

FINANCIAL SECTION

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MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

"A Professional Association of Certified Public Accountants and Management Consultants"

INDEPENDENT AUDITORS' REPORT

To the Board of County Commissioners
Chatham County, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Chatham County, North Carolina, as of and for the year ended June 30, 2009, which collectively comprise Chatham County, North Carolina's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Chatham County, North Carolina's management. Our responsibility is to express an opinion on these basic financial statements based on our audit. We did not audit the financial statements of the Chatham County ABC Board. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Chatham County ABC Board, is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. The financial statements of the Chatham County ABC Board were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinions.

In our opinion, based upon our audit and the reports of the other auditors, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Chatham County, North Carolina as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable thereof, and the respective budgetary comparison for the General Fund, Impact Fees Fund and Capital Improvement Reserve Fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2009 on our consideration of Chatham County, North Carolina's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis, Law Enforcement Officers' Special Separation Allowance Schedule of Funding Progress, Schedule of Employer Contributions, and related notes are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of Chatham County, North Carolina. The introductory section, combined and individual fund financial statements, budget and actual schedules, other supplemental schedules, statistical tables, as well as the accompanying schedule of expenditures of federal and State awards as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combined and individual nonmajor fund financial statements and schedules, budget to actual and other supplemental schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and the statistical section have not been subject to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, NC
October 21, 2009

Management's Discussion and Analysis

As management of Chatham County, we offer readers of Chatham County's financial statements this narrative overview and analysis of the financial activities of Chatham County for the fiscal year ended June 30, 2009. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

Financial Highlights

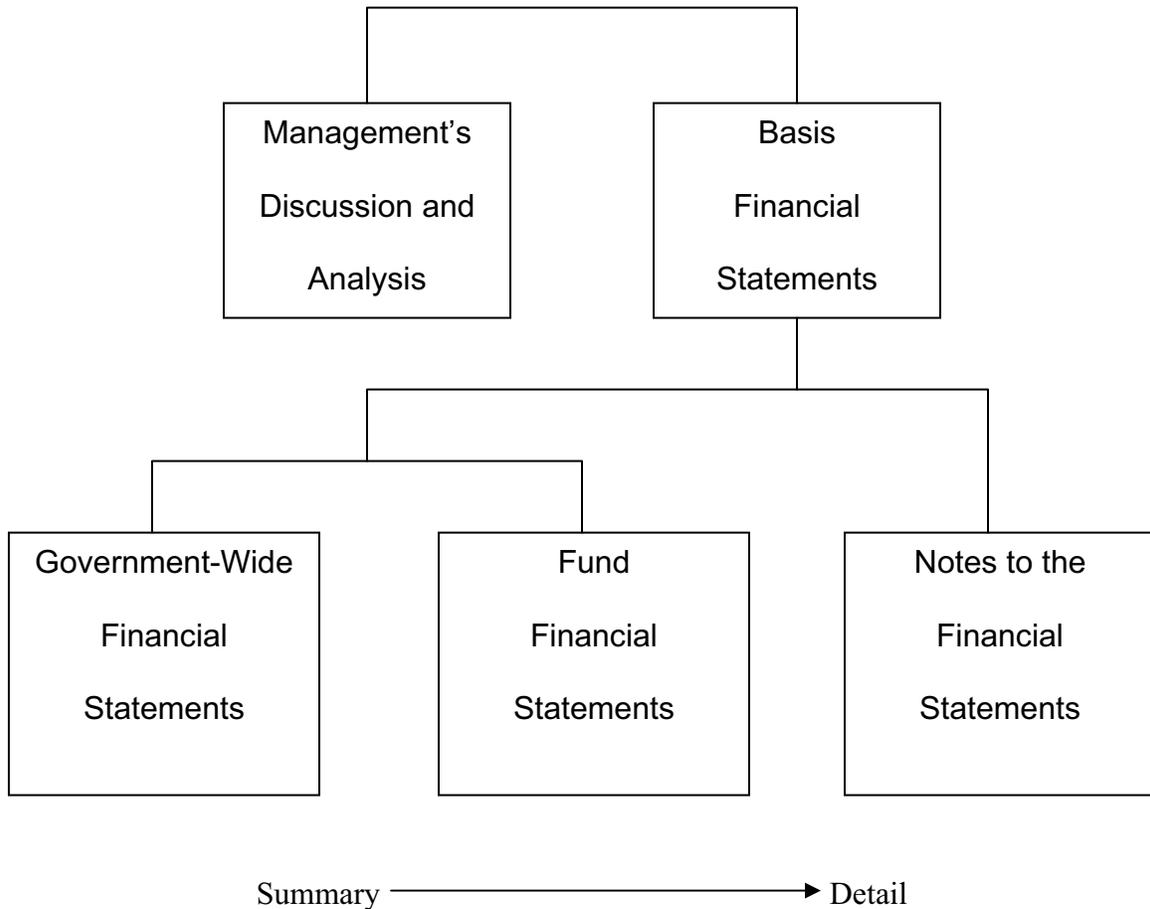
- The assets of Chatham County exceeded its liabilities at the close of the fiscal year by \$108,906,759 (*net assets*). The assets of the governmental activities exceeded liabilities by \$57,343,345 and the assets of the business-type activities exceeded liabilities by \$51,563,414.
- The government's total net assets increased by \$6,001,059, primarily due to the County's additional investment in capital assets including the purchase of a new office building, construction of a new library facility, additions and renovations to an existing high school, and the construction of new facilities for the Community College and the continued accumulation of impact fees to fund construction of school facilities.
- As of the close of the current fiscal year, Chatham County's governmental funds reported combined ending fund balances of \$77,731,622, an increase of \$24,998,496 in comparison with the prior year. Approximately 95 percent of this total amount, or \$73,470,120, is available for spending at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$18,378,195, or 25 percent of total General Fund expenditures for the fiscal year.
- Chatham County's total debt increased by \$30,066,586 during the current fiscal year.
- Chatham County maintains an AA- rating from Standard & Poor's Corporation and an A1 rating from Moody's Investor Service.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Chatham County's basic financial statements. The County's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the County through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of Chatham County.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (Exhibits A and B) in the basic financial statements are the **Government-Wide Financial Statements**. They provide both short and long-term information about the County's financial status.

