

## Appendix A: Chatham County Financial and Budgetary Policies

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

### Budget Policies

**Objective:** The County will manage its annual budget to meet its legal and debt obligations, ensure adequate funding of current service levels, meet the priorities of the Board of Commissioners, maintain the County's financial condition, and keep property tax increases to a minimum. The County shall operate under an annual balanced budget ordinance whereby the sum of net revenues and appropriated fund balances equals the expenditure appropriations. The *Local Government Budget and Fiscal Control Act* (G.S. 159-8) requires a balanced budget ordinance from all local governments.

**New or increased services:** The County should ensure adequate funding of critical services before funding new or enhanced services.

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

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

**Funding-of Nonprofit Agencies:** The County will follow a fair process for funding nonprofits. All requests will be made through the county's annual nonprofit allocation process. The County will utilize volunteers to review requests and make a recommendation to County Commissioners. Total funding available for allocation will be determined annually by the Board of Commissioners.

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

- If a grant does not require any county match, either cash or in-kind, and the funder does not expect the county to continue to fund a position or a program after the grant, then the proposal can be reviewed and approved by staff. However, the County Manager may choose to present a grant proposal to the Board for approval, if he/she feels that it is appropriate.

- If the grant requires a county match, either cash or in-kind, or the funder expects the county to continue to fund a position or program after the grant is complete, then the grant application must be submitted to the Board of Commissioners for approval.
- For grants that require Board of Commissioner approval, but will not be complete two weeks prior to the meeting when the agenda must be completed, the Manager's Office can authorize the application with prior notice to the Chair and Vice Chair and report to the Board of Commissioners at their next meeting. If the Board of Commissioners does not approve the grant proposal, the funder will be notified that the county chooses to withdraw the application.

**New positions:** New positions for existing programs and services should be added when there is no other viable option. Alternatives, such as contracting, technology, and reassignment of duties should be fully explored and documented before new positions are funded.

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

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

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

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

- Transfer funds within a department without limitation.
- Transfer amounts of up to \$5,000 between departments of the same fund with a memorandum report of such transfers at the next regular meeting of the Board of Commissioners.
- Transfer amounts of up to \$50,000 from contingency to any department with a memorandum report of such transfers at the next regular meeting of the Board of Commissioners. Greater amounts can be made available upon agreement of the Board of Commissioners.
- Transfer, terminate, or create positions, and transfer associated funds, without limitation, provided that actual personnel costs do not exceed budgeted personnel costs and position counts are not increased.
- Employ temporary help from time to time to meet circumstances.
- Execute contracts provided that funds for the contract have been approved as part of the annual budget and the contract does not exceed the funds appropriated, the contract's term does not exceed three years, all applicable state laws and county policies regarding purchasing are followed, and the contract does not exceed \$100,000
- Execute change orders provided that the change order is for a project approved as part of the annual budget or by a project ordinance approved by the Board of Commissioners, the change order does not exceed the funds appropriated, and the change order does not exceed \$100,000.

## Debt policies

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

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

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

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

**Debt limitation:** Debt issuance guidelines and formulas established by the Local Government Commission and rating agencies will be closely monitored and appropriately applied. North Carolina state law permits local governments to issue debt up to eight percent of the total assessed valuation.

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

## Fees and user charges policies

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

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

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

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

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

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

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

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

**Process:** A seven-year capital improvements plan shall be prepared and updated each year. Departments and agencies shall request items meeting the definition of a capital asset through the County's annual CIP process. Only in extreme circumstances will the County consider items outside the CIP process. Generally, agencies should plan five years ahead for capital improvements and project additions to the CIP should occur in Year 7 of the CIP.

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

**Capital project ordinances:** A separate capital project ordinance shall be submitted to the Board of Commissioners for approval for all capital improvements which span more than one fiscal year and cost \$100,000 or more.

### **Fund balance**

**Objective:** Recurring operational expenses of the county will be funded through recurring revenue sources. Fund balance is considered one-time revenue. The county shall maintain unassigned fund balance in its general fund equal to 20 percent of the previous annual operating budget in order to meet emergency obligations, avoid interruptions in cash flow, generate interest income, and maintain an investment-grade bond rating.

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

**Excess Fund Balance:** Upon completion of the annual audit of County finances, any unassigned fund balance above 22% will be transferred to the Capital Reserve Fund. The Capital Reserve Fund shall be used for one-time capital expenditures. The fund may also be used for prepayment of debt, upon recommendation by the County Finance Officer, to reduce the county's outstanding debt or to pay down debt with high interest rates.

