

**CHATHAM COUNTY
NORTH CAROLINA**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2013

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CHATHAM COUNTY, NORTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2013

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INTRODUCTORY SECTION

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ORGANIZED 1770

707 SQUARE MILES

November 26, 2013

To the Board of County Commissioners and Citizens of Chatham County, North Carolina:

State law requires that all local governments publish, within six months of the close of each fiscal year, a complete set of audited financial statements. This report is published for the fiscal year ended June 30, 2013.

Generally accepted accounting principles require that management provide a narrative introduction, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the Management Discussion and Analysis and should be read in conjunction with it. The County's MD&A can be found immediately following the report of the independent auditors.

Responsibility for the accuracy, completeness and fairness of the presentations, including all disclosures, rest with the County. We believe the data, as presented, is accurate in all material respects and fairly present the County's financial position and results of operations.

Martin, Starnes & Associates, CPAs, a firm of licensed Certified Public Accountants, have issued an unqualified opinion on the County's financial statements for the year ended June 30, 2013. The independent auditor's report is located at the front of the financial section of this report.

Description of the County

Founded in 1771 and located at the geographic center of the state, Chatham County encompasses an area of 707 square miles. The County borders Orange, Durham, Wake, Lee, Moore, Randolph, Harnett and Alamance counties and is situated between two of the State's three largest centers of population and commerce, the Research Triangle and the Piedmont Triad.

The proximity to these two areas continues to promote population growth and keep the County's economy healthy. New residents are attracted to the County because of its rural quality of life coupled with close proximity to major metropolitan areas and employment centers. The County's 2013 population was estimated at 64,553. By 2032, the State estimates that the County's population will grow to 90,977

Most of the County's population continues to reside in the unincorporated area, with only 20 percent of residents living in a municipality. The Town of Pittsboro with a population of 3,885 serves as the County seat.

The County operates under the manager form of government. Policy making and legislative authority are vested in a Board of Commissioners consisting of five members who are elected for four-year terms in even numbered years. The County Manager is appointed by the Board and is responsible for the administration

of the affairs of the County. The County is responsible for and maintains a full range of services inherent in the operation of a county government. These services include general government, public safety, human services, cultural and recreational activities, education, economic and physical development, and environmental protection. The County also operates a water system on a user charge basis. This report includes all the County's activities in maintaining these services.

The County operates under an annual budget ordinance, adopted in accordance with the provisions of the Local Government Budget and Fiscal Control Act. Budgetary control is maintained on a departmental basis and may be amended as changing conditions warrant.

Local economy

The County retains a large agricultural base with a mixture of industrial, tourism, and service businesses helping support the County's economy. Strong economic influences in surrounding areas, such as Cary, Chapel Hill, Durham, Raleigh, and the Research Triangle Park have a positive effect on the growth of the County's population and economy, especially in the northern and eastern sections of the County. These neighboring areas provide much of the employment for approximately fifty five percent of the County resident labor force. The regional prosperity has enabled Chatham County to currently rank second highest among the state's one hundred counties in per capita income and second lowest in unemployment. Within the County, the manufacturing sector accounts for the largest percentage of jobs, just under twenty percent. Major manufacturers include Arauco, Performance Fibers, and Moncure Plywood. Various service industries provide another thirty percent of jobs in the County. Major service employers include Chatham County Schools, Carolina Meadows, Galloway Ridge and Chatham Hospital. This year, a second Walmart store opened in the County, adding over two hundred new jobs and helping generate new sales tax revenue.

Agriculture and agribusiness (food, fibers and forestry) remain significant in the local economy. The County ranks twenty-first in the state in income from livestock, dairy and poultry and ranks thirty-third in the state in total farm income. Chatham County ranks eleventh in the state in the number of farms, with 27 percent of the County's total acreage in farmland. While most farms range in size from ten to forty nine acres, the total number of acres used for farming has changed very little when compared to 1997. The County still has a fairly strong agricultural economy due to 1) a growing number of small sustainable farms focused on specialty products such as organic farming, herbs, cut flowers, unique produce, and diverse nurseries; and 2) continued strength in cattle. The County ranks number three in the state in beef cattle and in overall cattle production and eleventh in broiler production, dairy cattle and hay production. The growth of feed crops also helps promote the livestock industry. The horticulture industry in the county is diverse and includes some very specialized niche nurseries that produce aquatic/wetlands plants, Asian herbs, shady perennials, crinum, daylilies, orchids, exotic ferns, trees and shrubs.

In an attempt to further diversify its employment base, the County constructed a business park, the Central Carolina Business Campus, near the intersection of US 64 and US 421 in Siler City. The County is optimistic that the presence of Chatham Hospital, a UNC Health Care facility, and Central Carolina Community College will help attract other health-related facilities to the Business Campus as the economy continues to improve.

This year, the Board of Commissioners approved a conceptual land use plan that focuses on employment growth in the towns and economic development areas, and adopted a goal of increasing the commercial and industrial tax base over the next ten years. To promote these goals, the Chatham Economic Development Corporation (EDC) is working with the developers of two large projects. Chatham Park -- an assemblage of over 7,500 acres in eastern Chatham -- is planning a mixed use development centered on a mid-tech business campus and the Chatham-Randolph Mega site -- an assemblage in western Chatham -- is designed for large industrial users. The Chatham Park developers have submitted a master plan for their proposed planned development district. The plan envisions 22,000 new homes, over 21 million square feet of non-residential buildings, and over \$12 billion in new tax base at build out. The 1,774 acre mega site has been favorably assessed as a location for an automotive or other large manufacturing user by the international

site consulting firm of McCallum-Sweeney. The two property owners are working with the EDC to obtain designation as a North Carolina Certified Site.

Several major highways (US 15-501, US 1, US 64, and US 421) and numerous state roads access the County and link it to Interstates 40 and 85. The area is served by major freight carriers, bus lines and delivery services, and air transportation is less than one hour away from Raleigh-Durham International Airport in the heart of the Research Triangle Region and Piedmont Triad International Airport in Greensboro. The Blair Municipal Airport located in Siler City has a 5,000 foot paved, lighted runway with instrument approach capability and can accommodate small business aircraft. A “reliever airport” located in neighboring Lee County is in close proximity to the Moncure industrial area in the southeastern portion of the County.

Chatham County is home to diverse tourism assets, ranging from budget to luxury offerings for visitors allowing the Pittsboro-Siler City Convention & Visitors Bureau (CVB), the county’s official destination marketing organization (DMO), to strategize marketing campaigns to a variety of target audiences.

Among the nature-based sites are Jordan Lake State Recreation Area, Jordan Lake Educational State Forest, numerous hiking and cycling trails, the American Tobacco Trail (multi-county trail), nature preserves and six golf courses, with a disc golf course under construction. Chatham County is also home to North Carolina’s only five-star, five-diamond restaurant and one of only two five-star, five-diamond inns in the state.

Domestic tourism in Chatham County generated an economic impact of \$29.47 million in 2012. This was a 6.3% change from 2011. Total payroll generated by the tourism industry in Chatham County reached \$3.4 million, with more than 170 jobs directly attributed to tourism. State and local tax revenues from travel to Chatham County amounted to \$2.23 million. This represents a \$33.51 tax saving to each county resident. Chatham County’s visitor-related economic impact has generally maintained growth in the last decade; all 100 counties generated an increase and Chatham County remains in the top 10 counties in the state for the largest growth. (all economic impact data compiled by U.S. Travel Association).

Multiple visitor-related businesses have continued to open in Chatham County while the CVB staff size of one and budget have remained relatively the same. The CVB has had the opportunity to market the wineries and current lodging as a ‘trail’ and that has generated interest in the destination for visitors to have various choices of places to stay and explore. New eateries have opened as well as retail; both types of businesses enhance the visitor’s itinerary and maximize a trip, particularly considering the cost for refueling vehicles for travel. The CVB has also provided images and content from the tourism website for additional websites, including one for the North Carolina Division of Tourism, Film and Sports Development for RetireNC.com.

The DMO/CVB has continued to teach social media marketing and has been very proactive in requesting to learn about new visitor-related businesses before opening dates in order to guide them on marketing to visitors and collaborating with other visitor-related businesses, both competitors and complementary types. While working with competitors was not always a common concept, the creation of the trails has led to local businesses working together, referring one another, and also working with other area businesses that would be to the benefit of all. The DMO’s Social Media Academy has taught more than simply Facebook, Twitter, and other social media products. The focus has been to work with these (primarily small) independently-owned businesses to foster marketing skills and collaboration while sharing tools to assist them in succeeding in obtaining a larger market share through targeting visitors, consumers beyond the local community, to broaden the tax base. The CVB has also provided its visitor-related businesses opportunities for partnership marketing beyond obvious partnerships with N.C. Division of Tourism, Film and Sports Development: 3/50 project; Small Business Saturday, an American Express program; N.C. Department of Environment and Natural Resources N.C. Green Travel Recognition program; and several others)

Over the past 33 months, the travel industry has made up 57 percent of the jobs lost during the great recession, while the rest of the economy has only made up less than half of the jobs lost. This is because

companies in the travel industry have added jobs at a 19 percent faster pace than employers in other sectors of the economy since the employment recovery began in the beginning of 2010 (U.S. Travel Association, October 2012).

Furthermore, the CVB has worked with professors at two universities in North Carolina (North Carolina State University (NCSU) and East Carolina University's Center for Sustainable Tourism) to work on various initiatives. The CVB has educated and worked closely with an NCSU professor for NCSU to apply for grant funding for an innovative rural entrepreneurship program. The CVB consulted on the creation of the People-First Tourism program and Chatham County is one of three counties in North Carolina (Mountains, Piedmont, Coastal counties) to participate, a tourism endeavor with promise and the funding to support micro-tourism businesses. Active participation, the creation of new tours, development of micro-entrepreneurs in tourism, and an opportunity to showcase various parts of the county that are occasionally overlooked is a part of the strategic tourism campaign. After a full year in operation as well as a complete fiscal year in terms of grant funding (N.C. Rural Economic Development Center), we will have an opportunity to assess the financial impact of People-First Tourism. Moreover, the DMO works to promote new events and create new initiatives to expand the tourism program, regardless of whether occupancy tax is generated (solely for the CVB's budget) and/or sales tax for the county; that is day trip and overnight guests are welcome and marketed to by the DMO. A major event in 2013 that launches in June and will repeat annually through 2017 is the IRONMAN competition. It launches for the first time in North Carolina in Chatham County and of the three athletic activities, swimming (entirely in Chatham County) and cycling (partially takes place in Chatham County) will be reason for much visitor-related economic impact and media spotlight on region, which we continue to garner via national and regional media to date prior to the IRONMAN competition. Chatham County recently hosted Cycle NC for a landmark lunch stop visit, a day trip that attracted 1,200 cyclists; planning for the event was more than six months and included monthly site visits from event coordinators, often overnight, in addition to media coverage showcasing the destination. Furthermore, the County has served as a popular site for sports events, including the multi-county American Tobacco Trail for the annual Boston Marathon qualifier, the Tobacco Road Marathon.

Visitor-related businesses in Chatham County vary in size, with an advantage to the rural charm of the area in that small, independently-owned businesses offer a distinctive product for the Convention & Visitors Bureau to promote, with a Heart of North Carolina Bed & Breakfast and Heart of North Carolina Wine Trails, shops, eateries, and more. Attractions range from a wildlife sanctuary for 'big cats,' including tigers, ocelots and binturongs, with guided tours as a unique offering to visitors. Agritourism is one of the county's top-ranked tourism strengths, alongside the nature sites. Four wineries, two wine shops, a brewery, six farmers' markets and numerous small farms offering tours enhance the visitor experience, plus provide local food and drink for the farm to fork trips that tourists seek from Chatham County restaurants. A rural and convenient getaway with excellent proximity for day trips and overnight escapes from neighboring urban counties make Chatham County a significant tourism destination. More information: <http://visitpittsboro.com/about-us>

Financial Information

County management is responsible for establishing and maintaining an internal control structure that is designed to provide reasonable assurance regarding (1) the safeguarding of assets against loss from unauthorized use or disposition; (2), the reliability of financial records for preparing financial statements in conformity with generally accepted accounting principles and maintaining accountability for assets; and (3) compliance with applicable laws and regulations related to federal and state financial assistance programs. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived; and the evaluation of costs and benefits requires estimates and judgments by management.

Long-term financial planning

The County updates annually during the budget process its seven year Capital Improvements Program (CIP). The CIP is a systematic way of anticipating, planning, and budgeting for major capital projects. The CIP includes all major projects costing \$25,000 or more. The CIP includes summaries of all major projects

and detailed descriptions of each project, including justifications, cost detail, funding sources, and impact on the operating budget.

Major Initiatives

OVERVIEW:

Fiscal Year 2013 in Chatham County featured the successful grand openings of the new Justice Center and the beautifully rebuilt Historic Courthouse, while continuing a six-year trend of almost level actual spending for general fund operations. The county also continued a four-year trend of no increase in property taxes.

Chatham County provided additional funding for schools to help offset four consecutive years of major state budget cuts in education. Much of the new school funding came from delaying construction of a future high school by one year

The budget included funds to begin partial implementation of a county employee pay study from 2008, which showed that employees' salaries overall were behind their counterparts in surrounding communities by 15 percent. All employees received at least a two percent increase, while those further below market received more. These increases were most welcome after four years with no salary increases.

EDUCATION & SCHOOL FACILITIES:

The county's budget included an increase of \$977,123 over FY12 for Chatham County Schools to help offset state funding cuts and handle increased enrollment. A major component was a two-percent increase in the supplement for teachers and teaching assistants.

Major school construction projects completed in FY 2013 include:

- Updated heating and air conditioning systems in the gyms of all three high schools;
- Safer traffic patterns at North Chatham Elementary that relieve congestion on Lystra Road;
- Completion of multi-year project at 10 schools to renovate bathrooms;
- Additional restrooms at Chatham Central's softball field and at football fields for Northwood and Jordan-Matthews high schools

Chatham County Schools also made progress on several multi-year projects for several schools, including outdoor paving (sidewalks, play areas and driveways) and roof replacements.

COUNTY FACILITIES:

Justice Center: On Jan. 2, 2013, the new Chatham County Justice Center opened on time and within budget. The 87,093-square-foot facility houses all courts and related officials. The county increased its operating budget to cover six months of operations in FY 2013.

Historic Courthouse: The Grand Reopening of the Historic Chatham County Courthouse on April 20, 2013 attracted an estimated 1,200 visitors throughout the day. The event included the public opening of the new Chatham County Museum designed by the Chatham County Historical Association and the unveiling of the new reproduction of the Earl of Chatham's portrait, painted by artist Luana Luconi Winner. All visitors received commemorative coins and printed programs paid for by event sponsors.

Detention Center: Chatham County initiated construction of a new detention center on county-owned property west of Pittsboro near the current Solid Waste & Recycling office. It is slated for completion in March of 2014.

Briar Chapel Park: The county began several projects at a 62-acre park donated to the county by Briar Chapel development, using recreation fees paid by the development. These initial upgrades include construction of a restroom facility, concessions building, fencing and lighting of ball fields.

Annex Building: The county worked with an architect to redesign the space in the Courthouse Annex on the south side of the courthouse traffic circle. With District Court and Clerk of Court's office now relocated to the Justice Center, the entire building will be renovated to allow cramped offices to expand, including the Register of Deeds, County Manager, Tax Office and Finance Office. Work will be completed in FY 2014.

TECHNOLOGY:

Electronic Health Patient System: The Public Health Department implemented a new health patient management records system that will work with a state database and also handle Medicaid billing.

Automated Social Services: The state initiated a new automated case management system for Social Services, resulting in major work and headaches at the county level. Chatham was one of three counties selected as a pilot site.

Recreation Registration: In October of 2012, the Parks and Recreation Department launched a new Rec Trac online service for residents to register and pay fees for programs. It also allows residents to reserve various park facilities.

ECONOMIC DEVELOPMENT:

In FY 2012 and the first half of FY 13, the Chatham Economic Development Corporation reported the following for Chatham County:

- Creation of 958 jobs (up from 319 jobs in FY 10 and FY 11 combined)
- Assistance provided to 222 new & existing businesses (up from 129 in FY 10 and FY 11 combined)
- Capital investments of \$135.17 million (up from \$20 million in FY 10 and FY 11 combined)

Conceptual Land Use Plan: The Chatham Economic Development Corporation worked with the county's Planning Department and Geographic Information Systems to lead an effort to develop conceptual land use plan scenarios for Chatham County. The objective is to position Chatham County for sustainable and balanced growth for future generations. They invited public input on the land use plan scenarios in the spring of 2013.

SPECIAL ACHIEVEMENTS:

100% Accreditation: In FY 2013, the Public Health Department scored 100% on its **Reaccreditation Review** for the second time in a row. It successfully met requirements for 41 benchmarks and 148 activities.

Leadership Academy Milestone: Chatham County celebrated the tenth anniversary graduating class for its award-winning Leadership Academy, which has helped employees develop knowledge and skills to improve their overall performance. All classes are taught by county employees. In 10 years, 157 employees have graduated from the program and many have received promotions.

Budget and Finance Awards: The County Manager's Office received the Distinguished Budget Presentation Award from the Government Finance Officers Association (GFOA) for its 2012-13 budget presentation. Most award recipients are in much larger jurisdictions. The Finance Office again earned the Government Finance Officers Association Award for Excellence in Financial Reporting, which it has done every year since 1989.

Tourism Spending: An annual statewide report showed that Chatham tied for first place among all 100 counties for the highest increase in tourism spending in 2011, based on a study done in FY 2013. Domestic tourism in Chatham County generated an economic impact of \$27.73 million in calendar year 2011, up 10.8% from 2010.

Senior Center Award: In August of 2012, the Eastern Chatham Senior Center in Pittsboro was certified as a NC Senior Center of Excellence by the Division of Aging and Adult Services. Evaluation areas included: outreach and access to services; programs and activities; planning, evaluation, and input from older adults;

staffing; and operations and physical facility.

Voter Turnout: The Chatham County Board of Elections effectively managed the 2012 General Election in November, during which the county had the highest voter turnout in the state at nearly 77%. Many voters (69%) voted early at one-stop locations, which operated smoothly under substantial pressure.

Emergency Operations Award: Chatham's Emergency Operations Director Tony Tucker received the 2012 Colonel Phillip Nichlos Award from the N.C. Emergency Management Association. This top statewide award recognized his career achievements in emergency management.

Lifesaving Award: In May 2013, Chatham County Sheriff Richard Webster awarded Detention Officer Lee Lester with the prestigious Life Saving Award for his swift action to save the life of an inmate in cardiac arrest.

OTHER DEPARTMENTAL HIGHLIGHTS:

Spay & Neuter: Animal Control reports that its focus on subsidized spay/ neuter of pets combined with similar efforts by local rescue groups helped reduce the surrender of pets by owners by 17%.

Healthy Living: Public Health initiated a partnership with neighboring counties as part of the Community Transformation Project, a grant-funded program. Decreased tobacco use, access and affordability of healthy foods, and safe places for physical activity are key targets for Chatham.

Rural Tourism: The Pittsboro-Siler City Convention & Visitors Bureau is one of three CVBs across the state to receive grant monies to be part of an innovative rural entrepreneurship program, People-First Tourism, a program developed by a professor at N.C. State University.

Tax Collections: The Tax Office continued its excellent tax collection rates, with the overall collection percentage for 2011-12 (97.83%) exceeding the previous year (97.73%).

Family History: In FY 2013, Chatham Community Library's volunteers began offering special help on Thursdays for those doing research on family history, including helping them use the library's databases.

Food Safety: Environmental Health trained food establishment managers on the new state Food Code, which impacts county inspections of facilities. They also enrolled in the voluntary FDA National Retail Food Program Standards, a quality improvement program, and received grant funding to support this work.

Christmas Wishes: In FY 2013, 110 sponsors and 56 financial donors helped the Department of Social Services provide special support for more than 250 children in foster care or who are otherwise at risk.

Missing Children: The Emergency Communications Center became a certified partner of the National Center for Missing and Exploited Children.

4-H in Schools: Cooperative Extension's 4-H program partnered with several county schools to offer programs on healthy eating and physical activity as well as animal science. Teachers reported that 75% of students' science grades increased at least one grade.

Awards and Acknowledgements

Awards - The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Chatham County for its comprehensive annual financial report for the fiscal year ended June 30, 2012. This was the twenty fourth consecutive year that the County has received this award. In order to be awarded a Certificate of Achievement, the County published an easily readable and efficiently organized Comprehensive Annual Financial Report. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the certificate of achievement program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments – We appreciate the assistance and dedication of the members of the Finance Department throughout the preparation of this report. We would like to thank the entire county staff for the contributions they provided and the County's independent certified public accountants, Martin Starnes & Associates CPAs, PA, for their assistance and guidance during the report's preparation. We would also like to thank the members of the Board of Commissioners for their continued support throughout the past year.

Respectfully submitted,



Charlie Horne
County Manager



Vicki McConnell
Finance Officer

*Chatham County, North Carolina
Principal Officials
June 30, 2013*

Board of County Commissioners

<i>Walter Petty</i>	<i>Chairman</i>
<i>Brian Bock</i>	<i>Vice Chairman</i>
<i>Mike Cross</i>	<i>Commissioner</i>
<i>Sally Kost</i>	<i>Commissioner</i>
<i>Pamela Stewart</i>	<i>Commissioner</i>

County Officials:

<i>Charlie Horne</i>	<i>County Manager</i>
<i>Renee Paschal</i>	<i>Assistant County Manager</i>
<i>Vicki McConnell</i>	<i>Finance Officer</i>
<i>Richard Webster</i>	<i>Sheriff</i>
<i>Treva Seagroves</i>	<i>Register of Deeds</i>
<i>Sandra Coletta</i>	<i>Social Services Director</i>
<i>Holly Coleman</i>	<i>Health Director</i>
<i>Dawn Stumpf</i>	<i>Elections Director</i>
<i>Jason Sullivan</i>	<i>Planning Director</i>
<i>Jenny Williams</i>	<i>Central Permitting Director</i>
<i>David Hughes</i>	<i>Public Works Director</i>
<i>Frances Wilson</i>	<i>Property Tax Administrator</i>
<i>Tony Tucker</i>	<i>Emergency Operations Director</i>
<i>Mark Ellington</i>	<i>Information Services Director</i>
<i>Linda Clarke</i>	<i>Library Services Director</i>
<i>Tracy Burnett</i>	<i>Recreation Director</i>
<i>Neha Shah</i>	<i>Tourism Coordinator</i>
<i>Angel Dennison</i>	<i>Senior Services Director</i>
<i>Dianne Reid</i>	<i>Economic Development Director</i>
<i>Mike Sturdivant</i>	<i>District Conservationist</i>



Government Finance Officers Association

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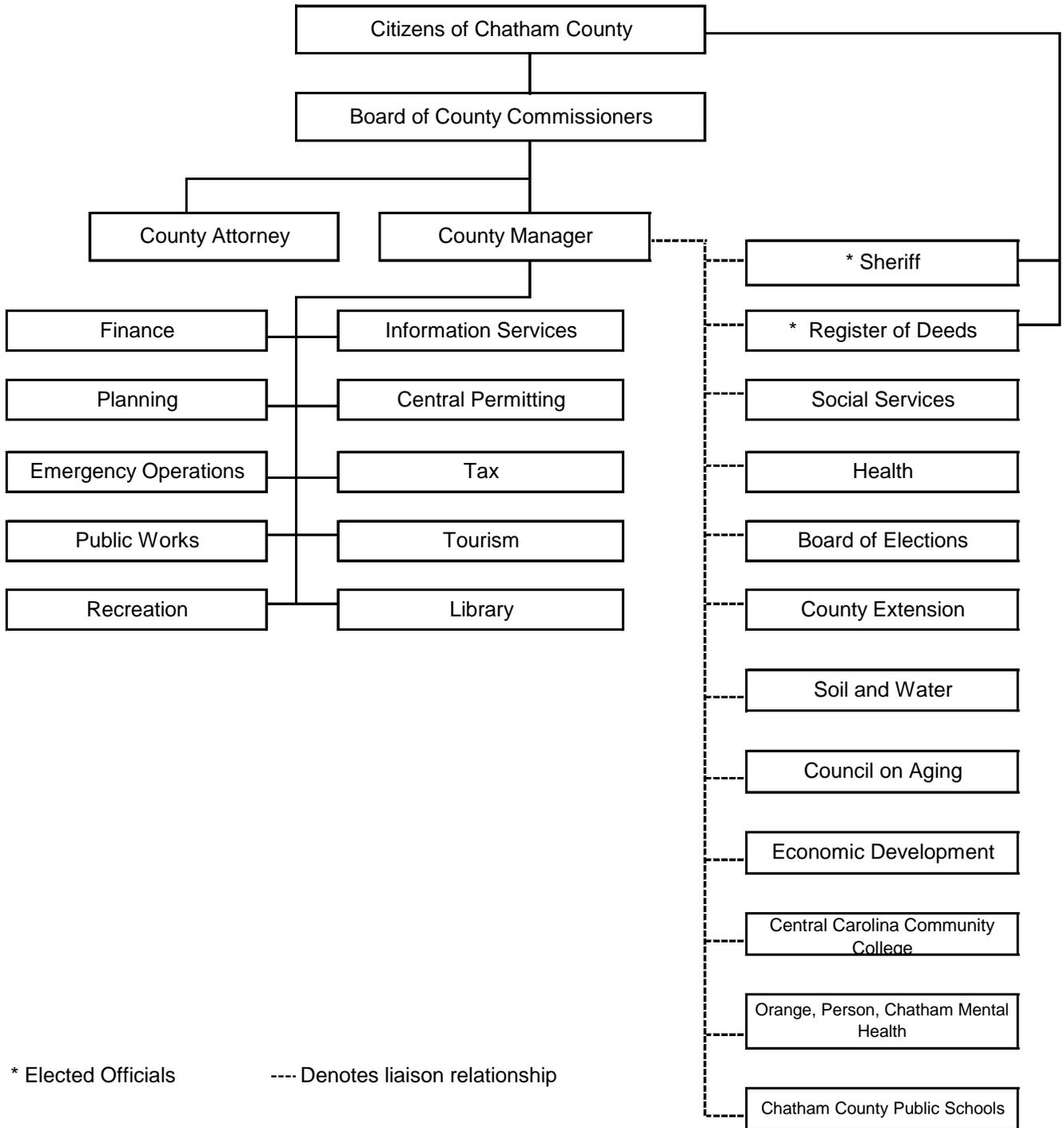
**County of Chatham
North Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

**Chatham County
 Organization Chart
 Fiscal Year Ended June 30, 2013**



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MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

"A Professional Association of Certified Public Accountants and Management Consultants"

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Chatham County
Pittsboro, North Carolina

Report On the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Chatham County, North Carolina, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Chatham County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Chatham County ABC Board were not audited in accordance with *Governmental Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Chatham County, North Carolina, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Impact Fees Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Law Enforcement Officer's Special Separation Allowance and the Other Post-Employment Benefits' Schedules of Funding Progress and Employer Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Chatham County's basic financial statements. The introductory information, combining and individual fund financial statements, budgetary schedules, other schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, budgetary schedules, and other schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures; including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, budgetary schedules, and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory information and the statistical sections have not been subjected to the auditing procedures applied in the audit of basic financial statements, and accordingly, we do not express an opinion or provide assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2013 on our consideration of Chatham County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Chatham County's internal control over financial reporting and compliance.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, NC
November 26, 2013

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Management's Discussion and Analysis

As management of Chatham County, we offer readers of Chatham County's financial statements this narrative overview and analysis of the financial activities of Chatham County for the fiscal year ended June 30, 2013. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

Financial Highlights

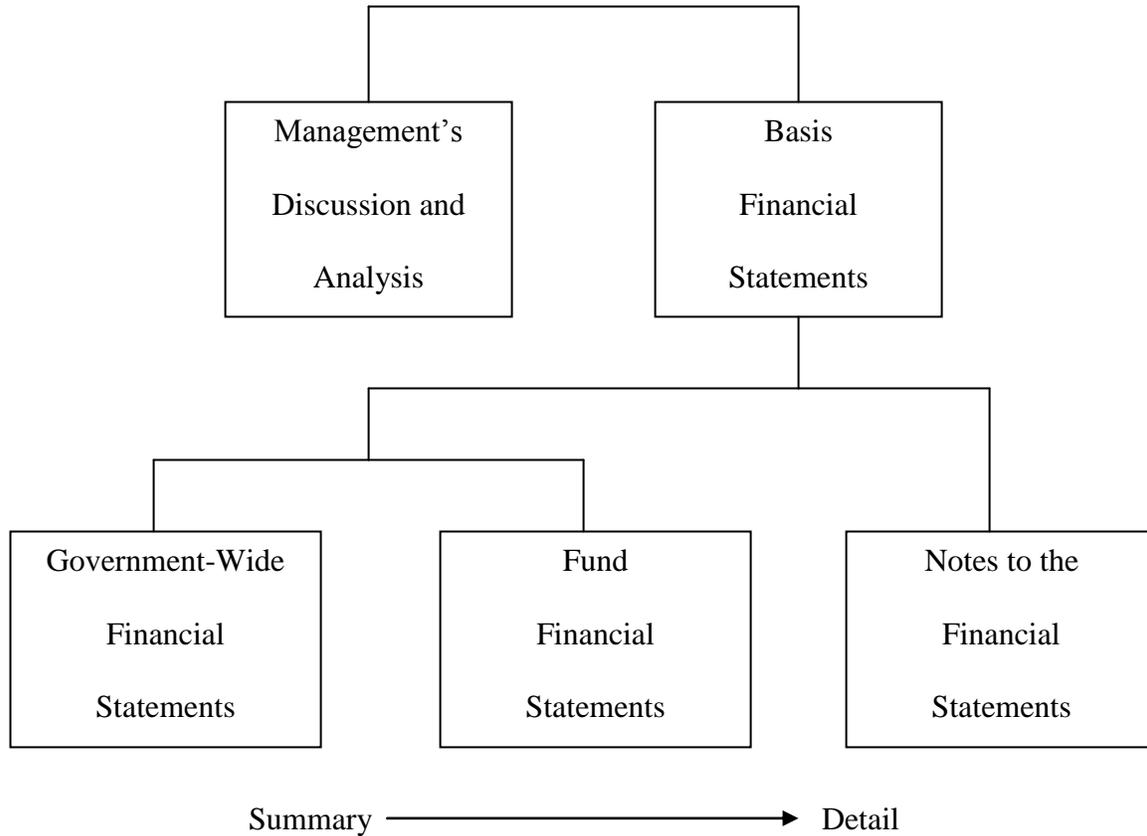
- The assets and deferred outflows of resources of Chatham County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$133,165,672 (*net position*). The assets of the governmental activities exceeded liabilities by \$74,296,574, and the assets of the business-type activities exceeded liabilities by \$58,869,098.
- The government's total net position increased by \$8,783,610, primarily due to the accumulation of funds from various sources for future capital projects and increases in business type activities net position.
- As of the close of the current fiscal year, Chatham County's governmental funds reported combined ending fund balances of \$80,417,614, an increase of \$14,436,573 in comparison with the prior year. Approximately 24.87 percent of this total amount, or \$20,001,062, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$20,175,793 or 23 percent of total General Fund expenditure and transfers out for the fiscal year.
- Chatham County's total debt increased by \$14,790,895 during the current fiscal year.
- Chatham County maintained its AA+ bond rating from Standard & Poor's and its Aa2 bond rating from Moody's.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Chatham County's basic financial statements. The County's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the County through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of Chatham County.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (Exhibits A and B) in the basic financial statements are the **Government-Wide Financial Statements**. They provide both short and long-term information about the County's financial status.

The next statements (Exhibits C to K) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the County's government. These statements provide more detail than the government-wide statements. There are four parts to the fund financial statements: 1) the governmental funds statements, 2) the budgetary comparison statements, 3) the proprietary fund statements, and 4) the fiduciary fund statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. Following the notes is the **required supplemental information**. This section contains funding information about the County's pension plans. After the required supplemental information, **supplemental schedules** are provided to show details about the County's nonmajor governmental funds and the Internal Service Fund, all of which are added together in one column on the basic financial statements. Budgetary information required by the General Statutes also can be found in this part of the statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the County's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the County's financial status as a whole.

The two government-wide statements report the County's net position and how it has changed. Net position is the difference between the County's total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Measuring net assets is one way to gauge the County's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities, 2) business-type activities, and 3) component units. The governmental activities include most of the County's basic services such as public safety, human services, education, parks and recreation, and general administration. Property taxes, sales and other taxes, and State and federal grant funds finance most of these activities. The business-type activities are those that the County charges customers to provide. These include the utility and solid waste management services offered by Chatham County. The final category is the component unit. Although legally separate from the County, the Chatham County Board of Alcoholic Beverage Control is important to the County because the County is financially accountable for the Board by appointing its members and because the Board is required to distribute its profits to the County.

The government-wide financial statements are on Exhibits A and B of this report.

Fund Financial Statements

The fund financial statements provide a more detailed look at the County's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Chatham County, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the County's budget ordinance. All of the funds of Chatham County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the County's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting*, which provides a current financial resources focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the County's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

Chatham County adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the County, the management of the County, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the County to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the County complied with the budget ordinance and whether or not the County succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the Board; 2) the final budget as amended by the Board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the governmental funds' Statement of Revenues, Expenditures, and Changes in Fund Balance.

Proprietary Funds. Chatham County has two kinds of proprietary funds. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Chatham County uses enterprise funds to account for its utility activity and for its solid waste management operations. These funds are the same as those separate activities shown in the business-type activities in the Statement of Net Position and the Statement of Activities. Internal service funds are an accounting device used to accumulate and allocate costs internally among the functions of the County. The County uses an Internal Service Fund to account for one activity – its Self-Insurance Fund. Because this operation benefits predominantly governmental rather than business-type activities, the Internal Service Fund has been included within the governmental activities in the government-wide financial statements.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Chatham County has six fiduciary funds, a Pension Trust Fund, and five agency funds.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page 27 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Chatham County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 65-67 of this report.

Government-Wide Financial Analysis

As year-to-year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the County as a whole.

