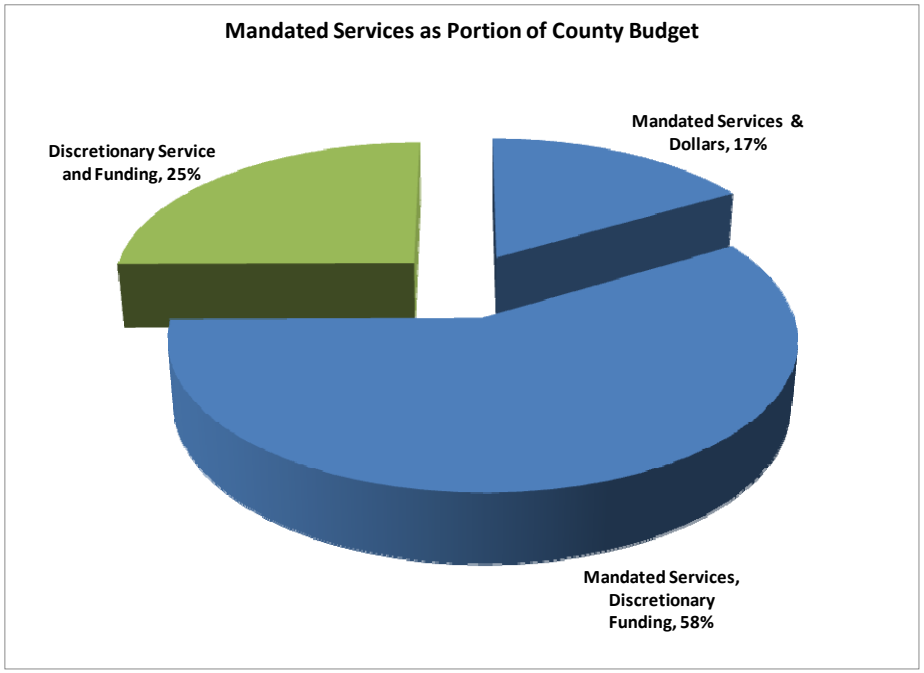
Mandated Services:

Overall, County staff has determined that ***75% of the County budget is mandated by state and federal government***. This is up significantly from FY 2011 (71%) because of increased debt service and budget reductions in non-mandated services.

Mandated Services and Funding: 17% (up from 14% in FY 2011) of the County budget consists of spending that the County has no control over. The state and federal government mandate that services be provided and how much the County must fund those services. Most of these services are provided by Social Services. Debt service is also included in this category.

Mandated Services, Discretionary Funding: 58% of the County budget consists of spending on mandated services. While state and federal governments do not tell us the amount to spend, they do require that the services be provided. The County can choose what level it wants to fund the service. For example, the state mandates that counties fund current expense for public education. The only requirement is that this funding be "adequate."

Discretionary Service and Funding: 25% (down from 29% in FY 2011) of the County budget consists of services that the County can choose whether to fund. However, this category includes services that the public considers essential, such as the 911 center, animal control, and local supplements for teachers.



It also includes most administrative expenses of the County, which are required to provide mandated services, such as facilities management and fleet.

For a detailed list of services by category, please see Appendix C.

Budget Reductions:

As stated above, all departments and agencies funded by the County, except Chatham County Schools, were required to develop cut lists as follows:

- Public Safety: 2%
- Mandated services: 4%
- Non-mandated services: 5%

In addition, Commissioners asked that unnecessary programs be eliminated. The County Manager's office evaluated each department's cut lists and prioritized list of non-mandated services. The following services were recommended for elimination. More detail on the justification and impact can be found in each department's budget. Cuts that result in position cuts are starred (*).

