

# Appendix A: FY 2008-09 Budget Ordinance

Be it ordained by the Board of Commissioners of the County of Chatham, North Carolina, that:

## Section 1: Revenues.

The following budget with anticipated revenues is hereby adopted in accordance with G.S. 159 by the County of Chatham for the fiscal year beginning July 1, 2008 and ending June 30, 2009 as follows:

### Bells Annex Fire District

Property Tax	\$57,777
<b>Total Bells Annex Fire District</b>	<b>\$57,777</b>

### Bennett Fire District

Property Tax	\$80,489
<b>Total Bennett Fire District</b>	<b>\$80,489</b>

### Bonlee Fire District

Fund Balance	\$1,800
Property Tax	\$192,424
<b>Total Bonlee Fire District</b>	<b>\$194,224</b>

### Bynum Canoe Access

Fund Balance	\$9,215
Interest	\$100
<b>Total Bynum Canoe Access</b>	<b>\$9,315</b>

### CDBG/Performance Bicycle

Fund Balance	\$200,000
Interest	\$2,000
<b>Total CDBG/Performance Bicycle</b>	<b>\$202,000</b>

### Central Chatham Fire District

Fund Balance	\$2,000
Property Tax	\$190,934
<b>Total Central Chatham Fire District</b>	<b>\$192,934</b>

### Circle City Fire District

Fund Balance	\$2,800
Property Tax	\$731,327
<b>Total Circle City Fire District</b>	<b>\$734,127</b>

### Emergency Telephone System Fund

Fund Balance	\$1,190,000
Interest	\$29,000
Other Taxes/Licenses	\$420,000
<b>Total Emergency Telephone</b>	<b>\$1,639,000</b>

### Emergency Vehicle Replacement

Fund Balance	\$181,000
Interest	\$2,500
<b>Total Emergency Vehicle</b>	<b>\$183,500</b>

### Equipment Capital Reserve

Fund Balance	\$1,500,000
Transfers	\$600,000
<b>Total Equipment Capital Reserve</b>	<b>\$2,100,000</b>

### Facility Reserve

Fund Balance	\$4,000,000
Interest	\$35,000
Transfers	\$4,133,599
<b>Total Facility Reserve</b>	<b>\$8,168,599</b>

### Forfeited Property

Fund Balance	\$40,500
Interest	\$2,000
<b>Total Forfeited Property</b>	<b>\$42,500</b>

### General Fund

Fees & Permits	\$1,185,800
Fund Balance	\$5,346,172
Intergovernmental	\$8,753,321
Interest	\$1,100,000
Grants/Donations	\$130,398
Miscellaneous	(\$66,588)
Other Taxes/Licenses	\$796,300
Property Tax	\$48,199,017
Sales & Service	\$2,134,089
Sales Tax	\$11,631,673
Transfers	\$3,272,087
<b>Total General Fund</b>	<b>\$82,482,269</b>

### Goldston Fire District

Property Tax	\$188,968
<b>Total Goldston Fire District</b>	<b>\$188,968</b>

### Health Internal Service

Interest	\$15,000
Sales & Service	\$4,092,741
<b>Total Health Internal Service</b>	<b>\$4,107,741</b>

### Hope Fire District

Fund Balance	\$11,000
Property Tax	\$292,520
<b>Total Hope Fire District</b>	<b>\$303,520</b>

### Impact Fees

Fund Balance	\$11,000,000
Intergovernmental	\$2,515,000
Interest	\$150,000
<b>Total Impact Fees</b>	<b>\$13,665,000</b>

### Industrial Reserve

Fund Balance	\$40,920
Interest	\$450
<b>Total Industrial Reserve</b>	<b>\$41,370</b>

### Law Enforcement Pension Trust Fund

Interest	\$3,500
Sales & Service	\$40,000
<b>Total Law Enforcement Pension</b>	<b>\$43,500</b>

### Moncure Fire District

Fund Balance	\$42,000
Property Tax	\$400,854
<b>Total Moncure Fire District</b>	<b>\$442,854</b>

### North Chatham Fire District

Fund Balance	\$17,000
Property Tax	\$2,310,544
<b>Total North Chatham Fire District</b>	<b>\$2,327,544</b>

**Parks Foundation Trust Fund**

Fund Balance	\$68,000
Intergovernmental	\$20,000
Interest	\$700
<b>Total Parks Foundation Trust</b>	<b>\$88,700</b>

**Parkwood Fire District**

Property Tax	\$228,882
<b>Total Parkwood Fire District</b>	<b>\$228,882</b>

**Personnel Savings Account**

Fund Balance	\$800,000
Interest	\$30,000
<b>Total Personnel Savings Account</b>	<b>\$830,000</b>

