

Summary Information

Summary of Changes to Recommended Budget:

As is required by state law, the County Manager develops a “recommended” budget that is presented to County Commissioners in early May. Commissioners hold public hearings and work sessions to review the recommended budget in depth. Normally, Commissioners make changes to the recommended budget before the final budget is approved. Overall, Commissioners increased the recommended budget by \$11,399. This amount is offset by increasing revenue.

Commissioners also allocated \$2,000 to Boys & Girls Club, \$2,000 to Chatham Literacy Council, \$8,331 to Family Violence & Rape Crisis, \$669 to Hispanic Liaison Victims of Crime and Fraud program, \$2,000 to Habitat for Humanity Siler City office program expenses from the \$15,000 set aside for the board to allocate directly.

The adjustments to the FY 2014 Recommended Budget are as follows:

Revenues:

Increase CCCC reimbursement for reference librarians and operating expense	10,784.00
Increase revenue for NC DOT reimbursement for North Chatham Traffic Improvements	50,000.00
Reduce Appropriated Fund Balance	(49,385.00)
Total	11,399.00

Expenditures:

Moved hiring date for 4 new telecommunicators from January 2014 to September 2013	61,302.00
Removed expense for special election	(49,903.00)
Total	11,399.00

History & Demographics

Founded in 1771 and located in the geographic center of North Carolina, Chatham County encompasses an area of more than 707 square miles and is known as the "The Heart of North Carolina." The county is situated between two of the state’s three largest centers of population and commerce, the Triangle Region and the Piedmont Triad.

Chatham County’s population and economic base have changed substantially during its history. The county has experienced a dramatic increase in population due to residential

growth in the eastern part of the county near Chapel Hill, Durham, and Cary. The county has seen a major surge in Hispanic/Latino residents in the western part of the county, increasing from 564 residents to 8,228 between 1990 and 2010.

According to the Office of State Budget and Management the provisional 2012 estimated population is 66,545, an increase of 4.8% since 2010. Chatham’s population growth was more than that of surrounding counties, such as Lee (2.2%), Moore (2.8%) and Orange (3.5%).

Only 21% of county residents live in incorporated towns. The county has about 93 residents per square mile, which reflects its generally rural nature. The incorporated towns in the county have an estimated 2011 population as follows:

- Siler City: 7,939
- Pittsboro: 3,875
- Goldston: 267

Fund Descriptions and Structure:

The county's accounts are structured by fund. Each fund is a separate accounting entity with a separate set of self-balancing accounts reflecting assets, liabilities, fund balance, revenues and expenditures. Funds are created to capture the varied activities of the county and to comply with legal requirements. Chatham County has three fund categories: governmental, proprietary, and fiduciary.

Governmental Funds

Government Funds account for resources other than those accounted for in proprietary or fiduciary funds. Most of Chatham County's functions are included in this fund type.

In accordance with North Carolina General Statutes, the basis of accounting and budgeting governmental funds is modified accrual. This means revenues are recorded in the period in which they are measurable and available. Revenues are recognized when they are received in cash (example: licenses, fines, etc.) or when the collection of the amount estimated to be received in the near future (example: property taxes). Expenditures in a modified accrual basis are generally recognized in the period goods and services are received or liabilities incurred. This type of accounting is considered the most conservative, because expenditures are recorded as soon

- Cary: 1,629 (with a total population of 139,169, the largest share of Cary's population is in Wake County)

Ethnic/Racial Diversity: According to U.S. Census data, the overall racial/ethnic composition of Chatham County is 82% white, 14% African American, 13% Hispanic, 1% Asian, and other races 1%.

as the liability is incurred and most revenues are not recorded until they are received in cash.

The county's governmental funds include:

- **The General Fund** is the primary operating fund for the county. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund and includes typical governmental activities, such as human services, public safety, and education. Major revenues that support these functions include property tax and sales tax. The majority of departments are funded through the General Fund, with the exception of Utilities and Waste Management, which are funded through the Water Fund and the Solid Waste & Recycling Fund, which are proprietary funds.
- **Facility Reserve/Capital Improvement Reserve Fund:** The County transfers annually an amount equivalent to five and one-half cents on the tax rate into this fund. The transfer is used to fund debt for a variety of general capital projects, including a library, Central Carolina Community College facilities, an addition to the Department of Social Services, and a judicial facility.