Department	Proposed Cut	Savings
Central Permitting--Building Inspections	CUT--Eliminate the green building rebate program.	($20,000)
Central Permitting--Fire Inspections*	CUT--Eliminate a fire inspector position currently assigned to the Town of Siler City and the town's extra-territorial jurisdiction.	($34,430)
Health--Community Health & Surveillance*	CUT--Eliminate the HIV Case Management Program.	($46,394)
Health--Community Health & Surveillance*	CUT--Eliminate Community Alternatives Program for Children (CAP-C), eliminate 50% Public Health Nurse II, and contract for nursing assessment for the Community Alternatives Program for Disabled Adults (CAP-DA).	($4,916)
Libraries	CUT--Retire the Bookmobile.	($45,560)
Parks & Recreation	CUT--Reduce grant awards to Siler City, Pittsboro, and Goldston.	($16,536)
Parks & Recreation	CUT--Eliminate or reduce lower-priority parks and recreation programs	($5,275)
Water—Distribution*	CUT--Because of the meter change out program approved by the Board of Commissioners, the department recommends eliminating a meter reader position. The person in the position will be moved to a vacant utility services position.	($62,814)
	Total	**($235,926)**

The following were recommended for cuts and/or efficiencies. More detail on the justification and impact can be found in each department's budget. Cuts that result in position reductions or elimination are starred (*).

Department	Proposed Cut	Savings
Chatham Trades*	CUT -- Cut Compensatory Education position. This cut has already been made during FY 2011.	($5,400)
Community Development/Ombudsman*	CUT -- Reduce position to 75%.	($16,422)
Cooperative Extension Service*	CUT--Unfund a portion of a vacant agriculture agent position. North Carolina State University (NCSU) is unfunding this position, so the County funding portion will not be needed.	($18,500)

Department	Proposed Cut	Savings
Council on Aging	CUT--Reduce the Congregate Transportation program. Cut a day of transportation to the Siler City Center and reduce the associated cost of food supplies.	($21,833)
Council on Aging	CUT--Eliminate frozen meal program expenses by $19,000.	($19,000)
Council on Aging	CUT--Reduce supplemental labor by 25 hours a month, or 300 hours a year, for an expense reduction of $5,500.	($5,500)
County Attorney	CUT--Line item reduction: Reduce expenses for office supplies.	($1,900)
County Attorney	CUT--Line item reduction: Reduce travel and training expenses.	($400)
County Attorney	CUT--Line item reduction: Reduce postage expense.	($100)
County Manager's Office*	CUT--Reallocate positions within the County Manager's office to improve efficiency and reduce operating cost.	($31,429)
County Manager's Office	CUT--Take over administration of the Orange-Chatham Juvenile Crime Prevention Council (JCPC).	($17,344)
County Manager's Office	CUT--Discontinue professional community survey.	($6,000)
County Manager's Office	CUT--Discontinue mailing annual report to all citizens in the County.	($3,275)
County Manager's Office	CUT--Reduce copying.	($3,275)
County Manager's Office	CUT--Discontinue continuing education speaker for Leadership Academy graduates.	($1,000)
County Manager's Office	CUT--Reduce spending for safety supplies and training.	($1,500)
County Manager's Office	CUT--Eliminate application for Government Finance Officers Association budget award.	($550)
Court Facilities	CUT--Line item reductions: Decrease operating expenses for building maintenance and office supplies since the new justice center will be complete by late 2012.	($16,000)
Court-related Programs	CUT--Reduce program expenses for Project Turnaround because of staff-negotiated lower rate with contractor.	($900)
Court-related Programs	CUT--Line item reductions in the Child Victim Services program.	($1,000)
Court-related Programs	Increase fees for Project Turnaround to cover a higher proportion of program costs.	($2,900)
Economic Development Corporation	CUT--Reduce funding to arts organizations. The NC Arts Incubator did not apply for Economic Development Corporation funding for Fiscal 2012.	($18,500)
Elections Office	CUT--Reduce hours of non-mandated one-stop sites.	($7,374)
Emergency Management--Emergency Operations	Offset the cost of E-911 Specialist with 911 funds.	($49,260)
Environmental Resources*	CUT--Eliminate this division and absorb the function in Environmental Services -- Water Quality. Currently there is an overlap of skills and duplication of cost between Environmental Resources and Sedimentation and Erosion Control. A reorganization of these functions into the Water Quality Division of Environmental Services will improve service and efficiency and streamline operations. The Environmental Resources Director position will be eliminated, but the employee	($121,790)