**Recreation Fees**

Fund Balance	\$1,000,000
Intergovernmental	\$630,000
Interest	\$30,000
<b>Total Recreation Fees</b>	<b>\$1,660,000</b>

**School Capital Reserve**

Fund Balance	\$4,300
Interest	\$50
<b>Total School Capital Reserve</b>	<b>\$4,350</b>

**Staley Fire District**

Property Tax	\$44,681
<b>Total Staley Fire District</b>	<b>\$44,681</b>

**Utility Capital Reserve**

Interest	\$30,000
Sales & Service	\$717,500
Transfers	\$2,344,534
<b>Total Utility Capital Reserve</b>	<b>\$3,092,034</b>

**Utility Vehicle Replacement Reserve**

Fund Balance	\$400,000
Interest	\$4,000
<b>Total Utility Vehicle Replacement</b>	<b>\$404,000</b>

**Waste Management Capital Reserve**

Fund Balance	\$300,000
Interest	\$3,500
Transfers	\$664,120
<b>Total Waste Management Capital</b>	<b>\$967,620</b>

**Waste Management Fund**

Fund Balance	\$1,093,000
Intergovernmental	\$10,000
Interest	\$80,000
Miscellaneous	\$20,000
Other Taxes/Licenses	\$70,000
Sales & Service	\$2,691,151
<b>Total Waste Management Fund</b>	<b>\$3,964,151</b>

**Water Fund**

Fund Balance	\$80,000
Interest	\$101,000
Sales & Service	\$4,957,799
Transfers	\$25,000
<b>Total Water Fund</b>	<b>\$5,163,799</b>

**West Sanford Fire District**

Property Tax	\$27,853
<b>Total West Sanford Fire District</b>	<b>\$27,853</b>

**Section 2: Expenditures.**

The following budget with anticipated expenditures is hereby adopted in accordance with G.S. 159 by the County of Chatham for the fiscal year beginning July 1, 2008 and ending June 30, 2009 as follows:

<b>General Fund</b>	
Central Carolina Community College	\$585,688
Central Permitting	\$1,151,401
Chatham County Schools	\$30,128,443
Community Development	\$251,682
Cooperative Extension Service	\$356,225
Council on Aging	\$856,149
County Attorney	\$265,535
County Manager's Office	\$951,863
Court Facilities	\$112,499
Court-related Programs	\$549,555
Economic Development	\$868,927
Elections Office	\$337,491
Emergency Management	\$3,609,486
Environmental Resources	\$182,618

Facilities Management	\$1,514,290
Family Resource Center	\$71,873
Finance Office	\$691,516
Fleet Management	\$188,195
General Services	\$5,477,058
Governing Board	\$441,764
Health	\$5,912,772
Human Service Agencies	\$827,049
Library	\$972,606
Management Information Systems (MIS)	\$1,129,352
Orange-Person-Chatham Mental Health	\$584,033
Pittsboro-Siler City Convention & Visitors Bureau	\$123,300
Planning	\$604,957
Recreation	\$1,178,264

Register of Deeds	\$460,554
Sedimentation & Erosion Control	\$151,696
Sheriff's Office	\$6,866,605
Social Services	\$12,021,903
Soil & Water	\$203,197
Tax	\$1,409,189
Utility Fund Transfers	\$1,444,534
<b>Total General Fund</b>	<b>\$82,482,269</b>
<b>Total Waste Management Fund</b>	<b>\$3,964,151</b>
<b>Water Fund</b>	
Water -- Distribution	\$3,962,142
Water -- Waste Water Treatment	\$30,371
Water -- Water Treatment	\$1,171,286
<b>Total Water Fund</b>	<b>\$5,163,799</b>

<b>Other Funds:</b>	
Bells Annex Fire District	\$57,777
Bennett Fire District	\$80,489
Bonlee Fire District	\$194,224
Bynum Canoe Access	\$9,315
CDBG/Performance Bicycle	\$202,000
Central Chatham Fire District	\$192,934
Circle City Fire District	\$734,127
Emergency Telephone System Fund	\$1,639,000
Emergency Vehicle Replacement	\$183,500
Equipment Capital Reserve	\$2,100,000

Facility Reserve	\$8,168,599
Forfeited Property	\$42,500
Goldston Fire District	\$188,968
Health Internal Service	\$4,107,741
Hope Fire District	\$303,520
Impact Fees	\$13,665,000
Industrial Reserve	\$41,370
Law Enforcement Pension Trust Fund	\$43,500
Moncure Fire District	\$442,854
North Chatham Fire District	\$2,327,544

