



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, 2008, 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, 2008, 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 30, 2008 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 combining 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 30, 2008

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, 2008. 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

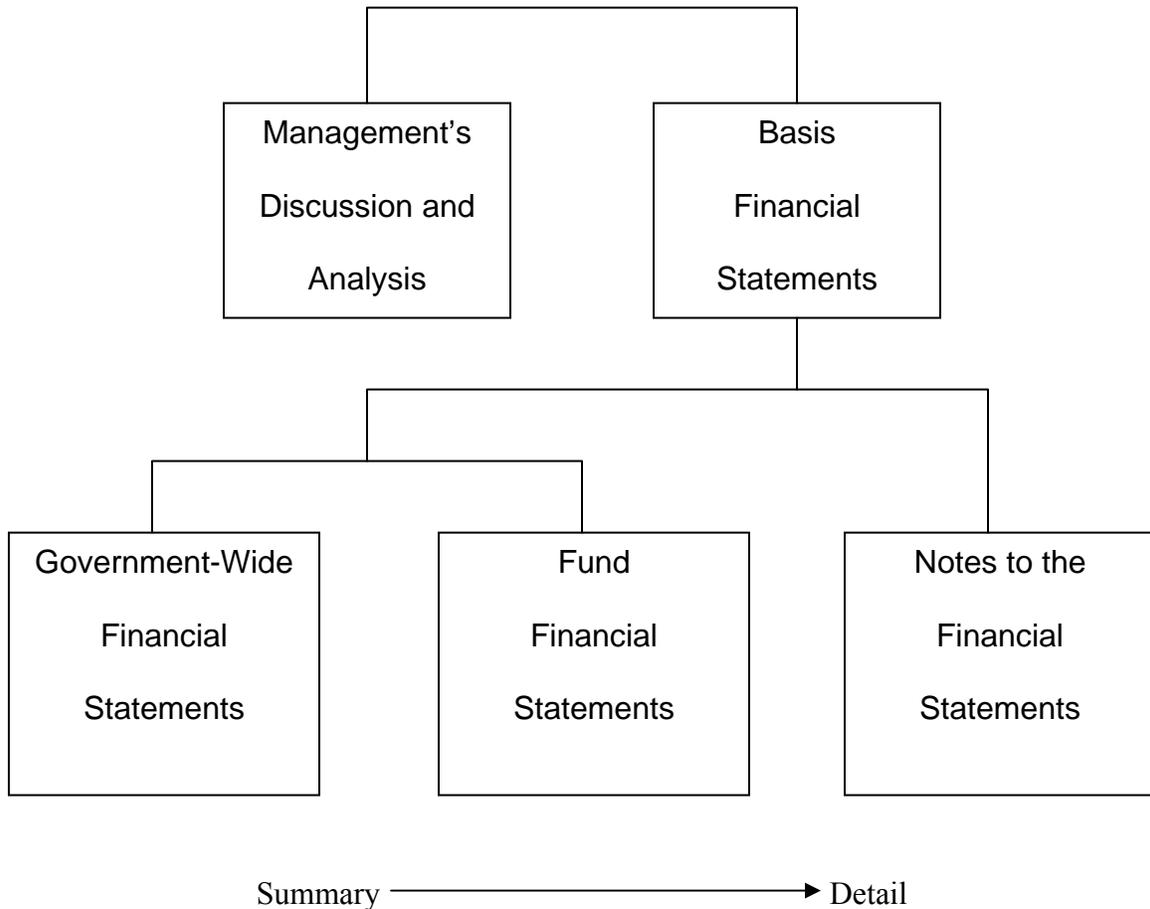
- The assets of Chatham County exceeded its liabilities at the close of the fiscal year by \$100,812,934 (*net assets*). The assets of the governmental activities exceeded liabilities by \$51,342,286 and the assets of the business-type activities exceeded liabilities by \$49,470,648.
- The government's total net assets increased by \$11,471,143, primarily due to a decrease in transfers out of the General Fund.
- As of the close of the current fiscal year, Chatham County's governmental funds reported combined ending fund balances of \$52,733,126, a decrease of \$4,241,624 in comparison with the prior year. Approximately 90 percent of this total amount, or \$47,499,701, 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 \$16,655,670, or 24 percent of total General Fund expenditures for the fiscal year.
- Chatham County's total debt increased by \$12,492,846 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 70 and 71 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	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$ 61,004,340	\$ 66,036,827	\$ 24,567,366	\$ 16,756,541	\$ 85,571,706	\$ 82,793,368
Capital assets	44,187,287	30,744,816	48,380,531	38,907,285	92,567,818	69,652,101
Total assets	<u>105,191,627</u>	<u>96,781,643</u>	<u>72,947,897</u>	<u>55,663,826</u>	<u>178,139,524</u>	<u>152,445,469</u>
Long-term liabilities						
outstanding	47,655,418	49,501,509	20,912,705	7,029,150	68,568,123	56,530,659
Other liabilities	6,193,923	7,408,991	2,564,544	3,778,050	8,758,467	11,187,041
Total liabilities	<u>53,849,341</u>	<u>56,910,500</u>	<u>23,477,249</u>	<u>10,807,200</u>	<u>77,326,590</u>	<u>67,717,700</u>
Net assets						
Invested in capital assets, net of related debt	18,908,698	7,741,414	26,576,409	31,463,132	45,485,107	39,204,546
Restricted	11,349,573	9,746,808	-	-	11,349,573	9,746,808
Unrestricted	21,084,015	22,382,921	22,894,239	13,393,494	43,978,254	35,776,415
Total net assets	<u>\$ 51,342,286</u>	<u>\$ 39,871,143</u>	<u>\$ 49,470,648</u>	<u>\$ 44,856,626</u>	<u>\$ 100,812,934</u>	<u>\$ 84,727,769</u>