Department	Proposed Cut	Savings
	currently holding that position will be given the opportunity to fill the vacant position in the Environmental Services Water Quality Division.	
Environmental Services--Waste Management	CUT--Line item reductions: Reduce operating expenses for various line items.	($29,530)
Environmental Services--Water Quality	Reorganize Sedimentation and Erosion Control to improve service and efficiency. The recommended budget would reclassify the lead sedimentation and erosion control officer to an environmental scientist to perform all technical functions associated with water quality. The proposed reorganization combines the Environmental Resources Division with the Sedimentation and Erosion Control into one division, titled Water Quality, and places this division under the new department of Environmental Services.	($8,100)
Finance Office	CUT--Line item reductions: Decrease operating expense for various line items in the budget.	($5,681)
Governing Board	CUT--Redefine special meetings so that regular work sessions are not included. Because normal work sessions are held in conjunction with the regular meeting, no additional payment will be made for these work sessions.	($8,612)
Governing Board	CUT--Distribute agendas and attachments electronically. Staff estimates that approximately $1,000 per year in copier costs could be saved by distributing agendas and attachments to the Board of Commissioners and public electronically. In addition, 72 hours of staff time could be saved in preparing the copies (equivalent to $1,600 per year).	($1,000)
Governing Board	CUT--Line item reductions: Cuts significantly reduce travel and training, office supplies, and eliminate the contracted transcriptionist for help with preparing minutes.	($4,965)
Health--Administration	CUT--Line item reductions: Reduce expenses for public health month supplies and board expenses.	($2,100)
Health--Animal Control	CUT--Line item reductions: Reduce operating expenses for various line items.	($9,276)
Health--Community Health Promotion*	CUT--Eliminate a vacant Public Health Educator II position and reorganize services.	($49,504)
Health--Community Health Promotion	CUT--Line item reductions: Reduce operating expenses for various line items.	($11,747)
Health--Environmental	CUT--Line items reductions: Reduce operating expenses.	($5,500)
Health--Family Outreach*	CUT--Eliminate a vacant 50% Processing Assistant IV position.	($15,185)
Health--Family Outreach*	CUT--Eliminate a vacant Social Worker II position.	($55,479)
Health—Preventive	CUT--Line item reductions: Reduce operating expenses for various line items.	($23,650)
Health—Preventive	Reclassification of a Public Health Nurse II to Public Health Nurse III	($1,673)
Libraries	CUT--Reduce operating hours in all branches by 4 hours. The County Manager recommends eliminating 4 hours of operation that show little usage by the public to enable the library system to reduce temporary salaries.	($19,592)
Libraries*	CUT--Eliminate 1 part-time circulation position. This position is currently unfilled.	($13,772)
Libraries*	CUT--Eliminate one part-time technical services position. This position provides services that can	($13,772)

