

## Summary Information

### **Summary of Changes to the Recommended Budget**

As is required by state law, the County Manager develops a “recommended” budget that is presented to County Commissioners in early May. Commissioners hold public hearings and work sessions to review the recommended budget in depth. Prior to the budget work sessions, corrections or adjustments were identified that resulted in a net gain to the budget that permitted commissioners to make changes to the FY 2019 Recommended Budget. Specifically:

- Correction to include the expenses related to the Health Preparedness program [\$35,000]

The Board of Commissioners did not make any changes to the FY 2019 Recommended Budget. A summary of all changes are as follows:

A summary of changes follows:

<b>Recommended General Fund Revenues</b>	<b>113,988,300</b>
Additional fund balance appropriation	35,000
<b>Approved General Fund Revenues:</b>	<b>114,023,300</b>
<b>Recommended General Fund Expenses</b>	<b>113,988,300</b>
Health – Preparedness program funds	35,000
<b>Approved General Fund Expenditures:</b>	<b>114,023,300</b>

### **History & Demographics**

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

#### **Early History**

According to *Chatham County: 1771-1971*, edited by Doris Goerch Horton, Nell Craig Strowd, and Wade Hadley, the county's early history was as follows:

Records show that settlers from Europe arrived in the area as early as the mid-1700s, including a Quaker settlement formed in 1751. Early settlers entered from the north through a

trading route of the Catawba Indians and from the south through the Cape Fear River Valley.

The Colonial Assembly established Chatham County through legislation introduced on December 5, 1770, which was effective on April 1, 1771. The county was formed from a portion of what was once Orange County. The county was named for the Earl of Chatham, William Pitt, who was a "defender of American rights in the British Parliament." A portrait of the Earl of Chatham, replacing one destroyed in the March 2010 courthouse fire, hangs in the newly restored Chatham County Historic Courthouse.

The legislation forming Chatham County noted that the new county was needed to provide greater access to inhabitants living in the southern part of the county. It was too difficult and

expensive for those residents to travel to the Orange County government seat (Hillsborough) to conduct business.

In the early years, the county was governed by justices of the peace, which served the Court of Pleas and Quarter Sessions. The justices were appointed by the state's General Assembly. For a period of time, the justices also appointed other county officials, which included the sheriff, coroner, constables, clerk, register, county attorney, standard-keeper, entry-taker, surveyor, rangers (which dealt with stray animals), and overseers of roads.

Reconstruction and the new State Constitution of 1868 established a five-member board of county commissioners, divided the county into townships, and radically changed the court system. Justices of the peace were eliminated from county government in 1894.

### **Modern History**

In 1977, the county adopted the council-manager form of government and appointed the first county manager. We now have five county commissioners elected to four-year staggered terms. They must reside in specific districts but are elected by voters at large.

County manager's authority: Unlike town managers, the county manager only has hiring authority for about one-third of all county department heads. Even though the county manager has limited authority over selecting department heads, she has to work closely with all of the departments and their leaders because the county often is responsible for funding all or some of their budgets.

Education: Chatham County contributes funds to, but does not govern, K-12 public education and the community college system. The Chatham County School System is governed by its own elected board. Central Carolina Community College,

which has two campuses in the county, is governed by its own appointed Board of Trustees.

Chatham County's population and economic base have changed substantially during its history. The county has experienced a dramatic increase in population due to residential growth in the eastern part of the county near Chapel Hill, Durham, and Cary.

### **Demographics:**

The Census estimates the 2017 population at 71,472, an increase of approximately 13% since 2010. Chatham's population growth is tracking higher than neighboring Orange County (8 %), Lee County (4 %) and Moore County (10 %), but not as high as Wake County at 19%. Between 2010 and 2017, Chatham was among the fastest growing county in the state, according to Census data, ranking 11<sup>th</sup> in growth out of 100 counties.

Only 22% of county residents live in incorporated towns. The county has about 93.1 residents per square mile, which reflects its generally rural nature. According to the state demographer, the incorporated towns in the county have an estimated 2016 population as follows:

- Siler City: 8,635
- Pittsboro: 4,577
- Goldston: 281
- Cary: 2,345 (with a total population of 155,041 ; most of Cary's population is in Wake County)

**Ethnic/Racial Diversity:** As of 2016, the overall racial/ethnic composition of Chatham County was estimated at 82.3% white, 12.8% African American, 11.9% Hispanic, 1.9% Asian, and other races less than 1%.

## **Fund Descriptions and Structure:**

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

Chatham County has four fund categories: governmental, proprietary, fiduciary, and capital projects. Governmental, proprietary, and fiduciary funds are appropriated annually and included in the approved budget. Capital project funds are multi-year and are not appropriated in or included in the annual operating budget. All funds, including capital projects, are included in the county's annual audited financial statements.