## Capital Reserves

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

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

## Cash Management:

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

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

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

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

## Accounting and Financial Reporting

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

Adopted by the Board of Commissioners: December 15, 2003

Amended by the Board of Commissioners: January 16, 2008

Amended by the Board of Commissioners: June 14, 2010

Amended by the Board of Commissioners: January 31, 2011

Amended by the Board of Commissioners: January 12, 2012

Amended by the Board of Commissioners: February 18, 2013

Amended by the Board of Commissioners: January 10, 2014

Amended by the Board of Commissioners, February 2, 2015

## Appendix B: Glossary of Terms and Acronyms

- 1) ADM — Average daily membership of school children.
- 2) Ad Valorem Taxes — Taxes levied on real and personal property, including vehicles.
- 3) Appropriation — The amount of money legally authorized by the Board of Commissioners for projected expenses, as stated in the budget ordinance. Chatham County makes appropriations on a budget area level.
- 4) Assessed Value — The value of real and personal property, as determined by tax assessors, which is used as the basis for levying taxes.
- 5) Budget Message — The County Manager's written overview of the proposed budget addressed to the Board of Commissioners and the public. The budget message addresses major budget items, their justification, and the County's present and expected financial conditions.
- 6) Budget Ordinance — A local law enacted for the purpose of establishing an annual budget and tax rate. Chatham County's budget ordinance also addresses budget amendments, sets new fees, and sets forth travel reimbursements.
- 7) CCCC — Central Carolina Community College.
- 8) CCS — Chatham County Schools.
- 9) CIP — Capital Improvements Program.
- 10) Capital Improvements Program (CIP) — A seven+-year plan of proposed capital improvement projects (projects with a value of at least \$100,000 and a useful life of at least three years). The CIP includes estimated project costs and proposed funding mechanisms over a specified period of years. Examples include new schools and large technology projects.
- 11) Capital Outlay — An item which costs \$2,500 or more and has a useful life of more than one year. Examples of capital outlay items include computer hardware and software, vehicles, and buildings.
- 12) Certificates of Participation (COPs) — A method of financing capital projects that does not require a public vote. Chatham County has chosen to fund part of its Capital Improvements Program (CIP) using COPs. Generally, COPs carry a slightly higher interest rate than General Obligation Bonds.
- 13) Contingency — Funds set aside for unforeseen conditions that may arise during the budget year. Transfers from the contingency line item must be approved by the County Manager (up to \$50,000) or Board of Commissioners (greater than \$50,000).
- 14) Continuation — Chatham County budgets on a continuation/expansion basis. Continuation refers to the costs of running current programs at current levels and includes replacement capital outlay.
- 15) Debt Service — Principal and interest payments required to retire the County's debt, including general obligation bonds, COPs, and installment contracts.
- 16) EMS — Emergency medical services.
- 17) Enterprise Fund — A fund that accounts for operations financed primarily from user charges. The operation of enterprise funds resembles a business, and in Chatham County, includes the Southeast Water District, Water Utility Fund and Solid Waste & Recycling Fund. The long-term goal of enterprise funds is to make them self-supporting, so that they do not rely on property taxes or other general revenues for funding.
- 18) Expansion — Refers to the costs of providing new programs or enhanced service levels.
- 19) Expenditures — Appropriation for a program or capital project.
- 20) FTE — Full-time equivalency. FTEs are used to show position counts in County departments.
- 21) FY — Fiscal year.
- 22) Fiscal Year — The County's budget and financial cycle, which by state law begins on July 1 and ends on June 30. In Chatham County fiscal years are designated by the year in which they end, for example, FY 2015 refers to the period of July 1, 2014 to June 30, 2015.
- 23) Full-time Equivalency (FTE) — Refers to the number of personnel employed by the County in terms of a 40-hour workweek. For example, two 50-percent positions equal one FTE position.
- 24) Functional Category — One of six categories to which departments are assigned, including Administration, Culture/Recreation/Education, General Government, Human Services, Natural Resource Management, and Public Safety. Departments are grouped by these categories to give Commissioners and the public an overall picture of where resources are targeted. In the FY 2015 budget, all of the functions of the Health Department have been grouped in Human Services.
- 25) Fund — An accounting entity created to record the financial activity for a selected financial grouping. A fund is set up to carry out a special function or to attain certain objectives in accordance with set laws and regulations.
- 26) Fund Balance — The accumulation of moneys that are left unspent after all expenditures have been made and which may be appropriated to finance expenditures in future years. A fund balance gives the County a reserve from which 1) to make payments when major revenues have not yet come in