- **Impact Fees Fund** accounts for an additional fee charged on all building permits issued for the construction of new dwellings. Impact fees collected are to be used to offset a portion of the cost of new school construction or debt.
- **Non-major Special Revenue Funds** account for the proceeds of specific revenue that are legally restricted to expenditures for specific purposes, including Bynum Canoe Access, Courthouse Clock, Enhanced 911, Forfeited Property, and Recreation Fees.
- **Capital Project Funds** account for the acquisition and construction of capital and capital facilities, other than those financed by proprietary and trust funds. Except for non-major capital project funds, capital projects are not included in the operating budget. Non-major capital project funds include the Equipment Capital Reserve and the Emergency Vehicle Replacement Reserve.

Proprietary Funds

These funds account for operations that are similar to the private sector, including enterprise, internal service, and capital reserve funds. Proprietary funds focus on the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. There are two types – enterprise and internal service.

The basis of accounting and budgeting proprietary funds is accrual. This means revenues are recorded in the period in which they are earned or realized. Expenditures in an accrual basis are generally recognized in the period goods or services are received or liabilities incurred.

Enterprise funds are intended to be self-supporting through user charges, and include:

- **Solid Waste & Recycling** accounts for the operations of the County’s collection and disposal of solid waste.
- **Southeast Water District** accounts for the operations of the water district covering the southeastern portion of the County.
- **Water Fund** accounts for the County’s water and sewer operations.
- **Capital Reserve Funds** that support the enterprise funds include the Utility Capital Reserve, the Utility Vehicle Reserve, and the Waste Management Capital Reserve.

Internal Service Funds report activities that provide goods or services to other funds, departments, or agencies of the primary government and its component units, or to other governments, on a cost-reimbursement basis. The county's budget includes one internal service fund, the Health Internal Service Fund. This fund tracks premiums paid by the county on behalf of its employees for workers compensation and health insurance coverage. The funds also tracks health premiums paid by employees for dependant coverage.

Fiduciary Funds

Fiduciary funds report assets held in a trustee or agency capacity for others which cannot be used to support the government’s own programs, including pension trust funds and agency funds. Chatham County's operating budget includes one fiduciary fund, the Law Enforcement Pension Trust.

Financial Indicators:

The University of North Carolina at Chapel Hill's School of Government created a series of financial indicators that enable local governments to review and analyze their financial condition. In addition to providing a visual analytical tool, these indicators also enable governments to benchmark against other jurisdictions. Each indicator is illustrated with a graph that shows the indicator's trend over the past six years in Chatham and a corresponding benchmarking graph that compares Chatham to Lee and Orange. Lee County was chosen for comparison because of its geographic proximity and similar sized population. Orange County

was chosen because of its geographic proximity, similar per capita income, and similar valuation per capita.

All of the indicators, except the Capital Assets Condition Indicator, are based on financial data from the General Fund. The Capital Assets Condition Indicator uses government-wide financial data which includes all governmental funds, such as special revenue funds and the General Fund.

An analysis of Chatham County's financial indicators shows that the county is in excellent financial condition. In addition,

	Chatham	Lee	Orange
Budgeted Expenditures	\$88,171,931	\$63,082,264	\$180,002,776
State Rank	31	46	12
Nonschool Expenditures	\$54,535,940	\$38,903,139	\$95,535,243
State Rank	35	51	15
Effective Tax Rate	\$0.6509	\$0.7362	\$0.9022
State Rank	53	29	7
2011 Population	64,553	58,304	135,776
State Rank	40	48	21
Valuation/capita	\$138,578	\$81,555	\$117,071
State Rank	15	53	32
2011 Per Capita Income	\$48,191	\$32,815	\$48,683
State Rank	2	36	1
Total Funding Per Student	\$4,148	\$2,453	\$5,298
State Rank	5	30	2
Number of Students	8,109	9,857	19,549
State Rank	50	39	23

