

Summary Information

Summary of changes to the recommended budget

Below is a list of changes made to the General Fund in the recommended FY 2021-2022 budget that are reflected in the approved budget:

	Revenue	Expense
Begin	\$149,937,425	\$149,937,425
Library grants/donations	0	-\$99,105
CVB	\$2,613	0
Fund balance appropriation	-\$101,718	0
End	\$149,838,320	\$149,838,320

History and 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, 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.

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 North Carolina State Demographer estimates the July 2019 (FY 2020) population at 75,705, an increase of approximately 19% since 2010. Chatham's population growth is tracking higher than neighboring Orange County (10%), Lee County (6 %) and Moore County (15 %), but not as high as Wake County at 20%. Between 2010 and 2017, Chatham was among the fastest growing county in the state, according to NC OSBM, ranking 6thth 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 2019 population as follows:

- Siler City: 8,601
- Pittsboro: 4,667
- Goldston: 274
- Cary: 3,108 (with a total population of 170,282, most of Cary's population is in Wake County)

Ethnic/Racial Diversity: Census QuickFacts estimates the 2019 overall racial/ethnic composition of Chatham County at 82.2% white, 12.4% African American, 12.1% Hispanic, and 2.2% Asian.

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

Governmental funds account for resources other than those accounted for in proprietary or agency funds. Most of Chatham County's functions are included in this fund type. In accordance with North Carolina General Statutes, governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when 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 soon (example: property taxes). Expenditures are recognized when the 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 of the general government, except those 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. Most departments are funded through the General Fund, with the exception of Utilities and Solid Waste, which are funded through the Utility and Solid Waste & Recycling proprietary funds.
- **Capital Improvement Project Reserve Fund:** The county transfers annually an amount equivalent to seven and seven tenths' cents on the property tax rate into this fund. The transfer is used to fund debt service for a variety of general capital projects, including a new high school, an elementary school, and a health sciences building.
- **Capital Reserve Fund:** The county uses this fund to set aside monies to fund general capital projects that are not funded through debt service, including school roof replacements, school HVAC replacements, school mobile classrooms, telephone system replacements, software system replacements, and renovations to existing County buildings.
- **Facilities Improvements and School Construction Funds** These funds account for the financing, acquisition and construction of County and School facilities, other than those financed by proprietary funds. Capital projects are not included in the annual operating budget.
- **Nonmajor Funds:** Nonmajor funds are used to account for the proceeds of specific revenues that are restricted for specific purposes or uses. The County maintains several legally budgeted nonmajor special revenue funds, including Emergency Telephone System, Forfeited Property, Recreation-Payment in Lieu, Impact Fees, Bynum Canoe Access/Easement Monitoring, Courthouse Clock, Library Foundation, and Special Fire Districts.

Proprietary Funds

These funds account for operations that are like 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.

Proprietary funds are reported using the accrual basis of accounting. This means revenues are recorded in the period in which they are earned or realized. Expenditures are generally recognized when 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.
- **Utility 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.
- **Utility & 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 Fund** reports 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 health and dental insurance coverage. The fund also tracks health and dental premiums paid by employees for dependent coverage.
- **Agency funds** are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains several agency funds, including Social Services, Detention Center, Fines & Forfeitures, Cooperative Extension, Goldston-Gulf Sanitary District, and Municipalities. Agency funds are not included in the annual operating budget.

Financial Indicators

Benchmark counties were chosen because of proximity and similarity to Chatham. Figures below are for FY 2020-2021, unless otherwise noted.