Chatham County Statement of Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 91,952,073	\$ 78,717,334	\$26,731,020	\$27,515,140	\$ 118,683,093	\$ 106,232,474
Capital assets	112,153,396	101,339,333	53,940,033	52,866,417	166,093,429	154,205,750
Total Assets	204,105,469	180,056,667	80,671,053	80,381,557	284,776,522	260,438,224
Long-term liabilities outstanding	124,542,084	100,982,745	21,080,275	20,966,361	145,622,359	121,949,106
Other liabilities	4,827,569	11,611,543	721,680	2,000,621	5,549,249	13,612,164
Deferred inflows of resources	439,242	494,892	-	-	439,242	494,892
Total liabilities and deferred inflows of resources	129,808,895	113,089,180	21,801,955	22,966,982	151,610,850	136,056,162
Net position:						
Net investment in capital assets	34,705,133	23,297,981	33,240,609	30,745,494	67,945,742	54,043,475
Restricted	20,001,062	7,002,729	-	-	20,001,062	7,002,729
Unrestricted	19,590,379	36,666,777	25,628,489	26,669,081	45,218,868	63,335,858
Total net position	\$ 74,296,574	\$ 66,967,487	\$58,869,098	\$57,414,575	\$ 133,165,672	\$ 124,382,062

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of Chatham County exceeded liabilities and deferred inflows by \$133,165,672 as of June 30, 2013. The County's net position increased by \$8,783,610 for the fiscal year ended June 30, 2013. A portion of the County's net position represents the County's investment in capital assets (e.g. land, buildings, machinery, and equipment), net of any related debt still outstanding that was issued to acquire those items. Chatham County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Chatham County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. A portion of Chatham County's net position \$20,001,062 represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$45,218,868 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.

Several particular aspects of the County's financial operations positively influenced the total unrestricted governmental net assets:

- Continued diligence in the collection of property taxes by maintaining a collection percentage of 97.70
- The continued accumulation of funds in the Capital Improvement Reserve Fund – The Commissioners continued to set aside an equivalent of five and one-half cents on the tax rate to fund future capital projects, including a new library completed in 2012, a judicial facility completed in 2013 and a new jail scheduled to be completed in 2014.

The County's total revenues and expenses for governmental and business-type activities are reflected in Figure 3.

Chatham County Changes in Net Position

Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues						
Charges for services	\$ 6,495,026	\$ 5,494,812	\$ 9,944,430	\$ 9,977,812	\$ 16,439,456	\$ 15,472,624
Operating grants and contributions	11,320,862	10,898,295	137,990	140,971	11,458,852	11,039,266
Capital grants and contributions	-	-	-	-	-	-
General revenues:						
Property taxes	63,637,790	61,548,697	-	-	63,637,790	61,548,697
Sales taxes	8,523,462	8,190,337	-	-	8,523,462	8,190,337
Other taxes and licenses	776,265	672,927	-	-	776,265	672,927
Grants and contributions not restricted	1,998,194	2,077,526	-	-	1,998,194	2,077,526
Unrestricted investment earnings	166,260	154,371	52,092	49,293	218,352	203,664
Other	345,098	443,116	22,485	-	367,583	443,116
Total revenues	93,262,957	89,480,081	10,156,997	10,168,076	103,419,954	99,648,157
Expenses:						
General government	10,439,515	6,973,789			10,439,515	6,973,789
Public safety	20,060,250	19,891,626			20,060,250	19,891,626
Economic and physical development	1,980,219	2,750,430			1,980,219	2,750,430
Human services	15,530,646	15,694,203			15,530,646	15,694,203
Cultural and recreational	1,842,358	743,753			1,842,358	743,753
Education	32,680,272	43,711,018			32,680,272	43,711,018
Interest on long-term debt	4,219,127	4,076,098			4,219,127	4,076,098
Utility	-	-	5,008,867	4,909,100	5,008,867	4,909,100
Southeast water district			798,953	757,410	798,953	757,410
Solid waste management	-	-	2,906,654	2,851,055	2,906,654	2,851,055
Total expenses	86,752,387	93,840,917	8,714,474	8,517,565	95,466,861	102,358,482
Increase in net position before transfers	6,510,570	(4,360,836)	1,442,523	1,650,511	7,953,093	(2,710,325)
Transfers	(12,000)	-	12,000	-	-	-
Extraordinary item - insurance recovery	830,517	1,779,856	-	-	830,517	1,779,856
Change in net position	7,329,087	(2,580,980)	1,454,523	1,650,511	8,783,610	(930,469)
Net position:						
Beginning of year - July 1	66,967,487	69,548,467	57,414,575	55,764,064	124,382,062	125,312,531
End of year - June 30	\$ 74,296,574	\$ 66,967,487	\$58,869,098	\$57,414,575	\$ 133,165,672	\$ 124,382,062

Governmental Activities. Governmental activities increased the County's net position by \$7,329,087, thereby, accounting for 83% of the total growth in the net position of Chatham County. A key element in this increase was the continued reservation of funds for future capital projects and the increase in revenue generated by property taxes due to higher than anticipated growth in property values.

Business-Type Activities. Business-type activities increased Chatham County's net position by \$1,454,523, accounting for 17% of the total growth in the government's net position.

Financial Analysis of the County's Funds

As noted earlier, Chatham County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of Chatham County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing Chatham County's financing requirements. Specifically, fund balance available for appropriation can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of Chatham County. At the end of the current fiscal year, Chatham County's fund balance available in the General Funds was \$24,984,889 while total fund balance was \$28,887,825. As a measure of the General Fund's liquidity, it may be useful to compare both available fund balance and total fund balance to total fund expenditures. Available fund balance represents 29 percent of total General Fund expenditures and transfers out, while total fund balance represents 33 percent of that same amount.

At June 30, 2013, the governmental funds of Chatham County reported a combined fund balance of \$80,417,614, a 22 percent increase over last year. The primary reason for this increase was an increase in debt obligations issued for the future construction of a jail facility scheduled to be completed in fiscal year 2014.

The Impact Fees Fund balance decreased by \$873,211, and the Capital Improvement Capital Project Reserve Fund balance increased by \$1,231,302. A transfer was made from the impact fee fund to cover the debt service payment for new school facilities resulting in a decrease in the fund balance. The increase in the Capital Improvement Reserve Fund was the result of a net transfer from the General Fund into the Capital Improvement Reserve Fund.

General Fund Budgetary Highlights. During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

Total amendments to the General Fund increased revenues by \$3,243,118 and expenditures by \$2,838,701.

Operating revenues of the General Fund were \$3,096,262 more than the final budgeted amount. Although property tax revenue and sales tax revenue exceeded budgeted amounts by \$1,019,966 and \$487,462 respectively the County saw a decline in anticipated restricted intergovernmental revenue of \$158,753.

The actual expenditures within the General Fund totaled \$4.4 million less than appropriated.

Proprietary Funds. Chatham County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Utility Fund at the end of the fiscal year amounted to \$20,967,395 and those for the Solid Waste Management Fund equaled \$4,478,372 while the Southeast Water District Fund equaled \$182,722. The net position for the Utility Fund increased \$1,436,582, and the Solid Waste Management Fund's net position increased \$233,331 while the Southeast Water District Fund decreased \$215,390 for the year ended June 30, 2013.

Capital Asset and Debt Administration

Capital Assets. Chatham County's capital assets for its governmental and business-type activities as of June 30, 2013, total \$166,093,429 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, park facilities, vehicles, and infrastructure for utility and solid waste management services.

Major capital asset transactions during the year include:

- Purchased new vehicles and equipment for the Sheriff's Department
- Completed construction of the new judicial facility.
- Purchased land adjacent to Central Carolina Community College. Current plans are to construct a new agriculture center on the property.

Chatham County's Capital Assets (Net of Depreciation)

Figure 4

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Non-Depreciable Assets:						
Land	\$ 12,642,176	\$ 10,468,462	\$ 916,528	\$ 916,528	\$ 13,558,704	\$ 11,384,990
Construction in progress	39,416,384	51,959,881	23,682,554	21,512,673	63,098,938	73,472,554
Depreciable Assets:						
Buildings	57,917,940	36,454,682	1,396,544	1,746,726	59,314,484	38,201,408
Equipment and vehicles	2,176,896	2,456,308	1,224,305	1,235,238	3,401,201	3,691,546
Infrastructure:						
Water lines	-	-	26,720,102	27,455,252	26,720,102	27,455,252
Total Assets	<u>\$ 112,153,396</u>	<u>\$ 101,339,333</u>	<u>\$53,940,033</u>	<u>\$52,866,417</u>	<u>\$ 166,093,429</u>	<u>\$ 154,205,750</u>

Additional information on the County's capital assets can be found in Note 2 of the Basic Financial Statements.

Long-Term Debt. As of June 30, 2013, Chatham County had total bonded debt outstanding of \$7,758,000 all of which is debt backed by the full faith and credit of the County. In addition, the County incurred additional installment debt in the amount of \$19,801,158, consisting of Limited Obligation Bonds of \$15,495,000 to be used for the construction of a new jail facility and a net increase in debt issued of \$4,306,158 for the construction of the new judicial facility.

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

Figure 5

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
General obligation bonds	\$ 4,635,000	\$ 6,385,000	\$ 3,123,000	\$ 3,162,000	\$ 7,758,000	\$ 9,547,000
Other long-term obligations	115,591,780	97,911,077	17,128,158	18,228,966	132,719,938	116,140,043
Total	<u>\$ 120,226,780</u>	<u>\$ 104,296,077</u>	<u>\$20,251,158</u>	<u>\$21,390,966</u>	<u>\$ 140,477,938</u>	<u>\$ 125,687,043</u>

Chatham County's bonded debt decreased by \$5,010,263 during the past fiscal year, due to principal payments on existing debt.

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

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Chatham County is \$608,636,819.

Additional information regarding Chatham County's long-term debt can be found in Note 2 of the Basic Financial Statements.

Economic Factors and Next Year's Budgets and Rates

- As of 2011, the latest data available, Chatham County has the second highest per capita income in the state, 34% higher than the state average.
- Chatham County's seasonally unadjusted unemployment rate (5.4% in August 2013) continues to trend well below the state (8.3%) and nation (7.2%). The August 2013 rate is 1.7% lower than the August 2012 rate. The County's August 2013 rate ranked second lowest among other counties in the state.
- The County's property tax rate remained the same from FY (fiscal year) 2013 to 2014: 62.19 cents/\$100 valuation of property. Because of a one-time windfall of motor vehicle taxes, property values are projected to increase 4.1% overall, as follows:
 - Real property, 1.9% increase
 - Public utility values, 22% decrease because of the closing of a coal plant by Duke Energy
 - Motor vehicles, 46% increase (again because of a one-time, four-month windfall of overlapping collection between the state and County); and
 - Personal property, 5.4% increase
- Data for FY 2014 is not available, but in FY 2013, the fourth year of its revaluation cycle, Chatham County ranked 15th out of 100 counties in property valuation per capita at \$138,578 (which is 35% higher than the state average). As many counties in the state and nation, Chatham County's sales assessment ratio, at 103%, is above 100%. Commissioners have opted to delay implementation of the next revaluation until FY 2018.
- The sales tax distributed based on where collected grew by 5% compared to 3% statewide growth. The County is projecting that sales tax revenues were conservatively estimated at 2% higher in FY 2014.
- Building permit revenue increased 42% between FY 2012 and FY 2013; overall the number of residential permits increased 12%. Register of Deeds' stamps, which are paid when properties are sold within the County, were up 22% in FY 2013 and 30% in the final quarter of FY 2013. Both of these revenue sources were conservatively budgeted in FY 2014 at 3% less than FY 2013 projected levels.
- Recent business and industry announcements are extraordinary. An 1,774-acre tract on the Chatham-Randolph border (50 acres in Randolph) was recently named the 3rd best site in the south for an automobile manufacturing plant by *Southern Business and Development* magazine. The County is working with the state, Town of Siler City, and the property owners to make this the first certified megasite in the state, a designation which significantly improves the marketability of property for industrial clients. Preston Development, developers of the Preston Community in Cary, have purchased 7,600 acres and have submitted plans to the Town of Pittsboro for a master planned community, touted as Research Triangle Park 2.0 which will target research and development industries. Research Triangle Park, located 20 miles away, is nearly full. At its 30-year build out, the Chatham Park development is expected to add 55,000 residents, 22,000 dwellings, 21 million square

feet of non-residential development, and \$12 billion in tax base. Local media sources claim it would be the largest planned community in the state. A lease was recently signed for the first project in Chatham Park, a 100-acre, 20 mega watt solar farm, which would be the largest solar farm in the state. The "Chapel Hill" WalMart located in Chatham County on the border of Orange County opened in June 2013 and added \$13.4 million in tax base and approximately 300 jobs. The WalMart opening is expected to contribute significantly to local sales tax collection. Including WalMart, the Economic Development Corporation reports that in the past year 686 jobs were created and \$23.16 million was invested by businesses.

Budget Highlights for the Fiscal Year Ending June 30, 2014

Governmental Activities. In spite of turmoil in national and state government, Chatham's FY 2014 budget was developed to give substance to the goals adopted by the Board of Commissioners during its annual planning session in January 2013. The overarching goal to achieve a prosperous and thriving community is supported by the board's other long-term goals:

- To achieve an AAA bond rating
- To ensure efficient and effective government
- To build a safer community

In order to further these goals and capitalize on extraordinary opportunities, the budget:

- Increases the contribution to the debt reserve to build a new Agricultural & Conference Center that will provide office and conference space for Chatham County's thriving agricultural economy and attract visitors to meeting events.
- Increases employee pay with a 3% market adjustment. During the State of the County address, the Chairman noted that the statewide average ratio of employees to population was 8.70/1,000 residents, while Chatham's was 6.7/1,000 residents. We believe that has been possible because we have been able to train and retain a well qualified workforce.
- Provides \$500,000 in one-time funding for K-8 teacher laptop replacements.
- Provides funding for partial year of operations of a new detention center.
- Increases other public safety staff, including four additional emergency dispatchers.
- Continues all approved capital projects on track.
- Approves using proceeds from the sale of several tracts in the Central Carolina Business Campus to fund engineering for water and sewer lines for the potential mega-site.

Requests for Information

This report is designed to provide an overview of the County's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Officer, County of Chatham, Post Office Box 608, Pittsboro, North Carolina 27312.

BASIC FINANCIAL STATEMENTS

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CHATHAM COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION

JUNE 30, 2013

	Primary Government			Chatham
	Governmental Activities	Business-Type Activities	Total	County Board of Alcoholic Beverage Control
Assets:				
Cash, cash equivalents and investments	\$ 70,161,700	\$ 24,721,134	\$ 94,882,834	\$ 723,631
Cash - restricted	14,277,546	407,144	14,684,690	-
Property taxes receivable, net	2,428,369	-	2,428,369	-
Accounts receivable, net	279,548	772,003	1,051,551	-
Due from other governments	4,804,910	785,190	5,590,100	-
Other receivables	-	45,549	45,549	-
Inventories	-	-	-	297,051
Prepaid items	-	-	-	22,032
Capital assets:				
Land, improvements and construction in progress	52,058,560	24,599,082	76,657,642	-
Other capital assets, net of depreciation	60,094,836	29,340,951	89,435,787	215,817
Total capital assets	112,153,396	53,940,033	166,093,429	215,817
Total assets	204,105,469	80,671,053	284,776,522	1,258,531
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	4,813,269	413,738	5,227,007	232,511
Liabilities to be paid from restricted assets	14,300	307,942	322,242	-
Long-term liabilities:				
Due within one year	6,518,233	1,399,680	7,917,913	-
Due in more than one year	118,023,851	19,680,595	137,704,446	-
Total long-term liabilities	124,542,084	21,080,275	145,622,359	-
Total liabilities	129,369,653	21,801,955	151,171,608	232,511
Deferred Inflows of Resources	439,242	-	439,242	-
Net Position:				
Net investment in capital assets	34,705,133	33,240,609	67,945,742	215,817
Restricted for:				
Stabilization by State Statute	5,048,162	-	5,048,162	-
Register of Deeds	271,108	-	271,108	-
Courthouse Clock	65,784	-	65,784	-
Emergency Telephone	300,584	-	300,584	-
Police Protection	52,178	-	52,178	-
Capital improvements	14,263,246	-	14,263,246	299,728
Working capital	-	-	-	488,442
Unrestricted	19,590,379	25,628,489	45,218,868	22,033
Total net position	\$ 74,296,574	\$ 58,869,098	\$ 133,165,672	\$ 1,026,020

The accompanying notes are an integral part of the financial statements.

CHATHAM COUNTY, NORTH CAROLINA

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013**

<u>Functions / Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government:				
Governmental Activities:				
General government	\$ 10,439,515	\$ 1,350,060	\$ 92,730	\$ -
Public safety	20,060,250	1,151,403	1,337,957	-
Economic and physical development	1,980,219	197,730	1,629,610	-
Human services	15,530,646	1,186,509	7,489,253	-
Cultural and recreational	1,842,358	454,496	212,462	-
Education	32,680,272	2,154,828	558,850	-
Interest on long-term debt	4,219,127	-	-	-
Total governmental activities	<u>86,752,387</u>	<u>6,495,026</u>	<u>11,320,862</u>	<u>-</u>
Business-Type Activities:				
Utility	5,008,867	6,390,263	1,189	-
Southeast Water District	798,953	582,425	-	-
Solid waste management	2,906,654	2,971,742	136,801	-
Total business-type activities	<u>8,714,474</u>	<u>9,944,430</u>	<u>137,990</u>	<u>-</u>
Total primary government	<u>\$ 95,466,861</u>	<u>\$ 16,439,456</u>	<u>\$ 11,458,852</u>	<u>\$ -</u>
Component Unit:				
Chatham County Board of Alcoholic Beverage Control	<u>\$ 1,929,830</u>	<u>\$ 1,953,762</u>	<u>\$ -</u>	<u>\$ -</u>

General Revenues:

Taxes:

Property taxes, levied for general purposes

Local option sales tax

Other taxes and licenses

Grants and contributions not restricted

Unrestricted investment earnings

Miscellaneous

Extraordinary item

Transfers

Total general revenues

Change in net position

Net Position:

Beginning of year - July 1

End of year - June 30

The accompanying notes are an integral part of the financial statements.

Exhibit B

<u>Net (Expense) Revenue and Changes in Net Position</u>			
<u>Primary Government</u>			<u>Chatham</u>
<u>Governmental</u>	<u>Business Type</u>	<u>Total</u>	<u>County Board</u>
<u>Activities</u>	<u>Activities</u>		<u>of Alcoholic</u>
			<u>Beverage Control</u>
\$ (8,996,725)	\$ -	\$ (8,996,725)	
(17,570,890)	-	(17,570,890)	
(152,879)	-	(152,879)	
(6,854,884)	-	(6,854,884)	
(1,175,400)	-	(1,175,400)	
(29,966,594)	-	(29,966,594)	
(4,219,127)	-	(4,219,127)	
<u>(68,936,499)</u>	<u>-</u>	<u>(68,936,499)</u>	
	1,382,585	1,382,585	
	(216,528)	(216,528)	
	201,889	201,889	
	<u>1,367,946</u>	<u>1,367,946</u>	
<u>(68,936,499)</u>	<u>1,367,946</u>	<u>(67,568,553)</u>	
			\$ <u>23,932</u>
63,637,790	-	63,637,790	-
8,523,462	-	8,523,462	-
776,265	-	776,265	-
1,998,194	-	1,998,194	-
166,260	52,092	218,352	604
345,098	22,485	367,583	-
830,517	-	830,517	-
(12,000)	12,000	-	-
<u>76,265,586</u>	<u>86,577</u>	<u>76,352,163</u>	<u>604</u>
7,329,087	1,454,523	8,783,610	24,536
<u>66,967,487</u>	<u>57,414,575</u>	<u>124,382,062</u>	<u>1,001,484</u>
<u>\$ 74,296,574</u>	<u>\$ 58,869,098</u>	<u>\$ 133,165,672</u>	<u>\$ 1,026,020</u>

The accompanying notes are an integral part of the financial statements.

CHATHAM COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2013

	Major Funds						Total Governmental Funds
	General	Impact Fees	Capital Improvements Capital Project Reserve	Facilities Improvements	School Construction Fund	Total Nonmajor Funds	
Assets:							
Cash, cash equivalents, and investments	\$ 27,895,989	\$ 5,673,127	\$ 22,773,162	\$ 4,157,255	\$ 1,300,410	\$ 3,763,872	\$ 65,563,815
Cash - restricted	14,300	-	-	13,917,559	345,687	-	14,277,546
Property taxes receivable, net	2,215,274	-	-	-	-	213,095	2,428,369
Due from other governments	3,686,944	-	153,850	671,229	87,230	205,159	4,804,412
Other receivables	248,011	4,773	13,167	6,000	1,729	2,089	275,769
Total assets	<u>\$ 34,060,518</u>	<u>\$ 5,677,900</u>	<u>\$ 22,940,179</u>	<u>\$ 18,752,043</u>	<u>\$ 1,735,056</u>	<u>\$ 4,184,215</u>	<u>\$ 87,349,911</u>
Liabilities:							
Accounts payable and accrued liabilities	\$ 2,505,027	\$ -	\$ -	\$ 752,697	\$ 623,765	\$ 136,878	\$ 4,018,367
Liabilities to be paid from restricted assets	14,300	-	-	-	-	-	14,300
Total liabilities	<u>2,519,327</u>	<u>-</u>	<u>-</u>	<u>752,697</u>	<u>623,765</u>	<u>136,878</u>	<u>4,032,667</u>
Deferred Inflows of Resources:							
Prepaid taxes	406,073	-	-	-	-	33,169	439,242
Property taxes receivable	2,215,274	-	-	-	-	213,095	2,428,369
Other receivables	32,019	-	-	-	-	-	32,019
Total deferred inflows of resources	<u>2,653,366</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>246,264</u>	<u>2,899,630</u>
Fund Balances:							
Restricted:							
Stabilization by State Statute	3,902,936	4,773	167,017	677,229	88,959	207,248	5,048,162
Register of Deeds	271,108	-	-	-	-	-	271,108
Courthouse Clock	-	-	-	-	-	65,784	65,784
Future Capital Projects	-	-	-	13,917,559	345,687	-	14,263,246
Emergency Telephone	-	-	-	-	-	300,584	300,584
Police Protection	-	-	-	-	-	52,178	52,178
Committed for future capital projects	-	-	22,773,162	3,404,558	676,645	2,329,011	29,183,376
Assigned:							
Subsequent year's expenditures	4,537,988	3,171,841	-	-	-	817,191	8,527,020
Education	-	2,501,286	-	-	-	-	2,501,286
Cultural and Recreation	-	-	-	-	-	94,544	94,544
Unassigned	<u>20,175,793</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(65,467)</u>	<u>20,110,326</u>
Total fund balances	<u>28,887,825</u>	<u>5,677,900</u>	<u>22,940,179</u>	<u>17,999,346</u>	<u>1,111,291</u>	<u>3,801,073</u>	<u>80,417,614</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 34,060,518</u>	<u>\$ 5,677,900</u>	<u>\$ 22,940,179</u>	<u>\$ 18,752,043</u>	<u>\$ 1,735,056</u>	<u>\$ 4,184,215</u>	<u>\$ 87,349,911</u>

Amounts reported for governmental activities in the Statement of Net Position (Exhibit A) are different because:

Total fund balance - Governmental Funds	\$ 80,417,614
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	112,153,396
Assets and liabilities of the Self-Insurance Internal Service Fund used by management to account for certain insurance costs are included in governmental activities in the Statement of Net Position.	4,163,243
Deferred inflows of resources for taxes and other receivables	2,460,388
Compensated absences not expected to be materially liquidated with expendable available resources	(1,538,351)
Other post-employment benefits that are not due and payable in the current period	(1,719,997)
Long-term liabilities, including bonds payable, accrued interest payable, and installment purchases, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(121,639,719)</u>
Net position of governmental activities	<u>\$ 74,296,574</u>

The accompanying notes are an integral part of the financial statements.

CHATHAM COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Major Funds						Total Governmental Funds
	General	Impact Fees	Capital Improvement Project Reserve	Facilities Improvements	School Construction Fund	Total Nonmajor Funds	
Revenues:							
Ad valorem taxes	\$ 56,752,266	\$ -	\$ -	\$ -	\$ -	\$ 7,037,122	\$ 63,789,388
Local option sales tax	8,523,462	-	-	-	-	-	8,523,462
Other taxes	776,265	-	-	-	-	-	776,265
Unrestricted intergovernmental	1,998,194	-	-	-	-	-	1,998,194
Restricted intergovernmental	8,169,081	-	558,850	-	-	1,193,983	9,921,914
Permits and fees	1,334,464	2,154,828	-	-	-	264,012	3,753,304
Sales and services	2,681,657	-	-	-	-	-	2,681,657
Investment earnings	75,974	14,917	44,305	6,571	4,764	6,932	153,463
Other general revenues	954,105	-	80,000	1,502,141	-	24,006	2,560,252
Total revenues	<u>81,265,468</u>	<u>2,169,745</u>	<u>683,155</u>	<u>1,508,712</u>	<u>4,764</u>	<u>8,526,055</u>	<u>94,157,899</u>
Expenditures:							
Current:							
General government	7,108,896	-	-	-	-	-	7,108,896
Public safety	12,802,945	-	-	-	-	7,358,493	20,161,438
Economic and physical development	1,808,830	-	-	-	-	534,800	2,343,630
Human services	16,697,736	-	-	-	-	-	16,697,736
Cultural and recreational	1,839,156	-	-	-	-	-	1,839,156
Intergovernmental:							
Education	28,060,137	-	-	294,623	3,964,112	-	32,318,872
Capital	2,964,568	-	-	9,389,543	-	154,397	12,508,508
Debt service:							
Principal retirement	5,070,455	-	-	-	-	-	5,070,455
Interest and fees	3,833,802	-	-	-	-	-	3,833,802
Total expenditures	<u>80,186,525</u>	<u>-</u>	<u>-</u>	<u>9,684,166</u>	<u>3,964,112</u>	<u>8,047,690</u>	<u>101,882,493</u>
Revenues over (under) expenditures	<u>1,078,943</u>	<u>2,169,745</u>	<u>683,155</u>	<u>(8,175,454)</u>	<u>(3,959,348)</u>	<u>478,365</u>	<u>(7,724,594)</u>
Other Financing Sources (Uses):							
Transfers from (to) other funds	719,278	(3,042,956)	548,147	1,758,552	-	4,979	(12,000)
Debt obligations issued	-	-	-	21,001,158	-	-	21,001,158
Premium on limited obligation bonds issued	-	-	-	1,172,009	-	-	1,172,009
Total other financing sources (uses)	<u>719,278</u>	<u>(3,042,956)</u>	<u>548,147</u>	<u>23,931,719</u>	<u>-</u>	<u>4,979</u>	<u>22,161,167</u>
Net change in fund balances	1,798,221	(873,211)	1,231,302	15,756,265	(3,959,348)	483,344	14,436,573
Fund Balances:							
Beginning of year - July 1	<u>27,089,604</u>	<u>6,551,111</u>	<u>21,708,877</u>	<u>2,243,081</u>	<u>5,070,639</u>	<u>3,317,729</u>	<u>65,981,041</u>
End of year - June 30	<u>\$ 28,887,825</u>	<u>\$ 5,677,900</u>	<u>\$ 22,940,179</u>	<u>\$ 17,999,346</u>	<u>\$ 1,111,291</u>	<u>\$ 3,801,073</u>	<u>\$ 80,417,614</u>

The accompanying notes are an integral part of the financial statements.

CHATHAM COUNTY, NORTH CAROLINA

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013**

Amounts reported for governmental activities in the Statement of Activities (Exhibit B) are different because:

Net changes in fund balances - total governmental funds	\$ 14,436,573
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets are depreciated over their estimated useful lives.	
Expenditures for capital assets	12,986,919
Current year's depreciation	(1,865,014)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued; whereas, these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(16,958,317)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental fund statements.	(1,206,649)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental fund statements.	(137,287)
Net revenue of the Self-Insurance Internal Service Fund determined to be governmental-type.	<u>72,862</u>
Total change in net position of governmental activities	<u>\$ 7,329,087</u>

The accompanying notes are an integral part of the financial statements.

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CHATHAM COUNTY, NORTH CAROLINA

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND AND
ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2013**

	General Fund			
	Original Budget	Final Budget	Actual	Variance With Final Budget Over/Under
Revenues:				
Ad valorem taxes	\$ 55,562,300	\$ 55,732,300	\$ 56,752,266	\$ 1,019,966
Local option sales tax	8,036,000	8,036,000	8,523,462	487,462
Other taxes	619,700	624,700	776,265	151,565
Unrestricted intergovernmental	1,667,128	1,667,128	1,998,194	331,066
Restricted intergovernmental	7,763,928	8,327,834	8,169,081	(158,753)
Permits and fees	993,354	993,354	1,334,464	341,110
Sales and services	2,112,770	2,290,341	2,681,657	391,316
Investment earnings	70,000	70,150	75,728	5,578
Other general revenues	238,175	427,399	954,105	526,706
Total revenues	<u>77,063,355</u>	<u>78,169,206</u>	<u>81,265,222</u>	<u>3,096,016</u>
Expenditures:				
Current:				
General government	9,779,888	10,692,127	9,461,867	1,230,260
Public safety	13,506,356	13,933,992	13,390,820	543,172
Economic and physical development	2,415,410	2,472,696	1,808,830	663,866
Human services	17,556,748	18,232,329	16,721,458	1,510,871
Cultural and recreational	1,964,575	2,145,380	1,839,156	306,224
Intergovernmental:				
Education	28,391,696	28,391,693	28,060,137	331,556
Debt service:				
Principal retirement	5,070,457	5,070,457	5,070,455	2
Interest and fees	3,646,331	3,655,388	3,833,802	(178,414)
Total expenditures	<u>82,331,461</u>	<u>84,594,062</u>	<u>80,186,525</u>	<u>4,407,537</u>
Revenues over (under) expenditures	<u>(5,268,106)</u>	<u>(6,424,856)</u>	<u>1,078,697</u>	<u>7,503,553</u>
Other Financing Sources (Uses):				
Transfers from other funds	6,010,328	8,147,595	8,103,171	(44,424)
Transfers to other funds	(5,840,470)	(7,416,570)	(7,383,893)	32,677
Total other financing sources (uses)	<u>169,858</u>	<u>731,025</u>	<u>719,278</u>	<u>(11,747)</u>
Appropriated fund balance	<u>5,098,248</u>	<u>5,693,831</u>	<u>-</u>	<u>(5,693,831)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>1,797,975</u>	<u>\$ 1,797,975</u>
Fund Balances:				
Beginning of year - July 1			<u>26,967,349</u>	
End of year - June 30			<u>\$ 28,765,324</u>	

The accompanying notes are an integral part of the financial statements.

Exhibit F

Impact Fees Fund			
Original Budget	Final Budget	Actual	Variance with Final Budget Over/Under
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
1,105,000	1,105,000	2,154,828	1,049,828
-	-	-	-
11,000	11,000	14,917	3,917
-	-	-	-
<u>1,116,000</u>	<u>1,116,000</u>	<u>2,169,745</u>	<u>1,053,745</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
2,000,000	2,000,000	-	2,000,000
-	-	-	-
-	-	-	-
<u>2,000,000</u>	<u>2,000,000</u>	<u>-</u>	<u>2,000,000</u>
<u>(884,000)</u>	<u>(884,000)</u>	<u>2,169,745</u>	<u>3,053,745</u>
-	-	-	-
<u>(3,042,956)</u>	<u>(3,042,956)</u>	<u>(3,042,956)</u>	<u>-</u>
<u>(3,042,956)</u>	<u>(3,042,956)</u>	<u>(3,042,956)</u>	<u>-</u>
<u>3,926,956</u>	<u>3,926,956</u>	<u>-</u>	<u>(3,926,956)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>(873,211)</u>	<u>\$ (873,211)</u>
		<u>6,551,111</u>	
		<u>\$ 5,677,900</u>	

The accompanying notes are an integral part of the financial statements.

CHATHAM COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2013

	Business-Type Activities - Enterprise				Governmental
	Utility	Southeast Water District	Solid Waste Management	Total	Self-Insurance Internal Service
Assets:					
Current assets:					
Cash, cash equivalents, and investments	\$ 20,079,173	\$ 101,590	\$ 4,540,371	\$ 24,721,134	\$ 4,597,885
Cash - restricted	378,139	26,755	2,250	407,144	-
Receivables, net	591,817	80,718	99,468	772,003	-
Due from other governments	736,427	-	48,763	785,190	498
Other receivables	13,561	414	31,574	45,549	3,779
Total current assets	<u>21,799,117</u>	<u>209,477</u>	<u>4,722,426</u>	<u>26,731,020</u>	<u>4,602,162</u>
Capital assets:					
Land, improvements, and construction in progress	24,103,577	-	495,505	24,599,082	-
Other capital assets, net of depreciation	23,607,659	5,095,200	638,092	29,340,951	-
Total capital assets, net	<u>47,711,236</u>	<u>5,095,200</u>	<u>1,133,597</u>	<u>53,940,033</u>	<u>-</u>
Total assets	<u>69,510,353</u>	<u>5,304,677</u>	<u>5,856,023</u>	<u>80,671,053</u>	<u>4,602,162</u>
Liabilities:					
Current liabilities:					
Accounts payable and accrued liabilities	266,691	-	147,047	413,738	438,919
Liabilities to be paid from restricted assets	278,937	26,755	2,250	307,942	-
Compensated absences payable	51,569	-	29,241	80,810	-
General obligation bonds payable	-	41,000	-	41,000	-
Revenue bonds payable	-	27,000	-	27,000	-
Refunding premium net	182,489	-	-	182,489	-
Installment notes payable	1,068,381	-	-	1,068,381	-
Total current liabilities	<u>1,848,067</u>	<u>94,755</u>	<u>178,538</u>	<u>2,121,360</u>	<u>438,919</u>
Non-current liabilities:					
Compensated absences payable	42,770	-	16,354	59,124	-
Other post-employment benefits	92,553	-	49,162	141,715	-
General obligation bonds payable	-	3,082,000	-	3,082,000	-
Revenue bonds payable	-	1,808,000	-	1,808,000	-
Refunding premium net	364,979	-	-	364,979	-
Installment notes payable	14,224,777	-	-	14,224,777	-
Total non-current liabilities	<u>14,725,079</u>	<u>4,890,000</u>	<u>65,516</u>	<u>19,680,595</u>	<u>-</u>
Total liabilities	<u>16,573,146</u>	<u>4,984,755</u>	<u>244,054</u>	<u>21,801,955</u>	<u>438,919</u>
Net Position:					
Net investment in capital assets	31,969,812	137,200	1,133,597	33,240,609	-
Unrestricted	20,967,395	182,722	4,478,372	25,628,489	4,163,243
Total net position	<u>\$ 52,937,207</u>	<u>\$ 319,922</u>	<u>\$ 5,611,969</u>	<u>\$ 58,869,098</u>	<u>\$ 4,163,243</u>

The accompanying notes are an integral part of the financial statements.