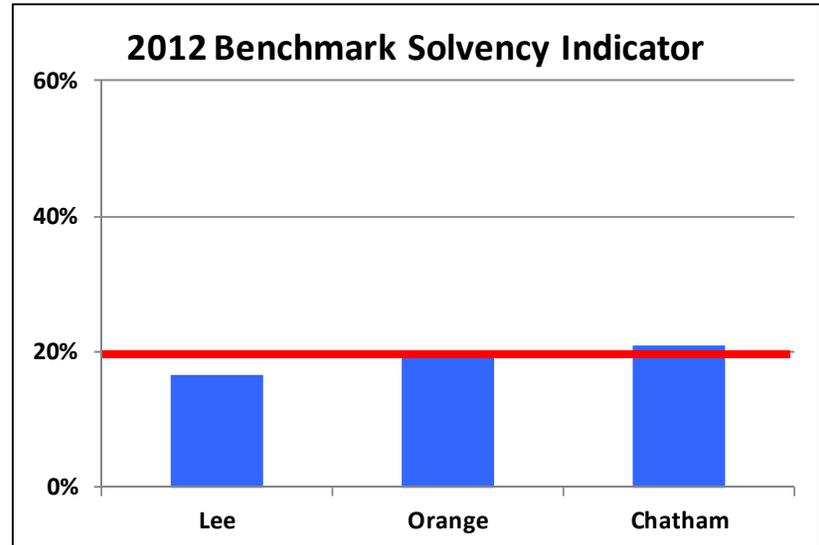
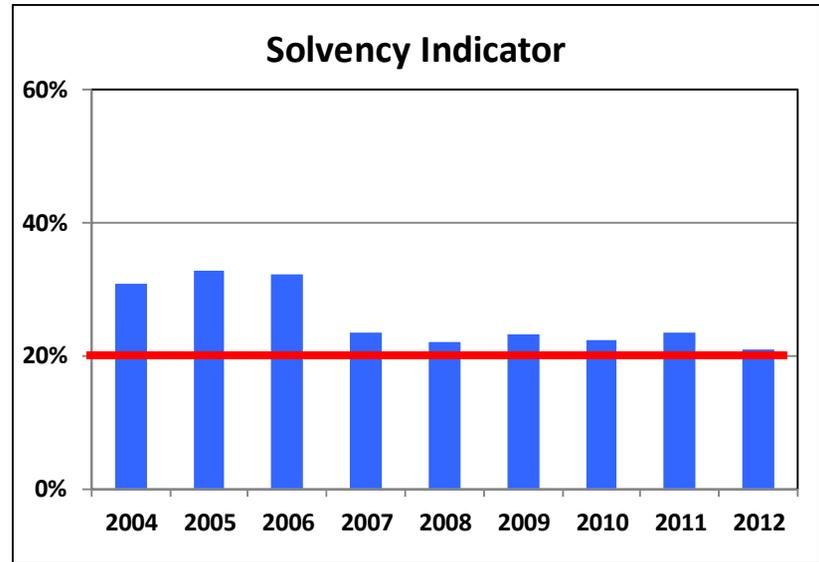
the indicators revealed interesting financial data that was incorporated into the budget decision-making process.

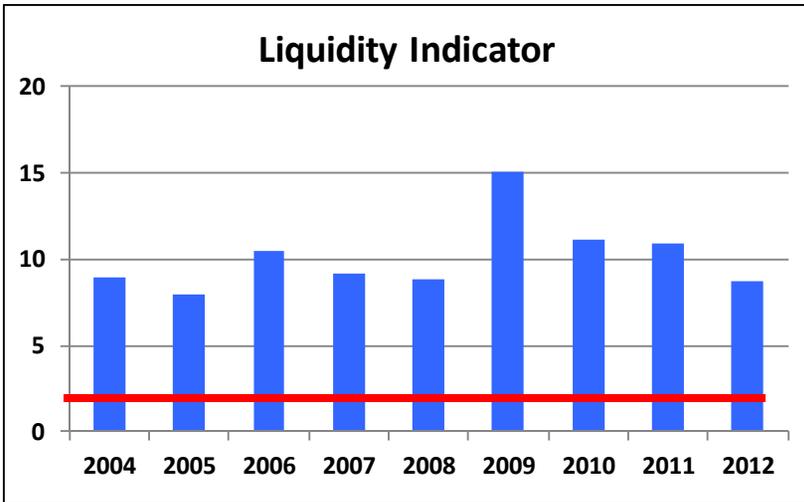
Below are the financial indicators that may provide insight into budget decisions and provide background information about Chatham County's financial condition:

Solvency

The Solvency Indicator measures a government’s ability to address long-term obligations. A high ratio suggests a government can meet its long-term obligations. The Solvency Indicator is calculated by dividing the available fund balance by total expenditures (less proceeds from capital leases) plus transfers out.

Chatham County’s solvency ratio is 20.9%, meaning the county has funds available for capital projects, such as the JS Waters School roof or renovations to the courthouse annex. It also suggests that Chatham County is financially prepared in case of disaster. Chatham County has been able to save resources and keep expenditures low.

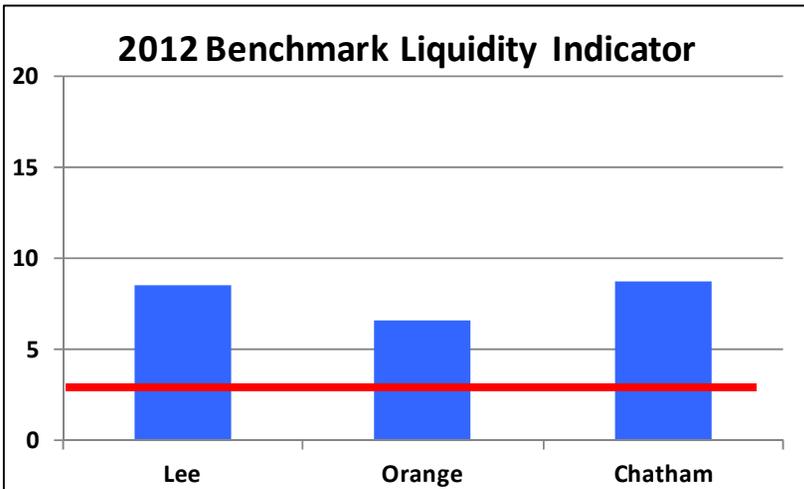




Liquidity

The Liquidity Indicator measures a government’s ability to meet its short-term obligations. The Liquidity Indicator is calculated as cash and investments divided by current liabilities (not including deferred revenue).

The School of Government recommends having a ratio of 2 or greater. Currently, Chatham County has a ratio of 8.74, meaning the county has cash available to meet its immediate cash needs.