Department	Proposed Cut	Savings
	be absorbed by existing staff.	
Libraries	CUT--Reduce the materials budget. Reducing the materials budget will result in the elimination of some discretionary purchases but will not severely affect core collection development.	($6,456)
Management Information Services*	CUT—Eliminate the position that was planned to provide back up for the employee that provides 24/7 support to 911 and the Sheriff's Office. Currently, one person provides 911 and Sheriff's Office support. This position was planned to provide back-up and relief for 24/7 on-call. With this cut, that will not be possible.	($22,434)
Management Information Services	CUT--Reduce budget for on-call pay to support only the Emergency Systems Specialist.	($8,088)
Management Information Services	CUT--Reclassify Information Systems Administrator to Technical Systems Manager. This cut will improve service while decreasing cost.	($13,885)
Management Information Services	CUT--Line item reductions: Reduce operating expenses in various line items.	($13,487)
Parks & Recreation	CUT--Line item reduction: Reduce expenses for postage.	($350)
Parks & Recreation	CUT--Line item reduction: Reduce telephone expense.	($3,400)
Parks & Recreation	CUT--The Chatham Parks Foundation has established an account and will not need to rely on the County for funding. This expense will be eliminated.	($500)
Parks & Recreation	CUT--Reduce security for adult events.	($400)
Parks & Recreation	CUT--Line item reduction: Reduce expenses for park maintenance and equipment repair.	($1,377)
Parks & Recreation	CUT--Line Item Reduction: Reduce expense for park maintenance/landscaping.	($1,000)
Parks & Recreation	CUT --Reduce grants to nonprofit recreation providers in the County.	($9,700)
Parks & Recreation	Suspend the transfer to the parks capital reserve. By the end of FY 2011, the County will have opened 3 new parks within the last 3 years. The County Manager recommends suspending the transfer to the parks capital reserve until revenue growth can sustain the transfer.	($300,000)
Pittsboro-Siler City CVB	CUT--Reduce advertising expenses and emphasize aggressive public relations and social media campaigns to meet marketing goals.	($5,000)
Planning	CUT--Line item reductions: Reduce travel.	($500)
Planning	CUT--Line item cuts: Reduce expenses for office supplies and cancel the contract for uniforms for the Zoning Enforcement Officer.	($4,800)
Planning	CUT--Line item cuts: Reduce expenses for travel and training.	($3,500)
Planning	CUT--Line item cut: Reduce travel and training fleet expense.	($1,200)
Planning	CUT--Cut postage expense for board-initiated zoning in joint plan area.	($900)
Planning	CUT--Eliminate the making of copies for Board of Commissioner meetings, Planning Board meetings, or citizen meetings. Presentations can be made available online.	($1,330)
Planning	CUT--Reduce advertising expenses to reflect the trend of fewer public hearing notices over the past three years.	($350)

Department	Proposed Cut	Savings
Planning	CUT--Reduce expenses for dues and subscriptions.	($750)
Planning	CUT--Eliminate reimbursement to Planning Board members for mileage and meeting attendance, as approved by Planning Board.	($5,500)
Public Works—Facilities*	CUT--Eliminate a maintenance technician position that was frozen in FY 2011.	($39,890)
Public Works--Facilities	CUT--The cost for replacement light bulbs is covered by Johnson Control's energy efficiency work.	($2,500)
Public Works--Facilities	CUT--Line item reduction: Reduce expenses for maintenance supplies.	($2,000)
Public Works--Facilities	CUT--Line item reduction: Reduce spending for small tools and equipment.	($4,000)
Public Works--Facilities	CUT--Line item reduction: Reduce spending on office supplies.	($500)
Public Works--Facilities	CUT--Expenses for utilities/electricity will decrease because the County has fewer buildings, and the remaining buildings have become more energy efficient.	($10,000)
Public Works--Facilities	CUT--Reduce expenses for utilities - natural gas	($5,000)
Public Works--Facilities	CUT--The County will not repair or remove any underground storage tanks in FY 2012.	($1,860)
Public Works--Facilities	CUT--Eliminate the contract for paper shredding.	($5,000)
Public Works--Facilities	CUT--Since the Historic Courthouse is under repair, inspections of the elevator and boiler system inspections are not included in the FY 2012 budget.	($1,500)
Public Works--Facilities	CUT--Reduce spending for temporary salaries.	($12,110)
Register of Deeds*	CUT--Reduce a currently unfilled full-time position to 75% (30 hours per week).	($9,256)
Social Services	CUT--Line item reductions: Reduce expenses for various line items.	($74,044)
Social Services	CUT--Day Care Administration. Reduce contract with Child Care Networks to match the state's appropriation for day care administration.	($84,650)
Social Services	CUT--Human Services/ Child and Family Team Facilitation Contract: With this proposed cut, existing staff would absorb this function. The staff would be able to draw down federal revenue that the agency cannot currently obtain for the contract.	($61,000)
Social Services	CUT--Consolidate Emergency Assistance (EA) within the services intake unit by reallocating a frozen foster care case management position and declassifying a social worker. This action would result in reduced costs and additional revenue. The frozen position must be unfrozen to accomplish this.	($25,666)
Soil & Water	CUT--Line item reductions: Reduce expenses for dues and subscriptions.	($1,000)
Soil & Water	CUT--Line item reductions: Reduce operating expenses for various line items.	($300)
Soil & Water	CUT--Eliminate County financial assistance to the Natural Resources Education program.	($500)
Tax--Administration	CUT--Line item reductions: Reduce contracted and professional services, travel and training.	($13,000)
Tax--Assessment & Revaluation	CUT--Line item reductions: Decrease operating expense for training, postage, and office supplies.	($1,800)