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 \$100,812,934 as of June 30, 2008. The County's net assets increased by \$11,471,143 for the fiscal year ended June 30, 2008. 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 (\$11,349,573) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$21,084,015 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 98.20% for property excluding motor vehicles and 91.82% for motor vehicles - These percentages are higher than the statewide average of 97.71% and 85.68%, 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 2012.

- 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	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues:						
Charges for services	\$ 6,348,815	\$ 5,089,242	\$ 9,026,890	\$ 9,613,504	\$ 15,375,705	\$ 14,702,746
Operating grants and contributions	9,473,725	13,483,645	16,319	29,179	9,490,044	13,512,824
Capital grants and contributions	799,460	1,010,168	490,520	224,199	1,289,980	1,234,367
General revenues:						
Property taxes	48,824,974	44,168,586	-	-	48,824,974	44,168,586
Local option sales tax	12,408,159	12,116,870	-	-	12,408,159	12,116,870
Other taxes	1,059,404	1,275,472	-	-	1,059,404	1,275,472
Grants and contributions, not restricted to specific programs	621,352	302,038	-	-	621,352	302,038
Investment earnings	2,600,150	3,005,627	408,187	544,222	3,008,337	3,549,849
Other	196,180	-	-	-	196,180	-
Total revenues	82,332,219	80,451,648	9,941,916	10,411,104	92,274,135	90,862,752
Expenses:						
General government	9,091,006	14,749,712	-	-	9,091,006	14,749,712
Public safety	14,939,371	13,108,924	-	-	14,939,371	13,108,924
Economic and physical development	1,997,214	1,457,224	-	-	1,997,214	1,457,224
Human services	16,771,176	14,917,605	-	-	16,771,176	14,917,605
Cultural and recreational	914,814	1,166,711	-	-	914,814	1,166,711
Education	23,446,647	17,406,676	-	-	23,446,647	17,406,676
Interest on long-term debt	2,206,846	2,245,981	-	-	2,206,846	2,245,981
Utility	-	-	4,391,967	4,652,320	4,391,967	4,652,320
Solid waste management	-	-	2,429,930	2,403,738	2,429,930	2,403,738
Total expenses	69,367,073	65,052,833	6,821,897	7,056,058	76,188,970	72,108,891
Increase in net assets before transfers	12,965,146	15,398,815	3,120,019	3,355,046	16,085,165	18,753,861
Transfers	(1,494,003)	(13,188,302)	1,494,003	13,188,302	-	-
Increase in net assets	11,471,143	2,210,513	4,614,022	16,543,348	16,085,165	18,753,861
Net assets:						
Beginning of year - July 1	39,871,143	37,660,630	44,856,626	28,313,278	84,727,769	65,973,908
End of year - June 30	\$ 51,342,286	\$ 39,871,143	\$ 49,470,648	\$ 44,856,626	\$ 100,812,934	\$ 84,727,769

Governmental Activities. Governmental activities increased the County's net assets by \$11,471,143, thereby accounting for 71% of the total growth in the net assets of Chatham County. Key elements of this increase are as follows:

- Increase in the property tax rate of two cents
- A \$600 increase in the impact fee charge

Business-Type Activities. Business-type activities increased Chatham County's net assets by \$4,614,022, accounting for 29% 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 \$16,655,670, while total fund balance was \$21,693,705. 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 31 percent of that same amount.

At June 30, 2008, the governmental funds of Chatham County reported a combined fund balance of \$52,733,126, an 8 percent decrease over last year. The primary reason for this decrease is the current year's expenditures within the Facilities and School Construction Projects. The Impact Fees Fund and the Capital Improvement Reserve Fund balances increased by \$1,559,119 and 3,533,677, respectively. These increases were the result of an increase in 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 \$1,147,091 and expenditures by \$5,201,329.

Operating revenues of the General Fund were \$2.9 million more than the final budgeted amount. This increase was primarily due to increases in property tax revenue, sales tax revenue, and an increase in investment earnings.