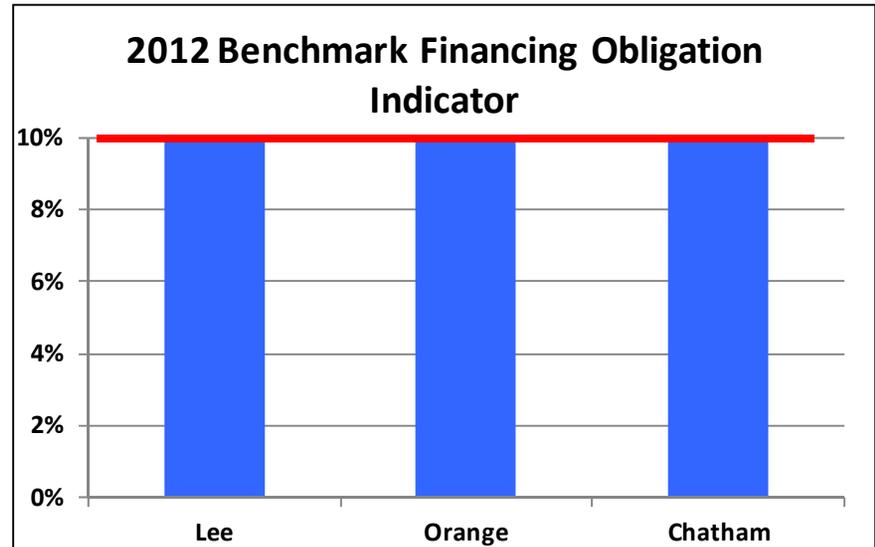
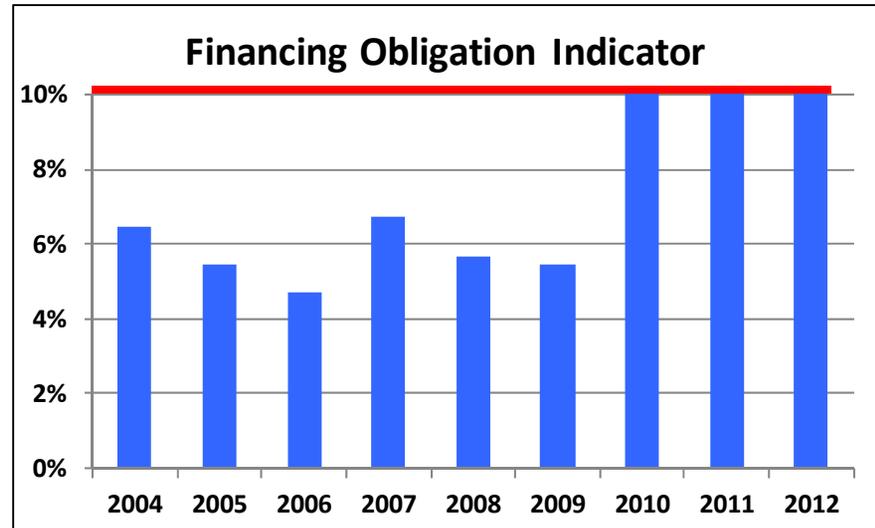


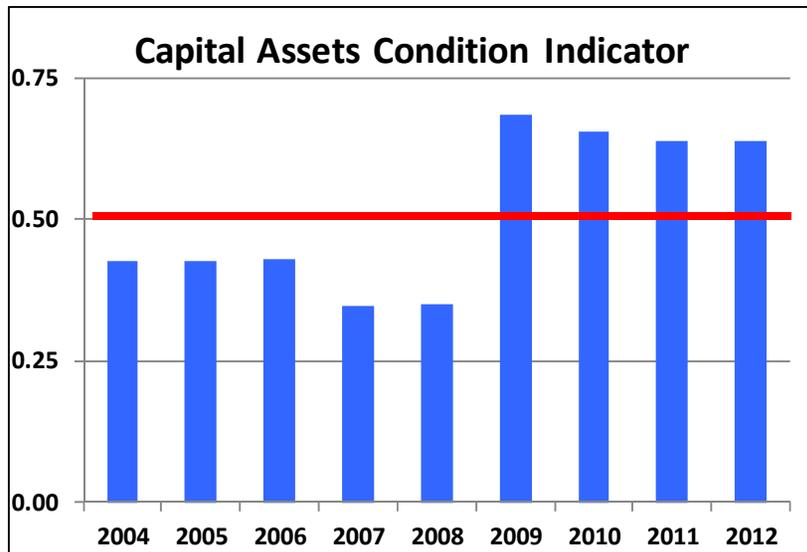
Financing Obligation

The Financing Obligation Indicator provides feedback on the amount of expenditures committed to annual debt service. Service flexibility decreases as more resources are committed to annual debt service. The Financing Obligation is calculated by dividing the debt service principal and interest payment, including transfers to debt service fund, by total expenditures.

The School of Government recommends that this ratio should be no more than 10%. Chatham County's Financing Obligation Indicator is 12%. For another jurisdiction, this might mean that Chatham's debt is reaching the point where it impedes its ability to provide services.

However, Chatham has set aside 5.6 cents on the tax rate in a reserve to pay debt service incurred for capital projects.