Department	Proposed Cut	Savings
Tax--Assessment & Revaluation*	CUT--Unfund an appraiser position.	($55,784)
Tax--Land Records	CUT--Line item reductions: Training, supplies, contracted services	($1,950)
Water--Distribution	CUT--Reduce expenses for meter installation. Commissioners approved a transfer from Utility Capital Reserve to replace approximately 2,061 existing water meters with new radio-read Badger Meters. All meters that will be switched out are at least two years old or older, leaving only meters for new construction to be purchased.	($40,000)
Water--Treatment	CUT--Chemicals: Operators at the Water Treatment Plant have been able to reduce the amount to purchase of chemicals.	($40,000)
	Total	**($1,548,507)**

Expansion Requests:

"Expansion requests" represent new programs, new positions, new capital outlay, and requests for the County to take over programs that previously were grant funded. The County Manager recommends that the following expansion requests be funded. More detail can be found on these requests in each department's budget.

Department	Expansion	Net Cost
Central Permitting--Administration	CityView Software Upgrade: Since 2000, Central Permitting, Planning, Fire Inspections, Building Inspections and Environmental Health have utilized CityView software for processing permits. Central Permitting is proposing to upgrade CityView in order to implement workflow, tie in with scanning software, auditing, mobile applications and public internet access to permit data.	$67,680
Environmental Services--Waste Management	Residential well sampling near the closed landfill and upkeep of filter systems on two wells that were relocated as a result of acquisition of additional landfill buffer:	$10,760
Governing Board	New Agenda Software: Monthly software licensing and storage for agendas, minutes, and video/audio files of Board of Commissioner meetings. Staff is still in the process of obtaining quotes and evaluation products, so the amount shown reflects the maximum cost.	$58,000
Non-departmental	Increase contingencies to cover unanticipated costs: As the recommended budget document is written, there are many unknown factors that might affect the FY 2012 budget.	$187,167
Parks & Recreation	Utility gator	$8,000
Parks & Recreation	Increase the number of youth who can be served at summer camp by increasing part-time staff. The request is proposed for June, 2012. Overall, the increased revenue from tuition would offset the cost.	($475)
Planning--Transportation	Half-time position to focus on transportation planning: The County currently has a transportation planner, but that position is funded by grants that expire June 2011. The department believes a half-time position will be adequate to	$29,342

Department	Expansion	Net Cost
	cover the duties, because the current position also serves as the mobility manager for Chatham Transit, and that function will no longer be needed.	
Sheriff's Office	Continue a grant-funded domestic violence coordinator.	$25,853
Sheriff's Office--Jail	Court and Detention Transition Supervisor	$63,912
	Total	**$450,239**

Continuation Budget

"Continuation" refers to the portion of the budget that assumes that the County will continue to do business as it does currently. In other words, what will it cost next year to continue the same services and service levels without adding people or programs?

Overall, the continuation budget decreased by 4% from FY 2011. **If debt service is taken out of this calculation, the continuation budget decreased nearly 6%.** Reasons for this are as follows:

- **Salaries:** Continuation salaries decreased 2%, largely because of position cuts made midyear by the Board of Commissioners.
- **Other Personnel Costs/Benefits:** Overall, this category increased 2% because of a mandated 8% increase in the County's share of retirement costs, or approximately $87,000.
- **Operating:** Operating expenses decreased 1% because of belt-tightening by County departments. However, some continuation expenses increased. Fuel budgets increased by $86,121 or 23% in the general fund. This increase is based on gasoline prices of $4.25/gallon. An additional $100,000 is recommended to be set aside in contingency and will cover gasoline prices of up to $4.75/gallon.
- **Debt:** The County's debt service obligations increased 18% because of additional debt service required for Margaret Pollard Middle, the two new community college buildings, and the new library.
- **Transfers:** Continuation transfers to capital reserves in the General Fund decreased by 5%. Total transfers decreased by 11% because of suspension of the transfer to the parks capital reserve.
- **Public Assistance/Grants/Special Programs:** This category decreased 9% because of reduced foster care and other expenditures for grants.
- **Capital Outlay:** Expenditures for replacement capital outlay decreased 91%.