Parks Foundation Trust Fund	\$88,700
Parkwood Fire District	\$228,882
Personnel Savings Account	\$830,000
Recreation Fees	\$1,660,000
School Capital Reserve	\$4,350
Staley Fire District	\$44,681
Utility Capital Reserve	\$3,092,034
Utility Vehicle Replacement Reserve	\$404,000
Waste Management Capital Reserve	\$967,620
West Sanford Fire District	\$27,853

### Section 3: Tax Levy Rate.

For Chatham County, there is hereby levied a tax at the rate of 65.3 cents (\$0.653) per one-hundred dollars (\$100.00) valuation of property listed for taxes as of January 1, 2008. This rate is based on an estimate total valuation of property, for the purpose of taxation, of \$7,449,804,063 which is 100% of the total assessed property tax valuation, and upon a collection rate of 97.5% for real and personal property and 89.7% for motor vehicles.

The following rates (shown in cents per \$100 valuation of property) are hereby levied for volunteer fire districts:

Bells Annex	7.00
Bennett	7.00
Bonlee	7.00
Central Chatham (Siler City)	6.00
Circle City (Pittsboro)	10.00
Goldston	8.00
Hope (Silk Hope)	7.00
Moncure	8.50
North Chatham	7.00
Parkwood	10.00
Staley	10.00
West Sanford	10.90

### Section 4:Fees.

All fees that Chatham County has authority to charge on June 30, 2008 are hereby declared to be in effect during FY 2008-09 without amendment or change as of July 1, 2008, with the exception that the following fees are hereby enacted or changed:

Fee Type	Fee
Waste Management: Solid Waste Fee for Collection Centers	\$91/household
Environmental Health: Well Permit	\$340/permit

Fee Type	Fee
Environmental Health: Temporary Food Establishment Permit	\$50
Fire Marshal: Inspection of institutions, 6-21 people	\$75/Inspection
Fire Marshal: Inspection of institutions, more than 21 people	\$125
Fire Marshal: Above ground and underground fuel storage tank removal	\$150/tank removed
Fire Marshal: Fire inspection of hospitals	\$150
Fire Marshal and Building Inspections: Inspection for ABC permits	\$100
Fire Marshal: Fuel line pressure tests	\$30
Fire Marshal: Fire inspection of utility occupancy	\$30 to \$100
Fire Marshal: Plan review of sprinklers/alarms	\$75
Building Inspections: House moving fee	\$0.30 per square foot
Building Inspections: Change of contractor fee	\$25

## Section 5: Annual Financial Reports and Special Conditions.

All agencies receiving \$10,000 or more in funding from Chatham County are required to submit an audit report by April 30, 2009. Approved payments may be delayed pending receipt of this financial information.

Allocations made to Chatham County Schools are restricted by purpose, as follows:

Current Expense	19,391,169
English-as-a-Second Language	275,000
Supplement for Teachers, Administrators, and Classified Personnel	3,541,272
Newcomers Program	250,000
Capital Outlay, restricted to uses outlined in the Chatham County Schools FY 2008-09 Budget Request	1,887,039
CIP projects:	
Asbestos Floor Replacement	130,000
Bleacher Replacement	125,000
Camera System	274,566
North Chatham Cafeteria Expansion	434,000
Renovate High School Science Labs	152,400
Renovate Restrooms	209,000
JS Wastewater System	25,000

## Section 6: Procedures for Amendment.

In accordance with N.C. General Statutes 159.9, the County Manager serves as the Budget Officer. The Budget Officer is hereby authorized to:

- Transfer funds within a department without limitation.
- Transfer amounts of up to \$5,000 between departments of the same fund with a memorandum report of such transfers at the next regular meeting of the

Board of Commissioners.

- Transfer amounts of up to \$100,000 from contingency to any department with a memorandum report of such transfers at the next regular meeting of the Board of Commissioners.
- Transfer, terminate, or create positions, and transfer associated funds, without limitation, provided that actual personnel costs do not exceed budgeted personnel costs.
- Employ temporary help from time to time to meet circumstances.
- Execute contracts provided that funds for the contract have been approved as part of the annual budget and the contract does not exceed the funds appropriated, the contract's term does not exceed three years, all applicable state laws and county policies regarding purchasing are followed, and the contract does not exceed \$100,000.
- Execute change orders provided that the change order is for a project approved as part of the annual budget, the change order does not exceed the funds appropriated, and the change order does not exceed \$100,000.
- Hire employees at a rate not to exceed the midpoint of the salary range.