The next statements (Exhibits C to K) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the County's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental funds statements, 2) the budgetary comparison statements, 3) the proprietary fund statements, and 4) the fiduciary fund statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. Following the notes is the required supplemental information. This section contains funding information about the County's pension plans. After the required supplemental information, **supplemental schedules** are provided to show details about the County's nonmajor governmental funds and the Internal Service Fund, all of which are added together in one column on the basic financial statements. Budgetary information required by the General Statutes also can be found in this part of the statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the County's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the County's financial status as a whole.

The two government-wide statements are the Statement of Net Assets and the Statement of Activities. Net assets are the difference between the County's total assets and total liabilities. Measuring net assets is one way to gauge the County's financial condition. Over time, increases or decreases in net assets help to determine whether the County's financial position is improving or deteriorating. The Statement of Activities presents information which shows how the County's net assets changed during the most recent fiscal year.

The government-wide statements are divided into three categories: 1) governmental activities, 2) business-type activities, and 3) component units. The governmental activities include most of the County's basic services such as public safety, human services, education, parks and recreation, and general administration. Property taxes, sales and other taxes, and State and federal grant funds finance most of these activities. The business-type activities are those that the County charges customers to provide. These include the utility and solid waste management services offered by Chatham County. The final category is the component unit. Although legally separate from the County, the Chatham County Board of Alcoholic Beverage Control is important to the County because the County is financially accountable for the Board by appointing its members and because the Board is required to distribute its profits to the County.

The government-wide financial statements are on Exhibits A and B of this report.

Fund Financial Statements

The fund financial statements provide a more detailed look at the County's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Chatham County, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or noncompliance) with finance-related legal requirements, such as the General Statutes or the County's budget ordinance. All of the funds of Chatham County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the County's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting*, which provides a current financial resources focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the County's programs. The relationship between government activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

Chatham County adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the County, the management of the County, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the County to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the County complied with the budget ordinance and whether or not the County succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the Board; 2) the final budget as amended by the Board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the governmental funds' Statement of Revenues, Expenditures and Changes in Fund Balance.

Proprietary Funds – Chatham County has two kinds of proprietary fund. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Chatham County uses enterprise funds to account for its utility activity and for its solid waste management operations. These funds are the same as those separate activities shown in the business-type activities in the Statement of Net Assets and the Statement of Activities. Internal service funds are an accounting device used to accumulate and allocate costs internally among the functions of the County. The County uses an Internal Service Fund to account for one activity – its self-insurance fund. Because this operation benefits predominantly governmental rather than business-type activities, the Internal Service Fund has been included within the governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Proprietary fund financial statements provide separate information for the utility and solid waste management activities, both of which are considered to be major funds of the County.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Chatham County has seven fiduciary funds, a pension trust fund, an employee benefit trust fund and five agency funds.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page 30 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Chatham County’s progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 71-73 of this report.

