

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 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, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Chatham County'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 which, represents 100%, respectively, of the net assets, fund balance and revenues of the component unit. 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 reports 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 basic financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of the other auditors, the 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, 2010, and the respective changes in financial position and cash flows, where appropriate thereof, and the respective budgetary comparison for the General Fund, Impact Fees and the Capital Improvement Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis, the Law Enforcement Officers' Special Separation Allowance Required Supplementary Information, and the Other Post-Employment Benefits-Retiree Health Plan Required Supplementary Information are not required parts of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We and the other auditors 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 the information and express no opinion thereon.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 26, 2010, on our consideration of Chatham County'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 considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on financial statements that collectively comprise the basic financial statements of Chatham County, North Carolina. The combining and individual major and nonmajor fund statements and schedules, budgetary schedules, and other schedules are not a required part of the basic financial statements. Such information has 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.

Other data in this report, designated as "Introductory Section" and "Statistical Section" in the table of contents, except as noted above, have not been audited by us and, accordingly, we express no opinion on such data.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
October 26, 2010

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, 2010. 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

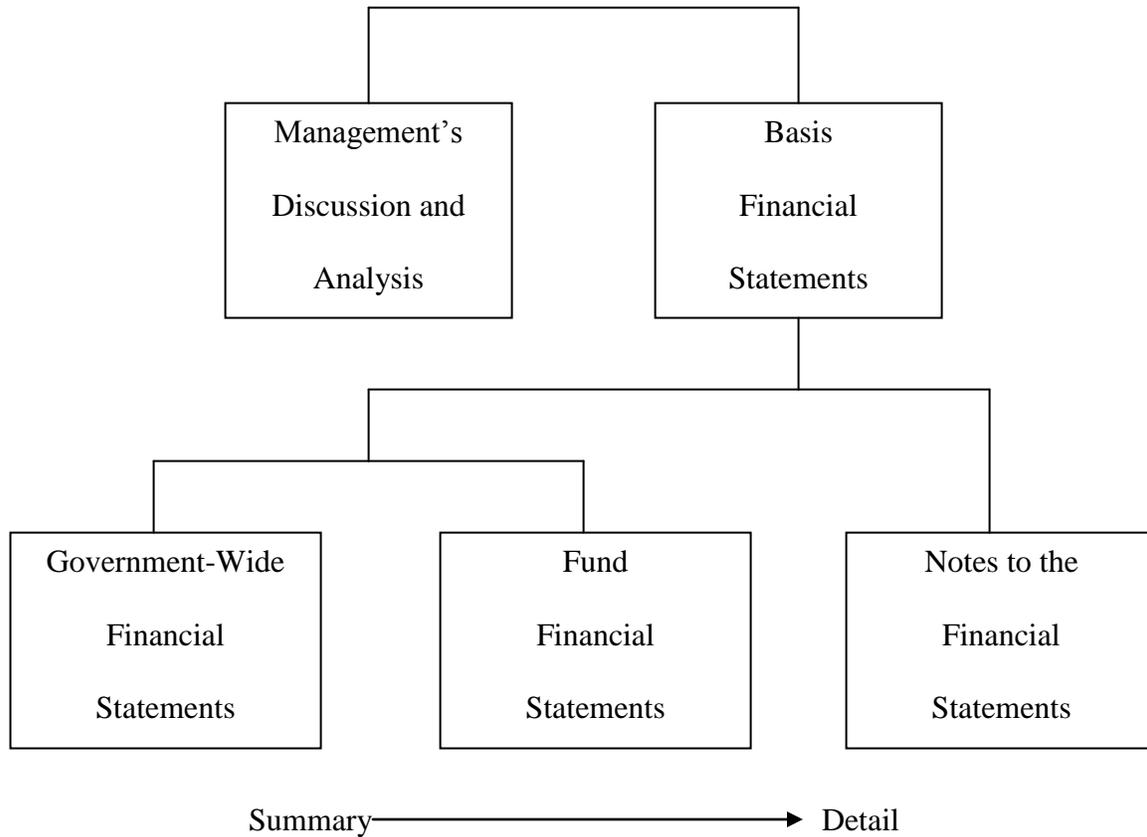
- The assets of Chatham County exceeded its liabilities at the close of the fiscal year by \$115,845,672 (*net assets*). The assets of the governmental activities exceeded liabilities by \$61,374,064, and the assets of the business-type activities exceeded liabilities by \$54,471,608.
- The government's total net assets increased by \$6,938,913, primarily due to the accumulation of funds from various sources for future capital projects.
- As of the close of the current fiscal year, Chatham County's governmental funds reported combined ending fund balances of \$69,351,087, a decrease of \$8,380,535 in comparison with the prior year. Approximately 91 percent of this total amount, or \$63,272,216, 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 \$18,026,328, or 24 percent of total General Fund expenditures for the fiscal year.
- Chatham County's total debt increased by \$17,874,856 during the current fiscal year.
- During the year the County had an increase in its ratings from both Standard and Poor's and Moody's. Standard & Poor's increased Chatham's rating from AA- to Aa2 and Moody's increased the County's rating from A1 to AA+.