- (especially in the first few months of the fiscal year before property taxes are paid) and 2) to deal with unplanned emergencies and opportunities.
- 27) GASB -- Stands for Governmental Accounting Standards Board. GASB is the independent organization that establishes and improves standards of accounting and financial reporting for U.S. state and local governments.
  - 28) GIS – Geographic Information System, a computer-based system that stores and links geographically referenced data with base maps to allow a wide range of information processing, map production, data analysis, and modeling.
  - 29) General Fund — A fund which provides for the accounting of all financial resources, except those designated for another fund because of legal requirement or other reasons. Most basic government services are accounted for in this fund. Exceptions include water, sewer, solid waste, special revenue funds, trust funds, and capital projects.
  - 30) General Obligation Bonds — Bonds issued by the government which are backed by the full faith and credit of its taxing authority because they have been voted upon and approved by the County’s citizens.
  - 31) General Revenues — Those revenues not earmarked for a particular department or activity that can be used for any purpose. The major sources of general revenues are the property and the unrestricted portion of sales taxes.
  - 32) Grants — A contribution from another government or private entity to be used for a specific purpose. Generally, grants must be tracked financially and very specific reports given to the funding agency to ensure compliance with grant provisions.
  - 33) Installment Purchase – A means of debt financing that is essentially the same as a bank loan. Assets are used as collateral and it does not require a vote of the people.
  - 34) Intergovernmental Revenues — Revenues from other governments (federal, state, and local) that can be in the form of grants, shared revenues, or entitlements. Most intergovernmental revenues are restricted by purpose.
  - 35) Manager’s Recommended Budget — The budget presented by the County Manager, who serves as the budget officer, to County Commissioners and the public for their review and revision. The recommended budget is based on Commissioner direction given at the annual retreat, department issues included in the Heads Up document, revenue projections, department and agency requests, and the Manager’s own priorities. State law requires the presentation of the recommended budget on or before June 1. Chatham County usually presents its recommended budget on the first Monday in May.
  - 36) MIS — Acronym for Management Information Systems, which is the department responsible for planning and maintaining the County’s computer and telephone systems.
  - 37) Mission – A statement of the fundamental purpose of a budget area.
  - 38) NA — “Not applicable.” Used in the context of performance measurement, it denotes that the service being measured was previously not provided.
  - 39) NM — “Not measured.” Used in the context of performance measurement, it denotes that the performance indicator was not measured.
  - 40) Net Cost — The amount of general revenue that supports a particular function, department, or program. Net cost is calculated by subtracting offsetting revenues from expenditures. Net cost gives an indication of how much general revenue (mainly property and sales taxes) goes to support a budget area, department, or functional area.
  - 41) Objective — A goal which the department is trying to reach during the fiscal year that is tied to level of service and effect on the public.
  - 42) Offsetting revenues — Include fees and other revenues which are generated by or earmarked for a particular function, department, or program.
  - 43) Performance Measure — Specific measurable indicators of goals identified by departments. Performance measures are the basis of performance-based budgeting and give an indication of workload, efficiency, effectiveness, and productivity.
  - 44) Revenue — Income for the fiscal year. The County’s major revenue sources are local, state, federal, transfers, fees, and grants.
  - 45) Special Revenue Fund – Fund to account for the proceeds of specific revenue sources that are legally restricted for specific purposes.
  - 46) Tax Levy – Amount raised by general property taxes derived by multiplying the tax rate and the assessed value.
  - 47) Tax Rate – The amount of tax levied for each \$100 of assessed valuation.
  - 48) Work Plan – Produced by departments, work plans show the main goals, objectives, and performance measures of departments.

# Appendix C: Chatham County 2019-2025 Capital Improvements Program Introduction

## About the Capital Improvements Program (CIP)

The CIP is a long-term plan for funding the County's major capital needs. It shows how facilities, equipment, and other projects that cost \$100,000 or more could be scheduled and funded over the next seven years, beginning in FY 2019.

It is important to state upfront that this is a PLAN, not a BUDGET, since a budget controls the actual spending of allocated funds. While staff attempts to be as accurate as possible, it is difficult to estimate project costs exactly, particularly early in the planning process. Before funds can be spent they must be budgeted through the operating budget or, in most cases, through a separately adopted project ordinance.

The same is true for operating costs. As facilities are being planned, staff attempts to identify operating costs, such as staffing and utilities. The cost of these items depends on final square footage and operational issues that may not be apparent until the facility is far along in planning.

## CIP Process

The CIP is a plan which is updated annually during the budget process and may be modified at any time to reflect changing conditions. A CIP is a systematic way of anticipating, planning, and budgeting for major projects. The adoption of a CIP can improve the credit worthiness (bond rating) of a jurisdiction.

Timeline for adoption:

- CIP requests originate at the department level. Requests were submitted by departments on or before October 2, 2017.
- The Manager's Office is responsible for reviewing new and existing requests and recommending a proposed CIP to the Board of Commissioners. The recommended CIP will be presented on November 6, 2017.
- Commissioners obtain public input on the CIP before discussing it. A public hearing is scheduled for November 20, 2017.
- Commissioners review the recommendation in detail and make changes. Commissioners have a work session scheduled on November 21, 2017.

- The final action is adoption of the CIP, tentatively scheduled for the December 18, 2017 meeting.

## Overall Approach

No new debt-funded projects are recommended in the CIP; however the projected budgets for Seaforth High School, Chatham Grove Elementary School, and Central Services Building have increased with the addition of LEED Silver. The projected budget for Chatham Grove Elementary School has also increased to make improvements needed for an emergency shelter and for the potential addition of a recreation center that would be shared with the County Parks & Recreation Department and built in lieu of a multipurpose room. As long as the bids for Chatham Grove, Seaforth High School and the Health Sciences Building are within budget, no additional contribution will be needed to the debt reserve.

However, experts in the construction industry warn that growth in the economy has resulted in rapidly rising building costs; further, the development of the commercial area of Chatham Park and NC Connect projects are projected to begin around the time the new elementary and high schools and health sciences building will be bid. Staff is monitoring the situation and will work to obtain additional architectural estimates early in 2018. An additional point to consider is that the county's authority to levy school impact fees is being studied by the NC General Assembly. If that authority is repealed, approximately three additional cents on the property tax rate would be required to make up for this loss for approved projects in the debt model.

There are significant future projects on the horizon, namely the replacement of the county's emergency radio system, the construction of additional elementary or middle schools, and the construction of a shared western intake and water plant on Jordan Lake. These projects will also require debt funding and will add significantly to the county's debt load, which is already projected to be the highest in our population group. In addition, the radio system will require a shorter amortization period than typical projects, which would have a significant impact on the debt model. To ensure capacity for these critical projects, additional debt-funded projects, which are not deemed an absolute necessity, should be avoided in the near future.



## Recommended Changes

The Recommended CIP was approved by the board on November 21, 2017. Recommended changes to the Approved 2018-2024 CIP (as amended) include:

Schools: School projects are recommended as requested by the Chatham County Board of Education, unless noted below.