Government-Wide Financial Analysis

As year-to-year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the County as a whole.

Chatham County Statement of Net Assets

Figure 2

	Governmental Activities		Business-Type Activities		Totals	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 86,618,173	\$ 61,004,340	\$ 21,700,458	\$ 24,567,366	\$ 108,318,631	\$ 85,571,706
Capital assets	55,211,035	44,187,287	52,770,269	48,380,531	107,981,304	92,567,818
Total assets	141,829,208	105,191,627	74,470,727	72,947,897	216,299,935	178,139,524
Long-term liabilities						
outstanding	76,879,873	47,655,418	20,619,439	20,912,705	97,499,312	68,568,123
Other liabilities	7,605,990	6,193,923	2,287,874	2,564,544	9,893,864	8,758,467
Total liabilities	84,485,863	53,849,341	22,907,313	23,477,249	107,393,176	77,326,590
Net assets						
Invested in capital assets, net of related debt	20,639,647	18,908,698	27,529,979	26,576,409	48,169,626	45,485,107
Restricted	12,855,774	11,349,573	-	-	12,855,774	11,349,573
Unrestricted	23,847,924	21,084,015	24,033,435	22,894,239	47,881,359	43,978,254
Total net assets	\$ 57,343,345	\$ 51,342,286	\$ 51,563,414	\$ 49,470,648	\$ 108,906,759	\$ 100,812,934

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The assets of Chatham County exceeded liabilities by \$108,906,759 as of June 30, 2009. The County's net assets increased by \$6,001,059 for the fiscal year ended June 30, 2009. A portion of the County's net assets represents the County's investment in capital assets (e.g. land, buildings, machinery, and equipment), net of any related debt still outstanding that was issued to acquire those items. Chatham County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Chatham County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. One of the largest portions of Chatham County's net assets (\$12,855,774) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$23,847,924 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.

Several particular aspects of the County's financial operations positively influenced the total unrestricted governmental net assets:

- Continued diligence in the collection of property taxes by maintaining a collection percentage of 97.82% for property excluding motor vehicles and 91.38% for motor vehicles. - These percentages are higher than the statewide average of 97.67% and 85.47%, respectively, for counties of similar size population.
- The continued accumulation of impact fees - These fees are earmarked to retire debt on new school facilities expected to be completed by fiscal year 2014.

- The continued accumulation of funds in the Capital Improvement Reserve Fund - The Commissioners voted to set aside an equivalent of five cents on the tax rate to fund future capital projects, including a new library and judicial facility.

The County's total revenues and expenses for governmental and business-type activities are reflected in Figure 3.

Chatham County Changes in Net Assets
Figure 3

	Governmental Activities		Business-Type Activities		Totals	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program revenues:						
Charges for services	\$ 5,680,298	\$ 6,348,815	\$ 9,052,043	\$ 9,026,890	\$ 14,732,341	\$ 15,375,705
Operating grants and contributions	10,264,233	9,473,725	10,337	16,319	10,274,570	9,490,044
Capital grants and contributions	740,839	799,460	224,809	490,520	965,648	1,289,980
General revenues:					-	-
Property taxes	55,283,404	48,824,974	-	-	55,283,404	48,824,974
Local option sales tax	9,950,751	12,408,159	-	-	9,950,751	12,408,159
Other taxes	676,981	1,059,404	-	-	676,981	1,059,404
Grants and contributions, not restricted to specific programs	409,580	621,352	-	-	409,580	621,352
Investment earnings	1,188,792	2,600,150	292,511	408,187	1,481,303	3,008,337
Other	455,067	196,180	-	-	455,067	196,180
Total revenues	84,649,945	82,332,219	9,579,700	9,941,916	94,229,645	92,274,135
					-	-
Expenses:						
General government	10,102,929	9,091,006	-	-	10,102,929	9,091,006
Public safety	15,884,103	14,939,371	-	-	15,884,103	14,939,371
Economic and physical development	2,527,951	1,997,214	-	-	2,527,951	1,997,214
Human services	17,972,592	16,771,176	-	-	17,972,592	16,771,176
Cultural and recreational	1,165,209	914,814	-	-	1,165,209	914,814
Education	27,107,738	23,446,647	-	-	27,107,738	23,446,647
Interest on long-term debt	2,142,244	2,206,846	-	-	2,142,244	2,206,846
Utility	-	-	6,510,166	4,391,967	6,510,166	4,391,967
Solid waste management	-	-	2,722,888	2,429,930	2,722,888	2,429,930
Total expenses	76,902,766	69,367,073	9,233,054	6,821,897	86,135,820	76,188,970
					-	-
Increase in net assets before transfers	7,747,179	12,965,146	346,646	3,120,019	8,093,825	16,085,165
Transfers	(1,746,120)	(1,494,003)	1,746,120	1,494,003	-	-
Increase in net assets	6,001,059	11,471,143	2,092,766	4,614,022	8,093,825	16,085,165
Net assets:					-	-
Beginning of year - July 1	51,342,286	39,871,143	49,470,648	44,856,626	100,812,934	84,727,769
End of year - June 30	\$ 57,343,345	\$ 51,342,286	\$ 51,563,414	\$ 49,470,648	\$ 108,906,759	\$ 100,812,934