### Section 7: Travel Reimbursement Rates.

The reimbursement rates for travel made by County employees and officials are hereby set as follows:

<b>A.</b>	Mileage:	\$	.505/mile
<b>B.</b>	Meals:		
	Breakfast	\$	6.00
	Lunch		8.00
	Dinner		16.00

### Section 8: Copies of Budget to Be Furnished.

Copies of this Budget Ordinance shall be furnished to the Budget Officer, the Finance Officer, and the County Assessor for direction in carrying out their duties.

Adopted the 16<sup>th</sup> day of June, 2008.

**ATTEST:**

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Dr. George Lucier, Chairman  
Chatham County Board of Commissioners

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Sandra B. Sublett, CMC, Clerk to the Board  
Chatham County

## Appendix B: Glossary of Terms and Acronyms

- 1) ADM — Average daily membership of school children.
- 2) Ad Valorem Taxes — Taxes levied on real and personal property, including vehicles.
- 3) Appropriation — The amount of money legally authorized by the Board of Commissioners for projected expenses, as stated in the budget ordinance. Chatham County makes appropriations on a budget area level.
- 4) Assessed Value — The value of real and personal property, as determined by tax assessors, which is used as the basis for levying taxes.
- 5) Authorized Bond — Bonds which have been legally authorized, but may or may not have been sold. Authorized bonds may be sold at any time.
- 6) Bond — A written promise to pay a specific amount of money, plus interest, within a specific time period, usually long term (20 years).
- 7) Budget Message — The County Manager's written overview of the proposed budget addressed to the Board of Commissioners and the public. The budget message addresses major budget items, their justification, and the County's present and expected financial conditions.
- 8) Budget Ordinance — A local law enacted for the purpose of establishing an annual budget and tax rate. Chatham County's budget ordinance also addresses budget amendment, sets new fees, and sets forth travel reimbursements.
- 9) CCCC — Central Carolina Community College.
- 10) CIP – Capital Improvements Program.
- 11) Capital Improvements Program (CIP) — A five-year plan of proposed capital improvement projects (projects with a value of at least \$100,000 and a useful life of at least three years). The CIP includes estimated project costs and proposed funding mechanisms over a specified period of years.
- 12) Capital Outlay — An item which costs \$2,500 or more and has a useful life of more than one year. Examples of capital outlay items include computer hardware and software, vehicles, buildings, etc.
- 13) Certificates of Participation (COPs) — A method of financing capital projects that does not require a public vote. Chatham County has chosen to fund its Capital Improvements Program (CIP) using COPs. Generally, COPs carry a slightly higher interest rate than General Obligation Bonds.
- 14) Contingency – Funds set aside for unforeseen conditions that may arise during the budget year. Transfers from the contingency line item must be approved by the County Manager (up to \$100,000) or Board of Commissioners (greater than \$100,000).
- 15) Continuation — Chatham County budgets on a continuation/expansion basis. Continuation refers to the costs of running current programs at current levels and includes replacement capital outlay.
- 16) Debt Service — Principal and interest payments required to retire the County's debt, including general obligation bonds, COPs, and installment contracts.
- 17) EMS — Emergency medical services.
- 18) Enterprise Fund — A fund that accounts for operations financed primarily from user charges. The operation of enterprise funds resembles a business, and in Chatham County, includes the Water Utility Fund and Waste Management Fund. The long-term goal of enterprise funds is to make them self-supporting, so that they do not rely on property taxes or other general revenues for funding.
- 19) Expansion — Refers to the costs of providing new programs or enhance service levels.
- 20) Expenditures – Cost of a program or capital project.
- 21) FICA — Social Security tax.
- 22) FTE – Full-time equivalency.
- 23) FY — Fiscal year.
- 24) Fiscal Year – The County's budget and financial cycle, which by state law begins on July 1 and ends on June 30. In Chatham County fiscal years are designated by the year in which they end, for example, FY 2009 refers to the period of July 1, 2008 to June 30, 2009.
- 25) Full-time Equivalency (FTE) — Refers to the number of personnel employed by the County in terms of a 40-hour workweek. For example, two 50-percent positions equal one FTE position.
- 26) Functional Category — One of six categories to which departments are assigned, including Culture/Recreation, Education, General Government, Human Services, Natural Resource Management, and Public Safety. Departments are grouped by these categories to give Commissioners and the public an overall picture of where resources are targeted.
- 27) Fund — An accounting entity created to record the financial activity for a selected financial grouping. A fund is set up to carry out a special function or to attain certain objectives in accordance with set laws and regulations.
- 28) Fund Balance — The accumulation of moneys that are left unspent after all expenditures have been made and which may be appropriated to finance expenditures in future years. A fund balance gives the County a reserve from which 1) to make payments when major revenues have not yet come in

(especially in the first few months of the fiscal year before property taxes are paid) and 2) to deal with unplanned emergencies and opportunities.