CHATHAM COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
FUND NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Business-Type Activities - Enterprise			Governmental	
	Utility	Southeast Water District	Solid Waste Management	Self-Insurance Internal Service	
Operating Revenues:					
Charges for services	\$ 6,390,263	\$ 582,425	\$ 2,949,034	\$ 9,921,722	\$ 4,521,517
Other operating revenues	-	-	22,708	22,708	-
Total operating revenues	<u>6,390,263</u>	<u>582,425</u>	<u>2,971,742</u>	<u>9,944,430</u>	<u>4,521,517</u>
Operating Expenses:					
Operating expenses	3,439,391	503,898	2,625,691	6,568,980	4,461,452
Depreciation	<u>1,006,321</u>	<u>106,150</u>	<u>280,963</u>	<u>1,393,434</u>	-
Total operating expenses	<u>4,445,712</u>	<u>610,048</u>	<u>2,906,654</u>	<u>7,962,414</u>	<u>4,461,452</u>
Operating income (loss)	<u>1,944,551</u>	<u>(27,623)</u>	<u>65,088</u>	<u>1,982,016</u>	<u>60,065</u>
Non-Operating Revenues (Expenses):					
Investment earnings	41,997	1,138	8,957	52,092	12,797
Interest and other charges	(563,155)	(188,905)	-	(752,060)	-
Gain on sale of assets	-	-	22,485	22,485	-
Other grants and revenue	<u>1,189</u>	-	<u>136,801</u>	<u>137,990</u>	-
Total non-operating revenues (expenses)	<u>(519,969)</u>	<u>(187,767)</u>	<u>168,243</u>	<u>(539,493)</u>	<u>12,797</u>
Income before transfers	1,424,582	(215,390)	233,331	1,442,523	72,862
Transfers from other funds, net	<u>12,000</u>	-	-	<u>12,000</u>	-
Change in net position	1,436,582	(215,390)	233,331	1,454,523	72,862
Net Position:					
Beginning of year - July 1	<u>51,500,625</u>	<u>535,312</u>	<u>5,378,638</u>	<u>57,414,575</u>	<u>4,090,381</u>
End of year - June 30	<u>\$ 52,937,207</u>	<u>\$ 319,922</u>	<u>\$ 5,611,969</u>	<u>\$ 58,869,098</u>	<u>\$ 4,163,243</u>

The accompanying notes are an integral part of the financial statements.

CHATHAM COUNTY, NORTH CAROLINA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Business-Type Activities - Enterprise				Governmental Activities
	Utility	Southeast Water District	Solid Waste Management	Total	Self-Insurance Internal Service
Cash Flows from Operating Activities:					
Cash received from customers	\$ 6,552,659	\$ 586,525	\$ 2,931,981	\$ 10,071,165	\$ 4,521,910
Cash paid for goods and services	(2,016,471)	(504,048)	(1,920,564)	(4,441,083)	(4,362,855)
Cash paid to or on behalf of employees for services	(1,272,111)	-	(697,207)	(1,969,318)	-
Customer deposits received	92,000	760	250	93,010	-
Customer deposits returned	(71,821)	-	-	(71,821)	-
Other operating activities	20,406	-	6,554	26,960	-
Net cash provided (used) by operating activities	<u>3,304,662</u>	<u>83,237</u>	<u>321,014</u>	<u>3,708,913</u>	<u>159,055</u>
Cash Flows from Non-Capital Financing Activities:					
Intergovernmental non-operating revenues received	-	-	136,801	136,801	-
Non-capital grants or other subsidies	1,189	-	-	1,189	-
Transfers from other funds	12,000	-	-	12,000	-
Net cash provided (used) by non-capital financing activities	<u>13,189</u>	<u>-</u>	<u>136,801</u>	<u>149,990</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:					
Acquisition and construction of capital assets	(2,189,405)	-	(277,645)	(2,467,050)	-
Principal paid on bonds, notes and capital leases	(1,257,297)	(65,000)	-	(1,322,297)	-
Proceeds for sale of assets	-	-	22,485	22,485	-
Interest paid on bonds, notes and capital leases	(563,155)	(188,905)	-	(752,060)	-
Net cash provided (used) by capital and related financing activities	<u>(4,009,857)</u>	<u>(253,905)</u>	<u>(255,160)</u>	<u>(4,518,922)</u>	<u>-</u>
Cash Flows from Investing Activities:					
Interest on investments	42,190	1,034	8,957	52,181	12,797
Net increase (decrease) in cash and cash equivalents	(649,816)	(169,634)	211,612	(607,838)	171,852
Cash and Cash Equivalents:					
Beginning of year - July 1	21,107,128	297,979	4,331,009	25,736,116	4,426,033
End of year - June 30	<u>\$ 20,457,312</u>	<u>\$ 128,345</u>	<u>\$ 4,542,621</u>	<u>\$ 25,128,278</u>	<u>\$ 4,597,885</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating income (loss)	\$ 1,944,551	\$ (27,623)	\$ 65,088	\$ 1,982,016	\$ 60,065
Adjustment to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:					
Depreciation and amortization	1,006,321	106,150	280,963	1,393,434	-
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable	163,980	4,100	(33,206)	134,874	393
(Increase) decrease in due from other governments	26,312	-	(3,815)	22,497	(498)
Increase (decrease) in accounts payable and accrued liabilities	137,343	(150)	6,708	143,901	99,095
Increase (decrease) in customer deposits	20,179	760	250	21,189	-
Increase (decrease) in compensated absences payable	5,976	-	5,026	11,002	-
Total adjustments	<u>1,360,111</u>	<u>110,860</u>	<u>255,926</u>	<u>1,726,897</u>	<u>98,990</u>
Net cash provided (used) by operating activities	<u>\$ 3,304,662</u>	<u>\$ 83,237</u>	<u>\$ 321,014</u>	<u>\$ 3,708,913</u>	<u>\$ 159,055</u>

The accompanying notes are an integral part of the financial statements.

CHATHAM COUNTY, NORTH CAROLINA

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2013**

	Law Enforcement Employees' Pension Trust Fund	Agency Funds
	<u> </u>	<u> </u>
Assets:		
Cash, cash equivalents and investments	\$ 407,475	\$ 268,231
Property taxes receivables, net	-	390,362
Due from other governmental agencies	-	17,212
Other receivables	228	6,489
Total assets	<u>\$ 407,703</u>	<u>\$ 682,294</u>
Liabilities:		
Due to agency participants	\$ -	\$ 70,553
Due to other government agencies	-	611,741
Total liabilities	<u>-</u>	<u>682,294</u>
Net Position:		
Assets held in trust for employees' pension benefits	<u>\$ 407,703</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements.

CHATHAM COUNTY, NORTH CAROLINA

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE YEAR ENDED JUNE 30, 2013**

	Law Enforcement Employees' Pension Trust Fund
Additions:	
Employer on-behalf payments	\$ 50,000
Investment earnings	756
Total additions	<u>50,756</u>
Deductions:	
Benefit payments	<u>21,576</u>
Change in net position	29,180
Net Position:	
Beginning of year - July 1	<u>378,523</u>
End of year - June 30	<u>\$ 407,703</u>

The accompanying notes are an integral part of the financial statements.

CHATHAM COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

I. Summary of Significant Accounting Policies

The accounting policies of the County and its component units conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The County of Chatham, North Carolina is a political subdivision of the State of North Carolina. It is one of 100 counties established in North Carolina under North Carolina General Statute 153A-10, is located in the central part of the State, and has a population of approximately 64,553. The County operates under a Commissioner-Manager form of government. The County is responsible for and maintains services inherent to the operation of a county government including general government, public safety, human services, education, economic and physical development, and cultural and recreational. The County also operates a water and sewer utility system and a solid waste management system.

As required by generally accepted accounting principles, these financial statements present the County and its component units, legally separate entities for which the County is financially accountable. Southeast Water District exists to provide and maintain water systems for the County residents within the districts. The District is reported as an enterprise fund in the County's financial statements. Southwest Water District and Northwest Water District have no financial transactions or account balances; therefore, they are not presented in the basic financial statements. Chatham County Industrial Facility and Pollution Control Financing Authority (the Authority) exists to issue and service revenue bond debt of private businesses for economic development purposes. The Authority has no financial transactions or account balances; therefore, it is not presented in the basic financial statements. The Chatham County Board of Alcoholic Beverage Control (the *ABC Board*), which has a June 30 year-end, is presented as if it is a separate proprietary fund of the County (discrete presentation). The blended presentation method presents component units as a department or unit of the County, and offers no separate presentation as with the discrete method.

Component Unit	Reporting Method	Criteria for Inclusion	Separate Financial Statements
Southeast Water District	Blended	Under State law [NCGS 162A-89], the County's Board of Commissioners also serves as the governing board of the District	None Issued
Southwest Water District	Blended	Under State law [NCGS 162A-89], the County's Board of Commissioners also serves as the governing board of the District	None Issued
Northwest Water District	Blended	Under State law [NCGS 162A-89], the County's Board of Commissioners also serves as the governing board of the District	None Issued
Chatham County Industrial Facility and Pollution Control Financing Authority	Discrete	The Authority is governed by a seven-member board of commissioners that is appointed by the County Commissioners. The County can remove any commissioner of the Authority with or without cause.	None Issued
Chatham County ABC Board	Discrete	The members of the ABC Board's governing board are appointed by the County. The ABC Board is required by State statute to distribute its surpluses to the General Fund of the County.	Chatham County ABC Board 11455 Suite B, US15-501 Chapel Hill, NC 27516

CHATHAM COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

B. Basis of Presentation, Basis of Accounting

Basis of Presentation

Government-Wide Statements. The Statement of Net Position and the Statement of Activities display information about the primary government net position (the County) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for the different business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements. The fund financial statements provide information about the County's funds, including its fiduciary funds and blended component units. Separate statements for each fund category – *governmental, proprietary, and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies, result from non-exchange transactions. Other non-operating items such as investment earnings are ancillary activities.

The County reports the following major governmental funds:

General Fund. This is the County's primary operating fund. It accounts for all financial resources of the general government, except those that are required to be accounted for in another fund. The Personnel Fund is a legally budgeted fund under North Carolina General Statutes; however, for statement presentation in accordance with GASB Statement No. 54, it is consolidated in the General Fund.

Impact Fees Fund. This fund is used to account 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.

Capital Improvement Capital Project Reserve Fund. The County transfers annually an amount equivalent to five and one-half cents on the tax rate into this fund. The money will be used to fund a variety of general capital projects, including a library, Central Carolina Community College facilities, an addition to the Department of Social Services, a judicial center, and a new jail.

CHATHAM COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

Facilities Improvements Project Fund. This fund accounts for the financing and construction of facilities and additional office space within the County.

School Construction Fund. This fund is used to account for the construction of new school facilities and additions to existing facilities.

The County reports the following major enterprise funds:

Utility Fund. This fund is used to account for the County's water and sewer operations.

Southeast Water District Fund. This fund is used to account for the operations of the water district covering the southeastern portion of the County.

Solid Waste Management Fund. This fund is used to account for the operations of the County's collection and disposal of solid waste.

The County reports the following fund types:

Pension Trust Fund. The County maintains one Pension Trust Fund: the Special Separation Allowance Fund. Pension trust funds are used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, or other postemployment benefit plans. The Special Separation Allowance Fund, that accounts for the Law Enforcement Officers' Special Separation Allowance, a single-employer, public employee retirement system.

Agency Funds. Agency funds are custodial in nature and do not involve measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains the following agency funds: the Social Services Fund, which accounts for monies deposited with the Department of Social Services for the benefit of certain individuals; the Fines and Forfeitures Fund, which accounts for various legal fines and forfeitures that the County is required to remit to the Chatham County Board of Education; the Chatham County Cooperative Extension Fund, which accounts for fees collected for programs conducted by the Chatham County Cooperative Extension; the Goldston Gulf Sanitary District Fund, which accounts for taxes collected for a special tax district located within the County; the State Motor Vehicle Tax Fund, which accounts for the three percent interest on the first month of delinquent motor vehicle taxes that the County is required to remit to the North Carolina Department of Motor Vehicles; and the Chatham County Municipalities Agency Fund, which accounts for taxes collected and remitted to municipalities located within the County.

Nonmajor Funds. The County maintains several legally budgeted funds. The Emergency Telephone System Fund, the Forfeited Property Fund, the Recreation-Payment in Lieu Fund, the Bynum Canoe Access Trust Fund, the Economic and Community Development Fund, the Courthouse Clock Fund, the Library Foundation Fund, and the Special Fire District Funds are reported as nonmajor special revenue funds. The Imaging Project Fund, Chatham Parks Project Fund, Equipment Capital Reserve Fund, and Emergency Vehicle Replacement Capital Reserve Fund are reported as nonmajor capital project funds.

Internal Service Funds. Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units on a cost reimbursement basis. The measurement focus is upon determination of net income, financial position, and changes in financial position. The generally accepted accounting

CHATHAM COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

principles here are those applicable to similar businesses in the private sector and, thus, these funds are maintained on the accrual basis. The County has one Internal Service Fund, the Self-Insurance Internal Service Fund.

Measurement Focus, Basis of Accounting

In accordance with North Carolina General Statutes, all funds of the County are maintained during the year using the modified accrual basis of accounting.

Government-Wide, Proprietary, and Fiduciary Fund Financial Statements. The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus, except for the agency funds which have no measurement focus. The government-wide, proprietary fund and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, donations, and similar items is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County enterprise funds are charges to customers for sales and services. The County also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Governmental Fund Financial Statements. 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.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The County considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, State law

CHATHAM COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, Chatham County is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts in the County. For registered motor vehicles, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, taxes for vehicles registered from March 2012 through February 2013 apply to the fiscal year ended June 30, 2013. Uncollected taxes that were billed during this period are shown as a receivable on these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the County are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net positions available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

C. Budgetary Data

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, the special revenue funds (excluding the Economic and Community Development Fund) and the enterprise funds. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for capital projects funds, and the Enterprise Capital Projects Fund, which are consolidated with the enterprise operating fund for reporting purposes. The County's Self-Insurance Internal Service Fund operates under a financial plan that was adopted by the governing board at the time the County's budget ordinance was approved, as is required by the General Statutes.

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the department level for all annually budgeted funds and at the object level for the multi-year funds. The County budget officer is authorized by the budget ordinance to transfer appropriations between department areas within a fund up to \$5,000; however, any revisions that alter total expenditures of any fund must be approved by the governing board. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

The County records encumbrances in its accounting system. Encumbrances including purchase orders, contracts, and other commitments for monies are recorded in the expenditure accounts in order to reserve a portion of the related appropriation. At June 30, when appropriations lapse, encumbrances outstanding, if any, are subsequently budgeted and charged to appropriations in the ensuing year.

Use of Estimates. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant areas where estimates are made are allowance for doubtful accounts and depreciation lives.

CHATHAM COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

D. Assets, Liabilities, Deferred Inflows and Outflows, and Fund Equity

1. Deposits and Investments

All deposits of the County and the ABC Board are made in board-designated official depositories and are secured as required by G.S. 159-31. The County and the ABC Board may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the County and the ABC Board may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State law [G.S. 159-30(c)] authorizes the County and the ABC Board to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT).

The County and the ABC Board's investments are carried at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, an SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value.

2. Cash and Cash Equivalents

The County pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. The ABC Board considers demand deposits and investments purchased with an original maturity of three months or less, which are not limited as to use, to be cash and cash equivalents.

3. Restricted Assets

The unexpended bond proceeds of the Western Transmission Water Line are classified as restricted assets within the Utility Fund because their use is completely restricted to the purpose for which the bonds were originally issued. The unexpended bond proceeds of the School Construction Fund and the Capital Improvement Capital Project Reserve Fund are classified as restricted assets because their use is restricted to ongoing capital projects for which the bonds were originally issued. Customer deposits held by the County before any services are supplied are restricted to the service for which the deposit was collected.

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2012.

CHATHAM COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

5. Allowances for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years. The ABC Board receivables are stated at realizable value and no allowance for doubtful accounts has been provided.

6. Inventories and Prepaid Items

The inventories of the ABC Board are valued at the lower of cost (first-in, first-out), which approximates market. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

7. Capital Assets

Capital assets, which include property, plant, infrastructure, equipment, and vehicles, are reported in the County's government-wide financial and proprietary financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$2,500 and an estimated useful life of more than one year. Capital assets other than leased assets are recorded at original cost or estimated historical cost. Leased assets under capital leases are recorded at the lower of the fair value of the asset or the present value of the related lease obligation. Donated capital assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

The County holds title to certain Chatham County Board of Education properties that have not been included in capital assets. The properties have been deeded to the County to permit the issuance of Qualified Zone Academy bonds and installment purchase financing of acquisition and construction costs and to permit the County to receive refunds of sales tax paid for construction costs. Agreements between the County and the Board of Education give the Board of Education full use of the facilities, full responsibility for the maintenance of the facilities, and provide that the County will convey title to the property back to the Board of Education once all restrictions of the bond and financing agreements have been met and all sales tax reimbursement requirements have been met. The property is reflected as a capital asset in the financial statements of the Chatham County Board of Education.

Capital assets are depreciated using the straight-line method over the assets' estimated useful lives. Assets acquired under capital leases are amortized over the assets' estimated useful lives. Capital assets are reported in the County's basic financial statements net of accumulated depreciation and amortization.

The estimated useful lives for the County's capital assets are as follows:

<u>Asset Class</u>	<u>Primary Government</u>	<u>ABC Board</u>
Buildings	20-60 years	
Infrastructure		
Water distribution system	50 years	4-10 years
Computer, equipment, and vehicles	3-5 years	10-40 years
Leasehold improvements		

CHATHAM COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

8. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for Deferred Outflow of Resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The County has no items that meet this criterion. In addition to liabilities, the Statement of Net Position can also report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The County has only three items that meet the criterion for this category – prepaid taxes, taxes receivable, and health clinic receivables.

9. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. In the fund financial statements for governmental fund types, the face amount of debt issued is reported as an other financing source.

General obligation bonds are direct obligations and pledge the full faith and credit of the County. The County's general obligation bonds, currently outstanding, were issued to finance construction of school facilities. It is the intention of the County that those obligations, including both principal and interest, are to be repaid from the General Fund. Therefore, the bonds are included in the government-wide financial statements.

The County has constructed new school facilities, county office facilities, made water system improvements and purchased equipment under private-placement loan agreements, certificates of participation, loans from the North Carolina Department of Environment and Natural Resources, and the United States Department of Agriculture. It has also acquired certain equipment under capital leases. Loan agreements and capital lease agreements are recorded in the appropriate columns of the government-wide and proprietary fund financial statements.

10. Compensated Absences

The vacation policy of the County provides for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned, and the ABC Board employees may accumulate up to forty days earned vacation leave. The County records as expenditures in governmental funds the amount of compensated absences accrued during the year that will be liquidated with expendable available financial resources. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The remainder of compensated absences relative to governmental funds is reported in the government-wide financial statements. The amount of accrued compensated absences relative to proprietary fund types is recorded within the respective fund. For the County's enterprise funds, an expense and a liability for compensated absences and salary-related payments are recorded within those funds as leave is earned.

CHATHAM COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

The sick leave policies of the County and the ABC Board provide for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since neither the County nor the ABC Board has any obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

11. Net Position/Fund Balances

Net Position/Fund Balances

Net Position

Net position in government-wide and proprietary fund financial statements is classified as net investment in capital assets, restricted, and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through State statutes.

Fund Balances

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

Non-Spendable Fund Balance

This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained in tact.

Restricted Fund Balance

This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

Stabilization for State Statute - portion of fund balance that is not an available resource for appropriation in accordance with State law [G.S. 159-8(a)].

Restricted for Register of Deeds – portion of fund balance restricted by State statute for automation enhancement (software) improvements.

Restricted for Courthouse Clock – portion of fund balance restricted for expenditures to maintain the Courthouse Clock.

Restricted for Future Capital Projects – portion of fund balance restricted by revenue source for future capital projects.

CHATHAM COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

Restricted for Emergency Telephone – portion of fund balance restricted for expenditures to enhance the County's 911 system.

Restricted for Police Protection – portion of fund balance restricted for expenditures for police protection

Committed Fund Balance

This classification represents the portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of Chatham County's governing body (highest level of decision making authority, Board of Commissioners). Any changes or removal of specific purpose restrictions requires majority action by the governing body.

Committed for Future Capital Projects – portion of fund balance budgeted by the Board to be used for future capital projects

Assigned Fund Balance

Assigned fund balance is the portion of fund balance that Chatham County intends to use for specific purposes. The County's governing body has the authority to assign fund balance.

Subsequent Year's Expenditures – portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation; however, the budget ordinance authorizes the Manager to make certain modifications utilizing a contingency line item without requiring board approval.

Assigned for Education – portion of fund balance budgeted by the Board for future education expenditures.

Assigned for Cultural and Recreation – portion of fund balance budgeted by the Board for cultural and recreation expenditures.

Unassigned Fund Balance

Unassigned fund balance represents the portion of fund balance that has not been assigned to another fund or is not restricted, committed, or assigned to specific purposes or other funds.

Chatham County has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: debt proceeds, federal funds, State funds, local non-County funds, and/or County funds. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and, lastly, unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the County or when required by grant or other contractual agreements.

Chatham County has also adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the County in such a manner that available fund balance is at least equal to or greater than 20% of the previous annual operating budget.

CHATHAM COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

The following schedule provides management and citizens with information on the portion of General Fund balance that is available for appropriation:

Total fund balance - General Fund	\$ 28,887,825
Less:	
Stabilization by State statute	<u>3,902,936</u>
Fund balance available for appropriation	<u>\$ 24,984,889</u>

II. Detail Notes on All Funds

A. Assets

1. Deposits

All the deposits of the County and the ABC Board are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the County's or the ABC Board's agents in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County and the ABC Board, these deposits are considered to be held by the County's and the ABC Board's agents in their names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County, the ABC Board, or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the County and the ABC Board under the Pooling Method, the potential exists for under collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method.

The State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions. The County and the ABC Board rely on the State Treasurer to monitor those financial institutions. The County analyzes the financial soundness of any other financial institution used by the County. The County complies with the provisions of G.S. 159-31 when designating official depositories and verifying deposits are properly secured. The County and the ABC Board have no policy regarding custodial credit risk for deposits.

At June 30, 2013, the County's deposits had a carrying amount of \$33,879,771 and a bank balance of \$34,300,294. Of the bank balance, \$1,750,000 was covered by federal depository insurance and \$32,550,294 was covered by collateral held under the Pooling Method. The County had \$1,780 of cash on hand at year-end.

At June 30, 2013, the carrying amount of deposits for Chatham County ABC Board was \$722,031 and the bank balance was \$696,025. All of the bank balance was covered by federal depository insurance. The ABC Board had \$1,600 of cash on hand at year-end.

CHATHAM COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

2. Investments

At June 30, 2013, the County's investment balances were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 6 Months</u>	<u>6-12 Months</u>	<u>1-5 Years</u>
US Government Treasuries	\$ 2,994,726	\$ -	\$ -	\$ 2,994,726
US Government Agencies	27,758,471	-	-	27,758,471
Commercial Paper	18,981,023	3,998,902	14,982,121	-
NC Capital Management Trust - Cash Portfolio	16,595,721	N/A	N/A	N/A
NC Capital Management Trust - Term Portfolio	10,031,738	-	10,031,738	-
Total	<u>\$ 76,361,679</u>	<u>\$ 3,998,902</u>	<u>\$ 25,013,859</u>	<u>\$ 30,753,197</u>

*Because the NC Capital Management Trust Term Portfolio had a duration of no more than 6 months, it was presented as an investment with a maturity of less than 6 months.

Interest Rate Risk. As a means of managing its exposure to fair value losses from increasing interest rates, the County has an informal investment policy that limits investment maturities to a maximum of five years.

Credit Risk. The County limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2013, the County's investments in commercial paper were rated P1 by Standard & Poor's, F1 by Fitch Ratings, and A1 by Moody's Investors Service. The County's investments in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2013. The County's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the US government and agencies, and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended. The County's investments in US agencies (Federal Home Loan Bank) are rated AAA by Standard & Poor's and Aaa by Moody's Investors Service.

Concentration Risk. The County's informal investment policy does not limit the amount that the County may invest in any one issuer. The County makes every effort to maintain diversified investment portfolio according to security type and institution and does not allow for an investment in one issuer in excess of 25% of the County's total investments.

Custodial Credit Risk. For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County's informal policy indicates that the County shall utilize a third party custodial agent for book entry transactions, all of which shall be a trust department authorized to do trust work in North Carolina who has an account with the Federal Reserve. At June 30, 2013, all of the County's investments were in the County's name.

CHATHAM COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

3. Property Tax – Use-Value Assessment on Certain Lands

In accordance with the general statutes, agriculture, horticulture, and forestland may be taxed by the County at the present-use value as opposed to market value. When the property loses its eligibility for use-value taxation, the property tax is recomputed at market value for the current year and the three preceding fiscal years, along with the accrued interest from the original due date. This tax is immediately due and payable. The following are property taxes that could become due if present use-value eligibility is lost. These amounts have not been recorded in the financial statements.

Year	Levied	Tax	Interest	Total
2010	\$	4,924,511	\$ 1,169,576	\$ 6,094,087
2011		4,990,850	736,153	5,727,003
2012		5,064,027	291,183	5,355,210
2013		5,179,901	-	5,179,901
Total	\$	<u>20,159,289</u>	<u>2,196,912</u>	<u>22,356,201</u>

4. Receivables

Receivables at the government-wide level at June 30, 2013, were as follows:

	Taxes	Accounts	Interest	Due from	Total
	Receivable	Receivable	Receivable	Other	
				Governments	
Governmental Activities:					
General	\$ 2,710,110	\$ 216,298	\$ 31,641	\$ 3,686,944	\$ 6,644,993
Other governmental	267,786	7,416	20,414	1,117,468	1,413,084
Internal service	-	621	3,158	498	4,277
Total	<u>2,977,896</u>	<u>224,335</u>	<u>55,213</u>	<u>4,804,910</u>	<u>8,062,354</u>
Allowance for doubtful accounts	549,527	-	-	-	549,527
Total governmental activities	<u>\$ 2,428,369</u>	<u>\$ 224,335</u>	<u>\$ 55,213</u>	<u>\$ 4,804,910</u>	<u>\$ 7,512,827</u>
Business-Type Activities:					
Utility	\$ -	\$ 637,106	\$ 12,031	\$ 736,427	\$ 1,385,564
Southeast water district	-	84,269	414	-	84,683
Solid waste management	-	153,855	2,875	48,763	205,493
Total	-	<u>875,230</u>	<u>15,320</u>	<u>785,190</u>	<u>1,675,740</u>
Allowance for doubtful accounts	-	72,998	-	-	72,998
Total business-type activities	<u>\$ -</u>	<u>\$ 802,232</u>	<u>\$ 15,320</u>	<u>\$ 785,190</u>	<u>\$ 1,602,742</u>

CHATHAM COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

Due from other governments that is owed to the County consists of the following:

Governmental Activities:

Local option sales tax	\$	2,183,970
Sales tax refunds		519,445
Federal and state grants		2,101,236
Local municipalities		259
Total governmental activities	\$	4,804,910

Business-Type Activities:

Sales tax refunds	\$	48,662
White goods disposal tax		5,022
Scrap tire tax		21,339
Federal and state grants		10,167
Local municipalities		700,000
Total business-type activities	\$	785,190

5. Capital Assets

Governmental capital assets at June 30, 2013, were as follows:

	<u>Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>Balance</u>
	<u>July 1, 2012</u>			<u>In (Out)</u>	<u>June 30, 2013</u>
Non-Depreciable Assets:					
Land	\$ 10,468,462	\$ 2,173,714	\$ -	\$ -	\$ 12,642,176
Construction in progress	51,959,881	9,805,638	281,923	(22,067,212)	39,416,384
Total non-depreciable assets	62,428,343	11,979,352	281,923	(22,067,212)	52,058,560
Depreciable Assets:					
Buildings	48,954,438	137,991	-	22,067,212	71,159,641
Equipment and vehicles	11,922,717	869,576	1,159,785	4,577	11,637,085
Total depreciable assets	60,877,155	1,007,567	1,159,785	22,071,789	82,796,726
Less Accumulated Depreciation:					
Buildings	12,499,756	741,945	-	-	13,241,701
Equipment and vehicles	9,466,409	1,123,069	1,133,866	4,577	9,460,189
Total	21,966,165	1,865,014	1,133,866	4,577	22,701,890
Depreciable assets, net	38,910,990	(857,447)	25,919	22,067,212	60,094,836
Total governmental activities capital assets, net	\$ 101,339,333	\$ 11,121,905	\$ 307,842	\$ -	\$ 112,153,396

CHATHAM COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

Depreciation expense was charged to the functions/programs of the primary government as follows:

Governmental Activities:

General government	\$	416,945
Public safety		754,111
Human services		189,529
Economic and physical development		20,257
Cultural and recreational		361,400
Education		122,772
Total	\$	<u>1,865,014</u>

Business-Type Activities:

Utility	\$	1,006,321
Solid waste management		280,963
Southeast Water District		106,150
Total	\$	<u>1,393,434</u>

Enterprise Fund capital assets at June 30, 2013, were as follows:

	<u>Balance July 1, 2012</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers In (Out)</u>	<u>Balance June 30, 2013</u>
Utility Fund:					
Non-Depreciable Assets:					
Land	\$ 421,023	\$ -	\$ -	\$ -	\$ 421,023
Construction in progress	21,512,673	2,169,881	-	-	23,682,554
Total non-depreciable assets	<u>21,933,696</u>	<u>2,169,881</u>	<u>-</u>	<u>-</u>	<u>24,103,577</u>
Depreciable Assets:					
Buildings	5,478,618	-	-	-	5,478,618
Equipment and vehicles	2,025,385	19,524	90,089	(4,577)	1,950,243
Distribution lines	29,381,101	-	-	-	29,381,101
Total depreciable assets	<u>36,885,104</u>	<u>19,524</u>	<u>90,089</u>	<u>(4,577)</u>	<u>36,809,962</u>
Less Accumulated Depreciation:					
Buildings	3,981,924	273,853	-	-	4,255,777
Equipment and vehicles	1,181,525	103,468	90,089	(4,577)	1,190,327
Distribution lines	7,127,199	629,000	-	-	7,756,199
Total accumulated depreciation	<u>12,290,648</u>	<u>1,006,321</u>	<u>90,089</u>	<u>(4,577)</u>	<u>13,202,303</u>
 Depreciable assets, net	 <u>24,594,456</u>	 <u>(986,797)</u>	 <u>-</u>	 <u>-</u>	 <u>23,607,659</u>
 Total Utility Fund capital assets, net	 <u>\$ 46,528,152</u>	 <u>\$ 1,183,084</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 47,711,236</u>

CHATHAM COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

	Balance July 1, 2012	Additions	Disposals	Transfers In (Out)	Balance June 30, 2013
Southeast Water District:					
Depreciable Assets:					
Distribution lines	\$ 5,307,500	\$ -	\$ -	\$ -	\$ 5,307,500
Less Accumulated Depreciation:					
Distribution lines	106,150	106,150	-	-	212,300
Depreciable assets, net	5,201,350	(106,150)	-	-	5,095,200
Total Southeast Water District Fund capital assets, net	\$ 5,201,350	\$ (106,150)	\$ -	\$ -	\$ 5,095,200
	Balance July 1, 2012	Additions	Disposals	Transfers In (Out)	Balance June 30, 2013
Solid Waste Management:					
Non-Depreciable Assets:					
Land	\$ 495,505	\$ -	\$ -	\$ -	\$ 495,505
Depreciable Assets:					
Buildings	1,804,717	-	-	-	1,804,717
Equipment and vehicles	2,297,470	277,645	310,173	-	2,264,942
Total	4,102,187	277,645	310,173	-	4,069,659
Less Accumulated Depreciation:					
Buildings	1,554,685	76,329	-	-	1,631,014
Equipment and vehicles	1,906,092	204,634	310,173	-	1,800,553
Total	3,460,777	280,963	310,173	-	3,431,567
Depreciable assets, net	641,410	(3,318)	-	-	638,092
Total Solid Waste Management Fund capital assets, net	\$ 1,136,915	\$ (3,318)	\$ -	\$ -	\$ 1,133,597

CHATHAM COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

6. Net Investment in Capital Assets

	Governmental Activities	Business-Type Activities
Capital assets, net of depreciation	\$ 112,153,396	\$ 53,940,033
Long-term debt	121,254,394	20,798,626
Less unspent debt proceeds	(17,376,244)	(99,202)
Less debt not tied to capital assets	(26,429,887)	-
Long-term debt related to capital assets	77,448,263	20,699,424
Net investment in capital assets	\$ 34,705,133	\$ 33,240,609

7. Construction Commitments

The government has active construction projects as of June 30, 2013. At year-end, the government's commitments with contractors were as follows:

Project	Spent-to-Date	Remaining Commitment
Judicial Facility	\$ 20,247,947	\$ 161,979
CCCC-Library/Classroom	10,125,864	-
Law Enforcement Center Parking	531,754	-
Jail	1,663,113	13,007,702
Courthouse Restoration	4,887,019	312,555
Durham Increased Capacity	1,005,266	330,042
Sanford Interconnect	1,225,303	44,524
Total	\$ 39,686,266	\$ 13,856,802

8. Discretely Presented Component Unit

Activity for the ABC Board for the year ended June 30, 2013, was as follows:

	Balance July 1, 2012	Additions	Disposals	Balance June 30, 2013
Depreciable Assets:				
Leasehold improvements	\$ 16,556	\$ 182,692	\$ -	\$ 199,248
Equipment and fixtures	97,119	4,945	-	102,064
Total	113,675	187,637	-	301,312
Less: accumulated depreciation	(64,990)	(20,505)	-	(85,495)
Total ABC Board capital assets, net	\$ 48,685	\$ 167,132	\$ -	\$ 215,817

CHATHAM COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

9. Extraordinary Event

In March of 2010, a fire significantly damaged the County Historical Courthouse. The County received insurance proceeds of \$830,517 in the current year and over \$5,000,000 overall as a result of the fire. Restoration costs of \$5,483,299 have been capitalized in the General Fund.

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2013, were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Claims Liability</u>	<u>Accrued Interest</u>	<u>Total</u>
Governmental Activities:					
General	\$ 1,699,116	\$ 776,569	\$ -	\$ 385,325	\$ 2,861,010
Internal service	128,919	-	310,000	-	438,919
Other governmental	1,511,720	1,620	-	-	1,513,340
Total governmental activities	<u>\$ 3,339,755</u>	<u>\$ 778,189</u>	<u>\$ 310,000</u>	<u>\$ 385,325</u>	<u>\$ 4,813,269</u>
Business-Type Activities:					
Utility	\$ 224,999	\$ 41,692	\$ -	\$ -	\$ 266,691
Solid waste management	125,567	21,480	-	-	147,047
Total business-type activities	<u>\$ 350,566</u>	<u>\$ 63,172</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 413,738</u>

2. Operating Leases

The ABC Board occupies a facility in Moncure that had an operating lease agreement which expired in October 2010. The lease was not renewed and the facility is being leased on a month-to-month basis. The base rental rate was \$1,000 and was adjusted annually based on the Consumer Price Index. The monthly rent at June 30, 2013 and 2012 was \$1,042.