Governmental Activities. Governmental activities increased the County's net assets by \$6,001,059, thereby accounting for 74% of the total growth in the net assets of Chatham County. A key element in this increase was the continued reservation of impact fees collected and additions of capital assets, including the purchase of property to be used for a park, renovations to an existing high school, and purchase of an office building to be used as additional office space for county departments.

Business-Type Activities. Business-type activities increased Chatham County's net assets by \$2,092,766, accounting for 26% of the total growth in the government's net assets.

Financial Analysis of the County's Funds

As noted earlier, Chatham County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of Chatham County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing Chatham County's financing requirements. Specifically, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of Chatham County. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$18,378,195, while total fund balance was \$22,388,988. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 25 percent of total General Fund expenditures, while total fund balance represents 30 percent of that same amount.

At June 30, 2009, the governmental funds of Chatham County reported a combined fund balance of \$77,731,622, a 47 percent increase over last year. The primary reason for this increase was the receipt of \$32,500,000 installment loan proceeds to fund the construction of a new middle school, renovations and additions to an existing high school and the purchase and renovation of a building to house County offices. The Impact Fees Fund and the Capital Improvement Reserve Fund balances increased by \$1,472,274 and 2,097,882, respectively. These increases were the result of the collection of impact fee charges and the five cent equivalent transfer from the General Fund into the Capital Improvement Reserve Fund.

General Fund Budgetary Highlights: During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Total

amendments to the General Fund increased revenues by \$1,708,859 and expenditures by \$4,390,226.

Operating revenues of the General Fund were \$490,328 more than the final budgeted amount. Although property tax revenue increased the County saw a decline in anticipated sales tax revenue of \$1,680,922.

The actual expenditures within the General Fund totaled \$7.2 million less than appropriated.

Proprietary Funds. Chatham County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net assets of the Utility Fund at the end of the fiscal year amounted to \$20,551,985 and those for the Solid Waste Management Fund equaled \$3,259,950. The net assets for the Utility Fund increased \$1,709,939, and the Solid Waste Management Fund's net assets increased \$161,327 for the year ended June 30, 2009. The County transferred \$1,444,434 from the General Fund to the Utility Fund to help fund future water line construction projects.

Capital Asset and Debt Administration

Capital Assets. Chatham County's capital assets for its governmental and business-type activities as of June 30, 2009, total \$107,981,304 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, park facilities, vehicles and infrastructure for utility and solid waste management services.

Major capital asset transactions during the year include:

- Purchased new vehicles and equipment for the Sheriff's Department
- Purchase of land for the construction of a park in the north east section of the County.
- Purchase of a building to be used for additional office space for the County.
- Design cost associated with the construction of a new library and a new judicial facility.
- Construction of a major water line across the County.

**Chatham County's Capital Assets
(Net of Depreciation)**

Figure 4

	Governmental Activities		Business-Type Activities		Totals	
	2009	2008	2009	2008	2009	2008
Nondepreciable assets:						
Land	\$ 7,226,471	\$ 6,345,555	\$ 798,928	\$ 598,313	\$ 8,025,399	\$ 6,943,868
Construction in progress	11,682,146	29,329,558	24,708,960	23,636,091	36,391,106	52,965,649
Depreciable assets:						
Buildings	31,946,336	5,859,241	2,796,805	2,119,508	34,743,141	7,978,749
Infrastructure:						
Wells and water lines		-	23,861,227	21,729,274	23,861,227	21,729,274
Equipment and vehicles	4,356,082	2,652,933	604,349	297,345	4,960,431	2,950,278
Total	<u>\$ 55,211,035</u>	<u>\$ 44,187,287</u>	<u>\$ 52,770,269</u>	<u>\$ 48,380,531</u>	<u>\$ 107,981,304</u>	<u>\$ 92,567,818</u>

Additional information on the County's capital assets can be found in Note 3 of the Basic Financial Statements.