### **Governmental Funds**

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

In accordance with North Carolina General Statutes, the basis of accounting and budgeting governmental funds is modified accrual. This means revenues are recorded in the period in which they are measurable and available. Revenues are recognized when they are received in cash (example: licenses, fines, etc.) or when the collection of the amount is estimated to be received in the near future (example: property taxes). Expenditures in a modified accrual basis are generally recognized in the period goods and services are received or liabilities incurred. This type of accounting is considered the most conservative, because expenditures are recorded as soon as the liability is incurred and most revenues are not recorded

until they are received in cash. The county's governmental funds include:

- **The General Fund** is the primary operating fund for the county. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund and includes typical governmental activities, such as human services, public safety, and education. Major revenues that support these functions include property tax and sales tax. The majority of departments are funded through the General Fund, with the exception of Utilities and Waste Management, which are funded through the Water Fund and the Solid Waste & Recycling Fund, which are proprietary funds.
- **Facility Reserve/Capital Improvement Reserve Fund:** The County transfers annually an amount equivalent to five and one-half cents on the tax rate into this fund. The transfer is used to fund debt for a variety of general capital projects, including a library, Central Carolina Community College facilities, an addition to the Department of Social Services, and a judicial facility.
- **Impact Fees Fund** accounts for an additional fee charged on all building permits issued for the construction of new dwellings. Impact fees collected are to be used to offset a portion of the cost of new school construction or debt.
- **Non-major Special Revenue Funds** account for the proceeds of specific revenue that are legally restricted to expenditures for specific purposes, including Bynum Canoe Access, Coal Ash, Courthouse Clock, Enhanced 911, Forfeited Property, Library Foundation, Recreation Fees, and Special Fire Districts.

- **Capital Project Funds** account for the acquisition and construction of capital and capital facilities, other than those financed by proprietary and trust funds. Except for non-major capital project funds, capital projects are not included in the operating budget. Non-major capital project funds include the Equipment Capital Reserve Project and the Emergency Vehicle Replacement Reserve Project.

**Proprietary Funds**

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

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

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

- **Solid Waste & Recycling** accounts for the operations of the county’s collection and disposal of solid waste.
- **Southeast Water District** accounts for the operations of the water district covering the southeastern portion of the county.

- **Water Fund** accounts for the county’s water and sewer operations.
- **Capital Reserve Funds** that support the enterprise funds include the Utility Capital Reserve, the Utility Vehicle Reserve, and the Waste Management Capital Reserve.
- **Water & Solid Waste Capital Projects Funds** account for the acquisition and construction of capital financed by proprietary funds. Water and Solid Waste project funds are not included in the operating budget
- **Internal Service Funds** report activities that provide goods or services to other funds, departments, or agencies of the primary government and its component units, or to other governments, on a cost-reimbursement basis. The county's budget includes one internal service fund, the Health Internal Service Fund. This fund tracks premiums paid by the county on behalf of its employees for workers compensation and health insurance coverage. The funds also tracks health premiums paid by employees for dependent coverage.

**Fiduciary Funds**

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

## Financial Indicators:

	Chatham	Lee	Moore	Orange
<b>Budgeted Expenditures</b>	\$110,897,809	\$71,197,308	\$92,727,517	\$219,656,033
<i>State Rank</i>	28	44	33	11
<b>Non-school Expenditures</b>	\$70,670,191	\$52,897,451	\$56,173,990	\$116,470,671
<i>State Rank</i>	30	43	42	17
<b>Effective Tax Rate</b>	\$0.6229	\$0.7708	\$0.4554	\$0.8377
<i>State Rank</i>	60	23	92	8
<b>FY 2017 Population</b>	73,286	58,244	96,102	140,853
<i>State Rank</i>	36	48	29	21
<b>Valuation/capita</b>	\$131,750	\$88,800	\$125,147	\$126,285
<i>State Rank</i>	16	49	22	19
<b>2016 Per Capita Income</b>	\$53,342	\$37,346	\$45,181	\$58,438
<i>State Rank</i>	4	36	11	1
<b>Total Funding Per Student (LEA only)</b>	\$4,356	\$1,675	\$2,727	\$5,190
<i>State Rank</i>	5	34	29	3
<b>Number of Students (LEA only)</b>	8,786	10,032	12,696	19,783
<i>State Rank</i>	42	38	29	22

The University of North Carolina at Chapel Hill's School of Government created a series of financial indicators that enable local governments to review and analyze their financial condition and benchmark against other jurisdictions. Each indicator is graphed showing the trend over the past nine years

in Chatham and a corresponding benchmarking graph that compares Chatham to Moore, Lee, and Orange. Lee County was chosen for comparison because of its geographic proximity and similar population size. Moore County was chosen because of its geographic proximity, similar budget, and similar per