- **Increase funding for mobile classrooms.** Current enrollment figures and projections based on the impact of House Bill 13 and for growth indicate that additional mobile units may be needed. Five classrooms are currently installed and an additional two are planned in FY 2018. An addition to the existing project will allow Chatham County Schools to purchase 12 more mobile units will meet these space needs. [+473,695]
- **Increase funding for repair of Northwood High School Auditorium HVAC.** The project is complete, but the cost exceeded the available budget and additional funds are needed. [+9,605]

Other projects: Other projects are recommended as requested by the agency or department, unless otherwise noted.

- **New EMS Base on US15-501:** An emergency medical services (EMS) station is needed on 15-501 north to reduce response times in an area of the county that has a high volume of EMS calls. Currently, those calls are answered from Pittsboro and from the station on Fearington Point Road. [+1,241,897];
- **CCCC Walking Trail:** The existing walking trail surrounding the CCCC Pittsboro Campus is badly in need of repair in FY 2019 [+\$183,750]. A connector trail between CCCC Pittsboro Campus and the Chatham County Agriculture & Conference Center is needed to allow foot traffic between the two sites in FY 2021 [+115,000];
- **Central Carolina Business Park Pavement Overlay:** In order to accept the roads for maintenance, NCDOT requires a pavement overlay over the entire length of Progress Boulevard and full depth repair of the intersections of Progress Boulevard with both Campus Drive and Technology Way. Additionally, the routine inspections of the bridge over Loves Creek identified required repairs FY 2019. [+500,000]; and
- **Increase the budget for Briar Chapel Park:** Additional funds are needed for design, to pave the parking lots and to repair the pond. [+237,873].

## **Add Future Projects:**

- **New Sheriff Office:** The Sheriff has requested additional office space and has proposed building a new office on the space available in front of the Detention Facility for future growth and to consolidate the office in a single location.
- **Annex Campus Master Plan:** Develop a long-term master plan to address long-term space needs for the campus of the Courthouse Annex, Dunlap Building, and Old Agriculture Building.

The CIP includes both summaries of major projects, revenues and operating expenses and detailed descriptions of each project, including justifications, cost detail, funding sources, and impacts on the operating budget.

## Debt-Model Assumptions

- 7.7 cents on the property tax rate is dedicated annually. As long as the bids for Chatham Grove, Seaforth High School and the Health Sciences Building are within budget, no additional contribution to the debt model will be needed.
- 2% annual growth in property tax revenues/base (growth since the last revaluation has averaged 2.46%).
- 2% annual growth in lottery proceeds. Impact fees are estimated to grow 2% until FY 2022, when Briar Chapel is expected to be built out. The development has been paying an addition \$2,000 per unit in impact fees, and that amount is subtracted from FY 2022.

## Other Assumptions

- Generally, construction costs are inflated 5% per year. Staff also recommends a 5-10 percent contingency for most projects.
- Other project costs, such as equipment, and operating costs are usually inflated by a factor of 3% per year, unless there is good reason to use another inflationary factor (which will be noted).
- Operating costs are generally inflated 3% per year, unless costs are fixed by contract.

## Bond Rating

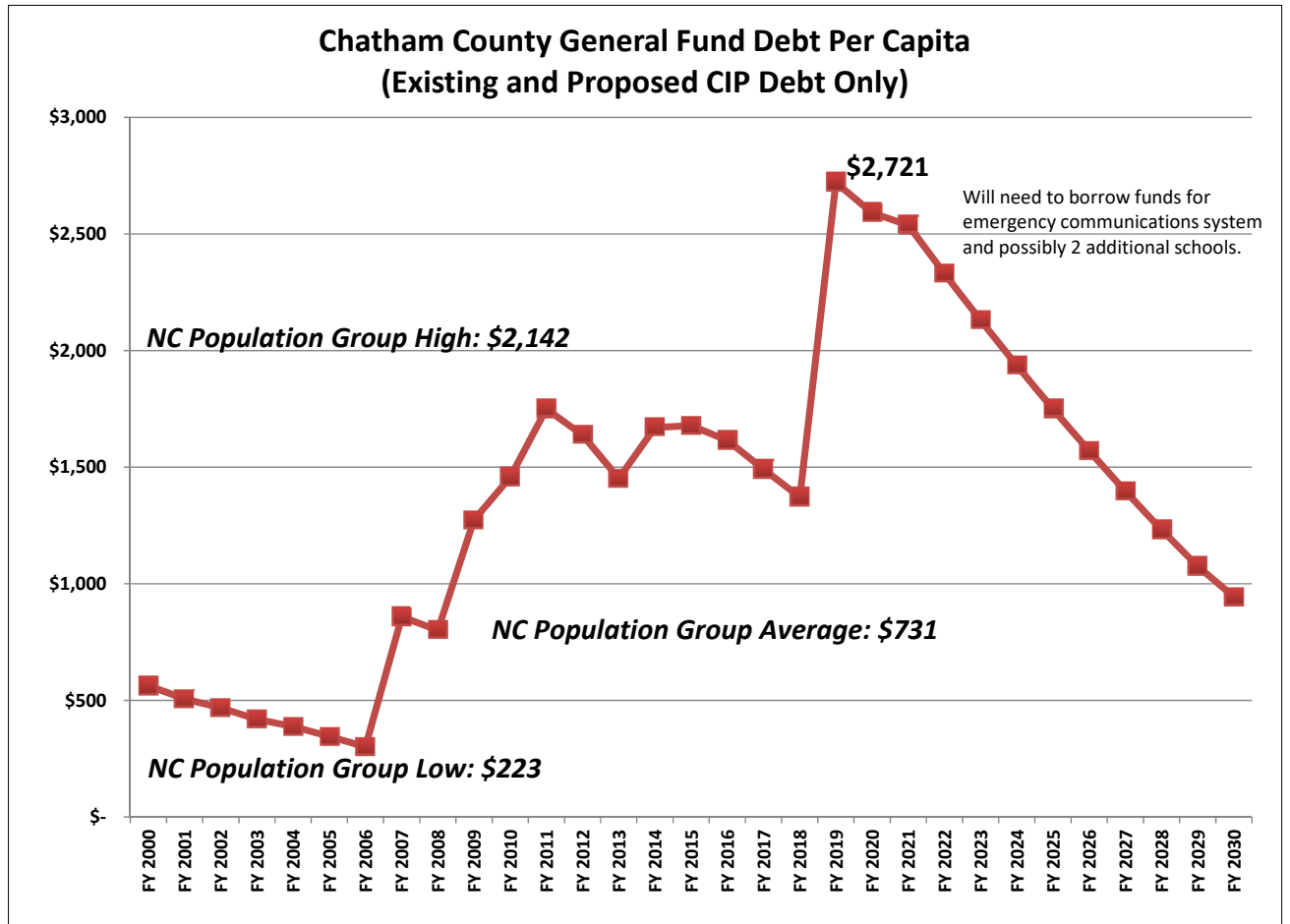
Chatham's ratings are exceptional. Chatham is one of only 9 other counties in North Carolina to hold a AAA rating from Standard and Poor's and is by far the smallest county. Both ratings were upgraded in October 2014:

- Standard and Poor's (S&P): AAA (up from AA+)
  - Moody's : Aa1 (up from Aa2/favorable outlook)
- With a population more than twice as big as Chatham's, Orange County is the next largest county to hold a AAA. Of the surrounding counties, Chatham's combined rating is higher than Alamance, Lee, Harnett, Moore, and Randolph. Chatham holds the highest combined rating in its population group (50,000 to 99,999).

**Debt Indicators**

Debt indicators are factored as if all projects are approved as recommended.

- Debt as a percent of assessed value: With a projected high of 1.97% in FY 2019, the county's indicator is projected to be slightly above the highest county (as of June 30, 2016) at 1.86% in its population group (50,000 to 99,999) and below the 8% legal maximum. (No county in NC is anywhere near the legal debt limit. The highest in the state is 2.879%.)
- Debt per capita: With a projected high of \$2,721 in FY 2019, the county per capita debt would exceed the current highest county (as of June 30, 2016) in its population group, \$2,142.
- Debt as a percent of the operating budget: Staff projects that, depending on decisions made in the operating budget, debt service may exceed the 15% maximum recommended by the Local Government Commission (LGC). The current model shows debt service exceeding 15% in FY 2022 and FY 2023. While this is an issue, the county differs from other counties in that funds for debt service have been set aside in a reserve account. Therefore, increases in debt service do not decrease Chatham County's flexibility to manage the operating budget, the primary concern of the LGC's maximum.



**Appendix D: List of New or Increased Fees**

Department	Action	Fee Name	Current Fee Amt	Unit	Appr Fee Amt	Justification	Projected Revenue
Fire Inspections	New	After Hours Inspection	\$0	Per Inspection	\$75	Periodically event inspections or businesses require an inspection on the weekends	\$750
Health - Clinic	Increase	DT Vaccine	\$34	Per visit	\$60	Recover the cost of the service and maximize reimbursement.	\$0
Health - Clinic	Increase	Pneumonia Vaccine	\$85	Per visit	\$110	Recover the cost of the service and maximize reimbursement.	\$25
Health - Clinic	Increase	MMR-V Vaccine	\$190	Per visit	\$220	Recover the cost of the service and maximize reimbursement.	\$0
Health - Clinic	Increase	HPV Vaccine	\$185	Per visit	\$220	Recover the cost of the service and maximize reimbursement.	\$140
Health - Clinic	Increase	Vitamin B12 Lab	\$6	Per visit	\$14	Recover the cost of the service and maximize reimbursement.	\$15
Health - Clinic	Increase	Thyroxine Lab	\$9	Per visit	\$12	Recover the cost of the service and maximize reimbursement.	\$4
Health - Clinic	Increase	Rubella Antibody Lab	\$10	Per visit	\$46	Recover the cost of the service and maximize reimbursement.	\$182
Health - Clinic	Increase	Culture GC Screen	\$9	Per visit	\$12	Recover the cost of the service and maximize reimbursement.	\$106
Health - Clinic	New	Meningococcal B Vaccine	\$0	Per visit	\$180	The missing "b" component of the currently required meningococcal vaccine. Men b	\$0
Health - Clinic	New	Minority Diabetes Prev. Program	\$0	Per session	\$25	Per the '17-18 Agreement Addendum. Activity Number 473, Description: Minority	\$750
Parks and Recreation	Increase	Youth Basketball (in county)	\$30	Per registrant	\$35	Current year program is not meeting cost recovery goals	\$3,475
Parks and Recreation	Increase	Youth Basketball (out of county)	\$40	Per registrant	\$50	Current year program is not meeting cost recovery goals	\$50
Water Capital Reserve	Decrease	5/8"x 3/4"	\$3,500	Per connection	\$3,431	Legislature mandated review	(\$69)/(2%)
Water Capital Reserve	Decrease	1"	\$7,000	Per connection	\$5,729	Legislature mandated review	(\$1,271)/(18%)
Water Capital Reserve	Increase	1 1/2"	\$10,000	Per connection	\$11,425	Legislature mandated review	\$1,425/14%
Water Capital Reserve	Increase	2"	\$16,000	Per connection	\$18,287	Legislature mandated review	\$2,287/14%
Water Capital Reserve	Increase	3"	\$30,000	Per connection	\$34,310	Legislature mandated review	\$4,310/14%
Water Capital Reserve	Increase	4"	\$40,000	Per connection	\$57,194	Legislature mandated review	\$17,194/43%
Water Capital Reserve	Decrease	6"	\$120,000	Per connection	\$114,355	Legislature mandated review	(\$5,645/5%)