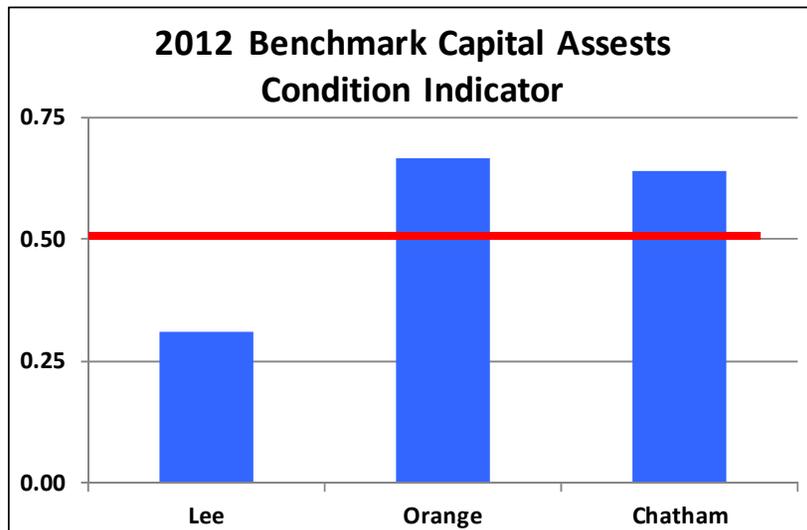




Capital Assets Condition Indicator

The Capital Assets Condition Indicator measures the condition of capital assets as defined by their remaining useful life. A high ratio suggests a government is investing in its capital assets. The Capital Assets Conditions Indicator is calculated as accumulated depreciation divided by capital assets being depreciated. This result is then subtracted from one.

The School of Government recommends maintaining a ratio of .5. Currently, Chatham County's Capital Assets Condition Indicator is .64, meaning Chatham County is maintaining and investing in capital, such as buildings and vehicles, appropriately. In the past, however, Chatham County did not achieve a .5 ratio. Recent capital expenditures reflect an effort to improve this ratio and invest in capital assets.



Employee Summary (full-time equivalents):

Personnel counts shown below are given in full-time-equivalents (FTE) for all regular county employees (temporary positions are not included). The FTE converts the hours worked by a position into a percentage of a full year's number

of hours. For most positions, 1 FTE equals 2,080 hours per year per position (based on a 40 hour work week and a 52 week work year). If a position works 1,040 hours per year, this translates into .5 FTE.

County Department	A 2011 Actual	B 2012 Actual	C 2013 Amended	D 2013 Estimated	E 2014 Total Req.	F 2014 Appr. Cont.	G 2014 Appr. Exp.	H 2014 Total Appr.	I Variance	J Total % Inc./Dec.
Central Permitting -- Administration	3.00	3.00	3.00	3.00	4.00	4.00	0.00	4.00	1.00	33%
Central Permitting -- Fire Marshal Division	3.00	3.00	3.00	3.00	3.00	3.00	0.00	3.00	0.00	0%
Central Permitting -- Inspections Division	6.00	6.00	6.00	6.00	6.00	6.00	0.00	6.00	0.00	0%
Chatham Transit Network	0.00	0.00	1.00	1.00	1.00	1.00	0.00	1.00	0.00	0%
Community Development/Ombudsman	0.75	0.75	0.75	0.75	0.00	0.00	0.00	0.00	(1.00)	(100%)
Council on Aging	2.00	2.00	2.00	2.00	2.00	2.00	0.00	2.00	0.00	0%
County Attorney	1.00	1.00	1.00	1.00	1.00	1.00	0.00	1.00	0.00	0%
County Manager's Office	8.00	8.00	8.00	8.00	9.00	8.00	1.00	9.00	1.00	13%
Court-Related Programs	4.76	4.76	4.64	4.64	3.37	3.37	0.00	3.37	(1.00)	-27%
Elections Office	2.00	2.00	2.50	2.50	2.50	2.50	0.00	2.50	0.00	0%
Emergency Management -- 911 Funding	0.00	1.00	1.00	1.00	1.00	1.00	0.00	1.00	0.00	0%
Emergency Management -- Emergency Operations	2.00	2.00	2.00	2.00	2.00	2.00	0.00	2.00	0.00	0%
Emergency Management -- Telecommunications	18.00	18.00	18.00	18.00	22.00	18.00	4.00	22.00	4.00	22%
Environmental Quality -- Land & Water Resources	2.00	2.00	2.00	2.00	2.00	2.00	0.00	2.00	0.00	0%
Environmental Quality -- Solid Waste & Recycling	13.00	13.00	13.00	13.00	13.00	13.00	0.00	13.00	0.00	0%
Finance Office	8.00	8.00	8.00	8.00	8.00	8.00	0.00	8.00	0.00	0%
Governing Board	2.00	2.00	2.00	2.00	2.00	2.00	0.00	2.00	0.00	0%
Health -- Administration	6.00	6.00	7.00	7.00	7.00	7.00	0.00	7.00	0.00	0%
Health -- Animal Control	7.00	7.00	7.00	7.00	8.00	7.00	0.00	7.00	0.00	0%
Health -- Community & Family Health	6.00	12.00	11.75	11.75	10.75	10.75	0.00	10.75	(1.00)	-9%
Health -- Community Health & Surveillance	5.00	5.00	6.75	6.75	6.25	6.25	0.00	6.25	(1.00)	-7%
Health -- Community Health Promotion & Advocacy	6.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0%
Health -- Environmental Health	16.50	16.50	13.75	13.75	15.25	15.25	0.00	15.25	2.00	11%
Health -- Preventive Health Care	26.65	26.65	26.65	26.65	26.65	26.65	0.00	26.65	0.00	0%