The Governor's Village facility has an operating lease agreement with a three-year term, which expires April 30, 2016. The minimum annual rent is \$20,160 for year 2014, \$20,760 for year 2015, and \$21,360 for year 2016. The monthly rent at June 30, 2013 and 2012 was \$1,630 and \$1,630, respectively.

The ABC Board entered into an operating lease agreement with the Pittsboro ABC Board on November 1, 2008 to lease warehouse space from them at their Pittsboro location at a monthly rate of \$250. The lease expires on November 1, 2013. The monthly rent at June 30, 2013 and 2012 was \$250.

CHATHAM COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

The ABC Board has an operating lease for Chatham Crossing in Chapel Hill. The lease is a ten-year lease expiring June 28, 2022. The monthly rent at June 30, 2013 and 2012 was \$4,367. Total lease expense for the years ended June 30, 2013 and 2012 amounted to \$84,500 and \$58,766, respectively. Minimum future lease payments are as follows:

Year Ending June 30	Amount
2014	\$ 75,160
2015	57,536
2016	74,850
2017	58,700
2018	60,350
2019-2022	259,398
Total	<u>\$ 585,994</u>

3. Pension Plan and Other Post-Employment Obligations

a. Local Governmental Employees' Retirement System

Plan Description. The County and the ABC Board contribute to the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Plan members are required to contribute six percent of their annual covered salary. The County and the ABC Board are required to contribute at an actuarially determined rate. For the County, the current rate for employees not engaged in law enforcement and for law enforcement officers is 6.74% and 6.77%, respectively, of annual covered payroll. For the ABC Board, the current rate for employees not engaged in law enforcement and for law enforcement officers is 7.28% and 0.00%, respectively, of annual covered payroll. The contribution requirements of members, the County, and the ABC Board are established and may be amended by the North Carolina General Assembly. The County's contributions to LGERS for the years ended June 30, 2013, 2012, and 2011 were \$1,253,713, \$1,176,774, and \$1,133,499, respectively. The ABC Board's contributions to LGERS for the years ended June 30, 2013, 2012, and 2011 were \$8,042, \$8,079, and \$7,497, respectively. The contributions made by the County and the ABC Board equaled the required contributions for each year.

CHATHAM COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

b. Law Enforcement Officers' Special Separation Allowance

Plan Description. The County administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers. The Separation Allowance is equal to 0.85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Separation Allowance is reported in the County's report as a pension trust fund. The plan does not issue separate financial statements.

All full-time County law enforcement officers of the County are covered by the Separation Allowance. At December 31, 2012 the Separation Allowance's membership consisted of:

Retirees receiving benefits and terminated plan entitled to, but not yet receiving, benefits	2
Active plan members	<u>87</u>
Total	<u><u>89</u></u>

Summary of Significant Accounting Policies

Basis of Accounting. The County has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments. Investments are reported at fair value. Short-term money market debt instruments, deposits, and repurchase agreements are reported at cost or amortized cost, which approximates fair value. Certain longer term United States Government and United States Agency securities are valued at the last reported sales price.

Contributions. The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to fund the benefit payments on a pay as you go basis through appropriations made in the General Fund operating budget. For the current year, the County contributed \$50,000, or 1.47%, of annual covered payroll. There were no contributions made by employees. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings.

The annual required contribution for the current year was determined as part of the December 31, 2011 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.00% investment rate of return (net of administrative expenses) and (b) projected salary increases ranging from 4.25% to 7.85% per year. Both (a) and (b) included an inflation component of 3.00%. The assumptions did not include post-retirement benefit increases. The actuarial value of assets

CHATHAM COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2011 was 19 years.

Annual Pension Cost and Net Pension Obligation. The County's annual pension cost and net pension asset to the Separation Allowance for the current year were as follows:

Annual required contribution	\$ 80,761
Interest on net pension obligation	(72)
Adjustment to annual required contribution	89
Annual pension cost	80,778
Contributions made	50,000
Increase in net pension obligation	30,778
Net pension asset, beginning of year	(1,436)
Net pension obligation, end of year	\$ 29,342

Three-Year Trend Information

Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2011	\$ 85,175	58.70%	\$ (28,571)
2012	77,135	64.82%	(1,436)
2013	80,778	61.90%	29,342

Funding Status and Funding Progress. As of December 31, 2012, the most recent actuarial valuation date, the plan was 46.63% funded. The actuarial accrued liability for benefits was \$782,130, and the actuarial value of assets was \$364,744, resulting in an unfunded actuarial accrued liability (UAAL) of \$417,386. The covered payroll (annual payroll of active employees covered by the plan) was \$3,385,672, and the ratio of the UAAL to the covered payroll was 12.33%.

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

c. Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The County contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the County. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included

CHATHAM COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the Plan. Contributions for the year ended June 30, 2013 were \$235,829, which consisted of \$186,991 from the County and \$48,838 from the law enforcement officers.

d. Supplemental Retirement Income Plan of North Carolina 401(k)

Plan Description. The County contributes to the Supplemental Retirement Income Plan of North Carolina 401(k) (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to all employees not engaged in law enforcement who work more than 20 hours of each week and who are not already receiving supplemental retirement benefits. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

Funding Policy. The County contributes each month an amount equal to four and one-half percent (4.5%). Also, employees may make voluntary contributions to the Plan. Contributions for the year ended June 30, 2013 were \$993,478 which consisted of \$669,640 from the County and \$323,838 from the employees.

e. Deferred Compensation Plan

Plan Description. The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, which is available to all employees not engaged in law enforcement, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

The County has complied with changes in laws which govern the County's Deferred Compensation Plan, requiring all assets of the plan to be held in trust for the exclusive benefit of the participants and their beneficiaries. In accordance with GASB Statement 32, "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans," the County's Deferred Compensation Plan is not reported within the County's Agency Funds.

Funding Policy. The County does not contribute to the deferred compensation plan. Employees may make voluntary contributions to the plan. Contributions from employees for the year ended June 30, 2013 were \$63,178.

e. Registers of Deeds' Supplemental Pension Fund

Plan Description. The County also contributes to the Registers of Deeds' Supplemental Pension Fund (Fund), a non-contributory, defined contribution plan administered by the North Carolina Department of State Treasurer. The Fund provides supplemental pension benefits to any eligible county register of deeds

CHATHAM COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

who is retired under the Local Governmental Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Registers of Deeds' Supplemental Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Registers of Deeds' Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. On a monthly basis, the County remits to the Department of State Treasurer an amount equal to one and one-half percent (1.5%) of the monthly receipts collected pursuant to Article 1 of G.S. 161. Immediately following January 1 of each year, the Department of State Treasurer divides ninety-three percent (93%) of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining seven percent (7%) of the Fund's assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2013, the County's required and actual contributions were \$7,505.

f. Other Post-Employment Benefits

Healthcare Benefits

Plan Description. According to a County resolution, the County provides post-employment healthcare benefits to retirees of the County, provided they participate in the North Carolina Local Governmental Employees' Retirement System (System) and have at least twenty years of creditable service with the County. Retirees who do not meet the aforementioned criteria have the option to purchase basic medical insurance for themselves and their dependents through the County for eighteen months. Currently, 14 retirees are eligible for post-employment health benefits. The County is self-insured for its healthcare coverage and contributes funding for all employee groups annually. The County Commissioners may amend the benefit provision. A separate report was not issued for the plan.

Membership of the post employment health benefit plan consisted of the following at December 31, 2012, the date of the latest actuarial valuation:

Retirees and dependents receiving benefits	14
Active plan members	<u>444</u>
Total	<u>458</u>

Funding Policy. The County agrees to provide medical insurance to certain retired employees as an extended benefit. Eligible retirees who elect this coverage will be enrolled in the group health plan. For members that retire with at least 30 years of service, the County pays 100% of the cost for pre-65 health coverage for the retiree. For members that retire with at least 25 years of service, the County pays 75% of the cost for pre-65 health coverage. For members that retire with at least 20 years of service, the County pays 50% of the cost for pre-65 health coverage. Retirees will cease to be eligible for group health insurance at age 65. The retiree is responsible for paying the cost of dependent coverage if dependent coverage is elected. The County has chosen to fund the healthcare benefits on a pay-as-you-go basis. The County's obligation to contribute to the HCB Plan is established and may be amended by the Board of Commissioners.

CHATHAM COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

The current ARC rate is 2.43% of annual covered payroll. For fiscal year 2013, the County made net contributions in the amount of \$43,845 or .25% of annual covered payroll.

Summary of Significant Accounting Policies. Benefit expenditures are made from the internal service fund, which is reported on the accrual basis of accounting. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

Annual OPEB Cost and Net OPEB Obligation. The County's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation healthcare benefits:

Annual required contribution	\$	420,063
Interest on net OPEB obligation		33,424
Adjustment to annual required contribution		57,692
Annual OPEB cost (expense)		395,795
Contributions made		43,845
Increase (decrease) in net OPEB obligation		351,950
Net OPEB obligation, beginning of year		1,509,762
Net OPEB obligation, end of year	\$	1,861,712

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 were as follows:

Three-Year Trend Information			
Year Ended	Annual	Percentage	Net
June 30	OPEB	of AOC	Pension
	Cost	Contributed	Obligation
	(AOC)		
2011	\$ 443,618	16.00%	\$ 1,155,248
2012	444,284	20.20%	1,509,762
2013	422,761	10.37%	1,861,712

Funding Status and Funding Progress. As of December 31, 2012, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$3,574,308. The covered payroll (annual payroll of active employees covered by the plan) was \$17,259,258, and the ratio of the UAAL to the covered payroll was 20.7%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and

CHATHAM COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations.

In the December 31, 2012 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included 4.00% investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual pre-Medicare medical cost trend increase of 8.50 to 5.00 percent annually. The investment rate included a 3.00% inflation assumption. The actuarial value of assets, if any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a 5-year period. The unfunded actuarial accrued liability is being amortized as level percentage of pay on an open basis. The remaining amortization period at December 31, 2012 was 30 years.

Other Employment Benefits

The County has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit will be a minimum of \$25,000 and will not exceed \$50,000. All death benefit payments are made from the Death Benefit Plan. The County has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. The County considers these contributions to be immaterial.

The County has also elected to provide enrollment in additional term life and accidental death and dismemberment insurance to employees. The plan, which is available to all County employees who work 30 hours or more per week, is valued at \$10,000. Employees may elect to purchase additional coverage for themselves or their dependents at additional cost. Any benefit elections purchased in excess of \$50,000 are considered taxable to the employee as a fringe benefit.

CHATHAM COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

4. Pension and Other Employee Benefit Trust Funds

The County maintains two pension and other employee benefit trust funds as indicated in Note 1. Net position for these trust funds is as follows:

	Law Enforcement Employees' Pension Trust Fund
Assets:	
Cash, cash equivalents and investments	\$ 407,475
Other receivables	228
Total assets	407,703
 Net Position:	
Assets held in trust for employees' pension benefits	407,703
Total net position	\$ 407,703

Changes in net position for these trust funds are as follows:

	Law Enforcement Employees' Pension Trust Fund
Additions:	
Employer on-behalf payments	\$ 50,000
Investment earnings	756
Total additions	50,756
 Deductions:	
Benefit payments	21,576
Net change in position	29,180
 Net Position:	
Beginning of year, July 1	378,523
End of year, June 30	\$ 407,703

CHATHAM COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

5. Landfill Closure and Post-Closure Costs

The County closed its landfill facility in October 1993 and placed a cover on the site. The County is required to perform semi-annual monitoring functions at the site. Costs that relate to monitoring activities are expensed as incurred. Post-closure costs for the fiscal year ended June 30, 2013 were approximately \$11,447.

As a result of the monitoring, the County submitted an assessment and remediation plan pursuant to NC Administrative Code 13B in November 1998 to the North Carolina Department of Environment and Natural Resources Division of Waste Management. The plan requires the County to purchase land adjacent to the site as a buffer zone. All necessary property to provide the buffer zone was purchased and the project was completed during the fiscal year ending June 30, 2009. Future post-closure costs will be expensed as incurred.

6. Deferred Outflows and Inflows of Resources

	<u>Unavailable Revenues</u>	<u>Unearned Revenues</u>
Prepaid taxes not yet earned (General)	\$ -	\$ 406,073
Prepaid taxes not yet earned (Special Revenue)	-	33,169
Taxes receivable, net (General)	2,215,274	-
Taxes receivable, net (Special Revenue)	213,095	-
Health Department fees receivable, net (General)	32,019	-
Total	<u>\$ 2,460,388</u>	<u>\$ 439,242</u>

7. Risk Management

The County and the ABC Board are exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County purchases insurance for property, general liability, automobile, errors and omissions, law enforcement liability and employment practices liability. The County's property is insured based on actual value up to a limit of \$87,516,636. The County carries flood insurance with a limit of coverage of \$5,000,000. General liability law enforcement, public official, employment practices, and employee benefit liability have a \$1,000,000 per occurrence limit, with a \$3,000,000 total aggregate, and automobile liability of \$1,000,000 per occurrence. The County purchases a \$5,000,000 umbrella over all of the casualty coverage subject to a \$5,000,000 annual aggregate. The County participates in a self-funded risk financing pool administered by a private company. Through this pool, the County self-insures for workers' compensation coverage, and purchases reinsurance with a \$550,000 (all others) / \$600,000 (law enforcement) retention per occurrence with a statutory maximum limit and an employer's liability maximum limit of indemnity per occurrence of \$1,000,000. The County self-insures for employee health coverage, which is administered by a private company, with a stop-loss provision of \$100,000 per occurrence. The maximum lifetime benefit is unlimited, in accordance with healthcare reform. The County carries commercial insurance coverage above these limits. There have been no significant reductions in insurance coverage from the previous year and settled claims have not exceeded coverage in any of the past three fiscal years.

CHATHAM COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

In accordance with G.S. 159-29, the County's employees that have access to \$100 or more at any given time of the County's funds are performance bonded through a commercial surety bond. The Finance Officer and Tax Collector are each individually bonded for \$100,000. The remaining employees that have access to funds are bonded under a blanket bond for \$300,000.

The ABC Board has property, general liability, liquor legal liability, workers' compensation and employee health coverage. There have been no significant reductions in insurance coverage from the previous year, and settled claims have not exceeded coverage in any of the last three fiscal years.

8. Contingent Liabilities and Commitments

The County and the ABC Board have elected to pay the direct cost of employment security benefits in lieu of employment security taxes on the payroll. A liability for benefit payments could accrue in the year following discharge of employees.

The County has received proceeds from several federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

9. Claims and Judgments

The County is a defendant to various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the County's management and the County attorney, the ultimate effect of these legal matters will not have a material adverse effect on the County's financial position for the County carries sufficient liability insurance to cover such claims.

The County self-insures for workers' compensation coverage and for employee health coverage. The County has recorded a liability in its Self-Insurance Internal Service Fund for estimated unfiled insurance claims. The following is a reconciliation of the changes in the liability for claims and judgments for the prior two fiscal years:

Accrued claims and judgments, June 30, 2011	\$ 187,000
Additions	3,417,200
Benefits paid	<u>(3,319,200)</u>
Accrued claims and judgments, June 30, 2012	285,000
Additions	3,750,947
Benefits paid	<u>(3,725,947)</u>
Accrued claims and judgments, June 30, 2013	<u>\$ 310,000</u>

CHATHAM COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

10. Long-Term Obligations

a. General Obligation Indebtedness

All general obligation bonds serviced by the County's General Fund are collateralized by the full faith, credit, and taxing power of the County. Chatham County's Southeast Water District issues general obligation bonds to provide funds for the acquisition and construction of major water system capital improvements. These bonds, which are recorded in the Southeast Water District, are collateralized by the full faith, credit, and taxing power of the District. Principal and interest payments are appropriated when due.

The County's general obligation bonds payable at June 30, 2013 are comprised of the following individual issues:

\$10,305,000 Refunding Bonds, Series 2004 issued April 6, 2004; interest at 2.25% to 4.00%;
due serially to 2016 \$ 4,635,000

Serviced by the County's Southeast Water District:

\$3,200,000 Bonds issued March 23, 2010, interest at 4%; due serially to 2049 \$ 3,123,000

Annual debt service requirements to maturity for the County's and the District's general obligation bonds and bond anticipation notes are as follows:

Year Ending <u>June 30</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 1,710,000	\$ 172,575	\$ 41,000	\$ 124,920
2015	1,675,000	117,000	42,000	123,280
2016	1,250,000	50,000	44,000	121,600
2017	-	-	46,000	119,840
2018	-	-	48,000	118,000
2019-2023	-	-	267,000	559,960
2024-2028	-	-	326,000	501,920
2029-2033	-	-	396,000	431,400
2034-2038	-	-	482,000	345,520
2039-2043	-	-	587,000	241,120
2044-2048	-	-	712,000	113,880
2049-2053	-	-	132,000	5,280
Total	<u>\$ 4,635,000</u>	<u>\$ 339,575</u>	<u>\$ 3,123,000</u>	<u>\$ 2,806,720</u>

At June 30, 2013, Chatham County had a legal debt margin of \$608,636,819.

CHATHAM COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

b. Revenue Bonds

In March 2010, the County's Southeast Water District issued \$1,886,000 to provide funds for the acquisition and construction of major water system capital improvements. The taxing power of the County is not pledged for the payment of the principal or interest on the revenue bonds and no owner has the right to compel the exercise of the taxing power of the County or the forfeiture of any or its property in connection with any default under the bond order.

The County's revenue bonds payable at June 30, 2013 are comprised of the following individual issues:

Serviced by the County's Southeast Water District:

\$262,000 Bonds issued March 23, 2010, interest at 4%; due serially to 2049	\$ 237,000
\$1,624,000 Bonds issued March 23, 2010, interest at 4%; due serially to 2049	1,598,000
Total	\$ 1,835,000

Annual debt service requirements to maturity for the Southeast Water District's revenue bonds are as follows:

Year Ending June 30	Business-Type Activities	
	Principal	Interest
2014	\$ 27,000	\$ 61,558
2015	27,000	60,658
2016	29,000	59,758
2017	30,000	58,785
2018	31,000	57,780
2019-2023	171,000	272,688
2024-2028	201,000	242,088
2029-2033	237,000	206,190
2034-2038	279,000	163,690
2039-2043	330,000	113,528
2044-2048	388,000	54,270
2049-2053	85,000	2,860
Total	\$ 1,835,000	\$ 1,353,853

CHATHAM COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

The County has been in compliance with the covenants as to service charges in Section 5.01 of the Bond Order, authorizing the issuance of the Water Revenue Bonds Series 2010 A and B since its adoption in 2010. Section 5.01 of the Bond Order requires the debt service coverage ratio to be no less than 110%. The debt service coverage ratio calculation for the year ended June 30, 2013, is as follows:

Operating revenues	\$ 582,425
Operating expenses	<u>(503,898)</u>
Operating income	78,527
Non-operating revenues (expenses)*	<u>(125,342)</u>
Income available for debt service	(46,815)
Add prior year reserve	<u>144,000</u>
Total available for debt service	<u>\$ 97,185</u>
Debt service, principal and interest paid (Revenue bond only)	<u>\$ 88,425</u>
Debt service coverage ratio	110%

* per revenue covenants, this does not include revenue bond principal and interest of \$88,425.

c. Other Long-Term Obligations

The County has executed various other long-term obligations including Qualified Zone Academy Bonds, certificates of participation, private placement loans, and state revolving loans for the purpose of property acquisition and construction.

As authorized by State law [G.S.160A-20 and 153A-158.1], the County has financed a portion of these property acquisitions for use by the Chatham County Board of Education. The installment purchases were issued pursuant to a deed of trust that requires that legal title remain with the County as long as the debt is outstanding. The County has entered into a lease with the Chatham County Board of Education that transfers the rights and responsibilities for maintenance and insurance of the property to the Board of Education. The lease term is the same as that of the installment purchase obligation. Due to the economic substance of the transaction, the capital assets associated with the installment purchase obligation are recorded by the Board of Education.

CHATHAM COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

Other long-term debt payable by the County at June 30, 2013 is comprised of the following individual issues:

Governmental Activities:

\$500,000 Qualified Zone Academy Bonds (QZAB) issued on May 31, 2002 under Internal Revenue Code Section 1397E; due serially to 2021 with no interest; collateralized by real estate, including a school building	\$ 156,233
\$4,396,129 Qualified School Construction Bonds (QSCB) issued on July 23, 2010; due serially to 2025 with interest at 6.11%; collateralized by real estate including a school building; the QSCB permits a subsidy to the County at 5.34%. Due to federal government sequestration the amount of interest credit received has been reduced by 8.7%.	3,809,978
\$35,395,000 Certificates of Participation issued in November 2006 for the construction of an elementary school, additions to and renovation of an existing high school, addition and renovation of the Department of Social Services Building, construction of roads, water lines and sewer lines for the County Business Campus, and other miscellaneous school capital projects; collateralized by real estate	34,395,000
\$6,717,498 Refunding Limited Obligation Bonds, Series 2012 issued April 5, 2012; interest at 1.00% to 5.00 %; due serially to 2029. Proceeds used for renovations to a County office building and renovations to an existing high school facility.	6,045,569
\$24,000,000 Private Placement Loan with a financial institution for the construction of the Margaret Pollard Middle School; due in annual payments with interest at 4.85%; maturing in 2028 collateralized by real estate	19,200,000
\$17,050,000 Private Placement Loan with a financial institution for the construction of a joint County and Central Carolina Community College (CCCC) library and CCCC classroom facility on the CCCC campus in Pittsboro and CCCC classroom facilities in Siler City; due in semi-annual payments with interest at 4.02 % to 5.1%; maturing in 2029 collateralized by real estate	14,550,000
\$15,495,000 Private Placement Loan with a financial institution for the construction of a new County jail facility; due in semi-annual payments with interest at 2.00 % to 4.00%; maturing in 2033 collateralized by real estate	15,495,000
\$21,940,000 Loan with United States Department of Agriculture (USDA); Total loan amount includes three separate loans with USDA; due in annual installments with interest at 3.125%; maturing in 2053 collateralized by real estate	<u>21,940,000</u>
Total governmental activities	<u>115,591,780</u>

CHATHAM COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

Business-Type Activities

\$12,077,502 Refunding limited obligation bonds, Series 2012 issued April 5, 2012; interest at 1.00% to 5.00 %; due serially to 2029	10,869,431
\$1,700,000 Private Placement Loan with a financial institution; due in quarterly installments of \$28,333 including interest at 5.08%; maturing in 2014; collateralized by water distribution system	170,000
\$355,645 State Revolving Loan with North Carolina Department of Environment and Natural Resources; due in annual installments of \$17,782 plus interest at 2.55% maturing in 2020	124,476
\$6,229,235 State Revolving Loan with North Carolina Department of Environment and Natural Resources; due in annual installments of \$302,548 plus interest at 2.305%; maturing in 2026	4,049,003
State Revolving Loan with North Carolina Department of Environment and Natural Resources; due in annual installments of \$10,897 including interest at 2.80%; maturing in 2021	<u>80,248</u>
Total business-type activities	<u>15,293,158</u>
Total other long-term obligations	<u>\$ 130,884,938</u>

Annual debt service requirements to maturity for the County's other long-term obligation bonds, certificates of participation, and loans are as follows:

<u>Year Ending</u> <u>June 30</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 3,599,907	\$ 4,523,149	\$ 1,068,381	\$ 540,230
2015	4,432,325	4,399,020	1,018,140	513,468
2016	4,441,446	4,256,445	961,473	490,003
2017	5,946,213	4,103,571	971,112	463,277
2018	5,964,044	3,885,243	980,751	436,261
2019-2023	27,739,447	16,144,733	5,066,401	1,675,890
2024-2028	27,217,910	10,461,346	4,969,857	626,548
2029-2033	16,947,942	5,439,882	257,043	6,426
2034-2038	7,852,498	2,519,832	-	-
2039-2043	3,251,131	1,592,124	-	-
2044-2048	3,791,877	1,051,378	-	-
2049-2053	4,407,040	420,692	-	-
Total	<u>\$ 115,591,780</u>	<u>\$ 58,797,415</u>	<u>\$ 15,293,158</u>	<u>\$ 4,752,103</u>

CHATHAM COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

d. Long-Term Obligation Activity

The following is a summary of changes in the County's long-term debt obligations for the fiscal year ended June 30, 2013:

	<u>Balance</u> <u>June 30, 2012</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2013</u>	<u>Current</u> <u>Portion</u>
Governmental Activities:					
General obligation bonds	\$ 6,385,000	\$ -	\$ 1,750,000	\$ 4,635,000	\$ 1,710,000
Other long-term obligations	97,911,077	21,001,158	3,320,455	115,591,780	3,599,907
Premium on long-term obligations	-	1,172,009	144,395	1,027,614	256,904
Total	<u>104,296,077</u>	<u>22,173,167</u>	<u>5,214,850</u>	<u>121,254,394</u>	<u>5,566,811</u>
Separation allowance	(1,436)	80,778	50,000	29,342	-
Other post-employment benefits	1,392,638	327,359	-	1,719,997	-
Compensated absences	1,353,610	1,136,163	951,422	1,538,351	951,422
Total governmental activities	<u>\$ 107,040,889</u>	<u>\$23,717,467</u>	<u>\$ 6,216,272</u>	<u>\$ 124,542,084</u>	<u>\$ 6,518,233</u>
Business-Type Activities:					
Southeast Water District					
General obligation bonds	\$ 3,162,000	\$ -	\$ 39,000	\$ 3,123,000	\$ 41,000
Revenue bonds	1,861,000	-	26,000	1,835,000	27,000
Total Southeast Water District	<u>5,023,000</u>	<u>-</u>	<u>65,000</u>	<u>4,958,000</u>	<u>68,000</u>
County Business-Type Activities:					
Other long-term obligations	16,367,966	-	1,074,808	15,293,158	1,068,381
Other post-employment benefits	117,124	24,591	-	141,715	-
Premium on long-term obligations	729,957	-	182,489	547,468	182,489
Compensated absences	128,932	91,812	80,810	139,934	80,810
Total County business-type activities	<u>17,343,979</u>	<u>116,403</u>	<u>1,338,107</u>	<u>16,122,275</u>	<u>1,331,680</u>
Total business-type activities	<u>\$ 22,366,979</u>	<u>\$ 116,403</u>	<u>\$ 1,403,107</u>	<u>\$ 21,080,275</u>	<u>\$ 1,399,680</u>

Other post-employment benefits typically have been liquidated in the Self-Insurance Internal Service Fund while compensated absences typically have been liquidated in the General Fund.

CHATHAM COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

Debt Related to Capital Activities – Of the total governmental activities debt listed, only \$77,448,263 relates to assets the County holds title. Unspent restricted cash related to this debt amounts to \$14,263,246.

C. Interfund Balances and Activity

Transfers to/from other funds at June 30, 2013, consist of the following:

<u>Fund Type</u>	<u>Fund Name</u>	<u>To</u>	<u>From</u>	<u>Purpose</u>
Major Governmental	General Fund	\$ 27,368	\$ -	Fund land purchases
Nonmajor Governmental	Recreation in Lieu	-	27,368	
Major Governmental	General Fund	3,042,956	-	Fund school debt
Major Governmental	Impact Fees Fund	-	3,042,956	
Major Governmental	General Fund	5,032,847	-	Fund debt on planned
Major Governmental	Capital Improvements Reserve	-	5,032,847	capital projects
Major Governmental	Facilities Improvements Projects	1,777,402	-	Fund expenses related to the
Major Governmental	General Fund	-	1,777,402	planned capital projects
Major Governmental	Capital Improvements Reserve	5,580,994	-	Service future debt on
Major Governmental	General Fund	-	5,580,994	planned capital projects
Major Governmental	Emergency Telephone System	25,497	-	Fund expenses deemed ineligible
Major Governmental	General Fund	-	25,497	by 911 board
Nonmajor Governmental	Parks Project Fund	167,656	-	Fund expenses associated with the
Nonmajor Governmental	Recreation in Lieu	-	167,656	development of Briar Chapel Park
Nonmajor Governmental	Equipment Reserve	18,850	-	Close out law enforcement center
Major Governmental	Facilities Improvements Projects	-	18,850	project
Enterprise	Vehicle Reserve	12,000	-	
Nonmajor Governmental	Equipment Reserve	-	12,000	Reimburse equipment purchase
Total Governmental Transfers		<u>15,685,570</u>	<u>15,685,570</u>	
Enterprise	Water Projects	353,144	-	Fund water projects
Enterprise	Utility Reserve	-	353,144	
Enterprise	Waste Management Reserve	328,240	-	Service future debt on
Enterprise	Waste Management Operating	-	328,240	planned capital projects
Total Enterprise transfers		<u>681,384</u>	<u>681,384</u>	
Grand Total		<u>\$ 16,366,954</u>	<u>\$ 16,366,954</u>	

CHATHAM COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

D. Fund Balance

The following schedule provides management and citizens with information on the portion of General fund balance that is available for appropriation:

Total Fund Balance - General Fund	\$ 28,887,825
Less:	
Stablization by State Statute	3,902,936
Register of Deeds	271,108
Subsequent year's expenditures	4,537,988
Remaining fund balance	<u>\$ 20,175,793</u>

III. Related Organizations

Chatham County Housing Authority

The County's officials appoint the Board members of the Chatham County Housing Authority. The County's accountability for this organization does not extend beyond making these appointments. There were no appropriations to the Chatham County Housing Authority for the year ended June 30, 2013.

IV. Joint Ventures

A. Cardinal Innovations Healthcare Solutions Area Authority

The County, in conjunction with Alamance, Cabarrus, Caswell, Davidson, Franklin, Granville, Halifax, Orange, Person, Rowan, Stanly, Union, Vance, and Warren Counties participate in a joint venture to operate Cardinal Innovations Healthcare Solutions Area Authority as a Managed Care Organization. The County appoints three members to the OPC Community Operations Oversight Board. The County has an ongoing financial responsibility for the joint venture because the Authority's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in the Authority; therefore, no equity interest has been reflected in the financial statements at June 30, 2013. The County appropriated \$488,093 to the Authority to supplement its activities for the year ended June 30, 2013.

Complete financial statements for Cardinal Innovations Healthcare Solutions Area Authority may be obtained from their administrative offices at 201 Sage Road, Suite 300, Chapel Hill, NC 27514.

B. Central Carolina Community College

The County, in conjunction with the State of North Carolina, Lee County, Harnett County, and Lee County Board of Education, participates in a joint venture to operate Central Carolina Community College (Community College). Each of the participants appoints members to the sixteen-member Board of Trustees of the Community College. The president of the Community College's student government serves as an ex officio nonvoting member of the Community College's Board of Trustees. The Community College is included as a component unit of the State. The County has the basic responsibility for providing funding for the facilities of the Community College and also provides some financial

CHATHAM COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

support for the Community College's operations. In addition, the County has an ongoing financial responsibility for the Community College because of the statutory responsibilities to provide funding for the Community College's facilities. The County contributed \$710,210 to the Community College for operating purposes during the fiscal year ended June 30, 2013. The participating governments do not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements at June 30, 2013.

Complete financial statements for Central Carolina Community College may be obtained from the Community College's administrative offices at 1105 Kelly Drive, Sanford, North Carolina 27330.

C. Chatham County Economic Development Corporation

The County, in conjunction with the Towns of Pittsboro, Siler City, and Goldston, participates in a joint venture to operate the Chatham County Economic Development Corporation (Corporation). The Corporation is a joint venture established to facilitate economic expansion within the County. The County has an ongoing financial responsibility for the Corporation because the Corporation's continued existence depends on the participating governments' continued funding. The County contributed \$322,366 to the Corporation during the fiscal year ended June 30, 2013. None of the participating governments has any equity interest in the Corporation, so no equity interest has been reflected in the financial statements at June 30, 2013.

Complete financial statements for the Chatham County Economic Development Corporation may be obtained from the Corporation's administrative offices at 12 East Street, Pittsboro, North Carolina 27312.

V. Jointly Governed Organizations

Triangle J Council of Governments

The County, in conjunction with four other counties and twenty municipalities, established the Triangle J Council of Governments (Council). The participating governments established the Council to coordinate certain funding received from federal and State agencies. Each participating government appoints one member to the Council's governing board. The County paid membership fees of \$64,497 to the Council during the fiscal year ended June 30, 2013.

VI. Related Party Transactions

The County entered into a generator maintenance contract with Atlantic Power Solutions Inc. owned by Walter Petty, Chatham County Commissioner, prior to his election. The Chatham County Board of Commissioners adopted a resolution approving the continuance of the contract in February of 2011 pursuant to NC G.S 14-234. Walter Petty did not participate in any way or vote on the resolution. The County paid \$14,012 to Atlantic Power Solutions Inc. during the fiscal year ended June 30, 2013.

CHATHAM COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

VII. Benefit Payments Issued by the State

The amounts listed below were paid directly to individual recipients by the State from federal and State monies. County personnel are involved with certain functions, primarily eligibility determinations, which cause benefit payments to be issued by the State. These amounts disclose the additional financial aid which does not appear in the basic financial statements because they are not revenues and expenditures of the County.

	<u>Federal</u>	<u>State</u>
Medicaid	\$ 31,995,443	\$ 17,614,339
Food Stamp Program	9,682,809	-
Temporary Assistance for Needy Families	212,119	-
Adoption Assistance	433,430	114,515
Foster Care	133,901	38,492
Child Care Development	-	308,929
State/County Special Assistance for Adults	-	429,479
Women, Infants, and Children	1,160,697	-
Other	10,132	-
Total	<u>\$ 43,628,531</u>	<u>\$ 18,505,754</u>

The County maintains no direct control over any of these monies and budgets for only its matching portion which is paid to the applicable State agency.

VIII. Summary Disclosure of Significant Commitments and Contingencies

Federal and State Assisted Programs

The County has received proceeds from several federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant moneys to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant moneys.

IX. Change in Accounting Principles/Restatement

The County implemented Governmental Accounting Standards Board (GASB) Statement 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, and Statement 65, Items Previously reported as Assets and Liabilities, in the fiscal year ending June 30, 2013. In accordance with GASB Statement 63, the Statement of Net Assets has been replaced with the Statement of Net Position. Items on the Statement of Net Position are now classified into Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position.

REQUIRED SUPPLEMENTAL FINANCIAL DATA

This section contains additional information required by generally accepted accounting principles.