	Chatham	Lee	Moore	Orange
Budgeted Expenditures	\$132,335,610	\$79,897,969	\$115,787,913	\$239,046,307
State Rank*	26	41	30	12
Non-school Expenditures	\$84,579,221	\$51,723,974	\$66,119,134	\$111,348,876
% Non-school Expenditures	64%	65%	57%	47%
Effective Tax Rate	\$0.5940	\$0.7252	\$0.4876	\$0.7713
State Rank	61	27	84	14
FY 2020 Population	75,705	61,141	101,219	146,521
State Rank	36	46	28	19
Budgeted Valuation/capita	\$148,572	\$92,001	\$133,670	\$127,269
State Rank	13	52	22	25
2018 Per Capita Income	\$64,807	\$42,021	\$51,913	\$65,185
State Rank	2	33	8	1
Total Current Expense Per Student (LEA)	\$3,926	\$1,911	\$2,392	\$4,520
State Rank	4	39	22	3
Number of Students (LEA)	9,071	9,800	12,743	19,628
State Rank	43	38	29	22

*Based on NCACC survey, all counties did not respond

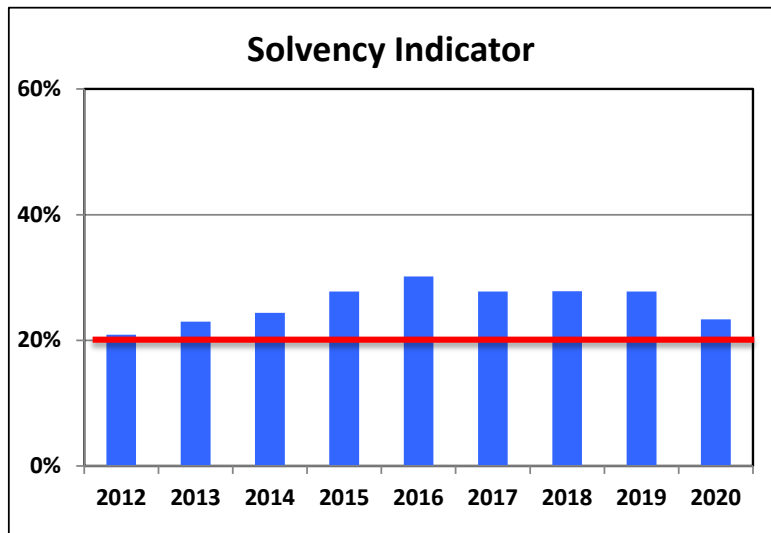
The University of North Carolina at Chapel Hill's School of Government created a series of financial indicators that enable local governments to review and analyze their financial condition. Each indicator is graphed showing the trend over the past nine years/

All 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. On the next page are the financial indicators that may provide background information about Chatham County's financial condition:

Solvency

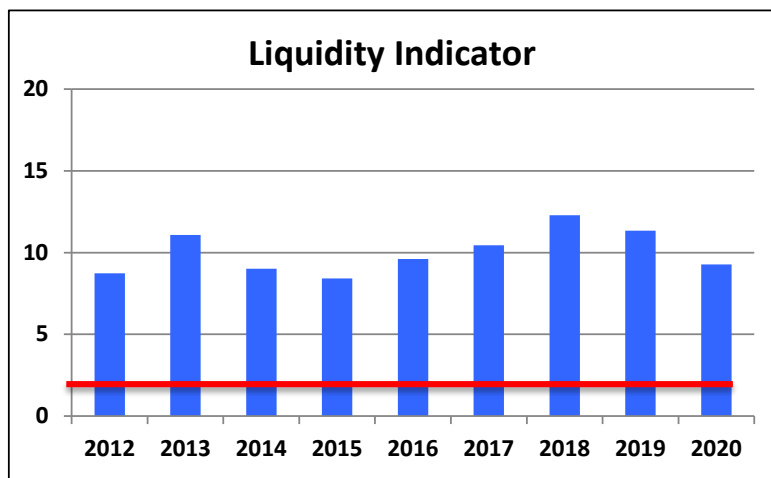
The Solvency Indicator measures a government's ability to address long-term obligations. A high ratio suggests a government can meet its long-term obligations. The Solvency Indicator is calculated by dividing the available fund balance by total expenditures (less proceeds from capital leases) plus transfers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

Chatham County's solvency ratio is 23.3%, 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.