County Department	A 2011 Actual	B 2012 Actual	C 2013 Amended	D 2013 Estimated	E 2014 Total Req.	F 2014 Appr. Cont.	G 2014 Appr. Exp.	H 2014 Total Appr.	I Variance	J Total % Inc./Dec.
Library	17.10	17.10	17.10	17.10	17.10	17.10	0.00	17.10	0.00	0%
Management Information Systems (MIS)	11.00	11.00	13.00	13.00	13.00	13.00	0.00	13.00	0.00	0%
Parks & Recreation	5.50	5.50	5.50	5.50	5.50	5.50	0.00	5.50	0.00	0%
Pittsboro-Siler City Convention & Visitors Bureau	1.00	1.00	1.00	1.00	1.00	1.00	0.00	1.00	0.00	0%
Planning Department	7.00	7.50	6.50	6.50	5.75	5.75	0.00	5.75	(1.00)	-12%
Public Works -- Facilities Management	11.00	11.00	16.00	16.00	16.00	16.00	0.00	16.00	0.00	0%
Public Works -- Fleet Management	2.00	2.00	2.00	2.00	2.00	2.00	0.00	2.00	0.00	0%
Register of Deeds	5.75	5.75	5.75	5.75	5.75	5.75	0.00	5.75	0.00	0%
Sheriff's Office -- Law Enforcement	80.00	80.00	86.00	86.00	88.00	85.00	3.00	88.00	2.00	2%
Sheriff's Office -- Jail	21.00	21.00	25.00	25.00	50.00	25.00	25.00	50.00	25.00	100%
Social Services	83.25	83.25	85.25	85.25	85.50	85.25	0.25	85.50	0.00	0%
Soil & Water Conservation District	3.00	3.00	3.00	3.00	3.00	3.00	0.00	3.00	0.00	0%
Tax -- Administration	10.00	10.00	10.00	10.00	11.00	11.00	0.00	11.00	1.00	10%
Tax -- Assessment & Revaluation	4.00	4.00	4.00	4.00	4.00	4.00	0.00	4.00	0.00	0%
Tax -- Land Records	2.00	2.00	1.00	1.00	0.00	0.00	0.00	0.00	(1.00)	-100%
Water -- Distribution	16.00	15.00	15.00	15.00	15.00	15.00	0.00	15.00	0.00	0%
Water -- Water Treatment	7.00	7.00	7.00	7.00	7.00	7.00	0.00	7.00	0.00	0%
Total County Employees	434.26	435.76	453.89	453.89	490.37	456.12	33.25	489.37	35.48	8%

Explanation of changes in staffing levels: The number of county positions is increasing by 30 FTEs. Twenty-five (25) new positions are being added to staff the new Chatham County Jail that will open in late summer or early fall of 2014. Since there will be an overlap between opening the new jail and operation of the current facility, the addition of staff will be staged throughout the year. One (1) administrative position has been added to the Sheriff's Office. Two (2) positions are currently funded by grants, and renewal of the grants is in progress. If one or both of these grants are not awarded, the budget provides funding for these positions.