- Schedule of Funding Progress for the Law Endorsement Officers' Special Separation Allowance
- Schedule of Employer Contributions for the Law Enforcement Officers' Special Separation Allowance
- Notes to the Required Schedules for the Law Enforcement Officers' Special Separation Allowance
- Schedule of Funding Progress, Employer Contributions, and Notes to the Required Schedules for the Other Post Employment Benefits

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CHATHAM COUNTY, NORTH CAROLINA

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2013

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Liability (AAL) - Projected Unit Credit (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A / B)	Covered Payroll (C)	UAAL as a % of Covered Payroll ((B-A) / C)
12/31/2012	\$ 364,744	\$ 782,130	\$ 417,386	46.63%	\$ 3,385,672	12.33%
12/31/2011	341,668	714,314	372,646	47.83%	3,022,834	12.33%
12/31/2010	318,745	686,196	367,451	46.45%	2,940,994	12.49%
12/31/2009	288,529	734,426	445,897	39.29%	2,861,765	15.58%
12/31/2008	270,024	492,510	222,486	54.83%	2,719,161	8.18%
12/31/2007	281,505	464,246	182,741	60.64%	2,479,871	7.37%
12/31/2006	294,625	343,289	48,664	85.82%	2,484,232	1.96%
12/31/2005	236,479	332,293	95,814	71.17%	2,272,967	4.22%
12/31/2004	200,295	407,418	207,123	49.16%	1,969,308	10.52%
12/31/2003	221,643	386,219	164,576	57.39%	1,725,446	9.54%

CHATHAM COUNTY, NORTH CAROLINA

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2013

<u>Schedule of Employer Contributions</u>		
<u>Year Ended June 30</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage of ARC Contributed</u>
2013	\$ 80,761	61.91%
2012	76,860	65.05%
2011	84,949	58.85%
2010	51,589	96.91%
2009	45,487	87.90%
2008	33,303	0.00%
2007	32,751	122.13%
2006	44,137	90.00%
2005	36,914	135.45%
2004	40,811	122.52%
2003	34,825	121.80%

Notes to the Required Schedules:

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	December 31, 2012
Actuarial cost method:	Projected unit credit
Amortization method:	Level percentage of pay, closed
Remaining amortization period:	18 years
Asset valuation method:	Market value
Actuarial assumptions:	
Investment rate of return	5.00%
Projected salary increases	4.25% to 7.85%
Includes inflation at	3.00%
Cost of living adjustments	N/A

CHATHAM COUNTY, NORTH CAROLINA

OTHER POST-EMPLOYMENT BENEFITS
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2013

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued		Unfunded AAL (UAAL) (B - A)	Funded Ratio (A / B)	Covered Payroll (C)	UAAL as a Percentage Covered Payroll ((B - A) / C)
		Liability (AAL) -Projected Unit Credit (B)					
12/31/2012	\$ -	\$ 3,574,308		\$ 3,574,308	0.00%	\$ 17,259,258	20.7%
12/31/2011	-	3,646,400		3,646,400	0.00%	17,232,259	21.2%
12/31/2010	-	3,646,400		3,646,400	0.00%	17,232,259	21.2%
12/31/2009	-	3,950,430		3,950,430	0.00%	16,421,865	24.1%
12/31/2008	-	4,560,652		4,560,652	0.00%	16,719,837	27.3%
12/31/2007	-	3,160,135		3,160,135	0.00%	16,430,460	19.2%
12/31/2006	-	4,162,426		4,162,426	0.00%	14,238,610	29.2%

Schedule of Employer Contributions

Year Ended June 30	Annual	
	Required Contribution (ARC)	Percentage of ARC Contributed
2013	\$ 420,063	10.44%
2012	442,219	20.30%
2011	442,219	16.08%
2010	442,219	22.06%
2009	502,228	13.25%

Notes to the Required Schedules:

The information presented above was determined as part of the actuarial valuation at the dates indicated. Additional information as of the latest valuation follows:

Valuation date	12/31/2012
Actuarial cost method	Projected unit credit
Amortization method	Level percentage of pay, open
Remaining amortization period	30 years
Asset valuation method	Market value
Amortization factor	26.1695
Actuarial assumptions:	
Investment rate of return *	4.00%
Medical cost trend rate	8.5% - 5.00%
Year of Ultimate trend rate	2018
Includes inflation at	3.00%

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**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

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MAJOR GOVERNMENTAL FUNDS

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GENERAL FUND

The General Fund accounts for resources traditionally associated with government that is not required to be accounted for in other funds.

PERSONNEL SAVINGS FUND

The Personnel Savings Fund accounts for the accumulation of funds resulting from lapsed salaries which will be used to offset the cost of the County's pay-for-performance merit system.

IMPACT FEES FUND

The 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.

CAPITAL IMPROVEMENT RESERVE

The Capital Improvement Reserve Fund accounts for the accumulation of funds for major construction projects.

FACILITIES IMPROVEMENTS

The Facilities Improvement Project Fund accounts for the financing and construction of additions to County facilities.

SCHOOL CONSTRUCTION FUND

The School Construction Fund accounts for the construction of new school facilities and additions to existing facilities. Certificates of participation will be issued to fund a majority of the projects.

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CHATHAM COUNTY, NORTH CAROLINA

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GENERAL FUND CONSOLIDATED
FOR THE YEAR ENDED JUNE 30, 2013**

	General Fund	Personnel Savings Reserve Fund	Total General Fund
Revenues:			
Ad valorem taxes	\$ 56,752,266	\$ -	\$ 56,752,266
Local option sales taxes	8,523,462	-	8,523,462
Other taxes	776,265	-	776,265
Unrestricted intergovernmental revenues	1,998,194	-	1,998,194
Restricted intergovernmental revenues	8,169,081	-	8,169,081
Permits and fees	1,334,464	-	1,334,464
Sales and services	2,681,657	-	2,681,657
Interest earned on investments	75,728	246	75,974
Other general revenues	954,105	-	954,105
Total revenues	<u>81,265,222</u>	<u>246</u>	<u>81,265,468</u>
Expenditures:			
General government	7,108,896	-	7,108,896
Public safety	12,802,945	-	12,802,945
Economic and physical development	1,808,830	-	1,808,830
Human services	16,697,736	-	16,697,736
Cultural and recreation	1,839,156	-	1,839,156
Intergovernmental:			
Education	28,060,137	-	28,060,137
Capital	2,964,568	-	2,964,568
Debt service:			
Principal repayments	5,070,455	-	5,070,455
Interest	<u>3,833,802</u>	<u>-</u>	<u>3,833,802</u>
Total expenditures	<u>80,186,525</u>	<u>-</u>	<u>80,186,525</u>
Revenues over (under) expenditures	<u>1,078,697</u>	<u>246</u>	<u>1,078,943</u>
Other Financing Sources (Uses):			
Transfers in	8,103,171	-	8,103,171
Transfers out	<u>(7,383,893)</u>	<u>-</u>	<u>(7,383,893)</u>
Net change in fund balances	1,797,975	246	1,798,221
Fund Balances:			
Beginning of year - July 1	<u>26,967,349</u>	<u>122,255</u>	<u>27,089,604</u>
End of year - June 30	<u>\$ 28,765,324</u>	<u>\$ 122,501</u>	<u>\$ 28,887,825</u>

CHATHAM COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Ad Valorem Taxes:				
Current year:				
Real/personal	\$ 51,558,300	\$ 52,297,548	\$ 739,248	\$ 50,929,403
Motor vehicles	2,899,000	3,149,316	250,316	2,970,795
Total	54,457,300	55,446,864	989,564	53,900,198
Prior year:				
Real/personal	860,000	796,316	(63,684)	996,890
Motor vehicles	215,000	229,833	14,833	214,365
Total	1,075,000	1,026,149	(48,851)	1,211,255
Penalties, interest, other	200,000	279,253	79,253	297,314
Total ad valorem taxes	55,732,300	56,752,266	1,019,966	55,408,767
Local Option Sales Tax:				
Article 39 - 1 percent	3,000,000	3,260,441	260,441	3,085,961
Article 40 - 1/2 percent	3,088,000	3,133,704	45,704	3,086,117
Article 42 - 1/2 percent	1,948,000	2,121,833	173,833	2,019,236
Article 44 - 1/2 percent	-	7,484	7,484	(977)
Total local option sales tax	8,036,000	8,523,462	487,462	8,190,337
Other Taxes and Licenses:				
Deed stamp excise tax	357,000	466,609	109,609	382,439
Occupancy tax	75,000	78,482	3,482	78,155
Video programming	160,000	11,271	(148,729)	153,997
Rental vehicles	8,700	156,574	147,874	9,335
Public educational governmental access	24,000	62,952	38,952	38,834
Other	-	377	377	10,167
Total other taxes and licenses	624,700	776,265	151,565	672,927
Intergovernmental:				
Unrestricted intergovernmental:				
Payments in lieu of taxes	91,128	93,581	2,453	95,892
Beer and wine excise tax	231,000	205,237	(25,763)	218,677
ABC Profit distribution	50,000	40,895	(9,105)	100,000
Hold harmless	1,250,000	1,594,216	344,216	1,597,914
Town of Siler City - Business Campus	-	10,977	10,977	11,031
Other	45,000	53,288	8,288	54,012
Total	1,667,128	1,998,194	331,066	2,077,526

CHATHAM COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Final Budget	Actual	Variance Over/Under	Actual
Restricted intergovernmental:				
State and federal grants	8,315,834	8,154,314	(161,520)	9,129,722
Other	12,000	14,767	2,767	-
Total	8,327,834	8,169,081	(158,753)	9,129,722
Total intergovernmental	9,994,962	10,167,275	172,313	11,207,248
Permits and Fees:				
Inspections fees	630,000	869,520	239,520	611,607
Register of Deeds' fees	346,000	425,231	79,231	371,433
Concealed weapon permits	10,869	23,960	13,091	18,050
Beer and wine permits	2,235	3,070	835	3,145
Other	4,250	12,683	8,433	5,585
Total permits and fees	993,354	1,334,464	341,110	1,009,820
Sales and Services:				
Collection fees - tax	282,000	353,335	71,335	288,684
Planning	30,250	46,065	15,815	34,372
Social services	67,900	51,096	(16,804)	73,490
Tax	150,000	153,984	3,984	180,171
Fire inspections	34,000	37,210	3,210	40,662
Sheriff	84,000	102,458	18,458	87,719
Health	753,313	880,088	126,775	1,391,441
Environmental services	61,600	197,190	135,590	-
Environmental health	229,000	255,325	26,325	109,598
Library	29,100	36,232	7,132	33,718
Recreation fees	62,405	72,660	10,255	71,682
Project turnaround	25,000	14,262	(10,738)	21,155
Safe Havens	19,192	19,519	327	20,288
Central Carolina Community College	81,592	81,592	-	76,083
School	69,057	68,721	(336)	67,594
Charges to other funds	311,332	311,332	-	283,299
Other	600	588	(12)	6,911
Total sales and services	2,290,341	2,681,657	391,316	2,786,867
Investment Earnings:				
Interest on investments	70,000	75,728	5,728	68,223
Total investment earnings	70,000	75,728	5,728	68,223

CHATHAM COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Final Budget	Actual	Variance Over/Under	Actual
Other General Revenues:				
Rent	217,390	229,640	12,250	216,125
Contributions and donations	146,469	192,981	46,512	188,672
Affordable housing	63,540	1,018,333	954,793	-
Miscellaneous	-	(486,849)	(486,849)	144,120
Total	427,399	954,105	526,706	548,917
Total revenues	78,169,056	81,265,222	3,096,166	79,893,106
Expenditures:				
General Government:				
Governing Board:				
Salaries and benefits	253,862	249,230	4,632	248,235
Other operating expenditures	113,784	94,443	19,341	71,314
Total	367,646	343,673	23,973	319,549
County Manager:				
Salaries and benefits	738,360	729,752	8,608	713,402
Other operating expenditures	44,359	37,642	6,717	33,184
Total	782,719	767,394	15,325	746,586
Finance:				
Salaries and benefits	561,412	511,941	49,471	505,675
Other operating expenditures	121,305	82,898	38,407	106,752
Total	682,717	594,839	87,878	612,427
Information Services:				
Salaries and benefits	813,696	773,256	40,440	696,756
Other operating expenditures	494,725	422,760	71,965	305,632
Capital outlay	66,000	27,344	38,656	11,624
Total	1,374,421	1,223,360	151,061	1,014,012
Tax :				
Salaries and benefits	822,622	767,060	55,562	822,389
Other operating expenditures	560,945	452,893	108,052	407,845
Capital outlay	10,000	11,423	(1,423)	12,405
Total	1,393,567	1,231,376	162,191	1,242,639

CHATHAM COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Final Budget	Actual	Variance Over/Under	Actual
County Attorney:				
Salaries and benefits	58,552	58,364	188	57,744
Other operating expenses	220,554	168,892	51,662	205,065
Total	279,106	227,256	51,850	262,809
Court Facilities:				
Other operating expenditures	191,185	118,327	72,858	71,784
Elections:				
Salaries and benefits	192,163	186,924	5,239	167,215
Other operating expenses	164,294	162,307	1,987	113,873
Total	356,457	349,231	7,226	281,088
General Services:				
Salaries and benefits	-	-	-	20,267
Other operating expenses	774,654	376,653	398,001	219,530
Capital outlay	2,132,292	2,132,292	-	5,116
Total	2,906,946	2,508,945	398,001	244,913
Register of Deeds:				
Salaries and benefits	318,859	318,392	467	308,320
Other operating expenses	96,529	94,893	1,636	84,838
Total	415,388	413,285	2,103	393,158
Public Works:				
Facilities Management:				
Salaries and benefits	647,076	601,487	45,589	487,211
Other operating expenditures	867,096	851,585	15,511	731,382
Capital outlay	133,608	43,126	90,482	21,360
Total	1,647,780	1,496,198	151,582	1,239,953
Garage:				
Salaries and benefits	106,387	108,643	(2,256)	96,992
Other operating expenditures	(76,342)	(59,446)	(16,896)	(59,469)
Capital outlay	144,000	138,786	5,214	-
Total	174,045	187,983	(13,938)	37,523
Total public works	1,821,825	1,684,181	137,644	1,277,476
Total general government	10,571,977	9,461,867	1,110,110	6,466,441

CHATHAM COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Final Budget	Actual	Variance Over/Under	Actual
Public Safety:				
Sheriff:				
Salaries and benefits	5,003,763	5,081,333	(77,570)	4,276,640
Other operating expenditures	1,038,686	948,999	89,687	880,975
Capital outlay	536,327	534,036	2,291	225,959
Total	6,578,776	6,564,368	14,408	5,383,574
Jail:				
Salaries and benefits	1,518,212	1,358,940	159,272	1,121,787
Other operating expenses	466,299	400,661	65,638	340,577
Capital outlay	-	-	-	28,644
Total	1,984,511	1,759,601	224,910	1,491,008
Total sheriff	8,563,287	8,323,969	239,318	6,874,582
Emergency Operations:				
Salaries and benefits	145,314	143,675	1,639	135,366
Other operating expenditures	329,916	226,722	103,194	270,003
Total	475,230	370,397	104,833	405,369
Telecommunications:				
Salaries and benefits	1,057,133	1,019,709	37,424	1,008,478
Other operating expenses	138,083	106,300	31,783	81,967
Capital outlay	61,526	27,761	33,765	-
Total	1,256,742	1,153,770	102,972	1,090,445
Emergency Medical Services:				
Other operating expenditures	9,870	9,323	547	8,845
Assistance to County rescue squads	45,000	45,000	-	69,977
Contracted services	2,165,199	2,166,280	(1,081)	2,102,135
Total	2,220,069	2,220,603	(534)	2,180,957
Total emergency operations	3,952,041	3,744,770	207,271	3,676,771
Pension Trust Fund	50,000	50,000	-	50,000
Inspections:				
Salaries and benefits	370,969	321,911	49,058	301,364
Other operating expenditures	46,696	36,857	9,839	32,878
Total	417,665	358,768	58,897	334,242

CHATHAM COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Final Budget	Actual	Variance Over/Under	Actual
Fire Inspections:				
Salaries and benefits	210,735	209,992	743	204,352
Other operating expenses	31,647	27,344	4,303	23,229
Capital outlay	26,079	26,078	1	-
Total	268,461	263,414	5,047	227,581
Court-Related Programs:				
Salaries and benefits	242,675	253,227	(10,552)	255,172
Operating expenses	439,863	396,672	43,191	395,993
Total	682,538	649,899	32,639	651,165
Total public safety	13,933,992	13,390,820	543,172	11,814,341
Economic and Physical Development:				
Planning:				
Salaries and employee benefits	437,970	389,923	48,047	475,412
Other operating expenditures	29,243	20,376	8,867	19,182
Total	467,213	410,299	56,914	494,594
Central Permitting:				
Salaries and employee benefits	186,849	195,532	(8,683)	172,442
Other operating expenses	135,373	115,092	20,281	34,702
Total	322,222	310,624	11,598	207,144
Environmental Services:				
Salaries and employee benefits	134,231	124,383	9,848	141,729
Other operating expenditures	13,161	9,880	3,281	13,505
Total	147,392	134,263	13,129	155,234
Affordable Housing/Green Building:				
Salaries and employee benefits	34,639	7,986	26,653	66,768
Other operating expenditures	950	56	894	1,892
Total	35,589	8,042	27,547	68,660
Economic Development:				
Other operating expenditures	836,325	334,296	502,029	1,156,670
County Extension:				
Salaries and benefits	13,995	14,381	(386)	8,381
Other operating expenditures	351,381	324,846	26,535	297,301
Total	365,376	339,227	26,149	305,682

CHATHAM COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Final Budget	Actual	Variance Over/Under	Actual
Soil and Water Conservation:				
Salaries and employee benefits	185,055	173,472	11,583	184,598
Other operating expenditures	28,641	16,259	12,382	237,063
Total	213,696	189,731	23,965	421,661
Pittsboro/Siler City Convention & Visitors Bureau:				
Salaries and employee benefits	76,889	76,876	13	76,004
Other operating expenses	7,994	5,472	2,522	9,421
Total	84,883	82,348	2,535	85,425
Appropriations to non-profit agencies	-	-	-	11,000
Total economic and physical development	2,472,696	1,808,830	663,866	2,906,070
Human Services:				
Health:				
Salaries and benefits	4,465,787	4,078,926	386,861	4,264,074
Other operating expenditures	1,254,906	1,087,679	167,227	917,707
Capital outlay	172,772	23,722	149,050	6,800
Total	5,893,465	5,190,327	703,138	5,188,581
Social Services:				
Administration				
Salaries and benefits	4,796,366	4,618,356	178,010	4,538,673
Other operating expenditures	772,771	647,382	125,389	671,241
Total	5,569,137	5,265,738	303,399	5,209,914
Public assistance:				
Assistance programs	4,686,380	4,211,449	474,931	4,487,506
Total social services	10,255,517	9,477,187	778,330	9,697,420
Mental Health:				
Mental health appropriation	506,457	482,973	23,484	495,611
Other expenditures	3,457	3,449	8	17,180
Total	509,914	486,422	23,492	512,791
Council on Aging:				
Salaries and benefits	149,953	149,788	165	147,115
Other operating expenditures	682,859	682,853	6	21,346
Appropriation	-	-	-	662,323
Total	832,812	832,641	171	830,784

CHATHAM COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Final Budget	Actual	Variance Over/Under	Actual
Chatham Transit:				
Salaries and benefits	79,424	73,684	5,740	14,057
Appropriation	103,098	103,098	-	55,000
Total	182,522	176,782	5,740	69,057
Appropriations to Non-Profit Agencies:				
Chatham trades	110,000	110,000	-	102,600
Other non-profit agencies	448,099	448,099	-	479,595
Total	558,099	558,099	-	582,195
Total human services	18,232,329	16,721,458	1,510,871	16,880,828
Cultural and Recreational:				
Library:				
Salaries and benefits	1,038,345	1,039,069	(724)	804,195
Other operating expenditures	478,795	343,041	135,754	366,560
Total	1,517,140	1,382,110	135,030	1,170,755
Recreation:				
Salaries and benefits	221,434	187,901	33,533	352,022
Other operating expenditures	334,408	269,145	65,263	254,639
Capital outlay	72,398	-	72,398	1,274,304
Total	628,240	457,046	171,194	1,880,965
Total cultural and recreational	2,145,380	1,839,156	306,224	3,051,720
Education:				
Public Schools:				
Appropriation	25,701,130	25,701,130	-	24,919,793
Capital outlay	2,114,081	1,782,525	331,556	1,714,738
Total	27,815,211	27,483,655	331,556	26,634,531
Community College:				
Community college - current	559,361	559,361	-	549,361
Arts incubator	17,121	17,121	-	68,513
Total	576,482	576,482	-	617,874
Total education	28,391,693	28,060,137	331,556	27,252,405

CHATHAM COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Final Budget	Actual	Variance Over/Under	Actual
Debt Service:				
Principal:				
Public schools - principal	3,585,308	3,585,308	-	3,706,700
Community college - principal	762,941	762,940	1	840,195
General building projects - principal	682,208	682,207	1	872,115
Business campus	40,000	40,000	-	40,000
Total	<u>5,070,457</u>	<u>5,070,455</u>	<u>2</u>	<u>5,459,010</u>
Interest and Fees:				
Public schools - interest	2,243,229	2,243,228	1	2,439,604
Community college - interest	434,144	434,178	(34)	468,097
General building projects - interest	652,232	830,613	(178,381)	733,512
Business campus	323,483	323,483	-	325,083
Issuance cost	2,300	2,300	-	109,802
Total	<u>3,655,388</u>	<u>3,833,802</u>	<u>(178,414)</u>	<u>4,076,098</u>
Total debt service	<u>8,725,845</u>	<u>8,904,257</u>	<u>(178,412)</u>	<u>9,535,108</u>
Total expenditures	<u>84,473,912</u>	<u>80,186,525</u>	<u>4,287,387</u>	<u>77,906,913</u>
Revenues over (under) expenditures	<u>(6,304,856)</u>	<u>1,078,697</u>	<u>7,383,553</u>	<u>1,986,193</u>
Other Financing Sources (Uses):				
Operating Transfers In:				
Special revenue funds:				
Recreation	-	27,368	27,368	598,773
Impact Fees	3,042,956	3,042,956	-	3,348,263
Capital projects funds:				
Equipment Capital Reserve	4,975	-	(4,975)	-
Emergency Vehicle Reserve	-	-	-	24,977
Capital Improvements Reserve	5,099,664	5,032,847	(66,817)	1,761,825
School Wastewater	-	-	-	8,666
Total operating transfers in	<u>8,147,595</u>	<u>8,103,171</u>	<u>(44,424)</u>	<u>5,742,504</u>
Operating Transfers Out:				
Special revenue funds:				
Enhanced 911	-	(25,497)	(25,497)	-
Capital projects:				
CIP Reserve:				
General	(5,580,994)	(5,580,994)	-	(4,305,616)
Capital Project - Facilities Improvements	<u>(1,835,576)</u>	<u>(1,777,402)</u>	<u>58,174</u>	<u>(451,254)</u>
Total operating transfers out	<u>(7,416,570)</u>	<u>(7,383,893)</u>	<u>32,677</u>	<u>(4,756,870)</u>

CHATHAM COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Final Budget	Actual	Variance Over/Under	Actual
Total operating transfers in (out)	731,025	719,278	(11,747)	985,634
Refunding Bonds Issued:				
Refunding bonds issued	-	-	-	6,717,498
Premium on refunding bonds	-	-	-	1,212,927
Payment to refunding agent	-	-	-	(7,817,655)
Total	-	-	-	112,770
Total other financing sources (uses)	731,025	719,278	(11,747)	1,098,404
Net change in fund balance	(5,573,831)	1,797,975	7,371,806	3,084,597
Appropriated fund balance	5,573,831	-	(5,573,831)	-
Net change in fund balance	\$ -	1,797,975	\$ 1,797,975	3,084,597
Fund Balance:				
Beginning of year - July 1		26,967,349		23,882,752
End of year - June 30		\$ 28,765,324		\$ 26,967,349

CHATHAM COUNTY, NORTH CAROLINA

MAJOR - PERSONNEL SAVINGS RESERVE
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2013
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	<u>2013</u>			<u>2012</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Revenues:				
Investment earnings	\$ 150	\$ 246	\$ 96	\$ 223
Expenditures:				
General government	120,150	-	120,150	-
Revenues over (under) expenditures	(120,000)	246	120,246	223
Appropriated fund balance	120,000	-	(120,000)	-
Net change in fund balance	<u>\$ -</u>	246	<u>\$ 246</u>	223
Fund Balance:				
Beginning of year - July 1		122,255		122,032
End of year - June 30		<u>\$ 122,501</u>		<u>\$ 122,255</u>

CHATHAM COUNTY, NORTH CAROLINA

MAJOR - IMPACT FEES

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2013

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Permits and fees	\$ 1,105,000	\$ 2,154,828	\$ 1,049,828	\$ 1,512,800
Investment earnings	11,000	14,917	3,917	16,810
Total revenues	<u>1,116,000</u>	<u>2,169,745</u>	<u>1,053,745</u>	<u>1,529,610</u>
Expenditures:				
Education	<u>2,000,000</u>	<u>-</u>	<u>2,000,000</u>	<u>-</u>
Revenues over (under) expenditures	<u>(884,000)</u>	<u>2,169,745</u>	<u>3,053,745</u>	<u>1,529,610</u>
Other Financing Sources (Uses):				
Transfer to other funds				
General Fund	<u>(3,042,956)</u>	<u>(3,042,956)</u>	<u>-</u>	<u>(3,348,263)</u>
Total other financing sources (uses)	<u>(3,042,956)</u>	<u>(3,042,956)</u>	<u>-</u>	<u>(3,348,263)</u>
Appropriated fund balance	<u>3,926,956</u>	<u>-</u>	<u>(3,926,956)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>(873,211)</u>	<u>\$ (873,211)</u>	<u>(1,818,653)</u>
Fund Balance:				
Beginning of year - July 1		<u>6,551,111</u>		<u>8,369,764</u>
End of year - June 30		<u>\$ 5,677,900</u>		<u>\$ 6,551,111</u>

CHATHAM COUNTY, NORTH CAROLINA

**MAJOR - CAPITAL IMPROVEMENT RESERVE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	2013			2012
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Restricted intergovernmental:				
Lottery proceeds	\$ 500,000	\$ 558,850	\$ 58,850	\$ 496,589
Investment earnings	20,000	44,305	24,305	33,234
Other general revenues	-	80,000	80,000	-
Total revenues	<u>520,000</u>	<u>683,155</u>	<u>163,155</u>	<u>529,823</u>
Expenditures:				
General government	<u>3,205,990</u>	<u>-</u>	<u>3,205,990</u>	<u>-</u>
Revenues over (under) expenditures	<u>(2,685,990)</u>	<u>683,155</u>	<u>3,369,145</u>	<u>529,823</u>
Other Financing Sources (Uses):				
Transfers from (to) other funds:				
Transfer from other funds				
General Fund	2,613,622	548,147	(2,065,475)	4,305,616
Facilities Improvements	-	-	-	744,788
Total transfers from other funds	<u>2,613,622</u>	<u>548,147</u>	<u>(2,065,475)</u>	<u>5,050,404</u>
Transfer to other funds				
General Fund	-	-	-	(1,761,825)
Total other financing sources (uses)	<u>2,613,622</u>	<u>548,147</u>	<u>(2,065,475)</u>	<u>3,288,579</u>
Appropriated fund balance	<u>72,368</u>	<u>-</u>	<u>(72,368)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>1,231,302</u>	<u>\$ 1,231,302</u>	<u>3,818,402</u>
Fund Balance:				
Beginning of year - July 1		<u>21,708,877</u>		<u>17,890,475</u>
End of year - June 30		<u>\$ 22,940,179</u>		<u>\$ 21,708,877</u>

CHATHAM COUNTY, NORTH CAROLINA

MAJOR - FACILITIES IMPROVEMENTS
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013

	Project Budget	Actual		Total	Variance Over/Under
		Prior Years	Current Year		
Revenues:					
Intergovernmental:					
State grants	\$ 52,278	\$ 270,516	\$ -	\$ 270,516	\$ 218,238
Investment earnings	65,533	70,620	6,571	77,191	11,658
Other general revenues:					
Insurance settlement	6,597,371	3,779,856	1,502,141	5,281,997	(1,315,374)
Donations	274,310	274,310	-	274,310	-
Total other general revenues	6,871,681	4,054,166	1,502,141	5,556,307	(1,315,374)
Total revenues	6,989,492	4,395,302	1,508,712	5,904,014	(1,085,478)
Expenditures:					
General government:					
Agriculture center	11,500,000	-	75,080	75,080	11,424,920
Annex renovations	1,590,449	-	303,219	303,219	1,287,230
Total general government	13,090,449	-	378,299	378,299	12,712,150
Public safety:					
Judicial facility	25,000,000	17,222,843	5,029,910	22,252,753	2,747,247
Courthouse restoration	6,597,371	2,548,039	2,935,261	5,483,300	1,114,071
Jail	15,000,000	989,156	1,246,837	2,235,993	12,764,007
Law enforcement center	558,871	527,208	12,813	540,021	18,850
Total public safety	47,156,242	21,287,246	9,224,821	30,512,067	16,644,175
Cultural and recreational:					
Library	6,896,224	6,910,068	(213,577)	6,696,491	199,733
Total	67,142,915	28,197,314	9,389,543	37,586,857	29,556,058
Education:					
CCCC - Pittsboro	5,480,251	5,104,698	294,623	5,399,321	80,930
Total expenditures	72,623,166	33,302,012	9,684,166	42,986,178	29,636,988
Revenues over (under) expenditures	(65,633,674)	(28,906,710)	(8,175,454)	(37,082,164)	28,551,510
Other Financing Sources (Uses):					
Transfers from (to) other funds:					
General Fund	2,097,042	506,593	1,777,402	2,283,995	186,953
Capital Reserve	1,767,862	1,767,861	-	1,767,861	(1)
Equipment Reserve	-	-	(18,850)	(18,850)	(18,850)
Total transfers from (to) other funds	3,864,904	2,274,454	1,758,552	4,033,006	168,102
Issuance of long-term debt (net)	61,768,770	28,875,337	21,001,158	49,876,495	(11,892,275)
Limited Obligation Bond premium (net)	-	-	1,172,009	1,172,009	1,172,009
Total other financing sources (uses)	65,633,674	31,149,791	23,931,719	55,081,510	(10,552,164)
Net change in fund balance	\$ -	\$ 2,243,081	\$ 15,756,265	\$ 17,999,346	\$ 17,999,346

CHATHAM COUNTY, NORTH CAROLINA

**MAJOR - SCHOOL CONSTRUCTION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013**

	Project Budget	Actual		Variance Over/Under	
		Prior Years	Current Year		Total
Revenues:					
Intergovernmental					
State grants	\$ -	\$ 50,000	\$ -	\$ 50,000	\$ 50,000
Investment earnings	12,223	107,818	4,764	112,582	100,359
Total revenues	12,223	157,818	4,764	162,582	150,359
Expenditures:					
Education:					
Construction:					
Margaret Pollard Middle School	24,000,000	21,508,342	-	21,508,342	2,491,658
Northwood expansion	4,535,498	4,490,275	45,218	4,535,493	5
Northeast High School	463,237	373,711	-	373,711	89,526
Total capital	28,998,735	26,372,328	45,218	26,417,546	2,581,189
Facility improvements					
Quality School Construction Bond Projects	4,396,129	3,150,760	1,258,436	4,409,196	(13,067)
Gym HVAC replacements	916,700	-	856,383	856,383	60,317
Athletic facilities	1,264,494	-	690,717	690,717	573,777
Roof replacements	5,193,860	-	1,113,358	1,113,358	4,080,502
Total facility improvements	11,771,183	3,150,760	3,918,894	7,069,654	4,701,529
Total expenditures	40,769,918	29,523,088	3,964,112	33,487,200	7,282,718
Revenues over (under) expenditures	(40,757,695)	(29,365,270)	(3,959,348)	(33,324,618)	7,433,077
Other Financing Sources (Uses):					
Transfers from (to) other funds:					
Transfer from other funds					
Capital Reserve	298,428	1,754,548	-	1,754,548	1,456,120
General Fund	4,221,204	-	-	-	(4,221,204)
Total	4,519,632	1,754,548	-	1,754,548	(2,765,084)
Proceeds from borrowing:					
Margaret Pollard Middle School	24,000,000	20,913,292	-	20,913,292	(3,086,708)
Northwood expansion	4,224,847	4,224,846	-	4,224,846	(1)
Quality school construction bonds	4,396,129	4,396,129	-	4,396,129	-
Gym HVAC replacements	916,700	856,383	-	856,383	(60,317)
Athletic facilities	1,264,494	1,230,236	-	1,230,236	(34,258)
Roof replacements	972,656	1,060,475	-	1,060,475	87,819
Northeast High School	463,237	-	-	-	(463,237)
Total debt obligations issued	36,238,063	32,681,361	-	32,681,361	(3,556,702)
Total other financing sources (uses)	40,757,695	34,435,909	-	34,435,909	(6,321,786)
Net change in fund balance	\$ -	\$ 5,070,639	\$ (3,959,348)	\$ 1,111,291	\$ 1,111,291

NONMAJOR GOVERNMENTAL FUNDS

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CHATHAM COUNTY, NORTH CAROLINA

**NONMAJOR GOVERNMENTAL FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 2013**

	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Cash, cash equivalents, and investments	\$ 1,434,861	\$ 2,329,011	\$ 3,763,872
Property taxes receivable, net of allowance	213,095	-	213,095
Due from other governmental agencies	205,159	-	205,159
Other receivables	763	1,326	2,089
Total assets	<u>\$ 1,853,878</u>	<u>\$ 2,330,337</u>	<u>\$ 4,184,215</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	<u>\$ 136,878</u>	<u>\$ -</u>	<u>\$ 136,878</u>
Deferred Inflows of Resources:			
Prepaid taxes	33,169	-	33,169
Property taxes receivable	<u>213,095</u>	<u>-</u>	<u>213,095</u>
Total deferred inflows of resources	<u>246,264</u>	<u>-</u>	<u>246,264</u>
Fund Balances:			
Restricted:			
Stabilization by State statute	205,922	1,326	207,248
Courthouse clock	65,784	-	65,784
Emergency telephone	300,584	-	300,584
Police protection	52,178	-	52,178
Assigned:			
Subsequent year's expenditures	817,191	-	817,191
Cultural and recreation	94,544	-	94,544
Committed	-	2,329,011	2,329,011
Unassigned	<u>(65,467)</u>	<u>-</u>	<u>(65,467)</u>
Total fund balances	<u>1,470,736</u>	<u>2,330,337</u>	<u>3,801,073</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,853,878</u>	<u>\$ 2,330,337</u>	<u>\$ 4,184,215</u>

CHATHAM COUNTY, NORTH CAROLINA

**NONMAJOR GOVERNMENTAL FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2013**

	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
Revenues:			
Ad valorem taxes	\$ 7,037,122	\$ -	\$ 7,037,122
Restricted intergovernmental	1,193,983	-	1,193,983
Permits and fees	264,012	-	264,012
Investment earnings	2,382	4,550	6,932
Other general revenues	-	24,006	24,006
Total revenues	<u>8,497,499</u>	<u>28,556</u>	<u>8,526,055</u>
Expenditures:			
Public safety	7,341,034	56,532	7,397,566
Economic and physical development	534,800	-	534,800
Cultural and recreational	-	115,324	115,324
Total expenditures	<u>7,875,834</u>	<u>171,856</u>	<u>8,047,690</u>
Revenues over (under) expenditures	<u>621,665</u>	<u>(143,300)</u>	<u>478,365</u>
Other Financing Sources (Uses):			
Transfers from (to) other funds	<u>(169,527)</u>	<u>174,506</u>	<u>4,979</u>
Total other financing sources (uses)	<u>(169,527)</u>	<u>174,506</u>	<u>4,979</u>
Net change in fund balances	452,138	31,206	483,344
Fund Balances:			
Beginning of year - July 1	<u>1,018,598</u>	<u>2,299,131</u>	<u>3,317,729</u>
End of year - June 30	<u>\$ 1,470,736</u>	<u>\$ 2,330,337</u>	<u>\$ 3,801,073</u>

NONMAJOR SPECIAL REVENUE FUNDS

Special revenue funds account for the proceeds of special revenue sources that are legally restricted to expenditures for specific purposes.