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

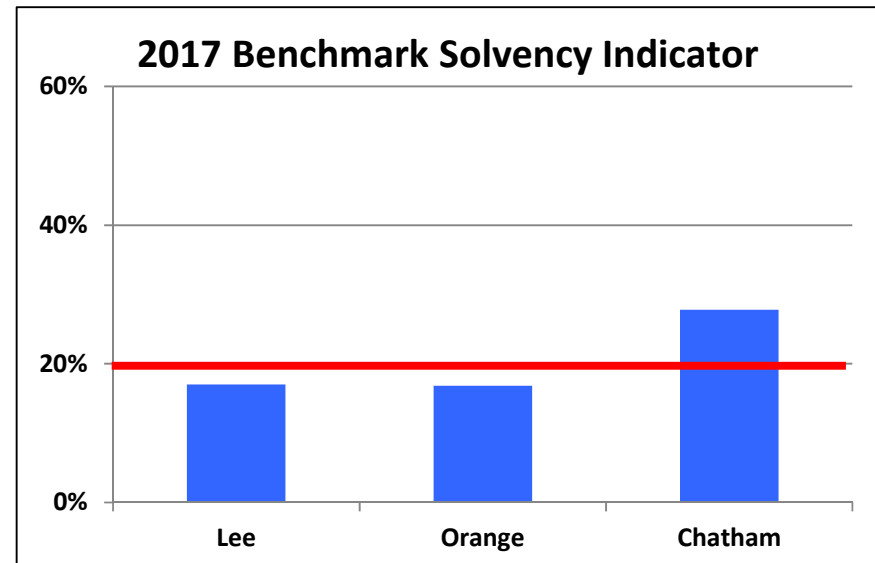
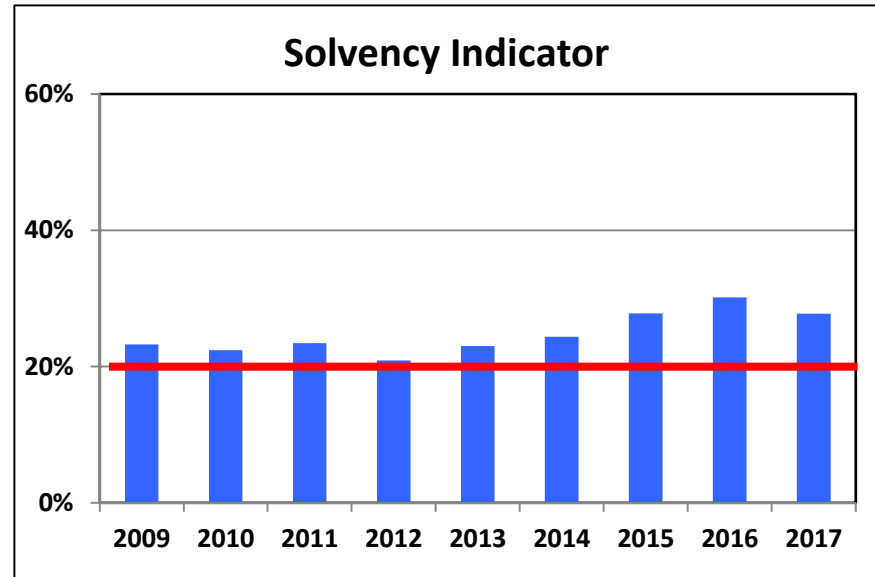
All of the indicators, except the Capital Assets Condition Indicator, are based on financial data from the General Fund. The Capital Assets Condition Indicator uses government-wide financial data which includes all governmental funds.

An analysis of Chatham County's financial indicators shows that the county is in excellent financial condition. In addition, the indicators revealed financial data that was incorporated into the budget decision-making process. On the next page are the financial indicators that may provide insight into budget decisions and provide background information about Chatham County's financial condition:

### Solvency

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

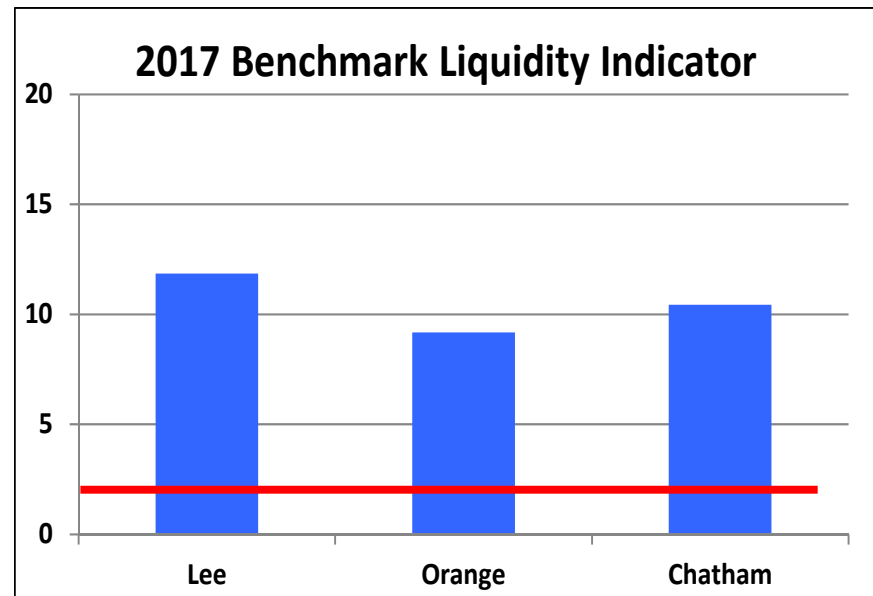
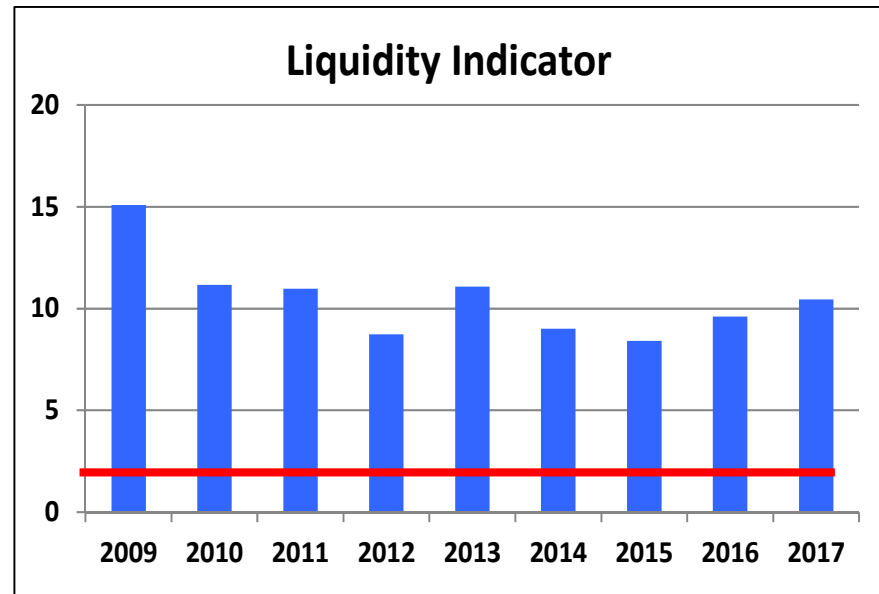
Chatham County’s solvency ratio is 27.8%, meaning the county has funds available for capital projects, such as one-time expenses and the capital improvements program. It also suggests that Chatham County is financially prepared in case of disaster. Chatham County has been able to save resources and keep expenditures low.



**Liquidity**

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

The School of Government recommends having a ratio of 2 or greater. Currently, Chatham County has a ratio of 10.44, meaning the county has cash available to meet its immediate cash needs.

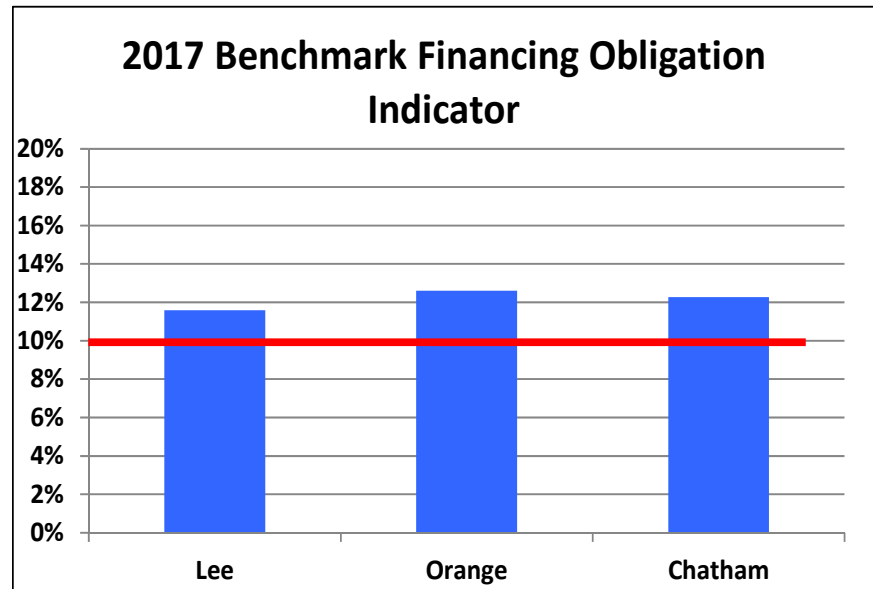
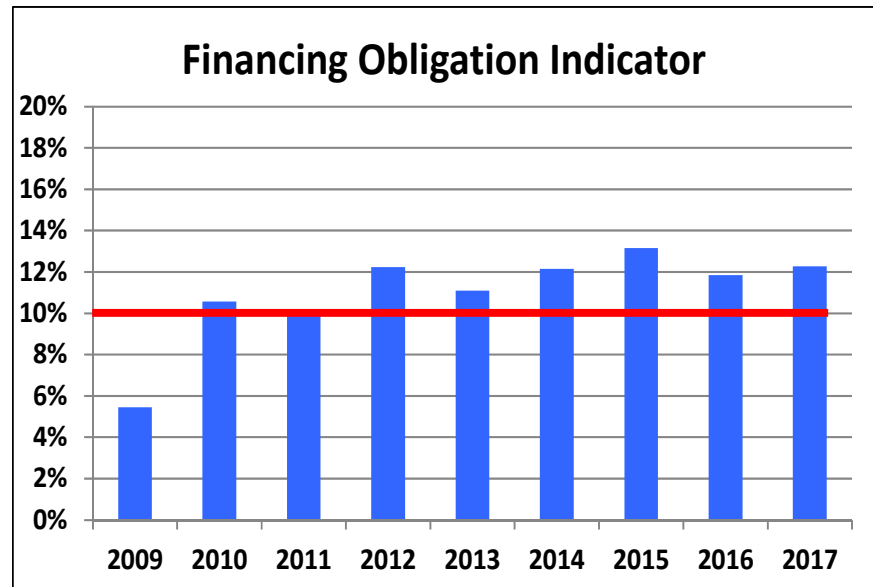