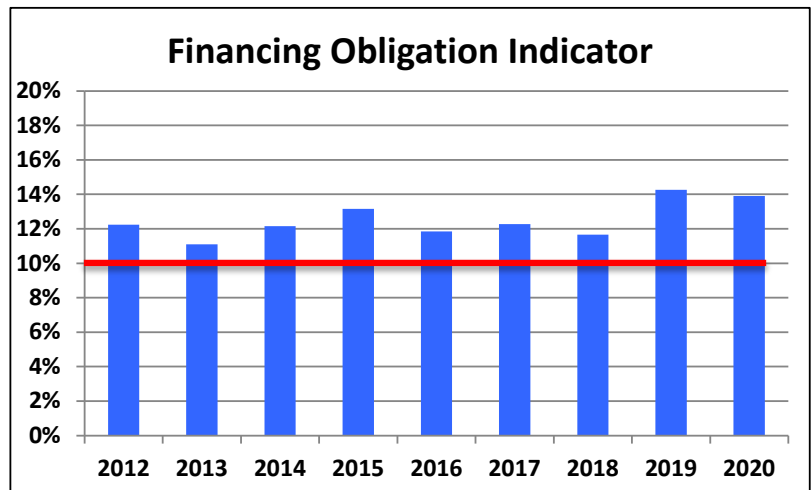
Liquidity

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 9.27, 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.

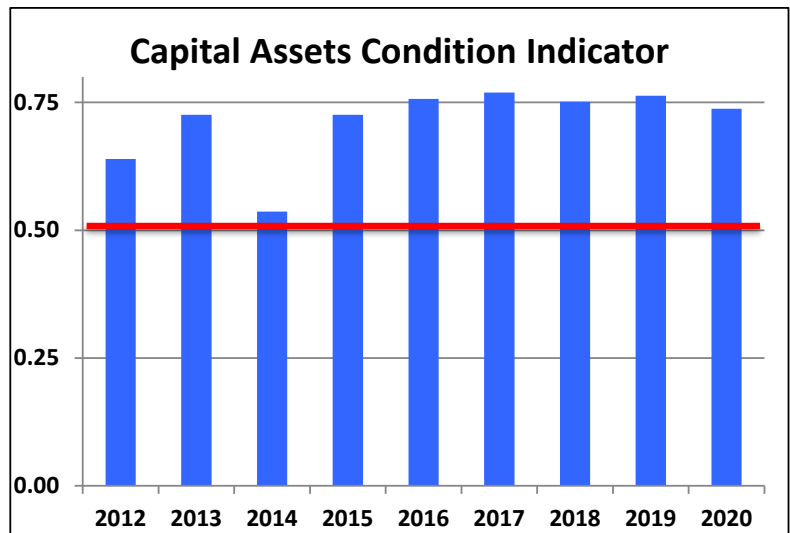


The School of Government recommends that this ratio should be no more than 10%. Chatham County’s Financing Obligation Indicator is 14%. For another jurisdiction, this might mean that Chatham’s debt is reaching the point where it impedes its ability to provide services. However, Chatham has set aside 9.2 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 .74, meaning Chatham County maintains and invests 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)