Individual Fund Descriptions:

- **Emergency Telephone System Fund** – Accounts for the activities of a County-wide emergency telephone service funded by telephone company line charges.
- **Forfeited Property Fund** – Accounts for revenues received from federal and State law enforcement agencies as a result of property confiscations through court convictions of criminal activities. These funds must be used by the County for law enforcement purposes.
- **Recreation – Payment in Lieu Fund** – Accounts for an additional fee charged to developers of new subdivision lots (except family subdivisions) within the County. Recreation fees are used to offset the cost of recreational facilities within the district that the subdivision is located.
- **Bynum Canoe Access Trust Fund** – Accounts for the funds received from Triangle Land Conservancy to aid in the maintenance and upkeep of the Haw River canoe access.
- **Economic and Community Development Fund** – Accounts for the activities financed under grant agreements for the North Carolina Department of Commerce.
- **Courthouse Clock Fund** – Accounts for monies held for maintenance of the courthouse clocks.
- **Library Foundation Fund** – Accounts for the money received to aid in financing library capital and other expenses.
- **Special Fire District Funds** – Accounts for the revenues of the fire districts within the County.

CHATHAM COUNTY, NORTH CAROLINA

SPECIAL REVENUE FUNDS - NONMAJOR FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2013

	<u>Emergency Telephone System Fund</u>	<u>Forfeited Property</u>	<u>Recreation Payment In Lieu</u>	<u>Bynum Canoe Access Trust</u>
Assets:				
Cash, cash equivalents and investments	\$ 329,298	\$ 53,766	\$ 648,644	\$ 8,789
Property taxes receivable, net	-	-	-	-
Due from other governmental agencies	101,877	394	-	-
Other receivables	138	26	432	5
Total assets	<u>\$ 431,313</u>	<u>\$ 54,186</u>	<u>\$ 649,076</u>	<u>\$ 8,794</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ 28,714	\$ 1,588	\$ -	\$ -
Total liabilities	<u>28,714</u>	<u>1,588</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources:				
Prepaid taxes	-	-	-	-
Property tax receivable	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Restricted:				
Stabilization by State statute	102,015	420	432	5
Courthouse clock	-	-	-	-
Emergency telephone	300,584	-	-	-
Police protection	-	52,178	-	-
Assigned:				
Subsequent year's budget	-	-	554,100	8,789
Cultural and recreation	-	-	94,544	-
Total restricted and assigned	402,599	52,598	649,076	8,794
Unassigned	-	-	-	-
Total fund balances	<u>402,599</u>	<u>52,598</u>	<u>649,076</u>	<u>8,794</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 431,313</u>	<u>\$ 54,186</u>	<u>\$ 649,076</u>	<u>\$ 8,794</u>

Schedule 10

Economic and Community Development	Courthouse Clock	Library Foundation	Special Fire Districts	Total
\$ 40,881	\$ 65,784	\$ 10,646	\$ 277,053	\$ 1,434,861
-	-	-	213,095	213,095
102,888	-	-	-	205,159
-	39	7	116	763
<u>\$ 143,769</u>	<u>\$ 65,823</u>	<u>\$ 10,653</u>	<u>\$ 490,264</u>	<u>\$ 1,853,878</u>
<u>\$ 106,348</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 228</u>	<u>\$ 136,878</u>
106,348	-	-	228	136,878
-	-	-	33,169	33,169
-	-	-	213,095	213,095
-	-	-	246,264	246,264
102,888	39	7	116	205,922
-	65,784	-	-	65,784
-	-	-	-	300,584
-	-	-	-	52,178
-	-	10,646	243,656	817,191
-	-	-	-	94,544
102,888	65,823	10,653	243,772	1,536,203
(65,467)	-	-	-	(65,467)
<u>37,421</u>	<u>65,823</u>	<u>10,653</u>	<u>243,772</u>	<u>1,470,736</u>
<u>\$ 143,769</u>	<u>\$ 65,823</u>	<u>\$ 10,653</u>	<u>\$ 490,264</u>	<u>\$ 1,853,878</u>

CHATHAM COUNTY, NORTH CAROLINA

**SPECIAL REVENUE FUNDS - NONMAJOR FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2013**

	Emergency Telephone System Fund	Forfeited Property	Recreation Payment In Lieu	Bynum Canoe Access Trust
Revenues:				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Restricted intergovernmental	594,648	27,114	-	-
Permits and fees	-	-	264,012	-
Investment earnings	295	89	1,338	17
Total revenues	<u>594,943</u>	<u>27,203</u>	<u>265,350</u>	<u>17</u>
Expenditures:				
Public safety	356,662	22,181	-	-
Economic and physical development	-	-	-	-
Total expenditures	<u>356,662</u>	<u>22,181</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	238,281	5,022	265,350	17
Other Financing Sources (Uses):				
Transfers from (to) other funds	<u>25,497</u>	<u>-</u>	<u>(195,024)</u>	<u>-</u>
Net change in fund balance	263,778	5,022	70,326	17
Fund Balances:				
Beginning of year - July 1	<u>138,821</u>	<u>47,576</u>	<u>578,750</u>	<u>8,777</u>
End of year - June 30	<u>\$ 402,599</u>	<u>\$ 52,598</u>	<u>\$ 649,076</u>	<u>\$ 8,794</u>

Schedule 11

Economic and Community Development	Courthouse Clock	Library Foundation	Special Fire Districts	Total
\$ -	\$ -	\$ -	\$ 7,037,122	\$ 7,037,122
572,221	-	-	-	1,193,983
-	-	-	-	264,012
-	132	22	489	2,382
<u>572,221</u>	<u>132</u>	<u>22</u>	<u>7,037,611</u>	<u>8,497,499</u>
-	-	-	6,962,191	7,341,034
<u>534,800</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>534,800</u>
<u>534,800</u>	<u>-</u>	<u>-</u>	<u>6,962,191</u>	<u>7,875,834</u>
37,421	132	22	75,420	621,665
-	-	-	-	(169,527)
37,421	132	22	75,420	452,138
-	65,691	10,631	168,352	1,018,598
<u>\$ 37,421</u>	<u>\$ 65,823</u>	<u>\$ 10,653</u>	<u>\$ 243,772</u>	<u>\$ 1,470,736</u>

CHATHAM COUNTY, NORTH CAROLINA

EMERGENCY TELEPHONE SYSTEM FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Restricted intergovernmental:				
Service fee collections	\$ 529,415	\$ 594,648	\$ 65,233	\$ 529,415
Investment earnings	1,200	295	(905)	1,720
Total revenues	<u>530,615</u>	<u>594,943</u>	<u>64,328</u>	<u>531,135</u>
Expenditures:				
Public safety:				
Emergency telephone system:				
Phone system/furniture	491,542	207,547	283,995	457,258
Software	-	88,966	(88,966)	103,602
Hardware	39,073	9,820	29,253	345,047
Training	-	415	(415)	1,700
Implemental functions	-	49,914	(49,914)	49,469
Total emergency telephone system	<u>530,615</u>	<u>356,662</u>	<u>173,953</u>	<u>957,076</u>
Public safety need	-	-	-	532,647
Total expenditures	<u>530,615</u>	<u>356,662</u>	<u>173,953</u>	<u>1,489,723</u>
Revenues over (under) expenditures	<u>-</u>	<u>238,281</u>	<u>238,281</u>	<u>(958,588)</u>
Other Financing Sources (Uses):				
Transfers from (to) other funds:				
Transfer from other funds				
General Fund	-	25,497	25,497	-
Total other financing sources (uses)	<u>-</u>	<u>25,497</u>	<u>25,497</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>263,778</u>	<u>\$ 263,778</u>	<u>(958,588)</u>
Fund Balance:				
Beginning of year - July 1		<u>138,821</u>		<u>1,097,409</u>
End of year - June 30		<u>\$ 402,599</u>		<u>\$ 138,821</u>

CHATHAM COUNTY, NORTH CAROLINA

FORFEITED PROPERTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Restricted intergovernmental:				
Controlled substance tax	\$ 3,345	\$ 15,074	\$ 11,729	\$ 9,854
Drug forfeiture funds		12,040	12,040	3,835
Investment earnings:				
Controlled substance tax	-	37	37	12
Drug forfeiture funds	-	52	52	69
Total revenues	<u>3,345</u>	<u>27,203</u>	<u>23,858</u>	<u>13,770</u>
Expenditures:				
Public safety:				
Controlled substance tax:				
Operating expenditures	8,345	6,794	1,551	3,390
Forfeited property:				
Operating expenditures	<u>21,000</u>	<u>15,387</u>	<u>5,613</u>	<u>11,653</u>
Total expenditures	<u>29,345</u>	<u>22,181</u>	<u>7,164</u>	<u>15,043</u>
Revenues over (under) expenditures	<u>(26,000)</u>	<u>5,022</u>	<u>31,022</u>	<u>(1,273)</u>
Appropriated fund balance:				
Controlled substance tax	5,000	-	(5,000)	-
Drug forfeiture funds	<u>21,000</u>	-	<u>(21,000)</u>	-
Total	<u>26,000</u>	-	<u>(26,000)</u>	-
Net change in fund balance:				
Controlled substance tax	-	8,317	8,317	6,476
Drug forfeiture funds	-	<u>(3,295)</u>	<u>(3,295)</u>	<u>(7,749)</u>
Total	<u>\$ -</u>	<u>5,022</u>	<u>\$ 5,022</u>	<u>(1,273)</u>
Fund Balance:				
Beginning of year - July 1:				
Controlled substance tax		13,676		7,200
Drug forfeiture funds		<u>33,900</u>		<u>41,649</u>
		<u>47,576</u>		<u>48,849</u>
End of year - June 30:				
Controlled substance tax		21,993		13,676
Drug forfeiture funds		<u>30,605</u>		<u>33,900</u>
		<u>\$ 52,598</u>		<u>\$ 47,576</u>

CHATHAM COUNTY, NORTH CAROLINA

RECREATION - PAYMENT IN LIEU

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2013

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Permits and fees	\$ 79,500	\$ 264,012	\$ 184,512	\$ 174,678
Investment earnings	1,400	1,338	(62)	2,131
Total revenues	<u>80,900</u>	<u>265,350</u>	<u>184,450</u>	<u>176,809</u>
Expenditures:				
Cultural and recreational	335,876	-	335,876	-
Total expenditures	<u>335,876</u>	<u>-</u>	<u>335,876</u>	<u>-</u>
Revenues over (under) expenditures	<u>(254,976)</u>	<u>265,350</u>	<u>520,326</u>	<u>176,809</u>
Other Financing Sources (Uses):				
Transfer to other funds:				
General Fund	(27,368)	(27,368)	-	(598,773)
Capital project	(167,656)	(167,656)	-	-
Total other financing sources (uses)	<u>(195,024)</u>	<u>(195,024)</u>	<u>-</u>	<u>(598,773)</u>
Appropriated fund balance	<u>450,000</u>	<u>-</u>	<u>(450,000)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>70,326</u>	<u>\$ 70,326</u>	<u>(421,964)</u>
Fund Balance:				
Beginning of year - July 1		<u>578,750</u>		<u>1,000,714</u>
End of year - June 30		<u>\$ 649,076</u>		<u>\$ 578,750</u>

CHATHAM COUNTY, NORTH CAROLINA

BYNUM CANOE ACCESS TRUST

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2013

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Investment earnings	\$ 10	\$ 17	\$ 7	\$ 16
Expenditures:				
Cultural and recreational	8,510	-	8,510	-
Revenues over (under) expenditures	(8,500)	17	8,517	16
Other Financing Sources (Uses):				
Appropriated fund balance	8,500	-	(8,500)	-
Net change in fund balance	\$ -	17	\$ 17	16
Fund Balance:				
Beginning of year - July 1		8,777		8,761
End of year - June 30		\$ 8,794		\$ 8,777

CHATHAM COUNTY, NORTH CAROLINA

**ECONOMIC AND COMMUNITY DEVELOPMENT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013**

	Project Authorization	Actual		Total
		Prior Years	Current Year	
Revenues:				
Restricted intergovernmental				
Grant - Scattered Site Housing Project - 2010	\$ 400,000	\$ 149,997	\$ 214,737	\$ 364,734
Grant - Economic Recovery - 2010	500,000	31,073	240,819	271,892
Grant - Urgent Repair Program - 2012	75,000	27	37,473	37,500
Grant - Single Family Rehabilitation - 2012	160,000	28	79,192	79,220
Total revenues	<u>1,135,000</u>	<u>181,125</u>	<u>572,221</u>	<u>753,346</u>
Expenditures:				
Economic and physical development:				
Single Family Rehabilitation - 2012:				
Administration	33,010	28	17,193	17,221
Construction	126,990	-	62,000	62,000
Total	<u>160,000</u>	<u>28</u>	<u>79,193</u>	<u>79,221</u>
CDBG Scattered Site Housing Project - 2010:				
Administration	40,000	31,587	4,317	35,904
Construction	360,000	118,410	210,419	328,829
Total	<u>400,000</u>	<u>149,997</u>	<u>214,736</u>	<u>364,733</u>
Urgent Repair Program - 2012:				
Administration	28	27	-	27
Construction	74,972	-	-	-
Total	<u>75,000</u>	<u>27</u>	<u>-</u>	<u>27</u>
CDBG - Economic Recovery:				
Administration	50,000	20,323	17,972	38,295
Construction	450,000	10,750	222,899	233,649
Total	<u>500,000</u>	<u>31,073</u>	<u>240,871</u>	<u>271,944</u>
Total expenditures	<u>1,135,000</u>	<u>181,125</u>	<u>534,800</u>	<u>715,925</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>37,421</u>	<u>37,421</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>37,421</u>	<u>\$ 37,421</u>
Fund Balance:				
Beginning of year - July 1			<u>-</u>	
End of year - June 30			<u>\$ 37,421</u>	

CHATHAM COUNTY, NORTH CAROLINA

COURTHOUSE CLOCK

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2013

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Revenues:				
Investment earnings	\$ -	\$ 132	\$ 132	\$ 120
Expenditures:				
General government	<u>65,625</u>	-	<u>65,625</u>	-
Revenues over (under) expenditures	(65,625)	132	65,757	120
Other Financing Sources (Uses):				
Appropriated fund balance	<u>65,625</u>	-	<u>(65,625)</u>	-
Net change in fund balance	<u>\$ -</u>	132	<u>\$ 132</u>	120
Fund Balance:				
Beginning of year - July 1		<u>65,691</u>		<u>65,571</u>
End of year - June 30		<u>\$ 65,823</u>		<u>\$ 65,691</u>

CHATHAM COUNTY, NORTH CAROLINA

LIBRARY FOUNDATION

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2013

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Revenues:				
Investment earnings	\$ -	\$ 22	\$ 22	\$ 19
Net change in fund balance	<u>\$ -</u>	22	<u>\$ 22</u>	19
Fund Balance:				
Beginning of year - July 1		10,631		10,612
End of year - June 30		<u>\$ 10,653</u>		<u>\$ 10,631</u>

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CHATHAM COUNTY, NORTH CAROLINA

SPECIAL FIRE DISTRICTS COMBINING BALANCE SHEET JUNE 30, 2013

	<u>Combined</u>	<u>Bell's Annex</u>	<u>Bennett</u>	<u>Bonlee</u>	<u>Central Chatham</u>
Assets:					
Cash, cash equivalents, and investments	\$ 277,053	\$ 8,066	\$ 2,417	\$ 13,783	\$ 15,970
Property taxes receivable, net	213,095	2,270	5,152	14,654	23,100
Other receivables	116	4	1	4	5
Total assets	<u>\$ 490,264</u>	<u>\$ 10,340</u>	<u>\$ 7,570</u>	<u>\$ 28,441</u>	<u>\$ 39,075</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:					
Liabilities:					
Accounts payable and accrued liabilities	<u>\$ 228</u>	<u>\$ -</u>	<u>\$ 228</u>	<u>\$ -</u>	<u>\$ -</u>
Deferred Inflows of Resources:					
Property taxes receivable	213,095	2,270	5,152	14,654	23,100
Prepaid taxes	<u>33,169</u>	<u>-</u>	<u>643</u>	<u>686</u>	<u>1,093</u>
Total deferred inflows of resources	<u>246,264</u>	<u>2,270</u>	<u>5,795</u>	<u>15,340</u>	<u>24,193</u>
Fund Balances:					
Restricted:					
Stabilization by State statute	116	4	1	4	5
Assigned:					
Fire protection	<u>243,656</u>	<u>8,066</u>	<u>1,546</u>	<u>13,097</u>	<u>14,877</u>
Total fund balances	<u>243,772</u>	<u>8,070</u>	<u>1,547</u>	<u>13,101</u>	<u>14,882</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 490,264</u>	<u>\$ 10,340</u>	<u>\$ 7,570</u>	<u>\$ 28,441</u>	<u>\$ 39,075</u>

<u>Circle City</u>	<u>Goldston</u>	<u>Hope</u>	<u>Moncure</u>	<u>North Chatham</u>	<u>Parkwood</u>	<u>Staley</u>	<u>Northview</u>
\$ 17,970	\$ 10,343	\$ 14,713	\$ 103,029	\$ 73,970	\$ 11,608	\$ 2,504	\$ 2,680
45,492	16,097	13,764	16,398	68,285	1,590	4,848	1,445
<u>8</u>	<u>3</u>	<u>5</u>	<u>48</u>	<u>32</u>	<u>4</u>	<u>1</u>	<u>1</u>
<u>\$ 63,470</u>	<u>\$ 26,443</u>	<u>\$ 28,482</u>	<u>\$ 119,475</u>	<u>\$ 142,287</u>	<u>\$ 13,202</u>	<u>\$ 7,353</u>	<u>\$ 4,126</u>

\$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ -

45,492	16,097	13,764	16,398	68,285	1,590	4,848	1,445
<u>2,813</u>	<u>1,484</u>	<u>1,627</u>	<u>5,680</u>	<u>17,841</u>	<u>592</u>	<u>619</u>	<u>91</u>
<u>48,305</u>	<u>17,581</u>	<u>15,391</u>	<u>22,078</u>	<u>86,126</u>	<u>2,182</u>	<u>5,467</u>	<u>1,536</u>

8	3	5	48	32	4	1	1
<u>15,157</u>	<u>8,859</u>	<u>13,086</u>	<u>97,349</u>	<u>56,129</u>	<u>11,016</u>	<u>1,885</u>	<u>2,589</u>
<u>15,165</u>	<u>8,862</u>	<u>13,091</u>	<u>97,397</u>	<u>56,161</u>	<u>11,020</u>	<u>1,886</u>	<u>2,590</u>

<u>\$ 63,470</u>	<u>\$ 26,443</u>	<u>\$ 28,482</u>	<u>\$ 119,475</u>	<u>\$ 142,287</u>	<u>\$ 13,202</u>	<u>\$ 7,353</u>	<u>\$ 4,126</u>
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CHATHAM COUNTY, NORTH CAROLINA

SPECIAL FIRE DISTRICTS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Ad valorem taxes	\$ 6,809,582	\$ 7,037,122	\$ 227,540
Investment earnings	-	489	489
Total revenues	<u>6,809,582</u>	<u>7,037,611</u>	<u>228,029</u>
Expenditures:			
Public safety:			
Fire protection contracts	6,617,374	6,624,374	(7,000)
Commissions	<u>344,088</u>	<u>337,817</u>	<u>6,271</u>
Total public safety	<u>6,961,462</u>	<u>6,962,191</u>	<u>(729)</u>
Revenues over (under) expenditures	(151,880)	75,420	227,300
Other Financing Sources (Uses):			
Appropriated fund balance	<u>151,880</u>	-	<u>(151,880)</u>
Net change in fund balance	<u>\$ -</u>	75,420	<u>\$ 75,420</u>
Fund Balance:			
Beginning of year - July 1		<u>168,352</u>	
End of year - June 30		<u>\$ 243,772</u>	

CHATHAM COUNTY, NORTH CAROLINA

SPECIAL FIRE DISTRICTS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Bells Annex Fire District</u>		
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Ad valorem taxes	\$ 87,697	\$ 95,635	\$ 7,938
Investment earnings	-	8	8
Total revenues	<u>87,697</u>	<u>95,643</u>	<u>7,946</u>
Expenditures:			
Public safety:			
Fire protection contracts	83,029	83,029	-
Commissions	4,668	4,550	118
Total public safety	<u>87,697</u>	<u>87,579</u>	<u>118</u>
Revenues over (under) expenditures	-	8,064	8,064
Other Financing Sources (Uses):			
Appropriated fund balance	-	-	-
Net change in fund balance	<u>\$ -</u>	8,064	<u>\$ 8,064</u>
Fund Balance:			
Beginning of year - July 1		<u>6</u>	
End of year - June 30		<u>\$ 8,070</u>	

CHATHAM COUNTY, NORTH CAROLINA

SPECIAL FIRE DISTRICTS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Bennett Fire District</u>		
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Ad valorem taxes	\$ 98,125	\$ 98,559	\$ 434
Investment earnings	-	5	5
Total revenues	<u>98,125</u>	<u>98,564</u>	<u>439</u>
Expenditures:			
Public safety:			
Fire protection contracts	93,317	93,317	-
Commissions	<u>4,808</u>	<u>4,556</u>	<u>252</u>
Total public safety	<u>98,125</u>	<u>97,873</u>	<u>252</u>
Revenues over (under) expenditures	-	691	691
Other Financing Sources (Uses):			
Appropriated fund balance	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	691	<u>\$ 691</u>
Fund Balance:			
Beginning of year - July 1		<u>856</u>	
End of year - June 30		<u>\$ 1,547</u>	

CHATHAM COUNTY, NORTH CAROLINA

SPECIAL FIRE DISTRICTS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Bonlee Fire District</u>		
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Ad valorem taxes	\$ 208,635	\$ 215,661	\$ 7,026
Investment earnings	-	24	24
Total revenues	<u>208,635</u>	<u>215,685</u>	<u>7,050</u>
Expenditures:			
Public safety:			
Fire protection contracts	210,391	210,391	-
Commissions	<u>10,244</u>	<u>10,095</u>	<u>149</u>
Total public safety	<u>220,635</u>	<u>220,486</u>	<u>149</u>
Revenues over (under) expenditures	(12,000)	(4,801)	7,199
Other Financing Sources (Uses):			
Appropriated fund balance	<u>12,000</u>	-	<u>(12,000)</u>
Net change in fund balance	<u>\$ -</u>	(4,801)	<u>\$ (4,801)</u>
Fund Balance:			
Beginning of year - July 1		<u>17,902</u>	
End of year - June 30		<u>\$ 13,101</u>	

CHATHAM COUNTY, NORTH CAROLINA

SPECIAL FIRE DISTRICTS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Central Chatham Fire District</u>		
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Ad valorem taxes	\$ 266,448	\$ 279,652	\$ 13,204
Investment earnings	-	22	22
Total revenues	<u>266,448</u>	<u>279,674</u>	<u>13,226</u>
Expenditures:			
Public safety:			
Fire protection contracts	259,307	259,307	-
Commissions	<u>13,041</u>	<u>12,962</u>	<u>79</u>
Total public safety	<u>272,348</u>	<u>272,269</u>	<u>79</u>
Revenues over (under) expenditures	(5,900)	7,405	13,305
Other Financing Sources (Uses):			
Appropriated fund balance	<u>5,900</u>	-	<u>(5,900)</u>
Net change in fund balance	<u>\$ -</u>	7,405	<u>\$ 7,405</u>
Fund Balance:			
Beginning of year - July 1		<u>7,477</u>	
End of year - June 30		<u>\$ 14,882</u>	

CHATHAM COUNTY, NORTH CAROLINA

SPECIAL FIRE DISTRICTS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Circle City Fire District</u>		
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Ad valorem taxes	\$ 1,015,232	\$ 1,033,507	\$ 18,275
Investment earnings	-	81	81
Total revenues	<u>1,015,232</u>	<u>1,033,588</u>	<u>18,356</u>
Expenditures:			
Public safety:			
Fire protection contracts	1,015,627	1,022,627	(7,000)
Commissions	<u>49,605</u>	<u>49,504</u>	<u>101</u>
Total public safety	<u>1,065,232</u>	<u>1,072,131</u>	<u>(6,899)</u>
Revenues over (under) expenditures	(50,000)	(38,543)	11,457
Other Financing Sources (Uses):			
Appropriated fund balance	<u>50,000</u>	-	<u>(50,000)</u>
Net change in fund balance	<u>\$ -</u>	(38,543)	<u>\$ (38,543)</u>
Fund Balance:			
Beginning of year - July 1		<u>53,708</u>	
End of year - June 30		<u>\$ 15,165</u>	

CHATHAM COUNTY, NORTH CAROLINA

SPECIAL FIRE DISTRICTS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Goldston Fire District</u>		
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Ad valorem taxes	\$ 207,353	\$ 214,401	\$ 7,048
Investment earnings	-	19	19
Total revenues	<u>207,353</u>	<u>214,420</u>	<u>7,067</u>
Expenditures:			
Public safety:			
Fire protection contracts	206,686	206,686	-
Commissions	<u>10,267</u>	<u>10,002</u>	<u>265</u>
Total public safety	<u>216,953</u>	<u>216,688</u>	<u>265</u>
Revenues over (under) expenditures	(9,600)	(2,268)	7,332
Other Financing Sources (Uses):			
Appropriated fund balance	<u>9,600</u>	-	<u>(9,600)</u>
Net change in fund balance	<u>\$ -</u>	(2,268)	<u>\$ (2,268)</u>
Fund Balance:			
Beginning of year - July 1		<u>11,130</u>	
End of year - June 30		<u>\$ 8,862</u>	

CHATHAM COUNTY, NORTH CAROLINA

SPECIAL FIRE DISTRICTS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2013

	Hope Fire District		
	Final Budget	Actual	Variance Over/Under
Revenues:			
Ad valorem taxes	\$ 342,812	\$ 353,379	\$ 10,567
Investment earnings	-	26	26
Total revenues	<u>342,812</u>	<u>353,405</u>	<u>10,593</u>
Expenditures:			
Public safety:			
Fire protection contracts	336,896	336,896	-
Commissions	<u>16,816</u>	<u>16,591</u>	<u>225</u>
Total public safety	<u>353,712</u>	<u>353,487</u>	<u>225</u>
Revenues over (under) expenditures	(10,900)	(82)	10,818
Other Financing Sources (Uses):			
Appropriated fund balance	<u>10,900</u>	-	<u>(10,900)</u>
Net change in fund balance	<u>\$ -</u>	(82)	<u>\$ (82)</u>
Fund Balance:			
Beginning of year - July 1		<u>13,173</u>	
End of year - June 30		<u>\$ 13,091</u>	

CHATHAM COUNTY, NORTH CAROLINA

SPECIAL FIRE DISTRICTS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Moncure Fire District</u>		
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Ad valorem taxes	\$ 678,004	\$ 757,617	\$ 79,613
Investment earnings	-	116	116
Total revenues	<u>678,004</u>	<u>757,733</u>	<u>79,729</u>
Expenditures:			
Public safety:			
Fire protection contracts	660,158	660,158	-
Commissions	<u>38,846</u>	<u>37,158</u>	<u>1,688</u>
Total public safety	<u>699,004</u>	<u>697,316</u>	<u>1,688</u>
Revenues over (under) expenditures	(21,000)	60,417	81,417
Other Financing Sources (Uses):			
Appropriated fund balance	<u>21,000</u>	-	<u>(21,000)</u>
Net change in fund balance	<u>\$ -</u>	60,417	<u>\$ 60,417</u>
Fund Balance:			
Beginning of year - July 1		<u>36,980</u>	
End of year - June 30		<u>\$ 97,397</u>	

CHATHAM COUNTY, NORTH CAROLINA

**SPECIAL FIRE DISTRICTS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2013**

	North Chatham Fire District		
	Final Budget	Actual	Variance Over/Under
Revenues:			
Ad valorem taxes	\$ 3,557,197	\$ 3,626,686	\$ 69,489
Investment earnings	-	160	160
Total revenues	<u>3,557,197</u>	<u>3,626,846</u>	<u>69,649</u>
Expenditures:			
Public safety:			
Fire protection contracts	3,411,331	3,411,331	-
Commissions	<u>177,746</u>	<u>175,011</u>	<u>2,735</u>
Total public safety	<u>3,589,077</u>	<u>3,586,342</u>	<u>2,735</u>
Revenues over (under) expenditures	(31,880)	40,504	72,384
Other Financing Sources (Uses):			
Appropriated fund balance	<u>31,880</u>	-	<u>(31,880)</u>
Net change in fund balance	<u>\$ -</u>	40,504	<u>\$ 40,504</u>
Fund Balance:			
Beginning of year - July 1		<u>15,657</u>	
End of year - June 30		<u>\$ 56,161</u>	

CHATHAM COUNTY, NORTH CAROLINA

SPECIAL FIRE DISTRICTS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2013

	Parkwood Fire District		
	Final Budget	Actual	Variance Over/Under
Revenues:			
Ad valorem taxes	\$ 273,306	\$ 284,272	\$ 10,966
Investment earnings	-	23	23
Total revenues	<u>273,306</u>	<u>284,295</u>	<u>10,989</u>
Expenditures:			
Public safety:			
Fire protection contracts	269,973	269,973	-
Commissions	<u>13,933</u>	<u>13,750</u>	<u>183</u>
Total public safety	<u>283,906</u>	<u>283,723</u>	<u>183</u>
Revenues over (under) expenditures	(10,600)	572	11,172
Other Financing Sources (Uses):			
Appropriated fund balance	<u>10,600</u>	-	<u>(10,600)</u>
Net change in fund balance	<u>\$ -</u>	572	<u>\$ 572</u>
Fund Balance:			
Beginning of year - July 1		<u>10,448</u>	
End of year - June 30		<u>\$ 11,020</u>	

CHATHAM COUNTY, NORTH CAROLINA

SPECIAL FIRE DISTRICTS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Staley Fire District</u>		
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Ad valorem taxes	\$ 49,550	\$ 51,036	\$ 1,486
Investment earnings	-	3	3
Total revenues	<u>49,550</u>	<u>51,039</u>	<u>1,489</u>
Expenditures:			
Public safety:			
Fire protection contracts	46,926	46,926	-
Commissions	<u>2,624</u>	<u>2,388</u>	<u>236</u>
Total public safety	<u>49,550</u>	<u>49,314</u>	<u>236</u>
Revenues over (under) expenditures	-	1,725	1,725
Other Financing Sources (Uses):			
Appropriated fund balance	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	1,725	<u>\$ 1,725</u>
Fund Balance:			
Beginning of year - July 1		<u>161</u>	
End of year - June 30		<u>\$ 1,886</u>	

CHATHAM COUNTY, NORTH CAROLINA

SPECIAL FIRE DISTRICTS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Northview Fire District</u>		
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Ad valorem taxes	\$ 25,223	\$ 26,717	\$ 1,494
Investment earnings	-	2	2
Total revenues	<u>25,223</u>	<u>26,719</u>	<u>1,496</u>
Expenditures:			
Public safety:			
Fire protection contracts	23,733	23,733	-
Commissions	<u>1,490</u>	<u>1,250</u>	<u>240</u>
Total public safety	<u>25,223</u>	<u>24,983</u>	<u>240</u>
Revenues over (under) expenditures	-	1,736	1,736
Other Financing Sources (Uses):			
Appropriated fund balance	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	1,736	<u>\$ 1,736</u>
Fund Balance:			
Beginning of year - July 1		<u>854</u>	
End of year - June 30		<u>\$ 2,590</u>	

NONMAJOR CAPITAL PROJECT FUNDS

The Capital Projects Funds are used to account for the acquisition and construction of major capital and capital facilities other than those financed by the proprietary funds and trust funds.

Individual Fund Descriptions:

- **Chatham Park Projects** – Accounts for the financing and construction of a park for the recreational use of residents of the County.
- **Equipment Capital Reserve Project** – Accounts for the accumulation of funds for large capital purchases.
- **Emergency Vehicle Replacement Capital Reserve Project** – Accounts for the accumulation of funds to assist local rescue squads with the purchase of emergency vehicles.