### Financing Obligation

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

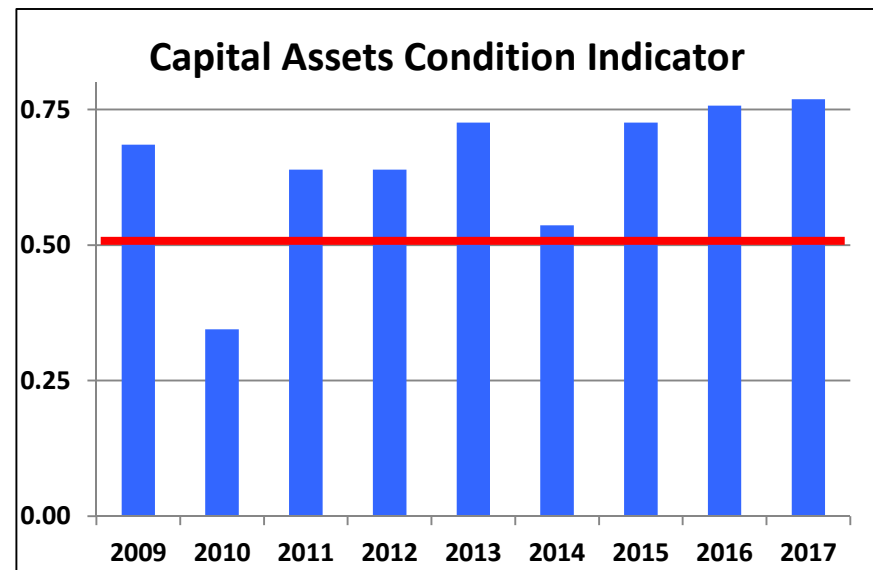
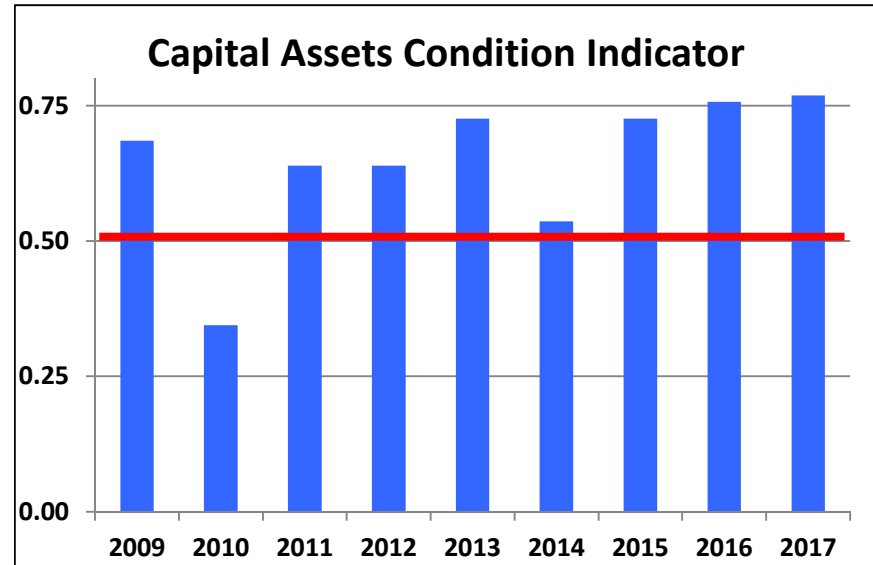
The School of Government recommends that this ratio should be no more than 10%. Chatham County's Financing Obligation Indicator is 10%. For another jurisdiction, this might mean that Chatham's debt is reaching the point where it impedes its ability to provide services. However, Chatham has set aside 7.7 cents on the tax rate in a reserve to pay for the majority of its debt service.