- 29) GIS – Geographic Information System.
- 30) General Fund — A fund which provides for the accounting of all financial resources, except those designated for another fund because of legal requirement or other reasons. Most basic government services are accounted for in this fund. Exceptions include water, sewer, waste management, special revenue funds, trust funds, and capital projects.
- 31) General Obligation Bonds — Bonds issued by the government which are backed by the full faith and credit of its taxing authority because they have been voted upon and approved by the County’s citizens.
- 32) General Revenues — Those revenues not earmarked for a particular department or activity that can be used for any purpose. The major sources of general revenues are the property and sales taxes.
- 33) Geographic Information System (GIS) – A computer-based system that stores and links geographically referenced data with base maps to allow a wide range of information processing, map production, data analysis, and modeling.
- 34) Grants — A contribution from another government or private entity to be used for a specific purpose. Generally, grants must be tracked financially and very specific reports given to the funding agency to ensure compliance with grant provisions.
- 35) Installment Purchase – A means of debt financing that is essentially the same as a bank loan. Assets are used as collateral and it does not require a vote of the people.
- 36) Intergovernmental Revenues — Revenues from other governments (federal, state, and local) that can be in the form of grants, shared revenues, or entitlements.
- 37) Major Issues Document — A document produced in early winter based on preliminary revenue projections and needs identified by departments. This document is presented to Commissioners and the public and is used as the basis for feedback from Commissioners on preparation of the recommended budget.
- 38) Manager’s Recommended Budget — The budget presented by the County Manager, who serves as the budget officer, to County Commissioners and the public for their review and revision. The recommended budget is based on Commissioner direction from the major issues document, revenue projections, department and agency requests, and the Manager’s own priorities. State law requires the presentation of the recommended budget on or before June 1. Chatham County presents its recommended budget by April 30.
- 39) MIS — Acronym for Management Information Systems, which is the County responsible for planning for and maintaining the County’s computer and telephone systems.
- 40) Mission – A statement of the fundamental purpose of a budget area.
- 41) NA — “Not applicable.” Used in the context of performance measurement, it denotes that the service being measured was previously not provided.
- 42) NM — “Not measured.” Used in the context of performance measurement, it denotes that the performance indicator was not measured.
- 43) Net Cost — The amount of general revenue that supports a particular function, department, or program. Net cost is calculated by subtracting offsetting revenues from expenditures. Net cost gives an indication of how much general revenue (mainly property and sales taxes) goes to support a budget area, department, or functional area.
- 44) OPC — Orange, Person, Chatham Mental Health, Developmental Disabilities, and Substance Abuse Authority.
- 45) Objective — A goal which the department is trying to reach during the fiscal year that is tied to level of service and effect on the public.
- 46) Offsetting revenues — Include fees and other revenues which are generated by or earmarked for a particular function, department, or program.
- 47) Performance Measure — Specific measurable indicators of goals identified by departments. Performance measures are the basis of performance-based budgeting and give an indication of workload, efficiency, effectiveness, and productivity.
- 48) Revenue — Income for the fiscal year. The County’s major revenue sources are local, state, federal, transfers, fees, and grants.
- 49) Special Revenue Fund – Fund to account for the proceeds of specific revenue sources that are legally restricted for specific purposes.
- 50) Tax Levy – Amount raised by general property taxes derived by multiplying the tax rate and the assessed value.
- 51) Tax Rate – The amount of tax levied for each \$100 of assessed valuation.

## Appendix C: Chatham County Financial and Budgetary Policies

**Objective:** Chatham County government exists to meet the needs of residents through the services the County is mandated to provide or has elected to provide. In order to meet these needs, the County must maintain its financial integrity. In addition, the County is constantly confronted with requests for new and enhanced services from a growing and diverse population. The County's Financial and Budgetary Policies are intended to maintain and improve the County's financial condition thereby preserving our ability to meet future needs while giving County leaders a framework for balancing increased service demands and financial position.

### Budget Policies

**Objective:** The County will manage its annual budget to meet its legal and debt obligations, ensure adequate funding of current service levels, meet the priorities of the Board of Commissioners, maintain the County's financial condition, and keep property tax increases to a minimum.