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CHATHAM COUNTY, NORTH CAROLINA

NONMAJOR CAPITAL PROJECT FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2013

	Chatham Park Projects	Equipment Capital Reserve Project	Emergency Vehicle Replacement Capital Reserve Project	Total
Assets:				
Cash, cash equivalents, and investments	\$ 91,679	\$ 2,120,011	\$ 117,321	\$ 2,329,011
Other receivables	-	1,251	75	1,326
Total assets	<u>\$ 91,679</u>	<u>\$ 2,121,262</u>	<u>\$ 117,396</u>	<u>\$ 2,330,337</u>
Fund Balances:				
Restricted:				
Stabilization by State statute	\$ -	\$ 1,251	\$ 75	\$ 1,326
Committed	91,679	2,120,011	117,321	2,329,011
Total fund balances	<u>91,679</u>	<u>2,121,262</u>	<u>117,396</u>	<u>2,330,337</u>
Total liabilities and fund balances	<u>\$ 91,679</u>	<u>\$ 2,121,262</u>	<u>\$ 117,396</u>	<u>\$ 2,330,337</u>

CHATHAM COUNTY, NORTH CAROLINA

NONMAJOR CAPITAL PROJECT FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2013

	<u>Chatham Park Projects</u>	<u>Equipment Capital Reserve Project</u>	<u>Emergency Vehicle Replacement Capital Reserve Project</u>	<u>Total</u>
Revenues:				
Investment earnings	\$ -	\$ 4,243	\$ 307	\$ 4,550
Other general revenues	<u>20,000</u>	<u>4,006</u>	<u>-</u>	<u>24,006</u>
Total revenues	<u>20,000</u>	<u>8,249</u>	<u>307</u>	<u>28,556</u>
Expenditures:				
Public safety	-	-	56,532	56,532
Cultural and recreational	<u>115,324</u>	<u>-</u>	<u>-</u>	<u>115,324</u>
Total expenditures	<u>115,324</u>	<u>-</u>	<u>56,532</u>	<u>171,856</u>
Revenues over (under) expenditures	(95,324)	8,249	(56,225)	(143,300)
Other Financing Sources (Uses):				
Transfers from (to) other funds	<u>167,656</u>	<u>6,850</u>	<u>-</u>	<u>174,506</u>
Net change in fund balance	72,332	15,099	(56,225)	31,206
Fund Balance:				
Beginning of year - July 1	<u>19,347</u>	<u>2,106,163</u>	<u>173,621</u>	<u>2,299,131</u>
End of year - June 30	<u>\$ 91,679</u>	<u>\$ 2,121,262</u>	<u>\$ 117,396</u>	<u>\$ 2,330,337</u>

CHATHAM COUNTY, NORTH CAROLINA

CHATHAM PARK PROJECTS
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR JUNE 30, 2013

	Project Budget	Actual		Total	Variance Over/Under
		Prior Years	Current Year		
Revenues:					
Intergovernmental					
State grants	\$ 1,022,951	\$ 708,486	\$ -	\$ 708,486	\$ (314,465)
Investment earnings	-	6	-	6	6
Other general revenues:					
Grants	80,000	70,000	10,000	80,000	-
Donations	50,000	20,000	10,000	30,000	(20,000)
Total other general revenues	130,000	90,000	20,000	110,000	(20,000)
Total revenues	1,152,951	798,492	20,000	818,492	(334,459)
Expenditures:					
Cultural and recreational:					
Briar Chapel	1,088,461	-	167,656	167,656	920,805
Northeast Park	2,016,705	1,880,514	(52,332)	1,828,182	188,523
Total expenditures	3,105,166	1,880,514	115,324	1,995,838	1,109,328
Revenues over (under) expenditures	(1,952,215)	(1,082,022)	(95,324)	(1,177,346)	774,869
Other Financing Sources (Uses):					
Transfers from (to) other funds:					
Recreation in Lieu	773,996	-	167,656	167,656	(606,340)
Capital Improvements Reserve - Park	1,178,219	1,101,369	-	1,101,369	(76,850)
Total other financing sources (uses)	1,952,215	1,101,369	167,656	1,269,025	(683,190)
Net change in fund balance	\$ -	\$ 19,347	\$ 72,332	\$ 91,679	\$ 91,679

CHATHAM COUNTY, NORTH CAROLINA

**EQUIPMENT CAPITAL RESERVE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	2013			2012
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Investment earnings	\$ 2,800	\$ 4,243	\$ 1,443	\$ 3,637
Other general revenues	-	4,006	4,006	4,973
Total revenues	<u>2,800</u>	<u>8,249</u>	<u>5,449</u>	<u>8,610</u>
Expenditures:				
General government	<u>668,025</u>	<u>-</u>	<u>668,025</u>	<u>-</u>
Revenues over (under) expenditures	<u>(665,225)</u>	<u>8,249</u>	<u>673,474</u>	<u>8,610</u>
Other Financing Sources (Uses):				
Transfers from (to) other funds				
Enterprise Fund	(12,000)	(12,000)	-	-
Capital Project	-	18,850	18,850	116,061
General Fund	<u>(4,975)</u>	<u>-</u>	<u>4,975</u>	<u>-</u>
Total transfers from (to) other funds	<u>(16,975)</u>	<u>6,850</u>	<u>23,825</u>	<u>116,061</u>
Appropriated fund balance	<u>682,200</u>	<u>-</u>	<u>(682,200)</u>	<u>-</u>
Total other financing sources (uses)	<u>665,225</u>	<u>6,850</u>	<u>(658,375)</u>	<u>116,061</u>
Net change in fund balance	<u>\$ -</u>	<u>15,099</u>	<u>\$ 15,099</u>	<u>124,671</u>
Fund Balance:				
Beginning of year - July 1		<u>2,106,163</u>		<u>1,981,492</u>
End of year - June 30		<u>\$ 2,121,262</u>		<u>\$ 2,106,163</u>

CHATHAM COUNTY, NORTH CAROLINA

**EMERGENCY VEHICLE REPLACEMENT CAPITAL RESERVE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

	2013			2012
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Investment earnings	\$ 200	\$ 307	\$ 107	\$ 355
Expenditures:				
Public safety	170,200	56,532	113,668	-
Revenues over (under) expenditures	(170,000)	(56,225)	113,775	355
Other Financing Sources (Uses):				
Appropriated fund balance	170,000	-	(170,000)	-
Net change in fund balance	\$ -	(56,225)	\$ (56,225)	(24,622)
Fund Balance:				
Beginning of year - July 1		173,621		198,243
End of year - June 30		\$ 117,396		\$ 173,621

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ENTERPRISE FUNDS

The Enterprise Funds are used to account for County operations that are financed and operated in a manner similar to private business enterprises. The costs of providing services to the general public on a continuing basis are financed primarily through user charges.

Individual Fund Descriptions:

- **Utility Fund** – Accounts for the water and sewer operations of the County.
- **Water Capital Reserve Fund** – Accounts for various capital projects within the Utility Fund.
- **Water Equipment Replacement Fund** – Accounts for capital outlay for various water equipment within the Utility Fund.
- **Water Capital Projects Fund** – Accounts for various capital projects within the Utility Fund.
- **Southeast Water District Fund** – Accounts for the operations of the water district covering the Southeastern portion of the County.
- **Solid Waste Management Fund** – Accounts for the operations of the County's collection and disposal of solid waste.
- **Solid Waste Management Reserve Fund** – Accounts for various capital projects within the Solid Waste Fund.

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CHATHAM COUNTY, NORTH CAROLINA

UTILITY FUND

SCHEDULE OF REVENUES AND EXPENDITURES

BUDGET AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2013

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Operating revenues:				
Charges for services:				
Water sales	\$ 4,990,540	\$ 5,197,682	\$ 207,142	\$ 5,496,235
Sewer charges	19,000	19,881	881	23,145
Total charges for services	5,009,540	5,217,563	208,023	5,519,380
Other operating revenues	-	-	-	20,714
Total operating revenues	5,009,540	5,217,563	208,023	5,540,094
Non-operating revenues:				
Investment earnings	10,000	7,853	(2,147)	7,960
Other non-operating revenues	-	1,189	1,189	-
Total revenues	5,019,540	5,226,605	207,065	5,548,054
Expenditures:				
Operating expenditures:				
Salaries and employee benefits	1,274,199	1,281,396	(7,197)	1,224,250
Repairs and maintenance	368,477	314,352	54,125	234,166
Other operating expenditures	2,572,226	2,020,157	552,069	1,998,846
Total	4,214,902	3,615,905	598,997	3,457,262
Capital outlay	19,525	19,524	1	185,173
Debt service:				
Principal	1,074,809	1,074,808	1	1,036,249
Interest	563,156	563,155	1	634,627
Total expenditures	5,872,392	5,273,392	599,000	5,313,311
Revenues over (under) expenditures	(852,852)	(46,787)	806,065	234,743
Other Financing Sources (Uses):				
Intrafund transfers from (to) other funds:				
Equipment replacement	19,525	-	19,525	-
Proceeds from refunding	-	-	-	12,077,502
Payment to refunding agent	-	-	-	(12,989,948)
Premium on refunding	-	-	-	912,446
Total other financing sources (uses)	19,525	-	19,525	-
Fund balance appropriated	833,327	-	(833,327)	-

CHATHAM COUNTY, NORTH CAROLINA

UTILITY FUND

SCHEDULE OF REVENUES AND EXPENDITURES

BUDGET AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2013

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013		2012
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues and other financing sources			<u>Actual</u>
(under) expenditures and other financing uses	\$ -	(46,787)	\$ 234,743

This schedule is included to show budgetary compliance.

Reconciliation from Budgetary Basis to Full Accrual:

Revenue:	
Water Reserve	1,203,907
Equipment Reserve	877
Capital Projects	2,060
Transfers in	12,000
Reconciling items:	
Capital outlay	19,524
Debt principal	1,074,808
Depreciation	(1,006,321)
Decrease (increase) in vacation pay accrual	(5,976)
Premium amortization	182,490
Change in net position	<u>\$ 1,436,582</u>

CHATHAM COUNTY, NORTH CAROLINA

WATER CAPITAL RESERVE

SCHEDULE OF REVENUES AND EXPENDITURES -

BUDGET AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2013

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Charges for services	\$ 400,000	\$ 1,172,700	\$ 772,700	\$ 884,200
Investment earnings	18,000	31,207	13,207	27,864
Total revenues	418,000	1,203,907	785,907	912,064
Expenditures:				
Capital outlay:				
Construction	3,000,000	-	3,000,000	-
Revenues over (under) expenditures	(2,582,000)	1,203,907	3,785,907	912,064
Other Financing Sources (Uses):				
Intrafund transfers from (to):				
Water Projects	(355,000)	(353,144)	1,856	(100,000)
Total other financing sources (uses)	(355,000)	(353,144)	1,856	(100,000)
Fund balance appropriated	2,937,000	-	(2,937,000)	-
Revenues and other financing sources (under) expenditures and other financing uses	\$ -	\$ 850,763	\$ 850,763	\$ 812,064

CHATHAM COUNTY, NORTH CAROLINA

WATER EQUIPMENT REPLACEMENT

SCHEDULE OF REVENUES AND EXPENDITURES -

BUDGET AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2013

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Operating revenues	\$ -	\$ -	\$ -	\$ 363
Investment earnings	500	877	377	792
Total revenues	<u>500</u>	<u>877</u>	<u>377</u>	<u>1,155</u>
Expenditures:				
Capital	<u>292,975</u>	<u>-</u>	<u>292,975</u>	<u>-</u>
Revenues over (under) expenditures	<u>(292,475)</u>	<u>877</u>	<u>293,352</u>	<u>1,155</u>
Other Financing Sources (Uses):				
Transfers from (to) other funds:				
Equipment Reserve	12,000	12,000	-	-
Utility Operating	<u>(19,525)</u>	<u>-</u>	<u>19,525</u>	<u>-</u>
Total other financing sources (uses)	<u>(7,525)</u>	<u>12,000</u>	<u>19,525</u>	<u>-</u>
Appropriated fund balance	<u>300,000</u>	<u>-</u>	<u>(300,000)</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 12,877</u>	<u>\$ 12,877</u>	<u>\$ 1,155</u>

CHATHAM COUNTY, NORTH CAROLINA

WATER CAPITAL PROJECTS
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR JUNE 30, 2013

	Project Authorization	Actual		Total	Variance Over/Under
		Prior Years	Current Year		
Revenues:					
Intergovernmental:					
Grant - Department of Transportation	\$ 399,882	\$ 399,882	\$ -	\$ 399,882	\$ -
Unrestricted intergovernmental	397,219	397,220	-	397,220	1
Investment earnings	65,726	68,927	2,060	70,987	5,261
Total revenues	<u>862,827</u>	<u>866,029</u>	<u>2,060</u>	<u>868,089</u>	<u>5,262</u>
Expenditures:					
Capital outlay:					
Westward Distribution Project	14,940,168	13,094,776	1,169,541	14,264,317	675,851
Durham Interconnect	4,857,085	153,251	932,076	1,085,327	3,771,758
Business Campus	8,382,761	8,264,646	68,264	8,332,910	49,851
Total expenditures	<u>28,180,014</u>	<u>21,512,673</u>	<u>2,169,881</u>	<u>23,682,554</u>	<u>4,497,460</u>
Revenues over (under) expenditures	<u>(27,317,187)</u>	<u>(20,646,644)</u>	<u>(2,167,821)</u>	<u>(22,814,465)</u>	<u>4,502,722</u>
Other Financing Sources (Uses):					
Transfers (to) from other funds					
General Fund	257,695	130,000	-	130,000	(127,695)
Capital improvements reserve	7,364,593	7,364,593	-	7,364,593	-
Intrafund transfers:					
Water capital reserve	4,629,277	504,374	353,144	857,518	(3,771,759)
Proceeds from borrowing for:					
Durham Interconnect	565,622	565,622	-	565,622	-
Westward Distribution Project	14,500,000	13,934,378	565,622	14,500,000	-
Total other financing sources (uses)	<u>27,317,187</u>	<u>22,498,967</u>	<u>918,766</u>	<u>23,417,733</u>	<u>(3,899,454)</u>
Revenues and other financing sources (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 1,852,323</u>	<u>\$ (1,249,055)</u>	<u>\$ 603,268</u>	<u>\$ 603,268</u>

CHATHAM COUNTY, NORTH CAROLINA

SOUTHEAST WATER DISTRICT

SCHEDULE OF REVENUES AND EXPENDITURES

BUDGET AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2013

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Operating revenues:				
Charges for services	\$ 602,700	\$ 582,425	\$ (20,275)	\$ 559,207
Non-operating revenues:				
Investment earnings	<u>500</u>	<u>1,138</u>	<u>638</u>	<u>906</u>
Total revenues	<u>603,200</u>	<u>583,563</u>	<u>(19,637)</u>	<u>560,113</u>
Expenditures:				
Operating expenditures	526,380	503,898	22,482	459,739
Debt service:				
Principal	65,000	65,000	-	63,000
Interest	<u>188,905</u>	<u>188,905</u>	<u>-</u>	<u>191,260</u>
Total expenditures	<u>780,285</u>	<u>757,803</u>	<u>22,482</u>	<u>713,999</u>
Revenues over (under) expenditures	(177,085)	(174,240)	2,845	(153,886)
Other Financing Sources (Uses):				
Fund balance appropriated	<u>177,085</u>	<u>-</u>	<u>(177,085)</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>(174,240)</u>	<u>\$ (174,240)</u>	<u>\$ (153,886)</u>

This schedule is included to show budgetary compliance.

Reconciliation from Budgetary Basis to Full Accrual.

Reconciling items:

Debt principal	65,000
Depreciation	<u>(106,150)</u>
Change in net position	<u>\$ (215,390)</u>

CHATHAM COUNTY, NORTH CAROLINA

WASTE MANAGEMENT FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Operating revenues:				
Charges for services:				
Collection center fees	\$ 2,020,000	\$ 2,097,999	\$ 77,999	\$ 2,085,333
Disposal fees	605,000	617,404	12,404	625,362
Other charges for services	159,200	233,631	74,431	230,761
Total charges for services	2,784,200	2,949,034	164,834	2,941,456
Other operating revenues	49,950	22,708	(27,242)	51,746
Total operating revenues	2,834,150	2,971,742	137,592	2,993,202
Non-operating revenues:				
Investment earnings	7,000	7,761	761	6,926
Sale of capital assets	20,000	22,485	2,485	-
Other non-operating revenues:				
Scrap tire disposal tax	80,000	79,008	(992)	78,465
White goods disposal tax	18,000	19,820	1,820	19,958
Solid waste disposal tax	41,500	34,581	(6,919)	41,348
Other non-operating revenue	6,868	3,392	(3,476)	1,946
Total non-operating revenues	173,368	167,047	(6,321)	148,643
Total revenues	3,007,518	3,138,789	131,271	3,141,845
Expenditures:				
Operating expenditures:				
Salaries and employee benefits	713,042	702,012	11,030	703,280
Repairs and maintenance	138,278	110,573	27,705	135,033
Other operating expenditures	2,027,240	1,808,080	219,160	1,737,935
Total	2,878,560	2,620,665	257,895	2,576,248
Capital outlay	297,830	277,645	20,185	106,064
Total expenditures	3,176,390	2,898,310	278,080	2,682,312

CHATHAM COUNTY, NORTH CAROLINA

WASTE MANAGEMENT FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Final Budget	Actual	Variance Over/Under	Actual
Revenues over (under) expenditures	(168,872)	240,479	409,351	459,533
Other Financing Sources (Uses):				
Intrafund transfers from (to) other funds:				
Solid Waste Capital Reserve	(328,240)	(328,240)	-	(164,120)
Total other financing sources (uses)	(328,240)	(328,240)	-	(164,120)
Fund balance appropriated	497,112	-	(497,112)	-
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	(87,761)	\$ (87,761)	\$ 295,413

This schedule is included to show budgetary compliance.

Reconciliation from Budgetary Basis to Full Accrual:

Waste Management Reserve revenue	1,196
Transfers in (out) - Waste Management Reserve	328,240
Reconciling items:	
Capital outlay	277,645
Depreciation	(280,963)
Decrease (increase) in vacation pay accrual	(5,026)
Change in net position	\$ 233,331

CHATHAM COUNTY, NORTH CAROLINA

WASTE MANAGEMENT RESERVE
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FOR THE YEAR ENDED JUNE 30, 2013
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Revenues:				
Investment earnings	\$ 500	\$ 1,196	\$ 696	\$ 786
Expenditures:				
Capital	328,740	-	328,740	-
Revenues over (under) expenditures	(328,240)	1,196	329,436	786
Other Financing Sources (Uses):				
Intrafund transfers from (to) other funds:				
Solid Waste Management Operating	328,240	328,240	-	164,120
Total other financing sources (uses)	328,240	328,240	-	164,120
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 329,436	\$ 329,436	\$ 164,906

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INTERNAL SERVICE FUND

The Self-Insurance Internal Service Fund is used to account for health, dental and workers' compensation insurance premiums received and claims paid under the County's self-insured health, dental and workers' compensation benefits plan.

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CHATHAM COUNTY, NORTH CAROLINA

SELF-INSURANCE INTERNAL SERVICE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN NET POSITION - FINANCIAL PLAN AND ACTUAL (NON-GAAP)
 FOR THE YEAR ENDED JUNE 30, 2013
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Charges for services:				
Health insurance	\$ 3,901,324	\$ 3,914,568	\$ 13,244	\$ 3,800,361
Dental insurance	278,278	285,908	7,630	275,725
Workers' compensation	320,391	321,041	650	293,732
Total charges for services	<u>4,499,993</u>	<u>4,521,517</u>	<u>21,524</u>	<u>4,369,818</u>
Investment earnings	<u>8,000</u>	<u>12,797</u>	<u>4,797</u>	<u>10,638</u>
Total revenues	<u>4,507,993</u>	<u>4,534,314</u>	<u>26,321</u>	<u>4,380,456</u>
Expenditures:				
Benefits paid:				
Health insurance	3,374,324	3,415,629	(41,305)	2,933,336
Dental insurance	256,278	190,476	65,802	181,452
Workers compensation	269,391	144,842	124,549	400,412
Administrative costs:			-	
Health insurance	675,000	671,991	3,009	676,173
Dental insurance	22,000	20,514	1,486	21,843
Workers' compensation	<u>51,000</u>	<u>18,000</u>	<u>33,000</u>	<u>64,467</u>
Total expenditures	<u>4,647,993</u>	<u>4,461,452</u>	<u>186,541</u>	<u>4,277,683</u>
Revenues over (under) expenditures	<u>(140,000)</u>	<u>72,862</u>	<u>212,862</u>	<u>102,773</u>
Other Financing Sources (Uses):				
Appropriated fund balance	<u>140,000</u>	<u>-</u>	<u>(140,000)</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>72,862</u>	<u>\$ 72,862</u>	<u>102,773</u>
Net Position:				
Beginning of year - July 1		<u>4,090,381</u>		<u>3,987,608</u>
End of year - June 30		<u>\$ 4,163,243</u>		<u>\$ 4,090,381</u>

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AGENCY FUNDS

Agency funds are used to account for assets held by the County as an agent for individuals, private organizations, other governments and/or other funds.

Individual Fund Descriptions:

- **Social Services Agency Fund Accounts** – This fund accounts for the monies of indigents for which the county Department of Social Services acts as an agent.
- **Chatham County Cooperative Extension Fund** – This fund accounts for fees collected for programs conducted by the Chatham County Cooperative Extension Service.
- **Goldston-Gulf Sanitary District Agency Fund** – This fund accounts for the property taxes collected for a special tax district located within the County.
- **Chatham County Municipalities Agency Fund** – This fund accounts for property taxes collected and remitted to municipalities located within the County.
- **Fines and Forfeitures Fund** – This fund accounts for fines and forfeitures collected by the County that are required to be remitted to the Chatham County Board of Education.
- **State Motor Vehicle Tax Fund** – This fund accounts for monies collected and remitted to the State for enhancements to the NC Department of Motor Vehicles computer system that will combine motor vehicle registration renewal and motor vehicle property tax collections.

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CHATHAM COUNTY, NORTH CAROLINA

TRUST AND AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2013</u>
Social Services:				
Assets:				
Cash, cash equivalents, and investments	\$ 70,277	\$ 45,099	\$ 44,823	\$ 70,553
Liabilities:				
Due to agency participants	\$ 70,277	\$ 227,374	\$ 227,098	\$ 70,553
Chatham County Cooperative Extension:				
Assets:				
Cash, cash equivalents, and investments	\$ 142,751	\$ 84,133	\$ 93,070	\$ 133,814
Due from other governmental agencies	538	744	537	745
Other receivables	688	6,488	688	6,488
Total assets	<u>\$ 143,977</u>	<u>\$ 91,365</u>	<u>\$ 94,295</u>	<u>\$ 141,047</u>
Liabilities:				
Due to other governmental agencies	<u>\$ 143,977</u>	<u>\$ 158,686</u>	<u>\$ 161,616</u>	<u>\$ 141,047</u>
Goldston-Gulf Sanitary District:				
Assets:				
Cash, cash equivalents, and investments	\$ 2,104	\$ 106,223	\$ 105,137	\$ 3,190
Property taxes receivable	11,067	106,973	105,130	12,910
Allowance for uncollected taxes	(2,287)	234	117	(2,170)
Other receivables	1	1	1	1
Total assets	<u>\$ 10,885</u>	<u>\$ 213,431</u>	<u>\$ 210,385</u>	<u>\$ 13,931</u>
Liabilities:				
Due to other governmental agencies	<u>\$ 10,885</u>	<u>\$ 314,656</u>	<u>\$ 311,610</u>	<u>\$ 13,931</u>
Chatham County Municipalities:				
Assets:				
Cash, cash equivalents, and investments	\$ 47,592	\$ 5,266,424	\$ 5,261,503	\$ 52,513
Property taxes receivable	389,383	5,407,125	5,319,455	477,053
Allowance for uncollected taxes	(79,329)	18,101	36,203	(97,431)
Total assets	<u>\$ 357,646</u>	<u>\$ 10,691,650</u>	<u>\$ 10,617,161</u>	<u>\$ 432,135</u>
Liabilities:				
Due to other governmental agencies	<u>\$ 357,646</u>	<u>\$ 15,938,048</u>	<u>\$ 15,863,559</u>	<u>\$ 432,135</u>
Fines and Forfeitures:				
Assets:				
Cash	\$ -	\$ 251,464	\$ 245,064	\$ 6,400
Due from other governmental agencies	23,674	16,467	23,674	16,467
Total assets	<u>\$ 23,674</u>	<u>\$ 267,931</u>	<u>\$ 268,738</u>	<u>\$ 22,867</u>
Liabilities:				
Due to other governmental agencies	<u>\$ 23,674</u>	<u>\$ 472,047</u>	<u>\$ 472,854</u>	<u>\$ 22,867</u>

CHATHAM COUNTY, NORTH CAROLINA

TRUST AND AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2013</u>
State Motor Vehicle Tax Fund:				
Assets:				
Cash, cash equivalents, and investments	\$ 2,151	\$ 25,525	\$ 25,915	\$ 1,761
Liabilities:				
Due to other governmental agencies	\$ 2,151	\$ 25,525	\$ 25,915	\$ 1,761
Combining Totals:				
Assets:				
Cash, cash equivalents, and investments	\$ 264,875	\$ 5,778,868	\$ 5,775,512	\$ 268,231
Property taxes receivable	400,450	5,514,098	5,424,585	489,963
Allowance for uncollected taxes	(81,616)	18,335	36,320	(99,601)
Due from other governmental agencies	24,212	17,211	24,211	17,212
Other receivables	689	6,489	689	6,489
Total assets	<u>\$ 608,610</u>	<u>\$ 11,335,001</u>	<u>\$ 11,261,317</u>	<u>\$ 682,294</u>
Liabilities:				
Due to agency participants	\$ 70,277	\$ 227,374	\$ 227,098	\$ 70,553
Due to other governmental agencies	538,333	16,908,962	16,835,554	611,741
Total liabilities	<u>\$ 608,610</u>	<u>\$ 17,136,336</u>	<u>\$ 17,062,652</u>	<u>\$ 682,294</u>

OTHER SUPPLEMENTAL SCHEDULES

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CHATHAM COUNTY, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE
JUNE 30, 2013

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2012</u>	<u>Additions</u>	<u>Collections</u>	<u>Uncollected Balance June 30, 2013</u>
2012-2013	\$ -	\$ 56,753,860	\$ 55,446,864	\$ 1,306,996
2011-2012	1,192,606	-	839,443	353,163
2010-2011	269,939	-	115,111	154,828
2009-2010	140,426	-	44,938	95,488
2008-2009	107,417	-	20,824	86,593
2007-2008	182,046	-	9,076	172,970
2006-2007	59,100	-	5,084	54,016
2005-2006	104,661	-	4,113	100,548
2004-2005	47,113	-	2,753	44,360
2003-2004	44,335	-	2,316	42,019
2002-2003	39,878	-	34,496	5,382
2001-2002	3,225	-	194	3,031
2000-2001	1,416	-	15	1,401
1999-2000	1,072	-	16	1,056
1998-1999	938	-	15	923
1997-1998	104	-	-	104
Total	<u>\$ 2,194,276</u>	<u>\$ 56,753,860</u>	<u>\$ 56,525,258</u>	<u>2,422,878</u>

Plus: uncollected 2013 ad valorem taxes receivable
on annually registered vehicles and tax discoveries

287,232

Less: allowance for uncollectible ad valorem taxes receivable

(494,836)

Ad valorem taxes receivable (net)

\$ 2,215,274**Reconciliation with Revenues:**

Ad valorem taxes - General Fund

\$ 56,752,266

Reconciling Items:

Interest collected and penalties

(279,253)

Releases and other credits

52,245

Total collections and credits

\$ 56,525,258

CHATHAM COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT YEAR LEVY
COUNTY-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2013

	County-Wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current year's rate	\$8,810,390,685	\$ 0.6219	\$ 54,791,841	\$ 52,621,370	\$ 2,170,471
Motor vehicles/other property taxed at prior year's rate	-		1,211,696	-	1,211,696
Penalties	194,836,603		-	-	-
	-		61,593	61,593	-
Total	<u>9,005,227,288</u>		<u>56,065,130</u>	<u>52,682,963</u>	<u>3,382,167</u>
Discoveries:					
Current year's taxes	22,647,431	0.6219	140,844	88,894	51,950
Prior year taxes	107,874,377		664,478	629,458	35,020
Penalties	-		74,281	74,281	-
Total	<u>130,521,808</u>		<u>879,603</u>	<u>792,633</u>	<u>86,970</u>
Abatements:					
Current year's taxes	(16,398,371)	0.6219	(101,982)	(69,228)	(32,754)
Prior year taxes	(8,555,733)		(53,058)	(35,116)	(17,942)
Penalties	-		(35,833)	(35,833)	-
Total	<u>(24,954,104)</u>		<u>(190,873)</u>	<u>(140,177)</u>	<u>(50,696)</u>
Total property valuation	<u>\$9,110,794,992</u>				
Net Levy			56,753,860	53,335,419	3,418,441
Uncollected taxes at June 30, 2013			1,306,996	1,037,871	269,125
Current Year's Taxes Collected			<u>\$ 55,446,864</u>	<u>\$ 52,297,548</u>	<u>\$ 3,149,316</u>
Current Levy Collection Percentage			<u>97.70%</u>	<u>98.05%</u>	<u>92.13%</u>

CHATHAM COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT YEAR LEVY COUNTY-WIDE LEVY FOR THE YEAR ENDED JUNE 30, 2013

Assessed Valuation:

Assessment Ratio (1)	100%
Real Property	\$ 7,762,384,556
Personal Property	1,101,205,185
Public Service Companies (2)	<u>247,205,251</u>
Total Assessed Valuation	<u>\$ 9,110,794,992</u>
Tax Rate per \$100	<u>\$ 0.6219</u>
Levy (includes discoveries, releases and abatements) (3)	<u>\$ 56,753,860</u>

In addition to the County-wide rate, the following lists the levy by the County on behalf of fire protection/rescue districts for the fiscal year ended June 30, 2013:

Fire protection/rescue districts:

Bennett	\$ 98,983
Bonlee	216,992
Central Chatham	277,551
Circle City	1,040,669
Goldston	214,821
Hope	352,692
Moncure	756,970
North Chatham	3,639,279
Bells Annex	95,599
Parkwood	281,630
Staley	51,536
Northview	<u>26,909</u>
Total	<u>\$ 7,053,631</u>

- (1) Percentage of appraised value has been established by statute.
 (2) Valuation of railroads, telephone companies and other utilities as determined by the North Carolina Property Tax Commission.
 (3) The levy includes penalties.

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STATISTICAL SECTION

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This part of Chatham County’s Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government’s overall financial health.

	Page
Financial Trends: These schedules contain trend information to help the reader understand how the County’s financial performance and well being have changed over time.	132
Revenue Capacity: These schedules contain information to help the reader assess the County’s most significant local revenue source, the property tax.	137
Debt Capacity: These schedules present information to help the reader assess the affordability of the County’s current levels of outstanding debt and the County’s ability to issue additional debt in the future.	141
Demographic and Economic Information: These schedules offer demographic and economic indicators to help the reader understand the environment within which the County’s financial activities take place.	145
Operating Information: These schedules contain service and infrastructure data to help the reader understand how the information in the County’s financial report relates to the services the County provides and the activities it performs.	148

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Schedule 1
Chatham County
Net Position by Component,
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities										
Net investment in capital assets	\$10,442,547	\$11,086,347	\$12,719,715	\$ 7,741,414	\$ 18,908,698	\$ 22,709,797	\$ 15,859,270	\$ 32,810,111	\$ 23,297,981	\$ 34,705,133
Restricted	6,058,880	7,983,507	10,812,624	9,746,808	11,349,573	12,855,774	10,842,494	7,136,044	7,002,729	20,001,062
Unrestricted	2,052,362	7,313,116	14,128,291	22,382,921	21,084,015	21,777,774	34,672,300	29,602,312	36,666,777	19,590,379
Total governmental activities net position	\$18,553,789	\$26,382,970	\$37,660,630	\$39,871,143	\$ 51,342,286	\$ 57,343,345	\$ 61,374,064	\$ 69,548,467	\$ 66,967,487	\$ 74,296,574
Business-type activities										
Net investment in capital assets	\$18,354,446	\$18,867,796	\$27,823,599	\$31,463,132	\$ 26,576,409	\$ 27,529,979	\$ 30,882,753	\$ 32,259,505	\$ 30,745,494	\$ 33,240,609
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	3,666,742	5,315,777	489,679	13,393,494	22,894,239	24,033,435	23,588,855	23,504,559	26,669,081	25,628,489
Total business-type activities net position	\$22,021,188	\$24,183,573	\$28,313,278	\$44,856,626	\$ 49,470,648	\$ 51,563,414	\$ 54,471,608	\$ 55,764,064	\$ 57,414,575	\$ 58,869,098
Primary government										
Net investment in capital assets	\$28,796,993	\$29,954,143	\$40,543,314	\$39,204,546	\$ 45,485,107	\$ 50,239,776	\$ 46,742,023	\$ 65,069,616	\$ 54,043,475	\$ 67,945,742
Restricted	6,058,880	7,983,507	10,812,624	9,746,808	11,349,573	12,855,774	10,842,494	7,136,044	7,002,729	20,001,062
Unrestricted	5,719,104	12,628,893	14,617,970	35,776,415	43,978,254	45,811,209	58,261,155	53,106,871	63,335,858	45,218,868
Total primary government net position	\$40,574,977	\$50,566,543	\$65,973,908	\$84,727,769	\$100,812,934	\$108,906,759	\$115,845,672	\$125,312,531	\$124,382,062	\$133,165,672