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 non-compliance) 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 funds. *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 Statement. 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 27 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 64-66 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	
	2010	2009	2010	2009	2010	2009
Assets:						
Current and other assets	\$ 80,526,329	\$ 86,618,173	\$ 27,082,358	\$ 21,700,458	\$ 107,608,687	\$ 108,318,631
Capital assets	81,158,598	55,211,035	54,411,478	52,770,269	135,570,076	107,981,304
Total assets	161,684,927	141,829,208	81,493,836	74,470,727	243,178,763	216,299,935
Liabilities:						
Long-term liabilities						
outstanding	90,667,292	76,879,873	24,758,255	20,619,439	115,425,547	97,499,312
Other liabilities	9,643,571	7,605,990	2,263,973	2,287,874	11,907,544	9,893,864
Total liabilities	100,310,863	84,485,863	27,022,228	22,907,313	127,333,091	107,393,176
Net Assets:						
Invested in capital assets, net of related debt	15,859,270	20,639,647	30,882,753	27,529,979	46,742,023	48,169,626
Restricted	10,842,494	12,855,774	-	-	10,842,494	12,855,774
Unrestricted	34,672,300	23,847,924	23,588,855	24,033,435	58,261,155	47,881,359
Total net assets	\$ 61,374,064	\$ 57,343,345	\$ 54,471,608	\$ 51,563,414	\$ 115,845,672	\$ 108,906,759