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 \$19,972,119 and those for the Solid Waste Management Fund equaled \$2,922,120. The net assets for the Utility Fund increased \$4,300,647, and the Solid Waste Management Fund's net assets increased \$313,375 for the year ended June 30, 2008. Other factors concerning the finances of these two funds have already been addressed in the discussion of Chatham County's business-type activities.

Capital Asset and Debt Administration

Capital Assets. Chatham County's capital assets for its governmental and business-type activities as of June 30, 2008, total \$92,567,818 (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 an addition to the Department of Social Services facility
- Construction of a new elementary school, a cafeteria addition to an existing school, and other improvements to school facilities
- Construction of infrastructure within the County's Business Campus
- Design cost associated with the construction of a new library, a new judicial facility and a new middle school
- 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	
	2008	2007	2008	2007	2008	2007
Nondepreciable assets:						
Land	\$ 6,345,555	\$ 3,465,564	\$ 598,313	\$ 598,313	\$ 6,943,868	\$ 4,063,877
Construction in progress	29,329,558	19,226,407	23,636,091	13,706,658	52,965,649	32,933,065
Depreciable assets:						
Buildings	5,859,241	5,754,775	2,119,508	2,471,675	7,978,749	8,226,450
Infrastructure:						
Wells and water lines	-	-	21,729,274	21,739,044	21,729,274	21,739,044
Equipment and vehicles	<u>2,652,933</u>	<u>2,298,070</u>	<u>297,345</u>	<u>391,595</u>	<u>2,950,278</u>	<u>2,689,665</u>
Total	<u>\$ 44,187,287</u>	<u>\$ 30,744,816</u>	<u>\$ 48,380,531</u>	<u>\$ 38,907,285</u>	<u>\$ 92,567,818</u>	<u>\$ 69,652,101</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, 2008, Chatham County had total bonded debt outstanding of \$13,375,000 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 \$14,500,000 for water.

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

	Governmental Activities		Business-Type Activities		Totals	
	2008	2007	2008	2007	2008	2007
General obligation bonds	\$ 13,375,000	\$ 15,200,000	\$ -	\$ -	\$ 13,375,000	\$ 15,200,000
Other long-term obligations	<u>35,741,730</u>	<u>35,783,853</u>	<u>21,804,122</u>	<u>7,444,153</u>	<u>57,545,852</u>	<u>43,228,006</u>
Total	<u>\$ 49,116,730</u>	<u>\$ 50,983,853</u>	<u>\$ 21,804,122</u>	<u>\$ 7,444,153</u>	<u>\$ 70,920,852</u>	<u>\$ 58,428,006</u>

Chatham County's bonded debt decreased by \$1,825,000 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 \$519,597,634.

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 2006, the latest data available, Chatham County continues to have the State's third highest per capita income, approximately 23% higher than the state average.
- In spite of job losses, Chatham County's unemployment rate (5.6% in August 2008) continues to trend below the State and nation.
- Uniboard Canada Inc. announced in August that it will create 104 new jobs and preserve 146 existing jobs in the Moncure community. The company plans to invest \$142 million to recondition an existing factory and to spend \$120 million on a new facility.
- Business Campus— The County has almost finished an \$8.2 million project to provide water, sewer, and roads for the Central Carolina Business Campus in Siler City, which has 10-15 remaining sites for businesses. A major tenant is Chatham Hospital, which opened its new 25-bed facility and emergency center on the campus in July. The Chatham Youth Center also is housed there and Central Carolina Community College will build a facility on the campus.

Budget Highlights for the Fiscal Year Ending June 30, 2009

Governmental Activities: Chatham County's fiscal year 2009 budget reflects the need to balance between lower revenues in a challenging economy and to provide needed services and infrastructure for a growing population.

The FY 2009 continued implementing the County's aggressive capital plan, but deferred a few planning expenses that should not affect the overall timing of the plan's implementation.

The budget also added 17.5 positions, but "froze" most of those positions pending review of revenues in January (when the County receives the majority of its property tax revenues).

Other budget initiatives included:

- Establishing a new Community Development Department to provide centralized leadership and collaboration needed to implement several major initiatives, such as new subdivision regulations and environmental assessments. The department will coordinate the existing functions of planning, central permitting (which includes building inspections and fire marshal), environmental resources, and soil erosion and sedimentation control. It also will cover new focuses on affordable housing, green building and transportation. Five advisory boards also will be under the umbrella of the new department.
- Increasing the teachers supplement by \$300 per teacher to bring the County's supplement closer to that provided by adjoining counties and increase the County's ability to attract and retain quality teachers.
- Establishing a capital reserve to pay for park facilities. The budget contributed \$522,266 towards the reserve, which will match State grant funds and be used to construct facilities in the County's new Northeast Park.

Funding these new initiatives, along with increased operating costs for fuel, utilities, and mandated expenses required a 3.6 increase in the property tax rate to 65.3 cents.

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.