**New or increased services:** The County should ensure its current service levels are adequately funded before funding new or enhanced services.

**Mid-year appropriations:** All agencies supported by the county must function within the resources made available to them through the annual budget. The county will consider requests for new or expanded programs during the course of the regular budget process. Only in extreme circumstances will such requests be considered outside of the budget process.

**Use of one-time revenues:** One-time revenues should not support ongoing personnel and operating costs. Use of one-time revenues is appropriate for capital outlay, debt retirement, contribution to capital reserve, and other non-recurring expenses. Proceeds from the sale of surplus capital items will go into the County's general capital reserve, unless proceeds are otherwise restricted.

**Grants:** The County will pursue federal, state, and private grants to enhance services to County residents. However, the County will strictly limit its financial support of grant-funded programs to avoid commitments which continue beyond funding availability. The County will not continue programs after grants have expired except as expressly approved by the Board of Commissioners as part of the annual budget process.

**New positions:** New positions should be added as a last resort. Other alternatives, such as contracting, technology, and reassignment of duties should be fully explored and documented before new positions are funded.

**Level of budgeting:** In order to tie costs to specific services, departments shall submit budgets for each of their divisions or program areas. Department heads are authorized to transfer operating funds between their divisions without prior approval. Transfers for personnel and capital outlay must be approved by the Budget Officer. The County shall adopt budgets at the program level.

**Justification for funding:** Departments and agencies requesting funding from the county should justify their requests in terms of maintaining or increasing service levels. Departments should measure their performance in key service areas and periodically compare their performance to other jurisdictions to discover efficiencies and develop best management practices.

**Contingency funds:** Departments shall not include contingency funds in their respective budgets. The county shall include a general contingency fund in its annual budget. The amount of the contingency fund shall not exceed one percent of the annual budget.

**Budget Officer:** The County Manager serves as the budget officer. He is authorized to perform the following functions or delegate them:

- Transfer funds within a department without limitation.
- Transfer amounts of up to \$5,000 between departments of the same fund with a memorandum report of such transfers at the next regular meeting of the Board of Commissioners.
- Transfer amounts of up to \$20,000 from contingency to any department with a memorandum report of such transfers at the next regular meeting of the Board of Commissioners.
- Transfer, terminate, or create positions, and transfer associated funds, without limitation, provided that actual personnel costs do not exceed budgeted personnel costs and position counts are not increased.
- Employ temporary help from time to time to meet circumstances.
- Execute contracts provided that funds for the contract have been approved as part of the annual budget and the contract does not exceed the funds appropriated, the contract's term does not exceed one year, all applicable state laws and county policies regarding purchasing are followed, and the contract does not exceed \$20,000.
- Execute change orders provided that the change order is for a project approved as part of the annual budget or by a project ordinance approved by the Board of Commissioners, the change order does not exceed the funds appropriated, and the change order does not exceed \$20,000.

## **Debt policies**

**Objective:** The County will manage its debt obligations to meet demands for capital facilities while striving to maintain or improve the County's A1/A+ bond rating.

**Types of debt:** The types of debt available to North Carolina county governments include general obligation bonds, certificates of participation (COPs), other leases, revenue bonds, and proceeds from the refunding of general obligation bonds. In general, the county will select the appropriate type of debt given financial circumstances and feasibility.

**When debt is appropriate:** Debt is an important tool for financing capital facilities. Over-reliance on debt, however, is negatively perceived by bond rating agencies. The county should exhaust all possible resources, such as grants and pay-as-you-go funding, before borrowing funds. Debt should only be used for the construction of capital facilities and the purchase of capital assets. In general, the assets should not be recurring capital replacements, such as vehicles. If terms are favorable, however, the county may elect to use debt in this manner. Debt should never be issued to meet recurring operating expenses.

**Terms:** The term of the debt service payments shall not exceed the useful life of the asset purchased through debt

**Debt limitation:** Debt issuance guidelines and formulas established by the Local Government and rating agencies will be closely monitored and appropriately applied.

**Relationship to operating and capital budgets:** Debt for items meeting the requirements of a capital project shall be requested through the capital improvements program (CIP) process. Other debt requests shall be made through the annual budget process. The annual budget will include sufficient funding to meet the County's debt service obligations.

### **Fees and user charges policies**

**Objective:** The County will set its fees and user charges to recover the costs of services at a predetermined recovery threshold and thereby reduce reliance on property taxes.

**Enterprise funds:** The operating budgets of enterprise funds shall not be subsidized by the general fund and shall be supported wholly by fees generated by the enterprise. To the extent possible, the capital costs of enterprise funds should not be subsidized by the general fund, unless Commissioners identify a compelling need to provide a subsidy.