### Capital Assets Condition Indicator

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

The School of Government recommends maintaining a ratio of .5. Currently, Chatham County's Capital Assets Condition Indicator is .77, meaning Chatham County is maintaining and investing in capital, such as buildings and vehicles, appropriately. In the past, however, Chatham County did not achieve a .5 ratio. Recent capital expenditures reflect an effort to improve this ratio and invest in capital assets.



### Employee Summary (full-time equivalents):

Personnel counts shown below are given in full-time-equivalents (FTE) for all regular county employees (temporary positions are not included). The FTE converts the hours worked by a position into a percentage of a full year's number of hours. For most positions, 1 FTE equals 2,080 hours per year per position (based on a 40 hour work week and a 52

week work year). If a position works 1,040 hours per year, this translates into .5 FTE.

County Department	A 2016 Actual	B 2017 Actual	C 2018 Amended	D 2018 Est	E 2019 Total Req.	F 2019 Rec. Cont.	G 2019 Rec. Exp.	H 2019 Total Rec.	I Variance	J Total % Inc./Dec.
Central Permitting - Administration	4.00	5.00	5.00	5.00	6.00	5.00	0.00	5.00	0.00	0%
Central Permitting - Building Inspections	7.00	7.00	9.00	9.00	9.00	9.00	0.00	9.00	0.00	0%
Central Permitting - Fire Inspections	3.00	3.00	4.00	4.00	4.00	4.00	0.00	4.00	0.00	0%
Council on Aging	2.00	2.00	2.00	2.00	2.00	2.00	0.00	2.00	0.00	0%
County Attorney	1.00	1.00	1.00	1.00	1.00	1.00	0.00	1.00	0.00	0%
County Manager	5.00	5.00	6.50	6.50	8.50	6.50	0.00	6.50	0.00	0%
County Manager - Human Resources	4.00	4.00	4.00	4.00	4.00	4.00	0.00	4.00	0.00	0%
Court Services	5.26	4.99	2.50	3.00	3.00	3.00	0.00	3.00	0.00	0%
Court Services - Safe Havens	0.00	0.00	2.00	2.00	1.99	1.99	0.00	1.99	0.00	(1%)
Court Services - Support Pgms	0.00	0.00	2.75	2.75	3.00	2.75	0.25	3.00	0.00	9%
Elections	2.50	2.50	2.50	2.50	3.50	2.50	1.00	3.50	1.00	40%
Emergency Operations	3.00	4.00	4.00	4.00	5.00	4.00	0.00	4.00	0.00	0%
Emergency Telecommunications	22.00	22.00	22.00	22.00	24.00	22.00	2.00	24.00	2.00	9%
Facilities Management	18.00	18.00	19.00	19.00	19.00	19.00	0.00	19.00	0.00	0%
Facilities - Agriculture & Conference Center	0	3.00	3.00	3.00	3.00	3.00	0.00	3.00	0.00	0%
Finance Office	8.00	9.00	9.00	9.00	9.00	9.00	0.00	9.00	0.00	0%
Governing Board	2.00	2.00	2.00	2.00	2.00	2.00	0.00	2.00	0.00	0%
Health - Administration	6.00	4.00	4.00	4.00	4.00	4.00	0.00	4.00	0.00	0%
Health - Animal Services	8.00	9.00	9.00	9.00	9.00	9.00	0.00	9.00	0.00	0%
Health - Clinic & Comm Health Service	24.20	37.15	33.35	33.35	33.85	33.85	0.00	33.85	0.50	1%
Health - Community & Family Health	11.75	7.75	8.75	8.75	9.75	8.75	0.00	8.75	0.00	0%
Health - Environmental Health	15.50	15.50	15.50	15.50	16.50	15.50	1.00	16.50	1.00	6%
Library Services	17.10	17.60	18.10	18.10	19.00	18.10	0.00	18.10	0.00	0%
Management Information Systems	13.00	13.00	15.00	15.00	16.00	15.00	0.00	15.00	0.00	0%