Capital Improvements Program (CIP)

Background: The CIP is a long-term plan for funding the County's major capital needs. It shows how facilities, equipment, and other projects that cost $100,000 or more could be scheduled and funded over the next five years, beginning in FY 2012. The CIP is a plan that is updated annually during the budget process and may be modified at any time to reflect changing conditions. A CIP is a systematic way of anticipating, planning, and budgeting for major projects. The adoption of a CIP can improve the credit worthiness (bond rating) of a jurisdiction. CIP requests originate at the department level. The Manager's Office reviews new and existing requests and recommends a proposed CIP to the Board of Commissioners. The Board of Commissioners reviews the recommendation in detail, makes changes, and adopts an approved CIP. During review of the annual operating budget, Commissioners may make additional changes to the CIP.

Board of Commissioner Changes: On January 22, 2010, Commissioners approved the Capital Improvements Program with the following changes:

- Scheduled the northeast high school on Jack Bennett Road to open in 2016.
- Added a new northeast elementary school as a future project. Reduced the budget for the Judicial Facility from $23.9 to $21.1 million, a savings of $2.8 million.
- Deleted the landfill as a project.
- Directed the County Manager to include in the FY 2012 operating budget planning costs for an animal shelter expansion and new school bus/County garage.

Recommended Changes in the FY 2012 Operating Budget: In addition to changes made by the Board of Commissioners, the County Manager recommends the following changes to projects scheduled in FY 2012:

- Include only planning costs of the courthouse annex renovation in FY 2012. The adopted CIP calls for renovations to start during FY 2012, but that will not be possible since the justice center will not be complete.
- Reduce from $185,737 to $169,000 the amount for indoor bleachers at Northwood High School based on a quote provided by a vendor.
- The law enforcement center site improvements construction will not be done in FY 2011 and has been moved to FY 2012.
- Fund the narrow-banding project from 911 public safety funds. Recent 911 legislation allowed counties to use one-half of their existing 911 fund balance for more general "public safety" projects. The narrow-banding project fits this definition.

See Appendix D for a summary of the Capital Improvements Program.

The Future

Short-Term Concerns: National economists believe the recession officially ended in late summer of 2009. However, local economic indicators, revenue, and employment are lagging behind this recovery. The number of building permits issued continues to be very low. The high number of residential foreclosures is also troubling. Because the state is facing a deficit for next year, it is still somewhat likely that local government revenues will be negatively affected beyond what is projected in this budget. Departments have identified some of the proposed impacts, including:

Department	State Proposal	Budget Impact
Chatham County Schools	House budget: • Increases the school flexibility cut by $42 million to $347 million • Eliminates teacher assistants in grades 2 and 3 for a $255 million reduction • Eliminates dropout prevention grants, the handheld student diagnostic pilot, the teacher mentoring program, general fund support for school technology, and staff development • Largely reduces individual allotments, including a 46% cut in instructional supplies, a 12% cut in at risk services, a 15% cut in non-instructional personnel, a 9% reduction in gifted students, a 10% cut in central office admin, a 17% cut in assistant principals, and a 10% cut in transportation • Reduces on a non-recurring basis school bus replacements by $20 million, leaving sufficient funds for 1/2 of replacements needed	Additional $265,000 cut in schools budget; Chatham County Schools proposed budget would keep teacher assistants in grades 2-3
Cooperative Extension Service	Proposals range from a 10% to a 30% cut. Current thinking is that the cut will be around 10%. If that is the case, it should not affect local agent positions beyond the unfunding of the agriculture agent position included in the FY 2012 County budget. Cuts beyond 10% would result in additional positions being eliminated.	
Council on Aging	Decrease of 4% in Rural Operating Assistance Funding (ROAP) which could lead to a decrease of 4% in Elderly and Disabled Transportation Assistance Program.	$2,000—could be higher if the Department of Transportation reallocates funds