# FY 2018-2019 Budget Ordinance

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

## Section 1: Revenues.

The following budget with anticipated revenues is hereby adopted in accordance with G.S. 159 by the County of Chatham for the fiscal year beginning July 1, 2018 and ending June 30, 2019 as follows:

<b>Bells Annex Fire District</b>		<b>Total Circle City Fire District</b>		<b>Facility/Debt Reserve</b>	
Appropriated Fund Balance	\$7,200	Coal Ash Settlement	<b>\$1,293,676</b>	Transfers In	\$10,771,259
Property Tax	\$120,434	Appropriated Fund Balance	\$2,000,000	Intergovernmental	\$500,000
<b>Total Bells Annex Fire District</b>	<b>\$127,634</b>	Interest	\$7,500	Interest	\$125,000
<b>Bennett Fire District</b>		Contributions from others	\$3,000,000	<b>Total Facility/Debt Reserve</b>	<b>\$11,396,259</b>
Appropriated Fund Balance	\$8,600	<b>Total Coal Ash Settlement</b>	<b>\$5,007,500</b>	<b>General Fund</b>	
Property Tax	\$121,165	<b>Courthouse Clock Trust Fund</b>		Permits and Fees	\$1,782,300
<b>Total Bennett Fire District</b>	<b>\$129,765</b>	Appropriated Fund Balance	\$65,625	Transfers In	\$10,724,660
<b>Bonlee Fire District</b>		<b>Total Courthouse Clock Trust Fund</b>	<b>\$65,625</b>	Appropriated Fund Balance	\$5,963,031
Appropriated Fund Balance	\$5,000	<b>Emergency Telephone System</b>		Intergovernmental	\$9,109,688
Property Tax	\$218,857	Appropriated Fund Balance	\$18,000	Interest	\$175,000
<b>Total Bonlee Fire District</b>	<b>\$223,857</b>	Intergovernmental	\$440,852	Contributions from others	\$321,692
<b>Canoe Access/Easement</b>		Interest	\$4,000	Miscellaneous	\$292,400
Appropriated Fund Balance	\$8,500	<b>Total Emergency Telephone System</b>	<b>\$462,852</b>	Other Taxes/Licenses	\$924,700
Interest	\$75	<b>Emergency Vehicle Replacement</b>		Property Tax	\$68,773,000
<b>Total Canoe Access/Easement</b>	<b>\$8,575</b>	Appropriated Fund Balance	\$50,000	Charges for Services	\$2,356,829
<b>Central Chatham Fire District</b>		<b>Total Emergency Vehicle Replacement</b>	<b>\$50,000</b>	Sales Tax	\$13,600,000
Appropriated Fund Balance	\$22,800	<b>Capital Improvements (CIP) Capital Reserve</b>		<b>Total General Fund</b>	<b>\$114,023,300</b>
Property Tax	\$405,487	Transfers In	\$2,308,421	<b>Goldston Fire District</b>	
<b>Total Central Chatham Fire District</b>	<b>\$428,287</b>	Appropriated Fund Balance	\$2,471,579	Property Tax	\$255,793
<b>Circle City Fire District</b>		Interest	\$30,000	<b>Total Goldston Fire District</b>	<b>\$255,793</b>
Appropriated Fund Balance	\$33,000	<b>Total CIP Capital Reserve</b>	<b>\$4,810,000</b>	<b>Health Internal Service</b>	
Property Tax	\$1,260,676			Appropriated Fund Balance	\$100,000
				Interest	\$20,000

Charges for Services	\$6,539,357
<b>Total Health Internal Service</b>	<b>\$6,659,357</b>
<b>Hope Fire District</b>	
Appropriated Fund Balance	\$12,000
Property Tax	\$424,624
<b>Total Hope Fire District</b>	<b>\$436,624</b>
<b>Impact Fees</b>	
Permits and Fees	\$2,615,000
Appropriated Fund Balance	\$2,500,000
Interest	\$20,000
<b>Total Impact Fees</b>	<b>\$5,135,000</b>
<b>Law Enforcement Pension Trust</b>	
Interest	\$2,000
Charges for Services	\$125,000
<b>Total Law Enforcement Pension Trust</b>	<b>\$127,000</b>
<b>Library Foundation Trust Fund</b>	
Appropriated Fund Balance	\$10,650
Interest	\$50
<b>Total Library Foundation Trust Fund</b>	<b>\$10,700</b>
<b>Moncure Fire District</b>	
Appropriated Fund Balance	\$3,000
Property Tax	\$778,288
<b>Total Moncure Fire District</b>	<b>\$781,288</b>
<b>North Chatham Fire District</b>	
Appropriated Fund Balance	\$129,000