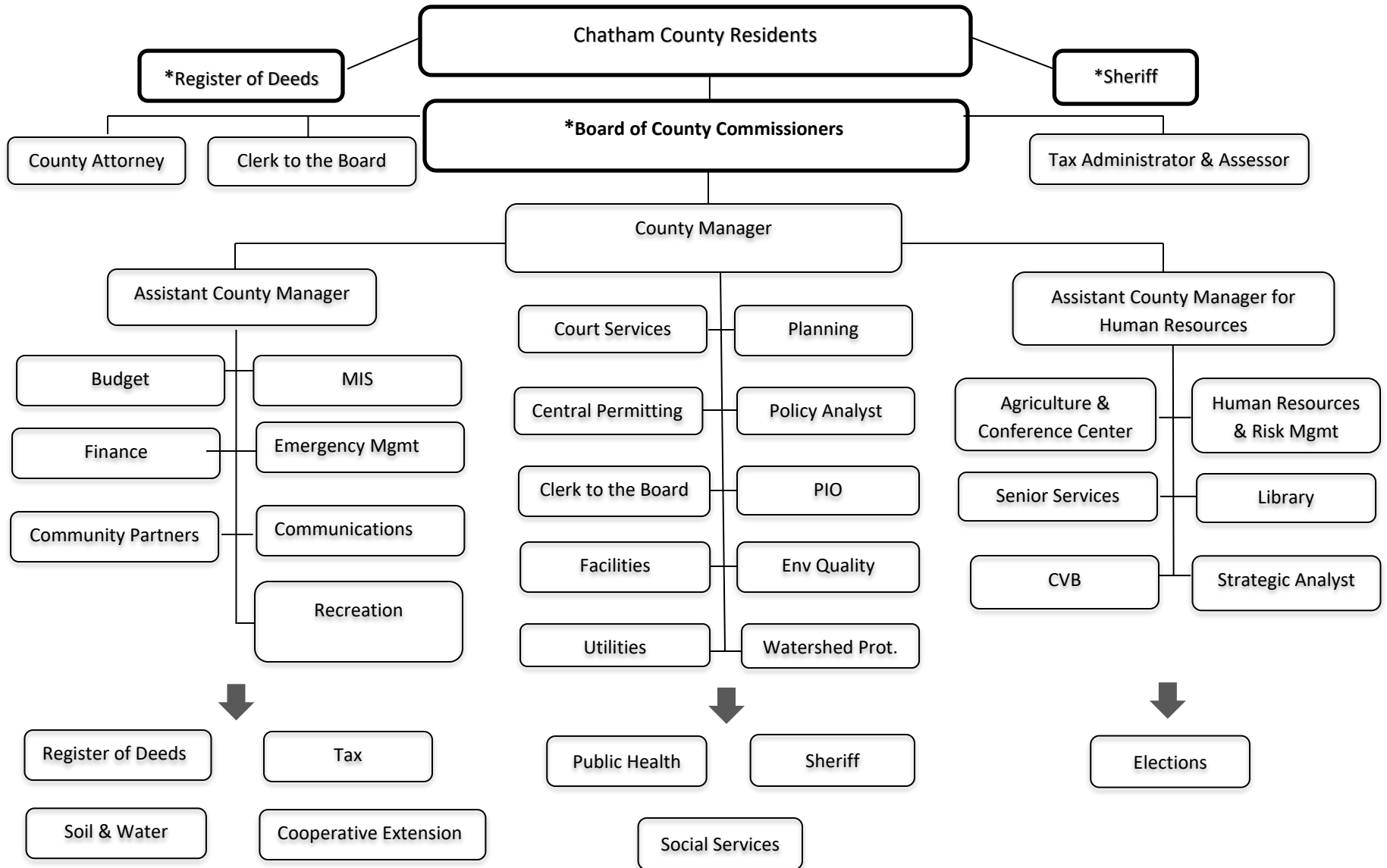
Personnel counts shown below are given in full-time equivalents (FTE) for all regular county employees (temporary positions are not included). The FTE converts the hours worked by a position into a percentage of a full year's number of hours. For most positions 1 FTE equals 2,080 hours per year per position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

Explanation of changes in staffing levels: In FY 2021 five positions were added mid-year: A Grants Analyst was added in Finance [+1.00]; A grant-funded CRF analyst position was converted to a regular Strategic Initiatives Analyst position in the County Manager's Department [+1.00]; A Utility Billing Clerk was added in the Water Department [+1.00]; 2 Animal Care Technicians were added in Animal Services [+2.00]; 8 sworn Sheriff Deputies were transferred from the Detention Center to Law Enforcement, resulting in 116 staff in Law Enforcement [+8.00] and 37 staff in Detention [-8.00]; One Substance Abuse Counselor added to Court Services in FY2021 was transferred to the new Family Treatment Drug Court department.