County Department	A	B	C	D	E	F	G	H	I	J
	2016 Actual	2017 Actual	2018 Amended	2018 Est	2019 Total Req.	2019 Rec. Cont.	2019 Rec. Exp.	2019 Total Rec.	Variance	Total % Inc./Dec.
Parks and Recreation	6.00	6.00	6.00	6.00	7.00	6.00	1.00	7.00	1.00	17%
Pittsboro/SC Visitors Bureau	2.00	1.00	1.00	1.00	1.00	1.00	0.00	1.00	0.00	0%
Planning	8.00	8.00	9.00	10.00	10.00	10.00	0.00	10.00	1.00	11%
Register of Deeds	6.00	6.00	6.00	6.00	7.00	6.00	0.00	6.00	0.00	0%
Sheriff's Office - Law Enforcement	91.00	90.00	103.60	103.60	107.45	103.45	0.00	103.45	0.00	(0%)
Sheriff's Office - Detention Center	49.00	54.00	44.00	44.00	44.00	44.00	0.00	44.00	0.00	0%
Social Services	87.10	89.60	89.60	89.60	90.60	89.60	0.00	89.60	0.00	0%
Soil and Water	3.00	3.00	3.00	3.00	3.00	3.00	0.00	3.00	0.00	0%
Solid Waste & Recycling	13.00	13.00	13.00	13.00	13.00	13.00	0.00	13.00	0.00	0%
Tax - Administration	11.00	11.00	11.00	11.00	11.00	11.00	0.00	11.00	(1.00)	(8%)
Tax - Assessment & Revaluation	5.00	5.00	5.00	5.00	7.00	5.00	0.00	5.00	0.00	0%
Water - Distribution	15.00	16.00	16.00	16.00	18.00	16.00	2.00	18.00	2.00	13%
Water - Water Treatment	7.00	7.00	7.00	7.00	7.00	7.00	0.00	7.00	0.00	0%
Watershed Protection	3.00	3.00	4.00	4.00	5.00	4.00	0.00	4.00	0.00	0%
<b>Total County Employees</b>	<b>493.91</b>	<b>509.09</b>	<b>522.15</b>	<b>523.65</b>	<b>552.14</b>	<b>528.99</b>	<b>7.25</b>	<b>536.24</b>	<b>12.59</b>	<b>2%</b>

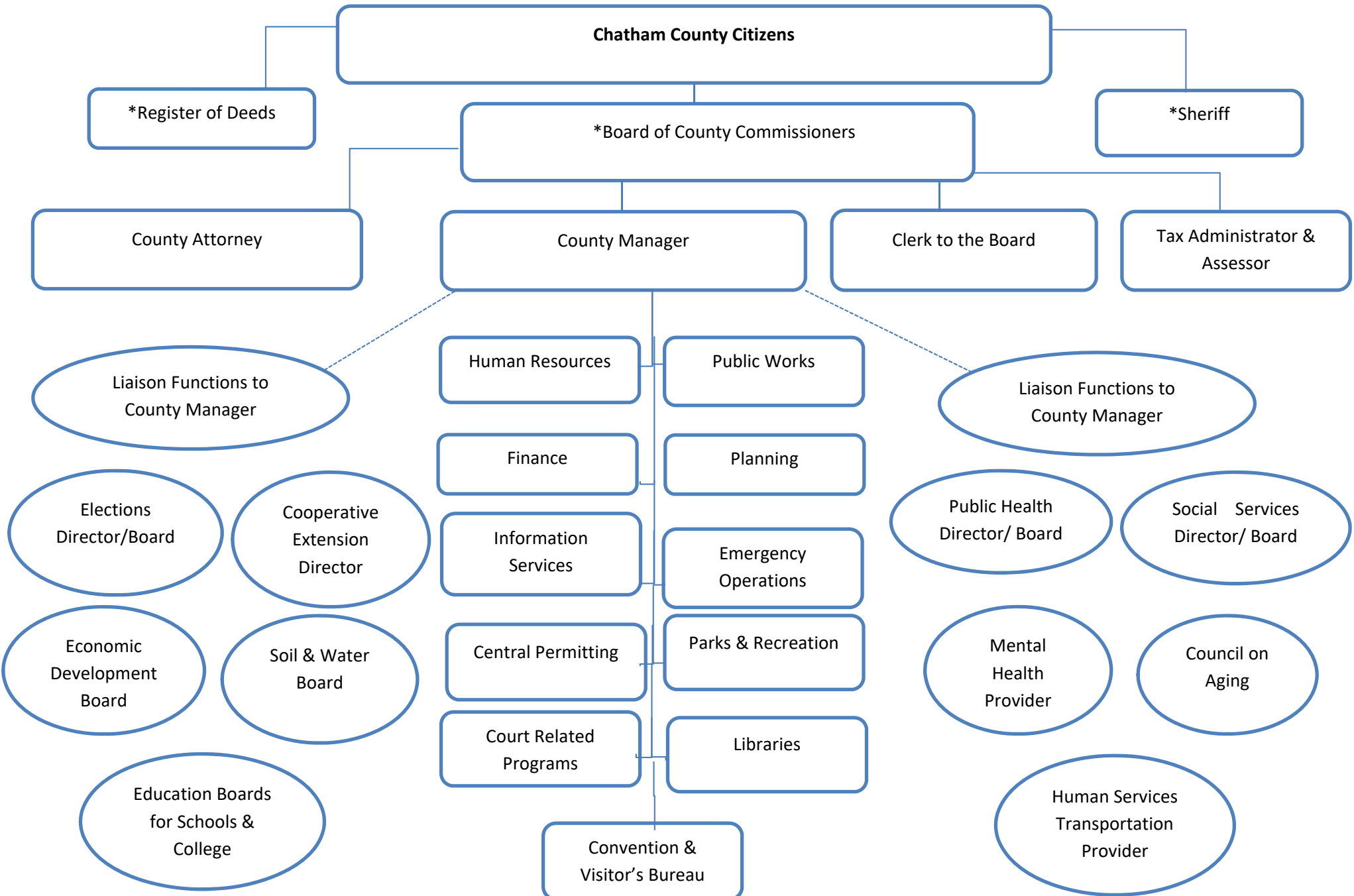
**Explanation of changes in staffing levels:** In Fiscal 2018, a Planner position budgeted in contingency was hired [+1.00]; A Land Records Specialist position was transferred from Tax [-1.00] to MIS GIS [+1.00]; Additional time was added to a Domestic Violence Advocate position in Court Services – Court-related Programs [+0.50];

In FY 2019, the number of county positions is increasing by 7.25 full-time equivalents (FTEs) from the FY 2018 budget.