Department	State Proposal	Budget Impact
Elections	Eliminate state funding for voting systems maintenance and licensing	$0—already anticipated
Elections	Voter ID law	Approximately $5,000
Elections	Eliminate the second primary or reduce the number of polling places open for second primary	$0—do not budget for second primary
Health--Community Health & Surveillance	H200 reduces Smart Start by 20%	May lose funding for children's resource van, though it is a #2 priority of the Partnership for Children
Health--Community Health Promotion	H200 deletes the-grant to complete the Fit Community trail in Pittsboro-signage, landscaping & programming for FY12	($21,050)
Health--Environmental	H705 removes well construction and sampling from the general statutes. Board of Health would likely adopt Well Construction Rules as Chatham County has regulated well construction since 1982.	($10,820)
Health—Environmental	Special provisions transfer responsibility for collecting food establishment permits from state to local with no additional revenue	Not quantified. Would impact staffing, software, etc.
Health--Family Outreach	H200 reduces Smart Start by 20%	Likely lose funding for Focus on Fathers, a low priority for the partnership
Health--Preventive	H200 reduces Medicaid reimbursement rate by 2%	($3,040)
Jail	Proposes moving state misdemeanants with sentences of less than 180 to County jails, and proposed subsequent judicial fee increases to accommodate shift.	$300,000—already budgeted $100,000 in contingency for this
Libraries	15% reduction in state aid to libraries	$0—already anticipated
Pittsboro-Siler City Visitors Bureau	Elimination of the NC Wine and Grape Council. Chatham County has 3 and is expected shortly to have 4 wineries. The County relies on state resources for advertising, marketing, and public relations support that the County cannot afford.	Not quantified.
Revenue	Require that local government support functions of the Department of Revenue and the State Treasurer be paid for out of local sales tax revenues. This proposal would reduce local sales tax revenues by two-tenths of 1 percent (0.2%).	Approximately $15,000

Department	State Proposal	Budget Impact
Revenue	The State House adopted budget restores lottery funds, but eliminates ADM funds.	ADM funds have no impact since Chatham County has not budgeted for some time.
Sheriff's Office	Elimination of 61 magistrate positions statewide will have a small effect on fuel usage by the Sheriff's Office.	Approximately $3,000
Social Services	Eliminate State Aid to Counties	$0—already anticipated
Social Services	Likely reductions in the low energy assistance and crisis intervention program	Impact administration only

Trends to Look for: The number one sign of a recovery is new jobs. As employment increases, so will sales tax revenues, motor vehicle values, and building activity. Locally, sales tax revenues are trending higher than the state and motor vehicle values have increased year-over-year for the past 6 months. The number of building permits issued locally is still sluggish. That, along with local tax values being slightly higher than market value, does not bode well for the County's main revenue source, the property tax. While County unemployment levels continue to trend below the state and nation, public sector layoffs in the state are bound to affect the County, whose employment base relies heavily on public universities and state government.

The Long Term: Because of excellent financial stewardship in the past, Chatham County is in a much better position than many other jurisdictions. The County has been able to continue critical functions and open new facilities without risky measures, such as using fund balance for operating expenses. Last year, the Budget Message stated, "the County can continue under current conditions for one more year without cutting critical services." The cuts made in the FY 2012 budget allow the County to continue to provide critical and mandated services and position us for major expansions in public safety next year.

Invitation for Public to Participate

Chatham County values the input of its residents. You have several opportunities to give your feedback. First, County Commissioners will hold two public hearings on the budget as follows:

- **Monday, May 23, 6 p.m.,** CCCC Multi-purpose Room, Building 2, Pittsboro.
- **Tuesday, May 24, 6 p.m.,** Siler City Courtroom, Town Hall.

Respectfully submitted May 16, 2011.

Charlie Horne

Charlie Horne
County Manager

You may provide comments or ask questions of our budget staff. Please contact Renee Paschal (renee.paschal@chathamnc.org), 545-8300 or Lisa West (lisa.west@chathamnc.org), 545-8483.

Commissioners will also hold a series of budget work sessions on June 1, 2, 6, and 7 (if necessary). Check times and places on the County's website: www.chathamnc.org.