Property Tax	\$5,376,102
<b>Total North Chatham Fire District</b>	<b>\$5,505,102</b>
<b>Northview Fire District</b>	
Property Tax	\$34,929
<b>Total Northview Fire District</b>	<b>\$34,929</b>
<b>Parkwood Fire District</b>	
Property Tax	\$320,179
<b>Total Parkwood Fire District</b>	<b>\$320,179</b>
<b>Recreation Fees</b>	
Permits and Fees	\$253,000
Appropriated Fund Balance	\$350,000
Interest	\$2,500
<b>Total Recreation Fees</b>	<b>\$605,500</b>
<b>Sheriff-Property Seizure</b>	
Appropriated Fund Balance	\$130,000
Interest	\$250
<b>Total Sheriff-Property Seizure</b>	<b>\$130,250</b>
<b>Environmental Quality - Solid Waste &amp; Recycling</b>	
Appropriated Fund Balance	\$365,919
Intergovernmental	\$174,213
Interest	\$28,655
Charges for Services	\$2,903,828
<b>Total Environmental Quality Solid Waste &amp; Recycling</b>	<b>\$3,472,615</b>
<b>Environmental Quality Solid Waste &amp; Recycling Reserve</b>	
Appropriated Fund Balance	\$746,500

Interest	\$3,500
<b>Total Environmental Quality Solid Waste &amp; Recycling Reserve</b>	<b>\$750,000</b>
<b>Southeast Water District</b>	
Interest	\$1,500
Charges for Services	\$633,500
<b>Total Southeast Water District</b>	<b>\$635,000</b>
<b>Staley Fire District</b>	
Appropriated Fund Balance	\$3,000
Property Tax	\$47,534
<b>Total Staley Fire District</b>	<b>\$50,534</b>
<b>Water Capital Reserve</b>	
Appropriated Fund Balance	\$2,850,000
Interest	\$75,000
Charges for Services	\$700,000
<b>Total Water Capital Reserve</b>	<b>\$3,625,000</b>
<b>Water Equipment Reserve</b>	
Appropriated Fund Balance	\$100,000
Interest	\$2,000
<b>Total Water Equipment Reserve</b>	<b>\$102,000</b>
<b>Water Fund</b>	
Appropriated Fund Balance	\$859,725
Interest	\$58,000
Charges for Services	\$6,458,691
<b>Total Water Fund</b>	<b>\$7,376,416</b>

## Section 2: Expenditures.

The following budget with anticipated expenditures is hereby adopted in accordance with G.S. 159 by the County of Chatham for the fiscal year beginning July 1, 2018 and ending June 30, 2019 as follows:

<b>General Fund</b>		Nonprofit Allocations	\$421,500	Circle City Fire District	\$1,293,676
CCCC - Community College	\$1,792,025	Parks and Recreation	\$1,218,686	Coal Ash Settlement	\$5,007,500
Central Permitting	\$1,746,001	Pittsboro/SC Visitors Bureau	\$102,009	Courthouse Clock Trust Fund	\$65,625
Chatham County Schools	\$39,730,334	Planning	\$847,882	Emergency Telephone System	\$462,852
Cooperative Extension	\$408,542	Register of Deeds	\$508,380	Emergency Vehicle Replacement	\$50,000
Council on Aging	\$1,004,106	Sheriff	\$13,718,787	Capital Improvement (CIP) Capital Reserve	\$4,810,000
County Attorney	\$403,321	Social Services	\$8,913,410	Facility/Debt Reserve	\$11,396,259
County Manager's Office	\$1,095,667	Soil and Water	\$248,339	Goldston Fire District	\$255,793
Court Facilities	\$1,196,191	Tax	\$1,561,597	Health Internal Service	\$6,659,357
Court Services	\$919,311	<b>Total General Fund</b>	<b>\$114,023,300</b>	Hope Fire District	\$436,624
Economic Development	\$1,066,858	<b>Environmental Quality Solid Waste &amp; Recycling Fund</b>		Impact Fees	\$5,135,000
Elections	\$460,223	Solid Waste & Recycling	\$3,472,615	Law Enforcement Pension Trust	\$127,000
Emergency Management Telcommunications	\$1,695,207	<b>Total Environmental Quality Solid Waste &amp; Recycling</b>	<b>\$3,472,615</b>	Library Foundation Trust Fund	\$10,700
Emergency Operations	\$3,609,507	<b>Southeast Water District</b>		Moncure Fire District	\$781,288
Environmental Quality – Watershed Protection	\$405,285	Southeast Water District	\$635,000	North Chatham Fire District	\$5,505,102
Facilities	\$5,167,446	<b>Total Southeast Water District</b>	<b>\$635,000</b>	Northview Fire District	\$34,929
Finance Office	\$1,084,464	<b>Water Fund</b>		Parkwood Fire District	\$320,179
General Services - Non Depart	\$13,053,113	Water	\$7,376,416	Recreation Fees	\$605,500
Governing Board	\$401,648	<b>Total Water Fund</b>	<b>\$7,376,416</b>	Sheriff-Property Seizure	\$130,250
Health	\$6,539,850	<b>Other Funds</b>		Environmental Quality Solid Waste & Recycling Reserve	\$750,000
Library Services Management	\$2,088,510	Bells Annex Fire District	\$127,634	Staley Fire District	\$50,534
Information Systems	\$1,800,831	Bennett Fire District	\$129,765	Water Capital Reserve	\$3,625,000
Mental Health	\$415,277	Bonlee Fire District	\$223,857	Water Equipment Reserve	\$102,000
Nonprofit - Chatham Trades	\$182,000	Canoe Access Easement Project	\$8,575		
Nonprofit – Chatham Transit Network	\$216,993	Central Chatham Fire District	\$428,287		

### Section 3: Tax Levy Rate.

For Chatham County, there is hereby levied a tax at the rate of 62.81 cents (\$0.6281) per one-hundred dollars (\$100.00) valuation of property listed for taxes as of January 1, 2018. This rate is based on an estimate total valuation of property, for the purpose of taxation, of \$11,039,532,274, which is 100% of the total assessed property tax valuation, and upon a collection rate of 98% for real and personal property and 99% for motor vehicles.