- Court Services added time to a part-time Administrative Specialist position to support the restructuring of the department [+0.25];
- One full-time position was added in Elections [+1.00];

- Two full-time telecommunicators were added to Emergency Operations Telecommunications [+2.00];
- One Environmental Health Specialist position was added to Environmental Health [+1.00];
- An Assistant Director position was added to Parks and Recreation [+1.00];
- One Administrative Support Specialist and one Utility Service Worker were added to Water Distribution [+2.00];

# Chatham County Government Organizational Chart



# Summary of All Appropriated Funds

## Budget Summary

	A 2016 Actual	B 2017 Actual	C 2018 Amended	D 2018 Estimated	E 2019 Total Req.	F 2019 Total Rec.	G 2019 Appr. Cont.	H 2019 Appr. Exp.	I 2019 Total Appr.	J Variance	K Total % Inc./Dec.
<b>Revenues</b>											
Permits and Fees	4,837,314	5,225,772	4,721,731	4,971,566	4,650,300	4,650,300	4,650,300	0	4,650,300	(71,431)	(2%)
Intergovernmental	13,702,906	14,002,302	11,055,889	11,277,044	10,241,394	10,224,753	10,224,753	0	10,224,753	(831,136)	(8%)
Interest	875,806	803,102	400,750	1,004,608	555,030	555,030	555,030	0	555,030	154,280	38%
Contributions from others	6,587,689	486,819	401,512	603,734	3,321,692	3,321,692	3,321,692	0	3,321,692	2,920,180	727%
Miscellaneous	344,369	3,343,752	308,776	485,140	292,400	292,400	292,400	0	292,400	(16,376)	(5%)
Other Taxes/Licenses	751,143	898,394	848,020	953,550	924,700	924,700	924,700	0	924,700	76,680	9%
Property Tax	68,706,249	72,959,708	74,943,223	76,482,787	78,137,068	78,137,068	78,137,068	0	78,137,068	3,193,845	4%
Charges for Services	19,517,636	20,165,308	19,008,961	19,577,892	19,735,691	19,717,205	19,717,205	0	19,717,205	708,244	4%
Sales Tax	11,298,727	12,964,566	12,847,000	13,413,140	13,600,000	13,600,000	13,600,000	0	13,600,000	753,000	6%
Transfers In	16,489,949	28,825,401	22,323,352	20,068,091	23,801,543	23,801,543	23,804,340	0	23,804,340	1,480,988	7%
Debt Proceeds	23,835,596	0	0	0	0	0	0	0	0	0	
Appropriated Fund Balance	0	0	22,872,179	0	11,624,454	18,778,129	18,813,129	0	18,813,129	(4,059,050)	(18%)
<b>Total Revenues</b>	166,947,383	159,675,124	169,731,393	148,837,552	166,884,272	174,002,820	174,040,617	0	174,040,617	4,309,224	3%
<b>Expenditures</b>											
Salaries	20,736,134	21,473,697	24,093,820	23,029,677	24,846,114	24,954,113	24,764,307	189,806	24,954,113	860,293	4%
Other Salaries and Benefits	14,550,278	15,669,720	17,651,743	16,099,475	18,820,805	18,677,302	18,587,779	89,523	18,677,302	1,025,559	6%
Operating	24,947,345	26,303,596	30,574,239	28,560,965	30,775,499	31,097,562	30,920,482	177,080	31,097,562	523,323	2%
Debt	35,771,961	13,217,670	12,948,063	12,912,694	12,695,660	12,695,657	12,695,657	0	12,695,657	(252,406)	(2%)
Transfers Out	18,638,437	29,202,835	22,819,868	28,116,029	24,177,698	24,205,495	24,205,495	0	24,205,495	1,385,627	6%
Allocations/Programs	39,601,500	43,061,053	60,424,782	40,643,615	61,091,552	60,987,841	60,750,638	275,000	61,025,638	600,856	1%
Capital Outlay	1,319,610	1,670,356	1,218,878	1,216,621	1,716,923	1,384,850	1,260,428	124,422	1,384,850	165,972	14%
<b>Total Expenditures</b>	155,565,264	150,598,927	169,731,393	150,579,076	174,124,251	174,002,820	173,184,786	855,831	174,040,617	4,309,224	3%