In FY 2022, 31 additional positions are being added. Two building inspectors are added in Building Inspections; one Permitting Technician is added in Central Permitting; one Assistant Register of Deeds is added in Register of Deeds; one Watershed Specialist is added in Watershed Protection, one Application Support Engineer in MIS, one GIS Technician in MIS, one Maintenance Technician in Facilities, one Parks Manager is added in Parks and Recreation; two Children's Services Supervisors are added in Department of Social Services; five Telecommunicators are added in Emergency Communications; one Pretrial Release Coordinator is added in Chatham 360; eleven Detention Officers are added in the Detention Center (8 replace the sworn personnel transferred to Law Enforcement and 3 fulfill the staffing plan for Detention; two positions are added in Animal Services, one Animal Care Technician and one Front Desk Attendant; one CALEA administrator position is added in Law Enforcement. Also, one additional grant-funded position is added to the new Family Treatment Drug Court department.

	A	B	C	D	E	H	I	J
	2019	2020	2021	2021	2022	2022		Total %
County Department	Actual	Actual	Amended	Estimated	Total Req.	Total Appr.	Variance	Inc./Dec.
Central Permitting	5.00	5.00	5.00	5.00	6.00	6.00	1	20%
Bldg Inspections	9.00	9.00	9.00	9.00	11.00	11.00	2	22%
Fire Inspections	4.00	4.00	4.00	4.00	4.00	4.00	0	0%
Council on Aging	2.00	2.00	2.00	2.00	2.00	2.00	0	0%
County Attorney	1.00	1.00	1.00	1.00	1.00	1.00	0	0%
County Manager	7.50	7.50	8.00	8.00	8.00	8.00	0	0%
Human Resources CCA&CC	3.00	4.00	4.00	4.00	4.00	4.00	0	0%
Human Resources & Risk Mgmt	4.00	5.00	5.50	5.50	5.50	5.50	0	0%
Court Services Related Programs	3.00	3.00	4.00	3.00	3.00	3.00	(1)	-25%
Court Services - Chatham 360	3.00	3.00	3.00	3.00	4.00	4.00	1	33%
Family Treatment Drug Court	0.00	0.00	0.00	1.00	2.00	2.00	1	2%
Family Visitation Center	2.00	2.00	2.00	2.00	2.00	2.00	0	0%
Elections	3.50	3.50	3.50	3.50	4.50	3.50	0	0%
Emergency Operations	4.00	4.00	4.00	4.00	4.00	4.00	0	0%
Emergency Communications	24.00	24.00	24.00	24.00	29.00	29.00	5	21%
Facilities Management	19.00	18.00	18.00	18.00	19.00	19.00	1	6%
Finance Office	9.00	9.00	10.00	10.00	10.00	10.00	0	0%
Governing Board	2.00	2.00	2.00	2.00	2.00	2.00	0	0%
Health Administration	4.00	5.00	5.00	5.00	5.00	5.00	0	0%
Clinic & Comm Health Service	33.85	33.45	33.45	33.45	33.45	33.45	0	0%
Community & Family Health	8.75	8.75	7.75	7.75	7.75	7.75	0	0%
Environmental Health	16.50	16.00	16.00	16.00	16.00	16.00	0	0%
Library Services	18.10	18.10	18.10	18.10	18.10	18.10	0	0%
Management Information Systems	15.00	14.00	14.00	14.00	15.00	16.00	2	14%
Parks and Recreation	8.00	8.00	8.00	8.00	10.00	9.00	1	13%
Pittsboro/SC Visitors Bureau	1.00	1.00	1.00	1.00	1.00	1.00	0	0%
Planning	10.00	10.00	10.00	10.00	10.00	10.00	0	0%
Register of Deeds	6.00	6.00	6.00	6.00	7.00	7.00	1	0%
Sheriff Animal Services	9.00	9.00	11.00	11.00	23.00	13.00	2	18%
Sheriff Law Enforcement	103.45	108.00	116.00	116.00	117.00	117.00	1	1%
Sheriff Detention Center	44.00	45.00	37.00	37.00	48.00	48.00	11	30%
Social Services	89.60	94.60	97.60	97.60	99.60	99.60	2	2%
Soil and Water	3.00	3.00	3.00	3.00	3.00	3.00	0	0%
Solid Waste & Recycling	13.00	13.00	13.00	13.00	13.00	13.00	0	0%
Tax Administration	11.00	10.00	10.00	10.00	10.00	10.00	0	0%
Tax Assessment & Revaluation	7.00	7.00	7.00	7.00	7.00	7.00	0	0%
Utility Distribution	17.00	18.00	19.00	19.00	19.00	19.00	0	0%
Utility Water Treatment	7.00	7.00	7.00	7.00	7.00	7.00	0	0%
Watershed Protection	4.00	4.00	4.00	4.00	6.00	5.00	1	25%
Total County Employees	534.25	542.90	552.90	551.90	596.90	583.90	31	6%