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

Fire District	
Bells Annex (North Chatham FD)	0.1030
Bennett (Bennett FD)	0.0900
Bonlee (Bonlee FD)	0.0700
Central Chatham (Siler City FD)	0.0900
Circle City (Pittsboro FD)	0.1225
Goldston (Goldston FD)	0.0900
Hope (Silk Hope FD)	0.0785
Moncure (Moncure FD)	0.1250
North Chatham (North Chatham FD)	0.1030
Northview (Northview FD)	0.0860
Parkwood (Parkwood FD)	0.1000
Staley (Staley FD)	0.1000

### Section 4: Fees.

All fees that Chatham County has authority to charge on June 30, 2018 are hereby declared to be in effect during FY 2018-2019 without amendment or change as of July 1, 2018, with the exception that the following fees are hereby enacted or changed:

Department	Fee	Fee Amount
Fire Inspections	After Hours Inspection	\$75
Health - Clinic	DT Vaccine	\$60
Health - Clinic	Pneumonia Vaccine	\$110
Health - Clinic	MMR-V Vaccine	\$220
Health - Clinic	HPV Vaccine	\$220
Health - Clinic	Vitamin B12 Lab	\$14



Health - Clinic	Thyroxine Lab	\$12
Health - Clinic	Rubella Antibody Lab	\$46
Health - Clinic	Culture GC Screen	\$12
Health - Clinic	Meningococcal B Vaccine	\$180
Health - Clinic	Minority Diabetes Prev. Program	\$25
Parks and Recreation	Youth Basketball (in county)	\$35
Parks and Recreation	Youth Basketball (out of county)	\$50
Water Capital Reserve	5/8"x 3/4" Pipe Diameter	\$3,431
Water Capital Reserve	1" Pipe Diameter	\$5,729
Water Capital Reserve	1 1/2" Pipe Diameter	\$11,425
Water Capital Reserve	2" Pipe Diameter	\$18,287
Water Capital Reserve	3" Pipe Diameter	\$34,310
Water Capital Reserve	4" Pipe Diameter	\$57,194
Water Capital Reserve	6" Pipe Diameter	\$114,355

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

All agencies receiving \$10,000 or more in funding from Chatham County, unless otherwise exempted by contract, are required to submit an audit report by April 30, 2019. Approved payments may be delayed pending receipt of this financial information.

Allocations made to Chatham County Schools are restricted as follows:

Current Expense	26,604,821
Supplement	5,206,889
Capital Outlay	2,300,000

Funds for capital outlay are hereby appropriated in lump sum for the projects submitted in the school system's FY 2018-2019 funding request. At least quarterly, the school system will provide an update on the status of these projects and associated expenditures. The school system may use capital outlay funds for new projects identified as a priority during the year. Such uses will be detailed in the quarterly status report, including the impact on original projects.

## Section 6: Procedures for Amendment.

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

- Transfer funds within a department without limitation.
- Transfer amounts of up to \$5,000 between departments of the same fund with a memorandum report of such transfers at the next regular meeting of the Board of Commissioners.
- Transfer amounts of up to \$50,000 from contingency to any department with a memorandum report of such transfers at the next regular meeting of the Board of Commissioners. Greater amounts can be made available upon agreement of the Board of Commissioners.
- Transfer, terminate, or create positions, and transfer associated funds, without limitation, provided that actual personnel costs do not exceed budgeted personnel costs.



- Employ temporary help from time to time to meet circumstances.
- Execute contracts provided that funds for the contract have been approved as part of the annual budget and the contract does not exceed the funds appropriated, the contract's term does not exceed three years, all applicable state laws and county policies regarding purchasing are followed, and the contract does not exceed \$100,000.
- Execute change orders provided that the change order is for a project approved as part of the annual budget, the change order does not exceed the funds appropriated, and the change order does not exceed \$100,000.

**Section 7: Travel Reimbursement Rates.**

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

A. Mileage:	\$	0.545/mile
B. Meals:		
Breakfast	\$	11.00
Lunch		12.00
Dinner		23.00

**Section 8: Salaries of County Manager, Sheriff and Register of Deeds.**

The salary of the County Manager will be increased by the 'meets plus percentage' over the salary in the FY 2017-2018. The salaries of the Register of Deeds and Sheriff will be increased by the 'meets percentage' over salaries in FY 2017-2018, effective July 1, 2018.

**Section 9: Copies of Budget to Be Furnished.**

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

Adopted the 18<sup>th</sup> day of June, 2018.

*Diana Hales*

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 Diana Hales, Chair  
 Chatham County Board of Commissioners

ATTEST:

*Lindsay K. Ray*

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 Lindsay Ray, Clerk to the Board  
 Chatham County