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 \$115,845,672 as of June 30, 2010. The County's net assets increased by \$6,938,913 for the fiscal year ended June 30, 2010. 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 (\$10,842,494) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$34,672,300 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 97.91% for property excluding motor vehicles and 92.26% for motor vehicles. - These percentages are higher than the statewide average of 97.20% and 85.49%, respectively, for counties of similar size population.
- 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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Revenues:						
Program revenues:						
Charges for services	\$ 5,433,770	\$ 5,680,298	\$ 8,746,482	\$ 9,052,043	\$ 14,180,252	\$ 14,732,341
Operating grants and contributions	12,985,978	10,264,233	580,610	10,337	13,566,588	10,274,570
Capital grants and contributions	88,350	740,839	797,520	224,809	885,870	965,648
General revenues:						
Property taxes	56,250,972	55,283,404	-	-	56,250,972	55,283,404
Local option sales tax	8,063,692	9,950,751	-	-	8,063,692	9,950,751
Other taxes	666,961	676,981	-	-	666,961	676,981
Grants and contributions, not restricted to specific programs	510,701	409,580	-	-	510,701	409,580
Investment earnings	448,324	1,188,792	80,987	292,511	529,311	1,481,303
Other	828,363	455,067	-	-	828,363	455,067
Total revenues	<u>85,277,111</u>	<u>84,649,945</u>	<u>10,205,599</u>	<u>9,579,700</u>	<u>95,482,710</u>	<u>94,229,645</u>
Expenses:						
General government	10,818,058	10,102,929	-	-	10,818,058	10,102,929
Public safety	16,990,469	15,884,103	-	-	16,990,469	15,884,103
Economic and physical development	2,942,520	2,527,951	-	-	2,942,520	2,527,951
Human services	16,982,791	17,972,592	-	-	16,982,791	17,972,592
Cultural and recreational	1,492,221	1,165,209	-	-	1,492,221	1,165,209
Education	26,912,507	27,107,738	-	-	26,912,507	27,107,738
Interest on long-term debt	4,338,047	2,142,244	-	-	4,338,047	2,142,244
Utility	-	-	5,452,801	6,510,166	5,452,801	6,510,166
Solid waste management	-	-	2,614,383	2,722,888	2,614,383	2,722,888
Total expenses	<u>80,476,613</u>	<u>76,902,766</u>	<u>8,067,184</u>	<u>9,233,054</u>	<u>88,543,797</u>	<u>86,135,820</u>
Increase in net assets before transfers	4,800,498	7,747,179	2,138,415	346,646	6,938,913	8,093,825
Transfers	<u>(769,779)</u>	<u>(1,746,120)</u>	<u>769,779</u>	<u>1,746,120</u>	<u>-</u>	<u>-</u>
Increase in net assets	4,030,719	6,001,059	2,908,194	2,092,766	6,938,913	8,093,825
Net Assets:						
Beginning of year - July 1	<u>57,343,345</u>	<u>51,342,286</u>	<u>51,563,414</u>	<u>49,470,648</u>	<u>108,906,759</u>	<u>100,812,934</u>
End of year - June 30	<u>\$ 61,374,064</u>	<u>\$ 57,343,345</u>	<u>\$ 54,471,608</u>	<u>\$ 51,563,414</u>	<u>\$ 115,845,672</u>	<u>\$ 108,906,759</u>

Governmental Activities. Governmental activities increased the County's net assets by \$4,030,719, thereby, accounting for 58% of the total growth in the net assets of Chatham County. A key element in this increase was the continued reservation of fund for future capital projects.

Business-Type Activities. Business-type activities increased Chatham County's net assets by \$2,908,194, accounting for 42% 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 \$18,026,328, while total fund balance was \$21,934,515. 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 24 percent of total General Fund expenditures, while total fund balance represents 29 percent of that same amount.

At June 30, 2010, the governmental funds of Chatham County reported a combined fund balance of \$69,351,087, an 11 percent decrease over last year. The primary reason for this decrease was a \$1,887,059 decrease in sales tax revenue. This decrease can be attributed to the overall economy and a redistribution of sales tax proceeds by the State.

The Impact Fees Fund balance decreased by \$2,043,031, and the Capital Improvement Reserve Fund balance increased by \$4,937,380. A transfer was made from the impact fee fund to cover the debt service payment for new school facilities resulting in a decrease in the fund balance. The increase in the Capital Improvement Reserve Fund was the result of 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 \$2,133,161 and expenditures by \$5,872,691.

Operating revenues of the General Fund were \$66,670 more than the final budgeted amount. Although property tax revenue increased the County saw a decline in anticipated restricted intergovernmental revenue of \$710,348.

The actual expenditures within the General Fund totaled \$5.8 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 \$19,887,202 and those for the Solid Waste Management Fund equaled \$3,270,496 while the Southeast Water District Fund equaled 431,157. The net assets for the Utility Fund increased \$2,066,914, and the Solid Waste Management Fund's net assets increased \$410,123 while the Southeast Water District Fund increased \$431,157 for the year ended June 30, 2010. The County transferred \$769,779 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, 2010, total \$135,570,076 (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
- Construction of new library and a new middle school

Chatham County's Capital Assets (Net of Depreciation)