Chatham County Government Organizational Chart



All Appropriated Funds

Budget Summary								
	A	B	C	D	E	F	G	H
	2019	2020	2021	2021	2022	2022		Total %
	Actual	Actual	Amended	Estimated	Total Req.	Total Appr.	Variance	Inc./Dec.
Revenues								
Permits and Fees	(4,809,228)	(5,137,357)	(4,221,290)	(5,370,547)	(4,361,595)	(4,361,595)	(140,305)	3%
Intergovernmental	(13,096,358)	(13,181,479)	(15,961,962)	(13,047,706)	(12,316,849)	(12,270,591)	3,691,371	(23%)
Interest	(4,655,216)	(2,342,056)	(605,425)	(646,526)	(514,625)	(509,625)	95,800	(16%)
Contributions from others	(2,388,347)	(694,168)	(514,566)	(522,697)	(396,743)	(396,743)	117,823	(23%)
Miscellaneous	(518,142)	(459,468)	(296,950)	(387,875)	(315,245)	(315,245)	(18,295)	6%
Other Taxes/Licenses	(995,457)	(1,002,335)	(900,060)	(1,246,000)	(1,140,249)	(1,142,862)	(242,802)	27%
Property Tax	(80,009,134)	(87,951,162)	(90,486,447)	(91,413,273)	(101,082,014)	(101,082,014)	(10,595,567)	12%
Charges for Services	(22,266,657)	(22,722,606)	(21,785,910)	(21,354,051)	(22,761,643)	(22,744,093)	(958,183)	4%
Sales Tax	(14,707,546)	(16,284,601)	(15,756,611)	(18,390,000)	(19,166,848)	(19,166,848)	(3,410,237)	22%
Transfers In	(36,983,037)	(32,180,219)	(32,661,745)	(30,944,018)	(39,245,443)	(39,911,021)	(7,249,276)	22%
Appropriated Fund Balance	0	0	(27,308,185)	0	(22,855,839)	(20,223,909)	7,084,277	(26%)
Total Revenues	(180,429,120)	(181,955,452)	(210,499,151)	(183,322,693)	(224,157,093)	(222,124,546)	(11,625,395)	6%
Expenditures								
Salaries	24,829,875	25,914,083	28,225,786	26,304,984	31,093,493	30,619,063	2,393,277	8%
Benefits	17,318,517	17,607,434	20,440,708	19,381,693	22,338,225	22,059,135	1,618,427	8%
Operating	28,985,988	30,010,286	43,529,735	31,111,583	45,165,482	44,754,916	1,225,180	3%
Debt	16,440,332	16,525,567	18,519,673	18,062,702	24,290,247	24,290,247	5,770,574	31%
Transfers Out	31,025,099	38,310,722	44,056,005	33,697,257	51,446,499	46,641,186	2,585,181	6%
Allocations/Programs	41,999,426	46,578,102	54,057,657	46,784,540	52,548,281	52,552,370	(1,505,287)	(3%)
Capital Outlay	1,499,754	1,056,669	1,669,587	1,438,166	1,476,512	1,207,629	(461,958)	(28%)
Total Expenditures	162,098,991	176,002,863	210,499,151	176,780,925	228,358,738	222,124,546	11,625,395	6%

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