**Other fees and charges:** The County should charge other fees when it is allowable, when a limited and specific group of beneficiaries can be identified, when it is feasible to charge beneficiaries for the services rendered, and when there is no reason to subsidize the service wholly or in part. To the extent possible, fees levels should be set to recover the full costs of the services provided, unless it is deemed necessary or desirable to subsidize the service.

**Subsidy:** Factors to consider in deciding whether a subsidy is appropriate include the burden on property tax payers, the degree to which the service benefits a particular segment of the population, whether beneficiaries can pay the fee, and whether the service provides a broader benefit to the community.

**New and increased services:** Part of the decision-making process in establishing new services or increasing service levels should include an analysis of fees and user charges and a desired cost-recovery threshold.

**Review and approval of fees and charges:** As part of the budget process, the County shall annually review the fees and user charges. All changes to the schedule of fees and charges must be approved by the Board of Commissioners.

### **Capital Improvements Program (CIP) policies**

**Objective:** The County will plan for its capital needs at least five years into the future in order to address needs and to earmark revenues.

**Process:** A five-year capital improvements plan shall be prepared and updated each year. Departments and agencies shall request items meeting the definition of a capital asset through the County's annual CIP process. Only in extreme circumstances will the County consider items outside the CIP process. Generally,

agencies should plan five years ahead for capital improvements and project additions to the CIP should occur in Year 5 of the CIP.

**Relationship to annual budget:** The operating impact of each project shall be identified and incorporated into the annual operating budget.

**Capital project ordinances:** A separate capital project ordinance shall be submitted to the Board of Commissioners for approval for all capital improvements which span more than one fiscal year and cost \$50,000 or more.

### **Fund balance**

**Objective:** The County shall maintain an undesignated fund balance in its general fund of 20 percent of the previous annual operating budget in order to meet emergency obligations, avoid interruptions in cash flow, generate interest income, and maintain an investment grade bond rating.

**Allowable uses:** Fund balance may be used as appropriate under sound management practices.

### **Capital Reserves**

**Objective:** The County will strive to fund capital improvements on a pay-as-you-go basis in order to enhance its financial condition and bond rating.

**Annual contribution:** The County shall annually contribute one percent of its operating budget to a capital reserve.

### **Cash Management:**

**Objective:** The County shall effectively manage its cash resources in order to maximize interest earnings and minimize loss of revenue.

**Cash Receipts:** Departments shall deposit receipts daily as required by law. Departments are responsible for ensuring the security of cash receipts. The Finance Officer is responsible for ensuring funds are deposited into interest bearing accounts.

**Cash Disbursements:** The County's objective is to retain moneys for investments for the longest period of time possible. Disbursements will be made on the contractually agreed date unless earlier payments provide a greater economic benefit to the County. For County checks, one signature will be required. Facsimile signatures will be safely stored and used when appropriated.

**Investment Policy:** County funds will be invested in a prudent and diligent manner with emphasis on safety, liquidity, and yield, in that order. The County will conform to all state and local statutes governing the investment of public funds.

## Accounting and Financial Reporting

**Objective:** The County will establish and maintain its accounting system in accordance with the NC Local Budget and Fiscal Control Act. All records and reporting will be in accordance with Generally Accepted Accounting Principles. The County will maintain an accounting system which provides internal budgetary and accounting controls designed to provide reasonable assurance regarding both the safeguarding of assets against the loss from unauthorized use or disposition and the reliability of financial information used in the preparation of financial statements and reports.

Adopted by the Board of Commissioners:

December 15, 2003

Amended by the Board of Commissioners:

January 16, 2008

## Appendix D: Matrix of Mandated Services

Mandated / Discretionary	Program	FY 2009 Continuation Cost	County Cost	Other's Cost	% of Total Budget
Mandated	Social Services-Aid to the Blind	4,500	4,500		
Mandated	Social Services-Child Day Care	2,001,823	0	2,001,823	
Mandated	Social Services-Child Foster Care & Adoption Assistance	2,006,323	1,245,788	760,535	
Mandated	Social Services-Medicaid Assistance	1,288,972	1,288,972		
Mandated	Social Services-Special Assistance for Adults	500,000	500,000		
Mandated	Separation Allowance for Law Enforcement	50,000	50,000		
Mandated	Unemployment Compensation	50,000	50,000		
Mandated	Public Schools-Debt Service	3,433,997	627,118	2,806,879	
Mandated	Other Debt Service	740,819	740,819		
	<b>Total Mandatory Service/Mandatory Funding</b>	<b>10,076,434</b>	<b>4,507,197</b>	<b>5,569,237</b>	<b>12.07%</b>
Mandated	Board of Commissioners	443,677	443,677		
Mandated	Board of Elections	337,492	337,492		
Mandated	Central Permitting -- Fire Inspections	289,032	289,032		
Mandated	Central Permitting -- Inspections	614,444	614,444		
Mandated	Community College	541,860	541,860		
Mandated	Health Department--Mandated	4,478,630	3,866,324	612,306	
Mandated	Courts-General Services Administration	112,499	71,499	41,000	
Mandated	Education-Capital Outlay	3,237,005	3,237,005		
Mandated	Education-Current Expense	19,916,169	19,916,169		
Mandated	Emergency Management	357,404	334,527	22,877	
Mandated	EMS	1,972,798	1,972,798		
Mandated	Finance	691,516	691,516		
Mandated	Jail	1,425,038	1,425,038		
Mandated	Legal	265,535	265,535		
Mandated	Medical Examiner	In sheriff's budget	0		
Mandated	OPC Mental Health/Substance Abuse/Developmental Disabilities	584,033	573,033	11,000	
Mandated	Register of Deeds	457,276	457,276		

Mandated / Discretionary	Program	FY 2009 Continuation Cost	County Cost	Other's Cost	% of Total Budget
Mandated	Sheriff	5,417,695	5,253,036	164,659	
Mandated	Social Services-Mandated Programs and Administration	5,526,479	2,107,331	3,182,438	
Mandated	Soil & Water Conservation District & Watershed Prot.	203,197	176,407	26,790	
Mandated	Tax -- Administration	683,945	683,945		
Mandated	Tax -- Land Records	117,863	117,863		
Mandated	Tax -- Appraisals/Revaluation	607,379	607,379		
Mandated	Transportation Services - Medicaid Transport	*	0		
	<b>Total Mandatory Service/Discretionary Funding</b>	<b>48,280,966</b>	<b>43,983,186</b>	<b>4,061,070</b>	<b>57.85%</b>
Discretionary	Aging-In-Home Services	279,685	279,685		
Discretionary	Aging-Nutrition	122,506	122,506		
Discretionary	Aging-Senior Services	453,957	453,957		
Discretionary	Animal Control	547,662	547,662		
Discretionary	Central Permitting--Administration	247,925	247,925		
Discretionary	Community Development	362,888	362,888		
Discretionary	Cooperative Extension	356,225	356,225		
Discretionary	County Manager	626,797	626,797		
Discretionary	County Manager -- Community Relations Division	323,797	323,797		
Discretionary	Court-related Services	549,555	283,551	266,004	
Discretionary	Economic Development	499,044	499,044		
Discretionary	Education-- Teachers Supplement	3,393,172	3,393,172		
Discretionary	EMS - Non-Emergency Transport	23,961	23,961		
Discretionary	Emergency Management -- Telecommunications	1,150,937	1,150,937		
Discretionary	Environmental Resources	182,618	182,618		
Discretionary	Facilities Management	1,520,591	1,520,591		
Discretionary	Fleet Management	188,194	188,194		
Discretionary	Forestry Service	104,387	104,387		
Discretionary	General Services	5,652,941	5,652,941		
Discretionary	Health -- Family Outreach Support Services	683,620	484,998	198,622	
Discretionary	Information Services	1,129,352	1,129,352		
Discretionary	Libraries	972,605	784,310	188,295	
Discretionary	Non-Profit Funding	748,922	748,922		
Discretionary	Planning	604,957	604,957		
Discretionary	Recreation	1,364,943	1,364,943		
Discretionary	Sedimentation and Erosion Control	151,696	151,696		
Discretionary	Social Services--Non-mandated Services	375,082	236,710	138,372	
Discretionary	Health--Community Alternatives Program	190,440	25,440	165,000	
Discretionary	Tourism	123,300	123,300		

Mandated / Discretionary	Program	FY 2009 Continuation Cost	County Cost	Other's Cost	% of Total Budget
Discretionary	Transfers -- Water Capital Reserve	2,166,800	1,210,507		
	<b>Total Discretionary Service/Discretionary Funding</b>	<b>25,098,559</b>	<b>21,975,466</b>	<b>956,293</b>	<b>30.07%</b>
	<b>GRAND TOTAL GENERAL FUND</b>	<b>83,455,959</b>	<b>70,465,849</b>	<b>10,586,600</b>	<b>100.00%</b>

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