Four (4) telecommunicators are being added to Emergency Management Communications to address the increase in call

volume in the communications center to begin September 1, 2013.

One (1) administrative position was added to the County Manager's office to begin in January of 2014.

The Tax, Health, and Social Service Departments transferred positions from one division to another to support internal restructuring or work load issues but these actions had no effect on the total number of positions in the department.

Consolidated Funds Schedule

Budget Summary

	A 2011 Actual	B 2012 Actual	C 2013 Amended	D 2013 Estimated	E 2014 Total Req.	F 2014 Total Rec.	G 2014 Appr. Cont.	H 2014 Appr. Exp.	I 2014 Total Appr.	J Variance	K Total % Inc./Dec.
Revenues											
Fees & Permits	1,126,385	1,009,820	993,354	1,261,215	1,126,050	1,126,050	1,126,050	0	1,126,050	132,696	13%
Intergovernmental	11,361,828	11,746,357	10,024,565	10,644,128	10,036,288	10,012,826	10,008,072	54,754	10,062,826	38,261	0%
Interest	150,173	182,765	149,760	162,660	155,185	155,185	155,185	0	155,185	5,425	4%
Grants/Donations	2,114,199	2,097,101	1,435,551	2,281,310	1,558,501	1,547,493	1,558,277	0	1,558,277	122,726	9%
Miscellaneous	566,830	171,036	(30,000)	159,065	19,000	19,000	19,000	0	19,000	49,000	(163%)
Other Taxes/Licenses	1,258,436	1,346,951	1,293,115	1,438,670	1,278,950	1,356,950	1,356,950	0	1,356,950	63,835	5%
Property Tax	59,753,896	61,180,446	62,405,682	57,323,654	64,528,972	64,528,972	64,528,972	0	64,528,972	2,123,290	3%
Sales & Service	16,263,366	17,074,179	15,396,386	16,629,397	16,447,938	16,435,091	16,429,911	5,180	16,435,091	1,038,705	7%
Sales Tax	7,879,070	8,190,337	8,036,000	8,480,730	8,662,000	8,662,000	8,662,000	0	8,662,000	626,000	8%
Transfers	11,193,728	11,073,089	11,956,062	14,706,622	13,191,815	13,191,815	13,191,815	0	13,191,815	1,235,753	10%
Other Financing Sources	5,086,000	7,930,425	0	0	0	0	0	0	0	0	0%
Fund Balance	0	0	15,359,289	0	9,876,568	9,876,568	9,827,183	0	9,827,183	(5,532,106)	(36%)
Total Revenues	116,753,911	122,002,506	127,019,764	113,087,451	126,881,267	126,911,950	126,863,415	59,934	126,923,349	(96,415)	0%
Expenditures											
Salaries	17,588,379	16,771,015	18,507,240	17,977,517	19,189,953	19,657,814	19,028,015	669,391	19,697,406	1,190,166	6%
Other Personnel Costs	12,430,680	12,156,502	12,852,231	12,626,878	13,729,577	13,813,107	13,584,116	238,851	13,822,967	970,736	8%
Operating	49,018,732	49,061,308	61,609,203	49,939,178	59,580,951	59,062,304	56,905,547	2,118,704	59,024,251	(2,584,952)	(4%)
Debt	10,780,910	32,158,045	10,607,658	10,869,303	11,868,729	11,868,729	11,868,729	0	11,868,729	1,261,071	12%
Transfers	12,499,116	10,754,828	12,215,538	13,130,816	14,544,769	14,572,344	13,191,815	1,380,529	14,572,344	2,356,806	19%
Public Assistance/Grants/Special Programs	6,447,054	6,125,128	8,026,169	5,913,770	7,194,669	7,158,618	7,146,858	11,760	7,158,618	(867,551)	(11%)
Capital Outlay	7,072,591	2,691,407	3,201,725	3,518,273	794,231	779,034	627,324	151,710	779,034	(2,422,691)	(76%)
Total Expenditures	115,837,462	129,718,233	127,019,764	113,975,735	126,902,879	126,911,950	122,352,404	4,570,945	126,923,349	(96,415)	0%