Schedule 2
Chatham County
Changes in Net Position
Last Ten Fiscal Years
(accural basis of accounting)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental activities:										
General government	\$ 4,392,196	\$ 4,636,367	\$ 8,361,335	\$ 14,749,712	\$ 9,091,006	\$ 10,102,929	\$ 10,818,058	\$ 10,222,252	\$ 6,973,790	\$ 10,439,515
Public safety	10,892,994	11,254,148	11,727,157	13,108,924	14,939,371	15,884,103	16,990,469	18,684,461	19,891,626	20,060,250
Economic and physical development	2,018,692	1,518,604	1,430,694	1,457,224	1,997,214	2,527,951	2,942,520	2,784,443	2,750,430	1,980,219
Human Services	14,937,827	15,909,963	15,596,417	14,917,605	16,771,176	17,972,592	16,982,791	16,811,310	15,694,203	15,530,646
Cultural and recreation	989,648	1,019,276	1,096,622	1,166,711	914,814	1,165,209	1,492,221	1,287,933	743,753	1,842,358
Education	17,088,103	18,304,332	18,865,604	17,406,676	23,446,647	27,107,738	26,912,507	27,098,335	43,711,018	32,680,272
Interest on long term debt	1,028,670	828,941	708,846	2,245,981	2,206,846	2,142,244	4,338,047	4,203,953	4,076,098	4,219,127
Total governmental activities expenses	51,348,130	53,471,631	57,786,675	65,052,833	69,367,074	76,902,766	80,476,613	81,092,687	93,840,918	86,752,387
Business-type activities:										
Utility	3,066,158	3,164,855	3,725,512	4,652,320	4,391,987	6,510,166	5,414,372	5,280,325	4,909,100	5,008,867
Southeast Water District	-	-	-	-	-	-	38,429	510,016	757,410	798,953
Waste Management	2,220,366	2,085,295	2,283,192	2,403,738	2,429,930	2,722,888	2,614,383	2,860,614	2,851,055	2,906,654
Total business-type activities expenses	5,286,524	5,250,150	6,008,704	7,056,058	6,821,897	9,233,054	8,067,184	8,650,955	8,517,565	8,714,474
Total primary government expenses	\$ 56,634,654	\$ 58,721,781	\$ 63,795,379	\$ 72,108,891	\$ 76,188,971	\$ 86,135,820	\$ 88,543,797	\$ 89,743,642	\$ 102,358,483	\$ 95,466,861
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 766,371	\$ 637,706	\$ 1,343,636	\$ 2,111,099	\$ 3,567,054	\$ 3,119,552	\$ 3,280,517	\$ 844,125	\$ 1,262,817	\$ 1,350,060
Public safety	1,139,489	1,415,223	1,469,610	1,341,927	1,091,981	1,049,327	629,957	1,000,242	762,623	1,151,403
Economic and physical development	118,098	112,879	1,798,850	130,038	238,642	96,280	77,404	1,694,671	1,656,769	197,730
Human Services	1,066,936	1,263,363	1,413,671	1,431,842	1,363,731	1,234,678	1,242,156	1,099,856	1,464,931	1,186,509
Cultural and recreation	208,336	465,518	727,301	74,336	67,407	180,461	203,736	186,344	347,672	454,496
Education	1,118,000	1,237,187	-	-	-	-	-	-	-	2,154,828
Operating grants and contributions:										
General government	51,795	33,351	472,083	37,000	9,570	-	200,550	16,730	21,946	92,730
Public safety	810,741	886,005	717,511	1,399,850	980,157	600,365	1,238,785	1,165,095	1,384,574	1,337,957
Economic and physical development	882,588	334,750	252,905	187,132	83,884	39,466	51,288	414,946	684,540	1,629,610
Human Services	6,429,389	7,242,350	7,140,619	6,743,573	7,587,739	7,970,044	8,293,361	8,060,955	7,865,277	7,489,253
Cultural and recreation	149,290	161,144	188,452	434,340	189,703	178,184	379,485	524,682	395,369	212,462
Education	256,837	-	-	4,681,750	622,672	1,476,174	2,910,859	636,060	546,589	558,850
Capital grants and contributions:										
General government	-	-	-	300,000	-	-	-	-	-	-
Public safety	2,500	-	135,734	40,760	-	573,089	-	-	-	-
Economic and physical development	-	-	-	-	-	167,750	-	-	-	-
Cultural and recreation	-	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	13,000,370	13,789,476	15,660,372	19,583,055	16,622,000	16,685,370	18,508,098	15,643,706	16,393,107	17,815,888
Business-type activities:										
Utility:										
Charges for services	3,412,474	4,450,562	6,391,357	7,061,858	6,389,997	5,998,859	5,445,328	6,065,705	6,423,457	6,390,263
Operating grants and contributions	-	427,860	-	-	-	-	399,882	-	1,200	1,189
Capital grants and contributions	1,500	-	-	224,199	490,520	224,809	797,520	-	-	-
Southeast Water District:										
Charges for services	-	-	-	-	-	221,500	469,586	588,714	559,207	582,425
Waste Management:										
Charges for services	2,266,083	2,307,272	2,462,755	2,551,646	2,636,893	2,831,684	2,804,645	3,140,391	2,995,148	2,971,742
Operating grants and contributions	61,414	40,002	24,552	29,179	16,319	10,337	207,651	139,771	139,771	136,801
Total business-type activities program revenues	5,741,471	7,225,696	8,878,664	9,866,882	9,553,729	9,287,189	10,124,612	9,794,810	10,118,783	10,082,420
Total primary government program revenues	\$ 18,741,841	\$ 21,015,172	\$ 24,539,036	\$ 29,449,937	\$ 26,155,729	\$ 25,972,559	\$ 28,632,710	\$ 25,438,516	\$ 26,511,890	\$ 27,898,308

	Fiscal Year										
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	
Net (Expense)/Revenue											
Governmental activities	\$ (38,347,760)	\$ (39,682,155)	\$ (42,126,303)	\$ (45,469,778)	\$ (52,745,074)	\$ (60,217,396)	\$ (61,968,515)	\$ (65,448,981)	\$ (77,447,811)	\$ (68,936,499)	
Business-type activities	454,947	1,975,546	2,869,960	2,810,824	2,711,832	54,135	2,057,428	1,143,855	1,601,218	1,367,946	
Total primary government net (expense)/revenue	<u>\$ (37,892,813)</u>	<u>\$ (37,706,609)</u>	<u>\$ (39,256,343)</u>	<u>\$ (42,658,954)</u>	<u>\$ (50,033,242)</u>	<u>\$ (60,163,261)</u>	<u>\$ (59,911,087)</u>	<u>\$ (64,305,126)</u>	<u>\$ (75,846,593)</u>	<u>\$ (67,568,553)</u>	
General Revenues and Other Changes in Net Assets											
Governmental activities:											
Taxes:											
Property taxes levied for general purpose	34,055,880	35,986,789	40,921,187	44,168,586	48,824,974	55,283,404	56,250,972	59,903,369	61,548,697	63,637,790	
Local option sales tax	8,984,037	9,759,504	10,795,324	12,116,870	12,408,159	9,950,751	8,063,692	7,879,070	8,190,337	8,523,462	
Other taxes and licenses	837,925	701,618	909,223	1,275,472	1,059,404	676,981	666,961	667,747	672,927	776,265	
Grants and contributions not restricted to specific programs	330,170	293,714	296,077	-	-	-	-	-	-	1,998,194	
Unrestricted investment earnings	332,422	740,411	1,570,250	3,005,627	2,600,150	1,188,792	448,324	157,610	154,371	166,260	
Miscellaneous	103,251	111,440	-	302,038	817,532	864,647	1,339,064	2,475,000	1,779,856	345,098	
Extraordinary item - Insurance recovery	-	-	-	-	-	-	-	-	-	830,517	
Transfers	(491,312)	(82,140)	(1,088,098)	(13,188,302)	(1,494,003)	(1,746,120)	(769,779)	(106,355)	-	(12,000)	
Total governmental activities	<u>44,152,373</u>	<u>47,511,336</u>	<u>53,403,963</u>	<u>47,680,291</u>	<u>64,216,216</u>	<u>66,218,455</u>	<u>65,999,234</u>	<u>73,623,384</u>	<u>74,866,830</u>	<u>76,265,586</u>	
Business-type activities:											
Other taxes and licenses	68,837	-	-	-	-	-	-	-	-	-	
Investment earnings	62,730	103,795	253,409	544,222	408,187	292,511	80,987	42,246	49,293	52,092	
Miscellaneous	26,817	904	-	-	-	-	-	-	-	22,485	
Transfers	491,312	82,140	1,088,098	13,188,302	1,494,003	1,746,120	769,779	106,355	-	12,000	
Total business-type activities	<u>649,696</u>	<u>186,839</u>	<u>1,341,507</u>	<u>13,732,524</u>	<u>1,902,190</u>	<u>2,038,631</u>	<u>850,766</u>	<u>148,601</u>	<u>49,293</u>	<u>86,577</u>	
Total primary government	<u>\$ 44,802,069</u>	<u>\$ 47,698,175</u>	<u>\$ 54,745,470</u>	<u>\$ 61,412,815</u>	<u>\$ 66,118,406</u>	<u>\$ 68,257,086</u>	<u>\$ 66,850,000</u>	<u>\$ 73,771,985</u>	<u>\$ 74,916,123</u>	<u>\$ 76,352,163</u>	
Change in Net Position											
Governmental activities	5,804,613	7,829,181	11,277,660	2,210,513	11,471,142	6,001,059	4,030,719	8,174,403	(2,580,980)	7,329,087	
Business-type activities	1,104,643	2,162,385	4,211,467	16,543,348	4,614,022	2,092,766	2,908,194	1,292,456	1,650,511	1,454,523	
Total primary government	<u>\$ 6,909,256</u>	<u>\$ 9,991,566</u>	<u>\$ 15,489,127</u>	<u>\$ 18,753,861</u>	<u>\$ 16,085,164</u>	<u>\$ 8,093,825</u>	<u>\$ 6,938,913</u>	<u>\$ 9,466,859</u>	<u>\$ (930,469)</u>	<u>\$ 8,783,610</u>	

Schedule 3
Chatham County
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Reserved:										
State statute	\$ 4,047,020	\$ 3,851,658	\$ 4,444,553	\$ 4,690,687	\$ 4,941,227	\$ 3,880,540	\$ 3,747,748			
Future Register of Deeds technology enhancements	56,676	91,295	99,433	57,375	96,708	130,253	160,439			
Total reserved	4,103,696	3,942,953	4,543,986	4,748,062	5,037,935	4,010,793	3,908,187			
Unreserved										
Designated for subsequent year's expenditures	2,523,802	4,197,731	8,291,375	5,914,568	5,346,172	2,868,549	3,956,467			
Undesignated	12,969,586	13,721,612	11,164,574	11,166,453	11,309,598	15,509,646	14,069,861			
Total General Fund	\$19,597,084	\$21,862,296	\$23,999,935	\$21,829,083	\$21,693,705	\$22,388,988	\$21,934,515			
General Fund (GASB 54)										
Restricted:										
Stabilization by State Statute								\$ 3,703,273	\$ 4,496,057	\$ 3,902,936
Future Register of Deeds technology enhancements								191,698	227,443	271,108
Total restricted								3,894,971	4,723,500	4,174,044
Assigned:										
Subsequent year's expenditures								885,148	5,098,248	4,537,988
Unassigned								19,224,665	17,267,856	20,175,793
Total General Fund (GASB 54)								\$24,004,784	\$27,089,604	\$28,887,825
All Other Governmental Funds										
Reserved:										
State statute	\$ 60,094	\$ 175,960	\$ 170,033	\$ 151,825	\$ 129,864	\$ 184,801	\$ 1,082,945			
Courthouse Clock	55,726	56,547	58,446	61,213	65,526	65,908	65,473			
Total reserved	115,820	232,507	228,479	213,038	195,390	250,709	1,148,418			
Unreserved:										
Designated for subsequent year's expenditures:										
Special revenue funds	6,513,070	8,237,349	12,102,780	18,758,496	20,110,535	17,638,715	9,507,388			
Undesignated										
Special revenue funds	852,077	1,383,977	2,327,861	3,959,745	8,774,022	12,350,962	21,470,412			
Capital projects funds	243,584	122,174	631,496	12,214,388	1,959,474	25,102,248	15,290,354			
Total all other governmental funds	\$ 7,724,551	\$ 9,976,007	\$15,290,616	\$35,145,667	\$31,039,421	\$55,342,634	\$47,416,572			
All Other Governmental Funds (GASB 54)										
Restricted:										
Stabilization by State Statute								\$ 2,044,101	\$ 2,132,189	\$ 991,376
Special Revenue Funds								1,196,972	147,040	418,546
Capital Projects Funds								6,101,939	2,552,044	14,263,246
Total restricted								9,343,012	4,831,273	15,673,168
Committed:										
Capital Projects Funds								23,345,381	26,768,930	29,337,226
Assigned:										
Subsequent year's expenditures								4,611,577	4,570,336	3,988,750
Education								4,326,547	2,618,264	2,501,286
Cultural and Recreation								561,334	138,907	94,544
Total assigned								9,499,458	7,327,507	6,584,580
Unassigned								(23,187)	(36,273)	(65,185)
Total all other governmental funds (GASB 54)								\$42,164,664	\$38,891,437	\$51,529,789

**Schedule 4
Chatham County
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years**

(modified accrual basis of accounting)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
Ad Valorem Taxes	\$ 33,939,352	\$ 35,807,658	\$ 40,855,011	\$ 44,177,175	\$ 48,784,474	\$ 55,283,404	\$ 56,442,939	\$ 59,709,827	\$ 61,179,366	\$ 63,789,388
Local Option Sales Tax	8,984,037	9,759,504	10,795,324	12,116,870	12,408,159	9,950,751	8,063,692	7,879,070	8,190,337	8,523,462
Other Taxes	837,925	983,051	1,190,279	1,275,472	1,059,404	676,981	666,961	667,747	672,927	776,265
Unrestricted Intergovernmental	330,170	293,714	296,077	302,038	621,352	409,580	510,701	1,680,291	2,077,526	1,998,194
Restricted Intergovernmental	8,580,639	8,422,987	8,525,600	10,163,629	9,297,224	11,005,072	12,696,721	10,818,468	10,816,807	9,921,914
Permits and fees	2,816,339	3,130,597	3,982,710	5,072,503	4,509,647	2,710,247	2,807,424	2,815,155	2,697,298	3,763,304
Sales and Services	1,595,611	1,674,517	2,149,637	2,518,975	2,119,952	2,124,535	2,140,541	2,003,763	2,786,867	2,681,657
Interest	296,079	691,316	1,462,119	2,860,932	2,553,682	1,118,860	428,567	149,101	143,733	153,463
Other General Revenues	104,967	336,052	457,772	735,067	514,315	571,459	1,208,389	3,323,003	2,343,746	2,560,252
Total Revenues	57,485,119	61,099,396	69,714,529	79,222,661	81,868,209	83,850,889	84,965,935	89,046,425	90,908,607	94,157,899
Expenditures										
General Government	4,062,148	4,493,551	6,383,451	5,932,620	6,457,534	7,477,881	7,881,354	6,860,351	4,547,711	6,630,485
Public Safety	10,542,578	10,995,473	12,611,934	13,632,266	14,897,674	15,860,442	17,017,236	18,216,894	20,197,041	20,161,438
Economic and Physical Development	1,900,241	1,478,484	1,560,560	1,597,715	2,258,714	2,812,434	3,243,989	3,119,621	3,076,738	2,343,630
Human Services	14,819,230	16,089,695	16,901,091	17,337,446	17,787,381	18,754,209	17,809,834	17,982,081	16,908,799	16,697,736
Culture and Recreation	956,556	1,004,255	1,168,626	1,176,258	563,870	1,214,198	1,427,977	1,800,537	878,823	1,839,156
Education	17,088,103	18,304,332	17,605,501	36,903,233	23,988,603	27,079,337	26,175,310	25,573,034	42,932,342	32,318,872
Capital Outlay	746,826	1,316,537	2,317,578	3,692,657	14,588,085	12,232,960	28,114,915	17,562,785	7,182,131	12,986,919
Debt Service:										
Principal Retirement	2,100,902	2,103,929	1,921,403	1,897,335	1,867,123	2,032,568	3,618,029	3,583,515	5,459,010	5,070,455
Interest and fees	1,230,708	787,567	704,040	2,396,306	2,206,846	2,142,244	4,338,047	4,203,954	4,076,098	3,893,802
Total Expenditures	53,537,292	56,573,823	61,174,184	84,565,836	84,615,830	89,606,273	109,626,691	98,902,772	105,258,693	101,882,493
Excess of revenues Over (Under) Expenditures	3,947,827	4,525,573	8,540,345	(5,343,175)	(2,747,621)	(5,755,384)	(24,660,756)	(9,856,347)	(14,350,086)	(7,724,594)
Other financing sources (uses):										
Transfers from (to) other funds	(500,000)	(82,140)	(1,088,098)	(13,188,302)	(1,494,003)	(1,746,120)	(769,779)	(106,355)	-	(12,000)
Proceeds from borrowings	-	-	-	36,215,676	-	-	32,500,000	17,050,000	6,781,063	-
Debt obligations issued	-	-	-	-	-	-	-	-	-	21,001,158
Refunding bonds issued	10,540,010	-	-	-	-	-	-	-	20,766,407	-
Premium on refunding bonds issued	-	-	-	-	-	-	-	-	1,212,927	-
Premium on limited obligation bonds issued	-	-	-	-	-	-	-	-	-	1,172,009
Payment to refunding escrow agent	(10,376,316)	-	-	-	-	-	-	-	(7,817,655)	-
Proceeds from capital lease	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(336,306)	(8,905)	(1,088,098)	23,027,374	(1,494,003)	30,753,880	16,280,221	6,674,708	14,161,679	22,161,167
Net change in fund balances	\$ 3,611,521	\$ 4,516,668	\$ 7,452,247	\$ 17,684,199	\$ (4,241,624)	\$ 24,998,496	\$ (8,380,535)	\$ (3,181,639)	\$ (188,407)	\$ 14,436,573
Debt service as a percentage of non-capital expenditures	6.31%	5.23%	4.46%	5.31%	5.82%	5.40%	9.76%	9.57%	9.72%	10.02%

Schedule 5
Chatham County
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Property		Personal Property		Utilities	Total Taxable Assessed Value	Total Direct Tax Rate (1)	Estimated Actual Taxable Value (2)
	Property	Value	Property	Value				
2004	\$ 3,888,248,725	\$ 734,484,087	\$ 204,484,736		\$ 4,827,217,548	\$ 0.6464	\$ 5,134,245,424	
2005	4,009,698,146	820,310,444	218,919,352		5,048,927,942	0.6464	5,624,919,721	
2006	5,061,240,873	917,075,780	210,662,816		6,188,979,469	0.5970	6,188,979,469	
2007	5,429,237,639	1,010,100,813	226,267,625		6,665,606,077	0.5970	6,834,416,156	
2008	5,859,984,203	1,019,232,386	229,712,960		7,108,929,549	0.6170	8,020,906,633	
2009	5,943,156,265	1,460,284,713	235,160,945		7,638,601,923	0.6530	8,618,528,628	
2010	7,307,293,917	941,237,468	245,125,578		8,493,656,963	0.6022	8,484,324,206	
2011	7,447,218,800	996,196,743	250,159,010		8,693,574,553	0.6219	8,531,476,500	
2012	7,595,281,840	997,189,774	252,455,361		8,844,926,975	0.6219	8,451,105,461	
2013	7,762,384,556	1,101,205,185	247,205,251		9,110,794,992	0.6219	*	

* Information not available

Source: Chatham County Tax Assessor. Appraised by Chatham County Board of Equalization at 100% of estimated sound value.

Notes:

- (1) Per \$100 of value.
- (2) The estimated market value is calculated by dividing the assessed value by an assessment-to-sales ratio determined by the State Department of Revenue. The ratio is based on actual property sales which took place during the fiscal year. The ratio for the most recent year is not yet available.

Schedule 6
 Chatham County
 Direct and Overlapping Property Tax Rates
 Last Ten Fiscal Years

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Chatham County	\$ 0.6464	\$ 0.6464	\$ 0.5970	\$ 0.5970	\$ 0.6170	\$ 0.6530	\$ 0.6022	\$ 0.6219	\$ 0.6219	\$ 0.6219
<u>Municipality Rates:</u>										
Town of Pittsboro	0.4300	0.4300	0.3730	0.3730	0.3730	0.3630	0.3020	0.3020	0.3020	0.3673
Town of Siler City	0.4100	0.4300	0.4300	0.4500	0.4500	0.4500	0.4500	0.4500	0.4500	0.4500
Town of Goldston	0.1200	0.1200	0.1200	0.1200	0.1200	0.1200	0.1400	0.1400	0.1400	0.1900
Town of Cary	0.4200	0.4200	0.4200	0.4200	0.4200	0.3300	0.3300	0.3300	0.3300	0.3300
<u>Fire Districts:</u>										
Bells Annex	0.0600	0.0600	0.0600	0.0600	0.0700	0.0700	0.0620	0.0660	0.0660	0.0880
Bennett	0.0700	0.0700	0.0700	0.0700	0.0700	0.0700	0.0655	0.0700	0.0700	0.0800
Bonlee	0.0580	0.0600	0.0600	0.0600	0.0700	0.0700	0.0570	0.0650	0.0700	0.0700
Central Chatham	0.0600	0.0600	0.0600	0.0600	0.0600	0.0600	0.0552	0.0800	0.0800	0.0800
Circle City	0.0610	0.0750	0.0750	0.0750	0.0800	0.1000	0.0900	0.1000	0.1082	0.1158
Goldston	0.0630	0.0700	0.0700	0.0700	0.0700	0.0800	0.0659	0.0800	0.0800	0.0800
Hope	0.0500	0.0700	0.0700	0.0700	0.0700	0.0700	0.0614	0.0600	0.0667	0.0685
Moncure	0.0650	0.0700	0.0800	0.0850	0.0850	0.0850	0.0839	0.0842	0.0875	0.1104
North Chatham	0.0600	0.0600	0.0600	0.0600	0.0700	0.0700	0.0620	0.0660	0.0660	0.0880
Parkwood	0.0550	0.1000	0.1000	0.1000	0.1000	0.1000	0.0960	0.0960	0.1000	0.1000
Staley	0.1000	0.1000	0.1000	0.1000	0.0938	0.1000	0.0905	0.1000	0.1000	0.1000
Northview	0.0730	0.0950	0.0950	0.0950	0.0860	0.1090	0.1090	0.0835	0.0835	0.0830
<u>Sanitary District:</u>										
Gulf-Goldston	0.1800	0.1800	0.1500	0.1500	0.1500	0.1500	0.1500	0.1500	0.1500	0.1500

Note: Tax rates per \$100 of property valuation

Schedule 7
Chatham County
Principal Property Tax Payers
Current Year and Nine Years Ago

Taxpayer	Type of Business	Fiscal Year 2013			Fiscal Year 2004		
		Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Arauco (formerly Uniboard USA LLC)	Mfg of Engineered Wood Products	\$ 184,527,651	1	2.03%	\$ 134,195,457	1	2.78%
Progress Energy (formerly Carolina Power & Light Co)	Public Utility - Electric	147,780,975	2	1.62%			
Chatham Park Investors LLC	Real Estate	90,288,916	3	0.99%			
Galloway Ridge Inc.	Retirement Community	89,985,007	4	0.99%			
Carolina Meadows Inc.	Assisted Living	59,334,888	5	0.65%	66,768,083	2	1.38%
General Shale Brick Inc.	Brick	44,414,292	6	0.49%			
Minnesota Mining & Manufacturing Co.	Mining	41,883,043	7	0.46%	57,537,556	3	1.19%
NMP Briar Chapel LLC	Real Estate	37,486,345	8	0.41%			
Public Service Co of NC	Public Utility - Natural Gas	23,286,339	9	0.26%			
Triangle Brick Co	Brick	21,021,266	10	0.23%			
Fitch Creations Inc.	Real Estate				31,780,686	5	0.66%
Honeywell International, Inc. (formerly Allied Signal, Inc)	Polyester Fibers				17,743,526	10	0.37%
Sierrapine	Fiberboard				35,173,725	4	0.73%
Townsend Farms	Poultry				25,374,774	6	0.53%
Weyerhaeuser	Plywood				22,472,413	7	0.47%
Summit Properties Partnership	Real Estate				19,364,012	8	0.40%
					19,116,347	9	0.40%
Totals		\$ 740,008,722		8.12%	\$ 429,526,579		8.90%

Source: Chatham County Tax Assessor

Schedule 8
Chatham County
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Taxes Levied for the Fiscal Year (Net)		Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
	Fiscal Year (Net)	Amount	Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy
2004	\$ 31,234,216	\$ 30,402,184	\$ 30,402,184	97.34%	790,013	\$ 31,192,197	99.87%
2005	32,755,524	31,935,773	31,935,773	97.50%	775,391	32,711,164	99.86%
2006	37,204,376	36,281,367	36,281,367	97.52%	822,461	37,103,828	99.73%
2007	40,181,438	39,221,169	39,221,169	97.61%	906,253	40,127,422	99.87%
2008	43,952,341	42,958,322	42,958,322	97.74%	821,049	43,779,371	99.61%
2009	50,423,363	49,113,549	49,113,549	97.40%	1,223,221	50,336,770	99.83%
2010	51,324,966	50,081,361	50,081,361	97.58%	1,148,117	51,229,478	99.81%
2011	54,118,464	52,891,913	52,891,913	97.73%	1,071,723	53,963,636	99.71%
2012	55,092,804	53,900,198	53,900,198	97.84%	839,443	54,739,641	99.36%
2013	56,753,860	55,446,864	55,446,864	97.70%	-	55,446,864	97.70%

Source: Chatham County Tax Department

Schedule 9
 Chatham County
 Ratios of Outstanding Debt by Type,
 Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	Per Capita (1)	Percentage of Personal Income (1)
	General Obligation Bonds	Installment Loans	Capital Leases	General Obligation Bonds	Revenue Bonds	Installment Loans			
2004	\$ 20,850,000	\$ 561,648	\$ 26,636			\$ 1,619,676	\$ 23,057,960	439	1.22%
2005	18,945,000	401,774	60,817			1,494,982	20,902,573	383	1.01%
2006	17,065,000	371,081	50,107			1,354,950	18,841,138	335	0.84%
2007	15,200,000	35,735,389	48,464			7,444,153	58,428,006	1,012	2.46%
2008	13,375,000	35,704,696	37,034			21,804,122	70,920,852	1,154	2.77%
2009	11,585,000	67,974,003	25,159			21,180,678	100,764,840	1,597	3.62%
2010	9,835,000	83,168,310	12,823	\$ 3,200,000	\$ 1,886,000	20,537,563	118,639,696	1,832	4.27%
2011	8,120,000	88,093,680	-	3,200,000	1,886,000	18,316,661	119,616,341	1,884	4.09%
2012	6,385,000	97,911,077	-	3,162,000	1,861,000	16,367,966	125,687,043	1,968	4.06%
2013	4,635,000	115,591,780	-	3,123,000	1,835,000	15,293,158	140,477,938	2,176	*

* Information not available

Notes: Details regarding the County's outstanding debt can be found in the notes to the financial statements.
 (1) See Schedule 13 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

**Schedule 10
Chatham County
Ratios of Net General Bonded Debt Outstanding,
Last Ten Fiscal Years**

Fiscal Year	General Obligation Bonds	Percentage of Personal Income(1)	Percentage of Actual Taxable Value of Property(2)	Per Capita(1)
2004	\$ 20,850,000	1.10%	0.43%	397
2005	18,945,000	0.92%	0.38%	347
2006	17,065,000	0.76%	0.28%	303
2007	15,200,000	0.64%	0.23%	263
2008	13,375,000	0.52%	0.19%	218
2009	11,585,000	0.42%	0.15%	184
2010	9,835,000	0.35%	0.12%	152
2011	8,120,000	0.28%	0.09%	128
2012	6,385,000	0.21%	0.07%	100
2013	4,635,000	*	0.05%	72

* Information not available

Notes: Details regarding the County's outstanding debt can be found in the notes to the Financial Statements.

(1) See Schedule 13 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

(2) See schedule 5 for property value data.

Schedule 11
 Chatham County
 Legal Debt Margin Information,
 Last Ten Fiscal Years
 (dollars in thousands)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Assessed Value of Property	\$ 4,827,218	\$ 5,048,928	\$ 6,188,979	\$ 6,665,606	\$ 7,108,930	\$ 7,638,602	\$ 8,493,657	\$ 8,693,575	\$ 8,844,927	\$ 9,110,795
Debt Limit, 8% of Assessed Value (Statutory Limitation)	386,177	403,914	495,118	533,248	568,714	611,088	679,493	695,486	707,594	728,864
Amount of Debt Applicable to Limit										
Gross debt	23,058	20,903	19,212	58,428	70,921	100,765	118,640	119,616	125,687	140,478
Less: Debt outstanding for water purposes	1,620	1,495	1,354	7,444	21,804	21,181	25,624	23,403	21,391	20,251
Total net debt applicable to limit	21,438	19,408	17,858	50,984	49,117	79,584	93,016	96,214	104,296	120,227
Legal Debt Margin	\$ 364,739	\$ 384,507	\$ 477,260	\$ 482,265	\$ 519,598	\$ 531,504	\$ 586,476	\$ 599,272	\$ 603,298	\$ 608,637

Total net debt applicable to the limit as a percentage of debt | 5.55% 4.80% 3.61% 9.56% 8.64% 13.02% 13.69% 13.83% 14.74% 16.50%

Note: NC Statute GS159-55 limits the county's outstanding debt to 8% of the appraised value of property subject to taxation. The following deductions are made from gross debt to arrive at net debt applicable to the limit: money held for payment of principal; debt incurred for water, sewer, gas, or electric power purposes; uncollected special assessments, funding and refunding bonds not yet issued; and revenue bonds.

The legal debt margin is the difference between the debt limit and the county's net debt outstanding applicable to the limit, and represents the county's legal borrowing authority.

Schedule 12
 Chatham County
 Direct and Overlapping Governmental Activities Debt
 As of June 30, 2013

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Direct Debt: Chatham County	\$ 4,635,000	100.00%	\$ 4,635,000
Other Debt: Town of Cary	<u>145,415,001</u>	1.84%	<u>2,675,636</u>
Total	<u>\$ 150,050,001</u>		<u>\$ 7,310,636</u>

Source: Outstanding debt provided by Town of Cary.
 Note: The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages are estimated by determining the portion of another governmental unit's taxable assessed value within the County's boundaries and dividing it by each unit's total taxable assessed value.

Schedule 13
Chatham County
Demographic and Economic Statistics
Last Ten Fiscal Years

Year	Population	Personal Income (D) (thousands of dollars)	Per Capita Personal Income(D)	Public School Enrollment(E)	Unemployment Rate(F)
2004	\$ 52,582 C	\$ 1,892,187	\$ 34,182	7,208	3.60%
2005	54,645 B	2,067,563	36,376	7,344	4.10%
2006	56,274 B	2,232,147	38,426	7,410	4.00%
2007	57,708 B	2,375,153	39,704	7,516	4.20%
2008	61,455 G	2,557,154	41,901	7,615	5.50%
2009	63,077 G	2,781,686	43,894	7,524	8.90%
2010	64,772 G	2,776,755	42,870	7,591	7.10%
2011	63,505 G	2,922,436	45,804	7,750	7.60%
2012	63,870 C	3,093,642	48,191	7,938	7.00%
2013	64,553 C	*	*	8,065	6.30%

* Information not yet available.

Notes:

- (A) North Carolina State Data Center. Estimates are as of beginning of fiscal year.
- (B) North Carolina Department of Commerce. Estimates are as of beginning of fiscal year.
- (C) North Carolina Office of State Budget and Management
- (D) Bureau of Economic Analysis, US Department of Commerce. Figures are for the prior calendar year.
- (E) Chatham County Board of Education
- (F) Employment Security Commission of North Carolina
- (G) US Census Bureau

**Schedule 14
Chatham County
Principal Employers
Current Year and Nine Years Ago***

	2013		
	Employees (1)	Rank	Percentage of Total County Employment (2)
Chatham County Schools	1,377	1	4.09%
Chatham County	444	2	1.32%
Wal-Mart	440	3	1.31%
Carolina Meadows	380	4	1.13%
Galloway Ridge	349	5	1.04%
Arauco (formerly Uniboard USA LLC)	265	6	0.79%
Performance Fibers	242	7	0.72%
Chatham Hospital	238	8	0.71%
Fitch Creations	199	9	0.59%
Performance Bicycle	185	10	0.55%
Total	4,119		

*Data is not available for nine years ago

Source: (1) Respective Businesses

Source: (2) NC ESC (total employment)

Schedule 15
Chatham County
Full-time Equivalent County Government Employees by Function,
Last Ten Fiscal Years

Function/Program	Full-Time Equivalent Employees as of June 30									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government	57	57	52	58	65	65	74	69	65	67
Public Safety	98	107	110	120	121	126	129	129	136	149
Economic and Physical Development	11	12	13	16	20	19	17	17	18	18
Human Services	131	143	135	146	147	150	147	145	151	151
Cultural and Recreation	9	11	11	11	13	13	14	18	24	24
Water	16	18	17	21	22	22	20	24	23	22
Waste Management	12	13	13	13	12	11	12	13	13	13
Total	334	361	351	385	400	406	413	415	430	444

Source: County Finance Department

Notes:

Vacant positions are not included in the above numbers.

This schedule represents number of persons employed as of June 30 of each year.

Full-time personnel work 2,080 hours per year (less vacation and sick leave).

Schedule 16
Chatham County
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental Activities:										
General Government:										
Land records recorded ¹	16,589	17,739	17,338	16,575	14,043	13,716	12,394	12,121	14,092	*
Marriage licenses issued	298	295	302	289	293	275	265	264	251	281
New registered voters	1,890	3,589	2,130	2,229	4,315	7,030	1,784	2,714	2,714	5,421
Public Safety:										
Civil processes served	2,707	2,431	2,554	2,480	2,473	3,553	4,897	4,931	4,151	4,654
Applications for pistol permits	281	331	343	333	356	1,106	757	984	917	2,312
911 calls received	24,477	26,586	29,293	30,323	56,284	59,636	82,663	85,821	99,384	103,295
Fire inspections conducted	1,076	1,050	1,405	1,389	1,277	1,405	1,332	1,074	806	591
Economic and Physical Development:										
Zoning permits issued	1,555	1,373	1,300	1,205	1,237	871	995	917	1,062	1,158
Building permits issued (single-family dwellings)	930	877	933	990	398	244	261	245	313	396
Human Services:										
Total patients seen in health clinics	8,745	9,800	8,598	6,619	7,485	6,703	5,236	7,240	8,150	5,403
Children and families receiving Medicaid	2,441	2,462	2,876	2,905	3,000	3,838	3,934	3,986	4,137	6,151
Total child support collections	\$2,586,976	\$2,680,354	\$2,680,108	\$2,785,162	\$2,810,175	\$2,918,833	\$2,856,686	\$2,947,071	\$2,892,255	\$2,785,510
Cultural and Recreational:										
Library patron visits (3 branches)	170,048	172,748	181,738	159,265	171,087	196,577	150,853	152,775	173,743	191,003
Participants in youth sports	*	*	*	1,265	1,182	1,315	1,086	942	879	902
Education:										
Average daily membership	7,208	7,344	7,410	7,516	7,615	7,524	7,591	7,750	7,938	8,065
County appropriation per student (rounded)	2,546	2,642	2,626	3,048	3,478	3,907	4,183	4,171	4,130	4,130
Business-Type Activities:										
Water:										
Number of new connections	277	248	370	331	191	234	281	263	266	315
Gallons of water consumed (in thousands)	437,535	428,539	513,276	535,247	527,844	654,149	700,351	696,127	660,518	637,843
Waste Management:										
Tons of recyclables	6,357	3,193	3,111	3,896	3,370	3,237	3,729	3,341	3,546	4,154
Tons of waste managed	11,304	11,518	11,566	11,571	11,782	11,378	11,507	11,438	11,173	10,741

¹Land records recorded are by calendar year.

* Information not available

Sources: Various County departments; average daily membership provided by Chatham County Schools.

Schedule 17
 Chatham County
 Capital Asset Statistics by Function/Program
 Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Public Safety:										
Jail Capacity	51	51	51	51	51	51	51	51	51	51
Total Sheriff Vehicles	74	85	86	86	101	105	107	109	109	108
Cultural and Recreational:										
Park Acreage	48	48	48	48	233	233	233	233	437	437
Libraries (branches)	3	3	3	3	3	3	3	3	3	3
Business-Type:										
Water:										
Miles of Water Main	255	260	260	282	312	342	372	395	395	395
Number of Elevated Storage Tanks	9	9	9	9	9	9	9	8	8	9
Waste Management:										
Collection Centers	12	12	12	12	12	12	12	12	12	12

Sources: Various County departments and County asset records.

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