Long-Term Debt. As of June 30, 2009, Chatham County had total bonded debt outstanding of \$11,585,000 all of which is debt backed by the full faith and credit of the County. In addition the County incurred additional installment debt in the amount of \$32,500,000 for the construction of a new middle school, purchase of an office building and additions and renovations to an existing high school.

**Chatham County's Outstanding Debt
General Obligation Bonds and Other Long-Term Obligations
Figure 5**

	Governmental Activities		Business-Type Activities		Totals	
	2009	2008	2009	2008	2009	2008
General obligation bonds	\$ 11,585,000	\$ 13,375,000		\$ -	\$ 11,585,000	\$ 13,375,000
Other long-term obligations	67,999,162	35,741,730	21,180,678	21,804,122	89,179,840	57,545,852
Total	<u>\$ 79,584,162</u>	<u>\$ 49,116,730</u>	<u>\$ 21,180,678</u>	<u>\$ 21,804,122</u>	<u>\$ 100,764,840</u>	<u>\$ 70,920,852</u>

Chatham County's bonded debt decreased by \$1,790,000 during the past fiscal year, due to principal payments on existing debt.

As mentioned in the financial highlights section of this document, Chatham County maintained its A1 bond rating from Moody's Investor Service and its AA- rating from Standard & Poor's Corporation.

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Chatham County is \$531,503,992.

Additional information regarding Chatham County's long-term debt can be found in Note 3 of the Basic Financial Statements.

Economic Factors and Next Year's Budgets and Rates

- As of 2007, the latest data available, Chatham County continues to have the state's third highest per capita income—24% higher than the state average.
- In spite of job losses, Chatham County's unemployment rate (8.3% in August 2009) continues to trend well below the state (10.7%) and nation (9.6%). However, the August 2009 rate is 2.9% higher than August 2008.
- As a result of revaluation, the county lowered its tax rate from 65.3 to 60.22 cents/\$100 valuation of property. Overall, real property values increased 19.1% from revaluation. Public utility values increased 3.9%. The county is experiencing an estimated 4% decline in motor vehicle values and a 2.1% decline in personal property values.
- Data for FY 2010 is not available, but in 2009, the fourth year of its revaluation cycle, Chatham County ranked 22nd out of 100 counties in property valuation per capita at \$125,909 (which is 22% higher than the state average).
- The county experienced a \$1.7 million shortfall in sales tax revenues in FY 2009, with the largest shortfall (20%) occurring in the portion of the sales tax that is collected locally. The county is projecting that sales tax will be about 4% lower in FY 2010.
- Building permits were down 35% in FY 2008 and 38% in FY 2009. For FY 2010 staff projected a more modest decline of 10%. Register of deeds stamps, which are paid when properties are sold within the county, were down 16% in FY 2008 and 37% in FY 2009. Staff is projecting a slight decline in FY 2010. Both of these indicators foretell lower growth in the real property tax base than what the county has experienced in recent years.

Budget Highlights for the Fiscal Year Ending June 30, 2010

Governmental Activities: Chatham County's fiscal year 2010 budget reflects the need to balance between lower revenues in a challenging economy and to provide needed services and infrastructure for a growing population. At the beginning of the budget process, departments were asked to reduce their budgets. The result was an overall reduction of 7.5% in the general fund, when debt service is excluded (new debt service is funded by a transfer from reserve). For the most part, cuts were made from operating budgets. No county employees were laid off.

The budget added four positions, but defunded six positions approved in FY 2009 and three positions in building inspections and central permitting. The new positions consisted of:

- A technical services manager in Library Services. The position more than pays for itself by reducing contract expense.
- A domestic violence investigator in the Sheriff's Office, which was previously grant funded
- A criminal enforcement supervisor in the Sheriff's Office, which was previously grant funded
- A transportation planner position in the Sustainable Communities Department, which is substantially funded through a recovery act grant

Request for Information

This report is designed to provide an overview of the County's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Officer, County of Chatham, Post Office Box 608, Pittsboro, North Carolina 27312.