Figure 4

	Governmental Activities		Business-Type Activities		Totals	
	2010	2009	2010	2009	2010	2009
Non-Depreciable Assets:						
Land	\$ 7,289,318	\$ 7,226,471	\$ 916,528	\$ 798,928	\$ 8,205,846	\$ 8,025,399
Construction in progress	38,809,133	11,682,146	26,205,800	24,708,960	65,014,933	36,391,106
Depreciable Assets:						
Buildings	31,372,325	31,946,336	2,444,641	2,796,805	33,816,966	34,743,141
Infrastructure:						
Wells and water lines	-	-	23,917,497	23,861,227	23,917,497	23,861,227
Equipment and vehicles	3,687,822	4,356,082	927,012	604,349	4,614,834	4,960,431
Total	<u>\$ 81,158,598</u>	<u>\$ 55,211,035</u>	<u>\$ 54,411,478</u>	<u>\$ 52,770,269</u>	<u>\$ 135,570,076</u>	<u>\$ 107,981,304</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, 2010, Chatham County had total bonded debt outstanding of \$13,035,000 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 \$17,050,000 for the construction of a new community library and two new facilities for Central Carolina Community College, one in Pittsboro and the other in Siler City located in the County's Business Campus.

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

Figure 5

	Governmental Activities		Business-Type Activities		Totals	
	2010	2009	2010	2009	2010	2009
General obligation bonds	\$ 9,835,000	\$ 11,585,000	\$ 3,200,000	\$ -	\$ 13,035,000	\$ 11,585,000
Other long-term obligations	83,181,133	67,999,162	22,423,563	21,180,678	105,604,696	89,179,840
Total	<u>\$ 93,016,133</u>	<u>\$ 79,584,162</u>	<u>\$ 25,623,563</u>	<u>\$ 21,180,678</u>	<u>\$ 118,639,696</u>	<u>\$ 100,764,840</u>

Chatham County's bonded debt decreased by \$1,450,000 during the past fiscal year, due to principal payments on existing debt.

As mentioned in the financial highlights section of this document, Chatham County increase its A1 bond rating from Moody's Investor Service to AA+ and its AA- rating from Standard & Poor's Corporation to Aa2.

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 \$586,476,000.

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 2008, the latest data available, Chatham County continues to have the State's third highest per capita income - 25% higher than the State average.
- In spite of job losses, Chatham County's unemployment rate (6.4% in August 2010) continues to trend well below the State (9.8%) and nation (9.5%). The August 2010 rate is 1.9% lower than the August 2009 rate and is tied for fourth lowest rate in the State.
- In order to open new school, community college, and library facilities, the County raised its tax rate from 60.22 cents to 62.19 cents/\$100 valuation of property. Property values are projected to increase 2% overall, as follows:
 - Real property, 1.6% increase
 - Public utility values, 11% increase (due mostly to an under projection of values by the state in FY 2010)
 - Motor vehicles, 6.9% decline; and
 - Personal property, 21.6% (largely due to a substantial investment by Uniboard)
- Data for FY 2011 is not available, but in 2010, the first year of its revaluation cycle, Chatham County ranked 16th out of 100 counties in property valuation per capita at \$138,592 (which is 31% higher than the State average).
- In FY 2010, the County experienced a 2.7% decrease in sales tax revenues from FY 2009 (when all changes in sales tax distribution by the State are considered). The County is projecting that sales tax revenues will be about 1% higher in FY 2011.
- Building permits were down 45% in FY 2009, but increased by 30% in FY 2010. For FY 2011 staff projected the number of permits to remain about the same as FY 2010. Register of deeds stamps, which are paid when properties are sold within the County, were down 37% in FY 2009 and 6% in FY 2010. Staff is projecting another slight decline in FY 2011. 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, 2011

Governmental Activities. Chatham County's fiscal year 2011 budget reflects the need to balance between lower revenues in a challenging economy and to open four major facilities and two parks. The budget also increases funding to Chatham County Schools to avoid employee layoffs. The budget did not reduce County employee pay or benefits.

Most increases in the budget were related to new positions, utilities, and maintenance to open new facilities, including Margaret Pollard Middle School, two community college buildings, the Chatham Community Library, Northeast Park, and Briar Chapel Park. These expenses equaled 1.83 cents of a 1.9-cent tax increase. Additional expenses included a 3% increase in operating funds for Chatham County Schools and a mandated increase in the County's contribution to employee retirement.

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.